

<dec(/)ding> CHICAGO'S INDUSTRIAL VACANCY

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KEY TERMS

VACANT AVAILABLE

The total available product that is completely vacant, which excludes spaces that have been leased by tenants who have not yet occupied.

FORECASTED VACANT AVAILABLE

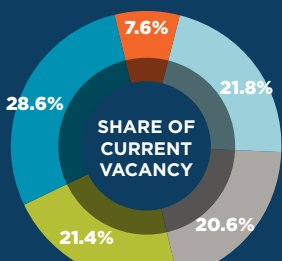
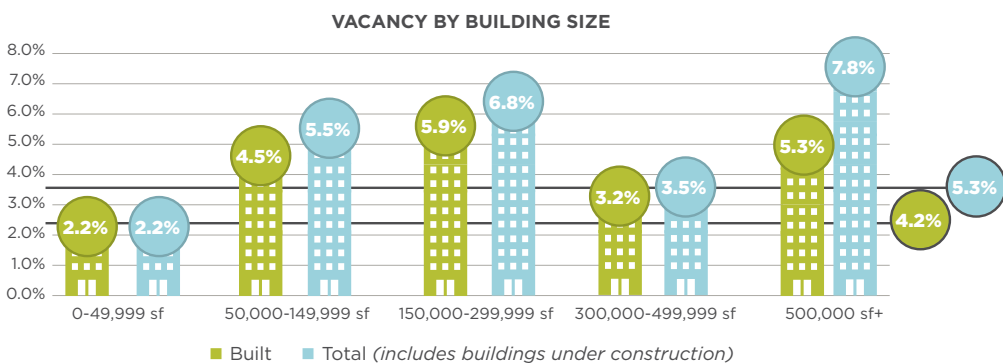
The total available vacant product plus all space presently under construction, with current preleasing included. In some cases, this includes space that is built and available for occupancy in the future.



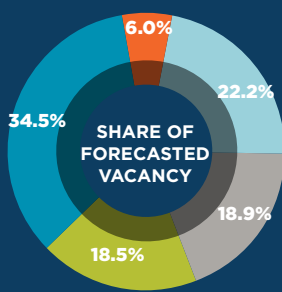
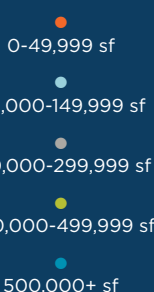
The Chicago industrial market remains extremely tight with vacancy rates hovering near historic lows. Though vacancy is now beginning to rise, this uptick is not a true depiction of market conditions – the spike is being driven by a relative oversupply of big-box (500,000 sf+) inventory.

This study examines the composition of current market conditions and how vacancy would change if all product under construction delivered at current preleasing levels. The vacancy rates reflected in this analysis account for only space that is vacant available, see definitions to the right.

This imbalance in supply becomes more apparent when analyzing properties by size range. Big-box product represents the only segment with a forecasted vacant available rate substantially higher than the market average. Forecasted rates make the supply discrepancy more apparent, with big-box vacant available rates forecasted to be 50.0% higher than the overall Chicago vacancy rate.

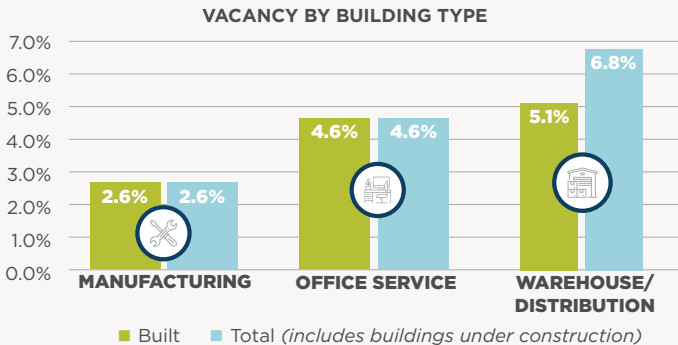


Big-box availabilities are the primary driver of the market's elevated vacancy, making up **28.6%** of the total availabilities with only five buildings totaling **6.6 msf** of availability.



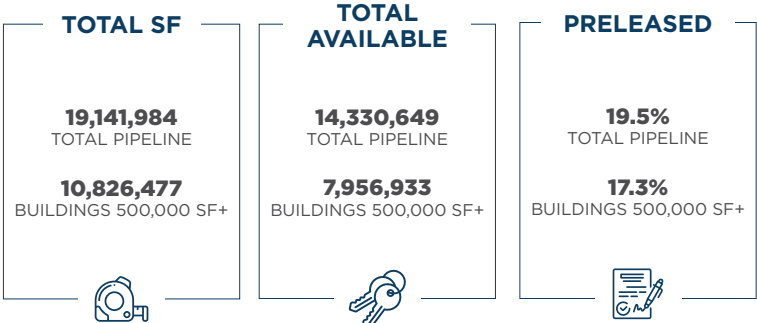
With new construction delivering, big-box availabilities will gain even more influence on overall vacancy, forecasted to rise to **34.5%** of the share of total availabilities.

With **18.6 msf** of warehouse/distribution (W/D) construction currently underway, this property type will take on the bulk of vacancy rate increases.

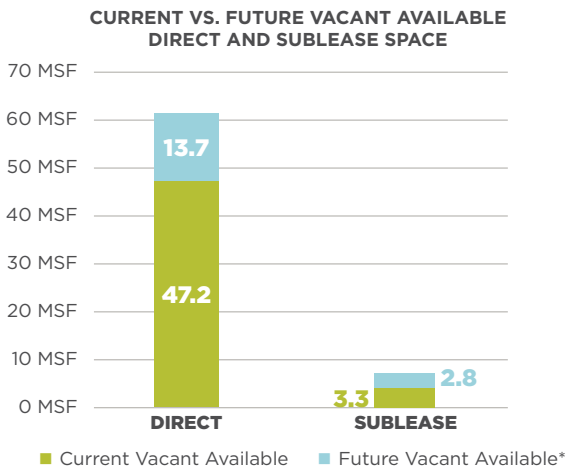


LOOKING AHEAD

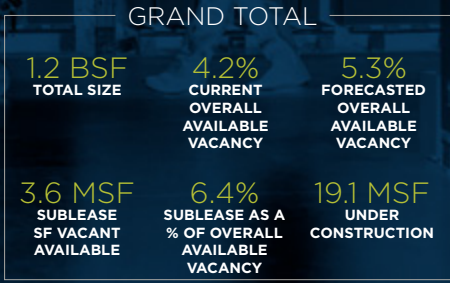
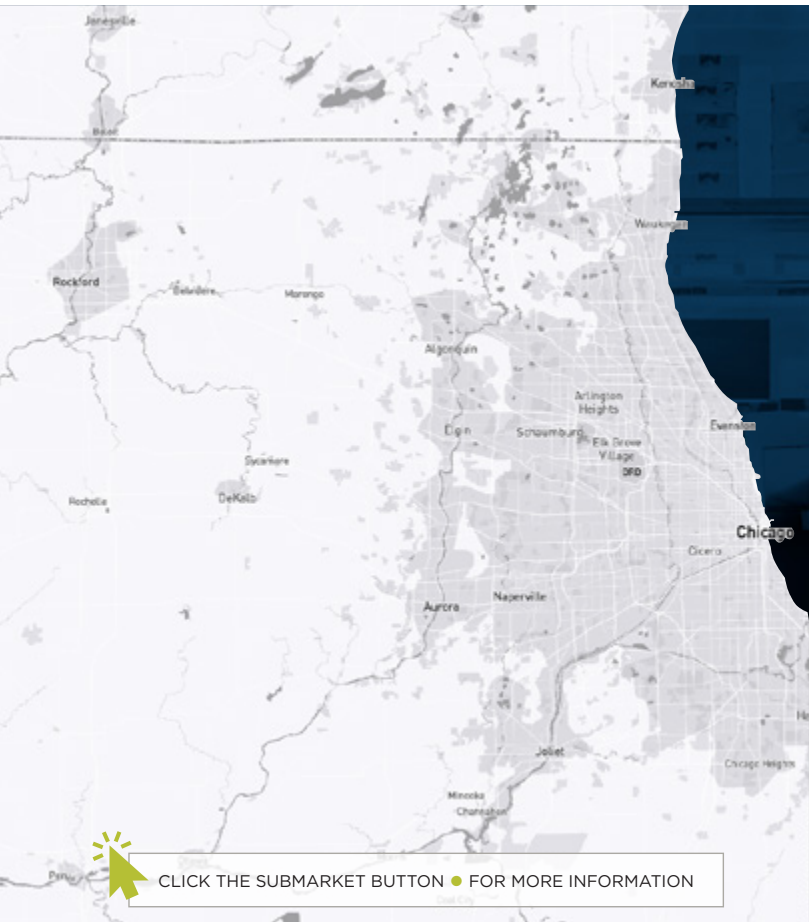
With buildings 500,000 sf+ comprising **56.6%** of the total product under construction, expect a continued rise in vacancy driven by big-box inventory.. As big-box product continues to deliver, the supply will outpace demand unless significant preleasing occurs.



Sublease availability varies widely across submarkets, totaling 6.1 msf as of Q3 2023. This represents just 9.0% of overall available space, dropping to **6.4%** of overall vacant space.



*Includes space that is built but has space available for occupancy in the future.



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