

June 2026

Core Industrial Realty is pleased to share our June 2026 Newsletter. We hope you find beneficial information enclosed.

CAPITAL COSTS

Three meetings in 2026 by the Federal Open Market Committee (FOMC) have yielded no changes to the preferred benchmark rate of the Federal Reserve. Kevin Warsh was sworn in as Chair of the Central Bank on May 13, 2026. The new Chairman walks into a difficult position with recent challenges from an extended stay by U.S. forces in Iran and the closure of the Strait of Hormuz. This has halted the downward march of interest rates we experienced in the second half of 2025 and raised questions as to whether the next move by the Federal Reserve will be to lower or raise their benchmark rate or raise it.

The closure of the Strait of Hormuz is painfully obvious at the gas pump for most American consumers but the ancillary effects of the war in Iran and closure of the Strait are often overlooked. The Iran war has caused a spike in chemical prices and resins and plastics. Industries such as home building are negatively impacted with the higher cost of deliveries of cement and wallboard to sites. Pricing for Commodities such as natural gas, aluminum and petrochemicals frequently utilized in production and manufacturing have also spiked. Lingering trade disputes and the impact from tariffs continue to have negative price consequences for certain raw materials. A rout to the global bond market has raised the 30-year fixed mortgage rate from 5.91% (February 1, 2026) to 6.53% (June 1, 2026). The 10-year treasury saw a low yield of 3.95% in February of 2026 and now stands at 4.5%. Consumer prices in May 2026 were 4.2% higher than May 2025. Average wages have risen only 3.4% during the same period. The disparity between the two benchmarks is noteworthy and can negatively impact industrial real estate markets. Much uncertainty remains in capital markets as we head into the second half of 2026.

	June 2026	December 2025
U.S. Unemployment	4.3%	4.66%
10-Year Treasury Yield	4.5%	4.184%
Target Range Federal Funds Rate	3.5% - 3.75%	3.5% - 3.75%
30-Year Fixed Rate	6.53%	6.28%

GREATER CHICAGOLAND INDUSTRIAL MARKET

The Greater Chicagoland Industrial Market has remained resilient despite headwinds from a surge in raw material costs for the manufacturing sector and a spike in diesel costs for trucking. Overall vacancy stands just below 5% with certain submarkets holding vacancy below 3%. The approximate 40% decline in speculative facilities delivered in 2025 has allowed a few submarkets in the Greater Chicagoland Industrial Market to achieve new records for occupancy. The first half of 2026 will likely deliver 2.5 times the volume of industrial absorption from the same period in 2025. Limited speculative development opportunities remain as the Chicagoland Industrial Market becomes wholly an infill market.



Greater Chicagoland Industrial Market (continued):**I-88 Submarket**

- Vacancy rate has dipped below 2%.
- Noticeable increase to average rental rates achieved.

Egin I-90 Submarket

- Had one of its best quarters for leasing absorption in Q1 2026.
- Patience has paid off for speculative developers in the submarket with strong rental growth in new construction leases.

O'Hare Submarket

- Recovering from soft absorption in the second half of 2025 with a strong start to 2026 and a concentration of leases completed in smaller spaces from 20,000 SF to 80,000 SF.
- Larger blocks of space in the submarket have contributed to a meaningful increase in vacancy.

I-55 Submarket

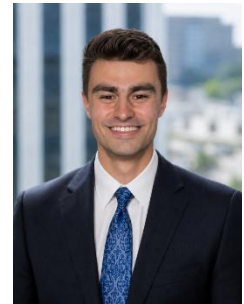
- Experienced strong rental growth in 2026 for spaces less than 100,000 SF.
- Overall vacancy has crept up due to larger speculative facilities being delivered and occupied space returning to market.

User sale prices for existing buildings throughout the Greater Chicagoland Industrial Market have experienced a sharp increase in per square foot pricing aided by limited supply and escalating replacement values.

Investor demand for industrial throughout the Chicagoland market remains elevated after years of strong rental growth demonstrated sustainability in rent appreciation along with stability in vacancy rates proving less volatile than competing costal markets.

CORE INDUSTRIAL REALTY

We are pleased to announce our newest addition to our Brokerage Team. Alexander (AJ) Smith joins Core Industrial Realty after recently graduating from the University of Illinois Urbana-Champaign. AJ joins Core Industrial Realty after completing his studies at U of I, earning a Bachelor of Science in Finance; Concentration in Real Estate. He graduated with honors and completed multiple internships in finance and real estate during his studies. AJ will start his real estate career under the mentorship of Nick Krejci, Principal of Core Industrial Realty. We are pleased to continue the growth of Core Industrial Realty with high quality candidates who will help us realize our goal to be Chicagoland's most trusted provider of industrial real estate services.



147,000 SF
3080 Bilter Road, Aurora, IL
Delivery Q4 2026

Core Industrial Realty is pleased to share our newest exclusive listing agency with High Street Logistics Properties. Brokers Noel S. Liston and Nick Krejci represented High Street in their purchase of 9.5 acres of land located at 3080 Bilter Road in Aurora, Illinois. High Street Logistics Properties recently broke ground on a speculative building of 147,000 square feet. The building is expected to be delivered at the end of 2026 and will feature 32' clear ceilings, 29 exterior docks, 22 trailer stalls and 3,100 SF of office finish. The building will be offered for lease and is divisible to units starting at 40,000 square feet. This project is ideally located minutes from I-88 via the Eola Road interchange, the Route 59 interchange, or the Farnworth Avenue interchange. We congratulate High Street Logistics Properties on their acquisition and development of this site and thank them for entrusting Core Industrial Realty as their exclusive leasing agents.

THANK YOU!

Most importantly, we recognize that none of our accomplishments would be possible without you, our customers, and trusted partners. Our goal from day one has been to provide our customers with a unique and better experience than what they have been accustomed to. I believe we do and will continue to provide superior service through tailored solutions for each project we take on. We hold ourselves to higher standards and nothing is a given here at Core.

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