MARKETBEAT
CHICAGO SUBURBAN
OFFICE Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
24.2% Vacancy Rate	▲	▲
-1.3M YTD Net Absorption, SF	▼	▼
$26.86 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
3.8M Chicago Employment	▲	▼
5.2% Chicago Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▬	▲

Source: BLS, Moody's Analytics

ECONOMY

The Chicago Metropolitan Area remained relatively stable through mid-2026 despite a challenging economic environment, with the unemployment rate increasing 60 basis points (bps) year-over-year (YOY) to 5.2%. Chicago's labor pool remained steady YOY, with nonfarm employment at 3.8 million individuals. As of May 2026, most office-using employment sectors reported YOY declines in employment, with only the education and health services and government sectors posting employment gains of 3.0% and 1.2%, respectively.

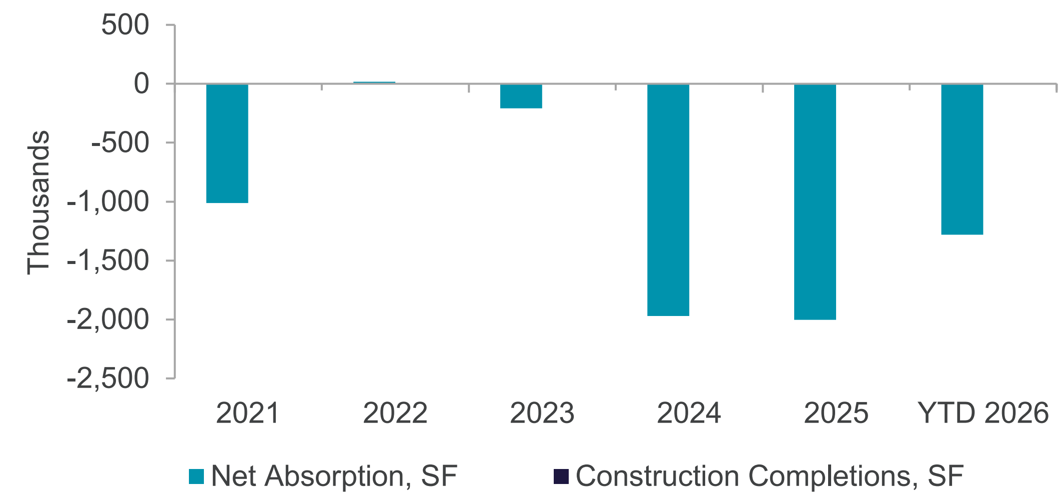
DEMAND

New leasing activity moderated across the Chicago suburbs in Q2 2026, bringing mid-year leasing volume to 1.9 million square feet (msf), a 30.4% decline from the same period a year ago. This decline was largely driven by a slowdown in larger deals, with only seven new leases for spaces of 25,000 square feet (sf) or more signed through mid-2026, compared with 16 at the same point last year. As a result, the average deal size dropped 31.3% YOY to 5,198 sf. Demand was largely concentrated within the Central North/Tri-State, Eastern East/West Corridor and Central Northwest submarkets, which accounted for 68.8% of new leasing activity.

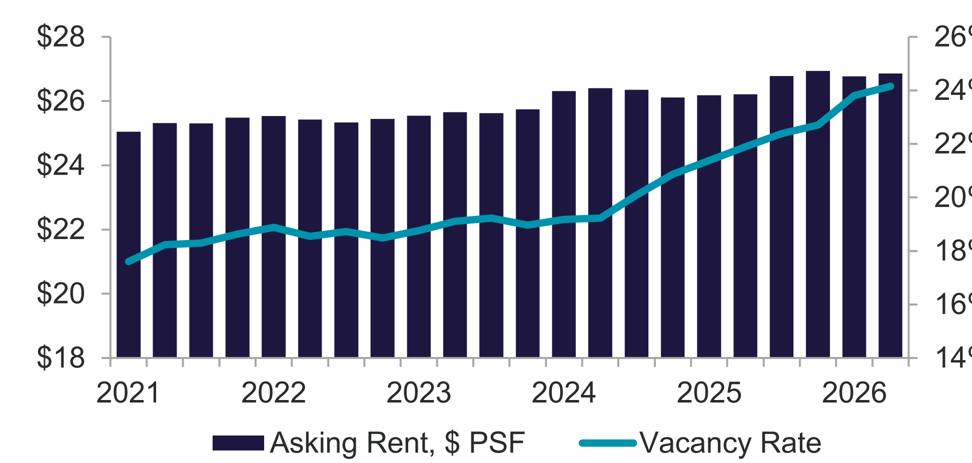
Flight to quality remained strong through mid-2026, with nearly half (46.0%) of all new leasing occurring within Class A space, totaling 878,447 sf. These leases tended to be larger, with an average lease size of 8,139 sf, 56.8% larger than the overall suburban average. The majority of Class A leasing activity occurred within the Eastern East/West Corridor, Central North Tri-State and O'Hare submarkets, which together accounted for 73.7% of all Class A activity.

Overall net absorption totaled negative 1.3 msf through mid-2026, a slight decrease from the negative 1.2 msf of space absorbed at this time last year. Occupancy gains were offset by 19 newly vacant availabilities of 25,000 sf and greater added to the market over the past two quarters, totaling 1.2 msf. As demand for suburban office space continues to moderate, developers are increasingly looking at underutilized office properties for conversion into other property types, such as multifamily, retail, and industrial, leveraging their prime access to major transportation networks.

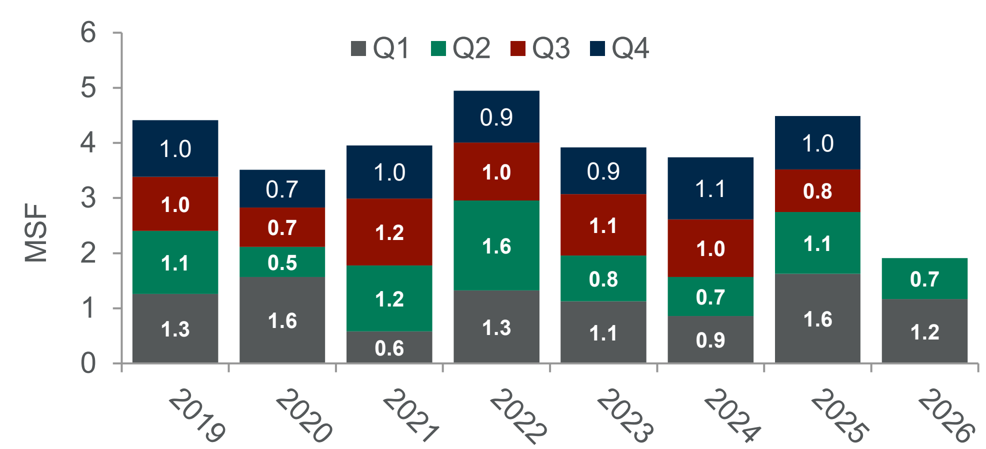
SPACE DEMAND / DELIVERIES



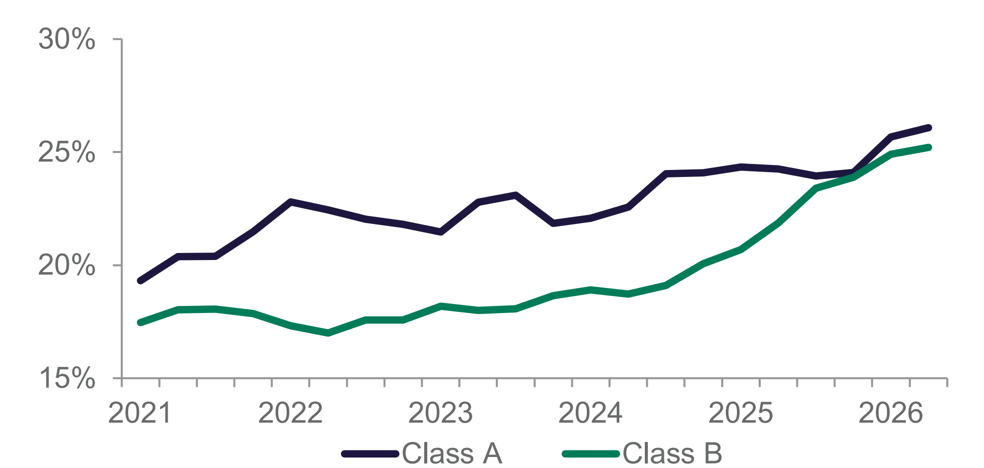
OVERALL VACANCY & ASKING RENT



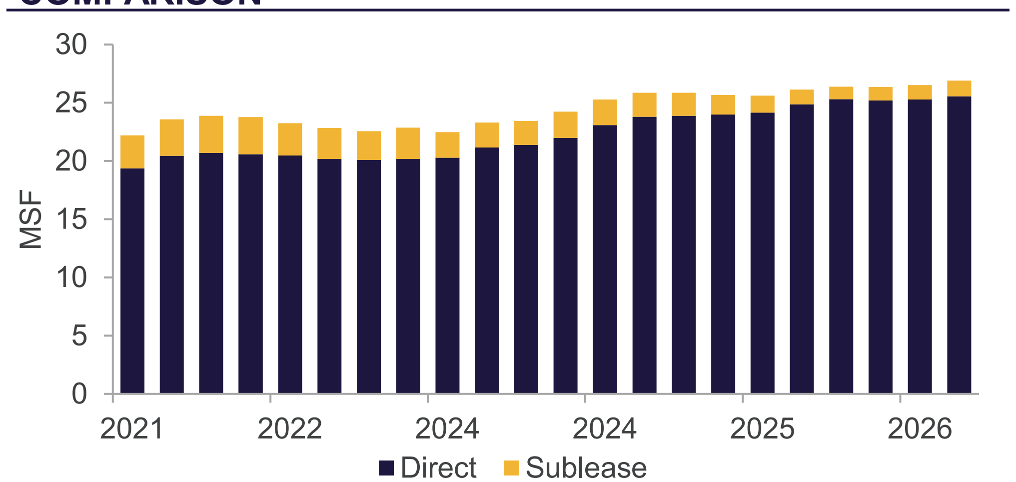
OVERALL NEW LEASING ACTIVITY



OVERALL VACANCY



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



SUPPLY

Chicago's overall suburban office vacancy rate increased 230 bps YOY to 24.2% in Q2 2026. Inner suburban markets, including O'Hare, the Eastern East/West Corridor and Near North, continued to outperform the broader market. As of Q2 2026, vacancy in these submarkets stood at 21.8%, up 180 bps YOY, but remained below the market average, supported by Near North's relatively low vacancy rate of 18.0%.

All property segments reported increased vacancy rates. The Class A vacancy rate also rose during the period, increasing 180 bps YOY to 26.1%. Class B recorded the largest increase, up 330 bps to 25.2%, while Class C increased 30 bps to 16.7%.

Available sublease space remained elevated at 1.3 msf, up 5.1% YOY, with 29.7% currently vacant and the remainder scheduled to become vacant in the future. Sublease availability is heavily concentrated in the Central North/Tri-State and Western East/West Corridor submarkets, which together represent 54.5% of all subleases. Class A space dominates the sublease market, totaling 712,958 sf and accounting for 53.6% of total availabilities.

PRICING

Asking rental rates for suburban office space continued to vary dramatically across building classes and submarkets. The overall suburban gross asking rental rate ended Q2 2026 at $26.86 per square foot (psf), an increase of $0.65 psf (2.5%) YOY. Class A asking rates remained elevated, up 1.3% YOY to $32.06 psf. Class B and Class C asking rents both reported YOY gains, increasing 4.3% to $24.26 psf and 3.2% to $18.92 psf, respectively.

The inner suburban markets command some of the highest-Class A asking rates within the broader market, recorded at $35.38 psf as of Q2 2026. This is largely due to heightened Class A asking rents in O'Hare and Near North, which recorded rates of $39.47 and $33.56 psf, respectively.

OUTLOOK

- Flight to quality trends continue, with new Class A leasing driving demand, particularly in inner-suburban submarkets which include O'Hare, the Eastern East/West Corridor, and Near North.
- Sublease availability remains elevated, though new supply may slow as tenants continue to stabilize footprints and reassess long-term space needs.
- Underutilized and vacant suburban office campuses are increasingly headed for conversion, as demand for traditional office space moderates and capital shifts toward alternative uses.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Northwest	15,912,761	5,192,481	72,309	33.1%	-63,399	-161,026	409,347	0	$25.60	$29.41
Far Northwest	3,896,419	931,707	46,949	25.1%	-47,589	-101,468	27,392	0	$23.08	N/A
North DuPage	3,217,612	614,747	0	19.1%	9,868	-2,909	21,087	0	$22.89	$24.64
NORTHWEST TOTALS	**23,026,792**	**6,738,935**	**119,258**	**29.8%**	**-101,120**	**-265,403**	**457,826**	**0**	**$24.91**	**$28.71**
Central North/Tri-State	16,459,881	4,336,545	54,648	26.7%	20,955	-403,337	460,921	0	$27.94	$31.40
Far North	983,959	35,420	0	3.6%	0	0	0	0	N/A	N/A
Near North	5,332,226	961,028	0	18.0%	-13,061	-30,082	87,485	0	$29.68	$33.52
NORTH TOTALS	**22,776,066**	**5,332,993**	**54,648**	**23.7%**	**7,894**	**-433,419**	**548,406**	**0**	**$28.37**	**$31.94**
Eastern East/West Corridor	22,016,157	4,942,523	55,386	22.7%	-174,227	-385,914	443,784	0	$26.49	$32.57
Western East/West Corridor	13,645,758	2,855,011	70,534	21.4%	-22,357	-42,353	159,385	0	$24.08	$29.02
EAST/WEST TOTALS	**35,661,915**	**7,797,534**	**125,920**	**22.2%**	**-196,584**	**-428,267**	**603,169**	**0**	**$25.62**	**$31.28**
O'HARE	**12,683,857**	**2,688,069**	**65,475**	**21.7%**	**-29,018**	**-168,389**	**261,961**	**0**	**$32.63**	**$39.47**
SOUTHWEST	**1,634,167**	**184,864**	**26,715**	**13.0%**	**9,801**	**14,873**	**38,209**	**0**	**$23.34**	**N/A**
SUBURBAN TOTALS	**95,782,797**	**22,742,395**	**392,016**	**24.2%**	**-309,027**	**-1,280,605**	**1,909,571**	**0**	**$26.86**	**$32.06**

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2026

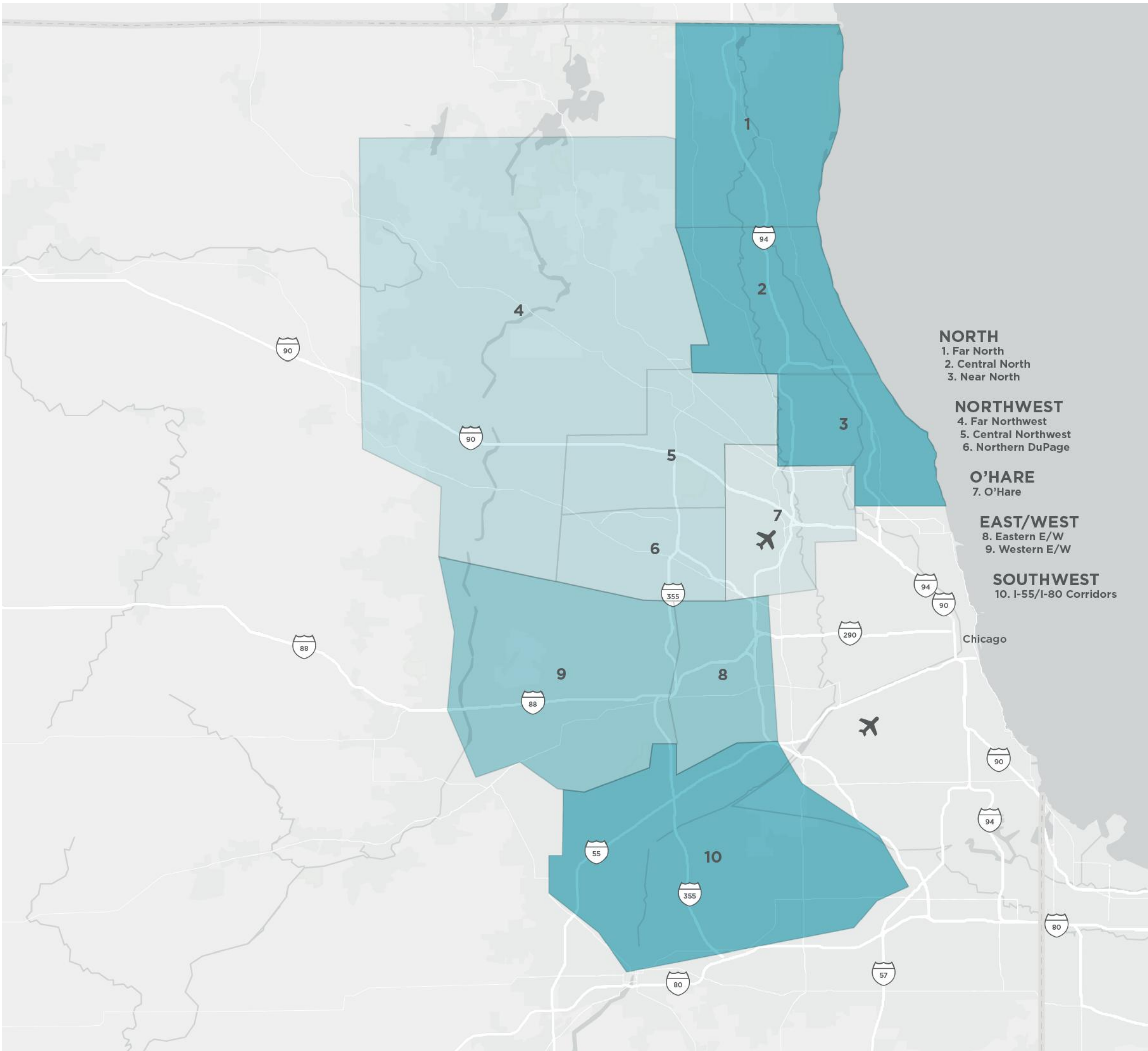
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1615-1675 Lakeside Drive	Far North	AbbVie	197,976	Renewal*
540 Lake Cook Road	Central North/Tri-State	Ravago Americas LLC	31,506	New
2650 Warrenville Road	Eastern East/West Corridor	Lakes Venture	28,983	Renewal*
150 North Martingale Road	Central Northwest	Fujifilm North America Corporation	21,640	New
2 Pierce Place	North DuPage	Konica Minolta Business Solutions	16,393	Renewal*

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
55 Shuman Boulevard	Western East/West Corridor	Equus Capital Partners | Real Capital Solutions	207,714	$16.1M | $78
40 Shuman Boulevard	Western East/West Corridor	WoodmenLife | Stellco Properties	162,580	$5.8M | $36
1200 Jorie Boulevard	Eastern East/West Corridor	Pan-American Life Insurance | Ellsworth Partners	108,539	$3.7M | $34
915 Harger Road	Eastern East/West Corridor	KMMRD Enterprises | Urban Commercial Property Group, Inc.	70,497	$2.5M | $35
450 East 22nd Street	Eastern East/West Corridor	Civitas Capital | Credit Union 1	66,000	$19.4M | $294

OFFICE SUBMARKETS



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