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Chicago Business Today

Appetite for apartments



Hi. I'm Lisa Leiter. In Chicago Business Today: Appetite for apartments.

Downtown landlords are smiling this spring.

The occupancy rate for top-tier apartment buildings rose to 93.6% in the first quarter, up from 90.9 percent a year ago.

This is according to Appraisal Research Counselors.

A key gauge of demand is rising at its fastest pace in the past decade. The number of occupied downtown apartments rose by almost 2,200 units from a year ago.

It's surprising, with the high unemployment rate. Apartment demand is usually low when the jobless rate climbs, as would-be tenants try to save money with roommates or living with mom and dad. On top of a lousy job market, there also has been a wave of new construction.

Developers have added more than 4,000 units to downtown since the beginning of 2008 and will add another 800 by the end of the year.

Flair Tower opened in March. General Manager Lauren Dolan says there was some nervousness about the market before construction of the 200-unit River North building was completed. But traffic and leasing has met and even exceeded her expectations.

Lauren Dolan, general manager, Flair Tower

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Given the economy we didn't know what would pan out. We came in at the prices we were anticipating we started with some concessions but then as we opened we started pulling back on concessions.

Flair Tower was offering two months free rent but now some units are coming with no free rent at all. Including those concessions, net rents at Class A buildings rose to \$2.16 a square foot in the first three months of the year. It's the first year-over-year increase since 2008. Still, with all those good deals to attract tenants, rents are lower than developers projected when they broke ground.

Appraisal Research Counselors predicts rent will rise about 4 percent this year and occupancy will hit 95%. Lauren Dolan is signing about 10 to 20 leases per week. The building is 40 percent leased, and she hopes it will be three-quarters full by the end of the summer.

It's aggressive capitalize on summer leasing season seeing demand we've seen downtown going to be easier than it would have been last year or the year before that.

Some developers are laying the groundwork for a new round of construction in 2012. After completing 2,200 units this year, none are expected to be done in 2011.

And that's this edition of Chicago Business Today. For more on this story, be sure to check out chicagoalestatedaily.com. Thanks for watching we'll see you tomorrow.

More from Chicago Business Today



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A little-noticed item in federal legislation overhauling the financial industry could be a big blow to local banks. Lisa Leiter talks to Crain's Senior Reporter Steve Daniels about what's at stake.



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Gourmet food trucks are the restaurant industry's hottest trend. Meet the men behind the movement to change city law and allow them on the streets of Chicago.



Midwesterners on money

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A survey shows that Midwestern men are more bullish on spending than their female counterparts. Find out what else people in our region are saying about the economy and their own financial situations.



Waterview's fate

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Landing LeBron

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Chicago could be a front-runner in the race to lure free agent LeBron James. What's at stake for the Bulls and for the local economy?



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