

REVIEW

CHICAGO OFFICE MARKET

USA 2025

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Real Estate for a changing world



2025

OFFICE MARKET CHICAGO

KEY FIGURES

156m sqft

INVENTORY

22.6%

VACANCY RATE

\$77.4

PRIME AVERAGE ASKING RENT

\$920m

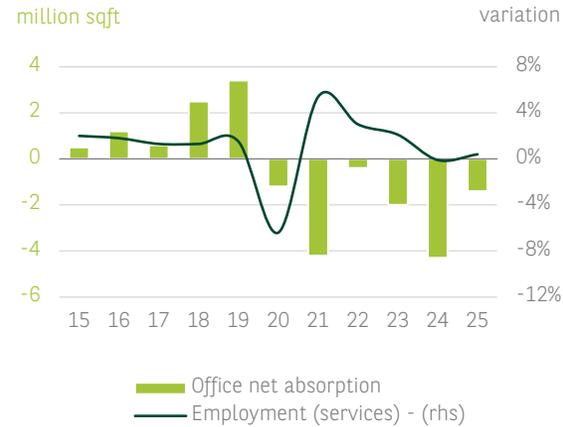
TOTAL INVESTMENT

\$550m

OFFICE INVESTMENT

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Net Absorption / Employment

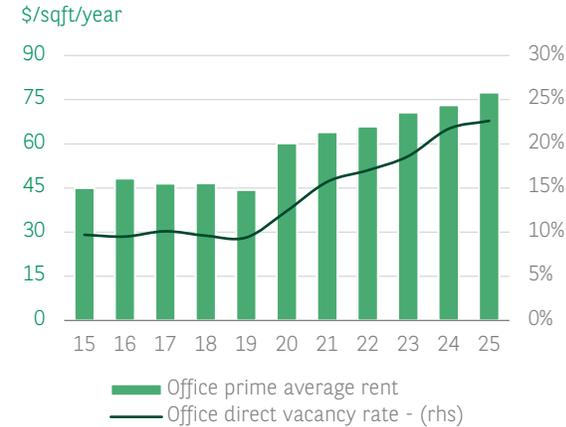


Source: Bureau of Labor Statistics, Colliers, Trevisani

Office Continues to Decline

The fourth quarter brought a welcome period of relative stability to the Chicago CBD office market. The vacancy rate held steady at 22.6%, unchanged from the previous quarter and up 50 basis points year over year. Net absorption totaled negative 64,055 SF, the smallest amount of negative absorption recorded in ten quarters. Leasing activity remains below pre-pandemic levels but appears to be settling into a new normal. While many tenants continue to downsize, a growing number are now expanding. Current deal activity suggests that the outsized levels of negative absorption seen in recent years are unlikely to continue at the same pace going forward.

Prime rent / Vacancy Rate

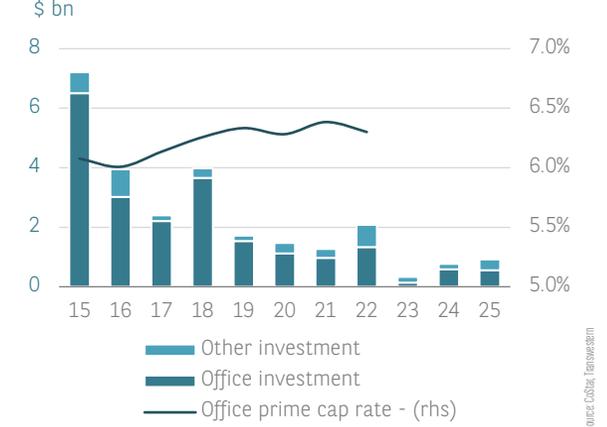


Source: Colliers, Trevisani

Rental Rates Rise for Prime Properties

Despite the overall distress observed in the office market, market rents for prime properties have continued to ascend, marking a 5.9% increase from the end of 2024 to \$77.41 PSF at the end of 2025. Tenants continue to shift their focus from quantity to quality, and show a preference for newer, well-situated properties with abundant amenities. Most of the prime properties have very little remaining space available, leading to robust growth in asking rates.

Investment / Capital Rate



Source: Colliers, Trevisani

Office Investment Market Nears Rock Bottom

There were 19 investment sales in the Chicago CBD office market in 2025, all of which reflected significant value losses. Lenders holding debt on distressed Chicago office assets are increasingly acknowledging that property values have fallen below outstanding loan balances. As a result, they are accepting lower offers and realizing losses. This shift has sparked renewed interest from outside investors who are acquiring multiple properties, a trend that suggests the market may be nearing, or has already reached, its cyclical bottom.



2025

OFFICE MARKET
USA

Occupier Market	Inventory (million sqft)	Net Absorption (000 sqft)	Vacancy Rate (%)		Office Prime Average Rent (\$/sqft/year)		
	2025	2025	2024	2025	2024	2025	Trend
Atlanta	177	20	22.3%	22.4%	33.0	33.9	3%
Chicago	156	-1,400	21.7%	22.6%	73.1	77.4	6%
Dallas/Fort Worth	308	2,200	19.5%	18.4%	72.1	74.3	3%
Denver	164	-1,880	16.5%	18.7%	32.1	33.5	4%
Detroit	202	1,174	10.9%	11.0%	21.3	21.3	0%
Houston	206	-1,300	20.8%	21.5%	46.1	48.9	6%
Los Angeles	396	-1,700	16.6%	15.4%	45.4	44.7	-2%
Miami	52	200	11.5%	11.6%	86.7	89.7	3%
Minneapolis	83	-1,200	19.8%	21.0%	29.5	30.5	3%
New York/Manhattan	458	15,700	14.4%	13.5%	79.9	77.4	-3%
Phoenix	198	360	20.8%	17.0%	30.1	32.1	7%
San Diego	120	-400	12.5%	12.7%	36.5	38.3	5%
San Francisco	93	1,200	30.4%	30.1%	70.0	74.3	6%
Seattle	181	-1,613	16.5%	18.2%	36.5	34.5	-5%
Washington DC	145	-800	14.9%	16.0%	83.3	88.3	6%
Total 15 markets	2,939	10,561	17.9%	18.0%	51.7	53.3	2.8%

Investment Market	Total investment volume (\$ million)		Office investment volume (\$ million)		Cap rate (%)		
	2024	2025	2024	2025	2024	2025	bps
Atlanta	15,090	15,990	1,170	1,560	8.20%	8.30%	10
Chicago	770	920	590	550	NA	NA	NA
Dallas/Fort Worth	2,510	13,410	410	3,440	6.40%	6.20%	-20
Denver	3,070	7,740	730	1,260	6.00%	7.20%	120
Detroit	1,700	1,550	260	300	8.90%	8.60%	-30
Houston	9,840	14,170	1,220	1,710	11.50%	NA	NA
Los Angeles	9,460	13,080	2,150	4,140	NA	5.80%	NA
Miami	5,120	4,830	1,760	1,290	6.80%	6.90%	10
Minneapolis	5,380	5,470	860	670	7.30%	7.70%	40
New York/Manhattan	10,240	14,010	7,620	11,180	5.70%	6.50%	80
Phoenix	7,110	9,870	1,140	1,170	7.50%	7.20%	-30
San Diego	4,380	4,970	930	1,600	7.50%	6.20%	-130
San Francisco	1,850	2,700	630	1,790	6.60%	4.40%	-220
Seattle	3,000	2,440	1,210	1,110	6.40%	7.60%	120
Washington DC	1,090	1,300	790	870	8.60%	9.00%	40
Total 15 markets	80,610	112,450	21,470	32,640	7.49%	7.05%	-1

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OFFICE MARKET | CHICAGO 3