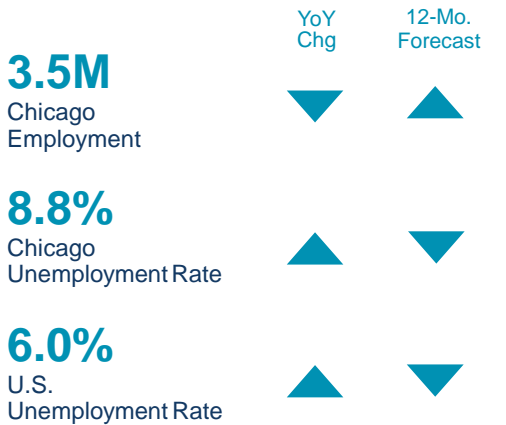


ECONOMIC INDICATORS Q1 2021



Source: BLS, Moody's Analytics
2021Q1 data are based on latest available data

ECONOMIC OVERVIEW

Total employment in the Chicago metropolitan statistical area has slowly rebounded after bottoming out in April 2020. After peaking at 17.3% in April 2020, Chicago's unemployment rate dropped to 8.8% in the first quarter of 2021. Industrial-using sectors recorded significant job growth since last April; notably, the trade and transportation sector added 79,000 jobs from April through February, an increase of 9.5% year-over-year (YOY). The manufacturing sector recorded more modest gains over the same period, with 9,400 jobs added (2.5% YOY). The continued rollout of COVID-19 vaccines and the gradual reopening of the economy will further spur Chicago's recovery.

DEMAND: Second Highest New Leasing Total on Record

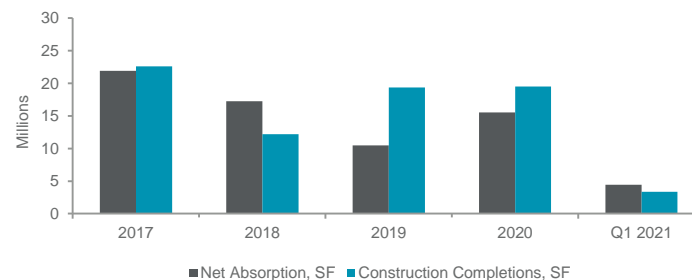
New leasing totaled 11.8 million square feet (msf)—the second highest quarterly leasing figure recorded. This represents an 11.2% decline in new leasing YOY as Q1 2020 set the record for highest quarterly new leasing ever in Chicago due to significant big-box demand. E-commerce continued to be a major demand driver for industrial space, accounting for 39.4% of new leasing. The average deal size was 93,135 square feet (sf), which remained relatively unchanged YOY. Interstate 80, Interstate 55 and the South Suburbs accounted for 55.3% (6.5 msf) of new leasing activity. There were two lease transactions over 1.0 msf: Wayfair inked a 1.2-msf build-to-suit (BTS) deal within the Interstate 55 Corridor and Walmart signed a 1.1-msf lease within the Interstate 80 Corridor. Lease renewals recorded a 21.0% uptick YOY, with 6.2 msf in renewals signed during Q1.

Record demand coupled with a more disciplined development pipeline further tightened the market. Vacancy decreased 40 basis points YOY to 5.3%. Submarkets with notable decreases in vacancy were Interstate 80, Southern DuPage and Southern Fox Valley, which all recorded over 200-bps drops in vacancy. The amount of vacant sublease space dropped YOY from 3.3 msf last year to 2.6 msf during Q1, with vacant sublease space accounting for just 4.2% of overall vacant space. Overall net absorption increased a remarkable 367% YOY to 4.4 msf as occupiers moved into previously leased space and several large BTS projects were completed, including Medline's 1.4 msf BTS in Grayslake and Crate & Barrel's 646,380 sf BTS in Romeoville. Lake County, Interstate 55 and O'Hare recorded the most absorption during Q1; together, the submarkets accounted for 82.2% (3,6 msf) of total space absorbed.

PRICING: Overall Asking Rental Rates See Growth

Overall average asking net rental rates increased 2.1% YOY to \$5.39 per square foot (psf). Following strong demand for Warehouse/Distribution space, rents for these assets jumped 10.7% YOY to \$5.27 psf. Manufacturing rents recorded a 2.6% drop YOY to \$5.13 psf. The South Suburbs, Central DuPage and Interstate 80 submarkets recorded the largest increases in rental rates, rising 13.8%, 10.9% and 9.5%, respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Supply: Robust Construction Activity Persists, Build-to-Suits Increase

Chicago's industrial pipeline showed no signs of slowing and is already on-track to outpace 2020's robust figures. Construction completions totaled 3.4 msf, with an additional 22.8 msf of inventory under construction – up 25.9% YOY. Submarkets which have the most product under construction are Interstate 80, Chicago South and Southeast Wisconsin, which collectively account for 55.9% of overall construction.

BTS development continued to increase, with 2.3 msf delivered in Q1, up 11.3% YOY. There is an additional 14.6 msf of BTS product under construction—amounting to 64.2% of inventory under construction. A large portion of these BTS projects are big-box, with 11 over 500,000 sf.

Speculative (spec) construction is still active across the market, though developers have become more disciplined in where and how much they're building. There is 8.2 msf of spec under construction, down from the 9.1 msf that was in development this time last year. Submarkets with the most spec construction activity are Chicago South and Southern Fox Valley, each recording upwards of 1.0 msf of spec in development.

Sales: Investor Sales Remain Stable Through Q1 2021

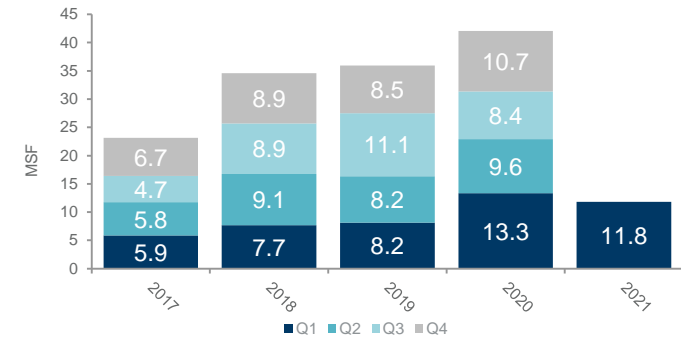
The Chicago industrial market recorded approximately 6.7 msf of investor sales transactions during Q1, down considerably from the 27.3 msf sold this time last year. This is largely due to several large portfolio sales that occurred during Q1 2020. User sales totaled 2.3 msf which is lockstep in what was recorded over the same period last year.

Investor interest in well-leased assets continued with 78.9% of investment sales over 100,000 sf 100% leased at the time of sale such as 29900 South Graaskamp Boulevard in Wilmington. The 2.0-msf property traded for \$126 million (\$63 psf) between GFH Financial and Elion Partners. A notable Q1 user sale was OSI Industries' purchase of 2555 Enterprise Circle in West Chicago, which was still under construction at the time of sale. The 186,146-sf property traded for \$15.9 million (\$85 psf) from Midwest Industrial Funds.

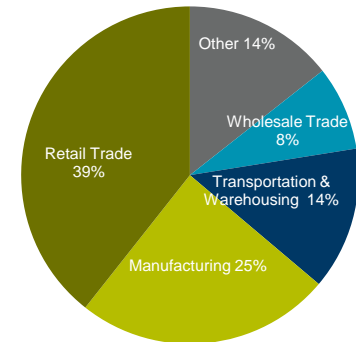
OUTLOOK

- Demand for space will remain strong through 2021 with several large tenants active in the market. E-commerce and other retail users were extremely active during Q1 2021, accounting for 39.4% of new leasing, and we expect that to continue. Additionally, we anticipate food and healthcare-related users to propel demand.
- BTS construction will continue to increase as more users require specialized buildings. Most projects currently under construction are BTS and are expected to deliver in 2021 through the first half of 2022.
- Spec construction shows no signs of stopping, but developers have become increasingly disciplined on where and how much they'll build. Spec projects will likely be focused in and around infill submarkets, close to both labor and consumers. With land limited, developers will need to become more creative in finding suitable sites to keep up with infill demand.

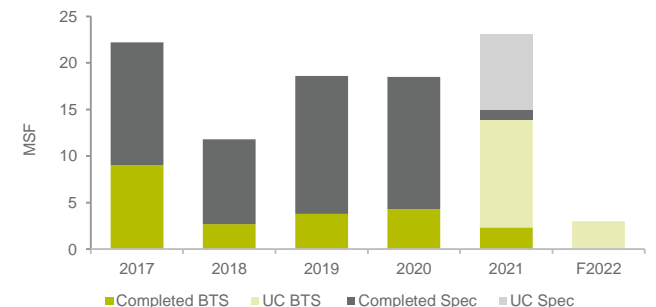
OVERALL NEW LEASING ACTIVITY



NEW LEASING BY INDUSTRY (Q1 2021)



NEW SUPPLY (COMPLETIONS & UC BY DELIVERY DATE)



MARKETBEAT CHICAGO



Industrial Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT* (MF)	OVERALL WEIGHTED AVG NET RENT* (OS)	OVERALL WEIGHTED AVG NET RENT* (W/D)
Chicago North	90,228,026	2,929,834	3.2%	-71,207	163,150	0	0	\$5.45	\$10.72	\$6.84
Chicago South	130,445,624	4,679,740	3.6%	-198,141	606,387	2,926,438	0	\$6.00	\$11.00	\$5.41
Western Cook County	100,739,780	3,636,135	3.6%	-292,187	551,501	651,617	0	\$4.05	N/A	\$5.59
South Suburbs	86,262,503	3,322,838	3.9%	188,643	1,024,744	1,478,531	109,786	\$5.44	\$5.49	\$4.59
Northern Cook County	51,962,974	1,812,215	3.5%	-32,068	78,127	0	0	\$6.52	\$6.14	\$6.34
Northwest Cook County	32,281,355	1,561,176	4.8%	19,099	103,286	864,931	0	\$5.19	\$8.14	\$4.20
Northern Fox Valley	37,730,629	2,764,166	7.3%	103,142	493,486	0	230,829	\$4.66	N/A	\$6.15
Northeast DuPage	28,149,114	928,471	3.3%	233,358	266,638	133,100	189,300	\$6.30	\$7.60	\$5.36
Southern DuPage	15,084,816	640,259	4.2%	-12,698	2,761	0	0	\$4.25	\$7.50	\$6.51
Central DuPage	45,679,821	2,883,521	6.3%	-36,863	277,938	216,187	0	\$5.21	\$7.14	\$5.94
Southern Fox Valley	90,368,432	6,843,674	7.6%	394,775	539,662	1,599,614	0	\$5.37	\$9.02	\$4.52
Lake County	83,390,055	3,580,014	4.3%	1,671,927	277,989	835,103	1,400,000	\$4.67	\$9.17	\$5.83
McHenry County	21,078,297	1,570,736	7.5%	-152,239	29,130	0	0	\$6.12	N/A	\$4.92
Western Kane County	7,165,790	1,410,707	19.7%	11,032	255,399	0	0	\$3.80	N/A	\$3.47
Interstate 55 Corridor	95,405,222	9,338,182	9.8%	1,229,609	2,757,348	2,132,035	646,380	\$4.90	\$5.04	\$4.46
Interstate 80 Corridor	100,354,239	6,333,131	6.3%	479,546	2,759,745	7,415,677	0	\$4.75	\$7.54	\$4.13
Interstate 39 Corridor	18,527,527	531,129	2.9%	29,600	0	1,688,400	0	\$4.01	N/A	\$4.29
Southeast Wisconsin	48,690,151	3,054,502	6.3%	126,557	859,563	2,409,283	629,872	\$4.61	\$4.75	\$6.05
O'Hare	95,175,032	5,126,960	5.4%	740,522	781,249	461,950	162,342	\$6.68	\$7.84	\$6.25
CHICAGO TOTALS	1,178,719,387	62,947,390	5.3%	4,432,407	11,828,103	22,812,866	3,368,509	\$5.13	\$8.10	\$5.27

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1040 West Renwick Road	Interstate 55 Corridor	Wayfair	1,200,420	New
3501 South Brandon Road	Interstate 80 Corridor	Walmart	1,128,258	New
18801 Oak Park Avenue	Interstate 80 Corridor	Lippert Components, Inc	915,643	New
740 North Prologis Parkway	Interstate 55 Corridor	Kimberly-Clark, Inc	805,912	Renewal*
775 North Prologis Parkway	Interstate 55 Corridor	Kimberly-Clark, Inc	750,485	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

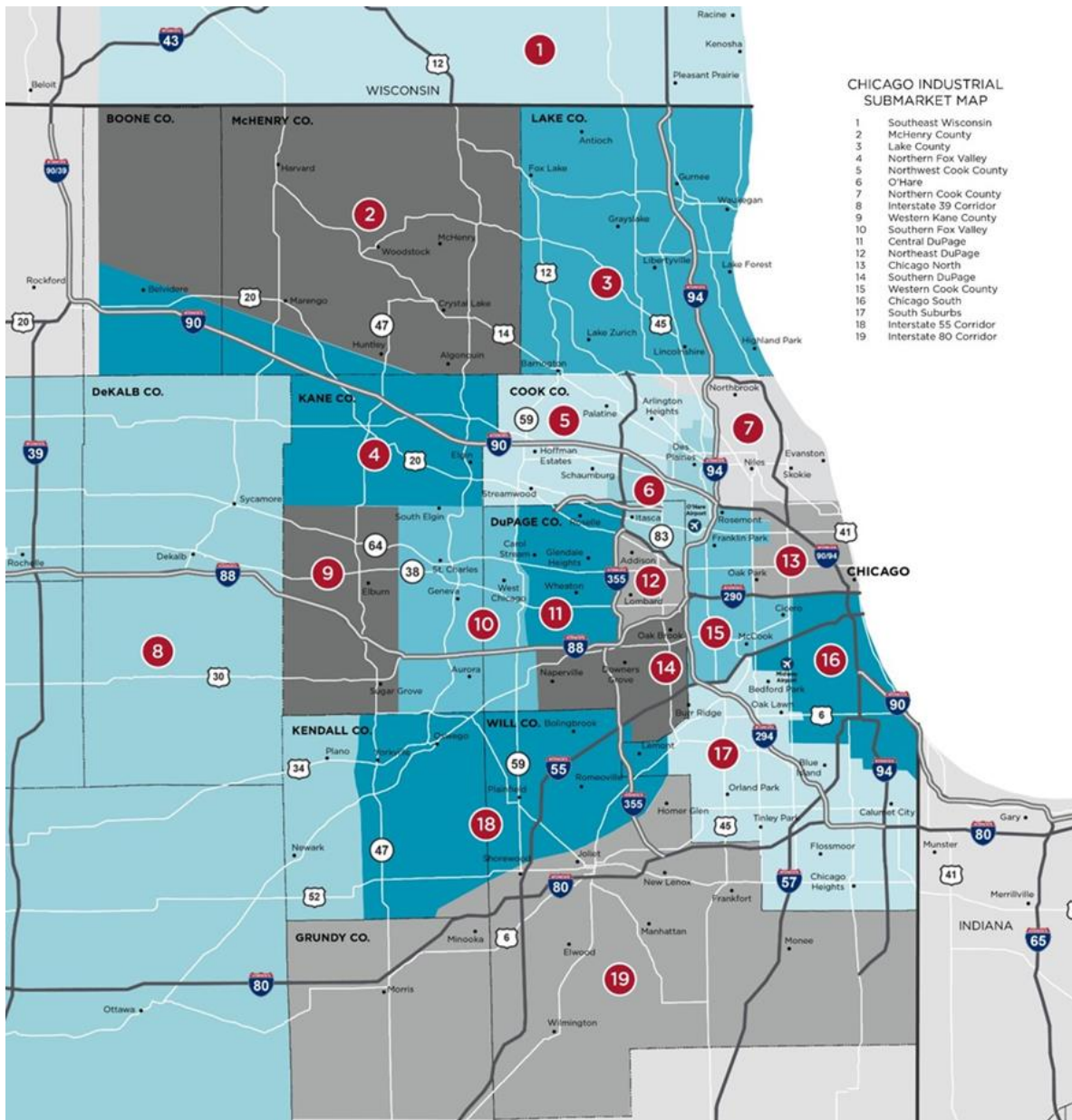
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
29900 South Graaskamp Boulevard	Interstate 80 Corridor	Elion Partners GFH Financial Group	2,017,849	\$126.5M \$63
1151 East Laraway Road	Interstate 80 Corridor	Clarion Partners Exeter Property Group	741,238	\$45.0M \$61
930 West Evergreen Avenue	Chicago North	Greenfield Partners Prologis	280,500	\$100.0M \$357

MARKETBEAT CHICAGO

Industrial Q1 2021



INDUSTRIAL SUBMARKETS



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