



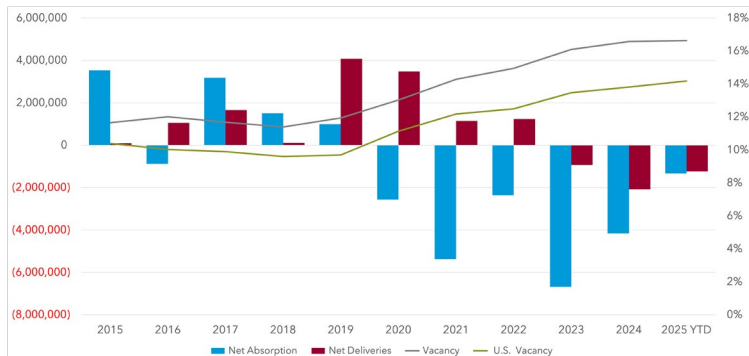
OFFICE MARKET OVERVIEW

ZACH GELLER, *Market Analytics Director*, BRANDON PAPPAS, *VP Data Analytics and Business Development*

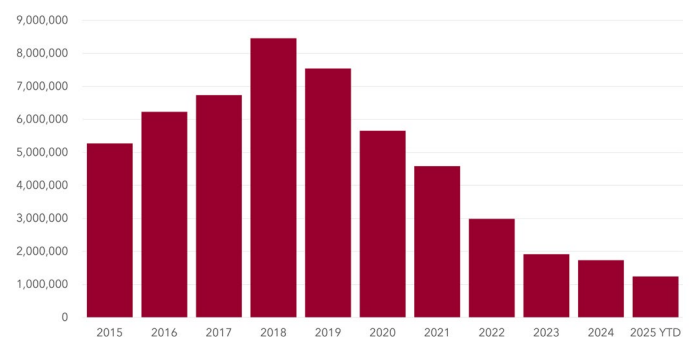
Chicago's office market is stabilizing but remains challenged. Availability stands at 18.8% in Q3 2025, above the 15.7% U.S. average, though improved from a 2024 peak of 19.8%. Leasing activity is steady, led by high-quality, amenity-rich buildings, with year-to-date volume up 9% from 2024. The market continues to transform through conversions and demolitions, driving a 4% inventory reduction since 2023. Still, occupancy losses totaled 3.8 million SF over the past year, spanning all quality tiers. Asking rents have climbed 8.7% over five years, slightly ahead of the U.S., though recent growth has softened. Looking ahead, vacancy and rents are expected to remain stable as conversions offset weak demand.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	(3,756,660)	(3,599,093)	(1,576,214)	(4,160,577)	(2,758,774)
▼ Vacancy Rate	16.63%	16.72%	16.48%	16.57%	16.12%
▲ Avg NNN Asking Rate PSF	\$28.70	\$28.57	\$28.56	\$28.52	\$28.58
▲ Sale Price PSF	\$165.56	\$161.13	\$161.16	\$165.28	\$172.74
▲ Cap Rate	10.11%	10.04%	10.03%	9.90%	9.74%
▼ Under Construction SF	1,239,594	1,631,195	1,931,013	1,736,531	1,672,923
▼ Inventory SF	510,192,005	510,881,803	511,054,720	511,425,465	511,310,943

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2 N. Riverside Plaza Chicago, IL	650,000 SF	\$27,750,000 \$42.69 PSF	Blur Star Properties Voya Investment Management LLC	Class B
500 N. Michigan Avenue Chicago, IL	324,001 SF	\$5,100,000 \$15.74 PSF	Commonwealth Dev. Partners LLC 500 NMA Owner Holding LLC	Class B
1020 W. 31st Street Downers Grove, IL	218,000 SF	\$2,729,500 \$12.52 PSF	Neder Capital Services LLC Accesso Partners	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
131 S. Dearborn Street Chicago, IL	173,186 SF	TPG Angelo Gordon & Co. LP	Bain & Company	Management Consulting
5207 S. Harper Avenue Chicago, IL	101,199 SF	University of Chicago	University of Chicago	Education
1890 Silver Cross Boulevard New Lenox, IL	87,461 SF	NexCore Properties LLC	Silver Cross Medical Group	Healthcare and Social Services

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com