

Office Market Continues to Show Signs of Stabilization

Investor confidence revisits the marketplace

Vacancy Starts to Stabilize

Indicators show the Central Business District (CBD) is steadying as we navigate the bottom of the downturn. Overall vacancy decreased nominally in the second quarter to 15.9%, from 16.0% posted in the first quarter, but still higher than the 15.0% overall vacancy rate at the beginning of the year. Sublease vacancy saw a decline as well, to 1.8%, a 0.1 percentage point decline from first quarter, and a 0.3 percentage point decrease over the first half of 2010.

However overall space availability in the CBD increased to 18.2%, a 0.4 percentage point rise over the first quarter rate of 17.8%, signaling the market has yet to fully stabilize. This has led to a \$0.16 reduction in overall rental rates to \$28.12 per square foot (psf) during the second quarter of 2010, from \$28.26 psf during the first quarter.

Tenant Demand Shows Some Improvement

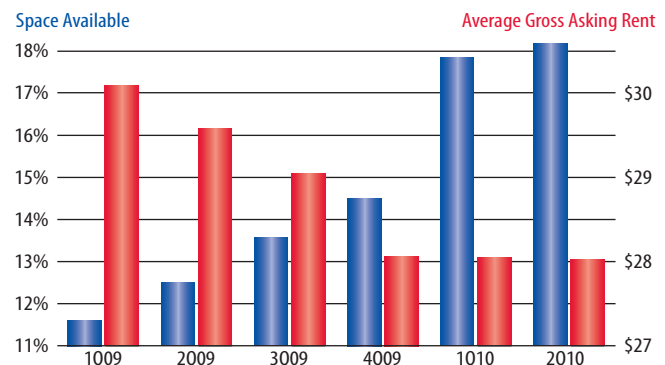
Overall net absorption (the net change in occupied space) during second quarter recorded positive 502,172 square feet (sf), the highest single quarter total in two years. This was aided by BP's move into just over 300,000 sf at 10 & 30 South Wacker Drive, but also by demand generated by tenants waiting on the sidelines during the last two years. For real market growth to be sustained, economic indicators including the addition of new jobs and consumer confidence growth must improve. Year-to-date, the overall net absorption remains negative totaling negative 917,000 sf, a much improved figure when compared to the negative 2.3 million square feet at the same time a year ago.

Increased Confidence in Asset Values

Investment sales activity, which has been mostly absent since the start of the economic downturn is improving due to the firming of asset values. Two properties, 29 South Wacker Drive and 180 North LaSalle Street, traded during the second quarter. Both sold at a lower price than what the previous owners paid, showing the change in asset values since 2007. Brighter days may be ahead as lenders are again showing a willingness to finance sales, as evidenced by 300 North LaSalle Street currently being under contract to sell for a downtown record \$500 psf and being secured by a \$325 million loan.

By the numbers

Chicago CBD – Availability vs. Rental Rates

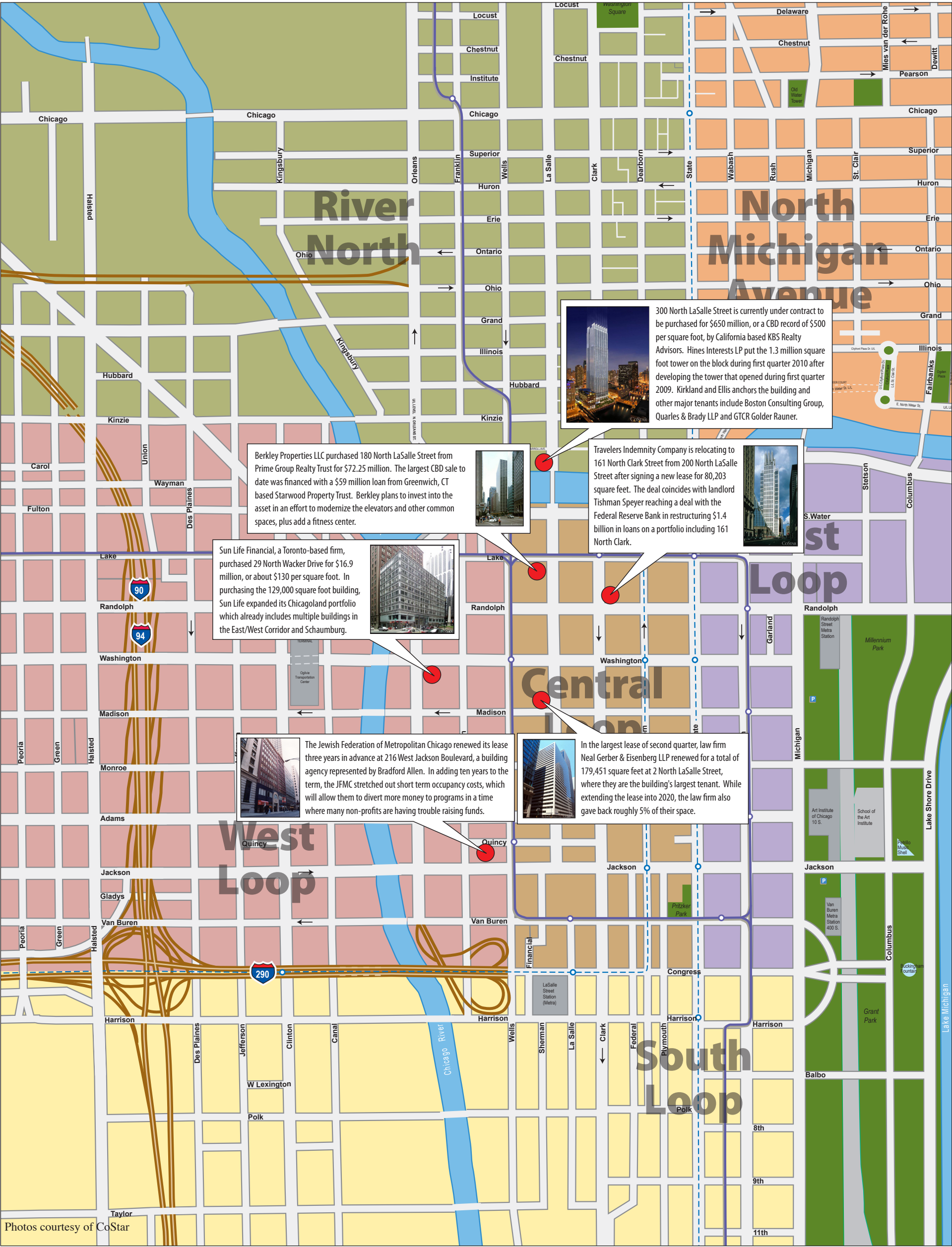


Chicago CBD - Existing Buildings 2Q 2010

Existing RBA - Overall (580 buildings)	154,316,460
Existing RBA - Class A (82 buildings)	72,445,339
Existing RBA - Class B (202 buildings)	57,288,078
Existing RBA - Class C (296 buildings)	24,583,043
Total Vacant Sq. Ft.	24,553,266
Percent Vacant	15.9%
Total Available Sq. Ft.	28,050,759
Percent Available	18.2%
Gross Average Asking Rental Rate (Overall)	\$28.12
Net Absorption	(917,252)

Noteworthy Leases

Tenant	Address	Sq. Ft.	Type
Neal Gerber & Eisenberg LLP	2 North LaSalle Street	179,451	Renewal
Getco, LLC	350 North Orleans	100,000	Relocation/Expansion
Synovate, Inc.	222 South Riverside Plaza	88,178	Renewal
Travelers Indemnity Company	161 North Clark Street	80,203	Relocation
The Jewish Federation of Metro Chicago	216 West Jackson Boulevard	40,396	Renewal
Brewer Investment Group	303 East Wacker Drive	30,919	Relocation/Expansion
Horwood Marcus & Berk	500 West Madison Street	29,000	Relocation/Expansion
TCS Education System	350 North Orleans Street	29,000	New
Neutral Tandem, Inc.	550 West Adams Street	27,555	Relocation/Consolidation
John Bean Technologies Corp.	70 West Madison Street	24,000	Relocation/Expansion
Vibes Media	300 West Adams Street	21,620	Relocation/Expansion



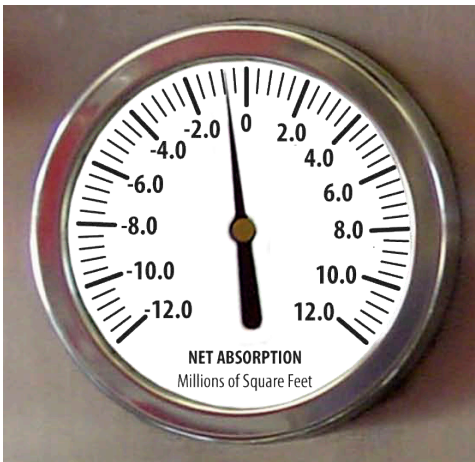
Chicago CBD Office Market Statistics – 2Q'10

	Overall CBD	River North	North Michigan Avenue	West Loop	Central Loop	East Loop	South Loop
Total Inventory (Sq. Ft.)	154,316,460	17,947,504	14,434,592	52,149,872	39,447,630	26,622,279	3,714,583
Total Sq. Ft. Available	28,050,759	2,879,900	2,644,492	9,552,611	6,813,342	5,772,623	387,791
Percent Available	18.2%	16.0%	18.3%	18.3%	17.3%	21.7%	10.4%
Year-to-Date Net Absorption	(917,252)	41,106	(191,965)	(429,613)	(155,499)	(148,855)	(32,426)
Class A Gross Average Asking Rent (PSF)	\$31.05	\$35.90	\$35.45	\$30.70	\$30.41	\$28.92	
Class B Gross Average Asking Rent (PSF)	\$26.65	\$26.53	\$21.78	\$26.88	\$27.84	\$26.01	\$26.10
Class C Gross Average Asking Rent (PSF)	\$20.95	\$19.26	\$22.74	\$21.31	\$20.77	\$22.23	\$18.99

200 South Michigan Avenue
 18th Floor
 Chicago, IL 60604

Inside: Chicago Downtown Office Market Report – 2Q'10

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.

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