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# Gauging the Obama Center's real estate ripple effects across the South Side

As construction costs reach \$850 million ahead of its debut, the presidential library brought out-of-state speculation and fierce tenant rights battles





*Obama Presidential Center museum tower in Jackson Park with Barack and Michelle Obama (Getty)*

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**By Sam Lounsberry**

The opening of the Obama Presidential Center on the Juneteenth holiday marks the culmination of a project that had construction costs balloon from an initial \$300 million estimate to a staggering \$850 million, following a half-decade legal battle with park preservation advocates, and pandemic-related construction delays.

Envisioned as a 19-acre economic engine for Chicago's South Side, the center features a towering 225-foot museum building wrapped in concrete letters from the former two-term president's historic Selma speech.

While the center's backers have promised it would be a long-term boon for tourism and the area's economic infrastructure, it has simultaneously accelerated real estate speculation, driven up housing costs and sparked intense legislative battles over tenant rights and displacement.

## **Surrounding development landscape**

In East Woodlawn, single-family and multifamily home prices doubled between 2019 and 2025 to a median of \$440,000, according to the Institute for Housing Studies at DePaul University, far outpacing the rate of home price growth for the state of Illinois. This value surge incentivized outside developers to buy up lots and construct boxy, near-million-dollar townhomes that sit in sharp contrast to the area's older brick multifamily properties, the Illinois Answers Project reported. This development has rapidly altered the physical landscape, with the local 60637 ZIP code's inventory of vacant lots dropping from 964 down to 798 over ten years, according to Cook County Assessor's Office data cited by Crain's.

Even the building of the presidential center itself has experienced complex financial friction. As construction costs nearly tripled from early estimates, seven distinct subcontractors approached the African American Contractors Association reporting millions of dollars in missing payments, with some facing seven-figure outstanding invoices that threaten the survival of their businesses. One Black-owned subcontractor filed a \$40 million federal lawsuit against Thornton Tomasetti, the firm managing the project's structural engineering, alleging false claims and racial discrimination.

Meanwhile, immediate commercial and hospitality developments remain mixed. A 28-story, 250-room hotel proposed for an overgrown vacant lot on South Stony Island Avenue has been put into the development pipeline by a backer with close ties to the former president.

The project is led by prominent developer and former Obama employer Allison S. Davis, who toyed with selling the development site in 2022. But he so far has held onto the land, by proposing the hotel project and getting it cleared through the Chicago Plan Commission. Still, it's in paralysis after local officials discovered Davis owes millions of dollars to the city in unpaid property taxes and fees and old municipal mortgages.

Just to the south of Davis' hotel proposal, advocacy groups like the Preservation of Affordable Housing have stepped in to protect legacy residents from being priced out of this changing corridor. The nonprofit executed an \$85 million floor-by-floor modernization of its 240-unit Island Terrace apartments to safeguard long-term affordability.

## **Out-of-state speculation and multifamily distress**

For more than a decade leading up to 2023, the densely built lakefront community of South Shore just south of Jackson Park held the title of Chicago's hottest multifamily market, logging more apartment building sales than any other neighborhood in the city.

Drawn in part by the hyped-up halo effect of the nearby Obama Center and capitalization rates that looked high on paper, a wave of out-of-state investors aggressively swept into the area to buy up apartment complexes. This speculative buying frenzy drove the average cost of lower-end multifamily units from less than \$60,000 in 2019 up to \$73,000 per unit in 2024, effectively boxing out local operators with offers they could not match.

However, many of these speculative transactions were detached from neighborhood market realities, as baseline renter incomes remained largely unchanged, DePaul found. A wave of financial distress has since crested across the South Side:

- **Foreclosure Surge:** In 2024, lenders filed 20 foreclosure lawsuits against South Shore buildings with five or more units — the highest volume in a

decade and the most of any Chicago neighborhood. Nearly a quarter of all delinquent Chicago multifamily loans pooled into the commercial mortgage-backed securities market trace back to South Shore alone, *The Real Deal* found.

- **Severe Mismanagement:** Properties controlled by out-of-state landlords collapsed into legal battles brought by city officials and lenders alleging extensive building code violations. Tenants have been left without heat in the winter, and prominent portfolios have unraveled under a federal raid, insurance fraud allegations and multi-million dollar alleged Ponzi schemes linked to real estate acquisitions.
- **Tax Base Erosion:** Property managers note that when these 20-unit buildings default and sit boarded up, they drop off the tax base entirely. This structural blight forces the local property tax burden to spike heavily for the remaining legacy homeowners on the street.

## Legislative pushback



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To slow down resident displacement, progressive city leaders and community organizers responded with policy interventions. Chicago real estate players aren't pleased.

In April, a sweeping anti-gentrification ordinance known as the Jackson Park Housing Pilot Program went into effect across parts of Woodlawn and South Shore.

Modeled after a controversial pilot passed on the city's Northwest Side, the ordinance grants tenants the right of first refusal when an apartment building goes up for sale. Under the law, landlords of buildings with 10 or more units must notify residents of a planned sale and wait 180 days to allow tenants to organize a union, make an offer and secure acquisition financing. It also forces landlords to demonstrate “just cause” for evictions while a property is actively listed for sale. Just cause is defined as a breach of a lease agreement or illegal activity.

The commercial real estate industry has fiercely resisted the measure.

Groups like the Neighborhood Building Owners Alliance and Illinois Realtors argue that adding a highly technical monthslong pause to complicated real estate deals destroys transaction liquidity, delays title insurance and frightens away conventional lenders. Property owners caution that banks are already

hesitating to issue debt to both experienced and inexperienced buyers within the pilot zone, a dynamic they warn will stifle standard building maintenance and inadvertently accelerate neighborhood blight.

Despite this industry pushback, the policy battle has scaled to the state level, where lawmakers held hearings during their recently-ended session on multiple bills that could establish a similar tenant right of first refusal statewide.

## **The Airbnb collision and housing supply gaps**

With no major hotels operating in the immediate vicinity of the center, the housing market has collided with the short-term vacation rental industry.

While Chicago has seen a 38 percent drop citywide in approved short-term rental licenses since 2019, the 20th Ward — located directly west of the

Obama campus — has bucked the trend, recording a 46 percent spike in short-term listings. However, [Airbnb](#) said the high rate of growth in the area is based on just a handful of listings being added to its roster, due to the relatively small number of homes previously offered on its platform.

The Obama Foundation has promoted home-sharing as a vital tool to absorb the influx of tourists.

By shifting traditional long-term housing into tourist lodging, the trend depletes the available rental stock, squeezing permanent residents into a hyper-competitive market where typical one-bedroom rents have jumped from \$1,200 to \$1,800.

Local safety nets designed to mitigate this pressure have struggled with execution, the [Illinois Answers Project](#) found. A review of the city's landmark 2020 Woodlawn Housing Preservation Ordinance revealed administrative failures:

- **Zero enforcement:** Despite dozens of multifamily properties trading hands in

Woodlawn since 2020, city records show that not a single landlord actually filed the mandated pilot sales notices to their tenants or the city as part of the Tenants

- **Unspent relief:** More than \$2 million specifically set aside by the city to preserve or rehabilitate affordable housing units sat entirely unspent due to bureaucratic hurdles and a lack of dedicated oversight personnel.
- **Empty lots:** Though the ordinance required the city to reserve 52 city-owned vacant lots for low-income affordable housing, only a single project — the 58-unit Park Station Lofts — was brought online over a five-year span.

Ultimately, the real estate narrative surrounding the Obama Presidential Center underscores a persistent urban dilemma. As the physical campus welcomes its first visitors, it stands as a monument to cultural pride and infrastructure investment, even as the blocks surrounding it navigate market forces triggered in large part by its arrival.

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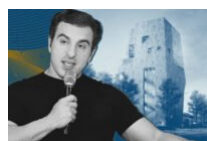
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Barack Obama