

HUD PD&R Regional Reports

Region 5: Great Lakes



Chicago, Illinois

Quick Facts About Region 5

Sales market conditions—

Fourth quarter 2024: mixed (balanced to slightly tight)

Third quarter 2024: slightly soft

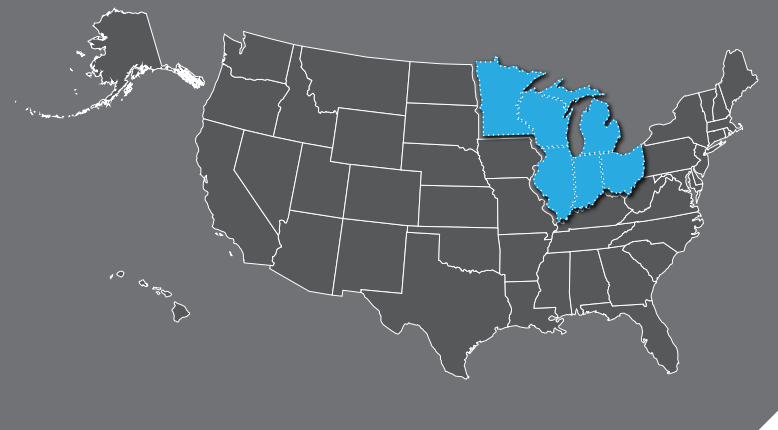
Fourth quarter 2023: slightly soft

Apartment market conditions—

Fourth quarter 2024: mixed (slightly tight to soft)

Third quarter 2024: mixed (balanced to soft)

Fourth quarter 2023: mixed (balanced to soft)



By [Cameron Ehrlich](#) | 4th Quarter 2024

Overview

The economy in the Great Lakes region expanded as of the fourth quarter of 2024, but job growth decelerated from a year ago, similar to the trend for the nation. As of the fourth quarter of 2024, nonfarm payrolls increased 1.0 percent year over year, compared with a 1.1-percent gain a year ago. Nationally, year-over-year payroll growth slowed from 1.9 to 1.4 percent. Home sales market conditions ranged from balanced to slightly tight as of the fourth quarter of 2024, compared with slightly soft conditions throughout the region a year ago. Regionwide home sales fell 5 percent year over year during the 12 months ending November 2024, compared with a 6-percent decline nationally, but the recent decline in the region was less than the 19-percent decrease a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average home sales price in the region rose 8 percent to \$288,800, compared with a 3-percent increase a year earlier—faster than the 6-percent increase nationwide. Apartment market conditions in the region were mixed as of the fourth quarter of 2024, ranging from slightly tight to soft, with vacancy rates decreasing in five of the eight highlighted areas in this report (CoStar Group).

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All areas had stronger rent growth than the national average growth of 1 percent.

- Year-over-year job growth as of the fourth quarter of 2024 ranged from 0.7 percent in both Wisconsin and Illinois to 1.5 percent in Indiana. The education and health services and the government sectors led job gains, and all states had gains in these sectors compared with a year ago.
- During the 12 months ending November 2024, home sales decreased in all states in the region compared with the previous year, with declines ranging from 1 percent

in Wisconsin to 10 percent in Michigan (CoreLogic, Inc., with adjustments by the analyst). During the 12 months ending November 2024, average home prices were up at least 5 percent in all states compared with the previous year, and price growth accelerated except in Indiana, where price growth slowed from 7 to 5 percent year over year.

- The apartment vacancy rate decreased slightly to 6.6 percent as of the fourth quarter of 2024 from 6.7 percent as of the fourth quarter of 2023 because the 59,700 new apartment units completed during 2024 were 1 percent below the 60,500 units absorbed (CoStar Group).

Economic Conditions

Nonfarm payrolls in the Great Lakes region increased from a year earlier as of the fourth quarter of 2024, continuing the trend of year-over-year job growth that began in the second quarter of 2021. Gains in 6 of the 11 nonfarm payroll sectors contributed to total nonfarm payrolls increasing by 255,000, or 1.0 percent, to 25.90 million jobs, slowing from a 1.1-percent gain a year earlier. As of the fourth quarter of 2024, regional job growth lagged behind the 1.4-percent national rate. Nonfarm payrolls in the region were 1.5 percent above the average as of the fourth quarter of 2019, the most recent comparable quarter prior to the COVID-19 pandemic. By comparison, nonfarm payrolls in the nation were 4.9 percent above the 2019 fourth quarter average. As of the fourth quarter of 2024, all states in the region had recovered total nonfarm payrolls compared with the fourth quarter of 2019, ranging from 0.4 percent higher in Illinois to 4.3 percent higher in Indiana.

The education and health services sector, the largest sector in the region, accounted for 17 percent of all payrolls and led job growth as of the fourth quarter of 2024, with all states posting sector gains. Nonfarm payrolls in the sector increased by 120,700 jobs, or 2.9 percent, to 4.33 million jobs. As of the fourth quarter of 2024, more than 90 percent of the sector gains were in the healthcare and social assistance subsector. The highest rate of growth in the region occurred in the mining, logging, and construction sector, which increased 3.2 percent, or by 37,200 jobs, from a year ago to 1.19 million jobs. Nearly all the increase was concentrated in the construction subsector, and all states in the region had growth in the subsector except Illinois. Payrolls in the government sector increased by 91,900 jobs, or 2.6 percent, to 3.63 million jobs, with 67 percent of that growth in the local government subsector, 29 percent in

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As of the fourth quarter of 2024, nonfarm payrolls increased in 6 of 11 sectors in the Great Lakes region compared with a year earlier.

	Fourth Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	25,640.3	25,895.3	255.0	1.0
Goods-Producing Sectors	4,365.8	4,377.6	11.8	0.3
Mining, Logging, & Construction	1,152.9	1,190.1	37.2	3.2
Manufacturing	3,213.0	3,187.5	-25.5	-0.8
Service-Providing Sectors	21,274.4	21,517.6	243.2	1.1
Wholesale & Retail Trade	3,642.6	3,641.6	-1.0	0.0
Transportation & Utilities	1,250.1	1,262.3	12.2	1.0
Information	331.7	330.8	-0.9	-0.3
Financial Activities	1,452.1	1,435.6	-16.5	-1.1
Professional & Business Services	3,417.4	3,405.1	-12.3	-0.4
Education & Health Services	4,209.2	4,329.9	120.7	2.9
Leisure & Hospitality	2,409.4	2,432.7	23.3	1.0
Other Services	1,026.1	1,051.9	25.8	2.5
Government	3,535.8	3,627.7	91.9	2.6

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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the state government subsector, and 4 percent in the federal government subsector. Five sectors declined, partially offsetting job gains, led by the manufacturing sector, which fell by 25,500 jobs, or 0.8 percent, to 3.19 million jobs.

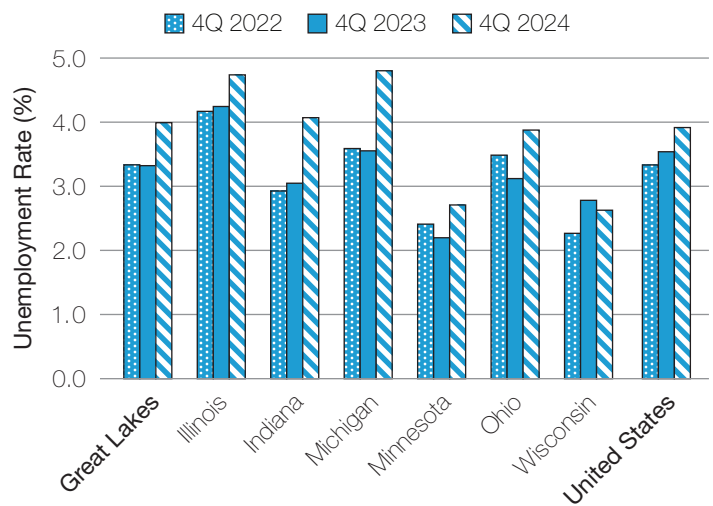
The unemployment rate in the region averaged 4.0 percent as of the fourth quarter of 2024, up from 3.3 percent a year earlier and slightly higher than the 3.9-percent national rate. Unemployment rates rose in five of the six states in the region, and rates ranged from 2.6 percent in Wisconsin to 4.8 percent in Michigan. The regional unemployment rate increased because labor force growth of 1.1 percent outpaced a rise in resident employment of 0.4 percent. The only state in which resident employment growth outpaced an increase in the labor force was Wisconsin, where the unemployment rate declined from 2.8 percent a year ago.

As of the fourth quarter of 2024 —

- Ohio led states in the Great Lakes region with the largest job growth, increasing by 58,400 jobs, or 1.0 percent. The education and health services and the mining, logging, and construction sectors led job gains, increasing by 29,500 and 15,400 jobs, or 3.1 and 6.1 percent, respectively.
- The fastest nonfarm payroll growth was in Indiana, increasing 1.5 percent, or by 49,500 jobs, making it the second most jobs added in the region. Ten sectors added jobs, led by the education and health services sector, with an increase of 12,900 jobs, or 2.5 percent.
- The third largest job gain was in Michigan, where jobs rose by 46,300, or 1.0 percent, to nearly 4.53 million. The largest increase occurred in the government sector, which added 18,700 jobs, or 3.0 percent; approximately 51 and 46 percent of the gains in the government sector were concentrated in the state and local subsectors, respectively.

- In Illinois and Minnesota, nonfarm payrolls increased by 44,400 and 35,300 jobs, or 0.7 and 1.2 percent, to 6.21 and 3.05 million jobs, respectively. In Illinois, the government sector added the most payrolls, and in Minnesota the education and health services sector led growth, increasing by 28,200 and 36,600, or 3.4 and 6.3 percent, respectively.
- In Wisconsin, payrolls rose by 21,200, or 0.7 percent, to 3.06 million jobs. Similar to three of the other regional states, the government sector led job growth, adding 6,300 jobs, or 1.5 percent, with 73, 22, and 5 percent of that growth occurring in the local, state, and federal government subsectors, respectively.

Three of six states in the Great Lakes region had unemployment rates equal to or below the national average rate as of the fourth quarter of 2024.



4Q = fourth quarter.

Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Sales housing market conditions in the Great Lakes region ranged from balanced to slightly tight as of the fourth quarter of 2024. The region had a limited supply of homes for sale, decreasing sales, and strong increases in home sales prices. As of the last week of December 2024, the average 30-year fixed-rate mortgage interest rate was 6.9 percent, up from 6.6 and 6.4 percent as of the last weeks of December 2023 and 2022, respectively, and much higher than the 3.1- and 2.7-percent rates as of the last weeks of December 2021 and 2020, respectively (Freddie Mac).

Home sales fell 5 percent in the region during the 12 months ending November 2024 to 787,600 homes sold, slowing significantly from a 19-percent decline during the previous

12-month period (CoreLogic, Inc., with adjustments by the analyst). Declines in home sales occurred in all six states, ranging from a 1-percent decrease to 87,950 sales in Wisconsin to a 10 percent decrease to 141,800 sales in Michigan. Home sales declined an average of 6 percent nationally. As of December 2024, the inventory of homes for sale, measured by months of supply, was 2.0 months in the region, up slightly from 1.9 months as of December 2023 (CoreLogic, Inc., with adjustments by the analyst). Inventory levels stayed low as many would-be sellers opted not to list their homes to retain lower mortgage interest rates. Nationally, the supply of inventory increased to 3.3 months as of December 2024 from 2.6 months as of December 2023.

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Home prices rose 8 percent in the region during the 12 months ending November 2024 to an average of \$288,800, compared with a 3-percent rise a year ago (CoreLogic, Inc. with adjustments by the analyst). Nationwide, the average home price rose 6 percent to \$422,400, faster than the gain of less than 1 percent during the preceding year. Average home prices rose from a year ago in all six states in the region, ranging from 5 percent in Indiana and Minnesota to 11 percent in Michigan, and price growth accelerated in all states from a year ago except in Indiana, where prices rose 7 percent a year ago. Average home prices also rose in all eight major metropolitan areas highlighted in this report, ranging from 3 percent in the Indianapolis metropolitan area to 11 percent in the Detroit metropolitan area.

As of November 2024, 1.0 percent of home loans in the region were seriously delinquent or in real estate owned status, down slightly from the 1.1-percent rate in November 2023 (CoreLogic, Inc.). The current rate in the region is the same as the 1.0-percent rate in the nation. The rates among the states in the region ranged from 0.6 percent in Wisconsin to 1.3 percent in Illinois.

The limited for-sale inventory and high average home prices have contributed to increased homebuilding activity, as measured by the number of single-family homes permitted.

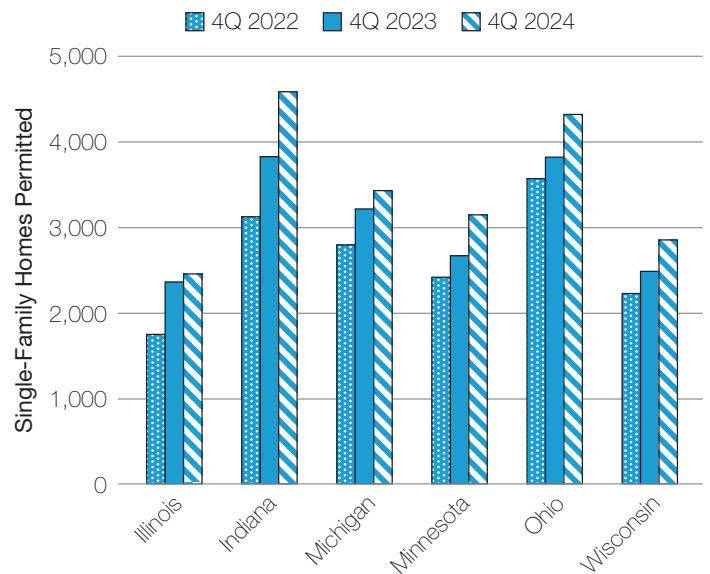
As of the fourth quarter of 2024 (preliminary data)—

- Single-family home construction, as measured by the number of homes permitted, rose 13 percent in the region to 20,800 homes, slowing from the 16-percent year-over-year

increase as of the fourth quarter of 2023. By comparison, the number of single-family homes permitted nationally rose 2 percent as of the fourth quarter of 2024, following a 25-percent gain a year ago.

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As of the fourth quarter of 2024, single-family home construction was up in every state in the Great Lakes region from a year earlier.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

During the 12 months ending November 2024, home sales fell throughout the Great Lakes region, but home sales prices rose at least 3 percent in all the states and major metropolitan areas in the region.

	12 Months Ending	Number of Homes Sold				Price		
		2023	2024	Percent Change	Average	2023 (\$)	2024 (\$)	Percent Change
Illinois	November	165,300	161,600	-2	AVG	305,500	329,400	8
Chicago-Naperville-Elgin, IL-IN-WI	November	91,200	87,450	-4	AVG	376,400	407,700	8
Indiana	November	142,900	132,900	-7	AVG	266,200	280,300	5
Indianapolis-Carmel-Anderson, IN	November	49,200	44,700	-9	AVG	326,400	337,700	3
Michigan	November	156,800	141,800	-10	AVG	234,100	259,400	11
Detroit-Warren-Dearborn, MI	November	29,550	27,050	-8	AVG	171,700	191,300	11
Minnesota	November	89,400	86,050	-4	AVG	335,600	352,800	5
Minneapolis-St. Paul-Bloomington, MN-WI	November	55,450	54,550	-2	AVG	396,600	412,700	4
Ohio	November	186,500	177,300	-5	AVG	229,000	246,100	7
Cincinnati, OH-KY-IN	November	35,800	33,450	-7	AVG	279,800	302,500	8
Cleveland-Elyria, OH	November	33,750	32,000	-5	AVG	220,600	238,300	8
Columbus, OH	November	34,950	32,600	-7	AVG	330,900	349,100	6
Wisconsin	November	89,200	87,950	-1	AVG	272,900	297,800	9
Milwaukee-Waukesha, WI	November	20,550	19,750	-4	AVG	310,500	335,400	8

AVG = average.

Notes: All figures are rounded. Data include new and existing single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc. with adjustments by the analyst



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- The number of homes permitted rose 20 percent in Indiana to 4,600. Homes permitted in the Fort Wayne, Indianapolis, and Lafayette metropolitan areas accounted for more than 55 percent of the growth in Indiana; single-family homes permitted in the Lafayette, Indianapolis, and Fort Wayne metropolitan areas increased 23, 21, and 15 percent, respectively.
- Growth in single-family home permitting was also strong in Minnesota, Wisconsin, Ohio, and Michigan, where the

number of homes permitted rose 18, 15, 13, and 7 percent to 3,150, 2,850, 4,325, and 3,425, respectively. Approximately 74 percent of the single-family homes permitted in Minnesota were in the Minneapolis metropolitan area.

- Approximately 2,450 homes were permitted in Illinois, up 3 percent from the 2,375 homes permitted a year earlier.

Apartment Market Conditions

Apartment market conditions in the Great Lakes region were mixed as of the fourth quarter of 2024, with conditions in the eight metropolitan areas highlighted in this report ranging from slightly tight to soft. Apartment absorption in the region totaled 60,500 units during 2024, up 50 percent from the 40,250 units absorbed a year earlier (CoStar Group). New apartment completions totaled 59,700 units during 2024, declining 16 percent from a 24-year record of 70,800 units delivered a year ago. Approximately 54,100 units were under construction in the region as of the fourth quarter of 2024, down 36 percent from 84,100 units as of the fourth quarter of 2023.

As of the fourth quarter of 2024, average apartment vacancy rates declined in the Chicago, Cleveland, Columbus, Detroit, and Minneapolis metropolitan areas, with decreases ranging from 0.1 to 1.0 percentage point. The rates in the Cleveland and Indianapolis metropolitan areas were above the national vacancy rate of 8.1 percent. The largest average vacancy rate increase was 0.7 percentage point to 5.6 percent in the Milwaukee metropolitan area. Vacancy rates in the Cincinnati and Indianapolis metropolitan areas rose 0.5 and 0.2 percentage point to 7.1 and 10.0 percent, respectively. Apartment conditions eased slightly but remained soft and

slightly soft in the Cleveland and the Columbus metropolitan areas, where vacancy rates decreased to 8.2 and 8.1 percent from 8.3 and 8.4 percent, respectively, a year ago. Both metropolitan areas experienced elevated absorption in addition to an overall slowdown in deliveries. The largest decrease in the apartment vacancy rate occurred in the Detroit metropolitan area, where the rate fell to 7.1 percent from 8.1 percent a year ago as absorption outpaced unit completions. The vacancy rate declined in the Chicago metropolitan area to 5.1 percent, down from 5.5 percent a year ago, because absorption of new units was 22 percent more than the number of new deliveries in the fourth quarter of 2024. In the Minneapolis metropolitan area, the vacancy rate fell to 7.4 from 8.0 percent a year ago because absorption exceeded net deliveries by 8 percent, but rent growth was slowest in the region at 1 percent.

As of the fourth quarter of 2024, average monthly rent growth in the highlighted major metropolitan areas exceeded the 1-percent nationwide increase, apart from the Minneapolis metropolitan area (CoStar Group). Rent growth in the region was slowest at 1 percent and strongest at 3 percent. Average rents in seven of the metropolitan areas were lower than the \$1,730 average for the nation except in the Chicago metropolitan area, where

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Apartment vacancy rates fell in five metropolitan areas of the Great Lakes region, whereas rents increased at least 1 percent in all metropolitan areas as of the fourth quarter of 2024.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2023 (%)	4Q 2024 (%)	Percentage Point Change	4Q 2023 (\$)	4Q 2024 (\$)	Percent Change
Chicago-Naperville-Elgin	Slightly Tight	5.5	5.1	-0.4	1,752	1,796	3
Cincinnati	Slightly Soft	6.6	7.1	0.5	1,254	1,285	2
Cleveland-Elyria	Soft	8.3	8.2	-0.1	1,184	1,220	3
Columbus	Slightly Soft	8.4	8.1	-0.3	1,294	1,330	3
Detroit-Warren-Dearborn	Slightly Soft	8.1	7.1	-1.0	1,279	1,321	3
Indianapolis-Carmel-Anderson	Soft	9.8	10.0	0.2	1,269	1,301	3
Milwaukee-Waukesha-West Allis	Balanced	4.9	5.6	0.7	1,377	1,411	2
Minneapolis-St. Paul-Bloomington	Slightly Soft	8.0	7.4	-0.6	1,502	1,517	1

4Q = fourth quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group



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rents averaged \$1,796. Annual rent growth in five of the eight metropolitan areas in this report averaged 3 percent as of the fourth quarter of 2024 compared with the fourth quarter of 2023. Apart from the Chicago metropolitan area, average rents ranged from \$1,220 in the Cleveland metropolitan area to \$1,517 in the Minneapolis metropolitan area.

Multifamily building activity, as measured by the number of units permitted, increased in the region as of the fourth quarter of 2024 from the same period a year earlier, partly because of continued rent growth and elevated absorption in many apartment markets. Higher permitting occurred in five of the six states in the region.

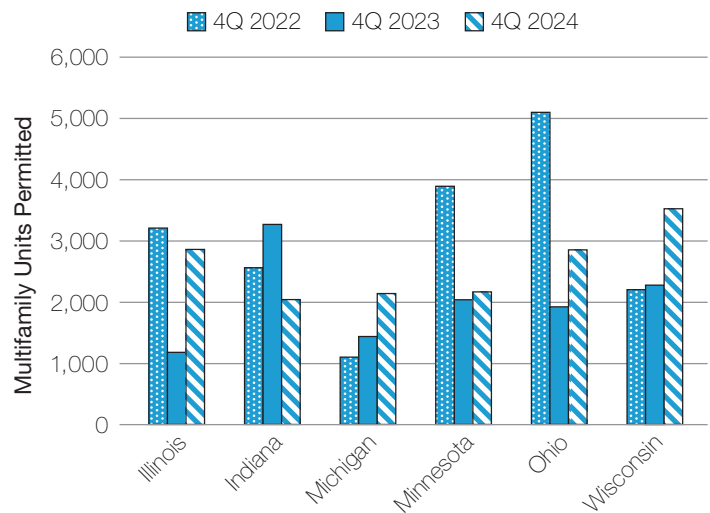
As of the fourth quarter of 2024 (preliminary data)—

- The number of multifamily units permitted in the region totaled 15,650, reflecting a 28-percent increase from a year earlier after a 33-percent year-over-year decline as of the fourth quarter of 2023. Nationally, multifamily construction declined 1 percent year over year as of the fourth quarter of 2024, following a 21-percent decrease during the previous year.
- The largest increase in multifamily construction in the region occurred in Illinois, where permitting increased from 1,200 to 2,875 units, representing a gain of 1,675 units. Approximately 81 percent of the statewide increase occurred in the Illinois counties of the Chicago metropolitan area, where permitting more than doubled, increasing by 1,350 units to 2,300.
- In the other four states in the region, increases ranged from 6 percent in Minnesota to 2,175 units permitted to

54 percent in Wisconsin, where 3,525 units were permitted. Multifamily units permitted increased 48 percent each in Ohio and Michigan to 2,875 and 2,150 units, respectively.

- Permitting fell in one of the six states in the region—Indiana—declining by 1,225 units, or 37 percent. The sharp decrease in Indiana primarily occurred in the Indianapolis metropolitan area, with a decline of 900 units, or 45 percent.

As of the fourth quarter of 2024, multifamily permitting activity increased in the Great Lakes region from a year earlier, with increases in five states offsetting a decline in Indiana.



4Q = fourth quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once it reaches a 90-percent occupancy rate or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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