Large Build-to-Suit Projects Drive Chicago's Industrial Construction Pipeline

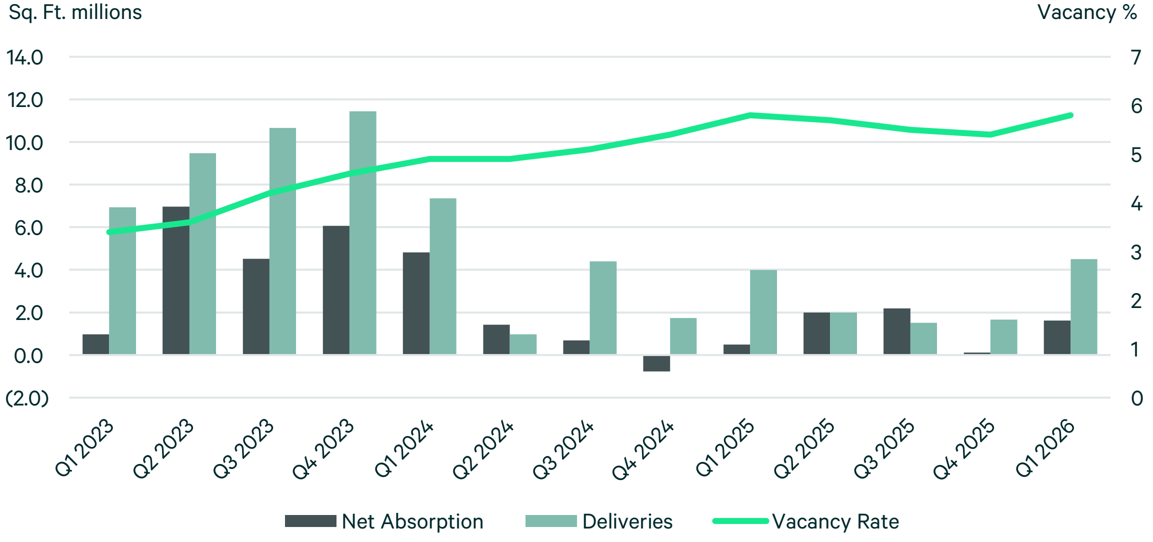
▲5.8%	▲1.6M	▲4.5M	▼12.4M	▲$9.03
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

SUMMARY

- Chicago's industrial availability rate decreased to 8.6% in Q1 2026, down 30 basis points (bps) quarter-over-quarter and up 10 bps year-over-year.
- Net average asking rents increased 4.3% quarter-over-quarter and 5.2% year-over-year to $9.03 per sq. ft.
- Net absorption showed positive momentum in Q1 2026, increasing to 1.6 million sq. ft., up from 121,263 sq. ft. in Q4 2025.
- Construction remained steady, with 12.4 million sq. ft. currently in the pipeline. Build-to-suit projects accounted for 58% of development activity, and 43 projects totaling 4.5 million sq. ft. delivered in Q1 2026. Big-box construction represented 66% of total pipeline square footage and was largely driven by build-to-suit developments.
- Leasing activity in Chicago's industrial market totaled 12.9 million sq. ft., up from 12.4 million sq. ft. year-over-year. New leasing rose to 9.1 million sq. ft. while renewals decreased to 3.8 million sq. ft.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

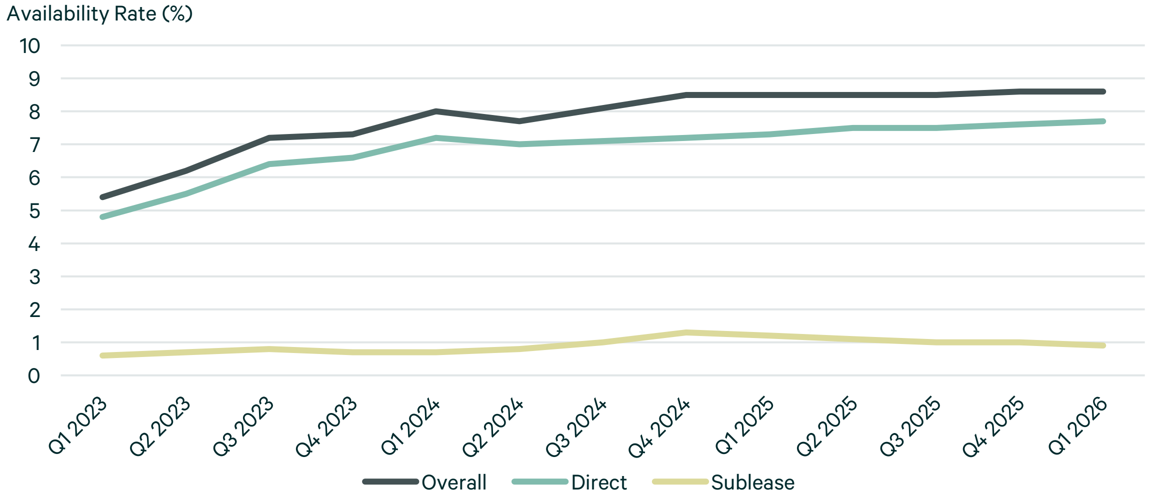
Availability Rate

In Q1 2026 the Chicago Industrial market reported a total availability rate of 8.6%, unchanged quarter-over-quarter. Large blocks of space greater than 750,000 sq. ft. saw the highest availability 10.1%, while spaces under 100,000 sq. ft. recorded the lowest availability at 6.3%.

At the end of Q1 2026, Northwest Cook County saw the highest availability rate at 11.3%, whilethe Dekalb Area submarket continued to experience the lowest availability rate at 4.5%. The largest block of space added to the market in the first quarter was a 433,059 sq. ft. speculative facility located at 2075 W 43rd St in Chicago.

Sublease availability continued to decline year-over-year, totaling 10.7 million sq. ft., down from 13.6 million sq. ft. in Q1 2025. One of the largest sublease availabilities currently on the market is a 644,555 sq. ft. space at 701 Central Ave in University Park.

FIGURE 2: Availability Rates

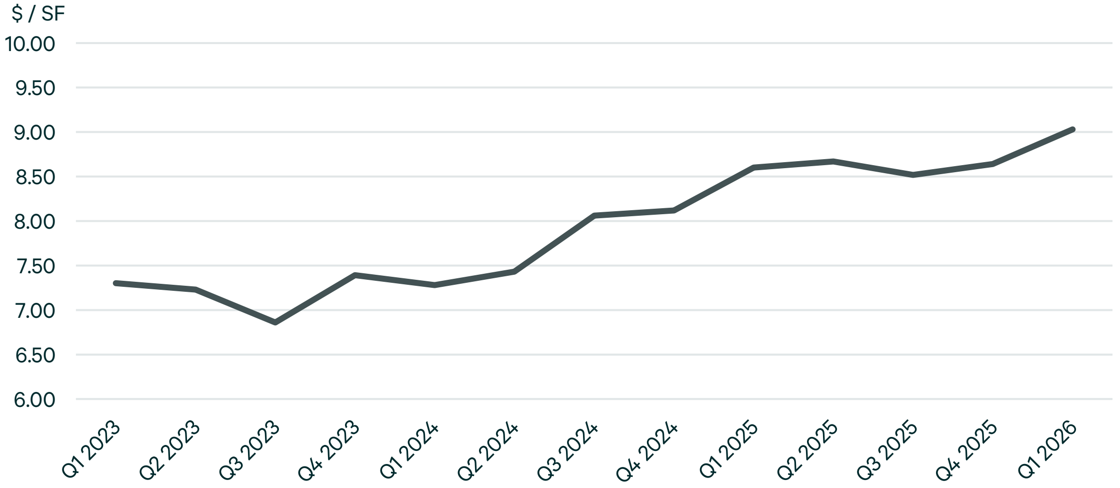


Source: CBRE Research, Q1 2026

Asking Rent

Net average asking rents increased 4.5% quarter-over-quarter to $9.03 per sq. ft. Class A average asking rents grew to $8.52 per sq. ft. while Class B/C average asking rents grew to $9.45 per sq. ft. The Southwest Suburbs submarket continued to record the highest average asking rent at $15.28 per sq. ft., increasing 3.6% quarter-over-quarter, followed by City North and City South, respectively. Chicago's industrial asking rents are expected to continue to increase at a slow rate, finding a more sustainable equilibrium driven by constrained supply, steady demand for modern facilities and the market's strategic logistical advantages.

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



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption increased significantly to 1.6 million sq. ft. in Q1 2026, up from positive 121,263 sq. ft. in the previous quarter and 487,131 sq. ft. year-over-year. Following elevated leasing activity in 2025, several submarkets experienced strong net absorption figures in Q1 2026. The Joliet Area submarket led the market with 1.0 million sq. ft. absorbed in Q1, followed by SE Wisconsin, which absorbed 536,675 sq. ft. and NW Indiana, which absorbed 425,089 sq. ft. The largest move-in of the quarter was SiteOne occupying 417,384 sq. ft. at 11559 80th Ave in Pleasant Prairie and Western Post occupying 291,728 sq. ft. at 4050 Rock Creek Blvd in Joliet. Over the last four quarters, net absorption averaged 1.5 million sq. ft., contributing to 29.4 million sq. ft. of cumulative demand over the past three years.

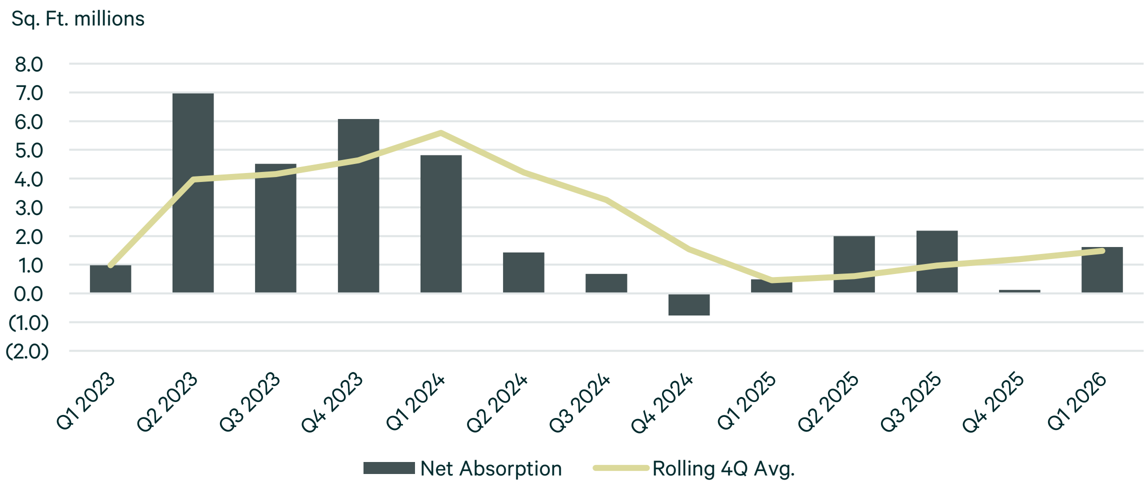
Construction Activity

In the first quarter of 2026, the Chicago market recorded 12.4 million sq. ft. of under construction activity in the pipeline. Under construction activity increased by 21% year-over-year, rising from 10.2 million sq. ft. to 12.4 million SF. Construction starts declined quarter-over-quarter with groundbreakings dropping to 1.6 million sq. ft.., down from 2.3 million sq. ft. in Q4 2025. Speculative starts continued to outpace build-to-suit starts with three speculative developments and two build-to-suit developments breaking ground in Q1 2026.

As of Q1 2026, 43 projects totaling 12.4 million sq. ft. were underway. Build-to-suit developments accounted for 58.0% of construction activity, with the remaining 42.0% developed on a speculative basis. Big-box construction accounted for 13 projects in the pipeline, representing 66.0% of total square footage; nine of these were build-to-suit developments. The Joliet Area reported the most construction activity with a total of 1.8 million sq. ft. under construction, including a 1.1 million sq. ft. build-to-suit project, the second-largest project currently underway in Chicagoland.

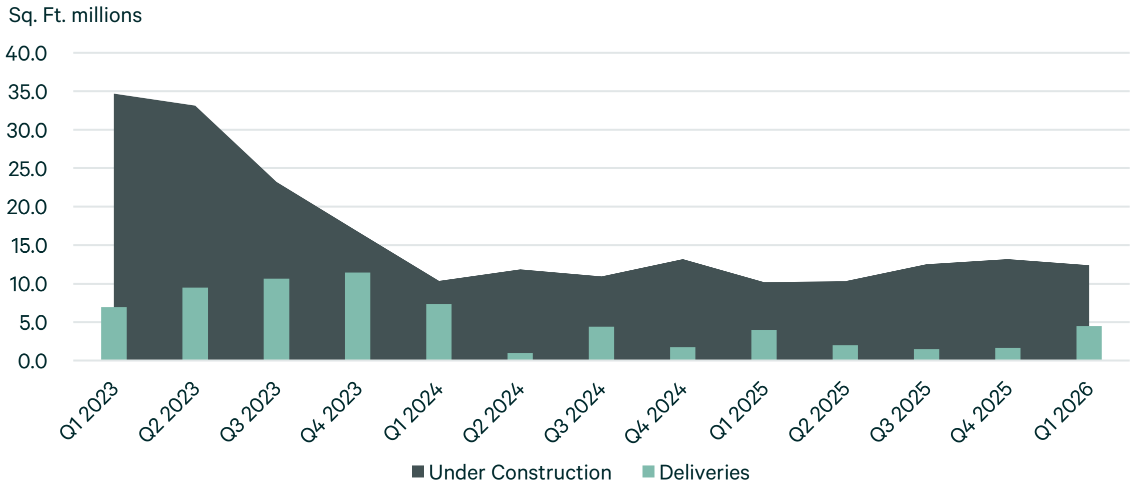
Under construction activity remained concentrated in large, build-to-suit logistics projects. This activity is led by two fully pre-leased developments: a 1.2 million sq. ft. build-to-suit facility at 1500 S Appleton Rd in Belvidere, and a 1.1 million sq. ft. facility at South Diagonal Street & West Mississippi Street in the Joliet Area. Construction deliveries surged quarter-over-quarter, with 4.5 million sq. ft. delivered in Q1 2026, compared to 1.7 million sq. ft. in Q4 2025. The largest project delivered in the first quarter of 2026 was a speculative development located at 21533 S Cherry Hill Rd in Joliet.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

FIGURE 5: Construction Activity

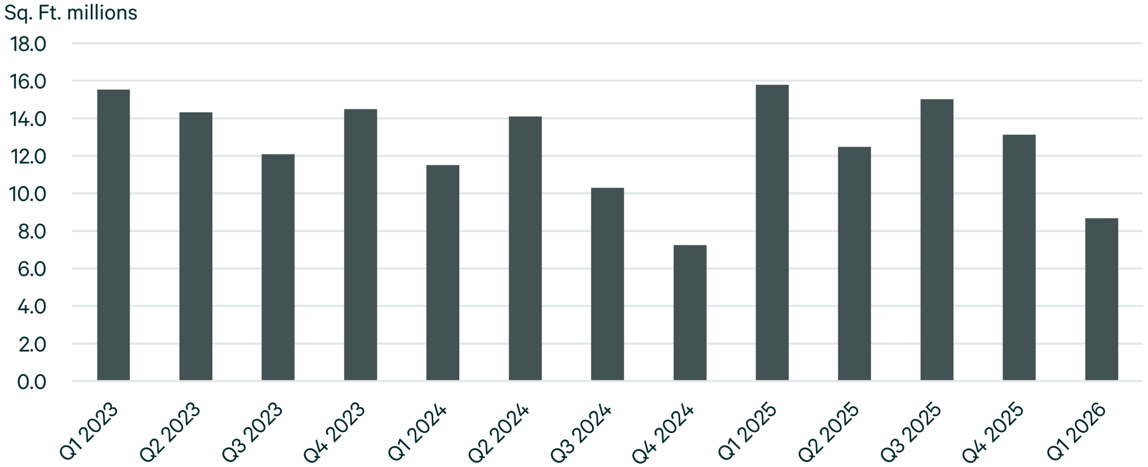


Source: CBRE Research, Q1 2026

Leasing Activity

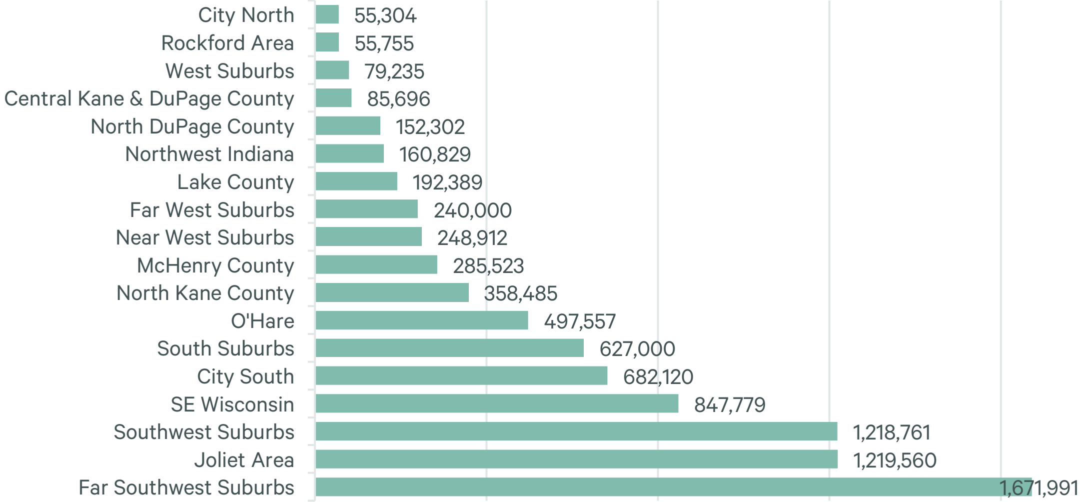
Total leasing activity in the Chicago industrial market reached 12.9 million sq. ft. across 141 leases by the end of Q1 2026. From January to March, 102 new leases were signed with Hyundai Translead securing the largest deal of the quarter, leasing 1.4 million sq. ft. at 2200 Channahon Rd in Joliet. There were 39 renewals totaling 3.8 million sq. ft., which accounted for 30.0% of overall leasing activity. This is a slight decrease year-over-year from renewals accounting for 46.0% of totaling leasing activity in Q1 2025. The Joliet Area submarket led the market with the most leasing activity of the quarter, totaling 2.6 million sq. ft. This was largely driven by Hyundai Translead's 1.4 million sq. ft. lease and Western Post's 291,728 sq. ft. lease. The Joliet Area, Far Southwest Suburbs, Southwest Suburbs, and O'Hare submarkets each recorded more than 1.0 million sq. ft. of leasing volume. Additionally, five new subleases were signed in Q1 2026, totaling 197,375 sq. ft.

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



Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Hyundai Translead	1,380,070	New Lease	2200 Channahon Rd	Joliet Area
Crane Worldwide Logistics	992,151	New Lease	9301 W 55th St	Southwest Suburbs
RJW Logistics Group	788,320	New Lease	26220 W 143rd St	Far Southwest Suburbs
Confidential E-commerce tenant	746,801	Renewal	201 Emerald Dr	Joliet Area
Elogistek	648,960	New Lease	160 Southcreek Pkwy	Far Southwest Suburbs
LG Electronics	363,224	New Lease	14746 S Gougar Rd	Far Southwest Suburbs
G10 Fulfillment	315,367	New Lease	12345 38th St	Southwest Wisconsin
Western Post	291,728	New Lease	4050 Rock Creek Blvd	Joliet Area
John B. Sanfilippo & Son	285,523	New Lease	12150 Jim Dhamer Dr	McHenry County
Logistics Plus	285,000	Renewal	18801 Oak Park Ave	South Suburbs

Source: CBRE Research, Q1 2026

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.	289,245,446	3.4	6.3	5.9	0.4	9.93	(16,704)	(16,704)	210,514	0
100,000-199,999 sq. ft.	238,778,043	5.0	8.6	7.9	0.8	9.24	(522,721)	(522,721)	535,041	0
200,000-299,999 sq. ft.	154,165,101	5.8	9.4	7.8	1.5	8.84	1,554,461	1,554,461	932,376	0
300,000-499,999 sq. ft.	188,090,320	7.4	9.6	8.5	1.1	9.22	557,228	557,228	811,948	0
500,000-749,999 sq. ft.	123,411,995	8.1	9.8	8.3	1.5	7.45	(385,316)	(385,316)	0	0
750,000 sq. ft.	170,926,937	7.4	10.1	9.3	0.8	9.27	426,094	426,094	2,011,440	0
Total	**1,164,617,842**	**5.8**	**8.6**	**7.7**	**0.9**	**9.03**	**1,613,042**	**1,613,042**	**4,501,319**	**0**

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	831,175,635	6.4	9.7	8.7	1.0	9.03	1,656,079	1,656,079	3,958,045	0
Manufacturing	260,236,646	3.6	5.9	5.3	0.7	9.03	(308,480)	(308,480)	400,714	0
R&D / Flex	21,375,471	1.7	2.7	2.1	0.6	9.03	41,955	41,955	0	0
Other Industrial	51,830,090	8.0	7.9	7.4	0.5	9.03	223,488	223,488	142,560	0
Total	**1,164,617,842**	**5.8**	**8.6**	**7.7**	**0.9**	**9.03**	**1,613,042**	**1,613,042**	**4,501,319**	**0**

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	185,333,413	12.0	14.1	12.5	1.6	9.03	2,379,683	2,379,683	2,293,719	0
All Other Buildings	979,284,429	4.6	7.6	6.8	0.8	9.03	(766,641)	(766,641)	2,207,600	0
Total	**1,164,617,842**	**5.8**	**8.6**	**7.7**	**0.9**	**9.03**	**1,613,042**	**1,613,042**	**4,501,319**	**0**

Market Statistics by Submarket

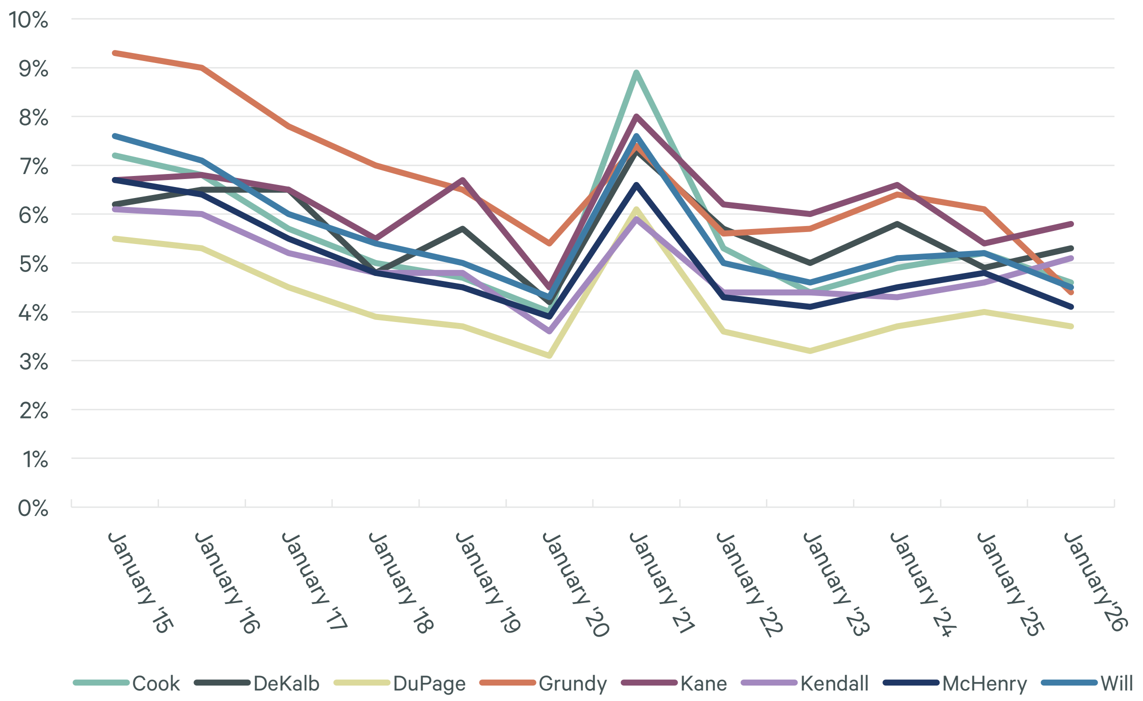
Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Direct Availability%	Sublease Availability%	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
McHenry County	21,379,567	4.2%	6.7%	6.7%	0.0%	$ 5.76	76,254	76,254	130,000	119,411
Lake County	73,460,666	4.8%	7.1%	6.8%	0.3%	$ 6.94	344,774	344,774	430,141	0
NE Cook County	43,841,715	5.1%	8.0%	7.6%	0.4%	$ 10.29	383,561	383,561	351,520	80,000
NW Cook County	26,371,966	8.1%	11.3%	10.0%	1.3%	$ 8.88	(211,360)	(211,360)	-	48,000
North Kane County	33,339,252	4.7%	6.5%	5.9%	0.5%	$ 8.02	56,343	56,343	52,174	132,000
N DuPage County	43,515,559	4.2%	6.6%	5.7%	0.9%	$ 7.45	(393,751)	(393,751)	-	149,100
O'Hare	87,439,609	5.2%	9.1%	8.0%	1.0%	$ 10.95	41,869	41,869	122,470	623,396
City North	48,266,556	6.0%	8.5%	8.2%	0.4%	$ 11.61	81,934	81,934	-	67,593
Near West Suburbs	71,676,563	7.0%	10.8%	9.1%	1.7%	$ 9.49	(501,765)	(501,765)	-	85,680
West Suburbs	29,842,656	1.8%	6.8%	4.8%	2.0%	$ 10.52	(3,757)	(3,757)	-	243,915
Central Kane & DuPage	37,161,348	7.6%	9.5%	8.6%	0.9%	$ 8.19	81,758	81,758	-	705,550
Far West Suburbs	62,637,900	4.0%	6.7%	6.7%	0.0%	$ 5.46	(94,631)	(94,631)	-	52,870
Southwest Suburbs	60,160,922	5.2%	7.9%	7.1%	0.8%	$ 15.28	84,462	84,462	140,011	341,887
Far SW Suburbs	113,083,303	8.0%	12.0%	10.1%	1.9%	$ 8.23	(170,903)	(170,903)	1,764,449	1,006,667
City South	99,311,091	4.5%	7.8%	7.2%	0.5%	$ 14.69	(182,647)	(182,647)	-	1,113,784
South Suburbs	57,062,780	5.0%	7.9%	7.1%	0.8%	$ 8.66	206,300	206,300	-	1,070,123
Joliet Area	95,152,885	7.7%	8.8%	7.6%	1.2%	$ 7.35	1,019,403	1,019,403	1,097,280	1,842,806
Northwest Indiana	31,863,611	5.4%	6.0%	5.0%	1.0%	$ 9.37	425,089	425,089	207,395	1,074,430
Dekalb Area	13,267,005	0.2%	5.1%	5.1%	0.0%	$ 4.85	(13,300)	(13,300)	-	1,775,000
SE Wisconsin	81,794,454	8.5%	9.0%	8.4%	0.7%	$ 5.43	536,675	536,675	205,879	489,660
Rockford Area	33,988,434	3.2%	5.3%	4.9%	0.4%	$ 4.59	(153,266)	(153,266)	-	1,353,885
Total	**1,164,617,842**	**5.8%**	**8.6%**	**0.9%**	**7.7%**	**$ 9.03**	**1,613,042**	**1,613,042**	**4,501,319**	**12,375,757**

Economic Overview

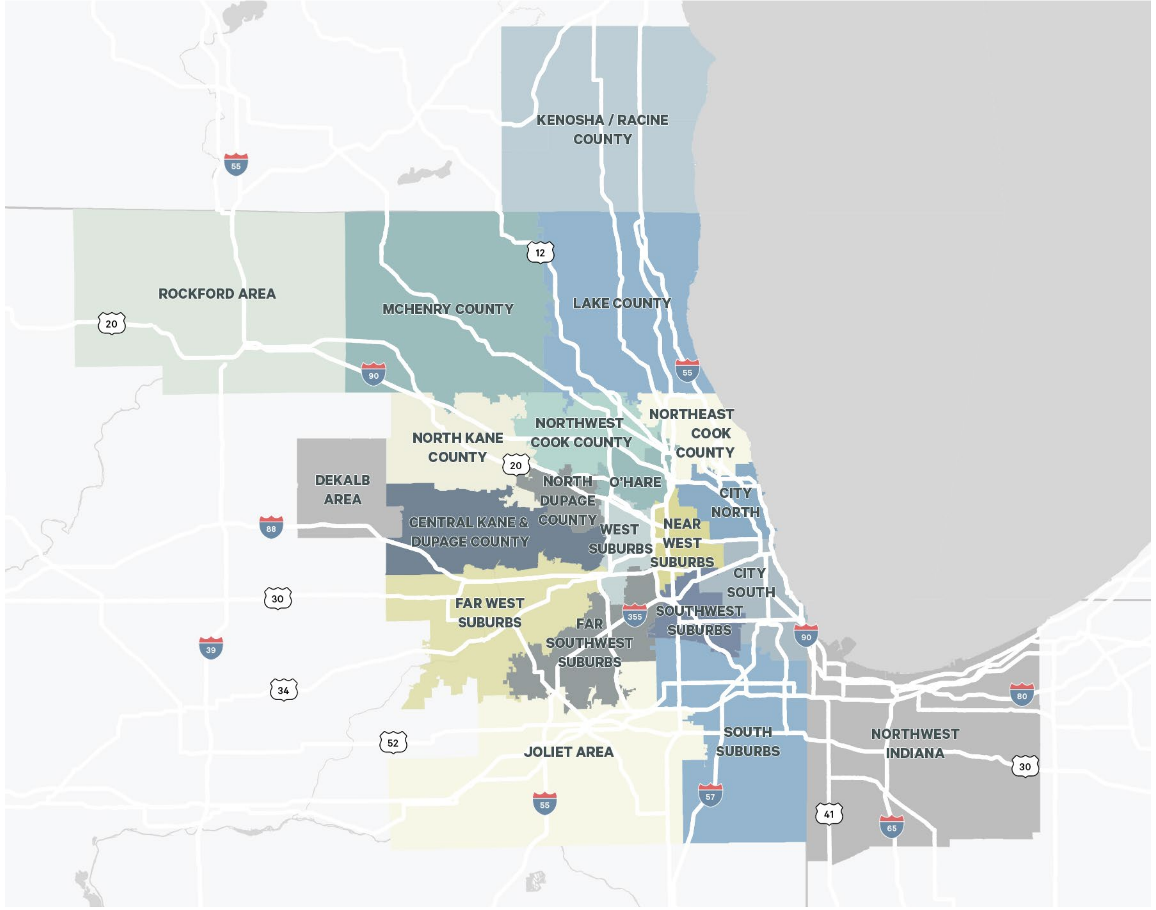
Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a 'wait-and-see' approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

Figure 8: Year-over-Year Unemployment Rates by County, not seasonally adjusted (as of January 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 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.

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