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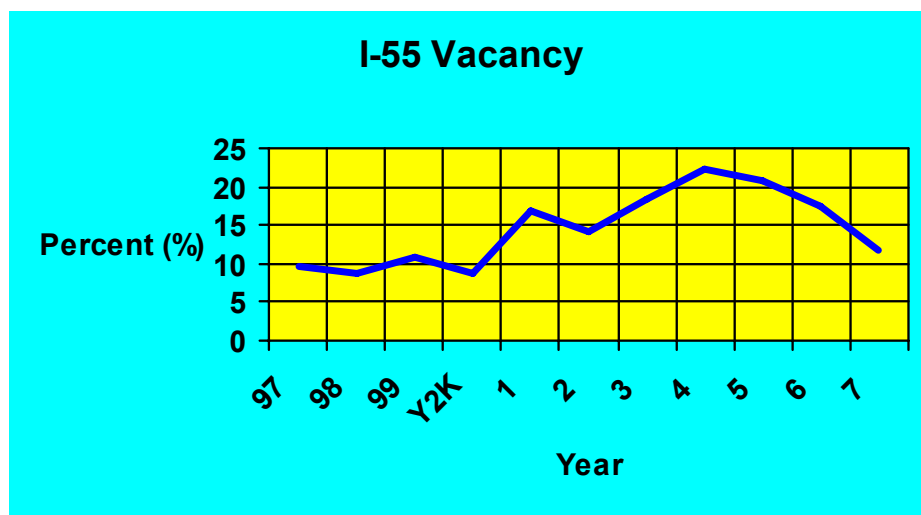
## Chicago's I-55 Corridor Year End 2007 Industrial Report

### A Slow Crawl to the Finish Line

Like marathon runners on a 100 degree race day developers and landlords in the I-55 Corridor crawled, exhausted and worn out, to the finish line. Industrial activity beginning in the 3rd Quarter began to slow down. The pace slowed all the way to the end of the year. There are several significant themes that reveal themselves in the 2007 industrial statistics for Chicago's I-55 Corridor. Most significant among these themes are:

- ➔ A slow down in new construction;
- ➔ A major decrease in gross absorption;
- ➔ A huge decrease in Year-End Vacancy;
- ➔ Strengthening rental rates for all product sizes.

Gross Absorption for 2007 was just short of 4,000,000 SF. This represents a 38% reduction from the 2006 Gross Absorption. Had this low gross absorption been recorded in any of the previous 6 statistical years Year-End Vacancy would have skyrocketed. Due to the slow down in new construction however, vacancy for 2007 actually came down to a level not seen since 1999. With an industrial base of 64,173,000 SF and a total of 7,483,000 SF of vacant space, Year-end Vacancy for 2007 was 11.66%. This represents a 5.94 percentage point drop from the 2006 Year-End Vacancy. Approximately 1.8 million SF of new construction was completed and added to the industrial base in 2007. Net absorption for 2007 was approximately 2.2 million SF.

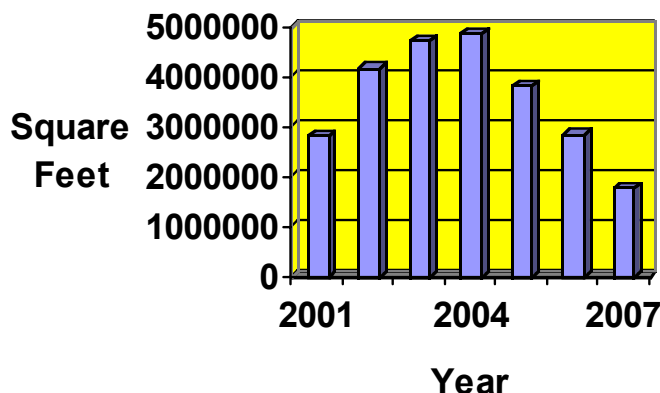




Commensurate with the significant reduction in vacancy, an increase in construction costs and higher land prices, was a strengthening of the rental rates along all property types and sizes. Champion estimates that rental rates increased an average of 4% over 2006 average rental rates. The strongest increases were in space sizes ranging between 100,000 SF to 250,000 SF. With few options for tenants looking for 500,000 SF or more we expect that rental rates for large blocks of space will continue to rise in 2008.

As the I-55 Corridor enters a mature development phase few opportunities exist for large scale development. As such land prices for the few available sites continue to escalate. Prices for 1 to 5 acre lots averaged \$6.00/SF in 2007. Pizzuti Development entertained the sale of the remaining developable land in their Pinnacle Business Park in Romeoville in 2007. Final bids for the park were reported by reliable sources to have been at or near \$5.00/SF for the 250 + acres. Pizzuti ultimately elected to recapitalize their project rather than sell.

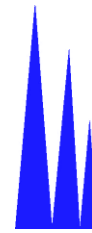
### I-55 Corridor Speculative Construction



### Notable Lease Transactions

The year began with Central American Logistics' 702,273 SF lease renewal at 1125 Remington Blvd in Romeoville. The cross-docked building with extensive trailer parking is owned and managed by RREEF. It is also known as the Montgomery Ward building. Central American was handling cookie and cracker products for Kraft Worldwide in this building until Kraft elected to move their business to a new 806,400 SF ProLogis building at ProLogis Park 80 in Morris, IL. Central American's commitment to retain the facility to service other accounts kept a huge block of space from coming back on the market. Terms of the 5-year lease renewal were not released however market sources indicate the base rate was sub \$3.00/SF/YR NNN.





Home Depot with two distribution centers in the I-55 Corridor agreed to a long term lease for third facility during the 2nd Quarter of 2007. Home Depot inked a lease for a free standing approximately 470,000 SF speculative building in Pizzuti's Pinnacle Business Park in Romeoville. The 30' clear building will have exterior loading docks on 3 sides and extensive trailer parking. The building was expanded one bay to allow for the installation of additional docks. The 10-year lease was completed at a base rate of \$3.95/SF/YR. As they've done several times in the past, Pizzuti was able to secure a tenant or buyer for one of their Pinnacle spec buildings before the speculative facility was completed.

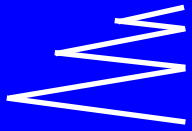


Home Depot

Peacock Engineering Company, a Carol Stream, IL based contract packaging and co-manufacturing company agreed to a 10-year lease for IDI's first spec building in the Bolingbrook Corporate Center West business park. The 443,101 SF building has almost 19,000 SF of finished office/tech areas. Total tenant improvement dollars for the project were approximately \$3.75/SF. The base lease rate was \$2.80/SF/YR.

Innotrac, an Atlanta GA based logistics company considered a consolidation of their two I-55 Corridor facilities. Ultimately Innotrac elected to renew their two leases. At 605 Crossroads Parkway in Bolingbrook Innotrac renewed their 354,400 SF lease for a 3 year period at a reported base rate of \$3.10/SF. At 1180 Crossroads Parkway in Romeoville Innotrac renewed for 24 months at a reported base rate of \$3.15/SF.



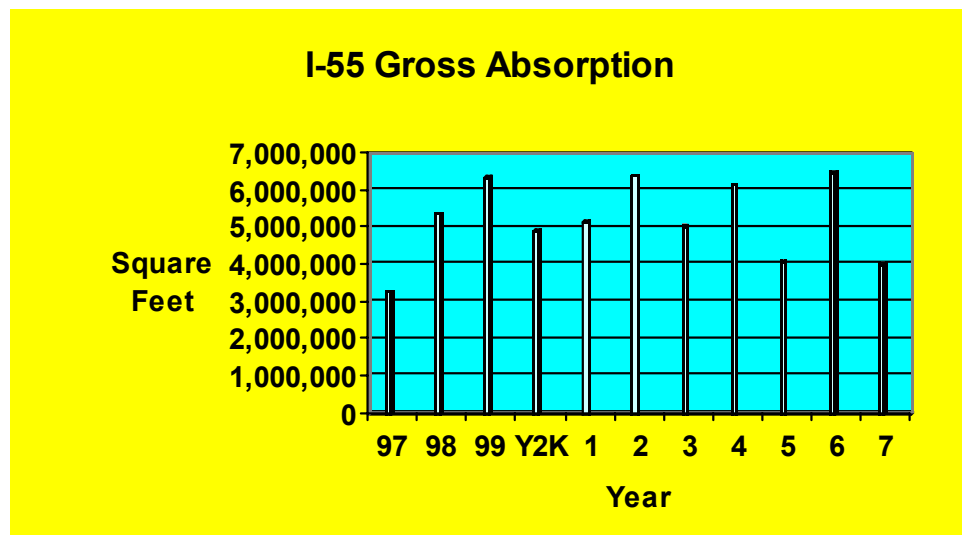


Champion Realty Advisors had I-55 Corridor success on two projects. In the 1st Quarter Champion successfully leased the first new speculative motor freight terminal built in the I-55 Corridor since 1970 to Roadway Express, Inc. The Bolingbrook Transport Center is a 90 door, 70' wide terminal with 108 trailer stalls, located on 1/2 mile south of the intersection of I-55 and Route 53. Roadway leased the terminal under a 10-year lease at a base rate of \$650/door/month NNN.



Bolingbrook Transport Center

In the 2nd Quarter Champion assisted Ozburn-Hessey Logistics Company ("OHL") in leasing the remaining 206,246 SF of space in DCT's Pinnacle 9 building in the Pinnacle Business Park, Romeoville. The 562,624 SF facility is now fully occupied by OHL. The 3-year lease calls for a base lease rate of \$3.00/SF/YR and approximately \$250,000 in TI.





## Investment Sales

Activity in the I-55 Corridor investment sales market was brisk during 2007. Seven notable sales totaling almost 2-3 million square feet of were completed in 2007. Cap rates for the sales ranged from a high of 6.5% to a low of 5.97%. 901 Carlow Drive in Bolingbrook, fully leased to Home Depot was the largest investment sale of the year selling for \$43,000,000 or \$57.55/SF. 760 Crossroads Parkway (701,899 SF), approximately 60% leased to Broder Brothers (a tee shirt/sport shirt distribution company) was sold for \$31,850,000 or \$45.38/SF. 760 Crossroads Parkway has the distinction of being the largest, longest fully vacant building in modern I-55 Corridor history. The most expensive building sale on a per square foot basis was the sale of 550 West North Frontage Road building in Bolingbrook. Fully leased to Quantum Foods and built out with some 200,000 SF of freezer area the building sold for a reported \$133/SF. For the most part Cap Rates were steady to lower in 2007. Most high cube big box product continued to trade at Cap Rates in and around 6%.

Address	Size(SF)	Buyer	Tenant	Sale Price	Price/SF
901 Carlow Dr Bolingbrook	747,152	TIAA	Home Depot	\$43,000,000	\$57.55
760 Crossroads Bolingbrook	701,899	AMB	Broder Brothers (425,475 SF)	\$31,850,000	\$45.38
145 South Pinnacle Drive, Romeoville	470,000	DCT	Home Depot	\$30,550,000	\$65.00
460 Gibraltar Bolingbrook	229,566	Dennis Wong Private INVST	Prairie Packaging	\$13,000,000	\$56.63
2601 Inter Pkwy Woodridge	356,541	Inter Centre Property, Inc.	Best Buy	\$20,600,000	\$57.78
550 W. North Frontage Road, Bolingbrook	269,569	TA Associates	Quantum Foods	\$35,800,000	\$133.00
11240 Katherine's Crossing, Woodridge	262,655	Northern Wood Hill, LLC	None	\$14,075,000	\$53.59

## Forecast for 2008

With a Presidential election on the horizon and the capital markets still dealing with the fallout from the sub prime mortgage meltdown it is very hard to predict with any comfort what will happen in the I-55 Corridor in 2008. With this in mind we predict the following for 2008:

- ➔ Gross absorption will struggle to reach 4,000,000 SF which is consistent with gross absorption in 2007 but almost 40% less than in 2006;
- ➔ Speculative construction projects currently in the ground by Pizzuti Development (650,000 SF +), IDI (450,000 SF +/-), Panattoni Development (two buildings totaling approximately 400,000 SF) will be completed by mid-year 2007. Approximately 2.3 million SF of additional spec construction is pending which if built and delivered in 2008 will cause the Vacancy Rate to once again exceed 15%.





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- Rent growth will continue to gain momentum for the first two quarters then level off for the remainder of 2008;
- Net absorption will be approximately 1,000,000 SF for the year, and finally;
- Cap Rates will move higher by 200 to 300 basis points.

*For more information on the I-55 Corridor or to learn about Champion projects in the Corridor including the 750,485 SF ProLogis owned Park 55 Building #4 in Romeoville please contact:*



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