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# Chicago Suburban Office Insight Report

Q2 2021

**AVANT**  
by AVISON YOUNG

# Key takeaways



## Economic conditions

- Reopening efforts and higher vaccination rates have allowed the Chicago Metro unemployment rate to rebound from a high of 16.5 percent to **7.5 percent**.
- Office-using job losses in have totaled **4.1 percent** compared with 7.6 percent for other industries' job losses, underscoring the disproportionate impact the pandemic had on the discretionary segments of the local economy.



## Recovery rate

- Vaccination rates in DuPage County have reached **50.2 percent**, significantly higher than the national average.
- The State of Illinois recently announced the full re-opening of the state with nearly all COVID restrictions lifted.
- The overall post-COVID rate of recovery based on extrapolated cell phone data for the City of Chicago is **35.7 percent**.



## Office supply/demand

- While leasing activity has slowed, pro-rated activity volume for 2021 is projected to pass **9.2M SF**, levels not seen since 2017.
- Vacancy was recorded at **18.1 percent** at the end of the second quarter 2021, up **230 basis points** from pre-pandemic levels.
- The market has entered a risk-pricing crisis despite continued record levels of dry powder. As a result, just **\$415.M** of suburban offices have been sold since 2020, an annualized decrease of **73.6 percent** compared with the past five-year average.

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## The deeper dive

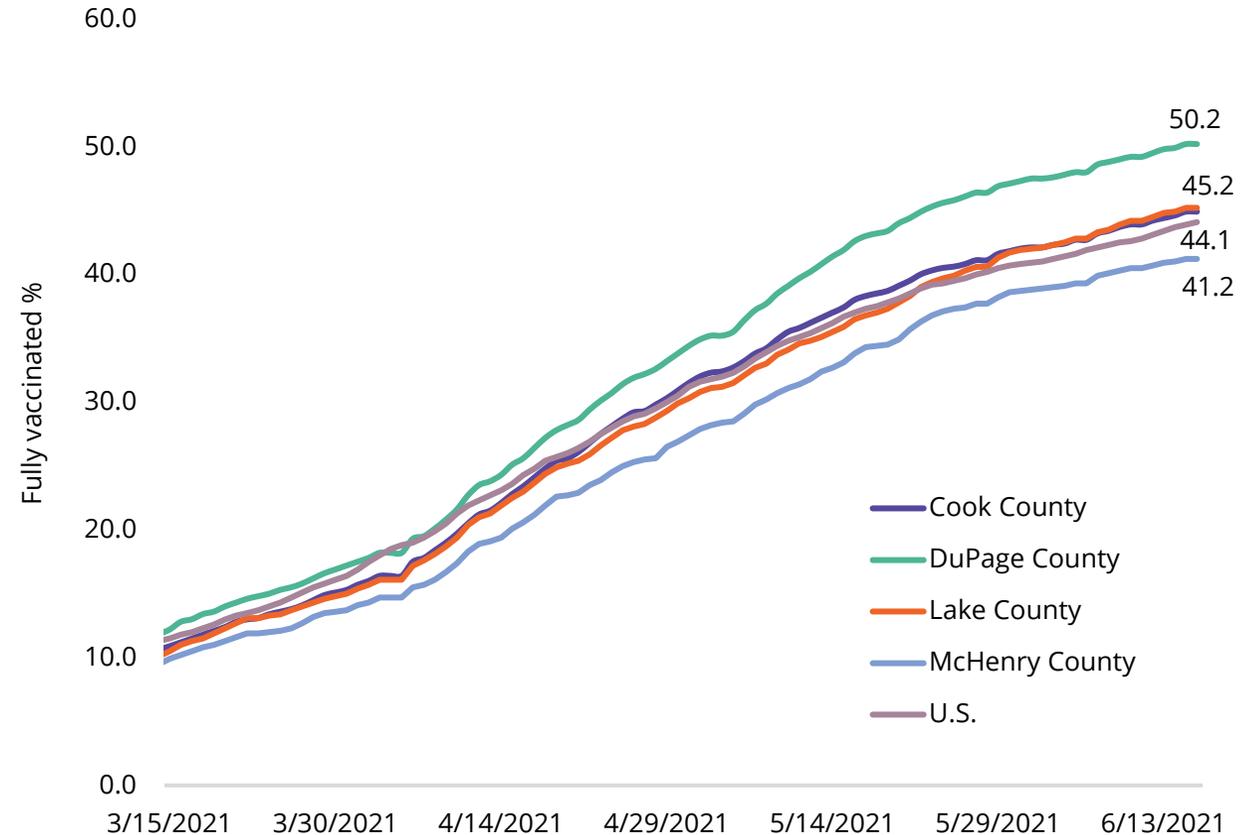
Here we take a look at key return-to-work metrics, including vaccination rates, office occupation recovery rates in Chicago and key markets, as well as general market KPIs such as large activity and sublease supply pipelines.

# Vaccination rates

# 50.2%

**Share of DuPage County population that is fully vaccinated**

Most suburban counties' proportionate vaccination rates have surpassed U.S. and City of Chicago averages, an important metric that has allowed the city to loosen restrictions.



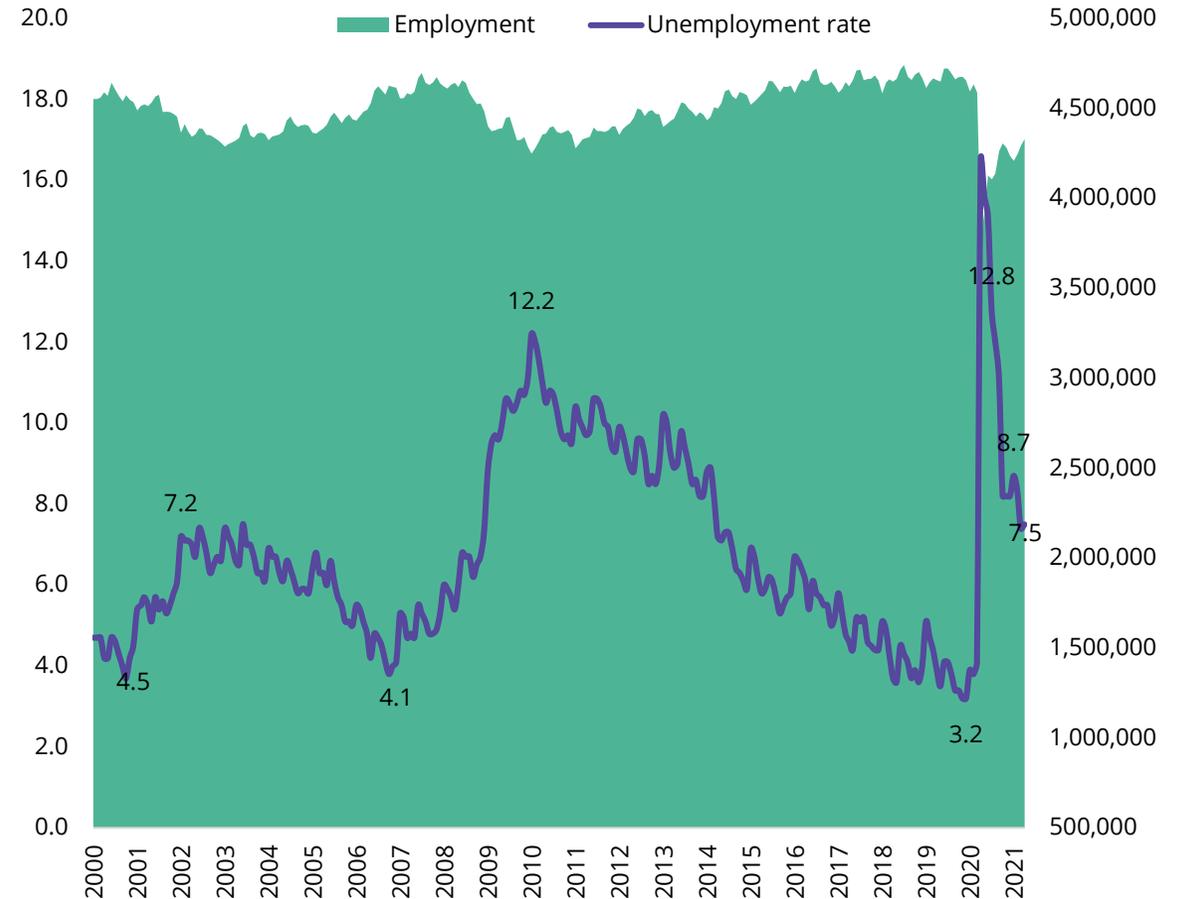
Source: CDC

# Employment and unemployment rate

# 7.5%

## Chicago Metropolitan unemployment rate as of April 2021, dipping below the height of the financial crisis

Historically tightened labor market conditions were halted by the pandemic with nearly 860,000 job losses between February and April 2020. However, reopening efforts enabled the economy to add 14.7% jobs since April 2020.



Note: Not seasonally adjusted data.  
Source: Bureau of Labor Statistics

# Office-using job gains and losses

# -4.1%

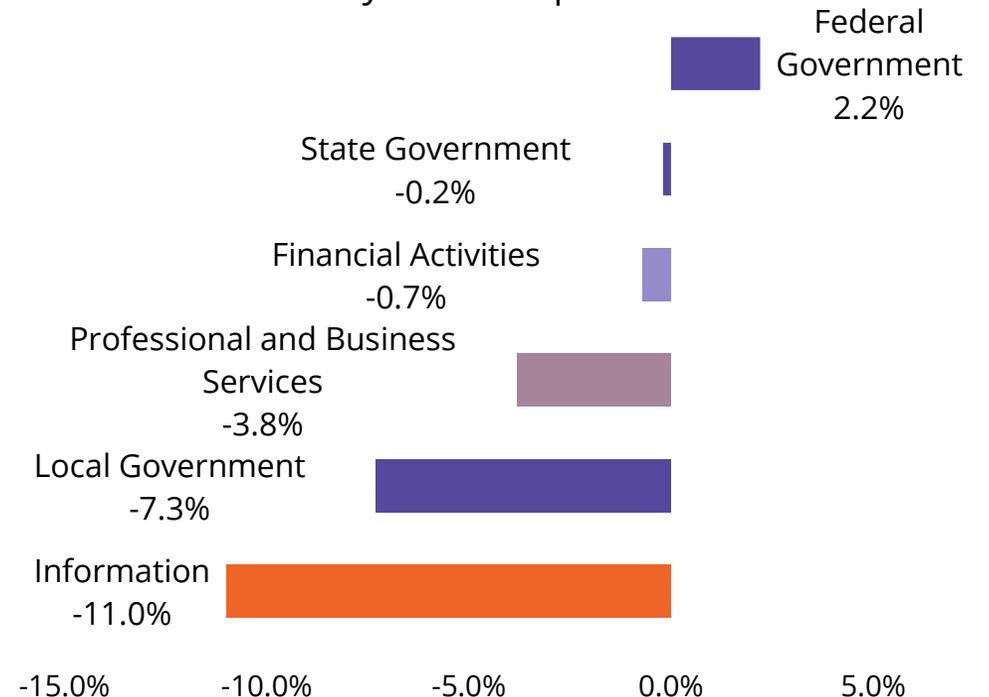
## Change in office-using employment during the pandemic

Chicago MSA job losses have declined by 6.3% since the start of the pandemic, though office-using jobs contracted by just 4.1%. This recession's impact on the office-using labor market has been less severe than the global financial crisis, when Financial Activities job losses totaled 7.2%.

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## Total change in Chicago MSA\* job gains/(losses)

February 2020 to April 2021



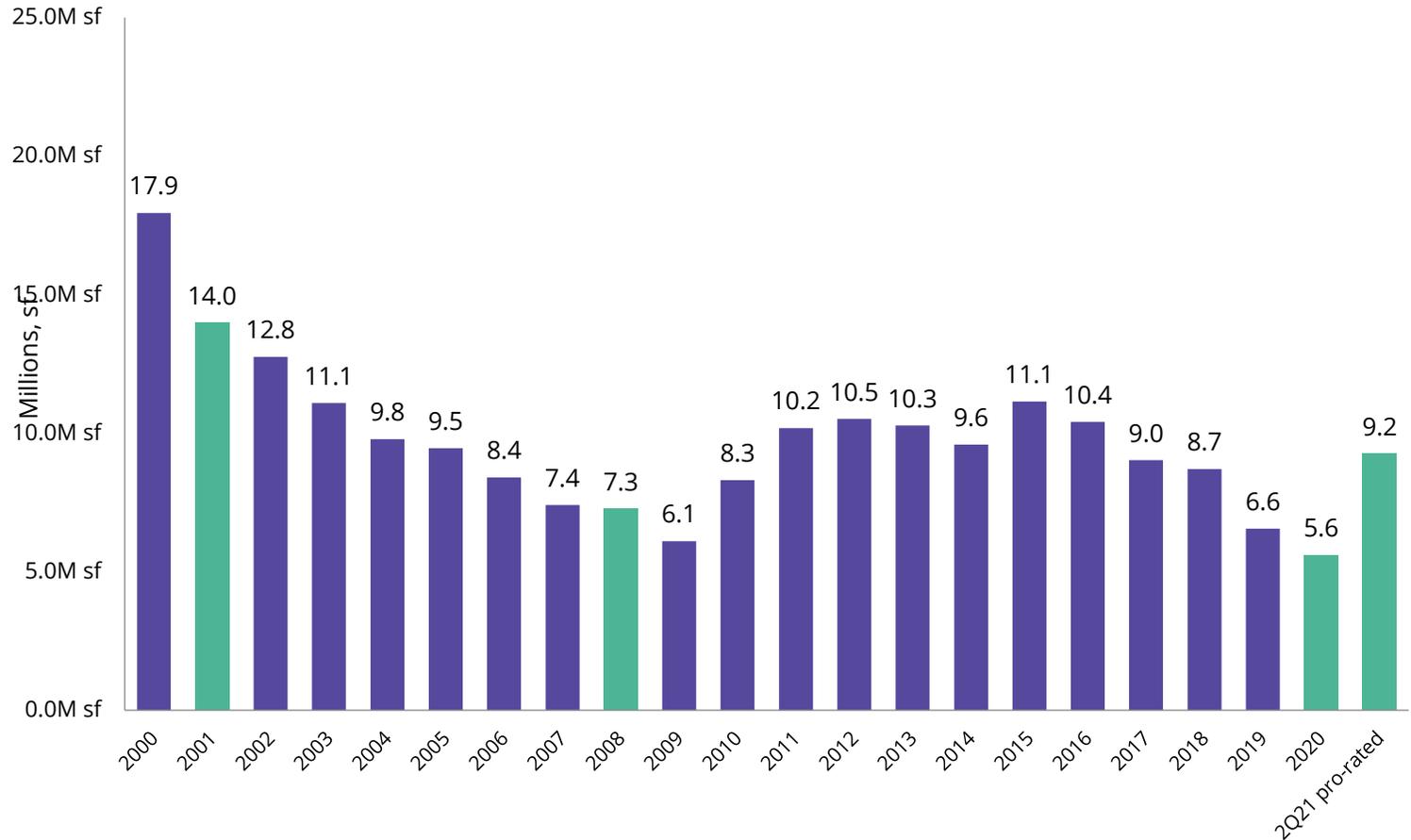
Note: Not seasonally adjusted data. Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Office leasing activity

# -25.3%

**2020-pro-rated 2021 vs. prior 20-year annual average leasing activity**

2020 showed the largest slowdown of leasing activity in recent history. However, recent activity is putting 2021 on pace to outperform levels prior to the pandemic set in 2019.



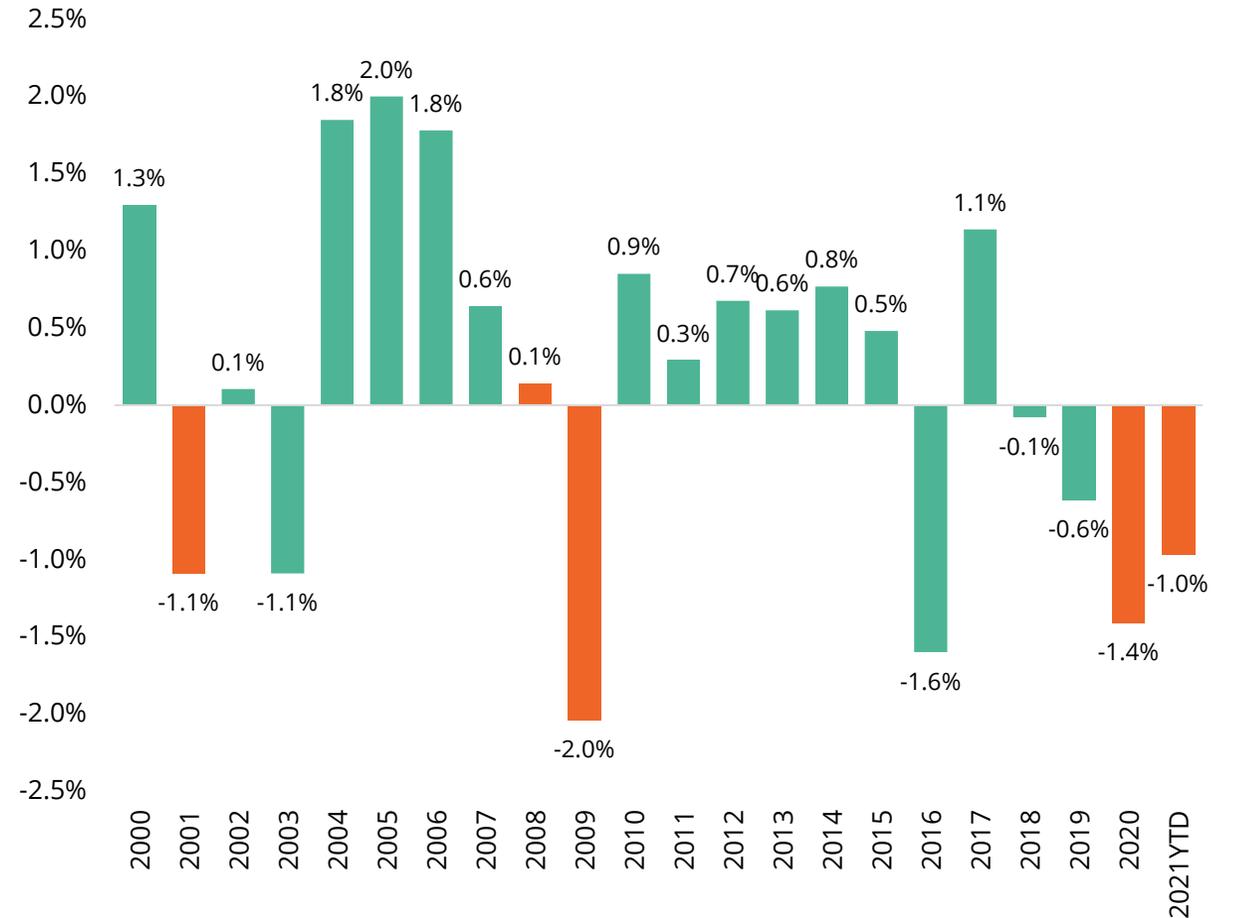
Source: AVANT by Avison Young

# Absorption

# -2.3%

**Net absorption as a percentage of inventory, 2020 through Q2 2021**

Negative absorption from 2020 to 2Q21 has totaled 4.2 million sf, totaling -2.3% of the existing stock. This negative absorption surpasses the lows of the early 2000's recession (-1.1%) and global financial crisis (-2.0%).



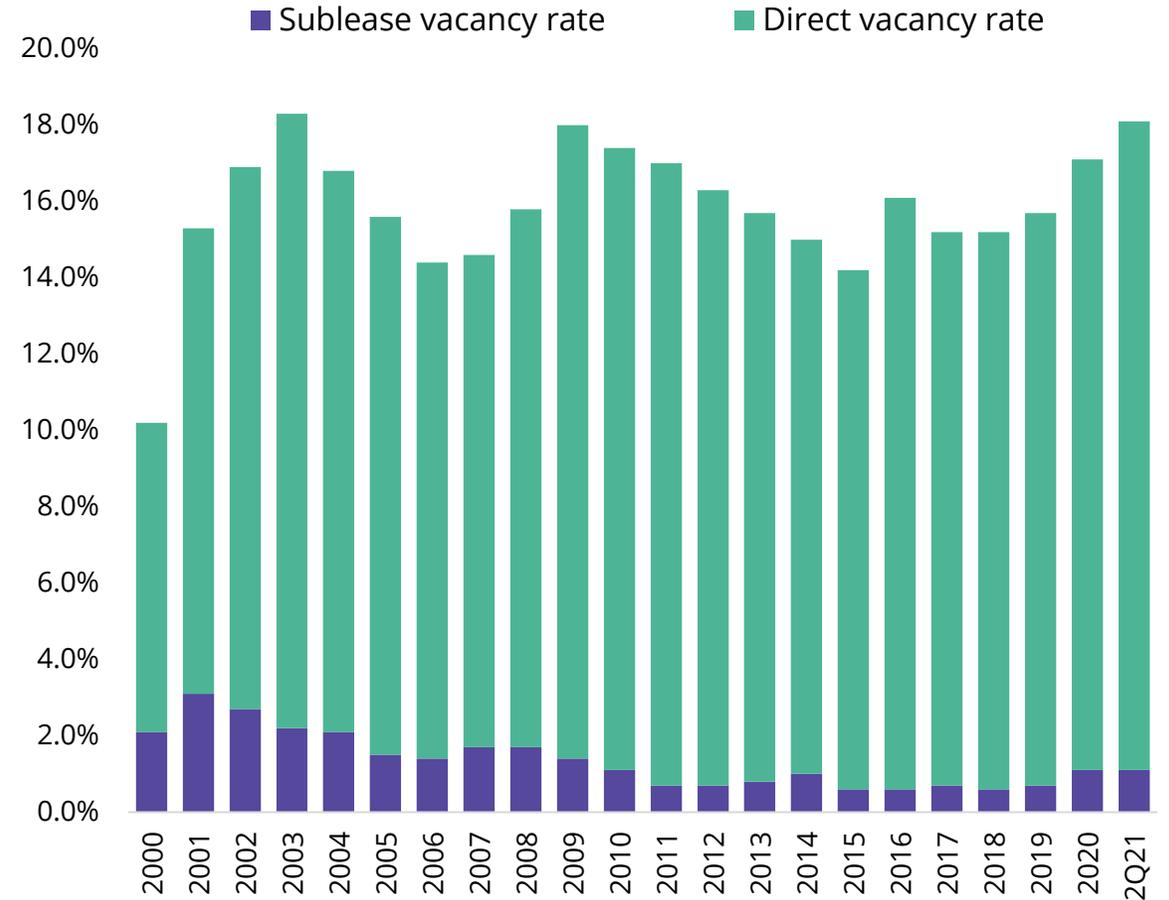
Source: AVANT by Avison Young

# Vacancy rate

# 18.1%

## Q2 Chicago Suburban vacancy as of Q2 2021

The Q2 2021 total vacancy continues to rise to historically high levels, currently up 240 basis points from pre-pandemic levels. Once the vacancy rate eclipses 16 percent, it is historically accompanied by a steady decline in the following years.



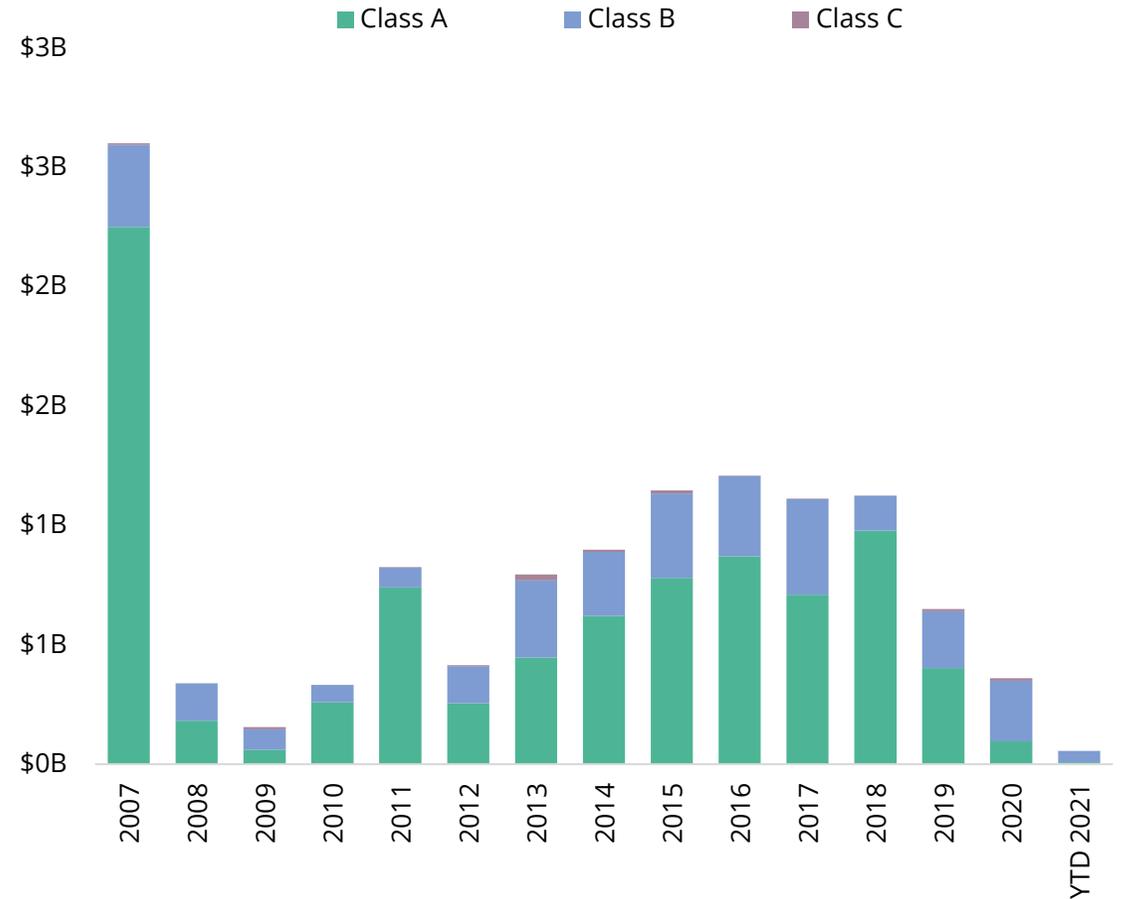
Source: AVANT by Avison Young

# Office investment dollar volume

# \$415.1M

## Chicago suburban office dollar volume 2020 to present

Office sales activity has temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 73.6% compared with the prior five-year average dollar volume.



Source: AVANT by Avison Young,, RCA

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## Contact us today

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# Get in touch



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# Let's talk

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