



GREAA

Chicago

MARKET
INSIGHT
REPORT



FALL

2023

Employment / Unemployment

Chicago has one of the largest and most diverse economies in the world. The metro's strategic positioning, exceptional transmodal network, access to capital, and highly educated workforce all contribute to the region's reputation as a national and global powerhouse. Greater Chicago houses corporate leaders like JP Morgan Chase, Discover Financial Services, United Airlines, and Nokia.

Chicago's economy gained some momentum in the first half of 2023 despite recessionary effects and lingering economic uncertainties. The job losses of 2020 were completely recovered by the end of 23H1 and according to Oxford Economics, Chicago's Gross Domestic Product

grew by 0.8% in the first half of 2023, ranking it in the middle range of the top 50 metropolitan areas. In downtown Chicago, there are three proposals, Lincoln Yards, Bronzeville Lakefront, and The 78, that are in the works for new live/work/stay developments which would create 20.7 million square feet of office space and add 27,000 multifamily units to the existing inventory.

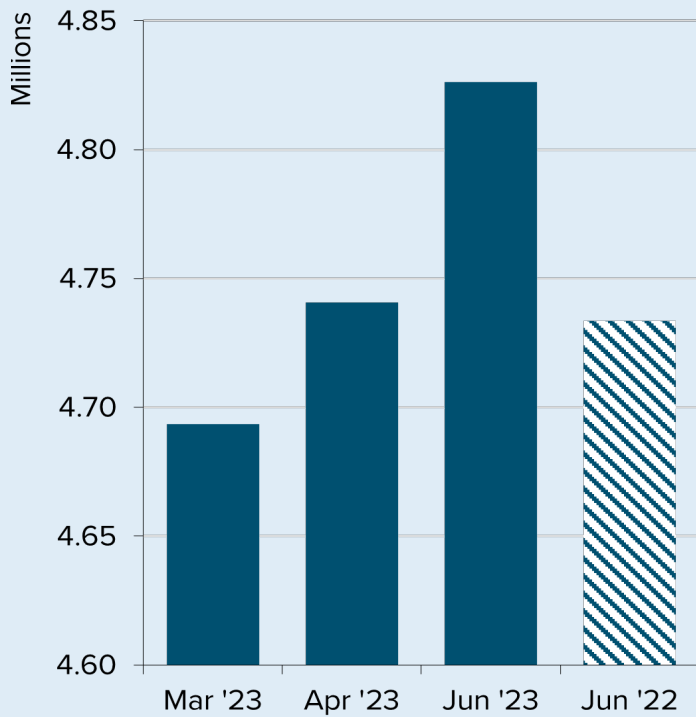
The Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (MSA) includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin. The MSA is comprised of four metropolitan divisions - separately identifiable employment centers within the greater metropolitan area. The Chicago-Naperville-Arlington Heights, IL division contains 80% of the metropolitan area's total nonfarm employment.

As of June 2023:

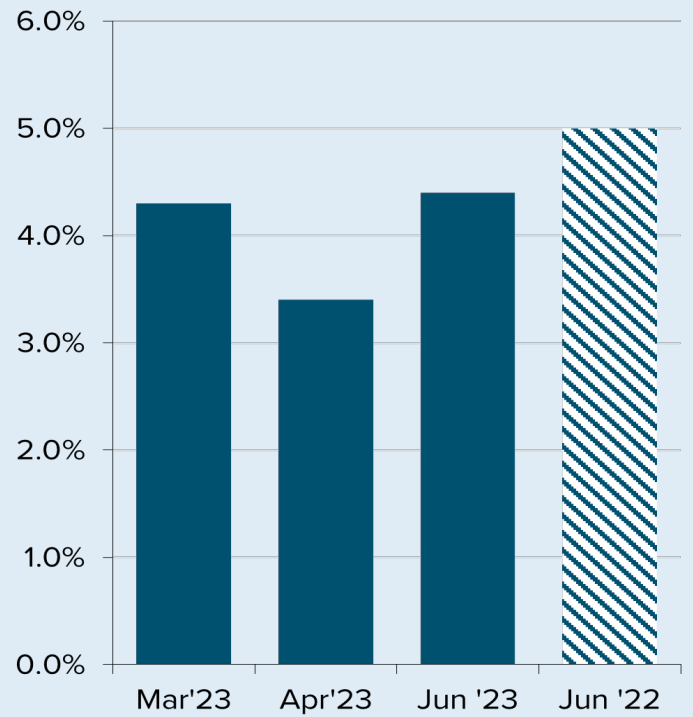
- Total nonfarm employment for the Chicago-Naperville-Elgin, IL-IN-WI, metropolitan area increased by 92,600 jobs, a 2.0% year-over-year increase compared to the 2.4% national increase.
- All of Chicago's 11 major industry sectors reported job gains except for professional and business services, (which was flat), and Information, down 3,600 positions, equating to a -4.4% change year-over-year. The average hourly wage in the Chicago metro area was \$31.81, and the national average hourly wage was \$29.76.

The logo for GREAA (Greater Regional Economic Analysis) is displayed in white, bold, sans-serif capital letters on a blue background. The letters 'G', 'R', 'E', and 'A' are significantly larger than the 'A' at the end, which is smaller and positioned to the right of the 'E'. The background behind the logo is a dark blue geometric pattern of triangles.

Total Employment



Unemployment



Chicago Metro Area Employment (Thousands)	June 2023	% Change June 2022
Total Non-farm	4826.2	2.0%
Mining, Logging, and Construction	1.6	0.3%
Construction	195.2	2.9%
Manufacturing	409.2	1.1%
Trade, Transportation, and Utilities	961.1	0.1%
Information	78.0	-4.4%
Financial Activities	326.1	2.3%
Professional and Business Services	871.3	0.0%
Education and Health Services	750.2	4.1%
Leisure and Hospitality	503.3	7.9%
Other Services	198.2	2.6%
Government	532.0	1.0%

Chicago Rental Market

Demand in the Chicago metropolitan multifamily market flowed at a stable and steady pace in the first half of 2023, even as major metro markets across the nation continued the downward projection of absorption and rental growth that commenced in the second half of 2022. While demand in the Sunbelt states was primarily gauged by the population surges and consequent run-up of rent growth of recent years, the Chicago multifamily market kept to its traditional supply and demand fundamentals and lured investors seeking overall market stability. Chicago had the largest multifamily rent growth among the nation's 10 largest markets, and its year-over-year rental growth is about 100 basis points more than the rental growth rates of Philadelphia and New York City, which hold the number 2 and number 3 spots, respectively. Chicago also surpassed the national average for year-over-year rental growth for the first time in over a decade, which currently stands at 1.2%. The majority of Chicago's submarkets reported positive rent growth over the past 12 months, and just a small portion of submarkets had gains of less than 3%.



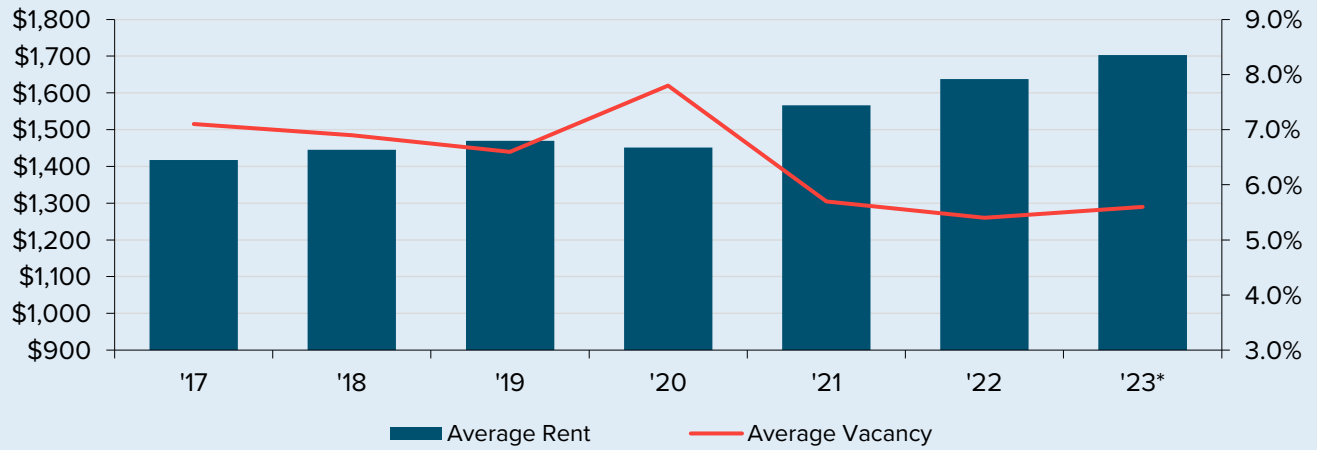
3.6%

12 Mo. Asking Rent Growth

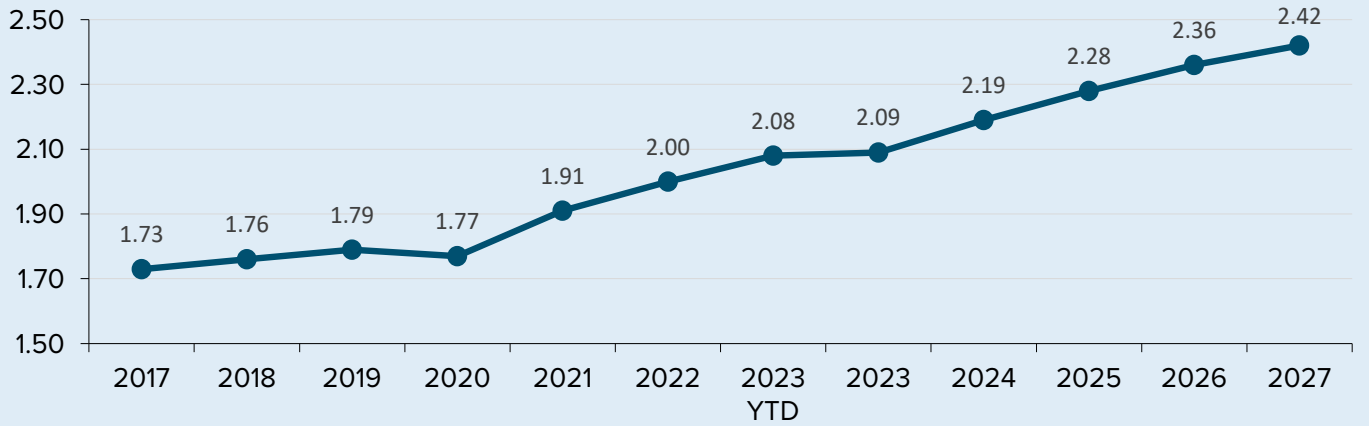
Year	Avg. Rent	Vacancy Rate
2Q23 YTD	\$1,703	5.6%
2022	\$1,638	5.4%
2021	\$1,566	5.7%
2020	\$1,451	7.8%
2019	\$1,470	6.6%
2018	\$1,445	6.9%
2017	\$1,417	7.1%

**Includes Properties in Lease-Up*

Average Rent / Vacancy



Asking Rent / SF



Source: CoStar | Projection

Multifamily Construction

- Strong demand indicators combined with a significant decrease in 12-month construction starts fueled construction activity in 2023, and over 13,000 units were under construction at the beginning of 23H2.
- Healthy absorption is expected through year's end and into 2024 as would-be home buyers remain in the rental market for another year.
- Construction activity remains heavily concentrated in the Downtown and North Lakefront submarkets, with almost 7,000 units combined under construction set to deliver in these two submarkets over the next few years.
- Transit-Oriented Developments (TODs) have been a primary focus for developers in the suburban markets and are also taking shape across the metro area.
- Conversions of former retail anchor sites and office buildings into multifamily components are on the rise, such as the former Bloomingdale's at Old Orchard in Skokie and the AT&T Campus, Hoffman Estates.
- TIF and grant funds have been introduced to entice developers to repurpose aging and functionally obsolete office buildings in and around the LaSalle Street Corridor, with 30% set aside for affordable housing.
- A \$1.4 billion private-public South / West Initiative to encourage commerce on Chicago's South and West sides led to two, possibly three, proposed mixed-use projects, according to Costar.

Supply & Demand- Inventory Growth Forecast

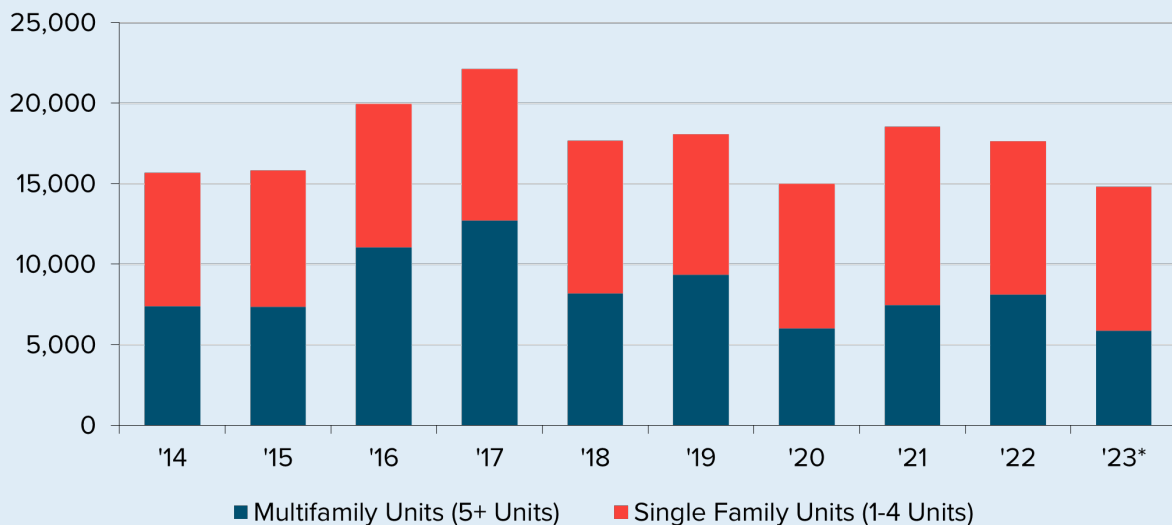


Permits

In June 2023:

- The median sale price for single family homes in the Chicago Metro was \$349,940, up 2.9% Y-o-Y.
- The median sale price for single family homes in the City of Chicago was \$355,000, a decrease of -3.3% Y-o-Y.
- The monthly average commitment rate for a 30-year, fixed-rate mortgage was 6.71% in June 2023, up from the previous month's 6.43%. The June 2022 average was 5.52%.

Total Residential Building Permits



Source: US Census + CoStar



4,873
Single Family
Permits

*As of June 2023

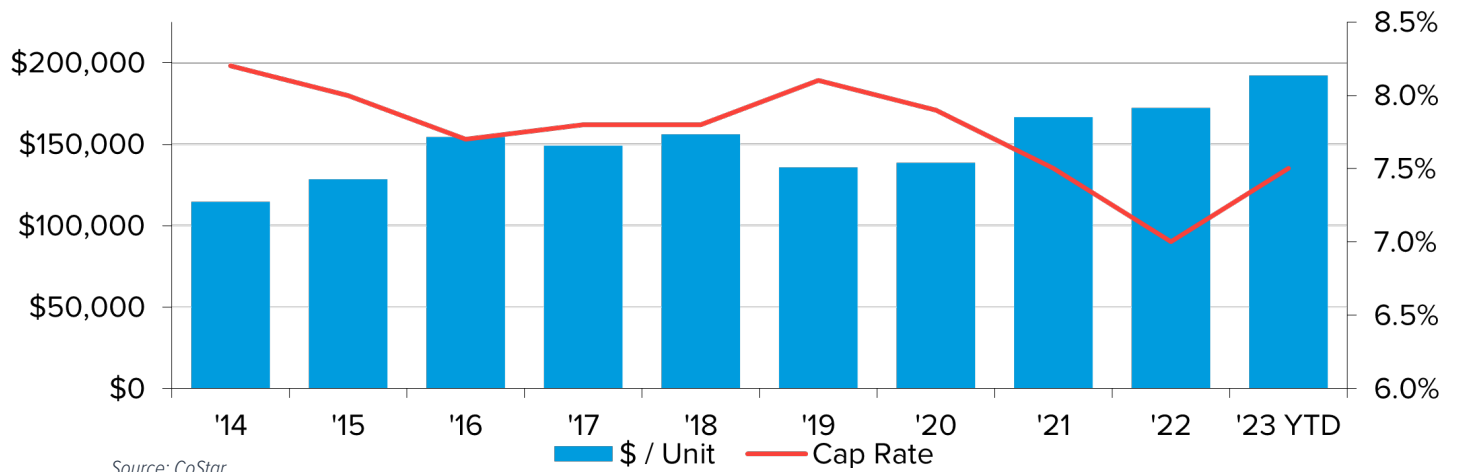
3,398
Multifamily Permits



\$350K
Median Single
Family Price
Chicago MSA

Multifamily Sales

Average Sales PPU / Cap Rate



\$192K

Avg. Sold Price / Unit YTD



7.5%

Avg. Cap Rate YTD



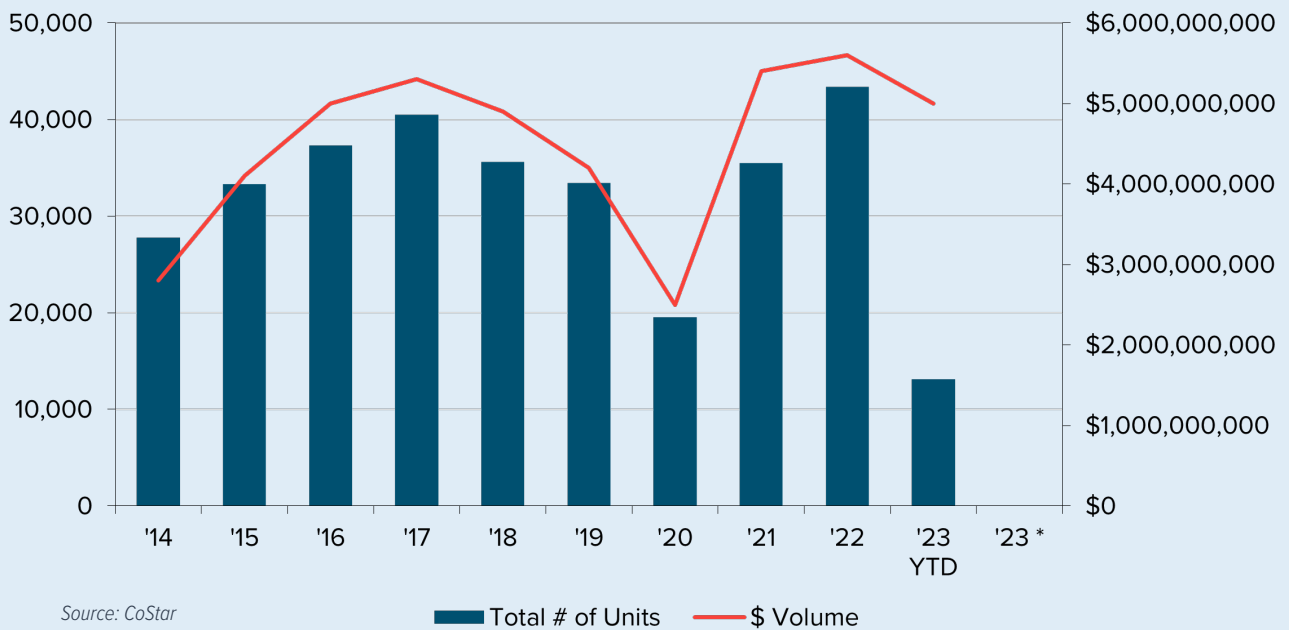


\$3.2B
Sales Volume YTD
2023



-23.8%
12 Mo. Sales Volume Growth
YTD 2023

Apartment Sales Transactions



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