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# Chicago Suburban Office Insight Report

Q2 2021

**AVANT**  
by AVISON YOUNG

# Key takeaways



## Economic conditions

- Reopening efforts and higher vaccination rates have allowed the Chicago Metro unemployment rate to rebound from a high of 16.5 percent to **7.5 percent**.
- Office-using job losses in have totaled **4.1 percent** compared with 7.6 percent for other industries' job losses, underscoring the disproportionate impact the pandemic had on the discretionary segments of the local economy.



## Recovery rate

- Vaccination rates in DuPage County have reached **50.2 percent**, significantly higher than the national average.
- The State of Illinois recently announced the full re-opening of the state with nearly all COVID restrictions lifted.
- The overall post-COVID rate of recovery based on extrapolated cell phone data for the City of Chicago is **35.7 percent**.



## Office supply/demand

- While leasing activity has slowed, pro-rated activity volume for 2021 is projected to pass **9.2M SF**, levels not seen since 2017.
- Vacancy was recorded at **18.1 percent** at the end of the second quarter 2021, up **230 basis points** from pre-pandemic levels.
- The market has entered a risk-pricing crisis despite continued record levels of dry powder. As a result, just **\$415.M** of suburban offices have been sold since 2020, an annualized decrease of **73.6 percent** compared with the past five-year average.



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## The deeper dive

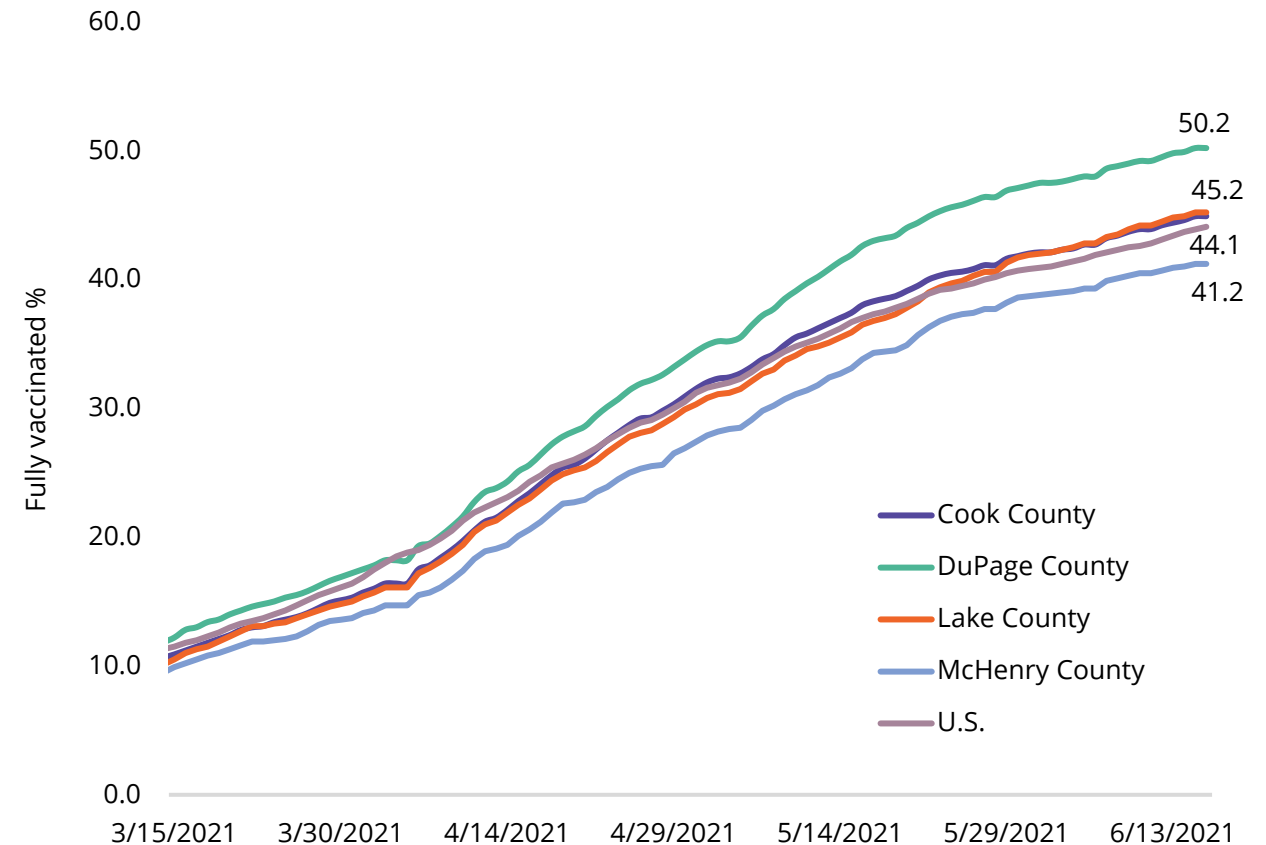
Here we take a look at key return-to-work metrics, including vaccination rates, office occupation recovery rates in Chicago and key markets, as well as general market KPIs such as large activity and sublease supply pipelines.

# Vaccination rates

# 50.2%

**Share of DuPage County population that is fully vaccinated**

Most suburban counties' proportionate vaccination rates have surpassed U.S. and City of Chicago averages, an important metric that has allowed the city to loosen restrictions.



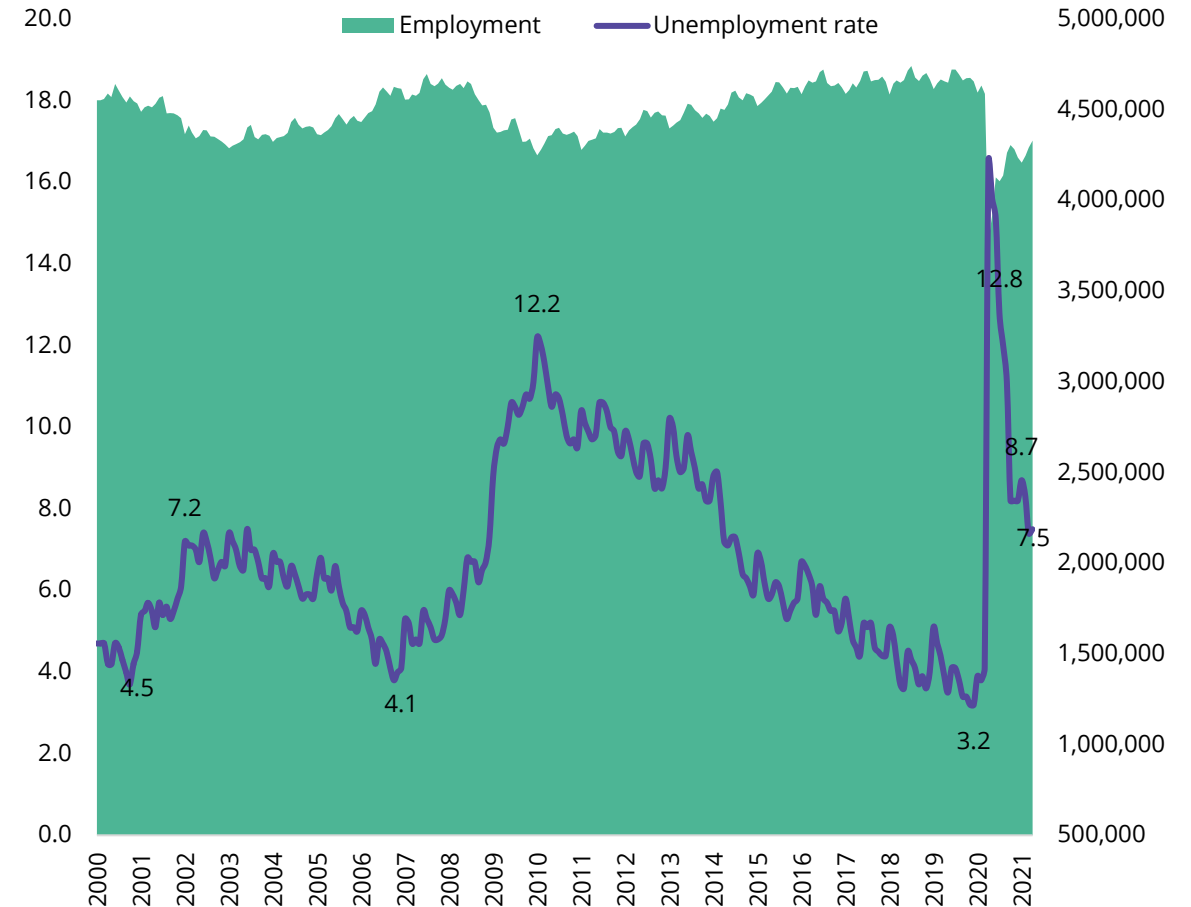
Source: CDC

# Employment and unemployment rate

# 7.5%

**Chicago Metropolitan unemployment rate as of April 2021, dipping below the height of the financial crisis**

Historically tightened labor market conditions were halted by the pandemic with nearly 860,000 job losses between February and April 2020. However, reopening efforts enabled the economy to add 14.7% jobs since April 2020.



Note: Not seasonally adjusted data.  
Source: Bureau of Labor Statistics

# Office-using job gains and losses

# -4.1%

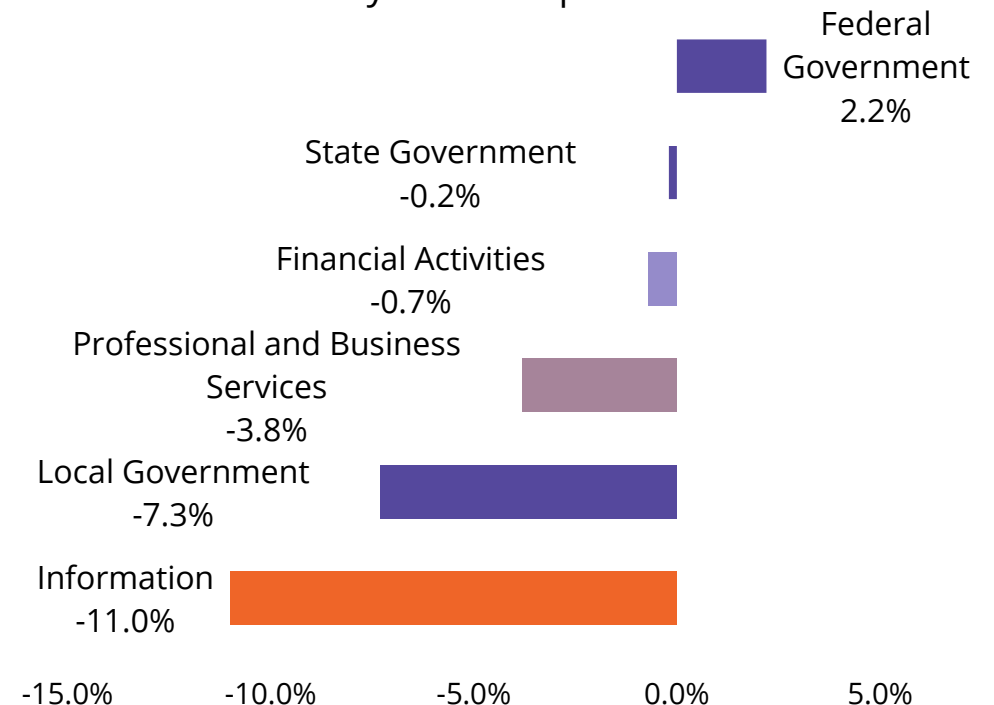
## Change in office-using employment during the pandemic

Chicago MSA job losses have declined by 6.3% since the start of the pandemic, though office-using jobs contracted by just 4.1%. This recession's impact on the office-using labor market has been less severe than the global financial crisis, when Financial Activities job losses totaled 7.2%.

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## Total change in Chicago MSA\* job gains/(losses)

February 2020 to April 2021



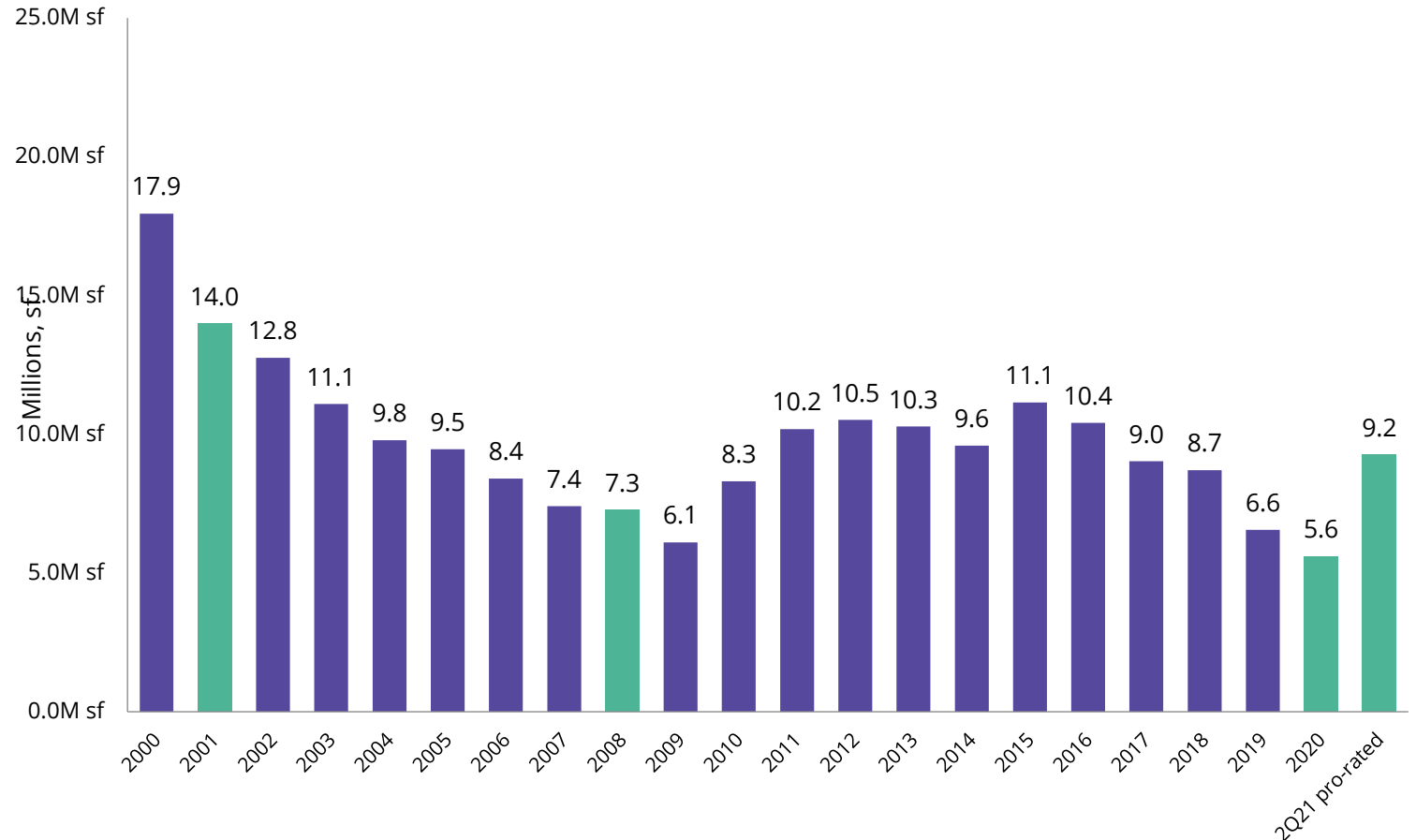
Note: Not seasonally adjusted data. Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Office leasing activity

# -25.3%

**2020-pro-rated 2021 vs.  
prior 20-year annual  
average leasing activity**

2020 showed the largest slowdown of leasing activity in recent history. However, recent activity is putting 2021 on pace to outperform levels prior to the pandemic set in 2019.

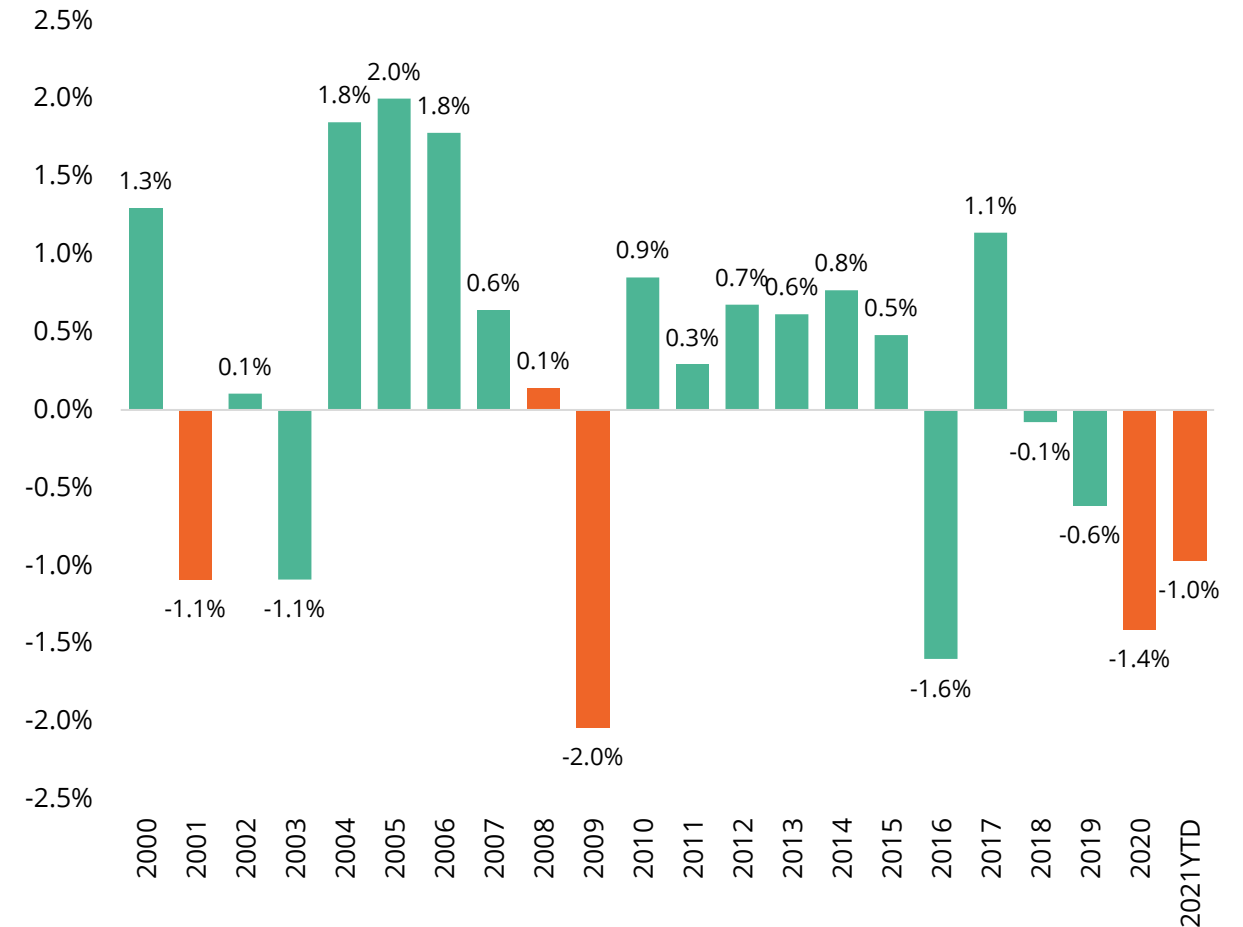


Source: AVANT by Avison Young

# -2.3%

**Net absorption as a percentage of inventory, 2020 through Q2 2021**

Negative absorption from 2020 to 2Q21 has totaled 4.2 million sf, totaling -2.3% of the existing stock. This negative absorption surpasses the lows of the early 2000's recession (-1.1%) and global financial crisis (-2.0%).



Source: AVANT by Avison Young

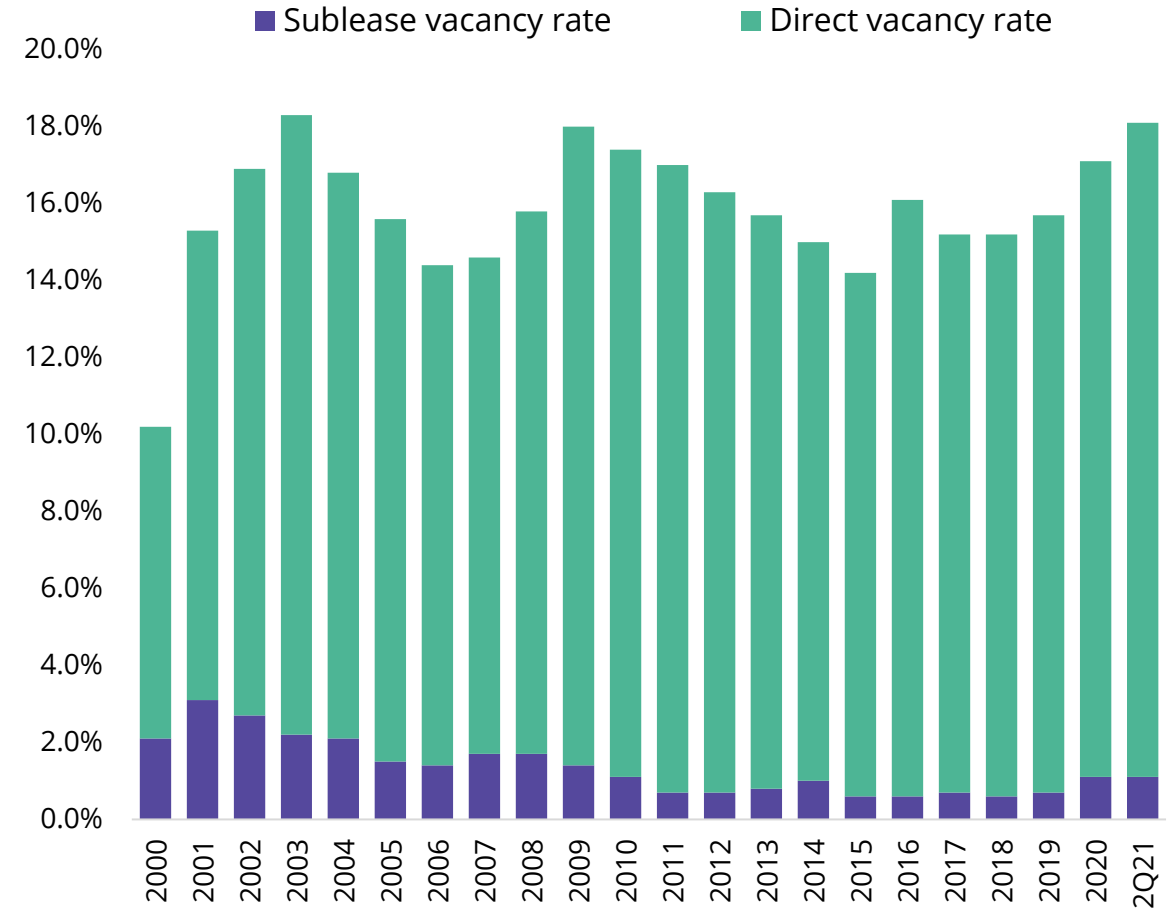


# Vacancy rate

# 18.1%

**Q2 Chicago Suburban  
vacancy as of Q2 2021**

The Q2 2021 total vacancy continues to rise to historically high levels, currently up 240 basis points from pre-pandemic levels. Once the vacancy rate eclipses 16 percent, it is historically accompanied by a steady decline in the following years.



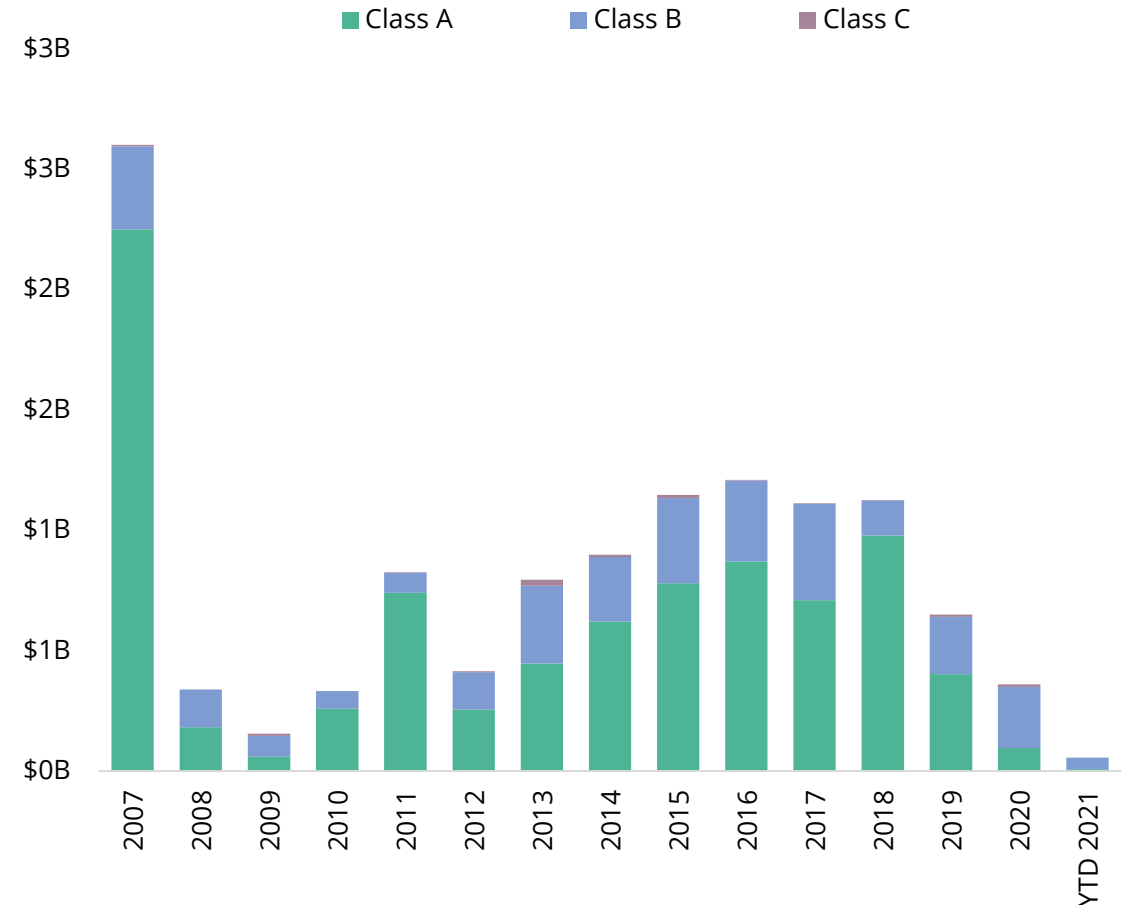
Source: AVANT by Avison Young

# Office investment dollar volume

# \$415.1M

## Chicago suburban office dollar volume 2020 to present

Office sales activity has temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 73.6% compared with the prior five-year average dollar volume.



Source: AVANT by Avison Young,, RCA

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## Contact us today

With around-the-corner knowledge, multi-national expert insights and data-driven intelligence, our team is ready to help you unlock economic, social, and environmental value.

# Get in touch



## Fred Ishler

Principal  
Office Leasing  
+1 312-273-1494  
fred.ishler@avisonyoung.com



## Paige Korte

Associate  
Office Leasing  
+1 312-273-1494  
paige.korte@avisonyoung.com



## Peter Kroner

Central Region Manager, Insights  
Innovation and Insight Advisory, U.S.  
+1 312-273-1494  
peter.kroner@avisonyoung.com



## Sean Boyd

Analyst  
Innovation & Insights Advisory, U.S.  
+1 773 644 5825  
sean.boyd@avisonyoung.com





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# Let's talk

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