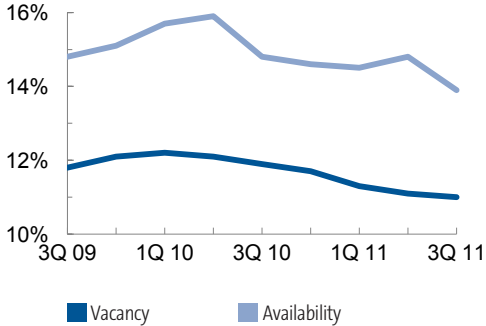
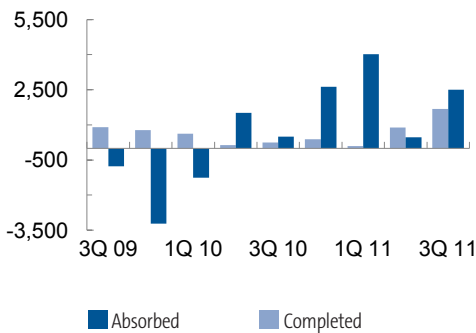


Vacancy & Availability Rates



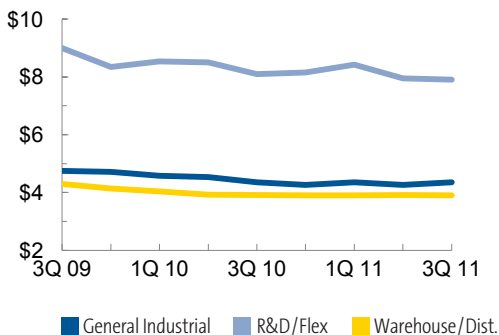
Completions vs. Absorption

(in Thousands of SF)



Asking Rental Rates

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



Rearview Mirror Recession

Industrial activity gained momentum in the third quarter as manufacturers and warehouse users absorbed over 2.5 million square feet, resulting in a vacancy rate decline of 10 basis points to 11 percent. The Central Will submarket led the way with over 860,000 square feet of positive absorption contributed in part by Electrolux and Saddle Creek. Total year-to-date absorption totals just over 6.5 million square feet, not far off from absorption stats of 2007-Q3 when the level reached 7.3 million square feet. Warehouse/distribution rental rates remained relatively flat at \$3.90 per square foot net, while R&D/flex rates declined by five cents to \$7.90 per square foot net. While the “Great Recession” is behind us, economic concerns continue to plague the nation with low consumer confidence and an elevated jobless rate. Chicago metro area unemployment climbed by 70 basis points since July 2010, now standing at 10.4 percent. The national unemployment rate has held steady around 9.1 percent, but is nearly twice the pre-recession levels which were around 4.6 percent in mid-2007.

Investment sales have improved over the past quarters. Many private REITs, investors, equity funds and developers are chasing after deals for well leased, core product. According to a recent Real Capital Analytics report, institutional owners are the strongest buyers in Chicago, followed by private investors. TA Associates Realty acquired a fully leased, four-property bulk portfolio in the North DuPage submarket for \$57.2 million or \$90.37 per square foot. (Continued on next page)

FORECAST

- Intermodal development growth is expected to spur demand for rail accessible warehouse buildings in Will County.
- Lease rates are anticipated to remain flat through the end of 2011.
- Continued demand for freezer and cold storage space prevails in the South Cook and Chicago City markets.

KEY TRANSACTIONS

<p>Electrolux leased 495,000 SF at 801 NW Midpoint Rd, Minooka, IL from Opus North Corporation</p>	<p>Saddle Creek Corporation leased 415,800 SF at 20901 Walter Strawn Dr, Elwood, IL from CenterPoint Properties</p>	<p>Molto Capital LLC purchased 3451 S Chicago St Joliet, IL from JP Morgan Chase Bank for \$18.2 Million</p>
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* Indicates Transaction Represented by Grubb & Ellis

Industrial Trends Report—Third Quarter 2011

Chicago, IL



GRUBB & ELLIS
From Insight to Results

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	59,800,796	10,783,927	18.0%	18.6%	862,903	1,526,850	657,600	\$3.13	\$7.40
Far North	95,194,136	11,899,426	12.5%	13.7%	166,174	(193,892)	234,745	\$4.46	\$9.00
Fox Valley	77,650,985	7,388,211	9.5%	12.7%	462,687	2,261,207	-	\$3.64	\$8.13
I-39 Corridor	30,538,784	3,050,470	10.0%	16.4%	593,302	1,478,966	565,556	\$2.89	\$4.60
I-55 Corridor	72,505,700	6,967,349	9.6%	13.5%	(283,692)	1,563,275	-	\$3.79	\$10.63
I-88/South DuPage	8,126,988	768,445	9.5%	13.0%	(26,245)	16,143	-	\$4.66	\$11.27
McHenry	18,215,308	1,957,697	10.7%	12.3%	(42,770)	(62,499)	-	\$4.09	\$5.41
Near North	54,976,063	4,647,700	8.5%	10.9%	6,418	45,488	54,000	\$4.23	\$8.21
North City	83,821,097	8,414,704	10.0%	10.7%	(90,193)	198,229	-	\$4.68	\$5.67
North DuPage	85,384,759	8,946,332	10.5%	15.1%	36,100	375,080	-	\$3.93	\$9.17
North Kane	25,544,053	2,769,801	10.8%	15.7%	263,708	78,162	-	\$4.89	\$10.67
Northwest	38,090,833	4,200,803	11.0%	14.4%	(239,055)	(232,234)	-	\$4.13	\$8.20
NW Indiana	22,909,679	2,752,346	12.0%	12.9%	409,780	151,222	-	\$3.00	\$6.24
O'Hare	98,104,937	10,732,220	10.9%	14.1%	15,503	(95,329)	-	\$4.41	\$6.93
South City	109,663,330	10,396,537	9.5%	13.2%	(411,623)	(1,165,141)	-	\$4.25	\$5.89
South Cook	72,791,907	8,323,242	11.4%	15.1%	393,117	766,575	267,000	\$3.22	\$7.47
West Cook I	58,099,705	6,735,999	11.6%	14.7%	320,194	(96,265)	-	\$3.65	\$8.31
West Cook II	30,574,785	3,550,079	11.6%	16.0%	72,341	(31,928)	-	\$4.40	\$6.93
Totals	1,041,993,845	114,285,288	11.0%	13.9%	2,508,649	6,583,909	1,778,901	\$3.90	\$7.90

By Property Type	Total SF	Vacant SF	Vacancy %	Available %	Current Qtr	Year To Date	Under Construction SF	ASKING RENT
General Industrial	359,133,886	34,642,021	9.6%	13.2%	(803,275)	(277,136)	287,000	\$4.35
Incubator	43,690,963	1,627,791	3.7%	5.1%	5,912	(107,719)	-	\$6.51
R&D/Flex	60,293,927	8,409,731	13.9%	16.5%	137,809	172,211	54,000	\$7.90
Warehouse/Distribution	578,875,069	69,605,745	12.0%	14.8%	3,168,203	6,796,553	1,437,901	\$3.90
Totals	1,041,993,845	114,285,288	11.0%	13.9%	2,508,649	6,583,909	1,778,901	\$4.36

(Continued from front) The 633,490-square-foot portfolio was purchased from IDI. In another portfolio sale, Duke Realty Corporation bought a three-property asset totaling just over 693,930 square feet from Seefried Properties for \$51.8 million or \$74.65 per square foot.

Construction activity remains low with just over 1.7 million square feet currently in progress. The 1.3-million-square-foot build-to-suit (BTS) for Clorox delivered and the company will make its move from Minooka to University Park in early 2012. BTS development is currently dominating the Chicago metro industrial market. McShane Development will break ground next quarter on a 362,500-square-foot BTS for Edward Don Company, a leading distributor of foodservice equipment. Winkpak Portion is building a 267,000-square-foot facility at LogistiCenter in Sauk Village. Winkpak received a \$1.6-million business investment package from the State of Illinois to assist in funding the project. Completion is expected by spring of 2012. Meridian Design Build began construction on a 100,000-square-foot warehouse and distribution facility in Loves Park which Danfoss Drives, a company specializing in speed drives and electronic motor controls, will be leasing by year-end.

Leasing activity remained strong this quarter, with net effective rents for large deals, 200,000-plus square feet, ranging between \$1.75 and \$2.80 per square foot. This is a significant discount from pre-recession levels when effective rents averaged \$3.72 per square foot. The majority of deals have been new leases, typically with three to six months of free rent. Despite continued economic woes, the Chicago industrial market's overall activity remains buoyant and should stay positive throughout the remainder of 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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