



At nearly 1.8 million square feet, new leasing activity in the suburbs increased 26.31 percent quarter-over-quarter compared to the fourth quarter of 2021.



Vacancy Rate
25.45%



Net Absorption
-163K SF



New Leasing
1.76M SF

New Leasing Activity Jumps as Covid-19 Restrictions Ease

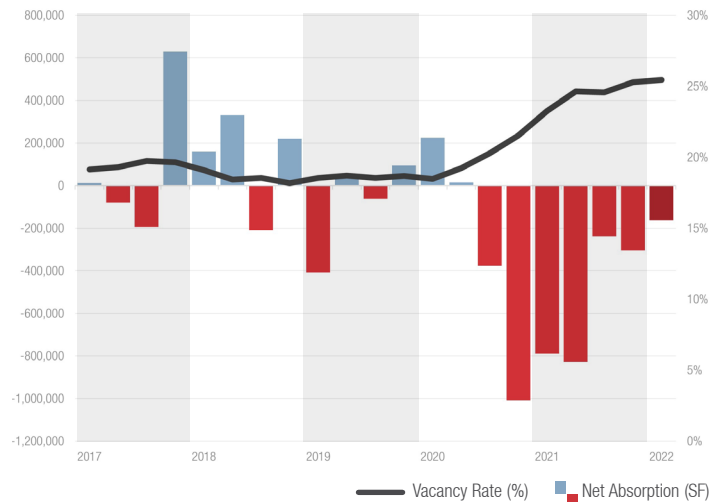
The suburban Chicago office market recorded 1,760,881 square feet of new leasing activity during the first quarter of 2022, a 26.31 percent increase from the previous quarter where 1,394,111 square feet that was tallied during the fourth quarter of 2021. This was the best single-quarter amount of new activity since the first quarter of 2020, the last quarter unaffected by the Covid-19 pandemic. New leasing activity increased 74.46 percent year-over-year from the 1,009,322 square feet that was recorded during the first quarter of 2021.

The East-West Corridor led its suburban office submarket peers with respect to new leasing activity, recording 585,151 square feet during the first quarter. Both the North Suburban and Northwest Suburban submarkets saw more than 400,000 square feet of new leasing activity, recording 489,256 square feet and 464,067 square feet, respectively.

Notably, there were three deals in the quarter that were each greater than 100,000 square feet: Abbott subleased 160,085 square feet at Landmark of Lake Forest II in the North Suburban submarket, HCSC directly leased 133,077 square feet at 3500 Lacey Rd in Downers Grove in the East-West Corridor, and the Federal Aviation Administration leased 115,937 square feet at Atrium in Rolling Meadows in the Northwest Suburban submarket.

In addition to the aforementioned new leasing activity, there were a number of significant renewals, including: Advocate Clinical Laboratories (85,904 square feet) at 5400 Pearl St in Rosemont in the O'Hare submarket and Millennium Trust Company (50,956 square feet) at Commerce Plaza I in Oak Brook in the East-West Corridor.

However, suburban office vacancy has yet to reflect these increases in new leasing activity. The total vacancy rate was 25.45 percent in the first quarter, an increase 17 basis points quarter-over-quarter from the 25.28 percent rate tallied at year-end 2021. In addition, the vacancy rate softened 220 basis points year-over-year from the 23.25 percent rate recorded in the first quarter of 2021. Two submarkets maintained sub-20.0 percent vacancy in the first quarter - I-55 Corridor (11.31 percent) and the O'Hare area



(19.91 percent). Conversely, the Northwest Suburban submarket lagged its peers, posting a 31.71 percent vacancy rate.

There was -162,609 square feet of net absorption in the suburban office market in the first quarter. Year-over-year figures show a more favorable trend, an improvement of 79.40 percent from the -798,489 square feet that was recorded during the first quarter of 2021. The East-West Corridor led all the suburban office submarkets in the metric with 92,408 square feet. In addition, both O'Hare (26,160 square feet) and the I-55 Corridor (3,523 square feet) recorded occupancy gains to start the year. At 136,780 square feet, the Class A portion of the East-West Corridor saw the largest increase in occupancy by class segment.

Despite the uncertainty that the pandemic continues to bring to the workplace and to the markets, easing COVID-19 restrictions are allowing companies to return to our new normal. The heightened pace of new leasing activity during the first quarter of 2022 seems to demonstrate that companies want to return to the office sooner rather than later. While the market overall continues to favor tenants, savvy landlord strategies such as spec suites, in demand amenities, and common-area renovations will be key in attracting and retaining tenants moving forward.

Q1

2022

Suburban Office Market Statistics

Submarket	Total RBA (SF)	Total Vacant (SF)	Direct Vacancy	Sublease Vacancy	Total Vacancy	Availability Rate	Net Absorption (SF)	Under Construction (SF)	Leasing Activity (SF)	Market Rent Per SF
North Suburban	25,865,165	6,863,936	24.61%	1.93%	26.54%	31.59%	-185,329	0	489,256	
Class A	16,382,564	4,692,254	26.36%	2.28%	28.64%	32.54%	-267,439	0		\$27.63
Class B	8,215,079	1,910,731	21.77%	1.49%	23.26%	31.02%	98,664	0		
Class C	1,267,522	260,951	20.35%	0.24%	20.59%	23.08%	-16,554	0		
Northwest Suburban	33,417,437	10,595,550	30.62%	1.08%	31.71%	35.49%	-99,371	0	464,067	
Class A	19,121,188	6,364,204	31.65%	1.63%	33.28%	40.12%	-20,137	0		\$24.32
Class B	12,715,533	4,019,852	31.35%	0.26%	31.61%	31.26%	-80,551	0		
Class C	1,580,716	211,494	12.32%	1.06%	13.38%	14.07%	1,317	0		
O'Hare Area	14,024,938	2,791,738	19.24%	0.67%	19.91%	27.45%	26,160	0	177,104	
Class A	7,795,850	1,560,785	19.59%	0.43%	20.02%	27.76%	50,655	0		\$34.36
Class B	5,801,309	1,154,029	18.86%	1.04%	19.89%	28.00%	-20,331	0		
Class C	427,779	76,924	17.98%	0.00%	17.98%	14.15%	-4,164	0		
East-West Corridor	39,817,670	9,010,470	21.02%	1.61%	22.63%	28.20%	92,408	0	585,151	
Class A	22,174,103	5,709,848	23.55%	2.20%	25.75%	34.46%	136,780	0		\$26.92
Class B	14,936,145	3,034,232	19.29%	1.02%	20.31%	21.76%	-41,476	0		
Class C	2,707,422	266,390	9.84%	0.00%	9.84%	12.55%	-2,896	0		
I-55 Corridor	3,337,795	377,408	10.27%	1.04%	11.31%	15.53%	3,523	0	45,303	
Class A	834,306	24,661	2.96%	0.00%	2.96%	12.68%	3,858	0		\$24.27
Class B	2,098,943	325,828	13.99%	1.53%	15.52%	18.14%	-6,574	0		
Class C	404,546	26,919	6.06%	0.60%	6.65%	7.82%	6,239	0		
Suburban Totals	116,463,005	29,639,102	24.05%	1.40%	25.45%	32.55%	-162,609	0	1,760,881	
Class A	66,308,011	18,351,752	25.86%	1.82%	27.68%	37.35%	-96,283	0		
Class B	43,767,009	10,444,672	22.95%	0.92%	23.86%	27.92%	-50,268	0		
Class C	6,387,985	842,678	12.84%	0.35%	13.19%	14.42%	-16,058	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