

CHICAGO IL

INSTITUTIONAL MULTIFAMILY REPORT

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2021 MID-YEAR



CHICAGO, IL EMPLOYMENT

JOBS ADDED / LOST

LAST 12 MONTHS

375,600
↑ 9.2%

NEXT 12 MONTHS*

153,800
↑ 3.5%

UNEMPLOYMENT

MID-YEAR 2021

7.3%
↓ 1,000 BPS YOY

MID-YEAR 2022*

4.3%
↓ 300 BPS YOY

*PROJECTED

Hiring activity in the Chicago market is turning in a solid performance following an unprecedented uptick in unemployment in 2020. During the 12-month period ending June 2021, Chicago's metropolitan workforce was buoyed by local employers creating or reinstating 375,600 positions, equating to a 9.2% annual increase.

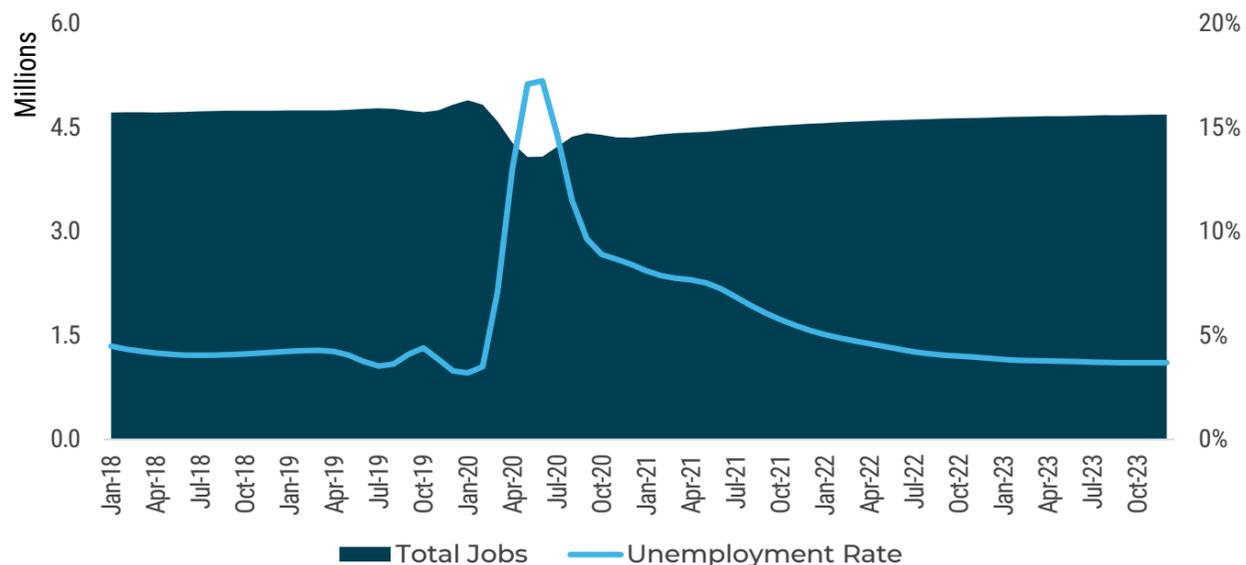
Job additions in service-oriented professions generally outperformed other sectors. The leisure and hospitality sector recorded the greatest output at mid-year 2021 with an annual growth rate of 7.4%, in comparison to a modest 0.9% growth rate in the government sector.

Nonetheless, professional businesses still hold the largest market share of metro jobs, largely due

to extensive hiring expansions at multinational Fortune 500 companies like Google, PwC, and United Airlines. To date, approximately 65% of Chicago workers are employed in white-collar positions.

Additions to the metro's white-collar workforce indicate that the ongoing economic recovery will more strongly favor elevated yields in high-paying sectors by year-end. By December 2021, payrolls among business, finance, and tech firms are forecast to expand by 2.4% annually and increase their market presence in the metro workforce by 10 basis points.

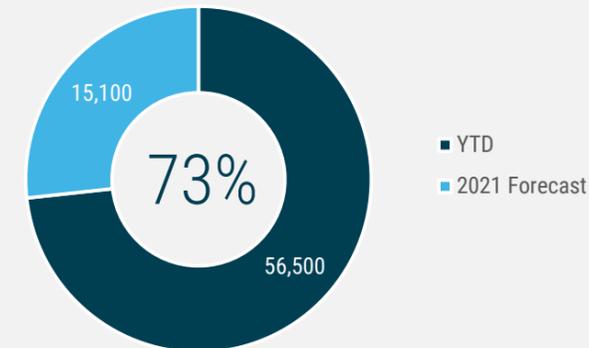
EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

WHO'S HIRING?

LEISURE & HOSPITALITY INDUSTRY



8%
OF ALL JOBS IN THE METRO

\$26,000
AVERAGE ANNUAL SALARY

TOP LEISURE & HOSPITALITY EMPLOYERS

Hilton	4,900 JOBS
Marriott	2,800 JOBS
UNITED CENTER	2,000 JOBS

IN THE NEWS

- Target to create 2,000 jobs for Little Village distribution center
- Discover to fill approximately 1,000 jobs in Chatham
- Macy's to hire nearly 800 in the Chicago area
- 700 to be hired at Lion Electric Company in Joliet
- Kimberly-Clark adding 250 new positions in Chicago



CHICAGO, IL

DELIVERIES & ABSORPTION

2021 UNITS*

DELIVERED

7,519

ABSORBED

9,794

2022 UNITS*

DELIVERED

7,665

ABSORBED

8,624

*PROJECTED

Chicago's leasing activity endured the highs and lows of the pandemic and is on track for a comeback with renters absorbing over 5,200 net units in the year leading up to June 2021.

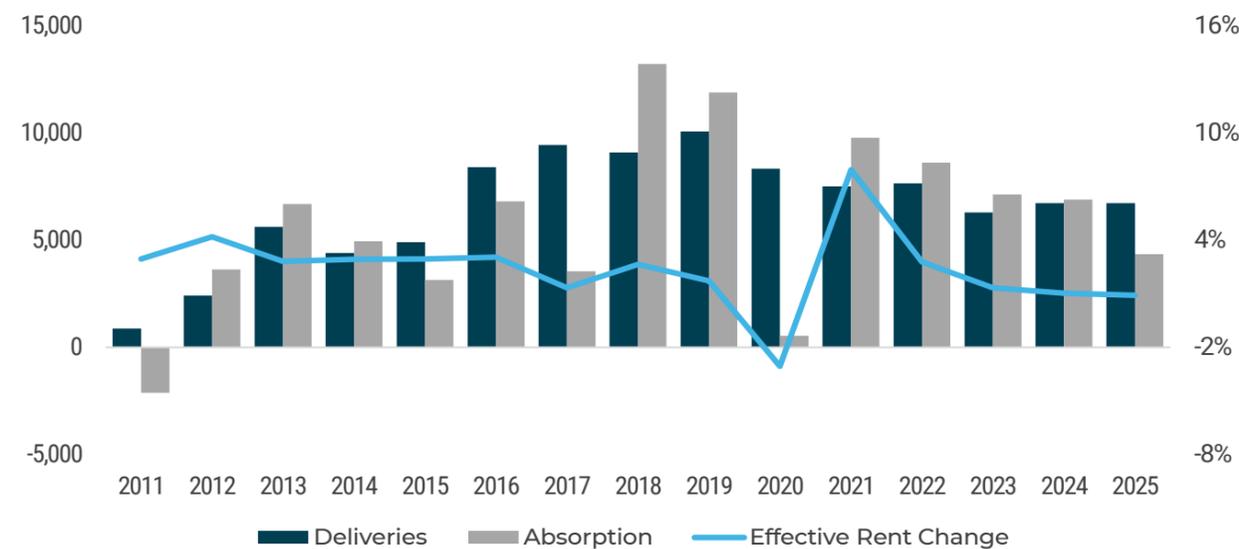
Although net absorption was positive in most submarkets, the Far Northwest Chicago Suburbs had the most robust demand from renters that were granted the flexibility to pursue the short-term, nationwide trend of migration out of the city. Not too far behind with nearly 900 net units absorbed, Southwest suburbs like Downers Grove, Naperville, and Wheaton accounted for the second-largest share of demand in the metro.

In balance, developers delivered more than 6,400

units to the metro Chicago apartment market in the four quarters leading to mid-year 2021. New builds in Downtown Chicago accounted for nearly 42% of the metro's new supply. Even remote work and low-cost suburban units could not falter confidence in the city's urban core and the prioritization of community and opportunity that a primary market can offer.

In the near-term, these qualities could shift the development pipeline to favor new builds in the city. There are currently 12,300 units under construction metrowide, 4,400 of which are scheduled to be delivered to River North and The Loop over the next five years.

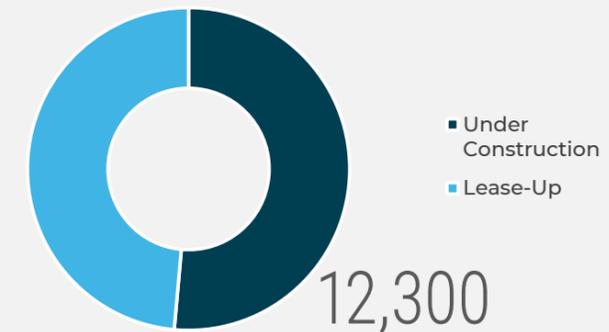
DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



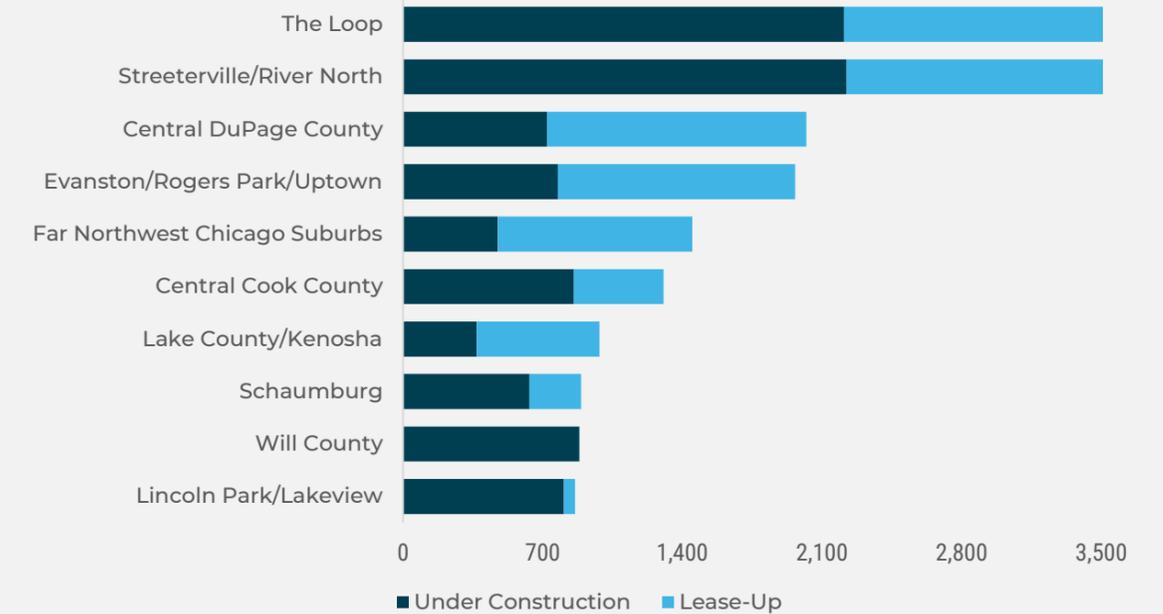
SOURCE: REALPAGE

MARKET PIPELINE

11,617



TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



CHICAGO, IL RENT & OCCUPANCY

EFFECTIVE RENT

2Q 2021

\$1,492

0.0% YOY

OCCUPANCY

2Q 2021

95.1%

↓ 10 BPS YOY

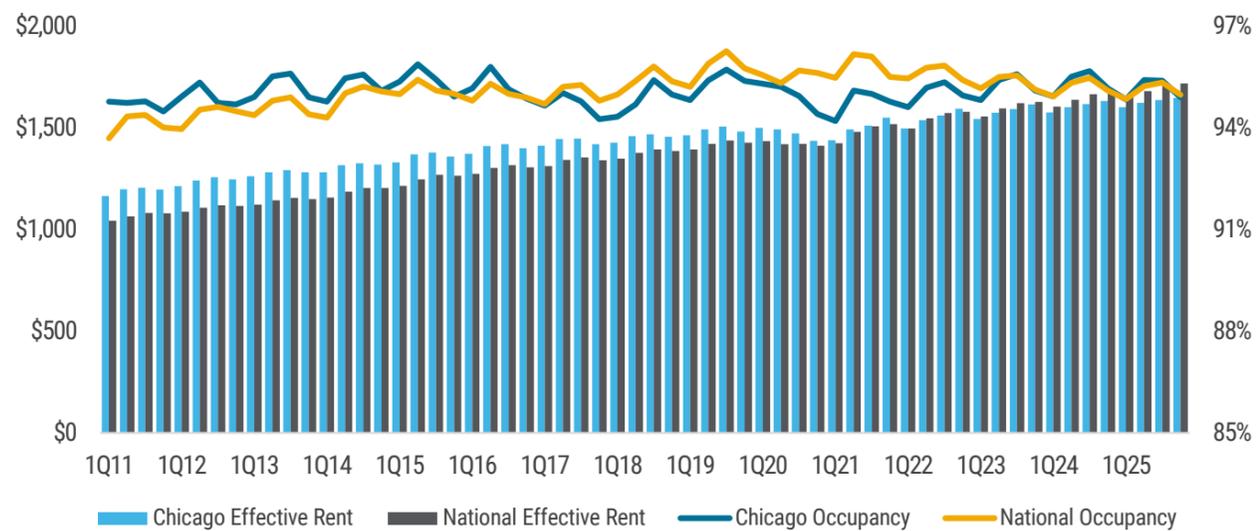
Annual rent growth in the Chicago metro apartment market evolved in a direction that undercut the headwinds induced by a fluctuating economy. After three consecutive quarters of negative annual rent growth, a turnaround in unemployment and an uptick in leasing activity balanced the apartment market enough for average effective rent to settle at \$1,492 per month in June 2021, unchanged from one year prior. The resurgence in apartment demand will act favorably for the metro as effective rent is anticipated to appreciate over the next two quarters.

Approximately 70% of the metro's submarkets recorded an annual increase in effective rent with the most prominent upswings occurring

in regions where competition among new supply is most limited, like Merrillville and Aurora. These areas also recorded some of the highest occupancy rates among Chicago's 20 submarkets during the second quarter of 2021, 97.2% and 96.6%, respectively. Meanwhile, the metrowide average came in at 95.1%.

Although occupancy dipped 10 basis points from the previous year, a recent resurgence in renter mobility could prompt the metro's average to align with the market's long-standing trends more closely by year-end. Though, this will not be met without its challenges as multifamily developers send in a new wave of supply-side pressure.

CHICAGO VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE

SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Arlington Heights/Palatine/Wheeling	94.8%	40	\$1,405	3.2%
Aurora	96.6%	210	\$1,476	10.7%
Bronzeville/Hyde Park/South Shore	94.5%	-80	\$1,328	-2.2%
Central Cook County	95.7%	-60	\$1,424	-2.4%
Central DuPage County	95.3%	-10	\$1,552	4.2%
Evanston/Rogers Park/Uptown	94.2%	-70	\$1,674	-1.0%
Far Northwest Chicago Suburbs	97.1%	210	\$1,266	6.2%
Gary/Hammond	96.7%	-70	\$908	4.9%
Lake County/Kenosha	96.8%	110	\$1,289	4.5%
Lincoln Park/Lakeview	91.6%	-330	\$1,780	-3.4%
Merrillville/Portage/Valparaiso	97.2%	180	\$1,103	13.1%
Naperville	96.8%	200	\$1,572	7.8%
North Cook County	94.1%	120	\$1,496	4.8%
North DuPage County	96.8%	130	\$1,248	1.8%
Schaumburg	94.3%	80	\$1,368	1.9%
South Cook County	97.1%	50	\$1,101	3.9%
Southeast DuPage County	96.3%	120	\$1,389	5.6%
Streetsville/River North	93.2%	-70	\$2,318	-4.4%
The Loop	91.6%	-240	\$2,080	-9.1%
Will County	96.1%	320	\$1,363	6.4%



CHICAGO, IL

POPULATION & MIGRATION

2021 RESIDENTS*

9,441,800

0.0% YOY

2022 RESIDENTS*

9,433,000

↓ 0.1% YOY

*PROJECTED

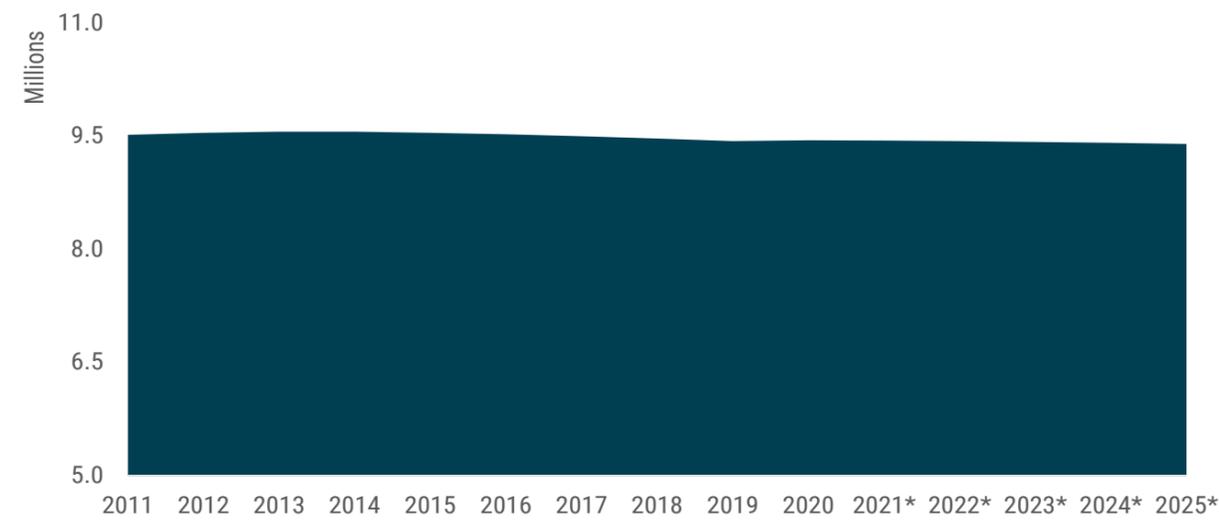
Recent population and migration trends indicate primary markets in the United States are primed for revitalization. In the Chicago area, a net total of 7,600 new residents moved in during the 12-month period ending June 2021, a stark contrast to the 17,700 net residents that moved out the previous year.

During the pandemic, the appeal of large and low-cost metros attracted remote-working residents who were granted the flexibility to live where they want. Even so, nearly 57% of metro residents that migrated in 2020 chose the Chicago suburbs as their home. Far Northwest Chicago suburbs like Elburn and St. Charles primarily catered to the inflow of residents, bolstering their populations and streamlining

a new pool of renters. Overall, approximately 31% of metro Chicago households are renter-occupied.

The out-migration of many major cities was short lived and now the Chicago urban core is growing in stride with the job market. This turnaround calls for a greater need in office and residential space. Multifamily developers are already on track to meet demand with 7,500 new units scheduled for delivery by December 2021. Also, Fortune 500 company JPMorgan Chase began evaluating the prospect of developing a modernized skyscraper in Downtown Chicago to bring workers back after a year of being at home.

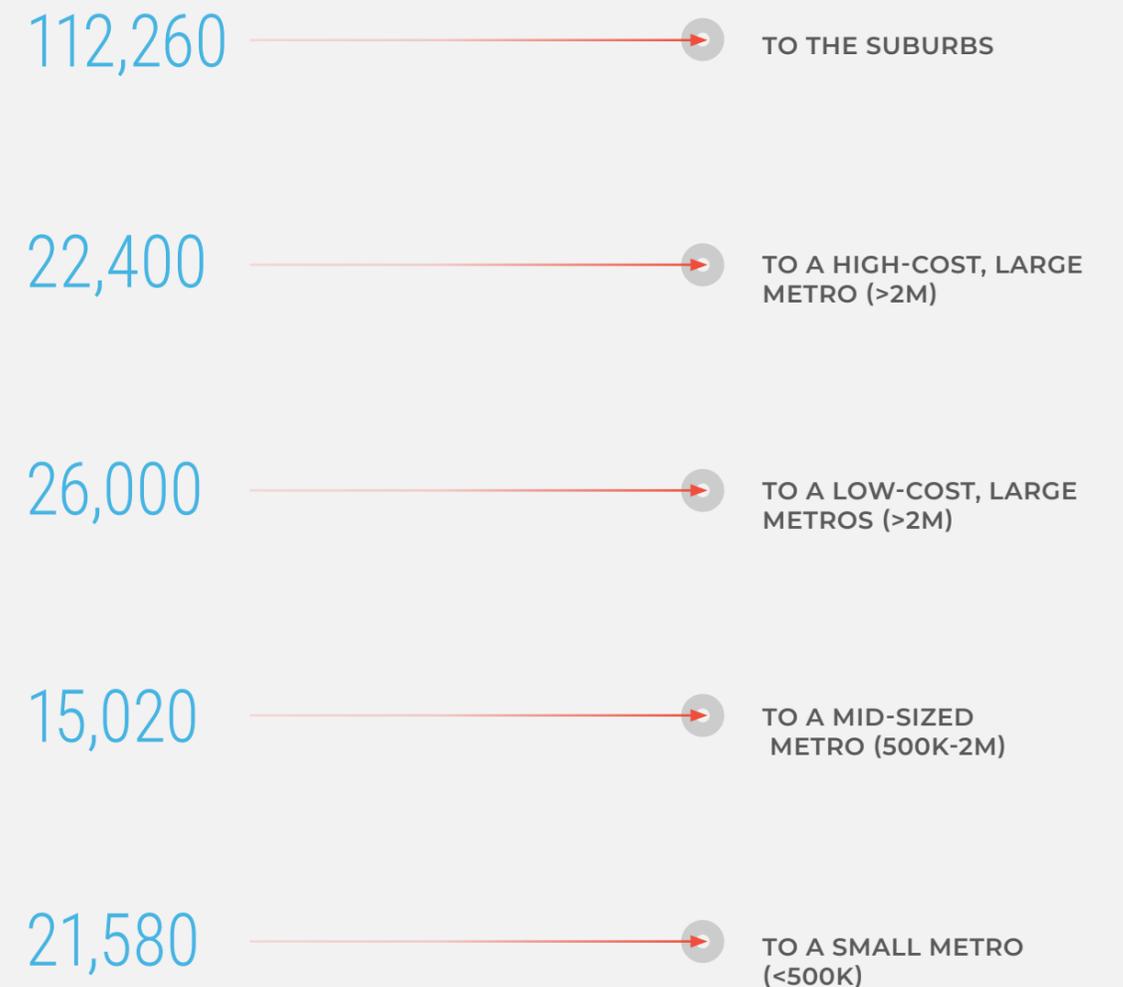
CHICAGO POPULATION



SOURCE: MOODY'S ANALYTICS

URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



CHICAGO, IL SALES

2021 YEAR TO DATE*



VOLUME

\$282.8M



PRICE PER AVERAGE (AVG)

\$208,420



TRANSACTIONS

4



CAP RATE (AVG)

4.8%

WHAT'S TRADING?*



UNITS (AVG)

517



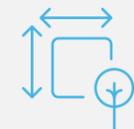
YEAR BUILT (AVG)

1980's



BUILDINGS (AVG)

31



ACRES (AVG)

27.39

TOP BUYERS**

BUYER	LOCATION
Golub & Co	Chicago, IL
BH Management Svcs	Des Moines, IA
Iconiq Capital	San Francisco, CA
Goldman Sachs	New York, NY
Farpoint Development	Chicago, IL

TOP SELLERS**

SELLER	LOCATION
DWS Group Americas	New York, NY
Quadrum Global	London, GBR
Oxford Cap Group LLC	Chicago, IL
Draper and Kramer	Chicago, IL
Focus Development	Northfield, IL

**Past 24 Months

*\$50M+
SOURCE: REAL CAPITAL ANALYTICS



CHICAGO, IL SALES

\$50+ MILLION TRANSACTIONS



GLENMUIR
Naperville, IL

UNITS	YEAR BUILT
321	1999
PRICE / UNIT	SALES PRICE
\$320,872	\$103,000,000



RIVERSTONE
Bolingbrook, IL

UNITS	YEAR BUILT
789	1975
PRICE / UNIT	SALES PRICE
\$118,504	\$93,500,000



AVENTINE OAKHURST NORTH
Aurora, IL

UNITS	YEAR BUILT
464	1998
PRICE / UNIT	SALES PRICE
\$185,884	\$86,250,000



LAKEHAVEN I & II
Carol Stream, IL

UNITS	YEAR BUILT
492	1984
PRICE / UNIT	SALES PRICE
Undisclosed	Nondisclosure

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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