

A Slow Road to Recovery in the Suburbs

With available space at an all-time record, office space bargains are everywhere. Vacancy is likely to rise slightly over the next few quarters during the recovery.

Rental Rates Hold Steady

Asking rental rates in the suburban market have held nearly even with last quarters' rates. The second quarter gross average asking rental rate of \$20.57 represents a rise of four cents per square foot over the first quarter. With record availability rates and continued layoffs throughout the suburbs, rates are likely to continue to drop.

Market Losses are Increasing

Second quarter 2009 year-to-date net absorption ended at a loss of 4,596,950 square feet. This is a two million square foot increase since first quarter 2009, which ended at a net loss of 2,671,178 square feet. Continuing drops in rented space have affected landlords in all submarkets. For some owners, foreclosure proceedings are already in progress, and more are likely to follow.

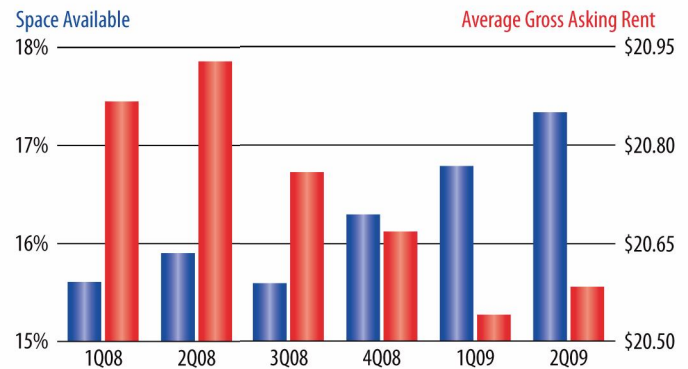
Availability stands at an all-time high of 17.8%, increasing a full percentage point from 16.8% in the first quarter. Available sublease space held even, dropping less than 16,000 square feet from 3,629,334 square feet in the first quarter of to 3,613,342 square feet. As reports of layoffs and office closings and consolidations continue, this number is expected to rise.

Suburban Recovery is Likely to be Slow

While financial markets are showing early signs of recovery, the suburban office market is likely to lag several quarters behind. Expect vacancy to rise slightly before the market begins to reverse into positive growth.

By The Numbers

Chicago Suburbs – Availability vs. Rental Rates

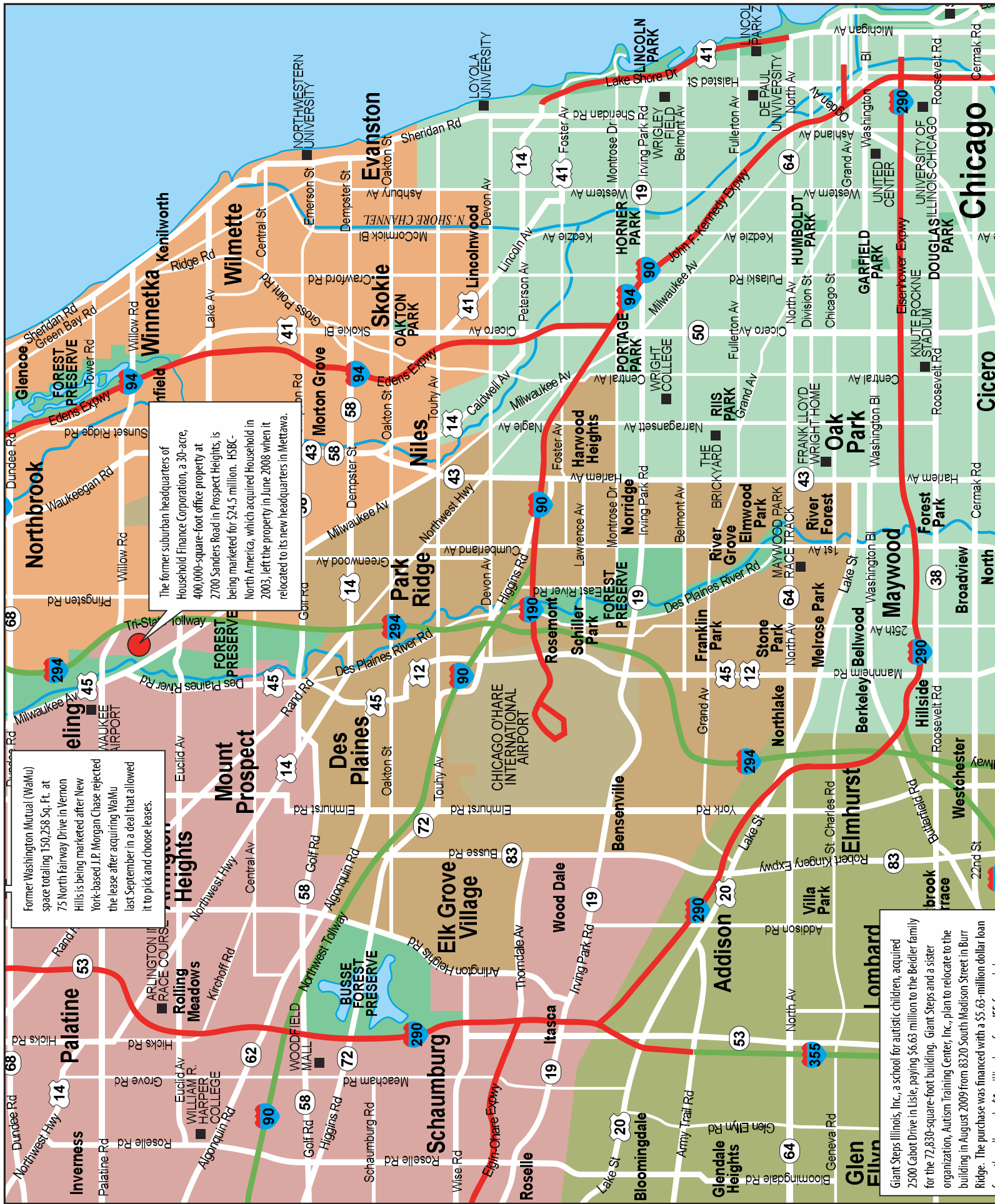


Chicago Suburbs - Existing Buildings 2Q 2009

Existing RBA - Overall (3,940 buildings)	218,156,564
Existing RBA - Class A (435 buildings)	79,452,864
Existing RBA - Class B (2,457 buildings)	109,024,896
Existing RBA - Class C (1,048 buildings)	29,678,804
Total Vacant Sq. Ft.	37,676,712
Percent Vacant	17.3%
Total Available Sq. Ft.	38,741,702
Percent Available	17.8%
Gross Average Asking Rental Rate (Overall)	\$20.57
Net Absorption	(4,596,950)

Noteworthy Leases

Tenant	Address	Sq. Ft.	Type
StayWell Custom Communications	909 Davis Street, Evanston	24,000	Relocation - Expansion
Xchanging plc	8755 West Higgins Road, Chicago	22,000	New
KemperSports	500 Skokie Boulevard, Northbrook	21,000	Renewal - Expansion
Clearwire Communications, LLC	9801 West Higgins Road, Rosemont	20,688	New
Continuum Data Centers, LLC	835 Oak Creek Drive, Lombard	20,076	New
Corus America Inc.	475 North Martingale Road, Schaumburg	20,000	Renewal
Science Applications International Corporation (SAIC)	1751 West Diehl Road, Naperville	14,603	Relocation
Leaders Bank	903 Commerce Drive, Oak Brook	12,326	Relocation
The Penn Mutual Life Insurance Company	8770 West Bryn Mawr Avenue, Chicago	8,215	New
Play Mechanix, Inc.	800 Roosevelt Road, Glen Ellyn	8,104	Renewal
Medical Business Consultants - Midwest, Ltd. CPA's	155 North Pfingsten Road, Deerfield	8,000	Relocation
CommVault	1 Pierce Place, Itasca	7,000	Relocation



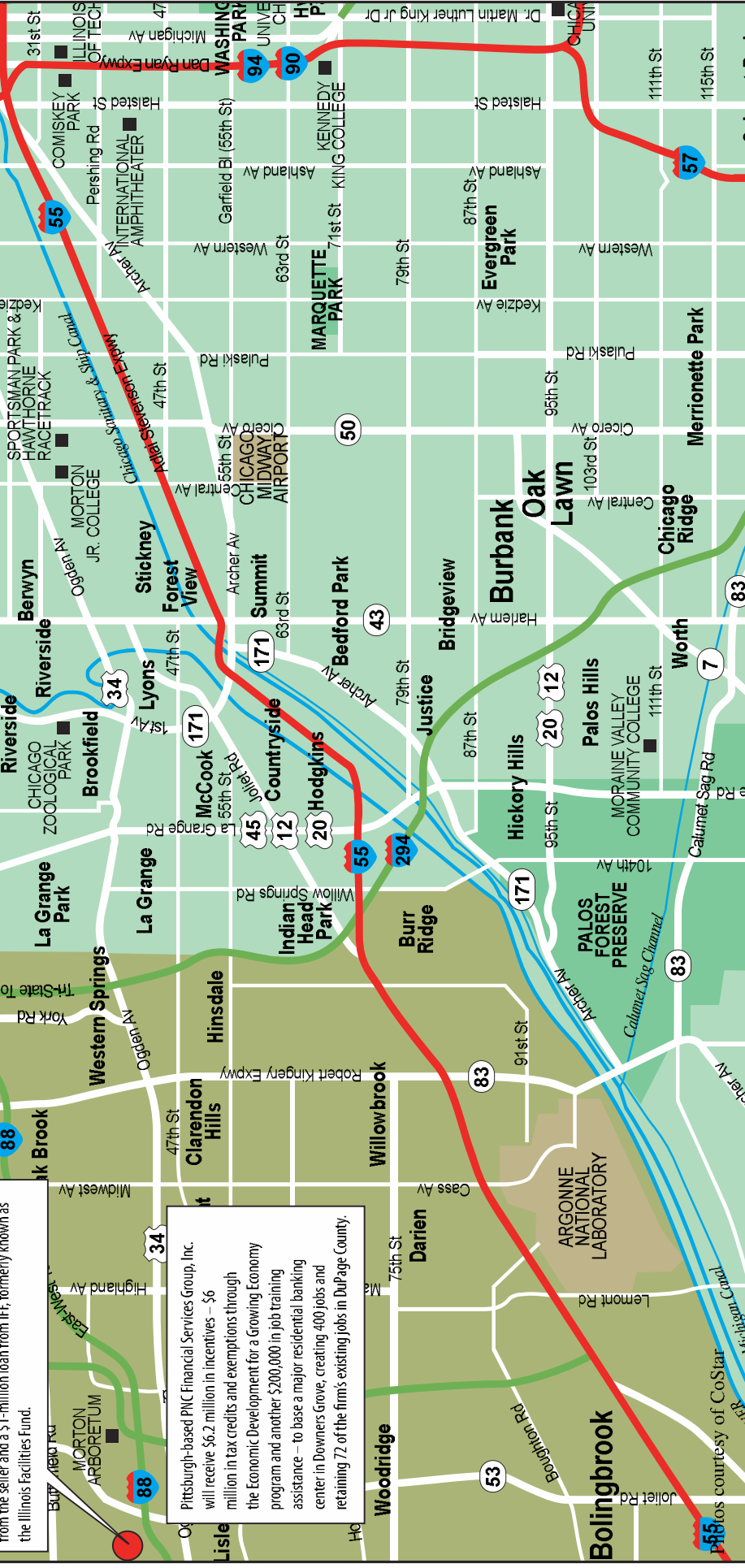
The former suburban headquarters of Household Finance Corporation, a 30-acre, 400,000-square-foot office property at 2700 Sanders Road in Prospect Heights, is being marketed for \$24.5 million. HSBC, which acquired Household in 2003, left the property in June 2008 when it relocated to its new headquarters in Mettawa.

Former Washington Mutual (WaMu) space totaling 150,258 Sq. Ft. at 75 North Fairway Drive in Vernon Hills is being marketed after New York-based J.P. Morgan Chase rejected the lease after acquiring WaMu last September in a deal that allowed it to pick and choose leases.

Giant Steps Illinois, Inc., a school for autistic children, acquired 2500 Cabot Drive in Lisle, paying \$6.63 million to the Beidler family for the 72,830-square-foot building. Giant Steps and a sister organization, Autism Training Center, Inc., plan to relocate to the building in August 2009 from 8320 South Madison Street in Burr Ridge. The purchase was financed with a \$5.63-million dollar loan

from the seller and a \$1.1-million loan from IFI, formerly known as the Illinois Facilities Fund.

Pittsburgh-based PNC Financial Services Group, Inc. will receive \$6.2 million in incentives – \$6 million in tax credits and exemptions through the Economic Development for a Growing Economy program and another \$200,000 in job training assistance – to base a major residential banking center in Downers Grove, creating 400 jobs and retaining 72 of the firm's existing jobs in DuPage County.



Chicago Suburban Office Market Statistics – 2Q'09

	Overall Suburban	East/West Corridor	North Suburbs	Northwest	O'Hare
Total Inventory (Sq. Ft.)	218,156,564	77,307,063	49,110,181	67,794,819	23,944,501
Total Sq. Ft. Available	38,741,702	13,550,739	6,961,152	13,052,826	5,176,985
Percent Available	17.8%	17.5%	14.2%	19.3%	21.6%
Year-to-Date Net Absorption	(4,596,950)	(1,107,209)	(772,501)	(2,312,203)	(548,650)
Class A Gross Average Asking Rent (PSF)	\$22.61	\$22.33	\$21.27	\$22.24	\$24.60
Class B Gross Average Asking Rent (PSF)	\$18.74	\$19.13	\$19.38	\$18.09	\$18.37
Class C Gross Average Asking Rent (PSF)	\$17.52	\$16.87	\$19.92	\$16.62	\$16.68



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

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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