

MARKETBEAT CHICAGO



Investment H2 2021

	YoY Chg	12-Mo. Forecast
\$15.2B Total Volume (USD)	▲	▲
457 Total Properties Sold	▲	▲
89.9 MSF Total SF (Excluding MF)	▲	▲
22,990 Total Units (MF)	▲	▲

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

ECONOMY

Chicago's economy continues to rebound, with signs of renewed activity across all major economic sectors. In Q4 2021, regional unemployment to 6.4% and total employment rose above 3.5M for the first time since March 2020, indicating that the area's pandemic-recovery is nearly complete. Worries regarding ongoing inflation, political gridlock, and the ongoing COVID-19 pandemic signal some economic uncertainty, but overall, the capital markets picture for 2021 was positive.

INVESTMENT OVERVIEW: Slow Growth Early On Leads to Q4 Windfall

Investment sales in 2021 rebounded strongly after 2020's eight-year low, with year-over-year (YOY) growth at 72.6%. Sales volume grew quarter-over-quarter (QOQ) throughout all of 2021, reaching a 10-year quarterly high of \$7.4B in Q4. Despite the weak initial showings of Q1 and Q2, all asset classes posted YOY growth. While industrial sales continued to make up the largest volume (42%) of sales, multifamily sales recorded an impressive growth of 182% YOY, besting all other asset classes by nearly 120 basis points. This brings 2021 multifamily sales, which totaled \$4.5B, back to pre-pandemic levels.

Sales across all asset types trended upward in 2021. Sales of office properties increased 151% YOY, totaling 14.9 million square feet (msf). There was 7.9 msf of retail product sold during 2021, up 109% YOY. Industrial assets continued to be an investor favorite, recording a 22% increase YOY, with 67.1 msf transacted. Multifamily saw a 13,834 increase in the number of units sold, up 151% YOY. The average price per square foot (psf) of industrial and price per unit of multifamily properties increased by 23.8% YOY and 1.3% YOY, respectively. Year-end totals were buoyed by a few significant transactions, including the retail sale of 59 East Oak Street for \$120M or \$3,750 psf, and the office sale of 1Kfulton for \$355M or \$668 psf.

OUTLOOK

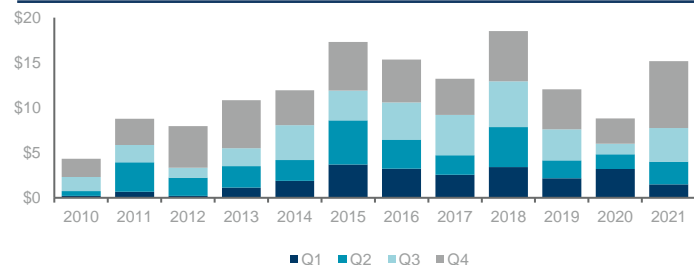
Chicago continues to benefit from its relative affordability, central location, and diversified economy. Growth in the industrial market led by the e-commerce and logistics industries continued unabated across all of 2021 and shows no signs of slowing. As unemployment and total regional employment numbers reach pre-pandemic levels, the renewed investment activity in office and multifamily properties is expected to continue, especially in particularly well-performing submarkets like Fulton Market and River North and for select high-quality, well-located suburban assets.

ECONOMIC INDICATORS H2 2021

	YoY Chg	12-Mo. Forecast
3.5M Chicago Employment	▲	▲
6.4% Chicago Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼
1.52% U.S. 10-Yr Treasury Yield	▲	▲

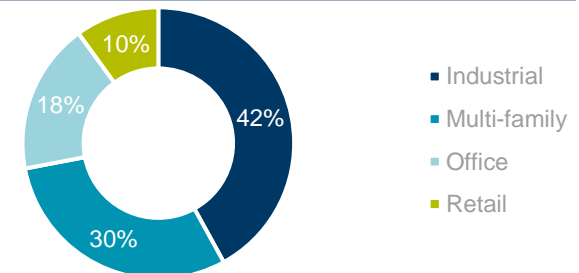
INVESTMENT SALES VOLUME

Dollar Volume in Billions



% DOLLAR VOLUME BY PROPERTY TYPE

2021



Source: BLS, BEA, Federal Reserve, Moody's Analytics
Footnote: 2021Q4 data are based on latest available data; Chicago Metro Division Used

Sources: Real Capital Analytics, Cushman & Wakefield Research

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INVESTMENT ACTIVITY Deals over \$10M

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME (USD)	TOTAL SOLD	PRICE / SF*, UNIT
Office	54	\$2,699,259,733	14,960,249 SF	\$190
Industrial	223	\$6,447,698,267	67,068,507 SF	\$93
Retail	64	\$1,558,711,842	7,913,205 SF	\$212
Multifamily	116	\$4,482,692,181	22,990 UNITS	\$199,685
TOTAL	457	\$15,188,362,023	89,941,960 SF*	\$118**

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
Corporate 500 Center	Office	Opal Holdings	Barings	696,770	\$178,250,000	\$256
1100 W Fulton	Office	Zagame Corp.	Fulton Street Cos. And Huizenga Capital Management	45,380 SF	\$41,750,000	\$920

Industrial

Veterans Point Bolingbrook	Industrial	KKR	Crow Holdings	1,026,662 SF	\$155,000,000	\$151
Chicago Single-Tenant Portfolio	Industrial	GCP Modlo	Heitman	1,583,510 SF	\$132,000,000	\$83
Goose Island Industrial	Industrial	Prologis	Greenfield Properties	339,490 SF	\$99,775,000	\$294

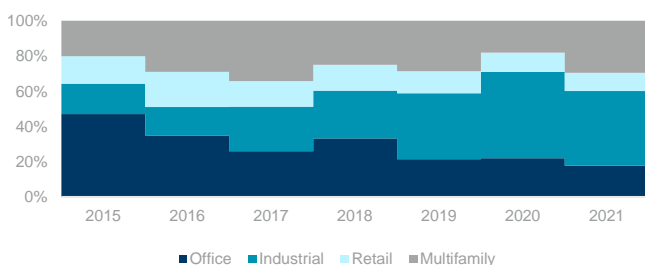
Retail

59 East Oak Street	Retail	Union Investment	Jenel Management Corp.	32,000 SF	\$120,000,000	\$3,750
Evergreen Park	Retail	LBX Investments	Fortress, Lormax Stern Dev	255,249 SF	\$67,250,000	\$263
Three Arts Club Building	Retail	Fundamental Income	DRW Trading	70,000 SF	\$44,728,316	\$639

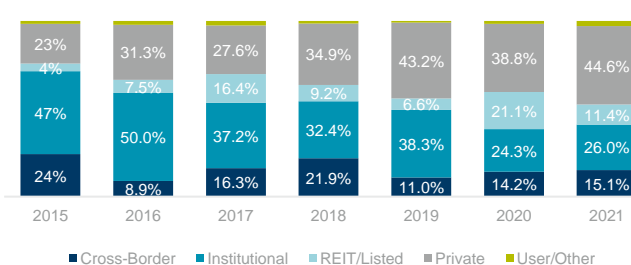
Multifamily

Tides at Lakeshore East	Apartment	Waterton Residential	AFL-CIO Building Investment	608 Units	\$209,043,000	\$343,821
The Shoreham	Apartment	Waterton Residential	AFL-CIO Building Investment	548 Units	\$179,457,000	\$327,476
McClurg Court	Apartment	FPA Multifamily	BentallGreenOak	1,061 Units	\$175,000,000	\$164,939

COMPOSITION OF INVESTMENT ACTIVITY



TOTAL ACQUISITIONS BY CAPITAL SECTOR



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*SF includes office, industrial and retail. Unit calculation for apartment only

**Omits multifamily values

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