



**CHAMPION REALTY
ADVISORS, LLC**

Commercial & Industrial Real Estate Services

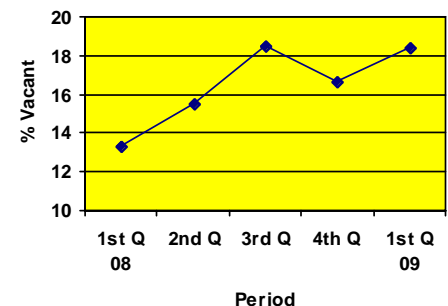
3500 Lacey Road, Suite 240
Downers Grove, IL 60515
Phone: 630.598.1001
Fax: 630.598.1002

Chicago's I-55 Corridor Industrial Market First Quarter 2009 Update

"Vacancy Increase Less than Expected"

There are times in life when you just have to be happy that things are not as bad as they could be. First Quarter statistics for the I-55 Corridor are a perfect example. With a severe national and world recession, high unemployment, reduced consumer spending, extremely tight financial markets and a general feeling of depression gripping the Chicago commercial/industrial real estate market we expected First Quarter I-55 Vacancy to approach, if not surpass, the 20% mark. While an 18.39% vacancy rate is scary it does represent a victory of sorts. A review of the market reveals that the bulk of increased vacant space came from speculative projects that were completed and added to available inventory. There are currently no new speculative projects under construction in the I-55 Corridor. Also helping to keep the vacancy rate from escalating was a lack of sublease space coming to market. So far companies are not giving space back to the market at any greater pace than in 2007 and 2008. Some credit for keeping sublease space off the market goes to I-55 landlords who have been assisting their tenants with temporary reduced rent structures and other financial assistance in an effort to not have empty space.

Vacancy I-55



Transactions

A total of approximately 535,500 SF of lease transactions were completed in the First Quarter of 2009 as compared to 724,000 SF completed in the First Quarter of 2008. The largest lease transaction of the First Quarter was the 150,249 SF lease at 771 W Crossroads Parkway in Bolingbrook. The long term lease between Saratoga Specialties, a dry spice manufacturing company, and Corum Development, a Denver based developer, was reported to be valued in excess of \$7,000,000. Tenant Improvements included 15,000 SF of office space and 20,000 SF of production/lab space. With the lease to Saratoga Specialties, Corum's 269,662 SF spec building is 56% leased.





The other notable lease this quarter was IDI's leasing of a 53,220 SF, 60-door freight terminal facility in Bolingbrook to Central Freight. The facility was originally a build-to-suit for Toyota. According to market sources, the five- year lease had a base triple net lease rate of \$603/door/month with annual escalations. Tenant improvements consisted of fencing the site and the installation of edge-of-dock levelers.



Central Freight leases 60 door terminal from IDI

There are several lease transactions pending that could be completed in the Second Quarter. Most significant among them are OHL's search for 275,000 SF and Honeywell's 125,000 SF requirement.

Summary

Many local industry professionals are beginning to believe that the recession is at the bottom. Expectations are that we may continue to operate at the bottom for several more months with an uptick in the economy beginning sometime in the late Third Quarter of 2009. Landlords will continue to be very aggressive in pursuing new tenants and keeping existing tenants in the Second Quarter. Investment sales are by and large still stalled due to the market's inability to close the gap between buyers' expectations and sellers' expectations on CAP rates and underwriting criteria, as well as tight lender requirements.

Champion professionals continue to uncover new and profitable opportunities for our clients in the I-55 Corridor of Chicago For more information on current Champion projects including ProLogis' 346,000 SF 710 Theodore Court Romeoville building or any of the other land sites and buildings we represent please log onto our web site www.championre.com or call us at 630-598-0050.



J.D. Salazar, SIOR
Managing Principal
jd@championre.com

