



MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.7% Vacancy Rate	▲	▼
7.5M YTD Net Absorption, SF	▲	▲
\$7.53 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
3.8M Chicago Employment	▲	▬
5.1% Chicago Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

ECONOMIC OVERVIEW

The Chicago metro area remained relatively stable through Q3 2026 despite a challenging economic environment, with unemployment up 90 basis points (bps) year-over-year (YOY) to 5.1%. Nonfarm employment held steady at 3.8 million jobs, up 7,600 YOY. Industrial-using sectors delivered mixed results in August 2026, with trade and transportation employment declining 1.0% YOY while manufacturing employment increased by 0.8% YOY.

DEMAND: NEW LEASING GAINS MOMENTUM

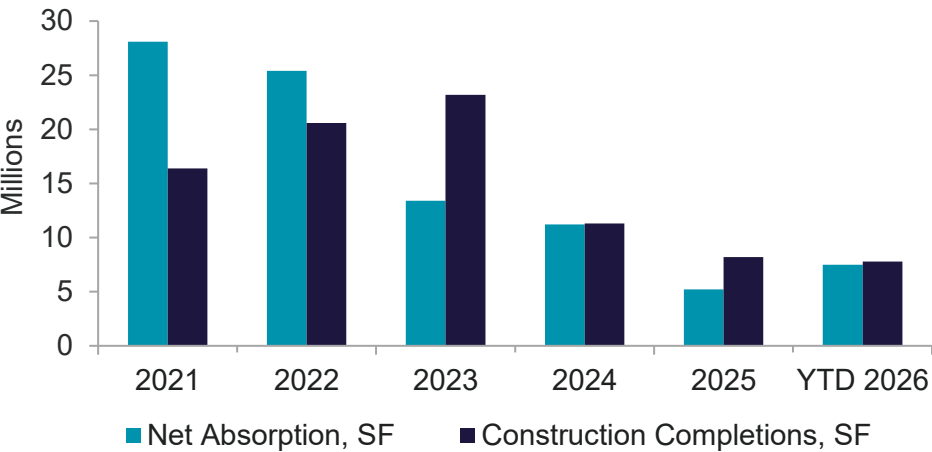
Chicago's industrial market reported a surge in demand through Q3 2026, with year-to-date (YTD) new leasing activity totaling 40.0 million square feet (msf), a 33.8% increase YOY. New leasing volume has nearly matched the 2025 full-year total of 42.2 msf. Momentum strengthened further in Q3 2026, as new leasing volume climbed 52.0% quarter-over-quarter (QOQ) to nearly 18.0 msf from 11.8 msf in Q2 2026. The overall increase in new leasing volume was largely driven by strong big-box demand, with 16 new leases of 500,000 square feet (sf) or larger signed through Q3 2026, compared with just 10 through year-end 2025. The Interstate 80 Corridor led the market with 9.0 msf of new leasing through Q3 2026, followed by the Interstate 55 Corridor with 7.1 msf.

The overall industrial vacancy rate remained stable in Q3 2026, holding at 4.7% for the fourth consecutive quarter and up just 10 bps YOY, as new tenant occupancies were offset by move-outs. Meanwhile, 8.9 msf remained leased but unoccupied, contributing to vacancy. Excluding this space, the vacancy rate would decline 70 bps to 4.0%. Overall net absorption totaled 7.5 msf YTD 2026, up 43.0% YOY, with an additional 5.9 msf slated for occupancy by year-end 2026.

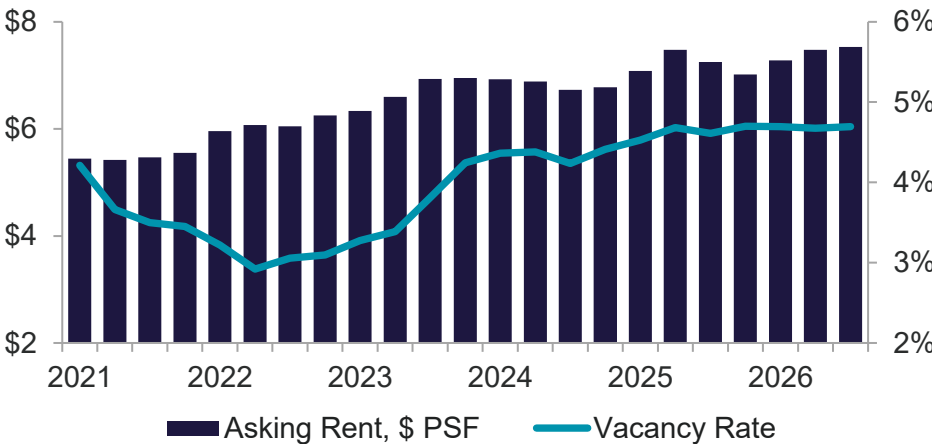
PRICING: RENT GROWTH HOLDS STEADY

Average asking net rent increased by a notable 3.9% YOY in Q3 2026 to \$7.53 per square foot (psf). Annual rent growth was reported in 11 of the 20 submarkets. The Interstate 80 Corridor, Southern DuPage and Western Kane County led the market in rent growth, with asking rents increasing 32.7% to \$7.19 psf, 31.1% to \$11.33 psf, and 26.9% to \$9.00 psf, respectively.

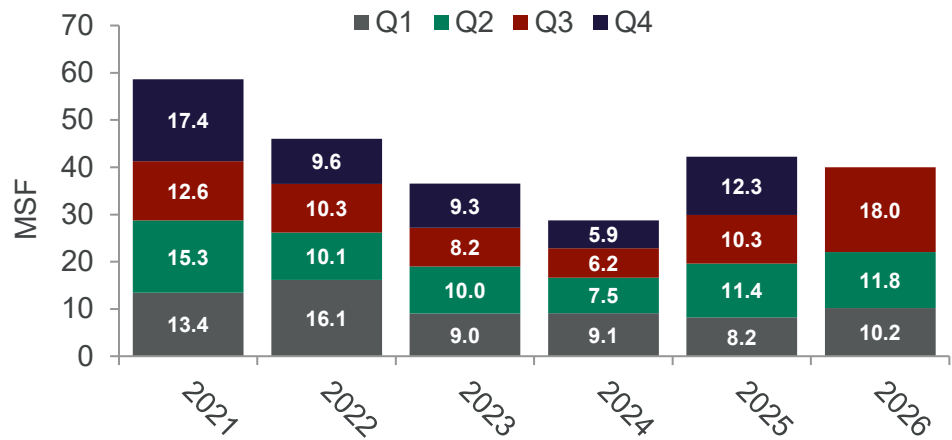
SPACE DEMAND / DELIVERIES



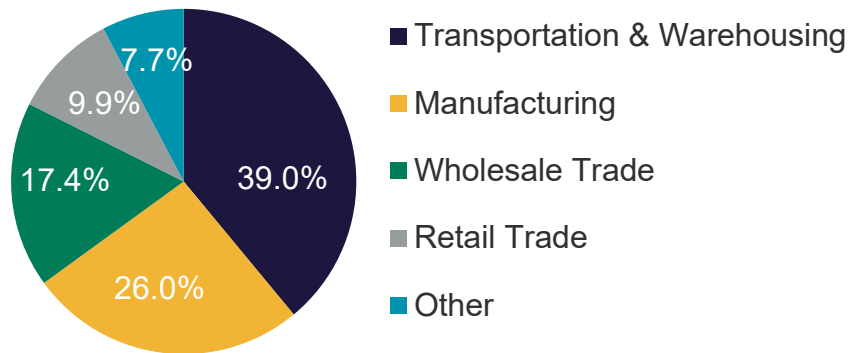
OVERALL VACANCY & ASKING RENT



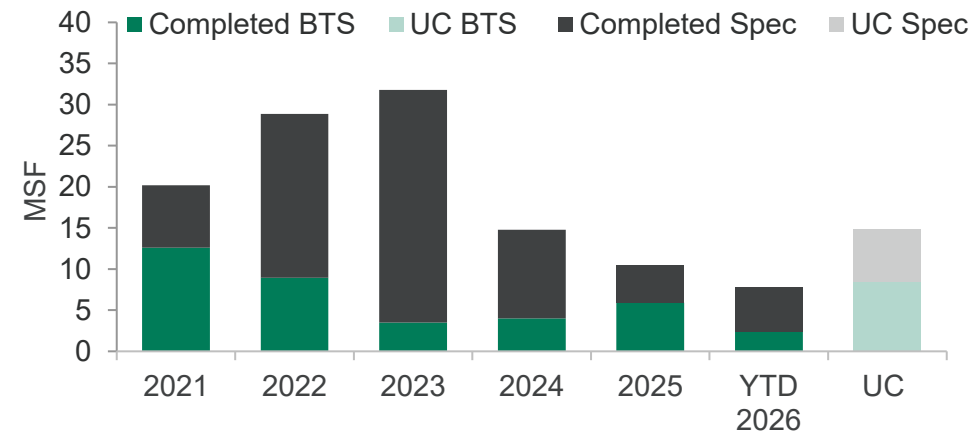
OVERALL NEW LEASING ACTIVITY



NEW LEASING BY INDUSTRY (YTD 2026 TOTALS)



NEW SUPPLY (COMPLETIONS & UC)



SUPPLY: CONSTRUCTION ACTIVITY ACCELERATES

Development remained robust through Q3 2026, with 7.8 msf delivered YTD and an additional 14.8 msf under construction. Deliveries were down slightly YOY, while the pipeline expanded 63.8% from 9.0 msf a year earlier. Construction starts increased 13.7% QOQ in Q3 2026, with nine projects totaling 4.2 msf breaking ground. Projects under construction average 370,000 sf across 40 facilities, and eight developments are 500,000 sf or larger, two of which are speculative.

The Interstate 55 and Interstate 80 Corridors led construction deliveries, collectively accounting for 49.6% of overall completions YTD. The Interstate 80 Corridor and Southern Fox Valley account for the largest share of projects under construction, representing 46.5% (6.9 msf) of the overall development pipeline.

Build-to-suit (BTS) completions moderated through Q3 2026, with 2.4 msf delivered YTD, a 56.3% decrease from the 5.5 msf completed during the same period last year. However, the pipeline tells a more optimistic story: 8.4 msf of BTS space was under construction as of Q3 2026, with the Interstate 80 Corridor and Northwest Indiana accounting for 61.0% of it. Two projects anchor the BTS pipeline: Kimberly-Clark's 1.5 msf distribution center in Wilmington, which broke ground in Q4 2025, and John Deere's 1.2 msf facility in Lowell, which started construction in Q1 2026.

Speculative construction remained a key driver of the development pipeline in Q3 2026. As of Q3 2026, 6.4 msf of speculative space was under construction, representing 43.2% of the total pipeline. Speculative deliveries also increased, with 27 buildings totaling 5.4 msf delivered YTD, a 97.1% increase YOY. Most of this space is concentrated in three submarkets: the Interstate 80 Corridor, Interstate 55 Corridor, and Chicago South, which together account for 3.9 msf, or 61.0%, of speculative space under construction. Developers' willingness to build without tenants in place reflects sustained confidence in leasing demand for new industrial product.

SALES: INVESTORS DRIVE GROWTH

Industrial sales activity accelerated sharply through the first three quarters of 2026, with 48.7 msf sold YTD, a 72.0% increase over the same period last year. Investor activity was the primary driver of the increase in industrial sales volume. Investment sales totaled 40.8 msf YTD, up 91.6% YOY and accounting for 83.9% of total volume. User sales expanded at a more moderate pace, increasing by 12.2% YOY to 7.8 msf from nearly 7.0 msf through Q3 2025.

OUTLOOK

- Net absorption totaled 7.5 msf YTD, up 43.0% YOY, while vacancy held at 4.7% for the fourth consecutive quarter. With the 8.9 msf of leased-but-unoccupied space still counted as vacant, absorption should increase and vacancy should trend lower over the next several quarters as tenants take occupancy.
- New leasing rose 33.8% YOY in Q3 2026 to just over 40.0 msf. With 16 leases of 500,000 sf or larger signed so far this year, demand is expected to remain healthy in the coming quarters.
- Despite a slight slowdown in total project completions YTD 2026, nine new groundbreakings in Q3 2026 reflect sustained developer confidence and continued tenant demand.
- Accelerating leasing volume and tight vacancy should sustain upward pressure on rents, though new deliveries from the construction pipeline may moderate the pace of growth.

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Central DuPage	46,259,705	1,710,021	3.7%	-476,326	1,622,477	140,340	149,100	\$10.80	\$6.43	\$10.04
Chicago North	89,210,833	3,892,166	4.4%	-287,036	246,445	0	67,593	\$9.40	\$11.40	\$7.68
Chicago South	133,343,842	4,674,494	3.5%	228,444	854,928	1,035,770	180,900	\$8.57	\$19.23	\$6.79
Interstate 39 Corridor	22,405,068	698,346	3.1%	-87,700	29,926	186,040	0	N/A	N/A	\$6.82
Interstate 55 Corridor	110,145,764	6,958,034	6.3%	1,605,750	7,056,365	1,335,871	1,958,516	\$14.50	\$12.19	\$7.11
Interstate 80 Corridor	128,510,728	7,178,108	5.6%	3,957,145	8,982,788	4,550,043	1,892,556	\$6.32	N/A	\$7.82
Lake County	76,156,337	3,435,711	4.5%	750,689	1,658,186	698,360	430,141	\$8.24	\$9.63	\$7.76
McHenry County	22,808,694	2,289,733	10.0%	-1,523,826	90,768	428,900	55,000	\$6.24	\$12.69	\$8.17
Northeast DuPage	29,062,643	788,629	2.7%	-163,920	674,092	140,122	0	\$9.47	\$13.23	\$8.91
Northern Cook County	51,257,799	2,394,094	4.7%	61,200	769,007	0	351,520	\$7.88	\$9.75	\$8.61
Northern Fox Valley	42,945,704	1,469,851	3.4%	949,928	1,709,291	180,463	206,049	\$7.49	\$10.06	\$7.73
Northwest Cook County	35,109,520	2,180,007	6.2%	-396,348	322,629	423,036	0	\$7.89	\$9.84	\$9.72
Northwest Indiana	48,309,913	3,329,546	6.9%	-257,894	1,974,797	2,092,576	728,254	\$5.23	N/A	\$6.75
O'Hare	97,613,102	3,415,131	3.5%	622,550	4,083,266	875,185	414,266	\$10.85	\$11.70	\$9.96
South Suburbs	89,337,990	3,535,302	4.0%	433,367	433,582	0	481,898	\$7.10	\$9.74	\$6.04
Southeast Wisconsin	65,083,684	4,408,843	6.8%	970,412	1,869,051	0	237,788	\$6.01	\$9.07	\$5.63
Southern DuPage	16,253,610	382,902	2.4%	36,005	304,973	123,927	243,972	\$12.00	\$11.36	\$9.15
Southern Fox Valley	101,214,112	4,851,558	4.8%	-396,696	4,628,148	2,324,573	285,624	\$5.68	\$13.21	\$7.11
Western Cook County	100,838,425	3,740,739	3.7%	1,425,477	2,408,023	245,830	85,680	\$5.58	N/A	\$6.16
Western Kane County	6,987,597	308,120	4.4%	43,490	286,502	0	0	\$9.00	N/A	N/A
CHICAGO TOTALS	1,312,855,070	61,641,335	4.7%	7,494,711	40,005,244	14,781,036	7,768,857	\$7.55	\$11.03	\$7.20

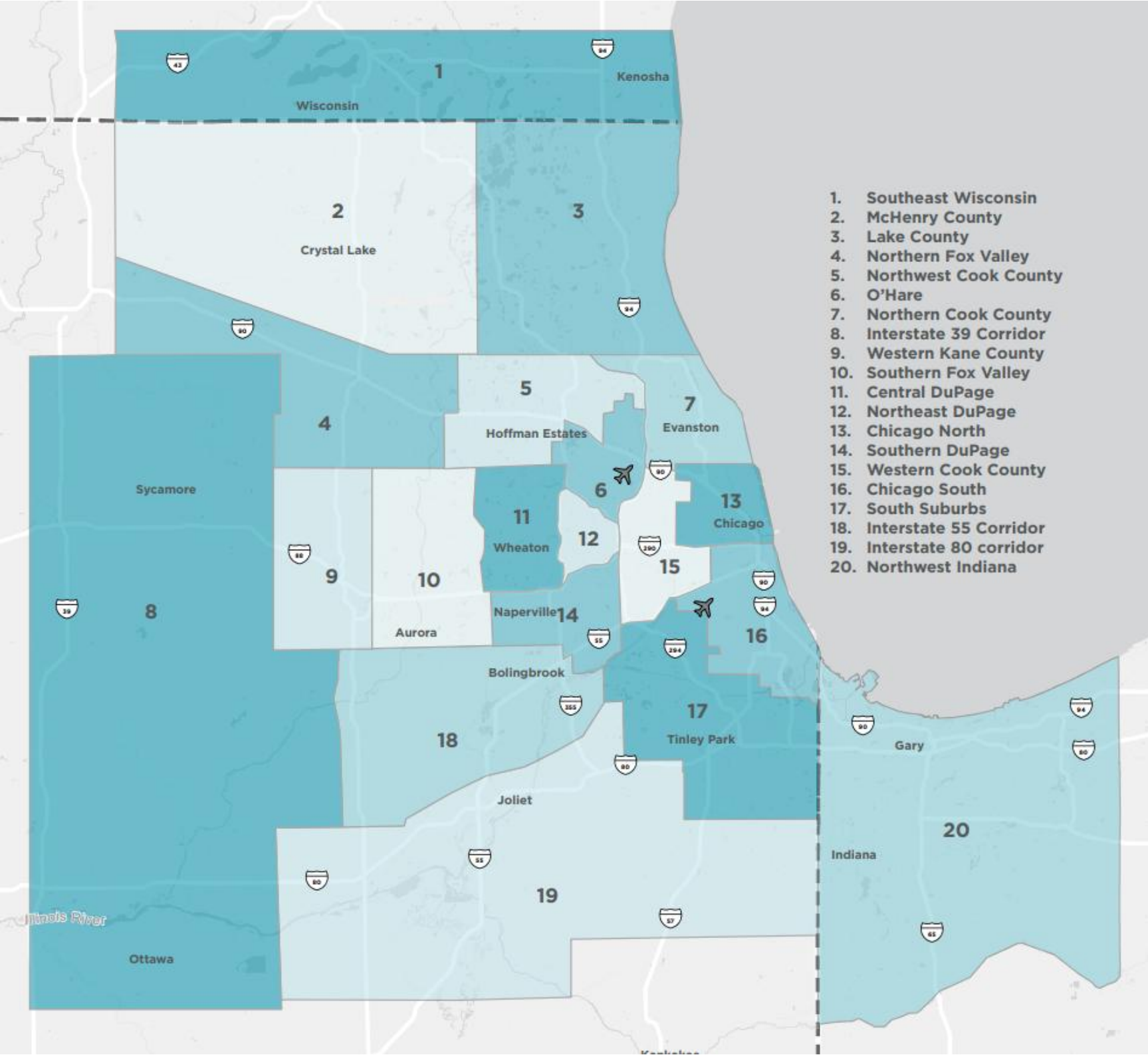
KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Venture Park 65	Northwest Indiana	Amazon	1,200,000	New Lease
5258 University Parkway	Interstate 80 Corridor	DHL	970,123	New Lease
25101 South Ridgeland Avenue	Interstate 80 Corridor	DHL	879,040	New Lease
26230 West 143 rd Street	Interstate 55 Corridor	RJW Logistics, Inc.	788,000	New Lease
29700 Graaskamp Boulevard	Interstate 80 Corridor	TikTok	720,725	New Lease

KEY SALE TRANSACTIONS Q3 2026

PROPERTY/PORTFOLIO	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
8455 Brisbin Road	Interstate 80 Corridor	Crow Holdings Industrial / North Haven Net REIT	1,200,000	\$133.3M / \$111
9200 Calumet Avenue	Northwest Indiana	Urban Retail Properties / Echo Real Estate Capital	908,068	\$37.7M / \$42

INDUSTRIAL SUBMARKETS



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