




# INDUSTRIAL MARKET WATCH

Chicago industrial recorded a 5.76 percent vacancy rate in the first quarter of 2021, while eight different submarkets recorded sub-5.0 percent vacancy rates.

 **5.76%**  
Vacancy Rate

 **2.5M SF**  
Net Absorption

 **17.1M SF**  
New Leasing

## Keeping Momentum Despite the Ongoing Pandemic

Chicago industrial continued its impressive run of activity through the first three months of 2021 despite the ongoing disruptions caused by the Covid-19 pandemic. The total vacancy rate was 5.76 percent. While this rate increased 30 basis points compared to the year-end 2020 rate of 5.46 percent, it decreased 19 basis points year-over-year compared to the 5.95 percent vacancy rate from the first quarter of 2020.

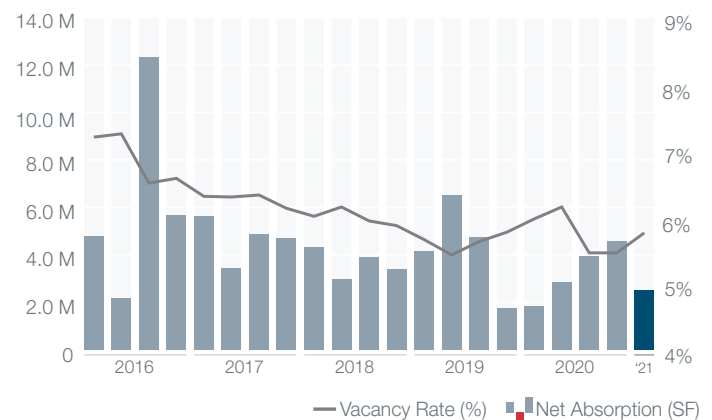
This increased vacancy, representing 4,119,851 square feet, was spurred upward by delivery of over 7.0 million square feet of new supply across 14 projects in the first quarter. Nine of these projects were speculative, highlighted by the 472,000-square-foot distribution facility at the Bristol Highlands Commerce Center in Kenosha, Wisconsin. True to the current climate in the Chicagoland industrial sector, The Visual Pak Companies leased the entire facility shortly after delivery.

Another sign of strength in the sector is the fact that none of the 21 submarkets NAI Hiffman tracks recorded a double-digit vacancy rate in the first quarter. Led by the miniscule 2.70 percent vacancy rate posted by the Southwest Cook submarket, eight different submarkets recorded sub-5.0 percent vacancy rates. The submarket laggard, McHenry County, recorded a 9.36 percent vacancy rate to start the year.

Leasing activity remained robust at the start of 2021, as over 17.0 million square feet of deals were recorded. There were two deals signed for more than 1.0 million square feet – Wayfair’s 1.2-million-square-foot build-to-suit lease signed in Romeoville, and a 1.1-million-square-foot lease sign by a major national retailer at the CenterPoint Intermodal Center in Elwood. There were an additional three deals inked between 500,000 square feet and 1.0 million square feet on the quarter, highlighted by Lippert Components signing for over 916,000 square feet in Tinley Park.

Net absorption exceeded over 2.5 million square feet to start

2021. The O’Hare and I-55 Corridor submarkets led the way, as each submarket recorded over 1.1 million square feet of move-ins. The I-80/Joliet Corridor, I-88 Corridor, and Fox Valley submarkets also posted strong absorption numbers to start



the year, with each submarket respectively seeing more than a half million square feet of move-ins. Conversely, the Southeast Wisconsin, South Cook, and Chicago South submarkets each saw between 540,000 square feet and 815,000 square feet return to the market to start the year. Despite these declines in net absorption, each of the three submarkets maintained a vacancy rate of less than 5.26 percent, another demonstration of just how healthy the Chicago industrial sector is currently.

As a complement to the sustained leasing velocity found in Chicagoland industrial, the development pipeline remains robust. There is currently nearly 23.2 million square feet of industrial properties currently under construction in the market, spread across 59 developments. The I-80/Joliet Corridor submarket leads its peers with over 5.3 million square feet of development across six facilities, including four build-to-suits. An additional seven submarkets have more than 1.0 million square feet of development underway. Also of note, three speculative projects kicked off in the Lake County submarket in the first quarter, with nearly 716,000 square feet slated to deliver at the South Lake Industrial Center in Vernon Hills in the second half of 2021.

## Industrial Market Statistics

| Submarket            | Total RBA (SF)       | Total Vacant (SF) | Total Vacancy | Availability Rate | Net Absorption (SF) | New Supply (SF)  | Under Construction (SF) | Leasing Activity (SF) |
|----------------------|----------------------|-------------------|---------------|-------------------|---------------------|------------------|-------------------------|-----------------------|
| Southeast Wisconsin  | 63,419,641           | 3,338,035         | 5.26%         | 6.20%             | (815,053)           | 2,461,466        | 1,613,354               | 876,559               |
| Lake County          | 75,401,550           | 5,106,942         | 6.77%         | 10.42%            | 138,291             | 1,610,447        | 911,296                 | 754,125               |
| McHenry County       | 28,243,575           | 2,639,182         | 9.36%         | 4.02%             | (131,740)           | 0                | 0                       | 79,924                |
| I-39 Corridor        | 39,079,834           | 2,970,394         | 7.60%         | 7.92%             | 277,481             | 0                | 0                       | 8,000                 |
| DeKalb County        | 12,628,173           | 587,483           | 4.65%         | 1.56%             | 64,600              | 0                | 2,567,000               | 0                     |
| I-90 Northwest       | 33,539,078           | 2,798,730         | 8.34%         | 7.96%             | 203,026             | 230,829          | 135,000                 | 1,085,216             |
| Northwest Cook       | 24,311,708           | 1,601,773         | 6.59%         | 7.55%             | (36,246)            | 0                | 864,931                 | 251,651               |
| North Cook           | 45,779,607           | 1,850,186         | 4.04%         | 6.11%             | 260,287             | 0                | 27,000                  | 234,493               |
| Fox Valley           | 37,436,289           | 1,471,317         | 3.93%         | 5.32%             | 518,505             | 0                | 1,392,614               | 361,507               |
| Central DuPage       | 77,252,150           | 3,559,265         | 4.61%         | 7.74%             | 366,108             | 400,000          | 969,487                 | 1,039,074             |
| O'Hare               | 103,432,741          | 6,314,813         | 6.11%         | 8.21%             | 1,150,761           | 538,371          | 503,890                 | 1,647,077             |
| West Cook            | 61,410,856           | 2,547,953         | 4.15%         | 7.25%             | (374,959)           | 0                | 827,301                 | 401,688               |
| Chicago North        | 57,320,942           | 4,474,771         | 7.81%         | 9.01%             | (258,719)           | 0                | 0                       | 219,629               |
| Chicago South        | 121,173,434          | 6,207,021         | 5.12%         | 7.09%             | (540,505)           | 0                | 2,526,082               | 1,045,705             |
| I-88 Corridor        | 70,878,758           | 4,016,622         | 5.67%         | 13.38%            | 596,888             | 0                | 87,000                  | 1,240,556             |
| Southwest Cook       | 37,434,622           | 1,009,255         | 2.70%         | 3.03%             | 74,150              | 0                | 0                       | 626,710               |
| I-55 Corridor        | 103,012,798          | 9,241,773         | 8.97%         | 14.32%            | 1,116,994           | 646,380          | 1,825,277               | 3,428,780             |
| South Cook           | 82,425,410           | 4,255,431         | 5.16%         | 6.37%             | (687,329)           | 1,115,307        | 2,228,373               | 555,387               |
| I-80/Joliet Corridor | 94,763,879           | 4,228,105         | 4.46%         | 8.81%             | 673,012             | 0                | 5,324,795               | 3,082,186             |
| Northwest Indiana    | 41,780,989           | 1,443,602         | 3.46%         | 4.88%             | 38,063              | 0                | 367,738                 | 90,207                |
| I-57/Will Corridor   | 17,058,252           | 1,021,091         | 5.99%         | 9.98%             | (113,911)           | 0                | 1,015,000               | 22,740                |
| <b>Total Market</b>  | <b>1,227,784,286</b> | <b>70,683,744</b> | <b>5.76%</b>  | <b>8.22%</b>      | <b>2,519,704</b>    | <b>7,002,800</b> | <b>23,186,138</b>       | <b>17,051,214</b>     |

## Vacancy Rate and Available Inventory

