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Chicago's condo comeback strongest in River North, Gold Coast

By: [Alby Gallun](#) February 18, 2014

Chicago-based CMK Cos. plans to launch sales this quarter at a 15-story, 144-unit high-rise at 1345 S. Wabash Ave. in the South Loop.

The rising condominium market is lifting many downtown condo owners, but residents of River North are riding the highest.

A recent survey of 65 large downtown condo buildings found that resale prices on a square-foot basis in the second half of 2013 were just 6.3 percent below their peak in 2008. Prices in River North came back the most, at just 5.1 percent below their 2007 peak, followed by the Gold Coast, where prices were 6.3 percent below their 2007 peak, according to the survey by Appraisal Research Counselors, a Chicago-based consulting firm.

After **plunging when the housing bubble burst**, downtown condo prices have been rising over the past two years, driven by rising demand and falling supply. Resale

prices at the buildings surveyed by Appraisal Research rose 9.3 percent in the second half of 2013 from the year earlier.

"I think we are making great headway," Appraisal Research Vice President Gail Lissner said. Appraisal Research's survey covers more than 20,000 of the 70,000 or so condos in the greater downtown, an area bounded roughly by North Avenue, Cermak Road, Lake Michigan and Ashland Avenue. Nearly 1,300 condos in the area sold in the second half of 2013, up 8 percent from a year earlier and about the same as 2008.

Condo prices sank after 2008 as developers wrapped up projects they began during the boom, **swamping the market** with thousands of units they couldn't sell. But the glut is gone, supplanted by a shortage: Developers are sitting on just 498 unsold condos in downtown Chicago, down from more than 7,000 in 2007, according to Appraisal Research.

The shortage is acute north of the Chicago River, where the only new condos for sale are at the high end, in the Ritz-Carlton Residences and Trump International Hotel & Tower. The supply of existing downtown condos available for resale is down too, dropping 8 percent in January from year-ago levels.

The low inventory means fewer choices for buyers and more leverage for sellers.

"The arrow is definitely pointing up," said Sam Manzello, an agent at @properties who is selling a two-bedroom units at ParkView Condominiums in Streeterville that's listed for \$859,000. "With less inventory on the market, it's starting to stabilize."

Also working in sellers' favor is a drop in the amount of distressed property on the market. Distressed sales — either short sales or sales of lender-owned condos — accounted for 11 percent of downtown transactions last year, down from a peak of 27.9 percent in 2011, according to the Appraisal Research survey.

River North posted the biggest price gains last year, the survey shows. Condo prices there rose 17.6 percent on a per-square-foot basis in the second half of 2013 versus the year earlier. The South Loop had the second-largest gain, 16.1 percent, while prices in the Gold Coast rose the least, 2.1 percent.

Development, which ground to a halt after the bust, has picked up in the past year or so, but only on a small scale. No developer has launched a big downtown high-rise since 2007.

But the animal spirits are starting to stir as the market strengthens. Chicago-based DRW Holdings LLC is expected in the next week or

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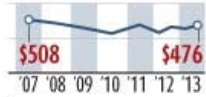
SMILEY FACE

Per-square-foot prices in downtown's largest condominium towers jumped in 2013, with prices in some neighborhoods closing in on pre-bust levels.

CONDOMINIUMS PRICE PER SQUARE FOOT

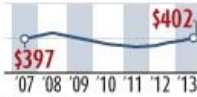
Gold Coast

-6.3% vs. '07, 2.1% vs. '12



South Streeterville

1.3% vs. '07, 7.5% vs. '12



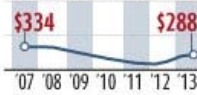
Loop

-1.8% vs. '07, 5.4% vs. '12



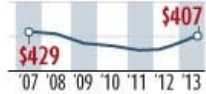
South Loop

-13.8% vs. '07, 16.1% vs. '12



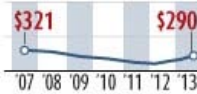
River North

-5.1% vs. '07, 17.6% vs. '12



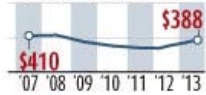
West Loop

-9.7% vs. '07, 13.7% vs. '12



Downtown

-5.4% vs. '07, 9.3% vs. '12



Note: Data is based on a survey of 65 downtown high-rises comprising more than 20,000 units. 2012 and 2013 include two data points: first half and second half of the year.

Source: Appraisal Research Counselors

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so to start marketing condos in a 25-story, 40-unit tower at 1149-1167 N. State St. in the Gold Coast, and Chicago-based CMK Cos. plans to launch sales this quarter at a 15-story, 144-unit high-rise at 1345 S. Wabash Ave. in the South Loop, Ms. Lissner said.

"The stage is absolutely set for new development, and we're starting to see that take place," she said.



Margarine mogul's nice spread

The John Jelke mansion, built in 1886 for a Board of Trade member who would later become Chicago's margarine manufacturing king, sits on the 1300 block of LaSalle Drive.

See the photos

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Frank G. 41 days ago

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"Per sq ft" by itself can be a misleading indicator of velocity and pricing trends. Factually, most units when appraised have gross sq. ft varying from promotional literature (due to varied basis of calculations). And without details of unit/building amenities (of the data bases) this trend, albeit some positive news, may be potentially misleading; and the back drop of numerous properties, initially developed as condominiums (but converted to rental) may in the near future affect market forces when reconverted back to condominiums.

Frank Glickman

Reply

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Jerry P. 43 days ago

In your opinion, would the John Hancock Bldg. bring the same per sq. foot price as the Goldcoast?

Thanks

Reply

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Buzz E. 42 days ago

No. Every building stands alone on a square foot basis. Building and tier decide comps, not general area. Trump at 401 N Wabash for example sells for much more than the building right next door, 405 N Wabash ! Same neighborhood, same view, half the price!!

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