

## "VACANCY REMAINS ABOVE 20%"

Recently we reported in our I-55 Corridor First Quarter Report that absorption was up significantly and vacancy had been dramatically reduced. Not so in the I-80 Corridor where the vacancy rate remains stuck above 20% at the end of the First Quarter of 2011. Gross absorption for the Quarter was approximately 1,286,000 SF. Unfortunately some 1.3 million SF of space returned to the market, leaving the vacancy at 20.6% on March 31, 2011. While there is no "good" news to report; there is also no "bad" news to report. Highlights for the Quarter are:

- ◆ Home Depot is under construction on a 657,000 SF high speed distribution center in Joliet;
- ◆ Gross Absorption for the 1st Q of 2011 was 45% higher than the 1st Q of 2010;
- ◆ We are tracking approximately 1,600,000 SF of user requirements.

The new Home Depot distribution center will be a relocation of an existing facility in Romeoville. The new facility will be 657,000 square feet and employ 200 people; and it will open in 2011 according to market sources. The facility is in the CenterPoint Intermodal Center-Joliet. It is being developed by CenterPoint Properties. Home Depot plans to move the operation to Joliet from 145 S. Pinnacle Drive, a 470,000-square-foot building owned by Denver based DCT.



The biggest non build-to-suit transaction news for the 1st Q is the leasing of 420,520 SF by Exel at 1151 E Laraway in Joliet. The 736,780 SF spec building is owned by ING Clarion. Excel will be handling warehousing and distribution for Creative Converting, a company that sells party tableware and décor, as well as many party accessories. Complete Converting relocated from a distribution center in Indianapolis. The 5-year lease was aggressively priced and included 6 months of rent abatement.

### Inventory

Class A industrial vacancy finished the first 3 months of 2011 at 20.6% which is a miniscule 20 basis points higher than the vacancy on December 31, 2010. Total vacant space as of March 31, 2011 is 10,984,953 SF. There are presently three buildings that can deliver 800,000 SF+/- of distribution space. There are nine buildings available that can deliver 500,000 SF+/- of contiguous distribution space. No spec buildings were added to the Class A inventory so far in 2011 and none are under construction.

Champion estimates the Class A market size to be approximately 42.7 million square feet. Class A space consists of properties with a minimum 24' clear ceiling height. Included in our inventory are Class A buildings from Morris to the west, Wilmington to the south, Crest Hill to the north and, University Park/Monee to the east. A table listing the largest spaces available is located at the end of this report.

### Users in the Market

As mentioned in the opening paragraph as of March 31, 2011 we are tracking approximately 1.6 million SF of user opportunities in the I-80 Corridor. The most notable user in the market is Electrolux (600,000 to 650,000 SF).



### Summary

The current economic growth in the Chicago area is under heavy pressure by rising fuel costs and rising inflation. With these forces in mind and over a 20% vacancy we project rents will remain soft with downward pressure continuing for at least the next 12 to 15 months. No significant land sales are projected unless they are a result of bankruptcy or lender forced activity.

*Champion professionals continue to uncover new and profitable opportunities for our clients in the I-80 Corridor of Chicago. For more information on current Champion projects including Ridge Property Trust's RidgePort Logistics Center-Chicago a 2000 acre multi-modal development along I-55 in Wilmington, IL or ProLogis' Park 80 Project in Morris, IL 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.*



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## Largest Available I-80 Buildings as of March 31, 2011

Name Address	Total SF	Available SF	Acreage	Divisible To	Lease Rate	Clear Height	Dock Doors	Cross Dock	Rail	Trailer Spaces	Developer Owner
Minooka Ridge #2 801 MidPoint Road Minooka	965,183	965,183	52.44	200,000	\$2.95/NNN	32'	162 ext	Yes	no	292 expandable	Opus
18801 Oak Park Avenue Tinley Park	915,643	915,643	60	250,000	Negotiable	32'	Up to 211	Yes	No	244	First Industrial
501 Internationale Parkway Minooka	849,691	849,691	43	849,691	\$3.20/NNN	32'	134 ext	Yes	Yes	243	ProLogis
702 Commerce Center Dr University Park	696,540	696,540	31.31	150,000	Negotiable	30'	70 ext	Yes	No	113	USAA
CenterPont Import DC 20901 Walter Strawn Dr. Elwood	1,182,500	599,294	63	200,000	Negotiable	32'	155 Ext	Yes	AVA	750	CenterPoint
2700 McDonough Joliet	578,526	578,526	40.62	100,000	\$2.50/NNN	20'-28'	9 int / 6 ext	No	no	150	Higgins Development
3451 South Chicago St Joliet	575,024	575,024	33.92	150,000	Negotiable	30'	68 ext	YES	No	315 proposed	JP Morgan Asset MNGMT
4100 Rock Creek Blvd Joliet	509,216	509,216	25	116,121	\$3.10/NNN	32'	73 ext	Yes	No	175	IDI
Heartland Corp Center Blding B 21228 Frontage Rd, Shorewood	1,080,000	492,869	52.19	250,000	Negotiable	30'	150 ext	YES	NO	200	ING