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## Wrightwood Capital to surrender 2 industrial properties

By Colleen Lobner, Feb. 17, 2010

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(Crain's) — Wrightwood Capital LLC plans to hand two Tinley Park industrial buildings back to their lender, another sign of troubled times in the local warehouse market.

The lender, Concord, N.H.-based Jefferson-Pilot Investments Inc., filed two foreclosure suits Jan. 22 against a Wrightwood venture that owns the properties in the Tinley Crossings Corporate Center. The suits, filed in Will County Circuit Court, allege that the venture defaulted on two loans by missing payments and now owes about \$11.1 million.

Wrightwood, a Chicago-based real estate investment firm, decided to give up the properties after a series of discussions with Jefferson-Pilot about their high vacancy rate, says Tim Walsh, director of industrial funds at Wrightwood.

One property, a 101,085-square-foot building at 8451 W. 183rd St., is empty, while the other, a 100,407-square-foot building at 8400 W. 185th St., is 59% vacant. Its only tenant is KVH Industries Inc., a Rhode Island-based company that makes mobile navigation devices for the military.

"We concluded it's in our best interest to give those properties back," Mr. Walsh says. "It's a function of the market. It's happening to a lot of people."

A Jefferson-Pilot representative did not return a phone call Tuesday, and a lawyer representing the firm declines to comment.

Both buildings, situated about a mile from Interstate 80, have been on the market since May 2009, according to real estate data provider CoStar Group Inc. The vacant property is listed for \$6.6 million, while the other one is unpriced.

Wrightwood bought the buildings, constructed in 1998, for \$14.8 million from Cigna Corp. in March 2005, financing the transaction with \$10.7 million in loans from Lincoln National Corp., which merged with Jefferson-Pilot in early 2006.

At the time, a portion of the now-vacant building was occupied by auto parts maker ITW Engineered Components, but that lease expired in January, according to Mr. Walsh.

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The Chicago-area industrial vacancy rate rose in the fourth quarter to 12.2%, its highest level in at least 19 years, according to Colliers Bennett & Kahnweiler Inc. And meager demand from smaller tenants has put a strain on properties of 100,000 square feet or less, says Hugh Williams, a principal with the local office of Toronto-based real estate firm [Avison Young Inc.](#)

"You might get lucky and get a regional local distribution pod for a larger company," he says. "That's typically the best you'll do."

Mr. Williams adds that the best buyer for buildings such as these are not investors, but cash-secure users that can absorb the space.

Tinley Crossings, which opened in 1997 is a 170-acre, mixed-use business park developed by Tinley Park-based TCB Development.

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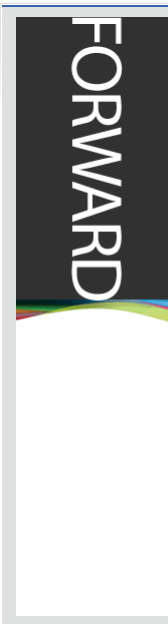
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