



INDUSTRIAL MARKET WATCH

Chicago industrial recorded a 5.28 percent vacancy rate at mid-year, as the market absorbed nearly 9.7 million square feet - the highest figure in nearly five years.



Insatiable demand spurs supply to try to keep pace

While the industrial Chicago real estate market had stayed resilient through a full calendar year of pandemic, it truly found another gear in the second quarter of 2021. The total vacancy rate at mid-year was 5.28 percent. This rate decreased 48 basis points quarter-over-quarter from the 5.76 percent recorded in the first quarter of 2021, despite the completion of over 6.5 million square feet of new product. Furthermore, the vacancy rate decreased 87 basis points year-over-year compared to the 6.15 percent recorded at mid-year 2020.

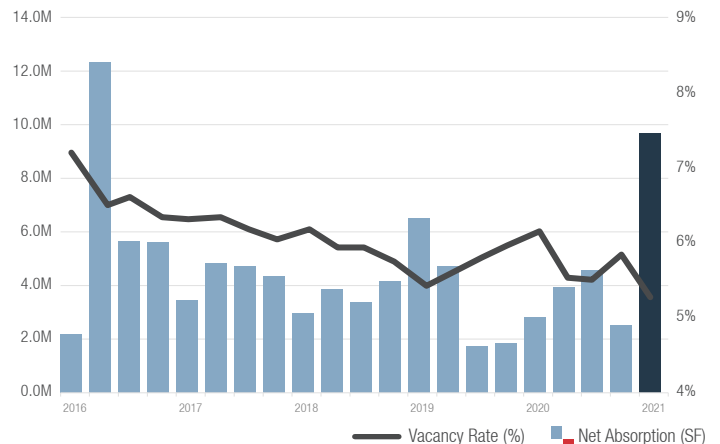
None of the 21 submarkets across the Chicago metro area recorded a double-digit vacancy rate at mid-year. The Southwest Cook submarket was the tightest with respect to vacancy - 2.97 percent. Additionally, 12 of the 21 submarkets recorded sub-5.0 percent vacancy rates on the quarter.

Impressively, the overall vacancy rate decreased despite 11 developments delivering the previously referenced 6.5 million square feet of new product to the market over a 90-day period. Led by CenterPoint Properties' two +1.0 million-square-foot developments, the I-80/Joliet Corridor saw three projects deliver on the quarter totaling over 3.0 million square feet. All three buildings were already leased upon their respective completions, regardless of being a build-to-suit or speculative development.

Leasing activity remained strong in the second quarter, as nearly 14.2 million square feet of deals were recorded. This represented a 13.5 percent increase year-over-year compared to the nearly 12.5 million square feet of new leasing that was recorded in the second quarter of 2020. There were five deals inked between 500,000 square feet and 1.0 million square feet on the quarter, highlighted by Lion Electric signing for over 906,000 square feet at Clarius Park Joliet, which delivers later in the year. Additionally, Amazon signed two leases in Huntley and Waukegan, adding another 1.1 million square feet to their already booming footprint.

The true story of quarter though is the truly eye-popping rate of net absorption. Chicago industrial recorded nearly 9.7 million square feet of move-ins in the second quarter of 2021. This was the strongest single-quarter net absorption figure since

the 12.3 million square feet of move-ins recorded in the third quarter of 2016. The I-80/Joliet Corridor, I-55 Corridor, and O'Hare submarkets led the way in the second quarter, as each submarket recorded over 1.5 million square feet of move-ins. The I-88 Corridor submarket also posted a strong absorption



figure, recording 947,696 square feet of move-ins. Conversely, the submarket laggards on the quarter - Lake County and West Cook - each saw roughly 145,000 square feet return to the market to start the year. Despite these relatively minor declines in net absorption, both submarkets maintained a vacancy rate of less than 5.67 percent, a remarkable demonstration of the asset type's run of success.

The Chicagoland industrial development pipeline is marching lockstep with the rest of the market fundamentals to try to meet the insatiable demand. There are currently 68 developments underway throughout the market, accounting for nearly 27.3 million square feet in the offing. There are 11 submarkets that have at least 1.1 million square feet of development underway, led by the nearly 5.5 million square feet of development in the I-80/Joliet Corridor. CenterPoint Properties' two latest speculative facilities under construction at CenterPoint Intermodal Center in Joliet account for over 2.0 million square feet of said space.

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	63,514,271	2,495,668	3.93%	6.78%	496,808	0	3,174,778	83,697
Lake County	75,418,385	4,274,836	5.67%	8.56%	(147,766)	0	1,261,739	695,380
McHenry County	28,194,169	2,587,829	9.18%	8.11%	(33,306)	0	0	117,015
I-39 Corridor	38,919,071	3,648,518	9.37%	9.60%	32,749	0	0	129,702
DeKalb County	12,629,543	587,483	4.65%	1.73%	(1,370)	0	2,567,000	0
I-90 Northwest	33,651,156	2,470,281	7.34%	7.35%	483,319	45,000	162,888	947,275
Northwest Cook	24,435,331	1,654,918	6.77%	6.85%	(6,581)	0	1,114,481	206,911
North Cook	45,936,879	1,837,685	4.00%	5.34%	9,082	27,000	0	243,327
Fox Valley	37,587,512	1,687,528	4.49%	4.45%	119,749	0	1,513,267	594,375
Central DuPage	77,036,469	3,159,582	4.10%	6.60%	461,040	0	1,170,047	751,106
O'Hare	103,652,869	5,025,183	4.85%	6.06%	1,599,254	317,513	586,377	2,983,042
West Cook	61,419,527	2,609,213	4.25%	6.70%	(144,203)	0	1,248,377	296,315
Chicago North	55,753,918	3,994,882	7.17%	7.39%	(103,923)	0	0	192,776
Chicago South	122,125,224	6,556,317	5.37%	6.65%	149,901	999,900	1,676,182	285,458
I-88 Corridor	70,827,433	3,295,278	4.65%	13.17%	947,696	0	340,193	835,089
Southwest Cook	37,435,472	1,110,136	2.97%	2.87%	107,296	0	0	111,942
I-55 Corridor	102,970,839	8,309,296	8.07%	12.47%	1,971,347	0	2,484,661	2,382,637
South Cook	83,136,391	3,878,885	4.67%	6.13%	597,287	750,000	4,455,200	664,668
I-80/Joliet Corridor	97,785,669	3,465,043	3.54%	8.31%	3,083,696	3,026,220	5,499,271	2,102,693
Northwest Indiana	42,110,889	1,391,877	3.31%	4.71%	(120,606)	331,900	35,838	320,605
I-57/Will Corridor	18,073,752	1,066,091	5.90%	9.89%	182,728	1,015,000	0	210,928
Total Market	1,232,614,769	65,106,529	5.28%	7.57%	9,684,197	6,512,533	27,290,299	14,154,941

Vacancy Rate and Available Inventory

