

FIGURES | CHICAGO OFFICE | Q4 2025

Leasing slows in Q4 but holds strong year-over-year

▼ 28.2%

Direct Vacancy Rate

▲ 142,389

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▼ \$26.26

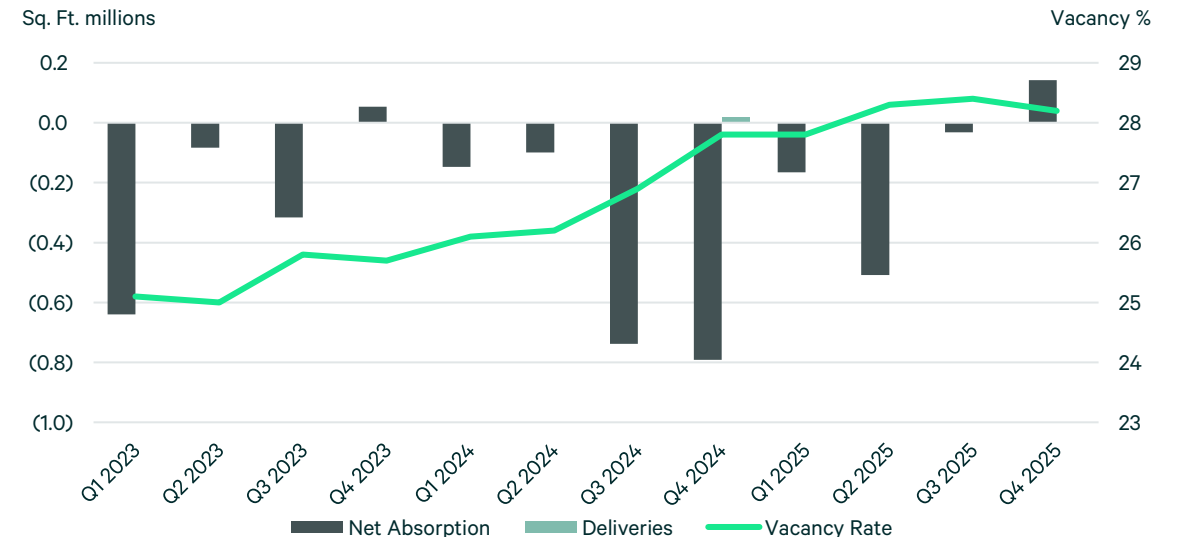
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- The Chicago suburbs closed Q4 2025 with a positive net absorption of 142,389 SF, following a strong leasing cycle at the beginning of the year. Moves attributing to this absorption include Cour Pharmaceuticals, which occupied 47,277 SF at 710 Clark St, Power Home Remodel Group, which occupied 31,404 SF at 17W110 22nd St, and Illinois Bone & Joint, which occupied 17,361 SF in an expansion at 250 S Northwest Hwy.
- In Q4 2025 the direct office vacancy rate stood at 28.2%, a decrease of 20 basis points QoQ (quarter-over-quarter). YOY (year-over-year) vacancy reflected a subtle increase, up 40 basis points from 27.8% in Q4 2024, but is up by 250 basis points from the end of 2023.
- Class B led leasing for this quarter with 40% of the leasing volume while Class A performed slightly below expected, claiming 37% of the leasing volume. Notable Class B leases included Fay Servicing signing 22,546 SF at 5600 N River Rd and CJBS signing 17,111 SF at 10 Parkway North Blvd.
- Average asking rent was \$26.26/SF, down \$0.18 since Q3 2025. The average Class A asking rates are \$30.21, a 24% premium over Class B and 59% over Class C.

FIGURE 1: Historical Absorption, Deliveries, and Direct Vacancy



Source: CBRE Research, Q4 2025

Vacancy

In Q4 2025 the direct office vacancy rate stood at 28.2%, a decrease of 20 basis points QoQ. YoY vacancy reflected a subtle increase, up 40 basis points from 27.8% in Q4 2024, but is up by 250 basis points from the end of 2023. The Northwest Suburbs claimed the highest vacancy in the suburban market at 30.6%, although it has been trending down over the last five quarters.

Q4 2025 closed with 1.6 million SF of available sublease space, consistent with last quarter and significantly less than its peak of 3.7 million SF in Q3 2023. Further direct vacancy is anticipated due to the 837,154 SF of vacant sublease space with an expiration date in the next 3 years. These listings have been sitting on the market for an average of 21 months, with an average of 1.6 years left in their term.

The markets with the greatest amount of future vacancy from sublease expirations are the North Suburbs with 346,618 SF to hit the market in the next three years, the EW Tollway with 243,255 SF and the Northwest Suburbs with 153,229 SF. 57% of overall sublease listings are in Class A buildings.

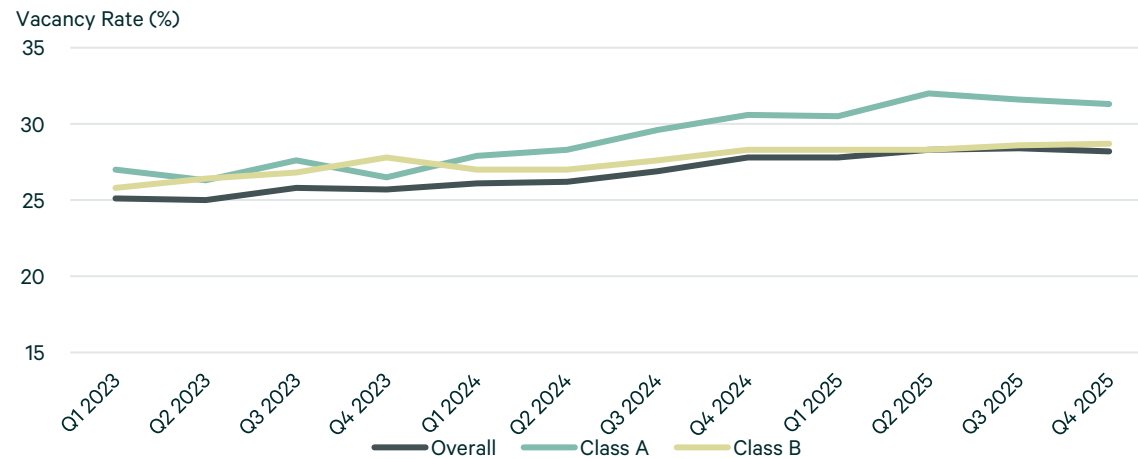
Asking Rent / Capital Markets

Average asking rent was \$26.26/SF, down \$0.18 since Q3 2025. The average Class A asking rates are \$30.21, a 24% premium over Class B and a 59% over Class C. O’Hare claimed the highest asking rates in the suburban market, with an average of \$31.65/SF.

Building sales slowed in the suburban market at the end of the year, with six sales in Q4 in comparison to the 13 witnessed last quarter. Most sales this quarter have been trading at a discounted price from their previous sale: 4300 Winfield Rd for \$14 million by American National (59% discount from its previous purchase price) and 745 Fletcher Dr for \$10.2 million by Remedy Medical Properties (18% discount).

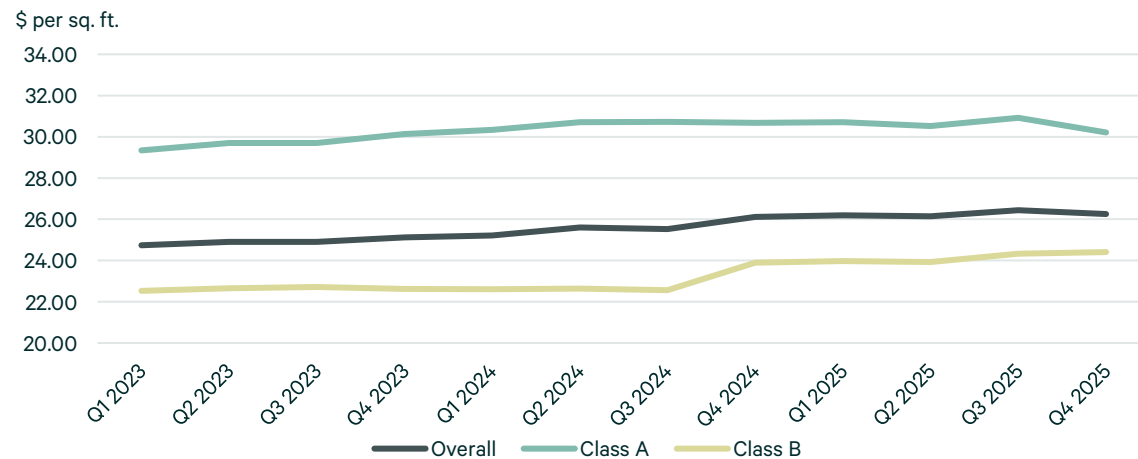
One property, 330 Madison St, sold for \$11.7 million, an increase of 39% from its previous sale price.

FIGURE 2: Direct Vacancy Rates by Class



Source: CBRE Research, Q4 2025

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

Net Absorption

The Chicago suburbs closed Q4 2025 with a positive net absorption of 142,389 SF, following a strong leasing cycle at the beginning of the year. Moves attributing to this absorption are Cour Pharmaceuticals, which occupied 47,277 SF at 710 Clark St, Power Home Remodel Group, which occupied 31,404 SF at 17W110 22nd St, and Illinois Bone & Joint, which occupied 17,361 SF in an expansion at 250 S Northwest Hwy.

North Suburban claimed the largest absorption for Q4. The approximately 105,000 SF positive absorption can be attributed to the largest move of the quarter (Cour Pharmaceuticals) as well as other midsize move-ins like Huntington Bank, which occupied 11,075 SF at 40 Skokie Blvd.

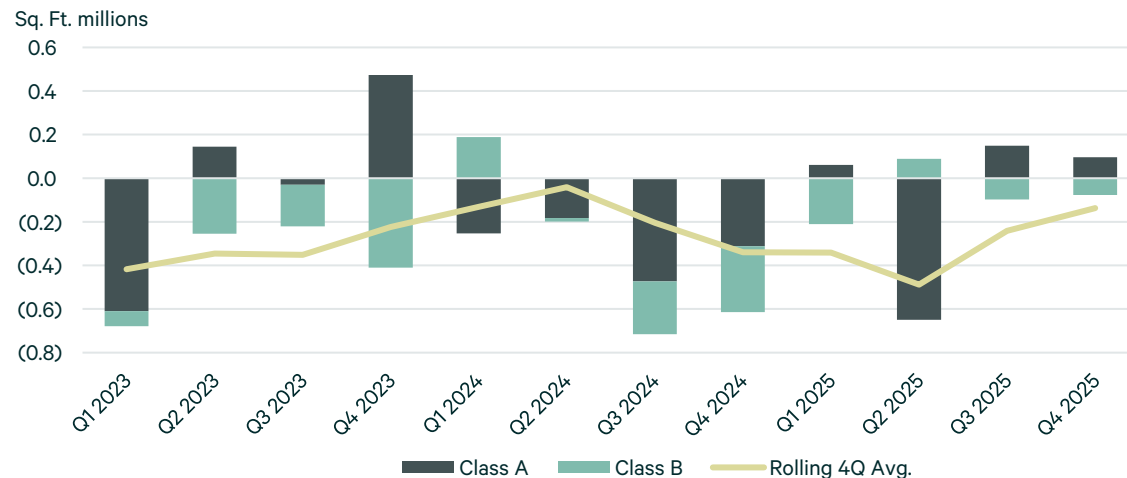
Large vacancies from Q4 include: HCSC, which vacated 112,181 SF at 1000 E Warrenville Rd, Ryerson, which vacated 53,982 SF at 2655 Warrenville Rd, and US Cellular, which vacated 39,772 SF at 8420 Bryn Mawr.

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.

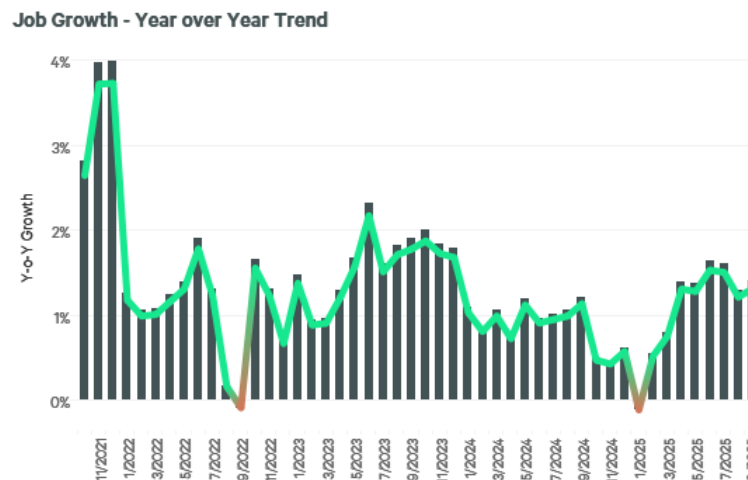
The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key 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 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 5: Bureau of Labor and Statistics Data Chicago Metro



Source: CBRE Research, Q4 2025

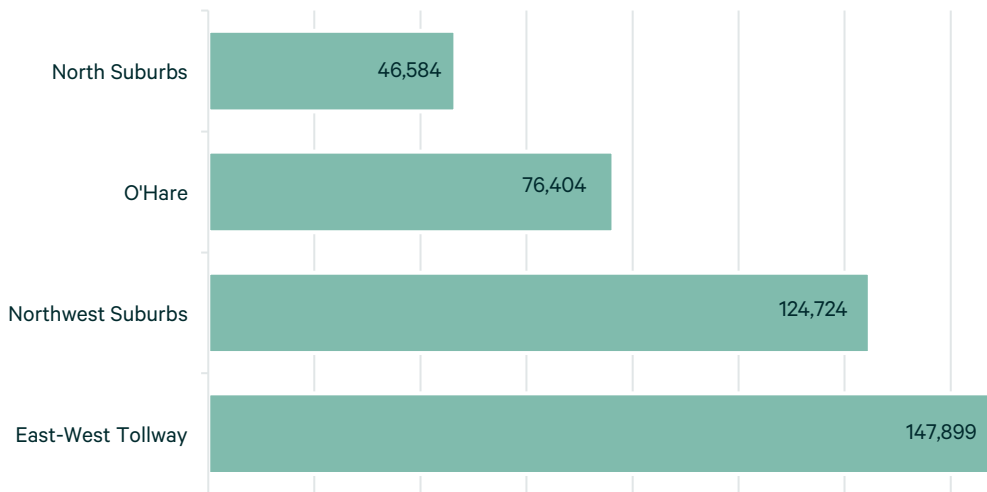
Leasing Activity

There were 432,592 SF of deals completed in Q4 2025 (over 10,000 SF), a significant decrease from the 917,016 SF witnessed in Q3 2025. Suburban 2025 total leasing volume (3.9 million SF) increased by only 1% from the 2024 total. New deals led activity in Q4: Fay Servicing signed a 22,546 SF new lease at 5600 N River Rd, Orbis Education Services signed a 21,460 SF new lease at 3250 Lacey Rd and Chicago Quick Clean signed a 17,939 SF new lease at 1240 Barclay Blvd.

Class B was the top class for this quarter with 40% of the leasing volume, while Class A performed slightly below expected, claiming 37% of the volume. Notable Class B deals include: CJBS signed 17,111 SF at 10 Parkway North Blvd and Adventist Midwest Health signed 11,296 SF at 740 770 Pasquinelli Dr.

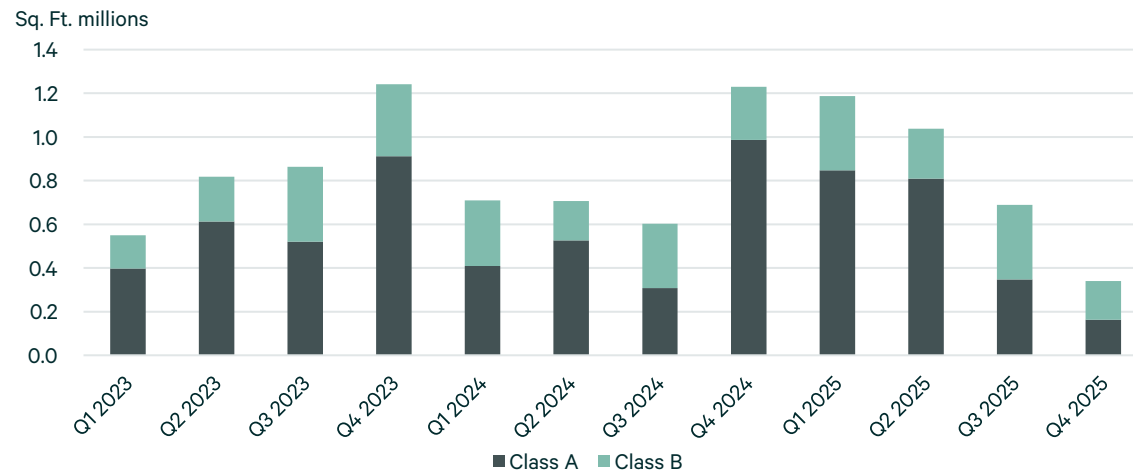
According to CBRE’s 2025 Americas Office Occupier Sentiment Survey, an increase in occupiers (67% this year versus 64% last year) expect to maintain or expand their space over the next three years, a trend that’s gained momentum as more companies have already adjusted their pre-pandemic signed leases. The number of companies expecting to contract has decreased from a peak of 53% in 2023 to just 33% today.

FIGURE 6: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Encore Group	95,165	Renewal	5100 River Rd	O'Hare
Fay Servicing	22,546	New Lease	5600 N River Rd	O'Hare
Orbis Education Services	21,460	New Lease	3250 Lacey Rd	East-West Tollway
Chicago Quick Clean	17,939	New Lease	1240 Barclay Blvd	North Suburbs
CJBS	17,111	New Lease	10 Parkway North Blvd	North Suburbs
Tricoci	14,018	New Lease	1450 American Ln	Northwest Suburbs
Anderson, Mikos Architects	13,161	Renewal	1111 W 22 nd St	East-West Tollway
United Theranostics Illinois	12,722	New Lease	1500 McConnor Pkwy	Northwest Suburbs
National Youth Advocate Program	11,978	New Lease	955 175 th St	South Suburbs

Source: CBRE Research, Q4 2025

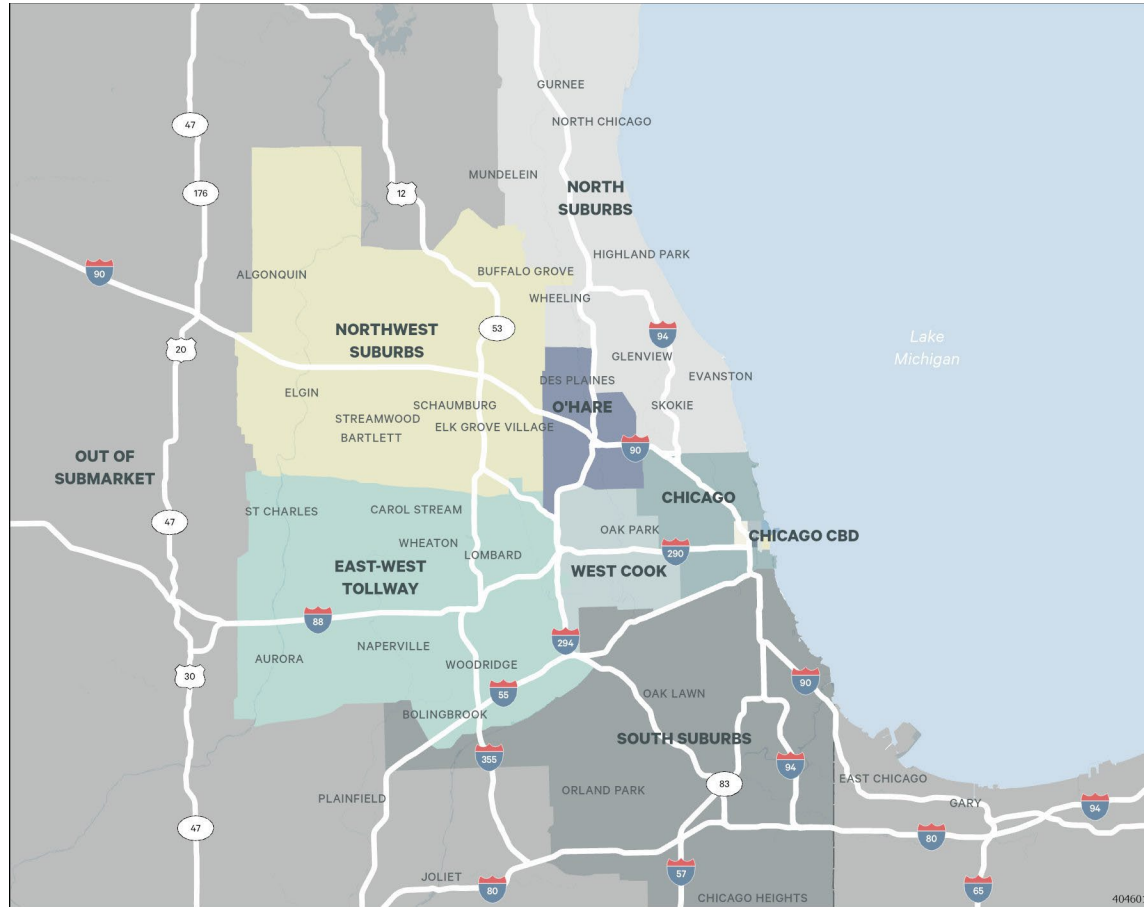
Market Statistics by Index

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	Deliveries	Under Construction
SUBURBAN									
Class A	43,002,205	31.3	34.5	31.9	2.5	30.21	96,988	0	0
Class B	41,035,503	28.7	32.3	30.5	1.8	24.41	(76,645)	0	0
Class C	20,679,207	20.6	21.1	20.8	0.3	19.04	122,046	0	0
Total	104,716,915	28.2	31.0	29.2	1.8	26.26	142,389	0	0

Market Statistics by Submarket

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	Deliveries	Under Construction
East-West Tollway	40,581,339	26.4	30.4	29.2	1.1	26.76	(48,378)	0	0
North Suburbs	23,517,200	31.0	33.7	30.8	2.8	25.34	104,733	0	0
Northwest Suburbs	25,036,929	30.6	32.6	30.6	2.1	24.25	4,978	0	0
O'Hare	12,921,607	25.9	27.9	26.3	1.7	31.65	54,081	0	0
South Suburbs	2,659,840	18.1	15.1	14.4	0.6	19.79	26,975	0	0
Total	104,716,915	28.2	31.0	29.2	1.8	26.26	142,389	0	0

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.

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