

# Chicago Suburbs

Office market snapshot | Q4 2023

The suburban office market continued to waver in Q4 2023. As tenant space contractions persist, vacancies across the market continue to rise. Q4 saw positive net absorption, led largely by Ace Hardware moving into nearly 300k sf in Oak Brook. Despite rising interest rates, investment activity in the suburbs was more prominent than in the CBD, both by transaction count and total dollar value, although a significant portion has been in pursuit of alternative use redevelopments.

## +5%

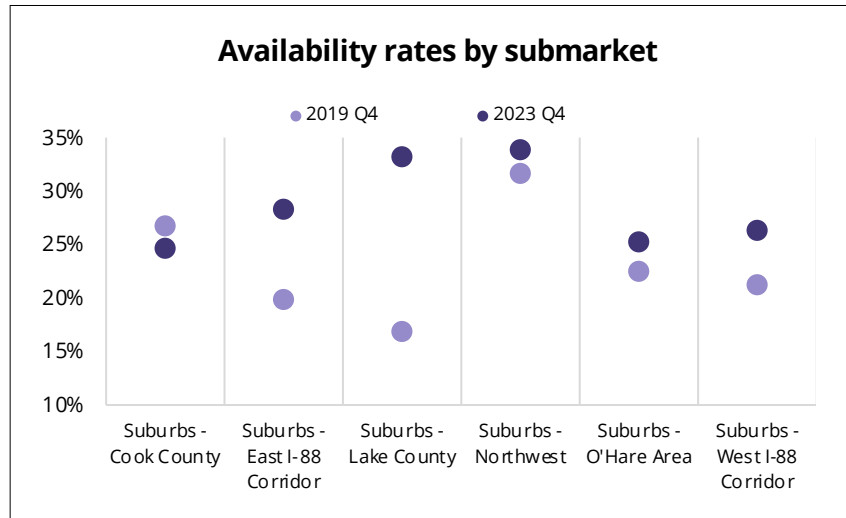
Growth in suburban availability since Q4 2019. While this rate continues to rise, alternative use conversions of office space has tapered growth in recent quarters.

## 60.3%

Percentage of office sales in 2023 that are intended to be redeveloped for alternative uses, particularly data centers.

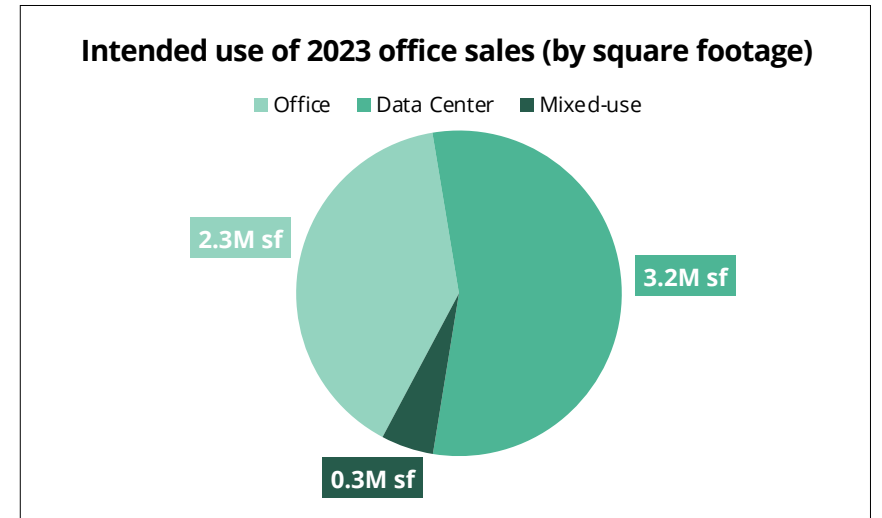
## 3.9 msf

A record-high amount of sublease space available throughout the suburbs.



Over the last four years, availability across the suburban market has generally risen. This rise is seen most dramatically in the Lake County submarket (17% to 34%). The Cook County submarket, however, has dropped by 2%, the only decline in the suburban market over this period.

Source: AVANT by Avison Young, Costar, RCA

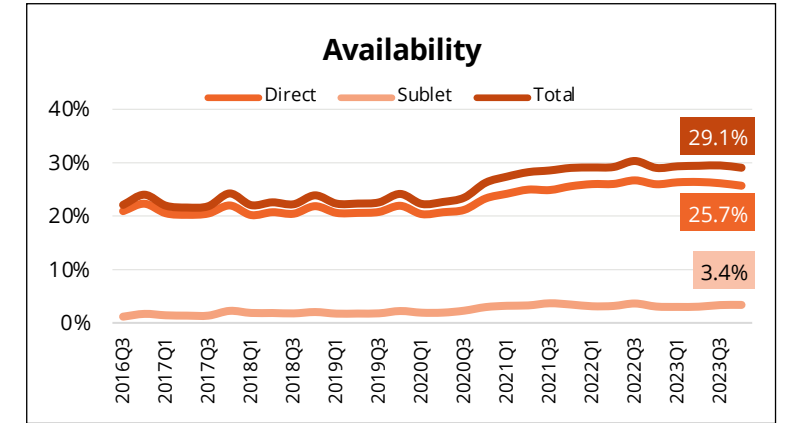
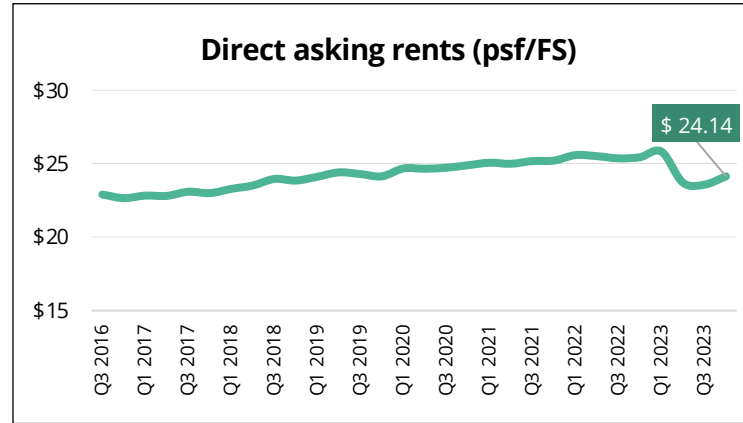
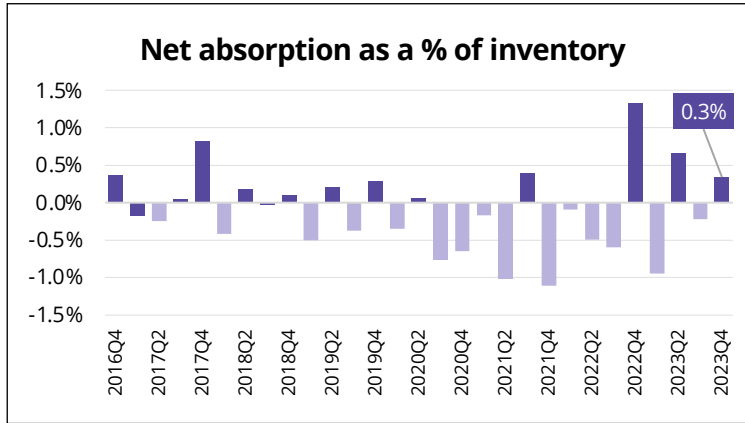


While previous years showed investment interest of suburban office from industrial developers, 2023 saw an abundance of activity from data center developers. Most notably, the former Sears HQ in Hoffman Estates was purchased for \$194M for data center redevelopment.

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DONE



## Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
FAA	9600 W Bryn Mawr Ave	108,084	New	Direct
Multi Color	6111 North River Rd	26,000	New	Direct
Ineos	4201 Winfield Rd	15,125	New	Direct

## Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
NTT Data Centers	1250 N Arlington Heights Rd	\$13,234,500	\$101.60	Hamilton Partners
NTT Data Centers	1250 N Arlington Heights Rd	\$14,266,000	\$150.18	Hamilton Partners
MK Asset Management	Continental Office Plaza	\$10,424,400	\$37.30	Chicago Title Land Trust Company

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Northwest	32,929,992	20,000		30.3%	3.5%	33.8%	(2.7%)	-1.8%	-0.9%	\$ 23.66
East I-88 Corridor	22,852,548			24.6%	3.7%	28.3%	1.5%	1.7%	0.3%	\$ 25.40
O'Hare Area	22,687,439			22.2%	3.0%	25.2%	1.0%	-2.7%	1.3%	\$ 23.94
West I-88 Corridor	19,611,945			23.8%	2.5%	26.3%	(2.6%)	1.1%	-0.5%	\$ 22.70
Lake County	9,320,583			27.7%	5.4%	33.1%	3.9%	4.7%	-0.5%	\$ 27.85
Cook County	7,730,661			21.8%	2.8%	24.6%	3.1%	2.4%	-1.4%	\$ 25.02
<b>Market total</b>	<b>115,133,168</b>	<b>20,000</b>		<b>25.7%</b>	<b>3.4%</b>	<b>29.1%</b>	<b>(0.2%)</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>\$ 24.14</b>

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Class A	65,418,144	20,000		29.4%	4.9%	34.3%	0.6%	0.0%	-0.7%	\$ 26.76
Class B	37,387,208			22.3%	1.7%	24.0%	(0.8%)	1.2%	0.6%	\$ 21.37
Class C	12,327,816			15.9%	.4%	16.3%	(1.1%)	-0.2%	0.6%	\$ 18.63
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