



## MB REAL ESTATE INDEX



### About the MBRE Index

The MB Real Estate (MBRE) Index is comprised of the last 30 Class A office buildings greater than 300,000 square feet built in Chicago's Central Business District (CBD). This set of buildings, which contains some of the CBD's most desirable space, serves as a leading indicator of office market conditions. As new buildings come online that qualify to be included within the index, older properties within the index will be replaced. The index will be updated on a quarterly basis.

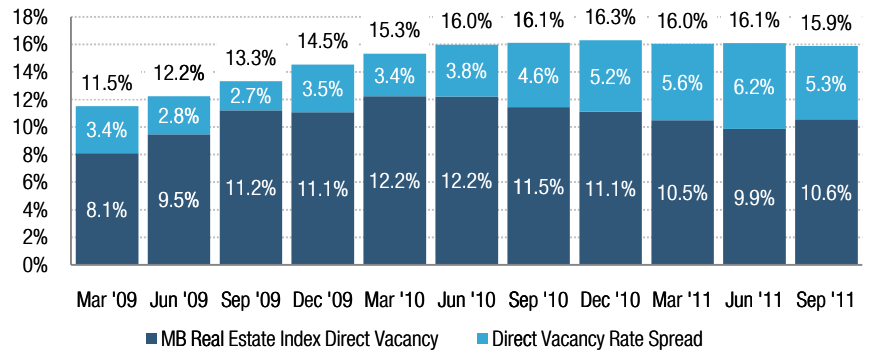
Building Address	Year Built	Rentable Building Area	DIRECT VACANCY		TOTAL VACANCY	
			Direct Vacancy Rate	Direction (over year)	Total Vacancy Rate	Direction (over year)
1. 225 W Wacker	1989	650,812	10.8%	▲	10.8%	▲
2. 227 W Monroe	1989	1,571,000	21.3%	▲	23.1%	▲
3. 35 W Wacker	1989	1,118,042	0.0%	◀▶	0.0%	◀▶
4. 455 N Cityfront Plaza	1989	850,000	22.0%	▲	22.0%	▲
5. 100 N Riverside	1990	770,299	1.8%	▲	1.8%	▲
6. 180 N Stetson	1990	976,137	12.4%	▲	14.5%	▲
7. 181 W Madison	1990	936,683	15.4%	▲	17.4%	▲
8. 311 S Wacker	1990	1,281,000	7.5%	▼	7.8%	▼
9. 515 N State	1990	622,487	8.0%	▼	9.7%	▼
10. 1 N Franklin	1991	619,731	14.5%	▼	14.9%	▼
11. 500 W Monroe	1991	973,000	33.5%	▲	34.0%	▼
12. 161 N Clark	1992	1,100,000	17.0%	▲	19.3%	▼
13. 222 W Adams	1989	929,000	14.0%	▼	15.8%	▼
14. 77 W Wacker	1992	959,258	20.4%	▲	20.4%	▲
15. 300 E Randolph	1997/2010	1,845,460	9.6%	▲	9.6%	▲
16. 525 W Van Buren	2000	522,000	7.0%	▼	7.0%	▼
17. 550 W Washington	2000	372,000	9.5%	▲	15.9%	▲
18. 1 N Wacker	2001	1,340,000	6.2%	▲	7.6%	▲
19. 550 W Jackson	2001	405,968	2.3%	◀▶	2.3%	▼
20. 191 N Wacker	2003	732,000	5.9%	▼	10.6%	▲
21. 131 S Dearborn	2003	1,504,364	5.0%	▼	5.0%	▼
22. 540 W Madison	2003	1,070,896	4.7%	◀▶	4.7%	◀▶
23. 71 S Wacker	2005	1,490,825	14.3%	▲	19.4%	▲
24. 1 S Dearborn	2005	841,498	0.0%	▼	3.1%	▼
25. 111 S Wacker	2005	1,027,683	2.7%	▲	5.4%	▲
26. 550 W Adams	2006	479,000	7.6%	▼	7.6%	▼
27. 22 W Washington	2008	439,434	0.0%	▼	0.0%	▼
28. 300 N LaSalle	2009	1,302,901	3.5%	▼	7.6%	▲
29. 155 N Wacker	2009	1,152,953	6.1%	▼	6.1%	▼
30. 353 N Clark	2009	1,173,643	18.3%	▼	25.6%	▲
<b>MBRE Index Total</b>		<b>29,058,074</b>	<b>10.6%</b>	▼	<b>12.2%</b>	▼
<b>Overall Chicago CBD</b>		<b>130,569,279</b>	<b>15.9%</b>	▼	<b>18.5%</b>	▼

## UPDATE: HEADING INTO ANOTHER RECESSION? THE MBRE INDEX VACANCY RATE INCREASES FOR THE FIRST TIME IN SIX QUARTERS

As economic malaise dominates headlines, the MB Real Estate (MBRE) Index follows suit with its first negative performance in six quarters, dating back to March 2010. It is typically the first sign of a falling office market in the Chicago CBD.

The MBRE Index direct vacancy rate is 10.6 percent as of September 2011, an increase of 70 basis points, which erases last quarter's improvement. Sublease availability also increased, pushing the total vacancy rate to 12.2 percent. Only eight of the 30 newest CBD buildings lost occupancy, but three experienced significant losses: the Franklin Center at 227 West Monroe, the Chicago Title and Trust Building at 161 North Clark, and the Hyatt Center at 71 South Wacker. While both vacancy rates are still lower than they were one year ago, the MBRE Index has consistently led the entire market's performance by several quarters. The MBRE Index vacancy rates contrast to the overall CBD, which are currently 15.9 percent for direct space and 18.5 percent for total space (including sublease).

## DIRECT VACANCY RATE INCREASES; SPREAD NARROWS



The overall CBD has posted mildly volatile performance over the last three quarters, improving at the end of 2010 before falling slightly and improving again in the second quarter of 2011. The strength was fairly unexpected since occupancy in the CBD never declined enough to correlate with the number of jobs the area lost. MBRE has consistently forecasted that vacancy will rise through 2012. Although the market has stuttered, the rise in the MBRE Index gives further evidence that the baseline forecast will materialize.

Although the increase in the MBRE Index direct vacancy rate likely signals further declines for the CBD, one quarter's performance is not enough evidence for a definitive judgment. However, if tenants within the MBRE Index properties are beginning to retrench, it is likely that Class B and C tenants will follow. This could prevent the rebound that just started to appear in Class B properties from taking hold, returning the market to decline. ▲

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