

Yardi® Matrix

Chicago: Back On Track

Multifamily Report Spring 2018

Rent Growth
Recovers

Tech Jobs Influx
Fuels Demand

Development
Maintains Fast Pace



CHICAGO MULTIFAMILY

Market Analysis

Spring 2018

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Alexandra Pacurar

Senior Writer

Tech Hub Status Revives Growth

Chicago is living up to its financial hub status and continuing to add high-earning jobs, thus helping rent growth's slight recovery. The pace of development is not showing any signs of slowing down, as the metro had 17,000 units under construction as of February, more than half of them expected to come online this year.

Tech companies in Chicago are expanding, while others—in health care or education—are looking to consolidate their online presence. Facebook is making space to add about 500 employees and pharmaceutical giant Walgreens Boots Alliance announced it will double its payroll with 300 new tech positions. However, the metro is seeing significant cuts in manufacturing and retail. Chicago's high sales tax is deepening the impact of e-commerce on traditional retailers, some of which are closing up shop. Carson's and Bergner's announced they will lay off about 400 employees this year.

Competition for talent is attracting young professionals, fueling demand for high-end apartments and pushing up absorption of new units. The new tariffs on steel imports could further increase building costs for high-rises in major metros such as Chicago, and this might, in turn, lead to higher rents. Yardi Matrix expects a 2.8% rise in Chicago rents for the whole of 2018.

Recent Chicago Transactions

Coast at Lakeshore East



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

The Park Evanston



City: Evanston, Ill.
Buyer: New York Life Investors
Purchase Price: \$127 MM
Price per Unit: \$448,763

1333 Wabash



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

TGM Danada



City: Wheaton, Ill.
Buyer: TGM Associates
Purchase Price: \$111 MM
Price per Unit: \$184,167