

Chicago

Tech Sector Update

MARKET TAKEAWAYS



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Some large tech companies are still evaluating the market with plans to grow their Chicago footprint and occupy more space in the market – even amongst announcements of more work-from-anywhere flexibility – as evidenced by Google’s continued search for growth space. Many are incorporating COVID-related amenities into their premises for their employees, like private physician space via companies like One Medical. Additionally, many established and scaled tech occupiers are vetting flight-to-quality space opportunities, including new construction, with emphasis on a new level of health and wellness consciousness.



Smaller technology companies are focused on cutting costs, including real estate costs, which has resulted in many new sublease availabilities throughout 2020.

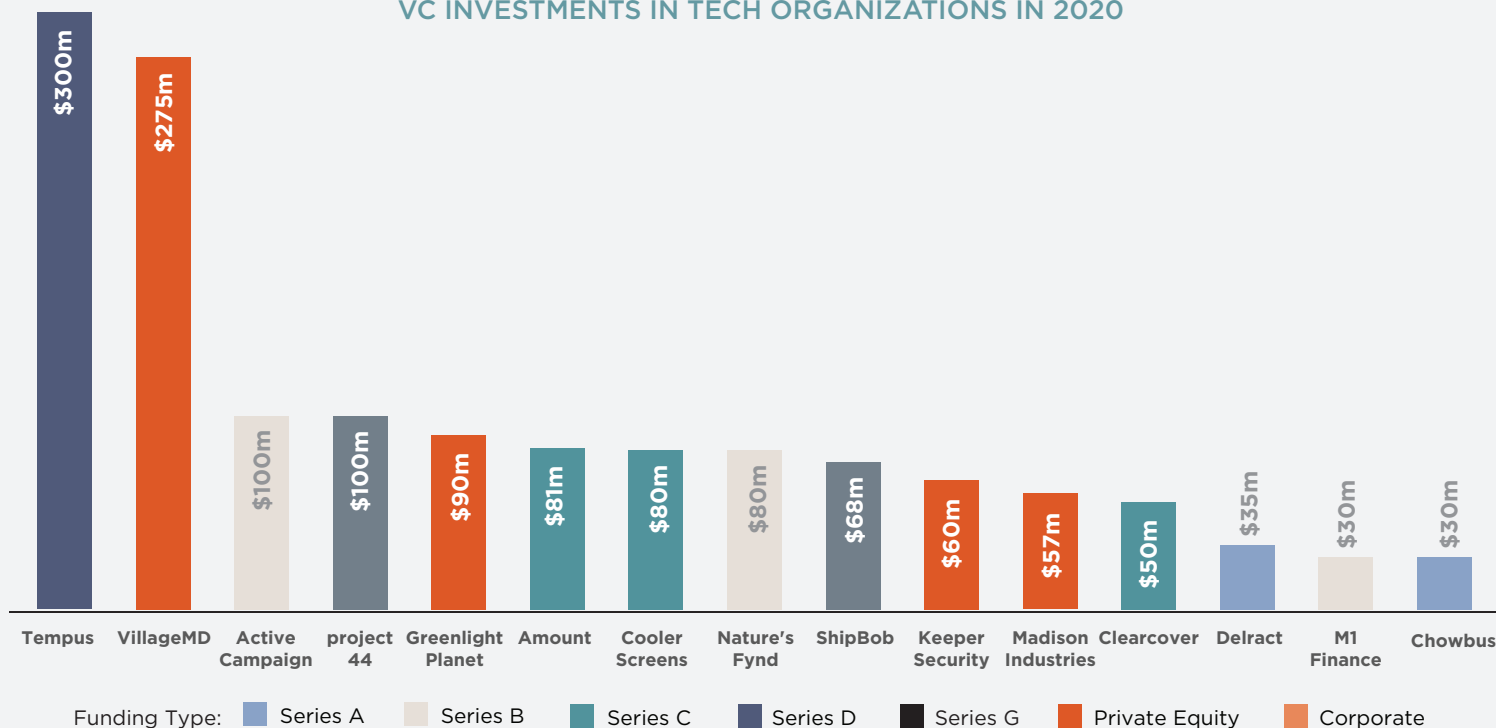


The amount of sublease space well-suited for technology companies is going to continue to increase as organizations evaluate future space needs, presenting tech tenants with an abundance of lower-cost options. However, forward thinking tech companies are considering a shift in “pre-pandemic” space design parameters, moving away from the densification trend observed over the last decade. This will reduce the appeal of a portion of the sublease market that tech companies might have previously considered viable. In certain cases, new design layouts may ultimately trigger companies to explore expansion requirements and absorb more space.



Prior to the onset of COVID, Chicago was experiencing a tremendous amount of growth from tech occupiers based on the coasts, and we anticipate this to continue post-COVID as a result of Chicago’s lower-priced real estate costs and access to a high-quality, educated workforce.

VC INVESTMENTS IN TECH ORGANIZATIONS IN 2020



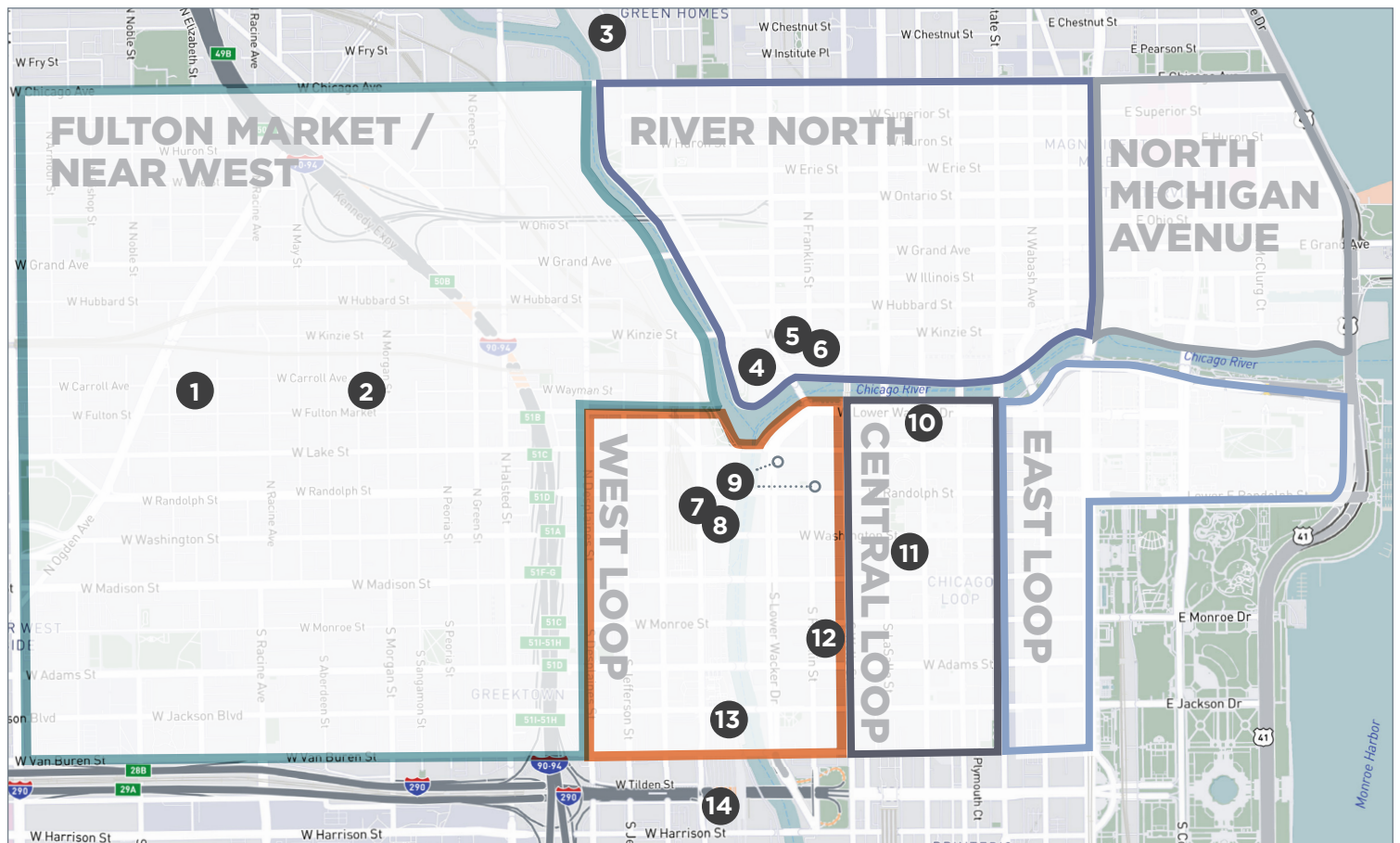
Source: Crunchbase

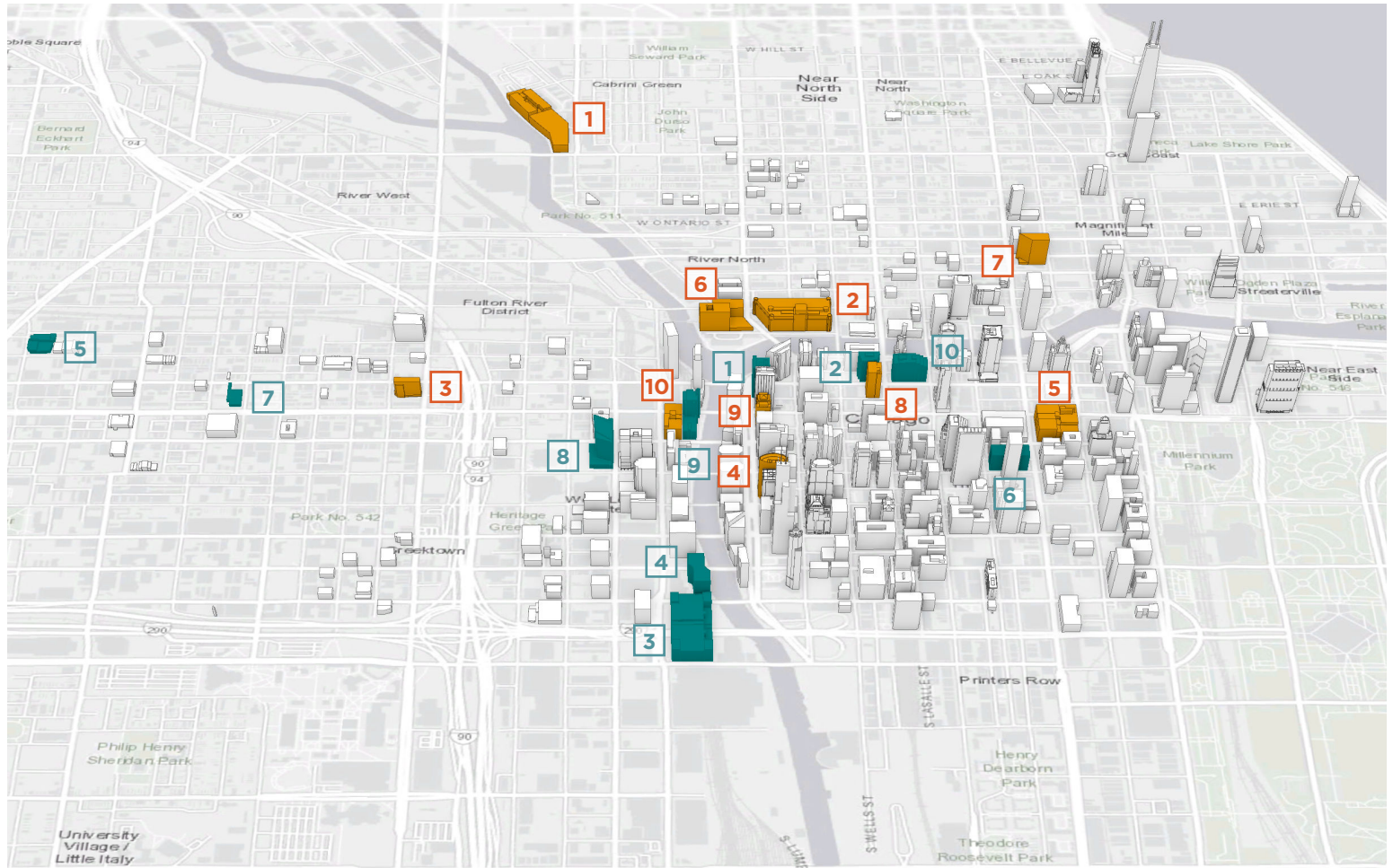
KEY TECH MARKET STATISTICS

	RIVER NORTH			FULTON MARKET / NEAR WEST			WEST LOOP	
	Q4 '19	Q4 '20		Q4 '19	Q4 '20		Q4 '19	Q4 '20
Availability	13.3%	16.5% ▲		14.8%	33.3% ▲		14.0%	18.8% ▲
Sublease Space	310,000 SF	620,000 SF ▲		50,000 SF	510,000 SF ▲		1.2 MSF	2.6 MSF ▲
Overall Asking Rent	\$43.35	\$41.29 ▼		\$47.15	\$45.69 ▼		\$44.21	\$43.02 ▼
Quarterly Leasing Activity	182,000 SF	30,000 SF ▼		120,000 SF	25,000 SF ▼		1.8 MSF	205,000 SF ▼

	CENTRAL LOOP			EAST LOOP			NORTH MICHIGAN AVENUE	
	Q4 '19	Q4 '20		Q4 '19	Q4 '20		Q4 '19	Q4 '20
Availability	17.8%	21.9% ▲		18.0%	19.9% ▲		11.7%	13.7% ▲
Sublease Space	440,000 SF	960,000 SF ▲		430,000 SF	660,000 SF ▲		180,000 SF	330,000 SF ▲
Overall Asking Rent	\$38.65	\$38.10 ▼		\$38.83	\$38.56 ▼		\$38.44	\$38.69 ▲
Quarterly Leasing Activity	465,000 SF	222,000 SF ▼		160,000 SF	30,000 SF ▼		72,000 SF	28,000 SF ▼

Source: Savills Research





Notable Transactions in 2020

- | | |
|---|---|
| 1 Tempus Labs
600 West Chicago Avenue
163,000 SF
Renewal/Expansion
River North | 6 Affirm
350 N Orleans Street
57,000 SF
New
River North |
| 2 PayPal
222 Merchandise Mart
148,262 SF
Renewal
River North | 7 Toast
515 N State Street
47,694 SF
New
River North |
| 3 CCC Information Services
167 North Green Street
125,000 SF
New
Fulton Market / Near West | 8 DocuSign
180 N LaSalle Street
41,896 SF
Expansion
Central Loop |
| 4 iManage
71 S Wacker Drive
96,514 SF
Relocation
West Loop | 9 Okta
123 N Wacker Drive
30,355 SF
Relocation
West Loop |
| 5 Numerator
24 E Washington Street
60,000 SF
Relocation
East Loop | 10 Pinterest
111 North Canal Street
27,592 SF
Renewal
West Loop |

Notable New Sublease Availabilities in 2020

- | | |
|---|--|
| 1 Facebook
191 N Wacker Drive
103,760 SF
Loop | 6 Screenshot
1 North Dearborn Street
52,165 SF
Central Loop |
| 2 CareerBuilder
200 North LaSalle Street
85,000 SF
Central Loop | 7 Aspen Dental
1040 West Randolph Street
50,988 SF
Fulton Market / Near West |
| 3 Uber
433 West Van Buren Street
65,000 SF
West Loop | 8 iManage
540 W Madison Street
48,307 SF
West Loop |
| 4 Cars.com
300 South Riverside Plaza
52,751 SF
West Loop | 9 HERE
100 N Riverside Plaza
46,893 SF
West Loop |
| 5 Glassdoor
1330 West Fulton Street
52,209 SF
Fulton Market / Near West | 10 InnerWorkings
203 N LaSalle Street
44,601 SF
Central Loop |

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