

# Chicago Market Update

Brandon Svec, National Director, Retail Analytics



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# Agenda

☐ **Economic Update**

☐ **Multifamily Recap**

☐ **Industrial Recap**

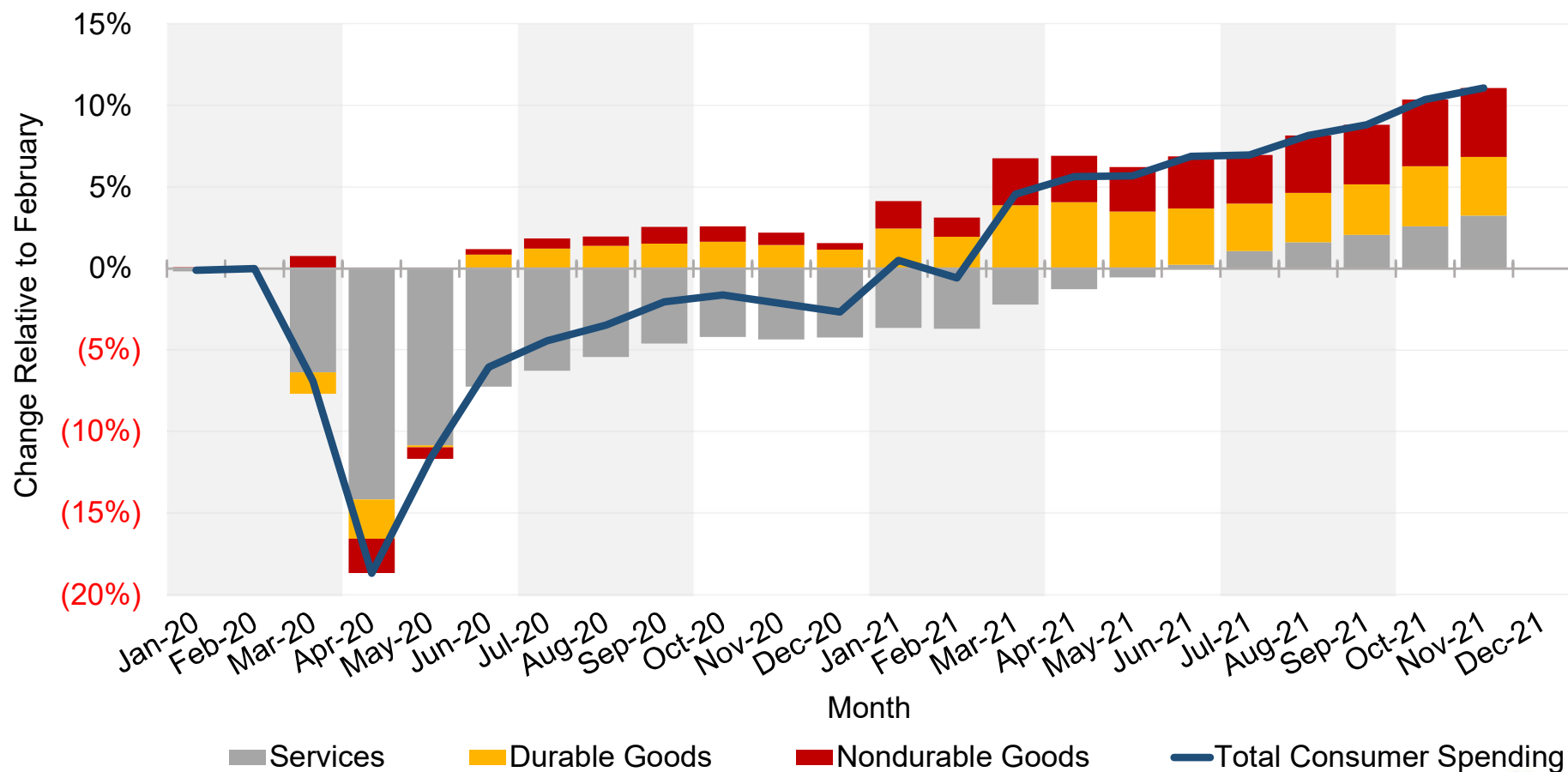
☐ **Retail Recap**

☐ **Q&A**

## What We Said Last Time...

- ▶ We're in a mini-boom – vaccinations are climbing, businesses are reopening, high savings levels ready to be spent – will drive a strong recovery in 21H2
- ▶ Risks:
  - ↓ Deteriorating health situation – more virulent variant in low vaccination regions
  - ↓ Inflation dynamics – higher prices lead to weakening demand and less spending (and higher rates), which may stall growth
  - ↑ Stronger than expected spending – household finances are healthy, with higher savings and reduced debt levels

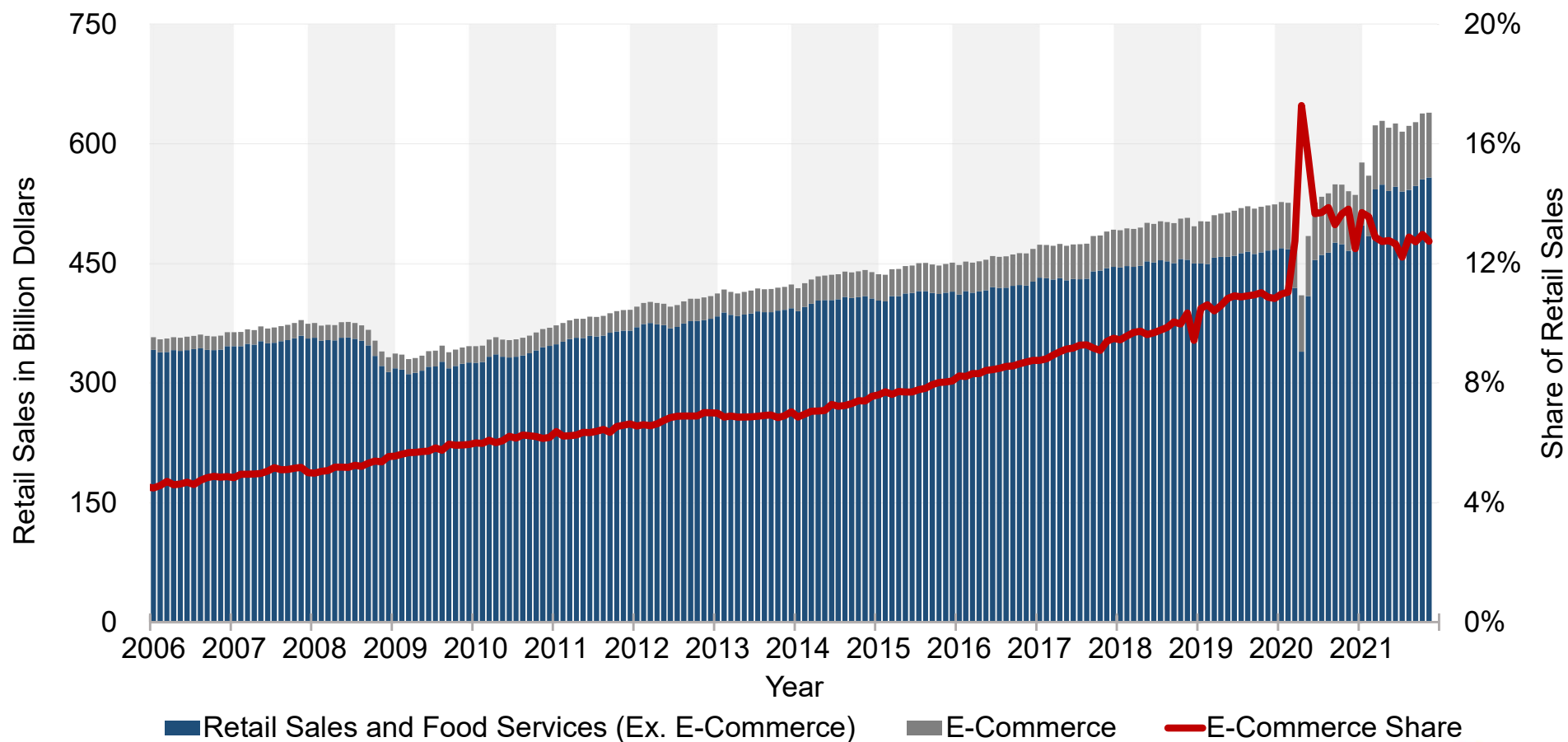
# Personal Consumption Expenditures by Type



Source: Bureau of Economic Analysis

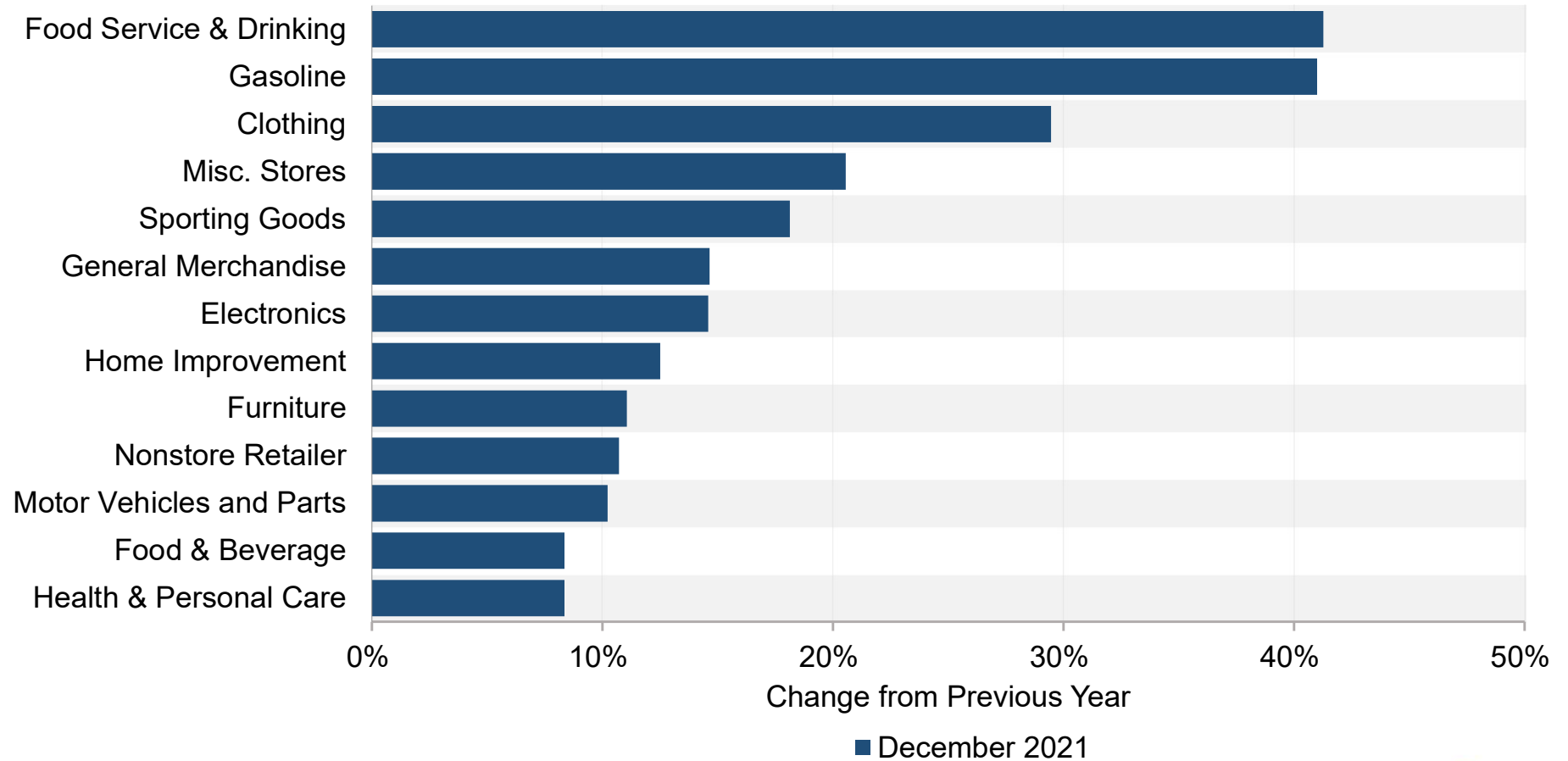


# E-Commerce and Retail Sales



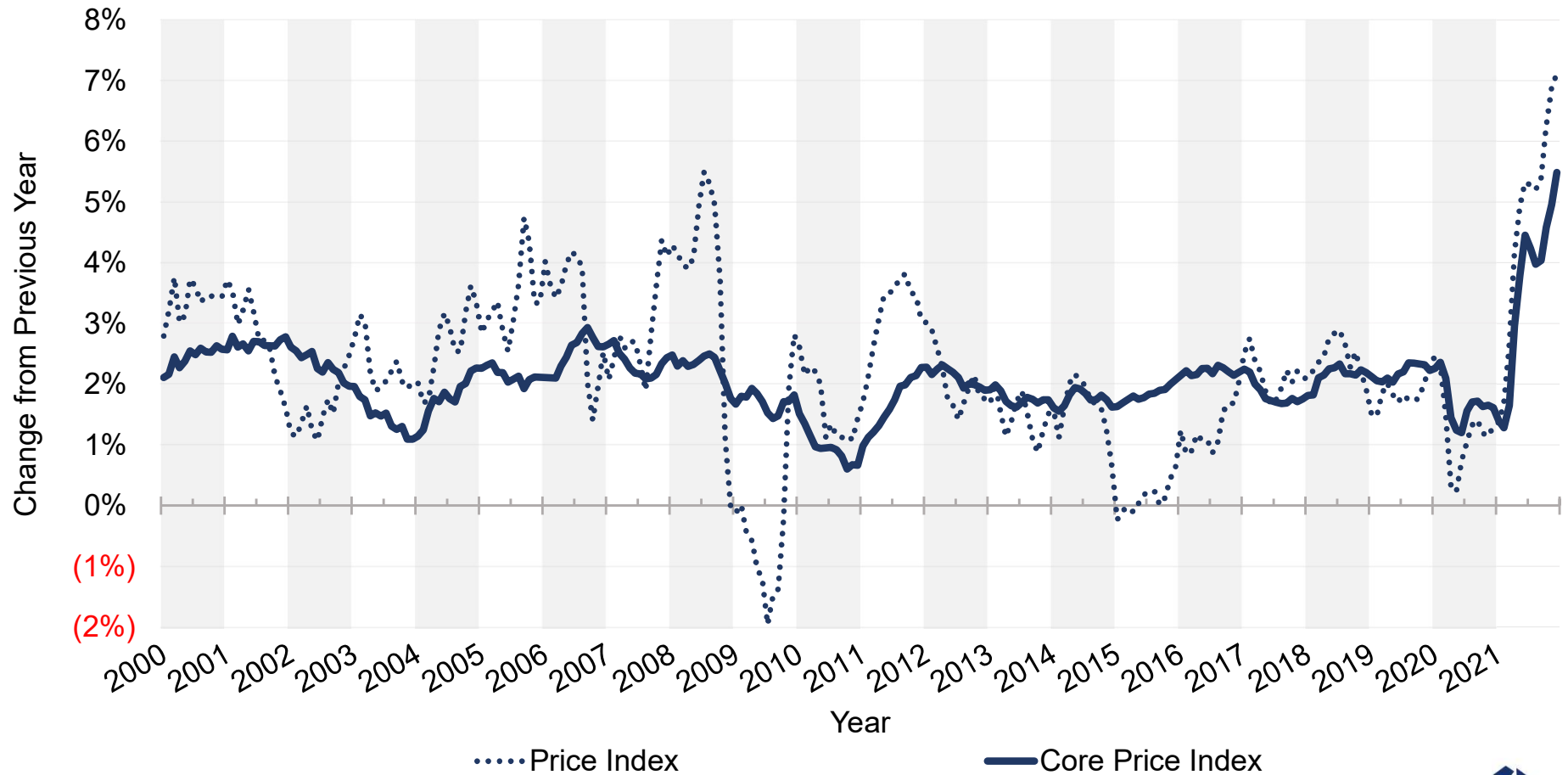
Source: Census Bureau Monthly Retail Sales Report

# Retail Sales, Change from Previous Year



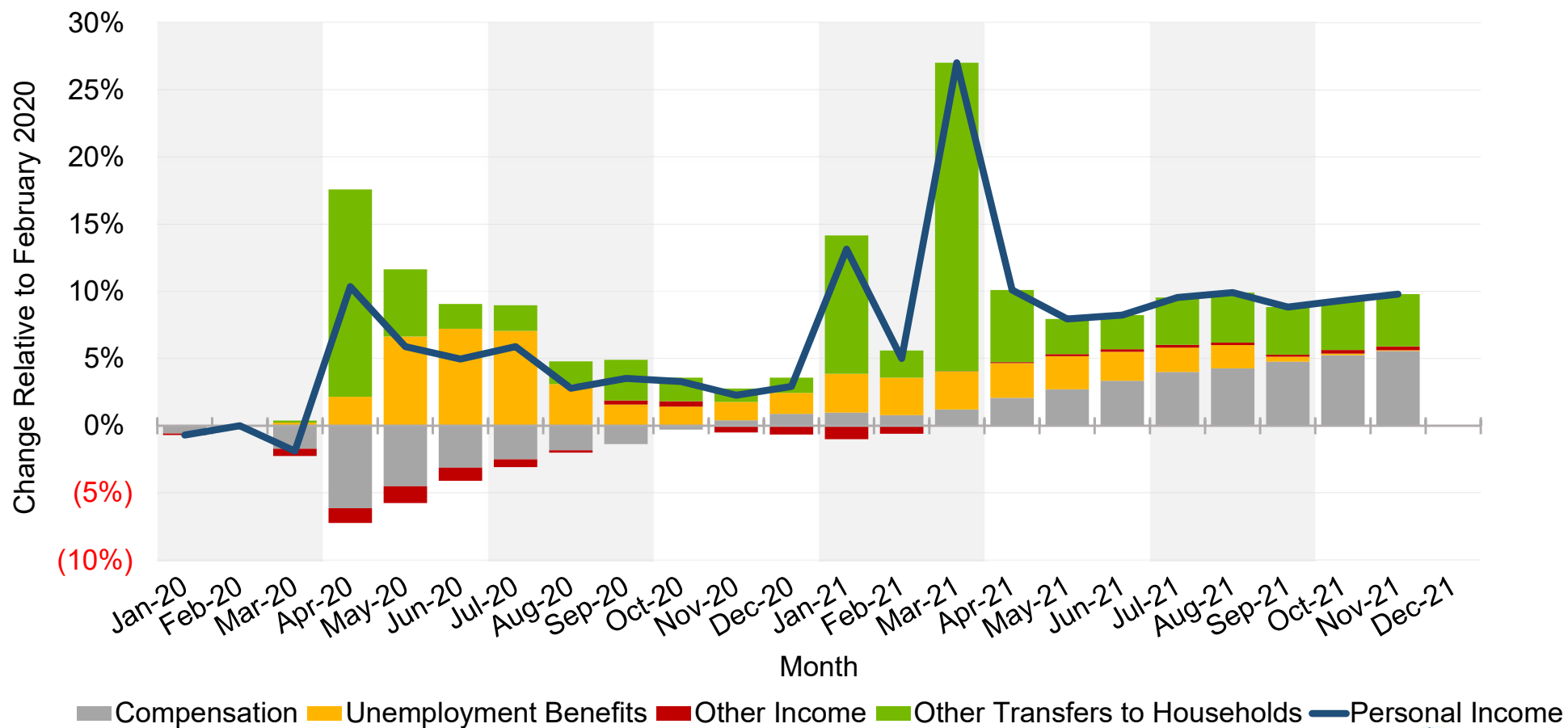
Source: U.S. Census Bureau

# Consumer Price Index



Source: Bureau of Labor Statistics

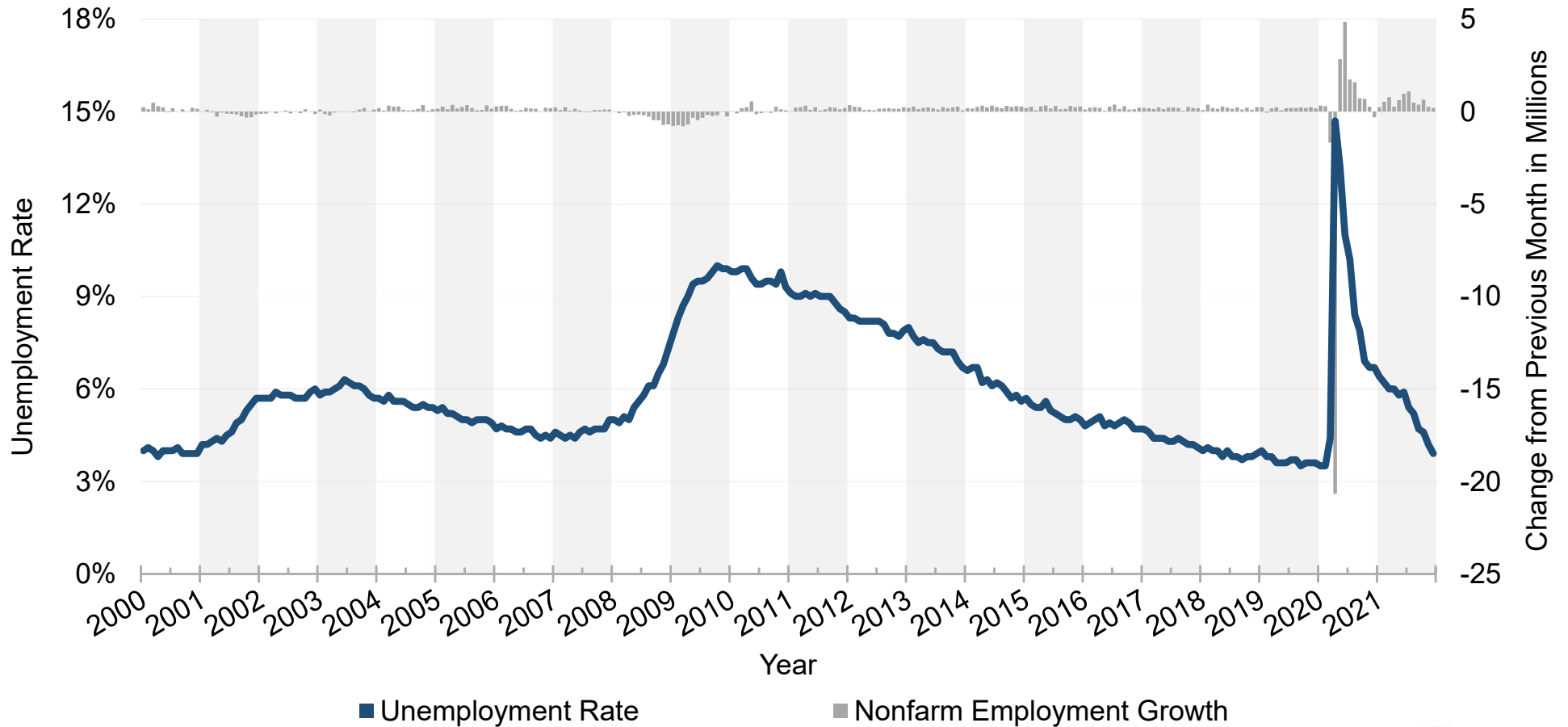
# Personal Income by Category



Source: Bureau of Economic Analysis



# Unemployment Rate and Job Gains

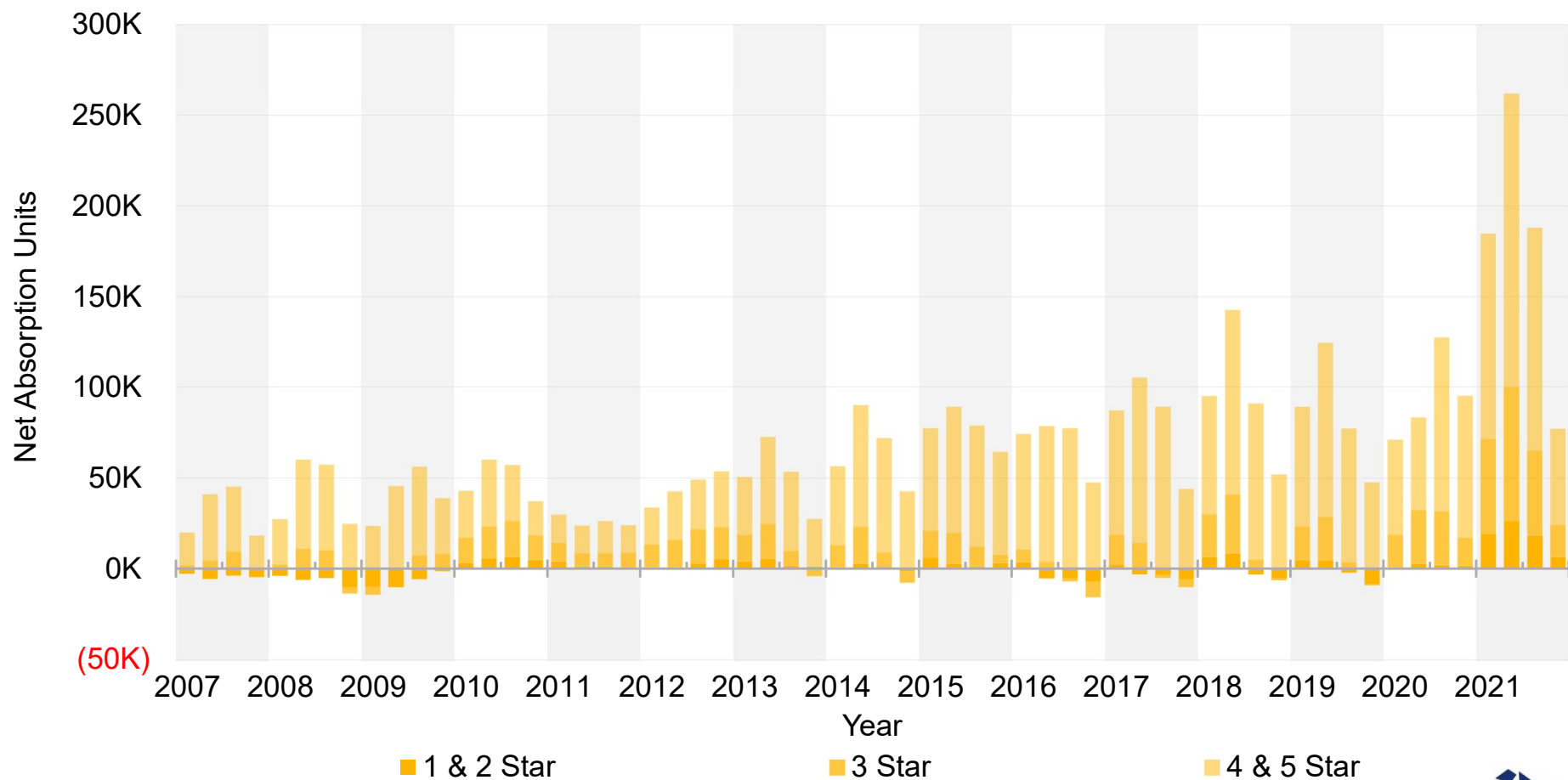


Source: Bureau of Labor Statistics

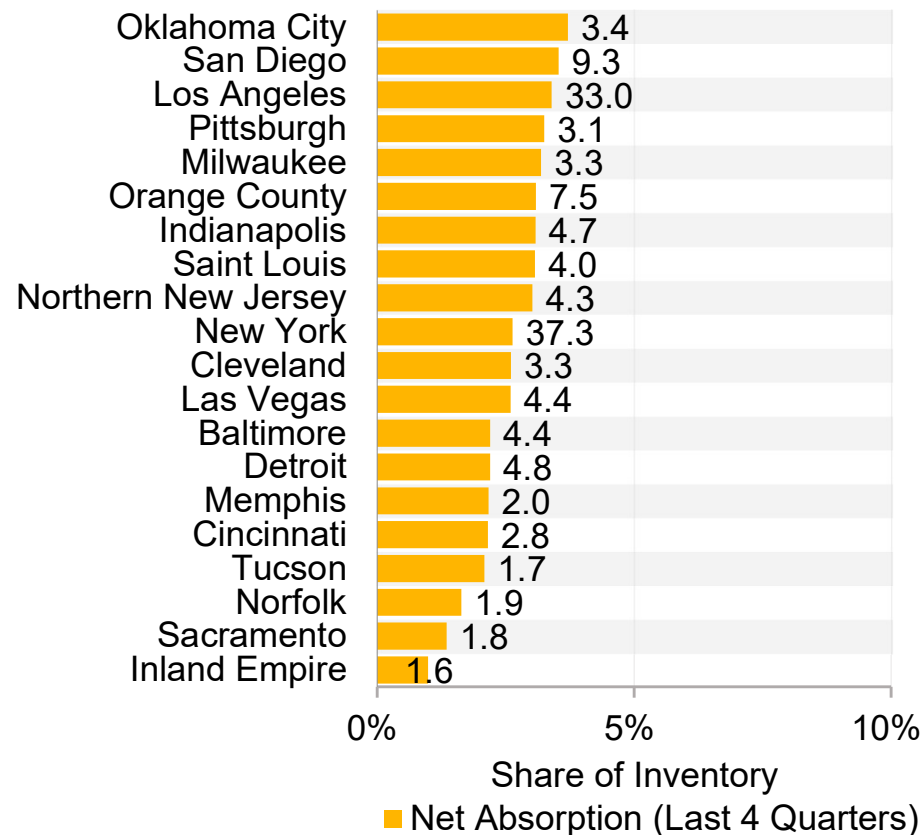
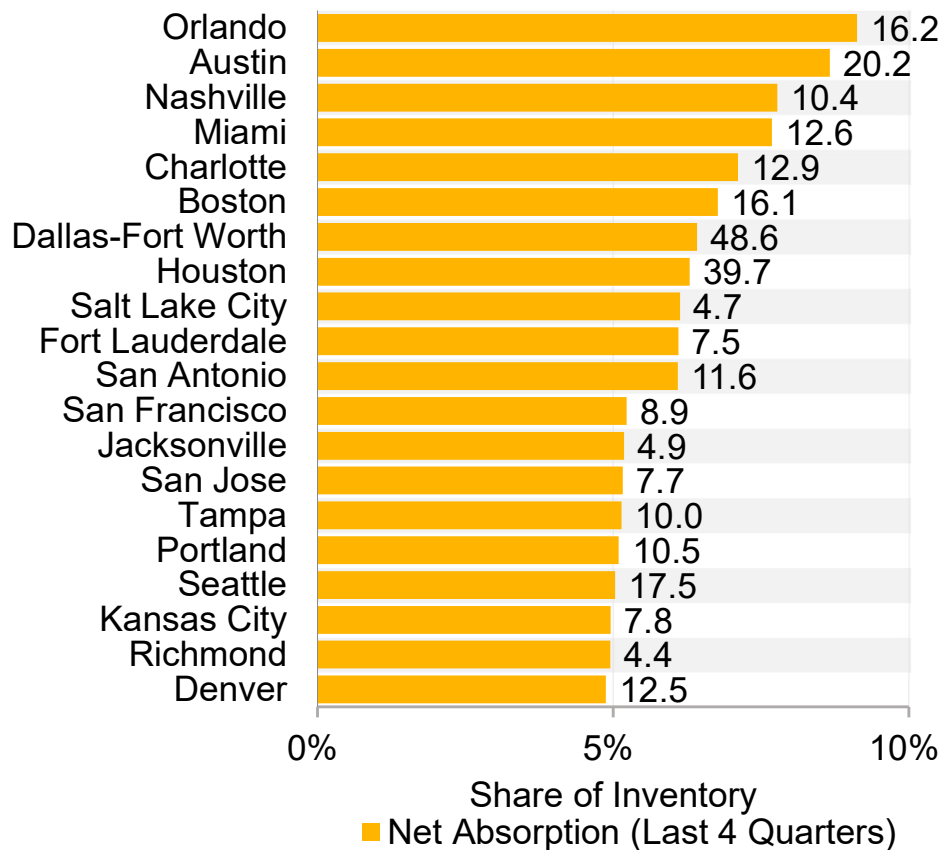
The background is a complex, abstract composition in shades of blue. It features architectural elements like curved, ribbed structures and a grid-like pattern. Overlaid on these are white lines forming a network of interconnected nodes, some of which are highlighted with white circles. A bright light source in the center creates a radial pattern of light rays. The overall effect is one of modern technology and infrastructure.

# MULTIFAMILY RECAP

# Net Absorption, by Star Rating



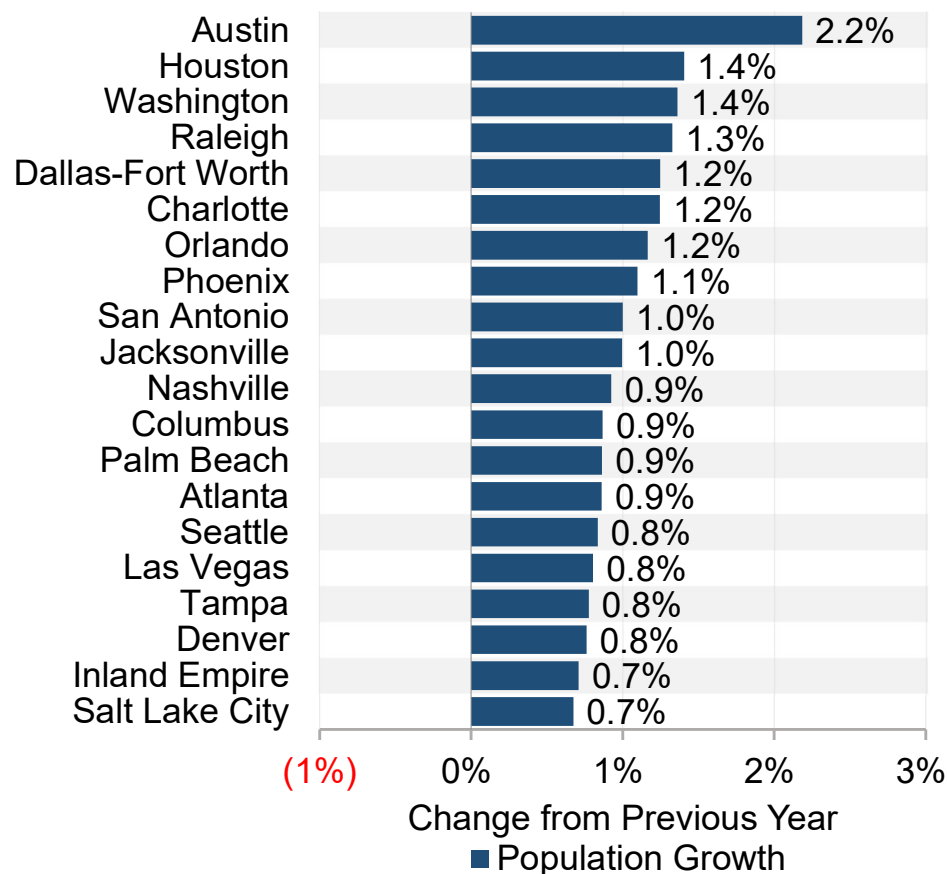
# Net Absorption As Share of Inventory



Note: Includes markets with 75,000+ units inventory. Labels show Net Absorption in Thousand Units.

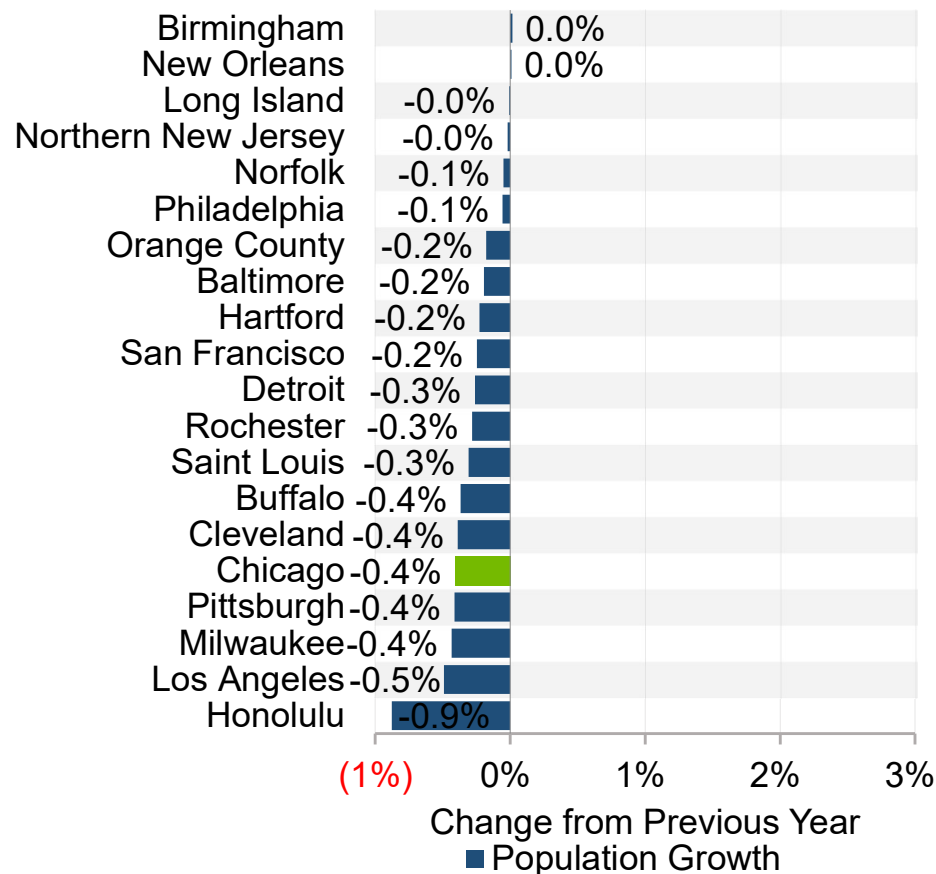


# Top and Bottom Population Growth Markets



Sources: Census Bureau, Oxford Economics

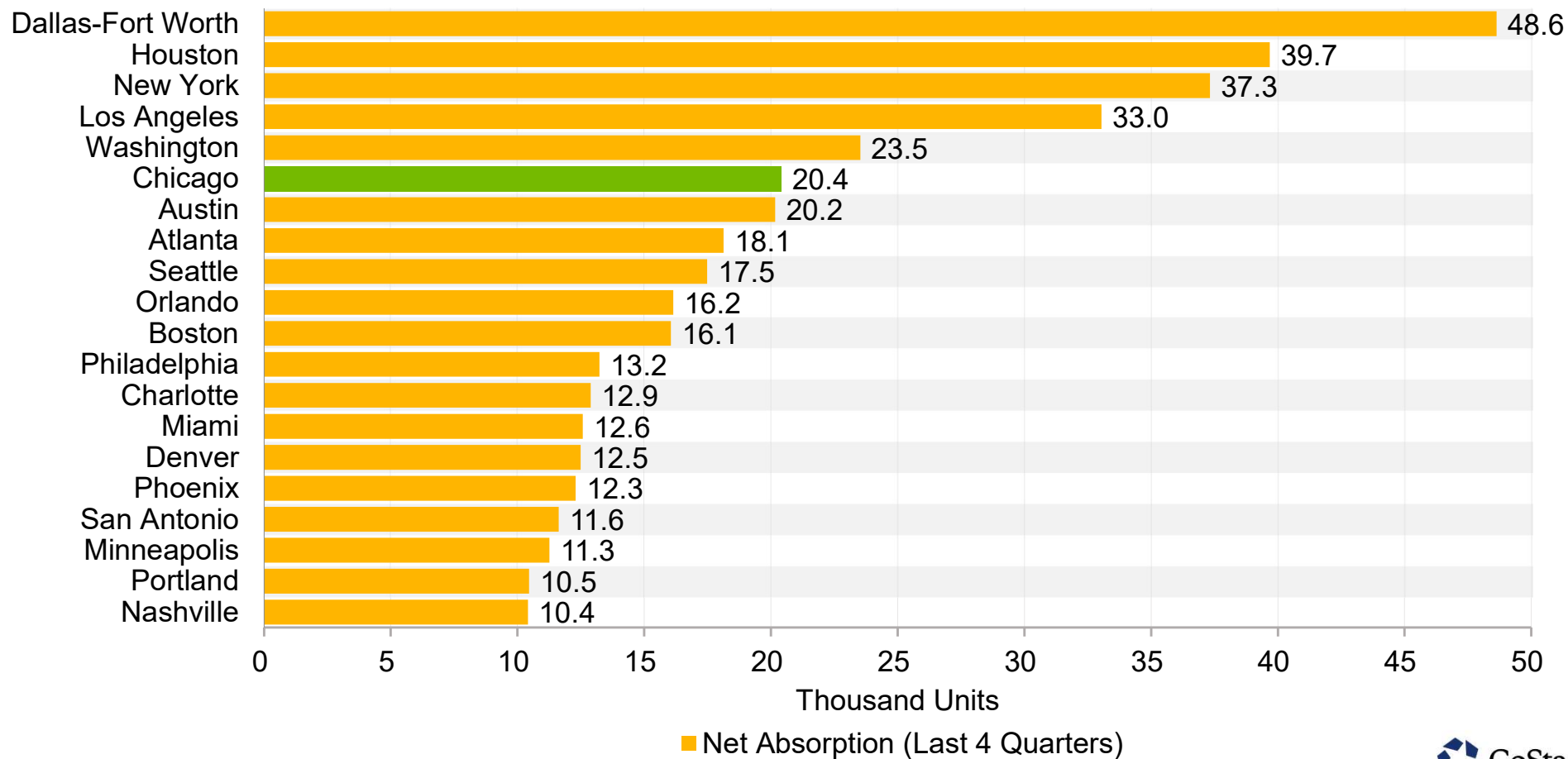
Note: Includes markets with 1M+ population



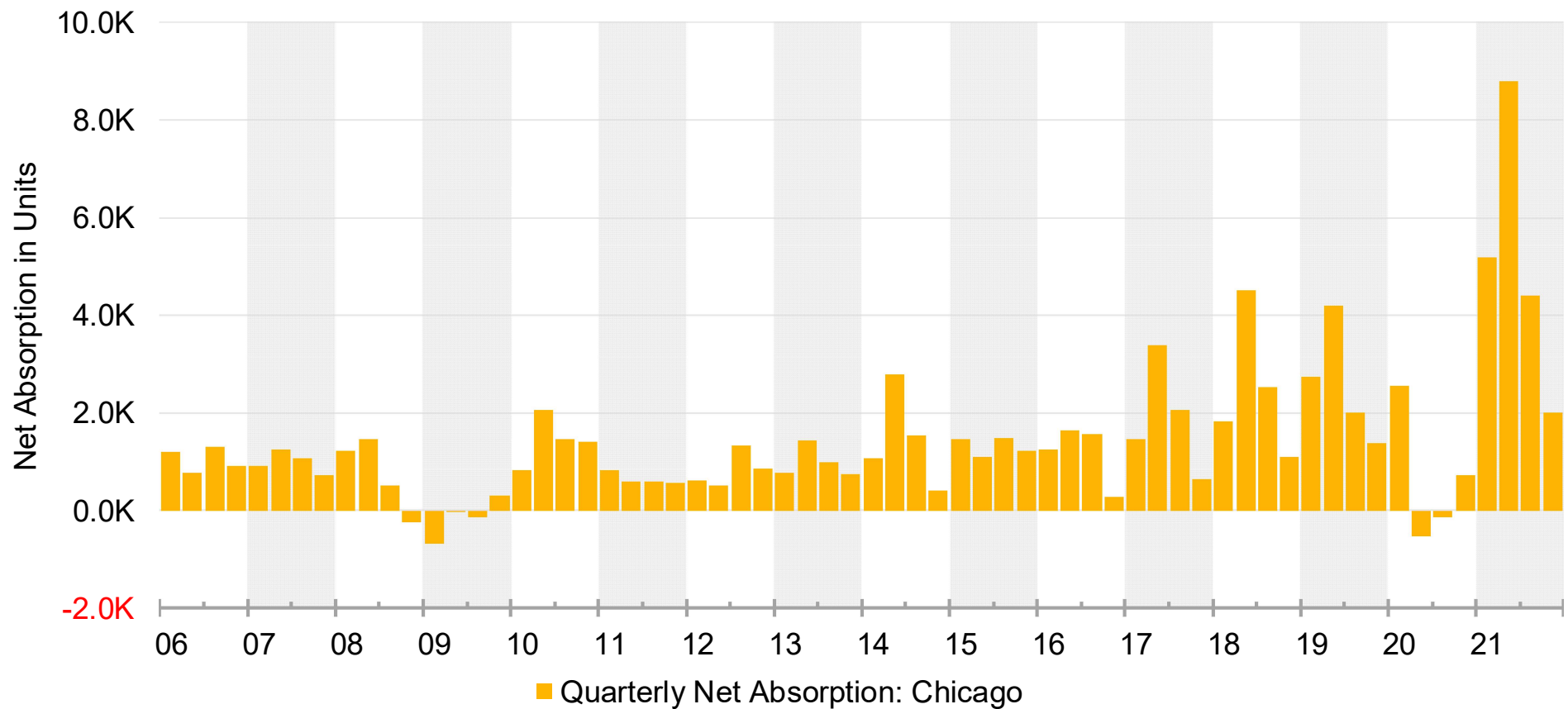
Sources: Census Bureau, Oxford Economics

Note: Includes markets with 1M+ population

# Top Net Absorption



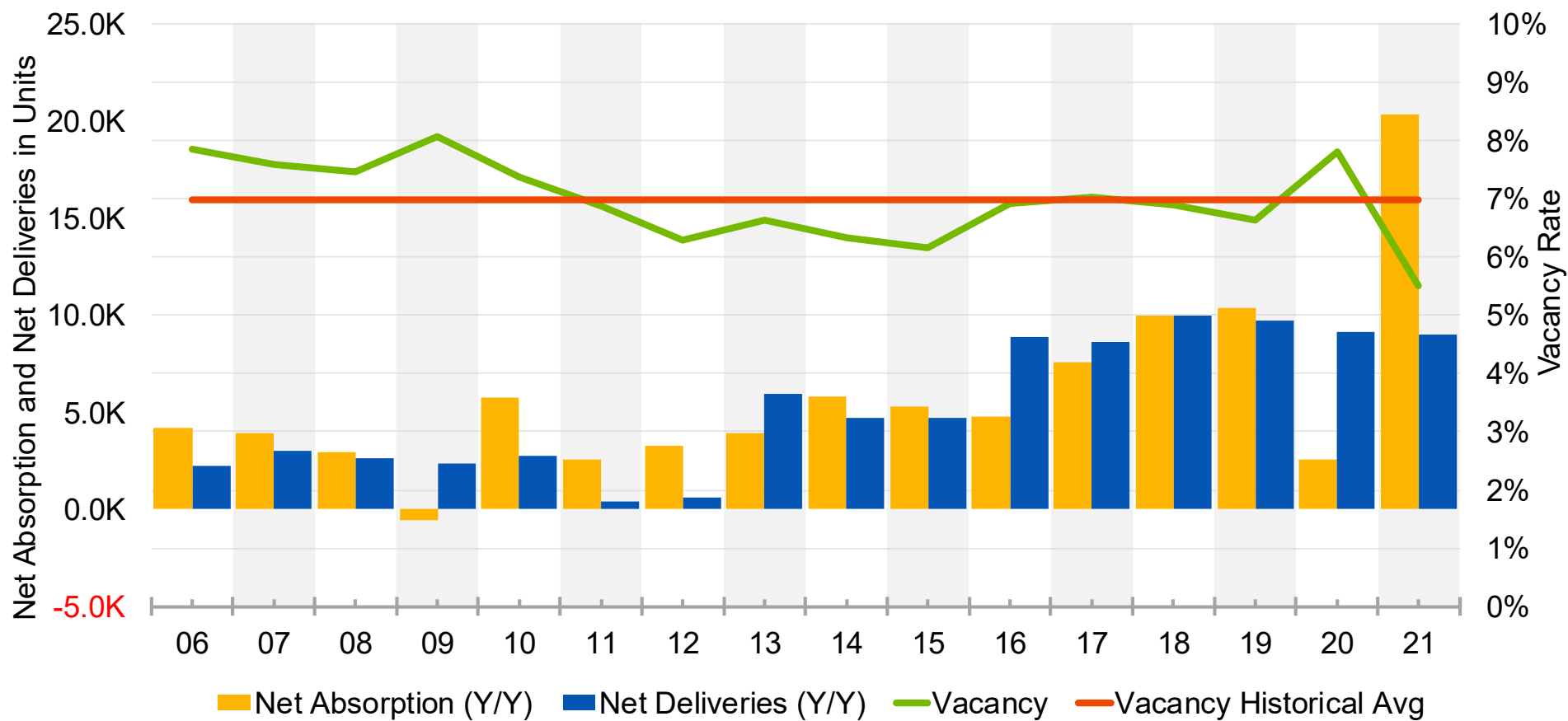
## Net Absorption: Quarterly



Source: CoStar

End of 21Q4

# Supply, Demand and Vacancy

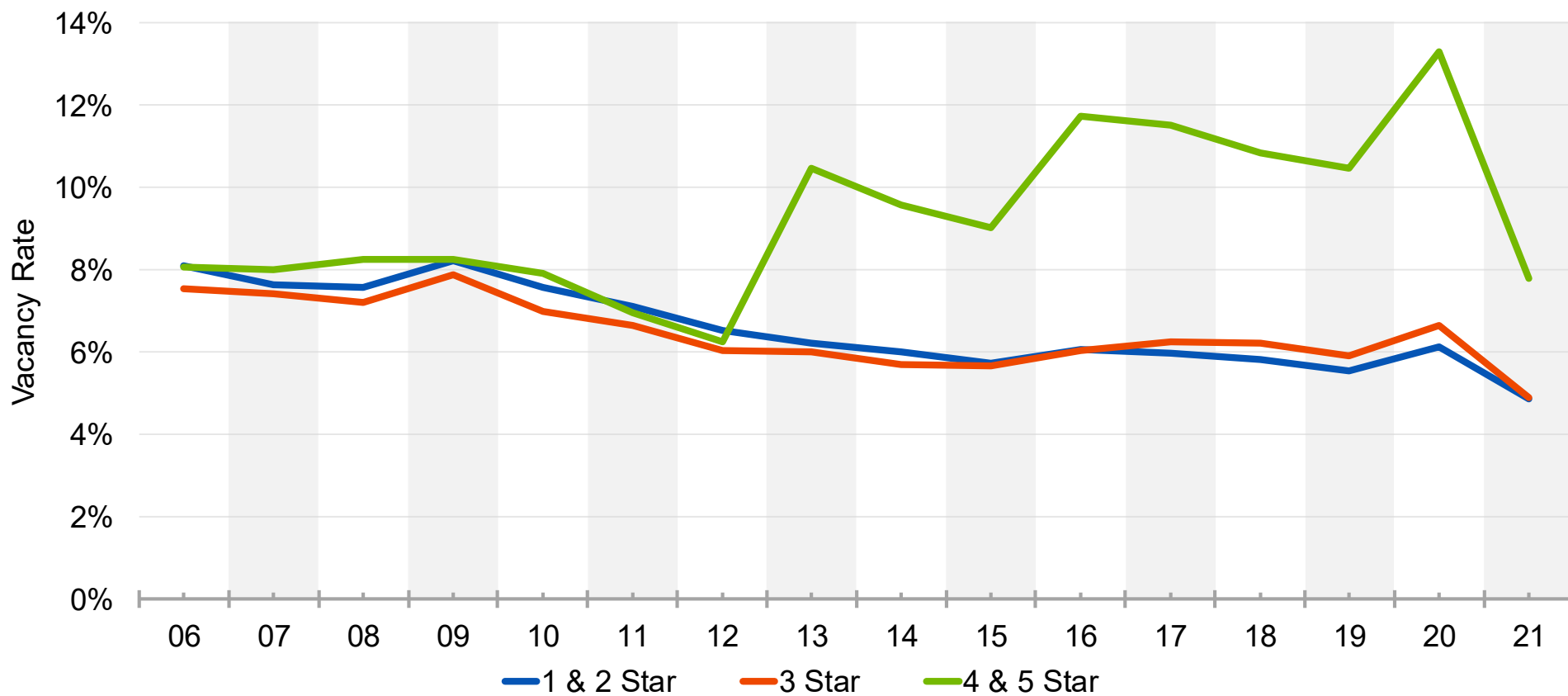


Source: CoStar

End of 21Q4



## Apartment. Vacancy By Star Rating

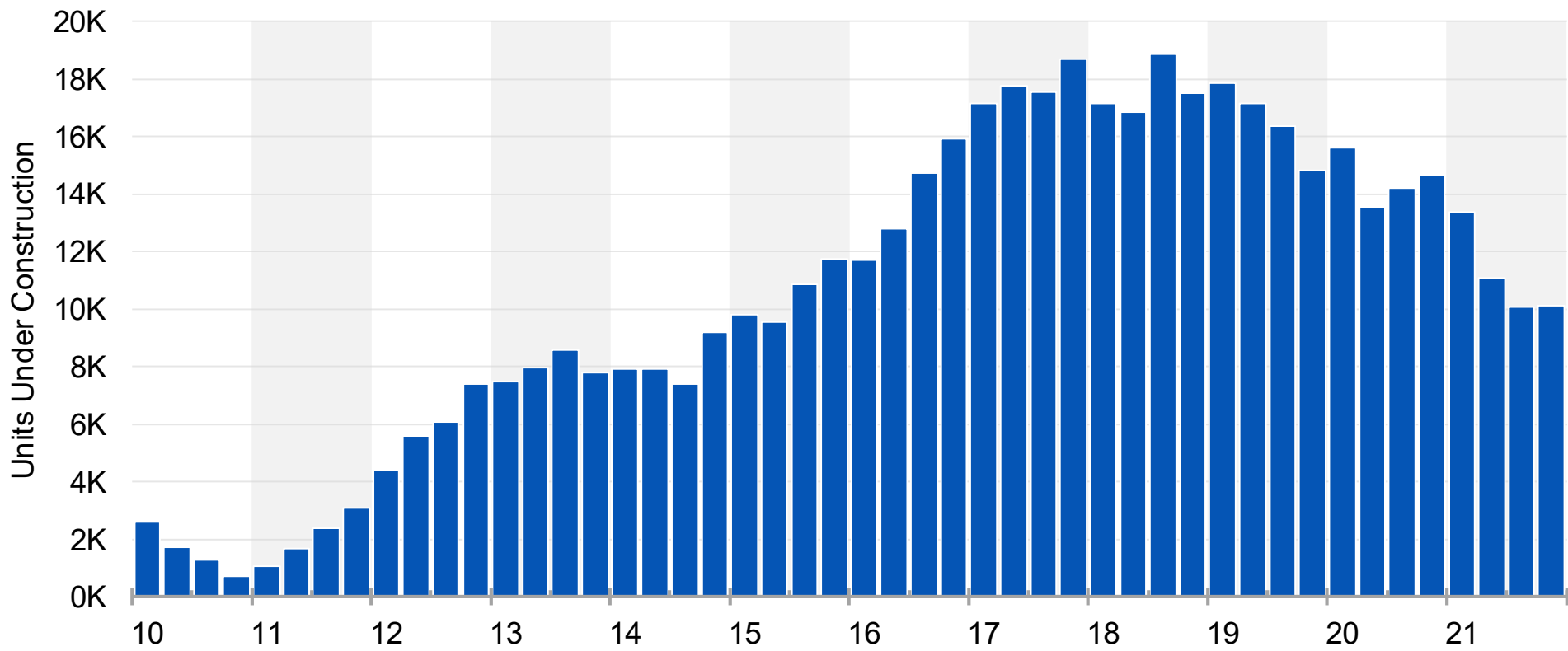


Source: CoStar

End of 21Q4



# Apartment Units Under Construction Over Time

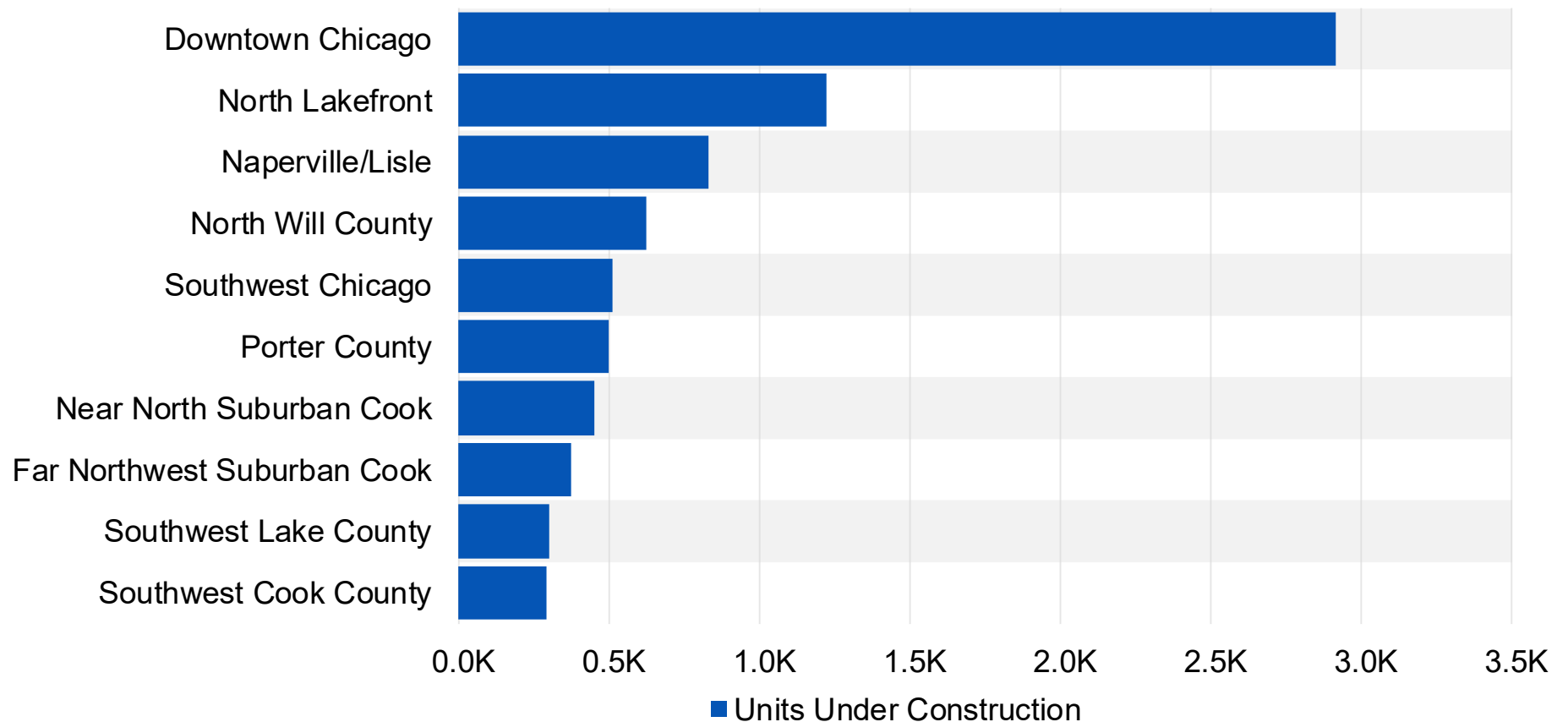


Source: CoStar

As of January 2022



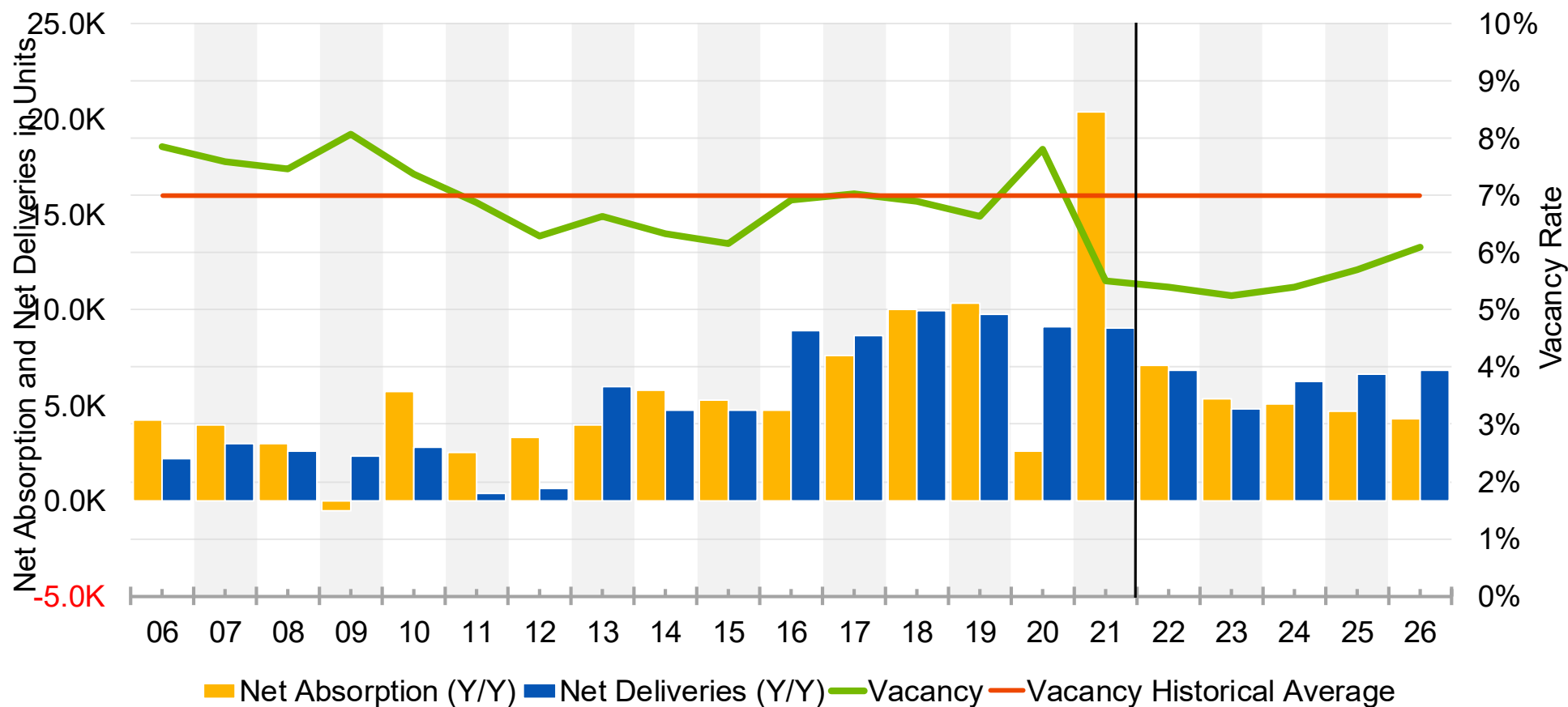
## Chicago Submarkets With The Most Construction



Source: CoStar

As of January 2022

## Baseline: Supply, Demand and Vacancy

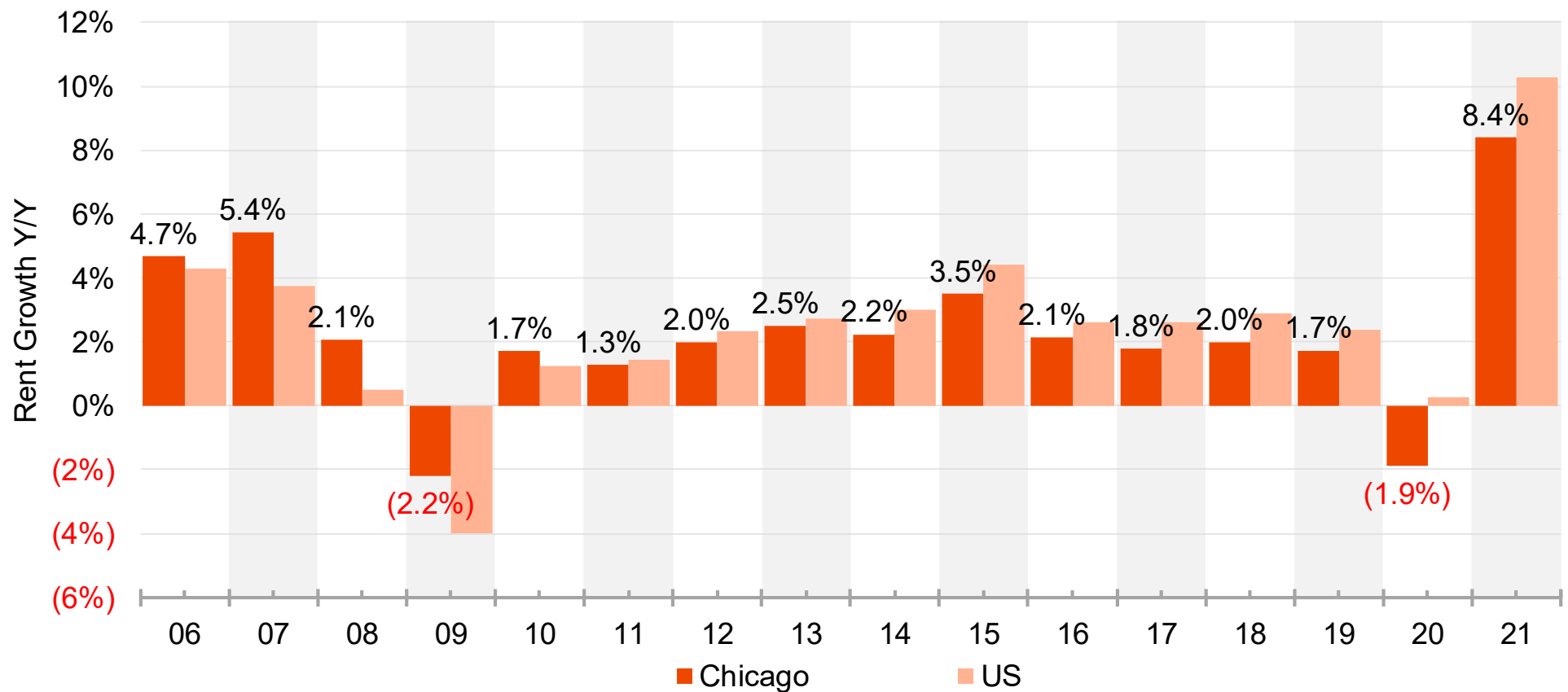


Source: CoStar

End of 21Q4



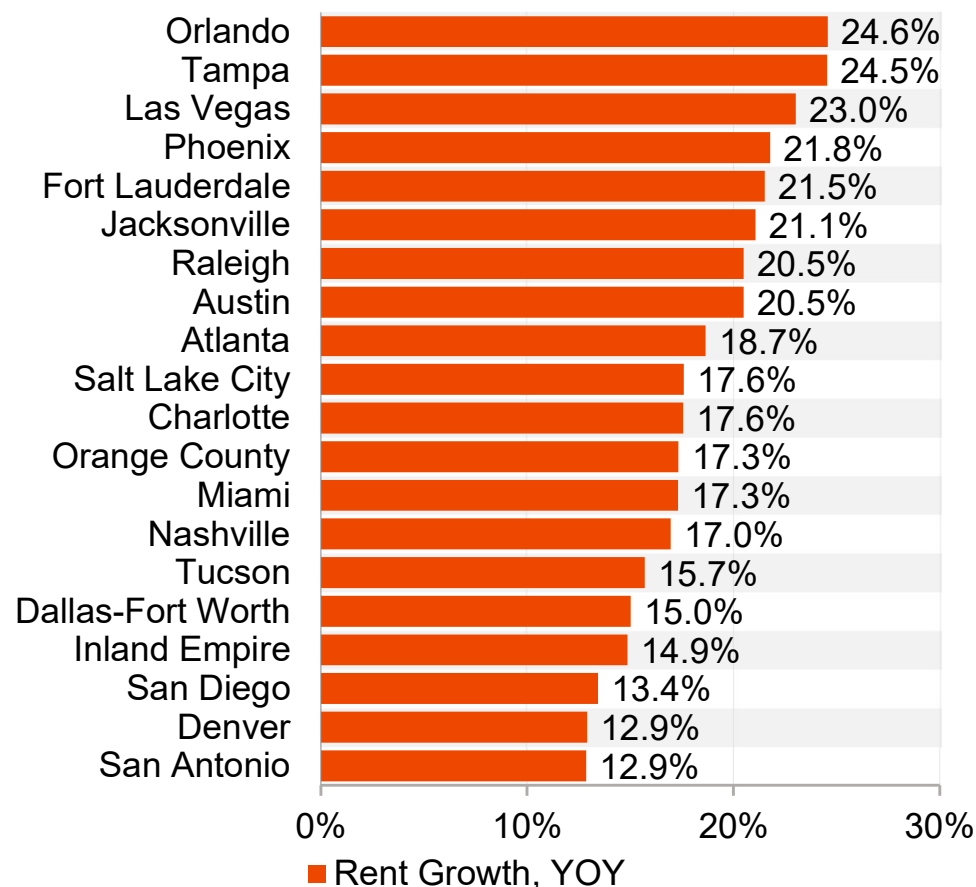
## Rent Growth: Chicago vs. U.S. Average



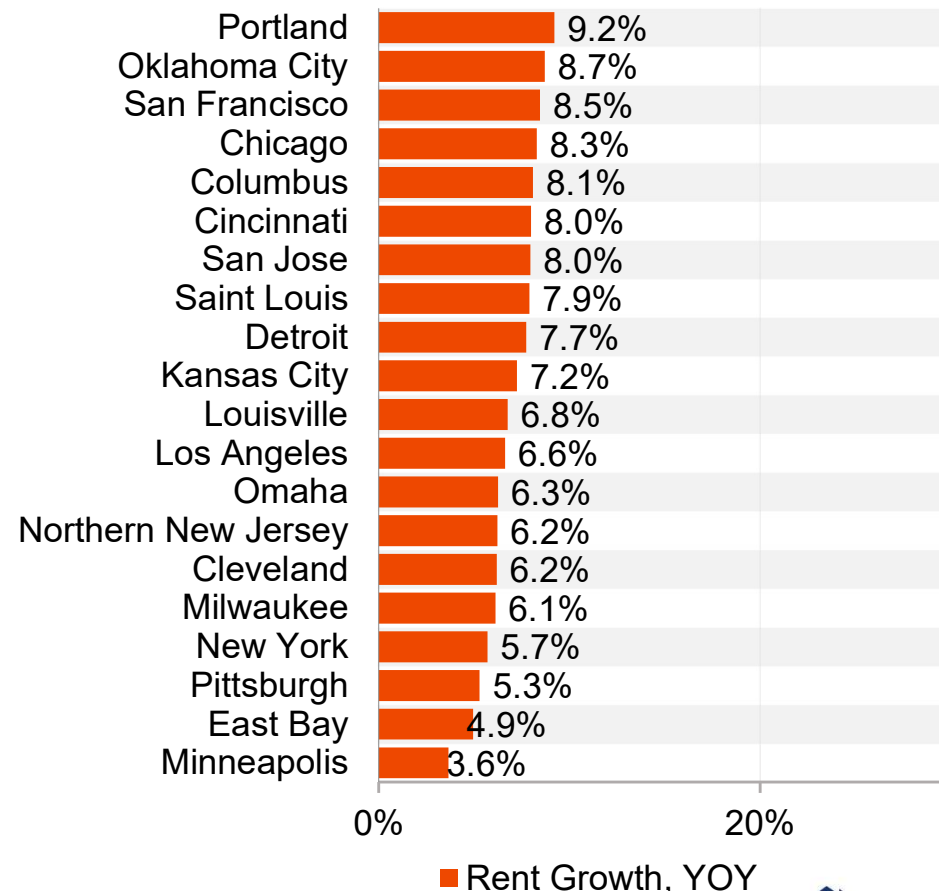
Source: CoStar

End of 21Q4

## Rent Growth, by Market

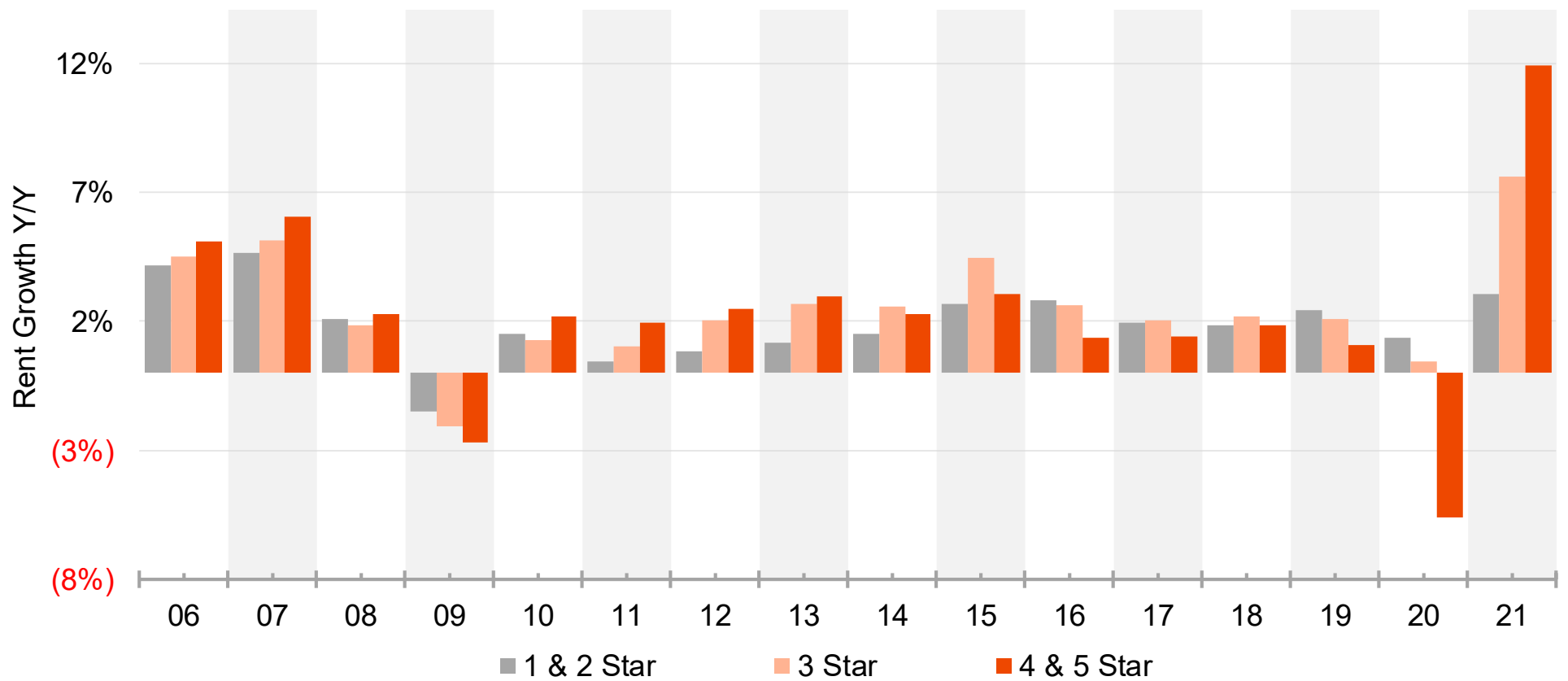


Note: Includes markets with 75K+ units inventory.



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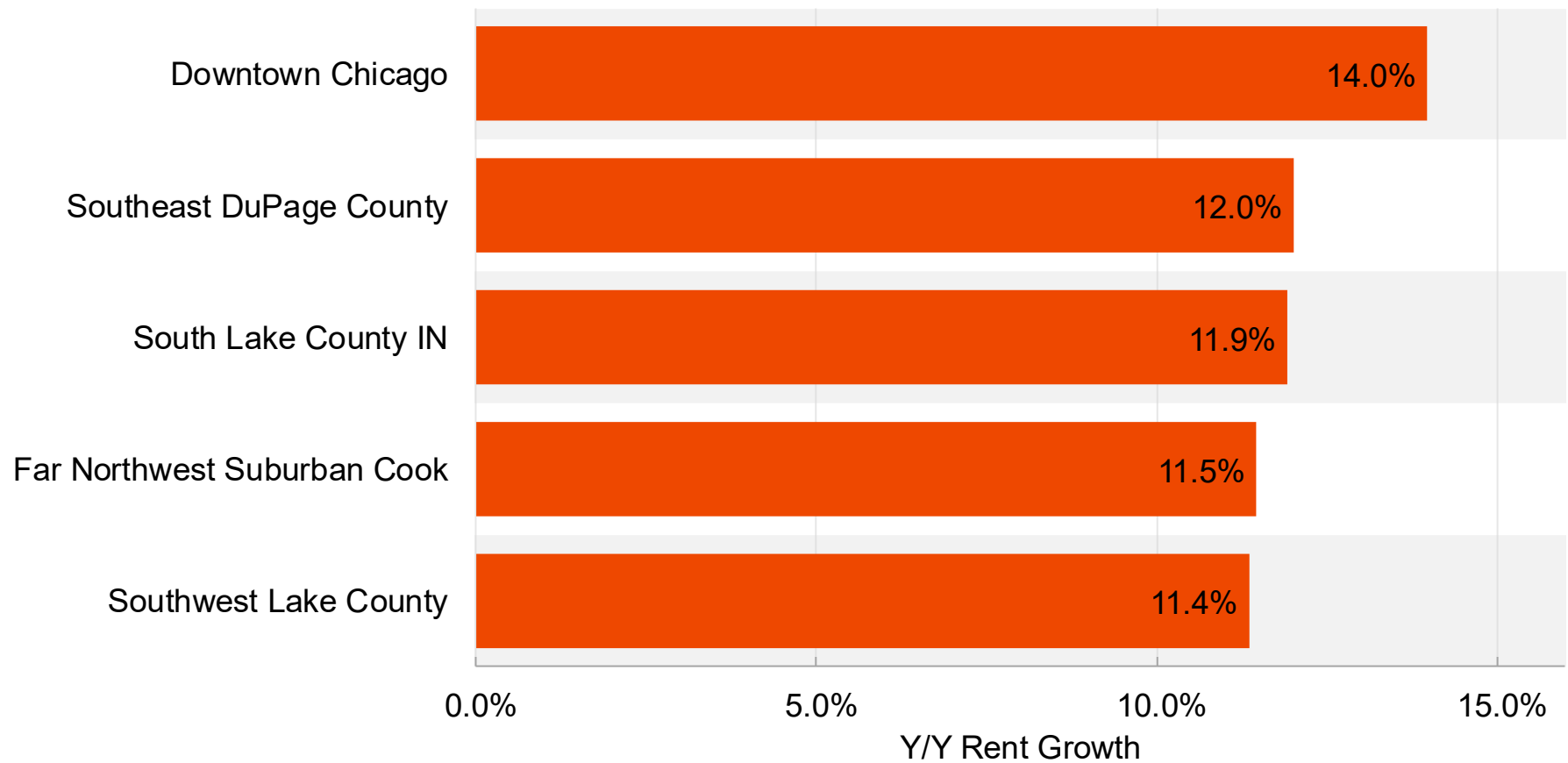
## Rent Growth By Star Rating



Source: CoStar

End of 21Q4

## Submarkets With The Highest Rent Growth

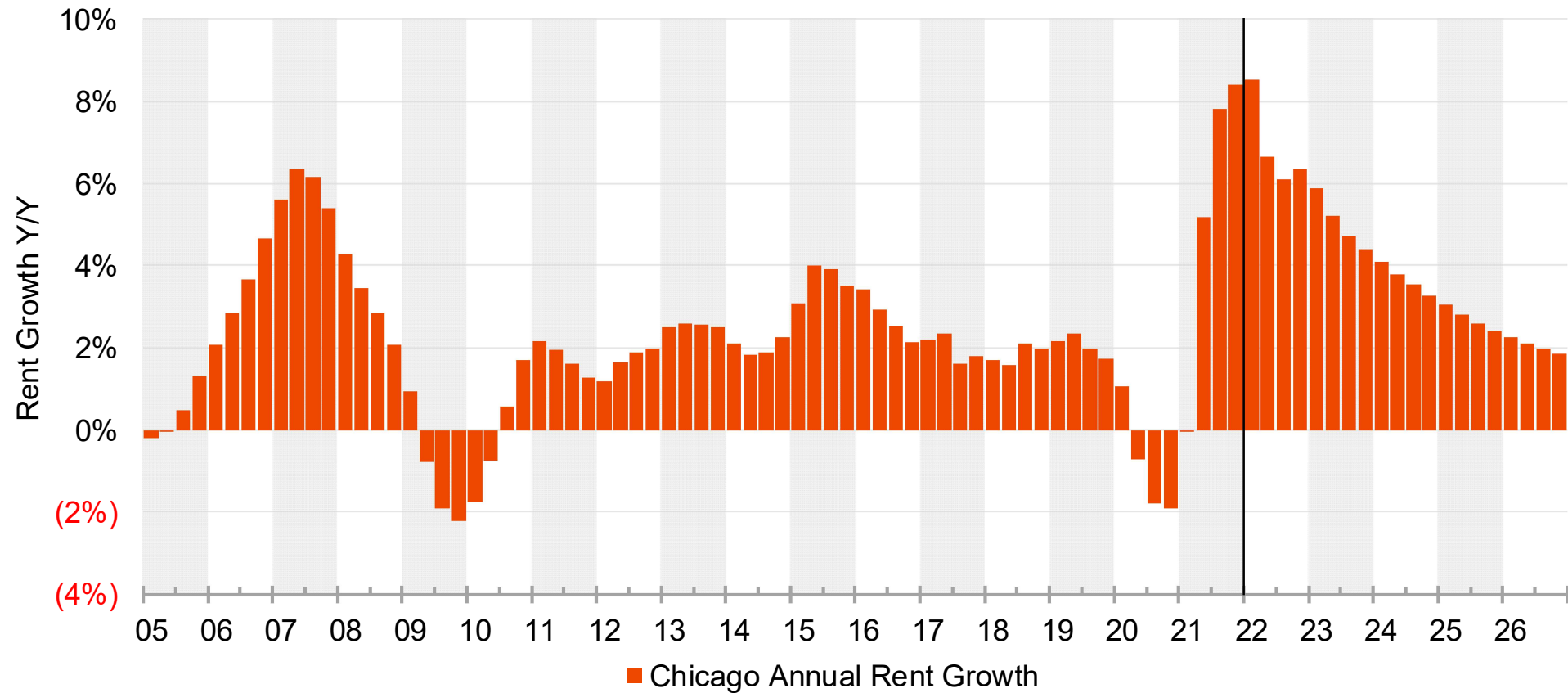


Source: CoStar

End of 21Q4



# Rent Growth, BaselineForecast

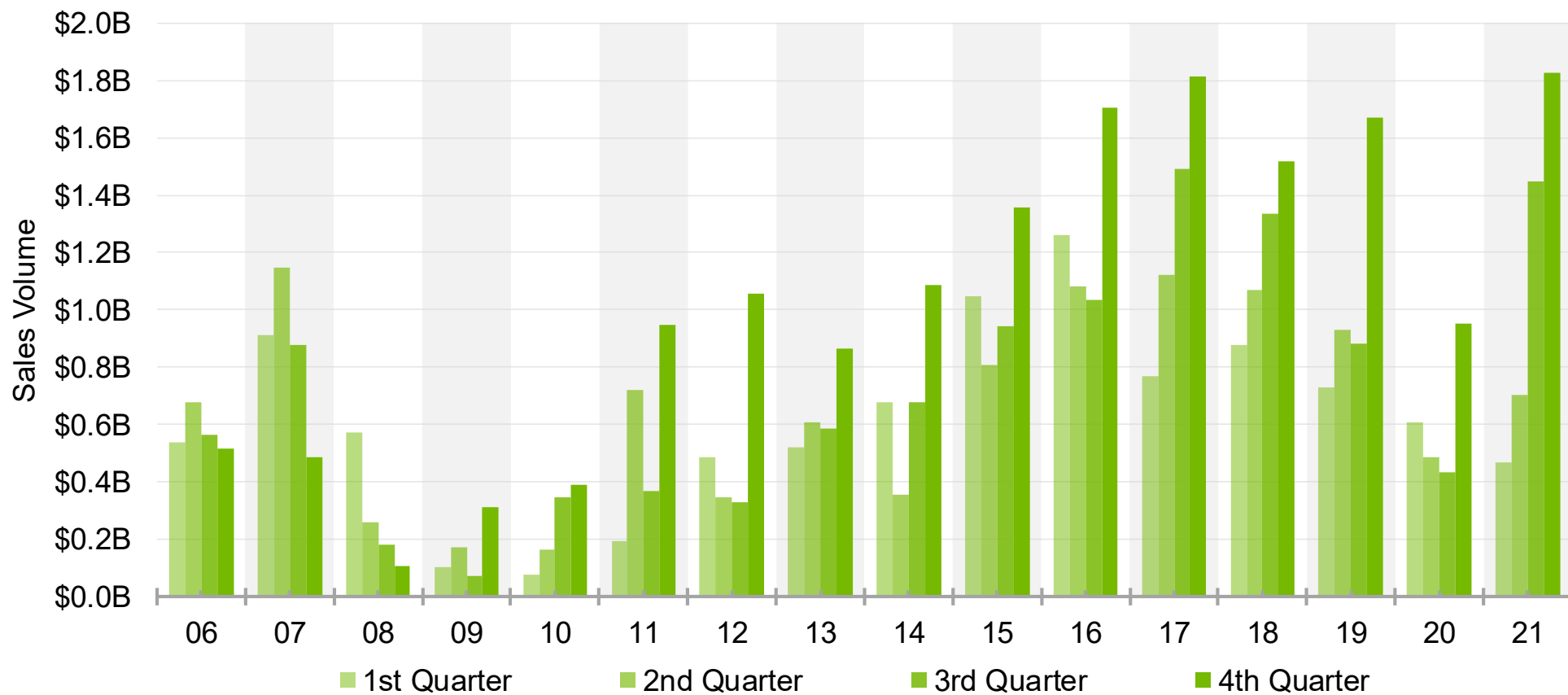


Source: CoStar

End of 21Q4



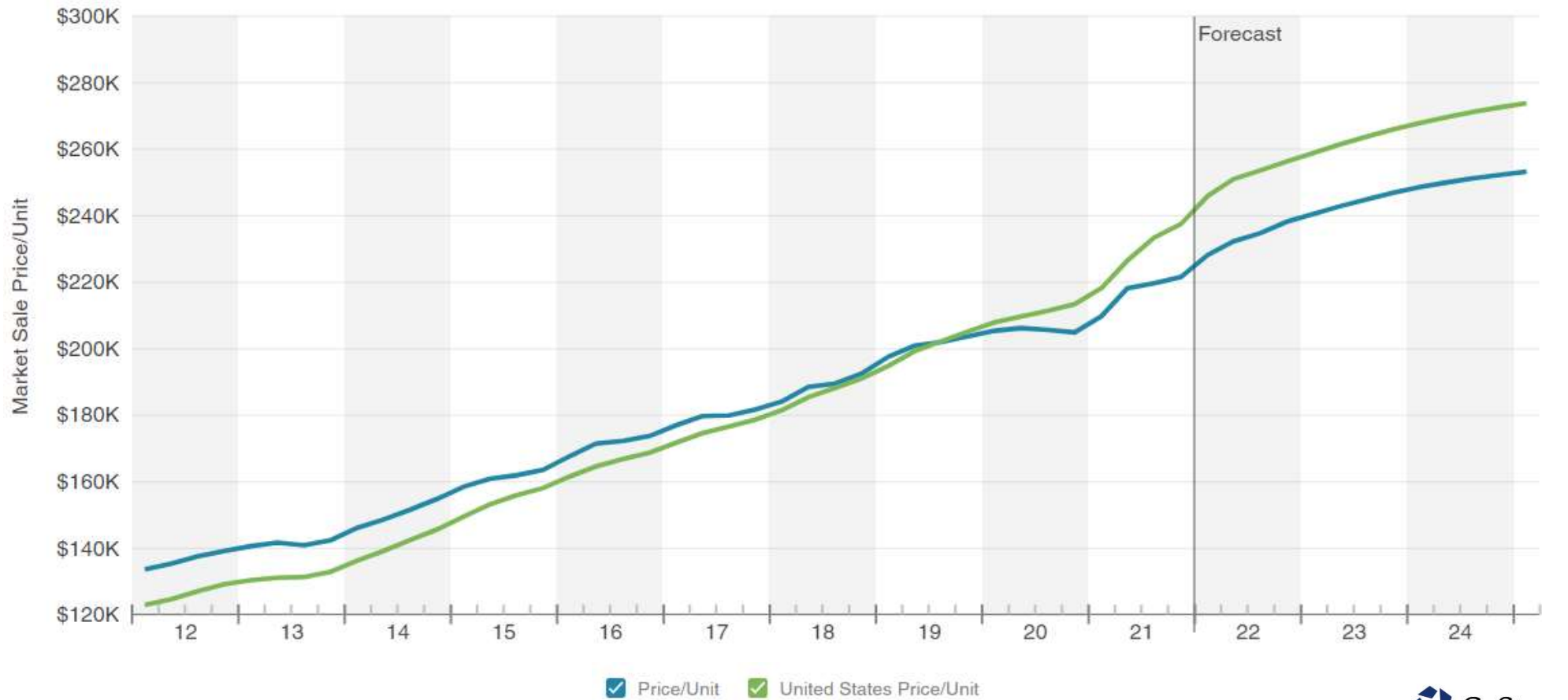
## Quarterly Multifamily Sales Volume



Source: CoStar

End of 21Q4

# Chicago Apartment Pricing vs. U.S.



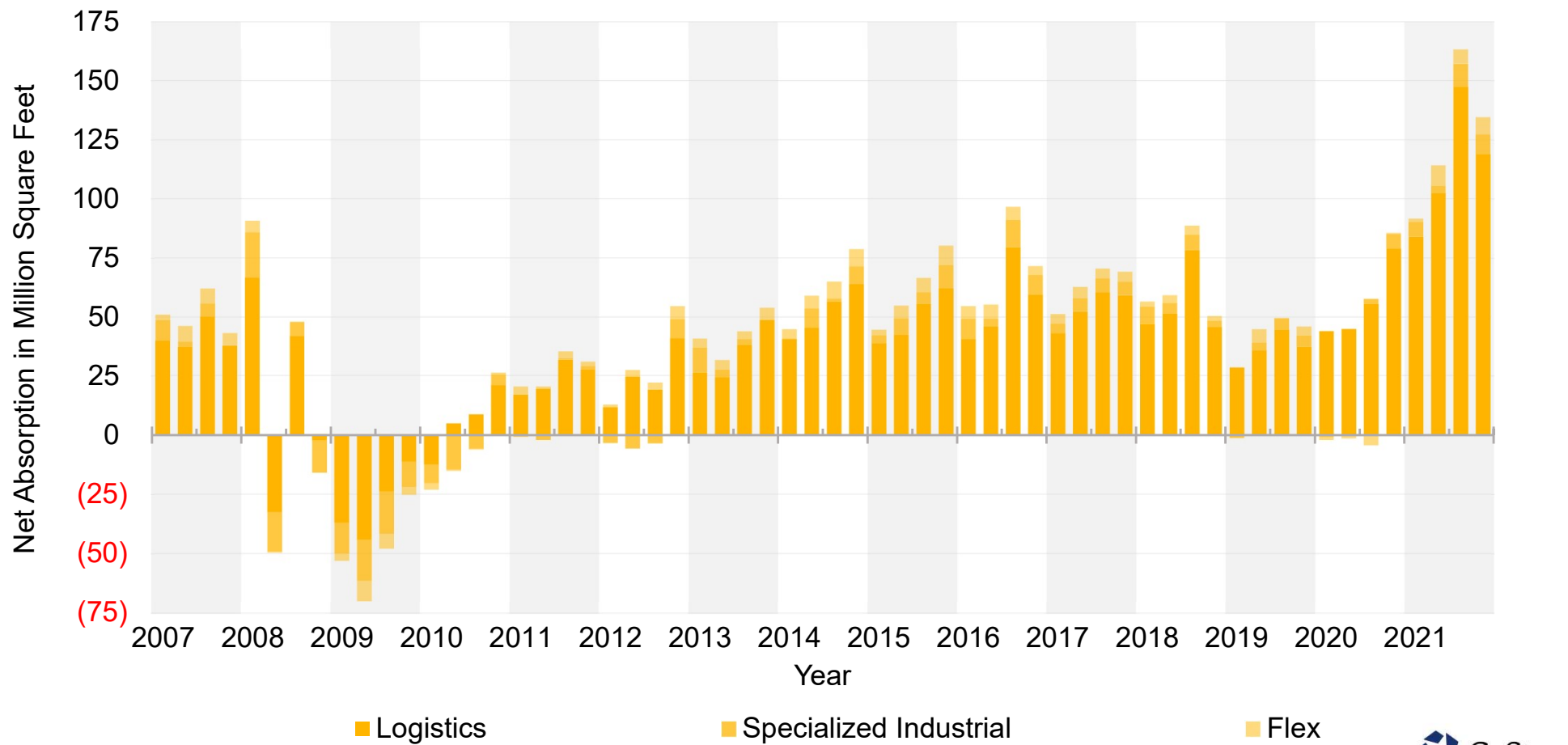


The background is a complex, blue-toned industrial scene. It features large, curved metallic structures, possibly parts of a refinery or power plant, with intricate piping and scaffolding. Overlaid on this are several white, glowing nodes connected by thin white lines, forming a network or data structure. The overall aesthetic is high-tech and industrial.

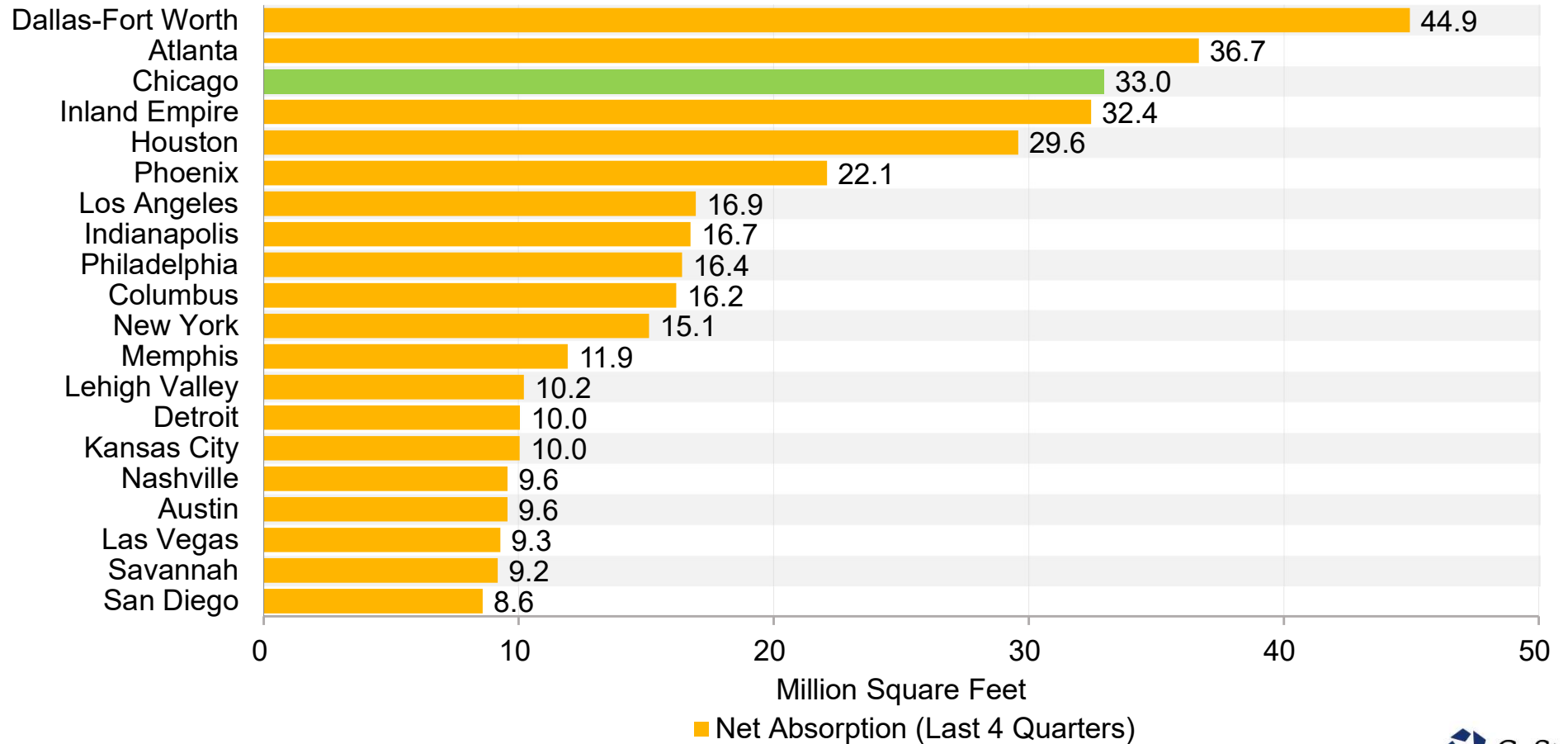
# INDUSTRIAL RECAP



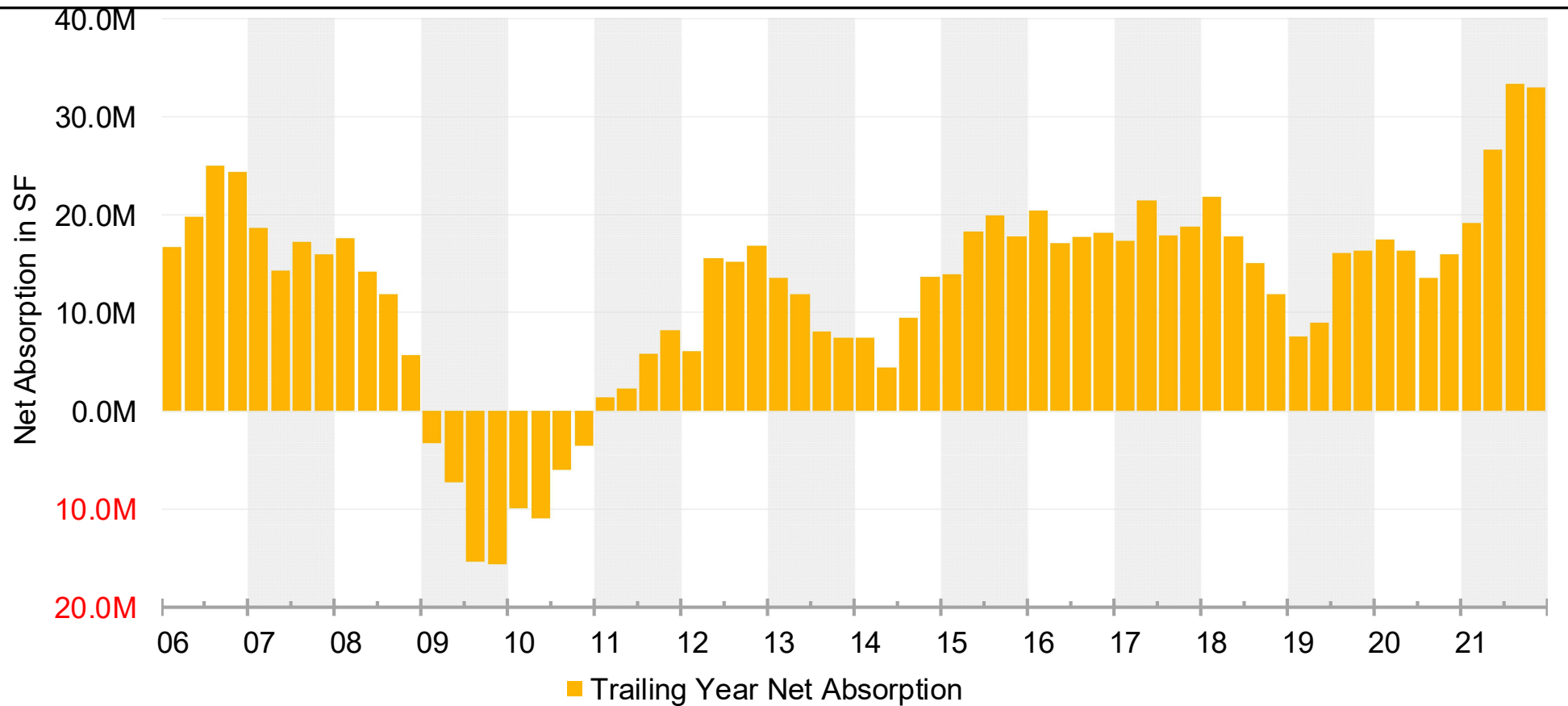
# National Net Absorption, by Subtype



# Net Absorption



# Net Absorption Trailing Four Quarters

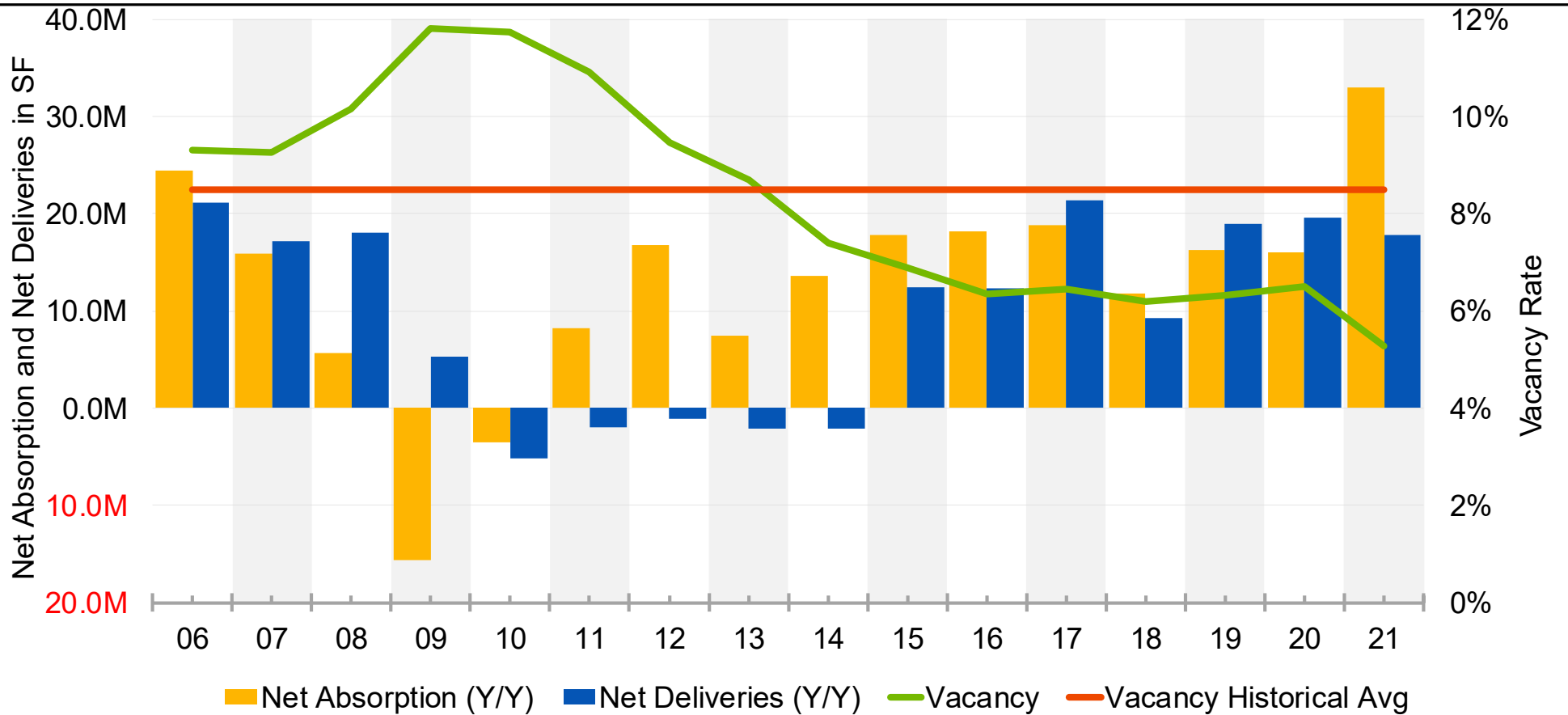


Source: CoStar

End of 21Q4



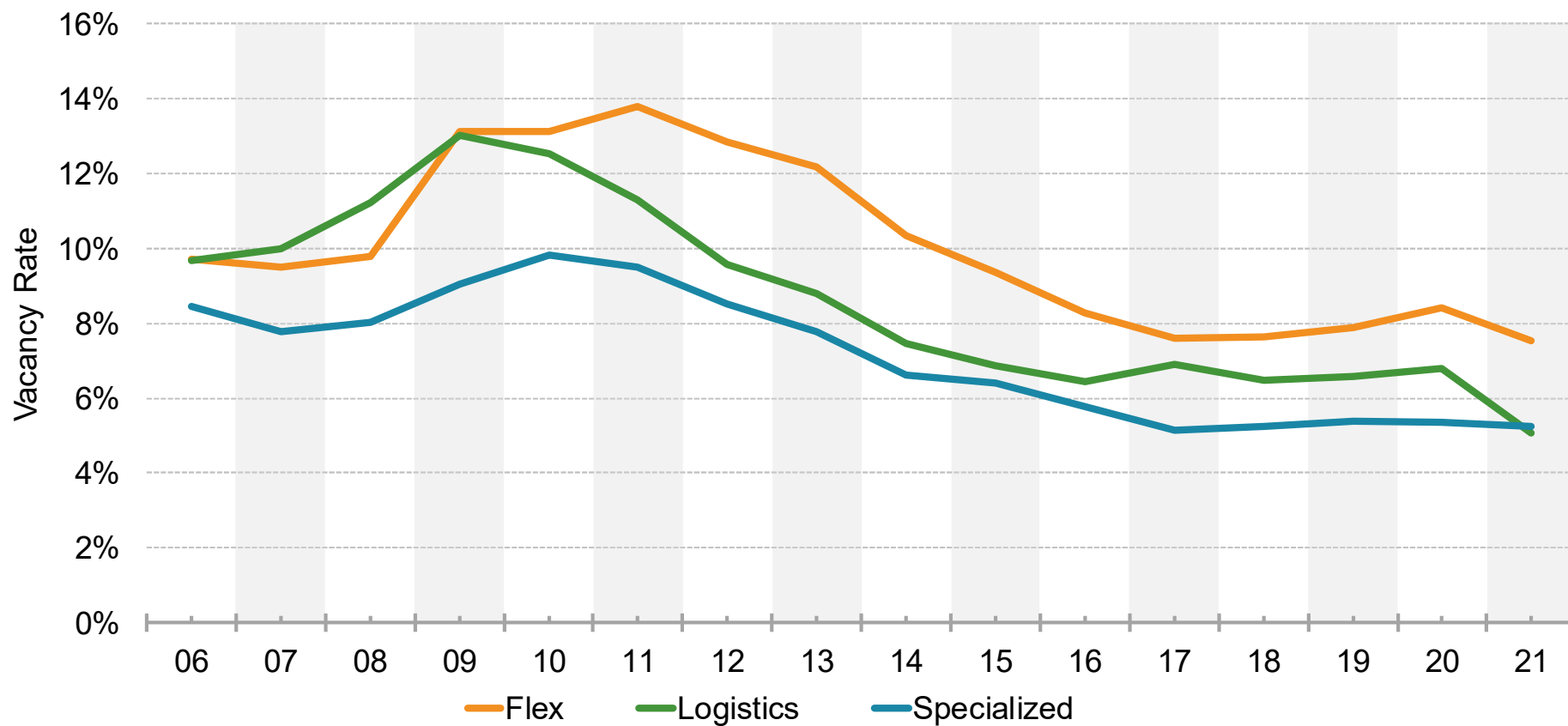
# Supply, Demand and Vacancy in the Chicago Industrial Market



Source: CoStar

End of 21Q4

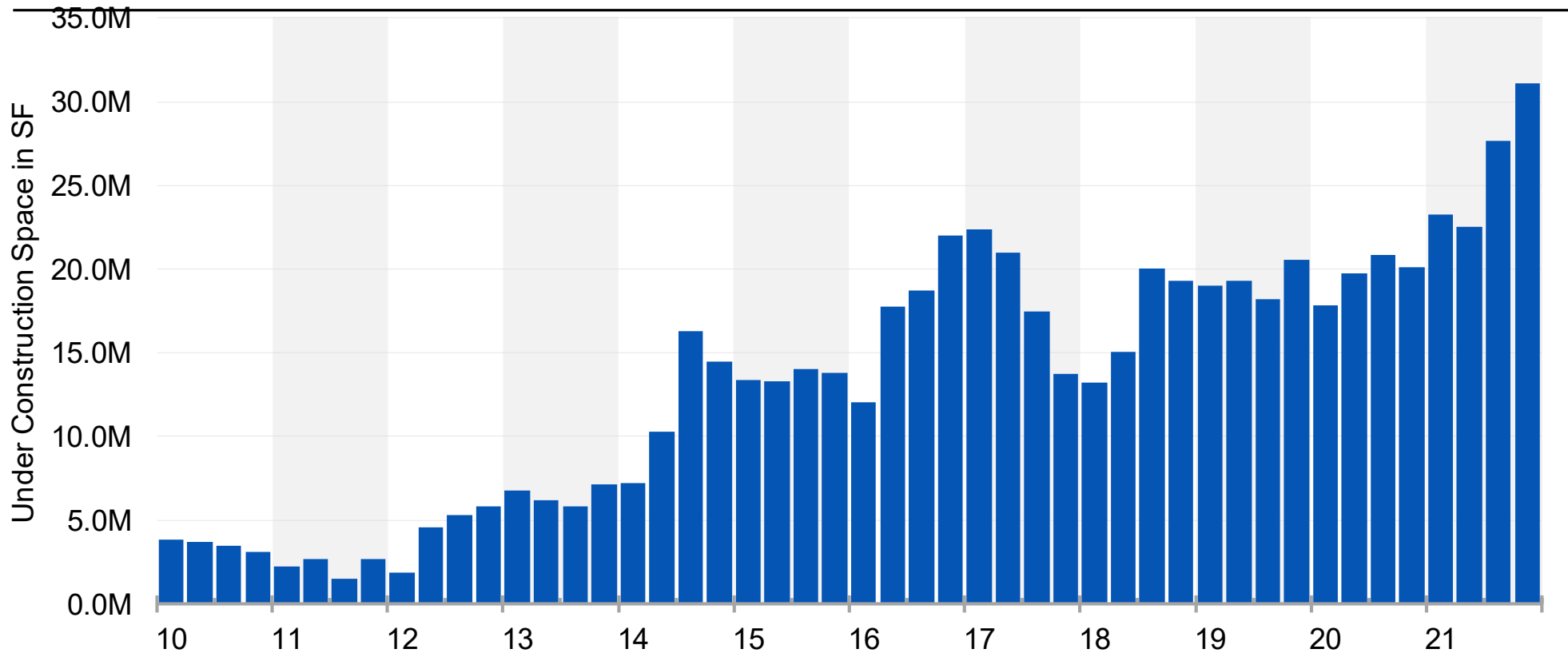
## Industrial Vacancy By Slice Type



Source: CoStar

End of 21Q4

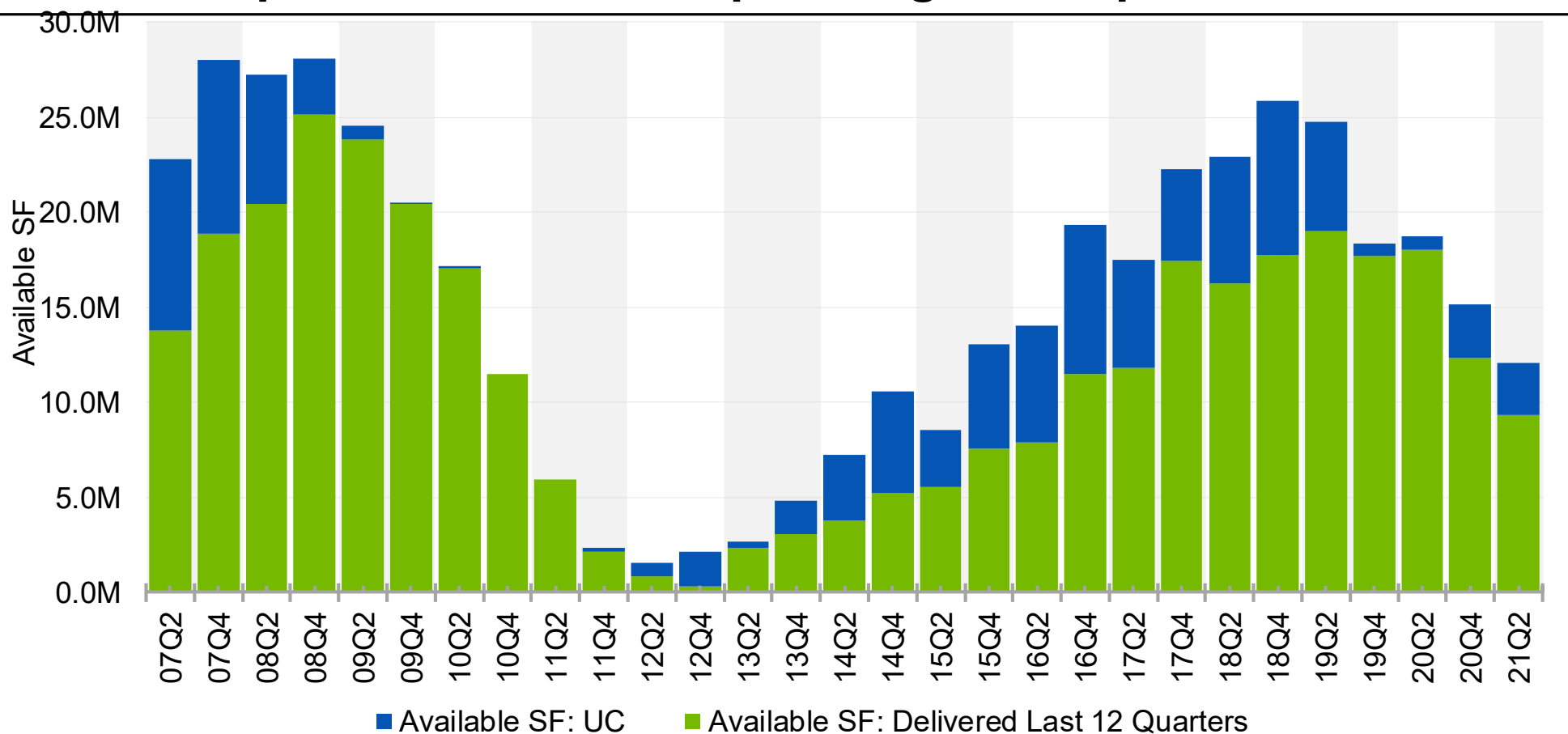
## Chicago: Industrial Space Under Construction Over Time



Source: CoStar

As of January 2022

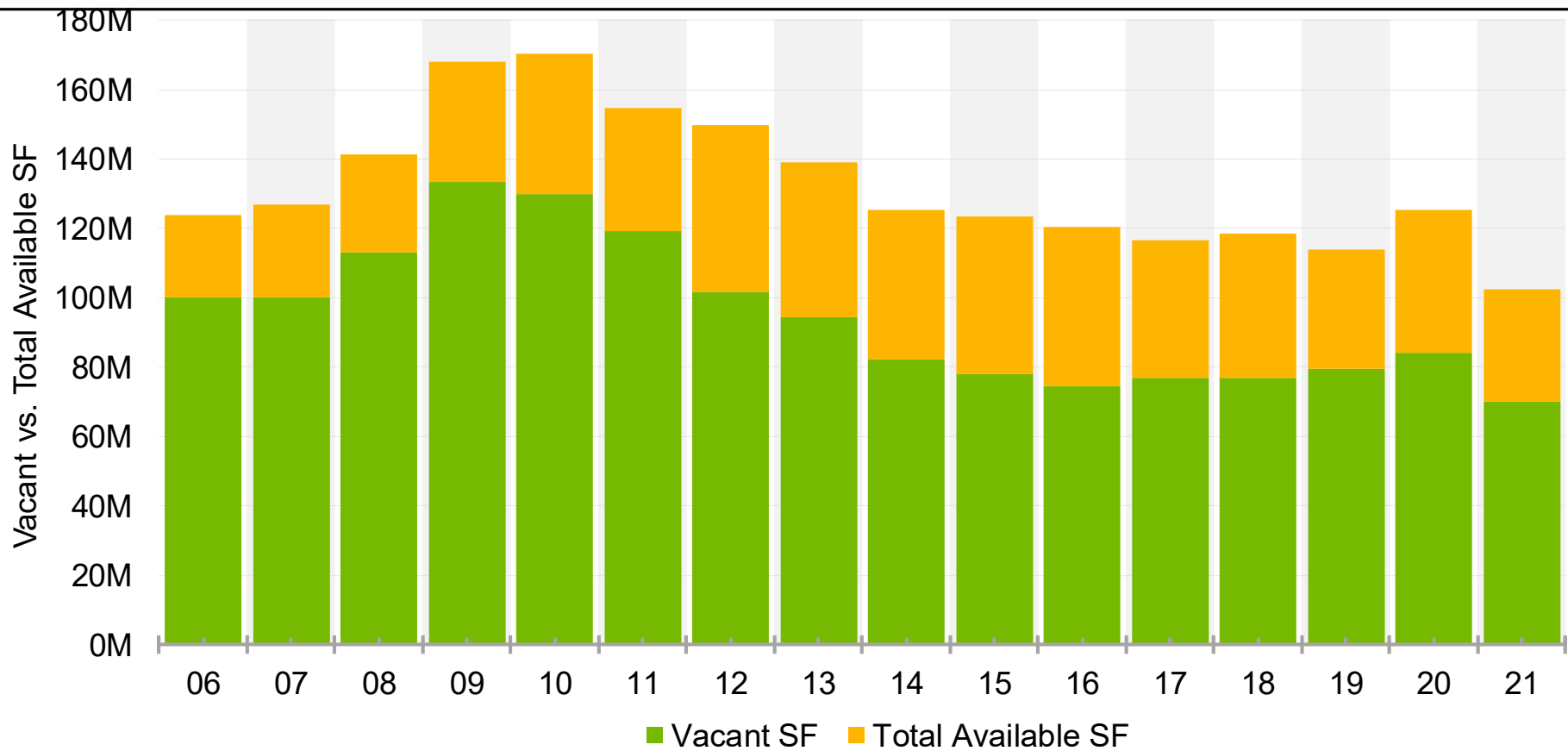
# Available Space In Recent Or Upcoming Developments



Source: CoStar

End of 21Q4

## Chicago: Vacant, Total Available Space

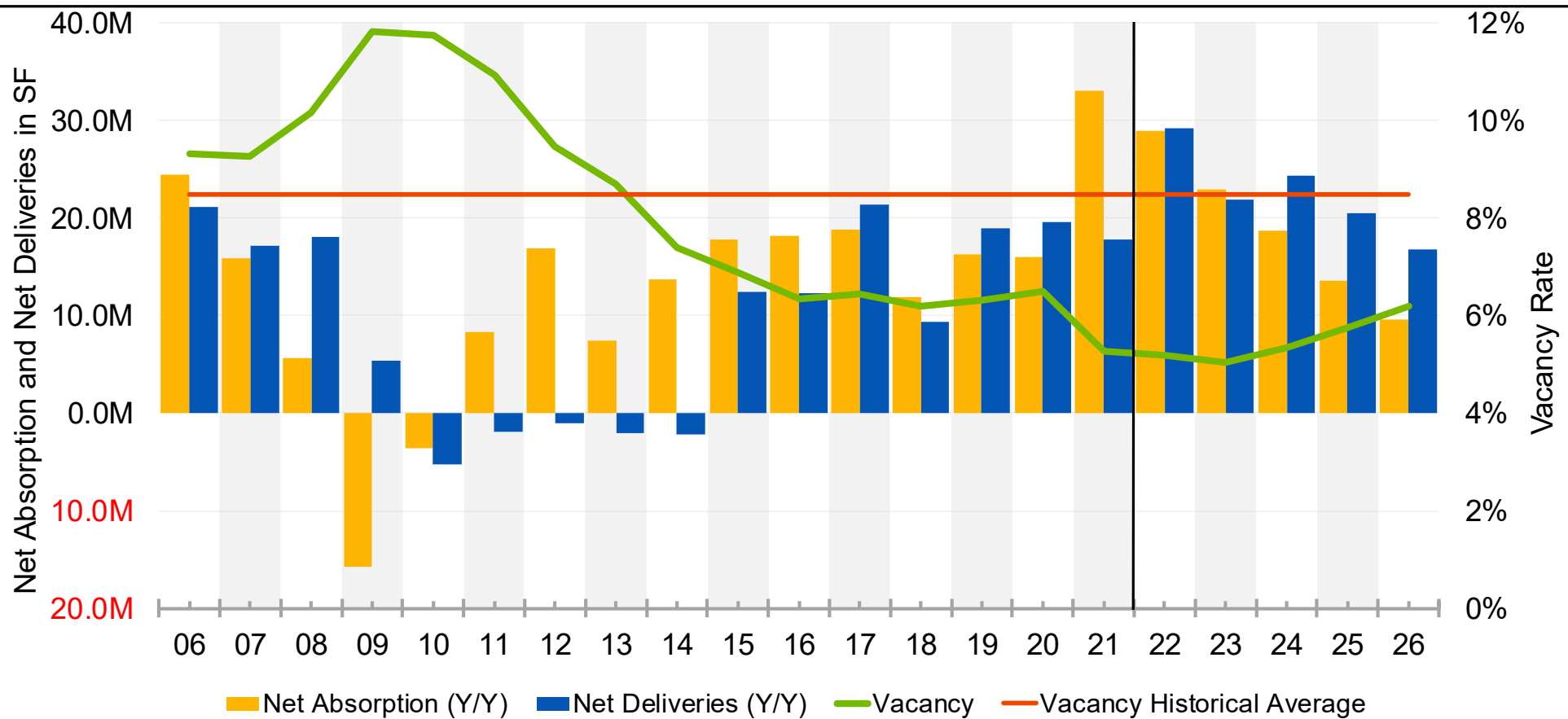


Source: CoStar

End of 21Q4



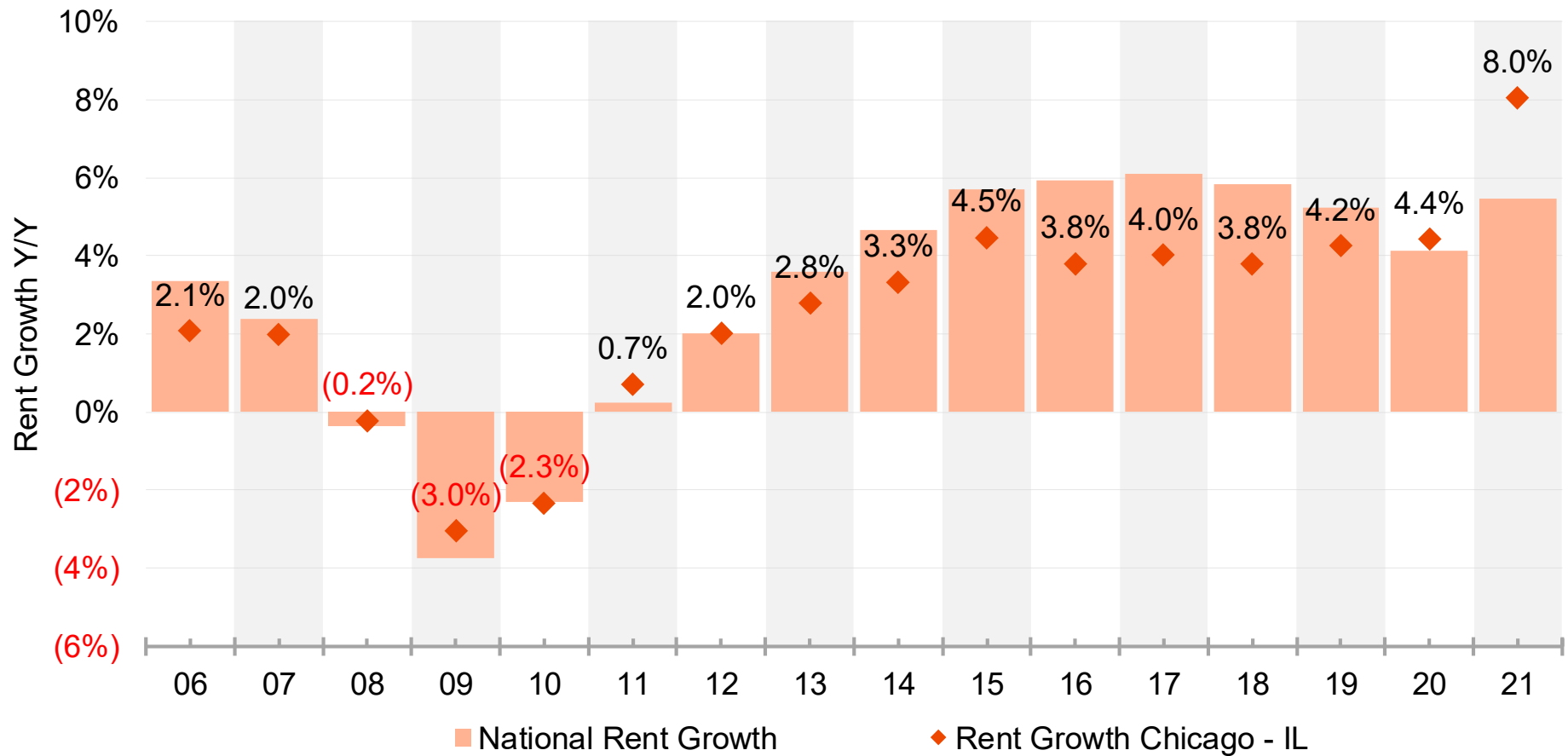
## Base Case Forecast: Supply, Demand and Vacancy



Source: CoStar

End of 21Q4

# Industrial Rent Growth

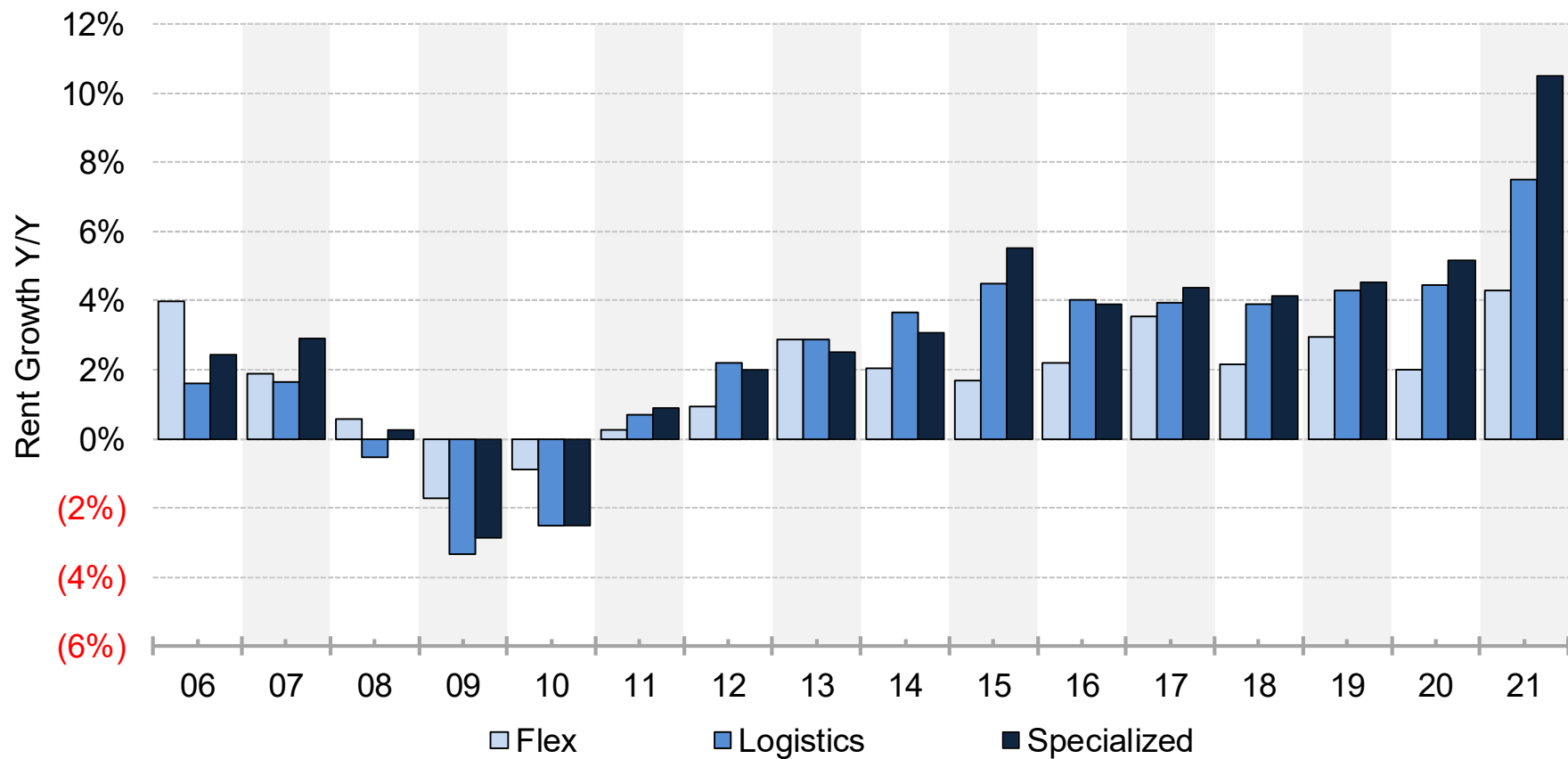


Source: CoStar

End of 21Q4



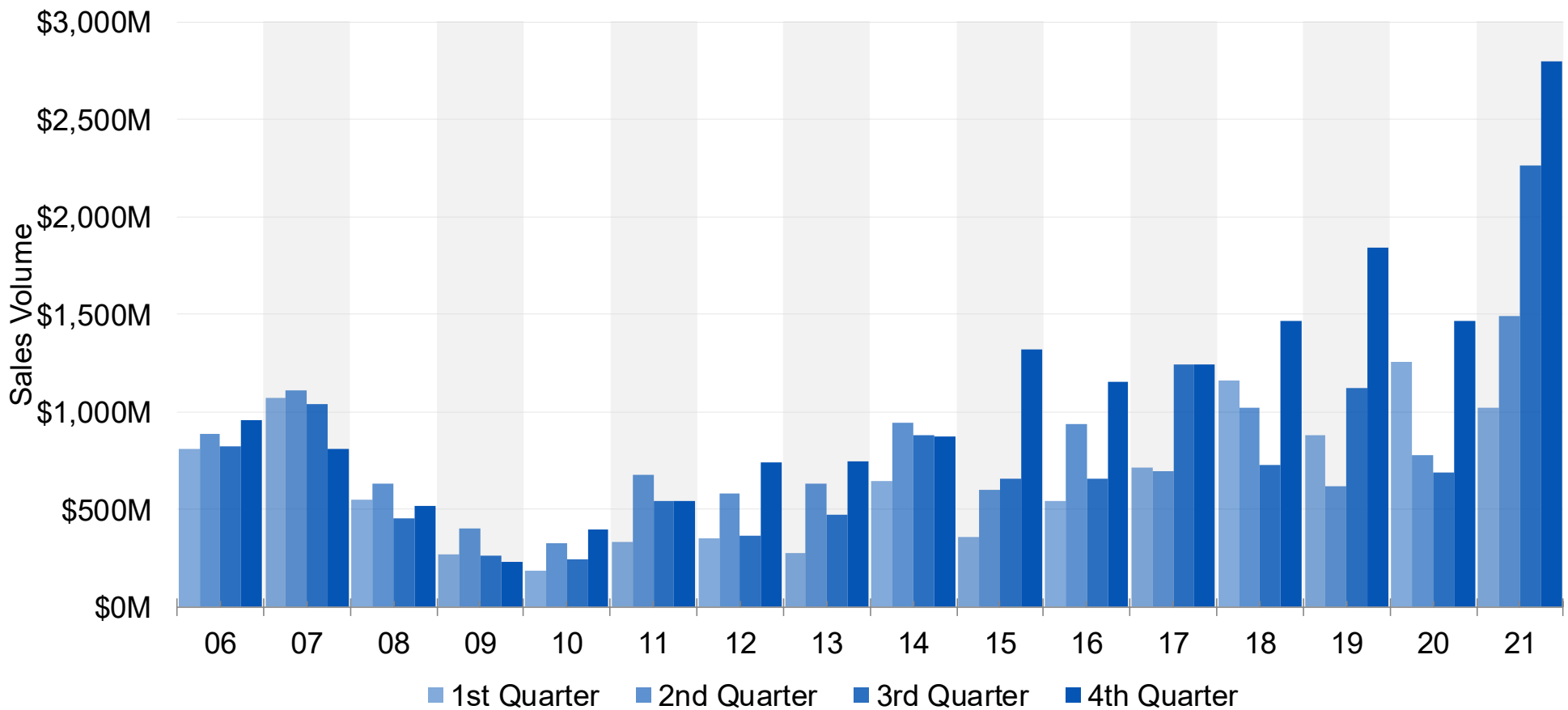
## Rent Growth By Industrial Subtype



Source: CoStar

End of 21Q4

## Quarterly Sales Volume

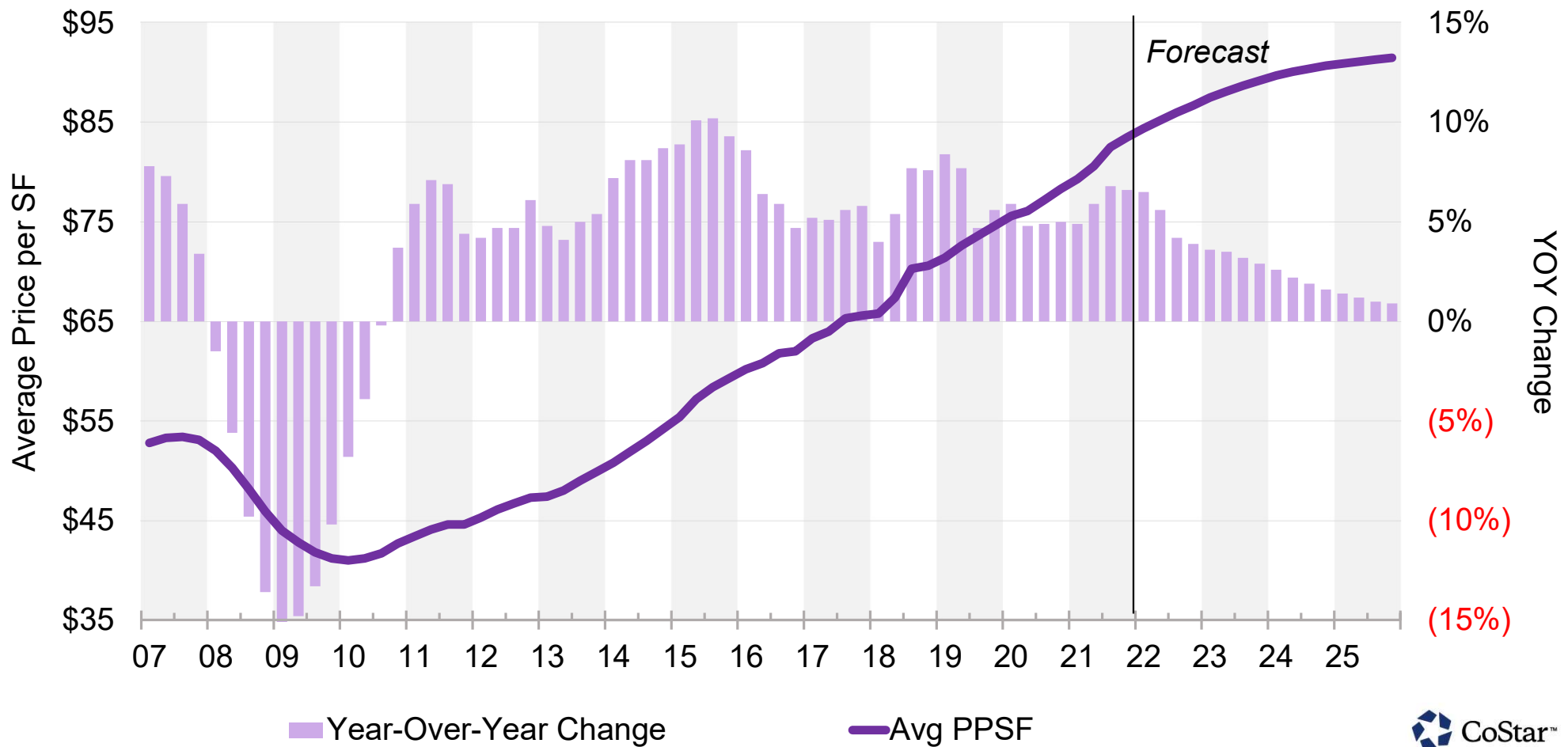


Source: CoStar

End of 21Q4



# Chicago Industrial Pricing: Baseline Forecast

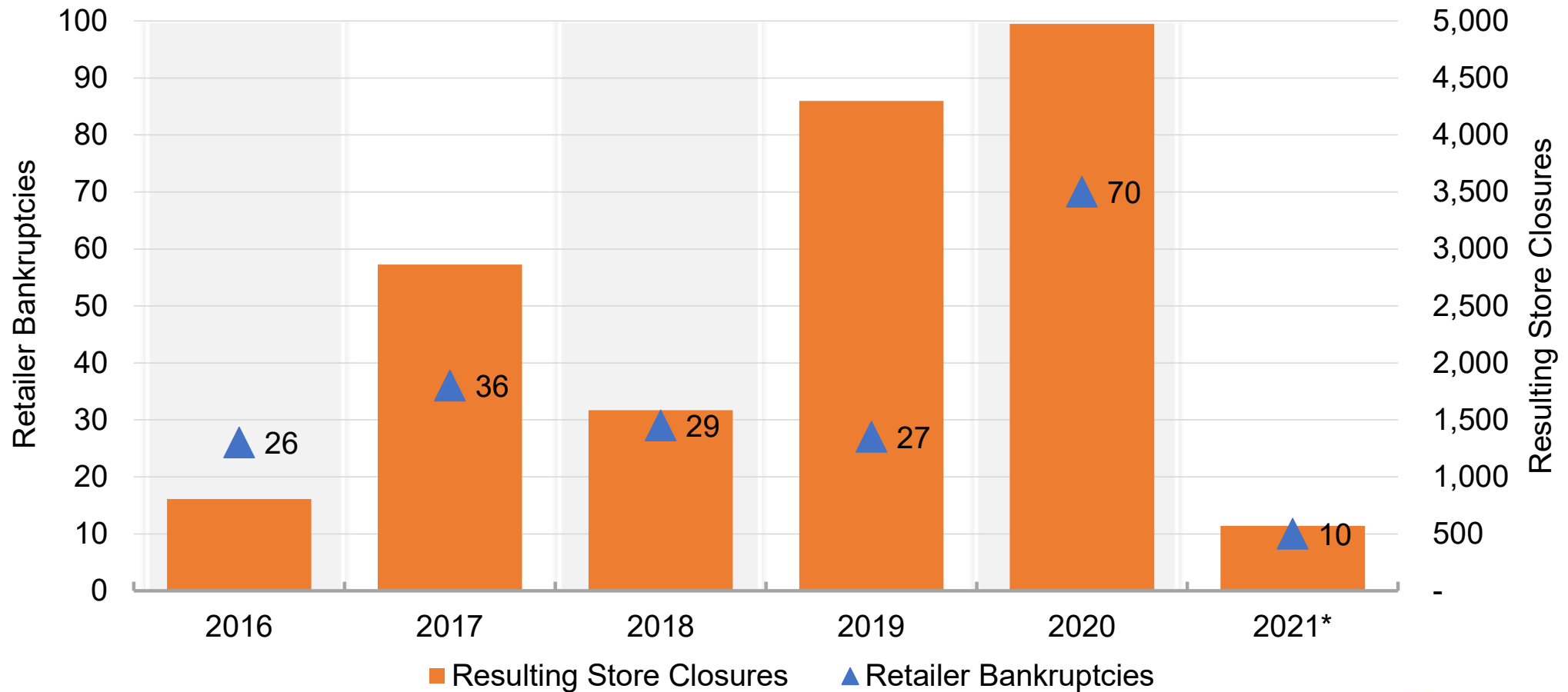




# RETAIL RECAP



## Retail Bankruptcies and Resulting Store Closures

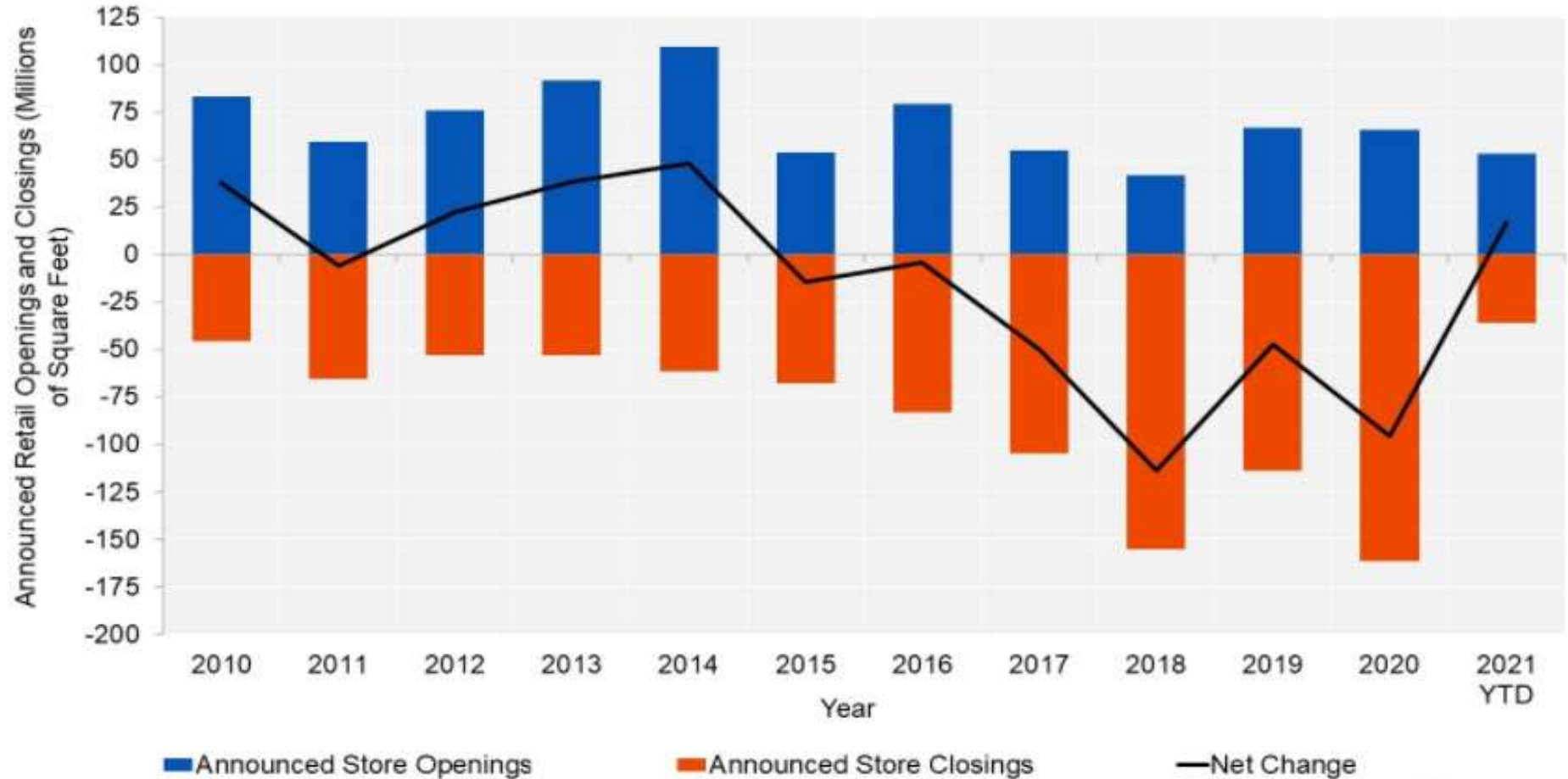


Source: PNC RE Market Research, ICSC Research

\* As of Dec-21

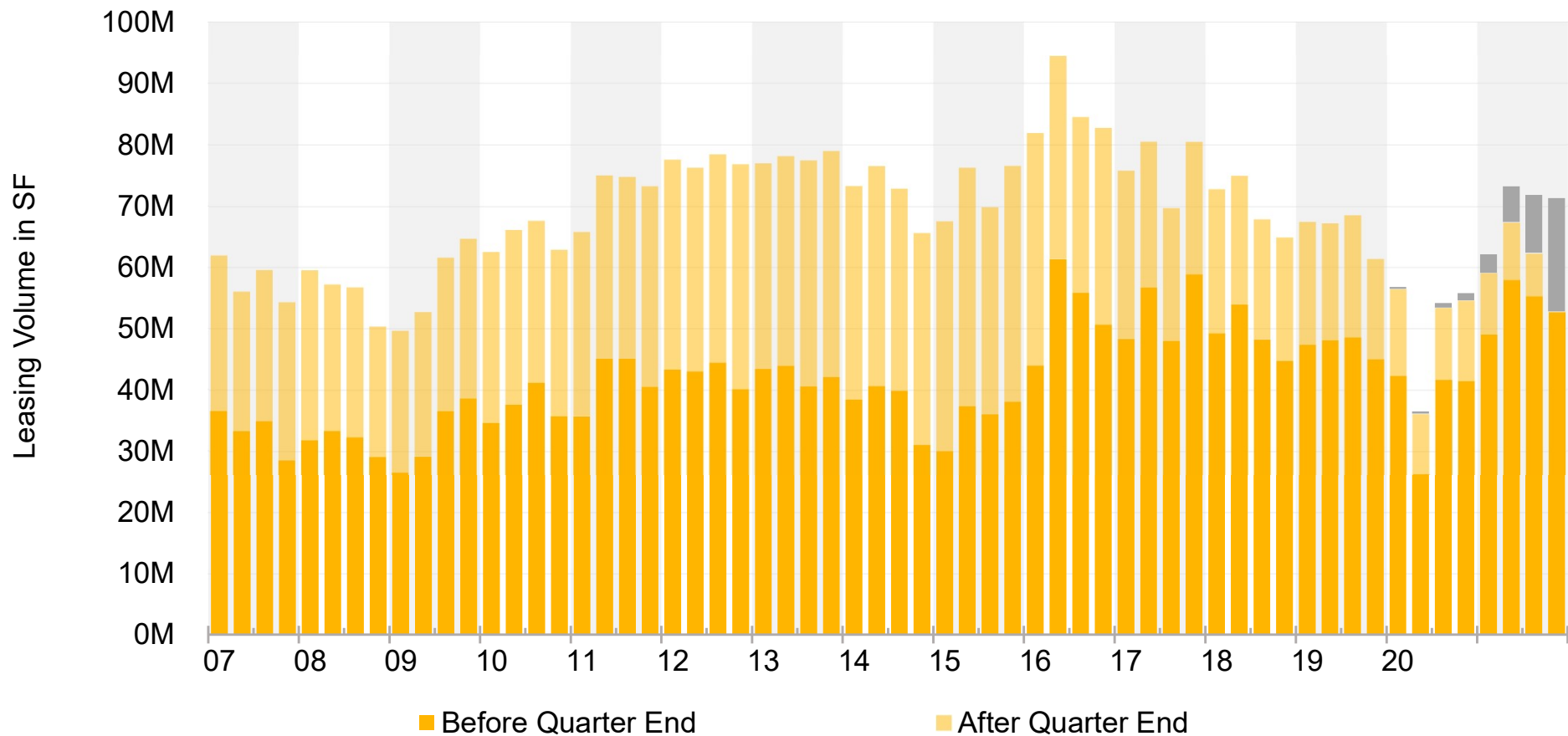


## Announced Opening Outpace Announced Closures

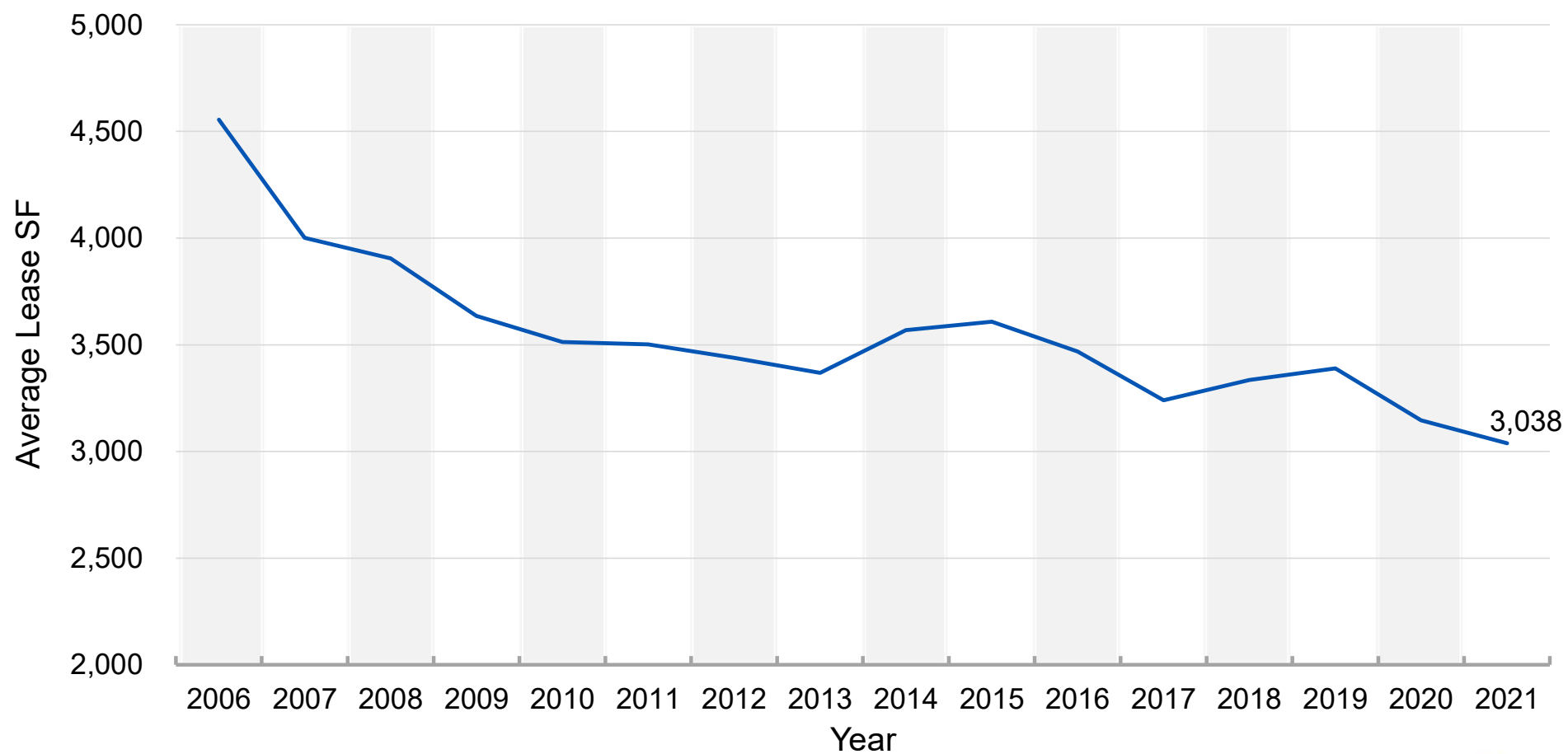


Source: CoStar Advisory Services, December 2021

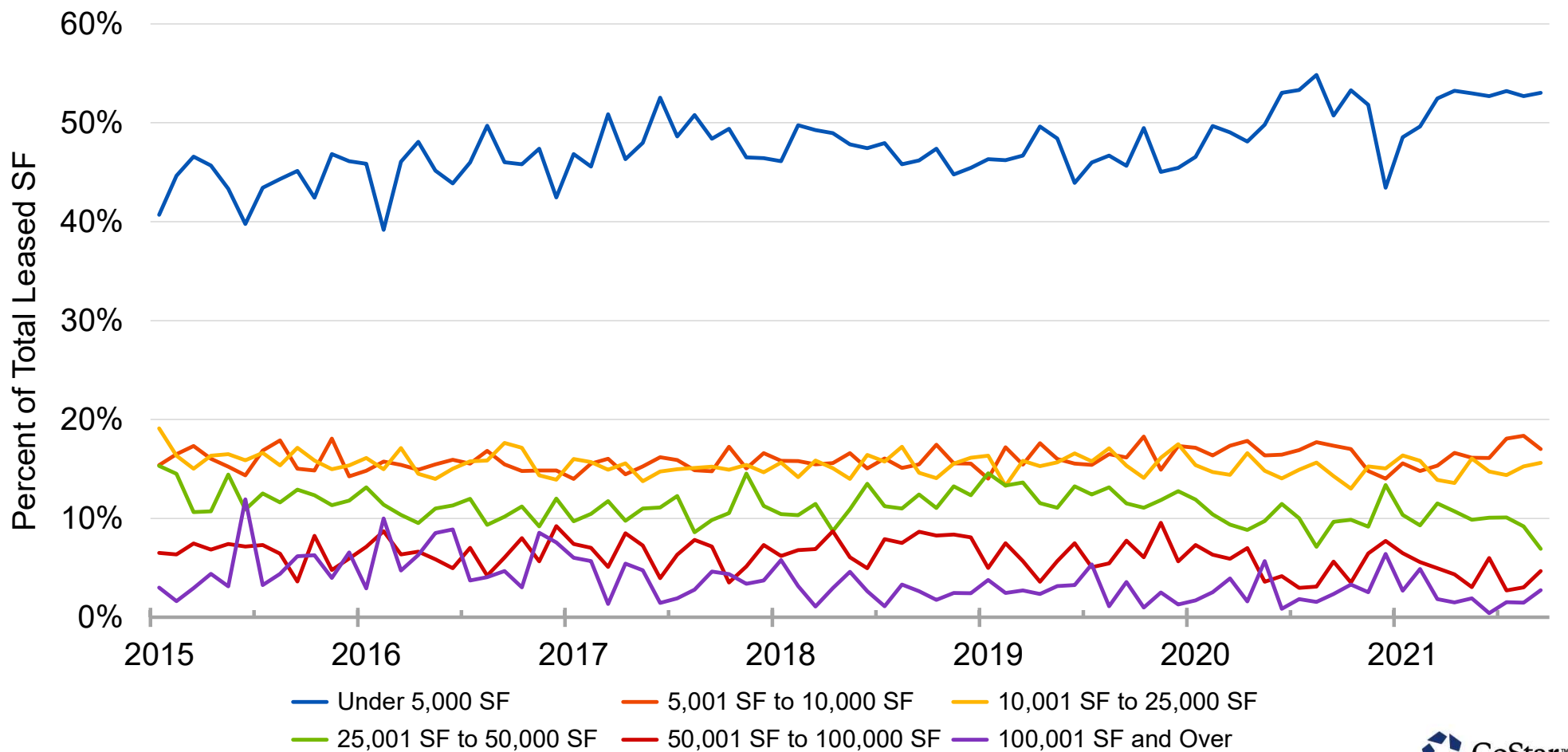
## Quarterly Retail Leasing Volume



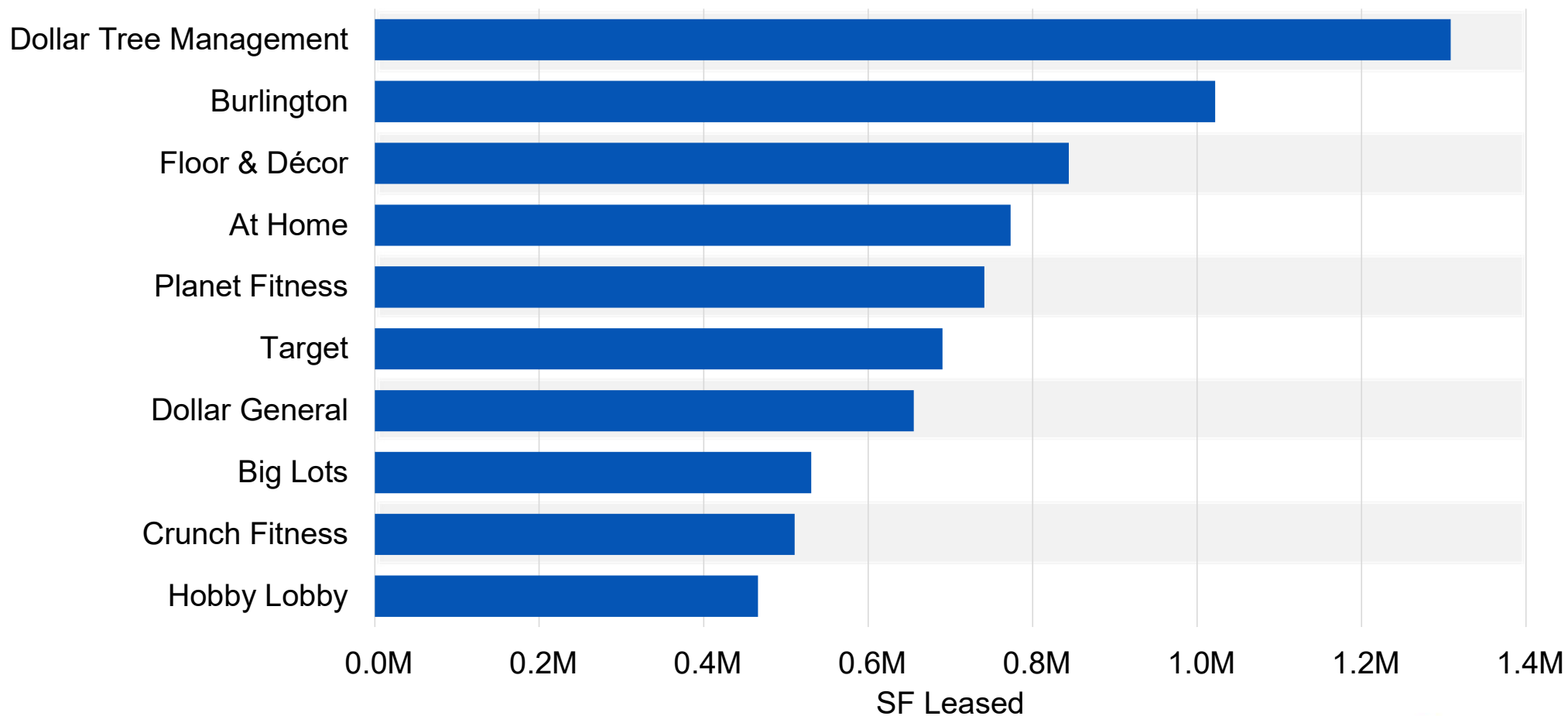
## Downward Pressure on Average Leased Footprint Remains



# Leasing Resurgence Driven by Smaller Spaces

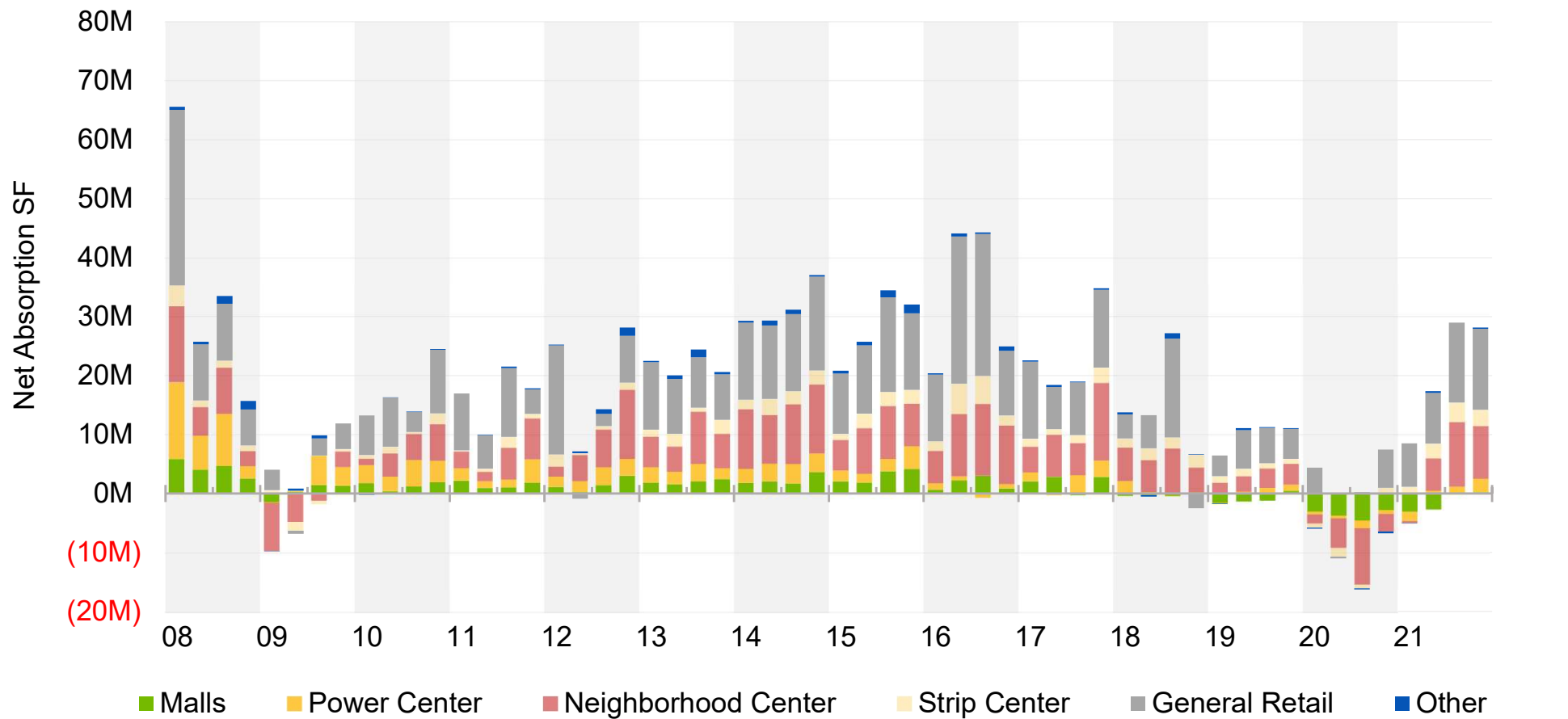


## Tenants Leasing Most Space in 2021

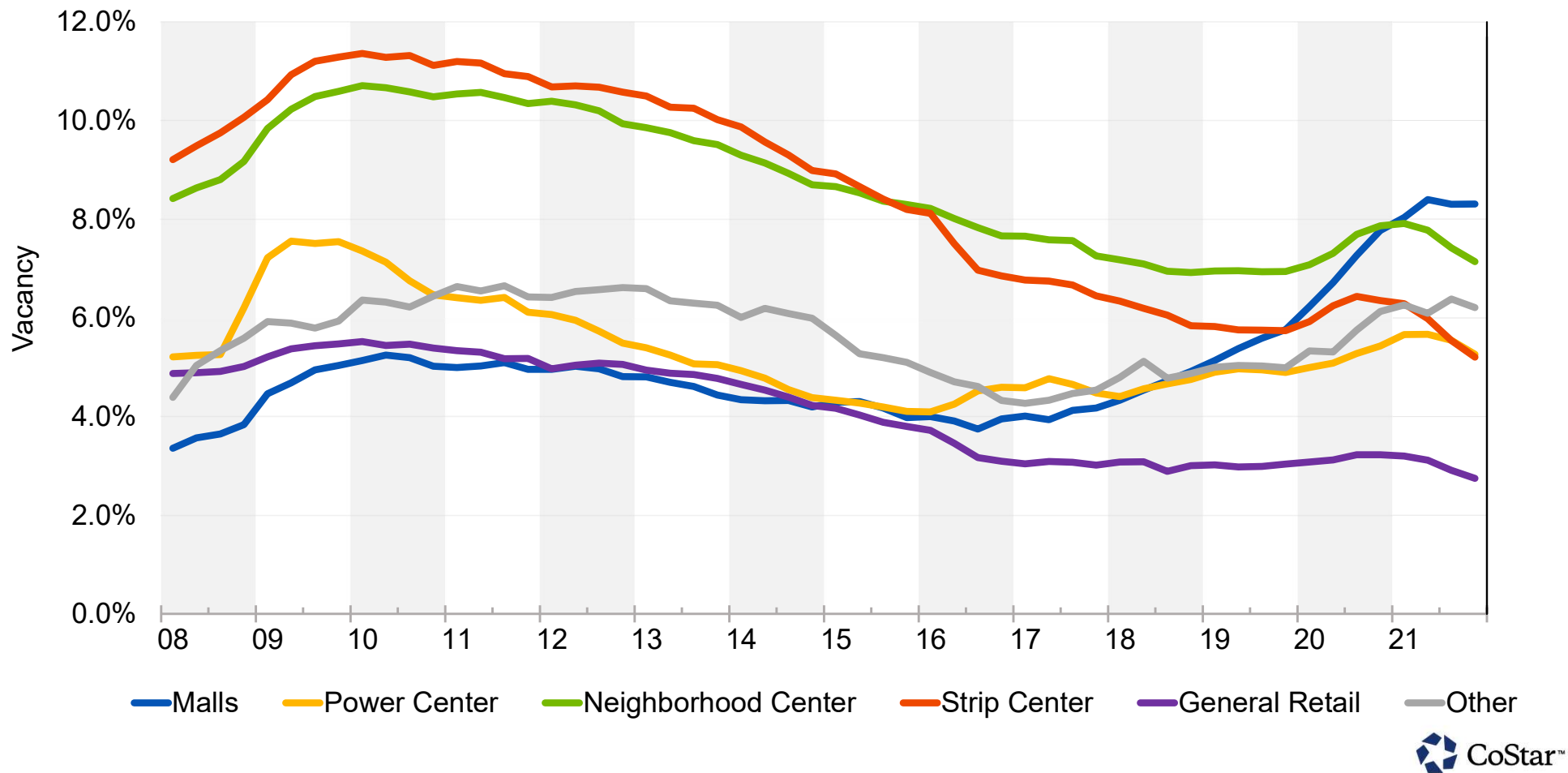


Source: CoStar Group as of Nov 30, 2021

## Net Absorption, by Subtype

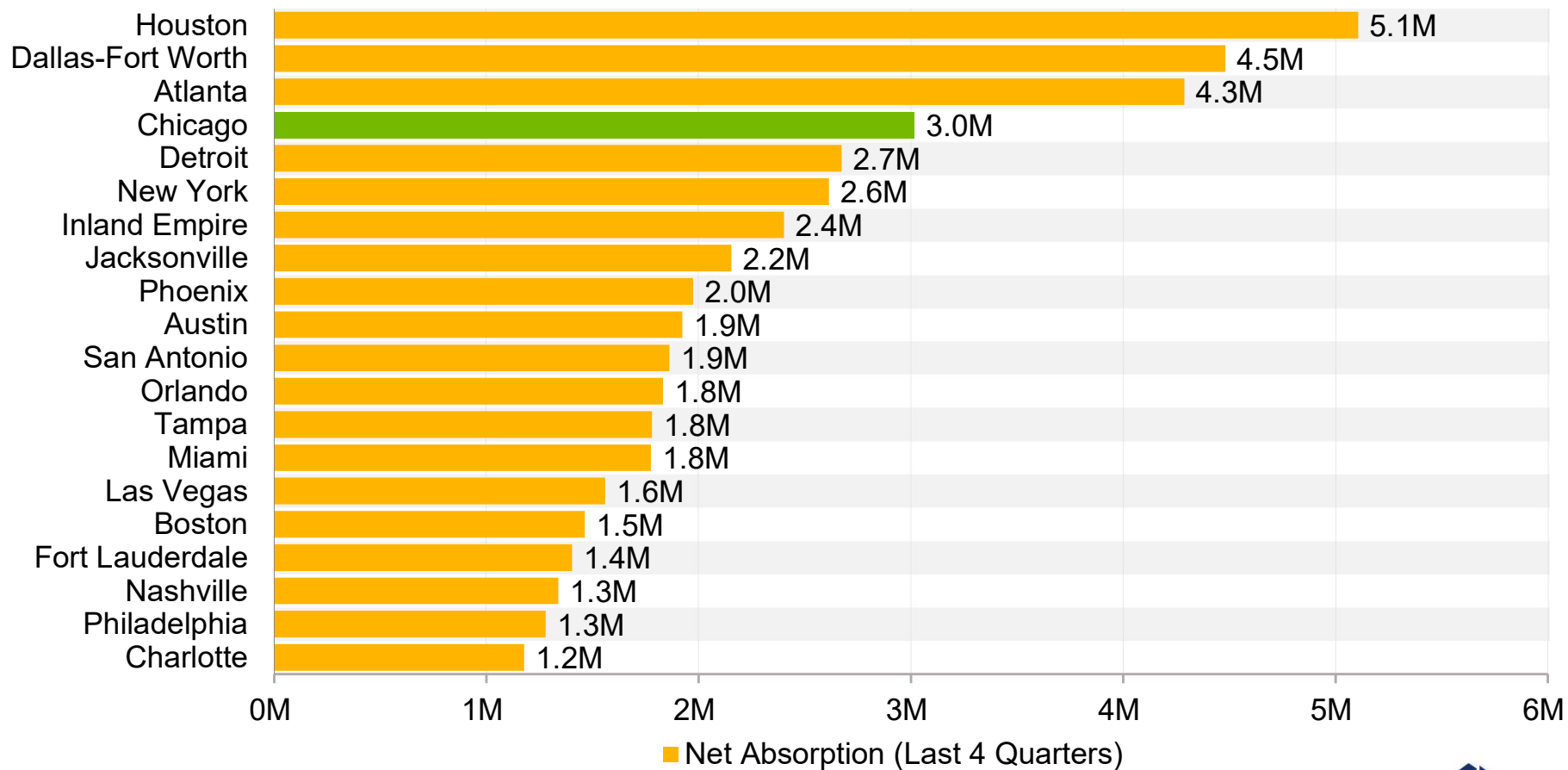


## Vacancy Rate by Shopping Center Type

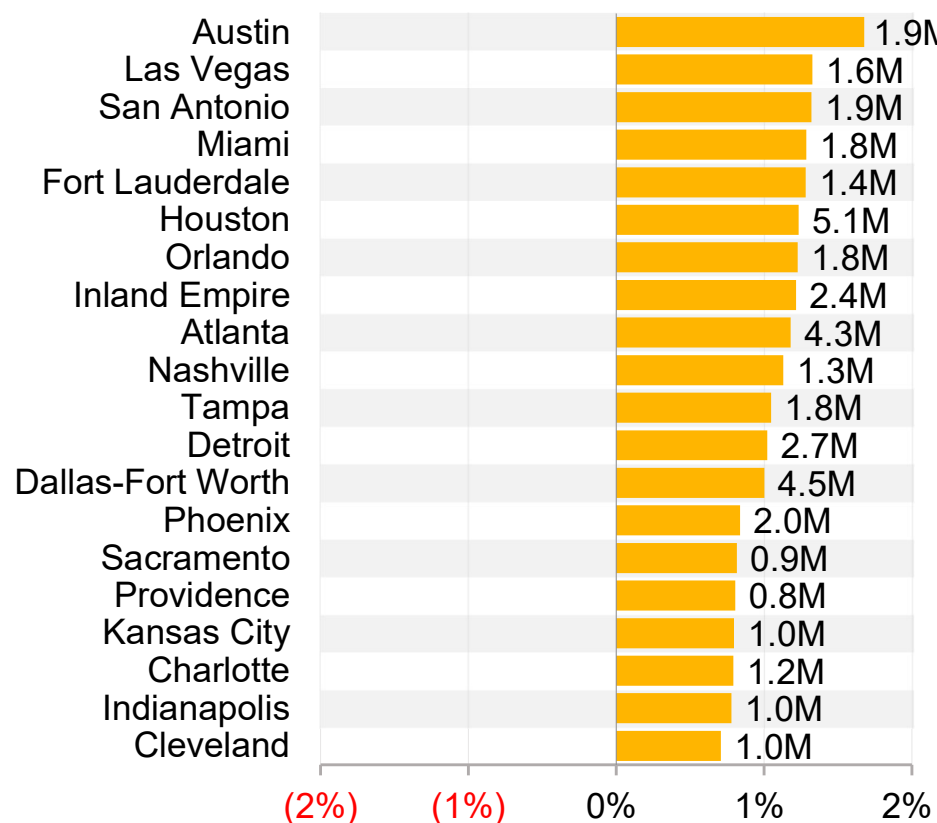




## Top Net Absorption

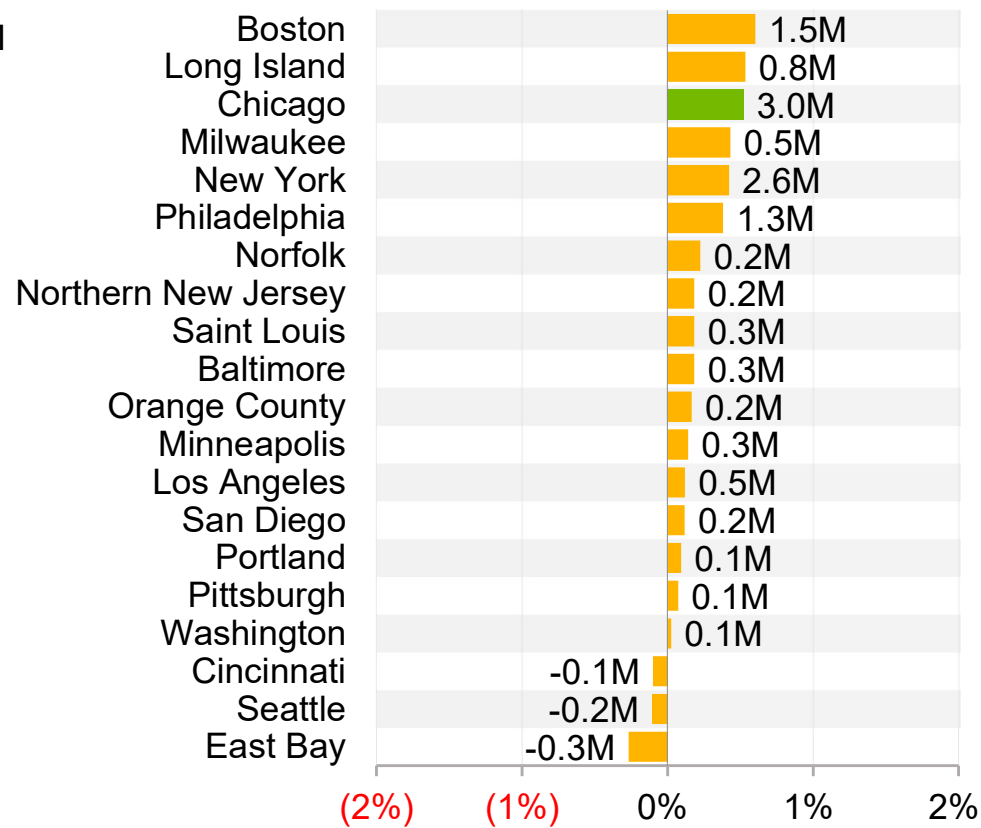


## Net Absorption As Share of Inventory



■ Net Absorption as Share of Inventory (Last 4 Quarters)

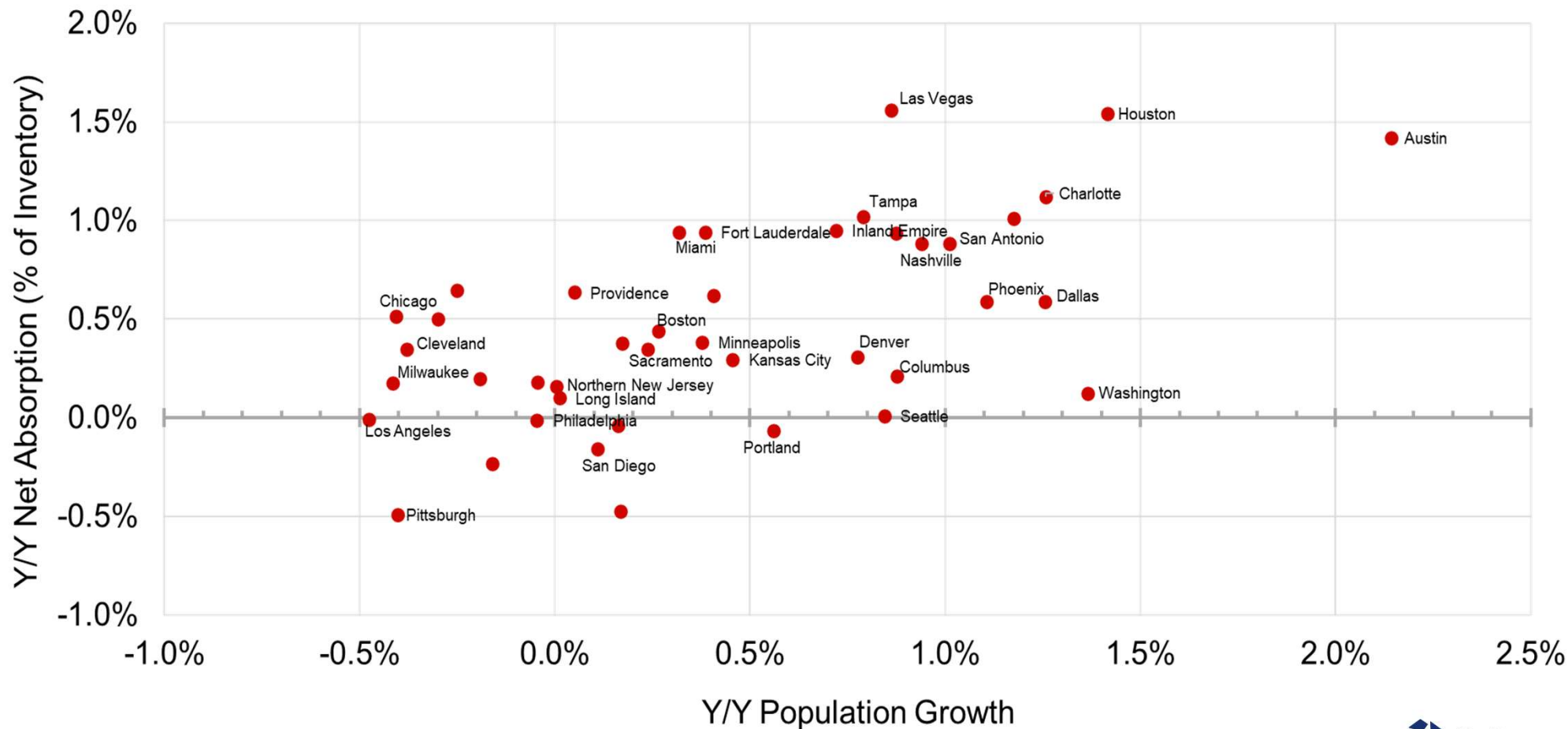
Note: Includes markets with 100M+ SF inventory.



■ Net Absorption as Share of Inventory (Last 4 Quarters)

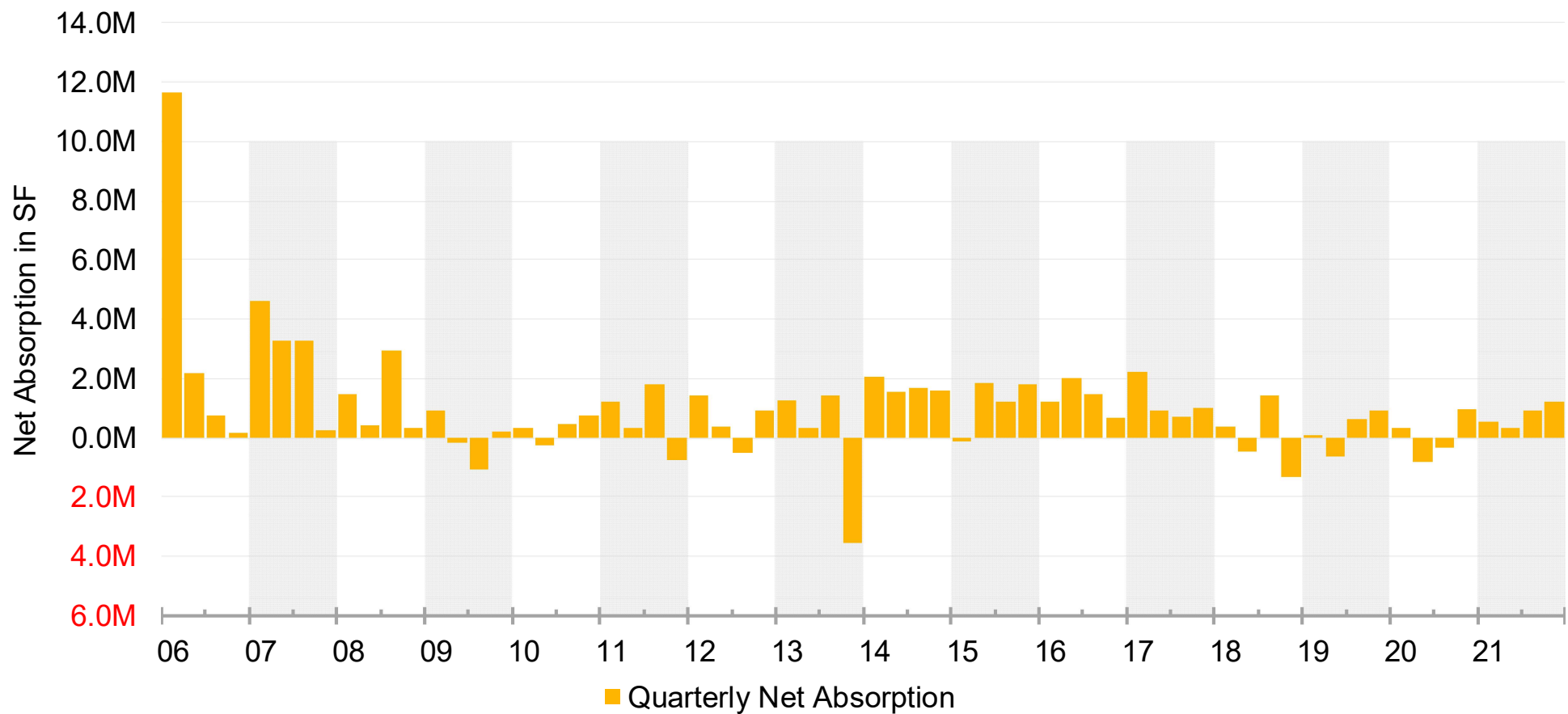
Note: Includes markets with 100M+ SF inventory.

## Retail Still Follows Rooftops



Source: CoStar, Oxford Economics

## Net Absorption: Quarterly

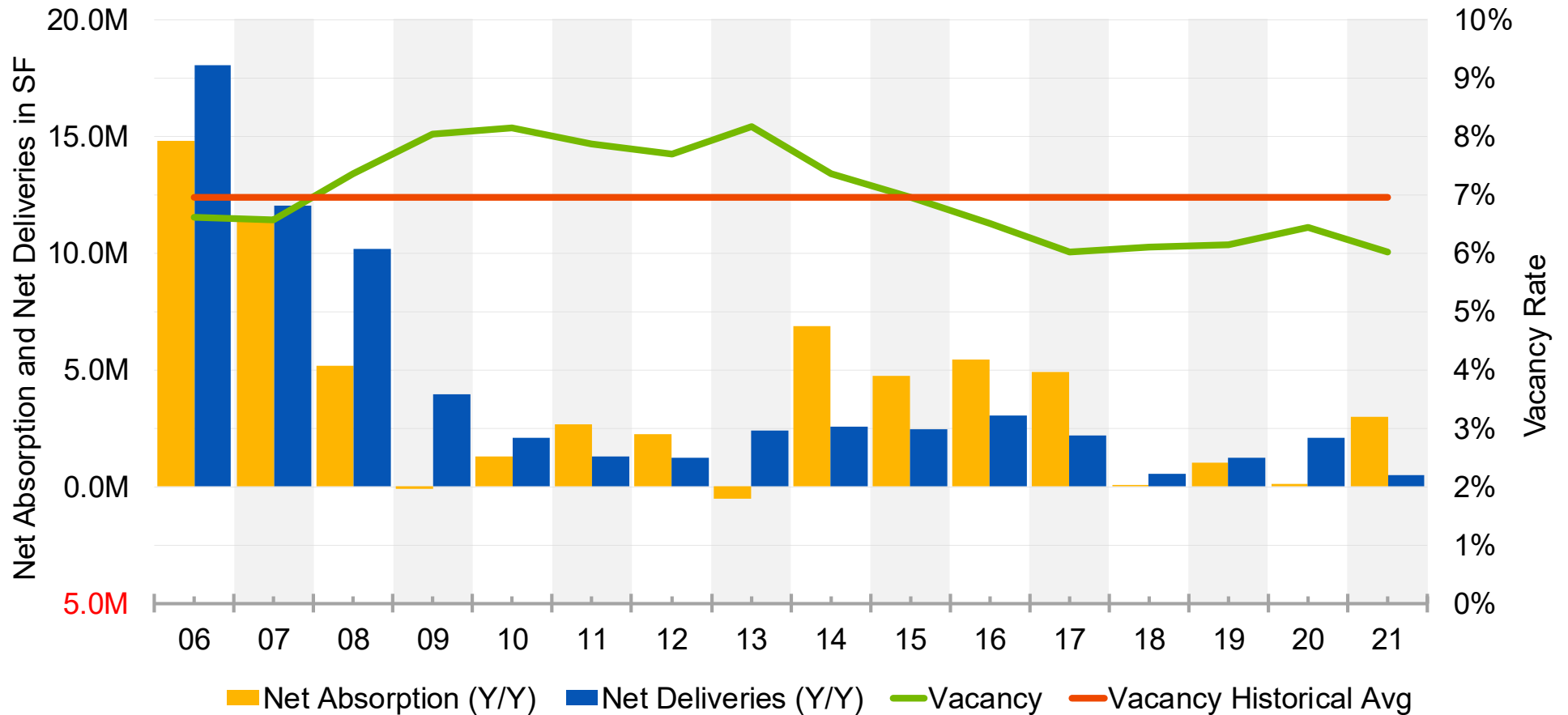


Source: CoStar

End of 21Q4

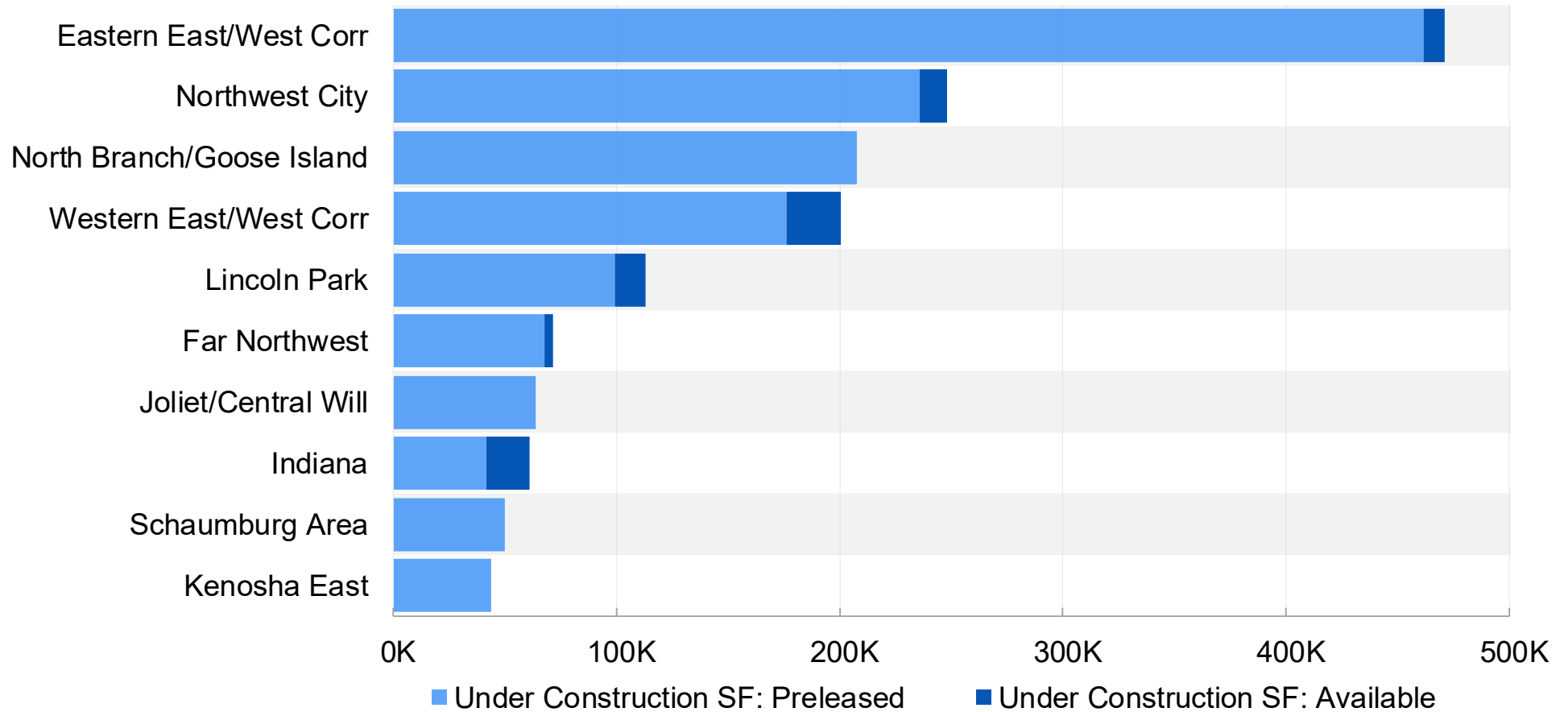


# Supply, Demand and Vacancy in the Chicago Retail Market



Source: CoStar

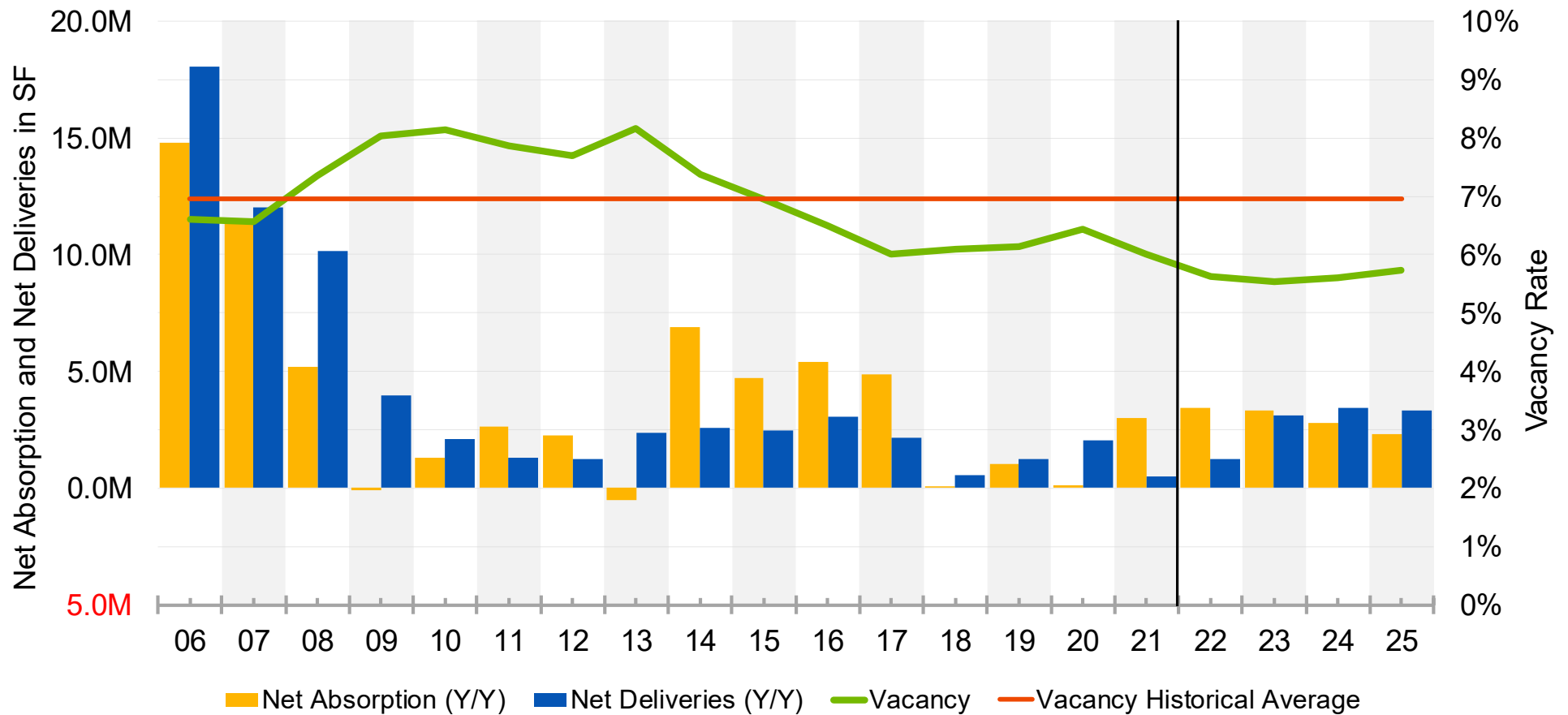
## Submarkets With The Most Construction



Source: CoStar

As of January 2022

## Baseline Forecast: Supply, Demand and Vacancy

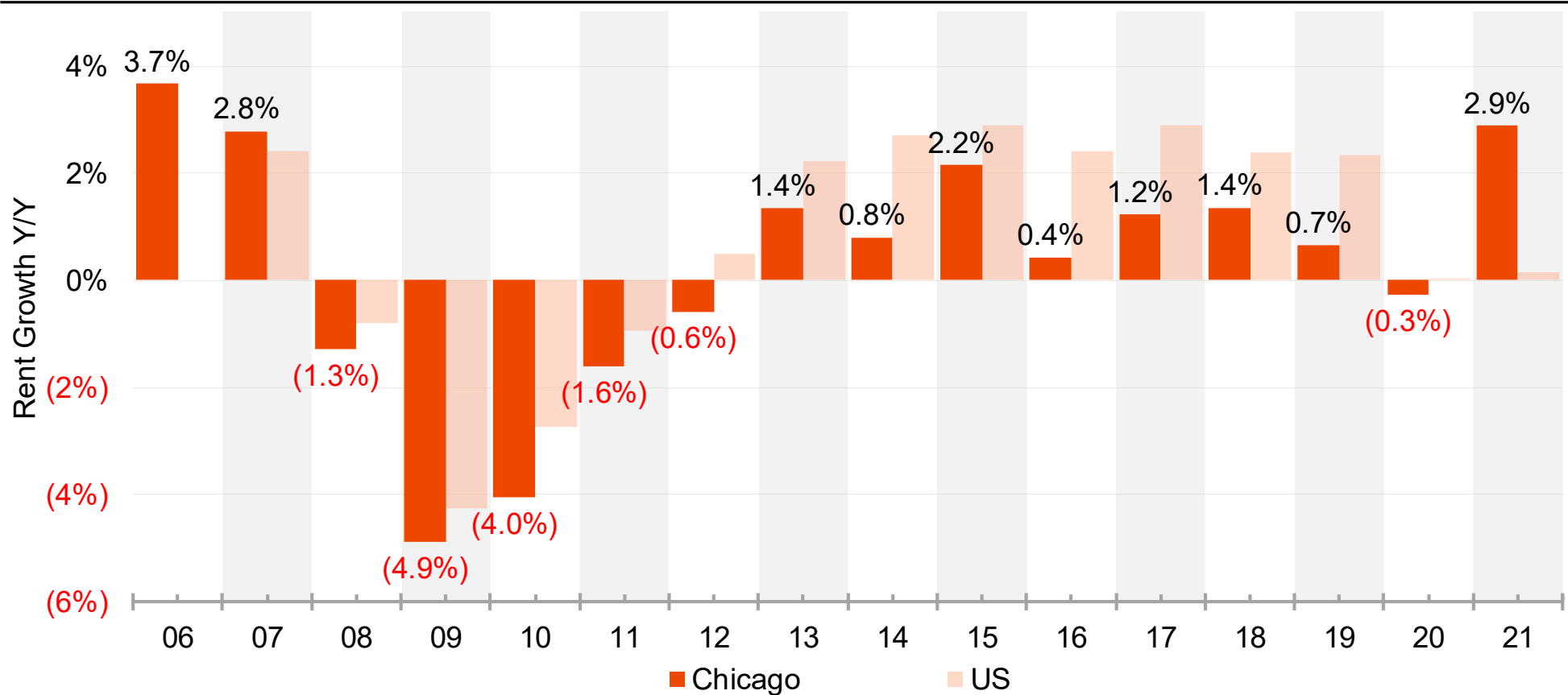


Source: CoStar

End of 21Q4



## Rent Growth: Chicago vs. National Average

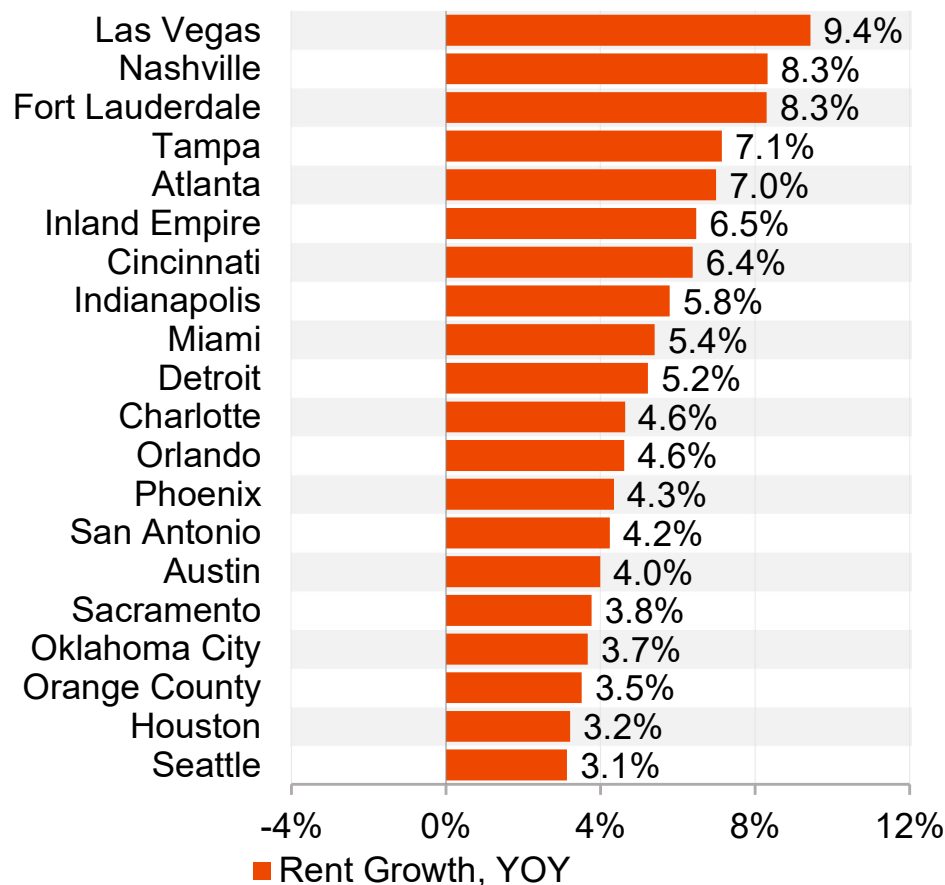


Source: CoStar

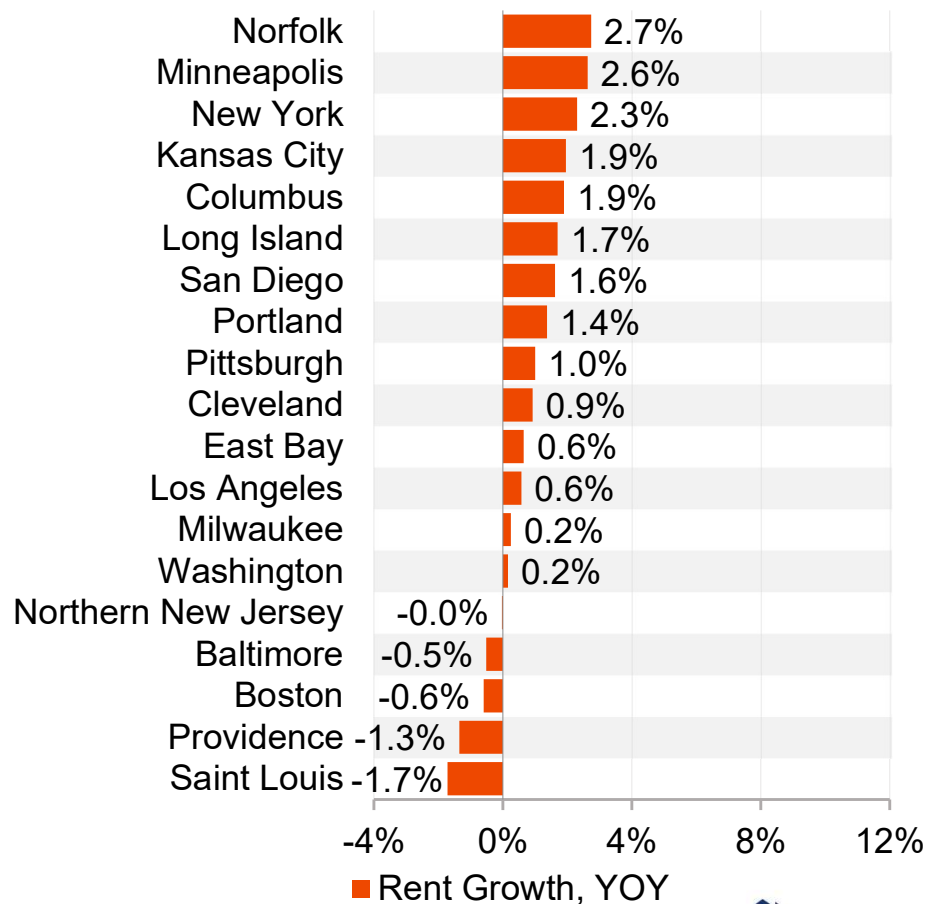
End of 21Q4



## Rent Growth, by Market

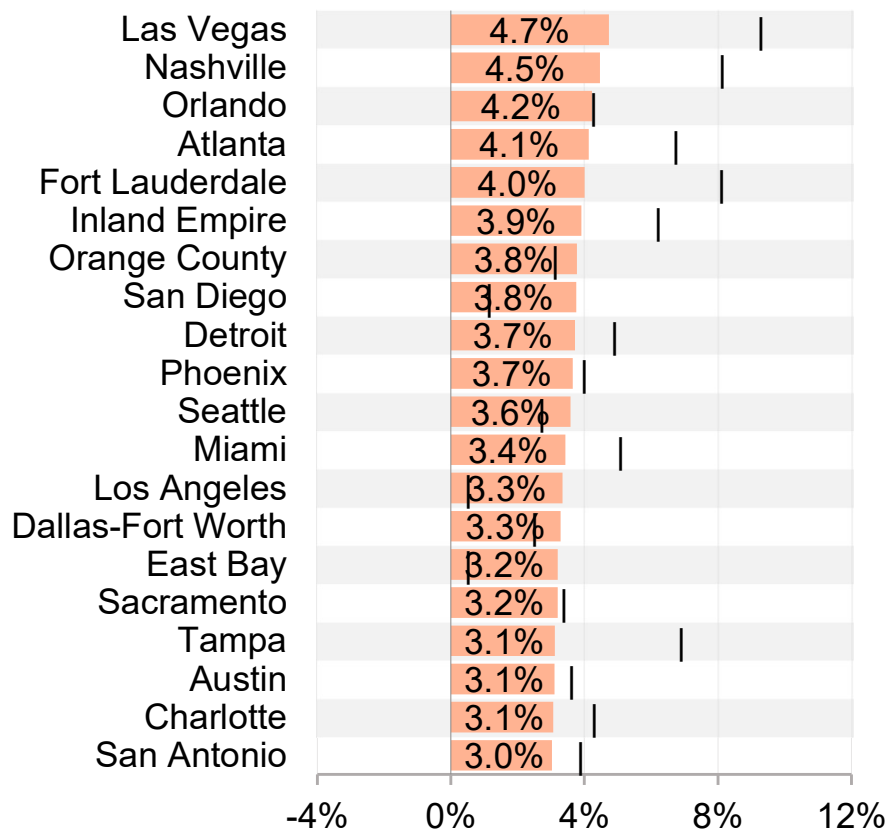


Note: Includes markets with 100M+ SF inventory.



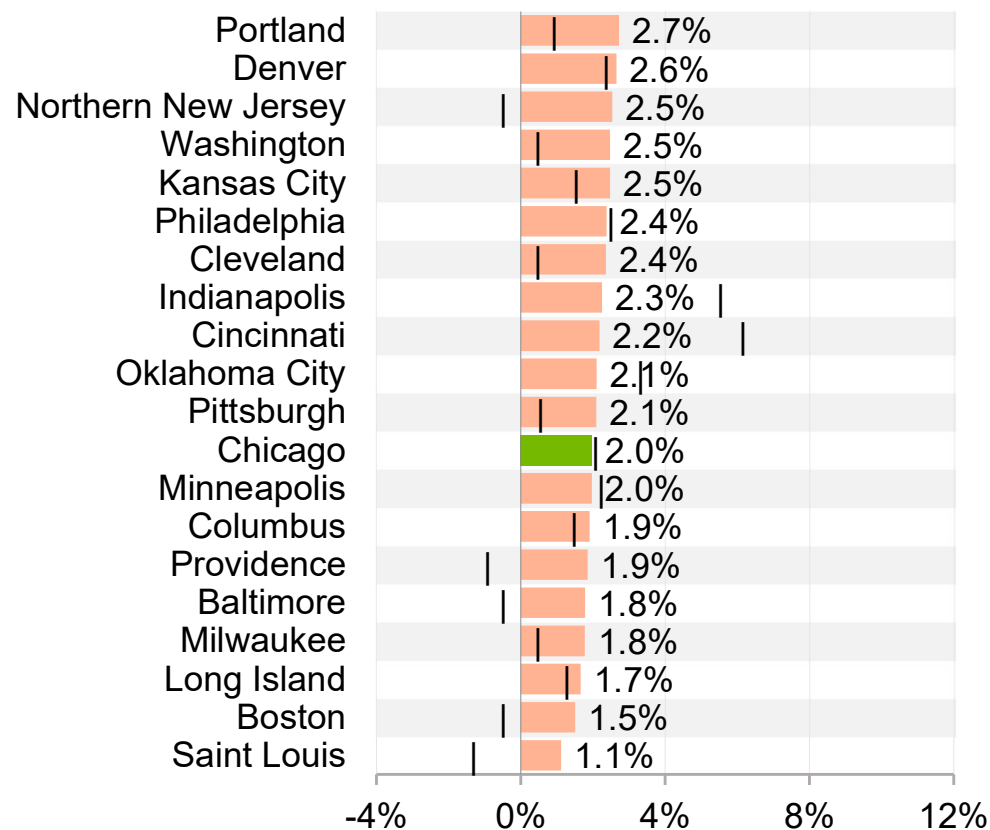
Note: Includes markets with 100M+ SF inventory.

## Base Case Rent Growth Forecast, by Market



Four-Year Average Forecast Rent Growth, YOY

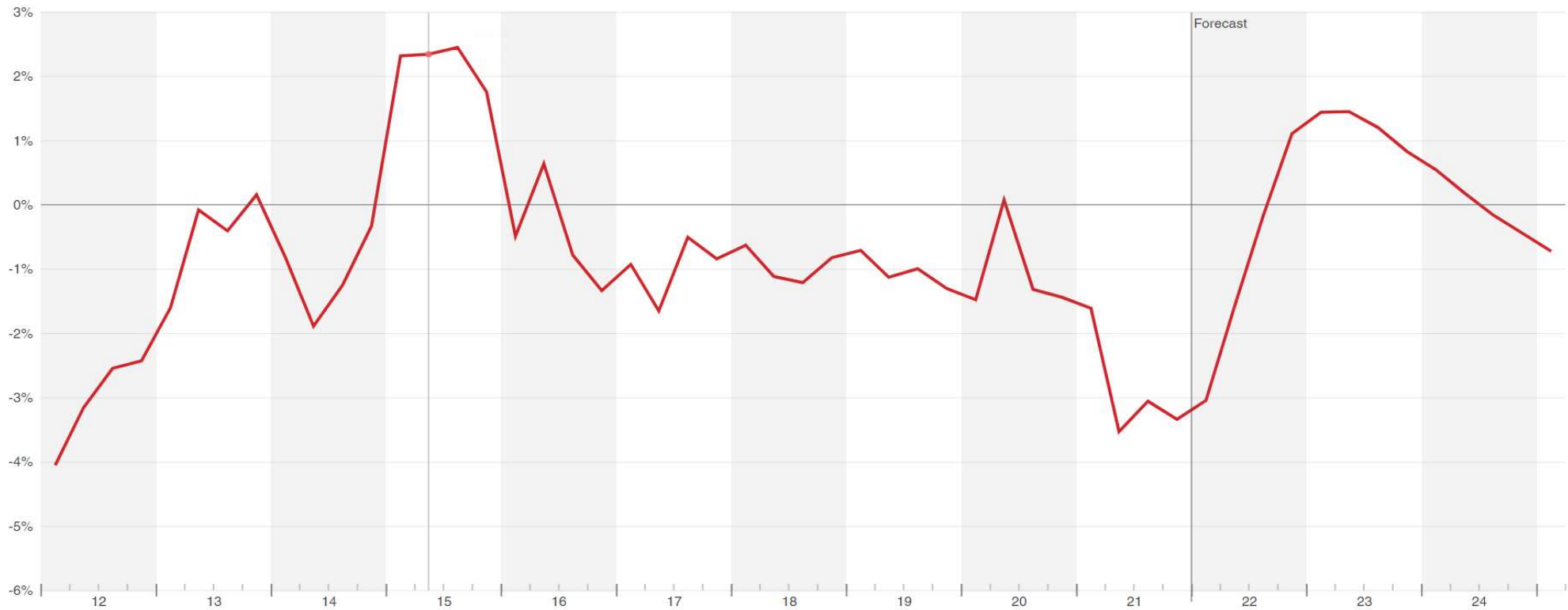
Note: Includes markets with 100M+ SF inventory.



Four-Year Average Forecast Rent Growth, YOY

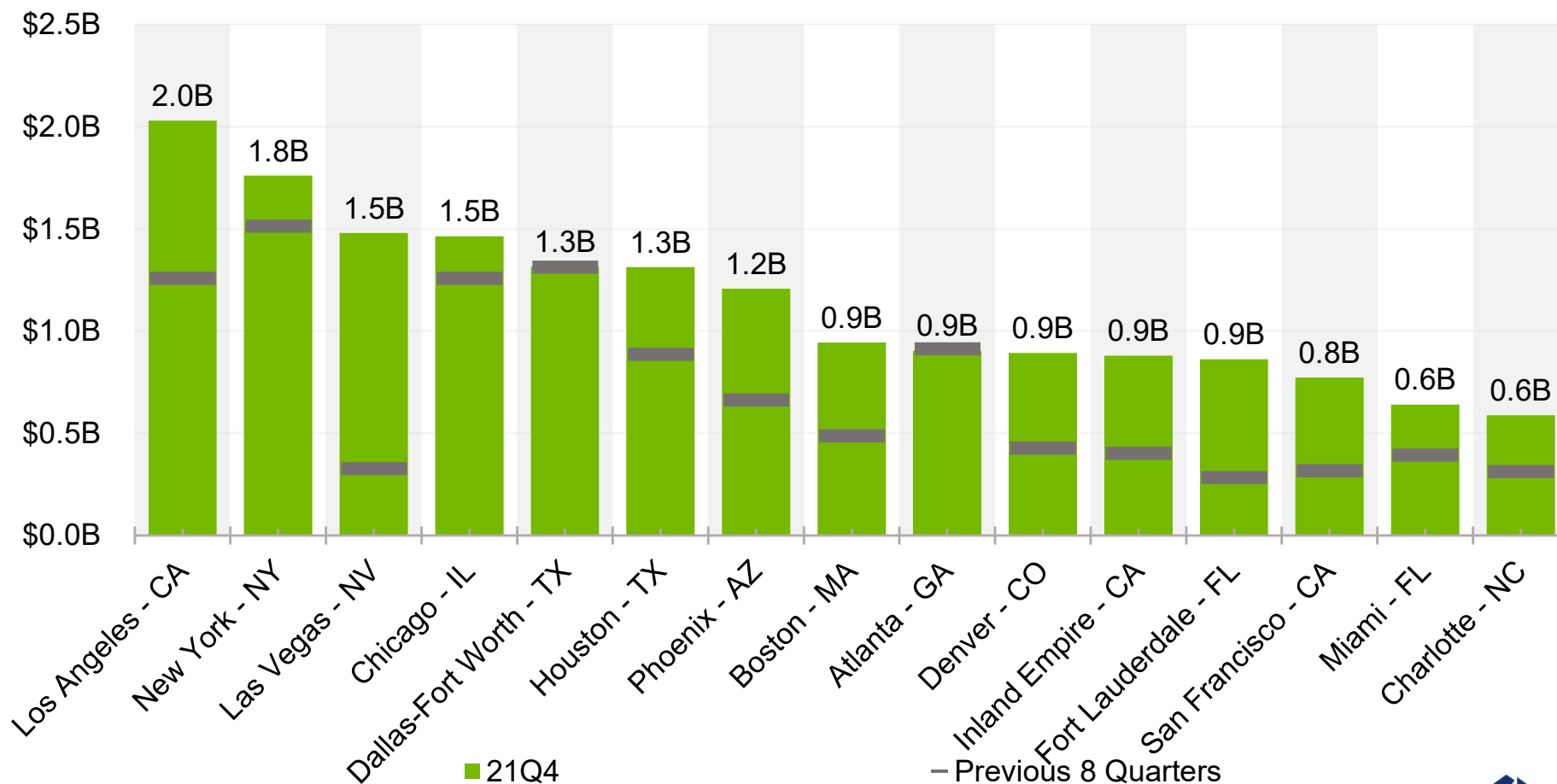
Note: Includes markets with 100M+ SF inventory.

# Real Retail Rent Growth and Forecast

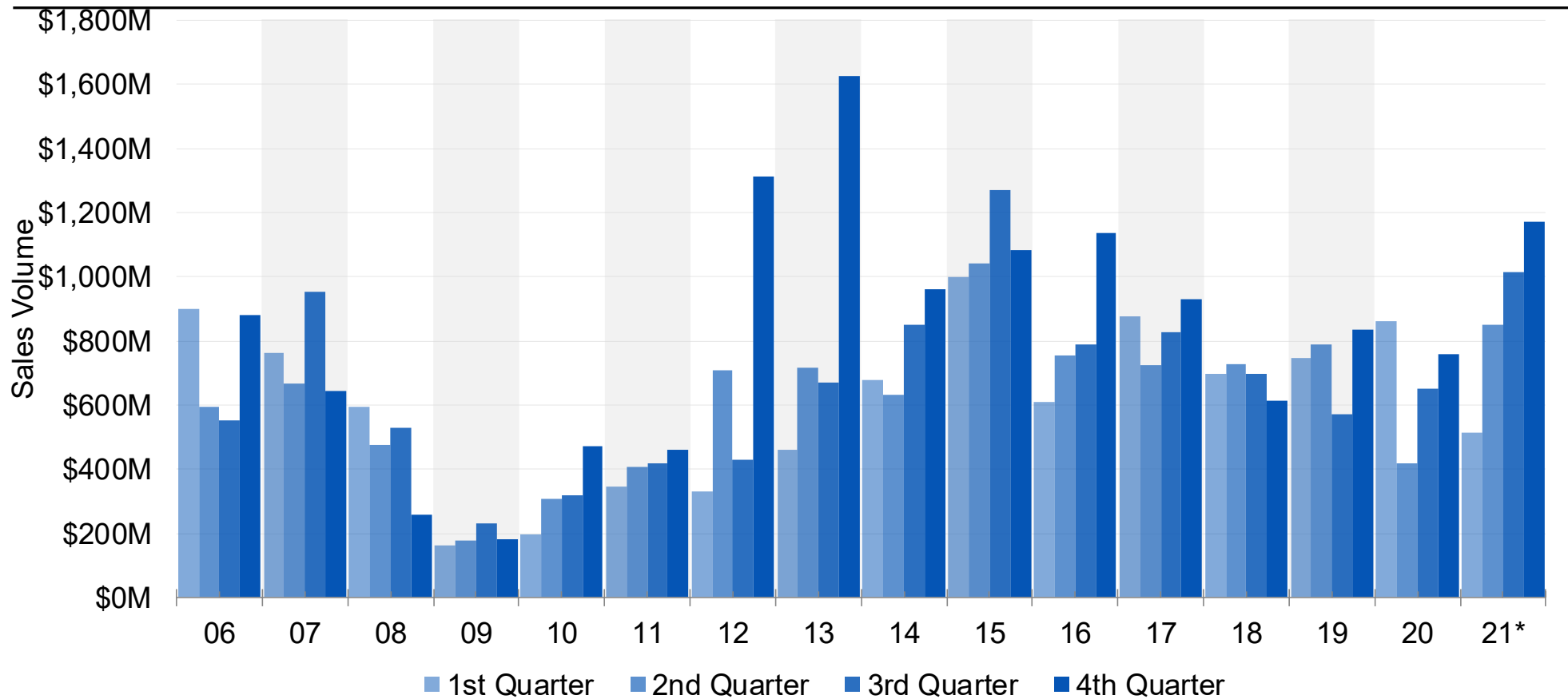


Source: CoStar  
As of: Q4 2021

## Retail Sales Volume, by Market



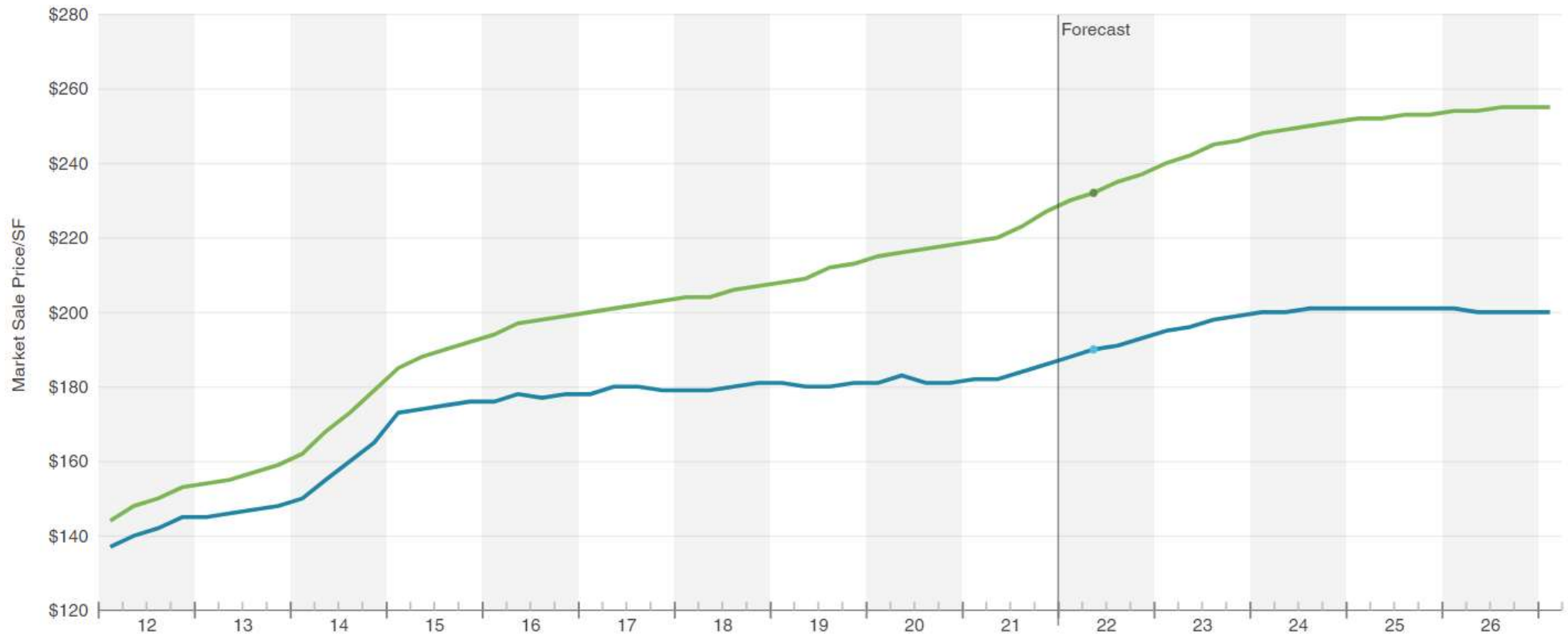
## Quarterly Sales Volume



Source: CoStar

End of 21Q4

# Chicago vs. U.S. Retail Pricing



# THANK YOU FOR JOINING US

**For questions contact  
Inland Real Estate Commercial  
Brokerage, Inc**

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Senior Vice President  
Inland Real Estate Commercial Brokerage, Inc.  
[Montes@inlandgroup.com](mailto:Montes@inlandgroup.com) | Ph: 630.954.4446



# Inland

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