

MARKETBEAT CHICAGO



Investment H1 2022

	YoY Chg	12-Mo. Forecast
\$7.0B Total Volume (USD)	▲	▲
177 Total Properties Sold	▲	▲
32.5 MSF Total SF (Excluding MF)	▲	▲
7,612 Total Units (MF)	▲	▲

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

ECONOMY

Employment trends in the Chicago Metropolitan Area continue to move in a positive direction. While still above the national unemployment rate of 3.6%, unemployment in Chicago dropped to 4.6% in Q2 2022, a drop of 240 basis points (bps) year-over-year (YOY). The labor pool also expanded, as non-farm employment grew to 3.7 million individuals, an increase of over 5.0% YOY.

INVESTMENT OVERVIEW: Continued Recovery for Asset Classes Hit Hardest by the Pandemic

Investment sales through mid 2022 increased 71.2% YOY, outpacing Q1 and Q2 levels of 2021. Following a strong start in Q1, sales volume decreased 43.6% quarter-over-quarter to \$2.1B in Q2. Despite the slight decrease, many asset classes that faced challenges in 2020 caused by the pandemic have begun to see increased investment activity. Both office and retail properties experienced significant sales growth in 2022, increasing their proportion of dollar volume of sales among other asset types by 16% and 10%, respectively. The industrial sector has maintained its lead in overall share of investment activity (35.2%), followed by office (28.8%).

Sales of office properties increased 311.0% YOY through mid-2022, the largest increase in square footage (sf) of any asset class, totaling 9.2 million square feet (msf). There was 5.2 msf of retail product sold during 2022, up 88.8% YOY. Multifamily sold 7,612 units in 2022, up 11.5% YOY. Industrial sales recorded a decrease of 22.2% YOY, with 18.1 msf transacted. Regardless, the average purchase price per square foot (psf) for industrial has continued to soar, and in Q2, increased 41.7% YOY to \$109 psf. Notable industrial transactions include the 4-property Chicago Headquarters Portfolio sale, which sold for \$146M or \$150 psf.

ECONOMIC INDICATORS H1 2022

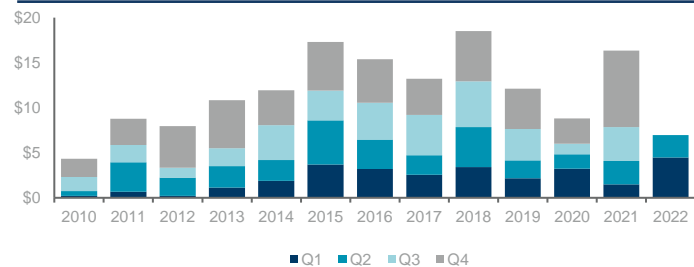
	YoY Chg	12-Mo. Forecast
3.7M Chicago Employment	▲	▲
4.6% Chicago Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼
3.1% U.S. 10-Yr Treasury Yield	▲	▲

OUTLOOK

Concerns over rising interest rates and an increased cost of capital will continue to temper investment sales activity relative to 2021. Industrial assets remain an investor favorite, but secular tailwinds continue to drive increased demand for multifamily and well-positioned office or retail assets offering higher yields. Fueled by Chicago's relative affordability, central location, and ongoing improvements to unemployment and regional employment, asset classes can expect to continue to recover from the 2020 eight year low.

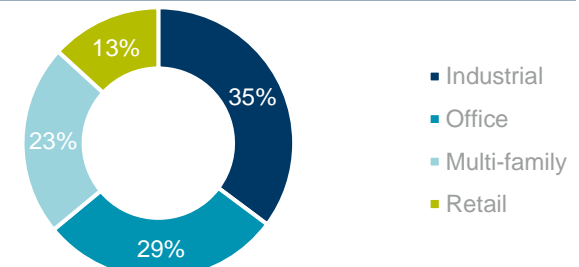
INVESTMENT SALES VOLUME

Dollar Volume in Billions



% DOLLAR VOLUME BY PROPERTY TYPE

H1 2022



Source: BLS, BEA, Federal Reserve, Moody's Analytics
Footnote: 2022Q2 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	33	\$2,488,013,998	9,235,777 SF	\$153
Industrial	77	\$3,041,553,864	18,112,245 SF	\$100
Retail	33	\$1,135,698,575	5,197,316 SF	\$232
Multifamily	34	\$1,967,710,984	7,612 UNITS	\$199,153
TOTAL	177	\$8,632,977,421	32,545,338 SF*	\$133**

SIGNIFICANT SALES BY PROPERTY TYPE

Office

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SF/UNITS	PURCHASE PRICE	PRICE / SF*, UNIT
Kemper Lake Business Center	Office	Northeast Capital Group	Apollo Global	1,091,214 SF	\$190,000,000	\$174
200 West Jackson	Office	Nightingale Properties	White Oak Realty Partners and Angelo Gordon & Co.	479,305 SF	\$130,000,000	\$271
225 West Washington Street	Office	Agave Holdings LLC	Kinship Trust Company	483,497 SF	\$82,625,000	\$171

Industrial

3561 Bur Wood Drive	Industrial	Link Industrial Properties	PGIM Real Estate	1,438,410 SF	\$149,800,000	\$104
Bailly Ridge 4- Tenant Portfolio	Industrial	CBRE Investment Management	Hillwood	879,040 SF	\$106,800,000	\$121
Innovation Drive- Brennan Investment Group Portfolio	Industrial	LBA Realty	Brennan Investment Group	402,604 SF	\$98,100,000	\$244

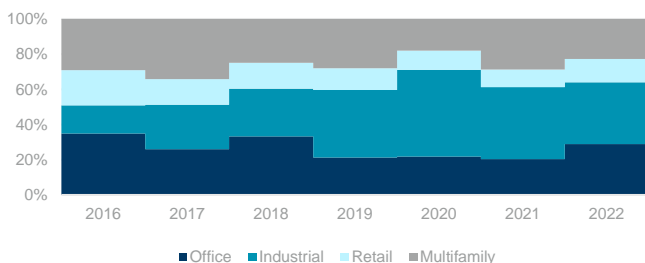
Retail

Federal Construction IL Retail Portfolio 2022	Retail	Brixmor	Federal Construction Corporation	732,212 SF	\$168,000,000	\$243
Restoration Hardware	Retail	Fundamental Income	DRW Trading	70,000 SF	\$44,728,316	\$639
Tao Chicago	Retail	Fundamental Income	Sterling Bay	34,000 SF	\$29,353,846	\$863

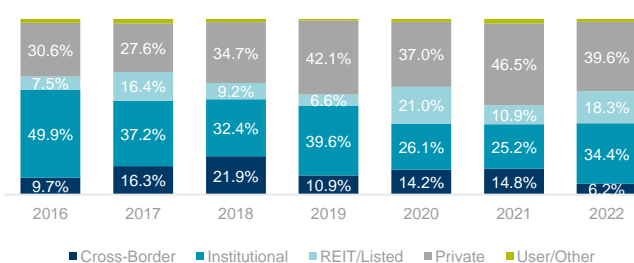
Multifamily

Alta Roosevelt	Apartment	American Landmark Props and JV Evergreen Residential	Wood Partners	496 Units	\$180,000,000	\$362,903
Ellyn Crossing	Apartment	Turner Impact Capital	Rockwell Partners	1,155 Units	\$137,000,000	\$118,615
Preserve At Woodfield	Apartment	Beitel Group and Scharf Group	FPA Multifamily	662 Units	\$111,000,000	\$167,674

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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