

# Chicago Suburbs

Office market snapshot | Q2 2024

The suburban office market continued to waver in the second quarter of 2024. As tenant space contractions persist, availability across the market continues to rise. The second quarter saw positive net absorption; however, leasing activity was near record low. An exception is Wheels, which signed a significant portion of the space available for sublease within Zurich's headquarters in Schaumburg. Despite uncertainty in the economy, legal services and FIRE (Finance, Insurance, and Real Estate) companies are posting positions at or above their pre-COVID levels.

## 2.4 msf

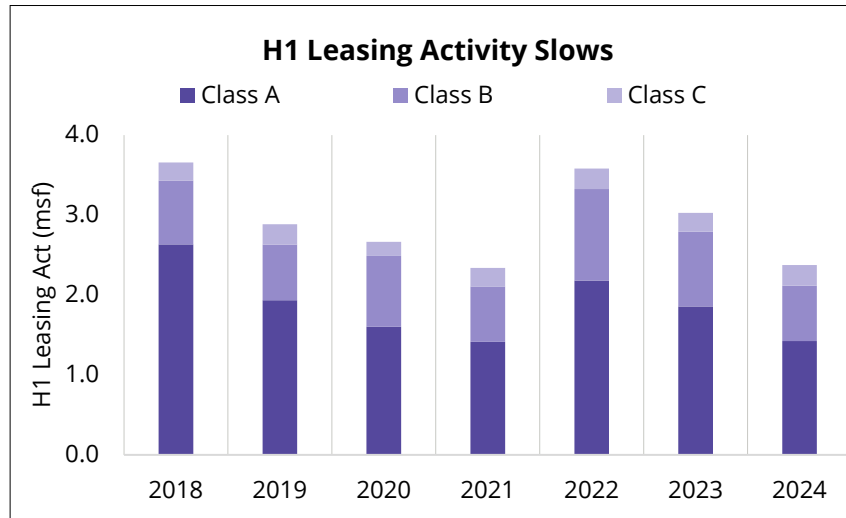
Total market leasing activity through the first half of 2024 is only 2% above the lowest level recorded in a decade during the first half of 2021.

## (16%)

Difference in Q2 2024 monthly job postings vs. pre-COVID average. FIRE and legal service employers posted at or above their pre-COVID average.

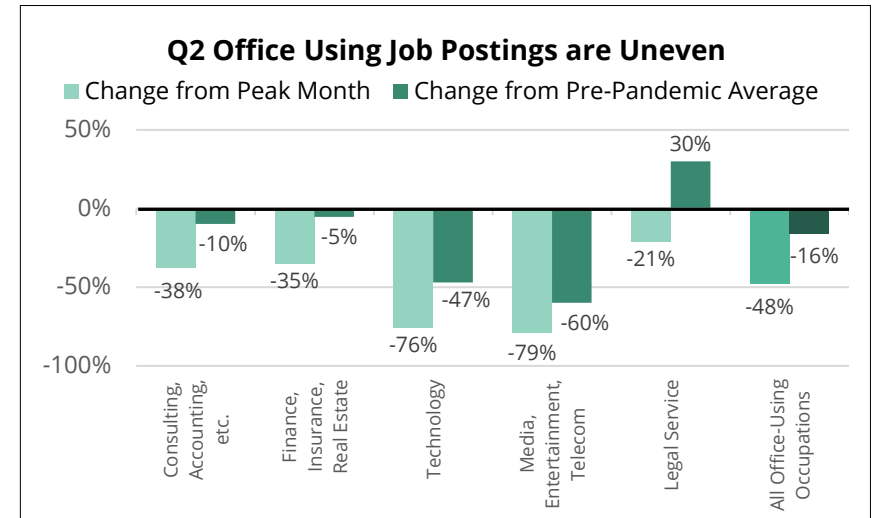
## 3.0 msf

The amount of sublease space available in the suburbs decreased by 0.5 msf from Q1 2024, driven by Wheels signing over 200k sf at Zurich's HQ.



Through the first half of 2024, leasing activity dipped to levels experienced in 2021, totaling 2.4M SF within the Chicago suburbs. While down from pre-pandemic averages, Class A space remains in demand, with over 60% of newly leased space within this property class.

Source: AVANT by Avison Young, Costar



Analysis of monthly job posting data for Q2 2024 within select office-using occupations shows an uneven demand for workers across the Chicago MSA. While postings have considerably dropped from the hiring sprees of 2020 and 2021, legal services, consulting/accounting, and FIRE companies are hiring at similar levels to those before March 2020.

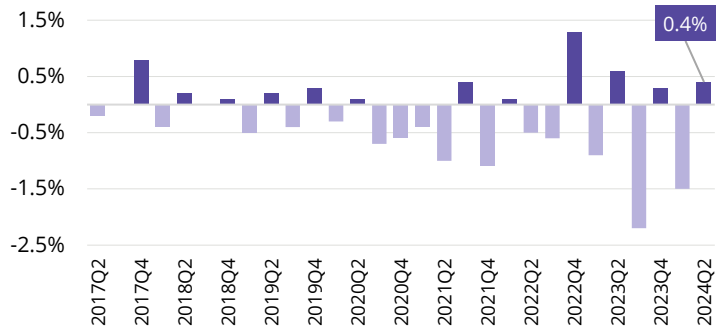
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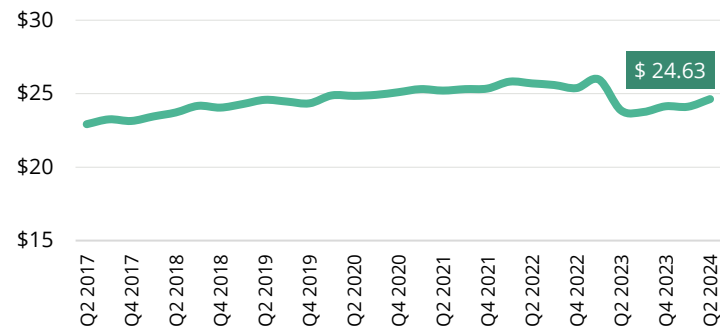
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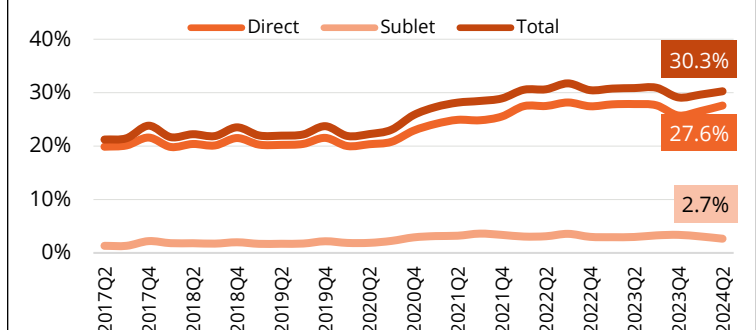
Net absorption as a % of inventory



Direct asking rents (psf/FS)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Wheels	1299 Zurich Way	214,108	New	Sublease
Convergent Technologies	2000 Center Dr Bellworks	64,000	New	Direct
Littlefuse	6133 N River Rd	53,000	New	Direct
Panoscope	1 Mid America Plaza	5,329	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Franklin Partners	Oakbrook 22	\$46,000,000	\$117.49	Heitman
Mizuho Americas	2400 Huntington Blvd	\$35,939,000	\$350.77	Net Lease Office Properties
Stotan Industrial	2349 W Lake St	\$8,180,000	\$70.18	EQT Exeter

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (Q2 2024)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Northwest	32,727,352			30.7%	2.9%	33.6%	(5.2%)	0.5%	0.2%	\$ 23.82
East I-88 Corridor	22,681,556			28.2%	2.3%	30.5%	2.7%	1.2%	-0.8%	\$ 25.51
O'Hare Area	22,332,533			24.9%	2.9%	27.7%	0.0%	1.2%	-1.7%	\$ 25.75
West I-88 Corridor	19,264,888			26.4%	1.7%	28.1%	0.5%	-0.2%	-2.0%	\$ 21.58
Lake County	9,320,583			30.1%	5.2%	35.3%	6.9%	-1.0%	-2.1%	\$ 28.68
Cook County	7,730,661			20.8%	1.3%	22.1%	(1.8%)	-1.9%	-2.1%	\$ 28.37
Market total	114,057,573			27.6%	2.7%	30.3%	(0.6%)	0.4%	-1.1%	\$ 24.86

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Class A	64,780,967			32.5%	4.1%	36.6%	0.0%	0.5%	-1.8%	\$ 27.00
Class B	37,064,872			22.4%	0.9%	23.3%	(1.9%)	0.2%	-0.5%	\$ 22.34
Class C	12,211,734			17.4%	0.4%	17.8%	1.0%	0.6%	0.9%	\$ 18.75
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