CHICAGO
INDUSTRIAL Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.8% Vacancy Rate	▲	▼
5.1M YTD Net Absorption, SF	▲	▲
$7.55 Asking Rent, PSF *(Overall, Net Asking Rent)*	▲	▲

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

ECONOMIC OVERVIEW

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, employment across Chicago's industrial-using sectors were mixed, with trade and transportation employment declining 1.2% YOY, while manufacturing employment increased 1.6% YOY.

DEMAND: NEW LEASING ACTIVITY ON THE RISE

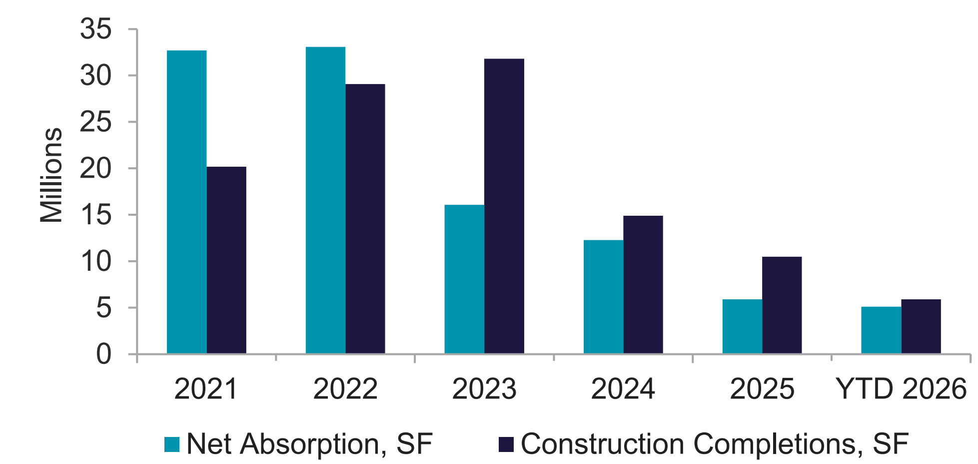
Chicago's industrial market reported increased demand through mid-2026, with new leasing activity totaling 21.8 million square feet (msf), up 11.1% YOY and marking the highest mid-year leasing volume since 2022. New leasing activity accelerated in Q2 2026, up 14.3% quarter-over-quarter (QOQ) from 10.2 msf in Q1 2026 to 11.6 msf. The overall increase in new leasing volume is attributed to stronger big-box demand, with seven new leases for spaces of 500,000 square feet (sf) and larger signed through mid-2026, compared to just four during the same time last year. The Interstate 80 Corridor and the Interstate 55 Corridor submarkets led the market in new leasing activity with 5.1 msf and 3.7 msf leased through mid-2026, respectively.

The overall industrial vacancy rate remained relatively stable in Q2 2026, holding at 4.8% for the third consecutive quarter and increasing just 10 bps YOY. Vacant sublease space increased 5.6% YOY to 4.6 msf in Q2 2026, accounting for 7.2% of the total vacant inventory. Sublease vacancies are primarily concentrated in Western Cook County, the Interstate 55 Corridor and Southern Fox Valley, which collectively account for 40.7% of the total. Overall net absorption totaled 5.1 msf through mid-2026, up 146.0% from this time last year. On a quarterly basis, Q2 2026 outperformed Q1 2026 with 3.3 msf of new occupancy gains recorded, an increase of 79.3% from the 1.8 msf registered in Q1 2026.

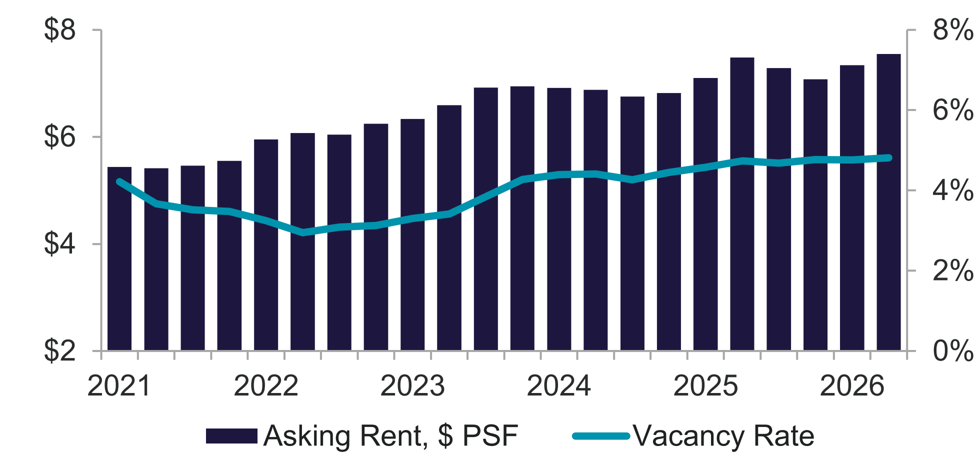
PRICING: RATES SUSTAIN GROWTH

Average asking net rental rates recorded moderate annual growth in Q2 2026, up 0.9% YOY to $7.55 per square foot (psf). Annual rent growth was reported in 15 of the 20 submarkets. Southern DuPage, Western Kane County and the Interstate 80 Corridor led the market in rent growth, with asking rents increasing 58.5% to $12.54 psf, 23.1% to $9.00 psf, and 13.3% to $7.00 psf, respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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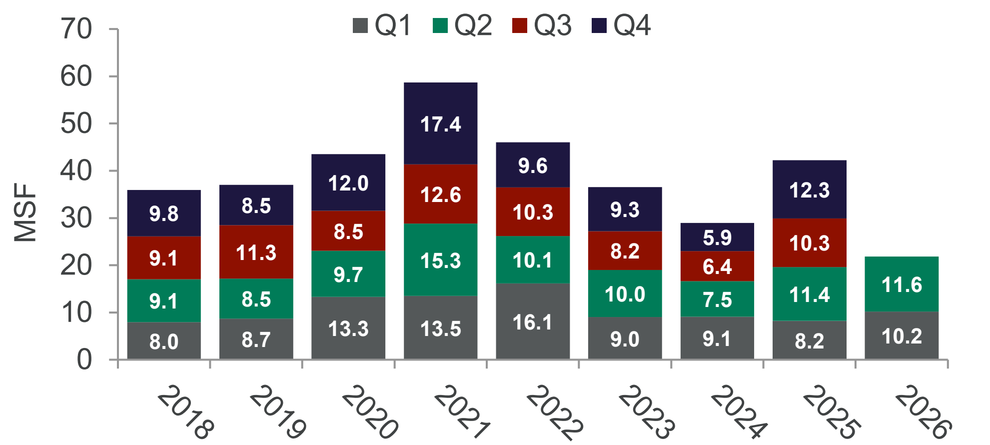
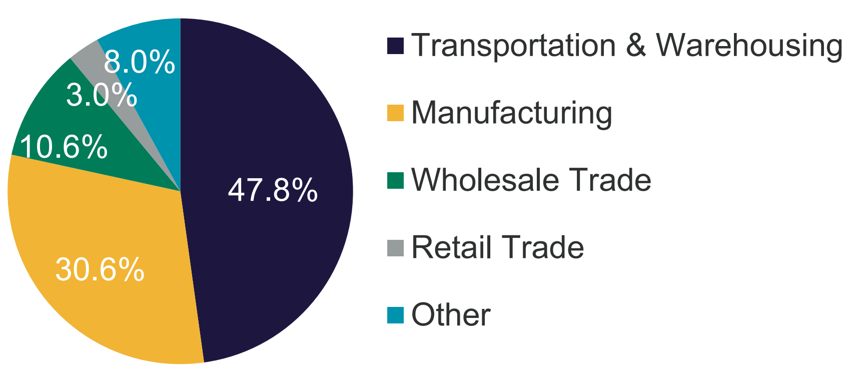
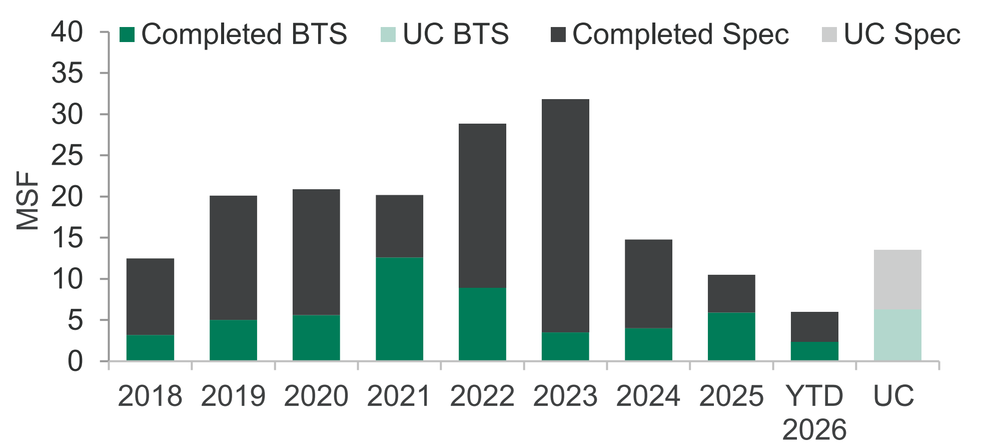
OVERALL NEW LEASING ACTIVITY



NEW LEASING BY INDUSTRY (YTD 2026 TOTALS)



NEW SUPPLY (COMPLETIONS & UC)



SUPPLY: PIPELINE GROWTH SIGNALS OPTIMISTIC OUTLOOK

Development activity accelerated during the first half of 2026, with 5.9 msf delivered and an additional 13.5 msf under construction. Deliveries reported a slight decrease YOY, while the construction pipeline nearly doubled to 13.5 msf from 6.7 msf in Q2 2025. Construction activity gained momentum in Q2 2026, as 16 projects broke ground, up from five in the prior quarter. Projects currently under construction average 306,000 sf in size across 44 facilities. Six developments exceed 500,000 sf, two of which are speculative.

The Interstate 55 and Interstate 80 Corridors led construction deliveries, collectively accounting for 59.5% of overall completions through mid-2026. The Interstate 80 Corridor and Northwest Indiana account for the largest share of projects under construction, representing 52.3% (7.3 msf) of the overall development pipeline.

Build-to-suit (BTS) deliveries totaled 2.4 msf through mid-2026, down 53.7% YOY from the 5.1 msf delivered over the same period last year. Development activity remained active, with 6.3 msf of BTS product under construction, with the Interstate 80 Corridor accounting for nearly half (48.4%) of all projects underway. Two major projects at Elion Logistics Park 55 are driving much of that activity: Kimberly-Clark's 1.5 msf distribution center, which broke ground in Q4 2025, and Greenbox Systems' 1.1 msf facility, which began construction in Q1 2026.

As of Q2 2026, 7.2 msf of speculative industrial space was under construction, accounting for 53.5% of the total development pipeline. Speculative deliveries accelerated through mid-year 2026, with 14 buildings totaling 3.6 msf delivered, a 270.2% YOY increase in completions. Speculative development remains concentrated in the Interstate 80 Corridor, Interstate 55 Corridor and O'Hare submarkets, which together account for 3.6 msf, or 49.4%, of the speculative construction pipeline. The increase in speculative development signaled growing developer confidence in the leasing prospects of newly constructed industrial facilities.

SALES: MOMENTUM BUILDS

Industrial sales volume exceeded 33.0 msf in the first half of 2026, increasing 99.4% YOY. Investment sales surged in the first half of 2026, totaling 28.5 msf and accounting for 86.3% of all sales volume, a 129.0% increase YOY. User sales posted more moderate growth, increasing 9.8% YOY to 4.5 msf through mid-2026 from 4.1 msf during the same period in 2025.

OUTLOOK

- Overall net absorption increased significantly from a year ago, up 142.0%. Despite stronger occupancy gains, the vacancy rate remained relatively unchanged YOY, increasing just 10 bps as recent speculative deliveries added available space to the market. With leasing activity continuing to strengthen, vacancy is expected to trend lower in the coming quarters.
- Leasing demand remained strong through the first half of 2026, with new leasing activity up 11.1% YOY. Several large active tenants suggest demand will remain healthy in the coming quarters.
- Despite a slight slowdown in project completions through the first half of 2026, an uptick in speculative groundbreakings signals growing confidence among developers in their ability to secure industrial tenants.
- Strong leasing momentum, a growing development pipeline, and favorable underlying market conditions are expected to sustain upward pressure on rental rates.

MARKET STATISTICS

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	46,110,605	1,302,517	2.8%	-166,322	307,535	289,440	0	$9.27	N/A	$9.67
Chicago North	89,691,152	4,000,048	4.5%	-444,703	136,946	67,593	0	$8.83	$11.33	$8.21
Chicago South	133,353,086	4,796,674	3.6%	218,506	256,900	1,035,770	180900	$8.28	$18.17	$7.03
Interstate 39 Corridor	22,405,068	742,766	3.3%	-132120	4830	0	0	N/A	N/A	$6.91
Interstate 55 Corridor	110,146,192	6,822,509	6.2%	1,699,285	3,697,212	1,114,471	1,958,516	N/A	12.28	$7.42
Interstate 80 Corridor	128,205,264	7,892,178	6.2%	2,943,729	5,106,743	4,704,719	1580250	$6.32	N/A	$8.77
Lake County	76,207,595	3,300,238	4.3%	886,285	1,084,718	0	430,141	$7.87	$9.64	$7.50
McHenry County	22,760,837	665,426	2.9%	100,481	82,811	428,900	55000	$5.50	12.69	$7.95
Northeast DuPage	29,060,683	892,904	3.1%	-330,049	379,920	140122	0	$9.34	$13.09	$9.04
Northern Cook County	51,345,561	2,417,386	4.7%	132,015	173,207	0	351,520	$7.50	$10.27	$8.47
Northern Fox Valley	42,796,077	1,750,395	4.1%	651,259	1,309,797	249,411	86638	$6.75	$10.06	$8.00
Northwest Cook County	35,109,520	2,050,824	5.8%	-259,365	166,393	423,036	0	$8.63	$10.25	$9.71
Northwest Indiana	47,854,719	2,806,416	5.9%	-169,018	382,947	2,547,770	294000	$6.04	N/A	$6.60
O'Hare	97,515,620	4,052,486	4.2%	46,908	2,343,315	1,167,172	122,470	$10.89	$12.26	$9.60
South Suburbs	89,377,990	4,072,932	4.6%	115,187	304,855	0	481,898	$7.05	8	$5.36
Southeast Wisconsin	65,149,547	5,152,490	7.9%	376,381	1,592,057	0	237788	$6.24	$10.89	$5.68
Southern DuPage	15,982,762	120,427	0.8%	54,508	167,077	367,899	0	$12.00	$13.38	$11.51
Southern Fox Valley	101,095,780	4,831,315	4.8%	-554,801	2,363,854	1,242,905	167,292	$5.64	$13.81	$6.84
Western Cook County	101,182,978	5,133,069	5.1%	-26,413	1,945,848	85,680	0	$6.25	N/A	$6.04
Western Kane County	6,987,597	358,070	5.1%	-6,460	11,040	0	0	9	N/A	N/A
CHICAGO TOTALS	**1,312,338,633**	**63,161,070**	**4.8%**	**5,135,293**	**21,818,005**	**13,864,888**	**5,946,413**	**$7.58**	**$11.32**	**$7.16**

Rental rates reflect weighted net asking $psf/year

KEY LEASE TRANSACTIONS Q2 2026

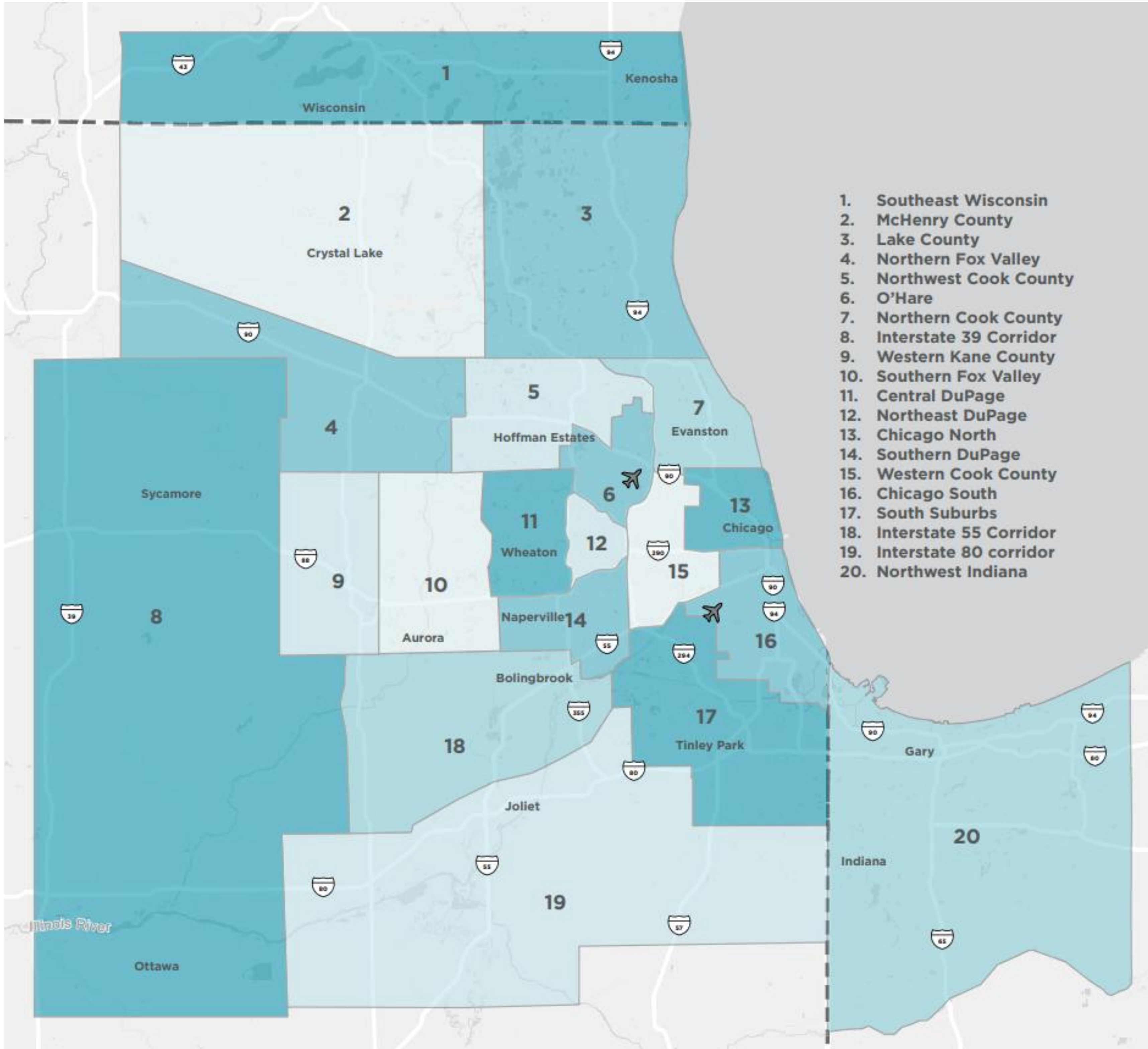
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Karis Park West	Southern Fox Valley	RJW Logistics	1,200,000	New Lease
21533 South Cherry Hill Road	Interstate 80 Corridor	KeHE Distributors	1,195,754	New Lease
3835 Youngs Road	Interstate 80 Corridor	Hyundai Translead	906,517	New Lease
1120-1140 Remington Boulevard	Interstate 55 Corridor	Confidential Tenant	453,568	New Lease
8725 31st Street	Southeast Wisconsin	HH Associates US, Inc.	434,913	Renewal*

Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2026

PROPERTY/PORTFOLIO	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
2-Property Portfolio	Lake County	Link Logistics / Galvanize Real Estate	461,939	$47.0M / $102
1717 Gifford Road	Northern Fox Valley	Brennan Investment Group / PJP Holdings	443,103	$24.9M / $56

INDUSTRIAL SUBMARKETS



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