

2022 MID-YEAR

CHICAGO

Multifamily Report

BERKADIA[®]
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

199,000

↑ 4.4%

NEXT 12 MONTHS*

59,100

↑ 1.3%

Unemployment

MID-YEAR 2022

4.2%

↓ 250 BPS YOY

MID-YEAR 2023*

3.7%

↓ 50 BPS YOY

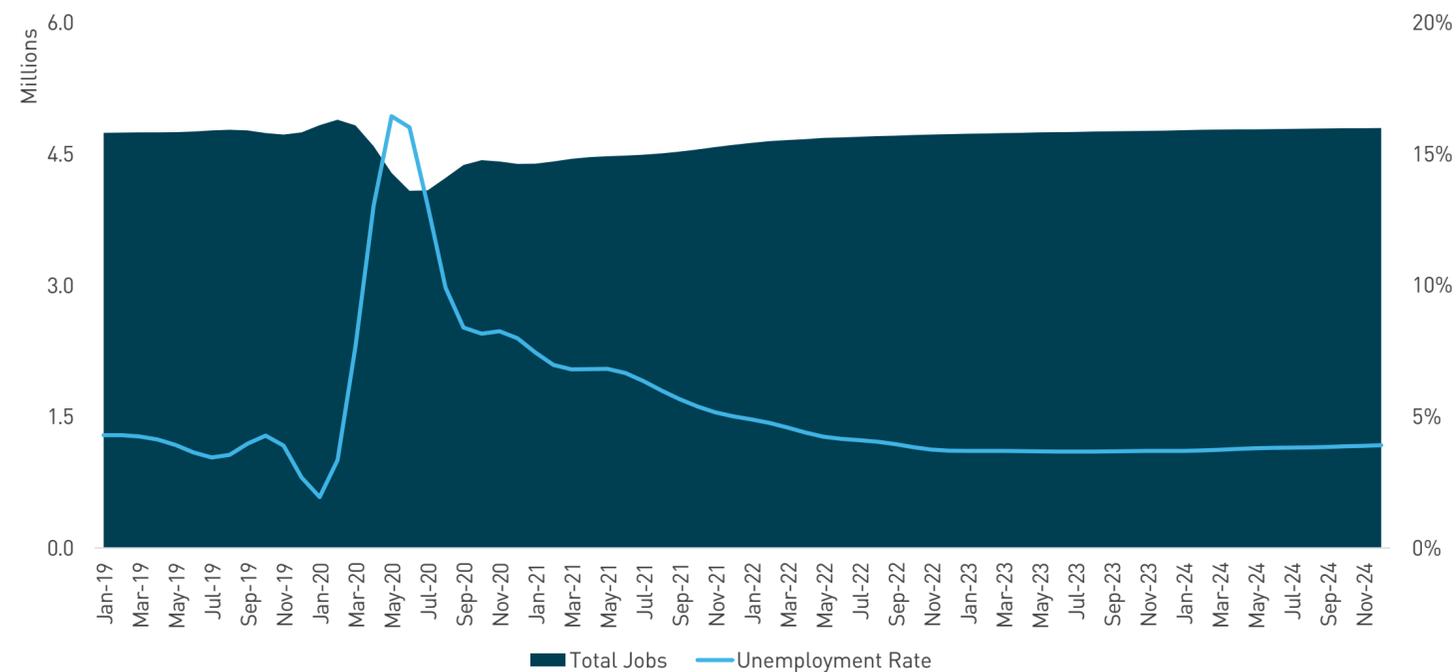
*Projected

CHICAGO, IL EMPLOYMENT

For the ninth-consecutive year, the Chicago metroplex was named the top city for corporate expansion and relocation in the nation by Site Selection Magazine. Over 18,300 jobs, \$2.8 million in investments, and 59 million square feet of expansions were produced by 441 capital investment projects in 2021. From tech to consumer goods, companies across a range of industries decided to expand in Chicago, such as Kimberly Clark Corp., Italcro Food Products Inc., Deere & Co., and Quiet Logistics. Discover Financial Services also joins the list of those who are expanding in Chicago. The company converted an old Target store in the Chatham neighborhood into a call

center and plans to hire 1,000 new employees. From these expansions, the professional and business service sector added the most net jobs to local payrolls. In the last 12 months, the sector created 45,700 jobs, increasing 5.7% year over year. Though the professional and business services sector added the most net jobs, the leisure and hospitality sector had the highest annual growth rate of 11.5% with the addition of 45,200 net jobs. With the addition of nearly 200,000 jobs to the entire metro's economy, Chicago's unemployment rate dropped 250 basis points year over year, decreasing to 4.2% as of June 2022.

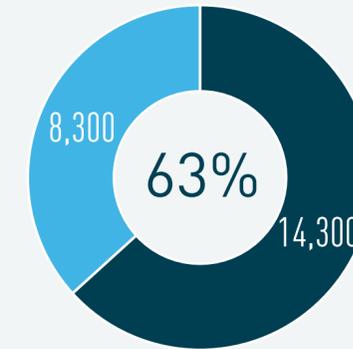
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



■ YTD ■ 2022 Forecast

21%
OF ALL JOBS IN THE METRO

\$43,400
AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers

Walmart * 17,100 JOBS

W 15,300 JOBS

UNITED 11,100 JOBS

In The News

- Chicago remained No.1 for corporate relocations, expansions
- Google expansion will enhance Chicago tech cred
- Kellogg to split up & move HQ to Chicago



CHICAGO, IL DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

6,506

ABSORPTION

2,837

2023 Units*

DELIVERIES

7,150

ABSORPTION

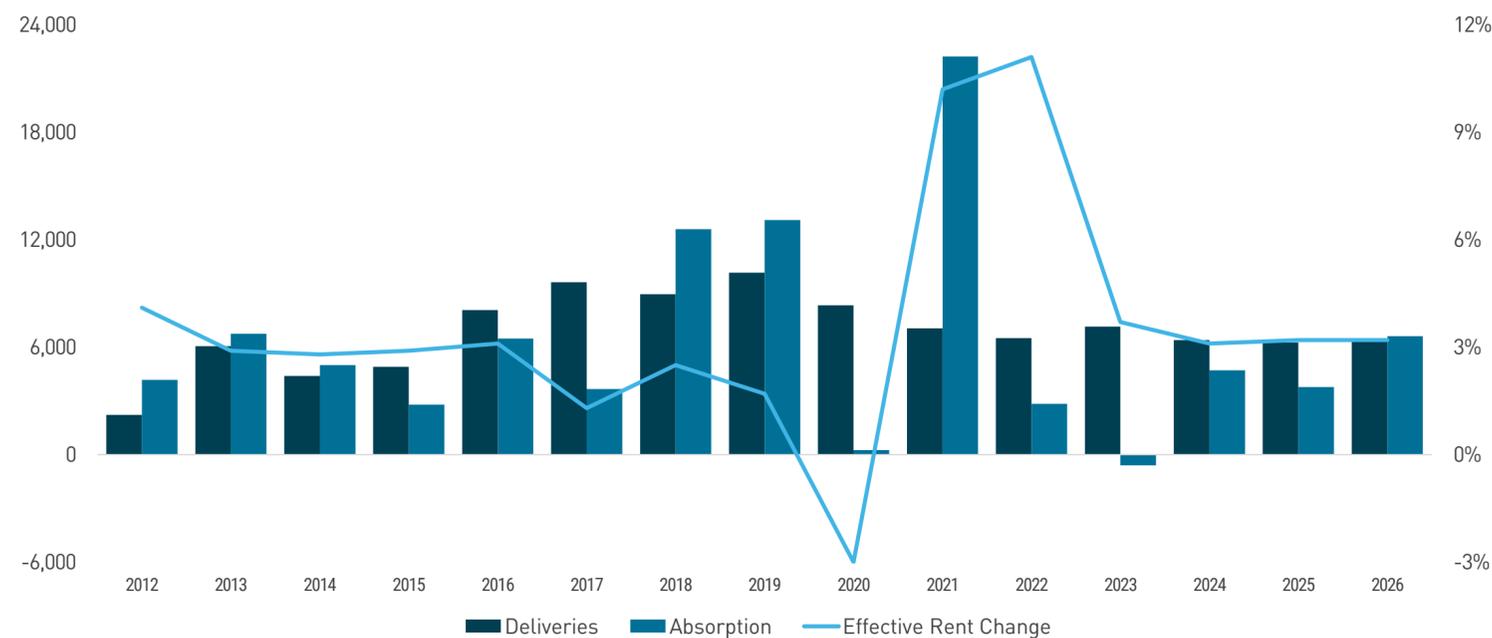
-592

*Projected

In recent history, renters have targeted apartments in Chicago's urban core as the apartment market provided more options for housing. Combined, Streeterville/River North and The Loop submarkets accounted for over a third of the metro's nearly 7,500 deliveries in the last year. The Streeterville/River North submarket had 1,674 additions since mid-2021, while builders delivered 1,223 units in The Loop submarket. Historic absorption rates within Greater Chicago's urban core during 2021 stimulated multifamily development. Moving into the rest of 2022 and 2023, Metro Chicago's inventory growth is projected to stay consistent to accommodate demand.

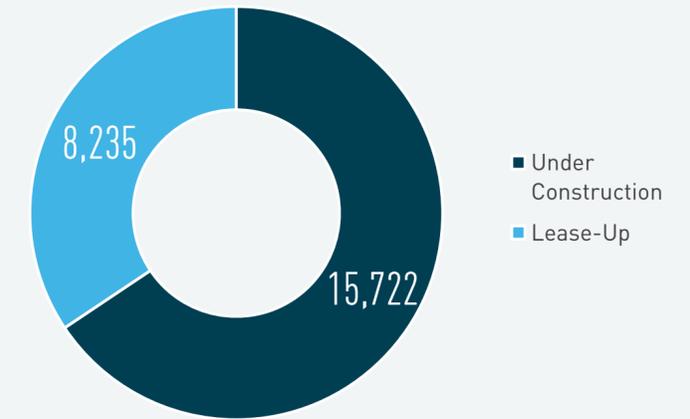
In the last 12 months, over 17,000 units have been absorbed across the Chicago metro. High demand in 2021 and early 2022 stems from multiple corporate expansions, particularly in tech, and young professionals returning to the office. According to the Axios-Generation Lab Next Cities Index study, Chicago ranks in the top 10 most desirable cities for college graduates. Besides the increasing job opportunity, Chicago offers residents looking for an urban atmosphere as the largest city in the Midwest at a fraction of the cost compared to big cities such as San Francisco, Los Angeles, and New York City.

Deliveries, Absorption, & Effective Rent Change

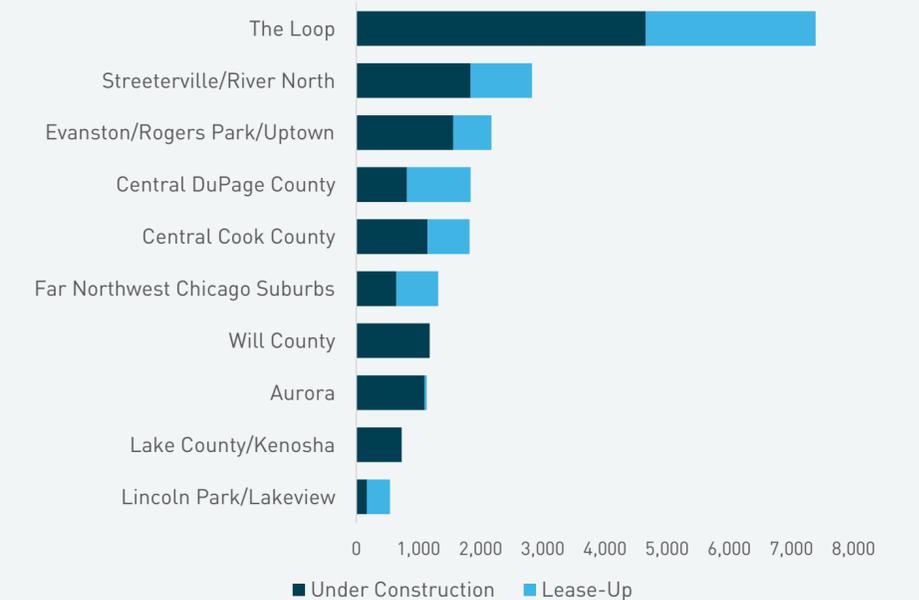


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

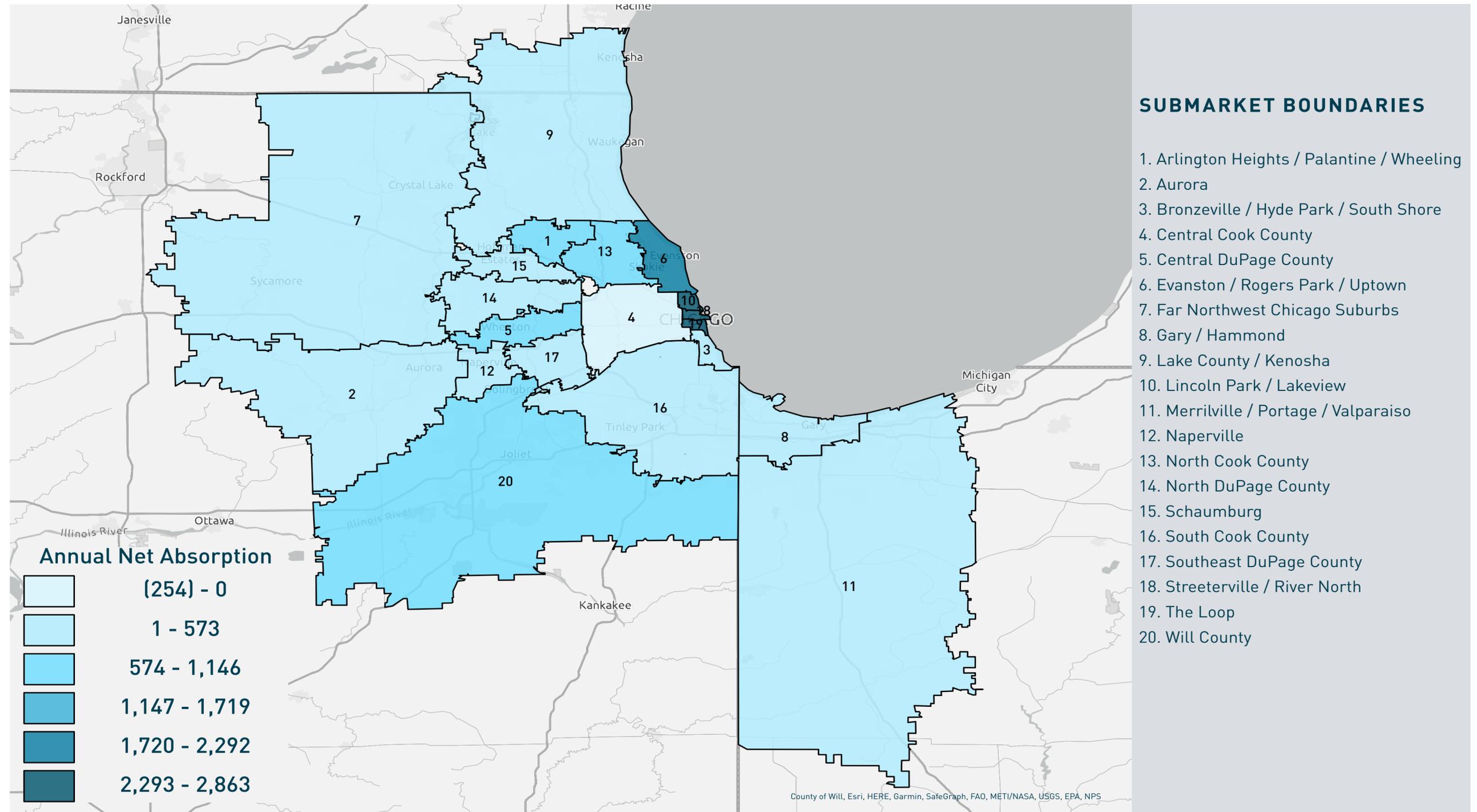




CHICAGO, IL

SUBMARKET ANNUAL ABSORPTION

As people return to urban areas as pandemic restrictions have lifted, apartment operators reported strong apartment demand in Chicago's core. With a mix of workers returning to the office and being able to work remotely, the city of Chicago can cater to both types of modern-day workers. The submarkets of Lincoln Park/ Lakeview, Streeterville/ River North, and The Loop accounted for more than 8,200 net units absorbed in the past 12 months. Since June 2021, the Streeterville/ River North submarket had the highest absorption, followed by The Lincoln Park/ Lakeview submarket and The Loop submarket. These urban submarkets offer residents a premiere work-life balanced atmosphere. As the third biggest city in the nation, Chicago features eight professional sports teams, top-rated museums, hundreds of restaurants and bars, and iconic architecture that attracts visitors from all over the world.





CHICAGO, IL RENT & OCCUPANCY

Effective Rent

2Q 2022

\$1,733

↑ 11.2% YOY

Occupancy

2Q 2022

96.4%

↑ 130 BPS YOY

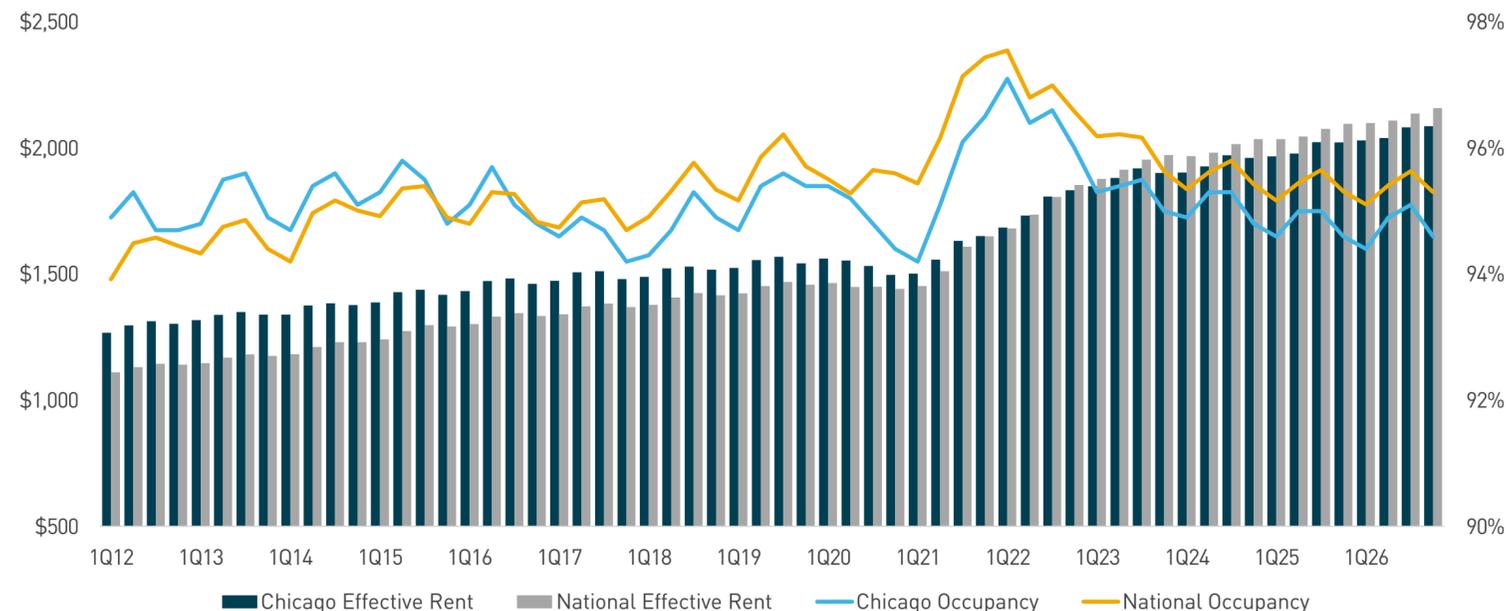
As of the second quarter 2022, the Greater Chicago area's occupancy rose 130 basis points annually, sitting at 96.4%, another 130 basis points above the five-year average. Half of the 20 submarkets in the metro increased their occupancy rates by over 100 basis points. Annual occupancy growth stems from demand outpacing deliveries greater than a three-to-one scale. Urban submarkets had the highest annual occupancy growth, following the trend of residents returning to downtown and urban submarkets. For example, the Lincoln Park/Lakeview submarket had the greatest annual change, with a 460-basis point jump to 96.9%. Meanwhile, The Loop submarket increased occupancy by 400 basis points. The

elevated occupancy rate parallels high demand in these submarkets. One driver behind the increased demand and occupancy rates is the return of in-person university classes. Chicago is home to 28 universities spread across the urban submarkets. As demand and occupancy has risen, rental rates have followed suit. Across the Chicago MSA, effective rent rose 11.2% annually, reaching \$1,733. Compared to other institutional markets in the nation, Metro Chicago's effective rent change is relatively low, making Chicago one of the most affordable large urban cities. Markets such as Los Angeles, Boston, and San Francisco all have average rent prices \$1,000 per month more expensive.

Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Arlington Heights/Palatine/Wheeling	96.9%	210	\$1,658	17.3%
Aurora	96.1%	-50	\$1,695	15.5%
Bronzeville/Hyde Park/South Shore	95.1%	80	\$1,537	8.7%
Central Cook County	95.1%	-60	\$1,634	9.2%
Central DuPage County	97.2%	190	\$1,734	10.7%
Evanston/Rogers Park/Uptown	96.2%	220	\$2,019	7.3%
Far Northwest Chicago Suburbs	97.9%	80	\$1,417	8.3%
Gary/Hammond	98.2%	160	\$1,128	10.5%
Lake County/Kenosha	97.6%	80	\$1,537	13.0%
Lincoln Park/Lakeview	96.9%	460	\$2,085	11.6%
Merrillville/Portage/Valparaiso	97.9%	70	\$1,219	8.2%
Naperville	97.2%	60	\$1,797	14.7%
North Cook County	96.8%	270	\$1,713	10.7%
North DuPage County	97.6%	80	\$1,435	14.6%
Schaumburg	97.5%	320	\$1,609	17.4%
South Cook County	97.1%	-20	\$1,211	6.3%
Southeast DuPage County	97.5%	120	\$1,571	12.7%
Streeterville/River North	95.7%	250	\$2,729	14.3%
The Loop	95.4%	400	\$2,414	18.4%
Will County	96.7%	60	\$1,545	10.5%

Chicago vs. National Effective Rent & Occupancy



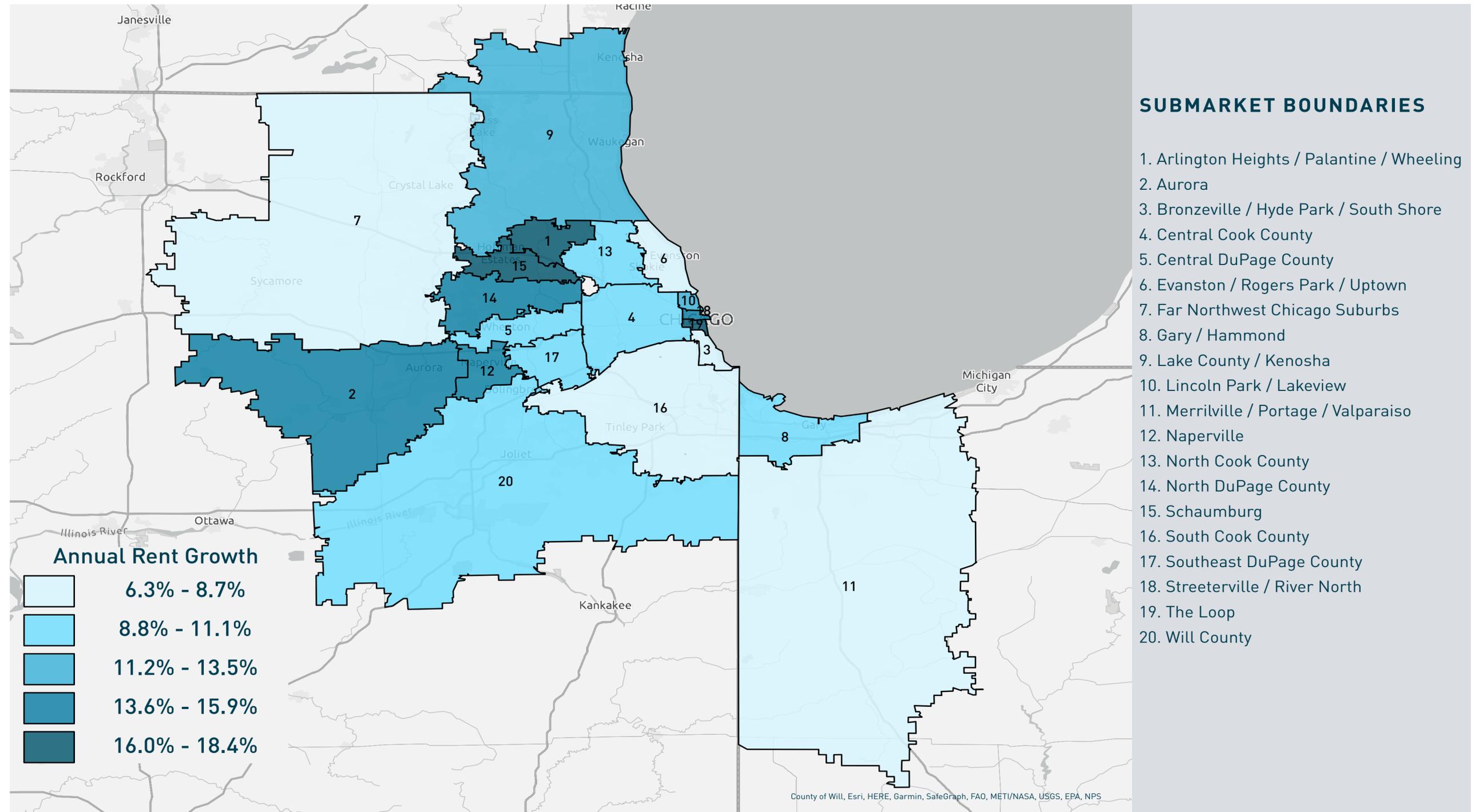
Source: RealPage



CHICAGO, IL

SUBMARKET ANNUAL RENT CHANGE

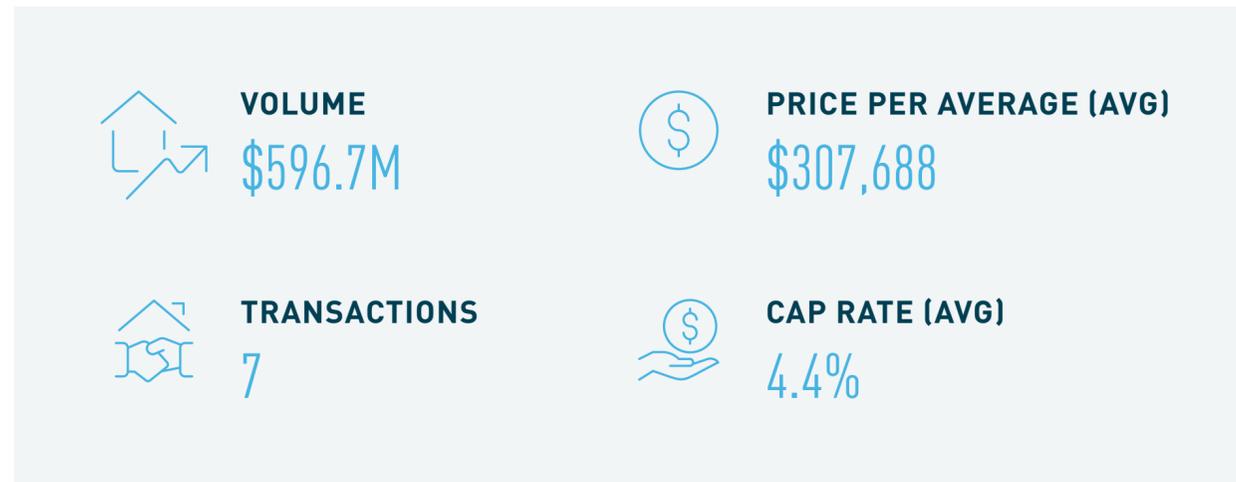
Of Greater Chicago's 20 submarkets, 14 had an annual effective rent increase of over 10%. With positive leasing activity in all but one of the submarkets, landlords were able to raise rents parallel with the rest of the multifamily market. The Arlington Heights/Palantine/Wheeling, The Loop, and Schaumburg submarkets had the highest rent change year over year, all increasing more than 17%. The Loop submarket had the greatest annual rent increase, growing 18.4% to \$2,414 in the second quarter of 2022. The Loop submarket's robust annual rent change was fueled by high demand and strong occupancy during the past year. The Schaumburg and Arlington Heights/Palantine/Wheeling submarkets are favored by families looking for a neighborhood atmosphere. Both of these suburban submarkets are among the best Chicago suburbs to live in and are known for having some of the best public schools in the area.





CHICAGO, IL SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Waterton Associates	Chicago, IL
Albion Residential	Chicago, IL
Pensam Capital	Miami, FL
Iconiq Capital	San Francisco, CA
FPA Multifamily	San Francisco, CA

Top Sellers**

SELLER	LOCATION
AFL-CIO	Washington, D.C.
Quadrum Global	London, GBR
Oxford Cap Group LLC	Chicago, IL
M&R Development	Itasca, IL
BentalGreenOak	Toronto, Ontario, CAN

**Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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