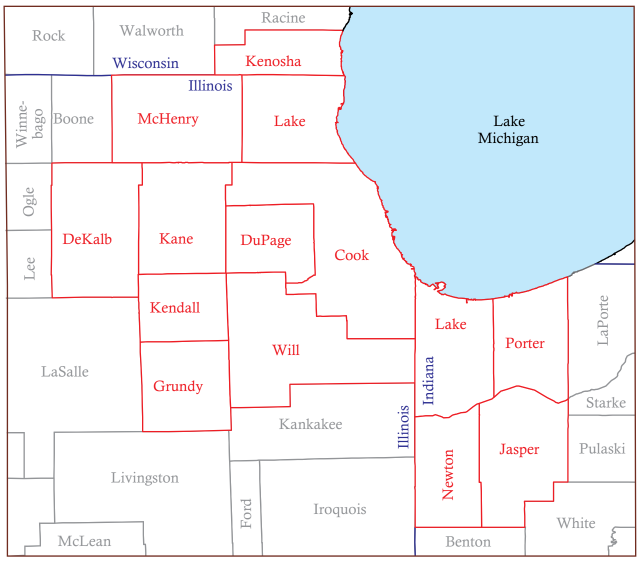
COMPREHENSIVE HOUSING MARKET ANALYSIS

Chicago-Naperville-Joliet, Illinois-Indiana-Wisconsin

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2012



Housing Market Area

The Chicago-Naperville-Joliet Housing Market Area (hereafter, the Chicago HMA) is coterminous with the Chicago-Naperville-Joliet, IL-IN-WI Metropolitan Statistical Area. 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 submarket, which includes DeKalb, DuPage, Kane, Lake, and McHenry Counties in Illinois and Kenosha County in Wisconsin; and (3) the Southern submarket, which includes Grundy, Kendall, and Will Counties in Illinois and Jasper, Lake, Newton, and Porter Counties in Indiana.

Summary

Economy

The economy in the Chicago HMA has been expanding since 2010, after 3 years of declines, led by growth in the professional and business services and the education and health services sectors, the first and third largest sectors in the HMA. During the 12 months ending September 2012, nonfarm payrolls increased by 36,000 jobs, or 0.8 percent, compared with an increase of 43,500 jobs, or 1.0 percent, during the previous 12 months. Nonfarm payrolls are projected to increase an average of 1.2 percent annually during the 3-year forecast period. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

The sales housing market in the HMA is soft, with an estimated vacancy rate of 2.1 percent. The sales of both new and existing homes trail their recent peaks; existing home sales have improved during the past 12 months and new home sales continued to decline. During the forecast period, demand is expected for 46,400 new homes (Table 1). The 4,400 homes currently under construction and a portion of the 134,000 other vacant units in the HMA that might come back on the market will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is slightly soft, with an estimated overall rental vacancy rate of 6.8 percent, down from 9.3 percent in 2010. During the forecast period, demand is expected for 20,600 new rental units (Table 1). The 4,600 units currently under construction and a portion of the 134,000 other vacant units in the HMA that might come back on the market will satisfy a portion of that demand.

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Table 1. Housing Demand in the Chicago HMA,* 3-Year Forecast, October 1, 2012, to October 1, 2015

	Chicago HMA*		Cook County Submarket		Northern Submarket		Southern Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	46,400	20,600	17,400	14,900	19,000	3,200	9,975	2,500
Under construction	4,400	4,600	2,750	3,600	1,025	660	630	350

** Chicago-Naperville-Joliet 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 October 1, 2012. A portion of the estimated 134,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Founded in 1837, Chicago was a center for trade and transportation before developing into a manufacturing center, including the manufacture of farm equipment, food, and steel. Although transportation and manufacturing remain major industries in the Chicago HMA, business services, health care, and government have developed into primary employment sectors. During the most recent 12-month period, nonfarm payrolls in the Chicago HMA continued a recovery begun in 2010, but the number of jobs remains below the recent peak level recorded in 2008. During the 12 months ending September 2012, nonfarm payrolls grew by 36,000 jobs, or 0.8 percent, to approximately 4,319,000 jobs (Table 2). From 2003 through 2007, nonfarm payrolls increased by an average of 36,000 jobs, or 0.8 percent, annually, to 4,557,000 jobs, before registering a steep decline of 103,500 jobs, or 2.3 percent, annually from 2008 through 2010. The nonfarm payroll job loss in 2009, 236,900 jobs, represented a 5.2-percent decline, and each sector except education and health services reported job losses that year. During 2009, the professional and business services sector declined by 59,500 jobs, or 8.1 percent, and the loss of manufacturing jobs totaled 53,000, or 11.3 percent, from a year earlier. Significant declines occurred in the wholesale and retail trade sector and the construction subsector during 2009, which declined by 43,600 and 38,900 jobs, or 6.1 and 19.3 percent, respectively. In addition, the financial

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

	12 Months Ending September 2011	12 Months Ending September 2012	Percent Change
Total nonfarm payroll jobs	4,282,800	4,318,800	0.8
Goods-producing sectors	557,200	560,500	0.6
Mining, logging, & construction	146,800	142,900	– 2.7
Manufacturing	410,400	417,600	1.8
Service-providing sectors	3,725,600	3,758,300	0.9
Wholesale & retail trade	671,800	667,600	– 0.6
Transportation & utilities	193,700	197,200	1.8
Information	79,500	78,300	– 1.5
Financial activities	284,600	284,000	– 0.2
Professional & business services	701,500	725,300	3.4
Education & health services	648,100	657,000	1.4
Leisure & hospitality	400,300	407,900	1.9
Other services	190,000	191,200	0.6
Government	556,100	549,900	– 1.1

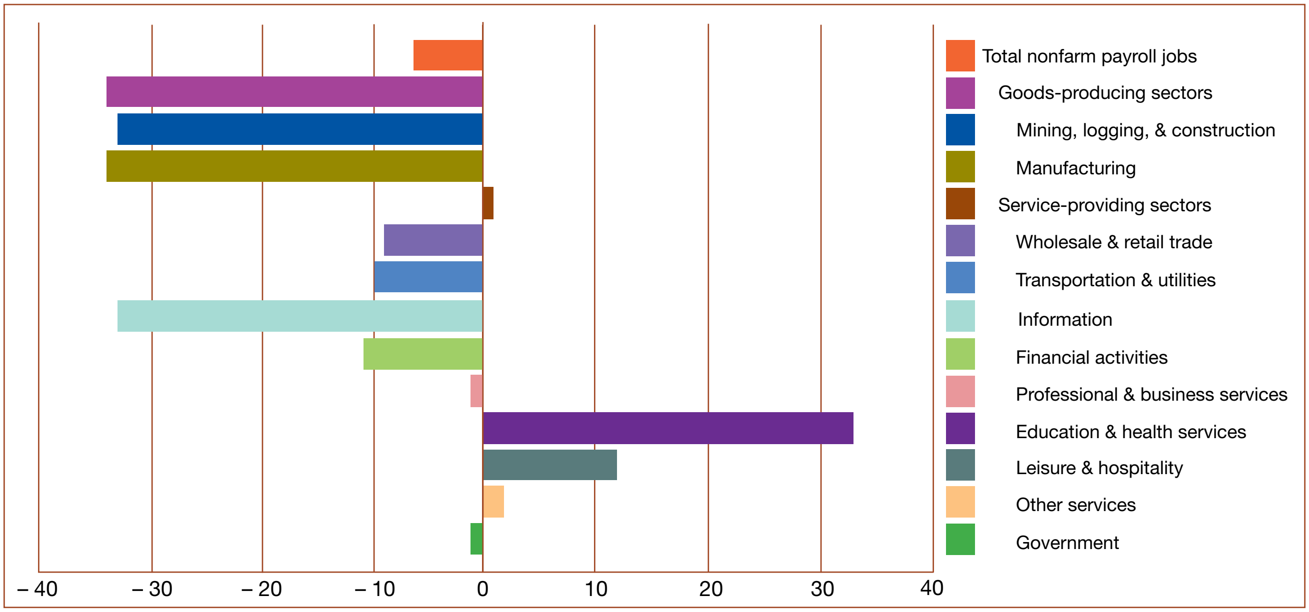
** Chicago-Naperville-Joliet HMA.*

Notes: Based on 12-month averages through September 2011 and September 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics activities sector reported a loss of 18,200 jobs, a decrease of 5.8 percent. In contrast, the education and health services sector increased by 13,900 jobs during 2009, a 2.1-percent increase. In fact, the education and health services sector has added jobs each year since 2000 at an average annual growth rate of 2.4 percent, which has helped to offset losses in other sectors.

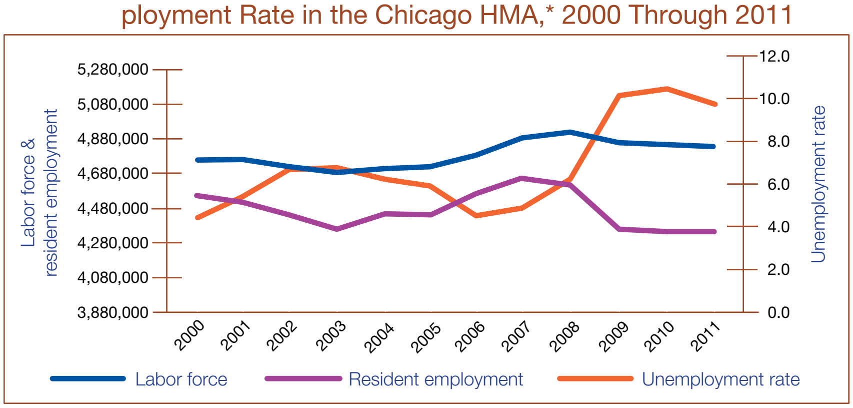
The overall economy continued to contract during 2010, when nonfarm payrolls declined by 45,600 jobs, or 1.1 percent, before starting to recover in 2011, with an increase of 44,800 jobs, or 1.1 percent. Figure 1 shows nonfarm payroll sector growth in the HMA from 2000 to the current date. The unemployment rate averaged 9.0 percent during the 12 months ending September 2012, down from 9.8 percent during the previous 12 months. Figure 2 shows labor force, resident employment, and unemployment rate trends in the HMA from 2000 through 2011.

Figure 1. Sector Growth in the Chicago HMA,* Percentage Change, 2000 to Current



*Chicago-Naperville-Joliet HMA.
Note: Current is based on 12-month averages through September 2012.
Source: U.S. Bureau of Labor Statistics

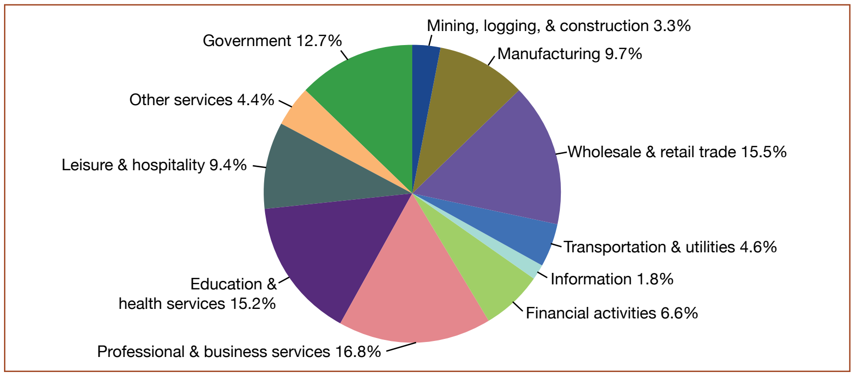
Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Chicago HMA,* 2000 Through 2011



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

The professional and business services sector, the largest employment sector in the HMA, at 16.8 percent of nonfarm payrolls (Figure 3), added the most jobs during the 12 months ending September 2012, increasing by 23,800 jobs, or 3.4 percent. Most of the growth occurred in the administrative and support services subsector, which grew by 15,600 jobs, or 5.6 percent. The employment services subsector, which consists mostly of temporary workers, gained 9,800 jobs, an increase of 7.2 percent. An

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



** Chicago-Naperville-Joliet HMA.*
Note: Based on 12-month averages through September 2012.
Source: U.S. Bureau of Labor Statistics

increase in the number of temporary workers is often considered a leading indicator of improving employment markets, as firms take steps toward permanent hiring. The education and health services sector also grew, increasing by 8,900 jobs, or 1.4 percent, during the past 12 months. Employment was up 4,500 jobs, or 1 percent, in the healthcare and social assistance subsector. The leisure and hospitality sector increased by 7,600 jobs, or 1.9 percent, during the past 12 months, led by growth of 6,000 jobs, or 2.1 percent, in the accommodation and food services subsector. Choose Chicago, the city's tourism and convention agency, reported that hotel occupancy in Chicago rose to 75.2 percent during 2012, up from 72.2 percent in 2011, matching the level last reported in 2007, before the economic downturn. Manufacturing employment in the HMA declined each year from 2000 through 2010 before beginning to recover in 2011. During the past 12 months, manufacturing employment increased by 7,200 jobs, or 1.8 percent, and manufacturing is expected to expand by an annual average of 3.3 percent between 2010 and 2020 in the HMA (World Business Chicago).

Nonfarm payroll job losses occurred in several sectors during the 12 months ending September 2012, with the government sector reporting the largest number of jobs lost, a decrease of 6,200 jobs, or 1.1 percent. Government job losses were concentrated in the local government subsector, which reported a decline of 3,100 jobs, or 0.7 percent, accounting for one-half of the government sector jobs lost. Employment in the local government subsector peaked in 2009, at 453,000 jobs, and has declined by an average of 5,700 jobs, or 1.3 percent, annually since then, to 437,300 jobs currently, as local governments adjust to declining property tax revenues and reduced funding from the federal and state governments. The mining, logging, and construction sector declined by 3,900 jobs, or 2.7 percent, to 142,900 jobs during the 12 months ending September 2012. Employment in the construction subsector, which accounts for nearly all the jobs in the mining, logging, and construction sector in the Chicago HMA, has declined significantly, along with residential construction. Construction employment in the HMA peaked at 218,800 jobs in 2006 and declined by an average of 17,300 jobs, or 9.3 percent, annually from 2007 through 2010, including a loss of 38,900 jobs from 2008 to 2009, a decline of 19.3 percent.

The largest employers in the HMA are governments. The United States government, with 55,200 employees as of 2011, was the largest single employer in the HMA, followed by the city of Chicago, with 39,650 employees, and Cook County, with 21,800. The State of Illinois, with 15,800 employees in the Chicago HMA, was the fifth largest employer. Advocate Health Care, with 18,500 employees, was the fourth largest employer in the HMA and the largest private-sector employer. AT&T Inc., Presence Health, and Walgreen Co. are other major employers in the area. Table 3 lists the 10 largest employers in the HMA.

Nonfarm payrolls in the HMA are expected to grow an average of 1.2 percent, or by 50,750 jobs, a year during the forecast period. The professional and business services, education and health services, and manufacturing sectors are expected to contribute most of the estimated nonfarm payroll growth during the next 3 years.

Table 3. Major Employers in the Chicago HMA*

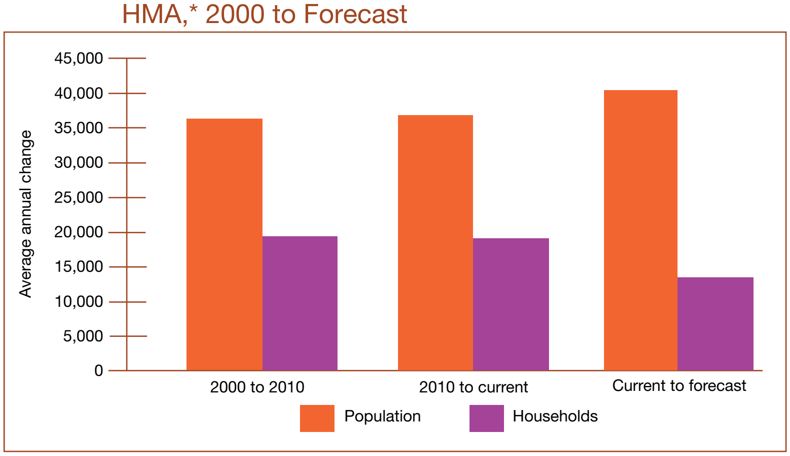
Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Government	Government	55,200
City of Chicago	Government	39,650
Cook County	Government	21,800
Advocate Health Care	Education and health services	18,500
State of Illinois	Government	15,800
AT&T Inc.	Information	15,000
Provena Health/Presence Health	Education and health services	14,800
Walgreen Co.	Wholesale and retail trade	14,700
University of Chicago	Education and health services	14,600
JPMorgan Chase & Co.	Financial activities	14,200

** Chicago-Naperville-Joliet HMA.*
Note: Excludes local school districts.
Source: Crain's Chicago Business*, estimates as of December 31, 2011*

Population and Households

The population of the Chicago HMA has increased by an estimated 37,150, or 0.4 percent, annually since 2010, to an estimated 9.55 million (Figure 4) as of October 1, 2012. Population growth averaged 36,300 people, or 0.4 percent, annually between 2000 and 2010. Population growth since 2000 in the HMA has been entirely the result of net natural increase (NNI), or resident births minus resident deaths. Net migration has been negative since 2000; however, net out-migration slowed significantly during the past 5 years. The nationwide recession and housing downturn combined to reduce the number of residents who chose to move out of the HMA. Net out-migration in the HMA averaged 43,350 people annually

Figure 4. Population and Household Growth in the Chicago HMA,* 2000 to Forecast

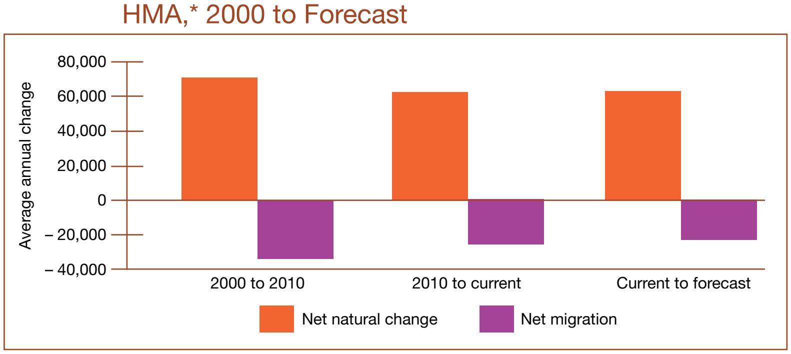


** Chicago-Naperville-Joliet HMA.*
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

from 2001 through 2007 before declining to an average of 24,800 people annually since 2008. Figure 5 presents components of population change in the Chicago HMA from 2000 through the forecast date.

The Cook County submarket, with an estimated population of 5.24 million as of the current date, accounts for approximately 55 percent of the total population in the HMA. Since 2010, Cook County has recorded the most population growth of all submarkets, increasing by an average of 20,150 people, or 0.4 percent, annually, compared with a decline of 18,200 people, or 0.3 percent, annually from 2000 to 2010. Population growth in Cook County began in 2008 and coincided with a large drop in net out-migration from the submarket. From 2001 through 2007, net out-migration from Cook County averaged 76,500 people annually, before declining to 30,700 people in 2008. Since 2009, net out-migration has averaged 17,350 people annually. Based on Internal Revenue Service migration statistics, the number of individuals who migrated to Cook County has remained relatively unchanged since 2001, and the smaller net out-migration is attributable to a reduction in the number of individuals migrating from Cook County to the Northern and Southern submarkets of the HMA, as well as elsewhere in Illinois.

Figure 5. Components of Population Change in the Chicago HMA,* 2000 to Forecast



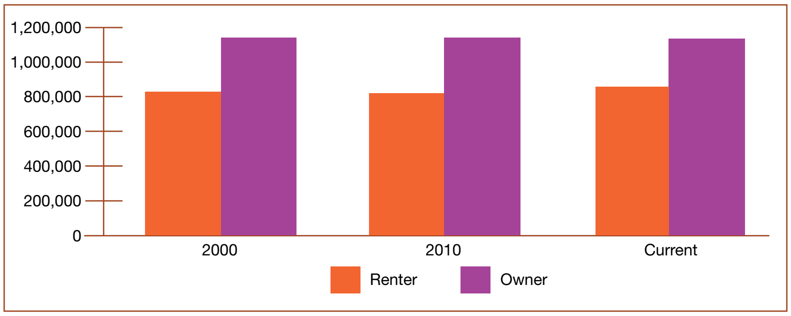
** Chicago-Naperville-Joliet HMA.*

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

Since 2010, the population of the Northern submarket has increased by an average of 10,800, or 0.4 percent, annually, to 2.74 million, compared with growth averaging 26,450, or 1.0 percent, annually from 2000 to 2010. The population of the Southern submarket has grown by an average of 6,225, or 0.4 percent, annually since 2010, to 1.57 million, compared with growth averaging 28,000, or 2.0 percent, annually between 2000 and 2010. The Northern and Southern submarkets have recorded respective average net out-migration of 7,150 and 3,175 people annually since 2010. Net out-migration has occurred each year since 2007 in the Northern submarket while out-migration began in 2009 in the Southern submarket. Both submarkets were affected by increasing gas prices and soft home sales markets, which reduced the number of residents who chose to move from Cook County to these surrounding areas.

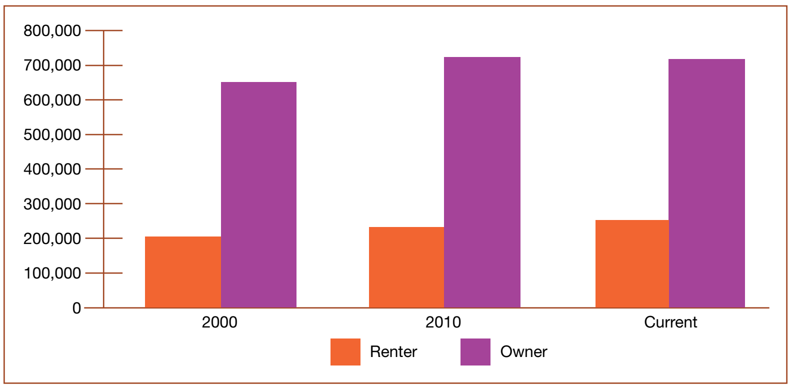
As the economy continues to recover, net out-migration from the HMA is expected to remain near recent levels and the population of the HMA is expected to grow at a similar rate during the forecast period when compared with growth since 2010. The population in the HMA is expected to increase by 40,350, or 0.4 percent, annually during the 3-year forecast period. During this time, NNI is expected to continue to account for all population growth, offsetting net out-migration of approximately 23,000 people annually from the HMA. Population

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



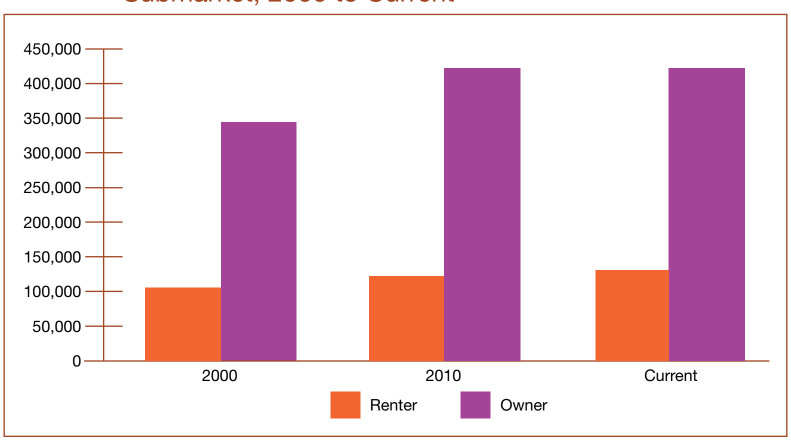
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

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



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

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



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

growth is expected to remain strongest in the Cook County submarket, which is forecast to increase by 22,000 people, or 0.4 percent, annually. The Northern and Southern submarkets are expected to increase in population by an average of 11,650 and 6,675, respectively, or 0.4 percent each, annually.

Household growth in the HMA, which has averaged 18,900 households, or 0.5 percent, annually since 2010, is expected to remain relatively unchanged at 18,350 households, or 0.5 percent, annually during the forecast period, a rate of growth slightly above that of the population. Figures 6, 7, and 8 show the number of households by tenure in each submarket from 2000 to the current date. The homeownership rate in the HMA increased from 65.2 to 66.0 percent from 2000 to 2010 but decreased to 64.9 percent as of the current date, with declines recorded in each of the three submarkets during this time. Soft home sales markets, tight lending standards, and a local economy that has not fully recovered from the 2008-through-2010 downturn made homeownership less attractive than renting for many households during this time. The Cook County submarket has the lowest homeownership rate in the HMA, at 57.2 percent, but the Northern and Southern submarkets have homeownership rates of 74.1 and 76.5 percent, respectively.

Housing Market Trends

Sales Market—Cook County Submarket

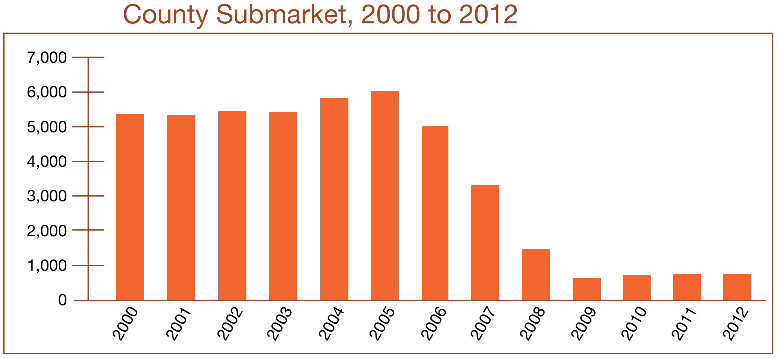
Sales housing market conditions in the Cook County submarket remain soft, with a 2.5-percent sales vacancy rate, down from 3.0 percent in 2010 (as shown in Table DP-2 at the end of this report). The vacancy rate remains elevated despite increasing home sales. Approximately 43,950 new and existing homes were sold during the 12 months ending September 2012, up 12 percent compared with the number sold during the previous 12 months (Hanley Wood, LLC). The rate of home sales declined each year from 2005 through 2010, from 104,500 new and existing home sales in 2005 to 39,900 such sales in 2010, before increasing in 2011 and 2012. The number of new home sales has declined significantly in the Cook County submarket, from 19,550 in 2005 to 3,450 in 2010. During the 12 months ending September 2012, approximately 1,350 new homes sold in the submarket, a decline of 28 percent from the 1,900 new homes sold during the previous 12-month period. At the same time, the average sales price for new homes increased nearly 10 percent, to $457,400, partly reflecting a shift toward construction of homes in higher cost areas in Cook County. Newer developments tend to be smaller, in-fill projects, because financing has become more difficult to secure for large-scale developments and speculative building has become less common. As the number of new home sales declined, the proportion of those home sales that were condominium units increased, from 58 percent of new home sales in 2005 to 80 percent in 2008 and 2009, reflecting increased new home construction in the city of Chicago and decreased construction in outlying Cook County suburban locations, which are more likely to consist of single-family homes. This trend may be reversing, because 70 percent of new homes built during the 12 months ending September 2012 were condominium units, compared with 73 percent during the 12 months ending September 2011. The average sales price for a new condominium unit in Cook County was $482,000 during the 12 months ending September 2012 compared with $401,300 for a new single-family home.

Sales of existing homes in the Cook County submarket have declined since 2005, initially following a trend similar to new home sales, but existing home sales reached a bottom in 2008 and have gradually increased since. Existing home sales totaled 84,950 in 2005 and declined each year until 2008, when 34,700 existing home sales were recorded (Hanley Wood, LLC). Sales of existing homes remained stable, averaging 37,500 homes sold annually from 2009 through 2011. During the 12 months ending September 2012, existing home sales totaled 42,600, up 14 percent from the previous 12 months. The average sales price for existing homes in the Cook County submarket declined from a peak of $312,300 in 2007 to $243,700 in 2010. The average sales price has continued to decline and, for the 12 months ending September 2012, the average sales price of an existing home was $221,300, or 6 percent less than the $236,100 average sales price during the 12 months ending September 2011. The continuing decline in existing home sales prices is partially a result of the large number of Real Estate Owned (REO) properties sold. The

2,475 REO home sales in 2005 represented 3 percent of all existing home sales in the submarket; that share increased to 36 percent by 2010, when 13,050 REO homes sold. During the 12 months ending September 2012, approximately 34 percent of existing home sales, or 14,600 homes, were REO; during the same time, the average sales price for an REO home was $108,600, or less than one-half the average sales price for all existing resale homes. As of September 2012, 12.3 percent of home loans in the submarket were 90 or more days delinquent, in foreclosure, or transitioned into REO, up slightly from the 12.0-percent rate recorded in September 2011 (LPS Applied Analytics). It takes an average of 697 days to complete a foreclosure action in Illinois, among the longest periods in the nation (RealtyTrac® Inc.).

Single-family home construction, as measured by the number of single-family homes permitted, averaged approximately 5,225 homes annually in the Cook County submarket from 2000 through 2007. In 2008, as the economy and housing market began to weaken, 1,475 single-family homes were permitted, and construction declined further, to an average of 720 homes permitted annually, from 2009 through 2011. During the 12 months ending September 2012, approximately 980 single-family homes were permitted, a 26-percent increase compared with the number of homes permitted during the previous 12 months (preliminary data; Figure 9). New condominium construction in the Cook County submarket averaged 4,975 units annually from 2000 through 2003, before increasing to an average of 7,750 units annually from 2004 through 2007, as low interest rates and a strong local economy boosted condominium development in the city and investor purchases increased. From 2008 through 2011, new condominium units permitted averaged 1,175 annually, as developers shifted new multifamily construction efforts from condominiums to rental properties, in response to strengthening rental market conditions.

Figure 9. Single-Family Building Permits Issued in the Cook County Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Sales prices for new homes vary depending on location and amenities, with higher prices for new condominium homes in downtown Chicago. Lakeshore East, in downtown Chicago, between the Chicago Loop and Lake Michigan, includes retail, restaurants, apartments, and condominiums in a 28-acre, master-planned community. When complete in 2016, the development is expected to include 4,950 residences, 1,500 hotel rooms, and up to 770,000 square feet of retail, along with a planned elementary school. The centerpiece in Lakeshore East is the 87-story Aqua Tower, which includes 262 condominiums, 9 townhomes, 474 rental units, and a 334-room Radisson Hotel. The condominiums range in price from $300,000 for a studio unit to $3 million for multistory townhomes. Single-family homes in desirable neighborhoods in Chicago also command a premium. Lexington Place and Lexington Square 2 are new developments with single-family homes and townhomes in the Bridgeport neighborhood of Chicago, approximately 5 miles southwest of the Loop, with prices for townhomes starting at $370,000 and single-family home prices starting at $450,000. Outside the city of Chicago, Pulte Homes is developing the Regency at the Glen in Glenview, with 40 ranch-style, single-family homes and 109 townhomes; prices range from approximately $300,000 to $358,000 for two- to three-bedroom homes.

During the 3-year forecast period, demand in the Cook County submarket is expected for 17,400 new homes (Table 1). The 2,750 homes currently under construction and a portion of the 87,000 other vacant units that might come back on the market will satisfy some of the forecast demand. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range. Demand is expected for approximately 5,000 homes in the first year and is expected to increase to 6,500 homes by the third year of the forecast period.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Cook County Submarket, October 1, 2012, to October 1, 2015

Price Range ($)		Units of Demand	Percent of Total
From	To		
200,000	249,999	2,600	15.0
250,000	299,999	4,350	25.0
300,000	349,999	4,350	25.0
350,000	399,999	2,600	15.0
400,000	499,999	1,750	10.0
500,000	and higher	1,750	10.0

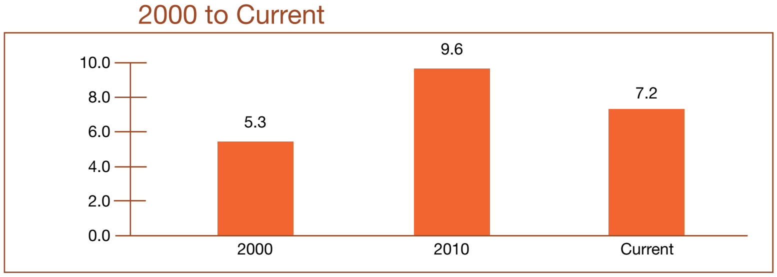
Note: The 2,750 homes currently under construction and a portion of the estimated 87,000 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market—Cook County Submarket

The rental housing market in the Cook County submarket is slightly soft, with an estimated overall vacancy rate of 7.2 percent, improved from 9.6 percent in 2010 (Figure 10). Apartment market conditions are typically tighter than the overall rental market conditions in the submarket. The apartment vacancy rate is 4.2 percent as of the third quarter of 2012, down from 4.5 percent a year ago, and the average monthly rent is up nearly 5 percent, to $1,170 in the third quarter of 2012, compared with the average monthly rent a year before (MPF Research). Apartment rents in the submarket averaged $1,150 for an efficiency apartment, $1,100 for a one-bedroom unit, $1,225 for a two-bedroom unit, and $1,525 for a three-bedroom unit. Concessions, typically 1 month of free rent or no security deposit, with a 12-month lease were offered at approximately 7 percent of apartment properties during the third quarter of 2012, down from nearly 20 percent a year ago. In the Loop area, concessions are offered in only 1 percent of the apartments surveyed in the third quarter of 2012, down from 24 percent of apartments a year ago (MPF Research). Rental housing market conditions in the Cook County submarket have tightened since 2010 because of the improved economy, continued soft sales market conditions, and slowing out-migration.

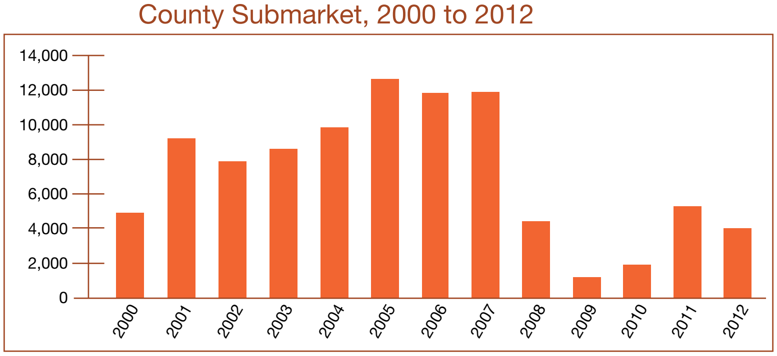
Figure 10. Rental Vacancy Rates in the Cook County Submarket, 2000 to Current



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

Developers are increasing construction in the Cook County submarket, after a decline in production from 2008 through 2010. Multifamily construction activity, as measured by the number of multifamily units permitted, totaled 4,275 units permitted in the Cook County submarket during the 12 months ending September 2012, down slightly from the 4,400 units permitted during the same period a year earlier. By comparison, from 2000 through 2007, multifamily construction averaged 9,625 units annually, before declining to an annual average of 2,525 units from 2008 through 2010. After 2007, the composition of multifamily construction shifted from predominately owner-occupied units to predominantly rental units. From 2000 through 2007, it is estimated that more than two-thirds of the multifamily units permitted were for owner occupancy; this ratio more than reversed from 2008 through 2010, when only 28 percent of all multifamily units permitted were intended for owner occupancy. The reversal of tenure in multifamily units permitted was primarily caused by soft home sales market conditions and tighter lending standards, as well as the weak local economy, which made homebuying less attractive. Currently, approximately 6,000 multifamily units are under construction, of which 60 percent are estimated to be for rental occupancy. Figure 11 illustrates the number of multifamily building permits issued in the submarket from 2000 to the current date.

Figure 11. Multifamily Building Permits Issued in the Cook County Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

The Aqua Tower, within the Lakeshore East development (described previously in the sales market section), includes 474 rental units and reached stabilized occupancy in the summer of 2010, approximately 1 year after leasing began. Rents for studio apartments in the Aqua Tower start at $1,750, one-bedroom units begin at $2,340, and two-bedroom units begin at $3,487. Also in downtown Chicago, just west of the Loop, a 496-unit apartment property named "K2" is scheduled to begin leasing in March 2013. The K2 includes studio, one-bedroom, two-bedroom, and three-bedroom units, with rents ranging from $1,650 through $6,500 monthly; it is the fifth and final building in the K Station development, which includes a total of 2,145 condominiums and apartments. Suburban rental properties outside Chicago but in the Cook County submarket include Central Station, an 80-unit property in Evanston, just north of Chicago. Central Station is scheduled to begin leasing in July 2013 and will include studio, one-bedroom, two-bedroom, and three-bedroom units.

Demand is expected for 14,900 new market-rate rental units in the Cook County submarket during the forecast period. The 3,600 units currently under construction and a portion of the 87,000 other vacant units that might come back on the market will satisfy some of this demand (Table 1). Table 5 shows the estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Cook County Submarket, October 1, 2012, to October 1, 2015

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
1,000 to 1,199	600	1,000 to 1,199	750	1,200 to 1,399	1,500	1,500 to 1,699	450
1,200 to 1,399	450	1,200 to 1,399	1,125	1,400 to 1,599	2,225	1,700 to 1,899	670
1,400 to 1,599	300	1,400 to 1,599	1,125	1,600 to 1,799	2,225	1,900 to 2,099	670
1,600 or more	150	1,600 to 1,799	370	1,800 to 1,999	750	2,100 to 2,299	220
		1,800 or more	370	2,000 or more	750	2,300 or more	220
Total	1,500	Total	3,725	Total	7,450	Total	2,225

Notes: Numbers may not add to totals because of rounding. The 3,600 units currently under construction will satisfy some of the estimated demand.
Source: Estimates by analyst

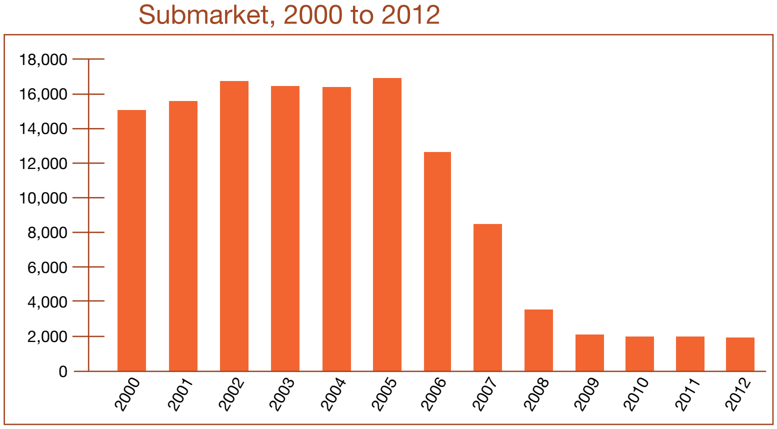
Sales Market—Northern Submarket

The sales housing market in the Northern submarket remains soft, with a current estimated vacancy rate of 1.8 percent, down from 2.2 percent in 2010 (Table DP-3 at the end of this report). Despite gains during the most recent 12 months, existing home sales, which include both single-family homes and condominiums, have remained at relatively low levels during the past 5 years, a result of strict lending requirements and a sluggish local economy. The number of existing homes sold increased 22 percent, to 28,400 homes, during the 12 months ending September 2012 (Hanley Wood, LLC). This increase followed a 3-percent decline in the number of existing homes sold during the previous 12 months. From 2005 through 2007, by comparison, an average of 46,500 existing homes sold annually in the submarket before the number of existing home sales dropped to an average of 23,800 annually from 2008 through 2011.

The average sales price of an existing home declined 7 percent, to $226,300, during the 12 months ending September 2012, after declining 3 percent during the previous 12 months. Existing home sales prices peaked at $307,100 in 2007 before declining approximately 26 percent to their current levels. From 2009 through 2011, existing home sales prices averaged $246,500. Much of the decline in existing home sales prices since 2007 can be attributed to an increase in the number of REO sales. In 2005 and 2006, before the housing downturn, REO sales accounted for 2 percent of all existing home sales in the submarket; by the end of 2007, the share had increased to 6 percent. From 2008 through 2010, REO sales accounted for approximately 25 percent of all existing home sales. REO sales accounted for 31 percent of existing home sales during the 12 months ending September 2012, down from 34 percent during the previous 12 months. The average sales price of an REO home in the submarket during the 12 months ending September 2012 was $124,200, or 53 percent below the $266,900 average sales price of a non-REO existing home. As of September 2012, 8.7 percent of home loans in the Northern submarket were 90 or more days delinquent, were in foreclosure, or had transitioned into REO, up from 8.5 percent in September 2011 and 3.3 percent in September 2008 (LPS Applied Analytics).

During the 12 months ending September 2012, the number of new homes sold in the Northern submarket declined 6 percent, to 1,550 homes. New home sales have declined each year since 2005; however, the 6-percent decline during the most recent 12 months represents the smallest annual decline recorded during this time. Declines in new home sales averaged 37 percent annually in 2008 and 2009 before slowing to an average of 17 percent annually in 2010 and 2011. Net in-migration to the Northern submarket recorded a steady decline during the past decade, particularly from Cook County, which resulted in decreased demand for new homes. Softness in the sales housing market led to a decline in the average sales price of new homes of 8 percent, to $310,000, during the 12 months ending September 2012, following an increase of 4 percent during the previous 12 months. The average new home sales price is currently 14 percent below the peak of $358,900 recorded in 2008 and 5 percent below the annual average of $327,500 recorded from 2009 through 2011. Condominiums are becoming a smaller proportion of the sales market in the Northern submarket, accounting for only 70 units, or 4 percent of new home sales, during the 12 months ending September 2012. From 2006 through 2010, condominiums accounted for an average of 14 percent of all new home sales in the submarket.

Figure 12. Single-Family Building Permits Issued in the Northern Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Given the recent decline in new home sales, single-family home builders remain somewhat cautious. Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the most recent 12 months, but activity remains low compared with historic averages. During the 12 months ending September 2012, the number of single-family homes permitted increased 28 percent, to 2,350 homes, when compared with the number permitted during the previous 12-month period (preliminary data). From 2000 through 2005, an average of 16,150 homes was permitted annually; however, single-family building activity declined each year from 2006 through 2011 (Figure 12). From 2009 through 2011, an average of 1,925 homes was permitted annually, which is nearly 90 percent below the average for 2000 through 2005.

Despite the decline in new home sales, a number of developments are currently under way in the submarket. In the city of Huntley, in McHenry County, Illinois, Rock Creek Homes began development in 2010 of 103 ranch homes at Henning Estates, offered with two or three bedrooms, and with prices starting at $367,900. Lincolnshire Place, a condominium project in downtown Lincolnshire, in Lake County, Illinois, includes 62 two- and three-bedroom units, with prices starting at $384,900.

During the next 3 years, sales demand is expected for 19,000 new homes (Table 1). Because of the current supply of vacant units and slower household growth, demand for new

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Northern Submarket, October 1, 2012, to October 1, 2015

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	3,750	20.0
200,000	249,999	4,675	25.0
250,000	299,999	3,750	20.0
300,000	349,999	2,800	15.0
350,000	399,999	1,875	10.0
400,000	499,999	940	5.0
500,000	and higher	940	5.0

Note: The 1,025 homes currently under construction and a portion of the estimated 26,500 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

homes is expected to remain below the level of production recorded from 2000 through 2007. The 1,025 homes currently under construction, as well as some of the estimated 26,500 other vacant units that will likely reenter the market, will satisfy part of the forecast demand. Prices for new units currently start at $150,000. Table 6 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the Northern submarket during the forecast period.

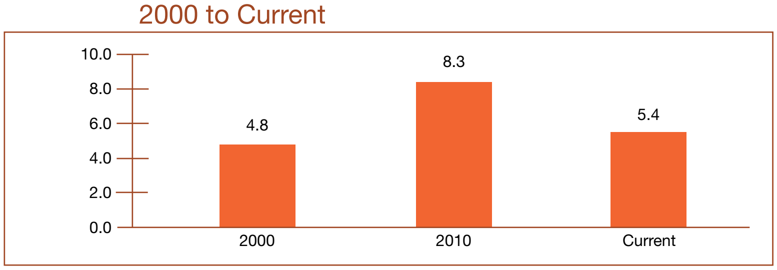
Rental Market—Northern Submarket

The rental housing market in the Northern submarket is currently balanced, with an estimated overall vacancy rate of 5.4 percent, down from 8.3 percent in 2010 (Figure 13). Apartment market conditions are typically tighter than the overall rental market conditions in the submarket. During the third quarter of 2012 apartment vacancy rates within the Northern submarket ranged from a low of 3.1 percent in Central DuPage County to a high of 5.3 percent in the far west Chicago suburbs, which also recorded the largest increase in vacancy rates among areas surveyed during the past year of 1.0 percentage point (MPF Research). The largest vacancy rate declines during the past year occurred in the Arlington Heights/Palatine/Mount Prospect and Schaumburg areas, which recorded decreases of 0.9 percentage points each, to 3.4 and 5.0 percent, respectively.

Average monthly rents in the Northern submarket range from $930 in the far west Chicago suburbs to $1,100 in the Naperville area. The average monthly rent rose in the third quarter of 2012 when compared with the third quarter of 2011 in all areas within the Northern submarket except for central DuPage County, where the average rent declined less than 1 percent. Rent growth during this time ranged from a 1-percent increase in southeast DuPage County to a 6-percent increase in the Schaumburg area.

Builders responded to improved rental market conditions in many parts of the submarket during the past year by increasing multifamily housing production. During the 12 months ending September 2012, the number of multifamily units permitted increased by approximately 35 units, or 3 percent, to 1,250 units, compared with the number permitted during the previous 12-month period (preliminary data). Multifamily building activity in the

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

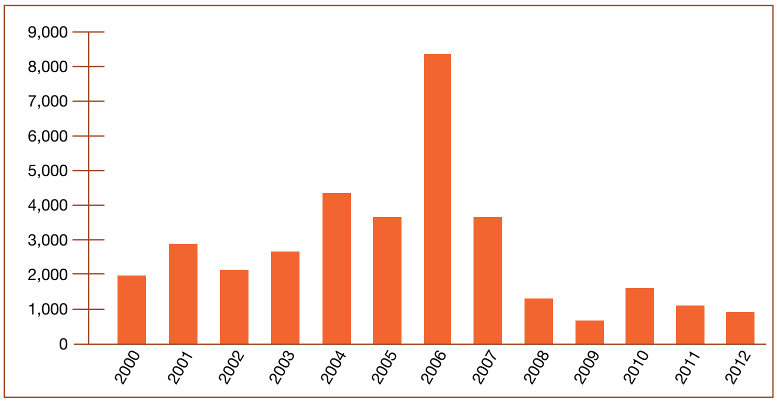


Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst submarket, as measured by the number of units permitted, averaged 5,025 units annually from 2004 through 2007 before declining to an average of 1,150 units annually from 2008 through 2011 (Figure 14).

Several multifamily projects are currently under way in the submarket. Arboretum Landmark Apartments, in the city of Lisle, in DuPage County, Illinois, began construction in the spring of 2012 and will include 310 units when completed in the fall of 2013. Wheaton 121, a 306-unit apartment complex in the city of Wheaton, in DuPage County, Illinois, is expected to be complete in the summer of 2013.

During the next 3 years, demand is expected for 3,200 market-rate rental units in the Northern submarket (Table 1). Demand for new units is not expected to emerge until the second year of the forecast period, after the 660 units currently under construction are complete. Rents for new units typically start at about $700 for efficiencies, $900 for one-bedroom units, $1,200 for two-bedroom units, and $1,500 for three-bedroom units. Table 7 provides the estimated demand for new market-rate rental housing by number of bedrooms and rent level during the forecast period.

Figure 14. Multifamily Building Permits Issued in the Northern Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Northern Submarket, October 1, 2012, to October 1, 2015

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
700 to 899	80	900 to 1,099	190	1,200 to 1,399	320	1,500 to 1,699	95
900 to 1,099	40	1,100 to 1,299	290	1,400 to 1,599	480	1,700 to 1,899	140
1,100 or more	40	1,300 to 1,499	290	1,600 to 1,799	480	1,900 to 2,099	140
		1,500 or more	190	1,800 or more	320	2,100 or more	95
Total	160	Total	960	Total	1,600	Total	480

Notes: Numbers may not add to totals because of rounding. The 660 units currently under construction will satisfy some of the estimated demand.
Source: Estimates by analyst

Sales Market—Southern Submarket

The sales housing market in the Southern submarket is soft, with a current estimated vacancy rate of 1.8 percent, down from 2.1 percent in 2010 (Table DP-4 at the end of this report). Despite gains during the most recent 12 months, existing home sales (which include both single-family homes and condominiums) have remained at relatively low levels during the past 5 years, a result of strict lending requirements and a sluggish local economy. The number of existing homes sold increased 16 percent, to

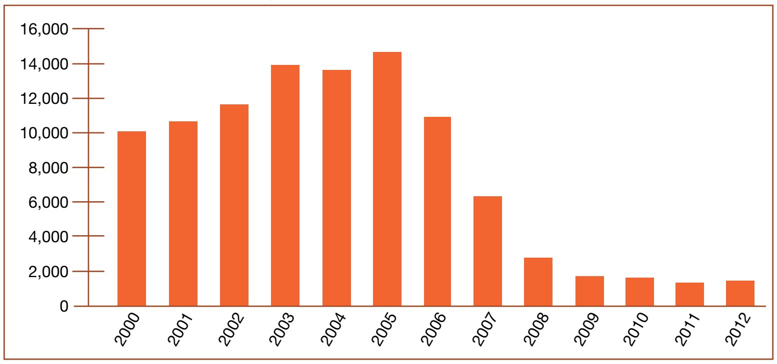
17,700 homes, during the 12 months ending September 2012 (Hanley Wood, LLC). This increase in existing homes sold followed a decline of 10 percent in the number sold during the previous 12 months. From 2005 through 2007, an average of 28,600 existing homes was sold each year in the submarket, before sales dropped to an annual average of 16,550 homes from 2008 through 2011.

The average sales price of an existing home declined 3 percent, to $178,000, during the 12 months ending September 2012. This sales price decline followed a 3-percent decline during the previous 12 months. Existing home prices peaked at approximately $216,500 in 2007, before declining 18 percent to their current levels; from 2009 through 2011 existing home prices averaged $181,200. Much of the decline in existing home prices during this time can be attributed to an increase in the number of REO sales. In 2005 and 2006, before the housing downturn, REO sales accounted for 6 percent of all existing home sales in the submarket; by the end of 2007, the share had increased to 11 percent. From 2008 through 2010, REO sales accounted for 26 percent of all existing home sales. REO sales accounted for 29 percent of existing home sales during the 12 months ending September 2012, down slightly from 31 percent during the previous 12 months. The average sales price of an REO home in the submarket during the 12 months ending September 2012 was approximately $125,200, or 34 percent below the $190,100 average sales price of a non-REO existing home. As of September 2012, 10.3 percent of home loans in the Southern submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, up from 9.8 percent in September 2011 and 5.3 percent in September 2008 (LPS Applied Analytics).

During the 12 months ending September 2012, the number of new homes sold in the Southern submarket increased 17 percent, to 1,350 homes. New home sales began to increase during 2012, after posting declines each year from 2005 through 2011. Declines in new home sales averaged 36 percent annually in 2008 and 2009 before slowing to an average of 17 percent annually in 2010 and 2011. Net in-migration to the Southern submarket recorded a steady decline since 2005, particularly from Cook County, which resulted in decreased demand for new homes. Softness in the sales market led to a decline in the average sales price of new homes of 2 percent, to $275,800, during the 12 months ending September 2012, following an increase of less than 1 percent during the previous 12 months. The average new home sales price is currently 11 percent below the peak of $309,700 recorded in 2007 and 2 percent below the average sales price of $282,600 for the period of 2008 through 2011. Condominiums are not a significant part of the new home sales market in the Southern submarket, accounting for only 30 units, or 2 percent, of new home sales, during the 12 months ending September 2012. From 2006 through 2010, condominiums accounted for an average of 4 percent of all new home sales in the submarket.

Despite the recent increase in new home sales, single-family home builders remain somewhat cautious. Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the most recent 12 months, but activity remains low compared with historic averages. During the 12 months ending September 2012, the number of single-family homes permitted increased 32 percent, to 1,875 homes, when compared with the number permitted during the previous 12-month period (preliminary data). From 2000 through 2005, an average of 12,450 homes was permitted annually; single-family building activity declined each year from 2006 through 2011 (Figure 15). From 2009 through 2011, an average of 1,600 homes was permitted annually, which is nearly 90 percent below the average recorded from 2001 through 2005.

Figure 15. Single-Family Building Permits Issued in the Southern Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through September 2012.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Southern Submarket, October 1, 2012, to October 1, 2015

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	1,925	20.0
200,000	249,999	2,425	25.0
250,000	299,999	2,425	25.0
300,000	349,999	1,450	15.0
350,000	399,999	970	10.0
400,000	and higher	480	5.0

Note: The 630 homes currently under construction and a portion of the estimated 20,500 other vacant units in the submarket will likely satisfy some of the forecast demand.
Source: Estimates by analyst

Despite reduced levels of building activity, a number of developments are currently under way or nearing completion in the submarket. Butternut Ridge, in the city of Manhattan in Will County, Illinois, includes 18 lots, with preconstruction pricing for new homes starting at approximately $195,000. Churchill Club, in the city of Oswego, in Kendall County, Illinois, is a single-family development with 1,100 home sites and is mostly built out. Sales prices for the remaining available floor plans range from about $209,000 to $385,000.

During the next 3 years, demand is expected for 9,975 new homes (Table 1). Because of the current supply of vacant units and slower household growth, demand for new homes is expected to remain below the levels recorded in the early 2000s to mid-2000s. The 630 homes currently under construction, as well as some of the estimated 20,500 other vacant units that will likely reenter the sales housing market, will satisfy part of the forecast demand. Sales prices for new units currently start at approximately $150,000. Table 8 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the Southern submarket during the forecast period.

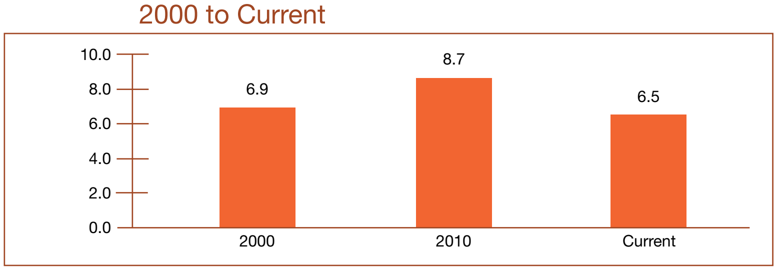
Rental Market—Southern Submarket

The rental housing market in the Southern submarket is currently slightly soft, with an estimated overall vacancy rate of 6.5 percent, down from 8.7 percent in 2010 (Figure 16). Apartment market conditions are typically tighter than overall rental housing market conditions in the submarket. From the third quarter of 2011 through the third quarter of 2012, apartment vacancy rates increased from 3.8 to 4.4 percent in Will County, Illinois, and remained unchanged, at 3.9 percent, in the four counties of northwest Indiana (MPF Research). During the same time, average monthly rents rose 1 percent, to approximately $915, in Will County and 2 percent, to $780, in northwest Indiana. In contrast, from the third quarter of 2010 to the third quarter of 2011, Will County and northwest Indiana recorded rent growth of 4 and 9 percent, respectively. Average rent concessions of approximately 6 percent were offered in both Will County and northwest Indiana during the most recent quarter.

Builders responded to slowing apartment rent growth in the submarket during the past year by decreasing multifamily construction. During the 12 months ending September 2012, the number of multifamily units permitted declined by approximately 170 units, or 40 percent, to 260 units, compared with the number permitted during the previous 12-month period (preliminary data). Multifamily building activity in the submarket, as measured by the number of units permitted, averaged 2,525 units annually from 2004 through 2006, before declining to an average of 780 units annually from 2007 through 2011 (Figure 17).

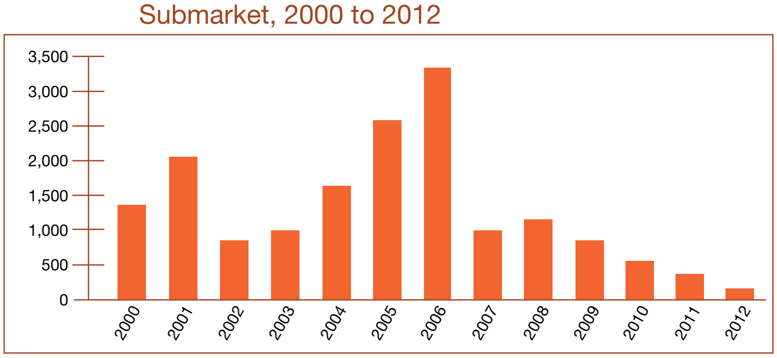
Despite low levels of multifamily activity, several multifamily projects are currently under construction or have recently been completed in the submarket. A second phase of Brickshire Apartments, in the city of Merrillville, in Lake County, Indiana, is currently under construction and is scheduled to open in the spring of 2013. Rents at the first phase of Brickshire Apartments start at approximately $870 for one-bedroom units, $1,015 for two-bedroom units, and $1,330 for three-bedroom units. Diamond Senior Apartments, which opened in the summer of 2012, is a 60-unit affordable project for people ages 55 and older, financed through the Low-Income Housing Tax Credit Program. Monthly rents begin at $635 for one-bedroom and $720 for two-bedroom units, and occupancy

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



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

Figure 17. Multifamily Building Permits Issued in the Southern Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through September 2012.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

is restricted to individuals earning less than $38,830 or couples earning less than $44,340 annually.

During the next 3 years, demand is expected for 2,500 market-rate rental units in the Southern submarket (Table 1). Demand for new units is expected to begin near the end of the first year of the forecast period, after the 350 units currently under construction are complete. Rents for new units typically start at $700 for one-bedroom units, $900 for two-bedroom units, and $1,200 for three-bedroom units. Table 9 provides the estimated demand for new market-rate rental housing by number of bedrooms and rent level during the forecast period.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Southern Submarket, October 1, 2012, to October 1, 2015

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
700 to 899	220	900 to 1,099	310	1,200 to 1,399	95
900 to 1,099	260	1,100 to 1,299	380	1,400 to 1,599	110
1,100 to 1,299	260	1,300 to 1,499	380	1,600 to 1,799	110
1,300 or more	130	1,500 or more	190	1,800 or more	55
Total	880	Total	1,250	Total	380

Notes: Numbers may not add to totals because of rounding. The 350 units currently under construction will satisfy some of the estimated demand.

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	4,554,030	4,342,581	4,418,000	– 0.5	1.0
Unemployment rate	4.3%	10.4%	9.0%		
Nonfarm payroll jobs	4,571,400	4,246,600	4,319,000	– 0.7	1.0
Total population	9,098,316	9,461,105	9,554,000	0.4	0.4
Total households	3,280,055	3,475,726	3,523,000	0.6	0.5
Owner households	2,138,609	2,293,837	2,287,000	0.7	– 0.1
Percent owner	65.2%	66.0%	64.9%		
Renter households	1,141,446	1,181,889	1,237,000	0.3	1.8
Percent renter	34.8%	34.0%	35.1%		
Total housing units	3,462,197	3,797,247	3,797,000	0.9	0.0
Owner vacancy rate	1.3%	2.6%	2.1%		
Rental vacancy rate	5.4%	9.3%	6.8%		
Median family income	$63,800	$74,900	$74,800	1.6	– 0.1

** Chicago-Naperville-Joliet HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2012. Median family incomes are for 1999, 2009, and 2010.

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	5,245,000	– 0.3	0.4
Total households	1,974,181	1,966,356	1,994,000	0.0	0.6
Owner households	1,142,677	1,143,857	1,140,000	0.0	– 0.1
Percent owner	57.9%	58.2%	57.2%		
Rental households	831,504	822,499	853,500	– 0.1	1.5
Percent renter	42.1%	41.8%	42.8%		
Total housing units	2,096,121	2,180,359	2,176,000	0.4	– 0.1
Owner vacancy rate	1.4%	3.0%	2.5%		
Rental vacancy rate	5.3%	9.6%	7.2%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Northern 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	2,743,000	1.0	0.4
Total households	852,933	959,656	972,500	1.2	0.5
Owner households	650,770	724,468	720,500	1.1	– 0.2
Percent owner	76.3%	75.5%	74.1%		
Rental households	202,163	235,188	252,100	1.5	2.8
Percent renter	23.7%	24.5%	25.9%		
Total housing units	886,423	1,024,943	1,027,000	1.5	0.1
Owner vacancy rate	1.1%	2.2%	1.8%		
Rental vacancy rate	4.8%	8.3%	5.4%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Southern 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	1,566,000	2.0	0.4
Total households	452,941	549,714	557,200	2.0	0.5
Owner households	345,162	425,512	426,100	2.1	0.1
Percent owner	76.2%	77.4%	76.5%		
Rental households	107,779	124,202	131,100	1.4	2.2
Percent renter	23.8%	22.6%	23.5%		
Total housing units	479,653	591,945	594,600	2.1	0.2
Owner vacancy rate	1.6%	2.1%	1.8%		
Rental vacancy rate	6.9%	8.7%	6.5%		

Note: Numbers may not add to totals because of rounding.
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: 10/1/2012—Analyst's estimates
Forecast period: 10/1/2012–10/1/2015—
Analyst's estimates

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 www.huduser.org/publications/pdf/CMARtables_Chicago-Naperville-JolietIL-IN-WI _13.pdf.

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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.

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