TRANSWESTERN

CHICAGO OFFICE MARKET INDEX

Q2 2024

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 represents around 19.7 million square feet, making up approximately 12.4% of the total office inventory in the CBD. At the end of the second quarter of 2024, the direct vacancy rate of the Index was 7.9%, 14 percentage points below the 21.9% direct vacancy rate of the broader Chicago CBD. This stark difference underscores the ongoing flight-to-quality trend, where tenants are favoring higher-quality office spaces. However, even prime buildings within the Index are not immune to this trend, as evidenced by Kirkland & Ellis vacating 400,000 square feet at 300 N. LaSalle St. in favor of 600,000 square feet at the newly completed Salesforce Tower at 333 W. Wolf Point Plaza.

NEW ADDITION TO THE INDEX

In the second quarter of 2024, 360 N. Green St. became the newest addition to the Chicago Office Market Index. The 492,532-square-foot building was 69.5% preleased, with anchor tenant Boston Consulting Group preleasing 225,000 square feet. As the newest addition to the Index, 360 N. Green St. replaced the oldest building on the Index, 111 S. Wacker Drive. At 1.2 million square feet, 111 S. Wacker Drive had a direct vacancy rate of 5.7% at the end of the first quarter. In contrast, 360 N. Green St. has a smaller RBA and delivered with a 31.9% direct vacancy rate. This change was a key factor in the Index's overall direct vacancy rate increasing from 6% at the end of the first quarter to 7.9% by the end of the second quarter.

LEASING ACTIVITY

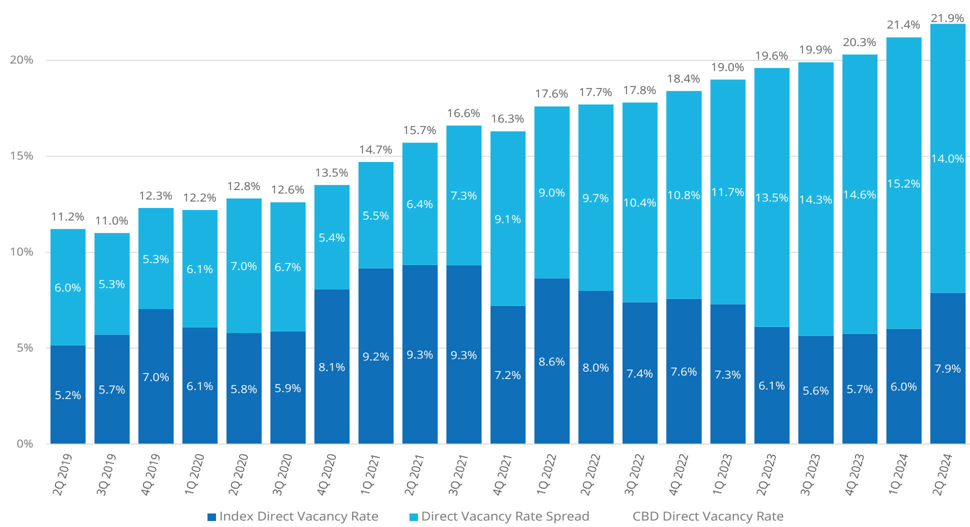
The largest new lease signed at a building in the Index was Prudential's lease of 27,580 square feet at 150 N. Riverside Plaza in the West Loop. The financial and insurance company will be relocating from 50,402 square feet at its 50,402-square-foot space in the East Loop's Prudential Plaza, 180 N. Stetson Ave. This is only the latest example of an Index building attracting a tenant away from an older building into a smaller, higher-quality space.

INDEX AVAILABILITY

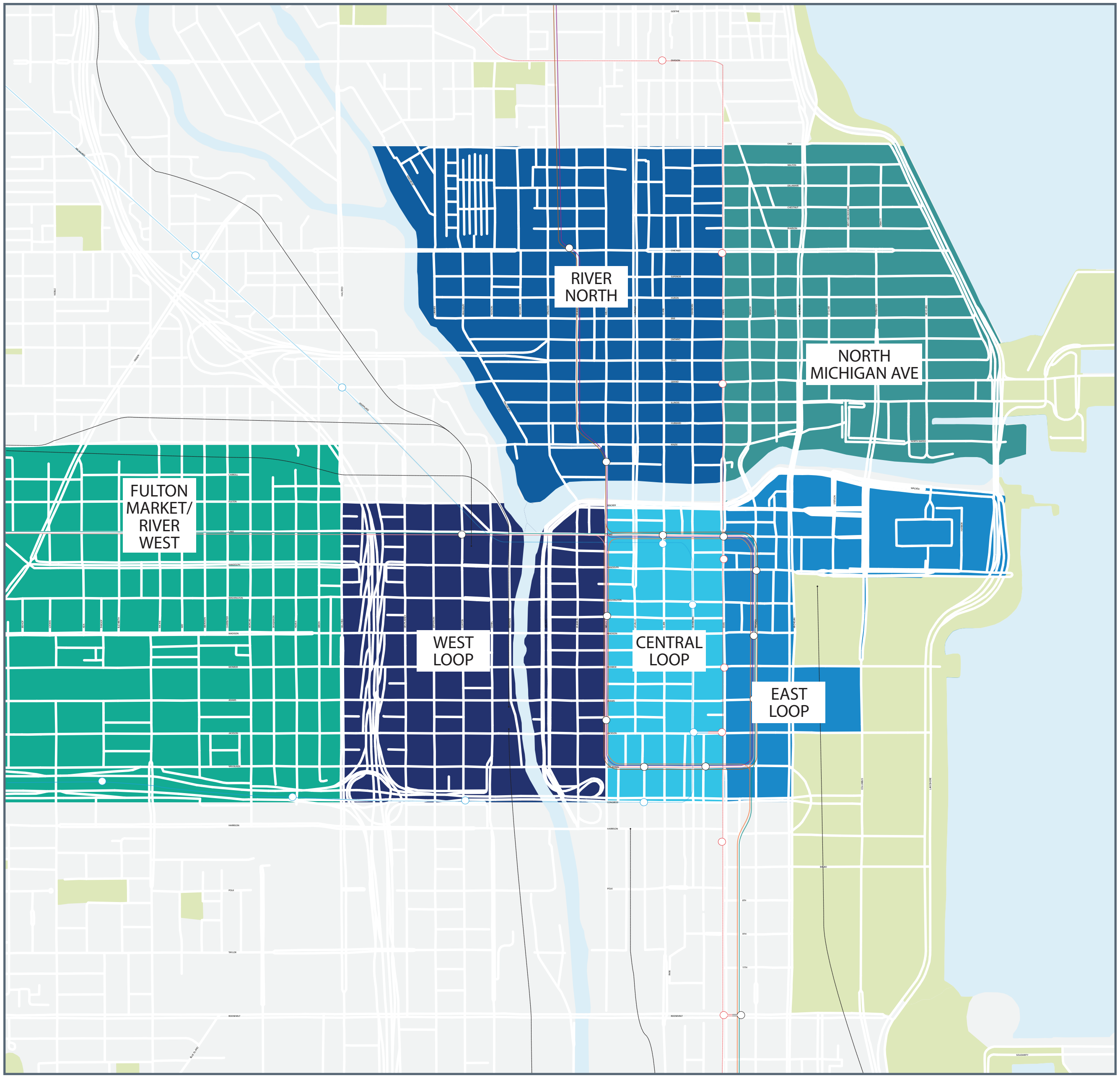
There are currently five blocks of direct space greater than 100,000 square feet available at Index buildings. Two of the largest are the 276,218-square-foot and 179,752-square-foot blocks of remaining Kirkland & Ellis space at 300 N. LaSalle St. There is also a 203,459-square-foot block at 155 N. Wacker Drive and a 160,295-square-foot block of remaining space at BMO Tower, which was completed in 2022. The newest addition to the Index, 360 N. Green St., delivered in the second quarter with a 117,828-square-foot block of available direct space.

SUBLEASE MARKET

There was 1,143,693 square feet of available sublease space among Index buildings at the end of the second quarter, representing approximately 5.8% of the total Market Index inventory. There are currently six blocks of sublease space larger than 50,000 square feet available at Index buildings, the largest of which is Salesforce's 119,950 square feet of space at 333 W. Wolf Point Plaza, Salesforce Tower. The newest large block of available sublease space is 50,392 square feet of Harrison Street's space at 444 W. Lake St.



	BUILDING ADDRESS	YEAR BUILT	RENTABLE BUILDING AREA	DIRECT VACANCY RATE	DIRECTION Y-O-Y
1	360 N Green	2024	492,532	31.9%	
2	333 W Wolf Point	2023	1,200,202	1.7%	↔
3	320 S Canal	2022	1,497,211	25.1%	↔
4	800 W Fulton	2021	480,490	9.8%	↓
5	110 N Wacker	2020	1,546,909	0.0%	↓
6	167 N Green	2020	756,308	5.7%	↑
7	333 N Green	2019	553,412	0.0%	↔
8	433 W Van Buren	2019	2,300,000	1.0%	↔
9	110 N Carpenter	2018	575,208	0.0%	↔
10	625 W Adams	2018	438,184	7.1%	↓
11	151 N Franklin	2018	807,355	2.0%	↓
12	150 N Riverside	2017	1,246,896	0.9%	↓
13	444 W Lake	2016	1,050,000	1.6%	↑
14	1000 W Fulton	2015	544,617	2.2%	↔
15	300 N LaSalle	2009	1,302,901	34.0%	↑
16	155 N Wacker	2009	1,152,953	9.4%	↓
17	353 N Clark	2009	1,184,255	12.5%	↑
18	22 W Washington	2008	472,182	12.4%	↔
19	550 W Adams	2006	484,682	19.5%	↓
20	71 S Wacker	2005	1,609,016	6.5%	↓
	TW Chicago Index Total		**19,695,313**	**7.9%**	↑
	Chicago CBD Total		**158,708,059**	**21.9%**	↑



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.