

City looking at modest rent hikes

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Apartment hunters looking for rentals and renters anticipating lease renewals can expect to see rent increases of 1 to 6 percent in the city, reports the Chicagoland Apartment Association.

Rents throughout the city and suburbs are expected to rise between now and Oct. 1 as some landlords wrestle with a marketplace battered by talk of a recession, joblessness and sky-high gas prices, said Judy Roettig, executive director of the CAA, a 300-member organization that represents more than 2,500 apartment professionals who own or manage more than 136,000 apartments in the greater six-county Chicago area.

"The reason rents are going up is simply that there are plenty of renters right now," said Maurice Ortiz, marketing director for The Apartment People, one of the largest apartment finding services in the Chicago area. "The demand for rentals is high and right now the rental market is flooded with apartments.

"We are also seeing more renters this year because a lot of people are choosing to rent for another year to see what happens in the housing market. They're thinking they should wait and see if prices drop," Ortiz said. "Another reason there are so many renters in Chicago is that many companies are moving into the city, so people are relocating here. We're seeing suburban companies move into the city as well as international firms opening offices here.."

Plus, Ortiz said, right now it's cheaper to rent than to own. "But not by that much," he said. "Right now if you buy a condo downtown with 20 percent down and a 6 percent interest on a 30-year fixed loan, you're going to paying very close to the same price as if you would rent. Plus, owners have to figure in assessments and real estate taxes. That's where renting becomes more affordable."

On the Near North Side in the Old Town and Lincoln Park neighborhoods, rents rose 5 to 6 percent on vacant apartments and 3 percent on apartments where tenants renewed their leases, reports Victorian Independent Properties, a North Side company that manages about 50 apartments in vintage walk-up buildings. The average monthly rents for the two neighborhoods range from \$1,100 to \$1,250 for a 1-bedroom apartment; \$1,500 to \$1,700 for 2-bedroom dwellings and \$1,500 to \$2,000 for 3-bedroom apartments.

Mary Prekop, leasing agent for Victorian Independent Properties says one reason for the rent increases is that "this year's higher real estate tax bills are taking a toll" as landlords pass along the costs to renters. "One owner recently was hit with a \$34,000 tax bill for an older eight-unit building," Prekop said.

On the South Side, rents are rising a modest 1.5 to 2 percent at the most, reports Carl Pettigrew, a CAA member and managing partner of New Venture Realty, which owns and manages an assortment of garden walkup buildings in Chatham on the city's South Side.

"On the South Side, there's still a lot of vacancies, a lot of for-rent signs," Pettigrew said. "The rental market here is driven by the job market." Typical rents on a 1-bedroom apartment on the South Side range from \$650 to \$700, and typical rents on a 2-bedroom range from \$750 to \$850.

In the downtown area, Appraisal Research Counselors, a Chicago-based consulting firm that tracks housing trends, says renters may find some bargains because landlords there are facing leaner occupancy rates than generally desired. The firm said occupancy rates in the downtown area rose slightly to 91.9 percent from 91.3 percent in the final quarter of 2007. However, that's lower than a year ago when occupancy was at 93.4 percent in the first quarter of 2007.

For example, the Apartment People say the average rent for a 1-bedroom apartment in Streeterville and the Gold Coast ranges from \$1,050 to \$2,200 while a 2-bedroom rents from \$1,600 to \$4,000. In the West Loop and South Loop, the firm said a 1-bedroom apartment rents for \$1,300 to \$1,800 while a 2-bedroom rents from \$1,600 to \$3,000.

RMK Management, which has about a dozen offices in the Chicago area, is reporting average rent increases of 4 to 5 percent with renewal increases of 7 percent on average. RMK Management's properties include 333 E. Ontario and 4334 N. Hazel Street in Chicago and properties in Naperville, Oswego, Schaumburg and other suburbs.

In the city, monthly rents at RMK Management properties currently range from \$1,200 and up for 1-bedroom and \$1,600 and up for 2-bedrooms. At suburban properties, RMK Management's properties currently are charging \$900 and up for a 1-bedroom apartment and \$1,300 and up for 2-bedroom units.

On the West Side, in neighborhoods like East Garfield Park, Finders Plus Real Estate says the average rent for a 1-bedroom apartment ranges from \$500 to \$900, while a 2-bedroom apartment rents from \$800 to \$1,200.

Despite the rent hikes, there are still good deals to be had in the city, said Ortiz.

The best rental deals right now are found in Logan Square, where you can find a 1-bedroom apartment for \$800, often including heat, Ortiz said. A 2-bedroom in Logan Square rents in the \$1,200 range and often does not include heat.

"And of course there is Rogers Park, which always has been and still is a good deal for renters," Ortiz said. "A typical 1-bedroom apartment rents for about \$790, including heat, while a 2-bedroom apartment is about \$900 per month, without heat."