

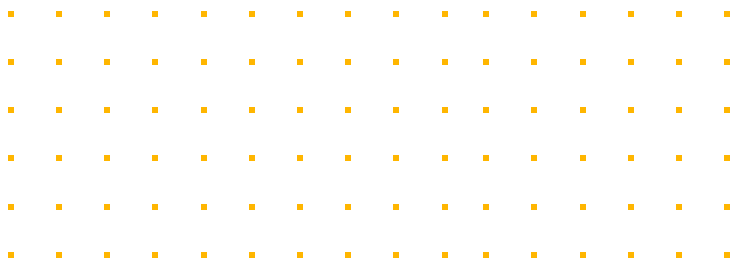
Q1 2025

Greater Chicago

CRE Market Insight Reports

Market Insights Provided
For:

Central Business District
Suburban Office
Industrial



Greater Chicago Market Insights

Central Business District

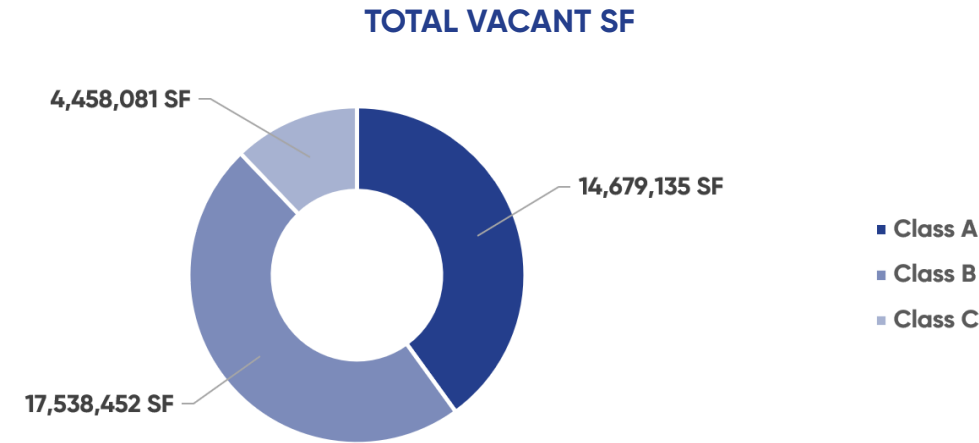
Q1 2025

Sublease space is on the decline, but many large blocks with significant lease terms still remain available. Meanwhile, Class A and Trophy office spaces are moving toward a more typical market environment, driven by strong tenant demand. Additionally, several buildings are expected to sell for significantly less than their previous sale prices, signaling a potential pricing reset in the market.



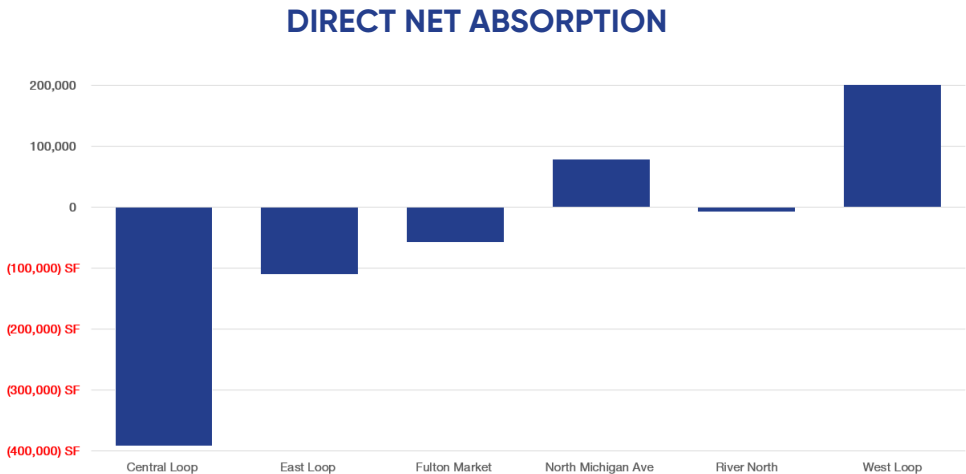
Vacancy

The Chicago CBD experienced a muted increase in vacancy across all asset classes in the first quarter of 2025, increasing to 25.8%. Class A and B assets both experienced an increase in vacancy as users continued to reshuffle their footprints to be more efficient. Class C assets saw vacancy decrease to 26.6%. Class A assets remain the favored destination for tenants in the market despite the uptick in vacancy. Direct vacancy in this asset class can be tied to the give back of sublease space with just over 300,000 square feet going to back to landlords.



Absorption & New Availability

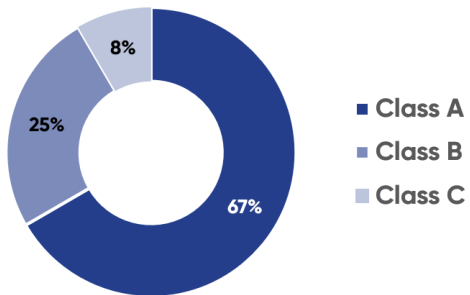
Negative net absorption totaled 275,000 square feet for the first quarter, a modest amount to start the year compared to 1.7M square feet at the same time in 2024. Class A & B assets were hit hardest, both with just over 200,000 square feet of space returning to the market. Class C buildings experienced positive absorption of 136,000 square feet, the largest figure since 2018. All submarkets except for North Michigan Ave and the West Loop experienced pullback in absorption.



Market Rent & Lease Volume

Market rents recovered some of their fourth quarter losses to start 2025, increasing marginally to \$45.27 across all asset types. Class A rents were the main cause of this recovery, up \$0.21 from the prior quarter. This is most notable where Fulton Market and West Loop submarkets increased \$0.88. and \$0.19 respectively. Class B rents also experienced muted movement in the first quarter but in the other direction, dropping \$0.02 with River North rents dropping \$0.36. Class C assets saw rates increase to \$33.94, a change of \$0.14 from the fourth quarter. Leasing volume was dominated by Class A buildings with 1.3M square feet of transactions completed, making up 67% of the market. There was a significant drop off in the other asset types with 484,000 square feet of transactions in Class B space and 162,000 square feet in Class C.

DOWNTOWN LEASING VOLUME



Q1 2025 LARGE SIGNED LEASES

	Tenant	Address	Square Feet	Type
1	Stripe	350 N Orleans	89,000	Expansion
2	NORC	300 E Randolph	65,060	New Lease
3	Citadel	353 N Clark	55,000	New Lease
4	Neuberger Berman	191 N Wacker	52,000	New Lease
5	ComPsych	130 E Randolph	50,000	New Lease
6	Guidehouse	167 N Green Street	47,000	Sublease
7	Goldman Ismail	191 N Wacker	43,000	New Lease
8	Arnold & Porter	300 N LaSalle	40,289	New Lease
9	Start Early	1 N Dearborn	38,500	New Lease
10	Berlin Packaging	The Mart	36,588	New Lease
11	Legal Aid	200 N LaSalle	32,000	New Lease
12	R1 RCM	333 N Green Street	31,000	New Lease
13	Compass Lexecon	130 E Randolph	31,000	New Lease
14	JBT Marel	333 W Wacker	27,000	New Lease
15	Blue Owl	150 N Riverside	27,000	Expansion
16	Blackrock	227 W Monroe	25,253	New Lease
17	Sterling Bay	939 W Fulton	25,000	Sublease
18	Kroll	1 S Wacker	23,000	New Lease
19	Clausen Miller	225 W Randolph	22,119	New Lease
20	Wilson Elser	161 N Clark	20,910	New Lease
21	ktgy	225 W Randolph	18,605	New Lease
22	Aeropay	1 E Wacker	14,938	New Lease
23	Smokeball	200 W Adams	14,930	New Lease
24	KI	1045 W Fulton	14,000	New Lease
25	Rhaeos	400 N Aberdeen	7,344	New Lease

Central Business District Q1 2025

METRICS OVERVIEW



Inventory

156,615,177 SF



Direct Vacancy

24.4%



Sublease Vacancy

1.4%



Total Available

28.8%



Average Time on
Market

31.3 Months



Total Space on
Market

333 Spaces



Average Quarterly
SF Additions

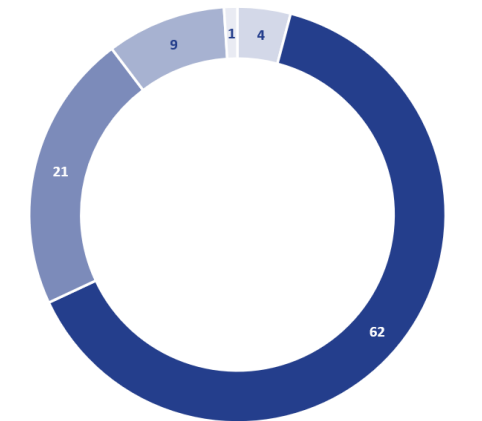
277,251



Increase in Sublease
Spaces since COVID

89.8%

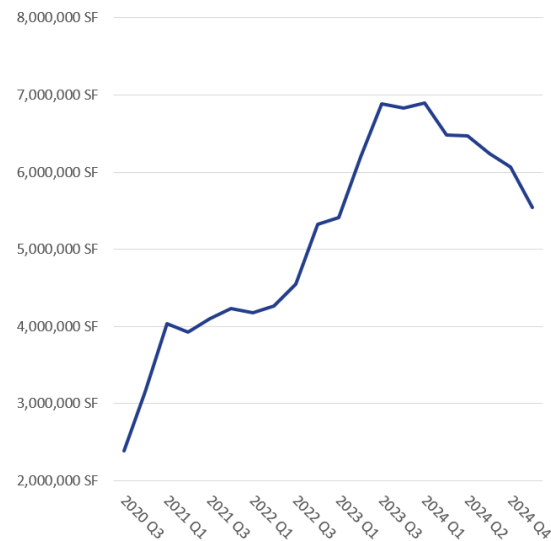
PRICING BLOCKS



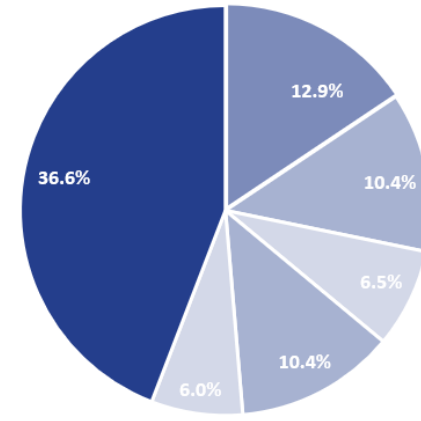
■ <\$15 ■ \$15-\$25 ■ \$25-\$35 ■ \$35-\$45 ■ \$45-\$55

24.1% of all sublease availability listed

TOTAL AVAILABILITY

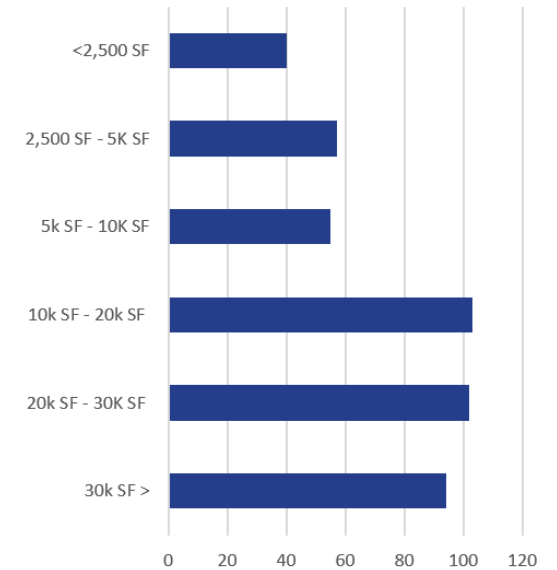


INVENTORY



■ Central Loop ■ East Loop
■ Fulton Market ■ North Michigan Ave
■ River North ■ West Loop

DISTRIBUTION OF AVAILABILITY BY SIZE



Subleasing

Sublease space continues to be a thorn in the side of landlords, providing tenants with the opportunity to obtain discounted space in the market. Sublease space is now providing another difficulty for landlords: converting back to direct space. Although vacant sublease space is down to 1.4% due to this conversion, it is still stubbornly high. Available sublease space seems to have peaked at this time last year and is now down to 5M square feet (or 3.4%) of total inventory. Some sublease space represents true direct competition for downtown landlords as they are providing long term, high concession opportunities at below market rental rates. These aggressively priced options continue to create a compelling alternative for tenants in the market.

Capital Perspective

Given the challenging interest rate environment for lenders, the capital situation in downtown Chicago has become a central concern for most landlords, even with the recent drop in rates. Building values continue to decline as vacancies increase and demand weakens, leading to distress in several properties. Currently, there are 42 distressed assets across the CBD, representing 11.7% of the market and creating significant potential for rent resets. Several buildings have sold for less than their most recent purchase price, resulting in an average value decline of 77% and opening the door for rent adjustments.

LARGE AVAILABLE SUBLEASES

Address	Size (SF)	Termination Date	Tenant
333 W Wolf Point Plz	119,950	May-40	Salesforce
1 N Dearborn St	101,550	Oct-31	ActiveCampaign
101 N Wacker Dr	100,000	Aug-27	TTX
100 N Riverside	95,451	Sep-32	Here Technologies
167 N Green	93,710	May-34	MOLO Solutions

Central Business District Q1 2025

Submarket/ Class	Total # of Buildings	Total RBA (SF)	Direct Vacant (SF)	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	Q1 Net Absorption (SF)	Under Construction (SF)	Gross Rent PSF Per Year
Central Loop	62	36,871,463	9,887,503	26.8%	0.4%	27.2%	(390,995)	0	\$42.50
Class A	13	13,972,035	2,389,009	17.1%	0.3%	17.4%	(116,122)	0	\$48.81
Class B	30	19,439,624	6,668,906	34.3%	0.5%	34.8%	(280,326)	0	\$39.42
Class C	19	3,459,804	829,588	24.0%	0.4%	24.4%	5,453	0	\$34.32
East Loop	56	27,520,758	8,151,203	29.6%	1.3%	30.9%	(109,590)	0	\$40.99
Class A	6	8,497,641	1,616,334	19.0%	3.2%	22.2%	(48,013)	0	\$48.64
Class B	23	13,799,237	4,647,233	33.7%	0.6%	34.3%	(71,193)	0	\$40.14
Class C	27	5,223,880	1,887,636	36.1%	0.1%	36.2%	9,616	0	\$30.81
Fulton Market	49	5,645,915	762,158	13.5%	1.7%	15.2%	(56,832)	0	\$47.90
Class A	11	2,432,619	110,220	4.5%	3.5%	8.0%	9,184	0	\$61.64
Class B	13	1,044,115	208,890	20.0%	0.0%	20.0%	(70,189)	0	\$40.48
Class C	25	2,169,181	443,048	20.4%	0.5%	20.9%	4,173	0	\$36.05
North Michigan Ave	32	9,377,053	2,185,834	23.3%	1.6%	24.9%	78,061	0	\$42.49
Class A	8	4,356,965	1,411,022	32.4%	2.9%	35.3%	68,145	0	\$47.11
Class B	11	2,918,950	661,756	22.7%	0.8%	23.5%	(5,794)	0	\$40.54
Class C	13	2,101,138	113,056	5.4%	0.0%	5.4%	15,710	0	\$35.64
River North	58	15,420,068	4,734,878	30.7%	1.1%	31.8%	(6,196)	0	\$46.44
Class A	9	10,874,849	3,612,064	33.2%	1.2%	34.4%	(65,741)	0	\$50.06
Class B	25	2,481,387	543,580	21.9%	1.0%	22.9%	19,260	0	\$38.91
Class C	24	2,063,832	579,234	28.1%	0.6%	28.7%	40,285	0	\$36.44
West Loop	85	51,955,792	10,954,092	21.1%	1.9%	23.0%	200,631	0	\$49.10
Class A	35	34,330,871	5,540,486	16.1%	2.1%	18.2%	(61,172)	0	\$52.04
Class B	34	15,698,127	4,808,087	30.6%	1.7%	32.3%	200,209	0	\$44.43
Class C	16	1,926,794	605,519	31.4%	0.6%	32.0%	61,594	0	\$34.80
Total CBD	358	156,615,177	38,170,054	24.4%	1.4%	25.8%	(275,192)	411,202	\$45.30
Class A	82	74,464,980	14,679,135	19.7%	1.8%	21.6%	(213,719)	411,202	\$50.78
Class B	136	54,981,440	17,538,452	31.9%	0.9%	32.8%	(208,033)	0	\$41.37
Class C	124	16,944,629	4,458,081	26.3%	0.3%	26.6%	136,831	0	\$33.94
Trophy CBD	16	10,224,128	1,494,386	14.6%	2.2%	16.8%	9,729	411,202	\$70.08

Central Business District Q1 2025

About Cresa Chicago

Cresa is the world's largest commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. We work with our clients to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to tenants' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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