



Chicago's I-80 Submarket Review of Business Parks and Activity in 2004

From year end 2003 to the conclusion of 2004, the I-80 Corridor has undergone a transformation. With the PETsMART deal landing in the Interstate Commerce Center in Ottawa, the western edge of the Corridor has effectively been pushed out another 22 miles. On the other end of the Corridor, DP Partners has put their flag down in Sauk Village. Whereas the I-57 parks (Monee, University Park) were previously considered the eastern-most edge of the I-80 corridor, Sauk Village now expands the eastern boundary of the Corridor another nine miles towards the Indiana border. The net effect of this boundary expansion will take years to determine. Will places like Sauk Village and Ottawa become legitimate development destinations. Only time will tell.



Fourth Quarter Activity

While 2004 was ushered in by over 1,600,000 square feet of 1st Quarter transactions, 2004 ended with minimal activity. The Fourth Quarter of 2004 saw two lease expansions and two land transactions. TCB Development announced the 200,000 SF expansion of the Continental Refrigerated Systems building adjacent to their University Crossings business park in University Park. The original 280,000 SF building (completed in the summer of '04) consisted of 70,000 SF of leaseable warehouse space, a 192,000 SF freezer and 18,500 SF of office space with 22 docks. DP Partners closed on the first 100 acres at their 325 acre International Crossings Park in Sauk Village. Although the sale closed on December 29th, the exact value of the sale is hard to determine as there were several adjustments made to the price that were worked out in the development agreement with Sauk Village, the owner and seller of the site. In University Park, Solo (formerly Sweetheart Cup) began constructing a 645,000 SF expansion on their 907,000 SF distribution center. USAA is expecting completion in February. TCB also reported that they





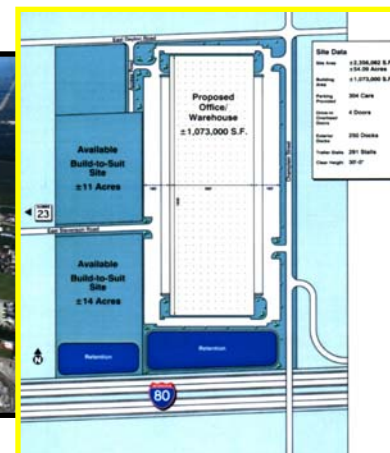
have acquired 110 acres directly west of Opus' Minooka Ridge Business Center in Minooka. TCB's acquisition of the Minooka site appears to be a high risk venture in light of the recent decision by the Village of Minooka regarding Opus' proposed business park (see below).

One of the bigger stories of the Fourth Quarter was the decision by the Village of Minooka to reject Opus' plan to develop the 220 acre Minooka Ridge Business Center at the northwest corner of the Ridge Rd./I-80 Interchange. After hiring an outside consultant to review their Comprehensive Plan, Minooka officials decided not to approve Opus' site plan, citing concerns over truck traffic and interchange improvements. Opus was set to take down approximately 100 acres in December 2004. Opus is appealing Minooka's rejection of their project. It is our opinion that until Minooka completes it's Comprehensive Plan revisions and until the Opus situation is resolved, Minooka is off the map as a possible location for new business park development.

2004 Overview

Even with the lack of activity in the Fourth Quarter, the year as a whole was a positive one. Over 3,100,000 SF of build-to-suit and speculative lease transactions were completed in 2004 right on the heels of the 2003 total of 3,800,000 (the most ever). The I-80 Corridor continued to establish itself as a premier location for regional and national distribution. Most major developers that have yet to establish a park along I-80 are either searching for a location or are working to close on a site. ProLogis is set to close on the 160 acre Park 80 development in Morris in the 1st Quarter of 2005 and First Industrial is looking to close on its 156 acre Heartland Corporate Center in Shorewood a short time after. Some of the largest transactions of 2004 were:

PETsMART (1,000,000 SF) - Signed in the 3rd Quarter of 2004, the PETsMART deal was a build-to-suit for lease with McShane Corp. at the Interstate Commerce Center in Ottawa. PETsMART decided on Ottawa because of it's central location as well as the \$2.7 million worth of incentives they received. PETsMART is paying \$2.63/SF/NNN with 1.5% annual increases over 10 years.





TNT Logistics (720,000 SF) - After an extensive and exhaustive search of all sites in the I-80 corridor, TNT decided on LFI's Bailly Ridge Corporate Center in Monee. Parks located along I-57 have attracted the attention of many users because of the low tax rates and TIF districts and TNT Logistics was no exception. TNT signed a 10 year lease at \$2.30/SF/NNN with the gross rate being somewhere in the neighborhood of \$3.00/SF. The building is a highly specialized, single-loaded building with 51 docks, parking for 114 trailers and 6,500 SF of office.

Sanyo Logistics (400,600 SF) - Located in CenterPoint's Deer Run Park Sanyo leased 400,600 SF of the existing 600,000 SF speculative facility constructed in early 2002. Sanyo relocated from their building in Bolingbrook. The deal was for five years at \$2.50/SF/NNN.

Arnold Logistics (374,000 SF) - The Ryan Companies landed Arnold Logistics in their first spec. building at Laraway Crossings in Joliet. Construction began in late 2003 with Arnold signing their lease prior to completion and taking possession in the second quarter of 2004. Arnold is paying \$2.76/SF/NNN over a five year term.

I-80 Business Park Overview

Below is a chart depicting the I-80 business parks that have land ready to build on or space available as of the end of 2004:

Park	Developer	Location	Total Size (Acres)	Total Building SF	2005 Speculative Development	2004 Transactions
Commerce Center	USAA	University Park	250	1,400,000	450,000 SF Under Construction	None
University Crossings	TCB	University Park	180	-0-	455,000 SF: Walls Up	None
Bailly Ridge	LFI	Monee	307	720,000	None	TNT Logistics: 720,000 SF- 10 YR- \$2.30/SF/NNN
International Crossings	DP Partners	Sauk Village	325	-0-	412,615 SF Under Construction	None
Cherry Hill	Northern Builders	New Lenox	Up to 1,000	1,300,600	282,000 SF Under Construction	Moulding & Millwork: 205,000 SF Land Takedown: 290 acres @ \$72,000/acre
Laraway Crossings	Ryan Companies	Joliet	352	374,400	475,000 SF: Walls Up	Arnold Logistics: 374,000 SF- 5 YR- \$2.76/SF
Southfield	TCB	Joliet	38	535,000	91,000 SF & 444,000 SF Ready For Occupancy	None
Rock Run	IDI	Joliet	400	2,772,000	509,000 SF Ready For Occupancy	Madison Warehouse: 121,451 SF- 5 YR- \$3.20/SF/NNN
Deer Run	Centerpoint	Elwood	2,000	2,450,000	1,000,000 SF: Walls Up	Sanyo Logistics: 400,600 SF- 5 YR- \$2.50/SF/NNN
International Centre South	Catellus	Minooka	425	1,434,000	None	Unknown BTS for Sale Under Construction
Interstate Commerce Center	McShane	Ottawa	80	1,000,000	None	PETsMART: 1,000,000 SF- 10 YR- \$2.63/SF/NNN





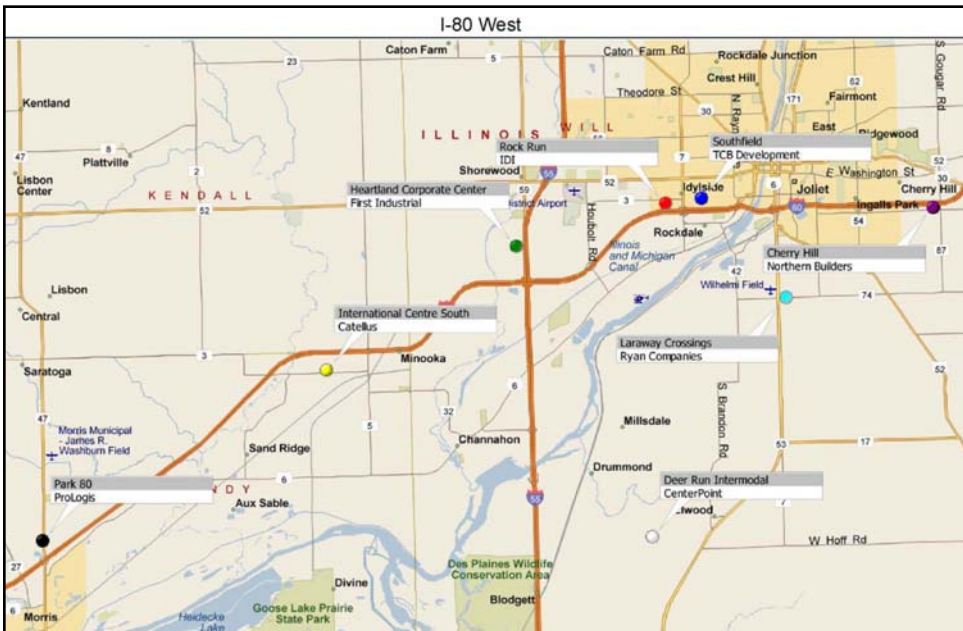
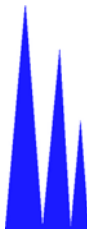
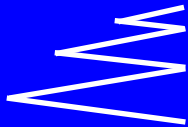
Vacancy

The overall vacancy rate for the I-80 corridor at year end was 11.6%. This vacancy number includes all industrial buildings from Monee/University Park through Mokena/Tinley west through Joliet and Minooka into Morris. We estimate the total industrial base at approximately 31,000,000 square feet. As the majority of Champion clients are uninterested in second generation, manufacturing and smaller multi-tenant buildings, we have developed what we call our Class A Distribution Space vacancy rate. Our Class A Vacancy Rate is calculated by distilling down the overall I-80 industrial base to only buildings classified as distribution buildings with a minimum 24' clear ceiling. Using these criteria, our Class A industrial base is approximately 16,000,000 square feet with 1,128,172 square feet available which yields us a Class A Vacancy of 7% on December 31, 2004.

With approximately 650,000 SF of speculative space ready for occupancy in the I-80 corridor and an additional 3,600,000 SF under construction with expected Second Quarter delivery, 2005 is shaping up to be a milestone year for the Corridor. The I-80 Corridor has established itself as a speculative development market over the past two years. Developers who have committed to going spec have had good success. Champion is currently tracking over 3 million square feet of users that may end up in the I-80 Corridor in 2005. We expect the vacancy rate will increase slightly in 2005 while net effective rents will move down 2^{1/2} to 4 percent. Below is a chart depicting the location and progress of all speculative facilities in the I-80 Corridor:

Business Park	Developer	Size (SF)	Status (as of January 14, 2005)
Southfield	TCB	91,000	Ready For Occupancy
Cherry Hill	Northern Builders	282,000	Steel is up. Northern is expecting pre-cast to go up before February.
International Crossings	DP Partners	412,000	Pad work and site improvements underway.
Commerce Center	USAA	450,000	Grading & Pad Work Underway
University Crossings	TCB	455,000	All walls are up. TCB expects a mid-second quarter delivery.
Rock Run	IDI	509,000	Nearing Completion. Should be ready for occupancy sometime in early March.
Heartland	First Industrial	541,000	Planning Phases
Deer Run	CenterPoint	1,000,712	75% of the walls are up. Looking at late second quarter delivery.
Laraway Crossings	Ryan	475,000	Walls are up. Ryan expecting late second quarter to early third quarter delivery.
Southfield	TCB	444,000	Ready for occupancy.
Park 80	ProLogis	465,000	Planning Phases.







Summary

Champion Professionals have been actively working in the I-80 Corridor since 1995. In 2001 Champion together with Professional Real Estate Services of Newport Beach, CA, successfully represented Kellogg's in their relocation to a 1,034,000 SF build-to-suit facility in International Centre South, Minooka. Currently, Champion is representing First Industrial Realty Trust and ING in their acquisition of land in Shorewood, for the Heartland Corporate Center. In addition, Champion is representing ProLogis Trust in the acquisition of land in Morris for ProLogis Park 80. Champion Professionals continue to research and bring to market other development sites in the I-80 Corridor.

For more information on Champion projects in the I-80 Corridor including ProLogis Park 80 and the Heartland Corporate Center please contact:



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