

Residential Market Analysis  
-- Strategy Planning Guidelines --  
Hoffman Estates Illinois

Prepared on behalf of:

Village of Hoffman Estates  
1900 Hassell Road  
Hoffman Estates, IL 60169

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TRACY CROSS & ASSOCIATES, INC.  
REAL ESTATE MARKET ANALYSIS

**RESIDENTIAL MARKET ANALYSIS: HOFFMAN ESTATES, ILLINOIS**  
**-- EXECUTIVE SUMMARY --**

At the request of the Village of Hoffman Estates, Tracy Cross & Associates, Inc. evaluated the market potential for residential development throughout the host municipality. Specifically focusing upon **multifamily for rent and attached for sale housing** opportunities, our strategy planning analysis provides detailed conclusions and recommendations regarding the demand for new housing throughout the village of Hoffman Estates and the specific direction that should be taken to address/meet this demand.

This *Executive Summary* provides a snapshot of our findings:

Based upon a thorough evaluation of all relevant economic, demographic, socio-economic and residential market conditions in and around Hoffman Estates (both today and going forward), it was concluded that the state of the new construction home market throughout the area represents a significant opportunity for the development of Class A rental apartments and attached for sale housing units. This favorable conclusion is based upon supply-side constraints (both rental and for sale), along with ample demand. In other words, given current market conditions in both the rental apartment and attached for sale/ownership sectors, the potential for properly positioned housing of these types is viewed as *significant*.

In the Hoffman Estates Market Area (which extends both north and south of I-90 from IL-25 east to I-294), recently introduced Class A/luxury apartment development has been well received in various municipalities. The village of Hoffman Estates, however, has yet to capture its share of market-wide Class A apartment demand simply because of the lack of new construction supply within its boundaries.

The same holds true for attached for sale housing. Specifically, moderate- to larger-scale townhome developments are generating strong sales volumes at multiple locations throughout the market, yet Hoffman Estates is currently void such development activity.

And, despite the success of new construction apartment developments and for sale townhome communities in various areas throughout the Hoffman Estates Market Area, the entire market is viewed as undersupplied, not just Hoffman Estates.

Over the next 5+ years, housing demand will be healthy market-wide, averaging at least 1,150 units annually, or 5,750+ units through 2028, an ample base from which Hoffman Estates can draw.

**ANNUAL HOUSING DEMAND BY PRODUCT TYPE**  
**-- HOFFMAN ESTATES MARKET AREA --**  
**2023-2028**

<b>Product Type</b>	<b>Average Annual Absorption (In Units)</b>
<b>Total</b>	<b>1,150</b>
<b>For Sale</b>	<b>400</b>
Single Family Detached	100
Townhome/Duplex/Condominium	300
<b>For Rent</b>	<b>750</b>

Source: Tracy Cross & Associates, Inc.

Moreover, considering the tightness of the housing market; limited new construction supply; and the built-out nature of most of the area; it is not unreasonable to conclude that the market's derived demand base of 1,150 units per year could *be much higher* during any given year where properly positioned supply is made available.

Equally important, it is likely that demand will outstrip supply over the next 5+ years given the level of activity in the pipeline. According to planning and zoning officials throughout the Hoffman Estates Market Area, there are currently 1,740 apartments and less than 350 attached for sale housing units approved or under construction. And, while other projects are at concept stage or in early discussions, the total number of units in planning is still 40 percent lower than market capacity through 2028 – not including upside potentials.

Given the lack or limited amount of new/newer residential development in Hoffman Estates and other nearby areas, and considering the level of derived housing demand, together with upside potentials based upon pent-up demand, the village of Hoffman Estates could have two (possibly three) larger-scale apartment communities actively leasing new units at any point in time, along with two or three for sale townhome developments. This is especially true if projects are geographically dispersed (i.e., separated enough from east to west) so that each community maintains its own distinct marketing window.

To this end, and because no two communities would likely enter the market at the exact same time, Hoffman Estates could (and would) absorb between 325 and 400 new apartments annually over the next 5+ years, and between 100 and 125 townhomes/rowhomes yearly during the same period.





TRACY CROSS & ASSOCIATES, INC.  
REAL ESTATE MARKET ANALYSIS

## INTRODUCTION

At the request of the Village of Hoffman Estates, Tracy Cross & Associates, Inc. evaluated the market potential for residential development throughout Hoffman Estates, Cook County, Illinois – a near northwest suburb of Chicago. Specifically focusing upon new construction housing opportunities in the **multifamily for rent and attached for sale sectors of the market**, this analysis establishes the following:

- Conclusions regarding the depth of the market (demand) for multifamily for rent and attached for sale development throughout Hoffman Estates based upon pertinent economic, demographic, and residential trends which define the marketplace.
- Conclusions regarding the overall marketability of new construction multifamily housing units (both for rent and for sale) over the next 5+ years. These conclusions are based upon factors associated with location, depth of market, segmentation variables, growth and income characteristics of area households, residential market conditions, etc.
- Product development guidelines for those multifamily housing forms viewed to hold the most measurable market support near- to mid-term – and those that could be successfully introduced at various locations throughout the municipality. These guidelines, which are intended to facilitate future planning efforts, approvals, architecture, financial modeling, marketing and developer/builder guidance, include product criteria, plan styles, unit sizes, etc., along with benchmark rental rates and price points necessary to achieve acceptable levels of absorption.
- Strategy planning recommendations regarding total unit count potentials in Hoffman Estates over the next 5+ years, together with geographic positioning guidelines in order to maximize marketability and limit internal cross-competition.

## WORK PLAN

The work plan for this assignment involved a series of inter-related research investigations as summarized below:

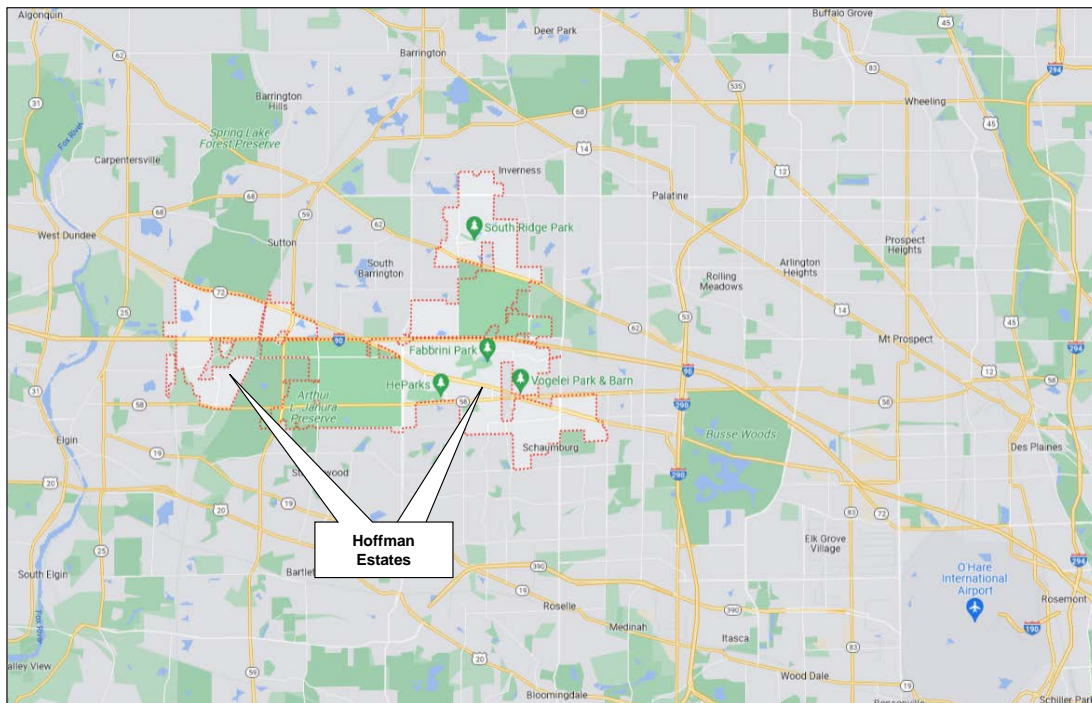
- A thorough field examination of Hoffman Estates and surrounding areas.
- A detailed analysis of all relevant employment, demographic, and residential trends and statistics including a comprehensive evaluation of key socio-economic and income variables of area households.
- A thorough assessment of both the rental apartment and attached for sale sectors of the local housing market. This includes an analysis of both new and existing residential offerings in and around Hoffman Estates.
- A demand forecast for residential development in the near northwest suburban area of Chicago over the next 5+ years focusing on the village of Hoffman Estates and its capture potential.
- A case study evaluation of “like” residential initiatives throughout similar markets in suburban Chicago in order to assess trends, products, performance levels, etc.

## HOFFMAN ESTATES

The village of Hoffman Estates is an established (and sizable) suburb of Chicago straddling Interstate 90, just eight miles west/northwest of O'Hare International Airport. Extending some nine miles from east to west, and covering 21.25 total square miles, Hoffman Estates currently boasts a population base of 50,000+ distributed among nearly 19,000 households. Hoffman Estates is also home to significant commercial development in the form of standalone office complexes, corporate campuses, industrial/warehouse facilities, and a wide variety of retail alignments and service providers. In total, the village of Hoffman Estates boasts over 25,000 jobs within its boundaries.

Incorporated in the late 1950s, the village of Hoffman Estates has witnessed a steady stream of development activity over the last six decades, especially from 1960 through 2005. And, while most of the municipality has been built-out for some time, a number of vacant (developable) land parcels still remain, along with ample redevelopment opportunities throughout multiple areas of the municipality. One of village's more notable developments (with land still available for development) is the 750-acre Prairie Stone Business Park located in the western portion of the municipality. Recreational facilities throughout the village of Hoffman Estates are also abundant including over 4,000 acres of forest preserves for residents and visitors to enjoy.

**GEOGRAPHIC DELINEATION: VILLAGE OF HOFFMAN ESTATES**



Source: Google Maps & Tracy Cross & Associates, Inc.

Households within the village of Hoffman Estates support generally high incomes levels. For example, the current median household income in the municipality stands at \$103,383, a level 28.9 percent above the \$80,189 median reflected for the 10-county Chicago region as a whole.

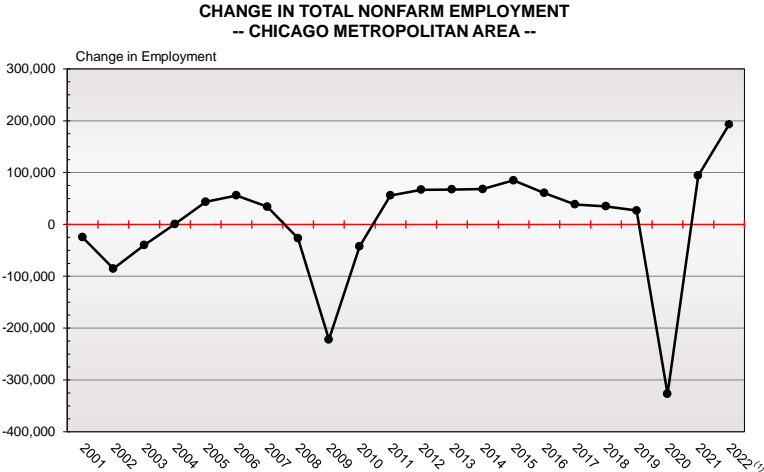
Finally, Hoffman Estates is adjacent to one of the Chicago region's largest concentrations of satellite employment in and around the Woodfield area of Schaumburg where over 100,000 jobs are represented.

**MARKET POTENTIAL**

Based upon a thorough analysis of those economic, demographic and residential trends expected to influence the development of multifamily for rent and attached for sale housing throughout the village of Hoffman Estates during the next 5+ years, it is our contention that the overall market potential for introducing multiple new communities near- to mid-term is strong – *and much overdue*. This conclusion is based, in part, upon the many positive attributes associated with the location of Hoffman Estates within a regional context. In addition, our conclusion is supported by empirical evidence seen in the local marketplace. Specifically, the following paragraphs provide the rationale supporting our favorable conclusion and, in turn, lay the foundation for the recommendations that follow:

Underlying Economic and Demographic Stability

- Economically, the greater Chicago region is on reasonably solid footing. While the 10-county metropolitan area, like virtually all major markets throughout the country, was *hard hit* by the recent COVID-19 pandemic (and ensuing economic constraints and periods of social unrest), total nonfarm employment in the region rebounded quickly reaching a healthy 4.25 million total jobs by the close of 2021. Moreover, the Chicago region witnessed nonfarm employment gains of 192,600 during the January-November 2022 period year-over-year. In addition, prior to the coronavirus pandemic, the greater Chicago region had enjoyed employment gains for nine years in a row, averaging 56,000 new jobs annually between 2011 and 2019.



<sup>(1)</sup> Preliminary YTD November.  
Source: U.S. Department of Labor, Bureau of Labor Statistics

- Most importantly, the near northwest location of Hoffman Estates, and its alignment with Interstate 90, provides area residents ease of access to major concentrations of employment and some 1.36 million suburban private sector jobs aligning the I-90/290/355 corridor, primarily throughout northwest/west Cook County; DuPage, Kane and McHenry counties; portions of Lake County; and the O'Hare International Airport area. These jobs can all be reached within a reasonable 40-minute commuting time.

Area	Total Private Sector Jobs
<b>Six Core Counties of Chicago Metro Area<sup>(1)</sup></b>	<b>3,343,257</b>
<b>Within a 40-Minute Commute of Hoffman Estates:</b>	<b>1,368,509</b>
Cook County <sup>(2)</sup>	491,105
Hoffman Estates	16,094
DuPage County	526,033
Lake County <sup>(3)</sup>	109,208
Kane County	164,770
McHenry County	77,393

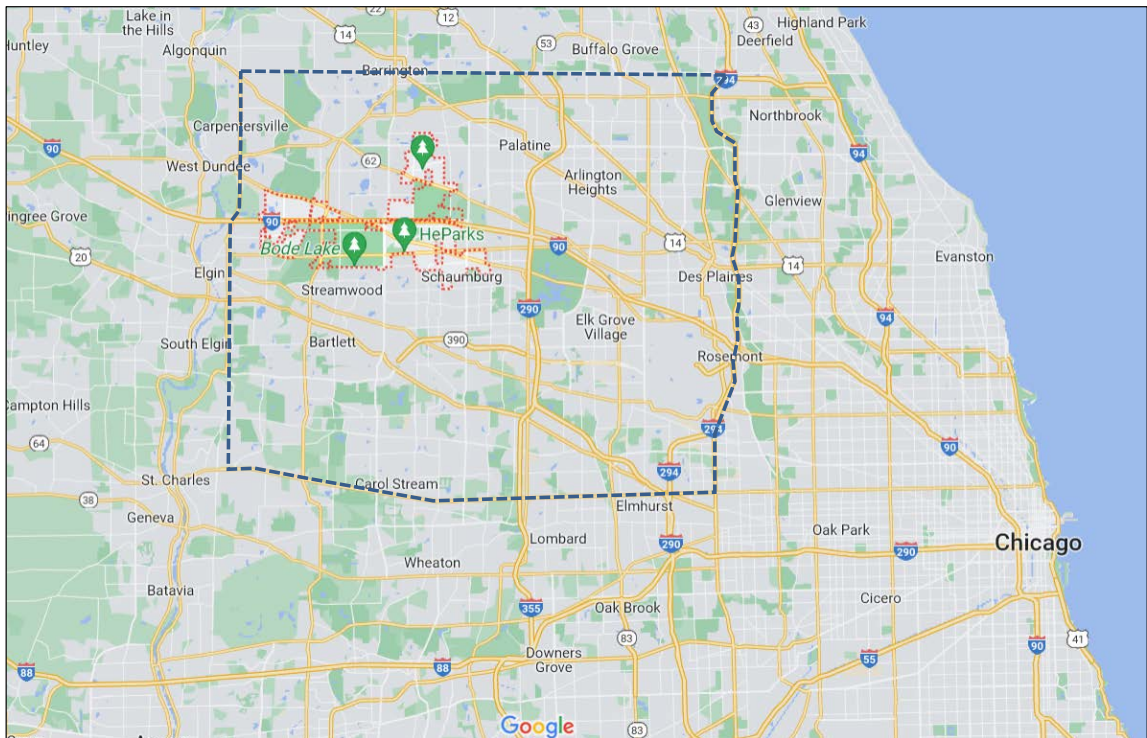
<sup>(1)</sup> Includes Cook, DuPage, Kane, Lake, McHenry, and Will counties in Illinois.  
<sup>(2)</sup> Includes Northwest Suburban Cook County and the far western portion of Cook County.  
<sup>(3)</sup> Includes the communities of Barrington, Buffalo Grove, Deerfield, Lake Zurich, Lincolnshire, Long Grove, Mundelein, Vernon Hills and Wauconda.

Source: Illinois Department of Employment Security (IDES).



- Given its location along the I-90 corridor, coupled with its expansive municipal boundary lines, the village of Hoffman Estates will derive its primary demand support from a relatively broad geographic area including the northwest suburban townships of Schaumburg, Elk Grove Village, Palatine, and Wheeling in northwest Cook County; Addison and Bloomingdale townships in northern DuPage County; and portions of adjoining townships just to the east and west of this core area. This geographic area, defined as the *Hoffman Estates Market Area*, forms a homogeneous component of the near northwest suburbs defined by its dependence upon like sources of employment; commuting patterns along the Interstate 90/290/355, US-14, IL-72/Higgins, IL-58/Golf, and IL-59 highway systems; socio-economic similarities in demographic and household composition; and the alignment and location of new/newer residential developments which will serve as sources of competitive influence on future initiatives within Hoffman Estates.

**GEOGRAPHIC DELINEATION: HOFFMAN ESTATES MARKET AREA**



Source: Google Maps & Tracy Cross & Associates, Inc.

- Despite the generally built-out nature of most areas of the Hoffman Estates Market Area, population and household growth has remained positive. For example, based upon recent Census data, household growth during the 2010-2020 period totaled 8,938, or 894 per year, up from the 710 yearly household additions recorded during the 2000-2010 timeframe. However, the pace of household gains moderated during the last three years as more limited land availability and supply-side constraints impacted growth potential.
- According to estimates by Envionics Analytics (through its review of Census Bureau data and its annual American Community surveys), household additions in Hoffman Estates Market Area during the 2023-2028 forecast period will average 578 per year, a level below longterm trendlines but still considered strong considering diminishing levels of land availability.

**POPULATION AND HOUSEHOLD TRENDS  
HOFFMAN ESTATES MARKET AREA**

Area	2010	2020	2023 (Estimate)	2028 (Projected)	Average Annual Change		
					2010 - 2020	2020 - 2023	2023 - 2028
<b>Population</b>							
Hoffman Estates Market Area	933,703	945,048	947,268	951,953	+1,135	+740	+937
<b>Households</b>							
Hoffman Estates Market Area	343,124	352,062	353,402	356,292	+894	+447	+578

Source: U.S. Census Bureau, Environics Analytics; 2023 *Demographic Snapshot* and Tracy Cross & Associates, Inc.

- ❑ Overall, the established base of households represented in the Hoffman Estates Market Area is viewed as *substantial* standing at an estimated 353,402 today – increasing to 356,292 by 2028, with total population surpassing the 950,000 mark in just five years. Relative to household tenure, the market area’s current household base is distributed between 256,923 (72.7 percent) in the ownership sector and 96,479 (27.3 percent) in the rental category.

Residential Market Support

- ❑ In addition to the stability of area economics and demographics, current conditions in the residential marketplace provide clear support for the development of both multifamily for rent and attached for sale development in Hoffman Estates. For example, in the defined Hoffman Estates Market Area, which includes the primary municipalities of Hoffman Estates itself, along with Schaumburg, Addison, Arlington Heights, Bartlett, Bensenville, Bloomingdale, Des Plaines, Elk Grove Village, Hanover Park, Inverness, Itasca, Mount Prospect, Palatine, Prospect Heights, Rolling Meadows, Roselle, Streamwood, Wheeling and portions of “The Barringtons”, just 21 market rate apartment developments of *scale* have been constructed since 2000 in this *large geographic area* – an area that, again, supports a population base of nearly 950,000 persons. Among the 21 new/newer apartment communities, 19 have reached stabilized occupancy and, together, are reporting a vacancy rate of 4.2 percent, indicative of *relatively tight market conditions* (see **Exhibit 1**). For perspective, in a normal (or balanced) market, vacancies of 5.0 to 6.0 percent are typically required for filtering, or movement between developments.
- ❑ Among the 21 apartment complexes introduced market-wide in the last 22 years, two developments are still undergoing their initial lease-up periods – and at *healthy absorption rates*. Specifically, Residences at Payton Place in Arlington Heights is leasing units at pace of 10.6 per month, while Welkin in Des Plaines is achieving an average absorption rate of 16.8 units per month.
- ❑ Upon close examination of the rental apartment market in and around Hoffman Estates, there are several noteworthy factors that reinforce the development potential of Class A, or luxury, rental product in the village.
  - Among the 21 apartment communities constructed in the Hoffman Estates Market Area during the past 22 years, all but three have been introduced in the last nine years. In other words, only three new rental developments entered the entire market between 2000 and 2013 – a condition that resulted in significant levels of pent-up demand during the period of limited development.



**COMPOSITE RENTAL SUMMARY: APARTMENT COMMUNITIES OF SCALE (50 OR MORE TOTAL UNITS) CONSTRUCTED IN 2000 AND AFTER  
HOFFMAN ESTATES MARKET AREA: DECEMBER 2022**

Development	Municipality	Year Built/ Converted To Apartments	Total Units	Number Vacant	Percent Vacant (Absorption Rate in Units)	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
One Arlington	Arlington Heights	2014	214	8	3.7	917	\$2,245	\$2.45
Residences at Payton Place <sup>(1)</sup>	Arlington Heights	2021	254	90	35.4 (10.6/Mo.)	938	2,379	2.54
101 West	Barrington	2018	64	2	3.1	982	2,281	2.32
Bloomington Trails	Bloomington	2020	90	9	10.0	1,200	2,400	2.00
Buckingham Place	Des Plaines	2018	267	11	4.1	967	2,339	2.42
Ellison	Des Plaines	2019	113	3	2.7	894	2,508	2.81
Kingston Pointe	Des Plaines	2010	144	3	2.1	1,174	2,262	1.93
The Monarch	Des Plaines	2019	236	11	4.7	932	2,136	2.29
Renew 595	Des Plaines	2008	60	0	0.0	1,397	2,494	1.79
Welkin <sup>(1)</sup>	Des Plaines	2022	212	145	68.4 (16.8/Mo.)	881	2,338	2.65
The Residences at Hamilton Lakes	Itasca	2017	297	11	3.7	949	2,920	3.08
Two Itasca Place	Itasca	2006/2012	69	1	1.4	1,640	2,488	1.52
10 North Main	Mount Prospect	2021	97	5	5.2	873	2,303	2.64
20 West	Mount Prospect	2019	72	3	4.2	830	2,100	2.53
Maple Street Lofts-Building A	Mount Prospect	2021	192	8	4.2	754	2,189	2.90
Roselle Station	Roselle	2020	72	3	4.2	1,200	2,400	2.00
Element at Veridian	Schaumburg	2020	260	12	4.6	913	2,190	2.40
North 680	Schaumburg	2017	180	10	5.6	910	2,168	2.38
Northgate Crossing	Wheeling	2015	300	11	3.7	959	2,146	2.24
One Wheeling Town Center	Wheeling	2019	301	7	2.3	999	2,305	2.31
Uptown 500	Wheeling	2020	321	24	7.5	921	2,150	2.33
<b>Total/ Weighted Average</b>	---	---	<b>3,815 / 3,349<sup>(2)</sup></b>	<b>377 / 142<sup>(2)</sup></b>	<b>9.9 / 4.2<sup>(2)</sup></b>	<b>965</b>	<b>\$2,313</b>	<b>\$2.40</b>

<sup>(1)</sup> Community is still undergoing its initial absorption period.

<sup>(2)</sup> Excludes communities still undergoing their initial absorption periods.

- The village of Hoffman Estates, despite its strategic location and broad geographic area, has not seen a new apartment community within its boundaries in well over 20 years, despite supporting an internal base of 4,200 renter households. In other words, existing renter households in Hoffman Estates have no new Class A rental product to choose from without moving outside the municipality.
- Among all larger-scale apartment developments in the Hoffman Estates Market Area to reach stabilization during the last five to six years, each individual community has achieved an absorption rate above 10.0 units monthly.

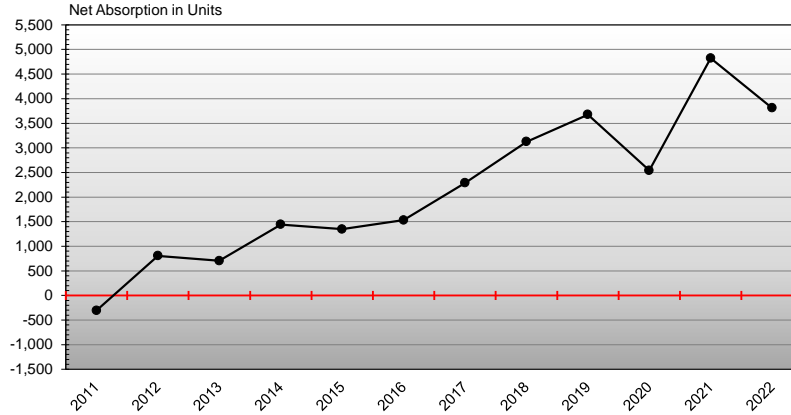
**ABSORPTION RATES: NEWER LARGER-SCALE STABILIZED APARTMENT DEVELOPMENTS  
-- HOFFMAN ESTATES MARKET AREA --**

Development/Location	Year Built	Total Units	Average Absorption Rate (In Units Per Month)
Maple Street Lofts-Building A/Mount Prospect	2021	192	12.3
Uptown 500/Wheeling	2020	321	13.0
Element at Veridian/Schaumburg	2020	236	10.7
Ellison/Des Plaines	2019	113	15.3
The Monarch/Des Plaines	2019	236	11.3
One Wheeling Town Center/Wheeling	2019	301	15.2
Buckingham Place/Des Plaines	2018	267	12.3
North 680/Schaumburg	2017	180	15.9
The Residences at Hamilton Lakes/Itasca	2017	297	10.6
<b>Average:</b>	---	<b>238</b>	<b>13.0</b>

Source: Tracy Cross & Associates, Inc.

- Including the two apartment communities undergoing their initial absorption periods, and excluding all vacant units, the Hoffman Estates Market Area has absorbed 1,831 new apartments in the last four years, or 450+ units annually on average. Moreover, despite this level of absorption, vacancies among other developments have remained in a relatively tight condition. As such, the amount of new development activity in the market over the past few years has not been sufficient enough to provide balance in the market. Simply put, pent-up demand is still in evidence locally which (again) is a result of limited apartment development in this broad geographic area during the 2000-2013 period when very few developments of scale were introduced.
- With a recent absorption rate of approximately 450 units yearly over the last four years, the limited amount of new supply locally can be further illustrated when casting this absorption rate against the suburban market as a whole. For instance, as highlighted in the following graphic illustration, net absorption in the suburbs has averaged 3,713 units annually over the last four years, with the 4,823 units absorbed in 2021 representing the highest net annual level in suburban Chicago in the last 20+ years. Of total suburban apartment absorption during the last four years, the Hoffman Estates Market Area has captured just 12 percent of the market – a share position considered low given the market’s overall size, population density and excellent location regionally.

**NET APARTMENT ABSORPTION  
-- SUBURBAN CHICAGO--**



Source: Tracy Cross & Associates, Inc.

- Most importantly, the village of Hoffman Estates itself has yet to capture any share of market-wide Class A apartment absorption simply because of the lack of new construction supply within its boundaries. However, the upcoming introduction of the *Seasons at Hoffman Estates*, together with any future rental offerings within the village, will help fill the geographic void that exists between Roselle Road on the east, IL-25 on the west, Algonquin Road on the north and Irving Park Road on the south (see **Exhibit 2**).

□ Supply-side constraints are also evident in the attached for sale sector of the market, not only in Hoffman Estates, but throughout the broader market. At the close of the 4<sup>th</sup> Quarter 2022, there were just seven multifamily for sale developments actively selling new construction units (all with townhome product) throughout the entirety of the Hoffman Estates Market Area, none of which were located in Hoffman Estates itself. Among the seven townhome developments, four represent smaller-scale projects with less than 30 units each, while the other three developments reflect larger-scale communities being offered by three of the region’s more prominent builders. As highlighted in the following text table, sales volumes for the four smaller developments have been modest on the basis of scale and/or price. The other three, however, have performed well, averaging between 2.6 and 5.1 sales monthly per project. For perspective, the typical attached for sale development in suburban Chicago generates at or below 2.0 sales per month.

**NEW CONSTRUCTION ATTACHED FOR SALE DEVELOPMENTS  
-- HOFFMAN ESTATES MARKET AREA --**

Development/Builder	Location	Product Type	Total Units	Average Sales Per Month Since Opening	Average Plan Size (Sq. Ft.)	Average Sales/Closing Price	Average Price Per Sq. Ft.
Northgate at Veridian/D.R. Horton	Schaumburg	TH	260	4.4	1,713	\$461,657	\$269.50
Halston Market/MI Homes	Des Plaines	TH	125	5.1	1,751	382,590	218.50
Timberleaf/Lexington Homes	Roselle	TH	64	2.6	1,835	407,490	222.07
Maison Du Val/Emerald	Elk Grove Village	TH	29	0.5	2,162	599,900	277.47
1 Wise Road/Projades	Hanover Park	TH	20	0.1	1,280	350,000	273.44
Villas at Prairie Park/Smith Family	Wheeling	TH	18	0.7	1,266	582,500	460.11
Highland Gate/HG Itasca, LLC	Itasca	TH	16	0.1	2,106	466,500	221.51

Source: Tracy Cross & Associates, Inc.



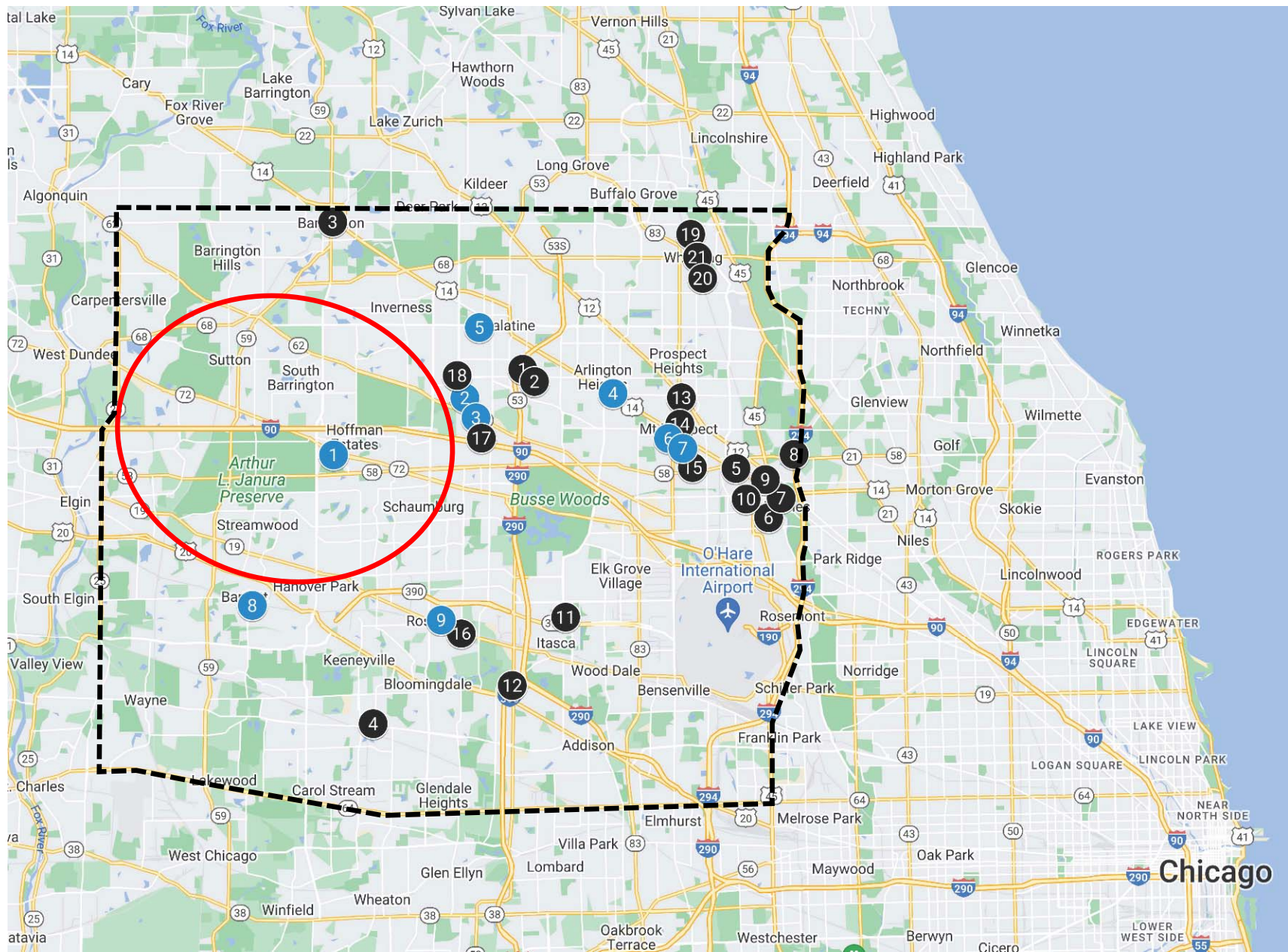
**GEOGRAPHIC ORIENTATION OF SELECTED APARTMENT COMMUNITIES  
-- HOFFMAN ESTATES MARKET AREA --**

**Existing New/Newer Communities**

- 1 One Arlington
- 2 Residences at Payton Place
- 3 101 West
- 4 Bloomingdale Trails
- 5 Buckingham Place
- 6 Ellison
- 7 Kingston Pointe
- 8 The Monarch
- 9 Renew 595
- 10 Welkin
- 11 Residences at Hamilton Lks
- 12 Two Itasca Place
- 13 10 North Main
- 14 20 West
- 15 Maple Street Lofts-Bldg A
- 16 Roselle Station
- 17 Element at Veridian
- 18 North 680
- 19 Northgate Crossing
- 20 One Wheeling Town Center
- 21 Uptown 500

**Notable Communities Approved or Under Construction**

- 1 Seasons at Hoffman Estates
- 2 The Lofts
- 3 The Quin
- 4 Four North
- 5 301 W. Johnson
- 6 Prospect Place
- 7 HQ Residences
- 8 Residences at Bartlett Stn
- 9 Metro 19



- ❑ Given the limited amount of attached sector for sale supply throughout the Hoffman Estates Market Area, other developments of scale that have been recently introduced, achieved final sell out within short periods of time. For example, Ryan Homes introduced its 56-unit Maple Street townhome community in Mount Prospect in January 2021 and reached sell out within just 13 months, averaging 4.1 sales monthly at an average price point over \$400,000. Likewise, MI Homes opened its Meadow Square development in downtown Rolling Meadows in early 2020 with two townhome products totaling 106 units. This development sold its last unit in September 2022, achieving an overall sales pace of 3.6 per month.
  
- ❑ The limited amount of new construction attached sector for sale supply, coupled with the recent pandemic-induced shift in households from more urban areas to suburban destinations, has put pressure on the existing home market. As highlighted in the following text table, the average market time among townhome/duplex/condominium resales during 2022 period throughout the Hoffman Estates Market Area stood at just 31 days, down from 46 days in 2021 and 62 days in 2020. For reference, the typical marketing time for a resale housing unit in the Midwest ranges from 72-90 days. In the village of Hoffman Estates, the average market time of an attached sector resale housing unit during the last 12 months stood at just 29 days.

**TOWNHOME/DUPLEX/CONDOMINIUM RESALE CLOSINGS  
HOFFMAN ESTATES MARKET AREA  
2020-2022**

Price Range	2020		2021		2022	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$150,000	1,673	29.3	1,838	25.1	1,130	19.3
150,000 - 199,999	1,682	29.5	1,877	25.7	1,342	22.9
200,000 - 249,999	1,256	22.0	1,647	22.5	1,347	23.0
250,000 - 299,999	612	10.7	969	13.2	964	16.5
300,000 - 349,999	277	4.9	510	7.0	534	9.1
350,000 - 399,999	111	1.9	247	3.4	291	5.0
400,000 - 449,999	49	0.9	130	1.8	134	2.3
450,000 - 499,999	17	0.3	39	0.5	55	0.9
500,000 - 549,999	9	0.2	24	0.3	28	0.5
550,000 - 599,999	3	0.1	13	0.2	12	0.2
600,000 - 699,999	6	0.1	13	0.2	13	0.2
700,000 & Above	2	0.1	7	0.1	5	0.1
<b>Total</b>	<b>5,697</b>	<b>100.0</b>	<b>7,314</b>	<b>100.0</b>	<b>5,855</b>	<b>100.0</b>
<b>Median</b>	----- <b>\$185,084</b> -----		----- <b>\$198,443</b> -----		----- <b>\$216,956</b> -----	
<b>Avg. Days on Market</b>	----- <b>62</b> -----		----- <b>46</b> -----		----- <b>31</b> -----	

Source: MRED, Inc.

- ❑ Additionally, the median price of a townhome/duplex/condominium resale in the Hoffman Estates Market Area has jumped rather dramatically, up 17.2 percent over the last 24 months.
  
- ❑ The limited amount of *new construction* attached product in the overall market is also having a significant impact on resale inventory levels. For example, among townhome/duplex/condominium resales market-wide, inventory is considered *extremely low*. As outlined in the following text table,



with only 220 attached sector listings reported on January 15, 2023, and with closing activity totaling 5,855 units in 2022, townhome/duplex/condominium resale inventory levels in the entire Hoffman Estates Market Area stand at just 0.45 months, which falls well below the typical three-month inventory period that exists in more normal, or balanced, existing home markets.

**TOWNHOME/DUPLEX/CONDOMINIUM RESALE INVENTORY ANALYSIS IN MONTH'S SUPPLY  
HOFFMAN ESTATES MARKET AREA**

Price Range	Resale Closings 2022	Current Resale Listings As of 1/15/2023	Months of Inventory
Under \$150,000	1,130	31	0.33
150,000 - 199,999	1,342	40	0.36
200,000 - 249,999	1,347	48	0.43
250,000 - 299,999	964	37	0.46
300,000 - 349,999	534	24	0.54
350,000 - 399,999	291	12	0.49
400,000 - 449,999	134	11	0.99
450,000 - 499,999	55	9	1.96
500,000 - 549,999	28	3	1.29
550,000 - 599,999	12	2	2.00
600,000 - 699,999	13	2	1.85
700,000 & Above	5	1	2.40
<b>Total</b>	<b>5,855</b>	<b>220</b>	<b>0.45</b>

Source: MRED, Inc.

Household Composition and Income Support

- The current composition of area households further justifies the development of new multifamily for rent and attached for sale product at various locations throughout Hoffman Estates. As highlighted in the adjacent table, one- and two-person households account for over 56 percent of all household profiles in both the Hoffman Estates Market Area as a whole and the village of Hoffman Estates in particular. These two demographic groups are most likely to rent or purchase new multifamily units within the municipality.

**COMPOSITION OF AREA HOUSEHOLDS:  
HOFFMAN ESTATES MARKET AREA - 2023**

Attribute	Hoffman Estates Market Area	Village of Hoffman Estates
<b>Total Households</b>	<b>353,402</b>	<b>18,808</b>
1-Person Household	86,972	4,177
2-Person Household	115,704	6,613
3-Person Household	59,760	3,263
4-Person Household	53,576	3,037
5-Person Household	24,173	1,136
6 or More Person Household	13,217	582
<b>1 Person Households</b>		
Percent	24.6	22.2
Number	86,972	4,177
<b>2 Person Households</b>		
Percent	32.7	35.2
Number	115,704	6,613

Source: Environics Analytics; 2023 Demographic Snapshot

- ❑ It is no secret that with the development of new construction housing typically comes higher rent levels and price points (compared to older stock, outdated idioms). However, in both the Hoffman Estates Market Area and the village of Hoffman Estates, ample income support exists in the higher ranges. For example, over 61 percent of all current households in both areas earn \$75,000 or more annually, with 47+ percent posting annual incomes of \$100,000 or more (see **Exhibit 3**).

Demand Potentials

- ❑ Construction requirements for new housing in the Hoffman Estates Market Area will average 1,150 units annually over the next 5+ years. This 1,150-unit forecast can be tied to household growth levels estimated at 578 per annum through 2028, along with roughly the same number of units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another. As highlighted in the following text table, of the 1,150 units expected to be absorbed annually in the Hoffman Estates Market Area, 400 will occur among for sale housing forms with 750 represented in the rental apartment sector. As such, derived demand through 2028 translates to a total of 2,000 for sale housing units and 3,750 in the rental sector.

**ANNUAL HOUSING DEMAND BY PRODUCT TYPE  
-- HOFFMAN ESTATES MARKET AREA --  
2023-2028**

Product Type	Average Annual Absorption (In Units)
<b>Total</b>	<b>1,150</b>
<b>For Sale</b>	<b>400</b>
Single Family Detached	100
Townhome/Duplex/Condominium	300
<b>For Rent</b>	<b>750</b>

Source: Tracy Cross & Associates, Inc.

- ❑ The 1,150-unit annual demand forecast can be reconciled on the basis of recent residential construction trends. As highlighted in **Exhibit 4**, residential permit authorizations throughout the Hoffman Estates Market Area reached/exceeded 1,000+ units in two of the last five years, i.e., when supply was made available.
- ❑ Considering the tightness of the housing market; limited new construction supply; and the built-out nature of most of the area; it is not unreasonable to conclude that the market's derived demand base of 1,150 units per year could *be much higher* during any given year where properly positioned supply is made available. During the 2000-2007 period, when more developable land existed throughout the market, an average of 2,176 residential building permits were authorized on an annual basis, distributed between 1,356 in the single family sector, which includes both detached units and single-address townhomes, duplex units and villas, and 820 in the multifamily sector, which includes both rental apartments and higher-density condominiums.
- ❑ Equally important, it is likely that demand will outstrip supply over the next 5+ years given the level of activity in the pipeline. According to planning and zoning officials throughout the Hoffman Estates Market Area, there are currently 1,740 apartments (among the larger scale projects identified earlier in Exhibit 2) and less than 350 attached for sale housing units approved or under construction. And, while other projects are at concept stage or in early discussions, the total number of units is still 40 percent lower than market capacity through 2028 – not including upside potentials.

**HOUSEHOLDERS BY AGE AND INCOME: 2023**  
**-- HOFFMAN ESTATES MARKET AREA AND VILLAGE OF HOFFMAN ESTATES --**

Income Range	Number of Households by Age of Householder							
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 and Over
<b>Hoffman Estates Market Area</b>								
Under \$15,000	15,343	2,007	1,327	1,598	2,734	3,178	2,737	1,762
15,000 - 24,999	16,350	2,259	1,673	1,284	1,993	3,484	3,382	2,275
25,000 - 34,999	19,319	3,248	2,014	2,320	2,775	3,838	3,486	1,638
35,000 - 49,999	32,981	5,671	4,258	4,236	5,379	6,793	4,768	1,876
50,000 - 74,999	52,672	9,787	7,756	8,533	9,379	9,828	5,493	1,896
75,000 - 99,999	48,237	8,555	9,082	9,094	9,809	7,686	3,011	1,000
100,000 - 124,999	40,819	6,175	8,757	8,378	8,039	6,478	2,432	560
125,000 - 149,999	33,779	5,339	7,375	7,445	7,551	4,090	1,586	393
150,000 - 199,999	40,039	5,101	9,489	9,502	9,185	4,901	1,484	377
200,000 and Over	53,863	5,805	12,336	13,236	13,742	6,755	1,650	339
<b>Total</b>	<b>353,402</b>	<b>53,947</b>	<b>64,067</b>	<b>65,626</b>	<b>70,586</b>	<b>57,031</b>	<b>30,029</b>	<b>12,116</b>
<b>Median</b>	<b>\$95,209</b>	<b>\$84,822</b>	<b>\$116,829</b>	<b>\$116,731</b>	<b>\$109,461</b>	<b>\$78,841</b>	<b>\$52,597</b>	<b>\$38,148</b>
<b>Households with Incomes of ...</b>								
\$75,000 or More	216,737	30,975	47,039	47,655	48,326	29,910	10,163	1,669
Percent	61.3	57.4	73.4	72.6	68.5	52.4	33.8	13.8
<b>Village of Hoffman Estates</b>								
Under \$15,000	761	137	97	90	152	149	85	51
15,000 - 24,999	799	142	106	77	116	170	132	56
25,000 - 34,999	767	205	81	111	115	128	94	33
35,000 - 49,999	1,481	364	238	190	216	273	155	45
50,000 - 74,999	2,499	542	393	367	395	520	229	53
75,000 - 99,999	2,781	462	509	649	647	365	120	29
100,000 - 124,999	2,292	378	475	488	428	377	123	23
125,000 - 149,999	1,907	321	403	420	394	262	93	14
150,000 - 199,999	2,356	355	628	531	497	263	69	13
200,000 and Over	3,165	231	571	870	879	495	107	12
<b>Total</b>	<b>18,808</b>	<b>3,137</b>	<b>3,501</b>	<b>3,793</b>	<b>3,839</b>	<b>3,002</b>	<b>1,207</b>	<b>329</b>
<b>Median</b>	<b>\$103,383</b>	<b>\$82,871</b>	<b>\$119,899</b>	<b>\$122,308</b>	<b>\$115,480</b>	<b>\$92,824</b>	<b>\$62,886</b>	<b>\$42,984</b>
<b>Households with Incomes of ...</b>								
\$75,000 or More	12,501	1,747	2,586	2,958	2,845	1,762	512	91
Percent	66.5	55.7	73.9	78.0	74.1	58.7	42.4	27.7

Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

**RESIDENTIAL BUILDING PERMIT TRENDS**  
**HOFFMAN ESTATES MARKET AREA**  
**2000 - 2022**

<b>Year</b>	<b>Total</b>	<b>Single Family</b>	<b>Multi-Family</b>
2000	1,796	1,256	540
2001	1,741	993	748
2002	1,957	1,348	609
2003	1,761	1,162	599
2004	2,789	1,562	1,227
2005	3,217	1,944	1,273
2006	2,527	1,424	1,103
2007	1,623	1,156	467
2008	629	458	171
2009	257	241	16
2010	158	153	5
2011	283	262	21
2012	247	197	50
2013	461	338	123
2014	632	317	315
2015	831	318	513
2016	931	370	561
2017	1,539	465	1,074
2018	557	396	161
2019	1,396	266	1,130
2020	672	230	442
2021	674	231	443
<b>Averages</b> 2000 - 2021	1,213	686	527

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports*

## **A SUMMARY OF CONCLUSIONS**

As outlined in the previous paragraphs, tables and graphic illustrations, future new construction rental apartment and attached for sale development potentials throughout the Hoffman Estates Market Area (and in the village of Hoffman Estates in particular) are considered strong. This favorable conclusion is based upon: 1) more than adequate demand support; 2) notable supply-side constraints; 3) an ample base of existing (and future) households with diverse demographic profiles; 4) tightness (and certain disjointedness) in both the rental and attached for sale sectors of the market; 5) locational advantages; 6) in-place employment, shopping/services, recreation, transportation, etc.; and 7) the opportunity to introduce new and differentiated housing product in a market where such product is needed.

Overall, the Village of Hoffman Estates is in a position to help guide future residential development efforts with specific market insight relative to those products and locations that meet the demands of the market.

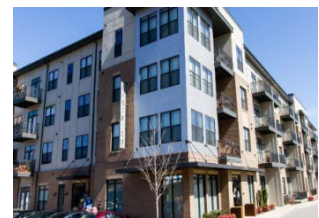
## **A PLANNING STRATEGY**

With the local housing market showing growth potential during the next several years, and considering the supply-side constraints that exist in the market today (and going forward), practically any **well designed and properly positioned** new conventional rental apartment and/or lower- to mid-density attached for sale product form could be successfully introduced within a number of areas throughout Hoffman Estates. However, from a strategic planning perspective, the following paragraphs provide product guidelines for the most marketable housing idioms – to serve as a guide for future planning and implementation efforts as the Village of Hoffman Estates (and other stakeholders) review various proposals and/or seek development partners.

### *Class A Rental Apartments*

Taking the lead from a number of successful urban/suburban apartment developments throughout suburban Chicago, the Village of Hoffman Estates should, first and foremost, give full consideration to promoting and supporting various **higher-density density rental apartment** product forms at several locations throughout the municipality, i.e., multi-floor product with some form of structured parking. Viewed as complimentary to the Seasons at Hoffman Estates product line currently under construction, this generic product form, which consists of multiple residential floors over/around structured parking, is not only widely accepted throughout various urban/suburban areas in the region, but it represents a building configuration whereby at least one-to-one enclosed parking can typically be provided in an efficient and cost-effective manner, and at a strong density. Ideally, individual floorplans for any higher-density apartment program should be broad and varied ranging from small luxury studio units starting around 450 square feet, extending through a variety of one- and two-bedroom alternatives, and ending with three-bedroom residences containing roughly 1,350 square feet.

A broad mix of unit types and sizes for higher-density luxury apartments in Hoffman Estates will allow this product to capture the full breadth of renter profiles with attentive focus directed toward Millennials, also known as Echo Boomers or Generation Y, along with Centennials, also known as Generation Z (i.e., younger singles and couples without children), together with empty-nesters and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition, transitional families, etc. With the availability of new apartment product and a broad continuum of floorplan alternatives, Hoffman Estates will be best equipped to serve the overall base of existing/future renter households, especially those with one and two persons. In addition, it will allow the village to curb leakage to other nearby areas where more new/newer product is currently available.





If elevated properly, the higher-density Class A concept can exemplify tasteful, urban/suburban architecture, and be very complimentary to other development/redevelopment initiatives throughout the village. It will also allow for the maintenance of value over time. Please note that this product concept can be combined with first floor retail space if offered within pedestrian-oriented areas and/or within mixed-use environments.

*Luxury For Sale Townhomes/Rowhomes*

Representing one of the most desirable attached product lines in suburban Chicago today (and moving forward), and one that maximizes per-acre total unit counts within its product family, an efficiently designed mid-density ***townhome/rowhome series*** is suggested. This product line would include two interior plans, each with two main living areas configured over an integral two-car garage and a finished lower level, along with a split-foyer or raised ranch end unit. Plan sizes for this series, which will average 1,775 square feet, should range from 1,650 to 1,900 square feet including finished lower levels. This can be achieved in very efficient and cost effective 20'-22' wide modules. With rear-entry garages, individual buildings are generally designed to face one another, thus allowing for a small pedestrian greenway between buildings, or they can be configured fronting a street for maximum density. Combined, the three individual plan offerings will be capable of attracting a broad range of buyer profiles, with attentive focus directed toward young singles and couples without children, couples in their initial stages of family formation, young families, and some active adults aged 55+.

Architecturally, the townhome/rowhome product line can support either a traditional elevation scheme, or it can command something more contemporary/urban oriented, i.e., at the builder's discretion and Village's approval. Overall, this product line can typically achieve a density of 10-12 units per acre, thus allowing builders to distribute land and development costs across more units – in an attempt to offer price points that align the mainstream of the market.



For a detailed outline of each recommended housing idiom including individual product/plan criteria, unit sizes, rents/prices, features, community amenities, etc. (as a guide), consult **Exhibits 5 and 6**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful “like” products throughout the Midwest and suburban Chicago.


When reviewing these tables, please note that the rents reflected for the higher-density apartments (as footnoted) do not include extras such as additional premiums, enclosed parking, pet fees, etc. – which will be billed separately. When factored, overall revenue per apartment unit will be higher.

It is important to point out that the detailed planning guidelines and rent/price suggestions for the various mainstream housing products are not arbitrary, but rather *strategic*. Specially, these guidelines will allow three important goals to be met. First, the continuum of home types, styles and rents/prices will align competitive counterparts and household incomes in the market. Second, the suggested products will allow any designated development areas or specific site to achieve maximum unit counts. Finally, both product line will be capable of achieving a successful absorption or sales rate at the assigned rents/prices. While the scale of each development will, in large part, dictate the rate of absorption or sales, the following table provides a general outline for planning purposes.

**PRODUCT CRITERIA AND BENCHMARK RENTS: HIGHER-DENSITY CLASS A RENTAL APARTMENTS**  
**-- A 250-UNIT PROTOTYPE --**  
**HOFFMAN ESTATES, ILLINOIS**

**5**

Product Line Summary	
<b>Product Form:</b>	<b>Multiple Residential Floors Over/Around Structured Parking (w/Elevator)</b>
<b>Total Units:</b>	<b>250+/-</b>
<b>Enclosed Parking:</b>	<b>250+/-</b>
<b>Density in Units Per Acre:</b>	<b>30.0+</b>
<b>Average Plan Size (Sq. Ft.):</b>	<b>870</b>
<b>Average Benchmark Base Monthly Rent (Floor 1 Only):</b>	<b>\$2,276</b>
<b>Per Sq. Ft.:</b>	<b>\$2.62</b>
<b>Average Benchmark Monthly Rent (All Floors):</b>	<b>\$2,291</b>
<b>Per Sq. Ft.:</b>	<b>\$2.63</b>



Plan Detail									
Plan Designation	A	B	C-1	C-2	D	E-1	E-2	E-3	F
Percent Distribution	10.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0
Plan Type	Studio	Junior 1BR	1BR	1BR	1BR Den	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	--/1.0	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	450	550	650	750	900	1,050	1,150	1,250	1,350
Benchmark Rent Per Floor: <sup>(1)</sup>									
Floor 4	\$1,550	\$1,730	\$1,910	\$2,090	\$2,360	\$2,630	\$2,810	\$2,990	\$3,170
Floor 3	\$1,540	\$1,720	\$1,900	\$2,080	\$2,350	\$2,620	\$2,800	\$2,980	\$3,160
Floor 2	\$1,530	\$1,710	\$1,890	\$2,070	\$2,340	\$2,610	\$2,790	\$2,970	\$3,150
Floor 1	\$1,520	\$1,700	\$1,880	\$2,060	\$2,330	\$2,600	\$2,780	\$2,960	\$3,140
<b>Average:</b>	<b>\$1,535</b>	<b>\$1,715</b>	<b>\$1,895</b>	<b>\$2,075</b>	<b>\$2,345</b>	<b>\$2,615</b>	<b>\$2,795</b>	<b>\$2,975</b>	<b>\$3,155</b>
<b>Per Sq. Ft.:</b>	<b>\$3.41</b>	<b>\$3.12</b>	<b>\$2.92</b>	<b>\$2.77</b>	<b>\$2.61</b>	<b>\$2.49</b>	<b>\$2.43</b>	<b>\$2.38</b>	<b>\$2.34</b>

Features and Amenities		
<p><b>UNIT STANDARDS</b></p> <ul style="list-style-type: none"> <li>■ Painted Trim</li> <li>■ Luxury Plank Flooring in Living Areas</li> <li>■ "White" Interior Paint Finish</li> <li>■ Direct Wire Smoke Detectors</li> <li>■ Cable/Satellite/Telephone Access</li> <li>■ Carpeting in Bedrooms</li> <li>■ High-Speed Internet Connectivity</li> <li>■ Air Conditioning</li> <li>■ Designer Door Hardware</li> <li>■ Designer Lighting Package</li> <li>■ Private Balcony</li> </ul>	<p><b>KITCHEN FEATURES</b></p> <ul style="list-style-type: none"> <li>■ Wood Cabinetry</li> <li>■ Luxury Plank Flooring</li> <li>■ Four Burner Cooktop</li> <li>■ Self Clean Single Oven-Stainless Steel</li> <li>■ Built-In Dishwasher-Stainless Steel</li> <li>■ Refrigerator with Ice-Maker-Stainless Steel</li> <li>■ Garbage Disposal</li> <li>■ Microwave with Vent</li> <li>■ Granite or Quartz Countertops</li> <li>■ Stainless Steel Sink</li> </ul>	<p><b>BATH/POWDER ROOM STANDARDS</b></p> <ul style="list-style-type: none"> <li>■ Ceramic Flooring</li> <li>■ Granite or Quartz Vanity Tops</li> <li>■ Wood Cabinetry</li> <li>■ Ceramic Tub/Shower Surround</li> <li>■ Framed Glass Mirror Over Vanity</li> </ul>
<p><b>CLOSETS, UTILITIES, AND STORAGE</b></p> <ul style="list-style-type: none"> <li>■ Walk-In MBR Closet (Per Plan)</li> <li>■ Laminate Closet Shelving</li> <li>■ Washer/Dryer (Stacked or Side-by-Side)</li> <li>■ Linen Closet(s)</li> <li>■ Programmable Thermostat</li> <li>■ Storage Lockers</li> </ul>	<p><b>GENERAL BUILDING FEATURES/AMENITIES</b></p> <ul style="list-style-type: none"> <li>■ Architecturally-Enhanced Exteriors</li> <li>■ Secured Access Entry</li> <li>■ Community Room w/Kitchen</li> <li>■ Fitness Center</li> <li>■ E-Lounge w/Coffee Bar</li> <li>■ Fireside Lounge &amp; Grilling Stations</li> <li>■ Swimming Pool/Deck Area (Larger Communities)</li> </ul>	<ul style="list-style-type: none"> <li>■ Extensive Landscaping/Hardscaping</li> <li>■ Dog Wash Area in Garage</li> <li>■ Wi-Fi in All Common Areas</li> <li>■ Enclosed Parking Leased Separately at \$125 Per Space</li> <li>■ Adequate Open Parking</li> </ul>

<sup>(1)</sup> Benchmark monthly rents, which are presented in January 2023 dollars, include premiums for floor (assuming four residential levels); however, they do not include additional floor premiums for buildings with more than four residential levels, nor do they include incremental premiums for corner units, enhanced views, terraces, etc. Benchmark rents also exclude enclosed garage parking, application/administration fees, pet fees, storage rental, or utilities, all of which would be separate charges.

**PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE TOWNHOMES/ROWHOMES**  
**-- AN 80-UNIT PROTOTYPE --**  
**HOFFMAN ESTATES, ILLINOIS**

**6**

Product Line Summary	
<b>Product Form:</b>	<b>Luxury Townhomes/Rowhomes</b>
<b>Total Units:</b>	<b>80+/-</b>
<b>Garage Condition:</b>	<b>2-Car (Rear Load)</b>
<b>Lower Level Behind Garage:</b>	<b>Finished</b>
<b>Density in Units Per Acre:</b>	<b>10.0-12.0</b>
<b>Average Plan Size (Sq. Ft.):</b>	<b>1,775</b>
<b>Average Benchmark Base Price:<sup>(1)</sup></b>	<b>\$434,990</b>
<b>Per Sq. Ft.:</b>	<b>\$245.06</b>
<b>Average Anticipated Closing Price:<sup>(2)</sup></b>	<b>\$461,100</b>
<b>Per Sq. Ft.:</b>	<b>\$259.77</b>



Plan Detail			
Plan Designation	A	B	C
Plan Style	3-Story	3-Story	Split-Foyer/Raised Ranch
Bedrooms	2+Loft/3	3	3
Baths	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,650	1,775	1,900
Benchmark Base Price: <sup>(1)</sup>	\$419,990	\$429,990	\$454,990
Per Sq. Ft.:	\$254.54	\$242.25	\$239.47
<b>Anticipated Closing Price:<sup>(2)</sup></b>	<b>\$445,200</b>	<b>\$455,800</b>	<b>\$482,300</b>
<b>Per Sq. Ft.:</b>	<b>\$269.82</b>	<b>\$256.79</b>	<b>\$253.84</b>

**Features and Amenities**

<b>UNIT STANDARDS</b>	<b>KITCHEN FEATURES</b>	<b>BATH/POWDER ROOM STANDARDS</b>
<ul style="list-style-type: none"> <li>■ Luxury Plank Flooring in Main Living Areas</li> <li>■ Carpeting in Bedroom Areas</li> <li>■ "White" Interior Paint Finish</li> <li>■ Painted Trim</li> <li>■ Direct-Wire Smoke Detectors Per Code</li> <li>■ Cable/Satellite/Telephone Prewire</li> <li>■ Paneled Doors</li> <li>■ High-Speed Internet Connectivity</li> <li>■ Air Conditioning</li> <li>■ Designer Door Hardware</li> <li>■ Designer Lighting Package</li> <li>■ Private Balcony</li> </ul>	<ul style="list-style-type: none"> <li>■ Quality Cabinetry</li> <li>■ Luxury Plank Flooring</li> <li>■ Four Burner Cooktop</li> <li>■ Self Clean Single Oven-Stainless Steel</li> <li>■ Built-In 5-Cycle Dishwasher-Stainless Steel</li> <li>■ Refrigerator with Ice-Maker-Stainless Steel</li> <li>■ Garbage Disposal</li> <li>■ Microwave with Vent</li> <li>■ Granite or Quartz Countertops</li> <li>■ Double Bowl Stainless Steel Sink</li> </ul>	<ul style="list-style-type: none"> <li>■ Ceramic Flooring</li> <li>■ Granite or Quartz Vanity Tops</li> <li>■ Quality Cabinetry</li> <li>■ Ceramic Tub/Shower Surround</li> <li>■ Framed Glass Mirror Over Vanity</li> </ul>
<p><b>CLOSETS, UTILITIES, AND LAUNDRY</b></p> <ul style="list-style-type: none"> <li>■ Walk-In MBR Closet (Per Plan)</li> <li>■ Laminate Closet Shelving</li> <li>■ Washer/Dryer Hook-Up</li> <li>■ Linen Closet(s)</li> <li>■ Programmable Thermostat</li> </ul>	<p><b>BUILDING FEATURES/AMENITIES</b></p> <ul style="list-style-type: none"> <li>■ Architecturally-Enhanced Exteriors</li> <li>■ Extensive Hardscaping/Landscaping</li> <li>■ Finished Lower Level</li> </ul>	<ul style="list-style-type: none"> <li>■ Front-Oriented Sidewalks</li> <li>■ Pocket Parks (If Possible)</li> </ul>

<sup>(1)</sup> Benchmark base sales prices, which are presented in January 2023 dollars, do not include options, upgrades or premiums.

<sup>(2)</sup> Includes an estimate for options, upgrades and premiums, i.e. 6.0 percent above the base sales price.

**ABSORPTION/SALES SUMMARY - A GUIDE  
CORE HOUSING PRODUCTS - HOFFMAN ESTATES, ILLINOIS**

Product Line	Estimated Total Units Per Development	Monthly Absorption/ Sales Potential (In Units) At Benchmark Rents/Prices <sup>(1)</sup>
Higher-Density Apartments	250+/-	13.5
For Sale Townhomes/Rowhomes	80+/-	3.5
<sup>(1)</sup> Actual absorption/sales rate will be dependent upon total unit count within each development.		

Source: Tracy Cross & Associates, Inc.

The forecasts presented above assume a 3- to 4-month pre-leasing period for the any apartment community (prior to initial deliveries), along with a similar pre-sale period for the ownership units. They also assume professional, aggressive, and all-encompassing marketing/leasing/sales campaigns and a continuous construction cycle/delivery schedule of all products.

Please keep in mind that while our product guidelines provide very specific details, there are a number of derivatives to each of the recommended generic forms that could evolve through the design efforts of individual builders/developers – or through the overall planning process. However, when considering any derivatives during the course of the planning process, it is still important to follow the general parameters outlined for each of the recommended products relative to unit types, bedroom counts, rents, prices, etc., in order to insure acceptable absorption and/or sales, and most importantly, the appeal to the bulk of the market.

In addition, consideration can also be given to the introduction of other generic forms based upon the imbalance that exists market-wide between supply and demand – but done so with the same general planning strategy in mind – that being properly positioned product, tasteful architecture, and appropriate rent/price positioning. For example, luxury two- or three-story garden-style apartments (with direct-entry units), rental townhomes/rowhomes, etc. could be successfully introduced at multiple locations throughout the village. In addition, residential adaptive reuse apartments, i.e., the conversion of an existing non-residential use to that of apartments, should be considered. Depending upon the property being converted, and its location and scale, rent levels are typically 5 percent lower among conversion developments compared to new construction alternatives.

As it relates to the for sale sector of the market, a ranch villa or duplex development targeting empty-nesters aged 55+, while not specifically recommended because of its lower overall yield per acre, could be successfully introduced in the market should a land parcel be identified for such an endeavor – or as part of a larger mixed-use development. Conventional, front-load garage townhome product, in turn, while also not capable of achieving the same density as rear-load rowhome product, should also be considered, again, if a particular site lends itself to such a product.

The development of higher-density luxury condominiums (of any significant scale) is not recommended at this time. The reason - the higher-density condominium market in suburban Chicago has yet to rebound from the Great Recession with the exception of more boutique-type transit-oriented developments in downtown areas of first-ring suburbs. As such, the introduction of this particular product line in Hoffman Estates, unless representing an additive, smaller-scale component of a larger mixed-use development should be reserved for review at a later time.

## **MARKET POSITIONING**

Please note that the benchmark rents/prices for the two core products outlined in Exhibits 5 and 6 have been *carefully* established so that each product line would be competitively positioned in the market. For example, the rental apartment program would occupy a near *on market* value position, albeit modestly higher, when cast against the newest, most proximate, larger-scale apartment communities in the Hoffman Estates Market Area (see **Exhibits 7 and 8**). At this competitive position, any higher-density rental development of 250+/- units in Hoffman Estates can expect to achieve an absorption rate close to 13.5 units monthly with the exact rate, again, dependent upon the scale of the development. As noted earlier, double-digit absorption in the 10.0 to 16.0 unit-per-month range has been the norm throughout the Hoffman Estates Market Area over the last several years.

In addition, at the suggested benchmark rental rates, the prototype apartment community suggested for Hoffman Estates will occupy a value position an appropriate 15 percent higher than new/newer comparable developments located west of IL-25 in the areas of West Dundee, Elgin and South Elgin – where the average larger-scale community introduced in the last four years carries an average rental rate of \$2.25 per square foot. These developments, which include Reserve Randall Road, 1900 at Canterfield, Watermark at the Grove and Springs at South Elgin, achieved an average absorption rate of 14.9 units monthly per project.

The townhome/rowhome product, in turn, will also occupy a competitive value position when cast against attached sector for sale developments in the market. For example, the townhomes/rowhomes, at benchmark prices, will be positioned consistent with other similarly-sized developments being offered by major builders such as D.R. Horton, MI Homes, and Kensington Homes – with sales expected to move at a comparable pace. Specifically, among the active and recently sold out communities of Northgate at Veridian, Halston Market, Timberleaf, Maple Street and Meadow Square, the average development achieved/is achieving an absorption rate of 3.9 units monthly for two-car garage rear-load townhome/rowhome product priced, on average, at \$419,093 for 1,805 square feet of living space.

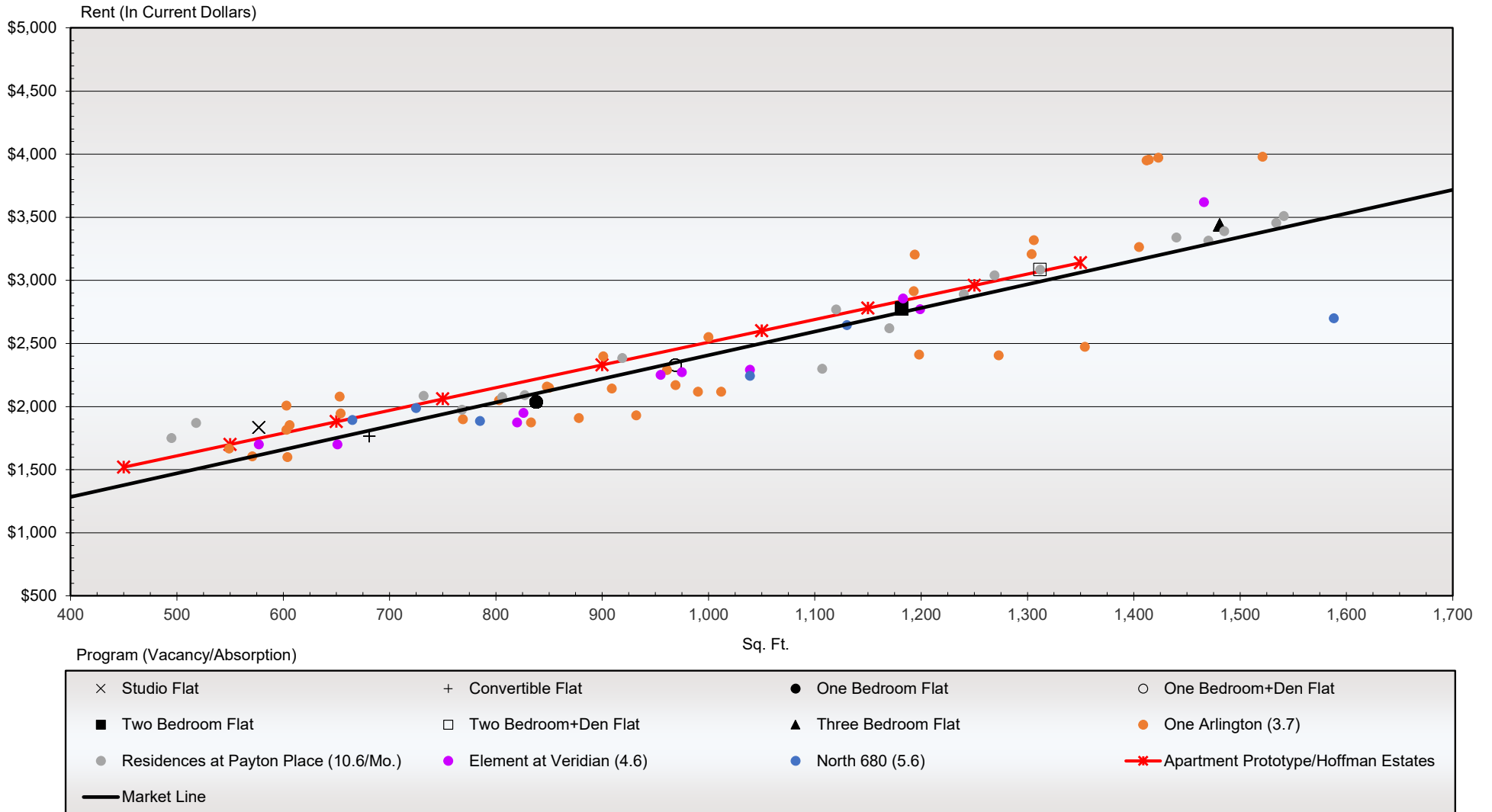
## **GEOGRAPHIC POSITIONING**

Based upon a physical evaluation of Hoffman Estates and its various neighborhoods/development areas, coupled with a statistical assessment of supply and demand, the following paragraphs present a very logical set of geographic positioning guidelines for the suggested product lines.

- Hoffman Estates, because of its sheer size (and the lack of apartment development over the last 20+ years) can accommodate multiple Class A rental housing communities without creating significant competitive overlaps. With this said, the Village should focus its efforts in and around the Prairie Stone Business Park near IL-59 and I-90. Not only does this area currently maintain developable land, but it already supports localized concentrations of employment, entertainment, shopping, services, and direct connectivity to the regional expressway system. In addition, the IL-59/I-90 area of Hoffman Estates is located furthest from other apartment communities in the greater Hoffman Estates Market Area, yet “inside” development occurring to the west in the Northern Fox Valley and southern McHenry County areas.
  
- The IL-59/I-90 area should also be considered for townhome/rowhome development (for the same reasons), and because land availability in this area may give one of the region’s major builders the scale of development that meets their needs, i.e., 80 units at a single location, *if not more*.



Rent/Value Analysis  
 Selected Apartment Communities  
 Hoffman Estates Market Area  
 December 2022



Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

**Rent/Value Analysis  
Selected Apartment Communities  
Hoffman Estates Market Area  
December 2022**

Plan Size (Sq. Ft.)	Average Market Rent	Program/Location	Total Units	Year Built	Average Plan Size (Sq. Ft.)	Average Posted Base Rent		Average Base Market Rent	Price Variance From Market	Vacancy Rate / Absorption (Units/Mo.)	Original Absorption Rate (Units/Mo.)
						Dollars	Rent per Sq. Ft.				
400	\$1,286	<sup>(1)</sup> The Residences at Hamilton Lakes/Itasca	297	2017	949	\$2,920	\$3.08	\$2,312	+\$608	3.7	10.6/Mo.
500	1,473	<b>Apartment Prototype/Hoffman Estates</b>	<b>205+/-</b>	<b>---</b>	<b>870</b>	<b>2,276</b>	<b>2.62</b>	<b>2,164</b>	<b>+112</b>	<b>---</b>	<b>---</b>
600	1,660	Residences at Payton Place/Arlington Heights	254	2021	938	2,379	2.54	2,292	+87	10.6/Mo.	---
700	1,847										
800	2,034	<b>--- Market Average ---</b>	<b>---</b>	<b>---</b>	<b>927</b>	<b>2,271</b>	<b>2.45</b>	<b>2,271</b>	<b>0</b>	<b>4.6 / 10.6/Mo.</b>	<b>---</b>
900	2,221										
1,000	2,408	One Arlington/Arlington Heights	214	2014	917	2,245	2.45	2,252	-7	3.7	10.2/Mo.
1,100	2,595	Element at Veridian/Schaumburg	260	2020	913	2,190	2.40	2,245	-55	4.6	10.7/Mo.
1,200	2,782	North 680/Schaumburg	180	2017	910	2,168	2.38	2,239	-71	5.6	15.9/Mo.
1,300	2,969										
1,400	3,156										
1,500	3,343										
1,600	3,530										
1,700	3,717										

Slope: \$1.87 per sq. ft.

<sup>(1)</sup> Program not depicted graphically or included in derivation of the market line.

- ❑ The second area of focus, and additive the Seasons at Hoffman Estates apartment community currently under construction, should be the Barrington Road area both north and south of I-90 (including the Higgins Road corridor). Separated by one freeway exit and some three miles, this area will not directly cross-compete with developments at IL-59/I-90.
- ❑ The Roselle Road corridor, both north and south of I-90, represents yet another potential recipient of new construction housing, as do other pockets of Hoffman Estates in this far east location of the village. Here, smaller redevelopment parcels suitable for attached for sale development will likely be the most prevalent, although a single apartment community might also be attainable. With this said, the majority of luxury rental apartment development in Hoffman Estates should be focused to the west (closer to IL-59/I-90 and Barrington Road/I-90) as that area is most removed from recent (and future) market entrants in Schaumburg.

### **ANNUAL UNIT COUNT POTENTIALS**

Given the lack or limited amount of new/newer residential development in Hoffman Estates and other nearby areas, and considering the level of derived housing demand, together with upside potentials based upon pent-up demand, the village could have two (possibly three) larger-scale apartment communities actively leasing new units at any point in time, along with two or three for sale townhome developments. This is especially true if projects are geographically dispersed (i.e., separated enough from east to west) so that each community maintains its own distinct marketing window.

To this end, and because no two communities would likely enter the market at the exact same time, Hoffman Estates could (and would) absorb between 325 and 400 new apartments annually over the next 5+ years, and between 100 and 125 townhomes/rowhomes yearly during the same period.

### **CERTIFICATION AND SIGNATURE**

This analysis represents our objective and independent opinion regarding the market potential for multifamily for rent and attached sector for sale development throughout the village of Hoffman Estates, Illinois as certified below:

**TRACY CROSS & ASSOCIATES, INC.**  
An Illinois Corporation

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Erik A. Doersching  
Its: President & CEO

By:   
HollyAnn Eageny  
Its: Executive Vice President & COO

Date: January 26, 2023



## GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers/property managers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.



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