

CHICAGO INDUSTRIAL MARKET OVERVIEW | *Boom or Bust*

Prepared for : Appraisal Management Institute

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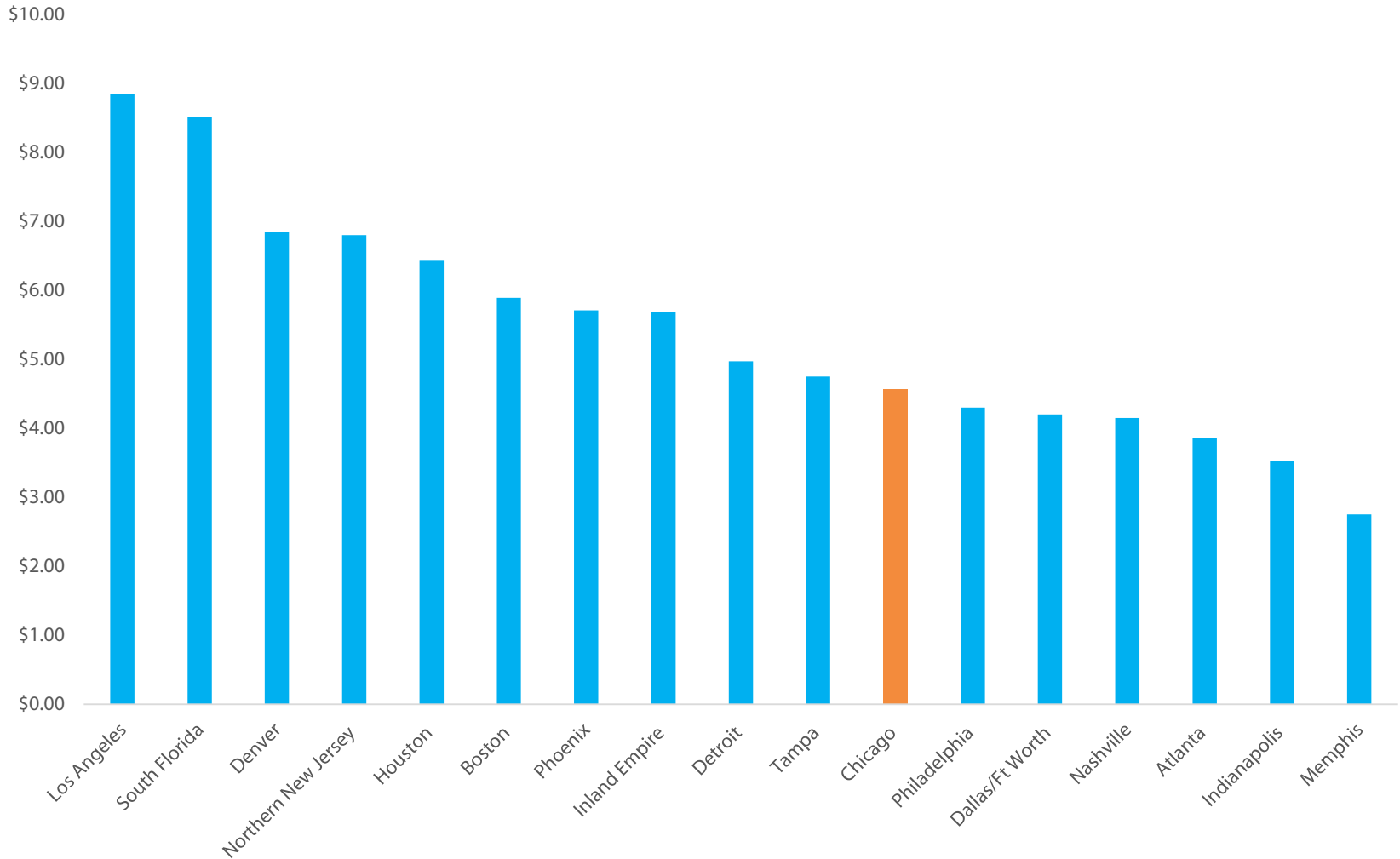
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Chicago Industrial Market Overview

Major Market First Quarter | 2017 Vacancy Rates

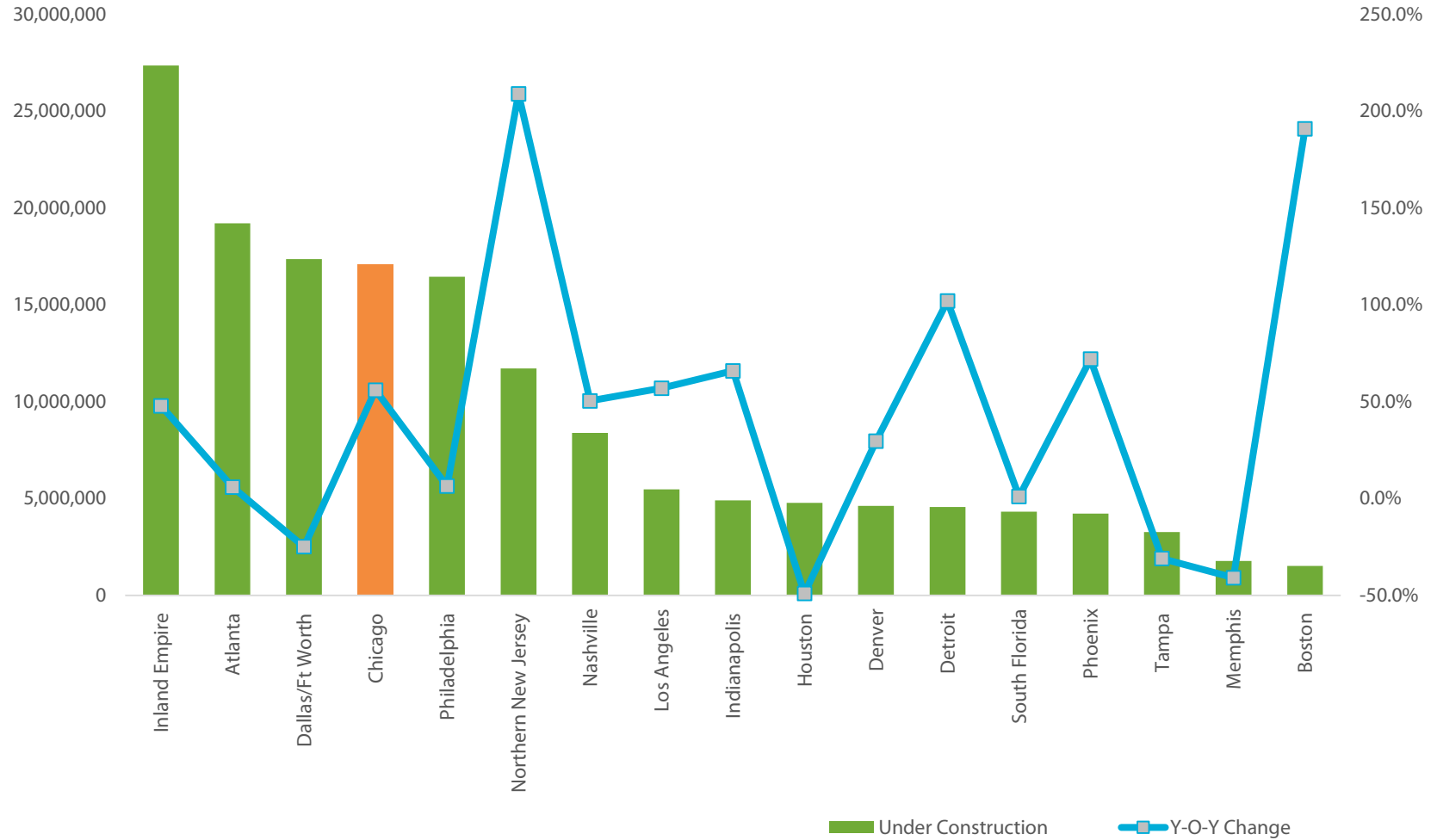


Rate per square foot

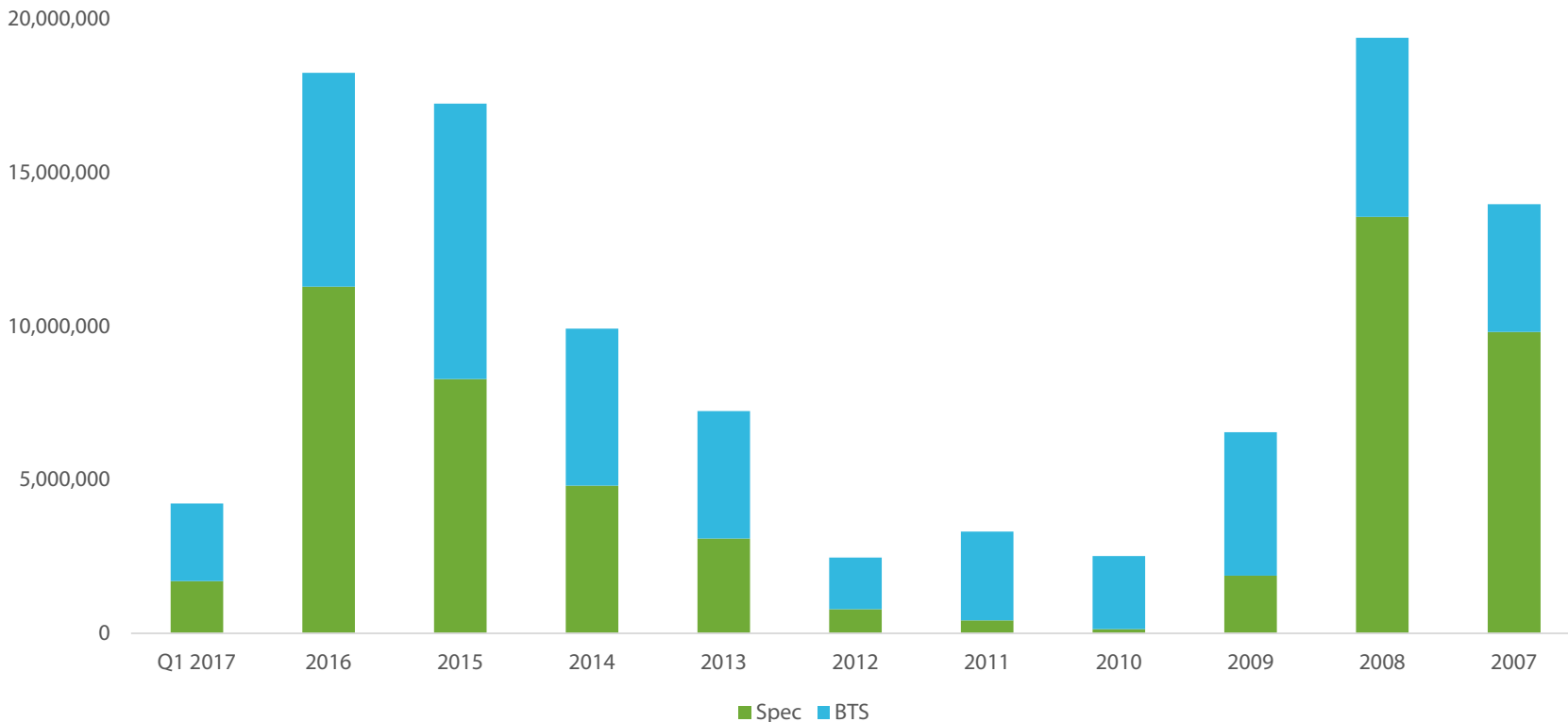


Chicago Industrial Market Overview

Major U.S. Markets Industrial Construction Trends



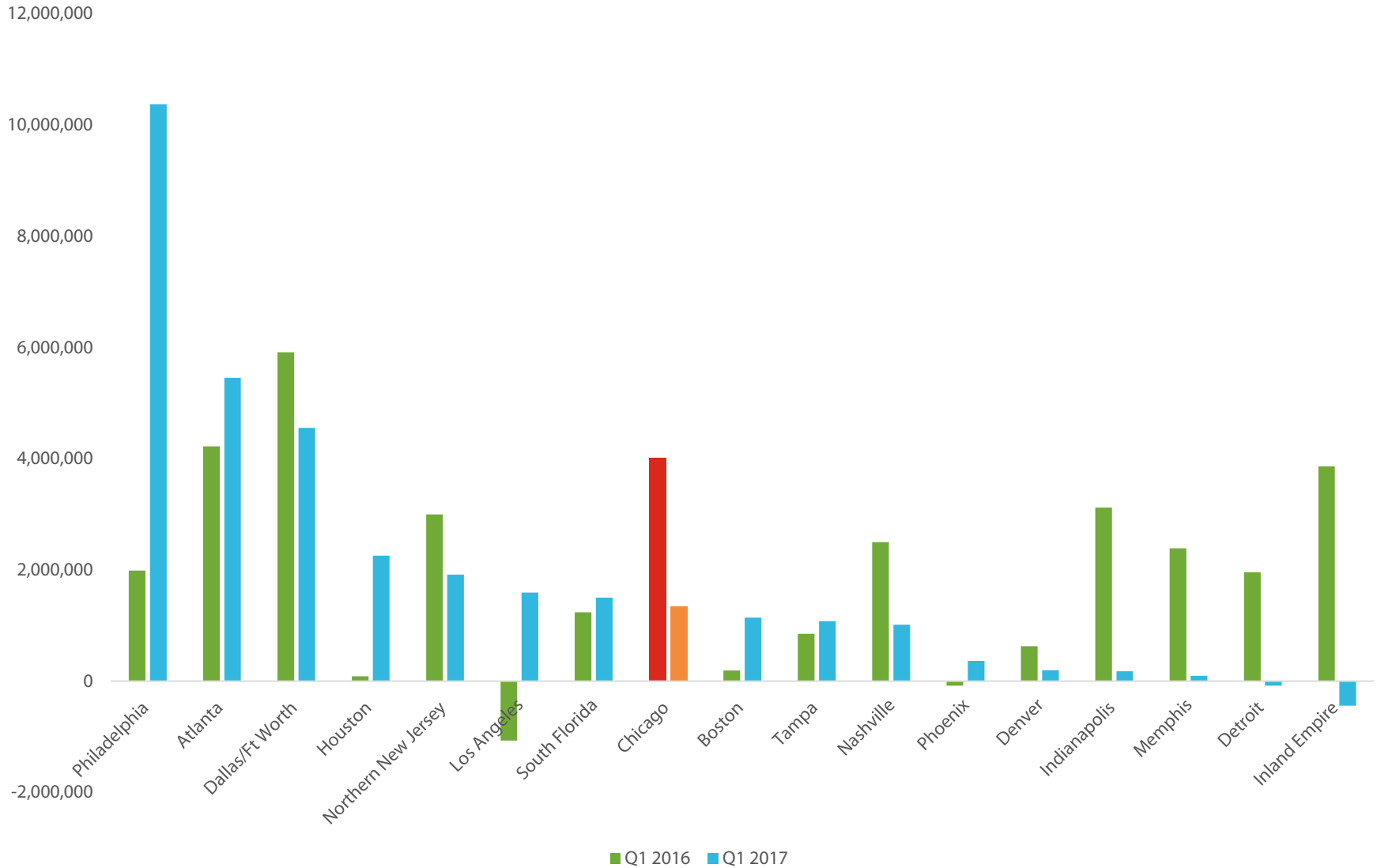
25,000,000



| | Q1 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| Spec | 1,700,156 | 11,279,386 | 8,270,893 | 4,806,544 | 3,083,010 | 786,741 | 415,809 | 137,078 | 1,874,549 | 13,554,384 | 9,813,348 |
| BTS | 2,527,648 | 6,960,539 | 8,969,380 | 5,111,837 | 4,153,426 | 1,681,803 | 2,892,362 | 2,376,876 | 4,669,626 | 5,827,588 | 4,150,198 |

Chicago Industrial Market Overview

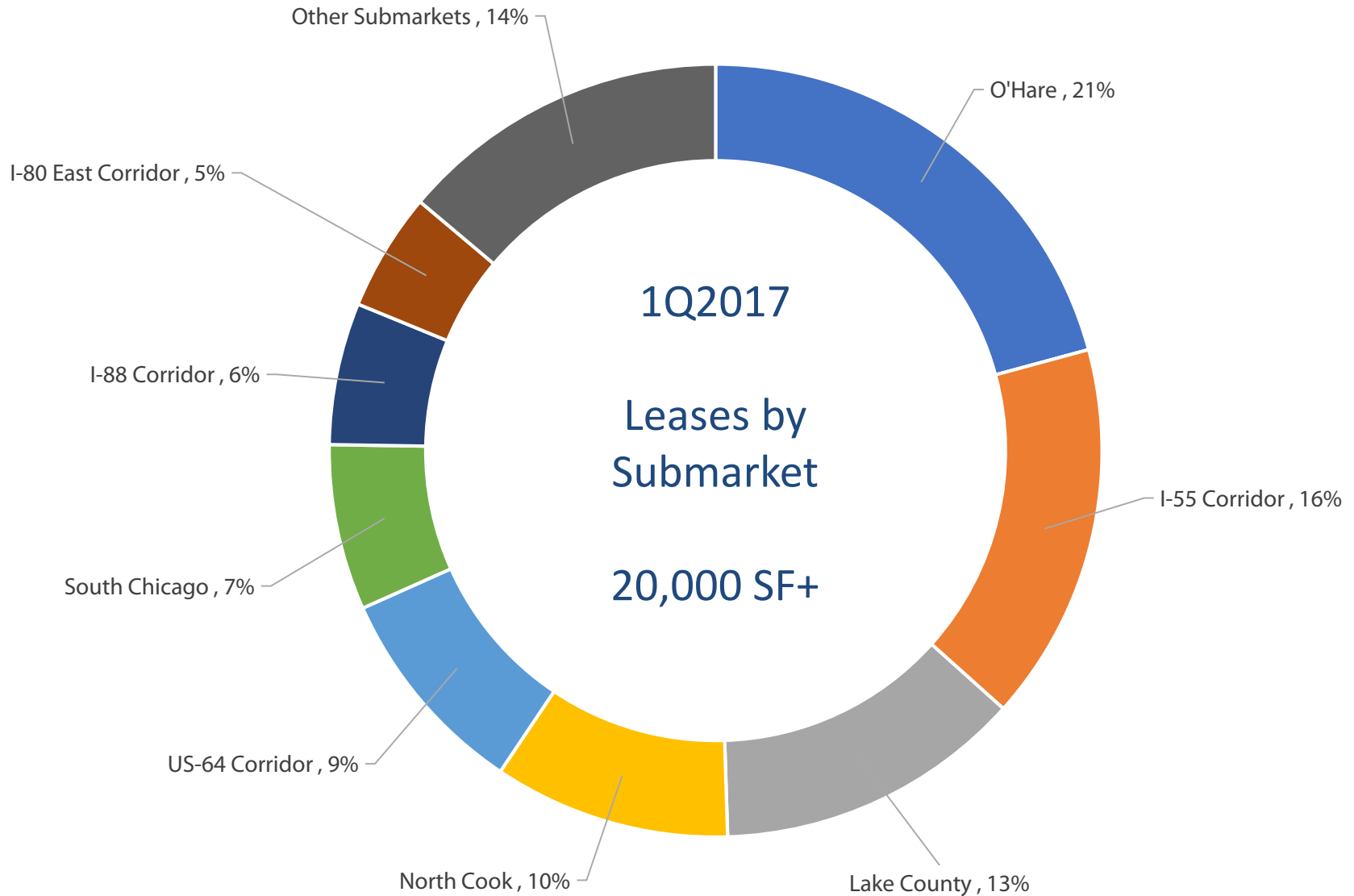
Major U.S. Markets Net Absorption Trends



Chicago Industrial Market Overview

First Quarter 2017 | Chicago Submarket Overview

| Submarket | Inventory (sf) | Vacancy (sf) | Vacancy (%) | Net Absorption (sf) | Under Construction (sf) | Avg Asking Rent (psf) |
|--------------------------|----------------------|-------------------|-------------|---------------------|-------------------------|-----------------------|
| Overall Market | 1,082,680,914 | 66,727,253 | 6.2% | 1,341,648 | 17,099,407 | \$4.56 |
| O'Hare | 114,099,967 | 6,809,781 | 6.0% | 6,911 | 248,807 | \$5.76 |
| South Chicago Industrial | 102,988,292 | 6,811,670 | 6.6% | 218,980 | 529,043 | \$7.77 |
| I-55 Corridor | 90,058,926 | 7,774,732 | 8.6% | -346,809 | 3,137,129 | \$4.74 |
| South Cook | 76,429,745 | 3,976,864 | 5.2% | -322,149 | 0 | \$4.02 |
| I-80 East Corridor | 69,271,389 | 3,168,711 | 4.6% | 131,670 | 6,850,870 | \$3.79 |
| West Cook | 68,880,691 | 5,510,293 | 8.0% | 80,400 | 72,825 | \$4.21 |
| US-64 Corridor | 67,504,138 | 4,005,235 | 5.9% | -69,145 | 1,108,126 | \$5.49 |
| Lake County | 65,514,028 | 4,124,623 | 6.3% | 73,762 | 442,758 | \$5.64 |
| North Chicago Industrial | 57,149,091 | 4,555,971 | 8.0% | -98,219 | 40,700 | \$9.17 |
| I-88 Corridor | 54,840,672 | 3,277,269 | 6.0% | -261,224 | 954,720 | \$4.58 |
| I-39 Corridor | 48,130,951 | 3,312,886 | 6.9% | 153,829 | 336,000 | \$3.06 |
| North Cook | 41,511,833 | 1,880,166 | 4.5% | -69,528 | 0 | \$6.74 |
| East DuPage | 33,139,685 | 1,159,464 | 3.5% | 123,274 | 185,850 | \$5.56 |
| I-90 West/Elgin Corridor | 31,513,994 | 3,086,821 | 9.8% | 610,302 | 482,249 | \$4.79 |
| Southern Wisconsin | 28,737,186 | 860,948 | 3.0% | 45,000 | 1,682,848 | \$4.12 |
| McHenry County | 22,820,376 | 1,594,909 | 7.0% | 174,085 | 0 | \$3.53 |
| I-90 East Corridor | 20,526,575 | 1,794,526 | 8.7% | 29,468 | 50,000 | \$5.56 |
| I-57 Corridor | 14,686,795 | 519,899 | 3.5% | 103,528 | 1,000,560 | \$6.08 |
| I-80 West Corridor | 11,323,323 | 846,612 | 7.5% | 211,139 | 255,996 | \$4.04 |



What do appraisers REALLY want?

C O M P S

&

D A T A



O'Hare

City: Franklin Park, IL
Tenant: Expeditors
Size: 310,000 SF
Term: NA
Rental Rate: \$5.85 PSF Net

I-90

City: Gilberts, IL
Tenant: Sub Zero
Size: 226,000
Term: 10 years
Rental Rate: \$3.99 PSF Net

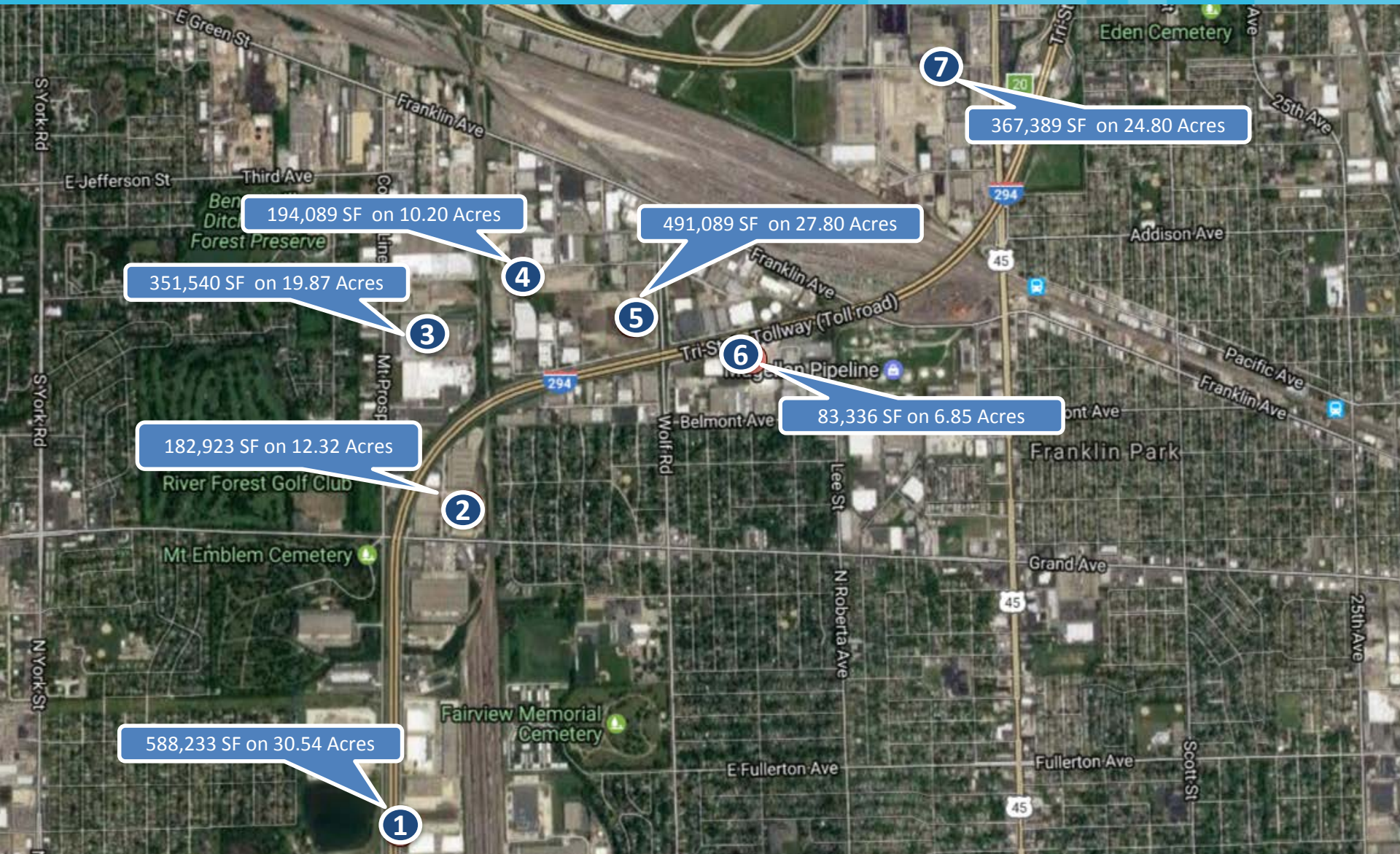
Chicago

City: Chicago
Tenant: Nealy Foods
Size: 106,000 SF
Term: 10 Years
Rental Rate: \$6.45 PSF Net
TI Allowance: \$5.00 PSF

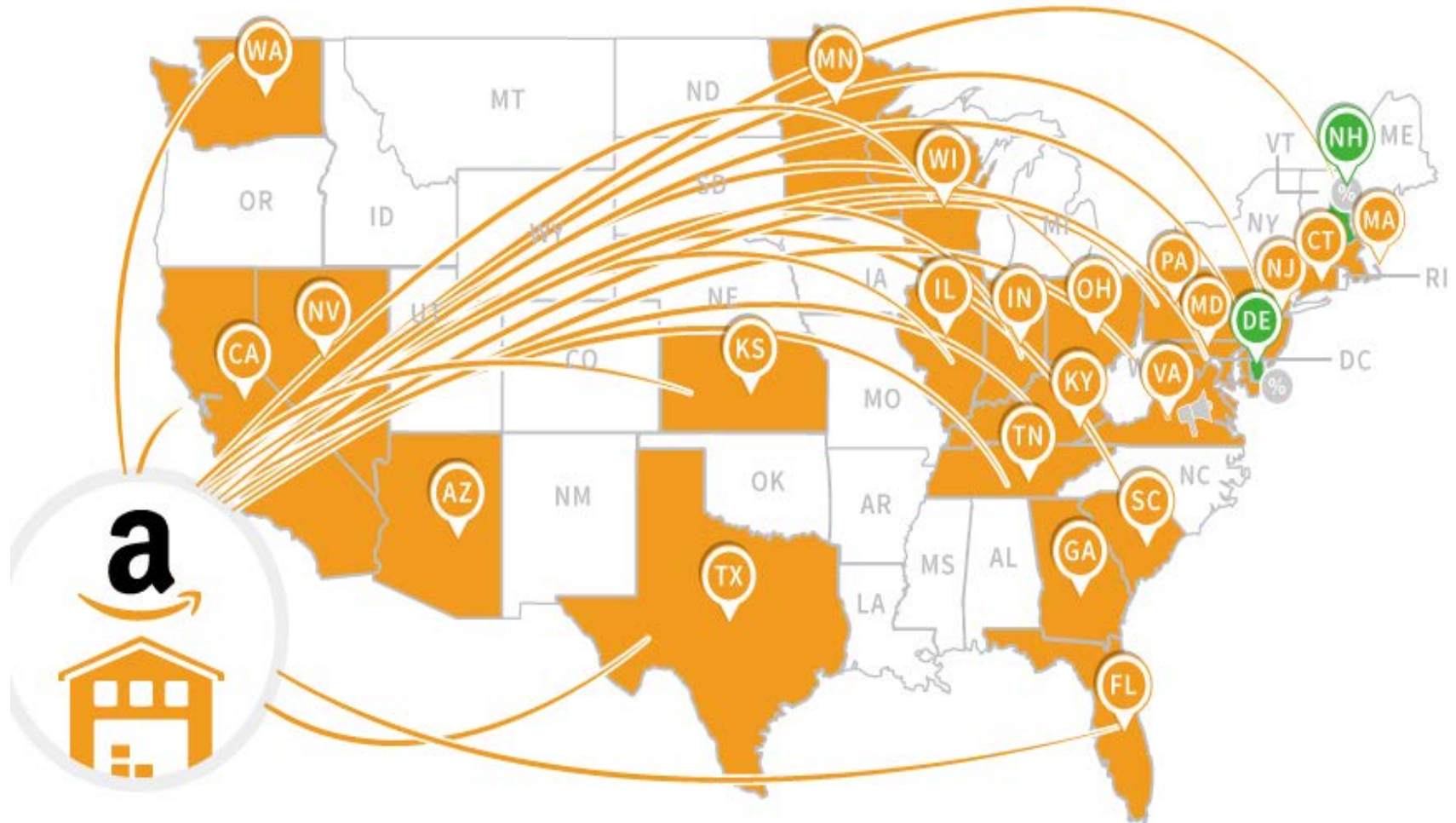
Tenant funded the balance of TI's.

I-55

City: Romeoville, IL
Tenant: Lasco Fittings
Size: 225,000 SF
Term: 10 Years
Rental Rate: \$3.70 PSF Net (YR 1)
\$4.29 PSF Net (YR 2)



Amazon Fulfillment & Redistribution Centers



- Changing traditional logistics models
 - Same-day delivery is the new expectation
 - The “Last Mile” of the supply chain process must be visible to customers.
- Need additional stock on hand for quick processing and shipping
- Fulfilment centers have an increasing need to be closer to population centers for quicker processing and delivery.
- According to a ULI report, 30-40% of all industrial development is tied to eCommerce fulfilment.
- Returns?

THE FUTURE

Can we make
INDUSTRIAL REAL ESTATE
GREAT AGAIN?

