

# CHICAGO SUBURBS

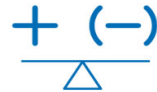
## OFFICE MARKET | Q3 2025



**122.6M**  
Inventory SF



**26.0%**  
Total Availability



**(164.7K)**  
Net Absorption SF



**0**  
Under Construction SF



**19.1%**  
Direct Vacant Available Rate



**\$26.95**  
Full Service Rent PSF

### Availability Stable Amid Sharp Leasing Decline

#### Market Observations

- The Chicago suburban office market remained sluggish in the third quarter, with tenant demand continuing to lag and vacancy rates ticking upward. The direct vacant availability rate rose slightly to 19.1%, indicating that meaningful recovery has yet to begin.
- Leasing activity in the Chicago suburban office market slowed sharply in the third quarter to 802,147 SF of direct space, the lowest quarterly total since the first quarter of 2021 during the height of the COVID-19 pandemic. This represents a 37.9% decline from the second quarter of 2025 and a 42.8% drop year over year.
- The largest sales transaction in the Chicago suburban office market during the third quarter was Anthony Donato's \$17M acquisition of Bannockburn Lakes, a five-building, 542,303-SF office park on Waukegan Road in Bannockburn. Glenstar and Walton Street Capital sold the property at a loss as they had purchased four of the buildings in 2015 for \$23 million and the fifth in 2017 for \$6.3 million. The property was largely vacant at closing, and Donato plans to invest \$25 million to convert two buildings into a youth sports facility, continuing the trend of repurposing office assets for alternative uses.
- Recovery will depend on reducing obsolete inventory, repositioning underutilized assets, and attracting large corporate tenants. To remain competitive, landlords must invest in spec suites, amenities, and flexible deal structures while offering strategic incentives and emphasizing location-driven advantages.

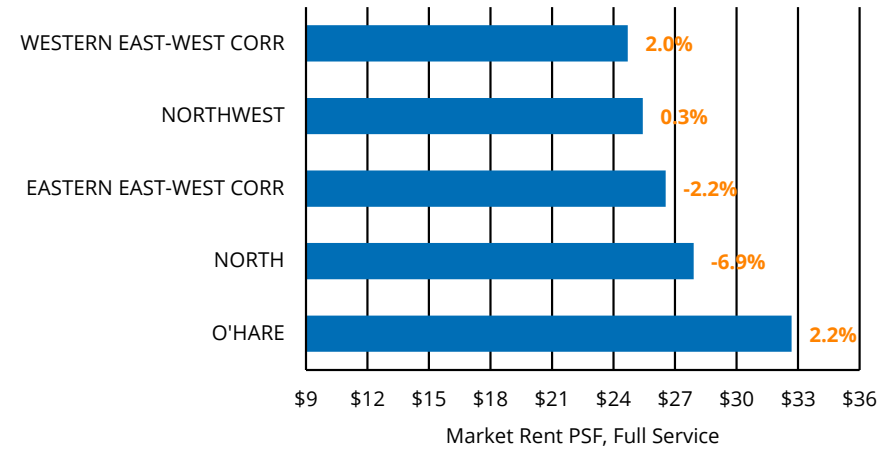




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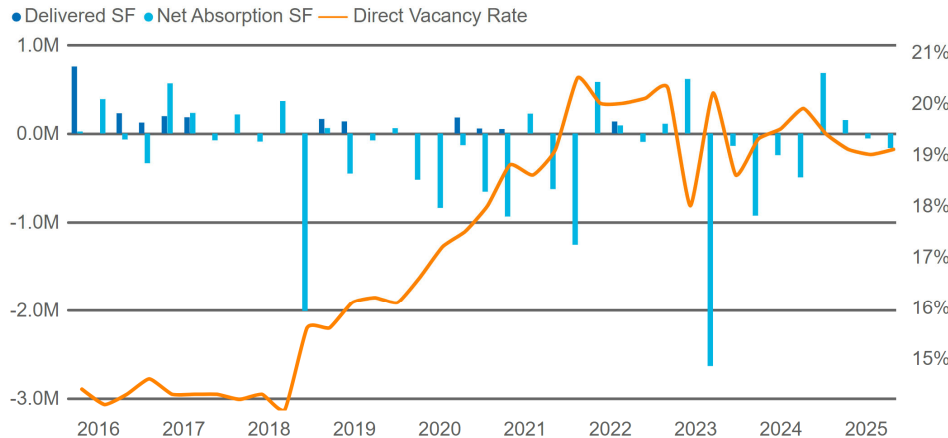
- Chicago's suburban office **direct vacant available rate** increased by 10 basis points to 19.1% in the third quarter, up from the second quarter. Total availability, which includes all space being marketed, reached 26.0%, up 10 basis points from last quarter and down 2.0% year over year.
- Net absorption** in the third quarter of 2025 totaled negative 164,735 SF. Class A posted negative absorption of 12,479 SF, while Class B and C combined for negative 152,256 SF. The Western East/West Corridor was the only submarket to record positive absorption, totaling 24,367 SF.
- Full-service rents** in Suburban Chicago averaged \$26.95 PSF this quarter, down \$0.32 from the third quarter of 2024. The highest asking rents are found in the O'Hare submarket, with a total submarket average of \$32.69 PSF.
- The **construction pipeline** in Chicago's suburban market has remained dormant, with no office buildings larger than 40,000 SF currently under construction. Since 2016, very little office space has been constructed, and almost all new developments have been built to suit intended for owner occupancy.

## OVERALL ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



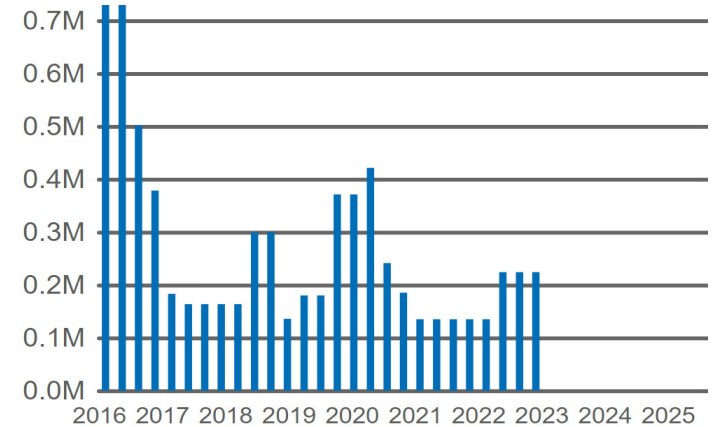
Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

## UNDER CONSTRUCTION



Source: CoStar, Transwestern



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## 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
Eastern East/West Corr	25,506,776	5,256,625	20.6%	26.6%	0	(3,146)	(411,658)	\$26.55
North	31,302,284	5,179,246	16.5%	24.7%	0	(75,019)	383,593	\$27.91
Northwest	31,859,894	7,365,803	23.1%	29.0%	0	(107,614)	347,016	\$25.43
O'Hare	12,889,900	2,425,039	18.8%	26.5%	0	(3,323)	(34,082)	\$32.69
Western East/West Corr	20,994,049	3,164,068	15.1%	22.3%	0	24,367	327,991	\$24.70
Suburban Chicago Total	122,552,903	23,390,781	19.1%	26.0%	0	(164,735)	612,860	\$26.95

Source: CoStar, Transwestern



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## OFFICE MARKET INDICATORS - CLASS A

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
Eastern East/West Corr	9,843,432	1,944,832	19.8%	25.4%	0	23,519	146,951	\$29.56
North	13,049,119	2,023,574	15.5%	23.3%	0	2,126	166,913	\$32.59
Northwest	14,745,270	3,494,871	23.7%	33.3%	0	(21,456)	290,419	\$27.37
O'Hare	6,453,948	1,402,924	21.7%	32.0%	0	18,324	(90,142)	\$37.96
Western East/West Corr	5,973,782	1,260,038	21.1%	31.0%	0	(34,992)	(42,558)	\$28.19
Suburban Chicago Total	50,065,551	10,126,239	20.2%	28.7%	0	(12,479)	471,583	\$30.53

Source: CoStar, Transwestern



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## OFFICE MARKET INDICATORS - CLASS B and C

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
Eastern East/West Corr	15,663,344	3,311,793	21.1%	27.3%	0	(26,665)	(558,609)	\$20.97
North	18,253,165	3,155,672	17.3%	25.7%	0	(77,145)	216,680	\$24.11
Northwest	17,114,624	3,870,932	22.6%	25.4%	0	(86,158)	56,597	\$20.81
O'Hare	6,435,952	1,022,115	15.9%	21.1%	0	(21,647)	56,060	\$20.44
Western East/West Corr	15,020,267	1,904,030	12.7%	18.8%	0	59,359	370,549	\$18.81
Suburban Chicago Total	72,487,352	13,264,542	18.3%	24.1%	0	(152,256)	141,277	\$21.70

Source: CoStar, Transwestern



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## 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 SF and larger, excluding condo and medical office facilities and those properties owned and occupied by a government agency.

## About Transwestern

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## For more information

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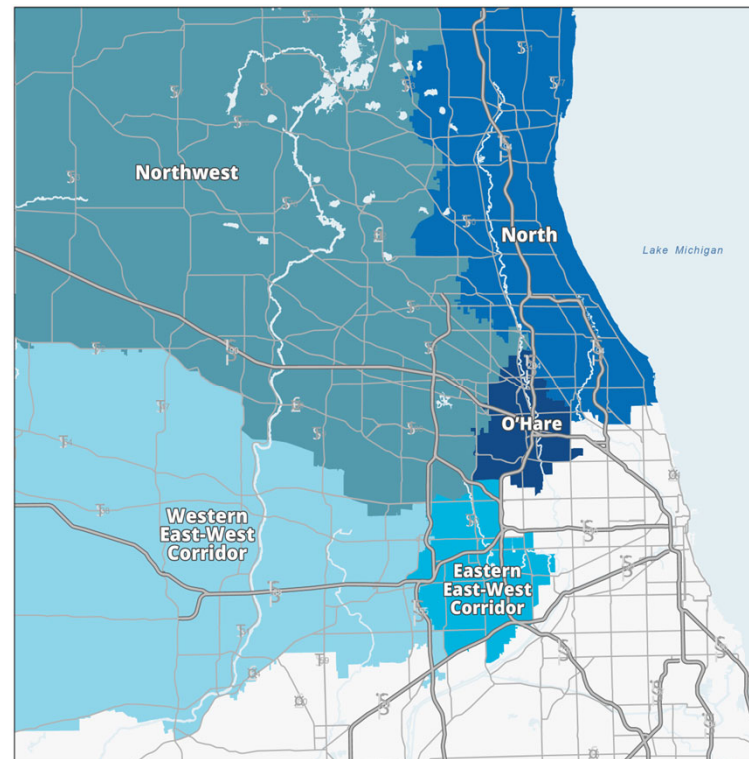
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