

## CHICAGO CBD MARKET UPDATE

# Chicago CBD Market – Q2 2025

**Overview:** In Q2 2025, Chicago CBD saw an increase in vacancy of nearly 100 basis points, escalating the rate to 25.5%. Direct and sublease space in all classes was added to the market, with Class B offering the most vacant space. Increased vacancy had a slight impact on rental rates this quarter, causing a 15 cent drop per square foot in the overall gross rental rate. However, Trophy assets continued to attract tenants this quarter and managed to keep their face rates, revealing a disparity in the market between well-capitalized assets and those that are not positioned well financially.

Financial services firms and consulting firms were among the top office space users signing larger leases this quarter. The majority of new office deals in Q2 came from existing office space users relocating to higher-quality, more-amenitized assets while consolidating their current office footprint. Class B assets saw a majority of renewals this quarter, with tenants opting to remain in their existing space.

The Chicago CBD office market remains favorable to tenants and is expected to maintain this forecast throughout 2025.

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## Leasing Activity

- Vacancy in Chicago's CBD increased to 25.5% in Q2 as the total vacancy rate increased nearly 100 basis points.
- 407 deals were signed in the first half of 2025 that were over 1,000 SF.
- The majority of new office deals completed were consolidations of tenants in Chicago who opted to relocate to higher-end, more amenity-rich space and assets. Class B assets experienced the majority of renewals this quarter.

## Rental Rates

- Overall average Gross Rental Rates are currently \$50.61/SF, a slight decrease from Q1 as a result of added market vacancy.
- Trophy average Gross Rental Rate is currently \$73.50/SF.
- Class A average Gross Rental Rate is currently \$58.75/SF.
- Class B average Gross Rental Rate is currently \$41.70/SF.
- Class C average Gross Rental Rate is currently \$28.50/SF.

## Investment Sales

- Five office properties changed ownership in the second quarter of 2025.
- 311 South Wacker in the West Loop sold for \$45 Million to Kohan Retail Investment Group, which was a significant drop in value from the 2014 sale of \$302.4 Million.
- Golub & Company sold 50 East Superior, a 98,800 SF, Class C property, to Honore Properties for \$5.7 Million.

## Select Leasing Activity (Select Deals in Q2)

				
<b>New Lease</b> 205,000 SF	<b>Extension &amp; Expansion</b> 126,341 SF	<b>Renewal</b> 119,000 SF	<b>Relocation</b> 76,456 SF	<b>New Lease</b> 68,000 SF