



METROPOLITAN CHICAGO

# Industrial Market Review

MID-YEAR 2020

## To our valued customers, partners and future clients...

There's a moment in the middle of JRR Tolkien's "The Hobbit" when the protagonist Bilbo and his traveling companions become frustrated while hiking through the seemingly endless Mirkwood Forest. The group nominates Bilbo to climb a tall tree to have a look around. Poking his head above the treetops, he sees nothing but green trees in every direction. Despondent, he climbs back down to tell everyone the unfortunate news. "Actually," Tolkien writes, "they were not far off from the edge of the forest...the tree he had climbed, though it was tall in itself, was standing near the bottom of a wide valley, so that from its top the trees seemed to swell up all round like the edges of a great bowl, and he could not expect to see how far the forest lasted."

It's always hard to have a clear perspective from the middle of a situation, or draw conclusions with incomplete data. That may be a strange message coming from a Market Report intended to provide that bigger picture – but it's also hopefully a reminder that we can't ever possibly know everything, and only with the benefit of hindsight will we fully understand the twists, turns and challenges of 2020.

Businesses and building owners are implementing best practices to operate safely and efficiently, strategizing the most effective way for employees to safely inhabit their workplaces. A similar situation is apparent as school districts across the country contemplate their back-to-school plans. Some are beginning with remote learning, others with full in-person instruction – sometimes with these extremes occurring within the same community. Key stakeholders – administration, teachers, students and parents – are struggling to reach consensus. While no one is certain of the correct solution, they are operating with what is believed to be the best information at hand, combined with their own personal experiences, biases and risk assessments.

There continue to be positive indicators that despite current challenges, companies, workers, communities and owners are maintaining their productivity and looking forward to better days. Leasing activity remains strong across both office and industrial markets. We know that fundamentals are strong, communities are resilient, and the Chicago market remains a vibrant and essential cornerstone of the global economy.

Bilbo's friends reacted with despair when he related his disheartening news: "The forest goes on for ever and ever and ever in all directions!" The uncertainty resulting from the ongoing pandemic is surrounding us at the moment. All any of us can do is make our best decisions based on the information we are given, learn what we can, and look forward to the brighter days ahead.

**Michael Flynn**  
COO

### MID-YEAR 2020

## Key Takeaways



Net absorption ticked up in the second quarter to over 2.8 million square feet. At mid-year, Chicagoland industrial has recorded nearly 4.7 million square feet of net absorption.



With over 21.0 million square feet recorded, construction activity continued unabated during the first full quarter of pandemic. The Southeast Wisconsin submarket leads all of its peers with over 3.6 million square feet of activity. Additionally, Lake County, I-55 Corridor, and I-80/Joliet Corridor each have over 2.5 million square feet in their respective pipelines.



More than 2.1 million square feet of industrial product was delivered during the second quarter, a 57.8 percent drop compared to Q2 2019. At mid-year 2020, over 7.7 million square feet of new supply has delivered.

NAI Hiffman Metropolitan Chicago  
**Industrial Market Review**  
Mid-Year 2020

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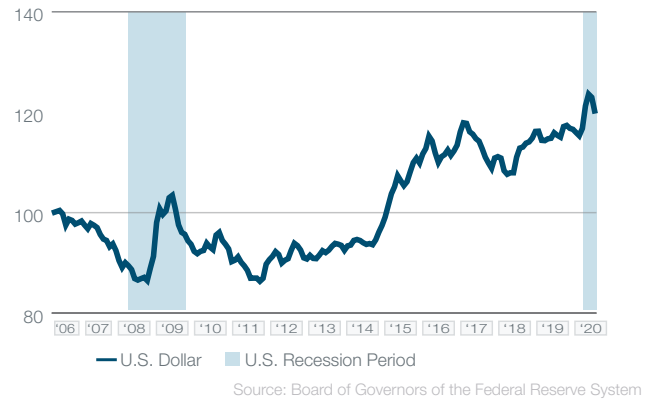
# Economic Overview



## Global Economy

- According to the latest World Economic Outlook by the International Monetary Fund (IMF), global economic growth is forecast at -4.9 percent for 2020, a 1.9 percentage drop from the April 2020 forecast. Among advanced economies, growth in 2021 is forecast to be weaker in Japan, United States, Canada and other advanced economies.
- A recent outlook by PricewaterhouseCoopers (PwC) analysts suggest that as the global health crisis continues, leaders are looking ahead to jump into operations to grow stronger after the pandemic, however the COVID-19 numbers may be on its second wave in areas of the world. Though things may have seemed to settle a bit at the start of the second quarter, restrictions are being placed again in certain economies.

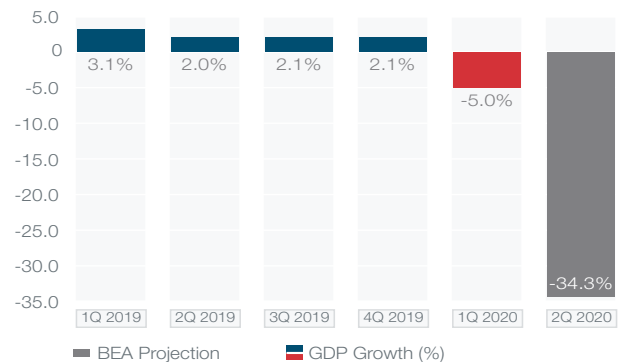
## U.S. Dollar Index



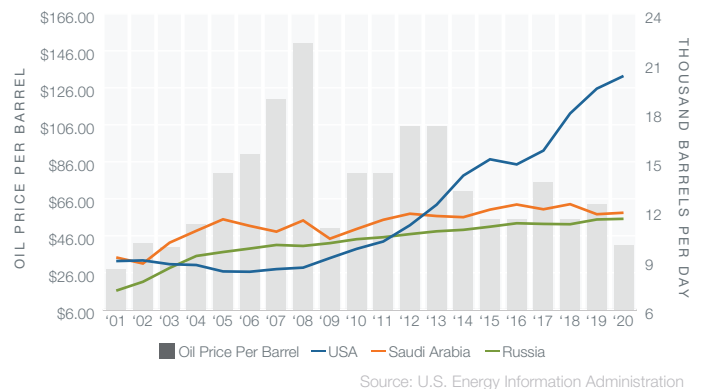
## U.S. Economy

- According to the "advance" estimate released by the Bureau of Economic Analysis, U.S. Gross Domestic Product (GDP) decreased 32.9% during the second quarter, the worst on record. In the second quarter, the economy shrank \$1.8 trillion according to the New York Times. The numbers reflected the response to COVID-19, and "stay-at-home" orders that were put into place back in March, but were partially lifted in the second quarter during May and June.
- According to Deloitte Insights, consumer spending and GDP have declined in the last few months, as other aspects down the line are expected to drop as well, such as investment spending, residential construction, and exports if economic activity abroad slows down. The economy may bounce back in the third or fourth quarters from loosening restrictions but that is if the pandemic effects can be somewhat controlled, but unfortunately, the future lacks certainty.
- Total non-farm payroll employment increased by 4,800 in June, but unemployment jumps from 4.4% to 11.1% over the course of the quarter, as the U.S. Bureau of Labor Statistics reported preliminary numbers. The increase in payrolls bounces back from the end of the first quarter, recording a preliminary number of 29.37, up from the 28.69 recorded back in March.

## U.S. GDP Change by Quarter



## Largest Oil Producers & Oil Price



# 16.4%

CHICAGO METRO  
UNEMPLOYMENT

# 14.6%

ILLINOIS  
UNEMPLOYMENT

# 11.1%

UNITED STATES  
UNEMPLOYMENT

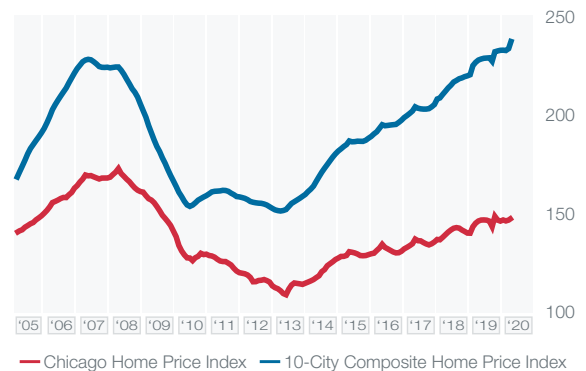
As of March, 2020 | Source: US Bureau of Labor Statistics



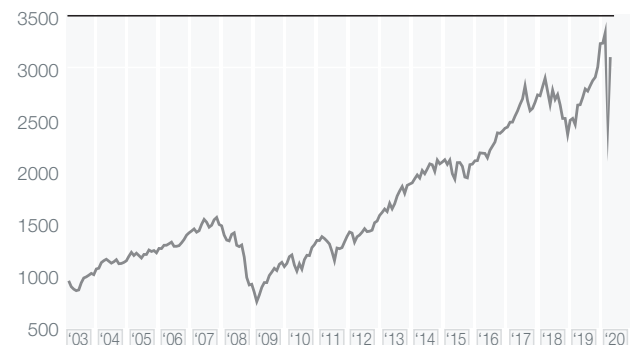
## Local Economy

- By the end of the second quarter, the COVID-19 measures were even more apparent, with Illinois' employment rate increasing to 14.6% from the 4.6 rate reported just at the end of the first quarter. As with most economic forecasts, the line on unemployment projections seems uncertain as a second outbreak of the virus is very possible. States are strategizing individual plans to potentially close up their economies once again, and move back to earlier Phases they did months ago.
- According to a recent report by Illinois REALTORS, Illinois homes sales fell 11.8 percent year-over-year in June. Median prices held steady in June and decreased nominally year-over-year. Statewide home sales, including single-family homes and condominiums, in June totaled 14,921 properties sold, down from 16,925 in June 2019. The statewide median price in June was \$222,000, down 1.3 percent from June 2019, when the median price was at \$225,000.
- The Midwest Economy Index (MEI) decreased to -9.91 in May, a notable dip compared to the -0.28 rate recorded during the same time period last year. The MEI measures growth in non-farm business activity (in comparison to the growth of the national economy) from four broad sectors of the Midwest economy; manufacturing, construction and mining, services, and consumer spending.
- The Consumer Price Index for All Urban Consumers (CPI-U) in the Chicago-Naperville-Elgin area increased 0.3 percent in June, the U.S. Bureau of Labor Statistics reported. The food index and the all items less food and energy index rose 0.4 percent and 1.8 percent, respectively, over the year. Over the year, energy prices dropped 12.2 percent.

## S&P CoreLogic Case-Shiller Home Price Index



## S&P 500 Index



POPULATION (2019 CENSUS EST.)

12,671,821

IL GROSS DOMESTIC PRODUCT (2019)

\$897.1 B

POPULATION CHANGE (2018-2019)

-0.54%

EMPLOYMENT - NONFARM (6/2020)

5.54 M ▼

MEDIAN HOUSEHOLD INCOME (2018)

\$63,575

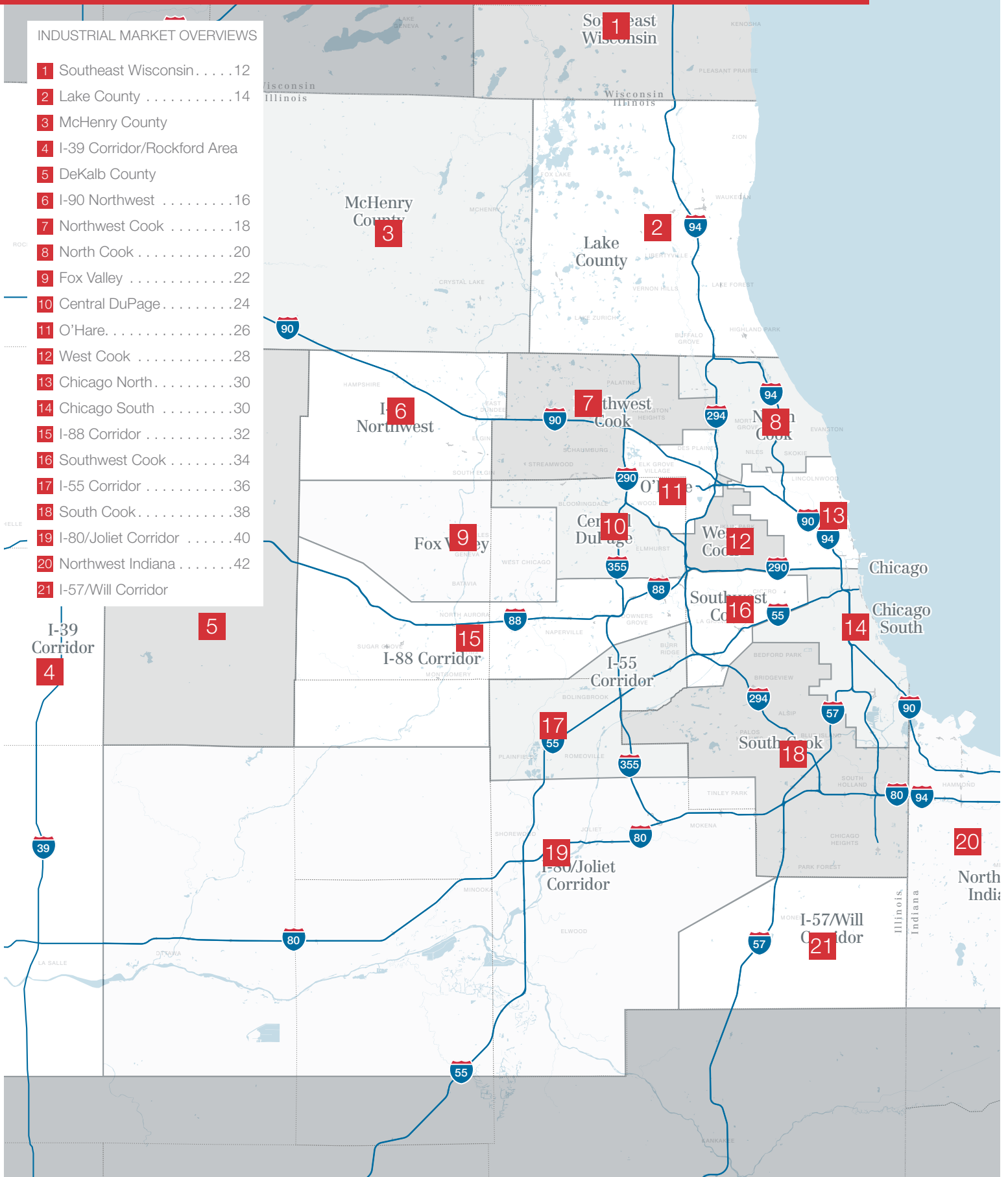
JOBS GAINED (2Q 2019-2Q 2020)

- 598,300 ▼

# Chicago Industrial Markets

## INDUSTRIAL MARKET OVERVIEWS

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- 19** I-80/Joliet Corridor . . . . .40
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- 21** I-57/Will Corridor



# Industrial Market Statistics

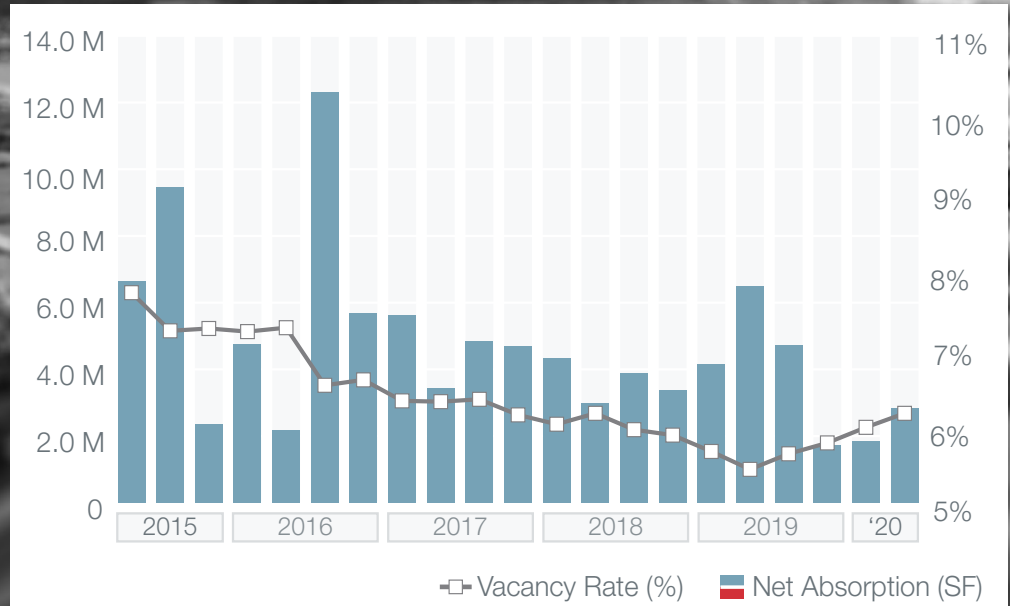
## Mid-Year 2020

Submarket	Total RBA (SF)	Vacancy Rate (%)	Availability Rate (%)	Net Absorption (SF)	YTD 2020 Net Absorption(SF)	New Supply (SF)	Under Construction (SF)	New Leasing Activity (SF)
1 Southeast Wisconsin	60,791,683	5.37% ▼	7.14% ▼	1,461,715	1,548,025	388,294	3,664,048	265,951
2 Lake County	72,562,048	4.97% ▲	8.54% ◀▶	166,996	229,771	0	2,596,704	555,502
3 McHenry County	27,586,360	6.37% ▲	6.77% ▲	-60,502	-74,413	0	0	405,134
4 I-39 Corridor	38,902,010	9.33% ▲	9.65% ▲	-70,500	-245,013	0	0	0
5 DeKalb County	12,860,779	4.15% ▼	2.39% ▲	27,120	-15,367	0	1,600,000	54,572
6 I-90 Northwest	31,929,235	6.24% ▲	8.88% ▲	-485,085	-253,774	349,080	813,283	266,959
7 Northwest Cook	23,911,861	5.85% ▲	6.16% ▲	46,034	155,290	151,000	188,433	374,616
8 North Cook	45,518,565	4.36% ▼	5.84% ▼	47,308	-69,731	0	170,000	91,156
9 Fox Valley	36,486,218	6.15% ▲	6.21% ◀▶	52,993	257,041	28,500	750,780	83,445
10 Central DuPage	76,075,000	4.66% ▼	7.79% ▼	548,722	599,098	0	1,760,600	138,112
11 O'Hare	101,723,476	7.61% ▲	9.44% ▲	-432,943	-741,432	292,058	1,160,388	603,371
12 West Cook	61,309,587	6.27% ▲	7.13% ▲	177,696	1,133,101	223,703	0	187,977
13 Chicago North	54,708,472	5.54% ▲	7.19% ▲	-168,915	-55,159	0	0	158,035
14 Chicago South	120,476,911	4.51% ▲	5.26% ▲	-528,386	-324,301	527,879	1,236,788	1,035,700
15 I-88 Corridor	70,655,679	10.12% ▲	15.11% ▼	-302,296	-235,045	0	0	928,760
16 Southwest Cook	37,043,358	3.40% ▼	4.57% ◀▶	548,803	661,549	0	0	422,402
17 I-55 Corridor	99,866,501	7.49% ▼	12.95% ▲	1,096,743	967,657	0	2,751,072	423,432
18 South Cook	81,555,442	4.46% ◀▶	4.88% ▼	-26,330	-260,612	0	1,296,429	3,948,649
19 I-80/Joliet Corridor	94,289,028	8.35% ▼	12.84% ▲	1,027,687	2,097,204	0	3,049,225	2,447,517
20 Northwest Indiana	42,084,087	3.75% ▲	6.14% ▲	-291,993	-652,770	147,592	0	82,970
21 I-57/Will Corridor	17,063,439	7.36% ◀▶	10.82% ▼	2,000	-53,952	0	0	0
Totals	1,207,399,739	6.15% ▲	8.42% ▲	2,836,867	4,667,167	2,108,106	21,037,750	12,474,260

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# Industrial Market

Nearly 12.5 million square feet of overall new leasing activity signed in the second quarter, representing a 30.1 percent increase compared to one year prior - even more impressive when accounting for uncertainty driven by COVID-19.



Arrows indicate change from previous quarter.

## 6.15%

VACANCY RATE

## 2.8 MSF

2Q 2020 NET ABSORPTION

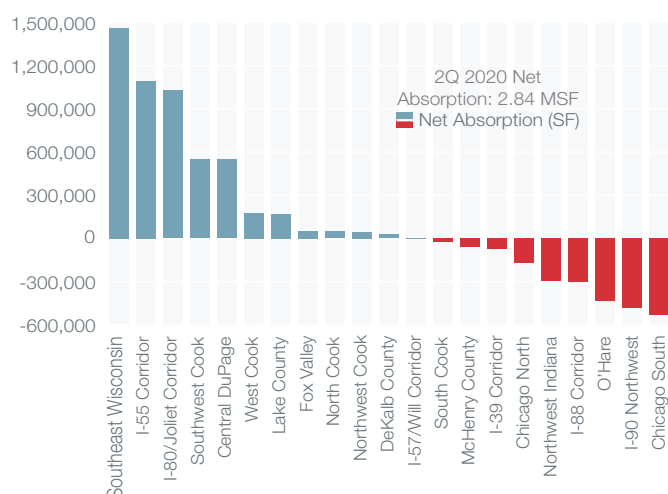
## 12,474,260

SF NEW LEASING ACTIVITY

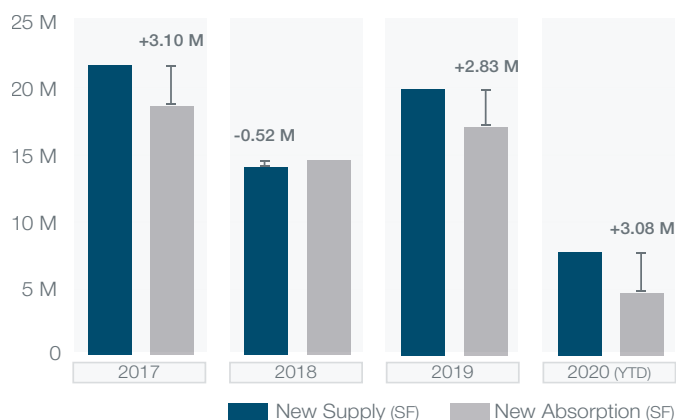
- Despite the overall landscape's inherent uncertainty due to the lingering presence of COVID-19 in the second quarter, leasing activity actually managed to outpace an already robust first quarter. There was 12,474,260 square feet of overall new leasing activity on the quarter, a 30.1 percent increase compared to one year prior. Amazon signed the top two leases on the quarter, accounting for 12.5% of overall activity with just those two deals. Overall, the retail giant accounted for 18.8 percent of overall leasing activity on the quarter.
- The Chicago industrial pipeline delivered another 2,108,106 square feet across 13 properties in the second quarter of 2020, bringing the mid-year total to 7,750,494 square feet. Eight industrial submarkets saw their respective inventories increase in the second quarter, headed by a 527,879 square foot infusion into the Chicago South submarket. The submarket added two build-to-suit facilities, headlined by Ford Motor Co.'s pending move in to a nearly 359,000-square foot built on the site of the former Republic Steel factory. CenterPoint Properties delivered an additional 223,703 square feet in the West Cook submarket.

MARKET SIZE	1,207,399,739 SF	2Q 2020 NET ABSORPTION	2,836,867 SF
TOTAL VACANCY	74,232,740 SF (6.15%)	YTD 2020 NET ABSORPTION	4,667,167 SF
DIRECT VACANCY	69,385,628 SF (5.75%)	UNDER CONSTRUCTION	21,037,750 SF
SUBLEASE VACANCY	4,847,112 SF (0.40%)	2Q 2020 NEW SUPPLY	2,108,106 SF
AVAILABLE SPACE	101,675,104 SF (8.42%)	YTD 2020 NEW SUPPLY	7,750,494 SF

## Net Absorption by Submarket



## New Supply & New Absorption



- Looking further into the pipeline, another 21,037,750 square feet is currently under construction across 65 projects. Speculative developments account for 50.6 percent of overall construction activity. Additionally, the shovel hit the dirt on 4,064,150 square feet of new development across nine projects in the second quarter. The Southeast Wisconsin submarket leads the way with 3,664,048 square feet in its pipeline, while three additional submarkets (I-80/Joliet Corridor, I-55 Corridor, and Lake County), each have more than 2.5 million square feet or more in their respective pipelines. Nine submarkets have 1.0 million square feet or more currently in their respective pipelines.
- With an ongoing robust construction environment, the net difference between deliveries and absorption since 2019 is a leading contributor to the recent rise in overall market vacancy over the past five quarters. The overall vacancy rate has increased 72 basis points year-over-year, moving from 5.43 percent in the second quarter of 2019 to 6.15 percent at present. The Southwest Cook submarket has the tightest vacancy - 3.4 percent. Comparatively, the I-88 Corridor lags its peers with a 10.12 percent total vacancy rate. While Chicagoland industrial needs to continue to churn its robust supply pipeline, demand remains steadfast at mid-year.

## Significant Sale Transactions

Submarket	Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
Southeast Wisconsin	3501 120th Plc, Kenosha*	1,015,740	\$119,200,000   \$117	KKR	Prologis, Inc.
Southwest Cook	3250 S Central Ave, Cicero	555,943	\$12,000,000   \$22	Blue Vista/Sagic Capital, LLC	The Blackstone Group
Southeast Wisconsin	11211 Burlington Rd, Kenosha*	513,976	\$56,800,000   \$111	KKR	Prologis, Inc.

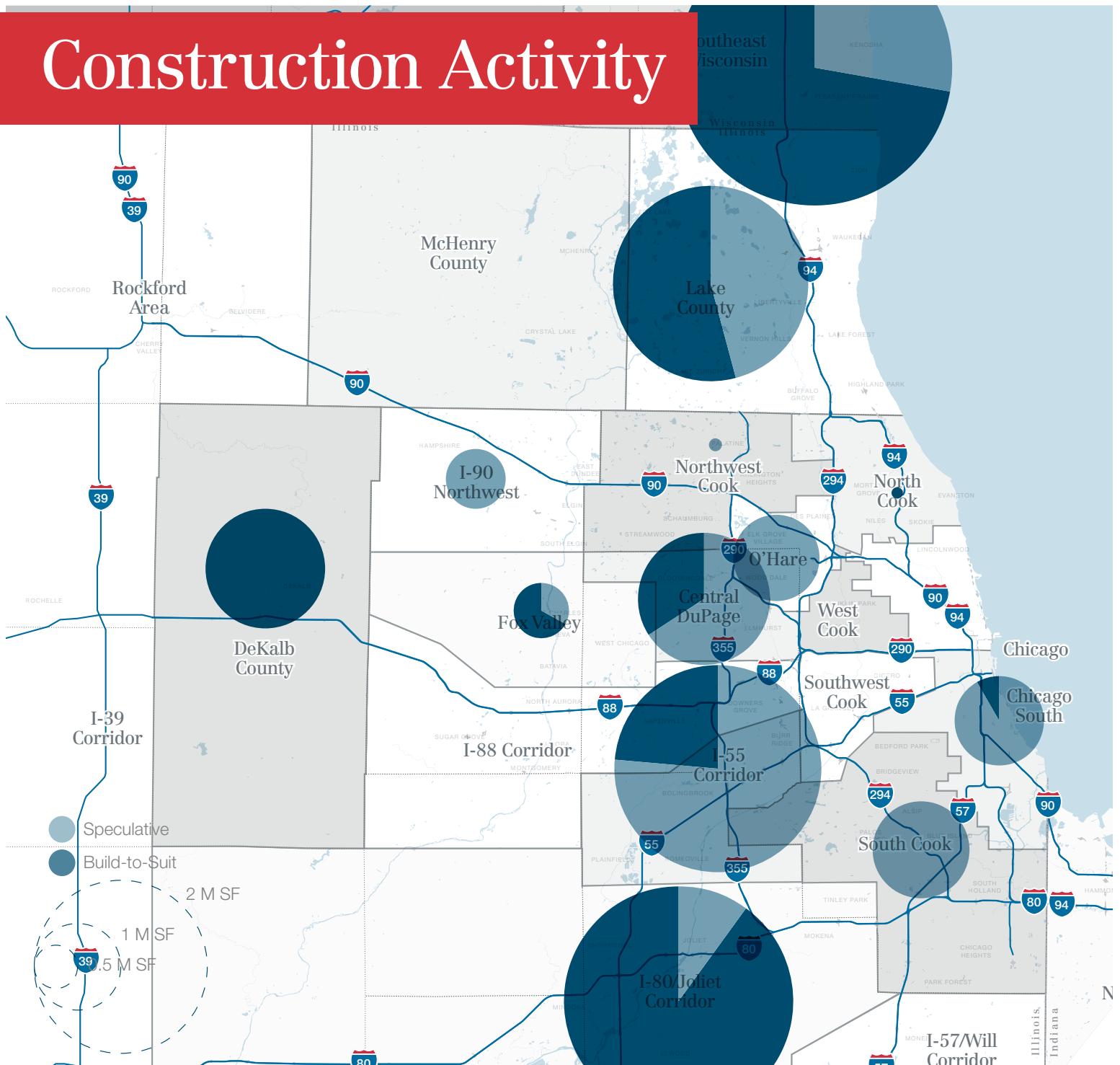
\*Part of a portfolio sale

## Significant Lease Transactions

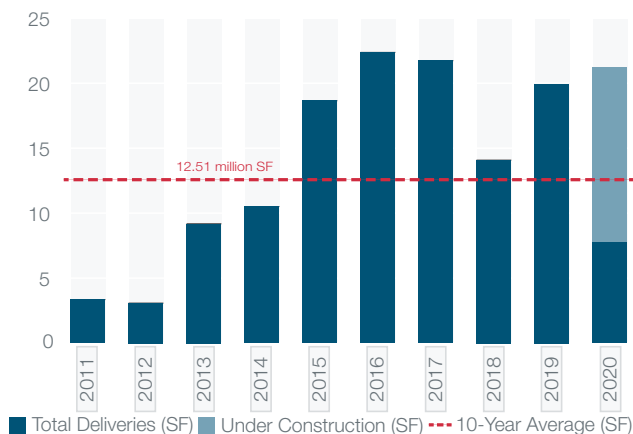
Submarket	Building Address	Leased (SF)	Tenant	Lease Type
I-80/Joliet Corridor	30260 S Graaskamp Blvd, Wilmington	810,900	Amazon	New lease
South Cook	15924 Western Ave, Markham	750,000	Amazon	New lease
I-80/Joliet Corridor	3901 Rock Creek Blvd, Joliet	464,400	Life Fitness	New sublease

Mid-Year 2020

# Construction Activity



## Construction Deliveries



## Construction Type



# Construction Deliveries

Construction deliveries totaled more than 2.1 million square feet during the second quarter. A total of 53.5 percent of speculative deliveries and 46.5 percent of build-to-suit projects were completed during the quarter. These include two speculative buildings totaling 388,000 SF in Sturtevant, WI, a 359,000-square-foot build-to-suit facility in Chicago, and a 224,000-square-foot build-to-suit facility at 135 Railroad Ave in Northlake. Additionally, nine new projects broke ground during the second quarter totaling over 4 million square feet.

## Notable Speculative Projects Under Construction

Submarket	Building Address	Size (SF)	User	Developer
Central DuPage	1560 W Stearns Rd, Bartlett	207,575	N/A	Logistics Property Company
Central DuPage	550 Center Ave, Carol Stream	200,000	N/A	Logistics Property Company
Chicago South	3501 S Pulaski Rd, Chicago	999,900	Target	Hilco Real Estate
Fox Valley	555 Innovation Dr, West Chicago	250,000	N/A	Scannell Properties
I-55 Corridor	775 Veterans Pky, Bolingbrook	573,752	N/A	Crow Holdings
I-55 Corridor	14532 S Gougar Rd, Lockport	542,944	N/A	ML Realty Partners
I-55 Corridor	16535 W Prologis Pky, Lockport	452,129	N/A	Prologis
I-55 Corridor	825 Veterans Pky, Bolingbrook	256,375	N/A	Crow Holdings
I-80/Joliet Corridor	Building A, 8965 187th St, Mokena	154,581	N/A	The Opus Group
I-90 Northwest	2900 Alft Ln, Elgin	376,918	N/A	Crow Holdings
I-90 Northwest	2870 Alft Ln, Elgin	155,174	N/A	Crow Holdings
I-90 Northwest	364 Keyes Ave, Hampshire	109,980	N/A	Stanley Machining And Tool Corporation
Lake County	Bridge Point North, 4 Buildings, Waukegan	918,972	N/A	Bridge Development Partners
Lake County	141000 W Rockland Rd, Green Oaks	161,400	NorthShore Care Supply	Panattoni
Northwest Cook	800 Phoenix Lake Ave, Streamwood	152,304	N/A	WPT Capital Advisors
O'Hare	Bridge Point Itasca, 3 Buildings, Itasca	741,621	N/A	Bridge Development Partners
South Cook	LogiPort 57-80, S Cicero Ave, 3 Buildings	1,225,545	N/A	Logistics Property Company
Southeast Wisconsin	Wilmut Rd, 2 Buildings, Kenosha	629,872	N/A	HSA Commercial Real Estate
Southeast Wisconsin	11101 Enterprise Way, Sturtevant	396,716	N/A	Ashley Capital, LLC

## Notable Build-to-Suit Projects Under Construction

Submarket	Building Address	Size (SF)	User	Developer
Central DuPage	375 Spitzer Rd, Bartlett	400,000	McKesson	Transwestern
Central DuPage	311 Longview Dr, Bloomingdale	100,000	DuPage Machine Products	DuPage Machine Products
Chicago South	4207 W 35th Pl, Chicago	100,000	Peoples Energy	Peoples Energy
DeKalb County	Gurler Rd, DeKalb	1,600,000	Ferrara Candy	Trammell Crow Company
I-80/Joliet Corridor	I-55/Amoco Rd, Channahon	1,100,000	Amazon	Venture One Real Estate
I-80/Joliet Corridor	3401 Brandon Rd, Joliet	1,639,000	Harbor Freight	CenterPoint Properties
Lake County	20444 W Peterson Rd, Grayslake	1,400,000	Medline	The Alter Group
Southeast Wisconsin	Braun Rd, 3 Buildings, Sturtevant	2,176,460	Foxconn	Fewi Development Corporation
Southeast Wisconsin	Foxconn Glass, Braun Rd, Sturtevant	461,000	Foxconn	Gilbane Building Company

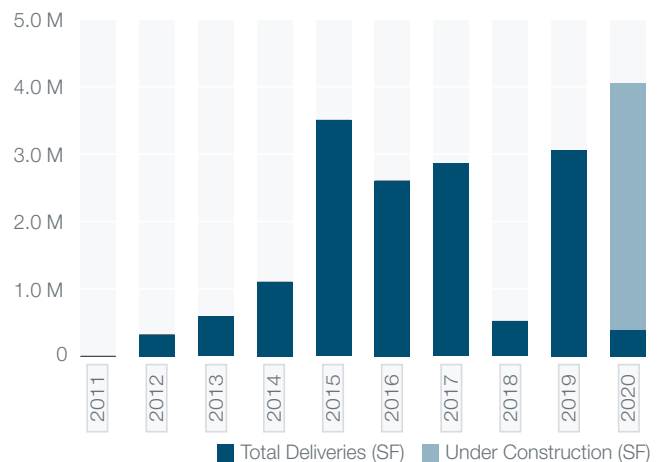
# Southeast Wisconsin



MARKET SIZE	60,791,683 SF
TOTAL VACANCY	3,264,269 SF (5.37%)
DIRECT VACANCY	3,116,392 SF (5.13%)
SUBLEASE VACANCY	147,877 SF (0.24%)
AVAILABLE SPACE	4,338,532 SF (7.14%)
2Q 2020 NEW LEASING ACTIVITY	265,951 SF

2Q 2020 NET ABSORPTION	1,461,715 SF
YTD 2020 NET ABSORPTION	1,548,025 SF
UNDER CONSTRUCTION	3,664,048 SF
2Q 2020 NEW SUPPLY	388,294 SF
YTD 2020 NEW SUPPLY	1,032,335 SF

- HSA Commercial Real Estate broke ground on two speculative facilities totaling 630,000 SF on Wilmot Rd in Kenosha during the second quarter. The buildings are scheduled to deliver in the fourth quarter of this year.
- Hillwood Development Corporation delivered two 195,000-SF speculative facilities located in Sturtevant during the second quarter.





# 115,823

SF NEW LEASE

6200 Regency West Dr | Kenosha, Wisconsin

Budd Van Lines fully leased the warehouse facility during the second quarter and plans to occupy the space in the fourth quarter of 2020. The industrial building is owned by Darwin Realty.



# 1.5 M

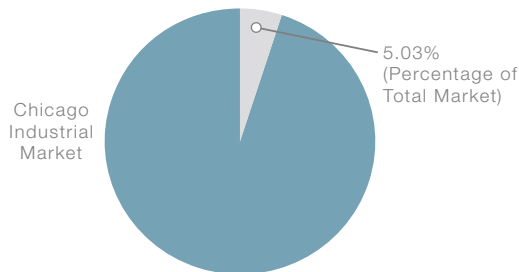
SF SALE

2 Properties | Kenosha, Wisconsin

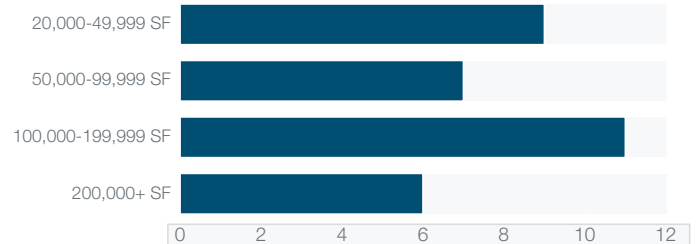
KKR purchased two properties in Kenosha Enterprise Park at 3501 120th Pl and 11211 Burlington Rd from Prologis for \$176 million, or \$115 PSF. Both properties are currently leased to Amazon. The purchase was the single largest of its kind on record for an industrial asset in the Midwest.

- The overall vacancy rate in the Southeast Wisconsin submarket decreased 79 basis points from the 6.16 percent recorded during the first quarter to measure 5.37 percent at mid-year. Net absorption jumped to 1.4 million square feet in the second quarter, spurred by nearly 1.2 million square feet of Amazon move-ins. The Southeast Wisconsin submarket had the highest net absorption on the quarter.
- With more than 3.6 million square feet currently in the pipeline, construction activity in Southeast Wisconsin stayed strong in the second quarter. It is the most robust submarket throughout Chicagoland, as seven projects are underway and two large proposed build-to-suit facilities are waiting to break ground in Kenosha and Pleasant Prairie.

## Southeast Wisconsin Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
Kenosha Enterprise Park, Kenosha*	1,529,716	\$176,000,000   \$115	Kohlberg Kravis Roberts & Co, LP	Prologis
2200-2302 De Koven Ave, Racine	172,872	\$2,850,000   \$16	Gallo Manufacturing Company Inc.	Kranz, Inc.

\*Part of a portfolio sale

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
6200 Regency West Dr, Racine	115,823	Budd Van Lines	New lease

Mid-Year 2020

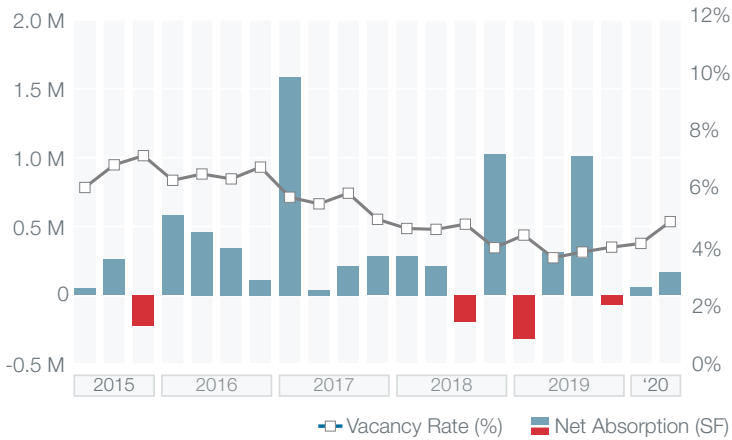
# Lake County

4.97%

VACANCY RATE

166,996

SF NET ABSORPTION



Arrows indicate change from previous quarter.



## MARKET SIZE

72,562,048 SF

## TOTAL VACANCY

3,608,598 SF (4.97%)

## DIRECT VACANCY

3,337,088 SF (4.60%)

## SUBLEASE VACANCY

271,510 SF (0.37%)

## AVAILABLE SPACE

6,193,283 SF (8.54%)

## 2Q 2020 NEW LEASING ACTIVITY

555,502 SF

## 2Q 2020 NET ABSORPTION

166,996 SF

## YTD 2020 NET ABSORPTION

229,771 SF

## UNDER CONSTRUCTION

2,596,704 SF

## 2Q 2020 NEW SUPPLY

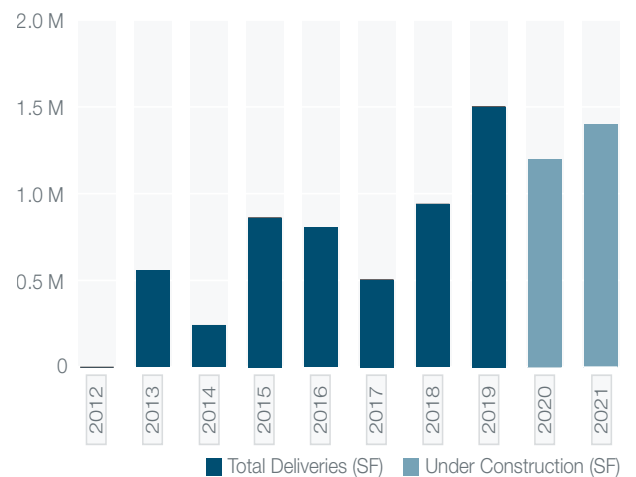
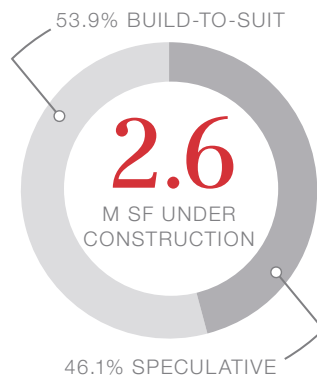
0 SF

## YTD 2020 NEW SUPPLY

0 SF

## Construction Activity

- Bridge Development Partners continued construction on four speculative facilities at Bridge Point North in Waukegan totaling 918,972 SF. The buildings are scheduled to deliver late in 2020.
- The Medline 1.4 million-SF build-to-suit facility in Grayslake remains under construction. It is expected to delivery in early 2021.





# 255,272

SF NEW LEASE

605 Tri State Pky | Gurnee, Illinois

Abbott Laboratories inked a new 255,272 SF lease in a single tenancy distribution facility in the CenterPoint Business Center in Gurnee. The building, owned by Venture One Real Estate, was on market for 23 months.



# 100,562

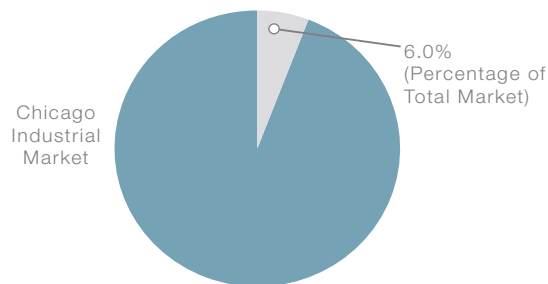
SF SALE

111 S Washington Blvd | Mundelein, Illinois

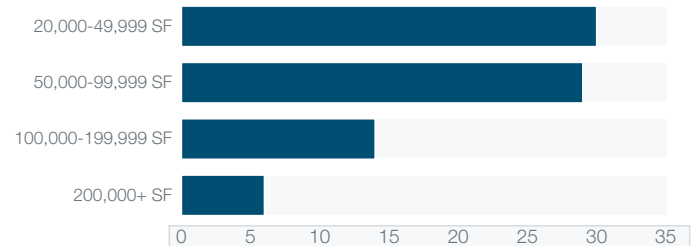
Venture One Real Estate and Kovitz Investment Group acquired the 100,562 SF-building from MSP Fulfillment, Inc. The Class B manufacturing facility sold for \$4.6 million, or \$45.74 PSF.

- The overall vacancy rate in the Lake County submarket increased for the fourth consecutive quarter, rising 76 basis points from the 4.21 percent recorded in the first quarter, to measure 4.97 percent at mid-year. The submarket recorded positive net absorption for the second consecutive quarter, totaling 166,996 square feet, an increase from first quarter's net absorption of 62,775 square feet.
- Leasing activity totaled to 555,502 square feet in the second quarter, a slight increase from the 522,124 square feet recorded in the first quarter. With year-to-date leasing activity of 1,077,626 square feet at mid-year, the submarket's vacancy rate is poised to decline in the second half of 2020.

## Lake County Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
111 S Washington Blvd, Mundelein	100,562	\$4,600,000   \$46	Venture One Real Estate/Kovitz	MSP Fulfillment, Inc.

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
605 Tri State Pky, Gurnee	255,272	Abbott Laboratories	New lease

Mid-Year 2020

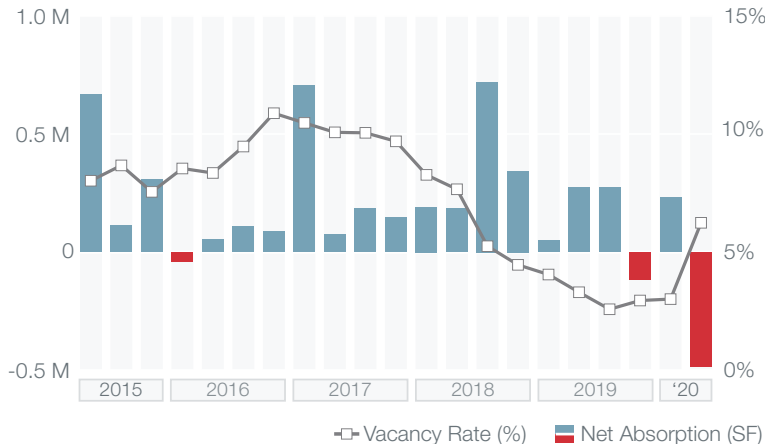
# I-90 Northwest

6.24%

VACANCY RATE

-485,085

SF NET ABSORPTION



Arrows indicate change from previous quarter.



## MARKET SIZE

31,929,235 SF

## TOTAL VACANCY

1,992,371 SF (6.24%)

## DIRECT VACANCY

1,708,265 SF (5.35%)

## SUBLEASE VACANCY

284,106 SF (0.89%)

## AVAILABLE SPACE

2,834,962 SF (8.88%)

## 2Q 2020 NEW LEASING ACTIVITY

266,959 SF

## 2Q 2020 NET ABSORPTION

-485,085 SF

## YTD 2020 NET ABSORPTION

-253,774 SF

## UNDER CONSTRUCTION

813,283 SF

## 2Q 2020 NEW SUPPLY

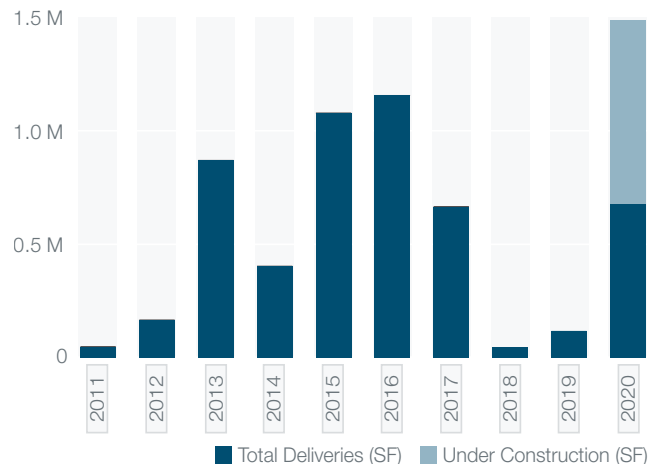
349,080 SF

## YTD 2020 NEW SUPPLY

675,352 SF

## Construction Activity

- Crow Holdings Industrial continued construction on three speculative facilities in Elgin totaling 638,265 SF. The buildings are scheduled to deliver in the second half of 2020.
- Conor Commercial Real Estate delivered two speculative facilities in Elgin totaling 349,080 SF during the second quarter.





# 246,800

SF RENEWAL

2500-2580 Galvin Dr | Elgin, Illinois

Colony Display, a custom wood/metal fixture manufacturer, signed a renewal in the second quarter of its 246,800 SF at 2500-2580 Galvin Dr in Elgin. The facility acts as the manufacturing company's main headquarters.



# 326,272

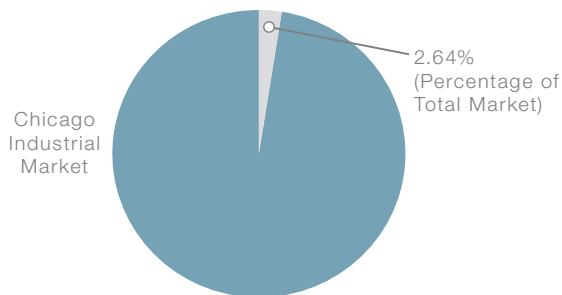
SF AVAILABILITY

2451 Bath Rd | Hampshire, Illinois

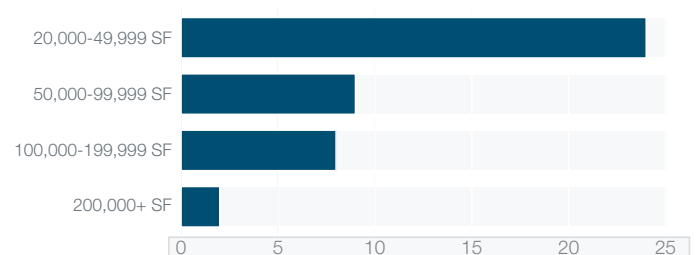
The Class B distribution facility at 2451 Bath Rd, located in Elgin, has up to 326,272 SF available. The building, owned and developed by Scannell Properties, delivered in the first quarter of 2020.

- The I-90 Northwest submarket saw -485,085 square feet of absorption on the quarter. This figure was driven by the delivery of three fully vacant properties in Elgin, which added nearly 700,000 square feet of inventory to the submarket. Despite this hiccup, new leasing activity totaled 266,959 square feet during the second quarter, to bring the mid-year total to 654,627 square feet.
- Five speculative construction projects in the submarket total 813,283 square feet, driven by four projects underway in Elgin, IL. Crow Holdings Industrial is developing three of these properties – 638,265 square feet.

## I-90 Northwest Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
None to report				

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
2500-2580 Galvin Dr, Elgin	246,800	Colony Display	Renewal
2360 Galvin Dr, Elgin	50,056	Wheel Pros Inc.	New lease
NAI Hiffman transaction			

Mid-Year 2020

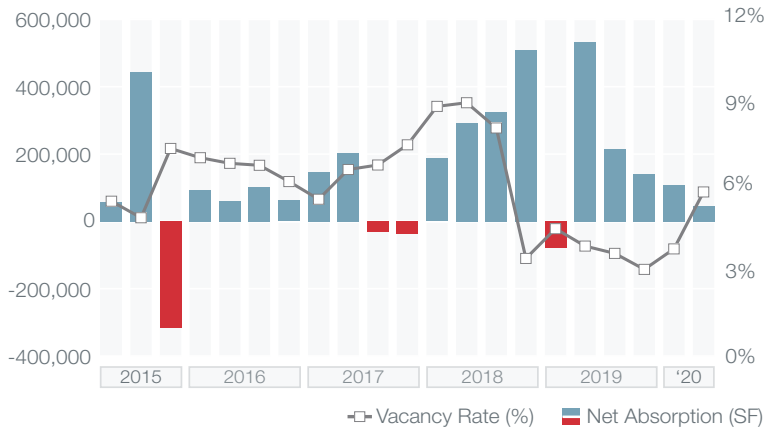
# Northwest Cook

5.85%

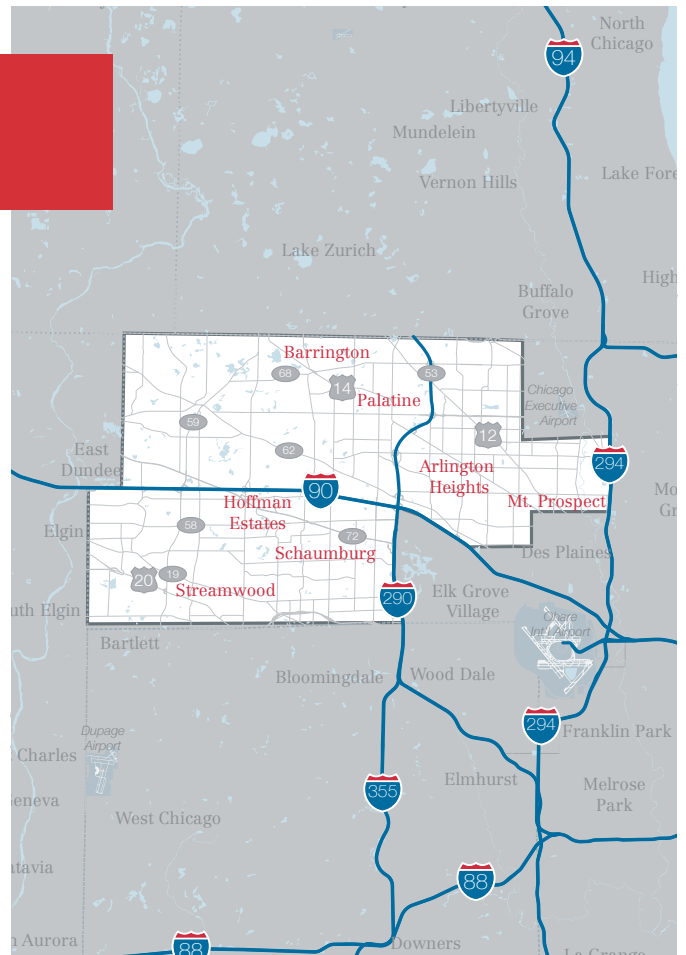
VACANCY RATE

46,034

SF NET ABSORPTION



Arrows indicate change from previous quarter.

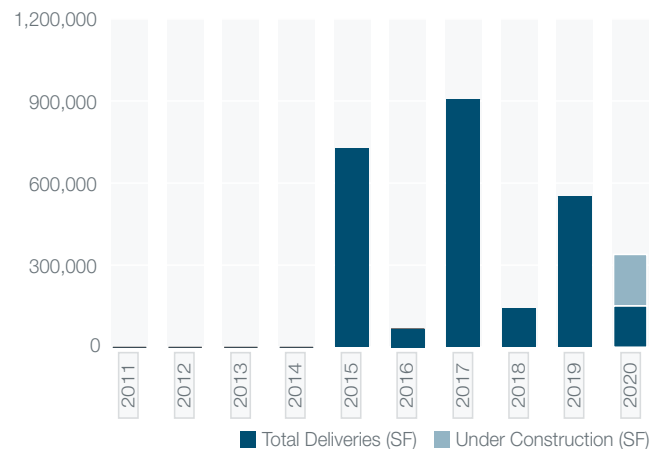


MARKET SIZE	23,911,861 SF
TOTAL VACANCY	1,398,280 SF (5.85%)
DIRECT VACANCY	1,393,780 SF (5.83%)
SUBLEASE VACANCY	4,500 SF (0.02%)
AVAILABLE SPACE	1,472,455 SF (6.16%)
2Q 2020 NEW LEASING ACTIVITY	374,616 SF

2Q 2020 NET ABSORPTION	46,034 SF
YTD 2020 NET ABSORPTION	155,290 SF
UNDER CONSTRUCTION	188,433 SF
2Q 2020 NEW SUPPLY	151,000 SF
YTD 2020 NEW SUPPLY	463,875 SF

## Construction Activity

- A 36,129-SF speculative development at 365-399 Miles Pky in Bartlett broke ground during the second quarter. The building plans to deliver later this year.
- Conor Commercial Real Estate delivered a 151,000-SF speculative building at 25-35 E Piper Ln in Prospect Heights.





# 214,185

SF NEW LEASE

1455 W Shure Dr | Arlington Heights, Illinois

Amazon fully leased the 214,185-SF warehouse located in Arlington Heights during the second quarter. The building is currently owned by Griffin Capital Essential Asset REIT, Inc.



# 97,000

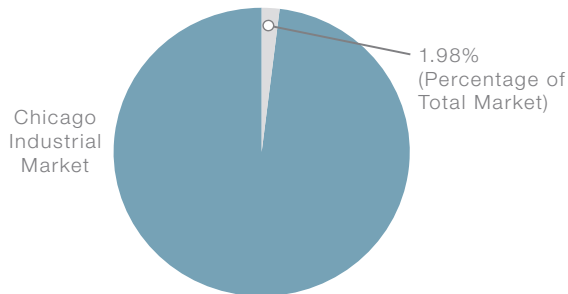
SF SALE

1200 Humbracht Cir | Bartlett, Illinois

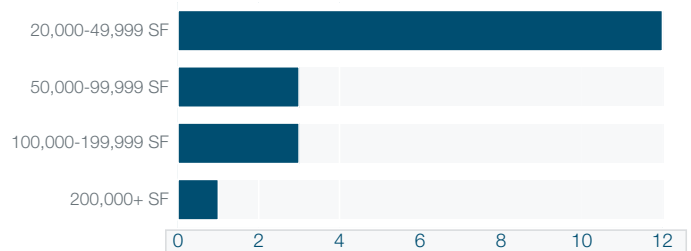
High Street Logistics Properties acquired the 97,000-SF warehouse building from a private owner for \$7.45 million, or \$76.80 PSF. The Class B warehouse delivered in 2013 and was renovated in 2017.

- The total vacancy rate in the Northwest Cook submarket was recorded at 5.85 percent at mid-year, increasing for a second consecutive quarter. Despite this increase, vacancy compares favorably to the overall market rate of 6.15 percent. Net absorption was positive for the fifth consecutive quarter in the submarket, totaling 46,034 square feet. Amazon's move-in at 1455 W Shure Dr in Arlington Heights ensured positive absorption for the submarket on the quarter.
- There was nearly 375,000 square feet of new leasing activity on the quarter. At mid-year, the year-to-date leasing activity totaled nearly 480,000 square feet.

## Northwest Cook Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
1200 Humbracht Cir, Bartlett	97,000	\$7,450,000   \$77	High Street Equity Advisors	Justin Ullman
1544-1546 Hecht Dr, Bartlett*	92,000	\$15,300,000   \$166	Lineage Logistics Holdings, LLC	Investcorp International, Inc.

\*Part of a portfolio sale

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
1455 W Shure Dr, Arlington Heights	214,185	Amazon	New Lease

Mid-Year 2020

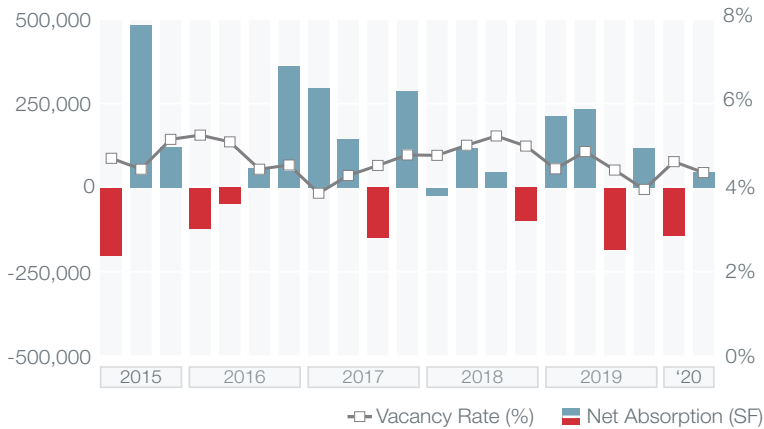
# North Cook

4.36%

VACANCY RATE

47,308

SF NET ABSORPTION



Arrows indicate change from previous quarter.

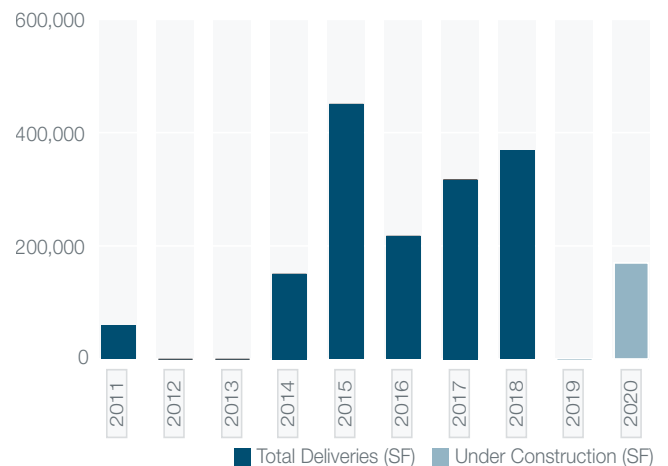
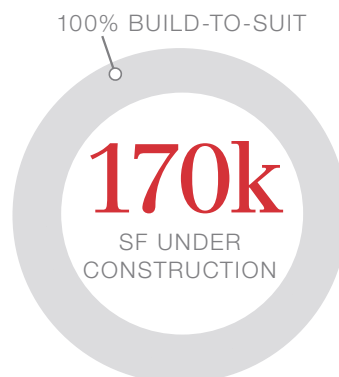


MARKET SIZE	45,518,565 SF
TOTAL VACANCY	1,984,101 SF (4.36%)
DIRECT VACANCY	1,667,727 SF (3.66%)
SUBLEASE VACANCY	316,374 SF (0.70%)
AVAILABLE SPACE	2,656,937 SF (5.84%)
2Q 2020 NEW LEASING ACTIVITY	91,156 SF

2Q 2020 NET ABSORPTION	47,308 SF
YTD 2020 NET ABSORPTION	-69,731 SF
UNDER CONSTRUCTION	170,000 SF
2Q 2020 NEW SUPPLY	0 SF
YTD 2020 NEW SUPPLY	303,062 SF

## Construction Activity

- Wieland's build-to-suit facility of 110,000-SF remains under construction and plans to deliver in the third quarter of 2020.
- Abt Electronics is developing a 60,000-SF build-to-suit facility in Glenview. It is slated to deliver by year's end.





# 152,817

SF RENEWAL

6100 W Howard St | Niles, Illinois

Revolution Dance Wear signed a short term renewal of 152,817 SF during the second quarter at its facility in Niles. The multi-tenant building is owned by Westmount Realty Capital.



# 204,092

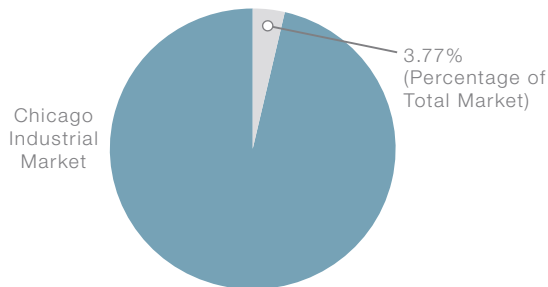
SF SALE

6850 N Central Park Ave | Lincolnwood, Illinois

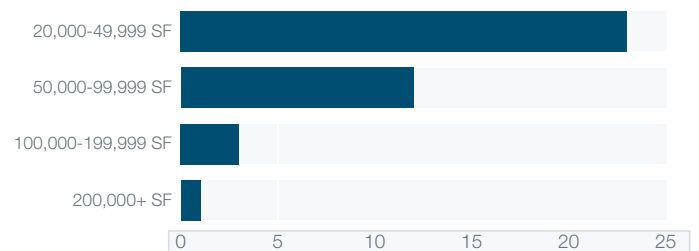
Special Assets, Inc. acquired the 204,092-SF manufacturing facility during the second quarter from a private owner. The property sold for \$6.9 million, or \$33.81 PSF.

- At mid-year, the overall vacancy rate in the North Cook submarket tightened nine basis points year-over-year from the 4.45 percent recorded in the second quarter of 2019 to the 4.36 percent rate recorded at the end of the second quarter.
- Following a quarter of negative net absorption, the North Cook submarket rebounded. There was 47,308 square feet of net absorption in Q2; year-to-date net absorption is recorded at negative 69,731 square feet. This net absorption number is significantly lower than the 445,711 square feet recorded last year at this time. New leasing activity in the second quarter totaled 91,156 square feet.

## North Cook Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
6850 N Central Park Ave, Lincolnwood	204,092	\$6,900,000   \$34	Special Assets, Inc.	Joseph Matuschka

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
6100 W Howard St, Niles	152,817	Revolution Dance Wear	Renewal

Mid-Year 2020

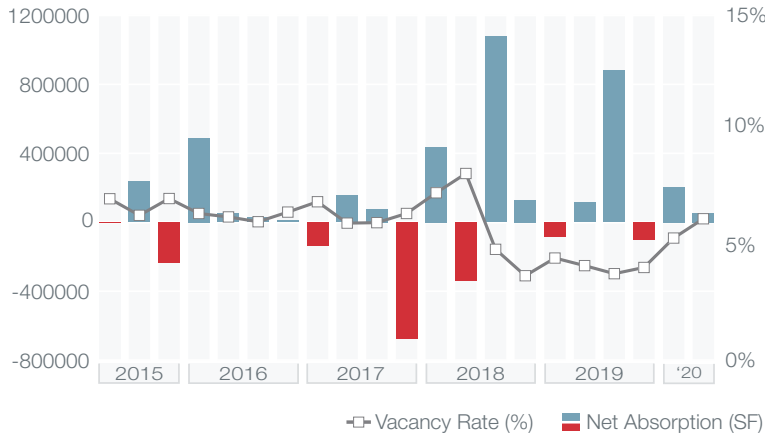
# Fox Valley

6.15%

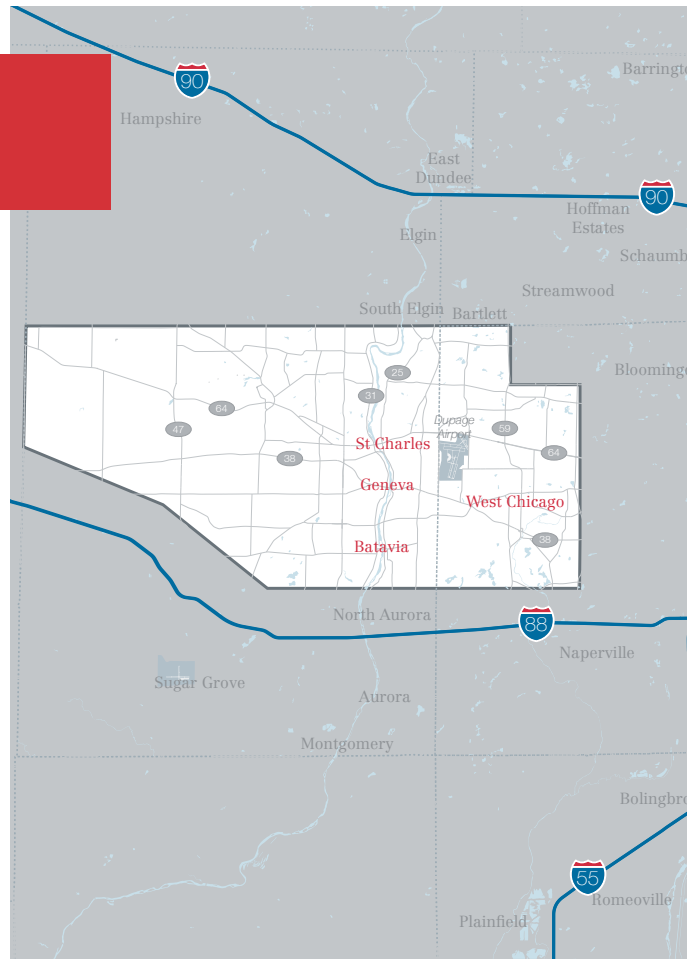
VACANCY RATE

52,993

NET ABSORPTION



Arrows indicate change from previous quarter.

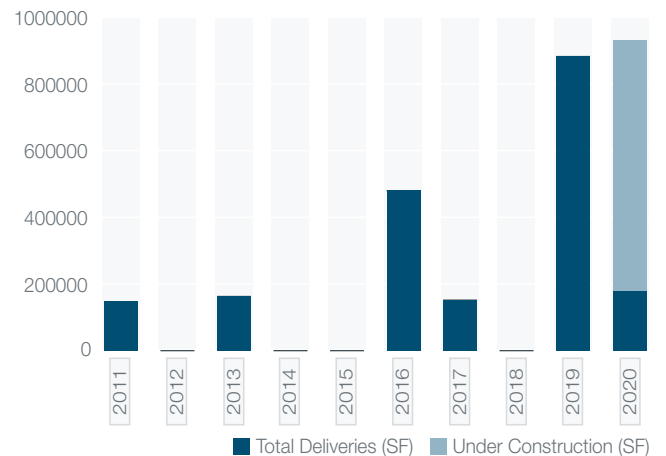


MARKET SIZE	36,486,218 SF
TOTAL VACANCY	2,243,583 SF (6.15%)
DIRECT VACANCY	2,243,583 SF (6.15%)
SUBLEASE VACANCY	0 SF (0.00%)
AVAILABLE SPACE	2,265,337 SF (6.21%)
2Q 2020 NEW LEASING ACTIVITY	83,445 SF

2Q 2020 NET ABSORPTION	52,993 SF
YTD 2020 NET ABSORPTION	257,041 SF
UNDER CONSTRUCTION	750,780 SF
2Q 2020 NEW SUPPLY	28,500 SF
YTD 2020 NEW SUPPLY	179,338 SF

## Construction Activity

- Greco Reggi Real Estate Development Corporation continued construction on a 300,780-SF build-to-suit facility at 2513 Enterprise Circle in West Chicago. It is slated to deliver in early 2021.
- Scannell Properties is developing a 250,000-SF speculative site at 555 Innovation Dr expected to deliver third quarter 2020.





# 100,440

SF RENEWAL

1700 Harvester Rd | West Chicago, Illinois

Sims Recycling Solutions signed a renewal in the second quarter of 100,400 SF at 1700 Harvester Rd. The Class C warehouse facility in West Chicago is owned by Link Industrial Properties.



# 137,691

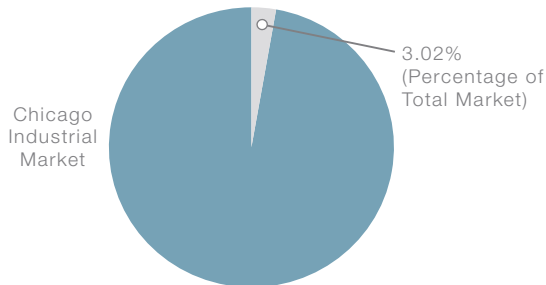
SF SALE

1500 W Harvester Rd | West Chicago, Illinois

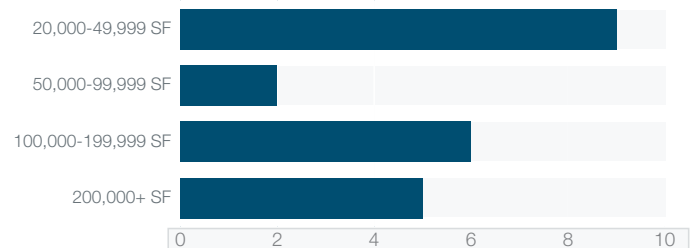
Private investors acquired the 137,691-SF building at 1500 W Harvester Rd in West Chicago from Siemens Industry Inc. during the second quarter. The warehouse sold for \$6.21 million, or \$45.09 PSF.

- The total vacancy rate in the Fox Valley submarket increased 84 points over the 5.31 percent recorded during the first quarter to measure 6.15 percent at the end of the second quarter. Despite four consecutive quarters of vacancy increases, the submarket's performance mirrors greater Chicagoland's 6.15 percent rate. Net absorption in the Fox Valley submarket totaled 52,993 square feet during the second quarter.
- At mid-year, year-to-date net absorption recorded 257,041 square feet, up from the 30,503 square feet recorded last year at this time.
- A 28,500 square feet speculative building in Batavia delivered in the second quarter as over 750,000 square feet still remain under construction in the submarket.

## Fox Valley Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
1500 W Harvester Rd, West Chicago	137,691	\$6,208,000   \$45	Jakob & Barbara Rukel	Siemens Industry, Inc.

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
1700 Harvester Rd, West Chicago	100,440	Sims Recycling Solutions	Renewal
1020 Olympic Dr, Batavia	86,251	Second City Prints	New lease

Mid-Year 2020

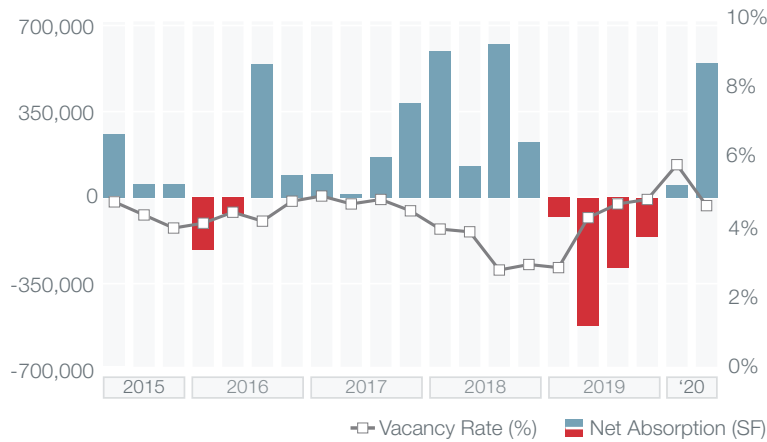
# Central DuPage

4.66%

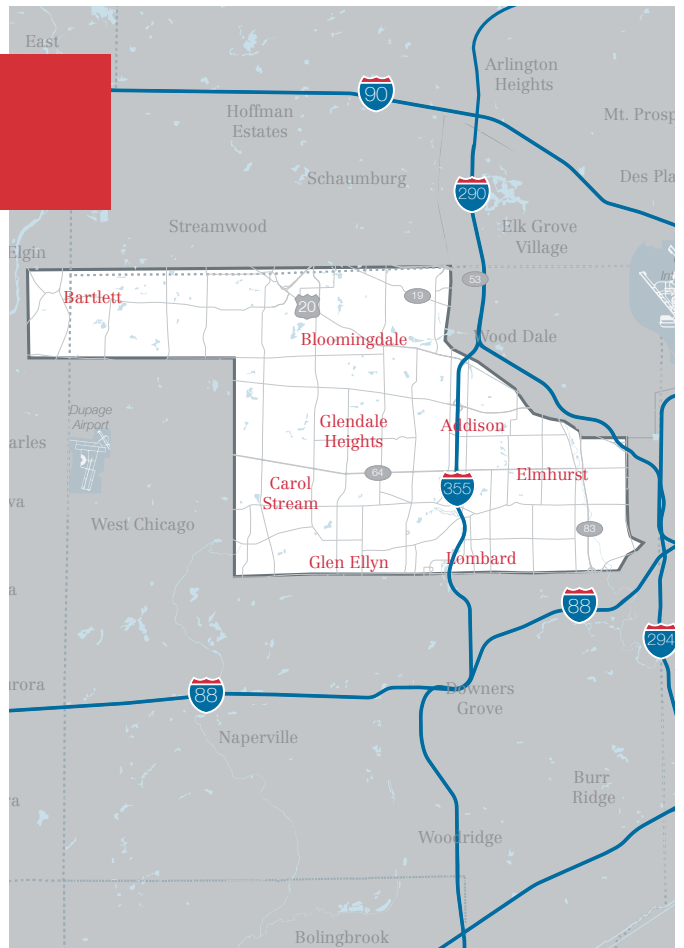
VACANCY RATE

548,722

SF NET ABSORPTION



Arrows indicate change from previous quarter.



## MARKET SIZE

76,075,000 SF

## TOTAL VACANCY

3,545,423 SF (4.66%)

## DIRECT VACANCY

2,672,864 SF (3.51%)

## SUBLEASE VACANCY

872,559 SF (1.15%)

## AVAILABLE SPACE

5,923,922 SF (7.79%)

## 2Q 2020 NEW LEASING ACTIVITY

138,112 SF

## 2Q 2020 NET ABSORPTION

548,722 SF

## YTD 2020 NET ABSORPTION

599,098 SF

## UNDER CONSTRUCTION

1,760,600 SF

## 2Q 2020 NEW SUPPLY

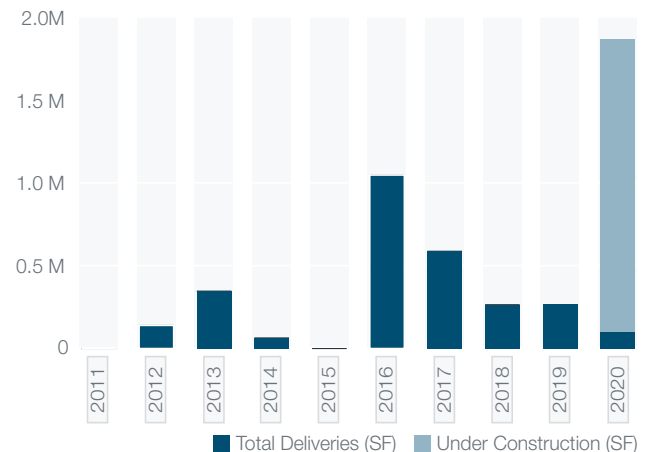
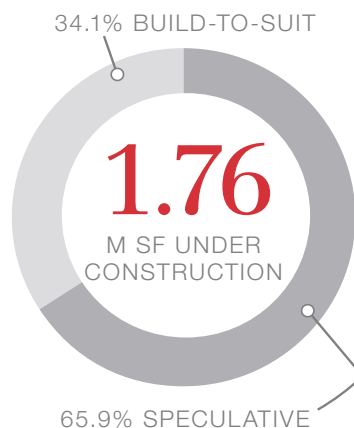
0 SF

## YTD 2020 NEW SUPPLY

100,560 SF

## Construction Activity

- Logistics Property Company continued construction on four speculative facilities in totaling 790,000-SF. Two properties are in Bartlett, while the other two are located in Carol Stream and Addison.
- There is a 400,000-SF build-to-suit currently under construction for McKesson in Bartlett set for delivery at year's end.





# 241,455

SF NEW LEASE

6405-6425 Muirfield Dr | Hanover Park, Illinois

Lineage Logistics fully-leased the industrial building located at Prologis Hanover Park. The building includes freezer/cooler infrastructure - an in-demand feature in the current Chicagoland industrial landscape.



# 86,357

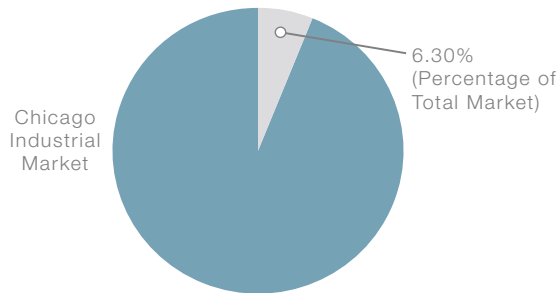
SF SALE

140 E Fullerton Ave | Carol Stream, Illinois

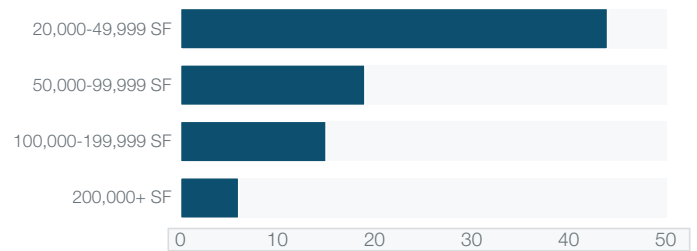
ALG Worldwide Logistics LLC acquired the 86,357-SF building from Finch & Barry Properties LLC in 2Q for \$3.85 million. The manufacturing facility was 100 percent leased at the time of the sale. It was originally listed at \$4.5 million.

- The total vacancy rate in the Central DuPage submarket increased 35 basis points year-over-year, moving from 4.31 percent in 2Q 2019 to 4.66 percent at mid-year. Despite more space availability overall, the submarket still compares favorably to the overall Chicago market, which recorded a 6.15 percent vacancy rate in the second quarter of 2020.
- There are currently ten properties under construction in the Central DuPage submarket, totaling 1,761,600 square feet. Seven speculative developments comprise 65.9 percent of the current pipeline, yet the largest project under development is a 400,000 square foot build-to-suit for McKesson in Bartlett.

## Central DuPage Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
140 E Fullerton Ave, Carol Stream	86,357	\$3,850,000   \$45	ALG Worldwide Logistics LLC	Finch & Barry Properties LLC
601 Wall St, Glendale Heights*	74,120	\$9,000,000   \$121	LBA Realty	Nestle

\*Part of a portfolio sale

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
6405-6425 Muirfield Dr, Hanover Park	241,455	Lineage Logistics	New lease
612-618 W Lamont Rd, Elmhurst	21,600	Henry Schein, Inc.	Renewal

▶ NAI Hiffman transaction

Mid-Year 2020

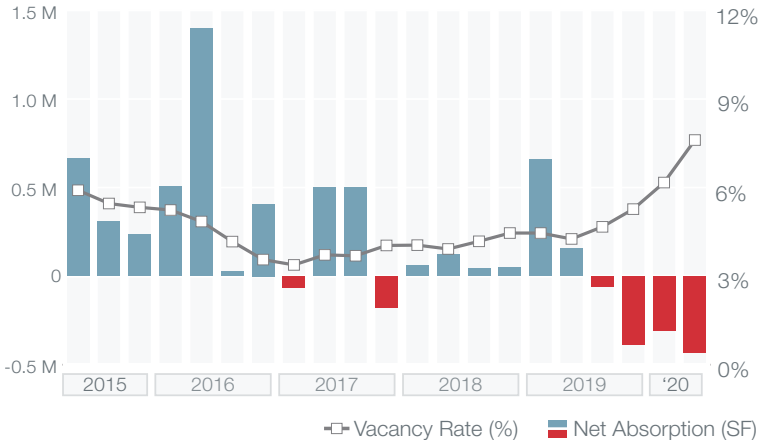
# O'Hare

7.61%

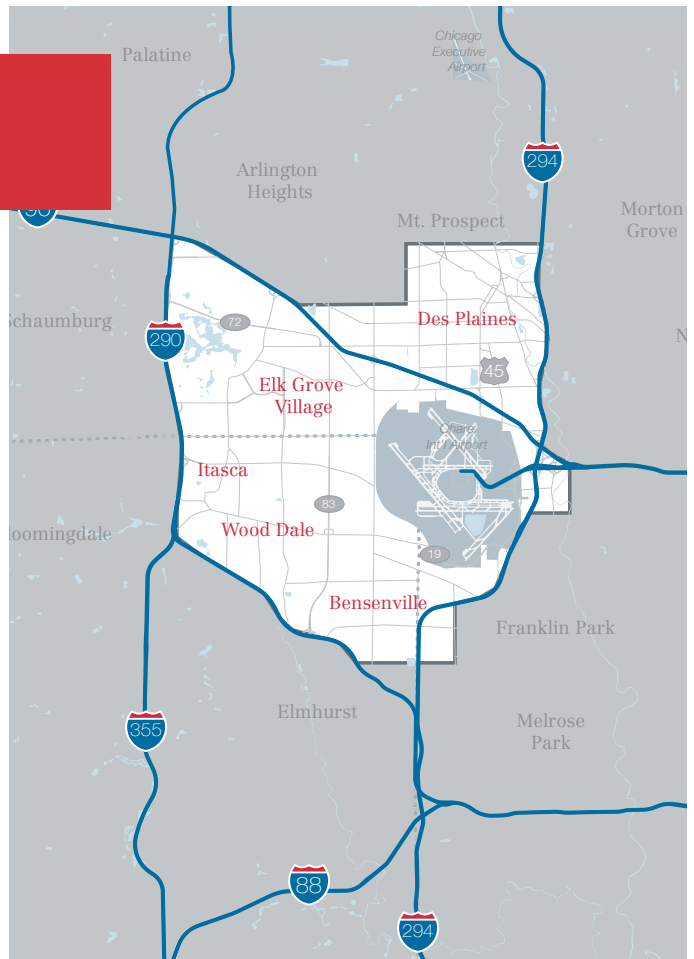
VACANCY RATE

-432,943

SF NET ABSORPTION



Arrows indicate change from previous quarter.

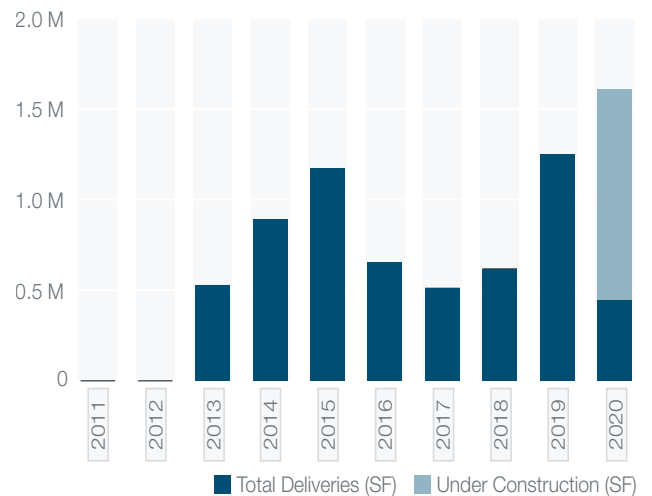


MARKET SIZE	101,723,476 SF
TOTAL VACANCY	7,744,250 SF (7.61%)
DIRECT VACANCY	7,118,123 SF (7.00%)
SUBLEASE VACANCY	626,127 SF (0.62%)
AVAILABLE SPACE	9,597,716 SF (9.44%)
2Q 2020 NEW LEASING ACTIVITY	603,371 SF

2Q 2020 NET ABSORPTION	-432,943 SF
YTD 2020 NET ABSORPTION	-741,432 SF
UNDER CONSTRUCTION	1,160,388 SF
2Q 2020 NEW SUPPLY	292,058 SF
YTD 2020 NEW SUPPLY	446,058 SF

## Construction Activity

- CA Ventures, LLC delivered a build-to-suit facility in Elk Grove Village totaling 146,029 SF during the second quarter.
- Construction continued on Bridge Development Partners' three speculative buildings in Itasca totaling 742,000-SF.





# 80,000

SF RENEWAL

1300-1410 Kirk St | Elk Grove Village, Illinois

Argents Air Express, Ltd. signed an 80,000 SF renewal in a 102,000-SF warehouse facility located in Elk Grove Village. The Class B multi-tenant building is owned by Prologis. It was built in 1973.



# 209,548

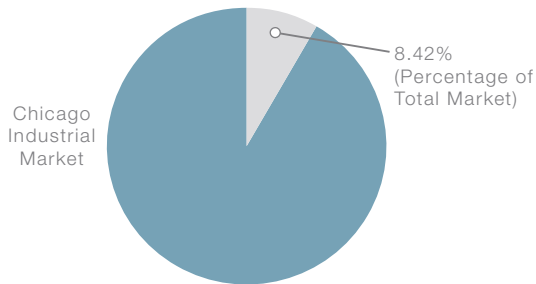
SF SALE

2300 Pratt Blvd | Elk Grove Village, Illinois

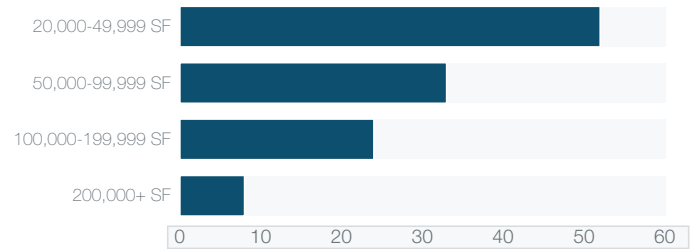
Midtown Realty Group acquired the 208,548-SF building in 2Q from DRA Advisors LLC and Jera Partners, LLC for \$17.94 million, or \$85.59 per square foot. The property was 100% leased at sale. There was a 6.5% cap rate reported on the transaction.

- At -432,943 square feet, net absorption in the industrial O'Hare submarket was negative for the fourth consecutive quarter. Year-to-date, this submarket has -741,432 square feet of negative absorption. Despite this, with nearly 1.5 million square of leasing activity recorded on the year, the submarket awaits several move-ins in the second half of 2020.
- There are seven speculative projects underway in the submarket, totaling 1,160,388 square feet. Nearly 64.0% of this activity is under development by Bridge Development Partners at three properties in Itasca, IL on West Devon Avenue.

## O'Hare Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
2300 Pratt Blvd, Elk Grove Village	209,548	\$17,935,000   \$86	Midtown Realty Group	DRA Advisors LLC
640 N Central Ave, Wood Dale	159,170	\$23,550,000   \$148	Black Creek Diversified Property Fund	Crow Holdings
2201 Arthur Ave, Elk Grove Village	101,265	\$14,250,000   \$141	LBA Realty	Prologis

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
1300-1410 Kirk St, Elk Grove Village	80,000	Argents Air Express, Ltd.	Renewal
800 W Thorndale Ave, Itasca	63,800	Kester, Inc.	Renewal
NAI Hiffman transaction			

Mid-Year 2020

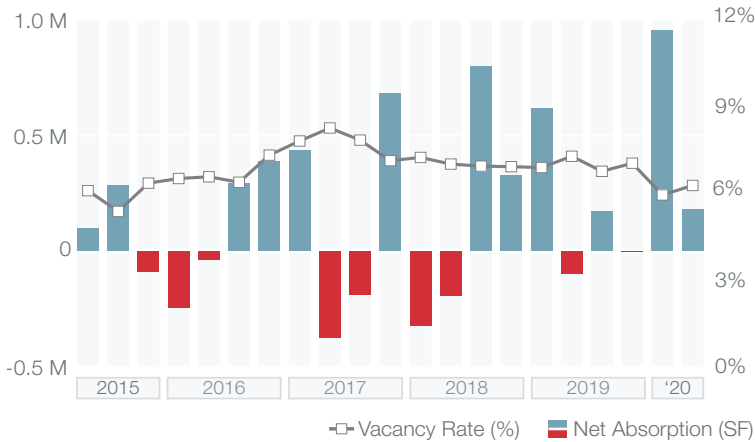
# West Cook

6.27%

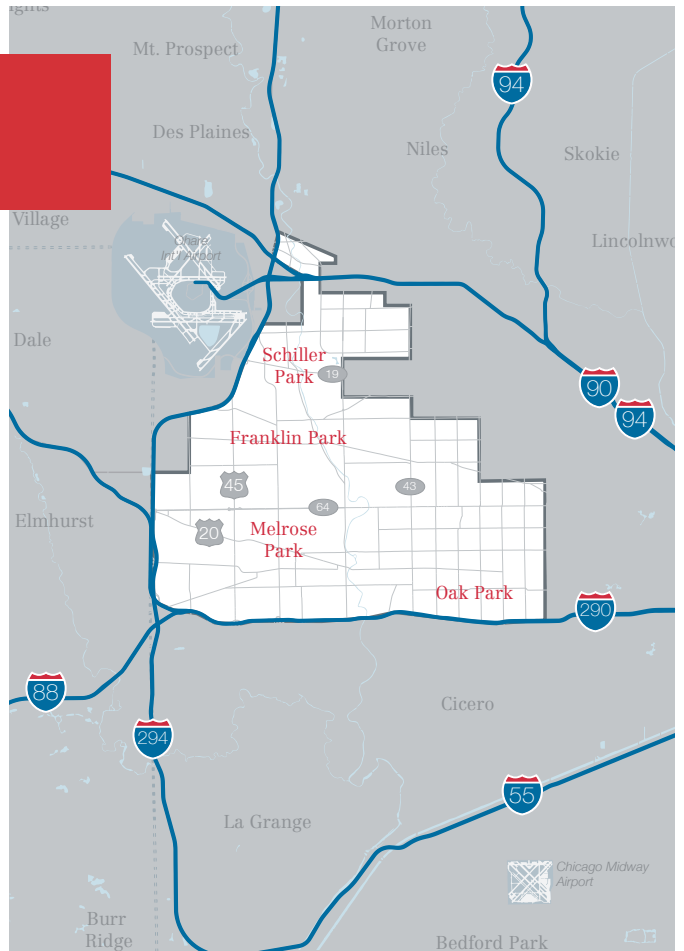
VACANCY RATE

177,696

SF NET ABSORPTION



Arrows indicate change from previous quarter.



## MARKET SIZE

TOTAL VACANCY	3,841,420 SF (6.27%)
DIRECT VACANCY	3,793,200 SF (6.19%)
SUBLEASE VACANCY	48,220 SF (0.08%)
AVAILABLE SPACE	4,370,515 SF (7.13%)
2Q 2020 LEASING ACTIVITY	187,977 SF

61,309,587 SF

## 2Q 2020 NET ABSORPTION

177,696 SF

## YTD 2020 NET ABSORPTION

1,133,101 SF

## UNDER CONSTRUCTION

0 SF

## 2Q 2020 NEW SUPPLY

223,703 SF

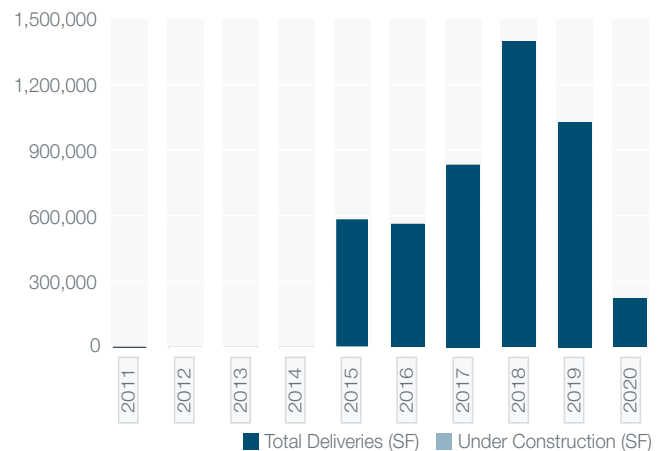
## YTD 2020 NEW SUPPLY

610,703 SF

## Construction Activity

- CenterPoint Properties delivered a 223,703-SF build-to-suit facility for The Custom Companies at 135 Railroad Ave in Northlake during the second quarter.

No Construction  
Currently Underway





# 87,103

SF NEW LEASE

10601 Franklin Ave | Franklin Park, Illinois

Tablescapes Party Rentals leased 87,103 SF at the Bridge Point Franklin Park industrial park. Telescopes will move in to the multi-tenant warehouse facility in the third quarter of 2020. Morgan Stanley acquired the property in the third quarter of 2019.



# 220,000

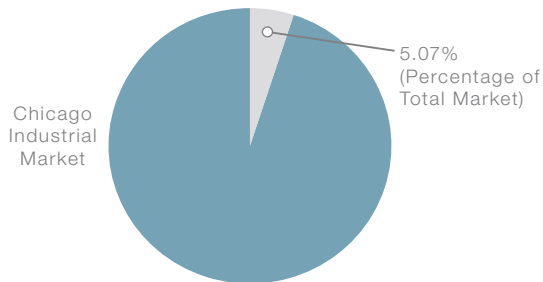
SF SALE LEASEBACK

2233 West St | River Grove, Illinois

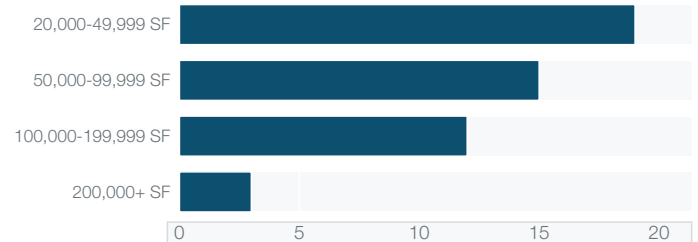
Brookfield Asset Management, Inc. acquired the 295,393-SF single-tenant Class A distribution center from Go To Logistics for over \$43 million, or \$195.57 PSF. Go To Logistics will maintain occupancy as part of the sale leaseback agreement.

- Following a quarter of significant net absorption, the West Cook submarket recorded 177,696 square feet for the quarter, bringing the year-to-date net absorption to over 1.1 million square feet. The overall vacancy rate tightened 101 basis points year-over-year from 7.28 percent in the second quarter of 2019 to 6.27 percent at mid-year.
- West Cook's new leasing activity for the second quarter totaled 187,977 square feet. The submarket has recored over 888,000 square feet of new leasing at mid-year.

## West Cook Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
2233 West St, River Grove	295,393	\$43,025,000   \$196	Brookfield Asset Management, Inc.	Go To Logistics

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
10601 Franklin Ave, Franklin Park	87,103	Tablescapes Party Rentals	New lease

Mid-Year 2020

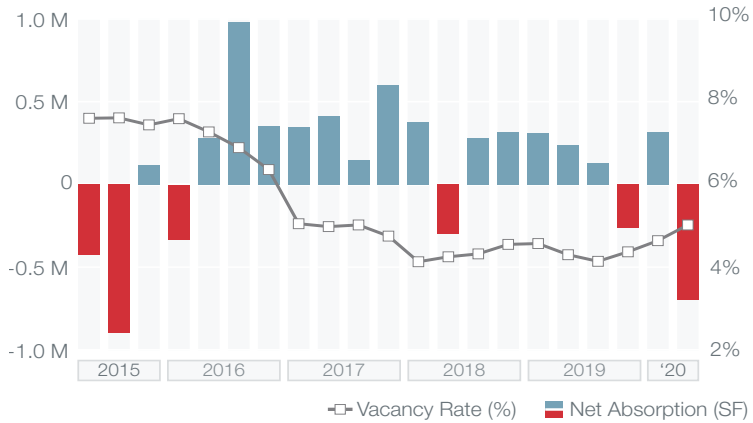
# Chicago

5.02%

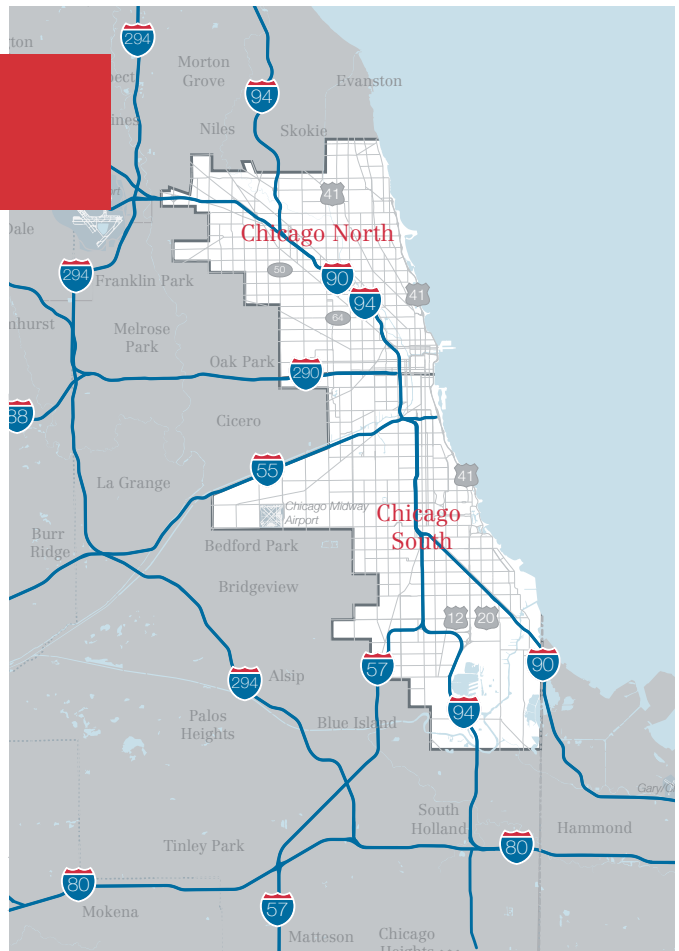
VACANCY RATE

-697,301

SF NET ABSORPTION



Arrows indicate change from previous quarter.

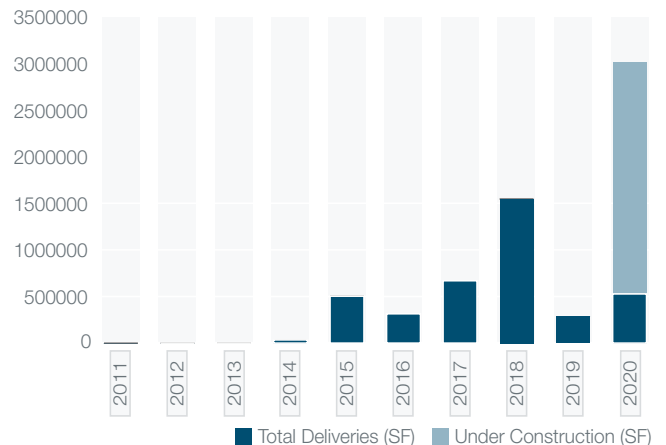
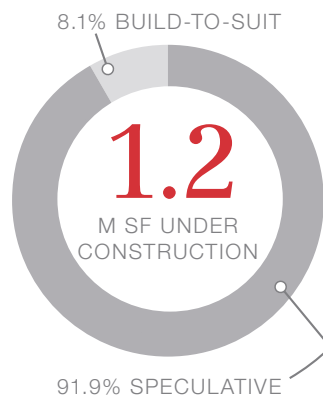


MARKET SIZE	175,185,383 SF
TOTAL VACANCY	8,461,793 SF (5.02%)
DIRECT VACANCY	8,261,053 SF (4.90%)
SUBLEASE VACANCY	200,740 SF (0.13%)
AVAILABLE SPACE	10,268,182 SF (6.20%)
2Q 2020 NEW LEASING ACTIVITY	1,193,735 SF

2Q 2020 NET ABSORPTION	-697,301 SF
YTD 2020 NET ABSORPTION	-379,460 SF
UNDER CONSTRUCTION	1,236,788 SF
2Q 2020 NEW SUPPLY	527,879 SF
YTD 2020 NEW SUPPLY	527,879 SF

## Construction Activity

- Hilco Real Estate is developing a 999,900-SF facility preleased to Target on Chicago's south side. The building is scheduled to deliver during the second quarter of 2021.
- Logistics Property Company broke ground on a 136,888-SF speculative facility in the second quarter at 3711 S Ashland Ave. It is scheduled to deliver by year end.





# 316,550

SF NEW LEASE

3507 W 51st St | Chicago, Illinois

Amazon fully leased the 316,550-SF warehouse facility in Chicago. Amazon plans to occupy the new development in 4Q 2020. McShane Development Co. is the owner-developer of the facility, which was completed in 2019.



# 138,000

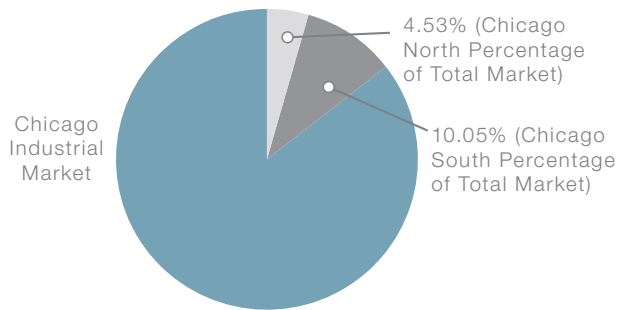
SF SALE

1300 W Carroll Ave | Chicago, Illinois

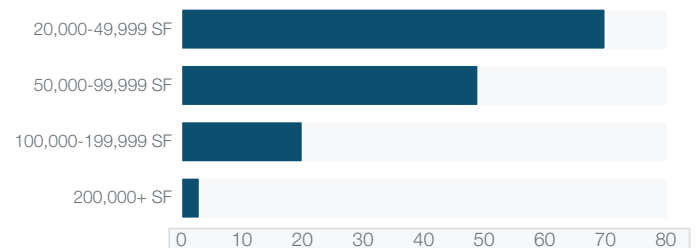
Sterling Bay acquired the Class C former wheat mill from Archer Daniels Midland Company in June 2020 for \$25.0 million, or \$181/SF. The structure, found in the Fulton Market neighborhood of the West Loop, has long been rumored as a future Metra station for the urban destination.

- Net absorption in Chicago in the aggregate fell in the second quarter to negative 697,301 square feet. A build-to-suit 360,000-SF facility at 12600 S. Avenue O delivered vacant, causing absorption to dip. However, Ford plans to occupy in the second half of 2020. New leasing activity totaled almost 1.2 million square feet for the quarter, which bodes well for the markets' performance in the near-term.
- The overall vacancy rate for the city of Chicago increased from the 4.64 percent recorded at the end of the first quarter to measure 5.02 percent at mid-year. About 1.1 million square feet of speculative and 100,000 square feet of build-to-suit development remain under construction at mid-year.

## Chicago North and South Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
2635 S Western Ave, Chicago*	308,000	\$54,500,000   \$177	Lineage Logistics Holdings, LLC	investcorp International, Inc.
1300 W Carroll Ave, Chicago	138,000	\$25,000,000   \$181	Sterling Bay	Archer Daniels Midland Company

\*Part of a portfolio sale

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
3507 W 51st St, Chicago	316,550	Amazon	New lease
4400 W 45th St, Chicago	60,874	Focal Point	New lease

Mid-Year 2020

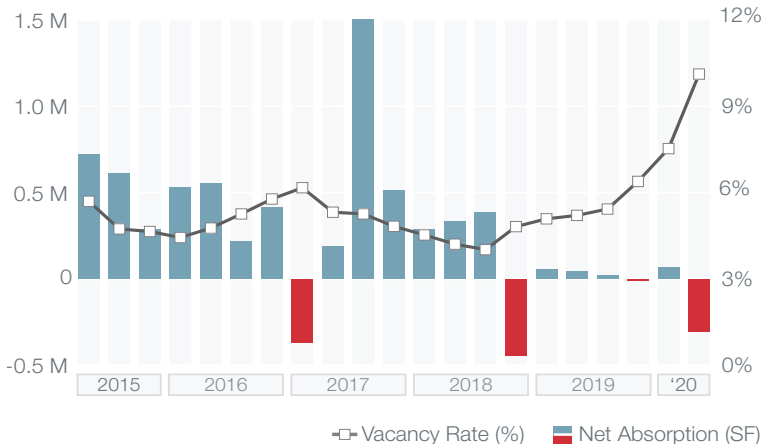
# I-88 Corridor

10.12%

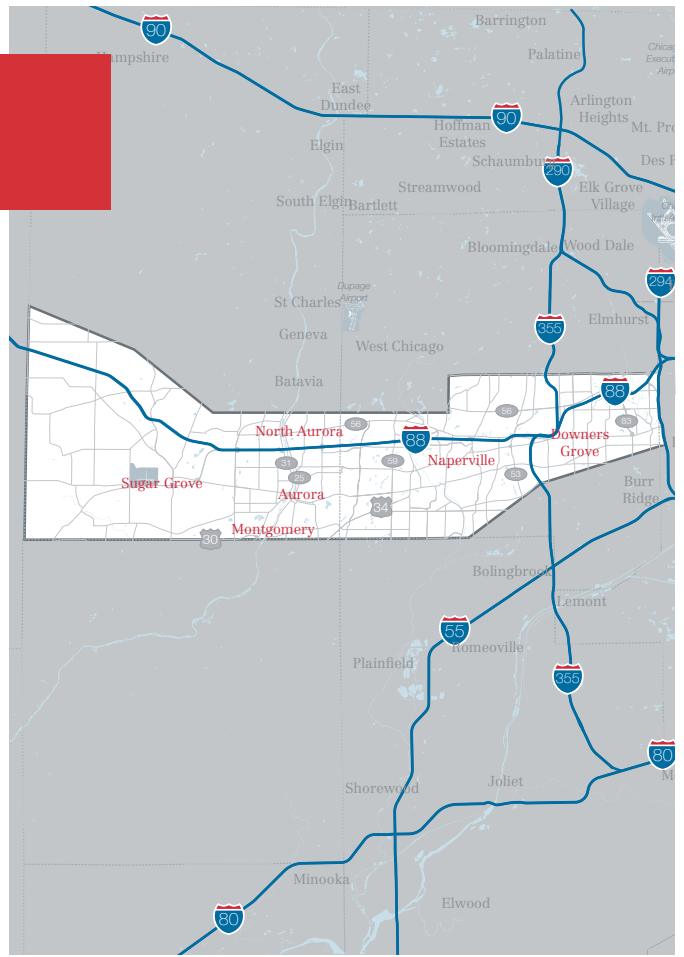
VACANCY RATE

-302,296

NET ABSORPTION



Arrows indicate change from previous quarter.



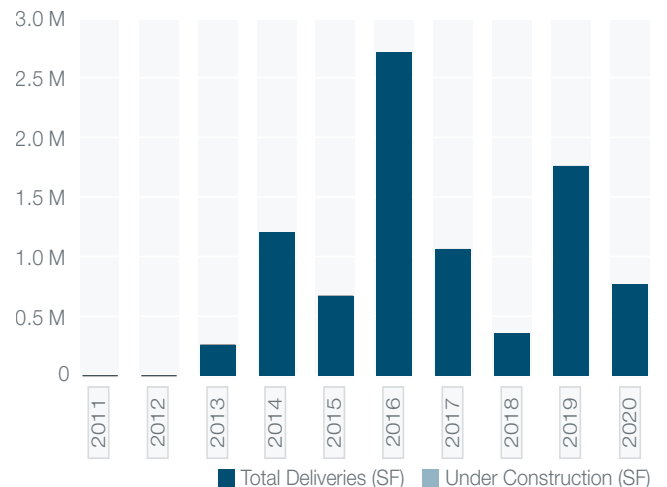
MARKET SIZE	70,655,679 SF
TOTAL VACANCY	7,149,528 SF (10.12%)
DIRECT VACANCY	7,024,574 SF (9.94%)
SUBLEASE VACANCY	124,954 SF (0.18%)
AVAILABLE SPACE	10,679,308 SF (15.11%)
2Q 2020 NEW LEASING ACTIVITY	928,760 SF

2Q 2020 NET ABSORPTION	-302,296 SF
YTD 2020 NET ABSORPTION	-235,045 SF
UNDER CONSTRUCTION	0 SF
2Q 2020 NEW SUPPLY	0 SF
YTD 2020 NEW SUPPLY	764,895 SF

## Construction Activity

- There are no projects under construction at this time in the I-88 Corridor submarket.
- In contrast, over 3 million square feet has delivered since the start of 2017.

No Construction  
Currently Underway





# 350,800

SF RENEWAL

1705 Sequoia Dr | Aurora, Illinois

Hyundai MOBIS signed a renewal bringing occupancy to 100% at the 350,800-SF warehouse facility at 1705 Sequoia Dr in Aurora. Cabot Properties owns the facility.



# 3.8 M SF

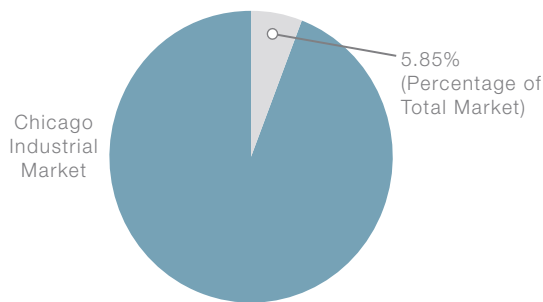
SF AVAILABILITY

325 S Route 31 | Montgomery, Illinois

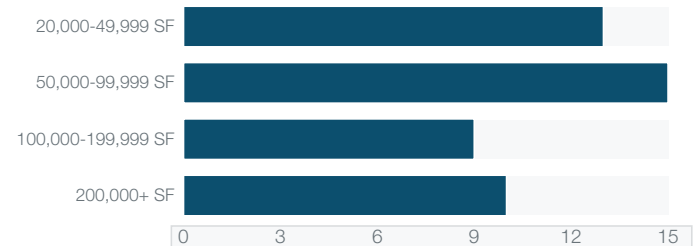
There is over 3.7 million square feet available at the manufacturing facility located at 325 S Route 31 in Montgomery. A sale leaseback transaction occurred in the first quarter of 2020, with Caterpillar leasing 215,000 SF.

- The I-88 Corridor submarket saw 928,760 square feet of new leasing activity in the second quarter of 2020, raising the mid-year total to 2,460,083 square feet.
- The submarket recorded a vacancy rate of 10.12 percent in 2Q 2020, nearly doubling the 5.21 percent rate from one year prior. While the submarket's vacancy rate lags all of its peer markets at present, several high-profile move-ins are in the offing for the second half of 2020, including the more than 500,000 square feet Amazon is set to occupy across multiple locations in July.

## I-88 Corridor Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
None to report				

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
1705 Sequoia Dr, Aurora	350,800	Hyundai MOBIS	Renewal

Mid-Year 2020

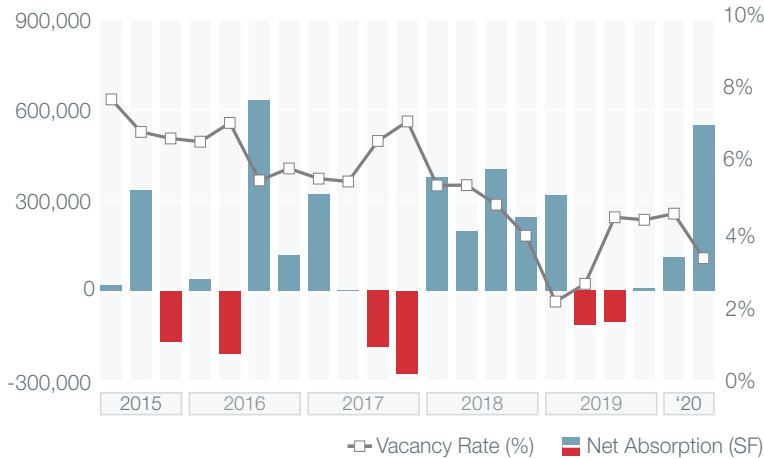
# Southwest Cook

3.40%

VACANCY RATE

548,803

SF NET ABSORPTION



Arrows indicate change from previous quarter.



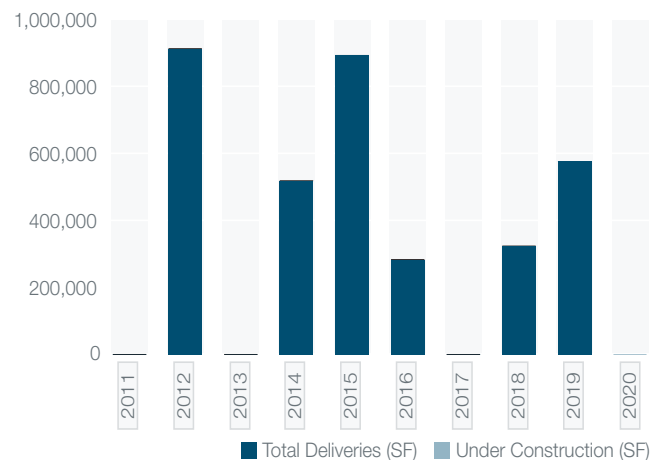
MARKET SIZE	37,043,358 SF
TOTAL VACANCY	1,261,120 SF (3.40%)
DIRECT VACANCY	1,123,414 SF (3.03%)
SUBLEASE VACANCY	137,706 SF (0.37%)
AVAILABLE SPACE	1,694,002 SF (4.57%)
2Q 2020 LEASING ACTIVITY	422,402 SF

2Q 2020 NET ABSORPTION	548,803 SF
YTD 2020 NET ABSORPTION	661,549 SF
UNDER CONSTRUCTION	0 SF
2Q 2020 NEW SUPPLY	0 SF
YTD 2020 NEW SUPPLY	0 SF

## Construction Activity

- There are no projects under construction at this time in the Southwest Cook submarket. Developers have plans to build, but there are no projected start dates for the proposed buildings.

No Construction  
Currently Underway





# 233,669

SF RENEWAL

9450 W Sergo Dr | McCook, Illinois

American Tire Distributors signed a renewal of 233,669 SF at the 443,984-SF warehouse facility located at 9450 W Sergo Dr in McCook. The tenant has been at this location since 2015.

# 555,943

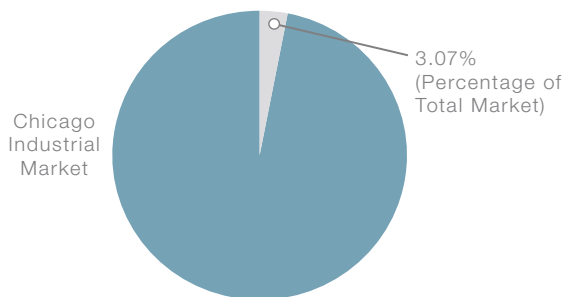
SF SALE

3250 S Central Ave | Cicero, Illinois

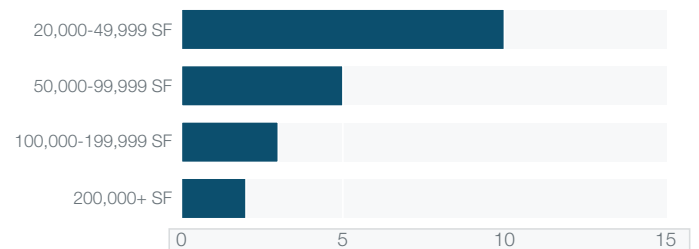
Blue Vista and Sagic Capital, LLC acquired the 555,943-SF building from The Blackstone Group LP. The Class C multi-tenant warehouse delivered in 1968 and underwent renovation in 1976.

- The overall vacancy rate in the Southwest Cook submarket decreased 123 basis points from the 4.63 percent recorded in the previous quarter, to measure 3.40 percent during the second quarter, the lowest rate in the Chicago market at mid-year.
- This newfound strength in vacancy was spurred by the best quarter of net absorption in the submarket since 2016. Net absorption increased to 548,803 square feet, up from the 112,746 square feet in the previous quarter. New leasing activity stayed strong in the second quarter, totaling 422,402 square feet. Year-to-date, the submarket has recored leasing activity of over 1.1 million square feet.

## Southwest Cook Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
3250 S Central Ave Cicero	555,943	\$12,000,000   \$22	Blue Vista/Sagic Capital, LLC	The Blackstone Group LP
8424 W 47th St, Lyons*	313,899	\$33,000,000   \$105	Lineage Logistics Holdings, LLC	Investcorp International, Inc.

\*Part of a portfolio sale

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
9450 W Sergo Dr, McCook	233,669	American Tire Distributors	Renewal
7250 Santa Fe Dr, Hodgkins	81,600	Continental Paper Grading	New lease

▶ NAI Hiffman transaction

Mid-Year 2020

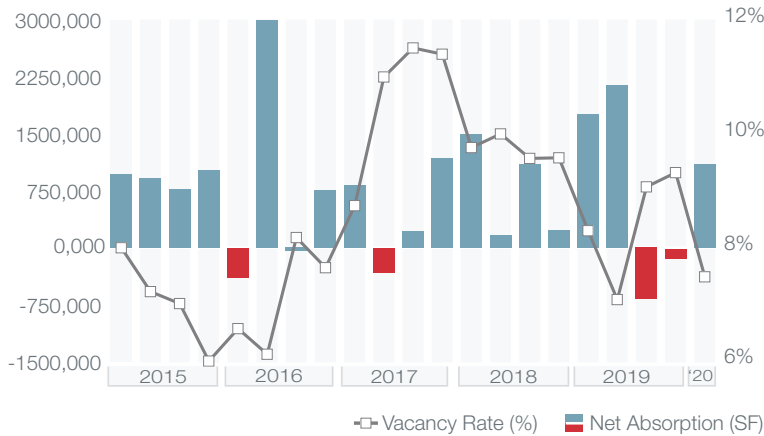
# I-55 Corridor

7.49%

VACANCY RATE

1.09 M

SF NET ABSORPTION



Arrows indicate change from previous quarter.

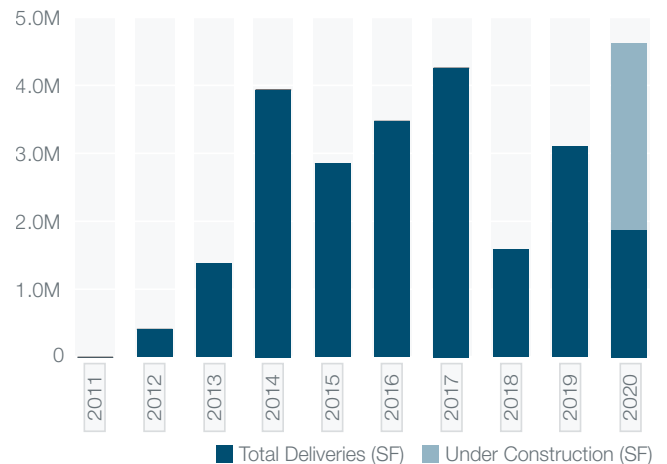


MARKET SIZE	99,866,501 SF
TOTAL VACANCY	7,477,971 SF (7.49%)
DIRECT VACANCY	7,444,554 SF (7.45%)
SUBLEASE VACANCY	33,417 SF (0.03%)
AVAILABLE SPACE	12,936,934 SF (12.95%)
2Q 2020 NEW LEASING ACTIVITY	423,432 SF

2Q 2020 NET ABSORPTION	1,096,742 SF
YTD 2020 NET ABSORPTION	967,657 SF
UNDER CONSTRUCTION	2,751,072 SF
2Q 2020 NEW SUPPLY	0 SF
YTD 2020 NEW SUPPLY	1,871,616 SF

## Construction Activity

- Prologis is developing a 452,129-SF speculative facility in Lockport. The building at 16535 W Prologis Pky is scheduled to be completed in the third quarter of 2020.
- Construction continued at the Crate & Barrel build-to-suit 646,380-SF site in Romeoville, and plans to deliver in early 2021.





# 190,706

SF EXTENSION

750 Veterans Pky | Bolingbrook, Illinois

LeSaint Logistics, LLC extended its lease on 190,706-SF of the 228,495-SF warehouse facility located at 750 Veterans Pky in Bolingbrook. Sitting on 13.53 acres, the Class A facility was built in 2007.



# 81,406

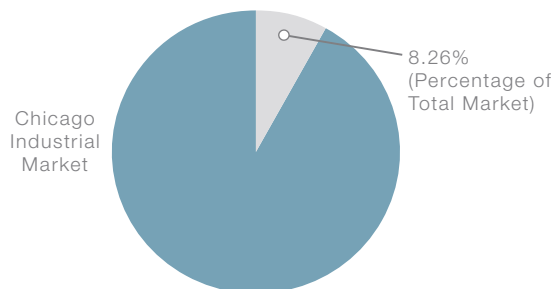
SF SALE

525 Crossroads Pky | Bolingbrook, Illinois

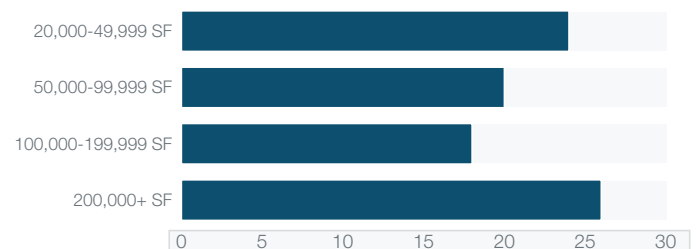
Provender Partners acquired the 81,406-SF food processing building from West Liberty Foods. The Class B building sold for \$7.67 million, or \$94.28 PSF. The facility, which has freezer space, is available for lease.

- The total vacancy rate in the I-55 Corridor tightened 81 basis points year-over-year, moving from 8.30 percent in the second quarter of 2019 to 7.49 percent at mid-year 2020. Net absorption numbers significantly increased for the submarket, as nearly 1.1 million square feet of move-ins occurred. Pactiv's 787,499 square feet move-in at 1101 W. Airport Road in Romeoville accounted for 71.8 percent of all move-ins on the quarter.
- The submarket following up a strong start to the year - over 1.0 million square feet of new leasing activity - with an additional 423,432 square feet in the second quarter. The submarket has recorded over 1.5 million square feet of new leasing activity year-to-date.

## I-55 Corridor Inventory



## Blocks of Available Space



## Significant Sale Transactions

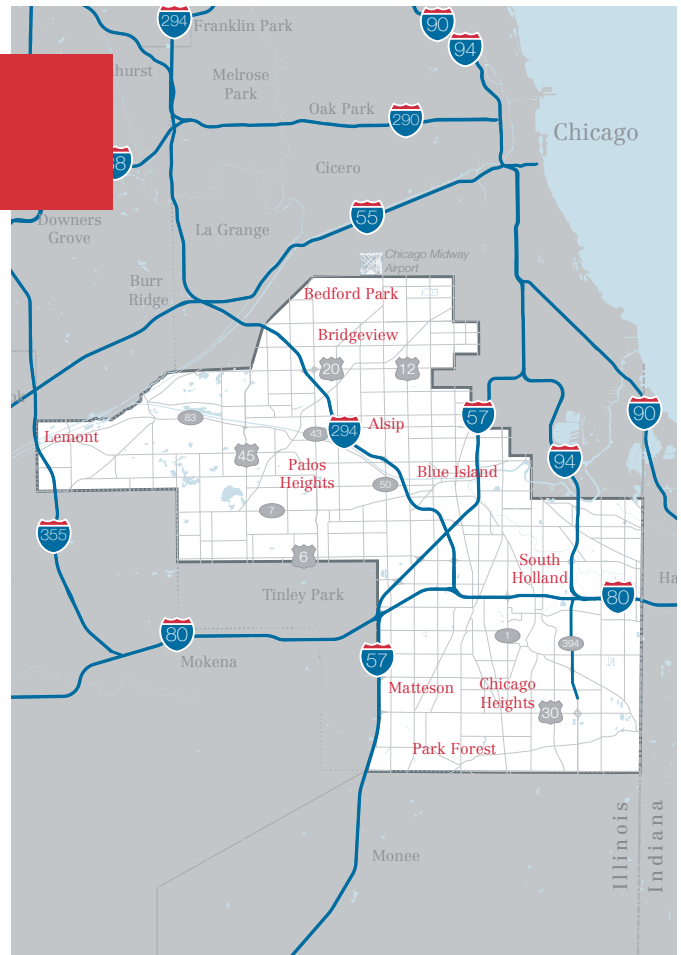
Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
525 Crossroads Pky, Bolingbrook	81,406	Undisclosed	Provender Partners	West Liberty Foods

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
750 Veterans Pky, Bolingbrook	190,706	LeSaint Logistics, LLC	Extension
485 Crossroads Pky, Bolingbrook	154,340	BC Foods	New lease
700 S Weber Rd, Bolingbrook	100,000	Readerlink LLC	New sublease

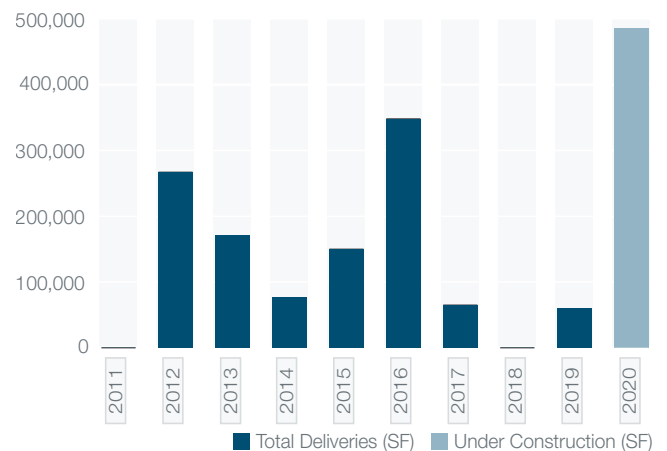
▶ NAI Hiffman transaction

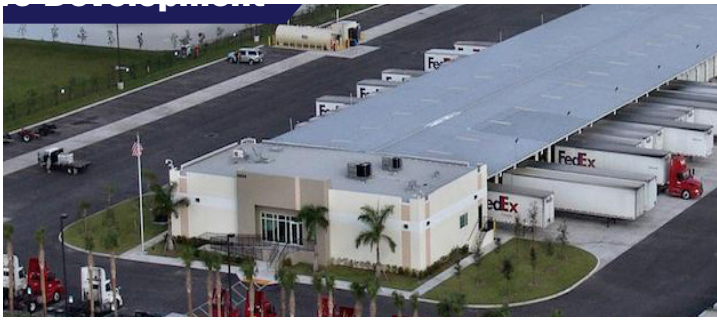
# South Cook



2Q 2020 NET ABSORPTION	-26,330 SF
YTD 2020 NET ABSORPTION	-260,612 SF
UNDER CONSTRUCTION	1,296,429 SF
2Q 2020 NEW SUPPLY	0 SF
YTD 2020 NEW SUPPLY	219,267 SF

- TCB Development is developing a 70,884-SF speculative building at 18430 S 116th St in Orland Park with plans to deliver 3Q20.
- Logistics Property Company broke ground on three speculative buildings in the second quarter totaling over 1.2 million square feet in County Club Hills.





# 750,000

SF NEW LEASE

15924 Western Ave | Markham, Illinois

Amazon leased the entire 750,000-SF facility in Markham, making it the largest lease transaction in the South Cook submarket. The Class A distribution facility is under construction with delivery expected in December.



# 107,000

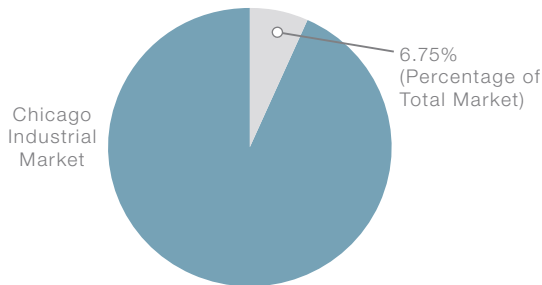
SF SALE

8711 S 77th Ave | Bridgeview, Illinois

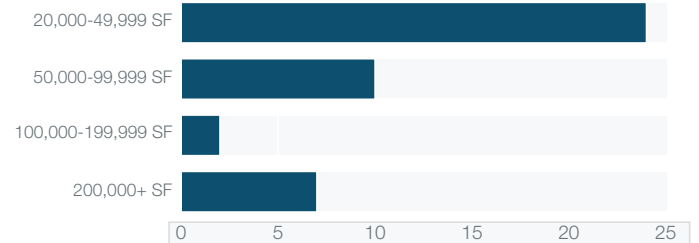
A private owner acquired the industrial building from a private seller for \$1.85 million, or \$17.28 PSF. The property is a 107,000-SF manufacturing facility that was built in 1982. It is currently 60.7 percent vacant.

- At 4.46 percent, the overall vacancy rate in the South Cook submarket softened a modest 23 basis points quarter-over-quarter. At -26,330 square feet, net absorption in the second quarter improved from the first quarter, but still recorded -260,612 square feet at mid-year. Spurred by Amazon, new leasing activity in the submarket significantly increased from the first quarter, to a total of over 3.9 million square feet.
- Construction numbers jumped from the start of the year, as three new speculative buildings broke ground during the second quarter. This brought the submarket's under construction pipeline to almost 1.3 million square feet at mid-year.

## South Cook Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
8711 S 77th Ave, Bridgeview	107,000	\$1,848,500   \$17	Leonard Kreimer	Kay Perkins

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
15924 Western Ave, Markham	750,000	Amazon	New lease
7557-7575 S 78th Ave, Bridgeview	254,425	Confidential eCommerce User	New lease

▶ NAI Hiffman transaction

Mid-Year 2020

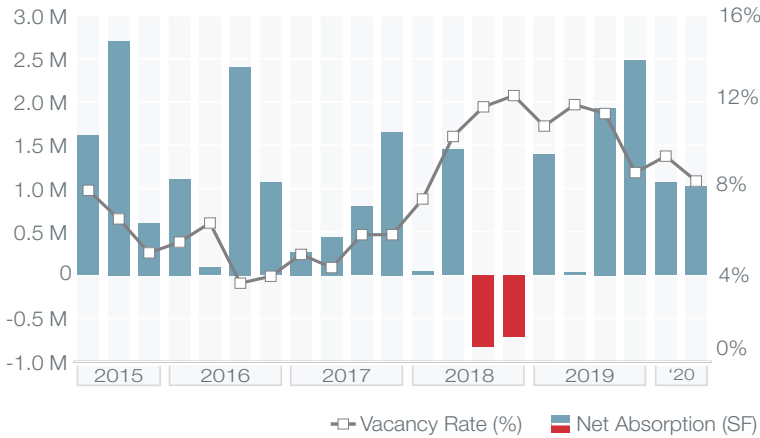
# I-80/Joliet Corridor

8.35%

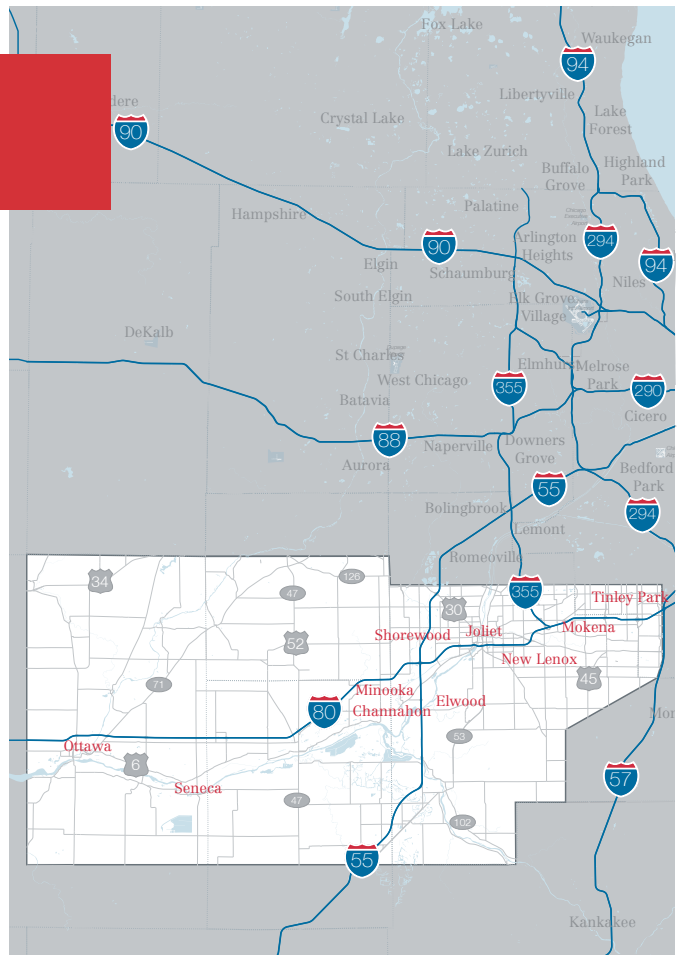
VACANCY RATE

1.02 MSF

NET ABSORPTION



Arrows indicate change from previous quarter.

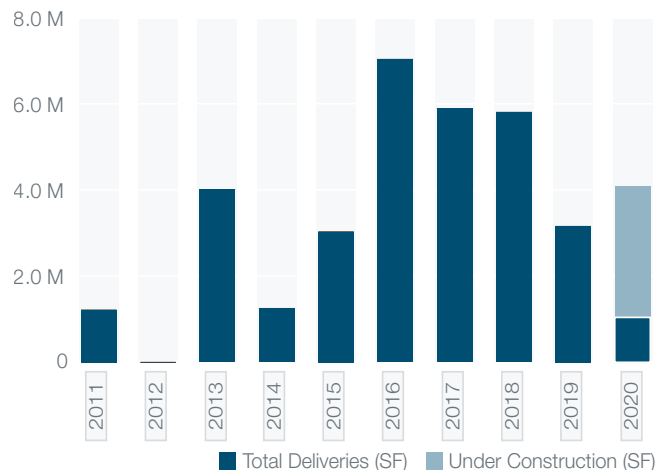
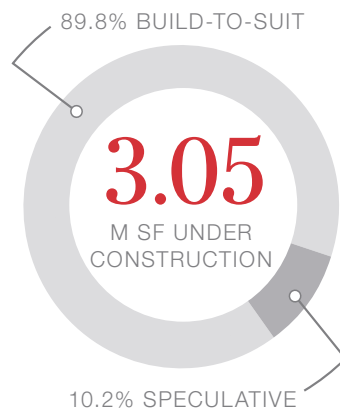


MARKET SIZE	94,289,028 SF
TOTAL VACANCY	7,868,578 SF (8.35%)
DIRECT VACANCY	6,664,497 SF (7.07%)
SUBLEASE VACANCY	1,204,081 SF (1.28%)
AVAILABLE SPACE	12,103,708 SF (12.84%)
2Q 2020 NEW LEASING ACTIVITY	2,447,517 SF

2Q 2020 NET ABSORPTION	1,027,687 SF
YTD 2020 NET ABSORPTION	2,097,204 SF
UNDER CONSTRUCTION	3,049,225 SF
2Q 2020 NEW SUPPLY	0 SF
YTD 2020 NEW SUPPLY	187,522 SF

## Construction Activity

- CenterPoint Properties broke ground on 1.6 million square feet in Joliet during the quarter. The building is scheduled to deliver late 2020.
- Venture One Real Estate is developing a 1.1 million-SF build-to-suit facility in Channahon for Amazon, with plans to deliver 4Q20.





# 810,900

SF NEW LEASE

30260 S Graaskamp Blvd | Wilmington, Illinois

Amazon inked a significant transaction at 30260 S Graaskamp Blvd in Wilmington. The retail giant fully leased and occupied the 810,900 SF distribution facility in the second quarter.



# 296,180

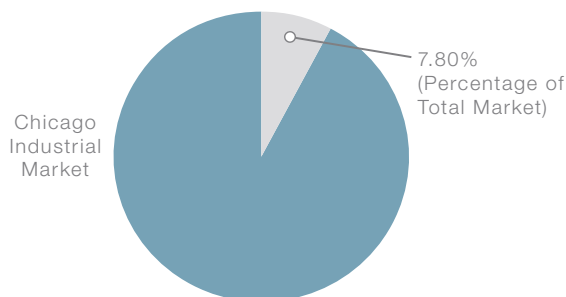
SF SALE

18700 S Ridgeland Ave | Tinley Park, Illinois

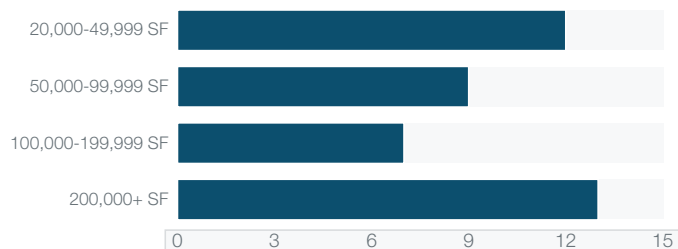
Stockbridge Capital Group LLC completed its acquisition of the 296,180-SF facility from Hillwood Properties for an undisclosed price. The Class A warehouse building was built in 2018. The building was fully occupied at time of sale.

- The vacancy rate in the I-80/Joliet Corridor tightened 353 basis points year-over-year, decreasing from 11.88 percent at mid-year 2019 to 8.35 percent at mid-year 2020. Absorption in the submarket remained strong, hitting more than 1.0 million square feet for the second consecutive quarter, with year-to-date net absorption totaling 2.1 million square feet.
- Year-to-date leasing activity totaled more than 3.4 million square feet, with 2.4 million square feet leased during the second quarter. Amazon's lease at 30260 S Graaskamp Blvd in Wilmington accounted for a third of the quarter's new leasing activity.

## I-80/Joliet Corridor Inventory



## Blocks of Available Space



## Significant Sale Transactions

Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
18700 S Ridgeland Ave, Tinley Park	296,180	Undisclosed	Stockbridge Capital Group LLC	Hillwood/Stockbridge Capital
7979 W 183rd St, Tinley Park*	237,241	\$18,035,000   \$76	High Street Logistics Properties	Link Industrial
7650 W 185th St, Tinley Park*	119,379	\$10,030,000   \$84	High Street Logistics Properties	Link Industrial

\*Part of a portfolio sale

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
30260 S Graaskamp Blvd, Wilmington	810,900	Amazon	New lease
3901 Rock Creek Blvd, Joliet	464,400	Life Fitness	New sublease

Mid-Year 2020

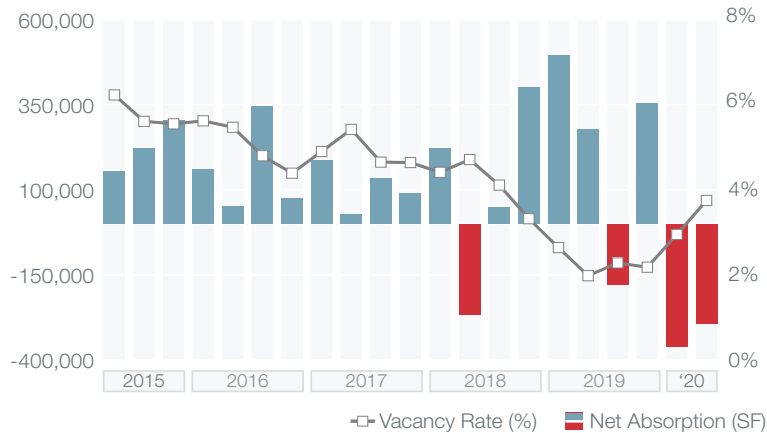
# Northwest Indiana

3.75%

VACANCY RATE

-291,993

SF NET ABSORPTION



Arrows indicate change from previous quarter.



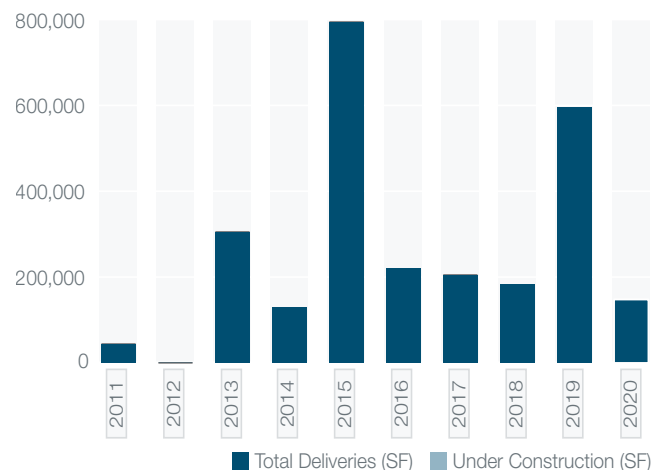
MARKET SIZE	42,084,087 SF
TOTAL VACANCY	1,578,819 SF (3.75%)
DIRECT VACANCY	1,488,176 SF (3.54%)
SUBLEASE VACANCY	90,643 SF (0.22%)
AVAILABLE SPACE	2,583,976 SF (6.14%)
2Q 2020 NEW LEASING ACTIVITY	82,970 SF

2Q 20120 NET ABSORPTION	-291,993 SF
YTD 2020 NET ABSORPTION	-652,770 SF
UNDER CONSTRUCTION	0 SF
2Q 2020 NEW SUPPLY	147,592 SF
YTD 2020 NEW SUPPLY	147,592 SF

## Construction Activity

- Leetz Properties and Holladay Properties delivered the 65,592-SF speculative facility at 2650 Barley Rd in Valparaiso during the second quarter.

No Construction  
Currently Underway





# 45,000

SF NEW LEASE

201 Mississippi St | Gary, Indiana

An undisclosed tenant leased 45,000 SF at 201 Mississippi St in Gary and plans to occupy the facility in the fourth quarter. The Great Lakes Industrial Center was 96.9 percent leased at the end of the second quarter.



# 341,159

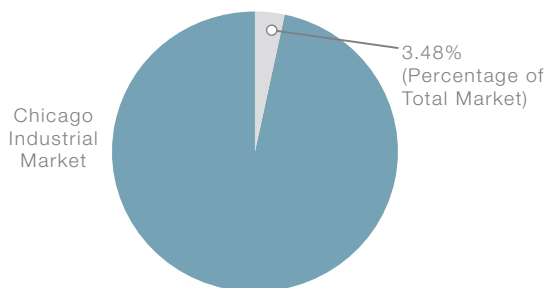
SF AVAILABILITY

425 W 151st St | East Chicago, Indiana

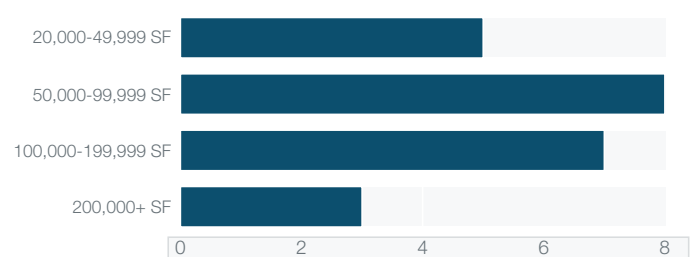
There is up to 341,159 SF available at the East Chicago Enterprise Center, a Class B warehouse. The building, which is owned by Read Properties, is currently 11.3 percent leased.

- Overall vacancy in the Northwest Indiana submarket softened 80 basis points from the 2.95 percent reported in the first quarter to 3.75 percent at mid-year.
- Though a slight improvement from the start of the year, net absorption in the submarket remained negative for the second consecutive quarter, totaling -291,993 square feet. As compared to the 180,571 square feet of new leasing activity recorded at the start of the year, new leasing for the second quarter totaled 82,970 square feet.
- Over 147,000 square feet of new supply delivered during the second quarter in the submarket.

## Northwest Indiana Inventory



## Blocks of Available Space



## Significant Sale Transactions

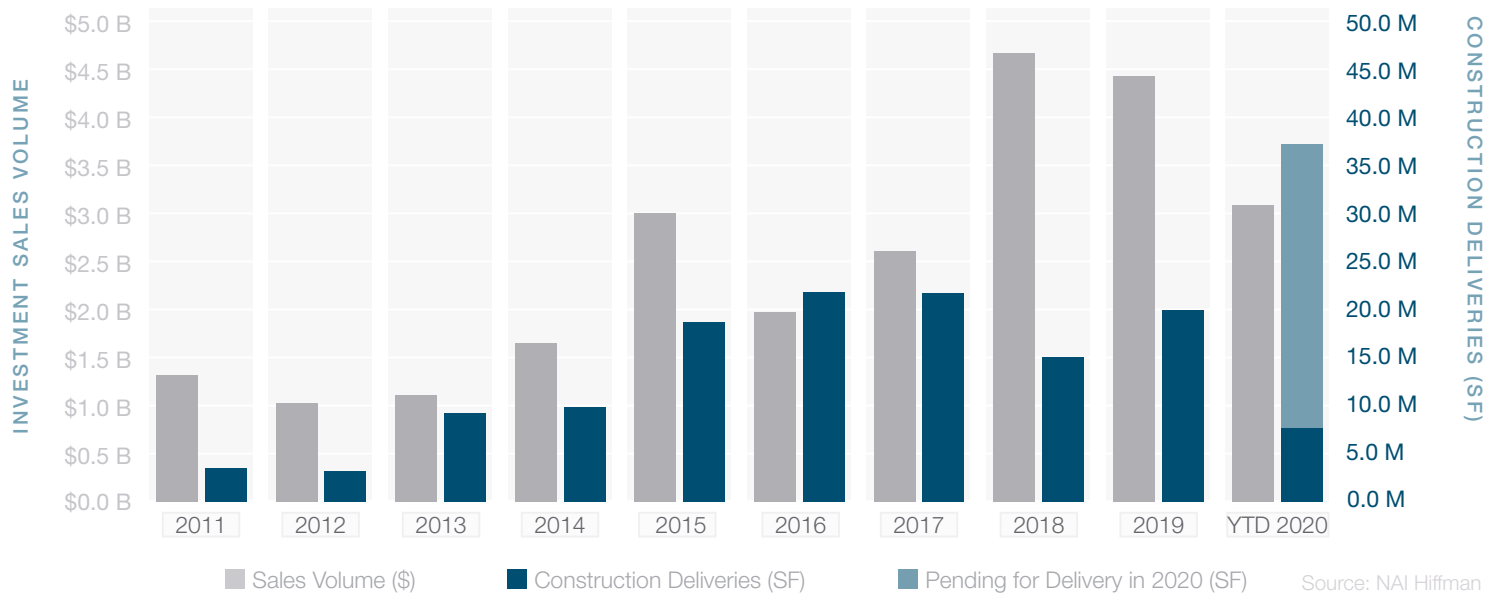
Building Address	Sold (SF)	Sale Price   PSF	Buyer	Seller
None to report				

## Significant Lease Transactions

Building Address	Leased (SF)	Tenant	Lease Type
201 Mississippi St, Gary	45,000	Undisclosed tenant	New lease

# Capital Markets Overview

## Investment Sales Volume vs. Construction Deliveries



- Total second quarter 2020 industrial investment sales volume in metropolitan Chicago is estimated at \$512.6 million, a modest seven percent increase from the total sales volume reported in the second quarter of 2019. Fourteen (14) transactions occurred during the second quarter totaling 4.9 million square feet in 21 buildings.
- Total year-to-date 2020 industrial investment sales volume is estimated at \$3.08 billion. 44 transactions occurred totaling 41.7 million square feet in 182 buildings.

### COMPARING FIRST HALF 2019 TO FIRST HALF 2020

#### FIRST HALF 2019 MARKET SNAPSHOT

\$1.16 B

36

\$65.79

17.6 MSF

+166.9%

+22.2%

+12.5%

+137.3%

**FIRST  
HALF  
2020**
**\$3.08**

BILLION SALES VOLUME

**44**

SALES TRANSACTIONS

**\$74.00**

AVG SALES PRICE PSF

**41.7**

MILLION SF SOLD

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
TOTAL SALES VOLUME	\$678.1 M	\$477.4 M	\$875.1 M	\$1.7 B	\$2.6 B	\$512.6 M
TOTAL SF SOLD	10.8 M	6.8 M	10.5 M	20.3 M	36.78 M	4.9 M
# BUILDINGS SOLD	47	44	69	170	161	21
# OF TRANSACTIONS	16	20	29	35	30	14
SALE-LEASEBACK TRANSACTIONS	5	5	5	4	3	3
PORTFOLIO TRANSACTIONS	5	3	8	7	13	3



**AMAZON FULFILLMENT CENTER  
KENOSHA ENTERPRISE PARK**

KENOSHA, WI

SALE PRICE | PRICE PSF  
\$176,000,000 | \$115.05

BUYER  
KKR Real Estate

SELLER  
Prologis



**CHICAGO COLD  
STORAGE PORTFOLIO**

BARTLETT, LYONS, & CHICAGO, IL

SALE PRICE | PRICE PSF  
\$102,800,000 | \$144.37

BUYER  
Lineage Logistics (Bay Grove Capital)

SELLER  
Bridge Development Partners /  
Investcorp JV



**I-80 CHICAGO  
INDUSTRIAL PORTFOLIO**

TINLEY PARK, IL

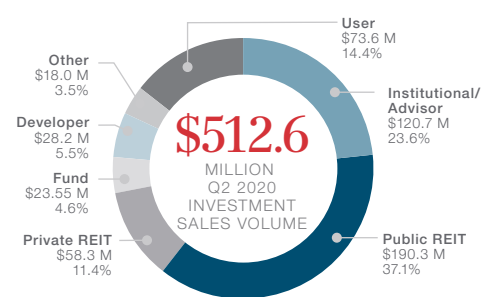
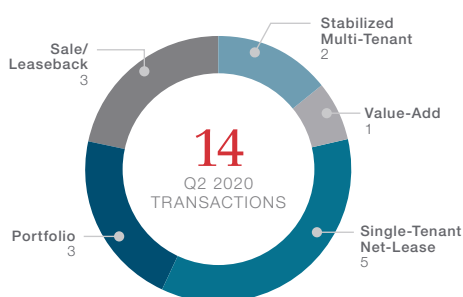
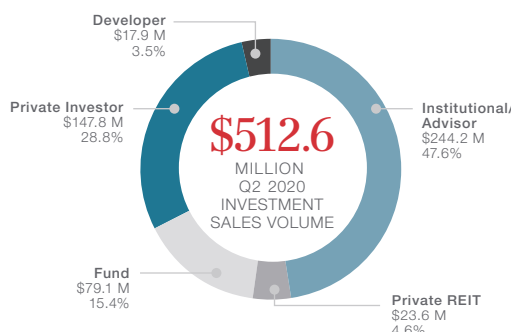
SALE PRICE | PRICE PSF  
\$46,500,000 | \$86.25

BUYER  
High Street Realty Company, LLC

SELLER  
Link Industrial Properties (Blackstone)

- Institutions and Advisors were the most active buyers in the second quarter of 2020, acquiring over 2.0 million square feet of industrial product and accounting for \$244.2 million in total acquisition value, or 47 percent. The most notable of these transactions was KKR Real Estate's \$176 million acquisition of two Amazon Fulfillment Centers totaling 1.5 million square feet from Prologis in Kenosha, WI.
- Public REITs were the most active sellers in the second quarter of 2020, responsible for selling more than 1.6 million square feet of industrial product and accounting for \$190.3 million in sales volume, or 37 percent of total sales volume.
- Another notable portfolio sale of the second quarter was Lineage Logistics' acquisition of the 3-building, 712,051 square foot Chicago Cold Storage Portfolio from Bridge Development Partners and Investcorp JV for \$102.8 million.

## Buyer Pool Composition   Transactions by Sale Type   Seller Pool Composition



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Leasing Agency / Landlord  
Representation  
Tenant Representation  
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Portfolio Review  
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Our experts are strategic and innovative, working collaboratively to realize maximum potential and generate creative solutions for our clients worldwide.

Our collaborative services platform provides an expansive, yet nimble and responsive structure enabling us to efficiently deliver superior results.

## Locations by Country

### North America

Canada  
Mexico  
United States

### Latin America & The Caribbean

Argentina  
Bahamas  
Brazil  
Chile  
Costa Rica  
Jamaica  
Panama  
Peru  
Venezuela

### Asia Pacific

Australia  
China  
India  
Indonesia  
Japan  
South Korea  
Malaysia  
New Zealand  
Philippines  
Singapore  
Taiwan

### Europe, Africa & The Middle East

Austria  
Belgium  
Bulgaria  
Czech Republic  
Denmark  
Finland  
France  
Germany  
Greece  
Iceland  
Israel  
Kazakhstan  
Kuwait  
Latvia  
Norway  
Qatar  
Republic of Serbia  
Romania  
Russian Federation  
South Africa  
Spain  
Sweden  
Switzerland  
Turkey  
Ukraine  
United Kingdom

### Methodology

The information included in this review is the result of a compilation and analysis of data from various sources on class A, class B, and class C properties located in the metropolitan Chicago area, defined by the submarket map on page six of this report. NAI Hiffman obtained the information contained herein from property representatives, the CoStar Group, Real Capital Analytics, industry periodicals and magazines, our in-house property database, and other sources. NAI Hiffman greatly appreciates the participation of each of these individuals, companies and resources, without whose help this report would not have been possible.

All of the information detailed throughout this report is saved and organized in our own in-house database and is regularly updated. Utilizing this database, we can analyze, calculate and report demographic information, inventory, vacancy, availability, net absorption, and transactional information.

### Definitions

The NAI Hiffman Market Review tracks several measures of market conditions. This information is collected for individual properties then consolidated, organized and analyzed for submarket and market totals. These terms, used throughout the reports, are defined below according to NAIOP Terms & Definitions.

**Total Inventory (Market Size)** The total square footage of gross rentable area in a specific market. It includes the gross rentable area in buildings that have received a certificate of occupancy. Total inventory increases when a new building is delivered and decreases when an existing building is destroyed, demolished or its use changes.

**Vacancy Rate** A measurement expressed as a percentage of the total amount of vacant space divided by the total amount of inventory. Vacant space is inventory that is not currently occupied.

**Net Absorption** The net change in occupied space in a given market between the current measurement period and the last measurement period. Net absorption can be either positive or negative and must include decreases as well as increases in inventory levels. For the purpose of this report, sublease space is included in the calculation of net absorption.

**New Supply** The total inventory delivered to the market since the last measurement period. Delivered is defined as total square footage and/or number of buildings that has completed construction and received a certificate of occupancy during a stated period.

**Under Construction** Buildings where either: a) actual ground breaking has occurred (site excavation or foundation work) and construction is ongoing (not abandoned or discontinued) but for which a certificate of occupancy has not yet been issued; or b) properties undergoing conversion from another use or c) properties undergoing a major renovation where 75 percent or more of the building is not available for lease and building generally requires a certificate of occupancy to be made available for lease.

**Available Space** The total amount of space that is currently being marketed as available for lease in a given time period. It includes space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

**Leasing Activity** The total square footage of new leases signed within a quarter, excluding lease renewals.

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