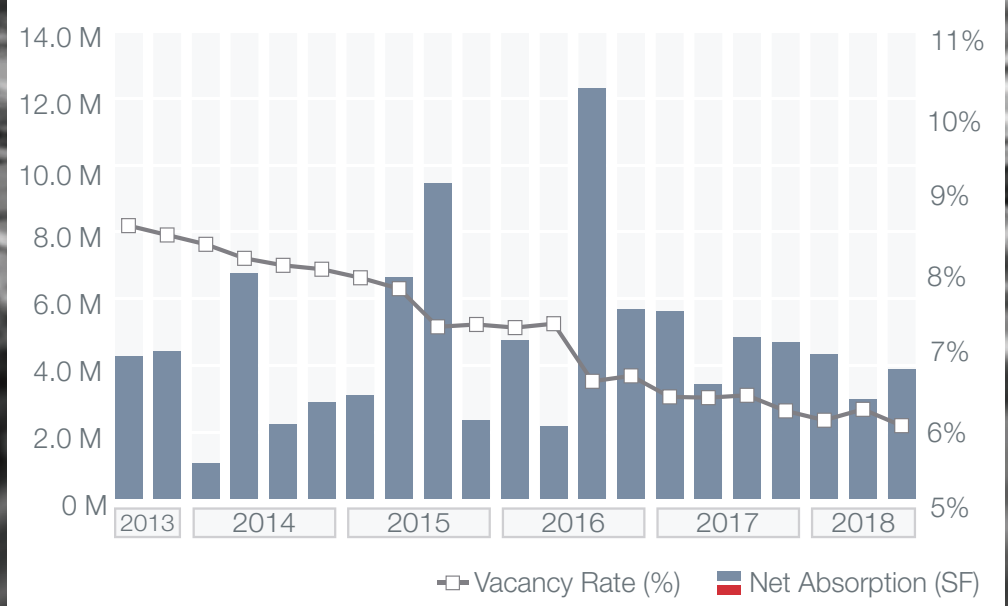


Industrial Market

Construction starts explode during the third quarter as nearly 9.2 million square feet broke ground in the Chicago industrial market.



Arrows indicate change from previous quarter.

5.94%

VACANCY RATE

3.9 MSF

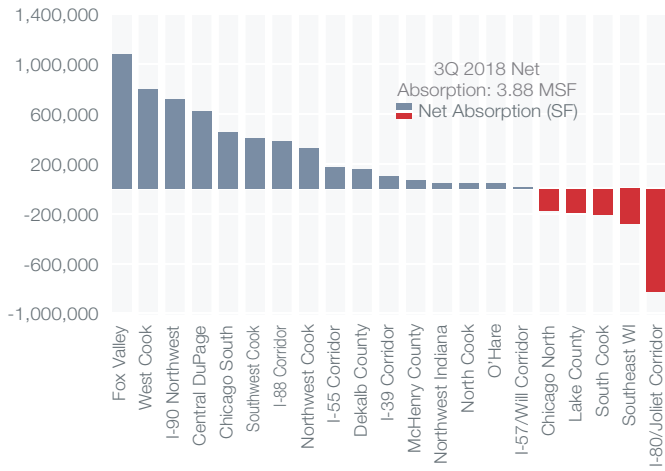
3Q 2018 NET ABSORPTION

\$4.78

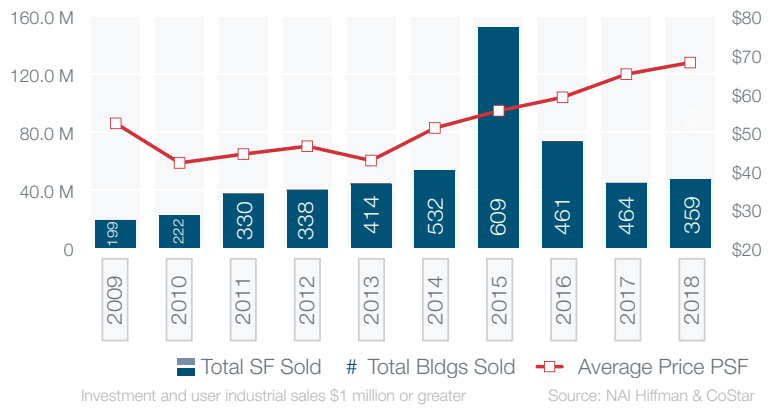
PSF ASKING RENTS

- Thirty-two facilities totaling nearly 9.2 million square feet (msf) broke ground during the third quarter, with just 17.8 percent of those projects to be built on a build-to-suit basis. Of these third quarter starts, more than 7.5 million square feet of speculative development will be delivered over the next year. With a total of more than 15.3 msf scheduled for completion by the end of 2019, overall vacancy is expected to increase, provided those projects are not pre-leased prior to completion. The majority of construction starts were concentrated in the Southeast Wisconsin and I-80/Joliet Corridor submarkets with 2.6 msf and 1.6 msf that broke ground during the third quarter, respectively.
- Net absorption totaled nearly 3.9 msf third quarter with companies Frain Industries in West Chicago (an 865,000 sf user sale), Home Depot in Northlake (588,000 sf), Glanbia in Aurora (452,000 sf), and BOX Partners in Elgin (385,000 sf) all taking occupancy during the quarter. However, year-to-date absorption totaled 11.2 msf third quarter, compared to the 13.9 msf reported this time last year, making the occupancy of new speculative development critical to sustaining healthy market fundamentals in the Chicago market.
- Deliveries were slower in the third quarter, as just 3.1 msf were completed. The largest project built third quarter was the 380,944-square-foot build-to-suit for CRRC Sifang America located at 13535 S Torrence Ave on the south side of Chicago. In fact, the Chicago South submarket is home to the only two build-to-suit facilities completed third quarter. The remaining 2.6 msf were completed on a speculative basis.

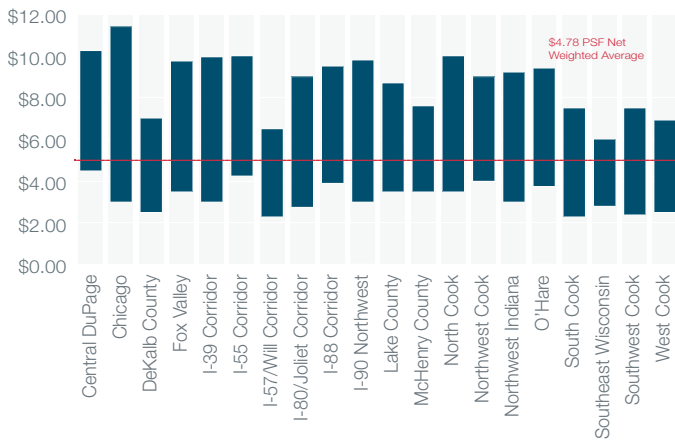
Net Absorption by Submarket



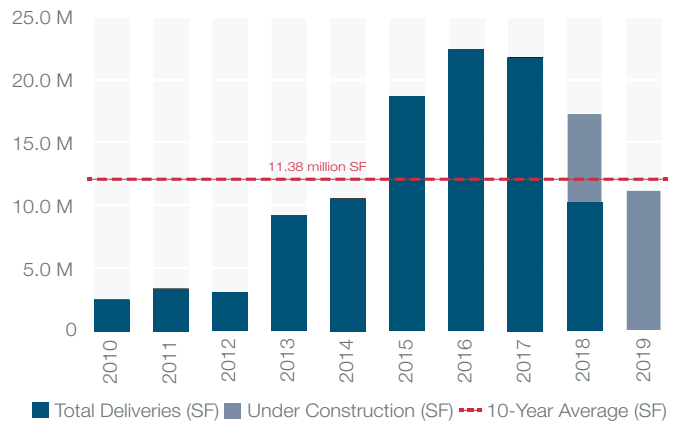
Sale Transactions and Price PSF



Asking Net Rental Rate Range



Construction Deliveries



Significant Sale Transactions

Submarket	Building Address	Sold (SF)	Sale Price PSF	Buyer	Seller
Multiple	10-Property Portfolio, Multiple Cities*	826,456	\$55,600,000 \$67	Goldman Sachs Asset Management, LP	Brennan Investment Group
Multiple	10-Property Portfolio, Multiple Cities*	447,059	Undisclosed	Green Door Capital, LLC	Globe Corporation
Southwest Cook	6600 River Rd, Hodgkins	408,074	\$17,000,000 \$42	Midwest Industrial Funds	Goldman, Sachs & Company

Significant Lease Transactions

Submarket	Building Address	Leased (SF)	Tenant	Lease Type
I-80/Joliet Corridor	6225 E Minooka Dr, Minooka	1,076,576	The Kellogg Company	Renewal
Northwest Cook	10 Falcon Ct, Streamwood	423,672	Expeditors International	New lease
I-55 Corridor	14630 S 147th Ct, Lockport	371,994	Kane is Able	New lease

Industrial Market Statistics

Third Quarter 2018

Submarket	Total RBA (SF)	Vacancy Rate (%)	Availability Rate (%)	Net Absorption (SF)	YTD 2018 Net Absorption(SF)	New Supply (SF)	Under Constr. (SF)	New Leasing Activity (SF)	Weighted Avg. Net Rental Rates (PSF)
1 Southeast Wisconsin	56,224,221	5.52% ▲	10.52% ▲	-281,914	398,929	0	2,918,423	58,995	\$4.13
2 Lake County	69,053,599	4.88% ▲	8.77% ▲	-189,363	309,670	0	1,495,447	291,778	\$5.12
3 McHenry County	27,751,477	8.47% ▼	9.41% ▼	65,098	-340,462	0	0	103,055	\$4.91
4 I-39 Corridor	33,929,468	7.63% ▼	9.55% ▼	98,743	-1,203,339	0	858,270	38,833	\$3.23
5 DeKalb County	12,854,551	6.86% ▼	8.91% ▼	155,589	144,125	0	0	93,709	\$3.10
6 I-90 Northwest	30,395,880	5.25% ▼	5.94% ▼	720,240	1,094,004	0	45,000	397,034	\$5.36
7 Northwest Cook	28,050,686	8.13% ▼	10.61% ▼	324,817	803,372	0	743,225	640,063	\$4.94
8 North Cook	44,979,859	5.01% ▲	7.38% ▲	46,134	140,902	320,667	0	275,464	\$5.78
9 Fox Valley	35,413,218	4.82% ▼	8.18% ▼	1,079,165	1,174,951	0	102,142	322,169	\$4.45
10 Central DuPage	68,946,198	2.79% ▼	5.16% ▼	625,321	1,347,990	0	530,058	994,120	\$5.70
11 O'Hare	99,417,437	4.18% ▲	7.23% ▲	42,486	226,551	95,962	1,378,114	804,921	\$4.12
12 West Cook	60,234,248	6.94% ◀▶	9.26% ▲	799,894	282,936	1,118,886	782,688	308,557	\$3.98
13 Chicago North	57,216,153	5.22% ▲	7.96% ▲	-173,755	-192,553	0	0	323,057	\$6.20
14 Chicago South	130,220,596	3.93% ◀▶	5.80% ▼	451,977	549,296	455,944	1,429,780	731,743	\$5.23
15 I-88 Corridor	68,456,240	4.02% ▼	13.21% ▲	383,533	1,002,694	0	1,036,363	517,060	\$4.45
16 Southwest Cook	34,687,824	4.88% ▼	7.21% ◀▶	402,414	975,758	323,343	575,935	124,337	\$4.71
17 I-55 Corridor	95,390,785	10.00% ▲	11.84% ▼	170,470	2,839,645	283,436	2,458,600	1,206,923	\$4.60
18 South Cook	81,096,265	4.48% ▲	7.43% ▼	-207,454	-416,400	0	0	437,377	\$3.96
19 I-80/Joliet Corridor	89,399,918	11.78% ▲	12.94% ▲	-825,493	616,077	467,574	2,906,104	320,133	\$4.72
20 Northwest Indiana	40,976,172	4.11% ▼	6.21% ▼	47,643	2,487	0	294,736	242,884	\$5.53
21 I-57/Will Corridor	15,990,561	2.69% ▼	5.36% ▲	11,860	1,180,248	0	879,040	125,000	\$3.62
Flex Space Summary									
Total Flex Space	68,663,960	7.86% ▼	10.19% ▼	132,963	263,449	0	0	287,360	N/A
Total Market									
Totals	1,249,349,316	5.94% ▼	8.74% ▼	3,880,368	11,200,330	3,065,812	18,433,925	8,644,572	\$4.78

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