

Market Snapshot

Q4 2016 | **Chicago, Illinois**

Senior living consulting firm Plante Moran Living Forward™ would like to keep you abreast of the trends and developments in the senior housing and care industry.

In this report, our market study professionals offer an overview and analysis of a target Midwestern market, benchmarked against the primary markets and the Midwest. This quarter we are highlighting the **Chicago Metropolitan Statistical Area (MSA)**.

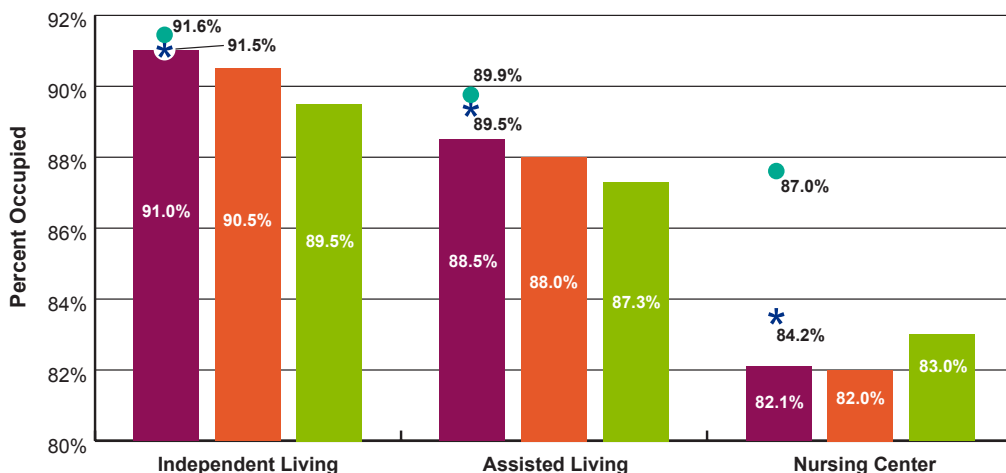


The Chicago MSA is made up of 14 counties surrounding the city of Chicago, Illinois.

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

Occupancy | Percentage of units occupied by residents, as measured at the end of the quarter

Chicago MSA Occupancy Rates



This quarter, occupancy in the Chicago MSA falls below that of the primary and Midwest markets across each product type.

These low numbers can be attributed to the significant increase in the number of units coming online in the Chicago area, especially as compared to other MSAs.

■ Chicago MSA Q4 2016
■ Chicago MSA Q3 2016
■ Chicago MSA Q4 2015
● Primary Markets Q4 2016
✱ Midwest Region Q4 2016

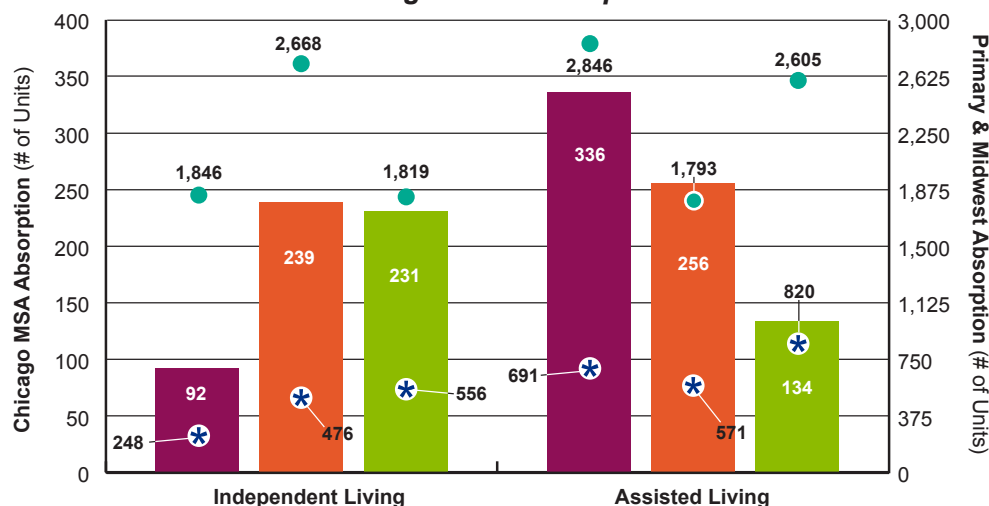
Absorption | Net total number of units that became occupied (or vacated) since last quarter

The Chicago MSA filled 92 independent units (IL) and 336 assisted living (AL) units this quarter, compared to the 248 IL and 691 AL that were filled in the Midwest (on average).

Compared to last year, absorption in the Chicago MSA is down for IL, but AL has more than doubled. AL absorption continues to climb as inventory sky-rockets in this market, but low occupancy rates may indicate an oversupply.

Chicago MSA Absorption

■ Chicago MSA Q4 2016
■ Chicago MSA Q3 2016
■ Chicago MSA Q4 2015
● Primary Markets
✱ Midwest Region







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Inventory Growth | Net total number of units that came online (and offline) since last quarter
& Units Under Construction | Number of units that have broken ground but are not online, as measured at the end of the quarter

A significant amount of the total IL and AL inventory is still under construction. The Chicago MSA showed an inventory growth of 0.6%; however, due to the number of units that also came offline during the quarter, the net growth in inventory is a decrease of 97 units.

The majority of the Chicago MSA's total AL inventory is still under construction this quarter. Just as we've seen last quarter and this time last year, the number of units under construction is significantly outpacing the number of units coming online.

The top three Midwest cities under construction are **Chicago, Illinois**; **Detroit Michigan**; and **Cincinnati, Ohio**.

			
		Inventory Growth	Under Construction
Current Quarter Q4 2016	IL	(97)	1,325
	AL	451	2,495
Last Quarter Q3 2016	IL	90	1,143
	AL	407	2,689
Last Year Q4 2015	IL	27	580
	AL	278	2,762

Top Construction Projects

The five largest construction projects in the Chicago MSA include:



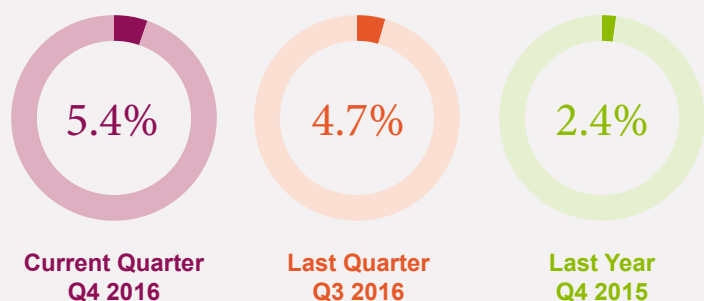


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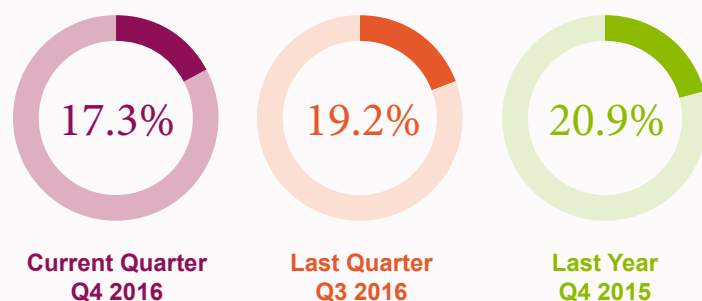
Construction as a Percent of Inventory | Percentage of the total inventory of units that are still under construction

The Chicago MSA's construction as a percent of inventory is much higher than the averages for the Midwest and the primary markets this quarter for both IL and AL. However, the Chicago MSA is significantly below the highest AL and IL numbers in the primary markets, which rest at 43.4% and 37.7%, respectively.

INDEPENDENT LIVING



ASSISTED LIVING



COMPARE TO:

Midwest

4.1%

Primary Markets

3.9%

COMPARE TO:

Midwest

11.0%

Primary Markets

8.0%

Highest IL in the Primary Markets:

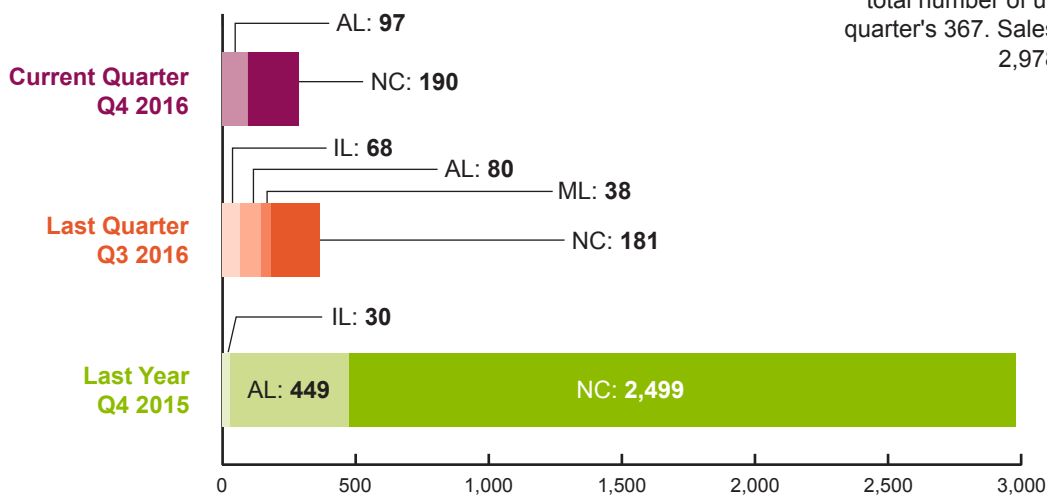
Atlanta, GA 15.9%

Highest AL in the Primary Markets:

Detroit, MI 22.3%

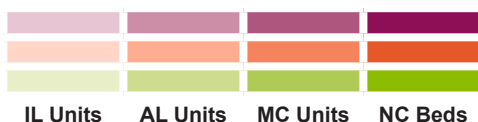
Sales

Chicago MSA Transactions by Unit/Bed Type



This quarter in the Chicago MSA, no IL or memory care (MC) units were sold as part of the three recorded transactions. The total number of units sold this quarter is 287, compared to last quarter's 367. Sales are down compared to last year, which saw 2,978 units change hands during 17 transactions.

TOTAL	# OF TRANSACTIONS
287	3
367	4
2,978	17





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Labor & Employment



The average hourly wage for Nursing and Residential Care Facilities in the Chicago MSA is \$13.93. This is significantly below the average of the Education and Health Services industry, which is \$20.46 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.

	1025 Education & Health Services		NAICS 623 Nursing & Residential Care Facilities*	
	HOURLY WAGES	YEARLY WAGES	HOURLY WAGES	YEARLY WAGES
Chicago MSA	\$20.46	\$42,550.86	\$13.93	\$28,976.00
Illinois	\$22.63	\$47,060.00	\$13.50	\$28,080.00
United States	\$22.58	\$46,956.00	\$14.40	\$29,952.00

*included in Education & Health Services

Q4 2016 UNEMPLOYMENT RATES:



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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.

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