

CHICAGO MULTIFAMILY



Rent Growth Strong, Construction Slow

Chicago's fundamentals remained solid in the context of a wider economic slowdown. Rent development in the metro clocked in at 0.9% on a trailing three-month basis through July—60 basis points higher than the U.S. figure—with average rates at \$1,895. On a year-over-year basis, Chicago ranked fourth among all major metros tracked by Yardi Matrix, at 5.2%. Overall occupancy remained high, at 95.6% as of June, 60 basis points above the U.S. rate.

Chicago's unemployment rate was 4.3% in June. Although it inched up from the previous month, it remained 40 basis points lower than January's figure. Meanwhile, the U.S. rate stood at 3.6% and Illinois at 4.0%. Job growth slowed, as the market felt the impact of economic headwinds. Over the 12-month period ending in May, the metro's labor pool expanded 2.0%, with 81,900 jobs added. Most sectors recorded growth, led by leisure and hospitality (up 7.4% or 33,400 jobs) and education and health services (up 4.3% or 31,300 jobs).

Like most other major metros, Chicago's development activity also slowed, with new inventory accounting for 0.7% of existing stock, or 2,691 deliveries, this year through July. The figure was down 54.0% year-over-year, however, the supply pipeline remained strong, with 15,298 units under construction and an additional 89,000 in the planning and permitting stages.

Market Analysis | September 2023

Contacts

Jeff Adler

Vice President & General Manager of Yardi Matrix Jeff.Adler@Yardi.com (303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix JR.Brock@Yardi.com (480) 663-1149 x2404

Doug Ressler

Media Contact Doug.Ressler@Yardi.com (480) 695-3365

Author

Tudor Scolca-Seușan Associate Editor

Recent Chicago Transactions

North Water



City: Chicago Buyer: Crescent Heights Purchase Price: \$173 MM Price per Unit: \$434,719

Lake Meadows



City: Chicago Buyer: Antheus Capital Purchase Price: \$161 MM Price per Unit: \$86,142

Emme



City: Chicago Buyer: Hines Global Income Trust Purchase Price: \$73 MM Price per Unit: \$364,824

The Seneca



City: Chicago Buyer: FPA Multifamily Purchase Price: \$55 MM Price per Unit: \$207,547