



TRANSWESTERN

CHICAGO CBD OFFICE MARKET

Q3 2024



TRENDLINES

	Q3 2024	Q3 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	5.6	5.0	↑	5.3	↑
YTD NET ABSORPTION (Thousands SF)	-2,545	-1,333	↓	-1,581	↑
DIRECT VACANCY RATE	22.2%	19.8%	↑	17.1%	↑
DIRECT VACANT SF (MSF)	35.3	31.4	↑	26.7	↑
AVAILABLE SUBLET SF (MSF)	6.6	7.9	↓	6.1	↔
UNDER CONSTRUCTION (MSF)	0.4	0.6	↓	2.7	↓
MARKET RENT, FULL SERVICE (PSF)	\$42.32	\$41.91	↑	\$41.90	↔
YTD SALES VOLUME (Millions)	\$417	\$102	↑	\$631	↑

Source: Transwestern , Bureau of Labor Statistics, CoStar, Real Capital Analytics

In the third quarter of 2024, the office market in Chicago’s Central Business District (CBD) continued to face significant challenges. Year-to-date negative absorption reached 2.5 million square feet, escalating the direct vacancy rate to another record high of 22.2%. While leasing activity improved slightly, it remains lower than needed for a market recovery.

In the third quarter, only two small office buildings were sold. However, there are indications that property values have depreciated enough to attract opportunistic private investors. Currently, eight office properties are under contract, with most expected to trade at significantly lower prices than their previous values. Additionally, five properties were listed for sale in the third quarter, primarily by lenders holding the debt, who anticipate incurring losses.

Lower interest rates are likely to impact the office market in several ways. The increased financial flexibility may facilitate more investment sales, although property values are unlikely to rise. Tenants with greater access to capital might start hiring, but the ongoing work-from-home trend would limit the corresponding growth in office space needs. The much-anticipated “soft landing” for the economy could alleviate recession fears and lead to more economic growth. None of these changes will completely turn Chicago’s office market around, but they could provide some much-needed tailwinds to steer it in a better direction.

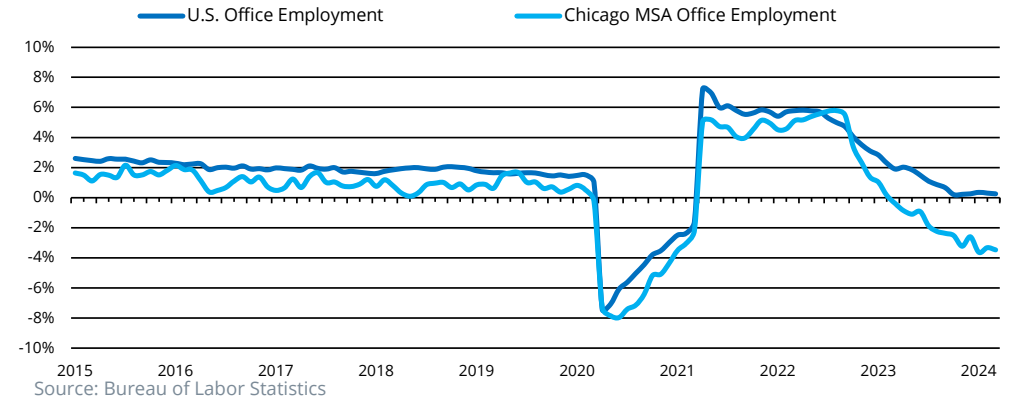


ECONOMY

Interest Rates Cut by 0.50%

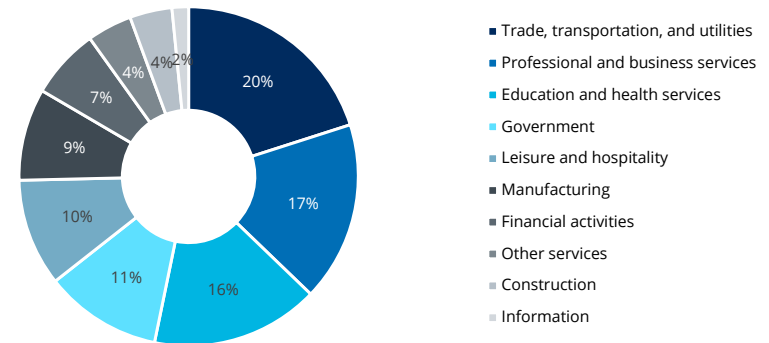
- In September, the Federal Reserve (Fed) lowered the federal funds rate by half a percentage point to a range of 4.75% to 5.0%. This adjustment was a relief for the commercial real estate industry, which has been significantly impacted by the recent rapid rate increases. The Fed has indicated that additional cuts are possible, but the timing and extent of these cuts will depend on upcoming economic indicators.
- The U.S. economy sustained robust job growth, adding an estimated 254,000 jobs in September, bringing the quarterly total to 557,000. Weekly initial unemployment claims remained below historical averages, and the national unemployment rate was 4.1% at the end of the third quarter.
- Locally, the unemployment rate decreased by 60 basis points in August to 5.6%. Approximately 5,800 jobs were added to the local economy over the past year, with Education and Health Services jobs leading, followed by Government.
- The number of office-using jobs in the U.S. increased by 0.1% year over year in August; locally, office-using jobs decreased by 3.0% during the same period. The Professional and Business Services industry lost 31,200 jobs in the Chicago area year over year, the Financial Activities industry lost 3,700 jobs, and the Information industry lost 3,100 jobs.

Y-O-Y CHANGE IN OFFICE JOBS



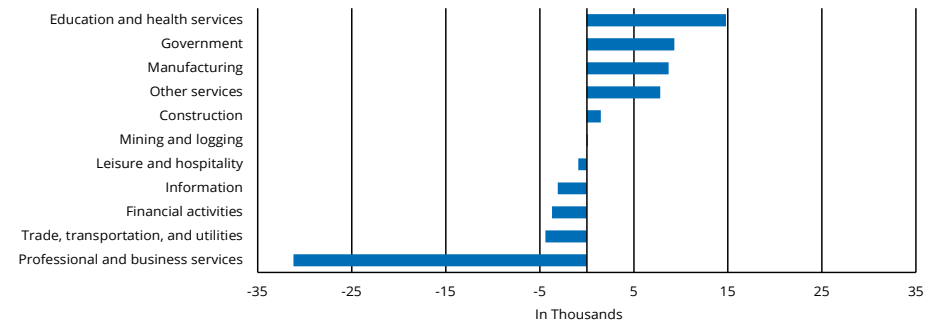
SHARE OF EMPLOYEES BY INDUSTRY

Chicago MSA | August 2024



Y-O-Y JOB GROWTH BY INDUSTRY

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NET ABSORPTION

Negative Absorption Continues

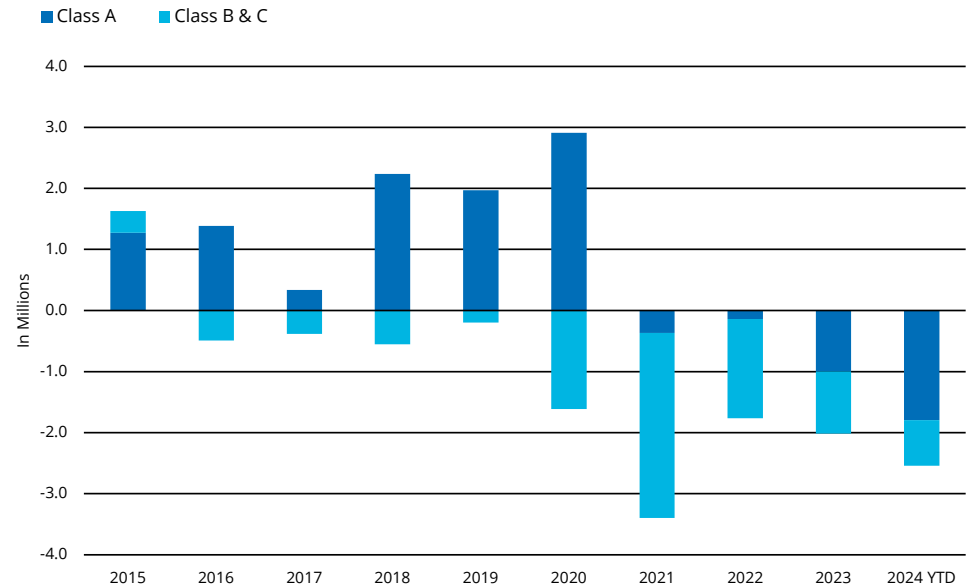
- Net absorption totaled negative 580,932 square feet during the third quarter of 2024, bringing the year-to-date total down to negative 2.5 million square feet.
- There was negative 346,679 square feet of net absorption in the Class A sector and negative 234,253 square feet in the Class B and C sectors.
- The largest amount of negative absorption came from the North Michigan Avenue submarket, where 875 N. Michigan Ave. added a large block of vacant available space.

LEASING ACTIVITY

Three Large New Deals at 155 N. Wacker Drive

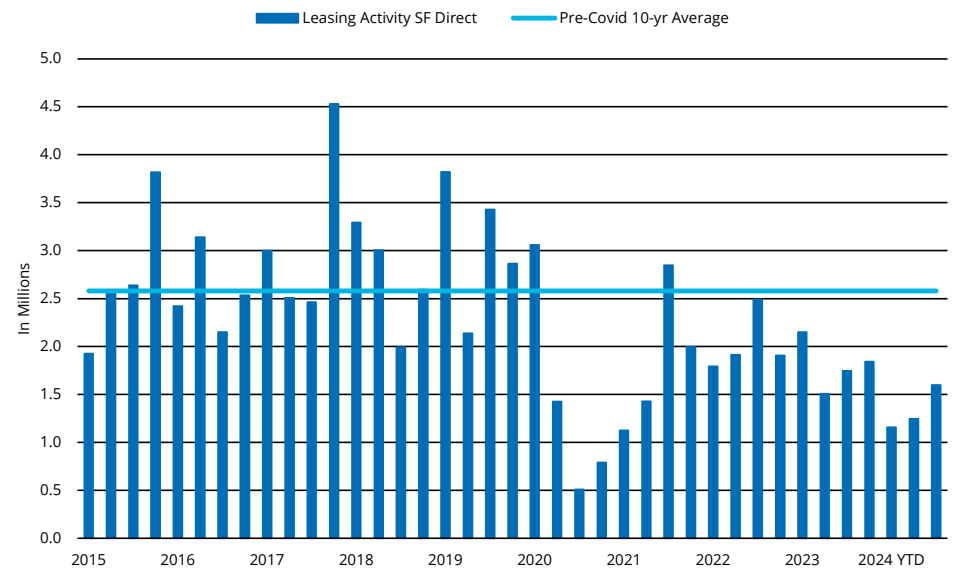
- The largest deal signed in the third quarter was Medline’s renewal and expansion totaling 161,000 square feet at 222 W. Merchandise Mart Plaza in River North. Medline will be nearly tripling in size, expanding by 110,000 square feet.
- Capital One recommitted to the Central Loop with a renewal of 151,177 square feet at 77 W. Wacker Drive, which was also a contraction of approximately 40,000 square feet.
- Locke Lord signed the largest new lease of the third quarter, for 65,058 square feet at 225 W. Randolph St. in the West Loop. The law firm will be relocating from its current office at 111 S. Wacker Drive in the West Loop, which is approximately 115,000 square feet.
- Three new leases were signed at 155 N. Wacker Drive in the West Loop. Quarles & Brady, Smith Grambrell & Russell, and FTI Consulting each leased two floors for an approximate total of 55,000 square feet apiece.

NET ABSORPTION BY CLASS



Source: Transwestern, CoStar

LEASING ACTIVITY



Source: Transwestern, CoStar



DIRECT VACANCY

Vacancy Rate Continues to Rise

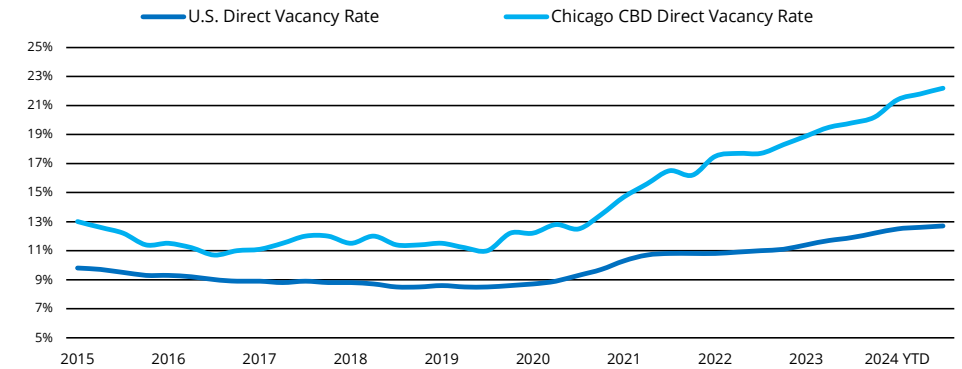
- The direct vacancy rate in Chicago's CBD increased by 40 basis points during the third quarter to 22.2%, which is up 270 basis points year-over-year.
- Chicago's Class A direct vacancy rate increased by 40 basis points during the third quarter to 20.5%, while the combined Class B and C rate increased by 40 basis points to 24.9%.
- Chicago's vacancy rates continue to climb faster than in other U.S. cities as Chicago's office market grapples with challenges that existed before COVID-19 took a toll on the office sector. Large amounts of new inventory came online just when leasing activity came to a standstill, leaving many large blocks of vacancy difficult to fill. Chicago's vacancy rate can be expected to climb even further as sublease spaces roll to direct availability and tenant contractions come to fruition.

SUBLEASE AVAILABILITY

Sublet Availability Continues to Fall

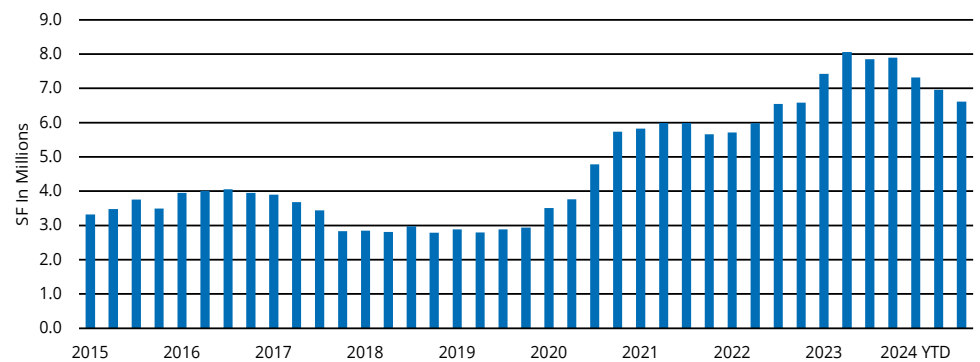
- Available sublease space fell by 348,657 square feet to 6.6 million square feet in the third quarter of 2024 from a historic high of 8.1 million square feet in the second quarter of 2023. The current sublease inventory represents 4.1% of the total inventory.
- The decrease in available sublease space is primarily due to spaces being withdrawn from the market as tenants reevaluate their office space needs.
- The largest block of sublease space that was added to the market in the third quarter of 2014 was Neilsen Company's 88,888-square-foot block at 200 W. Jackson Blvd.
- The largest sublease signed in the third quarter was Willkie Farr & Gallagher's sublease of 46,522 square feet at 300 N. LaSalle St.

DIRECT VACANCY RATE



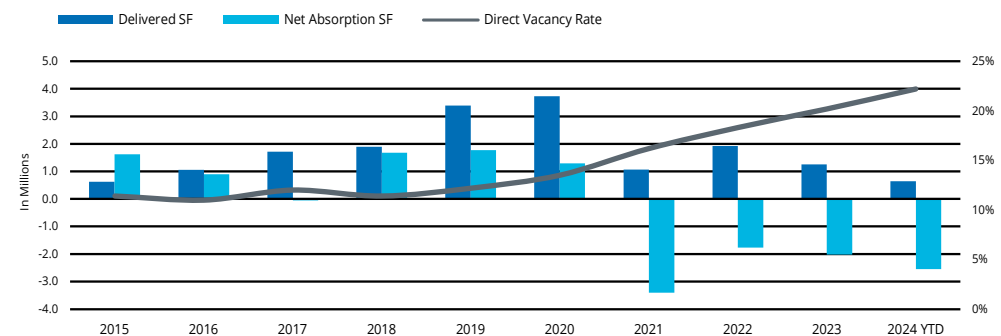
Source: Transwestern, CoStar

AVAILABLE SUBLEASE SPACE



Source: Transwestern, CoStar

DELIVERY IMPACT ON KEY INDICATORS



Source: Transwestern, CoStar

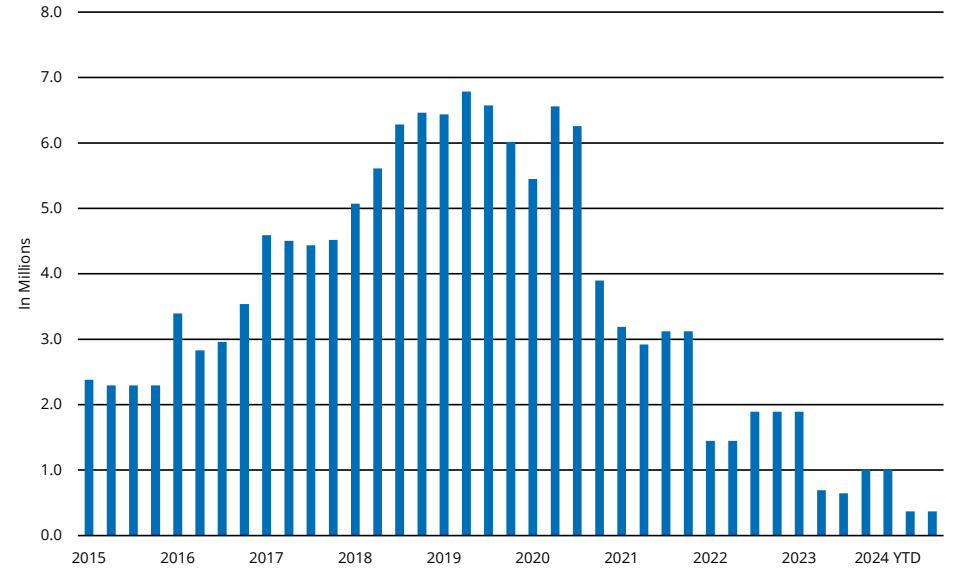


UNDER CONSTRUCTION

One Building Under Construction

- Chicago's development pipeline has dwindled down to one building with 369,008 square feet at the end of the third quarter. The lone building still under construction is 919 W. Fulton Market, which is expected to be completed in March of 2025. The property is 25.9% preleased.
- Office construction in Chicago's CBD is expected to remain constrained in the coming years as high interest rates and an uncertain future for office demand keep developers and investors on the sidelines. However, continued enthusiasm for the Fulton Market area and tenant demand for the highest quality space may tempt some bullish developers to move forward with their plans.

UNDER CONSTRUCTION



Source: Transwestern, CoStar

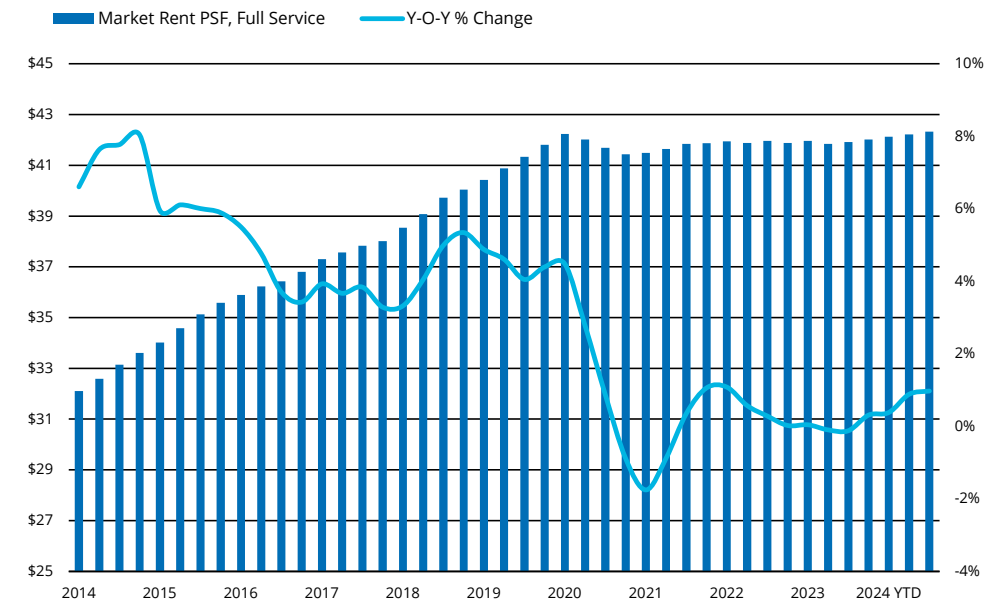


RENTAL RATES

Market Rents Hold Steady

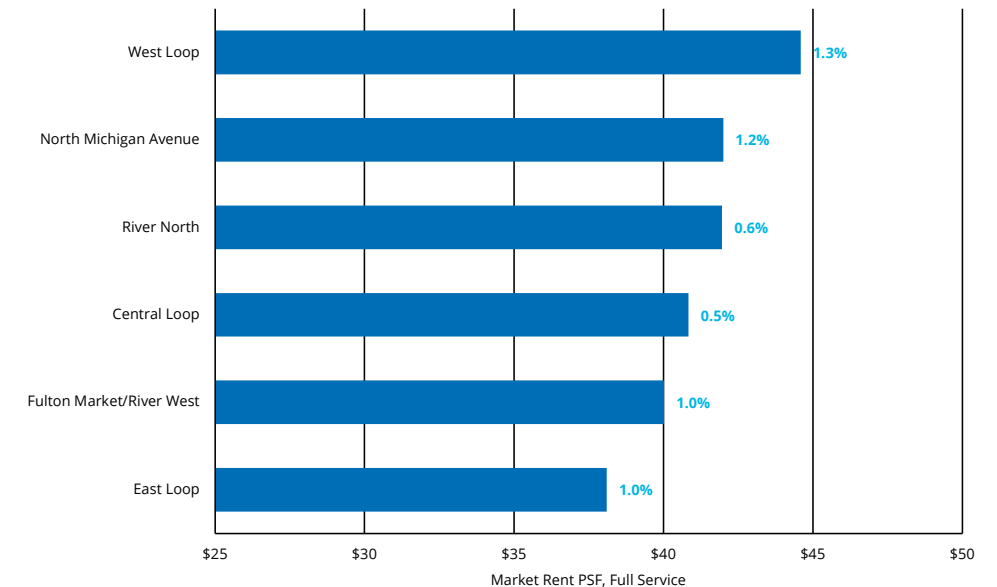
- Market rents continue to hold firm despite elevated vacancy - up 1.0% year over year to \$42.32 per square foot in the third quarter.
- Class A market rents rose 2.4% year over year to \$46.09 per square foot in the third quarter. The Class A market should see rents increase slowly over the next 12 months as flight to quality drives competition for the highest quality space. Class B and C market rents have held steady after declining in 2020 and are not expected to increase.
- Construction costs have been increasing so rapidly that the cost of tenant buildouts prohibits most landlords from offering lower rents. The cost of building out spec suites has led owners to reconsider plans to build more of them. Spaces with attractive existing conditions are becoming more desirable in this environment.
- Class A rents in the Fulton Market/River West submarket continue to rise above all the other submarkets.

MARKET RENT



Source: Transwestern, CoStar

MARKET RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: Transwestern, CoStar

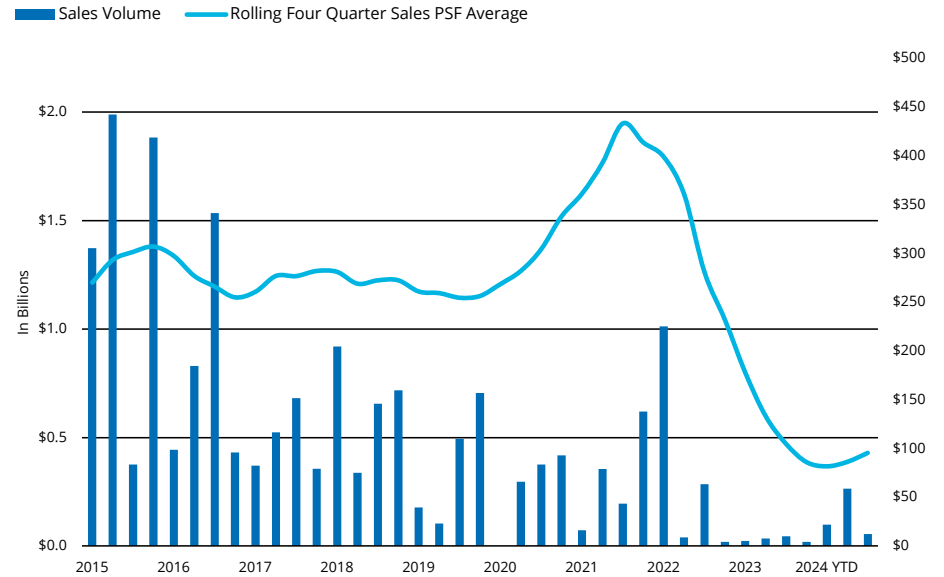


SALES

Office Values Plummet

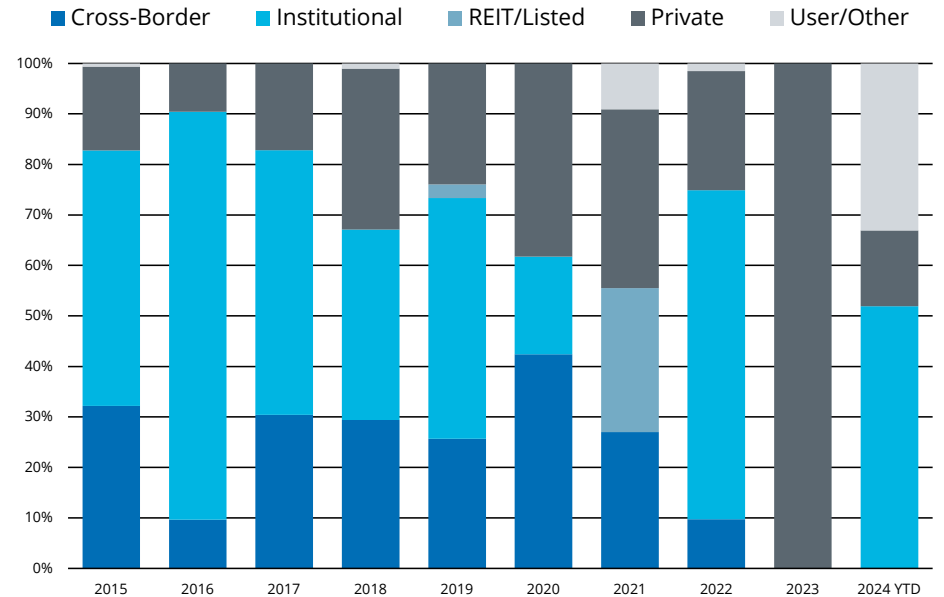
- Two office investment sales were completed in Chicago’s CBD in the third quarter. Sanjay Gandhi, a local investor, purchased 29 N. Wacker Drive from Allstate for \$11 million, or \$82 per square foot. Allstate purchased the property in January 2022 for \$29.7 million. The other third-quarter transaction was Ann & Robert H. Lurie Children’s Hospital’s purchase of the American Dental Association’s former headquarters at 211 E. Chicago Ave. for an undisclosed price.
- Six office properties in Chicago’s CBD went under contract in the third quarter. The largest is 600 W. Chicago Ave., a 1.6 million-square-foot property along the Chicago River. The prospective buyer, 3Edgewood, is a firm recently launched by Robert Sarver, the former owner of the NBA’s Phoenix Suns. The firm is estimated to be paying \$140 million, or \$89 per square foot, for the property. The property was last purchased by Sterling Bay for \$510 million in 2018.
- The largest office investment opportunity to be put on the market in the third quarter was 401 N. Michigan Ave. The estimated price of the 761,164-square-foot property is \$140 million, or \$184 per square foot. The seller purchased the building for \$360 million in 2017, but then sold off the retail space at the base of the tower, including the riverfront Apple Store, for \$90 million in 2019.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



Q3 2024 NOTABLE LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
Medline Industries	222 W Merchandise Mart	River North	Ren/Exp	161,000
Capital One	77 W Wacker	Central Loop	Ren/Con	151,177
Barnes & Thornburg	1 N Wacker	West Loop	Ren	96,000
Locke Lord	225 W Randolph	West Loop	New	65,058
Quarles & Brady	155 N Wacker	West Loop	New	56,288
Smith, Gambrell & Russell	155 N Wacker	West Loop	New	55,764
FTI Consulting	155 N Wacker	West Loop	New	55,000
Charles River Associates	1 S Wacker	West Loop	Ren	53,000
Willkie Farr & Gallagher	300 N LaSalle	River North	Sublease	46,522
FINRA	101 N Wacker	West Loop	New	44,591
Paul Hastings	71 S Wacker	West Loop	Ren/Exp	43,000
ABN AMRO	175 W Jackson	Central Loop	Ren	42,775
State of IL, Office of the State Appellate Defender	203 N LaSalle	Central Loop	Ren	35,840
NXT Capital	191 N Wacker	West Loop	Ren/Con	33,250
Beermann LLP	161 N Clark	Central Loop	Ren	25,000
Plante Moran	10 S Riverside	West Loop	Ren/Con	21,592
American Planning Association	200 E Randolph	East Loop	New	21,017
SpiderRock	300 S Riverside	West Loop	Ren/Exp	17,559
Conduent	141 W Jackson	Central Loop	Ren	16,927
Masuda Funai	203 N LaSalle	Central Loop	Ren/Con	16,294
Skarzynski Marick & Black	500 W Madison	West Loop	Sublease	16,135
Ricondo & Associates	200 N LaSalle	Central Loop	New	15,411
MATTER	222 W Merchandise Mart	River North	Ren	15,159

= Transwestern deal

Source: Transwestern, CoStar



2024 NOTABLE SALES

ADDRESS	STATUS	DATE	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	SELLER	BUYER
401 N MICHIGAN	On the Market	Q3 2024	North Michigan Ave	\$140,000,000	761,164	\$184	Walton Street Capital/ ING (Lender)	TBD
311 S WACKER	On the Market	Q3 2024	West Loop	\$80,000,000	1,313,317	\$61	Zeller/ Morgan Stanley (Senior Lender)	TBD
200 S WACKER	On the Market	Q3 2024	West Loop	\$80,000,000	754,751	\$106	Manulife/ Bank of China (Lender)	TBD
303 E WACKER	On the Market	Q3 2024	East Loop	\$60,000,000	943,581	\$64	Beacon/ Bank of America (Lender)	TBD
444 N MICHIGAN	On the Market	Q3 2024	North Michigan Ave	\$30,000,000	517,115	\$58	CIM/ Blackstone (Lender)	TBD
600 W CHICAGO	Under Contract	Q3 2024	River North	\$140,000,000	1,571,386	\$89	Sterling Bay/Morgan Stanley (Senior Lender)/Nuveen (Mezz)	3Edgewood
70 W MADISON	Under Contract	Q3 2024	Central Loop	\$97,500,000	1,439,574	\$68	Hearn/GEM/Farallon/ Bank of America (Lender)	FRI Investors
111 W ILLINOIS	Under Contract	Q3 2024	River North	\$17,000,000	152,200	\$112	Macquarie Group (GLL RE Partners)	Chicago Development Partners
1 N STATE	Under Contract	Q3 2024	East Loop	\$13,000,000	523,389	\$25	Shorenstein	Triple Double
111 W WASHINGTON	Under Contract	Q3 2024	Central Loop	\$5,000,000	584,391	\$9	Alliance HSP/ Manulife (Lender)	Igor Gabal
19 S LASALLE	Under Contract	Q3 2024	Central Loop	\$4,200,000	160,507	\$26	Ruben Espinoza / Ready Capital (Lender)	Igor Gabal
29 N WACKER	Sold	Q3 2024	West Loop	\$11,000,000	133,580	\$82	Allstate	Sanjay Gandhi
211 E CHICAGO	Sold	Q3 2024	North Michigan Ave	Undisclosed	394,230	TBD	American Dental Association	Ann & Robert H. Lurie Children's Hospital
333 W WACKER	Sold	Q2 2024	West Loop	\$125,000,000	887,940	\$141	AFL-CIO Building Investment Trust/Allianz (Lender)	Beacon Capital Partners
35 E WACKER	Sold	Q2 2024	East Loop	\$25,000,000	558,013	\$45	Dorchester/ Manulife (Lender)	Prime Group/CRG/Clayco
20 W KINZIE (condo)	Sold	Q2 2024	River North	\$20,000,000	258,658	\$77	Alter Group / Bank of America (Lender)	Bixby/Franklin Partners
1 N LASALLE	Sold	Q2 2024	Central Loop	\$17,500,000	489,923	\$36	Bridge Investment Group	Namdar
216 W JACKSON	Sold	Q2 2024	West Loop	\$2,575,000	185,479	\$14	Starwood Capital Group	Brog Properties
150 N MICHIGAN	Sold	Q1 2024	East Loop	\$60,000,000	654,508	\$92	Metlife (Lender)	R2
400 S JEFFERSON	Sold	Q1 2024	West Loop	\$38,500,000	247,000	\$156	The Community Solution Education System	Office Properties Income Trust
1333 N KINGSBURY	Sold	Q1 2024	Other	\$10,500,000	100,057	\$105	Credit Suisse	NorthStar Real Estate Investment Services, Inc.

Source: CoStar, Real Capital Analytics, Transwestern



MARKET INDICATORS TABLE

All Classes of Space | Q3 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE*	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	MARKET RENT PSF, FULL SERVICE
CENTRAL LOOP	37,174,627	9,148,081	24.6%	25.4%	0	-3,408	-400,948	\$40.84
EAST LOOP	27,028,051	6,945,105	25.7%	26.6%	0	-256,701	-777,488	\$38.10
FULTON MARKET/RIVER WEST	8,716,570	1,242,740	14.3%	16.8%	369,008	61,170	213,912	\$40.02
NORTH MICHIGAN AVE	10,035,980	2,155,273	21.5%	23.6%	0	-272,743	-464,759	\$42.00
RIVER NORTH	17,497,193	4,404,330	25.2%	26.5%	0	22,781	-449,120	\$41.96
WEST LOOP	58,822,719	11,400,010	19.4%	21.6%	0	-132,031	-666,797	\$44.59
TOTAL	159,275,140	35,295,539	22.2%	23.7%	369,008	-580,932	-2,545,200	\$42.32

Source: Transwestern, CoStar

Class A | Q3 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE*	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	MARKET RENT PSF, FULL SERVICE
CENTRAL LOOP	11,210,320	2,300,219	20.5%	21.7%	0	-3,879	-20,746	\$45.16
EAST LOOP	16,804,043	4,289,539	25.5%	26.5%	0	-183,640	-760,031	\$41.46
FULTON MARKET/RIVER WEST	5,386,513	698,026	13.0%	17.0%	369,008	12,271	152,241	\$49.83
NORTH MICHIGAN AVE	5,754,074	1,413,110	24.6%	27.2%	0	-149,994	-360,989	\$44.23
RIVER NORTH	12,304,321	3,173,130	25.8%	27.3%	0	-15,739	-395,200	\$46.07
WEST LOOP	46,891,308	8,249,821	17.6%	19.7%	0	-5,698	-410,148	\$47.04
TOTAL	98,350,579	20,123,845	20.5%	22.4%	369,008	-346,679	-1,794,873	\$46.09

Source: Transwestern, CoStar

Class B & C | Q3 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE*	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	MARKET RENT PSF, FULL SERVICE
CENTRAL LOOP	25,964,307	6,847,862	26.4%	27.0%	0	471	-380,202	\$38.84
EAST LOOP	10,224,008	2,655,566	26.0%	26.8%	0	-73,061	-17,457	\$33.20
FULTON MARKET/RIVER WEST	3,330,057	544,714	16.4%	16.6%	0	48,899	61,671	\$26.87
NORTH MICHIGAN AVE	4,281,906	742,163	17.3%	18.8%	0	-122,749	-103,770	\$39.00
RIVER NORTH	5,192,872	1,231,200	23.7%	24.6%	0	38,520	-53,920	\$32.40
WEST LOOP	11,931,411	3,150,189	26.4%	28.6%	0	-126,333	-256,649	\$35.34
TOTAL	60,924,561	15,171,694	24.9%	25.9%	0	-234,253	-750,327	\$36.42

Source: Transwestern, CoStar

*Direct plus sublease vacancy



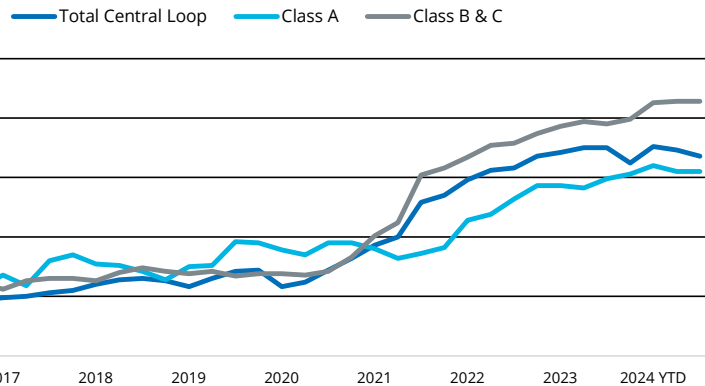
CENTRAL LOOP

Six Tenants Recommit to the Central Loop

- The Central Loop submarket had only 3,408 square feet of negative absorption in the third quarter, and the direct vacancy rate remained at 24.6%. The overall vacancy rate decreased by 50 basis points to 25.4%.
- Six renewals and one new lease larger than 15,000 square feet were signed in the Central Loop in the third quarter.
- Three office buildings went under contract to be purchased: 70 W. Madison St., 111 W. Washington St., and 19 S. LaSalle St.
- LARGEST DIRECT NEW DEAL: Ricondo & Associates - 15,411 square feet - 200 N. LaSalle St.
- LARGEST RENEWAL: Capital One - 151,177 square feet - 77 W. Wacker Drive (also a contraction of 41,139 square feet)

The Central Loop's boundaries are the Chicago River (north), Wells Street (west), State Street (east), and Harrison Street (south). The Central Loop includes the Financial District, as well as many government offices, law firms, and professional services.

DIRECT VACANCY



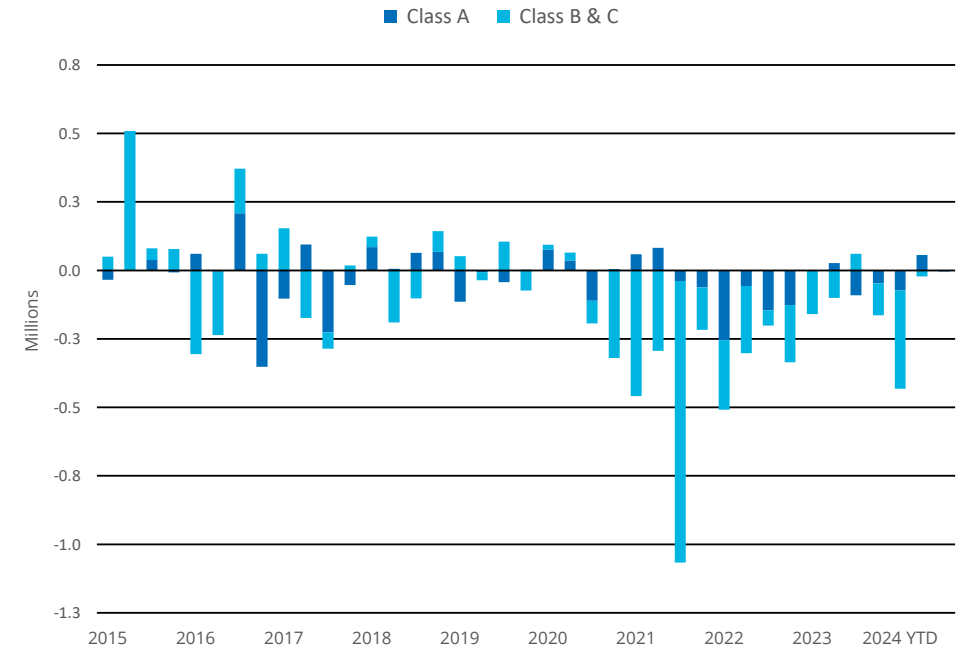
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q3 2024	Q3 2023	TREND
INVENTORY	37,174,627	37,174,627	↔
DIRECT VACANCY RATE	24.6%	23.1%	↑
OVERALL VACANCY RATE	25.4%	24.8%	↑
YTD NET ABSORPTION (SF)	(400,948)	(262,099)	↓
YTD DIRECT LEASING ACTIVITY (SF)	876,102	1,018,632	↓
AVAILABLE SUBLEASE (SF)	11,687,511	11,892,395	↓
CLASS A MARKET RENT	\$45.16	\$44.04	↑
CLASS B & C MARKET RENT	\$38.84	\$34.33	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



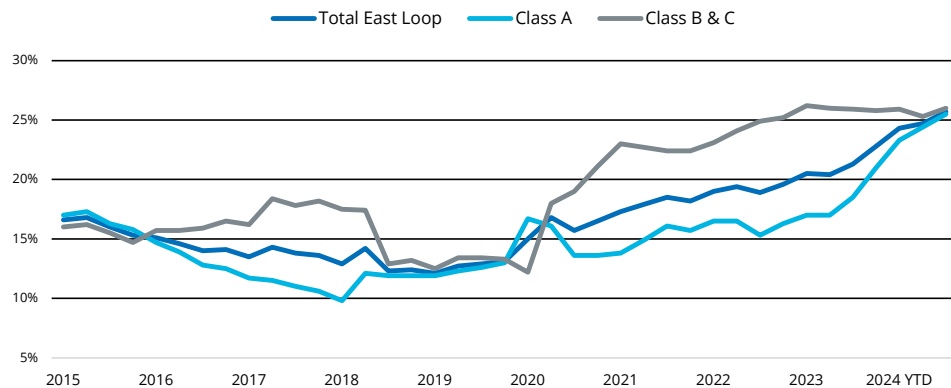
EAST LOOP

More Negative Absorption

- The East Loop had 256,701 square feet of negative absorption in the third quarter, and the direct vacancy rate increased by 100 basis points to 25.7%. The overall vacancy rate increased by 70 basis points to 26.6%.
- The 523,389-square-foot building at 1 N. State St. is under contract to be purchased by Triple Double Real Estate for an estimated \$413 million, or \$25 per square foot.
- The 943,581-square-foot building at 303 E. Wacker Drive was put on the market in the third quarter, with an estimated asking price of \$60 million.
- LARGEST DIRECT NEW DEAL: American Planning Association - 21,017 square feet - 200 E. Randolph St.

The East Loop is bordered by the Chicago River (north), State Street (west), Lake Michigan (east), and Harrison Street (south). It is inhabited by a variety of corporate tenants with a heavy lean toward advertising and media firms.

DIRECT VACANCY



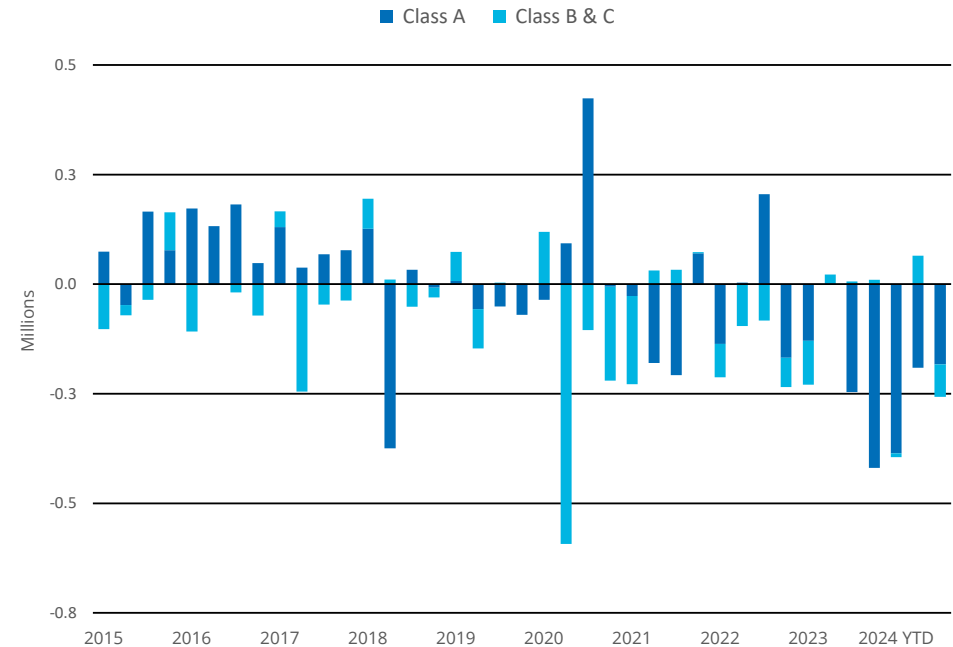
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q3 2024	Q3 2023	TREND
INVENTORY	27,028,051	27,028,051	↔
DIRECT VACANCY RATE	25.7%	20.4%	↑
OVERALL VACANCY RATE	26.6%	21.7%	↑
YTD NET ABSORPTION (SF)	(777,488)	(447,727)	↓
YTD TOTAL LEASING ACTIVITY (SF)	390,026	528,448	↓
AVAILABLE SUBLEASE (SF)	895,438	919,163	↓
CLASS A MARKET RENT	\$41.46	\$40.06	↑
CLASS B & C MARKET RENT	\$33.20	\$32.46	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



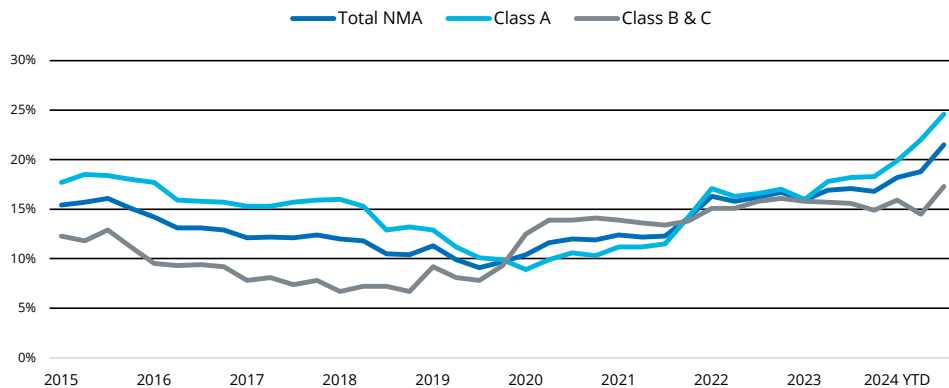
NORTH MICHIGAN AVENUE

Active Investment Market

- The North Michigan Avenue submarket had 272,743 square feet of negative absorption in the third quarter, and the direct vacancy rate increased by 270 basis points to 21.5%. The overall vacancy rate increased by 210 basis points to 23.6%.
- The office building at 500 N. Michigan Ave. is reported to be under contract to be purchased by Commonwealth Development Partners for an estimated \$65 million.
- Two North Michigan Avenue office buildings went on the market in the third quarter: 401 N. Michigan Ave. for an estimated \$140 million and 444 N. Michigan Ave. for an estimated \$30 million.
- The American Dental Association’s former headquarters at 211 E. Chicago Ave. was purchased by Ann & Robert H. Lurie Children’s Hospital in the third quarter for an undisclosed price.

The North Michigan Avenue submarket borders include Division Street (north), State Street (west), Lake Michigan (east), and the Chicago River (south). It is home to retailers, hotels, restaurants, entertainment venues, advertising and marketing agencies, and the Northwestern Memorial Hospital campus.

DIRECT VACANCY



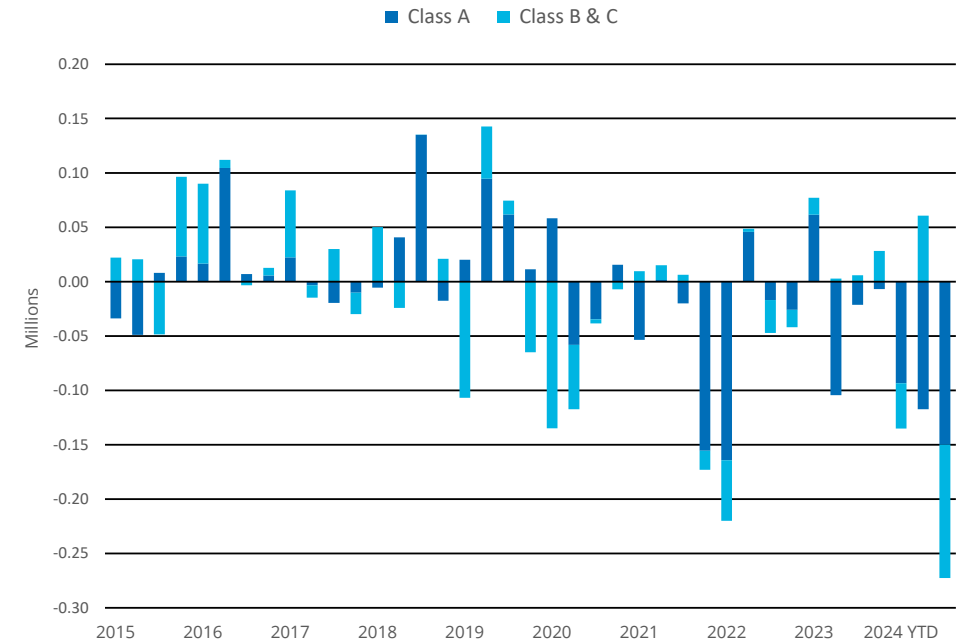
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q3 2024	Q3 2023	TREND
INVENTORY	10,035,980	10,035,980	↔
DIRECT VACANCY RATE	21.5%	17.1%	↑
OVERALL VACANCY RATE	23.6%	19.4%	↑
YTD NET ABSORPTION (SF)	(464,759)	(40,159)	↓
YTD TOTAL LEASING ACTIVITY (SF)	281,630	172,178	↑
AVAILABLE SUBLEASE (SF)	461,678	460,435	↑
CLASS A MARKET RENT	\$44.23	\$43.85	↑
CLASS B & C MARKET RENT	\$39.00	\$38.38	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



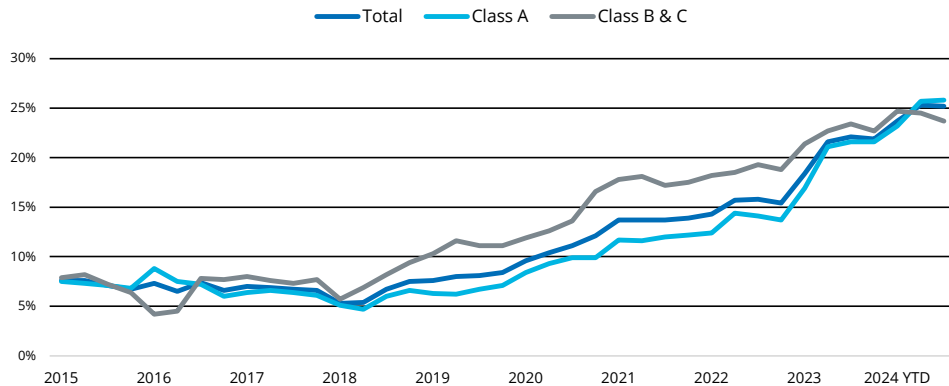
RIVER NORTH

Large Expansion at The Mart

- The River North submarket had 22,781 square feet of positive absorption in the third quarter, and the direct vacancy rate decreased by 10 basis points to 25.2%.
- Two River North office buildings went under contract in the third quarter: 600 W. Chicago Ave. for an estimated \$140 million, and 111 W. Illinois St. for approximately \$17 million.
- LARGEST RENEWAL: Medline Industries - 161,000 square feet - 222 W. Merchandise Mart Plaza (includes an expansion of 110,000 square feet)
- LARGEST SUBLEASE: Willkie Farr & Gallagher - 46,522 square feet - 300 N. LaSalle St.

The borders of the River North submarket are defined as Division Street (north), State Street (east), and the Chicago River (west & south). Historically, it has been home to small, older buildings that cater to furniture galleries and small businesses, but has more recently become a hub for technology, startups, and trading firms.

DIRECT VACANCY



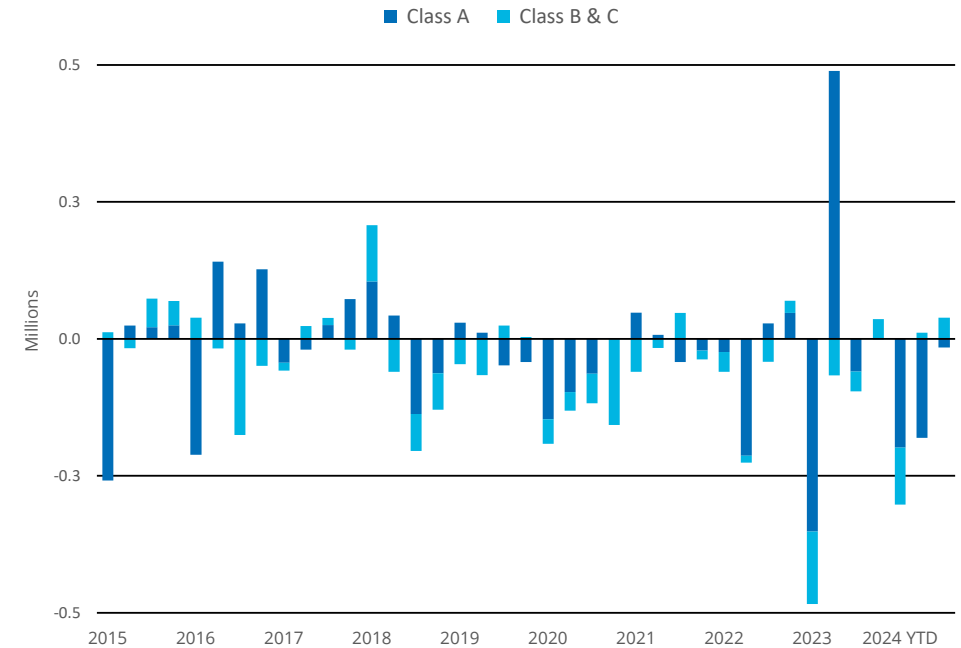
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q3 2024	Q3 2023	TREND
INVENTORY	17,497,193	17,343,582	↑
DIRECT VACANCY RATE	25.2%	22.1%	↑
OVERALL VACANCY RATE	26.5%	25.6%	↑
YTD NET ABSORPTION (SF)	(449,120)	(157,936)	↓
TOTAL LEASING ACTIVITY (SF)	559,522	784,116	↓
AVAILABLE SUBLEASE (SF)	540,765	1,095,852	↓
CLASS A MARKET RENT	\$46.07	\$46.02	↑
CLASS B & C MARKET RENT	\$32.40	\$31.87	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



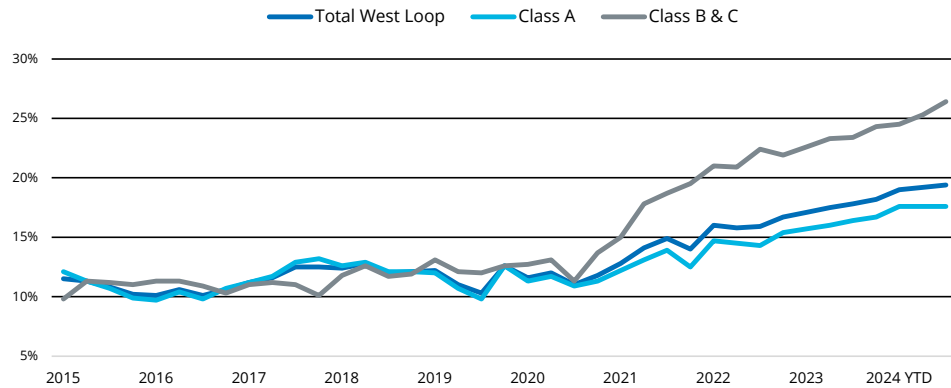
WEST LOOP

Locke Lord Signs at The Bell

- The West Loop submarket had 132,031 square feet of negative absorption in the third quarter, and the direct vacancy rate increased by 20 basis points to 19.4%. The overall vacancy rate remained at 21.6%.
- Allstate sold the office building at 29 N. Wacker Drive to a local investor for \$11 million, or \$82 per square foot.
- Two West Loop office buildings went on the market in the third quarter: 311 S. Wacker Drive and 200 S. Wacker Drive, each for an estimated \$80 million.
- LARGEST DIRECT NEW DEAL: Locke Lord - 65,058 square feet - 225 W. Randolph St.
- LARGEST RENEWAL: Barnes & Thornburg - 96,000 square feet - 1 N. Wacker Drive
- LARGEST SUBLEASE: Skarzynski Marick & Black - 16,135 square feet - 500 W. Madison St.

The West Loop's borders are defined as the Chicago River and Kinzie Drive (north), Halsted Street (west), Wells Street (east), and Harrison Street (south). The West Loop is the largest submarket and is home to law firms, financial services firms, insurance companies, and multiple corporate headquarters.

DIRECT VACANCY



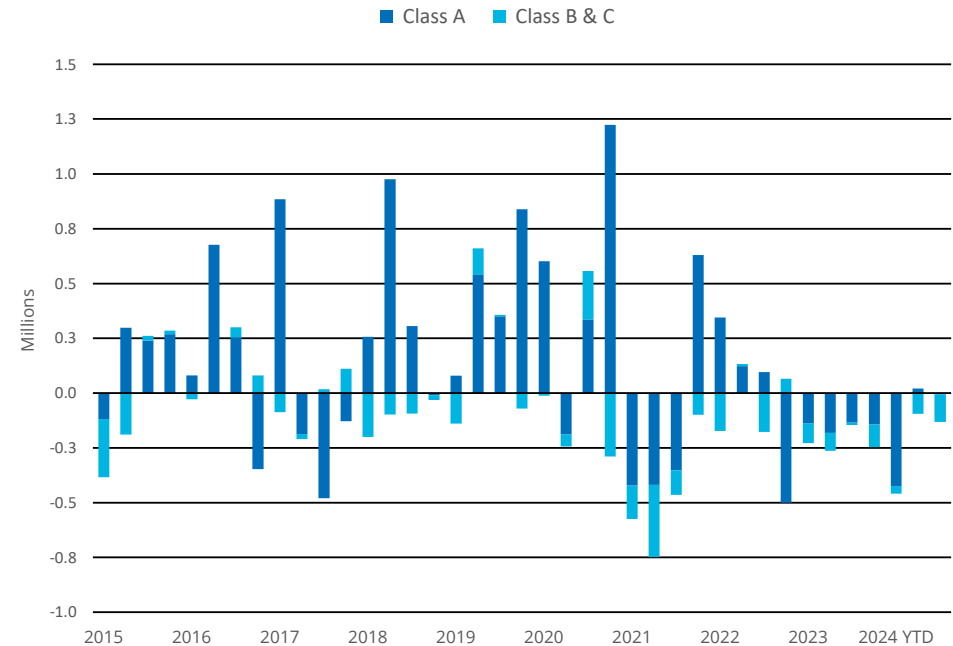
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q3 2024	Q3 2023	TREND
INVENTORY	58,822,719	58,822,719	↔
DIRECT VACANCY RATE	19.4%	17.8%	↑
OVERALL VACANCY RATE	21.6%	20.5%	↑
YTD NET ABSORPTION (SF)	(666,797)	(638,606)	↓
YTD TOTAL LEASING ACTIVITY (SF)	1,652,068	2,340,746	↓
AVAILABLE SUBLEASE (SF)	3,114,418	3,117,319	↓
CLASS A MARKET RENT	\$47.04	\$45.70	↑
CLASS B & C MARKET RENT	\$35.34	\$34.77	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



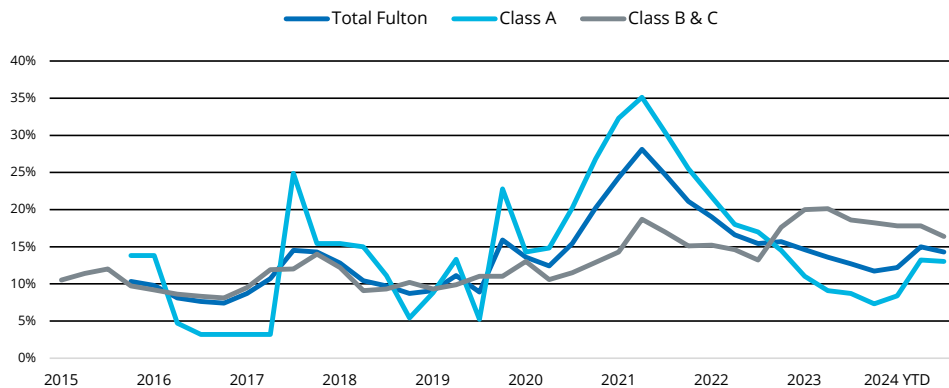
FULTON MARKET/RIVER WEST

One Building Remains Under Construction

- New office buildings in Fulton Market have defied the market conditions seen in the rest of the city. Class A buildings in the submarket command the highest rents, and the Class A direct vacancy rate is 13.0%.
- The only office building under construction in Chicago’s CBD is a 369,008-square-foot development at 919 W. Fulton Market. The property is 25.9% preleased and is expected to be delivered in the spring of 2025.

Fulton Market/River West’s borders are defined as Hubbard Street (north), Ashland Avenue (west), Halsted Street (east), and I-290 Eisenhower Expressway (south). River West is a rapidly growing submarket, particularly the Fulton Market area, which has been attracting prominent tenants and many investors eager to capitalize on its redevelopment potential. The submarket’s growth since 2015 has been exponential.

DIRECT VACANCY



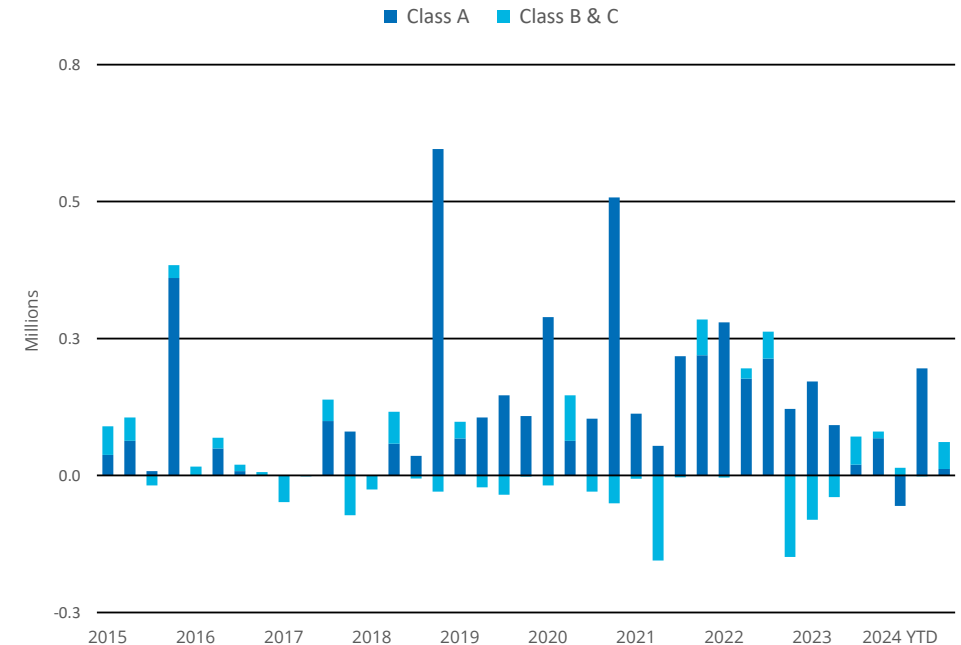
Source: Transwestern, CoStar

Y-O-Y COMPARISON

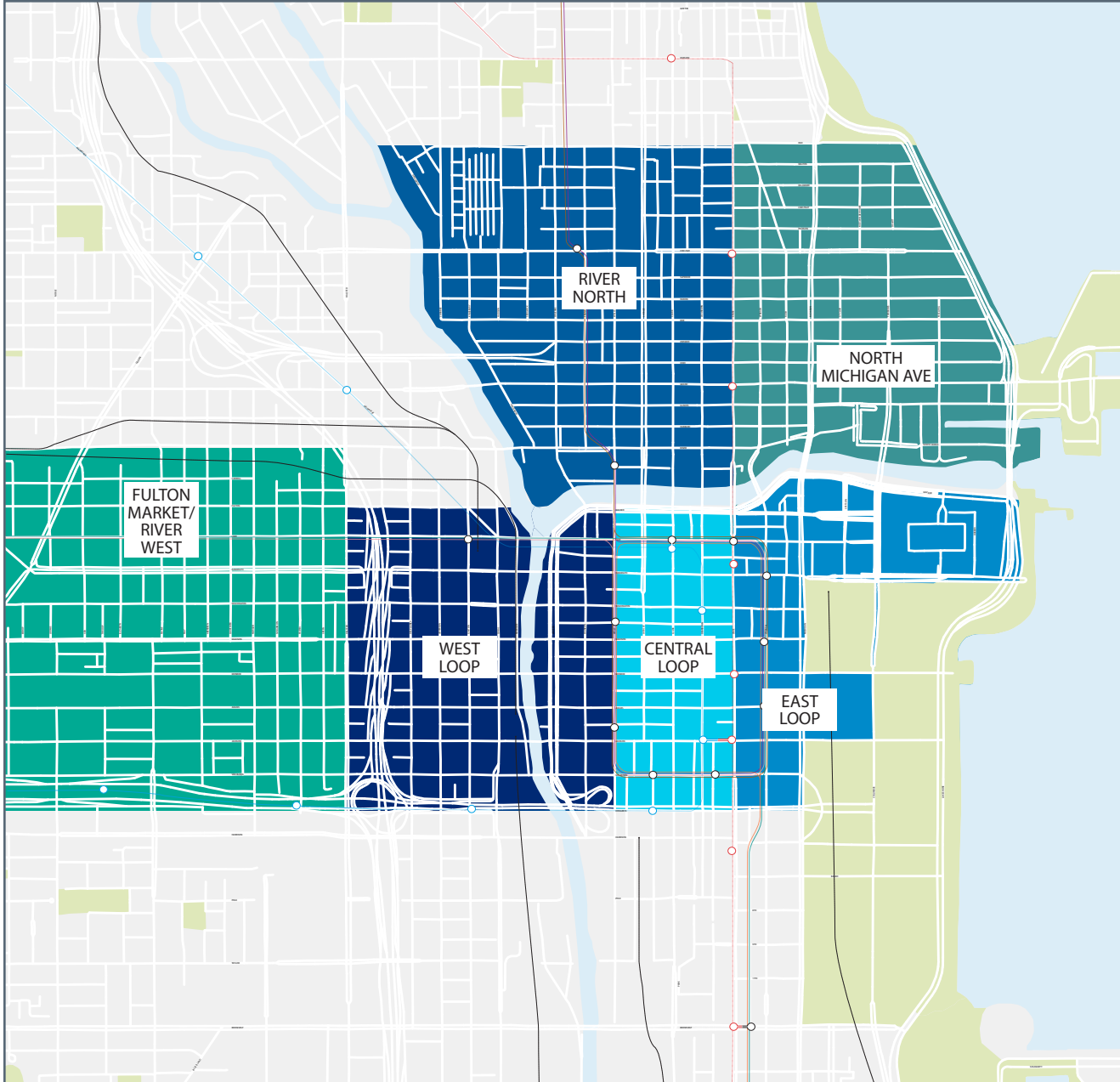
	Q3 2024	Q3 2023	TREND
INVENTORY	8,716,570	8,224,038	↑
DIRECT VACANCY RATE	14.3%	13.6%	↑
OVERALL VACANCY RATE	16.8%	15.8%	↑
YTD NET ABSORPTION (SF)	213,912	213,378	↑
TOTAL LEASING ACTIVITY (SF)	241,972	560,803	↓
AVAILABLE SUBLEASE (SF)	508,491	514,200	↓
CLASS A MARKET RENT	\$49.83	\$48.76	↑
CLASS B & C MARKET RENT	\$26.87	\$28.73	↓

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



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 single-tenant, multi-tenant and owner-user properties 40,000 square feet and larger, excluding condo and medical office facilities and those properties owned and occupied by a government agency.

FOR MORE INFORMATION

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