Q2 2026 Big Box Report

Vacancy Rate
8.4%

2026 YTD Net Absorption
5.5M SF

2026 YTD New Leasing
17.8M SF

New developments break ground as leasing activity grows

The Chicago industrial big box market, defined as industrial buildings of at least 200,000 square feet with 28-foot clear heights, improved during the quarter as the vacancy rate declined 10 basis points to 8.4%. Tracked big box inventory totaled 390.3 million square feet across more than 870 industrial buildings in the Chicagoland area, including Northwest Indiana and Southeast Wisconsin. The market remained stable, supported by continued strength in new big box leasing activity totaling 8.6 million square feet executed between April and June. Third-party logistics providers continued to be the most active users. There were 37 new lease deals completed within the big box inventory with most deals concentrated in the I-80/Joliet Corridor (2.8 million square feet) and I-88 Corridor (2.1 million square feet) submarkets.

NET ABSORPTION AND KEY STATS:

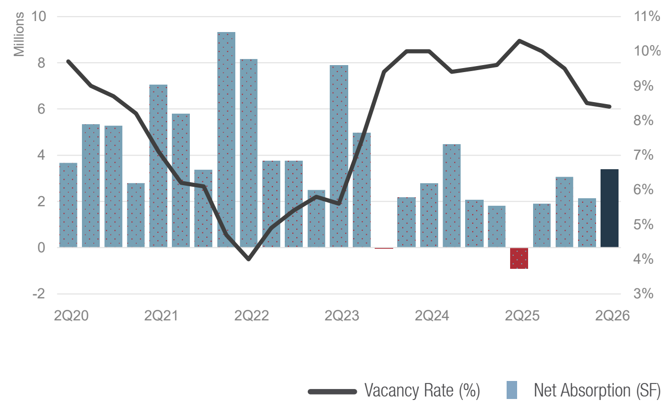
Second quarter net absorption grew to 3.4 million square feet, a sizeable increase from the previous quarter's 2.1 million square feet and a substantial increase year-over-year when Q2 2025 reported just 737k square feet of positive occupancy. Two third-party logistics (3PL) providers have signed on for 1.2 million square feet. RJW Logistics Group executed a build-to-suit lease deal in Montgomery (I-88 Corridor) while KeHE Distributors have signed on for 1.2 million square feet. KeHE Distributors will initially occupy 802,440 square feet at 21533 Cherry Hill Road in Joliet during the third quarter, but they will also expand this space by an additional 393,300 square feet. Construction on the expansion is to begin later this summer and deliver sometime in early 2027.

There are currently 119 available buildings totaling 49.7 million square feet, representing roughly 12.7% of the Chicago big-box inventory. Most of the available space is concentrated in the 200,000–500,000-square-foot range (26.8 million square feet), followed by 750,000 square feet and above options totaling 12.2 million square feet. Only two buildings offering one-million-square-foot vacant occupancies are currently available – the 1.2-million-square-foot multi-story distribution building in Chicago North and the 997,800-square-foot manufacturing facility in the I-55 Corridor. Vacancies have been improving over the past few quarters, and the Chicago big box market is positioned to remain healthy and buoyant throughout the second half of 2026.

CONSTRUCTION:

Total big box active construction stood at 16.9 million square feet, an 80%

Vacancy Rate vs Net Absorption



Market Summary

Q2 2026	SF	
Market Size	390,287,999	
Total Vacancy	32,914,921	8.4%
Direct Vacancy	31,040,876	8.0%
Sublease Vacancy	1,874,045	0.5%
Available Space	57,415,158	14.2%
QTR Net Absorption	3,394,196	
YTD Net Absorption	5,527,644	
Under Construction	16,933,452	
2026 New Supply	3,053,646	
Q2 2026 New Leasing Activity	8,680,514	
2026 New Leasing Activity	17,758,709	

NAI Hiffman

Chicago's big box market measured 3.4 million square feet of net absorption in Q2, improving the vacancy rate by 10 basis points to 8.4% largely due to new tenant move-ins.

New leasing activity stood at 8.7 million square feet during the quarter, up 32% year over year, bringing year-to-date new leasing volume to 17.8 million square feet.

Build-to-suit projects totaled 9.7 million square feet, representing 57.2% of all big box space under construction, outpacing the 7.2 million square feet of speculative development, which accounted for 42.8%.

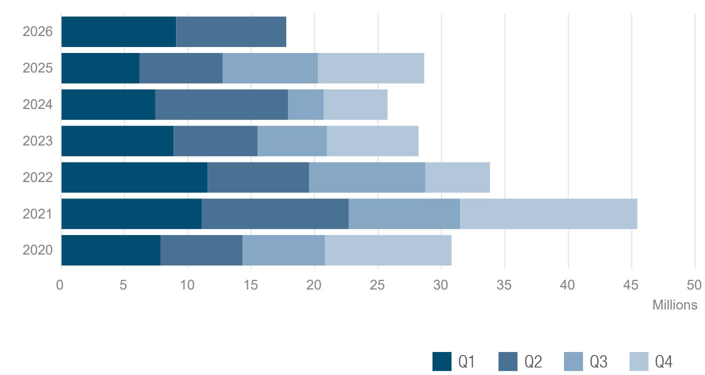
year-over-year increase from the previous amount recorded this same time period last year. Build-to-suit activity has now surpassed speculative activity at 57.2% vs 42.8%. New construction of big box facilities is showing signs of regaining momentum with a handful of new projects breaking ground during Q2, signaling optimism amongst developers and opportunities within targeted submarkets. The I-80/Joliet Corridor held the highest amount of activity at 4.1 million square feet, followed by Northwest Indiana with 2.3 million square feet, and DeKalb County standing at 2.0 million square feet. Twelve new big box projects broke ground between April and June with the largest being Elion Partner's 1.5-million-square-foot build-to-suit at 30961 S. Elion Blvd in Wilmington. The project being built for Kimberly-Clark is to complete during the third quarter of 2027.

OUTLOOK:

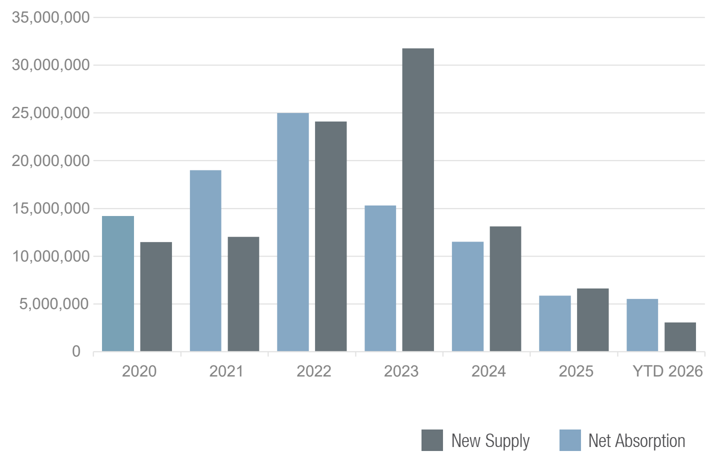
Chicago's big-box industrial sector is expected to experience tightening vacancy levels over the next several quarters as recently completed lease transactions translate into occupancy. Demand remains well diversified, with new leasing activity spanning multiple tenant categories. Class A rental rates are forecast to remain within the $7 to $8 per square foot range, with moderate appreciation anticipated. Meanwhile, concession packages are expected to remain prevalent among functionally obsolete properties, reflecting a growing preference for modern Class A space.

Big-box industrial space demand continues to be driven by third-party logistics providers and e-commerce operators, while evolving tariff policies have also increased interest from manufacturers pursuing onshoring and supply chain resiliency initiatives. Given the limited availability of million-square-foot facilities within the I-80 Corridor, development activity is expected to accelerate as occupiers seek modern, large-scale distribution solutions. Overall, Chicago's industrial market fundamentals remain strong; however, demand has become increasingly selective, favoring well-located, high-quality assets with the scale and functionality required by today's logistics users. Leasing activity for modern Class A big-box facilities continues to outperform the broader market.

Big Box Leasing by Year



New Supply vs Net Absorption



BTS Lease

Orchard Rd
Montgomery
1,200,000 SF

I-88 Corridor

Tenant
RJW Logistics Group

New Lease/ Expansion

21533 Cherry Hill Rd
Joliet
1,195,754 SF

I-80/Joliet Corridor

Tenant
KeHE Distributors

New Lease

3835 Youngs Rd
Channahon
906,517 SF

I-80/Joliet Corridor

Tenant
Hyundai Translead

New Lease

325 State Route 31
Montgomery
635,000 SF

I-88 Corridor

Tenant
UGL Truck

New Lease

1120-1140 Remington Blvd Romeoville
453,568 SF

I-55 Corridor

Tenant
Distribution 2000 Inc

New Lease

21520 SW Frontage Rd
Shorewood
376,006 SF

I-80/Joliet Corridor

Tenant
Custom Goods

New Lease

1717 W Harvester Rd
West Chicago
286,622 SF

Fox Valley

Tenant
CoreCentric Solutions Inc