

MARKET REPORT

CHICAGO, IL

MULTIFAMILY 2023

HIGHLIGHTS

- Over the last 12 months, there has been a decrease in annual rental growth, with the rate declining from 4.9% in 2022 to 3.5% now.
- Over 8,000 units have been delivered in the past 12 months, on par with the 10-year delivery schedule.
- The strength of the Chicago multifamily market can be attributed to the scarcity of new residential properties, particularly in suburban settings. This lack of supply has contributed to the market's historical resilience and stability.
- The majority of Chicago's 43 multifamily submarkets experienced favorable rent growth in the past year, with only a small number of submarkets showing gains below 3%.

MARKET OVERVIEW

Chicago's multifamily market is a dynamic and robust sector that continues to show promising signs. While certain regions across the country are experiencing slowing rent growth and a decline in absorption, the Chicago multifamily market has remained stable. This positive trend is expected to persist in the present and near future, indicating a solid and sustainable market condition. Notably, the current occupancy level stands at 94.7 percent, which is extremely impressive considering the significant development introduced in recent years. Overall, the Chicago multifamily market offers diverse housing options in a city known for its culture, history, and vibrant urban lifestyle.



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RENTS | VACANCY | CONSTRUCTION

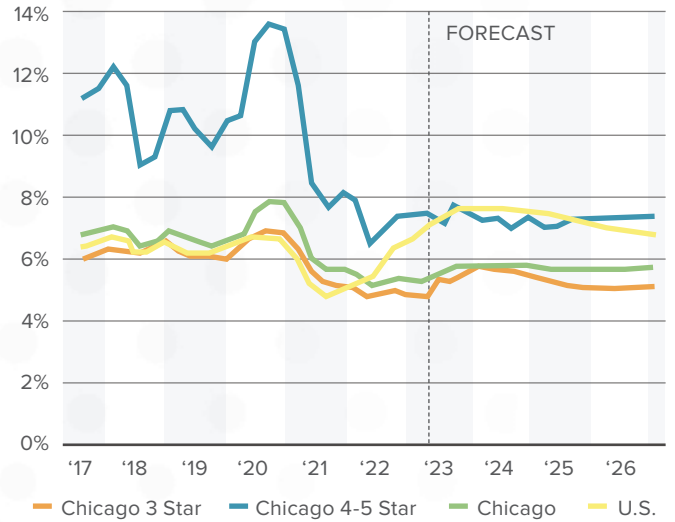
Demand in the market remains robust, resulting in the absorption of approximately 6,700 units in the past 12 months. The Downtown Chicago and North Lakefront submarkets account for over 40 percent of the metro area's year-over-year absorption growth. These two premier submarkets in Chicago are attracting many renters due to their appealing benefits and amenity offerings in the post-pandemic market. Strong demand and decreasing vacancies have contributed to healthy rent growth in Chicago this year, currently at 3.4 percent. For the first time in over a decade, Chicago has surpassed the national rent growth average, of 1.2 percent.

Despite achieving near record-breaking occupancy levels in the past year, the rate of new property deliveries has been relatively slow, with a little over 8,000 units entering the market during the past 12 months. Currently, there are over 15,000 units under construction, which is much higher than the market's 8,100-unit all-time average. Construction activity focuses primarily on the Downtown and North Lakefront submarkets, where nearly 7,000 units are currently under construction. These units are expected to be completed and available for occupancy within the next few years.

AMONG THE TOP 10 LARGEST MARKETS IN THE COUNTRY, CHICAGO ACHIEVED THE HIGHEST MULTIFAMILY RENT GROWTH IN THE PAST 12 MONTHS.

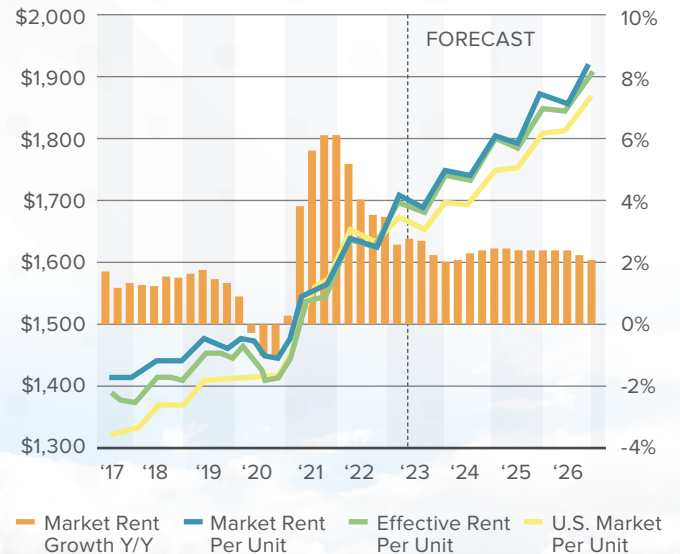
VACANCY RATE

SOURCE: COSTAR GROUP



MARKET RENT PER UNIT & RENT GROWTH

SOURCE: COSTAR GROUP





CHICAGO BY THE NUMBERS IN THE LAST 12 MONTHS

SOURCE: COSTAR GROUP

UNITS UNDER CONSTRUCTION

14,802

UNITS DELIVERED

8,032

VACANCY RATE

5.3%

ASKING RENT GROWTH

3.4%

AVERAGE PRICE PER UNIT

\$181,000

SALES VOLUME

\$4.9B

SALE COMPARABLES

1,276

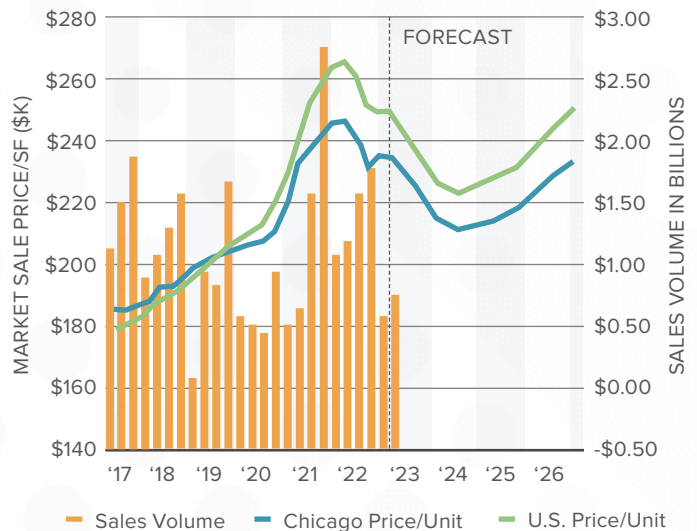
SALES

The total sales volume in Chicago's multifamily market over the last 12 months is \$4.9 billion. Downtown Chicago has regained its position as the leading area in the metro region, with approximately \$829 million in completed multifamily transactions in the last 12 months. While the multifamily sales volume in Chicago experienced a decline during the first two quarters of 2023, it was not as significant as the decrease observed in other commercial real estate property types.

ACCORDING TO COSTAR GROUP, CHICAGO MULTIFAMILY INVESTMENT ACTIVITY SEEMS TO BE THE MOST RESISTANT TO INFLATIONARY TRENDS AND RISING INTEREST RATES COMPARED TO OTHER ASSET TYPES.

SALES VOLUME & MARKET SALE PRICE PER UNIT

SOURCE: COSTAR GROUP



Please contact a Matthews™ specialized agent for more information.

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