

# GLOBAL SPOTLIGHT

## Chicago, Illinois



## Chicago is a major financial center with the second largest central business district in the United States.

- The outlook for the downtown office market remains positive. Leasing activity remains strong, especially in the West Loop. Several major tenants are looking at other proposed buildings for future requirements. Rental rates are beginning to edge upward as unencumbered quality space on higher floors all but disappears. Vacancy rates are expected to continue to fall for the next six months.
- The outlook for most of the suburban office markets is also positive. Several users continue to shop for large blocks of space in the North Suburbs, the O'Hare Area, and the East-West Corridor. Construction continues on four projects in the North Suburbs. Rental rates and concession packages will reflect the growing optimism of much of the market.
- Chicago's industrial market has enjoyed a favorable year and continues to attract logistics, manufacturing and high-tech companies along I-55, I-80 and south suburban markets. Capital remains abundant and development has shown no signs of slowing due to increased construction costs. The distribution economy continued to thrive, thanks in part to the increase in import volume and big-box retailers. Speculative development driven by institutional capital shows no sign of diminishing.
- The retail market continues to improve. Claire's Stores, Inc., Motorola, Inc., and Nokia Corporation represent a few of the notable names expanding into the Chicago retail market. In the suburbs, shopping malls and lifestyle centers remain popular and several planned developments are currently under way near the city and further out along the rapidly growing periphery. Big-box retailers continue to have success across the market.

## Chicago At A Glance

Population	2,833,321 (2006)
Location	Northeastern Illinois at the southwestern tip of Lake Michigan
Interest	5.07% (US 10yr Treasury Note)
Unemployment	4.8% (Illinois) 4.7% (Chicago metro.)

Property	Rent/SF/Year Low	High	Effective Avg.	Vacancy Rate
Downtown Office Class A (Prime)	\$23.00	\$45.00	\$29.00	14.2%
Suburban Office Class A (Prime)	\$17.00	\$30.00	\$22.00	17.8%
Industrial Bulk Warehouse	\$2.50	\$6.50	\$4.30	10.5%
Retail Downtown	\$35.00	\$450.00	\$95.00	7.4%

NAI Hiffman serves the Chicago metropolitan area.

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### At A Glance

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