Roate, George

From: Hylak-Reinholtz, Joseph J. [jhreinholtz@mcguirewoods.com]
Sent: Tuesday, February 07, 2012 6:45 PM
To: Avery, Courtney
Cc: Constantino, Mike; Roate, George; Hedlund, Reuben L.; Hylak-Reinholtz, Joseph J.
Subject: Opposition Letters re: Northwestern Memorial Hospital (Project 11-107)
Attachments: Active_36998843_1_Opposition Letter Project 11-107 [Horist].PDF; Active_36998645_1_Opposition Letters Project 11-107 [February 7, 2012].PDF; Active_37004024_1_Opposition Letter Project 11-107 [230 EOCA Georgio].PDF

2/7/2012

Dear Administrator Avery:

Please find attached letters of opposition to the CON permit application filed by Northwestern Memorial Hospital (CON Project 11-107). Please let me know if you have any questions.

Respectfully submitted,

RECEIVED

FEB 08 2012

HEALTH FACILITIES & SERVICES REVIEW BOARD

Joseph Hylak-Reinholtz
McGuireWoods LLP
77 W. Wacker Drive, Suite 4100
Chicago, Illinois 60601
Direct Phone: (312) 641-2088
Direct Fax: (312) 698-4509
E-mail Address: jhreinholtz@mcguirewoods.com

February 3, 2012

Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson St., 2nd Floor
Springfield IL 62761
Attention: Ms. Courtney Avery, Administrator

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HEALTH FACILITIES & SERVICES REVIEW BOARD

RE: Project 11-107

Dear Ms. Avery:

Please let the board members know that I oppose Northwestern Memorial Hospital's plans to develop a medical office building in my community. I stand with my neighbors who live at 230 East Ontario, and do not believe that Northwestern has adequately addresses our neighborhood's concerns about the proposed building, patient safety, traffic congestion and unnecessary construction.

For the reasons noted above, I ask the Board to deny this CON application. Thank you for your consideration.

Sincerely,

Keith Horist
400 East Ohio Street
Chicago, Illinois 60611

February 7, 2012

Ms Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

FEB 08 2012

HEALTH FACILITIES & SERVICES REVIEW BOARD

RE: Northwestern Memorial Hospital (CON Project 11-107)

Dear Ms. Avery:

I am writing to express my opposition to the certificate of need (CON) application submitted by Northwestern Memorial Hospital (Project Number 11-107). I am a longtime resident of the condominium building located at 230 East Ontario Street in Chicago, Illinois and am concerned that this project is unnecessary, costs too much, and fails to adequately address the views of nearby residents. For the following reasons, I ask the members of the Illinois Health Facilities and Services Review Board to oppose the CON project submitted by Northwestern Memorial Hospital.

Northwestern should use existing office space rather than building a new, unnecessary high-rise.

Northwestern should redirect funds from this project to patient care and other necessary programs.

Northwestern's proposal does not adequately address our concerns about the unreasonable design of the medical office building, which encroaches upon our homes and reduces their value.

I kindly request that you vote against the CON application filed by Northwestern. I believe the proposed project is unnecessary, too expensive, and does not take into account the best interest of my community. Thank you, in advance, for your consideration.

Sincerely,

Beth Padera

Beth Padera
230 E. Ontario St, Apt. 1505
Chicago, IL 60611

February 7, 2012

Ms Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

FEB 08 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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I kindly request that you vote against the CON application filed by Northwestern. I believe the proposed project is unnecessary, too expensive, and does not take into account the best interest of my community. Thank you, in advance, for your consideration.

Rush just built a 220,000 sq. ft. ortho. medical offices center less than 5 miles away.

Kass Plain

Sincerely,

Kasa Plain

230 E. Ontario, Unit 1101
Chicago, IL 60611-7248

February 7, 2012

Ms Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED
FEB 08 2012
HEALTH FACILITIES & SERVICES REVIEW BOARD

RE: Northwestern Memorial Hospital (CON Project 11-107)

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I kindly request that you vote against the CON application filed by Northwestern. I believe the proposed project is unnecessary, too expensive, and does not take into account the best interest of my community. Thank you, in advance, for your consideration.

Anne Bakala

Sincerely,

230 E. Ontario, Unit 403
Chicago, IL 60611-7248

February 7, 2012

Ms Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

FEB 08 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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Polly PROSSER

Sincerely,

Polly Prosser

230 E. Ontario, Unit 406
Chicago, IL 60611-7248

RECEIVED

FEB 08 2012

HEALTH FACILITIES &
SERVICES REVIEW BOARD

230 East Ontario
Chicago, IL 60611

February 7, 2012

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RE: Northwestern Memorial Hospital (CON Project 11-107)

Dear Ms. Avery:

As the current President of 230 East Ontario Condominium Association, I am the official representative of the 144 plus residents who live in my condominium building. On behalf of my neighbors and friends, I submit this letter of opposition to the certificate of need application submitted by Northwestern Memorial Hospital (CON Project 11-107). We oppose this project for many reasons. In this letter, I would like to refute Northwestern's argument that it needs a new medical office building.

1. **Northwestern Official Says No Need for New Office Space.**

   I urge the Illinois Health Facilities and Services Review Board to read the attached article from the Chicago Tribune published May 25, 2011. This article quotes Ron Naylor, Northwestern's associate vice president of facilities management, who is on the record saying that the hospital "had no need for new office or residential space." The State Board should ask Northwestern to explain Mr. Naylor's public statement, which is clearly contrary to the position being presented now by Northwestern in its pending CON application.

2. **John Buck Study is Biased and Should be Rejected by the Board.**

   According to Northwestern's CON permit application (page 75), the hospital commissioned the John Buck Company to conduct a survey of space for physician offices in the immediate campus area in March 2011. According to Northwestern, the John Buck Company found that nine nearby high-rise buildings did not have adequate rentable space to accommodate the 362,696 square feet of space that will be provided at the proposed medical office building. I ask the Board to consider three points.

First, this carefully worded statement only tells us that a single building cannot accommodate this amount of square footage; however, it does not discuss whether any two or three buildings in a concentrated area could meet the hospital's needs.

Second, the State Board should question whether the findings in a study paid for by Northwestern. Can a study paid for by Northwestern truly offer an unbiased conclusion?

Third, the State Board should ask Northwestern to explain why a report found on the John Buck Company's website identifies significant vacancies for office space in the North Michigan Avenue area. On page two of the report, entitled Q3 2011 Office Market Report Chicago, the John Buck Company reports that the East Loop, Central Loop and North Michigan Avenue submarkets **lost** 558,000 SF of occupancy since the beginning of 2010 (see attached report). The report adds that the Chicago downtown real estate market "may require two to three years of steady improvement to return to stability." In addition, this report shows that the North Michigan Avenue submarket has a combined vacancy rate of 21%, or 2,237,594 square feet of vacant space.

For the reason noted above, I ask the Board to deny this CON application. Thank you for your consideration.

Sincerely,

Georgios M. Georgiou
President
230 East Ontario Condominium Association
230 East Ontario
Chicago, Illinois

Enclosures

Chicago Tribune Article

Chicago Tribune
Breaking News, Since 1847

City Landmarks Panel Silent on Prentice

Time running out for city agency to recommend saving Northwestern University's architectural gem

May 25, 2011

As the clock ticks down to Wednesday's end of the 60-day reprieve for the threatened old Prentice Women's Hospital, one voice is embarrassingly absent from the debate over whether this significant building should be saved: The Commission on Chicago Landmarks, the city agency responsible for recommending to the City Council which buildings should be protected by law.

To date, the commission has given every indication that it will take a pass on old Prentice, which Northwestern University wants to tear down to make way for a medical research tower that it lacks the funds to build. Brian Goeken, the city's outgoing landmarks chief, did not respond to an email about Prentice. Nor did a representative for the city's Department of Housing and Economic Development, of which the landmarks commission is a part.

This lack of engagement is reprehensible given that old Prentice meets at least three of the standards, one more than necessary, to qualify for city landmark status. It was designed by an important architect, is an important work of architecture and displays what the Chicago municipal code airily calls a "unique visual feature."

Located just west of Lake Shore Drive at 333 E. Superior St., the 36-year-old building was designed by the late Chicago architect Bertrand Goldberg, who also shaped Marina City's famous corncob towers. Old Prentice exemplifies how Goldberg used an organic mix of form and function to break from the straitjacket of steel-and-glass modernism. Its powerfully sculpted, boldly cantilevered concrete shells were pioneering in their time and still provide relief from the bland boxes that flank North Michigan Avenue.

You may consider old Prentice an eyesore, but it is impossible to deny the building's importance or uniqueness — or that time invariably changes tastes. To lose this building would be a travesty. To lose it without the landmarks commission weighing in would make a mockery of new Mayor Rahm Emanuel's promises about transparency. One thinks of the concluding line from The Who's "Won't Get Fooled Again": "Meet the new boss/ same as the old boss."

To date, though, Chicago's self-destructive streak is winning out. After Tuesday night's public forum on old Prentice, Jim Peters, president of Landmarks Illinois, said the Chicago-based advocacy group had informed Ald. Brendan Reilly, 42nd, in an email that it would ask the commission to put the building on its June 2 agenda. Landmarks Illinois also asked Reilly, who got Northwestern to delay its push for a demolition permit and sent staffers to represent him Tuesday night, if he'd object to such a move.

"We haven't heard an answer yet," Peters emailed Wednesday morning.

Sponsored by the Streeterville Organization of Active Residents and held in the 44th floor community room of the John Hancock Center, the forum drew about 100 people and marked the first time Northwestern had publicly responded to Landmarks Illinois' reuse study for old Prentice. The group proposed in April that the building be adapted as offices, apartments or research labs. But Ron Naylor, the university's associate vice president of facilities management, said it had no need for new office or residential space. And he methodically shot down the research lab option too.

In response to the Landmarks Illinois plan, Naylor said the university went beyond a previously conducted internal staff analysis and hired three engineering firms to study converting Prentice's seven-story bed tower and five-story base into labs. The engineers found numerous shortcomings: Floors would vibrate too much for sensitive research equipment; ceiling heights would have to be as low as 6 feet 8 inches to accommodate heavy-duty ductwork; and there would be too little usable floor area — nowhere near enough to meet Northwestern's projected need for 400,000 square feet of research space in the next decade.

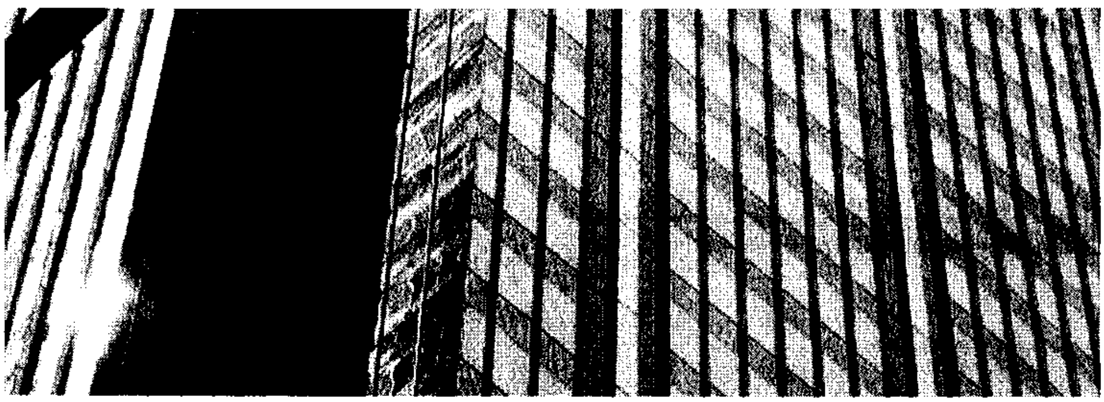
Forgoing a new research tower, Naylor said, would cost Chicago $150 million in research grants and 1,500 jobs. In the meantime, he said, old Prentice's mechanical, electrical and plumbing systems are shot, and it will cost the university tens of millions of dollars to keep the building going. That was a jab at Peters' claim that it will cost $7 million to $10 million to demolish old Prentice and that investing the money would generate $250,000 a year — enough to mothball the building until a new use can be found.

But given the fragile state of the economic recovery, the feasibility of the research tower is anything but certain.

"The timeline really depends on our donors and on the economy," Naylor acknowledged. Translation: The old Prentice site could be a vacant lot for years. Indeed, Chicago has been plagued by vacant lots that were cleared by quick-fire demolitions in the absence of realistic plans to fill them. Block 37 infamously sat empty for nearly 20 years before it was filled by a mostly empty shopping mall.

John Buck Company Report

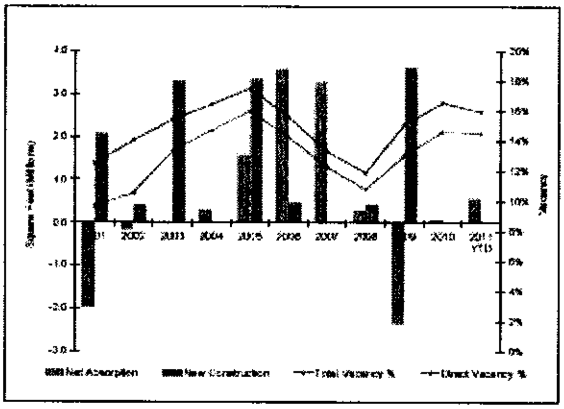
THE JOHN BUCK COMPANY



Q3 2011 Office Market Report

Chicago

CBD Net Absorption, Vacancy & New Construction (2001 - 2011)



Real Estate Indicators

CBD	5-Year Avg	2010 Q3 1 Year Ago	2011 Q2 Last Quarter	2011 Q3
Direct Vacancy	13.0%	14.6%	14.7%	14.5%
Sublease Vacancy	1.5%	1.8%	1.5%	1.5%
Total Vacancy	14.5%	16.4%	16.1%	15.9%
Quarterly Net Absorption (SF)	160,403	191,518	450,122	291,671
Under Construction (SF)	1,941,150	0	0	0

Economic Indicators

CBD	5-Year Avg	2010 Q3 1 Year Ago	2011 Q2 Last Quarter	2011 Q3
Unemployment Rate*				
National	7.4%	9.6%	9.2%	9.1%
Illinois	7.9%	9.8%	9.1%	9.9%
Metro Chicago	7.8%	9.3%	10.4%	10.4%
Employment Growth (Annual)*				
National	-0.7%	0.5%	0.2%	0.6%
Illinois	-0.9%	0.3%	1.0%	0.8%
Metro Chicago	-1.2%	0.4%	0.5%	0.4%
10-Year Treasury**				
National	3.6%	2.7%	3.0%	2.0%
Inflation (Annual)*				
National	2.3%	1.1%	3.6%	3.9%
Construction Costs (Annual)***				
National	2.5%	-2.7%	1.6%	2.0%

* *Bureau of Labor Statistics*
** *Federal Reserve* *** *Turner Index*

General Overview

Chicago's downtown ("CBD") real estate market continued to strengthen during the third quarter with 292,000 SF of positive net absorption. Over the prior six quarters, the CBD has posted positive net absorption five times and total vacancy has subsequently decreased from 16.8% to 15.9%. The third quarter ended with a total vacancy below 16.0% for the first time in two years. However, despite the recent aggregate success of the CBD market, there remains a divided market.

Since the beginning of 2010 when vacancy peaked at 16.8% the downtown office market has exhibited a distinct dichotomy. During this period, the entire CBD market experienced 660,000 SF of positive net absorption but Class A space accounted for 586,000 SF of the increase in occupancy and Class B & C buildings combined for only a 74,000 SF increase.

The contrast in aggregate performance was also evident if you breakdown the market into its locational submarkets. Throughout this same time period from the beginning of 2010 to the end of the third quarter of 2011, the West Loop has led all submarkets with 830,000 SF of positive net absorption and River North experienced an increase of 368,000 SF. These two submarkets currently have a combined 14.5% total vacancy rate while the East Loop, Central Loop and North Michigan Avenue submarkets, which lost 558,000 SF of occupancy since the beginning of 2010, currently have a combined 17.1% total vacancy rate.

Despite the positive net absorption in the third quarter, the CBD's 15.9% total vacancy is still considerably above its 14.5% five-year average and above the current 14.5% total vacancy of the nation's 35 largest CBD markets. Chicago's CBD market would have to add 1.65M SF of additional occupancy (with no new office building deliveries) to return to a 14.5% total vacancy rate. Given the 5-year average quarterly net absorption of +160,400 SF (or +153,300 SF average over 10-years), the CBD market may require two to three years of steady improvement to return to stability.

One subsection of the CBD that is outperforming its competition is the recently constructed Class A+ "trophy assets." These seven buildings only comprise 8.3M SF or 6.4% of the CBD, but currently boast a healthy 14.3% total vacancy rate (11.3% direct vacancy). Due to the lack of available space and recent leasing success, Class A+ asking rents increased 4.6% during the third quarter and 7.5% in the last year. The limited space availability in these A+ buildings, along with strengthening market fundamentals and increased access to capital, has generated growing buzz for the likelihood of a new development groundbreaking in the next 24 months.

Economic Indicators

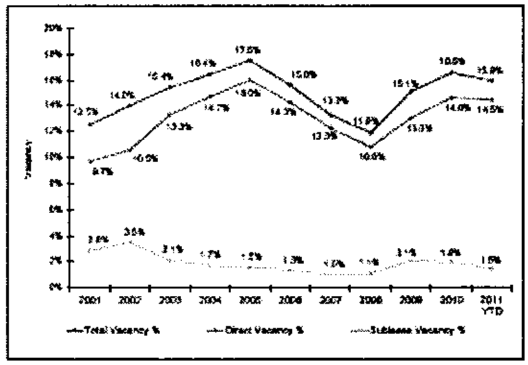
National unemployment decreased from 9.2% to 9.1% during the third quarter. Despite being well below the 10.1% recent high in October 2008, national unemployment is still much higher than the 7.4% five-year average. The Chicago-metro area's unemployment rate remained at 10.4% during the third quarter and remains well above the 9.3% local unemployment rate just one year ago. Workforce data for the Chicago-area was considerably more positive during the third quarter than the unemployment figures. Chicago's professional & business service organizations (the employment segment most correlated to office occupancy) added 6,500 jobs during the third quarter, which translates into a 4.2% annual increase. Technology firms have been the primary driver of employment growth, which is also reflected in much of the leasing velocity seen downtown.

Sublease

The decrease in sublease space in the CBD has been an emerging trend over the last year and a half. Vacant sublease space was as high as 2.97M SF (2.3%) as recently as the fourth quarter of 2009. Sublease vacancy has decreased in five of the last six quarters and ended the third quarter at 1.9M SF (1.5%).

The reduction in sublease space during this period was a reflection of the macro-economic conditions. Vacant sublease space nearly tripled from the beginning on 2008 to the end of 2009 (1.11M SF to 2.97M SF) as many firms reduced headcounts and looked to dispose of underutilized real estate to save money. After the market appeared to bottom, the vacant sublease space has been drastically reduced as many Chicago companies have relocated to sublease space to minimize real estate expenses while several other companies have withdrawn portions of sublease space because of increased optimism in their businesses. Ventas signed the third quarter's largest sublease as it agreed to take a full-floor of sublease space and a full floor of direct space as part of a relocation from 111 South Wacker to 353 North Clark in January of 2012.

CBD Historical Vacancy



Q3 2011 MAJOR CBD LEASING TRANSACTIONS

Tenant	Building Address	Submarket	Class	Type	SF
PricewaterhouseCoopers	1 North Wacker	West Loop	A	Renewal	279,000
Fifth Third Bank	222 South Riverside	West Loop	B	Renewal/Expansion	218,000
American Bar Association	321 North Clark	River North	A	Renewal/Contraction	201,000
Edelman	200 East Randolph	East Loop	A	Renewal/Expansion	178,000
Integrys	200 East Randolph	East Loop	A	New/Contraction	149,500
Skidmore Owings & Merrill	224 South Michigan	East Loop	B	Renewal/Expansion	69,000
Acquity Group	500 West Madison	West Loop	A	Renewal/Expansion	65,000
OWP&P Cannon Design	205-225 North Michigan	East Loop	B	New	61,000
Ventas	353 North Clark	River North	A	Sublease/New	57,000
Paul Hastings	191 North Wacker	West Loop	A	Renewal	53,000
Morgan Stanley	70 West Madison	Central Loop	A	Renewal	49,000
The Northern Trust Company	231 South LaSalle	Central Loop	B	Sublease/Expansion	42,000
Administrative Office of the Illinois Courts	222 North LaSalle	Central Loop	B	Renewal	41,000
Cushman & Wakefield	200 South Wacker	West Loop	B	New	40,000
bSwift	10 South Riverside	West Loop	B	New	37,000
Banner & Witcoff	10 South Wacker	West Loop	A	Renewal/Expansion	35,000
American Cancer Society	225 North Michigan	East Loop	B	Renewal	34,000
Performance Trust	500 West Madison	West Loop	A	Renewal/Expansion	32,000
Youth Connection Charter School	17-25 North State	East Loop	C	New	31,500
Brokers Risk	155 North Wacker	West Loop	A	New	28,000
Accretive Health	231 South LaSalle	Central Loop	B	Expansion	26,000
IntercontinentalExchange (ICE)	353 North Clark	River North	A	Renewal/Expansion	28,000
Claro Group	321 North Clark	River North	A	New	26,000
Sapient Corporation	30 West Monroe	Central Loop	B	Renewal/Expansion	25,000
Parrillo, Weiss & O'Halloran	77 West Wacker	Central Loop	A	Renewal/Contraction	24,000
McCorkle Court Reporting	200 North LaSalle	Central Loop	B	Renewal	24,000
Momentum Worldwide	444 North Michigan	North Michigan Ave	B	Renewal/Expansion	23,000
AmWINS Brokerage of Illinois	10 South LaSalle	Central Loop	B	Sublease	23,000

MAJOR BUILDING SALE ACTIVITY

Building Address	Submarket	Class	Buyer	Seller	Price	Price PSF	SF
600 West Chicago	River North	B	CommonWealth REIT	Gerstein/David Werner	$390,000,000	$248	1,571,386
70 West Madison	Central Loop	A	Gaw Capital/ Korean Teachers CU	Hines	$349,270,000	$243	1,439,369
200 West Madison	West Loop	A	Multi-Employer Property Trust	Tishman Speyer/ Pearlmark	$217,500,000	$234	928,000
400-410 North Michigan	North Michigan Ave	B	Zeller/BOT Capital/ Keywell et al	William Wrigley & Co.	$33,000,000	$73	454,000
205 West Randolph	West Loop	C	Farbman Group	Messer/Stilp	$13,000,000	$66	197,991
200 North Michigan	East Loop	C	200 North Michigan Holdings LLC	200 N. Michigan Partners, LLC	$15,000,000	$120	125,000
				TOTAL:	$1,017,770,000	$216	4,715,746

Major Building Sale Activity

21 CBD buildings have been placed on the market and 13 building sales have closed or are under contract since the beginning of the year. Investment sales in the CBD totaled $10.2B in 2006 and then plummeted to $493.6M in 2009 before rebounding to $2.7B in 2010. The 13 buildings either sold or under contract through the third quarter of 2011 total $1.5B

The third quarter's largest investment sale to close was CommonWealth REIT's purchase of 600 West Chicago, which is home to Groupon and sold for $390M ($248 PSF). Three First National Plaza (70 West Madison) traded for $349M ($243 PSF) as Hines sold the 57-story Central Loop tower to Gaw Capital/Korean Teacher's Credit Union. Two new buildings totaling 967,000 SF were added to the market during the third quarter - 200 North LaSalle (645,000 SF) in the Central Loop and 500 North Michigan (322,400 SF) in the North Michigan Avenue submarket.

Contiguous Blocks

The contiguous block inventory (50,000 SF+) decreased by three to 77 during the third quarter. There were 96 contiguous blocks of space 50,000 SF+ as recently as Q3 2009. The current 77 contiguous blocks are comprised of 58 spaces 50,000 – 99,999 SF, 14 spaces 100,000 SF – 199,999 SF and 5 spaces 200,000 SF or greater. The distribution of the remaining 77 contiguous blocks is evenly distributed throughout the five submarkets based on their proportionate size of the entire CBD market. Large space users greater than 100,000 SF seeking premium Class A space are limited in their alternatives. Only seven Class A blocks over 100,000 SF currently exist and, of those, only three of those are located in the West Loop. Despite the evidence of historically elevated overall vacancy, the limited options for large space users will continue to fuel talk of a new office delivery in the coming quarters.

New Developments & Delivery Schedule

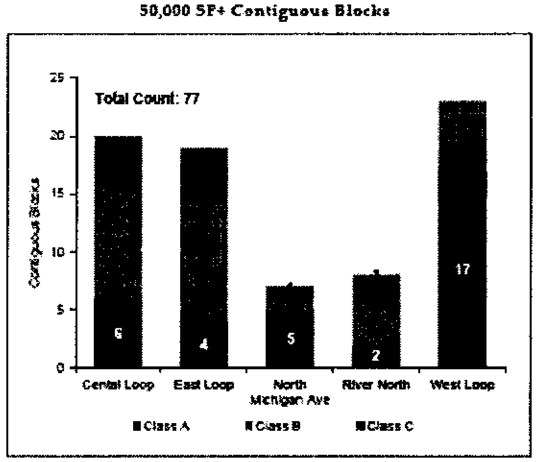
Between 2000 and 2010 the CBD averaged 1.36M SF of new office deliveries per year and 2.86M SF under construction annually. There are no CBD office projects currently under construction and none are expected to gain sufficient tenancy and financing to break ground in the next few quarters. However, there has been heightened speculation that at least one new office development may be on the horizon because of the stabilizing real estate fundamentals, the shrinking inventory of large contiguous blocks and the recent tenant behavior to accept paying higher rents for premium Class A+ space. There are at least five development firms actively pitching new office developments between 350,000 and 1M SF. Even if any of these developments come to fruition, it will be at least 3-4 years before they are added to the CBD market.

CBD Transactions

Four of the five largest leases over 100,000 SF executed during the third quarter were renewals. A historically-high renewal tendency has been common since the beginning of the economic downturn as corporations seek to avoid the major capital outlays typically associated with relocation. Below are a few notable third quarter lease transactions:

- Fifth Third Bank renewed and expanded by 35,000 SF to 218,000 SF in the West Loop's 222 South Riverside.
- The American Bar Association renewed in River North's 321 North Clark and gave back 28,500 SF to consolidate into 201,000 SF.
- The public relations firm Edelman expanded by almost 40,000 SF to 176,000 SF as part of its renewal at 200 East Randolph.
- Integrys was the largest third quarter relocation as it reduced its space to 149,500 SF but remained in the city's East Loop.

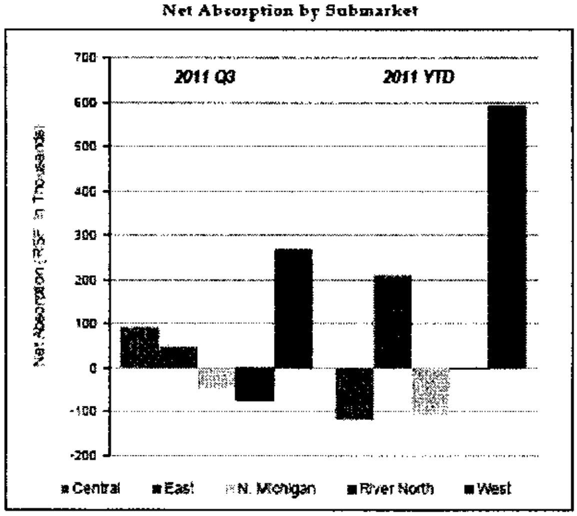
50,000 SF+ Contiguous Blocks

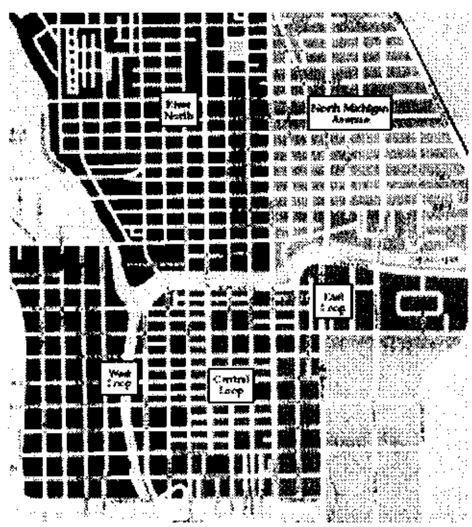


CBD VACANCY & ABSORPTION BY SUBMARKET & BUILDING CLASS

Submarket	Bldgs	Area	Direct Vacancy		Sublease Vacancy		Total Vacancy		2011 Q3 Net Absorption	2011 YTD Net Absorption
Central Loop		**RSF**	**RSF**	**%**	**RSF**	**%**	**RSF**	**%**	**RSF**	**RSF**
Class A	13	13,208,985	1,266,657	9.6%	112,931	0.9%	1,379,588	10.4%	15,123	25,094
Class B	24	15,153,364	2,258,160	14.9%	256,635	1.7%	2,514,795	16.6%	143,148	(10,690)
Class C	26	8,228,493	1,737,147	21.1%	97,835	1.2%	1,834,982	22.3%	(64,725)	(134,259)
Total	**63**	**36,590,842**	**5,261,964**	**14.4%**	**467,401**	**1.3%**	**5,729,365**	**15.7%**	**93,546**	**(119,855)**
East Loop										
Class A	4	6,120,958	1,393,247	22.8%	150,141	2.5%	1,543,388	25.2%	35,130	111,094
Class B	17	11,979,475	1,598,336	13.3%	223,389	1.9%	1,821,725	15.2%	(30,550)	26,905
Class C	29	6,977,532	896,444	12.8%	19,823	0.3%	916,267	13.1%	44,941	73,709
Total	**50**	**25,077,965**	**3,888,027**	**15.5%**	**393,353**	**1.6%**	**4,281,380**	**17.1%**	**49,521**	**211,708**
North Michigan Ave										
Class A	10	5,691,790	1,444,001	25.4%	65,399	1.1%	1,509,400	26.5%	16,668	(46,281)
Class B	9	3,312,515	439,327	13.3%	40,760	1.2%	480,087	14.5%	(22,255)	(33,995)
Class C	10	1,650,751	354,266	21.5%	0	0.0%	354,266	21.5%	(41,984)	(27,458)
Total	**29**	**10,655,056**	**2,237,594**	**21.0%**	**106,159**	**1.0%**	**2,343,753**	**22.0%**	**(47,571)**	**(107,734)**
River North										
Class A	4	3,747,817	513,123	13.7%	138,206	3.7%	651,329	17.4%	(83,656)	(32,481)
Class B	7	7,425,539	200,361	2.7%	329,991	4.4%	530,352	7.1%	(8,526)	(54,118)
Class C	23	2,649,588	335,244	12.7%	11,132	0.4%	346,376	13.1%	18,284	83,428
Total	**34**	**13,822,944**	**1,048,728**	**7.6%**	**479,329**	**3.5%**	**1,528,057**	**11.1%**	**(73,898)**	**(3,171)**
West Loop										
Class A	30	28,568,860	4,181,303	14.6%	350,988	1.2%	4,532,291	15.9%	54,523	291,467
Class B	19	11,946,704	1,692,210	14.2%	92,495	0.8%	1,784,705	14.9%	114,465	97,774
Class C	23	4,226,744	617,547	14.6%	10,777	0.3%	628,324	14.9%	101,085	202,941
Total	**72**	**44,742,308**	**6,491,060**	**14.5%**	**454,260**	**1.0%**	**6,945,320**	**15.5%**	**270,073**	**592,182**
Total CBD										
Total Class A	61	57,338,410	8,798,331	15.3%	817,665	1.4%	9,615,996	16.8%	37,788	348,893
Total Class B	76	49,817,597	6,188,394	12.4%	943,270	1.9%	7,131,664	14.3%	196,282	25,876
Total Class C	111	23,733.108	3,940,648	16.6%	139,567	0.6%	4,080,215	17.2%	57,601	198,361
Total CBD	**248**	**130,889,115**	**18,927,373**	**14.5%**	**1,900,502**	**1.5%**	**20,827,875**	**15.9%**	**291,671**	**573,130**

Net Absorption by Submarket





Suburban Vacancy & Absorption

Suburban total vacancy ended the third quarter at 20.7%, down slightly from 20.8% at the end of the second quarter and 22.0% one year ago. There was 90,000 SF of positive net absorption during the third quarter, which was primarily driven by the recent success of the East-West Corridor submarket.

The East-West Corridor is the largest of the suburban submarkets (35.3M SF or 34.4% of market) and currently maintains the lowest vacancy in the suburbs at 19.2%. During the third quarter, the East-West Corridor reported 690,000 SF of net absorption in a series of notable transactions. State Farm Insurance more than doubled in size to 154,000 SF as it consolidated five suburban office locations. Millennium Trust also doubled in size to 72,000 SF in the East-West Corridor as it absorbed two other suburban offices locations at Commerce Plaza in Oak Brook.

However, the East-West Corridor will face an upcoming challenge as Sara Lee's 400,000+ SF of tenancy may be up for grabs as the consumer-goods company is in the early stages of its search for a new headquarters. The company is known to be scouting downtown office locations, and will likely lease less than half of its current 400,000 SF after the sale of several business units.

The North submarket is the only other suburban submarket to have a total vacancy rate below 20% (19.7%). The Northwest and O'Hare submarket ended the third quarter with total vacancy rates of 22.1% and 23.7%, respectively. Despite having the highest vacancy in the suburbs, only the O'Hare submarket can claim positive net absorption for both the third quarter and year-to-date (excluding the East-West Corridor).

Sublease Availability

Sublease vacancy continues to decline in the suburbs. Sublease vacancy ended the third quarter at 1.9% (1.9M SF) after its fourth consecutive quarter of decline. As recently as the first quarter of 2009 sublease vacancy stood at 3.0% (3.0M SF). Not since 1999 has the suburbs had sub-2.0% sublease vacancy. The decrease in vacant space was primarily driven by subleases expiring and reverting to direct availability during the third quarter. Ameriquest had nearly 168,000 SF of sublease space expire at Windy Point II in Schaumburg and RR Donnelley listing of 63,000 SF expired at 1200 Lakeside in Bannockburn during the third quarter.

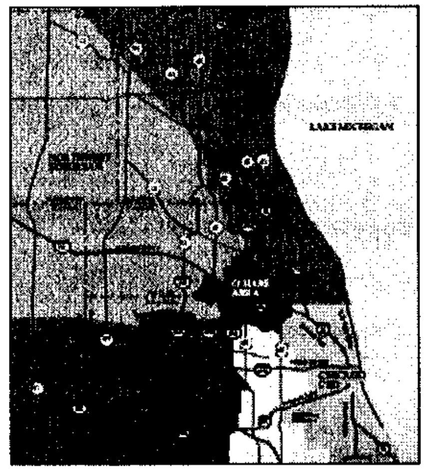
Contiguous Blocks

Contiguous blocks of space 50,000 SF or greater decreased by two to 108 during the third quarter. The blocks are evenly distributed throughout the submarkets in terms of the number of large blocks as a percentage of the suburban office inventory. There were as few

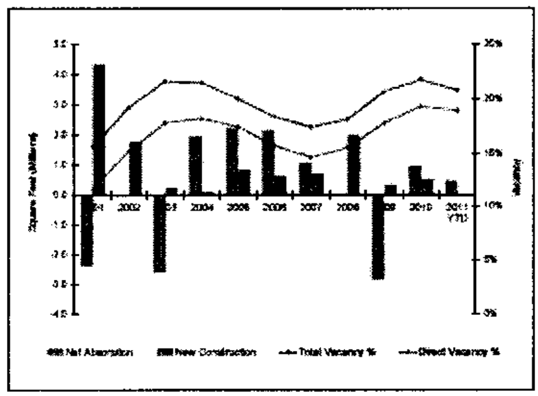
Suburban Key Real Estate Indicators

	5-Year Avg	2010 Q3 1 Year Ago	2011 Q2 Last Quarter	2011 Q3
Direct Vacancy	17.0%	19.6%	18.8%	18.9%
Sublease Vacancy	2.6%	2.5%	2.1%	1.9%
Total Vacancy	19.6%	22.0%	20.8%	20.7%
Quarterly Net Absorption (SF)	35,769	(152,601)	(212,142)	90,001

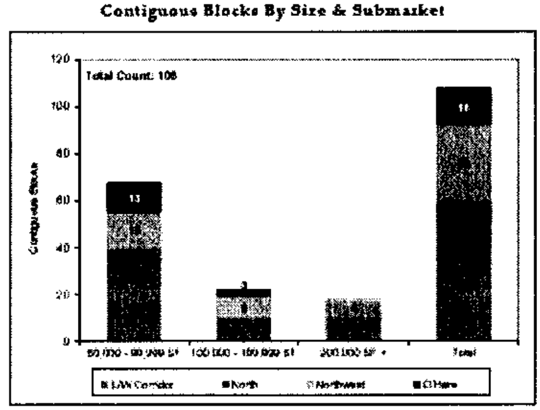
Suburban Submarkets



Suburban Net Absorption, Vacancy & New Construction (2001 - 2011)



Contiguous Blocks By Size & Submarket



as 78 blocks as recently as Q3 2008. There are currently 18 blocks of available space 200,000 SF or more (14 in Class A buildings and 4 in Class B buildings) versus five in the CBD which has stunted any speculative office development and created leverage for large space users who are evaluating market alternatives.

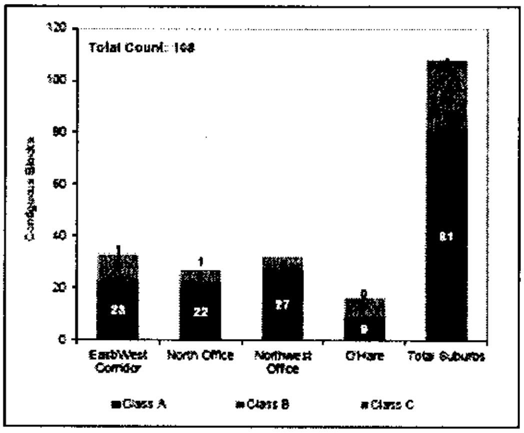
Suburban Observations

Despite positive net absorption in the suburban market during the third quarter and 2011 year-to-date, asking rents have continued a gradual decline due to heightened competition for tenancy in response to the sheer volume of available space. Over the last year, only the East-West Corridor has seen an increase in asking rents (2.1%). The North submarket experienced a 4.2% decline; Northwest suffered a 0.9% decline and O'Hare reported a 0.8% decline.

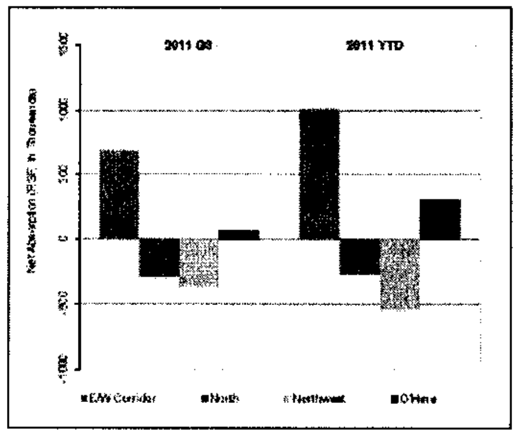
With 20.7% vacancy and 40 contiguous blocks of available space over 100,000 SF speculative development has evaporated from the market and aside from Astellas' active 440,000 SF build-to-suit development, there is very little appetite for any development in the near future.

Through the first three quarters of 2011, 12 buildings have sold in the suburbs for a combined $404.6M ($134 PSF). Another eight buildings are for sale or under contract for $350.1M ($146 PSF).

50,000 SF+ Contiguous Blocks



Net Absorption by Submarket



Q3 2011 MAJOR SUBURBAN LEASING TRANSACTIONS

Tenant	Building Address	City	Submarket	Class	Type	SF
State Farm Insurance	Executive Towers West III	Downers Grove	East/West Corridor	A	Renewal/Expansion	154,000
Comcast	1415 West Diehl	Naperville	East/West Corridor	A	New	80,000
Philips Advance Transformer	O'Hare International Office Cntr	Rosemont	O'Hare	A	Renewal/Contraction	74,000
Millennium Trust	Commerce Plaza I	Oak Brook	East/West Corridor	A	New/Expansion	72,000
Mercer	Corporate 540	Deerfield	North	A	Renewal	61,000
LexisNexis	Creekside Corporate Center	Bolingbrook	East/West Corridor	B	Renewal	52,000
Lincoln Financial	Continental Towers	Rolling Meadows	Northwest	A	New	47,500
BCS Financial	2 Mid America Plaza	Oakbrook Terrace	East/West Corridor	A	Renewal/Expansion	43,000
Optimum Nutrition	975 Meridian Lakes	Aurora	East/West Corridor	B	New	37,000
TravelClick	Woodfield Corporate Center	Schaumburg	Northwest	A	Renewal/Contraction	36,500
Fidelity	Presidents Plaza	Chicago	O'Hare	A	New	31,000
Hapag Lloyd USA	Lisle Executive Center	Lisle	East/West Corridor	B	Renewal	29,000
Saputo Cheese	25 Tri-State International	Lincolnshire	North	A	Renewal	27,500
Intuit	95 West Algonquin	Arlington Heights	Northwest	B	New	25,000
Harco Insurance	2550 West Golf	Rolling Meadows	Northwest	A	Renewal/Contraction	25,000
Akoo International	Columbia Centre I	Rosemont	O'Hare	A	New	25,000
McShane Construction	Point O'Hare	Rosemont	O'Hare	A	Renewal	24,000
NYK Logistics	Highland Pointe II	Lombard	East/West Corridor	A	Renewal	22,000
Horizon Pharmaceuticals	Corporate 500	Deerfield	North	A	New	21,000
Thermos	Woodfield Corporate Center	Schaumburg	Northwest	A	New	21,000

SUBURBAN VACANCY & ABSORPTION BY SUBMARKET & BUILDING CLASS

Submarket	Bldgs	Area	Direct Vacancy		Sublease Vacancy		Total Vacancy		2011 Q3 Net Absorption	2011 YTD Net Absorption
East/West Corridor		**RSF**	**RSF**	**%**	**RSF**	**%**	**RSF**	**%**	**RSF**	**RSF**
Class A	119	22,432,880	3,658,340	16.3%	540,622	2.4%	4,198,962	18.7%	553,640	807,409
Class B	108	10,797,412	1,936,784	17.9%	433,745	4.0%	2,370,529	22.0%	143,069	224,383
Class C	17	2,069,166	213,155	10.3%	0	0.0%	213,155	10.3%	(7,197)	(21,152)
Total	**244**	**35,299,458**	**5,808,279**	**16.5%**	**974,367**	**2.8%**	**6,782,646**	**19.2%**	**689,512**	**1,010,640**
North Office										
Class A	110	18,108,217	3,233,499	17.9%	603,263	3.3%	3,836,762	21.2%	(268,933)	(297,429)
Class B	70	6,329,071	890,057	14.1%	38,045	0.6%	928,102	14.7%	(27,053)	18,600
Class C	3	192,285	75,996	39.5%	0	0.0%	75,996	39.5%	0	0
Total	**183**	**24,629,573**	**4,199,552**	**17.1%**	**641,308**	**2.6%**	**4,840,860**	**19.7%**	**(295,986)**	**(278,829)**
Northwest Office										
Class A	93	20,405,357	4,471,997	21.9%	80,473	0.4%	4,552,470	22.3%	(342,334)	(435,510)
Class B	60	7,998,214	1,748,404	21.9%	65,689	0.6%	1,814,093	22.7%	(32,979)	(138,284)
Class C	4	418,934	3,726	0.9%	0	0.0%	3,726	0.9%	0	25,878
Total	**157**	**28,822,505**	**6,224,127**	**21.6%**	**146,162**	**0.5%**	**6,370,289**	**22.1%**	**(375,313)**	**(547,916)**
O'Hare Office										
Class A	37	8,231,421	1,622,241	19.7%	101,872	1.2%	1,724,113	20.9%	73,262	55,069
Class B	50	5,013,436	1,482,415	29.6%	51,196	1.0%	1,533,611	30.6%	(994)	(120,575)
Class C	3	516,501	480	0.1%	0	0.0%	480	0.1%	(480)	374,520
Total	**90**	**13,761,358**	**3,105,136**	**22.6%**	**153,068**	**1.1%**	**3,258,204**	**23.7%**	**71,788**	**309,014**
Total Suburbs										
Total Class A	359	69,177,875	12,966,077	18.8%	1,326,230	1.9%	14,312,307	20.7%	15,635	129,539
Total Class B	288	30,138,133	6,057,660	20.1%	588,675	2.0%	6,646,335	22.1%	82,043	(15,876)
Total Class C	27	3,196,886	293,357	9.2%	0	0.0%	293,357	9.2%	(7,677)	379,246
Total	**674**	**102,512,894**	**19,337,094**	**18.9%**	**1,914,905**	**1.9%**	**21,251,999**	**20.7%**	**90,001**	**492,909**

About the John Buck Company

The John Buck Company (JBC) is a privately owned real estate firm specializing in investment, development, property management, leasing, and advisory services. Focused on creating value for investors, owners and tenants, the firm has completed more than $10.5 billion in real estate transactions and developed or redeveloped 35 million square feet of office, mixed-use, residential and hotel projects. A leader in property management, the firm has a portfolio of six million square feet nationwide. JBC is currently active in Chicago, New York, Washington, D.C., and Abu Dhabi. For more information, please visit: www.tjbc.com.

Contact

The John Buck Company
One North Wacker Drive, Suite 2400
Chicago, IL 60606
t: +1 312 993 9800
f: +1 312 993 0857
www.tjbc.com