

**CONSTRUCTION
ACTIVITY**



UNDER CONSTRUCTION **8,207**

UNITS DELIVERED (YTD) **729**

**MARKET
FUNDAMENTALS**



VACANCY RATE **5.3%**

YEAR-OVER-YEAR CHANGE **0bps**

ASKING RENTS **\$2,019**

YEAR-OVER-YEAR CHANGE **+1.5%**

**TRANSACTION
ACTIVITY (YTD)**



MEDIAN PRICE PER UNIT **\$239,500**

**CHICAGO MULTIFAMILY
Q1 2026**

MARKET INSIGHTS

Class B and Class C property sales fueling investment activity

HIGHLIGHTS

- Chicago multifamily operating conditions gained ground in the first quarter as asking rents climbed and the vacancy rate went unchanged. The pace of deliveries slowed, with projects totaling approximately 700 units completed so far this year.
- The vacancy rate in Chicago remained in place at 5.3% in the first quarter. While there has been some slight fluctuation throughout the past year, the current vacancy rate is the same as it was one year earlier.
- During the first quarter, rents trended higher by 1.2% to \$2,019 per month. Year over year, asking rents increased by 1.5%. Continued gains are expected in the coming quarters.
- Multifamily investment activity in Chicago got off to a stronger start than in recent years, following a strong second half of 2025. The median price in deals closed during the first quarter was \$239,500 per unit.

CHICAGO MULTIFAMILY MARKET OVERVIEW

The first quarter of 2026 was a period of healthy performance and fundamental improvements in the Chicago multifamily market. A slowing in the pace of completions in recent periods has contributed to this strengthening, while renter demand for units has continued at a solid clip. Some submarkets that are posting the strongest conditions are also areas where supply growth has been elevated in recent years, including The Loop and Rogers Park. Both of these submarkets were leading areas for both rent growth and vacancy improvement, with combined rents in these areas rising by 3.7% year-over-year, while vacancy improved by 90 basis points. The Lincoln Park submarket was another standout, with rents in this area increasing by 3.0% during the past 12 months while vacancy decreased by 30 basis points.

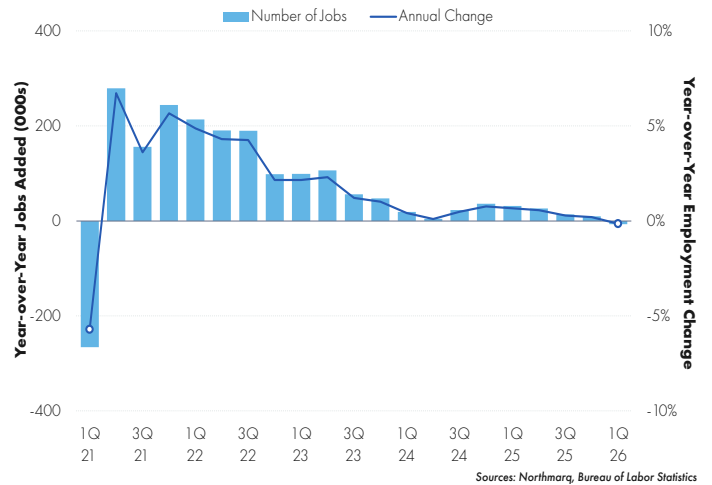
Multifamily investment activity continued to rise in the first quarter, building upon the momentum created during the second half of last year. There were nearly as many transactions during the first quarter as there were during the entire first half of 2025, making this the strongest start for investment activity in more than a decade. Downtown Chicago is leading the investment activity, while Class B assets have made up half of all transactions, similar to last year. The median price ticked lower to \$239,500 per unit, but this was largely a function of an older mix of properties included in the transaction mix at the beginning of this year. Investor demand for Class C properties appears to be elevated; the median sale price for Class C apartments has increased 15% this year to \$175,900 per unit.

EMPLOYMENT

- Total employment in Chicago decreased in recent periods, marking the first year-over-year decline since early 2021. During the past 12 months, employment in Chicago contracted by 0.1% with the loss of 6,600 jobs.
- The private education and health services sector continued to post strong growth despite the overall trend in the market. Employment in this sector increased by 2.3% during the past year with the addition of 18,000 workers.
- The construction sector contracted slightly in both 2024 and 2025 but has begun to add workers in modest numbers. During the 12-month period ending in the first quarter, construction employment ticked up by 0.6% with the addition of approximately 1,000 net new jobs.
- **FORECAST:** The trend of decreasing employment is expected to reverse in coming months, though total growth in 2026 should be modest. Chicago employers are forecast to expand payrolls by roughly 0.4% in 2026, hiring around 20,000 workers.

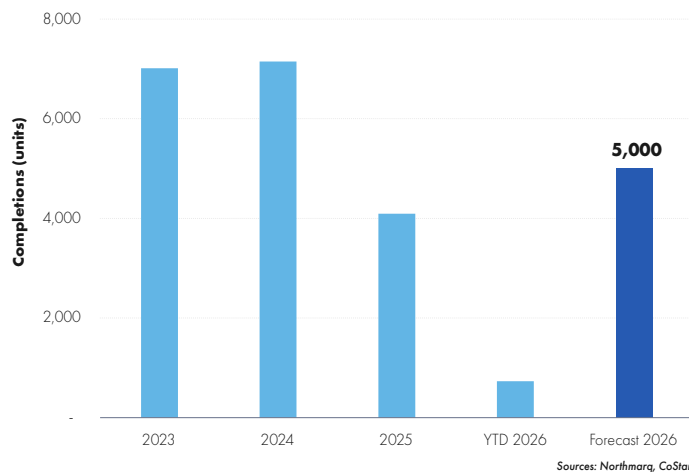
Private education and health services posted strong growth.

EMPLOYMENT OVERVIEW



Deliveries were down by more than 50% in the first quarter.

DEVELOPMENT TRENDS

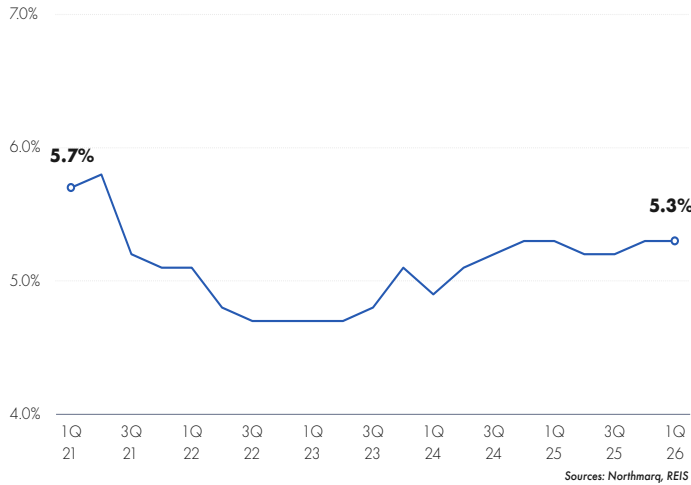


DEVELOPMENT & PERMITTING

- The pace of multifamily deliveries continued to slow. In the first quarter, projects totaling approximately 700 units were completed, down by more than 50% from the same point in 2025.
- While deliveries have dipped, the number of units under construction has increased. There are currently around 8,200 units under construction in Chicago, up 16% from one year ago. Downtown Chicago contains the greatest share of units under construction.
- Multifamily permitting continued to lag recent highs. Permits for roughly 900 units were issued during the first quarter. Compared to the trailing five-year average, first-quarter permitting is down 28%.
- **FORECAST:** There should be an uptick in deliveries in the coming months, with roughly 5,000 units slated for completion in 2026. While this is a 23% increase from 2025, this will still remain one of the lightest years for deliveries in the past decade.

The vacancy rate remained at 5.3%.

VACANCY TRENDS



VACANCY

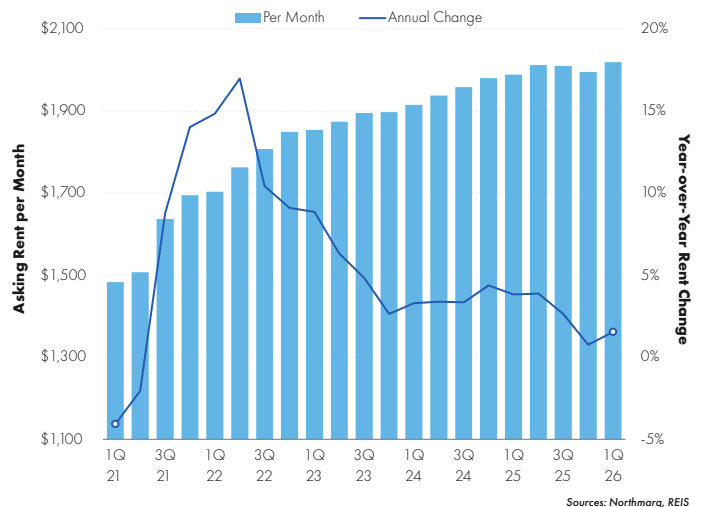
- Vacancy conditions continue to be stable in Chicago. The vacancy rate remained at 5.3% in the first quarter, matching the previous quarter. The current vacancy rate also matches the figure from one year ago.
- The average Class A vacancy ended the first quarter at 7.4%, but the rate has tightened by 10 basis points during the past 12 months. The combined vacancy rate for Class B and Class C properties has posted a slight year-over-year increase.
- The Rogers Park and Belmont to Montrose submarkets are leading Chicago in vacancy improvement. These areas both recorded 90 basis point vacancy improvements in the past year. The current rate in Rogers Park is 5.3%, while vacancy in Belmont to Montrose is 5.1%.
- **FORECAST:** The vacancy rate in Chicago is forecast to decrease in 2026, aided by the slowing pace of inventory growth. By the end of the year, the vacancy rate is expected to reach 4.9%, down 40 basis points from the end of 2025.

RENTS

- Rent growth resumed in the first quarter, with the average asking rent increasing by 1.2% following a decline during the second half of 2025. Year over year, asking rents in Chicago rose 1.5% to \$2,019 per month.
- The combined asking rents for Class B and Class C properties gained 2.7% during the past 12 months, rising to \$1,532 per month on average. Annual Class A rent growth was light, totaling just 0.4% to \$2,694 per month.
- The Oak Park submarket is a rent growth leader in Chicago. Year over year, asking rents in this area advanced by 4.0%, to \$1,683 per month. In The Loop, rents rose 3.7% during the past 12 months to \$2,996 per month.
- **FORECAST:** Rents should keep climbing throughout the year. In 2026, asking rents are forecast to increase by 3.0% to roughly \$2,055 per month.

Year over year, asking rents increased by 1.5%.

RENTS TRENDS

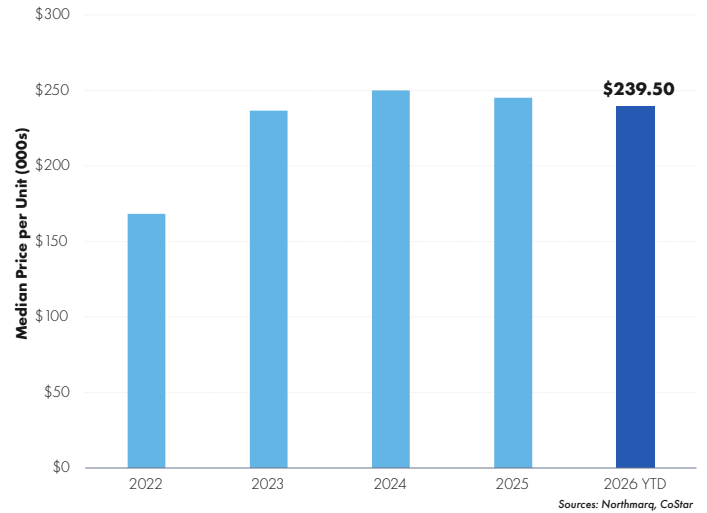


MULTIFAMILY SALES

- The pace of multifamily sales started the year off much more active than in recent periods. The number of multifamily properties that sold during the first quarter of 2026 nearly doubled the total transactions that closed during the first quarter of 2025.
- While activity picked up, pricing inched lower. In the first quarter, the median sale price in Chicago was \$239,500 per unit, down 2% from last year. On average, the properties that have sold this year are 10 years older than those that sold in 2025, likely contributing to this pricing shift.
- Cap rates have edged higher to this point in the year. In the sales that have taken place, cap rates are averaging between roughly 6% and 6.5%. Compared to 2025, this is an increase of approximately 50 basis points.

The median sale price was \$239,500 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

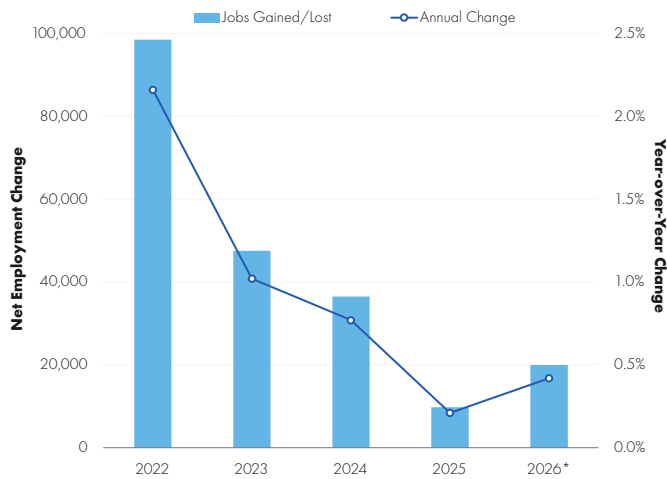
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
73 East Lake	73 East Lake St., Chicago	2014	332	\$126,100,000	\$379,819
Elm Creek Apartments & Townhomes	1 Elm Creek Drive, Elmhurst	1987	400	\$117,500,000	\$293,750
Woodlands of Crest Hill	1615 Arbor Lane, Crest Hill	1972	730	\$110,000,000	\$150,685
Flair Tower	222 West Erie St., Chicago	2010	198	\$85,000,000	\$429,293
Evanston Place Apartments	1715 Chicago Ave., Evanston	1990	190	\$82,859,537	\$436,103
Reserve at Romeoville	700 South Weber Road, Romeoville	2016	292	\$76,000,000	\$260,274

LOOKING AHEAD

The Chicago multifamily market is positioned to post sustained improvement in 2026. With deliveries remaining limited and key demand drivers still in place, the vacancy rate is expected to dip below 5% for the first time in nearly three years. As vacancy trends lower, operators should continue to push rents higher; healthy rent gains in the first quarter are a sign of additional increases likely to come in subsequent quarters. Rent growth is not expected to be completely uniform, however. Vacancy in the Class A segment remains elevated, and operators of top-tier assets will likely prioritize occupancy over rent increases. In contrast, Class B and Class C properties may have more room to raise rents at a faster pace.

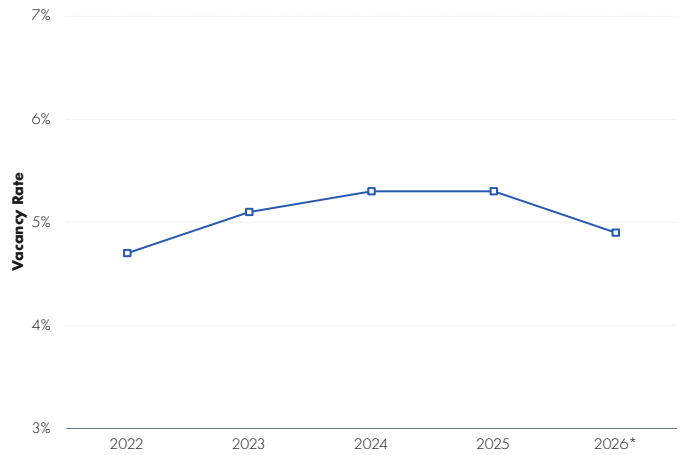
Multifamily sales levels in Chicago should remain steady throughout the rest of the year. Following a few years of lighter activity, the transaction count for the full year will likely be back within normal ranges. While the downtown area will continue to contain a significant share of sales, areas such as the North Lakefront and Naperville/Lisle area may begin to record more transactions, as these submarkets have both had limited activity to this point in the year, despite generally being some of the more active areas in the market. Cap rates are forecast to remain close to current levels, assuming the transaction mix of classes, locations and vintages is similar to recent years.

EMPLOYMENT FORECAST



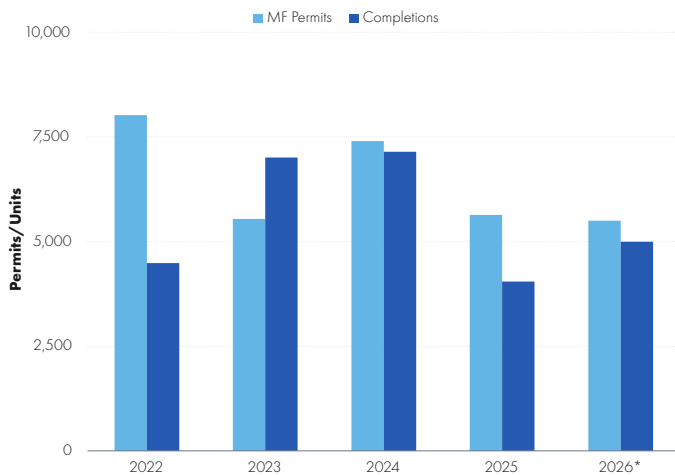
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



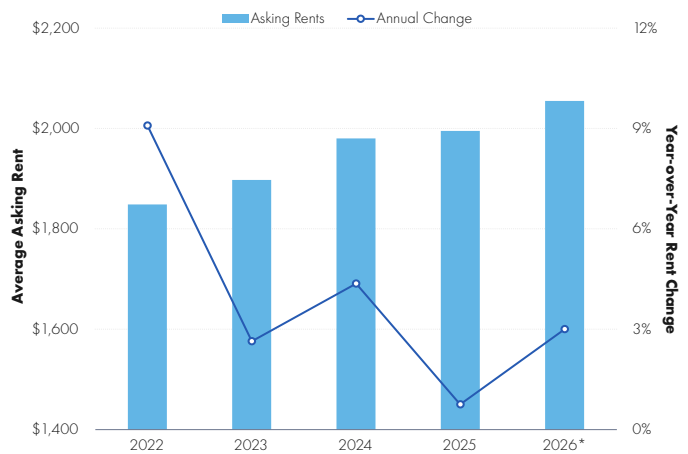
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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