

**CHAMPION REALTY
ADVISORS, LLC**

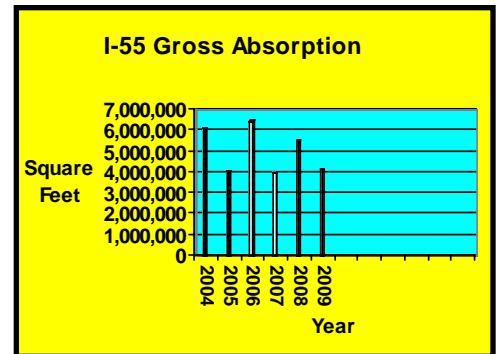
Commercial & Industrial Real Estate Services

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Chicago's I-55 Corridor Industrial Market Year End 2009 Report

"Landlords Stay Aggressive in a Tough Economy"

In our 2009 Mid-Year report, we gave kudos to I-55 landlords for grasping the realities of the tough economy early on and doing whatever it takes to make deals. Thanks to this continued aggressive approach, the 3rd and 4th Quarters of 2009 were almost as productive on a gross absorption basis, as the first 6 months of 2009. For the year, Champion professionals identified 26 transactions totaling 4,184,000 SF. Of this total, 1,634,000 SF were lease renewals and 2,550,000 SF were new transactions. Subleases totaled 333,000 SF. There were no significant user building sales in 2009.



On average, base lease rates for transaction between 125,000 SF and 500,000 SF ranged from a low of \$2/SF/YR NNN to \$2.35/SF/YR NNN. Abated net rent averaged 1 month per year of lease term. Credit quality, particularly in high tenant improvement requirements, continued to be a key factor in landlords' appetite for deals. Some tenants with weak credit and significant improvement requirements were unable to land cut rate deals and were forced to renew at their existing locations.

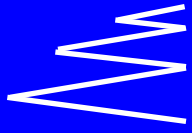
Notable Transactions

The largest spec lease of 2009 occurred in the 4th Quarter. RTC Industries, a Rolling Meadows, IL based manufacturer of foamed plastic packaging and shipping materials as well as point of sale displays signed a 12-year lease to occupy the entire 503,200 SF Duke Crossroads 5 spec building at 801 Schmidt Road in Romeoville. The Crossroads 5 facility was one of the last big box spec buildings started in the Chicago industrial market before the market turned. Market sources indicate the lease contained 24 months of net rent free occupancy with a \$2.65/SF/YR base lease rate beginning in year 3 and 2% per year rental



RTC leases 503,200 SF at 801 Schmidt Rd, Romeoville





escalations thereafter. Duke invested an estimated \$6.50/SF in improvements for RTC. Other incentives credited for securing RTC as a tenant include a waiver of building fees by the Village of Romeoville; a 3-year tax abatement by Will County and; a commitment by the State of IL to provide RTC with Edge program credits. RTC is relocating this operation from facilities on the southwest side of Chicago.

The second largest spec lease transaction of 2009 was LG's leasing of Highland Corporate Center #3 from ML Realty Partners. The 337,630 SF cross-dock Bolingbrook facility has a 30' clear ceiling and was equipped with 40 docks and all related dock gear. Market sources indicate the terms of the 7-year lease included a staged occupancy, with a year one rate of \$3.00/SF for 240,000 SF; a year two rate of \$3.26 for 240,000 SF and a year three rate of \$3.20/SF for the entire facility. The rental rate escalated at 2% per year thereafter. ML invested approximately \$1,000,000 in tenant improvements as part of the LG lease. LG relocated from 165,000 SF in another ML facility in the same development. LG reimbursed ML for unamortized TI in their previous space.



LG relocates to 337,630 SF at Highland Corp CNTR, Bolingbrook

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The largest lease renewal of the year was the 800,000 SF Home Depot lease renewal at 1701 Remington Blvd in Bolingbrook. This ING Clarion owned building was originally leased to Home Depot in 2005. The one year renewal was completed at a base lease rate of \$1.75/SF/YR NNN, according to market sources. ULTA also renewed their lease for approximately 300,000 SF at their existing facility on Arbor Drive in Romeoville.

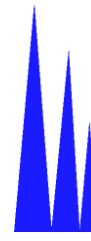
Investment Sales

In the fall of 2009 Panattoni Development successfully acquired a portfolio of 5 industrial buildings located in the Windham Lakes Business Park in Romeoville from Prudential. The 5 buildings totaled 1,041,640 SF. All the buildings were built in the 1990s and early 2000s. Panattoni paid \$30,833,500 or an average of \$29.60/SF for the portfolio. The estimated CAP rate for the deal is



RREEF sells Windgate DC





approximately 9%. Only one significant investment sale occurred during the first 6 months of 2009. In June, RREEF sold their Windgate Distribution Center (1375-1385 Weber Road, Romeoville) to a private investment group named Molto. The 658,060 SF two tenant distribution center is leased to Levy Home Entertainment and SPX. Market sources indicate the modern cross dock facility sold for approximately \$33/SF. Overall, cap rates appear to be stabilizing in the 8.5% to 9.0% range for investment grade properties in the I-55 market.

Inventory and Vacancy

We finished the year with approximately 12.5 million SF of empty space in the I-55 Corridor which represents an 18.52% vacancy rate (base of 67,400,000 SF). Vacancy at the end of 2009 stood approximately 11% higher than at the end of 2008. Some 116 buildings had space available on December 31, 2009. For most of 2009 sublease space did not add significantly to the vacancy rate. However, in the 4th Quarter we did notice an uptick in the amount of sublease space coming to market.

The largest vacant facility is the 650,000 SF Pizzuti Development facility in the Pinnacle Business Park, Romeoville. Other developers with available space greater than 400,000 SF are IDI, Land & Lakes, P&G (Gillette sublease) and Leggett & Platt (Dann Dee Display sublease). A complete list of large available spaces in the Corridor is located at the end of this report.



Pizzuti 650,000 SF - largest space available in the I-55 Corridor

Summary

In the 4th Quarter of 2009 we experienced an uptick in leasing activity. Buildings we were showing only once a month were suddenly being toured once a week. We expect 2010 to continue with a modest increase in leasing activity. Building sales will pick up some momentum as buyers and sellers close the gap on pricing. Land sales will remain almost non-existent for most of 2010. We do not project any new speculative construction; and build-to-suit activity will remain low due to the fact that the cost of new construction in many cases, is more expensive than buying an existing building or leasing an existing space. Vacancy should decline modestly to below 17%. Rents for spaces over 100,000 SF appear to have stabilized at base rates ranging from \$2/SF/YR to \$2.35/SF/YR. We don't expect rental rates to decline further in 2010. Free rent and generous TI packages for good credit tenants will continue in 2010.





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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 the numbers below.

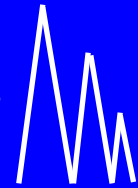


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I-55 Available Properties 200,000 SF and UP

Bldg #	Address	Owner	Avail SF	Total SF	Occpancy	Rent-NNN	Tax	Broker	Docks	DID	Parking	Trailer	Ht.	Year	Type	Depth
1	160 Southcreek PKWY Romeoville	Pizzuti	648,960	648,960	0%	\$3.75	\$1.00	CBK	64	4	243	108	32'	2008	Cross	520'
2	1001 W. Crossroads Romeoville	ProLogis- Sublet	532,560	532,560	0%	NEG		JLL	76	2	236	96	30'	1999	Cross	532'
3	821 Bluff Road Romeoville	Land and Lakes	506,777	506,777	0%	\$3.95	\$0.95	CBK	80	2	66 (exp)	41	32'	2008	Cross	420'
4	1053 Schmidt Road Romeoville	Alliance	499,200	499,200	0%	\$3.25	\$0.92	CBK	64	4	203	207	30'	2000	Cross	520'
5	1401 W Normantown Rd Romeoville	Heitman	447,968	716,318	37%	\$2.95	\$0.95	CBK	42		125	75	30'	2006	Cross	542'
6	305 W. Crossroads Bolingbrook	Prudential	371,011	371,011	0%	\$2.75	\$1.00	P/W	42	2	200	62	30'	2000	Single	325'
7	1165 Crossroads, Romeoville	TA Associates	364,612	471,500	23%	\$3.50	\$0.89	NAI	48	1	186	62 35	30'	2006	Cross	575'
8	710 Theodore CT, Romeoville	ProLogis	346,146	346,146	0%	\$3.20	\$0.86	CRA	32	2	77 (167)	(102)	30'	2003	Single	390'
9	1301 Internationale Pkwy Woodridge	ProLogis- Sublet	284,897	284,897	0%	NEG		NAI	34	3	300	80	30'	1999	Single	300'
10	1150 W 115th St Bolingbrook	IDI	270,000	453,090	40%	\$3.25	\$1.00	C&W	48	2	265	137	32'	2008	Cross	450'
11	1180 W. Remington Romeoville	Prudential	255,561	450,900	43%	\$2.75	\$1.01	NAI	43	2	114	22	30'	1992	Cross	448'
12	1501 Remington Blvd Bolingbrook	AEW	243,386	365,714	33%	\$2.95	\$0.96	Rogers	29	1	36 (exp)	17 (exp)	30'	2003	Single	345'
13	1000 Davey Rd Woodridge	Bridge	238,405	264,183	10%	\$5.95		Lee	24	8	307	24	30'	2009	Single	234'
14	265 Marquette Drive Bolingbrook	Darwin- Sublease	228,178	228,178	0%	\$3.25	\$1.00	Darwin	28	3	136	6	30'	2005	Single	340'
15	860 Crossroads Pkwy- Romeoville	ProLogis	216,036	651,240	67%	\$3.40	\$0.75	CBK	76	4	178 (exp)	71	32'	2007	Cross	537'
16	1075 W Taylor Romeoville	FlorStar	200,000	444,171	55%	\$3.95	Gross	NAI	22	2	78	16	30'	2004	Cross	440'