

Market Continues to Decline

Rental rates continue to drop, and vacancies are increasing at a faster rate. With no signs of recovery before 2010, landlords offer larger concessions.

Rental Rates Are Dropping

Asking rental rates in all suburban submarkets continue to drop as Landlord's adjust to the new economic climate and compete against the growing flood of sublease space. The first quarter gross average asking rental rate of \$20.53 represents a drop of nearly \$0.50 per square foot over the last three quarters. As layoffs increase and sublease space continues to rise over the next few months, asking rates are likely to drop further.

Market Losses are Increasing

First quarter 2009 absorption ended at a net loss of 2,671,178 square feet. This is double the loss in absorption of over 1.3 million square feet seen in the fourth quarter of 2008. This sharp increase in the rate of negative absorption indicates the decline of the suburban market is not slowing, and recovery is unlikely to begin before mid-2010.

Availability stands at a three-year high of 16.8%, increasing from 15.6% in the third quarter. Available sublease space dropped from 3,818,065 square feet in the fourth quarter of 2008 to 3,629,334 square feet. As reports of layoffs and office closings and consolidations continue, this number is likely to rise significantly during the remainder of 2009.

Landlords Offer Larger Concessions

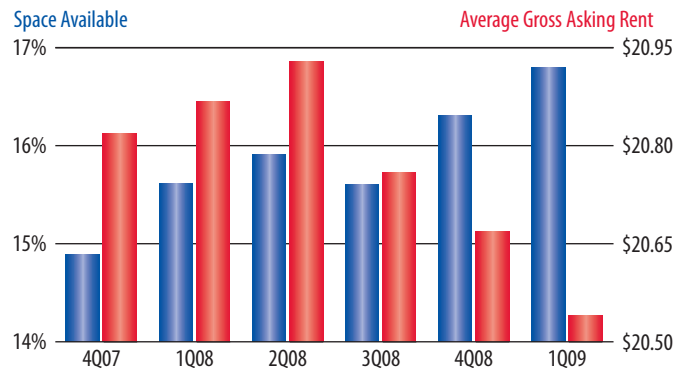
With no signs of recovery yet apparent, landlords have demonstrated a willingness to aggressively negotiate the terms and conditions under which they lease their space. Leases are being executed at rents well below asking rates with greatly increased concession packages. A number of landlords are also willing to consider proposals whereby they buy tenants out of their remaining obligations in other buildings or renew leases with their own tenants at lower rates even if they have several years of lease term remaining.

Noteworthy Leases

Tenant	Address	Sq. Ft.	Type
Central States Funds	9377 West Higgins Road, Rosemont	172,000	Renewal - Downsized
McCain Foods USA, Inc.	2275 Cabot Drive, Lisle	94,375	Renewal
Zebra Technologies Corporation	475 Half Day Road, Lincolnshire	44,000	Relocation - Expansion
PMA Financial Network, Inc.	2135 City Gate Lane, Naperville	33,778	Relocation - Expansion
Morgan Stanley	2211 York Road, Oak Brook	24,000	Renewal
KemperSports	500 Lake Cook Road, Deerfield	20,100	Relocation
DialAmerica Marketing, Inc.	900 Commerce Drive, Oak Brook	15,000	Relocation - Expansion
Yang Ming (America) Corp.	3025 Highland Parkway, Downers Grove	15,000	Relocation - Expansion
Siemens	2300 North Barrington Road, Hoffman Estates	14,896	New
Mediterranean Shipping Corporation	9701 West Higgins Road, Rosemont	14,463	New
PepsiCo Inc. (Frito-Lay)	1801 South Meyers Road, Oakbrook Terrace	11,749	New
CargoWise edi	1515 East Woodfield Road, Schaumburg	10,144	Relocation
The Hechtman Group Ltd.	5250 Old Orchard Road, Skokie	9,500	New
Laborer's International Union of North America	8770 West Bryn Mawr Avenue, Chicago	7,786	New

By The Numbers

Chicago Suburbs – Availability vs. Rental Rates



Chicago Suburbs - Existing Buildings 1Q 2009

Existing RBA - Overall (3,904 buildings)	216,580,728
Existing RBA - Class A (433 buildings)	78,653,249
Existing RBA - Class B (2,429 buildings)	107,456,310
Existing RBA - Class C (1,042 buildings)	30,471,169
Total Vacant Sq. Ft.	35,233,563
Percent Vacant	16.3%
Total Available Sq. Ft.	36,293,786
Percent Available	16.8%
Gross Average Asking Rental Rate (Overall)	\$20.53
Year-To-Date Net Absorption	(2,671,178)

Zebra Technologies Corporation signed a lease for 44,000 Sq. Ft. at 475 Half Day Road in Lincolnshire. The firm will relocate its executive offices in March from its headquarters at 333 Corporate Woods Parkway, as well as 100 South Milwaukee Avenue, both in Vernon Hills, where it occupies approximately 34,000 Sq. Ft., an expansion of 10,000 Sq. Ft. Zebra will keep operations such as sales and distribution at its current headquarters.

Schaumburg-based Motorola, Inc. is marketing its five-building, 1.1-million-square-foot office campus in Arlington Heights, located near Dundee Road and Route 53. Motorola plans to lease back the North Campus, three buildings totaling 692,400 Sq. Ft., for 10 years for two of the buildings and three years for the third building that totals 105,100 Sq. Ft. Motorola plans to vacate the South Campus – three buildings totaling 428,500 Sq. Ft. – by June 2010.

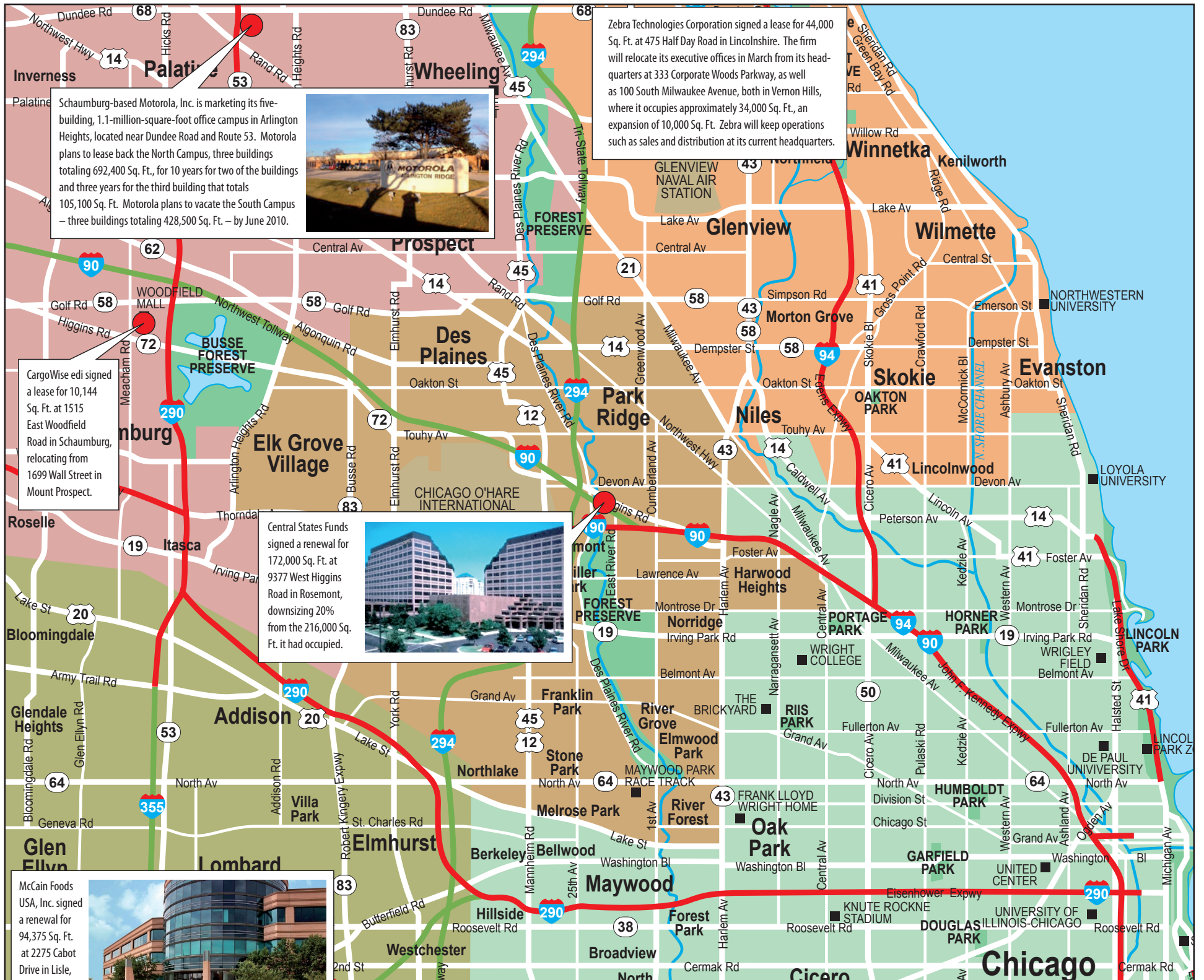
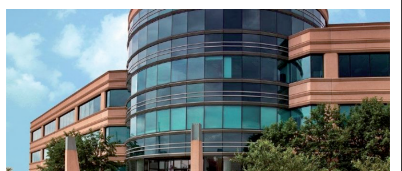


CargoWise edi signed a lease for 10,144 Sq. Ft. at 1515 East Woodfield Road in Schaumburg, relocating from 1699 Wall Street in Mount Prospect.

Central States Funds signed a renewal for 172,000 Sq. Ft. at 9377 West Higgins Road in Rosemont, downsizing 20% from the 216,000 Sq. Ft. it had occupied.



McCain Foods USA, Inc. signed a renewal for 94,375 Sq. Ft. at 2275 Cabot Drive in Lisle, the entire 4





Chicago Suburban Office Market Statistics – 1Q'09

	Overall Suburban	East/West Corridor	North Suburbs	Northwest	O'Hare
Total Inventory (Sq. Ft.)	216,580,728	77,323,579	48,133,364	67,724,441	23,399,344
Total Sq. Ft. Available	36,293,786	13,427,742	6,060,948	11,919,760	4,885,336
Percent Available	16.8%	17.4%	12.6%	17.6%	20.9%
Year-to-Date Net Absorption	(2,183,596)	(648,969)	(68,939)	(1,210,057)	(255,631)
Class A Gross Average Asking Rent (PSF)	\$22.71	\$22.98	\$21.97	\$21.95	\$23.94
Class B Gross Average Asking Rent (PSF)	\$18.95	\$19.18	\$19.66	\$18.21	\$18.74
Class C Gross Average Asking Rent (PSF)	\$16.77	\$16.98	\$18.16	\$16.67	\$15.28

200 South Michigan Avenue
18th Floor
Chicago, IL 60604

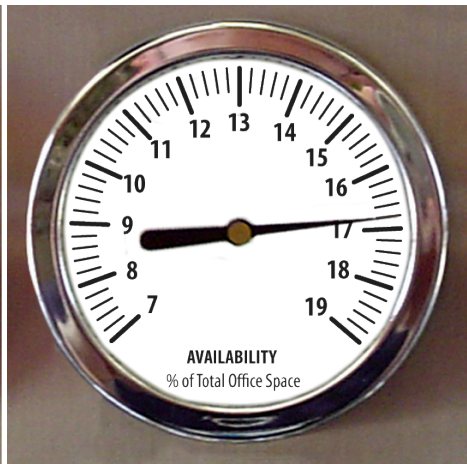
Inside: Chicago Suburban Office Market Report – 1Q'09

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.

Bradford Allen

200 South Michigan Avenue
18th Floor
Chicago, Illinois 60604

1920 South Highland Ave.
Suite 115
Lombard, Illinois 60148

2355 South Arlington Heights Rd.
Suite 50D
Arlington Heights, Illinois 60005

312.994.5700 telephone
312.994.5701 facsimile

630.225.2600 telephone
312.994.5701 facsimile

847.483.8099 telephone
847.483.8061 facsimile

www.bradfordallen.com

Bradford Allen is a Chicago-based commercial real estate firm, providing brokerage services and expert advice to private and public companies, and not-for-profit organizations nationwide. Since opening in 2004, the firm has grown rapidly, and has earned a reputation for aggressively pursuing its clients' interests and achieving superior results.

Bradford Allen professionals apply an entrepreneurial approach to commercial real estate brokerage. We create an array of opportunities for our clients' requirements by challenging accepted standards, applying real market intelligence, and thinking creatively. We help our clients exploit these opportunities through hard work, experience and strong determination.