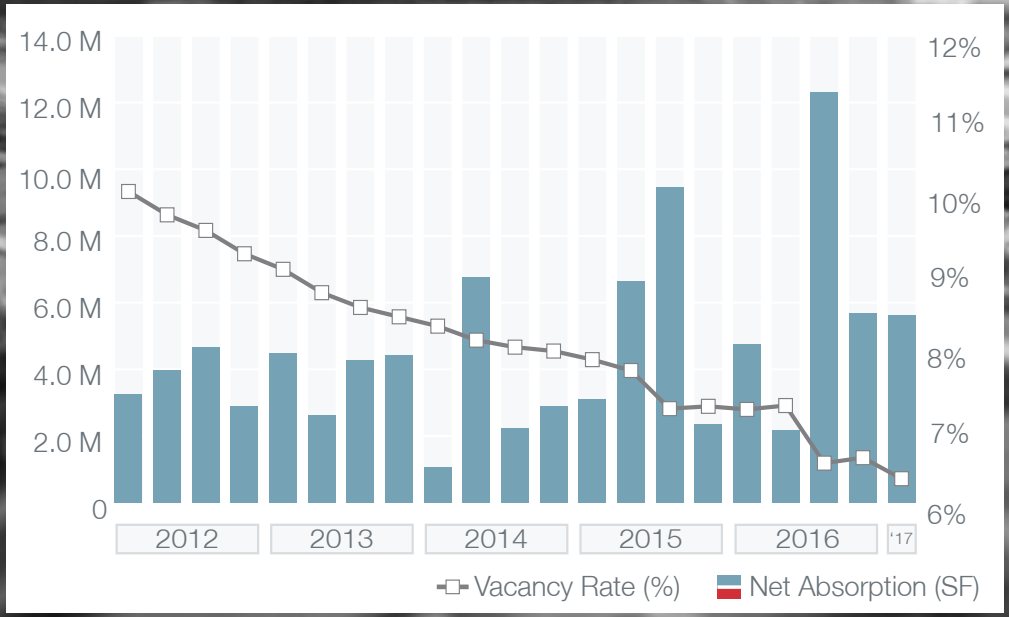
First Quarter 2017

Industrial Market

For the 27th consecutive quarter, the Chicago industrial market recorded positive absorption, measuring 5.6 million square feet at the end of the first quarter of 2017.



Arrows indicate change from previous quarter. *Weighted average net rental rate.

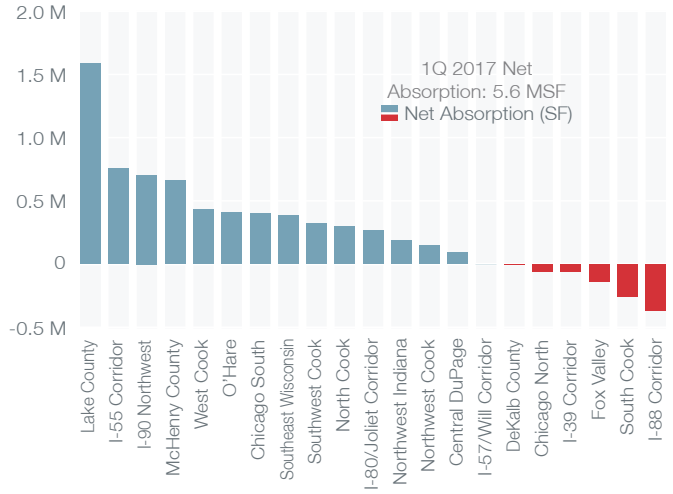
6.31%
VACANCY RATE

5.6 MSF
2017 YTD NET ABSORPTION

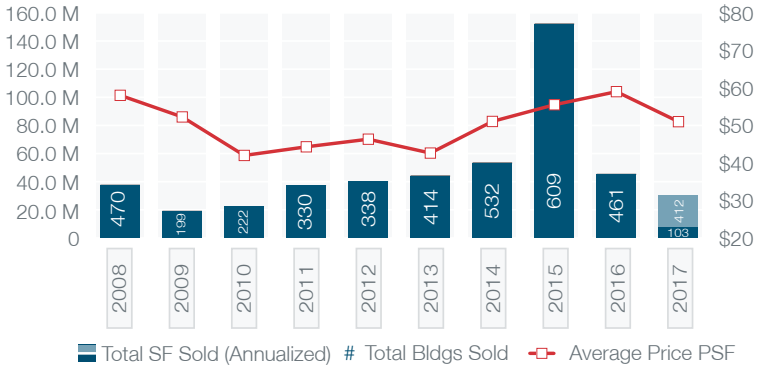
$4.40
PSF ASKING RENTS

- The overall vacancy rate for the Chicago industrial market reached a historic low and measured 6.31 percent, down 89 basis points from the 7.20 percent recorded last year at this time. Six submarkets reported vacancy under 5.00 percent first quarter: O'Hare, I-80/Joliet Corridor, North Cook, Chicago South, Northwest Indiana, and Central DuPage. These markets accounted for a total of more than 1.5 million square feet of positive absorption during the first quarter. Leasing activity reached over 9.6 million square feet first quarter, including new leases signed by CTDI, Parts Town, Geodis, LASCO Fittings, and Olympic Oil.
- First quarter net absorption reached over 5.6 million square feet. Lake County recorded nearly 1.6 million square feet of positive absorption, with Amazon.com contributing to that number after moving into Bridge Development Partner's 626,848-square-foot speculative facility, and Henry Broch & Company moved into 202,177 square feet, both in Waukegan. Along with Lake County, three additional submarkets including I-55 Corridor, I-90 Northwest, and McHenry County, absorbed over 500,000 square feet of positive absorption first quarter.
- Over 4.3 million square feet of new supply was delivered to the market first quarter, of which just over 85 percent was built on a speculative basis, and more than 2.4 million square feet remains vacant. Just under 18.0 million square feet remains under construction, including nearly 2.7 million square feet that broke ground first quarter. New construction projects continue to push the net weighted average rental rates up, however rents remained relatively flat from the $4.37 reported at the end of 2016.

Net Absorption by Submarket



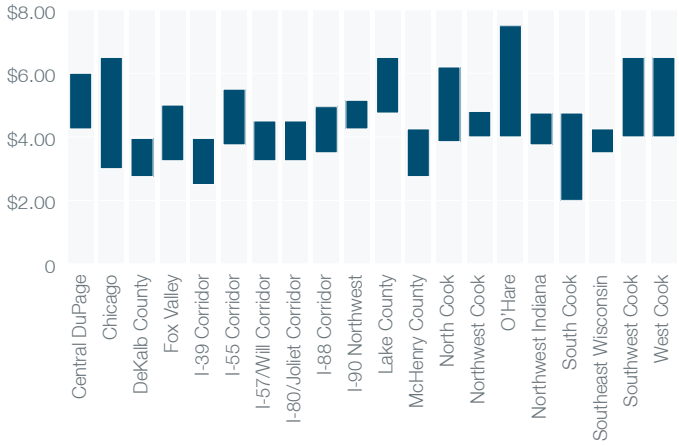
Sale Transactions and Price PSF



Investment and user industrial sales over $1 million

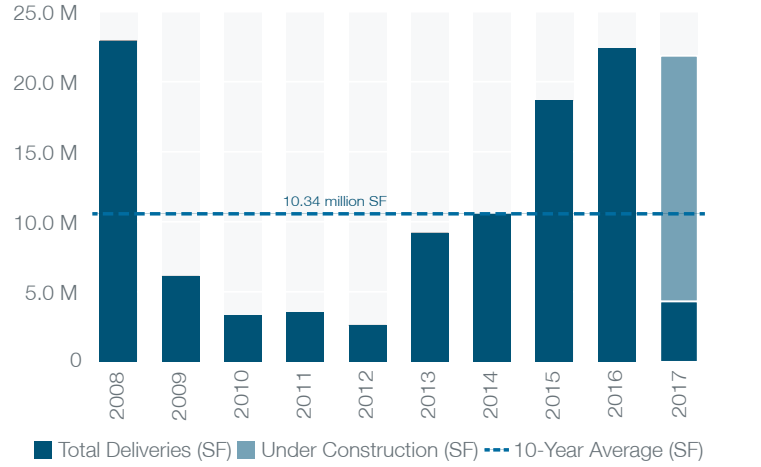
Source: NAI Hiffman & CoStar

Net Rental Transactional Range



Rents based on buildings 100,000+ SF

Construction Deliveries



Significant Sale Transactions

Quarter	Submarket	Building Address	Sold (SF)	Sale Price | PSF	Buyer	Seller
1Q 2017	Multiple	184-Property Portfolio (16 in Illinois)*	1,960,400	$105,861,600 | $54	DRA Advisors, LLC	Cabot Properties, Inc.
1Q 2017	Chicago South	12-Property Portfolio, Chicago	1,907,193	$52,000,000 | $27	Glen Una Management Company	Ashley Capital, LLC
1Q 2017	Multiple	2-Property Portfolio, Multiple Cities	456,300	$25,000,500 | $55	Angelo, Gordon & Co.	SG360

**Sold SF and sale price of Illinois buildings in portfolio sale*

Significant Lease Transactions

Quarter	Submarket	Building Address	Leased (SF)	Tenant	Lease Type
1Q 2017	I-80/Joliet Corridor	21705 W Mississippi St, Elwood	1,022,554	DSC Logistics, Inc.	Lease renewal
▶ 1Q 2017	I-80/Joliet Corridor	3900 Brandon Rd, Joliet	501,313	CTDI	New lease
▶ 1Q 2017	I-80/Joliet Corridor	3801 Centerpoint Way, Joliet	485,476	International Transload Logistics	Lease renewal

▶ *NAI Hiffman transaction*

Industrial Market Statistics

First Quarter 2017

NAI Hiffman

	Submarket	Total RBA (SF)	Vacancy Rate (%)	Availability Rate (%)	1Q 2017 NET Absorption (SF)	YTD 2017 Net Absorption(SF)	1Q 2017 New Supply (SF)	1Q 2017 Under Constr. (SF)
1	Southeast Wisconsin	52,866,712	5.98% ▼	8.01% ▼	383,052	383,052	624,860	1,622,348
2	Lake County	68,759,410	5.82% ▼	9.89% ▼	1,584,792	1,584,792	42,537	441,195
3	McHenry County	25,656,618	8.55% ▼	12.08% ▲	658,379	658,379	0	0
4	I-39 Corridor	26,647,966	7.70% ▲	9.60% ▲	-57,938	-57,938	23,589	336,000
5	DeKalb County	10,569,536	11.05% ▼	15.68% ▲	-322	-322	0	0
6	I-90 Northwest	30,260,907	10.47% ▼	11.83% ▼	704,678	704,678	615,249	0
7	Northwest Cook	29,093,544	5.59% ▼	13.63% ▲	145,744	145,744	80,000	638,953
8	North Cook	45,584,009	4.54% ▲	6.62% ▼	296,898	296,898	135,650	0
9	Fox Valley	34,182,314	6.89% ▲	10.35% ▲	-136,586	-136,586	0	413,573
10	Central DuPage	68,343,184	4.94% ▲	8.48% ▲	94,353	94,353	205,600	381,600
11	O'Hare	101,217,763	3.38% ▼	7.59% ▲	406,536	406,536	0	186,117
12	West Cook	62,620,233	7.81% ▲	12.67% ▼	432,995	432,995	674,012	72,825
13	Chicago North	60,574,873	6.09% ▼	10.40% ▼	-56,452	-56,452	0	40,700
14	Chicago South	148,115,104	4.62% ▼	7.44% ▼	401,447	401,447	166,370	608,249
15	I-88 Corridor	66,620,086	6.17% ▲	7.94% ▼	-369,377	-369,377	0	954,720
16	Southwest Cook	38,788,201	5.60% ▼	9.99% ▲	318,970	318,970	0	0
17	I-55 Corridor	90,045,534	7.65% ▼	11.03% ▲	753,491	753,491	0	3,322,529
18	South Cook	84,995,641	5.67% ▼	9.58% ▼	-260,757	-260,757	0	65,000
19	I-80/Joliet Corridor	81,790,232	4.96% ▲	5.41% ▼	267,011	267,011	1,743,003	6,250,261
20	Northwest Indiana	34,558,651	4.90% ▲	7.70% ▲	186,800	186,800	124,800	80,000
21	I-57/Will Corridor	13,622,281	9.03% ▲	15.87% ▲	0	0	0	1,857,165
	Flex Space Summary							
	Total Flex Space	72,602,961	13.33% ▼	16.04% ▲	-126,728	-126,728	89,000	54,635
	Total Market							
	Totals	1,247,515,760	6.31% ▼	9.59% ▼	5,626,986	5,626,986	4,524,670	17,325,870

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