Q4
2024

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Commercial Real Estate Services, Worldwide

Office Market Report
METROPOLITAN CHICAGO

Office Market Report

METROPOLITAN CHICAGO

Q4
2024

Q4
2024

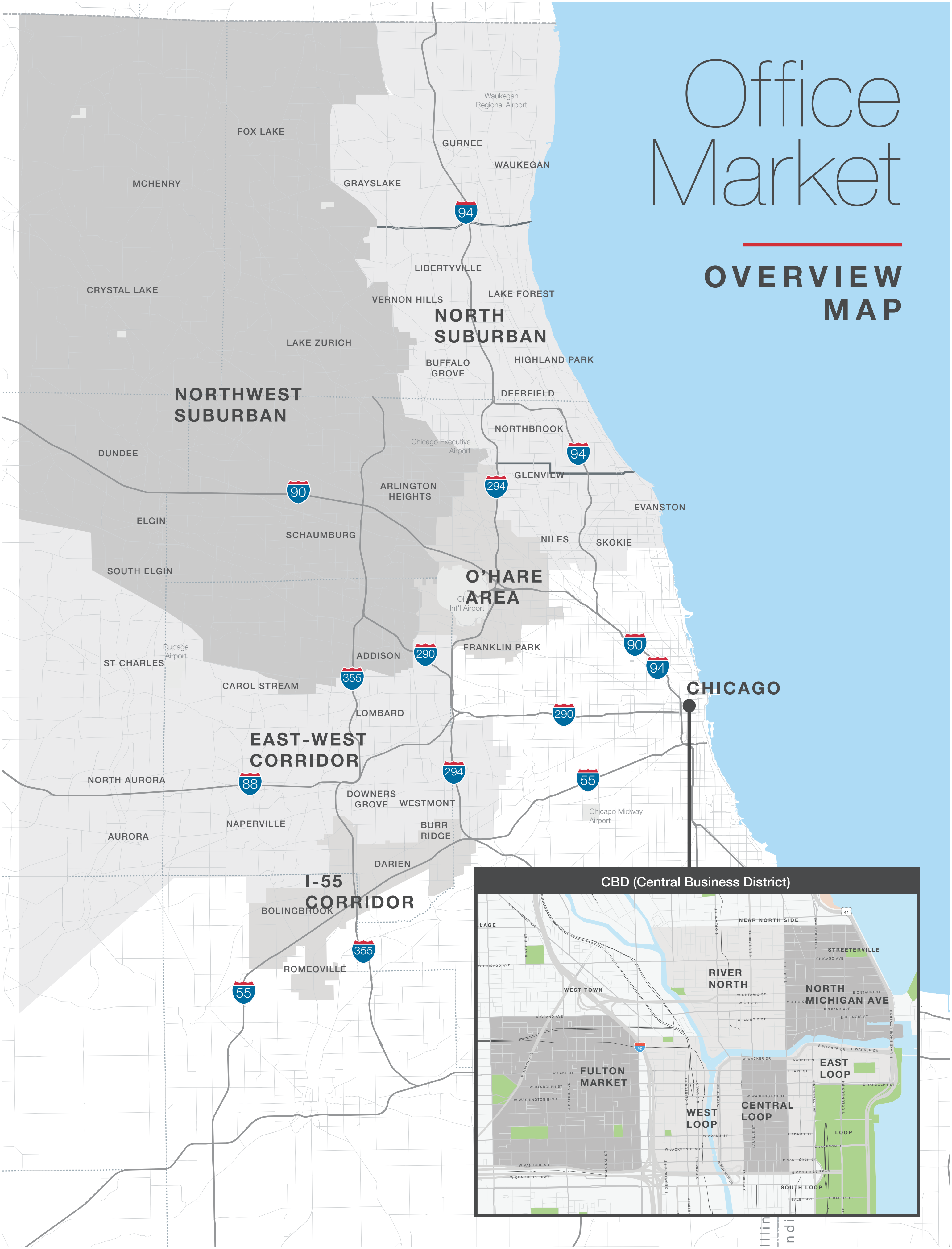
Suburban Office Market Statistics

Submarket	Total RBA (SF)	Total Vacant (SF)	Direct Vacancy	Sublease Vacancy	Total Vacancy	Availability Rate	4Q24 Net Absorption (SF)	YTD 2024 Net Absorption (SF)	4Q24 Leasing Activity (SF)	YTD 2024 Leasing Activity (SF)	Under Construction (SF)	Market Rent Per SF
East-West Corridor	40,228,049	9,467,021	23.2%	0.3%	23.5%	29.6%	-236,710	-432,316	557,363	2,224,324	0	$24.83
Class A	21,281,394	5,309,434	24.7%	0.2%	24.9%	33.3%	29,821	-51,630	341,757	1,411,310	0	$30.41
Class B	16,827,827	3,965,926	23.2%	0.4%	23.6%	27.3%	-284,862	-355,481	195,183	736,020	0	$21.66
Class C	2,118,828	191,661	9.0%	0.0%	9.0%	11.8%	18,331	-25,205	20,423	76,994	0	$19.40
I-55 Corridor	3,337,005	613,835	16.4%	2.0%	18.4%	21.5%	-42,392	-143,875	24,205	118,471	0	$21.72
Class A	833,993	239,853	22.0%	6.8%	28.8%	36.9%	-62,317	-66,781	14,163	21,457	0	$23.81
Class B	2,117,567	330,310	15.3%	0.3%	15.6%	16.8%	21,352	-70,309	8,728	84,610	0	$19.34
Class C	385,445	43,672	10.6%	0.7%	11.3%	14.1%	-1,427	-6,785	1,314	12,404	0	$25.21
North Suburban	25,862,213	6,691,932	25.2%	0.7%	25.9%	29.5%	35,171	-273,523	160,746	1,006,945	0	$26.78
Class A	15,725,019	4,673,604	28.7%	1.0%	29.7%	34.5%	18,814	-269,353	52,548	561,340	0	$30.71
Class B	8,760,125	1,771,585	20.0%	0.2%	20.2%	22.0%	2,525	-15,312	99,127	370,115	0	$24.00
Class C	1,377,069	246,743	17.9%	0.0%	17.9%	20.5%	13,832	11,142	9,071	75,490	0	$19.67
Northwest Suburban	30,770,166	10,237,270	31.8%	1.5%	33.3%	33.6%	-204,338	-125,996	385,937	1,236,917	0	$24.83
Class A	16,947,415	5,824,024	32.0%	2.4%	34.4%	36.6%	-170,792	-151,755	245,670	714,265	0	$28.31
Class B	12,441,520	4,293,294	34.2%	0.3%	34.5%	32.2%	-4,188	46,330	135,651	490,057	0	$21.21
Class C	1,381,231	119,952	8.7%	0.0%	8.7%	9.4%	-29,358	-20,571	4,616	32,595	0	$16.87
O'Hare	14,064,636	3,039,872	20.2%	1.4%	21.6%	27.8%	-4,569	-242,656	374,750	852,513	0	$30.10
Class A	8,189,103	1,680,172	19.1%	1.4%	20.5%	29.4%	-17,597	-72,296	323,970	691,898	0	$38.68
Class B	5,450,088	1,302,446	22.5%	1.4%	23.9%	26.6%	8,030	-176,138	50,780	155,606	0	$25.12
Class C	425,445	57,254	13.5%	0.0%	13.5%	12.4%	4,998	5,778	0	5,009	0	$17.93
Suburban Totals	114,262,069	30,073,199	25.4%	0.9%	26.3%	30.2%	-452,838	-1,218,366	1,503,001	5,465,034	0	$25.41
Class A	62,976,924	17,746,465	26.9%	1.3%	28.2%	34.0%	-202,071	-611,815	978,108	3,400,270	0	$29.72
Class B	45,597,127	11,667,452	25.1%	0.5%	25.6%	27.0%	-257,143	-570,910	489,469	1,862,272	0	$22.21
Class C	5,688,018	659,282	11.5%	0.1%	11.6%	13.5%	6,376	-35,641	35,424	202,492	0	$17.23

* Metro Chicago Totals incorporate CBD and Suburbs

Office Market

OVERVIEW MAP



NAI Hiffman

CBD Office Market Statistics

Submarket	Total RBA (SF)	Total Vacant (SF)	Direct Vacancy	Sublease Vacancy	Total Vacancy	Availability Rate	4Q24 Net Absorption (SF)	YTD 2024 Net Absorption (SF)	4Q24 Leasing Activity (SF)	YTD 2024 Leasing Activity (SF)	Under Construction (SF)	Market Rent Per SF
Central Loop	**38,658,192**	**9,761,637**	**24.5%**	**0.7%**	**25.3%**	**30.7%**	**-291,089**	**-437,067**	**128,497**	**1,336,898**	**0**	**$37.67**
Class A	22,561,685	5,294,525	22.6%	0.9%	23.5%	29.7%	-49,459	-46,135	66,953	782,116	0	$39.42
Class B	14,771,568	4,266,039	28.3%	0.6%	28.9%	33.4%	-238,073	-377,186	52,542	510,839	0	$33.87
Class C	1,324,939	201,073	15.2%	0.0%	15.2%	15.9%	-3,557	-13,746	9,002	43,943	0	$18.80
East Loop	**27,343,325**	**7,629,647**	**27.1%**	**0.8%**	**27.9%**	**33.7%**	**-336,712**	**-1,091,138**	**81,494**	**527,742**	**0**	**$39.10**
Class A	17,976,682	4,940,740	26.8%	0.7%	27.5%	35.5%	-324,808	-985,207	12,810	313,507	0	$39.54
Class B	6,717,731	2,003,262	28.7%	1.1%	29.8%	31.7%	3,484	-30,913	32,749	130,573	0	$22.00
Class C	2,648,912	684,399	25.7%	0.1%	25.8%	26.5%	-14,142	-73,772	44,394	92,121	0	$25.76
Fulton Market	**10,353,492**	**1,928,284**	**16.4%**	**2.2%**	**18.6%**	**23.2%**	**24,132**	**303,329**	**148,713**	**557,100**	**369,008**	**$38.36**
Class A	5,976,967	1,231,530	16.7%	3.9%	20.6%	25.1%	14,583	185,843	135,238	269,331	369,008	$41.14
Class B	3,139,075	535,225	17.1%	0.0%	17.1%	19.9%	749	106,875	8,619	192,106	0	$38.33
Class C	1,301,294	169,929	13.1%	0.0%	13.1%	21.0%	8,800	2,211	4,856	95,663	0	$30.43
NMA	**13,551,757**	**2,562,361**	**17.3%**	**1.6%**	**18.9%**	**23.6%**	**-4,205**	**-492,367**	**102,540**	**478,828**	**0**	**$22.73**
Class A	8,951,456	1,889,170	19.0%	2.1%	21.1%	26.2%	-25,046	-425,641	99,714	439,083	0	$21.64
Class B	4,363,762	612,757	13.7%	0.3%	14.0%	17.8%	25,841	-56,203	2,826	39,745	0	$30.19
Class C	236,539	60,434	16.7%	8.8%	25.5%	31.3%	-5,000	-10,523	0	0	0	$18.11
River North	**18,484,724**	**5,001,899**	**25.8%**	**1.3%**	**27.1%**	**29.8%**	**-177,620**	**-216,040**	**88,642**	**1,113,148**	**0**	**$39.44**
Class A	12,784,821	3,482,800	25.9%	1.3%	27.2%	29.6%	-119,146	9,247	46,673	798,210	0	$40.34
Class B	4,254,239	1,060,505	23.6%	1.3%	24.9%	28.5%	-86,089	-308,793	39,188	237,623	0	$29.31
Class C	1,445,664	458,594	31.7%	0.0%	31.7%	34.4%	27,615	83,506	2,781	77,315	0	0
West Loop	**58,836,206**	**12,532,895**	**19.0%**	**2.3%**	**21.3%**	**27.6%**	**-36,578**	**-222,075**	**943,652**	**3,257,719**	**0**	**$45.95**
Class A	47,082,289	8,976,604	16.6%	2.5%	19.1%	25.8%	-11,464	-355,669	823,718	2,524,198	0	$47.17
Class B	9,999,966	3,155,206	29.8%	1.7%	31.6%	36.7%	71,438	190,482	100,455	656,004	0	$38.66
Class C	1,753,951	401,085	22.5%	0.4%	22.9%	25.4%	-96,552	-56,888	19,479	77,517	0	$35.46
Downtown Totals	167,215,879	39,401,762	22.1%	1.5%	23.6%	28.9%	-808,850	-2,099,792	1,481,115	7,231,400	369,008	$40.48
Class A	115,281,478	25,782,116	20.6%	1.8%	22.4%	28.5%	-486,287	-1,584,309	1,175,827	5,089,554	369,008	$41.58
Class B	43,255,024	11,648,332	26.0%	0.9%	26.9%	30.8%	-239,727	-450,471	226,183	1,756,694	0	$34.80
Class C	8,679,377	1,971,314	22.3%	0.4%	22.7%	25.3%	-82,836	-65,012	79,105	385,152	0	$29.62
Metro Chicago Totals	281,477,948	69,474,961	23.4%	1.3%	24.7%	29.4%	-1,261,688	-3,318,158	2,984,116	12,696,434	369,008	0
Class A	178,258,402	43,528,581	22.8%	1.6%	24.4%	30.4%	-688,358	-2,196,124	2,153,935	8,489,824	369,008	0
Class B	88,852,151	23,315,784	25.5%	0.7%	26.2%	28.8%	-496,870	-1,021,381	715,652	3,618,966	0	0
Class C	14,367,395	2,630,596	18.0%	0.3%	18.3%	20.6%	-76,460	-100,653	114,529	587,644	0	0

* Metro Chicago Totals incorporate CBD and Suburbs

Suburban Market Summary

While a large segment of the suburban market continues to lag, there are bright spots and opportunities for savvy investors and landlords, particularly in well-managed, mid-size Class A- and Class B product.

Vacancy Rate **26.3%**

2024 Net Absorption **-1.2M SF**

2024 YTD New Leasing **5.5M SF**

Chicago's Suburban Office Sector Confronts Challenging Market Landscape

Chicago's suburban office market faced a formidable series of challenges throughout 2024, driven by several factors, including subdued demand, stricter capital availability, and ongoing economic uncertainty. However, while a large segment of the suburban market continues to lag, there are bright spots and opportunities for savvy investors, and landlords, particularly in well-managed, mid-size Class A- and Class B product.

Leasing activity slowed in 2024, with fourth quarter transactions amounting to 1.5 million square feet—bringing the annual total to 5.5 million square feet, down 19.3% compared to 2023. Class A spaces have been notably impacted, with leasing down 16.8% compared to 2023. The decrease has been largely influenced by local job growth stagnation and tenants prioritizing cost-cutting strategies.

The fourth quarter saw net absorption of -452,838 square feet, contributing to a year-end total of -1.2 million square feet. Additionally, vacancy rates have climbed to a new high of 26.3%, up from 25.4% one year prior. Class A properties reported -202,071 square feet of absorption in the fourth quarter. Suburban Class A office saw a total of -611,815 square feet of absorption in 2024.

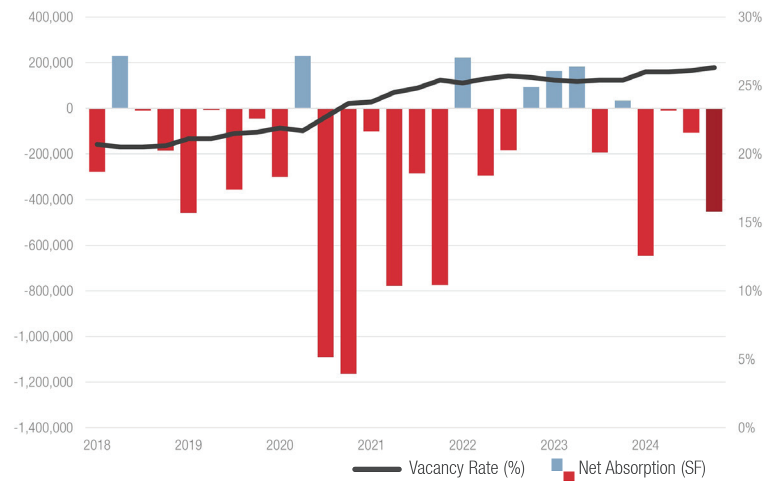
Uncertainty regarding the return to office has sparked discussions about converting spaces to enhance occupancy and utilization. 2024 saw several properties earmarked for conversion including the former Sears Campus at 3333 Beverly Rd. in Hoffman Estates, the Atrium Corporate Center at 3800 Golf Rd. in Rolling Meadows, and 1699 E Woodfield Rd. in Schaumburg. These three sites removed over four million square feet from the Chicago suburban office inventory, with no new developments planned to offset this reduction.

While the overall suburban office market has softened since early 2020, a divide has emerged between different product sectors. Although large Class A product have seen significant individual leases, mid-size product, 20,000 to 100,000 square feet, have proven to have stronger fundamentals, seeing consistent leasing activity and lower than average vacancy. Savvy landlords able to invest in more flexible floor plans are benefiting from the broader pool of potential tenants without needing to wait for a larger tenant looking to relocate.

Several notable leases were signed in the fourth quarter, headlined by Chicago Department of Aviation's 99,421 square foot lease at 8420 W Bryn Mawr Ave in Chicago. The government agency will occupy half of one building in the three-building complex, starting in January 2025.

Additionally, Pivotal Home Solutions expanded their current lease at 1415 W Diehl Rd in Naperville into 74,043 square feet in a deal brokered by NAI Hiffman.

Vacancy Rate vs Net Absorption



Market Summary

Q4 2024	SF	
Market Size	114,262,069	
Total Vacancy	30,073,199	26.3%
Direct Vacancy	29,022,566	25.4%
Sublease Vacancy	1,028,359	0.9%
Available Space	34,507,145	30.2%
QTR Net Absorption	-452,838	
YTD Net Absorption	-1,218,366	
Under Construction	0	
QTR New Supply	0	
YTD New Supply	0	
QTR New Leasing Activity	1,503,001	
YTD New Leasing Activity	5,465,034	

Net absorption totaled -452,838 square feet during the fourth quarter.

Vacancy reached an all-time high at 26.3%, up from 25.4% one year ago.

The suburban office market registered 1,503,001 square feet of new leasing activity during the fourth quarter of 2024, down from 1,901,625 square feet in 2023.

Overall asking rents in the fourth quarter averaged $25.41 per square foot, representing a 4.6% increase compared to the previous year.

OUTLOOK:

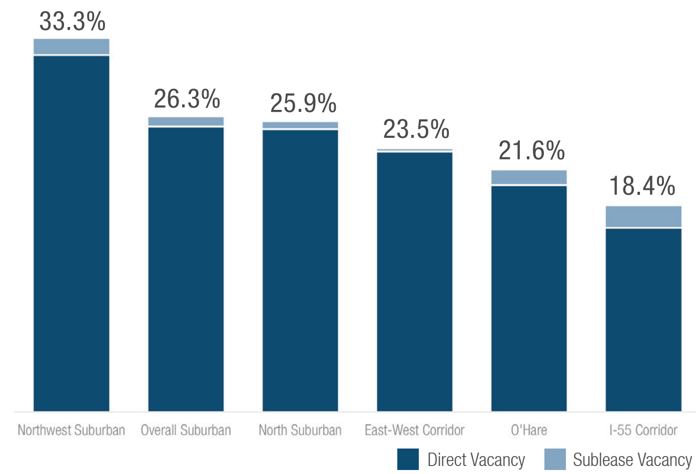
The suburban office market in Chicago is evolving, presenting both challenges and opportunities for stakeholders. Fluctuating interest rates and tighter lending standards present significant challenges for property owners, especially in the Class B and C sectors. Additionally, the need to upgrade outdated or obsolete spaces has become increasingly critical in attracting and retaining larger tenants.

While the market grappled with economic pressures and changing workplace dynamics throughout 2024, bright spots have emerged for savvy investors and landlords who adapt to shifting tenant preferences. From innovative space conversions to consistent leasing activity in well-managed mid-size properties, the market offers pathways for those willing to navigate its complexities strategically.

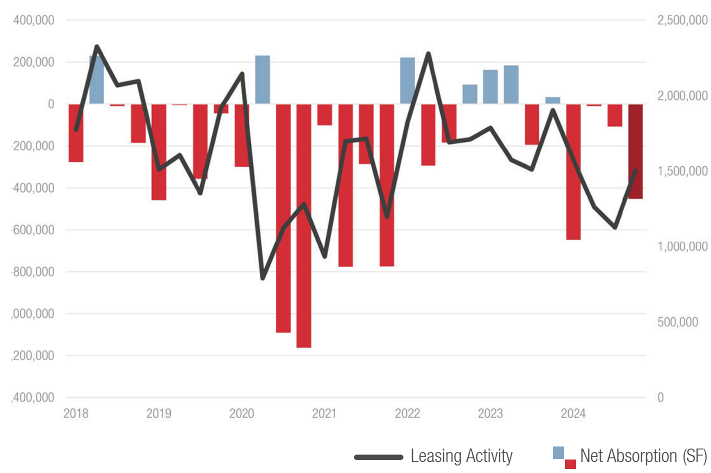
Looking ahead, success will favor landlords and investors who embrace flexibility and proactively address tenant needs. The success of mid-size properties highlights the importance of efficient layouts and adaptable spaces. Similarly, property conversions are likely to remain a key strategy for addressing vacancies and enhancing utilization in a competitive environment.

Economic uncertainty and financing constraints will persist as challenges, but the ongoing evolution of workplace strategies provides an opportunity for creative solutions. Well-managed Class A and Class B properties showing resilience suggest that those who invest wisely and innovate will find success in 2025 and beyond.

Vacancy by Submarket



Absorption vs Leasing Activity



Significant Transactions

New Lease

8420 W Bryn Mawr Ave
Chicago
99,421 SF

O'Hare

Tenant
Chicago Department of Aviation

Renewal

1245 E Diehl Rd
Naperville
91,102 SF

East-West Corridor

Tenant
KeHE Distributors

Expansion

1415 W Diehl Rd
Naperville
74,043 SF

East-West Corridor

Tenant
Pivotal Home Solutions

Renewal

1000 E Warrenville Rd
Naperville
53,264 SF

East-West Corridor

Tenant
HCSC

New Lease

200 N Martingale Rd
Schaumburg
43,091 SF

Northwest Suburban

Tenant
Mizkan America, Inc.

Renewal

2 Pierce Pl
Itasca
39,996 SF

Northwest Suburban

Tenant
Accertify

Transactions with the "A" designate NAI Hiffman transactions

CBD Market Summary

Vacancy Rates Climb as Tenant Shifts and Market Contractions Challenge Landlords

Vacancy Rate
23.6%

2024 Net Absorption
-2.1M SF

2024 YTD New Leasing
7.2M SF

Despite Market Headwinds, Downtown Office Sector Sees Improvement Year-Over-Year

Chicago's CBD office market softened again during the fourth quarter with -808,850 square feet of absorption, bringing the 2024 annual total to -2,099,792 square feet. Despite the negative absorption, this total marks a 35.2% improvement over absorption totals in 2023. Vacancy continues to rise to new cyclical highs as landlords have struggled to backfill large blocks of space amid tenant relocations and contractions within the market.

The downtown market registered 1.5 million square feet of new leasing activity during the fourth quarter, marking a total of 7,231,400 square feet leased in 2024. Class A properties continue to lead the new leasing, accounting for 1,175,827 square feet during the fourth quarter or 72.2% of all new leases signed, up from 68.2% in 2023.

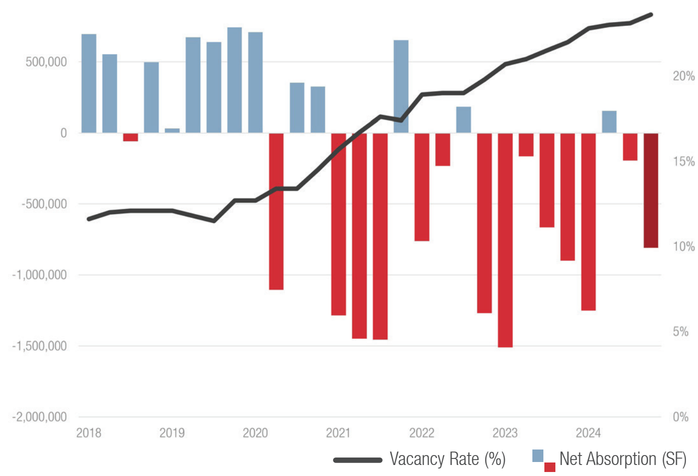
1 N Wacker Dr inked the largest deal of the quarter, with PwC opting to renew 282,577 square feet while Adyen signed a new lease for 96,715 square feet at 333 N Green St.

Overall vacancy continued to rise at 23.6% during the fourth quarter, a new cyclical high. Since the start of the pandemic, vacancy has risen 1,090 basis points from 12.7% during the first quarter of 2020. Although the overall total has declined for four consecutive quarters, a record amount of sublet space continues to flood the market, with 2.5 million square feet of vacant space. The sublease vacancy rate measured 1.5% during the fourth quarter.

CBD asking rents averaged $40.48/SF during the fourth quarter, down 2.4% year-over-year. Class A asking net rents averaged $41.58/SF, down 3.2% from one year ago. Although asking rents had held relatively steady over the past few years, rising taxes and elevated concessions continue to put downward pressure on effective rents.

There are 369,008 square feet of new development currently under construction in the CBD. The largest project currently under construction is 919 W Fulton Market in Fulton Market, which has seen 127,712 square feet preleased by Gibsons and Harrison Street.

Vacancy Rate vs Net Absorption



Market Summary

Q4 2024	SF	
Market Size	167,215,879	
Total Vacancy	39,401,762	23.6%
Direct Vacancy	36,954,709	22.1%
Sublease Vacancy	2,508,238	1.5%
Available Space	48,325,389	28.9%
QTR Net Absorption	-808,850	
YTD Net Absorption	-2,099,792	
Under Construction	369,008	
QTR New Supply	0	
YTD New Supply	646,143	
QTR New Leasing Activity	1,481,115	
YTD New Leasing Activity	7,231,400	

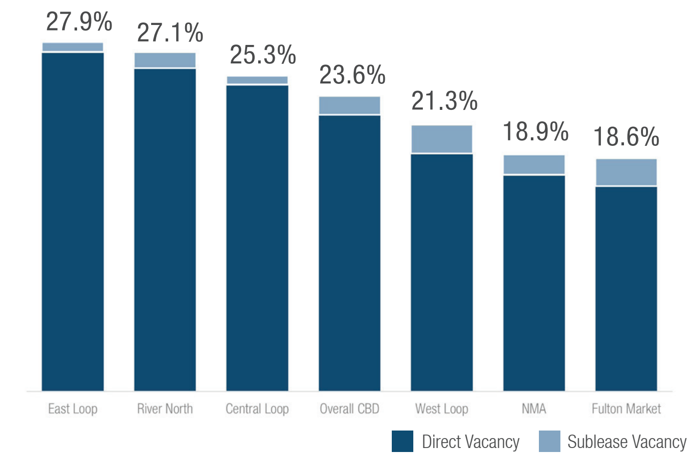
While the CBD remains tenant-favored, signs of recovery persist. Though still well below pre-pandemic levels, more than half of Chicago workers are back in the office as employers push their workforce to return to the office setting. Savvy landlord strategies such as spec suites, in-demand amenities and common-area renovations will be key in attracting and retaining tenants moving forward.

Chicago’s CBD office softened again during the fourth quarter with -808,850 square feet of absorption.

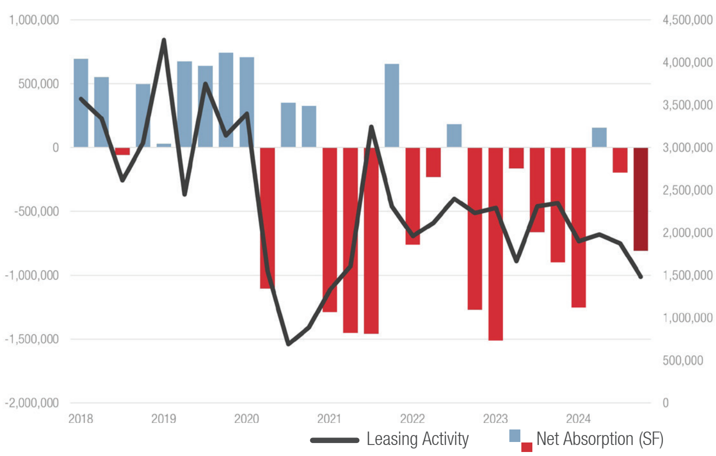
Overall vacancy continues to tick up, hitting a new cyclical high of 23.6% during the fourth quarter.

The downtown market registered 1.5 milion square feet of new leasing activity during the fourth quarter, bringing the 2024 total to 7.2 MSF.

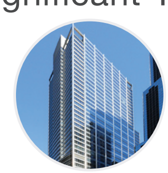
Vacancy by Submarket



Absorption vs Leasing Activity



Significant Transactions

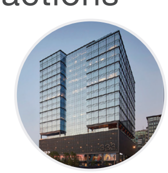


Renewal

1 N Wacker Dr
Chicago
282,577 SF

West Loop

Tenant
PwC



New Lease

333 N Green St
Chicago
96,715 SF

Fulton Market/ Near West Side

Tenant
Adyen

New Lease

233 S Wacker Dr
Chicago
82,838 SF

West Loop

Tenant
Adtalem Global Education

New Lease

20 N Wacker Dr
Chicago
65,896 SF

West Loop

Tenant
TeamWorking

Sublease

433 W Van Buren St
Chicago
50,313 SF

West Loop

Tenant
Vizient

New Lease

155 N Wacker Dr
Chicago
27,580 SF

West Loop

Tenant
Allianz Commercial

Suburban Office Capital Markets Overview

by Nick Schlanger

COMPARING Q4 2023 TO Q4 2024				
SUBURBAN Q4 2024 MARKET SNAPSHOT				
	$109.9M	8	$63	1.7M
Q4 2024	$213.4M Sales Volume	17 Sales Transactions	$63 Avg Sales Price PSF	3.4M SF Sold

	Q4 2024	Q1 2024	Q2 2024	Q3 2024	Q4 2024
TOTAL SALES VOLUME	$109.9M	$108.3M	$89.2M	$18.7M	$213.4M
TOTAL SF SOLD	1.7M	1.7M	0.75M	0.39M	3.4M
# BUILDINGS SOLD	8	5	4	4	17
# OF TRANSACTIONS	8	5	4	4	17
PORTFOLIO TRANSACTIONS	1	0	0	0	0

Cautious Optimism Amid Mixed Signals. The commercial real estate (CRE) sales market closed 2024 on a cautiously optimistic note, reflecting a delicate balance between stabilizing fundamentals and persistent economic uncertainty. The Fed's second rate cut of the year in November provided a measure of relief for the market, bringing the benchmark rate down by an additional 25 basis points. However, the broader economic backdrop remains complex. While inflation has cooled significantly, ending the year at 3.1%, tepid job creation in Q4 and slowing GDP growth have raised questions about the strength of the recovery. Despite these headwinds, investor sentiment has improved, with private capital and REITs showing increased interest in opportunistic acquisitions, particularly in distressed assets and high-growth secondary markets.

Lenders remain cautious with underwriting standards, focusing heavily on debt yield and tenant credit quality, but the gradual recovery in financing options signals growing confidence in the sector's long-term prospects.

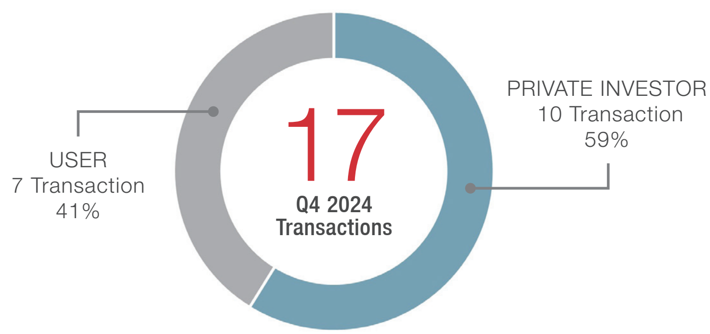
Looking ahead, the CRE sales market enters 2025 with tempered optimism. As buyers and sellers work through pricing resets and debt capital becomes more readily available, transaction activity is expected to gradually recover. Private capital, in particular, will likely play a leading role in early-cycle acquisitions, with opportunities concentrated in distressed and suburban assets offering compelling upside. While challenges persist, a clearer path forward for the CRE sales market is beginning to emerge.

Seventeen suburban sales were closed in Q4 2024, generating a sales volume of $213.4M or $63PSF, which is nearly double the Q4 2023 total of $109.9M. These were distributed across all the market, with four transactions in the EW Corridor, six in the North Suburban submarket, five in the NW Suburban submarket, and two in O'Hare. This represents a significant acceleration in activity from the first three quarters of 2024, which saw a total of 13 sales combined totaling $216M. To put this into perspective, the quarterly sales volume over the last decade has averaged $212M.

In the largest deal of the quarter, Wayzata Investment Partners acquired the two-building President's Plaza at 8600 — 8700 W Bryn Mawr Ave. The 831,442 complex traded for $62.4M, representing a significant discount from the $147M TPG Angelo Gordon & Co paid for it in 2018. In the most notable user sale of the quarter, Costco acquired 2250 W Pinehurst from EQT Exeter for $6.4M or $61 PSF.

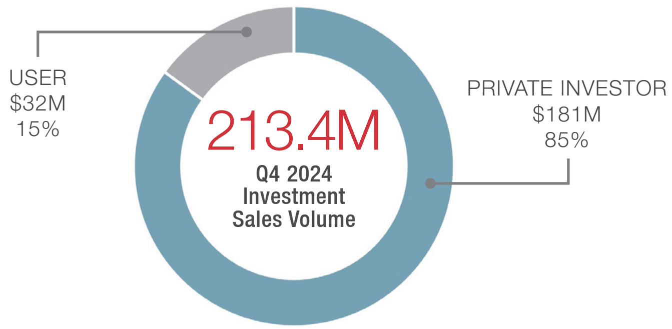
We continue to recommend that private investors consider mid-cap suburban office properties, which we define as properties less than 50K RSF, as this subsector offers attractive opportunities relative to the larger core and core plus buildings. Throughout suburban Chicago, these mid-cap buildings have considerably lower vacancy rates relative to the larger buildings. For example, the 200K SF plus buildings have an average vacancy rate of 38% versus

Transactions by Sale Type

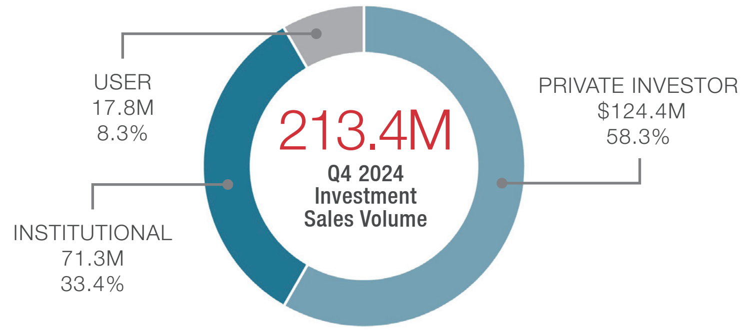


Number of Deals / Volume / % of Total

Buyer Pool Composition



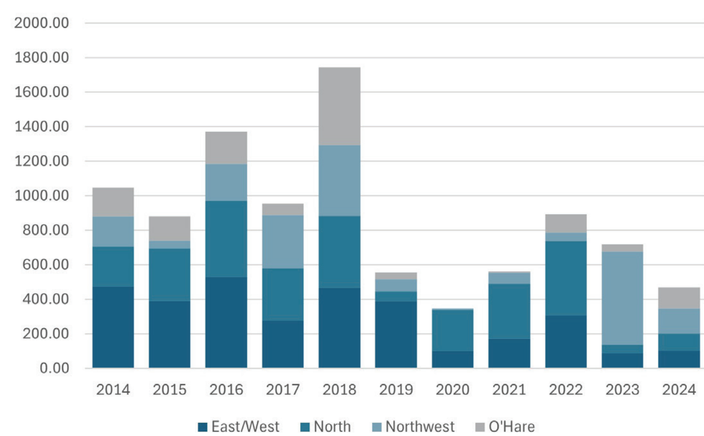
Seller Pool Composition



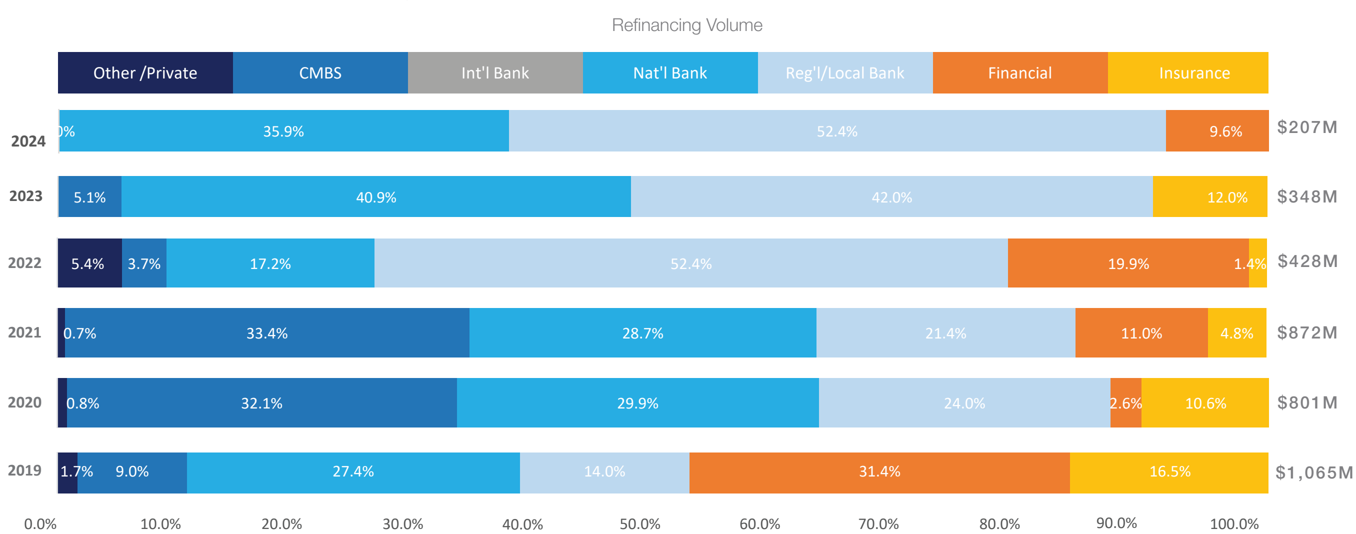
the 14% for buildings between 20K SF to 50K SF. A mid-cap property's capital stack is typically 50% equity which generates more favorable debt options. Properties with varying lease terms and no anchor tenants significantly reduce the risk profile as small tenants tend to be sticky. Their hybrid work schedules were temporary, not the case with large office tenants. In addition, tenant improvement costs are considerably lower with limited options to demise small tenant space, and a greater percentage of existing improvements can be recycled.

Four loans were refinanced in Q4 2024 totaling $21.4M or $62 PSF versus ten loans in Q4 2023 totaling $156.4M or $99 PSF, an 86% decline in dollar volume. There were 30 loans refinanced in CY 2024 totaling $206.8M versus the 29 loans in CY 2023 totaling $348.1M, a 41% decline in dollar volume. The Q4 2024 loan amounts ranged between $3.9M and $7.8M, relatively small loans. All four loans were refinanced with the existing lenders. Three of the loans were bank financed, one with an insurance company. For CY 2024, 50% of the loans were refinanced with the existing lenders. The aggregate 4Q 2024 refinanced loan amount was 11% below the prior aggregate loan amount. For the calendar year 2024, the aggregate refinanced loan amount was 12% below the prior loan amount. Approximately 88% of the CY 2024 dollar volume was provided by banks versus an average of 53% bank financing between 2018 and 2023. The CMBS, finance, and insurance company sectors have played a minimal role in recent refinancing activity. A greater diversity in lending sources is expected to signal a market recovery. Refinancing dollar volume continues to lag the loan maturity dollar volume, an ongoing concern. This can be attributed in large part to the high vacancy rates experienced by the core and core plus properties which have experienced significant value losses due to corporate downsizing. Just under $1B of suburban core and core plus office loans are in various stages of distress.

Annual Sales Volume



Conventional Refinancing: 2020 - Q4 2024



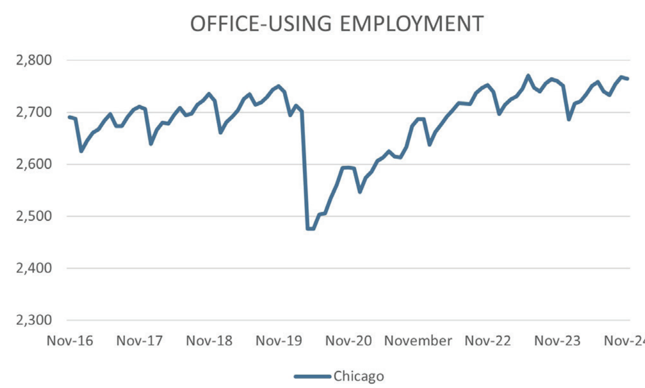
Economic Overview

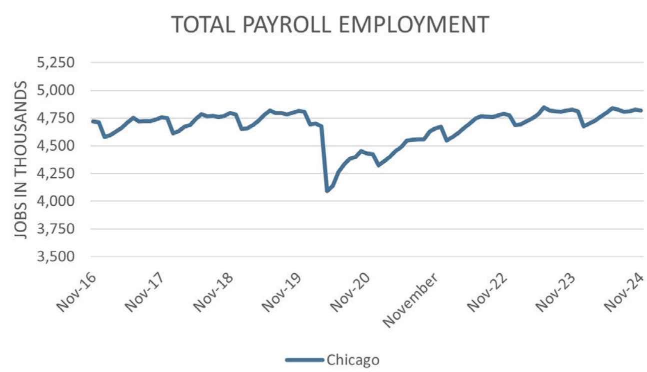
The U.S. economy is navigating a complicated landscape marked by moderate growth, tempered by ongoing inflationary pressures and a cautious Federal Reserve.

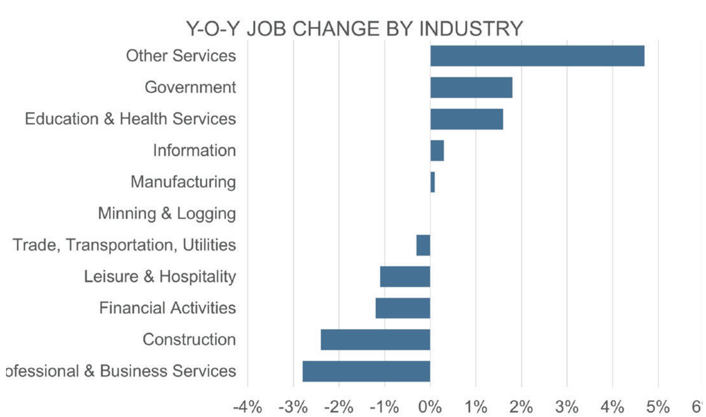
Unemployment Rate	2024 Total Nonfarm Job Growth	Y-O-Y Office-Using Employment
4.2%	-7,500	4,400

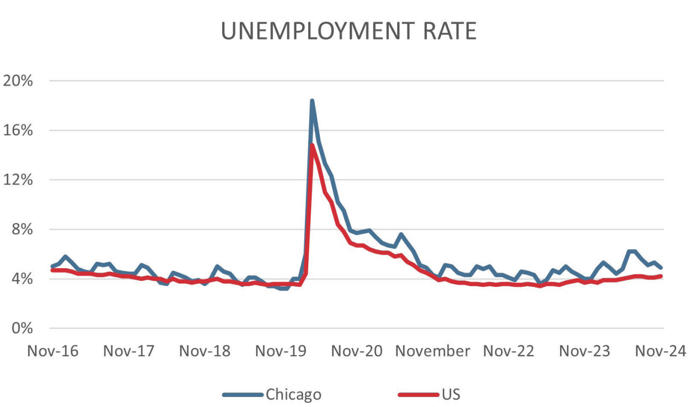
Economic Indicators Steady

- The U.S. labor market has shown resilience post-pandemic, with an average of 355,000 jobs added monthly since 2021. However, the pace of job creation has become uneven, reflecting broader economic uncertainties.
- Unemployment remains low at 4.2% as of November 2024, below pre-pandemic levels.
- Consumer spending continues to drive economic activity, but elevated inflation has prompted the Federal Reserve to maintain high interest rates, curbing price increases while creating headwinds for growth.
- Persistent inflation, rising interest rates, and global economic volatility pose risks to consumer confidence and financial markets, with potential ripple effects on commercial office and industrial demand.
- Unemployment in Chicago dropped to 4.9% as of November 2024, reflecting improvement in the local labor market.
- Total nonfarm employment declined by 7,500 jobs since the start of the year, signaling localized job market pressures.
- Sectoral Growth Highlights: Year-over-year gains were led by the Other Services sector (+4.7%) and Government sector (+1.8%).
- Office-using employment increased modestly by 0.4% year-over-year.









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