CHICAGO SUBURBAN
Office Market Report

4Q '10

YTD Net Absorption
(19,750)

Availability
28.1%

Asking Rent
$20.19

Suburbs of Chicago

Despite sluggish leasing market, market fundamentals show signs of stabilization

The Chicago suburban office market appears to have reached its bottom in 2010. The overall annual net absorption (the net change in occupied space) and the year-to-date leasing activity seem to indicate that the market has begun to slowly recover. Annual net absorption was essentially flat in 2010, but still a clear reversal of the downward trend experienced in 2009, when the year ended with over 2.3 million square feet of negative net absorption. Another positive sign was the significant jump in leasing activity in 2010 with approximately 55% more square footage leased as compared to 2009. Investment sales saw an increase in transaction volume in 2010. This gain was supported by the loosening of the credit markets and stronger leasing activity as some tenants, benefiting from lower rental rates, chose to upgrade their spaces thereby making well occupied higher asset class properties more marketable to investors.

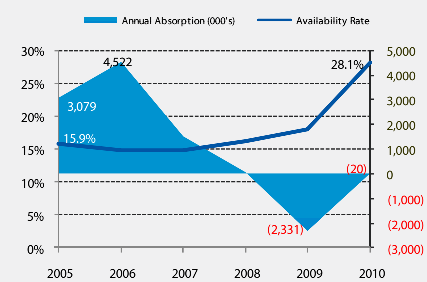
We saw a reduction in available sublease space in the Chicago suburbs in 2010 as natural lease expiration dates were reached, which was offset by an increase in direct space availability. As a result, the overall vacancy rate for 2010 remained stagnant at 24%. The reduction in sublease space being brought to market could be a sign that fewer companies are looking to downsize or are closing their doors.

Average asking rental rates for the Chicago suburban office market fluctuated in 2010, but remained relatively steady at year-end edging up $0.31 per SF from 2009, and now stands at $20.19 per SF. The Illinois unemployment rate fell for the ninth consecutive month from 10.9% in March to 9.3% in December, as reported by the IL Department of Employment Security. This factor along with the renewed vigor that the stock market experienced in 2010 has brought cautious optimism to many businesses located in the suburbs, pushing some to explore longer term lease commitments for office space. Should these trends continue and the other leading economic indicators improve, the market will most likely move towards greater stabilization and we can anticipate the suburban office markets to improve in 2011 as well.

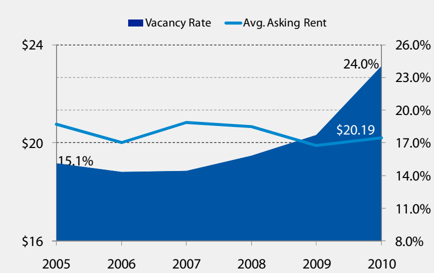
Suburban Outlook - 2011

- Watch for larger users of space to continue to move into the market as the economy and capital markets improve
- The "flight-to-quality" dynamic will likely continue as tenants sense that the relative bargains still in the market might be harder to secure in the future
- Rents should level off once demand increases, but increases may be likely
- Vacancy rates are probable t o tick down

Annual Absorption vs. Availability



Vacancy Rate vs. Avg. Asking Rent



Economic Indicators

	Q4 10	Q4 09
IL Unemployment	9.3%	10.9%
US Unemployment	9.8%	9.7%
Labor Force (in thousands)	6,666.8	6,593.6
US CCI	52.5	54.5

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Bradford Allen Office Market Report

Chicago Suburban ▪ Fourth Quarter 2010

Suburban Snapshot

Market Overview

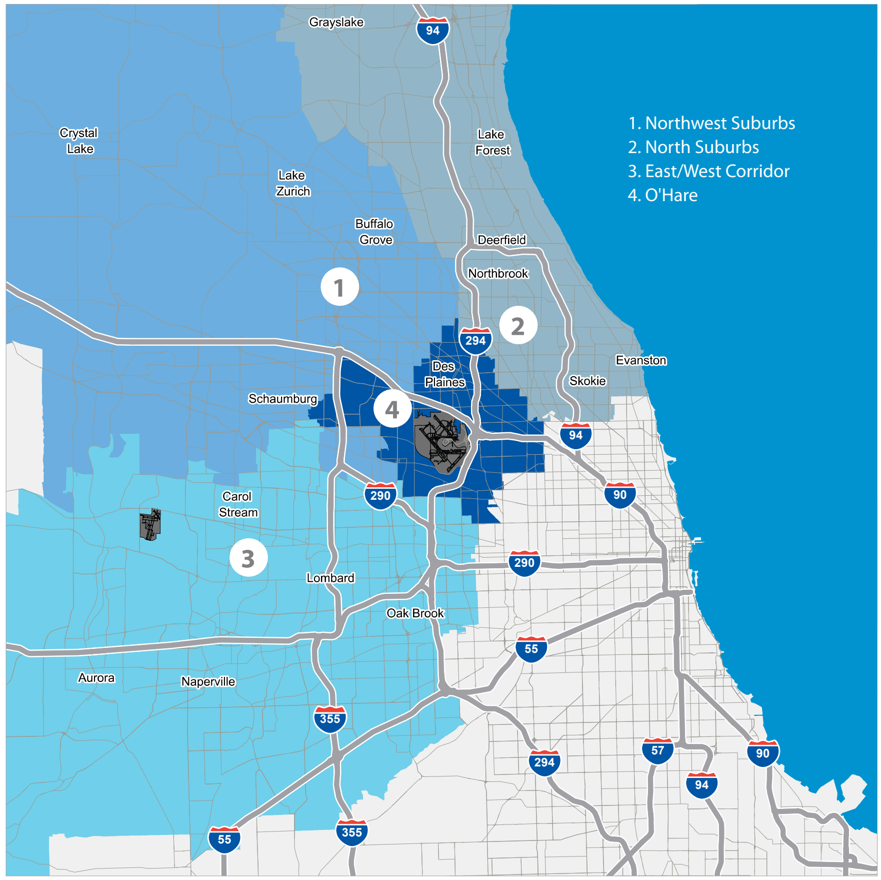
	2010	2009
Total Inventory	▲ 91,221,943	90,714,988
Overall Vacancy	▲ 21,869,194	21,461,935
Direct Vacancy	▲ 19,648,845	19,050,390
Sublease Vacancy	▼ 2,220,349	2,411,545
Overall Available	▲ 25,624,293	24,597,412
Direct Available	▲ 22,498,054	21,568,594
Sublease Available	▲ 3,126,239	3,028,818
Gross Avg Asking Rate	▲ $20.19	$19.88
Current Net Absorption	▲ 813,699	-374,397
YTD Net Absorption	▲ -19,750	-2,362,696

Noteworthy Leases

TENANT	SQ. FT.	TYPE	SUBMARKET
Wonderlic *400 N. Lakeview Pky*	26,116	Lease	North Suburbs
American Bank & Trust *2200 Cabot Dr*	14,199	Lease	East-West Corridor
Ericsson, Inc. *1300 E. Woodfield Rd*	11,539	Lease	Northwest Suburbs
Universal Ensco *2056 Westings Ave*	10,844	Lease	East-West Corridor

Suburbs

Office Submarkets



MARKET STATISTICS	INVENTORY	TOTAL AVAILABLE	PERCENT AVAILABLE	VACANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE ASKING RENT (ALL CLASSES)
SUBMARKET							
East West	38,985,834	1,020,123	28.3%	24.4%	81,156	(704,847)	$19.78
North Suburban	18,361,479	628,471	25.2%	21.2%	60,598	17,804	$20.72
Northwest Suburban	19,841,812	449,089	30.7%	25.5%	355,849	307,180	$20.23
O'Hare	14,032,818	122,666	27.7%	24.3%	316,096	360,113	$20.65
MARKET TOTALS (BY CLASS)							
Class A	54,432,390	1,914,107	28.0%	23.5%	557,795	(5,683)	$21.67
Class B	33,134,602	299,104	29.2%	25.5%	255,318	(20,478)	$18.58
Class C	3,654,951	7,138	18.5%	16.8%	586	6,411	$15.01
TOTAL	**91,221,943**	**2,220,349**	**28.1%**	**24.0%**	**813,699**	**(19,750)**	**$20.19**

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