

Chicago

Impact

While small high-tech companies weathered the economic storm and emerged relatively unscathed, large and well-established firms felt the impact of the recession more deeply, and cut office space accordingly. Though the sector is experiencing overall growth in Chicago, it has not yet reached a large enough critical mass to impact office market conditions in a metro containing 235 million square feet of space.

Overview

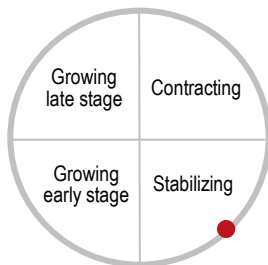
The high-tech industry encompasses a broad range of companies from large household names to start-ups. On the heels of the success of Groupon, a new wave of creative companies is beginning to make an imprint on the market and bring a great deal of attention to the Chicago high-tech scene. New social media, digital marketing, and application/web development companies continue to pop up and grow throughout the area, most notably in the CBD.

Outlook

The influx of venture capital will draw more entrepreneurs to Chicago who can leverage a relatively low cost real estate market with ample talent. Additionally, the announced acquisition of Motorola Mobility by Google could bolster start-up activity and lend to the creation of a mobile high-tech cluster.

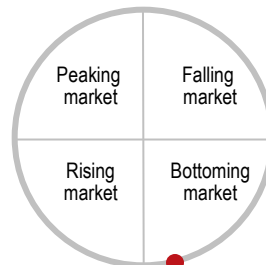
High-tech Industry

Economic cycle clock



Office property

Market cycle clock



Players: top high-tech firms
By real estate footprint



Motorola Mobility
Tellabs
Groupon

Scorecard



Economic		rank
High-tech jobs / annual growth	86,438 / -1.7%	5/16
Percent of total jobs	2.9%	16
Number of firms	8,343	1
Venture capital funding (past 4 quarters)	\$862.1 M	7
Share of U.S. total	3.5%	
College education	34.6%	12
Diversity (non-white / foreign born)	37.0% / 19.1%	7/8
Office		
Cost (average asking rent)	\$26.81	9
Annual growth	-0.9%	13
Supply (vacancy rate)	19.9%	14
Demand (net absorption sf / %)	-240,899 sf / -0.1%	17 / 17
High-tech concentration (high-tech services vs. office jobs)	6.3%	15

Recent lease activity



Groupon
600 West Chicago Avenue
220,000 sf



Paylocity
Commerce Point II
71,000 sf



ST Microelectronics
Woodfield Financial Center
27,000 sf



Intuit
95 W Algonquin
25,000 sf