

Market Snapshot

Q4 2018 | Chicago, Illinois

Senior living trends can have a huge impact on your organization, especially as you plan for your future.

In this report, Plante Moran Living Forward™ offers an overview and analysis of a target market, benchmarked against comparable markets and its region.

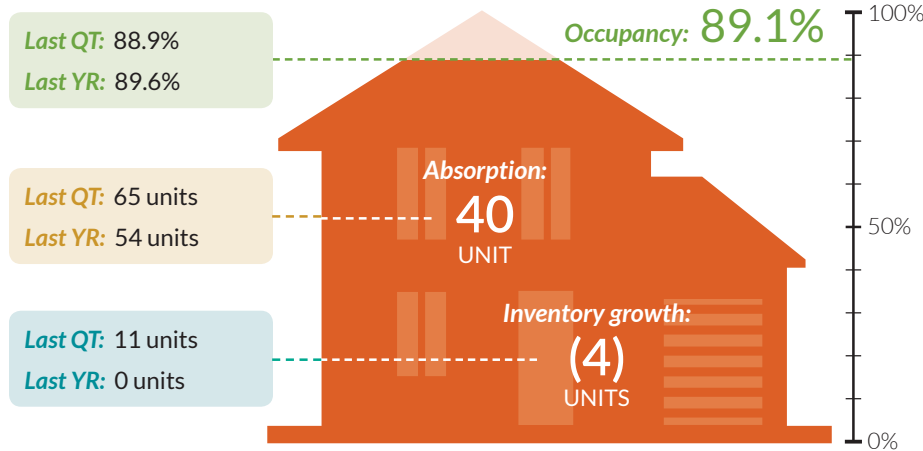
This quarter we are highlighting the **Chicago Metropolitan Statistical Area (MSA)**.



The Chicago MSA is made up of 14 counties surrounding the city of Chicago, Illinois.

- | | |
|--------------------|--------------------|
| Cook County, IL | Kenosha County, WI |
| DeKalb County, IL | Lake County, IL |
| DuPage County, IL | Lake County, IN |
| Grundy County, IL | McHenry County, IL |
| Jasper County, IN | Newton County, IN |
| Kane County, IL | Porter County, IN |
| Kendall County, IL | Will County, IL |

Absorption, occupancy, & inventory growth



Independent living

Compared to this same quarter last year, all IL figures are down slightly. Only occupancy has increased since last quarter. Absorption and inventory growth are both down slightly compared to last quarter.

Midwest: This quarter, the Chicago MSA's occupancy is slightly below the Midwest's average (**89.9%**). The Midwest region absorbed **220 units**.

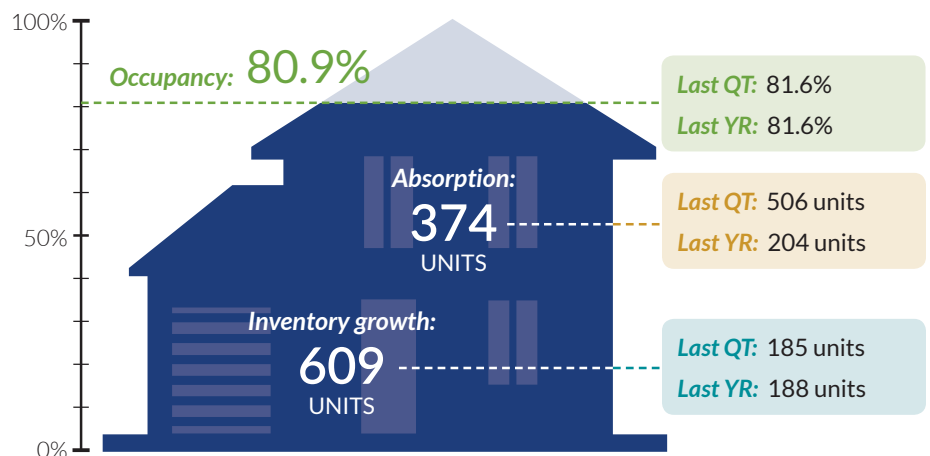
Primary markets: This quarter, the Chicago MSA has lower occupancy than the primary markets' average (**90.2%**). The primary markets absorbed **1,420 units**.

Assisted living

AL occupancy is lower than it was last quarter and this same quarter last year. Compared to last quarter and last year, inventory growth is much higher. Absorption is lower than last quarter but higher than it was last year.

Midwest: This quarter, the Chicago MSA's occupancy is below the Midwest's average (**84.4%**). The Midwest absorbed **1,314 units**.

Primary markets: The Chicago MSA has lower occupancy than the primary markets' average (**85.4%**). The primary markets absorbed **3,743 units**.



Inventory growth | Net total number of units that came online (and offline) since last quarter. **Occupancy** | This number reflects stabilized occupancy, which accounts for occupied units at facilities ≥2 years old or, if <2 years old, at ≥95% occupancy. **Absorption** | Net total number of units that became occupied (or vacated) since last quarter.



Construction

Units under construction

	IL	AL	NC
Current quarter	1,554	1,468	233
Last quarter	1,385	1,784	343
Last year	1,792	2,375	600

The Chicago MSA shows an inventory loss of 4 IL units and growth of 609 AL units this quarter; 1,554 IL units and 1,468 AL units are still under construction. Under construction totals for nursing care (NC) beds come in at 233 units this quarter.

As these units are delivered into the market over the next couple of cycles, we could see a decrease in occupancy over the short term while the new units attempt to stabilize.

For IL, the top three Midwest cities under construction are **Chicago, IL; Columbus, Ohio; and Milwaukee, WI.**

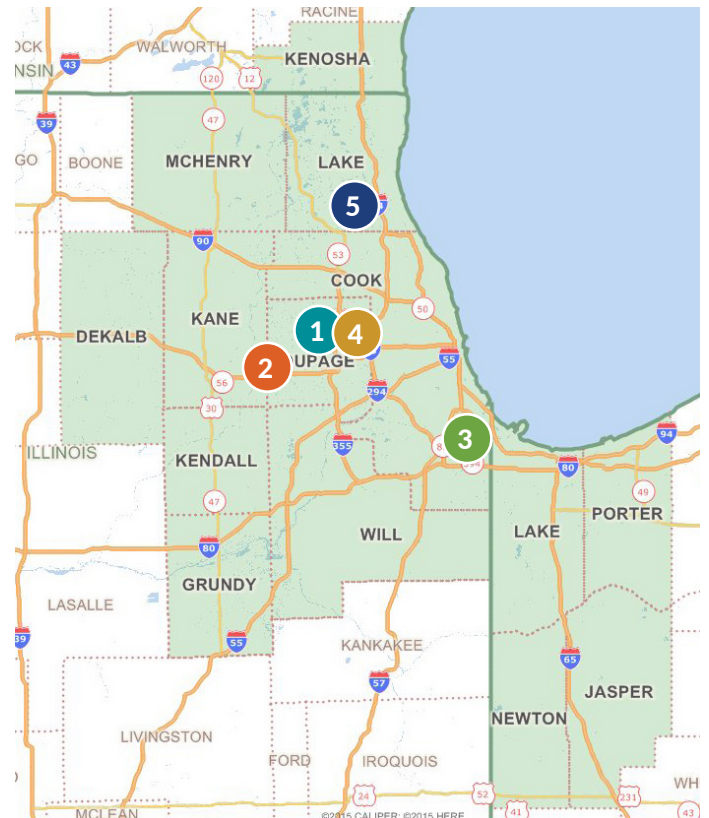
For AL, the top three Midwest cities under construction are **Chicago, IL; Detroit, MI; and Milwaukee, WI.**

Units under construction | Number of units that have broken ground, but are not online, as measured at the end of the quarter.

Top construction projects

The 5 largest construction projects in the Chicago MSA are:

5	Brentwood North HC & Rehab FREESTANDING - 185 UNITS	IL	0
		AL	0
		NC	185
4	Clendale of Addison AL/IL COMBINED - 188 UNITS	IL	95
		AL	93
		NC	0
3	Burr Ridge Senior Living AL/IL COMBINED - 195 UNITS	IL	111
		AL	84
		NC	0
2	Oak Trace CCRC - 196 UNITS	IL	0
		AL	94
		NC	102
1	Verandah Retirement Community AL/IL COMBINED - 205 UNITS	IL	125
		AL	80
		NC	0

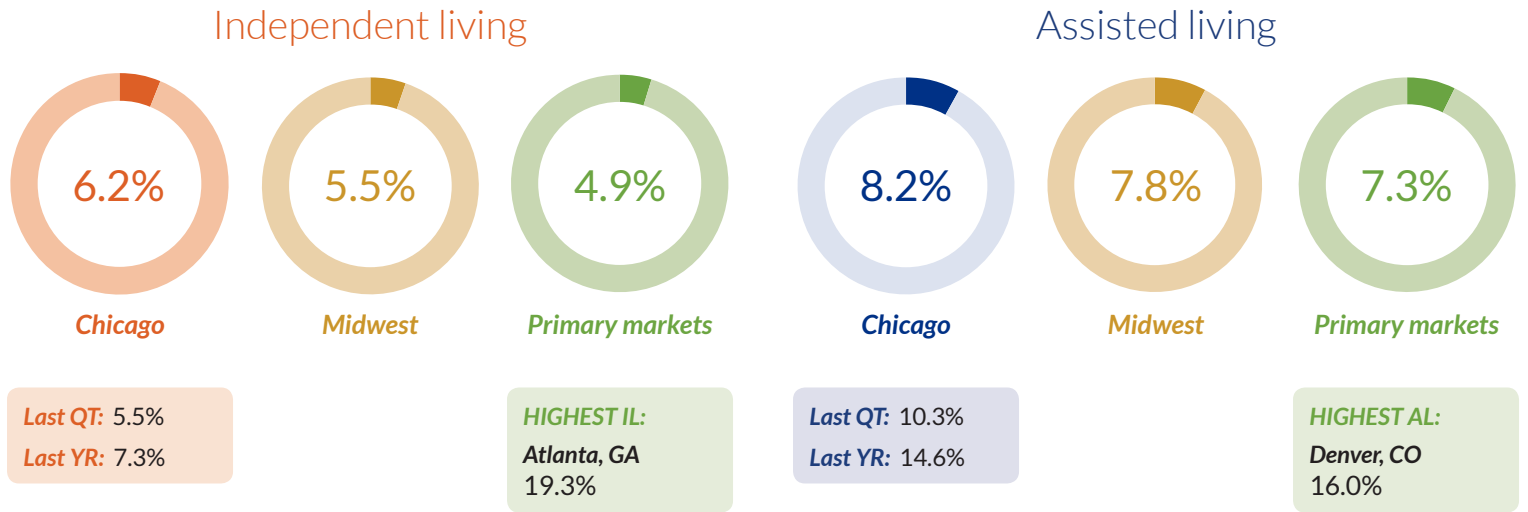




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Construction as a percent of inventory

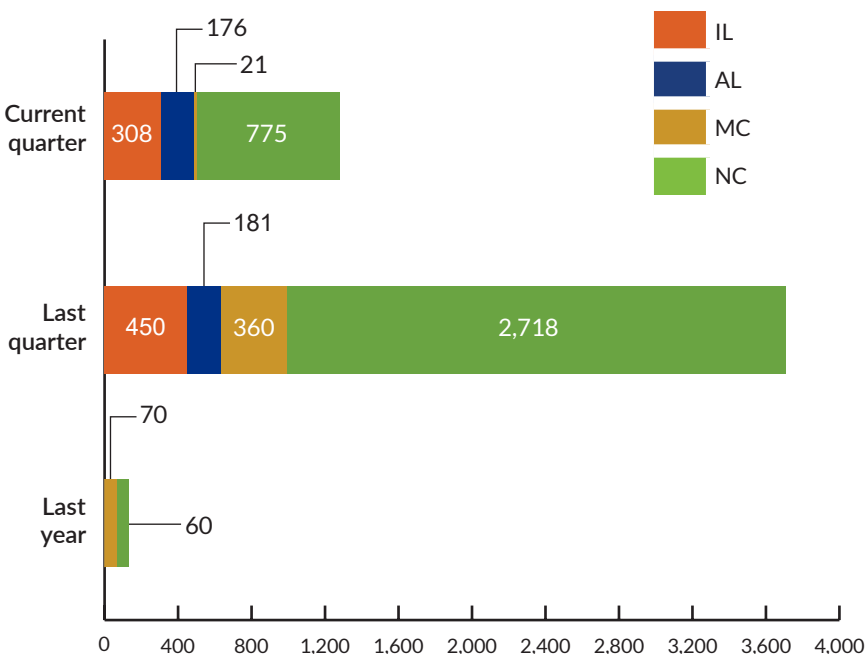
The Chicago MSA's IL and AL construction as a percent of inventory figures are slightly higher than the averages for the Midwest and primary markets this quarter. However, the Chicago MSA's construction as a percent of inventory figures are significantly below that of the cities in the primary markets with the highest figures, which rest at **19.3%** and **16.0%**, respectively.



Construction as a percent of inventory | Percentage of the total inventory of units that are still under construction.

Sales transactions

Chicago MSA transactions by unit/bed type



This quarter's 8 transactions consisted of 308 IL units, 176 AL units, 21 memory care (MC) units, and 775 NC beds. Fewer units were sold this quarter compared to last quarter, which sold 3,709 units in 26 transactions.

More units were sold this quarter than the same quarter last year, whose 2 transactions accounted for 130 units.

	TOTAL # OF UNITS SOLD	# OF TRANSACTIONS
Current quarter	1,280	8
Last quarter	3,709	26
Last year	130	2



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Labor & employment

The average hourly wage for Nursing and Residential Care Facilities in the Chicago MSA is \$14.68. This is significantly below the average of the Education and Health Services industry, which was reported at \$21.46 for the Chicago MSA.

Low unemployment rates combined with low wage rates in the Chicago MSA's senior living sector may make it challenging to attract future employees for a new project.

Most recent data for unemployment rates:

Chicago MSA:

3.9%



Illinois:

4.1%



United States:

3.7%



	Education & Health Services		Nursing & Residential Care Facilities*	
	HOURLY WAGES	YEARLY WAGES	HOURLY WAGES	YEARLY WAGES
Chicago MSA	\$21.46	\$44,642.00	\$14.68	\$30,528.73
Illinois	\$23.53	\$48,932.00	\$14.50	\$30,160.00
United States	\$23.78	\$49,452.00	\$15.33	\$31,876.00

*included in Education & Health Services

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Feasibility

Our full range of market and feasibility services gives you a clearer view of your options, and the risks vs. rewards of those options.



Site selection

Completely unbiased, independent analysis and counsel that will identify the perfect space for your senior living facility and ensure your long-term success.



Development

Decades of experience acting as owner's representatives will safeguard your projects and keep them managed efficiently and effectively.

Unbiased, value-driven senior living consulting

From concept to completion to operation, we provide strategic vision that helps you see the big picture more clearly. Learn more at pmlivingforward.com.

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