

Yardi® Matrix

Steady Chicago

Multifamily Report Winter 2019

Rent Growth Hits 2-Year High

Upcoming Deliveries Target City Core

Per-Unit Prices Reach New Peak

CHICAGO MULTIFAMILY

Market Analysis

Winter 2019

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Rent Growth Advances Further

Chicago rent growth accelerated in 2018, reaching 2.5% as of November—the highest value of the last two years—due to a relatively healthy employment environment and a slowdown in deliveries. The rebound of Lifestyle rent growth has also contributed to the rise, as Millennials continue to move into well-located, modern apartments that facilitate easy access to employment and entertainment options.

The metro added 35,000 jobs in the 12 months ending in September, further fueling housing demand. Construction and manufacturing led gains due to a robust development pipeline and a ballooning e-commerce sector. The city is strengthening its emerging tech hub status, with companies such as Salesforce, Pinterest, Google and Facebook relocating or expanding their downtown footprint. Salesforce is slated to create 1,000 new jobs once it settles into its new base, a 57-story tower on the north bank of the river.

Development remained relatively strong, with 5,400 units delivered in 2018 through November, but overall healthy fundamentals should maintain steady absorption. Occupancy in stabilized assets dropped just 20 basis points over 12 months, reaching 94.6% as of October. Considering the supply-demand balance, we expect rents to continue advancing at a slow but steady rate in the foreseeable future.

Recent Chicago Transactions

ReNew Wheaton Center



City: Wheaton, Ill.
Buyer: FPA Multifamily
Purchase Price: \$131 MM
Price per Unit: \$172,823

TGM NorthShore



City: Northbrook, Ill.
Buyer: TGM Associates
Purchase Price: \$118 MM
Price per Unit: \$340,058

The Mil'Ton



City: Vernon Hills, Ill.
Buyer: Mesirow Financial
Purchase Price: \$87 MM
Price per Unit: \$296,259

Arc at Old Colony



City: Chicago
Buyer: Deutsche Asset & Wealth Management
Purchase Price: \$77 MM
Price per Unit: \$560,584