

Downtown Chicago Condo Market Update...

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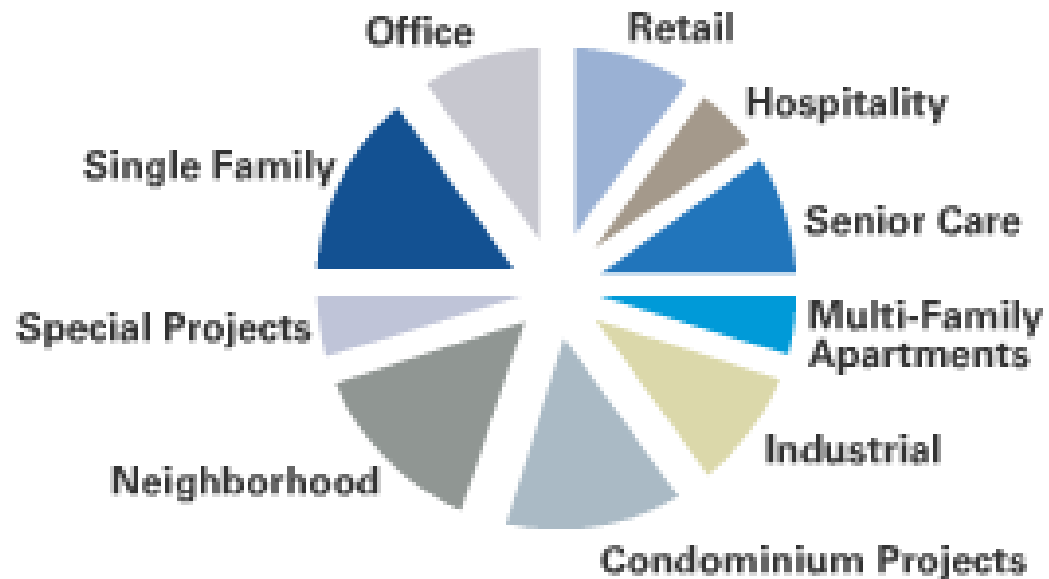
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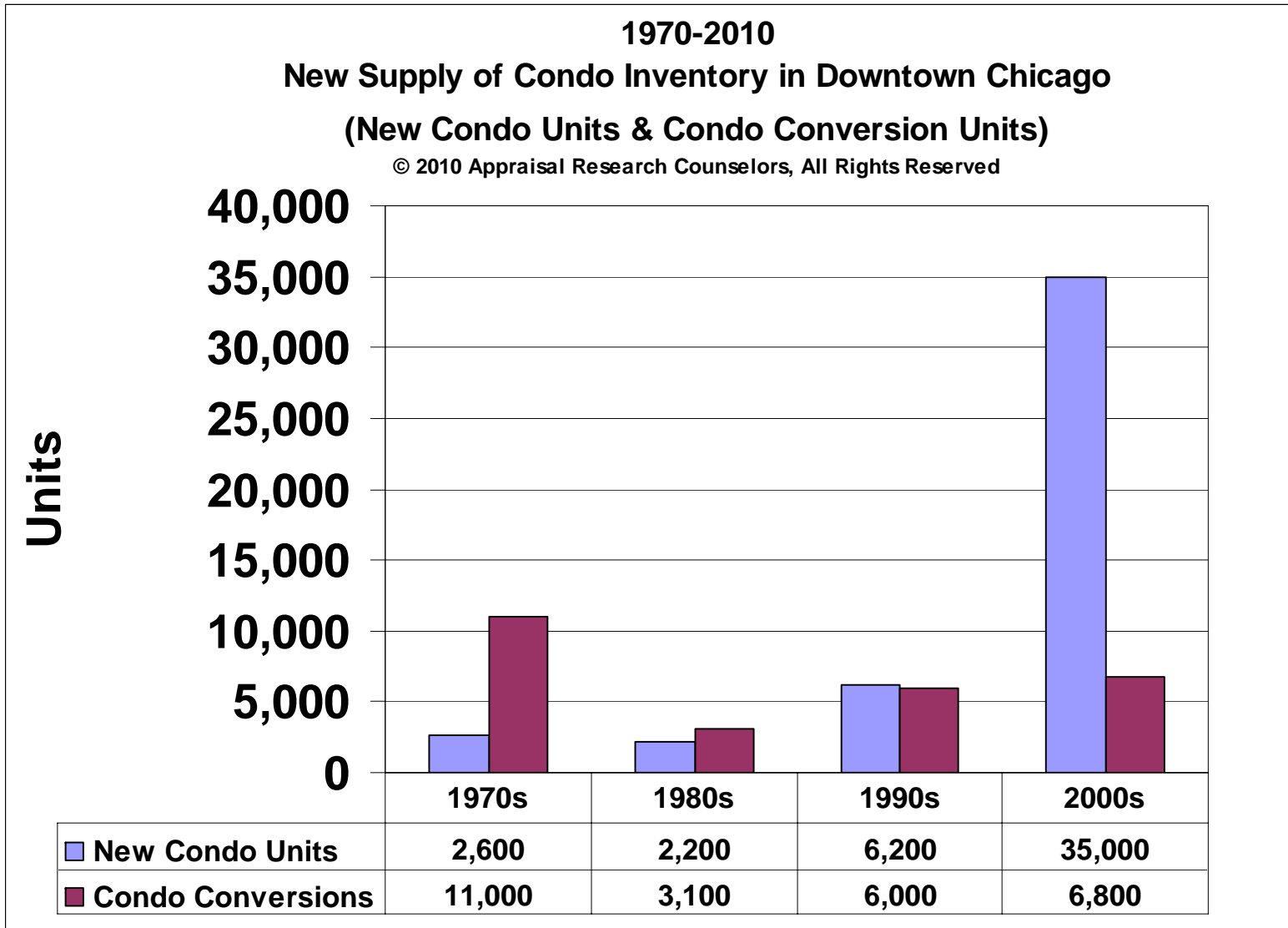
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Growth in the Downtown Chicago Condo Market: 1970-2010....

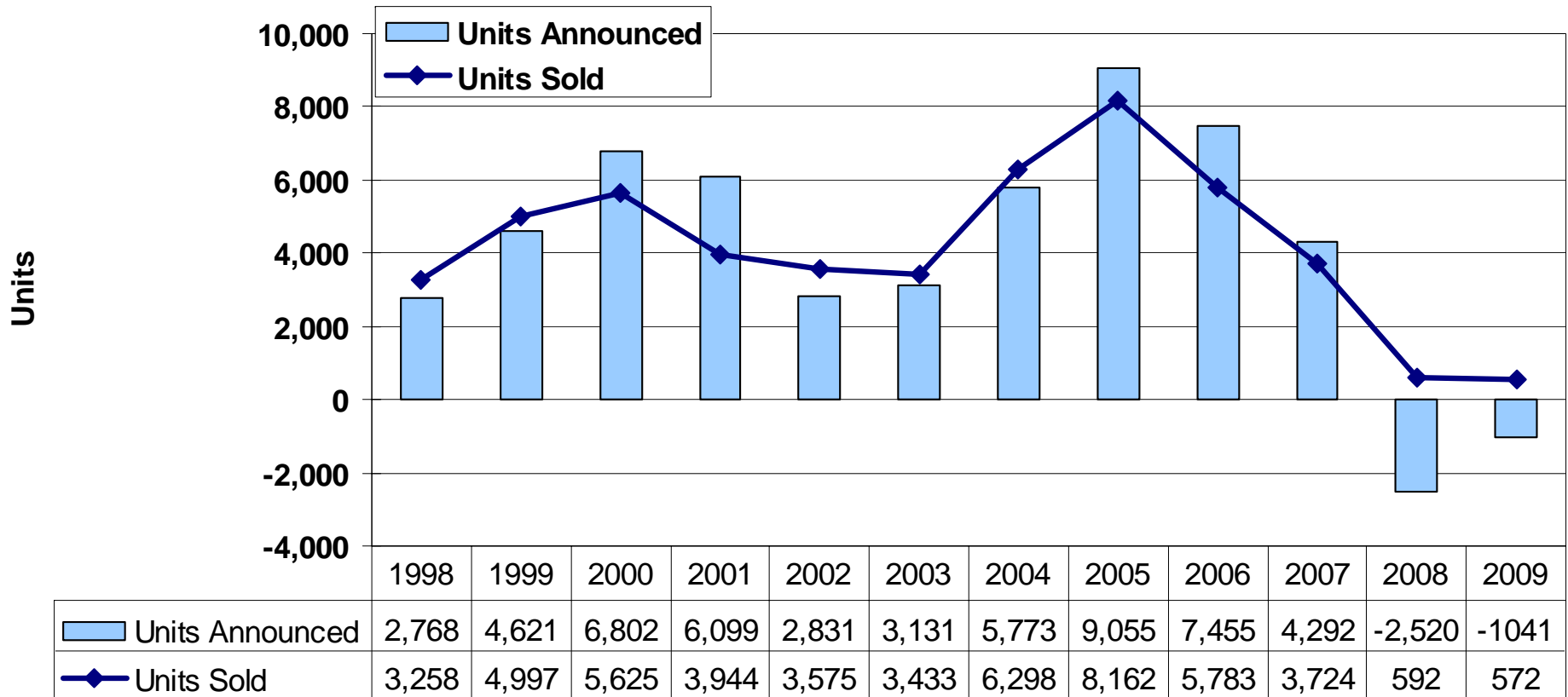


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1998-2010 Announcements & Sales...

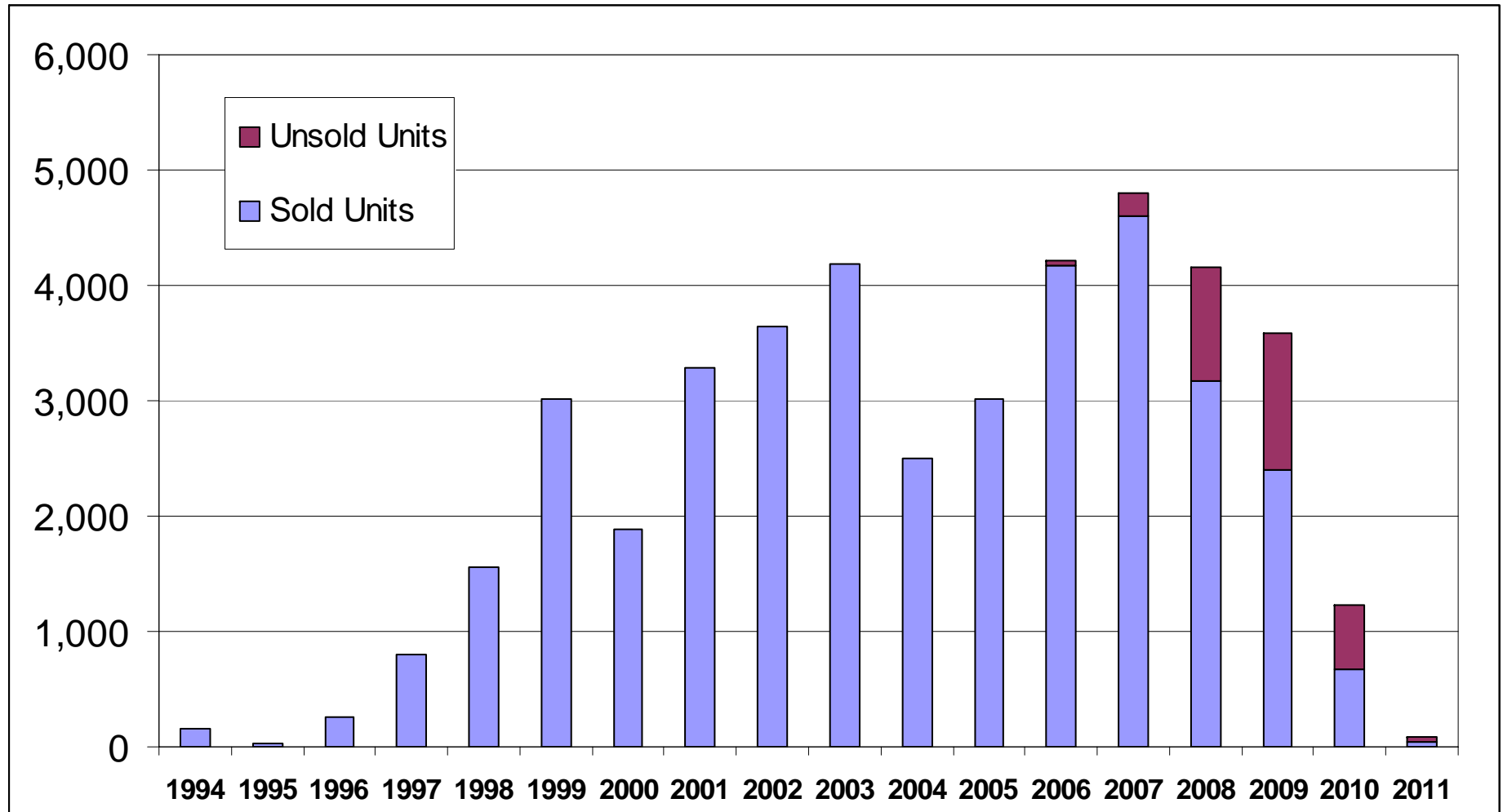
12 Year Summary of New Construction & Condo Conversion Announcements and Contracts 1998-2009

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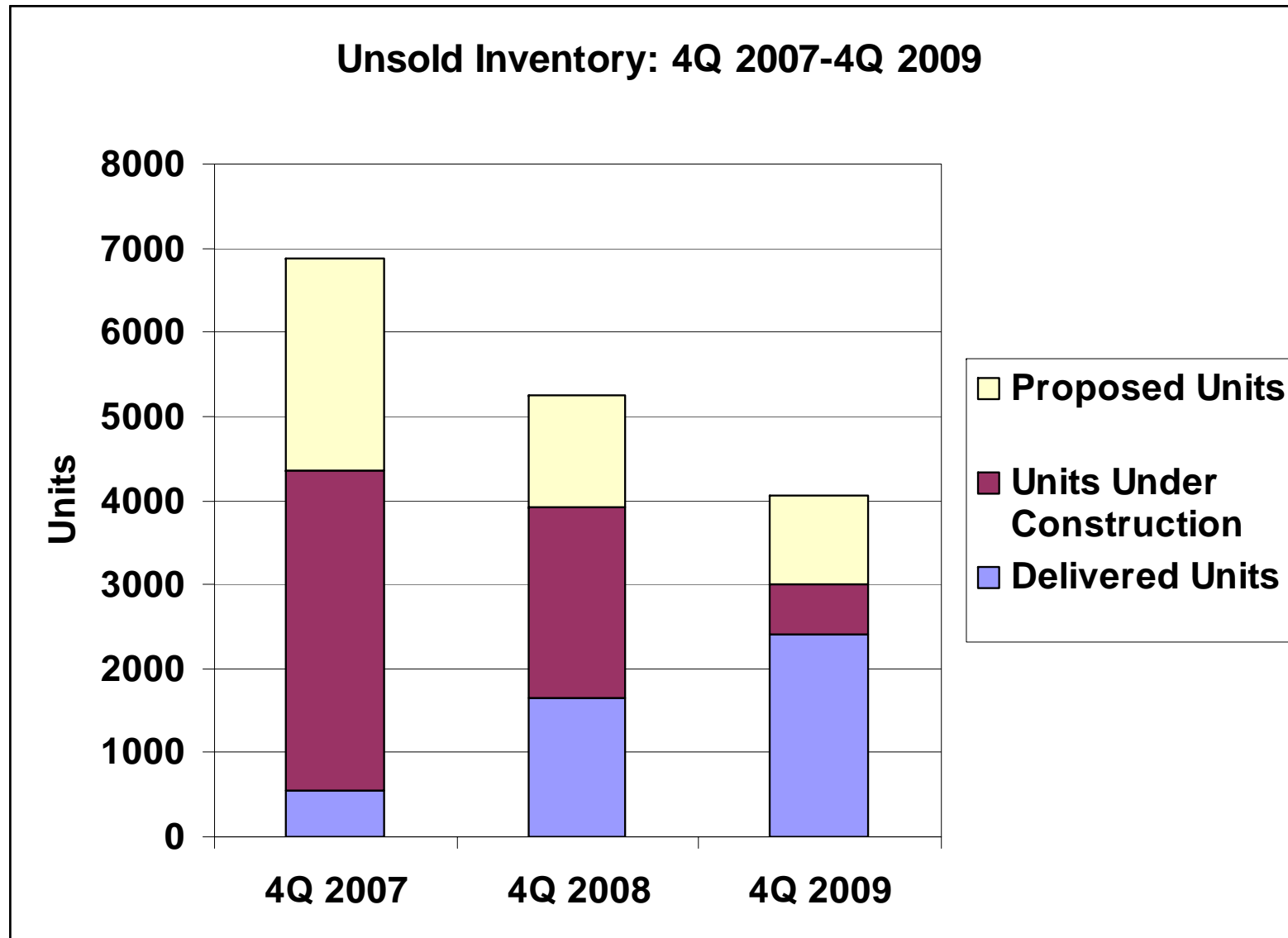
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New Condo Unit Deliveries (1998-2011)...



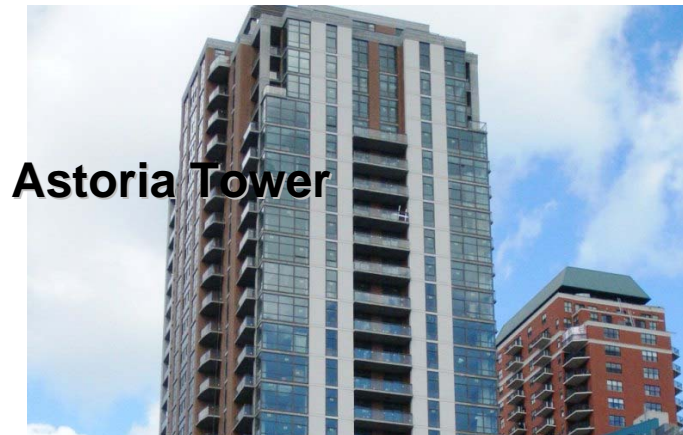
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The changing status of the Unsold Inventory....



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2009 New Construction Condo Deliveries...



Astoria Tower



The Legacy



Silver Tower



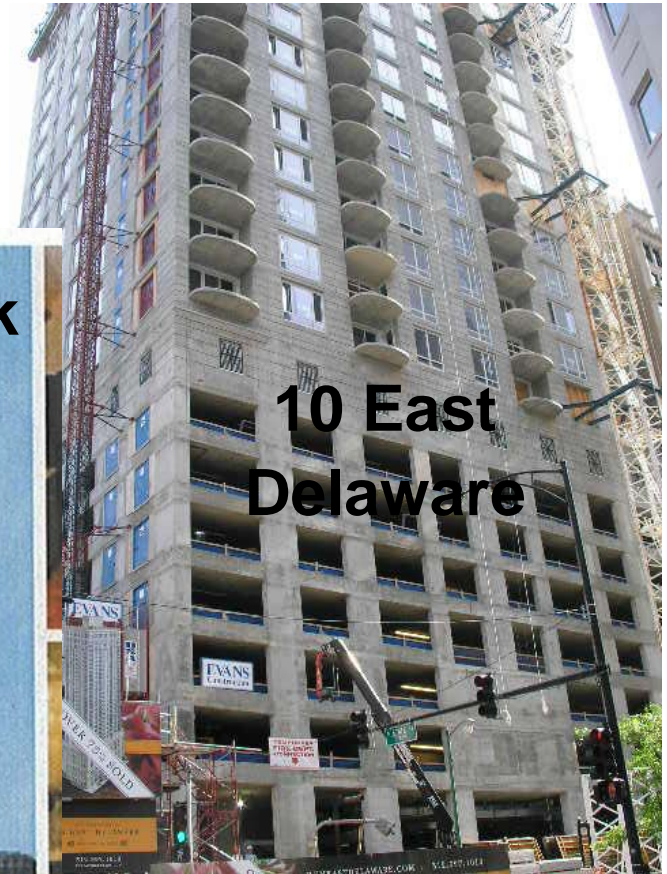
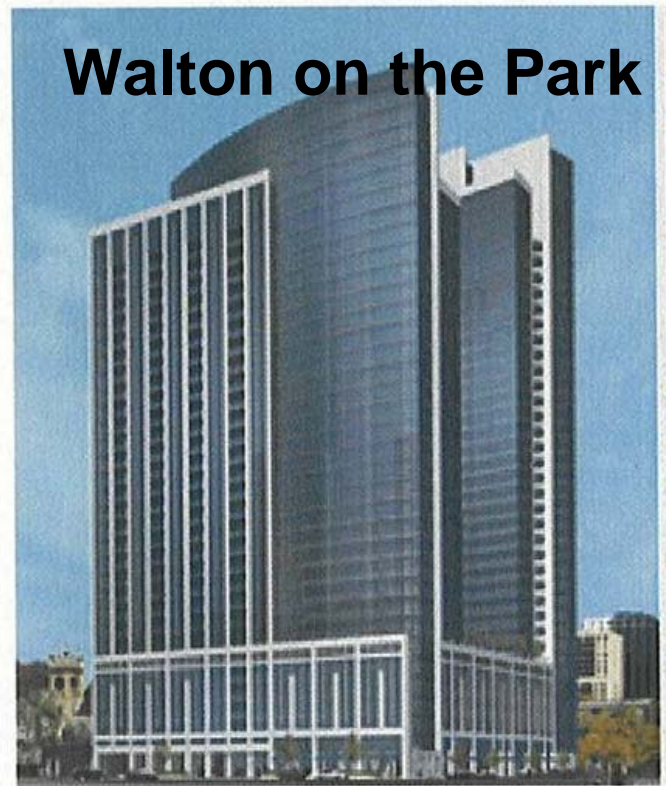
The Elysian

- 3,400 Units,
- 15 buildings
- 35% West Loop & 30% South Loop
- 67% “sold”
- 37% “closed”

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2010 New Construction Condo Deliveries...

6 buildings, 1200 units, 54% under contract
\$300-\$650 PSF



2011 New Construction Condo Deliveries...

- **2011:**
- **86 units**
- **Ritz Carlton Residences**

- **4Q 2011:**
- **198 units**
- **Lincoln Park 2520**

**Ritz Carlton
Residences
– Chicago**



LP 2520

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What is going to induce demand?

What we need:

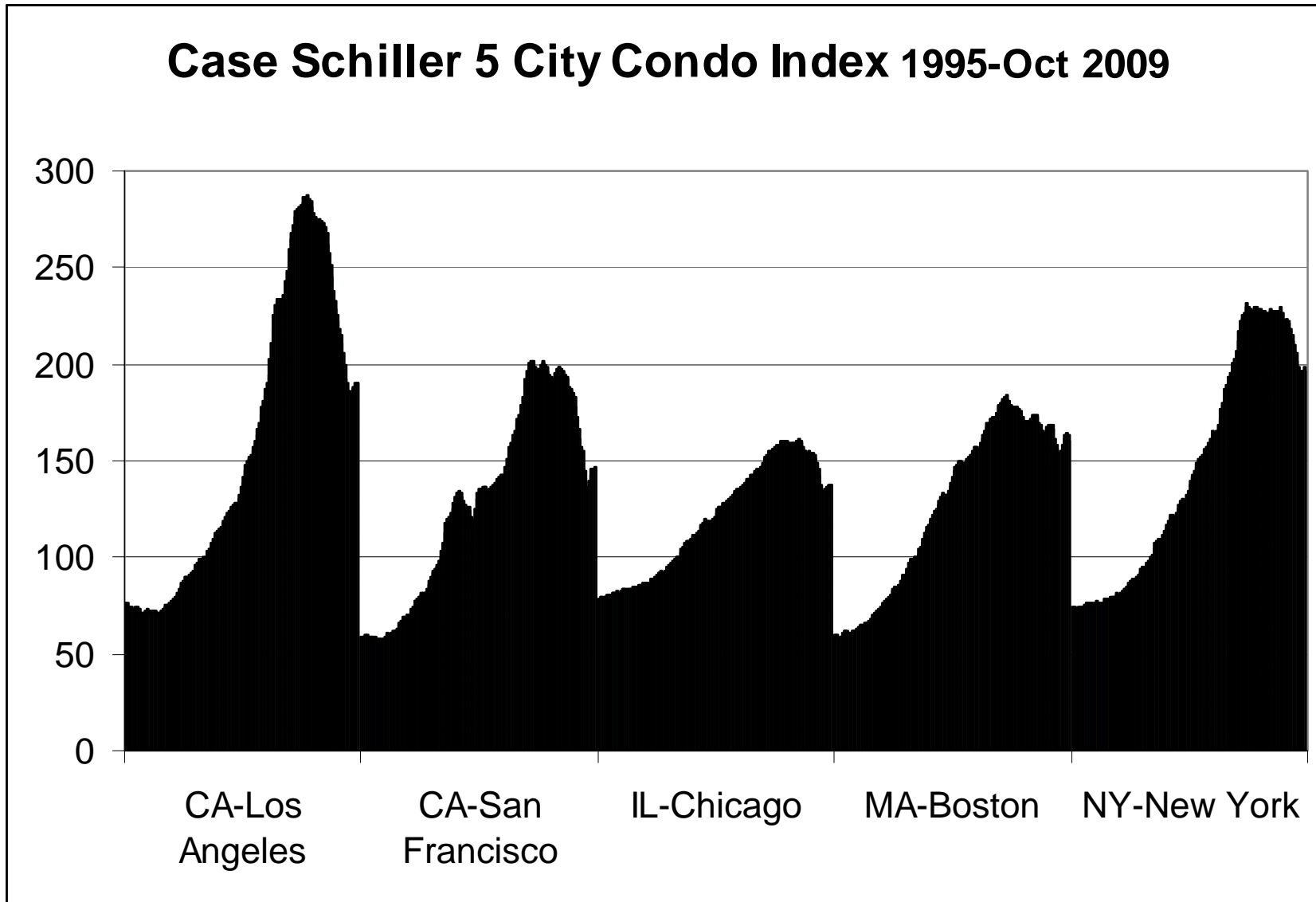
- Evidence of price appreciation...or its potential
- Greater consumer confidence
- Job growth

What we have already:

- Federal tax credit – will expire soon
- Low interest rates
- FHA financing/low down payments
- Large supply of inventory
- Discounted prices

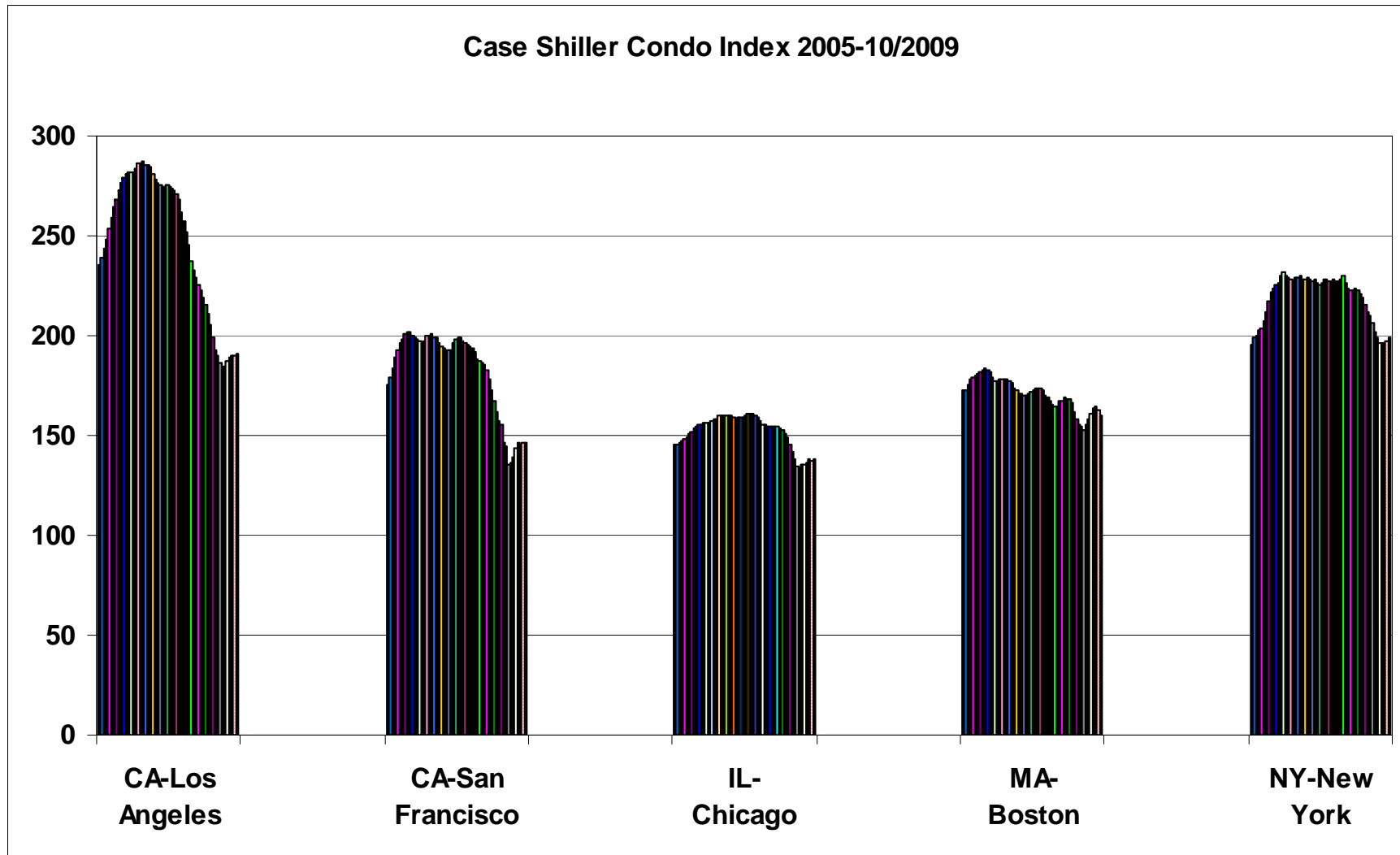
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Case Shiller Condo Index (1995-2009)...



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Case Shiller Condo Index (2005-2009)

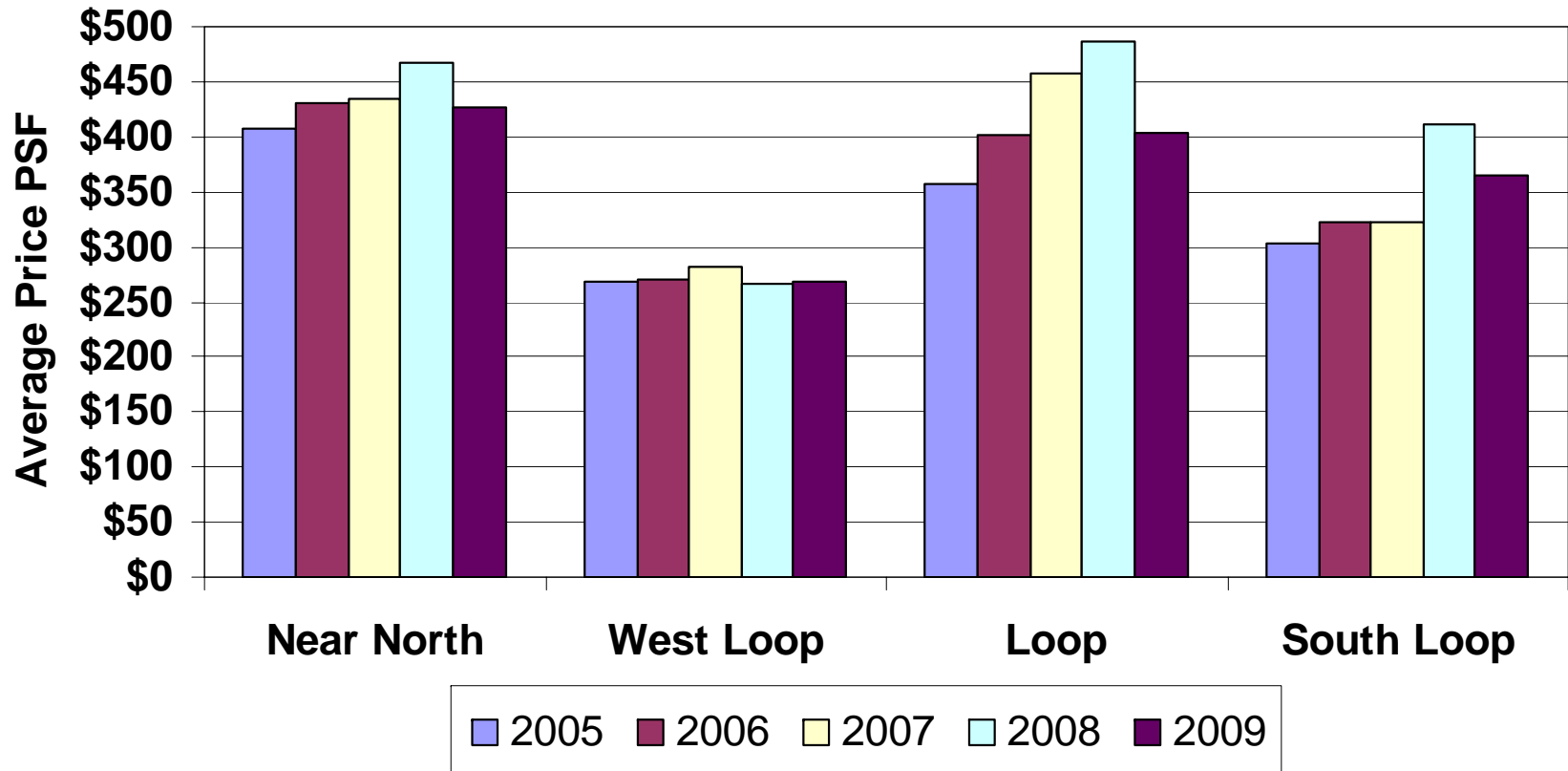


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Pricing Trends by Submarket: 2005-2009...

Closed Sales PSF by Submarket: 2005-2009 (Buildings 10 Years or Less)

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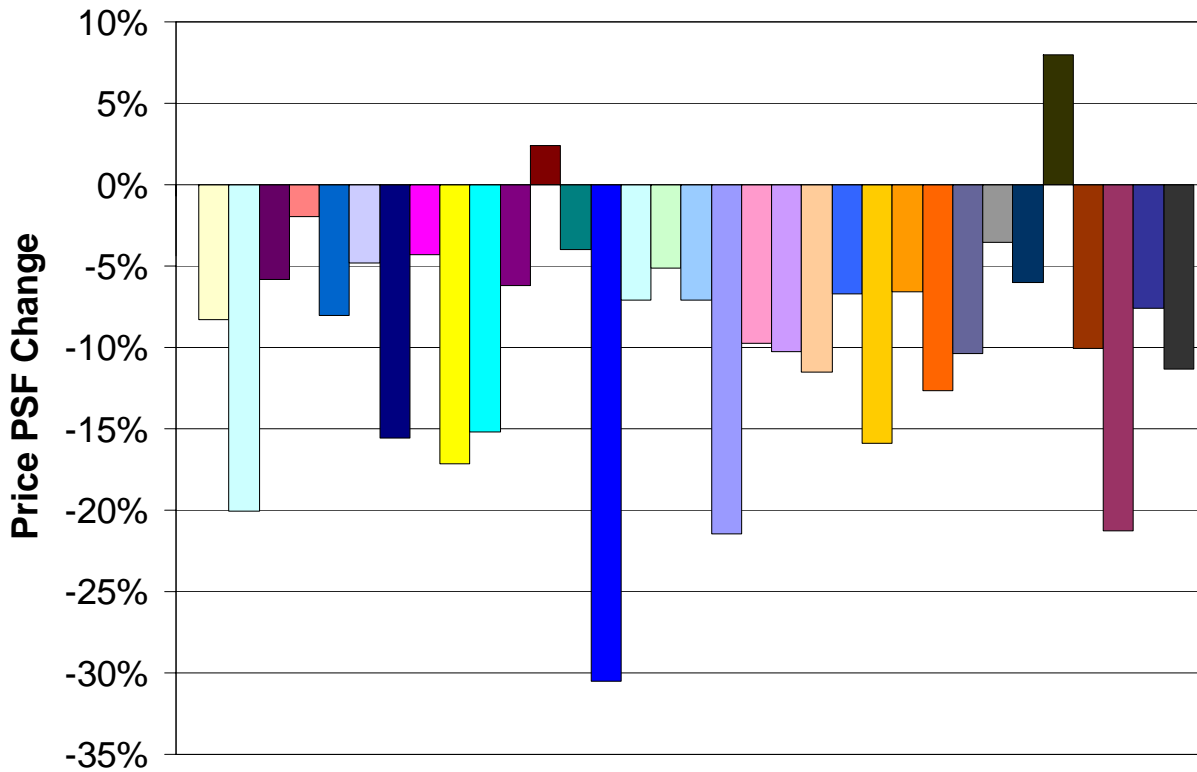


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Resale Price Trends PSF: 40 Buildings

Resale Price Trends: 2008-2009

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**Avg change
PSF**

2008-2009:

-10%

2005-2009:

-6%

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What's happened to pricing...

Developer Unit Pricing	PSF
Market Pricing	\$325
Premium for future delivery (10%)	\$35
Parking (\$35,000/space)	\$35
Price	<hr/> \$395

Resale Market	PSF
Market Pricing	\$325
Decline in Value	-\$35
Parking (Included)	\$0
2009 Price	<hr/> \$290

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Prominent Discount Programs...



565 Quincy



757 Orleans



SoNo

R+D 659



2009-2010 Auctions...

Prairie Pointe



**Michigan Ave.
Tower II**



Vetro



**Motor
Row**



**Discounts
of 27+% to
42%**

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“Broken” Condo Projects ...

- Few transactions to date
- What can the buyer do differently – lower cost basis, bring in new equity, discount pricing



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Condo Conversions...The Next Wave

- Apx 600 unsold units in 10 ongoing conversions
- No conversions in 2008-2009
- 2009: Apx 50 sales
- 2009 closed sales: \$220s - \$390s PSF
- Factors impacting pricing –
 - Short sales and foreclosures
 - Discounting occurring in the new construction market

Expect to see the condo conversion market rebound first when the market strengthens

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Condo Market Summary...

- The first-time buyer is leading this recovery,
- Some urgency still exists - with discounted pricing and current interest rates
- Federal tax credit – will expire in a few months
- The future inventory pipeline is empty – little new supply in 2010 & 2011 & limited prospects beyond
- May see further inventory depletion with some conversion to rental
- The absorption of unsold inventory will depend upon pricing

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