

TRANSPORTATION

MAY 2008



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O'HARE EXPANSION AND POSSIBLE ELGIN O'HARE BYPASS: HOW WILL IT AFFECT YOUR BUSINESS AND REAL ESTATE?

The Illinois Department of Transportation is beginning a new study called the Elgin-O'Hare West Bypass project that will evaluate transportation needs and system alternatives within a study area generally bordered by I-90 on the north, I-290 on the west and south, and I-294 on the east. The study area, which includes Cook and DuPage counties and 25 communities, is a regional transportation hub.

Planning studies for the Elgin O'Hare—West Bypass project will be advanced in two phases that build upon one another. The first phase will include preparation of a Tier One Environmental Impact Statement (EIS), which will identify a preferred transportation system alternative for

the study area. When Tier One is complete, the transportation system alternative can be divided into individual projects for which more detailed engineering and environmental studies will be conducted: Tier Two.

The first segment of the study is scheduled for completion in early 2010. Once a preferred plan is in place, IDOT will begin the study's second tier, which involves detailed engineering and environmental studies for parts of the selected plan that are ready to move forward. This stage is expected to be completed by 2013.

At this point, there is no firm construction timeline. With the typical

project development process, studies and planning efforts come in advance of funding.

The O'Hare Modernization Program is considered "a given". The OMP set aside a 300' corridor that will be considered for a future roadway as well as a western terminal in the vicinity of the York/Thorndale intersection.

The O'Hare Modernization Program continues to acquire properties. The OMP has moved quicker than the market anticipated in acquiring warehouse distribution buildings utilized for air and ocean freight forwarding companies near the south end of the O'Hare International Airport. (cont'd pg. 4)

U.S. RAILWAY GIANTS ANNOUNCE SUPPORT FOR CANADIAN NATIONAL RAILWAY'S PLANS FOR CHICAGO REVAMP

In September last year, Canadian National Railway and U.S. Steel, which owns the Elgin, Joliet, and Eastern Railway (EJ&E) struck a deal to acquire the EJ&E rail system in order to bypass the city's already congested railroad. The overall goal of CN's proposed acquisition of the under-utilized railway is not only to reduce the time for cross-country hauling, but also free up rail capacity

in the Chicago region. The proposal, however, drew almost immediate criticism from surrounding communities who feared the revamp would lead to an increase in noisy freight rail traffic through their neighborhoods.

The Union Pacific Corp. and Norfolk Southern Corp. - two of the largest railway companies in the U.S. - have now thrown their support be-

hind rival CN's proposal, claiming the acquisition goes beyond simply addressing the immediate congestion issues in the Chicago-area. The two railway giants argue that increased rail capacity is in the best interest of the nation's increasing economic demands and local concerns "should not trump the importance of an efficient rail network to the U.S. economy."

NEW TRI-STATE ALLIANCE PUSHES STATE CAPITAL FUNDING

The nine year absence of a state capital bill in Illinois is not only proving problematic for state-only infrastructure needs, it is also having an impact on at least two bordering states. Earlier this month, government, transportation, economic development and business leaders from Illinois, Iowa, and Wisconsin teamed up to discuss the regions' transportation infrastructure priorities. While the goal of the summit was to create a coordinated message to send to Congress about funding priorities that should be included in the federal 2010 transportation funding package, it was

also aimed at targeting state funding issues.

All three states have a vested interest in seeing roads that connect the bordering states improved and rebuilt. A sound transportation infrastructure along the bordering states means increased opportunities for tourism and commerce. One of the routes identified as one of the costliest of the key projects is the restoration of a 50-mile stretch of U.S. 20 between Freeport, Illinois and Dubuque, Iowa. The stretch is one of the main travel arteries between the two states and is expected to cost upwards of \$1 billion to rebuild.

The Alliance believes that the region's ability to remain economically viable in an increasingly global economy depends on coordinating regional interests rather than competing against one another. Addressing those regional needs, however, may prove difficult, particularly with Illinois' lack of movement on any capital funding. Illinois Congressman Don Manzullo has further accused Springfield and Governor Blagojevich as representing the "biggest roadblock to transportation improvements in northern Illinois."

For more information on this article, please visit the www.rr.com.



TRANSPORTATION

RESOLUTION TO STATE CAPITAL FUNDING WOES DOES NOT GUARANTEE IMMEDIATE PROJECT KICK-START

The Illinois Department of Transportation claims that most construction projects could not get started until 2009 if lawmakers are able to resolve their stalemate on a state construction plan prior to the end of May. This statement runs counter to a message the Governor has recently been relaying to communities around the state that a May agreement means long-overdue construction projects will get underway prior to July 4th. Reso-

lution on a statewide capital plan, however, still remains highly elusive. The Governor continues to tout the work of the Illinois Works Coalition, meeting with co-chairs SIU President Glenn Poshard and former U.S. Speaker of the House Dennis Hastert in mid-April to discuss revenue options. At the same time, meetings between the Governor and the four legislative leaders on this issue are still virtually non-existent. A continued lack of communication between the Governor, the Speaker, and the

other three leaders could render any recommendations put forth by the Coalition moot.

The Coalition is expected to wrap up its scheduled listening session tour at the end of this month. No timeline has been identified for the release of their findings and recommendations, but with the legislative calendar five weeks away from its scheduled adjournment date, legislators will most likely demand a quick turn around on those recommendations.

EXPANDING THE ROLE AND SCOPE OF WORKFORCE DEVELOPMENT SERVICES

Cities have been trying to build their way out of congestion for years, and it's not working. New roads get filled to capacity within one decade of being built, while rising construction costs render cities and states financially incapable of laying pavement fast enough to keep pace with population growth. In metropolitan Chicago, commuter delay has more than doubled since 1985.

Places that are successfully fighting traffic have one thing in common: they're trying new, cost-effective approaches to give people better options for getting around. To help move Illinois and the Chicago region into that category and out of gridlock, the Metropolitan Planning Council (MPC) has hosted and participated in multiple events over the past year,

highlighting the need for fresh thinking and new revenue for capital projects. The best ideas to emerge from those meetings have been compiled in the new report, Putting Illinois Back on the Map: Prosperity through Innovation and Investment.

The report includes a menu of options for shaping and funding a state capital investment plan to build and maintain roads, bridges, transit, schools and housing – a plan that is long overdue since Illinois' last capital plan expired in 2004.

Putting Illinois Back on the Map also uses a series of maps to make the case that Illinois is lagging behind other U.S. states in transportation investments, threatening our economic well-being. According to the Texas Transporta-

tion Institute, the Chicago region alone loses \$4 billion annually – \$500 per resident – to traffic delay, a staggering number that has risen steadily in recent decades. Businesses in Chicago, Illinois' economic engine, have cited transit access as a key attraction to locating here; without it, they'd be more likely to relocate to other cities. Meanwhile, individuals are tired of spending their hard-earned dollars on gas wasted while idling in traffic: MPC estimates that with gas at \$3.95 a gallon in Chicago, and an estimated 17.2 percent of each gas tank wasted sitting in traffic, people are frittering away \$11.21 every time they fill up their tanks. For more information, contact Michael McLaughlin, MPC regional policy & transportation director, at 312-863-6022, or mmclaughlin@metroplanning.org.

COMPARISON: TRANSPORTATION CAPITAL PROGRAMS (\$ MILLION)

FY 2009 to FY 2013	IL Works (Governor's Budget)		Senate Bill	
	Average Annual Increase	Average Annual Program Total	Average Annual Increase	Average Annual Program Total
Highways	\$567*	\$2,367	\$708*	\$2,508
Local Roads	\$50	\$731	\$100	\$781
Transit	\$200	\$200	\$85	\$85
Rail Passenger	\$32	\$32	\$32	\$32
CREATE	—	—	—	—
Airports	\$17	\$17	\$15	\$15
Total	\$862	\$3,343	\$940	\$3,415

* Almost all funding in earmarked projects.

Highways

- Existing highway program without increased funding averages \$1.8 billion a year.
- IL Works: Net proposed increase totals \$3.4 billion, over 6 years.
- Senate Bill: Proposed increase totals \$4.25 billion, over 6 years.

- IL Works: Proposed increase totals \$250 million, over 2 years. It is anticipated that this would be bonds, rather than increased MFT funds.
- Senate Bill: Proposed increase totals \$500 million, anticipated to be appropriated over 1 or 2 years. Increase would all be bonded, through Build Illinois Bonds.

- Senate Bill: Proposed increase totals \$425 million, over 3 years.

Rail Passenger

- IL Works/Senate Bill: Proposed increase totals \$160 million, all to be appropriated in the first year.

CREATE

- IL Works/Senate Bill: No specific state funding; highway earmark lists include total of \$100 million.

Local Roads

- Existing MFT is estimated to average \$681 million a year during the next 5 years.

Transit

- IL Works: Proposed increase totals \$1 billion, over 3 years.



TRANSPORTATION

PROJECTED FY 2008-2013 TRANSPORTATION PROJECTS

Overview

Highway District 1 encompasses six counties in northeastern Illinois and includes the city of Chicago, suburban Cook County, and the five collar counties of DuPage, Kane, Lake, McHenry and Will. The state highway system in District 1 consists of 3,023 miles of highways of 1,759 bridges, supporting more than 103 million miles of travel daily.

State Program

The program for state and local highways will average \$1.813 billion annually for the FY 2008-2013 period. Approximately \$2,777 million will be pro-

System Maintenance

Interstate (miles)	44
Non-Interstate (miles)	703
Safety Locations (number)	29

Bridge Maintenance

Interstate (number)	55
Non-Interstate (miles)	165
New Bridges (number)	5

Congestion Mitigation

Roads (miles)	60
Traffic Improvements (number)	47

System Expansion

Roads (miles)	15
Locations (number)	0

Interstate 55 at Arsenal Road in Will County	Illinois 43 (Harlem Avenue) over US 12/20 (95th Street) 0.6 mile north of Interstate 294
Interstate 55 at Illinois 59 (Cottage Street) in Will County	Illinois 53 from Elgin O'Hare Expressway to Army Trail Road
Interstate 55 from Interstate 80 to Weber Road in Will County	Illinois 53 from south of Illinois 56 (Butterfield Road) to Osage Avenue
Interstate 80 from 0.6 mile east of 80th Avenue to Interstate 294 in Will County	Illinois 53 from Illinois 64 (North Avenue) to St. Charles Road
Interstate 94 (Edens Expressway) from Lake Cook Road to Interstate 90 (Kennedy Expressway) in Cook County	Illinois 56 (Butterfield Road) from Illinois 59 (Joliet Road) to Naperville Road
Interstate 94/90 (Dan Ryan Expressway) from 31st Street to south of the Interstate 57 Interchange in Cook County	Illinois 59/US 30 (Division Street/Brook Forest Avenue) from Illinois 126 (Lockport Road) to US 52 (Jefferson Street)
Interstate 94 (Bishop Ford Expressway) from west of Martin Luther King Drive to US 6 in Cook County	Illinois 64 (North Avenue) from 7th Avenue to Dunham Road
US 6 (159th Street) from Interstate 294 to Illinois 1 (Halsted Street)	Illinois 64 (North Avenue) from Kautz Road to Illinois 59 (Ingalton Road)
US 12/45 (Mannheim Rd) at Franklin Avenue & Soo Rail Road	Illinois 83 (Milwaukee Avenue) from Wisconsin State line to Petite Lake Road
US 14 (Virginia Street) from West Lake Shore Drive to Crystal Lake Avenue and at Ridgefield Road (south junction)	Illinois 83 (Barron Boulevard) at Illinois 120 (Belvidere Road) south to Illinois 137 and at Atkinson Road
US 41 at Illinois 132 (Grand Ave)	Illinois 394/Illinois 1 at Illinois 1 and Goodenow Road and Plum Creek
Illinois 21/US 45 (Milwaukee Avenue) from Willow Road to north of Sanders Road	Congress Parkway over South Branch Chicago River
Illinois 22 (Lake Zurich Road) from Quentin to west to Illinois 83 (Mundelein Road)	DesPlaines River Road from US 12 (Rand Road) to Devon Avenue
Illinois 22 (Half Day Road) at Interstate 94 (Tri-State Tollway)	Elgin O'Hare Expressway from Interstate 290/Illinois 53 to O'Hare Ring Road and O'Hare Ring Road from Interstate 90 (Northwest Tollway) to Interstate 294 (Tri-State Tollway)
Illinois 22 (Half Day Road) from east of Interstate 94 (Tri-State Tollway) to west of US 41 (Skokie Highway)	Southwest Highway over B&O Rail Road, Stony Creek and Ridgeland Avenue
Illinois 31 at Illinois 176 (East Terra Cotta Avenue) and at Terra Cotta Road	Wolf Road from south of Hintz Road to Palatine Road
	31st Street over ICG Rail Road and METRA Electric Rail Road



CONTINUED FROM PAGE 1 O'HARE EXPANSION AND POSSIBLE ELGIN O'HARE BYPASS

These acquisitions, combined with increase demand for modern high ceiling, heavily docked, functional distribution space has raised land sale prices to record levels. The five-year trend of demolishing functionally obsolete buildings to build modern, high velocity freight centers continues at a rapid pace. There are currently 18 either underway or in the process of being redeveloped in the O'Hare submarket totaling in excess of 4,000,000 square feet. A majority of these buildings will be constructed and/or completed within the 2007/2008 timeframe.

Because of this increase demand by developers and speculators for land purchase, land prices have escalated over \$20.00/sf which has translated into asking lease rates from \$8.50 to \$10.00/sf Net.

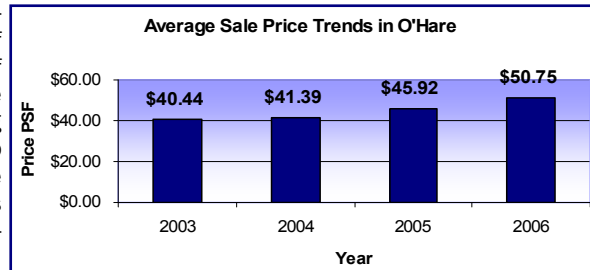
Less than standard lease demand combined with strong demand for purchase of properties by users and institutional investors

continues to put some downward compression on rental rates on second and third generation properties which are traditional manufacturing distribution facilities that have lower ceilings and less loading capacity. Landlords of these type of facilities are experiencing longer lease up time on the market and less rent appreciation.

However, there is a limited supply of buildings available for sale and pent up demand by users, increased activity by private institutional investors combined with low cost of capital has been beneficial to sellers of industrial properties in the O'Hare market. A majority of the larger transactions have involved

developers purchasing buildings with additional land and there have also been several sale/leasebacks by privately held companies.

What is sale/leaseback? Can you benefit?



A sale/leaseback is a real estate transaction in which the owner of a property sells his interest in the building but continues to operate the company business as a tenant on a lease basis. This type of instrument

has been utilized for years by corporate America as well as private entrepreneurial business.

For more information, please contact Rick Daly, Principal, Darwin Realty & Development Corporation, 630-782-9520 or rdaly@darwinrealty.com

STUDY FINDS U.S. INVESTMENT IN TRANSPORTATION INFRASTRUCTURE FAILING TO KEEP PACE WITH ECONOMY, POPULATION GROWTH

The Americans for Transportation Mobility Coalition released a sobering report in early April that finds the nation's current and future transportation needs are far outpacing U.S. investment in that infrastructure. The U.S.' ability to remain competitive in an increasingly global economy depends heavily on its ability to develop a sound and high-performing transportation network. As the Coalition's study suggests, the current patchwork approach to transportation policy in the U.S. threatens to paralyze the nation's ailing transportation system.

With the total U.S. population expected to

grow by more than 80 million people between now and 2035 and the economy expected to more than double in that same time period, the study emphasizes that this growth places a tremendous strain on the nation's water, rail, highway, and air transportation systems. The Coalition's study offers some insight into exactly how much investment is necessary to keep pace with this growth, suggesting rail freight infrastructure is in need of \$148 billion; airport infrastructure demands an additional \$41 billion; and highway and transit programs require more than \$90 billion just to restore purchasing power.

If the U.S. fails to provide for significant investment in these infrastructure areas, that growth will continue to translate into a higher transportation costs and further drain on the U.S. economy. Major U.S. business and industry sectors, such as manufacturing, retail, agriculture, and the services industry would all suffer devastating financial setbacks without more investment. The Coalition's report ultimately urges policymakers to provide for a more strategic approach to planning and investing in the nation's transportation infrastructure.

LEGISLATORS FIGHT FOR \$34B ILLINOIS WORKS PROGRAM

CARBONDALE -- A bipartisan group of legislators sounded off Monday at Southern Illinois University-Carbondale for passage of the \$34 billion Illinois Works program that died more than a week earlier on the House floor.

Saying they had gathered "to sound the bugle," former congressman and current Illinois Department of Transportation Assistant Secretary Dave Phelps said the bill passage is critical to put people back to work.

Shortly after his annual State of the State address in February, where he highlighted the Illinois Works proposal during much of his budget talk, Blagojevich announced the forming of a coalition headed by SIU President Glenn Poshard and former U.S. House Speaker Dennis Hastert of Springfield to help get the

plan through the current legislature.

The former politicians held 28 community or town meetings throughout the state to get citizen input. They also sought help from financial experts at major Illinois universities and studied the state tax codes to find ways to fund the program.

Poshard spoke Monday during the gathering, saying the bill has provisions within it to fairly and evenly distribute money throughout the state.

"Nothing is ever dead in government until it gasps its last breath," Poshard said, adding he is hopeful Illinois Works will become a reality.

About 700,000 current and new jobs total are at stake," said Jay Hoffman, D-Collinsville, who is House chairman of transportation and motor vehicles, noting also that \$9 billion in federal

matching money for transportation infrastructure work, is also on the table regarding the proposed bill.

Hoffman took the first of several swipes heard throughout the morning at House speaker Michael Madigan, D-Chicago, who has repeatedly expressed skepticism about the bill and reportedly giving Gov. Rod Blagojevich spending authority.

"There is one man who is not for this bill and unfortunately he's the leader of my chamber," Hoffman said.

After the gathering, Hoffman said the governor will likely make a decision and announce publicly this week as whether to call for a special session to get more work and action on the bill.

(from Bloomington Pantagraph)