

CHICAGOLAND INDUSTRIAL MARKET REPORT

Lee & Associates of Illinois, LLC

Second Quarter 2016

Market Fundamentals Remain Strong

The Chicago economy has continued to grow, with the addition of 61,500 net new jobs over the past twelve months, a growth rate of 1.3%, representing a slight decline from the 1.7% rate of growth experienced in the first quarter.. Somewhat paradoxically the unemployment rate rose to 6.3%, as more people have entered the workforce due to the improvement in the job numbers. Continued improvements in the job market should provide the impetus necessary to keep the industrial real estate market moving in a positive direction for the remainder of the year. With inventories tightening in many submarkets, lease rates have crept upward, and tenant demand has begun to shift to areas adjacent to the most active submarkets.

New construction and redevelopment of existing industrial property has increased. There is currently over 14 million square feet of industrial space under construction, with several submarkets such as West Cook and Southwest Cook experiencing growing levels of tear-down/redevelopment activity. Markets reacted to dwindling supply and increased demand by aggressively pursuing new development opportunities. Expect the vacancy rate in several submarkets to tick upward as this new inventory gets delivered.

Second quarter results for the Chicagoland industrial market were largely positive, as expected. Quarterly positive net absorption reached 8.2 million square feet, boosting year-to-date net absorption to nearly 17 million square feet. The I-55 and I-80 Corridor submarkets captured a significant share of overall absorption with 32.5 and 31.6% of total 2Q absorption respectively. The overall industrial vacancy rate fell in the second quarter to 6.9%, with nine of Lee's submarkets currently exhibiting vacancy rates below 6.0%, putting upward pressure on lease rates and spurring new development, a trend that Lee & Associates foresees continuing this year and on in to next.

"Due primarily to the strong fundamentals in the market, investor activity and developer interest in industrial real estate remains at a very high level."

*Michael Plumb
Principal*



Chicago is home to 1¼ billion square feet of industrial space, second in the U.S. only to the Los Angeles area.

Highlights

- Overall vacancy rate dropped below 7.0%
- The amount of space under construction increased to over 14M square feet in 2Q
- Redevelopment of existing industrial space is occurring at high level

CHICAGOLAND INDUSTRIAL MARKET STATISTICS

Lee & Associates of Illinois, LLC

Second Quarter of 2016

Page	Submarket	Industrial Base	Available Inventory	Vacancy	YTD New SF Delivered	Under Construction	2q16 Net Absorption	YTD Net Absorption
6	Central DuPage	22,461,764	616,102	2.7%	-	15,072	(12,876)	113,153
8	Chicago North	71,736,929	5,989,989	8.3%	-	30,000	7,340	262,940
10	Chicago South	112,215,376	10,404,431	9.3%	256,858	196,000	220,842	713,196
12	Fox Valley	36,507,172	2,008,687	5.5%	299,520	180,121	175,676	(83,685)
14	I-39 Corridor	81,068,186	4,309,655	5.3%	-	978,120	111,190	(73,080)
16	I-55 Corridor	89,162,336	6,087,240	6.8%	1,846,725	3,120,330	2,612,874	3,990,915
18	I-57 Corridor	30,797,821	1,909,182	6.2%	83,467	-	(316,533)	593,176
20	I-88 Corridor	63,382,048	3,903,440	6.2%	1,724,354	827,193	1,304,840	2,014,800
22	Joliet/I-80 Corridor	76,131,250	3,164,644	4.2%	1,554,137	5,318,541	2,693,714	3,133,988
24	Lake County	76,590,477	6,694,749	8.7%	687,013	-	525,907	1,025,913
26	McHenry County	28,615,034	1,950,603	6.8%	-	-	(89,667)	22,357
28	North Cook	37,958,698	2,027,050	5.3%	217,280	-	147,389	350,914
30	North DuPage	62,218,824	3,648,831	5.9%	553,192	457,880	389,584	612,264
32	North Kane	34,741,216	2,811,960	8.1%	82,922	1,137,576	138,319	38,535
34	Northwest Cook	46,419,959	3,348,312	7.2%	-	-	(151)	189,854
36	Northwest Indiana	46,019,677	2,129,600	4.6%	189,813	40,000	(47,838)	(258,417)
38	O'Hare	98,736,296	5,840,823	5.9%	-	783,000	42,819	720,221
40	South Cook	85,252,893	6,268,382	7.4%	-	-	356,496	1,113,766
42	Southeast Wisconsin	55,320,155	3,247,823	5.9%	1,783,391	356,540	147,799	1,229,651
44	Southwest Cook	27,365,711	2,997,918	11.0%	-	283,124	48,056	790,302
46	West Cook	70,108,758	6,737,434	9.6%	692,233	550,315	(188,371)	442,732
TOTALS		1,252,810,580	86,096,855	6.9%	9,970,905	14,273,812	8,267,409	16,943,495

Statistical Highlights

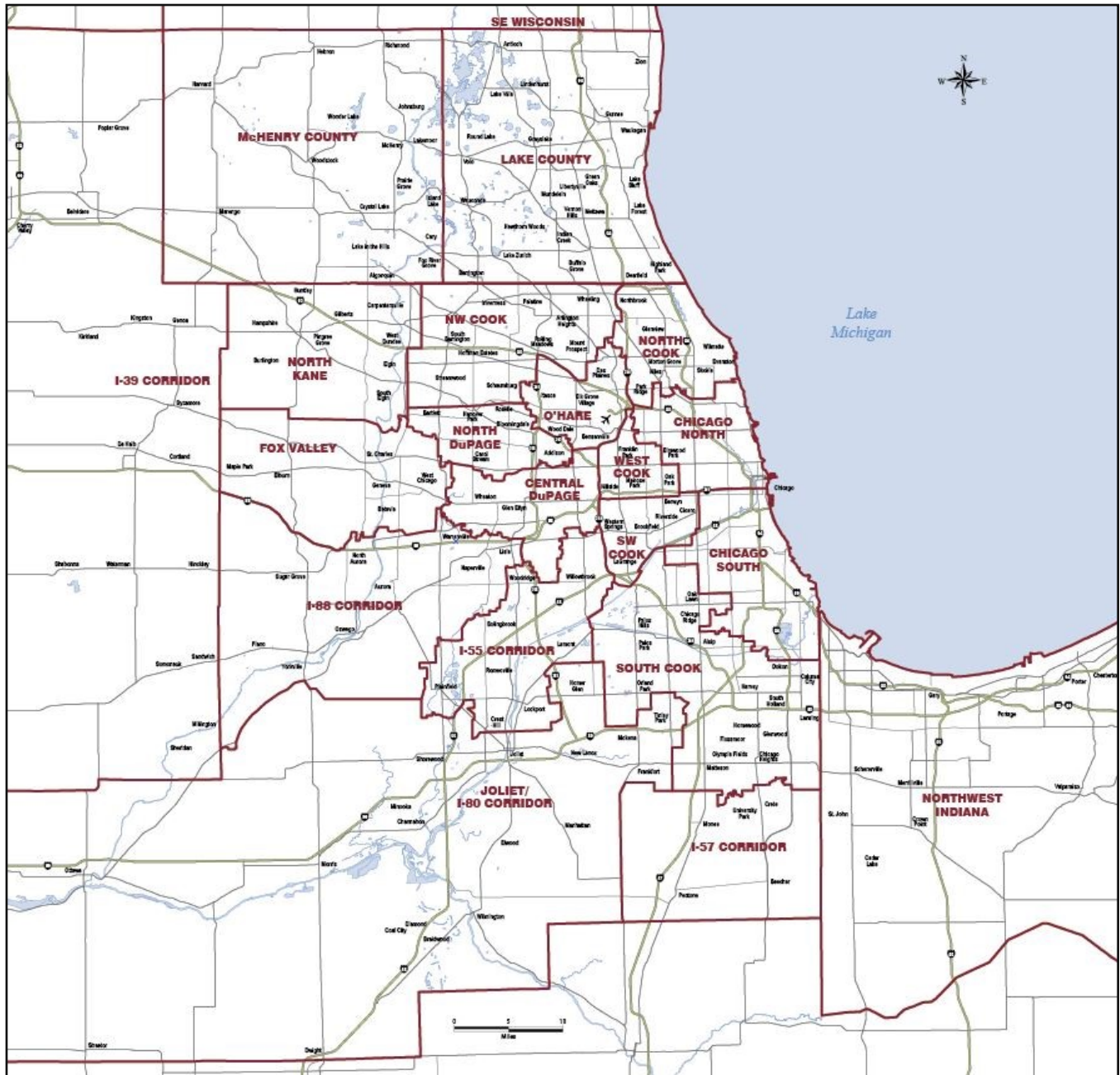
Lee tracks nearly 1.25 billion square feet of existing industrial space in the Chicagoland area, which includes much of northern Illinois, southeast Wisconsin, and northwest Indiana. Market wide, vacancy has continued to decline, to its current level of 6.9% (just over 96,000,000 square feet currently available). There is another 14.2 million square feet under construction, with 9.5 million of that in the Joliet/I-80, I-55 Corridor, and North Kane submarkets. The I-39 Corridor and I-88 Corridor each also have nearly a million square feet under construction.

Deliveries in the first six months of 2016 totaled nearly 10 million square feet, with 1.8 million delivered in Southeast Wisconsin. Other submarkets with significant amounts of square footage delivered in the first half of the year include the I-55 Corridor with 1.8 million square feet delivered, the I-88 Corridor with 1.7 million square feet delivered, and the Joliet/I-80 Corridor with 1.5 million square feet delivered. Net absorption remains high, with nearly 17 million square feet of space absorbed through the first half of the year.

CHICAGOLAND INDUSTRIAL SUBMARKET MAP

Lee & Associates of Illinois, LLC

Second Quarter of 2016



Lee Submarkets

Lee & Associates has divided the Chicagoland area into 21 distinct submarkets for analysis and review. Lee covers the greater Chicagoland market, including southeast Wisconsin, northwest Indiana, and much of northern Illinois. Lee & Associates has also been involved in projects throughout the Midwest and the country.

CHICAGOLAND MARKET



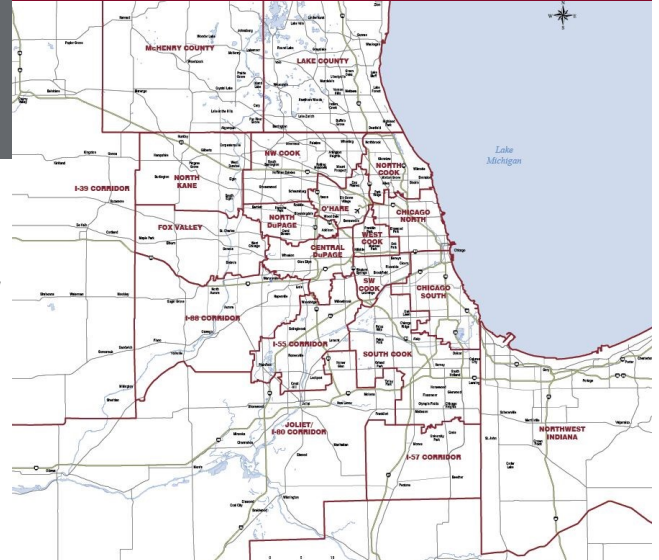
2016 is setting up to be another strong year. Several submarkets have historically low vacancy rates. Other submarkets are experiencing record levels of construction.

Key Stats:

Industrial Base	1,252,810,580
Vacancy Rate	6.9%
YTD New SF Delivered	9,970,905
SF Under Construction	14,273,812
Q2 Net Absorption	8,267,409
YTD Net Absorption	16,943,495

Lee-d Story

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The Chicagoland Region & Submarkets

New construction and redevelopment of existing industrial property has increased. There is currently over 14 million square feet of industrial space under construction, with several submarkets such as West Cook and Southwest Cook experiencing growing levels of tear-down/ redevelopment activity. Markets reacted to dwindling supply and increased demand by aggressively pursuing new development opportunities. Expect the vacancy rate in several submarkets to tick upward as this new inventory gets delivered.

Notable Transactions

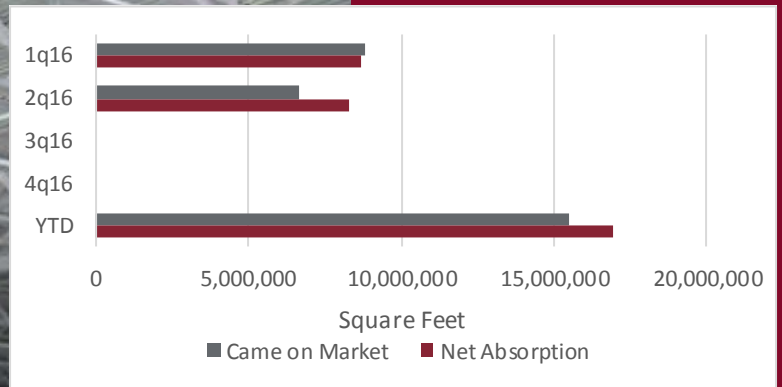
Site	Size	Type	Seller/Landlord	Buyer/Lessor
4005 Cedar Creek in Elwood	1,388,000	New Lease	CenterPoint	Mars Candy
25850 S Ridgeland in Monee	718,761	New Lease	Venture One Real Estate	Reviva Logistics
555 Northwest in Northlake	718,761	Sale	Bridge Development	Prudential Investment Mgmt
3451 S Chicago in Joliet	575,024	Sale	Molto Capital	Midwest Warehouse & Dist
14908 S Gougar in Lockport	512,265	New Lease	ML Realty Partners	RJW Logistics
505 Northwest in Northlake	502,272	Sale	Midwest Warehouse	Pritzker Realty Group

Lee Transactions in RED

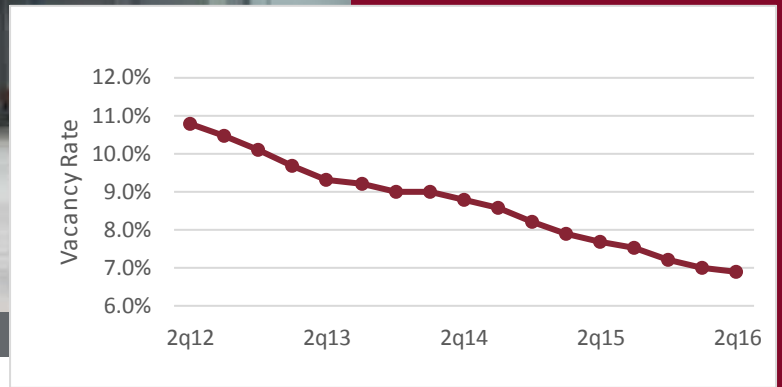


Lee serves all facets of the Industrial Real Estate market.

On Mkt & Absorption



Vacancy Rate

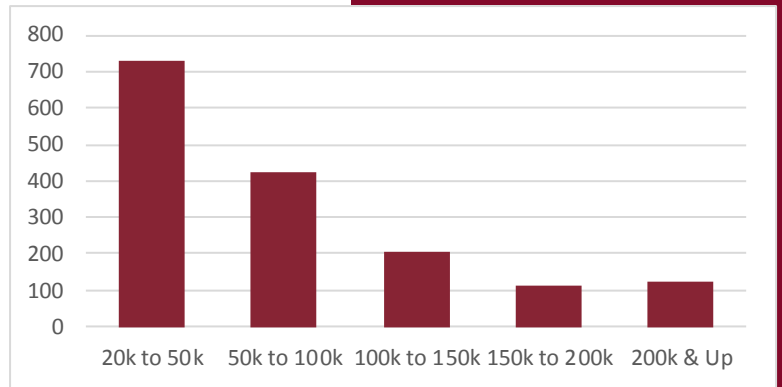


Second Quarter Overview

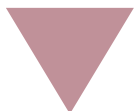
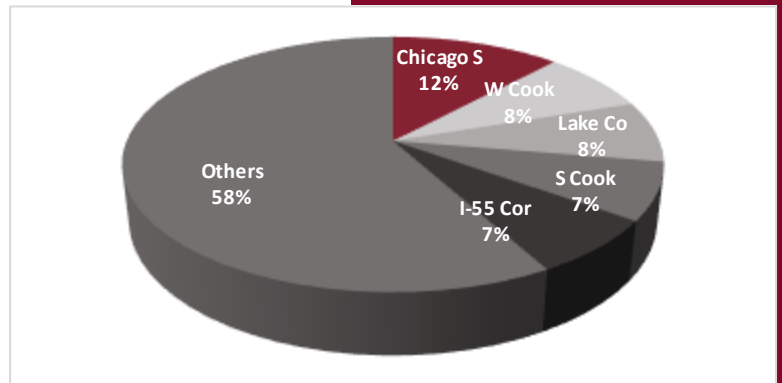
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Available Units by Size



Available by Submarket



Vacancy



Net Absorption



Lease Rates



LEE & ASSOCIATES

WHO WE ARE...

Lee & Associates of Illinois, LLC

Second Quarter of 2016

About Us

With offices in Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Maryland, Michigan, Nevada, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Texas, and Wisconsin, the Lee & Associates group of independently owned and operated companies is the largest regional commercial real estate services provider in the United States.

Each Lee & Associates group office represents a broad array of regional, national and international clients, from individual investors and small businesses, to large corporations and institutions.

Lee & Associates clients enjoy a comprehensive range of specialized commercial real estate services including industrial, office and retail property sales and leasing, real estate investment consulting, real estate financing, property acquisition and disposition, tenant representation and relocation, property and portfolio evaluation and market research.

Origin & Philosophy

In 1979, founder Bill Lee established the first Lee & Associates office, driven by the unique idea to turn real estate brokers into company owners or “shareholders”. Bill Lee’s guiding philosophy was the clients’ interests would be best served by a collective team effort from experienced sales agents who had an ownership stake in the privately-held organization, earned through exceptional performance and ethical practice.

Not merely employees, profit-sharing Lee owner/agents would strive to create a sense of shared responsibility and cooperation throughout the organization, and would encourage an orientation toward long-term client relationships and business solutions.

Since then, Bill Lee’s profit sharing concept has proven enormously successful, and has fueled an explosive growth to include an additional thirty-two group offices throughout the nation.

The Lee Advantage

Fast Client Results. As company owners, Lee principals have a vested interest in the swift, successful completion of client assignments and transactions. Our associate brokers continually strive to earn ownership standing, encouraging a coordinated team effort and fast effective results for clients.

Streamlined Personal Service. Each Lee group office is owned and operated by the brokers in that office. Clients deal directly with decision makers, not with an unwieldy corporate bureaucracy like with many of our competitors.

Experience Counts. The average number of years experience of Lee’s principal commercial brokers is 15-20 years. Our unique profit-sharing structure attracts the best people as owner brokers, only those with exceptional skills, confidence and ethical practice.

Long-Term Relationship. Lee & Associates boasts the lowest turnover rate in the industry. Our ownership structure encourages longevity, allowing for long term relationships with clients.

In-Depth Market Knowledge. Each Lee group office is committed to providing the best data and analysis for the market it serves. No other commercial real estate company has made specialized market knowledge and research as central to its business practice.

Business Stability. Since inception, each Lee & Associates group office has been profitable, privately-held and managed by its individual shareholders. Newly formed offices are stable, debt-free operations, with all startup capital funded by shareholders of all offices through Lee’s venture capital group.

Strong National Affiliations. Lee & Associates maintains affiliations with recognized brokers in all major US real estate markets. Lee’s national organization affiliations include: SIOR, NACOR, IFMA, CRE, ICSC, IDRC and CCIM.

CHICAGOLAND MARKET BROKERAGE SERVICES

INDUSTRIAL SPECIALISTS

Michael Androwich

Principal
773.355.3008
mandrowich@lee-associates.com

Michael Androwich, Jr.

Senior Associate
773.355.3047
mjandrowich@lee-associates.com

Rick Anesi

Vice President
773.355.3043
ranesi@lee-associates.com

Steven Bass

Sr. Vice President
773.355.3031
sbass@lee-associates.com

Andrew Block

Associate
773.355.5802
ablock@lee-associates.com

John Cassidy, SIOR

Principal
773.355.3006
jcassidy@lee-associates.com

Thomas Condon, SIOR

Principal
773.355.3049
tcondon@lee-associates.com

Caroline Dell

Marketing Director/Associate
773.355.3035
cdell@lee-associates.com

Ryan Earley

Senior Associates
773.355.3020
rearley@lee-associates.com

Nick Eboli

Sr. Vice President
773.355.3026
neboli@lee-associates.com

Jay Farnam

Vice President
773.355.3029
jfarnam@lee-associates.com

Justin Fierz

Principal
773.355.3016
jfierz@lee-associates.com

Kenneth Franzese

Principal
773.355.3005
kfranzese@lee-associates.com

Jeffrey Galante

Principal
773.355.3007
jgalante@lee-associates.com

Terry Grapenthin

Principal
773.355.3042
tgrape@lee-associates.com

Jeffrey Janda, SIOR

Principal
773.355.3015
jjanda@lee-associates.com

Ryan Kehoe

Vice President
773.355.3034
rkehoe@lee-associates.com

James Kettinger, Jr.

Associate
262.770.5388
jkettinger@lee-associates.com

Tim McCahill

Vice President
773.355.3044
tmccahill@lee-associates.com

Walter Murphy

Principal
773.355.3017
wmurphy@lee-associates.com

Christopher Nelson

Principal
773.355.3011
cnelson@lee-associates.com

David Pals

Principal
773.355.3009
dpals@lee-associates.com

James Planey, SIOR

Principal
773.355.3014
jplaney@lee-associates.com

Michael Plumb

Principal
773.355.3019
mplumb@lee-associates.com

John Sharpe

Principal
773.355.3030
jsharpe@lee-associates.com

Brian Vanosky

Principal
773.355.3023
bvanosky@lee-associates.com

RETAIL SPECIALISTS

Joe Grody

Sr. Vice President
773.355.5079
jgrody@lee-associates.com

Joe Herron

Sr. Vice President
773.355.3038
jherron@lee-associates.com

Sarah Ramsden

Associate
815.979.6118
sramsdn@lee-associates.com

A. Rick Scardino

Principal
773.355.3040
rscardino@lee-associates.com

Edward Winslow

Vice President
815.501.4629
ewinslow@lee-associates.com

Mike Woldman

Vice President
815.739.6013
mwoldman@lee-associates.com

RESEARCH SPECIALISTS

Chris Huecksteadt

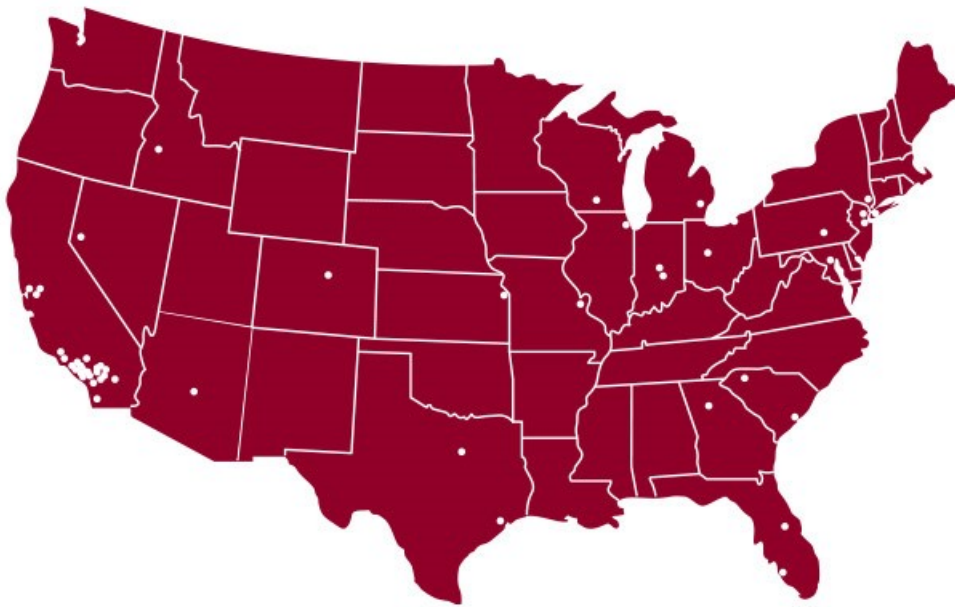
Executive Vice President
773.355.3050
chuecksteadt@lee-associates.com

Diana Perez

Director of Research
773.355.3032
dperez@lee-associates.com



LOCAL EXPERTISE. NATIONAL REACH. WORLD CLASS.



NATIONAL ORGANIZATION, LOCAL OWNERSHIP

Established in 1979, Lee & Associates has expanded across the nation with offices that are individually owned by the shareholders of that office, thus encouraging an entrepreneurial spirit and allowing more freedom and creativity to make real estate transactions work.

EXPLOSIVE GROWTH

Since its inception there has been an explosive growth of Lee & Associates offices throughout the country, making it one of the largest and fastest growing commercial real estate organizations in the United States.



2015 - Eastern Pennsylvania	2012 - Charleston, SC	2009 - Elmwood Park, NJ	2006 - Reno, NV	2001 - Victorville, CA	1990 - Industry, CA
2015 - Columbus, OH	2011 - Fort Myers, FL	2008 - Boise, ID	2006 - San Diego - UTC, CA	1999 - Temecula Valley, CA	1989 - LA - Long Beach, CA
2015 - Houston, TX	2011 - Kansas City, KS	2008 - ISG, LA, CA	2006 - Ventura, CA	1996 - Central LA, CA	1989 - Riverside, CA
2014 - Denver, CO	2011 - Manhattan, NY	2008 - Palm Desert, CA	2006 - San Luis Obispo, CA	1994 - Sherman Oaks, CA	1987 - Ontario, CA
2014 - Cleveland, OH	2011 - Greenville, SC	2008 - Santa Barbara, CA	2005 - Southfield, MI	1994 - West LA, CA	1984 - Newport Beach, CA
2013 - Long Island-Queens, NY	2010 - Atlanta, GA	2006 - Antelope Valley, CA	2005 - Los Olivos, CA	1993 - Pleasanton, CA	1983 - Orange, CA
2013 - Chesapeake Region, MD	2010 - Greenwood, IN	2006 - Dallas, TX	2004 - Calabasas, CA	1993 - Stockton, CA	1979 - Irvine, CA
2012 - Edison, NJ	2010 - Indianapolis, IN	2006 - Madison, WI	2004 - St. Louis, MO	1991 - Phoenix, AZ	
2012 - Orlando, FL	2009 - Long Beach, CA	2006 - Oakland, CA	2002 - Chicago, IL	1990 - Carlsbad, CA	

www.lee-associates.com

Lee & Associates of Illinois, LLC
 9450 W Bryn Mawr Avenue, Suite 550
 Rosemont, Illinois 60018
 773.355.3000