

Chicago - CBD

RENT DROPS AS LEASING IN TROPHY BUILDINGS FALLS

Takeaway

Businesses in Chicago showed continued willingness to pay record rent for quality space. Much of the new trophy product was pre-leased in 2016. Fewer leases were completed in trophy buildings during 2017. In turn, negotiated rent inched up by only 0.3%, compared to a spike of 6.0% in 2016. Tenant effective rent fell by 2.6% as landlords extended generous improvement allowances. Little change is expected in 2018 - negotiated rent will increase only moderately.

Negotiated Rent **\$50.49** ▲ 0.3%
TOTAL GROSS RENT

Concessions **\$129.00** ▲ 6.6%
Improvement Allowance Average **\$82.15**
Free Rent Average (Months) **11.1**

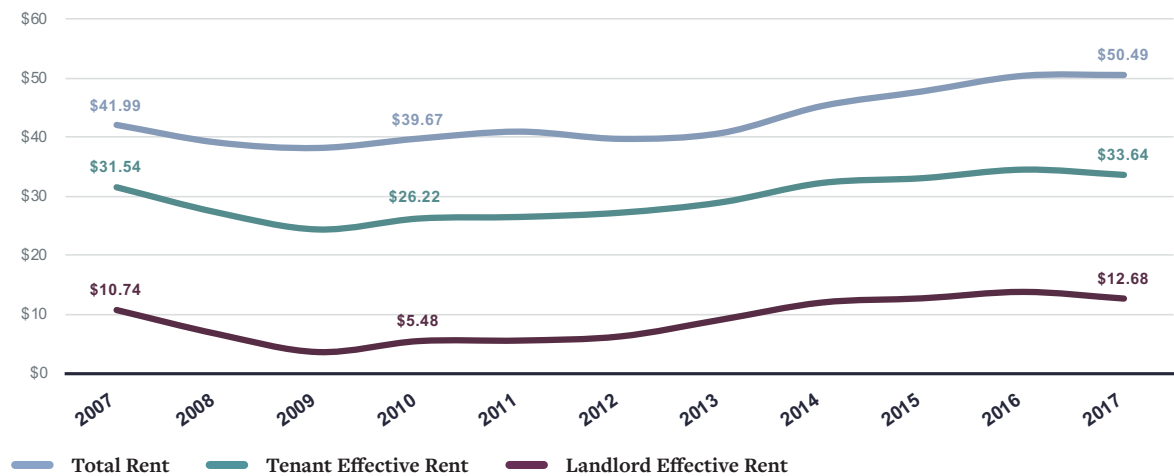
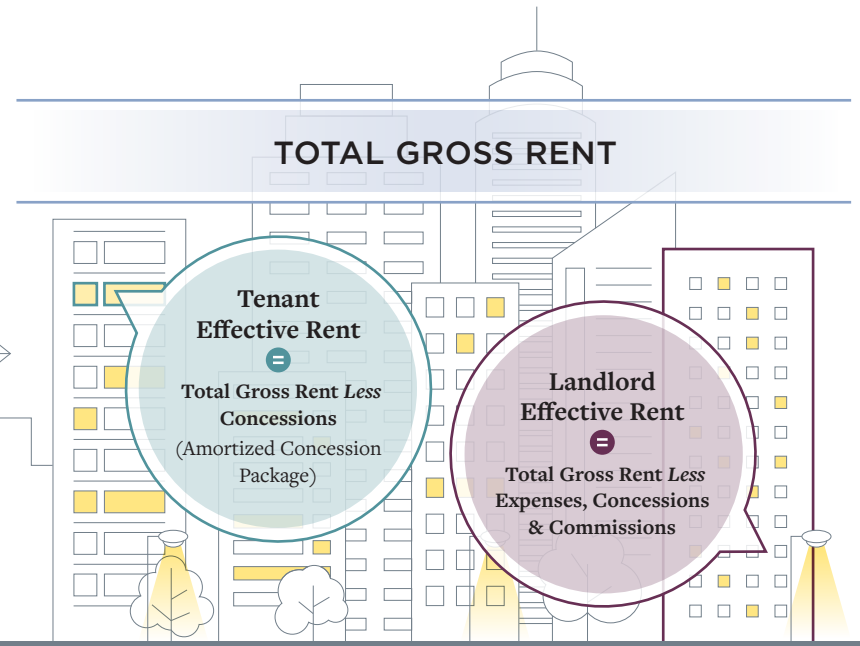
Tenant Effective Rent **\$33.64** ▼ -2.6%

Building Expenses
OPEX **\$9.00** ▲ 0.9%
RE TAXES **\$8.90** ▲ 1.7%

Landlord Effective Rent **\$12.68** ▼ -8.2%



RENT SENSIBLY.
DO YOU KNOW WHERE YOUR RENT GOES?



METHODOLOGY

The *Effective Rent Index* tracks what tenants truly pay for top tier Class A office space (tenant effective rent) and what landlords ultimately walk away with (landlord effective rent) once building expenses and leasing costs are deducted from net rent. Derived from negotiated office leases, the index provides critical insight into the health of each market and its position along the 'landlord-tenant favorable' spectrum. For more information about the report or detailed methodology visit: www.savills-studley.com/research/us/effective-rent-indexes.aspx.

