



MULTIFAMILY REPORT

# Chicago's Momentum

June 2025

T3 Rents Accelerate Ahead of US  
Completions, Starts Slow Down  
Employment Inches Up

# CHICAGO MULTIFAMILY



## Rent Growth Recovers, Supply Slows

Chicago's multifamily sector started the new year on a positive note, with fundamentals at healthy levels, relative to the overall economic uncertainty. Average advertised asking rent growth recovered 0.5%, on a trailing three-month basis through April, to \$2,011, 30 basis points ahead of the national rate. Following two years of strong supply expansion, the metro's average occupancy for stabilized assets remained solid, at 95.9% in March, ahead of the 94.4% U.S. figure.

Employment growth showed signs of recovery after a tepid 2024, with the year-over-year rate clocking in at 0.8% in February, just 10 basis points behind the U.S. figure. Unemployment did not improve much, landing at 5.3% in March, according to preliminary data from the Bureau of Labor Statistics. Over the 12-month period ending in February, Chicago gained 8,300 net jobs, with education and health services (4,500 jobs) and government (3,400 jobs) leading growth. Vacant or underutilized office buildings are increasingly becoming potential candidates for multifamily conversions, especially with help from the LaSalle Corridor Revitalization program. So far, six projects have been approved, totaling \$900 million in investments and 1,765 units.

In line with nationwide trends, development is slowing down after two solid years—Chicago added 1,277 units in the first four months of the year, while another 9,607 were under construction.

## Market Analysis | June 2025

### Contacts

#### Jeff Adler

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

#### Ron Brock, Jr.

Industry Principal, Matrix  
[JR.Brock@Yardi.com](mailto:JR.Brock@Yardi.com)  
(480) 663-1149 x14006

#### Doug Ressler

Media Contact  
[Doug.Ressler@Yardi.com](mailto:Doug.Ressler@Yardi.com)  
(480) 695-3365

#### Author

#### Tudor Scolca-Seuşan

Senior Associate Editor

### Recent Chicago Transactions

#### ELEVATE Lincoln Park



City: Chicago  
Buyer: Tishman Speyer  
Purchase Price: \$114 MM  
Price per Unit: \$595,550

#### Catalyst



City: Chicago  
Buyer: The Green Cities Co.  
Purchase Price: \$94 MM  
Price per Unit: \$421,525

#### The Easton Downers Grove



City: Downers Grove, Ill.  
Buyer: Laramar Group  
Purchase Price: \$72 MM  
Price per Unit: \$245,238

#### ReNew on Naper

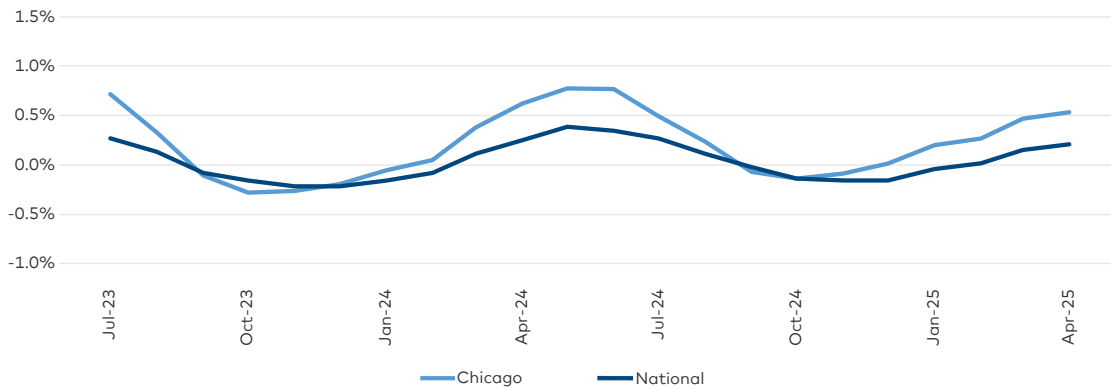


City: Naperville, Ill.  
Buyer: FPA Multifamily  
Purchase Price: \$68 MM  
Price per Unit: \$191,549

## RENT TRENDS

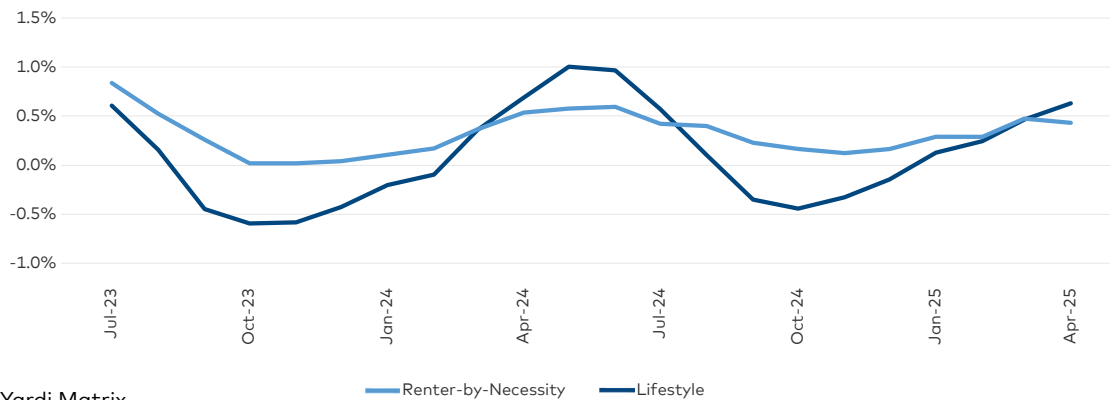
- ▶ Chicago's advertised asking rents grew 0.5%, on a trailing three-month (T3) basis through April, to an average of \$2,011, 30 basis points ahead of the national figure. Following nationwide contractions in the last four months of 2024, the metro regained its momentum, recording a clear upward trend since December. The metro's 2024 performance was stronger in the first half and had been consistently ahead of the U.S. figure. Year-over-year through April, rents in Chicago were up 3.3%, while the national rate was 0.9%.
- ▶ Average advertised asking rents for the market's upscale Lifestyle segment were up 0.6%, on a T3 basis through April, to \$2,606, having overtaken the working-class Renter-by-Necessity rate, which clocked in at 0.4%, to \$1,622.
- ▶ Chicago's overall occupancy rate for stabilized assets inched up 20 basis points year-over-year, to 95.9% in March, while the national average declined 30 basis points, to 94.4%. RBN occupancy remained unchanged, at 96.2%, while the Lifestyle figure increased 40 basis points, to 95.4%.
- ▶ A mix of urban and suburban submarkets led year-over-year average advertised asking rent growth, including Lincoln Square (up 10.5% to \$1,664), Mundelein (12.4% to \$2,115), Kenosha-South (10.3% to \$1,582) and Wilmette-Northbrook (9.1% to \$2,660).
- ▶ Advertised asking rents for Chicago's SFR sector grew 1.3% year-over-year through April, to \$2,505, while the overall occupancy was 95.2%.

### Chicago vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

### Chicago Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- Unemployment in Chicago clocked in at 5.3% as of March, according to preliminary data from the BLS. The rate inched up 20 basis points in the first quarter and 30 basis points year-over-year, widening the gap with the national figure, which stood at 4.2% in March. Meanwhile, Illinois' rate was 4.8%.
- Chicago's rate of employment growth was 0.8% year-over-year through February, up 30 basis points from the previous month and 10 basis points behind the U.S. figure. This was a significant improvement over 2024's tepid figures which, for the most part, remained in the 0.2% to 0.3% range.
- The metro added 8,300 net jobs over the 12-month period ending in February. Education and health services led growth, adding 4,500 positions. Government (3,400 jobs) and professional and business services (1,100 jobs) rounded out the top three. Manufacturing, financial activities and leisure and hospitality lost 700 positions each.
- As part of the LaSalle Corridor Revitalization program—which aims to boost office-to-residential projects—six adaptive reuse proposals, comprising 1,765 units, received approval as of March. The city provided \$321 million in tax increment financing for these projects, which collectively represent \$900 million in investments.

### Chicago Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	78.2	12.4%
90	Government	92.5	14.7%
60	Professional and Business Services	92.8	14.7%
15	Mining, Logging and Construction	26.4	4.2%
40	Trade, Transportation and Utilities	132.2	21.0%
80	Other Services	23.7	3.8%
50	Information	5.2	0.8%
30	Manufacturing	93.2	14.8%
55	Financial Activities	28.7	4.6%
70	Leisure and Hospitality	56.9	9.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- Chicago registered a 0.4% decrease in population, representing 40,756 residents, between 2021 and 2022, but the overall trend remains positive. Since 2012, the city's population has expanded 1.1%.
- Meanwhile, the U.S. figure grew 0.4% from 2021 to 2022.

### Chicago vs. National Population

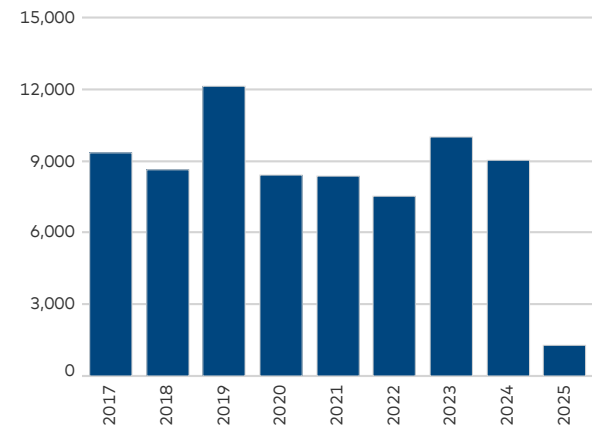
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Chicago Metro	9,508,605	9,478,801	9,607,711	9,566,955

Source: U.S. Census

## SUPPLY

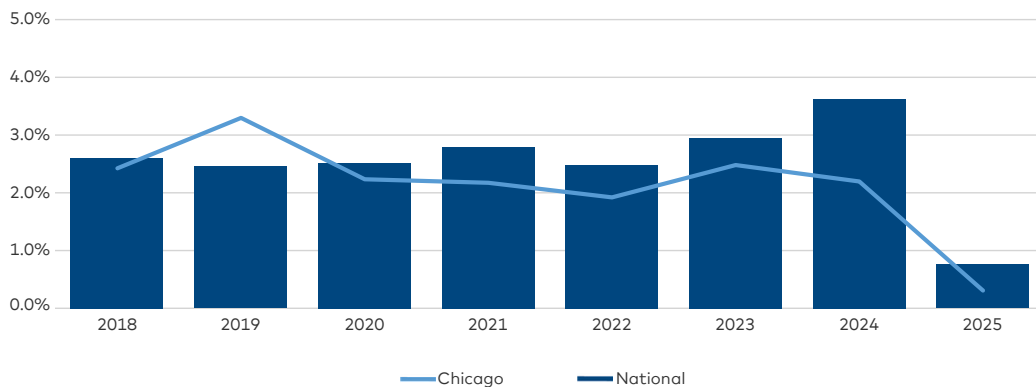
- Chicago developers had 9,607 units under construction as of April, along with an additional 85,000 in the planning and permitting stages. Units in Lifestyle assets encompassed more than three-quarters of the under-construction pipeline, while roughly 12.8% were in fully affordable projects. The balance remained heavily skewed in favor of the upscale segment.
- A total of 1,277 units came online year-to-date, down 61.2% year-over-year, signaling a change in pace. Completions accounted for 0.3% of existing stock, 50 basis points below the national figure. Volume in each of the past two years surpassed the 9,182-unit annual average recorded from 2017 to 2024. About 6,000 units are expected to come online across metro Chicago in 2025, according to the latest Yardi Matrix forecast.
- A slowdown was noticeable in construction starts as well. A total of 1,184 units broke ground year-to-date through April, which was about 400 fewer than during the same period last year.
- A mix of urban and suburban submarkets led construction activity, with St. Charles (819 units) at the top, followed by the Near North Side (767) and the Near West Side (743).
- Related Cos. broke ground last year on Chicago's largest multifamily development— 400 Lake Shore. The first phase will include a 72-story, 635-unit tower, currently taking shape on the Lake Michigan waterfront in the Near North Side submarket. Plans call for both luxury and affordable options, along with 4.5 acres of green space. The Illinois Housing Development Authority and Bank of New York Mellon issued \$501.3 million in bonds for the project, which is expected to come online in 2027.

**Chicago Completions** (as of April 2025)



Source: Yardi Matrix

**Chicago vs. National Completions as a Percentage of Total Stock** (as of April 2025)

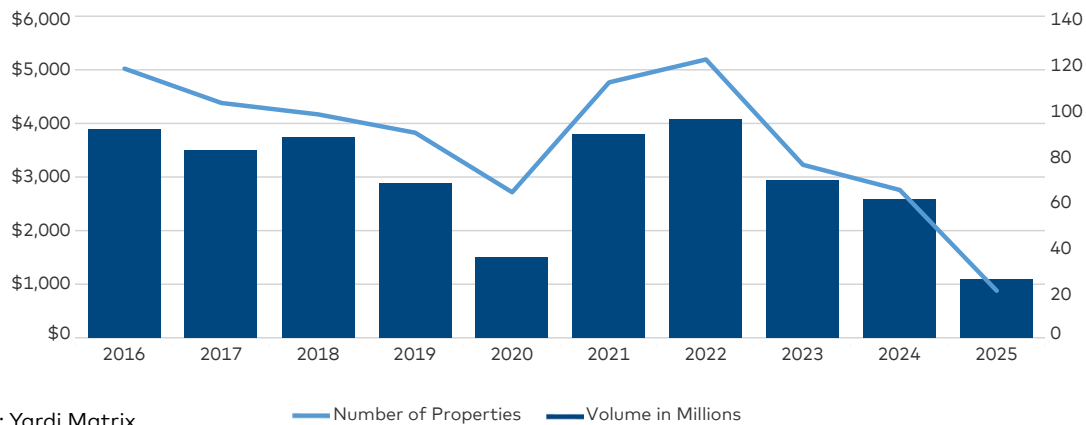


Source: Yardi Matrix

## TRANSACTIONS

- Chicago investors traded \$1.1 billion in multi-family assets year-to-date through April, 71.6% higher than during the same period last year. Confidence has somewhat returned to the market, but it's unclear if 2025 will hit the \$3.2 billion annual average investment volume recorded between 2015 and 2024.
- A total of 22 assets changed hands in the first four months of the year, for an average of \$265,852 per unit. Prices were up 24.6% compared to 2024's average, and maintained a significant advantage over the U.S. figure, which stood at \$212,785.
- Investors' outside interest in Lifestyle assets significantly influenced Chicago's per-unit price. The 11 upscale properties that changed hands yielded a combined \$817 million. One of the largest deals was Tishman Speyer's \$114 million acquisition of the 191-unit ELEVATE Lincoln Park from Baker Development. It traded for \$595,549 per unit.

### Chicago Sales Volume and Number of Properties Sold (as of April 2025)



Source: Yardi Matrix

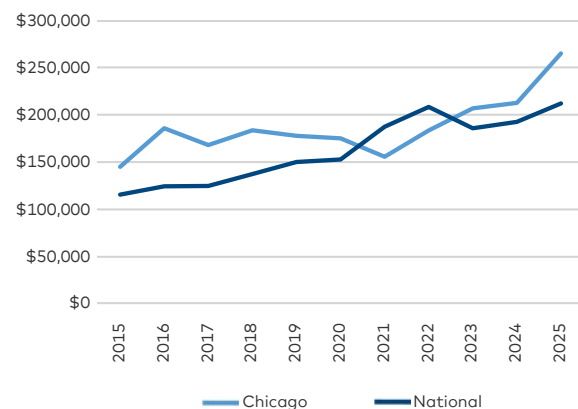
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Near West Side	589
Near North Side	327
Schaumburg	267
Wheaton	173
Lincoln Park	168
Evanston-South	148
Naperville-East	146

Source: Yardi Matrix

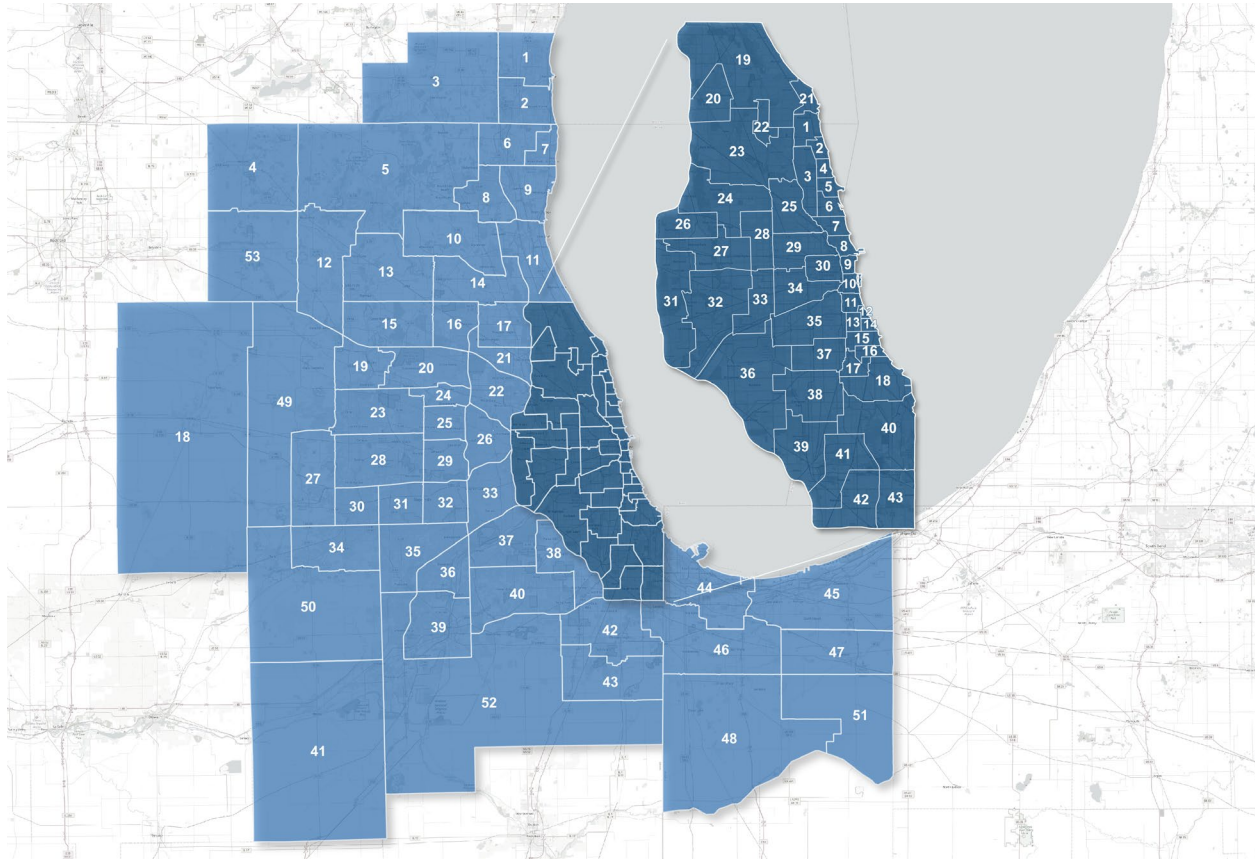
<sup>1</sup> From May 2024 to April 2025

### Chicago vs. National Sales Price per Unit



Source: Yardi Matrix

# CHICAGO SUBMARKETS



Area No.	Submarket
1	Kenosha–North
2	Kenosha–South
3	Bristol
4	Harvard
5	McHenry–Round Lake
6	Zion–West
7	Zion–East
8	Grayslake
9	Waukegan
10	Mundelein
11	Highland Park–Libertyville
12	Huntley–Woodstock
13	Crystal Lake
14	Buffalo Grove
15	Carpentersville
16	Palatine
17	Arlington Heights
18	DeKalb
19	Elgin
20	Schaumburg
21	Mt Prospect
22	Bensenville
23	St Charles
24	Roselle
25	Glendale Heights
26	Lombard
27	Elburn

Area No.	Submarket
28	Batavia
29	Wheaton
30	Aurora
31	Naperville–West
32	Naperville–East
33	Downers Grove
34	Yorkville
35	Bolingbrook
36	Romeoville
37	Hickory Hills
38	Palos Heights–Oak Forest
39	Joliet
40	Orland Park
41	Grundy
42	Chicago Heights–North
43	Chicago Heights–South
44	Gary–West
45	Gary–East
46	Gary–South
47	Valparaiso
48	Crown Point
49	Outlying Kane County
50	Outlying Kendall County
51	Outlying Porter County
52	Outlying Will County
53	Southern McHenry County

Area No.	Submarket
1	Evanston–South
2	Rogers Park
3	Lincoln Square
4	Edgewater
5	Uptown
6	Lake View
7	Lincoln Park
8	Near North Side
9	Loop
10	Near South Side
11	Douglas
12	Oakland
13	Grand Boulevard
14	Kenwood
15	Hyde Park
16	Woodlawn
17	Greater Grand Crossing
18	South Chicago
19	Wilmette–Northbrook
20	Des Plaines
21	Evanston–North
22	Skokie

Area No.	Submarket
23	North Park–Niles
24	Montclare
25	Irving Park–Logan Square
26	Northlake
27	Oak Park
28	Belmont Cragin–Austin
29	West Town–Garfield Park
30	Near West Side
31	Countryside–Westchester
32	Berwyn
33	Cicero
34	Lawndale
35	New City
36	Burbank–Oak Lawn
37	Englewood
38	Auburn Gresham
39	Blue Island
40	South Deering–Pullman
41	Riverdale
42	South Holland
43	Calumet City

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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