



CHICAGO OFFICE MARKET

Yardi® Matrix

Market Analysis

First Quarter 2019

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Office Market Moves to the Core



Despite stagnant employment growth across the metro, Chicago's urban core continues to experience high demand for office space. The CBD's vacancy rate of 11.1% is expected to dip slightly in the short term, as more companies shift from suburban office park settings to the city's core. Chicago's suburban areas continued their slow decline, with vacancy remaining high as a result of several corporate relocations and aging assets.

Facebook signed one of the largest leases in the third quarter, totaling 263,000 square feet at The John Buck Co.'s recently delivered 151 N. Franklin St. The average asking price across the metro was \$29.13 per square foot through October, with prices in the CBD averaging \$37.60 per square foot, driven in part by increasing property taxes.

Nearly 2.4 million square feet of office space was added to Chicago's inventory through October, with most deliveries located in the West Loop and CBD. Blackstone continued renovation and expansion work at Willis Tower, which is planned to wrap in late 2019 and deliver new tenant amenities and approximately 300,000 square feet of retail.

Total year-to-date transactions approached \$3.7 billion, with nearly half the volume in the CBD. Starwood Capital's \$360.3 million purchase of One South Dearborn, Olen Properties' 822,469-square-foot trophy asset, was the largest transaction in the CBD through October.