

MarketView

Chicago Retail

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First Quarter 2011

Quick Stats

	Change from last		
	Current	Yr.	Qtr.
Vacancy	9.9 percent	↓	↓
Asking Lease Rates	\$15.94	↑	↑

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- Vacancy rate decreases 220 basis points since last year at this time
- GFS to open two Chicago-area bulk food stores
- H.H. Gregg plans to open 20 Chicago area stores in the fall
- Save-A Lot opens 5 new stores on Chicago's South side

Sales at U.S. Retailers increased broadly at the end of first quarter, with consumers spending money at a wide variety of merchants despite high gasoline prices and unemployment. According to the U.S. Department of Commerce, March retail sales rose by 0.4 percent from February to \$398.32 billion and increased 7.1 percent since March 2010.

Housing-related sales were strong. A weakened demand for automobiles restrained overall retail sales, with the 0.4 percent increase coming in below economists' expectations at 0.5 percent.

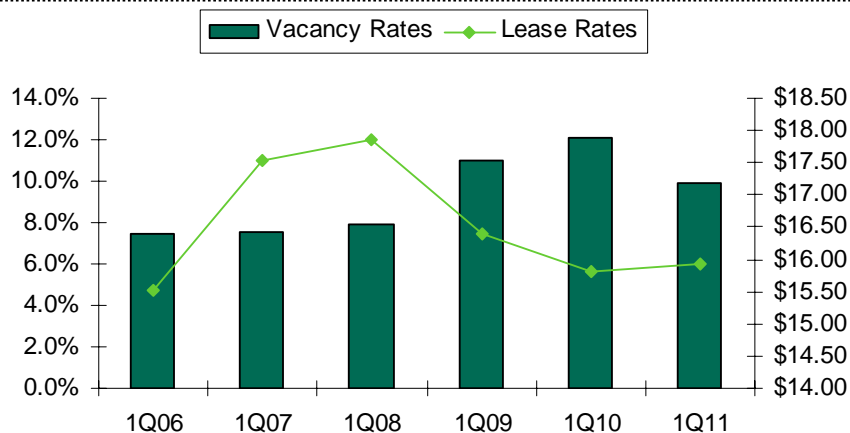
Although unemployment in the U.S. is high and expected to remain so for some time, consumers had a chance to keep a little more of their paychecks thanks to temporary income tax relief passed by Congress. Unfortunately, much of that 'savings' is being absorbed by higher gas prices which have increased 21 percent since 2010.

The Conference Board's Consumer Confidence Index had improved in February and then declined in March. Currently, the index stands at 63.4 points which is a decrease from the February reading of 72.0 points. A reading above 90 points indicates a stable economy while a reading of 100 points or more indicates

strong growth. Even though the reading has declined, experts believe that consumer confidence shows that although the short-term future may be uncertain, the economy will continue to expand.

During the first quarter of 2011, the Chicago retail market posted a 9.9 percent vacancy rate. Compared to one year ago when the vacancy rate was 12.1 percent, the current vacancy rate is 220 basis points lower. Net asking lease rates continue their climb this quarter to \$15.94 per square foot from \$15.30 in the fourth quarter.

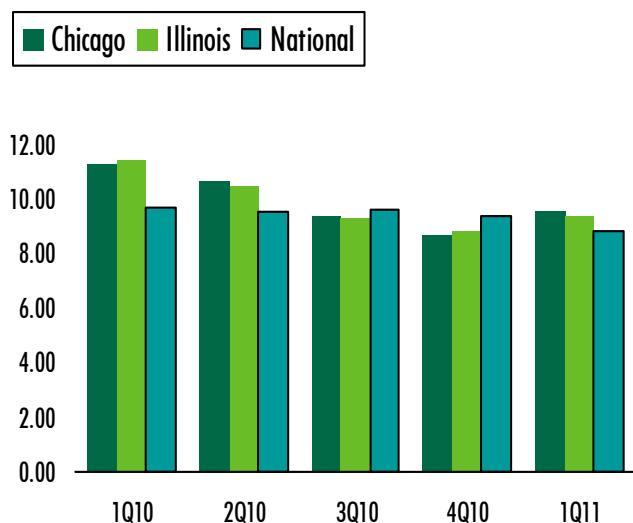
The Chicago retail market will see expansion in the electronics, bulk food, and discount grocery store sectors. Indianapolis-based electronics retailer H.H. Gregg plans to open 20 Chicago-area stores this fall. GFS Marketplace, a bulk food store that serves the food service industry, yet is open to shoppers without membership fees, will also be opening two stores in the market. The first location has opened in Schaumburg and the second location, will open in Niles, Fall of 2011. Save-A-Lot, one of the nation's leading hard-discount grocery retailers, opened five new stores on Chicago's South side in February.



Chicago Submarket Retail Statistics

SUBMARKET	# OF PROPERTIES	GROSS BUILDING SQUARE FEET	VACANT SQUARE FEET	VACANCY RATE	AVERAGE ASKING LEASE RANGE (\$/PSF/YR)	
Far N.W. Suburbs	76	12,568,446	1,059,187	8.4%	\$13.80	\$17.53
N.W. Suburbs	99	15,720,219	1,815,117	11.5%	\$16.83	\$21.40
Far North Suburbs	49	8,721,520	737,504	8.5%	\$11.96	\$17.84
North Suburbs	56	9,658,367	798,306	8.3%	\$16.26	\$23.08
Far West Suburbs	136	21,454,857	2,370,582	11.0%	\$15.03	\$19.25
West Suburbs	42	8,158,524	410,103	5.0%	\$14.36	\$21.70
City North	54	7,880,151	637,825	8.1%	\$21.25	\$23.67
City South	39	5,915,829	398,830	6.7%	\$18.39	\$21.14
Far S.W. Suburbs	54	10,855,496	813,662	7.5%	\$13.35	\$19.82
S.W. Suburbs	53	8,990,308	1,050,081	11.7%	\$13.67	\$17.35
South Suburbs	49	7,097,801	1,039,888	14.7%	\$10.51	\$14.34
Kane County	56	10,566,619	1,485,323	14.1%	\$12.83	\$18.08
Total	763	127,588,137	12,616,408	9.9%	\$14.63	\$19.27

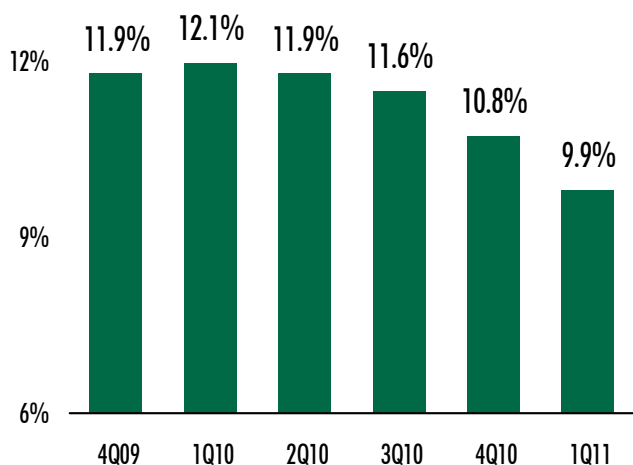
Unemployment Rate



The U.S. Department of Labor recently released the Not Seasonally Adjusted unemployment rate for the U.S., reporting that March was at 9.2 percent, down 30 basis points from the 9.5 percent listing in February. This rate decrease was positive news especially when compared with the Not Seasonally Adjusted unemployment rate for March 2010 which was at 10.2 percent. In addition, March saw the addition of over 162,000 non-farm jobs which is the largest one month increase in jobs over the past three years. The top areas of employment growth were in the service, healthcare, and leisure/hospitality sectors.

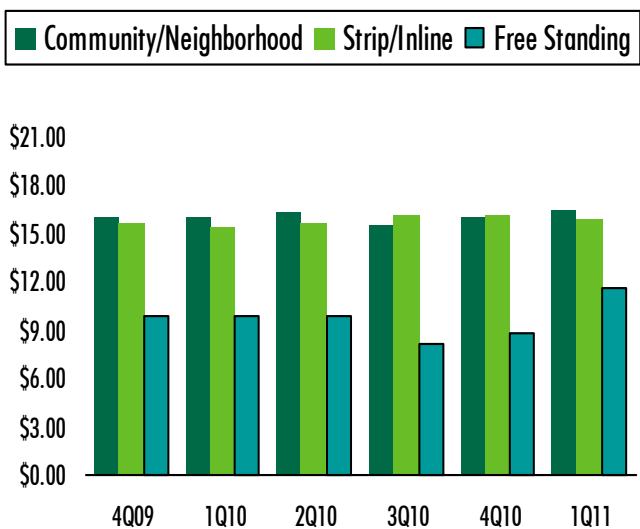
The most recent monthly Not Seasonally Adjusted unemployment figures for Illinois show a preliminary rate of 9.4 percent for February. This is a decrease of 240 basis points from the 11.8 percent unemployment rate reported in February 2010. Additionally, the Chicago metropolitan area continued the unemployment trends seen at the state and national level with a decreased unemployment rate of 9.5 percent (preliminary for January), down 220 basis points from the ten year historic high rate of 11.7 percent, in January 2010.

Vacancy Rate



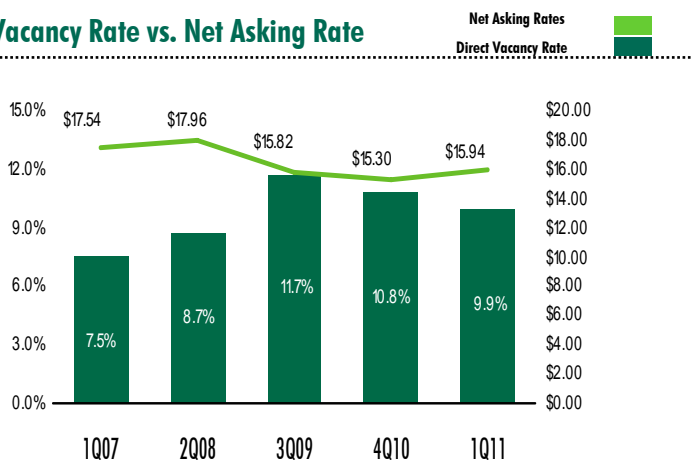
The area's overall vacancy rate decreased 90 basis points from the last quarter to 9.9 percent. Compared to first quarter of last year, the vacancy rate has decreased by a total of 220 basis points. During the first quarter, seven of the twelve submarkets experienced decreases in their vacancy rates. The quarterly increases came from the Far Northwest, City North, City South, Far Southwest and Southwest Suburbs. The West Suburbs holds the lowest vacancy rate at 5.0 percent, while the South Suburbs posted the highest at 14.7 percent.

Average Asking Lease Rates



There is one type of retail strip center that is weathering the difficult economy better than the rest: that which is anchored by grocery stores. The grocery store is a solid anchor in bad and in good economic times. When consumers are buying groceries they often take the time to stop at other stores located within the strip center.

Vacancy Rate vs. Net Asking Rate



The overall average net asking lease rate in the Chicago metro area continues to rise this quarter at \$15.94. This number reflects a \$0.64 increase from last quarter and a \$0.12 increase from one year ago. The average net asking lease rates increased in eight submarkets, while declining in four.

MarketView Chicago Retail

Significant Lease Transactions

Size (Sq. Ft.)	Tenant	Address
101,978	Steinhafels	Marketplace at Vernon Hills, IL
56,508	Sports Authority	Orland Town Center, Orland Park, IL
47,500	Saver's	West Ridge Court, Naperville, IL

Chicago Submarket Map



Seasonally adjusted

Seasonal adjustment removes the effects of events that follow a more or less regular pattern each year. These adjustments make it easier to observe the cyclical and other non-seasonal movements in a data series.

Not seasonally adjusted

This term is used to describe data series that have not been subjected to the seasonal adjustment process. In other words, the effects of regular or seasonal patterns have not been removed from these series.

Average Asking Lease Rate

Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Market Coverage

Includes all competitive retail centers 50,000 square feet and greater in size.

Net Leases

Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

Net Absorption

The change in occupied square feet from one period to the next.

Net Rentable Area

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Square Feet

Building area not considered vacant.

Under Construction

Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Square Feet

Available Building Area which is either physically vacant or occupied.

Availability Rate

Available Square Feet divided by the Net Rentable Area.

Vacant Square Feet

Existing Building Area which is physically vacant or immediately available.

Vacancy Rate

Vacant Building Feet divided by the Net Rentable Area.

Normalization

Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

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