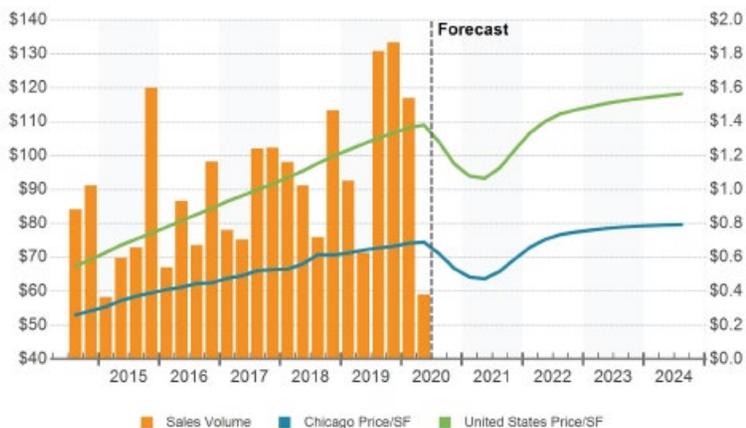
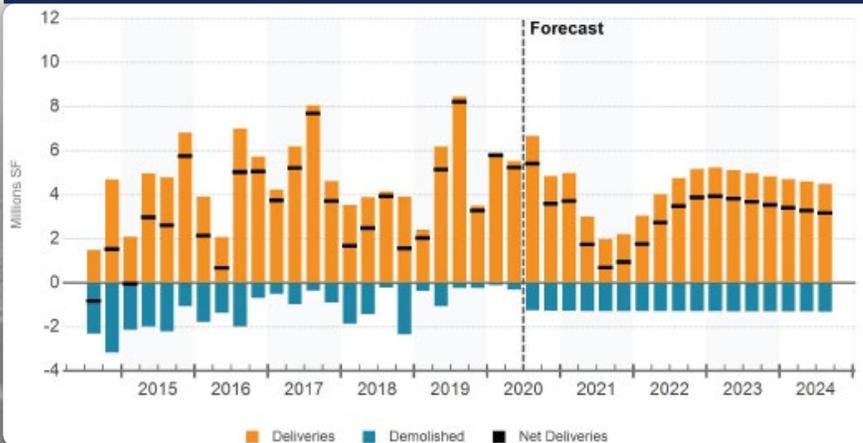


2020

SALES VOLUME & MARKET SALES PRICE PER SF



DELIVERIES & DEMOLITIONS



CHICAGO STATS

- Vacancy Rate: 6.3%
- Annual Rent Growth: 4.0%
- Asking Rates: \$7.39/SF
- Cap Rate: 8.8%
- 12 Mo. Net Absorption: \$16.6 MIL
- Sales Prices: \$73/SF

NATIONAL STATS

- Vacancy Rate: 5.6%
- Cap Rate: 6.6%
- Annual Rent Growth: 3.9%
- Asking Rates: \$8.8/SF
- 12 Mo. Net Absorption: 135 MIL SF
- Sale Prices: \$78.9/SF

CHICAGO INDUSTRIAL OVERVIEW

Chicago's industrial real estate market won't come out of the pandemic unscathed yet certain segments within the sector stand to benefit. As Chicagoans were forced into their homes, many increasingly relied on online shopping, with retailers such as Amazon, Walmart and Target reporting exceptionally strong first quarter online sales growth. Also, consumers increased their use of online grocery services such as Instacart, Walmart Grocery, and Shipt, with these companies reporting millions of new subscribers nationwide. The increased use of online shopping, along with e-commerce's further penetration into previously difficult categories such as personal and grocery products, drives an increased need for space in big box, last-mile, and cold storage properties throughout Chicago over the longer-term.

Chicago's centralized geographic location and unparalleled rail and highway connectivity, help it serve as the primary distribution hub for the entire Midwest and as a major thoroughfare for goods traveling across the country. These advantages should only grow as a greater portion of retail sales move online. Amazon, being a prime example of this, is already signed on to fill more nearly 5 million SF of space in Chicago in 2020, which will increase their local footprint to over 13 million SF spread over 30 spaces.

The economic fallout of the pandemic is that hundreds of thousands of Chicagoans have already lost their jobs and the overall shock to the economy will be severe. Already under pressure before the Coronavirus pandemic (largely due to trade wars and a pullback in corporate investment), Chicago's manufacturing sector is likely to contract further, putting upward pressure on vacancy in the flex and specialized segments.

The forecasted loss is approximately 6 million SF of industrial demand in Chicago in 2020, though construction has largely continued. There is approximately 17.0 million SF of space currently under construction, with numerous large speculative projects moving towards completion. Speculative projects have generally leased well over the past few years, availabilities in recently built or under construction logistics properties has increased by 2.5 million SF to nearly 29 million total SF. Chicago's industrial market, near term demand and supply-side pressures are expected to pressure rents and values through at least the remainder of 2020.



All information contained herein is from sources deemed reliable and is submitted subject to errors, omissions and to change of price or terms without notice.



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