



# State of the Chicago Multifamily Markets

## Real Estate Investment Association



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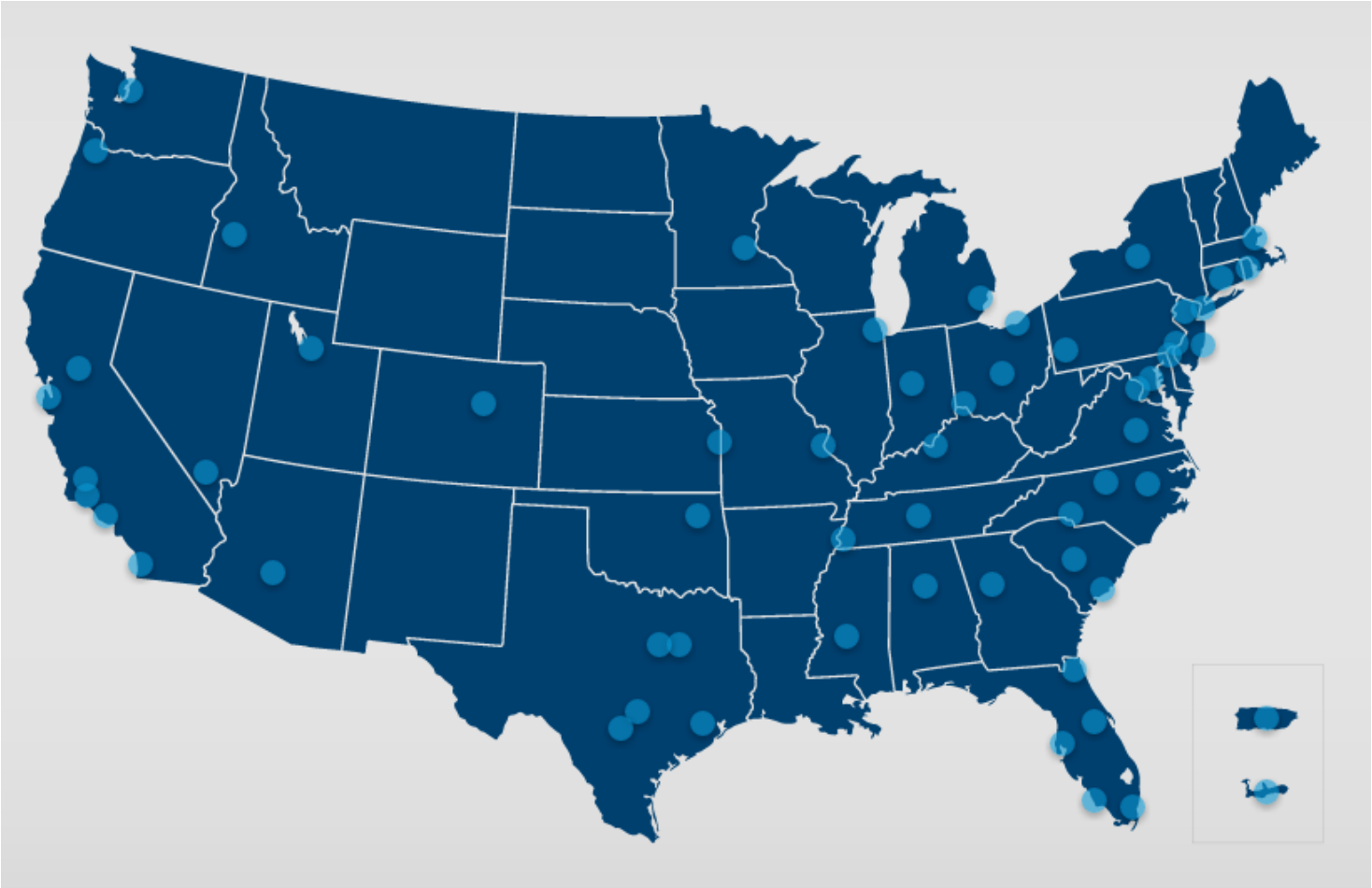
**Integra Realty Resources**

**1 N Franklin, Suite 3010**

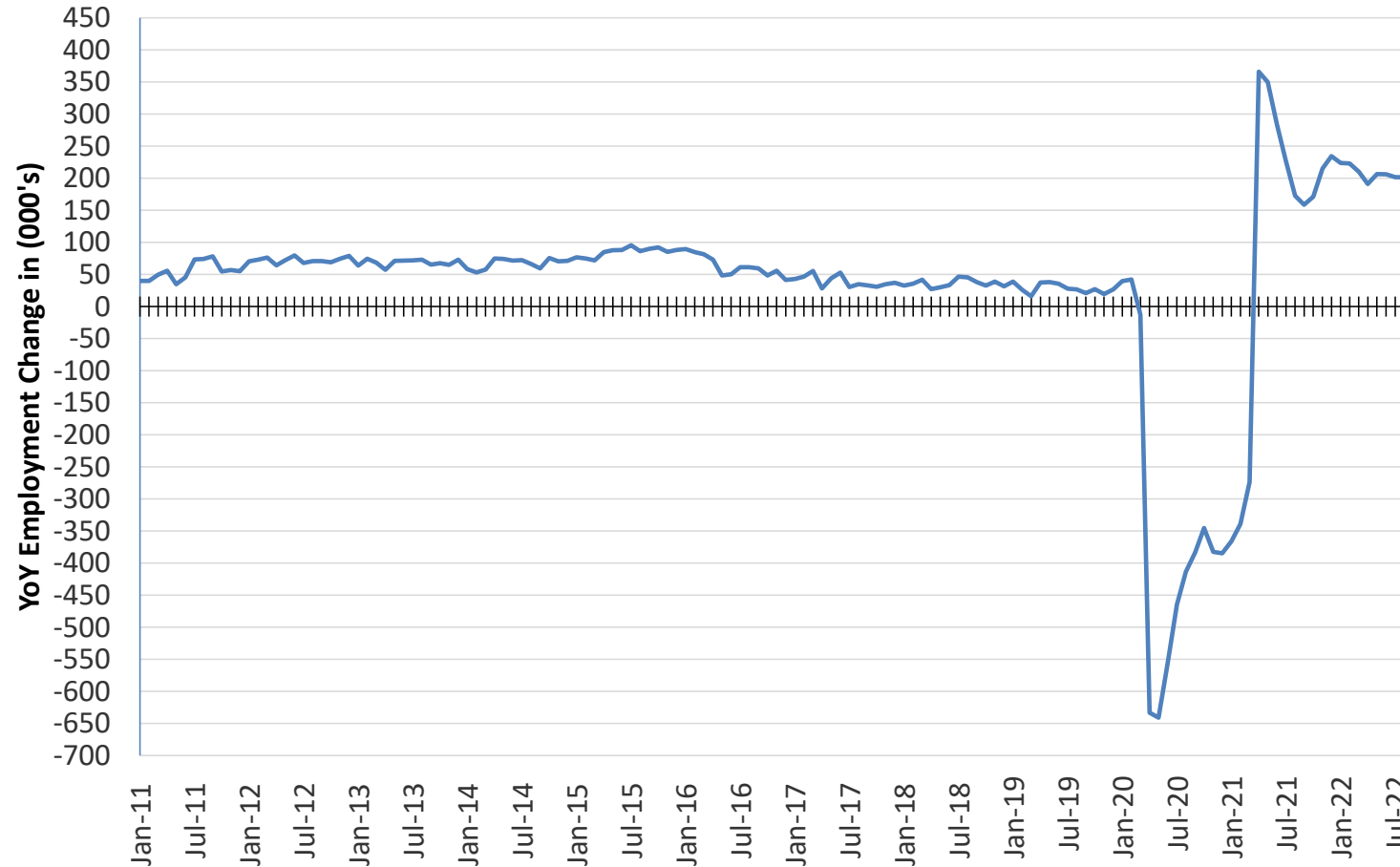
**Chicago, IL 60606**



# Coverage in 60+ Markets with over 600 professionals



# Employment Trends – Chicago MSA



**Stable job growth  
~ 4.5%/yr**

**25K jobs short of  
2019 levels -  
amounts to 0.5%  
shortfall 3 years  
later**



# Interest Rates 2018- YTD 2022



**30 year Fixed**

**Nov 1, 2021 –  
3.14%**

**Nov 1, 2022  
7.13%**



Source: [MortgageNewsDaily.com](http://MortgageNewsDaily.com)

# Interest Rate Impact on Purchasing Power

Purchase Price	\$300,000	\$600,000	\$900,000
Down Payment (20%)	-\$60,000	-\$120,000	-\$180,000
Mortgage	\$240,000	\$480,000	\$720,000

Interest Rate	3%	7%	3%	7%	3%	7%
Monthly Payments	\$1,012	\$1,597	\$2,024	\$3,193	\$3,036	\$4,790

Change in Payment	\$585	\$1,170	\$1,755
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## How much can I borrow holding the payment constant from early 2022?

Mortgage @ 7%	\$152,089	\$304,177	\$456,266
Down Payment (held constant)	\$60,000	\$120,000	\$180,000
Current Purchasing Power	\$212,089	\$424,177	\$636,266
Prior Purchasing Power	\$300,000	\$600,000	\$900,000
Reduction in purchasing power	\$87,911	\$175,823	\$263,734
Percent loss	29%	29%	29%

Monthly payments are up over 50%

Buyers can afford 29% less in home price

Market standstill due to sellers not willing to accept



# Interest Rate Impact on Purchasing Power

What I wanted to buy...



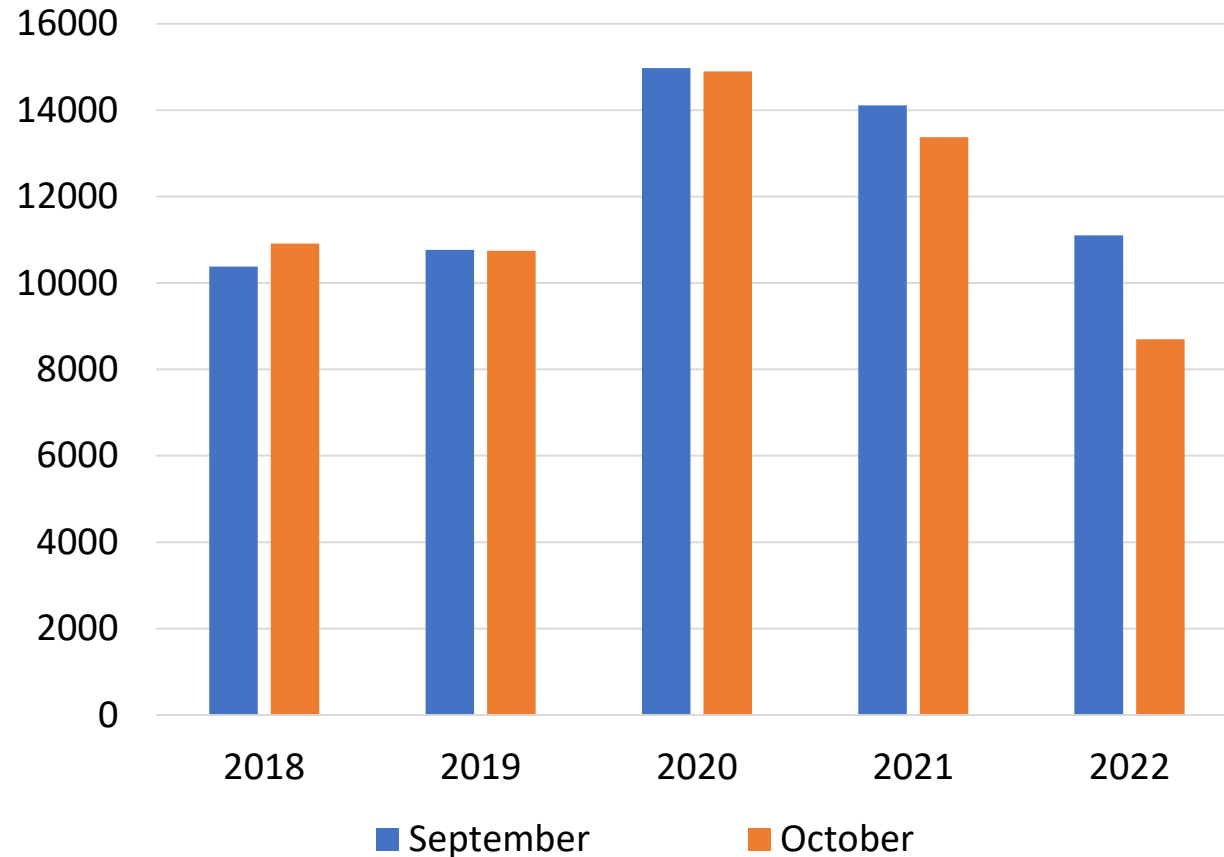
What I can now afford...



**If prices are expected to fall, there is no urgency to buy.  
Keep renting.**



# Chicago MSA Single Family Sales Volume



**2022 vs 2021**

**September volume  
fell 21.3%**

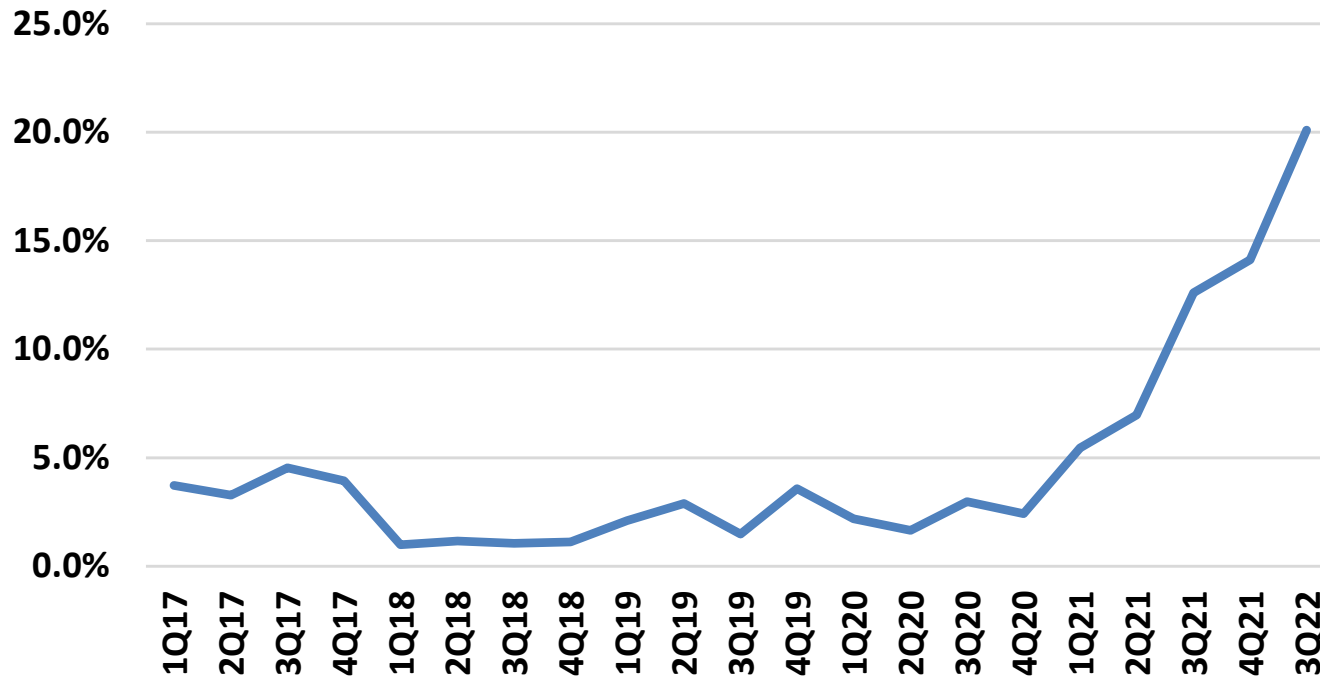
**October volume  
fell 35%**

**Source: MRED**



# The Suburban Dataset – 3Q22

## Year over Year Rent Growth



**Expectations for 2023?**

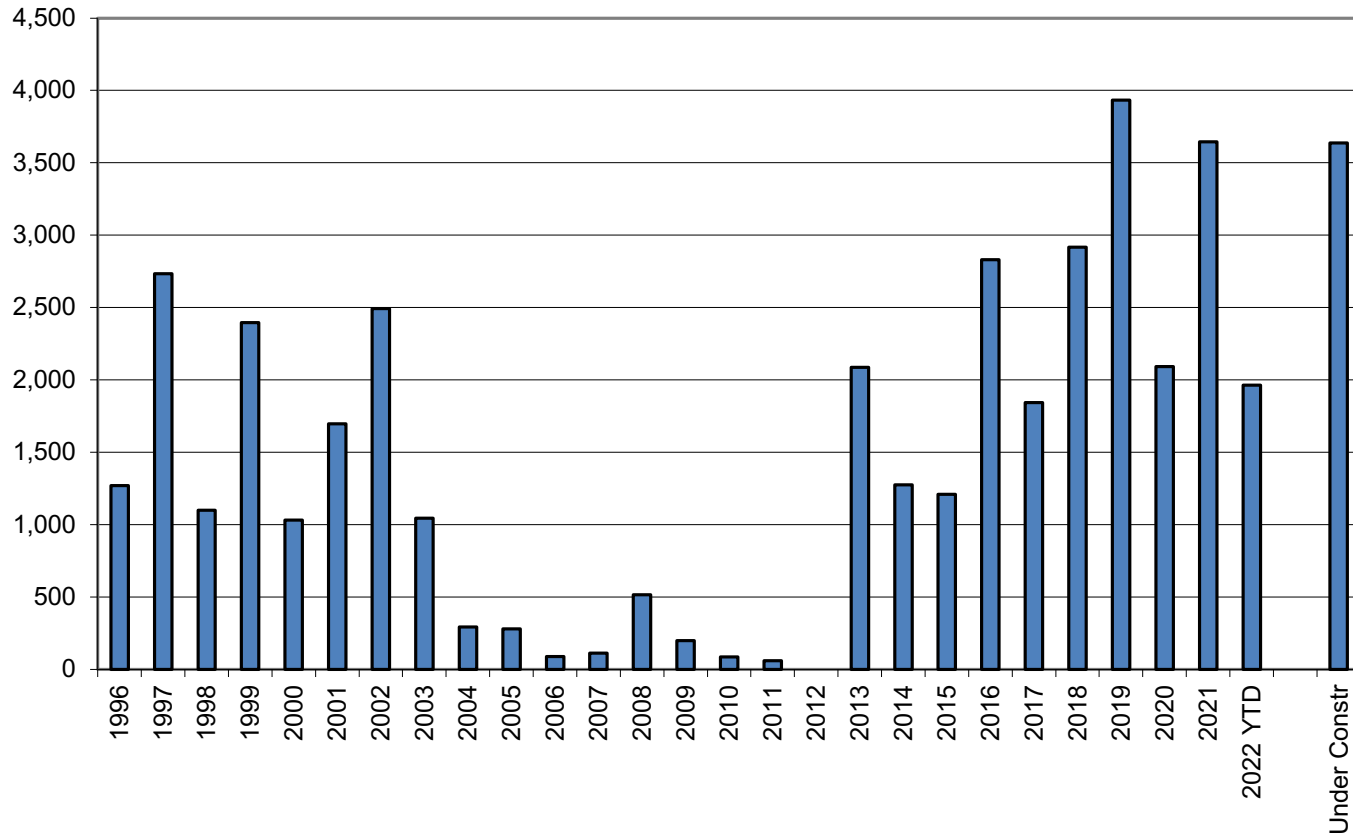
**HH formation slowing**

**Economic fears causing less housing movement and doubling up**





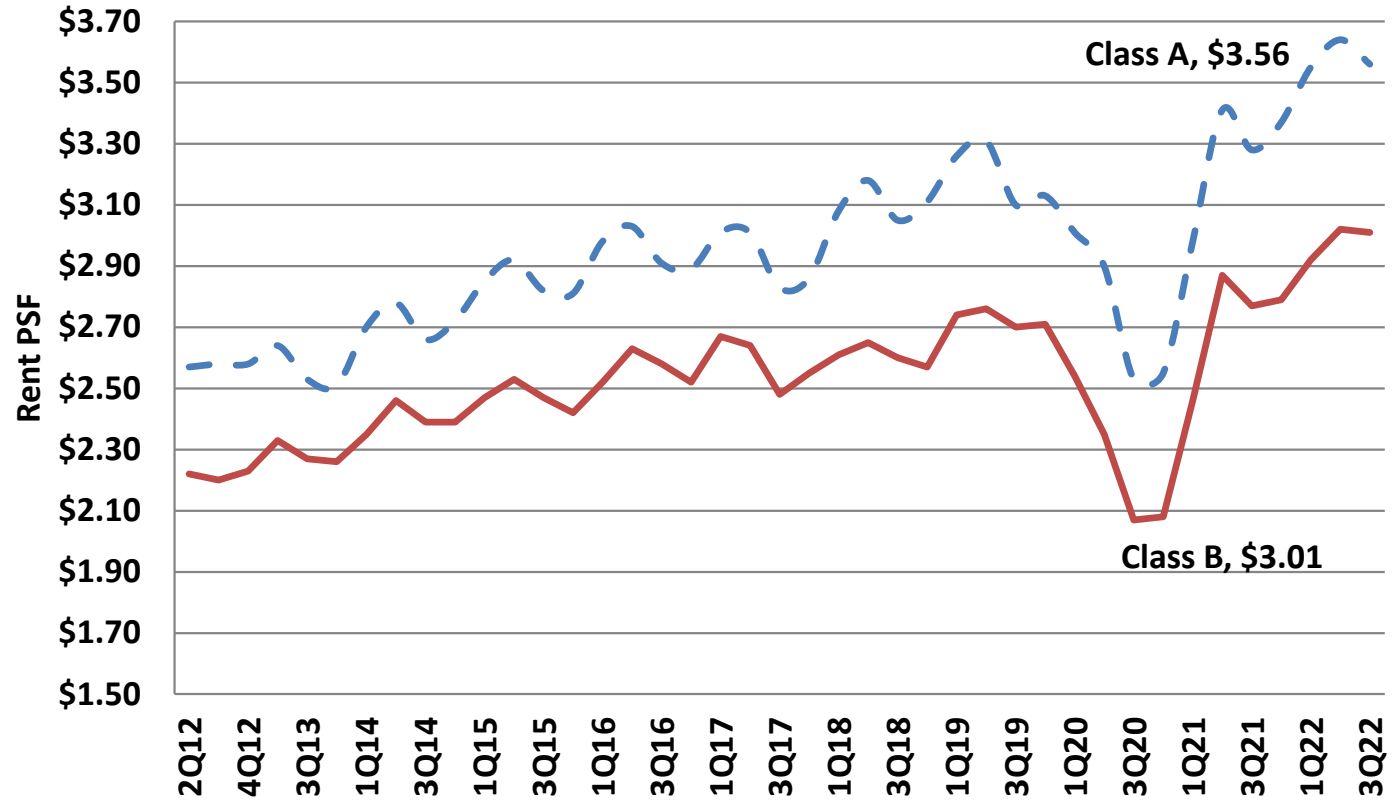
# New Construction Deliveries - Suburbs



- **2022 deliveries look to be “off”**
- **Significant activity for proposed deals not yet under construction**
- **Built for Rent product – both SFR and TH**



# Class A & B Rent Trends Downtown – 3Q22



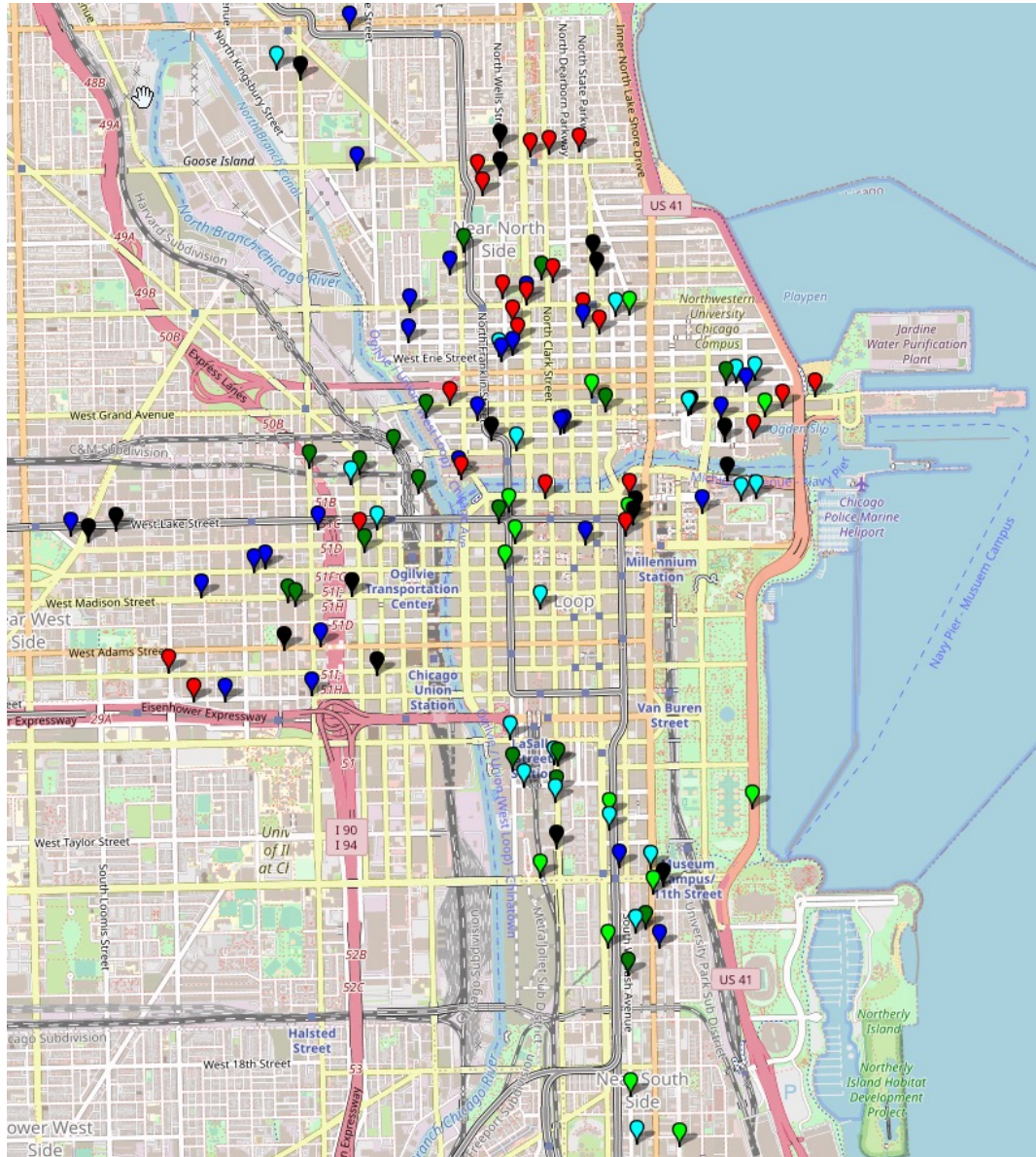
## Year over Year Change

Class A 8.54%  
 Class B 8.66%

10 buildings at \$4.20+ psf



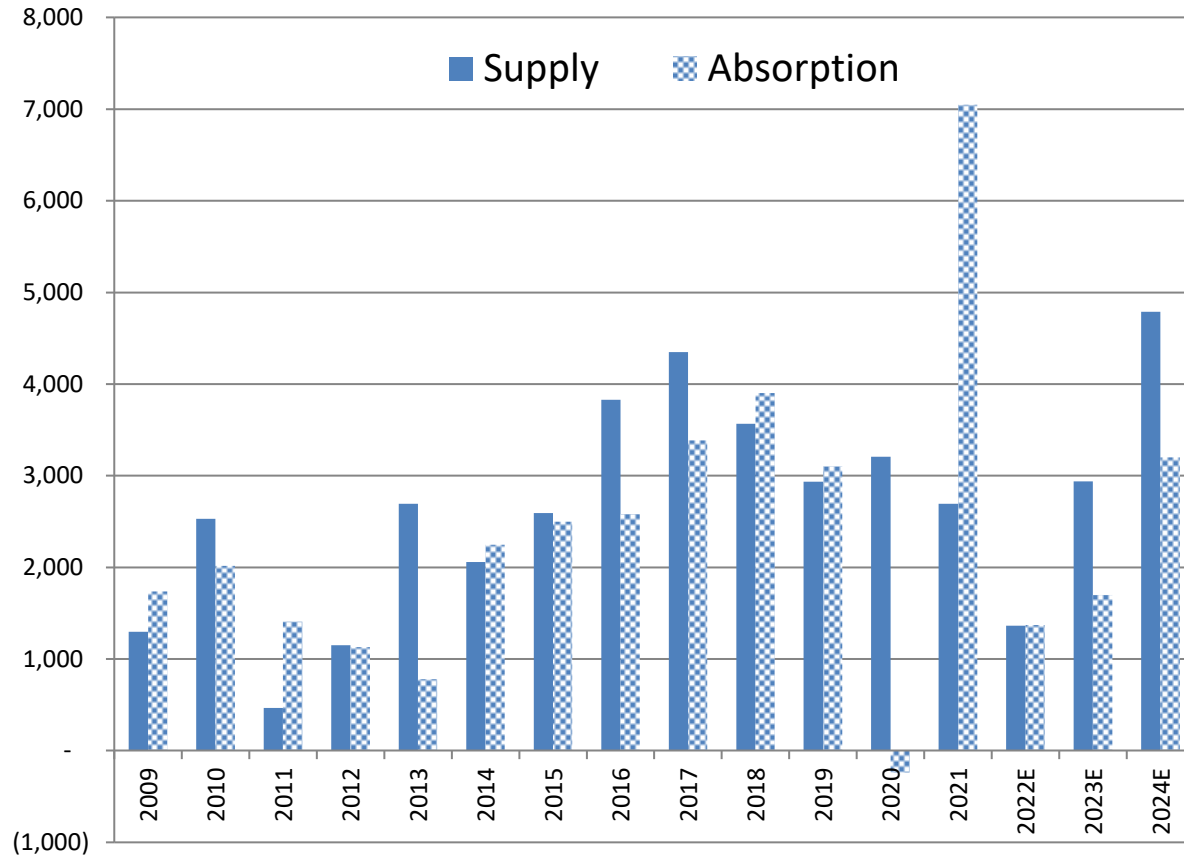
# Class A Rents Downtown – 3Q22



<b>Lime</b>	<b>&lt;\$3.00</b>
<b>Aqua</b>	<b>up to \$3.25</b>
<b>Green</b>	<b>up to \$3.50</b>
<b>Blue</b>	<b>up to \$3.75</b>
<b>Black</b>	<b>up to \$4.00</b>
<b>Red</b>	<b>\$4.00 &amp; up</b>



# Absorption Vs Supply Downtown



**Low supply in 2022**

**Balanced supply 2023**

**2024 – TBD (rates)**

**Modest 2022 absorption due to limited supply**



# 2021 City of Chicago Assessments

## Survey of 13 Class A Apartment buildings in West Chicago Township

2020 AV per Unit	\$21,166	
2021 AV per unit	\$33,682	(59.1% increase)
2021 Board of Review Final	\$23,620	(11.6% net increase)

### Equalization Factor

2020 EQ	3.2234
2021 EQ	3.0027 (6.85% decline)

### Tax Rate – City of Chicago

2020	.06911
2021 EQ	.06697 (3.10% decline)

**For the 13 properties surveyed, the average increase in the tax bill will be 0.74% or \$34/unit**





# Multifamily Panel



**Moderator**  
Ron DeVries  
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Integra Realty Resources



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Partner  
Mavrek Development



Daniel Pikarski  
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Patrick Tuohy  
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Marquette Bank



Kate Varde  
Principal  
Essex Realty Group

