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ADVISORS, LLC**

*Commercial & Industrial Real Estate Services*

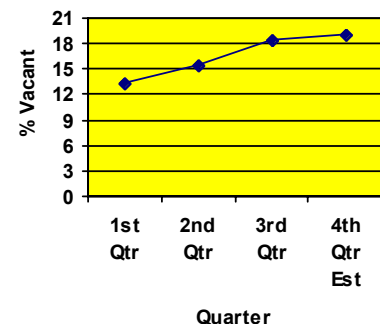
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## Chicago's I-55 Corridor Industrial Market Third Quarter 2008 Update

### "Vacancy Skyrockets to 18.5%"

A slowdown in leasing along with new speculative buildings coming online and new sublease space hitting the market have combined in perfect storm type fashion to boost an already high vacancy rate to a level not seen since the mid 1990s. Since January 1, 2008 I-55 Corridor vacancy has risen from 11.66% to 18.5% at the end of the Third Quarter. The collateral damage from this rapid rise in the vacancy rate is continued significant downward pressure on lease rates. Tenants, even those with less than stellar credit, are benefiting significantly from the supply/demand imbalance. In addition to falling base lease rates, tenants are being wooed by landlords with generous tenant improvement packages, free rent (gross free rent is starting to come into play) that is in more and more cases, exceeding one month per lease term year and staged takedowns of space. Until the world economy comes out of its doldrums the words most ushered by landlords when chasing a deal may be "Go ugly early".

**2008 Vacancy I-55**



### Transactions

The largest lease transaction of the Third Quarter was the 231,000 SF lease by SPX in RREEF's Windgate Distribution Center in Romeoville. The 89 month lease included 5 months of free rent, a 3% office area and some minor demising of the warehouse areas. Market sources estimate the rent for the first 2 years of the lease term was \$1.70/SF/YR. Effective rent for the 89 month term is \$3.01/SF/YR which in today's stressed out, tenant hungry market, may turn out to be a pretty good deal for RREEF. With the lease to SPX the Windgate Distribution Center is fully leased.

Another notable 3rd Quarter lease transaction was the leasing of 226,000 SF by AMB to Sony Music at Crossroads Lakes #1 in Bolingbrook. This transaction effectively orphaned an additional 50,000 SF of space in the building as the total available space for lease was approximately 276,000 SF. Sony leased the space for 36 months at a fixed lease rate of \$2.75/SF/YR. The lease contained a provision wherein Sony could reduce their space to 100,000



SF. Market sources tell us that Sony has exercised their downsizing provision and as such there will be 176,000 SF available for lease in the Crossroads Lakes #1 building.



**SPX leases 231,000 SF from RREEF in Romeoville**

There are several lease transactions pending that should be completed in the 4th Quarter. Most significant among them are Kimberly Clark's rumored

750,000 SF lease with ProLogis at ProLogis' Park 55 Building #4 in Romeoville and Ozburn-Hessey Logistics 400,000 SF search which is down to just 2 buildings at this writing.

### **Summary**

Many industrial space users have put their announced 2008 requirements on hold pending an economic rebound in the World Economy and a stabilization of World Financial Markets. Reduced demand for consumer goods is creating a stressful environment for consumer products companies and related service providers (3PLs and Transportation Companies). Vacancy may continue to creep up as companies try to adjust to the new economic environment by contracting as in the case of Dann Dee Display who put 340,000 SF of long term leased space, on the sublease market. Land sales are stalled for now. The 4th Quarter of 2008 will be slow for all aspects of the industrial real estate market in Chicago.

*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 Park 55, the 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](http://www.championre.com) or call us at 630-598-1001.*



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## ***I-55 Corridor Available Buildings > 300,000 SF***

<b>Name Address</b>	<b>Total SF</b>	<b>Available SF</b>	<b>Acreage</b>	<b>Divisible To SF</b>	<b>Lease Rate</b>	<b>Clear Height</b>	<b>Dock Doors</b>	<b>Cross Dock</b>	<b>Rail</b>	<b>Trailer Spaces</b>	<b>Developer Owner</b>	<b>Office SF</b>	<b>Comments</b>
ProLogis Park 55 Romeoville	750,485	750,485	43.82	200,000	\$3.25	32'	73 ext	Yes	no	80 Expandable	ProLogis	to suit	Deal pending with Kimberly Clark
Park 55 Bld #2 Romeoville	651,240	651,240	26.46	150,000	\$3.50	30'	108 ext	Yes	no	90 expandable	ProLogis	To Suit	Purchased from Duke as warm shell
Pinnacle X Romeoville	650,000	650,000	27	150,000	Negotiable	30'	66 ext	Yes	no	100 expandable	Pizzuti	To Suit	Building expandable to 1M SF +/-
Gillette Building Romeoville	532,040	532,040	25.58	532,040	negotiable	30'	76 ext	Yes	no	95	ProLogis	20,372	Sublease - not divisible sub \$2.50/SF sublease rent offered
1053 Schmidt Road Romeoville	499,200	499,200	26.7	200,000	\$3.75	30'	64 ext	Yes	no	207	Duke		Old Sears DC - fenced and gated truck areas
Bolingbrook Corp Center West Bolingbrook	453,090	453,090	21.5	50,000	negotiable	32'	48 ext	Yes	no	79	IDI	To Suit	No Expansion
1401 W Normantown Rd Romeoville	716,318	340,505	35.12	340,505	\$3.70	30'	42 ext	Yes	no	75	Heitman	11/1/52	Dann Dee Display long term sublease - just on the market
305 Crossroads Pkwy Bolingbrook	371,011	371,011	19.3	185,000	\$3.95	30'	42 ext	No	no	62	Prudential	7,500 SF	2nd Generation bld - occupied short term by Exel
710 Theodore CT Romeoville	346,146	346,146	25	346,146	\$3.75	30'	32 ext	No	no	35	ProLogis	5000	APL Facility in great shape - available with 60 days notice
1401 Normantown Rd Romeoville	712,000	340,505	35.12	340,505	\$3.70	30'	42 ext	Yes	no	75	Heitman	19200	Sublease - Dann Dee Display (Leggett and Platt) expires 10/31/16
Highland Corporate Center #3 Bolingbrook	337,630	337,630	18.42	150,000	negotiable	30'	40 ext	Yes	no	80	ML Realty Partners	to suit	May 2008 completion - Last spec in Highland Development