CHICAGO

INDUSTRIAL MARKET | Q4 2025

1.42B
Inventory SF

5.98M
Net Absorption SF

5.4%
Direct Vacancy

8.8%
Total Availability

14.78M
Under Construction SF

$9.34
Full Service Rent PSF

Chicago Industrial Market Continues to Normalize

Market Observations

- The Chicago industrial market showed signs of stabilizing in the fourth quarter of 2025, as sublease availability eased from its recent high and tenant demand held steady. Construction levels stayed low, reinforcing a market that is returning to pre-pandemic patterns.

- Direct leasing activity in the fourth quarter reached 12.1 MSF, marking a 19.3% increase compared to the same period last year. However, leasing activity remains well below the pandemic peak of 23 MSF in the fourth quarter of 2021. The largest new lease signed in the fourth quarter was RJW Logistic Group preleasing 2.1 MSF proposed distribution center at 26351 W. 143rd St. in Plainfield.

- Construction activity remained slow in the fourth quarter, with 14.8 MSF under construction, a 9.5% decline from the same period last year. Building deliveries totaled 2.7 MSF, consistent with the quarter's slow pace and still well below typical quarterly levels. Of the buildings under construction, 61.6% are preleased, reflecting an ongoing cautious market and strong emphasis on build-to-suit projects.

- Sublease additions have slowed, tenant demand has stabilized, and development remains stable, keeping overall conditions relatively steady. Market indicators point toward continued normalization.

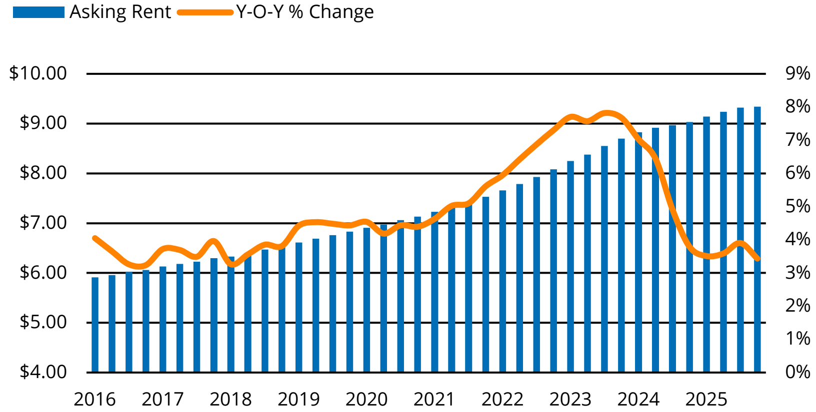
- **Net absorption** in the fourth quarter of 2025 totaled positive 5.9 MSF, comprised of 3.99 MSF of warehouse-distribution space and 2 MSF of manufacturing space. The South Suburban submarket recorded the highest absorption for the quarter, with 1.4 MSF of positive absorption.

- The **direct vacancy rate** decreased by 30 basis points in the fourth quarter to 5.4%. The overall vacancy rate, which includes sublease space, decreased by 20 basis points to 5.9%. The North Chicago submarket recorded the highest vacancy rates this quarter, with 10.0% direct and 10.2% overall, continuing its trend of elevated vacancy levels.

- The average **asking rent** for the Chicago metro area was $9.34 PSF in the fourth quarter, up 3.4% year over year. Despite continued increases in rental rates, the pace of growth has moderated, remaining at one of the lowest year-over-year growth rates recorded since early 2018.

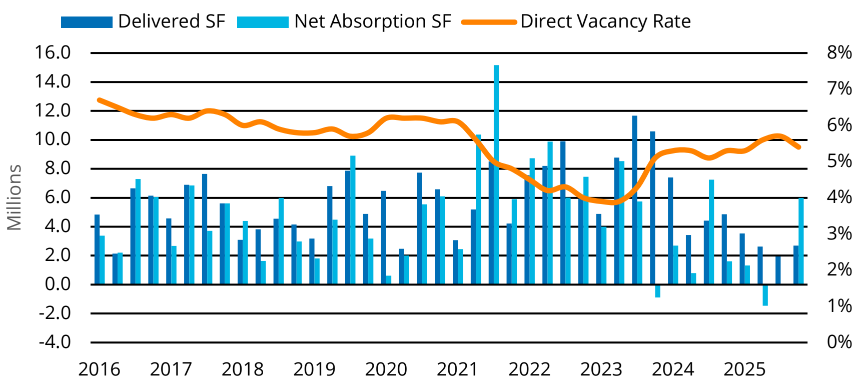
- The **construction pipeline** has continued to shrink, with 14.8 MSF of industrial space under construction in the fourth quarter, significantly lower than the peak of 40 MSF in the first quarter of 2023. There was 2.7 MSF delivered in the fourth quarter, a slight increase from the nine-year low recorded in the previous quarter.

ASKING RENT



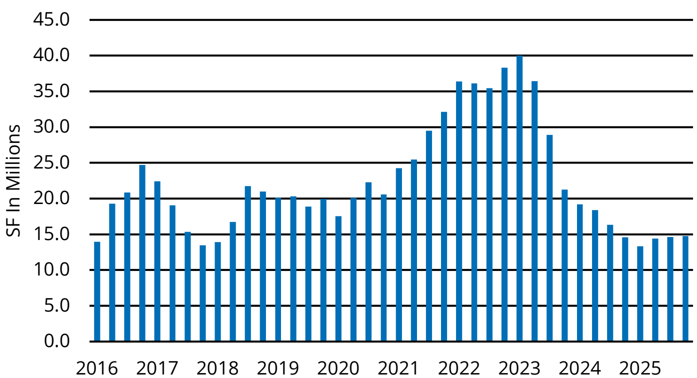
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern

CHICAGO INDUSTRIAL MARKET | Q4 2025

MARKET INDICATORS TABLE

By Submarket | Q4 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	68,290,843	3,900,896	5.7%	6.2%	565,210	316,756	(738,276)	$8.52
I55 / I80 SOUTHWEST CORRIDORS	270,667,326	17,600,672	6.5%	7.1%	4,050,504	567,582	(570,415)	$8.24
I88 CORRIDOR	79,028,416	3,337,862	4.2%	4.5%	1,569,744	457,751	1,218,455	$8.47
INDIANA	67,485,360	2,258,984	3.3%	4.0%	1,373,849	123,194	1,216,963	$8.75
KENOSHA	53,485,174	4,960,910	9.3%	9.4%	737,788	772,689	1,764,961	$6.97
LAKE COUNTY NORTH	43,448,013	2,447,061	5.6%	5.7%	0	427,270	1,056,932	$9.09
LAKE COUNTY SOUTH	47,199,399	2,877,354	6.1%	6.3%	0	(3,612)	127,007	$10.91
MCHENRY COUNTY	33,097,761	705,140	2.1%	2.1%	131,200	50,665	130,519	$9.35
NORTH CHICAGO	68,690,337	6,878,017	10.0%	10.2%	67,593	407,696	(341,799)	$12.71
NORTH COOK	53,215,090	3,023,944	5.7%	6.2%	351,520	337,467	297,297	$11.95
NORTH DUPAGE	41,223,570	1,339,867	3.3%	3.4%	0	207,163	472,522	$9.56
NORTHWEST	91,135,817	4,680,571	5.1%	5.5%	1,420,405	671,773	1,092,930	$11.07
O'HARE	102,681,254	3,921,417	3.8%	5.0%	181,579	(458,451)	(1,801,999)	$11.18
SOUTH CHICAGO	113,075,557	6,459,128	5.7%	5.7%	180,900	196,368	(300,423)	$9.83
SOUTH SUBURBAN	91,516,247	3,065,840	3.4%	4.2%	1,087,123	1,417,910	1,140,246	$8.75
SOUTHWEST	34,345,500	1,133,483	3.3%	3.3%	0	91,509	1,217,988	$6.84
UPPER NORTHWEST	51,041,198	3,107,950	6.1%	6.0%	2,565,000	260,244	(146,287)	$5.66
WEST COOK	73,018,852	3,969,632	5.4%	6.0%	252,171	50,475	(84,017)	$9.61
WEST SUBURBAN	39,267,341	1,054,114	2.7%	3.0%	243,915	89,882	76,010	$11.25
TOTAL	**1,421,913,054**	**76,722,841**	**5.4%**	**5.9%**	**14,778,501**	**5,984,330**	**5,828,615**	**$9.34**

Source: CoStar, Transwestern

MARKET INDICATORS TABLE

By Property Type | Q4 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	1,091,943,831	61,251,357	5.6%	6.1%	14,207,901	3,987,903	7,309,965	$9.12
MANUFACTURING	329,969,223	15,471,484	4.7%	5.2%	570,600	1,996,427	(1,481,350)	$10.10
TOTAL	**1,421,913,054**	**76,722,841**	**5.4%**	**5.9%**	**14,778,501**	**5,984,330**	**5,828,615**	**$9.34**

Source: CoStar, Transwestern

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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