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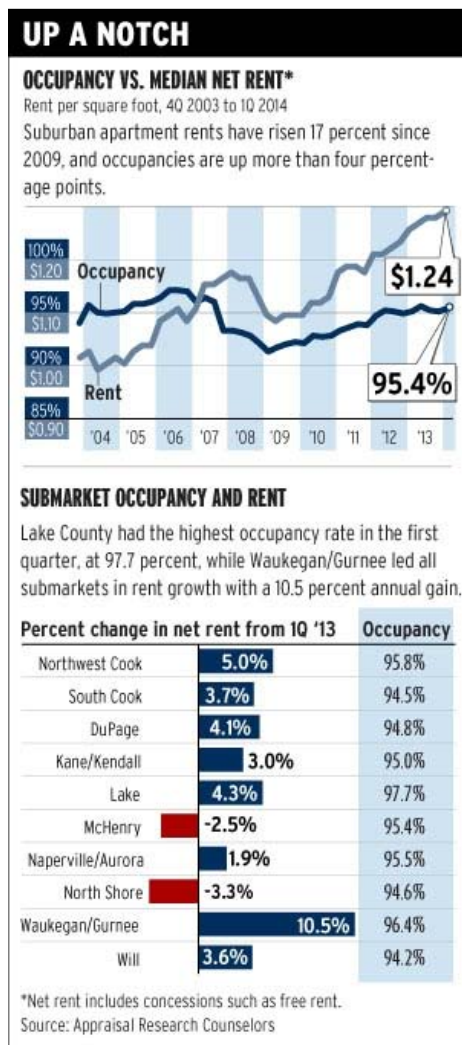
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Slow, steady growth drives suburban apartment rents to another high

By Alby Gallun



The suburban apartment market keeps marching higher, one small step at a time.

The median suburban net rent rose to a record \$1.24 per square foot in the first quarter, up about 1 percent from the fourth quarter and 2.6 percent from a year earlier, according to a report from Appraisal Research Counselors, a Chicago-based consulting firm. The suburban occupancy rate was 95.4 percent, up from 95.1 percent in both the fourth and first quarter of 2013.

Slow and steady works for suburban landlords, who have been gradually hiking rents since the market bottomed out five years ago and are having few problems filling their buildings.

"It's kind of like golf — hitting the ball down the middle of the fairway can be boring, but that's how you tend to score well," said Appraisal Research Vice President Ron DeVries.

There's no reason to expect a slice into a sand trap as long as the job growth continues, he said. The Chicago area is expected to add 50,000 jobs this year after adding 64,100 in 2013, according to the report, which cites a forecast by Moody's Analytics.

'IT ALL DEPENDS ON THE JOBS'

As hiring picks up, more renters ditch their roommates and get their own apartments, and 20-somethings who are living with their parents get jobs and move out.

"It all depends on the jobs," said Greg Moyer, partner at Moyer Properties LLC, a Skokie-based real estate investor.

Over the past year, Moyer Properties raised rents about 4 percent at its two multifamily properties, a **154-unit complex in Buffalo Grove** and a 240-unit complex in Des Plaines, which are more than 97 percent occupied, he said. The firm also is developing a 254-unit building in Deerfield slated to open next spring.

Aiming to capitalize on the strong market, developers have been busy over the past year, completing 2,086 suburban apartments in 2013, the most since 2002, according to the Appraisal Research report. Developers are on track to complete another 1,244 this year.

The risk of overbuilding remains low in most suburbs, but it's higher on the North Shore, where several projects are under way, including a **356-unit building** that Fifield Cos. is developing in

Evanston, Mr. Moyer's development in Deerfield, and **three in Glenview** totaling 666 units.

"We're going to see how much demand there is for luxury product up there," Mr. DeVries said.

The other question is whether suburbanites who have been renting will decide to buy instead, encouraged by the **recovering residential market**. But Mr. DeVries hasn't seen a huge shift over the past year, even as news about the single-family and condominium markets has turned positive. Many people who rent still don't have the money for a down payment.

"There certainly is some bleed-off to the for-sale market, but that's been going on for a year now, and the market's still performing well," he said. "I don't see a big change there."

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