

MARKETBEAT CHICAGO



Investment H1 2021

	YoY Chg	12-Mo. Forecast
\$3.5B Total Volume (USD)	▲	▲
119 Total Properties Sold	▼	▲
25.5 MSF Total SF (Excluding MF)	▼	▲
7,042 Total Units (MF)	▼	▲

(All Property Classes)
MF = Multifamily
Closed transactions over \$10 million

ECONOMIC INDICATORS H1 2021

	YoY Chg	12-Mo. Forecast
3.5M Chicago Employment	▲	▲
8.1% Chicago Unemployment Rate	▼	▼
5.9% U.S. Unemployment Rate	▼	▼
1.63% U.S. 10-Yr Treasury Yield	▲	▲

ECONOMY

Chicago's economy continues to rebound, with signs of activity across all major economic sectors. After peaking at 16.5% in April 2020, Chicago's unemployment rate dropped to 8.1% in May 2021. The 10-year treasury rate increased 77 basis points (bps) from year-end 2020 as the labor market improved and the economy saw higher-than-expected inflation. With Chicago's continued economic recovery through mid-2021, capital flows into the real estate market accelerated.

INVESTMENT OVERVIEW: Slower Than Normal, But Improving

After a slow start to 2021, Chicago investment activity increased 35.1% in the second quarter, with all asset classes posting quarter-over-quarter (QOQ) growth. Activity remains well below the norm for the market and heavily concentrated in industrial assets, which accounted for 50.1% of sales volume. Total investment volume for deals over \$10 million reached \$3.5 billion (B)—a 23.5% increase year-over-year (YOY) but down 4.8% from H1 2019 and 30.2% off its 2015-2019 average. Except for industrial, all asset types saw a decrease in investment volume compared to their pre-pandemic five-year average.

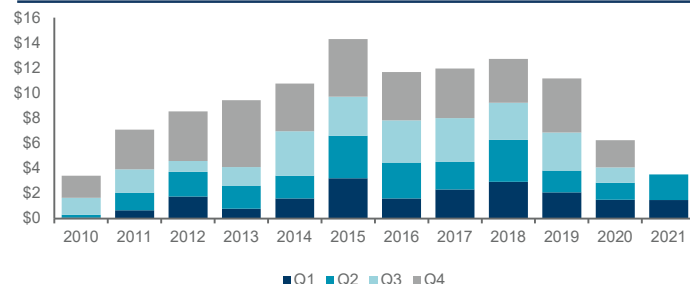
Strong demand for industrial product drove its average price per square foot (psf) up to \$78, up from \$67 psf in 2020 and higher than the previous five-year average of \$66. Hard hit from the downturn, retail and multifamily recorded significant declines in their price per square foot/unit. Retail saw its price per square foot drop to \$112—down 32.7% from its pre-pandemic five-year average—while multifamily registered at \$142,276 per unit—down 20% from its five-year average. Retail investment sales activity was concentrated within multi-tenant assets, which accounted for 78% of retail investment volume in H1 2021. Office investment sales have remained muted since the onset of the pandemic with only a handful of premium assets such as 1K Fulton trading hands, resulting in a higher-than-average price of \$390 psf.

OUTLOOK

The pandemic exacerbated an already anemic investment climate in Chicago that was driven by uncertainty around Cook County's overhauled property tax assessment process. But as Chicago continues its march toward recovery and the tax reassessment process nears the end of its three-year cycle, some investors will undoubtedly come off the sidelines and investment activity across all product types should increase. Fueled by Chicago's relative affordability, central location, booming logistics sector and its extremely diversified economy, the market will continue to draw attention from domestic and foreign investors alike.

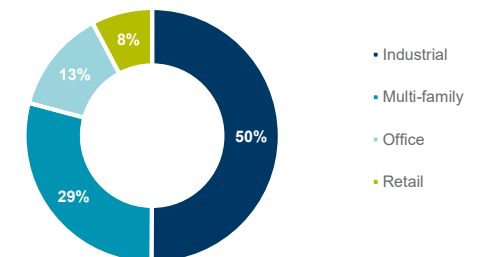
INVESTMENT SALES VOLUME

Dollar Volume in Billions



% DOLLAR VOLUME BY PROPERTY TYPE

H1 2021



Source: BLS, BEA, Federal Reserve, Moody's Analytics
Footnote: 2021Q2 data are based on latest available data; Chicago Metro Division Used

Sources: Real Capital Analytics, Cushman & Wakefield Research

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Investment H1 2021



INVESTMENT ACTIVITY Deals over \$10M

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME (USD)	TOTAL SOLD	PRICE / SF*, UNIT
Office	4	\$452,858,500	1,472,349 SF	\$354
Industrial	68	\$1,727,953,536	21,942,059 SF	\$78
Retail	20	\$266,811,215	2,378,270 SF	\$112
Multifamily	27	\$1,001,908,143	7,042 UNITS	\$142,276
TOTAL	119	\$3,499,531,396	25,480,550 SF*	\$96**

SIGNIFICANT SALES BY PROPERTY TYPE

Office

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SF/UNITS	PURCHASE PRICE	PRICE / SF*, UNIT
1Kfulton	Office	Office Props Income Trust	American Realty Advisors	531,194 SF	\$354,875,000	\$668
555 West Monroe	Office	State of Illinois	Principal Capital	429,316 SF	\$73,300,000	\$171
401 North Morgan Street	Office	Vista Property Group	MAB Capital Management	78,711 SF	\$24,683,500	\$314

Industrial

Michelin Wilmington	Industrial	Silver Creek Development	Transwestern (TDC)	2,000,000 SF	\$130,500,000	\$65
930 West Evergreen	Industrial	Prologis	Greenfield Partners, Related Cos	348,400 SF	\$99,775,000	\$286
4220 South Kildare	Industrial	Scout Capital Partners	Brennan Investment Group, Marc Realty, Madison Partners Realty	633,000 SF	\$94,500,000	\$149

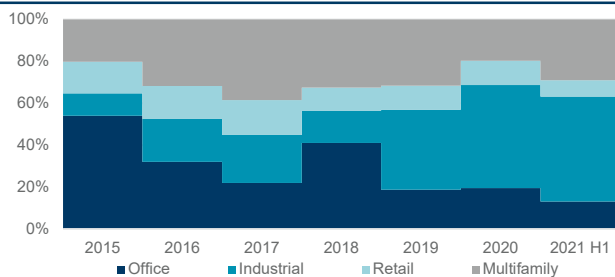
Retail

Evanston Plaza	Retail	Bon Aviv Investments	Valli Produce	231,870 SF	\$36,180,000	\$156
Bricktown Square	Retail	NewMark Merrill Cos	Bonnie Management, Granite Realty Partners	291,899 SF	\$36,000,000	\$123
Chatham Ridge	Retail	Tabani Group	Prudential RE Investors, IRC Retail Center	175,991 SF	\$30,468,000	\$173

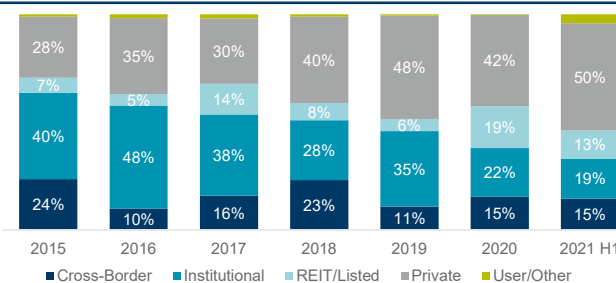
Multifamily

Glenmuir	Apartment	BH Equities	The Connor Group	321 Units	\$103,700,000	\$323,053
Circle Park Apartments	Apartment	Related Cos	Howard G. Kaplan	418 Units	\$98,000,000	\$234,450
Riverstone	Apartment	Nuveen (US), The Alliant Co	Jackson Square	789 Units	\$93,500,000	\$118,504

COMPOSITION OF INVESTMENT ACTIVITY



TOTAL ACQUISITIONS BY CAPITAL SECTOR



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Sources: Real Capital Analytics, Cushman & Wakefield Research
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*SF includes office, industrial and retail. Unit calculation for apartment only
**Omits multifamily values

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