

CHICAGO, IL MULTIFAMILY REPORT

2024 | MID-YEAR



BERKADIA[®]



Jobs Added / Lost*

LAST 12 MONTHS

21,800

↑ 0.5%

Unemployment*

JUNE 2024

4.8%

↑ 70 BPS YOY

*Seasonally Adjusted

CHICAGO, IL EMPLOYMENT

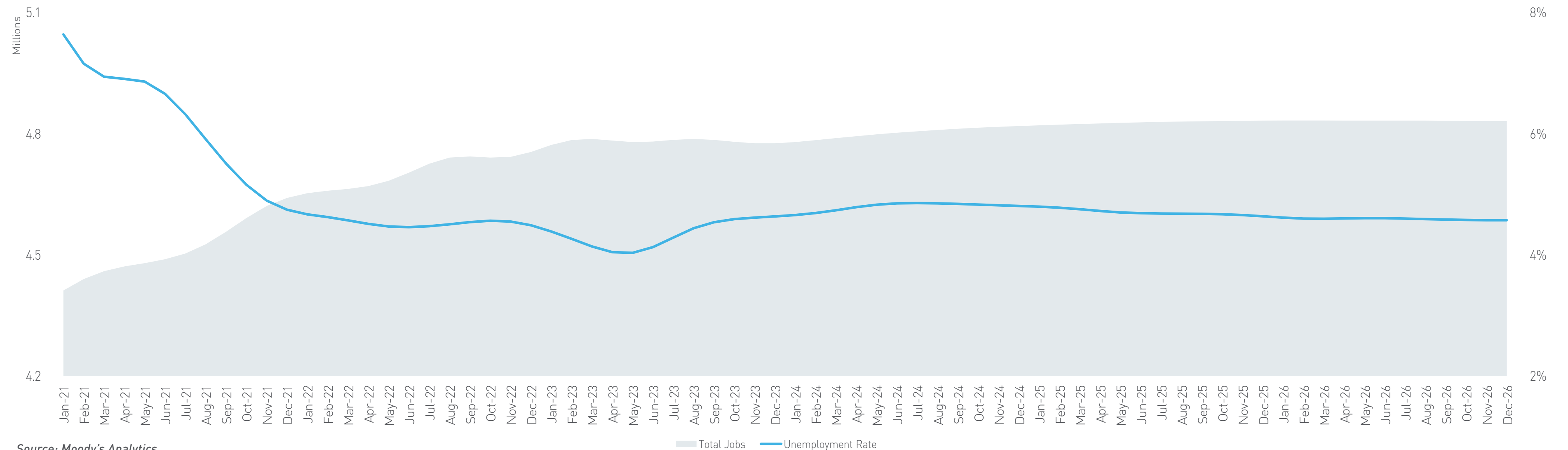
With many notable Fortune 500 companies and a strategic location within the country, the Chicago metro area is a significant employment hub. The metro is home to 32 Fortune 500 headquarters, 14 of which are in the city of Chicago. In the 12 months preceding June 2024, Chicago MSA employers raised the employment level by 0.5%, adding 21,800 jobs. Key employment industries within the metro include manufacturing, professional and business services, trade, transportation, and utilities, and private education and healthcare. Chicago's central location, superior transmodal hubs, and access to financial resources support a manufacturing industry that is vital to the metro's economy. In the fourth quarter of 2023, Gotion, a world-leading

battery manufacturer, announced a new \$2 billion electric vehicle battery gigafactory in Kankakee County that will create over 2,600 new well-compensated jobs. The superior trade, transportation, and utilities industry in the Chicago metro area encourages companies to open distribution and warehousing facilities throughout the region. Given the metro's location within the country, Chicago has the nation's second-largest trade, transportation, and warehousing workforce, with more firms within this industry than anywhere else in the nation. The Kraft Heinz Company is reinforcing that by announcing a new \$400 million distribution facility in DeKalb that will bring more than 150 jobs to the region in 2025.

In the News

- [Gotion announces \\$2B EV battery gigafactory](#)
- [Kraft Heinz to build \\$400M distribution facility in DeKalb](#)
- [Thompson Center's \\$280M redevelopment to become Google's Chicago HQ kicks off](#)

Employment Trends



Source: Moody's Analytics



CHICAGO, IL DELIVERIES & ABSORPTION

2024 YEAR TO DATE

DELIVERIES
3,715 UNITS

ABSORPTION
4,327 UNITS

2024 TOTAL*

DELIVERIES
7,432 UNITS

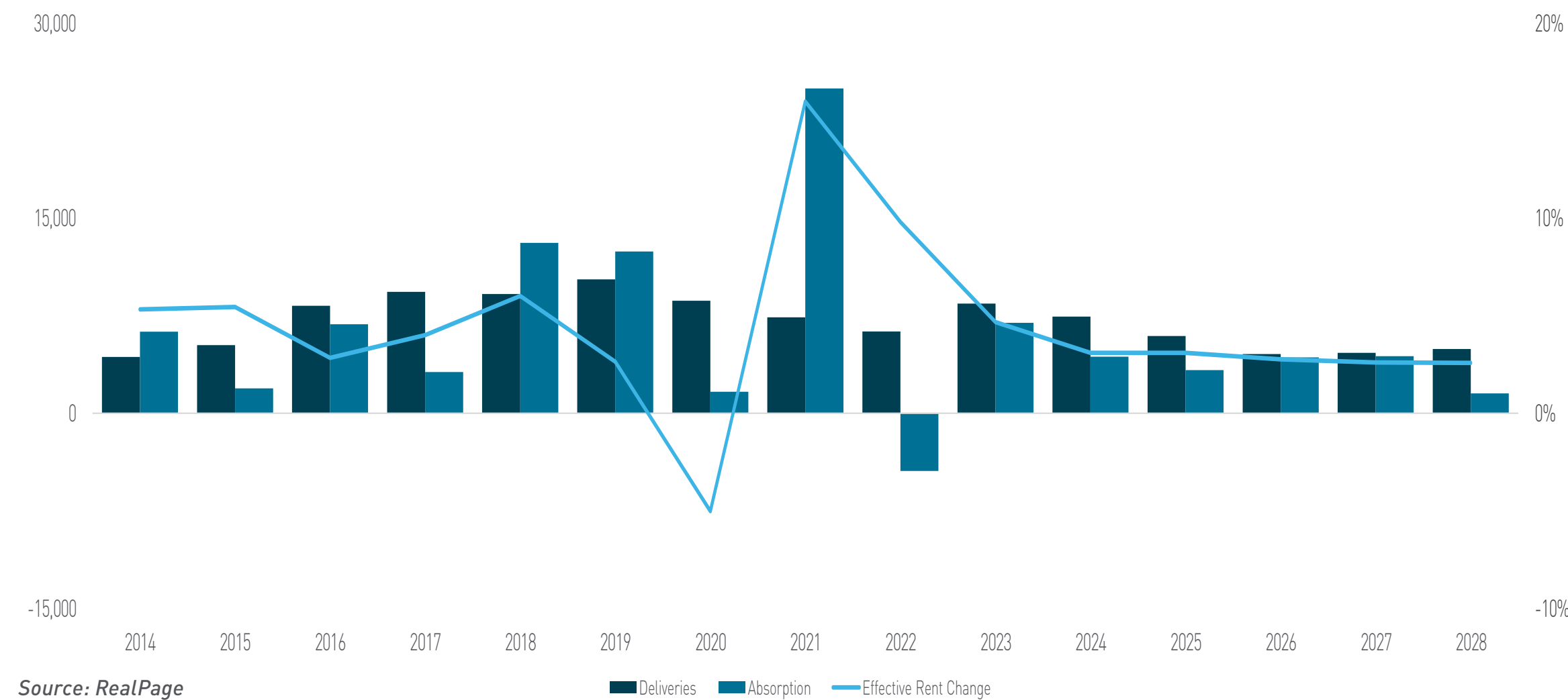
ABSORPTION
4,342 UNITS

*Projected

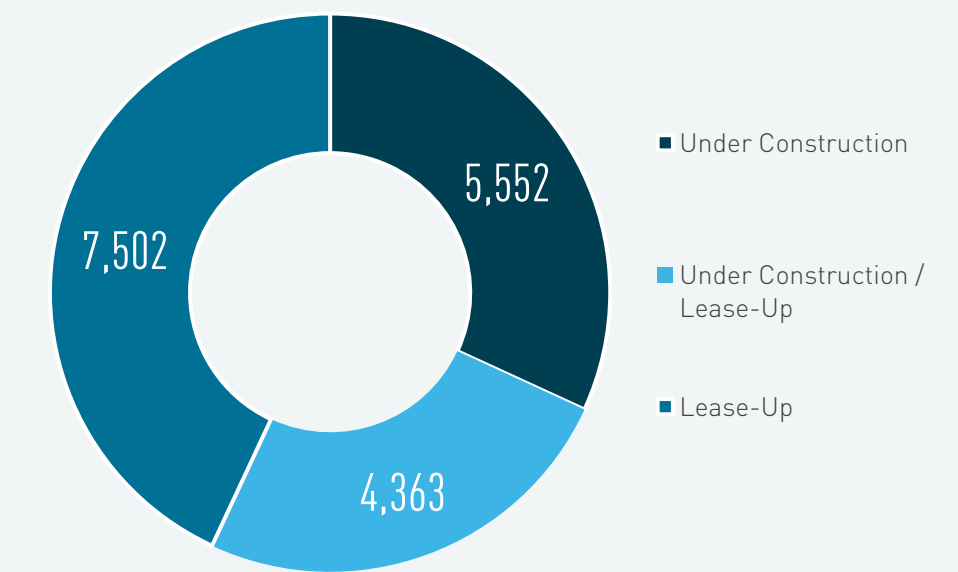
The Chicago metro area's construction pipeline has been active but less prominent than other major U.S. markets. The zoning and labor challenges also hinder the development approval process, creating a high barrier to entry for future development. In an effort to create more housing, there has been a recent surge in conversion activity, with more than \$150 million in public funding allocated to convert office space into apartments. In 2023, builders in the Chicago MSA brought 8,436 units online, narrowly outpacing the previous five-year annual average of 8,359 units from 2018 to 2022.

This year expects to come short of that but still deliver a healthy total. Through the first two quarters of 2024, 3,715 multifamily units were delivered. Projections indicate that by the end of the fourth quarter of 2024, 7,432 multifamily units will be delivered. Year to date, net absorption outpaced deliveries with 4,327 net move-ins due to obstacles lowering construction activity. However, by the end of the year, deliveries are projected to outperform absorption. Demand has been shown to be the most prominent in the Evanston/Rogers Park/Uptown and Streeterville/River North submarkets, as they are in the highly sought after Downtown and North Lakefront areas.

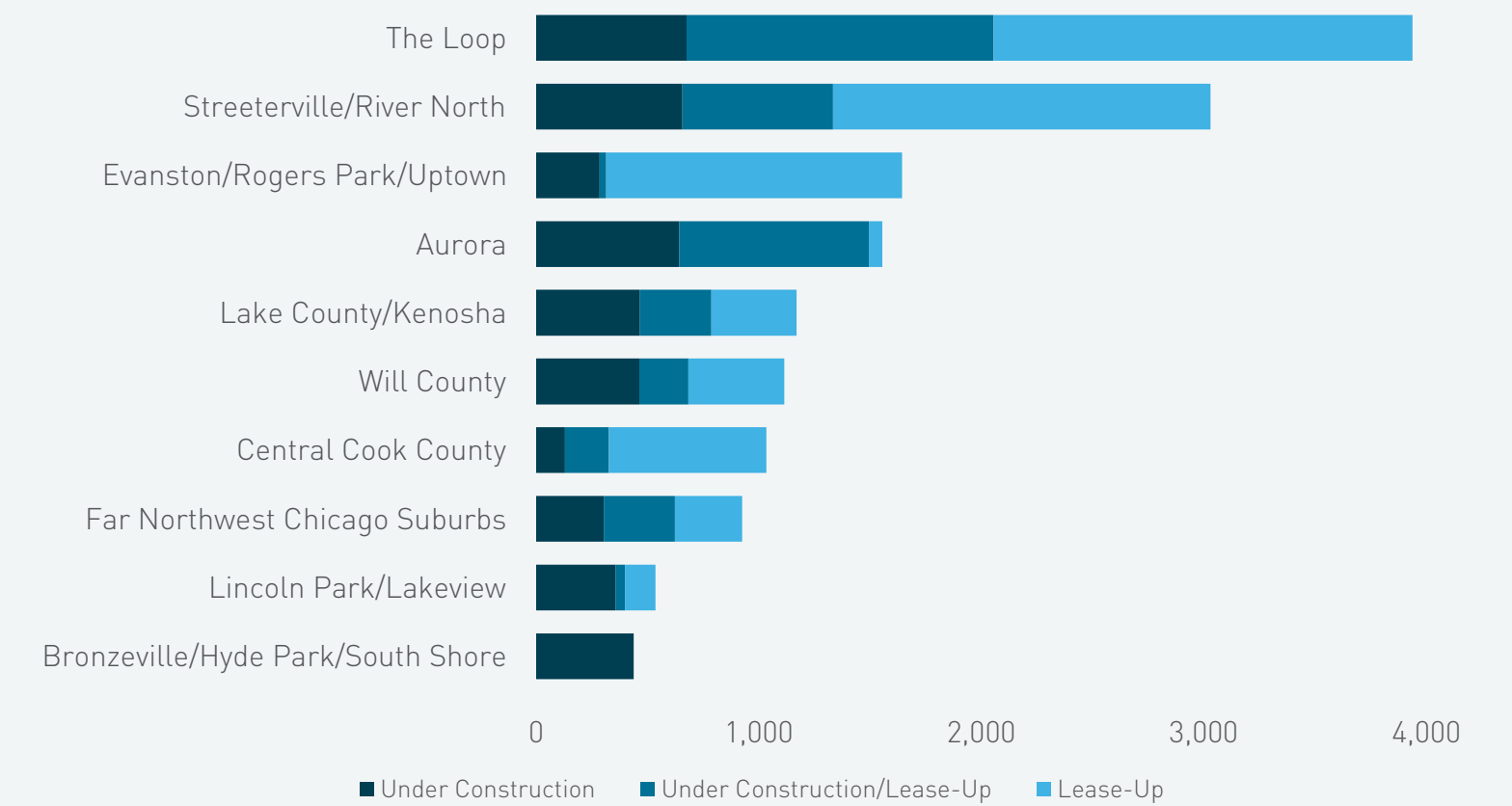
Deliveries, Absorption, & Effective Rent Change



Market Pipeline



Top Submarket Pipelines

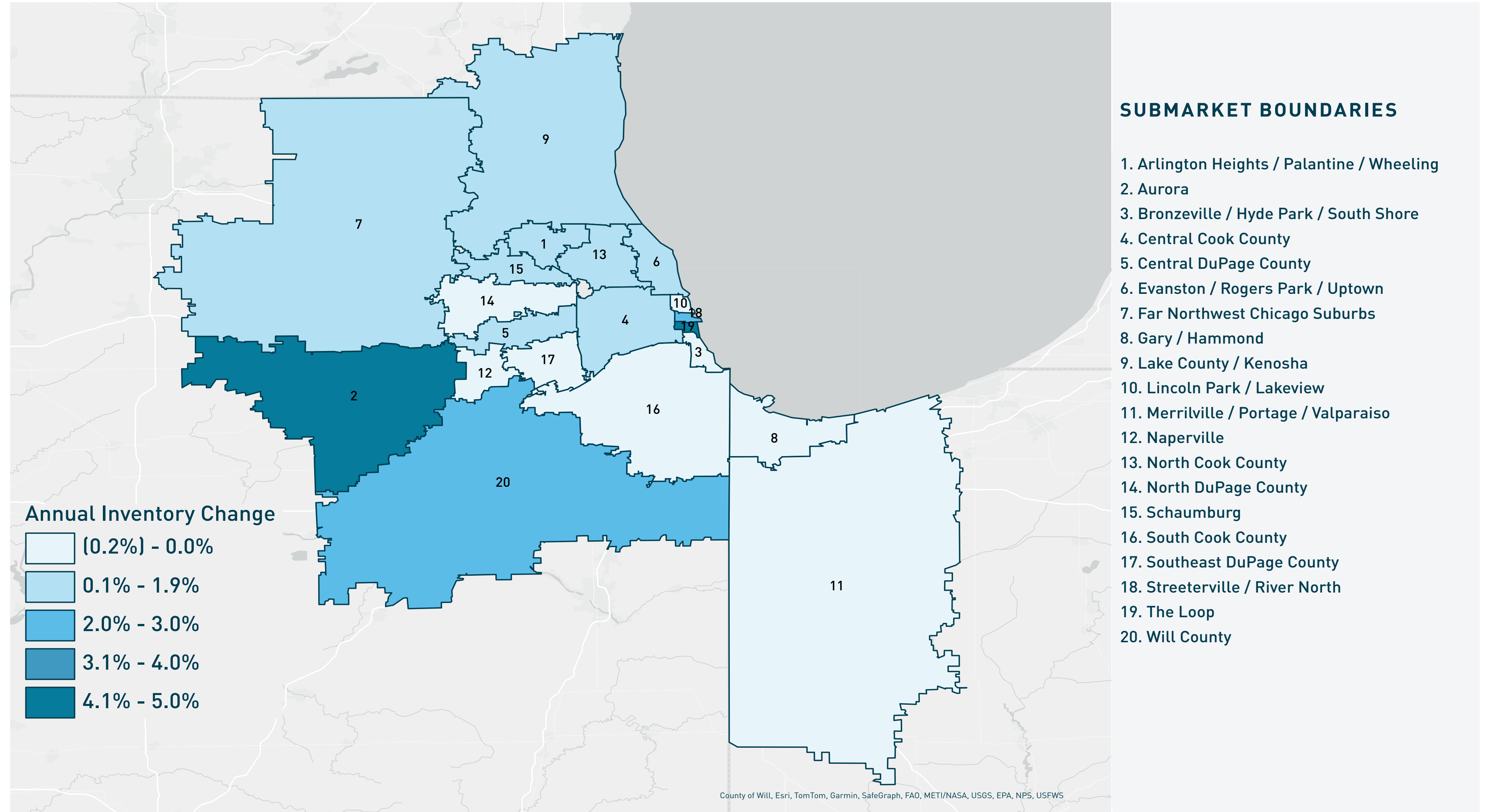




CHICAGO, IL

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE

The submarkets that experienced the highest annual inventory change were a blend of downtown and outlying submarkets. The Loop submarket led all with an inventory expansion of 5.0%, an addition of over 2,000 units in the past year. The Loop is a very popular submarket for renters, with numerous lifestyle and entertainment options while being right in the heart of the city. It is also the second most expensive submarket. The following two submarkets, Aurora and Will County saw the most inventory expansion: Aurora, at 4.3%, and Will County, at 2.3%. Both submarkets are southwest of the city and have seen corporate expansions and openings, increasing demand for housing. The Streeterville/River North submarket showed the subsequent highest increase, at 2.2%, for the same reasons The Loop expanded, quality of life. Streeterville/River North features the highest rents of all submarkets in the Chicago MSA.





CHICAGO, IL RENT & OCCUPANCY

Effective Rent

Q2 2024

\$2,023

↑ 4.4% YOY

Occupancy

Q2 2024

95.2%

↓ 20 BPS YOY

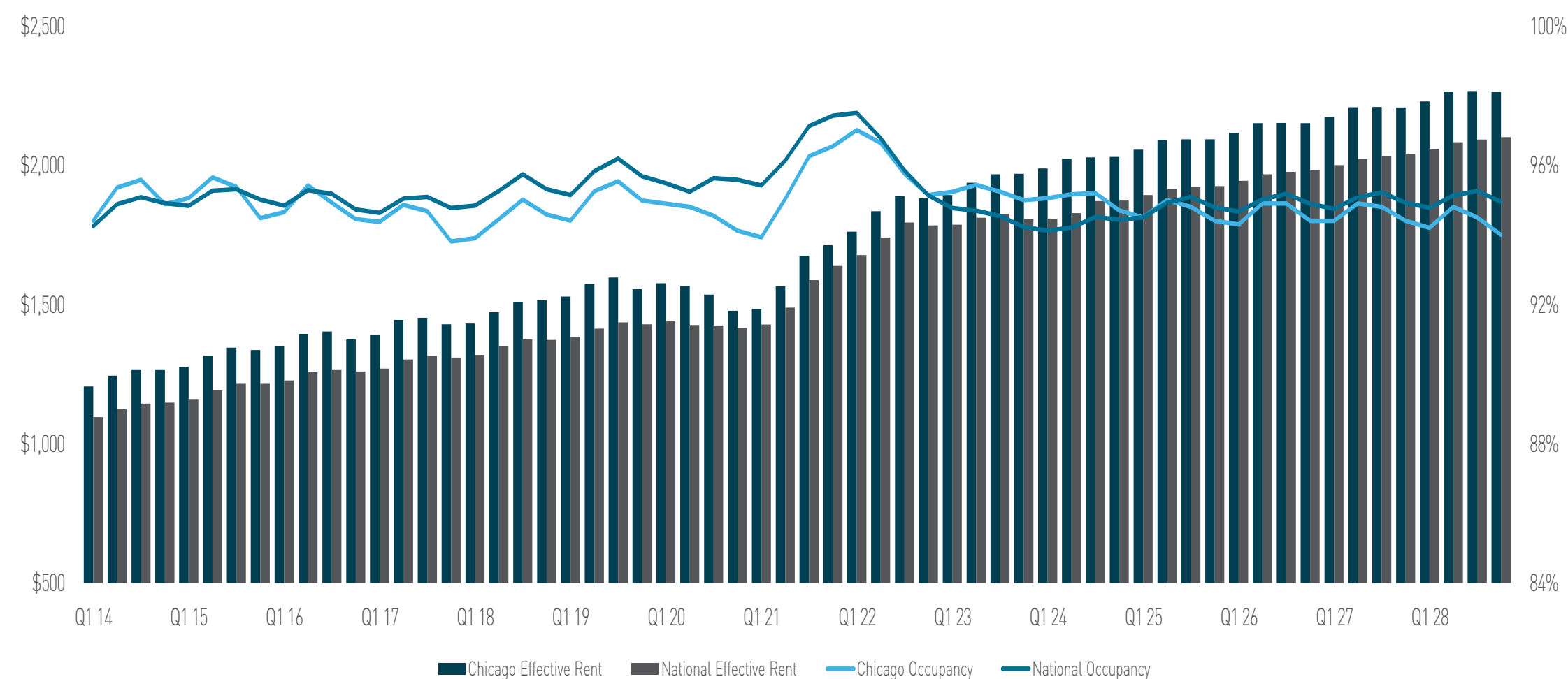
As multifamily development feels a slight pushback from external factors, there have been no signs of the market becoming oversupplied, which would, in turn, lower occupancy and deflate rent growth. Instead, from a general balance of supply and demand, occupancy has remained healthy and experienced minimal variation. During the past five years, the average occupancy rate has averaged 95.2%. During the second quarter of 2024, average occupancy has matched the five-year average of 95.2%, outpacing the national average by 100 basis points. Class A and B communities have recorded lower occupancy, averaging 94.6%, while Class C apartments average a rate of 96.2% in the second quarter of 2024, as

they are much more affordable. Interestingly, submarkets with the highest average occupancy are on the outskirts of the metro. A reason for this trend may be the fact that many manufacturing and distribution facilities are located outside of the city. Another factor is that these submarkets are among the cheapest to live in. During the second quarter of this year, the average monthly rent settled at \$2,023, an increase of 4.4% year over year. Due to high demand and occupancy, Class C apartments led all classes with an annual growth rate of 5.3%, followed by Class A at 4.9%, then Class B at 3.0%. By the fourth quarter of this year, rents are projected to finish at \$2,030, an increase of 3.1% year-over-year.

Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Arlington Heights/Palatine/Wheeling	95.6%	-20	\$1,867	2.7%
Aurora	95.0%	-50	\$1,833	3.1%
Bronzeville/Hyde Park/South Shore	95.1%	50	\$1,666	2.6%
Central Cook County	94.1%	-10	\$1,927	3.0%
Central DuPage County	95.0%	0	\$1,959	2.8%
Evanston/Rogers Park/Uptown	94.4%	50	\$2,182	3.2%
Far Northwest Chicago Suburbs	96.3%	-20	\$1,638	4.8%
Gary/Hammond	96.3%	-30	\$1,208	3.4%
Lake County/Kenosha	95.8%	-40	\$1,693	4.8%
Lincoln Park/Lakeview	95.0%	-120	\$2,486	8.7%
Merrillville/Portage/Valparaiso	96.2%	30	\$1,346	5.8%
Naperville	95.9%	-10	\$1,916	5.1%
North Cook County	95.1%	-40	\$1,868	2.1%
North DuPage County	96.9%	40	\$1,616	4.3%
Schaumburg	95.6%	-100	\$1,764	3.9%
South Cook County	95.0%	0	\$1,335	0.9%
Southeast DuPage County	95.3%	-10	\$1,765	1.6%
Streeterville/River North	94.7%	-40	\$2,889	3.1%
The Loop	93.8%	-60	\$2,607	4.3%
Will County	96.1%	-40	\$1,723	3.8%

Chicago vs. National Effective Rent & Occupancy



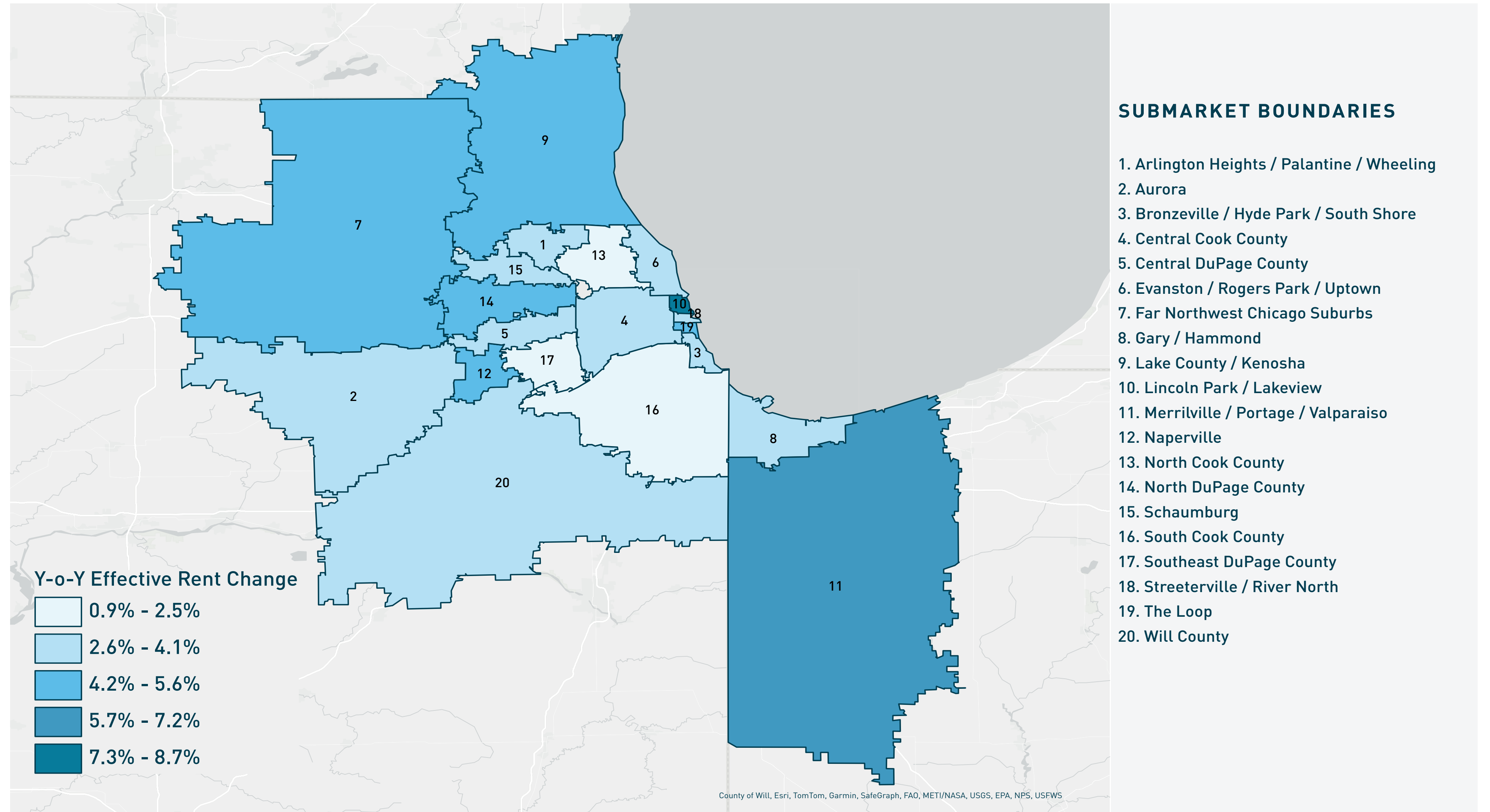
Source: RealPage Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.



CHICAGO, IL

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE

All submarkets in the Chicago metro area posted annual rent growth through the second quarter of 2024. The Lincoln Park/Lakeview submarket posted the highest annual increase in effective rent, at 8.7%. Lincoln Park/Lakeview is a popular area amongst renters, giving residents a dense urban feel while being lakefront with all that the area has to offer. Merrillville/Portage/Valparaiso ranked second with a 5.8% increase, followed by Naperville with a 5.8% increase, Far Northwest Chicago Suburbs and Lake County/Kenosha with a 4.8% increase, and North DuPage County at 4.3%. Besides Lincoln Park/Lakeview and Naperville, the submarkets mentioned that led in annual rent growth were in both the bottom half for average effective rent and the top half for average occupancy rate. The correlation indicates the level of demand apartment operators within the submarkets are experiencing, therefore rents grew the most in these areas.



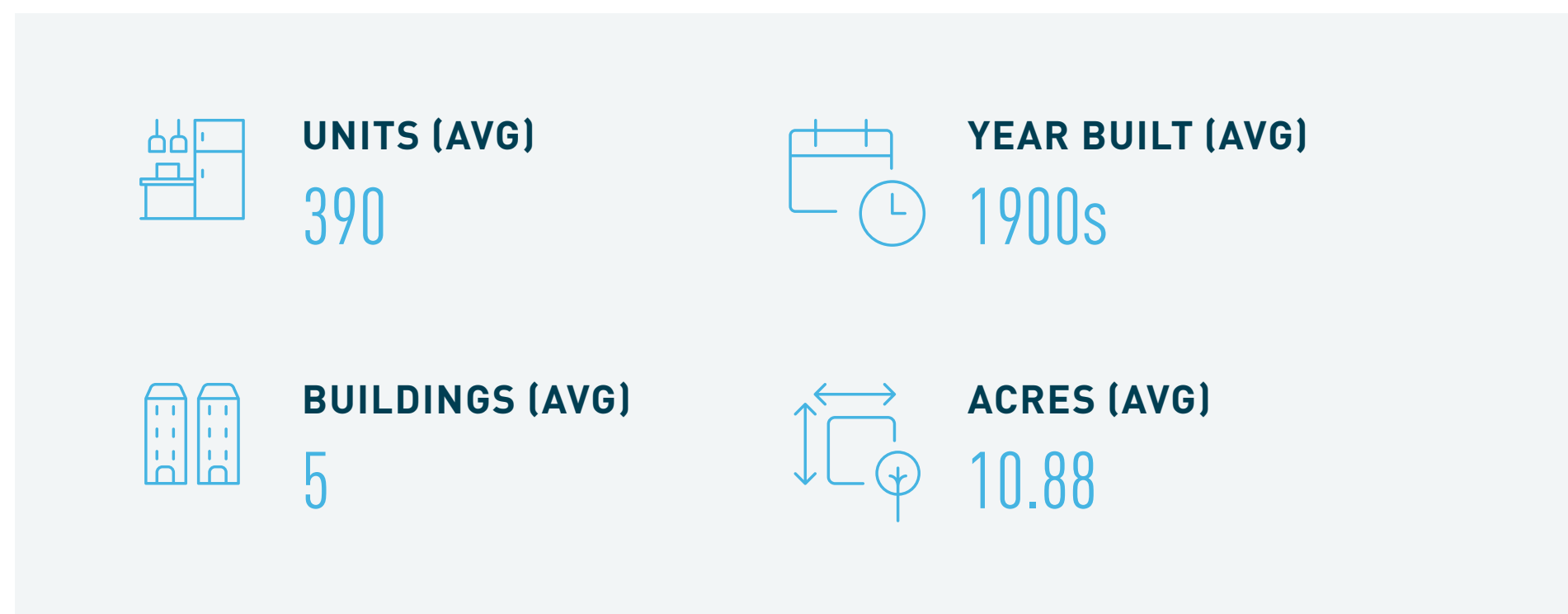


CHICAGO, IL SALES

2024 Year to Date*



What's Trading?*



Source: MSCI Real Capital Analytics
*\$50m+

Top Buyers*

BUYER	LOCATION
FPA Multifamily	San Francisco, CA
Royal Imperial Group	Chicago, IL
Crescent Heights	Miami, FL
Continental Properties	Menomonee Falls, MI

Top Sellers*

SELLER	LOCATION
J.P. Morgan	New York, NY
CIM Group	Los Angeles, CA
Murphy Development Group	Chicago, IL
Integrated Capital	Los Angeles, CA
Wingspan Development Group	Mount Prospect, IL

BERKADIA[®]

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

© 2024 Berkadia Real Estate Advisors LLC

Berkadia® is a trademark of Berkadia Proprietary Holding LLC

Commercial mortgage loan origination and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This website is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales and real estate brokerage businesses are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. For state licensing details for the above entities, visit: www.berkadia.com/legal/licensing.aspx

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property. You and your advisors should conduct a careful and independent investigation of the property to determine to your satisfaction the suitability of the property and the quality of its tenancy for your records.