2010 Forecast Report

GRUBB & ELLIS
From Insight to Results

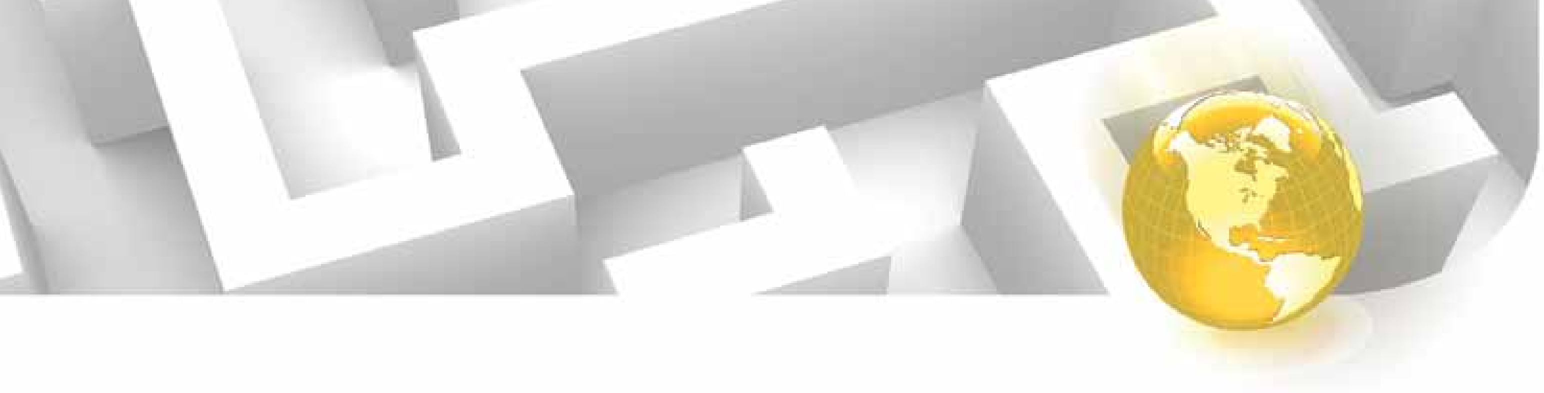
CHICAGO

Office

Industrial

Retail

Investment



Chicago

Easy to access.
Easy to customize.
Key to making smart business decisions.

Presented by

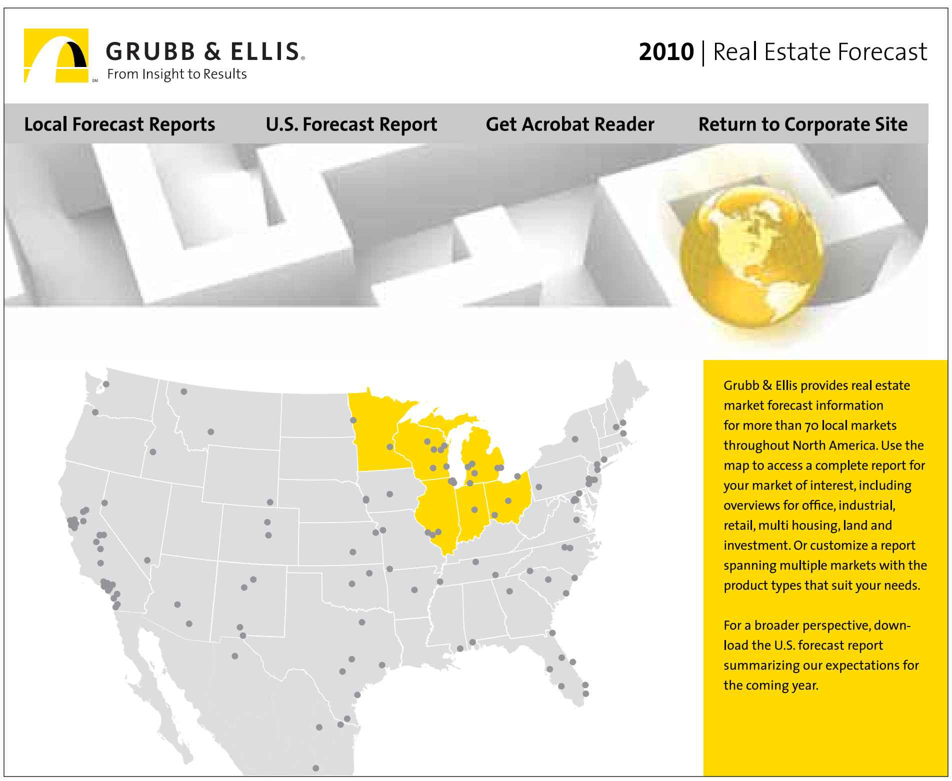
Grubb & Ellis Chicago
312.698.6700

Grubb & Ellis Rosemont
847.390.8040

Grubb & Ellis Skokie
847.965.9700

Download our national overview, or focus on specific property types in your markets of interest. Print a report for a single market, or select various markets to customize a book to suit your needs. We recognize that each of our clients is unique, and we at Grubb & Ellis are committed to delivering the information you need to achieve your business objectives.

Access our 2010 Forecast information at:
www.grubb-ellis.com/research/forecast2010



Please contact your local Grubb & Ellis office for further information about this local market forecast or see the list of contributors.

GRUBB & ELLIS
From Insight to Results

Dear Clients and Colleagues:

While everyone likes a challenge, in 2009 our industry has had more than its fair share of obstacles to maneuver. The U.S. and global economic conditions have not made it easy for anyone in the commercial real estate arena. Occupier demand plunged in all categories of commercial real estate last year. The fact that construction levels were moderate leading into the recession, while a mitigating factor, has not been enough to protect the industry from rising vacancy rates and falling rental rates that rival the deep cycle of the early 1990s.

Unlike that earlier cycle, commercial real estate was not a primary cause of the current downturn. Rather, it was the reckless use of credit, starting with subprime residential loans and spreading throughout the financial system and across the globe. Commercial real estate, whose value depends on leverage, was swept up in the credit bubble and the ensuing crash.

In the past few months, with the credit markets stabilizing, commercial real estate has developed a somewhat unfair reputation as "the next shoe to drop." No doubt there is pain ahead, as losses are realized and the industry is recapitalized at lower values, but this transition is highly unlikely to repeat the disruption caused by the housing crisis for reasons we discuss in our analysis. The re-pricing of assets is generating opportunities unseen since the early 1990s, notably for tenants and investors with cash.

The economy is improving thanks in part to quick actions by governments around the world. Recovery will be slow, however, particularly in the labor market. Because tenant demand for commercial real estate derives from job growth, the leasing market will struggle in 2010. Tenants will have the upper hand in negotiations with landlords, resulting in flexible leases and hefty incentive packages. A shortage of debt capital will continue to affect the investment market, but there is a growing pool of equity capital forming to acquire property assets at bargain prices.

While we expect real estate sales to pick up during the year, banks have delayed selling their REO properties in order to protect their capital reserves. As a result, distressed assets will likely come to market over the next two, three or even four years. CMBS will provide opportunities for investors to acquire distressed debt in 2010, but the structure of the original agreements often makes the process more arduous than buying a property or a whole loan from a bank.

As we work through this maze together, we are focused on offering solutions that ensure each of our client's real estate is being optimally utilized regardless of market conditions. Our 2010 forecast may encourage you to re-evaluate your real estate investment strategy, consider a new market for doing business or investigate alternative space options. We're ready to discuss your needs at any time and are committed to delivering integrated real estate solutions that meet your business objectives. We'll help you uncover opportunities that exist today – and together prepare for the future.

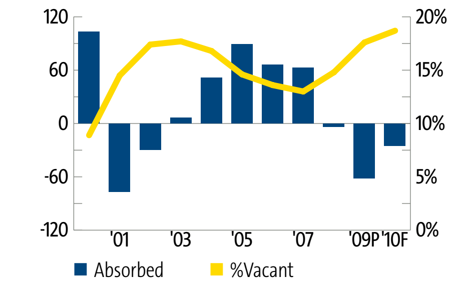
Sincerely,

Jack Van Berkel
President, Real Estate Services

Table of Contents

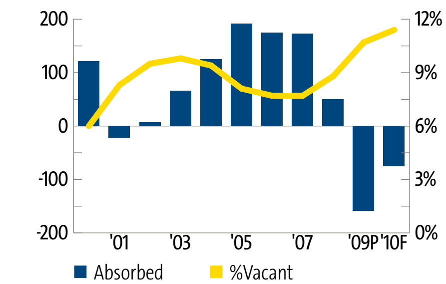
GRUBB & ELLIS
From Insight to Results

U.S. Office Vacancy and Absorption
Year-End (in Millions of SF)



Source: Grubb & Ellis

U.S. Industrial Vacancy and Absorption
Year-End (in Millions of SF)



Source: Grubb & Ellis

Office and Industrial Review and Forecast
Year-End

Office Market	2009 Actual	2010 Forecast
Vacancy rate	17.6%	18.7%
Class A rental rate [1]	$30.81	$29.27
Class B rental rate [1]	$22.93	$22.01
Net absorption	–62MSF	–25MSF
Space completed	49MSF	25MSF
Industrial Market		
Vacancy rate	10.7%	11.4%
Warehouse/dist. rental rate [2]	$4.26	$4.04
General industrial rental rate [2]	$5.26	$5.15
R&D/flex rental rate [2]	$9.32	$8.86
Net absorption	–158MSF	–75MSF
Space completed	60MSF	15MSF

[1] Asking rate per square foot per year full service

[2] Asking rate per square foot per year triple net

Source: Grubb & Ellis

It won't feel like a classic recovery.

2009: Averting Disaster

The Great Recession, the worst downturn since the Great Depression, most likely passed into history last fall. From its beginning in December 2007 through October 2009, the recession destroyed 7.3 million payroll jobs, but that estimate will be revised upward by approximately 824,000 in February when the Bureau of Labor Statistics benchmarks its data to state unemployment insurance tax records, as it does annually. With further losses anticipated through 2010, the final damage could approach 9 million jobs eliminated, or about 6 to 7 percent of total employment. That would make this labor market downturn worse than all 10 of the other post-World War II recessions, more than double the average employment loss of 2.7 percent.

The recession pushed vacancy rates higher, rental rates lower, absorption into the red and construction starts toward zero across all product types. Retailers downsized or postponed expansion plans, slicing demand for retail and industrial space. Falling global trade hurt demand for industrial space, particularly in import-dependent markets. Job losses in the financial services and professional and business services sectors pushed office absorption deep into the red. Even the unflappable apartment market was hurt when new graduates couldn't find work and young adults were laid off. The only subsector showing some resilience was medical office and healthcare properties. Conditions were even worse in the investment market where transaction volume slowed to subsistence levels. The average commercial property sales price, based on repeat sales (however few), fell approximately 40 percent from its 2007 peak.

It could have been worse, perhaps much worse. "Depression 2.0," a contemporary version of what the world endured in the 1930s, was on the table from late 2008 through early 2009. Although reasonable people may disagree, it appears that the epic rescue measures undertaken by the government – two stimulus packages, TARP and a host of lending programs at the Federal Reserve – helped pull the global economy back from the brink.

2010: The Aftermath

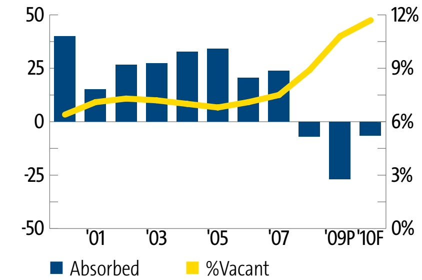
As the recession ebbs, discussion has turned to the shape of the recovery, with letters of the alphabet being the most popular descriptors. The possibilities are framed by the optimistic scenario of a brisk rebound (a "V") and the pessimistic scenario of a double-dip recession or zero growth following a stimulus-fueled bounce (a "W"). In between are weak but sustainable recoveries of varying lengths – a "U" depicting a jobless period of moderate length, and an "L" where the weakness lasts longer, perhaps much longer as occurred in Japan during the 1990s.

We believe a U-shaped recovery is most likely, with the labor market bottoming in the second half of 2010 and sustained job growth returning in 2011. The labor market is unlikely to recoup the 8 to 9 million lost jobs until 2014 or 2015. Inflation will not be an issue in 2010 but could become a problem down the road unless the government takes steps to control its debt. A little inflation could burnish real estate's long-dormant reputation as an inflation hedge.

National
Overview

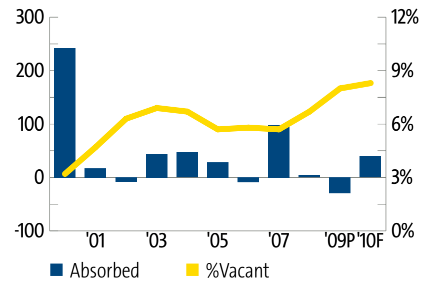
continued

U.S. Retail Vacancy and Absorption
Year-End (in Millions of SF)



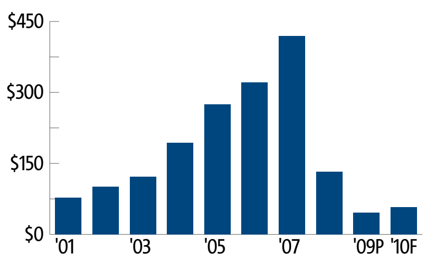
Source: Reis, Grubb & Ellis

U.S. Apartment Vacancy and Absorption
Year-End (in Thousands of Units)



Source: Reis, Grubb & Ellis

U.S. Commercial Property Sales
In Billions



Source: Real Capital Analytics, Grubb & Ellis

Expect the four core property types to recover in the following sequence:

1. *Multi Housing:* Early in the downturn, apartments benefited from the stream of foreclosed homeowners seeking a place to live. But the growing wave of foreclosures increased the supply of shadow units – unsold condominiums and houses being offered for rent. Job growth is required for a robust recovery. Longer term, apartments will benefit from the return of homeownership rates to pre-bubble levels (if not below) and growth of the 20 to 29 age cohort as the boomers' kids move out on their own.

2. *Industrial:* The recession dealt a blow to the drivers of demand for industrial space – retail sales, logistics, global trade and manufacturing. Expect leasing market conditions to bottom out by year-end as these drivers register modest rebounds.

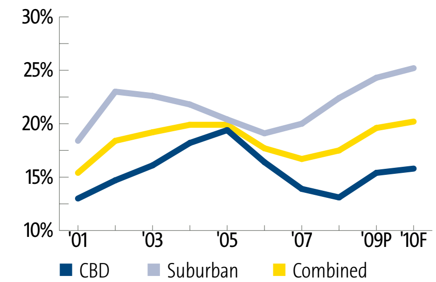
3. *Retail:* The crystal ball is cloudiest for this property category. Was this recession just another cyclical downturn, or are there secular forces at work that will permanently alter tenant demand for retail space? Bubble-era spending, inflated by unsustainable housing prices and a flood of credit, will not return, and the savings rate will keep rising. These changes may be part of the wallpaper in a couple of years – that is, part of the new normal operating environment for retailers and their customers.

4. *Office:* The shadow space inventory may be higher in this downturn because job layoffs, implemented so swiftly following "Lehman Brothers weekend," have outrun tenants' ability to shed unneeded space. Expect the vacancy rate to peak in the first half of 2011 and rents to bottom in the second half of 2011 followed by a multi-year return to equilibrium. Vacancy is likely to set a modern-day record by the end of 2010.

In the investment arena, we anticipate transactions to increase 20 to 30 percent in 2010 compared with last year's artificially low levels. This is likely to be the start of a multi-year recapitalization process for commercial real estate where banks, CMBS servicers and other lenders finally write down and sell a steady river of distressed assets. Prices, already down 40 percent from their peaks, may decline another 10 percent as buyers finally get in the game. Anecdotes suggest that capitalization rates for apartment and medical office properties actually fell slightly late in 2009 as credit market panic abated, so prices may be finding a floor.

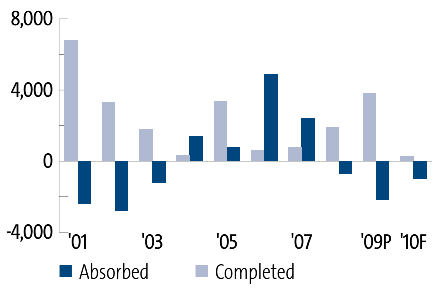
GRUBB & ELLIS. From Insight to Results

Vacancy Rate
Year-End



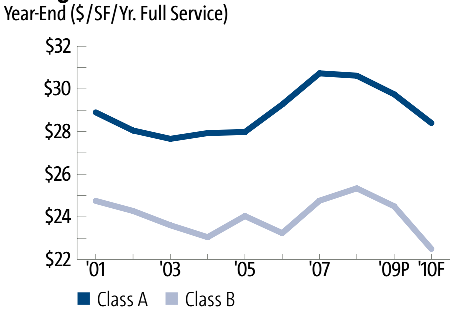
Source: Grubb & Ellis

Completions vs. Absorption
Year-End (in Thousands of SF)



Source: Grubb & Ellis

Asking Rental Rates
Year-End ($/SF/Yr. Full Service)



Source: Grubb & Ellis

The state of the capital market continues to dominate tenant, landlord and investor sentiment in the Chicago office market.

Two years after the start of the Great Recession, the Chicago office market has reached a historically high vacancy rate of 20 percent. Job losses and company consolidations led to over 3.8 million square feet of negative net absorption in 2009. Although Chicago is not dominated by a single industry, the overall cautious sentiment of most companies and a presumed abundance of shadow space will prolong the recovery of the local office market.

The three big stories for 2010 are: lack of demand, low volume of investment sales activity and the growing number of "zombie buildings." No significant job growth is expected for the Chicago area in 2010, which in turn means little or no demand for new office space. Additionally, many tenants are only occupying a portion of their existing space contributing to the underlying issue of shadow vacancy.

It was expected that building sales would be slow in 2009, but many analysts did not anticipate that banks would have to wait for their capital base to build up prior to taking a loss on their commercial real estate loans. This year lenders will likely continue to procrastinate until they reach this stage. The "extend and pretend" philosophy, supported by recent government regulations, will prevent a flood of foreclosures. However, opportunity costs for loans are a big issue and there will be more owners who choose to throw in the towel. This could be especially true for owner-users, whose businesses are already on the edge of collapse.

"Zombie buildings" could become a new phenomenon. These are buildings with currently available space that need the additional rental income of new tenants, but which cannot fund market competitive tenant improvements due to their highly leveraged loans and deteriorating cash flow from existing tenants. The number of affected properties still remains uncertain. A surprising side effect of this development could be a tighter market for tenants as a result of there being a much smaller pool of buildings that are able to compete for deals.

Unlike in previous real estate cycles, the current market challenge is a lack of demand, not an overabundance of supply. In the Chicago Central Business District, only the 800,000-square-foot Blue Cross Blue Shield building expansion is currently under construction, while the 160,000-square-foot 555 Corporate Center in Lincolnshire and the 105,000-square-foot Cisco building in Rosemont are the only major construction projects underway in the suburbs. Three high-rises, with a total of 3.8 million square feet, were added to the downtown inventory in 2009. They are 80 percent leased and anchored by Kirkland Ellis, Jenner & Block, Mesirow Financial and Skadden. The new tenants in these buildings left other locations throughout the city, and their former spaces now stand vacant. However, these moves were known for quite

Key Leasing Transactions
2009

Lessee	Lessor	Property	Submarket	Size (SF)
United Airlines	The Chetrit Group	Willis Tower	West Loop	450,000
William Blair	Tishman Speyer	222 W Adams R	West Loop	350,000
City of Chicago	Tishman Speyer	30 N LaSalle R	Central Loop	263,000
KPMG	Piedmont Office Realty Trust	Aon Center	East Loop	261,000
DeVry	Opus North Corporation	Highland Landmark V	I-88 East	145,000

(R) = Renewal
Source: Grubb & Ellis

sometime, and the landlords in the affected buildings have been marketing these availabilities. By announcing the relocation of its headquarters from the suburbs and taking 450,000 square feet of former Ernst & Young space at the newly renamed Willis Tower, United Airlines relieved the market of a large block of space.

With rental rates decreasing, most landlords are not interested in early renewal negotiations with tenants that have 2013 and later lease expirations. The problem with this strategy is if a company does not occupy all of the space it rented, the underlying occupancy can be a lot less than what the landlord shows, thus skewing the perception of the performance of the building. It is estimated that the average tenant today only occupies about 75 percent of its space as a result of the economic downturn. This may lead to a sizable market correction once the lease expires and the tenant downsizes their need for space.

Demand for new and expansion space is directly related to job growth, which is expected to be slow for this region in 2010. The Chicago area has lost approximately 95,000 office related jobs since the third quarter of 2008. Comparing this number to the reported amount of vacant space leads to an estimated shadow vacancy of about 5 million square feet. It will take at least two "boom years" to absorb this amount of space. As the economy starts to improve, companies will fill up this shadow space before looking to take expansion space. Unfortunately, the only industry sectors in the area currently adding jobs are education, pharmaceuticals and government. Over time, healthcare reform and the adoption of new environmental regulations by the government may also result in an uptick in demand, especially for back-office type space.

In the coming year, many tenants will not yet be in a position to take advantage of the market. They are still reeling from uncertainty in their own businesses and industries. The few tenants that are looking for new space, or are renegotiating their leases, may have an additional party join them at the negotiating table — the lender. Many leases now have to be approved by the lender backing the mortgage of the building. This can hold up transactions significantly, which is something all parties need to take into consideration before commencing lease negotiations.

Concession packages are changing in the Chicago area. In the past, when tenant demand slowed, landlords would offer lots of incentives to give tenants a reason to commit to their building. In the current economy, tenants need even more persuasion to embark on the cost intensive adventure of relocation. However, cash strapped landlords are increasingly not in a position to afford the large tenant improvements that tenants have become accustomed to in recent years. One alternative being considered is for the tenant to pick up some of the build-out cost and receive rent abatement in return. Another option is for tenants to turn to previously occupied space, instead of new space, to make a move more feasible. Some landlords might also start offering incentives that are spread out over the term of the lease, instead of handing them out at the beginning.

At the other extreme, some landlords may be unwilling to offer any concessions, since they are unsure if they will still own the building in one or two years. They will not want to get aggressive on short-term economics for this very reason and throw "good money after bad" if they are about to lose their property.

Overall asking rental rates have only decreased by 3 percent since their peak in 2007. A further decline of 7 to 10 percent is expected before asking rates will slowly improve in 2011. There could, however, be a twist to this prediction. As loans mature, a shrinking number of landlords will be able to provide tenant improvement allowances and free rent. If these cash-strapped "zombie buildings" drop out of the competition for new tenants, this would effectively bifurcate the market. In such a scenario, tenants would have a limited set of options for new locations, which might help keep rental rates from declining as much as anticipated.

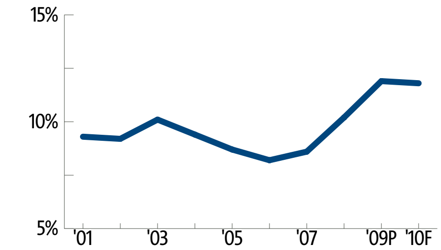
Due to federal guidelines released in late 2009, banks will not be required to immediately take back underperforming buildings. However, over the long-term when buildings finally recapitalize or sell, the new owners will likely have a much lower cost base than those who own buildings with the old capital structure still in place. This could give some landlords a cost advantage in attracting new tenants.

In the next one to two years, the Chicago office market will still be dominated by declining fundamentals and slow demand due to minimal job growth. Expect the CBD to fare better than the suburbs.

Chicago Industrial

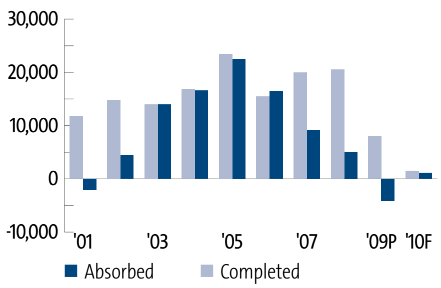
GRUBB & ELLIS
From Insight to Results

Vacancy Rate
All Product Types, Year-End



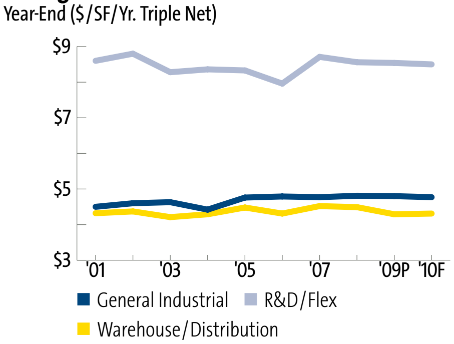
Source: Grubb & Ellis

Completions vs. Absorption
Year-End (in Thousands of SF)



Source: Grubb & Ellis

Asking Rental Rates
Year-End ($/SF/Yr. Triple Net)



Source: Grubb & Ellis

Deal velocity for both lease and sale transactions is expected to increase, as the Chicago industrial market is beginning a gradual recovery.

The Chicago industrial market awaits the onset of a future recovery with the hopes of ending the current Great Recession — the worst economic downturn since the Great Depression. Job growth and consumer spending play a large part in determining when the recovery will begin to take hold in the industrial sector. By the end of 2009, the Illinois unemployment rate was still above 10 percent, a rate which well surpassed the 6.9 percent rate of July 2003, the high watermark established as a result of the 2001/2002 recession. Employment started to improve after this point and reached a low of 4.3 percent in October of 2006.

In an attempt to help improve the Chicago economy, Mayor Daley's proposed 2010 budget will provide up to $25 million toward "TechCorps," a job training program funded by the revenue from the lease of the city's parking meters. The program will provide job training to laid-off Chicago workers. With further funding from President Obama's economic stimulus plan, jobs are expected to grow slightly in the Chicagoland area in 2010.

As predicted in the Grubb & Ellis 2009 Forecast, lease rates fell throughout the year and have fallen for the last six quarters, dropping by 5 percent since the third quarter of 2008. Moving forward, lease rates are expected to remain soft but not decline much further, as negative absorption levels are easing while transaction volume is stable. Absorption could turn positive by the end of 2010.

Tenants continue to have the upper hand in today's market, and landlords who can afford to do so are trying to entice future occupants by offering increased rent abatement, concessions and aggressive lease rates. Some landlords have even dropped rental rates to under $1.00 per square foot as an initial teaser rate to attract users to vacant industrial space. While many tenants are taking their time deciding on whether or not to relocate, consolidate or initiate blend-and-extend or short-term renewals, Third Party Logistics (3PL) companies have been executing transactions, as they are forced to adhere to contracts signed one to two years prior. Many 3PL deals have been completed in the Central Will and I-55 Corridor submarkets. Exel Logistics took over 590,000 square feet at the beginning of last year in Bolingbrook, while Alliance 3PL leased over 415,000 square feet at CenterPoint's Intermodal facility in Elwood.

Less than 2 million square feet of industrial product is currently under construction. Developers are not foreseeing a change in this low level of activity in the next few quarters and expect build-to-suit projects to drive future business. An example of this trend can be seen within the local food industry with recent build-to-suits completed for Central Grocers, Affiliated Foods Midwest, Gordon Foods and Bay Valley Foods. Some cities will continue to offer incentives for new build-to-suits. Freudenberg Household Products moved

Key Leasing Transactions
2009

Lessee	Lessor	Property	Submarket	Size (SF)
Central American Warehouse	RREEF Management	1100 W 115th St	I-55 Corridor	705,000
Suncast	CenterPoint Properties	900 Knell St	Fox Valley	597,000
Cinram International	US Industrial REIT	948 Meridian Lake Dr	Fox Valley	595,000
Exel Logistics	AEW Properties	1601 Remington Blvd	I-55 Corridor	592,000
American Procurement & Logistics	AMB Property Corp	855 N Wood Dale Rd	O'Hare	439,000

Source: Grubb & Ellis

into its 525,000-square-foot build-to-suit this year and was given a seven-year tax rebate, capped at $1.55 million. The City of Aurora also waived 75 percent of the building permit fees for the cleaning and laundry products manufacturer.

Transportation and logistics trends are highly important to the future of industrial real estate in Chicagoland. In the summer of 2009, Governor Pat Quinn announced that Illinois ranked among the top states in the nation for the implementation of the American Recovery and Reinvestment Act of 2009. Illinois was the first state to have a signed document for high-speed rail. The 220-mph high-speed rail plan will not just benefit Illinois, but the entire Midwest by creating new jobs, strengthening the economy and improving transportation efforts. Rail and intermodal traffic are both expected to increase in use over the next several years. Shipping goods via rail proves to be a low cost solution while also resulting in a smaller carbon footprint, which continues to be an important issue for both users and municipalities. Investors such as Warren Buffett are banking on the future of railroads. Buffett recently executed a deal to acquire Class I railroad carrier Burlington Northern Santa Fe (BNSF). The company is a leader within Chicago's freight rail industry and is the nation's second-largest railroad. Chicago serves as BNSF's eastern endpoint for its western U.S. routes. This deal is an indication of the future prospects of rail and BNSF's strong position in the transportation and logistics fields. Buffett's investment in the company is based heavily on an assumed turnaround in freight volume and the expansion of global trade.

Road infrastructure improvements in the O'Hare submarket are still in the midst of the planning process. The Illinois Department of Transportation is awaiting federal funding approval which will enable the project to get started. The Elgin O'Hare-West Bypass project is in the final planning stages. The plan calls for an extension of the Elgin O'Hare Expressway to the east connecting to O'Hare and north to I-90, south to I-294. By early 2010, the exact route of the west bypass from I-90 south to I-294 will be known. However, continued funding for this project remains unknown. Environmental and engineering studies are expected in 2011 with actual construction beginning in 2014. The project could create approximately 20,000 jobs.

Property taxes have a significant impact on commercial real estate and can often be one of the top expenses for property owners and tenants. By the end of 2009, Cook County implemented a 4.2 percent tax hike for suburban property owners and a 6 percent increase for those within the City of Chicago. While Cook County's property taxes could lessen tenant demand, there are tax incentives available that can help to offset some of this increase and have a positive impact on deals. At the end of 2009, companies such as Lacava, a luxury bathroom design and manufacturing company, qualified for a Class 6B tax incentive that will allow the company to reduce its property taxes by half over the course of the next decade. Lacava purchased an 80,000-square-foot building on Chicago's northwest side for half the price it was marketed for in 2006. Beginning in 2009 the Class 6B tax incentive included a 10 percent property tax abatement for the first 10 years of a deal and for a succeeding 10-year renewal period – if the incentive is renewed. This was a change from the tax incentive structure of previous years when properties were assessed for eight years at 16 percent of market value.

The number of distressed properties is expected to increase in 2010 as a result of owners being unable to refinance their existing loans. Commercial banks and the commercial mortgage-backed securities market make up approximately 70 percent of all outstanding commercial real estate loans. The market could also witness a number of sale-leaseback opportunities where users and/or owners look to free up capital to put to use elsewhere. The financing and creditworthiness of future tenants and buyers will remain a concern in the year ahead.

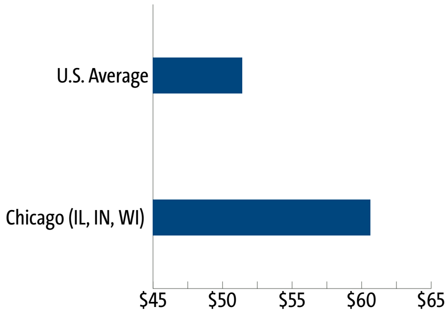
Financial lenders have set strict limits on loan financing, making now an excellent time to buy or lease for those companies or individuals with cash. Tenant diversity is critical. Buyers who engage in the purchase of building portfolios are focusing on this important issue. According to the Urban Land Institute, real estate values have already declined by 40 to 50 percent since their 2007 peak. Investment sales will see some growth in 2010; however, user sales will be slow until sale prices drop even lower.

In recent months economic data has been portraying greener pastures ahead, as manufacturing, construction and home-buying indicators have been on the rise. The Institute for Supply Management index has been above 50 for the last few months, indicating growth. The Commerce Department also reported jumps in construction spending over the last few quarters. The Chicago industrial market is expected to show initial signs of recovery in the second half of 2010. Job growth, along with consumer spending, will also have an impact on when and to what degree the recovery begins. The 2010 local industrial market will rely mainly on the actions of owners and users and on government incentives.

Chicago
Retail

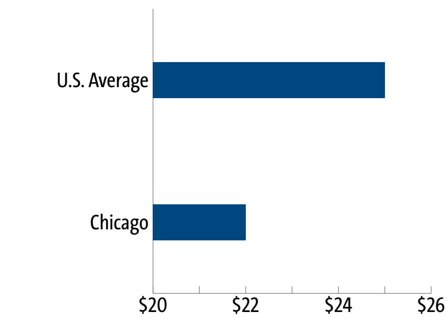
GRUBB & ELLIS
From Insight to Results

Median Household Income
2009 (in Thousands)



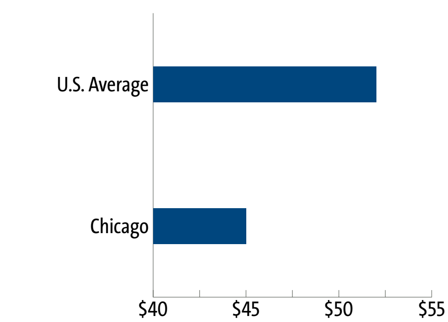
Source: Claritas

Typical Rent
In-line Shop Space, 2009 ($/SF/Yr. Triple Net)



Source: Grubb & Ellis

Retail Square Feet Per Capita
2009



Source: CoStar, Claritas, Grubb & Ellis

Tenants Expanding or Downsizing
2010

New To Market or Expanding	Downsizing
CVS	JC Penney
Discount Tire	Lowe's
Local independent grocers	Home Improvement Warehouse
Aldi	
Export Fitness	

Source: Grubb & Ellis

The Chicago retail market will continue its downward trend, but more slowly than in 2009.

2009 was marked by very high negative absorption and declining rents for retail space. The vacancy rate for Chicago-area retail properties soared to over 10 percent by year-end, the highest level in a decade. Many retail projects under construction were completed despite the large amount of retailers retrenching, leading to brand-new, barely occupied strip centers and mixed-use developments. Rent rates declined further as a result of the rapidly rising vacancy rate — a trend that will continue in 2010.

Many retailers have tried to get rental rate relief from their landlords and some were successful. This is not an easy decision for landlords. They have to choose between accepting less rent from a tenant that still might eventually fail versus having their space go dark now, impacting all other tenants in a center. In addition, lease modifications can be an issue since they have to be approved by the lender for each property.

There are signs the market is approaching the bottom, however. Sales at U.S. retailers fell less than anticipated in the beginning of the fourth quarter of 2009, possibly indicating that Americans are becoming more confident in the recovering economy. Major discounts offered by stores are also helping to drive this slight rise in purchasing.

Of the top 100 retailers, 60 percent expect an economic turnaround by the second quarter of 2010, according to a Random Retail Compass Survey. Consumer spending in the first six months of 2010 will be level at best, due to the lagging labor market as the unemployment rate could top 10 percent by the first quarter of 2010, according to a Bloomberg survey.

Despite this cautiously optimistic outlook, the retail sector is not out of the woods yet, and as a lagging indicator, retail real estate is even further behind.

Nationally, virtually all retailers are expected to discount heavily and extend these discounts and promotions beyond the 2009 holiday season into 2010. More than half the retailers have reduced their inventory purchases from the past holiday season by an average of 10 percent, making it unlikely many retailers will take on additional space in 2010.

An additional item that is not helping the recovery of the retail real estate market is the ever-growing popularity of online shopping. Online spending is projected to grow 24 percent in 2010, according to a Jupiter Research study. This will lead to a further decline of foot traffic in retail stores, which will in turn dampen the demand for retail space. The only positive effect of this development will be the increased need for warehouse space for this merchandise.

Appliance and electronics stores ranked among the hardest-hit retailers in this recession. According to the U.S. Census Bureau, August 2009 sales for this sector were down 11.2 percent from a year ago. This is on top of a 10.2 percent decrease from 2007. The government is now looking into an appliance stimulus plan that may increase buying at retail appliance locations in the first quarter of 2010.

On the bright side, larger chains with strong capital reserves are expected to expand, albeit at a slower pace. Several national retailers became stronger in the second half of 2009: Bed Bath & Beyond, Kohl's, TJX Cos., owner of T.J. Maxx and Marshalls stores and Toys"R"Us. At the same time, same-store sales declined at Macy's Inc., the second-largest U.S. department-store chain, and at Gap Inc., the owner of Gap, Banana Republic and Old Navy stores. Clothing shopping sprees will not be the expected norm for 2010.

Locally, Chicago will feel more pain in the retail market as more retailers downsize or close in 2010. Banks will continue to struggle with retail development projects, such as 108 N. State Street, the former Block 37, which went into receivership at the end of 2009 due to the developer's inability to make payments. The loan had been in default since mid-2008, when the construction cost deficit was $26 million.

Continuing a trend seen in 2009, more of the independent start-ups and boutiques that sprang up in the boom years will close. For example, in Lincoln Park, one of Chicago's wealthiest neighborhoods, more than 20 stores have already ceased operations or moved to less-expensive areas. Some of the stores, including Fresh or Faux, Moonlight Graham, Entendre Couture and Ethel's Chocolate Lounge, have closed, while She Boutique moved to Highland Park. A number of mini-malls across the Chicago area sit largely vacant with only one or two stores occupied, and many of these projects are already in foreclosure.

By contrast, some grocers are taking advantage of empty shopping centers, low rates and landlord incentives. Dominick's, Whole Foods and Jewel are being attracted by landlords to anchor failing shopping center plazas. These larger chains will be able to pass along the savings from lower rents to their customers.

In the suburbs, many retailers had counted on the continued high growth of residential development. As a result of the collapse of new housing starts, particularly in the outlying suburbs, Greenfield retail developments have not been able to generate sufficient traffic. Instead, older shopping centers closer to Chicago are becoming more attractive to retailers. Tenants in a position to relocate or expand can get space in premier locations, which would not have been possible during boom times. However, it will take years until space in this overbuilt market is absorbed.

In general, there will likely be no new, large-scale retail developments in the near future in the Chicago area. For example, retail developer OliverMcMillan LLC aims to sell a 64-acre parcel in far-northwest-suburban Lindenhurst, scrapping plans for an open-air lifestyle shopping center called Lindenhurst Village Green. The company had intended to build up to 600,000 square feet of retail space at the undeveloped site near State Route 45 and Grand Avenue.

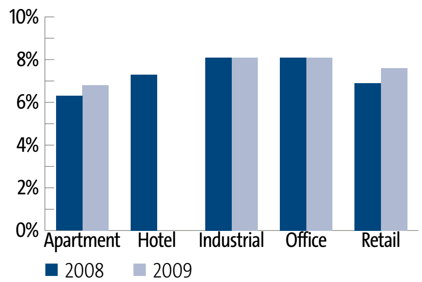
While few new developments are in the works, there are some exceptions, most notably Wal-Mart and Costco. Wal-Mart announced in October 2009 that the company closed on land in Rochelle for a new Wal-Mart Supercenter, slated to be built by Spring Creek Development Group. The 46.5 acres that Wal-Mart purchased from the development group is located at the northeast intersection of IL Route 38 and Caron Road and includes five buildable lots in addition to the pad for the Supercenter.

Likewise, Costco has announced plans to acquire the former Kiddieland property located at the corner of North and First Avenues in Melrose Park, where it plans to build one of its warehouse membership clubs.

In 2010, consumers are looking for value and quality over quantity in goods. Retailers need to focus on a "back to basics" approach to their marketing, with a focus on quality of service and growing sales revenue, not expansion. Stronger retailers will look for rental rate bargains in premier locations, but will stick to short-term leases for now.

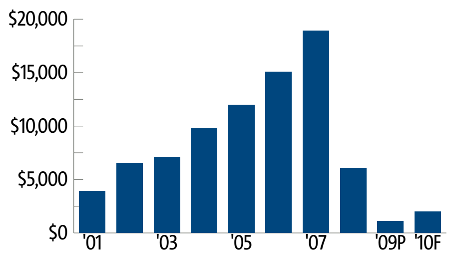
Chicago Investment

Average Capitalization Rates
Closed Sales



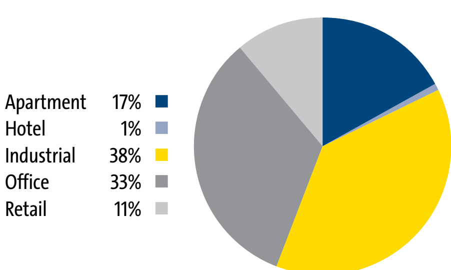
Source: Real Capital Analytics, Grubb & Ellis

Property Sales Volume
(in Millions)



Source: Real Capital Analytics, Grubb & Ellis

Sales by Property Type
2009



Source: Real Capital Analytics

The Chicago investment market is beginning to awaken thanks to the closing of an initial set of transactions, while more property owners are working with their lenders to restructure their loans.

Transaction volume for investment properties hit an all-time low in 2009 in the Chicago area. About 120 properties traded for a total of just under $2 billion, compared to 716 properties valued at $22.2 billion in 2007, according to Real Capital Analytics.

Banks have been hoarding cash over the course of the past year in an effort to improve their balance sheets before taking any additional losses on some of their bad assets. Once the banks build up these reserves, they are expected to become more aggressive when it comes to non-performing commercial real estate holdings.

Many buildings with loans that are higher than their current value have still been able to support their current debt load. Government guidance that was issued in late 2009 provided lenders with official support for the "extend and pretend" policies they had already been engaging in since the beginning of the year. This measure will continue to prevent a flood of foreclosures, but it will also delay "rightsizing" capital structures since the underlying issue — the crash in market fundamentals — is not being addressed.

Clients are engaging in a unique series of races, depending on their loan maturity dates. For owners with a 12 to 24 month timeframe before loan maturity, it is a race to recapitalize their asset before net cash flow deteriorates below a point that can support the debt. For clients with more time, it is a race to see if the market will recover prior to needing to restructure/recapitalize.

Office

In order to keep their buildings occupied or to fill existing vacancies, more landlords will agree to negative net effective deals in 2010. This means that landlords are suffering even without loan maturity issues.

Although prices have dropped by 30 percent or more, it is not necessarily a buyer's market since fundamentals, like rent and tenant demand, are still slipping. In other words, it will get worse before it gets better. With sale transactions and recapitalizations starting to take place, 2010 will see more certainty in terms of pricing in comparison to 2009, when property prices were in a freefall. Owners of well-leased properties with good credit tenants, who are able to pay their mortgages, are holding on to their assets. On the other end of the spectrum are landlords with failing buildings and low tenancy, who are not able to cover their debt service. Many of these owners will throw in the towel in 2010 and let the property go back to the lender if they cannot sell the building fast enough.

Only owners who really have to sell will put their building or portfolio on the market. Well-capitalized buildings with low vacancy rates and a stable tenant base will have the best chance to trade or receive financing through banks and other lenders.

Key Investment Transactions
2009

Buyer	Seller	Property Type	Property Name	Size (SF)	Sale Price (millions)
Penobscot Corp.	AMLI	Apartments	Chevy Chase	592 units	$60.0
Millbrook Properties Ltd	Kennedy Associates	Office	Arboretum Lakes I, II,III	726,000	$43.1*
Panattoni	Prudential	Industrial	Windham Lake Industrial Center, Romeoville	1,041,000	$30.1
Siete 7 Holding	Transwestern	Office	1011 & 1111 E Touhy, Des Plaines	300,000	$13.7

*sold in two phases
Source: Real Captial Analytics, Grubb & Ellis

Equity capital is becoming very impatient — investors that have already raised money need to start placing it. This new and still subtle sense of urgency is a major change from 2009, when people were holding tight. The challenge will be finding assets that are performing and that owners will be willing to part with.

Industrial

Investment activity in the Chicago industrial market is expected to remain soft in 2010, as credit conditions remain complex. Institutional buyers are still scarce and very selective in today's market - although UP-REITs, which function similar to 1031-tax exchanges, are starting to gain momentum in the industrial sector.

Acquiring an investment portfolio of newer and mostly leased buildings has been difficult in the Chicago area. However, it is not impossible, as seen in the case of TA Associates' purchase of a five-building investment portfolio in 2009. The 392,000-square-foot portfolio was 95 percent leased and sold on an all-cash basis for over $21 million. This deal could be a first sign of a slow recovery for the investment sales market. In the year ahead, buyers who are well capitalized and are not dependent upon lenders will be most active in the market.

Sale-leaseback deals continue to gain momentum as companies are seeing the value in redirecting capital once locked in real estate into other aspects of their business. Many of these transactions include long-term lease deals, providing an attractive option for investors.

For some owners, executing shorter term agreements is the best option available to them, in their efforts to keep the cash flow going.

Retail

With many retailers having gone out of business in the last two years, retail investors are extremely focused on the creditworthiness of tenants. As potential buyers evaluate properties for investment sale, they are marking down rental rates even for retailers that are doing well. A typical analysis of an acquisition target in this market might look something like this: "mark rates down by 30 percent, apply a 10 percent capitalization rate, get 80 percent loan-to-value and find additional cash."

There were less than 30 properties sold in 2009 – a fraction compared to the 133 sold in 2007. Activity is expected to pick up slightly in 2010, but more for troubled assets than trophy properties. Currently, almost 10 million square feet of retail space in the Chicago area is in distress.

Cook County retail properties are suffering, especially. Not only are consumers still holding back on spending, but it is believed that they have been avoiding the county due to its 10 percent sales tax and high parking meter rates.

Multi housing

In the record-breaking year of 2007, apartment properties valued at over $2.9 billion sold in the Chicago area. By comparison, 2009 reached just 10 percent of this amount. Mainly weak properties sold, driving the average property value to $16 million or half the average value seen in 2007. Multi housing is, however, still seen as the most resilient asset class in this recession.

The mindset of investors has definitely changed. During the boom years, it was all about acquiring at high leverage and timing the "exit" – the profit was to be made when the property was flipped after a short holding period. Now, investors have to deal with lower loan-to-value mortgages and tighter underwriting standards and, consequently, they are focused more on first-year cash yields.

Downtown Chicago is currently dealing with a glut of apartments that are being completed, along with a number of condominium developments that are switching over to leasing. On the suburban side, demand for apartments has fallen significantly. This has been attributed to the fact that a number of jobseekers are moving back into the city.

Deal flow is expected to increase as more cash buyers look at distressed properties. In the suburbs, investors are likely to target properties close to Chicago or located near main arteries and public transportation. Rental rates will decrease further for the greater part of 2010 as landlords attempt to boost occupancy.

Company Profile

GRUBB & ELLIS
From Insight to Results

Grubb & Ellis was named to the International Association of Outsourcing Professionals' 2009 *Global Outsourcing 100™*.

Transaction Services

- Agency leasing
- Tenant representation
- Consulting services
- Valuation consulting
- Retail services
- Institutional investment services
- Private capital investment services
- Site selection

Management Services

- Property management
- Facility management
- Asset management
- Business and fulfillment services
- Consulting services
- Project/construction management
- Engineering services

Overview

Headquartered in Santa Ana, Calif., Grubb & Ellis Company (NYSE: GBE) was founded in 1958. Over the last half century, the company has grown from a single office in San Francisco into one of the largest and most respected commercial real estate services and investment firms in the world. Its 6,400 professionals in approximately 130 company-owned and affiliate offices draw from a unique platform of real estate services, investment products and specialty practice groups to deliver integrated solutions to real estate owners, tenants and investors. The solutions Grubb & Ellis delivers to its clients are supported by proprietary market research and extensive local expertise.

From Fortune 500 multinational companies, institutional investors and government agencies to small and mid-sized businesses and individual investors, clients look to Grubb & Ellis for real estate solutions that meet their business objectives. Whether it is selecting a location to do business, improving a property or portfolio's operating efficiency, increasing occupancy or otherwise maximizing the return on an investment, we can help. Our practice groups bring together professionals who have experience with particular property types and specific industries, seeking to ensure clients' needs are clearly understood and the most effective solutions are implemented.

Through its real estate investment and asset management subsidiaries, Grubb & Ellis is a leading sponsor of a full range of commercial real estate investment programs, including public non-traded real estate investment trusts (REITs), mutual funds, tenant-in-common programs for investors structuring tax-deferred (like-kind) exchanges under Section 1031 of the Internal Revenue Code and various institutional investments. Through the Grubb & Ellis Private Client Management program, Grubb & Ellis also offers institutional and high net-worth investors a comprehensive program to build or expand their commercial real estate portfolio, whether their objectives are 1031 exchange-driven or not. One of the nation's most active buyers and sellers of commercial real estate, Grubb & Ellis' investment arm has completed acquisition and disposition volume totaling more than $12.2 billion on behalf of program investments since its founding in 1998; in excess of $9.3 billion of this volume has been transacted since 2005.

This is neither an offer to sell nor a solicitation of an offer to buy any security. Such an offer may be made only by means of an offering document. Investors should read the offering materials and review the risks associated with any offering prior to making an investment and should be able to afford the loss of their entire investment. Securities offered through Grubb & Ellis Securities, Inc. member FINRA/SIPC.

GRUBB & ELLIS
From Insight to Results

Our experienced and knowledgeable professionals provide market insight and real estate solutions that help clients reach their business objectives.

Structured Around the Needs of Our Clients

Grubb & Ellis has the people, platform and best-in-class processes to deliver superior service whether a client needs help with a single property or multiple global facilities. Our comprehensive real estate solutions include transaction services, management services, corporate services and a wide range of investment programs.

Possessing one of the largest and most experienced real estate brokerage sales forces in the country, Grubb & Ellis' teams of specialists cover all aspects of commercial real estate and work closely with clients to assess the ways in which real estate issues relate to – and contribute to – an organization's strategic business objectives. Last year, Grubb & Ellis and its affiliates completed more than 15,000 brokerage transactions valued at more than $16 billion.

We deliver integrated property, facility and asset management services focused on cost-efficient operations, tenant retention and increasing property values to a host of corporate and institutional clients. In total, Grubb & Ellis and its affiliates manage a diverse portfolio of nearly 300 million square feet of space. This portfolio includes headquarters, facilities and Class A office space for major corporations, as well as industrial, manufacturing and warehouse facilities, data centers, retail properties, medical buildings and multifamily assets for real estate occupants and investors. Additionally, Grubb & Ellis provides consulting services that help clients better understand their real estate portfolio, the current operating environment, and future opportunities that exist through smart, strategic planning.

Why We're Unique

When selecting a commercial real estate firm, the most important consideration is how well the company understands your needs. Grubb & Ellis is known for working with clients, not just for them. We partner with clients to create long-term relationships that are built upon a commitment to their business objectives. In return, we have been recognized by our clients and others in the industry for our accomplishments. In 2008, Grubb & Ellis was honored with Microsoft Corporation's Environmental Award for our successful efforts to reduce the company's impact on the environment, and, in 2009, the company was included in the International Association of Outsourcing Professional's *Global Outsourcing 100™*. This commitment to continuous improvement and the development of programs and initiatives designed to meet a client's individual needs are the driving forces behind our more than 50 years of service excellence.

Corporate Services

- Consulting services
- Real property and lease administration
- Retail services
- Strategic planning
- Tenant representation
- Valuation services
- Site selection
- Project management
- Portfolio rationalization
- Disposition services

Investment Programs

- Public non-traded real estate investment trusts (REITs)
- Private client management
- Institutional investments
- Mutual funds
- 1031 tenant-in-common exchanges
- Securities separate accounts and funds

The direct or indirect purchase of real property involves significant risks. Investors should consult their own tax advisors and legal counsel. Always remember that each property is unique and past performance is no guarantee of future results.

Grubb & Ellis Research

GRUBB & ELLIS
From Insight to Results

Grubb & Ellis professionals know that the best real estate decisions begin with sound real estate data. That's why our highly respected research and analysis is integrated in all that we do.

In today's complex environment, you want to be sure you're making smart decisions when it comes to your real estate needs. There's little room for error when competition is fierce, margins are tight and organizations are trying to squeeze the most value out of their investments. Sound research helps ensure you are pursuing the most effective real estate strategies and evaluating the best possible solutions to achieve your business objectives.

This approach is nothing new for Grubb & Ellis. Research is part of our legacy, and we're known for delivering some of the highest quality research in the industry. We cover big-picture economic trends as well as specific drivers of local market demand for space. Our professionals regularly provide expert commentary to business organizations, government entities and the media on the forces shaping the commercial real estate landscape. We go beyond standard real estate statistics to explore how significant developments – such as the 2009 stimulus package or recent environmental legislation – may affect real estate owners, tenants and investors.

Our comprehensive insights are based on:

- Our professional research managers and their staff, whose critical function it is to build the base of market intelligence in each office and provide published reports and custom analyses to our clients. Grubb & Ellis pioneered the concept of hiring professional research managers to direct the company's research function. Analysts and brokers are trained to understand the nuances of the real estate cycle, inflection points in the cycle, leading indicators, and the actions and advice that are appropriate for each phase of the cycle.
- Our systems used to compile, maintain, analyze and disseminate our research. Grubb & Ellis was one of the first in the industry to use computerized market research and analysis and continues to make investments to improve and enhance the information available. In addition to subscribing to the top property databases, Grubb & Ellis maintains a proprietary, centralized Web-resident data warehouse to track its property-specific data – including property details, images, available space, leasing and sales comparables and tenant information. This sophisticated system is based on a rigorous set of research standards designed to ensure that data are consistent across markets.
- Our reports and publications through which we translate our extensive databases into analysis, insights and actionable recommendations for our clients. In addition to our annual national and local forecast reports, Grubb & Ellis produces quarterly Market Trends reports that analyze local and national market conditions by product type, a Weekly Market Insight electronic communication on a timely economic or real estate-related topic, a biannual Logistics Market Trends report and white papers on issues that are important to our clients.
- Our real estate professionals and extensive network of specialty practices, whose familiarity with the people and the property in their submarkets and unique industry segments yields a daily, in-the-trenches grasp of changing market conditions. The creation of market intelligence is a team effort, with knowledge flowing constantly between our research teams, brokerage sales professionals, practice groups and investment specialists.

Our strong research platform combined with the knowledge and expertise of our professionals enables us to deliver integrated solutions to our clients – from market to market and around the globe. It is a proven tool that forms the foundation of all the services we provide, allowing us to uncover opportunities when they may not be easily visible. And it's what gives Grubb & Ellis and our clients a competitive advantage in the marketplace.

We'd be happy to discuss the findings in this year's forecast or any of our publications. To keep abreast of research disseminated by Grubb & Ellis, please visit www.grubb-ellis.com/research.

Office Directory

GRUBB & ELLIS
From Insight to Results

Corporate Headquarters
Santa Ana, California
714.667.8252

Alabama
Mobile
Peebles & Cameron
251.438.4312

Arizona
Phoenix
BRE Commercial, LLC
602.954.9000
Tucson
520.321.3330

Arkansas
Bentonville
Solomon Partners
479.271.6118
North Little Rock
Solomon Partners
501.978.4333

California
Bakersfield
ASU & Associates
661.862.5454
Carlsbad
BRE Commercial
760.431.4200
El Cajon
BRE Commercial
619.462.3100
Fresno
Pearson Commercial
559.432.6200
LA Downtown
213.596.2222
LA East (San Gabriel)
562.364.2000
LA North (Sherman Oaks)
818.332.2000
LA South Bay (Torrance)
310.491.2000
LA West
310.477.3800
Newport Beach
949.608.2000
Ontario
909.605.1100
Orange
714.939.6000
Redwood City
650.596.2460
Riverside
951.530.1700
Roseville
916.770.8900
Sacramento
916.418.6000
San Diego Downtown
BRE Commercial
619.515.0017
San Diego Otay Mesa
BRE Commercial
619.661.0657
San Diego UTC
BRE Commercial
858.546.5400
San Francisco
415.433.1050
San Jose
408.452.5900
Stockton
209.473.3000
Temecula
WestMar
951.491.6300
Visalia
Pearson Commercial
559.732.7300
Walnut Creek
925.939.3500

Colorado
Colorado Springs
Quantum Commercial Group
719.590.1717
Denver
303.572.7700

Connecticut
Stamford
203.327.5050

Delaware
Wilmington
302.888.4500

District of Columbia
Washington
202.312.5400

Florida
Boca Raton
561.995.5150
Fort Myers
1st Commercial
239.210.7600
Jacksonville
Phoenix Realty Group
904.399.5222
Melbourne
Commercial Florida
321.984.1957
Miami
305.982.4100
Orlando
Commercial Florida
407.423.1200
Tampa
Commercial Florida
813.639.1111

Georgia
Atlanta
770.552.2400

Hawaii
Honolulu
CBI
808.942.7100

Idaho
Eagle
Idaho Commercial Group
208.287.9500

Illinois
Chicago
312.698.6700
Columbia
Gundaker Commercial
618.281.8800
Rosemont
847.390.8040
Skokie
847.965.9700

Indiana
Indianapolis
Harding Dahm & Company
317.844.2700
Mishawaka
Cressy & Everett Commercial
574.271.4060

Kansas
Lawrence
The Winbury Group
785.865.5100
Wichita
Martens Commercial Group
316.262.0000

Maryland
Baltimore
410.625.4200
Bethesda
301.530.8200

Massachusetts
Boston
617.772.7200

Michigan
Detroit
248.350.9500
Grand Rapids
Paramount Commerce
616.774.3500
Grosse Pointe
313.417.2100
Holland
Focus Properties
616.394.4500
Kalamazoo
Paramount Commerce
269.978.0245

Minnesota
Minneapolis
Northco Real Estate Services
952.820.1600

Mississippi
Gulfport
Sawyer Commercial
228.863.0232

Missouri
Chesterfield
Gundaker Commercial
636.728.5100
Clayton/St. Louis
Gundaker Commercial
314.719.2000
Kansas City
The Winbury Group
816.531.5303

Montana
Bozeman
Montana Commercial
406.587.8700
Kalispell
Montana Commercial
406.755.8485

Nebraska
Lincoln
Pacific Realty
402.467.1234
Omaha
Pacific Realty
402.345.5866

Nevada
Las Vegas
Las Vegas
702.733.7500
Reno
NCG
775.332.2800

New Hampshire
Bedford
Coldstream Real Estate Advisors
603.623.0100
Portsmouth
Coldstream Real Estate Advisors
603.433.7100

New Jersey
Edison
732.225.0433
Fairfield
973.486.2500
Marlton
856.334.2100

New Mexico
Albuquerque
New Mexico
505.883.7676
Las Cruces
New Mexico
505.523.6000
Santa Fe
New Mexico
505.989.3900

New York
New York (Midtown)
212.759.9700

North Carolina
Chapel Hill
Thomas Linderman Graham
919.968.4017
Raleigh
Thomas Linderman Graham
919.785.3434

North Dakota
Fargo
Marc C. Johnson & Campbell
701.281.5200

Ohio
Cincinnati
West Shell Commercial
513.721.4200
Cleveland
216.861.3040
Columbus
Adena Commercial
614.436.9800

Oklahoma
Oklahoma City
Levy Beffort
405.840.1500
Tulsa
Levy Beffort
918.481.3200

Oregon
Portland
503.241.1155

Pennsylvania
King of Prussia
610.337.1010
Philadelphia
215.561.8300
Pittsburgh
412.281.0100

South Carolina
Columbia
Wilson Kibler
803.779.8600
Greenville
The Furman Co.
864.242.5151
Mount Pleasant
WRS
843.725.7200
Myrtle Beach
Wilson Kibler
843.946.7100

Tennessee
Chattanooga
Hudson
423.698.8660
Memphis
Memphis
901.761.1717
Nashville
Centennial
615.320.7500

Texas
Austin
512.349.1000
Corpus Christi
Coastal Bend
361.992.4322
Dallas
972.450.3300
El Paso
Best/White
915.772.9082
Houston
713.626.8888
McAllen
Select
956.630.4300
San Antonio
210.828.5050

Virginia
Richmond
Harrison & Bates
804.788.1000
Tysons Corner
703.448.2000

Washington
Seattle
206.388.3000

Wisconsin
Appleton
Pfefferle
920.968.4700
Brookfield
Apex Commercial
262.784.7500
Green Bay
Pfefferle
920.884.5000
Madison
Oakbrook
608.238.2600
Waupaca
Pfefferle
715.258.8000
Wausau
Pfefferle
715.355.6060

Wyoming
Cheyenne
Wyoming Commercial
307.432.4070

Mexico
Juarez
Best/White de Mexico
011.52.656.629.1111
Monterrey
Select
877.445.4070
Reynosa
Select
899.929.3830
San Luis Potosi
Select
444.811.1771

Contributors and Sources

GRUBB & ELLIS
From Insight to Results

Grubb & Ellis research teams across the U.S. work together to ensure our clients have the most up-to-date market knowledge.

Contributors

Client Services:

Buddy Bush, *Client Services Manager*

Simone Schuppan, *Research Manager*

Jennifer Olsen, *Research Analyst*

Sandy Medeiros, *Database Coordinator*

Brokerage:

Shawn Mobley, *Executive Vice President, Northeast/Central Market Leader*

Brian Carroll, *Senior Vice President*

Erik Foster, *Senior Vice President*

Linda Garske, *Senior Vice President*

John Gavin, *Executive Vice President*

Jim Lockhart, *Executive Vice President*

Paul Lundstedt, *Executive Vice President*

Chris Lydon, *Senior Vice President*

Mark Parrish, *Senior Vice President*

Jeff Perpich, *Senior Vice President*

Dirk Riekse, *Senior Vice President*

Steve Roth, *Executive Vice President*

Joel Simmons, *Executive Vice President*

Jason Streepy, *Senior Vice President*

David Susoreny, *Executive Vice President*

Sven Sykes, *Executive Vice President*

Thomas Tunnicliff, *Executive Vice President*

Jay Stewart, *Executive Vice President*

John Ziesmer, *Senior Vice President*

Sources

CoStar Group, *Midwest Real Estate News*, Real Capital Analytics, *Wall Street Journal*, REIS, *Chicago Tribune*, Bureau of Labor Statistics, CityofChicago.org, Recovery.Illinois.gov, Urban Land Institute, Commerce Department, *Crain's Chicago Business*, Illinois Department of Transportation, *Shopping Center Business*

INTEGRATED SOLUTIONS
FROM MARKET TO MARKET.

About Grubb & Ellis Company

Named to *The Global Outsourcing 100*™ in 2009 by the International Association of Outsourcing Professionals™, Grubb & Ellis Company (NYSE: GBE) is one of the largest and most respected commercial real estate services and investment companies in the world. Our 6,400 professionals in more than 130 company-owned and affiliate offices draw from a unique platform of real estate services, practice groups and investment products to deliver comprehensive, integrated solutions to real estate owners, tenants and investors. The firm's transaction, management, consulting and investment services are supported by highly regarded proprietary market research and extensive local expertise. Through its investment subsidiaries, the company is a leading sponsor of real estate investment programs that provide individuals and institutions the opportunity to invest in a broad range of real estate investment vehicles, including public non-traded real estate investment trusts (REITs), tenant-in-common (TIC) investments suitable for tax-deferred 1031 exchanges, mutual funds and other real estate investment funds. For more information, visit **www.grubb-ellis.com.**

GRUBB & ELLIS
From Insight to Results