

Yardi® Matrix

Chicago's Flatline

Multifamily Report Winter 2018

Rent Growth Plateaus

Construction Boom Continues

CBD Expands

CHICAGO MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Chicago Makes Room for More Growth

Chicago's development boom has caught up with demand, leading to flat rent growth, a trend seen in other Midwestern markets. The supply volume has made the bifurcation between rental rates for luxury and working-class units even more distinct. Rents for Lifestyle apartments dipped 0.3%, while those in Renter-by-Necessity units increased by 1.8%. The pace of new construction is expected to continue. Chicago is slated to add around 9,000 units to its inventory in 2017, marking a post-recession high, up 13% year-over-year.

The metro continued to attract companies looking to relocate or expand, producing job gains in high-paying sectors such as financial activities (10,500 jobs) and professional and business services (6,600), followed by education and health services (5,700). Core submarkets are seeing significant growth in office development due to increased demand: The new 59-story skyscraper at 150 North Riverside was 85% pre-leased when it opened in the second half of 2017. The rezoning of former waterfront industrial areas close to downtown will add new mixed-use skyscrapers to the skyline, expanding Chicago's central business district.

Responding to working-class demand, the Chicago City Council approved two three-year pilot programs, which are projected to create as many as 1,000 affordable residential units. Meanwhile, the addition of jobs in office-using sectors is likely to keep upscale demand healthy.

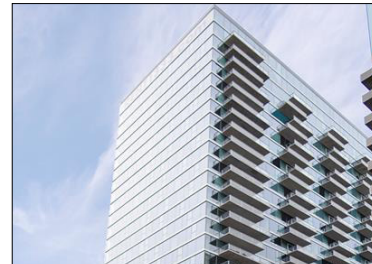
Recent Chicago Transactions

Coast at Lakeshore East



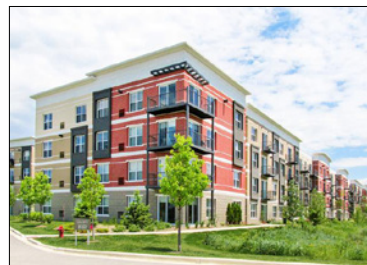
City: Chicago
Buyer: Morguard Residential
Purchase Price: \$223 MM
Price per Unit: \$432,039

1333 Wabash



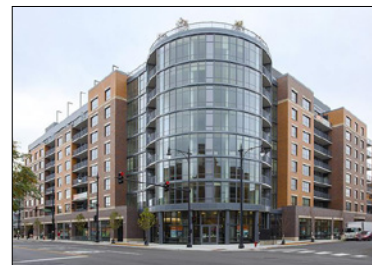
City: Chicago
Buyer: Habitat Co.
Purchase Price: \$125 MM
Price per Unit: \$410,164

Avant at the Arboretum



City: Lisle, Ill.
Buyer: JVM Realty
Purchase Price: \$101 MM
Price per Unit: \$325,216

Madison at Racine, The



City: Chicago
Buyer: American Realty Advisors
Purchase Price: \$100 MM
Price per Unit: \$461,111

To Subscribe

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