



# Rising office vacancies show warning signs for downtown Evanston

**Shun Graves, Reporter**

The office vacancy rate in downtown Evanston has seen an uptick — and city officials warn the trend could continue unabated going into 2024.

Evanston Economic Development Manager Paul Zalmezak said the downtown vacancy rate stood at 12.6% as of last week, compared to a rate around 11.3% earlier this year. Concerns have grown, Zalmezak said, as an internal city database projects the rate to rise by several digits next year.

“The trend upward is highly likely,” he said. “Evanston’s always performed better than other suburban submarkets, so sometimes these algorithms apply a straight model to the entire suburbs.”

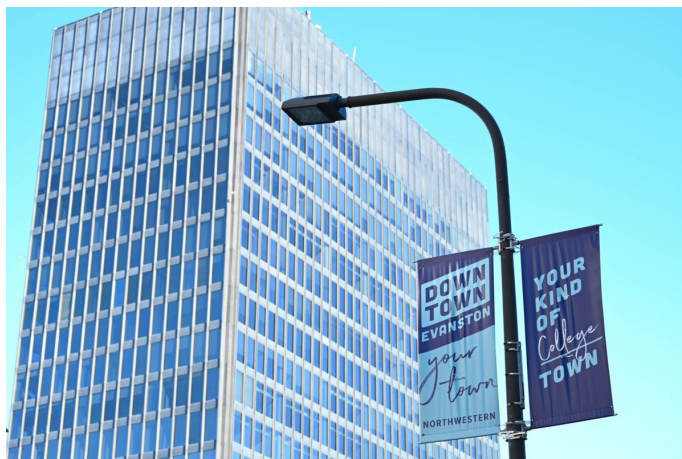
While Zalmezak said the model could be overestimating the rate, the trend spells trouble for the health of downtown offices, which drive retail spending and foot traffic. Across the country, downtowns continue to feel the effects of pandemic-era remote work.

Chicago hit a record downtown office vacancy rate of 23.7% last quarter, higher than Evanston’s peak of 15.4% recorded in December 2021.

Zalmezak said he wouldn’t call the recent uptick in vacancies a “crisis,” but it could escalate if the city sees a drop in lease renewals. Even so, the rate has held roughly steady over the past year — and downtown boosters still expect the district to attract companies from around the Chicago area.

“There is certainly opportunity to fill some vacant space,” said Andy Vick, executive director of nonprofit group Downtown Evanston. “But I would also say that there are exciting things that are happening.”

Two parts of the UL product testing enterprise — UL Research Institutes and UL Standards & Engagement — will open new headquarters downtown next month. The safety science and research organizations will move from their office park in Northbrook.



Shun Graves/The Daily Northwestern

Two UL organizations will move their headquarters to Evanston, marking a bright spot as the city sees an uptick in downtown office vacancies.

“Having more of that proximity to transportation, to restaurants — a lot of our talent coming into the workforce now has different kinds of demands,” said Kristen Delphos, vice president of communications and public affairs at UL Research Institutes. “That sort of live, work, play concept that you have in a city like Evanston is actually really attractive to us as an employer.”

Delphos said UL will bring 150 to 200 people to the top four floors of the Orrington Plaza office tower. Though UL will continue its hybrid work schedule of two to three days a week of in-person work, she added, the office will feature wellness rooms and an open cafe.

“It’ll be interesting for us to see the appetite for people to do more than what the requirement is,” Delphos said.

As business districts across the region work toward economic recovery, initiatives like experiential retail — where customers pay for an experience rather than go shopping — have proved promising for the Loop and beyond, where the Museum of Ice Cream and other attractions have boosted foot traffic.

In downtown Evanston, retail vacancies have also remained higher than they were before the pandemic. Zalmezak said experiential retail and converting office space to other uses could prove seminal for the future of downtown.

“Downtowns are a place where people gather, and where people see each other and people share with each other,” Vick said. “I don’t think downtowns are going away. I think there is a constant ebb and flow of downtown vitality. Different things impact it. But at the end of the day, I think downtowns are part of our human experience.”

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