

More wealthy households are renting

By Dennis Rodkin April 11, 2018

The number of upper-income households in Cook County that rent homes nearly doubled in the past decade, increasing at a vastly bigger rate than at other income levels, according to a new study.

The number of rental households in the county that make at least \$132,000 grew 99 percent between 2007 and 2016, according to the study, **"2018 State of Rental Housing in Cook County,"** released April 5 by the Institute for Housing Studies at DePaul University.

The second-most affluent group, those making between \$79,000 and \$132,000, also significantly increased its rental ranks. The number of those households that rent grew by 55 percent during the same period.

"There's been a major shift toward renting by households at the higher income levels," said Geoff Smith, the institute's director.

High-income people have been turning toward renting for several reasons, according to Smith and Aaron Galvin, CEO of Luxury Living Chicago Realty. Among them are fractured credit or foreclosure as a holdover from the housing bust, slowly rising home values that dampen the appeal of investing in a home and the desire to test-drive a new neighborhood before deciding where to buy, particularly in the case of affluent empty-nesters shifting their location.

Professionals who move to Chicago from other cities are more likely to rent than to buy a home, according to a **nationwide report** released by BuildZoom on April 3.

The booming supply of high-end rentals helps, as well. That's not only the thousands of luxury apartments built downtown in recent years, including **13,000 between 2017 and 2019**, but single-family rentals in the suburbs owned by big investment groups like Chicago-based Home Partners of America and Dallas-based Invitation Homes.

Because the supply of nice houses and apartments for rent is more plentiful than it once was, "a lot of these higher-income people, once they chose renting, may be permanent renters by choice," Galvin said. They give up the ownership hassles like maintenance and gain the flexibility to move more often if they want, he said.

Once they've lived in a new downtown tower with lavish finishes and amenities, Galvin said, "it's going to be hard to look at buying something that is older and needs work."

In whole numbers, renting by the top income group increased by about 31,300 households, to 67,355, in 2016, still the smallest number of rental households for any income group in the study. (At the lowest income level, households making \$19,800 or less, there were almost 241,000 rental households in Cook County in 2016, an increase of or 8 percent from 2007.)

The second-most affluent group of renters grew by about 44,000 households, to 124,476.

Combined, that's an increase of over 75,000 affluent households in the renter pool in a decade. By choosing to rent, these households reduce the demand for for-sale homes, contributing to the slow growth in sale prices.

In each of four income groups from \$79,000 to below the poverty level, the increase in renting households from 2007 to 2016 was 12 percent or less.