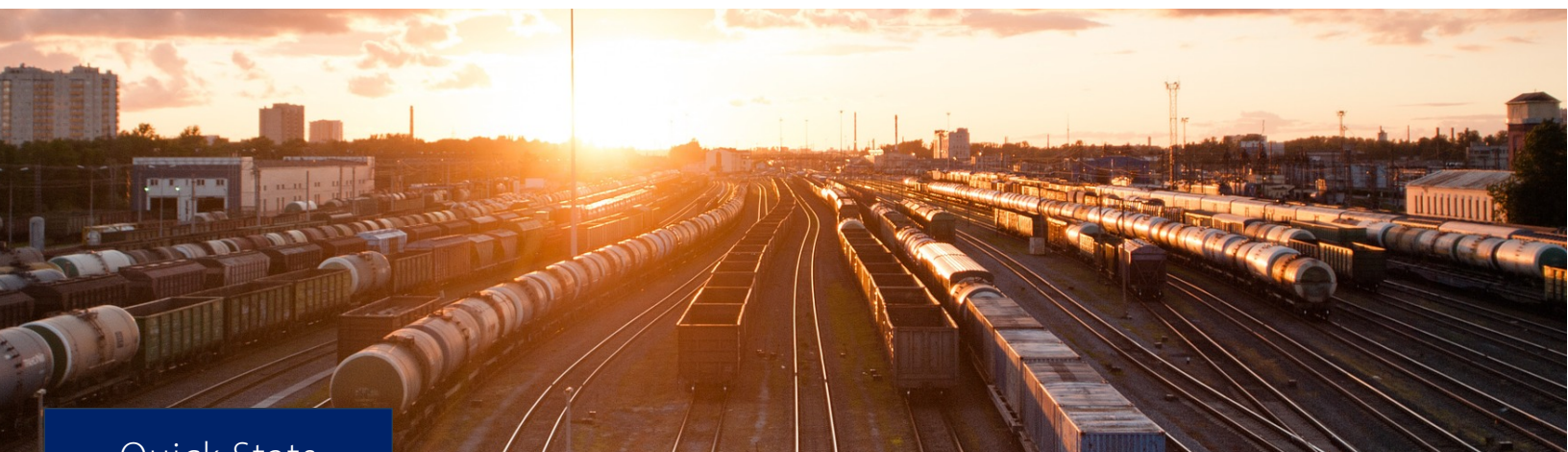


Chicago



Quick Stats

3.7%

As of August 2019, Chicago metro unemployment stood at 3.7%, down 30 basis points (bps) year-over-year.

Interest Rates

The Federal Reserve has **decreased interest rates** twice within the third quarter 2019 to a rate of 1.75%-2%.

New Construction

The market broke ground on an additional 7.5msf during the third quarter 2019, with a total of 18.7msf currently under construction.

E-commerce Hub

Chicago continues to expand its e-commerce presence as Amazon committed to a new, 1.1 msf building in Channahon. The project is expected to generate 400+ jobs.

Chicago Industrial Market

The Chicago industrial market continues to see robust construction activity, even with 1.1 billion square feet (bsf) of existing inventory. The market broke ground on an additional 7.5 million square feet (msf) within the third quarter of 2019 with a total of 18.7 msf currently under construction.

Due to the prime location and superlative infrastructure, the Chicago market continues to attract investors and businesses. As home to six of the nation's seven Class I North American railroads and with access to six major U.S. Interstates, Chicago remains a primary U.S. rail hub and home to many top logistics and manufacturing operations. With O'Hare International Airport at its core, Chicago is also supporting a growing e-commerce footprint.

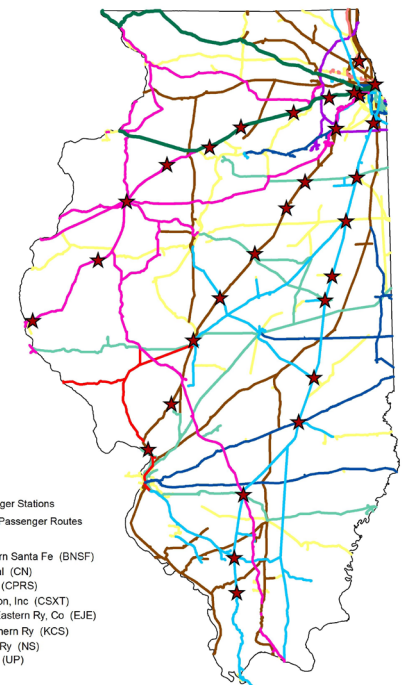
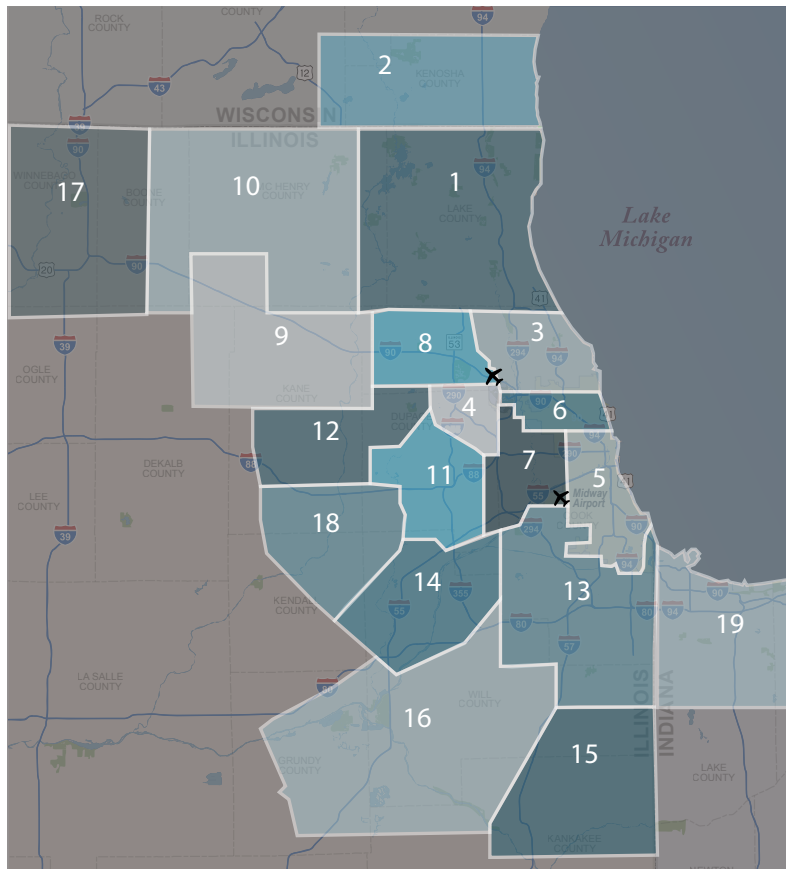
The O'Hare, I-55 and I-80 submarkets witnessed 43% of all leasing volume during the third quarter of 2019, for a total of 3.3 msf. Overall vacancy remained unchanged from the prior quarter, remaining at 6.2%. Strong leasing demand over the past several quarters has caused a significant impact on net absorption with 6.5 msf of positive absorption within the third quarter. This strong leasing activity has led to high demand for new properties, with 15

msf of new construction delivered in the first three quarters of 2019—this is equal to the total delivered space in 2018.

Economic Overview

The Chicago economic landscape continued to improve throughout the third quarter of 2019. As of August, the unemployment rate dropped 30 basis points (bps) year-over-year to 3.7%. Both DuPage and Cook County recorded the lowest unemployment rates in the region, posted at 2.9% and 4.4% respectively. The metropolitan area added more than 48,000 jobs as of August 2019, an increase of 1% year-over-year. Manufacturing and Trade jobs saw modest increases year-over-year, up 4,000 and 9,000 jobs respectively, as of August 2019. Chicago job growth over the past five years has increased 30.5% to a total of 4.8 million jobs as of August 2019.

The Federal Reserve cut interest rates twice within the third quarter of 2019 to a range of 1.75% to 2%, which is a drastic change when compared to 2018 when the Federal Reserve raised interest rates four times within the calendar year. With the decrease in interest rates, an increase in borrowing of funds could be observed in the months to come, impacting investment within the real estate industry.



Illinois is at the center of the nation's rail network. It has a comprehensive rail network consisting of approximately 9,982 miles of railroad tracks, 7,792 of which are operated by Class I railroads – primarily BNSF Railway and the Union Pacific Railroad.

Source: Illinois Department of Transportation

Industrial Submarkets by the Numbers

Map Key	Submarket	Inventory (sf)	Vacancy (sf)	Vacancy (%)	Net Absorption	Leasing Activity (sf)	Under Construction	Avg Asking Rent
	Overall Market	1,128,333,319	69,958,015	6.20%	6,524,132	7,647,106	18,663,027	\$5.93
1	Lake County	74,437,207	3,211,103	4.3%	1,279,676	683,766	678,357	\$5.53
2	Southern Wisconsin	33,914,476	2,759,035	8.1%	-150,225	558,083	878,266	\$4.56
3	North Cook	42,219,080	2,138,410	5.1%	-176,619	306,513	653,062	\$7.52
4	O'Hare	113,247,620	6,538,459	5.8%	490,985	1,313,172	1,237,239	\$5.10
5	South Chicago Industrial	103,788,872	4,986,879	4.8%	435,248	477,357	2,955,779	\$9.84
6	North Chicago Industrial	55,093,250	3,140,117	5.7%	228,937	90,094	---	\$10.00
7	West Cook	58,772,851	2,316,081	3.9%	403,192	246,470	787,080	\$7.71
8	I-90 East Corridor	22,907,050	948,480	4.1%	155,532	69,625	315,179	\$4.25
9	I-90 West/Elgin Corridor	33,416,457	753,758	2.3%	236,618	228,442	1,137,590	\$5.05
10	McHenry County	26,621,589	1,770,755	6.7%	305,618	174,303	---	\$4.89
11	East DuPage	27,660,969	990,967	3.6%	79,215	133,395	758,931	\$5.87
12	US-64 Corridor	80,350,416	3,858,553	4.8%	414,601	455,459	2,130,799	\$5.39
13	South Cook	77,197,360	2,904,334	3.8%	-78,063	171,564	219,267	\$4.54
14	I-55 Corridor	98,462,165	9,129,075	9.3%	1,540,886	1,192,293	4,440,231	\$5.87
15	I-57 Corridor	21,014,637	1,825,459	8.7%	-43,291	2,499	83,000	\$6.50
16	I-80 Corridor	93,795,087	12,323,747	13.1%	1,553,517	788,744	637,852	\$5.40
17	I-39 Corridor	54,763,653	4,633,023	8.5%	-635,514	14,062	60,000	\$3.73
18	I-88 Corridor	63,313,571	4,463,485	7.0%	278,455	629,051	1,542,803	\$5.72
19	Northwestern Indiana	47,357,009	1,266,295	2.7%	205,364	112,214	147,592	\$4.64

Vacancy & Availability

While overall market vacancy was unchanged (6.2%), there were significant changes within several submarkets. The lowest vacancies were reported in the I-90 West/Elgin Corridor, Northwestern Indiana, and East DuPage—reported at 2.3%, 2.7% and 3.6%, respectively.

The markets with the highest vacancy percentages were the I-57 Corridor, I-55 Corridor, and I-80 Corridor—reported at 8.7%, 9.3% and 13.1%, respectively. The I-80 Corridor continues to be on a construction hot streak, which contributed to its top vacancy rating for the quarter. There were four buildings delivered in the I-80 Corridor totaling over 2.8 msf within the third quarter of 2019.

Absorption & Demand

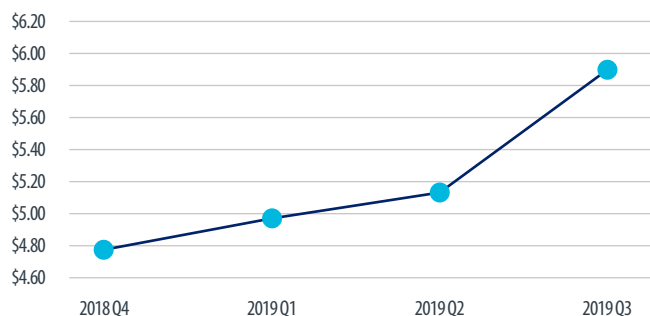
The Chicago industrial market witnessed a leasing volume of 7.65 msf in the third quarter. There was a total of 244 leases signed with an average size of 31,340 sf. The submarkets with the highest leasing activity were the O'Hare, I-55 Corridor, and I-80 submarkets. These three submarkets represented 3.3 msf and 43% of all leasing activity.

Net absorption significantly increased to 6.5 msf, up from 1.3 msf last quarter, with the I-55 Corridor and I-80 submarkets contributing 47% of all net absorption. Two of the biggest move-ins of the quarter were Kellogg's and Suncast, each moving into their new build-to-suit space. Suncast is moving into the building located at 805 Discovery Drive, a 782,000-sf facility in West Chicago, within the U.S. 64 Corridor. Kellogg's new 705,000-sf building is located next to the company's existing 1-msf building in Minooka, within the I-80 Corridor.

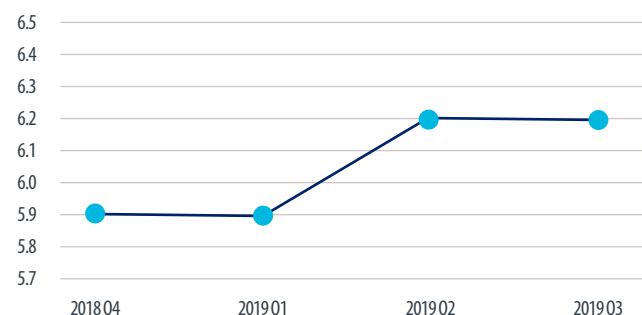


Suncast's new building located at 805 Discovery Drive in West Chicago

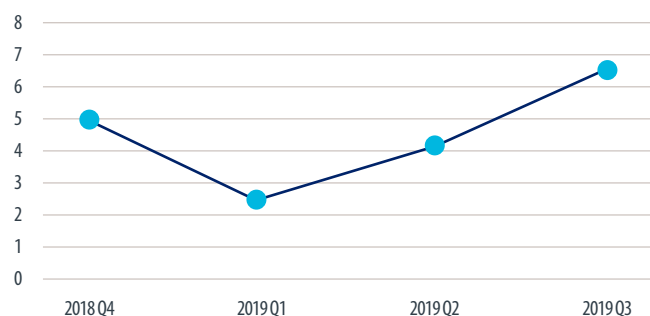
Average Asking Rental Rate (\$)



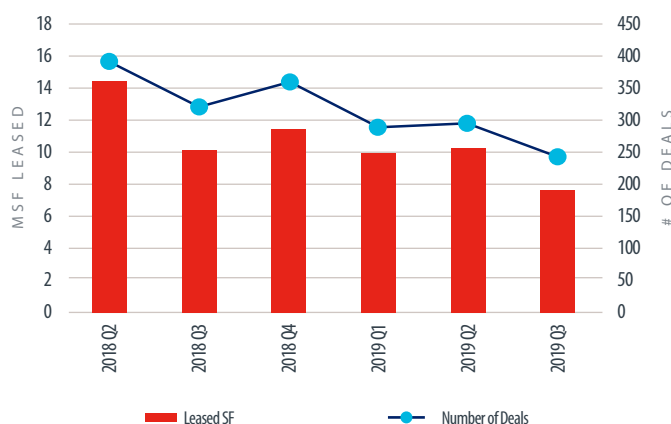
Vacancy Rate (%)



Net Absorption (MSF)



Leasing Activity



Construction

32 new industrial construction projects began in the Chicago area this quarter, representing over 7.5 msf of industrial space. The markets with the most construction commencements in terms of square footage were South Chicago, I-88 Corridor, and the US-64 Corridor.

The construction pipeline includes both speculative and build-to-suit projects across 78 properties totaling 18.7 msf. Infill development continued to track investor and developer interest, especially within urban submarkets with older buildings and a shortage of land for construction.

Nine of these properties are over 500,000 sf, and six of those large properties are being developed on a speculative basis. The largest current development is the build-to-suit for alcohol beverage company, Diageo. The massive 1.5 msf building will be the distribution counterpart to their current production facility in Plainfield.

The Chicago industrial market delivered 19 properties totaling over 7.1 msf in the third quarter of 2019. The largest delivery was a speculative 879,000-sf building in Monee. The property was developed by LFI Real Estate and DeBartolo Development. The building is currently vacant.

Investment

Industrial assets continue to be a favorite sector for investors. Transactional volume during the third quarter was recorded at over \$962 million, showing a significant rebound from a slower second quarter of 2019, when \$546 million was recorded. The average sales price in the third quarter was \$66.43 psf and the average building size was 110,154 sf.

The largest sale of the quarter was 930 W Evergreen Avenue in Chicago. The property traded hands from Mars Global Services to Greenfield Properties. The 280,500-sf property sold for \$73.3 million or \$261.32 psf. The property was built in 1998 and was 47% leased at the time of sale.



Notable Leases

Tenant	Address	Submarket	Size (SF)	Type
LTD Commodities	1000 Bilter Road, Aurora, IL	I-88 Corridor	694,367	Renewal
Uline	11290 80th Avenue, Pleasant Prairie, WI	Southern WI	502,033	New
FedEx	145 Pinnacle Drive, Romeoville, IL	I-55 Corridor	469,920	New
NFI Industries	251 Laraway Road, Joliet, IL	I-80 Corridor	374,460	New
XPO Logistics	25810 S Ridgeland Avenue, Monee, IL	I-80 Corridor	278,250	Renewal

Notable Sales Comps

Address	Size	Buyer	Seller	Sale Price	Price PSF
930 W Evergreen Ave, Chicago, IL	280,500	Mars	Greenfield Partners	\$73,284,000	\$261
2500 S Damen Ave, Chicago, IL	128,200	AAG Management	Lineage Logistics	\$40,000,000	\$312
1323 Brewster Creek Blvd, Bartlett, IL	421,354	Exeter Property Group	Greco Reggi Real Estate Dev	\$34,972,500	\$83
10200 55th St, Kenosha, WI	354,000	Hawkins Family Irrevocable Trust	Clear Height Properties	\$29,300,000	\$83

CHICAGOLAND

Construction
& DeliveriesNotable Q3 Construction [\[275,000+ SF Projects\]](#)

Market	Building	NRA	Type	Delivery Date	Developer	% Leased
I-55 Corridor	Steiner Rd & 143rd St, Plainfield, IL	1,500,000	BTS	Q1-2020	Seefried Properties	100%
South Chicago	11600 S Avenue O, Chicago, IL	1,197,000	Speculative	Q1-2020	NorthPoint Development	0%
South Chicago	3501 S Pulaski Rd, Chicago, IL	999,900	Speculative	Q2-2020	Hilco Real Estate	0%
I-88 Corridor	I-88 & Orchard Rd, Aurora, IL	764,895	Speculative	Q3-2020	Panattoni Development Co	0%
I-55 Corridor	2 Prologis Park 355, Lockport, IL	750,314	BTS	Q4-2019	Prologis	100%
Southern Wisconsin	120th Avenue & 122nd St, Pleasant Prairie, WI	590,525	BTS	Q2-2020	Venture One Real Estate	100%
I-55 Corridor	775 Veterans Pky, Bolingbrook, IL	573,752	Speculative	Q2-2020	Trammell Crow	0%
I-55 Corridor	SW 143rd St & Gougar Rd, Lockport, IL	542,944	Speculative	Q1-2020	ML Realty Partners	0%
I-88 Corridor	2350 Frieder Ln, Aurora, IL	503,244	Speculative	Q4-2019	Sterling Bay	0%
Southern Wisconsin	I-94, Kenosha, WI	500,000	BTS	Q3-2020	HARIBO of America	100%
East DuPage	635 W Lake St, Elmhurst, IL	420,000	Speculative	Q4-2020	MO2 Properties	0%
South Chicago	S Woodlawn Ave, Chicago, IL	400,000	Speculative	Q1-2020	Ryan Companies	0%
South Chicago	11600 S Avenue O, Chicago, IL	358,879	Speculative	Q2-2020	NorthPoint Development	0%
I-55 Corridor	Route 53 & Joliet Rd, Romeoville, IL	351,870	Speculative	Q1-2020	IDI Logistics	0%
I-90 West Corridor	2451 Bath Rd, Elgin, IL	326,272	Speculative	Q4-2019	Scannell Properties	0%
US-64 Corridor	2525 Enterprise Cir, West Chicago, IL	303,601	Speculative	Q4-2019	Midwest Industrial Funds	0%
Southern Wisconsin	4306 120th Ave, Kenosha, WI	287,741	Speculative	Q4-2019	Ridge Development	0%
TOTAL		10,370,937				

CHICAGOLAND

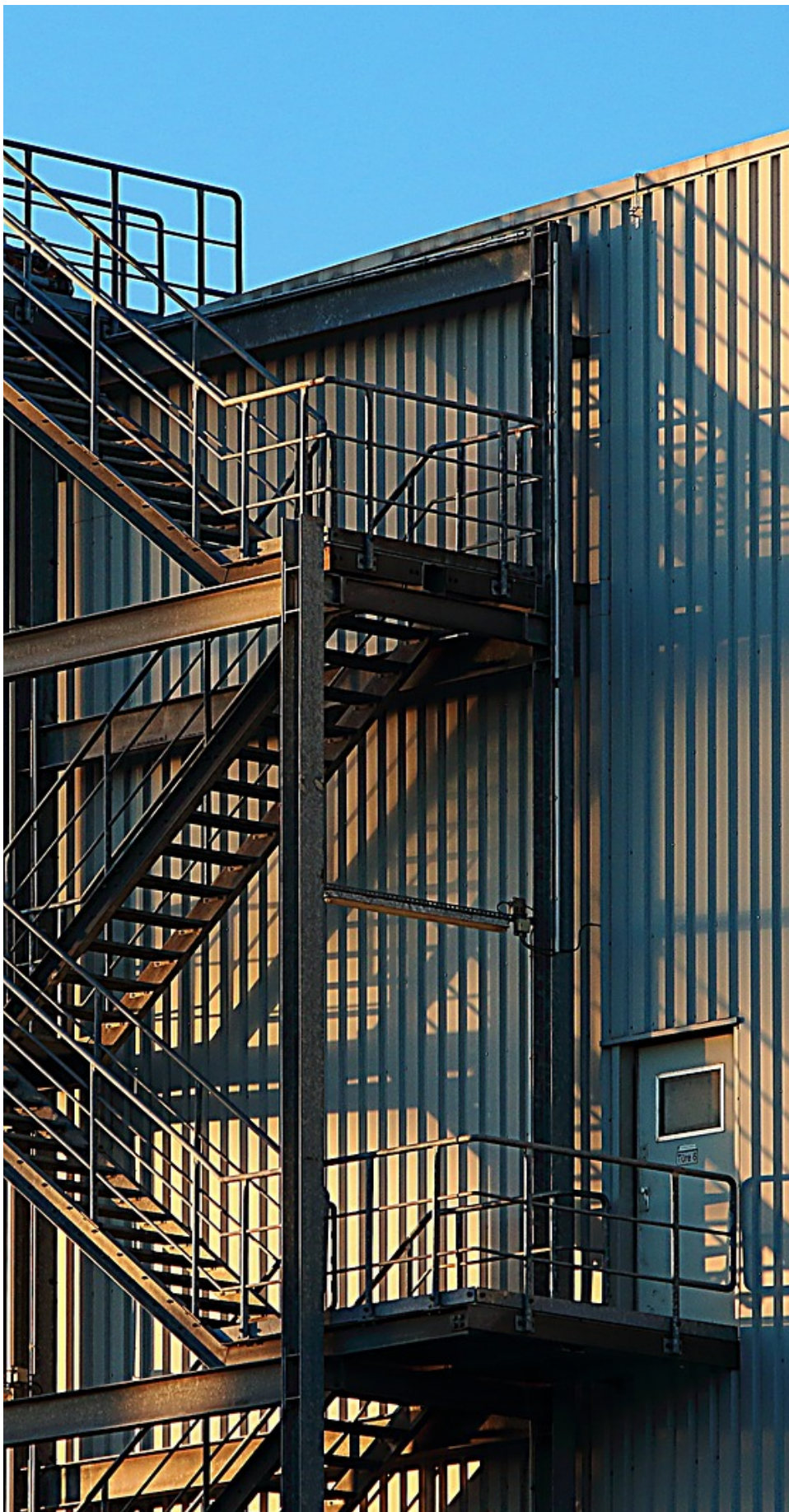
Construction
& Deliveries

Select Notable Q3 Deliveries [100,000+ SF]

Market	Building	NRA	Type	Developer	Major Tenants	% Leased
I-55 Corridor	901-1001 W Bluff Rd, Romeoville, IL	684,320	Speculative	CT Realty Investors	N/A	0%
I-55 Corridor	20100 Renwick Rd, Romeoville, IL	543,780	Speculative	Duke Realty Corporation	N/A	0%
I-55 Corridor	1 Prologis Park, Lockport, IL	315,647	Speculative	Prologis	N/A	0%
I-55 Corridor	9040 Murphy Rd, Bolingbrook, IL	151,087	BTS	Ketone Partners	N/A	58%
I-80 Corridor	25101 S Ridgeland Ave, Monee, IL	879,040	Speculative	Location Finders International	N/A	0%
I-80 Corridor	3901 Brandon Rd, Joliet, IL	826,755	Speculative	CenterPoint Properties	N/A	0%
I-80 Corridor	1400 Cargo Ct, Minooka, IL	705,661	BTS	Prologis	Kellogg's	100%
I-88 Corridor	3700 Lacey Rd, Downers Grove, IL	212,937	Speculative	Bridge Development Partners	N/A	0%
I-90 East Corridor	703-709 W Algonquin Rd, Arlington Hts., IL	138,577	BTS	Hamilton Partners	Taiki USA	43%
I-90 West/Elgin Corridor	Cleveland Ave & Spring St, Carpentersville, IL	90,000	BTS	OTTO Engineering	OTTO Engineering	100%
Lake County	1550 W Waukegan Rd, Waukegan, IL	228,252	Speculative	Bridge Development Partners	Thermoflex	100%
Lake County	1001 Tri-State Pky, Gurnee, IL	190,380	Speculative	CenterPoint Properties	Luxor Workspace	100%
Lake County	325 Marriott Dr, Lincolnshire, IL	186,616	BTS	Marriott International	Marriott International	62%
Lake County	3971 S Lakeside Dr, Waukegan, IL	153,266	Speculative	Bridge Development Partners	N/A	0%
O'Hare	150 Innovation Dr, Elk Grove Village, IL	151,693	Speculative	Brennan Investment Group	Broetje Automation USA	28%
O'Hare	701 E Innovation Dr, Elk Grove Village, IL	125,000	Speculative	Brennan Investment Group	N/A	0%
US-64 Corridor	805 Discovery Dr, West Chicago, IL	782,000	BTS	Pritzker Realty Group	Suncast	100%
US-64 Corridor	1100 N Raddant Rd, Batavia, IL	102,142	Speculative	Midwest Industrial Fund	Power Packaging	58%
West Cook	1400 S Laramie Ave, Cicero, IL	343,090	Speculative	Bridge Development Partners	N/A	0%
West Cook	1400 S Laramie Ave, Cicero, IL	232,845	Speculative	Bridge Development Partners	N/A	0%

Contiguous Blocks [\[Available Class A Space | 450,000+ SF\]](#)

Building Address	Submarket Name	City	State	Rentable Building Area	Max Building Contiguous Space	Building Status	Owner Name
1010 Taylor Rd	I-55 Corridor	Romeoville	IL	824,753	824,753	Existing	Molto Properties LLC
1701 Remington Blvd	I-55 Corridor	Bolingbrook	IL	800,000	800,000	Existing	Clarion Partners
1101 W Airpor Rd	I-55 Corridor	Romeoville	IL	787,499	787,499	Existing	Prologis, Inc
901 W Bluff Rd	I-55 Corridor	Romeoville	IL	684,320	684,320	Existing	CT Realty Investors
901 W Bluff Rd	I-55 Corridor	Romeoville	IL	657,540	657,540	Existing	CT Realty Investors
775 Veterans Pky	I-55 Corridor	Bolingbrook	IL	573,752	573,752	Under Construction	Trammell Crow Residential
20100 Renwick Rd	I-55 Corridor	Romeoville	IL	543,780	543,780	Existing	Duke Realty Corp
14532 S Gougar Rd	I-55 Corridor	Lockport	IL	542,944	542,944	Under Construction	ML Realty Partners LLC
3300 Channahon Rd	I-80 Corridor	Joliet	IL	1,220,140	1,220,140	Existing	The Opus Group
1023 E Laraway Rd	I-80 Corridor	Joliet	IL	1,026,000	1,026,000	Existing	Core5 Industrial Partners
24101 S Frontage Rd	I-80 Corridor	Channahon	IL	1,000,110	1,000,110	Existing	USAA Real Estate
21100 SW Frontage Rd	I-80 Corridor	Shorewood	IL	1,000,053	507,187	Existing	Clarion Partners
25101 S Ridgeland Ave	I-80 Corridor	Monee	IL	879,040	879,040	Existing	Winn & 12, LLC
3901 Brandon Rd	I-80 Corridor	Joliet	IL	826,755	826,755	Existing	Prudential Financial, Inc
30260 Graaskamp Blvd	I-80 Corridor	Wilmington	IL	810,900	810,900	Existing	Elion Partners
21530 Frontage Rd	I-80 Corridor	Shorewood	IL	757,880	757,880	Existing	HSA Commercial Real Estate
2700 Ellis Rd	I-80 Corridor	Joliet	IL	754,923	689,524	Existing	CBRE Global Investors Ltd
23700 W Bluff Rd	I-80 Corridor	Channahon	IL	749,554	749,554	Existing	IDI Logistics
2695 Plainfield Rd	I-80 Corridor	Joliet	IL	671,040	671,040	Existing	Angelo, Gordon & Co
3901 Rock Creek Blvd	I-80 Corridor	Joliet	IL	464,400	464,400	Existing	CBRE Global Investors Ltd
900 Knell Rd	I-88 Corridor	Montgomery	IL	992,462	992,462	Existing	CenterPoint Properties
I-88 & Orchard Rd	I-88 Corridor	Aurora	IL	764,895	764,895	Under Construction	Panattoni Development Co, Inc
2350 Frieder Ln	I-88 Corridor	Aurora	IL	503,244	503,244	Under Construction	Theodore Novak
2001 N Division St	McHenry County	Harvard	IL	619,590	619,590	Existing	Edward Gong
11600 S Avenue O	South Chicago	Chicago	IL	1,197,000	1,197,000	Under Construction	NorthPoint Development
3501 S Pulaski Rd	South Chicago	Chicago	IL	999,900	999,900	Under Construction	Hilco Redevelopment Partners
21700 Mark Collins Dr	South Cook	Sauk Village	IL	776,515	776,515	Existing	WSI



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