

METROPOLITAN CHICAGO Single-Story Office Report

Q4
2021



The largest full-year leasing activity figure since 2017

The suburban single-story office market recorded 153,331 square feet of leasing activity in the fourth quarter across 74 deals. While this was lowest quarterly figure in 2021 for both deal volume and total square footage, full-year leasing activity was 1,058,734 square feet across 425 deals. This was a 6.8 percent increase compared to the 991,691 square feet of deals tallied in 2020, when 314 deals signed on the year.

Notably, this was the first seven-figure leasing activity tally since 2018 and the best full-year tally since the 1,308,658 square feet of leasing activity recorded across 433 deals in 2017.

There was -167,109 square feet of net absorption in the suburban single-story office market in the fourth quarter, breaking a three consecutive quarter streak of positive net absorption. Full-year net absorption was 17,853 square feet, a 119.9 percent improvement from the -89,570-square-foot 2020 total. Despite the headline figure, the I-55 Corridor recorded 40,117 square feet of move-ins in the fourth quarter, while O'Hare tallied 9,670 square feet of positive net absorption.

As a result of the aforementioned space returning to the market, the suburban single-story market had a 15.96 percent vacancy rate at year-end 2021. The rate decreased eight basis points year-over-year from the 16.04 percent rate tallied at year-end 2020. At 7.82 percent, the O'Hare submarket had the tightest vacancy rate compared to its peers. Vacancy in the I-55 Corridor tightened 380 basis points year-over-year, moving to 11.5 percent at year-end 2021. The East-West Corridor also saw a year-over-year vacancy decrease, shedding 129 basis points to finish 2021 at a 13.53 percent rate.

Notable deals signed in the fourth quarter include MedTec Healthcare & Private Duty LLC signing for nearly 13,000 sf at the WiFi Corporate Center at 1400 S Wolf Rd in Wheeling and GEI Consultants, Inc. leasing over 8,000 square feet at Building 4 of Concourse Chicago in the O'Hare submarket.



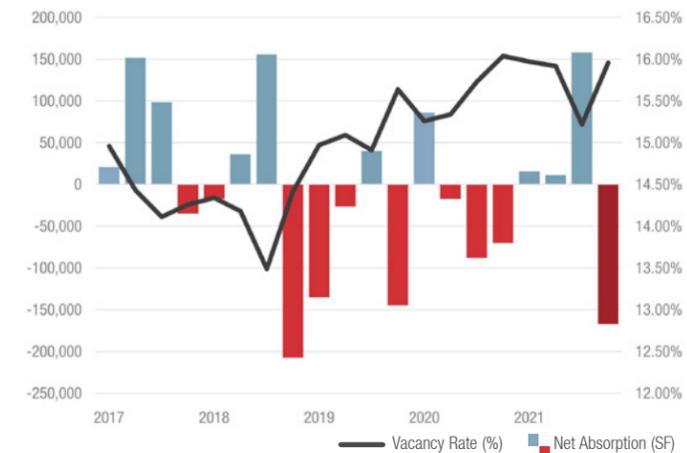
Market Summary

	Q4 2021	SF
Market Size		22,517,886
Total Vacancy	3,594,158	(15.96%)
Direct Vacancy	3,496,987	(15.53%)
Sublease Vacancy	97,169	(0.43%)
Direct Available Space	4,287,849	(19.04%)
Total Available Space	4,466,480	(19.84%)
Net Absorption	-167,109	
YTD Net Absorption	17,853	
Leasing Activity	153,331	
YTD Leasing Activity	1,058,734	
Under Construction	0	
YTD New Supply	0	

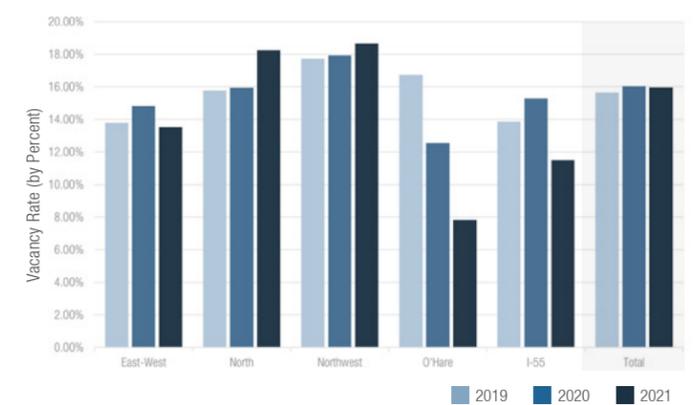
Key Takeaways

- The suburban single-story office market at the end of 2021 recorded a 15.96 percent vacancy rate. The rate decreased eight basis points year-over-year from the 16.04 percent rate tallied at year-end 2020.
- There was -167,109 square feet of net absorption in the suburban single-story office market in the fourth quarter, breaking a three consecutive quarter streak of positive net absorption. Full-year net absorption was 17,853 square feet, a 119.9 percent improvement from the -89,570-square-foot 2020 total.
- There was 153,331 square feet of suburban single-story leasing activity in the fourth quarter across 74 deals. There was 1,058,734 square feet of activity over the course of 2021, the best full-year tally since the 1,308,658 square feet of leasing activity recorded in 2017, and the first seven-figure tally since 2018.

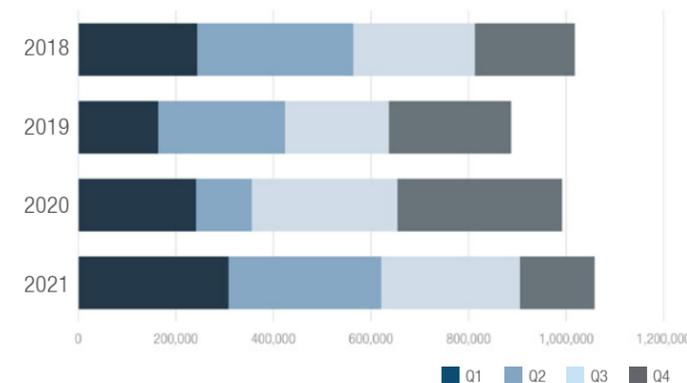
Vacancy Rate and Net Absorption



Yearly Vacancy Rates



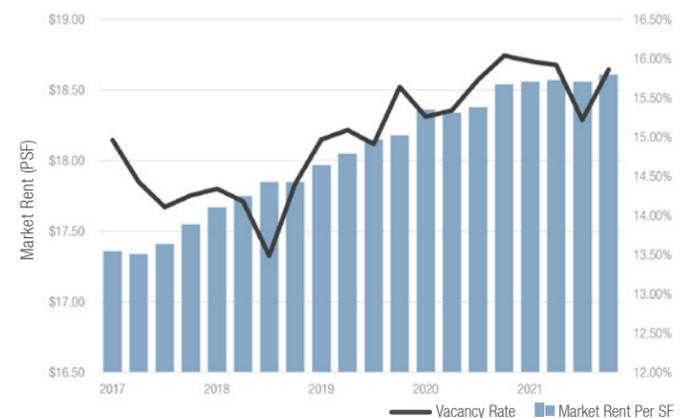
Overall Leasing Activity



Largest Blocks of Available Space

887 Deerfield Pky, Buffalo Grove	105,106
1101-1171 Tower Ln, Bensenville	86,087
536-616 Atrium Dr, Vernon Hills	77,646
5350-5360 Keystone Ct, Rolling Meadows	60,412
1580-1598 S Lakeside Rd, Waukegan	59,250
8125-8145 River Dr, Morton Grove	45,543
565 Lakeview Pky, Vernon Hills	45,388
1450 Busch Pky, Buffalo Grove	44,042
1025 Tri-State Pky, Gurnee	43,224
27545 Diehl Rd, Warrenville	41,487

Vacancy Rate vs Market Rent PSF



Significant Transactions



Lease

1400 Wolf Rd
Wheeling
North Suburban
Tenant
MedTec Healthcare



Lease

8615 W Bryn Mawr Ave
Chicago
O'Hare
Tenant
GEI Consultants



Sale

9018 Heritage Pky
Woodridge
I-55 Corridor
Buyer
DiSanya Real Estate

SUBMARKET OVERVIEW

O'Hare

Q4

2021

TRUSTED.



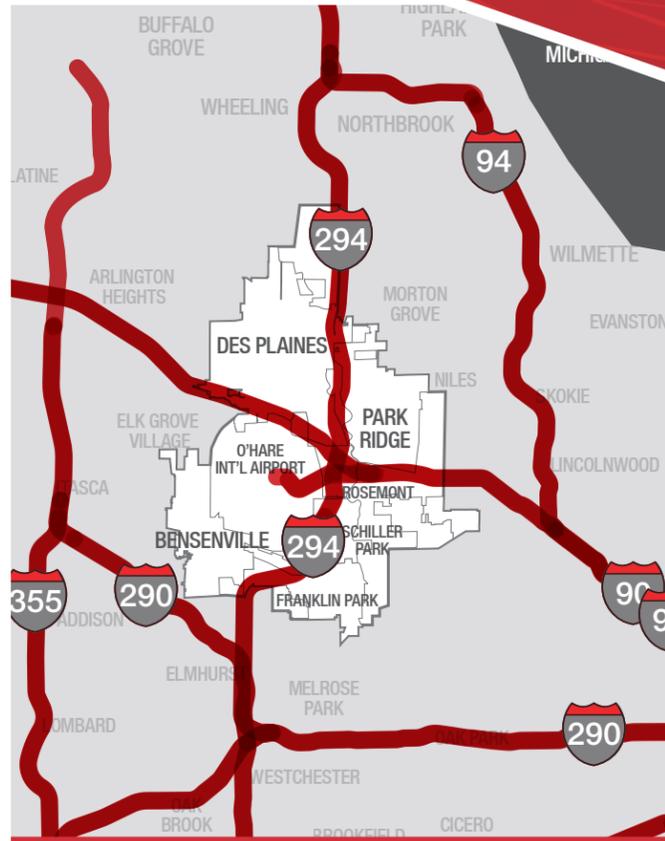
The O'Hare submarket recorded a 7.82 percent vacancy rate at year-end 2021. The rate decreased 114 basis points quarter-over-quarter from the 8.96 percent rate tallied in the third quarter. Moreover, the submarket's vacancy rate has tightened 472 basis points year-over-year from the 12.54 percent rate tallied at year-end 2020.

There was 9,670 square feet of net absorption in the O'Hare submarket in the fourth quarter of 2021, the fifth consecutive quarter of positive net absorption in the submarket. In addition, the submarket has tallied positive net absorption in eight of the last nine quarters - the driving force behind the tightest submarket vacancy in the suburban single-story office market.

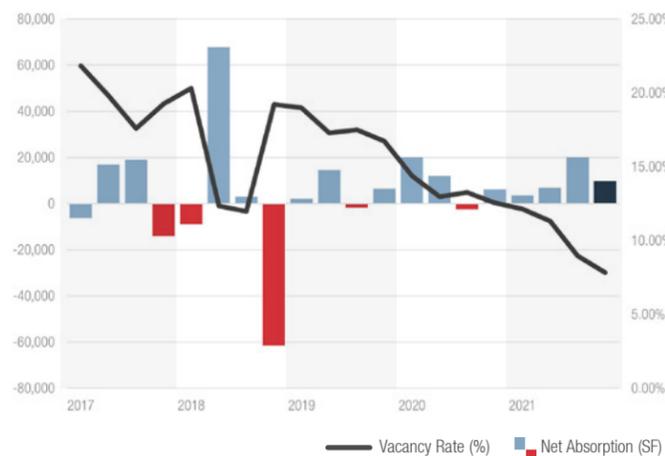
Full-year net absorption in the submarket was 40,100 square feet, a 12.7 percent increase from the 35,591 square feet of move-ins recorded throughout 2020. In addition, this is the largest full-year net absorption figure since the 41,837 square feet of move-ins recorded in 2003.

At \$18.75, market rent per SF stayed relatively unchanged year-over-year, decreasing two cents from the \$18.77 rate recorded in the fourth quarter of 2020.

There was 12,200 square feet of leasing activity in the O'Hare submarket in the fourth quarter. Full-year leasing activity in the submarket was 68,741 square feet, increasing 28.5 percent year-over-year from the 53,504 square feet of leasing activity tallied throughout 2020, and more in line with the 72,000 square feet of leasing recorded in 2018.



Vacancy Rate vs Net Absorption



8,006 SF

NEW LEASE

8615 W Bryn Mawr Ave | Chicago, Illinois

GEI Consultants, a consulting engineering and environmental firm, signed a multi-year 8,006-square-foot lease at Building 4 of Concourse Chicago office campus in the fourth quarter. With this lease, the office park is now 90.0 percent occupied.

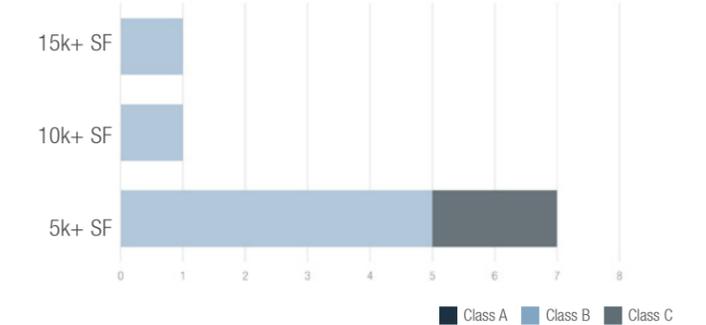
Submarket Snapshot

The O'Hare submarket consists of over 850,000 square feet of inventory across 56 buildings.

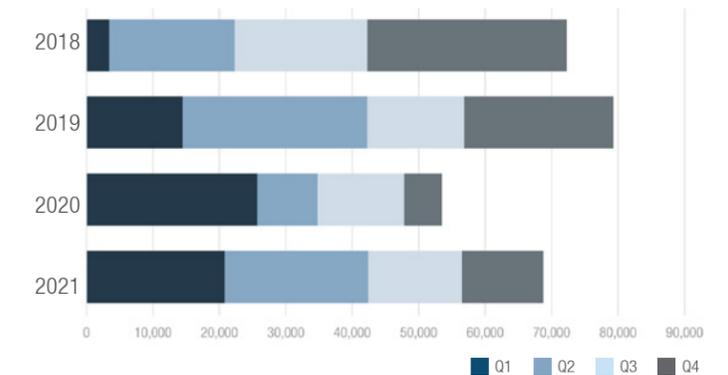
The largest building in the submarket is 1101-1171 Tower Ln in Bensenville; notable building parks include Concourse Chicago and Cumberland Metro Office Park in Chicago.



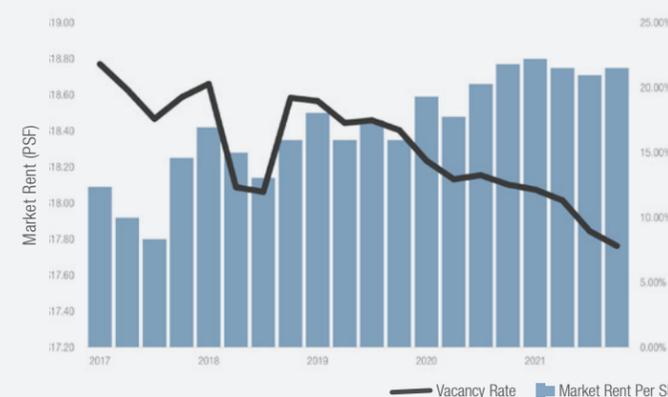
Available Space by Building



Leasing Activity



Vacancy Rate vs Market Rent PSF



Significant Transactions



Lease

Concourse Chicago
Chicago

8,006 SF

Tenant

GEI Consultants