Chicago CBD office market report

Q4 2025

AVISON YOUNG

Chicago CBD office market trends

8.4 msf

Leasing activity in 2025

Chicago CBD office leasing activity saw just over 8.4 msf for the first time since 2022 and is up 3% YoY from 2024. Additionally, FY 2025 activity fell just 30k sf short of a post-pandemic high and continued a stable trend of meeting 8 msf total activity.

Notable Q4 leasing activity includes USG resigning for 165k sf at 550 W Adams, AAR signing 90k sf at the Merch Mart, and Boeing taking a sale/leaseback at 100 N Riverside for 70k sf.

-2.1 msf

Net Absorption in 2025

Chicago's CBD has seen cumulative negative absorption each year since 2020. The CBD saw -2.1 msf net absorption in 2025, -400k sf of which came from Q4 alone. While this is a consistent negative result, Q2 2025 contributed 70% of 2025's total at -1.4 msf.

While negative absorption persists, Trophy product continues to render positive contributions. Chicago displays a tale of two qualities, as bifurcation has yet to subside among asset classes.

-3.0%

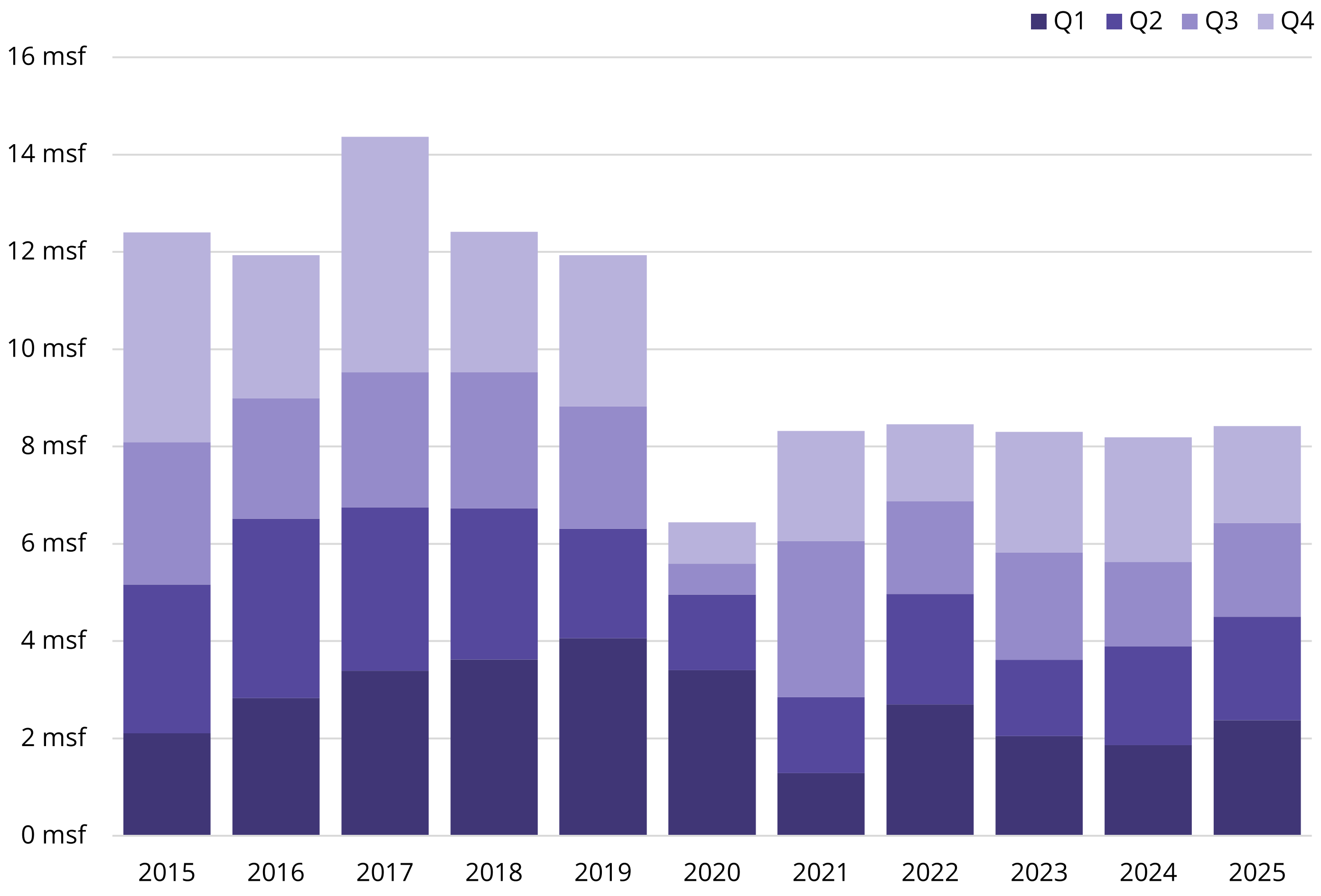
Average lease size from 2024

The average transaction size in Chicago's CBD has contracted by 3% from 2024 to 31k sf. Additionally, Trophy and Class A lease sizes saw a 9% reduction in the same time frame while Class B and C product saw a 16% increase in size.

This sizing is a continuation of post-pandemic trends, with total average lease sizing down 12% from 2020, consistent of Trophy/Class A down 25% and Class B/C up 7%.

Source: Avison Young Market Intelligence, CoStar

Leasing activity

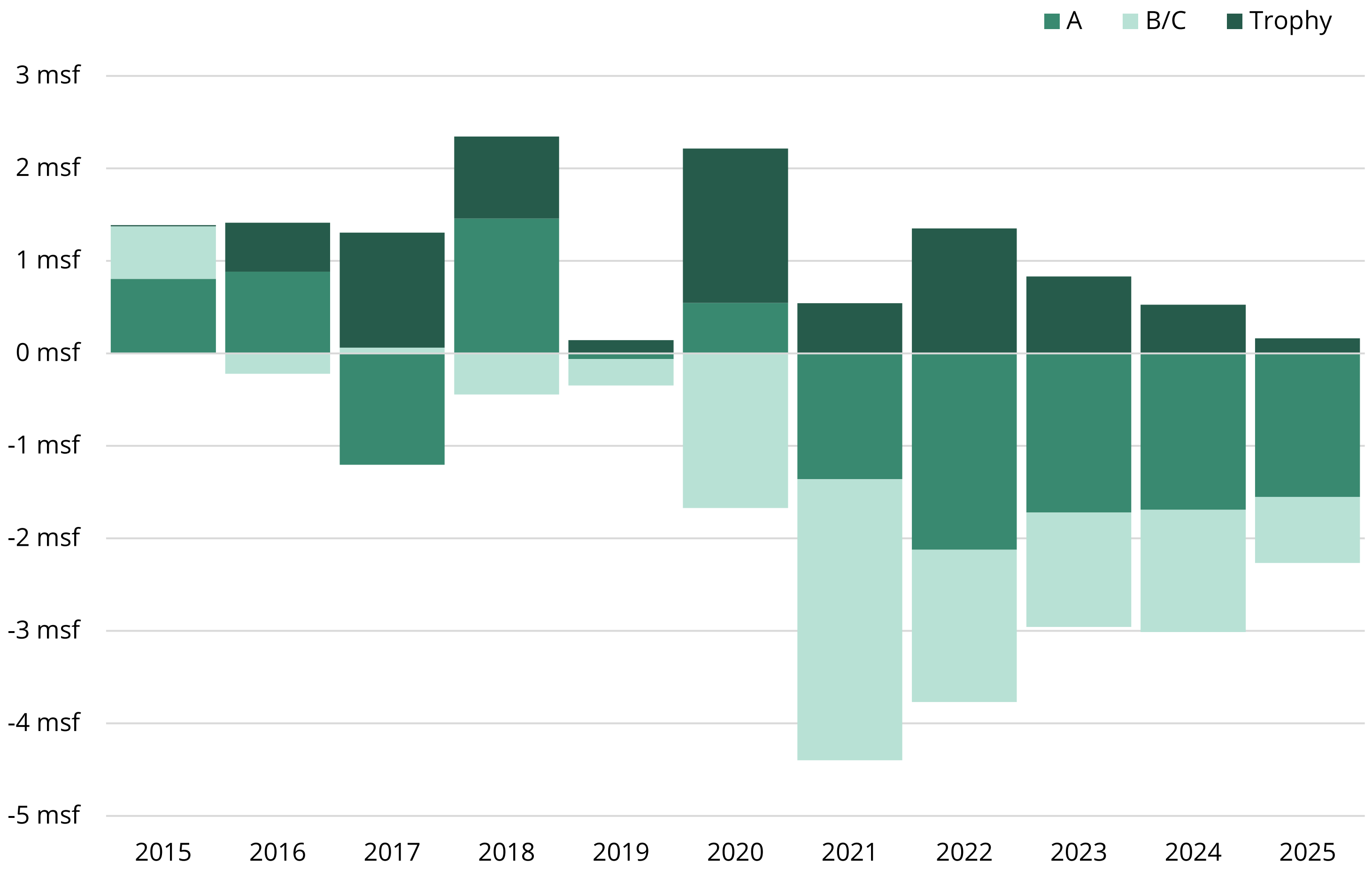


Chicago's CBD saw just under 2 msf of leasing activity in Q4, surpassing 8.4 msf YTD for the first time since 2022. FY 2025 fell just short of 2022's post-pandemic high, but continued to show improvement YoY, up 3% from 2024.

Additionally, Q4 2025 saw a 22% decline in activity from Q4 2024. This can be attributed to the overperformance of Q4 2024, which saw the largest year-end activity since the pandemic.

Source: Avison Young Market Intelligence, CoStar

Absorption by asset class

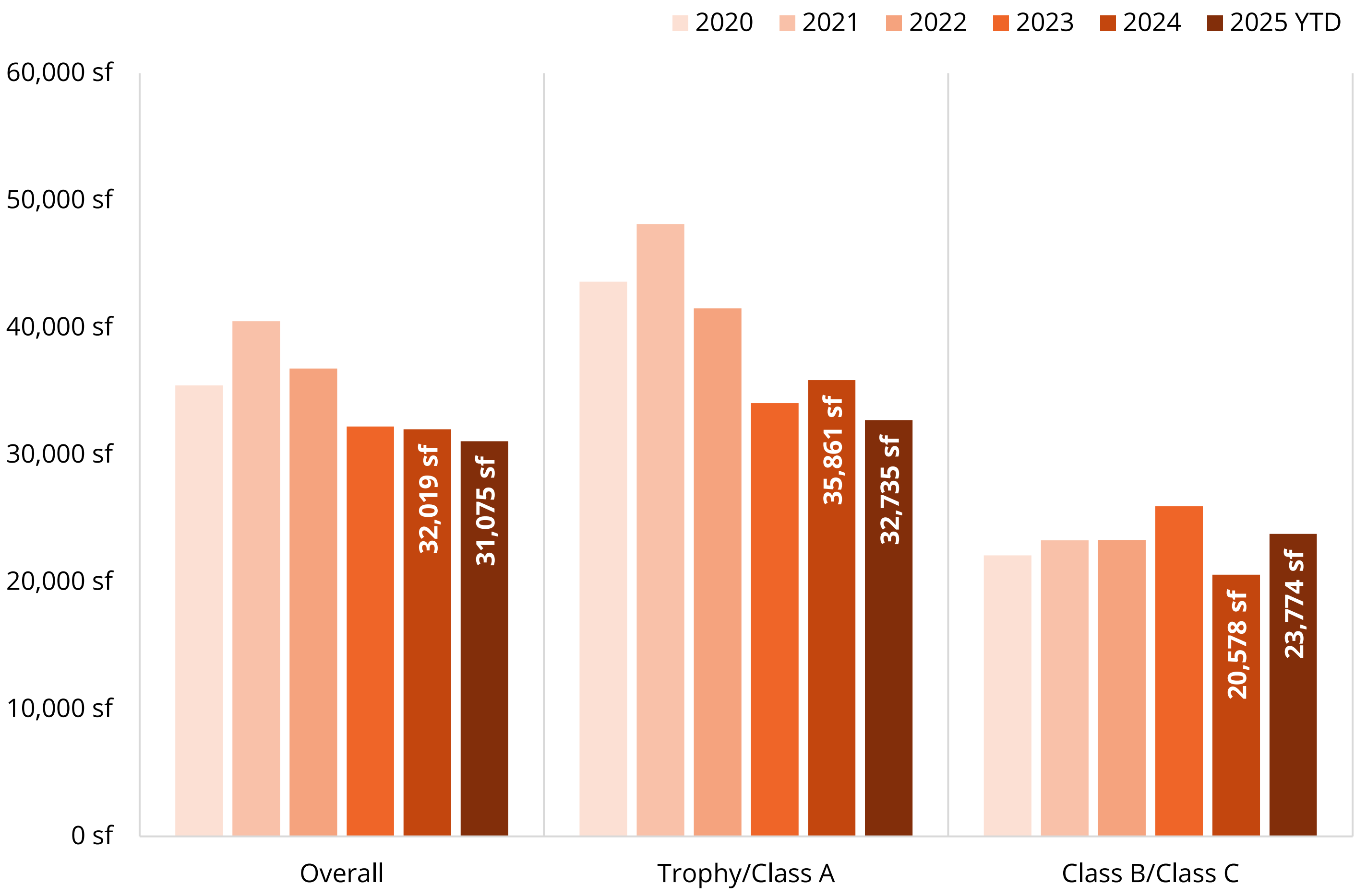


Source: Avison Young Market Intelligence, CoStar

In total, Chicago's CBD saw -2.1 msf of net absorption. While this is a continued negative result, almost 70% of FY 2025's negative total occurred in Q2 2025 (-1.4 msf).

Trophy assets have continued to render positive absorption each year since the pandemic but are seeing diminishing totals by an average of 48% since 2022 due to low availability. Despite the low availability, Class A negative absorption has not slowed at the same rate, averaging -1.7 msf each year since 2022.

Average lease size by class



Note: Leases 10,000 sf+
Source: Avison Young Market Intelligence, CoStar

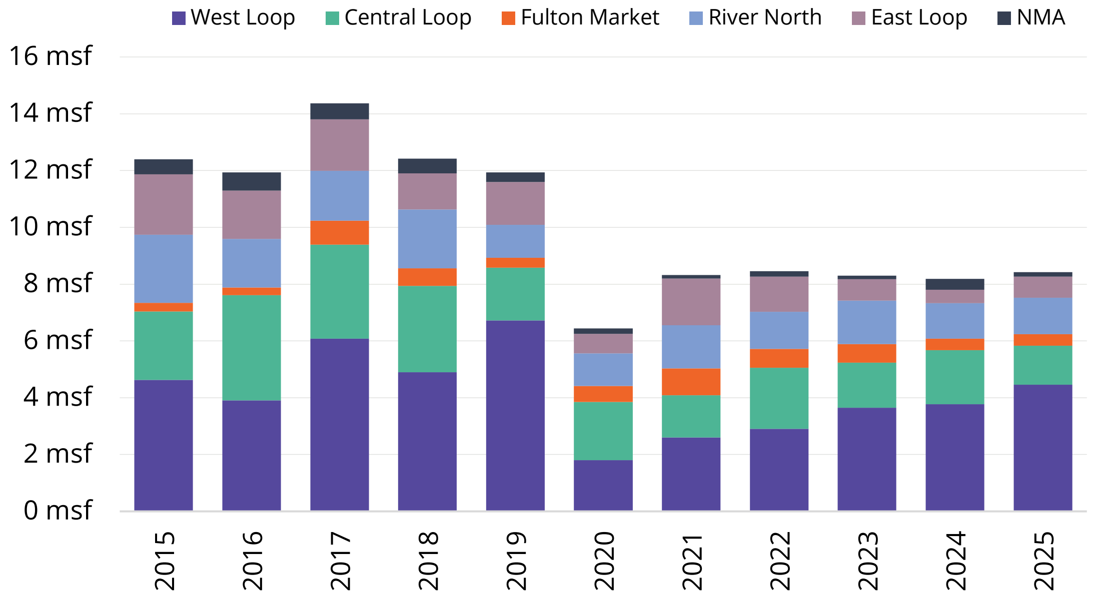
Chicago's CBD has seen a 3% reduction in average lease size from 2024, and a 12% reduction since 2020.

This is largely driven by contracting Trophy/Class A transaction sizes, which have shrunk by 9% and 25% in the same time frame.

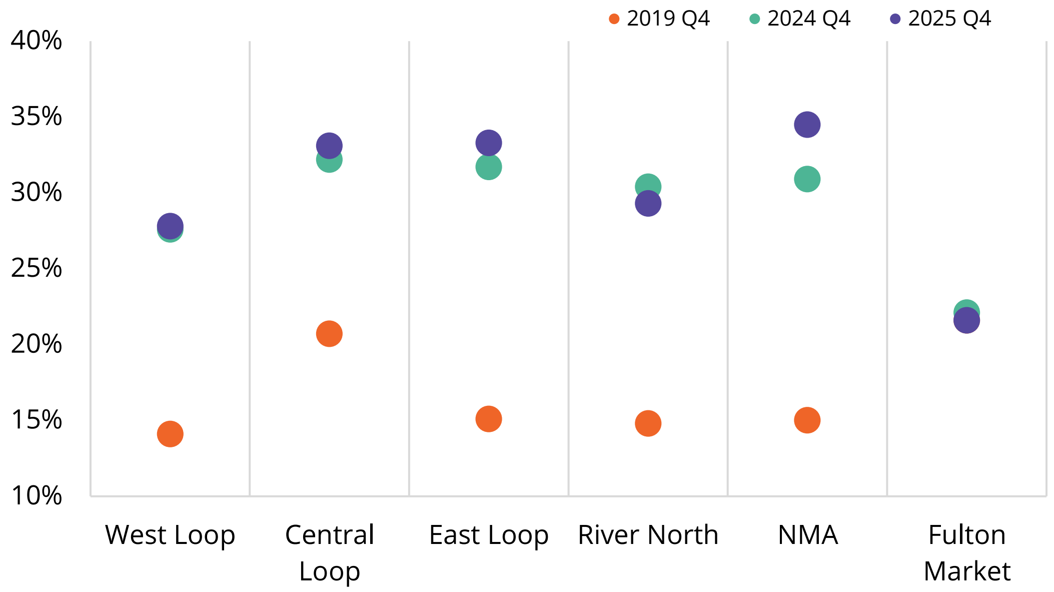
Market Drivers

Chicago CBD submarket snapshot

Leasing activity by submarket



Availability by submarket



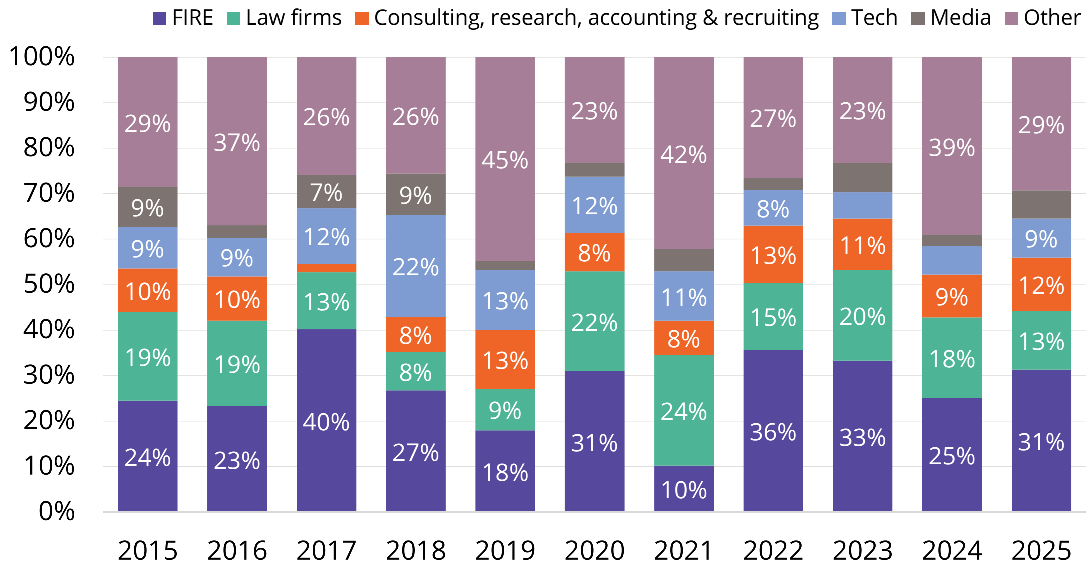
The West Loop submarket saw over half of the CBD's leasing activity in 2025. At nearly 4.5 msf, the West Loop saw an 18% increase from FY 2024 and six consecutive years of growth.

While the West Loop has driven leasing, availability has remained stagnant from 2024. In other notable changes, Fulton Market has officially matched pre-COVID availability.

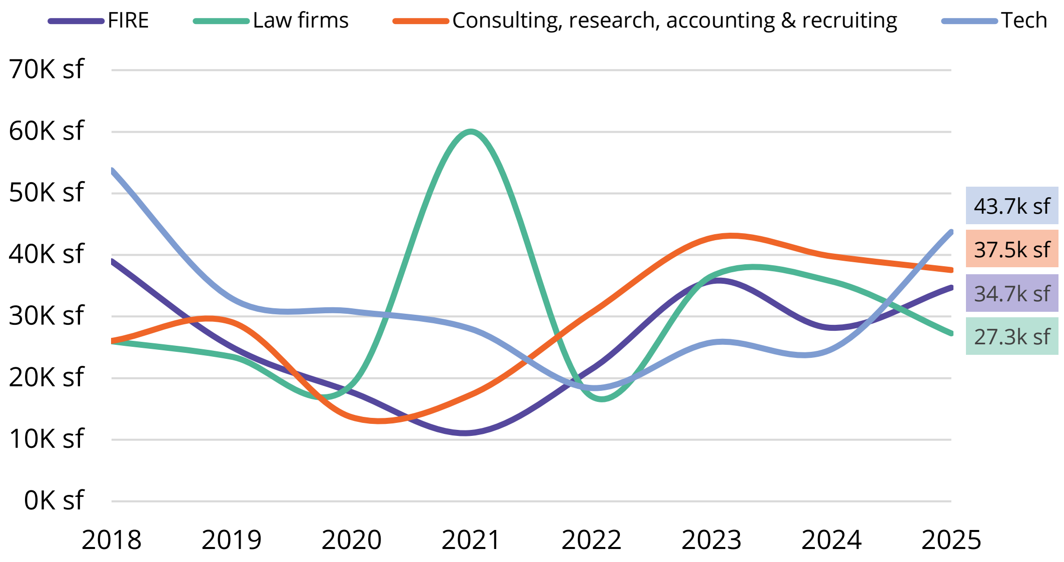
Source: Avison Young Market Intelligence, CoStar

Chicago CBD tenant industry snapshot

Leasing activity by submarket



Average deal size by industry

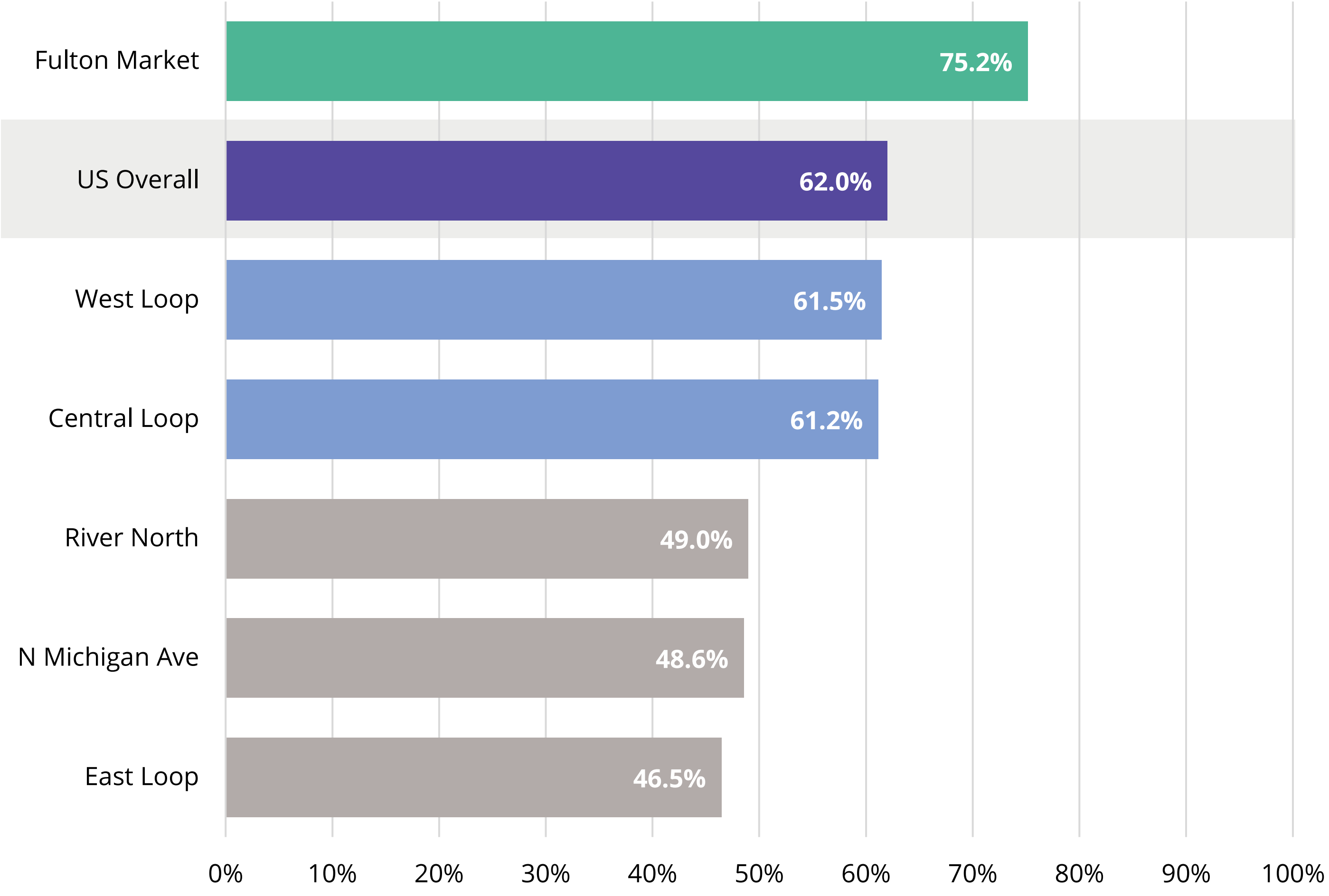


FIRE firms have averaged 28% of total leasing activity since the pandemic. While law firms took advantage of favorable lease terms post-COVID, they have rightsized and are nearing a growing professional services industry.

Tech and professional services industries currently seek the largest footprints with 44k and 38k sf, respectively. While law firms acted as opportunistic lessees in the wake of the pandemic, their sizing nears market norms.

Note: FIRE = Banking, Finance, Insurance, and Real Estate
Source: Avison Young Market Intelligence, CoStar

Office busyness by submarket, November 2019 vs November 2025

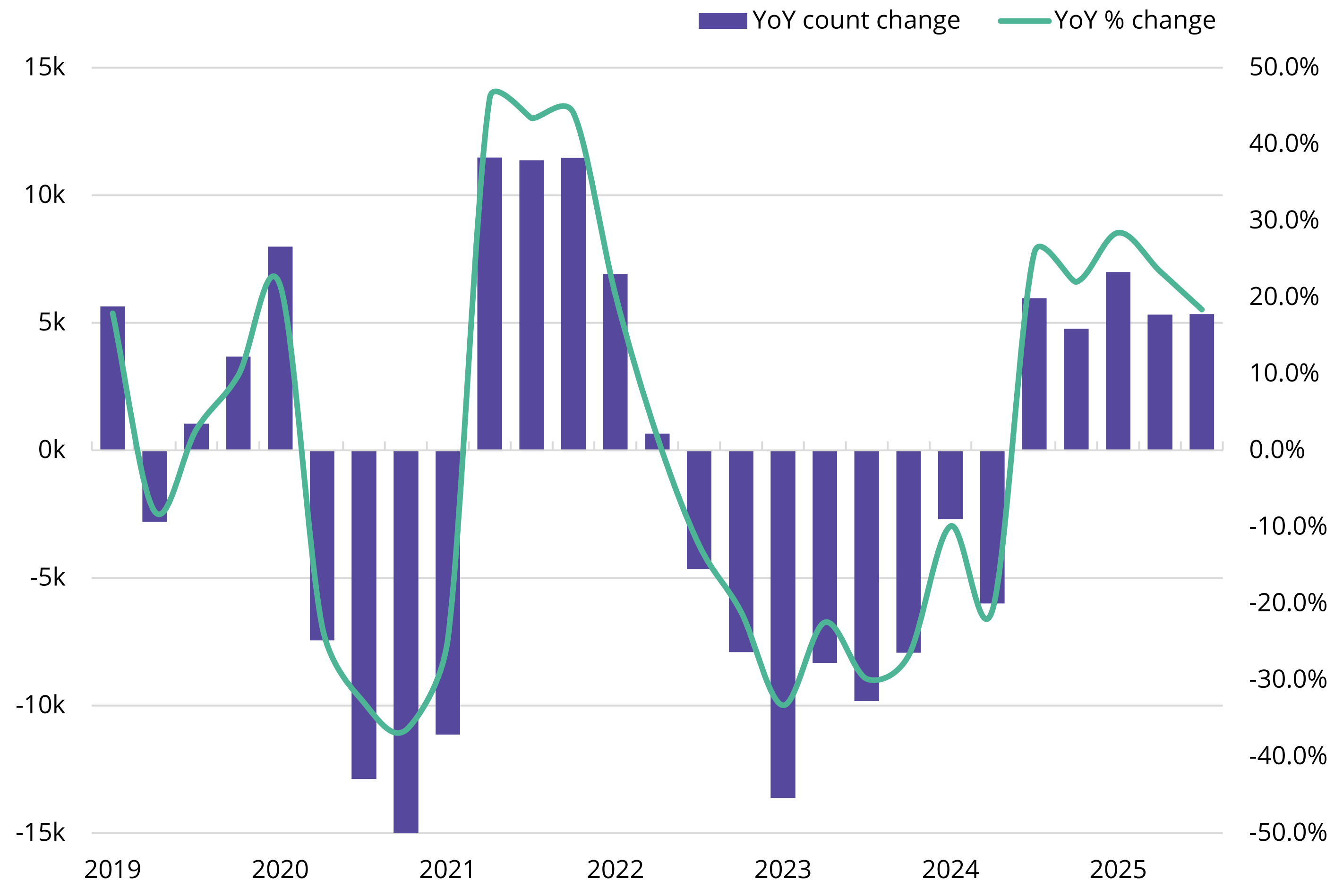


Source: Avison Young Busyness Index, placer.ai

As of November 2025, Chicago's CBD is 56% as busy compared to pre-pandemic November 2019 levels. Chicago lags 6.2% behind the US average, anchored by the River North, N Michigan Ave, and East Loop submarkets.

Fulton Market, West Loop and Central Loop submarkets have shown elevated utilization, with average activity levels of 89%, 71% and 64% in 2025 indexed to Dec 2019.

Net change in office-related, on-site job posting volume, YoY



Note: Office related job postings consist of in-person roles w/ minimum education = bachelor's degree or higher in select industries

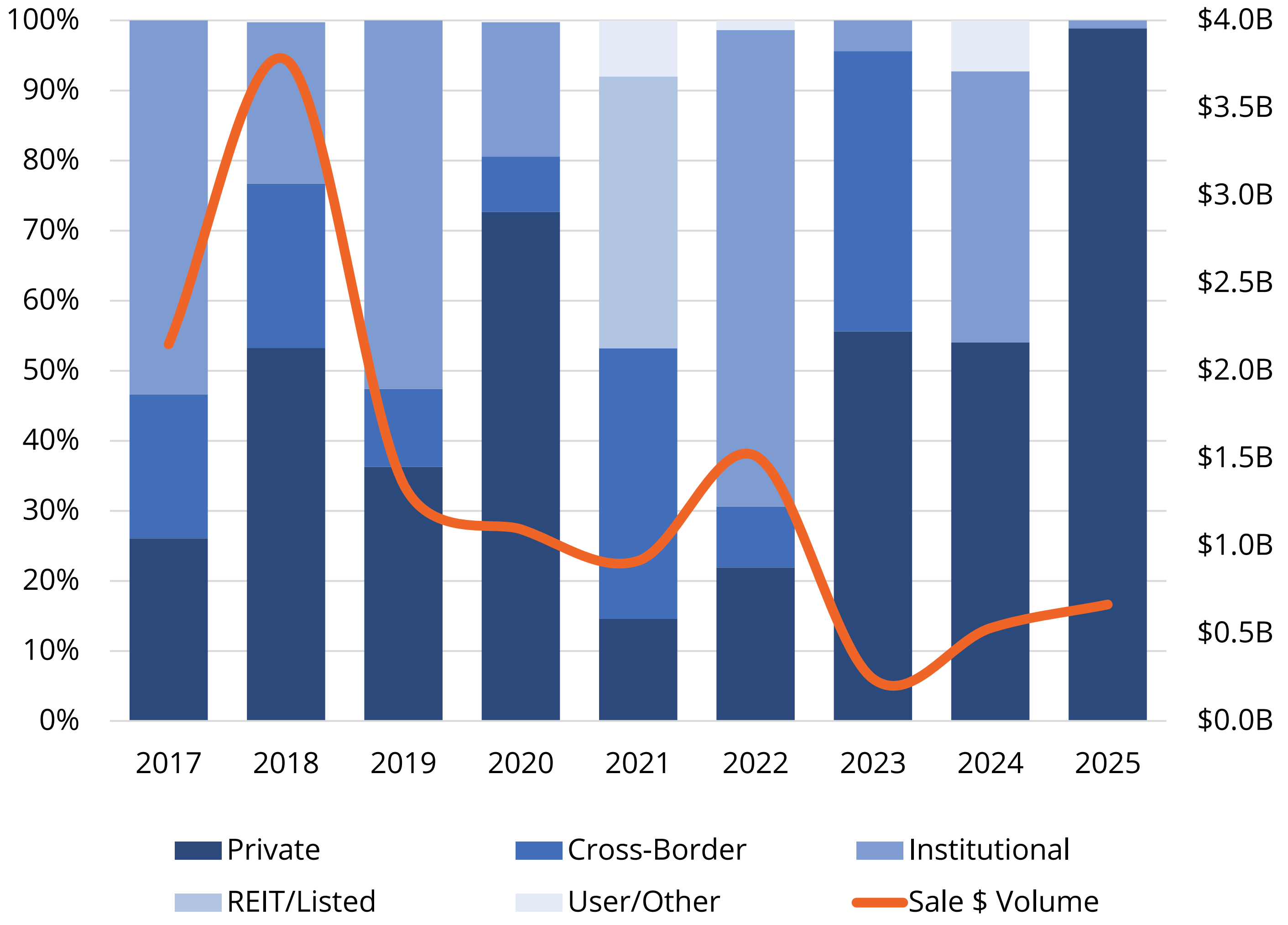
Source: Avison Young Market Intelligence, Lightcast

As of Q3 2025, Chicago has seen five straight quarters of growth in office-using, non-remote roles, averaging 5.6k (+23%) additional postings YoY in that time frame.

This surge is driven largely by onsite job growth in Chicago's professional services sectors who have averaged 27% growth YoY in 2025.

Capital Markets

Buyer composition and sale volume

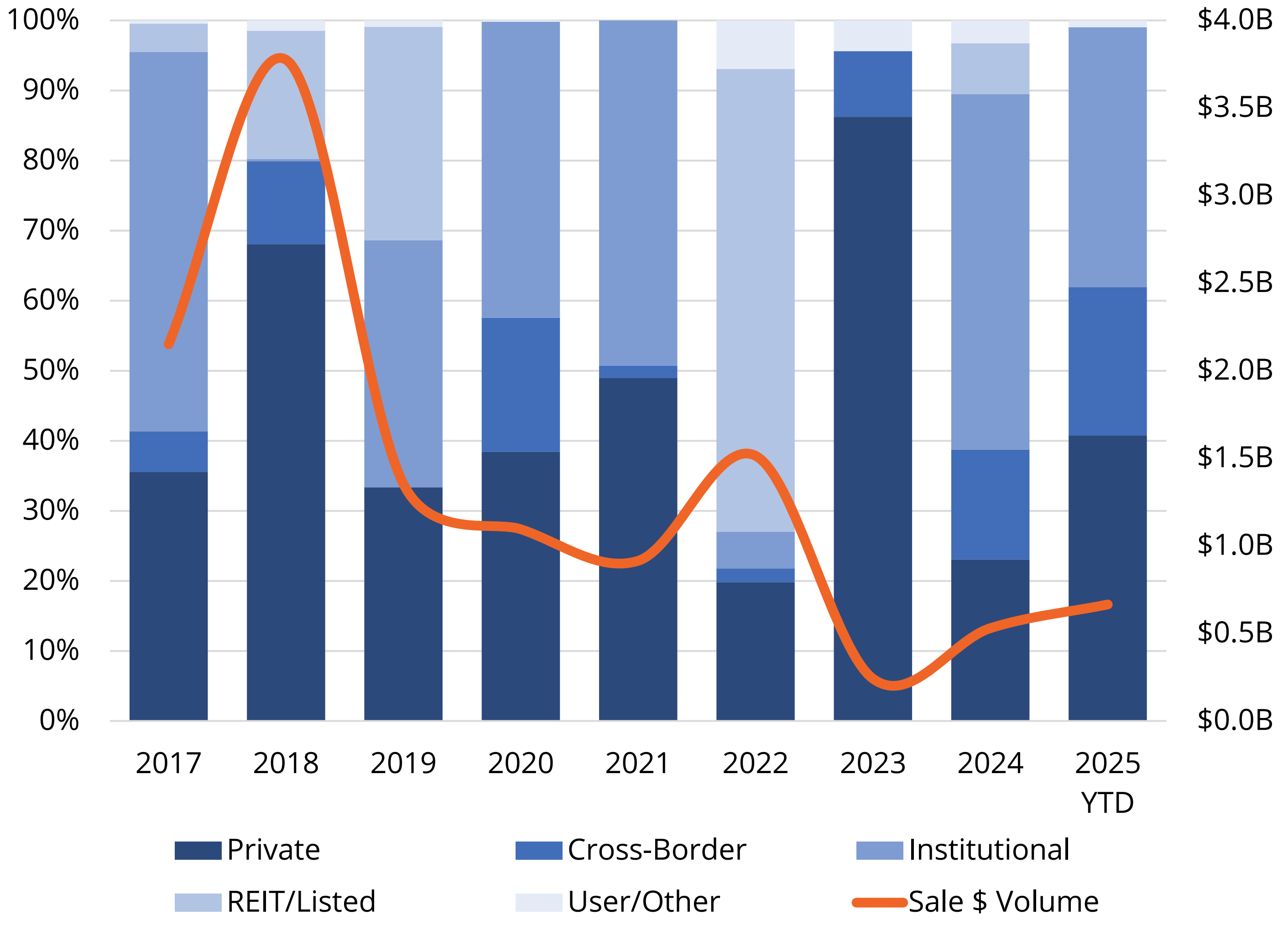


Note: Does not include transfers, office size >= 20k sf
Source: Avison Young Market Intelligence, RCA

Chicago's CBD saw a 26% increase in sale transaction volume from FY 2024. Additionally, 2025 transaction count jumped 5% YoY, suggesting an increased willingness to transact despite diminished asset pricing.

Additionally, Chicago's CBD buyer mix has consisted of nearly all private purchasers, a significant change from pre/post-pandemic norms.

Seller composition and sale volume

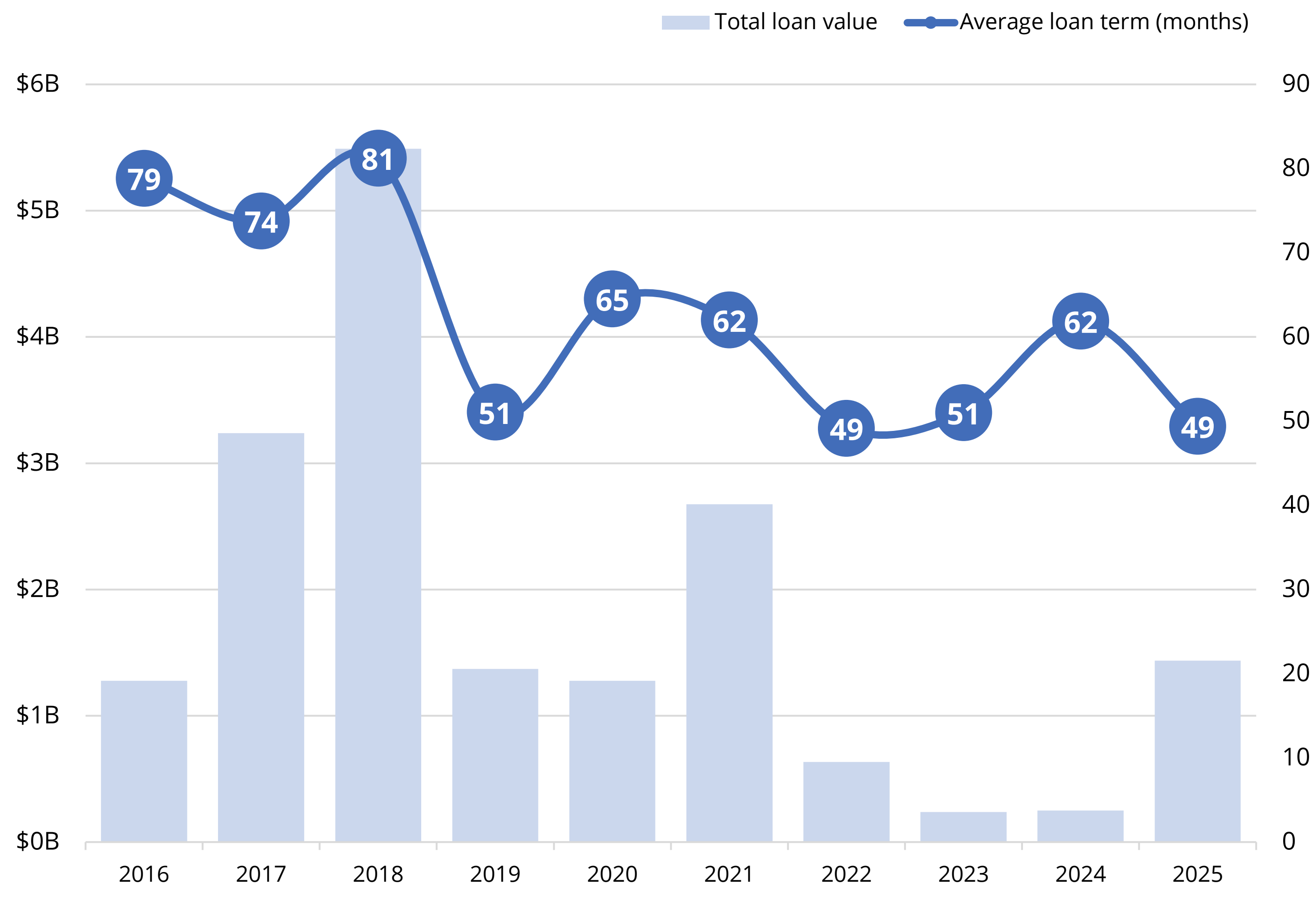


Note: Does not include transfers, office size >= 20k sf
Source: Avison Young Market Intelligence, RCA

While private sources have controlled the buy-side of Chicago's transaction activity, 2025 saw another shift on the sell-side. Private sellers jumped to 41% of dollar volume with institutional and international sources trailing at 37% and 21%, respectively.

This constitutes an 18% and 6% growth in private and international sellers, respectively, and a 14% decline in institutional share.

Office loan originations



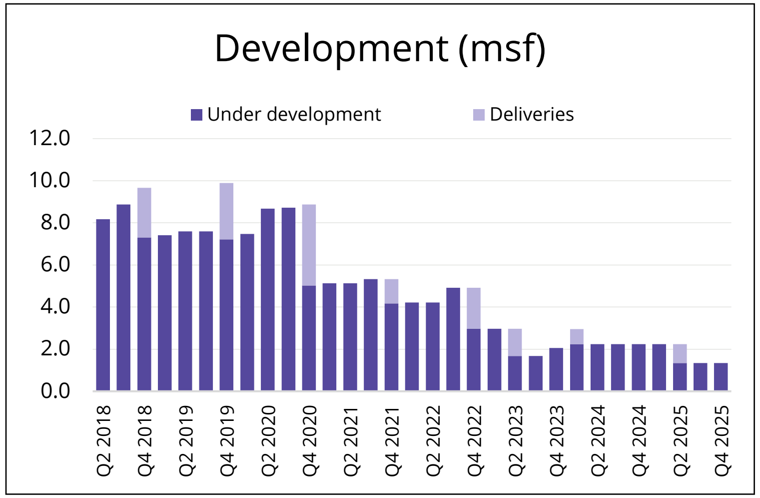
Despite a broader post-pandemic slowdown in office lending, 2025 saw a significant rebound. FY 2025 saw $1.4B in loan value, nearly 5x FY 2024 and the highest total since 2021.

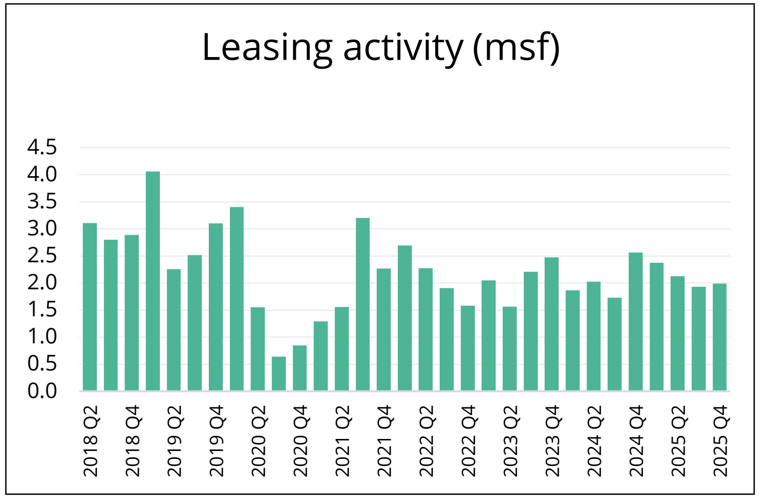
The average loan term has contracted from 78 months pre-COVID, to 56 months post-COVID as lenders favor shorter commitments amid market recovery.

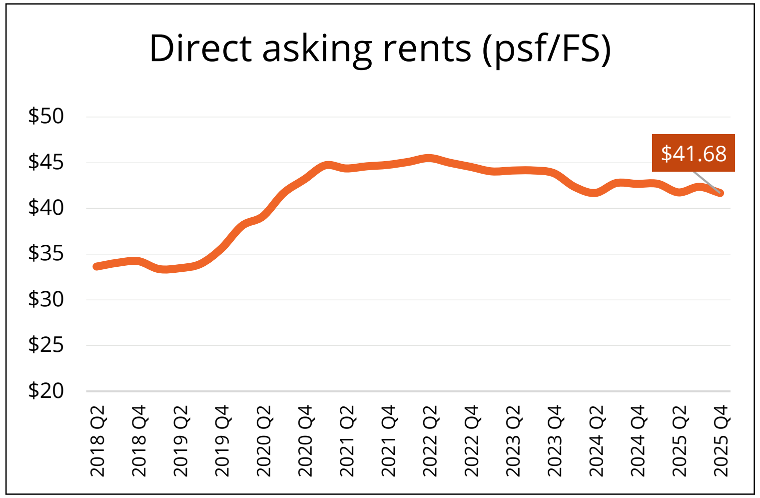
Source: Avison Young Market Intelligence, RCA

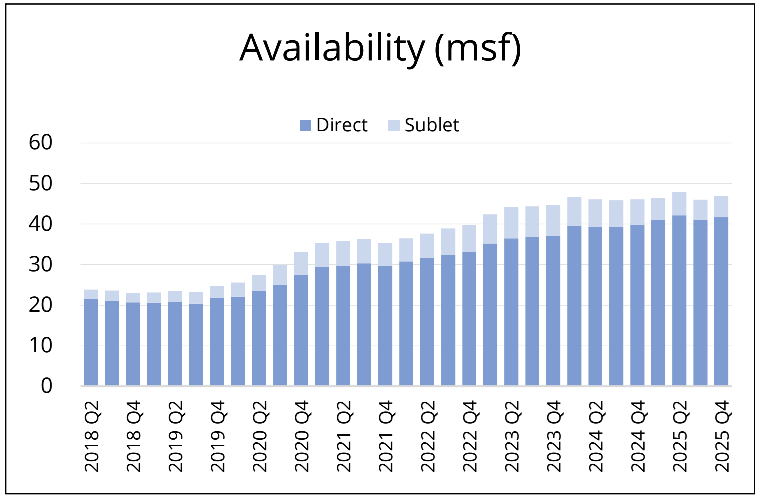
Appendix

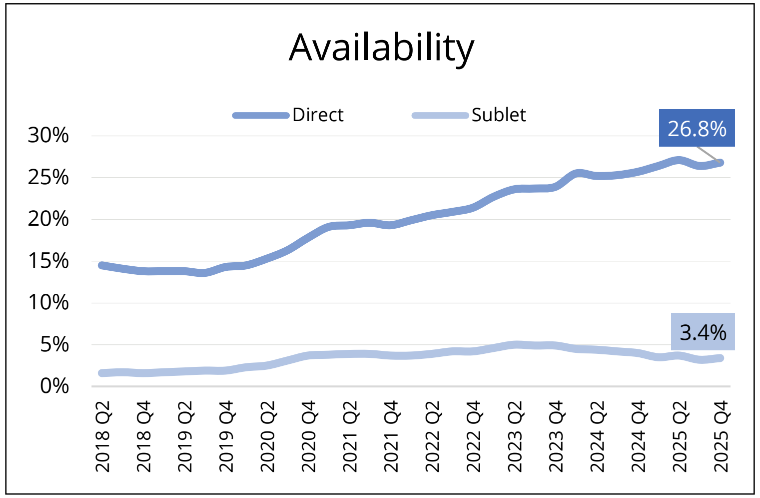
Chicago CBD office market indicators

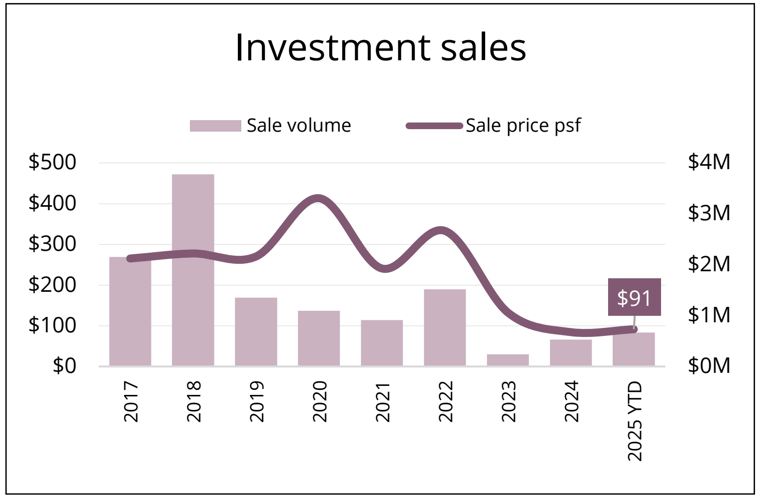












Source: Avison Young Market Intelligence, CoStar, RCA

Chicago CBD office market activity

Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
USG Corporation	550 W Adams St	CBD West Loop	Nov 2025	165,410	Renewal	Direct
AAR	222 Merchandise Mart Plz	CBD River North	Oct 2025	90,000	New	Direct
Boeing	100 N Riverside Plz	CBD West Loop	Dec 2025	70,434	New	Direct
Sargent & Lundy	77 W Wacker Dr	CBD Central Loop	Dec 2025	63,231	Expansion	Direct

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Mason Asset Management	190 S LaSalle St	Dec 2025	798,000	$ 55,000,000	$ 68.92	Beacon Capital Partners
Menashe Properties	125 S Wacker Dr	Oct 2025	576,800	$ 51,500,000	$ 89.29	La Caisse (Ivanhoe Cambridge)
601W Companies	525 W Van Buren St	Nov 2025	521,604	$ 35,000,000	$ 67.10	AEW
Stahl Organization	100 N Riverside Plz	Dec 2025	778,574	$ 22,000,000	$ 28.26	Boeing

Top projects under development

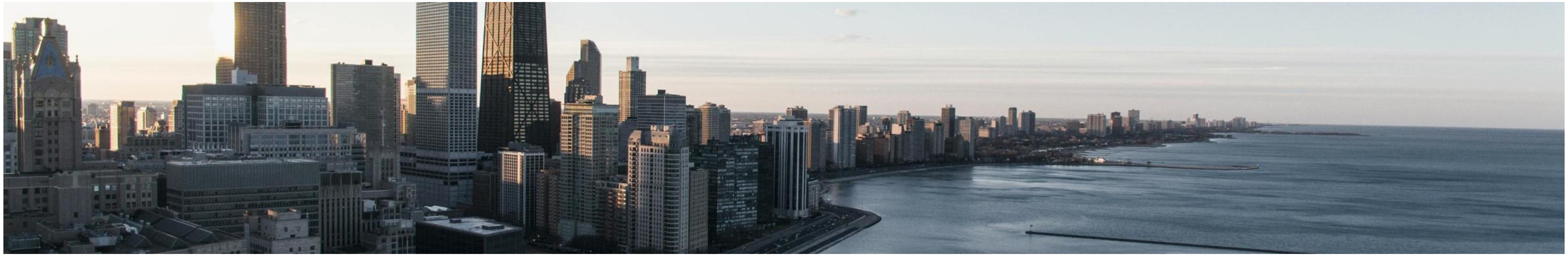
Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
100 W Randolph St Thompson Center*	CBD Central Loop	Aug 2026	945,120	-	Prime Group
919 W Fulton St	CBD Fulton Market	Feb 2026	369,008	49%	Fulton Street Companies
310 N Peoria St*	CBD Fulton Market	Mar 2026	26,412	-	Stan Properties

* Full Building Renovation

Source: Avison Young Market Intelligence, CoStar

Chicago CBD office market stats

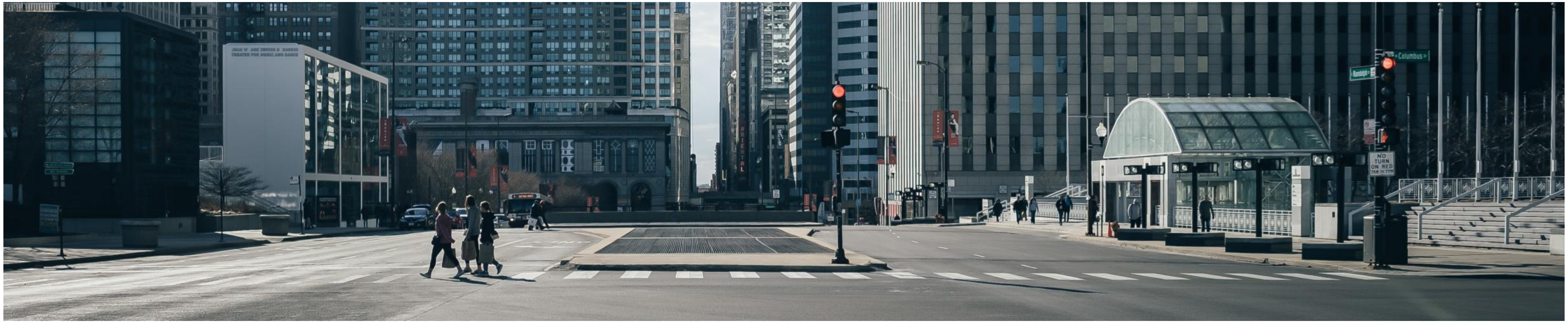
	Existing inventory sf	Deliveries sf	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
West Loop	57,117,356	-	-	24.1%	3.7%	27.8%	(649,886)	(1.1%)	$46.56
Central Loop	35,847,188	-	945,120	30.4%	2.7%	33.1%	(868,378)	(2.4%)	$37.30
East Loop	27,247,889	-	-	30.7%	2.6%	33.3%	(624,493)	(2.3%)	$35.79
River North	20,799,422	-	-	26.2%	3.1%	29.3%	9,126	0.0%	$45.88
Fulton Market	6,916,847	-	395,420	15.1%	6.4%	21.6%	160,317	2.3%	$42.90
North Michigan Ave	7,110,001	-	-	29.8%	4.8%	34.5%	(130,260)	(1.8%)	$34.45
Market total	**155,038,703**	**-**	**1,340,540**	**26.8%**	**3.4%**	**30.2%**	**(2,103,574)**	**(1.4%)**	**$41.68**



Source: Avison Young Market Intelligence, CoStar

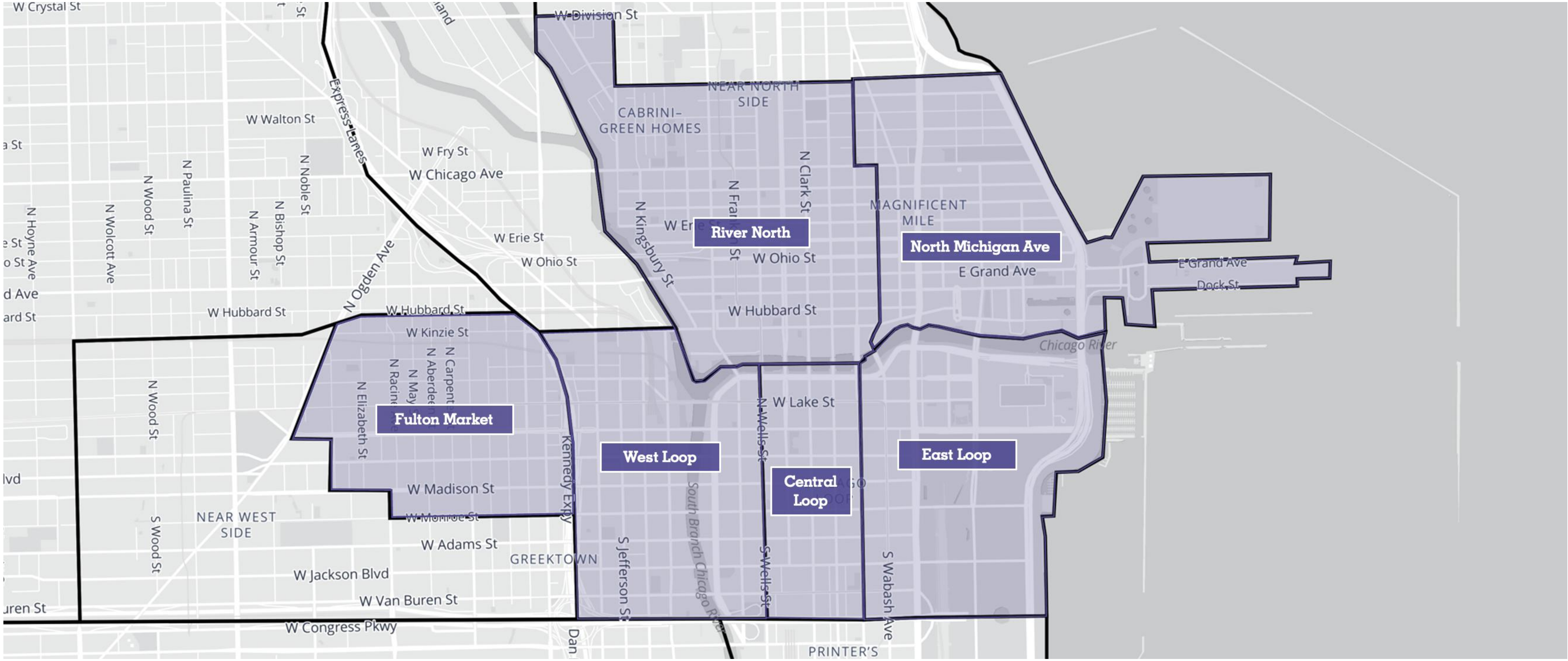
Chicago CBD office market stats by class

	Existing inventory sf	Deliveries sf	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Trophy	13,064,266	-	369,008	11.9%	3.5%	15.3%	162,830	1.2%	$63.73
Class A	83,860,414	-	-	26.1%	4.4%	30.5%	(1,550,184)	(1.8%)	$46.80
Class B	48,417,813	-	945,120	33.1%	2.2%	35.3%	(1,013,162)	(2.1%)	$38.11
Class C	9,696,210	-	26,412	22.6%	0.4%	23.0%	296,942	3.1%	$26.69
Market total	**155,038,703**	**-**	**1,340,540**	**26.8%**	**3.4%**	**30.2%**	**(2,103,574)**	**(1.4%)**	**$41.68**



Source: Avison Young Market Intelligence, CoStar

Chicago CBD submarket map



Source: Avison Young Market Intelligence, CoStar

Office insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

New

OUTLOOK

2026

A new year, a fresh outlook.

As 2026 unfolds, there's a real sense of potential in the U.S. What does it mean for the office sector?

Our top Market Intelligence experts break it down – sector by sector – so you can start the year with confidence.

Explore now

For more market insights and information visit **avisonyoung.com**

Sean Boyd

Senior Analyst, U.S. Tenant Representation
Market Intelligence
Sean.boyd@avisonyoung.com

Anthony Zoccola

Analyst, Central Region
Market Intelligence
Anthony.zoccola@avisonyoung.com

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