

# Chicago 2024 Market Forecast

## MARKET SNAPSHOT



**AVERAGE RENT**  
**\$1,685** 4Q 2023  
**\$1,751** 4Q 2024



**2024 RENT CHANGE**  
**3.9%**



**OCCUPANCY RATE**  
**95.1%** 4Q 2023  
**94.9%** 4Q 2024



**2024 OCCUPANCY CHANGE**  
**-20 POINTS**



**EMPLOYMENT\***  
**4.77M** 2023  
**4.79M** 2024



**UNEMPLOYMENT RATE\*\***  
**4.2%** 2023  
**4.5%** 2024

\* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

\*\* Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

## KEY TAKEAWAYS

- Chicago's multifamily market has been impressively resilient, with occupancy checking in at 95.1% at the close of 2023.
- Contrary to the majority of other major markets, Chicago's multifamily market maintains a stable construction pipeline with only a 2.0% share of existing inventory currently under construction.
- Rent growth in Chicago is expected to be robust in 2024, with both urban and suburban areas forecasted to see increases between 3.2% and 4.5% across all submarkets by year end, indicating a healthy and balanced market.
- Chicago's multifamily market proved resilient in 2023 despite economic uncertainties, recording \$2.8 billion in investment activity and outperforming other property types in the metro by a significant margin, highlighting its appeal and protective nature for commercial real estate investors.

## Supply & Demand

### 2024 FULL YEAR FORECAST

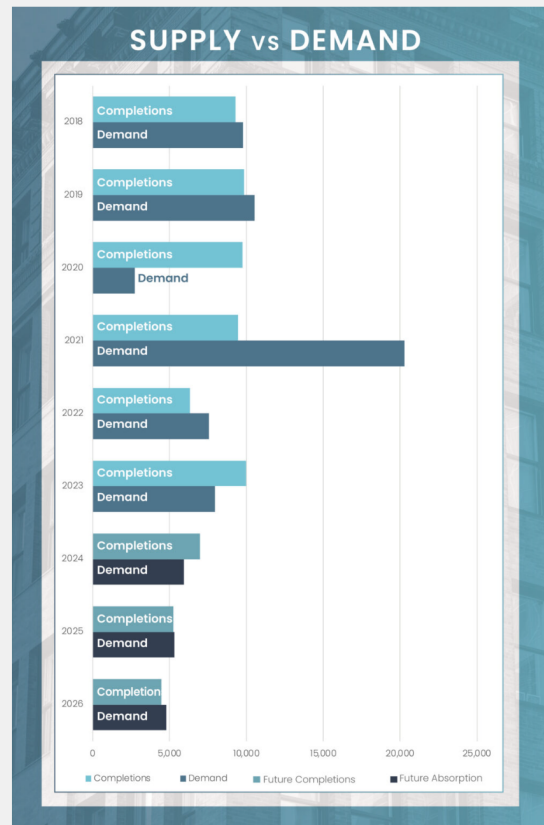


**5,948 Units**  
 FORECASTED ABSORPTION



**6,988 Units**  
 FORECASTED NEW SUPPLY

## Annual Demand Vs Completions





## Demand / Occupancy Outlook

One of the key positive aspects of Chicago's multifamily market is how well occupancy is holding up. Over the past year, the city has seen an absorption of approximately 8,000 units, significantly exceeding its long-term net absorption average of 4,500 units. This performance is particularly commendable given the surge in development in recent years. The current occupancy rate stands at 95.1%, which aligns with the metro's average and is impressive, especially in the context of the national average and the recent influx of new developments. The strongest submarkets in Chicago, Downtown and North Lakefront, have been pivotal in driving this growth. Combined, these areas account for nearly half of the metropolitan area's year-over-year absorption gains, showcasing their dominance in the market.

## New Supply Outlook

Unlike other major multifamily markets such as Dallas, Phoenix, and Miami, Chicago has exhibited a more stable pattern of new supply expansion over the past five years. As a prominent gateway market, Chicago simultaneously presents characteristics typical of traditional Midwest apartment markets, a combination that sets it apart in the national context. One key factor contributing to this stability is Chicago's current construction pipeline, which represents only 2.0% of its existing inventory. This relatively modest pipeline is largely a result of the city's lengthy development approval processes. Such regulatory environments have effectively tempered supply spikes in Chicago, allowing demand to keep pace with and efficiently absorb new units, a dynamic not always observed in markets with more aggressive construction activities.

Looking ahead, the forecast for the next four quarters indicates a continuation of this trend. Approximately 7,000 units are expected to be added, which is consistent with the historical average for the region. The concentration of construction activity is notable in Downtown Chicago, which accounts for 36% of the entire market-wide pipeline. This focus on Downtown underscores its importance as a key area of development. Additionally, there is significant construction activity near mass transit stations in suburban areas, including East Suburban McHenry, North Lakefront, North DuPage County, and Northwest Chicago. These submarkets collectively are expected to contribute to half of all upcoming completions in the next 12 months.

# Occupancy & Rent Trends

## RENT VS OWN MONTHLY PAYMENT



**\$2,871**

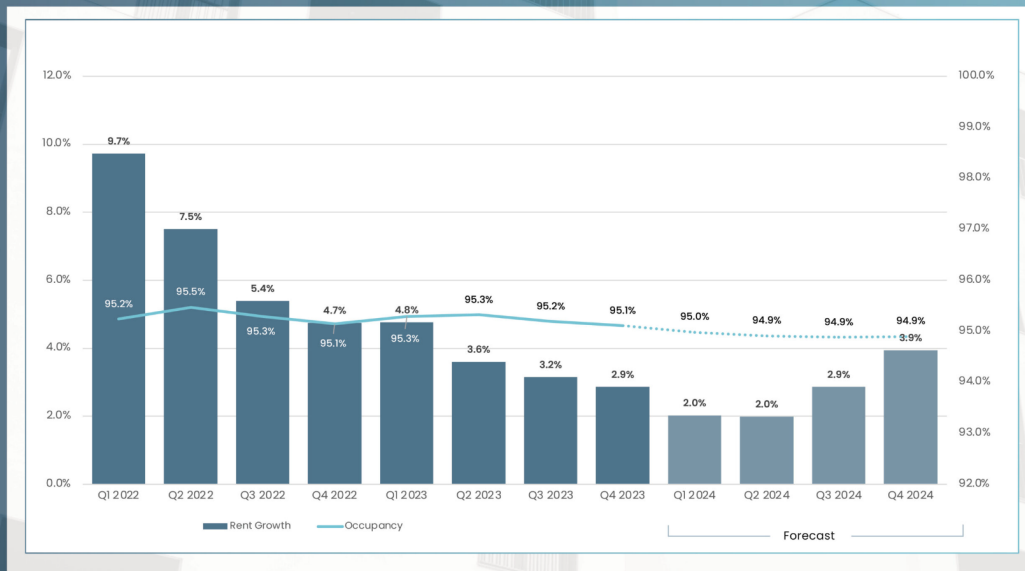
Average Monthly Mortgage Payment



**\$1,685**

Average Monthly Rent

## RENT vs OCCUPANCY



## 2024 RENT TRENDS OUTLOOK

In the past year, Chicago's multifamily market has seen varied rent growth across its 42 submarkets. Regions with limited construction, like Kendall County, achieved a 6.6% rent increase. Conversely, urban submarkets collectively grew by only 1.8%, with Downtown Chicago holding a significant portion of the multifamily supply, recording a mere 0.4% increase due to a surplus of high-grade units.

Looking ahead to 2024, rent growth in Chicago is anticipated to be led by neighborhoods and cities with minimal new development. Aurora, for example, with scant development in the pipeline, is projected to see a notable 4.4% rent growth by the year's end. Last year, the dense urban submarkets of Chicago experienced only modest growth, but a more balanced influx of new deliveries is expected to boost rent growth in these areas. Downtown Chicago, for instance, is forecasted to achieve a 3.8% rent increase by year-end, while the North Lakefront submarket, including Lincoln Park, is poised for a 4.0% annual growth. Overall, the Chicago apartment market is set to witness a 3.9% increase in rents by the end of 2024, with all submarkets expecting positive growth in the range of 3.2% to 4.5%. This uniform growth across both urban and suburban areas underlines the stability of Chicago's multifamily market.



## Submarket Rent & Occupancy

Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
South Will County	94.0%	93.7%	-0.3%	\$1,033	\$1,080	4.5%
Aurora	97.2%	97.0%	-0.2%	\$1,287	\$1,343	4.4%
Southwest Lake County	96.5%	96.4%	-0.1%	\$1,893	\$1,975	4.3%
Kenosha	96.5%	96.3%	-0.2%	\$1,288	\$1,343	4.3%
Northeast DuPage County	94.9%	94.8%	-0.2%	\$1,847	\$1,926	4.2%
DeKalb County	97.1%	96.9%	-0.2%	\$732	\$763	4.2%
Near North Suburban Cook	96.2%	96.0%	-0.2%	\$1,725	\$1,798	4.2%
Far Northwest Suburban Cook	95.5%	95.4%	-0.2%	\$1,653	\$1,722	4.2%
Southwest Chicago	93.5%	93.1%	-0.4%	\$1,032	\$1,075	4.2%
West Cook	96.1%	95.9%	-0.2%	\$1,339	\$1,394	4.2%
Glen Ellyn to West Chicago Corridor	96.3%	96.1%	-0.1%	\$1,631	\$1,698	4.2%
Porter County	97.1%	96.9%	-0.2%	\$1,213	\$1,263	4.1%
Southeast DuPage County	95.4%	95.3%	-0.2%	\$1,655	\$1,724	4.1%
Grundy County	98.0%	97.9%	-0.2%	\$1,061	\$1,105	4.1%
Far North Chicago	95.5%	95.2%	-0.3%	\$1,219	\$1,269	4.1%
South Lakefront	93.5%	93.2%	-0.3%	\$1,296	\$1,349	4.1%
Western McHenry County	96.7%	96.5%	-0.2%	\$1,133	\$1,179	4.1%
Far North Suburban Cook	94.3%	94.1%	-0.2%	\$2,314	\$2,408	4.0%
DeKalb	93.1%	92.8%	-0.4%	\$960	\$999	4.0%
Evanston	95.5%	95.3%	-0.2%	\$2,053	\$2,136	4.0%
North DuPage County	96.9%	96.8%	-0.1%	\$1,607	\$1,671	4.0%
North Lake County IN	93.7%	93.4%	-0.3%	\$1,131	\$1,176	4.0%
Southeast Lake County	94.4%	94.2%	-0.2%	\$2,322	\$2,414	4.0%
Northwest Chicago	95.4%	95.2%	-0.3%	\$1,249	\$1,299	4.0%
North Lakefront	95.2%	95.0%	-0.2%	\$1,886	\$1,961	4.0%
Southern Cook County	95.0%	94.7%	-0.3%	\$1,112	\$1,156	3.9%
Northwest Lake County	96.2%	96.0%	-0.2%	\$1,370	\$1,423	3.9%
Des Plaines/Arlington Hts Corridor	95.5%	95.4%	-0.2%	\$1,728	\$1,796	3.9%
North Will County	96.1%	96.0%	-0.2%	\$1,641	\$1,705	3.9%
Elgin/Dundee	97.1%	96.9%	-0.1%	\$1,587	\$1,648	3.9%
Northeast Lake County	96.6%	96.4%	-0.2%	\$1,216	\$1,263	3.8%
Southwest Cook County	95.6%	95.4%	-0.3%	\$1,342	\$1,393	3.8%
Fox River Valley	94.4%	94.2%	-0.2%	\$1,837	\$1,907	3.8%
Downtown Chicago	94.0%	93.9%	-0.1%	\$2,646	\$2,746	3.8%
University Park	93.0%	92.7%	-0.3%	\$1,217	\$1,262	3.7%
East Suburban McHenry	98.3%	98.2%	-0.1%	\$1,486	\$1,541	3.7%
South Lake County IN	92.7%	92.4%	-0.4%	\$1,247	\$1,293	3.6%
Western Kane County	98.4%	98.3%	-0.1%	\$2,201	\$2,281	3.6%
Kendall County	96.7%	96.2%	-0.5%	\$1,904	\$1,972	3.6%
Naperville/Lisle	95.7%	95.6%	-0.1%	\$1,752	\$1,814	3.5%
South Chicago	94.7%	94.5%	-0.3%	\$1,125	\$1,161	3.2%
<b>Market</b>	<b>95.1%</b>	<b>94.9%</b>	<b>-0.2%</b>	<b>\$1,685</b>	<b>\$1,751</b>	<b>3.9%</b>

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# Submarket Construction Pipeline



553,536

3Q 2023 Unit Inventory



11,179

Number of Units Under Construction



6,988

Number of Units UC Delivering  
In the Next 4 Quarters

Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering In the Next 4 Quarters
Downtown Chicago	58,924	4,053	7%	36.3%	853
North Lakefront	90,328	0	0%	0.0%	716
East Suburban McHenry	3,494	639	18%	5.7%	638
Northwest Chicago	23,933	873	4%	7.8%	620
North DuPage County	7,215	613	8%	5.5%	611
Kendall County	2,995	655	22%	5.9%	551
Northeast DuPage County	13,696	548	4%	4.9%	544
Kenosha	10,307	474	5%	4.2%	334
North Will County	10,875	728	7%	6.5%	293
Far Northwest Suburban Cook	19,365	296	2%	2.6%	291
South Lake County IN	6,504	545	8%	4.9%	273
Southwest Chicago	27,614	220	1%	2.0%	186
Des Plaines/Arlington Hts Corridor	19,873	267	1%	2.4%	174
Southwest Cook County	13,767	176	1%	1.6%	173
West Cook	25,685	158	1%	1.4%	152
Northeast Lake County	11,925	139	1%	1.2%	136
South Lakefront	44,571	58	0%	0.5%	128
Evanston	8,634	120	1%	1.1%	118
Far North Chicago	34,384	89	0%	0.8%	81
DeKalb	5,977	65	1%	0.6%	63
Porter County	7,188	28	0%	0.3%	26
Glen Ellyn to West Chicago Corridor	10,103	104	1%	0.9%	15
Aurora	4,840	14	0%	0.1%	12
DeKalb County	151	0	0%	0.0%	0
Elgin/Dundee	5,484	0	0%	0.0%	0
Far North Suburban Cook	3,291	0	0%	0.0%	0
Fox River Valley	4,156	0	0%	0.0%	0
Grundy County	668	0	0%	0.0%	0
Naperville/Lisle	20,589	0	0%	0.0%	0
Near North Suburban Cook	7,770	0	0%	0.0%	0
North Lake County IN	10,004	0	0%	0.0%	0
Northwest Lake County	3,790	0	0%	0.0%	0
South Chicago	3,230	0	0%	0.0%	0
South Will County	550	0	0%	0.0%	0
Southeast DuPage County	7,437	22	0%	0.2%	0
Southeast Lake County	3,469	0	0%	0.0%	0
Southern Cook County	10,913	0	0%	0.0%	0
Southwest Lake County	5,161	295	6%	2.6%	0
University Park	1,858	0	0%	0.0%	0
Western Kane County	369	0	0%	0.0%	0
Western McHenry County	2,449	0	0%	0.0%	0
<b>Market</b>	<b>553,536</b>	<b>11,179</b>	<b>2.0%</b>	<b>100.0%</b>	<b>6,988</b>



# Sales Activity

In 2023, the Chicago multifamily market recorded \$2.8 billion in investment activity through 131 transactions, a 19% decline from the previous year. Although a decrease in transaction activity isn't typically positive, this 19% drop was relatively modest compared to broader trends in 2023. For context, transaction activity in the U.S. multifamily sector fell by approximately 65% over the same period. When compared to other property types within the Chicago metro area, residential investment fared the best. Between the first quarter of 2023 and the first quarter of 2024, office sales in Chicago plummeted by 72%, retail investments declined by 49%, and industrial sales decreased by 61%.

This performance suggests that, despite prevailing market uncertainties and significant bid-ask spread challenges, Chicago's multifamily market inherently offers some degree of protection for commercial real estate (CRE) investors. Factors contributing to this resilience include Chicago's status as a major gateway market, its relative affordability, and its position as the third-largest city in the United States. These characteristics seem to provide a buffer for the multifamily sector, maintaining its appeal to investors even in a fluctuating economic landscape.

## ▲ Most Active Buyers (Previous 24 Months)

- FPA Multifamily
- Tishman Speyer
- Waterton Associates
- JVM Realty Corp
- Pontegadea

## ▲ Most Active Sellers (Previous 24 Months)

- Wood Partners
- Ares Management
- Fifield Realty Corp
- F&F Realty Ltd
- The Connor Group

TRANSACTION VOLUME

# \$2.8B (P)

2023 Transaction Volume

# -19%

Y-O-Y Change

# 129 YTD

Individual Transaction Count  
Down 34% Y-O-Y

# \$225.3k\*

Price Per Unit

# 9.6%

Annual PPU Price Change

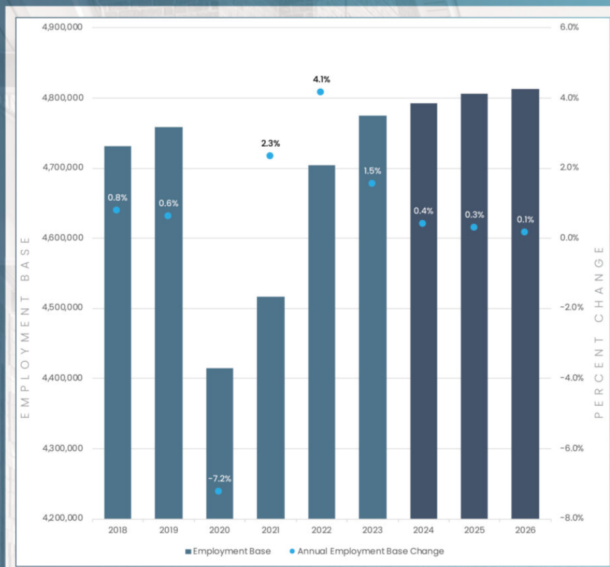
\* Trailing 4Q average PPU

\* Preliminary Data from RCA – Individual transaction \$2.5M +

P = Preliminary

# Employment Forecast

## EMPLOYMENT SECTOR FORECAST



## Forecasted 2024 Employment Sector Growth

Sector	Employment Change 2023 to 2024	Percent Change
Overall Employment	17,800	0.4%
Manufacturing	300	0.1%
Construction	600	0.3%
Trade, Transport, & Utilities	1,200	0.1%
Information	(1,200)	-1.5%
Financial Activities	1,500	0.5%
Professional & Business Services	(2,300)	-0.3%
Education & Health Services	12,100	1.6%
Government	2,200	0.4%
Leisure & Hospitality	3,300	0.7%
Natural Resources & Mining	200	12.5%
Other Services	(300)	-0.2%

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# Economic Outlook

The outlook for Chicago's apartment market in the upcoming year is one of stabilization, underpinned by robust job growth. The Bureau of Labor Statistics anticipates the creation of 17,800 new jobs in 2024, a development that is expected to boost household formation and sustain the demand for housing in the area. As the impact of the pandemic recedes and a greater number of workers transition back to office environments, downtown residential sectors are likely to see a significant uptick in demand and activity. This resurgence will not be limited to the central areas but is also expected to spread to the surrounding neighborhoods.

In addition to the general economic recovery, specific large-scale investments are set to further enhance Chicago's economic landscape. Notable among these is Loop Capital Real Estate Partners' ambitious project—a \$100 million film studio in South Cook County. Similarly, The Chan Zuckerberg Initiative's investment of \$250 million in a biotech hub is poised to generate thousands of new jobs. These significant injections of capital and the subsequent job creation are promising for the apartment market in Chicago. They indicate a strengthening of the city's economic foundation, which in turn is likely to have a positive ripple effect on the housing demand, particularly in the apartment sector. This confluence of job growth and strategic investments points towards a period of growth and stability for the Chicago apartment market in the near future.

Sources: Costar; Yardl Matrix; BLS; MSCI; Moody's Analytics

TO GAIN FURTHER INSIGHTS INTO THE CHICAGO MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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