

YARDI[®] Matrix

Chicago's Healthy Appetite

Multifamily Winter Report 2016

City Core Attracts Renters

**Institutions Seek Out
Local Buildings**

Rent Growth Lags Nation

CHICAGO MULTIFAMILY

YARDI® Matrix

Market Analysis

Winter 2016

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Rent Growth Lackluster in Windy City

Though trailing most of the nation when it comes to growth, Chicago's multifamily market is healthy in other respects. Roughly \$2.5 billion worth of properties changed hands in 2015, the most in the current cycle, signaling that market conditions are improving and investor appetite is high.

The third-largest metro in the U.S. and the epicenter of the Midwest, Chicago is evolving from its focus on manufacturing to a greater emphasis on technology and professional services. The metro added more than 54,000 jobs in the past year. Amazon recently opened two new fulfillment centers in Kenosha, with the intention of hiring close to 2,000 people at full capacity. Major new projects, such as the Lakeshore mixed-use community and the McCormick Place Entertainment District, are likely to attract and shape development in the coming years. The ongoing expansion of O'Hare International Airport and the recently completed Dan Ryan Expressway are also likely to spur further development and job creation in the area.

Population growth overall is weak, but the city is drawing young professionals. Apartment development is picking up, with nearly 60,000 units in the pipeline. Nonetheless, the market's rent growth ranks among the weakest in the nation, and our forecast calls for it to remain modest, at 1.9%, through the end of 2016.

Recent Chicago Transactions

North Water



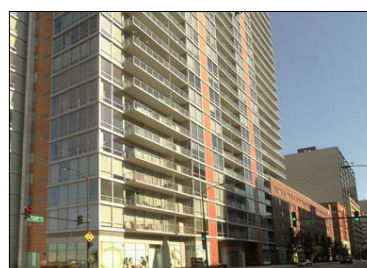
City: Chicago
Buyer: Invesco Real Estate
Purchase Price: \$240 MM
Price per Unit: \$603,769

The Lofts at Roosevelt Collection



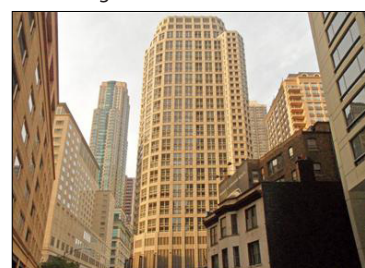
City: Chicago
Buyer: Prudential Real Estate Investors
Purchase Price: \$225 MM
Price per Unit: \$657,895

Burnham Pointe



City: Chicago
Buyer: Crescent Heights of America
Purchase Price: \$126 MM
Price per Unit: \$422,819

The Chicagoan



City: Chicago
Buyer: Planned Property Management
Purchase Price: \$104 MM
Price per Unit: \$470,588