

CBD Downturn Slows Its Pace

As the market downturn decelerates, more tenants are entering the market early to examine their options. Are we approaching the bottom?

Downturn continues – but is not accelerating

CBD rental rates moved lower and the trend points to a continuing drop through the year, but at a slower rate. The current average gross asking rate, \$28.97 per square foot is a \$0.62 drop from first quarter when the average gross asking rate was \$29.59 per square foot. The previous quarter saw a drop of \$0.52 per square foot.

The second quarter 2009 year-to-date net absorption is negative 2,157,607 square feet. In contrast, the second quarter of 2008 year-to-date net absorption was positive 1,290,948 square feet.

During the second quarter available space increased to 13.6% from 12.5% at the end of the first quarter. This increase of 1.1% matches the increase seen in the first quarter.

Increasing activity

As more space options come available and rental rates continue to drop, more tenants are entering the market early to examine their opinions. Lower asking rates, increased concessions, and landlords' willingness to negotiate are giving tenants the ability to make a change or renegotiate with greater latitude, even with several years of lease term remaining.

Shared office spaces are enjoying greater demand

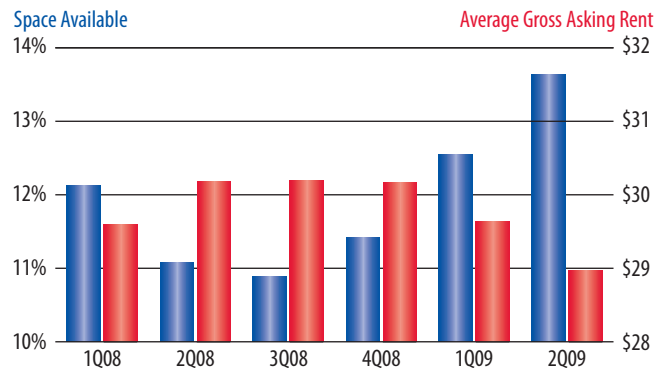
As larger firms shrink in size or close their doors, some of the displaced employees are creating businesses of their own. This trend has created increased demand for shared office space. New shared office spaces have been announced at two locations in the CBD – Barrett Office Suites and Services LLC has taken 28,000 square feet at 135 South LaSalle Street, and The OfficeLinks, an upscale provider of shared office space, has opened its first Chicago location at 233 South Wacker Drive, where it has taken 30,000 square feet. Over time, as these small businesses grow, the market can anticipate an increase in demand for smaller office suites.

Noteworthy Leases

Tenant	Address	Sq. Ft.	Type
Chicago Trading Company (CTC, LLC)	440 South LaSalle Street	87,400	Relocation - Expansion
Smurfit-Stone Container Corporation	222 North LaSalle Street	50,931	Relocation - Downsizing
Schofield Media Group LLC	200 East Randolph Street	33,241	Relocation - Expansion
Nixon Peabody LLP	300 South Riverside Plaza	32,000	Relocation - Expansion
Barrett Office Suites & Services LLC	135 South LaSalle Street	28,000	New
Cozen O'Connor	333 West Wacker Drive	27,000	Relocation - Downsizing
American Board of Medical Specialties	222 North LaSalle Street	22,000	Relocation - Expansion
WH Trading LLC	125 South Wacker Drive	17,983	Relocation - Expansion
BSA LifeStructures	35 East Wacker Drive	11,800	Relocation - Expansion
WP Global Partners, Inc.	155 North Wacker Drive	10,281	Relocation

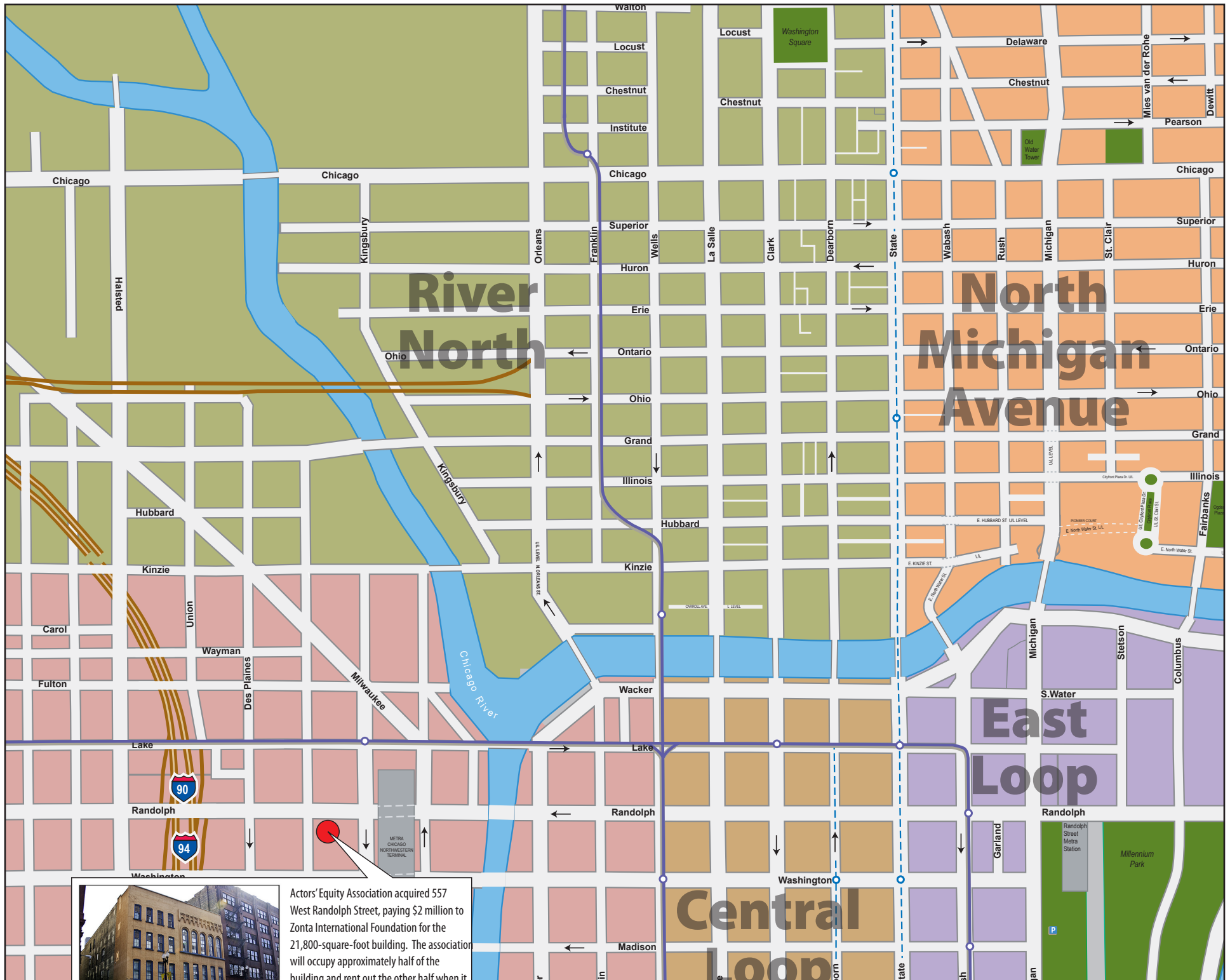
By The Numbers

Chicago CBD – Availability vs. Rental Rates



Chicago CBD - Existing Buildings 2Q 2009

Existing RBA - Overall (584 buildings)	153,941,179
Existing RBA - Class A (81 buildings)	69,303,526
Existing RBA - Class B (203 buildings)	58,466,160
Existing RBA - Class C (300 buildings)	26,171,493
Total Vacant Sq. Ft.	19,536,818
Percent Vacant	12.7%
Total Available Sq. Ft.	20,978,366
Percent Available	13.6%
Gross Average Asking Rental Rate (Overall)	\$28.97
Year-To-Date Net Absorption	(2,157,607)

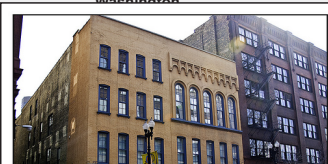


River North

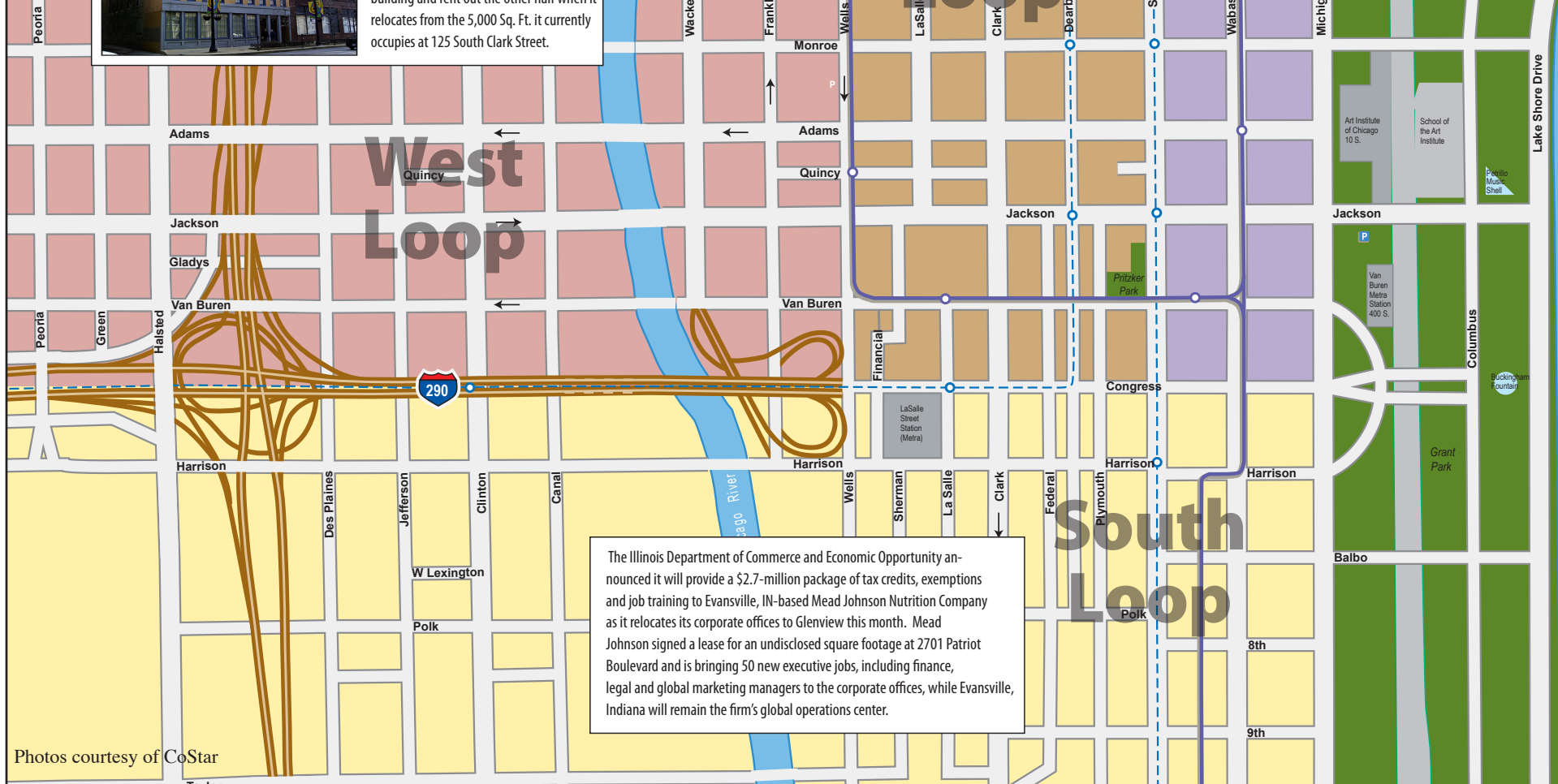
North Michigan Avenue

East Loop

Central Loop



Actors' Equity Association acquired 557 West Randolph Street, paying \$2 million to Zonta International Foundation for the 21,800-square-foot building. The association will occupy approximately half of the building and rent out the other half when it



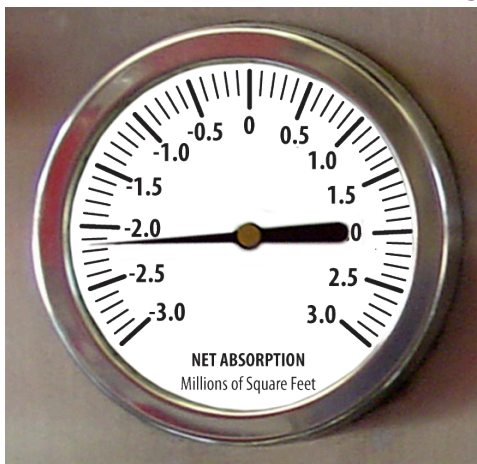
Chicago CBD Office Market Statistics – 2Q'09

	Overall CBD	River North	North Michigan Avenue	West Loop	Central Loop	East Loop	South Loop
Total Inventory (Sq. Ft.)	153,941,179	17,012,301	15,708,534	51,689,558	39,864,340	26,217,814	3,448,632
Total Sq. Ft. Available	20,978,366	2,081,161	1,710,277	7,036,990	5,437,874	4,392,524	319,540
Percent Available	13.6%	12.2%	10.9%	13.6%	13.6%	16.8%	9.3%
Year-to-Date Net Absorption	(2,157,607)	769,555	(255,776)	(873,277)	(627,167)	(1,209,791)	38,849
Class A Gross Average Asking Rent (PSF)	\$32.27	\$36.12	\$34.76	\$32.28	\$32.10	\$30.36	N/A
Class B Gross Average Asking Rent (PSF)	\$27.12	\$25.79	\$27.17	\$28.62	\$28.29	\$24.53	\$17.00
Class C Gross Average Asking Rent (PSF)	\$21.46	\$20.42	\$22.34	\$22.18	\$21.43	\$22.05	\$19.22

200 South Michigan Avenue
18th Floor
Chicago, IL 60604

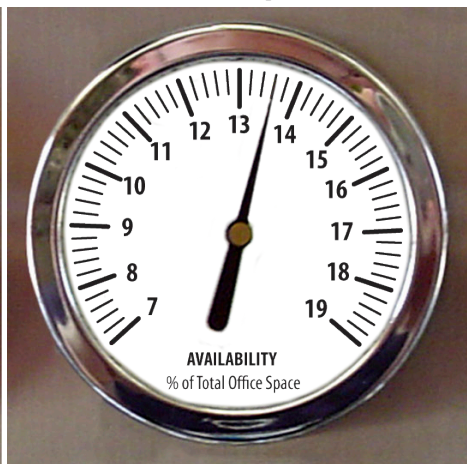
Inside: Chicago Downtown Office Market Report – 2Q'09

Bradford Allen Market Meter - Chicago Downtown 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.

Bradford Allen

200 South Michigan Avenue
18th Floor
Chicago, Illinois 60604

1920 South Highland Ave.
Suite 115
Lombard, Illinois 60148

2355 South Arlington Heights Rd.
Suite 370
Arlington Heights, Illinois 60005

312.994.5700 telephone
312.994.5701 facsimile

630.225.2600 telephone
312.994.5701 facsimile

847.483.8099 telephone
847.483.8061 facsimile

www.bradfordallen.com

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