

Dealmaking activity climbs past 2024 levels

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **7,636**

UNITS DELIVERED (YTD) **4,049**

MARKET FUNDAMENTALS



VACANCY RATE **5.2%**

YEAR-OVER-YEAR CHANGE **-10bps**

ASKING RENTS **\$1,997**

YEAR-OVER-YEAR CHANGE **+0.7%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$245,200**

CHICAGO MULTIFAMILY Q4 2025

HIGHLIGHTS

- Operating conditions in the Chicago multifamily market improved in 2025, despite rents declining modestly during the second half. Completions in 2025 dipped to a 10-year low, with only around 4,000 units delivered.
- Vacancy in Chicago was stable in 2025, remaining at 5.2% since the first quarter. Compared to the end of 2024, the vacancy rate decreased by 10 basis points.
- Asking rents dipped during the second half of the year following stronger increases in earlier months. During the fourth quarter, rents decreased by 0.7% to \$1,997 per month. Still, rents are up 0.7% year over year.
- The pace of multifamily sales accelerated in 2025, trending closer to historical norms. The median sale price was \$245,200 per unit during the past year, while cap rates remained within the 5.5% to 6.0% range.

CHICAGO MULTIFAMILY MARKET OVERVIEW

The Chicago multifamily market strengthened in 2025, supported by lighter new supply growth. Despite posting a modest decline during the fourth quarter, rental rates are up from one year ago, and vacancy improved slightly from previous levels. This upward momentum was driven largely by accelerating local employment growth and in-migration, combined with limited supply growth and continued absorption. Net move-ins outpaced completions by approximately 100 units during the past year, as supply growth reached a 10-year low in 2025. Class A properties accounted for more than half of the total absorption in the Chicago area this year. Some submarkets in and around downtown generally outperformed the greater market by a wide margin, posting solid rent growth and significant vacancy improvements. These included most of the submarkets within downtown, as well as lakefront submarkets north of downtown stretching from Lincoln Park to Rogers Park.

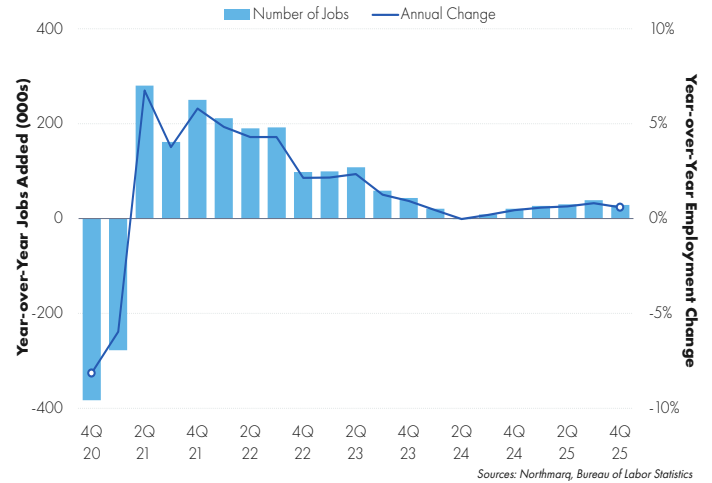
The Chicago multifamily investment market recorded increased activity in 2025. During the past year, there was a 32% increase in the number of multifamily trades compared to 2024. Pricing decreased during this time, though only slightly, with the median sale price for the full year down 2% from 2024 at \$245,200 per unit. This slight reduction was primarily driven by the transaction mix shifting towards Class B and Class C properties, while the share of Class A sales subsided. Despite overall pricing inching lower, pricing for top-tier properties climbed, and many submarkets posted increased pricing. Downtown Chicago contained the greatest share of transactions, and median pricing in this area climbed 30% in 2025. The North Lakefront area, which also contained an elevated share of activity, posted a 20% increase in median pricing during the past 12 months.

EMPLOYMENT

- Employment growth in Chicago picked up in 2025, following lighter gains in 2024. During the past 12 months, employers hired 28,500 workers, an annual increase of 0.6%.
- The information sector posted the sharpest employment growth in 2025. During the past year, area employers in this sector expanded payrolls by 3.8%, adding 2,900 new positions.
- The financial activities sector rebounded modestly in 2025, after shedding jobs in 2023 and 2024. Employment in this sector rose by 0.6% in the past year, with the addition of 2,000 workers.
- **FORECAST:** The pace of employment growth in Chicago is expected to continue building. In 2026, area employers are forecast to expand payrolls by 0.8%, adding roughly 35,000 employees to local positions.

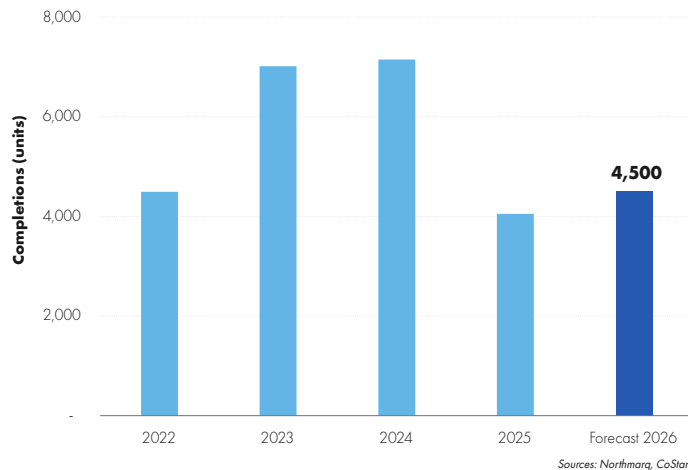
Employers hired 28,500 workers in 2025.

EMPLOYMENT OVERVIEW



There are more than 7,600 units under construction.

DEVELOPMENT TRENDS

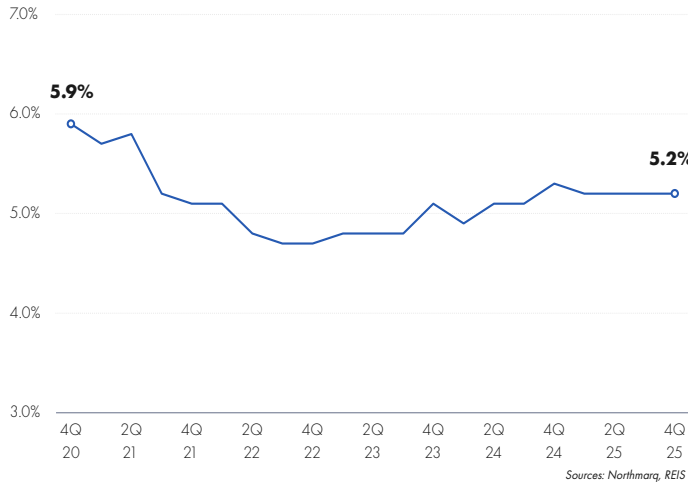


DEVELOPMENT & PERMITTING

- Multifamily development slowed in 2025. During the past year, approximately 4,000 units were delivered in Chicago, down 43% from 2024. This marks the lowest number of annual deliveries in more than 10 years.
- The development pipeline has continued to expand while completions dropped. Projects totaling more than 7,600 units are currently under construction in the market, up 16% from the end of 2024.
- Permitting slowed considerably in 2025, falling well below long-term trends. There were multifamily permits issued for 5,640 units in the past year, down 24% from 2024 and down 18% from the trailing 10-year average.
- **FORECAST:** While deliveries are expected to accelerate in the coming quarters, annual totals will remain below traditional levels. Projects totaling approximately 4,500 units are expected to be delivered in the next year, up 11% from the limited levels of 2025.

Year over year, vacancy decreased by 10 basis points.

VACANCY TRENDS



VACANCY

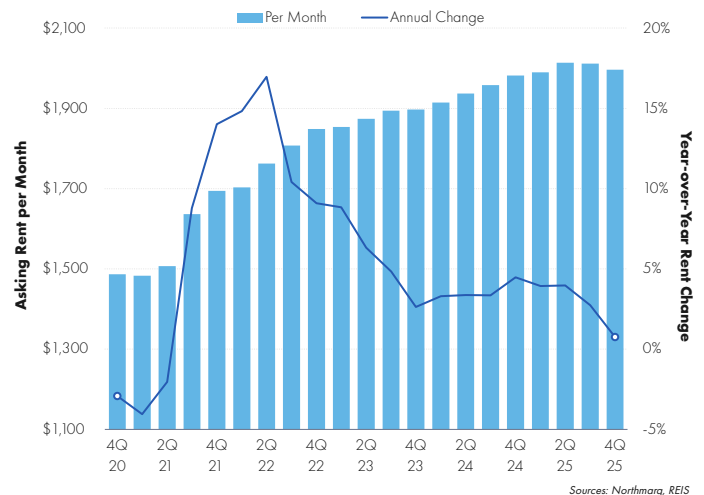
- The vacancy rate in Chicago remained at 5.2% from the first quarter through the fourth quarter. Year over year, vacancy decreased by 10 basis points, the first annual improvement since 2022.
- Class A vacancy shifts greatly outperformed the rest of the market. Top-tier property vacancy tightened by 50 basis points in 2025, ending the year at 7.2%. The combined rate for Class B and Class C properties inched higher by 10 basis points during the past year to 3.7%.
- There were a handful of submarkets that posted vacancy improvements in recent periods. The City West submarket led Chicago with a 120 basis point vacancy decrease during 2025, ending the year at 9.1%. The Loop and the Rogers Park areas both posted 110 basis point improvements annually.
- **FORECAST:** The vacancy rate in Chicago is expected to improve again in 2026, though the difference is expected to be modest, similar to 2025. During the next year, vacancy is forecast to tighten by 20 basis points to 5.0%.

RENTS

- Following four straight years of increases, rents in Chicago edged lower during the second half of 2025. Asking rents dipped 0.7% in the fourth quarter, after shrinking 0.1% in the third quarter. Year over year, asking rents are up 0.7% at \$1,997 per month.
- Middle-tier and lower-tier apartments posted healthy rent growth in the past year. Combined asking rents for Class B and Class C properties increased by 1.5% in 2025, ending the year at \$1,509 per month.
- Many of the lakefront and downtown submarkets recorded strong rent growth in 2025. In Lincoln Park, asking rents increased by 3.1% during the past year to \$2,334 per month. The Loop trailed close behind, with rents rising by 2.9% in the same period to \$2,909 per month.
- **FORECAST:** Rent growth is expected to resume in 2026, following light moderation at the end of 2025. By the end of 2026, asking rents in Chicago are forecast to reach roughly \$2,035 per month, an annual increase of 1.9%.

Year over year, asking rents are up 0.7% at \$1,997 per month.

RENTS TRENDS

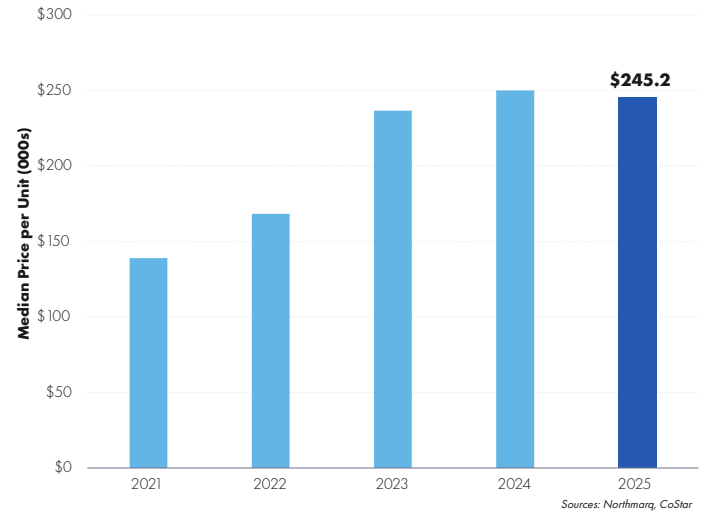


MULTIFAMILY SALES

- Multifamily sales activity continued to accelerate during the past year. In total, there were 32% more transactions recorded in 2025 than in 2024. This brought the transaction count within 5% of the trailing 10-year average.
- Median multifamily pricing in Chicago dipped slightly, though pricing among select submarkets and property tiers was generally up. In 2025, the median sale price in Chicago was \$245,200 per unit, down 2% from the prior year.
- Cap rates remained within the same range throughout the year. Cap rates averaged between 5.5% and 6.0% in 2025, in line with 2024 and roughly 25 to 50 basis points higher than in 2023.

In 2025, the median sale price in Chicago was \$245,200 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

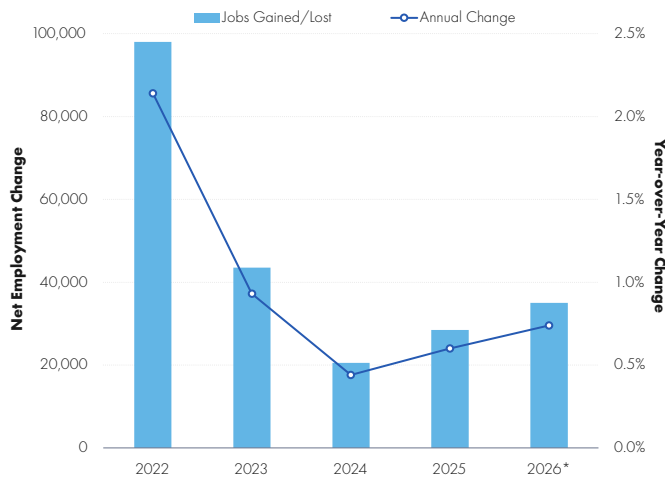
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Monroe Aberdeen Place	1050-1060 W. Monroe St., Chicago	2018	120	\$63,000,000	\$525,000
AMLI West Loop	205 S. Peoria, Chicago	2019	275	\$134,500,000	\$489,091
North Water Apartments	340 E. North Water St., Chicago	2015	398	\$174,750,000	\$439,070
Left Bank	300 N. Canal St., Chicago	2006	451	\$151,000,000	\$334,812
Fox Valley Villages	710 S. Eola Road, Aurora	1985	420	\$93,200,000	\$221,905
Renaissance at Carol Stream	201 Flame Drive, Carol Stream	1970	293	\$54,000,000	\$184,300
The Element	1550 Dempster St., Mount Prospect	1962	509	\$75,250,000	\$147,839

LOOKING AHEAD

The Chicago multifamily market is poised for improvement in 2026. As deliveries remain modest and many of the current demand drivers continue to be a factor, vacancy is expected to continue to improve, albeit slightly. As vacancy compresses on a longer-term downward trajectory, more operators are expected to ask for higher rents. Similar to vacancy, rent growth should still be modest in the coming quarters. Vacancy is forecast to continue to perform well in the top-tier of assets. Prioritization of occupancy over rent growth is expected to remain a key factor for Class A operators, while middle and lower-tier properties are expected to be able to raise rents at a steeper clip. Permitting in 2025 was low compared to recent years, so the number of new projects breaking ground should remain relatively light in 2026 and 2027.

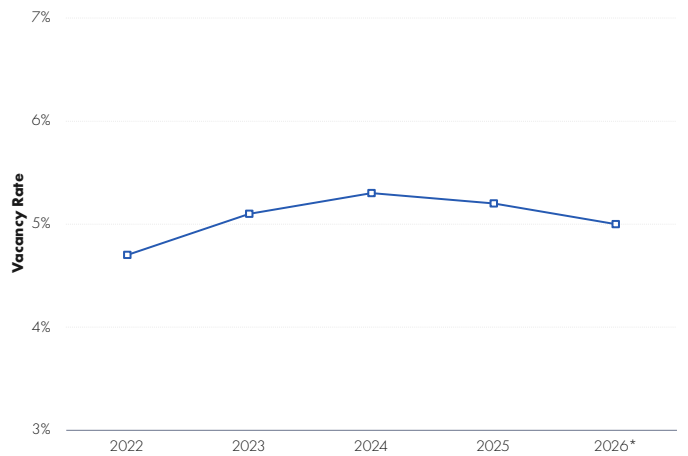
Transaction activity in 2026 is expected to increase as the market continues progressing toward pre-2020 norms. Total sales in the coming year will likely reach or exceed the trailing 10-year average. Investor confidence should remain steady as cap rates hold firm, with any movement anticipated to be minimal. Rising property taxes may place added pressure on underwriting assumptions, particularly for older assets or those in municipalities undergoing reassessment. Even so, strengthening fundamentals such as improving rents and tightening vacancy should support increases in net operating incomes. As operating metrics strengthen, investor sentiment should continue to improve, and more owners may be motivated to bring assets to market, helping to sustain a gradual rise in sales velocity throughout the year.

EMPLOYMENT FORECAST



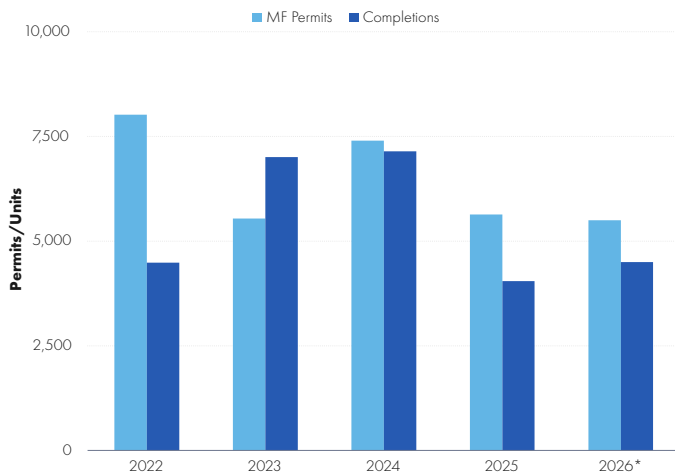
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



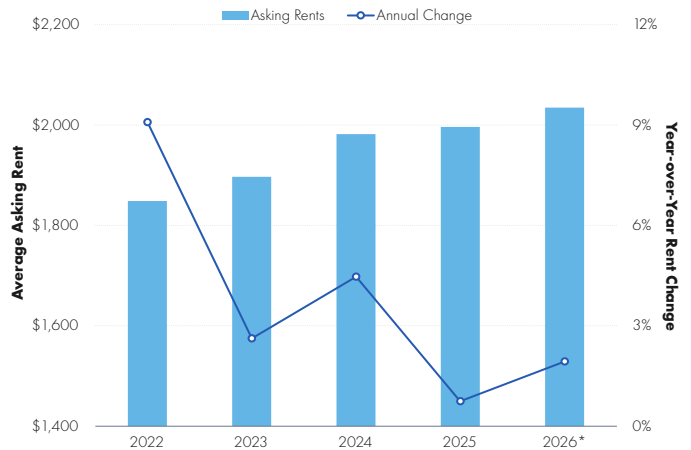
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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