

Greater Chicago Market Insights

Industrial

Q2 2025

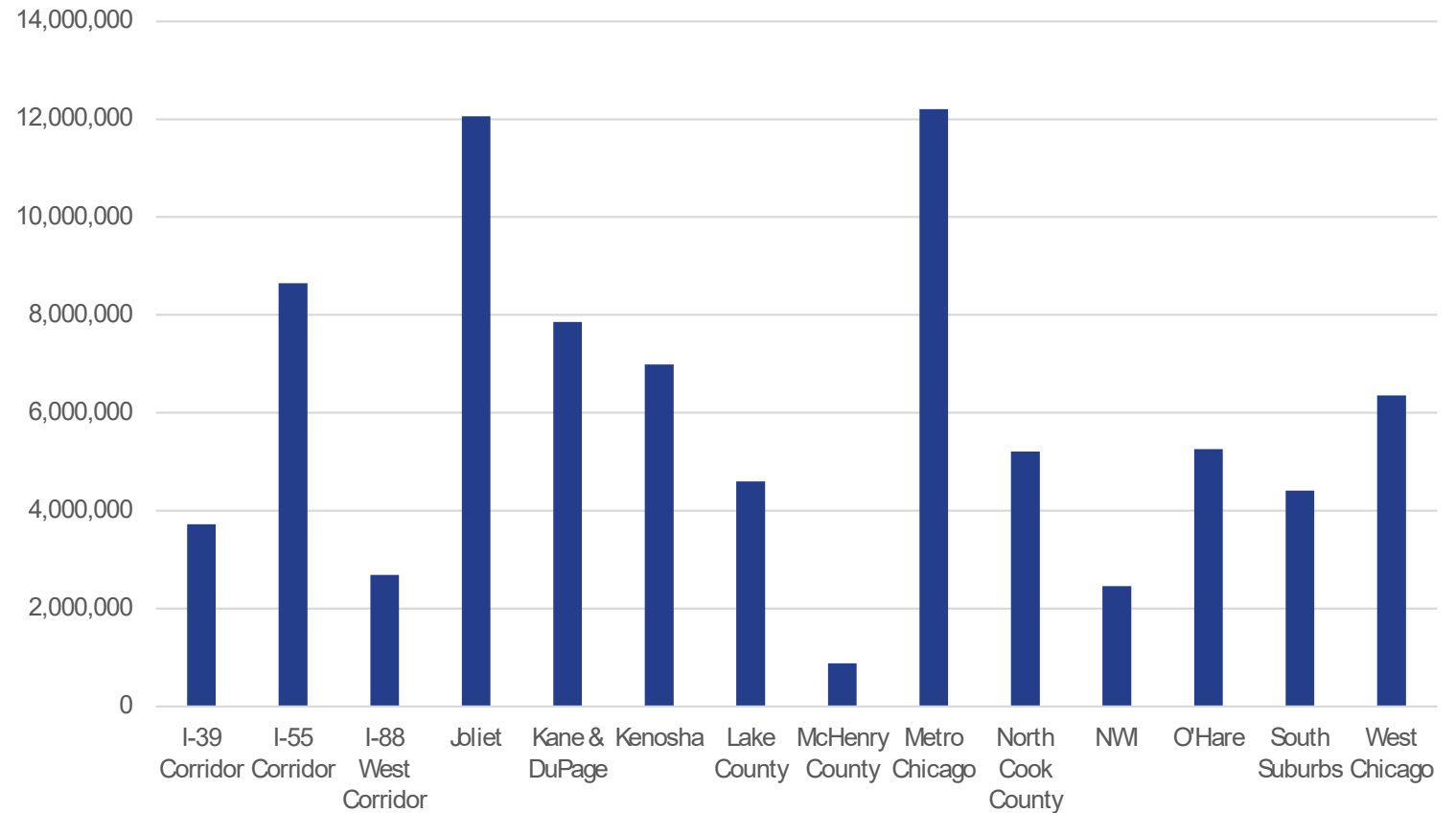
The Chicagoland industrial market softened midyear, with vacancy rising to 5.66% and net absorption turning negative for the first time in over a decade. Leasing slowed slightly, though rents rose to \$9.36 per square foot. Construction activity declined sharply due to high costs and interest rates, with just 1.7 million square feet delivered and 14.3 million under construction.



Vacancy

The Chicagoland industrial market experienced a slight increase in total vacancy, moving up to 5.44% in the first quarter of 2025. This was a marginal increase driven by direct vacancy increasing to 4.87%. Sublease vacancy also increased to 0.57%. While the total vacancy percentage is below the five-year average, the total amount of vacant square footage has been on the upswing over the past four quarters and is now above the five-year average. This divergence is due to inventory increasing 19.1% over the past five years - or 229M square feet.

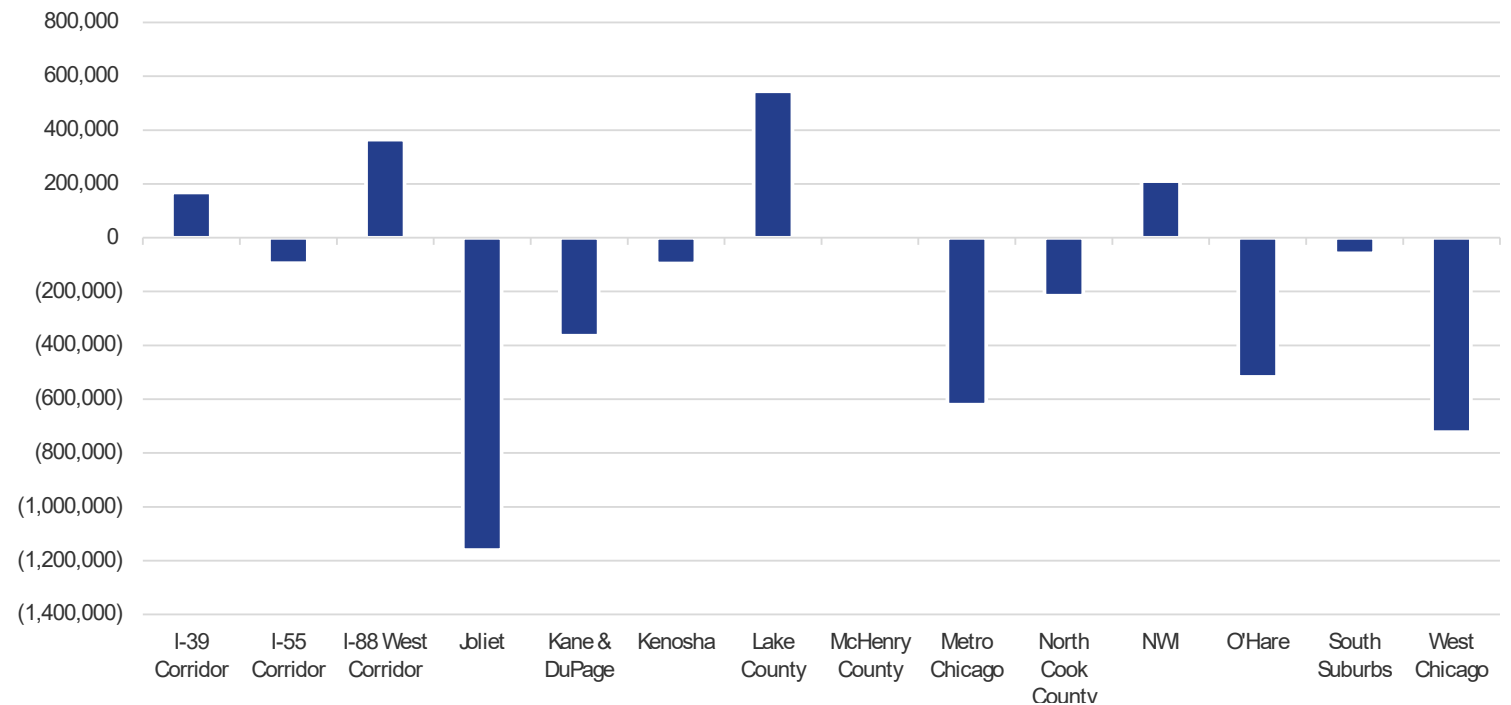
SHARE OF VACANCY



Absorption

Net absorption was negative in the second quarter, the first recording of negative movement in over a decade. Several key submarkets were in the red over 500,000 square feet. These included Joliet, Metro Chicago, O'Hare and West Chicago. Several other submarkets were in the red but to a lesser degree with the I-55 Corridor, Kane & DuPage Counties, North Cook County, and the South Suburbs, all recording contractions. All other markets were positive, with Lake County being the only submarket with over 500,000 square feet of positive movement.

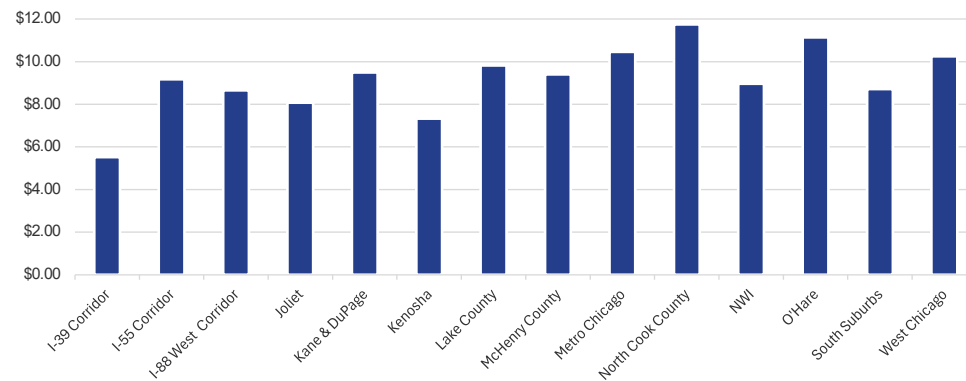
QUARTERLY ABSORPTION TOTALS



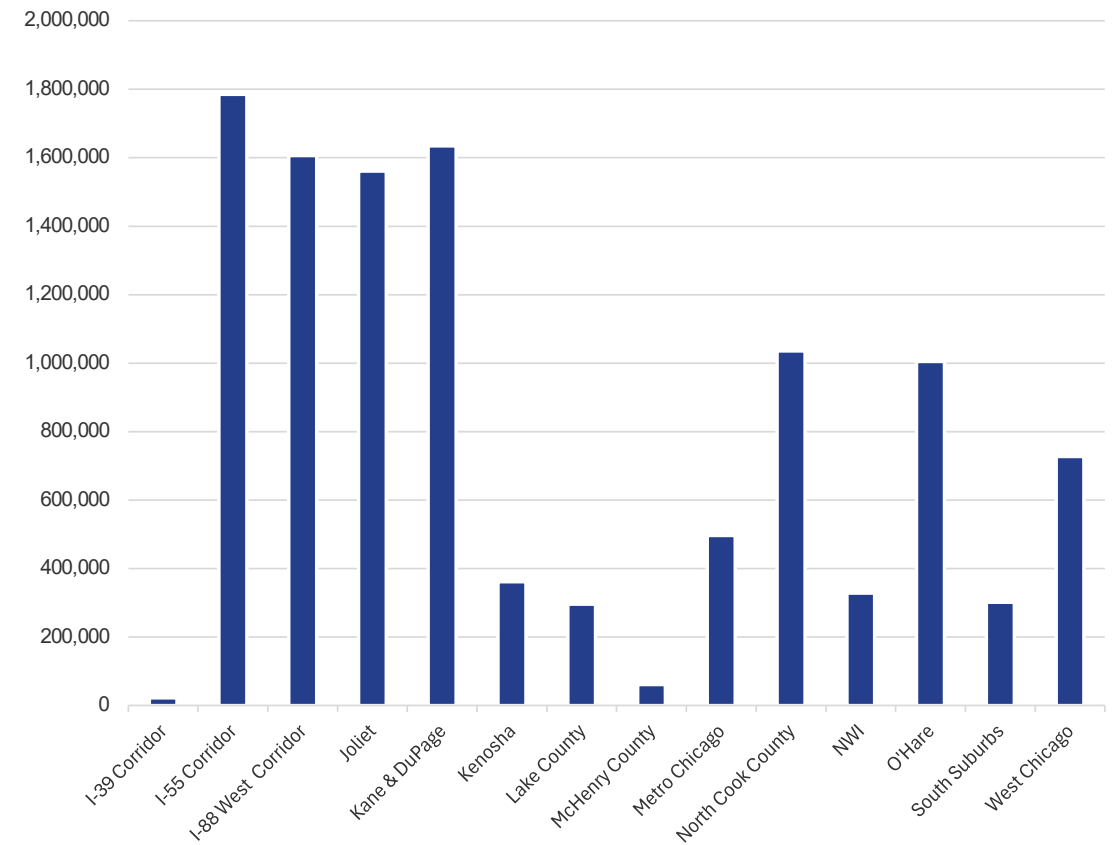
Market Rent & Lease Volume

Average asking market rent increased \$0.16 up to \$9.36 in the second quarter. This is for available space of all size ranges across all submarkets in Chicagoland. Pricing continues to be elevated due to high construction costs for newly delivered product in addition to tight vacancy. However, existing landlords are hesitant to raise rates too much and risk losing occupiers in an increasingly tenant favorable market. Leasing volume has spurred this landlord mentality. Total leasing volume was up slightly to 11.2M square feet.

MARKET ASKING GROSS RENT

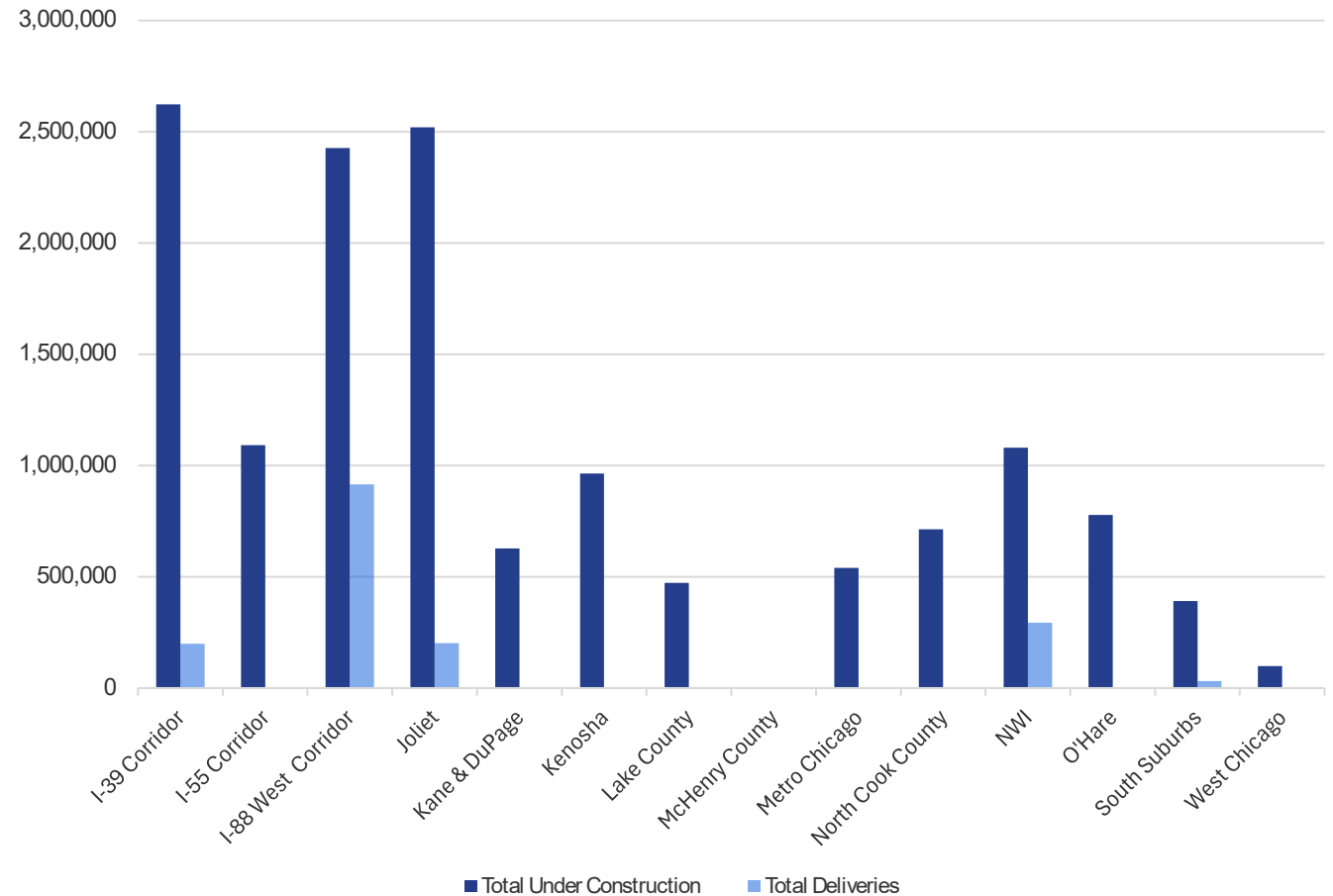


QUARTERLY LEASING TOTALS



Under Construction & Deliveries

The total number of buildings under construction has dwindled under the pressures of rising material prices and a high-interest rate environment. There was only 1.7 million square feet of new space delivered over the second quarter, just over a third of the ten-year average of 5.5 million. There is currently 14.3 million square feet of space under construction, just higher than the lowest total since the first quarter of 2018. New construction is concentrated in eight submarkets: I-39 Corridor, I-88 West Corridor, I-55 Corridor, Joliet, Kane & DuPage, Kenosha, NWI, and O'Hare.



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Submarket Cluster	Inventory (SF)	Direct Vacant (SF)	Total Vacant (SF)	Direct Vacant (%)	Total Vacant (%)	Total Available (SF)	Total Available (%)	Total Net Absorption (SF)	Under Construction (SF)	Quarterly Deliveries (SF)	Quarterly Leasing (SF)	Market Asking Gross Rent
I-39 Corridor	81,327,252	3,724,692	3,724,692	4.60%	4.60%	3,484,497	4.20%	168,250	2,623,000	200,000	22,900	\$5.52
I-55 Corridor	159,517,687	7,642,724	8,646,288	4.80%	5.40%	18,675,249	11.60%	(94,912)	1,092,481	0	1,785,294	\$9.17
I-88 West Corridor	81,358,860	2,369,404	2,683,608	2.90%	3.30%	7,868,525	9.40%	364,348	2,426,536	916,265	1,606,519	\$8.65
Joliet	127,201,941	10,038,346	12,062,151	7.90%	9.50%	14,841,698	11.40%	(1,161,002)	2,519,875	202,759	1,560,697	\$8.08
Kane & DuPage	153,587,580	7,477,500	7,859,113	4.90%	5.10%	10,802,752	7.00%	(364,623)	627,526	0	1,634,935	\$9.49
Lake County	86,497,677	4,455,863	4,595,795	5.20%	5.30%	6,761,018	7.80%	544,535	474,041	0	296,117	\$9.82
McHenry County	34,183,708	787,531	878,798	2.30%	2.60%	1,584,699	4.60%	11,432	0	0	61,224	\$9.40
Metro Chicago	180,171,684	11,795,963	12,205,647	6.50%	6.80%	16,746,128	9.30%	(620,910)	540,269	0	496,570	\$10.46
North Cook County	85,593,126	4,671,036	5,208,656	5.50%	6.10%	6,641,596	7.70%	(215,643)	713,642	0	1,035,549	\$11.75
O'Hare	104,569,340	4,172,642	5,260,126	4.00%	5.00%	9,586,384	9.10%	(516,831)	779,049	0	1,005,280	\$11.14
South Suburbs	93,549,676	4,217,886	4,411,347	4.50%	4.70%	6,926,180	7.00%	(57,879)	391,419	114,000	301,407	\$8.71
West Chicago	117,584,266	5,500,534	6,354,170	4.70%	5.40%	9,937,312	7.30%	(722,089)	99,682	31,510	727,466	\$10.25
Total Chicagoland (IL Only)	1,305,142,797	66,854,121	73,890,391	5.12%	5.66%	113,856,038	8.72%	(2,665,324)	12,287,520	1,464,534	10,533,958	\$9.46
NWI	72,814,701	2,003,963	2,458,872	2.80%	3.40%	3,804,919	5.10%	210,525	1,081,329	295,000	328,518	\$8.96
Kenosha	52,576,902	6,884,840	6,984,840	13.10%	13.30%	7,095,827	13.30%	(95,255)	964,565	0	361,530	\$7.33
Total Chicagoland	1,430,534,400	75,742,924	83,334,103	5.29%	5.83%	124,756,784	8.72%	(2,550,054)	14,333,414	1,759,534	11,224,006	\$9.36

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