MARKETBEAT

CHICAGO SUBURBAN

OFFICE Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
24.1% Vacancy Rate	▲	▲
-1.4M YTD Net Absorption, SF	▼	▼
$26.92 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

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

ECONOMY

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. As of August 2026, employment trends across office-using sectors were mixed, with government (+3.7%), education and health services (+1.0%), and professional and business services (+0.6%) posting YOY gains, while information (-3.6%) and financial activities (-5.0%) declined.

DEMAND

New leasing activity moderated across the Chicago suburbs in Q3 2026, bringing year-to-date (YTD) leasing volume to 3.2 million square feet (msf), a 10.3% decline from the previous year. This decline was largely driven by a slowdown in larger deals, with only 22 new leases for spaces of 25,000 square feet (sf) or more signed through Q3 2026, compared with 26 at the same point last year. As a result, the YTD 2026 average deal size dropped 12.8% YOY to 5,616 sf. Demand was largely concentrated within the Central North/Tri-State, Western East/West Corridor and O'Hare submarkets, which accounted for 65.9% of new leasing activity this quarter.

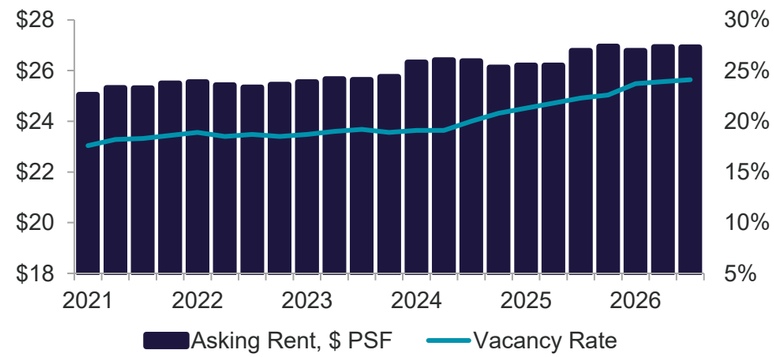
Flight to quality remained strong through Q3 2026, with nearly half (47.4%) of all new leasing, or 1.5 msf, occurring in Class A space. These leases tended to be larger, with an average lease size of 12,470 sf, 93.8% larger than the overall suburban average. Class A leasing was concentrated in the Central North/Tri-State and Western East/West Corridor submarkets, which together accounted for 54.8% of Class A leasing activity during Q3 2026.

Overall net absorption totaled negative 1.4 msf through Q3 2026, a slight improvement from the negative 1.6 msf of space absorbed at this time last year. Occupancy gains were offset by 25 newly vacant availabilities of 25,000 sf and greater that were added to the market over the past three quarters, totaling 1.7 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 locations with prime access to major transportation networks.

SPACE DEMAND / DELIVERIES



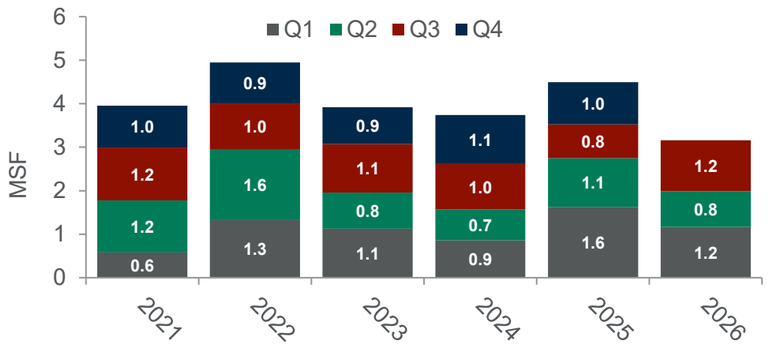
OVERALL VACANCY & ASKING RENT



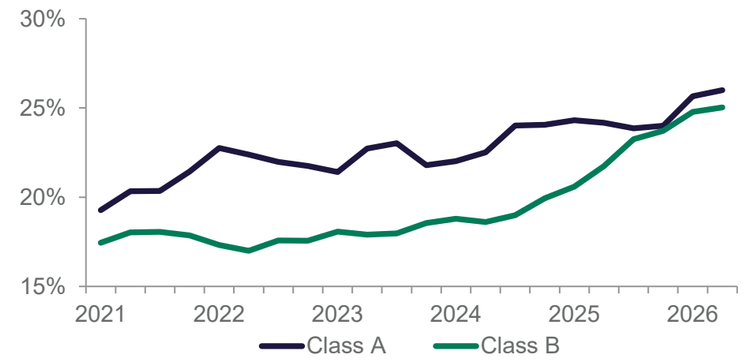
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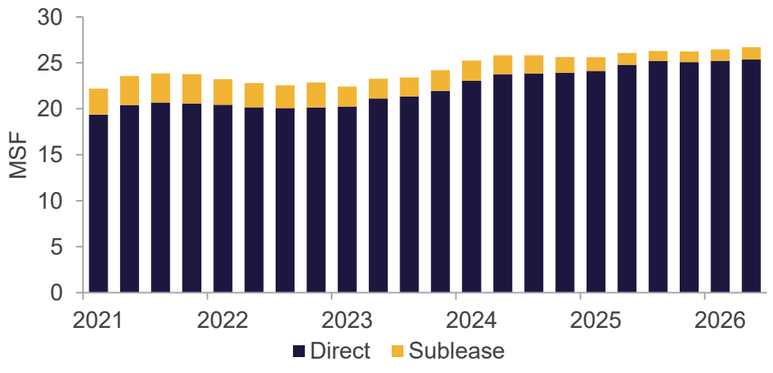
OVERALL NEW LEASING ACTIVITY



OVERALL VACANCY



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



SUPPLY

Chicago's suburban office vacancy rate rose 180 bps YOY to 24.1% in Q3 2026. Inner suburban markets, including O'Hare, the Eastern East/West Corridor, and Near North, continued to outperform the broader market. Although vacancy in these submarkets rose 110 bps YOY to 21.5% as of Q3 2026, it remained below the market average of 24.1%, with Near North the strongest performer at 17.7%.

All property segments reported an increase in vacancy rates. The Class A vacancy rate increased 210 bps YOY to 26.0%. Class B vacancy increased 210 bps to 25.4%, while Class C increased just 30 bps to 16.3%.

Available sublease space remained elevated at 1.3 msf, up 15.5% YOY, with 33.3% 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 54.8% of all subleases. Class A space dominates the sublease market, totaling 654,322 sf and accounting for 50.9% 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 Q3 2026 at $26.92 per square foot (psf), an increase of $0.14 psf (0.5%) YOY. Class A asking rates remained elevated, up 2.1% YOY to $32.34 psf. Class B and Class C asking rents both reported minor YOY declines, decreasing 0.2% to $24.19 psf and 1.8% to $19.02 psf, respectively.

The inner suburban markets command some of the highest Class A asking rates within the broader market, recorded at $35.92 psf as of Q3 2026. This is largely due to heightened Class A asking rents in O'Hare and Near North, which recorded rates of $39.78 and $36.01 psf, respectively.

OUTLOOK

- Tenant preference for high-quality space continues to shape leasing activity, with Class A assets capturing the bulk of demand across key inner-suburban submarkets, including O'Hare, the Eastern East/West Corridor, and Near North.
- Sublease availability remains elevated, but new supply is expected to moderate as occupiers refine long-term space strategies and stabilize office footprints.
- A growing number of vacant and underutilized suburban office campuses are being positioned for redevelopment, as demand for traditional office product softens and investment shifts toward alternative uses.

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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	5,242,985	69,154	33.4%	-56,242	-233,893	604,451	0	$25.35	$29.50
Far Northwest	3,896,419	931,419	46,949	25.1%	-8,302	-101,180	32,497	0	$23.04	N/A
North DuPage	3,190,012	635,071	0	19.9%	-19,169	-26,330	49,510	0	$23.35	$25.47
NORTHWEST TOTALS	**22,999,192**	**6,809,475**	**116,103**	**30.1%**	**-83,713**	**-361,403**	**686,458**	**0**	**$24.75**	**$28.90**
Central North/Tri-State	16,648,881	4,340,819	58,704	26.4%	-7,804	-407,377	764,937	0	$27.76	$31.40
Far North	983,959	35,420	0	3.6%	0	0	0	0	N/A	N/A
Near North	5,332,226	943,155	0	17.7%	-33,659	2,484	128,257	0	$29.43	$36.01
NORTH TOTALS	**22,965,066**	**5,319,394**	**58,704**	**23.4%**	**-41,463**	**-404,893**	**893,194**	**0**	**$28.18**	**$32.33**
Eastern East/West Corridor	22,016,157	4,824,857	40,114	22.1%	-37,528	-319,518	645,078	0	$26.61	$32.72
Western East/West Corridor	13,645,758	2,856,438	107,563	21.7%	-73,550	-111,465	438,365	0	$24.42	$29.15
EAST/WEST TOTALS	**35,661,915**	**7,681,295**	**147,677**	**22.0%**	**-111,078**	**-430,983**	**1,083,443**	**0**	**$25.83**	**$31.38**
O'HARE	**12,683,857**	**2,730,618**	**79,031**	**22.2%**	**-38,868**	**-249,765**	**460,256**	**0**	**$32.95**	**$39.78**
SOUTHWEST	**1,634,167**	**167,050**	**26,715**	**11.9%**	**17,814**	**32,687**	**38,209**	**0**	**$23.34**	**N/A**
SUBURBAN TOTALS	**95,944,197**	**22,707,832**	**428,230**	**24.1%**	**-257,308**	**-1,414,357**	**3,161,560**	**0**	**$26.92**	**$32.34**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2026

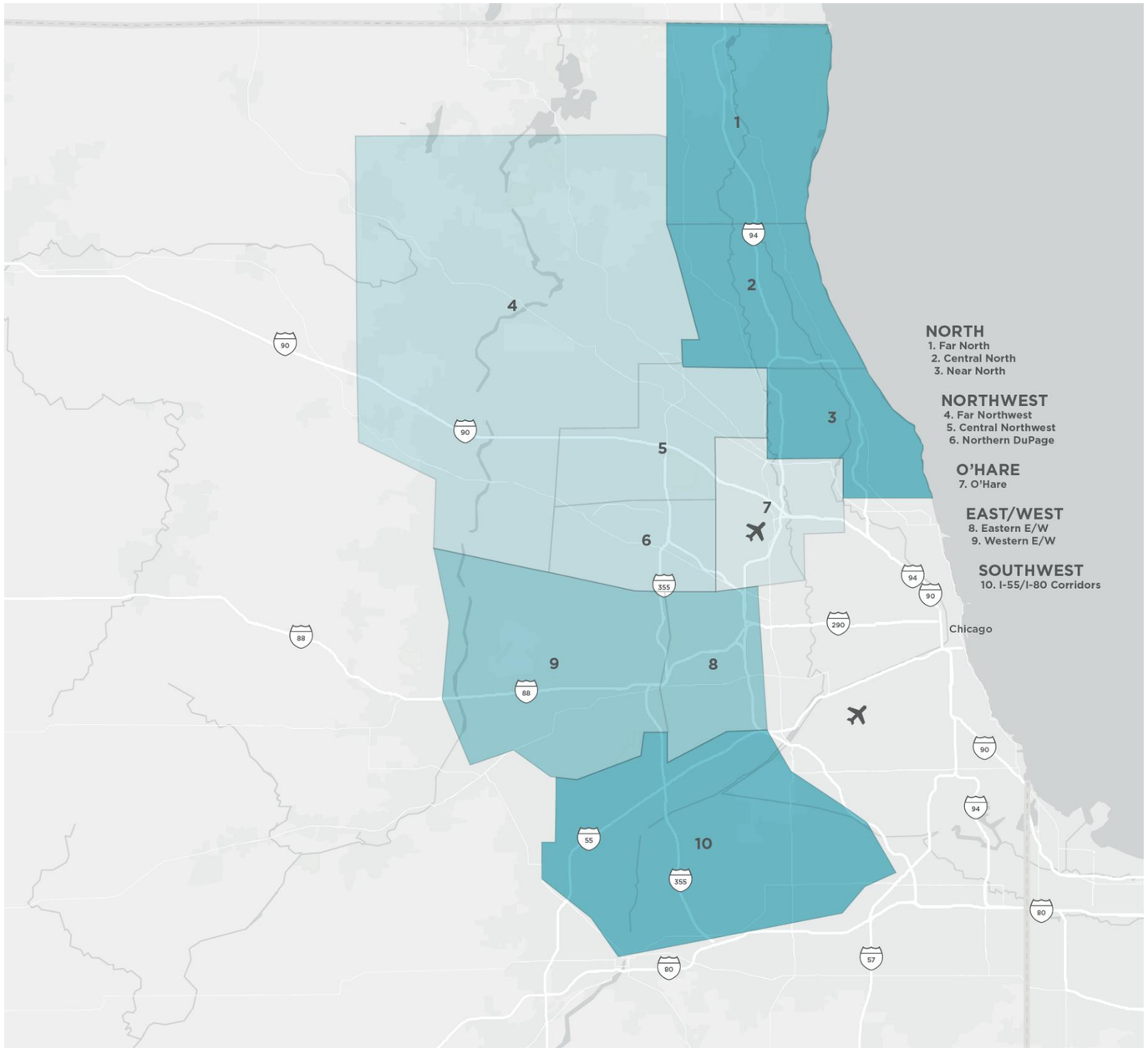
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1 Horizon Way – Building 3	Central North/Tri-State	Amgen	189,000	New Lease, Sale Leaseback
410 Warrenville Road	Western East/West Corridor	Sentinel Technologies	63,409	New Lease
4101 Winfield Road	Western East/West Corridor	Molex	33,370	Sublease
8745 West Higgins Road	O'Hare	Power Construction	32,503	New Lease
8745 West Higgins Road	O'Hare	Mediterranean Shipping Company	29,559	New Lease

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
1 Horizon Way – Buildings 1, 2, 3	Central North/Tri-State	Amgen | Mesirow Financial	612,339	$151M | $247
28100 Torch Parkway	Western East/West Corridor	Rialto Capital Management | Peacock Partnership	203,842	$4.1M | $20
1250 Techny Road	Central North/Tri-State	BLDG Management Co. | Middleton Partners	167,843	$31.3M | $186
2240 West 75th Street	Southwest Corridor	Krusinski Construction Company | Founders Properties	100,871	$21.7M | $215
250 Parkway Drive	Central North/Tri-State	RGA | Green Street Property Management	70,856	$3.0M | $42

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OFFICE SUBMARKETS



OLIVIA STAPF
Research Analyst, Chicago
Tel: +1 312 819 1232
olivia.stapf@cushwake.com

GREGORY ROGALLA
Senior Research Manager, Midwest
Tel: +1 847 518 3200
gregory.rogalla@cushwake.com

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