# Construction momentum fueled by speculative starts

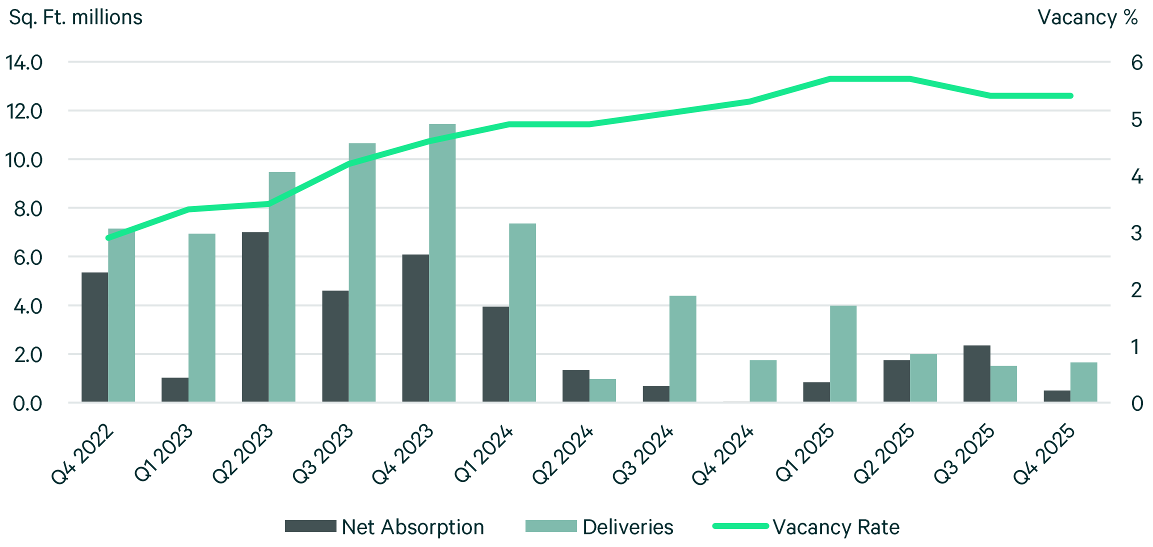
| | | | | |
|---|---|---|---|---|
| ▶ 5.4% | ▼ 494,761 | ▲ 1.7M | ▲ 13.2M | ▲ $8.64 |
| Vacancy Rate | SF Net Absorption | SF Construction Delivered | SF Under Construction | NNN/YR Direct Lease Rate |

Note: Arrows indicate change from previous quarter.

## SUMMARY

- Chicago's industrial availability rate increased to 8.9% in Q4 2025, up 40 basis points (bps) quarter-over-quarter and 90 bps year-over-year.
- After a slight dip in Q3 2025, net average asking rents rebounded, increasing 1.4% to $8.64 PSF at year-end.
- In Q4 2025, net absorption declined significantly to 494,761 SF, down from positive 2.4 million SF, bringing the year-to-date total to 5.7 million SF.
- The construction pipeline reached its highest level since Q4 2023, with 43 projects totaling 13.2 million SF underway, driven largely by speculative development.
- Leasing activity in Chicago's industrial market totaled 14.7 million SF in Q4 2025, down slightly from Q3 2025 , as new leasing volume fell to 9.7 million SF, while renewals surged to 5 million SF.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy




Source: CBRE Research, Q4 2025

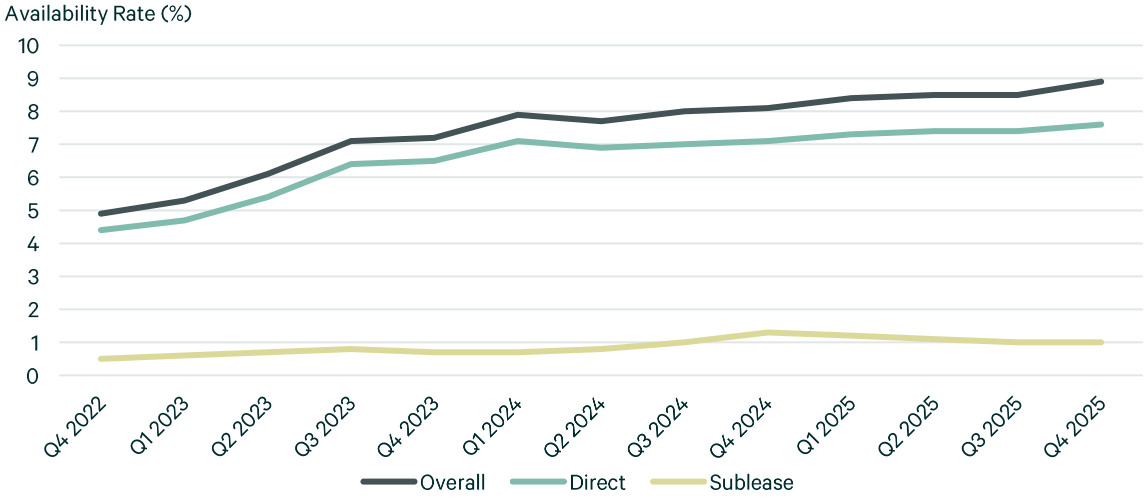
## Availability Rate

In Q4 2025 the Chicago Industrial market reported a total availability rate of 8.9%, up 40 bps quarter-over-quarter and 80 bps year-over-year from 8.1%. Large blocks of space between 500,000 SF and 749,000 SF recorded the highest availability at 10.9%, while spaces under 100,000 SF saw the lowest at 5.4%.

At the end of Q4 2025, SE Wisconsin recorded the highest availability rate at 12.3%, while the Rockford Area submarket recorded the lowest availability rate at 4.5%. The largest block of space added to the market during the fourth quarter was a 788,000 SF speculative facility at 26220 W 143rd St in Plainfield.

Sublease availability continued to decline year-over-year, totaling 11.2 million SF at the end of Q4 2025, down from 15.8 million SF in Q4 2024.

FIGURE 2: Availability Rates



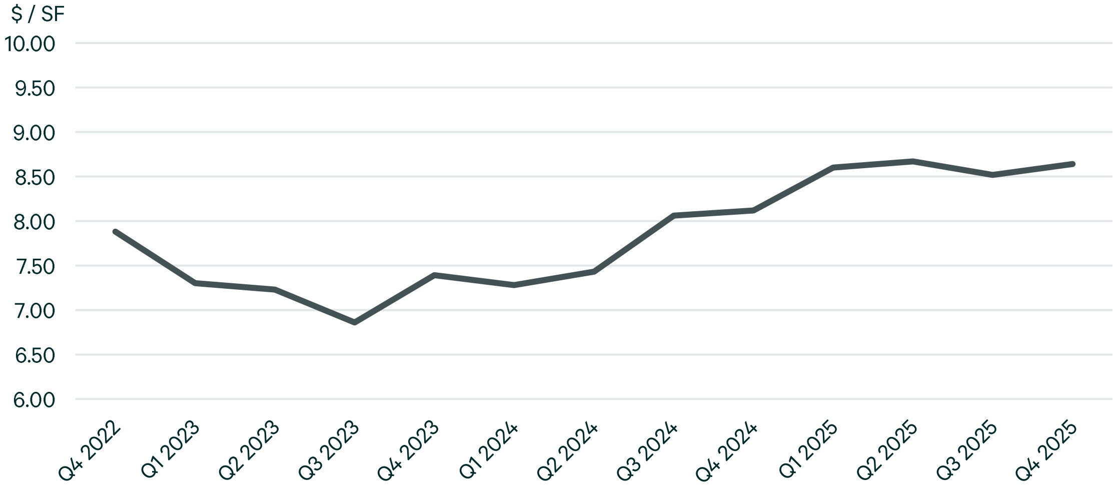

Source: CBRE Research, Q4 2025

## Asking Rent

After a slight dip in Q3 2025, net average asking rents rebounded, increasing 1.4% to $8.64 PSF at year-end. Over the past year, rents have grown at a modest pace of 5.5%, reflecting steady demand despite some market volatility.

Class A asking rents rose 8.7% to $8.61 PSF, while Class B/C rates climbed 9.6% to $8.66 PSF, narrowing the gap between classes. Of all submarkets, the Southwest Suburbs posted the highest average asking rate at $14.75 PSF, followed by City North and O'Hare, both at $11.22 PSF. These elevated rates in core and infill locations highlight strong competition for modern, well-located facilities.

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)




Source: CBRE Research, Q4 2025

## Net Absorption

In Q4 2025, net absorption declined significantly to 494,761 SF, down from positive 2.4 million SF in in Q3 2025. Despite the quarterly slowdown in net absorption, several submarkets experienced high year-to-date net absorption figures. SE Wisconsin led the market with 2.4 million SF absorbed year-to-date, followed by Joliet Area absorbing 2.1 million SF year-to-date, and the Far West Suburbs absorbing 1.8 million SF year-to-date. The largest move-in of the year occurred in the Joliet Area, where a confidential tenant occupied 1,199,700 SF at a facility in Morris. Overall, Chicago's total year-to-date net absorption fell 53%, reaching 5.7 million SF compared to 11.8 million SF at the end of 2024.

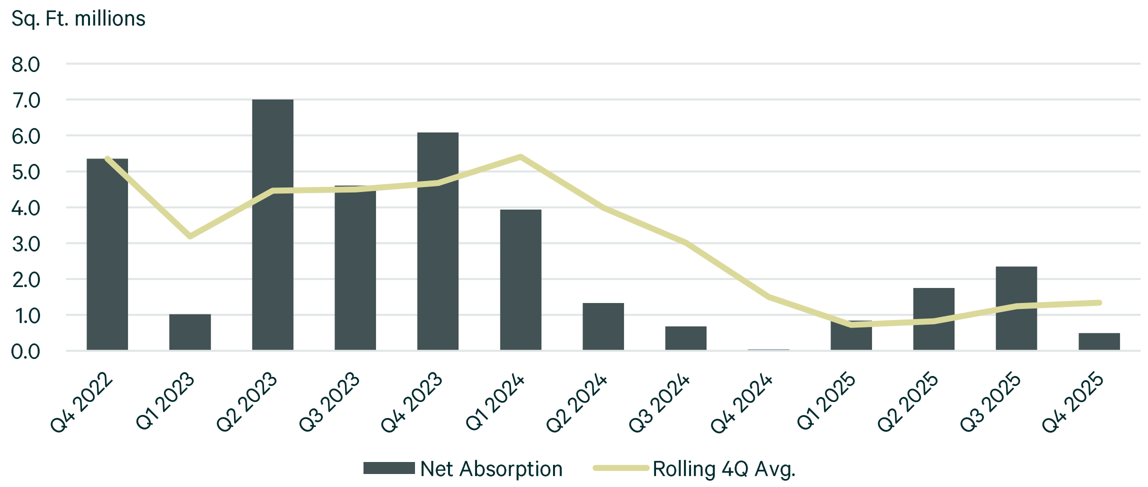
## Construction Activity

The construction pipeline reached its highest level since Q4 2023, with 43 projects totaling 13.2 million SF underway. The composition of the pipeline shifted as speculative construction regained momentum after a period dominated by build-to-suit projects. Speculative development accounted for 55% of all projects in progress, signaling increased developer confidence in long-term demand.

By the end of December, 2.3 million SF of speculative projects broke ground, compared to just 52,174 SF of build-to-suit starts. Year-to-date, 77% of all construction starts were speculative—the highest share since Q4 2023. The largest speculative groundbreaking in Q4 2025 was Clarius's 970,123 SF facility in Monee, while DHL's 1.2 million SF project in Plainfield was the top speculative start of the year. The Far South Suburbs led construction activity with 2.5 million SF underway, including two projects exceeding 700,000 SF. The Joliet submarket followed closely with four projects totaling 2.5 million SF, two of which surpassed 800,000 SF. With speculative development on the rise, vacancy is expected to increase slightly as these projects complete in 2026.

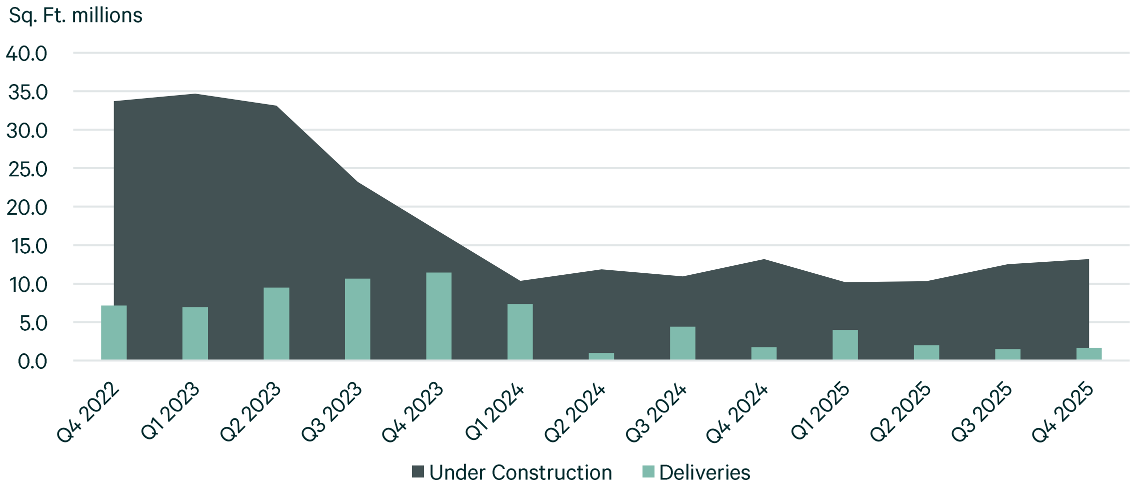
From October through December, nine projects totaling 1.7 million SF were delivered, bringing year-to-date completions to 9.1 million SF. This reflected a 37% decrease from 14.5 million SF completed year-over-year and a 76% decline from the record-breaking delivery volume in 2023. Of the 2025 completions, 58% were build-to-suit and 42% were speculative. Looking ahead, 2026 is poised for an uptick in deliveries as the pipeline reached its highest level since late 2023.

FIGURE 4: Net Absorption Trend




Source: CBRE Research, Q4 2025

FIGURE 5: Construction Activity



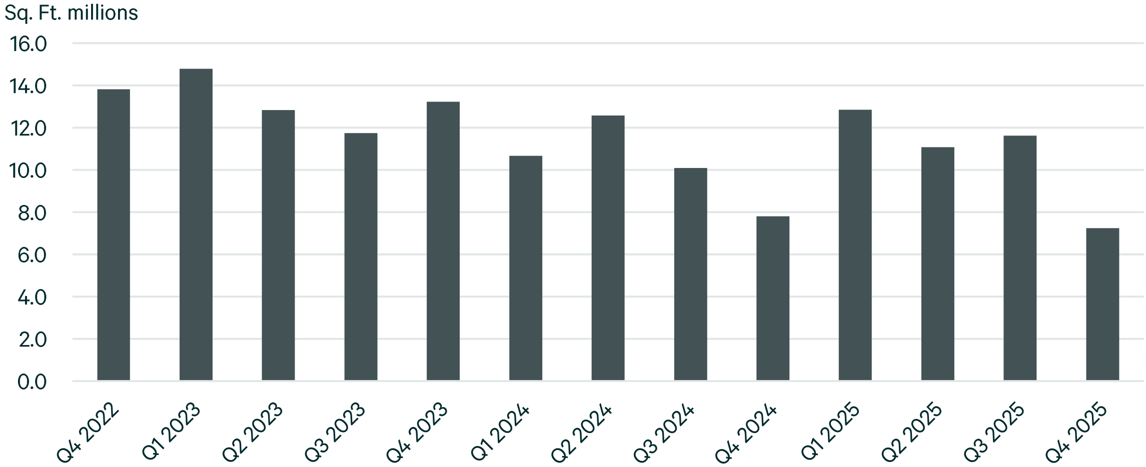

Source: CBRE Research, Q4 2025

## Leasing Activity

Total leasing activity in the Chicago industrial market in Q4 2025 totaled 14.7 million SF, a slight decrease quarter-over-quarter from 16.8 million SF in Q3 2025. New lease transaction volume (including new leases and expansions) decreased quarter-over-quarter from 12.2 million SF to 9.7 million SF, which consisted of 105 transactions greater than 10,000 SF. The largest new deal of the quarter was done by an Undisclosed Tenant for 1,541,200 SF at a facility in Wilmington. The Joliet Area submarket outpaced the Chicago market in new leasing activity for the year, with 8.2 million SF of new leases signed in 2025.

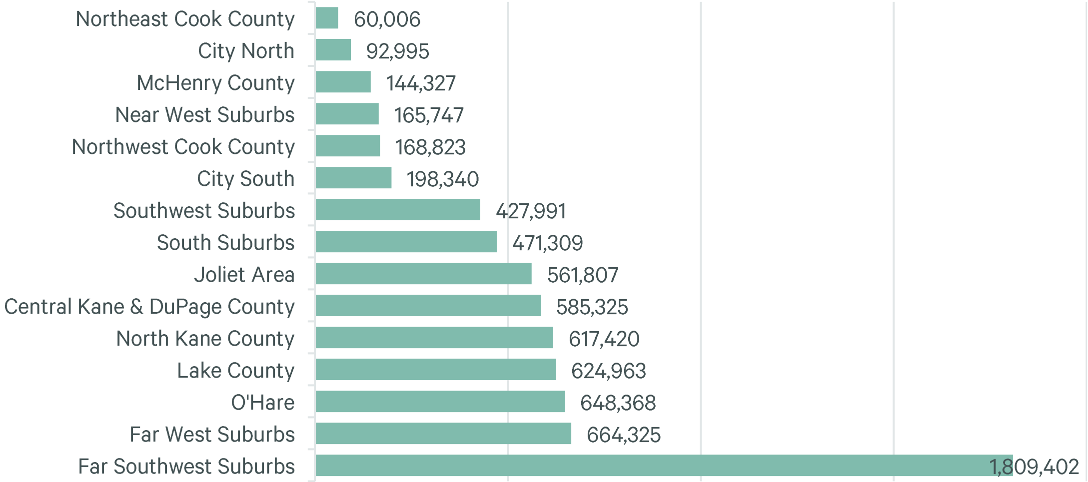
Renewal activity increased year-over-year in terms of square footage, with 44 transactions totaling 5 million SF, up from 3 million SF in Q4 2024. The largest renewal was a 601,439-SF deal by Ariens in SE Wisconsin. Notably, 20 renewals exceeded 100,000 SF each, accounting for 34% of total leasing activity for the year.

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up




Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up




Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

| Tenant | Sq. Ft. Leased | Transaction Type | Address | Submarket |
|---|---|---|---|---|
| Confidential Tenant* | 1,541,200 | New Lease | 30961 S Elion Way | Joliet Area |
| RJW Logistics | 1,209,000 | New Lease | 26351 W 143rd St | Far Southwest Suburbs |
| Confidential Tenant* | 1,122,000 | New Lease | 30542 S Elion Way | Joliet Area |
| Ariens* | 601,439 | Renewal | 8448 38th St | SE Wisconsin |
| Elogistics | 408,176 | New Lease | 320 Overland Dr | Far West Suburbs |
| Visual Pak* | 340,054 | Renewal | 9605 136th Ave | SE Wisconsin |
| Chep (U.S.A.)* | 312,327 | New Lease | 2700 Ellis Rd | Joliet Area |
| Kraft Heinz Foods Company* | 301,945 | Renewal | 2303 W Indian Trl | Far West Suburbs |
| Graham Packaging Co.* | 300,410 | Renewal | 7100 Durand Ave | SE Wisconsin |

Source: CBRE Research, Q4 2025

# Market Statistics by Size

| | Net Rentable Area | Total Vacancy | Total Availability | Direct Availability | Sublease Availability | Avg. Direct Asking Rate (NNN/YR) | Current Quarter Net Absorption | YTD Net Absorption | Deliveries | Under Construction |
|---|---|---|---|---|---|---|---|---|---|---|
| Under 100,000 sq. ft. | 291,138,192 | 3.2 | 5.9 | 5.4 | 0.5 | 10.10 | 191,623 | (850,047) | 218,407 | 510,787 |
| 100,000-199,999 sq. ft. | 239,624,246 | 4.5 | 8.0 | 7.1 | 0.9 | 9.34 | (43,773) | 21,740 | 651,892 | 1,858,886 |
| 200,000-299,999 sq. ft. | 154,853,632 | 6.0 | 9.8 | 8.0 | 1.7 | 8.75 | 141,373 | 1,906,627 | 0 | 2,073,933 |
| 300,000-499,999 sq. ft. | 187,645,572 | 7.0 | 9.8 | 8.5 | 1.2 | 8.84 | (535,614) | 966,495 | 0 | 1,884,099 |
| 500,000-749,999 sq. ft. | 124,992,071 | 7.5 | 10.9 | 9.7 | 1.2 | 7.27 | 741,285 | 1,647,269 | 0 | 0 |
| 750,000 sq. ft. | 172,615,497 | 6.3 | 9.4 | 8.8 | 0.6 | 7.35 | (133) | 1,961,953 | 788,000 | 6,844,063 |
| **Total** | **1,170,869,210** | **5.4** | **8.9** | **7.6** | **1.0** | **8.64** | **494,761** | **5,654,037** | **1,658,299** | **13,171,768** |

# Market Statistics by Product Type

| | Net Rentable Area | Total Vacancy | Total Availability | Direct Availability | Sublease Availability | Avg. Direct Asking Rate (NNN/YR) | Current Quarter Net Absorption | YTD Net Absorption | Deliveries | Under Construction |
|---|---|---|---|---|---|---|---|---|---|---|
| Distribution / Logistics | 829,676,376 | 5.9 | 9.5 | 8.4 | 1.1 | 8.40 | 543,948 | 3,765,238 | 1,364,460 | 10,949,590 |
| Manufacturing | 264,843,673 | 3.2 | 5.2 | 4.5 | 0.7 | 8.32 | (619,866) | (783,389) | 100,000 | 692,714 |
| R&D / Flex | 21,624,436 | 1.9 | 3.0 | 2.5 | 0.5 | 12.10 | 20,779 | (65,574) | 0 | 0 |
| Other Industrial | 54,724,725 | 9.7 | 11.7 | 11.0 | 0.8 | 11.23 | 549,900 | 2,737,762 | 193,839 | 1,529,464 |
| **Total** | **1,170,869,210** | **5.4** | **8.9** | **7.6** | **1.0** | **8.64** | **494,761** | **5,654,037** | **1,658,299** | **13,171,768** |

# Market Statistics by Class

| | Net Rentable Area | Total Vacancy | Total Availability | Direct Availability | Sublease Availability | Avg. Direct Asking Rate (NNN/YR) | Current Quarter Net Absorption | YTD Net Absorption | Deliveries | Under Construction |
|---|---|---|---|---|---|---|---|---|---|---|
| Class A | 182,646,279 | 11.6 | 13.9 | 12.4 | 1.5 | 7.67 | 650,488 | 3,212,330 | 0 | 3,174,851 |
| All Other Buildings | 988,222,931 | 4.2 | 7.5 | 6.6 | 0.9 | 9.02 | (155,727) | 2,441,707 | 1,658,299 | 9,996,917 |
| **Total** | **1,170,869,210** | **5.4** | **8.9** | **7.6** | **1.0** | **8.64** | **494,761** | **5,654,037** | **1,658,299** | **13,171,768** |

# Market Statistics by Submarket

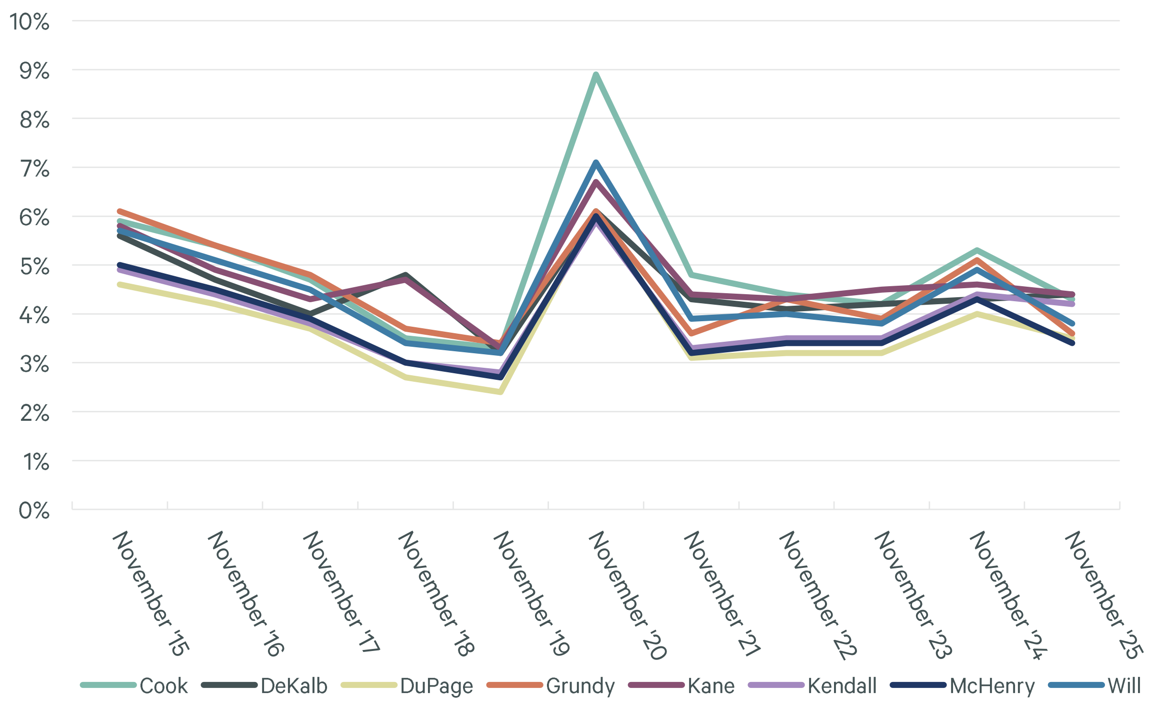
| | Net Rentable Area | Total Vacancy | Total Availability | Direct Availability | Sublease Availability | Avg. Direct Asking Rate (NNN/YR) | Current Quarter Net Absorption | YTD Net Absorption | Deliveries | Under Construction |
|---|---|---|---|---|---|---|---|---|---|---|
| Central Kane & DuPage County | 37,386,348 | 7.7 | 8.2 | 7.7 | 0.5 | 8.24 | 427,610) | (1,086,570) | 0 | 565,210 |
| City North | 51,536,365 | 5.3 | 9.2 | 8.8 | 0.4 | 11.22 | 71,062 | (480,609) | 0 | 67,593 |
| City South | 100,428,002 | 4.2 | 7.6 | 6.9 | 0.7 | 10.17 | (218,540) | (957,436) | 359,246 | 545,002 |
| Dekalb Area | 13,267,005 | 0.1 | 4.8 | 4.8 | 0.0 | 4.83 | 0 | 161,257 | 0 | 775,000 |
| Far Southwest Suburbs | 111,512,786 | 6.3 | 11.3 | 9.3 | 2.0 | 8.08 | (183,092) | (257,139) | 1,080,053 | 2,546,449 |
| Far West Suburbs | 62,637,900 | 3.6 | 6.2 | 6.2 | 0.0 | 5.54 | 458,880 | 1,837,732 | 0 | 0 |
| Joliet Area | 95,520,605 | 7.5 | 9.1 | 7.7 | 1.4 | 7.35 | 243,339 | 2,089,704 | 0 | 2,515,086 |
| Lake County | 73,700,639 | 4.7 | 6.8 | 6.5 | 0.3 | 6.86 | 24,788 | 373,827 | 0 | 430,141 |
| McHenry County | 21,249,567 | 4.4 | 4.8 | 4.8 | 0.0 | 5.87 | (5,141) | 50,866 | 0 | 249,411 |
| Near West Suburbs | 72,962,365 | 5.7 | 10.5 | 8.9 | 1.6 | 9.52 | (209,322) | (1,165,202) | 0 | 85,680 |
| North DuPage County | 43,703,484 | 3.3 | 5.0 | 4.5 | 0.4 | 7.43 | 129,505 | 556,925 | 100,000 | 149,100 |
| North Kane County | 33,287,078 | 4.7 | 7.0 | 6.3 | 0.7 | 7.85 | 289,473 | 667,063 | 0 | 184,174 |
| Northeast Cook County | 43,612,313 | 4.8 | 7.1 | 6.8 | 0.3 | 10.25 | (7,281) | 224,598 | 0 | 0 |
| Northwest Cook County | 26,371,966 | 7.3 | 11.5 | 10.3 | 1.2 | 10.48 | (7,747) | 197,829 | 0 | 48,000 |
| Northwest Indiana | 32,342,915 | 6.7 | 7.1 | 5.7 | 1.4 | 9.92 | 2,562 | 952,114 | 85,000 | 964,249 |
| O'Hare | 87,634,427 | 4.8 | 9.1 | 7.7 | 1.4 | 11.21 | 136,013 | (469,610) | 0 | 508,070 |
| Rockford | 33,986,127 | 2.7 | 4.5 | 4.2 | 0.3 | 4.63 | 149,041 | 190,671 | 0 | 1,200,000 |
| SE Wisconsin | 81,652,976 | 8.9 | 12.3 | 11.3 | 1.0 | 5.43 | 224,240 | 2,366,732 | 0 | 542,667 |
| South Suburbs | 57,860,027 | 4.6 | 9.3 | 8.4 | 0.8 | 9.19 | (114,600) | 609,828 | 34,000 | 1,070,123 |
| Southwest Suburbs | 60,186,411 | 5.1 | 8.7 | 7.7 | 1.0 | 14.75 | 34,990 | (208,639) | 0 | 481,898 |
| West Suburbs | 30,029,904 | 1.8 | 5.9 | 4.0 | 1.9 | 10.5 | (95,799) | 96 | 0 | 243,915 |
| **Total** | **1,170,869,210** | **5.4** | **8.9** | **9.0** | **0.9** | **8.64** | **494,761** | **5,654,037** | **1,658,299** | **13,171,768** |

# Economic Overview

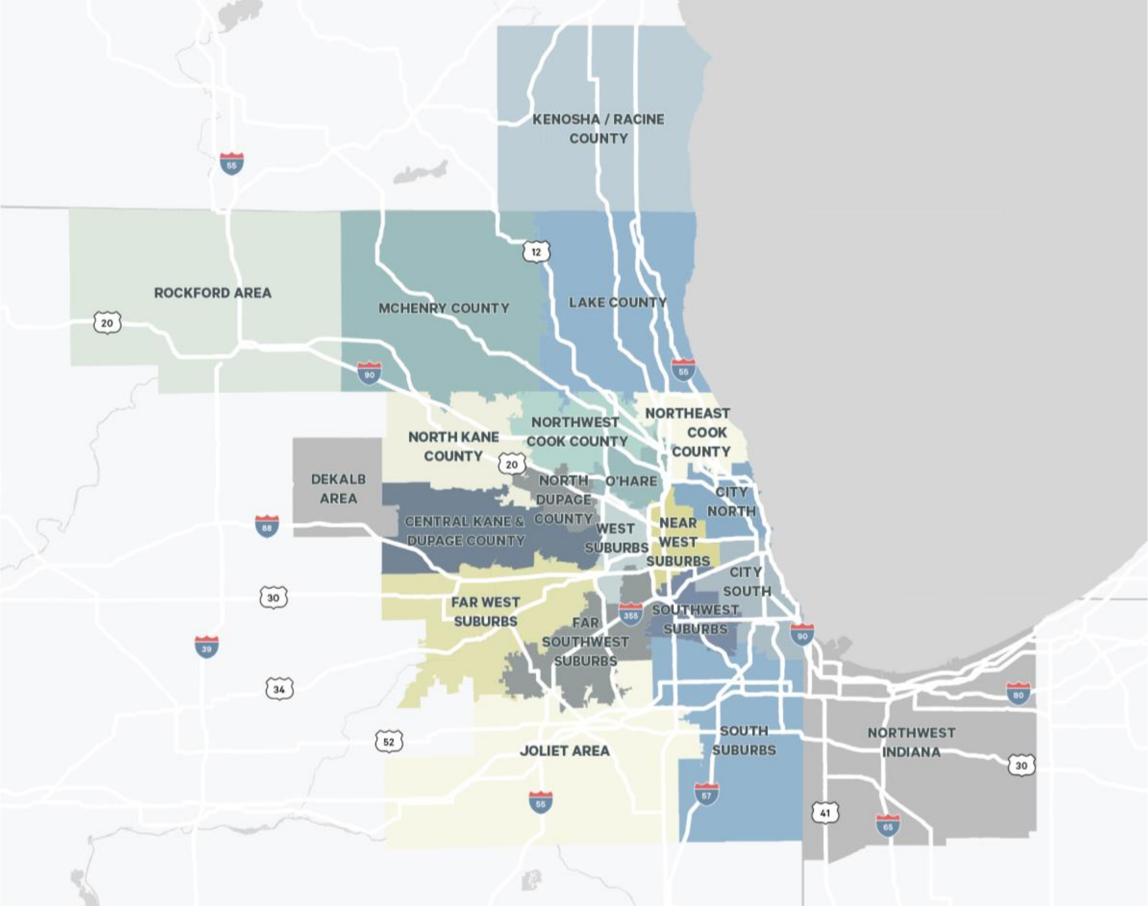
The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

Figure 8: Year-over-Year Unemployment Rates by County, not seasonally adjusted (as of November 2025)



## 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 rate, weighted by their corresponding available square footage. Building Area: The total floor area 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 are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

### Contacts

**Marissa Oberlander**
Research Director
(312) 540-4686
marissa.oberlander@cbre.com

**Sairaj Bibinagar**
Data Intelligence Manager
(312) 540-4683
sairaj.bibinagar@cbre.com

**Jordan Goldberg**
Senior Field Research Analyst
(636) 233-2767
jordan.goldberg2@cbre.com

**Camryn Ketchum**
Field Research Analyst
(414) 870-2265
camryn.ketchum@cbre.com