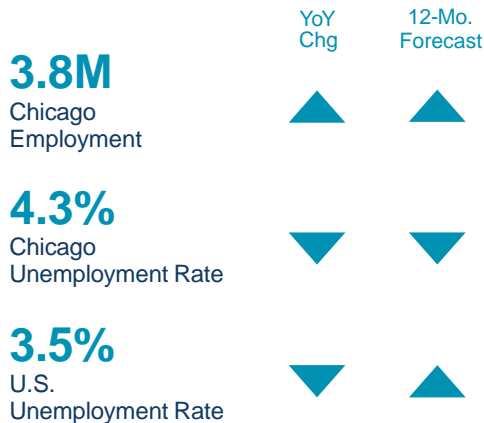


(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2022



Source: BLS, Moody's Analytics
Q322 data are based on latest available data

ECONOMIC OVERVIEW

Employment trends in the Chicago Metropolitan Area continue to move in a positive direction. While still above the national unemployment rate of 3.5%, unemployment in Chicago dropped to 4.3% in quarter three of 2022 (Q322), a drop of 190 basis points (bps) year-over-year (YOY). The labor pool also expanded, as non-farm employment grew to nearly 3.8 million individuals, an increase of over 4.6% YOY. Forecasts indicate that these trends will continue and that metro employment levels will continue to rise while the unemployment rate drops.

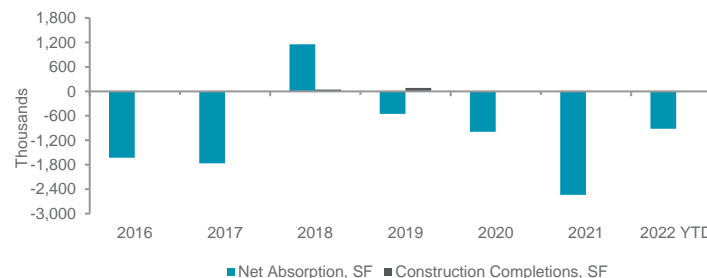
DEMAND: 3Q22 Leasing Activity Puts Market on Track for Strongest Performance since 2016

3Q22 saw slightly increased vacancy and decreased asking rental rates in the suburban Chicago market. However, strong quarterly leasing continued the trends seen through 1Q22 and Q222, with 206 leases recorded in Q322 for a total of 920,696 square feet (sf) leased. Year-to-date (YTD) leasing stands at nearly 3.8 million square feet (msf), a YOY increase of 28%. The Eastern East/West Corridor and O'Hare submarkets accounted for 47.2% of activity, seeing 273,000 sf and 161,538 sf of newly leased space in Q322, respectively. Three of the five largest deals inked this quarter (Life Fitness, Regal Rexnord Corporation and Tecta America) were in the O'Hare submarket.

Net absorption across the suburban office market remained negative for a YTD total of negative 916,795 sf. Negative net absorption grew significantly to negative 262,002 sf in Q322 from negative 42,972 sf in 2Q22. However, YTD net absorption is up 52% YOY, standing at negative 916,795 sf compared to negative 1,916,450 sf at the end of Q321. Five submarkets saw small to moderate positive levels of net absorption, including Central Northwest, North DuPage, Far North, Near North, and the Eastern East/West Corridor. Most significantly Central Northwest saw relatively significant levels of positive net absorption of 53,226 sf.

The Oakbrook Commons from Hines is in the initial proposal phase in the Eastern East/West Corridor. If completed, this innovative, \$500 million mixed-use development would include a 210,000-sf engineered timber office tower and would represent the first speculative office project in suburban Chicago since 2018. Additionally, renovations were completed at 1601 Sherman Ave. in Evanston, located within the Near North submarket. The 48,000-sf project offers a light-filled, open plan space in a former department store in the heart of the community.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



CHICAGO SUBURBAN

Office Q3 2022

SUPPLY: Overall and Sublease Vacancy Level-Off

Despite a slight increase in QOQ vacancy in Q322, vacancies in the suburban office market continue to level off after the sharp rise seen at the start of the pandemic. Direct vacancy increased only 30 bps QOQ to 23.4%. Overall vacancy increased 20 bps QOQ to 24.8%. Class A vacancy increased 240 bps to YOY to 26.3%. The submarkets with the largest vacancy were North DuPage and Central Northwest at 30.2% and 31.5%, respectively. On the other end of the spectrum, O'Hare is the primary submarket with the lowest vacancy rate at 19.7%. The Far North and Southwest Corridor have the lowest overall vacancies at 8.5% and 11.0%, respectively, though these submarkets have low office inventory compared with other suburban submarkets.

Vacant sublease space settled at 1.4 msf, with sublease vacancy rate falling by 10 bps to 1.4%, the lowest since Q121. Sublease vacancies are largely concentrated within Central North, Central Northwest, and Eastern East/West Corridor. Collectively these submarkets account for 76% of sublease vacancies. Overall sublease availability stands at 3.3 msf, meaning there is an additional 1.9 msf of sublease space being marketed for future occupancy.

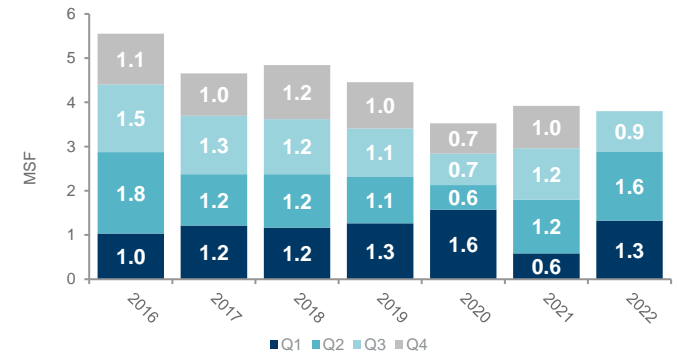
PRICING: Asking Rents Remain Flat Across Region

Overall asking rent growth for all classes of suburban office space remains flat but varies considerably across submarkets. Overall gross asking rents dipped slightly by \$0.04 (-0.1%), and Class A rents fell \$0.06 (-0.2%) QOQ to \$29.66 per square foot per year (psf). Class B rents rose slightly by \$0.05 (0.2%) QOQ to \$22.64 psf. The largest decreases in overall gross asking rent was in the North DuPage submarket, which fell to a five and a half year low of \$22.87 psf, a QOQ decrease of \$0.21 or (-0.9%). However, a few submarkets saw moderate and sustained rent growth, especially Near North, which grew to \$27.92 psf in Q322, a QOQ increase of \$0.14 (0.5%), and a YTD increase of \$0.31 (1.1%).

OUTLOOK

- Despite declining QOQ leasing in Q322, YTD leasing is up YOY and is expected to exceed 2021 totals by year's end, returning to pre-pandemic levels.
- Vacancy in all office classes will likely remain steady, with Class-A space continuing to be in high demand and commanding a rental rate premium.
- As 1.9 msf of sublease space comes available in future quarters, the current trend of declining sublease vacancy will be challenged.
- Rents will remain flat or even decrease slightly as competitively priced subleases hit the market.

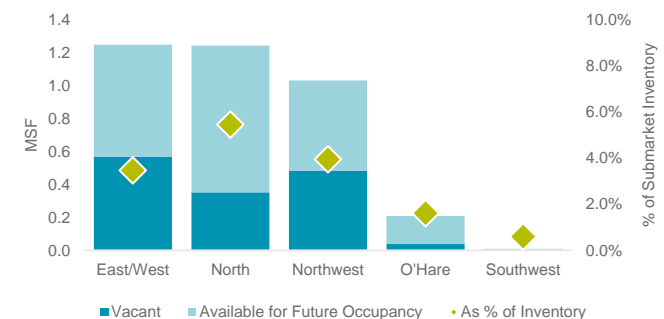
OVERALL NEW LEASING ACTIVITY



OVERALL VACANCY



CURRENT SUBLEASE AVAILABILITY



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | SUBLET VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|---------------------------|-------------------|--------------------|--------------------|----------------------|---|---------------------------------|---------------------------|------------------|--|------------------------------------|
| Far Northwest | 4,073,919 | 874,879 | 77,370 | 23.4% | -195,551 | -140,566 | 39,248 | 0 | \$18.30 | N/A |
| Central Northwest | 18,305,822 | 5,504,050 | 261,558 | 31.5% | 53,226 | -122,508 | 416,970 | 0 | \$23.53 | \$28.03 |
| North DuPage | 3,740,705 | 1,062,647 | 68,784 | 30.2% | 7,706 | 2,904 | 163,363 | 0 | \$22.87 | \$24.19 |
| NORTHWEST TOTALS | 26,120,446 | 7,441,576 | 407,712 | 30.1% | -134,619 | -260,170 | 619,581 | 0 | \$22.96 | \$27.22 |
| Far North | 1,043,209 | 91,344 | 0 | 8.8% | 4,845 | 3,709 | 25,162 | 0 | \$16.54 | N/A |
| Central North/Tri-State | 16,248,435 | 4,365,332 | 252,850 | 28.4% | -102,638 | -274,418 | 618,445 | 0 | \$25.97 | \$30.02 |
| Near North | 5,481,885 | 1,005,562 | 23,894 | 18.8% | 1,231 | -26,653 | 76,807 | 0 | \$27.92 | \$35.21 |
| NORTH TOTALS | 22,773,529 | 5,462,238 | 276,744 | 25.2% | -96,562 | -299,362 | 720,414 | 0 | \$26.18 | \$31.07 |
| Eastern East / West | 22,387,485 | 4,549,730 | 545,858 | 22.8% | 11,111 | -199,483 | 1,447,689 | 0 | \$25.02 | \$29.55 |
| Western East / West | 13,535,320 | 3,150,488 | 113,628 | 24.1% | -3,052 | -163,766 | 457,217 | 0 | \$23.65 | \$26.82 |
| EAST / WEST TOTALS | 35,922,805 | 7,700,218 | 659,486 | 23.3% | 8,059 | -363,249 | 1,904,906 | 0 | \$24.45 | \$28.53 |
| O'Hare | 12,932,518 | 2,509,287 | 38,532 | 19.7% | -38,176 | 8,400 | 515,221 | 0 | \$29.44 | \$36.35 |
| Southwest | 1,634,167 | 177,268 | 12,667 | 11.6% | -704 | -2,414 | 38,531 | 0 | \$20.73 | N/A |
| SUBURBAN TOTALS | 99,383,465 | 23,290,587 | 1,395,141 | 24.8% | -262,002 | -916,795 | 3,798,653 | 0 | \$24.76 | \$29.66 |

*Rental rates reflect gross asking \$psf/year

| CLASS | INVENTORY (SF) | DIRECT VACANT (SF) | SUBLET VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | DIRECT AVG ASKING RENT | OVERALL AVG ASKING RENT |
|---------|----------------|--------------------|--------------------|----------------------|---|---------------------------------|---------------------------|------------------|------------------------|-------------------------|
| CLASS A | 38,089,120 | 9,336,447 | 689,213 | 26.3% | 44,702 | -447,476 | 2,066,352 | 0 | \$30.06 | \$29.66 |
| CLASS B | 44,608,885 | 10,343,495 | 679,852 | 24.7% | -181,579 | -346,096 | 1,313,773 | 0 | \$22.89 | \$22.64 |
| CLASS C | 16,685,460 | 3,610,645 | 26,076 | 21.8% | -125,125 | -123,223 | 418,528 | 0 | \$17.78 | \$17.75 |

*Rental rates reflect gross asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2022

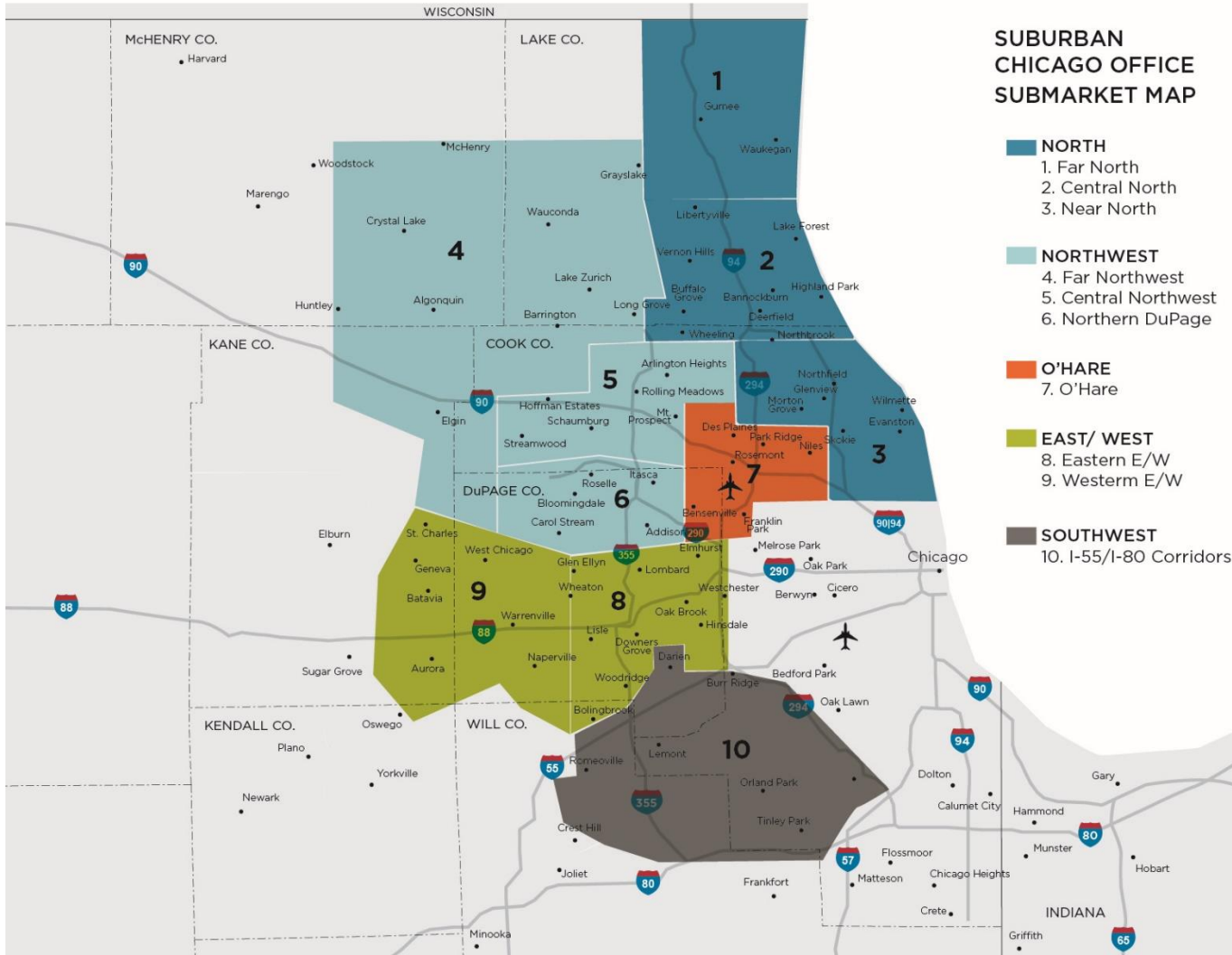
| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|----------------------------|----------------------------|---------------------------------|--------|---------------------|
| 9525 West Bryn Mawr Avenue | O'Hare | Life Fitness, LLC | 56,769 | New |
| 6133 North River Road | O'Hare | Regal Rextord Corporation | 19,994 | Renewal; Expansion* |
| 1 Mid American Plaza | Eastern East/West Corridor | International Contractors, Inc. | 17,746 | Sublease |
| 9450 West Bryn Mawr Avenue | O'Hare | Tecta America | 17,356 | Renewal; Expansion* |
| 1501 East Woodfield Road | Central Northwest | Aerotek Affiliated Services | 16,905 | Renewal |

*Renewals are not included in leasing statistics

CHICAGO SUBURBAN

Office Q3 2022

OFFICE SUBMARKETS



SUBURBAN CHICAGO OFFICE SUBMARKET MAP

- NORTH
 1. Far North
 2. Central North
 3. Near North
- NORTHWEST
 4. Far Northwest
 5. Central Northwest
 6. Northern DuPage
- O'HARE
 7. O'Hare
- EAST/ WEST
 8. Eastern E/W
 9. Western E/W
- SOUTHWEST
 10. I-55/I-80 Corridors

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