

CHICAGO OFFICE MARKET

Yardi® Matrix

Market Analysis

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CBD Undergoes Resurgence



Chicago is buoyed by the trend toward **urban migration**, a **healthy development pipeline** and **corporate relocations**, but it is held back by generally weak employment growth. The city benefited from a relocation trend set in 2016 by corporate giants such as Google, McDonald's and Motorola that added workers to the downtown. That pushed the vacancy rate in the **Central Business District (CBD)**—which encompasses 134 million square feet, nearly half of the metro's total office space—slightly above 10.0%. The CBD continues to thrive, with more than 8.5 million square feet under construction and an average asking rate per square foot of \$39.

However, the CBD has to deal with weak employment numbers and competition from other parts of the metro. **Job growth** is consistently below the national rate, and has been affected by a series of layoffs announced last year by Motorola, AT&T and General Electric, as well as several newspapers and tech startups. Gains in the government, education and health-care sectors have been offset by job drops in the information sector, which lost 4,500 jobs, and the professional and business services sector, which lost more than 8,000 jobs.

A **resurgence** is expected to take place in the suburbs, as areas such as North Lake—a pharmaceutical hub—are striving to add amenities to their office stock. Emerging areas, particularly Goose Island and Clybourn Corridor, are getting ready to compete with the live-work-play Fulton Market developments.