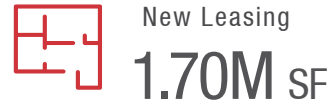




CBD OFFICE MARKET WATCH

The CBD's vacancy rate was 19.35 percent in the first quarter, setting a new high as downtown records the eighth consecutive quarter of negative net absorption.



Record High Vacancy

The total vacancy rate in the CBD office market was recorded at 19.35 percent at the close of the first quarter, a record high. The rate increased 360 basis points year-over-year from the 15.75 percent that was tallied during the first quarter of 2021.

North Michigan Avenue led its CBD office submarket peers with a 14.10 percent vacancy rate while Fulton Market was the laggard at 22.83 percent. This latter rate is deceptive though, as a spate of new deliveries have spurred heightened deal activity in the trendy neighborhood. Comparatively, there are few clear positives dwelling under the surface for the vacancy rates of the Central Loop (21.79 percent) and the East Loop (21.52 percent).

The sublease vacancy rate was 1.88 percent downtown during the first quarter. The rate remained relatively unchanged from the 1.84 percent that was recorded during the final quarter of 2021. There was just over 3.0 million square feet of vacant sublet space downtown. The largest new block of space that was added to the market in the first quarter was HCSC's 63,786 square feet across two full floors of the AON Center.

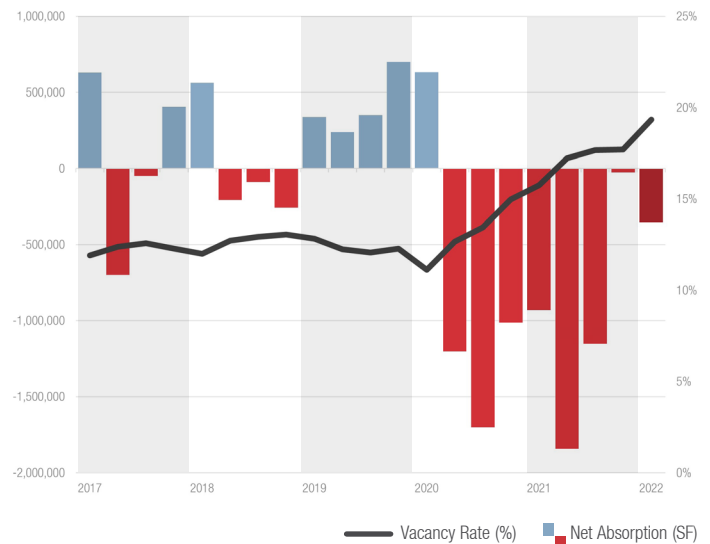
Net absorption was recorded at -354,389 square feet during the first quarter. This marks the eighth consecutive quarter that the downtown office market has tallied negative net absorption. Year-over-year figures show an improvement of 61.96 percent from the -931,663 square feet that was recorded during the first quarter of 2021.

There was 1,700,698 square feet of new leasing activity during the first quarter. Year-over-year figures show an increase of 93.89 percent from the 877,124 square feet that was recorded during the same period last year.

The West Loop led the way amongst its CBD office submarket peers, recording just shy of 650,000 square feet of new leasing activity. Skadden, Arps, Slate, Meagher & Flom LLP signed the largest deal in the West Loop, leasing 87,000 square feet in the newly delivered BMO Tower. With just over 325,000 square feet of new leases signed during the quarter, Fulton Market continued attracting new tenants. Builders Vision and Mark Anthony Brands notably signed two separate full

floor deals at 167 N Green St in the submarket.

Over 2.1 million square feet of new product was added to Chicago's skyline during the first quarter. The aforementioned BMO Tower delivered, adding nearly 1.5 million square feet to the West Loop's inventory. Fulton Market also saw its footprint expand, as two buildings, 400 N Aberdeen St and 1045 W Fulton Market, delivered over 580,000 square feet to the submarket.



Over 1.5 million square feet remained under construction. The largest project in the pipeline is Salesforce Tower in the River North submarket. It is slated to add 1.2-million-square feet to the submarket's footprint when it delivers during the first quarter of 2023.

Although the downtown office market's vacancy rate went up once more and net absorption was negative for the eighth consecutive quarter, the pace of demand downtown picked up, particularly amongst several of the recently delivered developments. Return-to-office plans appear to finally be gaining some nascent momentum amidst a radically changed office market landscape compared to two years prior.

CBD Office Market Statistics

Submarket	Total RBA (SF)	Total Vacant (SF)	Direct Vacancy	Sublease Vacancy	Total Vacancy	Availability Rate	Net Absorption (SF)	Under Construction (SF)	New Leasing Activity (SF)	Market Rent Per SF
West Loop	57,927,285	10,635,837	16.38%	1.98%	18.36%	21.70%	220,419	48,000	647,539	
Class A	44,912,693	7,770,482	15.86%	1.44%	17.30%	20.42%	360,009	0		\$46.05
Class B	10,877,620	2,498,170	18.68%	4.29%	22.97%	26.82%	-117,805	48,000		
Class C	2,136,972	367,185	15.53%	1.66%	17.18%	22.62%	-21,785	0		
Central Loop	38,281,736	8,342,442	20.36%	1.44%	21.79%	28.17%	-701,046	0	168,471	
Class A	18,993,015	3,343,141	16.34%	1.26%	17.60%	25.97%	-255,925	0		\$45.67
Class B	17,851,017	4,804,237	25.18%	1.74%	26.91%	31.59%	-444,322	0		
Class C	1,437,704	195,064	13.57%	0.00%	13.57%	14.72%	-799	0		
East Loop	26,998,918	5,809,577	19.28%	2.23%	21.52%	25.90%	-223,267	0	174,131	
Class A	13,782,080	3,207,103	20.77%	2.50%	23.27%	27.37%	-144,758	0		\$40.34
Class B	9,762,507	2,053,014	18.63%	2.40%	21.03%	25.49%	-43,211	0		
Class C	3,454,331	549,460	15.22%	0.68%	15.91%	21.19%	-35,298	0		
NMA	12,568,256	1,771,713	12.93%	1.17%	14.10%	17.37%	-109,657	0	63,747	
Class A	7,778,756	1,196,481	13.64%	1.75%	15.38%	19.03%	-77,221	0		\$43.33
Class B	3,836,189	517,312	13.21%	0.28%	13.49%	15.68%	-14,149	0		
Class C	953,311	57,920	6.08%	0.00%	6.08%	10.70%	-18,287	0		
River North	17,097,336	2,672,707	12.50%	3.13%	15.63%	23.32%	93,003	1,200,202	321,142	
Class A	9,649,647	1,159,984	10.49%	1.54%	12.02%	22.43%	133,660	1,200,202		\$47.56
Class B	5,206,245	1,050,397	12.98%	7.20%	20.18%	23.50%	42,766	0		
Class C	2,241,444	462,326	20.09%	0.54%	20.63%	26.77%	83,423	0		
Fulton Market	9,855,559	2,250,015	22.05%	0.78%	22.83%	25.58%	366,159	270,000	325,668	
Class A	5,256,913	1,395,662	26.10%	0.45%	26.55%	27.20%	428,856	270,000		\$49.59
Class B	3,204,686	681,809	19.61%	1.66%	21.28%	25.88%	-85,171	0		
Class C	1,393,960	172,544	12.38%	0.00%	12.38%	18.75%	22,474	0		
Downtown Totals	162,729,090	31,482,291	17.47%	1.88%	19.35%	23.99%	-354,389	1,518,202	1,700,698	
Class A	100,373,104	18,072,853	16.47%	1.53%	18.01%	22.86%	444,621	1,470,202		
Class B	50,738,264	11,604,939	20.02%	2.86%	22.87%	27.00%	-661,892	48,000		
Class C	11,617,722	1,804,499	14.92%	0.61%	15.53%	20.58%	-137,118	0		
Metro Chicago Totals	279,192,095	61,121,393	20.21%	1.68%	21.89%	27.56%	-516,998	1,518,202	3,461,579	
Class A	166,681,115	36,424,605	20.21%	1.65%	21.85%	28.63%	348,338	1,470,202		
Class B	94,505,273	22,049,611	21.37%	1.96%	23.33%	27.42%	-712,160	48,000		
Class C	18,005,707	2,647,177	14.18%	0.52%	14.70%	18.39%	-153,176	0		

* Metro Chicago Totals incorporates CBD and Suburbs