

GREYSTONE



CHICAGO

ILLINOIS, MSA

MARKET INSIGHT REPORT

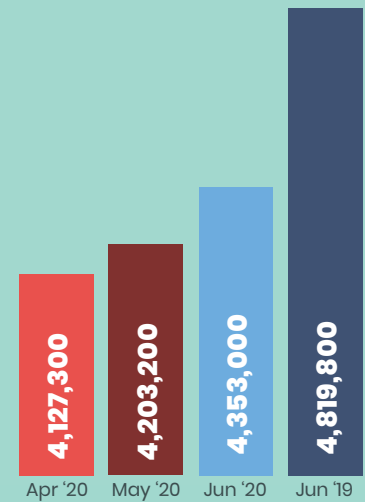
FALL **2020**

Total nonfarm employment for the Chicago-Naperville-Elgin Metropolitan Statistical Area stood at 4,353,000 in June 2020, down 466,800 over the year, the U.S. Bureau of Labor Statistics has reported. Chicago's 9.7% rate of job loss was greater than the national decline of 8.7%. Chicago's unemployment rate of 15.6% in June was also above the U.S. unemployment rate of 11.1% and placed the metro area at no.45 of 51 of the largest metros, with no. 51 being the highest. Orlando; Boston; New York; Detroit; Las Vegas; and Los Angeles fared worse than Chicago.

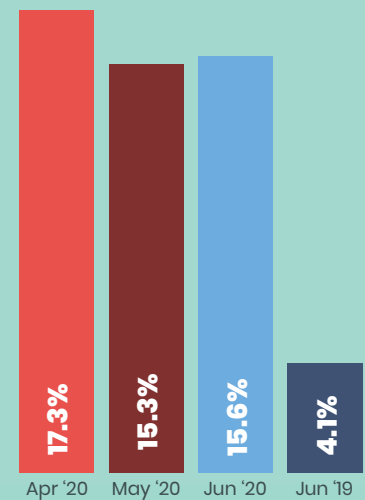
As with other metro areas, employment in Chicago's leisure and hospitality super-sector fell sharply (-184,900, or -35.7%) for the 12 months ending in June, the largest loss of jobs among local major industry sectors. As an international destination and world-class city, the impact to Chicago's leisure industry was greater than the national rate of -27.1%, particularly due to air travel's great decline.

Announced in August, renters and homeowners struggling to make their payments during the COVID-19 pandemic can apply for help under a new \$300 million aid program from the state of Illinois. The Emergency Rental Assistance Program will allocate \$150 million to help income-eligible residents across the state pay their rent during the COVID-19 crisis.

Total Employment



Unemployment



Metro Area Employment (Thousands)	June 2020	Change from June 2019	
		Number	Percent
Total Nonfarm	4,353.0	-466.8	-9.7
Mining and Logging	1.7	-0.2	-10.5
Construction	178.7	-11.4	-6
Manufacturing	401.5	-22	-5.2
Trade, Transportation, and Utilities	896.6	-55.4	-5.8
Information	75.4	-3.4	-4.3
Financial Activities	311.2	-10.4	-3.2
Professional and Business Services	780.2	-65.8	-7.8
Education and Health Services	690.0	-39.4	-5.4
Leisure and Hospitality	333.5	-184.9	-35.7
Other Services	178.1	-23.9	-11.8
Government	506.1	-50	-9

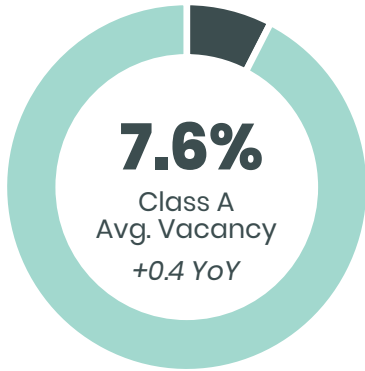
Source: U.S. BLS, Current Employment Statistics

RENTAL MARKET



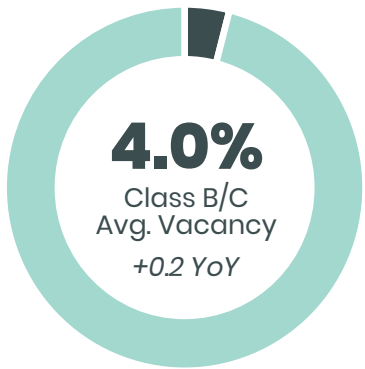
\$2,063

Class A Avg. Rent
+0.7% YoY



\$1,160

Class B/C Avg. Rent
+1.0% YoY



Mean Unit Prices 2Q 2020

\$1,155

Studios

\$1,371

One Bedrooms

\$1,697

Two Bedrooms

\$2,206

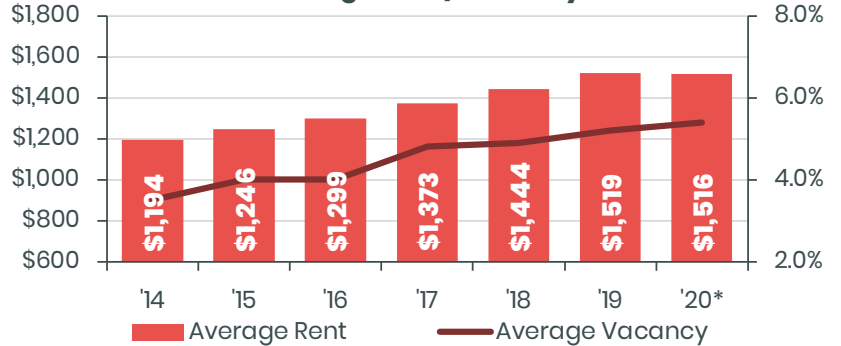
Three Bedrooms

+1.3% YoY 2Q

Average Rent Increase
From \$1,496 to \$1,516

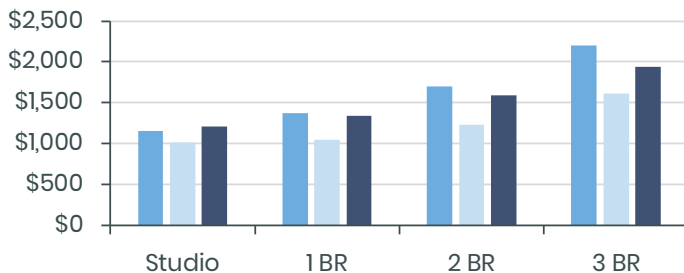
- The second quarter brought a 0.9% decrease in rent from first quarter
- Annual rent loss is expected to magnify, down by 3.1% for the year, but down just by 0.1% in 2021
- Vacancy rate of 5.4% in 2Q expected to rise to 6.7% by year end and to 6.8% in 2021 before receding

Average Rent / Vacancy



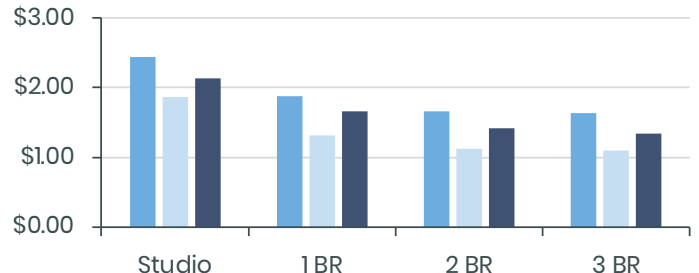
Source: Reis, *2Q 2020

Asking Rent Comparison



Source: Reis, 2Q 2020

Asking Rent PSF



Source: Reis, 2Q 2020

MULTIFAMILY CONSTRUCTION

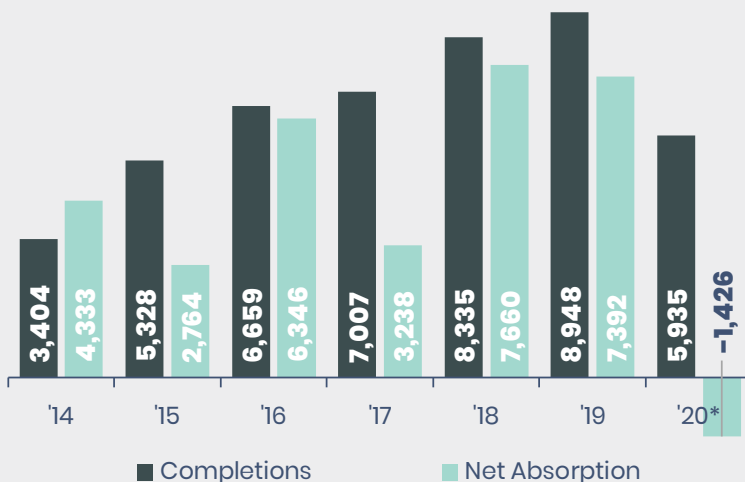
2020: Expected completions of 5,935 new units

4,696 new units will follow in 2021

Chicago's apartment inventory will grow by 1.2% in 2020, its lowest level of growth since 2015. For the years ahead near-term, the pull-back will be greater, with a 0.9% gain to inventory in 2021, 0.8% in 2022, and 0.6% in 2023.

After reaching a peak of 6.8% in 2021, the Chicago market's average vacancy rate will begin to recede, with absorption spiking to a level nearly twice that of new deliveries.

Completions/Net Absorption



Source: Reis, All figures are annual totals, *Projected

PERMITS



3,629

Single Family Permits
-9.1% YoY



3,383

Multifamily Permits
(5+ Units)
-27.0% YoY

YTD Through 2Q 2020

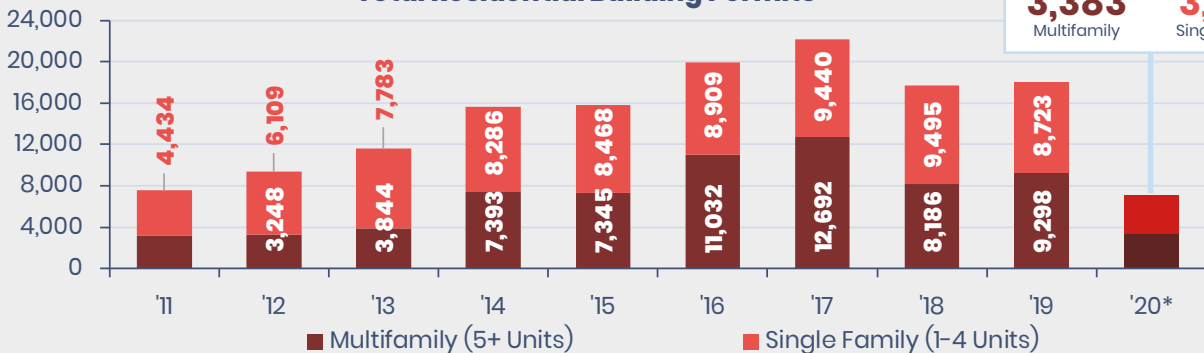
\$267,000

Median Single Family Price
+1.6% YoY

June 2020

- Closed sales of 9,911 single-family housing units in June was down 19.0% YoY, with sales YTD through June down 12.8% YoY.
- Active for-sale inventory for the Chicago metro area was down 30.7% in June as compared to one year prior.

Total Residential Building Permits



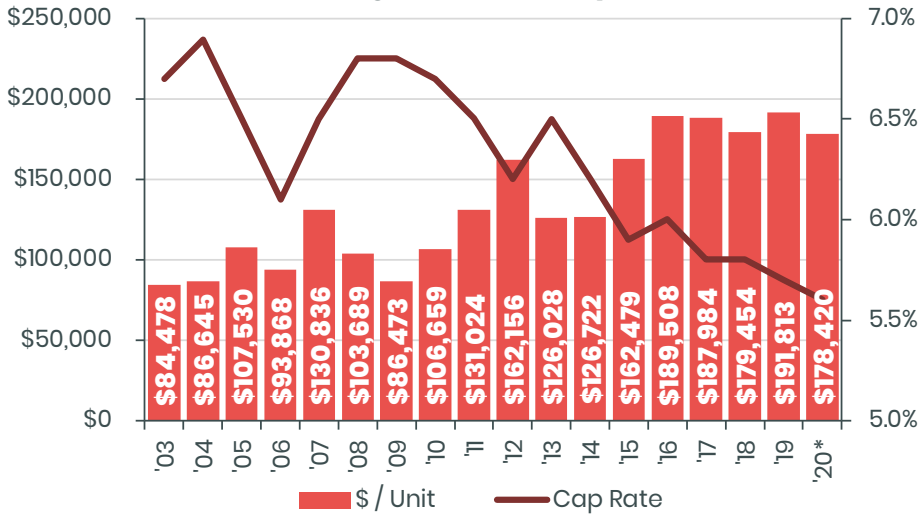
Mid-Year Permit Volume

3,383 Multifamily **3,629** Single Family

Source: U.S. Census, *Through June, Multifamily Includes Condos

MULTIFAMILY SALES

Average Sales PPU / Cap Rate



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, *YTD through June 30



\$766M

Sales Volume YTD
-53.8% YoY



\$178,420

Avg. Sold Price / Unit YTD
-9.8% YoY

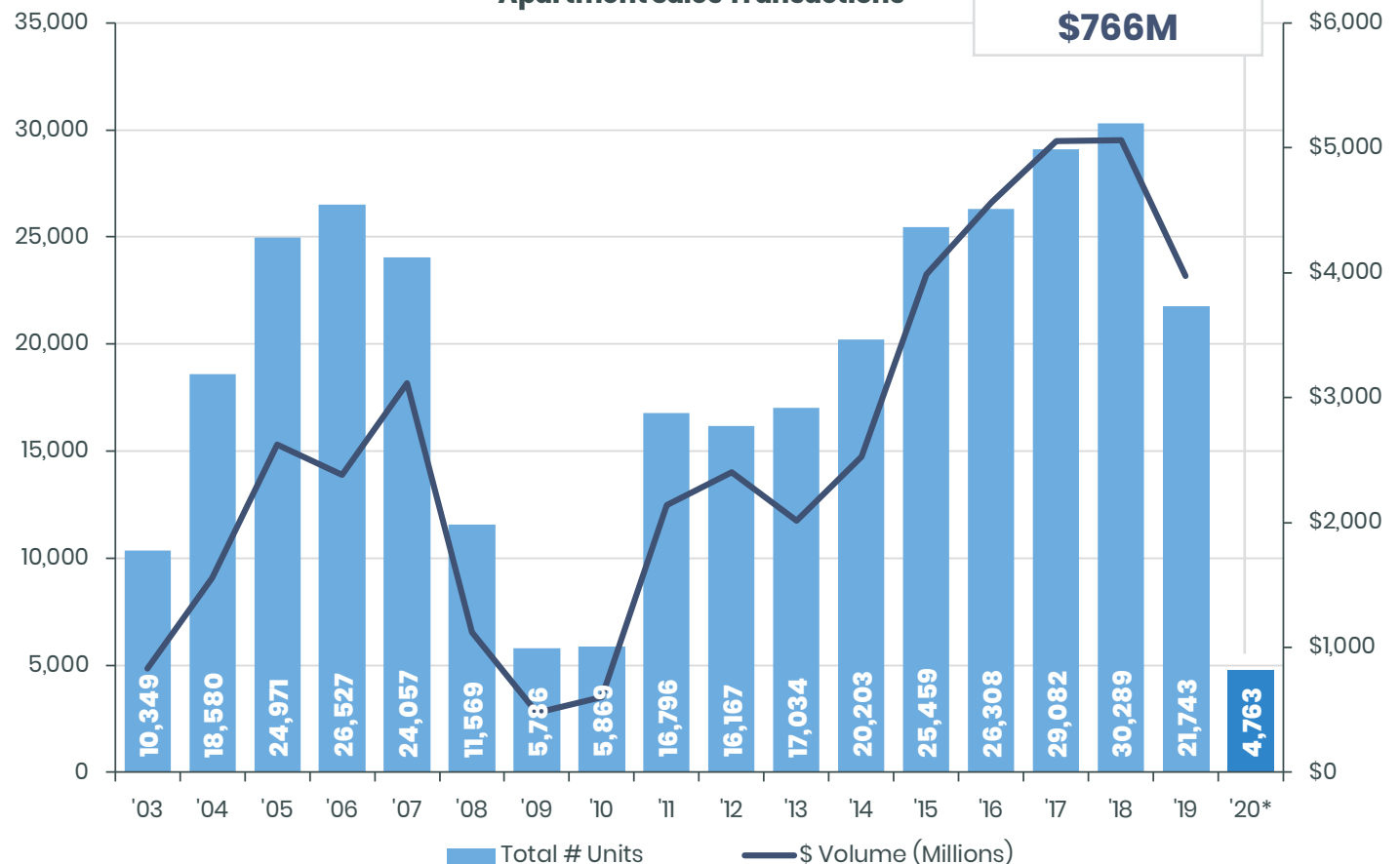


5.6%

Avg. Cap Rate YTD
-20 bps YoY

Apartment Sales Transactions

Mid-Year Sales Volume



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, YTD through June 30

To learn more about Greystone Real Estate Advisors and our capabilities please visit www.greycoadvisors.com

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Illinois REALTORS

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