

Appraisal Research Counselors

400 E Randolph Street, Suite 715  
Chicago, Illinois 60601-7388

T: 312-565-0977  
F: 312-565-3436

[Click here to view AppraisalResearch.com](http://AppraisalResearch.com)



Professional Service Since 1968

*Appraisal Research Counselors®*

### About New Homes

New Homes is the print edition of YoChicago. It's published 10 times a year, and has more info about city and north suburban new construction than any other source.

[Find print edition of New Homes Magazine](#)

## Downtown builders get creative to stand out in buyers' market

by [Gail Lissner](#) 5/24/07

### Housing Watch

So far, 2007 does not appear poised to break any records for new-home sales, but the market looks fairly healthy. Sales at downtown condominium developments during the first quarter of 2007 did not match the record levels of 2005 and 2006, but they were comparable to sales levels a few years earlier.

The supply side of the equation looks stable too. The number of units developers sold downtown during the first quarter was about the same as the number they unveiled in marketing programs. This means there was no real change in the number of unsold units on the market.

More important, only 3 percent of the unsold condominium inventory that builders are marketing is actually completed and available for immediate occupancy. About 45 percent of downtown's unsold condos are under construction, with deliveries scheduled for 2007-2009. A little more than half have not yet broken ground and will be delivered between 2008 and 2011.

An abundance of completed, unsold condos would be cause for concern, but of the 3,700 units expected to be finished downtown this year, more than 80 percent already are under contract.

New-construction condos continue to dominate downtown, with few other housing types available in the market for new homes.

In 2006 only one downtown rental building converted to condos, and it's unlikely we'll see many more in 2007. So far this year, only one building, [Prairie District Lofts](#), has announced a conversion. Given the limited availability of prime rental properties downtown – and the appetite of major investors and pension funds for them – it's doubtful that condo converters will find many major candidates.

New townhouse development in the downtown market is also unlikely because of high land prices. Nearly all new townhouses have been on the fringes of the downtown area, near the University of Illinois at Chicago campus, in [Pilsen](#), and around Cabrini-Green, which is being redeveloped. A handful of new townhouses in projects such as [Lakeshore East](#) and [RiverView](#) are targeting the ultra-luxury market with large unit sizes and prices of \$400 to \$500-plus per square foot.



### Featured homes



Skokie, IL \$449,900  
[View all](#) | [Advertise](#)

### Contents

- [Architecture](#)
- [Buyer tips](#)
- [City neighborhoods](#)
- [Columnists](#)
  - [Don DeBat](#)
  - [Gail Lissner](#)
  - [Tom Corbett](#)
- [Condo conversions](#)
- [Deals](#)
- [Featured projects](#)
- [High-rises](#)
- [Hotel condos](#)
- [Lofts / adaptive reuse](#)
- [Market updates](#)
- [Mega projects](#)
- [New condos](#)
- [New Homes Awards](#)
- [North suburbs](#)
- [Single-families](#)
- [Townhouses](#)
- [Trends](#)
- [Ultra-luxury](#)
- [Uncategorized](#)

### Affiliate sites

- [Housing Newswire](#)
- [New Homes Magazine](#)
- [YoChicago](#)

### YoChicago journals

- [First-person](#)
- [City neighborhoods](#)
- [Expert journals](#)
- [Suburbs](#)
- [YoChicago today](#)

### Subscribe

- [Comments feed](#)
- [Full content feed](#)



**[X/O Condominiums](#)**

Ground-Breaking South Loop Design Register for VIP Grand Opening!

[www.xocondominiums.com](http://www.xocondominiums.com)

**[Hotel In Downtown Chicago](#)**

Charming Boutique Hotel Downtown/Michigan Ave. Area

[www.senecahotel.com](http://www.senecahotel.com)

**[Downtown LA Condos](#)**

Evo-south condos for sale, modern design, spacious, downtown LA.

[www.evo-south.com](http://www.evo-south.com)

**[Atria. Own Downtown.](#)**

Studios, lofts, 1, 2 & 3 bedroom. Special incentives. Limited time.

[101marketstreet.com](http://101marketstreet.com)

**[Chicago Sales Marketing](#)**

We are hiring skilled salespeople in Chicago with great aspirations!

[www.google.com/jobs](http://www.google.com/jobs)

Adaptive reuse projects continue to comprise only a small segment of new development because of the lack of available loft buildings downtown. The [MCL Companies](#) started marketing its 241-unit Lofts at the [River East Arts Center](#) during the first quarter of 2007 and is reporting a successful sales pace. This brick-and-timber structure along the Ogden slip in [Streeterville](#) has a prime location a few blocks from Michigan Avenue, Lake Michigan, and the proposed [Chicago Spire](#).

New-construction condos rule the downtown roost. Six projects totaling 875 units started marketing programs during the first quarter of 2007, priced from \$300 to \$900 per square foot, with similar locations and unit sizes.

Among the new crop, [Walton on the Park](#) and [Canyon Ranch](#) are noteworthy. [Walton on the Park](#) has a prime [Gold Coast](#) location, park views and a wider variety of prices and unit sizes than recent Gold Coast developments. Canyon Ranch also has a prime location and offers an impressive array of amenities and spa services.

Faced with a large inventory of new units for sale, condo developers have been trying to create niches for their projects. Many are providing unusual, trendy finishes in kitchens and baths. Some projects are offering flat screen televisions (even in the bathroom). Buildings have everything from movie theater rooms to private massage rooms, and even small bowling alleys.

Attractive mortgage financing at below-market levels will likely become more important this year too.

One area that has not yet attracted significant attention from buyers is green building design. In Chicago, buyers would likely rank environmentally friendly features low on a list of "must-haves," far below stainless steel appliances or granite countertops.

But West Coast builders already report that buyers are placing greater weight on these elements, and the coasts generally find the trends before they make their way to the Midwest. Whether seeking LEED certification or just incorporating environmentally friendly elements into their building programs, developers should begin focusing greater attention on this area. Buyers certainly will in the years to come.

*Gail Lissner, CRE, SRA, is co-author of [Appraisal Research Counselors'](#) quarterly "Downtown Chicago Residential Benchmark Report." This in-depth analysis of the downtown Chicago housing market tracks development activity and helps people investing in residential real estate make informed decisions.*

See more in [Gail Lissner](#).

| [E-mail](#) | [Permalink](#) | [Print](#)

**Track this entry:**

[Trackback url](#)

