2015 CHICAGO APARTMENT MARKET DATA

2015 DOWNTOWN CHICAGO APARTMENT MARKET DATA

In 2015, Luxury Living Chicago Realty rented over 500 luxury apartments in the immediate downtown neighborhoods. Total absorption for the market was just under 2,500 units. This means Luxury Living Chicago rented over 20% of the downtown apartment rentals in 2015. We collected data throughout the year on the apartments we rented. The data comes directly from the renters we worked with and the deals we closed. Highlighted in this document are current trends in Chicago's luxury multifamily market. Aaron Galvin, Managing Broker/Owner, offers further insights into the numbers and feedback on how to lease efficiently and maximize revenue in 2016.

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APARTMENT DETAILS & PRICING BREAKDOWN

While most financial appraisals of luxury apartment buildings look at the market rent of an apartment, our numbers factor in the net effective rent. The net effective price includes any concessions (i.e. months free) the renter received. The most popular concession given in 2015 was one month free on a 13 month lease term. We broke down the 500 apartments rented in 2015 and calculated the average rent price, square footage and price per square foot for each apartment size.

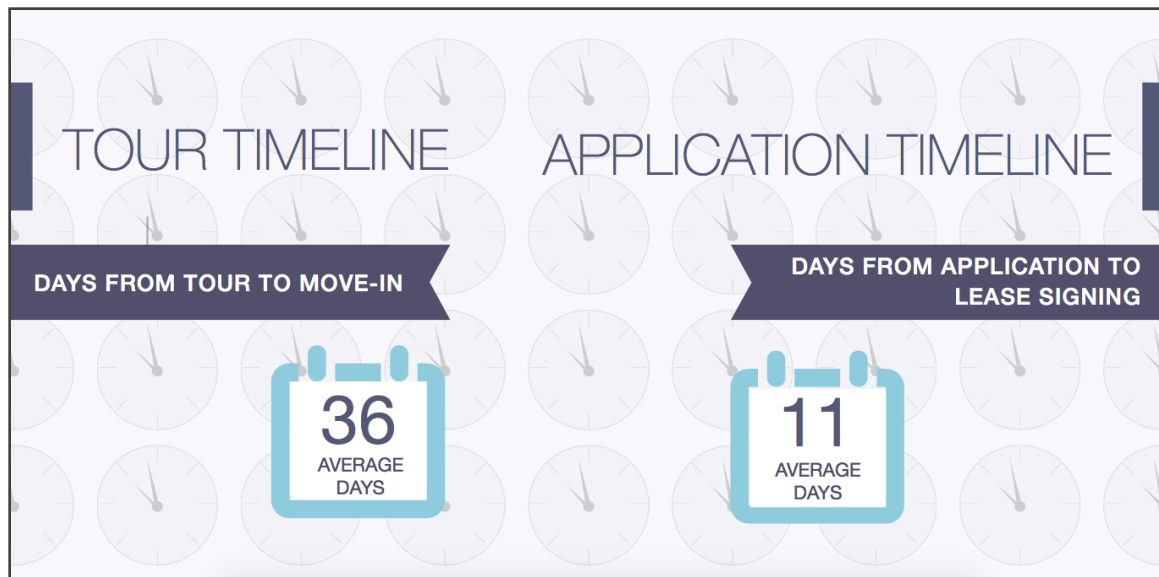|	Average Square Footage	Average Rental Price	PPSF
Studio	537	$1,754	$3.27
Jr. 1 Bedroom/Convertible	633	$2,028	$3.21
1 Bedroom	780	$2,399	$3.08
1 Bedroom + Den	930	$2,687	$2.89
2 Bedroom	1158	$3,291	$2.84
3 Bedroom	1806	$4,933	$2.73
Average	**861**	**$2,577**	**$2.99**

Other Data Points

Luxury Living Chicago's average company rental price was $2,577, slightly up from $2,565 in 2014. Two-thirds of our rentals were a combination of studios, junior one-bedrooms/convertibles and one-bedroom apartments.

Insights

Renters are paying more on average for their apartment. The newest apartments are the most expensive. Young professionals choosing to live downtown are willing to pay for a luxury apartment with quality finishes in the best location.

We believe there has been a shift in the mental hurdle regarding price. It used to be renters wanted to be all in at $2,500 for a one-bedroom. Now we are seeing this number move closer to $3,000.

> We see tremendous opportunity in the market for developers to build more one-bedroom plus den apartments. The PPSF is completely in line with two-bedroom apartments. In a market where it is starting to make more sense to buy a two-bedroom condo versus renting, one-bedroom plus dens could keep people in the rental market longer.

TOUR TIMELINE

DAYS FROM TOUR TO MOVE-IN

36 AVERAGE DAYS

APPLICATION TIMELINE

DAYS FROM APPLICATION TO LEASE SIGNING

11 AVERAGE DAYS

Average Days From Tour to Move-In

Our clients' average tour time is 36 days before their move date. We have found that properties who confirm renewals, pricing, and availability at least 45 days out are able to capitalize on the time renters are truly looking for apartments. This keeps vacancies down, minimizes the time an apartment sits on the market, and maximizes revenue.

Other Data Points

The average number of properties we are showing before our client makes a selection is four. As more and more inventory becomes available to Chicago renters, Luxury Living Chicago is actually touring less. When apartments are priced correctly, the property clicks with renters and it eliminates having to show our clients more apartments.

Insights

The industry average time between a submitted application to the lease signing date is 11 days. This long window of time gives renters almost two weeks to have buyer's remorse and continue to shop. When property management companies are not in communication about the application status, it creates an environment where the renter can, and will, cancel their application. This time also takes a unit off the market, preventing other prospective tenants from renting the apartment.

Our exclusive leasing engagements have an average application to lease signing of three days. Our process clearly sets expectations to the renter about what is needed to apply and how long it will take. We also collect first month's rent upfront. When the renter is financially and emotionally invested in the unit they typically won't walk away from the deal.

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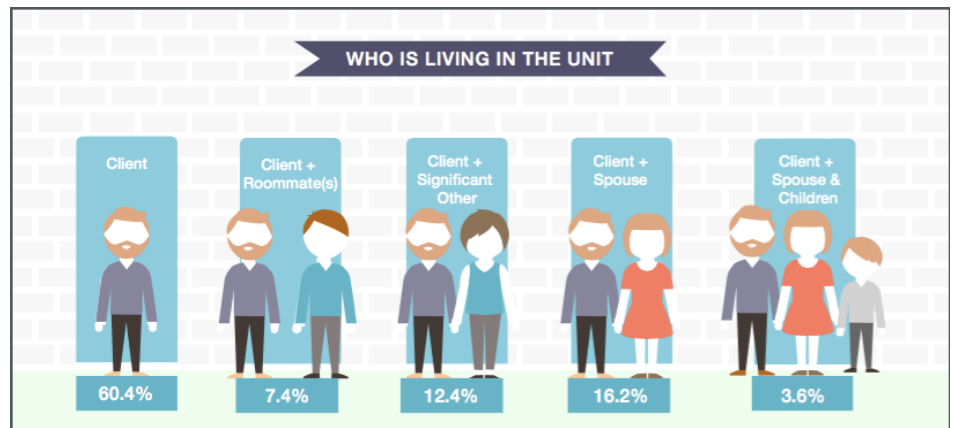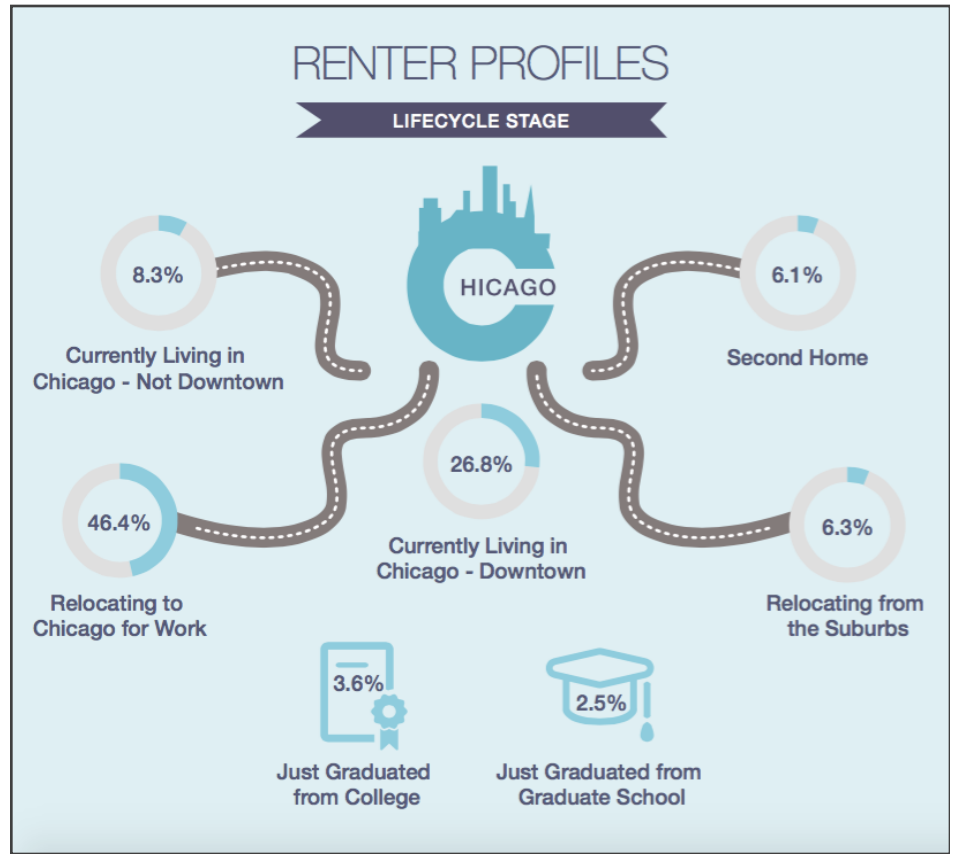CHICAGO REALTY

WHO IS LIVING IN THE UNIT?

The 2015 data showed 60% of our luxury renters are living on their own and 32% of our clients were couples - of that number, only a small percentage had children living with them. Nearly 50% of our clients are relocating to downtown Chicago for work, as many corporate headquarters are moving their offices into the city, including GE Healthcare, Conagra, Kraft Heinz, Google and Motorola Solutions.

Other Data Points

In addition, 27% of our clients already lived downtown, which demonstrates how luxury renters tend to move from one high-rise community to another in search of the newest living experience.

Insights

Contrary to current popular belief, baby boomers are not moving downtown from the suburbs to live in new-construction luxury developments. Of our renters moving from the suburbs, a strong majority ended up renting a private condo in order to gain more square footage.

RENTER PROFILES

LIFECYCLE STAGE

HICAGO

8.3%
Currently Living in Chicago - Not Downtown

6.1%
Second Home

46.4%
Relocating to Chicago for Work

26.8%
Currently Living in Chicago - Downtown

6.3%
Relocating from the Suburbs

3.6%
Just Graduated from College

2.5%
Just Graduated from Graduate School

WHO IS LIVING IN THE UNIT

Client	Client + Roommate(s)	Client + Significant Other	Client + Spouse	Client + Spouse & Children
60.4%	7.4%	12.4%	16.2%	3.6%

There isn't really a place for roommates in the Class A plus buildings, as roommates are typically trying to save money and aren't the prime demographic. Based on our numbers, we suggest when developers are building two-bedroom floor plans they should make them suitable for couples, with a double vanity sink in the master bathroom, his and her closets, and a smaller second bedroom for office/guest space.
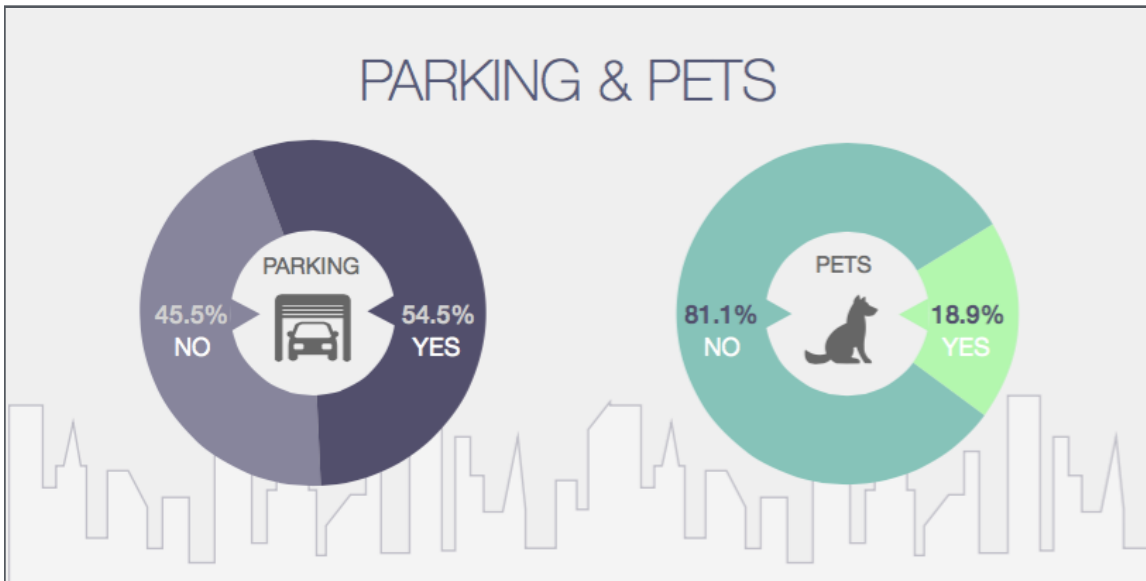
Pets

Most new buildings are focused on offering pet amenities for dog owners. However, our data shows luxury renters with dogs ranked dog amenities as the 6th most important factor when selecting their new apartment.

Although small dog ownership increased 35% nationally between 2005 and 2013, only 18.9% of renters at Class A buildings in downtown Chicago have dogs. Luxury renters with dogs pay an average of $334 more in monthly rent, since dog owners tend to rent larger units. Square footage and outdoor space is of greater concern for dog owners, and most end up renting larger, more expensive units to accommodate their pet.

Parking

More than half of our clients required a parking spot and of this number all clients rented a parking spot on site in an attached garage.

While 34% of studio or convertible renters own a car, that number jumps to 55% for renters in one-bedroom units and 68% for one-bedroom plus dens. In terms of larger units, 78% of two-bedroom renters own a car and 93% of three-bedroom renters have at least one vehicle.

Chicago is an easy city to navigate without a car. There are lots of public transportation options, Divvy and Uber to help renters get around. However, we have found the luxury renter can afford to own a car and will bring their car downtown.

As for pet amenities, developers should place indoor dog runs away from other common area amenities to limit pet traffic.

TOP 4 REASONS RENTERS SELECTED A UNIT

1. Neighborhood
2. Rent Price
3. Proximity to work
4. Apartment Finishes

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TOP REASONS RENTERS SELECTED AN APARTMENT

While every renter had several factors for choosing a home, there was always one reason that ultimately stood out from the rest. It's no surprise location and price were a top selection, with apartment finishes coming in just after.

Of renters who selected an apartment based on location, 15.8% chose their apartment because of its proximity to work while 21% made their choice based on the neighborhood. The most popular neighborhood was River North.

Other Data Points

Almost no one selected an apartment for its outdoor space. Many renters start their search with an emphasis on having private outdoor space. Having a balcony is usually the first compromise a renter will make, especially if they are impressed by a property's community outdoor space. We have also found balconies are a seasonal request and are more top of mind during nicer weather.

Only 4.5% of renters selected an apartment based on the view. When pricing units, a premium shouldn't always be placed on view. An apartment's layout and floor plan can be more attractive. Renters usually value space and are willing to pay more for it, but this is not necessarily true of view.

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