

CHICAGO OFFICE MARKET

Yardi® Matrix

Market Analysis

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Crosswinds in the Windy City



Chicago's office market continues to be one of the nation's strongest. While development activity remains strong, the first eight months of the year saw few significant additions to supply. Major office projects nearing completion are anticipated to result in deliveries totaling some 5.2 million square feet for the year. That's the highest level since 2001, when developers completed more than 10 million square feet.

At \$28.35 per square foot as of August, Chicago's average asking rate was the lowest of all gateway markets and more than \$8 lower than the national average. In addition to the CBD, the West Loop submarket has drawn significant interest from major employers. Despite the fact that the information sector lost some 4,300 jobs in the 12 months ending in July, the metro continues to attract more tech firms and venture capital. Major companies including Google and Uber announced expansion plans in the market, a sign that Chicago is on track to become a hub for innovation. The professional and business services and financial activities sectors grew at a moderate pace, adding a combined 7,700 jobs during the same interval.

Chicago's turbulent political climate has led to investor hesitance—transaction volume through August totaled \$880 million, less than 20% of last year's volume and the lowest in a decade. Cook County introduced a new method of valuing real estate, leading to significant tax increases for some properties, and additional burdens may be imposed in an effort to address Chicago's \$838 million budget deficit.