



Office Market Report

Chicago - IL USA

PREPARED BY

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OFFICE MARKET REPORT

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12 Mo Deliveries in SF

1.1M

12 Mo Net Absorption in SF

(3.2M)

Vacancy Rate

16.4%

Market Asking Rent Growth

1.1%

Tenants in Chicago's office market continue scrutinizing and lowering their space requirements, resulting in increased available office space. During 2024q4, a near-record high of 102 million SF of space is available in Chicago, an increase of approximately 26 million SF versus 20q1. Chicago's overall vacancy rate now stands at 16.4%—a near-record high—and move-outs are still outpacing move-ins, with -3.2 million SF of negative absorption recorded over the past 12 months.

Chicago's office market is getting a reprieve from the onslaught of new completions that materialized here over the past five years, with only 1.5 million SF currently under construction. Most of this is for medical lab or medical office spaces. In fact, most of the positive absorption from 24q2 was from medical office building (MOB) purchases and move-ins from healthcare-related companies. Chicago's attempts to compete with expensive coastal life science markets mostly involve tenants moving into specialized lab spaces instead of refurbishing existing obsolete office properties.

It is becoming clear that Chicago's office tenants in the market are beginning to tilt toward additional cost-saving measures besides space compression. They are additionally searching out cost-effective sublets or Class C buildings. It's one of the reasons Class C demand fundamentals rule during recessionary times, as their collective inventory is attractive to bargain hunters, or the existing inventory shrinks through property demolitions. Either way, the result is a compressed Class C market

with less space available and a truncated 6.5% vacancy rate and a positive 12-month move-in rate. Class A and B properties, however, are still hemorrhaging tenants, with 12-month absorption rates of -1.4 million SF and -2.0 million SF, respectively.

It is a tenants' market in Chicago, at least for those buildings rated 3 Star and above, with landlords fiercely competing for new lease commitments. Chicago landlords' play to keep asking rents in place and offer tenants generous concessions was once a means to preserve a building's value. Now, over four years post-pandemic, these payouts demonstrate the lender's commitment to its investment for the long haul, showering tenants with incentives worth as much as \$200/SF. Struggling owners, on the other hand, cannot afford more than a fresh coat of paint and cleaning carpets.

Since 23h2, the Great Basis Reset is clearly underway. With a lowered cost basis, purchasers can drastically reduce their asking rents or redevelop assets into new, higher-and-better uses for their properties.

The detailed stressors on Chicago's office market boil down to one precept: there isn't enough demand to fill Chicago's office supply. In the meantime, without Chicago's office market being right-sized or reinvented, it will likely continue to be out of step with what occupiers need, further straining owners' operating incomes and values.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	140,268,323	21.4%	\$41.96	27.1%	10,851	0	1,379,274
3 Star	288,388,415	16.8%	\$26.99	19.9%	(635,709)	0	92,298
1 & 2 Star	83,027,251	6.5%	\$20.93	7.6%	(25,758)	0	8,000
Market	511,683,989	16.4%	\$30.14	19.9%	(650,616)	0	1,479,572
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.3% (YOY)	12.2%	17.2%	16.6%	2024 Q1	7.1%	2000 Q2
Net Absorption SF	(3.2M)	1,324,369	(1,695,565)	11,091,882	2006 Q1	(10,806,293)	2009 Q3
Deliveries SF	1.1M	4,258,488	473,370	12,117,053	2001 Q3	557,506	2023 Q1
Market Asking Rent Growth	1.1%	2.0%	1.0%	9.0%	1998 Q3	-5.9%	2009 Q4
Sales Volume	\$1.2B	\$3.9B	N/A	\$9.6B	2007 Q3	\$643.6M	2010 Q1

Demand for Chicago's office space continues to spiral downward during 24h1. Its overall vacancy rate stands at 16.4% (a near record high) while tenants have vacated -3.2 million SF of space over the past 12 months. Since 20Q2, office tenants have vacated over 19.4 million SF.

Chicago's office tenants are behaving with certainty, knowing they need less space than before the pandemic's onset. In June, the online food-ordering and delivery company Grubhub agreed to sublease roughly 90,000 SF from mobile payment giant PayPal for its new HQ in River North's THE MART, vacating 129,000 SF from the Central Loop's Burnham Center for 24q4 occupancy. Similarly, real estate technology firm Lessen inked a deal for 77,000 SF at 203 N LaSalle in the Central Loop, leaving 114,000 SF within the East Loop's Prudential Plaza for a 25h1 move-in.

The suburbs gained some leasing transactions, too, with some contractions in hand. The Federal Aviation Administration signed a deal for 108,000 SF at the O'Hare Gateway Office Center in Rosemont for 24H1 occupancy, slashing its existing footprint at 2300 E Devon, Des Plaines, by almost 100,000 SF.

Chicago is still posting an ever-burgeoning direct 17.9% availability rate. Not only are more tenants walking away from their collective office spaces when their leases expire, but many of those sublet spaces on the market are now expiring in droves, becoming direct available space.

Yet there is something else going on here, too, and it is a positive trend for Chicago's office market. Comparing 2024's first half-year to previous years, the CBD's subleasing velocity was the highest since 2017, and the suburban and urban markets posted their best half-year in over 20 years.

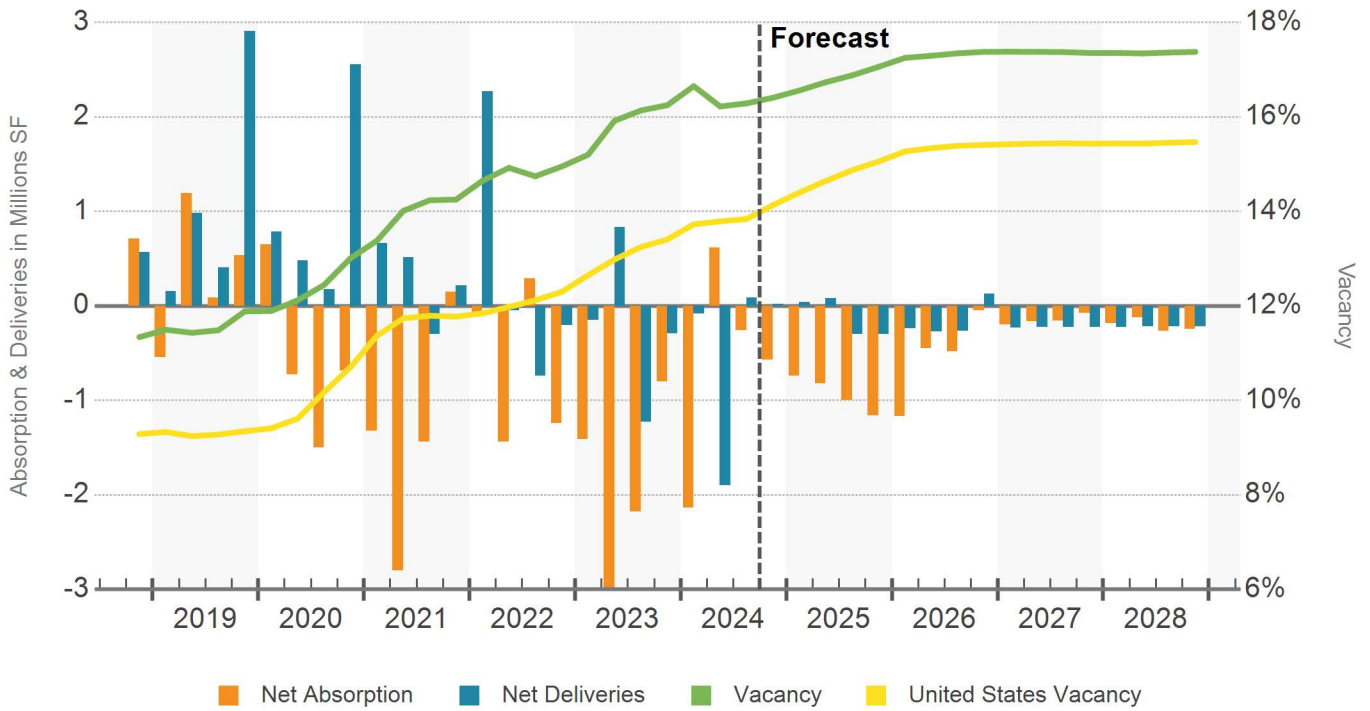
And in some cases, these moves were to larger spaces than they previously occupied. In the suburbs, during 24h2, Fleet management company Wheels moved from its 83,000-SF HQ at 666 Garland Place, Des Plaines, to take possession of Zurich North America's secondary space offering of 214,000 SF. In the CBD, Cook County State's Attorney's Child Support Enforcement Department moved into Xeris Pharmaceuticals' 41,000-SF available sublet at 180 N LaSalle, also during 24h2, vacating 35,000 SF from 111 Washington.

On a positive note, Chicago is recording little supply-side pressure, with most of the office square footage recently completed and underway earmarked for medical and lab space. Exceptions include Fulton Market's 68%-leased 493,000-SF property at 360 N Green, completed in 24h1, and the 31%-leased 919 On Fulton with an expected 25H1 completion.

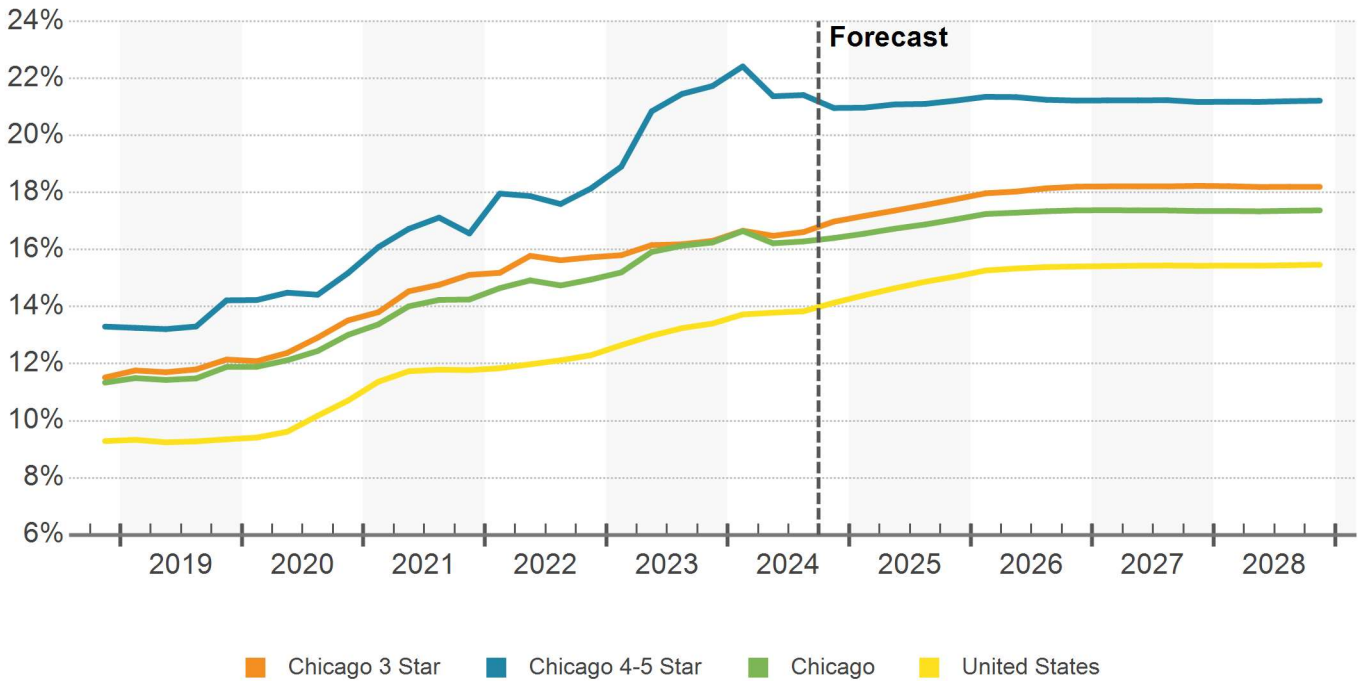
From a geographic perspective, demand follows the new development trails in Fulton Market and the Northwest City, and the newly right-sized Eastern East/West Corridor. Conversely, 11 Chicago-area office markets saw 10 markets give back more than 100,000 SF over the past year, with Downtown's East Loop and West Loop giving back 1.2 million SF and 837 million SF each, and the Schaumburg Area and Central North submarkets retracting 1 million SF and 531,000 SF, respectively, from their demand tallies.

In large metropolitan areas beset with a white-collar monoculture, office demand fundamentals should continue to struggle, posting increasing vacancy rates and negative absorption figures. Chicago could turn the tide of its office demand trajectory within five years if it can repurpose many ailing properties for higher and better uses. Without drastic measures, however, it may take Chicago up to 10 years to regain its equilibrium.

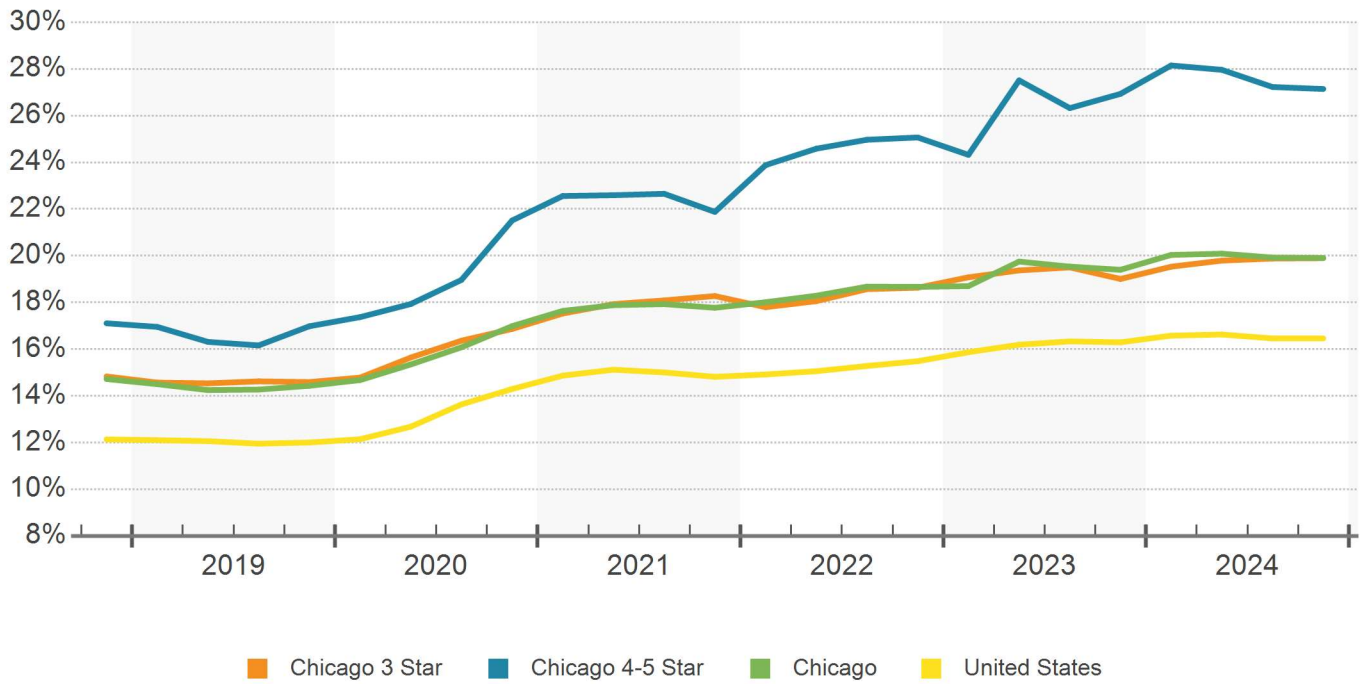
NET ABSORPTION, NET DELIVERIES & VACANCY



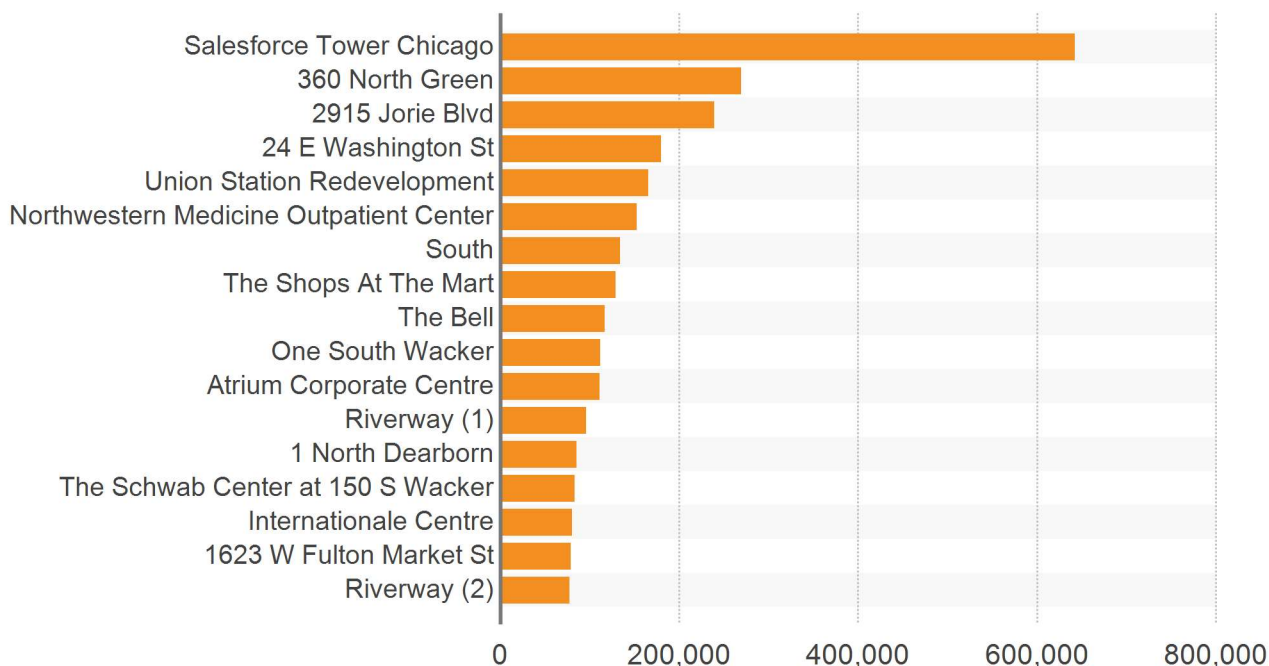
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Salesforce Tower Chicago	River North	1,200,202	20,700	662,400	0	0	0	642,600
360 North Green	Fulton Market/Near...	492,532	222,979	0	269,553	0	0	269,553
2915 Jorie Blvd	Eastern East/West C...	250,000	0	0	0	0	0	239,130
24 E Washington St	East Loop	672,590	186,494	42,001	81,448	32,784	(2,634)	179,737
Union Station Redevelopment	West Loop	1,497,211	376,002	105,759	24,487	29,446	0	165,286
Northwestern Medicine Outpatie...	Northwest City	160,000	0	0	0	0	0	153,043
South	Near North	217,232	79,556	9,184	0	0	50,629	134,291
The Shops At The Mart	River North	3,672,000	677,119	(30,897)	114,950	77,990	0	129,365
The Bell	West Loop	850,000	543,094	0	0	86,906	30,000	116,906
One South Wacker	West Loop	1,195,315	261,864	(52,690)	9,746	34,742	0	112,189
Atrium Corporate Centre	Schaumburg Area	467,000	278,664	0	0	0	0	110,896
Riverway (1)	O'Hare	284,241	97,768	24,920	0	57,339	0	96,043
1 North Dearborn	Central Loop	943,585	77,436	0	13,864	101,540	0	85,074
The Schwab Center at 150 S W...	West Loop	578,200	56,726	18,888	(12,200)	82,577	0	82,904
Internationale Centre	Western East/West...	80,269	0	0	80,269	0	0	80,269
1623 W Fulton Market St	Northwest City	79,000	0	79,000	0	0	0	79,000
Riverway (2)	O'Hare	252,557	1,700	(1,700)	79,403	0	0	77,703
Subtotal Primary Competitors		12,891,934	2,880,102	856,865	661,520	503,324	77,995	2,753,989
Remaining Chicago Market		498,792,055	81,075,070	(2,992,093)	(50,437)	(765,289)	(728,611)	(5,960,520)
Total Chicago Market		511,683,989	83,955,172	(2,135,228)	611,083	(261,965)	(650,616)	(3,206,530)

Chicago's office market is recording an overall lackluster asking rent growth at 1.1%, year over year, a rate it has steadily retained since 2022.

Many landlords frequently opt to offer generous abatement and TI packages over lowering their asking rents to preserve the value of their properties. Yet sometimes, this just isn't economically viable or sustainable for the particular asset. This is especially true when 33% of the non-owner-occupied pre-2014 built stock posts an average 50% availability rate across the metropolitan area. In many of these cases, the landlord is not in a position to entertain LOIs for less than 20,000 SF.

To this point, the girth of concessions has a lot to do with a particular property's available cash reserves. According to Peter Beatrice, Managing Broker of Chicago Tenant Advisors, "well-capitalized East and Central Loop office owners are offering up to two months free rent per year and \$30/SF to \$60/SF in TI, convertible to rent credits, for second generation spaces." Beatrice adds that rents can go for \$25/SF triple net for smaller spaces in Class A buildings and as low as \$30/SF gross for Class B boutique buildings in the Central Loop.

Touring tenants of second-gen space frequently find that many spaces are already in move-in condition, and they appreciate the option to convert TI dollars into rent credits. "This is particularly true when build-out costs have more than doubled—from the (2019) \$80/SF rate to more than over \$200/SF post 20q1," explains Beatrice.

According to him, union build-out contracts can cost up to 25 percent more than non-union buildings.

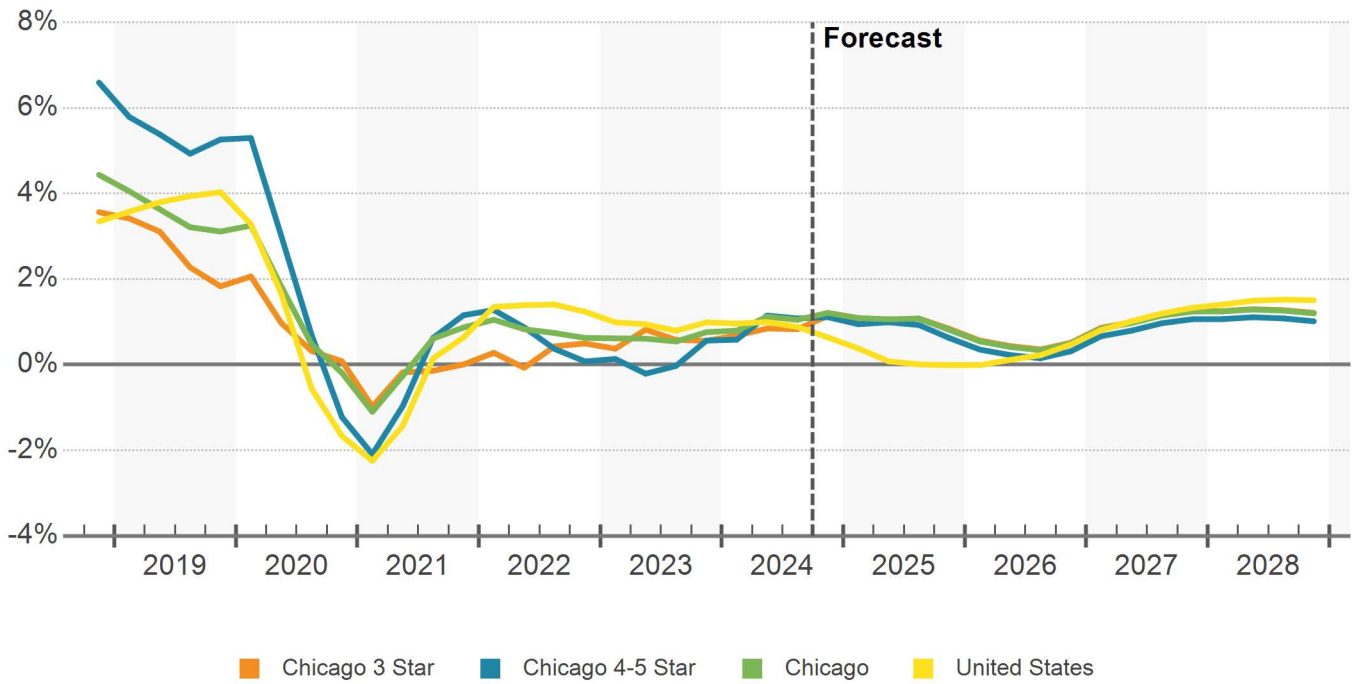
Regardless of the market's demand fundamentals, tenants generally pay less out-of-pocket expenses overall through renewals, even if they decide to contract their spaces. This maxim is now more accurate than ever. In June, financial planner GCM Grosvenor extended its 73,000-SF lease at 900 N Michigan to 2037 while shedding over 40,000 SF. Though the firm paid a \$331,000 termination fee for the space giveback, it also got 12 months of rent abatement, a 2032 termination option, and over \$8 million in TI, according to its SEC filing.

Even hot office nodes are offering generous concessions. Base rents in Fulton Market and the West Loop can vary from \$28/SF to \$40/SF net, and a 10-year deal can secure a TI package as high as \$150/SF and the bonus option to convert the TI allotment into free rent.

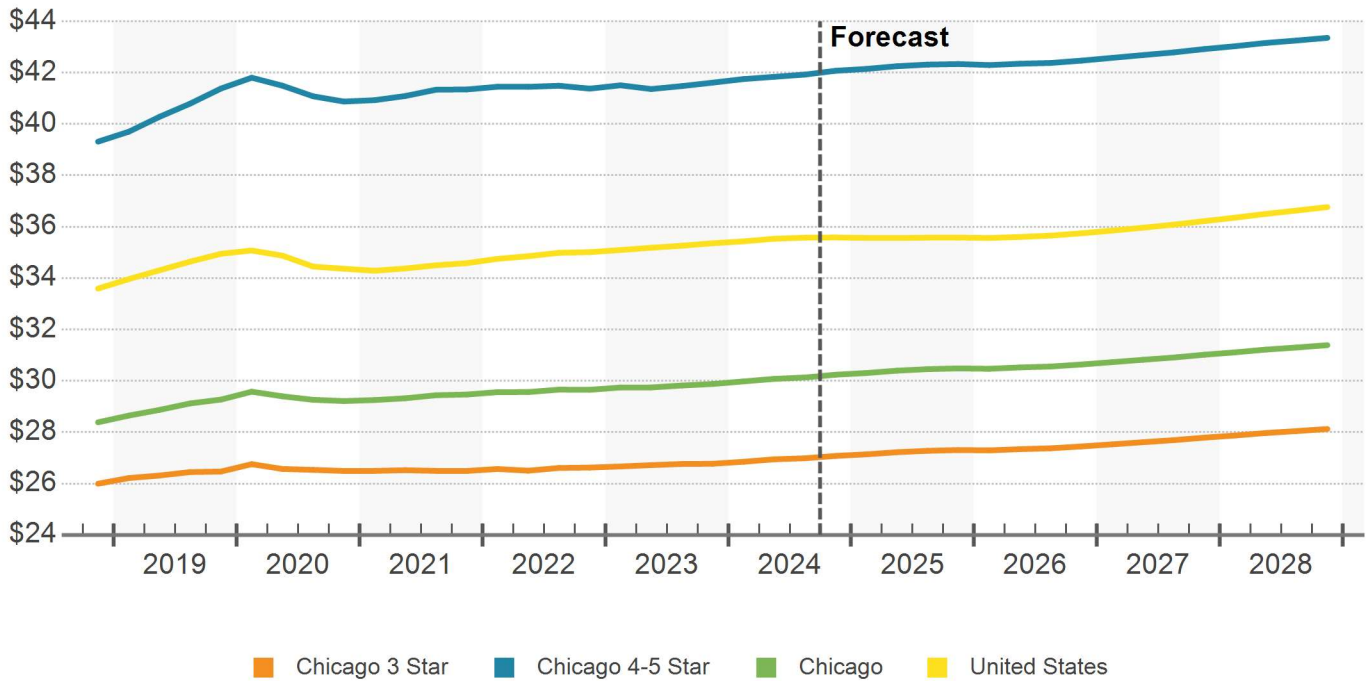
On the other end of the quality and location spectrum, non-owner-occupied suburban Class C office buildings chronicle a minor year-over-year bump to \$17.70/SF during 24h2 despite their collective vacancy and availability rates at near-record lows.

Until Chicago's demand fundamentals stabilize, asking rent growth should remain flat to negative throughout 2024 and into 2025.

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
Chicago	\$0.76	\$1.90	\$0.39	\$7.74	\$7.43	\$18.22
East/West Corridor	\$0.75	\$2.16	\$0.32	\$2.89	\$6.01	\$12.13
Indiana	\$0.53	\$3.65	\$0.40	\$8.78	\$6.87	\$20.23
Kenosha County	\$0.53	\$3.65	\$0.26	\$6.85	\$7.05	\$18.34
Metro Chicago	\$1.05	\$1.68	\$0.57	\$10.50	\$7.29	\$21.09
Near West	\$0.54	\$1.59	\$0.20	\$21.13	\$9.41	\$32.87
North	\$0.59	\$1.71	\$0.24	\$5.82	\$9.02	\$17.38
North Chicago	\$0.53	\$1.62	\$0.21	\$5.87	\$9.98	\$18.21
Northwest	\$0.35	\$2.01	\$0.22	\$4.82	\$6.06	\$13.46
O'Hare	\$0.38	\$2	\$0.21	\$8.09	\$7.05	\$17.73
South Chicago	\$0.70	\$2.03	\$0.45	\$6.83	\$10.73	\$20.74
South Suburban	\$0.48	\$3.73	\$0.27	\$8.50	\$6.84	\$19.82

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
Chicago	\$0.53	\$2.10	\$0.25	\$4.97	\$4.38	\$12.23
East/West Corridor	\$0.73	\$1.98	\$0.27	\$3.33	\$3.90	\$10.21
Indiana	\$0.48	\$3.33	\$0.24	\$2.81	\$3.71	\$10.57
Jasper County	\$0.50	\$3.48	\$0.24	\$1.48	\$3.70	\$9.40
Kenosha County	\$0.46	\$3.16	\$0.22	\$4.33	\$3.50	\$11.67
Metro Chicago	\$0.56	\$1.29	\$0.32	\$6.53	\$4.02	\$12.72
Near West	\$0.58	\$1.68	\$0.21	\$6.58	\$6.08	\$15.13
Newton County	\$0.50	\$3.48	\$0.24	\$1.71	\$3.70	\$9.63
North	\$0.60	\$1.62	\$0.23	\$6.30	\$5.67	\$14.42
North Chicago	\$0.57	\$1.69	\$0.21	\$4.97	\$3.45	\$10.89
Northwest	\$0.33	\$1.99	\$0.20	\$5.14	\$4.42	\$12.08
O'Hare	\$0.38	\$2	\$0.21	\$5.92	\$6.15	\$14.66
South Chicago	\$0.58	\$1.73	\$0.41	\$4.68	\$7	\$14.40
South Suburban	\$0.42	\$3.18	\$0.21	\$5.79	\$3.57	\$13.17

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
Chicago	\$0.43	\$1.66	\$0.22	\$4.99	\$2.86	\$10.16
East/West Corridor	\$0.41	\$2.11	\$0.24	\$4.12	\$2.13	\$9.01
Indiana	\$0.39	\$1.35	\$0.22	\$2.44	\$2.86	\$7.26
Jasper County	\$0.35	\$1.58	\$0.21	\$0.97	\$2.70	\$5.81
Kenosha County	\$0.38	\$1.71	\$0.23	\$2.52	\$2.91	\$7.75
Metro Chicago	\$0.40	\$0.98	\$0.27	\$6.96	\$2.62	\$11.23
Near West	\$0.56	\$1.42	\$0.20	\$7.43	\$3.64	\$13.25
Newton County	\$0.39	\$1.73	\$0.23	\$0.97	\$2.95	\$6.27
North	\$0.52	\$1.44	\$0.25	\$6.43	\$3.30	\$11.94
North Chicago	\$0.54	\$1.41	\$0.20	\$5.51	\$2.57	\$10.23
Northwest	\$0.34	\$1.94	\$0.19	\$4.98	\$3.15	\$10.60
O'Hare	\$0.37	\$1.33	\$0.21	\$6.67	\$3.80	\$12.38
South Chicago	\$0.56	\$1.44	\$0.20	\$4.06	\$3.77	\$10.03
South Suburban	\$0.36	\$1.69	\$0.21	\$5.97	\$2.50	\$10.73

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

Chicago's office market is leaning into a new narrative, where speculative construction is rare, and owner occupiers and medical office space dominate most completed and under-construction projects. Overall, the market demolished approximately 7.6 million SF cumulatively over the past three years. Now, into 2024q4, the market is recording -2.2 million SF of net 12-month completions.

More demolitions should be on the way, as developers are picking up distressed office buildings in bulk to repurpose them for higher and better uses, namely multifamily, data centers, and logistics space.

There are clear leaders and laggards of Chicago's under-construction and new completions during 2024. The leaders are those with footprints less than 100,000 SF and geared toward medical office space. The laggards include pure office development plays. Even the two properties in Fulton Market—the 493,000-SF 360 N Green completed in 2024 and the 255,000-SF 919 Fulton set for 25h1 occupancy—post a collective 45% availability rate during 24h2.

Currently, 1.5 million SF of office supply is under construction in the Chicago market. Altogether, this cohort is posting a direct availability rate above 65%. Only two office properties completed in 2024—the aforementioned 360 North Green and River North's 217,000-SF 311 W Huron—are classic, Class A office buildings under construction.

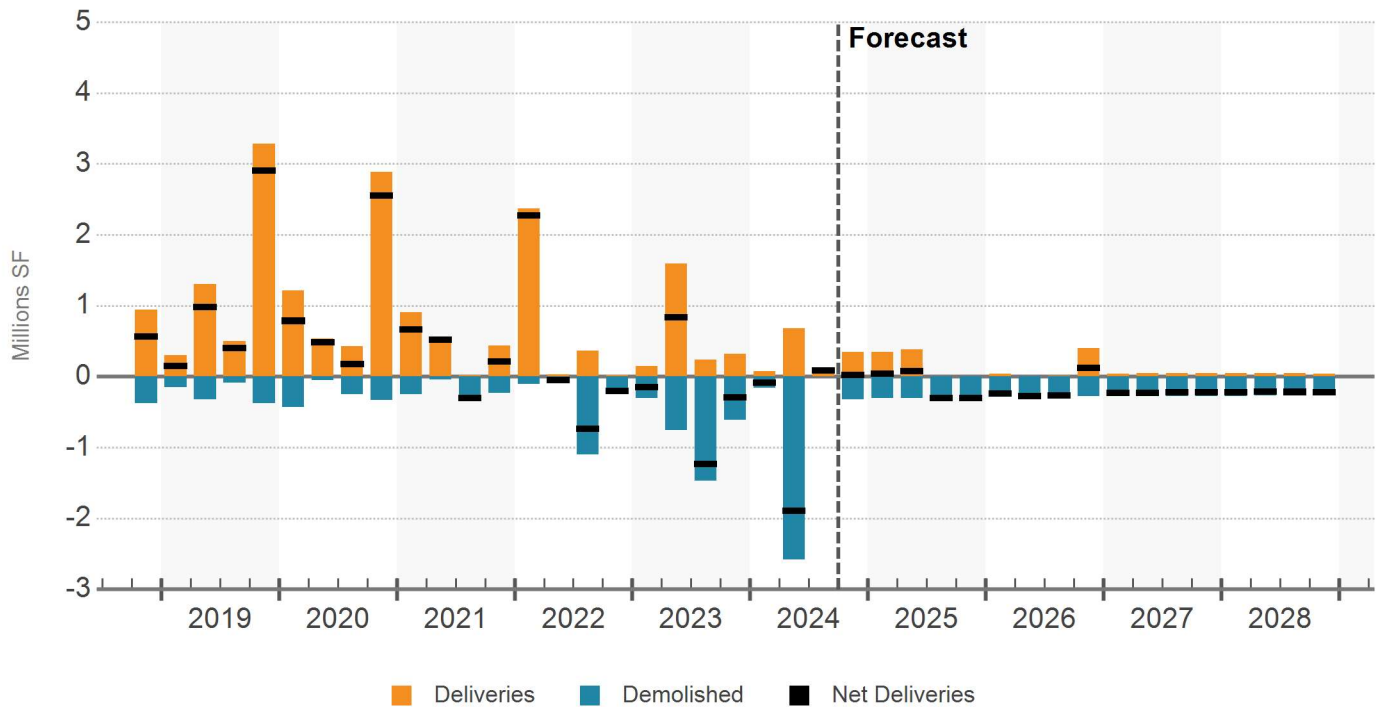
Office properties earmarked for medical office and life science/laboratory space dominated 2024's recently completed or under-construction pipeline. The two largest are in the South Chicago (Hyde Park Labs, 302,000 SF) and Near North (Evanston Labs, 176,000 SF) submarkets, both delivered during 24h2.

Approximately 15 million SF is in the proposal stage, with completion plans by 2030. Related Midwest's The 78 master plan includes 400,000 SF of pre-leased office space within a 13 million-SF mixed-use community as part of transit-oriented development (TOD) in South Chicago. The developer is also teaming up with the Chicago White Sox to seek public funding to support a new ballpark south of the Loop. In total, these assets post an availability rate of roughly 80%.

The 601W Companies, the developer and manager behind the 99%-leased redevelopment of the 2.3 million-SF Old Post Office, opened its fully available 592,000-SF Canal Station at 801 S Canal in December 2023. Its first tenant, engineering consultant RM Chin, took occupancy of 15,500 SF during 24h2.

Chicago's 2024 office development pipeline storyline is noticeably different from 2021's and 2022's. Then, the push was toward building trophy-grade properties. In today's market, however, office development is moving toward marketing properties with a medical office or lab space embedded into them.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Kenosha East	1	370	370	100%	1	10,940	370,000	1
2	Fulton Market/Near West...	1	369	114	30.9%	8	60,696	369,008	2
3	South Chicago	2	363	122	33.6%	6	23,130	181,494	4
4	Near North	1	215	41	19.1%	9	26,788	215,473	3
5	Northwest City	2	62	62	100%	1	14,138	30,903	6
6	Porter County	1	43	43	100%	1	8,483	43,450	5
7	Indiana	2	31	10	31.9%	7	12,864	15,422	7
8	Far South	1	10	10	100%	1	17,487	10,000	8
9	Western East/West Corr	1	8	0	0%	10	20,831	8,004	9
10	Far Northwest	1	8	7	85.0%	5	10,982	8,000	10
	All Other	0	-	-	-		48,027	-	
Totals		13	1,480	779	52.6%		32,853	113,813	

Under Construction Properties

Chicago Office

Properties

Square Feet

Percent of Inventory

Released

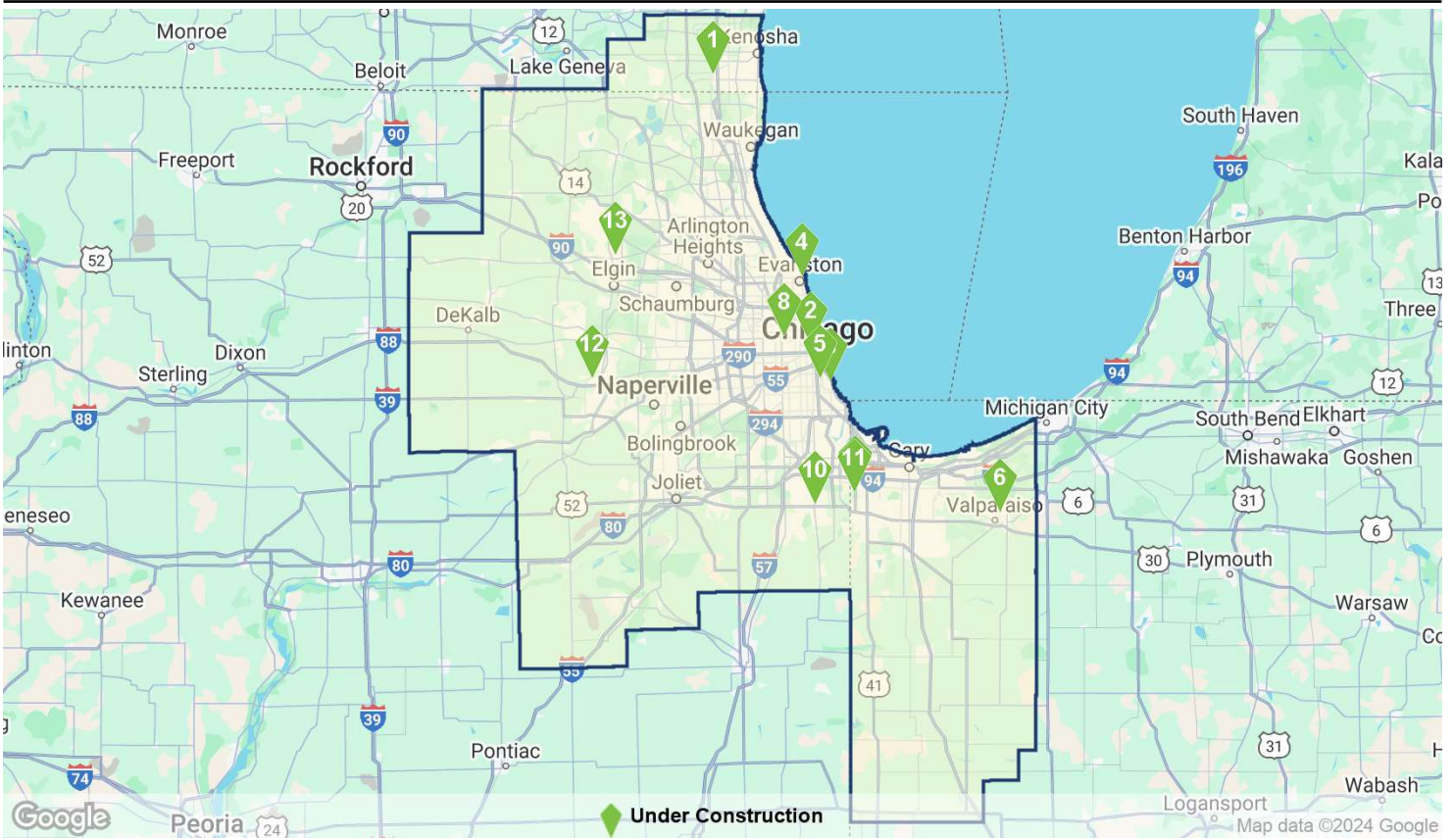
13

1,479,572

0.3%

52.6%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Prairie Highlands Corpora	★★★★★	370,000	3	Aug 2024	Sep 2026	Uline Uline
2 919 On Fulton 919 W Fulton Market	★★★★☆	369,008	11	Dec 2023	Mar 2025	JDL Development Fulton St. Companies
3 Hyde Park Labs 5207 S Harper Ave	★★★★★	302,388	13	Oct 2023	Dec 2024	- University of Chicago
4 Evanston Labs 710 Clark St	★★★★☆	215,473	10	Feb 2023	Nov 2024	Trammell Crow Company CBRE Investment Management
5 Overton Center of Excell... 221 E 49th St	★★★★☆	60,600	3	Sep 2023	Nov 2024	Maktub Chicago Development, LLC Maktub Chicago Development, LLC
6 1425 E Glendale Blvd.	★★★★☆	43,450	2	Jun 2018	Feb 2026	- Hasse Construction Co, Inc
7 Terminal B 1334 N Kostner Ave	★★★★☆	34,030	2	Mar 2022	Dec 2024	Ibt Group Llc Ibt Group Llc

Under Construction Properties

Chicago Office

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Terminal C 1334 N Kostner Ave	★★★★☆	27,775	2	Jan 2022	Nov 2024	Ibt Group Llc Ibt Group Llc
9 Centennial Village Medic... 45th Ave	★★★★☆	21,000	3	Jun 2024	Nov 2024	- Centennial Village LLC
10 1446 Otto Blvd	★★★★☆	10,000	1	Mar 2024	Mar 2025	- -
11 9900 Columbia Ave	★★★★☆	9,844	1	Oct 2023	Nov 2024	- Orthopedic Specialists Of Northw...
12 71 - 81 Miller Dr	★★★★☆	8,004	1	Sep 2023	Nov 2024	- RE Development Solutions
13 200 N Washington St	★★★★☆	8,000	2	Sep 2022	Jan 2025	- First American Bank

During 2024q4, Chicago's 12-month office sales volume is \$1.3 billion, the lowest annual level in over 20 years. The average price per SF is \$91 /SF—a dramatic drop from the area's \$180/SF average price per SF from the five years before the pandemic. Buyers bought the 740 properties (the market's 10-year annual average count is 1,000) at mostly distressed prices, and many for land value.

Chicago's Great Basis Reset has been underway since the onset of 22h2. Most recent buyers purchased these assets at such a low threshold that they can afford to keep asking rents muted while still infusing capital toward property improvements.

For example, 3 Star office properties' average price per SF plummeted from 21h2's peak at \$377/SF to 24h2's \$83/SF trough. Repurposing or leaning into the properties' inherent strength is a popular play with many of these bargain-basement buyers. After years on the market, the Prime Group purchased the high-vacancy Cboe Building at 400 S LaSalle for \$12 million, or \$31/SF, in June. Prime's intent is to repurpose the property into a data center.

Earlier in the year, Los Angeles-based Brog Properties bought the 185,000-SF property at 216 W Jackson out of foreclosure during a 24h1 auction for \$2.6 million, or \$14/SF. The new owner plans to fill the 15% occupied property with more office and data center tenants. Marc Realty paid \$22.5 million in 2015.

The largest deal since 2022 was Beacon Capital Partners' purchase of the 4-Star, 888,000-SF 333 W Wacker for \$125 million, or \$141/SF, from AFL-CIO Building Investment Trust, which bought the asset for

\$320.5 million in 2015.

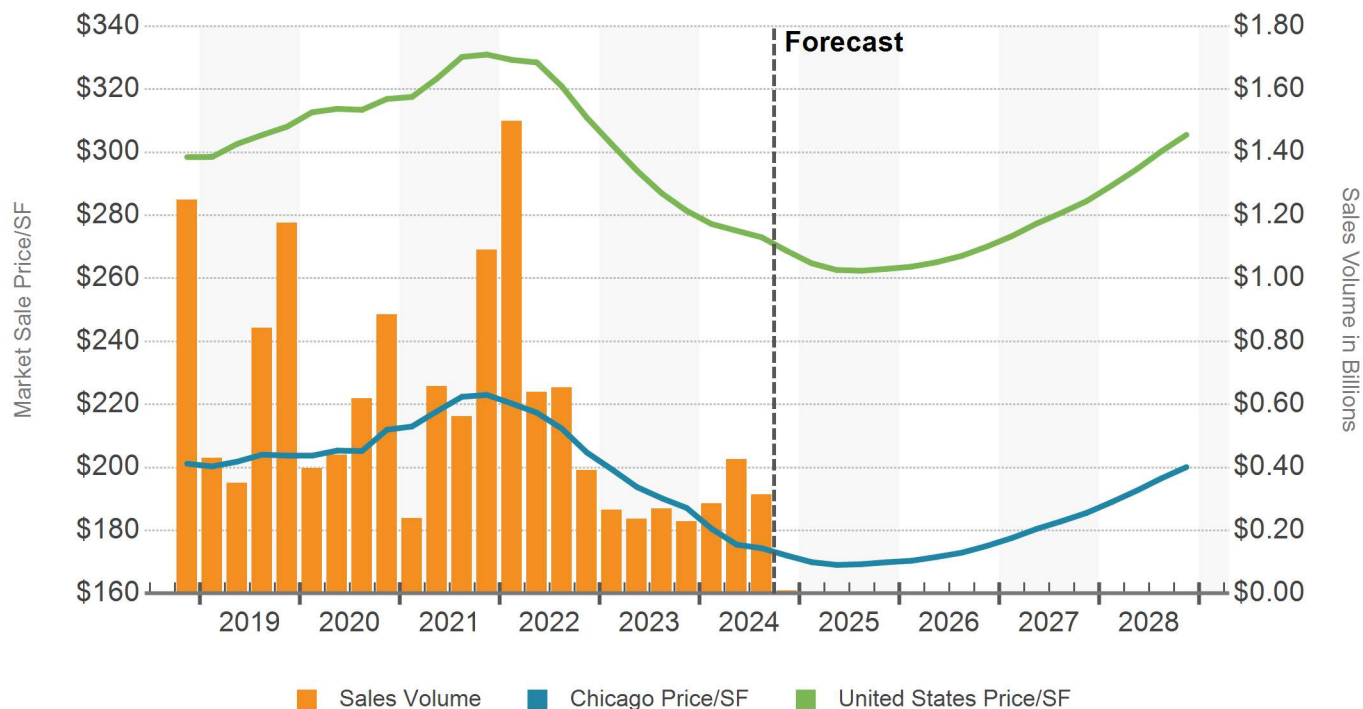
The bloodletting isn't just confined to the CBD either. The suburban market's 3-Star trough has picked up since 23q4's \$83/SF to 24q2's \$95/SF, but it's almost three times less than its 21q3 \$310/SF peak. In June, Stotan Industrial paid \$8.2 million, or \$70/SF, for the 117,000-SF Meadows Office Center at auction from EQT Exeter. The property is 100% occupied by Option Care Enterprises and Arjo. Far less than the Swedish institutional manager's 2019 purchase price of \$26 million. Stotan' plans to demolish the property eventually and replace it with a warehouse development.

Oak Brook-based Franklin Partners bought the REO-owned, 392,000-SF Oak Brook 22 in 22h1 for \$46 million, or \$117/SF, from its lender, Heitman. The portfolio sold below Heitman's \$58.1 million refinanced 2019 loan.

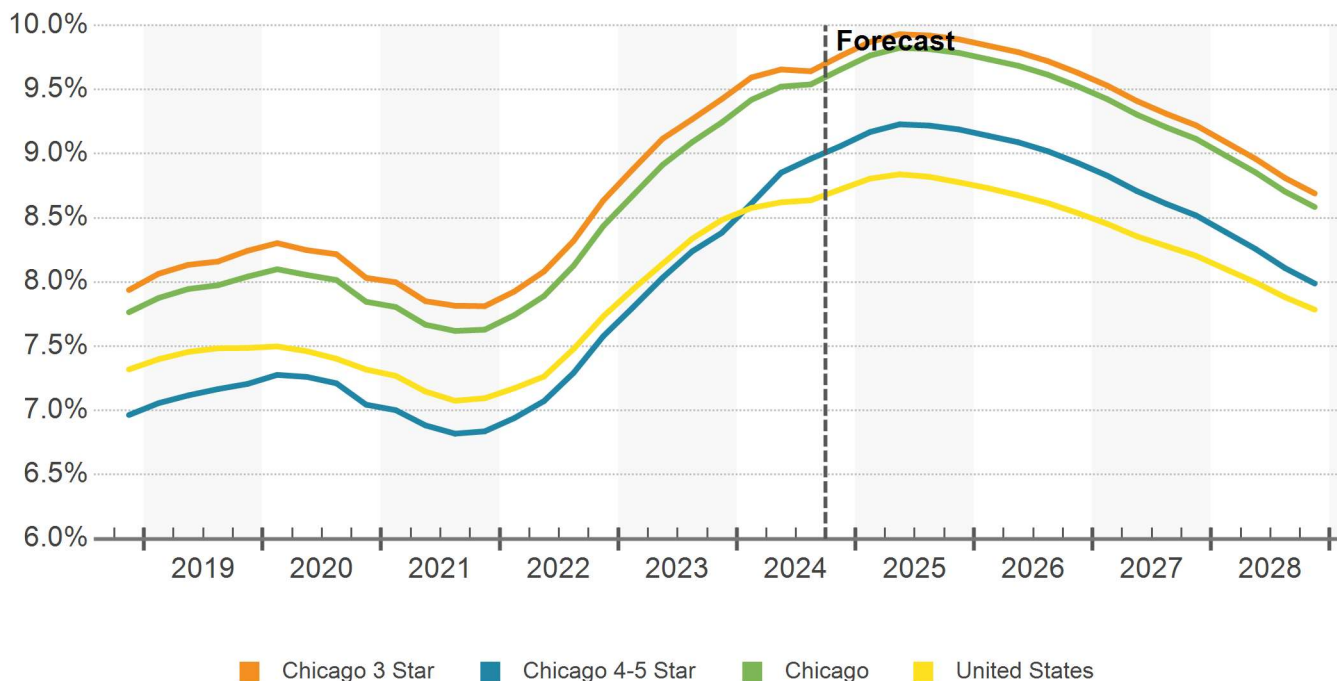
As buyers chip away at the glut of office properties that are in some form of distress, about 40 properties are currently on a watch list with their loans, posting a collective occupancy rate of less than 60%. The East, Central and West Loop, River North, and O'Hare submarkets are hurting the most.

The Chicago office market is in high-stress mode. Opportunistic investors have circled Chicago for some time, waiting for it to hit rock bottom. The bottom was met for many of these struggling properties when their owners sold these assets for land value. Though it is easier to see a trough period in the rearview mirror than in real-time, Chicago's office investment trajectory should take at least two years to recalibrate itself to pre-COVID norms of sales activity.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

Chicago Office

Sale Comparables

702

Avg. Cap Rate

9.0%

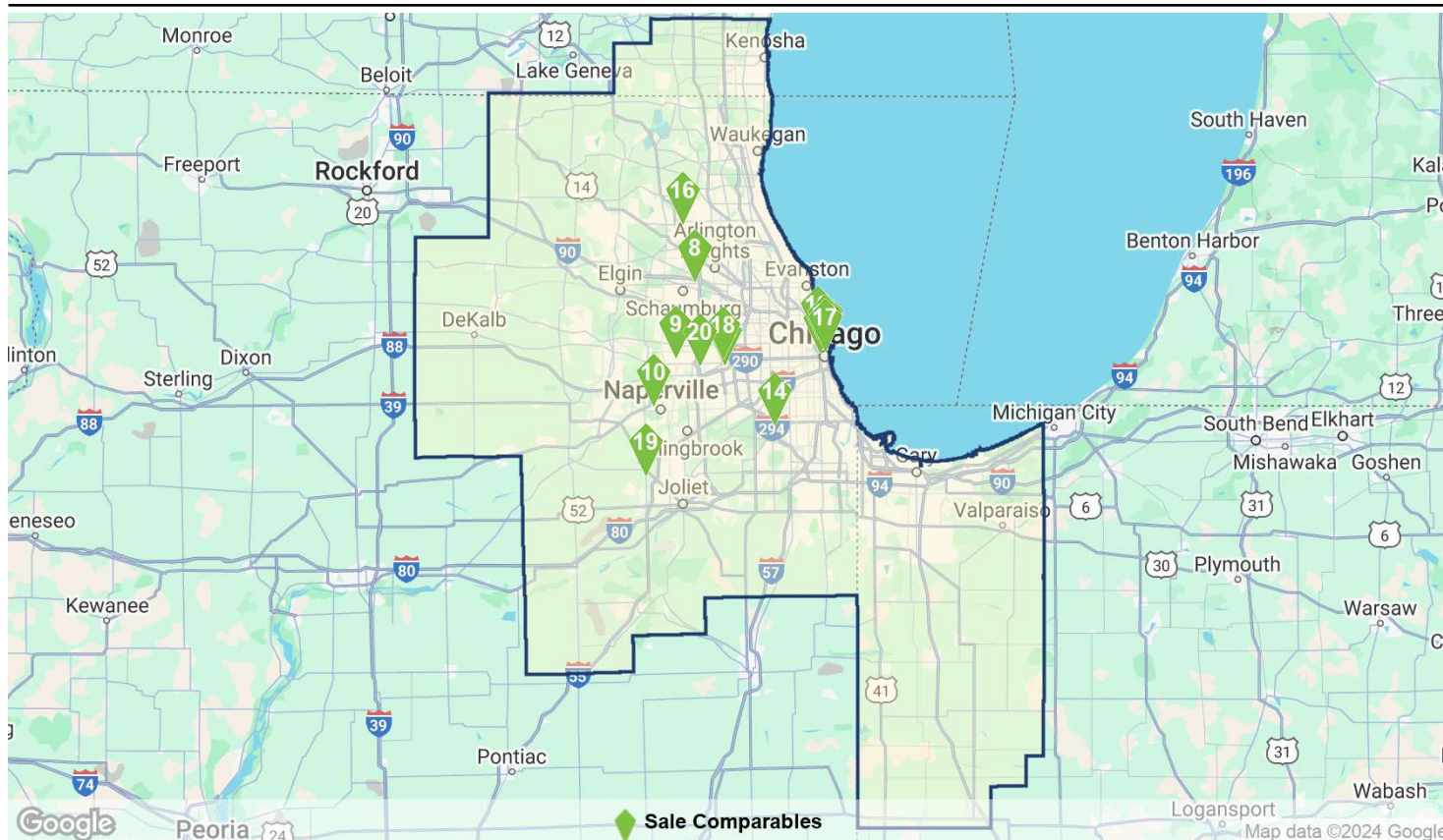
Avg. Price/SF

\$90

Avg. Vacancy At Sale

24.2%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$23,112	\$3,008,362	\$685,000	\$125,000,000
Price/SF	\$3.61	\$90	\$111	\$1,060
Cap Rate	4.2%	9.0%	8.5%	18.5%
Time Since Sale in Months	0.1	6.3	6.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	700	34,762	7,000	1,652,550
Stories	1	3	2	41
Typical Floor SF	402	9,001	5,000	98,065
Vacancy Rate At Sale	0%	24.2%	0%	100%
Year Built	1840	1968	1975	2026
Star Rating	★★★★★	★★★★★ 2.4	★★★★★	★★★★★

Sales Past 12 Months

Chicago Office

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 West Wacker 333 333 W Wacker Dr	★★★★★	1982	887,940	15.5%	6/20/2024	\$125,000,000	\$141	-
2 150 N Michigan Ave	★★★★★	1984	661,477	35.1%	1/26/2024	\$60,000,000	\$91	-
3 Oakbrook Terrace Tower 1 Tower Ln	★★★★★	1987	792,192	26.2%	11/7/2023	\$56,943,512	\$72	-
4 605 N Michigan Ave	★★★★★	1922	85,000	37.7%	8/8/2024	\$47,000,000	\$553	-
5 Schaumburg Tower II 1450 American Ln	★★★★★	1988	474,462	29.8%	3/12/2024	\$38,596,570	\$81	-
6 400 S Jefferson St	★★★★★	1947	247,716	0%	3/21/2024	\$38,500,000	\$155	-
7 The Jewelers Building 35 E Wacker Dr	★★★★★	1926	556,200	25.3%	8/23/2024	\$35,500,000	\$64	10.1%
8 Schaumburg Towers I 1400 American Ln	★★★★★	1986	441,533	29.0%	3/12/2024	\$35,403,430	\$80	-
9 150 E Willow Ave	★★★★★	2020	40,194	0%	5/16/2024	\$28,400,000	\$707	5.9%
10 iMed Campus - Naperville 1331 W 75th	★★★★★	2014	392,260	4.0%	8/29/2024	\$28,000,000	\$71	-
11 Oak Brook 22 1301 W 22nd St	★★★★★	1985	154,694	37.3%	5/15/2024	\$21,959,010	\$142	-
12 North Avenue Collection 915-939 W North Ave	★★★★★	2002	199,683	41.6%	4/24/2024	\$20,960,500	\$105	-
13 20 W Kinzie St	★★★★★	2000	258,658	59.2%	4/3/2024	\$20,000,000	\$77	-
14 10300 Southwest Hwy	★★★★★	2000	60,461	0%	8/15/2024	\$16,603,000	\$275	-
15 Oak Brook 22 1211 W 22nd St	★★★★★	1985	155,878	7.1%	5/15/2024	\$15,840,434	\$102	-
16 900 S Rand Rd	★★★★★	1980	56,823	0%	8/15/2024	\$15,158,000	\$267	-
17 100-112 S State St	★★★★★	1970	70,918	60.9%	12/21/2023	\$15,000,000	\$212	-
18 Bella Terra Elmhurst 420 W Butterfield Rd	★★★★★	1990	42,996	0%	8/15/2024	\$13,660,000	\$318	-
19 Edward Healthcare Center 16519 S Route 59	★★★★★	2012	22,349	0%	3/28/2024	\$12,200,000	\$546	-
20 Bella Terra Lombard 2100 S Finley Rd	★★★★★	1984	19,568	0%	8/15/2024	\$12,187,000	\$623	-

Chicago's economy recovered most of the 2020 job losses by the end of 24h1, with only manufacturing and professional-service jobs lagging.

Yet the U.S. Bureau of Labor Statistics' economic summary for May 2024 did chronicle year-over-year job growth in the manufacturing sector (2.1% employment growth or 8,700 jobs). In fact, this sector has steadily been making gains since mid-2021 from the losses tallied during 2019 and, at the start of 24h2, is only 0.2% away from returning to this benchmark. Three other sectors chronicling employment gains include education and health services (2.9% employment growth or 22,200 more jobs), government (2.3% or 12,700 jobs), and leisure and hospitality (1.7% or 8,300 jobs). In addition, Oxford Economics forecasts inbound tourism to grow by 2.8% per year through 2028.

Although Chicago's large management consulting sector saw year-over-year job growth of 3.6% in 2023, Chicago lost approximately 2.6% of jobs that tend to occupy office space from May 2023 to May 2024. Year over year, the professional and business services (-3.1% or 30,400 job losses), trade, transportation, and utilities (-0.7% or 7,000 jobs), and information (-3.1% or 2,500 job losses) sectors recorded employment deficits.

Other tangible threats to Chicago's growth include perceptions of heightened crime, the already-lost manufacturing jobs on the south and southwest sides of Chicago over the past few decades, and a lack of alternative employment and public transportation access for those who live there. Illinois residents also bear the burden of the country's second-highest property taxes. Because of these factors, the business climate in Chicago can be challenging.

Yet, all is not bad for Chicago. The crime rate is on the downswing, standing at the national average per 100,000 people. Chicago knows how to lean into its inherent strengths as a central, national locale with superior transmodal hubs, financial resources, world-class universities, and the intellectual capital derived from the thousands who annually graduate from college and move to this Midwestern hub. Numerous logistics firms base their headquarters in Chicago because of its strategic location and access to capital.

Private and institutional investors flock to this major market's underlying stability and diverse economy. Illinois took the second spot for CNBC's infrastructure rating in 2023 for its abundance of freight lines, interconnected highway network, substantial broadband availability, and reliable power.

In October, Chicago earned an upgrade from Fitch Ratings due to the city's improving economy and declining long-term debt burden. Never afraid, Chicago operates on the pivot principle and has done that well historically. For example, Site Selection magazine announced in March 2024 that Chicago won the nation's top metropolitan area for business investment for the 11th straight year. The Chicago area recorded 552 qualifying relocations and expansions during 2023.

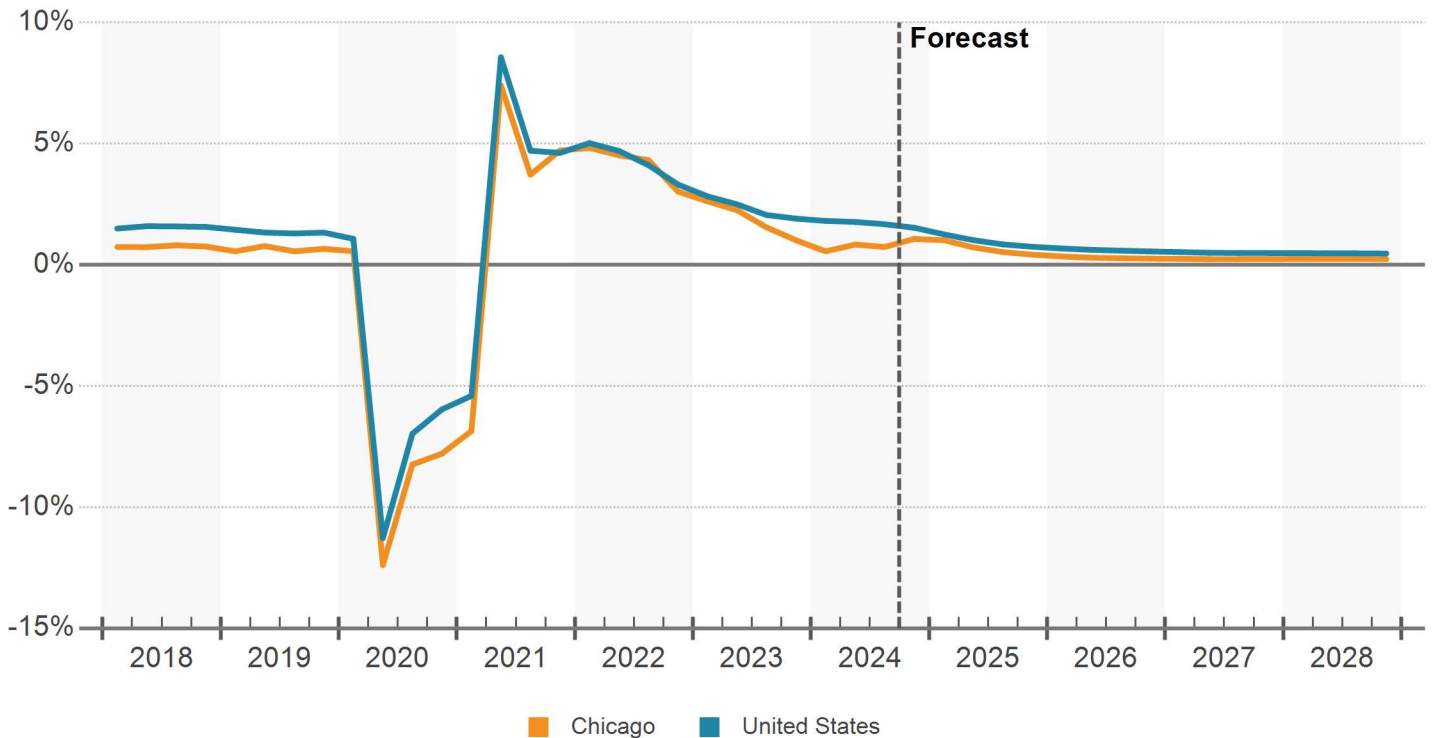
The City That Works does indeed do just that. Almost 500 companies across various industries occupy over 100,000 SF each of office space within the Chicago metropolitan area. Here is the home of United Airlines, industrial distributor W.W. Grainger, manufacturer GE HealthCare, Discover Financial Services, retailer ACE Hardware, global insurance brokerage Gallagher, fast food giant McDonald's, Hyatt Hotels, and law firm Kirkland & Ellis.

CHICAGO EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	422	1.1	1.73%	0.37%	0.29%	0.62%	0.16%	0.34%
Trade, Transportation and Utilities	971	1.1	-0.03%	0.81%	0.67%	1.00%	0.05%	0.28%
Retail Trade	435	0.9	0.20%	0.83%	-0.46%	0.25%	-0.42%	0.21%
Financial Activities	326	1.2	-0.54%	0.38%	1.07%	1.48%	-0.01%	0.35%
Government	548	0.8	2.21%	2.27%	0.21%	0.66%	0.15%	0.51%
Natural Resources, Mining and Construction	187	0.7	1.07%	2.38%	1.62%	2.27%	0.44%	0.73%
Education and Health Services	779	1.0	2.00%	3.58%	1.31%	2.07%	0.48%	0.77%
Professional and Business Services	832	1.2	-2.48%	0.79%	0.40%	1.81%	0.27%	0.59%
Information	80	0.9	0.32%	0.51%	0.14%	1.02%	0.15%	0.54%
Leisure and Hospitality	493	1.0	4.20%	2.26%	1.20%	1.47%	0.98%	0.99%
Other Services	198	1.1	1.49%	1.40%	0.27%	0.61%	0.26%	0.49%
Total Employment	4,837	1.0	0.75%	1.67%	0.72%	1.33%	0.29%	0.56%

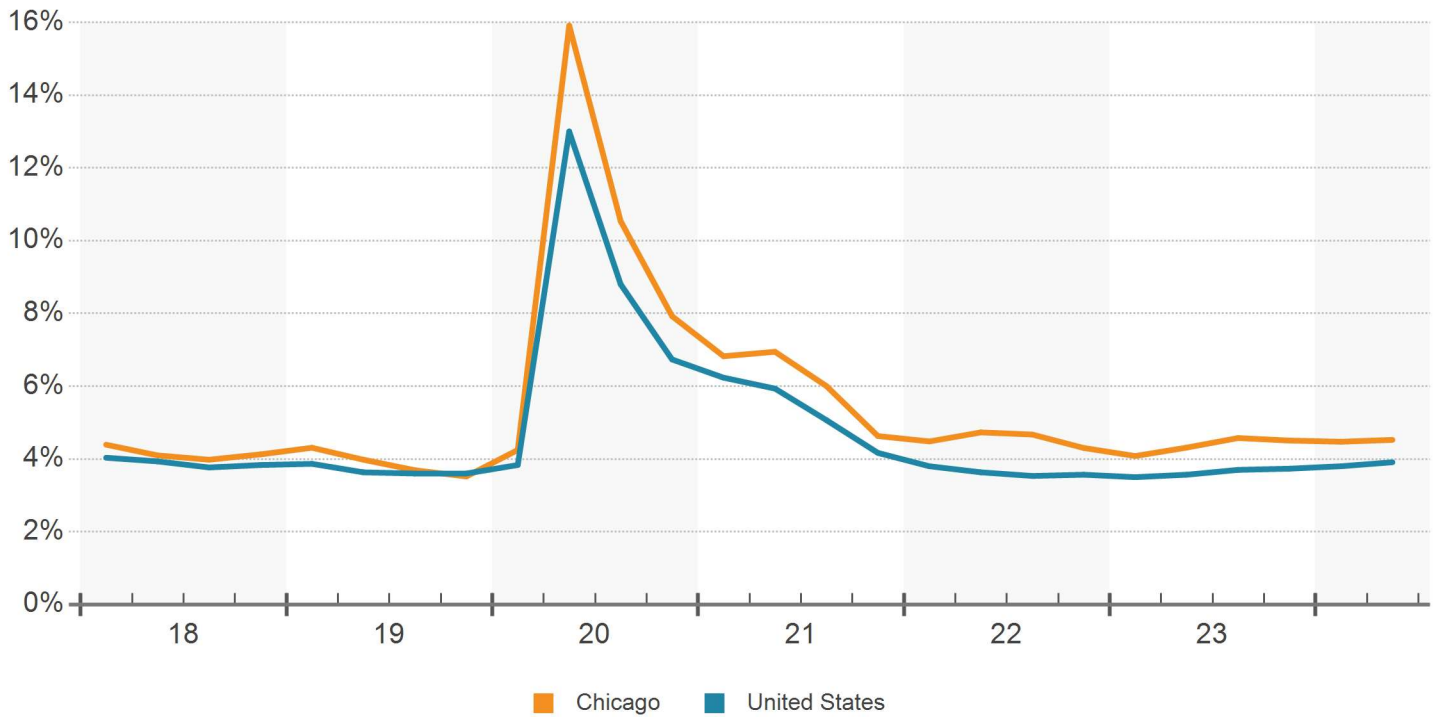
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

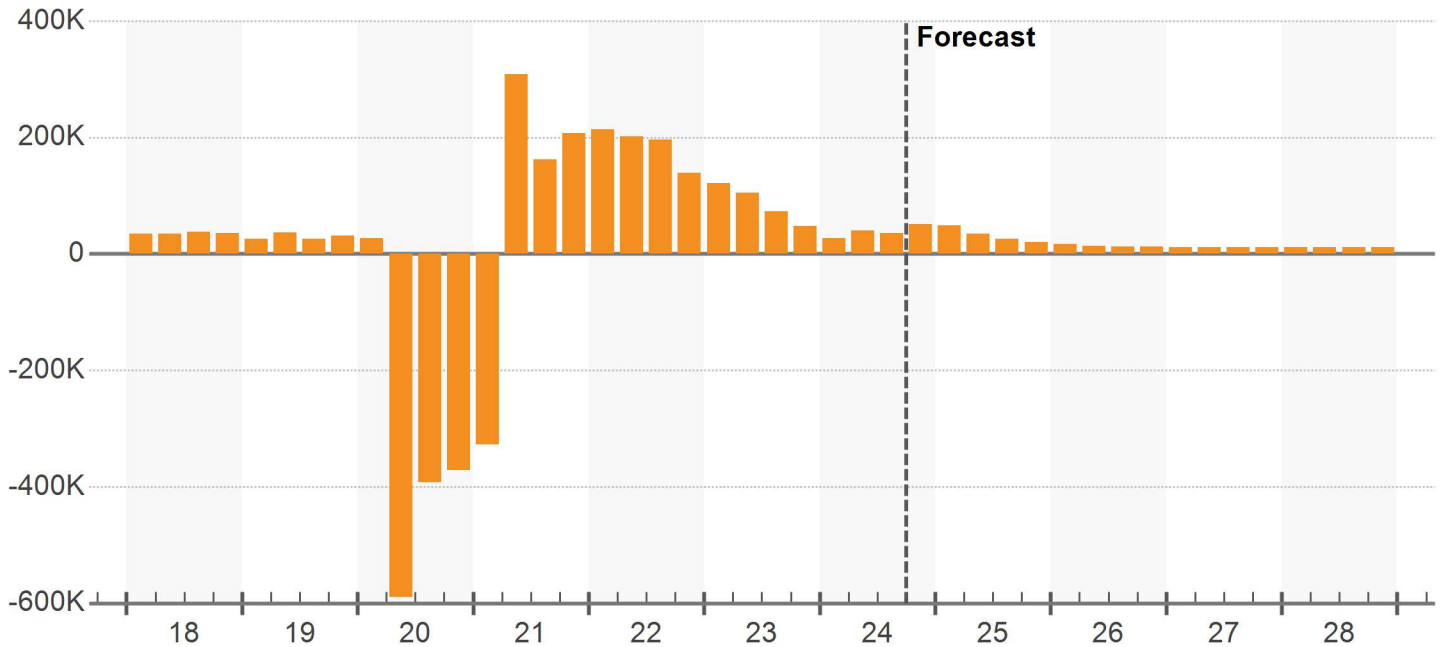


Source: Oxford Economics

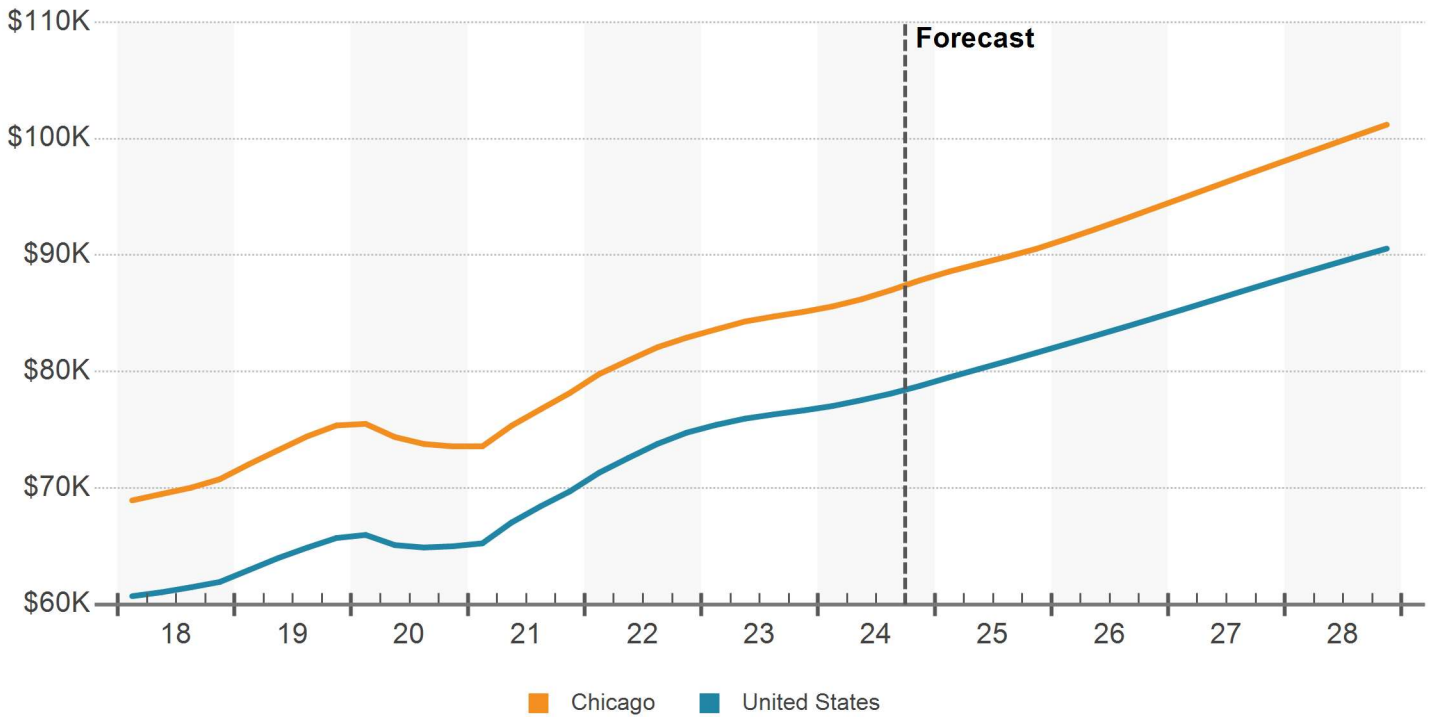
UNEMPLOYMENT RATE (%)



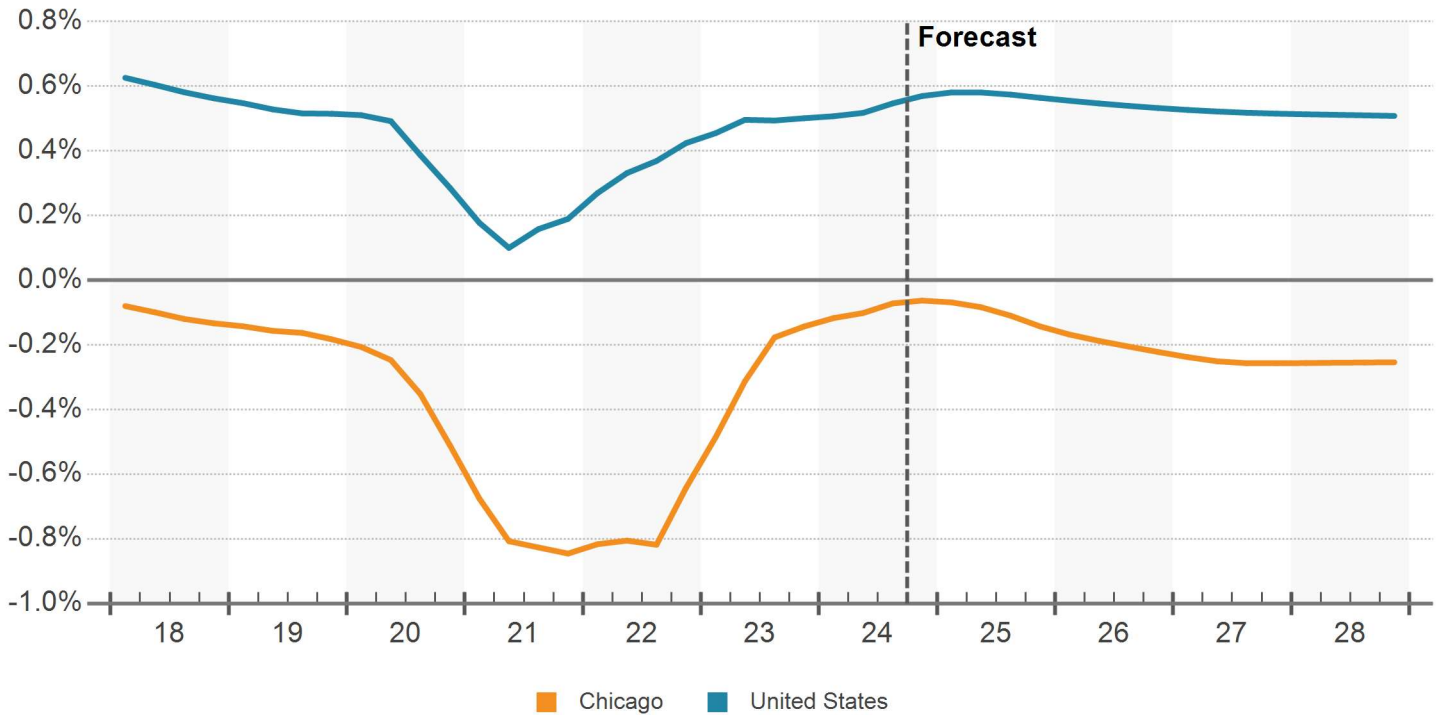
NET EMPLOYMENT CHANGE (YOY)



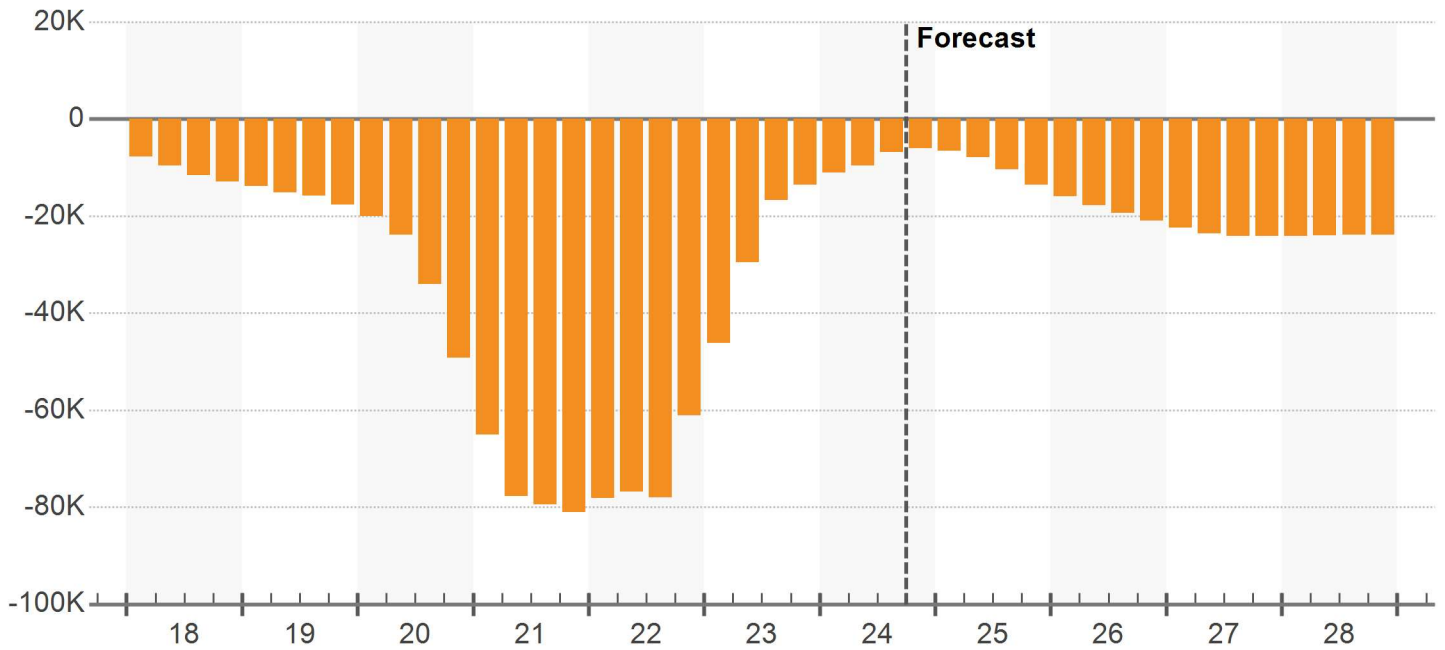
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

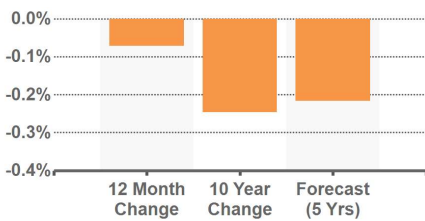


DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	9,423,434	336,765,688	-0.1%	0.5%	-0.2%	0.5%	-0.2%	0.5%
Households	3,730,395	131,624,250	0.1%	0.7%	0.5%	0.9%	-0.1%	0.6%
Median Household Income	\$87,028	\$78,143	2.7%	2.4%	3.6%	3.9%	3.6%	3.5%
Labor Force	4,972,981	168,390,531	0.5%	0.5%	0%	0.8%	0.2%	0.5%
Unemployment	4.5%	3.9%	0%	0.2%	-0.2%	-0.2%	-	-

Source: Oxford Economics

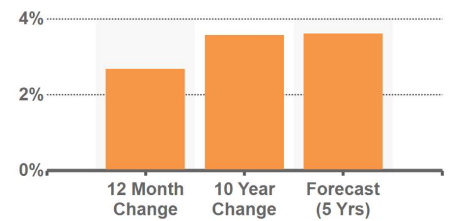
POPULATION GROWTH



LABOR FORCE GROWTH



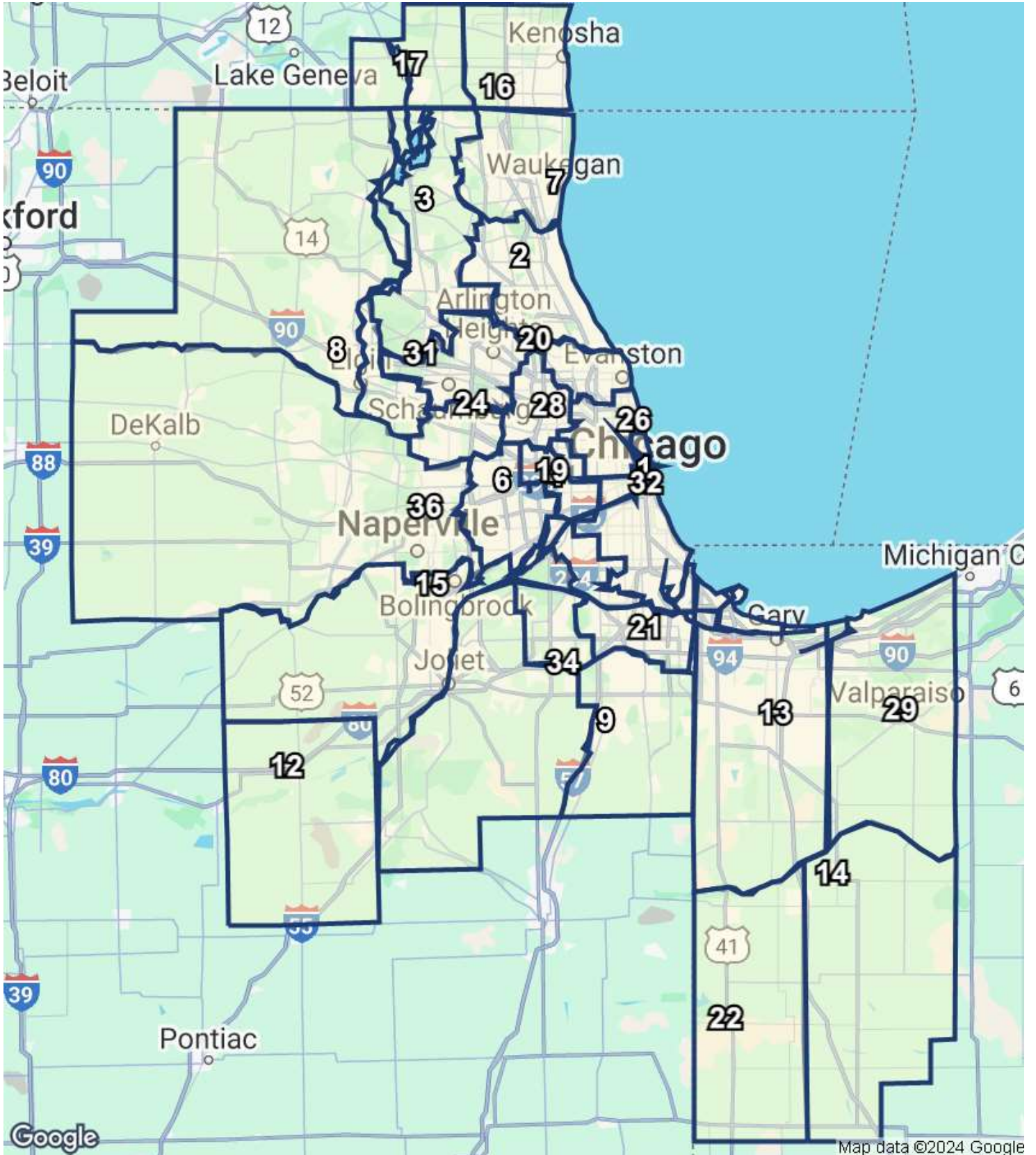
INCOME GROWTH



Source: Oxford Economics

Submarkets

CHICAGO SUBMARKETS



Submarkets

Chicago Office

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Central Loop	96	48,229	9.4%	2	0	0	0%	-	0	-	-	-
2	Central North	898	39,626	7.7%	4	1	68	0.2%	5	0	-	-	-
3	Central Northwest	430	6,077	1.2%	19	0	0	0%	-	0	-	-	-
4	Cicero/Berwyn Area	178	1,503	0.3%	31	0	0	0%	-	0	-	-	-
5	East Loop	77	29,194	5.7%	7	0	0	0%	-	0	-	-	-
6	Eastern East/West Corr	1,097	36,139	7.1%	5	0	0	0%	-	0	-	-	-
7	Far North	341	4,538	0.9%	24	0	0	0%	-	0	-	-	-
8	Far Northwest	1,081	11,872	2.3%	17	0	0	0%	-	1	8	0.1%	10
9	Far South	286	5,001	1.0%	22	0	0	0%	-	1	10	0.2%	8
10	Fulton Market/Near West...	209	12,685	2.5%	15	1	493	3.9%	1	1	369	2.9%	2
11	Gold Coast/Old Town	30	871	0.2%	32	0	0	0%	-	0	-	-	-
12	Grundy County	100	481	0.1%	33	0	0	0%	-	0	-	-	-
13	Indiana	1,045	13,443	2.6%	14	3	98	0.7%	4	2	31	0.2%	7
14	Jasper County	43	198	0%	34	0	0	0%	-	0	-	-	-
15	Joliet/Central Will	868	11,878	2.3%	16	0	0	0%	-	0	-	-	-
16	Kenosha East	273	2,987	0.6%	27	0	0	0%	-	1	370	12.4%	1
17	Kenosha West	35	145	0%	35	0	0	0%	-	0	-	-	-
18	Lincoln Park	103	2,752	0.5%	28	0	0	0%	-	0	-	-	-
19	Melrose Park Area	108	1,587	0.3%	30	0	0	0%	-	0	-	-	-
20	Near North	564	15,108	3.0%	13	0	0	0%	-	1	215	1.4%	4
21	Near South Cook	505	5,875	1.1%	20	0	0	0%	-	0	-	-	-
22	Newton County	15	80	0%	36	0	0	0%	-	0	-	-	-
23	North Branch/Goose Island	100	4,554	0.9%	23	0	0	0%	-	0	-	-	-
24	North DuPage	320	7,763	1.5%	18	0	0	0%	-	0	-	-	-
25	North Michigan Avenue	85	19,863	3.9%	10	1	62	0.3%	6	0	-	-	-
26	Northwest City	1,194	16,881	3.3%	12	2	176	1.0%	2	2	62	0.4%	5
27	O'Hare	457	18,384	3.6%	11	0	0	0%	-	0	-	-	-
28	Oak Park Area	195	2,547	0.5%	29	0	0	0%	-	0	-	-	-
29	Porter County	397	3,368	0.7%	26	0	0	0%	-	1	43	1.3%	6
30	River North	226	20,869	4.1%	8	1	154	0.7%	3	0	-	-	-
31	Schaumburg Area	804	33,804	6.6%	6	0	0	0%	-	0	-	-	-
32	South Chicago	865	20,008	3.9%	9	1	19	0.1%	9	2	363	1.8%	3
33	South Loop	41	3,553	0.7%	25	0	0	0%	-	0	-	-	-
34	South Route 45	383	5,335	1.0%	21	1	42	0.8%	7	0	-	-	-
35	West Loop	153	63,387	12.4%	1	0	0	0%	-	0	-	-	-
36	Western East/West Corr	1,973	41,099	8.0%	3	3	33	0.1%	8	1	8	0%	9

SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Central Loop	\$39.23	3	0.3%	33	6.3%	3
2	Central North	\$24.80	14	2.3%	2	-0.9%	20
3	Central Northwest	\$22.25	24	1.8%	5	-1.4%	24
4	Cicero/Berwyn Area	\$20.10	29	1.3%	13	-1.6%	25
5	East Loop	\$37.42	6	0.9%	21	8.9%	2
6	Eastern East/West Corr	\$24.17	17	0.9%	23	2.1%	8
7	Far North	\$20.86	27	2.4%	1	4.3%	6
8	Far Northwest	\$19.67	31	1.8%	4	-2.8%	32
9	Far South	\$19.38	34	0.7%	27	-3.2%	35
10	Fulton Market/Near West...	\$38.71	4	0.8%	25	0.7%	11
11	Gold Coast/Old Town	\$28.25	10	0.3%	32	-0.1%	16
12	Grundy County	\$20.12	28	0.7%	29	-2.7%	31
13	Indiana	\$19.74	30	1.3%	14	-1.1%	21
14	Jasper County	\$19.65	32	1.5%	10	-1.7%	28
15	Joliet/Central Will	\$21.90	25	0.8%	24	-3.2%	34
16	Kenosha East	\$24.04	18	1.1%	18	-1.1%	22
17	Kenosha West	\$23.91	19	1.6%	7	-1.8%	29
18	Lincoln Park	\$31.60	7	0.3%	34	0.6%	12
19	Melrose Park Area	\$19.03	35	0.9%	20	-5.9%	36
20	Near North	\$27.10	12	2.1%	3	-0.9%	19
21	Near South Cook	\$23.88	20	0.7%	28	-2.3%	30
22	Newton County	\$18.80	36	1.7%	6	-1.6%	26
23	North Branch/Goose Island	\$28.39	9	0.1%	35	-0.2%	17
24	North DuPage	\$20.95	26	1.6%	8	0.2%	14
25	North Michigan Avenue	\$38.68	5	0.7%	26	3.9%	7
26	Northwest City	\$24.24	16	0.6%	30	-0.3%	18
27	O'Hare	\$27.72	11	1.4%	12	4.6%	5
28	Oak Park Area	\$24.66	15	1.1%	17	0%	15
29	Porter County	\$19.47	33	1.4%	11	-1.6%	27
30	River North	\$40.18	2	0.6%	31	5.4%	4
31	Schaumburg Area	\$23.80	21	1.6%	9	2.1%	9
32	South Chicago	\$26.81	13	1.2%	16	-1.3%	23
33	South Loop	\$29.13	8	-0.1%	36	0.5%	13
34	South Route 45	\$23.10	22	0.9%	22	-3.1%	33
35	West Loop	\$43.56	1	1.3%	15	9.4%	1
36	Western East/West Corr	\$22.43	23	1.0%	19	1.3%	10

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Central Loop	10,132,696	21.0%	27	(412,927)	-0.9%	31	-
2	Central North	5,918,056	14.9%	19	(419,338)	-1.1%	32	-
3	Central Northwest	1,270,355	20.9%	26	(27,416)	-0.5%	20	-
4	Cicero/Berwyn Area	95,576	6.4%	8	(49,762)	-3.3%	22	-
5	East Loop	7,352,542	25.2%	30	(1,133,502)	-3.9%	36	-
6	Eastern East/West Corr	5,882,206	16.3%	21	241,408	0.7%	4	-
7	Far North	651,340	14.4%	18	20,556	0.5%	11	-
8	Far Northwest	1,466,172	12.3%	14	71,087	0.6%	6	-
9	Far South	465,941	9.3%	13	(29,171)	-0.6%	21	-
10	Fulton Market/Near West...	2,177,056	17.2%	22	440,307	3.5%	1	1.1
11	Gold Coast/Old Town	240,914	27.7%	32	(76,170)	-8.7%	23	-
12	Grundy County	6,025	1.3%	1	(4,097)	-0.9%	16	-
13	Indiana	562,678	4.2%	4	255,037	1.9%	3	0.1
14	Jasper County	-	-	-	2,391	1.2%	13	-
15	Joliet/Central Will	772,157	6.5%	9	22,208	0.2%	10	-
16	Kenosha East	76,674	2.6%	2	(12,354)	-0.4%	18	-
17	Kenosha West	-	-	-	0	0%	-	-
18	Lincoln Park	165,012	6.0%	7	(7,415)	-0.3%	17	-
19	Melrose Park Area	273,626	17.2%	24	24,054	1.5%	9	-
20	Near North	2,015,470	13.3%	16	(145,471)	-1.0%	28	-
21	Near South Cook	436,817	7.4%	10	(102,204)	-1.7%	25	-
22	Newton County	-	-	-	0	0%	-	-
23	North Branch/Goose Island	1,059,764	23.3%	28	4,536	0.1%	12	-
24	North DuPage	1,177,313	15.2%	20	(18,390)	-0.2%	19	-
25	North Michigan Avenue	2,743,545	13.8%	17	(441,079)	-2.2%	33	-
26	Northwest City	1,260,099	7.5%	11	334,803	2.0%	2	0.1
27	O'Hare	3,168,789	17.2%	23	(399,713)	-2.2%	30	-
28	Oak Park Area	231,818	9.1%	12	(92,650)	-3.6%	24	-
29	Porter County	141,593	4.2%	5	34,781	1.0%	8	-
30	River North	5,184,084	24.8%	29	(123,119)	-0.6%	27	-
31	Schaumburg Area	8,772,803	26.0%	31	(464,261)	-1.4%	34	-
32	South Chicago	1,122,668	5.6%	6	(160,346)	-0.8%	29	-
33	South Loop	1,015,452	28.6%	33	46,764	1.3%	7	-
34	South Route 45	208,358	3.9%	3	123,519	2.3%	5	0.3
35	West Loop	12,778,168	20.2%	25	(600,354)	-0.9%	35	-
36	Western East/West Corr	5,129,405	12.5%	15	(108,243)	-0.3%	26	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	508,790,857	(881,542)	-0.2%	(825,813)	-0.2%	-
2027	509,672,399	(909,300)	-0.2%	(610,317)	-0.1%	-
2026	510,581,699	(659,293)	-0.1%	(2,146,610)	-0.4%	-
2025	511,240,992	(488,082)	-0.1%	(3,727,421)	-0.7%	-
2024	511,729,074	(1,878,942)	-0.4%	(2,360,116)	-0.5%	-
YTD	511,683,989	(1,924,027)	-0.4%	(2,436,726)	-0.5%	-
2023	513,608,016	(838,782)	-0.2%	(7,376,085)	-1.4%	-
2022	514,446,798	1,274,541	0.2%	(2,501,055)	-0.5%	-
2021	513,172,257	1,088,923	0.2%	(5,413,159)	-1.1%	-
2020	512,083,334	4,024,047	0.8%	(2,261,333)	-0.4%	-
2019	508,059,287	4,445,089	0.9%	1,269,702	0.2%	3.5
2018	503,614,198	663,651	0.1%	2,381,728	0.5%	0.3
2017	502,950,547	1,739,521	0.3%	3,225,845	0.6%	0.5
2016	501,211,026	1,157,133	0.2%	(749,971)	-0.1%	-
2015	500,053,893	61,005	0%	3,509,217	0.7%	0
2014	499,992,888	(1,479,176)	-0.3%	2,236,724	0.4%	-
2013	501,472,064	(400,124)	-0.1%	1,276,604	0.3%	-
2012	501,872,188	220,124	0%	2,797,766	0.6%	0.1

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	142,049,653	179,438	0.1%	75,345	0.1%	2.4
2027	141,870,215	184,832	0.1%	214,903	0.2%	0.9
2026	141,685,383	407,786	0.3%	317,614	0.2%	1.3
2025	141,277,597	705,426	0.5%	194,295	0.1%	3.6
2024	140,572,171	(1,495,996)	-1.1%	(87,807)	-0.1%	-
YTD	140,268,323	(1,799,844)	-1.3%	(953,848)	-0.7%	-
2023	142,068,167	1,100,987	0.8%	(4,199,199)	-3.0%	-
2022	140,967,180	2,654,289	1.9%	(2,342)	0%	-
2021	138,312,891	1,692,609	1.2%	(487,012)	-0.4%	-
2020	136,620,282	4,173,274	3.2%	2,276,482	1.7%	1.8
2019	132,447,008	4,321,757	3.4%	2,527,257	1.9%	1.7
2018	128,125,251	1,539,906	1.2%	2,260,720	1.8%	0.7
2017	126,585,345	1,957,487	1.6%	960,524	0.8%	2.0
2016	124,627,858	2,174,860	1.8%	328,222	0.3%	6.6
2015	122,452,998	988,144	0.8%	1,702,706	1.4%	0.6
2014	121,464,854	(80,823)	-0.1%	1,204,318	1.0%	-
2013	121,545,677	693,628	0.6%	676,731	0.6%	1.0
2012	120,852,049	1,234,103	1.0%	1,240,081	1.0%	1.0

Supply & Demand Trends

Chicago Office

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	288,488,518	3,603	0%	101,342	0%	0
2027	288,484,915	3,718	0%	(77,051)	0%	-
2026	288,481,197	44,079	0%	(1,241,162)	-0.4%	-
2025	288,437,118	9,883	0%	(2,244,361)	-0.8%	-
2024	288,427,235	(66,559)	0%	(2,008,897)	-0.7%	-
YTD	288,388,415	(105,379)	0%	(1,594,040)	-0.6%	-
2023	288,493,794	(1,705,608)	-0.6%	(3,096,662)	-1.1%	-
2022	290,199,402	(1,217,092)	-0.4%	(2,817,073)	-1.0%	-
2021	291,416,494	(428,637)	-0.1%	(5,027,718)	-1.7%	-
2020	291,845,131	(143,145)	0%	(4,178,937)	-1.4%	-
2019	291,988,276	288,165	0.1%	(1,474,184)	-0.5%	-
2018	291,700,111	(707,803)	-0.2%	(367,189)	-0.1%	-
2017	292,407,914	163,573	0.1%	2,647,696	0.9%	0.1
2016	292,244,341	(587,047)	-0.2%	(1,793,000)	-0.6%	-
2015	292,831,388	(622,784)	-0.2%	1,789,889	0.6%	-
2014	293,454,172	(940,877)	-0.3%	1,184,988	0.4%	-
2013	294,395,049	(869,314)	-0.3%	200,411	0.1%	-
2012	295,264,363	(864,474)	-0.3%	1,839,167	0.6%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	78,252,686	(1,064,583)	-1.3%	(1,002,500)	-1.3%	-
2027	79,317,269	(1,097,850)	-1.4%	(748,169)	-0.9%	-
2026	80,415,119	(1,111,158)	-1.4%	(1,223,062)	-1.5%	-
2025	81,526,277	(1,203,391)	-1.5%	(1,677,355)	-2.1%	-
2024	82,729,668	(316,387)	-0.4%	(263,412)	-0.3%	-
YTD	83,027,251	(18,804)	0%	111,162	0.1%	-
2023	83,046,055	(234,161)	-0.3%	(80,224)	-0.1%	-
2022	83,280,216	(162,656)	-0.2%	318,360	0.4%	-
2021	83,442,872	(175,049)	-0.2%	101,571	0.1%	-
2020	83,617,921	(6,082)	0%	(358,878)	-0.4%	-
2019	83,624,003	(164,833)	-0.2%	216,629	0.3%	-
2018	83,788,836	(168,452)	-0.2%	488,197	0.6%	-
2017	83,957,288	(381,539)	-0.5%	(382,375)	-0.5%	-
2016	84,338,827	(430,680)	-0.5%	714,807	0.8%	-
2015	84,769,507	(304,355)	-0.4%	16,622	0%	-
2014	85,073,862	(457,476)	-0.5%	(152,582)	-0.2%	-
2013	85,531,338	(224,438)	-0.3%	399,462	0.5%	-
2012	85,755,776	(149,505)	-0.2%	(281,482)	-0.3%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$31.39	128	1.2%	5.1%	88,394,920	17.4%	0%
2027	\$31.02	126	1.2%	3.8%	88,434,132	17.4%	0%
2026	\$30.64	125	0.5%	2.5%	88,711,960	17.4%	0.3%
2025	\$30.48	124	0.8%	2.0%	87,205,700	17.1%	0.7%
2024	\$30.24	123	1.2%	1.2%	83,946,277	16.4%	0.2%
YTD	\$30.14	123	1.1%	0.9%	83,955,172	16.4%	0.2%
2023	\$29.88	122	0.8%	0%	83,445,723	16.2%	1.3%
2022	\$29.65	121	0.6%	-0.8%	76,904,320	14.9%	0.7%
2021	\$29.47	120	0.9%	-1.4%	73,127,106	14.3%	1.2%
2020	\$29.21	119	-0.2%	-2.2%	66,617,160	13.0%	1.1%
2019	\$29.27	119	3.1%	-2.0%	60,390,222	11.9%	0.5%
2018	\$28.39	115	4.4%	-5.0%	57,100,915	11.3%	-0.4%
2017	\$27.18	111	2.5%	-9.0%	58,832,243	11.7%	-0.3%
2016	\$26.52	108	3.5%	-11.2%	60,334,856	12.0%	0.4%
2015	\$25.63	104	4.5%	-14.2%	58,433,214	11.7%	-0.7%
2014	\$24.51	100	4.4%	-18.0%	61,870,940	12.4%	-0.8%
2013	\$23.49	96	2.9%	-21.4%	65,891,362	13.1%	-0.3%
2012	\$22.83	93	2.1%	-23.6%	67,573,932	13.5%	-0.5%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$43.35	137	1.0%	4.2%	30,139,214	21.2%	0%
2027	\$42.92	136	1.1%	3.1%	30,035,638	21.2%	0%
2026	\$42.47	134	0.3%	2.1%	30,066,221	21.2%	0%
2025	\$42.34	134	0.6%	1.7%	29,976,291	21.2%	0.3%
2024	\$42.07	133	1.1%	1.1%	29,465,160	21.0%	-0.8%
YTD	\$41.96	133	1.2%	0.8%	30,027,343	21.4%	-0.3%
2023	\$41.61	132	0.6%	0%	30,873,339	21.7%	3.6%
2022	\$41.38	131	0.1%	-0.6%	25,573,153	18.1%	1.6%
2021	\$41.35	131	1.2%	-0.6%	22,910,804	16.6%	1.4%
2020	\$40.87	129	-1.2%	-1.8%	20,731,183	15.2%	1.0%
2019	\$41.38	131	5.3%	-0.6%	18,834,391	14.2%	0.9%
2018	\$39.31	124	6.6%	-5.5%	17,039,891	13.3%	-0.7%
2017	\$36.88	117	3.2%	-11.4%	17,760,596	14.0%	0.6%
2016	\$35.73	113	4.0%	-14.1%	16,763,633	13.5%	1.3%
2015	\$34.34	109	6.0%	-17.5%	14,916,995	12.2%	-0.7%
2014	\$32.40	102	5.7%	-22.1%	15,631,557	12.9%	-1.0%
2013	\$30.65	97	3.1%	-26.3%	16,916,698	13.9%	-0.1%
2012	\$29.72	94	2.8%	-28.6%	16,899,801	14.0%	-0.1%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$28.12	122	1.2%	5.1%	52,500,768	18.2%	0%
2027	\$27.79	121	1.3%	3.8%	52,598,702	18.2%	0%
2026	\$27.44	119	0.5%	2.5%	52,518,146	18.2%	0.4%
2025	\$27.30	119	0.8%	2.0%	51,232,990	17.8%	0.8%
2024	\$27.08	118	1.1%	1.1%	48,978,743	17.0%	0.7%
YTD	\$26.99	117	0.8%	0.8%	48,525,012	16.8%	0.5%
2023	\$26.77	116	0.6%	0%	47,036,351	16.3%	0.6%
2022	\$26.62	116	0.5%	-0.6%	45,645,297	15.7%	0.6%
2021	\$26.49	115	0%	-1.0%	44,045,316	15.1%	1.6%
2020	\$26.49	115	0.1%	-1.1%	39,448,277	13.5%	1.4%
2019	\$26.47	115	1.8%	-1.1%	35,461,385	12.1%	0.6%
2018	\$25.99	113	3.6%	-2.9%	33,595,394	11.5%	-0.1%
2017	\$25.10	109	2.2%	-6.2%	33,946,728	11.6%	-0.9%
2016	\$24.55	107	3.4%	-8.3%	36,455,768	12.5%	0.4%
2015	\$23.74	103	4.0%	-11.3%	35,253,823	12.0%	-0.8%
2014	\$22.84	99	3.7%	-14.7%	37,659,072	12.8%	-0.8%
2013	\$22.03	96	3.0%	-17.7%	40,109,397	13.6%	-0.3%
2012	\$21.39	93	2.3%	-20.1%	41,162,964	13.9%	-0.9%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$22.31	123	1.8%	8.1%	5,754,938	7.4%	0%
2027	\$21.93	121	1.8%	6.2%	5,799,792	7.3%	-0.3%
2026	\$21.54	119	1.0%	4.3%	6,127,593	7.6%	0.3%
2025	\$21.32	118	1.4%	3.3%	5,996,419	7.4%	0.7%
2024	\$21.03	116	1.9%	1.9%	5,502,374	6.7%	0%
YTD	\$20.93	116	1.9%	1.4%	5,402,817	6.5%	-0.2%
2023	\$20.64	114	2.4%	0%	5,536,033	6.7%	-0.2%
2022	\$20.16	111	3.2%	-2.3%	5,685,870	6.8%	-0.6%
2021	\$19.54	108	4.0%	-5.4%	6,170,986	7.4%	-0.3%
2020	\$18.78	104	2.4%	-9.0%	6,437,700	7.7%	0.4%
2019	\$18.33	101	1.5%	-11.2%	6,094,446	7.3%	-0.4%
2018	\$18.06	100	1.1%	-12.5%	6,465,630	7.7%	-0.8%
2017	\$17.86	99	1.2%	-13.5%	7,124,919	8.5%	0%
2016	\$17.65	97	2.0%	-14.5%	7,115,455	8.4%	-1.3%
2015	\$17.31	96	2.5%	-16.2%	8,262,396	9.7%	-0.3%
2014	\$16.88	93	3.3%	-18.2%	8,580,311	10.1%	-0.3%
2013	\$16.34	90	1.4%	-20.9%	8,865,267	10.4%	-0.7%
2012	\$16.11	89	-0.9%	-22.0%	9,511,167	11.1%	0.2%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$200.13	137	8.6%
2027	-	-	-	-	-	-	\$185.57	127	9.1%
2026	-	-	-	-	-	-	\$175.08	120	9.5%
2025	-	-	-	-	-	-	\$169.93	116	9.8%
2024	-	-	-	-	-	-	\$172.06	118	9.7%
YTD	473	\$1B	2.5%	\$2,944,461	\$94.23	9.2%	\$174.39	119	9.5%
2023	713	\$1B	3.2%	\$2,036,873	\$100.65	8.5%	\$187.14	128	9.2%
2022	1,019	\$3.2B	5.3%	\$4,054,847	\$151.55	8.4%	\$204.74	140	8.4%
2021	970	\$2.5B	4.0%	\$3,515,453	\$165.18	8.6%	\$223.02	153	7.6%
2020	747	\$2.3B	3.0%	\$4,262,088	\$175.83	9.2%	\$211.98	145	7.8%
2019	1,041	\$2.8B	4.7%	\$3,929,570	\$158.73	8.4%	\$203.77	140	8.0%
2018	981	\$5.7B	7.6%	\$9,015,254	\$191.84	8.1%	\$201.19	138	7.8%
2017	814	\$3.8B	5.3%	\$6,832,003	\$176.09	8.1%	\$199.28	136	7.5%
2016	934	\$5B	7.5%	\$7,640,199	\$176.57	8.0%	\$207.23	142	7.0%
2015	935	\$8.5B	9.8%	\$11,768,917	\$205.21	7.8%	\$199.45	137	7.0%
2014	883	\$6.7B	7.7%	\$9,329,347	\$185.77	8.5%	\$188.37	129	7.0%
2013	761	\$5.7B	7.4%	\$9,734,140	\$170.44	8.1%	\$173.84	119	7.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$277.94	131	8.0%
2027	-	-	-	-	-	-	\$257.40	122	8.5%
2026	-	-	-	-	-	-	\$242.74	115	8.9%
2025	-	-	-	-	-	-	\$235.73	111	9.2%
2024	-	-	-	-	-	-	\$239.30	113	9.1%
YTD	13	\$348.2M	2.9%	\$34,816,951	\$100.96	-	\$242.68	115	8.9%
2023	15	\$234.1M	4.0%	\$33,449,645	\$97.35	12.6%	\$273.66	129	8.4%
2022	24	\$918.3M	4.1%	\$51,016,497	\$190.28	6.9%	\$302.91	143	7.6%
2021	19	\$1B	2.7%	\$65,390,016	\$296.33	6.8%	\$331.18	157	6.8%
2020	10	\$1.2B	3.1%	\$134,584,536	\$314.49	7.8%	\$315.13	149	7.0%
2019	13	\$908.9M	2.6%	\$100,992,778	\$322	6.6%	\$305.66	145	7.2%
2018	31	\$3.1B	11.4%	\$125,226,883	\$238.95	6.1%	\$301.99	143	7.0%
2017	23	\$1.5B	6.3%	\$84,909,859	\$228.02	6.0%	\$299.47	142	6.7%
2016	25	\$2.1B	9.0%	\$117,801,068	\$255.41	5.3%	\$310.88	147	6.3%
2015	32	\$5.3B	16.9%	\$204,484,553	\$273.01	5.8%	\$300.43	142	6.3%
2014	22	\$3.9B	11.1%	\$177,135,005	\$288.99	6.2%	\$279.32	132	6.4%
2013	28	\$2.8B	12.0%	\$111,688,147	\$217.78	6.0%	\$251.64	119	6.7%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$177.94	138	8.7%
2027	-	-	-	-	-	-	\$165.19	128	9.2%
2026	-	-	-	-	-	-	\$155.97	121	9.6%
2025	-	-	-	-	-	-	\$151.44	118	9.9%
2024	-	-	-	-	-	-	\$153.26	119	9.8%
YTD	202	\$506.9M	2.3%	\$3,129,242	\$82.31	8.4%	\$155.33	121	9.6%
2023	289	\$509.3M	2.7%	\$2,625,437	\$95.59	8.9%	\$162.58	126	9.4%
2022	435	\$1.9B	6.1%	\$5,708,597	\$147.07	7.9%	\$176.42	137	8.6%
2021	475	\$1.2B	4.4%	\$3,492,243	\$135.83	8.9%	\$191.94	149	7.8%
2020	300	\$917.2M	2.9%	\$4,188,233	\$126.09	9.2%	\$182.19	142	8.0%
2019	476	\$1.6B	5.6%	\$5,260,591	\$135.65	8.2%	\$173.79	135	8.2%
2018	429	\$2.3B	6.7%	\$8,445,000	\$163.98	8.1%	\$171.94	134	7.9%
2017	368	\$2.1B	5.3%	\$7,942,705	\$161.62	8.0%	\$170.13	132	7.7%
2016	448	\$2.7B	7.6%	\$8,584,634	\$151.68	8.2%	\$177.73	138	7.2%
2015	475	\$2.9B	8.3%	\$8,027,648	\$153.27	8.0%	\$170.58	133	7.1%
2014	416	\$2.5B	7.3%	\$7,501,922	\$126.51	8.4%	\$163.30	127	7.1%
2013	362	\$2.6B	6.5%	\$9,255,178	\$148.20	8.2%	\$153.27	119	7.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred. The price index is not smoothed.

1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$144.50	153	9.2%
2027	-	-	-	-	-	-	\$133.88	141	9.8%
2026	-	-	-	-	-	-	\$126.04	133	10.2%
2025	-	-	-	-	-	-	\$121.92	129	10.4%
2024	-	-	-	-	-	-	\$122.66	130	10.3%
YTD	258	\$175.5M	2.2%	\$985,700	\$132.01	10.0%	\$124.13	131	10.2%
2023	409	\$256.6M	3.5%	\$884,906	\$116.48	8.1%	\$124.91	132	10.1%
2022	560	\$335.3M	4.7%	\$781,473	\$109.64	9.0%	\$135.70	143	9.2%
2021	476	\$273.2M	4.7%	\$765,248	\$95.90	8.6%	\$146.54	155	8.3%
2020	437	\$211.4M	3.4%	\$658,574	\$96.88	9.3%	\$139.59	147	8.6%
2019	552	\$273.9M	4.6%	\$691,710	\$94.49	8.9%	\$134.15	142	8.8%
2018	521	\$260.9M	4.7%	\$781,177	\$102.62	8.4%	\$130.91	138	8.5%
2017	423	\$224.5M	4.1%	\$798,927	\$102.17	8.8%	\$129.64	137	8.2%
2016	461	\$261.8M	5.1%	\$788,615	\$96.07	8.2%	\$132.92	140	7.8%
2015	428	\$283.1M	4.4%	\$842,630	\$92.29	8.3%	\$127.56	135	7.7%
2014	445	\$299.7M	4.0%	\$825,636	\$105.36	9.4%	\$120.34	127	7.8%
2013	371	\$235.3M	3.8%	\$865,220	\$89.87	8.9%	\$112.62	119	8.1%

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CARMEN's National Experience



Reach Throughout the United States, and Beyond

Through our international network of Tenant Representation professionals, CARMEN provides clients with comprehensive real estate services across the United States, Canada, and Europe.

Our network offers the most current and unbiased market data, unlike traditional full-service firms that may favor landlord interests. Additionally, CARMEN is not restricted to brokers tied to specific companies, allowing greater flexibility.

In the past 36 months, CARMEN has completed lease projects in nearly every U.S. state, as well as in Calgary, Canada, and Birmingham, England.

While leveraging the expertise of Best-in-Class Tenant Representation partners globally, CARMEN always remains the primary point of contact, ensuring continuity and avoiding the hand-off approach common in national firms. When local market insights are needed, we collaborate with top-tier Tenant Representation firms worldwide.

Our Client's Satisfaction is Paramount

At CARMEN, we measure our success by your complete satisfaction with our services. Our focus is on delivering a thorough and seamless experience that meets your company's unique needs and exceeds your expectations.

We strive to ensure that you receive the highest level of service and support, so you can make informed and timely decisions about your real estate investments with confidence. With CARMEN by your side, you can have confidence that your organization's objectives are always at the forefront of our work.

CARMEN is the virtual real estate department for those companies that don't have one, and a valuable resource for those that do!

CARMEN

CARMEN'S EXPERIENCE

CARMEN is a recognized industry leader in delivering top-tier Corporate Services to clients. The team brings a combined 65 years of experience in commercial real estate, with a specialized focus on representing tenants in industrial and office properties.

Throughout our 32-year history, we have built a strong track record of success, conducting in-depth market research, property searches, and skillfully negotiating economic and business terms for over 700 commercial lease agreements.

Our extensive expertise and commitment to client service make us a trusted partner in navigating complex real estate transactions.

Our Corporate Services team brings with it experience in:

- Commercial Real Estate Brokerage
- Managing Lease Portfolios
- Lease Administration
- Project Management
- Economic Incentives
- Real Estate Financing & Sale-Lease Backs

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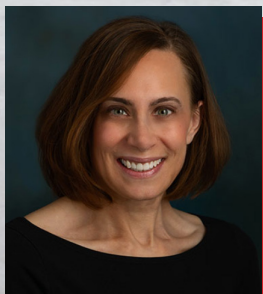


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