



MULTIFAMILY REPORT

Chicago Market Adapts

September 2025

YoY Rent Growth Leads Nation

Investment Volume Improves

Completions Slow Down

CHICAGO MULTIFAMILY



Rents Stay on Top, Supply Slows

Chicago's multifamily market maintained its stability in the second half of the year. Average advertised asking rents were up 0.6%, on a trailing three-month basis through July, to \$2,049, 40 basis points ahead of the U.S. The metro led all other major markets for year-over-year rent growth, at 4.1% as of July. Meanwhile, the national figure stood at 0.8%. Chicago also led growth in the single-family rental sector, clocking in at 5.9% in the same month.

Job growth slowed, with the year-over-year figure at 0.4% through May, half the 0.8% U.S. figure. Unemployment told a similar story, with the rate at 5.0% as of June, 90 basis points above the U.S., according to preliminary data from the Bureau of Labor Statistics. Through the 12 months ending in May, the metro added 17,600 net jobs, with education and health services leading growth (16,300 positions combined). Three sectors lost a combined 19,700 jobs. Still, major investments continue to be made in the metro, including the \$7 billion 1901 Project, a redevelopment of the area around the United Center that was approved earlier this year.

After adding roughly 20,000 units over the past two years, Chicago's development pipeline recently slowed down. Year-to-date through July, 2,220 units were delivered, which represented only 0.5% of existing stock.

Market Analysis | September 2025

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Recent Chicago Transactions

Fulbrix Fulton Market



City: Chicago
Buyer: Normandy Real Estate
Purchase Price: \$170 MM
Price per Unit: \$453,333

Top of the Mount



City: Mount Prospect, Ill.
Buyer: TLC Management
Purchase Price: \$60 MM
Price per Unit: \$313,020

The Westlyn



City: Warrenville, Ill.
Buyer: RPM
Purchase Price: \$59 MM
Price per Unit: \$244,834

1100 North Dearborn

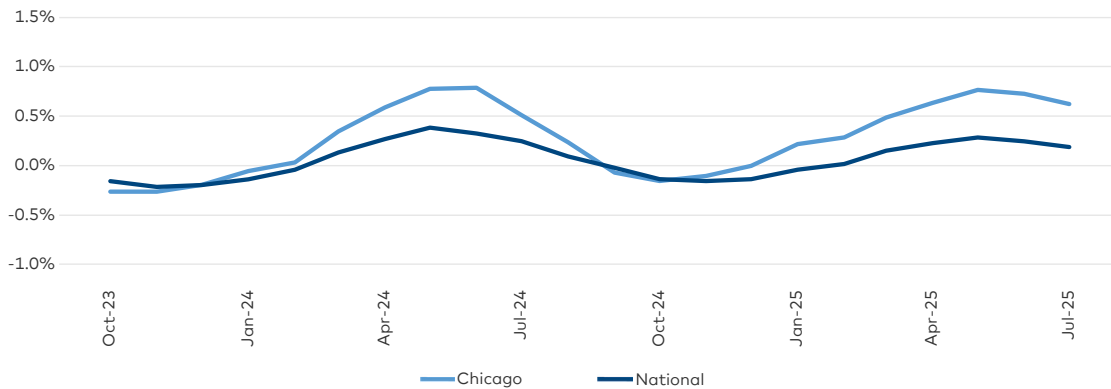


City: Chicago
Buyer: CRM Properties Group
Purchase Price: \$43 MM
Price per Unit: \$156,934

RENT TRENDS

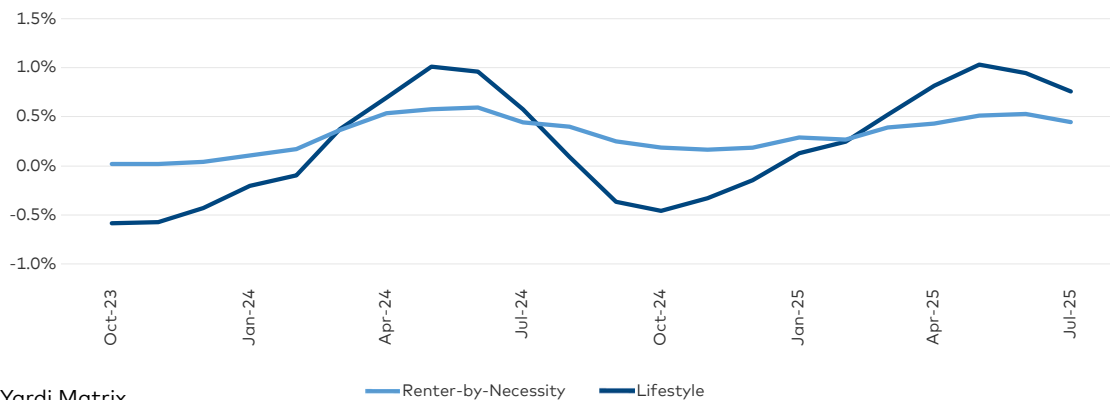
- ▶ Chicago's average advertised asking rents ticked up 0.6%, on a trailing three-month (T3) basis through July, to \$2,049. The metro's rate was 40 basis points ahead of the nation, but the past two months registered a 20-basis-point downtick, losing some of the momentum gained in the first quarter. Year-over-year, however, rents were up 4.1%, making Chicago the best-performing metro among the 30 major markets tracked by Yardi Matrix. The national figure remained at 0.8%, while Columbus, Ohio (3.9%), and Detroit (3.5%) rounded out the top three.
- ▶ Advertisd asking rents for the working-class, Renter-by-Necessity segment were up 0.4%, on a T3 basis through July, to \$1,646, while the figure for upscale Lifestyle assets was double the rate of growth, at 0.8%, to an average of \$2,661.
- ▶ Chicago's average overall occupancy rate ticked up 20 basis points year-over-year through June, to 96.1%, still outpacing the 95.0% national figure. Occupancy for the Lifestyle segment clocked in at 95.8%, while the RBN figure stood at 96.4%.
- ▶ Gains in year-over-year advertised asking rent growth were led by Gary–West (up 11.9% to \$1,216). The Near West Side (11.2% to \$2,909), Kenosha–South (10.3% to \$1,583), Uptown (10.1% to \$1,715) and Wilmette–Northbrook (9.6% to \$2,688) rounded out the top five.
- ▶ Advertisd asking rents for Chicago's SFR sector also led the nation, up 5.9% year-over-year through July, to \$2,508. The national average was up 0.4%, to \$2,205.

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

- ▶ Chicago's employment growth rate stood at 0.4% year-over-year through May, unchanged from the previous month and 40 basis points below the U.S. figure. The metro's rate started declining in 2024's first quarter and has not recovered since. It trailed the national average throughout last year by roughly 60 to 90 basis points.
- ▶ The metro's unemployment rate stood at 5.0% as of June, 90 basis points above the U.S. figure, according to preliminary BLS data. Still, Chicago's rate was down 120 basis points year-over-year, and the trend remained positive since the start of this year. Illinois' unemployment was 4.6% in June.
- ▶ Over the 12-month period ending in May, Chicago added 17,600 net jobs. Education and health services led gains, with 16,300 positions added, followed by government (7,400) and leisure and hospitality (6,700). Three sectors lost 19,700 jobs combined, with professional and business services taking the largest hit (-9,400).
- ▶ One of the largest developments that was approved earlier this year by the city council is the 1901 Project, a \$7 billion mixed-use masterplan around United Center. It is slated to include housing, retail, entertainment and public space. Construction started earlier this year with a 6,000-seat music venue.

Chicago Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	813.3	16.5%
90	Government	587.5	11.9%
70	Leisure and Hospitality	502.2	10.2%
55	Financial Activities	319.2	6.5%
80	Other Services	200.6	4.1%
50	Information	76.5	1.6%
15	Mining, Logging and Construction	191.8	3.9%
30	Manufacturing	427	8.7%
40	Trade, Transportation and Utilities	976.6	19.9%
60	Professional and Business Services	822.2	16.7%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ From 2021 to 2022, Chicago lost 40,756 residents, or 0.4% of its population. Meanwhile, the U.S. population grew 0.4%.
- ▶ However, the trend remains positive, as Chicago's population has expanded 1.1% since 2012.

Chicago vs. National Population

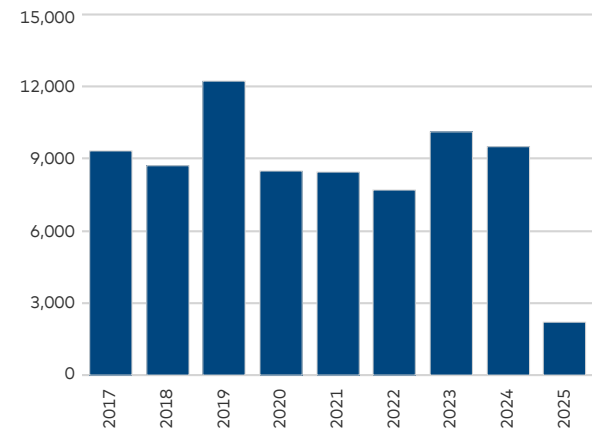
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Chicago Metro	9,508,605	9,478,801	9,607,711	9,566,955

Source: U.S. Census

SUPPLY

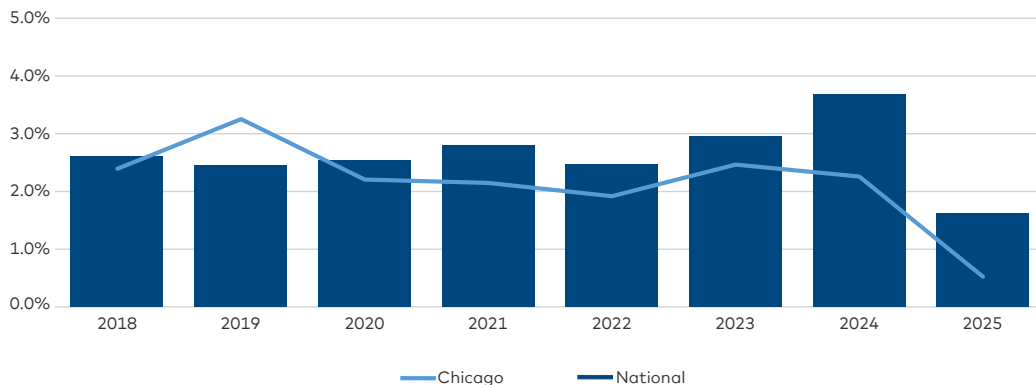
- ▶ As of July, Chicago had 9,629 units under construction and an additional 85,000 in the planning and permitting stages. Development remained heavily skewed toward the upscale Lifestyle segment, with 84.6% of all units underway in such projects. Units in fully affordable developments comprised only 10.3% of the pipeline, while the rest were in RBN assets.
- ▶ Developers completed 2,220 units in the first seven months, down 59.3% from the same period last year. Though the slowdown is in line with nationwide trends, Chicago's activity declined at a more drastic pace. Completions this year through July amounted to 0.5% of existing stock, 110 basis points behind the national figure. Since 2017, the metro has added an average of 9,299 units per year. Should market conditions remain stable, Yardi Matrix expects Chicago to add nearly 4,000 units to its inventory in 2025, which would make it the weakest year in this time frame.
- ▶ During the first seven months of the year, Chicago developers broke ground on 2,680 units across 11 projects, slightly less than the 3,040 units and 19 developments that started construction during the same period last year.
- ▶ Suburban Chicago had 5,477 units under construction in July, slightly above urban Chicago, which had 4,152. The Near North Side led development with 767 units underway, followed by Elgin (616), the Near West Side (526), St. Charles (499) and Lincoln Park (423).
- ▶ Sterling Bay developed the largest property to come online through the first seven months of the year—a 350-unit community dubbed The Elizabeth, in the Near West Side submarket.

Chicago Completions (as of July 2025)



Source: Yardi Matrix

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



Source: Yardi Matrix

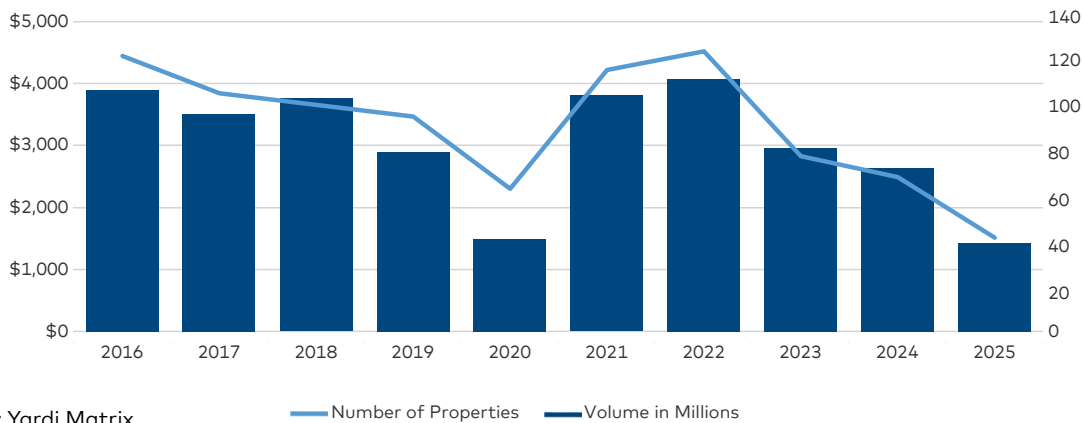
TRANSACTIONS

- ▶ Chicago's multifamily investment volume totaled \$1.4 billion year-to-date through July, which was 44.3% more than the amount recorded in the same period last year. Investors are slowly increasing their activity, but it is likely this year will remain below the annual average of \$3.2 billion registered over the past decade.
- ▶ A total of 44 deals closed in the first seven months of the year, and investors favored value-add transactions, as 25 were for RBN

assets. The overall average price per unit in Chicago climbed 15.3% since December last year, to \$246,052. Meanwhile, the U.S. figure increased 7.4%, to \$207,299.

- ▶ Investors focused on Chicago's urban submarkets, two of which—the Near West Side and the Near North Side—had nearly \$1 billion in sales over the 12-month period ending in July. The latter also included the largest sale of this year, in which Normandy Real Estate paid \$170 million for the 375-unit Fulbrix Fulton Market.

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



Source: Yardi Matrix

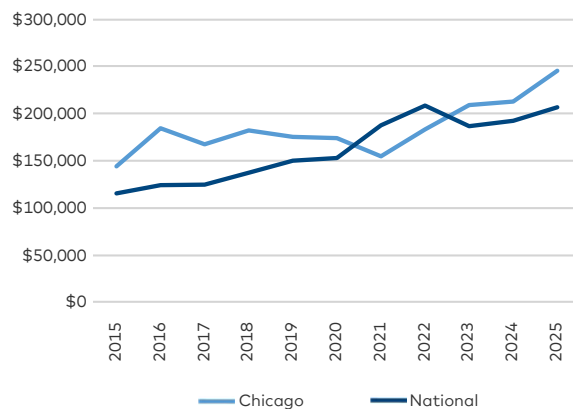
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Near West Side	589
Near North Side	403
Wheaton	185
Lincoln Park	169
Naperville–West	168
Evanston–South	148
Naperville–East	146

Source: Yardi Matrix

¹ From August 2024 to July 2025

Chicago vs. National Sales Price per Unit



Source: Yardi Matrix



Tackling Chicago's Affordable Housing Issue

By Olivia Bunescu

Besides its core mission to support residents earning up to 30 percent of the area median income, the Chicago Housing Authority also provides financial coaching and invests in mixed-income developments, among other things. CHA has worked on 77 communities and with more than 135,000 residents. Deputy Chief of Development Rishab Mehan and Deputy Chief of Staff, Strategy and Insights Jennifer Hoyle provide details about the city's housing affordability crisis.

What are the most pressing concerns in the Chicago affordable housing space today?

Hoyle: The most urgent concern is the growing affordability gap, particularly for households at or below 30 percent AMI. In Chicago, that's earning \$25,200 annually for one person and \$32,970 for a family of four in 2025, according to the city's data published annually. There are concerns about the supply of housing units at all levels of income, whether it's with extremely low-income individuals and families or homeowners.

Mehan: Also, construction costs are rising, rents are increasing, and the cost of homeownership is climbing. That puts pressure on both the development side and the voucher side, where rising rents mean CHA needs to contribute more to subsidies while navigating a complex and evolving pool of federal funding.

How many units are there needed to make a meaningful impact?



Rishab Mehan (left) and Jennifer Hoyle (right)

Hoyle: Estimates vary, but studies suggest Chicago needs 150,000-200,000 affordable units to meet current demand. DePaul University's Institute of Housing Studies placed the number at around 120,000 a few years ago, but a new internal analysis, backed by our waitlist data, indicates that the gap is growing.

What role are you actively playing in expanding the city's affordable housing stock?

Mehan: In 2024, we delivered 687 units, with 770 more under construction. As of July 2025, we've already delivered 270 new units and have 603 more

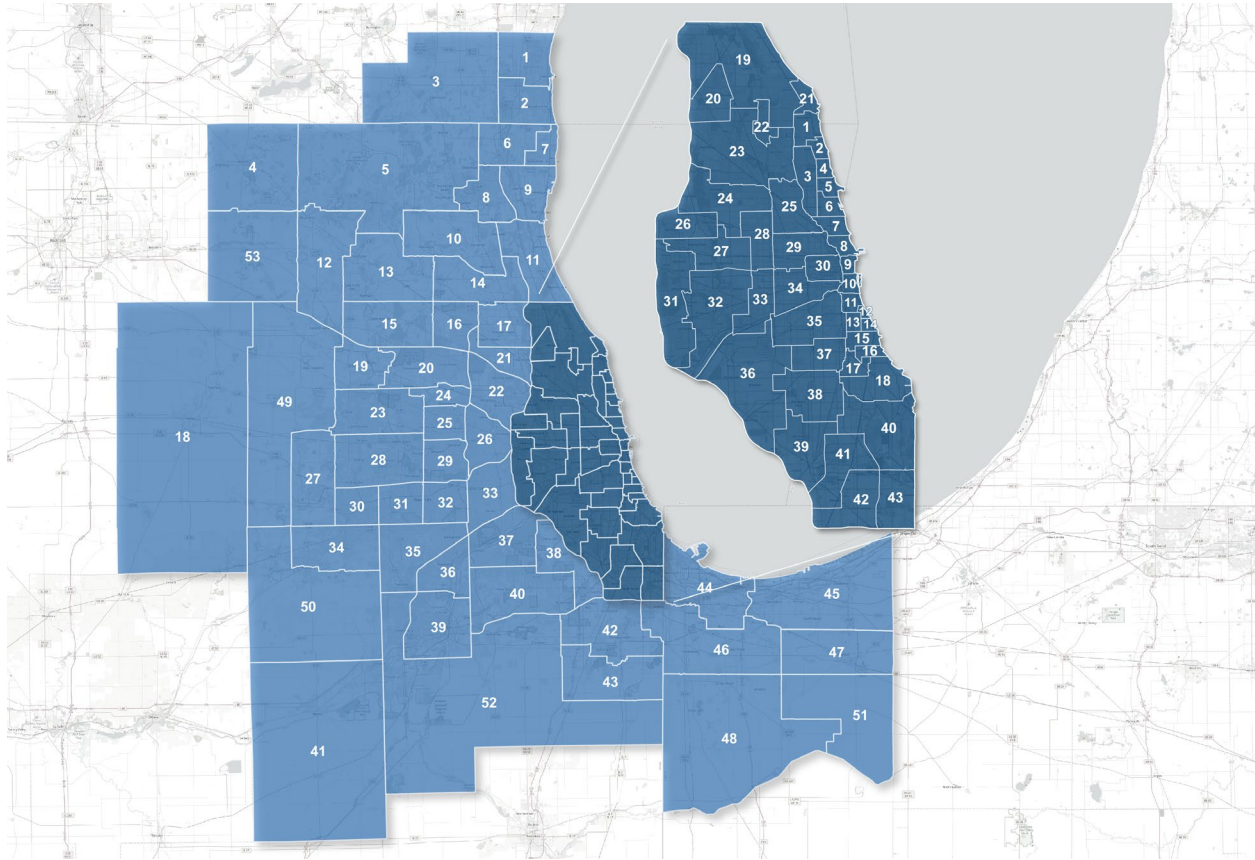
underway. These developments include CHA units, affordable housing and market-rate units that support mixed-income communities across the city.

Besides high construction costs, what would you say are the biggest barriers in accelerating affordable housing development?

Mehan: From a planning standpoint, these sites are often more complex and tend to be more densely developed, which means we must navigate a greater number of site constraints and engage in more extensive conversations with neighbors and local stakeholders. Physical limitations such as narrow lots, limited access points or other challenges like staging construction equipment, can also slow down the process. These areas often require more coordination, additional approvals and increased problem-solving, which can delay timelines and add to costs.

Read the full interview at www.multi-housingnews.com

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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