CHICAGO
GLOBAL INNOVATION & TECH HUB

CORENET
November 2018
A STRONG CORPORATE BASE OF NEW AND EXPANDING COMPANIES

- 400 Major Corporate HQ’s with 1,000+ employees
- 34 Fortune 500 HQs
- 32 S&P 500 Companies

Companies include:
- Mead Johnson Nutrition
- GRUBHUB
- Lagunitas Brewing Company
- Nokia
- Beam Suntory
- GoDaddy
- Cleversafe
- World Business Chicago
- Salesforce
- Google
- United
MARKET ACCESS

Expansion and reinvention are a core part of Chicago’s identity and helped establish the city as a global economic powerhouse.
AN ECONOMIC POWERHOUSE: CHICAGO’S ECONOMY IS ONE OF THE WORLD’S LARGEST AT $609 BILLION GRP

Chicago is ranked among the world’s 10 most competitive cities for business

Among the top 10 global cities for innovation

3rd most powerful global city in the U.S.

Home to some of the world’s top schools for business, technology, engineering and design

9.5 million residents and the most highly educated big city; 39% of 25-year olds+ have a bachelors or higher (vs. 31% national average)
Chicago is **number #1** in corporate expansions and relocations for the last five years with **306 major business** expansions just in 2017.

A diverse economy rivaling other nations, Chicago is the place to locate and grow your company. Ranked top three among peer metro areas for GRP, Chicago is home to 13,800 information technology companies; has one of the largest industrial markets in the nation with 1.1 billion sq. ft. of industrial space; and has the second-largest transportation and logistics industry in the country.

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**Source:** FDI Magazine (2017), Chicago Metropolitan Agency for Planning, Deloitte, Moody's Analytics, U.S. Bureau of Economic Analysis (2016)
COST OF DOING BUSINESS
AN AFFORDABLE, GLOBAL CITY

The cost of doing business index analyzes 26 separate business cost factors including labor, facilities/leases, taxes (corporate, property etc.), transportation, utilities and more.

<table>
<thead>
<tr>
<th>City</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>95.1</td>
</tr>
<tr>
<td>Miami</td>
<td>95.4</td>
</tr>
<tr>
<td>Dallas</td>
<td>96.2</td>
</tr>
<tr>
<td>Houston</td>
<td>97.6</td>
</tr>
<tr>
<td>Denver</td>
<td>97.8</td>
</tr>
<tr>
<td>Chicago</td>
<td>98.3</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>99.4</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>99.8</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>100.8</td>
</tr>
<tr>
<td>Boston</td>
<td>104.5</td>
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<tr>
<td>San Francisco</td>
<td>104.5</td>
</tr>
<tr>
<td>New York City</td>
<td>104.7</td>
</tr>
</tbody>
</table>

Source: KPMG
TALENT WITHIN REACH

Chicago businesses have access to the world’s best talent, across industries, at a competitive cost. Compared to other cities, we over-index in quantity of business, engineering, IT, and legal professionals.
**CHICAGO’S WORKFORCE**

With a diversified workforce, businesses can recruit the best talent from any market—whether it’s manufacturing, professional services, finance, insurance, wholesale, retail, healthcare, transportation and logistics, hospitality or even moviemaking.

- 3½ million working-age adults are within a 50-minute commute of downtown Chicago, and more than 1.2 million are age 18-34
- We are the best-educated big city in the country: 38.5% of the population over age 24 have a bachelor’s degree or higher—more than the national average (31.3%) and is the highest of the five largest U.S. cities
- 1 million college graduates with a bachelor’s degree or higher live within one mile of a transit station

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs</td>
<td>13k</td>
</tr>
<tr>
<td>EXECUTIVE MANAGERS</td>
<td>337k</td>
</tr>
<tr>
<td>ADMINISTRATORS</td>
<td>700k</td>
</tr>
<tr>
<td>SOFTWARE DEVELOPERS</td>
<td>35k</td>
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<tr>
<td>LEGAL PROFESSIONALS</td>
<td>38k</td>
</tr>
<tr>
<td>ACCOUNTANTS</td>
<td>42k</td>
</tr>
<tr>
<td>COMPUTER PROGRAMMERS</td>
<td>12k</td>
</tr>
<tr>
<td>ENGINEERS</td>
<td>68k</td>
</tr>
</tbody>
</table>
INNOVATION LIVES HERE

Chicago is ranked among the top 10 global innovation hubs. We’re also home to the world’s most advanced computing and optical networking facilities, and we have access to $16 billion in annual university and corporate research.
CHICAGO’S THRIVING INNOVATION ECONOMY

#6 in Top 10 Worldwide Tech Innovation Hubs
2018 KPMG Report

### Average Annual Number of Startups Founded in Chicago

- **334**

**SOURCES: WORLD BUSINESS CHICAGO, BUILT IN CHICAGO**

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**Venture Capital Funding ($M):**

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$391</td>
</tr>
<tr>
<td>2013</td>
<td>$1,055</td>
</tr>
<tr>
<td>2014</td>
<td>$1,585</td>
</tr>
<tr>
<td>2015</td>
<td>$1,721</td>
</tr>
<tr>
<td>2016</td>
<td>$1,701</td>
</tr>
<tr>
<td>2017</td>
<td>$1,727</td>
</tr>
</tbody>
</table>
CONNECTIVITY

Our central location and top-ranked global air access provides easy access to the world and nonstop service to more than 200 domestic and international destinations.
CONNECTIVITY BY AIR

Chicago is the Fourth Most Connected Airport in the World — OAG
CONNECTIVITY BY LAND

• Chicago is the western hemisphere’s premier freight hub.
• 9 major interstate highways
• 6 of the 7 Class I railroads
• 20 active rail-truck intermodal facilities
• 25 percent of all freight trains, and 50 percent of all intermodal trains in the nation, pass through Chicago as the main interchange between western and eastern railroads
• Trucks account for about 1 in 7 vehicles on highways in Illinois, and some facilities in Chicago carry over 30,000 trucks each day
CONNECTIVITY BY NETWORK INFRASTRUCTURE

Chicago companies have access to extremely high-speed connections to the world, given our abundant fiber-optic cabling to all major connections.

- Chicago has exceptional global network connectivity, 82 data centers, and high-bandwidth lines to global data centers
- At 1.1 million sq. ft. growing to 1.8 million sq. ft., Chicago’s Lakeside Technology Center is the world’s seventh-largest data center and an access point to 40+ leading carriers of the world’s telecommunications networks
CONNECTIVITY BY PUBLIC TRANSIT

The Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus system serve more than 2 million trips each weekday at a cost per rider that is among the lowest in the country, with a unified fare payment card.

Since 2011, the city has invested $5 billion in transit improvements, including the reconstruction of one-third of the system’s track – 70 miles.

Chicago was the first U.S. rail system to have full 4G coverage in its entire subway system with all available carriers.
QUALITY OF LIFE

We’re “The City That Works.” And proud of it. But when our work is done, we’re the city that, well, does everything else. Chicago offers a quality of life that attracts and retains talent—and inspires productive people.
OVERALL COST OF LIVING INDEX
A Metro Comparison

The cost of living index measures MSA’s across 60 goods and services organized into major categories including food, housing, utilities, transportation, and health care.

<table>
<thead>
<tr>
<th>City</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW YORK (MANHATTAN)</td>
<td>238</td>
</tr>
<tr>
<td>SAN FRANCISCO</td>
<td>393</td>
</tr>
<tr>
<td>WASHINGTON, D.C.</td>
<td>149</td>
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<tr>
<td>SEATTLE</td>
<td>148</td>
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<tr>
<td>BOSTON</td>
<td>148</td>
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<tr>
<td>LOS ANGELES</td>
<td>149</td>
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<tr>
<td>CHICAGO</td>
<td>148</td>
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<tr>
<td>PHILADELPHIA</td>
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<tr>
<td>MIAMI</td>
<td>114</td>
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<tr>
<td>DENVER</td>
<td>112</td>
</tr>
<tr>
<td>DALLAS</td>
<td>102</td>
</tr>
<tr>
<td>U.S. AVERAGE</td>
<td>100</td>
</tr>
<tr>
<td>ATLANTA</td>
<td>99</td>
</tr>
<tr>
<td>HOUSTON</td>
<td>98</td>
</tr>
</tbody>
</table>

Source: C2ER
We are your one-stop-shop for relocating or expanding your company in Chicago.

Dennis Vicchiarelli, EVP
312-553-4354  dvic@worldbusinesschicago.com
Why Chicago

- **Chicago Business Climate**
  
  *While Chicago is winding down large scale manufacturing, technology and innovation services are at an all time high*
  
  - Deep bench of support business remains in place and growing from:
    - Professional Services
    - Financial services

- **Why is Downtown Chicago so Attractive to Business – Compared to other major US Cities**
  
  - Cost of living
  - Commercial real estate
  - Major Transportation Hub
  - Hours of operation
  - University feeder systems
  - Wage Index
  - Environment risks
  - Local and State Incentives
  - Amenities
  - Work ethic
Why Chicago

- **Why the push from the suburbs to the city**
  - *Millennials and generations beyond are continuing to migrate towards the city and surround neighborhoods*
    - Closer to work
    - Lower tax base
    - Increasing levels of education
    - Public transit
    - Very walkable
    - Local amenities
    - Individual neighborhoods turned into villages (suburbs in the city)
  - **Talent Strategy**
    - The changing face of business to technology and services better supported by workforce in the downtown area
    - Both entry level and senior level executives find a wide array of sectors to work cross functionally and networking
    - Talent influx supports highly desired branding and business growth with efficiencies in proper areas of concentration (sales, marketing, executive presence)
    - Flexible multi-talented workforce allows for easier poaching

**Since 2014 HQs have moved downtown from the suburbs at a rate 3X compared to CBD to suburban moves**
Why Chicago

- **Why the push from the suburbs to the city**
  - **Refresh**
    - Companies using relocation to refresh workplace and workforce
    - *Change Management* – Allowing companies to right size work force and align talent
    - Major reduction in footprint to align with:
      - Highly efficient workforce
      - Highly remote workforce
      - Eliminating wasted space
  - **Real Estate Strategy**
    - Highly efficient offices in CBD
    - Select HQ office in CBD
    - Keep or migrate non-HQ functions
Suburban and out-of-state firms move downtown

9.0+ million square feet of urban migration reduces supply

Vacancy continues to decline in A-/A/Trophy assets….sub 10%

Relocations account for 9.0M s.f. of absorption since 2008
They occupy 6.2% of the CBD inventory.

Average Class A face rents in the CBD have increased 20%....concessions still significant

CBD Class A average $48.19 vs. Suburbs Class A average $26.47
# New CBD HQ Office Towers (2016-2022)

**To be Built/Under Construction**

- Salesforce Center
  - Wolf Point
  - 1.0M SF

- BMO Tower
  - Union Station
  - 1.3M SF

- BofA Plaza
  - 110 N. Wacker
  - 1.4M SF

**Completed**

- 444 W. Lake St.

- 625 W. Adams

- 150 N. Riverside

- 151 N. Franklin
Significant CBD HQ Redevelopments (2014-2020)

Aon Center (2.4M SF)

Prudential Plaza (2.2M SF)

The Mart (3.6M SF)

Post Office (2.4M SF)

Willis Tower (3.0M SF)

350 N. Orleans (1.0M SF)

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Emerging Fulton Market HQ developments (2015-2022)

2015

1. 1000 Fulton Google
   - Developer: Sterling Bay
   - Total Building Size: 439,000 SF

2. 211 West Fulton
   - Developer: Shappack Partners
   - Total Building Size: 60,000 SF

3. 210 North Carpenter
   - Developer: Sterling Bay
   - Total Building Size: 126,700 SF

4. McDonald's
   - Developer: Sterling Bay
   - Total Building Size: 608,000 SF

5. 319 West Fulton
   - Developer: Sterling Bay
   - Total Building Size: 90,000 SF

6. 1315 West Fulton
   - Developer: McCaffrey Interests
   - Total Building Size: 80,000 SF

7. 171 North Aberdeen
   - Developer: MC2 Development
   - Total Building Size: 116,700 SF

8. 905 West Fulton
   - Developer: Ticker Development / Acadia RE
   - Total Building Size: 40,000 SF

9. 901 West Fulton
   - Developer: Thor Equities
   - Total Building Size: 60,000 SF

10. 1201 West Lake
    - Developer: McCaffrey Interests
    - Total Building Size: 150,000 SF

11. 361 North Green
    - Developer: Shopack / Focus Dev / Fulton Street
    - Total Building Size: 725,000 SF

12. 333 North Green
    - Developer: Sterling Bay
    - Total Building Size: 677,184 SF

13. 310 North Green
    - Developer: Shopack / Focus Dev / Fulton Street
    - Total Building Size: 640,000 SF