



# Chicago, Illinois

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

## Overview

Chicago's CBD witnessed little change in the first quarter. Vacancy rates remain virtually unchanged for CBD class A & B buildings. Latham & Watkins closed the largest transaction this quarter leasing 137,000 square feet for 15 years at 330 North Wabash Street. Additionally, LaSalle Management Company finalized the sale of 55 West Monroe Street to the Hearn Company for \$136 million or \$168 per square foot. The capital market pipeline continues to grow into 2012 with the announcement that 150 N. Michigan Ave, one of Chicago's iconic buildings, is now for sale. A total of 14 buildings are currently on the market for sale in the CBD.

Chicago's suburban office vacancy rates for class A & B buildings remain flat, keeping the vacancy rate above 20% for three straight years. Kraft Foods Group, Inc. announced it will make Deerfield their new corporate headquarters after exploring sites in Chicago.

## Market Trends

- Office vacancy in class A and B buildings in the Chicago CBD increased by 0.2% to 14.9% from last quarter.
- Available class A and B space in the CBD remains high at 18.7%, making it flat from end of last year.
- Available class A and B space in the suburban market showed a slight decrease of half a percent to 26.2% from Q4 of last year.
- Industrial vacancy increased 0.2%, after six quarters of decreases, to 14.3% for the Chicagoland market.

## Tenant's Perspective

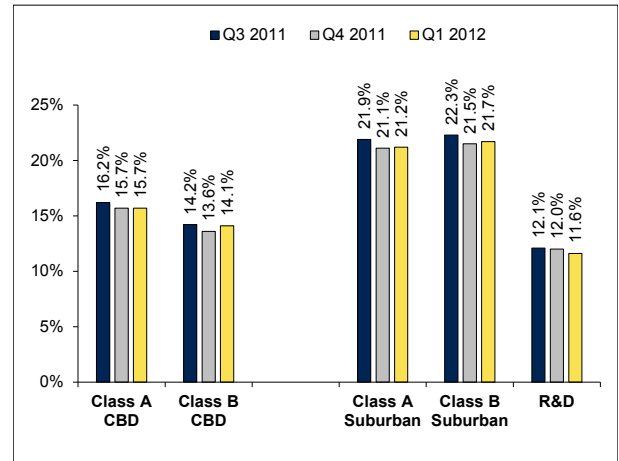
While Chicago's CBD vacancy rates remain flat, options still remain for the large block users. Currently, there are 26 buildings with over 100,000 square feet of available space in the CBD. With few deals completed, rental rates remained at the status quo, and the CBD still remains a tenant's market.

The Chicago Suburban market continues to have a high inventory of space available, with 55 properties on the market with over 100,000 square feet of available space. Along with the CBD, the Chicago Suburban market continues to be a tenant's market and is a viable option for small- and large-sized tenants.

## Major Transactions

| Tenant/Buyer                       | Size    | Type       | Lease/Sale |
|------------------------------------|---------|------------|------------|
| Nippon Express                     | 500,000 | Industrial | Lease      |
| Latham & Watkins                   | 137,188 | Office     | Lease      |
| Career Education Corp              | 73,586  | Office     | Lease      |
| Burke, Warren, Mackay & Serritella | 66,714  | Office     | Lease      |
| Walgreens                          | 47,100  | Office     | Lease      |
| Savo Group                         | 40,000  | Office     | Lease      |

## Vacancy Rate



## Average Rental Rates

| CBD             | Q3 2011        | Q4 2011        | Q1 2012        |
|-----------------|----------------|----------------|----------------|
| Class A Office  | \$31.67        | \$31.25        | \$31.76        |
| Class B Office  | \$25.60        | \$26.56        | \$26.66        |
| <b>Suburban</b> | <b>Q3 2011</b> | <b>Q4 2011</b> | <b>Q1 2012</b> |
| Class A Office  | \$19.89        | \$20.26        | \$22.16        |
| Class B Office  | \$18.37        | \$18.36        | \$18.32        |
| R&D             | \$3.95         | \$4.03         | \$4.02         |

