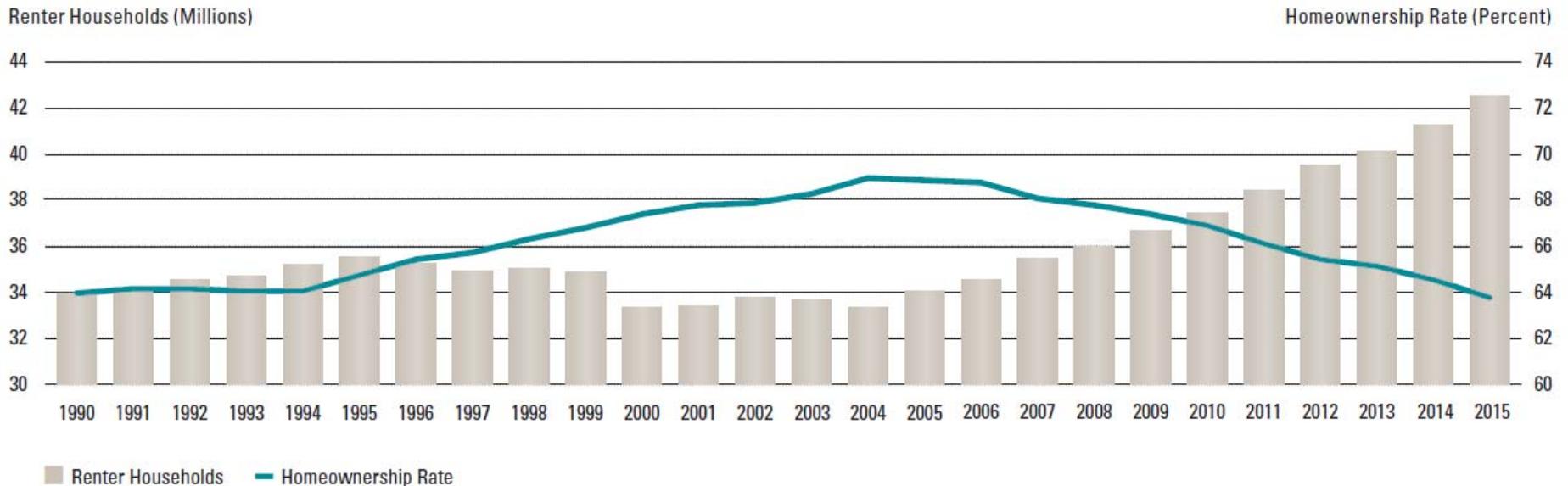


# Homeownership vs Renter HH...

## Renter Household Growth Has Surged with the Drop in Homeownership

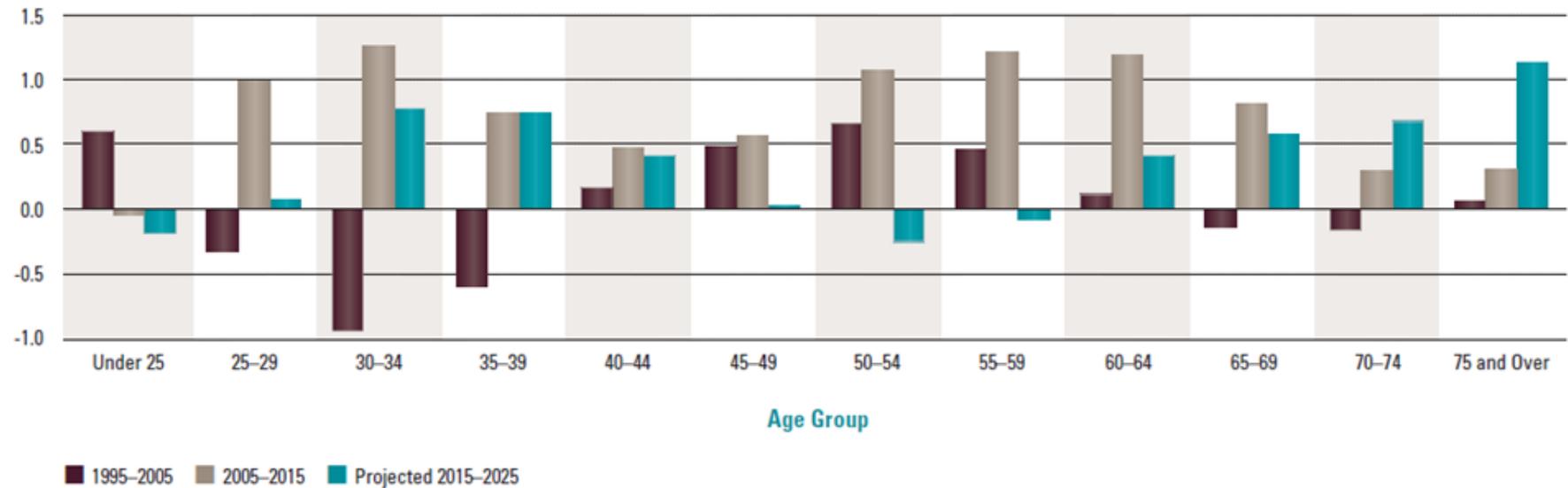


Note: Data for 2015 are as of the third quarter.  
Source: US Census Bureau, Housing Vacancy Surveys.

**ARC**

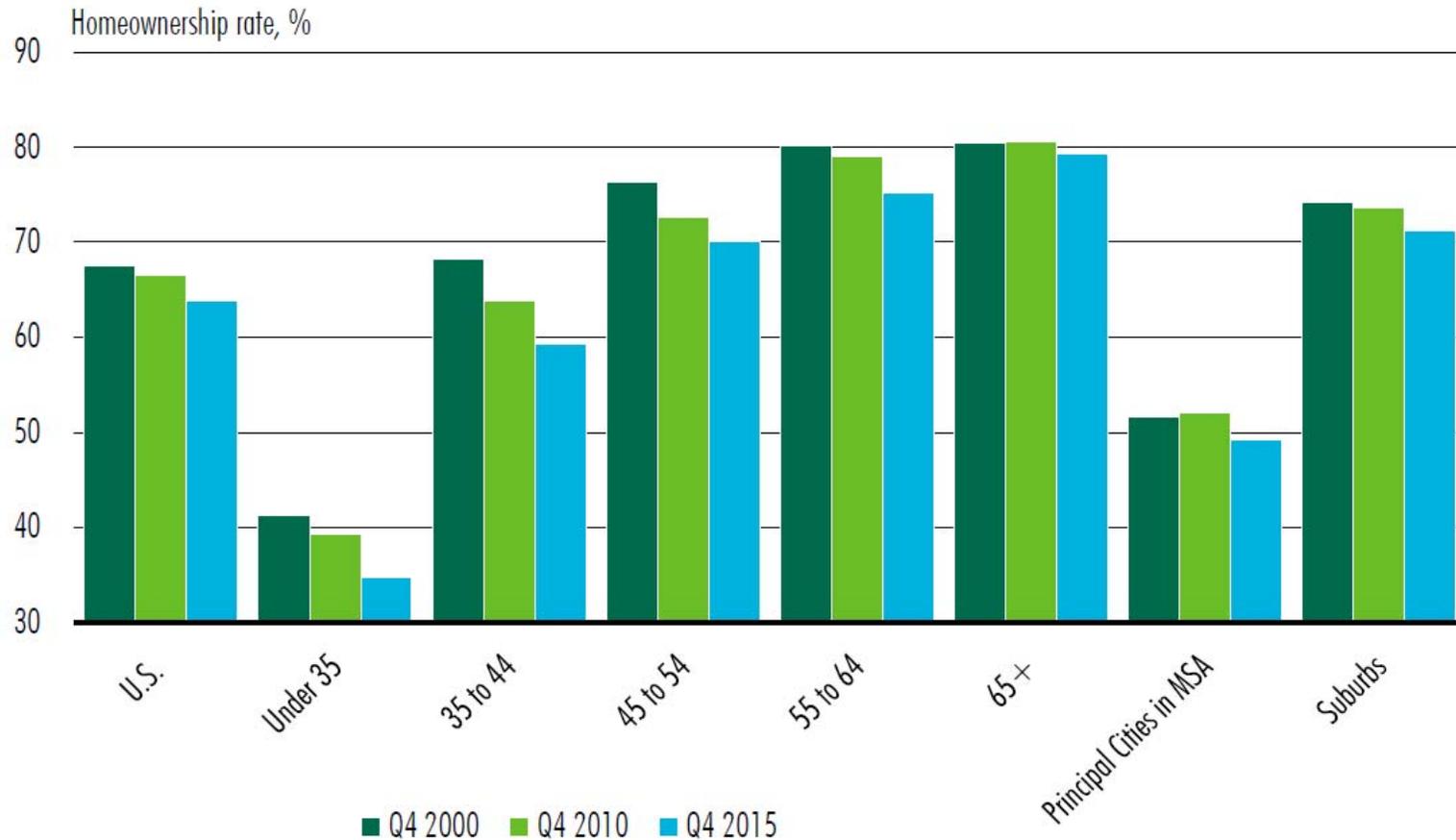
# Change in Renter HH by Cohort...

Change in Renter Households (Millions)



Notes: Projected renter growth assumes homeownership rates by age, race, and household type remain at their averages in 2014-2015. Historical growth rates are based on annual data that are three-year trailing averages.  
Sources: JCHS tabulations of US Census Bureau, Current Population Surveys; 2013 JCHS household growth projections.

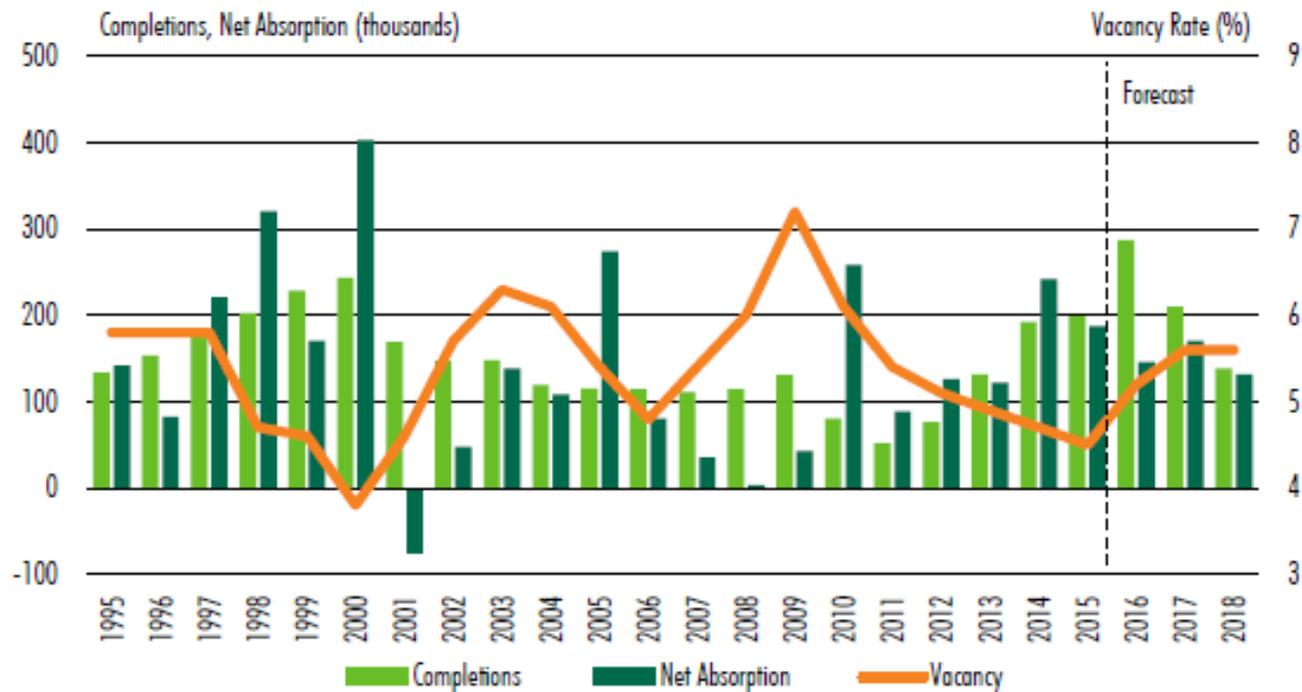
# 15 Year Rate by Age Cohort...



Source: U.S. Census Bureau, CBRE Econometric Advisors, Q4 2015.

**ARC**

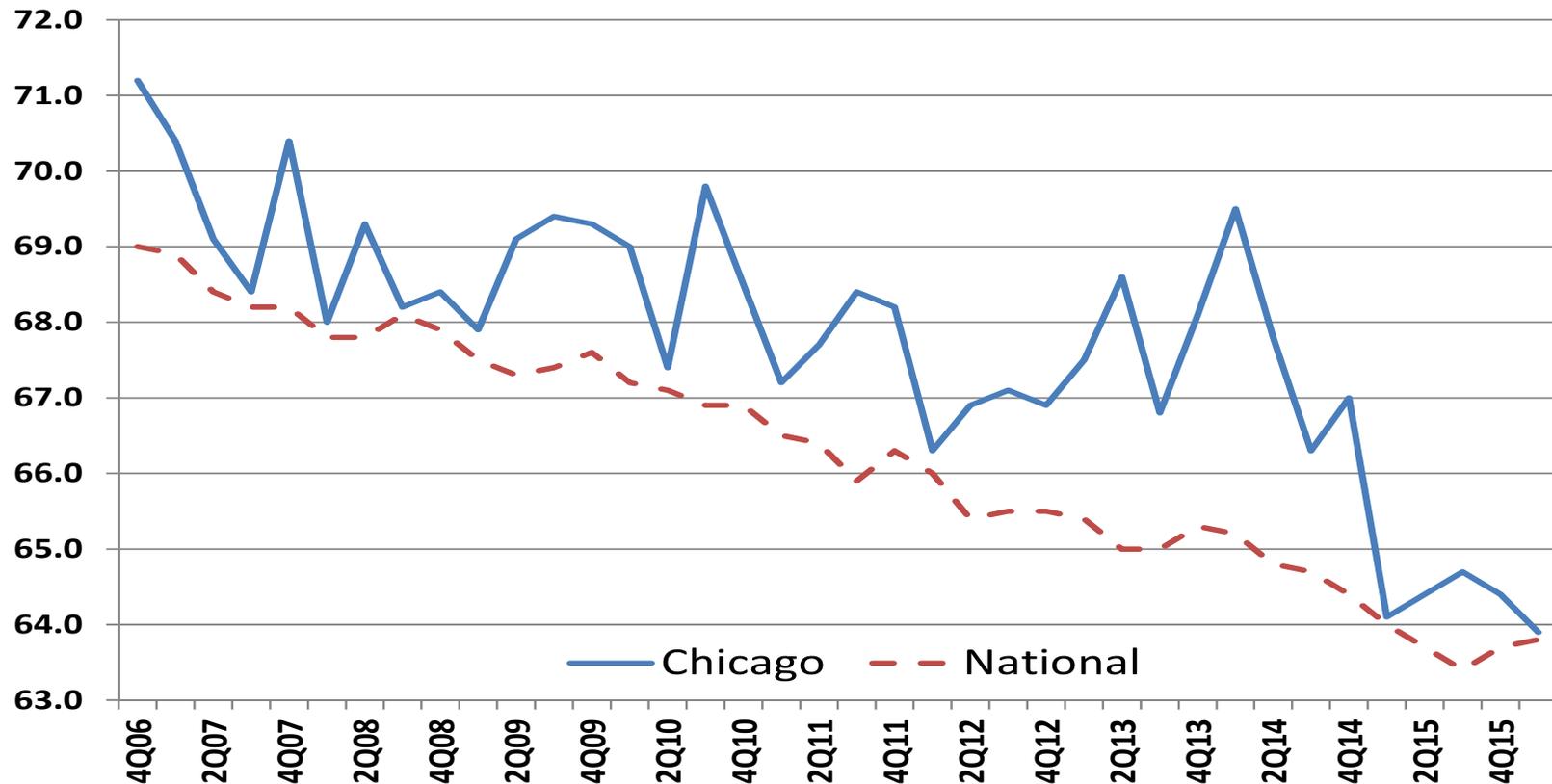
# Supply & Absorption Trends...



Source: CBRE Econometric Advisors, Q4 2015.

**ARC**

# Recent Homeownership Trends...



Every 1% change is roughly 30,000+ renters – Chicago MSA

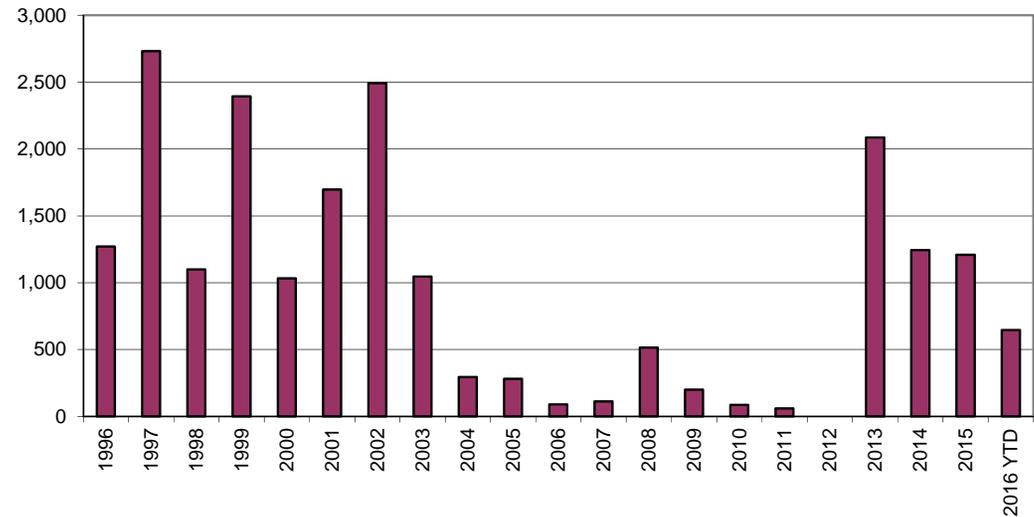
6.5% drop since 4Q06 = 195,000 more renter HH

**ARC**

# Supply Considerations...



Suburban Chicago  
Apartment Deliveries



**Shift from North Shore to MSA**

**Total Count Modest for MSA**

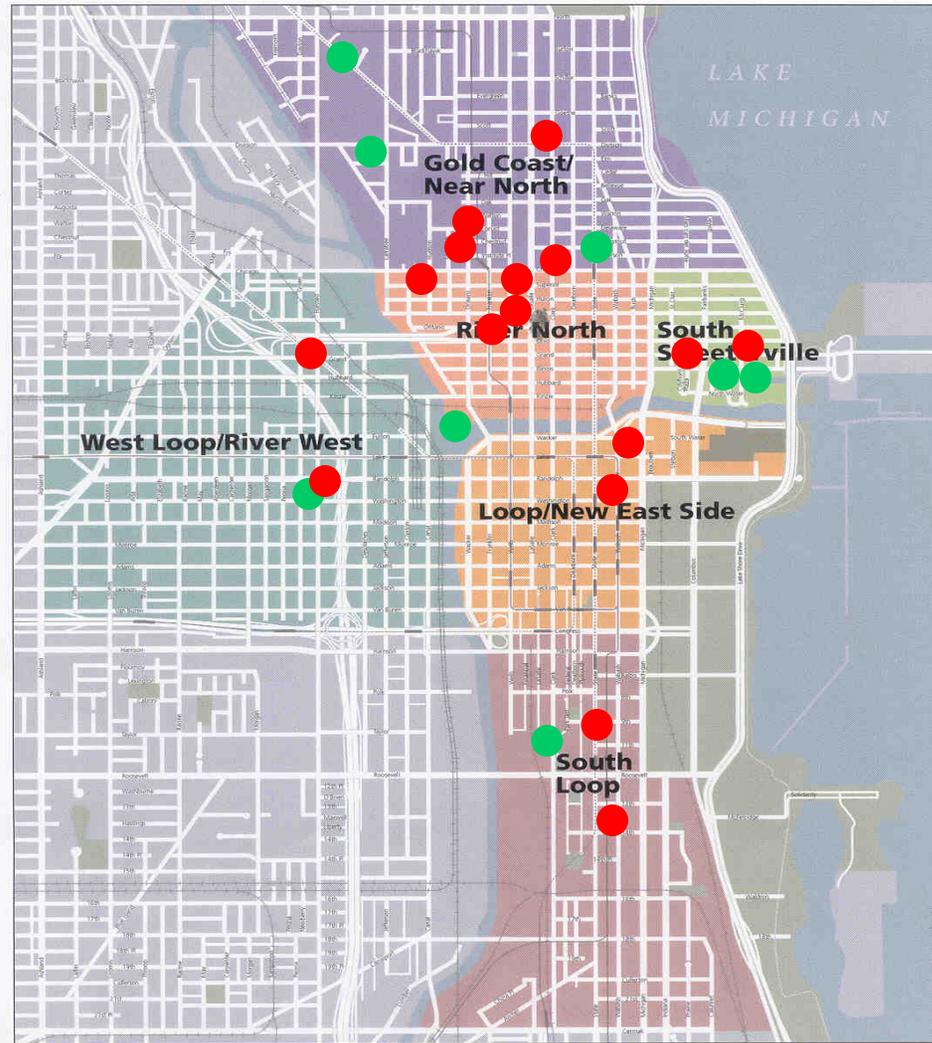
**What about TOD Demand??**

● In Lease Up ● Under Construction

**ARC**

# The Downtown Pipeline...

Downtown Chicago **Residential Submarkets**



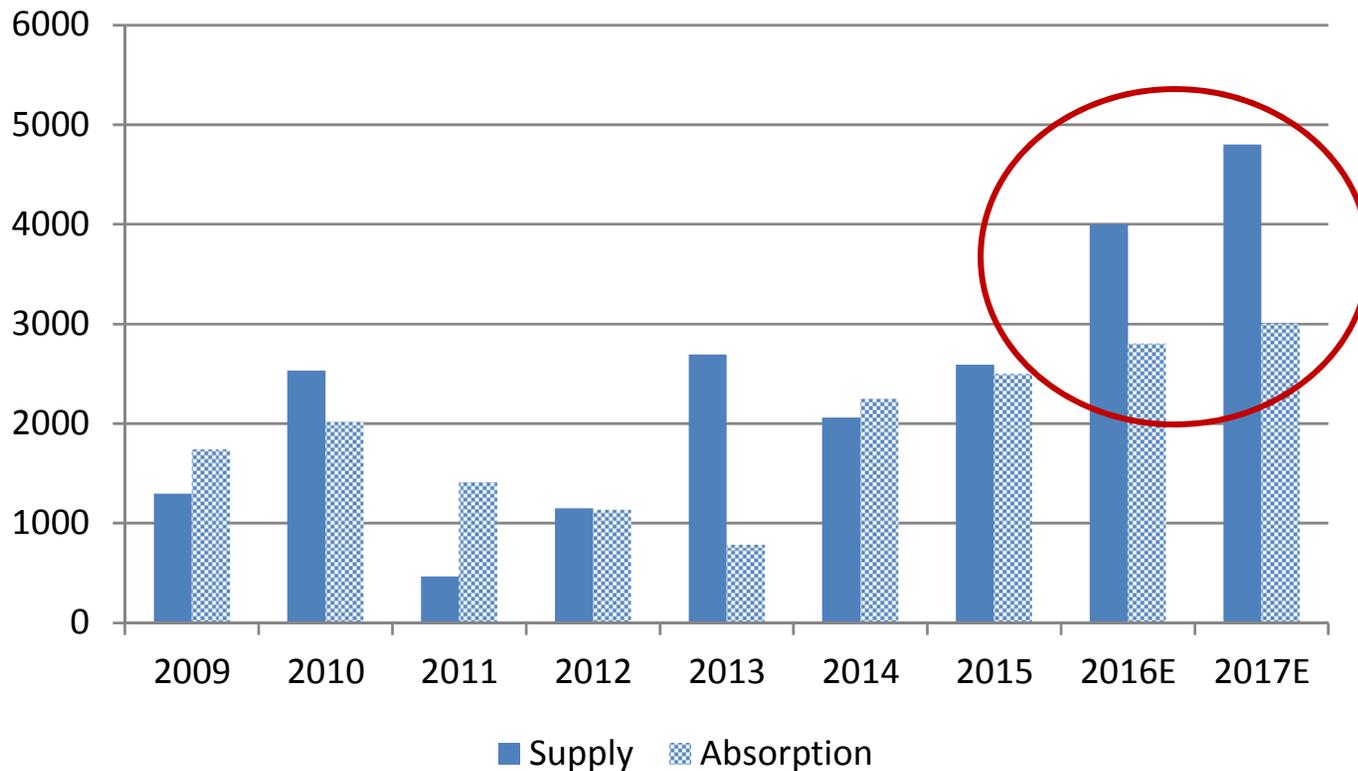
**Green** = In Lease Up

**Red** = Under Construction

*Appraisal Research Counselors, Ltd.*

**ARC**

# Can Absorption Keep Pace...



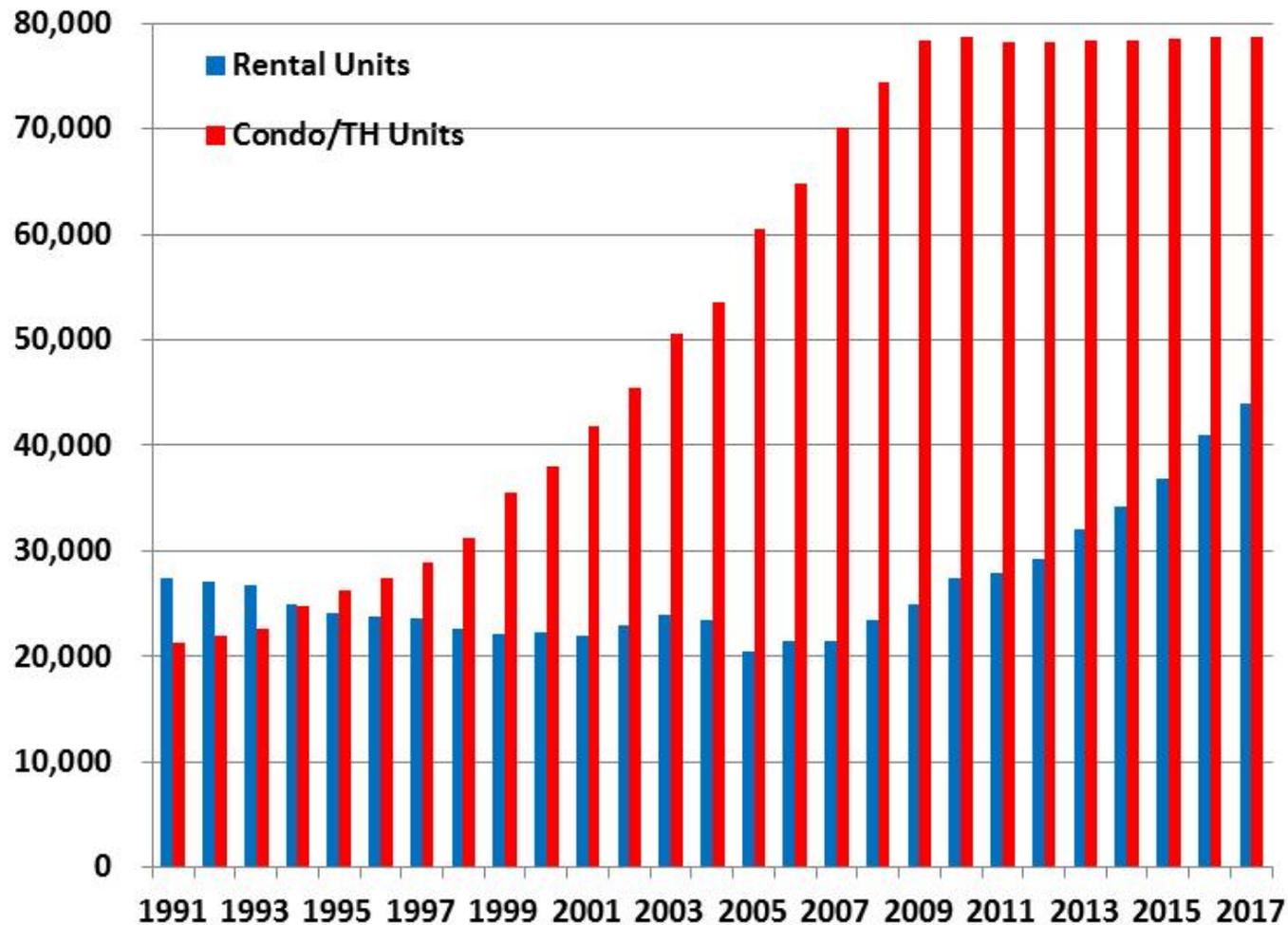
| Absorption  |              |
|-------------|--------------|
| Year        | Units        |
| 2009        | 1,737        |
| 2010        | 2,017        |
| 2011        | 1,409        |
| 2012        | 1,131        |
| 2013        | 782          |
| 2014        | 2,247        |
| <b>2015</b> | <b>2,498</b> |
| 2016E       | 2,800        |
| 2017E       | 3,000        |

**Is Supply Limiting Absorption?**

**Employment Impact Hitting Downtown...**

**ARC**

# DT Chicago Housing Units...



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# Risks...

**Is there too much supply?**

**Is the decline in home ownership sustainable?**

**Is pricing sustainable as the exit for merchant builders?**

**Is foreign investment artificially driving up pricing?**

**Will more conservative underwriting drive up cap rates and pull down values?**

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