

Vacancy Rates in Chicago Office Submarkets

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The average vacancy rate for office buildings in the city of Chicago, weighted by building size, is approximately 10.8%, and the average rate in the suburbs is almost twice that level. While these figures are higher than Chicagoland's building managers and owners would like them to be, they are lower than the recent Chicago area office vacancy rates that have been quoted in some other publications.

Various methods can be used in computing a vacancy rate. For example, our computations are based on all buildings included in a survey of selected Chicago area submarkets. A more popular technique, though, is to base the vacancy rate only on the population of buildings that exhibit vacancies within the studied area. Yet the rate of vacancy in partially vacant buildings might not present a clear picture of the entire market; if there are a number of fully occupied buildings, a vacancy rate based only on buildings with vacancies overstates the true rate. The more conventional computations yield higher vacancy rates for those city and suburban submarkets included in the study than the figures noted above. Therefore, our findings may be received as good news.

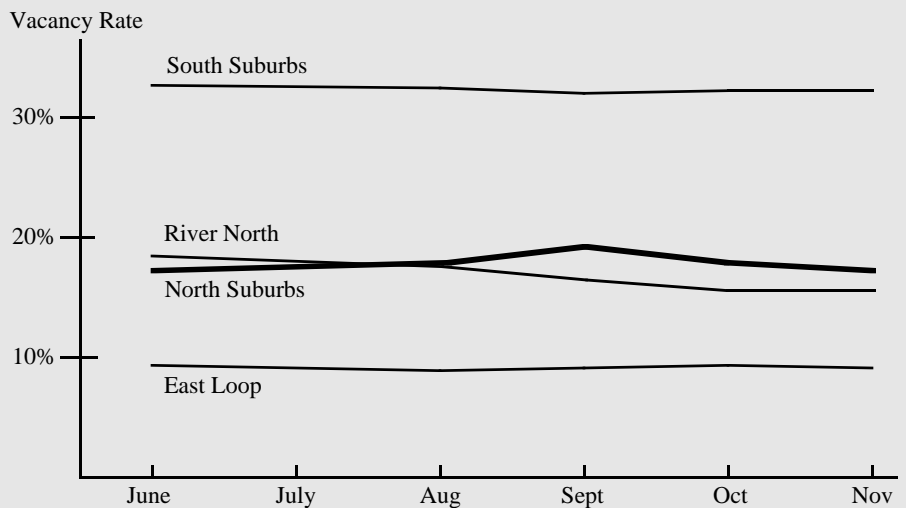
Of course, the submarkets within the Chicago area experience differing levels

of vacancy, as demonstrated in the accompanying graph. Note the extremes: the submarket with the worst vacancy situation (South Suburbs) is experiencing a rate three times as high as that of the submarket with the best situation (the East Loop area in the city). However, while the city vacancy picture tends to be better than that of the suburbs, it is not always

uniformly better. The suburban area with the lowest vacancy (North Suburbs) has had a slightly lower vacancy rate in some recent months than the city area with the highest vacancy (River North).

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1989 Chicago Submarket Office Vacancy



Source: Data from NIREIN (Chicago Board of Realtors®); Computations by ORER