

# Q3/25 OFFICE MARKET REPORT

Downtown Chicago





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# VACANCY RATE STABLE AS LEASING MOMENTUM CONTINUES

Q3/25 CBD leasing volumes moderated from last quarter’s strong 2 million square foot pace but remained robust, with approximately 1.8 million square feet of deals over the past three months. Activity was concentrated in the West Loop, followed by the Central Loop, underscoring tenant preferences for newer assets with well-capitalized ownership and first-class amenity programs located near major transportation hubs—Amtrak, Metra, CTA, and highways. Demand measures improved over last quarter as absorption was notably less negative at approximately -173,000 square feet based on the data available on September 30—versus negative 1.7 million square feet in Q2/25—as tenants continue to emphasize operational efficiency in footprint decisions.

The direct vacancy rate finished the quarter at 24.4%, essentially flat with Q2/25’s level of 24.5%. Direct net absorption was approximately -100,000 square feet reflecting right-sized footprints, though tenants in the market are increasingly taking tours of larger spaces, a positive sign for the CBD. Average direct gross asking rents held in the low \$40s per square foot. At the submarket level, West Loop asking rates led the market, with River North next; Central and East Loop and North Michigan Avenue remained more value-oriented in comparison. Spec suites remained highly sought after and continued to represent a meaningful share of executed volume, as tenants prioritized speed to occupancy and capital efficiency.

### Leasing Activity

Just over 40% of the CBD’s total square footage leased in Q3/25 was in the West Loop, reaffirming the submarket’s position with transit-served, amenity-forward towers and an active spec-suite pipeline. Notably, leasing in the Central Loop was up significantly quarter-over-quarter and accounted for roughly one third of the total. Broadly, the distribution across submarkets mirrored the year-to-date pattern: tenants consolidating into the highest-utility buildings—typically with active ownership, modern systems, and on-site services—while value-driven requirements supported more cost-effective corridors.

Absorption was mixed by submarket. Central Loop and Fulton Market posted positive net absorption over the quarter, led by the quarter’s largest lease in the Central Loop and steady small-to-mid-sized tenant activity in Fulton Market. West Loop, River North, East Loop, and North Michigan Avenue recorded negative absorption as a combination of move-outs, space givebacks, and sublease additions offset new leasing.

The quarter’s top lease was Bain & Company’s 173,186-square-foot new commitment at 131 S. Dearborn Street in the Central Loop. In the West Loop, Wolverine Trading took 83,000 square feet at 433 W. Van Buren (sublease), while Interactive Brokers signed 67,015 square feet at 10 S. Riverside Plaza and CVS Health committed to 40,975 square feet at 525 W. Monroe. River North registered a 40,000-square-foot new lease by Chartis at The Mart. On North Michigan Avenue, Nike renewed 41,125 square feet at 550 N. Rush Street, and two new leases totaling roughly 29,000 square feet were completed at 400–410 N. Michigan Avenue with reported rents around the low \$20s per square foot net. Additional notable new leases included Ropes & Gray at 191 N. Wacker and Gateway Foundation at 500 W. Monroe, alongside a series of targeted renewals that maintained occupancy in well-amenitized assets.

ArentFox Schiff extended 75,000 square feet at 233 S. Wacker Drive, Convene renewed 57,326 square feet at 311 W. Monroe Street, and the American College of Healthcare Executives renewed 36,189 square feet at 300 S. Riverside. Together with Nike’s renewal and several mid-sized extensions across the CBD, these transactions underscored that large and mid-sized tenants remain willing to re-commit to CBD locations when buildings deliver the right combination of quality, services, and connectivity.

### Investment Sales

Capital markets activity ticked up and year-to-date sales volume reached approximately \$325 million through Q3/25. In the West Loop, Two North Riverside Plaza traded for \$27.75 million, or roughly

\$48 per square foot, while 125 S. Wacker was placed under contract around \$50 million, implying approximately \$88 per square foot. These transactions illustrate ongoing price discovery and low-basis executions for large, older towers where buyers underwrite significant capital and lease-up programs to reposition for long-term competitiveness.

Conversely, smaller assets in River North continued to clear at materially higher per-square-foot values, reflecting lighter capital requirements and optionality for adaptive reuse. Recent River North closings clustered around the low-to-mid \$100s per square foot, notably above the pricing observed for larger West Loop towers. The spread between these remained wide in Q3/25, highlighting

investor focus on basis, business plan, and capital stack flexibility. Lenders and equity remain selective, with execution favoring owners that can capitalize building systems, deliver modern amenities, and support speculative buildout to accelerate move-in timelines.

All told, Q3/25 reaffirmed this is a market in strategic transition. Leasing volumes concentrated in assets that have led performance year-to-date, while investment sales occurred mostly among distressed, discounted, value-add projects. Ownership with the capital, conviction, and infrastructure to compete for tenants—through upgraded amenities, targeted spec suites, and active leasing programs—continued to win deals and defend occupancy.

# DOWNTOWN CHICAGO

## Q3/25 SNAPSHOT



**(173,753) SF**  
Direct Net  
Absorption Q3/25



**24.4%**  
Direct Vacancy  
Rate



**\$42.13/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 September 30, 2025

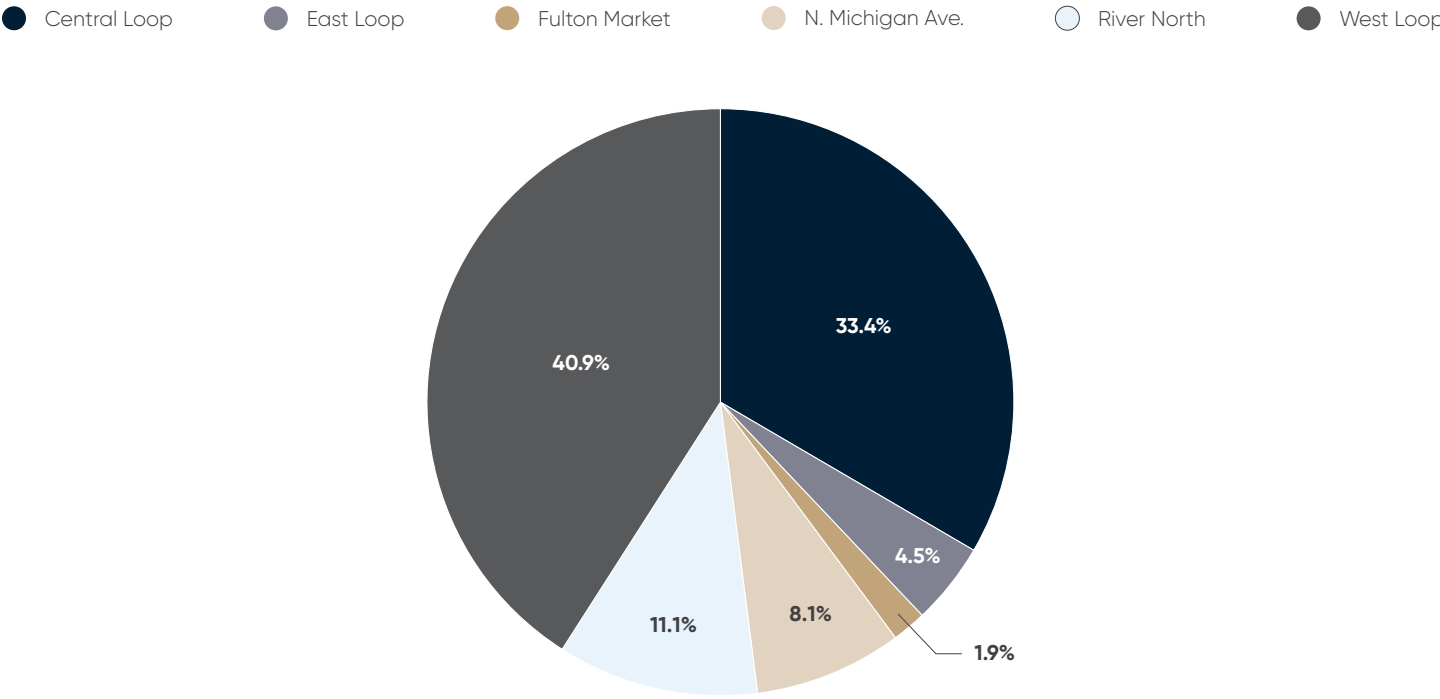
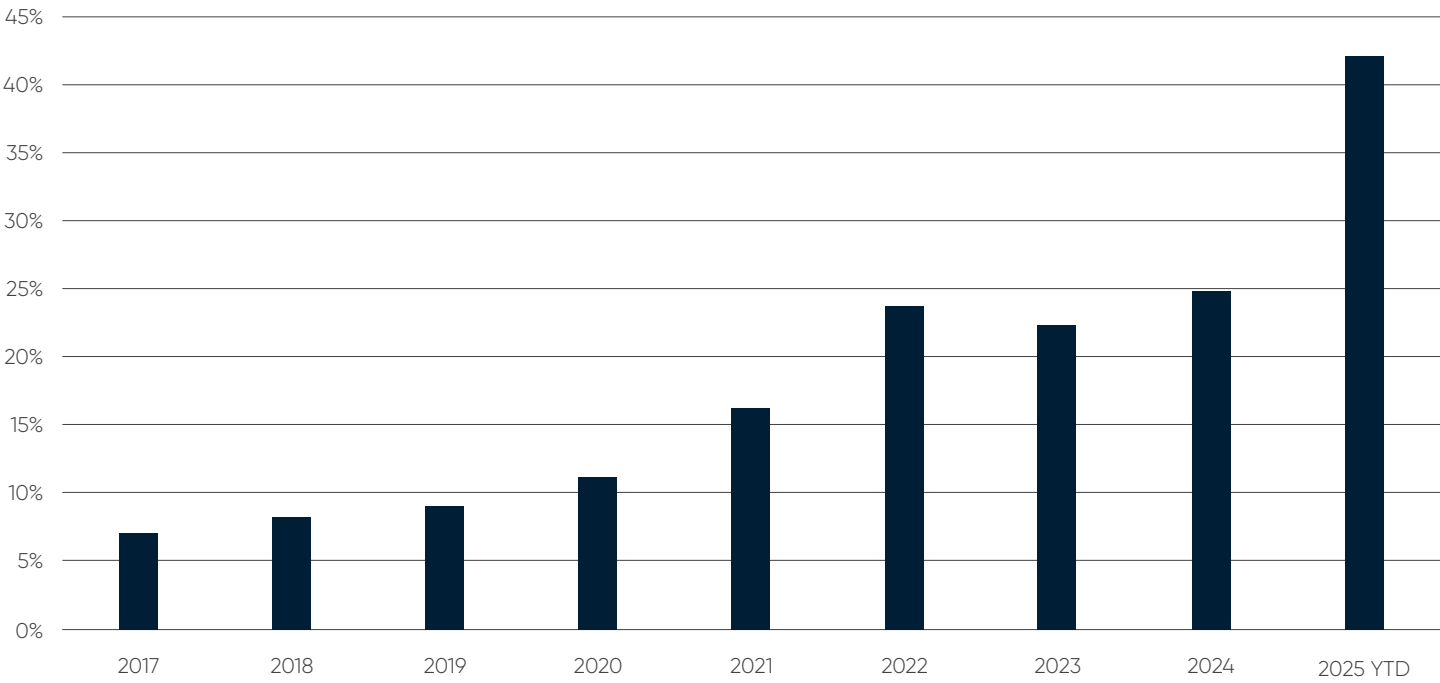


FIGURE 02

## Move-In Ready Suites: Leasing Activity

Source: CoStar | Data as of September 30, 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 September 30, 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	Q3/25 Net Absorption	2024 Net Absorption
CBD	161,056,718	342,674	26.3%	3.2%	24.4%	1.2%	\$42.13	(173,753)	(3,664,363)
Class A	96,088,075	794,116	23.7%	3.9%	21.4%	1.6%	\$45.59	(252,219)	(2,245,009)
Class B	55,416,649	221,667	30.5%	2.3%	29.1%	0.8%	\$37.87	66,246	(1,450,074)
Class C	9,551,994	96,485	27.4%	0.6%	27.2%	0.1%	\$29.68	85,638	30,720
CENTRAL LOOP	38,499,481	542,246	27.6%	1.7%	27.2%	0.1%	\$37.43	355,030	(679,243)
Class A	13,770,562	860,660	23.6%	1.9%	20.6%	0.1%	\$48.68	6,255	(84,638)
Class B	23,989,848	499,789	30.3%	1.7%	31.3%	0.2%	\$36.98	263,061	(578,113)
Class C	739,071	105,582	12.6%	0.0%	14.1%	0.0%	\$12.73	85,714	(16,492)
EAST LOOP	25,933,467	498,721	33.9%	2.5%	30.3%	1.0%	\$37.68	(367,005)	(1,164,407)
Class A	13,747,752	1,057,519	30.5%	3.6%	27.1%	1.0%	\$50.99	(124,105)	(959,765)
Class B	8,098,051	426,213	41.6%	1.8%	34.8%	1.4%	\$41.05	(208,576)	(207,233)
Class C	4,087,664	204,383	30.1%	0.1%	31.8%	0.0%	\$29.93	(34,324)	2,591
FULTON MARKET	9,803,832	110,155	15.2%	6.0%	14.7%	2.8%	\$40.31	117,992	316,165
Class A	5,726,245	286,312	11.0%	8.5%	12.0%	4.4%	\$55.06	91,190	263,460
Class B	2,633,887	58,531	21.6%	1.7%	18.9%	0.8%	\$36.94	16,591	83,334
Class C	1,443,700	60,154	19.7%	3.6%	17.9%	0.0%	\$31.24	10,211	(30,629)
N. MICHIGAN AVENUE	11,028,709	262,588	27.8%	4.7%	22.5%	3.2%	\$39.53	(7,509)	(546,415)
Class A	5,377,353	488,850	35.1%	7.4%	24.4%	5.8%	\$49.94	9,382	(378,634)
Class B	5,306,117	196,523	21.3%	2.2%	21.4%	0.7%	\$29.95	(16,891)	(165,858)
Class C	345,239	86,310	12.2%	1.4%	10.5%	1.4%	\$20.00	0	(1,923)
RIVER NORTH	18,898,212	168,734	25.2%	3.0%	25.3%	1.5%	\$45.85	(104,701)	(771,141)
Class A	12,621,191	788,824	25.2%	3.9%	26.9%	1.9%	\$46.73	(125,046)	(544,025)
Class B	4,592,852	69,589	23.4%	1.4%	20.5%	1.1%	\$32.62	3,096	(270,291)
Class C	1,684,169	56,139	30.0%	0.1%	26.2%	0.0%	\$23.00	17,249	43,175
WEST LOOP	56,883,296	546,955	23.9%	3.7%	21.6%	1.4%	\$48.43	(94,142)	(819,322)
Class A	44,844,972	996,555	21.5%	3.7%	19.1%	1.4%	\$50.86	(109,895)	(541,407)
Class B	10,786,173	239,693	32.4%	4.4%	30.1%	1.5%	\$41.05	8,965	(311,913)
Class C	1,252,151	89,439	36.8%	0.0%	36.2%	0.0%	\$29.93	6,788	33,998



FIGURE 04

## Occupancy & Direct Rent

Source: CoStar | Data as of September 30, 2025

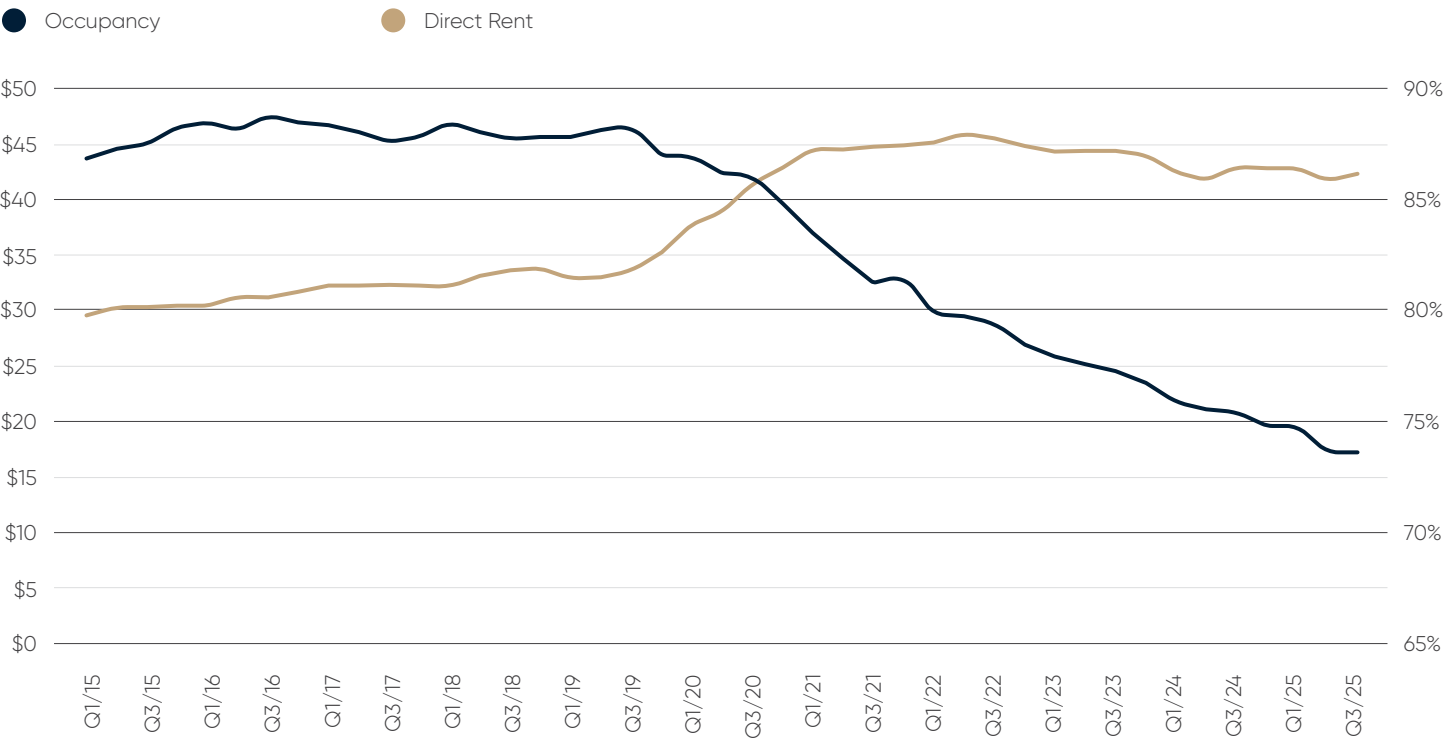
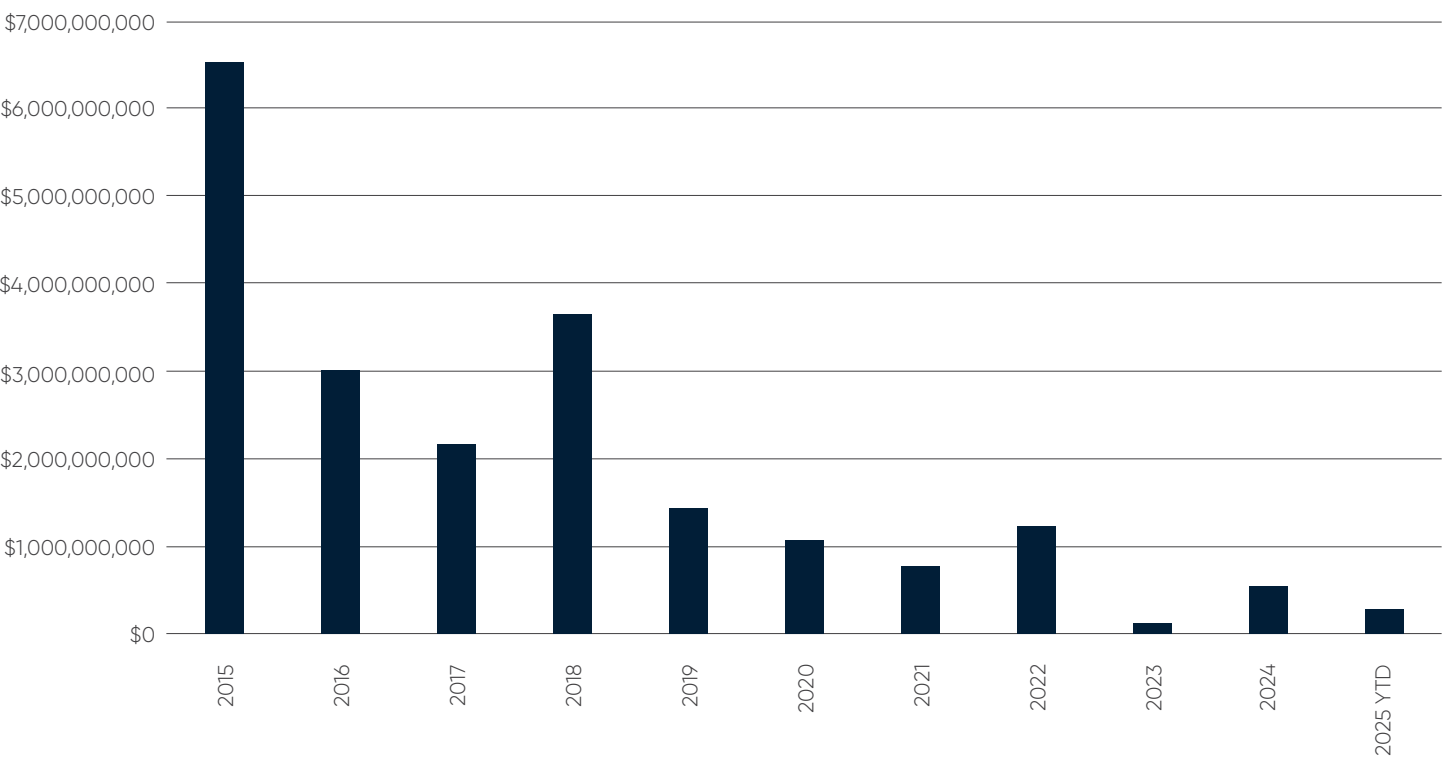


FIGURE 05

## Sales Volume

Source: CoStar | Data as of September 30, 2025





# CENTRAL LOOP



- Direct vacancy rate of 27.2%, above the market average of 24.4%
- Achieved positive net absorption of 355,030 SF, ranking first among all submarkets and demonstrating the strongest demand fundamentals
- Anchored by Bain & Company's marquee 173,186-SF new lease at 131 S. Dearborn Street, the largest transaction of the quarter
- Accounted for approximately 33% of quarterly leasing volume

## MARKET MOVEMENT

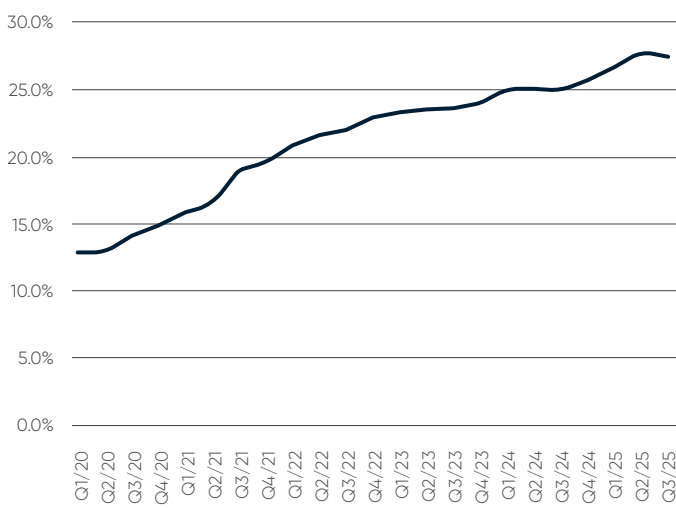
NEW LEASE

BAIN & COMPANY  
131 S. Dearborn St.  
(173,186 SF)

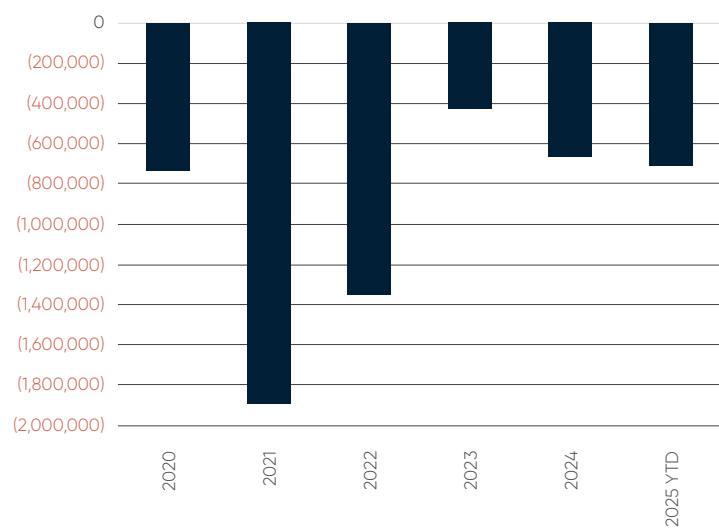
EXTENSION

NEWGROUND  
125 S. Clark St.  
(16,010 SF)

DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of September 30, 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	Q3/25 NET ABSORPTION	2024 NET ABSORPTION
CENTRAL LOOP	38,499,481	542,246	27.6%	1.7%	27.2%	0.1%	\$37.43	355,030	(679,243)
CLASS A	13,770,562	860,660	23.6%	1.9%	20.6%	0.1%	\$48.68	6,255	(84,638)
CLASS B	23,989,848	499,789	30.3%	1.7%	31.3%	0.2%	\$36.98	263,061	(578,113)
CLASS C	739,071	105,582	12.6%	0.0%	14.1%	0.0%	\$12.73	85,714	(16,492)



# EAST LOOP

- Direct vacancy rate of 30.3%, the highest among all submarkets and well above the market average of 24.4%
- Recorded negative net absorption of 367,005 SF, ranking last among submarkets
- Continued to face headwinds with elevated vacancy and limited leasing momentum
- Activity concentrated at 35 E. Wacker Drive with multiple deals, including Sheridan Capital Partners (25,445-SF new lease), Clayco (21,366-SF new lease), and Smithgroup (21,666-SF renewal)

## MARKET MOVEMENT

### NEW LEASE

SHERIDAN  
CAPITAL  
PARTNERS  
35 E. Wacker Dr.  
(25,445 SF)

### NEW LEASE

CLAYCO, INC.  
35 E. Wacker Dr.  
(21,366 SF)

### RENEWAL

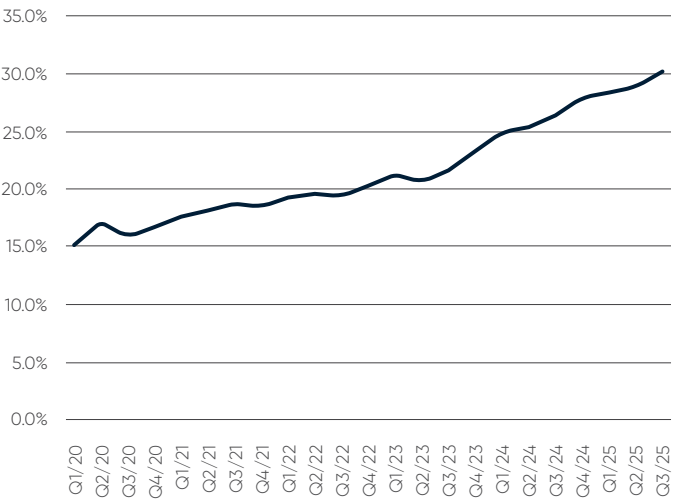
SMITHGROUP  
35 E. Wacker Dr.  
(21,666 SF)

### NEW LEASE

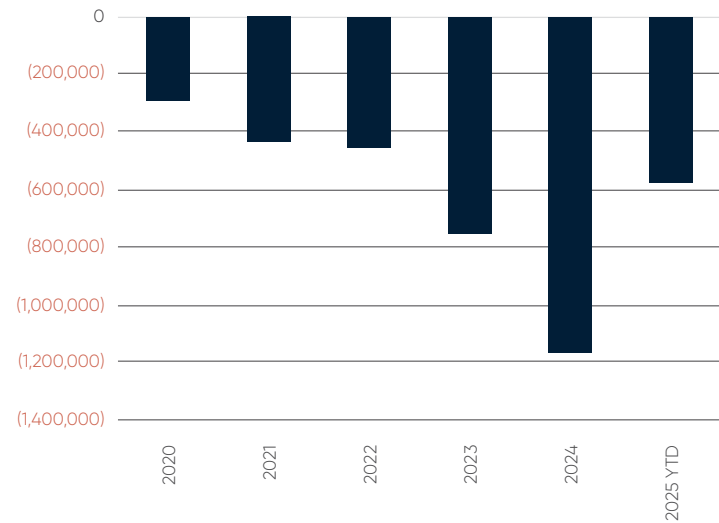
ECONIC  
PARTNERS  
150 N. Michigan Ave.  
(18,724 SF)



### DIRECT VACANCY RATE



### DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of September 30, 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	Q3/25 Net Absorption	2024 Net Absorption
EAST LOOP	25,933,467	498,721	33.9%	2.5%	30.3%	1.0%	\$37.68	(367,005)	(1,164,407)
CLASS A	13,747,752	1,057,519	30.5%	3.6%	27.1%	1.0%	\$50.99	(124,105)	(959,765)
CLASS B	8,098,051	426,213	41.6%	1.8%	34.8%	1.4%	\$41.05	(208,576)	(207,233)
CLASS C	4,087,664	204,383	30.1%	0.1%	31.8%	0.0%	\$29.93	(34,324)	2,591



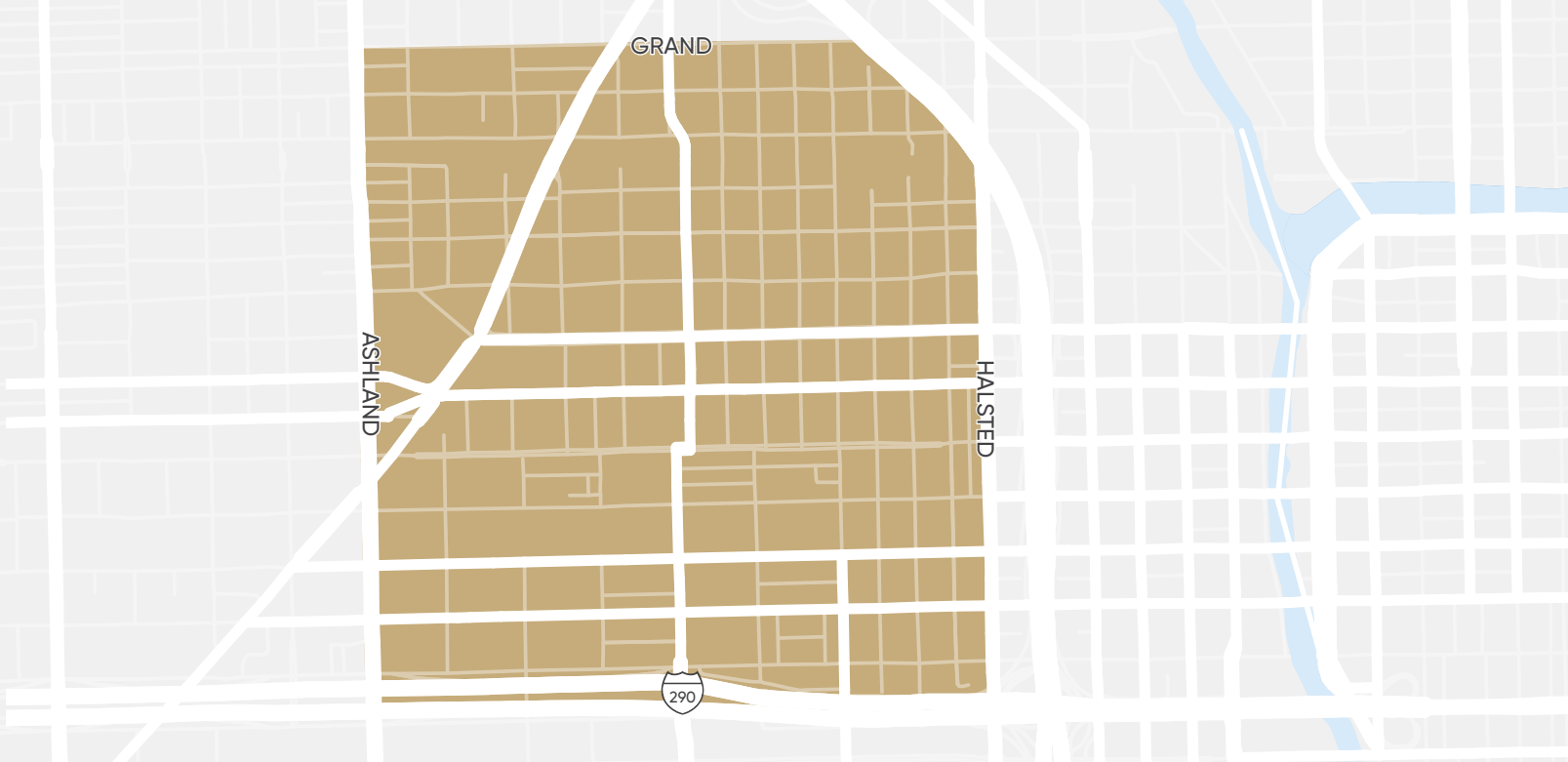
# FULTON MARKET

- Direct vacancy rate of 14.7%, significantly outperforming the market average of 24.4% and maintaining the lowest vacancy among all submarkets
- Achieved positive net absorption of 117,992 SF, ranking second among submarkets and demonstrating continued tenant demand
- Continued to benefit from its reputation as a premier creative and tech hub with superior fundamentals
- Notable deal included Pure Lithium with 21,400 SF at 400 N. Aberdeen Street

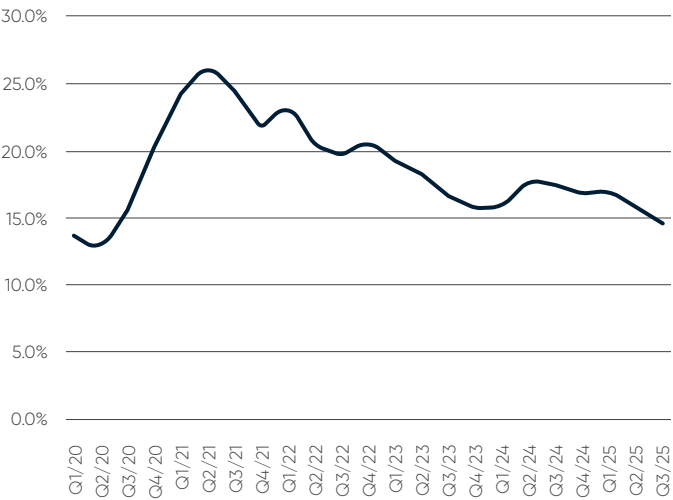
## MARKET MOVEMENT

NEW LEASE

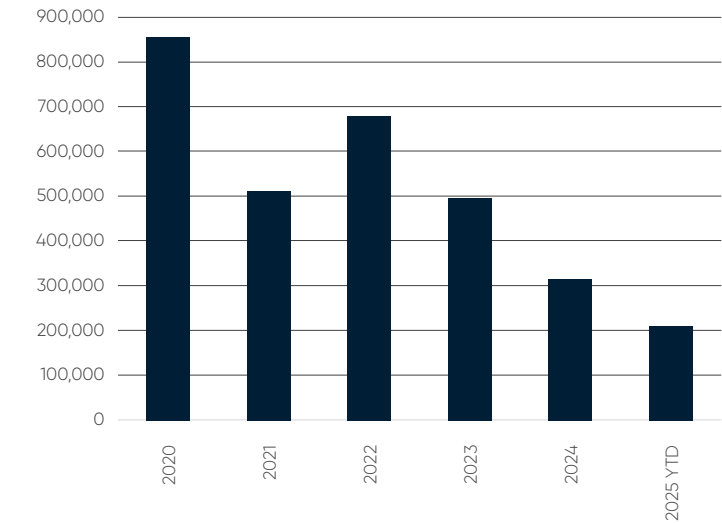
PURE LITHIUM  
400 N. Aberdeen St.  
(21,400 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of September 30, 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	Q3/25 NET ABSORPTION	2024 NET ABSORPTION
FULTON MARKET	9,803,832	110,155	15.2%	6.0%	14.7%	2.8%	\$40.31	117,992	316,165
CLASS A	5,726,245	286,312	11.0%	8.5%	12.0%	4.4%	\$55.06	91,190	263,460
CLASS B	2,633,887	58,531	21.6%	1.7%	18.9%	0.8%	\$36.94	16,591	83,334
CLASS C	1,443,700	60,154	19.7%	3.6%	17.9%	0.0%	\$31.24	10,211	(30,629)



# NORTH MICHIGAN AVENUE

- Direct vacancy rate of 22.5%, outperforming the market average of 24.4%
- Recorded negative net absorption of 7,509 SF, ranking third among submarkets and reflecting relatively stable occupancy
- Maintained competitive vacancy levels with limited transaction volume
- Notable activity included Nike's 41,125-SF renewal at 550 N. Rush Street and two new leases totaling approximately 58,000 SF at 400–410 N. Michigan Avenue

## MARKET MOVEMENT

### RENEWAL

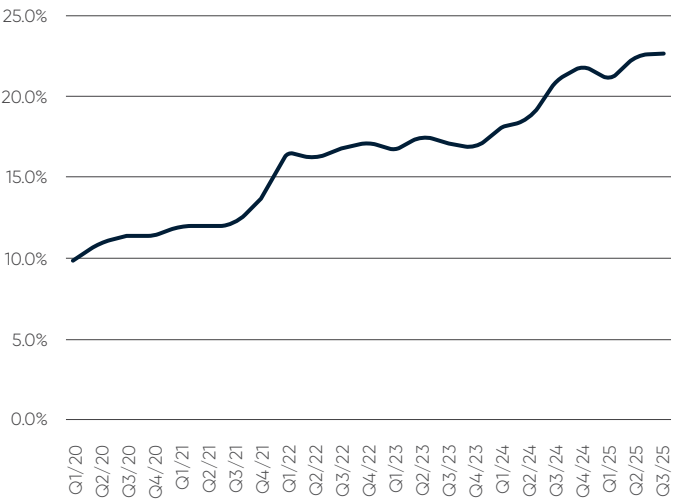
NIKE  
550 N. Rush St.  
(41,125 SF)

### NEW LEASES

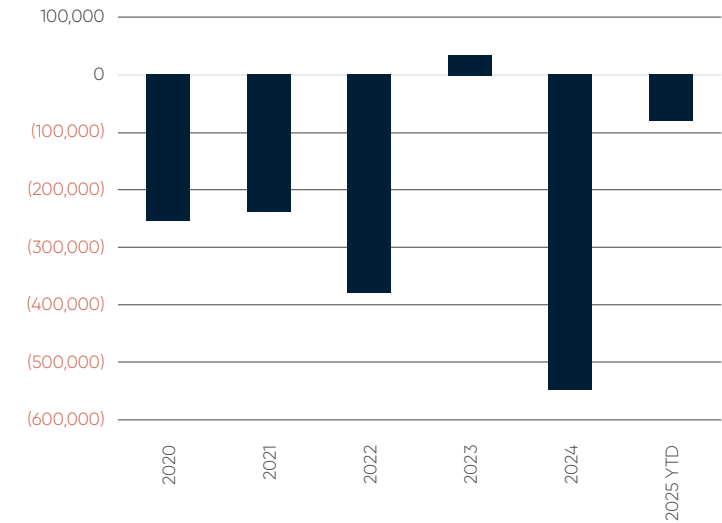
400 and 410 N.  
Michigan Ave.  
(29,095 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of September 30, 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	Q3/25 Net Absorption	2024 Net Absorption
N. Michigan Avenue	11,028,709	262,588	27.8%	4.7%	22.5%	3.2%	\$39.53	(7,509)	(546,415)
Class A	5,377,353	488,850	35.1%	7.4%	24.4%	5.8%	\$49.94	9,382	(378,634)
Class B	5,306,117	196,523	21.3%	2.2%	21.4%	0.7%	\$29.95	(16,891)	(165,858)
Class C	345,239	86,310	12.2%	1.4%	10.5%	1.4%	-	0	(1,923)



# RIVER NORTH

- Direct vacancy rate of 25.3%, slightly above the market average of 24.4%
- Recorded negative net absorption of 104,701 SF, ranking fourth among submarkets
- Maintained steady leasing activity with notable transactions including Chartis (40,000-SF new lease at 222 W. Merchandise Mart Plaza) and Newmark (24,000-SF sublease at 333 W. Wolf Point Plaza)
- Continued to attract smaller-scale investment sales at premium pricing per square foot

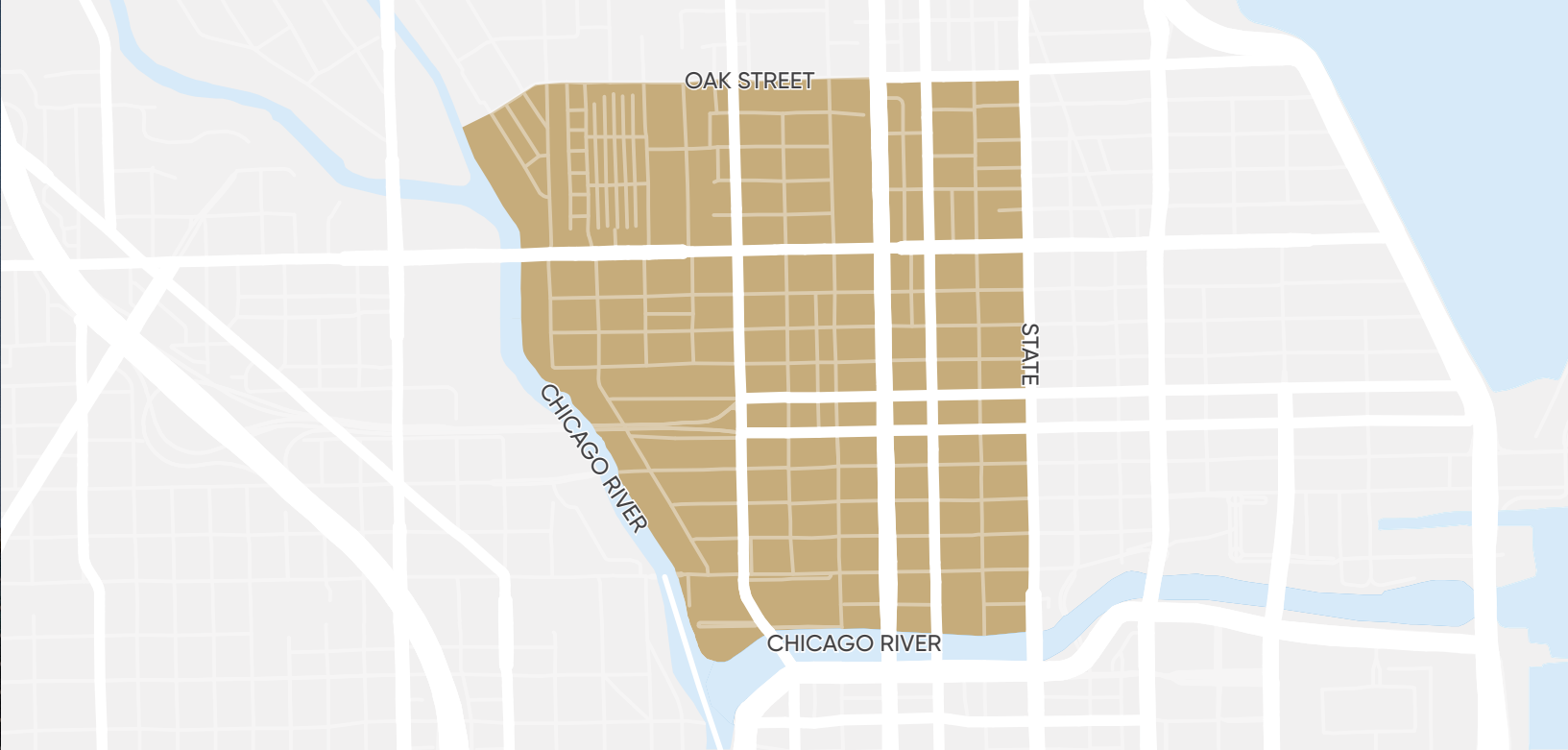
## MARKET MOVEMENT

### NEW LEASE

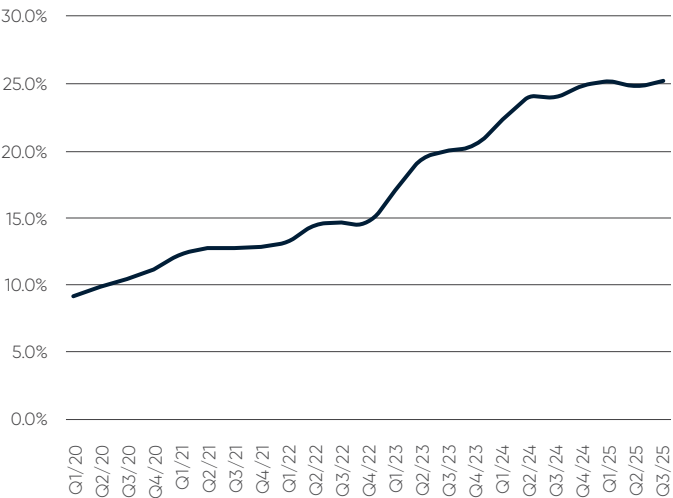
CHARTIS  
222 W. Merchandise  
Mart Plz.  
(40,000 SF)

### SUBLEASE

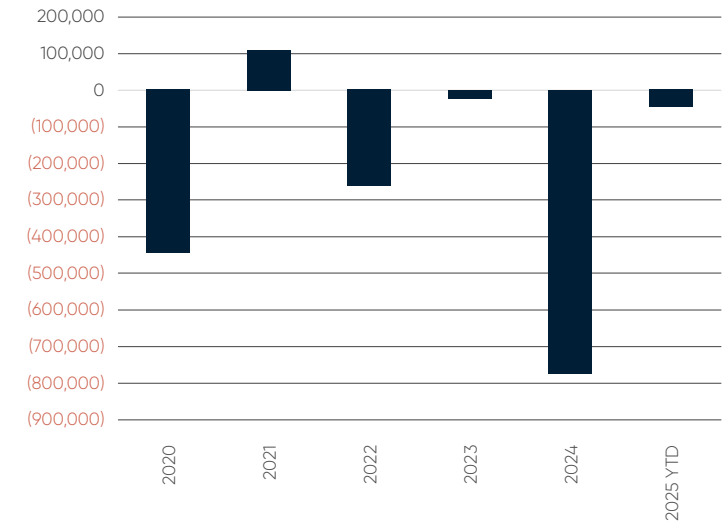
NEWMARK  
333 W. Wolf  
Point Plz.  
(24,000 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of September 30, 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	Q3/25 NET ABSORPTION	2024 NET ABSORPTION
RIVER NORTH	18,898,212	168,734	25.2%	3.0%	25.3%	1.5%	\$45.85	(104,701)	(771,141)
CLASS A	12,621,191	788,824	25.2%	3.9%	26.9%	1.9%	\$46.73	(125,046)	(544,025)
CLASS B	4,592,852	69,589	23.4%	1.4%	20.5%	1.1%	\$32.62	3,096	(270,291)
CLASS C	1,684,169	56,139	30.0%	0.1%	26.2%	0.0%	-	17,249	43,175

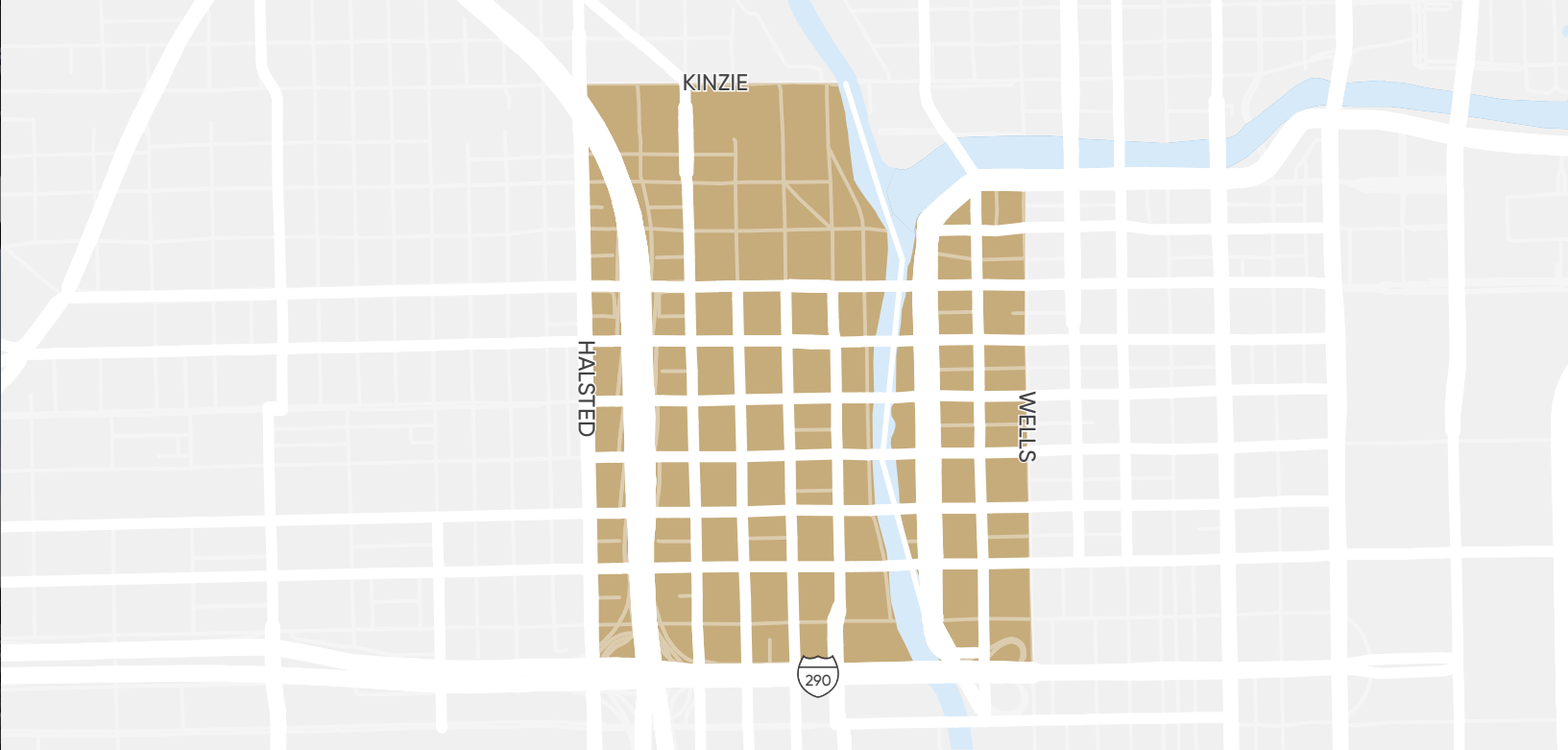


# WEST LOOP

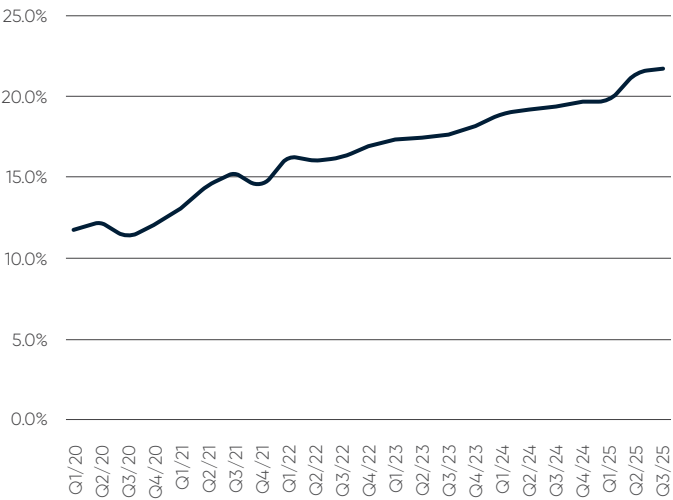
- Direct vacancy rate of 21.6%, significantly outperforming the market average of 24.4% and ranking best among major submarkets
- Recorded negative net absorption of 94,142 SF, ranking fifth among submarkets for absorption
- Captured the majority of quarterly leasing activity (approximately 55% of total volume), reflecting ongoing tenant preference for transit-oriented, amenity-rich assets
- Notable deals included Wolverine Trading (83,000-SF new lease at 433 W. Van Buren Street), Interactive Brokers (67,015 SF at 10 S. Riverside Plaza), CVS Health (40,975 SF at 525 W. Monroe Street), and ArentFox Schiff's 75,000-SF renewal at 233 S. Wacker Drive

## MARKET MOVEMENT

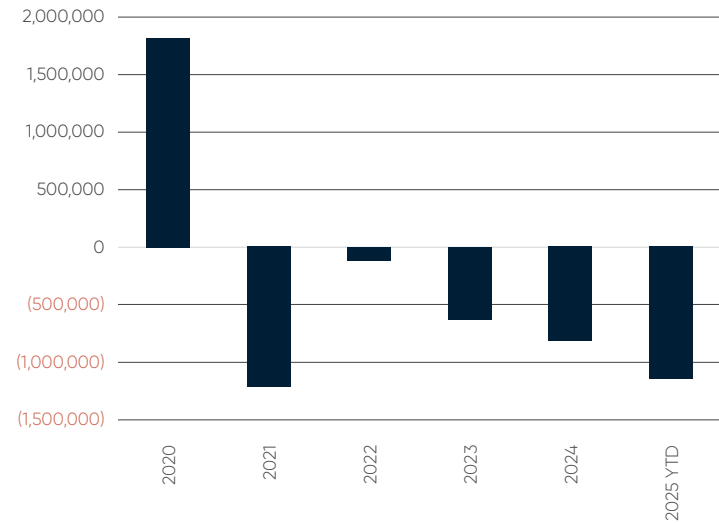
NEW LEASE	NEW LEASE	NEW LEASE	RENEWAL
WOLVERINE TRADING 433 W. Van Buren St. (83,000 SF)	INTERACTIVE BROKERS 10 S. Riverside Plz. (67,015 SF)	CVS HEALTH 525 W. Monroe St. (40,975 SF)	ARENTFOX SCHIFF 233 S. Wacker Dr. (75,000 SF)



DIRECT VACANCY RATE



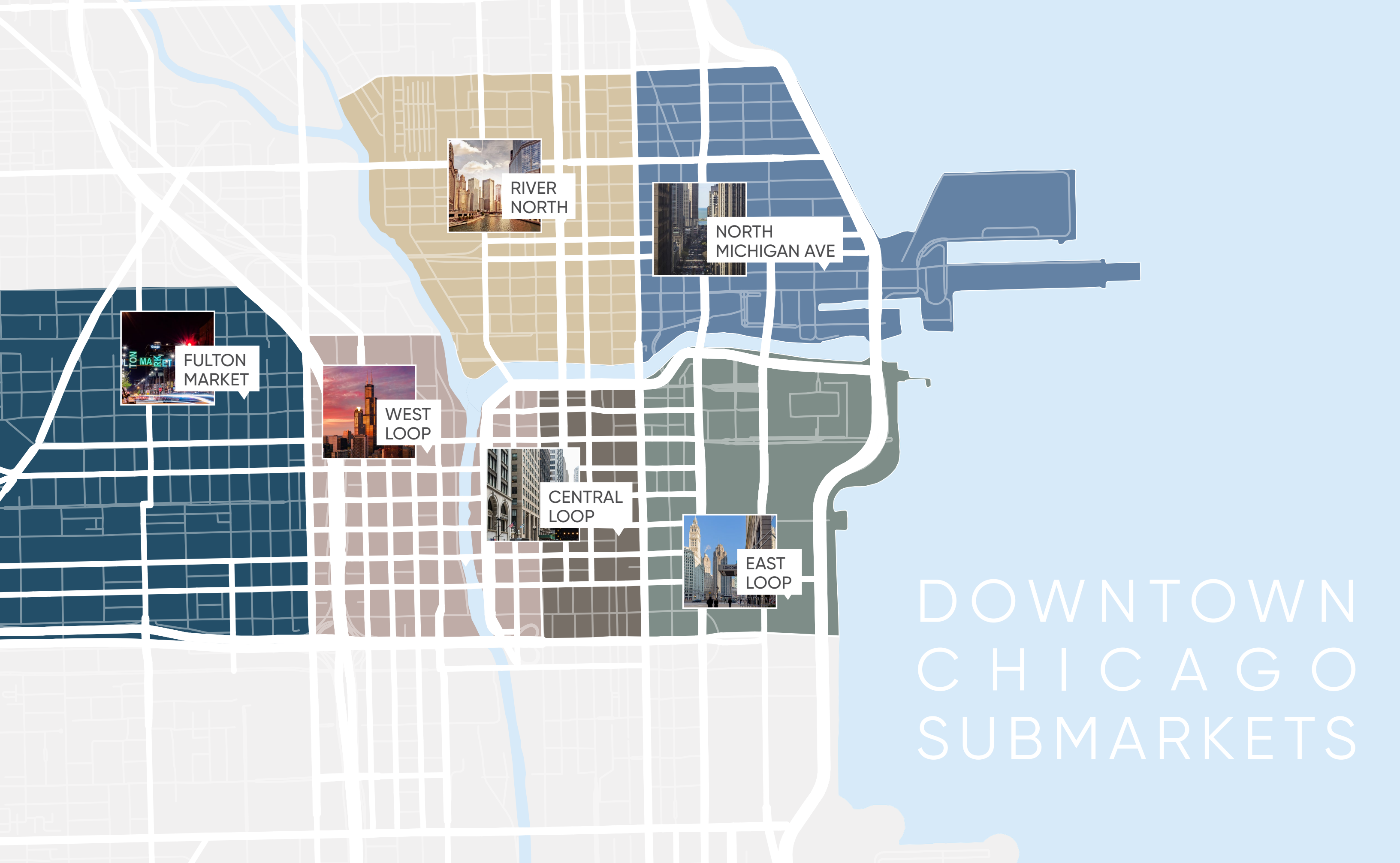
DIRECT NET ABSORPTION (SF)



Source: CoStar | Data as of September 30, 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	Q3/25 NET ABSORPTION	2024 NET ABSORPTION
WEST LOOP	56,883,296	546,955	23.9%	3.7%	21.6%	1.4%	\$48.43	(94,142)	(819,322)
CLASS A	44,844,972	996,555	21.5%	3.7%	19.1%	1.4%	\$50.86	(109,895)	(541,407)
CLASS B	10,786,173	239,693	32.4%	4.4%	30.1%	1.5%	\$41.05	8,965	(311,913)
CLASS C	1,252,151	89,439	36.8%	0.0%	36.2%	0.0%	\$29.93	6,788	33,998





DOWNTOWN  
CHICAGO  
SUBMARKETS



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