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Neighborhoods

Quote of the day: A recent history of rental concessions in Chicago's suburbs

by Joseph Askins on 5/12/10

Concessions were the marketing tool of choice to lure renters back to projects after the market began its decline in 2001. Our surveys indicated one free month's rent was a "given" but often two and even three months free were not uncommon in the market. Operators were doing anything they could to fill their buildings after it became apparent the employment market was in turmoil and renters were leaving in droves to buy homes. Face rents on leases became meaningless. The worst of concessions were reached in the second half of 2003 where 6 weeks free rent was the norm and with over 80 percent of all complexes surveyed offering some form of concession. During 2005 our survey indicated significant improvement with less than one month being the median and closer to 50 percent of the complexes offering concessions. Since late 2006, concessions have amounted to roughly one month per lease year but with the percent of complexes offering them increasing from roughly 40 percent to almost 70 percent.

Currently, the percent of complexes offering concessions is at 57.1 percent. The amount of the concession, currently offered at one month per lease year, is relatively flat compared to a year ago. Concessions are expected to remain in the market over the next year.

- From [Appraisal Research Counselors'](#) latest Apartment & Condo Conversion Benchmark Report for the suburban Chicago market. Along with its quarterly benchmark report on downtown Chicago condos, Appraisal Research also keeps tabs on 266 apartment complexes located in Cook, DuPage, Kane, Kendall, McHenry, Lake, and Will counties.

According to the 1Q 2010 report, apartment occupancy in the suburbs is at 92.7 percent, up more than a point from 1Q '09. Construction of new apartments remains difficult, and many cities and villages favor new condo developments over new apartments, the report says, so many suburban apartment operators had turned to renovating their existing units prior to the economic downturn. Appraisal Research expects many of these renovations to resume sometime this year.

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