

YARDI® Matrix

Chicago's Catching Up

Multifamily Winter Report 2017

New Supply Moderates Rent Growth

Investor Demand Reaches Cycle Peak

Downtown Maintains Strong Appeal

CHICAGO MULTIFAMILY

YARDI® Matrix

Market Analysis

Winter 2017

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Smooth Strokes Up the River

Despite a flat population growth, job gains that have consistently trailed national trends and pockets of crime that garnered the attention of the media, Chicago's multifamily market continues to produce steady rent gains and remains a top Midwestern destination for investors.

The metro added 50,000 jobs in the past year, more than half in high-earning sectors. Further growth is expected across the metro, as Amazon, Cars.com and Google are expanding their presence in Chicago. The economic environment is also encouraging new businesses, according to *Built In Chicago's* annual report, which shows that startups raised \$1.7 billion in funding in 2016. Chicago has been deemed a smart city, and the local government is committed to improving the metro's transport infrastructure, particularly the rail system, through the \$2.1 billion Red and Purple Modernization Program. The downtown continues to benefit from company relocations and expansions, while authorities are trying to spike development in suburban areas through local reforms.

The metro's multifamily market is stable, with high occupancies and a strong investor interest, which pushed the sales volume to a cyclical peak in excess of \$3 billion in 2016. Completions are picking up, with more than 60,000 units in various stages of development. Yardi Matrix forecasts a 4.0% rent growth in 2017, as demand will remain strong, while a wave of new supply is about to come online.

Recent Chicago Transactions

Axis



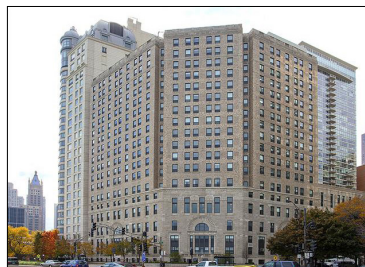
City: Chicago
Buyer: Group Fox
Purchase Price: \$225 MM
Price per Unit: \$366,044

North Harbor Tower



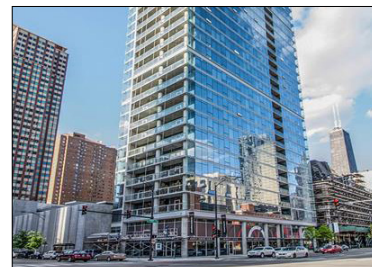
City: Chicago
Buyer: Crescent Heights of America
Purchase Price: \$212 MM
Price per Unit: \$354,063

850 Lake Shore Drive



City: Chicago
Buyer: JP Morgan Asset Management
Purchase Price: \$140 MM
Price per Unit: \$707,071

Eight O Five



City: Chicago
Buyer: Berkshire Property Advisors
Purchase Price: \$113 MM
Price per Unit: \$385,274

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