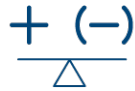




1.46B

Inventory SF



1.35M

Net Absorption SF



5.2%

Direct Vacancy



8.6%

Total Availability



15.1M

Under Construction SF



\$9.48

Asking Rent PSF

Chicago Industrial Market Stabilizing

Market Observations

- The Chicago industrial market remained stable in the first quarter of 2025, with 1.3 MSF of positive absorption. The direct vacancy rate was 5.2%, unchanged from the end of 2024 and down 10 basis points year over year.
- Direct leasing activity in the first quarter totaled 9.99 MSF, marking a 3.47% increase quarter over quarter. However, this amount remains significantly lower than the historic high of 22.4 MSF recorded in the fourth quarter of 2021.
- Available sublease square footage reached a record 16.4 MSF at the end of 2024, more than doubling from the previous year. In the first quarter of 2025, it decreased by 10% to 14.7 MSF, indicating a potential shift in sublease availability.
- The largest new lease deal in the first quarter was RJW Logistics Group's 976,954-SF lease at 2903 Schweitzer Rd. in Joliet, IL. The state-of-the-art distribution center, completed in 2023, is part of CenterPoint Properties' 4.0 MSF Class A industrial development in the I55/I80 Southwest Corridors.
- The uncertainty caused by rapidly shifting tariff policies is expected to slow both demand for and new supply of industrial buildings in the near term. While these policies will undoubtedly affect industrial real estate markets in the long term, the exact impact remains difficult to determine.

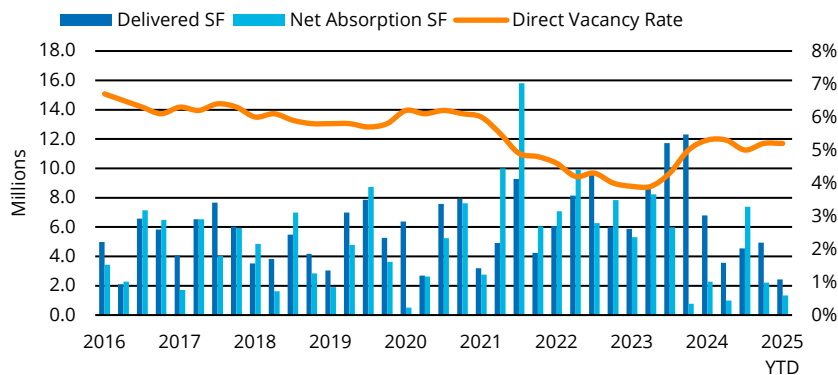




CHICAGO INDUSTRIAL MARKET | Q1 2025

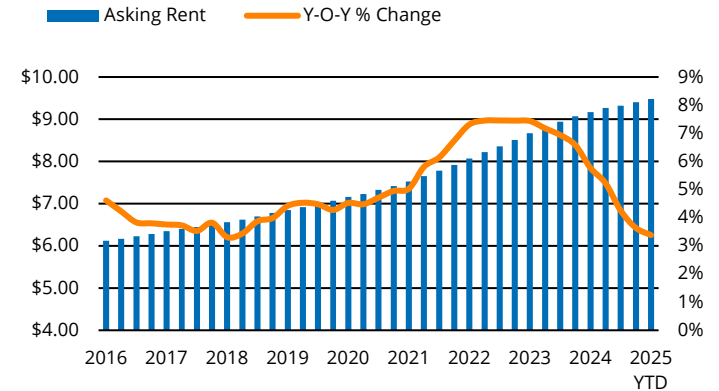
- Net absorption** in the first quarter of 2025 totaled positive 1.35 MSF, comprised of positive 2.1 MSF of warehouse-distribution space and negative 743,424 SF of manufacturing space. The Northwest submarket had the highest absorption in the first quarter, with 941,093 SF of positive absorption.
- The **direct vacancy** rate remained at 5.2% in the first quarter. The overall vacancy rate, including sublease space, increased by one basis point to 5.8%. The highest vacancy rates are in the Kenosha submarket, with 12.2% direct and 12.4% overall, which has seen its inventory expand by 37.4% over the past five years.
- The average **asking rent** for the Chicago metro area was \$9.48 PSF in the first quarter of 2025, up 3.4% year over year. Despite ongoing increases in rental rates, the pace of growth has slowed, returning to pre-pandemic norms.
- Currently, 15.1 MSF of industrial space is **under construction**, the lowest amount under construction since the third quarter of 2017. Only 2.4 MSF delivered in the first quarter of 2025, the lowest in over a decade.

DELIVERY IMPACT ON KEY INDICATORS



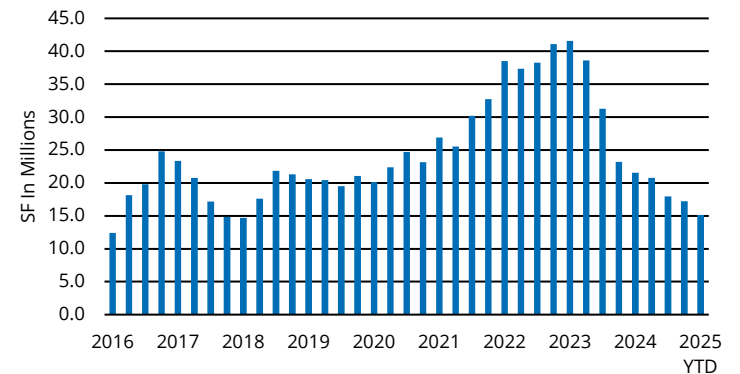
Source: CoStar, Transwestern

ASKING RENT



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



CHICAGO INDUSTRIAL MARKET | Q1 2025

MARKET INDICATORS TABLE

By Submarket | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	2025 NET ABSORPTION SF	ASKING RENT PSF, NNN
FOX VALLEY	67,390,344	3,132,810	4.6%	4.7%	456,722	(303,391)	(303,391)	\$8.90
ISS / I80 SOUTHWEST CORRIDORS	270,828,672	15,533,364	5.7%	6.8%	3,056,648	(448,357)	(448,357)	\$8.59
I88 CORRIDOR	81,227,253	2,564,535	3.2%	3.6%	2,133,801	578,040	578,040	\$8.71
INDIANA	66,053,978	2,041,363	3.1%	3.8%	907,427	(33,937)	(33,937)	\$9.01
KENOSHA	52,960,880	6,461,201	12.2%	12.3%	964,565	(269,899)	(269,899)	\$7.27
LAKE COUNTY NORTH	43,643,737	3,128,862	7.2%	7.3%	20,000	160,929	160,929	\$9.08
LAKE COUNTY SOUTH	47,070,088	2,256,591	4.8%	5.0%	0	243,625	243,625	\$10.77
MCHENRY COUNTY	33,259,561	699,453	2.1%	2.6%	0	137,529	137,529	\$9.31
NORTH CHICAGO	71,333,516	6,699,763	9.4%	9.7%	0	39,008	39,008	\$13.03
NORTH COOK	52,050,408	3,140,751	6.0%	6.6%	0	135,909	135,909	\$11.96
NORTH DUPAGE	41,363,696	1,608,670	3.9%	4.3%	0	188,425	188,425	\$9.50
NORTHWEST	91,635,167	4,681,618	5.1%	5.5%	1,076,210	941,093	941,093	\$11.22
O'HARE	107,968,819	3,589,561	3.3%	4.5%	1,454,578	106,986	106,986	\$11.10
SOUTH CHICAGO	114,927,135	5,947,053	5.2%	5.4%	543,956	(276,232)	(276,232)	\$9.73
SOUTH SUBURBAN	92,299,327	4,046,753	4.4%	4.6%	390,019	(122,306)	(122,306)	\$8.63
SOUTHWEST	30,637,436	966,072	3.2%	3.2%	1,200,000	102,031	102,031	\$6.61
UPPER NORTHWEST	50,579,125	2,780,529	5.5%	6.2%	2,798,000	91,535	91,535	\$5.63
WEST COOK	75,597,912	3,652,437	4.8%	5.9%	99,682	94,187	94,187	\$9.62
WEST SUBURBAN	41,124,504	1,169,447	2.8%	3.3%	31,510	(18,781)	(18,781)	\$11.25
TOTAL	1,431,951,556	74,100,833	5.2%	5.8%	15,133,118	1,346,394	1,346,394	\$9.48

Source: CoStar, Transwestern

MARKET INDICATORS TABLE

By Property Type | Q1 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	2025 NET ABSORPTION SF	ASKING RENT PSF, NNN
WAREHOUSE-DISTRIBUTION	1,101,864,829	60,590,539	5.5%	6.1%	14,762,118	2,090,118	2,090,118	\$9.37
MANUFACTURING	330,086,727	13,510,294	4.1%	4.4%	371,000	(743,724)	(743,724)	\$9.84
TOTAL	1,431,951,556	74,100,833	5.2%	5.8%	15,133,118	1,346,394	1,346,394	\$9.48

Source: CoStar, Transwestern



CHICAGO INDUSTRIAL MARKET | Q1 2025

Research Methodology

The information in this report is the result of a compilation of information on industrial properties located in the Chicago metropolitan area. This report includes single-tenant, multi-tenant and owner-user properties and excludes properties owned and occupied by a government agency. Inventory is defined as existing Class A, B and C industrial/flex properties, 10,000 square foot minimum rentable base area.

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Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and @Transwestern.

For more information

Caitlin Ritter

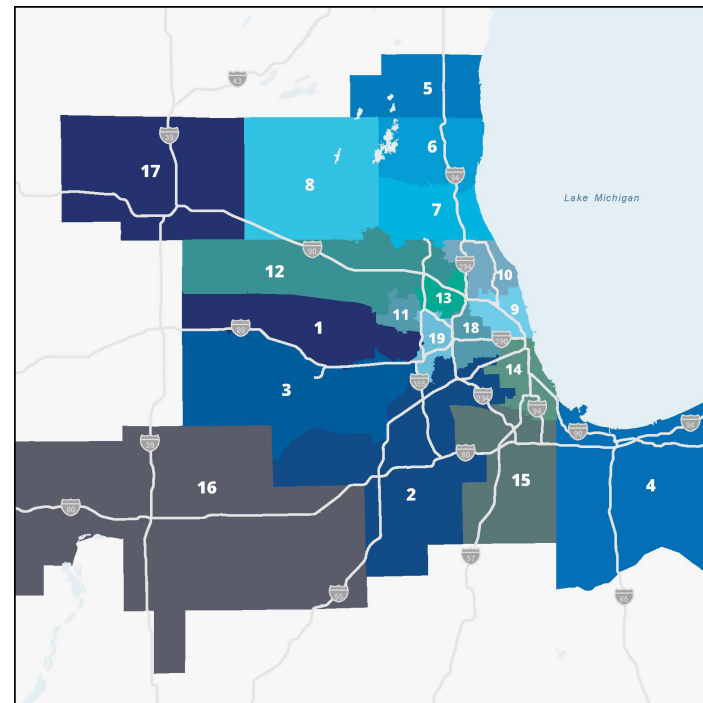
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Chicago Industrial Submarkets

- 1 Fox Valley
- 2 I-55 / I-80 Southwest Corridors
- 3 I-88 Corridor
- 4 Indiana
- 5 Kenosha
- 6 Lake County North
- 7 Lake County South
- 8 McHenry County
- 9 North Chicago
- 10 North Cook
- 11 North DuPage
- 12 Northwest
- 13 O'Hare
- 14 South Chicago
- 15 South Suburban
- 16 Southwest
- 17 Upper Northwest
- 18 West Cook
- 19 West Suburban