

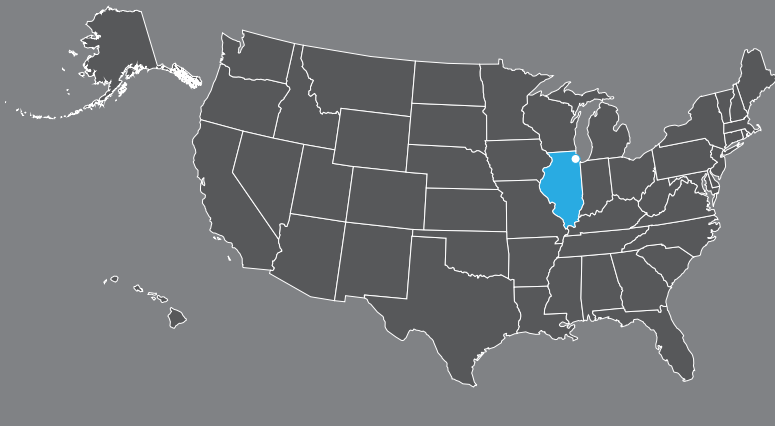
# HUD PD&R Housing Market Profiles

## Cook County, Illinois



### Quick Facts About Cook County, Illinois

- Current sales market conditions: slightly tight but easing
- Current rental market conditions: balanced
- The city of Chicago will host a NASCAR (National Association for Stock Car Auto Racing) race in July 2023 on a 2.2-mile street course in the downtown area. The event is forecast to have an economic impact of nearly \$114 million. The economic impact includes an estimated 100,000 attendees, who are expected to occupy approximately 24,000 hotel room nights and support the equivalent of 850 full-time annualized jobs.



By Gabe Labovitz | As of November 1, 2022

### Overview

Cook County, in northeastern Illinois, is the most populous county in the 14-county Chicago-Naperville-Elgin, IL-IN-WI metropolitan statistical area (MSA) and the second most populous county in the United States, after Los Angeles County, California. Twenty-three cities and more than 100 villages are wholly or partially contained within Cook County. The city of Chicago is the county seat and the most populous area in the county, with 52 percent of the population (U.S. Census Bureau; population estimate as of July 1, 2021). The county is a global center for business and included 35 Fortune 500 companies as of 2021. Tourism is an important component of the economy, and in 2021, tourism rebounded in the larger Chicago MSA, when more than 30 million people visited, nearly 87 percent more visitors than in 2020 but still only one-half of the visitors during 2019, before the COVID-19 pandemic (Choose Chicago). The pandemic severely affected the economy, and approximately 357,400 jobs were lost during March, April, and May 2020 (not seasonally adjusted); those jobs were fully recovered by mid-2022. Primarily because of recent increases in mortgage interest rates, the home sales market is softening but

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slightly tight based on low inventory levels. The rental market is balanced; higher sales housing costs are keeping households in the rental market that might otherwise choose to buy.

- As of November 1, 2022, the estimated population of Cook County was 5.09 million, representing an average annual decline of 63,750, or 1.2 percent, since April 1, 2020, compared with population growth averaging 8,100, or 0.2 percent, annually from 2010 to 2020 (Census Bureau Decennial Census data as of April 1, 2020; current estimate by the analyst).
- Population estimates from the U.S. Census Bureau reported net out-migration of nearly 95,800 people from July 1, 2020, through July 1, 2021. This net out-migration, more than

double the estimated 46,750 net out-migration during the previous year, was spurred by the COVID-19 pandemic.

- Despite overall population decline, downtown Chicago—defined as the central business district known as the Loop and adjacent neighborhoods of the Near West Side, the Near South Side, and the Near North Side—has gained population. From 1990 to 2020, this downtown core was the fastest growing downtown of any American city, reaching 244,500 residents by 2020 (LoopChicago.com). Suburban Cook County growth areas include the cities or villages of Glenview, Northbrook, and Elk Grove Village in the northern portion of the county and Lemont in the southern portion of the county.

## Economic Conditions

The Cook County economy is strong. Nonfarm payrolls in the county, which fell more sharply than jobs in the Midwest region or the nation during the early stages of the COVID-19 pandemic, have grown faster than jobs in the other two geographies since 2021. However, jobs in the Midwest region and the nation exceeded their prepandemic levels during October and June of 2022, respectively, and in Cook County, nonfarm payrolls exceeded their prepandemic level during September 2022. From 2015 through 2018, nonfarm payrolls in the county increased 0.9 percent annually on average, the same growth rate as jobs in the Midwest region, but below the national growth rate that averaged 1.6 percent annually. By contrast, job growth slowed during 2019

for all geographies, and averaged 0.5 percent for the county, 0.3 percent for the Midwest region, and 1.3 percent nationally.

During the 3 months ending October 2022—

- Nonfarm payrolls averaged 2.78 million, an increase of nearly 150,000 jobs, or 5.7 percent, from a year earlier. By contrast, job growth for the Midwest region and the nation averaged 2.9 and 3.7 percent, respectively.
- Job growth was led by the leisure and hospitality sector, which increased by 45,300 jobs, or 19.4 percent, compared with a year earlier. Despite this strong growth, jobs in the

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**During the 3 months ending October 2022, all job sectors in Cook County grew, and the unemployment rate fell by more than 1 percent.**

	3 Months Ending		Year-Over-Year Change	
	October 2021 (Thousands)	October 2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	2,630.2	2,780.1	149.9	5.7
Goods-Producing Sectors	256.1	264.0	7.9	3.1
Mining, Logging, & Construction	79.2	81.4	2.2	2.8
Manufacturing	176.9	182.6	5.7	3.2
Service-Providing Sectors	2,374.0	2,516.1	142.1	6.0
Trade, Transportation, & Utilities	474.3	497.1	22.8	4.8
Information	56.1	60.1	4.0	7.1
Financial Activities	225.2	229.2	4.0	1.8
Professional & Business Services	526.5	562.3	35.8	6.8
Education & Health Services	447.9	463.9	16.0	3.6
Leisure & Hospitality	233.2	278.5	45.3	19.4
Other Services	110.7	115.4	4.7	4.2
Government	300.1	309.7	9.6	3.2
<b>Unemployment Rate</b>	6.3%	5.2%		

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

Sources: Economic Information and Analysis, Illinois Department of Employment Security; U.S. Bureau of Labor Statistics

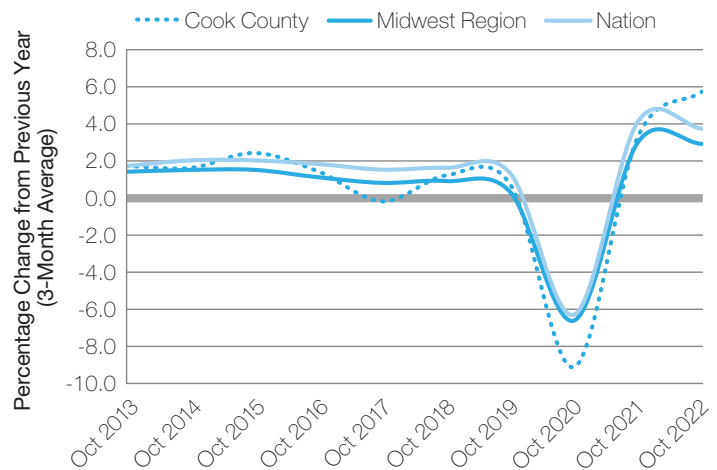
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sector remain 8.2 percent below the 303,300 jobs reported during the 3 months ending October 2019, before the COVID-19 pandemic.

- The second largest job gain was in the professional and business services sector, which increased by 35,800 jobs, or 6.8 percent, from a year earlier, and the current jobs total in the sector is 6.5 percent above the total from the 3 months ending October 2019.
- Cook County had a higher concentration of service-providing sectors than the nation. Nearly 91 percent of jobs in the county were in the services-providing sectors, compared with 86 percent of jobs nationally. These sectors directly affect office occupancy, and the office vacancy rate in Cook County was 15.6 percent during the third quarter of 2022, down from a historic high of 16.1 percent during the second quarter of 2022; the rate was 15.0 percent during the third quarter of 2021 (CoStar Group).

Tourism is a critical component of the economy in Cook County and the larger Chicago MSA. Before the COVID-19 pandemic and government-imposed efforts to contain the virus, visitors to the larger Chicago MSA, which include leisure and business travelers, had increased from 55.2 million in 2017 to 60.8 million in 2019. Although visits to the Chicago MSA have increased since 2020, they remain low relative to prepandemic figures. Hotel revenue totaled nearly \$2.5 billion in 2019 and contributed nearly \$137.3 million in tax receipts but plummeted to \$431 million in revenue and \$24 million in tax revenue during 2020. During 2021, these figures recovered to \$1.13 billion in hotel revenue and \$63.2 million in hotel tax revenue; despite showing an improvement from 2020 figures, 2021 receipts are less than one-half the values from 2019 (Choose Chicago). Supporting tourism, Chicago's O'Hare International Airport, ranked among the five busiest airports in the world, is preparing for a significant expansion, scheduled to begin during 2023. The expansion, called the "Terminal Area Plan," is projected to cost more than

### Nonfarm payroll jobs have increased faster in Cook County than in the Midwest region or the nation since 2021.



Sources: Economic Information and Analysis, Illinois Department of Employment Security; U.S. Bureau of Labor Statistics

### Largest Employers in Cook County

Name of Employer	Nonfarm Payroll Sector	Number of Employees
United States Government	Government	52,357
City of Chicago	Government	30,928
Advocate Aurora Health	Education & Health Services	26,585

Note: Excludes local school districts.

Source: *Crain's Chicago Business*, December 31, 2020

\$12 billion and will add approximately 1.3 million square feet in terminal space and dozens of new gates. Preliminary estimates cite an expected 22,000 jobs because of the expansion effort, although some of the expected jobs in the construction sector will be temporary (ord21.com).

## Sales Market Conditions

The sales housing market in Cook County is slightly tight but easing compared with tight conditions a year earlier. Recent increases in mortgage interest rates have contributed to slowing home sales, and the level of available inventory has increased. During the week ending October 27, 2022, the average interest rate for a 30-year fixed-rate mortgage was 7.1 percent, more than double the 3.1-percent rate from a year earlier (Freddie Mac). The last time the rate was above 7 percent was in 2002. Because of recently slowing home sales, the inventory of homes for sale rose more than 13 percent from October 2021 to October 2022,

and the months of supply rose from 2.4 in October 2021 to 4 in October 2022 (Redfin, a national real estate brokerage). Six months of available inventory is typically considered balanced and is a level the county has not reached since 2012.

During September 2022, 2.1 percent of home loans in Cook County were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 3.8 percent a year earlier (CoreLogic, Inc.). The rate in Cook County is slightly above the rates for Illinois

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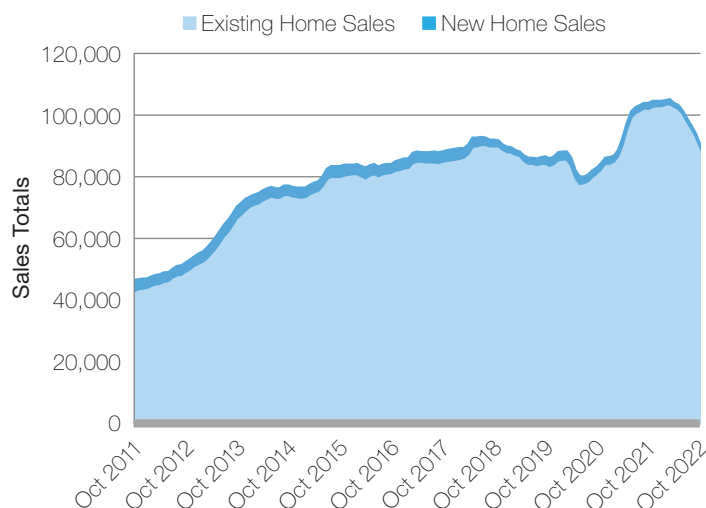
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and the nation, which were 1.8 and 1.3 percent, respectively, during September 2022. The onset of the COVID-19 pandemic in early 2020 and efforts to contain the spread of the virus led to economic dislocations that caused a brief spike in seriously delinquent mortgages, which reached 6 percent in the county during September 2020. The decline in the rate since September 2020 is attributed to improved economic and sales housing market conditions.

During the 12 months ending October 2022 —

- Existing home sales totaled 90,200, a drop of nearly 12 percent from 102,200 sales a year earlier (Zonda). By comparison, the 102,200 home sales for the 12 months ending October 2021 was a 26-percent increase from the previous year, driven partly by low mortgage interest rates. From 2010 through 2017, existing home sales in the county rose nearly 10 percent annually before a more modest 4-percent increase in 2018 and a 5-percent decrease in 2019.
- New home sales totaled 760, a sharp decline of more than 55 percent from 1,700 new home sales a year earlier. New home sales prices reached a record-high level during the summer of 2022 and, combined with increased mortgage interest rates, contributed to the sharp decline in new home sales during the past year. New home sales fell from nearly 20 percent of all home sales during 2009 to less than 1 percent during the current 12-month period. The county is primarily urbanized and generally built out; new, large-scale suburban neighborhood development is typically constructed outside the county.

**New and existing home sales in Cook County have fallen from recent highs; rising mortgage interest rates likely contributed.**

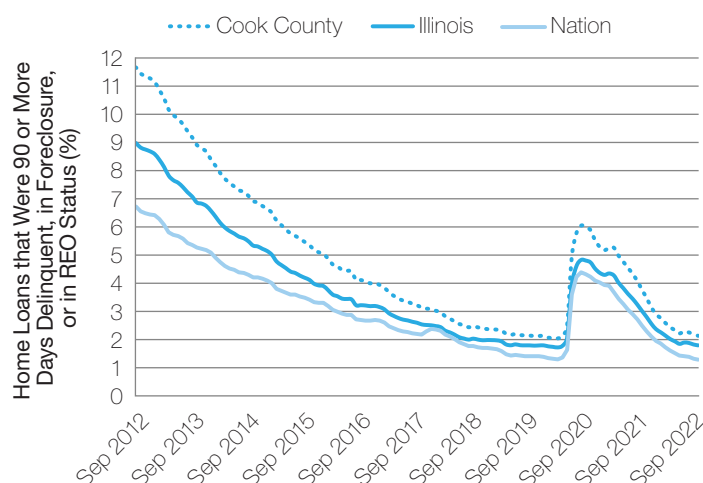


Notes: Sales are for single-family homes, townhomes, and condominiums.  
Source: Zonda

- The average home sales price for existing homes was a record-high \$377,000, nearly 5 percent higher than the average sales price a year earlier. The average home sales price for a new home sale was \$807,600, or nearly 7 percent higher than a year earlier. During the 12 months ending July 2022, the average new home sales price reached a record of \$899,300 but has fallen during the past 4 months because of declining sales, increased inventory, and rising interest rates.

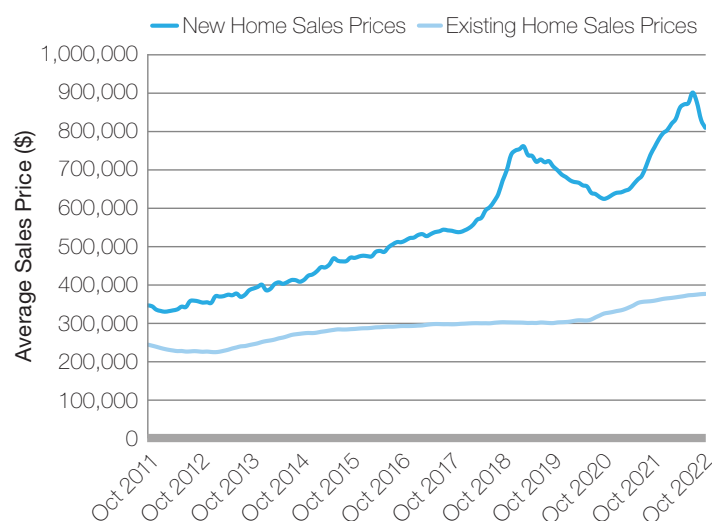
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**The proportion of seriously delinquent home loans and REO properties in Cook County rose sharply following the onset of the COVID-19 pandemic but has nearly returned to prepandemic levels.**



REO = real estate owned.  
Source: CoreLogic, Inc.

**In Cook County, new home sales prices have fallen from recent record highs while current existing home sales prices are at record levels.**



Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: Zonda

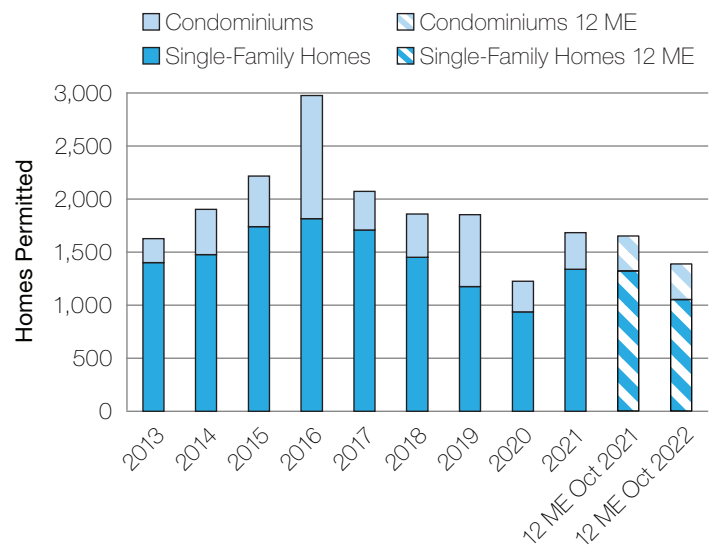
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- Attached homes, typically condominiums and two- and three-flats, contributed 47.9 percent of all home sales in the HMA, a slight decline from 48.4 percent of all home sales a year earlier. At the same time, the average attached home sales price was \$337,700, or 11 percent below the average sales price for all home sales. Attached home sales are more prevalent in the city of Chicago than in Cook County, with 56.5 percent of all home sales in the city of Chicago during the 12 months ending October 2022, compared with 56.7 percent a year earlier.

New home construction activity, as measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted, has been at modest levels since reaching a recent peak in 2016.

- The number of homes permitted fell 16 percent to 1,375 during the 12 months ending October 2022. Single-family home permitting fell 21 percent, whereas construction of multifamily homes intended for owner occupancy was mostly stable. Single-family home permitting in the city of Chicago was generally unchanged during the past year, totaling 400 and contributing 38 percent of all single-family homes permitted in the HMA. In no other city or village in the county were more than 50 homes permitted during the 12 months ending October 2022 (preliminary data, with adjustments by the analyst).
- From a recent peak in 2016, when 2,975 homes were permitted—nearly 40 percent of which were in townhome or condominium developments—permitting declined to a recent low of 1,225 homes permitted during 2020, slowed by the COVID-19 pandemic. From 2012 through 2015, an average of 1,900 homes were permitted annually.
- In Lemont, Illinois, approximately 15 miles southwest of downtown Chicago, the Estates of Montefiori is a new subdivision under construction; it includes 52 duplex and

### Increased sales during 2020 and 2021 led to higher sales housing construction during 2021 in Cook County.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

triplex homesites in its first phase, with 11 homes sold.

The project offers two floorplans, with two and three bedrooms, an attached two-car garage, and home prices starting at \$479,900.

- Among recent condominium developments, Cirrus Condominiums is a 363-unit tower in the Lakeshore East development in Chicago, which is a major master-planned development located south of the Chicago River and north of Maggie Daley Park in downtown Chicago. Cirrus Condominiums began occupancy in early 2022; it includes one-bedroom homes starting at \$509,000, with prices increasing to more than \$5 million for homes with four bedrooms and office space.

## Rental Market Conditions

Rental market conditions in Cook County are balanced and unchanged from a year ago. The rental market in the county has been generally balanced since early in the previous decade, and rental households have grown an estimated 10 times faster than owner households since April 1, 2010. Apartment market conditions in the county are slightly tight and have tightened since 2020, when disruptions to the economy from the COVID-19 pandemic led to softening in the market. In addition, recent increases in home sales prices, combined with increased mortgage interest rates, have kept many households in rental units that might otherwise have chosen to buy a home.

- The estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartments) was 6 percent as of November 1, 2022, a decrease from 9.6 percent during 2010, when conditions were soft.
- The apartment market had a vacancy rate of 5 percent during the third quarter of 2022, down from 5.9 percent during the third quarter of 2021 (CoStar Group). The apartment market vacancy rate reached a recent peak of 8 percent during the third quarter of 2020, when some households with workers able to telework likely moved outside Cook County. When restrictions on activities began

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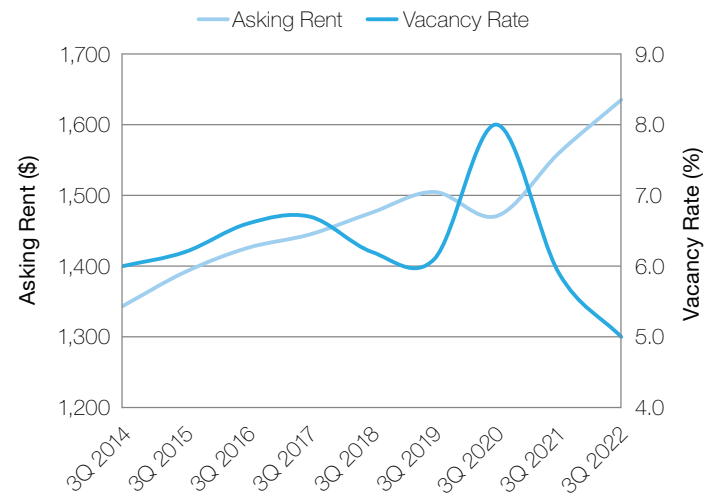
to loosen, some households returned to the county, and the vacancy rate declined.

- The average monthly apartment asking rent during the third quarter of 2022 was \$1,635, or nearly 5 percent more than the level from a year earlier. Nationally, average asking rents rose nearly 6 percent to \$1,623 percent during the same period.
- The tightest of the 15 CoStar Group-defined apartment market areas in the county was the Southern Cook County market area, which includes the village of Homewood and the city of Chicago Heights, where the apartment vacancy rate was 3.3 percent during the third quarter of 2022. The Southern Cook County market area also reported the second-lowest average monthly asking rent, \$1,070. By contrast, the market area with the highest average asking rent during the third quarter of 2022 was the Downtown Chicago market area, where the asking rent averaged \$2,710. The vacancy rate in the Downtown Chicago market area was 6.2 percent, down from 7.6 percent a year earlier and an elevated 16.1 percent during the third quarter of 2020.

Rental construction activity, as measured by the number of rental units permitted, has slowed from a recent peak level permitted during 2016. This decline in the number of rental units permitted helped maintain balanced rental market conditions. The rental market has generally been balanced since the early 2010s.

- During the 12 months ending October 2022, rental units permitted rose more than 40 percent, to 6,325, from 4,475 units permitted during the previous 12-month period. Despite this increase, the number of rental units permitted has been trending downward and declined by an average of 18.5 percent annually, from a recent peak of 10,900 units permitted in 2016 to a recent low of 4,800 units permitted in 2020.
- The spike in permitting during 2016 was in response to comparatively strong population growth, which averaged 0.4 percent annually from 2008 to 2015. From 2012 through 2016, the number of rental units permitted increased 21 percent annually. The population has declined each year since 2015.
- Cascade, a Lakeshore East master-planned luxury apartment development that includes 503 units, began leasing in the summer of 2021. Monthly rents start at \$2,270 for studio units and reach more than \$8,000 for the largest three-bedroom units. Two-bedroom units at the property are listed starting at \$4,700 per month. In the north suburban village of Skokie, Highpoint at 8000 North opened in early 2022; it includes 153 apartments with starting rents ranging from \$1,959 to \$4,975 per month for studio to three-bedroom units.

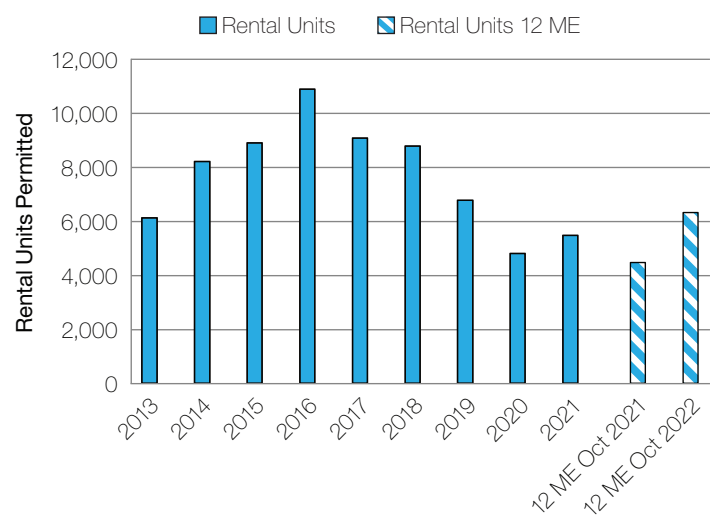
**The apartment vacancy rate fell 3 percentage points, and the average apartment rent has risen sharply in Cook County since the third quarter of 2020.**



3Q = third quarter.

Source: CoStar Group

**Rental housing construction in Cook County reached a recent peak in 2016 and has slowed since.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

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.
Existing Home Sales	Include regular resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Nonfarm Payrolls	Jobs data reported for Cook County do not correspond to a United States Bureau of Labor Statistics (BLS) reporting geography. Instead, the Illinois Department of Employment Security (IDES) produces monthly estimates, which are unofficial and not approved by the BLS, as a result of differences in monthly estimation and annual benchmark revision procedures used by IDES and BLS. Jobs data reported for the Midwest region and the nation are produced by BLS.
Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is 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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