

Chicago



Chicago rental rates inched up, vacancy mostly unchanged despite impacts of COVID-19 on greater economy.



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While Illinois has taken measured steps to slowly reopen its economy that was put on hold since mid-March, uncertainty has persisted through the third quarter across all classes of real estate throughout Greater Chicago. Nevertheless, the industrial asset class exhibited resilience in the wake of the pandemic. Tenant demand remained relatively strong. As one of the world's largest and most diversified economies, Chicago is able to sustain its industrial market.

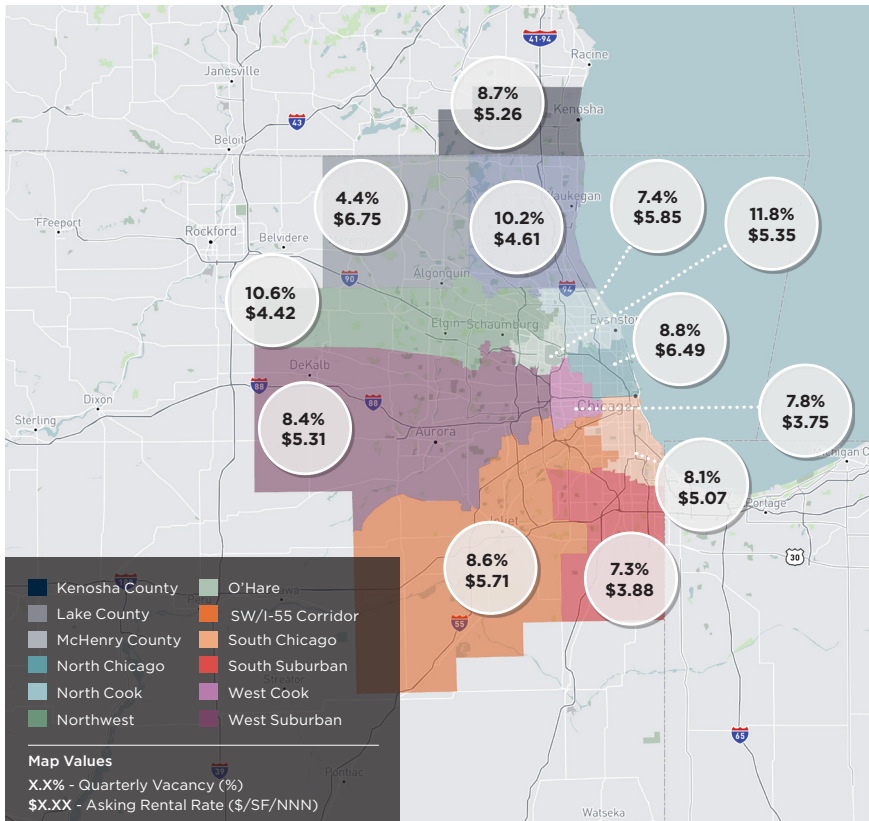
Overall net asking rents in the Chicago market ticked upwards over the quarter, to \$5.02 per square foot (psf) triple net, an increase of 0.2% over the previous quarter. However, asking rents slipped 2.1% year over year. Vacancy rates fell 10 basis points (bps) from the second quarter to 8.8% but were up 30 bps from the same period last year. The market's construction pipeline remained robust, with 21 million square feet (msf) under construction in the third quarter. While economic uncertainty is expected to endure in the near term, occupier demand is anticipated to remain healthy as occupiers in the

KEY STATISTICS

	Q3 2019	Q3 2020	y-o-y Change
Inventory	565,544,852	579,645,211	▲
Vacancy Rate	8.5%	8.8%	▲
Net Absorption	4,511,072	5,298,568	▲
Under Construction	16,378,829	21,964,338	▲
Asking Rental Rates	\$5.13	\$5.02	▼

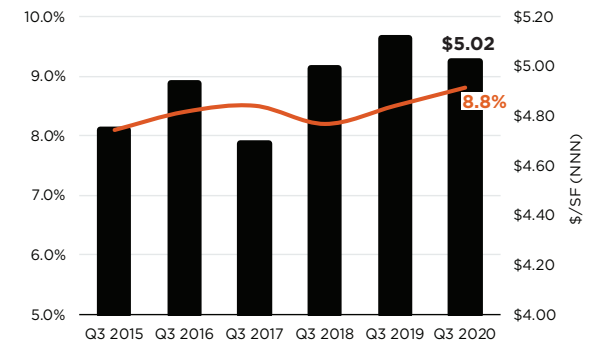
e-commerce, logistics, and other industries remain active in the market.

Notable transactions this quarter included General Motors' leasing of more than 1.0 msf at 1023 East Laraway Road in Joliet. In Shorewood, Kenco Logistics leased up 21520 Frontage Road, taking 382,000 sf. Sales activity has continued to exhibit a notable decline, with total transaction values decreasing by 13% quarter over quarter, and by more than 70% from Q3 2019. In the largest transaction this period, Prologis acquired a two-building portfolio totalling 1.3 msf at 901-1001 West Bluff Road in Romeoville. The properties, which are partially occupied by Geodis, sold for \$98 million, or \$73 per square foot.



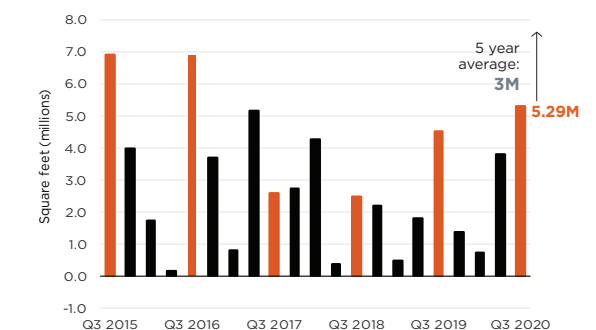
VACANCY AND ASKING RENT TRENDS

Chicago



NET ABSORPTION

Chicago



“Industrial activity in the Chicago market continues to be driven by the e-commerce and logistics industries, although a handful of other industry groups are slowly beginning to look at expansion options, despite the rise in confirmed COVID-19 cases in Illinois. Inventories continue to be difficult to project during the pandemic.” –

– Bruce McConnell, Senior Managing Director

SUBMARKET OVERVIEW

50,000 SF and up (flex and owner occupied excluded)

Submarket	Existing Inventory		Vacancy			Q3 2020 Net Absorption (SF)	Q3 2020 Deliveries (SF)	Under Construction (SF)	Overall Asking Rent (NNN)
	# Bldgs	Total (SF)	Direct (SF)	Total (SF)	Vac %				
Kenosha County	80	22,125,801	2,110,920	2,258,797	10.2%	1,313,967	1034833	1592269	\$4.61
Lake County	275	39,492,386	3,145,192	3,419,827	8.7%	(1,057,574)	497096	2,096,484	\$5.26
McHenry County	68	9,802,793	433,718	433,718	4.4%	11,718	0	0	\$6.75
North Chicago	212	27,416,571	2,332,190	2,410,190	8.8%	(455,053)	0	0	\$6.49
North Cook	163	20,187,509	1,125,495	1,490,565	7.4%	287,228	564029	60000	\$5.85
Northwest	235	32,221,095	3,301,071	3,404,803	10.6%	51,852	2,732,606	290,603	\$4.42
O'Hare	408	50,965,018	5,560,233	6,010,580	11.8%	(950,291)	1,660,541	790,096	\$5.35
SW/I-55 Corridor	441	96,124,620	7,871,569	8,243,736	8.6%	1,650,931	1,700,682	624,857	\$5.71
South Chicago	325	50,717,156	3,990,958	4,100,858	8.1%	155,588	1,315,801	1,879,544	\$5.07
South Suburban	175	36,714,437	2,409,272	2,694,442	7.3%	765,844	245,388	3,913,480	\$3.88
West Cook	205	36,073,878	2,660,864	2,804,550	7.8%	1,269,419	387,000	0	\$3.75
West Suburban	570	102,458,214	7,496,274	8,569,116	8.4%	2,718,269	3,027,751	3,181,250	\$5.31

MAJOR TRANSACTIONS

Sales

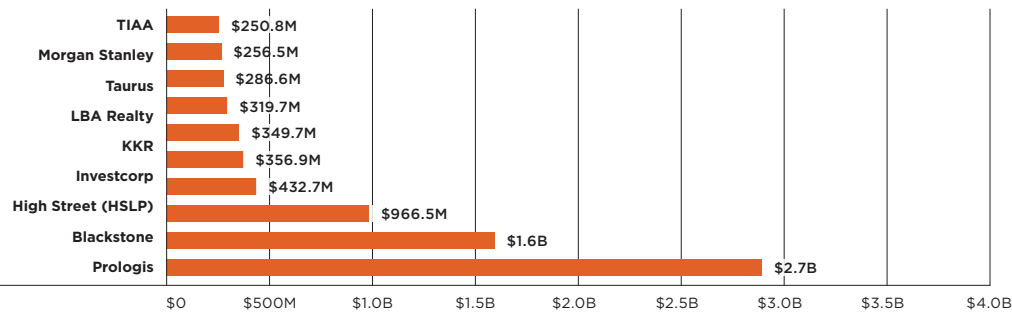
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
Prologis	CT Realty Investors	Jul-20	901-1001 W Bluff Road	1,342,000	2019	112.00	\$98,001,610	West Cook
KKR	AEW Capital / Opus	Sep-20	3300 Channahon Road	1,220,000	2018	75.30	n/a	Joliet
PGIM Real Estate	Int'l Airport Centers	Sep-20	6800 Santa Fe Drive	951,000	1977	65.00	\$78,779,484	I-55
MetLife	Venture One / CRG	Aug-20	11900 122nd Street	591,000	2020	48.60	\$54,600,000	Kenosha County
Venture One / Kovitz	BK Equities	Jul-20	601-605 Kingsland Drive	489,000	1996	26.50	\$21,200,000	West Suburban

Leases

Tenant	Square Feet	Address	City	Submarket	Landlord
General Motors	1,026,000	1023 E Laraway Road	Joliet	Joliet	Core5 Industrial Partners
Kenco Logistics Services	382,000	21520 Frontage Road	Shorewood	Joliet	HSA Commercial
Amazon	343,000	1400 S Laramie Avenue	Cicero	West Cook	Cabot Properties
Expeditors	252,000	1200 Cherry Hill Road	Joliet	Joliet	Cabot Properties
Midwest Custom Case	240,000	25975 S Cleveland Avenue	Monee	South Suburban	Exeter Property Group

TOP BUYERS

Past 3 Years



Source Savills Research

Market Highlights



Vacancy Rises

Year-Over-Year Change: **3.5%**
Q3 2019: **8.5%** | Today: **8.8%**



Asking Rent Growth

Year-Over-Year Change: **-2.1%**
Q3 2019: **\$5.12** | Q3 2020: **\$5.02**



Under Construction

Year-Over-Year Change: **34.1%**
Q3 2019: **17.5 MSF**
Q3 2020: **21.9 MSF**

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