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After big lull, suburban apartment construction has boomed since 2013



This Daily Herald drone photo shows the first apartment development in Lincolnshire. The development is near the site of the Regal Cinemas.

Jeff Knox | Staff Photographer



Chacour Koop

At age 56, Michelle Love has never rented an apartment or condominium.

That likely will change soon when she and her husband, Ron Mousseau, sell the four-bedroom, 2,400-square-foot Arlington Heights house where they raised their children.

The couple wants to trade a mortgage, yard work, shoveling snow and empty rooms for a downtown apartment that offers flexibility, proximity to the Metra station and shops.

"It's just the two of us now, so we decided, 'Why not? Let's try it,'" Love said.

They're far from alone. Across the suburbs, thousands of new apartments have been sprouting up each of the past five years to quench a demand for rental housing not seen since the 1990s.

Among the reasons: Young professionals are delaying buying a home, while more empty nesters want to downsize and get out from under the ever-increasing property tax burden.

Zero to 9,200

Just about every metric shows the rental housing market is growing and remains strong. From 2004 to 2012, developers built roughly 1,600 apartment units in Cook and the other collar counties, according to Appraisal Research Counselors, a Chicago-based real estate consultant firm. Notably, the real estate research group reported "zero" new apartments in 2012.

That changed dramatically the next year. Since 2013, more than 9,200 apartments have hit the suburban market, and more than 2,400 are under construction. Many of these are in places that have never had apartment buildings.

The \$110 million Wheeling Town Center and its 300-unit apartment building and 10-screen movie theater will anchor the village's first downtown district, while construction is expected to begin next year on hundreds more apartment units near the Metra station off Dundee Road.

John Melaniphy, economic development director for Wheeling, said municipal governments traditionally wary of approving multiunit housing have started to embrace it.

"You create all this residential density around your downtown, which has successfully enhanced retail sales and occupancy rates," he said.

Fewer burdens

Frank and Marilyn Woidat, ages 85 and 78, raised four children in a 2,200-square-foot, colonial-style house in St. Charles. Though they remain in good health and contemplated buying a smaller ranch-style home, the couple eventually settled on a corner apartment in Elmhurst 255, just up the street from the city's downtown.

The conveniences -- mainly maintenance-free living -- plus having neighbors, drew them to apartment living.

"I think one of the benefits of moving into an apartment like this is just to eliminate all the burdens of owning a home," Frank Woidat said. "They aren't burdens when you're 40 years old, but they are when you're older."

They're part of a trend.

For example, in 2015 more than 44 percent of Cook County households were occupied by renters, the highest rate since 1990, according to the Institute for Housing Studies at DePaul University (<https://www.housingstudies.org/research-publications/state-of-housing/2017-state-rental-housing-cook-county/>). Executive Director Geoff Smith said the increase in rental demand may be even higher in the suburbs, but the housing institute doesn't track those numbers.

"The city has always had a much higher share of renters, so in some ways the net demand for renting hasn't increased as much as it might have in the suburbs because there's more room to grow in suburbs," he said.

'Those people'

Despite the demonstrable interest and need for multifamily housing, there often is opposition when apartment projects go before municipal officials for approval. It's not unusual for residents to pack meetings to voice concerns about overcrowding, traffic and the size of some developments.

Just last week, Arlington Heights trustees overwhelmingly shot down a developer's proposal to build an 88-unit apartment building on vacant land near downtown after residents raised those arguments.

An implication, too, when some proposals are reviewed is that apartments may attract lower-income people and those more prone to criminal behavior and put a strain on local services.

"They're really focusing on the people -- that they don't want 'those people' living next to them -- and they don't even know who 'those people' are," said Tracy Cross, a real estate consultant and researcher in Schaumburg.

According to the DePaul housing group, renters age 55 and older now account for more than 27 percent of the rental population, a rising trend expected to continue as the nation ages. The same data show renters earning \$75,000 a year or more make up a growing share of the rental market, accounting for 21 percent.

Too much?

With rent costs increasing and occupancy rates in the suburbs at 95 percent, it doesn't appear the demand for apartments is going away soon.

However, given that Illinois is losing population and lagging in economic growth, are developers building too much too fast?

Experts give varied responses.

"Are we building too many luxury apartments? The answer is, 'Probably,'" said Steve Hovany, a former planning director for Naperville and Schaumburg, and a real estate analyst. "But occupancy is full, and rent keeps going up."

Other experts see it differently. After nearly a decade of virtually no new apartments, the region is catching up. A couple thousand new units per year in the entire suburban market won't cause saturation, one said.

DePaul's Smith called predictions a "terrible idea," but said Chicagoans, experiencing a similar building boom, are asking the same question: Will there be enough households to keep pace with development?

"That's one question," he said, "both in the long- and short-term, that (the answer) will be interesting to see."

