



INSIGHTS

Q4 2009 Chicago Market Overview

Vacancies continued to climb in all classes of properties. Overall, the direct vacancy increased to 13.8% in the fourth quarter of 2009, from 13.4% the previous quarter. However, when subleases are included in these calculations, the overall vacancy rate soars to 16%, up from 15.5% last quarter. Absorption, which refers to the net increase in leased office space, remained negative and totaled 5,468,305 square feet. Numbers like these have not been seen in two decades and there is no sign of the market getting stronger in the coming months.

On the investment side, 303 W. Madison was the only major sale transaction. The building, 310,880 square feet in the west loop, sold for \$60M or \$193 per square foot to the Beckman family.

The largest lease signed in quarter four was with United Airlines at Willis Tower. The company is leasing 450,000 square feet and was lured to the city from Elk Grove Village by an aggressive economic incentive package from the city totaling \$35.8M. The other major transactions of 2009 are listed in the table below.

The economy continues to putter along and demand for commercial office space remains slow. It has been decades since the market has favored tenants so strongly. Tenants should consider this time an opportunity to position their businesses strategically for the future. Rents will climb again as the unemployment rate declines. Smart companies are strategically committing to long term leases at low rents, improving margins for years to come.

LARGEST 2009 TRANSACTIONS BY SQUARE FOOT

Tenant	Building	Square Footage
United Airlines		450,000
William Blair	222 W. Adams	330,000
KPMG	200 E. Randolph	260,000
Baker & McKenzie		250,000
Hinshaw Culbertson		152,000
Willis	Willis Tower	141,393
DRW	540 W. Madison	125,000
Comsyche	NBC Tower	105,000
FTI	222 W. Adams	91,000
FHLB		63,402

For More Info Contact:

Lori Brown

P. 312.543.5067

F. 312.670.1389

lbrown@brownrealestateadvisors.com