



VACANCY

Understanding Supply, Concentration,
and Market Momentum in Chicago

REFRAMED

Q1 2026 | INDUSTRIAL

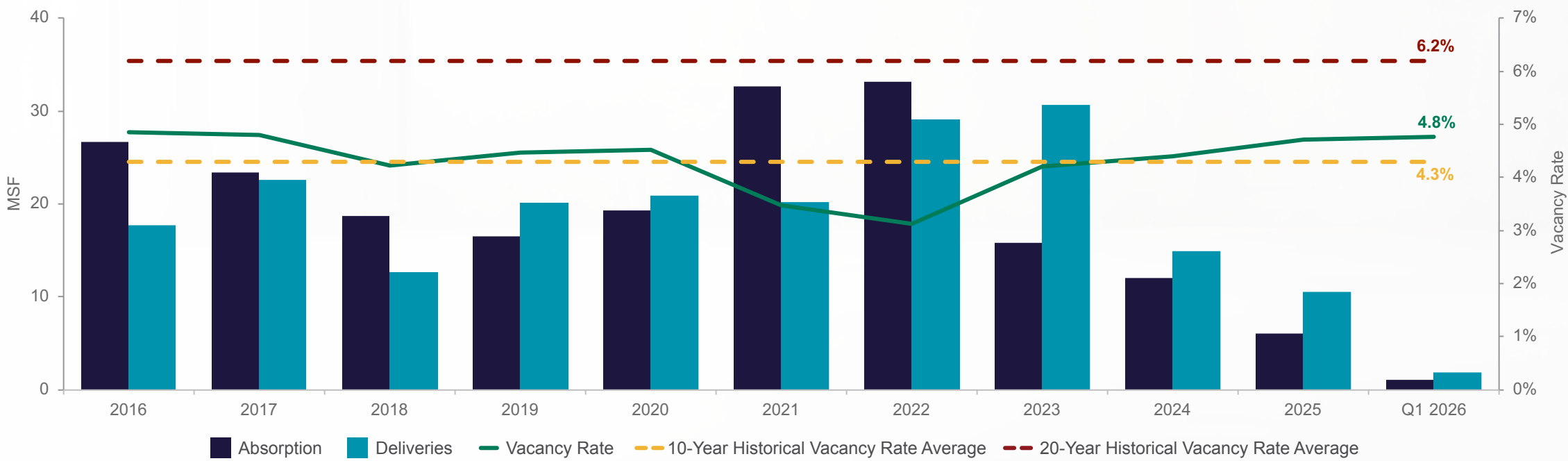
CHICAGO INDUSTRIAL OVERALL VACANCY

As of Q1 2026, Chicago’s overall industrial vacancy rate increased to 4.8%, up 30 basis points (bps) year-over-year (YOY) and marking its highest level since 2017. This reflects the near-term impact of elevated speculative deliveries totaling 63.9 million square feet (msf) since 2022, of which 21.0 msf remains vacant, alongside moderated new leasing activity that has slowed space absorption. Although vacancy has increased since 2024, rates remain well within the 10- and 20-year historical averages, underscoring the market’s fundamental health. Vacancy is poised to normalize in the coming quarters, driven by a more cautious development

landscape over the past several years and a resurgence in big-box leasing demand. Supported by Chicago’s central location, extensive transportation infrastructure, and diverse tenant base, the industrial market remains well positioned for sustained, long-term stability and growth.

This report evaluates Chicago’s overall industrial vacancy rate, highlighting that despite an elevated headline figure, actual available vacant space is considerably lower in select submarkets, signaling a tightening market.

Historical Absorption, Deliveries, & Vacancy Trends



Source: Cushman & Wakefield Research



Q1 2026

WHAT FACTORS INTO CHICAGO'S VACANCY RATE?

Overall vacancy figures only tell part of the story. While Chicago's overall vacancy rate stands at 4.8% in Q1 2026, a closer look reveals that a meaningful portion of this space is already leased and moving toward occupancy. Understanding what truly drives vacancy, and what is simply transitional, provides a more accurate view of market health and near-term momentum.

Total Overall
Vacant Available

4.2%

55.4 MSF

Leased SF
Pending Occupancy

0.6%

6.9 MSF

Overall
Vacancy Rate

4.8%

62.3 MSF

WHAT IT IS

Space that is physically vacant and immediately available to lease.

Leased space that has yet to be occupied, typically due to build-outs or phased occupancy.

The overall vacancy rate widely reported in the market combines both available vacant space and leased space pending occupancy.

WHY IT MATTERS

This portion of vacancy is immediately available to tenants and comprises the majority of total vacant space.

While this space is classified as vacant, it has already been leased and is expected to convert to occupied space over the coming quarters.

This figure reflects total market vacancy and does not differentiate between available and already committed space.

BOTTOM LINE

This represents Chicago's "true" competitive vacancy, the space building owners are actively marketing.

This space is already committed and will convert to positive absorption, lowering vacancy without additional leasing.

Although vacancy has increased from its 2022 low, not all vacant space reflects weak demand, as a meaningful portion has already been leased and is progressing toward occupancy.

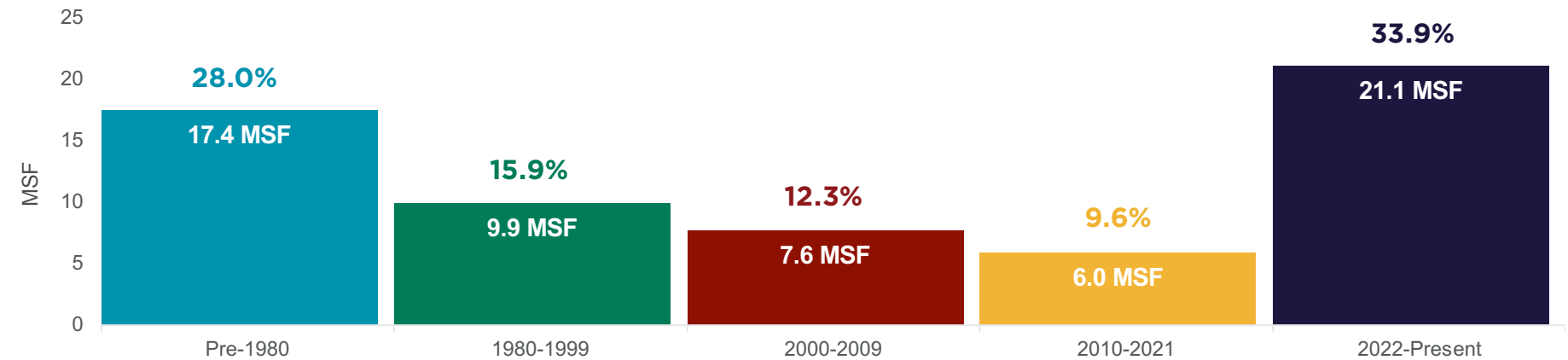
Q1 2026

WHAT'S DRIVING VACANT AVAILABILITY?

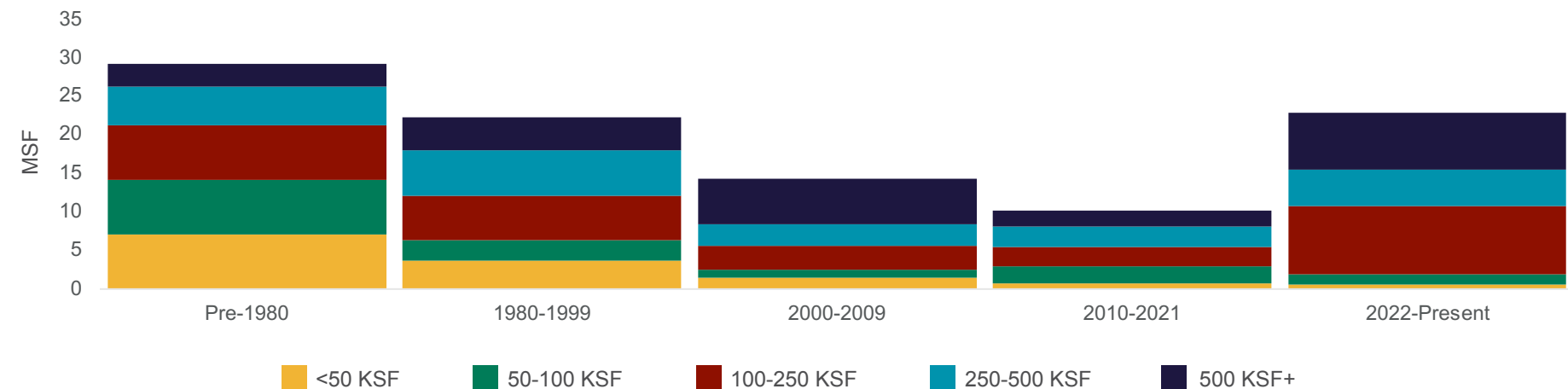
Recent speculative development has had a significant impact on vacancy. As of Q1 2026, 33.9% (21.1 msf) of vacant square footage is concentrated in buildings delivered since 2022. This is largely driven by the outsized share of larger vacant spaces, with 52.9% of vacancies comprised of spaces 250,000 square feet (sf) or greater. As these spaces are leased and occupied, vacancy is expected to decrease.

The next largest tranche of vacancy was reported in older buildings constructed before 1980. These vacancies are more mixed in size, with nearly half (48.4%) consisting of spaces of 100,000 sf or less.

Overall Vacancy by Building Year Built



Vacant Available SF by Space Size & Year Built



Source: Cushman & Wakefield Research

BOTTOM LINE

Chicago's vacancy is being driven primarily by recent speculative development and large-format spaces, much of which is expected to convert to occupancy over time—suggesting today's vacancy is more transitional than structural.

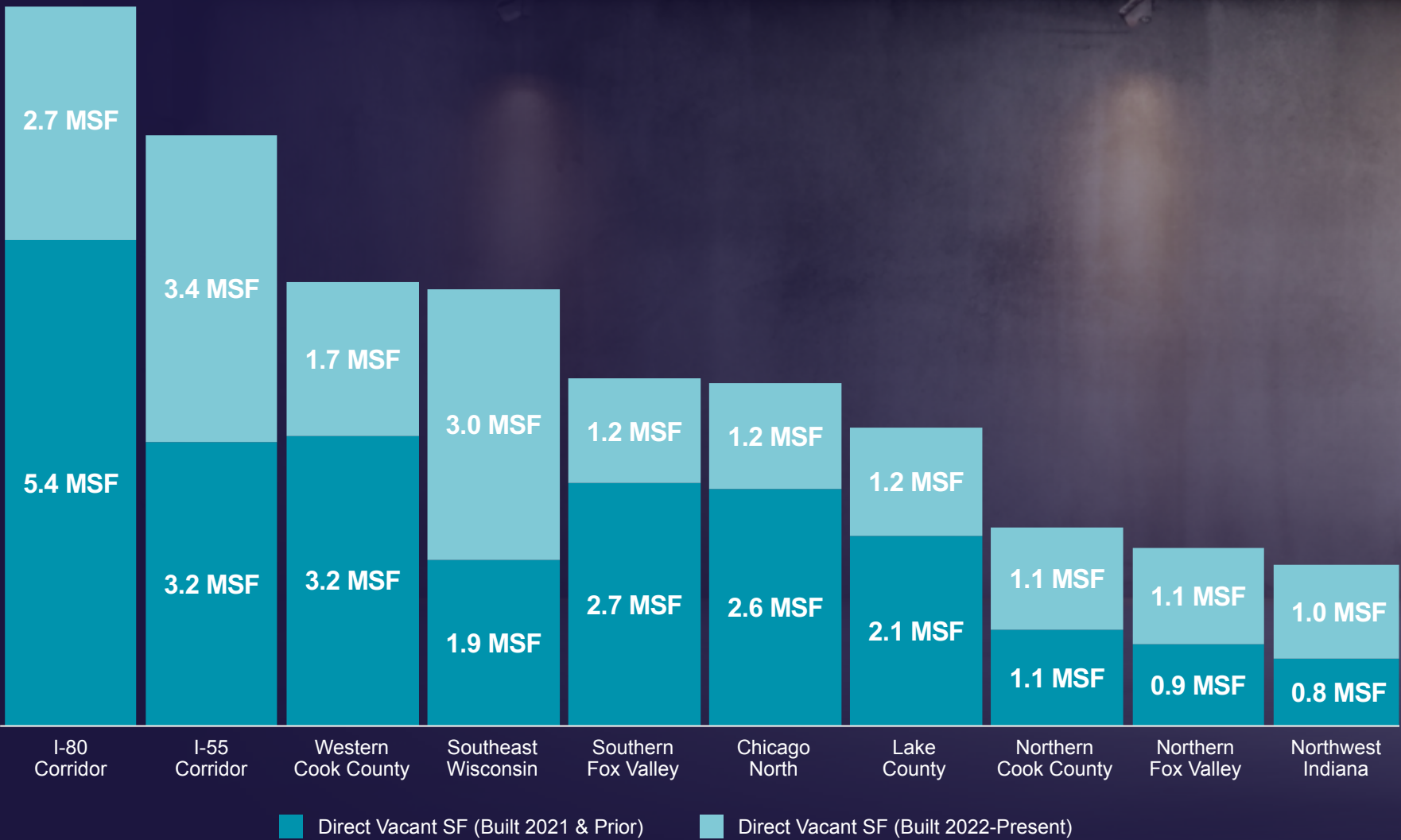
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SUBMARKET DIRECT VACANCY BREAKDOWN

Newly built vacant space has a large impact on certain submarkets, especially those that have historically reported an abundance of big-box development. New construction vacancy is highly concentrated among submarkets with 1.0 msf or more of direct vacant availability, with ten submarkets accounting for 84.3% of the total. As leasing activity increases and these spaces are absorbed, submarket vacancy rates should be significantly impacted.

The Interstate 80 Corridor had the most vacant available space in Q1 2026, totaling 8.1 msf, with 2.7 msf located in buildings built between 2022 and Q1 2026, comprising 32.6% of all vacant square footage. The Southeast Wisconsin submarket had the largest proportion of vacant available space within new developments, accounting for 62.0% of total space.

Direct Vacant SF by Submarket



Source: Cushman & Wakefield Research

BOTTOM LINE

Direct vacant supply is highly concentrated in select submarkets, driven primarily by newly delivered space.

Q1 2026

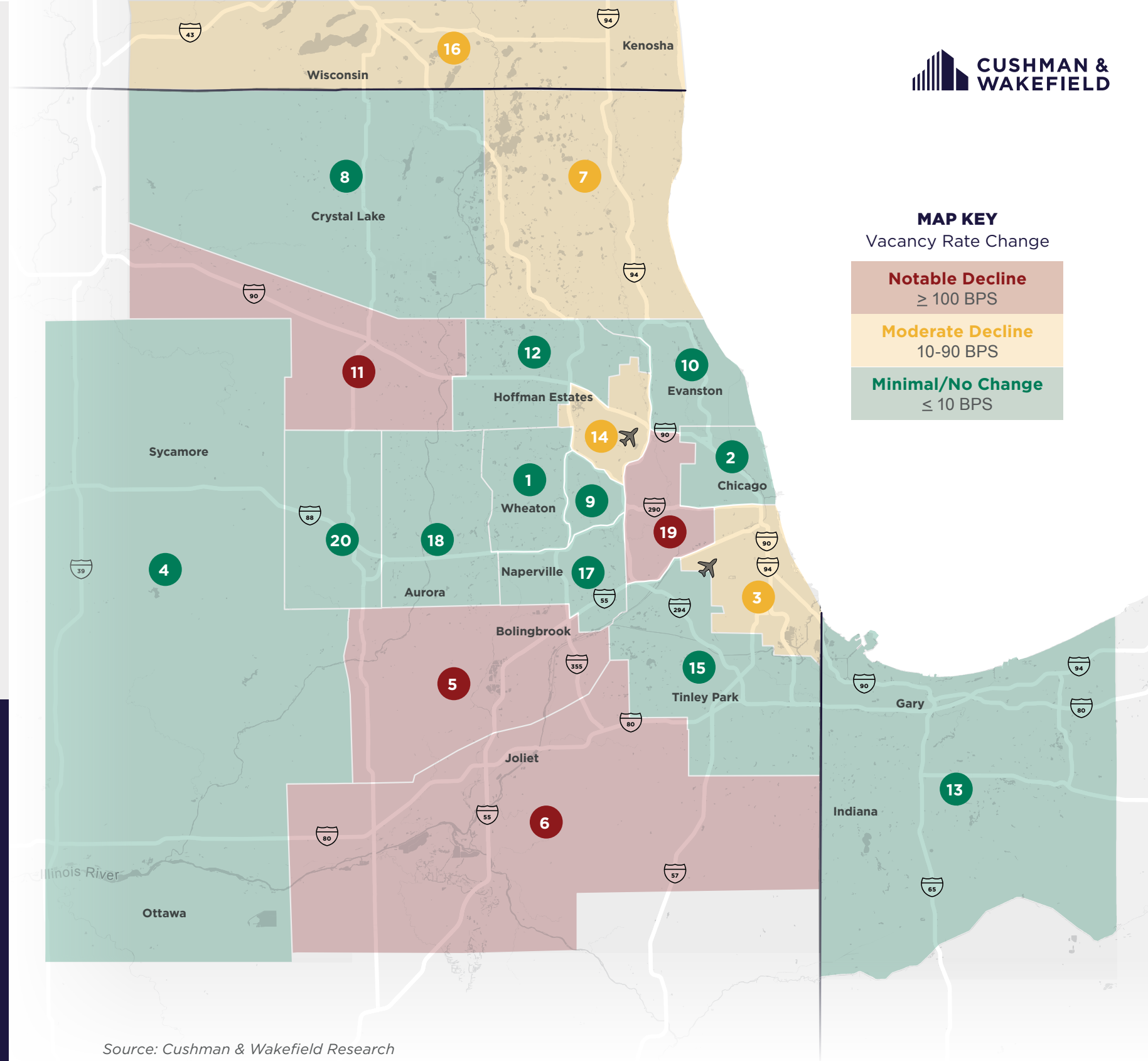
VACANCY ISN'T ALL AVAILABILITY

Chicago industrial demand remained strong in Q1 2026, with new leasing up 19.2% YOY to 9.8 msf, driven in part by a 40.3% increase in big-box leasing activity. However, many of the recently signed larger leases have yet to commence occupancy and are therefore vacant. Because leased-but-unoccupied space is included in overall vacancy calculations, vacancy figures are inflated in select submarkets.

The most significant vacancy rate gaps are concentrated within Interstate 80, Interstate 55, Northern Fox Valley and Western Cook County, which account for most of the recent big-box leasing activity, where elevated overall vacancy is inflated by leased-but-unoccupied space; once these pending occupancy spaces are removed, available vacancy is notably lower, signaling improving absorption and tightening conditions in these submarkets.

BOTTOM LINE

In several submarkets, overall vacancy rates are being artificially elevated by leased-but-unoccupied space, meaning true available vacancy is significantly lower than reported and market conditions are tighter than they appear.





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