

A high-angle, vertical photograph of a city street in Chicago, likely the Loop. The image shows a mix of modern glass skyscrapers and older brick buildings. In the foreground, a glass facade of a building is visible, reflecting the street scene. Below, a multi-lane highway with several lanes of traffic is visible, including a large truck. The sky is overcast and grey. The overall tone is urban and professional.

# Chicago CBD office market report

Q4 2024

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**AVISON  
YOUNG**

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# Chicago CBD office market trends

## 7.9 msf

### Total leasing activity in 2024

U.S. office leasing activity in 2024 totaled 7.6 msf, reflecting a 36.1% drop compared to the pre-COVID annual average of 12.4 msf (2014–2019) and a 2.1% decline from 2023's 8.1 msf.

Despite the overall slowdown, Q4 saw notable leasing activity as major tenants finalized significant deals. Sargent & Lundy signed a new lease for 384k sf at 77 W Wacker, while PwC and BP each renewed leases for 282k sf and 225k sf, respectively.

## 38.8%

### YoY increase in 90s/00s construction leasing activity

In 2024, over 2.4 msf was leased across buildings constructed in the 1990s and 2000s.

Since the pandemic, many tenants have continued to prioritize high-quality space in new or renovated buildings. With availability in new-age construction (post-2010) remaining tight (below 8%) and minimal new developments in the pipeline, leasing activity in 90s/00s-era buildings has continued to rise.

A notable example is the largest lease of Q4: Sargent & Lundy relocated and expanded from 55 E Monroe (built in 1973) to 77 W Wacker (built in 1992).

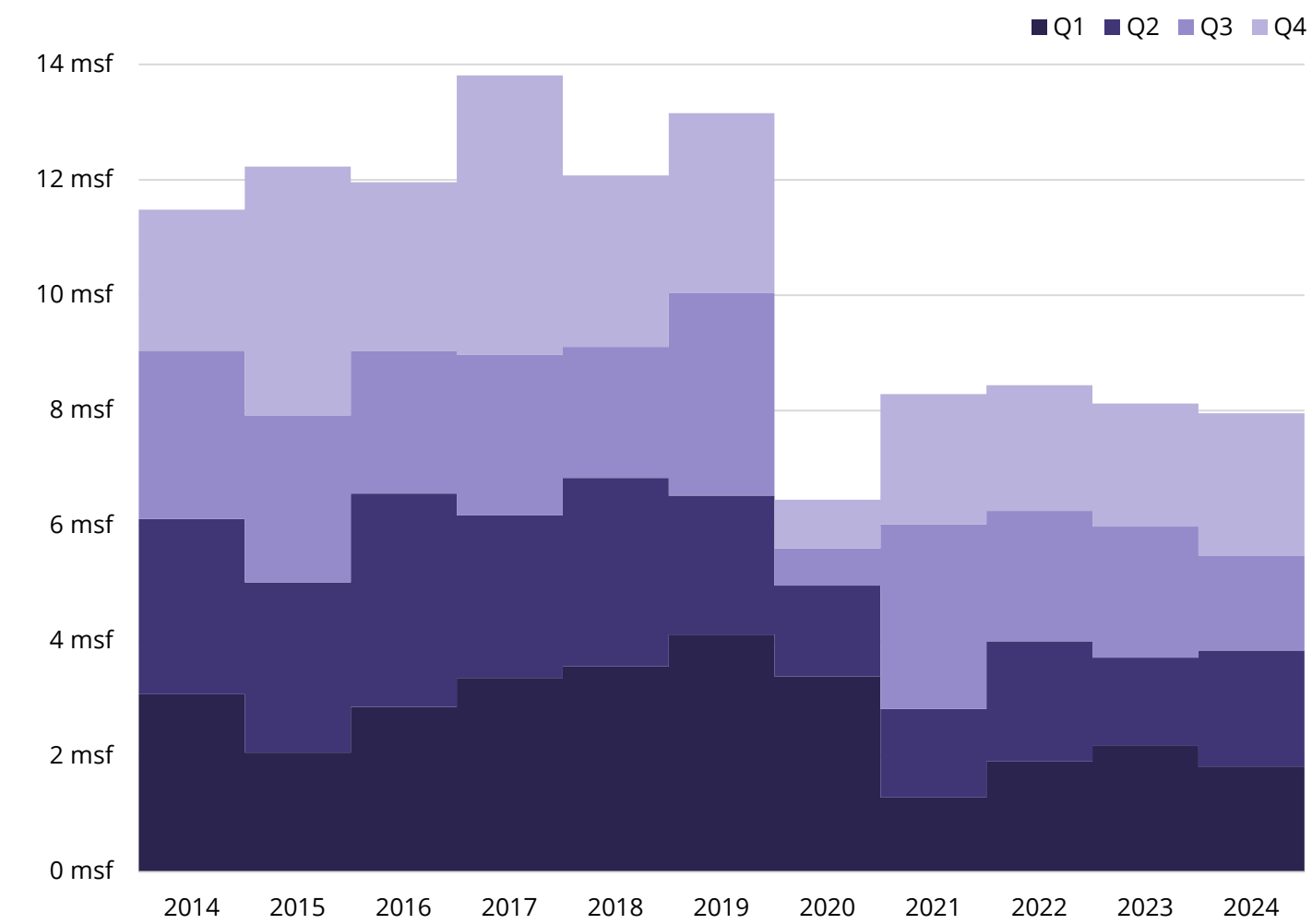
## 13.4%

### Increase in average lease size vs. 2023

From 2019 to 2023, average lease sizes across the CBD steadily declined. However, 2024 marked a turning point as average lease sizes increased for the first time since the pandemic. This growth was driven by both new leases and renewals, which rose year-over-year by 12.1% and 16.0%, respectively.

Despite this improvement, average lease sizes in 2024 remained 17.4% smaller than pre-pandemic levels in 2019. The bulk of this decline stemmed from new leases, which were down 20.9%, while renewals experienced a more modest drop of 5.6%.

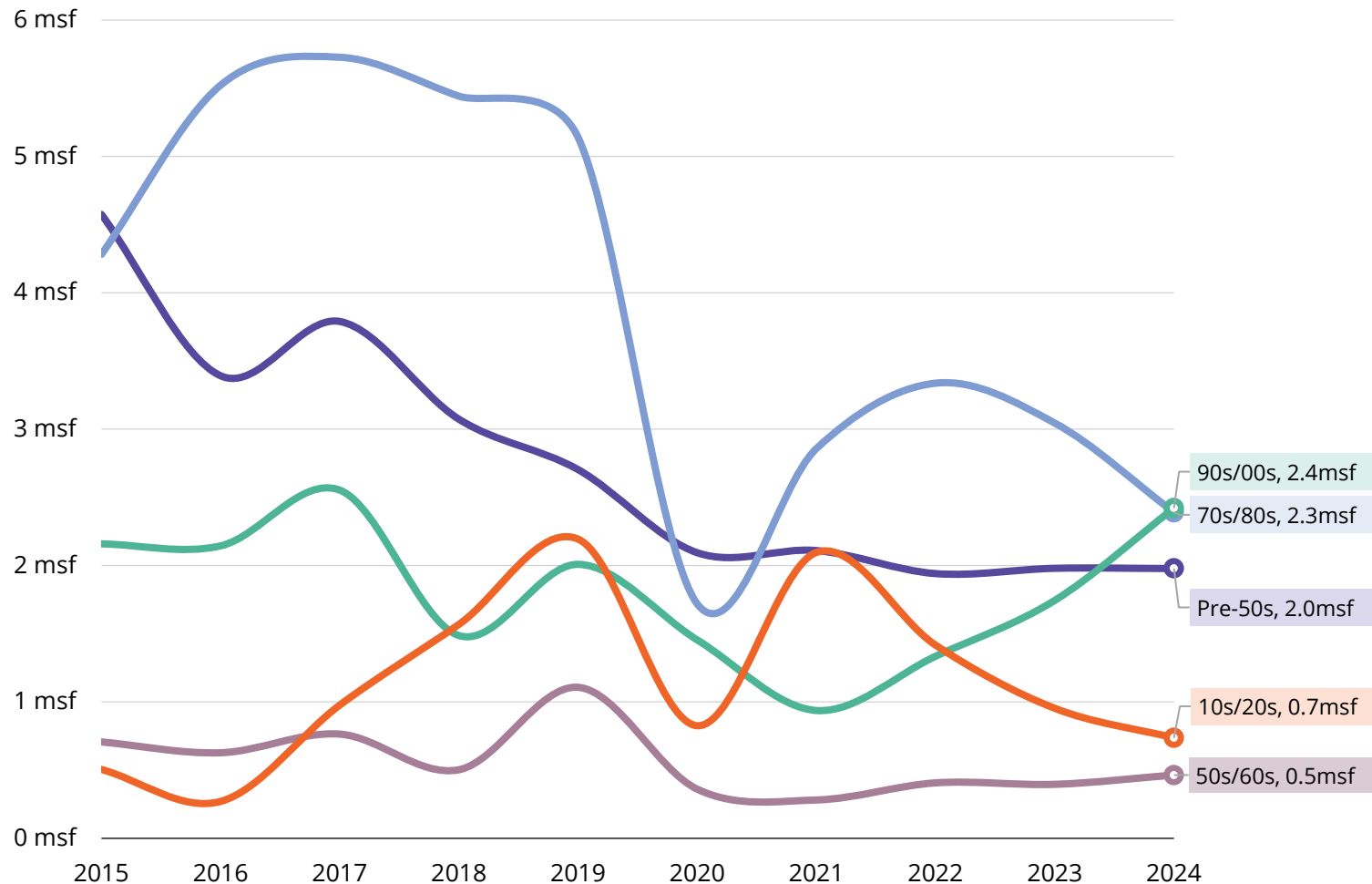
# Leasing activity



Through the first three quarters of 2024, Chicago CBD leasing activity has fallen from previous years, marking the lowest total in the post-COVID era.

At 7.9 msf, 2024 leasing activity is down 2.1% from last year and remains significantly below the pre-COVID (2014–2019) average of 12.4 msf.

# Leasing activity, Building construction eras



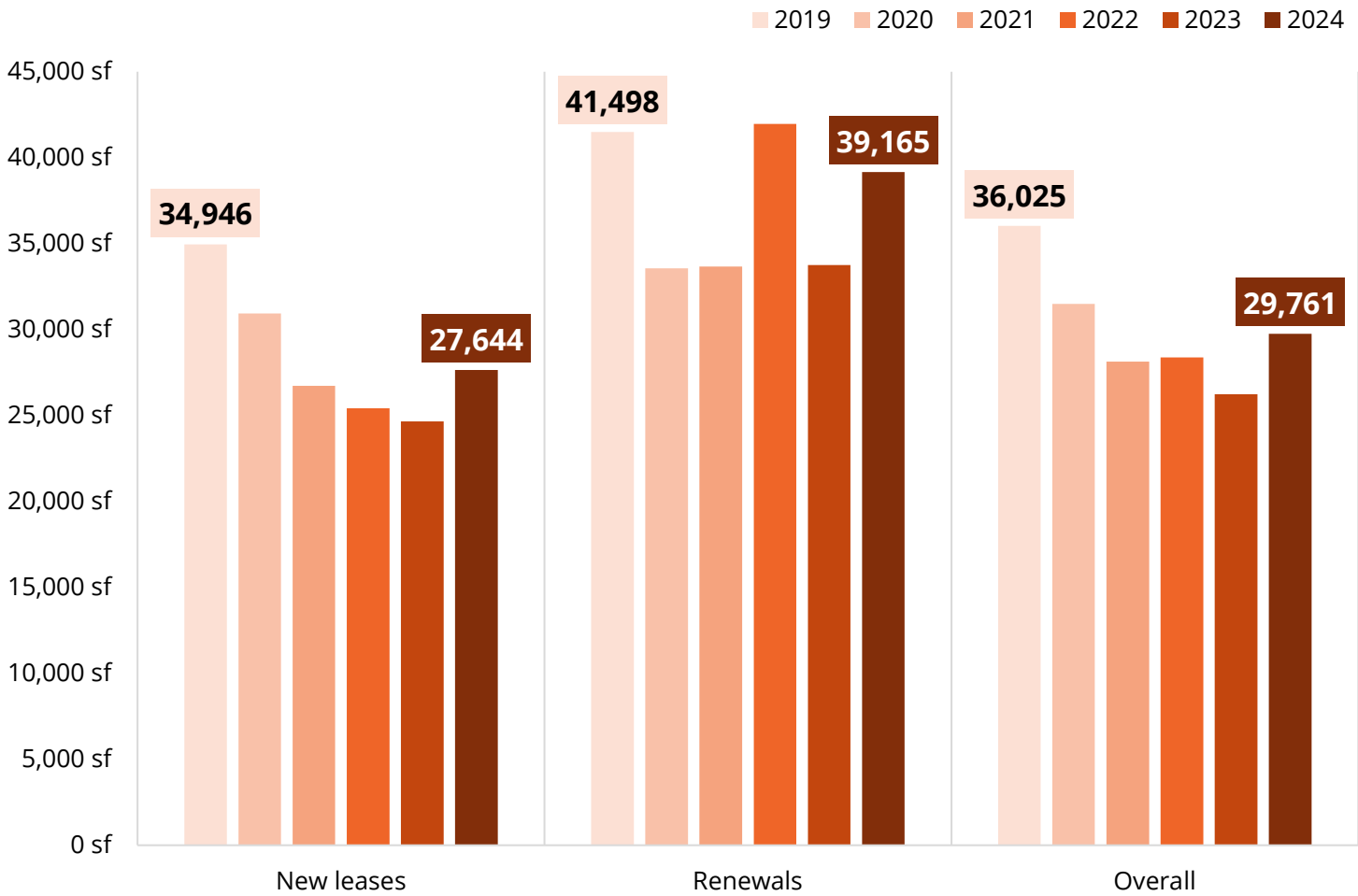
As the construction pipeline for new offices has dwindled in recent years, tenants have shifted to the next-newest option, driving a surge in 90s/00s era leasing.

The 70s/80s era took the hardest hit during the pandemic, saw a brief recovery in 2021-22, but has declined again in 2023-24.

Demand for the pre-1950s era was already in steady decline long before the pandemic, which only accelerated its drop, leaving demand flatlined ever since.



# Average office lease size



Average lease sizes in 2024 across the CBD were 17.4% smaller than in 2019. This is driven significantly by new leases.

However, both new deals and renewals grew from last year by 12.1% and 16.0%, respectively.

# Appendix



# Chicago CBD office market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Sargent & Lundy	77 W Wacker Dr	CBD Central Loop	Dec 2024	380,000	New	Direct
PwC	1 N Wacker Dr	CBD West Loop	Oct 2024	282,577	Renewal	Direct
BP	30 S Wacker Dr	CBD West Loop	Oct 2024	225,000	Renewal	Direct

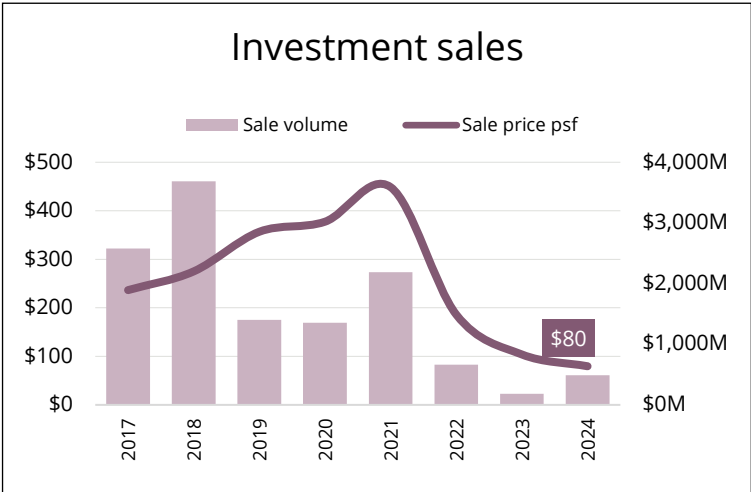
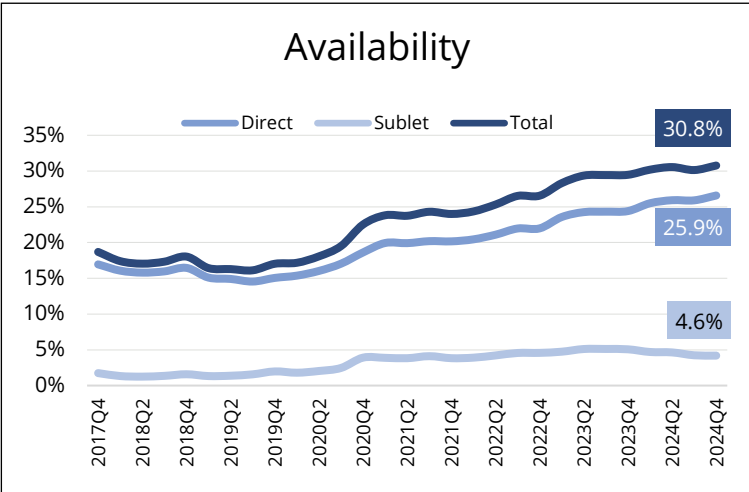
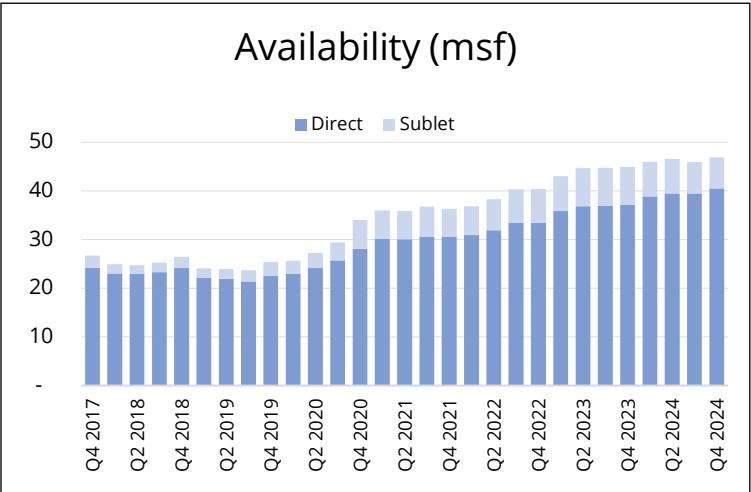
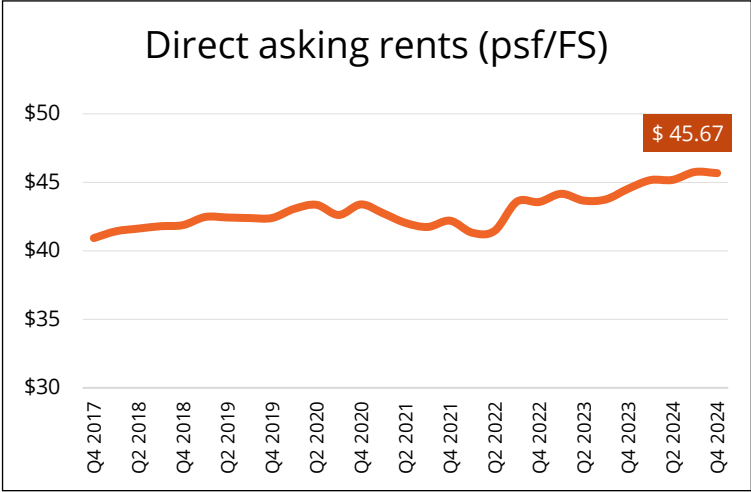
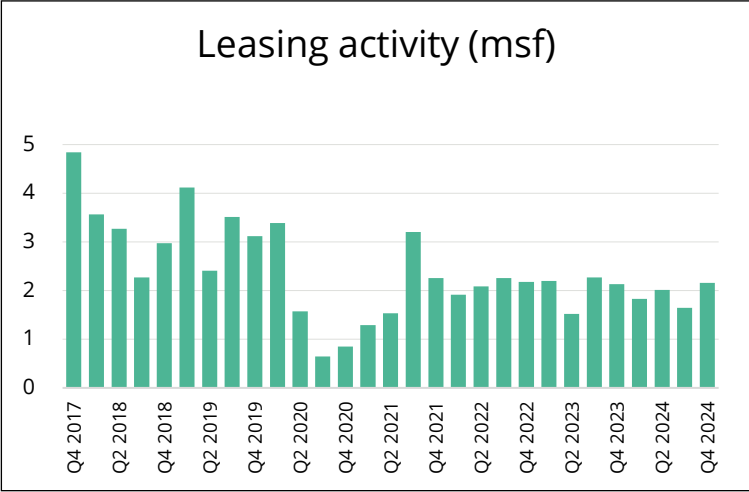
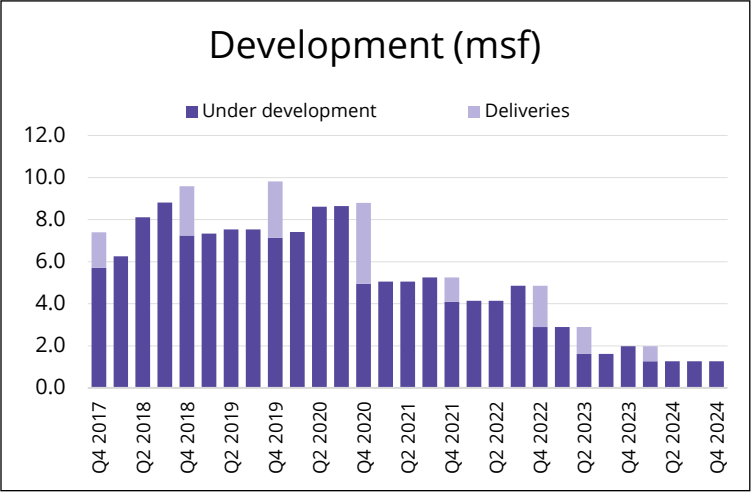
## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Madison Clark Realty	70 W Madison St	Dec 2024	1,495,500	\$80,000,000	\$53.48	Hearn Company
Brog Properties	550 W Washington St	Dec 2024	372,596	\$18,500,000	\$49.65	MetLife
N/A	405 W Superior St	Dec 2024	49,534	\$5,286,000	\$106.71	Expansive

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
100 W Randolph St (Thompson Center)*	CBD Central Loop	Mar 2026	945,120	N/A	Prime Group
225 W Randolph St*	CBD West Loop	Jan 2025	900,000	47%	Angelo Gordon
919 West Fulton Street	CBD Fulton Market	Mar 2025	369,008	41%	Fulton Street Companies
310 N Peoria St*	CBD Fulton Market	Sep 2025	26,412	39%	Stan Properties

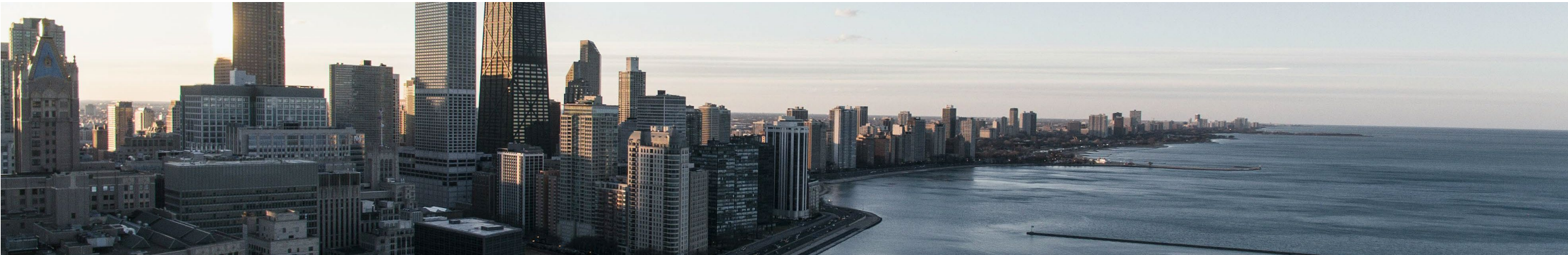
# Chicago CBD office market indicators





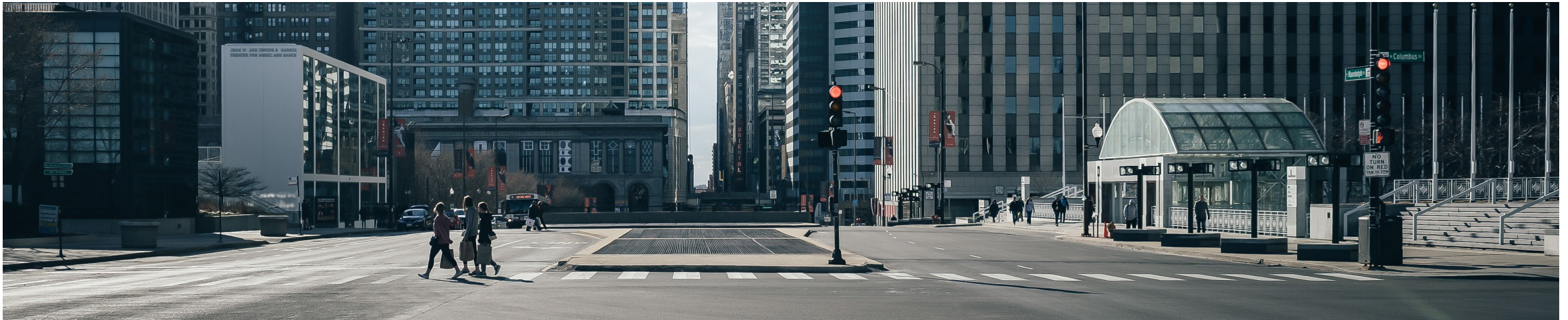
# Chicago CBD office market stats

	Existing inventory sf	Deliveries sf (YTD)	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	55,880,717		900,000	22.9%	5.2%	28.1%	-421,791	-0.8%	\$ 48.83
Central Loop	34,060,892			31.6%	3.2%	34.8%	-413,413	-1.2%	\$ 42.88
East Loop	26,614,490			29.8%	3.0%	32.8%	-1,353,013	-5.1%	\$ 41.50
River North	20,810,868	217,000		26.9%	3.8%	30.8%	-318,907	-1.5%	\$ 48.41
Fulton Market	7,244,184	493,680	369,008	16.2%	6.4%	22.6%	239,219	3.3%	\$ 60.15
North Michigan Ave	6,504,019			30.0%	4.1%	34.1%	-398,980	-6.1%	\$ 40.97
<b>Market total</b>	<b>151,115,170</b>	<b>710,680</b>	<b>1,269,008</b>	<b>26.6%</b>	<b>4.2%</b>	<b>30.8%</b>	<b>-2,666,885</b>	<b>-1.8%</b>	<b>\$ 45.67</b>



# Chicago CBD office market stats by class

	Existing inventory sf	Deliveries sf (YTD)	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	12,087,503	493,680	369,008	15.7%	4.1%	19.7%	578,278	5.1%	\$ 67.02
Class A	87,060,240	217,000	900,000	25.0%	5.3%	30.3%	-2,280,874	-2.4%	\$ 50.09
Class B	41,464,621	-	-	30.6%	3.1%	33.7%	-726,988	-0.9%	\$ 37.90
Class C	10,502,806	-	-	24.4%	0.7%	25.1%	-237,301	-1.6%	\$ 28.39
<b>Market total</b>	<b>151,115,170</b>	<b>710,680</b>	<b>1,269,008</b>	<b>26.6%</b>	<b>4.2%</b>	<b>30.8%</b>	<b>-2,666,885</b>	<b>-1.8%</b>	<b>\$ 45.67</b>





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# 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



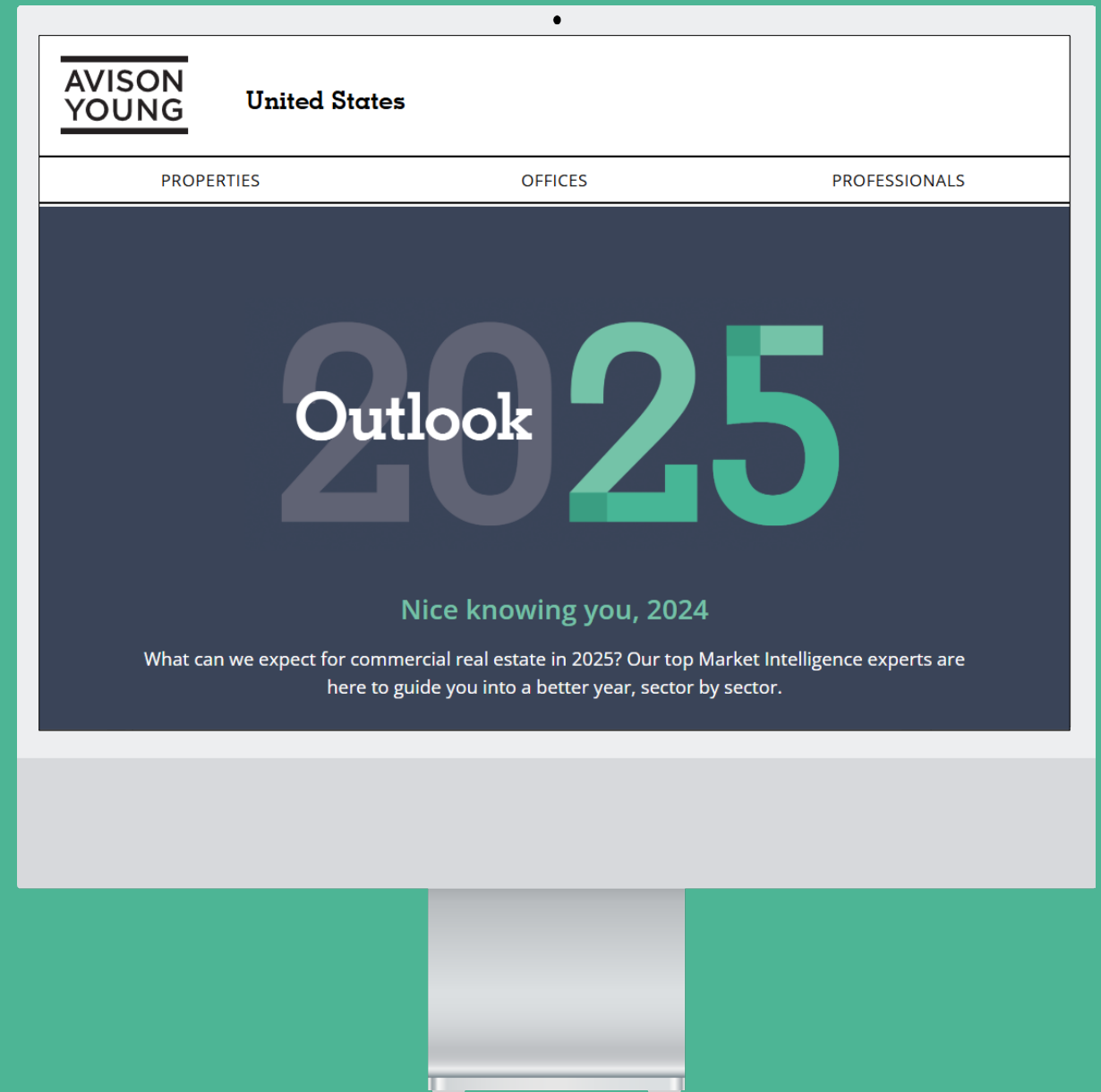
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