

COMPREHENSIVE HOUSING MARKET ANALYSIS

Cook County, Illinois

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2023



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Executive Summary

Housing Market Area Description

The Cook County Housing Market Area (HMA) includes Cook County, Illinois, the most populous county in the 14-county Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (hereafter, Chicago MSA). As a component of the larger Chicago MSA, the 13-county difference between the Chicago MSA and the HMA will be referred to in this report as the “Remainder.” Nearly 130 separate cities and villages are wholly or partially inside the HMA. The city of Chicago is the largest constituent community, with an estimated 2.7 million residents (population estimates as of July 1, 2021). Other major communities in the HMA include the city of Evanston (77,500 residents), the villages of Arlington Heights (76,000 residents) and Schaumburg (77,100 residents), and the incorporated town of Cicero (83,150 residents). Since late 2009, strong economic and population growth has occurred in the “Downtown Core” of Chicago, consisting of the Loop and extending north, west, and south through the Near North Side, Near West Side, and Near South Side neighborhoods (see map on page 3). A portion of the Near West Side neighborhood, known as the Fulton Market District, has emerged as a center of technology and design, as well as biotechnology and life sciences jobs. The Downtown Core neighborhoods have had rapid population growth since 2010.

The current population of the HMA is estimated at 5.1 million.

The HMA is a center of global tourism and tourism-related employment, which is concentrated in the leisure and hospitality sector. The sector remains at approximately 60 percent of prepandemic job levels in the larger Chicago MSA (Choose Chicago). During 2019, before the COVID-19 pandemic, nearly 41 million passengers traveled through O’Hare International Airport, which ranks as one of the world’s busiest, before plunging to 14.6 million passengers during 2020 and partially recovering to serve approximately 26.3 million passengers during 2021. In 2023, O’Hare International Airport is scheduled to undergo an expansion that is projected to cost more than \$7 billion and will add approximately 1.3 million square feet of new terminal space and dozens of gates when complete in 2028.

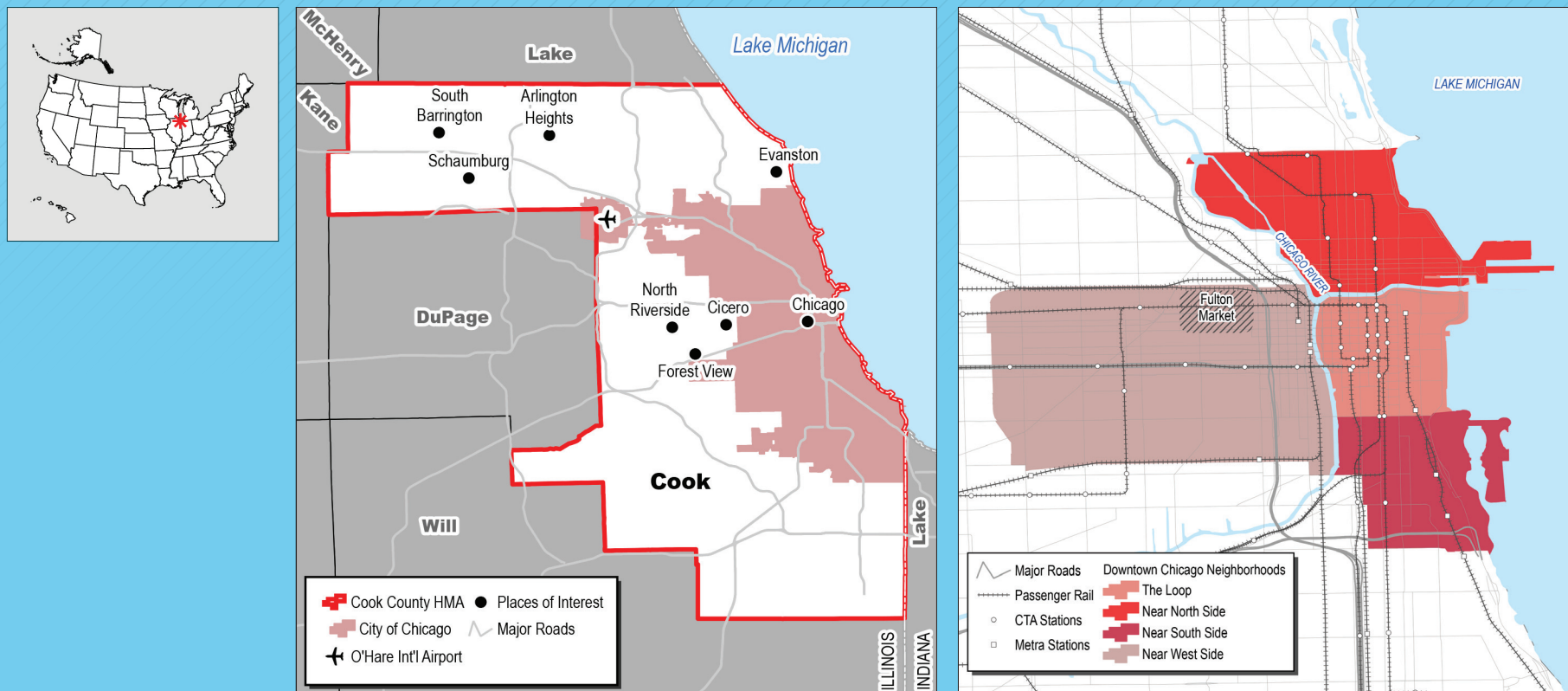
Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R’s [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report’s [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).





Market Qualifiers

Economy



Weak, but Improving: During 2022, nonfarm payroll jobs in the Cook County HMA increased by 148,300, or 5.7 percent, to average 2.74 million.

Despite growth during the past year, current jobs in the HMA remain 40,300, or 1.5 percent, below the average number of jobs during 2019 before COVID-19 impacted economic activity. By contrast, jobs in the Remainder are only 0.4 percent below the 2019 average, and in 2022, the total for the nation was 0.8 percent, above the 2019 average. The professional and business services, the financial activities, and the information sectors—collectively called the “remote work sectors”—are the only sectors in the HMA for which current levels exceed their respective 2019 averages. Because these three sectors are conducive to remote work, they have the highest work-from-home rate of all job sectors (www.wfhresearch.com). These three job sectors also have the highest wages in the HMA. During the 3-year forecast period, job growth in the HMA is expected to average 2.0 percent annually.

Sales Market



Slightly Tight, but Easing: Home sales prices in the HMA are at record-high levels, and inventory levels remain very low, despite a modest increase during the past year.

The home sales vacancy rate is currently estimated at 0.9 percent, down from 3.0 percent in 2010, when the sales market was soft. The supply of homes for sale was 2.0 months during December 2022, up from 1.7 months a year ago but down sharply from April 2010, when the available inventory provided more than 11 months of home sales. During 2022, new and existing home sales totaled 85,350, more than 18 percent fewer home sales than a year earlier. The average home sales price was \$379,200, an increase of 3 percent from a year earlier and the highest average sales price on record. During the next 3 years, demand is estimated for 10,050 new homes, and the 1,100 homes under construction will meet a portion of that demand.

Rental Market



Balanced: The rental vacancy rate is currently estimated at 6.0 percent, down from 9.6 percent in 2010 when the rental market was soft.

Rental market conditions are balanced in the HMA as of January 1, 2023, compared with soft conditions during 2010. The apartment market is also balanced, with the apartment vacancy rate averaging 4.9 percent during the fourth quarter of 2022, up from 4.0 percent a year earlier when the apartment market was tighter (RealPage, Inc.). The average apartment rent as of the fourth quarter of 2022 was \$2,111, an increase of nearly 9 percent from a year earlier. The current average asking apartment rent in the HMA is nearly 19 percent higher than the national average. During the 3-year forecast period, demand is estimated for 20,250 new rental units, and the estimated 10,500 units under construction in the HMA will satisfy about half of the expected demand.

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3-Year Housing Demand Forecast			
Cook County HMA		Sales Units	Rental Units
	Total Demand	10,050	20,250
	Under Construction	1,100	10,500

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2023. The forecast period is January 1, 2023, to January 1, 2026.
Source: Estimates by the analyst



Economic Conditions

Largest Sector: Professional and Business Services

The proportion of total jobs in the professional and business services sector increased steadily in the Cook County HMA from 17.5 percent of all jobs during 2010 to more than 20 percent during 2022.

Primary Local Economic Factors

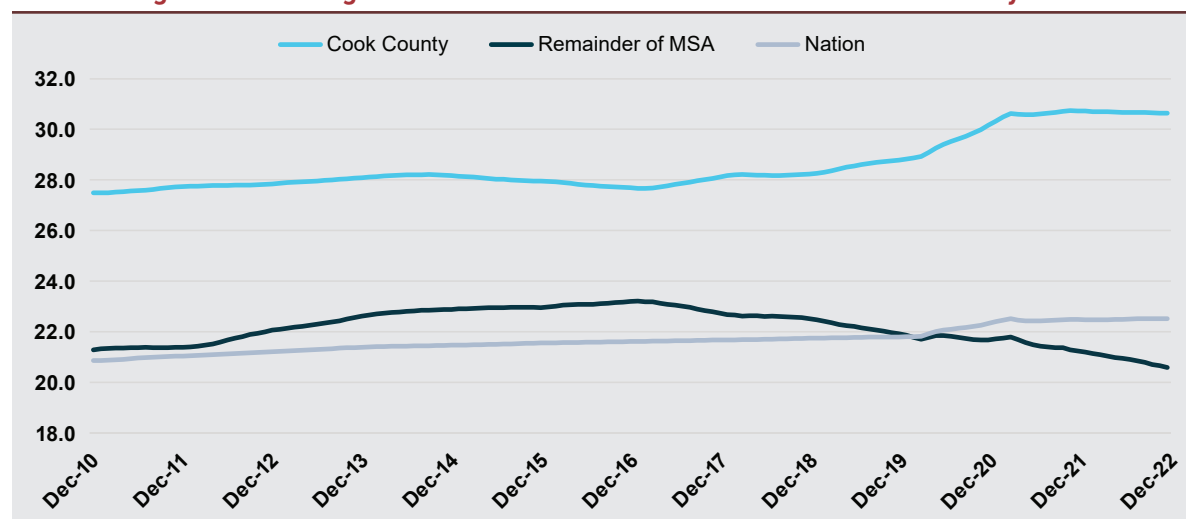
The HMA was a center of trade and transportation during the westward expansion of the United States because of its location on the Great Lakes with access to the Mississippi River. Subsequently, the HMA became a national hub for rail transit and then air transit. Currently, the HMA is also a center of business, government, healthcare, education, and research. Technology companies contribute to economic growth in the HMA, and jobs in computer systems design and related services increased nearly 60 percent from 2010 through 2021 (Quarterly Census of Employment and Wages). The HMA has nearly 200 institutions of higher education, including the University of Illinois Chicago with nearly 33,700 students, Northwestern University in the city of Evanston with approximately 21,000 students, and The University of Chicago with approximately 17,500 students (all enrollment data as of 2022). Highly ranked business schools contribute to the role of the HMA as a center of business and

finance. During 2022, 35 Fortune 500 companies had headquarters in the HMA. Jobs in the remote work sectors are highly concentrated in the HMA, influencing office occupancy trends, particularly in the city of Chicago (Figure 1).

Overview: Economic Trends From 2001 Through 2019

Since 2001, job changes in the HMA have typically followed national trends, although periods of expansion have usually been slower in the HMA, and periods of contraction have been sharper. From 2001 through 2004, jobs in the HMA fell by an average of 29,600, or 1.1 percent annually (Figure 2), jobs fell 0.5 percent annually in the Remainder, and the decline averaged 0.9 percent annually in the Chicago MSA. By contrast nationally, jobs fell by an average of less than one-tenth of 1 percent annually during the same time. In the HMA, from 2001 through 2004, the manufacturing sector contracted sharply, and job losses averaged 20,800 annually, or 6.6 percent, and the professional and business services sector fell by an average of 10,600 jobs, or 2.4 percent, annually. The education and health services and the other services sectors grew by 7,100 and 4,600 jobs on average, or 2.1 and 4.2 percent annually, respectively. From 2005 through 2007, economic conditions improved in the HMA, and jobs increased by 15,900, or 0.6 percent, annually on average. By contrast, job growth was much faster nationally, averaging

Figure 1. Percentage of Jobs in the Remote Work Sectors in the Cook County HMA



MSA = metropolitan statistical area.

Notes: Jobs figures are 12-month averages. "Remote Work Sectors" are defined as the professional and business services, the information, and the financial activities sectors.

Sources: U.S. Bureau of Labor Statistics; Illinois Department of Employment Security

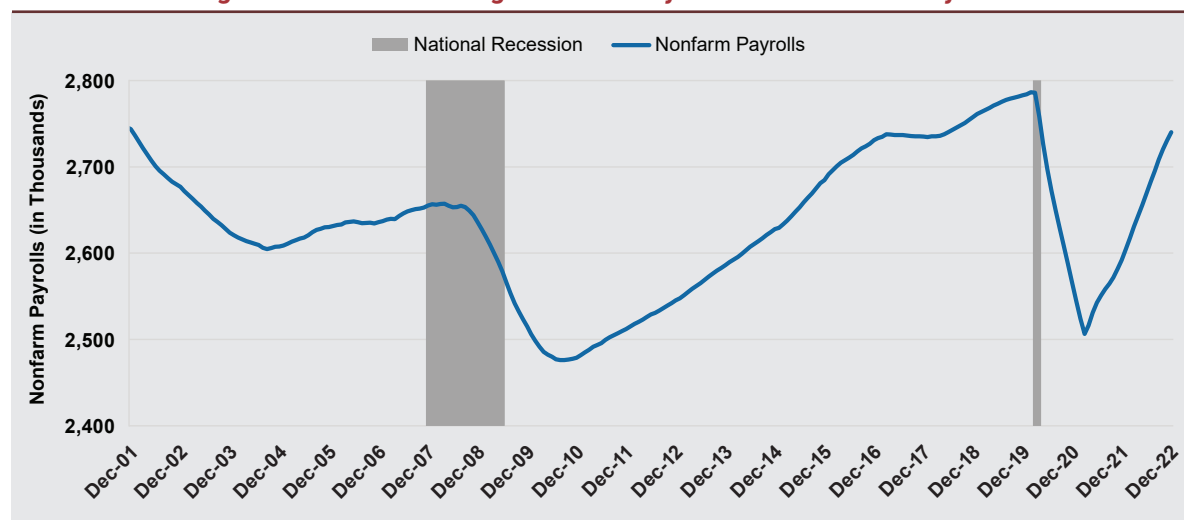


1.5-percent annual growth, and jobs grew 1.7 percent annually on average in the Remainder, contributing to job growth averaging 1.1 percent annually for the Chicago MSA. In the HMA, from 2005 through 2007, jobs in the goods-producing sectors fell by an average of 6,000, or 1.7 percent, annually. However, growth in the services-providing sectors—including the professional and business services sector, which added an average of 11,100 jobs, or 2.6 percent, annually—offset losses. The leisure and hospitality and the education and health services sectors added averages of 5,300 and 4,800 jobs annually, or 2.4 and 1.3 percent, respectively.

From 2008 through 2010, encompassing the Great Recession and its immediate aftermath, jobs in the HMA fell by an average of 58,800, or 2.3 percent, annually, whereas in the Remainder and the nation, job losses averaged 2.4 percent and 1.9 percent annually, respectively. From 2008 through 2010, the education and health services and the government sectors increased notably, gaining an average of 11,200 and 2,900 jobs, or 2.9 and 0.9 percent, annually, respectively. Despite this growth, declines in all other job sectors more than offset those gains.

During the subsequent 9-year period of job growth, from 2011 through 2019, job gains in the HMA averaged 1.3 percent annually, while job gains averaged 1.3 and 1.7 percent annually in the Remainder and the nation, respectively. From 2011 through 2019, all job sectors grew except

Figure 2. 12-Month Average Nonfarm Payrolls in the Cook County HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research; Economic and Market Analysis; Illinois Department of Employment Security

the manufacturing and the government sectors, which both fell by 500 jobs, or 0.2 percent, on average, and the other services sector, which fell nominally. By contrast, the professional and business services sector recovered strongly, increasing by an average of 9,700 jobs, or 2.1 percent, annually, followed by the leisure and hospitality and the education and health services sectors, which added averages of 7,700 and 7,200 jobs, or 3.0 and 1.7 percent, annually.

Nonfarm Payroll Trends: Trends Since 2019 and Current Conditions

Economic conditions in the HMA have improved since the COVID-19-induced disruption during early 2020; however, total jobs remain below the 2019 level. Only the three remote work sectors have surpassed 2019 prerecession levels (Figure 3).

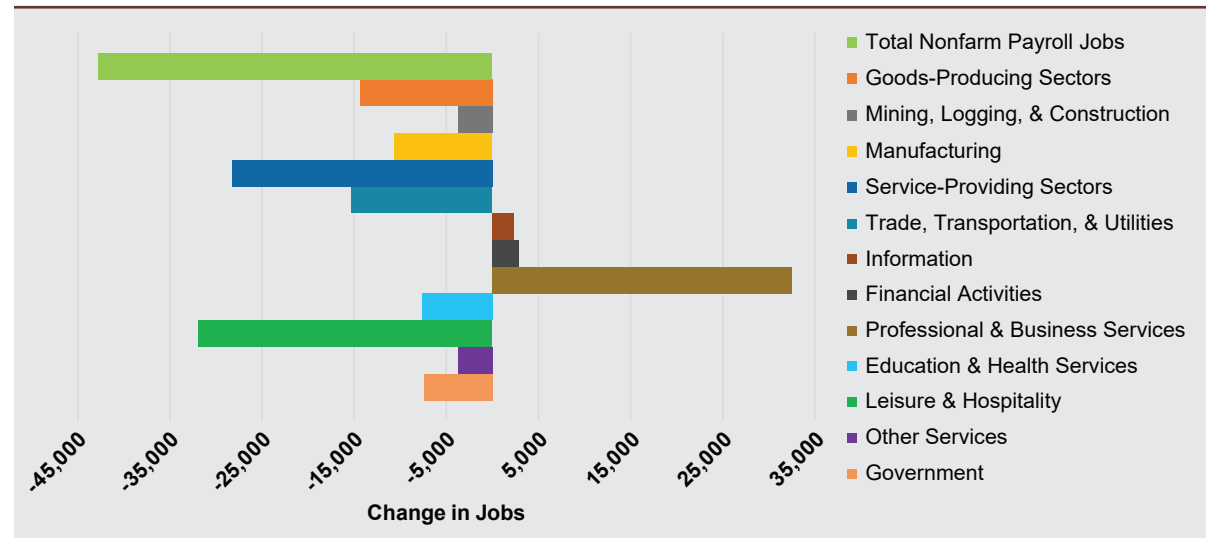
During March through May 2020, nonfarm payrolls in the HMA fell by 357,400 jobs, or 13.0 percent (not seasonally adjusted). In the Remainder, jobs fell in February 2020, unrelated to the pandemic, and declined nearly 15 percent during March and April before increasing during May; nationally, jobs declined during March and April, falling nearly 14 percent. More than 38 percent of the jobs lost in the HMA were in the leisure and hospitality sector, which fell 49.6 percent during that 3-month period. By contrast,

jobs in the information sector fell 6.2 percent, and jobs declined 2.4 percent and 9.7 percent, respectively, in the financial activities and the professional and business services sectors. In the HMA, job growth resumed in June 2020.

During 2022, nonfarm payroll jobs rose by 148,300, or 5.7 percent, from a year earlier, and all job sectors increased (Table 1). The services-providing sectors, with more than 95 percent of total job growth, led job growth in the HMA. The leisure and hospitality sector increased by 52,300 jobs, or 24.7 percent, as this sector, typically characterized by jobs with personal interaction and lower wages, continued to recover from the massive job losses during 2020. The average of 264,200 jobs in the leisure and hospitality sector during 2022 is less than 90 percent of the sector jobs during 2019. Many establishments are having difficulty filling available positions. Nationally, the average number of unfilled jobs in the leisure and hospitality sector during 2022 was nearly 60 percent higher than the average number of unfilled jobs during 2019 and nearly four times higher than the average number of such jobs during 2010 (Bureau of Labor Statistics Job Openings and Labor Turnover Survey). The trend is likely similar in the HMA, although these data are national.

The sector that contributed the second most number of new jobs in the HMA during 2022 was the professional and business services sector, which added 35,700 jobs, or 6.9 percent, followed by the trade, transportation, and utilities sector, which increased by 20,600 jobs, or 4.3 percent.

Figure 3. Sector Growth in the Cook County HMA, 2020 to Current



Note: Data for current figures are based on 2022 annual averages.

Sources: Economic Information and Analysis; Illinois Department of Employment Security

Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Cook County HMA, by Sector

	12 Months Ending December 2021	12 Months Ending December 2022	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	2,591.9	2,740.2	148.3	5.7
Goods-Producing Sectors	249.3	255.4	6.1	2.4
Mining, Logging, & Construction	73.3	75.0	1.7	2.3
Manufacturing	176.0	180.4	4.4	2.5
Service-Providing Sectors	2,342.6	2,484.8	142.2	6.1
Trade, Transportation, & Utilities	474.7	495.3	20.6	4.3
Information	55.6	59.7	4.1	7.4
Financial Activities	224.4	226.9	2.5	1.1
Professional & Business Services	516.4	552.1	35.7	6.9
Education & Health Services	449.0	463.1	14.1	3.1
Leisure & Hospitality	211.9	264.2	52.3	24.7
Other Services	109.1	114.7	5.6	5.1
Government	301.4	308.8	7.4	2.5

Notes: Based on 12-month averages through December 2021 and December 2022. Numbers may not add to totals due to rounding. Data are in thousands.

Sources: Economic and Market Analysis; Illinois Department of Employment Security

Economic Sectors and Industries of Significance

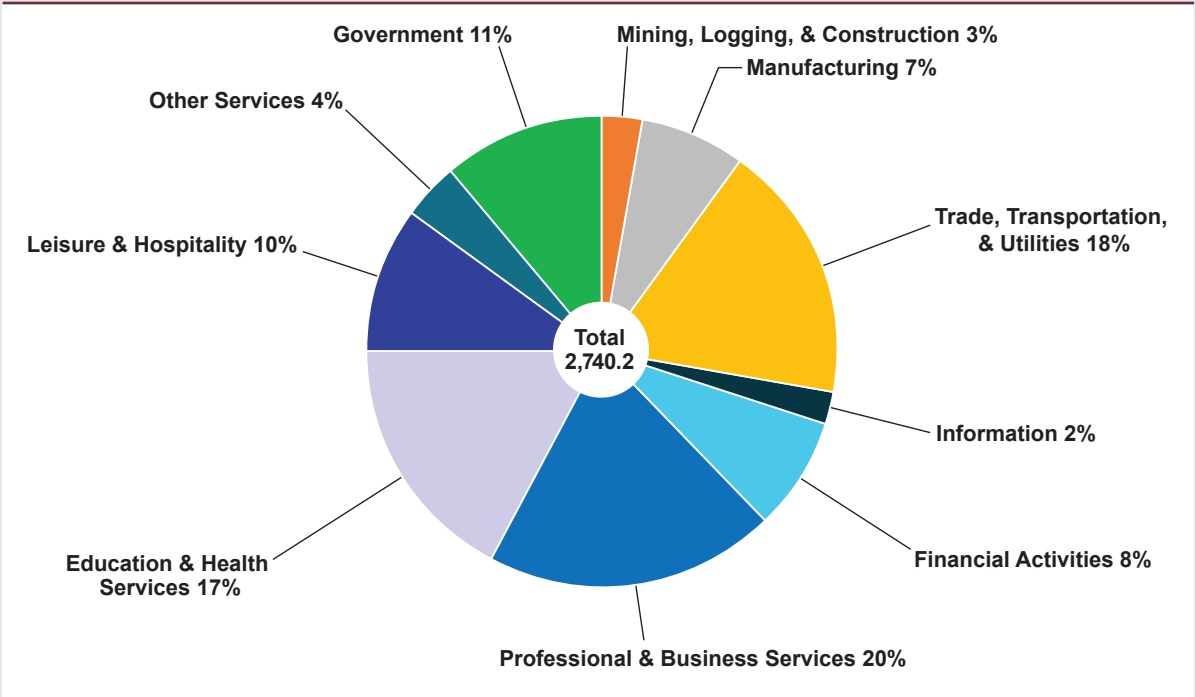
Professional and Business Services

Although the largest jobs sector in the HMA is the professional and business services sector, none of the 10 largest employers are in this sector (Figure 4; Table 2). Two of the largest employers in this sector include Accenture, Ltd. (6,200 employees) and Deloitte (5,000 employees). Jobs in this sector—which typically involve management, consulting, and scientific and technical services—have increased yearly since 2010, except during 2020. Average weekly wages in this sector, as of the second quarter of 2022, were \$1,863, more than 25 percent higher than overall weekly wages in the HMA and the third-highest level among 10 private jobs sectors (Quarterly Census of Employment and Wages).

Technology

The HMA has attracted several new technology companies since the mid-2010s. In 2015, Alphabet Inc., the parent company of Google, consolidated approximately 600 Chicago-area employees in the Fulton Market District of Chicago, roughly 1.5 miles west of downtown. This move attracted significant new investment into the area, and since 2015, Google has grown to more than 1,800 jobs in the district. In May 2022, Google announced plans to lease an additional 200,000 square feet of office space in the Fulton Market District. In July 2022, Google purchased the James R. Thompson Center in the Loop, which

Figure 4. Share of Nonfarm Payroll Jobs in the Cook County HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2022.
Sources: Economic and Market Analysis; Illinois Department of Employment Security

Table 2. Major Employers in the Cook County HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
U.S. Government	Government	52,357
City of Chicago	Government	30,928
Advocate Aurora Health	Education & Health Services	26,585
Cook County	Government	22,074
Northwestern Memorial HealthCare	Education & Health Services	21,999
The University of Chicago	Education & Health Services	18,732
Amazon.com, Inc.	Transportation & Utilities	18,210
AMITA Health	Education & Health Services	18,202
Walmart Inc.	Wholesale & Retail Trade	16,900
State of Illinois	Government	13,936

Note: Excludes local school districts.
Source: Crain's Chicago Business as of December 31, 2020

had housed offices for the State of Illinois, with plans to refurbish the building as a “second” Midwest headquarters. Whether Google plans to occupy all this additional space or consolidate in one location has not been announced, but when renovations are complete in 2026, the space will allow for thousands of additional workers. Other companies that have recently moved headquarters to the Fulton Market District include Kimberly-Clark, Dyson, Herman Miller, and Mondelēz International. Because of the presence of these corporate entities, residential development in the area has increased dramatically.

Technology companies in the HMA laid off more than 2,500 workers during 2022, but new hiring more than offset these layoffs (Crain’s Chicago Business). In the six-county Chicago-Naperville-Arlington Heights, Illinois, Metropolitan Division, jobs in the professional, scientific, and technical services industry grew by 14,200, or 4.2 percent, during 2022. Further, during 2022, an estimated 17 technology companies were founded in the city of Chicago (builtinchicago.org). In late 2022, Israeli cybersecurity firm Coro announced plans to expand at its location in the Fulton Market District, more than tripling its office lease. Coro hired 40 workers during 2022 and plans to add 100 more employees during 2023. Also in late 2022, McDonald’s, which moved its corporate headquarters to the Fulton Market District in 2016, announced the move of its innovation center from suburban Will County to the area, adding 120 more jobs. Moline, IL-based manufacturer John Deere opened a technology office in the Fulton Market District in late 2022 and plans to hire 150 technology workers during 2023.

The HMA also hosts a growing biotechnology and life sciences cluster. In late 2022, drugmaker Xeris Biopharma announced plans to move from its Loop location to the Fulton Market District and to expand its workforce. The company currently has approximately 175 workers in the HMA, but its new office will support approximately 400 workers. Abbott Laboratories, a pharmaceutical company in suburban Lake County, Illinois, leased approximately 100,000 square feet of office space in the Willis Tower, which is expected to support approximately 450 workers. The Willis Tower, which recently completed a

\$700 million renovation, is not in the Fulton Market District but on the western edge of the Loop area, nearly adjacent to the Near West Side.

Financial Activities

The financial activities sector includes banks, insurance companies, and real estate professionals. With an average weekly wage of \$2,653, salaries in this sector are the second highest among 10 private jobs sectors and 78 percent higher than the average weekly wage for all jobs in the HMA. This sector has expanded steadily during much of the period since 2010, partly due to expansions by JPMorgan Chase & Co., which grew from 8,000 jobs in 2011 to 13,750 jobs during 2020. Other prominent banks in the HMA include BMO Harris Bank N.A. (6,700 employees) and Bank of America Corporation (6,000 employees). Significant job growth from 2010 through 2021 occurred in the insurance carriers and related activities industry, which expanded at an average annual rate of 2.3 percent (Quarterly Census of Employment and Wages).

From 2016 through 2021, jobs in the financial activities sector rose an average of 1.9 percent annually; during 2022, this growth rate fell to 1.1 percent. The slowing sales housing market contributed to job losses in the real estate and mortgage lending industries, which will continue to affect the HMA economy during the 3-year forecast period. Interfirst Mortgage Company, in Rosemont in western Cook County, eliminated nearly 500 jobs during the past year and plans to lay off 75 workers in early 2023. JPMorgan Chase & Co. also announced plans for layoffs in the HMA during 2023, primarily at its downtown Chicago headquarters, although no specific numbers are available.

Office Occupancy and Development Trends

The HMA relies heavily on jobs in the three remote work sectors, which have affected office occupancy levels since the start of the pandemic. Significant numbers of workers in these jobs sectors have moved to fully remote or hybrid remote work. During December 2022, an estimated 48.5 percent of office workers in the HMA worked in person, up from 14 percent during December 2021 but below prepandemic levels (Crain’s Chicago Business).

As of the fourth quarter of 2022, the office vacancy rate for the HMA was 16.0 percent, up from 15.2 percent a year earlier and the highest office vacancy rate on record (CoStar Group). By contrast, the rate as of the fourth quarter of 2019 was 11.9 percent, and the rate averaged 12.4 percent from 2010 through 2018. New office construction, including several projects already under way in the Downtown Core prior to the pandemic, contributes to office vacancy. Notable recent deliveries include the Bank of America Tower and the BMO Tower, with 1.8 million and 1.5 million square feet that opened in 2020 and 2021, respectively. These skyscrapers are on the western edge of the Loop, along the Chicago River and bordering the Near West Side. When BMO Bank moved to its new location, it vacated 700,000 square feet of office space more centrally located in the Loop. Currently, 3.2 million square feet of office space is under construction in the HMA, with more than one-half of that amount in the Salesforce Tower scheduled to open in 2023. This building is projected to be fully leased on opening, with Salesforce and the Kirkland & Ellis law firm leasing approximately 92 percent of the total space.

Much of the new office construction in downtown Chicago is in the far west portion of the Loop area, or in the Near West Side area, which includes

the Fulton Market District, and the primary “Central Business District” of Chicago is shifting west. In response to this trend, the city of Chicago is trying to incentivize the renovation of Loop office buildings into residential units, including affordable housing.

New and renovated office buildings—particularly those with strong amenity packages, including restaurants, shopping, and other facilities—are attracting more workers to return. More specifically, in the Fulton Market District, new office construction has contributed to increased pedestrian traffic in the area, supporting dining, shopping, and entertainment. The Fulton Market District has become one of the top dining destinations in the HMA.

Conversely, fewer office workers in regions of the Downtown Core, where office space is generally older, affect other entities such as restaurants, bars, retail establishments, and transit providers. The Chicago Transit Authority, which operates buses and “L” trains primarily within the city, and the Regional Transportation Authority, which operates the Metra suburban commuter train lines, are operating at less than 50 percent of prepandemic ridership. Federal funding for COVID-19 relief has supported transit providers, but the extra federal funding is scheduled to expire in 2025.



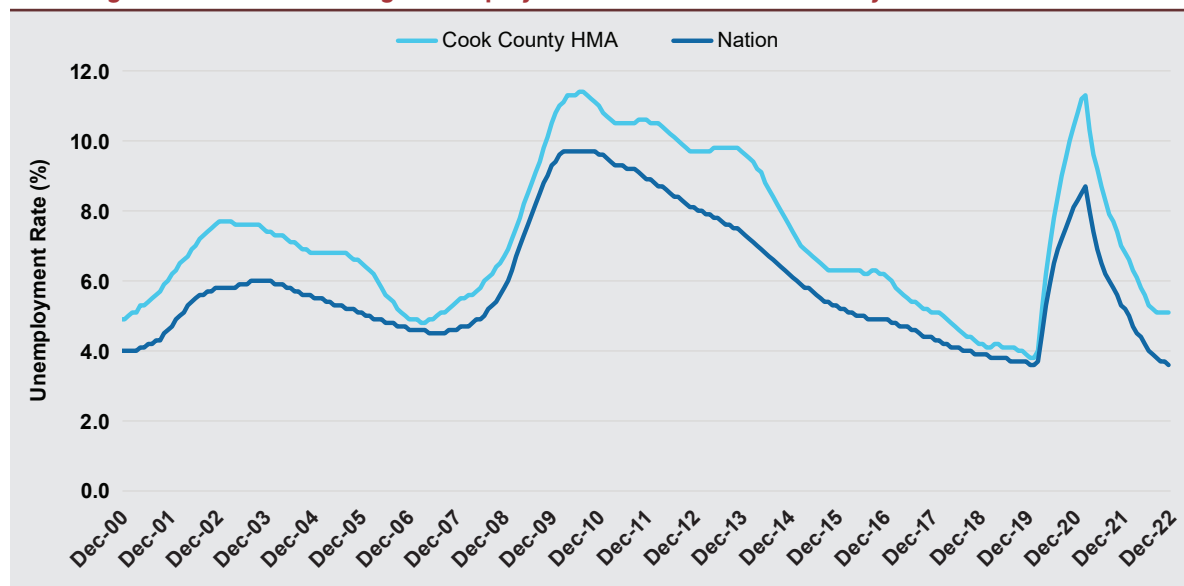
Unemployment Trends

The average unemployment rate in the HMA fell to 5.1 percent in 2022 from 7.0 percent a year earlier. The unemployment rate reached a recent peak of 11.3 percent, averaged during the 12 months ending March 2021, nearly as high as the 11.4-percent rate averaged during the 12 months ending August 2010 (Figure 5). Unemployment rates are typically higher in the HMA than in the Remainder or the nation, in which unemployment averaged 4.0 and 3.7 percent, respectively, in 2022, down from 5.2 and 5.4 percent a year earlier. After peaking during the summer of 2010, the unemployment rate in the HMA generally trended downward until reaching a recent low of 3.8 percent, averaged during the 12 months ending February 2020.

Forecast

During the 3-year forecast period, job growth is expected to continue in the HMA, averaging 2.0 percent annually. During December 2022, United Airlines announced plans to expand, which is expected to lead to 2,600 new jobs in the Chicago area during 2023, with positions ranging from pilots to aircraft technicians and headquarter staff in downtown Chicago. The O'Hare International Airport expansion,

Figure 5. 12-Month Average Unemployment Rate in the Cook County HMA and the Nation



Note: Based on the 12-month moving average.

Source: U.S. Bureau of Labor Statistics

previously discussed, is expected to create an estimated 22,000 jobs during the design, construction, and operation phases. In May 2022, the Bally's Corporation was selected from three bidders to build a new casino in the city of Chicago, northwest of downtown between the Near North Side and the Near West Side areas. When open in 2026, the permanent casino will include gaming, hospitality, and entertainment and is projected to create 3,000 jobs, primarily in the leisure and hospitality sector.

Technology-related layoffs may partially offset job growth in most sectors. Google, Meta (Facebook), Amazon, and Microsoft announced significant contraction that will take effect nationally in 2023; all these companies have staff in the HMA. As previously discussed, it is currently unknown how the layoffs at Google will affect the expansion plans in the Loop and the Fulton Market District.

Population and Households

Current Population: 5.1 Million

From 2007 to 2015, the population in the Cook County HMA increased annually, although net in-migration occurred only during 2 years; since 2015, the population has declined each year.

Population Trends

The population of the HMA is estimated at 5.1 million as of January 1, 2023, reflecting overall population loss since 2010 (Table 3). Population trends in the HMA do not always respond directly to economic trends, because the HMA is the central county in the larger Chicago MSA, and households may move to suburban locations for reasons that are not entirely job related. During the COVID-19 pandemic, significant numbers of people moved away from the more densely populous central areas, including the Downtown Core of Chicago, which generally has higher housing costs and smaller units. Some people who moved away during the early stages of the COVID-19 pandemic have since returned, and although net out-migration has continued, it has slowed considerably. Nevertheless, the net population is declining; net migration is away from the HMA, and general demographic trends include a decline in the number of births and an aging population. The COVID-19 virus also contributed to recent declines in net natural change.

Table 3. Cook County HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast
	Population	5,194,675	5,100,000
	Average Annual Change	-18,200	-22,300
	Percentage Change	-0.3	-0.4
Household Quick Facts	2010	Current	Forecast
	Households	1,966,356	2,096,400
	Average Annual Change	-780	870
	Percentage Change	0.0	0.0

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2023) to January 1, 2026.

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

2019 to Current: COVID-19 and the Effects on Population in the HMA

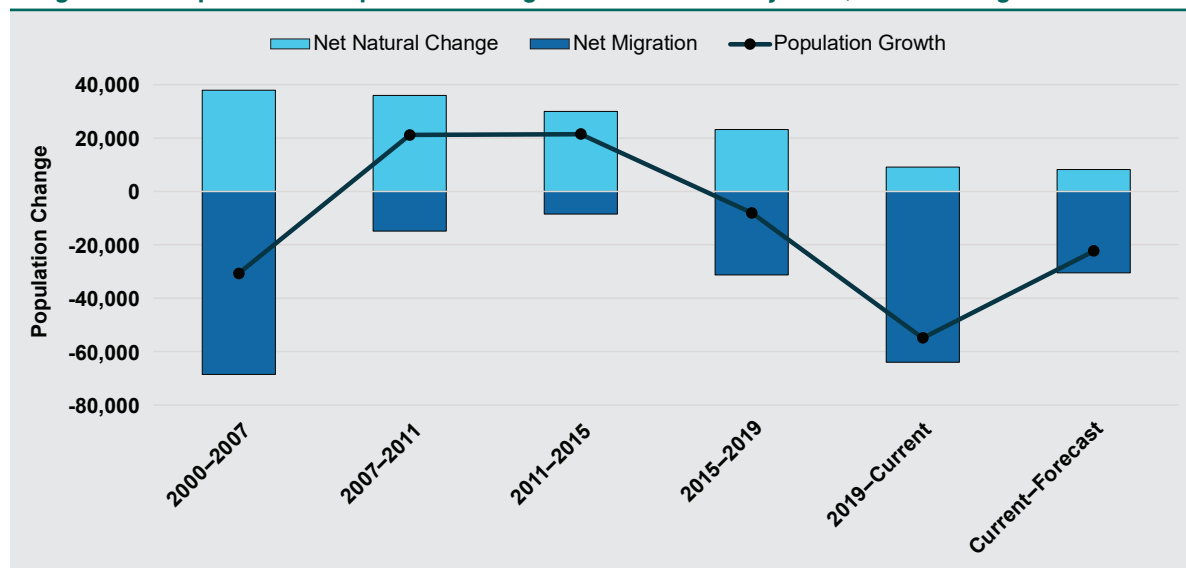
Since 2019, the HMA population is estimated to have fallen by an average of 55,050, or 1.1 percent, annually. From July 1, 2020, to July 1, 2021, the U.S. Census Bureau estimated net out-migration from the HMA of 95,800, a large increase from the estimate of 46,750 net out-migration a year earlier. Net out-migration has averaged 54,800 annually since July 1, 2021. During the early stages of the COVID-19 pandemic, when personal distancing was enforced and full-time remote work was universal for eligible jobs, many people moved out of densely populated areas, including the Downtown Core of Chicago. In addition to proximity to employment opportunities that had largely shifted to remote work, a major attraction for living in downtown areas, including in the HMA, is dining and entertainment. Curtailed access to restaurants, theater, and other cultural activities and remote work diminished the benefits of living downtown. The state of Illinois issued its first personal-distancing order in March 2020, which was relaxed in May 2020. Nonetheless, comfort when engaging with others has returned only slowly for many people.

In addition to net out-migration, net natural change has declined in the HMA since the start of the pandemic. Declining births are a national trend, but the decline in the HMA is significant. Resident births in the HMA, which have been falling since 2014, were at record low levels and fell 4.7 percent annually on average from 2019 to 2021. By comparison nationally, the decline was 2.8 percent. Resident deaths also rose, with the COVID-19 virus contributing to increased mortality, primarily among seniors. Deaths attributed to COVID-19 totaled 7,636 during 2020, 4,392 during 2021, and 2,879 through November 2022 (Cook County Government). As a result of these trends, net natural change fell from 19,400 from 2018 to 2019 to an estimated 6,200 since 2020.

Historic Population Trends

From 2000 to 2007, the population of the HMA fell by an average of 30,700, or 0.6 percent, annually (Figure 6). During this period, net out-migration averaged 68,600 people annually, the highest level since 2000. Nearly 49 percent of the net out-migration from the HMA was to the 13 remaining counties in the Chicago MSA, which combined to add population during the period (Internal Revenue Service migration data). Net natural change averaged 37,900 during this period. From 2007 to 2011, the population in the HMA rose by an average of 21,200, or 0.4 percent, annually. Net natural change, which averaged 36,100 a year, was slightly less than the previous period, but net out-migration fell sharply to an average of 14,900 annually. This period included the Great Recession, which officially occurred from December 2007 through June 2009. Although economic conditions deteriorated sharply in the HMA, economic prospects throughout the nation were also weak, and the lure of better economic opportunity elsewhere was minimal. From 2011 to 2015, the economy in the HMA recovered, albeit slightly slower than nationally, and the population rose by 21,500 annually, or 0.4 percent. Net natural change fell to an average of 30,000 people annually, and net out-migration averaged 8,500 people annually (U.S. Census Bureau estimates as of July 1). From 2015 to 2019, the population declined by an average of 8,050

Figure 6. Components of Population Change in the Cook County HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2023) to January 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

annually; net out-migration increased to average 31,300 annually, because job growth in the HMA averaged 0.9 percent annually compared with 1.6 percent annual growth nationally; and net natural change continued to decline, averaging 23,250 annually.

Geographic Trends

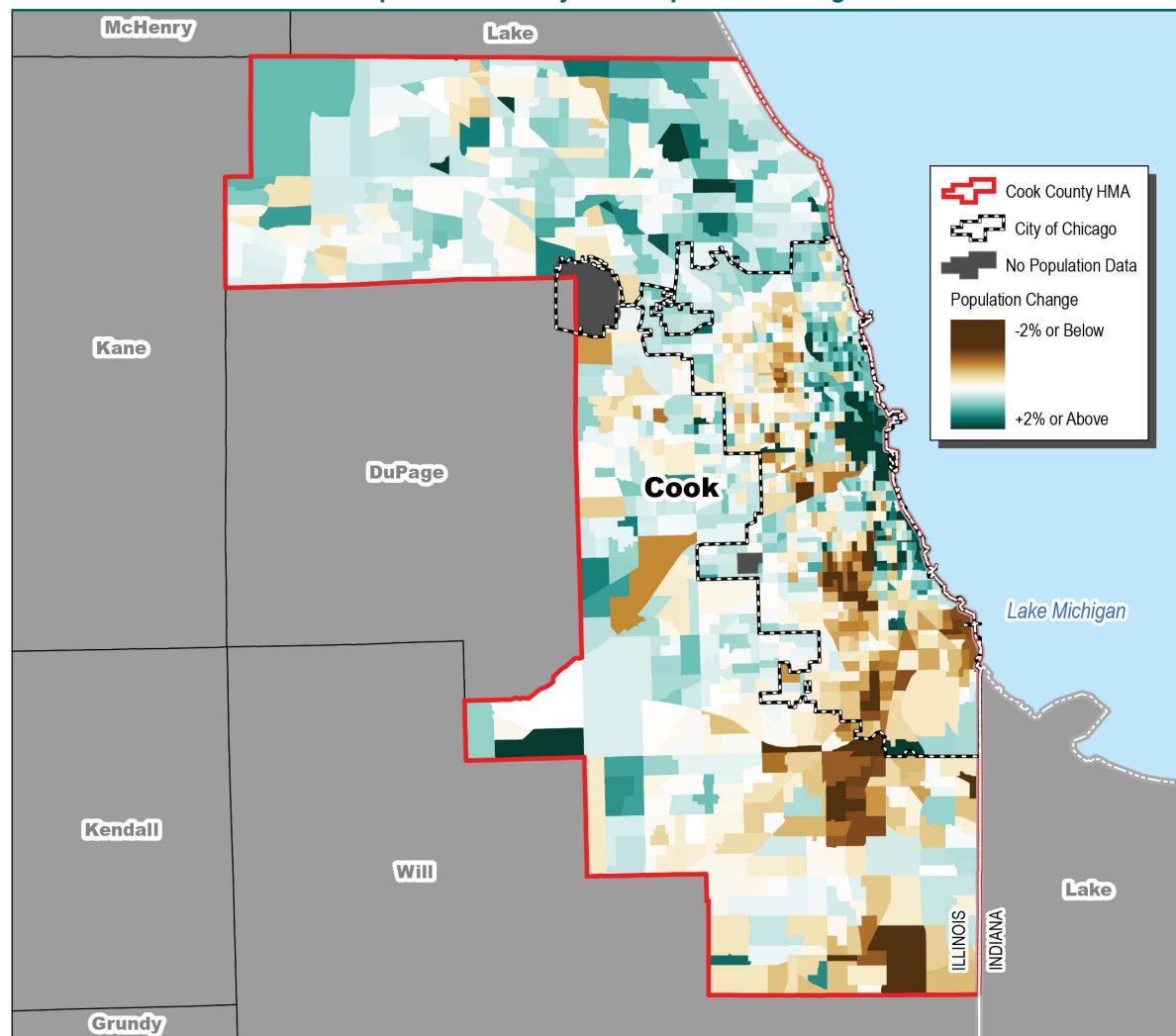
From 2010 to 2020, population in the four areas that make up the Downtown Core combined to increase 2.8 percent annually on average (U.S. Census Bureau Redistricting Data 2010 and 2020; data compiled by the Chicago Metropolitan Agency for Planning). This growth rate was double, or faster, than growth rates for all other communities in the HMA. The city of Chicago includes 77 defined neighborhoods, including the four areas that make up the Downtown Core, and 39 of those areas gained population from 2010 to 2020, three showed no appreciable change, and 35 lost population. City areas with relatively strong rates of population growth included Hyde Park and Oakland in the near south side of Chicago along the lakefront, where the population grew 1.4 percent annually in each. Outside of Chicago, the fastest rates of population growth from 2010 to 2020 included the villages of Forest View, North Riverside, and

South Barrington. Population in these three villages grew 1.3, 1.1, and 1.1 percent annually, respectively, from 2010 to 2020 (Map 1). Despite the previously mentioned areas of growth and decline, population trends in most of the HMA were relatively stable from 2010 to 2020. In the city of Chicago, 38 of 77 city neighborhoods had an annual population change ranging between a 0.5-percent gain or loss from 2010 to 2020, and in the HMA, the annual population change ranged between a 0.5-percent gain or loss in 88 of 123 areas. Cook County and its constituent communities are established and generally at buildout, with comparatively little land for large-scale development.

Age Cohort Trends

The population in the HMA is aging, and the proportion of young people is declining (Figure 7), contributing to declining resident births, increasing resident deaths, and smaller average household sizes. The largest age cohort in the HMA is the prime working-age population of residents 25 to 44 years of age, and the next oldest group of residents, aged 45 to 64, is also typically in the labor force. Both “working” population cohorts have remained steady since 2010, likely a consequence of families moving away from the city of Chicago and the HMA, and younger people, single and married, moving into the HMA, particularly the Downtown Core areas. For the HMA, the average household size was 2.49 during

Map 1. Cook County HMA Population Change



Source: U.S. Census Bureau, Redistricting Data, PL94-171

2020, down from 2.60 during 2010, and for the city of Chicago, the average household size was 2.36 during 2020, down from 2.52 during 2010. By comparison, during 2020, average household sizes in the Near North Side, the Loop, the Near South Side, and the Near West Side were 1.56, 1.61, 1.80, and 1.88, respectively.

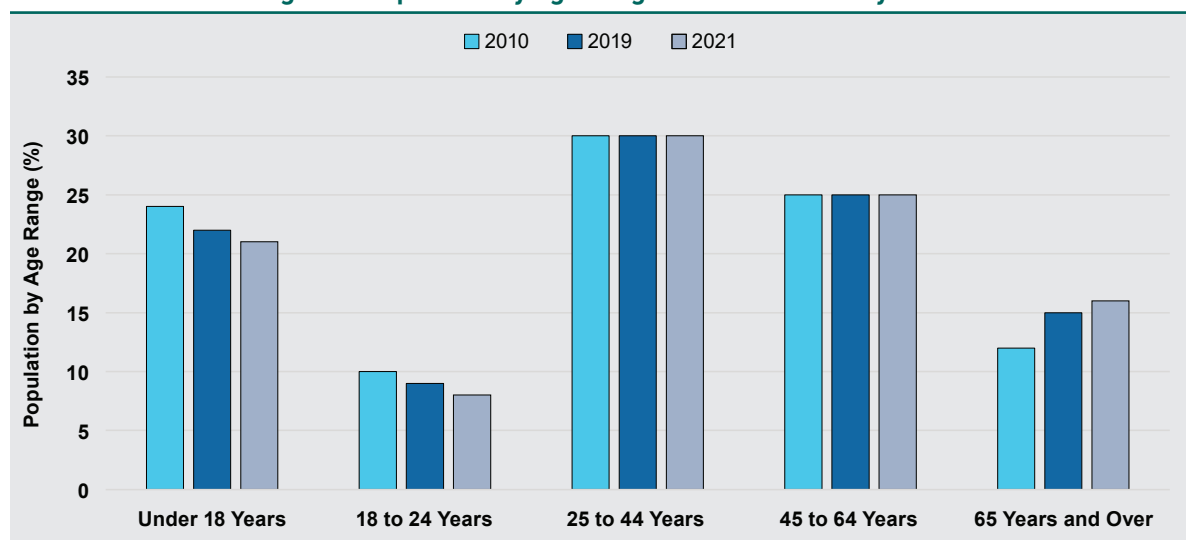
Household Trends

The number of households in the HMA is currently estimated at 2.10 million, up by an average of 10,200, or 0.5 percent, annually since 2010 compared with declines of 780 households annually on average during the previous decade. Net out-migration from the HMA has included larger households, and as a result, the proportion of households with persons under age 18 has fallen from 32 percent during 2010 to 27 percent during 2021 (2010 and 2021 American Community Survey [ACS] 1-year data). Declining average household sizes define the difference in rates of change between population and households; household change in the HMA has been stronger than changes in population since 2000. The Great Recession led to increased renter households and a sharp decline in the homeownership rate, from 58.2 percent during 2010 to an estimated 55.4 percent currently (Figure 8).

Population and Household Growth Forecast

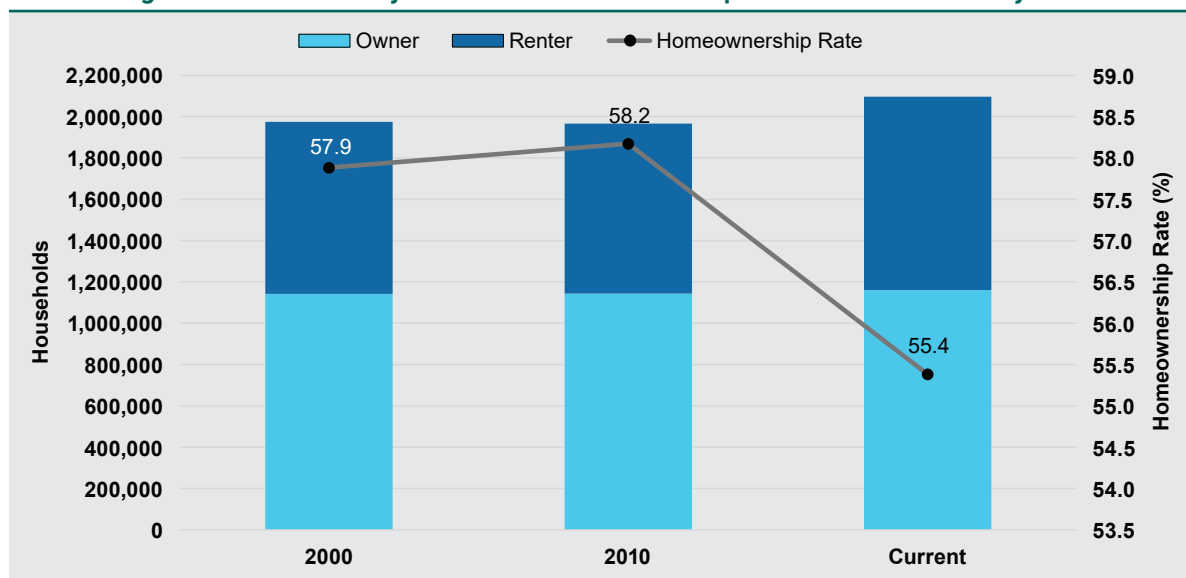
During the next 3 years, the population in the HMA is expected to decline by an average of 22,300, or 0.4 percent annually. This decline

Figure 7. Population by Age Range in the Cook County HMA



Source: 2010, 2019, and 2021 American Community Surveys 1-year data

Figure 8. Households by Tenure and Homeownership Rate in the Cook County HMA



Note: The current date is January 1, 2023.

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

anticipates continued economic recovery and job growth and no significant increase in COVID-19 activity. The population is expected to decline more slowly during the first year of the 3-year forecast period, because more people who moved from the HMA during the pandemic may be returning.

Households are expected to increase by an average of 870 annually, essentially stable in this large HMA, reflecting families moving out and more singles, younger couples, and retirees moving in.



Home Sales Market

Market Conditions: Slightly Tight, but Easing

Relatively low levels of new home construction since 2007 have contributed to current slightly tight conditions; home sales, which began to increase during early 2021, are slowing as a result of record high sales prices and sharply higher mortgage interest rates.

Current Conditions

The home sales market in the HMA is currently slightly tight, but conditions are easing; the sales housing vacancy rate is estimated to be 0.9 percent currently, down from 3.0 percent during 2010, when conditions were soft (Table 4). As of December 2022, the number of available homes for sale represented an estimated 2.0-month supply, up slightly from a 1.7-month supply a year earlier (CoreLogic, Inc.). The most recent time that a 6.0-month supply of homes was for sale, typically considered balanced, was October 2012. Home sales have slowed from recent high levels because of record-high sales prices and increased mortgage interest rates, significantly lessening affordability. During December 2022, the average interest rate for a 30-year fixed-rate mortgage was 6.4 percent, down from 6.9 percent averaged during October 2022 but well above the 3.1-percent rate averaged during 2020 (Freddie Mac). This increase impedes home sales by limiting the supply and demand for homes,

Table 4. Home Sales Quick Facts in the Cook County HMA

Home Sales Quick Facts	Cook County HMA		Nation
	Vacancy Rate	0.9%	NA
	Months of Inventory	2.0	2.0
	Total Home Sales	85,350	6,369,000
	1-Year Change	-18%	-19%
	New Sales Price	\$801,700	\$496,800
	1-Year Change	1%	14%
	Regular Resales Price	\$381,900	\$429,600
	1-Year Change	4%	9%
	Mortgage Delinquency Rate	2.0%	1.2%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2022; and months of inventory and mortgage delinquency data are as of December 2022. The current date is January 1, 2023.

Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

because current homeowners may be less likely to list homes for sale if new home mortgages will be at significantly higher interest rates. On the demand side, increased mortgage interest rates add significantly to the monthly cost. During December 2022, the number of homes for sale in the HMA was 10,250, nearly 4 percent above the level a year earlier but well below the 15,400 homes for sale during December 2019, before the COVID-19 pandemic (CoreLogic, Inc.). The overall Chicago MSA is a prime market for investor purchases of homes. During the third quarter of 2022, investors purchased an estimated 42.9 percent of all homes compared with 40.5 percent a year earlier (John Burns Real Estate Consulting).

For those able to work remotely—and remote work jobs are in the leading jobs sectors in the HMA—employment and income disruptions from the COVID-19 pandemic were likely somewhat modest. Faced with performing their jobs from home for an unknown period, many households began looking to buy homes starting in mid-2020. As a result, new and regular resale home sales rose, average home sales prices reached record levels, and only after mortgage interest rates rose, in tandem with record high sales prices, did home sales decline.

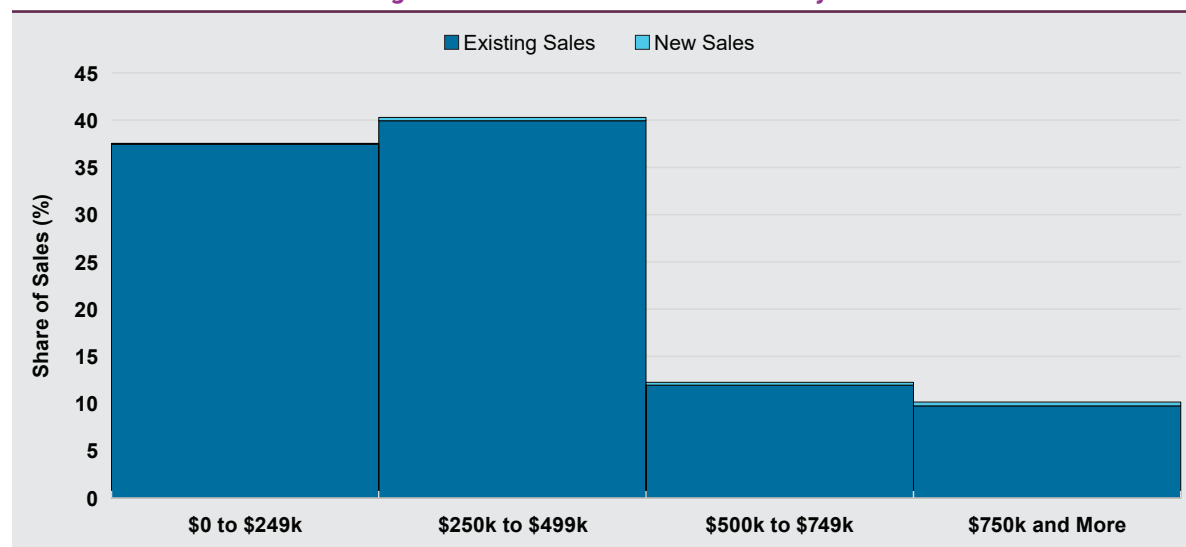
Current Home Sales and Prices

During 2022, new and existing home sales totaled 85,350 sales, more than 18 percent below the total sales count a year earlier (Zonda). By contrast, home sales during 2021 totaled 104,600, the highest annual sales count in the HMA since 2008. The average home sales price during 2022 was \$379,200,

also a record high propelled by relatively strong sales activity and low inventory; homes priced from \$250,000 to \$500,000 were the largest component of sales by price range (Figure 9). New home sales in the HMA totaled 790 during 2022 and have nearly halved since 1,550 new homes sold during 2021. New home sales had begun increasing prior to the COVID-19 pandemic and reached 2,150 sales during the 12 months ending March 2020. As a result of tight sales market conditions, average new home sales prices reached an all-time record high earlier in 2022 but have since trended downward as conditions have eased. The average new home sales price was \$801,700 during 2022, or 1 percent higher than the average new home sales price a year earlier.

Regular resale home sales totaled 81,050 during 2022, a decline of nearly 19 percent from the 99,700 regular resale home sales a year earlier. Since 2020, regular resale home sales have been at very high levels, likely propelled by the desire for larger homes for remote work. Regular resale home sales declined only during the past 8 months because of record high prices and rising mortgage interest rates. The average regular resale home sale price was \$381,900 during 2022, a record high level and nearly 4 percent above the average sales price a year earlier.

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending December 2022 in the Cook County HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

Historic Home Sales and Home Sales Price Trends

The HMA includes the highly urbanized areas in and around the city of Chicago, which are generally at buildout, leaving comparatively little room for large, new neighborhood development. As a result, existing home sales primarily influence total home sales and price trends. In the HMA, new home sales contributed only 0.9 percent of all home sales during 2022, and this ratio has been below 5.0 percent since 2013. By contrast nationally, 10 percent of all home sales were new home sales during 2022, and this ratio has not been below 8.5 percent of all home sales since at least 2006.

From 2007 through 2011, total home sales in the HMA fell 22 percent annually on average from 160,500 sales during 2006 to only 46,950 sales during 2011 (Figure 10). This decline encompassed the Great Recession and its impacts on the economy and sales housing market. The 46,950 sales represent a record low level of home sales for the HMA. During the same period, the average home sales price fell 5 percent annually on average to \$243,700 during 2011. From 2012 through 2018, home sales rose steadily,

increasing an average of 10 percent annually, and reached 90,400 sales during 2018. During this same time, the average home sales price rose 3 percent annually on average to \$309,000 during 2018, influenced by price appreciation of new home sales. Although a relatively small proportion of total home sales, new home sales prices rose 12 percent annually from 2012 through 2018 compared with 1-percent growth annually on average for regular resale home sales (Figure 11). During 2019 and 2020, home sales were relatively stable and averaged 86,200 annually, and the average sales price continued to rise, increasing 4 percent each year.

Condominium Sales

For this HMA at relative buildout, particularly for areas closer to the Downtown Core of Chicago, condominium development is a popular model for sales housing. During 2022, condominium sales accounted for 47 percent of all home sales in the HMA, and in the city of Chicago, the proportion was nearly 60 percent. By contrast, nationally during 2022, less than 13 percent of all home sales were condominium homes, and this proportion has never been above 14 percent.

For the HMA, condominium sales prices are generally less than all home sales prices. During 2022, the average condominium sales price was \$330,000, a decline of 1 percent from the average price a year earlier but only 88 percent of the average price for all sales. However, in

Figure 10. 12-Month Sales Totals by Type in the Cook County HMA

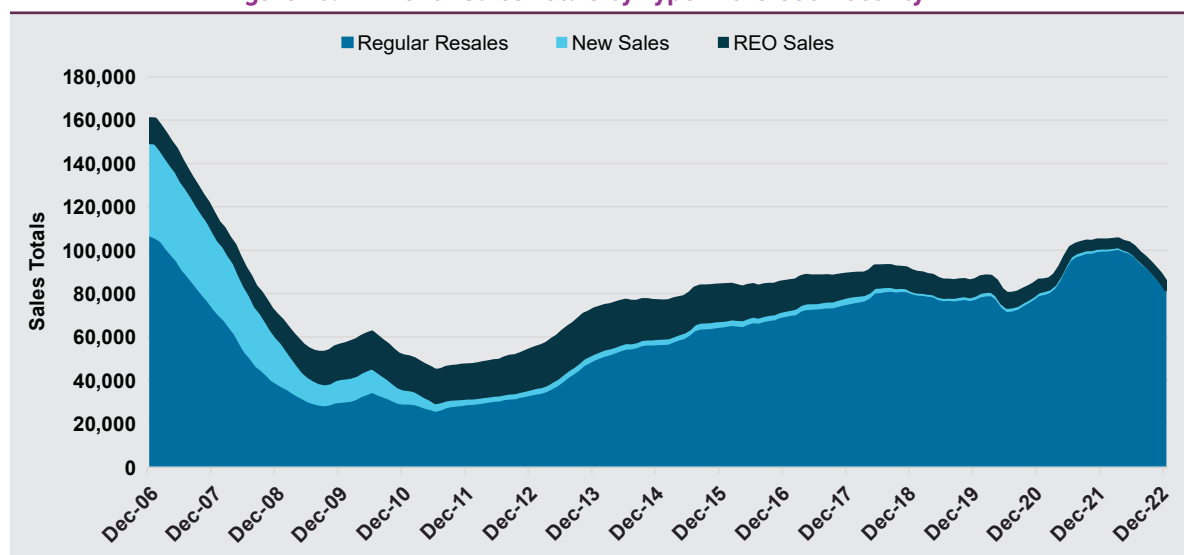
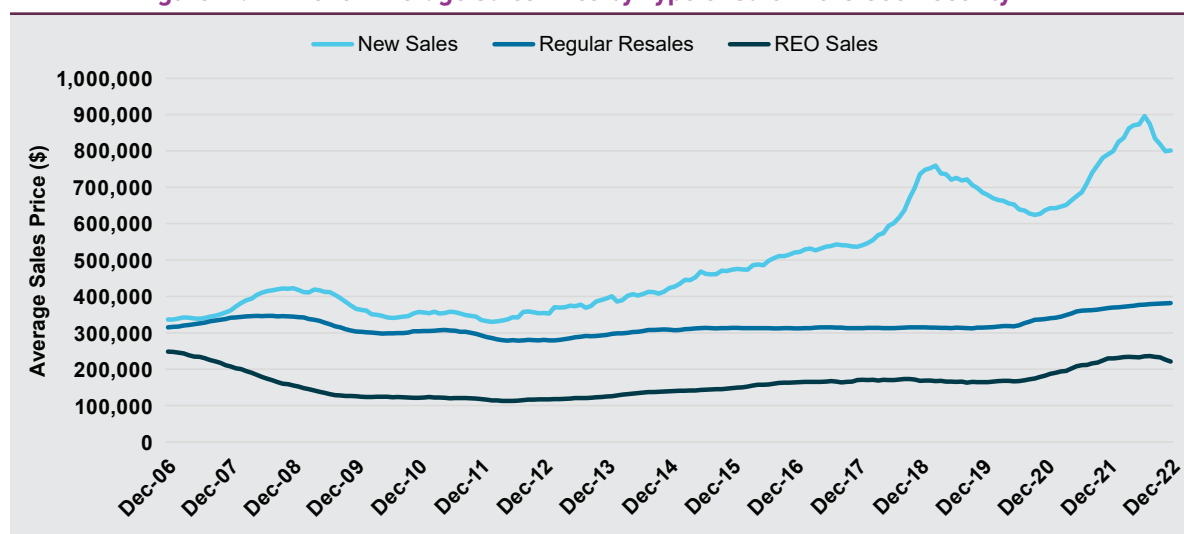


Figure 11. 12-Month Average Sales Price by Type of Sale in the Cook County HMA



the city of Chicago, the average condominium sales price during 2022 was \$407,300, up more than 1 percent from the average a year earlier and nearly equal to the overall average home sales price of \$412,200.

Several newly constructed condominium buildings have been built in the Downtown Core recently. Of note, the St. Regis Residences in the Loop area, which opened in 2020 and rises 101 stories, includes 393 condominium homes, a 191-unit hotel, and restaurant and entertainment options. One-bedroom condominium homes start at \$840,000, and prices reach more than \$18 million for four-bedroom homes. In the Fulton Market District, Embry condominiums is a new construction property with 58 homes, expecting move-ins in early 2023, and has exerted upward pressure on average home sales prices. The development includes two-, three-, and four-bedroom homes, with starting prices ranging from \$1.19 million for two-bedroom homes to \$2.6 million for four-bedroom homes; 60 percent of units have presold.

Real Estate Owned Sales and Delinquent Mortgages

During December 2022, 2.0 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status (CoreLogic, Inc.). This rate is down from 2.9 percent a year earlier and well below the recent peak of 12.3 percent during February 2010, immediately following the Great Recession. The percentage of seriously delinquent mortgages and REO properties rose during the early stages of the COVID-19 pandemic, when rapidly declining economic conditions led to financial distress for some homeowners. During August 2020, home loans that were 90 or more days delinquent reached 37,800, nearly triple the 13,500 home loans in such status during August 2019. A national moratorium on foreclosures for federally backed mortgages likely prevented even more homes from falling into foreclosure, and the economic recovery has contributed to this rate generally returning to prepandemic levels. By comparison nationally, 1.2 percent of all home loans were seriously delinquent during December 2022, down from 2.0 percent a year earlier,

and the recent national peak was 8.6 percent during early 2010. REO sales represented 4.2 percent of all existing home sales in the HMA during 2022, higher than the 3.3-percent rate during 2021. REO sales, which started to increase during 2006 and reached 36 percent of all existing home sales during 2011, have been below 5 percent of all existing home sales since March 2021.

Sales Construction

Home sales construction activity—as measured by the number of sales units permitted (see building permits), including single-family homes, townhomes, and condominiums—was very high during much of the early and mid-2000s but has been at low levels since the early 2010s. From 2000 through 2007, an average of 11,300 homes were permitted annually, including 6,100 condominiums permitted annually on average (Figure 12). Nearly 79 percent of the single-family homes permitted during this time were in suburban Cook County, outside the city of Chicago. During 2008, after the Great Recession began in the mortgage markets, sales housing permitting plummeted. From 2008 through 2011, only an average of 1,825 homes were permitted annually, and the proportion of single-family homes permitted in the suburbs fell to 76 percent. Thereafter, sales housing permitting remained low, averaging 2,000 homes permitted annually from 2012 through 2016, and 1,750 homes were permitted annually from 2017 through 2020. Single-family homes permitted in suburban Cook County fell slightly during the past decade and averaged approximately 68 percent of all single-family homes permitted from 2012 through 2020. During the decade from 2010 to 2020, the population in the city of Chicago grew faster than the population in the suburban Cook County communities. Nonetheless, single-family home construction in the city of Chicago is typically infill.

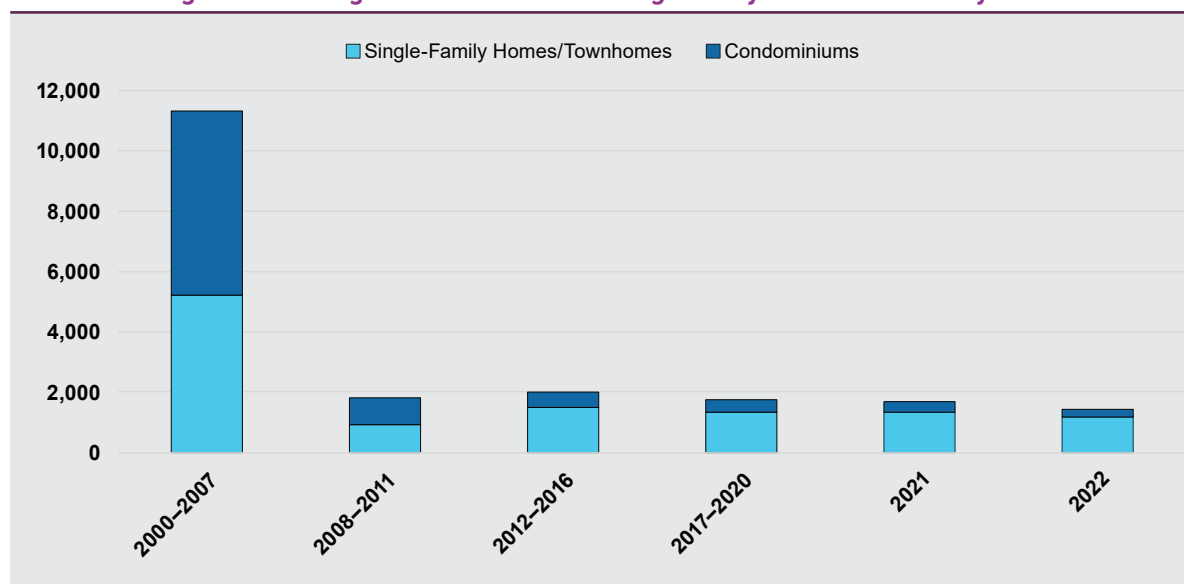
During 2022, an estimated 1,175 single-family homes and 270 condominium homes were permitted compared with 1,350 and 340 single-family homes and condominiums permitted during 2021 (preliminary data and estimates

by the analyst). In south suburban Orland Park, Metro East is a new townhome development with 42 homes, ranging from 1,813 to 1,998 square feet, including two- and three-bedrooms starting at \$399,990. This development is less than 1 mile from the Orland Park Crossing Mall and the Orland Park/143rd Street Metra train station serving downtown Chicago.

Housing Affordability: Sales

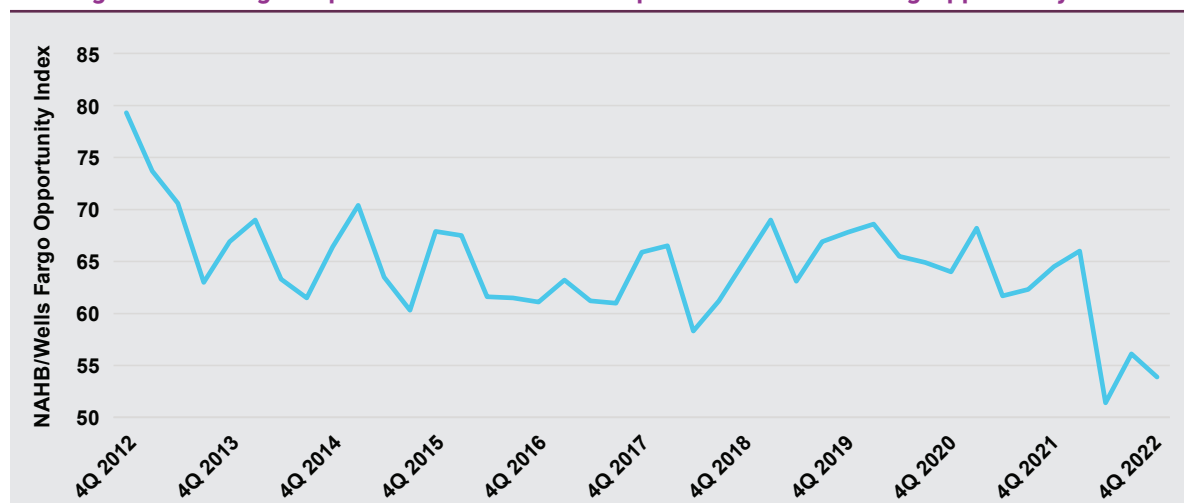
Sales housing prices in the HMA are relatively affordable, although affordability declined throughout much of the Chicago MSA during the past year due in part to sales price growth. The National Association of Home Builders/Wells Fargo Housing Opportunity Index represents the share of homes sold that would have been affordable to a family earning the local median income. This index is calculated for the Chicago-Naperville-Evanston, Illinois, Metropolitan Division, which includes five Illinois counties and omits the remaining counties in the Chicago MSA. As of the fourth quarter of 2022, the index was 53.9, down from 64.5 a year earlier (Figure 13). The metropolitan division was the 82nd most affordable area in the nation during the fourth quarter of 2022, among 240 areas ranked compared with a ranking of 114 during the fourth quarter of 2021. Although affordability within the metropolitan division fell modestly, affordability relative to the rest of the nation improved, because home prices rose faster nationally than in the metropolitan division.

Figure 12. Average Annual Sales Permitting Activity in the Cook County HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Figure 13. Chicago-Naperville-Evanston IL Metropolitan Division Housing Opportunity Index



NAHB = National Association of Home Builders. 4Q = fourth quarter.

Note: The Chicago-Naperville-Evanston IL Metropolitan Division includes Cook County and four additional counties in Illinois.

Source: NAHB/Wells Fargo

Forecast

During the 3-year forecast period, demand is expected for 10,050 new homes in the HMA, and the 1,100 homes currently under construction will satisfy a portion of that demand (Table 5). Demand is expected to be somewhat subdued during the first year and increase during the second and third years, as buyers wait to see how mortgage interest rates trend and whether average home sales prices moderate.

Table 5. Demand for New Sales Units in the Cook County HMA During the Forecast Period

Sales Units	
Demand	10,050 Units
Under Construction	1,100 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.
Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The number of renter households in the Cook County HMA has increased an average of 1.0 percent annually since 2010 compared with 0.1-percent growth in owner households, contributing to current balanced rental market conditions compared with soft conditions during 2010.

Current Conditions and Recent Trends—Rental Markets and the Impact of COVID-19 on the Apartment Market

The rental housing market in the HMA is balanced, with a current overall renter vacancy rate estimated at 6.0 percent compared with 9.6 percent during 2010, when conditions were soft (Table 6). The apartment market is also balanced; the average apartment vacancy rate as of the fourth quarter of 2022 was 4.9 percent compared with 4.0 percent a year earlier (RealPage, Inc.; Figure 14). Economic growth in the HMA following the Great Recession led to population gains until 2015, followed by population declines slower than during the previous decade until interrupted during 2020 by the COVID-19 pandemic. In 2021, occupied single-family rental homes accounted for an estimated 13 percent of occupied rental units in the HMA, down from 14 percent during 2010 (2010 and 2021 ACS 1-year data). By contrast

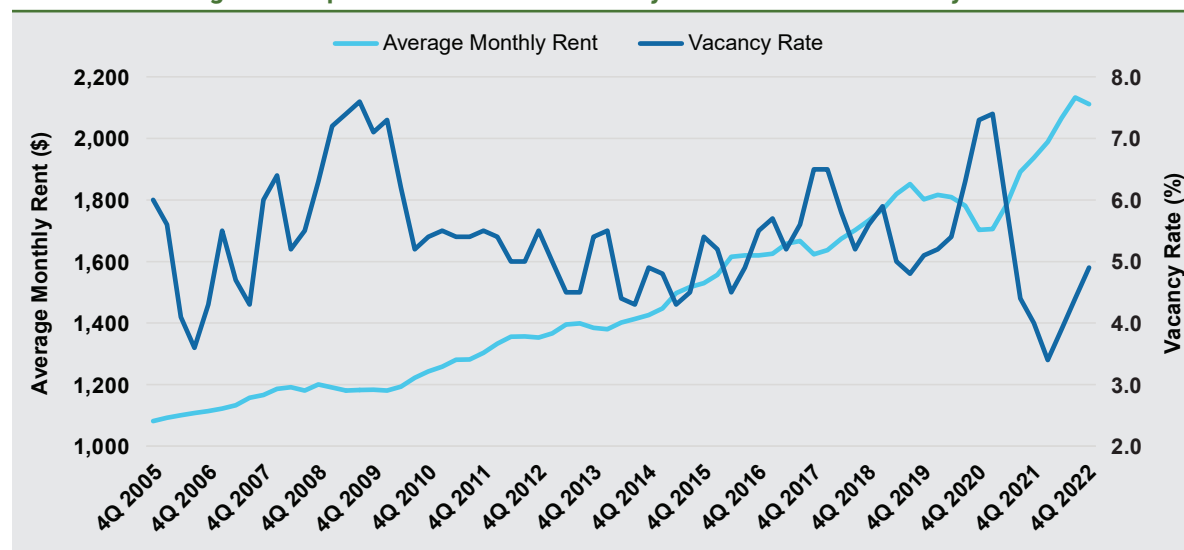
Table 6. Rental Market Quick Facts in the Cook County HMA

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	9.6
		6.0
	2010 (%)	2021 (%)
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	14
	Multifamily (2–4 Units)	33
	Multifamily (5+ Units)	53
	Other (Including Mobile Homes)	1

Notes: The current date is January 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—Moody's Analytics REIS

Figure 14. Apartment Rents and Vacancy Rates in the Cook County HMA



4Q = fourth quarter.

Source: RealPage, Inc.

nationally, more than 32 percent of renter households lived in single-family units. A common style of housing in the HMA is the “two-flat” (three- and four-flats are also common), consisting of a shared entry hall with stairs to a second-floor rental unit, with the structure owner or another rental unit occupying the ground floor, and these smaller multifamily units make up a fairly large share of the housing stock in the

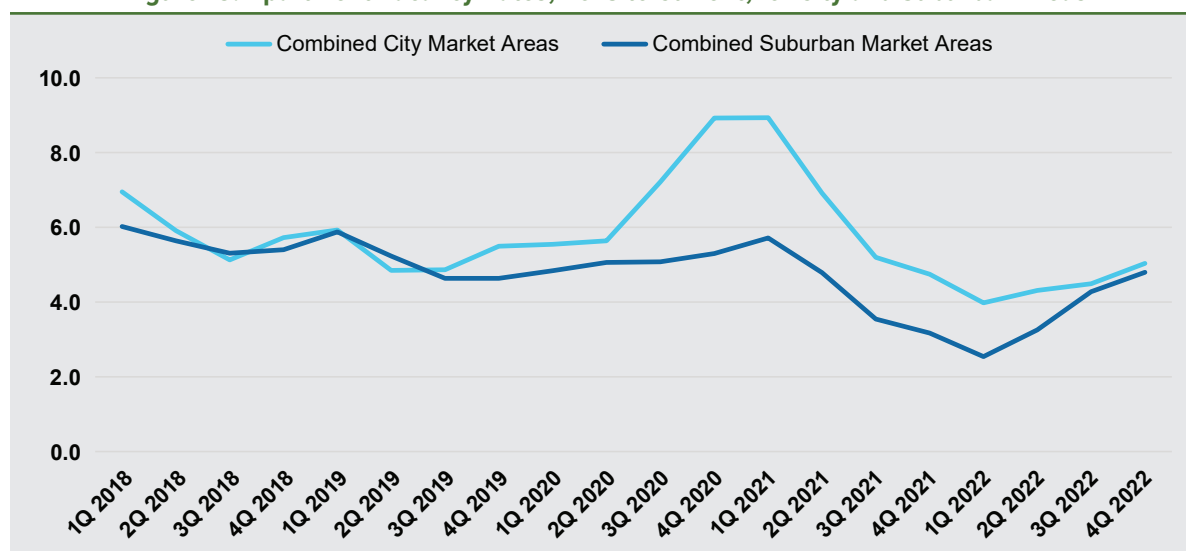
HMA. More than 29 percent of renter households in the HMA live in apartments with two, three, or four units per structure; nationally, the ratio is 17 percent (2021 ACS 1-year data). The share of renter households living in larger multifamily buildings with five or more units per structure in the HMA, which are typically professionally managed apartments, rose from nearly 53 percent during 2010 to more than 57 percent during 2021 and reflects significant new apartment production. Nationally, renter households in larger structures with five or more units rose from 43 percent in 2010 to 46 percent in 2021.

After nearly reaching 8 percent during 2009, apartment vacancy rates in the HMA have generally been below 7 percent since that time, despite near-record levels of new apartment construction from 2011 through 2020. The effect of COVID-19, which began in March 2020, led to a spike in apartment vacancy rates, averaging 5.8 percent during 2020 and 2021. The spike receded rapidly, and the apartment vacancy rate averaged 4.2 percent during 2022.

Within the HMA, the COVID-19 pandemic disproportionately affected city market areas. Among 10 RealPage, Inc.-defined market areas making up the HMA apartment market, four are considered “city” market areas, including the Downtown Core and extending north into Lincoln Park and south to the Bronzeville area of Chicago, the location of The University of Chicago. The combined apartment vacancy rate in these four market areas was generally similar to vacancy

rates in the combined six suburban market areas until the COVID-19 pandemic started in 2020. Apartment vacancy rates increased 340 basis points from the first quarter of 2020 through the first quarter of 2021 in the combined city submarkets but rose only 90 basis points in the combined suburban submarkets (Figure 15). Nationally, apartment vacancy rates fell slightly during that period. Since the first quarter of 2021, apartment vacancy rates in the combined city and suburban areas of the HMA have returned to similar historical trends. Many renters that moved out of the city seemingly returned within 1 to 2 years, when COVID-19 and its effects on social gatherings started to recede. In addition, many remote workers may be returning to Chicago offices for 1 or more days per work week, encouraging workers to return to the city.

Figure 15. Apartment Vacancy Rates, 2018 to Current, for City and Suburban Areas



1Q = first quarter. 2Q = second quarter. 3Q = third quarter. 4Q = fourth quarter.

Notes: Combined City Market Areas include four Chicago market areas. Combined Suburban Market Areas include six Cook County market areas.

Source: RealPage, Inc.

Apartment Rent Trends

The average asking rent in the HMA during 2022 was \$2,111, nearly 9 percent above the average asking rent a year earlier. Nationally, the average asking rent during 2022 was \$1,778 and rose slightly faster, increasing by more than 9 percent (RealPage, Inc.). By RealPage, Inc.-defined market areas, rent growth during 2022 did not strictly adhere to city or suburban classification. The fastest rent growth was 15 percent in the city

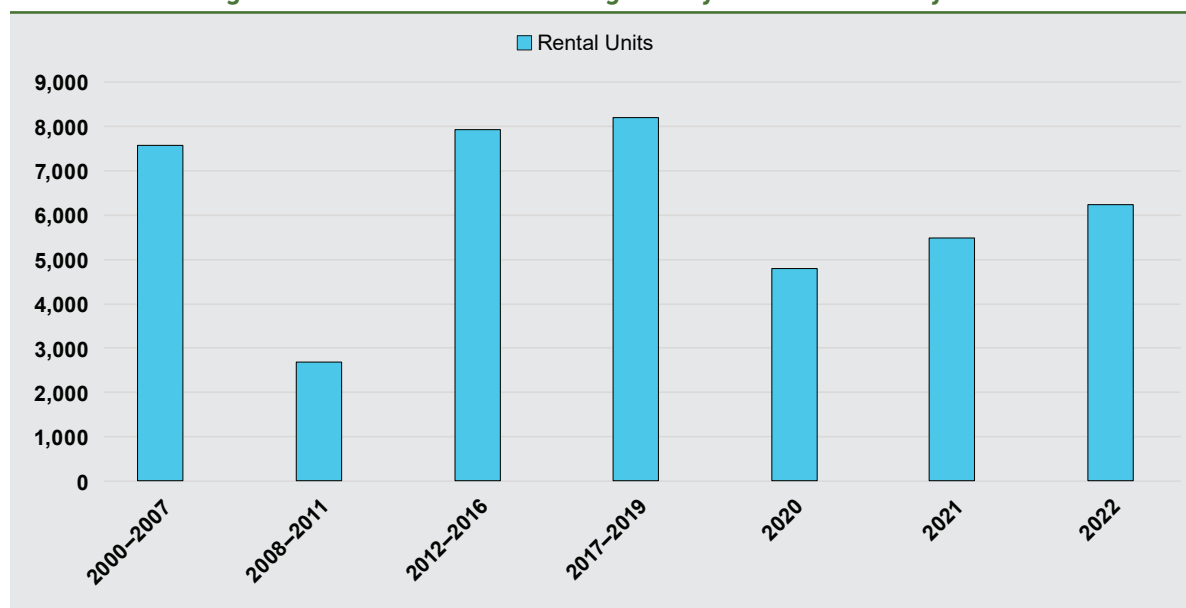
market areas of Lincoln Park and Bronzeville, but rents in the Arlington Heights/Palatine, the Evanston, and the Schaumburg market areas, all considered suburban, grew 11, 10, and nearly 10 percent, respectively. The highest average asking rent as of the fourth quarter of 2022 was \$2,766 in the Streeterville market area. This market area, mostly contained within the Near North Side area in the Downtown Core, adjoins the Lake Michigan shoreline north of the Loop and includes the “Magnificent Mile” shopping district. The next highest average asking rents were in the Loop at \$2,505 and Lincoln Park at \$2,234. The highest average asking rent in the suburban market areas of the HMA was in the Evanston market area, where the average asking rent was \$2,134. The Evanston market area adjoins the city of Chicago to the north along Lake Michigan and includes Northwestern University. No other suburban market area had an average asking rent above \$1,750. The average asking rent in the four combined city market areas was \$2,452, rising nearly 8 percent during 2022. For the six suburban market areas, the average asking rent was \$1,662, 9 percent higher than a year earlier. Since the fourth quarter of 2010, average asking apartment rents in the HMA have risen nearly 5 percent annually on average, similar to the increase nationally.

Rental Construction Trends and Current Activity

Rental construction activity in the HMA, as measured by the number of rental units permitted,

has been relatively steady since 2000, except for a decline in units permitted during the period that includes the Great Recession. From 2000 through 2007, an average of 7,575 units were permitted annually, and more than 78 percent of these units were built in the city of Chicago (Figure 16). From 2008 through 2011, rental permitting fell sharply to average 2,675 annually, and the concentration of these units in Chicago rose to more than 90 percent. The Great Recession impacted economic conditions in the HMA from 2008 through 2011, and the overall rental and apartment markets were both soft during much of the period. From 2012 through 2016, which included 3 years of population growth and 1 year of slow decline in the HMA, new rental permitting averaged 7,925 units annually, the highest average annual permitting levels since before 2000. Despite elevated construction, apartment market conditions were generally balanced throughout the period. From 2017 through 2019, new multifamily rental development reached the highest recent levels, averaging 8,200 units permitted annually, before a sharp contraction during 2020 when only 4,800 new rental units were permitted during the year when the COVID-19 pandemic began. During 2022, 6,250 rental units were permitted, 14 percent more than the 5,475 units permitted during 2021.

Figure 16. Annual Rental Permitting Activity in the Cook County HMA



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

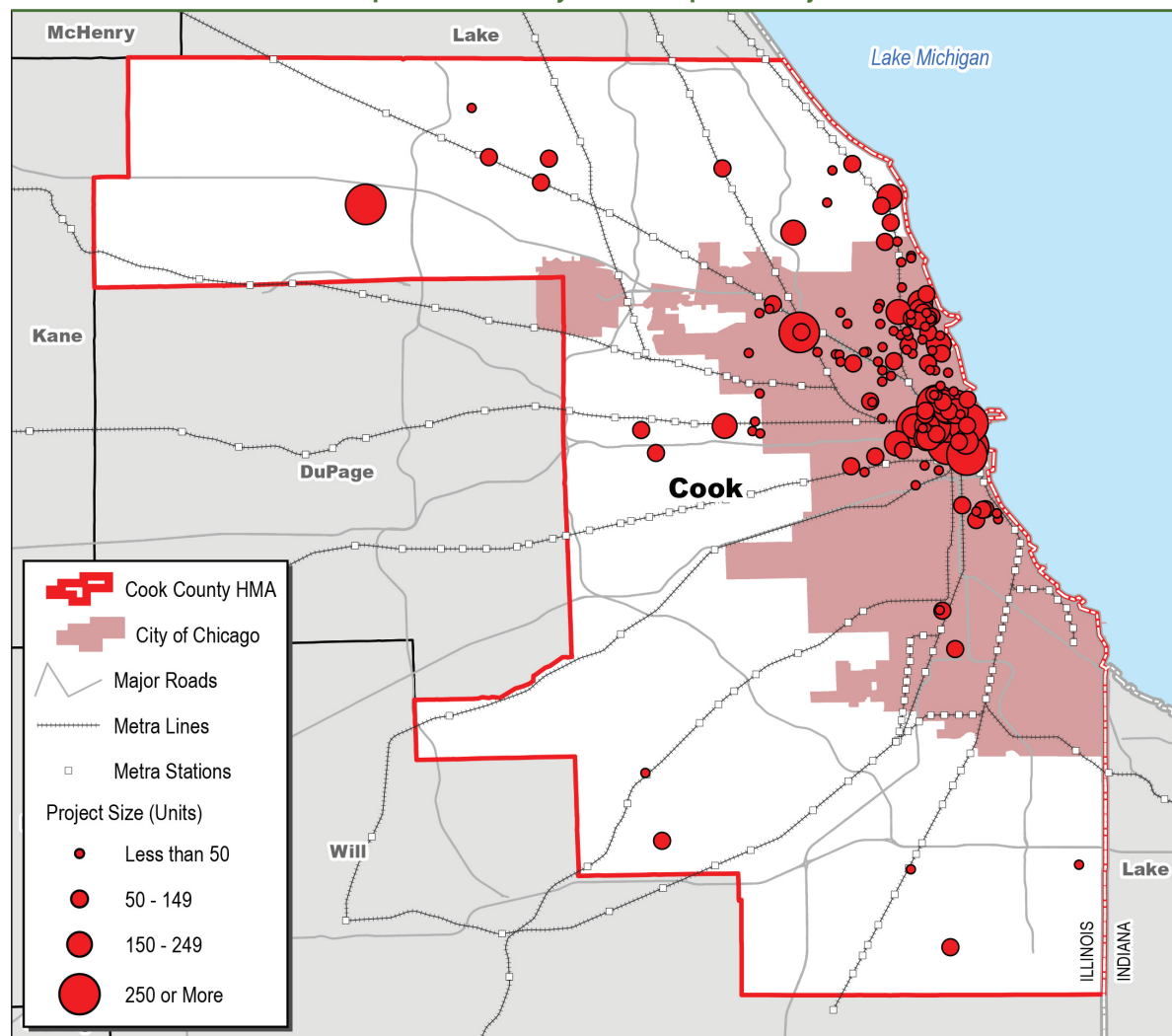
Rental Construction by Geography

Since 2020, approximately 85 percent of all new rental units permitted have been in the city of Chicago. Development has been concentrated in the Downtown Core, which has accounted for nearly 65 percent of new rental units permitted in the city of Chicago since 2020 (Map 2). Examples of new construction include the Parq Fulton apartments in the Fulton Market District of the Near West Side in Chicago, which opened in the summer of 2022 and includes 278 units in a 25-story building. Studio, one-, and two-bedroom units are offered, with rents starting at \$2,304, \$2,704, and \$4,066, respectively. Currently, the property promotes 1 month of free rent with a signed lease on select units. In suburban Schaumburg, The Quin apartments opened in the fall of 2022 and includes 373 units, with one- and two-bedroom units starting at \$1,950 and \$2,950, respectively.

Housing Affordability: Rental

Rental housing is relatively affordable in the HMA, but affordability has fallen since 2019. The Gross Rent Affordability Index measures median renter household income relative to qualifying income for a median-priced unit. From 2010 to 2019, median incomes increased faster than gross rents, and renter affordability increased as a result (Figure 17). From 2019 to 2021, however, gross rents rose faster than median renter household income, and rental affordability fell.

Map 2. Cook County HMA Completed Projects



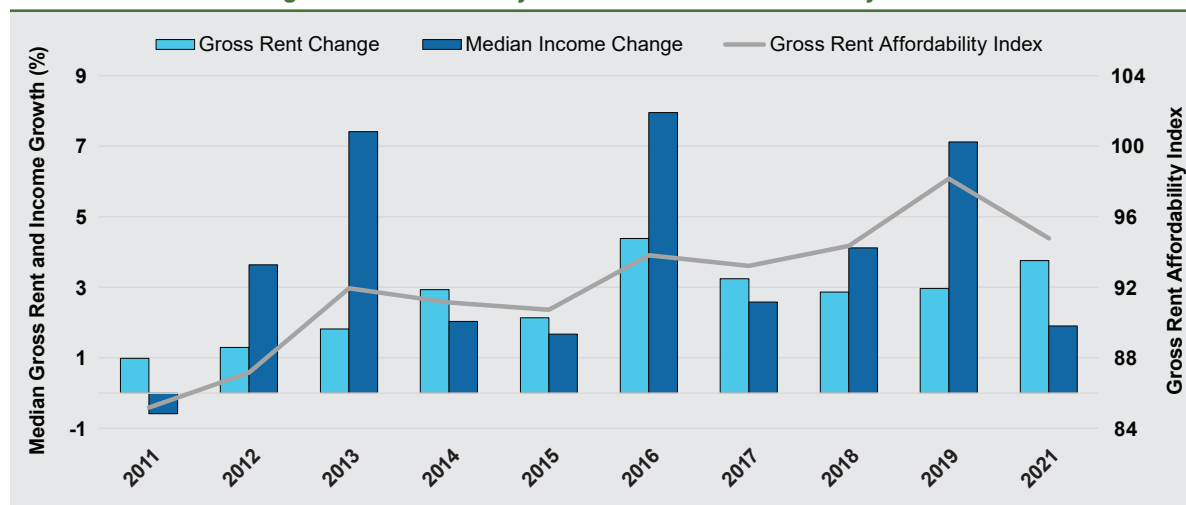
Source: McGraw-Hill Construction Pipeline Database, with adjustments by the analyst

Income data for 2022 have yet to be released, but the relatively strong rate of rent growth, nearly 9 percent in the HMA during 2022, suggests that renter affordability is not likely to have increased during the past year.

The lowest income households rely on housing programs that typically charge rent based on a percentage of household income. These programs can be project based, for which households qualify for units in affordable apartments, or they can be portable, for which the household qualifies for a subsidy known as a housing choice voucher. These vouchers can be used at most rental units nationwide, enabling voucher holders to move. For households using these deeply subsidized programs, the amount of rent they pay will change with income. From a combined 130,100 in the HMA during 2010, such deeply subsidized units have fallen to approximately 126,700 during 2021 (Picture of Subsidized Households).

Due in part to a decline in the number of affordable deeply subsidized units and vouchers, the Low Income Housing Tax Credit (LIHTC) has become the primary method of providing affordable rental housing in the HMA. However, households must have sufficient incomes to afford LIHTC units based on the percentage of median family income for the metropolitan area. In the HMA, rent for LIHTC-funded units generally ranges from \$1,100 to \$1,700 for studio to three-bedroom units for qualifying households

Figure 17. Cook County HMA Gross Rent Affordability Index



Notes: Rental affordability is for the larger Cook County Metropolitan Statistical Area. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditures. Because of a series break in the American Community Survey, datum for 2021 is the average change from 2019 to 2021.
Source: American Community Survey 1-year data

at 60 percent of area median income. Since 2017, more than 69 percent of LIHTC units placed in service in the HMA have been in the city of Chicago, and more than 28 percent of those LIHTC units have been in the Downtown Core (Illinois Housing Development Authority). In December 2021, the city of Chicago announced an investment of approximately \$1 billion toward affordable housing in the city, which would finance 24 LIHTC developments and create or preserve approximately 2,400 affordable rental units across the city, much of it targeted in the south and west sides. To date, none of the 24 proposed developments have begun construction, although the city expects 17 to begin construction during 2023.

Efforts are being made to increase the number of affordable units in the Loop area of downtown, particularly in and around the LaSalle Street corridor, historically a center of banking and insurance in the HMA. A concentration of workers in the remote work sectors and comparatively old buildings, which are not typically competitive with new office construction, have led to underutilization of the buildings in the area. To reenergize this area, the city of Chicago created the “LaSalle Street Reimagined” initiative, which “is seeking proposals to create a more mixed-use, neighborhood-oriented environment along the LaSalle corridor in the Loop.” The city offers incentives for the conversion of underutilized office

space as residential units, and 30 percent of all rental units constructed will have to satisfy affordability targets, including units targeted at households earning 40, 50, and 60 percent of area median income. The deadline for proposals to the city was December 23, 2022, and more than 2,000 housing units, commercial, and retail development were included in nine submitted proposals, with an estimated \$1.2 billion in development costs.

Forecast

During the 3-year forecast period, demand is estimated for 20,250 new rental units (Table 7). The 10,500 new rental units currently under construction will satisfy more than one-half of the expected demand. Demand is expected to

be stronger during the first year of the forecast period because of suppressed sales housing demand, delayed by affordability due to home sales prices and mortgage interest rate concerns, which may ease during the second and third years of the forecast period.

Table 7. Demand for New Rental Units in the Cook County HMA During the Forecast Period

Rental Units	
Demand	20,250 Units
Under Construction	10,500 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area (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.
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.
Existing Home Sales	Includes regular resales and real estate owned sales.
Forecast Period	January 1, 2023–January 1, 2026—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Nonfarm Payroll Jobs	Jobs data reported for the Cook County HMA do not correspond to a United States Bureau of Labor Statistics (BLS) reporting geography. Instead, the Illinois Department of Employment Security (IDES) produces monthly estimates which are unofficial and not approved by the U.S. BLS, as a result of differences in monthly estimation and annual benchmark revision procedures used by IDES and BLS. Jobs data reported for all other geographies including the nation, the state of Illinois, and the Chicago-Naperville-Arlington Heights IL-IN-WI are produced by the BLS.

Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The National Association of Home Builders Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.



3.	<p>The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.</p>
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D. Photo/Map Credits

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