

Chicago

Industrial Market | Q1 2026

Availability Declines as Market Stabilizes

Market Observations

- The Chicago industrial market continued to show signs of stabilization in the first quarter of 2026 following several years of elevated activity. Sublease availability declined further from its 10-year high in the third quarter of 2023, while tenant demand remained steady. Development activity stayed measured, with limited deliveries during the quarter and a modest increase in space under construction.
- Direct leasing activity in the first quarter reached 16.3 MSF, increasing 10.3% from the previous quarter and 40.7% year over year. While leasing momentum has improved, it is still well below the 23 MSF recorded in the fourth quarter of 2021. Hyundai Translead's 1.4 MSF lease at 2200 Channahon Road in Rockdale was the largest reported new deal of the quarter.
- Construction activity remained muted in the first quarter, as only 1.9 MSF delivered, marking the lowest quarterly total in 10 years. Although industrial space under construction has risen to 17.2 MSF, 53.6% of this pipeline is already preleased, leading to fewer vacant properties being delivered.



1.4B

Inventory SF



3.1M

Net Absorption SF



4.5%

Direct Vacant Available Rate



8.6%

Total Availability



17.2M

Under Construction SF

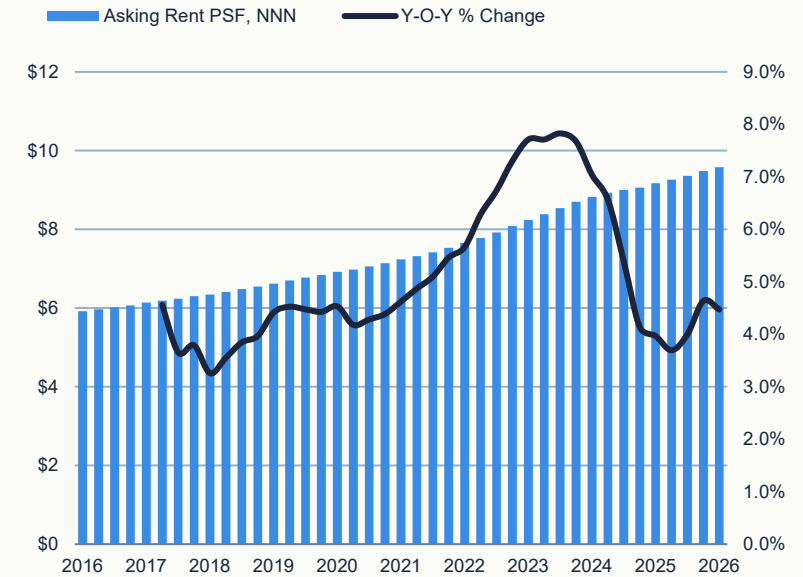


\$9.58

Asking Rent PSF,
NNN

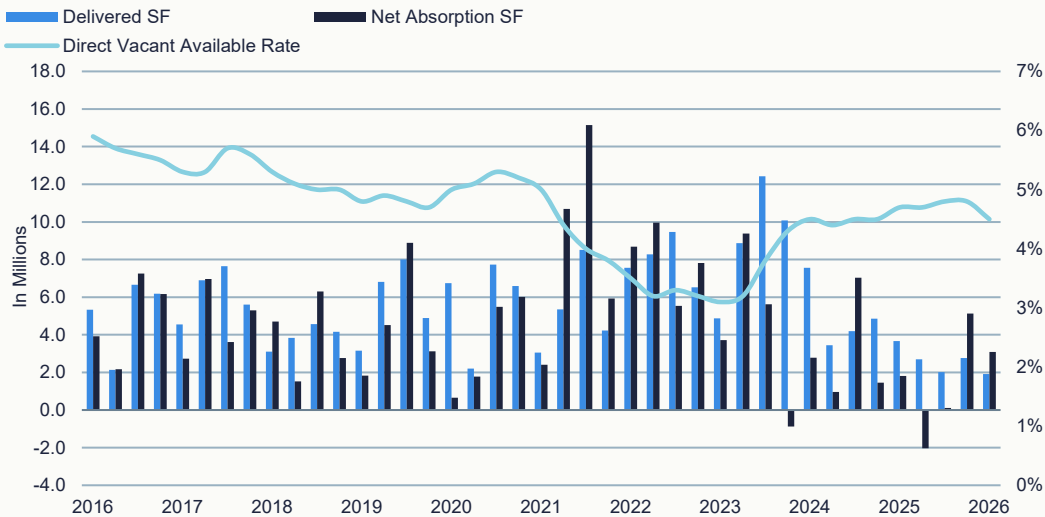
- **Net absorption** totaled 3.1 MSF in the first quarter, comprised of 2.7 MSF of warehouse-distribution space and 383,517 SF of manufacturing space. The I-55 / I-80 Southwest Corridors recorded the highest absorption at 4.9 MSF, while the South Suburban submarket recorded the most negative absorption, totaling 786,200 SF.
- The **direct vacant available rate** decreased 30 basis points in the first quarter to 4.5%. Total availability declined to 8.6%, down 10 basis points quarter over quarter and up 10 basis points year over year. Kenosha County recorded the highest direct vacant and total availability rates at 7.7% and 11.0%, respectively.
- **Asking rents** increased 4.5% year over year to a market-wide average of \$9.58 PSF in the first quarter. While rents continue to rise, year-over-year growth has moderated following the elevated growth rates recorded between 2020 and 2023.
- The **construction pipeline** totaled 17.2 MSF in the first quarter, remaining well below the 40.4 MSF peak recorded in early 2023. Only 1.9 MSF delivered in the first quarter of 2026, marking the lowest quarterly total in ten years.

Asking Rent



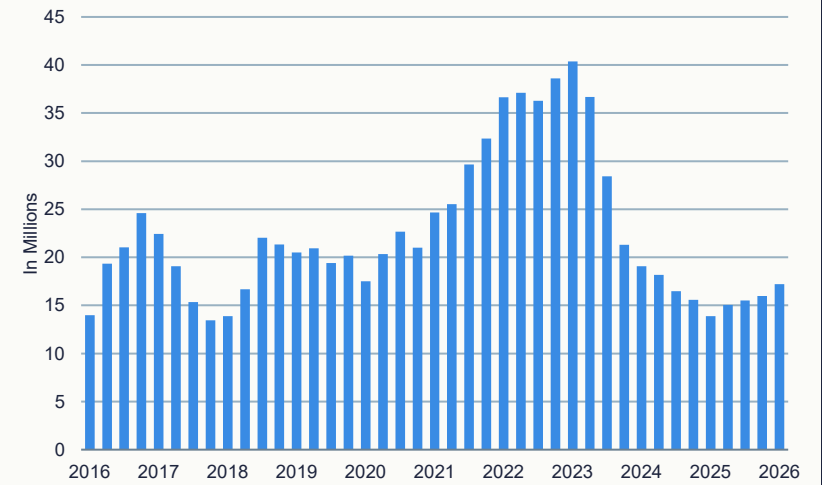
Source: CoStar, Transwestern

Delivery Impact on Key Indicators



Source: CoStar, Transwestern

Under Construction



Source: CoStar, Transwestern

Market Indicators Table

By Submarket | Q1 2026

Submarket	Inventory SF	Direct Vacant Available SF	Direct Vacant Available Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	Y-O-Y Net Absorption SF	Asking Rent PSF, NNN
Fox Valley	68,780,542	3,087,684	4.5%	8.3%	1,242,905	8,387	(447,659)	\$8.74
I-55 / I-80 Southwest Corridors	275,900,284	12,298,390	4.5%	9.7%	3,152,636	4,993,371	4,897,263	\$8.48
I-88 Corridor	81,032,818	2,826,451	3.5%	7.8%	2,287,608	(385,146)	433,347	\$8.75
Indiana	69,418,562	1,557,469	2.2%	5.7%	2,880,193	9,203	960,104	\$8.84
Kenosha County	52,978,270	4,094,557	7.7%	11.0%	737,788	287,846	2,717,965	\$6.53
Lake County North	42,548,736	2,251,152	5.3%	6.5%	0	264,898	1,023,576	\$9.32
Lake County South	47,887,617	2,415,827	5.0%	8.0%	0	63,760	155,518	\$11.22
McHenry County	33,989,411	685,928	2.0%	5.1%	131,200	22,469	7,760	\$9.56
North Chicago	67,456,135	4,900,943	7.3%	10.7%	85,610	(61,429)	(387,459)	\$12.93
North Cook	54,101,405	2,907,036	5.4%	8.5%	0	(37,733)	99,633	\$12.18
North DuPage	42,030,952	1,705,264	4.1%	8.0%	0	(453,013)	(173,699)	\$9.79
Northwest	92,130,354	4,444,470	4.8%	8.0%	1,304,045	(112,395)	280,623	\$11.33
O'Hare	103,872,975	4,034,656	3.9%	10.3%	647,200	(451,090)	(2,096,778)	\$11.48
South Chicago	115,533,203	6,009,064	5.2%	9.0%	583,786	22,074	(656,509)	\$10.05
South Suburban	92,325,951	3,593,853	3.9%	10.0%	1,070,123	(786,200)	517,050	\$8.96
Southwest	34,703,838	1,274,680	3.7%	4.0%	0	(152,673)	(220,056)	\$7.53
Upper Northwest	51,356,848	2,150,751	4.2%	5.7%	2,756,885	(237,125)	(303,358)	\$5.77
West Cook	75,081,313	3,608,262	4.8%	10.4%	85,680	292,030	(429,468)	\$9.88
West Suburban	40,397,605	1,080,414	2.7%	6.8%	243,972	(208,071)	(79,998)	\$11.28
Total	1,441,526,819	64,926,851	4.5%	8.6%	17,209,631	3,079,163	6,297,855	\$9.58

Source: CoStar, Transwestern

Market Indicators Table

By Property Type | Q1 2026

Property Type	Inventory SF	Direct Vacant Available SF	Direct Vacant Available Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	Y-O-Y Net Absorption SF	Asking Rent PSF, NNN
Warehouse-Distribution	1,109,990,411	52,869,626	4.8%	9.2%	16,528,745	2,695,646	6,612,952	\$9.37
Manufacturing	331,536,408	12,057,225	3.6%	6.7%	680,886	383,517	(315,097)	\$10.33
Total	1,441,526,819	64,926,851	4.5%	8.6%	17,209,631	3,079,163	6,297,855	\$9.58

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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¹ Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

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