



MARKET INSIGHT REPORT

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CHICAGO  
SPRING 2024



# Chicago Rental Market

The Chicago metro had the highest rent growth gains among the nation's 10 largest areas with the greatest amount of inventory last year. Of the country's 25 largest markets, only Orange County surpassed Chicago in rent growth. Chicago's 'tried and true' multifamily market fundamentals kept demand flowing at a stable and steady pace overall. Meanwhile, large metro markets across the U.S. continued the downward projection of absorption and rental growth that commenced in the latter half of 2022. Rent growth is forecasted to be above the national average for the first time, continuing for over 24 consecutive months.

- Chicago's urban submarkets represent half of the metro's multifamily market and had a collective growth of 1.8% as of Q1 2024.
- The North Lakefront urban submarket accounts for 16% of the metro's supply and had rent gains of 2.6%.
- Submarkets that had minimal development in the past 10 years have the highest appreciation of rent gains, with Class B properties leading year-over-year rent increases at 3.6%.



## 4.4%

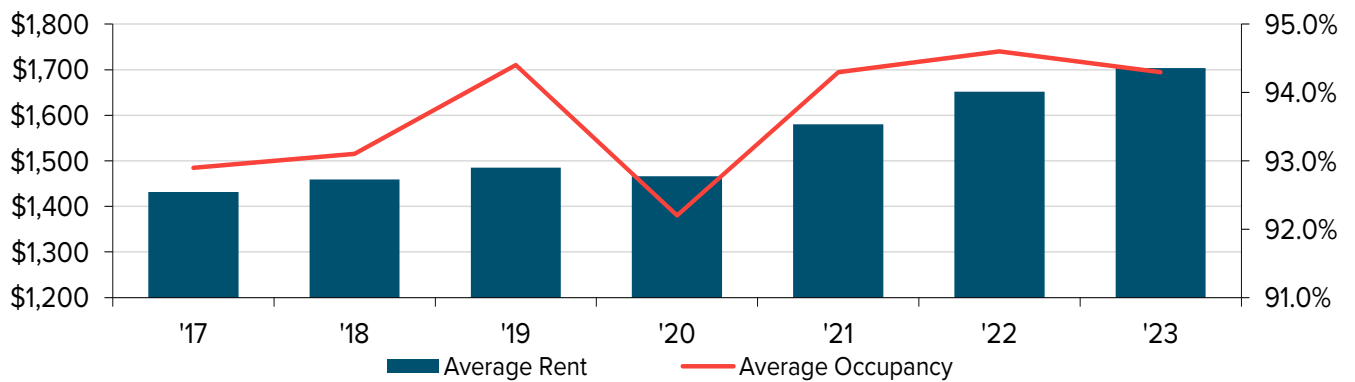
Projected Rent Growth by Year End 2024

YoY

Source: CoStar

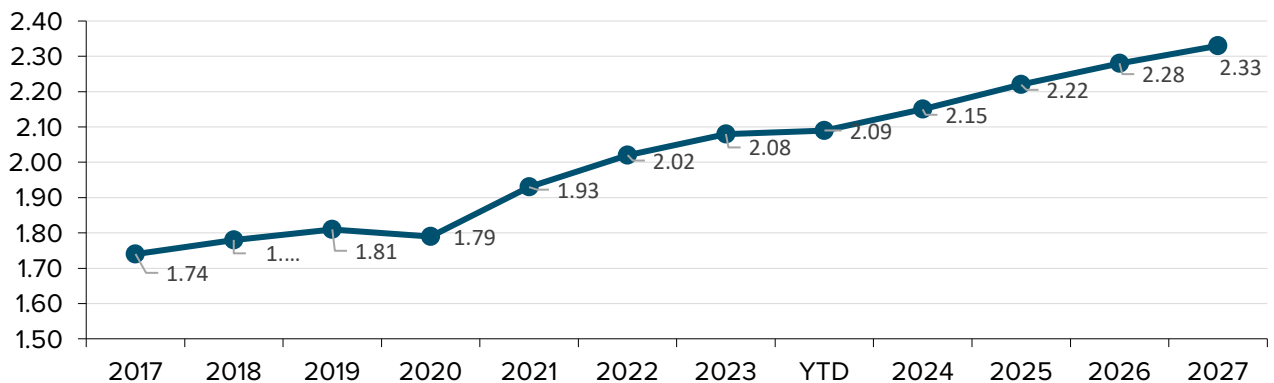
- Rent growth remained positive as of Q1 2024 in Downtown Chicago with 0.4% growth. The Downtown submarket, which contains 11% of Chicago’s inventory, had an influx of new deliveries at the end of 2023, causing rents to soften and concessions to increase.
- Rental rates are projected to remain flat through the first half of 2024 as inflation effects linger and deliveries from a higher-than-historical norm construction pipeline come online, pushing vacancy rates higher. Even so, vacancy is still projected to be below the market’s historical average for the second half of 2023 and into next year.
- Year-over-year rent growth by year’s end is projected to be above the national average at 4.4%.

### Average Rent / Vacancy



Source: CoStar | \*Projected

### Asking Rent / SF

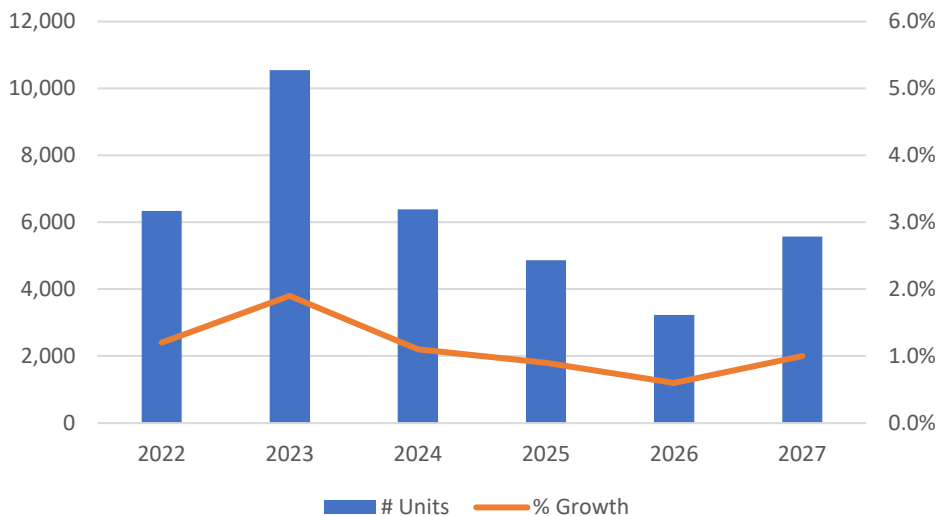


Source: CoStar | \*Projected

# Multifamily Construction

- Multifamily market conditions in the Chicago area held steady and outperformed most major metro areas throughout the U.S. in 2023 in rent growth, tightened supply, and occupancy.
- About 8,000 units were absorbed over the past 12 months, over twice the amount of the metro’s all-time year net absorption average of 4,200 units.
- Strong demand indicators combined with a significant decrease in 12-month construction starts fueled construction activity in 2023. There are currently nearly 11,000 units under construction, 57% fewer than the 2018 peak.
- Construction activity remains heavily concentrated in the Downtown and North Lakefront submarkets, with 4,000 units combined under construction set to deliver over the next few years.
- Transit-Oriented Developments (TODs) have been a primary focus for developers in the suburban markets and are also taking shape across the metro area.
- Healthy absorption is predicted through the first half of 2024 as would-be home buyers stay in place in the rental market.
- Conversions of former retail anchor sites and office buildings into multifamily components are on the rise, such as the former Bloomingdale’s at Old Orchard in Skokie and the AT&T Campus, Hoffman Estates.

## Completions / Net Absorption

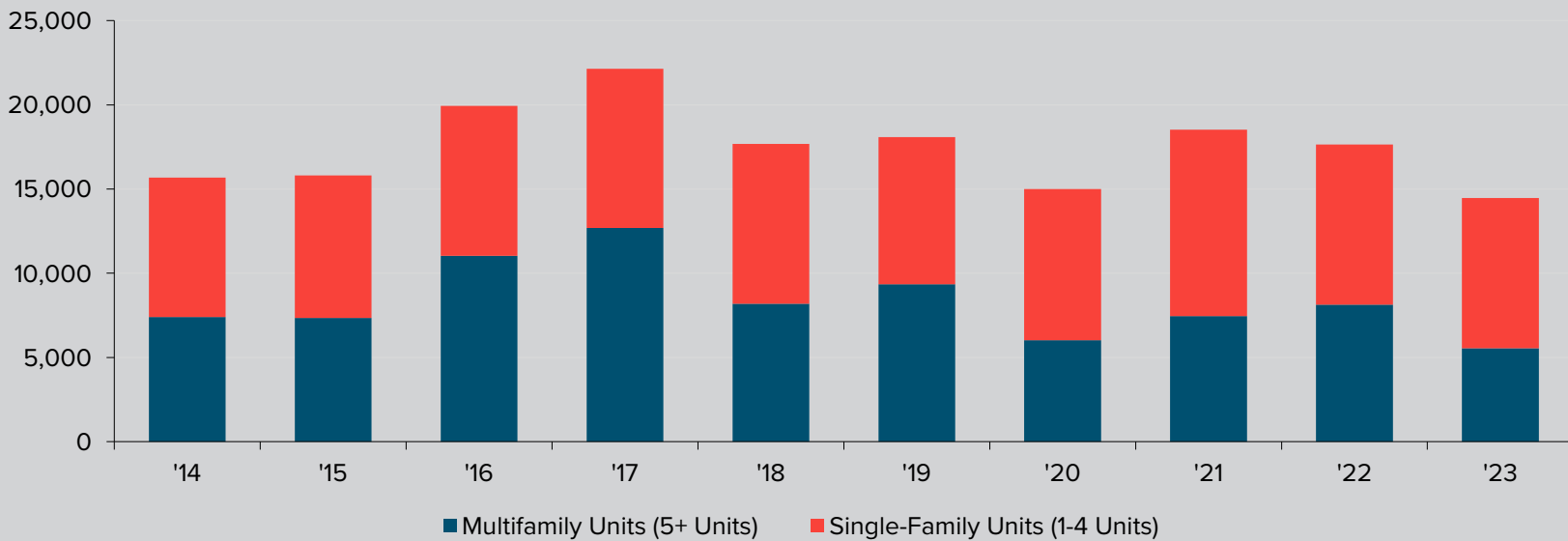


Source: CoStar | \*Projected

# Permits

- The median sale price for single-family homes in the Chicago Metro was \$315,000, up 10.1% Y-o-Y.
- The median sale price for single-family homes in the City of Chicago was \$315,000, up 6.3% Y-o-Y.

## Total Residential Building Permits



Source: Illinois REALTORS, Chicago Metro Area Includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties



**8,928**  
Single Family  
Permits

**5,539**  
Multifamily Permits

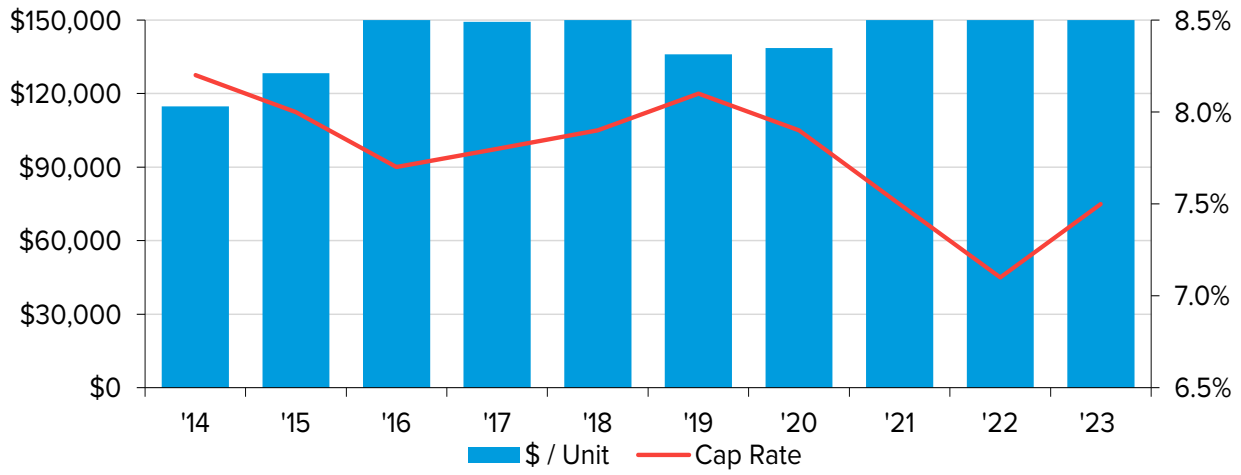


**\$315K**  
Median Single  
Family Price





### Average Sales PPU / Cap Rate



Source: CoStar | YTD as Reported by CoStar | \*Projected



# \$189K

12 Mo. Avg.  
Sold Price / Unit YTD



# 7.5%

12 Mo. Avg. Cap Rate

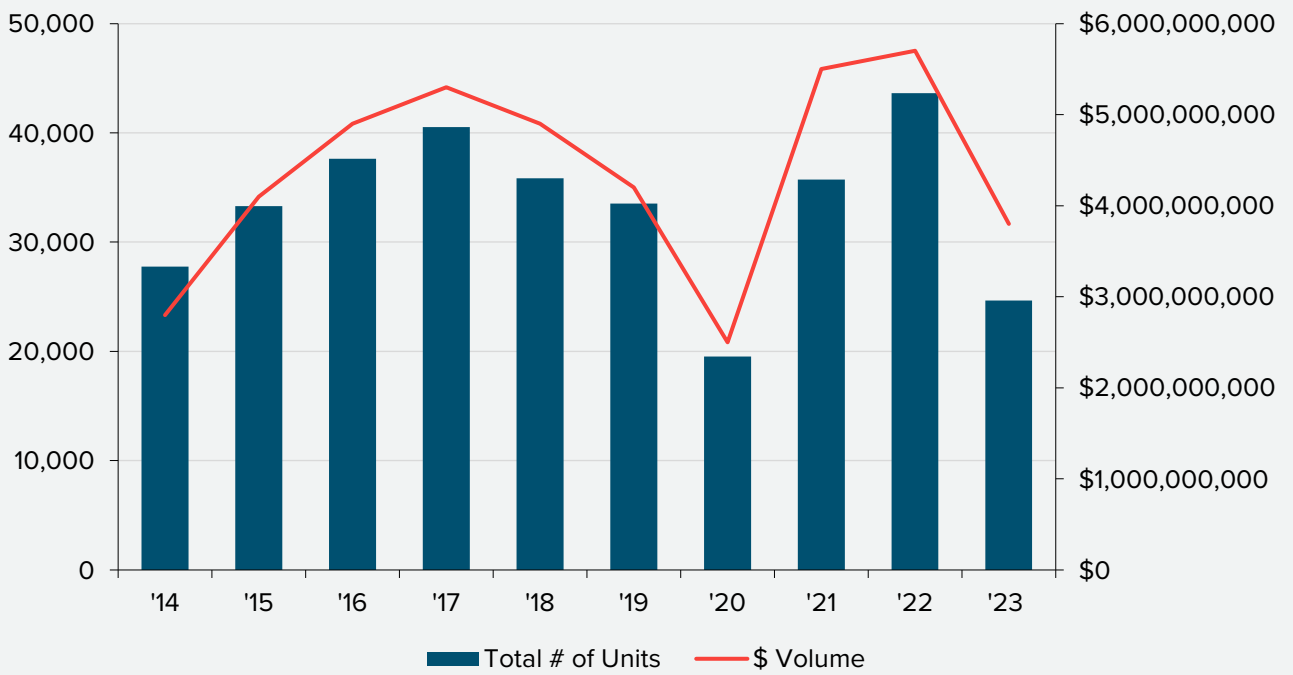




**\$3.8B**

12 Mo. Sales Volume

### Apartment Sales Transactions



Source: CoStar

# Employment / Unemployment

Chicago has one of the largest and most diverse economies in the world. The metro's strategic positioning, exceptional transmodal network, access to capital, and highly educated workforce pool have evolved the region into a tried-and-true national and global powerhouse center. Greater Chicago houses corporate headquarters for United Airlines, JP Morgan Chase, Discover Financial Services, ConAgra Brands, Kraft Heinz, and McDonald's.

Chicago's economy gained momentum in 2023 despite recessionary effects and lingering economic uncertainties. The job losses of 2020 were nearly recovered by the end of 2023 with the exception of government and manufacturing positions. Chicago's Gross Domestic Product (GDP) grew by 1.0% in 2023, ranking it in the lower quartile of the top 50 metropolitan areas. GDP is projected to increase by 0.9% in 2024 and 1.6% thereafter through 2028. Job gains are predicted to be lead in the industry sectors of real estate, computer-systems design industries, and manufacturing.

The Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (MSA) includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin. The MSA is comprised of four metropolitan divisions - separately identifiable employment centers within the greater metropolitan area. The Chicago-Naperville-Arlington Heights, IL division contains 80% of the metropolitan area's total nonfarm employment.

Source: BLS, GREA Research, Oxford Economics, CoStar

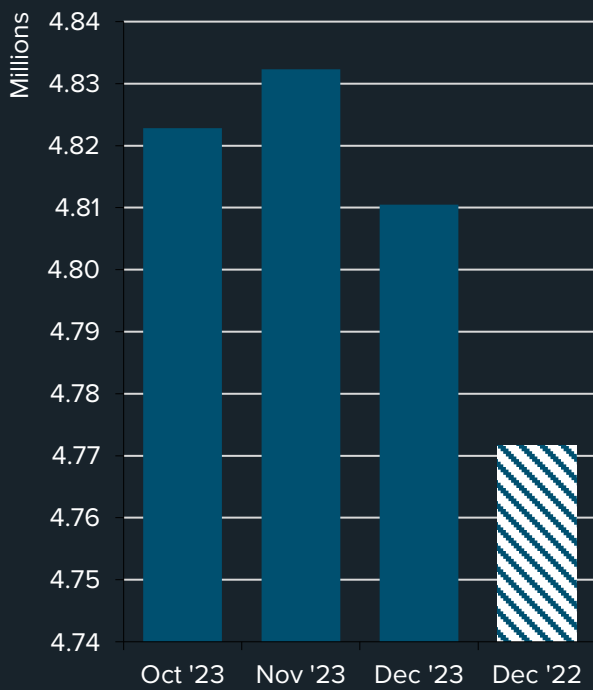
As of December 2023:

- Total nonfarm employment for the Chicago-Naperville-Elgin, IL-IN-WI, metropolitan area increased by 38,900 jobs, a 0.8% year-over-year increase.
- Of Chicago's 11 major industry sectors, eight reported job gains and three reported job decreases. The professional and business services sector had 18,000 net job losses, a -2.1% year-over-year change compared to 0.6% nationally, followed by the information sector, down 6,700 positions and a -8.2% change year-over-year, and trade, transportation, and utilities, down -5,500 positions and a -0.6% year-over-year change.
- The average hourly wage in the Chicago metro area was \$29.10, and the national average hourly wage was \$29.34.

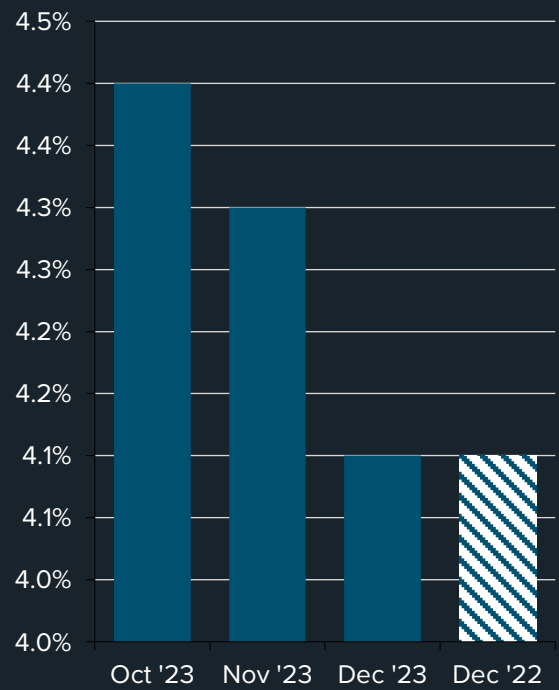




### Total Employment



### Unemployment



Metro Area Employment (Thousands)	Dec. 2023	Atlanta	National
Total Non-farm	4810.5	0.8%	2.0%
Mining And Logging	1.6	6.7%	2.6%
Construction	181.5	2.7%	3.4%
Manufacturing	414.5	0.9%	1.2%
Trade, Transportation, and Utilities	989.9	-0.6%	0.6%
Information	75.2	-8.2%	-2.6%
Financial Activities	320.9	1.8%	1.0%
Professional and Business Services	849.8	-2.1%	0.6%
Education and Health Services	777.6	4.1%	4.2%
Leisure and Hospitality	469.6	2.7%	3.5%
Other Services	195.6	1.0%	1.8%
Government	534.3	1.8%	3.2%

Sources: U.S. Bureau of Labor Statistics



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