MARKETBEAT

CHICAGO

Investment H2 2022

	YoY Chg	12-Mo. Forecast
$15.7B Total Volume (USD)	▼	▲
465 Total Properties Sold	▼	▲
77.0 MSF Total SF (Excluding MF)	▼	▲
21,700 Total Units (MF)	▲	▲

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

ECONOMIC INDICATORS H2 2022

	YoY Chg	12-Mo. Forecast
3.8M Chicago Employment	▲	▲
4.7% Chicago Unemployment Rate	▼	▼
3.7% U.S. Unemployment Rate	▼	▼
3.9% U.S. 10-Yr Treasury Yield	▲	▲

Source: BLS, BEA, Federal Reserve, Moody's Analytics
Footnote: 2022Q4 data are based on latest available data; Chicago Metro Division Used

ECONOMY

Employment trends in the Chicago Metropolitan Area continue to move in a positive direction. While still above the national unemployment rate of 3.7%, unemployment in Chicago dropped to 4.7% in quarter four of 2022 (Q4 2022), a decline of 70 basis points (bps) year-over-year (YOY). The labor pool also expanded, as non-farm employment grew to 3.8 million individuals, an increase of over 3.5% YOY.

INVESTMENT OVERVIEW: Previously Struggling Asset Classes Recover while Total Investment Sales Volumes Moderate

Investment sales in 2022 totaled $15.7B, down 3.5% YOY, though still outpaced the record-low levels recorded in 2020. In Q4, sales volume increased 14.9% quarter-over-quarter (QOQ) to $3.8B. Previously struggling asset classes have continued to recover with increased investment activity. Office and retail properties posted YOY growth of 4.5% to $3.2B, and 32.7% to $2.2B, respectively. Additionally, these sectors increased their proportion of dollar volume sales among other asset types by 8.3% in the office sector, and 37.5% in the retail sector. The industrial sector has maintained its lead in overall share of investment activity (36.3%), followed by multi-family (29.6%).

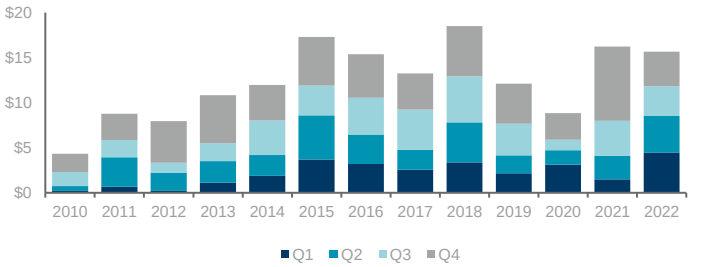
By year-end, retail property sales increased 17.8% YOY, the largest increase in square footage (sf) of any asset class, totaling 9.8 million square feet (msf). The office sector recorded 14.8 msf in sales, up 3.0% YOY. Multi-family sold 21,700 units in 2022, down 15.1% YOY. Industrial properties continue to dominate the market, totaling 52.3 msf, a decrease of 26.0% YOY. Despite the drop in sales, the average purchase price per square foot (psf) for industrial increased 2.1% YOY. The largest increases in average purchase psf were seen in the retail and office sectors which increased 54.8% YOY and 10.5% YOY, respectively. Notable industrial transactions include the 8-property CenterPoint-UBS Lakeview Park Portfolio sale, which sold for $378M or $179 psf.

OUTLOOK

Investment Sales are likely to continue to temper in 2023 as interest rate hikes during 2022 have resulted in market volatility and concerns over an increased cost of capital. Industrial assets remain an investor favorite, but secular tailwinds continue to drive increased demand for well-positioned office and retail assets offering higher yields.

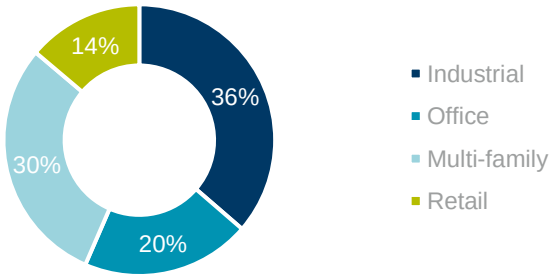
INVESTMENT SALES VOLUME

Dollar Volume in Billions



% DOLLAR VOLUME BY PROPERTY TYPE

2022



Sources: Real Capital Analytics, Cushman & Wakefield Research

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CHICAGO

Investment H2 2022

CUSHMAN & WAKEFIELD

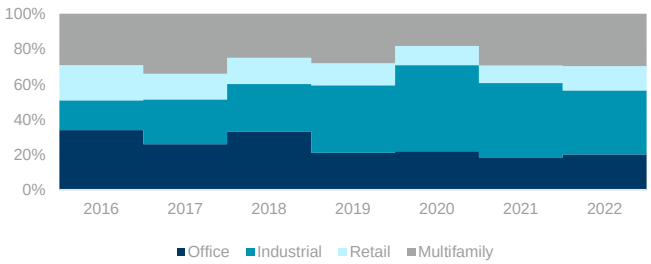
INVESTMENT ACTIVITY *Deals over $10M*

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME (USD)	TOTAL SOLD	PRICE / SF*, UNIT
Office	68	$3,158,750,189	14,842,657 SF	$310
Industrial	211	$5,690,178,499	52,308,730 SF	$146
Retail	77	$2,163,513,620	9,864,906 SF	$511
Multifamily	109	$4,644,553,580	21,700 UNITS	$245,754
TOTAL	**465**	**$15,656,995,888**	**77,016,293 SF***	**$322****

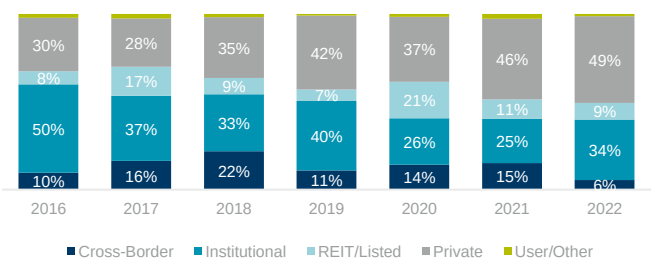
SIGNIFICANT SALES BY PROPERTY TYPE

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SF/UNITS	PURCHASE PRICE	PRICE / SF*, UNIT
Office						
Allstate Campus	Office	Dermody Properties	Allstate Insurance	1,900,000 SF	$232,000,000	$122
115 South LaSalle Street/111 W Monroe	Office	The Prime Group	Samsung Life & Hines	1,200,000 SF	$118,100,000	$98
James R. Thompson Center	Office	The Prime Group & Capri Capital Partners	State of Illinois	1,200,000 SF	$105,000,000	$88
Industrial						
Centerpoint-UBS Lakeview Park Portfolio 2022	Industrial	EQT Exeter	CenterPoint Properties & UBS	3,613,735 SF	$378,000,000	$179
Chicago Tribune Freedom Center	Industrial	Bally	Tribune Media	915,800 SF	$182,200,000	$199
Project Caribou 2022	Industrial	EQT Exeter	ADUA & PSP Investments	1,591,125 SF	$161,100,000	$102
Retail						
Dimucci Co IL Retail Portfolio 2022	Retail	Continental Realty	DiMucci Companies	758,000 SF	$87,100,000	$549
Shops at Glen Pointe-Marianos	Retail	ExchangeRight	CBRE Investment Management	90,000 SF	$42,200,000	$468
LifeTime Fitness Center Schaumburg	Retail	Realty Income Corp	LifeTime Fitness Inc	136,600 SF	$40,000,000	$293
Multifamily						
Harbor Group Residential Portfolio 2022	Apartment	Morgan Properties	Harbor Group	1,003 Units	$180,000,000	$191,822
The Elle Apartments	Apartment	Waterton Associates	Wood Partners	496 Units	$170,000,000	$342,742
Blackstone IL Residential Portfolio Q4 2022	Apartment	DRA Advisors	BREIT	676 Units	$153,700,000	$228,068

COMPOSITION OF INVESTMENT ACTIVITY



TOTAL ACQUISITIONS BY CAPITAL SECTOR



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Sources: Real Capital Analytics, Cushman & Wakefield Research
Closed transactions over $10 million
**SF includes office, industrial and retail. Unit calculation for apartment only*
***Omits multifamily values*

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