

Yardi® Matrix

MULTIFAMILY REPORT

Chicago Faces Tough Test

Spring 2020

Rent Growth Set for Trying Times

Unemployment Claims Hit Historic Mark

Continuing Completions, Delayed Deliveries

CHICAGO MULTIFAMILY

Yardi® Matrix

Windy City In the Eye of the Storm

Following a strong 2019 for both transactions and deliveries, the latter of which saw a new cycle high, the mettle of the Chicago rental market is set to be tested in 2020. With overall average rents at \$1,538 as of March, and trailing three-month growth surpassing the national rate, the challenges of the COVID-19 outbreak were not yet prevalent during the first quarter. However, shelter-in-place orders across most states have brought parts of the economy to a near standstill, thereby jeopardizing the real estate market.

Metro Chicago had roughly 1.4 million jobs in sectors that were most susceptible to the effects of the pandemic, second only to New York City (1.9 million). Initial unemployment claims between March 15 and April 18 crossed the 730,000 mark in the state. However, some activities are proceeding, among them the development of the 60-story Salesforce Tower, hot off a \$500 million loan—one of the largest in the metro.

Investors had largely focused on suburban assets in the 12 months ending in March, as the higher yield potential of value-add plays drove deal velocity. However, with economic activities curbed by a statewide shelter-in-place order set to extend through May, lower-quality assets with residents who are severely impacted are likely to struggle as the crisis endures.

Market Analysis | Spring 2020

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Recent Chicago Transactions

The Atworth at Melody Farm



City: Vernon Hills, Ill.
Buyer: Passco Cos.
Purchase Price: \$90 MM
Price per Unit: \$347,769

Foxboro



City: Wheeling, Ill.
Buyer: DRA Advisors
Purchase Price: \$54 MM
Price per Unit: \$133,955

Elmhurst Terrace



City: Elmhurst, Ill.
Buyer: Cohen-Esrey
Purchase Price: \$41 MM
Price per Unit: \$130,793

Cressmoor Arms



City: Hobart, Ind.
Buyer: Tricap Residential Group
Purchase Price: \$13 MM
Price per Unit: \$92,592