

Indicators Show Bottom Is Near *Certain micro-markets begin to show turnaround*

Vacancy Continues to Rise

Overall vacancy in the suburban market rose to 24.0% in the first quarter of 2010, a 2.6 percentage point increase compared to the same time in 2009 and a 0.3 percentage point rise since year-end 2009. The North Suburbs has been hit the hardest over the last year, measuring a 5.7 percentage point increase to 21.9% when compared to first quarter 2009. Meanwhile, the Northwest Suburbs has fared the best with a modest gain in vacancy, increasing 1.9 percentage points to 26.1% when compared to first quarter 2009.

Decline in Sublease Space Allows Overall Rents to Rise

While overall vacancy in the suburban market is still on the rise, decreasing sublease vacancy is an indicator the bottom may be near. Sublease vacancy for first quarter 2010 dropped to 2.4%, a 0.3 percentage point decrease from the 2.7% rate posted at year-end 2009. This is a positive sign for the market that was largely hit by corporate downsizing and consolidations during the peak of the recession. The decrease in sublease space available, whether through natural lease expiration or having been leased, has brought the overall asking rental rate up to \$20.48 per square foot (psf), a ten cent increase over the \$20.38 psf total posted at the end of 2009.

What Lies Ahead

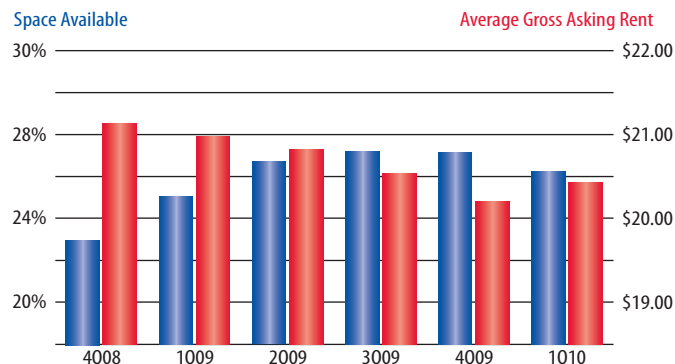
Tenant demand was still falling in first quarter, however when compared to the 2009 total, it is on a much slower pace. Overall net absorption totaled negative 283,778 square feet (sf) during the first three months of 2010, which is slightly more than one-tenth of the negative 2,362,696 sf posted during all of 2009. Large institutional users have slowed their shedding of space and micro-markets have started to emerge as areas of strength within the marketplace. In the eastern portion of the East/West Corridor as well as in the Northwest Suburbs, velocity is starting to increase for tenants requiring 10,000 sf or less of space. As a whole the suburban market is still down, but it appears the bottom is in sight. New activity amongst smaller tenants is starting to appear that will assist in bringing the market into positive territory.

Noteworthy Leases

Tenant	Address	Sq. Ft.	Type
Career Education Corporation	231 North Martingale Road, Schaumburg	317,200	Relocation/Consolidation
Federal Deposit Insurance Corporation	200 North Martingale Road, Schaumburg	150,700	New
Rasmussen Inc.	1415 West 22nd Street, Oak Brook	61,844	Relocation
Protective Life Insurance	2345 Waukegan Road, Bannockburn	47,000	Renewal/Expansion
Canon Business Solutions	425 North Martingale Road, Schaumburg	46,520	Renewal
Valspar Corporation	8725 West Higgins Road, Chicago	40,000	Relocation/Expansion
DePaul University	8770 West Bryn Mawr Road, Chicago	38,000	Relocation
Idex Corp.	1925 West Field Court, Lake Forest	32,165	Relocation
NorthShore University HealthSystem	909 Davis Street, Evanston	20,000	Renewal

By the numbers

Chicago Suburbs – Availability vs. Rental Rates



Chicago Suburbs - Existing Buildings 1Q 2010

Existing RBA - Overall (863 buildings)	90,799,988
Existing RBA - Class A (278 buildings)	54,343,043
Existing RBA - Class B (494 buildings)	32,145,437
Existing RBA - Class C (91 buildings)	4,311,508
Total Vacant Square Feet	21,823,600
Percent Vacant	24.0%
Total Available Square Feet	23,936,387
Percent Available	26.4%
Gross Average Asking Rental Rate (Overall)	\$20.48
Year-to-Date Net Absorption	(283,778)

200 South Michigan Avenue
18th Floor
Chicago, IL 60604

Inside: Chicago Suburban Office Market Report – 1Q'10

Bradford Allen Market Meter - Chicago Suburban Office Space



Year-to-Date Net Absorption (SF)

The change, positive or negative, in physically occupied space during the year to date.



Availability (%)

The total amount of space being marketed for lease, regardless of current occupancy, including sublease space.



Average Gross Asking Rental Rate (\$)

The weighted average gross asking price per square foot of all available space, weighted by number of square feet available.

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