



SUBURBAN CHICAGO

Q4 2024

OFFICE MARKET UPDATE



VACANCY

- Q4 2024 saw 27,000 square feet of positive absorption, the first quarterly gain in six quarters. However, the year-end absorption totaled a negative 730,978 SF overall.
- Sublease availability decreased to around 2.3%, the lowest on record in nearly four years.
- O'Hare continues to lead with the lowest vacancy at 22% and Northwest market holds the highest vacancy at 36%.



ASKING RENTS

- Suburban Chicago saw the following rental rates in Q4 2024:
- O'Hare Class A at \$37.65/SF and \$21.50/SF for Class B office space.
 - East/West Corridor Class A at \$32.50/SF and \$19.00/SF for Class B office space.
 - North submarket Class A at \$33.68/SF and \$18.75/SF for Class B office space.
 - Northwest submarket Class A \$27.10/SF and \$19.05/SF for Class B office space.



LEASING ACTIVITY

- Class A properties with high-end amenities maintain the highest level of activity across all suburban submarkets. Notable deals included:
- A new 99,500 SF lease from the City of Chicago at US Cellular Plaza in O'Hare
- A 69,500 SF renewal of Invesco's space at 3500 Lacey Boulevard in Downers Grove
- HCSC signing a 53,250 SF renewal at 1000 East Warrenville Road in Naperville.



SALE ACTIVITY

- Six office properties changed hands in Q4 2024, totaling 2.6 million SF sold. Notable transactions include:
- R2 Companies acquired Innovation Park, a 1,074,199 SF campus in Libertyville for \$35 million.
- Patrick Holloran purchased Presidents Plaza, a 808,600 SF building in O'Hare for \$62 million.
- Onward Investors purchased One O'Hare Centre, a 380,360 SF building in O'Hare for \$53 million.

OVERVIEW

Leasing activity in the suburban market saw a slight uptick towards the end of 2024, with tenant demand focused on well located, high-quality and amenity-rich assets. Notwithstanding, overall market vacancy exceeds 30%. The O'Hare submarket continues to maintain the lowest vacancy rate among all suburban submarkets at 22% with steady demand for office space from tenants in the market. The Northwest market had the highest vacancy rate in Q4 2024 at 36%, but there were several significant lease transactions completed in the submarket that signify an uptick in leasing momentum in the area, including Mizkan America signing a 50,500 SF lease at Woodfield Corporate Center in Schaumburg. Overall, challenges in the suburban market remain as Landlords continue to face difficulties securing funding and debt constraints continue to impact both leasing and capital market transactions with multiple assets going into foreclosure. As organizations evaluate their suburban space requirements, having a proactive leasing strategy is key to navigating the competitive landscape of the Chicago suburbs.



Zero Conflict

Our exclusive tenant focus eliminates any potential conflict of interest.



Workplace Solutions

From detailed space programming to comprehensive project budgeting, we ensure you are in the right amount of space and within budget before a lease is executed.



Experience

Our team experience spans over 38 years in the Chicago office market.