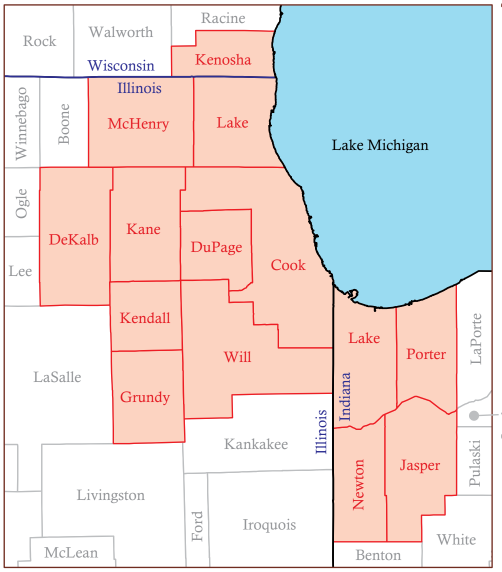
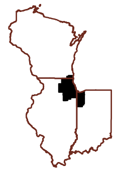
COMPREHENSIVE HOUSING MARKET ANALYSIS

Chicago-Naperville-Elgin, Illinois-Indiana-Wisconsin

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2016





Housing Market Area

The Chicago-Naperville-Elgin Housing Market Area (hereafter, the Chicago HMA) is coterminous with the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area and includes 14 counties in three states. For purposes of this analysis, the HMA is divided into three submarkets: (1) the Cook County submarket, which includes the principal city of Chicago; (2) the Northern Counties submarket, which includes DeKalb, DuPage, Kane, Lake, and McHenry Counties in Illinois and Kenosha County in Wisconsin; and (3) the Southern Counties submarket, which includes Grundy, Kendall, and Will Counties in Illinois and Jasper, Lake, Newton, and Porter Counties in Indiana.

Summary

Economy

Economic conditions in the Chicago HMA have improved since 2011, following 3 years of declines. During the 12 months ending May 2016, nonfarm payrolls totaled 4.62 million jobs, reflecting a growth of 75,800 jobs, or 1.7 percent, from a year earlier. During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.5 percent annually. Although the professional and business services sector is the largest employment sector in the HMA, the largest employer is the U.S. Government, with approximately 45,650 jobs as of December 31, 2014 (Crain's Chicago Business).

Sales Market

Sales housing market conditions in the HMA are soft but improving, with the sales vacancy rate estimated at 2.1 percent, down from 2.6 percent during April 2010. During the 12 months ending April 2016 (the most recent data available), new and existing home sales were generally stable, increasing by 200 sales, to 133,600 homes sold, at an average price of $277,000, nearly 10 percent higher than the figure during the previous 12 months. Demand is forecast for 25,375 new homes during the next 3 years, which includes 1,300 mobile homes (Table 1). The 3,075 single-family homes, townhomes, and condominiums currently under construction and a portion of the 154,000 other vacant housing units that may reenter the sales market will satisfy some of the demand during the forecast period.

Rental Market

The rental housing market in the HMA is currently balanced. The estimated overall vacancy rate is 6.6 percent, down from 9.3 percent in 2010. The apartment market in the HMA is slightly tight, however, with a vacancy rate of 4.5 percent as of the first quarter of 2016 (MPF Research). During the next 3 years, demand is estimated for 19,375 new market-rate rental units, including the approximately 14,410 units currently under construction (Table 1).

Market Details

Table 1. Housing Demand in the Chicago HMA* During the Forecast Period

	Chicago HMA		Cook County Submarket		Northern Counties Submarket		Southern Counties Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	25,375	19,375	11,250	15,650	10,500	2,650	3,625	1,075
Under construction	3,075	14,410	1,075	11,100	1,150	2,400	850	910

* *Chicago-Naperville-Elgin HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2016. A portion of the estimated 154,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 1,300 mobile homes. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

Economic Conditions

The Chicago region developed as a transportation hub for water transit, linking the Mississippi River and the Great Lakes, before transforming into the nation's railroad hub during the mid-19th to late 19th century. Throughout its history, Chicago has been a center of wholesale and retail trade, provisioning the nation during its westward expansion and producing some of the nation's largest retailers, including Sears, Roebuck and Co.; Marshall Field & Co.; and Montgomery Ward & Co. During the 20th century, Chicago developed into a major manufacturing center, producing farm equipment, food, railroad cars, and steel. Today, Chicago is also a center of government, business, higher education, and health care.

During the 12 months ending May 2016, nonfarm payrolls in the Chicago HMA increased by 75,800 jobs, or 1.7 percent, to 4.62 million jobs, following growth of 1.6 percent, or 71,800 jobs, during the previous 12 months (Table 2). Nonfarm payrolls have expanded since 2011, following declines from 2008 through 2010, and have now recovered all the jobs lost during the national recession, surpassing the 4.55 million jobs averaged during 2007. The unemployment rate, which peaked at 10.6 percent during 2010, averaged 5.9 percent during the past 12 months, down from 6.4 percent a year earlier. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2015.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Chicago HMA,* by Sector

	12 Months Ending May 2015	12 Months Ending May 2016	Absolute Change	Percent Change
Total nonfarm payroll jobs	4,539,700	4,615,500	75,800	1.7
Goods-producing sectors	574,200	582,600	8,400	1.5
Mining, logging, & construction	161,800	168,900	7,100	4.4
Manufacturing	412,400	413,700	1,300	0.3
Service-providing sectors	3,965,500	4,032,900	67,400	1.7
Wholesale & retail trade	703,500	714,200	10,700	1.5
Transportation & utilities	214,400	220,600	6,200	2.9
Information	80,600	81,700	1,100	1.4
Financial activities	290,800	293,600	2,800	1.0
Professional & business services	802,000	807,600	5,600	0.7
Education & health services	691,800	705,800	14,000	2.0
Leisure & hospitality	441,200	459,300	18,100	4.1
Other services	194,000	195,300	1,300	0.7
Government	547,200	554,800	7,600	1.4

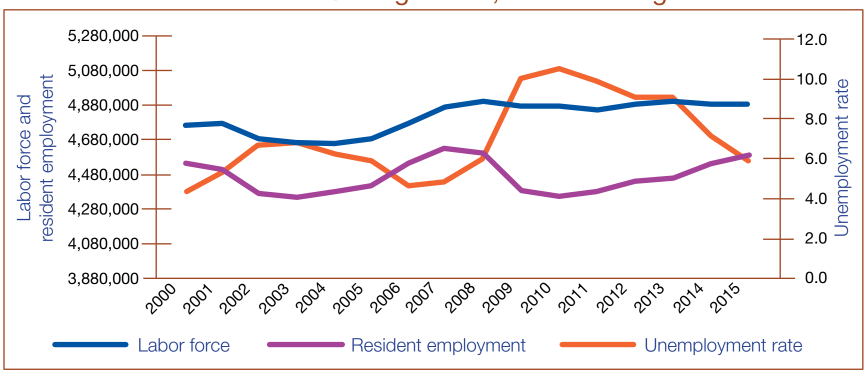
* *Chicago-Naperville-Elgin HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through May 2015 and May 2016.

Source: U.S. Bureau of Labor Statistics

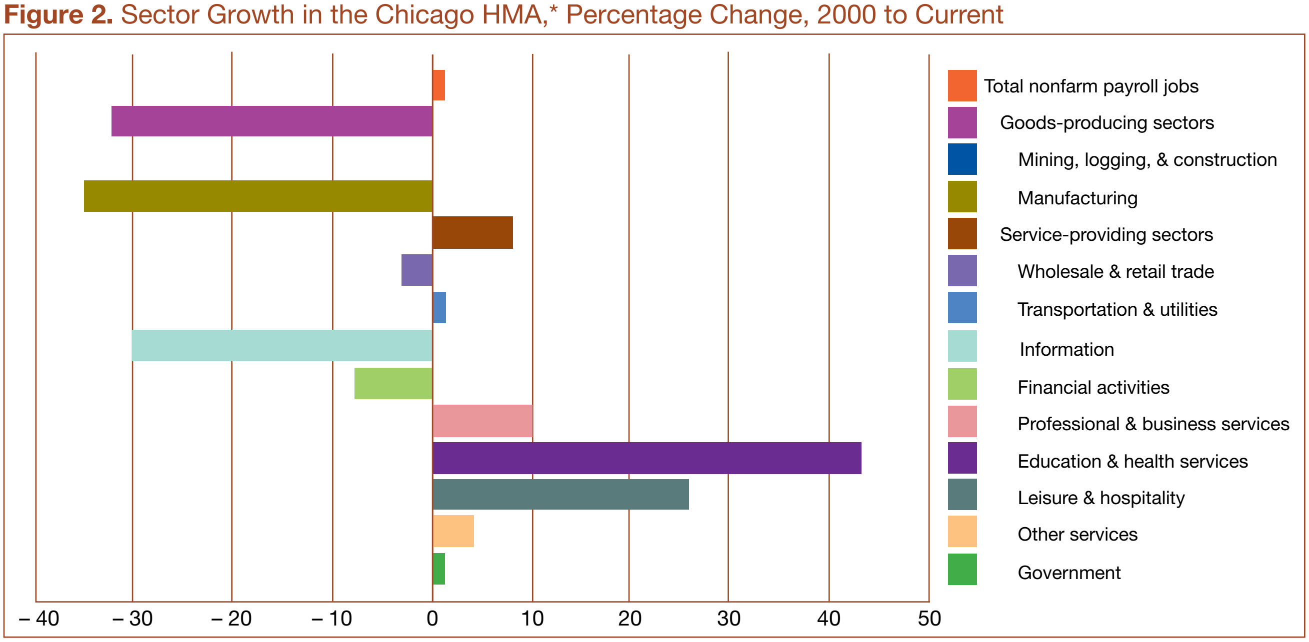
From 2001 through 2010, the economy in the HMA continued the shift begun during the previous decade from goods-producing jobs to service-providing jobs, when goods-producing jobs declined by 30,000, or 4.3 percent, annually. Although employment in the service-providing sectors also contracted—by 2,600 jobs, or 0.1 percent, annually—the concentration of service-providing sector jobs in the local economy grew from 81 to 87 percent during the 2000s. Figure 2 shows nonfarm payroll growth by sector since 2000. From 2001 through 2003, the total number of nonfarm payroll jobs in the HMA fell by 53,000, or 1.2 percent, annually, and manufacturing jobs comprised 76 percent of the net job loss, at 40,100 jobs, or 6.7 percent, annually. Manufacturing job losses were partially offset by an average of 14,200 jobs added annually in the education and health services sector, which represented growth of 2.8 percent. At the same time, local governments added 9,400 jobs, an increase of 2.2 percent, annually. Nonfarm payrolls were relatively stable overall during 2004, despite the loss of nearly 16,000 jobs in the manufacturing sector, a rate of 3.1 percent. From 2005 through 2007, the economy grew and nonfarm payrolls expanded by 47,400, or 1.1 percent, annually. The professional and business services and the education and health services sectors, which registered gains of 20,600 and 14,300 jobs, or 2.9 and 2.5 percent, respectively, led job growth.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Chicago HMA,* 2000 Through 2015



* *Chicago-Naperville-Elgin HMA.*
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Chicago HMA,* Percentage Change, 2000 to Current



* *Chicago-Naperville-Elgin HMA.*
Notes: Current is based on 12-month averages through May 2016. During this period, payrolls in the mining, logging, and construction sector showed no net change.
Source: U.S. Bureau of Labor Statistics

During that period, the manufacturing sector declined by 5,900 jobs, or 1.2 percent, annually. The local economy began to contract during 2008. Nonfarm payroll losses from 2008 through 2010 averaged 2.3 percent in the HMA, representing an average annual decline of 103,600 jobs, well above the 1.6-percent annual job loss rate for the nation. During 2009, the worst year for the economy in the HMA, 237,500 jobs were lost, a 5.2-percent decline. From 2008 through 2010, the number of manufacturing jobs fell by an average of 26,400, or 5.8 percent, annually; nearly 88 percent of overall job losses occurred in the construction subsector when financing available for residential construction became scarcer. The only payroll sector to increase during the 3-year period was the education and health services sector, which gained 15,100 jobs, or 2.5 percent, annually. The manufacturing sector constituted nearly 14 percent of nonfarm payrolls in the HMA during 2000, making it the third largest payroll sector. As a result of losses during the decade, the manufacturing sector had fallen below 10 percent to become the fifth largest payroll sector during 2010.

The economy in the HMA has now registered more than 5 years of economic growth, and nonfarm payrolls have increased by an average of 68,800 jobs, or 1.6 percent, annually since 2011. Nearly 92 percent of nonfarm payroll growth from 2011 to the current date has been in the service-providing sectors, which have expanded by an average of 63,100 jobs a year. Since 2011, the professional and business services, the education and health services, and the leisure and hospitality sectors have added 22,700, 13,300, and 11,800 jobs annually, representing growth rates of 3.1, 2.0, and 2.8 percent, respectively. By comparison, the manufacturing sector has added 1,700 jobs, an increase of 0.4 percent, annually, well below the national rate for manufacturing of 1.2-percent average growth annually. In the HMA, manufacturing increased during 2011 and 2012 but contracted overall during 2013 and 2014 because of layoffs in plastics, steel, communications, and other manufacturing industries. By contrast, manufacturing employment nationally increased during each of those four years.

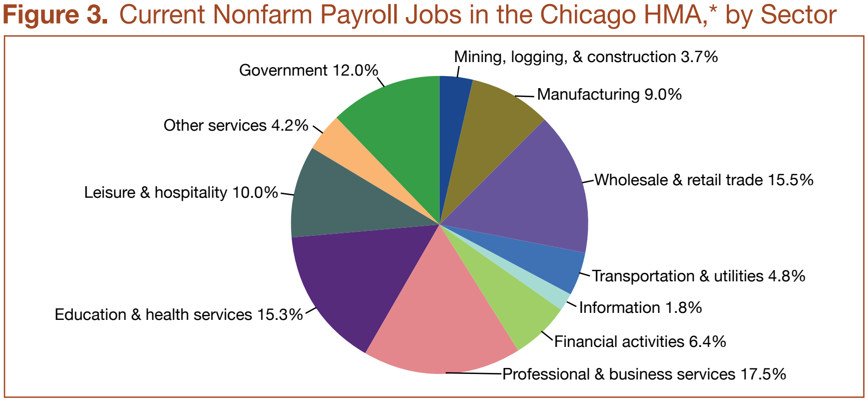
During the 12 months ending May 2016, nonfarm payroll growth in the HMA was led by the leisure and hospitality sector, which increased by 18,100 jobs, or 4.1 percent, from the previous 12 months. Growth in this sector is primarily because of increased employment at hotels and restaurants. The Chicago metropolitan area hosted more than 50 million visitors during 2015, a new record for visitors to the area (choosechicago.com). In The Loop community area in Chicago, which is generally considered to be the downtown area, approximately 2,200 new hotel rooms in more than 10 properties opened during 2015, and more than 1,800 additional rooms are scheduled to open during 2016, contributing to job gains in the leisure and hospitality sector. Adjacent to The Loop community area is the Near West Side, where hotel and restaurant development is also expanding. The Soho House hotel opened during the summer of 2014 in this area, and two additional hotel properties, with a combined 490 rooms, are under construction and scheduled to open in the summer of 2016. Two more hotel properties are in the planning phase in this area. From 2010 through

2014, the number of food services and drinking places in the Near West Side community area expanded from 420 to 470 (U.S. Census Bureau, ZIP Code Business Patterns).

New hotel and restaurant development, complementing increased commercial, office, and residential development in the HMA, contributed to an increase of 7,100 jobs in the mining, logging, and construction sector, all of which were in the construction subsector. The value of construction starts for commercial, office, and warehouse functions in the Chicago HMA increased from $1.04 billion during 2010 to $3.56 billion during 2015. Currently, in The Loop community area, four new office towers, three of which are expected to be 50 or more stories tall, are under construction, totaling 4.43 million added square feet of office space.

The professional and business services sector is the largest sector in the Chicago HMA (Figure 3) and is the sector that recorded the fastest rate of growth since 2011 and the largest annual job increases. Recent additions in this sector include jobs at Capital One, which announced plans in late 2013 to expand in downtown Chicago. Since that announcement, approximately 600 new employees have joined Capital One Financial Corp. offices at the downtown Chicago location and an existing location in suburban Rolling Meadows. Finland-based Nokia Corporation purchased Chicago-based Navteq Corporation, a digital-mapping firm, in 2008 and has added staff each year since 2012. The company, now called HERE, employs approximately 1,200 workers in the HMA. Chicago is encouraging technology growth in the city with The City of Chicago Technology Plan, approved in the fall of 2013, which highlights 28 initiatives in 5 broad strategies: Next-Generation Infrastructure; Every Community a Smart Community; Efficient, Effective, and Open Government; Civic Innovation; and Technology Sector Growth. The number of jobs in digital employment, defined as software, B2B (business-to-business) web, consumer web, and ecommerce, increased from 33,000 in 2012 to 54,000 in 2015 (builtinchicago.org). Jones Lang LaSalle Inc., which produces the annual Technology Office Outlook report, for 2015, ranked Chicago as the fifth most promising location nationally for technology expansions based on a composite score accounting for tech economic momentum, talent pool, startup friendliness, and market factors. Digital employment jobs in Chicago are primarily concentrated in three community areas: The Loop (which includes downtown) and the Near West Side and River North, the latter two of which are adjacent areas west and north of The Loop. The Loop community area includes more digital technology employers than any other area in the HMA, and the River North community area hosts more technology firm startups. In November 2015, Google, Inc.,

Figure 3. Current Nonfarm Payroll Jobs in the Chicago HMA,* by Sector



** Chicago-Naperville-Elgin HMA.*
Note: Based on 12-month averages through May 2016.
Source: U.S. Bureau of Labor Statistics

consolidated approximately 600 Chicago employees in a rehabilitated building in the Near West Side community area. Additional technology jobs are expected to follow when firms seek to locate near Google. The announcement of this move by Google in 2013 contributed to the growth of restaurants in the area and was a primary contributor to the development of new hotel capacity in the Near West Side. Other technology companies with substantial employment in Chicago include Groupon Inc. (2,000 employees) in the River North community area and inflight wireless provider Gogo (more than 700 employees) in the Near West Side community area.

No nonfarm payroll sectors declined during the 12 months ending May 2016. The manufacturing sector added 1,300 jobs, or 0.3 percent, which was the lowest growth rate of all nonfarm payroll sectors in the HMA. By comparison, manufacturing jobs in the six-state Midwest region grew 0.9 percent, because employment in the transportation equipment manufacturing industry, which accounts for 16 percent of all manufacturing jobs in the Midwest region but only 5 percent in the HMA, registered significant growth. During 2015, domestic auto sales in the nation set a record of approximately 17.4 million vehicles sold (WardsAuto), leading to employment gains of 2.5 percent in transportation equipment manufacturing jobs in the Midwest region, which contributed 43 percent of all added manufacturing sector jobs in the region. A series of layoffs in food manufacturing industries recently occurred in the HMA. In July 2015, Mondelez International, formerly part of Kraft Foods Group, Inc., in suburban Deerfield, Illinois, announced the closure of a bakery in Chicago, moving production to Mexico and eliminating 300 jobs. In June 2015, Pittsburgh, Pennsylvania-based H.J. Heinz Company acquired Northfield, Illinois-based Kraft Foods Group and began eliminating 700 positions from the Northfield office, which is ongoing.

The three largest employers in the HMA are governments, currently the fourth largest employment sector in the HMA (Table 3). The government sector increased by 7,600 jobs, or 1.4 percent, during the past 12 months, all in local government employment, as federal and state government employment, in general, was stable. The next two largest employers in the HMA are Advocate Health Care and The University of Chicago, both in the education and health services sector, which recorded the second largest number of nonfarm payroll gains, 14,000 jobs, or 2.0-percent growth, during the past 12 months.

During the forecast period, nonfarm payrolls are expected to increase an average of 1.5 percent, or by 69,200 jobs, annually. Job growth is expected to continue to expand in the professional and business services sector because many technology firms plan

Table 3. Major Employers in the Chicago HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Government	Government	45,650
City of Chicago	Government	30,350
Cook County	Government	21,600
Advocate Health Care	Education & health services	18,550
University of Chicago	Education & health services	16,050
JPMorgan Chase & Co.	Financial activities	15,000
State of Illinois	Government	14,950
Northwestern Memorial HealthCare	Education & health services	14,550
United Continental Holdings, Inc.	Transportation & utilities	14,000
Walgreen Co.	Wholesale & retail trade	13,800

** Chicago-Naperville-Elgin HMA.*

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

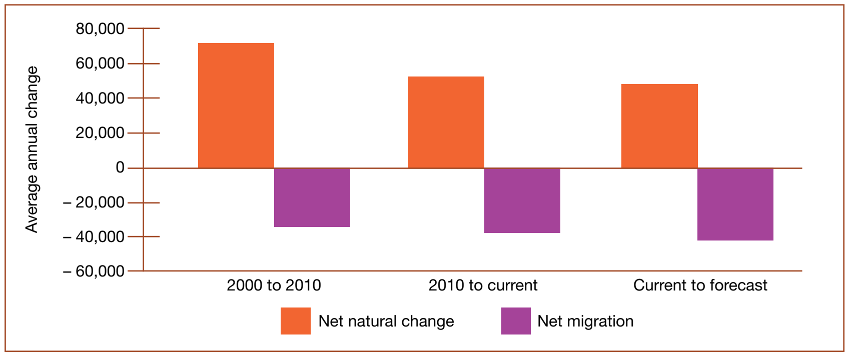
Source: Crain's Chicago Business, as of December 31, 2014 to continue hiring. Glassdoor, an online human resources company, plans to hire more than 250 workers in Chicago during the next 3 years, and Avant, Inc., an online lending institution, expects to hire up to 600 new workers. ConAgra Foods, Inc., announced it is moving its headquarters from Omaha, Nebraska, to Chicago during the summer of 2016. Although this move may result in the loss of approximately 1,500 jobs overall for the company, 700 jobs are expected to relocate to Chicago as a result. ConAgra Foods joins 31 current Fortune 500 companies with headquarters in the HMA; Chicago is ranked the number two North American city for international business headquarters (World Business Chicago, September 17, 2015). Employment is expected to increase in the education and health services sector, in part, because Rush University Medical Center announced plans to build a new $500 million outpatient center at its hospital campus in the Near West Side neighborhood. The number of jobs to be added as a result of this expansion was uncertain at the time of this report. Employment is expected to grow in the construction subsector as additional commercial and residential construction is undertaken, and growth is expected to continue in the leisure and hospitality sector as new hotel properties are brought on line during 2016 and 2017. A number of cutbacks have been announced, however, which will impact employment during the next 3 years. Contractions include Motorola Mobility, which has begun the process of cutting 500 jobs from its Chicago workforce, and the loss of 270 office jobs from the Walgreen Company. Both cuts were announced during the summer of 2015. In the information sector, Harpo Studios, which has operated in the Near West Side neighborhood since 1990, is relocating all Chicago-based production efforts to California, resulting in the loss of approximately 180 jobs.

Population and Households

The population of the Chicago HMA has increased by 14,100, or 0.1 percent, annually since 2010, to an estimated 9.55 million as of June 1, 2016. (Tables DP-1 through DP-4 at the end of this report provide information on population growth in the HMA and submarkets.) Net population gains in the HMA can be attributed entirely to net natural increase (resident births minus resident deaths). The HMA has recorded net out-migration every year since 1991. Figure 4 shows the components of population change and Figure 5 shows population and household growth patterns from 2000 to the forecast date for the HMA.

Population growth averaged 0.4 percent annually, or 36,300 people, during the previous decade. From 2000 to 2004 (Census Bureau, July 1 estimates), the population in the HMA grew by 38,200, or 0.4 percent, with net out-migration averaging 33,950 people annually. From 2001 through 2003, nonfarm payrolls in the HMA declined 1.2

Figure 4. Components of Population Change in the Chicago HMA,* 2000 to Forecast

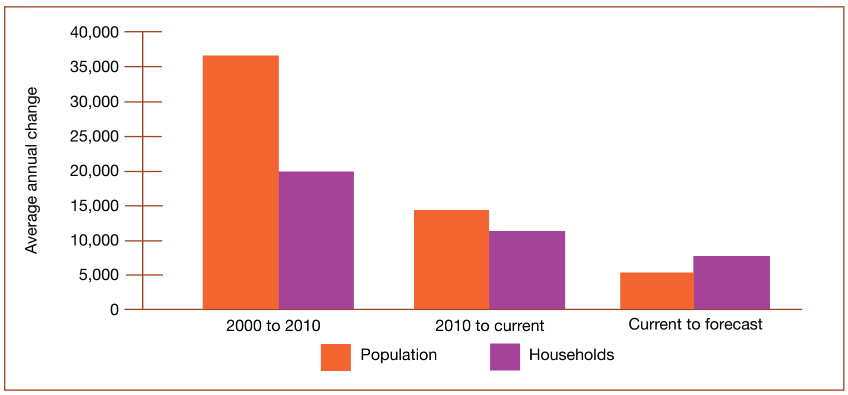


** Chicago-Naperville-Elgin HMA.*

Notes: The current date is June 1, 2016. The forecast date is June 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Chicago HMA,* 2000 to Forecast



** Chicago-Naperville-Elgin HMA.*

Notes: The current date is June 1, 2016. The forecast date is June 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

percent each year and registered an increase of only 1,900 jobs during 2004. From 2005 through 2007, nonfarm payrolls in the HMA increased 1.1 percent annually; however, payroll growth averaged 1.5 percent annually in the United States during that period. Thus, more job opportunities in other areas of the country relative to the HMA led Chicago residents to move to faster-growing areas, and out-migration increased to 45,550 people from 2004 to 2007, leading to a slower population growth rate of 0.3 percent annually. After registering a growth of 37,400 jobs, or 0.8 percent, during 2007, the economy in the HMA and the national economy both contracted sharply from 2008 through 2010. During this time, from 2007 to 2010, net out-migration decreased by nearly 50 percent, to 23,650 each year, leading to population growth of 45,100 people, or 0.5 percent, annually. Although the economic downturn was more severe in Chicago than it was for the nation, comparatively fewer jobs were available outside the HMA. Also, with home values contracting and more stringent mortgage lending standards in place, homeowners were less mobile because of difficulty in selling their homes.

As of June 1, 2016, the Cook County submarket includes nearly 55 percent of the overall population of the HMA. The Northern Counties and Southern Counties submarkets comprise 29 and 16 percent, respectively. These proportions are unchanged from 2010.

The Cook County submarket, with an estimated population of 5.23 million as of June 1, 2016, has increased by 6,050, or 0.1 percent, annually since 2010. Net population growth in the Cook County submarket since 2010 has been greater than growth in the other submarkets, accounting for nearly 43 percent of the total gain for the HMA. This growth represents a reversal from the average annual population declines of 18,200, or 0.3 percent, during the previous decade. Significant population loss during the early part of the decade overshadowed growth that began in Cook County during 2007. From 2000 to 2006, the population of Cook County declined by 33,800 annually, or 0.6 percent, and net out-migration averaged 71,650 people a year. From 2006 to 2012, however, the level of net out-migration from Cook County declined, averaging 25,050 annually, and the population began to grow during 2007. Local officials indicate that declining net out-migration from Cook County from 2007 to 2010 was a result of people wanting to remain closer to the downtown employment center, with shorter commutes and access to the city's public transit system. Net out-migration began to increase again during 2012 and has averaged 28,550 people annually since 2012. Certain suburban Cook County communities such as Glenview, Orland Park, and Evanston have gained residents since 2010, but more than 50 percent of the population growth in Cook County between 2010 and 2013 was in the city of Chicago. Beginning in 2014, population in both the city and the county began to decline.

In the downtown Chicago area within the Cook County submarket are three neighborhoods of expanding technology employment: The Loop, the River North, and the Near West Side (hereafter, the Downtown Area). The population in the Downtown Area has increased by an estimated 6,900, or 4.1 percent, annually since 2010, contributing nearly 60 percent of the population growth in the Cook County submarket during the period. The population of this area, which was 114,198 in 2000, grew to 153,400 in 2010 and is currently estimated to be 195,400.

The Northern Counties and Southern Counties submarkets have populations currently estimated at 2.75 and 1.57 million, respectively, with increases of 5,675 and 2,375, or 0.2 percent each, annually since 2010. During the 2000s, population growth averaged 26,450 people annually in the Northern Counties submarket and 28,000 people annually in the Southern Counties submarket, rates of 1.0 and 2.0 percent, respectively. In both submarkets, net in-migration was recorded during the earlier years of the decade and turned to net out-migration by the end of the decade. In the Northern Counties submarket, net in-migration averaged 11,150 people from 2000 to 2004, contributing to population growth of 35,150 people, or 1.4 percent, during the period. From 2004 to 2010, net out-migration averaged 1,350 people annually, and the population growth declined to 20,050 people, or 0.8 percent, annually, coinciding with similar demographic patterns recorded for the overall HMA. In the Southern Counties submarket, net in-migration averaged 23,450 people annually from 2000 to 2007, leading to population growth of 33,700 people a year, a 2.5-percent annual gain. From 2007 to 2010, net in-migration averaged 2,400 people annually, significantly less than the previous level, and population growth declined to 13,000 people, or 0.9 percent, annually. Although the Southern Counties submarket averaged annual net in-migration for the decade from 2000 to 2010, net out-migration began during 2009. Since 2010, net out-migration has occurred in both submarkets, averaging 9,025 people annually from the Northern Counties submarket and 4,675 people annually from the Southern Counties submarket. Growth in the two submarkets is generally aligned with transit linkages to Chicago, along major highways such as Interstate 55 (I-55), I-88, and I-90, and also in proximity to transit stations along several Metra commuter rail lines.

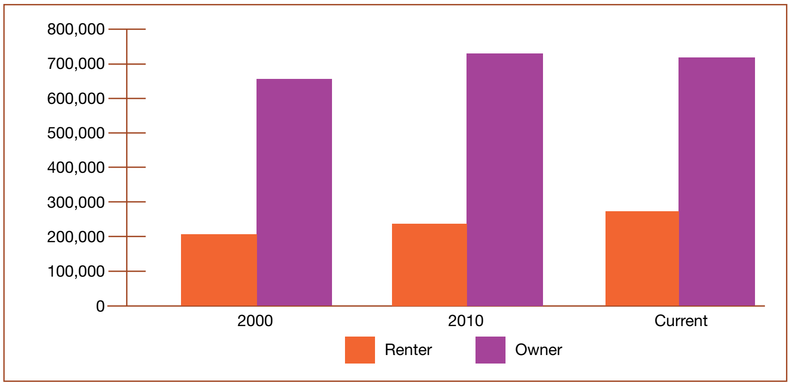
The changes in migration patterns across all three submarkets are modestly related. Migration from Cook County into the other two submarkets increased from 2001 through 2006 and then declined from 2006 through 2010 (Internal Revenue Service). Since 2010, migration from Cook County into the two submarkets has begun to expand again. By contrast, net in-migration from the suburban submarkets to Cook County, in general, was stable through 2006, before increasing from 2006 through 2012. During 2013, the most recent data available, however, net in-migration from the two suburban submarkets into Cook County declined, in part, because overall net out-migration, to any destination, declined. The Cook County submarket has also attracted a larger number of new migrants into the HMA. From 2010 through 2013, migration from outside the HMA to the Cook County submarket accounted for approximately 41 percent of overall immigration to the HMA, up from 38 percent during the previous decade.

The number of households in the Chicago HMA has increased by 10,900, or 0.3 percent, annually since 2010, which is below the average annual 0.6-percent rate, or 19,550 households, recorded during the previous decade. The lower rate of household formation is because of slower population growth since 2010. Mirroring population dynamics, growth in the number of households has slowed in the Northern Counties and Southern Counties submarkets and has increased in the Cook County submarket since 2010. In the Cook County submarket, household change during the previous decade was mostly stable, averaging declines of 780 households annually. This trend has reversed since 2010, and household growth averaged 6,325 households annually, or 0.3 percent, to a current total of 2.01 million households. Household growth during the previous decade in the Northern Counties and Southern Counties submarkets were 10,650 and 9,675 households annually, gains of 1.2 and 2.0 percent, respectively. Since 2010, household growth has slowed in each submarket, to 2,900 households annually in the Northern Counties submarket and 1,625 households annually in the Southern Counties submarket, rates of 0.3 percent each, to current totals of 977,600 and 559,700 households, respectively. Because of the effects of the most recent economic recession

Figure 6. Number of Households by Tenure in the Cook County Submarket, 2000 to Current

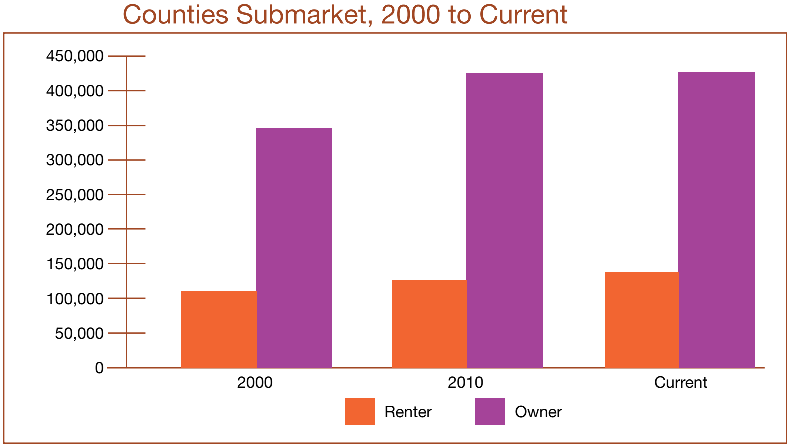
Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Northern Counties Submarket, 2000 to Current



Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Southern Counties Submarket, 2000 to Current



Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

and more stringent lending standards, household growth since 2010 has been in renter households. This trend toward renting is true in each submarket in the HMA; all net household growth was in renter households. Figures 6, 7, and 8 illustrate the number of households by tenure for each submarket.

Because of the modest economic forecast, population growth in the HMA during the next 3 years is expected to remain at 0.1 percent, equal to 5,000 people annually. During this time, net natural increase will continue to account for all population growth because net out-migration should continue, averaging 42,400 people annually. Population is expected to decline slightly, by 330 annually, in the Cook County submarket. The population is forecast to expand 0.2 percent, or by 4,325, annually in the Northern Counties submarket and 0.1 percent, or by 1,000, annually in the Southern Counties submarket. The number of households is expected to increase in each submarket, at rates of 0.2 percent in the Cook County and Southern Counties submarkets and at a higher 0.3-percent rate in the Northern Counties submarket. This expected household growth leads to forecast household counts of 2.02 million, 985,200, and 562,800 in the three submarkets, respectively, and an HMA household count of 3.57 million.

Housing Market Trends

Sales Market—Cook County Submarket

The sales housing market in the Cook County submarket is currently soft but improving, with an estimated vacancy rate of 2.2 percent, down from 3.0 percent in April 2010. During May 2016, the unsold inventory in the submarket was 19,200 homes, nearly 14 percent fewer than a year earlier and 43 percent less than the corresponding figure from May 2010 (Yahoo!-Zillow Real Estate Network). The economic recovery in the HMA, comparatively low levels of single-family home construction, and increasing population since 2010 have contributed to improvement in the sales housing market. The continuing effects of the previous national recession that ended in 2009, tighter mortgage lending standards, and a shift to rental tenure in the submarket, however, contributed to a decline in the homeownership rate, which is currently estimated at 56.0 percent, down from 58.2 percent in April 2010.

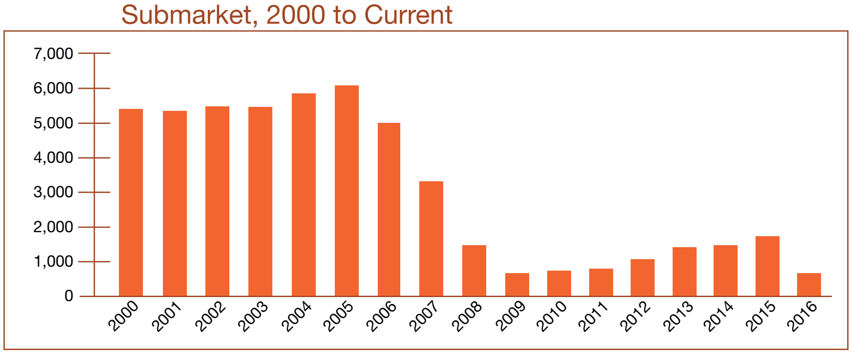
During the 12 months ending April 2016, new and existing home sales (including single-family homes, townhomes, and condominiums) increased in the submarket. New home sales totaled 1,800 homes sold during the past 12 months, 17 percent more than a year earlier, and the average new home sales price was $460,200, 3 percent below the $474,300 average price from the previous year (CoreLogic, Inc., with adjustments by the analyst). New home sales averaged 6,600 homes sold during 2002 and grew nearly 50 percent each year, until reaching the recent peak of 20,300 homes sold during 2005. New home sales remained elevated, averaging 16,650 homes sold annually during 2006 and 2007 before falling sharply during 2008, to 8,100 homes sold, coinciding with the onset of the most recent national recession. During 2009 and 2010, as the local and national economies continued to contract, new home sales fell further, dropping 41 percent during 2009, to 4,800 homes sold, and to 3,425 homes sold during 2010. During 2011, new home sales fell again, to 1,600 homes sold, a 53-percent decline from 2010. Local real estate professionals attribute this decline, despite improving economic conditions, to dislocations in the mortgage lending market, specifically the requirement for higher down payments, which impacted higher-priced new home sales more than the resale housing market. In addition, a shift toward rental housing occurred, with large numbers of new apartments entering the Cook County submarket, in both the city of Chicago and suburban locations, which were absorbed quickly. Since 2011, new home sales have remained low, totaling 2,000 homes sold during 2012 and 2,100 homes sold during 2013. By contrast with new home sales, average new home sales prices have increased since bottoming out in 2011. The average new construction home sales price increased 1 percent annually from 2003 through 2007, before rapid growth of 23 percent during 2008, to $450,200. The high sales price during 2008 was at the end of the inflated housing market in the Chicago HMA, and, when sales declined during 2008, the average sales price also fell, but not as severely. New home sales prices averaged $429,500 during 2009 and 2010 and the number of sales declined. The average new home sales price declined 9 percent during 2011, to $397,200, but has since recovered, averaging $466,500 during 2012 and 2013, similar to the current average price of $460,200.

As with new home sales, existing home sales are also below previous highs, but sales prices for existing homes have not recovered as strongly as new home sales prices. Existing home sales in the submarket increased during the past 12 months, to 61,700 homes sold, a 2-percent gain from a year earlier. The average sales price during the period was $308,100, up more than 11 percent from the previous year. Sales of existing homes averaged 78,450 homes sold annually during 2001, 2002, and 2003 and increased to an average of 100,200 homes sold annually during 2004 and 2005, the peak for existing home sales activity. Following this 2-year peak, existing home sales fell during the next 3 years, declining an average of 28 percent annually from the end of 2005 through 2008, to average 40,600 homes sold annually from 2009 through 2011, when the local and national economies weakened. During 2012, home sales increased to 51,600 homes sold, up 25 percent from 2011. Existing home sales continued growing to an average of 61,650 homes sold annually during 2013 and 2014, signs of a modest recovery in the market. The average sales price for an existing home in the submarket grew steadily, from $215,100 during 2001 to $314,500 during 2007, with gains averaging nearly 6 percent annually before dropping 6 percent annually during the next 5 years to the recent low average sales price of $227,100 during 2012. The largest single-year decline in home sales prices was 18 percent during 2009, the same year as the greatest number of nonfarm payroll job losses in the HMA. As economic conditions began to improve and the population began to grow, average sales prices rose, gaining 11 percent during 2013 and 9 percent during 2014, to an average price of $275,100.

Seriously delinquent loans and distressed sales have had a negative impact on existing home sales prices in the HMA during recent years. In April 2016, 4.5 percent of mortgage loans in the Cook County submarket were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 6.0 percent a year earlier (CoreLogic, Inc.). By comparison, the rate of seriously delinquent loans and REO properties in the state of Illinois for April 2016 was 3.5 percent, down from 4.6 percent during April 2015. The national rate was 2.9 percent during April 2016, down from 3.7 percent a year earlier. The percentage of distressed sales (REO and short sales) as a proportion of all existing sales in the submarket was less than 5 percent until 2008, when it began increasing precipitously, peaking at 37 percent during 2011. The effect that distressed home sales have on average sales prices is significant. During 2011, when distressed home sales peaked as a ratio of all existing home sales, the average price for a distressed home sale was $128,700 and the average price for a nondistressed home sale was $288,300. The presence of distressed sales resulted in an overall average sales price for existing homes of $230,600, more than 20 percent below the nondistressed average sales price. The rate of distressed sales has declined since 2012 but remains elevated, averaging 19 percent during the 12 months ending April 2016, down from 23 percent a year earlier, and continues to depress resale home sales prices. During the 12 months ending April 2016, the average sales price for a distressed home sale was $145,700 and the average sales price for a nondistressed home sale was $319,100. The impact of distressed home sales is lessening, but the average sales price for all existing home sales, of $308,100, is more than 3 percent below the nondistressed price (CoreLogic, Inc., with adjustments by the analyst). By comparison, the national rate of distressed sales as a percentage of all resales, which peaked at 34 percent during 2011, or 1 year before the submarket peak, was 10 percent of all resale homes during the 12 months ending April 2016, down from 13 percent during April 2015.

Single-family homebuilding, as measured by the number of homes permitted, expanded 6 percent in the Cook County submarket during the 12 months ending May 2016, to 1,675 homes permitted (preliminary data). The number of single-family homes permitted averaged 5,500 annually from 2000 through 2006, declined to 3,325 during 2007, and fell further, to 1,475, during 2008, when the home sales market continued to weaken and the national economy was in recession (Figure 9). During the 3 years from 2009 through 2011, developers built fewer homes in response to the low level of new home sales and falling home prices in the submarket. Single-family home construction declined to record low levels, averaging 720 annually from 2009 through 2011, before beginning to gradually recover, to 1,325 annually from 2012 through 2014. Despite the nearly doubling rate of the number of homes permitted, the annual average of 1,325 homes permitted remains low by historic standards and reflects the soft market and developers' caution regarding single-family homebuilding in this submarket.

Figure 9. Single-Family Homes Permitted in the Cook County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Condominium development and sales in the Chicago HMA are primarily concentrated in the Cook County submarket, which accounted for nearly 80 percent of HMA condominium sales since 2010, up from 74 percent from 2005 through 2009 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the 12 months ending March 2016, condominium sales totaled 35,050 units sold, 7 percent more than the number sold during the previous 12 months, and the average sales price increased 1 percent, to $251,000. Condominium sales in the submarket averaged 42,000 units sold annually during 2006 and 2007, before falling to an average of 21,450 units sold annually from 2007 through 2012. Sales then rose to average 33,200 units sold annually during 2013 and 2014. Average sales prices for condominiums were $290,700 from 2005 through 2009, declined to $252,100 during 2010, and bottomed out at an average of $207,200 during 2011 and 2012. Average sales prices for condominiums began to increase after 2012 and averaged $231,700 during 2013 and 2014.

An estimated 550 single-family homes and townhomes and 520 condominiums are currently under construction in the submarket. Despite population growth since 2010 in the Downtown Area, condominium development has been relatively restrained after large properties like Trump Tower (486 units) and 235 Van Buren (714 units) sold out during 2014. During 2015, remaining for-sale inventory at the Museum Park Place development in the city's Near South Side neighborhood sold out. Current new construction in and around downtown Chicago is primarily rental, although developers are beginning to propose smaller owner-occupied properties of 20 to 60 units. In the River North community area of the city of Chicago, Sedgwick at Locust is scheduled to begin occupancy in the fall of 2016. Sedgwick at Locust includes 45 new-construction condominium units, with two-bedroom units priced from approximately $450,000 and three-bedroom units from approximately $670,000. At Grant Park within the Sheffield Square development by M/I Homes in Orland Park, Illinois, approximately 15 miles southwest of downtown Chicago, new construction townhomes start at $262,000. In this development, which is walkable to a Metra commuter train station, more than 90 percent of the 160 home sites are sold.

During the next 3 years, demand is estimated for 11,250 new homes in the submarket, including an estimated 500 mobile homes (Table 1). The estimated 1,075 single-family homes, townhomes, and condominiums currently under construction and a portion of the 95,000 other vacant units in the submarket that may come back on the market will satisfy some of the demand. Demand is expected to be stronger during the second and third years of the 3-year forecast period, as the home sales market continues to recover. Demand is expected to be greatest for homes priced from $400,000 to $499,000. Table 4 shows the estimated demand for new market-rate sales housing in the submarket by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Cook County Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	249,999	1,600	15.0
250,000	299,999	1,600	15.0
300,000	399,999	1,600	15.0
400,000	499,999	2,675	25.0
500,000	749,999	1,600	15.0
750,000	and higher	1,600	15.0

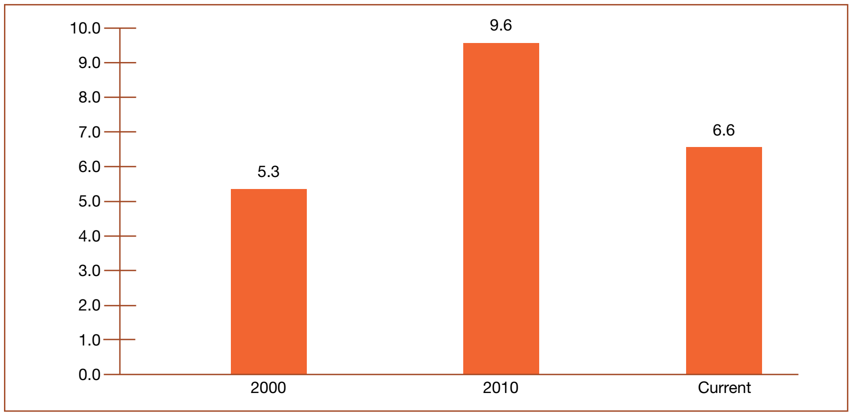
Notes: The 1,075 homes currently under construction and a portion of the estimated 95,000 other vacant units in the submarket will likely satisfy some of the forecast demand. Demand for 500 mobile homes during the forecast period is excluded from this table. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

Rental Market—Cook County Submarket

The rental housing market in the Cook County submarket is balanced, with an overall vacancy rate of 6.6 percent, down from 9.6 percent in April 2010, when the market was soft (Figure 10). Since 2010, the rental market has improved considerably, primarily because of the increasing population in the submarket and a shift in preference from homeownership to renting. These factors have helped the rental market absorb an estimated 25,500 existing vacant and constructed rental units during the

Figure 10. Rental Vacancy Rates in the Cook County Submarket, 2000 to Current



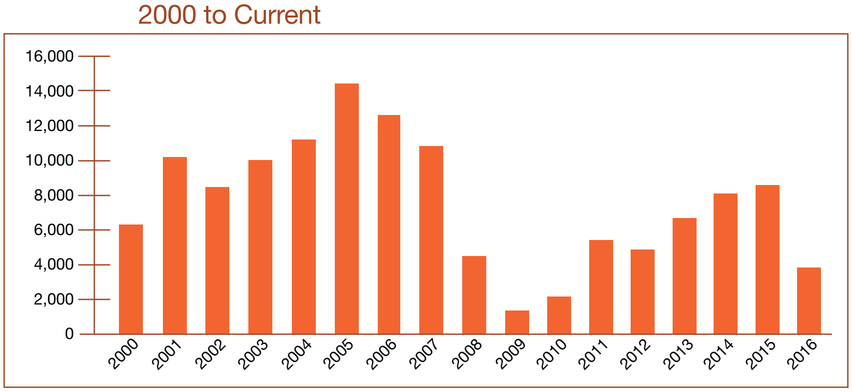
Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

period. Rental households currently account for approximately 44 percent of all households in the submarket, up from 41.8 percent in April 2010. Single-family rental units currently comprise an estimated 15 percent of the rental stock compared with 9 percent in 2000. The effect of foreclosures and resulting stronger rental demand have prompted additional single-family home conversions into rental units.

The apartment market in the submarket is slightly tight as of the first quarter of 2016, with a vacancy rate estimated at 4.1 percent, up from 3.7 percent during the first quarter of 2015 (MPF Research). Apartment market conditions were tight to slightly tight throughout the submarket, with vacancy rates ranging from a low of 2.8 percent in the MPF Research-defined Central Cook County market area (hereafter, area) to a high of 5.3 percent in the Streeterville/River North area, where nearly 1,500 new apartments were added to the supply during the past year. The average rent in the submarket was approximately $1,400 per month, more than 5 percent higher than the average rent a year earlier. The highest rent in the submarket was in the Streeterville/River North area, where rents averaged $2,130, nearly 6 percent higher than a year earlier. Concessions are currently being offered at fewer than 5 percent of properties in all MPF Research-defined areas except the North Cook County area, where 8 percent of units are offering concessions, equal to 1 month's free rent with a 12-month lease (MPF Research). The Loop and the Streeterville/River North areas have the highest rents of all Cook County areas. Approximately 710 and 1,500 new, market-rate rental units entered the inventory during the past 12 months in The Loop and Streeterville/River North areas, respectively.

Responding to tight apartment market conditions in the submarket, developers have expanded multifamily construction, as measured by the number of units permitted. During the 12 months ending May 2016, the number of multifamily units permitted totaled 8,625, approximately 14 percent fewer than the 10,050 units permitted during the 12 months ending May 2015. Despite this decline during the past 12 months, the number of multifamily units permitted has grown significantly since 2010, and the number of units permitted in 2015 was the highest annual average since 2007 (Figure 11). From 2011 through 2014, the number of multifamily units permitted averaged 6,200 annually, with approximately 12 percent of those units being permitted for owner occupancy and 72 percent located in the city of Chicago. This pattern of multifamily permitting represents a change from permitting from 2000 through 2010, a period when multifamily units were more evenly distributed throughout Cook County and more units permitted were intended for owner occupancy. From 2000 through 2007, the number of multifamily units permitted in the submarket averaged 10,450 annually, with approximately 58 percent of all units permitted for owner occupancy and 54 percent of all units permitted in the city of Chicago. As the number of nonfarm payroll jobs decreased each year from 2008 through 2010, multifamily production declined as well. Permitting for multifamily developments averaged 2,600 units annually from 2008 through 2010, and the proportion of those units intended for owner occupancy fell to approximately 25 percent of the total and 87 percent were in the city of Chicago. This decline in condominium development also correlates with the increase in foreclosed and REO homes described previously in the Cook County submarket sales housing section.

Figure 11. Multifamily Units Permitted in the Cook County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Because of the recent significant economic development and population growth in the Downtown Area of Chicago described earlier in this report, a higher proportion of multifamily housing is being constructed there. Of the 6,200 units permitted annually in the Cook County submarket from 2011 through 2014, approximately 2,900 units each year, or 47 percent of the submarket total and 65 percent of the city of Chicago total, were permitted in the three neighborhoods that comprise the Downtown Area.

An estimated 11,100 rental units are currently under construction in the submarket, accounting for 77 percent of all multifamily units under construction throughout the Chicago HMA. Of these 11,100 units, approximately 8,400 are in the city of Chicago and 5,200 are in the Downtown area. Among properties currently in lease up, Wolf Point West apartments, in the River North community area began leasing 509 units in January 2016, with rents for studio, one-bedroom, and two-bedroom units starting from $1,918, $2,307, and $4,264, respectively. Wolf Point West also includes penthouse units, some with three bedrooms, at higher rent levels. As of April 2016, over 35 percent of the 509 units were leased at Wolf Point West. In Evanston, Illinois, north of Chicago in suburban Cook County, E2 Apartments opened in the spring of 2015 and recently reached sustaining occupancy. The 344 units include studio apartments renting from $1,805, one-bedroom units from $1,840, two-bedroom units from $2,701, and three-bedroom units from $4,038. At both properties, Wolf Point West and E2, rents have increased an average of approximately 10 percent among all bedroom sizes since January 2016.

During the 3-year forecast period, demand is expected for 15,650 new market-rate rental units. The 11,100 units currently under construction will meet a significant amount of that demand (Table 1), including all the demand in the first 2 years of the forecast period. Given the number of units under construction, demand for additional rental housing is expected to be minimal during the second year and increase in the third year of the forecast period. Table 5 shows the estimated demand for new market-rate rental units in the submarket by rent and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Cook County Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,300 to 1,499	470	1,200 to 1,399	820	1,400 to 1,599	820	1,500 to 1,699	470
1,500 to 1,699	630	1,400 to 1,599	1,100	1,600 to 1,799	1,100	1,700 to 1,899	630
1,700 or more	470	1,600 to 1,799	1,100	1,800 to 1,999	1,100	1,900 to 2,099	630
		1,800 to 1,999	1,375	2,000 to 2,199	1,100	2,100 to 2,299	630
		2,000 or more	1,100	2,200 to 2,399	820	2,300 to 2,499	470
				2,400 or more	550	2,500 or more	310
Total	1,575	Total	5,475	Total	5,475	Total	3,125

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 11,100 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2016, to June 1, 2019.
Source: Estimates by analyst

Sales Market—Northern Counties Submarket

The sales housing market in the Northern Counties submarket is currently balanced, with an estimated vacancy rate of 1.7 percent, down from 2.2 percent in April 2010. During May 2016, the unsold inventory in the submarket was 14,850 homes, approximately 13 percent fewer than a year earlier and nearly 40 percent less than in May 2010 (Yahoo!-Zillow Real Estate Network). The economic recovery in the HMA and the relatively low levels of single-family home construction have contributed to improving sales housing market conditions. A shift to rental tenure in the submarket, however, has lowered the homeownership rate to a current estimate of 73.0 percent, down from 75.5 percent in April 2010.

During the 12 months ending April 2016, new home sales (including single-family homes, townhomes, and condominiums) declined from a year earlier, while existing home sales increased in the submarket. New home sales totaled 2,250 homes sold during the past year, 14 percent less than the 2,625 homes sold during the previous 12-month period. At the same time, the average new home sales price was $368,500, approximately 8 percent higher than a year earlier and higher than the previous record of $364,400 during 2008 (CoreLogic, Inc., with adjustments by the analyst). New home sales averaged 10,200 homes sold annually from 2000 through 2003, before increasing to an average of 12,000 homes sold during the

3 years from 2004 through 2006. The combined period, from 2000 through 2006, coincided with net in-migration and annual population growth averaging 1.2 percent. The rate of population growth has declined to less than 1.0 percent annually since, however. The number of new homes sold in the submarket fell to 8,600 during 2007, a 24-percent decrease from 2006. From 2007, new home sales continued to drop for the next 4 years, to an average of 1,525 new homes sold during 2011, representing decreases averaging 35 percent annually. This period of sharp declines in the number new homes sold coincided with falling nonfarm payrolls and continued even as the number of jobs stabilized and began increasing, in part, because of stringent mortgage underwriting requirements, including larger down payments. New construction home sales increased from 2011 through 2014 before the decline during the past 12 months, averaging 1,850, 2,400, and 2,575 homes sold during 2012, 2013, and 2014, respectively. The average sales price for a new home in the submarket increased steadily through 2008, declined for 3 years through 2011, and has increased since 2012. From 2001 through 2008, new home sales prices increased nearly 5 percent annually, to a peak of $364,400 during 2008. From 2009 through 2011, average new home sales prices declines averaged nearly 6 percent annually, reaching a recent low of $306,800 during 2011. Since bottoming out in 2011, new home sales prices have increased, averaging gains of 4 percent annually to the current average sales price of $368,500.

During the 12 months ending April 2016, in the Northern Counties submarket, existing home sales increased 2 percent, to 40,250 homes sold, from 39,400 homes sold during the previous year. At the same time, the average sales price was $265,200, 6 percent higher than the price a year earlier. Existing home sales in the submarket were relatively stable during the early 2000s, averaging 61,250 homes sold annually from 2001 through 2005, before a 19-percent decline in sales, to 51,300 homes sold, during 2006. Sales declined 25 percent, to 38,450 homes sold during 2007. As economic conditions in the Chicago HMA weakened, existing home sales continued to decrease, averaging 25,550 homes sold annually during the 4-year period from 2008 through 2011, before beginning to increase. Existing home sales increased 30 percent, to 33,350 homes sold during 2012 and rose 24 percent during 2013, to 41,250 homes sold, before declining 7 percent, to 38,450 homes sold during 2014. Average prices for existing home sales increased from $216,200 during 2001 to the decade peak of $303,600 during 2007, representing average increases of 6 percent annually. From 2008 through 2012, average sales prices declined, registering drops of 6 percent annually, to a low of $218,700 during 2012. Since bottoming out in 2012, existing home sales prices have partially recovered, increasing 6 percent annually to the current average of $265,200.

The impact of seriously delinquent loans and distressed home sales in the Northern Counties submarket has been significant since 2008, and negatively impacted existing home sales prices as occurred in the Cook County submarket. In April 2016, 2.7 percent of mortgage loans in the submarket were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 3.7 percent a year earlier (CoreLogic, Inc.). The percentage of distressed sales (REO and short sales), as a proportion of all existing sales in the submarket, was less than 5 percent until 2007, when it began to increase drastically, peaking at 38 percent during 2013. This peak of distressed sales ratio occurred later than the peak in the Cook County submarket. This late peak is due primarily to differences in economic and housing market conditions for owners in the two submarkets. In the Northern Counties submarket, the average household income was approximately 25 percent higher than in the Cook County submarket, on average, from 2007 to 2014 (2007 through 2014 American Community Survey, 1-year data). In addition, the number of owner households experiencing cost burden, defined as paying more than 30 percent of household income for housing costs, is lower in the Northern Counties submarket than in the Cook County submarket. During 2013, an estimated 30 percent of owner households in the Northern Counties submarket reported cost-burden status compared with nearly 35 percent of owner households in the Cook County submarket reporting such hardship. After the economy contracted and reached its bottom during 2009, households in the Northern Counties submarket were in better financial condition than households in the Cook County submarket, and, while overall able to delay foreclosure proceedings, were unable to avoid them.

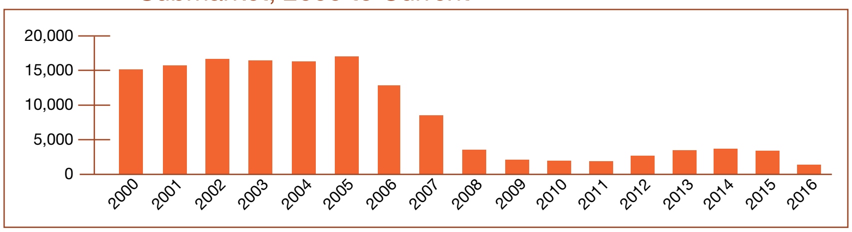
During 2013, when distressed home sales peaked in the Northern Counties submarket as a proportion of all existing home sales, the average price for a distressed home sale was $149,500 and the average price for a nondistressed home sale was $286,500. The presence of distressed sales resulted in an overall average sales price for existing homes of $238,000, nearly 17 percent below the nondistressed average sales price. The rate of distressed sales has declined since 2013 but remains elevated, averaging 17 percent during the 12 months ending April 2016, down from 22 percent a year earlier, and continues to depress resale home sales prices. During the 12 months ending April 2016, the average sales price for a distressed home sale was $168,000, and the average sales price for a nondistressed home sale was $271,700. The impact of distressed home sales is lessening, but the average sales price for all existing home sales was $265,200, more than 2 percent below the nondistressed price (CoreLogic, Inc., with adjustments by the analyst).

Single-family homebuilding, as measured by the number of homes permitted, during the 12 months ending May 2016, totaled 3,400 homes permitted, nearly 6 percent less than were permitted in the Northern Counties submarket during the 12 months ending May 2015 (preliminary data). Single-family home permitting averaged 15,650 homes annually from 2000 through 2006, declined to 8,425 homes during 2007, and then declined further, to 3,400 homes, during 2008 (Figure 12). The number of homes permitted fell even further, averaging 1,925 homes permitted annually from 2009 through 2011, similar to levels in the Cook County submarket, before starting to recover. From 2012 through 2014, the number of single-family homes permitted increased to average 3,150 annually, which is greater than the homebuilding activity from 2009 through 2011, but still historically low, reflecting caution regarding the strength of the sales housing market.

An estimated 1,025 single-family homes and townhomes and 125 condominiums are currently under construction in the Northern Counties submarket. At Ingham Park, in Aurora, Kane County, Illinois, 76 new single-family homes with four bedrooms are being marketed at sales prices from $230,000 to $312,000. Nearly 90 percent of the homes were sold at the time of this analysis. In Hawthorn Woods, Lake County, Illinois, Hawthorn Hills Ranches lists 16 available homes and 27 sold, among a 76-homesite neighborhood, with the remaining 33 lots yet to enter the market. The single-family homes at Hawthorn Hills Ranches are 1,785 square feet and larger and are priced from $380,000 to $400,000.

During the next 3 years, demand is expected for 10,500 new homes in the submarket, including an estimated 500 mobile homes (Table 1). The estimated 1,150 homes currently under construction and a portion of the 33,000 other vacant units in the submarket that may come back on the market will satisfy some of the demand. Demand is expected to strengthen during the second and third years of the 3-year forecast period as the home sales market continues to recover. Demand is expected to be greatest for homes priced from $250,000 to $499,999. Table 6 shows the estimated demand for new market-rate sales housing in the submarket by price range.

Figure 12. Single-Family Homes Permitted in the Northern Counties Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Northern Counties Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	249,999	1,500	15.0
250,000	299,999	2,000	20.0
300,000	349,999	2,000	20.0
350,000	499,999	2,000	20.0
500,000	749,999	1,500	15.0
750,000	and higher	1,000	10.0

Notes: The 1,150 homes currently under construction and a portion of the estimated 33,000 other vacant units in the submarket will likely satisfy some of the forecast demand. Demand for 500 mobile homes during the forecast period is excluded from this table. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

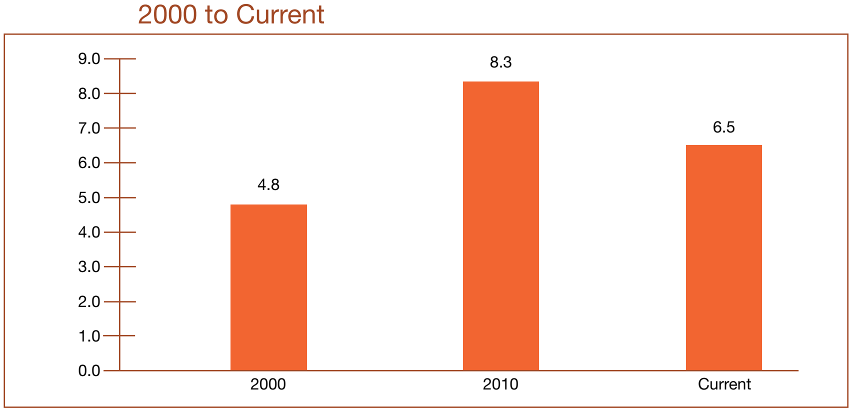
Rental Market—Northern Counties Submarket

The rental housing market in the Northern Counties submarket is currently balanced, with an overall rental vacancy rate of 6.5 percent, improved from the soft market vacancy rate of 8.3 percent in April 2010 (Figure 13). An increasing preference among households for rental units since 2010 has contributed to the absorption of approximately 2,700 existing vacant and constructed rental units. Single-family rental units currently comprise an estimated 37 percent of the rental stock compared with 23 percent in 2000. The effect of foreclosures and resulting increased rental demand has prompted an increase of single-family home conversions into rental units. Apartment market conditions in the submarket are balanced, with a vacancy rate estimated at 4.7 percent during the first quarter of 2016, up from 4.2 percent during the first quarter of 2015 (MPF Research). The lowest vacancy rate reported in the submarket was 3.6 percent in the MPF Research-defined Southeast DuPage County market area, slightly higher than the 3.5-percent rate during the first quarter of 2015. The highest apartment vacancy rate during the first quarter of 2016 was 5.4 percent in the Central DuPage County area, up from 5.0 percent a year earlier. The average monthly apartment rent in the submarket was $1,160 during the first quarter of 2016, over 3 percent higher than the average rent reported a year earlier. Concessions are currently being offered at fewer than 5 percent of apartments in five of six MPF Research-defined areas and at nearly 7 percent of apartments in the Southeast DuPage County area, where the concession is equal to less than 1 month's rent during a 12-month lease (MPF Research).

During the 12 months ending May 2016, multifamily construction, as measured by the number of units permitted, totaled 2,825 units permitted, more than double the 1,275 units permitted in the Northern Counties submarket during the previous 12 months. Of the 2,825 units permitted during the past 12 months, approximately 2,500, or 88 percent, are intended for renter occupancy. In this generally suburban submarket, the number of multifamily units permitted averaged 2,575 units annually from 2000 through 2005, with 54 percent estimated to be sold to owner occupants. Multifamily permitting activity increased significantly, to 6,325 units, during 2006 (Figure 14). That year, an estimated 72 percent of the units permitted were for owner occupancy. During 2007, multifamily units permitted returned closer to the previous historic norm and totaled 2,950, and the expected owner tenure declined to 36 percent. From 2008 through 2014, the number of multifamily units permitted in the submarket fluctuated somewhat but remained relatively low, reflecting the economic decline that began in early 2008 and the slower population growth in the submarket. The number of multifamily units permitted during this period averaged 1,050 annually, with 21 percent intended for owner occupancy, as developers responded to the changing tenure preferences of households in the submarket.

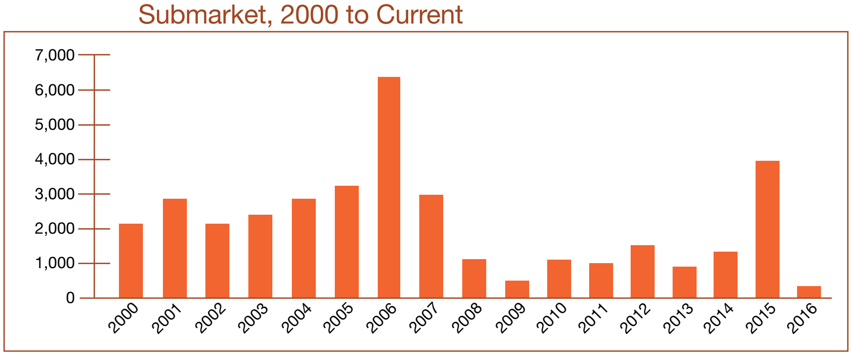
Of the 2,825 multifamily units permitted in the submarket during the 12 months ending May 2016, more than one-half were in DuPage County.

Figure 13. Rental Vacancy Rates in the Northern Counties Submarket, 2000 to Current



Note: The current date is June 1, 2016.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 14. Multifamily Units Permitted in the Northern Counties Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the previous decade, from 2000 through 2005, nearly one-half of multifamily units permitted were in DuPage County and 30 percent were in Lake County. When the number of multifamily units permitted increased during 2006, to 6,325, DuPage and Lake Counties each accounted for one-third of the annual total, and, during 2007, the number of multifamily units permitted increased heavily in DuPage County, where two-thirds of the development was located. From 2008 through 2014, when multifamily permitting was comparatively low, 35 percent of the units permitted were in Lake County, 30 percent were in DuPage County, and 15 percent each were in Kane and McHenry Counties.

An estimated 2,400 multifamily units are currently under construction in the submarket. Metro 59 is currently under construction in Aurora, DuPage County, Illinois, and scheduled for occupancy in the fall of 2016. Metro 59 includes 460 apartment units, is walkable to a Metra train station, and includes rents starting at $1,290 for studio units, $1,495 for one-bedroom units, $2,120 for two-bedroom units, and $2,855 for three-bedroom units. In Deerfield, Lake County, Illinois, monthly rents at the 128-unit Woodview Apartments start at $1,540 for a studio unit, $1,819 for a one-bedroom unit, and $2,394 for a two-bedroom unit.

During the 3-year forecast period, demand is expected for 2,650 new market-rate rental units (Table 1). The 2,400 units currently under construction will satisfy most of the forecast demand. Demand for additional units beyond those already under construction will be strongest during the third year of the forecast period. Table 7 shows the estimated demand for new market-rate rental units in the submarket by rent and number of bedrooms.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Northern Counties Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,200 to 1,399	130	1,400 to 1,599	480	1,600 to 1,799	400
1,400 to 1,599	160	1,600 to 1,799	360	1,800 to 1,999	240
1,600 to 1,799	160	1,800 to 1,999	240	2,000 or more	160
1,800 to 1,999	130	2,000 or more	120		
2,000 or more	65				
Total	660	Total	1,200	Total	790

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 2,400 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

Sales Market—Southern Counties Submarket

The sales housing market in the Southern Counties submarket is currently soft, with an estimated vacancy rate of 2.2 percent, above the 2.1-percent rate in April 2010. During May 2016, the unsold inventory in the submarket was 6,950 homes, nearly 12 percent less than a year earlier and 40 percent less than in May 2010 (Yahoo!-Zillow Real Estate Network). As in the other submarkets, the economic recovery and relatively low levels of single-family home construction in the submarket have aided the strengthening of the sales housing market. The submarket has also registered a shift toward increased rental tenure. The current homeownership rate is estimated at 75.9 percent, down from 77.4 percent in April 2010, which, despite the decline since 2010, is the highest rate in the HMA.

During the 12 months ending April 2016, new home sales (including single-family homes, townhomes, and condominiums) in the submarket fell 10 percent, to 2,025 homes sold (CoreLogic, Inc., with adjustments by the analyst). The number of new home sales in the submarket rose strongly, from 5,600 homes sold during 2001 to 12,800 homes sold during 2005, with growth averaging 23 percent annually. Beginning in 2006, new home sales in the submarket began to decline sharply, dropping an average of 32 percent annually, to 1,225 new homes sold during 2011. Since bottoming out in 2011, new home sales have increased, to the current total of 2,025 homes sold, which represents gains averaging 12 percent annually.

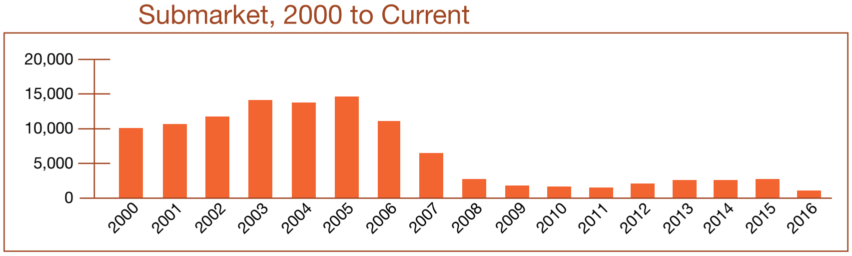
The Southern Counties submarket is and has been a more affordable submarket than either of the other two submarkets in the Chicago HMA. The current average sales price in the submarket for newly constructed homes is $304,300 compared with $368,500 for the Northern Counties submarket and $460,200 for the Cook County submarket. Average sales prices for new homes in the Southern Counties submarket rose nearly 5 percent annually, from $214,800 during 2001 to $286,000 during 2007. Average new home sales prices then fell an average of 7 percent annually to a recent low of $245,900 during 2009. During 2010, average new home sales prices increased 5 percent, to $258,800. Average new home prices remained relatively stable, averaging $257,300 during 2011 and $259,300 during 2012, before increasing to the current average of $304,300, which represents a 1-percent gain from a year earlier.

Existing home sales in the Southern Counties submarket totaled 25,600 homes sold during the 12 months ending April 2016, 6 percent fewer sales than a year earlier. Regular, nondistressed resale home sales, however, increased nearly 1 percent during the same time, and the decline during the past year was in distressed home sales. Existing home sales averaged 26,150 homes sold during 2001 and increased at an average annual rate of 11 percent to the peak of 40,250 homes sold during 2005. During 2006, average sales of existing homes began to decline, to 37,600 homes sold, a 7-percent drop, followed by a 23-percent contraction during 2007, to 28,900 homes sold. After existing sales declined a further 27 percent during 2008, total sales of existing homes then averaged 18,800 homes sold annually from 2009 through 2011. Sales began to increase during 2012, to 22,500 homes sold, or 23 percent more than during 2011. Since 2012, existing home sales have increased an average of 4 percent annually to the current total of 25,600 homes sold. The average existing home sales price peaked during 2006 and 2007, averaging $213,900, reflecting increases averaging 6 percent annually from the 2001 average sales price of $162,700. After that 2-year peak period and before the economy began to weaken during 2008, average sales prices declined 6 percent annually, to the recent low annual average of $166,300 during 2011. Since 2011, average home sales prices have increased, to the current average of $197,800 for the 12 months ending April 2016, up 10 percent from the previous 12 months.

As in the Cook County and Northern Counties submarkets, the role of seriously delinquent loans and distressed home sales in the Southern Counties submarket has had a negative impact on existing home sales prices, particularly since 2008. In April 2016, 3.7 percent of mortgage loans in the submarket were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 4.9 percent a year earlier (CoreLogic, Inc.). The percentage of distressed sales (REO and short sales), as a proportion of all existing sales in the submarket, was less than 5 percent until 2007, when it began to increase substantially, peaking at 33 percent during 2012. When distressed home sales peaked during 2012 as a ratio of all existing home sales, the average price for a distressed home sale was $129,200 and the average price for a nondistressed home sale was $185,700. The presence of distressed sales resulted in an overall average sales price for existing homes of $166,300, more than 10 percent below the nondistressed average sales price. The effect that distressed home sales have on average sales prices was evident but less substantial in the Southern Counties submarket than in the other two submarkets because of lower average resale prices overall in the Southern Counties submarket. The rate of distressed sales has declined since 2012 but remains elevated, averaging 19 percent during the 12 months ending April 2016, down from 24 percent a year earlier. During the 12 months ending April 2016, the average sales price for a distressed home sale was $139,400 and the average sales price for a nondistressed home sale was $201,900. As in the other two submarkets, the impact of distressed home sales on resale home sales prices is lessening in the Southern Counties submarket. The average sales price for all existing home sales was $197,800, approximately 2 percent below the nondistressed price (CoreLogic, Inc., with adjustments by the analyst).

Single-family homebuilding, as measured by the number of homes permitted, totaled 2,700 homes permitted in the Southern counties submarket during the 12 months ending May 2016, approximately 4 percent more than a year earlier (preliminary data). Single-family home permitting in the submarket followed a similar pattern reported in the other two submarkets in the Chicago HMA. From 2000 through 2006, the number of single-family homes permitted averaged 12,250 annually, then declined to 6,350 during 2007, and fell sharply during 2008, to 2,775 homes permitted (Figure 15). From 2009 through 2011, levels of single-family home permitting were low, averaging 1,600 homes annually. As the number of new home sales began to increase during 2011, single-family permitting also increased, to 2,400 homes permitted annually, from 2012 through 2014.

Figure 15. Single-Family Homes Permitted in the Southern Counties Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2016.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

An estimated 850 single-family homes are currently under construction in the Southern Counties submarket. Autumn Creek, in Yorkville, Kendall County, Illinois, includes 75 total development sites, with approximately 65 homes sold and prices ranging from $221,000 to $255,000 for single-family homes with three to four bedrooms. In northwest Indiana, SummerTree, in Crown Point, Lake County, advertises 13 available home-sites with 7 sold in a new neighborhood of single-family homes including three and four bedrooms and with prices ranging from $267,000 to $322,500.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Southern Counties Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	249,999	660	20.0
250,000	299,999	830	25.0
300,000	349,999	500	15.0
350,000	399,999	330	10.0
400,000	499,999	330	10.0
500,000	699,999	330	10.0
700,000	and higher	330	10.0

Notes: The 850 homes currently under construction and a portion of the estimated 26,000 other vacant units in the submarket will likely satisfy some of the forecast demand. Demand for 300 mobile homes during the forecast period is excluded from this table. The forecast period is June 1, 2016, to June 1, 2019.

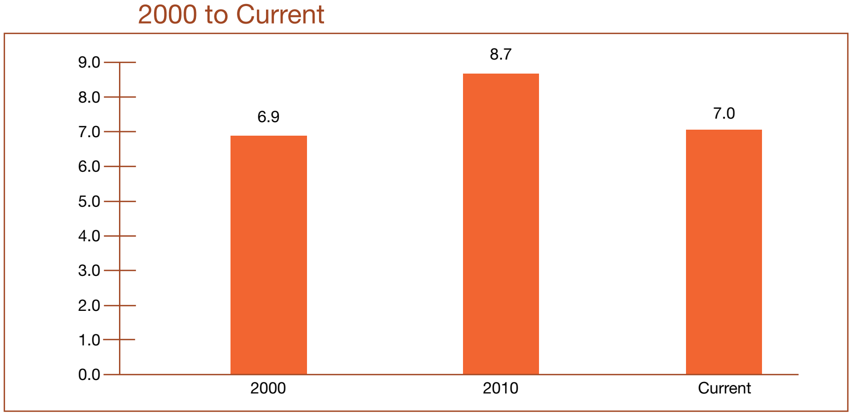
Source: Estimates by analyst

During the next 3 years, demand is expected for 3,625 new homes in the submarket, including an estimated demand for 300 mobile homes (Table 1). The estimated 850 homes currently under construction and a portion of the 26,000 other vacant units in the submarket that may come back on the market will satisfy some of the demand. Demand is expected to be relatively stable throughout the 3-year forecast period, because the owner market was not as severely impacted in the Southern Counties submarket as in the other two submarkets in the HMA. Demand is expected to be greatest for homes priced from $200,000 to $299,999. Table 8 shows the estimated demand for new market-rate sales housing in the submarket by price range.

Rental Market—Southern Counties Submarket

The rental housing market in the Southern Counties submarket is slightly soft, with an overall vacancy rate of 7.0 percent, down from 8.7 percent and soft market conditions in April 2010 (Figure 16). Approximately 1,600 vacant and newly constructed rental units have been absorbed in the submarket since 2010.

Figure 16. Rental Vacancy Rates in the Southern Counties Submarket, 2000 to Current



Note: The current date is June 1, 2016.

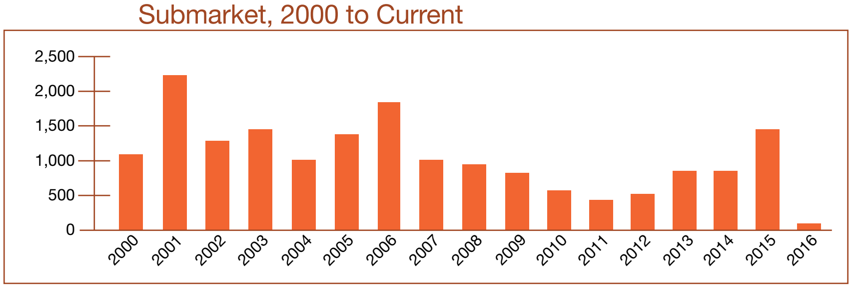
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Single-family rental units currently comprise an estimated 45 percent of the rental housing stock compared with 36 percent in 2000, indicating the effect of foreclosures and resulting single-family home conversions into rental units.

The apartment market in the submarket is balanced, with an apartment vacancy rate of 5.6 percent during the first quarter of 2016, down from 6.0 percent a year earlier (MPF Research). Vacancy rates ranged from 4.7 percent in the MPF Research-defined Aurora market area to 6.5 percent in the Gary/Hammond area. The average monthly apartment rent in the submarket was $959 during the first quarter of 2016, up 3 percent from $929 a year earlier. The highest average monthly apartment rent in the submarket during the first quarter of 2016 was reported in the Aurora area, at $1,167, up nearly 3 percent from the first quarter of 2015. Concessions are currently being offered at none of the units surveyed in the Will County area but at 5, 12, and 21 percent of units in the Merrillville/Portage/Valparaiso, Aurora, and Gary/Hammond areas, respectively. The value of concessions is approximately 1 month's free rent with a 12-month lease (MPF Research).

During the 12 months ending May 2016, multifamily building activity, as measured by the number of units permitted, decreased to approximately 1,000 units permitted in the Southern Counties submarket, or 10 percent fewer than the number permitted during the previous 12 months (preliminary data). Of the 1,000 units permitted, approximately 5 percent are estimated to be for owner occupancy. Multifamily construction activity in the submarket fluctuated during the 2000s. The number of units permitted averaged 1,450 annually from 2000 through 2006, including a high of 2,225 units permitted during 2001 (Figure 17). During that period, approximately 40 percent of the multifamily units permitted were estimated to be for owner occupancy. Starting in 2007 and continuing through 2011, multifamily permitting averaged 740 units annually, but the estimated proportion expected to be for sale housing declined to 11 percent. That period included the economic contraction in the HMA and the softening of the owner market, as foreclosures continued to increase before reaching their peak during 2012. From 2012 through 2014, multifamily permitting declined further, to 710 units permitted annually, with only 2 percent intended for owner occupancy.

Figure 17. Multifamily Units Permitted in the Southern Counties Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the 12 months ending May 2016, multifamily permitting was primarily in Lake County, Indiana, and in Will County, Illinois, where 37 and 36 percent of the units, respectively, were located. Of the multifamily units permitted from 2012 through 2014, approximately 43 percent were in Will County; 31 percent were in Porter County, Indiana; and 19 percent were in Lake County. During the previous decade and including 2011, multifamily permitting was more balanced, with Will, Lake, and Porter Counties accounting for 35, 30, and 22 percent of permitting activity, respectively.

An estimated 910 new multifamily units are currently under construction in the submarket. Among new properties in the submarket are The Lakes of Valparaiso in Valparaiso, Porter County, Indiana, with 408 units, including one-, two-, and three-bedroom units with rents from $998, $1,275, and $1,577 per month, respectively. The Lakes of Valparaiso is currently preleasing units and scheduled to begin occupancy in the summer of 2016.

During the 3-year forecast period, demand is expected for 1,075 new market-rate rental units in the submarket (Table 1). The 910 units currently under construction will satisfy almost all of this forecast demand. Table 9 shows the estimated demand for new market-rate rental units in the submarket by rent and number of bedrooms. Demand is expected to be relatively stable throughout the forecast period.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Southern Counties Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,000 to 1,199	80	1,200 to 1,399	110	1,400 to 1,599	80
1,200 to 1,399	80	1,400 to 1,599	110	1,600 to 1,799	80
1,400 to 1,599	80	1,600 to 1,799	110	1,800 to 1,999	80
1,600 or more	80	1,800 or more	110	2,000 or more	80
Total	320	Total	430	Total	320

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 910 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

Data Profiles

Table DP-1. Chicago HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	4,559,774	4,358,423	4,636,000	– 0.5	1.1
Unemployment rate	4.3%	10.6%	5.9%		
Nonfarm payroll jobs	4,568,900	4,242,700	4,616,000	– 0.7	1.6
Total population	9,098,316	9,461,105	9,548,000	0.4	0.1
Total households	3,280,055	3,475,726	3,543,000	0.6	0.3
Owner households	2,138,609	2,293,837	2,259,000	0.7	– 0.2
Percent owner	65.2%	66.0%	63.8%		
Renter households	1,141,446	1,181,889	1,284,000	0.3	1.4
Percent renter	34.8%	34.0%	36.2%		
Total housing units	3,462,197	3,797,247	3,835,000	0.9	0.2
Owner vacancy rate	1.3%	2.6%	2.1%		
Rental vacancy rate	5.4%	9.3%	6.6%		
Median Family Income	$63,800	$74,900	$72,400	1.6	– 0.7

** Chicago-Naperville-Elgin HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through May 2016. Median Family Incomes are for 1999, 2009, and 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Cook County Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	5,376,741	5,194,675	5,232,000	– 0.3	0.1
Total households	1,974,181	1,966,356	2,005,400	0.0	0.3
Owner households	1,142,677	1,143,857	1,123,000	0.0	– 0.3
Percent owner	57.9%	58.2%	56.0%		
Rental households	831,504	822,499	882,400	– 0.1	1.1
Percent renter	42.1%	41.8%	44.0%		
Total housing units	2,096,121	2,180,359	2,188,000	0.4	0.1
Owner vacancy rate	1.4%	3.0%	2.2%		
Rental vacancy rate	5.3%	9.6%	6.6%		

Notes: Numbers may not add to totals because of rounding. The current date is June 1, 2016.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Northern Counties Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	2,451,259	2,716,001	2,751,000	1.0	0.2
Total households	852,933	959,656	977,600	1.2	0.3
Owner households	650,770	724,468	711,100	1.1	– 0.3
Percent owner	76.3%	75.5%	72.7%		
Rental households	202,163	235,188	266,500	1.5	2.0
Percent renter	23.7%	24.5%	27.3%		
Total housing units	886,423	1,024,943	1,041,000	1.5	0.3
Owner vacancy rate	1.1%	2.2%	1.7%		
Rental vacancy rate	4.8%	8.3%	6.5%		

Notes: Numbers may not add to totals because of rounding. The current date is June 1, 2016.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Southern Counties Submarket Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total population	1,270,316	1,550,429	1,565,000	2.0	0.2
Total households	452,941	549,714	559,700	2.0	0.3
Owner households	345,162	425,512	424,700	2.1	0.0
Percent owner	76.2%	77.4%	75.9%		
Rental households	107,779	124,202	135,000	1.4	1.4
Percent renter	23.8%	22.6%	24.1%		
Total housing units	479,653	591,945	605,500	2.1	0.4
Owner vacancy rate	1.6%	2.1%	2.2%		
Rental vacancy rate	6.9%	8.7%	7.0%		

Notes: Numbers may not add to totals because of rounding. The current date is June 1, 2016.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 6/1/2016—Analyst's estimates
Forecast period: 6/1/2016–6/1/2019—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_Chicago_Naperville_ElginIL_IN_WI_16.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.