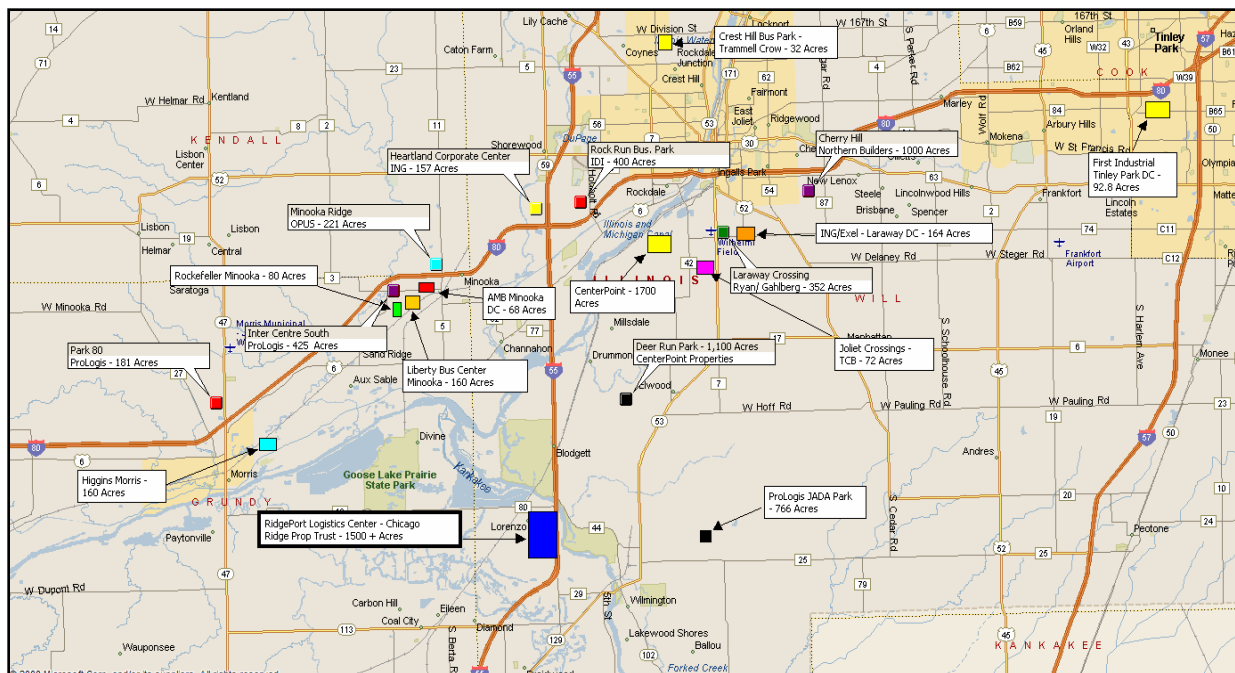




Chicago's I-80 Corridor Year-End 2007 Industrial Report

The Land Rush Is On

IDI planted the first flag in the I-80 Corridor in the early 1990s with the opening of the Rock Run Business Park. The ensuing dozen or so years saw a few other developers stake a position in the Corridor most notably CenterPoint Properties with their Deer Run multi-modal development in Elwood. Northern Builders extended the eastern limits of the Corridor to New Lenox with their Cherry Hill Business Park and ProLogis extended the western limits to Morris with their Park 80 project. 2007 however, will go down in history as the most active land acquisition year in I-80 Corridor. Currently over 3,000 acres of raw land has either sold or is under contract from New Lenox to Morris (east to west) and Crest Hill to Wilmington (north to south). There are 14 established business parks in the I-80 Corridor with 8 new parks in various stages of construction (some with speculative buildings under construction). Additionally, developers are in various stages of acquisition/entitlements for 9 more parks within the Corridor.





Major Sites in Play

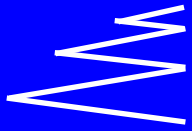
Location	Acres	Developer	Status
Laraway Rd / Route 53 Joliet	1700 +/-	CenterPoint Properties	Purchased land from Keating Resources and others.
Wilmington	184	ProLogis	Can acquire up to 750+ acres
Mills Road, Joliet	55 +/-	Duke	Plan a 900K SF + spec
Clow Property, Morris	151	Duke	Site is 4 miles north of I -80
Amoco Site, Joliet	269	Higgins Dev	Close to BNSF Intermodal
Route 6 Site, Morris	158	Higgins Dev	Site south of I-80
Route 53 south of Chi Motor Speedway	230	Verus Partners	Purchased
Dutcher Farm New Lenox	107 +/-	H S A	Site Under Contract
Pasquinelli Site, Lockport	230	ML Realty	Site Under Contract
Lewis Farm	200	Seefried	Site Under Contract

So what should we make of all the land acquisition and what appears to be an endless supply of land for development. Having lived through the various stages of the I-55 Corridor's development from emerging market in the mid 80's to now an almost completely built out market an abundance of land and developers appears to be perfectly normal at this stage in the I-80 Corridor's development. Speculative development is a major key to making each new park a success. Build-to-Suit opportunities which were the life blood of the early I-55 Corridor are in short supply at this stage in the I-80 Corridor's development. Big box speculative development (500,000 SF to 1,000,000 SF or more) is a necessity for parks in the I-80 Corridor but almost unheard of in the early stages of the I-55 Corridor. It is safe to say that there will be tough competition for every large lease opportunity and little rent growth for many years. But the future of distribution/warehouse development in Chicago is the I-80 Corridor. Those developers who don't secure a position now risk the possibility of being shut out of the game. Land prices within the Corridor have gone from \$30,000 per acre two years ago to over \$70,000 per acre today with no downturn in land prices in sight.

Transactions

The largest lease transaction of 2007 was Kraft Worldwide's leasing of the 806,400 SF ProLogis Park 80 inventory building in Morris. Kraft reviewed site opportunities for some 6 months before selecting Park 80 as the new distribution home for their cookies and snacks division. Kraft signed a 60 month lease with options to extend the lease and options to expand the facility up to 1.7 million SF. Tenant improvements included 300 trailer stalls, 150 exterior docks and a 150,000 SF temperature/humidity controlled area. Kraft received generous real estate tax abatement from Grundy County and the local taxing bodies. Kraft took occupancy the 3rd Quarter of 2007. Champion assisted ProLogis with the Kraft lease.





ProLogis Park 80

ProLogis also signed a long term lease agreement for a build-to-suit facility for BMW at ProLogis' Internationale Centre South Park in Minooka. The 306,000 SF facility will be a state of the art auto parts distribution center for BMW. The Minooka build-to-suit was part of a two building build-to-suit package. ProLogis is under construction in Pennsylvania with an 870,000 SF BMW distribution facility.

In the 4th Quarter Federated Stores (Macy's) purchased Opus North's first inventory building at the Minooka Ridge Business Park. The 861,438 SF cross dock building at the northwest corner of Ridge Road and I-80 allows for some expansion. Market sources indicate the facility was sold in a warm shell state for approximately \$38/SF. Building parameters include 84 exterior docks, 106 car parking and a 32' clear ceiling.

IKEA Stores was involved in the largest fully improved land purchase in the I-80 Corridor in 2007. The retailer purchased approximately 72 acres within the Laraway Crossing Business Park in Joliet (Laraway Rd and Route 53). Municipal sources in Joliet indicate IKEA plans on constructing a 750,000 SF distribution center expandable to 1,500,000 SF and will employ some 150 people when the facility is operational. The net useable site was sold for approximately \$3.17/SF.

Speculative Development

As of December 31, 2007 there is approximately 4.7 million square feet of Class A warehouse/distribution space available for lease in the I-80 Corridor. This translates into a Class A vacancy rate of approximately 16%. It is important to note that the vacancy rate in an emerging market such as the I-80 Corridor (and the I-55 Corridor in the mid 90s) is not a





reliable indicator of the health of the market. One 750,000 SF transaction can change the vacancy rate significantly. At Champion we prefer to look at gross absorption as the primary indicator of market health for emerging markets. As of December 31, 2007 Champion is tracking 8 user requirements in the I-80 Corridor ranging from 400,000 SF to 1.2 million SF which should land in 2008. On the flip side developers including Opus North, TCB Development and AMB have approximately 5.5 million square feet of space under construction most of which will be completed and ready for occupancy by the 1st Quarter of 2008. Additionally ProLogis and Ridge Property Trust plan on breaking ground for large inventory buildings in the I-80 Corridor in 2008.

The largest new development in the I-80 Corridor is the RidgePort Logistics Center - Chicago located at Lorenzo Road and I-55. RidgePort is a 1500 acre plus multi-modal business park. Together, the BNSF Railroad and Ridge Property Trust control approximately 2500 acres planned for rail related warehousing and transportation uses. Ridge Property Trust expects to begin construction of a 1 million square foot inventory building expandable to 1.5 million SF in 2007. The building will feature a 38 foot clear ceiling, 195 exterior docks and 244 trailer stalls (all features expandable). BNSF rail service will be a tenant option. At completion the Park will contain some 18 million square feet of distribution/warehousing space. Champion Realty Advisors assisted Ridge Property Trust in assembling the RidgePort properties and is marketing agent for the Park.



RidgePort





Below is a table listing the currently available speculative buildings in the I-80 Corridor.

Name Address	Total SF	Available SF	Clear Height	Dock Doors	Cross Dock	Rail	Trailer Spaces	Developer Owner	Office SF	Comment
21700 Mark Collins Drive LogistiCenter at Sauk Village	776,515	260,443	32'	102 ext	NO	Yes	38 expandable	ProLogis	to suit	EJ&E Rail service installed - no expansion
Commerce Center University Park	700,000	402,990	30'	70 ext	Yes	no	90 expandable	USAA	to suit	New Construction ready for occupancy - expandable to 1.37M SF
Phase II Cherry Hill Spec 6	522,520	522,520	20'-30'	60 ext	Yes	no	60 expandable	Northern Builders	to suit	New Construction ready for occupancy - expandable to 900K SF
Joliet Distribution Center	476,988	476,988	30'	140 ext	Yes	no	40 expandable	Lincoln Property	to suit	New Construction ready for occupancy - no expansion
University Crossings #1	455,892	261,378	30'	80 ext	Yes	no	45 expandable	Principal Financial	to suit	Partially leased in 2006 - Located in Monee low tax (TIF) area
Crest Hill Building #1	420,000	420,000	32'	100 ext	NO	Yes	40	Trammell Crow	to suit	New Construction ready for occupancy - no expansion EJ&E Rail to the site
Laraway Crossings A	374,000	374,000	30'	40 ext	Yes	no	50 expandable	Ryan Companies	to suit	Was leased to Arnold Logistics - bldg can be expanded to 750K SF
Heartland Corp Center Bldg B Shorewood	1,080,000	1,080,000	30'	150 ext	YES	NO	200	ING	To Suit	Projected completed August 2007 - no expansion

Summary

With a cautious eye on the still emerging subprime mortgage situation and its effect on capital cost and availability Champion expects gross absorption in the I-80 Corridor to exceed 5,000,000 SF in 2008. The most successful developments will be those that have one or more of the following key features: (1) close proximity to the BNSF LPC intermodal in Elwood; (b) an aggressive in-place economic incentive program; (3) direct rail service to their park. Large space users with excellent credit will drive lease rates down for most of 2008 due in large part to the number of options that will be available to them.



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