



Chicago, Illinois

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Chicago's CBD saw a decrease in the vacancy rate for the third quarter in a row. Five out of the six leases over 100,000 SF signed in the CBD, indicating a tighter marketplace for large users and boding well for an improving market; however, the improving vacancy rate does not convey the entire story. Both the American Medical Association and SmithBucklin Corp. elected to move their offices. Through efficiencies, they reduced their footprint by a combined 50,000 square feet. The 430,550 SF of space they will leave behind is not considered in the vacancy rate.

Chicago's suburban market vacancy rates have remained stagnant throughout this year. The combined class A & B vacancy rate is at 21.5%, virtually unchanged from the 21.3% in first quarter of 2011. A trend of office users favoring the CBD is responsible for leaving the suburban market flat. Firms considering moving to the suburbs have remained in their downtown spaces and, simultaneously, some suburban office users have elected to lease downtown. In addition, companies new to the Chicago market have chosen the CBD, such as DeVry Inc. moving their online class support center to Chicago from Phoenix, Arizona.

Market Trends

- Office vacancy in class A and B buildings in the Chicago CBD declined by 0.5% to 14.8% from last quarter for a total decline of 1.1% this year.
- Available class A and B space in the CBD remains high at 18.8%, increasing slightly from 18.7% at the beginning of this year.
- The suburban market vacancy rate for class A & B space has remained flat at 21.3%, only dropping by .1% from Q3 and remaining completely unchanged over the course this year.
- Class A rental rates have remained flat while class B has risen by \$0.96 from Q3. Suburban rates have remained flat in class A & B buildings.

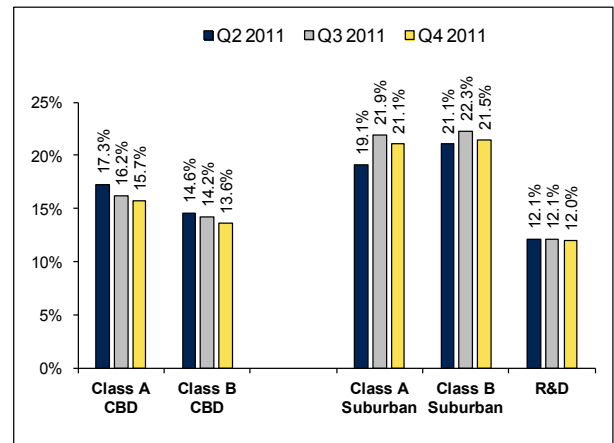
Tenant's Perspective

Chicago will continue to be a tenant's market, particularly for users under 100,000 SF. Even with the CBD vacancy rate decreasing, the percentage of space available is still high at 18.8%, affording tenants with plenty of market alternatives. Rental rates have remained relatively flat across the board and tenants are still able to gain favorable concessions from landlords, particularly in the suburbs as vacancy remains high.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Georgia Pacific	696,540	Industrial	Lease
Aon Corp.	400,000	Office	Lease
GE Capital	371,000	Office	Lease
PwC	279,000	Office	Lease
American Medical	275,000	Office	Lease
SmithBucklin Corp.	111,081	Office	Lease
Catalyst Rx	106,000	Office	Lease
Lawson Products	86,313	Office	Lease
CA Technologies	85,000	Office	Lease
DeVry Inc.	77,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$31.86	\$31.67	\$31.25
Class B Office	\$25.76	\$25.60	\$26.56
Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$21.58	\$19.89	\$20.26
Class B Office	\$18.34	\$18.37	\$18.36
R&D	\$4.35	\$3.95	\$4.03

