



INDUSTRIAL MARKET WATCH

Chicago industrial recorded a 5.1 percent vacancy rate in the third quarter, as the market absorbed nearly 10.3 million square feet - the highest figure in five years.



The incredible shrinking industrial vacancy rate

Industrial Chicago's momentum continued in the third quarter. The total vacancy rate decreased throughout the Chicagoland area to 5.1 percent, tightening 18 basis points from the second quarter's 5.28 percent rate. Additionally, the vacancy rate decreased 36 basis points year-over-year from the third quarter 2020 rate of 5.46 percent.

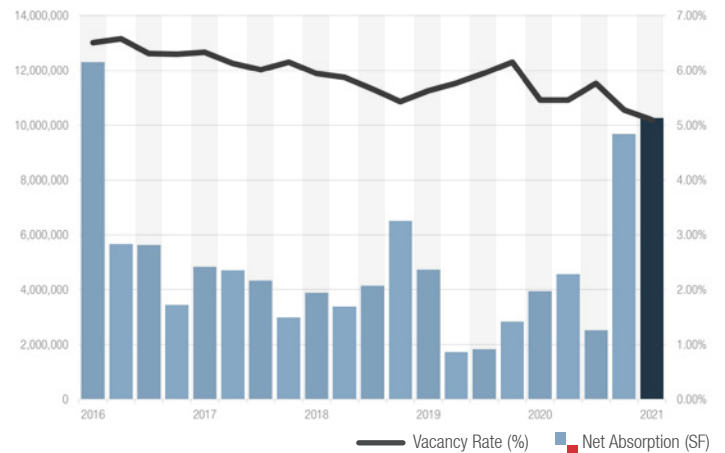
All 21 submarkets throughout industrial Chicagoland remained below double-digit vacancy in the third quarter. Both the Fox Valley submarket and - for the second quarter in a row - the Southwest Cook submarket recorded the tightest vacancy rates with an impressive 2.57 vacancy rate, a 40 basis point decrease from last quarter's 2.97 percent rate. Furthermore, 11 of the 21 submarkets vacancy rates were below 5.0 percent this quarter.

Despite 21 properties totaling 10.3 million square feet delivering in the third quarter of 2021, the overall market vacancy rate decreased. South Cook led in new supply for the third quarter thanks to Seefried Properties' 3.8 million square foot development delivered this quarter owned and now occupied by Amazon. The Southeast Wisconsin and DeKalb County submarkets also accounted for a large portion of the new supply with 1.59 million square feet and 1.68 million square feet, respectively added this quarter.

Leasing activity kept pace in the third quarter as new deals totaling 14.35 million square feet were signed. This quarter saw five deals over 500,000 square feet get signed, led by Amazon's almost 1.2 million square foot commitment at 11400 Venture Ct in Huntley for a build-to-suit development.

Eight of the 21 submarkets generated more than 500,000 square feet in new leasing, half of which were above a million square feet. The I-88 Corridor led with almost 2.8 million square feet in new leases spurred by three deals of over 500,000 square

feet signed at The Grid at Route 31 in Montgomery. The I-55 Corridor's 2.5 million square feet of leases placed a strong second, headlined by the nearly 575,000 square feet Unis signed for at Veterans Point Bolingbrook, a speculative development that delivered in 2020.



Chicagoland industrial registered another outsized quarter with respect to net absorption, as nearly 10.3 million square feet of move-ins were tallied in the third quarter. The South Cook submarket led its peer submarkets with an imposing 3.85 million square feet of net absorption — the most significant amount of square feet occupied in a single quarter within the last five years. Lake County lagged its submarket peers for the second quarter in a row with its return of 530,000 square feet to the market, followed by Chicago North's -424,000 feet.

Chicago industrial continues to meet demand for industrial space with 67 developments in the pipeline. There are 17 submarkets with properties under development totaling 25.0 million square feet. The I-80/Joliet Corridor led its submarket peers with 7.2 million square feet under construction across nine developments.

Industrial Market Statistics

Submarket	3Q21 Total RBA (SF)	3Q21 Total Vacant (SF)	3Q21 Total Vacancy	3Q21 Availability Rate	3Q21 Net Absorption (SF)	3Q21 New Supply (SF)	Under Construction (SF)	3Q21 Leasing Activity (SF)
Southeast Wisconsin	65,149,721	3,080,486	4.73%	6.10%	409,182	1,591,883	4,061,724	388,041
Lake County	76,097,700	4,643,863	6.10%	9.17%	(534,983)	195,375	1,116,880	443,648
McHenry County	28,405,366	2,558,722	9.01%	8.03%	24,041	0	1,160,075	1,193,233
I-39 Corridor	39,720,281	3,543,034	8.92%	8.57%	157,168	0	0	41,816
DeKalb County	14,289,543	523,893	3.67%	1.22%	1,680,696	1,660,000	907,000	20,696
I-90 Northwest	33,831,771	2,269,406	6.71%	6.68%	241,041	80,000	82,888	317,705
Northwest Cook	24,745,651	1,544,249	6.24%	7.71%	596,724	436,500	677,981	565,627
North Cook	45,830,296	2,015,433	4.40%	5.69%	71,701	0	171,752	281,631
Fox Valley	38,096,503	980,018	2.57%	5.98%	695,175	300,780	1,026,341	247,036
Central DuPage	77,824,238	3,207,261	4.12%	7.32%	492,982	511,350	846,598	927,933
O'Hare	103,615,206	3,669,797	3.54%	5.23%	1,028,372	186,377	400,000	1,794,524
West Cook	61,384,064	1,755,155	2.86%	7.23%	190,463	0	1,248,377	200,930
Chicago North	57,484,323	4,356,309	7.58%	6.89%	(424,170)	0	0	457,008
Chicago South	121,609,077	6,703,737	5.51%	6.47%	681,485	0	1,448,983	866,162
I-88 Corridor	70,969,061	3,677,156	5.18%	12.80%	(188,806)	0	340,193	2,793,739
Southwest Cook	35,957,412	924,772	2.57%	2.56%	30,770	0	0	82,099
I-55 Corridor	104,018,149	7,870,991	7.57%	11.61%	1,033,092	223,804	2,631,830	2,449,025
South Cook	86,673,576	4,061,746	4.69%	6.95%	3,847,244	3,800,000	1,751,650	326,204
I-80/Joliet Corridor	98,404,039	3,253,694	3.31%	9.12%	78,590	0	7,247,934	623,624
Northwest Indiana	42,933,191	1,632,469	3.80%	5.34%	180,848	314,838	679,598	328,990
I-57/Will Corridor	19,143,078	1,264,250	6.60%	9.41%	(26,231)	0	0	0
Total Market	1,246,182,246	63,595,291	5.10%	7.58%	10,266,796	9,300,907	25,197,756	14,347,423

Vacancy Rate and Available Inventory

