



TRANSWESTERN

CHICAGO CBD OFFICE MARKET

Q4 2024



TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	4.9	4.0	↑	5.2	↑
YTD NET ABSORPTION (Thousands SF)	-3,477	-2,016	↓	-1,873	↑
DIRECT VACANCY RATE	22.7%	20.2%	↑	17.6%	↑
DIRECT VACANT SF (MSF)	36.2	32.1	↑	27.6	↑
AVAILABLE SUBLET SF (MSF)	6.3	7.9	↓	6.2	↔
UNDER CONSTRUCTION (MSF)	0.4	1.0	↓	2.4	↓
MARKET RENT, FULL SERVICE (PSF)	\$43.04	\$42.61	↑	\$42.45	↔
YTD SALES VOLUME (Millions)	\$566	\$121	↑	\$876	↑

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

In the fourth quarter of 2024, the office market in Chicago’s Central Business District (CBD) continued to face significant challenges. Negative absorption for the year reached 3.5 million square feet, escalating the direct vacancy rate to another record high of 22.7%.

Although the primary market indicators seem dire, there were also signs of hope in the fourth quarter. The amount of available sublease space continued to fall from the historic high of 8.1 million square feet in 2023 to 6.3 million square feet at the end of 2024. Leasing activity also showed substantial improvement, with larger leases being signed and fewer space contractions.

The investment sales market also saw increased activity in the fourth quarter, with six office buildings sold and four going under contract. Although the prices paid for properties reflected a notable loss of value, these transactions are expected to help the market reach a new equilibrium in the coming years. Properties will either be removed from inventory and converted to more productive uses, or new owners will capitalize on the lower price points to improve the properties and/or offer better deal terms than previous owners could afford.

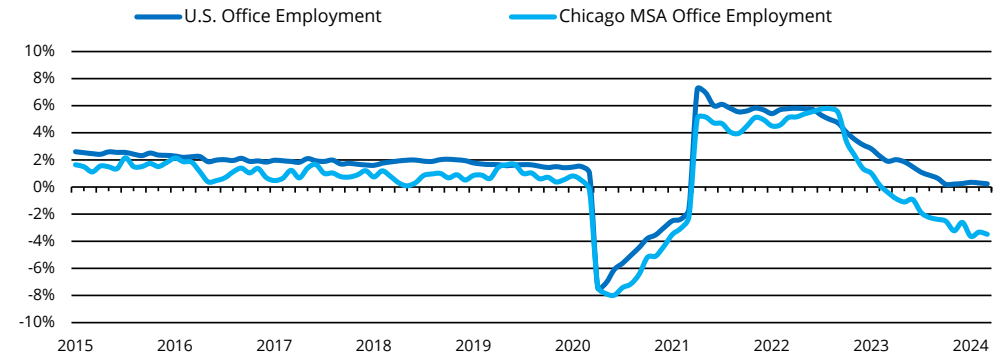


ECONOMY

Fed Expected to Hold Interest Rates Steady

- In September 2024, the Federal Reserve (Fed) lowered the federal funds rate by half a percentage point for the first time since rapidly raising them in response to inflation. There were two subsequent quarter percentage point cuts in November and December, bringing the current rate down to 4.25% to 4.5%. These adjustments have been a relief for the commercial real estate industry, which was significantly impacted by higher rates. The Fed is expected to hold rates steady in the coming months.
- The U.S. economy sustained robust job growth, adding an estimated 256,000 jobs in December, bringing the quarterly total to 511,000. Weekly initial unemployment claims remained below historical averages, and the national unemployment rate was 4.1% at the end of the fourth quarter.
- Locally, the unemployment rate decreased by 40 basis points in November to 4.9%. The local economy lost approximately 7,500 jobs over the past year, with the largest declines in professional and business services.
- The number of office-using jobs in the U.S. increased by 0.4% year over year in November; locally, office-using jobs decreased by 2.2% during the same period. The Professional and Business Services industry lost 23,400 jobs in the Chicago area year over year, the Financial Activities industry lost 3,900 jobs, and the Information industry gained 200 jobs.

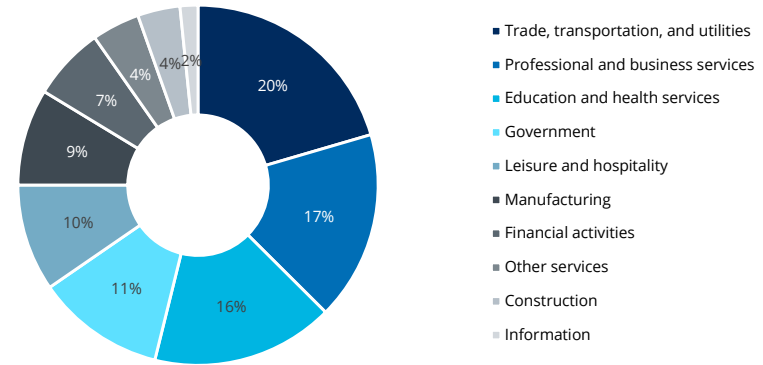
Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics

SHARE OF EMPLOYEES BY INDUSTRY

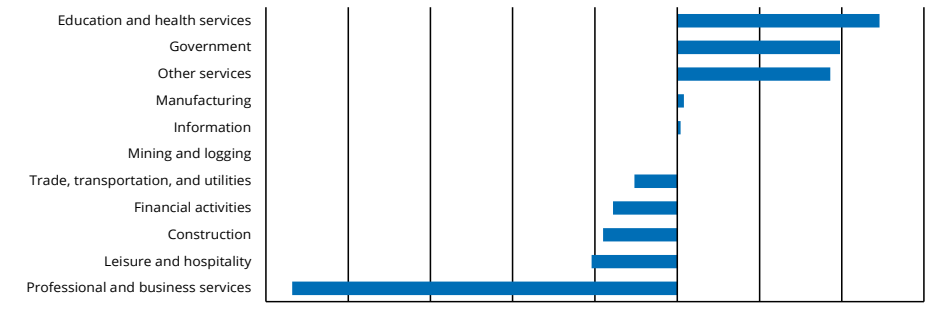
Chicago MSA | November 2024



Source: Bureau of Labor Statistics

Y-O-Y JOB GROWTH BY INDUSTRY

Chicago MSA | November 2024



Source: Bureau of Labor Statistics



NET ABSORPTION

Negative Absorption Continues

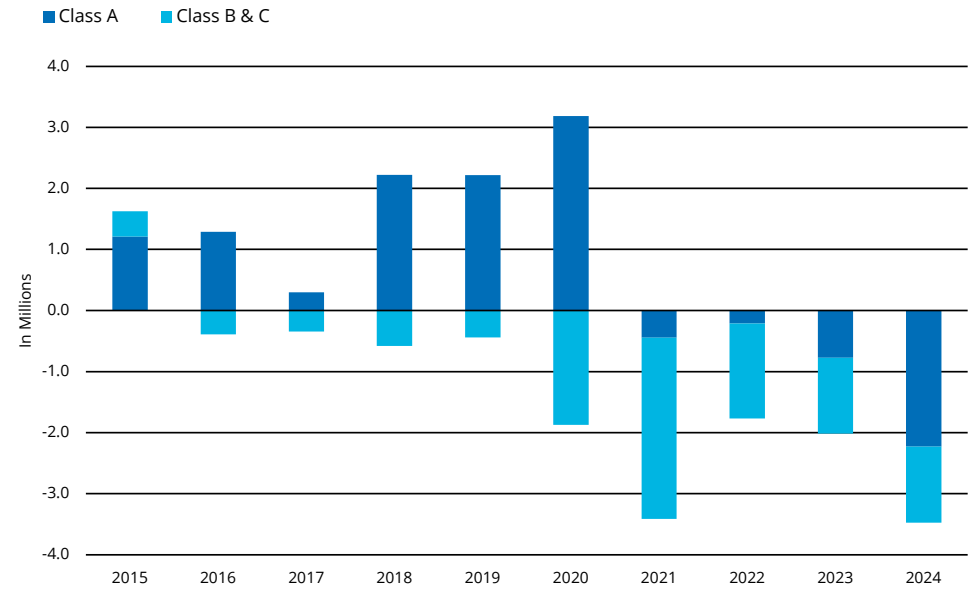
- Net absorption totaled negative 894,194 square feet during the fourth quarter of 2024, bringing the year's total down to negative 3.5 million square feet.
- There was negative 546,350 square feet of net absorption in the Class A sector and negative 347,844 square feet in the Class B and C sectors.
- The largest amount of negative absorption came from the East Loop submarket, where AON gave back approximately 100,000 square feet at 200 E. Randolph St.

LEASING ACTIVITY

Leasing Activity Improves

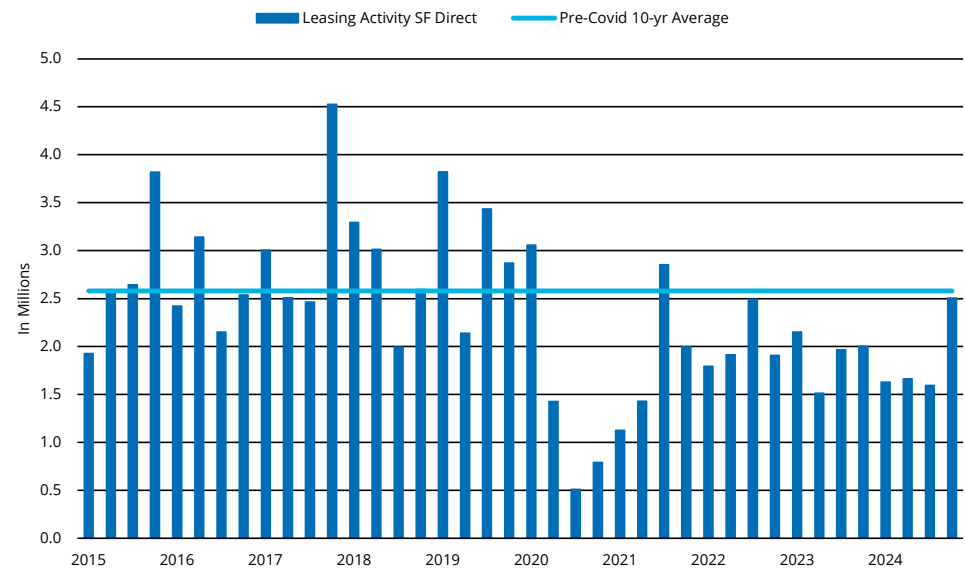
- Leasing activity improved substantially in the fourth quarter of 2024, with 2.5 million square feet of direct leasing activity, nearly as much as the pre-COVID-19 10-year average. Additionally, there were fewer contractions and more leases that represented additional or new demand for office space.
- The largest new deal signed in the fourth quarter was Sargent & Lundy's lease of 384,347 square feet at 77 W. Wacker Drive in the Central Loop. Sargent & Lundy will be expanding by nearly 100,000 square feet when it moves from 55 E. Monroe St.
- The largest renewal in the fourth quarter was PwC's renewal of 282,577 square feet at 1 N. Wacker Drive.
- There were fewer large contractions in the fourth quarter than were seen earlier in the year. However, Cars.com's renewal of 52,721 square feet at 300 S. Riverside Plaza was a sizable contraction of 105,197 square feet.

NET ABSORPTION BY CLASS



Source: Transwestern, CoStar

LEASING ACTIVITY



Source: Transwestern, CoStar



DIRECT VACANCY

Vacancy Rate Continues to Rise

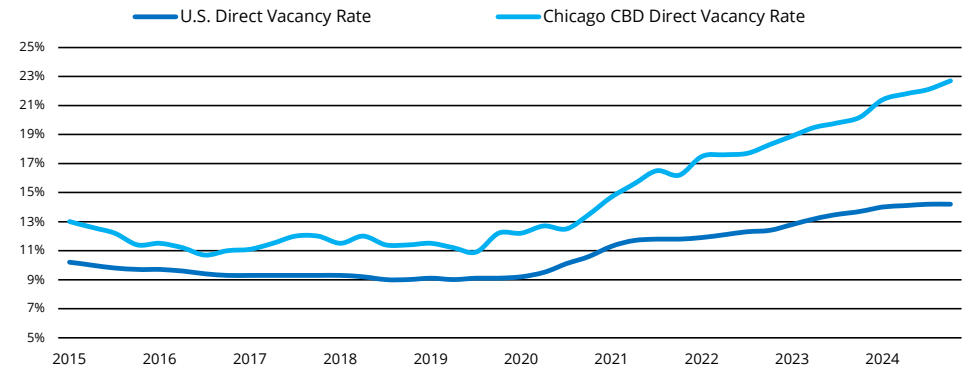
- The direct vacancy rate in Chicago's CBD increased by 60 basis points during the fourth quarter to 22.7%, which is up 250 basis points year over year.
- Chicago's Class A direct vacancy rate increased by 60 basis points during the fourth quarter to 22.0%, while the combined Class B and C rate increased by 50 basis points to 27.9%.

SUBLEASE AVAILABILITY

Sublet Availability Continues to Fall

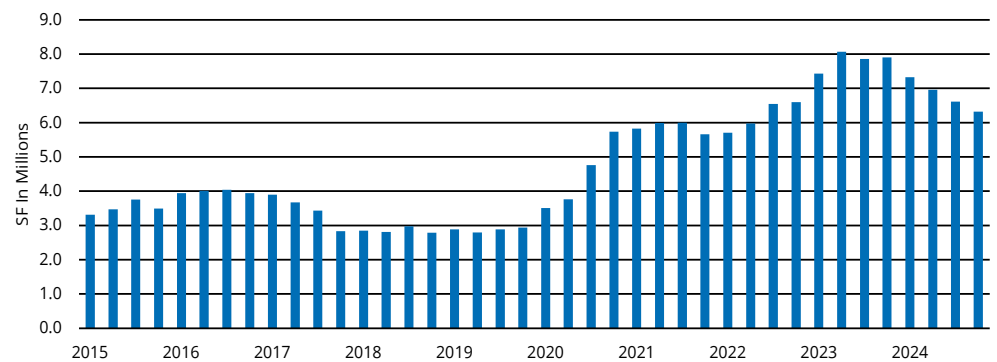
- Available sublease space fell by 291,678 square feet to 6.3 million square feet in the fourth quarter of 2024 from a historic high of 8.1 million square feet in the second quarter of 2023. The current sublease inventory represents 4.0% of the total inventory in the CBD.
- The decrease in available 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 fourth quarter of 2024 was Allianz's 73,252-square-foot block at 225 W. Washington St.
- The largest known sublease signed in the fourth quarter was Robinhood's sublease of 26,254 square feet at 151 N. Frankin St.

DIRECT VACANCY RATE



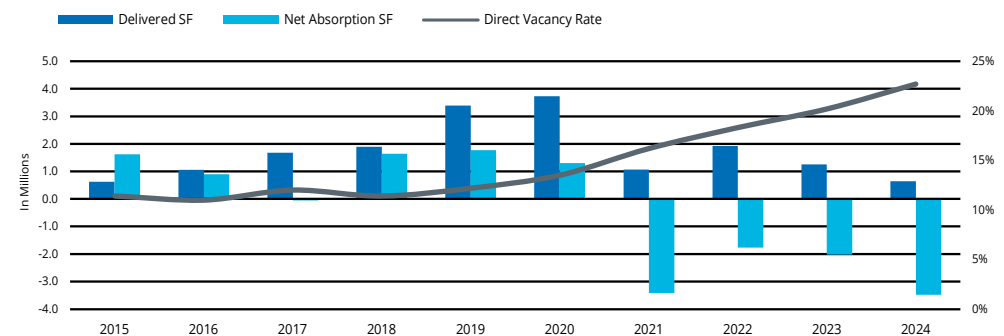
Source: Transwestern, CoStar

AVAILABLE SUBLEASE SPACE



Source: Transwestern, CoStar

DELIVERY IMPACT ON KEY INDICATORS



Source: Transwestern, CoStar

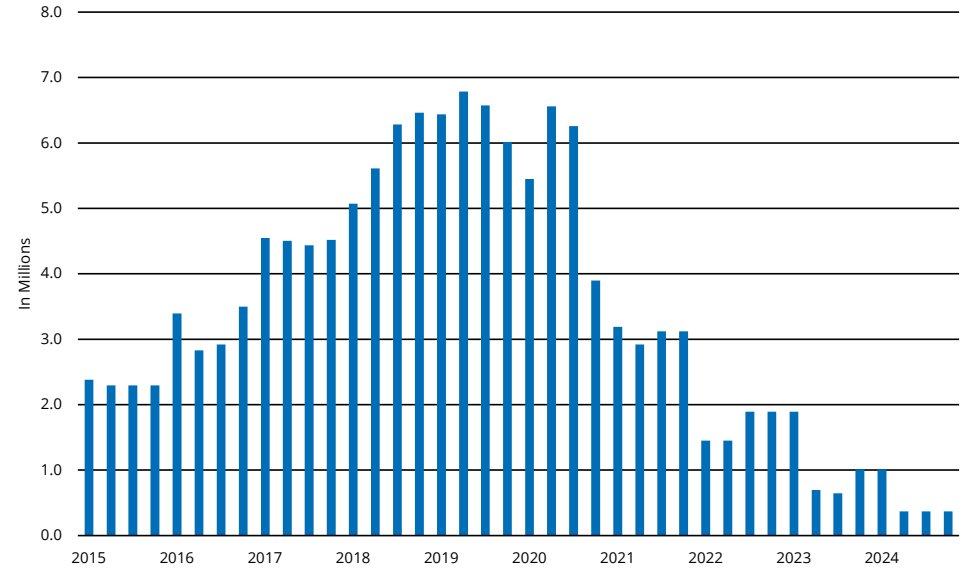


UNDER CONSTRUCTION

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 40.5% 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

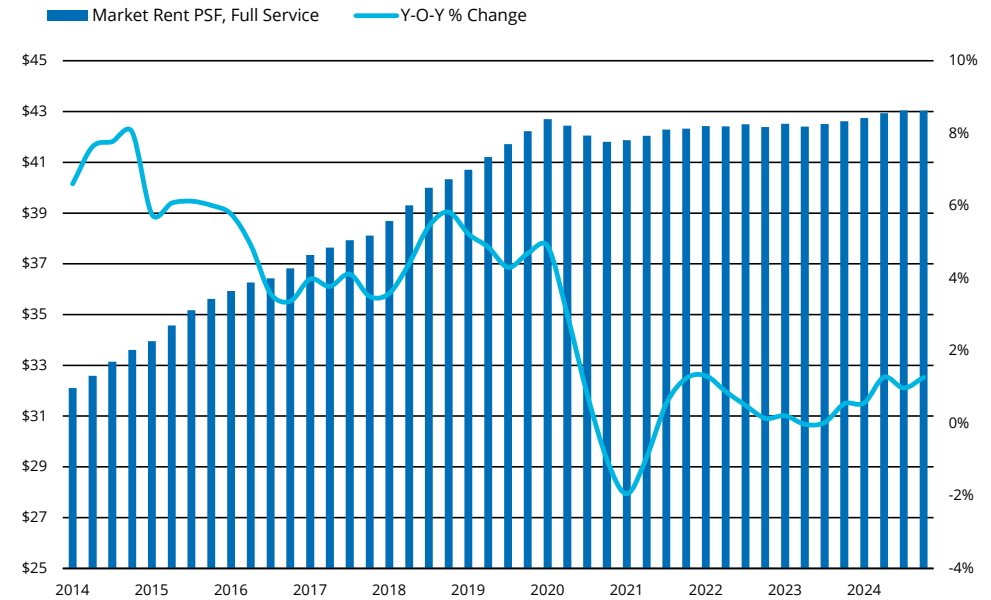


RENTAL RATES

Market Rents Hold Steady

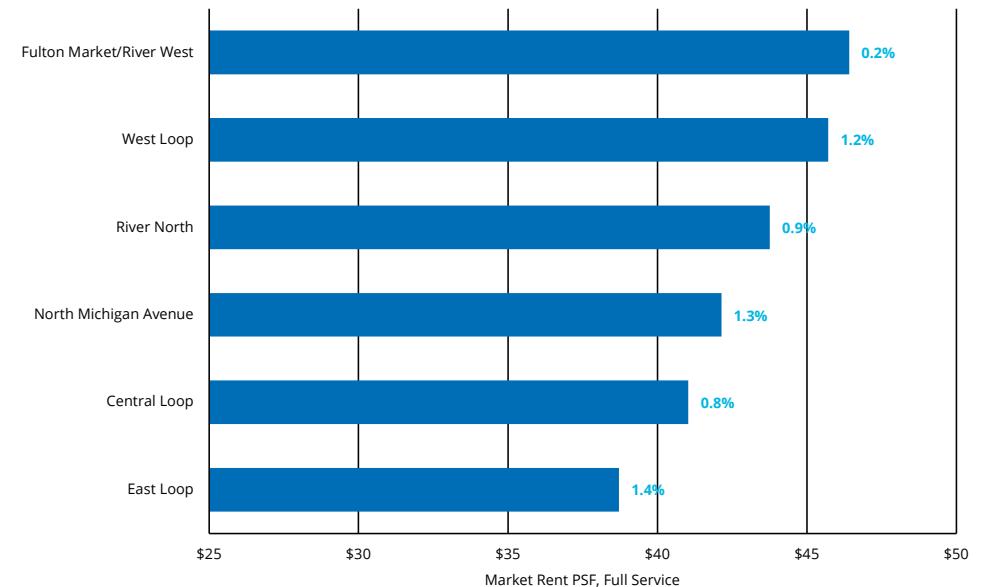
- Market rents continue to hold firm despite elevated vacancy—up 1.3% year over year to \$43.04 per square foot in the fourth quarter.
- Class A market rents rose 0.8% year over year to \$47.30 per square foot in the fourth quarter. The Class A market should see rents continue to increase slowly as flight 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 increased 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, at \$56.09 per square foot, 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

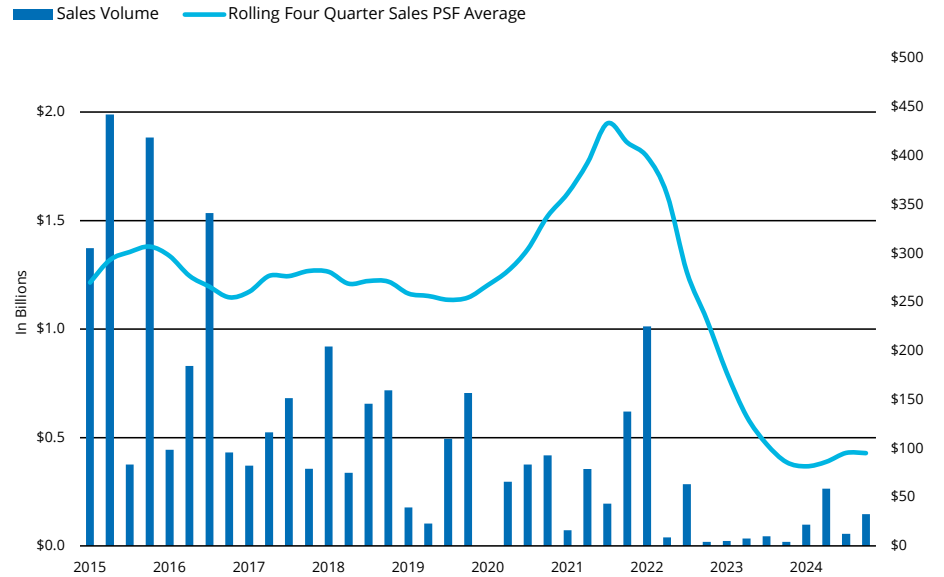


SALES

Office Values Plummet

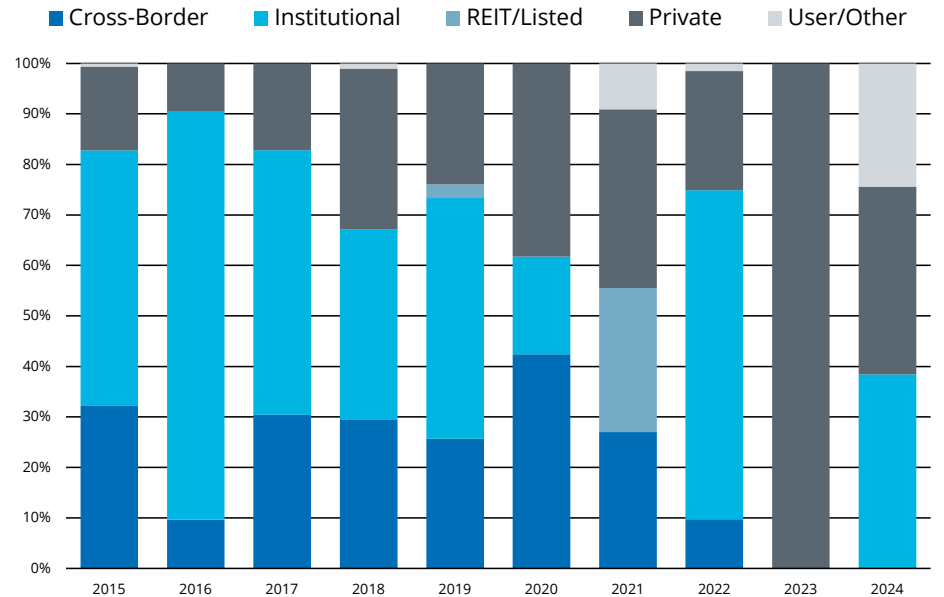
- Six office investment sales were completed in Chicago’s CBD in the fourth quarter, bringing the total number of transactions in 2024 up to 18.
- The largest was Namdar Realty Group’s purchase of 70 W. Madison St. for \$85 million. The building was last sold in 2014 for \$375 million.
- Three office properties in Chicago’s CBD went under contract in the fourth quarter: Olayan Group has a contract to purchase 401 N. Michigan Ave., InSite Real Estate has a contract to purchase 311 S. Wacker Drive, and a partnership of Glenstar and Wayzata have a contract to purchase 200 S. Wacker Drive.
- The largest office building to be put on the market in the fourth quarter was 2 N. Riverside Plaza. The 578,773-square-foot property had been owned by Sam Zell since 1975. The famed real estate mogul passed away in 2023 and his investment firm, Equity Group Investments, is marketing the property for an estimated \$58 million. According to Crain’s Chicago Business, a \$65 million balance remains on mortgage from Voya Financial that was taken out in 2016.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



Q4 2024 NOTABLE LEASES

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
Sargent & Lundy	77 W Wacker	Central Loop	New	384,347
PwC	1 N Wacker	West Loop	Ren	282,577
Mayer Brown	71 S Wacker	West Loop	Ren	265,252
BP	30 S Wacker	West Loop	Ren	240,000
ACGME	401 N Michigan	North Michigan Ave	Ren	104,000
Adyen	333 N Green	Fulton Market/River West	New	96,715
Adtalem Global Education	233 S Wacker	West Loop	New	84,393
NORC	300 E Randolph	East Loop	New	65,506
Peoples Gas	200 E Randolph	East Loop	Ren	55,000
CBRE	300 N LaSalle	River North	New	54,083
Cars.com	300 S Riverside	West Loop	Ren/Con	52,751
Neuberger Berman	191 N Wacker	West Loop	New	51,913
Vizient	433 W Van Buren	West Loop	Ren	50,313
Coca-Cola	212 N Peoria/910 W Lake	Fulton Market/River West	New	37,504
Litchfield Cavo	300 W Madison	West Loop	Ren	36,671
Alter Domus	225 W Washington	West Loop	Ren	29,080
SuperFile	212 W Superior	River North	New	28,624
Enfusion	125 S Clark	Central Loop	Ren	27,672
Allianz	155 N Wacker	West Loop	New	27,580
Robinhood	151 N Franklin	West Loop	Sublease	26,254
Highdive	222 W Merchandise Mart	River North	Sublease	26,193
AFSCME	205 N Michigan	East Loop	Ren	22,015
Batch Freight	214 W Huron	River North	New	20,000
Flexpoint Ford	155 N Wacker	West Loop	New	20,000
Amata	181 W Madison	Central Loop	New	17,697
Nexamp	101 N Wacker	West Loop	Ren/Exp	15,616

= Transwestern deal

Source: Transwestern, CoStar



2024 NOTABLE SALES

ADDRESS	STATUS	DATE	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	SELLER	BUYER
500 N MICHIGAN	On the Market	Q4 2024	North Michigan Ave	\$65,000,000	322,443	\$202	Schapira/ Truist (Lender) (Senior)	TBD
2 N RIVERSIDE	On the Market	Q4 2024	West Loop	\$58,000,000	578,773	\$100	Sam Zell Estate/ Voya (Lender)	TBD
355 E WACKER	On the Market	Q4 2024	East Loop	\$20,000,000	154,000	\$130	Power Construction	TBD
401 N MICHIGAN	Under Contract	Q4 2024	North Michigan Ave	\$130,000,000	761,164	\$171	Walton Street Capital/ ING (Lender)	Olayan Group
311 S WACKER	Under Contract	Q4 2024	West Loop	\$70,000,000	1,313,317	\$53	Zeller/ Morgan Stanley (Senior Lender)	Insite Real Estate
200 S WACKER	Under Contract	Q4 2024	West Loop	\$70,000,000	754,751	\$93	Manulife/ Bank of China (Lender)	Glenstar/ Wayzata
111 W ILLINOIS	Under Contract	Q3 2024	River North	\$17,000,000	152,200	\$112	Macquarie Group (GLL RE Partners)	Chicago Development Partners
19 S LASALLE	Under Contract	Q3 2024	Central Loop	\$4,200,000	160,507	\$26	Ruben Espinoza / Ready Capital (Lender)	Igor Gabal
70 W MADISON	Sold	Q4 2024	Central Loop	\$85,000,000	1,430,000	\$59	Hearn/GEM/Farallon/ Bank of America (Lender)	Namdar Realty Group
303 E WACKER	Sold	Q4 2024	East Loop	\$62,500,000	943,581	\$66	Beacon/ Bank of America (Lender)	601W
550 W WASHINGTON	Sold	Q4 2024	West Loop	\$18,500,000	371,533	\$50	Metlife	Brog Properties
1 N STATE	Sold	Q4 2024	East Loop	\$13,000,000	523,389	\$25	Shorenstein/ U.S. Bank (Lender)	Triple Double Real Estate
105 W ADAMS	Sold	Q4 2024	Central Loop	\$11,000,000	314,855	\$35	Musa Tadros/ First Midwest (Lender)	Primaera Group
111 W WASHINGTON	Sold	Q4 2024	Central Loop	\$5,000,000	584,391	\$9	Alliance HSP/ Manulife (Lender)	Igor Gabal
211 E CHICAGO	Sold	Q3 2024	North Michigan Ave	\$99,500,000	279,686	\$356	American Dental Association	Ann & Robert H. Lurie Children's Hospital
29 N WACKER	Sold	Q3 2024	West Loop	\$11,000,000	133,580	\$82	Allstate	Sanjay Gandhi
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	\$18,000,000	489,923	\$37	Bridge Investment Group	Namdar Realty Group/ Mason Asset Mgmt
400 S LASALLE	Sold	Q2 2024	Central Loop	\$12,000,000	298,000	\$40	CBOE	The Prime Group



MARKET INDICATORS TABLE

All Classes of Space | Q4 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	37,207,356	9,440,111	25.4%	26.1%	0	-292,030	-692,978	\$41.03
EAST LOOP	27,019,761	7,335,190	27.1%	27.9%	0	-390,085	-1,167,573	\$38.71
FULTON MARKET/RIVER WEST	8,692,600	1,195,316	13.8%	16.5%	369,008	47,424	261,336	\$46.41
NORTH MICHIGAN AVE	10,052,102	2,159,082	21.5%	23.5%	0	-559	-463,568	\$42.14
RIVER NORTH	17,707,728	4,604,118	26.0%	27.2%	0	-202,249	-689,513	\$43.76
WEST LOOP	58,748,976	11,460,449	19.5%	21.8%	0	-56,695	-725,000	\$45.71
TOTAL	159,428,523	36,194,266	22.7%	24.3%	369,008	-894,194	-3,477,296	\$43.04

Source: Transwestern, CoStar

Class A | Q4 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	12,164,355	2,477,160	20.4%	21.4%	0	-52,093	-84,638	\$45.54
EAST LOOP	15,258,781	3,540,479	23.2%	23.8%	0	-339,426	-959,765	\$42.33
FULTON MARKET/RIVER WEST	5,386,513	645,947	12.0%	16.3%	369,008	52,079	204,320	\$56.09
NORTH MICHIGAN AVE	5,690,296	1,436,932	25.3%	27.9%	0	-23,822	-384,811	\$44.67
RIVER NORTH	12,564,328	3,333,226	26.5%	27.9%	0	-160,096	-555,296	\$48.54
WEST LOOP	47,385,975	8,396,687	17.7%	20.0%	0	-22,992	-450,720	\$48.27
TOTAL	98,450,248	19,830,431	20.1%	22.0%	369,008	-546,350	-2,230,910	\$47.30

Source: Transwestern, CoStar

Class B & C | Q4 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	25,043,001	6,962,951	27.8%	28.4%	0	-239,937	-608,340	\$38.83
EAST LOOP	11,760,980	3,794,711	32.3%	33.2%	0	-50,659	-207,808	\$34.01
FULTON MARKET/RIVER WEST	3,306,087	549,369	16.6%	16.9%	0	-4,655	57,016	\$29.55
NORTH MICHIGAN AVE	4,361,806	722,150	16.6%	17.8%	0	23,263	-78,757	\$38.85
RIVER NORTH	5,143,400	1,270,892	24.7%	25.6%	0	-42,153	-134,217	\$32.07
WEST LOOP	11,363,001	3,063,762	27.0%	29.4%	0	-33,703	-274,280	\$35.03
TOTAL	60,978,275	16,363,835	26.8%	27.9%	0	-347,844	-1,246,386	\$36.12

Source: Transwestern, CoStar

*Direct plus sublease vacancy



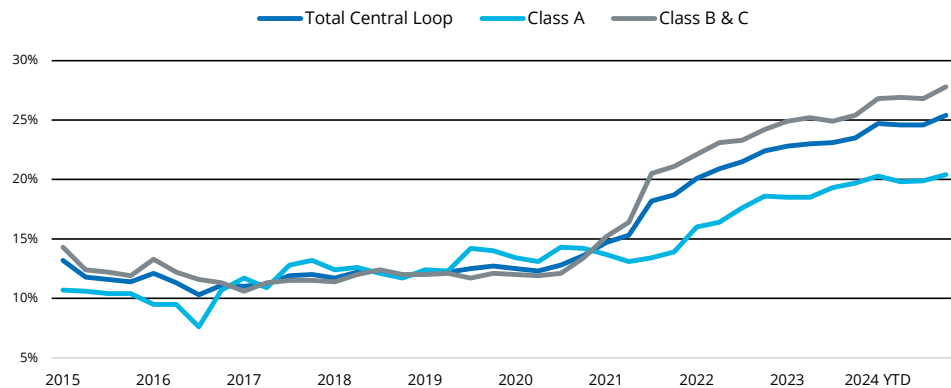
CENTRAL LOOP

Large Building Sold in the Central Loop

- The Central Loop submarket had 292,030 square feet of negative absorption in the fourth quarter, bringing the year's total down to 692,978 square feet of negative absorption.
- The direct vacancy rate increased by 80 basis points in the fourth quarter to 25.4%, while the overall vacancy rate increased by 70 basis points to 26.1%.
- Namdar Realty Group purchased 70 W. Madison St. for \$85 million. The 1.4-million-square-foot building was last sold in 2014 for \$375 million.
- LARGEST DIRECT NEW DEAL: Sargent & Lundy - 384,347 square feet - 77 W. Wacker Drive.
- LARGEST RENEWAL: Enfusion - 27,672 square feet - 125 S. Clark St.

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



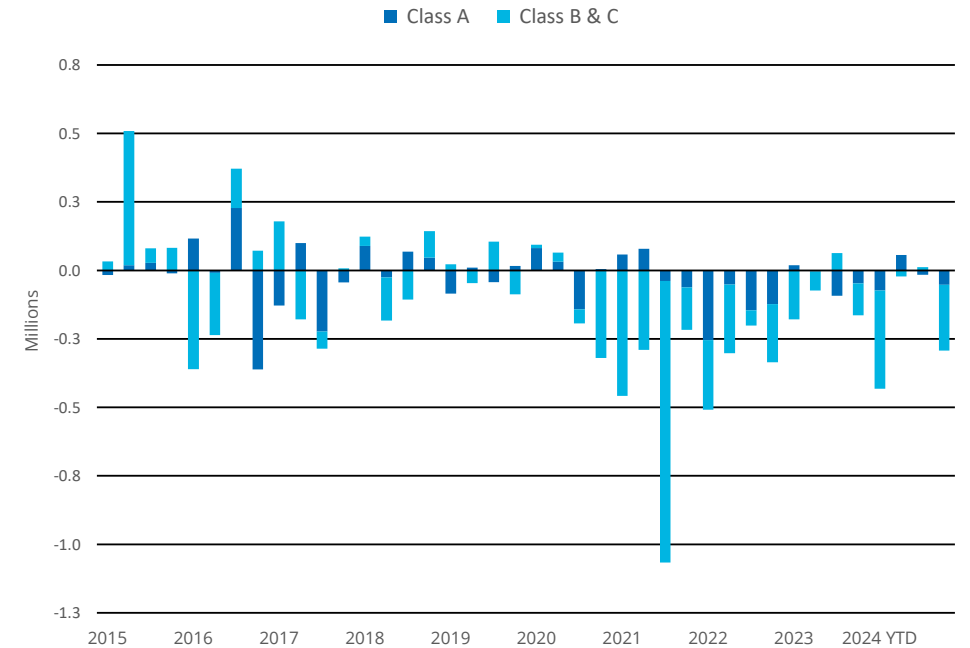
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q4 2024	Q4 2023	TREND
INVENTORY	37,207,356	37,207,356	↔
DIRECT VACANCY RATE	25.4%	23.5%	↑
OVERALL VACANCY RATE	26.1%	25.1%	↑
YTD NET ABSORPTION (SF)	(692,978)	(426,096)	↓
YTD TOTAL LEASING ACTIVITY (SF)	1,972,443	1,397,929	↑
AVAILABLE SUBLEASE (SF)	1,073,077	1,726,000	↓
CLASS A MARKET RENT	\$45.47	\$45.05	↑
CLASS B & C MARKET RENT	\$38.85	\$38.58	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



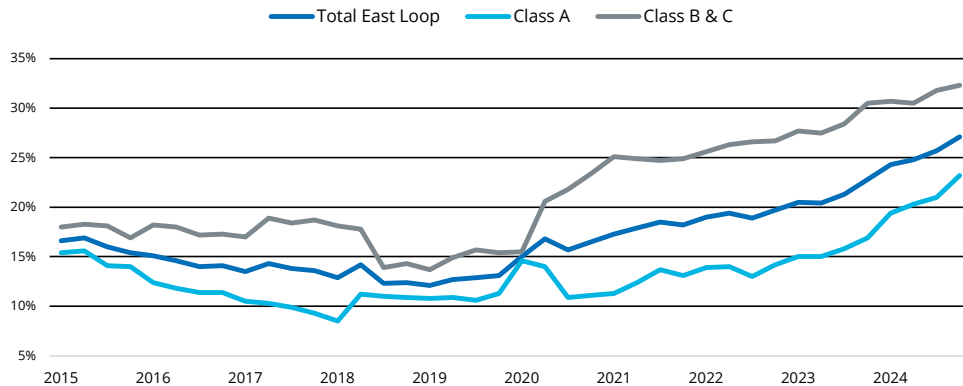
EAST LOOP

More Negative Absorption

- The East Loop had 390,085 square feet of negative absorption in the fourth quarter, bringing the 2024 total down to 1.2 million square feet of negative absorption. The direct vacancy rate increased by 140 basis points in the fourth quarter to 27.1%. The overall vacancy rate increased by 130 basis points to 27.9%.
- The 943,581-square-foot building at 303 E. Wacker Drive was purchased by 601W Companies and David Werner Real Estate Investments for \$62.5 million. The seller, Beacon Capital, purchased the property for \$182 million in 2018.
- LARGEST DIRECT NEW DEAL: NORC - 65,506 square feet - 300 E. Randolph St.
- LARGEST RENEWAL: Peoples Gas - 55,000 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



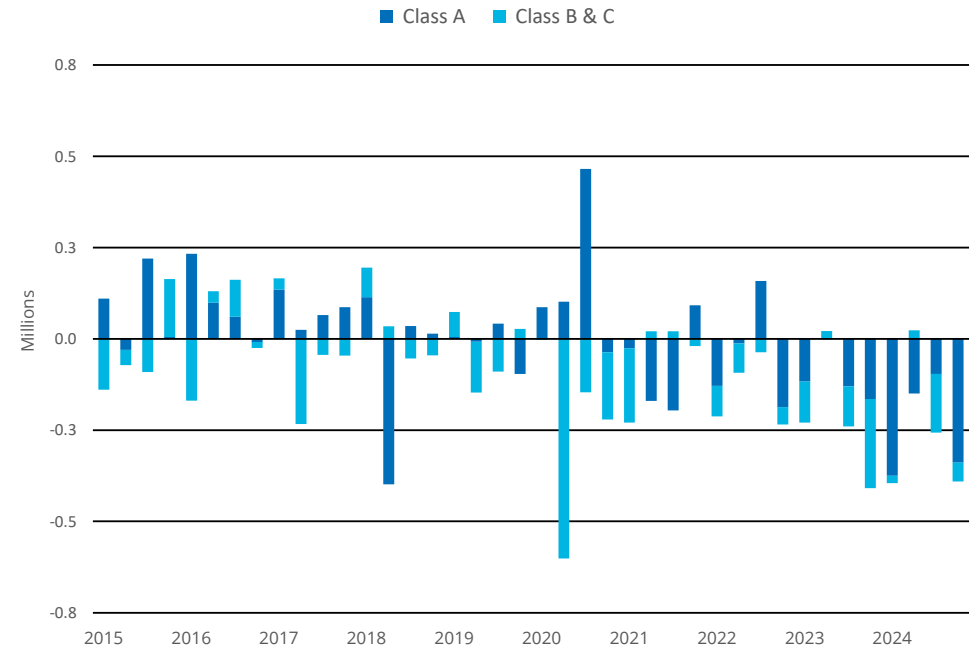
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q4 2024	Q4 2023	TREND
INVENTORY	27,019,761	27,019,761	↔
DIRECT VACANCY RATE	27.1%	22.8%	↑
OVERALL VACANCY RATE	27.9%	23.9%	↑
YTD NET ABSORPTION (SF)	(1,167,573)	(856,889)	↓
YTD TOTAL LEASING ACTIVITY (SF)	500,935	779,334	↓
AVAILABLE SUBLEASE (SF)	786,589	924,374	↓
CLASS A MARKET RENT	\$42.32	\$41.54	↑
CLASS B & C MARKET RENT	\$34.03	\$33.80	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



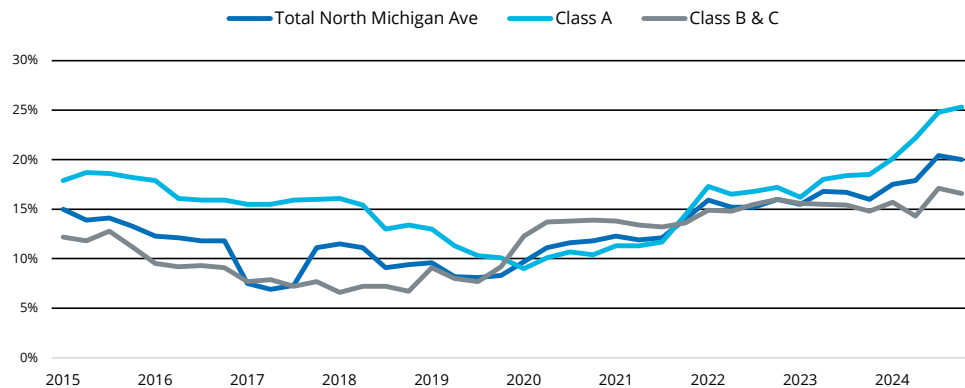
NORTH MICHIGAN AVENUE

Quiet Quarter in North Michigan Ave. Submarket

- The North Michigan Avenue submarket had 559 square feet of negative absorption in the fourth quarter, bringing the total for the year down to 463,568 square feet of negative absorption.
- The direct vacancy rate remained at 21.5%. The overall vacancy rate decreased by 20 basis points to 23.5%.
- The office building at 401 N. Michigan Ave. is reported to be under contract to be purchased by Olayan Group for an estimated \$130 million.
- LARGEST RENEWAL: ACGME - 104,000 square feet - 401 N. Michigan Ave.

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



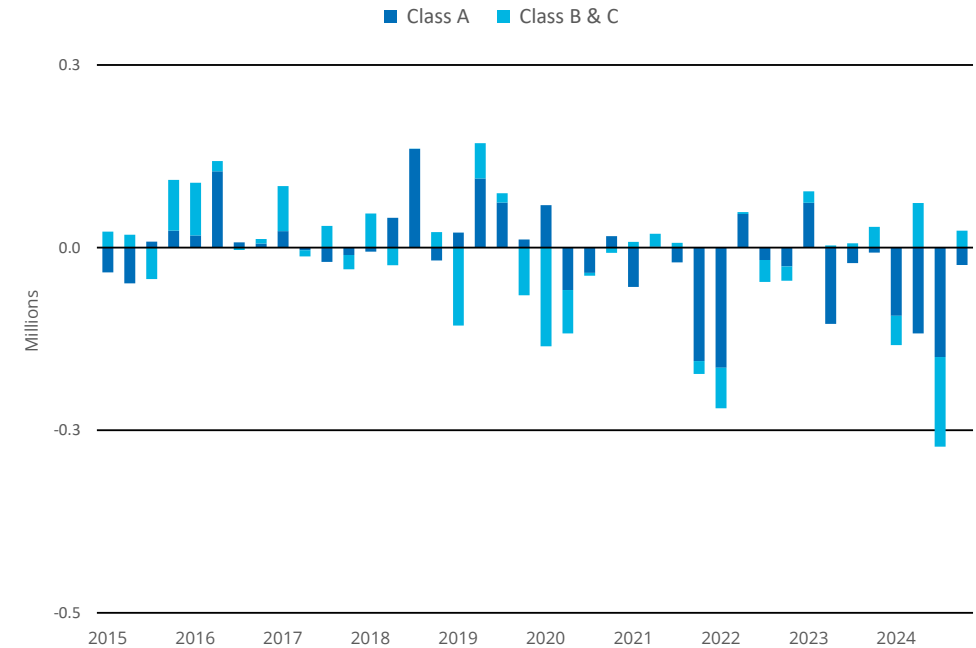
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q4 2024	Q4 2023	TREND
INVENTORY	10,052,102	10,052,102	↔
DIRECT VACANCY RATE	21.5%	16.9%	↑
OVERALL VACANCY RATE	23.5%	19.4%	↑
YTD NET ABSORPTION (SF)	(463,568)	(18,553)	↓
YTD TOTAL LEASING ACTIVITY (SF)	495,012	348,262	↑
AVAILABLE SUBLEASE (SF)	494,830	500,532	↓
CLASS A MARKET RENT	\$44.67	\$44.18	↑
CLASS B & C MARKET RENT	\$38.83	\$38.25	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



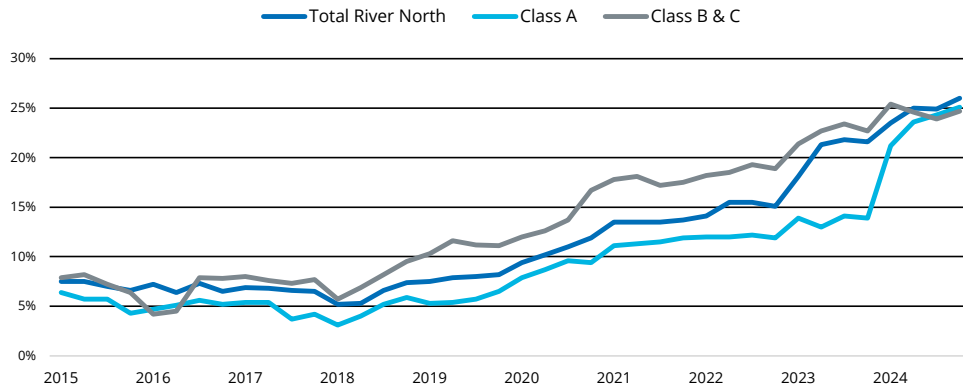
RIVER NORTH

More Negative Absorption

- The River North submarket had 202,249 square feet of negative absorption in the fourth quarter, bringing the total for the year down to 689,513 square feet of negative absorption.
- The direct vacancy rate increased by 110 basis points in the fourth quarter to 26.0%. The overall vacancy rate increased by 100 basis points to 27.2%.
- LARGEST DIRECT NEW DEAL: CBRE - 54,083 square feet - 300 N. LaSalle St.
- LARGEST SUBLEASE: Highdive - 26,193 square feet - 222 W. Merchandise Mart Plaza

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



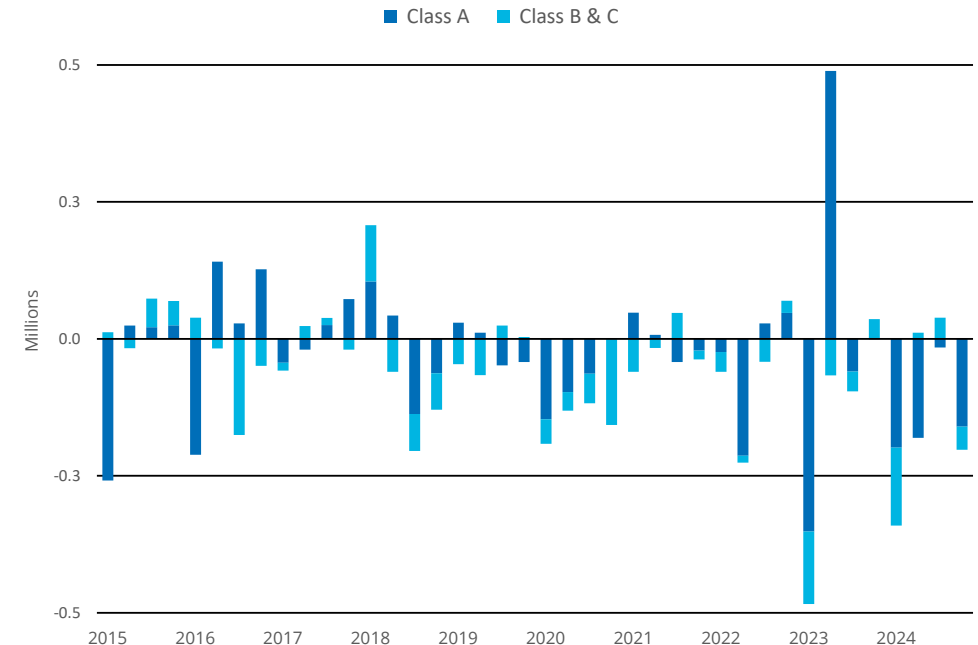
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q4 2024	Q4 2023	TREND
INVENTORY	4,604,118	3,801,599	↑
DIRECT VACANCY RATE	26.0%	21.6%	↑
OVERALL VACANCY RATE	27.2%	25.7%	↑
YTD NET ABSORPTION (SF)	(689,513)	(122,687)	↓
YTD TOTAL LEASING ACTIVITY (SF)	866,092	1,088,850	↓
AVAILABLE SUBLEASE (SF)	531,905	1,095,611	↓
CLASS A MARKET RENT	\$48.54	\$48.07	↑
CLASS B & C MARKET RENT	\$32.14	\$31.98	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



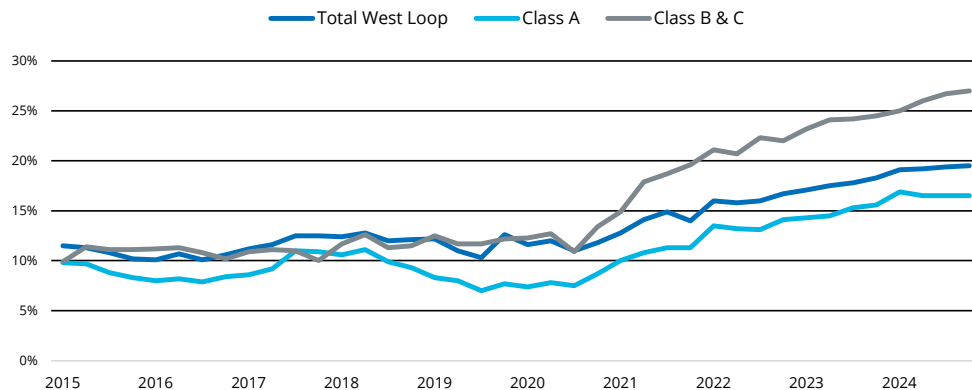
WEST LOOP

Large New Deal Signed

- The West Loop submarket had 56,695 square feet of negative absorption in the fourth quarter, bringing the total for the year down to 725,000 square feet of negative absorption.
- The direct vacancy rate increased by 10 basis points in the fourth quarter to 19.5%. The overall vacancy rate increased by 20 basis points to 21.8%.
- Brog Properties purchased 550 W. Washington Blvd. for \$18.5 million.
- Insite Real Estate has a contract to purchase 311 S. Wacker Drive for an estimated \$70 million.
- LARGEST DIRECT NEW DEAL: Neurberger Berman - 51,913 square feet - 191 N. Wacker Drive.
- LARGEST RENEWAL: PwC- 282,577 square feet - 1 N. Wacker Drive
- LARGEST SUBLEASE: Robinhood - 26,254 square feet - 151 N. Franklin 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



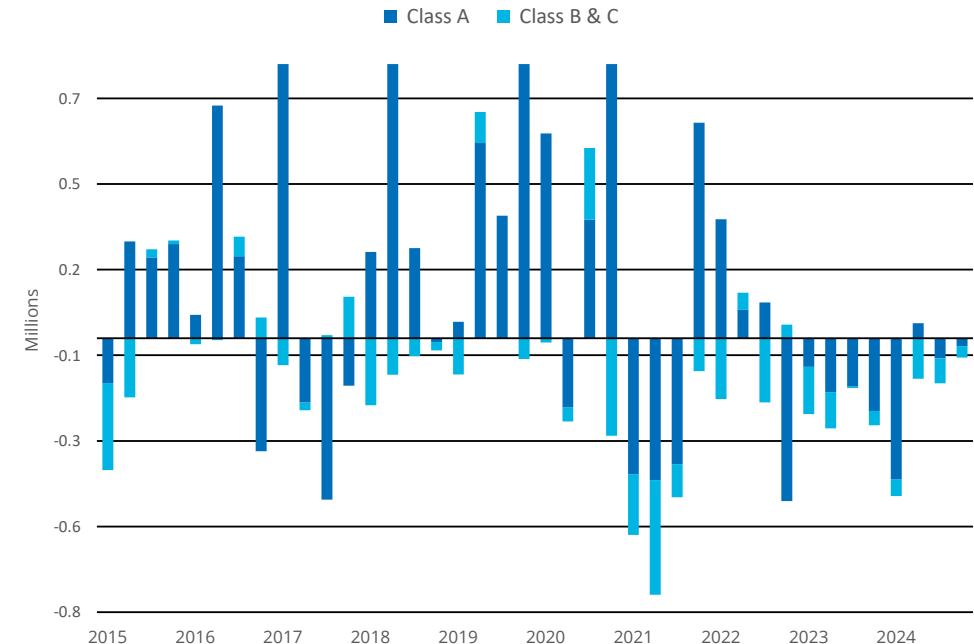
Source: Transwestern, CoStar

Y-O-Y COMPARISON

	Q4 2024	Q4 2023	TREND
INVENTORY	58,748,976	58,748,976	↔
DIRECT VACANCY RATE	19.5%	18.3%	↑
OVERALL VACANCY RATE	21.8%	21.3%	↑
YTD NET ABSORPTION (SF)	(725,000)	(885,123)	↑
YTD TOTAL LEASING ACTIVITY (SF)	928,385	965,285	↓
AVAILABLE SUBLEASE (SF)	2,953,140	3,098,911	↓
CLASS A MARKET RENT	\$48.25	\$47.68	↑
CLASS B & C MARKET RENT	\$35.04	\$34.76	↑

Source: Transwestern, CoStar

NET ABSORPTION



Source: Transwestern, CoStar



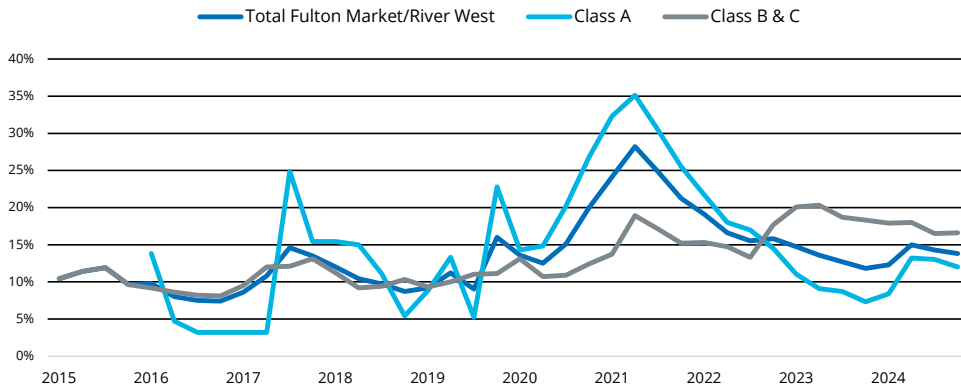
FULTON MARKET/RIVER WEST

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 12.0%.
- 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 40.5% preleased and is expected to be delivered in the spring of 2025. Harrison Street will be the anchor tenant, with 112,004 square feet. Equinox will open a 40,000-square-foot luxury fitness club and Gibson’s is planning a 16,000-square-foot restaurant for the building.
- LARGEST DIRECT NEW DEAL: Adyen - 96,715 square feet - 333 N. Green St.

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



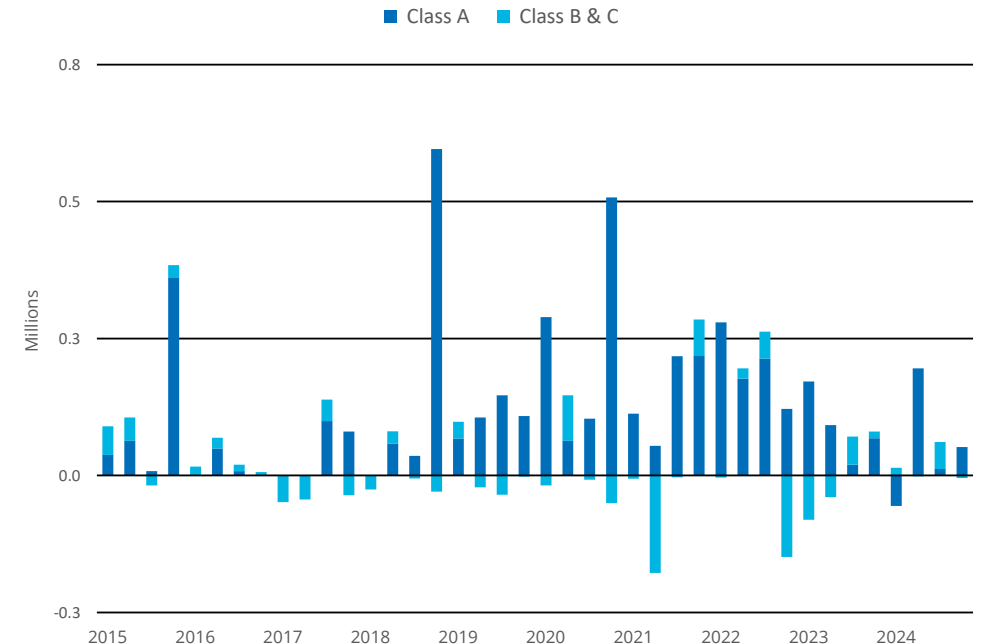
Source: Transwestern, CoStar

Y-O-Y COMPARISON

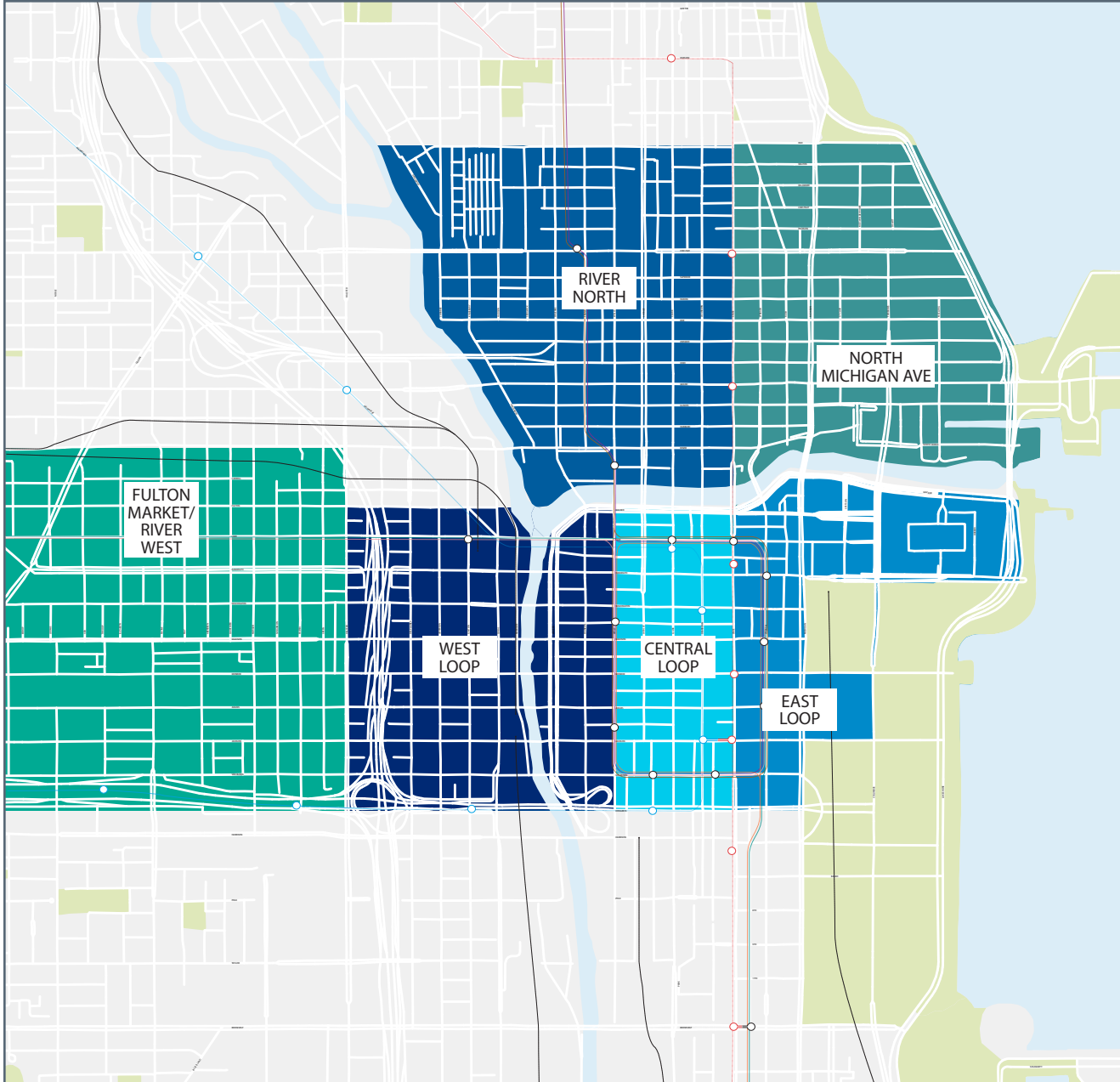
	Q4 2024	Q4 2023	TREND
INVENTORY	8,692,600	8,200,068	↑
DIRECT VACANCY RATE	13.8%	11.8%	↑
OVERALL VACANCY RATE	16.5%	14.4%	↑
YTD NET ABSORPTION (SF)	261,336	293,604	↓
YTD TOTAL LEASING ACTIVITY (SF)	502,490	698,872	↓
AVAILABLE SUBLEASE (SF)	482,123	552,240	↓
CLASS A MARKET RENT	\$56.09	\$56.24	↓
CLASS B & C MARKET RENT	\$29.49	\$29.34	↑

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

Caitlin Ritter

Research Director
Caitlin.Ritter@transwestern.com
312.881.7009

Tanita Bradley

Market Research Manager
Tanita.Bradley@transwestern.com
312.558.3895

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).