

METROPOLITAN CHICAGO Single-Story Office Report

TRUSTED.

Q1
2022

Vacancy Rate
15.82%

Net Absorption
-39K SF

Leasing Activity
248K SF

Market Rent
\$18.70 SF

First quarter deal activity approaches 2018 levels

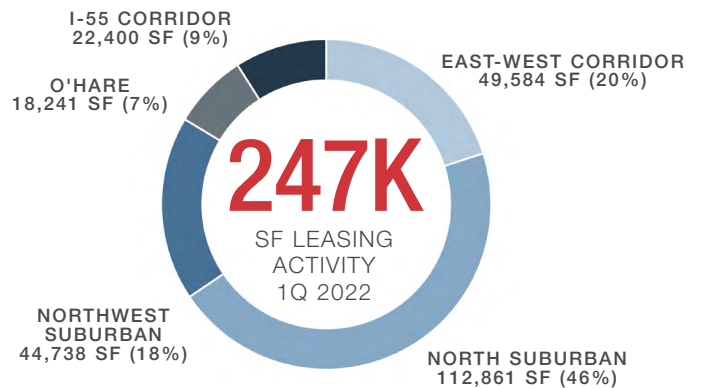
The suburban single-story office market recorded 247,824 square feet of leasing activity in the first quarter across 112 deals. This was a 61.6 percent increase quarter-over-quarter from the 153,331 square feet of activity tallied in the fourth quarter of 2021. Despite this increase, leasing activity decreased 19.6 percent year-over-year.

While leasing activity decreased year-over-year, there were 11 more deals completed in the first quarter compared to the 101 deals signed in the first quarter of 2021. This was the strongest first quarter of deal activity since the 120 deals signed in the first three months of 2018. In addition, leasing activity increased 2.6 percent compared to the first quarter of 2020 — the final quarter not wholly affected by the COVID-19 pandemic.

There was -39,493 square feet of net absorption in the suburban single-story office market in the first quarter. While the market overall has seen two consecutive quarters of negative net absorption, the metric increased 75.3 percent quarter-over-quarter from the -159,709 square feet of net absorption tallied in the fourth quarter of 2021. Direct net absorption was positive to start the year, tallying 7,683 square feet of move-ins. The market has recorded positive direct net absorption in three of the last four quarters.

The single-story market had a 15.82 percent vacancy rate through the first three months of 2022. The rate stayed relatively unchanged from the 15.86 percent rate recorded in the first quarter of 2021.

Notable deals signed in the first quarter include Intellihot leasing 16,522 square feet at 750 E Bunker Ct in the Continental Executive Park in Vernon Hills and Multivac leasing 12,390 square feet at 2400 Ogden Ave in Lisle in the East-West Corridor. In addition, the Illinois Bone & Joint Institute (IBJI) renewed its 16,542 square feet at Executive Place III in Westmont.



Market Summary

	Q1 2022	SF
Market Size		22,602,484
Total Vacancy		3,575,469 (15.82%)
Direct Vacancy		3,431,124 (15.18%)
Sublease Vacancy		144,345 (0.64%)
Direct Available Space		4,076,439 (18.04%)
Total Available Space		4,266,952 (18.88%)
Net Absorption		-39,493
YTD Net Absorption		-39,493
Leasing Activity		247,824
YTD Leasing Activity		247,824
Under Construction		0
YTD New Supply		0

Key Takeaways



The suburban single-story office market tallied a 15.82 percent vacancy rate in the first quarter of 2022. The rate stayed relatively unchanged from the 15.86 percent rate recorded in the first quarter of 2021.

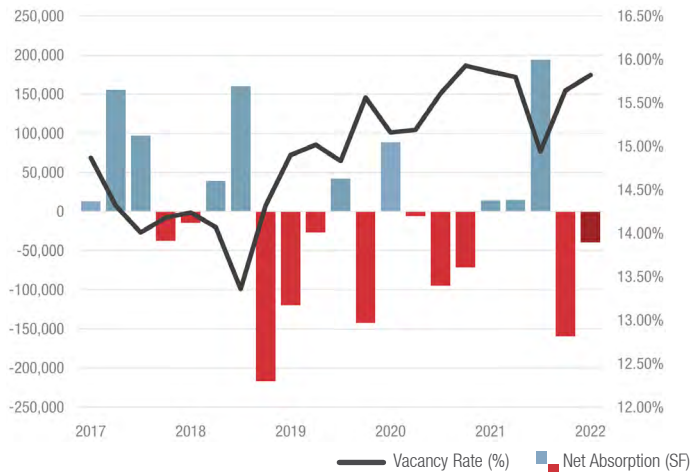


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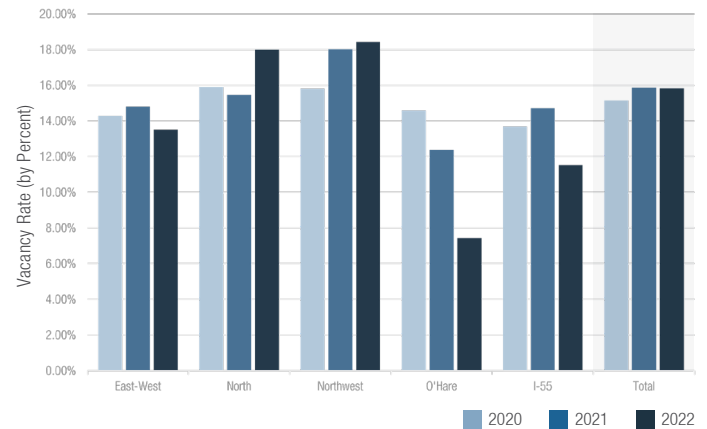


There was 247,824 square feet of suburban single-story leasing activity in the first quarter across 112 deals. This represented a 61.6 percent increase from Q421 to Q122 and a 19.6 percent decrease as compared to Q121. While leasing activity decreased year-over-year, there were 11 more deals done in that same span.

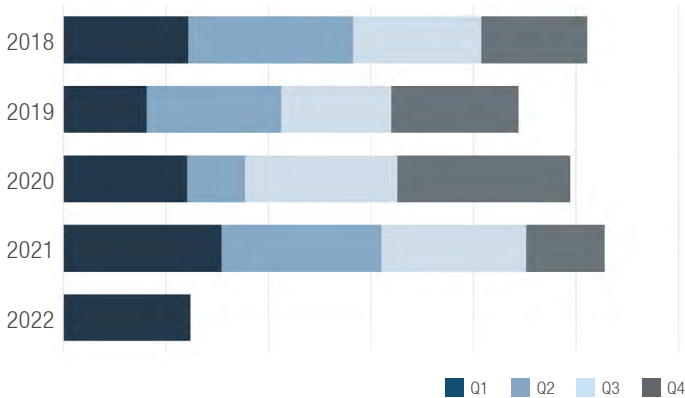
Vacancy Rate and Net Absorption



Yearly Vacancy Rates



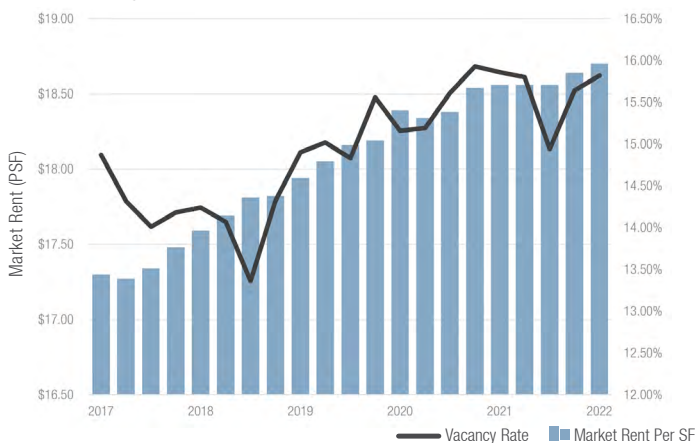
Overall Leasing Activity



Largest Blocks of Available Space

1101-1171 Tower Ln, Bensenville	86,087
536-616 Atrium Dr, Vernon Hills	77,646
5350-5360 Keystone Ct, Rolling Meadows	60,142
1580-1598 S Lakeside Dr, Waukegan	59,250
7135 Janes Ave, Woodridge	46,624
8125-8145 River Dr, Morton Grove	45,543
565 Lakeview Pky, Vernon Hills	45,388
809-815 Ogden Ave, Lisle	43,270
1025 Tri-State Pky, Gurnee	43,224
801 Ogden Ave, Lisle	43,086

Vacancy Rate vs Market Rent PSF



Significant Transactions



Lease

750 E Bunker Ct
Vernon Hills

North Suburban

Tenant
Intellihot



Renewal

1010 Executive Ct
Westmont

East-West Corridor

Tenant
IBJI



Lease

2400 Ogden Ave
Lisle

East-West Corridor

Tenant
Multivac

Transactions with the "A" designate NAI Hiffman transactions.

MICRO-MARKET OVERVIEW

Eastern East-West Corridor

Q1

2022

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 Vacancy Rate
12.96%

 Net Absorption
2K SF

 YTD Leasing
30K SF

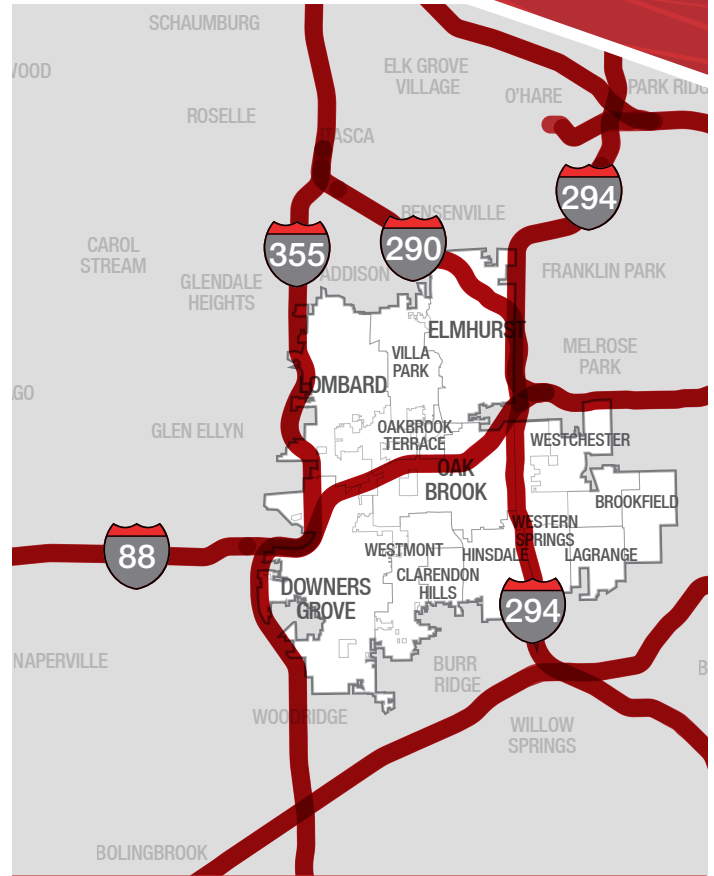
 Market Rent
\$18.20

The Eastern East-West Corridor micro-market recorded a 12.96 percent vacancy rate in the first quarter of 2022. The rate decreased 57 basis points quarter-over-quarter from the 12.77 percent rate tallied in the fourth quarter of 2021. In addition, the rate decreased 362 basis points year-over-year from the 15.82 percent rate recorded in the first quarter of 2021.

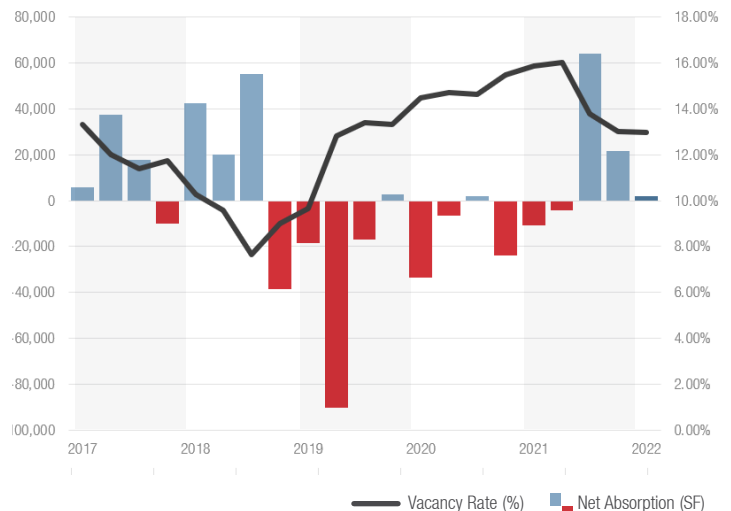
There was 30,211 square feet of leasing activity spread across nine deals in the first quarter, a 127.5 percent improvement quarter-over-quarter from the 13,279 square feet of leasing activity recorded across four deals in the fourth quarter of 2021. The largest deal signed in the first quarter occurred in the micro-market, as the Illinois Bone & Joint Institute (IBJI) renewed its 16,542 square feet at Executive Place III in Westmont.

There was 16,148 square feet of direct net absorption in the Eastern East-West Corridor micro-market in the first quarter. A 14,358-square-foot sublease at Woodlake Corporate Park in Lombard dragged the total net absorption figure to a more modest 1,790 square feet. Total net absorption improved 116.4 percent year-over-year from the -10,884 square feet tallied in the first quarter of 2021. Notably, this was the third consecutive quarter of positive net absorption for the micro-market.

Market rent per square foot increased normally year-over-year from the \$18.06 figured recorded in the first quarter of 2021 to the \$18.20 percent figure tallied in the first quarter of 2022. Notwithstanding the pandemic, rental rates have held firm, even growing slightly in many submarkets, among both single and multi-story projects.



Vacancy Rate vs Net Absorption





16,542 SF RENEWAL

1010 Executive Ct | Westmont, Illinois

IBJI, the largest independent orthopedic group in Illinois, renewed its space at Executive Place III in the first quarter. This is the second consecutive quarter a significant renewal occurred here, as NexGen Packaging renewed its 11,436 square feet in October 2021.

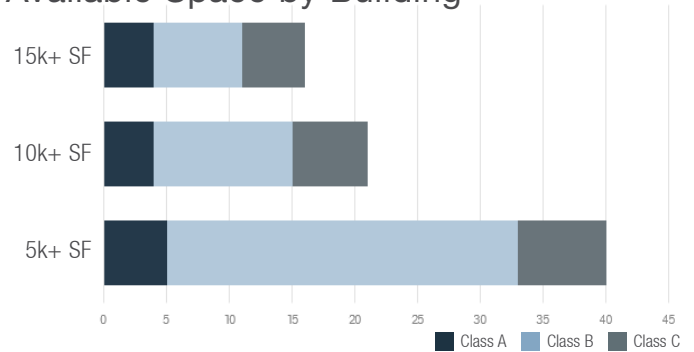
Submarket Snapshot

The Eastern East-West Corridor micro-market consists of nearly 2.9-million-square feet of inventory across 102 buildings.

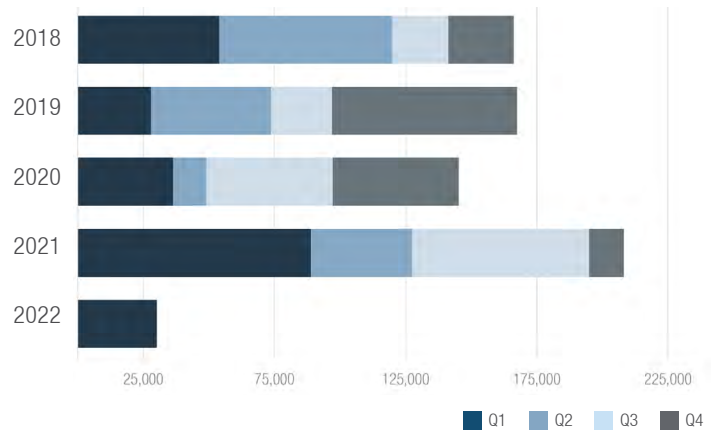
The largest building in the micro-market is the 92,000 SF Patriot Corporate Center at 2500 Warrenville Rd in Downers Grove. Notable single story business parks include the Oak Creek Center in Lombard and the Woodland Corporate Center in Downers Grove.



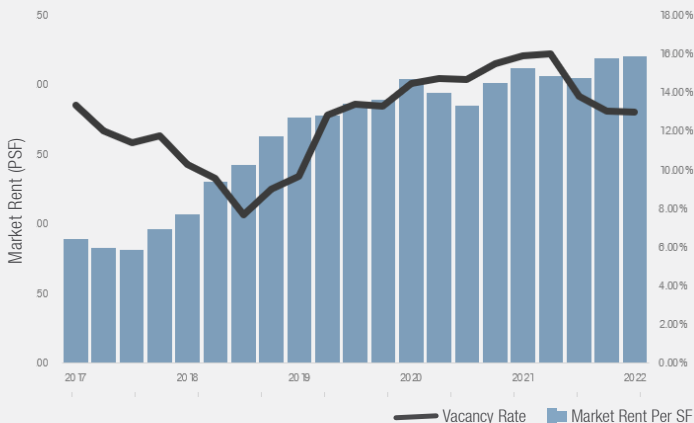
Available Space by Building



Leasing Activity



Vacancy Rate vs Market Rent PSF



Significant Transactions



Renewal

1010 Executive Ct
Westmont

16,542 SF

Tenant
IBJI