

FIGURES | CHICAGO INDUSTRIAL | Q2 2025

# Tenant demand drives increase in new leasing activity and absorption

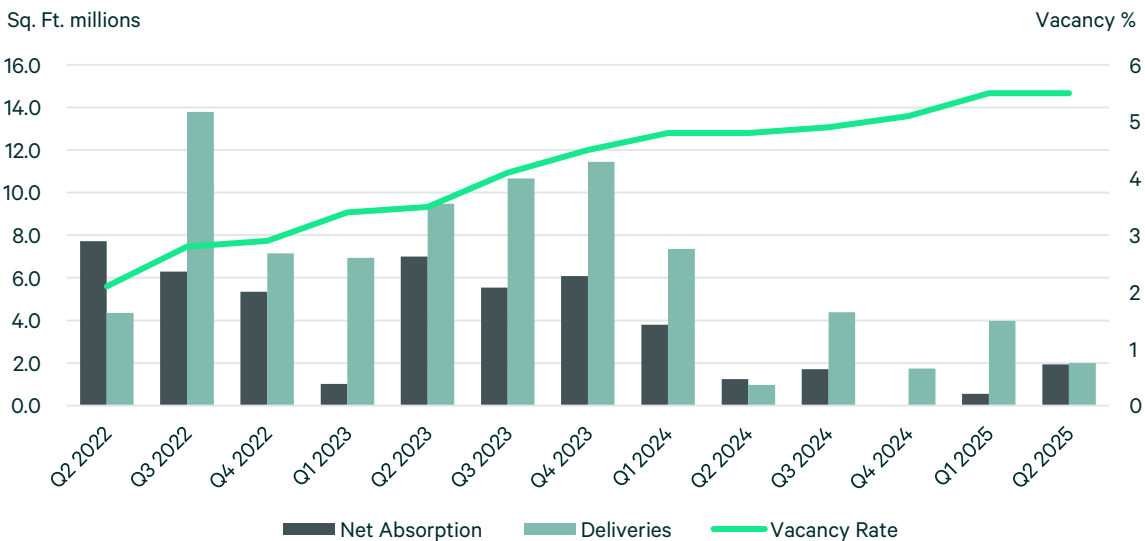


Note: Arrows indicate change from previous quarter.

SUMMARY

- The Chicago industrial market reported a 5.5% vacancy rate in Q2 2025, a four basis point (bps) increase quarter-over-quarter.
- The overall average asking lease rate saw a modest increase to \$8.66 PSF, up from \$8.59 PSF in Q1 2025.
- Net absorption surged to positive 2.2 million SF in Q2 2025, an increase from positive 554,786 SF measured quarter-over-quarter.
- A total of 37 projects, totaling 9.7 million SF, were underway at the end Q2 2025, a slight increase from 9.6 million SF reported in Q1 2025. Construction starts increased quarter-over-quarter, with build-to-suit starts up 72% and speculative starts up 49%.
- New leasing activity in the Chicago Industrial market saw a significant quarter-over-quarter increase in Q2 2025, climbing from 6.4 million SF to 8.2 million SF across 55 transactions greater than 30,000 SF.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

## Availability Rate

During the second quarter, the Chicago industrial market reported an overall availability rate of 8.9% and an overall vacancy rate of 5.5%. While these figures remained stable quarter-over-quarter, they represent a notable increase since Q2 2024, largely due to large blocks of space remaining unleased.

The Southeast Wisconsin submarket continued to experience the highest availability rate among all submarkets, primarily driven by recent large speculative construction deliveries that remain unleased, as well as significant move-outs during the second quarter. Notably, CNH vacated 167,367 SF in Sturtevant and Ta Chen International vacated 205,732 SF in Pleasant Prairie.

The sublease availability rate decreased for the third consecutive quarter, recording 1.1%, bringing the total amount of available sublease space to 12.4 million SF at end of the Q2 2025. The largest sublease transaction involved Veyer Logistics taking 421,361 SF at 715 Theodore Ct in Romeoville. An additional six subleases under 150,000 SF were completed during the second quarter.

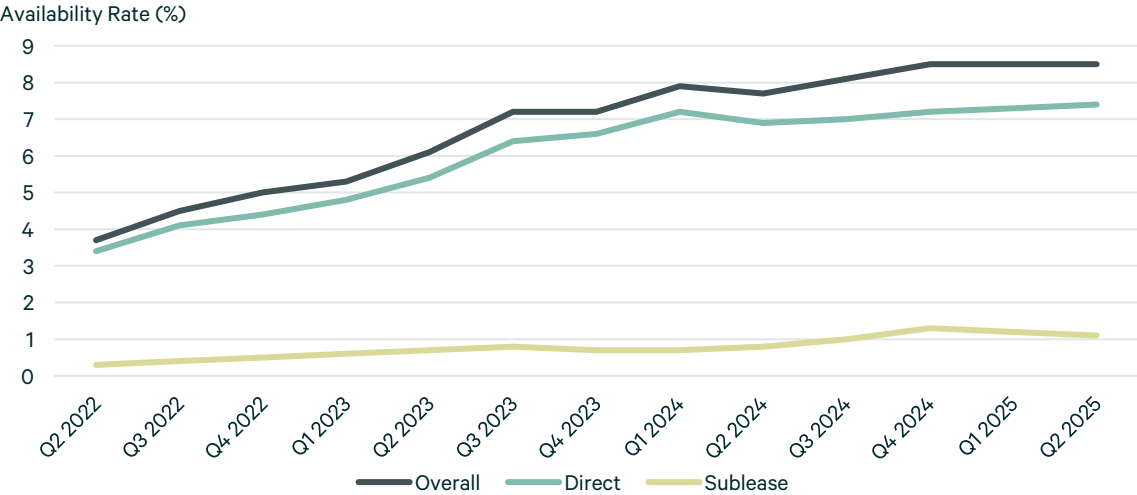
## Asking Rent

In Q2 2025, the overall average asking lease rate saw a modest increase to \$8.66 PSF, up from \$8.59 PSF in Q1 2025. Class A asking rental rates rose to \$8.91 PSF, while Class B/C rates remained steady at \$8.37 PSF. Overall, average asking rental rates were up 17% year-over-year.

The Southwest Suburbs continued to lead with the highest average lease rate for the second consecutive quarter, with Class A rates hitting \$15.92 PSF. City North and West Suburbs followed, at \$15.09 and \$14.00 PSF for Class A properties, respectively.

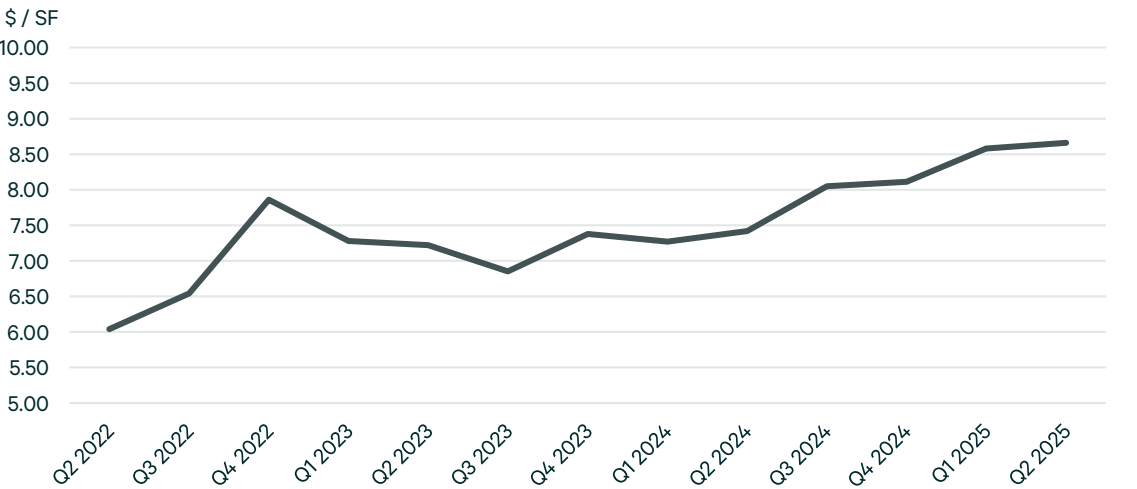
After several quarters of strong growth, with average rental rates increasing nearly 70% since 2019, the market is expected to see rental rates level off as supply and demand reach a more normalized balance.

FIGURE 2: Availability Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q2 2025

## Net Absorption

Net absorption surged to positive 2.2 million SF in Q2 2025, an increase from positive 554,786 SF measured quarter-over-quarter. For the second consecutive quarter, the Joliet Area submarket led the Chicago industrial market with the highest net absorption at 1.4 million SF, up from 1.1 million SF last quarter. Southeast Wisconsin also experienced robust growth with net absorption just over 1.0 million SF, a substantial increase from -65,801 SF in Q1 2025. North DuPage County also demonstrated positive momentum with 434,246 SF of positive absorption, an uptick from -66,743 SF last quarter. Notable move-ins include RJW Logistics Group occupying a 1.1 million SF facility in the Joliet Area and WestRock occupying 593,565 SF of space in Southeast Wisconsin.

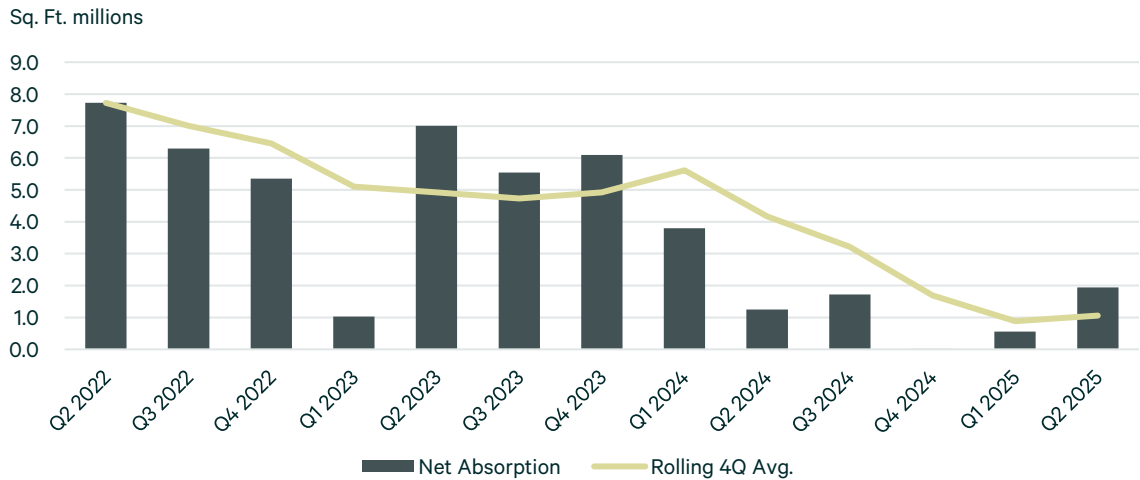
## Construction Activity

Despite a challenging market environment, the Chicago industrial market’s construction activity reflected signs of positive momentum in the second quarter of 2025. A total of 37 projects, totaling 9.7 million SF were underway as the end Q2 2025, a slight increase from 9.6 million SF reported in Q1 2025. Construction starts increased quarter-over-quarter, with build-to-suit starts up 72% and speculative starts up 49%, resulting in an overall 53% increase in total construction starts quarter-over-quarter. With many land sites under contract for redevelopment, the construction pipeline is expected to pick up in 2026.

The Joliet Area remained the most active submarket in terms of construction activity with 2.4 million SF underway, followed by Rockford Area with 1.2 million SF under construction.

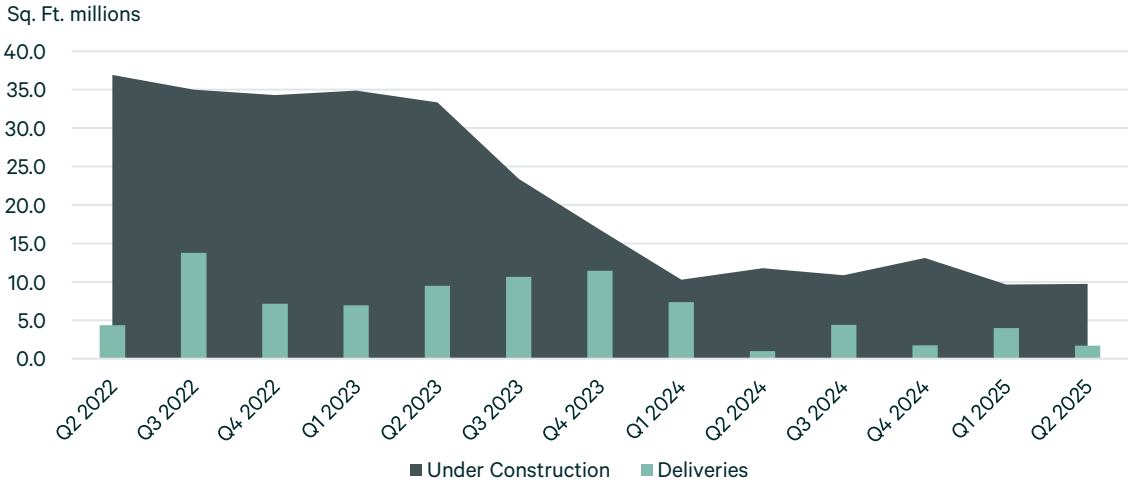
Seven projects totaling 2.0 million SF delivered in Q2 2025, including a 593,565 SF build-to-suit facility in Southeast Wisconsin, a 270,711 SF speculative building in Northwest Indiana and a 200,000 SF build-to-suit development in North DuPage County. Construction deliveries decreased by 42% quarter-over-quarter, compared to the 4.0 million SF delivered in Q1 2025.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity

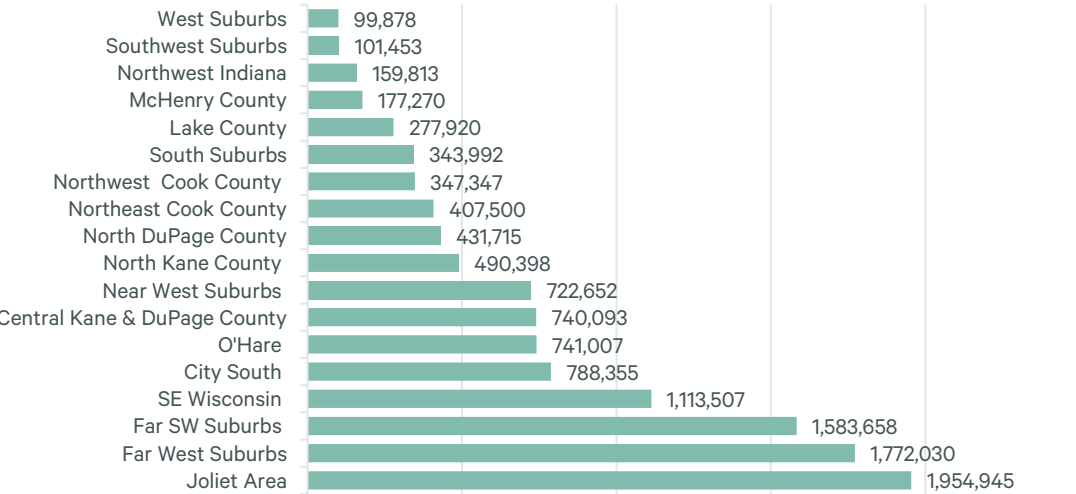


Source: CBRE Research, Q2 2025

## Leasing Activity

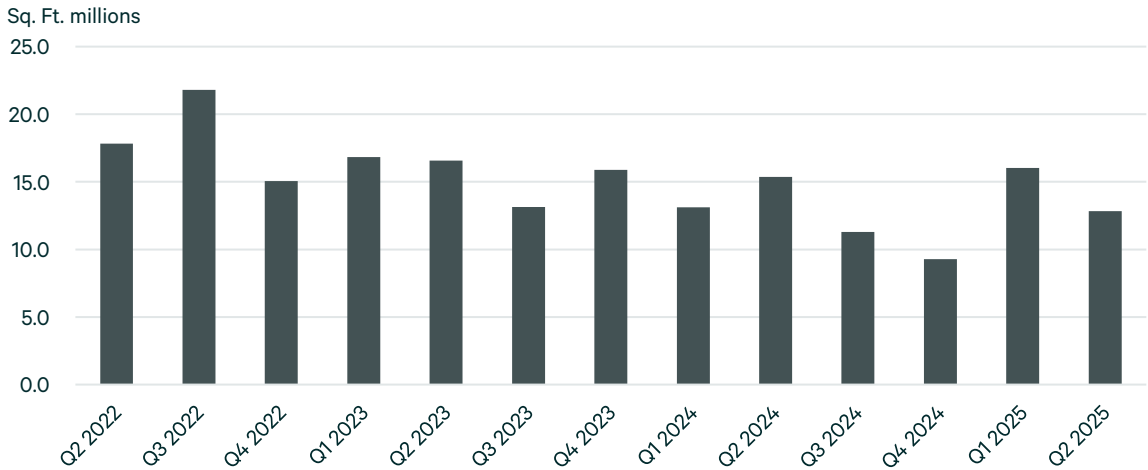
New leasing activity in the Chicago Industrial market saw a significant quarter-over-quarter increase in Q2 2025, climbing from 6.4 million SF to 8.2 million SF across 55 transactions greater than 30,000 SF. The Joliet submarket dominated new leasing, accounting for nearly 1.7 million SF. This included the largest new lease of the year, RJW Logistics securing 1.1 million SF at 201 W Compass Blvd in Joliet. Following closely, the Far West Suburbs submarket secured the second-highest volume of new leases, with eight transactions totaling 1.3 million SF. The submarket’s largest new lease of the quarter was signed by Jiufang E-Commerce Logistics, taking 381,000 SF at 2727 W Diehl Rd. New leasing activity remained relatively stable year-over-year, with 8.2 million SF transacted from April to June, a slight decrease from the 8.9 million SF recorded in Q2 2024. Renewals mirrored this stability, with 28 renewals totaling 4.0 million SF transacted. This was consistent year-over-year with the 4.1 million SF signed in Q2 2024. The City South submarket led all submarkets in renewals, recording three transactions totaling 689,584SF, including Sabert’s 452,290 SF renewal at 5490 Roosevelt Rd. Overall, 39 leases under 100,000 SF were signed, accounting for nearly half of all transactions by count.

FIGURE 6: Leasing Activity by Submarket – Leases 30,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 6: Leasing Activity Trend – Leases 30,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
RJW Logistics Group	1,139,153	New Lease	201 W Compass Blvd	Joliet Area
Sabert	452,290	Renewal	5490 W Roosevelt Rd	City South
Axis Warehouse	446,878	New Lease	4051 E Main St	Central Kane & DuPage County
Veyer Logistics	421,361	New Lease	715 Theodore Ct	Far Southwest Suburbs
SiteOne	417,384	New Lease	11559 80th Ave	SE Wisconsin
Jiufang E-Commerce Logistics	381,000	New Lease	2727 W Diehl Rd	Far West Suburbs
LGSTX Services	335,384	Renewal	2350 Frieder Ln	Far West Suburbs
International Paper Co.	316,200	New Lease	901 Bilter Rd	Far West Suburbs
Logistics Plus	285,000	New Lease	18801 Oak Park Ave	South Suburbs
Geodis Logistics	280,961	Renewal	99 N Pinnacle Dr	Far Southwest Suburbs

Source: CBRE Research, Q2 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	290,629,973	3.2	5.9	5.5	0.4	10.08	(889,749)	(772,400)	0	687,307
100,000-199,999 sq. ft.	238,404,336	4.7	8.0	7.1	0.9	8.82	(93,677)	(1,000,152)	250,414	2,101,873
200,000-299,999 sq. ft.	154,589,032	6.7	10.6	9.2	1.5	8.52	(109,406)	619,020	470,711	1,170,164
300,000-499,999 sq. ft.	186,993,439	6.8	9.4	8.3	1.1	8.96	424,757	883,922	681,000	1,083,028
500,000-749,999 sq. ft.	124,992,143	8.9	11.1	8.9	2.2	7.34	1,402,351	909,553	593,565	0
750,000 sq. ft.	171,827,497	5.2	8.6	7.5	1.1	7.99	1,420,702	2,069,821	0	4,670,940
Total	1,167,436,420	5.5	8.5	7.4	1.1	8.66	2,154,978	2,709,764	1,995,690	9,713,312

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	825,280,553	5.8	9.3	8.0	1.3	8.44	1,387,561	403,387	1,402,125	8,987,579
Manufacturing	264,658,578	3.1	5.4	4.9	0.5	8.34	261,629	209,788	593,565	532,714
R&D / Flex	21,624,436	2.0	4.1	3.7	0.4	9.89	(2,492)	2,178,903	0	0
Other Industrial	55,872,853	13.0	13.3	12.6	0.7	10.83	508,280	(82,314)	0	193,019
Total	1,167,436,420	5.5	8.5	7.4	1.1	8.66	2,154,978	2,709,764	1,995,690	9,713,312

Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	181,615,339	12.6	16.6	14.0	2.6	7.63	557,590	1,539,189	270,711	889,628
All Other Buildings	985,821,081	4.2	7.0	6.2	0.8	9.16	1,597,388	1,170,575	1,724,979	8,823,684
Total	1,167,436,420	5.5	8.5	7.4	1.1	8.66	2,154,978	2,709,764	1,995,690	9,713,312

Market Statistics by Submarket

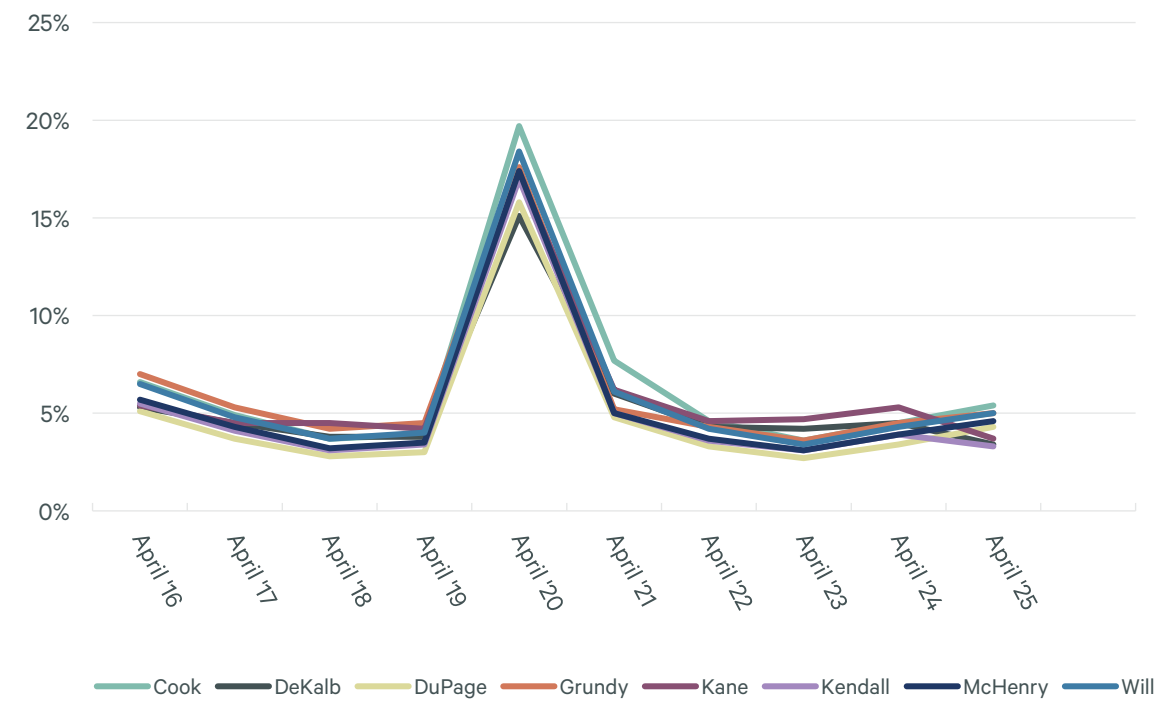
	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central Kane & DuPage County	37,386,348	6.3	9.0	8.0	1.0	9.28	-435,164	-579,938	0	0
City North	51,596,365	5.1	9.9	9.6	0.4	12.38	-232,384	-310,474	0	0
City South	100,215,661	3.9	7.0	6.4	0.6	9.31	-92,561	-479,386	0	440,146
Dekalb Area	13,267,005	1.1	3.2	3.2	0.0	6.57	0	-120,090	0	775,000
Far Southwest Suburbs	94,732,095	6.3	9.9	6.8	3.2	8.05	19,491	-1,162,220	0	752,481
Far West Suburbs	67,131,296	2.6	6.6	6.2	0.4	6.04	650,843	1,708,529	140,778	818,600
Joliet Area	106,167,730	6.4	9.5	7.6	1.9	7.12	1,410,400	2,543,586	0	2,497,660
Lake County	73,524,100	4.8	7.0	6.7	0.3	6.89	207,073	367,939	0	430,141
McHenry County	21,249,567	4.4	7.0	6.6	0.4	5.92	113,462	100,640	0	130,000
Near West Suburbs	72,862,683	5.5	9.4	7.7	1.8	9.71	-245,588	-349,150	0	99,682
North DuPage County	43,437,138	3.5	4.3	3.6	0.7	6.41	434,246	367,503	200,000	270,804
North Kane County	33,287,078	6.5	8.6	7.6	1.0	7.63	-44,159	407,618	0	132,000
Northeast Cook County	43,582,313	6.0	7.4	7.2	0.2	10.02	-23,557	-252,130	0	0
Northwest Cook County	26,181,360	7.2	10.3	9.2	1.1	9.54	10,618	42,395	0	238,606
Northwest Indiana	31,681,415	7.2	7.2	5.8	1.4	9.92	-42,735	79,757	270,711	1,106,495
O'Hare	87,452,821	4.4	9.1	7.7	1.4	10.97	-475,421	-715,255	0	181,579
Rockford	33,986,127	4.3	4.3	4.0	0.3	4.62	-6,396	1,480	0	1,200,000
SE Wisconsin	81,652,976	10.7	13.2	12.4	.8	5.48	1,040,936	975,135	1,384,201	400,107
South Suburbs	57,826,027	5.7	9.8	9.5	0.3	10.01	110,622	235,557	0	100,000
Southwest Suburbs	60,186,411	5.9	9.1	8.4	0.7	14.77	-304,906	-194,270	0	140,011
West Suburbs	30,029,904	1.6	4.9	3.9	0.9	10.35	60,158	42,538	0	0
Total	1,167,126,420	5.5	8.5	7.4	1.1	8.66	2,154,978	2,709,764	1,685,690	9,713,312

## Economic Overview

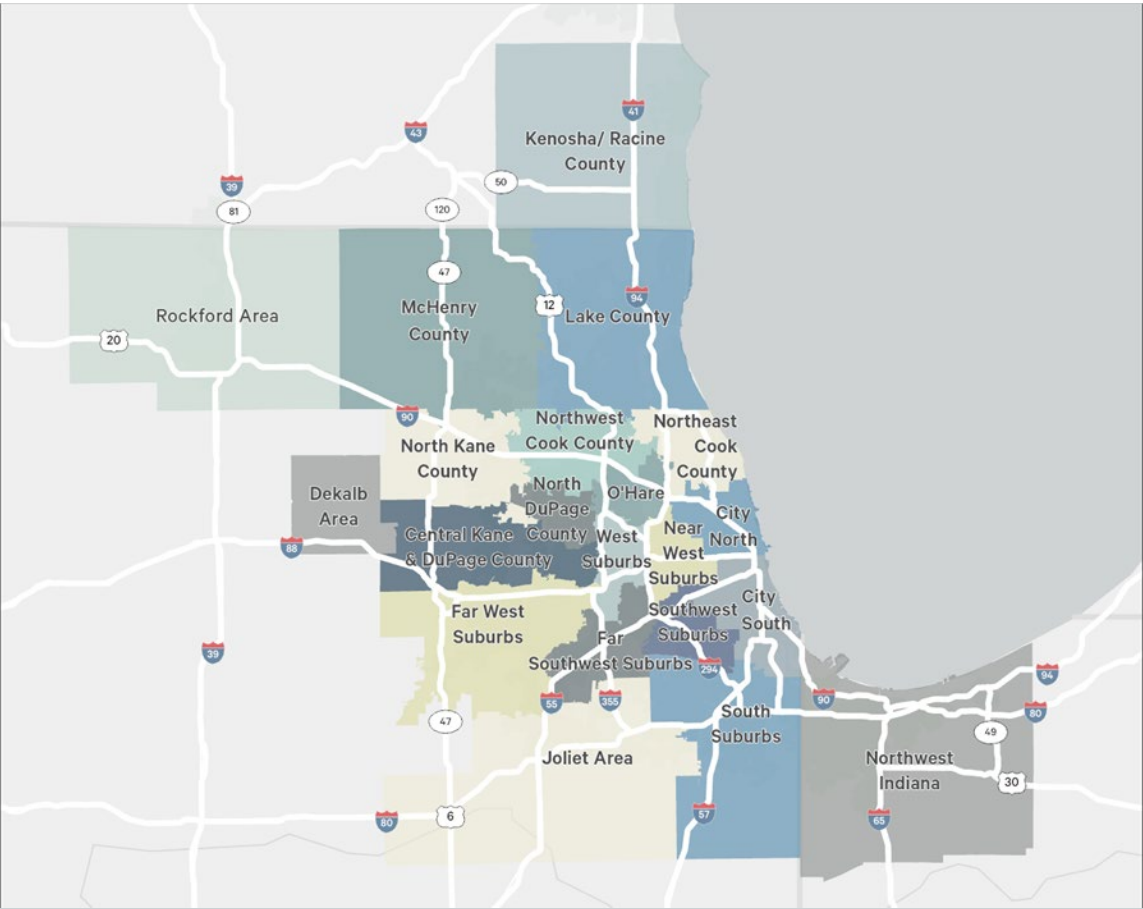
Policy announcements and the news cycle—not economic fundamentals—are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

Figure 8: Year-over-Year Unemployment Rates by County, not seasonally adjusted (as of April 2025)



Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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