



# Chicago Suburbs office market report

Q1 2025

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**AVISON  
YOUNG**

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# Chicago Suburbs office market trends

## 2.0 msf

### Total leasing activity YTD in 2025

Suburban Chicago office leasing activity in the first period of 2025 totaled 2.04 msf, reflecting a 2.4% increase compared to the pre-COVID quarterly average (2014–2019) and a 36.9% increase from the 2020-2024 quarterly average of 1.5 msf.

Q1 saw notable leasing activity as major tenants finalized significant deals. Fortune Brands Innovations signed 392k sf worth of new leases at 1 Horizon Way, leasing two full buildings for a newly consolidated HQ, while Adtalem Global Education leased nearly 65k sf at 2601 Navistar Dr.

## 60.4%

### Leasing activity growth in Eastern E/W and North from 2020

Across the suburban submarkets, the Eastern E/W Corridor and the Northern suburbs have experienced significant growth since 2020. Leasing activity in these two submarkets has increased by 60.4%, whereas the Northwest, O'Hare, and Western E/W corridor experienced only 16.8% growth in the same time frame.

This trend seems primed to continue in 2025 with significant leases in the North for Fortune Brands and in the Eastern E/W with Ryerson.

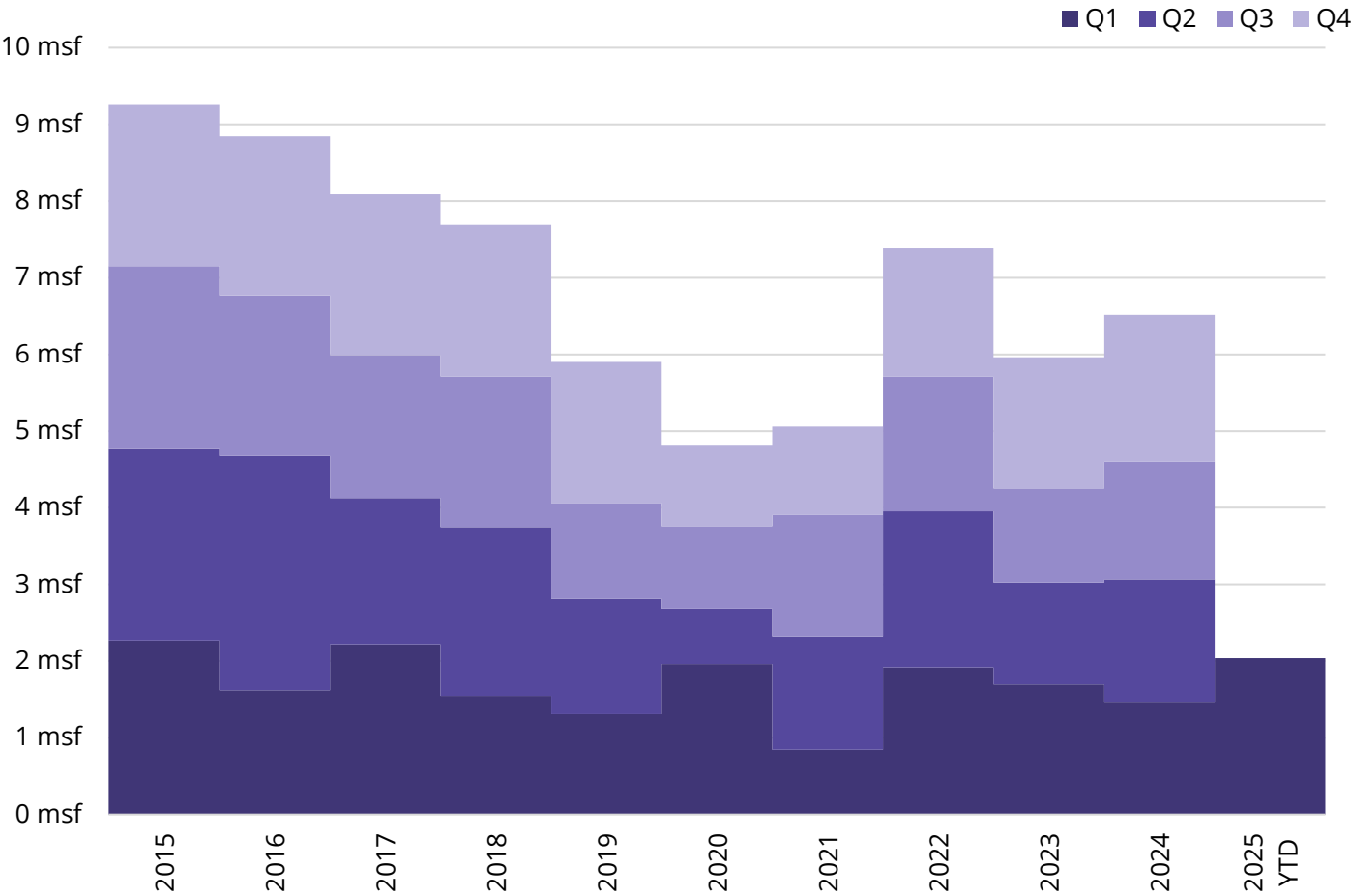
## 32.6%

### Increase in average lease size vs. 2024

The first period of 2025 has seen average lease sizes grow 11.9% above pre-pandemic sizes and 32.6% from last year. This growth was driven by almost entirely by new leases, which rose year-over-year by 40.9%, offsetting the (28.2%) decrease in average renewal size.

Additionally, average lease sizes through the first quarter of 2025 are at their largest point in the past five years, 2,154 sf or 6.5% greater than in 2023.

# Leasing Activity

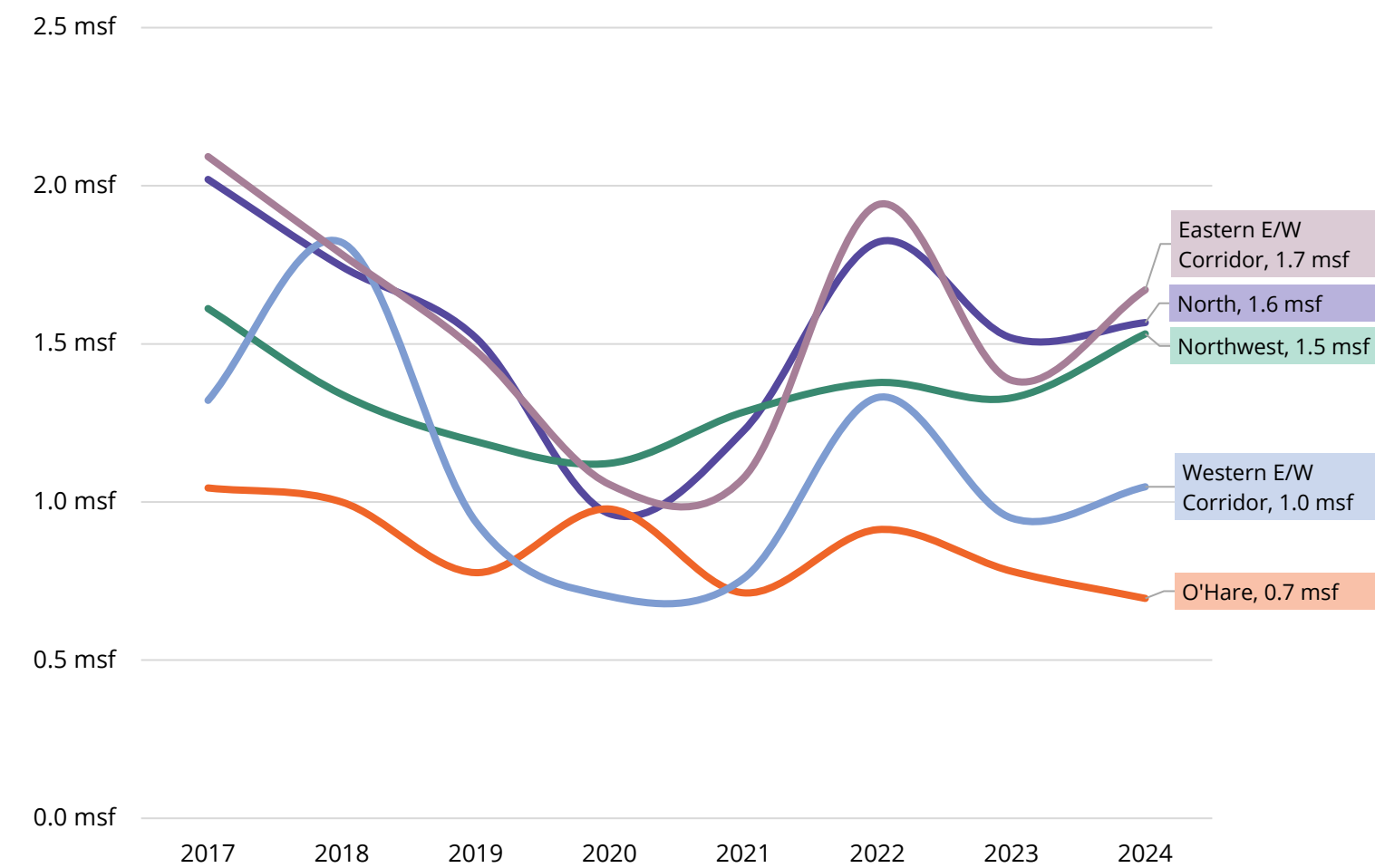


Chicago Suburbs has experienced four straight quarters of YoY growth, suggesting a positive outlook on leasing activity in 2025.

At 2.04 msf, Q1 2025 leasing activity is up 39% from Q1 2024 and surpassed the pre-COVID (2015–2019) quarterly average of 1.98 msf.



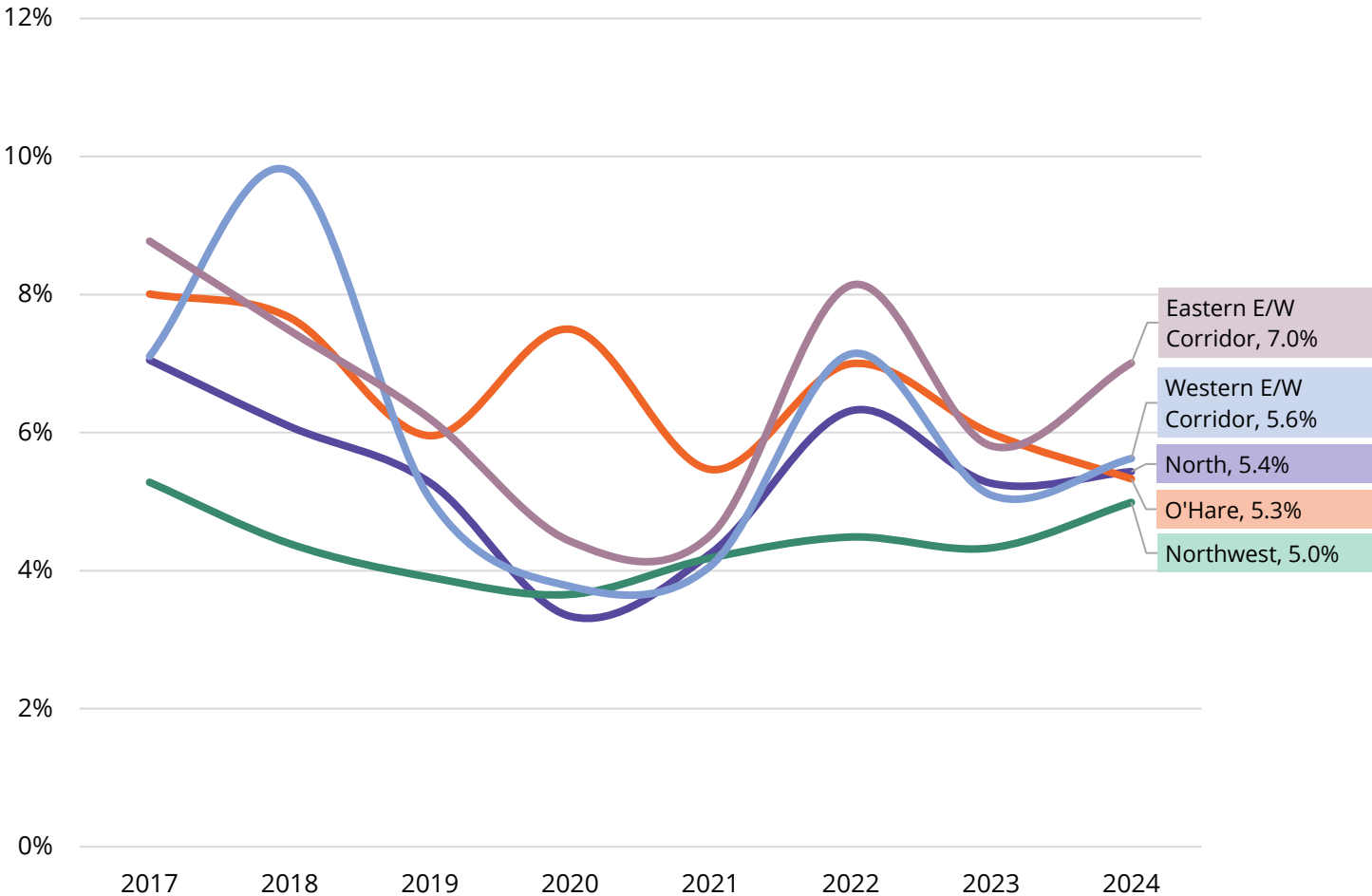
# Leasing activity by submarket



Eastern E/W Corridor has driven suburban leasing activity from 2022-2024, averaging 1.7 msf per year in the period. Eastern E/W Corridor and North submarkets have accounted for an average of 50% of total market leasing activity over the same time frame.

There has been a total of 2 msf of leasing activity in Q1 with similar submarkets driving the YoY increase. The North submarket are currently leading 2025 YTD leasing activity with 40%.

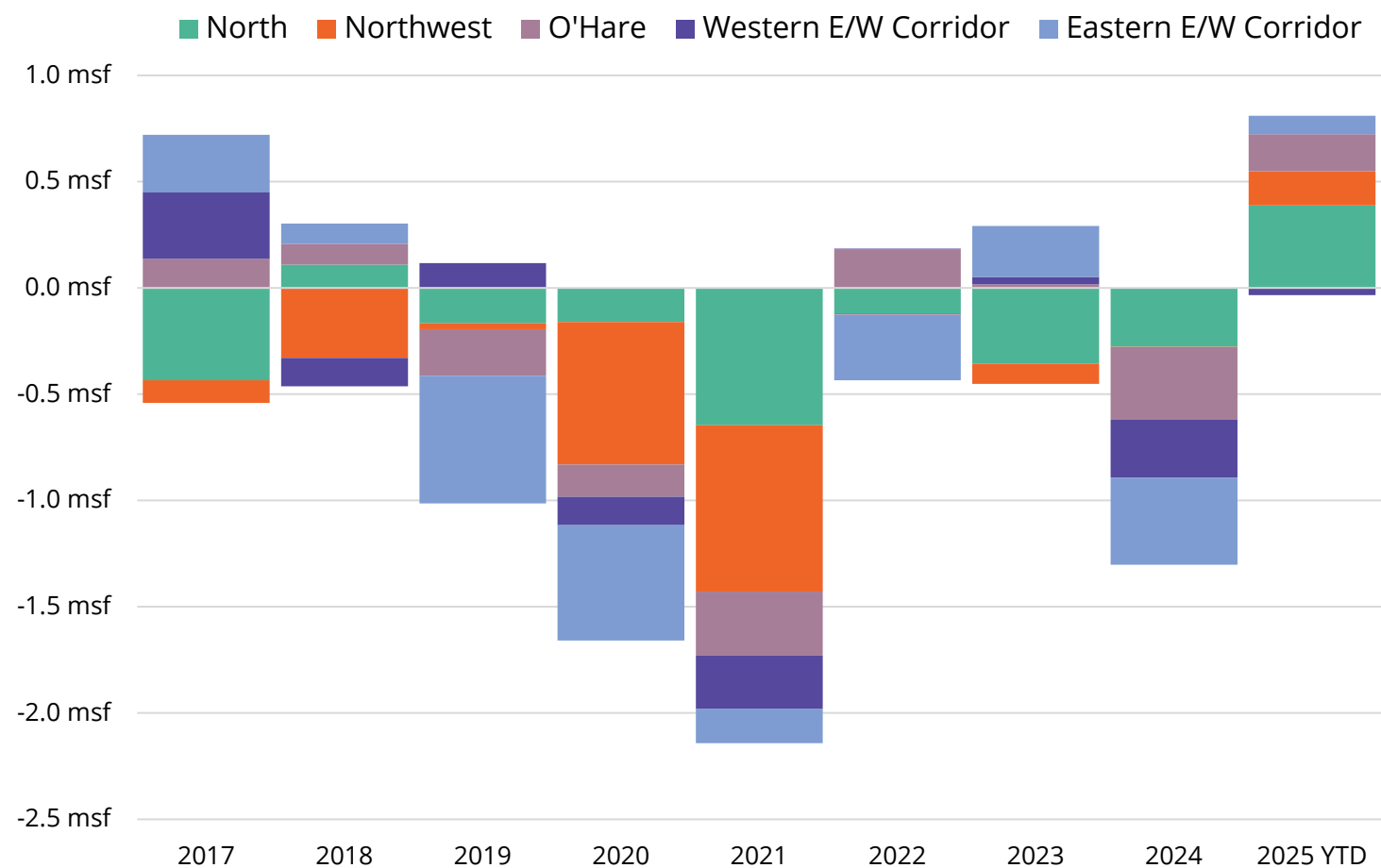
# Leasing activity by submarket inventory



Despite the Northwest region posting one of the highest leasing activity totals at 1.5 msf, this figure is somewhat inflated by the area’s high inventory of over 30.7 msf, which is 1.9 million square feet higher than the next largest market.

In contrast, the Eastern E/W Corridor leads in both total leasing activity and leasing activity as a percentage of inventory, highlighting its appeal as a target location for suburban tenants.

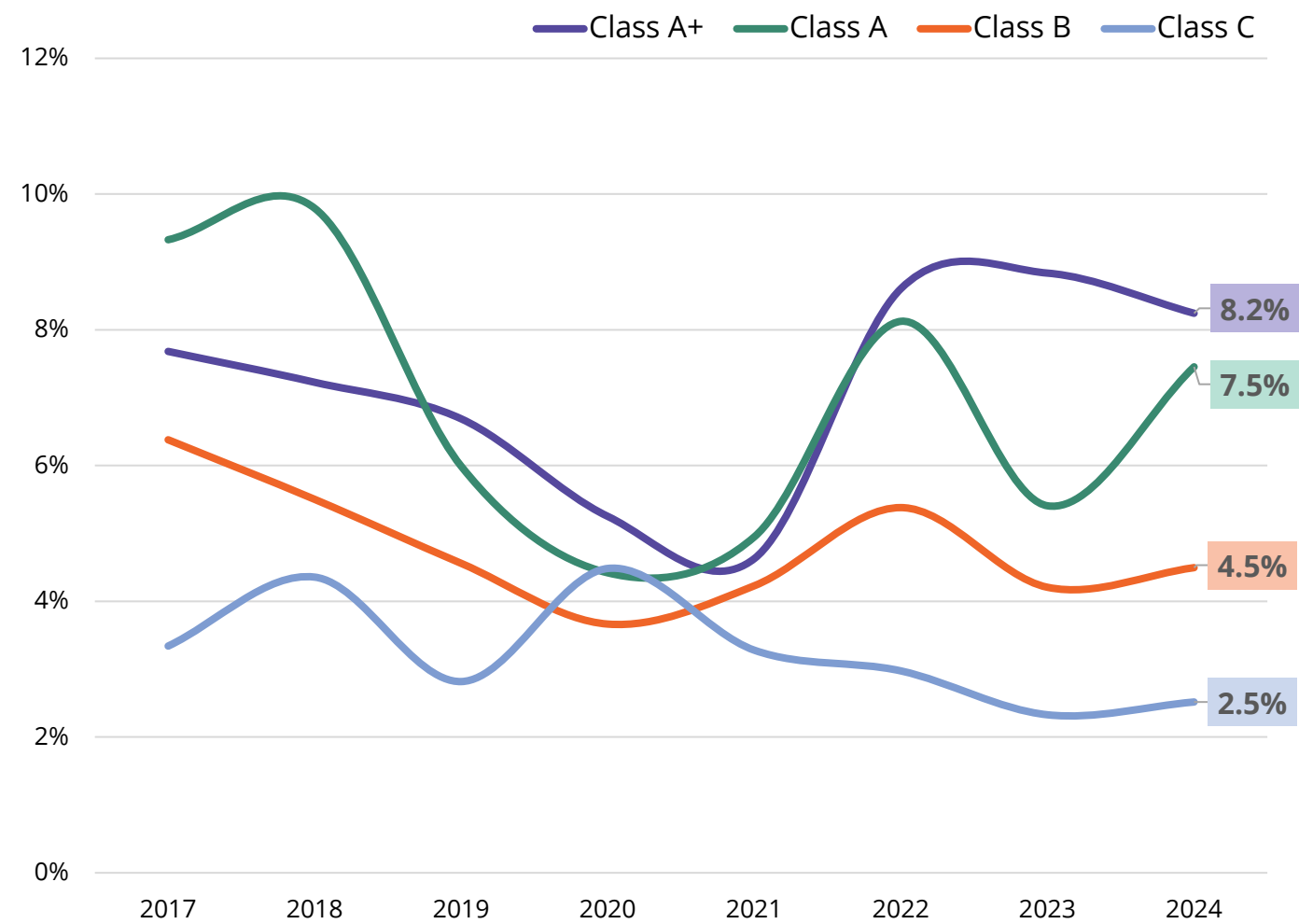
# Net absorption by submarket



Q1 2025 recorded the highest net absorption in the past decade, totaling +776k sf. All submarkets, except the Western E/W Corridor, closed the quarter with positive absorption figures.

While these numbers are a strong start to 2025, the impact of several large transactions has likely inflated the overall result. As tenants vacate spaces for conversions, a more balanced trend is expected to follow in the coming months.

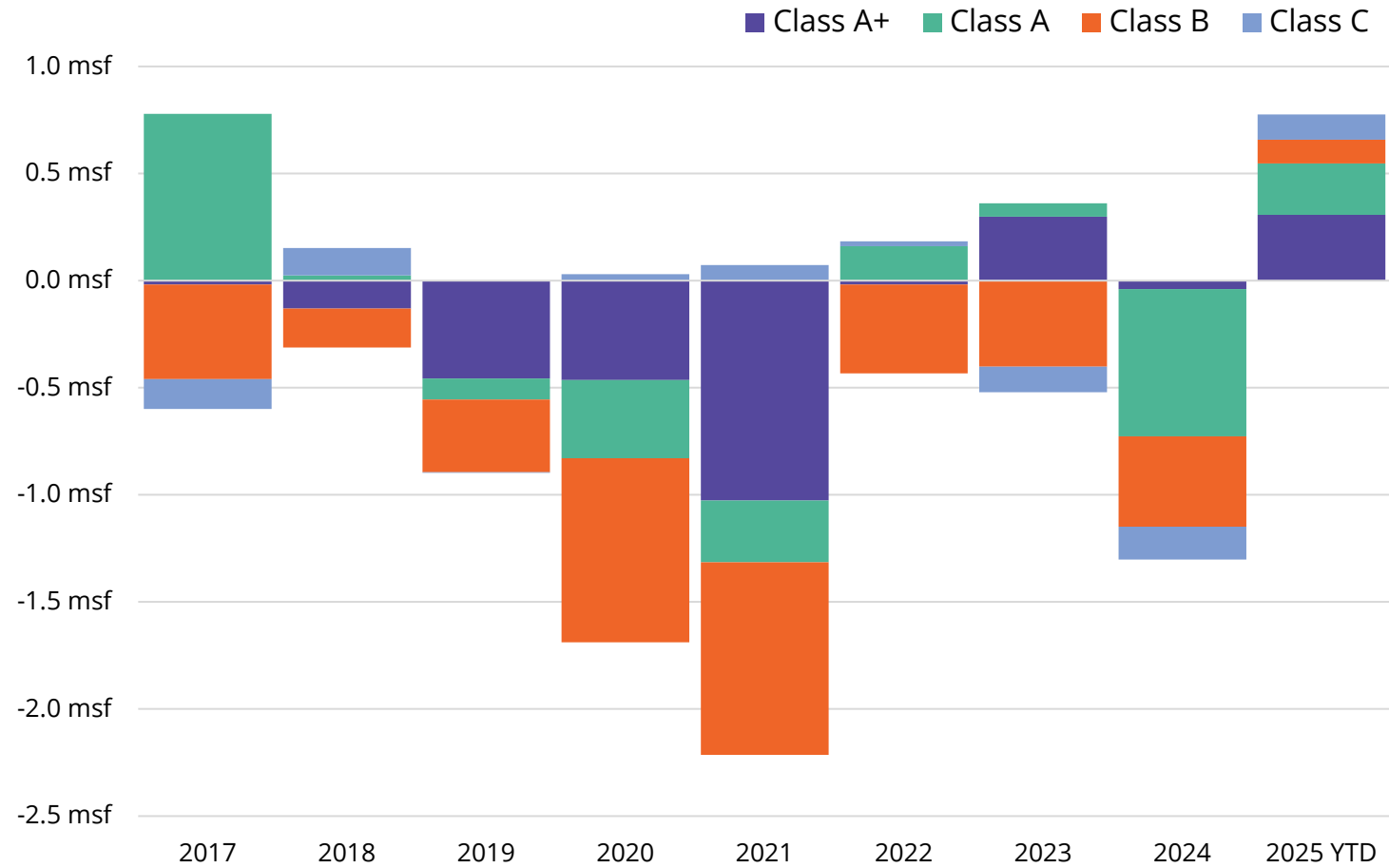
# Leasing activity by class inventory



Leasing activity in the suburbs reflect a clear flight-to-quality, with Class A+ and A properties outperforming B/C assets by around 3-6% in 2024.

2025 YTD reflects the same trend, with A+ property leasing activity already at 3.7% of its inventory (786k sf).

# Net absorption by class

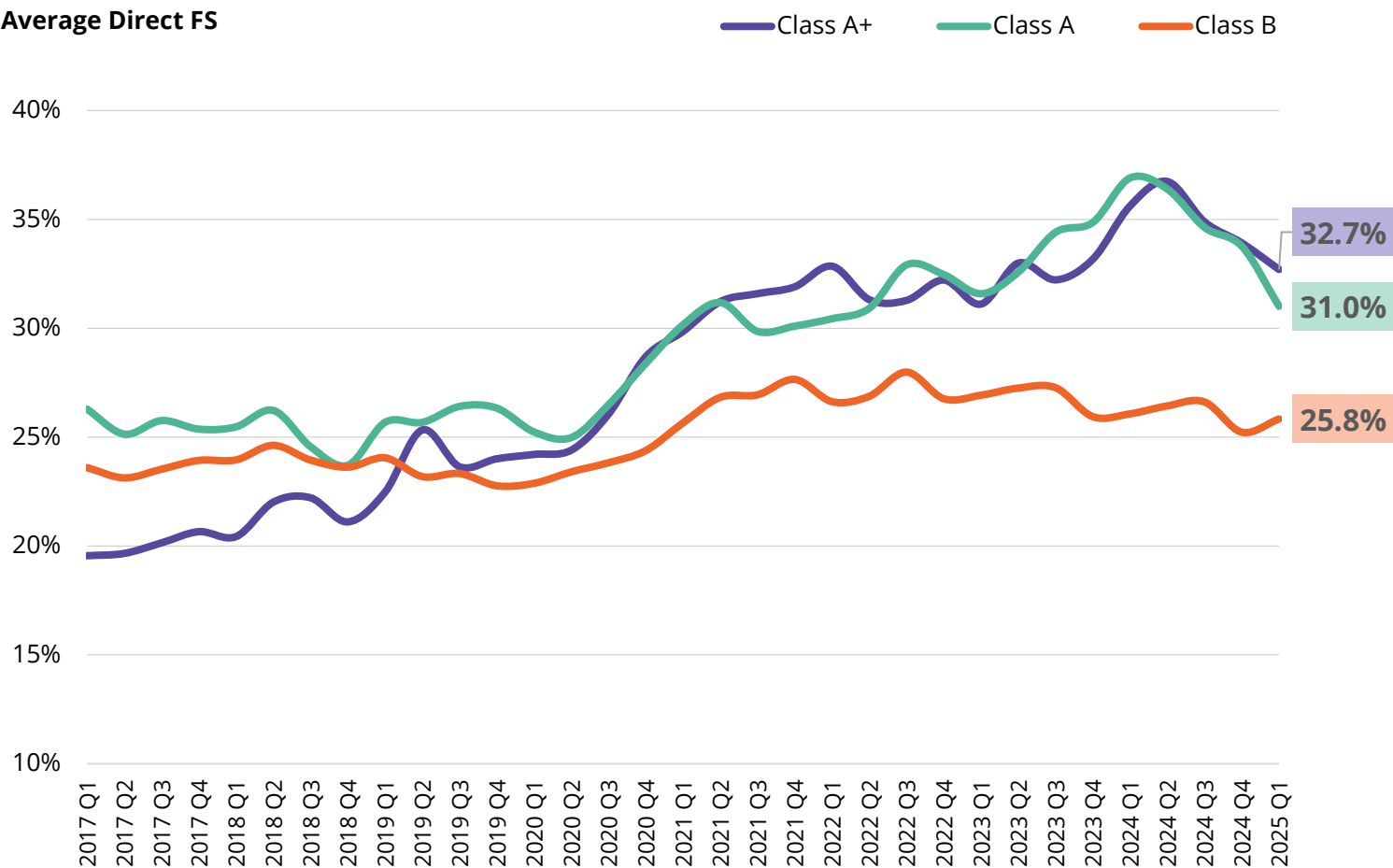


Q1 2025 recorded the highest net absorption in the past decade, totaling +776k sf, with all property classes closing the quarter with positive absorption.

This disrupts seven consecutive years of negative absorption and may signal positive momentum for Class A+ and A, which continue to benefit from flight-to-quality.



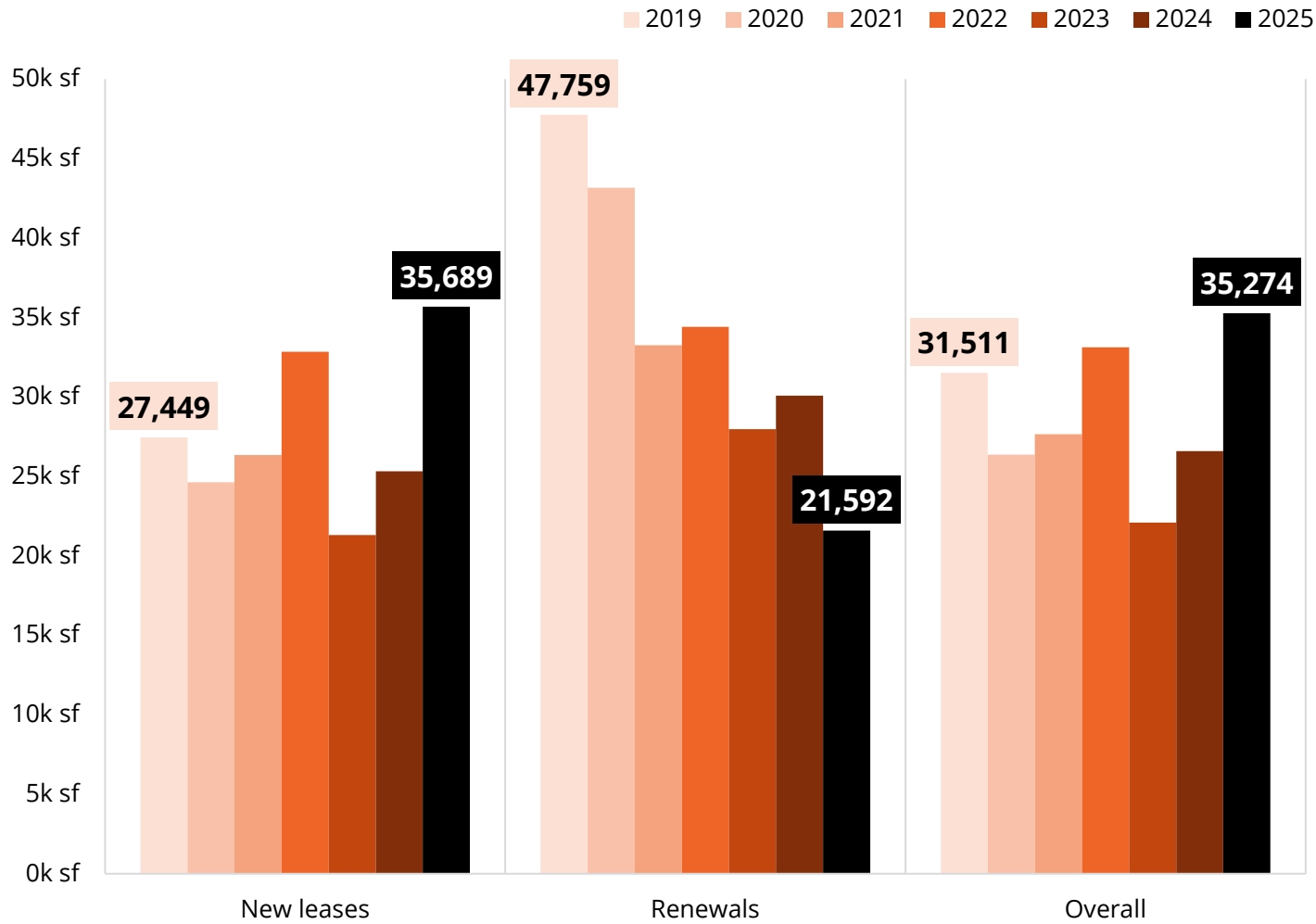
# Availability rate by asset class



Through Q1 2025, classes A+ and A have experienced a YoY decline in availability by 2.9% and 5.9% respectively, whereas class B has remained stagnant with only a 0.2% decline.

Class A+ continues to have the highest delta from pre-pandemic averages, 10.9% greater than 2017-2019. Classes A, and B sit at just 5.5% and 2.1% greater from the same timeframe.

# Average office lease size



Average lease sizes in the first period of 2025 across Suburban Chicago were 11.9% larger than in 2019. This is driven significantly by new leases.

New deals grew 40.9% from last year, while renewals decreased in size by (28.2%).

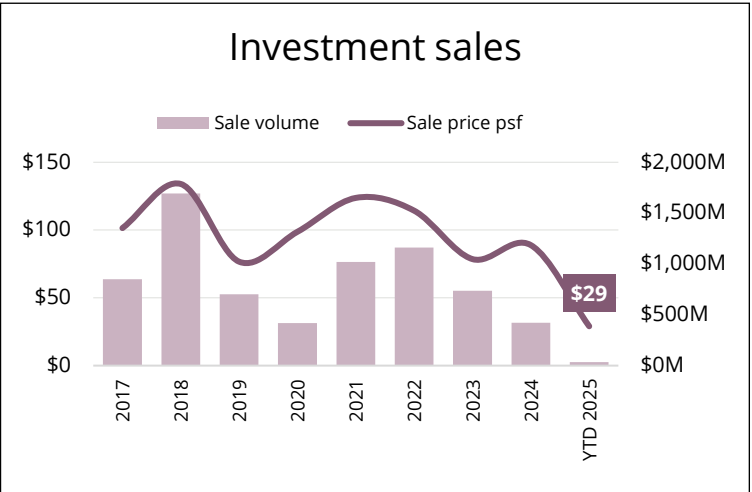
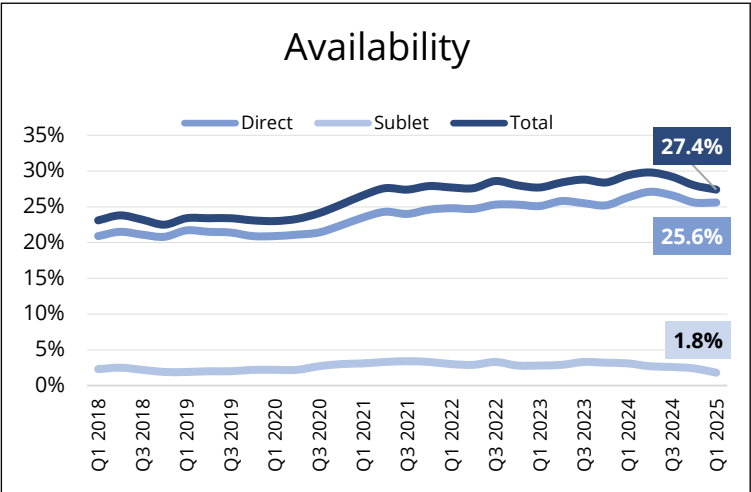
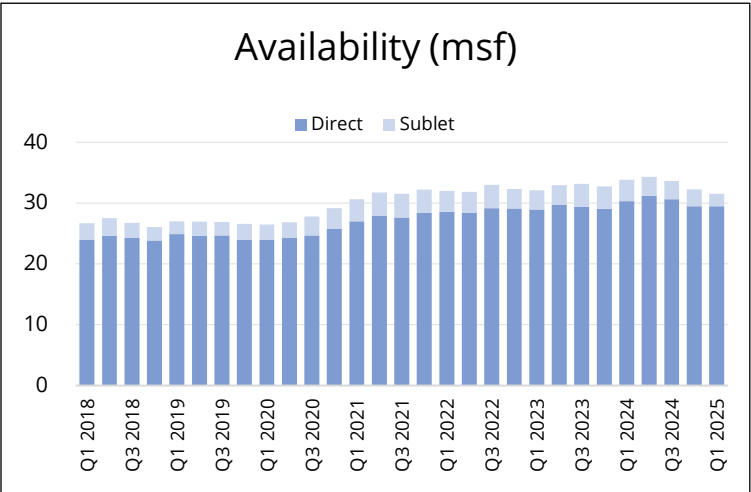
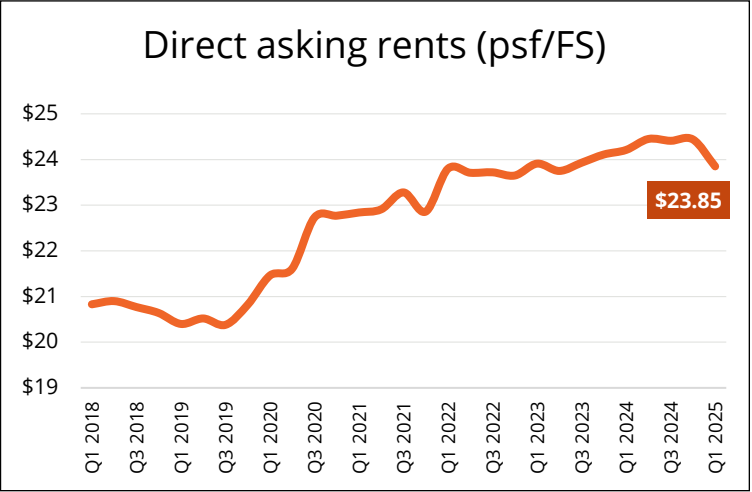
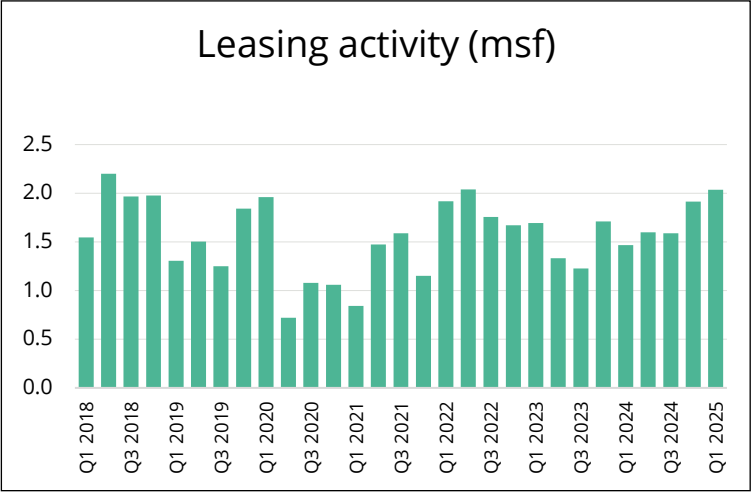
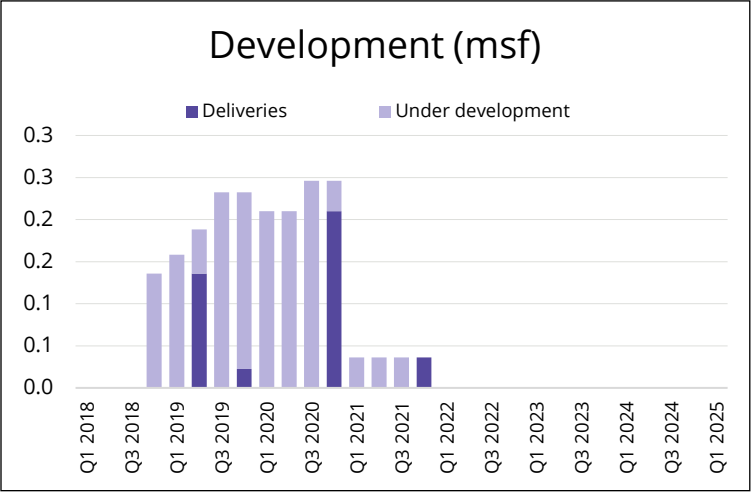


# Appendix





# Chicago Suburbs office market indicators



# Chicago Suburbs office market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Fortune Brands Innovations	1 Horizon Way (Building 1,2)	North	Jan 2025	392,000	New	Direct
ADP	1299 Zurich Way	Northwest	Mar 2025	148,886	New	Sublease
Adtalem Global Education	2601 Navistar Dr (Building 3)	Western E/W Corridor	Feb 2025	64,637	New	Direct
Ryerson	2655 Warrenville Rd	Eastern E/W Corridor	Feb 2025	46,187	New	Direct
ACH Food Companies	1 Parkview Plz	Eastern E/W	Mar 2025	36,523	Renewal	Direct

## Recent sales activity

Address	Buyer	Seller	Submarket	Sale date	Building size (sf)	Sale price	Sale price psf
2300 Warrenville Rd	Bridge Industrial	RE Development Solutions	Eastern E/W Corridor	Mar 2025	155,961	\$14,500,000	\$92.97
4 Overlook Point	Woodcrest Capital	Orion Office REIT	North	Mar 2025	818,686	\$6,150,000	\$7.51
2130 Point Blvd	JTX Elgin LLC	PanCor Construction	Northwest	Mar 2025	41,000	\$5,763,000	\$140.56
112 E Lake St	Riche B Scali	185 Lake LLC	Northwest	Feb 2025	25,400	\$4,250,000	\$167.32
1642 W Howard St	Sal Becovic	1632 Howard LLC	North	Jan 2025	21,600	\$3,000,000	\$138.88

# Chicago Suburbs 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
Northwest	30,699,241	-	-	26.9%	2.5%	29.5%	160,553	0.5%	\$23.07
North	28,837,912	-	-	22.3%	1.4%	23.7%	387,675	1.3%	\$25.35
Eastern E/W Corridor	23,845,173	-	-	28.1%	1.2%	29.3%	85,642	0.4%	\$25.07
Western E/W Corridor	18,634,410	-	-	25.0%	1.4%	26.4%	(33,469)	(0.2%)	\$21.38
O'Hare	13,042,337	-	-	26.3%	2.5%	28.9%	175,591	1.3%	\$27.49
Market total	115,059,073	-	-	25.6%	1.8%	27.4%	775,992	0.7%	\$23.85



# Chicago Suburbs 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
Class A+	21,010,884	-	-	30.9%	1.8%	32.7%	307,593	1.4%	\$27.86
Class A	26,416,353	-	-	27.2%	3.8%	31.0%	239,195	0.9%	\$25.79
Class B	58,826,314	-	-	24.7%	1.2%	25.8%	110,521	0.2%	\$20.84
Class C	8,805,522	-	-	14.6%	0.0%	14.6%	118,683	0.1%	\$19.81
Market total	115,059,073	-	-	25.6%	1.8%	27.4%	775,992	0.7%	\$23.85



A map of Cook County, Illinois, divided into four colored regions. The Northwest region is orange, the North region is green, the Western E/W Corridor is purple, and the Eastern E/W Corridor is blue. The map shows major highways and city names, including Rockford, Chicago, and Evanston.



# Viewpoints

U.S. | Spring 2025

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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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**Sean Boyd**

Market Intelligence  
Senior Analyst  
sean.boyd@avisonyoung.com

**Anthony Zoccola**

Market Intelligence  
Analyst  
anthony.zoccola@avisonyoung.com

**Joseph Stockman**

Market Intelligence  
Analyst  
joe.stockman@avisonyoung.com