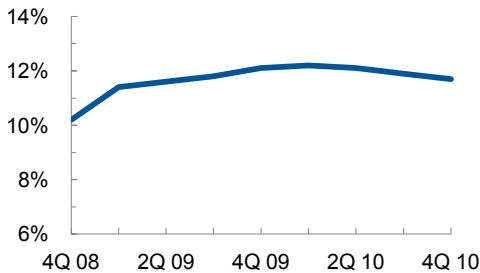


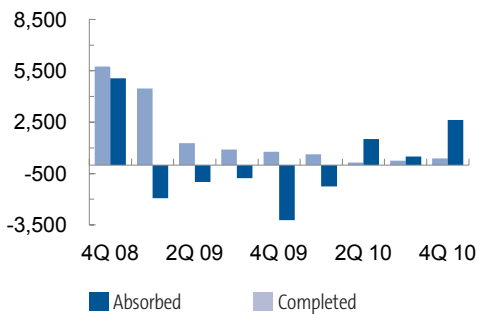


Vacancy Rate



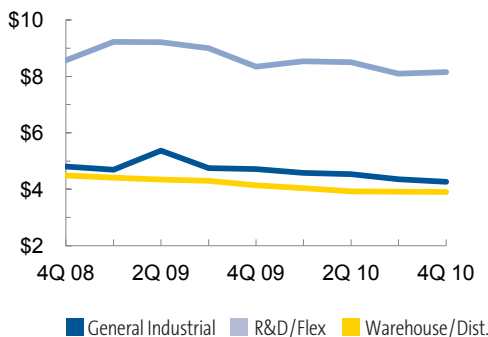
Completion vs. Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr./Triple Net)



Build-to-Suit Activity on the Rise

The Chicago industrial market vacancy fell 20 basis points to 11.7 percent during the last quarter of 2010. According to the Bureau of Labor Statistics, the U.S. unemployment rate for November was at 9.8 percent. Illinois unemployment is slightly lower at 9.6 percent. Employment for the logistics and manufacturing sector has been improving since last year; however, the housing and construction industries are still down. On a positive note, the Institute for Supply Management reported that the U.S. manufacturing sector is expanding, demonstrated by a rise in the manufacturing activity index, increasing from 56.6 in November to 57.0 in December.

Build-to-suit developments are on the rise as several companies are constructing larger distribution centers (DCs) and are consolidating operations. Location and tax incentives were among reasons fueling the deal for Clorox, currently developing a 1.35 million-square-foot DC in University Park. The company plans to relocate from its current 850,000-square-foot building in Minooka. 3M's 650,000-square-foot DC in Park 88 (DeKalb) is also underway. Venture One is developing the 3M project and the distribution center is slated for an April 2011 opening. Wirtz Corporation recently announced its proposal of a 600,000-square-foot building on the former racetrack site on Laramie Avenue in Cicero. The site was originally planned for a retail center, but due to the weak economy, that project never got out of the gate.

Large deals of the quarter included Navistar's 860,000-square-foot lease which involves expanding a 522,000-square-foot building by an additional 337,000 square feet at Cherry Hill Business Park in Joliet. The company executed a 13-year lease and will move its operations from West Chicago to the new building once completed. Hub One Logistics signed on for a 336,000-square-foot lease extension in Romeoville. Suncast Corporation's lease expansion of 330,000 square feet in Montgomery was completed this quarter as well as a 262,000-square-foot direct lease for Goglanian Bakeries at the Crest Hill Business Park.

(Continued on the next page)

FORECAST

- Chicago remains a key logistics hub driving BTS activity and demand for smaller distribution facilities is anticipated to grow as the economy gradually picks up
- Distressed sales activity is expected to increase in 2011
- Absorption is predicted to stay on a positive, upward trend in the coming quarters

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
■ Navistar International	Northern Builders	2700 W Haven Rd, Joliet	860,100
■ Duke Realty	State Teachers Retirement	1600 N 25th Ave, Melrose Park	458,000
■ Hub One Logistics *	Dugan Realty	1257 N Schmidt Rd, Romeoville	336,000
■ Suncast Corporation	CenterPoint Properties	900 Knell St, Montgomery	330,000
■ Goglanian Bakeries	Greco Foods	21511 Division St, Crest Hill	262,500

■ Leasing ■ Sales (R) = Renewal (S) = Sublease * Indicates Transaction Represented by Grubb & Ellis

Industrial Trends Report—Fourth Quarter 2010

Chicago, IL



GRUBB & ELLIS
From Insight to Results

By Submarket	Total SF	Vacant SF	Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current Qtr	Year To Date		WH/Dist	R&D/Flex
Central Will	56,094,484	11,358,338	20.2%	578,759	1,799,015	1,687,600	\$3.27	\$7.35
Far North	94,025,505	11,845,512	12.6%	557,831	839,285	214,745	\$4.48	\$8.17
Fox Valley	76,693,068	10,064,166	13.1%	469,700	(86,134)	182,000	\$3.71	\$8.85
I-39 Corridor	29,375,364	3,905,234	13.3%	49,000	323,553	650,000	\$3.17	\$4.92
I-55 Corridor	72,067,977	8,546,277	11.9%	(435,579)	1,299,705	32,065	\$3.58	\$9.44
I-88/South DuPage	8,076,977	784,587	9.7%	171,526	(35,701)	-	\$4.05	\$11.61
McHenry	15,281,816	2,184,006	14.3%	33,721	23,969	-	\$5.41	\$6.50
Near North	54,259,827	4,354,227	8.0%	276,370	(550,046)	-	\$3.97	\$7.90
North City	82,576,755	7,238,556	8.8%	196,110	170,787	-	\$4.98	\$5.90
North DuPage	84,780,561	9,280,475	10.9%	(379,333)	(425,583)	-	\$3.97	\$9.17
North Kane	25,317,808	2,855,192	11.3%	465,594	378,345	-	\$5.02	\$10.86
Northwest	38,030,806	3,927,689	10.3%	211,147	368,853	-	\$4.19	\$8.05
NW Indiana	21,661,339	2,617,568	12.1%	104,844	803,587	-	\$2.99	\$6.24
O'Hare	100,307,455	11,736,978	11.7%	812,708	57,483	-	\$4.67	\$8.73
South City	109,015,687	9,260,502	8.5%	(26,128)	(700,989)	91,000	\$3.80	\$6.16
South Cook	73,366,263	9,144,964	12.5%	(74,331)	91,395	-	\$3.25	\$7.25
West Cook I	58,034,965	7,015,624	12.1%	(590,724)	(1,092,175)	-	\$3.76	\$8.48
West Cook II	30,690,035	3,980,795	13.0%	202,058	407,547	-	\$4.06	\$8.52
Totals	1,029,656,692	120,100,690	11.7%	2,623,273	3,672,896	2,857,410	\$3.90	\$8.15

By Property Type	Total SF	Vacant SF	Vacancy %	Current Qtr	Year To Date	Under Construction SF	ASKING RENT	
							WH/Dist	R&D/Flex
General Industrial	357,440,819	37,049,563	10.4%	(485,665)	85,734	123,065	\$4.26	
Incubator	43,831,461	1,564,920	3.6%	71,112	(55,458)	-	\$6.58	
R&D/Flex	57,646,185	7,427,470	12.9%	318,767	153,489	35,000	\$8.15	
Warehouse/Distribution	570,738,227	74,058,737	13.0%	2,719,059	3,489,131	2,699,345	\$3.90	
Totals	1,029,656,692	120,100,690	11.7%	2,623,273	3,672,896	2,857,410	\$4.33	

(Continued from front) In the city of Chicago, redevelopments of older buildings remain prevalent. The former Campbell Soup plant at 2600 W. 35th Street sold for approximately \$4.3 million or \$6 per square foot. The two buildings total 683,000 square feet and will be redeveloped into a multi-tenant facility consisting of warehouse, office and loft space and will be named "55 Chicago Business Center." Other construction projects include the 91,000-square-foot development for Testa Produce is which is slated for completion in March of 2011, and Martinez Produce & Seafood, which is currently renovating a building at 340 N Sacramento Boulevard. The 23,000-square-foot building will be turned into a food-grade freezer/cooler facility, delivering in first quarter 2011.

The Chicago area closed the year with a slight uptick in investment activity. One of the largest transactions involved the 460,000-square-foot Melrose Business Center that Duke Realty Corporation purchased in an all-cash deal for \$28.4 million or \$62 per square foot with a reported cap rate of 7.5 percent. Chicago, as reported by Real Capital Analytics, closed over \$542 million in distressed assets in 2010.

With the Financial Accounting Standards Board's proposed new requirements for reporting real estate leases, rents will be categorized differently, which will impact tenants as well as landlords. For tenants, rent expenses would change from an expense to a liability, possibly fueling a demand for shorter lease terms which would not bode well for landlords. For the most part, the overall direction of the Chicago industrial market is positive and encouraging as rental rates have flattened and absorption figures are trending upwards.

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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