REAL ESTATE OUTLOOK

CHICAGO OFFICE MARKET

FIRST QUARTER 2017

Chicagoland Office: Optimistic straight line in 2017

Steady demand across all submarkets in 2017

Optimism reigns in the Chicagoland area for 2017 despite a slight uptick in vacancy rates and a growing inventory of direct and sublease space. Landlords and brokers both point to robust showing and proposal activity – somewhat unusual for a first quarter – as an encouraging sign that the deal stream is strong and reliable enough to ultimately lift 2017 into the category of "another pretty good year."

CBD vacancy rose to 12.5% from 11.9% quarter over quarter, and Suburban vacancy jumped to 22.1% up from 21.7% last quarter. Downtown, the delivery of 150 N. Riverside was the primary culprit, opening at 1/4 occupied, meaning the remaining space is now counted among the vacant inventory along with the former space new 150 N. Riverside tenants left behind. A similar event occurred in 4Q16 when River Point hit the books and despite excellent pre-leasing, still drove up the vacancy rate. In the Suburbs, weak job growth and occupiers migrating to the city accounted for much of the rise there. On a brighter note for landlords, overall asking rents in both Downtown ($36.16 PSF) and Suburban ($23.09 PSF) buildings inched up across most submarkets.

The Chicagoland office market still faces challenges. Possible continued rising vacancy rates due to holes left in the market by new developments, and growing inventory quality vacant sublease space are among them. The potentially more problematic trend is the ever-increasing cost of construction. Build-out allowances will rise accordingly and landlords will fund them, but the increases will be reflected in higher rental rates passed on to tenants. Yet, it is believed that the CBD market will remain steady in 2017 as a good amount of the market will be absorbed by the end of the year based on preleased tenants actually moving in, and other major tenants filling the remaining gaps.

CBD TRENDS	
5-YEAR TREND	CURRENT QUARTER
VACANCY	12.5%
ABSORPTION	291,197 SF
GROSS RENTAL RATE	$36.19 PSF
UNDER CONSTRUCTION	2.35 million SF

SUBURBAN TRENDS	
5-YEAR TREND	CURRENT QUARTER
VACANCY	22.1%
ABSORPTION	(20,235) SF
GROSS RENTAL RATE	$23.09 PSF
UNDER CONSTRUCTION	77,962 SF

CHICAGOLAND	
5-YEAR TREND	CURRENT QUARTER
AVERAGE SALE PRICE	$189.13 PSF

TRANSWESTERN®

CHICAGO OFFICE MARKET

FIRST QUARTER 2017

ECONOMY

Chicago (and Illinois) needs to make good economic decisions

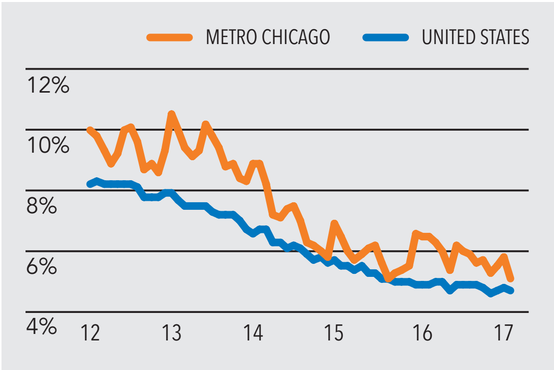
Chicago area unemployment fell from 5.4% at the end of 2016 to 5.3% in February 2017. However, the math includes more than 42,000 people leaving the labor force (many moving out of the region) rather than actually being hired. Quarter over quarter, the region only added 8,054 jobs. Illinois, and in particular the greater Chicagoland area, has struggled with unbalanced budgets, nationally-high corporate and personal tax rates, shrinking population, and higher unemployment than most other Midwest markets. While the loss of unskilled and skilled manufacturing jobs is partly to blame, it's impossible to ignore that the high cost of living and complicated employment climate will eventually show up in the statistics. Chicago, to its credit, has taken steps to make the region an option for businesses by improving and expanding public transportation, supporting startup industries (especially tech) and reshaping neighborhoods and amenities to make the city attractive to top young talent. The regional economy will again expand when local and state governments get their fiscal homes in order and demonstrate to workers, employers and investors that the public's trust and money is in being responsibly managed. Building on the quality lifestyle and opportunity the region has to offer is the charge of government leaders; sensible action will attract major office-using HQ companies looking nationally to follow the talent into our metro area.

SUPPLY AND DEVELOPMENT

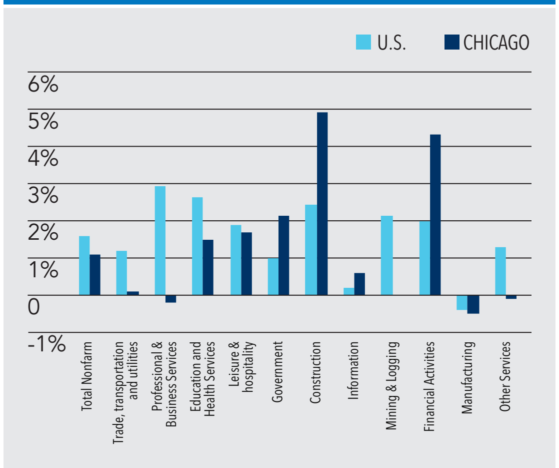
New Inventory equals more vacancy in the short term

By the close of the first quarter, 150 N Riverside Drive delivered with ¼ of the building physically occupied which contributed to the rise in overall vacancy. However, by the end of the second quarter, nearly half of the new tenants will have occupied the building, bringing the market somewhat more into balance. 150 N Riverside, is the only new construction building among the six existing quality Class A availabilities of 200,000 SF contiguous or greater. That means new tenants in the market will likely backfill spaces vacated by occupiers moving to new construction, resulting in positive net absorption. In fact, most of the remaining new construction space coming on line this year and next is already dedicated to specific tenants (McDonald's HQ). Even the "creative" office projects in River West and River North are largely pre-leased. It is expected that the CBD office will do well in 2017, as many vacancies will lease up before a new wave of Class A projects break ground in 2018. The threat, if there is one, is a looming sublease market ripe with quality spaces at compelling rates and remaining term.

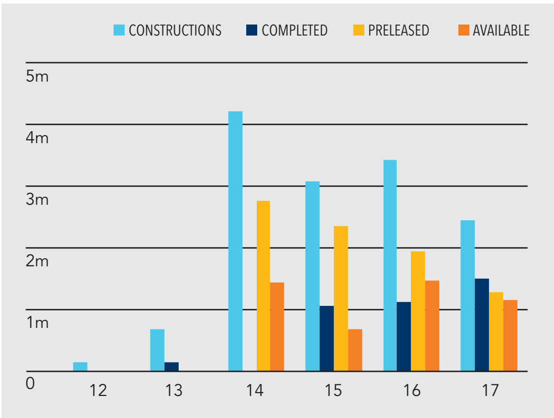
UNEMPLOYMENT RATE



YEAR-OVER-YEAR EMPLOYMENT CHANGE



METRO CHICAGO DEVELOPMENT PIPELINE



CHICAGO OFFICE MARKET

FIRST QUARTER 2017

DEMAND

Year started with positive absorption

CBD net absorption started the year with 291,197 SF of positive absorption, despite the shifting of existing tenants downtown into the newly built office buildings at 150 N Riverside and 444 W Lake St. Suburban office absorption fared better than last quarter with only 20,235 SF of negative absorption. Suburban absorption affected primarily the western half of the East/West Corridor and the North Suburban market where major employers relocated downtown or consolidated into new HQ space.

VACANCY

Vacancy rates increase as new product enters the market

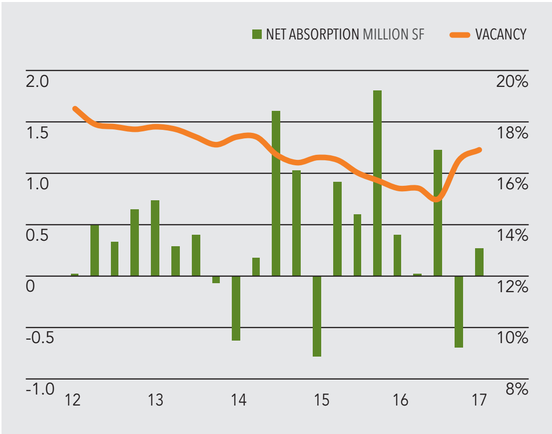
The overall Chicagoland (CBD & Suburban) vacancy rate increased to 16.9% quarter over quarter (a 40 basis point increase). Quarter over quarter, CBD total vacancy increased to 12.5% from 11.9% while suburban total vacancy increased to 22.1% from 21.7%. Newly constructed River Point added to vacancy in 4Q16 and the newly released 150 N Riverside is now impacting CBD in 1Q17, increasing vacancy primarily in the West Loop (currently 14.3%). 150 N Riverside added vacant inventory even with the building being significantly pre-leased as there is a significant lag time when these tenants will occupy. The timing of tenant's taking occupancy is affecting the statistics, but we expect to see market balance possibly as early as the end of the third quarter as the building eclipses 80% occupied. Vacancy also increased in other submarkets as existing tenants shift to the new buildings. Vacant sublease space increased slightly and even though it represents only 1% of the overall inventory, it is still a cause for concern in the near term for landlords as it reaches close to1.6 million SF of quality CBD space competing for tenants.

RENTAL RATES

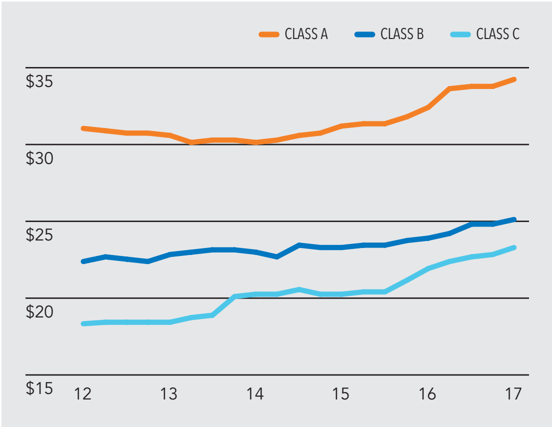
CBD at all time high while Suburban rates slide

Rental rates continue to increase in the CBD with $36.19 PSF direct gross overall on average (a $0.54 PSF increase quarter over quarter). River North Class A rates cruised past $50 PSF and West Loop Class A rates are more than $40 PSF. We expect that CBD rates will continue to rise despite a short set back in overall vacancy. Landlords are still offering favorable concessions to tenants but keeping face-rent increases. Suburban rates have increased $.24 PSF quarter over quarter to $23.09 PSF but are expected to remain level for 2017. Suburban Class A is driving average rents up in particularly popular submarkets such as O'Hare where Class A direct rents are consistently over $30 PSF.

METRO CHICAGO NET ABSORPTION AND VACANCY



METRO CHICAGO AVERAGE ASKING RENTAL RATES



CHICAGO OFFICE MARKET

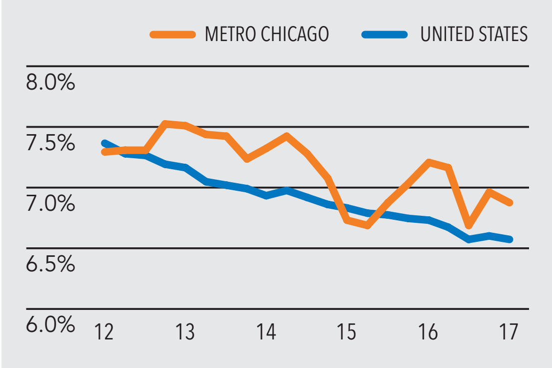
FIRST QUARTER 2017

INVESTMENT MARKET

Investor interest remains strong for Class A office assets

Chicagoland investment transactions ended the first quarter with approximately $663.5 million in office sales. The most notable CBD deal was 181 W Madison St, a 940,000 SF Class A office building (88% leased) which sold for $359 million ($382 PSF) to HNA Group, a Chinese investor. In the suburbs, a three-building corporate center at 1475 Woodfield Rd, in Schaumburg, sold for $70.7 million ($71 PSF) to GlenStar Properties, a private domestic buyer.

CAP RATES



Though a promising start to the year, this is a significant decrease in volume from 1Q16 which had approximately $932.8 million in sales. Quarter over quarter, the current sales trajectory is even more moderate as the 4Q16 Chicago total quarter sales volume was $1.1 billion. Some of the sales volume in the first quarter of 2017 were hold over deals from the end of 2016. Investors are expected to take a cautious approach to investment in 2017 due to recent and potential future interest rate hikes. On the positive side, debt spreads have been narrowing and so debt rates haven't increased as much as anticipated with the fed rate hikes

Cap rates, usually expected to increase as fed rates increase, will remain flat in the short term. Cap rates fell to 6.88% in 1Q17 from 6.96% in 4Q16. The increase in capital flow into commercial real estate from foreign and domestic institutional money sources will likely mitigate the pace of cap rate increases this year particularly in core office assets. In 2016, cap rates remained flat despite market uncertainty as both domestic and foreign investors looked for safer, long term, low volatility investments in core CRE.

According to RCA, cross border investors in Chicago made up of 51% of the sales in the first quarter. Where traditionally home grown buyers dominated the field, Chicago is increasingly becoming attractive to outside domestic and foreign buyers seeking safe haven investments. Class A office buildings remain the asset type that most office buyers are specifically interested in, especially in CBD. Suburban markets are seeing the strongest investor interest in the best, most well located Class A assets. Extremely well located suburban Class B assets are also getting interest. However, investors are heavily scrutinizing price per square foot on these Class B assets.

CRE office investment interest in Chicago is expected to track similar to 2016 levels. Improved business and consumer confidence may lead to increased tenant demand and thus improving fundamentals to drive investors/buyer interest.

Metro Chicago Office Market Indicators

PROPERTY CLASS	INVENTORY	UNDER CONSTRUCTION	Q1 NET ABSORPTION	YTD NET ABSORPTION	DIRECT VACANCY	SUBLET VACANCY	TOTAL VACANCY	AVERAGE RATE PSF
Class A	159,193,324	2,076,301	-508,348	-508,348	16.6%	1.1%	17.8%	$34.28
Class B	99,202,267	287,928	-128,889	-128,889	15.4%	1.2%	16.7%	$25.08
Class C	23,437,036	0	-25,272	-25,272	10.1%	0.5%	10.6%	$23.25
Metro Chicago Total	**281,832,627**	**2,364,229**	**-662,509**	**-662,509**	**15.7%**	**1.1%**	**16.8%**	**$30.13**

CHICAGO OFFICE MARKET

FIRST QUARTER 2017

OUTLOOK

Slowdown inevitable but market strong

A plateau of the office market is expected but should not be considered a recessionary downturn. Rising construction costs and interest rates will be a concern in the market but not a deterrent. A leasing slowdown will eventually occur, but it is not expected for 2017. Sublease space will compete more directly for tenants leveraging the market. Landlords will continue to invest in their properties with remodeled common areas, over the top amenities, and competitive concessions and TIs. There is no expectations that rental rates will dip as landlords are holding tight to face rates, especially in CBD. Suburban office space still continues to offer great deals to tenants and the tide may shift this year where local businesses may opt to stay put in a suburban location rather than chase rate or move downtown. In the near term, investors are confident in funding developments as some exits are showing great returns on investment.

CBD Market

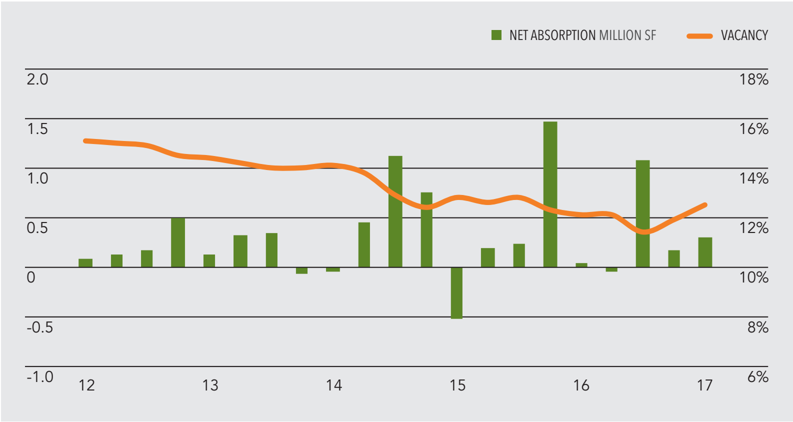
Competition for tenants is getting tough but a steady stream of interest is expected

In a departure from typical first-quarter trends, landlords and brokers are reporting stronger than usual activity by tenants in the market, signaling the potential for an average or better 2017. Whether it's stalled 4Q16 deals now resurrecting, increased economic confidence following the election or a general sense that the arrow is still pointed upward, CBD occupiers are active and enjoying the litany of choices. There is a sense of urgency within the landlord community that the hot iron must be struck now in anticipation of the looming shadow space as new builds further attract tenants (ex. 203 N Lasalle has large vacancy as DLA Piper moves to 444 W Lake St). Many landlords over the past two years made common area investments in their Class B and better assets and are especially eager to make deals and offset the spend with a new revenue stream.

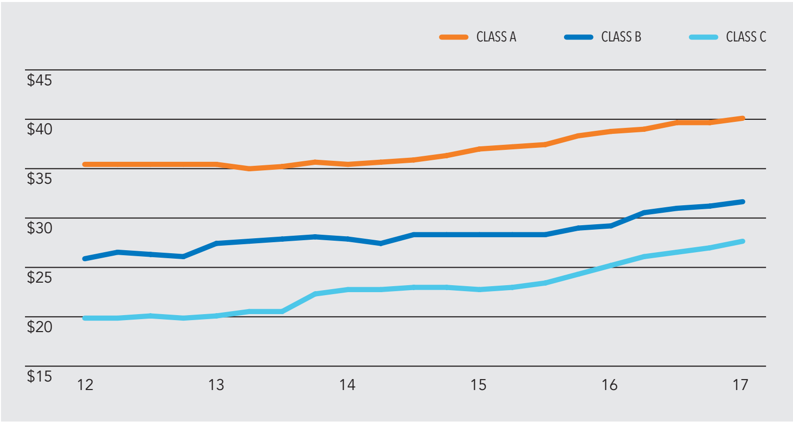
The past couple of years has also allowed the tech industry to mature and become a more reliable rent-paying sector. Landlord who once looked sideways at the startups now see the value of welcoming tech tenants that are likely to attract investment capital and grow headcount. They are becoming integrated into the CBD landscape and are gobbling up a measurable serving of the vacancies left behind by tenants moving into new Class A developments.

Besides the new constructions entering into the market with some vacancy, landlords are now watching for sublease space and area outliers to subvert the CBD market. As some tenants embrace modernization with open office plans, they are consolidating and offering larger blocks of quality sublease space then commonly seen on the market. There are currently 50 Class A office properties downtown that offer sublet space over 10,000 SF contiguous. Nearly half of the Class A buildings downtown with direct

CBD NET ABSORPTION AND VACANCY



CBD AVERAGE ASKING RENTAL RATES



vacancy have some form of sublet space available in their buildings. For landlords trying to attract new tenants, such as tech startups, sublease office space is a challenge to contend with since they are quality spaces with decent terms of 3-5 years. Essentially, landlords are competing with existing tenants in their buildings who are acting as "mini landlords" and subverting price. However, a mass fear of a glut of vacant space flooding the market is slightly overblown. Buildings such as 300 S Riverside, where JP Morgan space, Cars.com already absorbed some of the vacancy and 515 N State St where AMA exited, Outcome Health (aka Context Media) filled that vacancy.

Another contender is the boundary push that creative office developments are creating, particularly in the River West/Fulton Market and Clybourn Corridor areas. The recent sale of 1333 N Kingsbury in the Clybourn Corridor is an example of how the CBD boundaries and interest is expanding. Investors are now looking at outliers as profitable ventures and tenants are flocking to areas that were once never considered business neighborhoods. The River West continues to expand with 4 properties under construction and 12 more proposed for the area. This trend is going to continually keep traditional Class A/B asset holders in the main CBD Loop areas looking to upgrade quality and amenities to attract tenants.

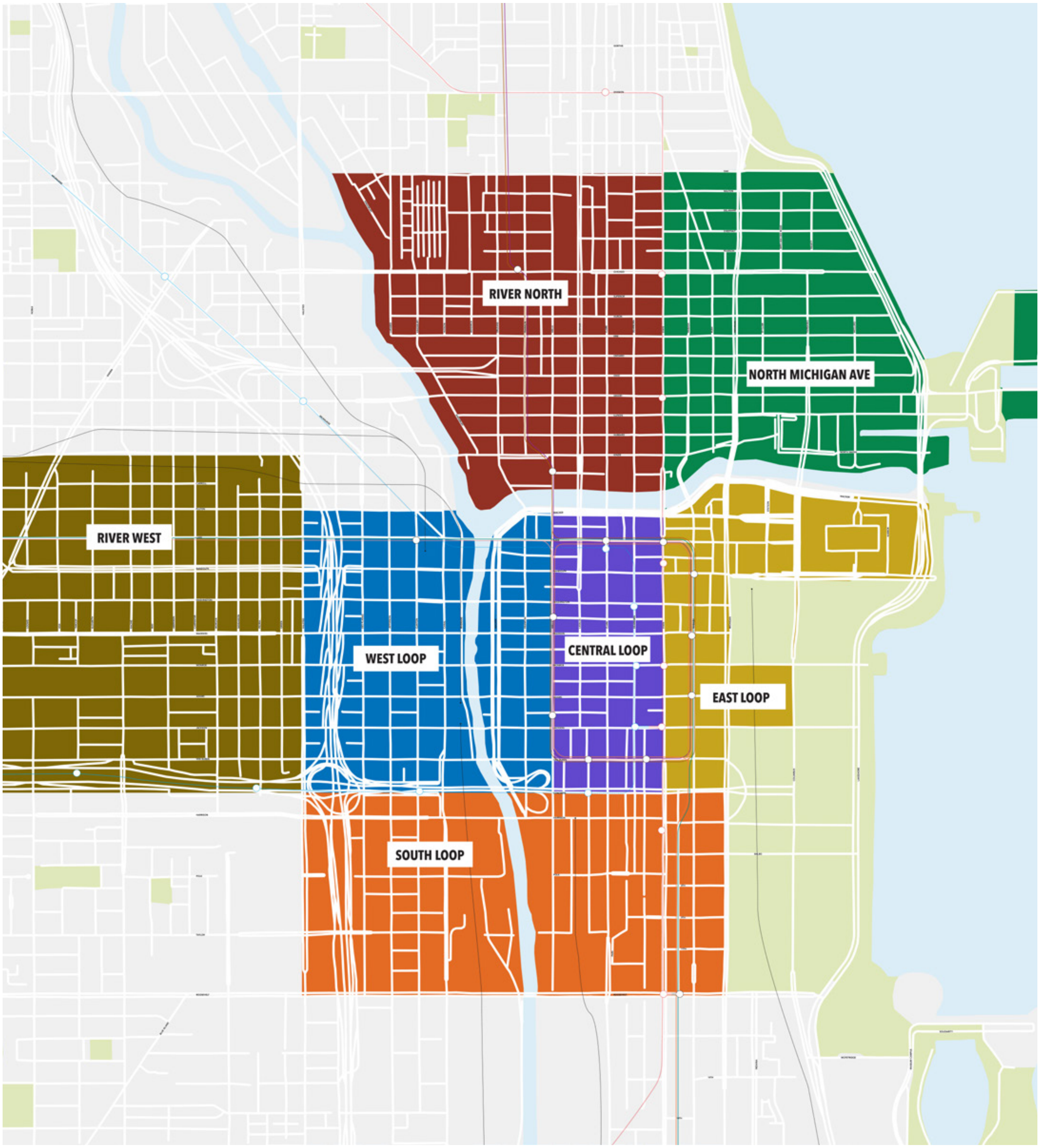
With construction costs rising as well, landlords are holding face rent values in their deals but offering tenants 5-7% bumps in TI allowances for the corresponding construction material costs rising 4.3% in 2017. Some ownership groups are using above-normal concession packages with TIs above $80-90 PSF to ensure the highest face rent possible.

FIRST QUARTER SELECT CBD LEASE ACTIVITY

TENANT	PROPERTY	SIZE (SF)	TYPE
Outcome Health	515 N State St	385,050	New
TNC Holdings (Nielsen)	200 W Jackson Blvd	214,489	Renewal & Expansion
PPM America	225 W Wacker Dr	100,152	Expansion
Grainger	500 W Madison St	60,000	Extension
Northwestern Physical Therapy & Human Movement	645 N Michigan Ave	51,637	Extension
American Academy of Art	332 S Michigan Ave	51,000	Renewal
National Restaurant Association	233 S Wacker Dr	50,852	New
iManage	540 W Madison St	48,307	New
BDT Capital Partners	401 N Michigan Ave	43,968	Renewal
Burns & McDonnell	200 W Adams St	36,409	Renewal
Enova International	175 W Jackson Blvd	34,926	New
Intersport, Inc.	303 E Wacker Dr	30,176	New
Hub Insurance	203 N LaSalle St	28,000	New
PayPal	222 Merchandise Mart Plz	27,698	New
Signal	222 N LaSalle St	26,282	New
Sikich LLP	200 W Madison St	22,146	New
The Climate Corporation	1330 W Fulton St	21,315	New
BluePay Processing	500 W Madison St	18,377	New
Hines	444 W Lake St	14,414	New
Onegoal	180 N Wabash Ave	13,888	New
CCC Information Services	222 Merchandise Mart Plz	13,415	New
SMS Assist	875 N Michigan Ave	13,315	New

FIRST QUARTER SELECT CBD SALE ACTIVITY

PROPERTY	SIZE (SF)	SALE PRICE	PSF	BUYER
181 W Madison St	940,000	$359,000,000	$382	HNA Grp
1333 N Kingsbury St	96,008	$27,800,000	$290	Credit Suisse
303 W Erie St	62,334	$15,000,000	$241	Alvarez & Marsal
820 N Franklin St	21,750	$7,500,000	$345	Camcorp Interests



RIVER NORTH
NORTH MICHIGAN AVE
RIVER WEST
WEST LOOP
CENTRAL LOOP
EAST LOOP
SOUTH LOOP

CHICAGO OFFICE MARKET

FIRST QUARTER 2017

CBD Office Market Indicators

SUBMARKET		INVENTORY	UNDER CONSTRUCTION	Q1 NET ABSORPTION	YTD NET ABSORPTION	VACANCY SF		VACANCY RATES			AVERAGE RATE PSF
						DIRECT	SUBLEASE	DIRECT	SUBLEASE	OVERALL	
	Class A	22,337,317	0	-321,677	-321,677	2,183,711	273,012	9.8%	1.2%	11.0%	$38.08
	Class B	13,265,236	0	72,344	72,344	1,970,197	59,710	14.9%	0.5%	15.3%	$32.80
	Class C	1,616,962	0	20,049	20,049	71,915	2,266	4.4%	0.1%	4.6%	$25.59
Central Loop		**37,219,515**	**0**	**-229,284**	**-229,284**	**4,225,823**	**334,988**	**11.4%**	**0.9%**	**12.3%**	**$35.66**
	Class A	16,631,127	0	90,297	90,297	1,983,363	97,666	11.9%	0.6%	12.5%	$35.78
	Class B	6,186,725	0	-43,994	-43,994	874,955	56,732	14.1%	0.9%	15.1%	$29.97
	Class C	3,938,743	0	-17,464	-17,464	350,667	11,731	8.9%	0.3%	9.2%	$27.80
East Loop		**26,756,595**	**0**	**28,839**	**28,839**	**3,208,985**	**166,129**	**12.0%**	**0.6%**	**12.6%**	**$33.26**
	Class A	7,269,622	0	55,899	55,899	961,841	72,212	13.2%	1.0%	14.2%	$38.08
	Class B	3,348,885	0	14,186	14,186	357,832	34,495	10.7%	1.0%	11.7%	$32.72
	Class C	1,455,998	0	-3,525	-3,525	24,849	0	1.7%	0.0%	1.7%	$31.33
N. Michigan Ave		**12,074,505**	**0**	**66,560**	**66,560**	**1,344,522**	**106,707**	**11.1%**	**0.9%**	**12.0%**	**$35.78**
	Class A	3,991,073	56,000	9,559	9,559	244,891	3,079	6.1%	0.1%	6.2%	$51.90
	Class B	11,276,422	0	-142,190	-142,190	843,883	139,947	7.5%	1.2%	8.7%	$30.38
	Class C	2,385,651	0	-3,618	-3,618	136,989	15,127	5.7%	0.6%	6.4%	$28.76
River North		**17,653,146**	**56,000**	**-136,249**	**-136,249**	**1,225,763**	**158,153**	**6.9%**	**0.9%**	**7.8%**	**$35.03**
	Class A	569,290	769,301	0	0	55,660	0	9.8%	0.0%	9.8%	$35.65
	Class B	2,332,835	287,928	33,993	33,993	336,260	3,829	14.4%	0.2%	14.6%	$29.91
	Class C	1,716,871	0	-12,411	-12,411	184,375	33,044	10.7%	1.9%	12.7%	$26.16
River West		**4,618,996**	**1,057,229**	**21,582**	**21,582**	**576,295**	**36,873**	**12.5%**	**0.8%**	**13.3%**	**$29.22**
	Class B	701,908	0	4,972	4,972	162,956	0	23.2%	0.0%	23.2%	$24.91
	Class C	1,078,180	0	2,546	2,546	35,443	1,000	3.3%	0.1%	3.4%	$24.00
South Loop		**1,780,088**	**0**	**7,518**	**7,518**	**198,399**	**1,000**	**11.1%**	**0.1%**	**11.2%**	**$24.36**
	Class A	36,786,692	1,242,286	445,291	445,291	5,207,196	545,149	14.2%	1.5%	15.6%	$42.60
	Class B	12,143,698	0	73,091	73,091	1,254,303	190,874	10.3%	1.6%	11.9%	$32.85
	Class C	2,391,741	0	13,849	13,849	159,444	3,219	6.7%	0.1%	6.8%	$28.51
West Loop		**51,322,131**	**1,242,286**	**532,231**	**532,231**	**6,620,943**	**739,242**	**12.9%**	**1.4%**	**14.3%**	**$39.64**
	Class A	87,585,121	2,067,587	279,369	279,369	10,636,662	991,118	12.1%	1.1%	13.3%	$40.16
	Class B	49,255,709	287,928	12,402	12,402	5,800,386	485,587	11.8%	1.0%	12.8%	$31.65
	Class C	14,584,146	0	-574	-574	963,682	66,387	6.6%	0.5%	7.1%	$27.71
DOWNTOWN		**151,424,976**	**2,355,515**	**291,197**	**291,197**	**17,400,730**	**1,543,092**	**11.5%**	**1.0%**	**12.5%**	**$36.19**

Suburban Market

Class A leads the way: steady as rental rates inch up

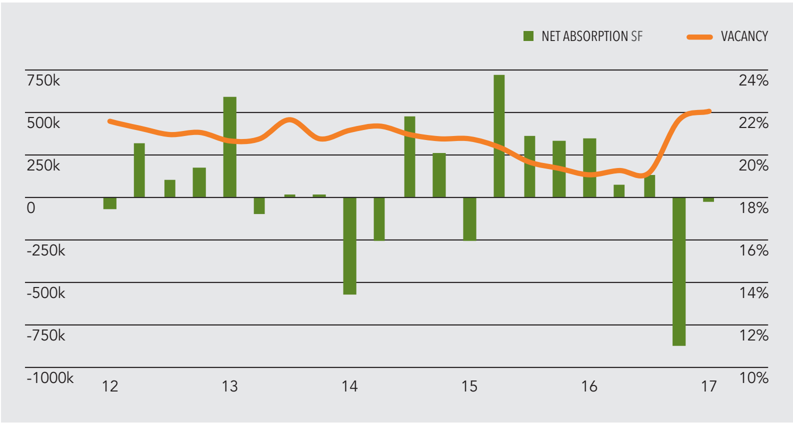
Suburban office leasing activity was a bit of a mixed bag in the first quarter as the vacancy rate worsened, but the average asking rental rate improved. The overall average direct rental rate is $23.09 PSF up from $22.85 PSF at the end of 2016. The suburban vacancy rate rose to 22.1%, up from 21.9%, which are two consecutive quarters of increase.

Leasing in Class A buildings lead the way with the O'Hare market reaching its highest average asking rate in nine years, currently residing at $30.59 PSF. Despite stagnant or falling rates in other submarkets, the Class A segment lifted the overall average rate, thought positive leasing activity in Class A couldn't carry the negative absorption registered by other product types in weaker submarkets.

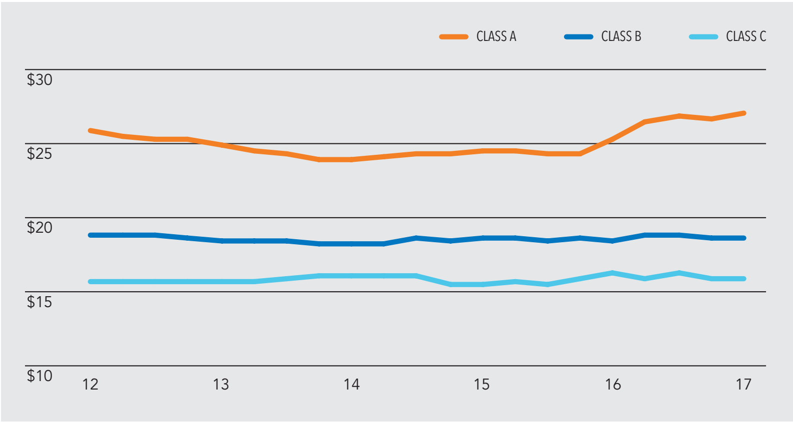
The quarter was characterized by steady activity among mid-sized tenants (20,000 to 50,000 SF); large deals, conversely, were nearly non-existent. O'Hare and the east end of the East/West Corridor enjoyed positive absorption, while the North Suburban and west end of the East West submarket logged negative absorption (397,604 SF collectively). Walgreens, Grainger, Chicago Title and Westell downsized or left the market entirely. The East/West defections were slightly offset by Chervon moving in. Overall, suburban absorption settled at negative 20,235 SF this quarter. Had it not been for strong Class A leasing, (137,261 SF of positive absorption), the numbers would have been much worse.

Suburban to CBD migration continues as TNC Holdings (formerly Nielsen Ratings Agency) consolidated and expanded several offices around Chicagoland, growing from 70,000 SF into 214,489 SF at 200 W Jackson Blvd in the West Loop. Following other major companies such as Motorola, Hillshire, Kraft, and

SUBURBAN NET ABSORPTION AND VACANCY



SUBURBAN AVERAGE ASKING RENTAL RATES



McDonald's, Nielsen cites the same need for access to young talent and proximity to public transportation and lifestyle amenities as the basis for its move.

With this influx of suburban tenants, it's apparent that smaller city building owners are more willing to grant building naming rights to less-than full occupants than in the past. Such acquiescence represents yet another reason for select employers to venture downtown. Of course the move isn't for everyone. Price-conscience companies and firms relying on a different employment demographic are sticking with the suburbs. As a compromise, many firms are leaving the bulk of their accounting, sales and corporate functions in place, but moving IT and marketing downtown to capture the younger worker.

For the remainder of 2017, Class A occupancy should continue to improve and rental rates rise. Eventually, this will have a positive impact on Class B space that relies on a minimum $5.00 PSF rent delta to dissuade tenants from moving up. That delta has already crested on O'Hare and is nearly at the tipping point on the east end of the East/West. The rent differential is not nearly compelling enough yet in the west end of the East/ West, Northwest (Schaumburg) or North submarkets for Class B to measurably beneficial.

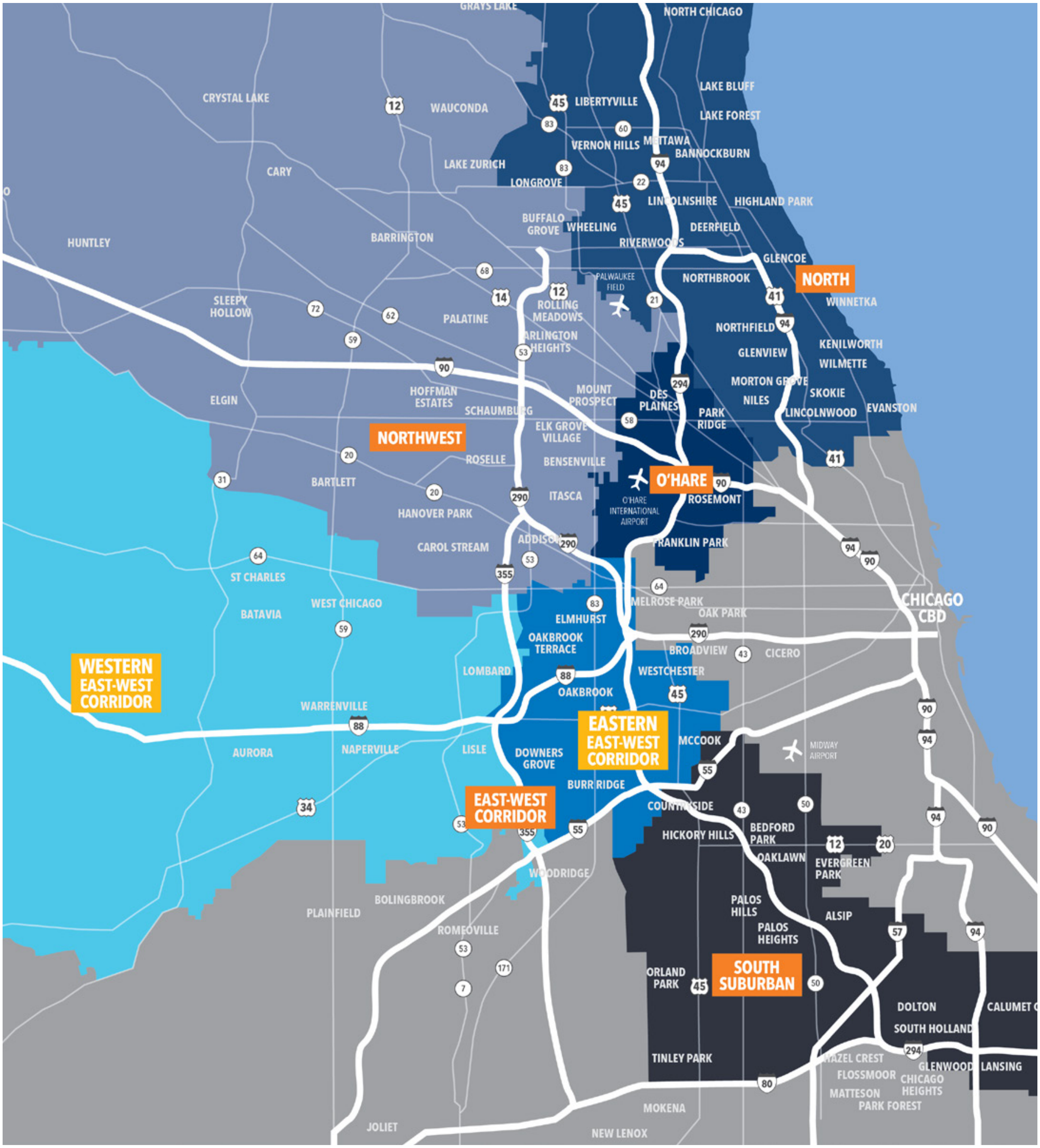
A few speculative suburban office developments are being discussed, the most notably being the Ryan Cos. project in Westmont (275,000 SF redevelopment) and an 11-acre site in Oakbrook, but noting is expected to come on line this year or next. In the meantime, Class B buildings will get periodic facelifts and compete for tenants not yet willing to pay Class A prices or move Downtown.

FIRST QUARTER SELECT SUBURBAN LEASE ACTIVITY

TENANT	PROPERTY	SIZE (SF)	TYPE
Old World Industries	3100 Sanders Rd, Northbrook	163,982	New
True Value	8600 W Bryn Mawr Ave	125,000	Renewal
Chevron	1203 Warrenville Rd	124,000	Sublease
First Midwest Bank	8750 W Bryn Mawr Ave, Chicago	70,417	New
National Express Corp	2601 Navistar Dr, Lisle	54,027	New
Wells Fargo Advisors	500 Lake Cook Rd, Deerfield	48,276	New
Great American Insurance	1450 American Ln, Schaumburg	43,758	New
Tellabs	1415 W Diehl Rd, Naperville	41,706	New
S&S Activewear	220 Remington Blvd, Bolingbrook	28,746	New
Mediterranean Shipping	8725 W Higgins Rd, Chicago	26,295	New
Allant Group	2655 Warrenville, Downers Grove	26,069	New
New York Life	2001 Butterfield Rd, Downers Grove	23,029	New
Riddell	1700 W Higgins Rd, Des Plaines	22,823	New
MiddleFinancial Services	1901 N Roselle Rd, Schaumburg	22,000	New
InvenTrust Properties	3025 Highland Pky, Downers Grove	21,000	New
WM Corporate Services	700 E Butterfield Rd, lombard	19,948	New
Enterprise Fleet Management	1200 Jorie Blvd, Oak Brook	14,729	New

FIRST QUARTER SELECT SUBURBAN SALE ACTIVITY

PROPERTY	SIZE (SF)	SALE PRICE	PSF	BUYER
1475 Woodfield Rd, Schaumburg	1,038,335	$70,749,250	$71	GlenStar Properties
4901 Searle Pkwy, Skokie	533,000	$77,000,167	$144	American Landmark Props
5400-5500 Pearl St, Des Plaines	230,754	$24,250,000	$105	ASA Properties/Middleton Partners
7955 - 8205 S Cass Ave, Darien	176,000	$11,875,000	$67	Capital Realty & Dev



NORTH
NORTHWEST
O'HARE
WESTERN EAST-WEST CORRIDOR
EASTERN EAST-WEST CORRIDOR
EAST-WEST CORRIDOR
SOUTH SUBURBAN
CHICAGO CBD
GRAYS LAKE
NORTH CHICAGO
LAKE BLUFF
LAKE FOREST
LIBERTYVILLE
VERNON HILLS
METTAWA
BANNOCKBURN
CRYSTAL LAKE
WAUCONDA
LAKE ZURICH
LONGROVE
CARY
LINCOLNSHIRE
HIGHLAND PARK
BUFFALO GROVE
WHEELING
DEERFIELD
RIVERWOODS
HUNTLEY
BARRINGTON
GLENCOE
NORTHBROOK
PALWAUKEE FIELD
WINNETKA
SLEEPY HOLLOW
ROLLING MEADOWS
PALATINE
NORTHFIELD
ARLINGTON HEIGHTS
GLENVIEW
KENILWORTH
WILMETTE
MORTON GROVE
NILES
SKOKIE
HOFFMAN ESTATES
MOUNT PROSPECT
DES PLAINES
ELGIN
SCHAUMBURG
PARK RIDGE
LINCOLNWOOD
EVANSTON
ELK GROVE VILLAGE
ROSELLE
BENSENVILLE
BARTLETT
ITASCA
ROSEMONT
O'HARE INTERNATIONAL AIRPORT
HANOVER PARK
CAROL STREAM
ADDISON
FRANKLIN PARK
ST CHARLES
BATAVIA
WEST CHICAGO
MELROSE PARK
OAK PARK
ELMHURST
OAKBROOK TERRACE
BROADVIEW
CICERO
LOMBARD
WESTCHESTER
OAKBROOK
WARRENVILLE
AURORA
NAPERVILLE
LISLE
DOWNERS GROVE
MCCOOK
MIDWAY AIRPORT
BURR RIDGE
COUNTRYSIDE
HICKORY HILLS
BEDFORD PARK
OAKLAWN
EVERGREEN PARK
WOODRIDGE
BOLINGBROOK
PLAINFIELD
PALOS HILLS
PALOS HEIGHTS
ALSIP
ROMEOVILLE
ORLAND PARK
DOLTON
SOUTH HOLLAND
TINLEY PARK
HAZEL CREST
FLOSSMOOR
CHICAGO HEIGHTS
GLENWOOD
LANSING
MATTESON
PARK FOREST
MOKENA
JOLIET
NEW LENOX

CHICAGO OFFICE MARKET

FIRST QUARTER 2017

Suburban Office Market Indicators

SUBMARKET	INVENTORY	UNDER CONSTRUCTION	Q1 NET ABSORPTION	YTD NET ABSORPTION	VACANCY SF		VACANCY RATES			AVERAGE RATE PSF
					DIRECT	SUBLEASE	DIRECT	SUBLEASE	OVERALL	
Class A	13,506,626	0	142,319	142,319	2,528,305	63,451	18.7%	0.5%	19.2%	$27.98
Class B	10,046,212	77,962	43,237	43,237	1,611,883	159,297	16.0%	1.6%	17.6%	$19.08
Class C	1,289,184	0	4,936	4,936	195,624	1,320	15.2%	0.1%	15.3%	$15.39
Eastern East West	**24,842,022**	**77,962**	**190,492**	**190,492**	**4,335,812**	**224,068**	**17.5%**	**0.9%**	**18.4%**	**$23.73**
Class A	9,760,998	0	45,129	45,129	2,387,278	209,106	24.5%	2.1%	26.6%	$27.75
Class B	8,377,917	0	-178,795	-178,795	1,293,081	404,638	15.4%	4.8%	20.3%	$19.59
Class C	1,531,495	0	-3,134	-3,134	144,644	0	9.4%	0.0%	9.4%	$17.82
Western East West	**19,670,410**	**0**	**-136,800**	**-136,800**	**3,825,003**	**613,744**	**19.4%**	**3.1%**	**22.6%**	**$23.50**
Class A	19,019,591	0	-212,046	-212,046	4,718,298	133,789	24.8%	0.7%	25.5%	$27.85
Class B	9,586,032	0	-13,787	-13,787	1,243,793	86,435	13.0%	0.9%	13.9%	$19.95
Class C	1,841,117	0	-34,971	-34,971	300,876	5,393	16.3%	0.3%	16.6%	$16.26
North Suburban	**30,446,740**	**0**	**-260,804**	**-260,804**	**6,262,967**	**225,617**	**20.6%**	**0.7%**	**21.3%**	**$24.66**
Class A	19,948,813	0	109,059	109,059	5,605,906	246,357	28.1%	1.2%	29.3%	$24.28
Class B	12,418,929	0	-32,968	-32,968	3,180,857	75,786	25.6%	0.6%	26.2%	$17.00
Class C	1,839,823	0	2,512	2,512	221,215	40,298	12.0%	2.2%	14.2%	$16.35
Northwest	**34,207,565**	**0**	**78,603**	**78,603**	**9,007,978**	**362,441**	**26.3%**	**1.1%**	**27.4%**	**$21.21**
Class A	8,337,542	0	19,858	19,858	1,008,415	86,086	12.1%	1.0%	13.1%	$30.59
Class B	4,683,037	0	38,006	38,006	1,270,404	0	27.1%	0.0%	27.1%	$18.55
Class C	764,643	0	86	86	343,498	0	44.9%	0.0%	44.9%	$14.53
O'Hare	**13,785,222**	**0**	**57,950**	**57,950**	**2,622,317**	**86,086**	**19.0%**	**0.6%**	**19.6%**	**$25.61**
Class A	1,034,633	0	32,942	32,942	133,039	9,247	12.9%	0.9%	13.8%	$21.75
Class B	4,834,431	0	11,509	11,509	904,867	4,929	18.7%	0.1%	18.8%	$17.44
Class C	1,586,628	0	5,873	5,873	193,593	0	12.2%	0.0%	12.2%	$14.30
South Suburban	**7,455,692**	**0**	**50,324**	**50,324**	**1,231,499**	**14,176**	**16.5%**	**0.2%**	**16.7%**	**$17.37**
Class A	71,608,203	0	137,261	137,261	16,381,241	748,036	22.9%	1.0%	23.9%	$27.10
Class B	49,946,558	77,962	-132,798	-132,798	9,504,885	731,085	19.0%	1.5%	20.5%	$18.61
Class C	8,852,890	0	-24,698	-24,698	1,399,450	47,011	15.8%	0.5%	16.3%	$15.92
SUBURBAN	**130,407,651**	**77,962**	**-20,235**	**-20,235**	**27,285,576**	**1,526,132**	**20.9%**	**1.2%**	**22.1%**	**$23.09**

CONTACT

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METHODOLOGY

Inventory defined as existing Class A, B and C office properties, 20,000 square foot minimum rentable base area. Overall vacancy inclusive of direct and sublease space. Net absorption defined as the change in physical occupancy from one period to the next. Average asking rents are direct gross per square foot, per year and are overall averages are weighted against total inventory.

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