

# Chicago CBD Market Overview: Q4 2024

THE CHICAGO OFFICE MARKET CONTINUES TO REMAIN TENANT-FAVORABLE, WITH TENANTS PRIORITIZING WELL-LOCATED BUILDINGS HAVING NEWER AMENITIES AND COLLABORATIVE SPACES.

THE DEMAND FOR BETTER ASSETS HAS CAUSED A SLIGHT UPTICK IN TROPHY AND CLASS A RENTAL RATE ASKING POSITIONS, BUT NOT EFFECTIVE RATES.

THE DEMAND FOR HIGHER QUALITY SPACE HAS FORCED MANY LANDLORDS OF LOWER QUALITY, CLASS B AND C ASSETS TO CONSIDER RE-PURPOSING THEIR USAGE TO APARTMENT REDEVELOPMENT, THUS REMOVING THESE BUILDINGS FROM OFFICE INVENTORY.

MANY LANDLORDS THROUGHOUT THE MARKET ARE STRUGGLING TO RETAIN OWNERSHIP OF THEIR PROPERTIES, AND NEGOTIATING WITH THEIR LENDERS. OWNERSHIPS WILL CONTINUE TO CHANGE AS OPPORTUNISTIC INVESTORS ARE ABLE TO BUY PROPERTIES AT DEEP DISCOUNTS, AND IN MANY CASES FOR LESS THAN THE CURRENT DEBT.

Q4 2024 NET ABSORPTION	(780,100) SF
VACANCY RATE	23.5%
SUBLEASE SPACE AVAILABILITY	6.3M SF
AVERAGE CLASS A ASKING RENTS	\$58.50/SF
CONSTRUCTION ACTIVITY	DECREASED



**TOTAL INVENTORY**  
158M SF  
*(as of Q4 2024)*

## RECENT DEALS COMPLETED



Relocation & Expansion  
Central Loop  
*(384,347 SF)*



Renewal & Contraction  
West Loop  
*(282,577 SF)*



Renewal & Expansion  
River North  
*(99,580 SF)*

# Suburban Chicago Market Overview: Q4 2024



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.

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.

Q4 2024 NET ABSORPTION	27,000 SF
VACANCY RATE	30.5%
SUBLEASE SPACE AVAILABILITY	2.5M SF
AVERAGE CLASS A ASKING RENTS	\$33.50/SF
CONSTRUCTION ACTIVITY	DECREASED



**TOTAL INVENTORY**  
102M SF  
(as of Q4 2024)



New Lease  
US Cellular Plaza  
(99,500 SF)

### RECENT DEALS COMPLETED



Renewal  
Downers Grove  
(69,500 SF)



Renewal  
Naperville  
(53,300 SF)