BERKADIA®

CHICAGO

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

Jobs Added / Lost

LAST 12 MONTHS
19,300

0.4% YOY

Unemployment

JUNE 2025
5.1%

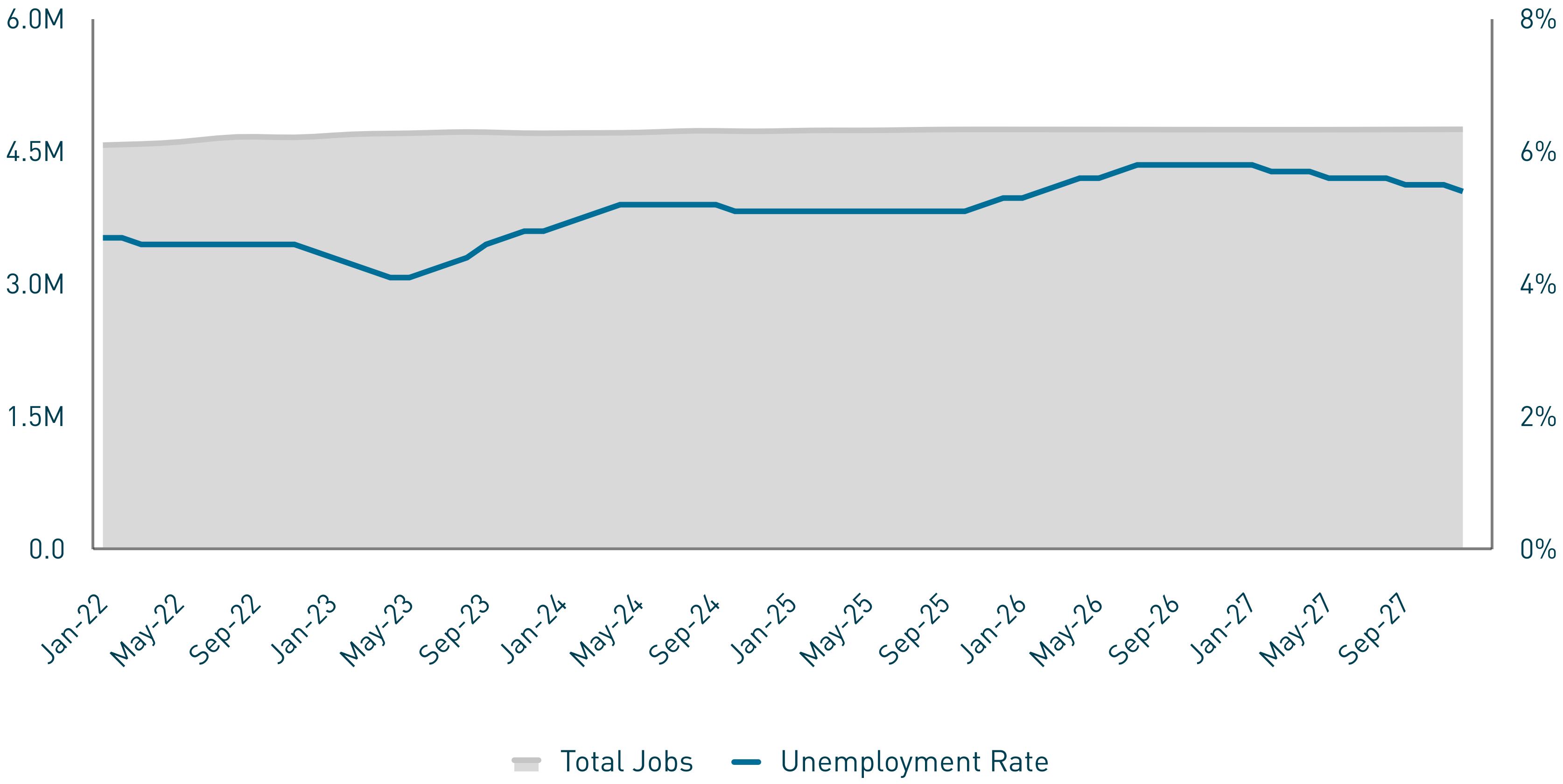
10 BPS YOY

Employment

Since June 2024, nearly 19,300 net jobs have been added to local payrolls throughout Metro Chicago. This represents a 0.4% annual increase and contributed to bringing the unemployment rate down by 10 basis points year over year. The private education and healthcare sector was a standout compared to other sectors in the Chicago metro economy. With the addition of roughly 12,400 workers, the private education and healthcare sector accounted for 64% of the total net employment gain in the metro. Growth in the sector is driven partially by higher demand for specialized healthcare from Chicago's older population and a broader trend of financialization of healthcare, where private equity firms invest in healthcare businesses.

The sector will continue to grow as Advocate Health Care rolls out their $1 billion expansion initiative. In December 2024, Advocate Health Care announced it would be building a new $300 million, 52-bed hospital and adding 10 outpatient facilities in Chicago's South Side. The new hospital is expected to add over 1,000 new jobs over the next three years. Another major healthcare organization also has plans to expand within the Chicago area. Abbott Laboratories will be investing $500 million in manufacturing and research and development in Illinois and Dallas. Their company headquarters in Abbott Park, Chicago, will be the target of the Illinois expansion, hiring about 200 people.

Employment Trends



Source: Moody's Analytics

In the News

CTA investing $2B for Red Line extension
[Read More]

Construction resumes on Bally's $1.7B Chicago casino
[Read More]

Chicago Fire unveils $650M stadium new renderings
[Read More]

Deliveries & Absorption

2025 Year to Date

DELIVERIES
2,305 UNITS

ABSORPTION
13,661 UNITS

2025 Total*

DELIVERIES
4,030UNITS

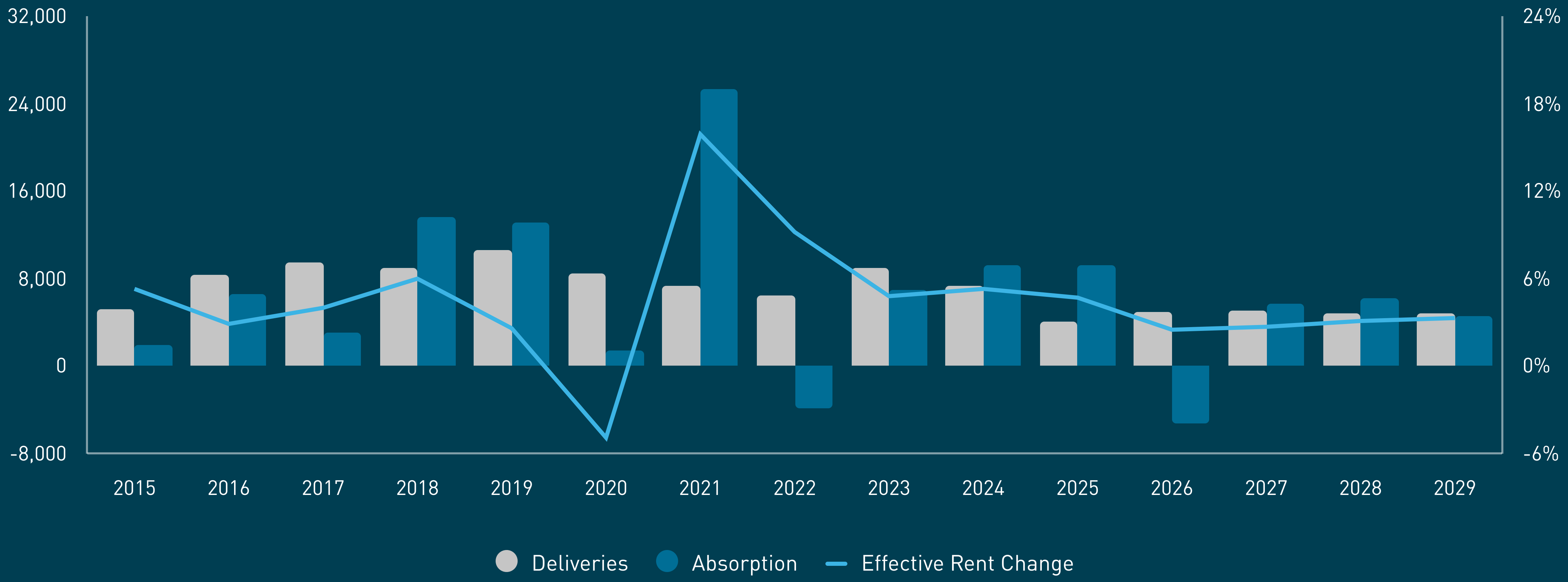
ABSORPTION
9,185UNITS

**Projected*

Chicago boasts one of the healthiest supply-demand dynamics in the nation. Year to date, demand outpaced deliveries by roughly 83%, with 13,661 net units absorbed and only 2,305 new units delivered. This increased demand is underpinned by single-family housing shortages across the metro as active listings of new homes fell by 64% over the past five years. Annual net absorption has not outpaced deliveries similar to this since late 2021 and early 2022. After the 2023-2024 wave of high deliveries, the construction pipeline has cooled significantly. As of the second quarter of 2025, there were 7,378 units under construction. This is far below other major markets' construction pipelines such as Austin, Dallas-Fort Worth, and Los Angeles.

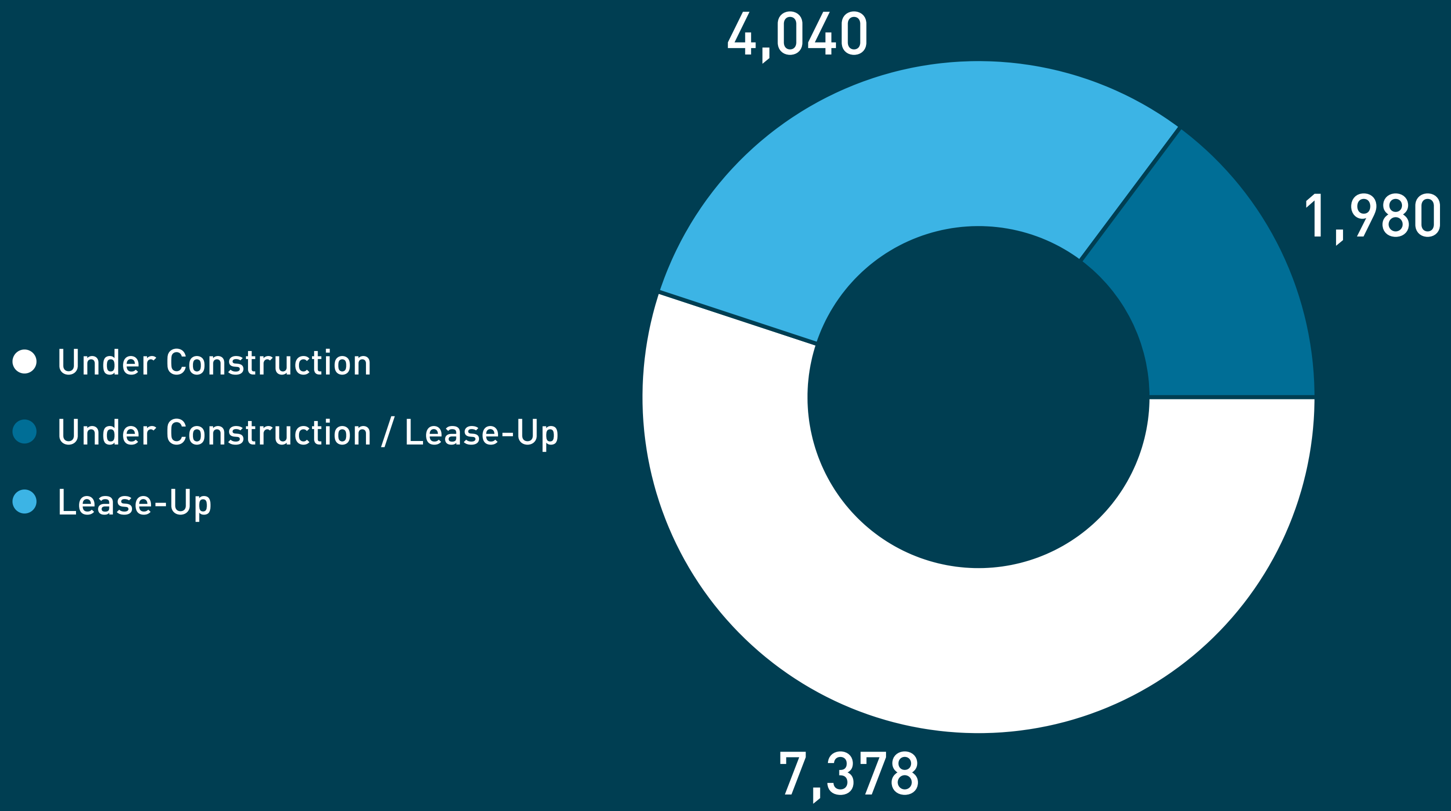
With fewer units in the pipeline and coming online, net absorption for the year is set to outpace new units by year-end. By December 2025, only 4,030 apartment units are projected to come online, which is the lowest annual inventory gain the metro has seen since 2012. The Central Cook County, Evanston/Rogers Park/Uptown, and Far Northwest Chicago Suburbs submarkets are set to see the most demand in 2025. Together, these submarkets account for over one-third of the predicted demand in the metro. Elevated popularity in these submarkets can be attributed to their proximity to major employers such as Abbott Laboratories and affordability compared to expensive submarkets such as The Loop and Streeterville/River North.

Deliveries, Absorption, & Effective Rent Change



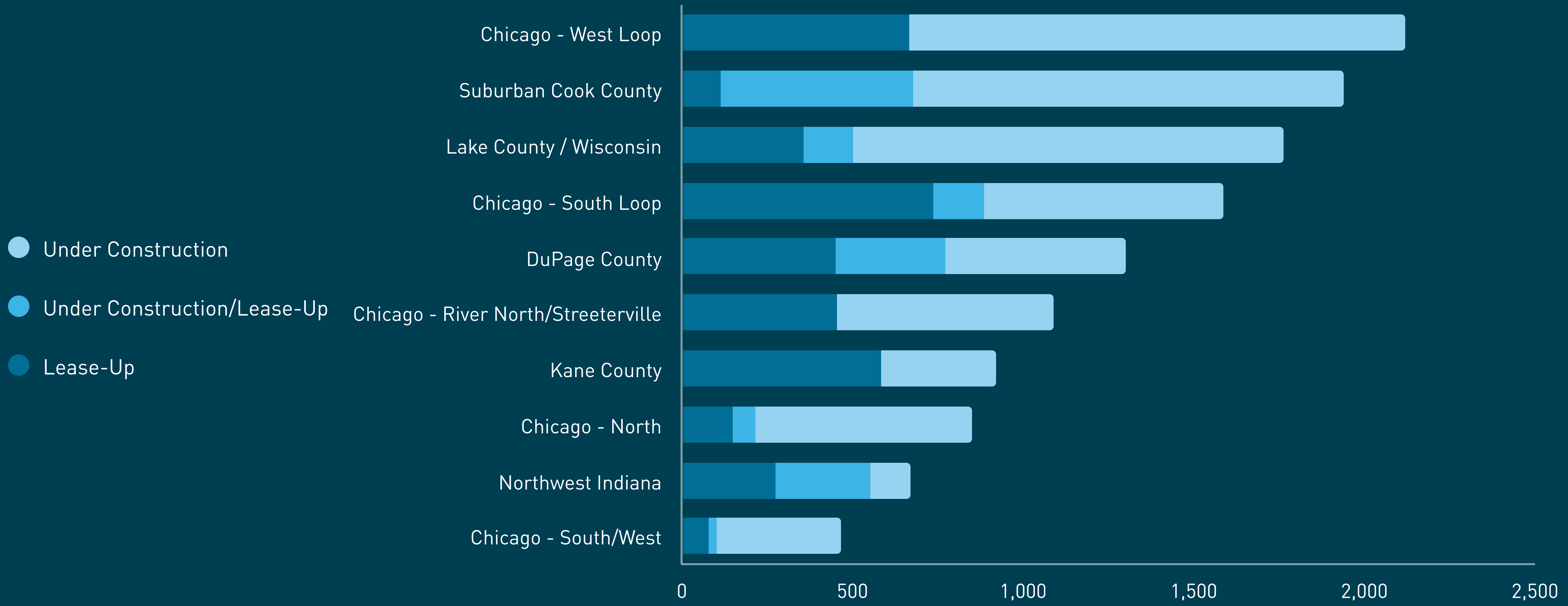
Source: RealPage

Chicago Pipeline



Source: RealPage

Largest Submarket Pipelines



Sources: RealPage; Berkadia Research

Effective Rent

Q2 2025
$2,187

8.1% YOY

Occupancy

Q2 2025
97.0%

190 BPS YOY

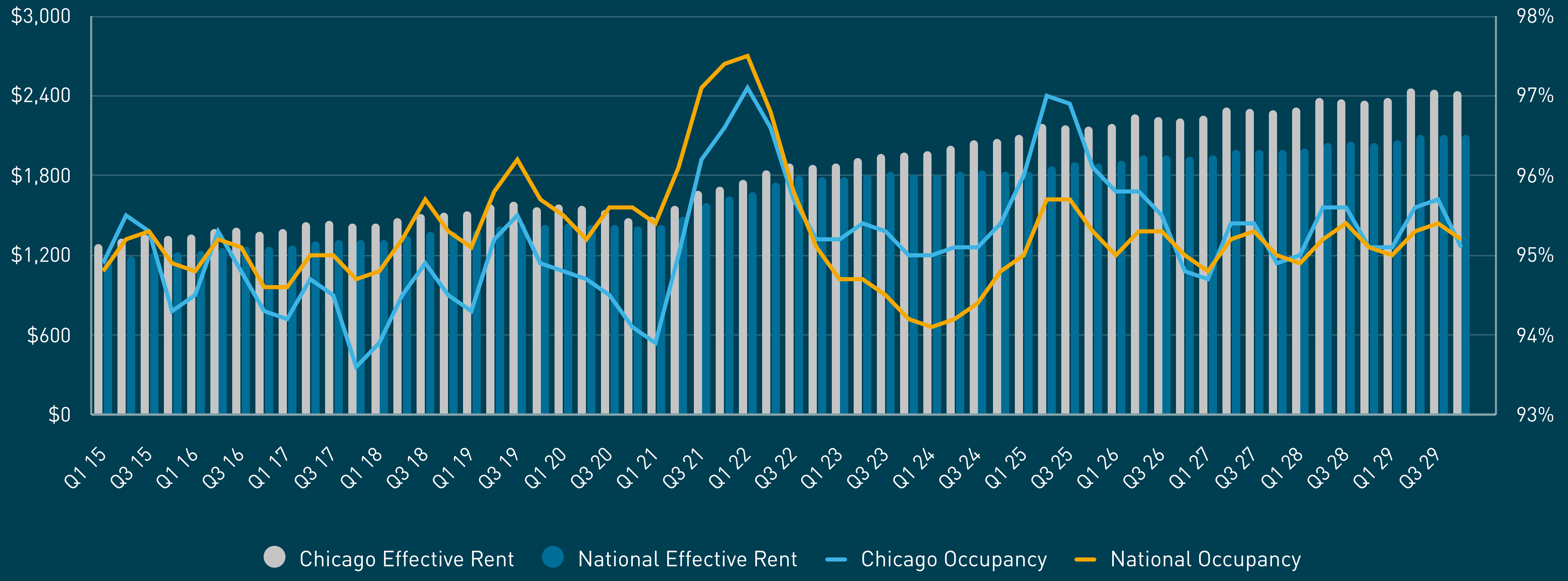
Rent & Occupancy

In the past year, Metro Chicago had one of the largest effective rent increases in the nation. Unlike other metros, Chicago did not feel the supply-sided pressure to lower rents because demand heavily outweighed deliveries keeping the multifamily market competitive and number of apartment buildings offering concessions under 10%. Effective rent across Chicago increased 8.1% annually, outpacing the national average of 2.1%. Additionally, it was beyond the metro's pre-pandemic, five-year average of 4.6%. The imbalance between the moderating supply coming online and robust demand since last year heavily contributed to apartment operators' ability to raise prices.

Likewise, Metro Chicago's occupancy was among the highest in the U.S. As of June 2025, occupancy was at 97.0%, rising 190 basis points year over year. Each submarket in the metro had either positive or no changes in their occupancy rates, and only four of the 20 submarkets saw annual increases of less than 100 basis points. South Cook County saw the biggest jump in occupancy from June 2024 to June 2025, increasing 330 basis points to 98.4%. This growth stems from the disproportion between supply and demand caused by affordable housing shortages pushing more people to rent. During the same time period, there were 2,870 units absorbed, while only 90 new units came online.

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 vs. National Effective Rent & Occupancy



Source: RealPage

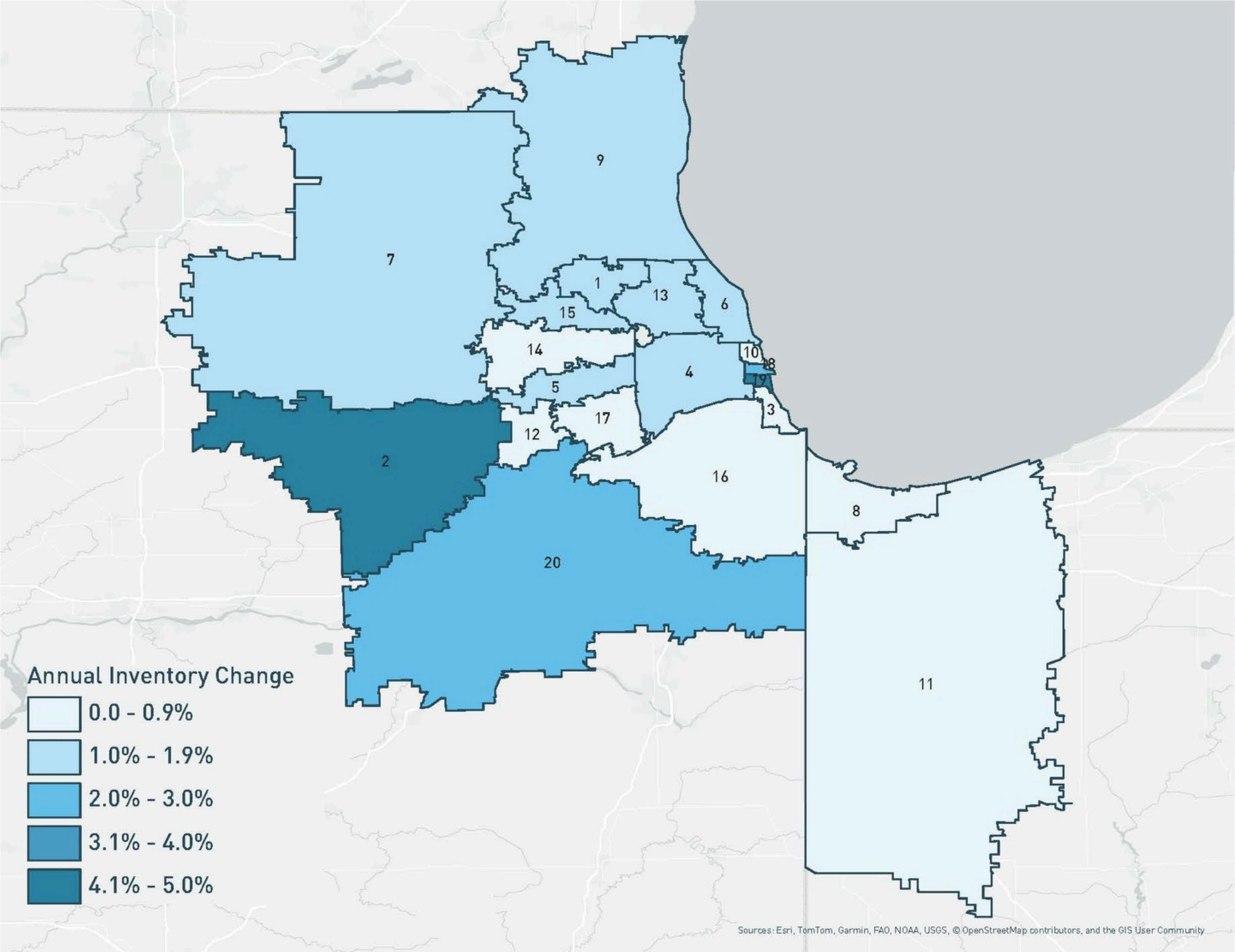
Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Arlington Heights/Palatine/Wheeling	96.8%	120	$1,951	4.3%
Aurora	96.7%	180	$1,980	7.5%
Bronzeville/Hyde Park/South Shore	97.6%	270	$1,773	5.9%
Central Cook County	95.9%	170	$2,284	17.1%
Central DuPage County	96.4%	150	$2,132	8.4%
Evanston/Rogers Park/Uptown	95.7%	160	$2,393	8.5%
Far Northwest Chicago Suburbs	97.2%	90	$1,755	9.1%
Gary/Hammond	96.5%	20	$1,281	6.5%
Lake County/Kenosha	97.7%	200	$1,831	8.7%
Lincoln Park/Lakeview	97.4%	240	$2,718	7.3%
Merrillville/Portage/Valparaiso	96.0%	0	$1,394	3.0%
Naperville	96.8%	90	$1,960	2.2%
North Cook County	97.0%	190	$1,986	6.4%
North DuPage County	98.4%	150	$1,663	2.9%
Schaumburg	96.2%	70	$1,862	5.7%
South Cook County	98.4%	330	$1,455	8.7%
Southeast DuPage County	97.8%	250	$1,916	8.6%
Streeterville/River North	97.3%	260	$3,101	8.0%
The Loop	96.0%	250	$2,801	7.2%
Will County	97.7%	180	$1,866	7.4%

Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change

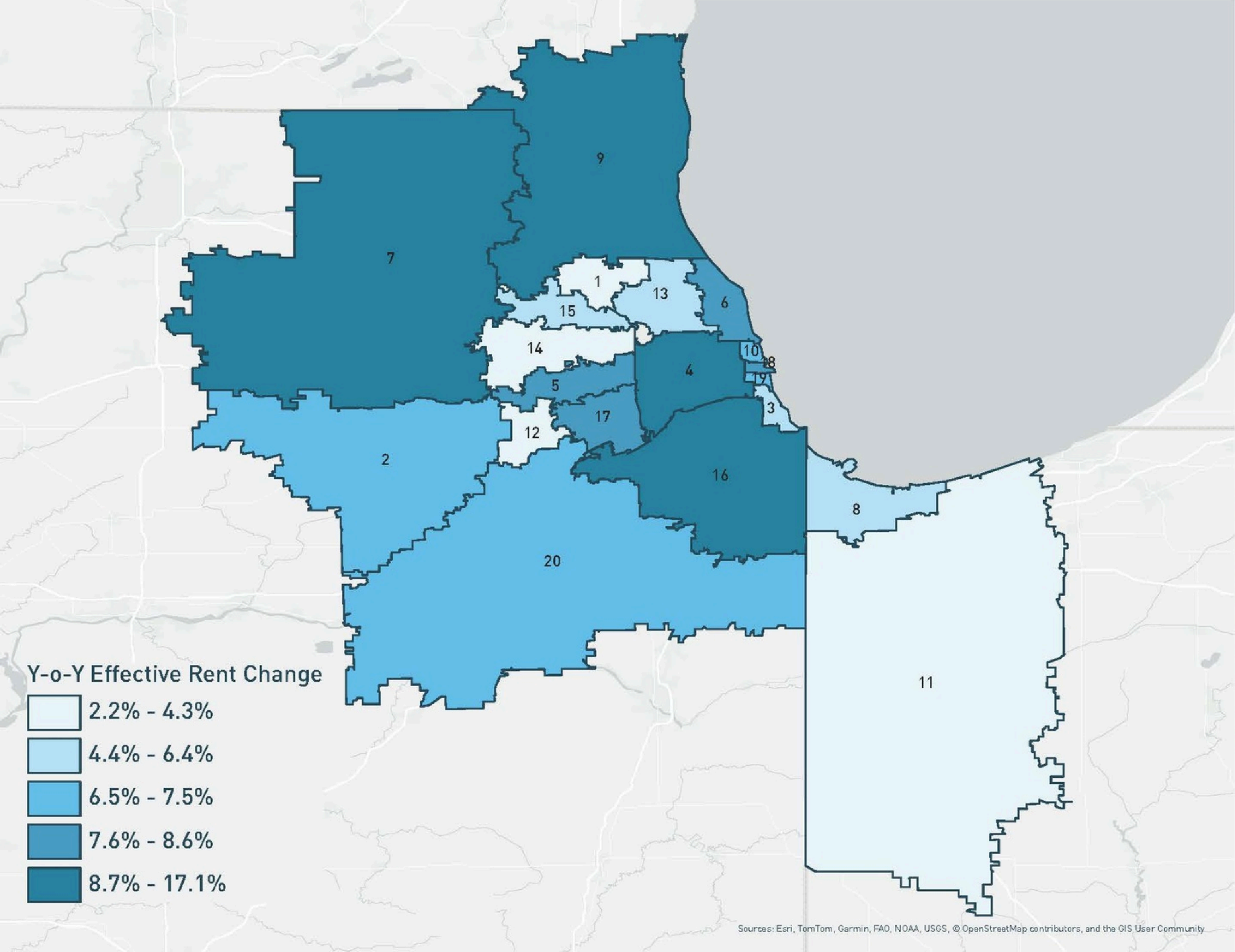


SUBMARKET BOUNDARIES

1. Arlington Heights / Palatine / Wheeling
2. Aurora
3. Bronzeville / Hyde Park / South Shore
4. Central Cook County
5. Central DuPage County
6. Evanston / Rogers Park / Uptown
7. Far Northwest Chicago Suburbs
8. Gary / Hammond
9. Lake County / Kenosha
10. Lincoln Park / Lakeview
11. Merrillville / Portage / Valparaiso
12. Naperville
13. North Cook County
14. North DuPage County
15. Schaumburg
16. South Cook County
17. Southeast DuPage County
18. Streeterville / River North
19. The Loop
20. Will County

Source: RealPage

Submarket Mid-Year 2025 Annual Effective Rent Change



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Source: RealPage

Sales

2025 Year to Date*		What's Trading?*	
Volume $1.2B	**Price Per Unit (Avg)** $310,416	**Units (Avg)** 289	**Year Built** 2000s
Transactions 14	**Cap Rate (Avg)** 5.7%	**Buildings (Avg)** 7	**Acres (Avg)** 10.62

*$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

Buyer	Location
Allianz	Munich, GER
FPA Multifamily	San Francisco, CA
Tishman Speyer	New York, NY
Kayne Anderson	Los Angeles, CA
Cedar Street Capital	New York, NY

Top Sellers*

Seller	Location
Ares Management	Los Angeles, CA
Roszak/ADC	Chicago, IL
Baker Development Corp.	Chicago, IL
Magellan Development Group	Chicago, IL
Sterling Bay Cos	Chicago, IL

*$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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