



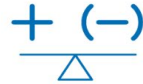
157.7M

Inventory SF



29.4%

Total Availability



(406.0K)

Net Absorption SF



411.2K

Under Construction SF



21.9%

Direct Vacant Available Rate



\$42.63

Asking Rent PSF

Positive Absorption on the Horizon

Market Observations

- Despite the vacancy rate hitting another all-time high and continued negative absorption, the Chicago CBD office market appears to be gaining momentum. Key factors contributing to this optimism include positive Class A absorption, a reduction in available sublease space, and most importantly, tenants beginning to expand rather than contract.
- There were 55 confirmed leases exceeding 15,000 SF in the first quarter. Among those leases, 12 involved expansions to existing spaces and 11 were relocations to larger spaces. Though there were still tenants opting to downsize, the collective total of large tenant space requirements in the first quarter resulted in nearly 300,000 SF more office space being leased than will be vacated. This suggests potential positive absorption in the future.
- There were only two office sale transactions completed in the Chicago CBD in the first quarter, both of which represent significant losses for the owners and lenders. 3Edgewood purchased 600 W. Chicago Ave. in a short sale for \$145M. The 1.6 MSF River North building last sold for \$510M in 2018, and approximately \$374M was reportedly still owed in debt. A partnership led by Glenstar acquired 200 S. Wacker Dr. for \$68M. The 754,751-SF West Loop property was last sold in 2013 for \$214.5M, and \$151M remained in debt.

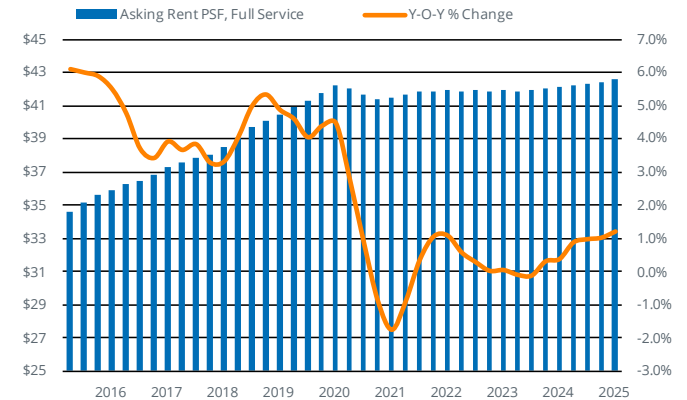




CHICAGO CBD OFFICE MARKET | Q1 2025

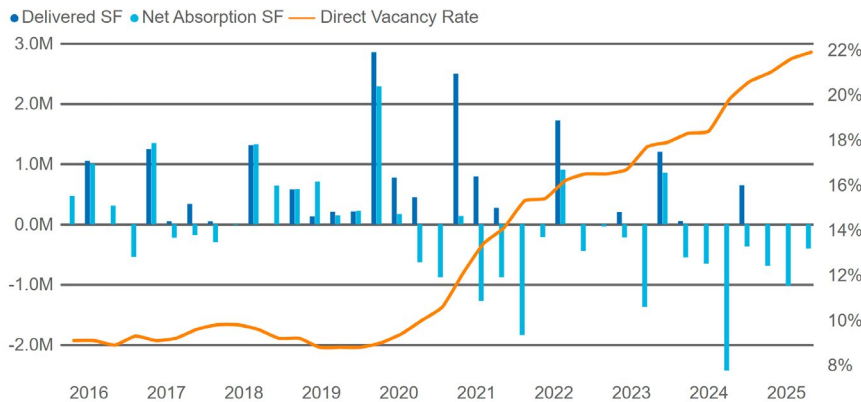
- The **direct vacant available rate** in the Chicago CBD reached 21.9% in Q1 2025, up 20 basis points from Q4 2024 and 80 basis points year over year. Total availability is 29.4%, down 10 basis points from Q4 2024 and down 50 basis points year over year.
- There was a total of negative 405,968 SF of **net absorption** in Q1 2025. The Class A sector had 182,037 SF of positive absorption, while the Class B & C sectors had a combined 588,005 SF of negative absorption.
- Full-service rents** averaged \$42.63 PSF in Q1 2025, up \$0.19 quarter over quarter and \$0.51 year over year. The highest rents are found in Fulton Market/Near West Side Class A properties, which reached an average of \$61.87 RSF in Q1 2025.
- The **construction pipeline** includes only one building, 919 W. Fulton, in the Fulton Market/Near West Side submarket. The 411,202-SF office building is scheduled to be completed in June of 2025 and is 46.6% pre-leased.

ASKING RENT



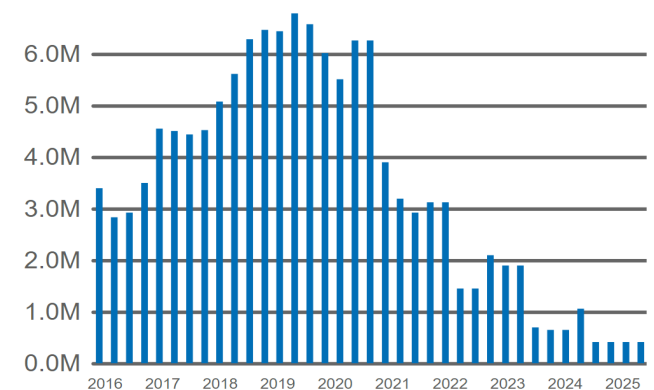
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



CHICAGO CBD OFFICE MARKET | Q1 2025

OFFICE MARKET INDICATORS - ALL SPACE

SUBMARKET	INVENTORY	DIRECT VACANT AVAILABLE SF	DIRECT VACANT AVAILABLE RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	QUARTERLY NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Central Loop	36,254,142	8,965,280	24.7%	32.9%	0	(159,813)	(295,719)	\$40.52
East Loop	26,887,269	7,353,964	27.4%	33.3%	0	(41,284)	(1,267,488)	\$39.52
Fulton Market/Near West Side	8,643,347	1,036,490	12.0%	21.0%	411,202	(9,291)	288,962	\$42.03
North Michigan Avenue	9,919,480	1,882,868	19.0%	27.0%	0	(10,662)	(104,112)	\$42.47
River North	17,346,228	4,532,401	26.1%	30.2%	0	8,554	(628,904)	\$42.67
West Loop	58,640,193	10,834,155	18.5%	26.9%	0	(193,472)	(482,747)	\$46.72
Chicago CBD Total	157,690,659	34,605,158	21.9%	29.4%	411,202	(405,968)	(2,490,008)	\$42.63

Source: CoStar, Transwestern

To continually improve the content provided to our clients, starting at Q1 2025, Transwestern Research has revised its office methodology which may shift current and historical data in our market reporting. Please reach out to the research contact(s) noted in this report with any questions.



Research Methodology

The information in this report is the result of a compilation of information on office properties located in the Chicago metropolitan area. This report includes single-tenant, multi-tenant and owner-user properties 40,000 square feet and larger, excluding condo and medical office facilities and those properties owned and occupied by a government agency.

About Transwestern

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