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## A renter's market

Unable to buy or sell, home seekers turn to renting

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The unsettling housing market has an upside: Renters in Chicago are scooping up luxury properties that can't be sold, with half-million dollar condos and apartments now renting for a few thousand dollars a month, local brokers say.

Chris Ellis is a typical example. When his family of four moved from Manhattan to Lincoln Park, Ellis chose to hold off on buying a house.

"It makes sense for us to rent," said Ellis. "Now we can save for a down payment."

Like others in his situation, Ellis found a variety of brand new, sizable, upscale properties for rent, at a relative bargain.

"I was looking for something with at least two bedrooms, two-plus baths, with very nice finishes," Ellis said. After searching Craigslist, which directed him to local broker service Apartment Savvy Chicago, he found it: a \$2,900-a-month apartment on the 2200 block of North Lincoln Avenue in Lincoln Park. He signed a two-year lease on the unit the first week in February.

Michael Pottern, Apartment Savvy founder, has seen plenty of people like Ellis, who are renting rather than buying and finding competitively priced places.

"There's a shift of people who were planning and saving to buy a house and now they're holding up. They're still thinking the market hasn't bottomed out," he said. "There are some great deals out there as well."

That's because owners are struggling to sell their properties, which - even with price deductions - remain on the market for months without any interested buyers. In turn, many owners and even developers choose to rent out their properties, rather than wait for the still-depressed housing market to improve.

"When the sales market started to dry up, we saw owners who have the units that are basically just sitting on the market, so they flipped them to rent," said Paul Houillon, president of Connected Property Management in Lake View. "They're using rent as a resource to buy more time."

"They can live in a place they normally wouldn't be able to find in a rental market," Houillon added. "Tenants are going to be getting really good deals."

And in Chicago, he's noticed that renters really do their research, tracking prices, looking at plenty of properties and taking their time to find the best bargain through listing Web sites and apartment-finding brokers.

Before John Sharry, 24, and Matias Wigozki, 25, unpacked their boxes at a condo at West Belmont Avenue and North Broadway Street in Lake View last month, the two Boston transplants considered plenty of places. With Chicago-based Apartment People, Wigozki saw between 15 and 20 apartments - mostly in the Lincoln Park and Lake View neighborhoods - and consulted with Sharry by phone.

They picked a two-bedroom condo with an in-unit washer and dryer, stainless steel appliances and hardwood floors. Their rent is just \$1,450 a month.

"Relative to the Boston housing market, we feel like we're paying less for more," said Sharry, who's currently unemployed and looking for a job in advertising. "We wanted to be in a nice place, but something affordable."

In Chicago, rent prices are expected to remain fairly steady, rising only 1 percent in the year ahead to \$1,010 a month on average, according to a report by Marcus Millichap Real Estate Investment Services.

The Encino, Calif.-based real estate advisers predicted rising unemployment and the fallout of Chicago's condo boom would soften the market: "Many recently completed and underway projects are now being employed as rentals," the report stated, citing Lake View and Gold Coast properties.

"For example, sales at the 130-unit Lofts at Lake View Collection were weak, and some units have been brought online as apartments instead," the report said.

Condos that were originally slated as for-sale properties now make up one-third of the units shown by the Apartment People, up from 20 percent in 2007, said Maurice Ortiz, the firm's marketing director.

One such property is Parc Huron at 469 W. Huron in River North. The 21-story building was originally developed by Lennar Corp., which listed the 221 units for between about \$300,000 and \$700,000. But last year, Lennar canceled the project, and the new developers - Albany Park-based MR Development Corp. - will rent out the one-to-three-bedroom units.

Lyonhart Group, a real estate developer in Chicago, is renting condos at Sheffield Condo Living, a 31-unit property at 3808 N. Sheffield Ave. in Wrigleyville.

The condos-for-rent continue to add to the inventory already on the market.

"It's a renter's market. There are more and more units out there," said Houillon, of Connected Property Management.

Plus, some potential buyers can't get mortgages in the credit crisis or don't want to take on the risk of a new home purchase in a shaky economy. Monthly rent payments are a more cautious obligation for customers afraid they might lose their jobs.

In fact, the jump in unemployment may already be taking a toll on tenants. Some are having a harder time making their monthly rental payments, according to Lake View-based MTD Property Management, which has seen more delays in renters' monthly checks.

"As far as people missing their rent, it's happening, but we'd rather cut them a break," said Caroline Schwartz, a leasing and sales agent with MTD.



Josh Hawkins/Staff Photographer  
Carla Scanzello (left) and her husband, Chris Ellis, decided to rent a luxury condo in Lincoln Park after moving from Manhattan. The good deal they received due to the troubled real estate market has helped provide a pleasant home for their twin daughters, Sadie (background) and Matilda.



Renters are finding good deals on spacious condos that otherwise would be up for sale.