



TRANSWESTERN

CHICAGO OFFICE MARKET INDEX

Q2 2023



ABOUT TRANSWESTERN'S CHICAGO OFFICE MARKET INDEX

Transwestern's Chicago Office Market Index is comprised of the last 20 Class A office buildings greater than 300,000 square feet built in Chicago's Central Business District (CBD). This set of buildings, which contains some of the CBD's most desirable space, serves as a leading indicator of office market conditions. As qualifying properties are updated online, they will replace older buildings. The Index is updated mid-quarter, every quarter.

INDEX VACANCY

The Chicago Office Market Index is currently comprised of approximately 20.4 million square feet, representing approximately 13% of the CBD's total office inventory. The direct vacancy rate of the Chicago Office Market Index was 6.1% at the end of the second quarter of 2023, 13.3 percentage points lower than the 19.4% direct vacancy rate for the overall Chicago CBD. This dramatic difference illustrates the flight-to-quality phenomenon that the market has seen. While the Chicago office market has been deteriorating, the newest buildings with the most attractive amenities have been pulling tenants from other buildings.

NEW ADDITION TO THE INDEX

The newest building in the Index, Salesforce Tower at 333 W. Wolf Point Plaza, was delivered in the second quarter of 2023. The 1.2 million-square-foot building was 100% pre-leased to Salesforce and Kirkland & Ellis. However, Salesforce has put 119,950 square feet of its 500,000 square feet on the sublease market.

As the newest building, Salesforce Tower replaced the oldest building on the Index, 1 S. Dearborn St., which was 14.5% vacant at the end of the first quarter of 2023. This is the primary reason that the direct vacancy rate of the Index decreased from 7.3% at the end of the first quarter to 6.1% at the end of the second quarter.

LEASING ACTIVITY

The largest lease signed recently at a building in the Index was Winston & Strawn's 148,000-square-foot lease at 300 N. LaSalle St in the third quarter. The law firm will be relocating from 250,000 square feet at 35 W. Wacker Drive. This is only the latest example of an Index building attracting a tenant away from an older Central Loop building into a smaller, higher-quality space.

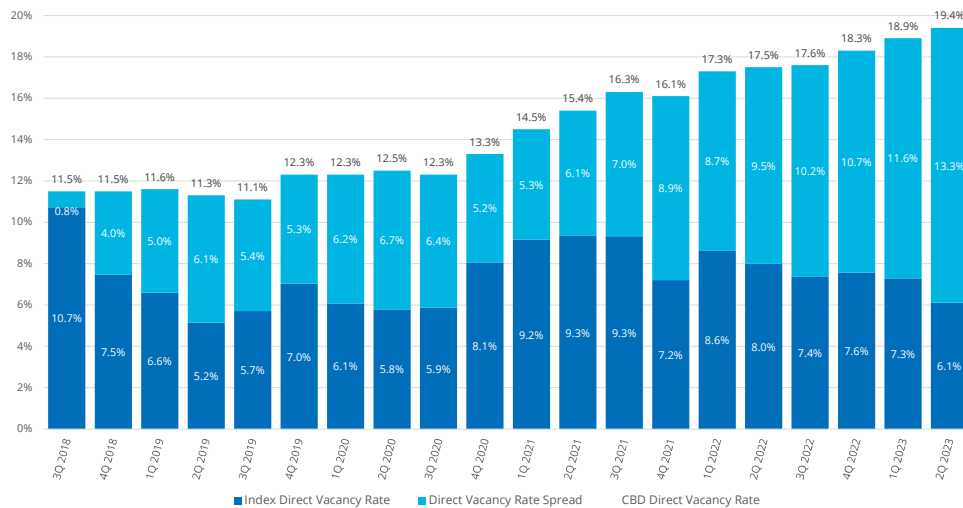


INDEX AVAILABILITY

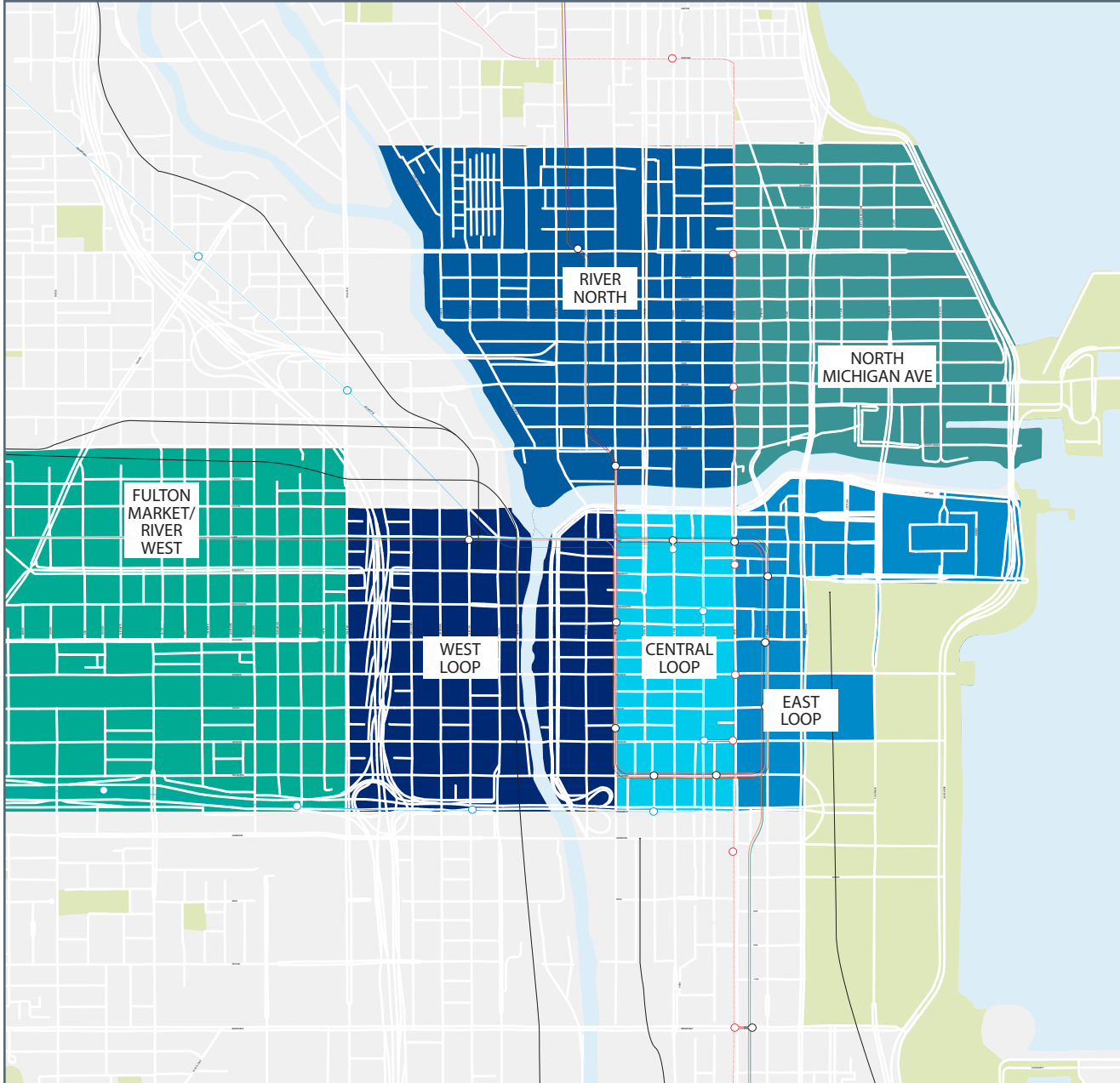
There are currently three blocks of direct space greater than 100,000 square feet available at Index buildings. The largest is the 399,222-square-foot block Kirkland & Ellis will leave behind at 300 N. LaSalle St., which will not be available for occupancy until March 2025. The next is the 278,279-square-foot block at 155 N. Wacker Drive, comprised primarily of the nearly 170,000 square feet that Skadden will leave behind when it moves to BMO Tower. The last is the 204,447-square-foot block of remaining space at BMO Tower, which was completed in 2022.

SUBLEASE MARKET

There was 979,351 square feet of available sublease space among Index buildings at the end of the second quarter, representing approximately 12% of the total amount of available sublease space in the CBD. There are currently five blocks of sublease space larger than 50,000 square feet available at Index buildings, the largest of which is Salesforce's 119,950 at Salesforce Tower.



	BUILDING ADDRESS	YEAR BUILT	RENTABLE BUILDING AREA	DIRECT VACANCY RATE	DIRECTION Y-O-Y
1	333 W. Wolf Point Plaza	2023	1,200,202	0.0%	
2	320 S. Canal St.	2022	1,497,211	27.7%	↓
3	800 W. Fulton St.	2021	480,490	13.7%	↓
4	110 N. Wacker Drive	2020	1,546,909	4.9%	↔
5	167 N. Green St.	2020	756,308	1.1%	↔
6	333 N. Green St.	2019	553,412	0.0%	↔
7	433 W. Van Buren St.	2019	2,300,000	0.4%	↔
8	110 N. Carpenter St.	2018	575,208	0.0%	↔
9	625 W. Adams St.	2018	438,184	8.1%	↔
10	151 N. Franklin St.	2018	807,355	0.6%	↔
11	150 N. Riverside Drive	2017	1,239,181	2.8%	↑
12	444 W. Lake St.	2016	1,050,000	0.0%	↔
13	1000 W. Fulton Market	2015	544,617	2.2%	↑
14	300 N. LaSalle St.	2009	1,302,901	4.0%	↑
15	155 N. Wacker Drive	2009	1,152,953	8.0%	↑
16	353 N. Clark St.	2009	1,184,255	13.6%	↑
17	22 W. Washington St.	2008	472,182	12.4%	↑
18	550 W. Adams St.	2006	484,682	17.8%	↔
19	71 S. Wacker Drive	2005	1,609,016	4.5%	↓
20	111 S. Wacker Drive	2005	1,213,322	5.1%	↔
TW Chicago Index Total			20,408,388	6.1%	↓
Chicago CBD Total			158,131,719	19.4%	↑



RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on office properties located in the Chicago metropolitan area. This report includes the last 20 Class A office buildings greater than 300,000 square feet (sf) built in Chicago's Central Business District (CBD).

FOR MORE INFORMATION

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ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, and investment management. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).