

Yardi® Matrix

# Chicago's Thriving Landscape

Multifamily Report Summer 2018

Rent Growth Picks Up

Supply Slated for Cycle Peak

Investment Slowdown Continues

# CHICAGO MULTIFAMILY

## Market Analysis

Summer 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

## Demand Fuels Further Growth

Rent growth in Chicago has picked up due to increased demand, reaching 1.8% year-over-year as of June—its highest value since November 2016. This was mainly driven by a rebound of the higher end of the quality spectrum, as rent growth for luxury apartments recovered from the negative values registered during last year's final quarter. Meanwhile, Chicago's development momentum is expected to continue, with more than 10,000 units slated for delivery in 2018, which could mark a new cycle high.

Chicago is facing a talent gap in the booming technology sector, as professionals are migrating toward coastal hubs, according to a LinkedIn report. This is doubled by the city's steady population decrease and the 5,400 jobs in information and professional and business services lost in the 12 months ending in April. However, with companies such as Google and Facebook expanding their footprints, the downtown area continues to attract Millennials and Gen Zers looking for well-positioned apartments.

The metro continues to struggle with affordability issues, prompting local authorities to set up a \$30 million fund for the creation of 300 affordable units in Chicago's core districts. An almost complete lack of new workforce housing supply coupled with a healthy demand for urban units will lead to accelerated rent growth, estimated at 2.8% for the whole of 2018.

### Recent Chicago Transactions

Coast at Lakeshore East



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

Optima Chicago Center



City: Chicago  
Buyer: Edge Principal Advisors  
Purchase Price: \$155 MM  
Price per Unit: \$476,923

The Park Evanston



City: Evanston, Ill.  
Buyer: New York Life  
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