

MARKET INSIGHTS

CHICAGOLAND WORKSPACE REPORT

Q4 2019

NOTABLE HEADLINES

Tech was the dominant leasing trend during 2019.

– JLL

Chicago is the #1 Medical Office Market in the United States.

– Cawley Chicago

2019 ends with strong positive absorption and a significant pipeline of new construction.

– JLL

Office Market Dynamics Tightened Some At Year End; Availability Declines, Rents Edge Up.

– Savills

Adaptive reuse projects drive large deals and record absorption.

– CBRE

Highest absorption of the decade, the suburbs closeout strong.

– JLL

The West Loop Continues Rise as a Prized Submarket for Chicago's Commercial Real Estate.

– Cawley Chicago

Diverse industry base drives quarterly uptick in leasing.

– CBRE

Cannabis Legalization Leads to Shifts in Chicago's Industrial Commercial Real Estate.

– Cawley Chicago

CHICAGO MAJOR TRANSACTIONS

- 64.7% of major transactions were new locations.²
- 8 of 10 top transactions occurred in West Loop Submarket.²
- 38.7% of major transactions represented Professional Services.²

CHICAGO CITY

- Record Setting Leasing⁷
 - 38 Million Square Feet of New Leases and Lease Expansions Signed (460 leases) in 2019
 - 15.1 Million Square Feet
- Rise of Speculative Space⁷
 - 52 Speculative Projects in 2019 totaling 15.1 million SF
 - 4.7 million SF during Q4
- Class A West Loop product continues to dominate this year with 350,310 sq. ft. of positive net absorption for Q4 2019.¹
- River North continues to boast the lowest direct vacancy rate, ending the quarter at 8.7%.¹

SEE BACK SIDE FOR MORE »

1. CBRE Chicago Downtown Office MarketView Q4 2019
2. Savills

3. JLL Research Report Q4 2019
4. Cushman & Wakefield

5. CBRE Chicago Industrial MarketView Q4 2019
6. Crain's Chicago Business

7. Colliers



CHICAGO CITY (CONT'D)

- The West Loop recorded 1.3 m.s.f. of absorption, or 48% of total CBD annual growth. Coworking accounted for 23% of this total.³
- Fulton Market's tenant mix diversified in 2019 with lease announcements from companies such as Herman Miller, Duff & Phelps and EY Digital.³
- 601W's acquisition of 801 S Canal likely will play off of the success of the Southwest Loop corridor and will continue to expand the CBD.³
- As of November 2019, Chicago metro area unemployment stood at 3.3%, down 20 bps year-over-year.⁸
- The Old Post Office 2.3 msf office building is currently 81% preleased and home to several well-known tenants including CBOE Global, Cisco, PepsiCo, Uber and Walgreens.⁸
- The education and health services sector had the largest employment gain for the year ending November 2019, adding 15,600 jobs.⁸
- Building conversions are expected to continue as higher quality space becomes more scarce coupled with increasing demand for newer product.⁴

CHICAGO SUBURBS

- The East-West Tollway had an active Q4 2019, with 96,921 sq. ft. of positive net absorption, the highest of all submarkets. The submarket also accounted for almost 40% of all leasing activity in the suburban market.¹
- Class B inventory had the strongest year of move-ins amongst classes, with 204,918 sq. ft. of positive net absorption in 2019.¹
- Lake County finished the year with 336,645 sq. ft. of positive net absorption, and overall asking rates in the North Suburban market rose \$1.39 year-over-year.¹
- Class A direct asking rents increased for the eighth consecutive quarter.³
- Almost 90.0% of YTD Class A absorption was recorded in newly upgraded, amenitized buildings.³
- Urbanized suburbia continues with additional investments to be made in mixed-use and campus redevelopment sites, such as Oak Brook Reserve (formerly McDonald's HQ) and the Nokia Naperville campus.³
- The right-sizing trend is on full display in the suburbs, as tenants seek out the ability to nimbly respond to outside economic factors which may interfere with business plans calibrated for organic growth.⁴

1. CBRE Chicago Downtown Office MarketView Q4 2019
2. Savills

3. JLL Research Report Q4 2019
4. Cushman & Wakefield

5. CBRE Chicago Industrial MarketView Q4 2019
6. Crain's Chicago Business

7. Colliers
8. Avison Young