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## From condo glut to developer strut

By: [Dennis Rodkin](#) February 27, 2014

This condo tower at 235 W. Van Buren developed by CMK led the market in the fourth quarter, with 53 closed sales. Photo from CoStar Group Inc.

Just a few years ago, a list of the downtown condominium buildings with the most unsold units was tantamount to pointing out which developers were struggling the most under the condo glut.

This year, it looks more like a list of who stands to benefit the most from a rising market.

The almost total shutdown of construction during the worst recessionary years means the supply of newly built condominiums has tapered to a point where "buyers who want new have almost no choices, so if you've got something, they're coming to you," said Gail Lissner, vice president of Appraisal Research Counselors. "Having inventory to sell is definitely not a black eye this year."

For developers with a lot of unsold condos, the mood has shifted from dread a few years ago to ebullience today. Six downtown condo projects had 60 or more unsold units at the end of the year, according to a recent report by Chicago-based Appraisal Research.

Three of the buildings — all in the South Loop — belong to Related Midwest LLC, which took over the towers from their original developers in 2012. Altogether, Related Midwest

has 246 unsold condominiums at the Grant, Adler Place and Harbor View, part of the massive Central Station development just west of the Museum Campus.

That's a good thing, said Related Midwest President Curt Bailey.

"If I had 1,000 unsold, I couldn't be happier," he said. "There's significant pent-up demand for good condo product in the city of Chicago."

At least 30 of the 246 units that were unsold at the dawn of 2014 have gone under contract in the past few weeks, he said.

### FROM 3,149 to ZERO

Developers like Related Midwest are capitalizing on a market that has shifted from a surplus to scarcity of condos. As many as 3,149 new condos a year were coming to market in the boom years of 2005 to 2009, but that number dropped to 133 in recent years and will be zero next year, according to Appraisal Research.

New-condo sales have yet to pick up appreciably because the supply of unsold units is so low. A 714-unit condo tower at 235 W. Van Buren developed by CMK Cos. led the market in the fourth quarter, with 53 closed sales, followed by the Park Monroe, at 55 E. Monroe St., and Related Midwest's Grant, which both had 39 sales, according to Appraisal Research.

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Though developers had to cut prices after the bust to bring in buyers, they have pricing power now. Sales have been so strong so far in 2014 that Related Midwest is considering price hikes, Mr. Bailey said.

The developer raised prices a few times in 2013, "and we saw no appreciable slowdown in our sales volume," he said.

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