

CHICAGO



OVERVIEW

Downtown Chicago experienced a significant reduction in leasing activity, with an over 19% decline year to date. The current Downtown vacancy rate is 12.9%, but will continue to face pressure from the supply pipeline throughout 2019. New space deliveries will be primarily focused in Chicago's River West, West Loop and Fulton Market submarkets as well as the "mega developments" such as Lincoln Yards. Suburban office developments will not be as impactful as in Downtown Chicago, but the O'Hare and South Chicago markets are showing slight increase in development activity. Rental rents have trended upwards since 2013, with the largest increases in rent in Class A properties, but will begin to show slight signs of stabilization in Downtown and Suburban Chicago. Investment sale activity is down and 2019 is showing a decline in activity compared to the record breaking activity of 2018.

FUNDAMENTALS

Forecast

YTD net absorption	567,987	▼
Under construction	6,403,002	▲
Average asking rent (gross)	\$40.87	▲
Concessions	Stable	▶

	UNITED	
Market Size	Largest Office Deal	Total Vacancy
231,987,892	850,000 SF	12.9%

TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

- Top talent recruiting efforts and tight labor markets will continue to drive demand for well located, high-end office space.
- High-end office space continues to expand the construction pipeline, with profits from developers on Class A and Trophy office towers.
- Suburban to urban migration continues with multiple major tenants taking occupancy in new developments within Downtown Chicago.
- The Old Main Post Office is set to open in the third quarter, increasing the vacancy rate in Downtown Chicago with roughly 1.5 million square feet of space still to be leased.
- Property taxes are expected to increase and impact Landlords in Downtown Chicago, with a new assessment set for 2021.
- Potential influx of coastal tech firms to target Chicago as a cost-effective and valuable option for occupancy.

For more information, please contact:



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