



INDUSTRIAL MARKET WATCH

Chicago industrial recorded a 5.05 percent vacancy rate in the fourth quarter, as the market absorbed 6.1 million square feet - the largest amount ever recorded in a fourth quarter.



5.05%
Vacancy Rate



6.1M SF
Net Absorption



18.3M SF
New Leasing

Record-Breaking Year for Net Absorption

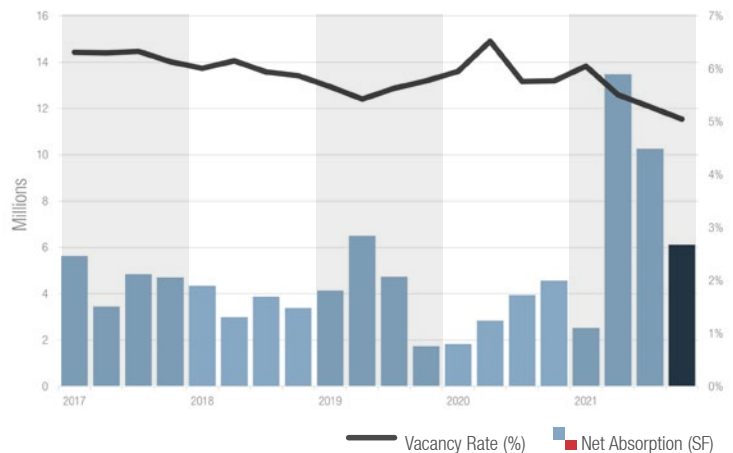
Chicago's industrial market continues to make headlines as it pushes toward a sub-five percent vacancy rate. The fourth quarter closed the books on 2021 with a 5.05 percent vacancy rate, tightening 23 basis points compared to the third quarter and 72 points year-over-year from 5.77 percent in 2020. The vacancy rate continued to fall during the year due to the staggering 32 million square feet of net absorption accumulated. This was in large part due to the two Amazon build-to-suit properties that were delivered and occupied in the second and third quarter of the year.

The I-80/Joliet Corridor surpassed Fox Valley and Southwest Cook to record the tightest vacancy rate in the market, ending Fox Valley's claim on having the lowest vacancy rate. I-80/Joliet Corridor vacancy decreased a stunning 81 basis points from 3.31 percent in the quarter to 2.5 percent. All of the 21 submarkets maintained a vacancy rate below double-digit numbers.

Nearly 4.3 million square feet of developments were added to the market in the fourth quarter. The largest new delivery was Uline's new 1.09 million square foot building located in Kenosha, Wisconsin accounting for all of Southeast Wisconsin's new supply. The West Cook submarket had the second-largest amount of new deliveries in the fourth quarter with three properties totaling 652,014 square feet.

Leasing activity was especially strong in the fourth quarter with a grand total of 18.68 million square feet of new leases signed. This is indicative of the unquenched demand for industrial space in the Chicago market. There were three deals signed over 500,000 square feet and 51 leases over 100,000 square feet. The Central Steel & Wire Company is largest new signing of the quarter with 897,000 square feet in University Park.

The I-55 Corridor eclipsed the other submarkets in terms of new leasing activity. The submarket recorded more than five million square feet of new deals. Southeast Wisconsin had the second-largest amount of new leasing activity with nearly 1.8 million square feet. Two other submarkets also recorded more than a million square feet of new deals and eight submarkets had more than 500,000 square feet in new leases.



Not only was new leasing strong in the fourth quarter, renewals were also abundant across the market. The I-55 submarket was also at the top of the leaderboard for renewals, having three of the five largest renewals. Significant renewals include Diageo North America's 800,000 square foot renewal in Bolingbrook and Exxon Mobile's 701,228 square foot renewal in Monee.

Although demand for industrial space continues, supply is beginning to run dry. Even though 28.5 million square feet are currently under construction across 87 properties, land is becoming scarce. In order to create more supply, developers may need to explore creative ways to assemble land or re-purpose existing or obsolete assets to create more supply.

Q4 2021

Industrial Market Statistics

Submarket	4Q21 Total RBA (SF)	4Q21 Total Vacant (SF)	4Q21 Total Vacancy	4Q21 Availability Rate	4Q21 Net Absorption (SF)	4Q21 New Supply (SF)	Under Construction (SF)	4Q21 Leasing Activity (SF)
Southeast Wisconsin	67,241,118	3,168,069	4.71%	12.18%	1,880,166	1,088,000	5,995,258	1,790,509
Lake County	78,837,258	6,015,098	7.63%	10.20%	-408,163	455,523	626,079	945,667
McHenry County	28,305,273	2,220,879	7.85%	7.30%	180,986	0	1,789,336	97,964
I-39 Corridor	40,630,633	3,261,873	8.03%	8.55%	195,655	0	141,360	239,850
DeKalb County	14,267,543	523,893	3.67%	1.22%	0	0	907,000	0
I-90 Northwest	34,919,617	1,798,609	5.15%	6.15%	369,498	136,888	92,584	583,797
Northwest Cook	25,346,154	1,938,719	7.65%	8.21%	93,312	0	870,514	257,953
North Cook	46,831,045	1,970,583	4.21%	4.94%	(201,343)	0	579,046	341,975
Fox Valley	39,536,507	1,334,489	3.38%	5.74%	(144,065)	501,048	775,293	754,326
Central DuPage	78,109,020	3,329,858	4.26%	8.22%	37,888	216,187	1,061,431	865,828
O'Hare	104,395,270	2,984,587	2.86%	4.35%	256,744	0	832,238	1,685,289
West Cook	60,757,747	1,730,152	2.85%	4.41%	(302,534)	652,014	697,223	1,347,015
Chicago North	62,382,883	4,165,197	6.68%	6.88%	458,494	0	141,360	497,263
Chicago South	117,483,841	6,585,470	5.61%	6.82%	(395,293)	320,000	1,061,295	375,934
I-88 Corridor	70,347,214	4,340,794	6.17%	10.19%	1,204,808	0	988,809	735,015
Southwest Cook	36,297,320	966,530	2.66%	2.81%	94,220	0	0	133,350
I-55 Corridor	106,943,007	7,973,457	7.46%	7.04%	(206,497)	753,921	2,985,867	5,022,107
South Cook	90,214,897	3,787,387	4.20%	7.10%	359,911	0	2,065,250	981,796
I-80/Joliet Corridor	100,106,231	2,503,500	2.50%	8.31%	2,465,015	1,453,532	6,205,014	693,163
Northwest Indiana	44,755,268	2,502,004	5.59%	4.01%	6,349	64,000	679,598	406,776
I-57/Will Corridor	18,749,725	895,526	4.78%	10.08%	164,425	0	0	920,514
Total Market	1,266,457,571	63,996,674	5.05%	7.17%	6,109,576	5,961,113	28,494,555	18,676,091

Vacancy Rate and Available Inventory

