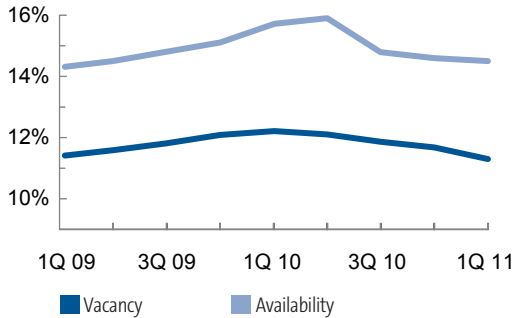
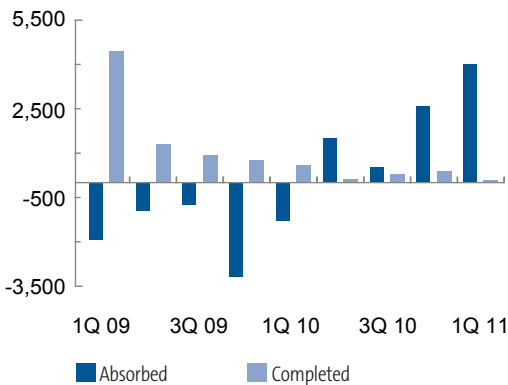


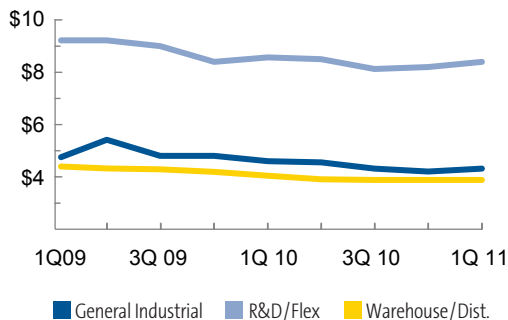
Vacancy & Availability Rates



Completions vs. Absorption (in Thousands of SF)



Asking Rental Rates (\$/SF/Yr./Triple Net)



Industrial Recovery Continues

The new year kicked off with positive momentum for the Chicago metro industrial area with vacancy falling to pre-2009 levels. Net absorption climbed to 4 million square feet, resulting in a vacancy decline of 40 basis points to 11.3 percent. Rental rates remained stable at around \$3.90 per square foot triple net and are not expected to drop any further. In recent months, landlords have been standing firm on asking rents and some have been pulling back on tenant allowances. Lease terms have averaged between 3 and 5 years for renewals. Sales activity is returning as seen by one of the quarter's most significant investment transaction involving the 211,000-square-foot R&D/flex facility in Aurora.

The food sector remains very active while manufacturing and distribution demand is still low. Wirtz Beverage Illinois has plans to construct a new \$70-million warehouse and office facility at Sportsman's Park in Cicero. The proposed 600,000-square-foot development is on land formerly used as a horse-racing track. When the new building is completed next year, Wirtz plans to consolidate its other existing warehouses near O'Hare Airport to the Cicero site. The move will result in approximately 700,000 square feet of combined negative absorption in the O'Hare market.

Both the U.S. and Illinois unemployment rates fell significantly to 8.8 percent in the last month, a low not witnessed since first quarter 2009. As a result of Japan's earthquake and tsunami in March, Chicago manufacturers could observe (Continued on next page)

FORECAST

- A rise in investment sales activity should remain strong for core industrial product.
- LEED certification and green initiatives are predicted to grow due to end-user cost benefits as well as the preservation of future facility longevity.
- With the merger of AMB and ProLogis, the market is expected to witness a rise in portfolio sales in the next 6-12 months. Once combined, the company will own 37 million square feet in the Chicago area.

KEY TRANSACTIONS

LaSalle Investment Mgmt
purchased
740 ProLogis Parkway
Romeoville, IL
from Colony Realty Partners
for \$30.2 Million

Central American Warehouse
renewed
397,000 SF
at 10320 Werch Drive
Woodridge, IL
from Crane & Norcross

Schwarz Supply Source
leased
373,000 SF
at Torrence Avenue
Sauk Village, IL
from Mirvac Industrial Trust

* Indicates Transaction Represented by Grubb & Ellis

Industrial Trends Report—First Quarter 2011

Chicago, IL



By Submarket	Total SF	Vacant SF	Vacancy %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		WH/Dist	R&D/Flex
Central Will	57,590,676	10,574,995	18.4%	22.3%	537,677	537,677	1,687,600	\$3.17	\$7.42
Far North	95,194,136	11,552,233	12.1%	13.7%	153,301	153,301	214,745	\$4.43	\$9.07
Fox Valley	76,954,985	9,100,057	11.8%	17.8%	379,095	379,095	182,000	\$3.74	\$8.55
I-39 Corridor	31,388,024	5,300,356	16.9%	21.1%	78,320	78,320	650,000	\$3.23	\$4.88
I-55 Corridor	72,505,700	6,683,738	9.2%	13.8%	1,662,566	1,662,566	-	\$3.72	\$10.34
I-88/South DuPage	8,126,988	817,769	10.1%	13.2%	(33,181)	(33,181)	-	\$3.88	\$11.02
McHenry	18,163,591	2,468,783	13.6%	14.6%	(634)	(634)	-	\$4.26	\$6.90
Near North	54,848,981	4,553,606	8.3%	11.0%	72,500	72,500	54,000	\$4.24	\$8.45
North City	83,797,117	8,592,089	10.3%	9.8%	32,044	32,044	-	\$5.03	\$7.84
North DuPage	85,177,332	8,523,287	10.0%	14.0%	590,698	590,698	-	\$3.91	\$9.13
North Kane	25,544,053	2,632,483	10.3%	13.2%	215,480	215,480	-	\$4.93	\$10.84
Northwest	38,090,833	3,918,480	10.3%	15.1%	50,089	50,089	-	\$4.10	\$8.04
NW Indiana	22,909,679	2,904,568	12.7%	18.2%	(1,000)	(1,000)	-	\$2.99	\$6.24
O'Hare	98,093,143	11,086,600	11.3%	14.4%	(129,957)	(129,957)	-	\$4.42	\$7.57
South City	109,861,919	9,490,237	8.6%	12.4%	(86,033)	(86,033)	-	\$3.94	\$6.25
South Cook	72,791,907	8,500,586	11.7%	14.7%	589,231	589,231	-	\$3.35	\$7.84
West Cook I	58,099,705	6,837,335	11.8%	14.8%	(103,286)	(103,286)	-	\$3.64	\$8.48
West Cook II	30,577,529	3,507,417	11.5%	13.6%	13,478	13,478	-	\$4.37	\$6.93
Totals	1,039,716,298	117,044,619	11.3%	14.5%	4,020,388	4,020,388	2,788,345	\$3.90	\$8.42

By Property Type	Total SF	Vacant SF	Vacancy %	Available %	Current Qtr	Year To Date	Under Construction SF	ASKING RENT	
								WH/Dist	R&D/Flex
General Industrial	359,173,132	34,210,535	9.5%	12.9%	893,783	893,783	-	\$4.36	
Incubator	43,724,407	1,466,204	3.4%	5.1%	66,812	66,812	-	\$6.50	
R&D/Flex	60,287,847	8,781,800	14.6%	16.3%	355,153	355,153	89,000	\$8.42	
Warehouse/Distribution	576,530,912	72,586,080	12.6%	16.0%	2,704,640	2,704,640	2,699,345	\$3.90	
Totals	1,039,716,298	117,044,619	11.3%	14.5%	4,020,388	4,020,388	2,788,345	\$4.37	

(Continued from front) a slowdown in production as overseas industries, especially electronics and automotive, were heavily impacted.

The I-55 Corridor had the highest level of absorption at 1.6 million square feet. Diageo North America's 800,000-square-foot deal at the Bolingbrook Distribution Center accounted for half of this absorption. In addition, Synnex Information Technologies, Vistar of Illinois and Premier Transportation each took occupancy of space exceeding 100,000-square-feet in this submarket.

With the availability rate at 16 percent for warehouse/distribution product, industrial users have the upper hand with location options. Job creation remains a concern and several municipalities are offering incentives and tax breaks. Synergy Flavor's new expansion in Wauconda will receive over \$600,000 in tax credits and around \$16,000 for work training from the state and the Engis Corporation will receive Class 6b tax assessment incentive allowing them to expand their 67,000-square-foot building by another 54,000 square feet this year.

The market is poised to enter a recovery phase; however, pre-"Great Recession" leasing and sales activity won't be witnessed for another 12 to 24 months. With positive absorption reported this quarter, the Chicago industrial market is positioned for continued improvement in 2011.

INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and

sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance

and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

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