

Yardi® Matrix

Chicago Stays The Course

Multifamily Report Summer 2019

Rent Growth Dips

Price Per Unit Peaks

Demand Tops Supply

CHICAGO MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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 Editor

Millennials Keep Demand Healthy

Chicago's deep talent pool continues to fuel the economy and demand for housing. The metro remains one of the few gateway markets that will be confronted with a housing deficit in the year ahead, despite the record number of units expected to come online this year.

The metro added 39,900 jobs in the 12 months ending in May, with one third in education and health services (13,300). However, manufacturing was the top-performing employment sector, as it added 8,300 jobs for a 2% year-over-year uptick, the most significant jump among sectors. The expansion of automotive giants in the metro such as Ford Motor Co. was one of the main reasons that led to the increase. When it comes to office-using jobs, coworking providers are stealing the show, reflecting the strength of Chicago's tech sector. WeWork is closing in on the 1 million-square-foot mark in the city's downtown.

In the first five months of the year, multifamily sales volume reached \$916 million. Investors prefer well-positioned Renter-by-Necessity assets and tight competition led to a surge in price per unit, which peaked at \$206,234 in 2019. Despite the 10,470 units anticipated to come online this year, demand is expected to outpace supply through 2020. Strong demand will also help rent growth pick up and reach 2.8% for the whole of 2019.

Recent Chicago Transactions

ReNew Wheaton Center



City: Wheaton, Ill.
Buyer: FPA Multifamily
Purchase Price: \$ 131 MM
Price per Unit: \$172,823

Linea



City: Chicago
Buyer: Pacific Reach
Purchase Price: \$121 MM
Price per Unit: \$456,981

Eleven40



City: Chicago
Buyer: Diamond Realty Investments
Purchase Price: \$117 MM
Price per Unit: \$365,625

The Belden-Stratford



City: Chicago
Buyer: Mansueto Properties
Purchase Price: \$106 MM
Price per Unit: \$356,902