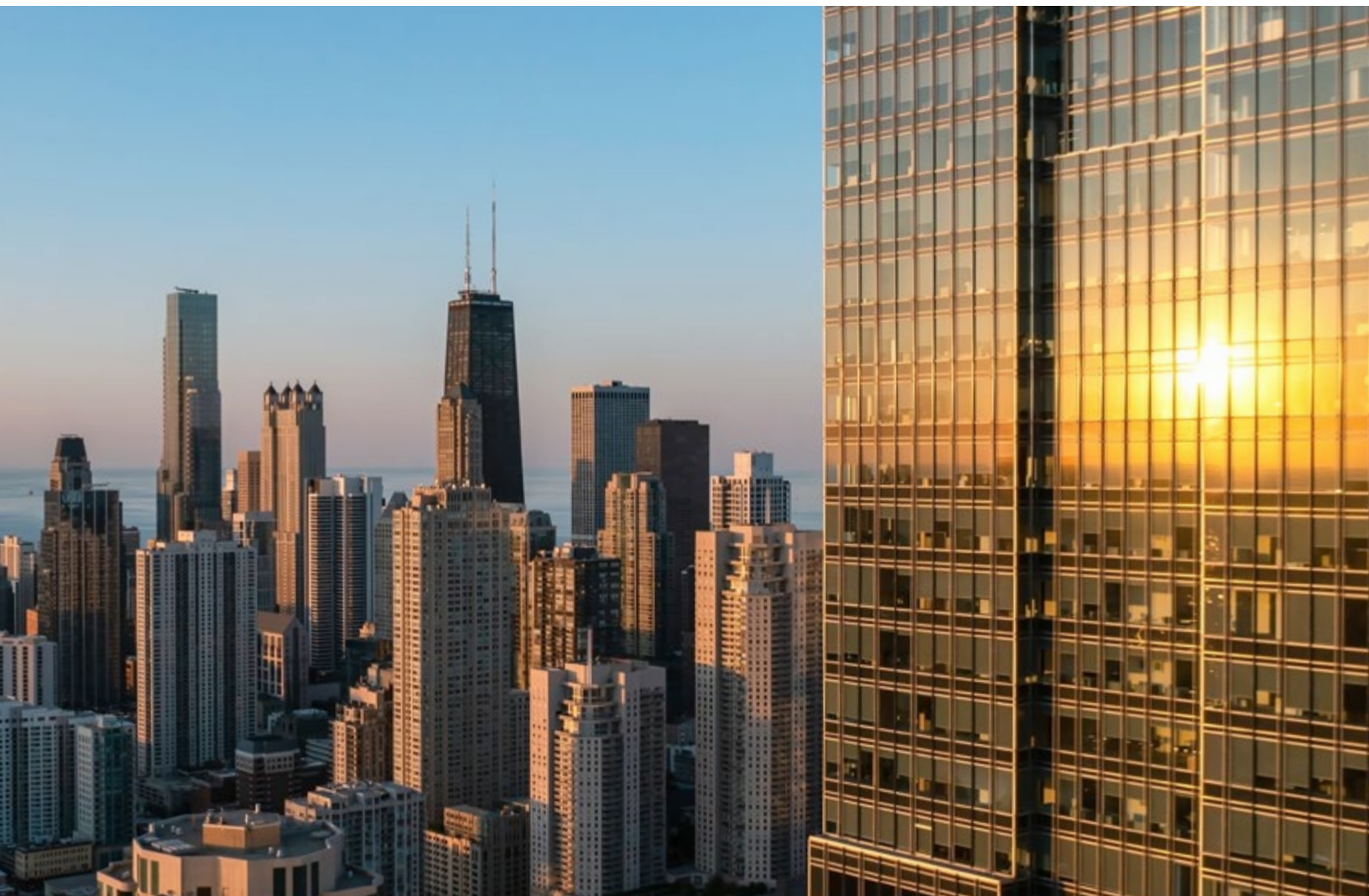


Q1/25 OFFICE MARKET REPORT

Downtown Chicago



CONTENTS

Market Overview	4
Comparisons, Indicators, & Trends	6
Central Loop	10
East Loop	12
Fulton Market	14
North Michigan Avenue	16
River North	18
West Loop	20
Downtown Chicago Submarket Map	22

STABILITY PRECEDES ACCELERATION

First-quarter Chicago CBD office market activity was steady as firms expanded and well-capitalized owners continued robust leasing programs. Though direct vacancy reached a new high at 23.4%, the move higher was a modest 0.2 percentage points over last quarter. And with negative direct absorption improving in Q1/25—negative 173,000 square feet versus negative 1.8 million square feet in Q1/24 and negative 1 million square feet in Q4/24—the data suggest the market may have found a bottom.

Further accelerating the leasing market's momentum, investment sales activity more than doubled year over year, and the office conversion trend continued, enhancing the live-work-play dynamic investors and developers hope will stimulate the Loop. Removing outdated office product and resetting ownership's basis are positive trends pointing to a healthier market.

Leasing Activity

Leasing activity was 1.7 million square feet, similar to activity in Q1/24. The West Loop was responsible for just over half of this activity (916,760 square feet), followed by River North (16.2% of activity) and the Central Loop (11.8% of activity). Though deal volume was relatively low in Fulton Market, its vacancy sits well below the overall market at 15%.

Spec suites continued to outperform the market, accounting for 38.9% of square footage leased in Q1, compared to 26.6% last quarter.

Expansions accounted for at least five of the 10 largest deals, several of which more than doubled the tenant's footprint, notably [Goldman Ismail's](#) 43,000-square-foot deal at 191 N. Wacker, [Stripe's expansion](#) at 350 N. Orleans to over 44,000 square feet, and [Blue Owl's second expansion](#) in recent years, which brought their footprint at 150 N. Riverside to 27,000 square feet.

Gas and oil company BP inked the quarter's largest deal—a [renewal](#) for their entire 240,000-square-foot space at the CME Center, a win secured in part by ownership's extensive renovations to the property.

The Loop's live-work-play evolution gained momentum from the retail sector. Several tenants made commitments downtown, notably [Gap's 10,000-square-foot lease](#) on State Street. And while not necessarily an amenity for the average Loop commuter, [experiential Harry Potter space](#) on North Michigan Avenue will activate street-level retail space along one of Chicago's most iconic shopping corridors. The revival of these spaces, along with others, will further stimulate foot traffic in and around core office properties and could support a prosperous leasing cycle.

Investment Sales

\$156.7 million of office product traded in Q1, slightly down from Q4/24 but more than twice the \$72.3 million that traded in Q1/24. Discounted valuations helped drive the activity, as the price per square foot averaged \$65.

Though on the periphery of the CBD, 3Edgewood's purchase of the former Groupon headquarters at 600 W. Chicago Ave. was the largest office sale since 2022. The 1.6 million-square-foot property, which sold for an 83% discount, is yet another instance of investors capitalizing on reset valuations.

Investors and developers moved forward confidently with two new projects pitched this quarter—one in the West Loop and the other for a portion of the famed Pittsfield Building. Cumulatively, these projects would deliver approximately 300 residential units to the market and take 130,200 square feet of office space offline.

Notable foreclosures included 10 S. LaSalle in the Central Loop and 350 N. Orleans in River North. Goldman Sachs, the lender on 350 N. Orleans, seized the asset from Blackstone and plans to list the property in a foreclosure auction.

Fresh debt remained available for well-performing properties, as the Salesforce Tower's owners worked to secure a \$610 million

refinancing and the Willis Tower placed \$1.3 billion in new debt, both via CMBS. The former, set to be finalized in the coming weeks, is one of the largest refinancing packages in years. In both cases, the properties' strong leasing programs and low vacancy rates helped secure lender confidence—highlighting the demand for resilient trophy assets.

DOWNTOWN CHICAGO

Q1/25 SNAPSHOT



(173,252) SF

Direct Net Absorption Q1/25



23.4%

Direct Vacancy Rate



\$42.56/SF

Average Gross Asking Rate

Property data were compiled from CoStar with these parameters: existing and under-renovation office property type; within Central, East and West Loops, N. Michigan Avenue, River North, and Fulton Market. Excluded properties include those with under 20,000 square feet of office space; non-conforming and owner-occupied properties, including those owned by coworking firms. Absorption numbers are calculated using currently reported square footage in CoStar, standardized over the last four quarters.

FIGURE 01

Leasing Activity by Submarket

Source: CoStar | Data as of March 31, 2025

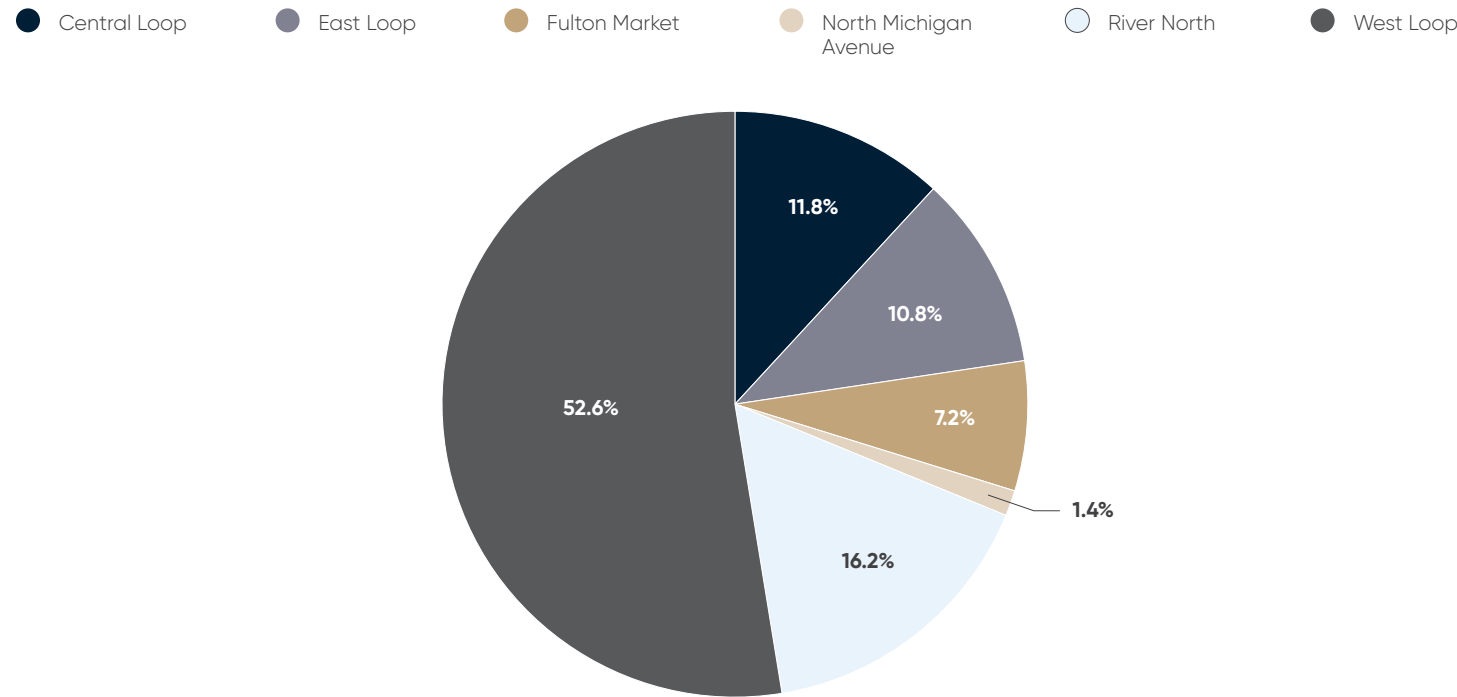
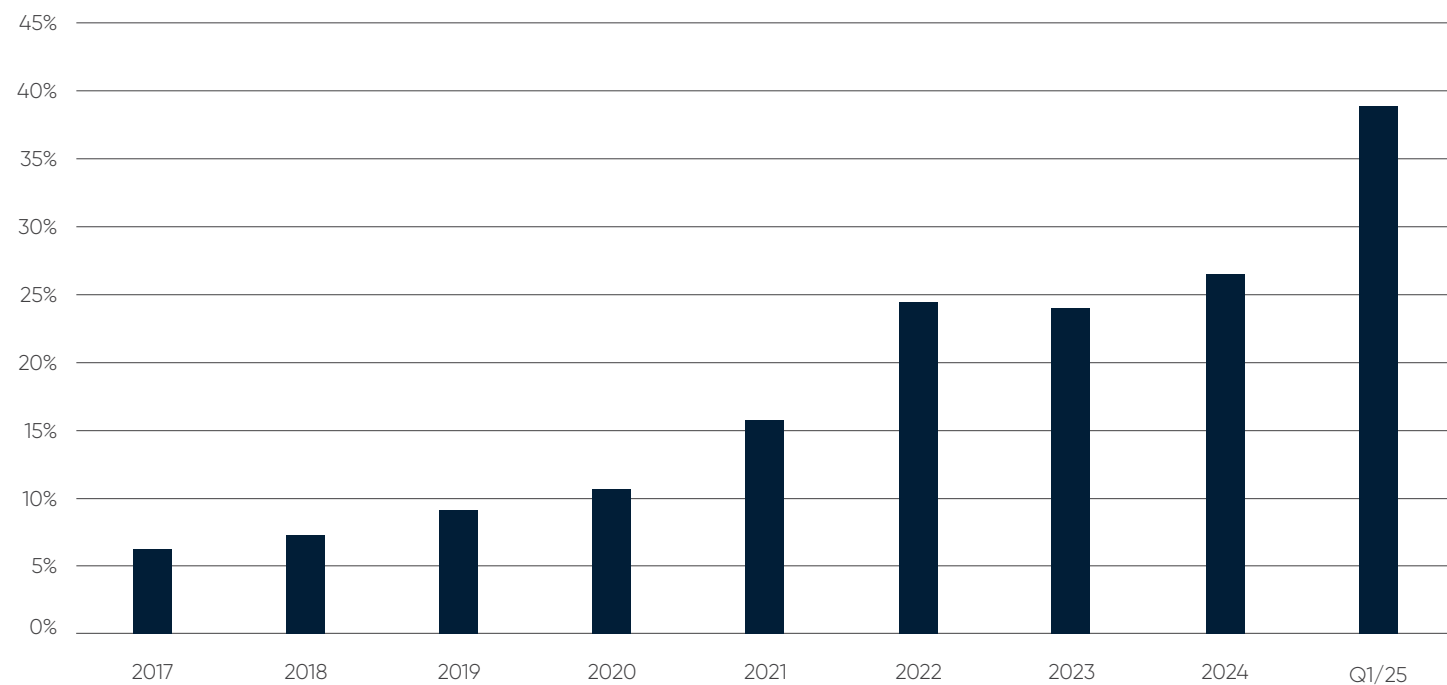


FIGURE 02

Move-In Ready Suites: Leasing Activity

Source: CoStar | Data as of April 1, 2025



This chart shows the percentage of square footage leased for move-in ready suites year over year, which are deals classified as fully built out or spec suites in CoStar.

FIGURE 03

Chicago CBD Submarket Comparison Summary

Source: CoStar
Data as of March 31, 2025

Submarket & Asset Class	Total Square Footage	Average Building Size	Direct Availability Rate	Sublet Availability Rate	Direct Vacancy Rate	Sublet Vacancy Rate	Average Gross Asking Rate	Q1/25 Net Absorption	Q4/24 Net Absorption
CBD	161,076,264	344,917	26.3%	3.4%	23.4%	1.2%	\$42.56	(173,252)	(1,048,689)
CLASS A	97,080,471	789,272	23.9%	4.1%	20.6%	1.5%	\$45.84	111,230	(547,866)
CLASS B	56,115,664	220,928	30.5%	2.5%	28.2%	1.0%	\$38.39	(257,548)	(517,596)
CLASS C	7,880,129	87,557	25.5%	1.1%	23.8%	0.2%	\$29.68	(26,934)	16,773
CENTRAL LOOP	38,533,354	542,723	28.4%	2.3%	26.7%	0.4%	\$37.20	(379,276)	(291,155)
CLASS A	13,730,292	858,143	24.5%	2.6%	21.1%	0.2%	\$46.03	(120,434)	(52,093)
CLASS B	24,162,302	493,108	30.6%	2.2%	30.0%	0.5%	\$36.29	(257,881)	(231,915)
CLASS C	640,760	106,793	26.0%	0.0%	25.1%	0.0%	\$18.26	(961)	(7,147)
EAST LOOP	24,868,942	487,626	33.3%	2.7%	29.5%	0.6%	\$38.69	(118,275)	(378,670)
CLASS A	13,320,829	1,024,679	32.1%	3.7%	27.4%	0.5%	\$37.23	(113,484)	(339,426)
CLASS B	8,400,070	442,109	39.8%	2.0%	36.3%	0.9%	\$41.39	(4,051)	(41,492)
CLASS C	3,148,043	165,686	20.9%	0.3%	20.6%	0.1%	\$28.18	(740)	2,248
FULTON MARKET	10,988,764	120,756	15.3%	4.8%	15.0%	2.4%	\$38.30	16,334	63,064
CLASS A	5,847,320	292,366	14.1%	7.8%	15.2%	4.6%	\$51.00	44,839	52,079
CLASS B	3,853,170	78,636	16.9%	0.3%	15.4%	0.0%	\$34.62	(10,529)	230
CLASS C	1,288,274	58,558	16.2%	4.3%	12.9%	0.0%	\$32.17	(17,976)	10,755
N. MICHIGAN AVENUE	11,030,690	282,838	25.7%	4.8%	21.6%	1.8%	\$35.46	105,996	(102,422)
CLASS A	5,783,507	525,773	28.9%	7.7%	24.7%	2.5%	\$39.61	50,373	(25,338)
CLASS B	5,000,744	200,030	22.2%	1.6%	18.3%	0.9%	\$38.52	55,623	(77,084)
CLASS C	246,439	82,146	19.2%	2.0%	16.0%	2.0%	\$26.86	0	0
RIVER NORTH	18,872,527	173,142	25.7%	2.7%	25.6%	0.9%	\$44.60	(27,557)	(188,856)
CLASS A	12,977,018	763,354	24.5%	3.4%	26.2%	1.0%	\$45.62	(66,060)	(160,096)
CLASS B	4,527,743	68,602	25.5%	1.3%	21.5%	1.0%	\$32.70	45,808	(43,875)
CLASS C	1,367,766	52,606	37.4%	0.5%	33.3%	0.0%	\$27.46	(7,305)	15,115
WEST LOOP	56,781,987	535,679	24.2%	4.2%	19.7%	1.9%	\$48.76	229,526	(150,650)
CLASS A	45,421,505	987,424	21.7%	4.0%	17.0%	1.8%	\$50.09	315,996	(22,992)
CLASS B	10,171,635	221,123	33.9%	5.6%	30.2%	2.6%	\$41.44	(86,518)	(123,460)
CLASS C	1,188,847	84,918	35.1%	0.5%	34.0%	0.3%	\$27.63	48	(4,198)

FIGURE 04

Occupancy & Direct Rent

Source: CoStar | Data as of April 1, 2025

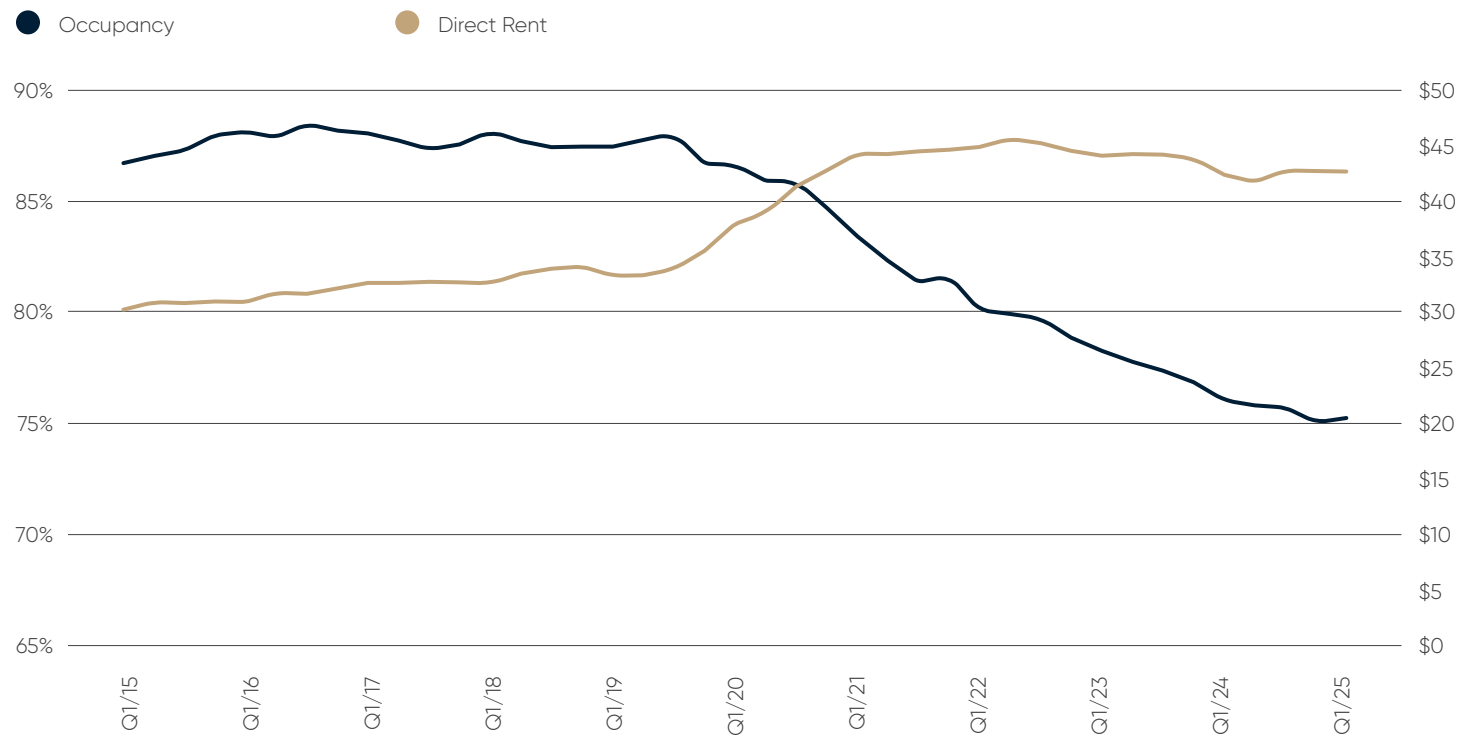
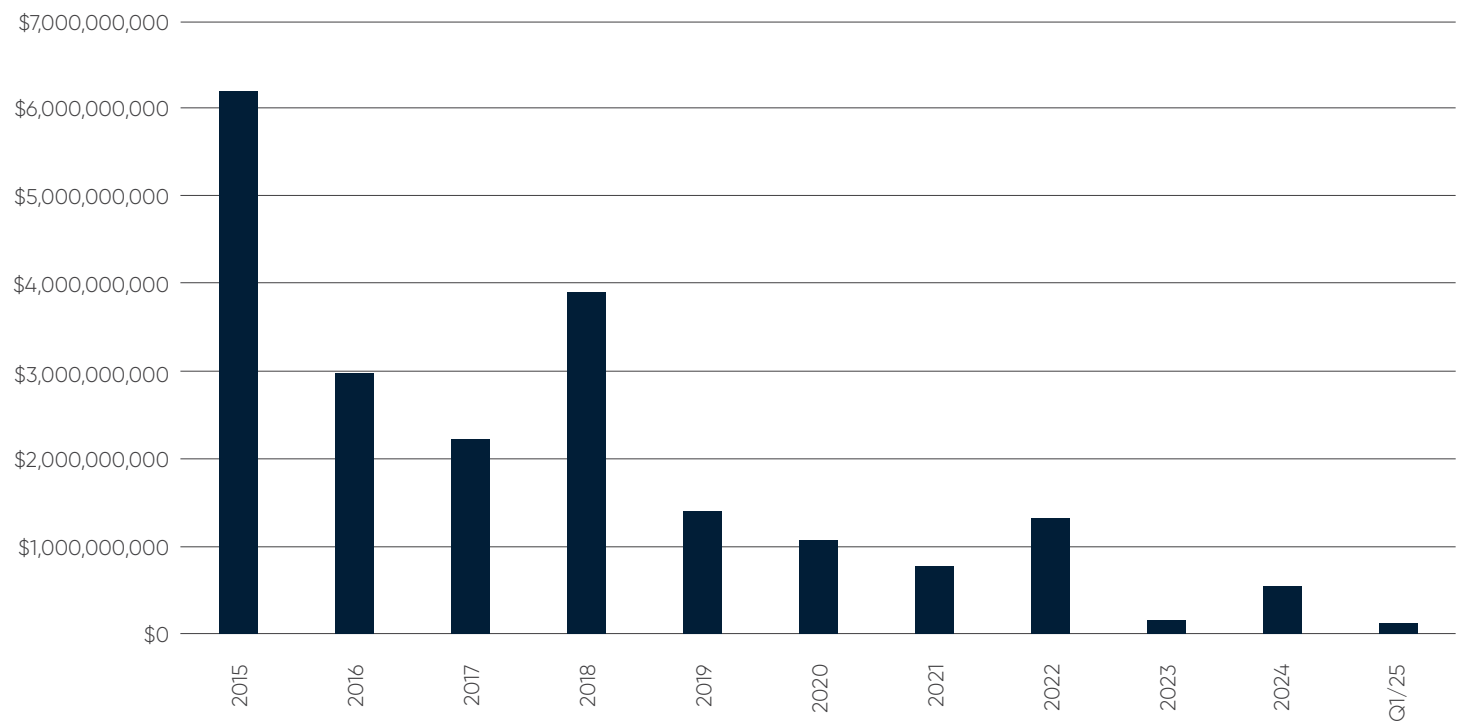


FIGURE 05

Sales Volume

Source: CoStar | Data as of March 31, 2025



CENTRAL LOOP

- The Central Loop had more negative net absorption than the other submarkets at negative 349,300 square feet, nearly 100,000 square feet more YOY.
- Vacancy ticked up, reaching 21.9%.
- Leasing activity was 206,600 square feet, roughly one-third of Q4/24's levels.
- Major deals included Start Early's 38,500-square-foot lease at 1 N. Dearborn and Beyond Finance's 26,200-square-foot deal at 222 N. LaSalle.

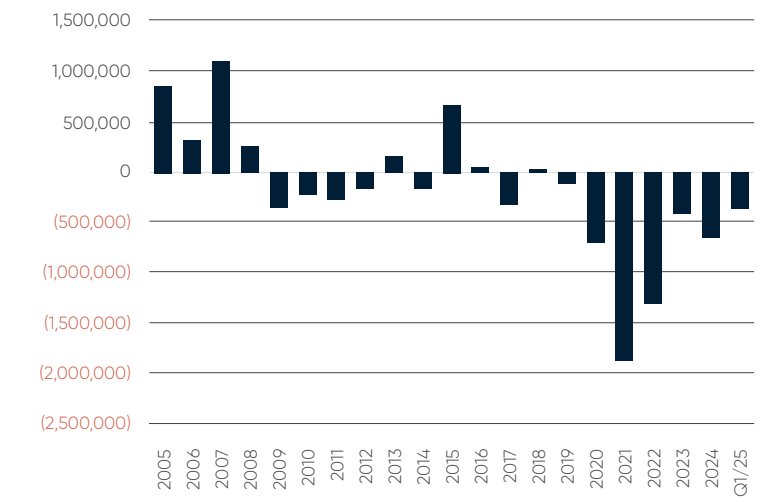
MARKET MOVEMENT



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of March 31, 2025

SUBMARKET & ASSET CLASS	TOTAL SQUARE FOOTAGE	AVERAGE BUILDING SIZE	DIRECT AVAILABILITY RATE	SUBLET AVAILABILITY RATE	DIRECT VACANCY RATE	SUBLET VACANCY RATE	AVERAGE GROSS ASKING RATE	Q1/25 NET ABSORPTION
CENTRAL LOOP	38,533,354	542,723	28.4%	2.3%	26.7%	0.4%	\$37.20	(379,276)
CLASS A	13,730,292	858,143	24.5%	2.6%	21.1%	0.2%	\$46.03	(120,434)
CLASS B	24,162,302	493,108	30.6%	2.2%	30.0%	0.5%	\$36.29	(257,881)
CLASS C	640,760	106,793	26.0%	0.0%	25.1%	0.0%	\$18.26	(961)

EAST LOOP



- Direct net absorption remained negative, though at significantly lower levels than Q4/24 at negative 118,300 square feet.
- The East Loop had the highest direct vacancy of all submarkets at 29.5%.
- Gross rents decreased to \$38.69 per square foot.
- Leasing activity doubled with 187,900 square feet leased. In particular, relocation activity surged, with four notable deals from tenants ComPsych, Howard & Howard, Aeropay, and NORC.
- Notable investment sale activity included David Werner and 601W's purchase of 303 E. Wacker for \$62,500,000—an 82% discount from its 2018 purchase price.

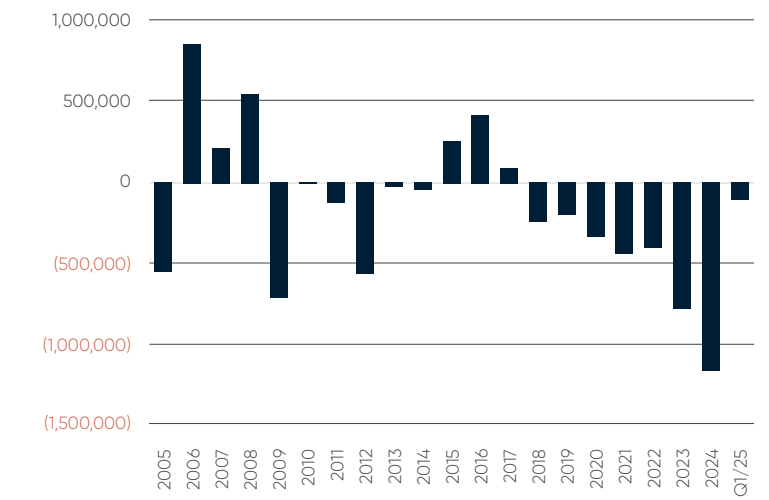
MARKET MOVEMENT

DISTRESSED BUILDINGS 6 BUILDINGS 1.8M SF of available space	RELOCATION/DOWNSIZE COMPSYCH 130 E. Randolph Street (49,464 SF)	RENEWAL AFSCME 205 N. Michigan Avenue (22,015 SF)	RELOCATION/DOWNSIZE HOWARD & HOWARD 180 N. Stetson Avenue (21,828 SF)
RELOCATION/EXPANSION AEROPAY 1 E. Wacker Drive (14,938 SF)	RELOCATION/DOWNSIZE NORC 300 E. Randolph Street (65,606 SF)	INVESTMENT SALE DAVID WERNER 303 E. Wacker Drive (\$62,500,000)	

DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of March 31, 2025

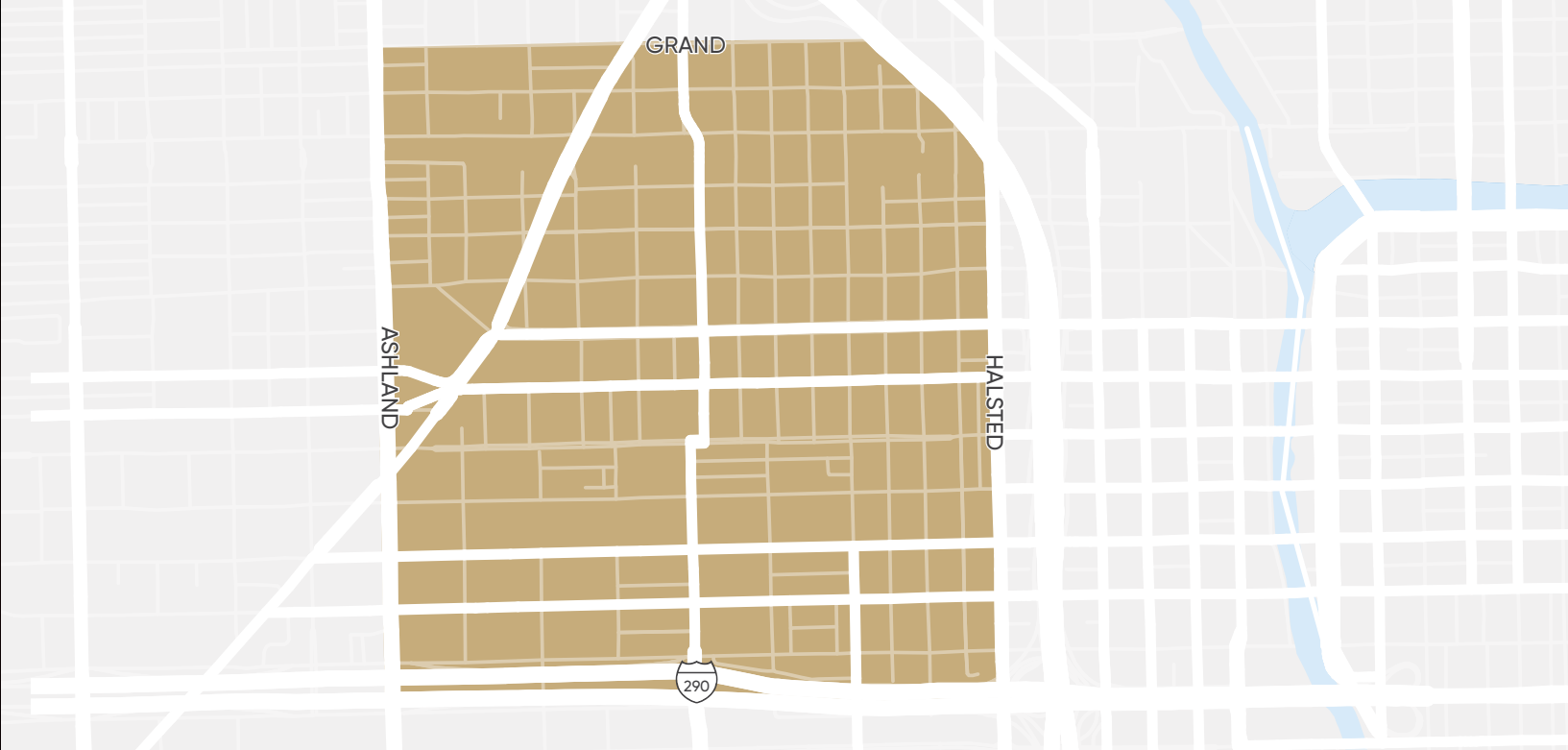
SUBMARKET & ASSET CLASS	TOTAL SQUARE FOOTAGE	AVERAGE BUILDING SIZE	DIRECT AVAILABILITY RATE	SUBLET AVAILABILITY RATE	DIRECT VACANCY RATE	SUBLET VACANCY RATE	AVERAGE GROSS ASKING RATE	Q1/25 NET ABSORPTION
EAST LOOP	24,868,942	487,626	33.3%	2.7%	29.5%	0.6%	\$38.69	(118,275)
CLASS A	13,320,829	1,024,679	32.1%	3.7%	27.4%	0.5%	\$37.23	(113,484)
CLASS B	8,400,070	442,109	39.8%	2.0%	36.3%	0.9%	\$41.39	(4,051)
CLASS C	3,148,043	165,686	20.9%	0.3%	20.6%	0.1%	\$28.18	(740)

FULTON MARKET

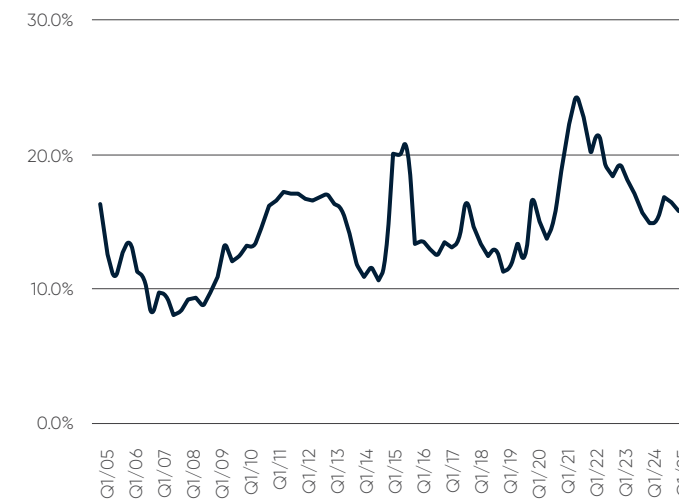
- Class A assets were wholly responsible for the positive direct net absorption, which totaled 16,300 square feet.
- Direct vacancy remained low relative to the overall market at 15%.
- Only 4% of the quarter's deal volume occurred in Fulton Market, including Guidehouse's 48,900-square-foot sublease at 167 N. Green and R1 RCMC's 31,200-square-foot relocation and expansion at 333 N. Green.

MARKET MOVEMENT

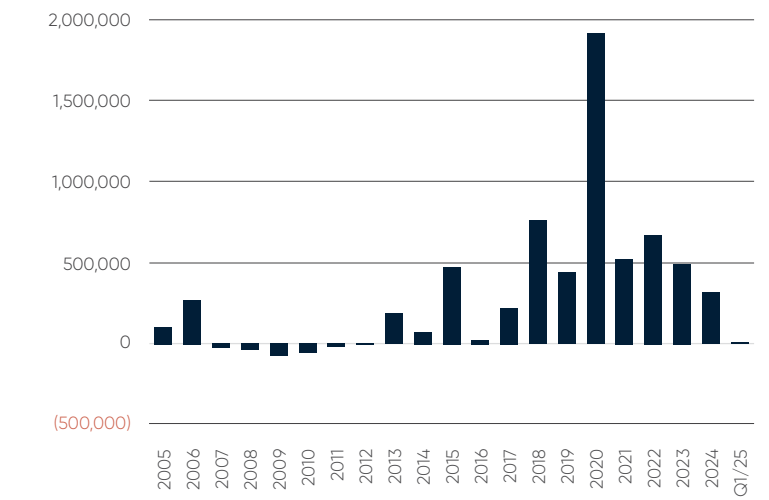
DISTRESSED BUILDINGS	SUBLEASE	RELOCATION/ EXPANSION	SUBLEASE
1 BUILDING 50,100 SF of available space	GUIDEHOUSE 167 N. Green Street (46,855 SF)	R1 RCMC 333 N. Green Street (31,168 SF)	STERLING BAY 939 W. Fulton Market (25,603 SF)
NEW LEASE	NEW LEASE	NEW LEASE	
KI 1045 W. Fulton Market (13,871 SF)	PORTAL 400 N. Aberdeen Street (13,000 SF)	CHAN ZUCKERBERG 400 N. Aberdeen Street (13,000 SF)	



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of March 31, 2025

SUBMARKET & ASSET CLASS	TOTAL SQUARE FOOTAGE	AVERAGE BUILDING SIZE	DIRECT AVAILABILITY RATE	SUBLET AVAILABILITY RATE	DIRECT VACANCY RATE	SUBLET VACANCY RATE	AVERAGE GROSS ASKING RATE	Q1/25 NET ABSORPTION
FULTON MARKET	24,868,942	487,626	33.3%	2.7%	29.5%	0.6%	\$38.69	(118,275)
CLASS A	5,847,320	292,366	14.1%	7.8%	15.2%	4.6%	\$51.00	44,839
CLASS B	3,853,170	78,636	16.9%	0.3%	15.4%	0.0%	\$34.62	(10,529)
CLASS C	1,288,274	58,558	16.2%	4.3%	12.9%	0.0%	\$32.17	(17,976)

NORTH MICHIGAN AVENUE



- Leasing activity was muted with only 24,700 square feet in deal volume—less than one-third of Q4/24's levels.
- Direct vacancy dipped to 21.1%, below the overall market average.
- Direct net absorption was positive at 106,000 square feet—a significant improvement from Q4/24's negative 102,400 square feet.
- North Michigan Avenue accounted for the smallest share of leasing activity with only 2% of deals.

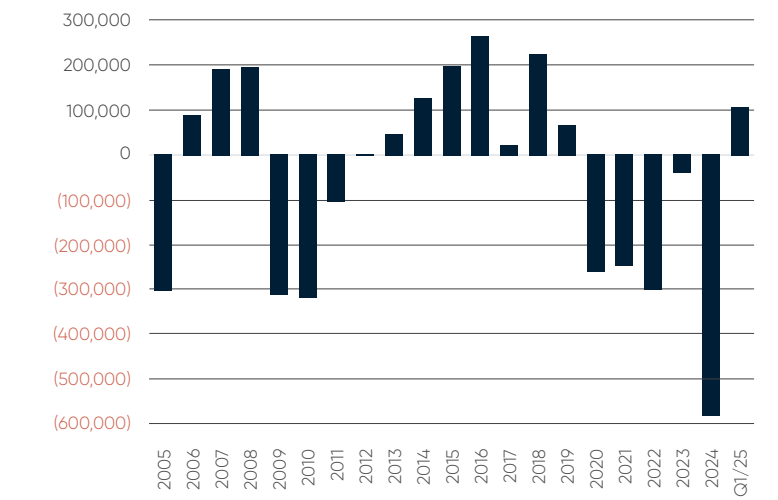
MARKET MOVEMENT

DISTRESSED BUILDINGS	RENEWAL
2 BUILDINGS 401,000 SF of available space	ATLANTIA FOOD CLINICAL TRIALS 142 E. Ontario Street (4,283 SF)

DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of March 31, 2025

SUBMARKET & ASSET CLASS	TOTAL SQUARE FOOTAGE	AVERAGE BUILDING SIZE	DIRECT AVAILABILITY RATE	SUBLET AVAILABILITY RATE	DIRECT VACANCY RATE	SUBLET VACANCY RATE	AVERAGE GROSS ASKING RATE	Q1/25 NET ABSORPTION
N. MICHIGAN AVENUE	11,030,690	282,838	25.7%	4.8%	21.6%	1.8%	\$35.46	105,996
CLASS A	5,783,507	525,773	28.9%	7.7%	24.7%	2.5%	\$39.61	50,373
CLASS B	5,000,744	200,030	22.2%	1.6%	18.3%	0.9%	\$38.52	55,623
CLASS C	246,439	82,146	19.2%	2.0%	16.0%	2.0%	\$26.86	0

RIVER NORTH

- Direct vacancy increased to 25.6%, just above the market average.
- Deal volume was 283,000 square feet, significantly up from 173,500 square feet in Q4/24 but below the 340,500 square feet leased in Q1/24.
- Notable activity included Stripe's 89,000-square-foot expansion at 350 N. Orleans and Berlin Packaging's new 36,600-square-foot deal at Merchandise Mart.
- Much of the quarter's investment activity occurred in River North with 3Edgewood's purchase of 600 W. Chicago for \$88,682,000—the largest office sale in the CBD since 2022.

MARKET MOVEMENT

DISTRESSED BUILDINGS

4 BUILDINGS
495,300 SF of available space

NEW LEASE

STRIPE
350 N. Orleans Street
(89,000 SF)

NEW LEASE

CLEAR CHANNEL OUTDOOR
222 Merchandise Mart Plaza
(19,488 SF)

NEW LEASE

BERLIN PACKAGING
222 Merchandise Mart Plaza
(36,588 SF)

RELOCATION/ EXPANSION

ENERGYCX
600 W. Chicago Avenue
(25,000 SF)

INVESTMENT SALE

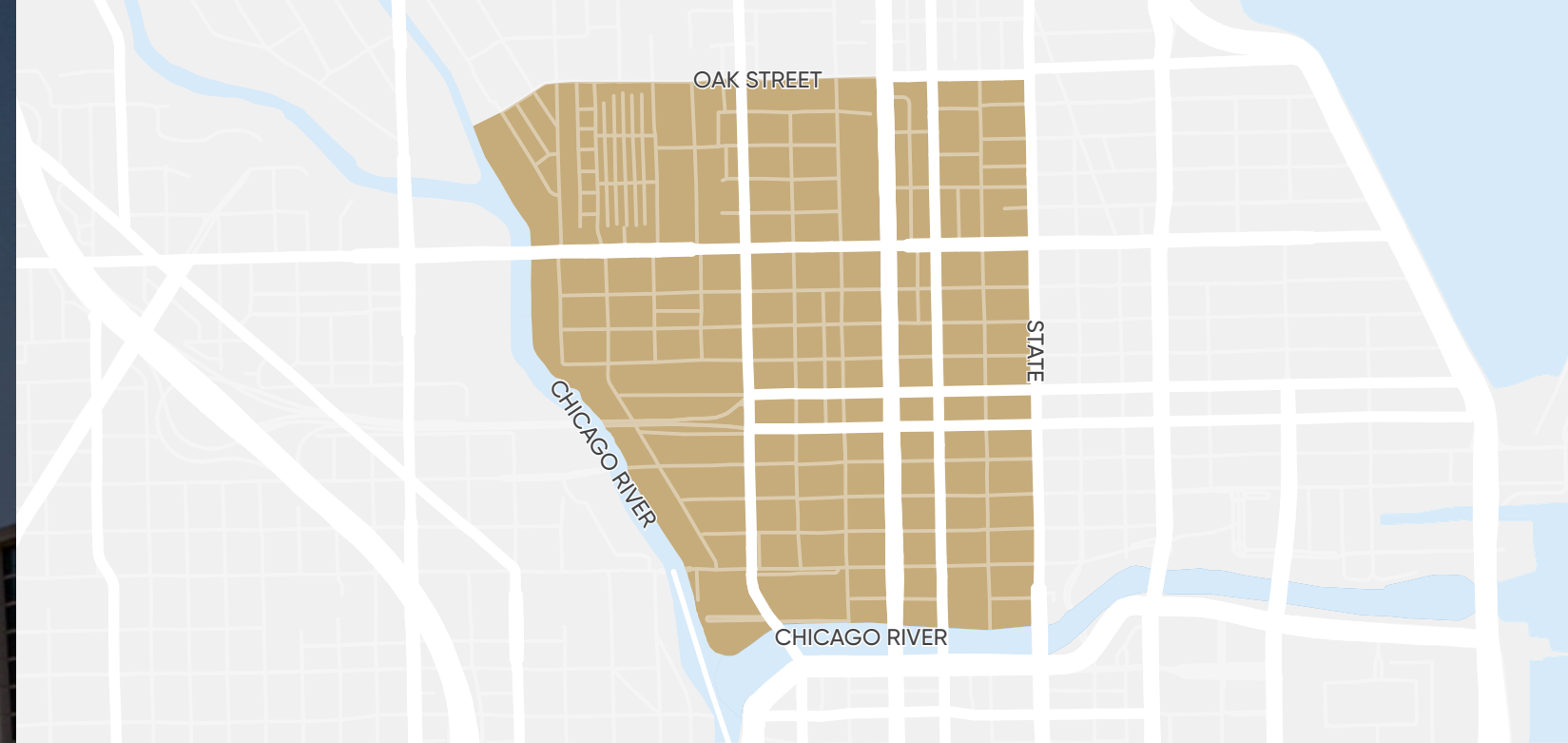
3EDGEWOOD
600 W. Chicago Avenue
(\$88,682,000)

INVESTMENT SALE

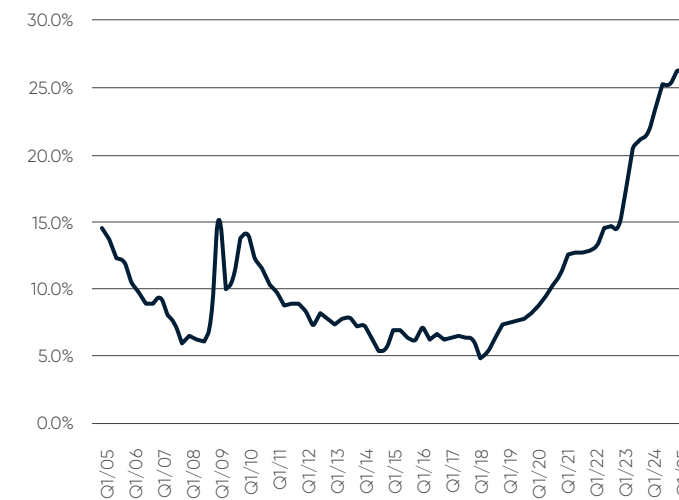
REIGN CAPITAL
509 N. Dearborn Street
(\$17,185,136)

INVESTMENT SALE

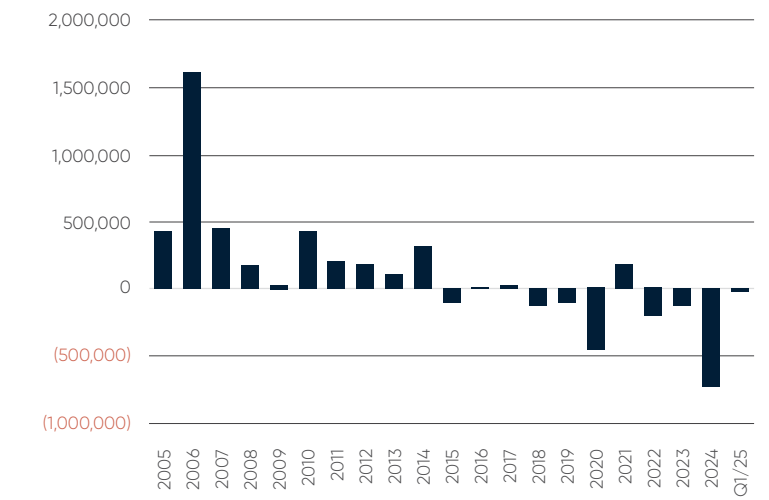
ALECKO CAPITAL
620 N. LaSalle Street
(\$7,400,000)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of March 31, 2025

SUBMARKET & ASSET CLASS	TOTAL SQUARE FOOTAGE	AVERAGE BUILDING SIZE	DIRECT AVAILABILITY RATE	SUBLET AVAILABILITY RATE	DIRECT VACANCY RATE	SUBLET VACANCY RATE	AVERAGE GROSS ASKING RATE	Q1/25 NET ABSORPTION
RIVER NORTH	18,872,527	173,142	25.7%	2.7%	25.6%	0.9%	\$44.60	(27,557)
CLASS A	12,977,018	763,354	24.5%	3.4%	26.2%	1.0%	\$45.62	(66,060)
CLASS B	4,527,743	68,602	25.5%	1.3%	21.5%	1.0%	\$32.70	45,808
CLASS C	1,367,766	52,606	37.4%	0.5%	33.3%	0.0%	\$27.46	(7,305)

WEST LOOP

- Gross rental rates were highest in the West Loop at \$48.76 per square foot.
- Direct net absorption improved significantly from last quarter, netting positive 229,500 square feet in Q1/25 compared to negative 150,600 square feet in Q4/24.
- West Loop was a hotspot for leasing with nearly 47% of deal volume occurring in the submarket.
- Major deals included Goldman Ismail's 43,000-square-foot renewal at 191 N. Wacker, Cars.com's 52,700-square-foot renewal, and BP's 240,000-square-foot renewal for their entire footprint at the CME Center.
- Investment sales activity included Glenstar's \$68,000,000 purchase of 200 S. Wacker.

MARKET MOVEMENT

DISTRESSED BUILDINGS

5 BUILDINGS
926,500 SF of available space

INVESTMENT SALE

GLENSTAR
200 S. Wacker Drive
(\$68,000,000)

INVESTMENT SALE

REIGN CAPITAL
311 W. Washington Street
(\$25,347,000)

RENEWAL

BP
CME Center
(240,000 SF)

RENEWAL/DOWNSIZE

CARS.COM
300 S. Riverside Plaza
(52,739 SF)

RELOCATION/DOWNSIZE

NEUBERGER BERMAN
191 N. Wacker Drive
(52,000 SF)

RELOCATION/EXPANSION

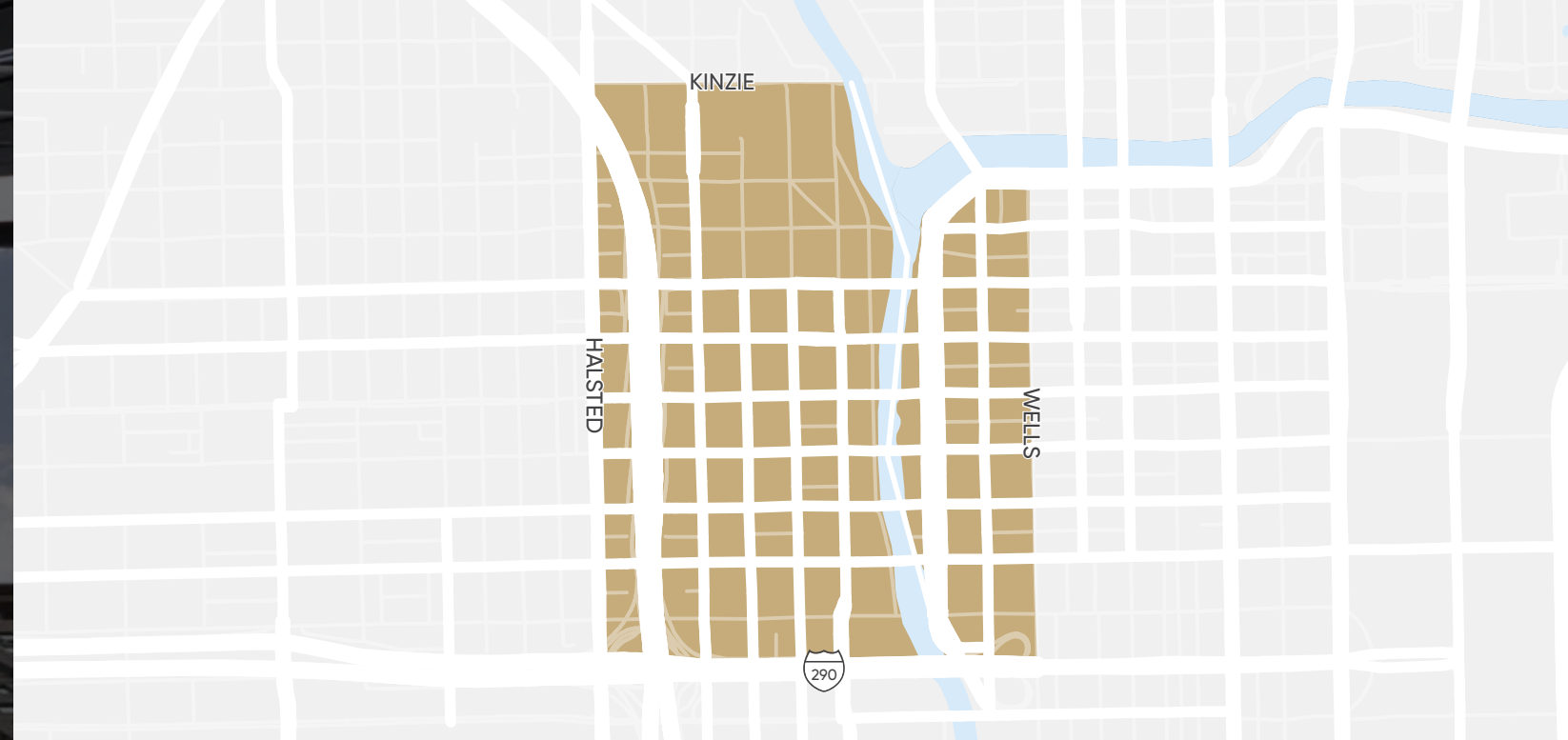
GOLDMAN ISMAIL TOMASELLI BRENNAN & BAUM
191 N. Wacker Drive
(43,000 SF)

RENEWAL

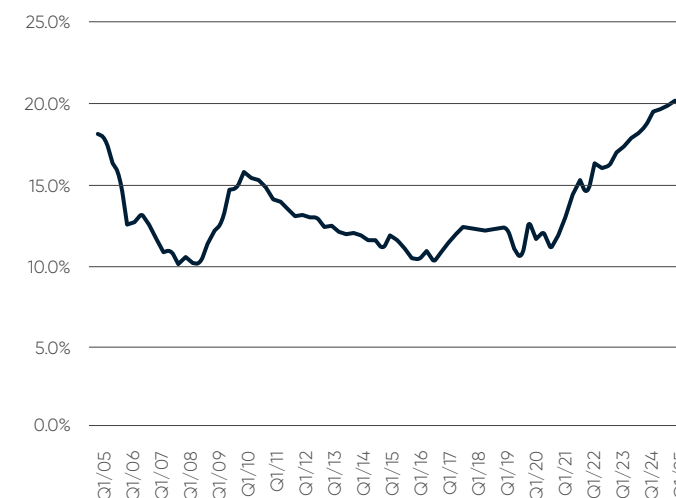
LITCHFIELD CAVO
303 W. Madison Street
(36,671 SF)

RENEWAL

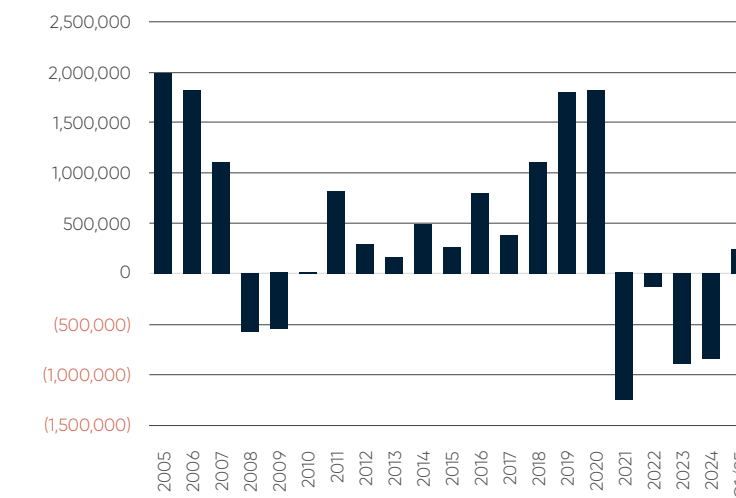
STARR INDEMNITY
500 W. Monroe Street
(33,651 SF)



DIRECT VACANCY RATE

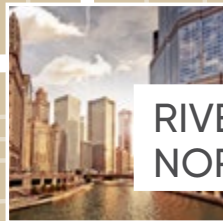
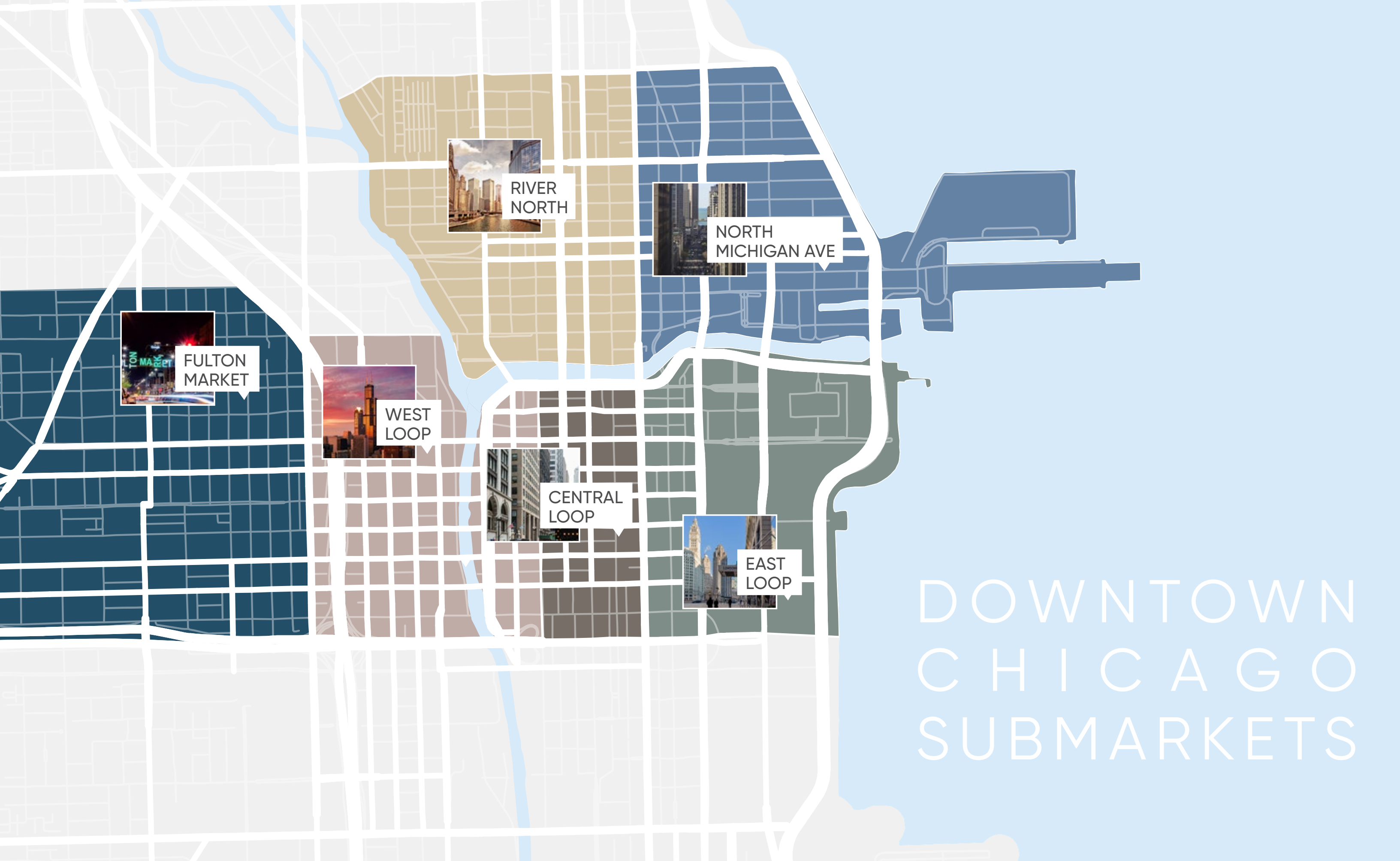


DIRECT NET ABSORPTION (SF)

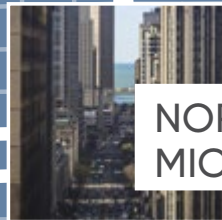


Source: CoStar | Data as of March 31, 2025

SUBMARKET & ASSET CLASS	TOTAL SQUARE FOOTAGE	AVERAGE BUILDING SIZE	DIRECT AVAILABILITY RATE	SUBLET AVAILABILITY RATE	DIRECT VACANCY RATE	SUBLET VACANCY RATE	AVERAGE GROSS ASKING RATE	Q1/25 NET ABSORPTION
WEST LOOP	56,781,987	535,679	24.2%	4.2%	19.7%	1.9%	\$48.76	229,526
CLASS A	45,421,505	987,424	21.7%	4.0%	17.0%	1.8%	\$50.09	315,996
CLASS B	10,171,635	221,123	33.9%	5.6%	30.2%	2.6%	\$41.44	(86,518)
CLASS C	1,188,847	84,918	35.1%	0.5%	34.0%	0.3%	\$27.63	48



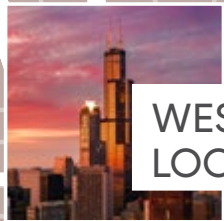
RIVER
NORTH



NORTH
MICHIGAN AVE



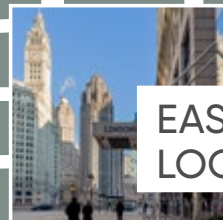
FULTON
MARKET



WEST
LOOP



CENTRAL
LOOP



EAST
LOOP

DOWNTOWN CHICAGO SUBMARKETS

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