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Suburbs see occupancy and rent increases

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Real estate

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Renters, get out your checkbooks: A new report on the suburban rental market says that the struggle for landlords to keep apartments filled is over. The goal now--depending on which side of the check you're on--is to raise the rent.

With suburban apartments at about 97 percent occupancy, the average rent per square foot is up 5.6 percent from one year ago, according to a survey of the suburban market by Appraisal Research Counselors in Chicago.

This is a major change for the region's big landlords, who watched tenants scurry out the door on their way toward homeownership in five years of record-low mortgage rates. Iffy employment levels also hurt, as many young tenants went home to live with the folks or doubled-up with roommates.

It's a different story now: The for-sale market has softened, employment is making gains and conversions of apartment buildings to condominiums have tightened the supply.

The evidence is in the enticements--usually in the form of rent concessions--that landlords dangle to tenants. Concessions have receded from the typical "one month's free rent" a year ago to the equivalent of two weeks' rent now, the report said.

The report, which looked at 212 suburban complexes comprising about 72,000 units, found median rents at $860 for one-bedroom units (up from $784 in June 2004) and $1,028 for two-bedrooms (up from $950 two years ago).

The inventory tally

If you're a home seller, you probably don't need reminders that the thrill is gone.

But a report from a Naperville appraisal company slices data on the number of suburban single-family homes for sale into price-sized bites. The Headrick-Wagner Appraisal Group's survey of inventory (homes for sale) as of June 30 showed, unsurprisingly, that in any given Chicago-area town, the more modestly priced properties generally sell faster than the more expensive ones.

But as lined up in this report, the disparity is impressive. In St. Charles, for example, among homes priced between $300,000 and $500,000, there's about a five-month supply for sale. This means that if no other homes were to come on the market, it would take five months to exhaust the current crop. But in that town's bracket between $1 million and $2 million, the supply zooms to 39 months.

In Northbrook, there's about a four-month supply of homes priced between $500,000 and $1 million. Go to the next level--$1 million to $2 million--and the supply rockets to about 22.6 months.

Not all markets are so dramatically disparate. In Evanston, for example, the report cites about a four-month supply in the $300,000 to $500,000 and $500,000 to $1 million ranges. Edge up to the $1 million to $2 million category, and the wait doesn't get a whole lot longer. It's about a six-month supply, the report says.

In Buffalo Grove, the crop of properties listed in the $300,000 to $500,000 bracket will take about 5.7 months to sell, but the $500,000 to $1 million listings do better--with a 4.7 month supply. Top the $1 million mark there, and you're looking at six months.

The town-by-town report (plus a sometimes-ouchy look at homes' average list price versus average sale price as of July 1) is at www.headrick-wagner.com.

Hear Mary Umberger on WBBM Newsradio 780 at 6:21 p.m. and 10:22 p.m. each Thursday and Friday and 7:20 a.m. each Saturday and Sunday.