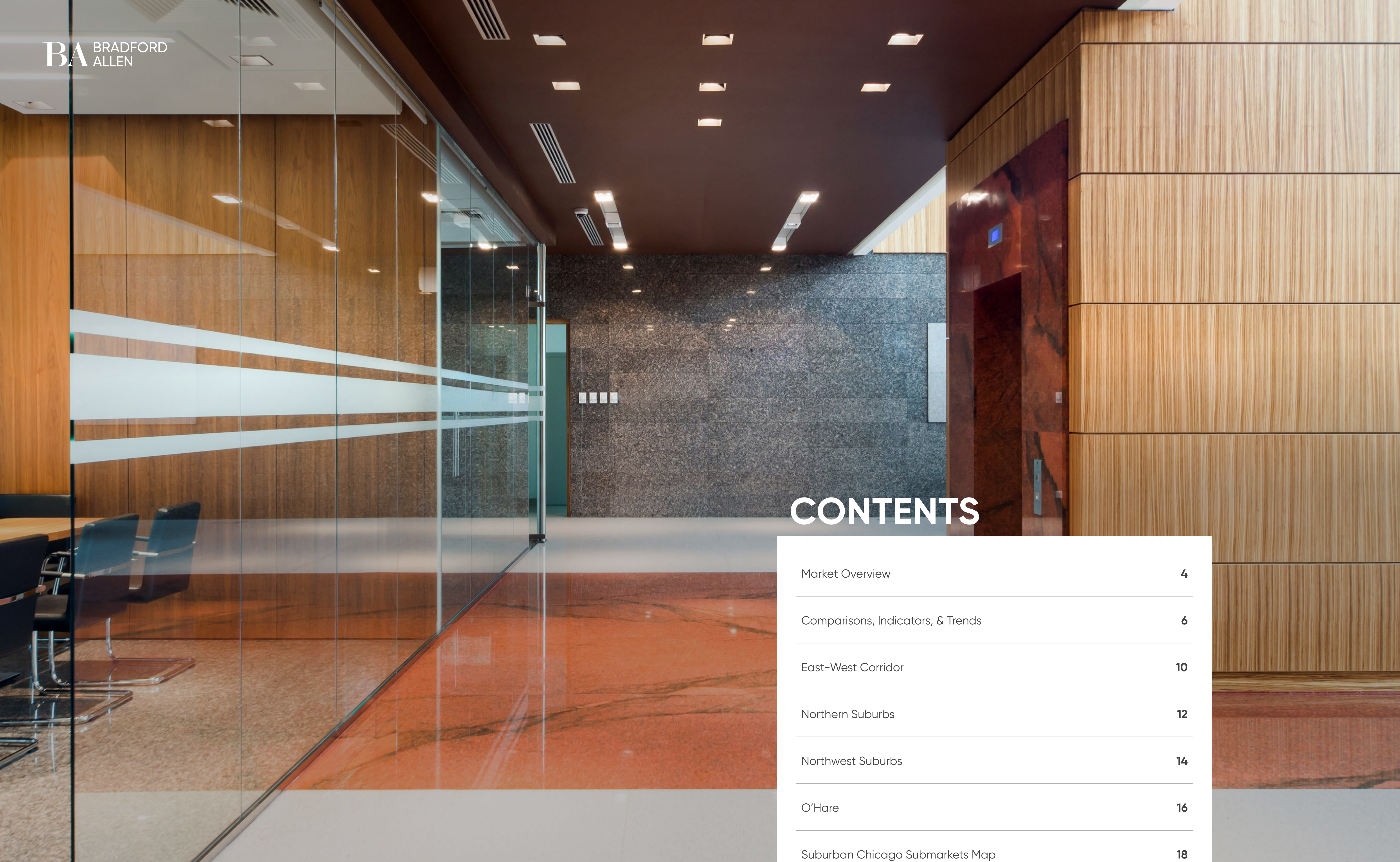
MID-YEAR 2026 OFFICE MARKET REPORT

Suburban Chicago

BRADFORD ALLEN



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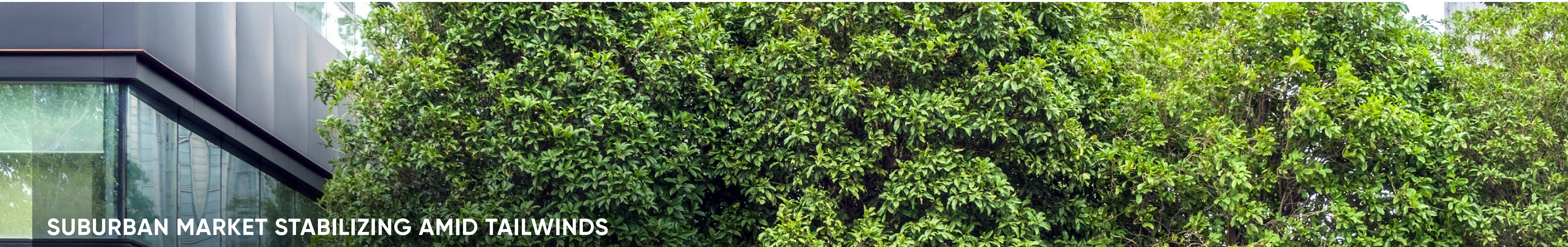


SUBURBAN MARKET STABILIZING AMID TAILWINDS

In the first half of 2026, suburban Chicago office market activity was stable, with over 2 million square feet leased, slightly outpacing the volume in the second half of 2025. With over half a million square feet of net positive absorption year-to-date, direct vacancy improved slightly to 25.5% from 26.0% at year-end. This net positive absorption in the first half of 2026 is the highest first-half absorption since 2018, a further sign of improvement in the Chicago suburbs.

Over 80% of deals larger than 10,000 square feet completed in the first half of the year were new leases, with an average deal size of approximately 27,000 square feet, nearly a 69% increase from an average of 16,000 square feet in the second half of last year. The average renewal size shrank to 27,000 square feet from nearly 50,000 square feet in the second half of 2025.

Move-in-ready suites made up more than half of all deal activity in the first half of the year, with over 1 million square feet leased. These suites are increasingly popular as construction costs continue to rise and tenants place greater value on ease of occupancy. This segment has grown sharply in recent years, from just 8% of deal activity in 2016 to a majority in 2026. Move-in-ready suites also lease faster, averaging four months less on the market than other spaces.

After peaking at the end of 2024, asking rates in the Chicago suburbs have stabilized, averaging between $24 and $26 per square foot. They have risen $0.40 since December 2025 to $25.65.

With year-to-date sales reaching $112 million, compared with $235 million traded in full-year 2025, investment activity remains steady. Medical office sales led investment activity year-to-date as healthcare tenants seek greater control over their real estate. The largest sale of the first half was 1890 Silver Cross Blvd. in New Lenox, which sold to The Landes Group and Farpoint Development for $86 million, or $492 per square foot.

Many sprawling suburban office campuses have been repurposed for other uses as office utilization has changed in recent years, leaving owners with an abundance of office space in desirable locations, such as AT&T's former campus in Hoffman Estates and BP's former campus in Naperville. Bell Works in Hoffman Estates has gained momentum after Somerset Development transformed the campus into a mixed-use destination featuring Class A office space. The eastern portion of the more than 1.6-million-square-foot building is almost fully leased. BP's former campus in Naperville is back in the proposal stage after several data center plans were rejected for the 169-acre site. As mixed-use and entertainment districts grow in popularity, these former office campuses may find new life as mixed-use hubs for work, shopping, and entertainment, removing obsolete inventory from the suburban office market.

Leasing Activity

More than half of all leasing activity once again took place in Class A buildings, as tenants increasingly value building quality and location. New leases made up more than 80% of leasing activity, with just six renewals of more than 10,000 square feet signed year-to-date.

Despite subdued renewal activity, Staples subsidiary Quill renewed nearly 60,000 square feet at 300 Tri State International.[1] Other major renewals include Regus' 24,225-square-foot lease at 5600 N. River Road, American Hip Institute's renewal of 23,274 square feet at 999 E. Touhy Ave., and Thermo Fisher Scientific's renewal of 22,000 square feet at 3000 Lakeside Drive.

New leases drove activity in the first half of the year. Inland Real Estate signed a lease for 140,000 square feet at 3050 Highland Parkway, the market's largest lease since Medline's 215,000-square-foot deal at the end of 2024. The lease marks a slight expansion from Inland's current 104,224 square feet at 2901 Butterfield Road. Takeda Pharmaceuticals signed a new lease for 85,000 square feet at Motorola Mobility's former campus in Libertyville, expanding from its existing 26,152 square feet and adding laboratory and medical space.

Small to midsized tenants accounted for the majority of deals by count, but just one-third of activity by square footage. Tenants in this segment remained active despite drawing fewer headlines than larger deals.

[1] *Please note an affiliate of Bradford Allen owns the Tri State Lincolnshire property. Bradford Allen's brokerage services team represented ownership in this transaction.*

Property data were compiled from CoStar with these parameters: existing and under-renovation office property type; within the East-West Corridor, Central North, Near North, North DuPage, Schaumburg Area, and O'Hare submarkets; 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.

Spec and ready-to-occupy suites continue to drive leasing activity, with more than 60% of year-to-date leasing taking place in move-in-ready suites. This activity underscores tenants' demand for modern space without the time and cost of a buildout. On average, these tenants lease 3,942 square feet, compared with the suburban average of 27,000 square feet.

Investment Sales

Total investment volume held roughly steady, with $112 million traded in the first half of the year, about half of last year's full-year total, though values remain well below prior years. More than $235 million in assets traded in 2025, while nearly $740 million traded in 2022, as investors continue to find value in discounted suburban assets. Price per square foot was higher year-to-date, however, averaging $131, compared with $49 at the end of last year.

Medical office building sales led transactions by value, with 1890 Silver Cross Blvd. in New Lenox trading for $86 million, or $492 per square foot, and 1836 Freedom Drive in Naperville trading for $23.4 million, or $551 per square foot, as healthcare tenants seek greater control over their real estate.

Credit Union 1 also purchased its building at 450 E. 22nd St. in Lombard for $19.4 million, or $293 per square foot.

Just one-third of all suburban building sales in the first half of the year sold for less than their previous sale price, representing a total value decline of $206 million, while buildings that gained value posted a combined increase of $90 million. Buildings continue to trade, and the highest-value transactions are typically maintaining their value, but the suburban market continues to reset as office utilization evolves.

SUBURBAN CHICAGO

MID-YEAR 2026 SNAPSHOT

588,494 SF
Direct Net Absorption H1/26

25.5%
Direct Vacancy Rate

$25.65/SF
Average Gross Asking Rate

FIGURE 01

Average Deal Size (SF)

Source: *CoStar* | Data as of June 30, 2026

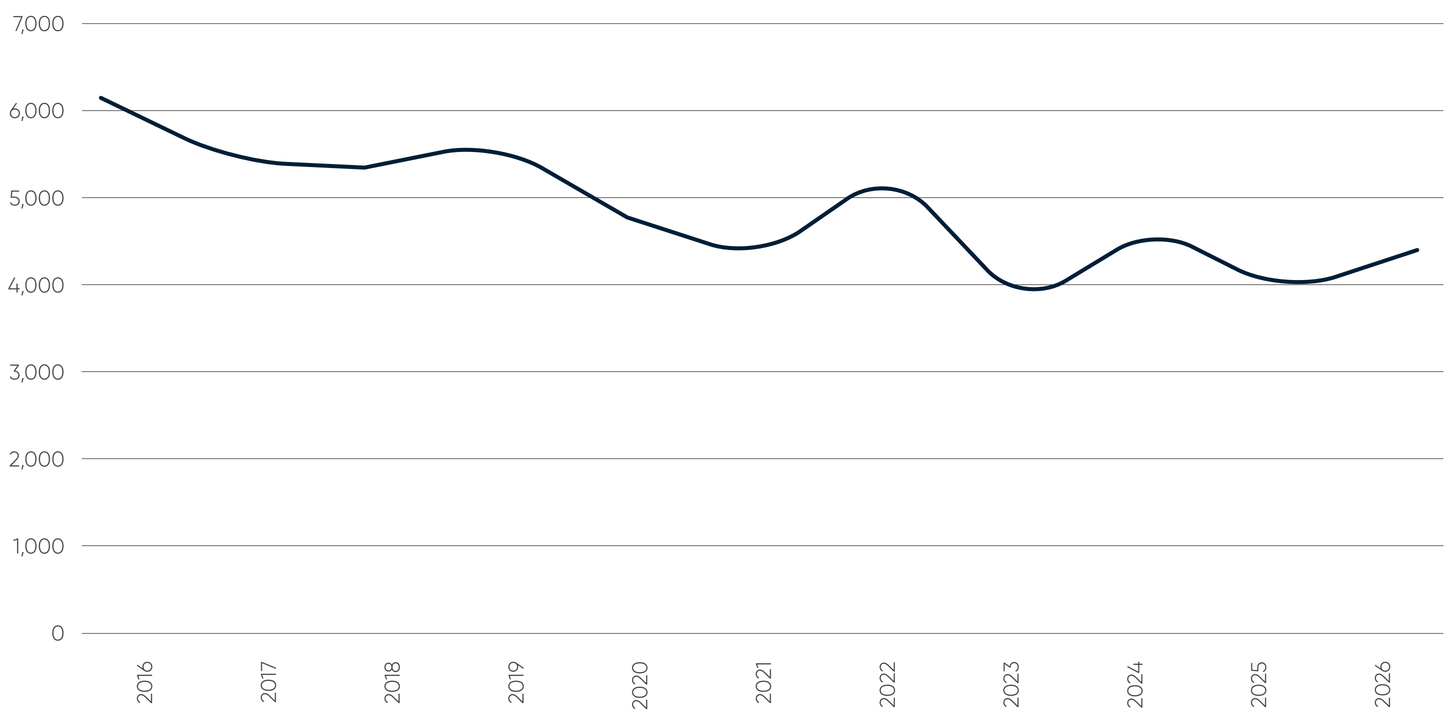
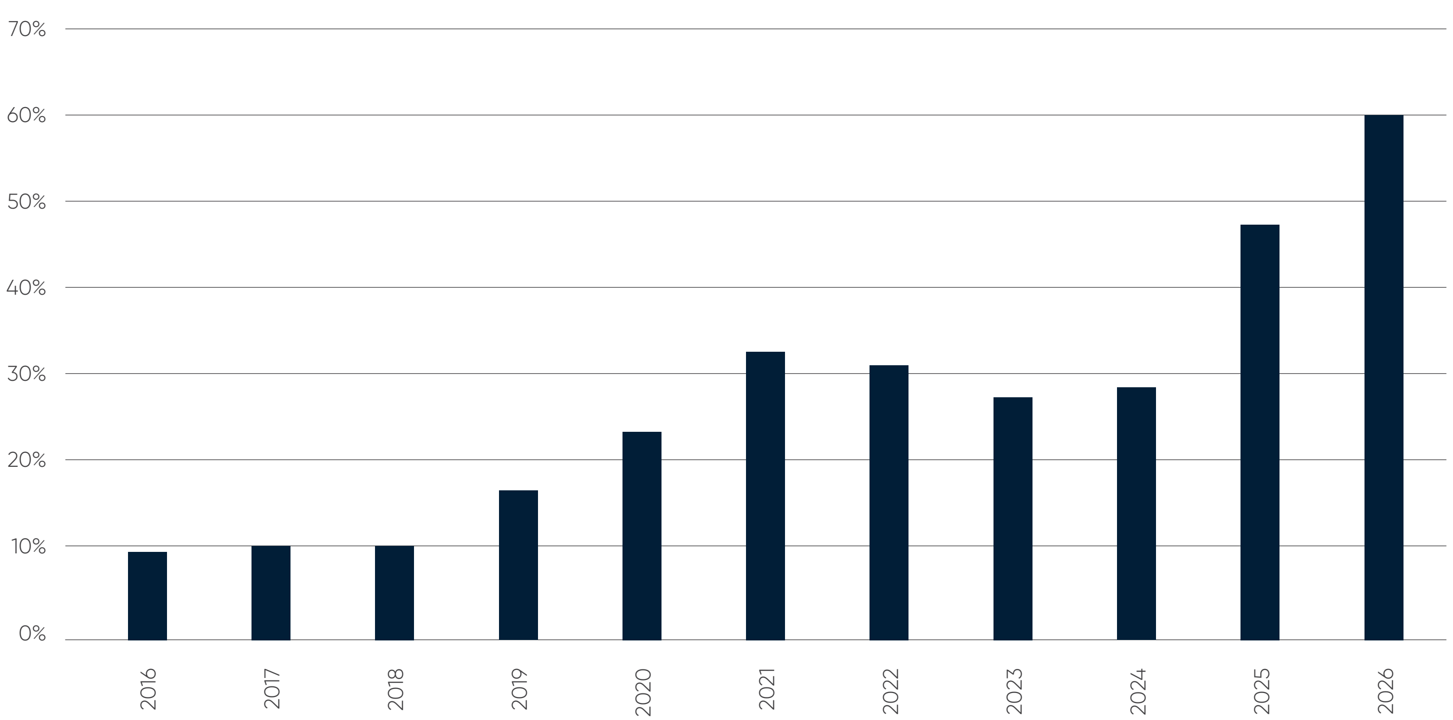


FIGURE 02

Move-In Ready Suites: Leasing Activity

Source: *CoStar* | Data as of June 30, 2026



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

FIGURE 03

Suburban Chicago Submarket Comparison Summary

Source: *CoStar*
Data as of June 30, 2026

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	H1/26 NET ABSORPTION
ALL SUBURBAN	92,096,963	104,889	27.6%	1.8%	25.4%	0.7%	$25.65	588,494
CLASS A	40,602,718	75,589	32.3%	2.5%	27.4%	0.8%	$27.35	275,382
CLASS B	51,494,245	214,953	23.9%	1.3%	23.8%	0.6%	$23.51	313,112
E/W CORRIDOR	36,968,323	90,831	26.7%	1.5%	21.4%	0.6%	$24.96	514,934
EAST	21,254,685	108,442	27.7%	1.1%	22.9%	0.6%	$27.17	329,328
CLASS A	9,095,977	204,912	29.4%	2.0%	22.5%	0.9%	$27.99	188,891
CLASS B	12,158,708	78,631	26.5%	0.4%	23.2%	0.3%	$26.15	140,437
WEST	15,713,638	74,288	25.2%	1.9%	19.4%	0.7%	$23.37	185,606
CLASS A	4,890,727	176,270	30.8%	2.2%	22.0%	0.9%	$27.44	86,229
CLASS B	10,822,911	58,101	22.7%	1.8%	18.2%	0.6%	$21.20	99,377
NORTHERN	22,398,887	100,443	26.4%	2.9%	26.9%	0.9%	$20.86	3,899
NORTH	18,466,843	106,131	28.2%	3.0%	28.1%	0.6%	$20.10	(23,467)
CLASS A	7,655,971	166,434	37.3%	4.4%	35.6%	0.9%	$18.66	32,112
CLASS B	10,810,872	84,460	21.7%	2.0%	22.7%	0.3%	$23.72	(55,579)
SOUTH	3,932,044	80,246	18.3%	2.3%	21.4%	2.2%	$32.30	27,366
CLASS A	1,327,953	166,296	26.2%	1.8%	24.3%	1.8%	$24.59	(20,074)
CLASS B	2,604,091	63,327	14.3%	2.5%	19.9%	2.4%	$32.30	47,440
NORTHWEST	21,237,371	127,170	30.4%	1.3%	31.46%	0.34%	$27.16	72,414
I-35	4,017,181	98,422	19.6%	1.1%	15.4%	0.1%	$18.69	81,651
CLASS A	2,129,405	304,201	20.9%	1.9%	14.3%	0.0%	-	94,173
CLASS B	1,887,776	57,266	18.0%	0.2%	16.7%	0.2%	$18.69	(12,522)
SCHAUMBURG	17,220,190	137,550	33.0%	1.4%	35.2%	0.4%	$28.32	(9,237)
CLASS A	9,508,554	306,728	37.9%	1.8%	34.9%	0.5%	$32.02	(234,948)
CLASS B	7,711,636	86,633	26.9%	0.8%	35.6%	0.3%	$21.58	225,711
O'HARE	11,492,382	148,405	27.6%	1.9%	23.9%	1.1%	$38.84	(2,753)
CLASS A	5,994,131	249,225	27.7%	2.5%	21.9%	1.0%	$42.55	128,999
CLASS B	5,498,251	105,954	27.5%	1.2%	26.0%	1.2%	$30.68	(131,752)

FIGURE 04

Absorption (SF)

Source: *CoStar* | Data as of June 30, 2026

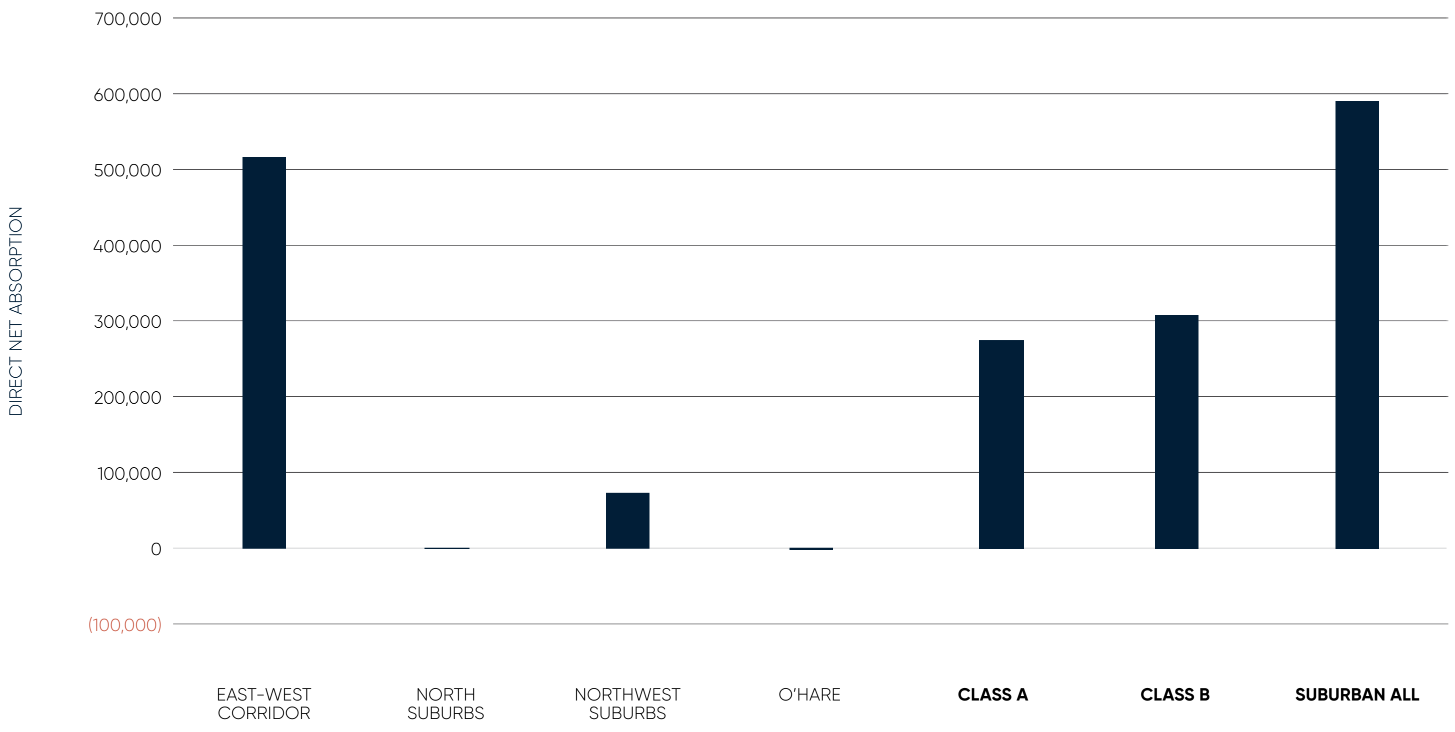


FIGURE 05

Product Pipeline

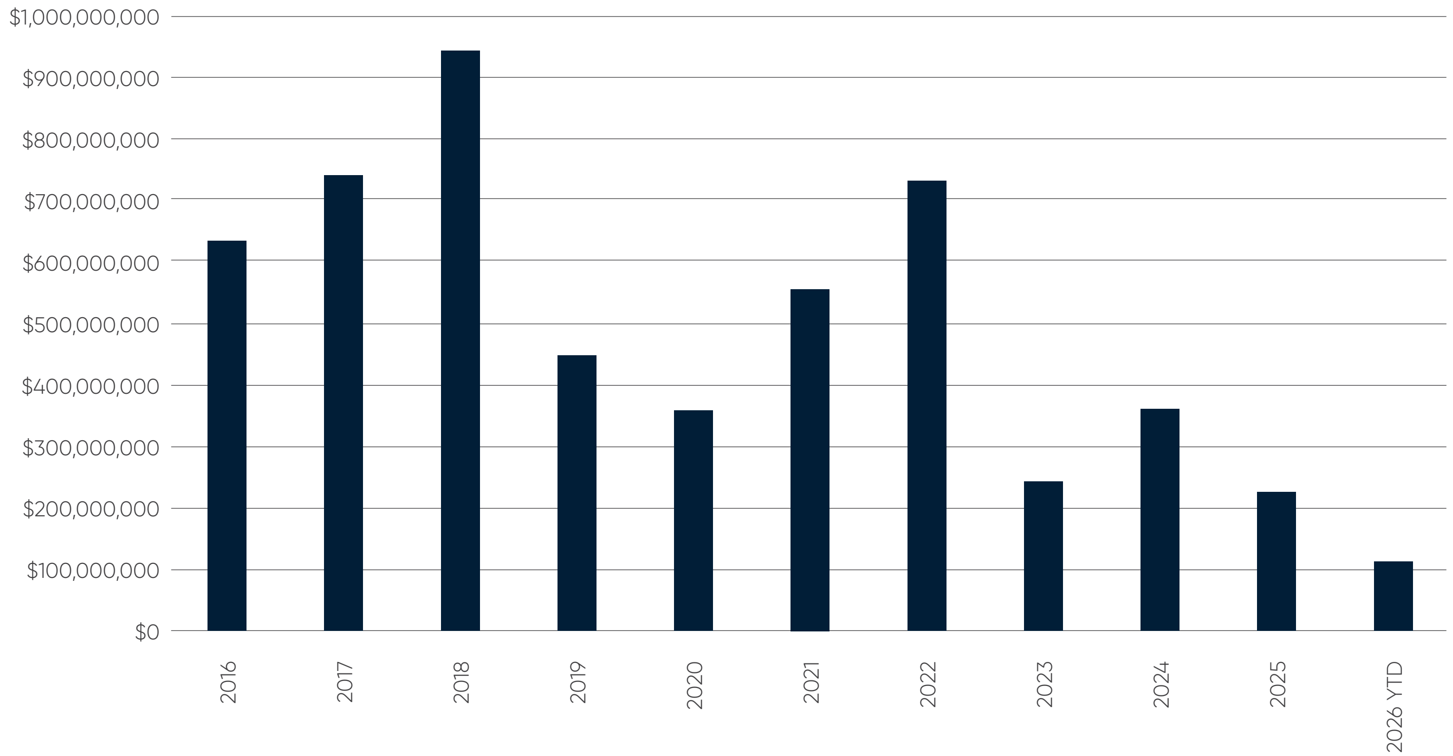
Source: *CoStar* | Data as of June 30, 2026

SUBMARKET	PROPERTY ADDRESS	RBA (SF)	BUILDING STATUS	DELIVERY YEAR
EASTERN EAST/WEST CORR	1800 S. York Road	35,000	Proposed	2027
WESTERN EAST/WEST CORR	315 S. Main Street	31,656	Proposed	2026
EASTERN EAST/WEST CORR	2149 McDonald Drive	351,000	Proposed	2026
EASTERN EAST/WEST CORR	9930 W. 55th Street	23,320	Proposed	2026
CENTRAL NORTH	791 Elm Street	24,500	Delivered	2026
SCHAUMBURG AREA	1903 N. Roselle Road	34,821	Proposed	2028
O'HARE	8601 W. Higgins Road	600,000	Proposed	2028
WESTERN EAST/WEST CORR	3325 Warrenville Road	243,000	Proposed	2027
EASTERN EAST/WEST CORR	1999 York Road	202,965	Proposed	2028
EASTERN EAST/WEST CORR	McDonald Drive	210,000	Proposed	2028

FIGURE 06

Sales Volume

Source: *CoStar* | Data as of June 30, 2026



EAST/WEST CORRIDOR

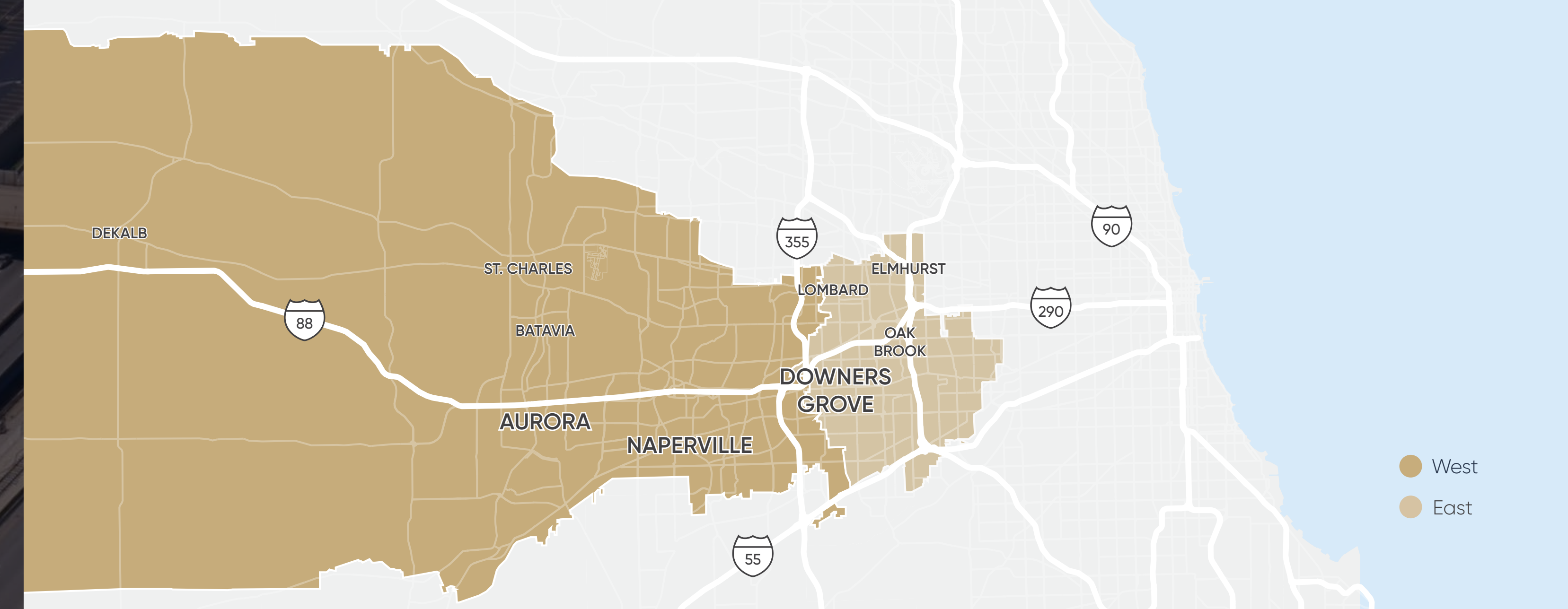
- The East/West Corridor had the lowest direct vacancy rate at 21.4%, four percentage points below the market average.
- The submarket recorded a net positive absorption of 514,934 square feet in H1/26, contributing significantly to the market's net positive absorption of 588,494 square feet.
- Gross asking rates in the submarket fell to $24.96, $0.69 below the suburban average of $25.65.
- Inland Real Estate signed a 140,000-square-foot lease at 3050 Highland Parkway, the market's largest lease since Medline's 215,000-square-foot deal at the end of 2024. The lease marks a slight expansion from Inland's current 104,224 square feet at 2901 Butterfield Road.
- Credit Union 1 purchased 450 E. 22nd St. in Lombard for $19.4 million ($294/SF) from Civitas Capital and will occupy the building.

MARKET MOVEMENT

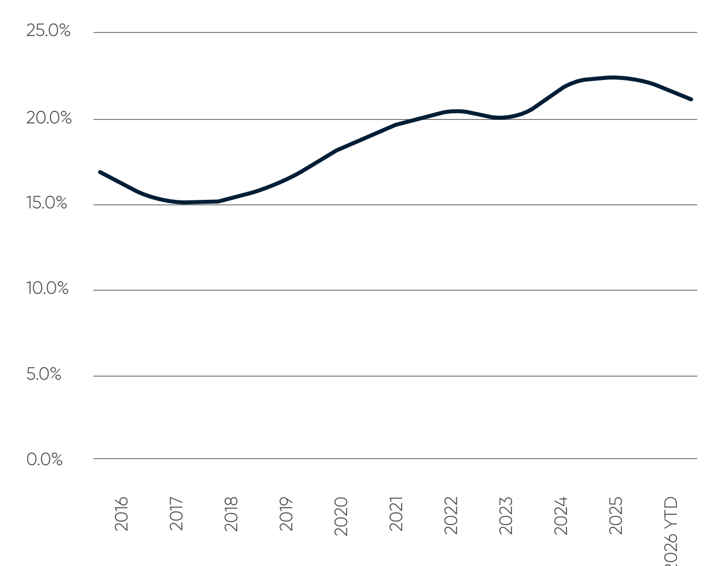
NEW LEASE
INLAND REAL ESTATE GROUP
3050 Highland Parkway
(140,000 SF)

RENEWAL
MAXIM HEALTHCARE SERVICES
377 E. Butterfield Road
(15,955 SF)

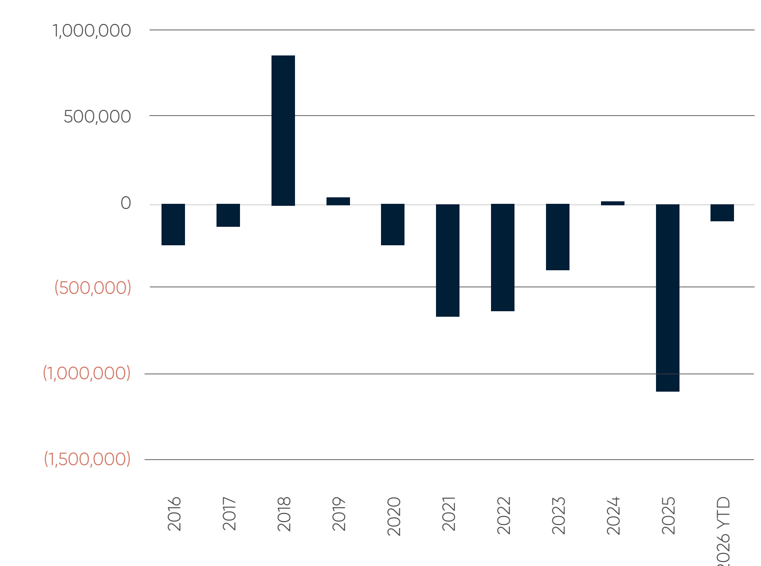
INVESTMENT SALE
REAL CAPITAL SOLUTIONS
55 Shuman Blvd.
(207,714 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



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CLASS A	4,890,727	176,270	30.8%	2.2%	22.0%	0.9%	$27.44	86,229
CLASS B	10,822,911	58,101	22.7%	1.8%	18.2%	0.6%	$21.20	99,377

NORTHERN SUBURBS

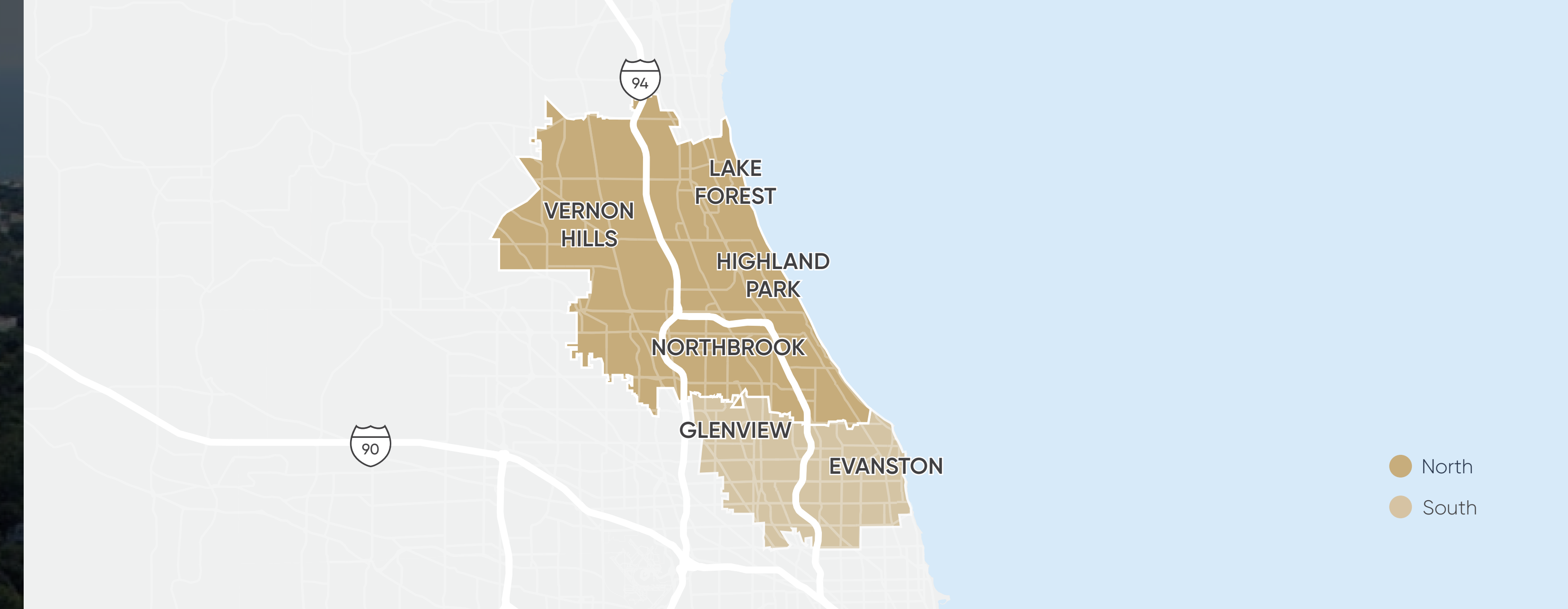
- At 26.9%, the Northern Suburbs have the second-highest direct vacancy rate in the suburbs.
- The submarket recorded a net positive absorption of 3,899 square feet, up from negative 107,000 square feet in H2/25.
- The submarket had the lowest gross asking rate at $20.86 per square foot, but rates are up from $19.26 per square foot in H2/25.
- Major leases include Takeda Pharmaceuticals' new lease for 85,000 square feet at Motorola Mobility's former campus in Libertyville, expanding from its existing 26,152 square feet and adding laboratory and medical space, and Quill's renewal for nearly 60,000 square feet at 300 Tri State International.
- Orion Properties purchased 885 Sunset Ridge Road in Northbrook for $15 million ($199/SF) from Trike Property Management, $1.2 million above its prior sale price in 2020.

MARKET MOVEMENT

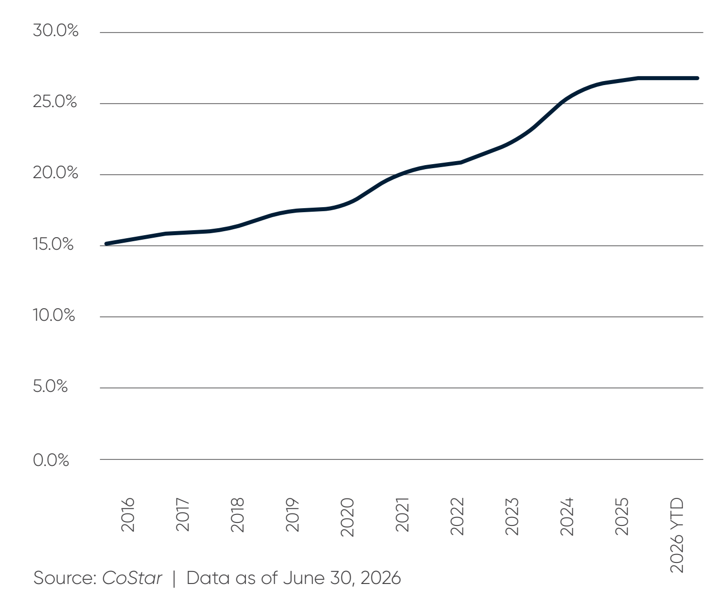
NEW LEASE
TAKEDA PHARMACEUTICALS
1910 Innovation Way
(85,000 SF)

RENEWAL
QUILL
300 Tri State International
(58,659 SF)

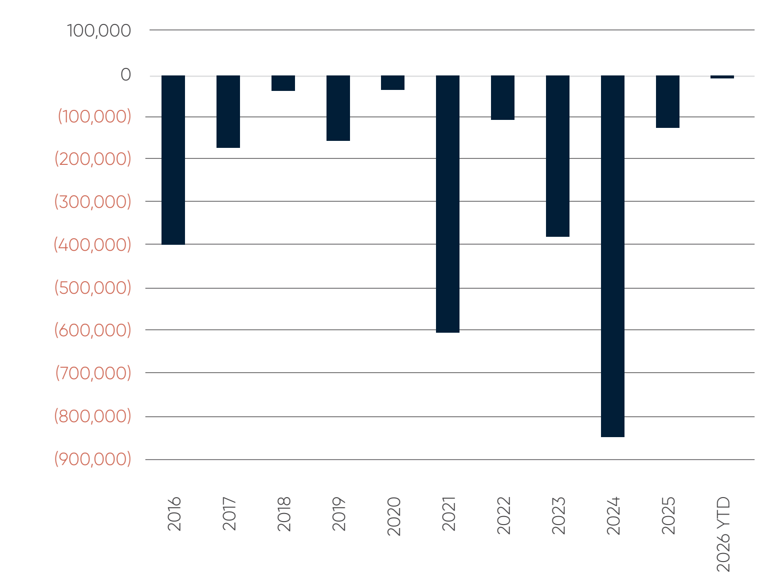
INVESTMENT SALE
ORION PROPERTIES
885 Sunset Ridge Road
(75,260 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



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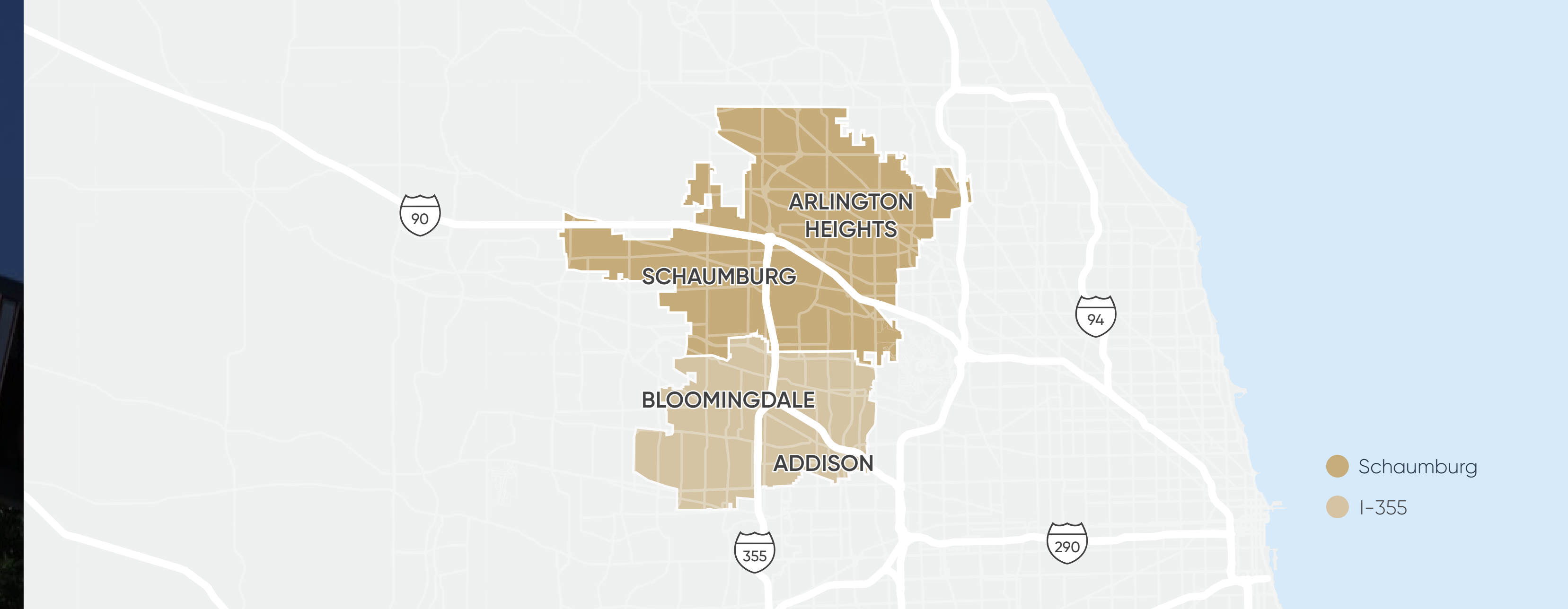
NORTHERN	22,398,887	100,443	26.4%	2.9%	26.9%	0.9%	$20.86	3,899
NORTH	18,466,843	106,131	28.2%	3.0%	28.1%	0.6%	$20.10	(23,467)
CLASS A	7,655,971	166,434	37.3%	4.4%	35.6%	0.9%	$18.66	32,112
CLASS B	10,810,872	84,460	21.7%	2.0%	22.7%	0.3%	$23.72	(55,579)
SOUTH	3,932,044	80,246	18.3%	2.3%	21.4%	2.2%	$32.30	27,366
CLASS A	1,327,953	166,296	26.2%	1.8%	24.3%	1.8%	$24.59	(20,074)
CLASS B	2,604,091	63,327	14.3%	2.5%	19.9%	2.4%	$32.30	47,440

NORTHWEST SUBURBS

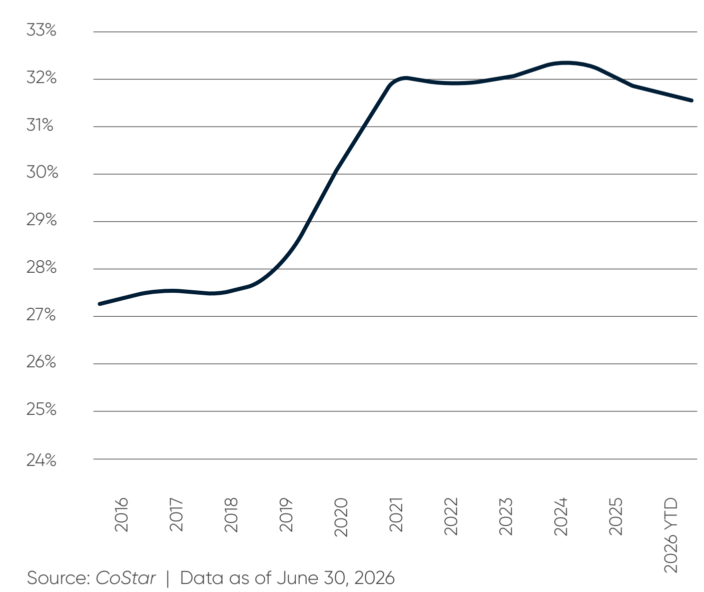
- At 31.5%, the Northwest Suburbs had the highest direct vacancy rate in the suburbs, six percentage points above the suburban average.
- The Northwest Suburbs recorded a net positive absorption of 72,414 square feet in H1/26, a significant improvement from a net negative absorption of 56,000 square feet in H2/25.
- Asking rates in the submarket are the second-highest in the suburbs at $27.16 per square foot.
- Major leases include Wolf Pack Marketing's new 78,656-square-foot lease at 953 American Lane, J-Power USA's new 15,000-square-foot lease at 1450 American Lane, and Associated Equipment Distributors' 13,063-square-foot lease at 1900 E. Golf Road.
- Northwest Trucks purchased 1530 E. Dundee Road for $3.1 million ($39/SF) in a portfolio sale.

MARKET MOVEMENT

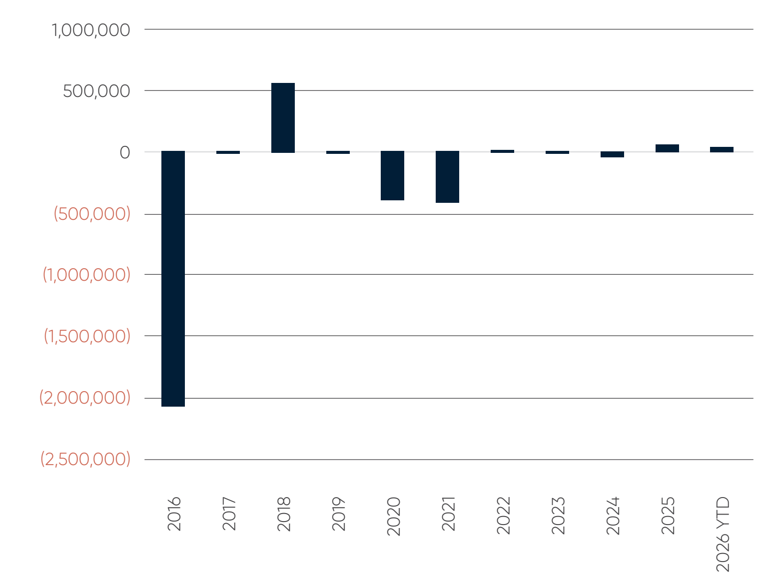
NEW LEASE	NEW LEASE	NEW LEASE	PORTFOLIO SALE
WOLF PACK MARKETING	J-POWER USA	ASSOCIATED EQUIPMENT DISTRIBUTORS	NORTHWEST TRUCKS
953 American Lane	1450 American Lane	1900 E. Golf Road	1530 E. Dundee Road
(78,656 SF)	(15,000 SF)	(13,063 SF)	(39,906 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



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I-35	4,017,181	98,422	19.6%	1.1%	15.4%	0.1%	$18.69	81,651
CLASS A	2,129,405	304,201	20.9%	1.9%	14.3%	0.0%	-	94,173
CLASS B	1,887,776	57,266	18.0%	0.2%	16.7%	0.2%	$18.69	(12,522)
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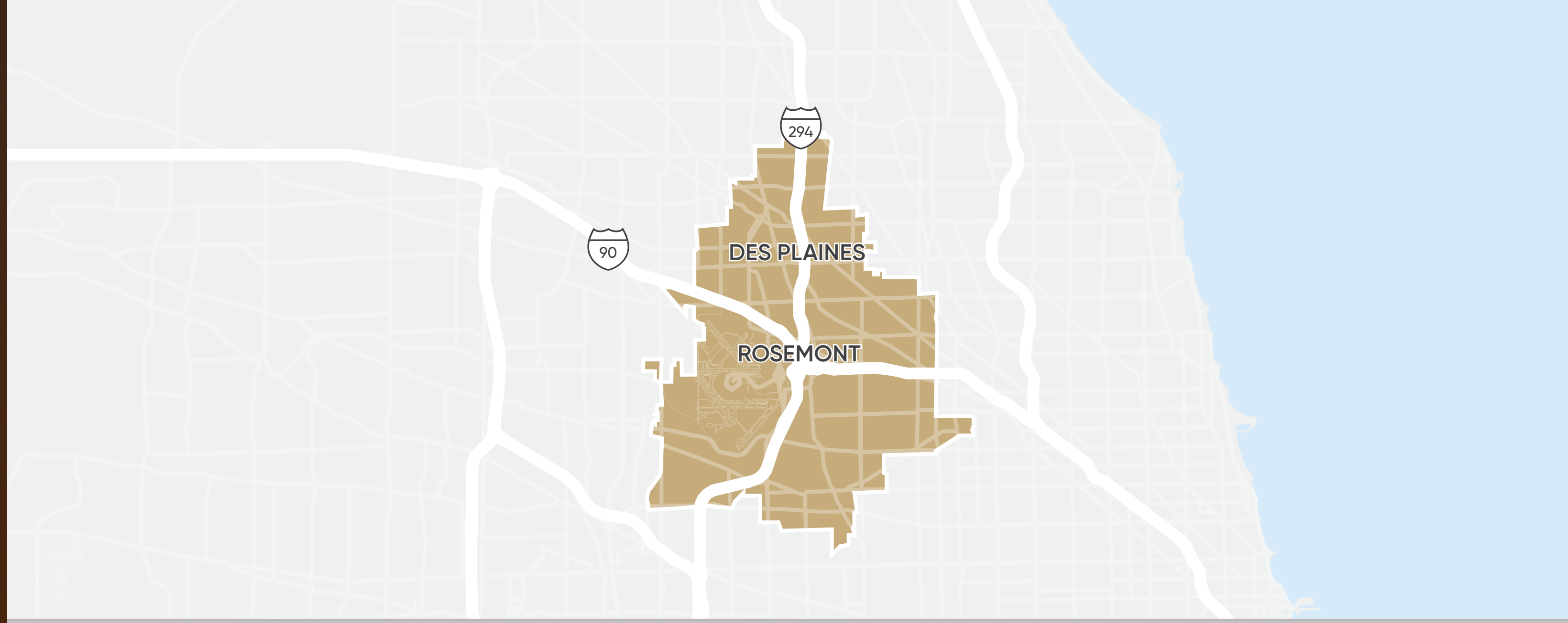
CLASS A	9,508,554	306,728	37.9%	1.8%	34.9%	0.5%	$32.02	(234,948)
CLASS B	7,711,636	86,633	26.9%	0.8%	35.6%	0.3%	$21.58	225,711

O'HARE

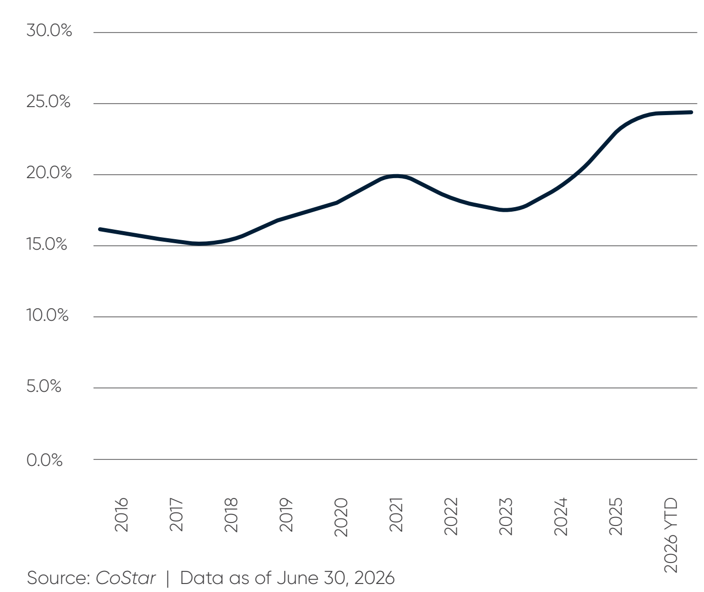
- At 23.9%, O'Hare had the second-lowest direct vacancy rate in the suburbs, following the East/West Corridor.
- O'Hare recorded a net negative absorption of 2,753 square feet in H1/26, a significant improvement from net negative 185,000 square feet in H2/25.
- The submarket continues to hold the highest gross asking rates at $38.84 per square foot, more than $10 per square foot higher than the suburban average.
- Major leases include Claire's new lease for 43,214 square feet at 9525 W. Bryn Mawr Ave., Regus' renewal of 24,225 square feet at 5600 N. River Road, and Methode Electronics' new 23,687-square-foot lease at 8750 W. Bryn Mawr Ave.
- Metro Des Plaines Development LLC purchased 1140-1472 Market St. – Building A for $13.1 million ($439/SF).

MARKET MOVEMENT

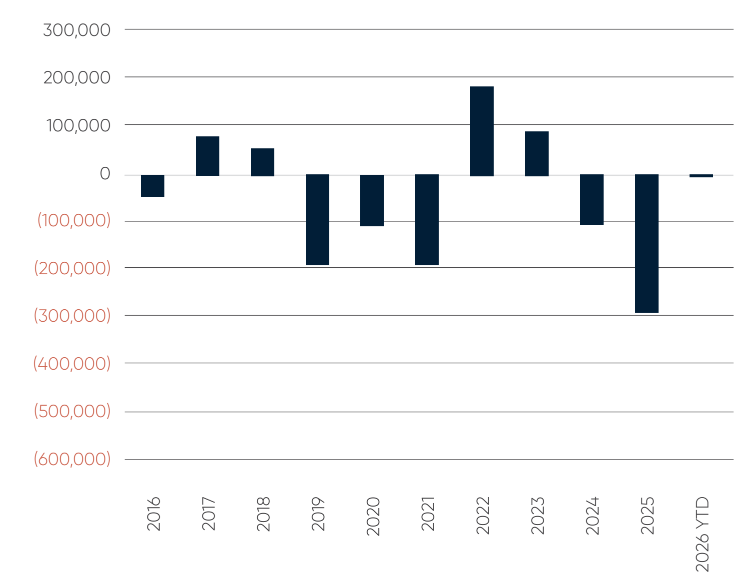
NEW LEASE	RENEWAL	PORTFOLIO SALE
CLAIRE'S 9525 W. Bryn Mawr Ave. (43,214 SF)	REGUS 5600 N. River Road (24,225 SF)	METRO DES PLAINES DEVELOPMENT LLC 1440-1472 Market St. – Building A (29,800 SF)



DIRECT VACANCY RATE



DIRECT NET ABSORPTION (SF)



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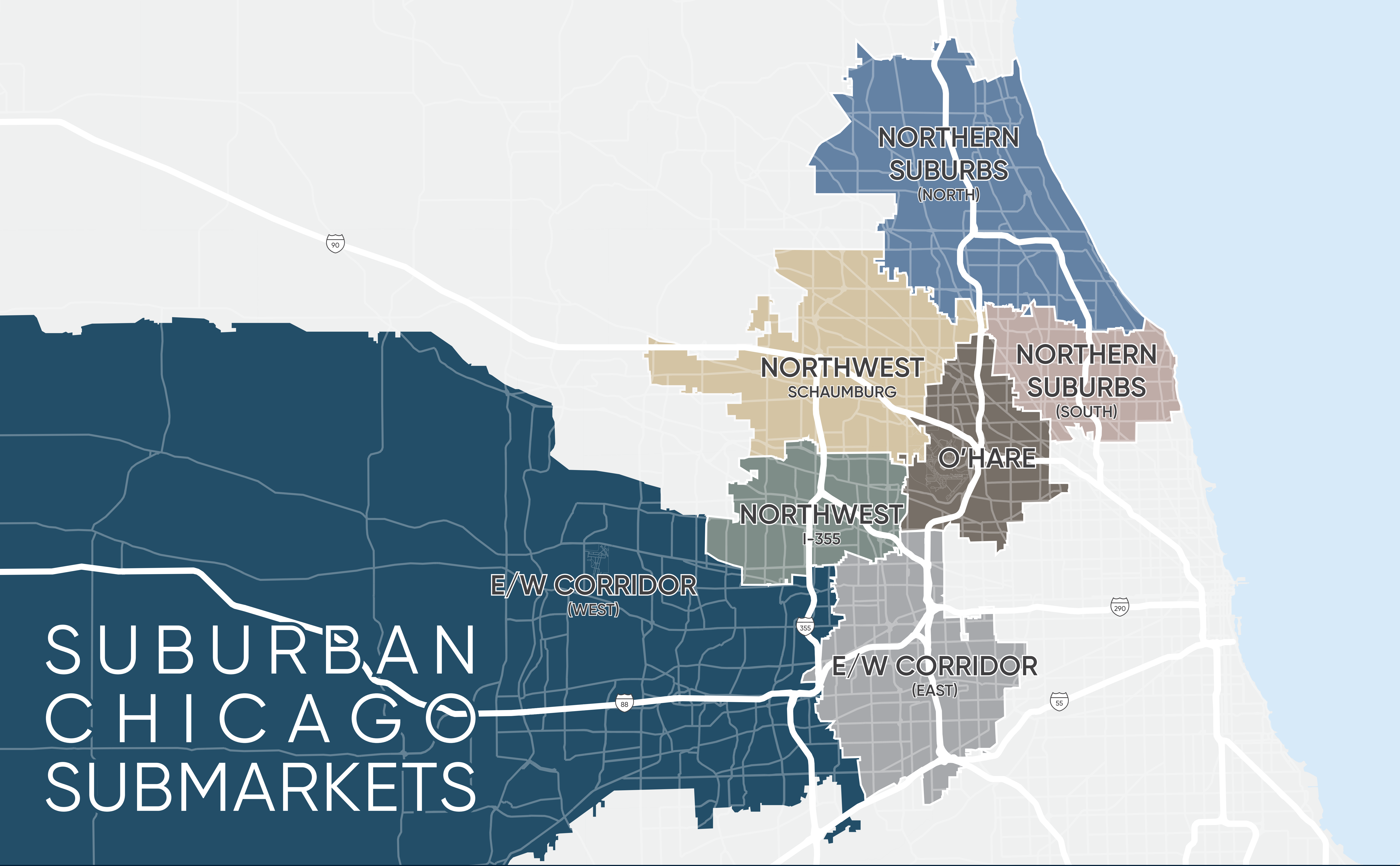
O'HARE	11,492,382	148,405	27.6%	1.9%	23.9%	1.1%	$38.84	(2,753)
CLASS A	5,994,131	249,225	27.7%	2.5%	21.9%	1.0%	$42.55	128,999
CLASS B	5,498,251	105,954	27.5%	1.2%	26.0%	1.2%	$30.68	(131,752)


SUBURBAN
CHICAGO
SUBMARKETS
NORTHERN SUBURBS
(NORTH)
NORTHWEST
SCHAUMBURG
NORTHERN SUBURBS
(SOUTH)
O'HARE
NORTHWEST
I-355
E/W CORRIDOR
(WEST)
E/W CORRIDOR
(EAST)
90
355
290
88
55

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