TIER X TIER

Breaking Down Chicago's Office Market by Building Performance

CUSHMAN & WAKEFIELD

VANTAGE POINT

Q2 2026 | OFFICE

Introduction

The divide in Chicago's Central Business District (CBD) office market is increasingly tied to building quality. Looking beyond traditional asset classes and instead grouping properties into top-tier, mid-tier, and low-tier categories provides a clearer picture of where tenant demand is concentrated and how each segment is performing.

This report analyzes the performance of top-tier, mid-tier, and low-tier office buildings across the Chicago CBD through key market indicators such as vacancy, leasing activity, absorption, and accessibility. A side-by-side comparison of each tier highlights the growing impact of building quality on tenant demand and overall market performance.

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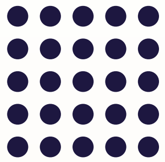
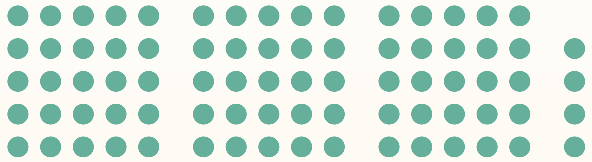
Building Tiers Breakdown

Building Type	Average Year Built	Average Size
Top-Tier	2015	897,000 SF
Mid-Tier	1995	736,000 SF
Low-Tier	1932	235,000 SF

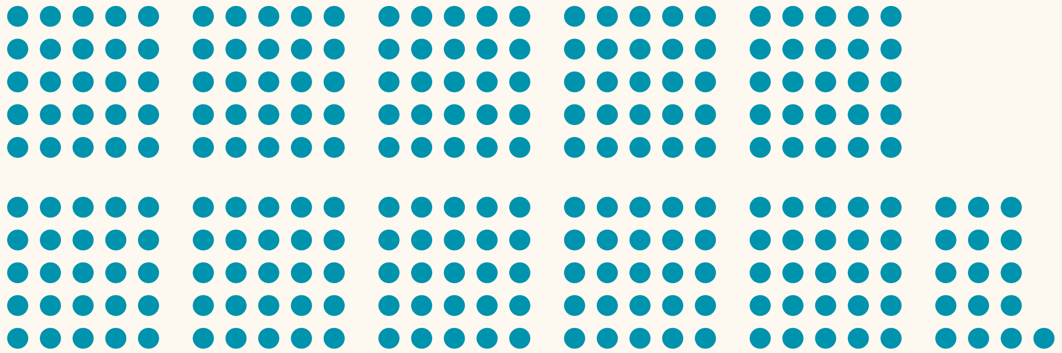
25
Buildings
22.4 MSF



79
Buildings
58.2 MSF



266
Buildings
62.6 MSF



Top Tier

Top-tier buildings represent the highest-quality office assets in the Chicago CBD, accounting for approximately 7.0% of all buildings and 15.0% of the market's total inventory. These assets feature modern amenities, efficient floorplates, high-quality construction, prime locations with strong transit access, and well-capitalized ownership capable of investing in the tenant experience.

Mid Tier

Mid-tier buildings offer solid fundamentals but lack the full range of premium features found in top-tier assets. These properties are generally well maintained and competitive within the market but may have older finishes, fewer amenities, less efficient layouts, or have experienced more limited ownership reinvestment.

Low Tier

Low-tier buildings generally compete on affordability rather than quality, often featuring older construction, dated common areas, less efficient floorplates, fewer tenant amenities, and less desirable locations or accessibility relative to higher tier assets.

Top-Tier Assets Continue to Outperform

Top-tier assets have experienced declining vacancy rates since 2023, reflecting resilient tenant demand. Conversely, rising vacancy across mid- and low-tier buildings since 2023 indicates softer demand and slower leasing velocity relative to top-tier assets. At 12.9%, the top-tier vacancy rate is significantly lower than both the overall CBD office vacancy rate at 27.2% and the mid-tier vacancy rate at 26.9%.

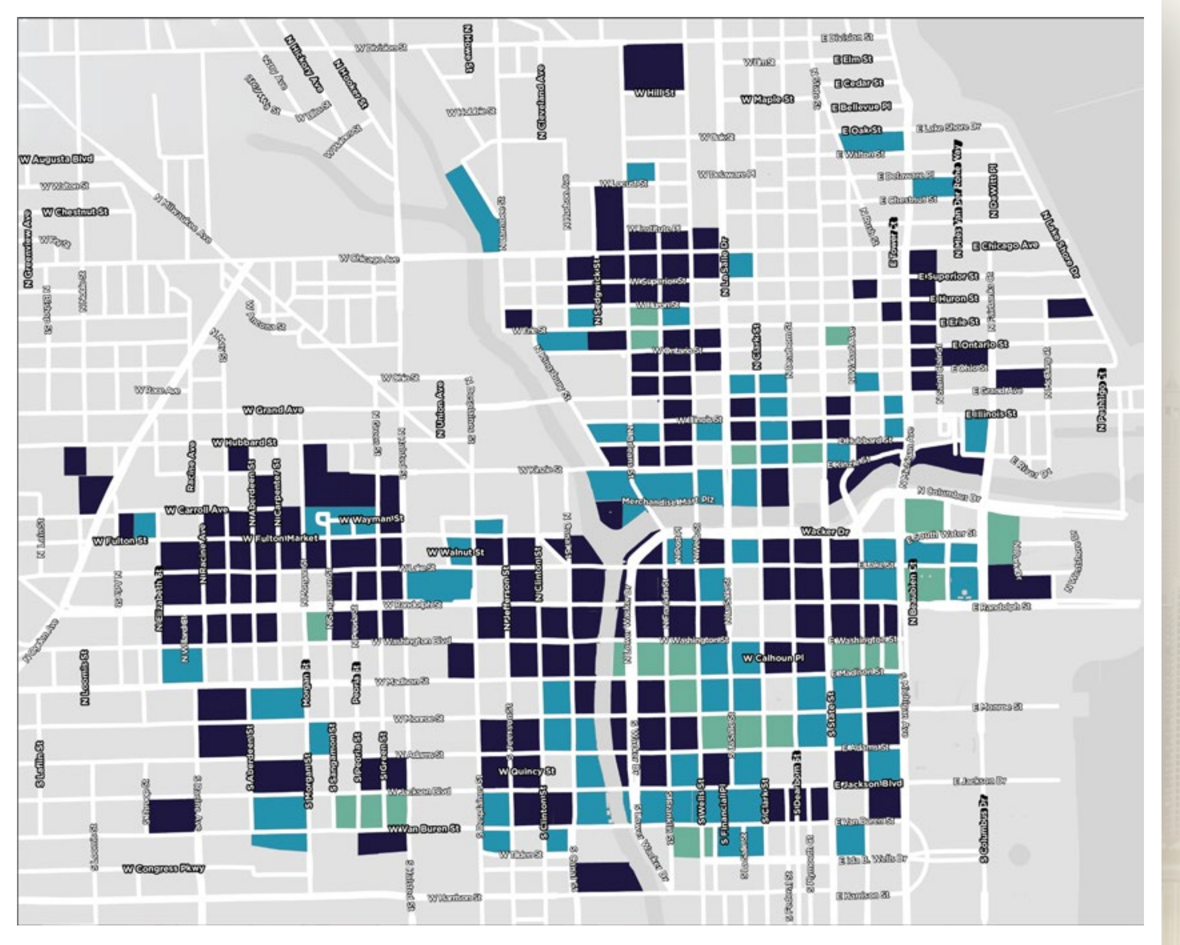
Historical Vacancy Since 2023

Source: Cushman & Wakefield Research

Vacancy Performance Is Increasingly Building-Specific

Vacancy conditions vary significantly across the Chicago CBD, with 217 buildings, or nearly 59.0% of those analyzed, recording vacancy rates below the 25.0% market threshold. However, pockets of elevated vacancy remain throughout the market, with 123 buildings, or nearly one-third of the total, above 30.0% vacant.

The distribution of vacancy highlights the increasingly building-specific nature of the market, with well-performing and challenged assets often located near one another. Vacancy performance also reflects broader submarket dynamics, as proximity to transit, restaurants, and other surrounding amenities continues to influence tenant demand.

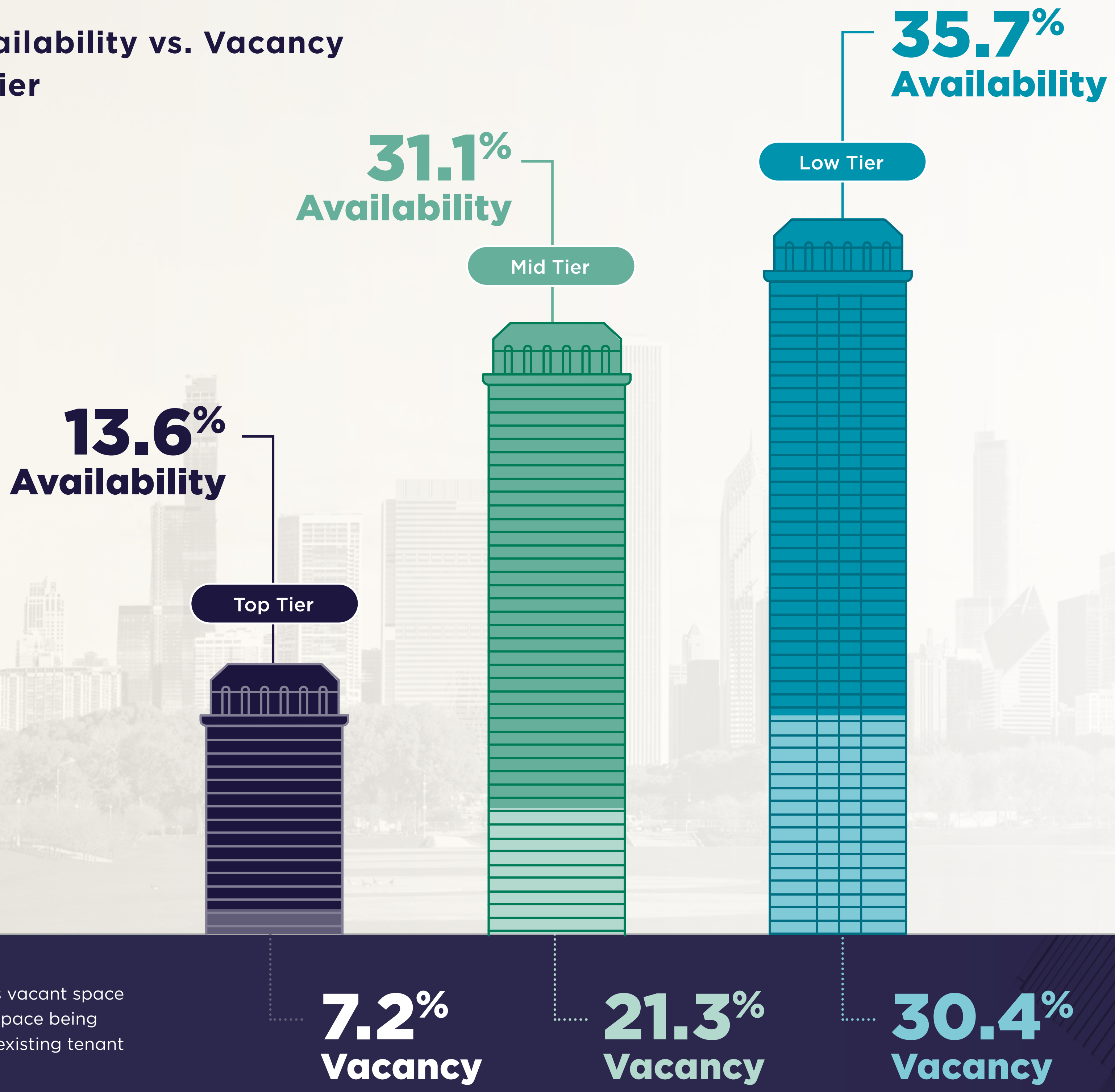


These location advantages are most evident among top-tier assets, while mid-tier and low-tier buildings show greater variation depending on both building quality and their surrounding environment.

Vacancy Rates

- Below Market Vacancy <25%
- At Market Vacancy 25%-30%
- Above Market Vacancy >30%

High-Rise Availability vs. Vacancy
By Building Tier
Q2 2026



High-Rise Space Comparison

Top-tier buildings have the tightest conditions for high-rise space, defined as the 25th floor and above, with vacancy at just 7.2% and availability at 13.6%. This makes quality space on upper floors increasingly difficult to find.

As building quality declines, high-rise vacancy and availability increase substantially, reaching 30.4% and 35.7%, respectively, among mid- and low-tier assets. The widening gap across tiers reinforces the concentration of tenant demand in higher-quality buildings and the greater availability of high-rise space within less competitive assets.

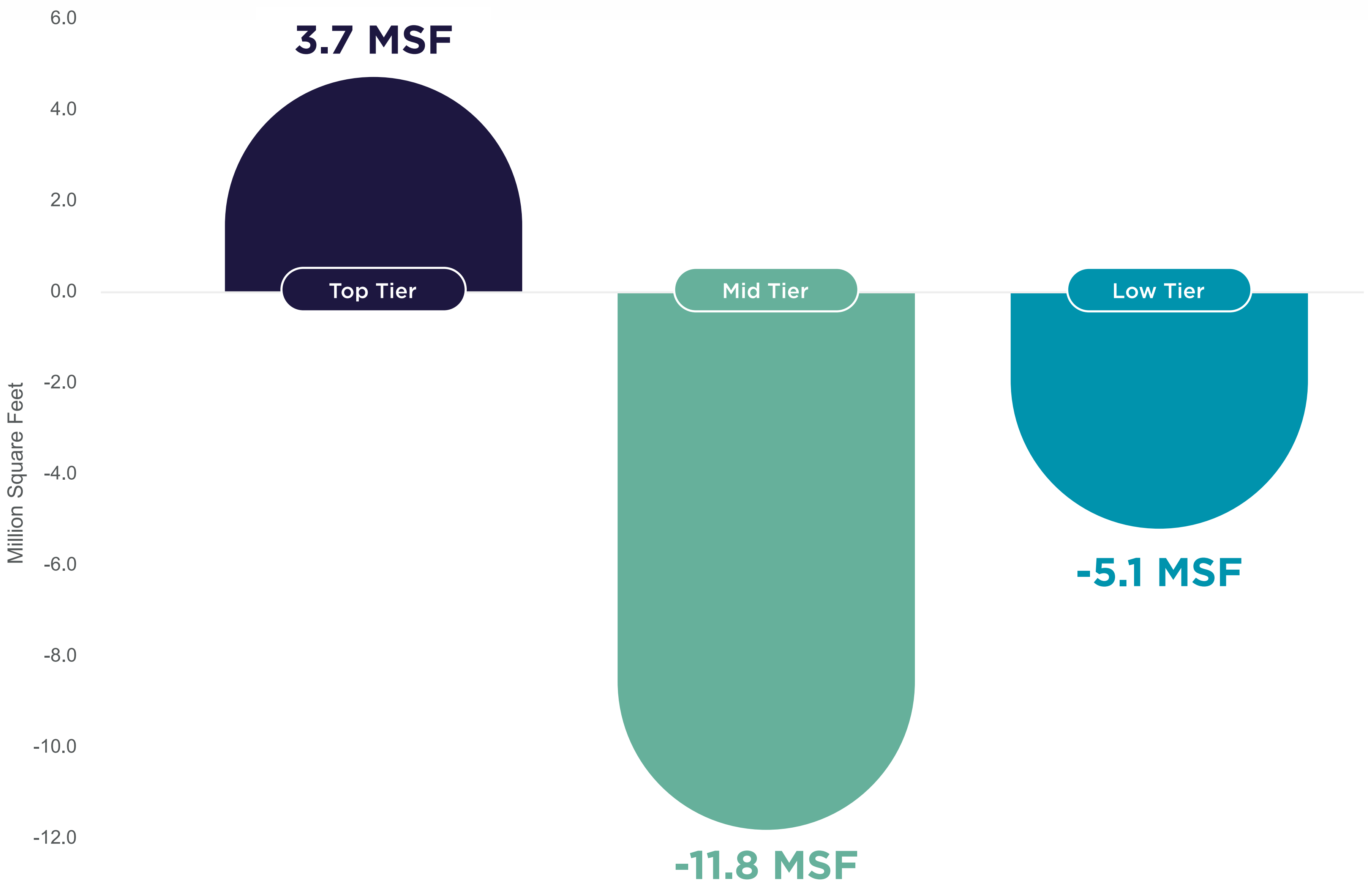
Note: Available space includes vacant space as well as currently occupied space being marketed for lease where the existing tenant is expected to vacate.

Source: Cushman & Wakefield Research

Top-Tier Buildings Favored Over Mid- and Low-Tier Asset Types

Tenant demand has overwhelmingly favored top-tier buildings, which recorded 4.9 million square feet (msf) of positive net absorption since 2020, contrasting sharply with negative absorption across mid- and low-tier assets.

Historical Cumulative Absorption 2020 - Q2 2026



Source: Cushman & Wakefield Research

Historical New Leasing Activity

Since 2020, top-tier buildings have consistently recorded the largest average deal sizes, averaging well above both mid-tier and low-tier assets. The gap was most pronounced in 2021, when the average mid-tier lease size was 56.9% smaller than top-tier.

As of Q2 2026, the average top-tier lease is approximately 20,200 square feet (sf), compared with 11,200 sf for mid-tier and 5,700 sf for low-tier buildings. Mid-tier deal size is currently 44.6% below top-tier, further highlighting the concentration of larger transactions in higher-quality assets.

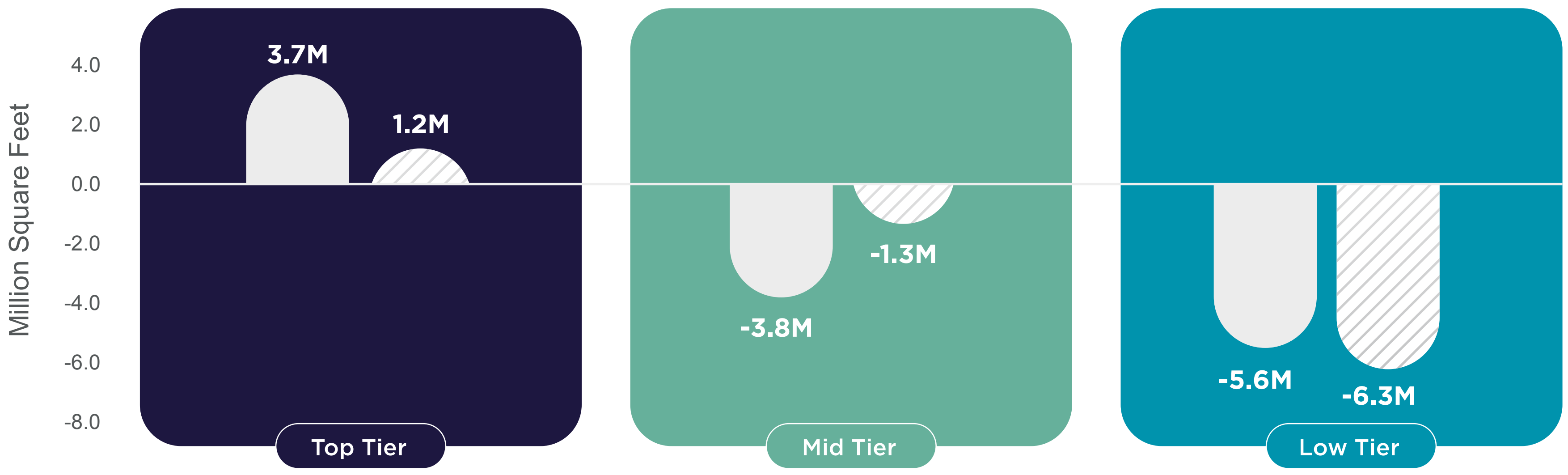
Average Deal Size Since 2020

Source: Cushman & Wakefield Research

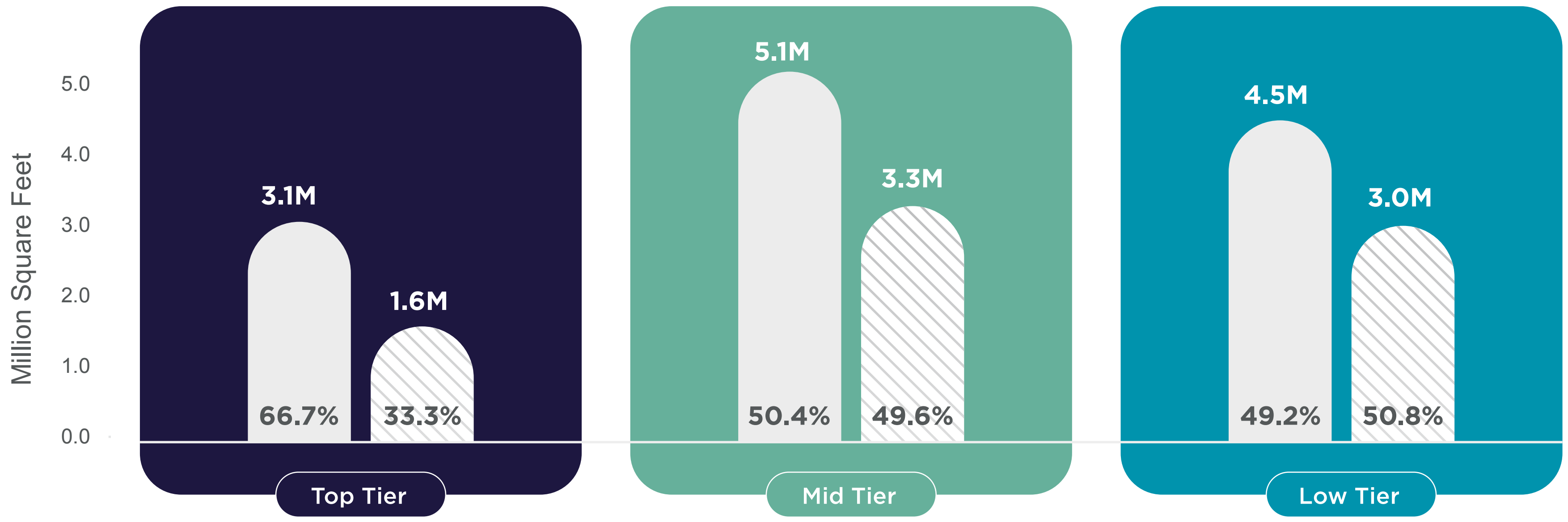
Location Is Key

Comparison of Buildings Within and Outside a Half-Mile Radius of Union Station or Ogilvie

Absorption 2020 - Q2 2026



New Leasing Activity Leased SF and % of Inventory 2023 - Q2 2026

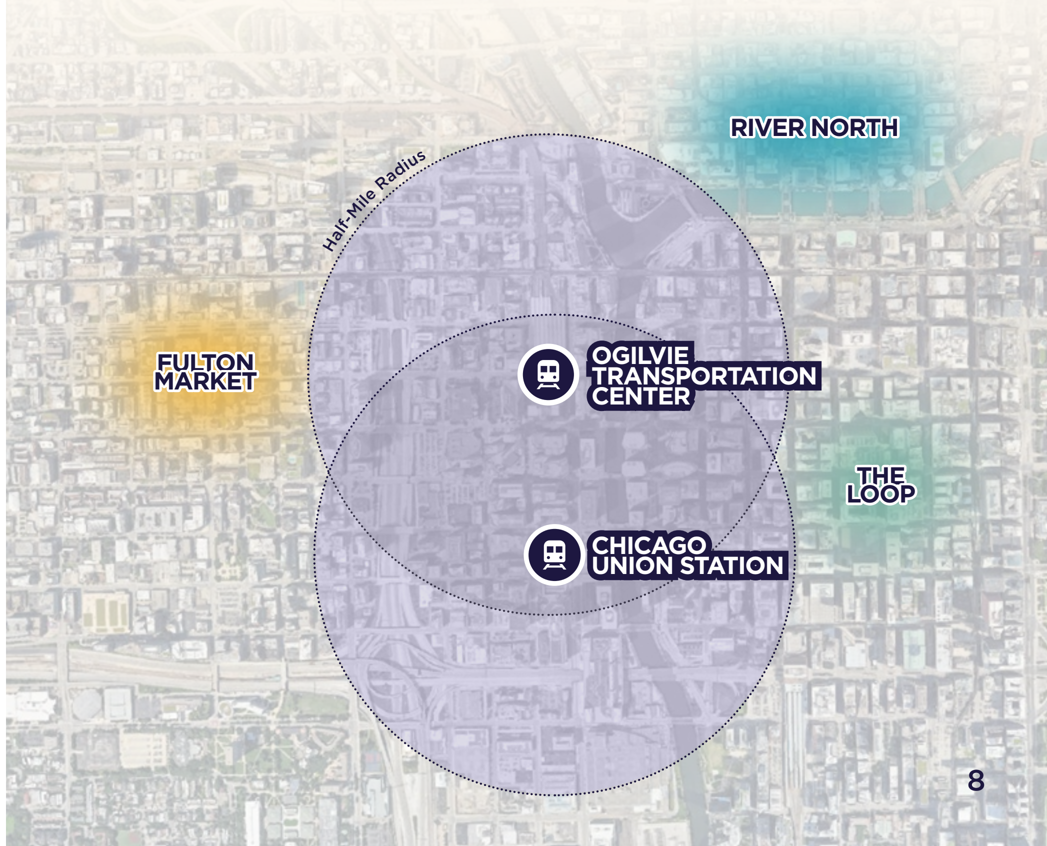


Within 0.5 miles Outside 0.5 miles

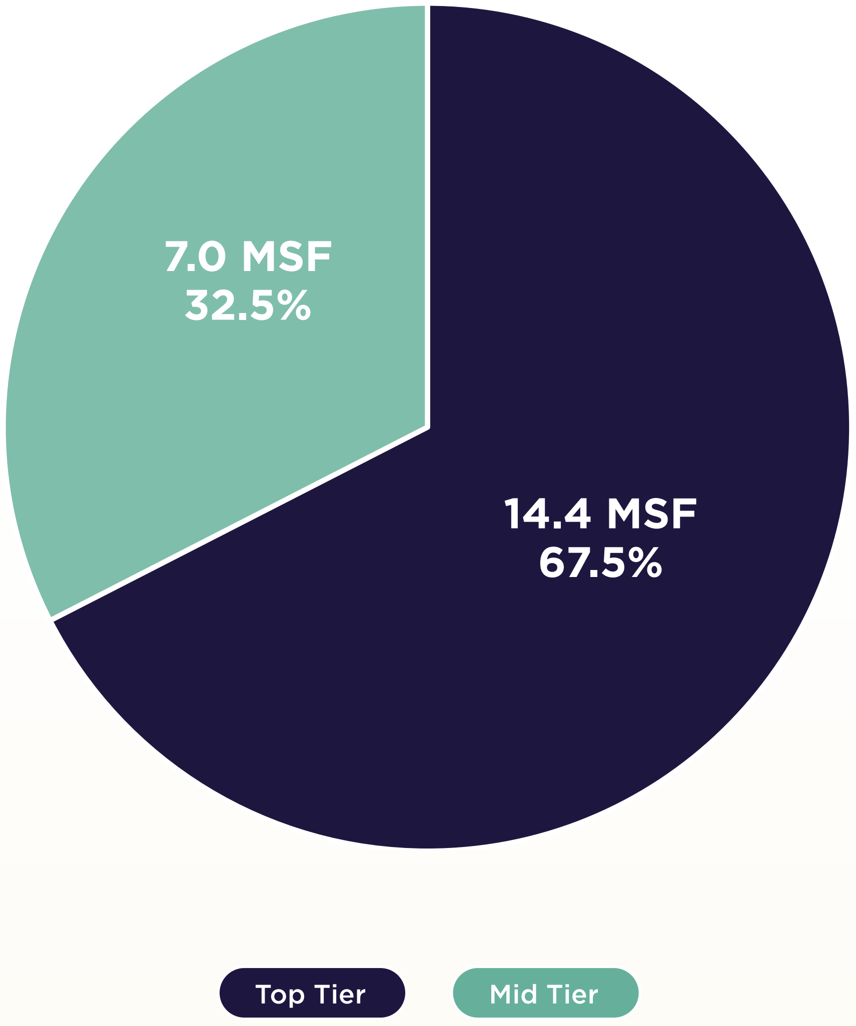
Source: Cushman & Wakefield Research

Top-tier buildings within a half-mile radius of Union Station or Ogilvie have recorded 3.7 msf of positive absorption since 2020, more than three times the absorption of comparable buildings outside the transit hub. While mid-tier buildings within the same radius have recorded negative absorption, much of this decline reflects tenants relocating from mid-tier space into top-tier buildings.

Despite representing the smallest share of inventory, top-tier buildings captured the highest percentage of leasing activity within a half-mile radius of Union Station and Ogilvie, demonstrating the strong demand for premium, transit-oriented office space.



SF of Preleasing
Buildings built after 2000

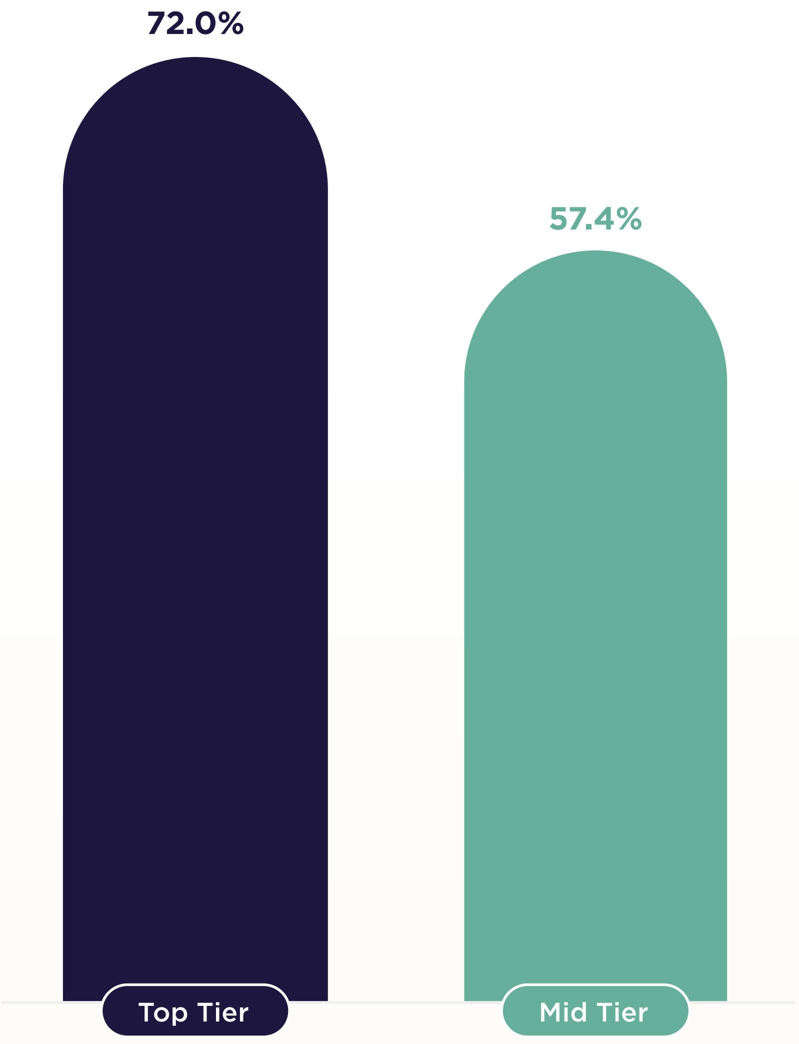


Pre-Leasing Activity

Nearly 70.0% preleased square footage since 2000 has occurred in top-tier office developments, underscoring tenant preference for the market's highest-quality assets before delivery.

Top-tier developments averaged 72.0% preleased at completion, compared to 57.4% for mid-tier assets. This 14.6% advantage highlights stronger demand and leasing confidence throughout the development cycle.

Average % of Building Preleased
Buildings built after 2000



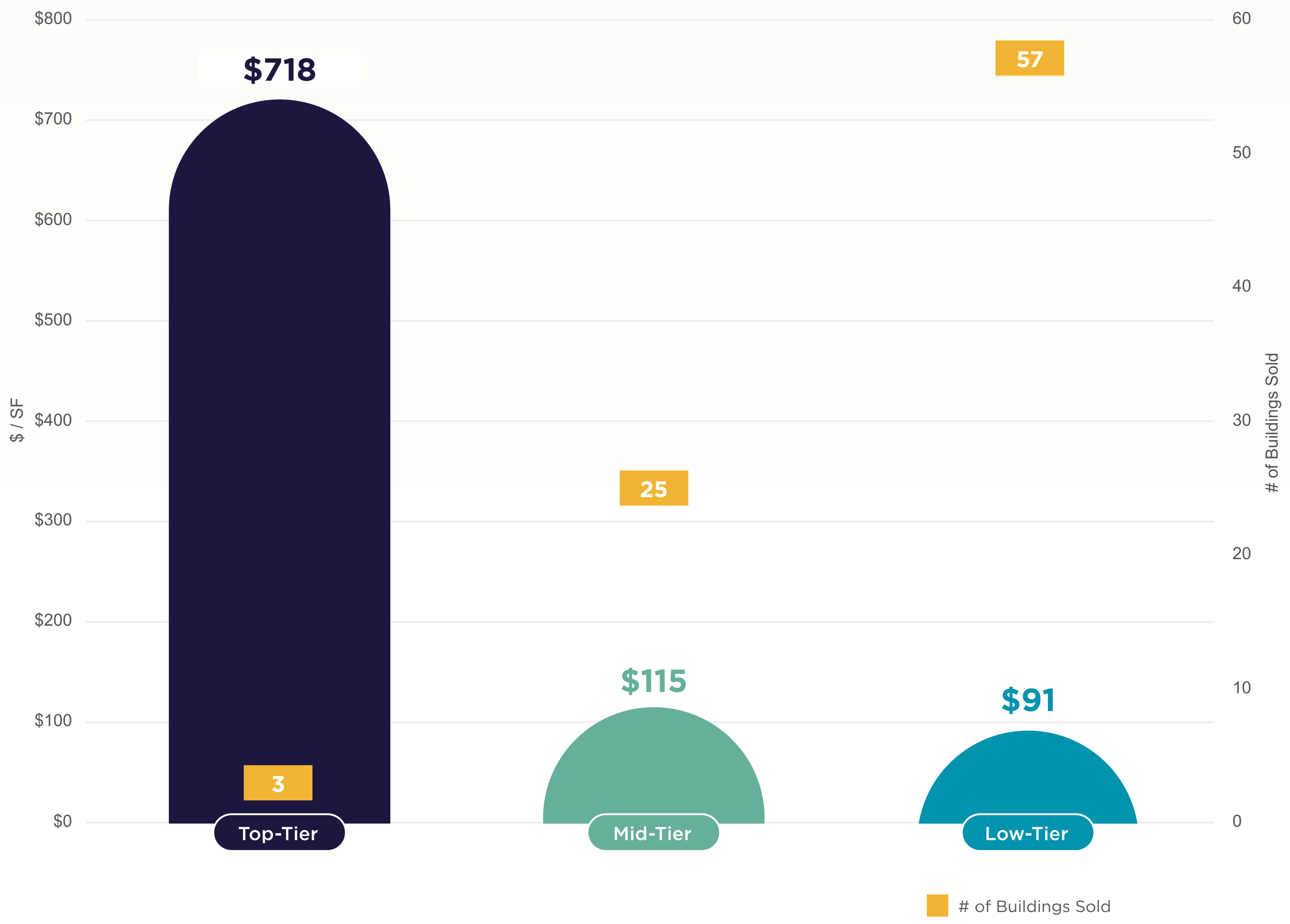
Source: Cushman & Wakefield Research

Capital Markets

Since 2020, top-tier office buildings have consistently traded at a significant premium, with a median sale price of $718 per square foot. This pricing advantage is substantial, exceeding the median sale price of mid-tier assets by more than six times and low-tier assets by nearly eight times. The disparity mirrors broader trends seen across leasing and occupancy metrics, highlighting investors' continued preference for the highest-quality office properties.

At the same time, the limited number of transactions involving top-tier assets underscores the strength of investor conviction in this segment. Only three top-tier office buildings have traded since 2020, compared with more than 100 mid-tier and low-tier assets that have changed hands during the same period. This scarcity of investment opportunities reinforces the long-term ownership patterns and limited turnover that characterize Chicago's premier office buildings, further supporting their pricing premium and sustained investor demand.

Median $/SF For Building Sold Since 2020



Source: Cushman & Wakefield Research

Conclusion

As Chicago's office market continues to evolve, building quality is becoming an increasingly important differentiator. Top-tier buildings continue to attract stronger tenant demand, maintain healthier occupancy levels, command higher investment values, and benefit from long-term ownership, particularly when paired with premier transit access. While every building serves a role in the market, this analysis demonstrates that evaluating performance through building tiers provides a clearer understanding of where demand is concentrated today and where it is likely to remain in the future.

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