

FIGURES | GREATER CHICAGO INDUSTRIAL | Q3 2026

Large-Scale Occupancies Drive Chicago Industrial Recovery as Absorption Jumps 52% Year-Over-Year

► 8.6%

Availability Rate

▼ 5.5%

Vacancy Rate

▼ 3.6

MSF Net Absorption

▲ 13.2

MSF Under Construction

▲ \$8.46

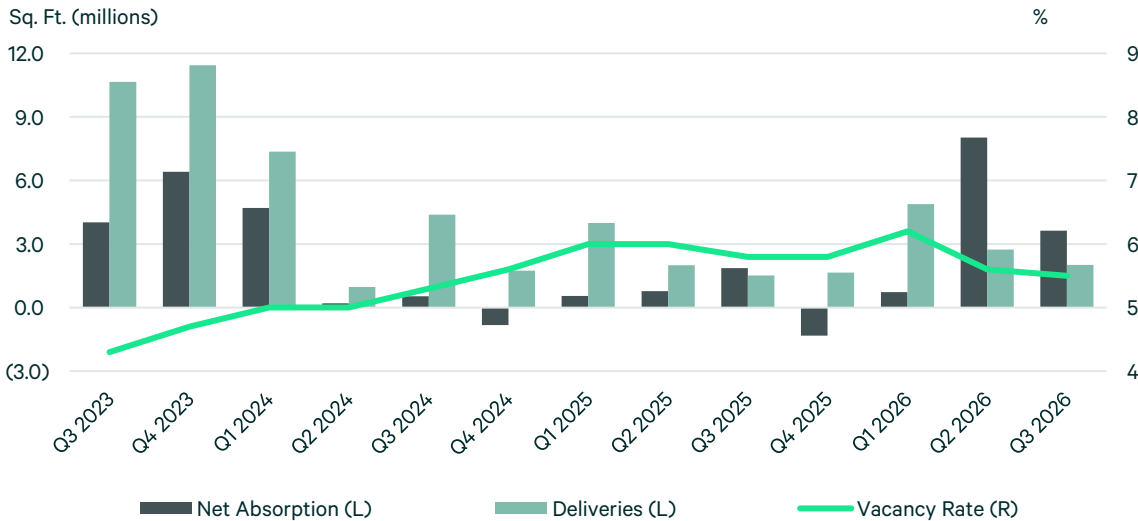
Direct Avg. Asking Lease Rate

Note: Arrows indicate change from previous quarter.

SUMMARY

- Chicago's industrial vacancy reached 5.5% in Q3 2026, marking a second consecutive quarterly decline and a 30-basis-point year-over-year drop, as large-scale occupancies outpaced new deliveries.
- Net absorption increased 52.0% year-over-year to 3.6 million sq. ft. in Q3 2026, as tenants moved into space secured during the market slowdown of 2024 and early 2025. Year-to-date absorption reached 12.4 million sq. ft., with Joliet accounting for 6.3 million sq. ft., or more than half of the total market.
- The development pipeline increased 10.4% quarter-over-quarter to 13.2 million sq. ft. across 41 properties, with speculative projects comprising 54% of the total. Tightening Class A availability is reshaping developer behavior as firms activate build-to-suit sites for speculative construction, a trend for big-box projects expected to accelerate in Q4 2026.
- Leasing activity totaled 15.4 million sq. ft. across 170 transactions in Q3 2026. Amazon led the market with a 1.2 million sq. ft. lease in Crown Point, while the Far Southwest Suburbs, South Suburbs, and O'Hare collectively accounted for 42% of volume.

Figure 1: Historical net absorption, deliveries and vacancy



CBRE Research, Q3 2026

Vacancy Rate

The Chicago industrial market's vacancy edged down in Q3 2026, with overall vacancy declining 10 basis points (bps) quarter-over-quarter to 5.5%, while direct vacancy improved to 5.0% from 5.1%. Year-over-year, overall vacancy fell 30 bps and direct vacancy decreased 20 bps. Despite these improvements, vacancy remains above 2023 levels, reflecting a market that continues to absorb substantial new supply alongside resilient occupier demand.

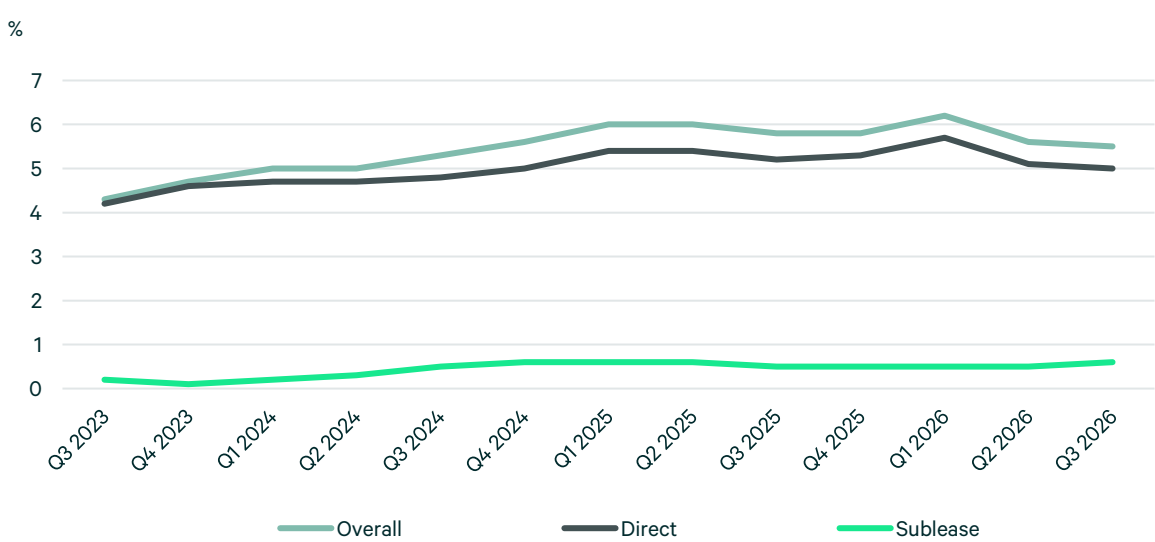
Vacancy performance continues to vary across submarkets. The DeKalb Area remained the market's tightest submarket with an overall vacancy rate of 0.8%, followed by the West Suburbs at 2.7%. At the opposite end of the spectrum, McHenry County posted the highest vacancy rate at 10.2%, while Central Kane & DuPage County recorded 8.4%. Despite these disparities, vacancy levels across most submarkets remain within a healthy range and continue to support steady leasing momentum.

Sublease vacancy increased modestly during the quarter, rising 10 bps to 0.6% in Q3 2026. Total available sublease space reached 6.5 million sq. ft. across the market, including one of the market's largest sublease blocks: a 1.5 million sq. ft. facility at 2001 N. Division Street in Harvard, Illinois. Sublease space remains a small share of the overall market and has not materially impacted rental rate growth or leasing fundamentals.

Asking Rent

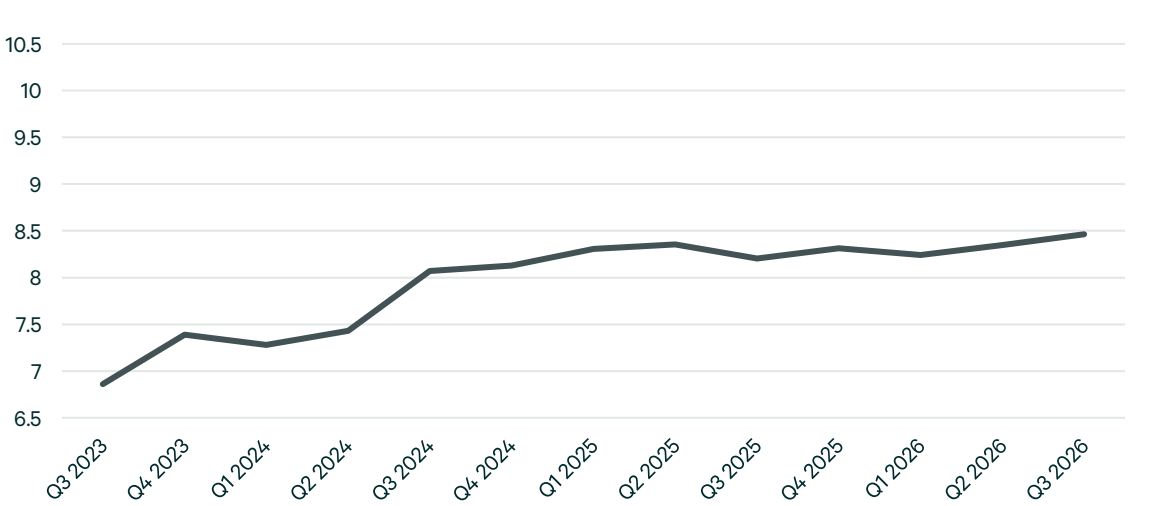
The market's average asking rent reached \$8.46 per sq. ft. in Q3 2026, up 23.4% from \$6.86 per sq. ft. in Q3 2023. Asking rents increased 1.3% from the previous quarter and 3.2% year-over-year, continuing a steady upward trend. The sustained growth in rents reflects healthy occupier demand and the market's ability to absorb new supply without significant pricing pressure. Pricing varied considerably across submarkets, ranging from \$4.55 per sq. ft. in Rockford to \$12.18 per sq. ft. in City North, with the West Suburbs also commanding premium rates at \$11.75 per sq. ft. By class, Class A asking rents averaged \$8.65 per sq. ft., while Class B/C rents stood at \$8.32 per sq. ft., highlighting sustained demand across a broad spectrum of industrial assets.

Figure 2: Vacancy rate



CBRE Research, Q3 2026

Figure 3: Average direct asking rate
\$/ SF



CBRE Research, Q3 2026

Construction Activity

The Chicago industrial market's development pipeline remained active in Q3 2026, with 13.2 million sq. ft. under construction, up 10.4% from the previous quarter and essentially unchanged year-over-year. Quarterly deliveries totaled 2.0 million sq. ft., down 26.3% from Q2 2026 but up 33.7% year-over-year. The pipeline remains relatively balanced, with build-to-suit projects accounting for 46% of space under construction and speculative developments comprising the remaining 54%, reflecting measured developer confidence.

The Far Southwest Suburbs led the market in construction activity, followed by the DeKalb Area and O'Hare. Three projects currently under construction exceed 900,000 sq. ft., including two build-to-suit developments. The largest groundbreaking of the quarter was hand2mind's 698,360 sq. ft. build-to-suit facility in Vernon Hills, while the largest delivery was a 312,306 sq. ft. speculative building at 3600 Houbolt Rd. in Joliet.

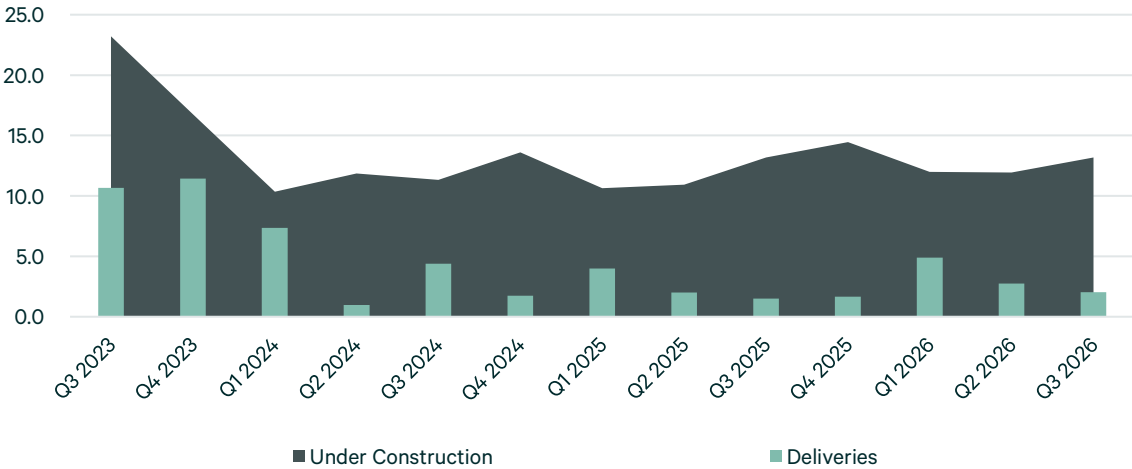
Tightening Class A availability is reshaping developer behavior, as land sites that have remained designated for build-to-suit for years are increasingly being activated for speculative construction, in some cases within weeks. Big-box speculative development is anticipated to accelerate in the fourth quarter as developers capitalize on limited supply of modern space.

Net Absorption

Net absorption remained strong in Q3 2026, totaling 3.6 million sq. ft. — a 52.0% increase from the same period last year — driven by a wave of large-scale occupancies as tenants who signed leases during the slower demand period of 2024 and early 2025 began taking occupancy. Quarterly deliveries also slowed to 2.0 million sq. ft., down 26.3% from the prior quarter, further supporting the improvement in net absorption.

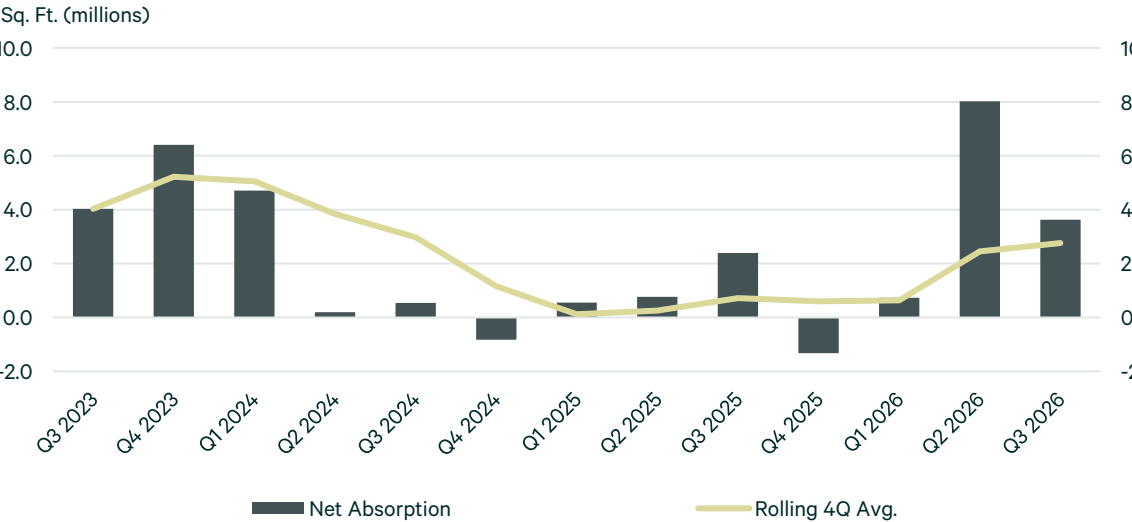
Positive absorption was recorded across multiple submarkets , with the Joliet Area leading the market at 1.8 million sq. ft., followed by O'Hare at 1.2 million sq. ft. and the South Suburbs and Far Southwest Suburbs recording gains of 695,000 sq. ft. and 376,000 sq. ft., respectively. Hyundai Translead's 906,517 sq. ft. occupancy at 3835 Youngs Rd. in Joliet was the quarter's largest move-in, highlighting continued demand for big-box industrial space in strategic distribution locations.

Figure 4: Construction activity
Sq. Ft. (millions)



CBRE Research, Q3 2026

Figure 5: Net absorption trend
Sq. Ft. (millions)



CBRE Research, Q3 2026

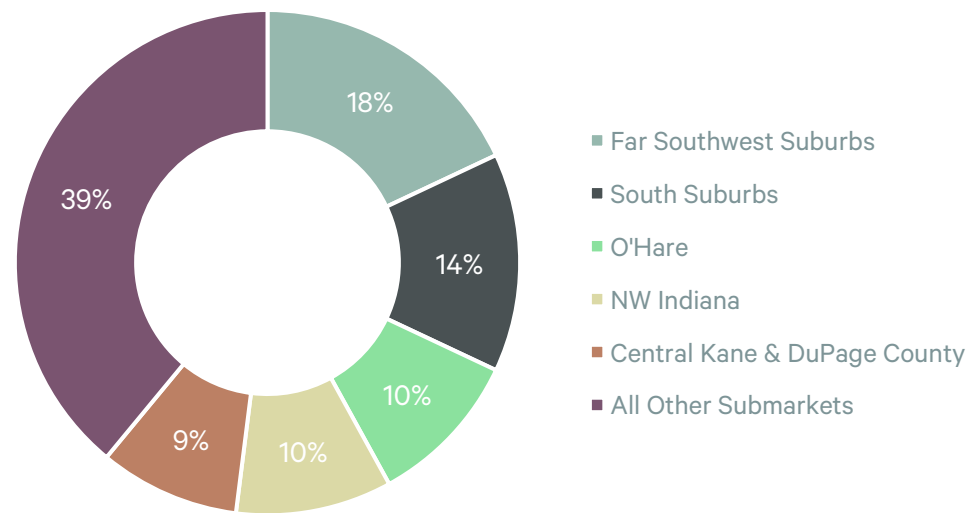
Leasing Activity

Total leasing activity reached 15.4 million sq. ft. across 170 transactions in Q3 2026. Volume declined 6.9% from Q2 2026 and 10.7% year-over-year, reflecting a normalization from the elevated leasing levels recorded in 2025. Despite lower overall volume, leasing fundamentals remained healthy, supported by active tenant demand and a steady pipeline of requirements entering the market.

New leases accounted for the majority of activity, with 142 transactions completed during the quarter. Amazon’s 1.2 million sq. ft. lease in Crown Point was the largest transaction of Q3, reflecting continued demand from e-commerce and distribution users. Renewals totaled 28 transactions and 2.8 million sq. ft., representing 18.2% of leasing volume and highlighting occupiers' continued commitment to existing facilities.

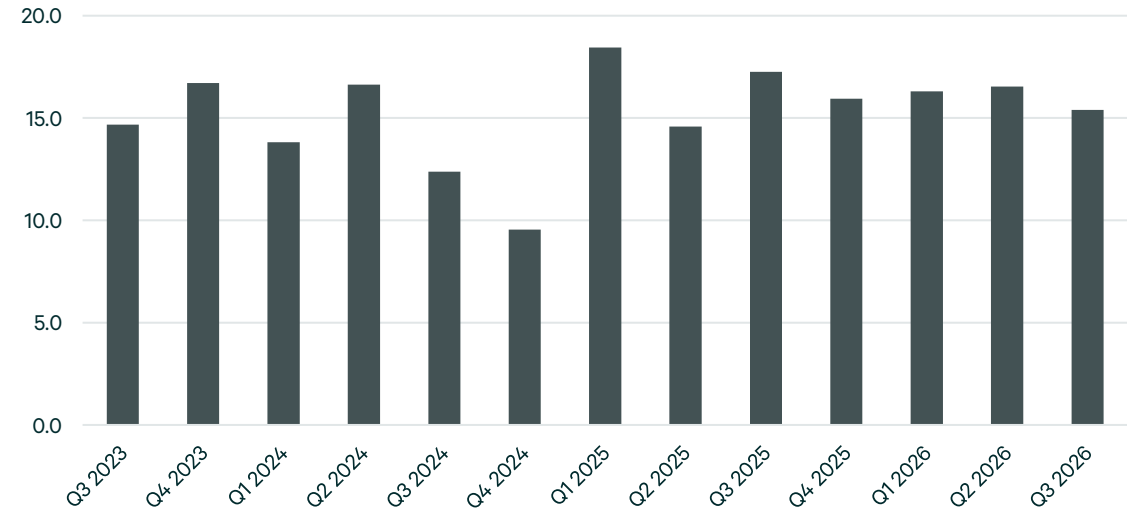
The Far Southwest Suburbs led all submarkets in leasing activity, driven by a confidential tenant that signed for 577,000 sq. ft. at 21225 Lidice Pkwy in Crest Hill. Sublease leasing also gained momentum, with 12 transactions totaling nearly 700,000 sq. ft. completed during the quarter. The largest sublease deal was 157,931 sq. ft. signed by Real Flame in Sturtevant.

Figure 7: Leasing activity by submarket (% of total activity)



CBRE Research, Q3 2026

Figure 6: Leasing activity trend
Sq. Ft. (millions)



CBRE Research, Q3 2026

Figure 8: Key lease transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Amazon	1,200,000	New Lease	E 101st Ave & E 109th Ave	Northwest Indiana
DHL	970,123	New Lease	5258 University Pkwy	South Suburbs
Confidential Tenant	577,442	New Lease	21225 Lidice Pkwy	Far SW Suburbs
McMaster-Carr	544,000	New Lease	1401 N Kirk Rd	Central Kane & DuPage
Ardagh Metal Packaging USA	460,000	New Lease	2075 W 43rd St	City South
Starbucks	400,400	New Lease	901 W Bluff Rd	Far SW Suburbs
Discovery SCM USA	396,489	New Lease	10320 Werch Dr	Far SW Suburbs
Ford Motor	358,829	Renewal	12200 S Avenue O	City South

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	832.80M	5.7	9.3	8.4	0.8	8.27	4.92M	12.93M	1.52M	11.71M
Manufacturing - General	256.49M	4.4	6.8	5.5	1.3	8.68	(1.30M)	(2.07M)	132,000	343,000
R&D/Flex	21.09M	1.5	3.2	3.2	0.0	12.87	(78,000)	39,000	-	-
Other Industrial	53.41M	8.9	8.9	8.4	0.5	9.81	90,000	1.48M	364,000	1.14M
Total	1,163.65M	5.5	8.6	7.7	0.9	8.46	3.63M	12.38M	2.02M	13.19M

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50,000 SF	103.06M	2.7	4.5	4.3	0.3	11.32	(130,042)	61,000	67,593	-
50,000-99,999 SF	184.94M	3.9	6.5	6.1	0.4	10.34	487,861	351,000	151,876	346,065
100,000-249,999 SF	324.45M	6.2	9.1	8.2	0.9	9.39	1.30M	1.07M	1.49M	3.38M
250,000-499,999 SF	256.82M	6.0	10.0	8.4	1.6	7.97	974,858	4.34M	312,306	3.25M
500,000-749,999 SF	122.73M	6.5	9.4	8.5	1.0	7.45	441,296	1.14M	-	698,360
750,000+ SF	171.78M	6.1	9.6	8.7	0.9	6.33	550,594	5.42M	-	5.52M
Total	1,163.65M	5.5	8.6	7.7	0.9	8.46	3.63M	12.38M	2.02M	13.19M

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	255.32M	8.4	11.9	10.8	1.1	7.70	3.01M	5.98M	357,680	5.32M
Institutional	237.60M	8.4	12.0	10.9	1.1	7.51	2.79M	5.72M	206,102	-
Other Class A	17.76M	8.1	10.5	9.9	0.6	11.99	219,129	260,207	151,876	5.32M
All Other Industrial	907.46M	4.7	7.7	6.8	0.9	8.83	655,026	6.44M	1.66M	7.87M
Total	1,163.65M	5.5	8.6	7.7	0.9	8.46	3.63M	12.38M	2.02M	13.19M

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 12

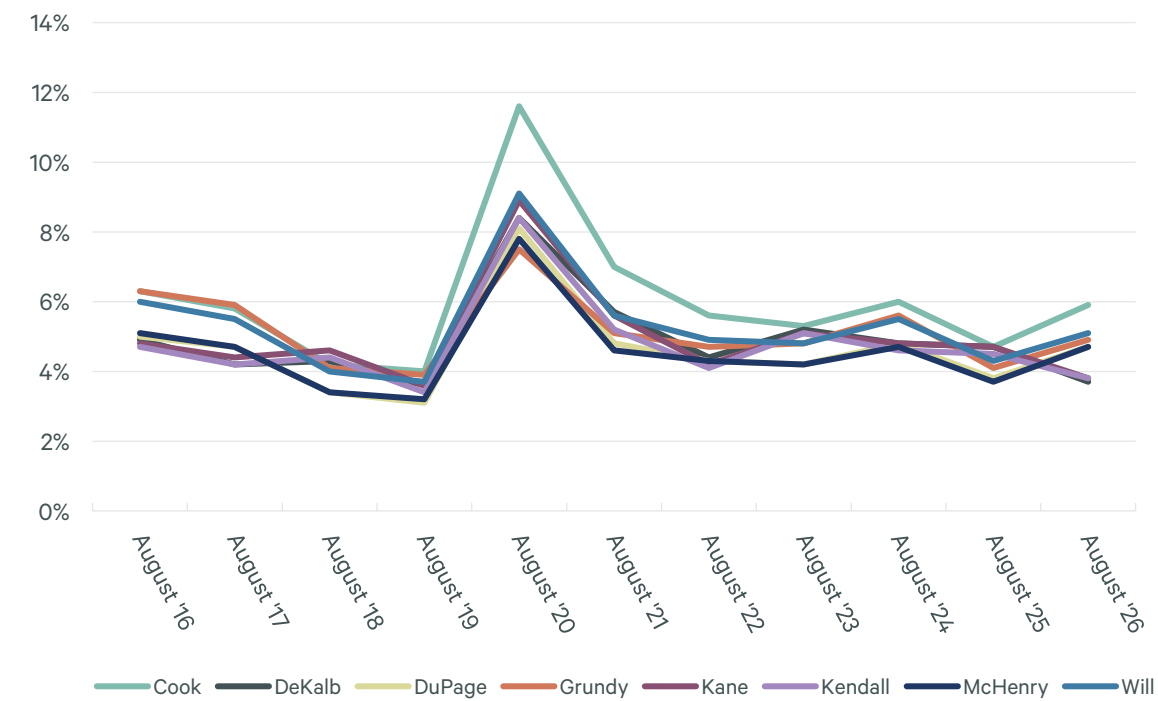
Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Direct Availability %	Sublease Availability %	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
McHenry County	20,491,858	10.2%	15.9%	8.4%	7.6%	\$5.06	-1,077,394	-987,058	119,411	-
Lake County	73,333,946	5.4%	7.2%	6.8%	0.4%	\$7.14	-490,806	-14,242	-	698,360
NE Cook County	43,841,715	6.1%	7.3%	6.9%	0.4%	\$10.22	-98,121	72,092	-	80,000
NW Cook County	26,472,108	7.4%	11.1%	10.1%	1.0%	\$8.23	-24,811	-203,883	-	443,160
North Kane County	33,478,952	3.9%	5.9%	4.9%	1.2%	\$8.61	269,098	648,628	132,000	428,900
N DuPage County	43,202,324	4.5%	7.0%	5.9%	0.3%	\$7.18	52,904	-382,009	149,100	644,803
O'Hare	87,571,880	3.7%	8.3%	7.9%	0.4%	\$11.45	1,123,567	1,625,583	66,196	1,275,697
City North	48,266,556	6.1%	8.6%	8.2%	1.1%	\$12.18	63,846	170,784	67,593	-
Near West Suburbs	71,405,478	6.1%	10.1%	8.9%	2.4%	\$9.18	50,469	-164,546	85,680	603,449
West Suburbs	29,463,796	2.7%	9.4%	7.0%	1.3%	\$11.75	162,409	349,275	243,915	255,788
Central Kane & DuPage	37,229,768	8.4%	7.0%	5.6%	0.4%	\$9.30	51,573	17,950	118,322	446,878
Far West Suburbs	62,608,420	3.6%	7.0%	6.7%	1.1%	\$5.88	171,225	-23,548	-	146,787
Southwest Suburbs	59,829,836	4.3%	7.9%	6.8%	2.1%	\$9.00	65,019	889,171	-	341,887
Far SW Suburbs	113,206,841	7.1%	12.6%	10.5%	0.5%	\$8.38	376,034	1,270,648	364,102	1,791,400
City South	99,499,635	5.1%	8.4%	7.8%	0.2%	\$10.35	-86,377	-383,287	-	671,668
South Suburbs	56,115,076	4.1%	8.4%	8.2%	0.3%	\$9.27	695,346	852,031	-	970,123
Joliet Area	95,441,699	5.2%	6.8%	6.5%	0.7%	\$7.06	1,787,104	6,333,360	312,306	1,099,204
Northwest Indiana	32,414,363	6.0%	5.7%	5.0%	0.9%	\$8.99	46,121	543,361	206,102	317,576
DeKalb Area	13,267,005	0.8%	12.5%	12.5%	0.0%	\$4.78	-4,100	-87,400	-	1,775,487
SE Wisconsin	82,032,242	8.1%	9.7%	9.3%	0.4%	\$5.45	390,813	2,019,724	-	-
Rockford Area	34,114,909	3.4%	5.7%	4.9%	0.8%	\$4.55	103,050	-163,783	153,885	1,200,000
Total	1,163,648,481	5.5%	8.6%	7.7%	0.9%	\$8.46	3,626,969	12,382,851	2,018,622	13,191,167

Economic Overview

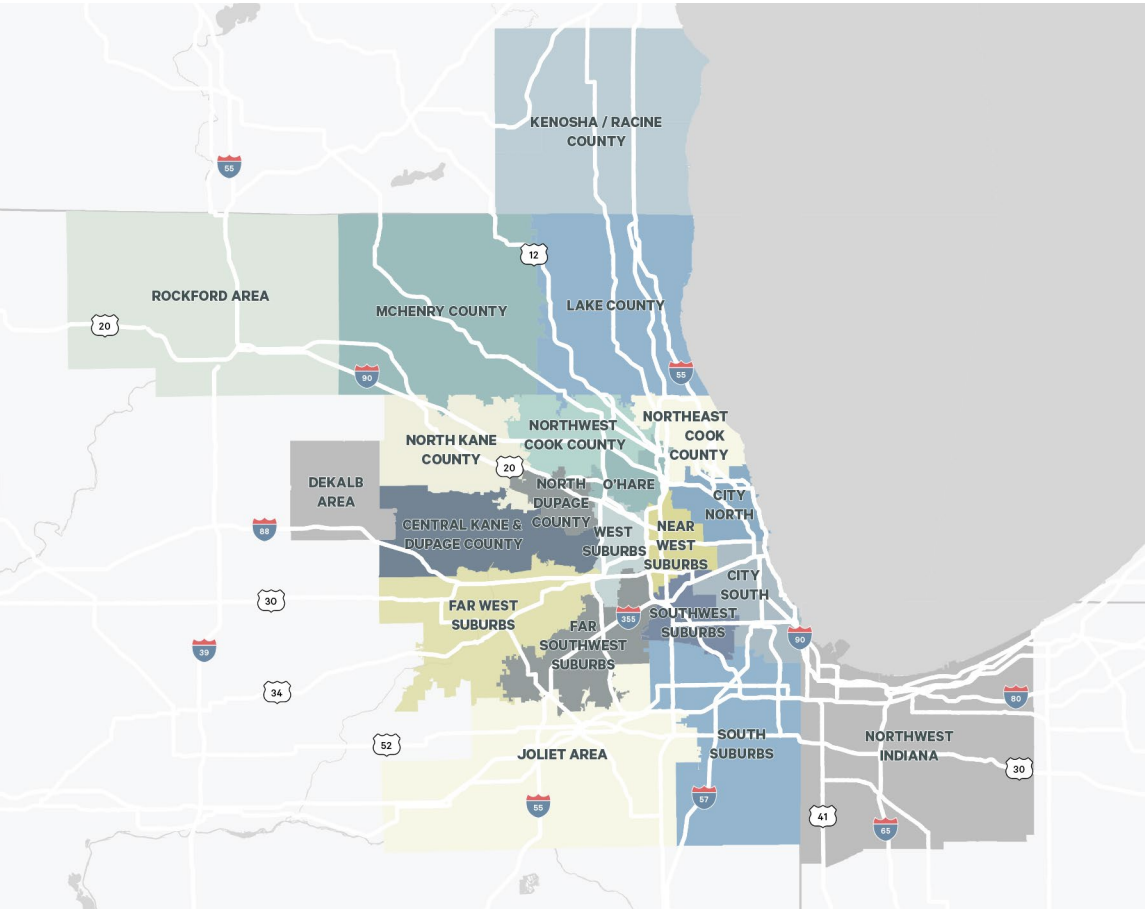
Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by more than 2% during 2026, supported by AI-driven business investment. A generally stable labor market also continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy commercial real estate occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Figure 13: Year-over-year unemployment rates by county, not seasonally adjusted (August 2026)



Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total Building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rates, weighted by their corresponding available square footage. Building Area: The total floor area, in sq. ft., of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A Industrial: Buildings built after 2000, with 32' or greater clear height and early suppression, fast response (ESFR) sprinklers.

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