

South Shore Corridor Study

# Housing Market Technical Report

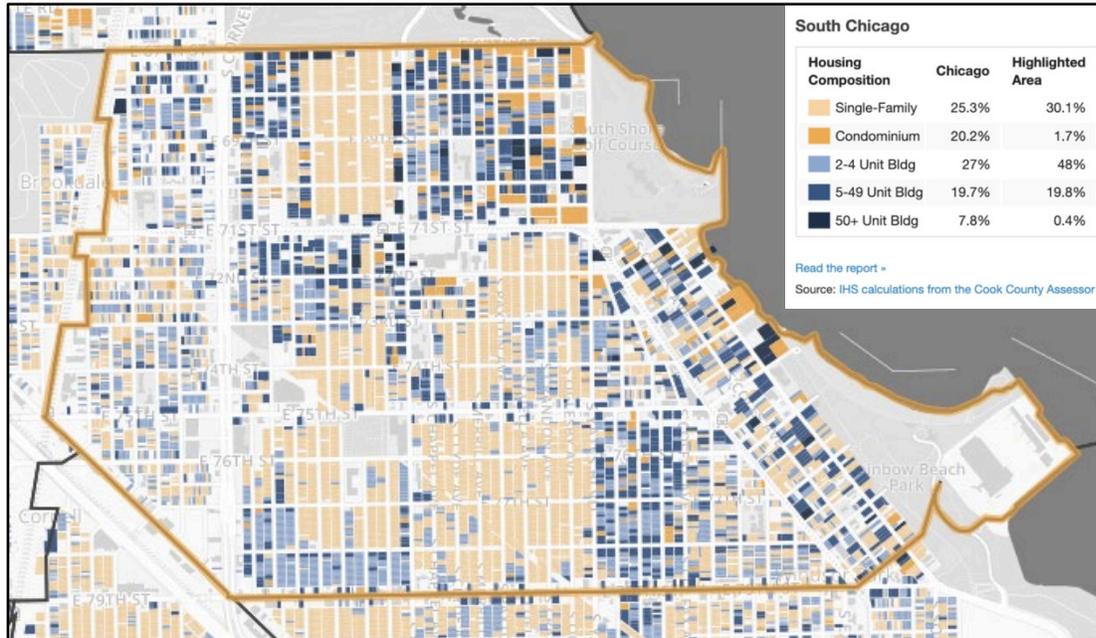
# South Shore Housing Market Analysis

## A. Housing Stock Composition

### The Greater South Shore Area

As defined by Institute for Housing Studies at DePaul University, the “Greater South Shore” Community is the area between 67th and 79th Streets, from Lake Michigan to approximately 1400 East. The map below shows the distribution of housing units by type, inclusive of single-family homes, condominiums (owner-occupied apartments), 2-4-unit rental buildings, 5-49-unit rental buildings, and rental buildings with 50 units or more.

#### **Greater South Shore Map**



Housing stock in the Greater South Shore area is largely composed of single-family and rental buildings with 2-4 units.

The north of the area, around 67th to 71st Streets, has a higher concentration of 50+ unit rental buildings, as well as owner-occupied condominiums. There are also several single-family streets between Cregier and Euclid Avenues.

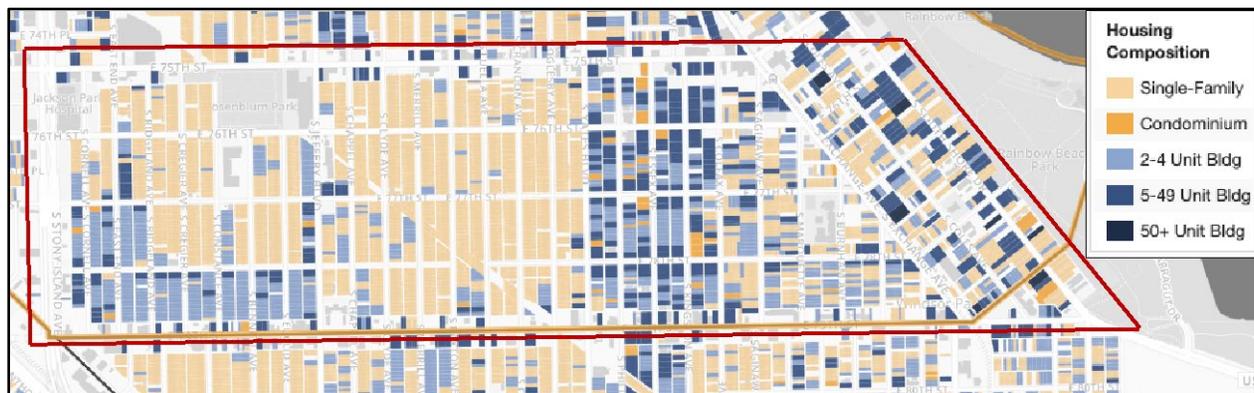
The area from 71st to 75th Streets also has several predominantly single-family streets, between Paxton and Oglesby Avenues near 71st and between Constance and Paxton Avenues near 75th. 71st Street between Ridgeland Avenue and Jeffery Blvd has multiple 50+ unit rental buildings.

## The 75<sup>th</sup> and 79<sup>th</sup> Street Corridors

From 75th to 79th Streets, single-family homes are largely concentrated between Yates and Jeffery Boulevards, as well as between Jeffery Blvd and Stony Island Avenue north of 78th Street. The area between Yates Blvd and Saginaw Avenue has the largest concentration of 5-49-unit (mid-sized) rental buildings. Rental buildings with 50+ units are generally located east of Exchange Avenue. (The area from 75th to 79th Streets will be discussed in more depth in the next section.)

The Study Area defined for this project is inclusive of the area between 75th and 79th Streets, from Lakeshore Drive to Stony Island Avenue. The map below shows this area's total housing units.

### 75<sup>th</sup> and 79<sup>th</sup> Street Corridor Map



Housing stock in the Study Area is highly concentrated by geography:

- Single-family homes are largely concentrated between Yates and Jeffery Boulevards, as well as between Jeffery Blvd and Stony Island Avenue north of 78th Street.
- The area between Yates Blvd and Saginaw Avenue has the largest concentration of 5-49-unit (mid-sized) buildings, as well as the largest concentration of condominiums.
- The area from Saginaw to Exchange Avenues houses a mix of single-family and 2-4-unit buildings.
- Rental buildings with 50+ units are generally located east of Exchange Avenue.

## B. Residential Trends and Projections

Data on an area's housing provides context about the underlying characteristics of its housing market. This can also provide directions for appropriate targeted strategies for stabilizing local housing markets, preserving and creating affordable rental housing, and promoting neighborhood investment.

## The South Shore Rental Market

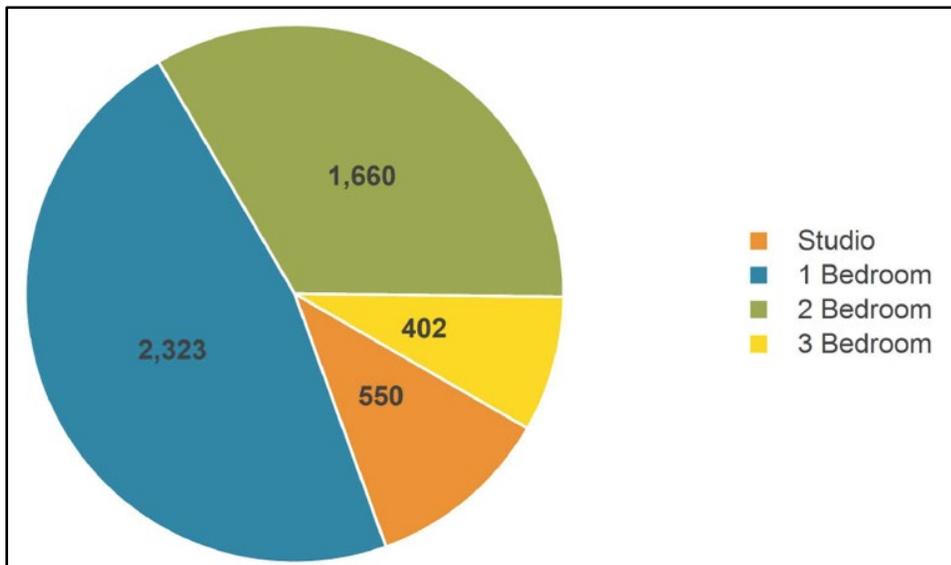
The data in this Rental Market section is compiled specifically for the 75th and 79th Street Corridor study area utilizing the Costar technology platform. The Residential Rental Market consists of 291 buildings with approximately 5,400 units. The average rent per unit (Studios, 1-2-3+ Bedrooms) is \$763 per month, and the overall vacancy rate is approximately 10%.

Buildings	Units	Average Rent/Unit	Average Rent/SF	Average Vacancy Rate
291	5,376	\$763	\$1.03	9.8%

South Shore has one of the largest numbers of affordable units, as well as one of the highest demands for affordable rental housing, in the City of Chicago.

Many of the rental properties in the South Shore participate in the Section 8 Housing Choice Voucher (HCV) program, which aids very low-income families to afford decent, safe, and sanitary housing. The rental rates for those utilizing vouchers are limited based upon income and property location.

### Total Rental Units by Bedroom Count



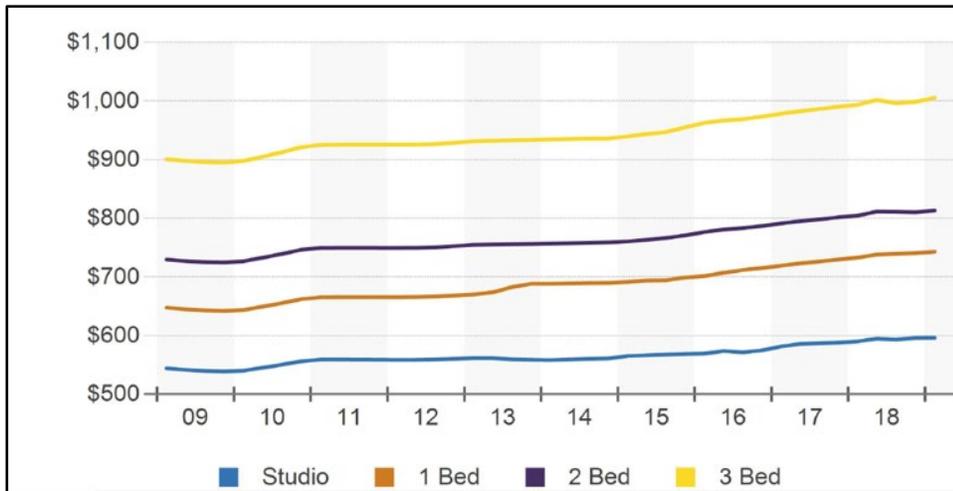
The Study Area is largely composed of 1- and 2-Bedroom rental units. Studios and larger units are under-represented.

### Rental Occupancy and Monthly Rates



Although occupancy and rental rates have increased since 2009, the changes are consistent with inflation and not movement in the market.

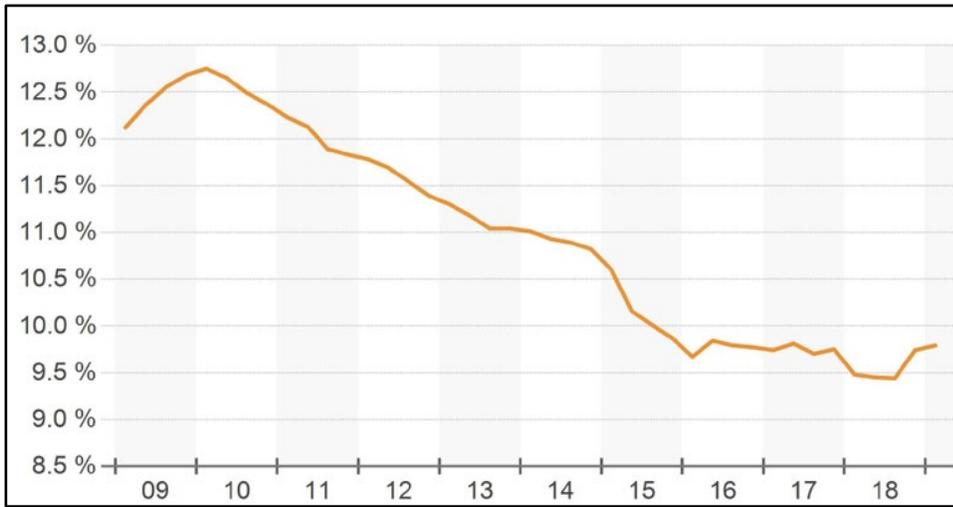
**Asking Rent Per Rental Unit**



Rental rates over the last five years have grown generally in line with the rate of inflation.

<b>Rental Rates</b>	<b>2019</b>	<b>5-Year Average</b>
Studio Asking Rent	\$596	\$575
1 Bed Asking Rent	\$743	\$711
2 Bed Asking Rent	\$813	\$782
3+ Bed Asking Rent	\$1,007	\$969

**Rental Vacancy Rate (%)**

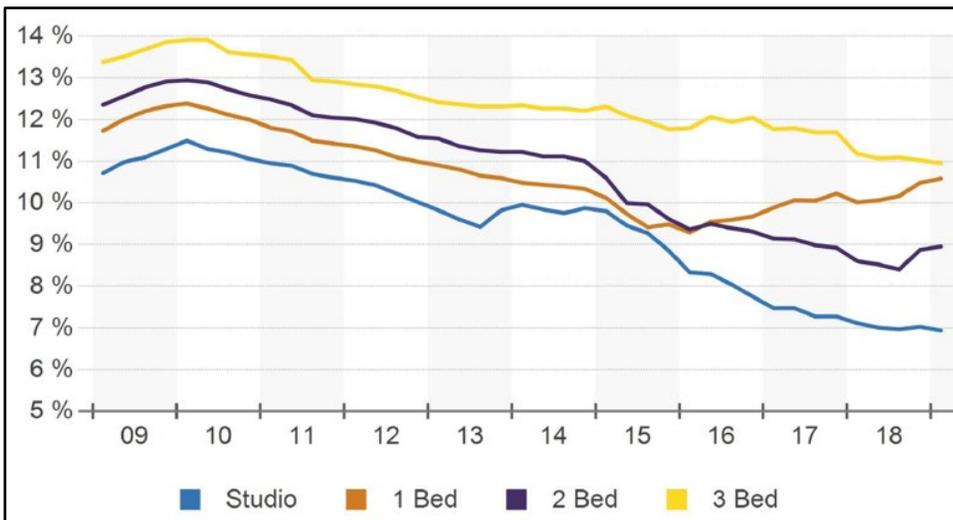


Rental vacancy has decreased by approximately 3% since the most recent high in 2010.

Vacancy Rate	<u>2019</u>	<u>5-Year Average</u>
Total Units	5,376	5,378
Vacant Units	525	537
Vacancy Rate	9.80%	10%

**Rental Vacancy by Unit Type**

The percentage of Studio apartments currently vacant is at a low, demonstrating the need for additional Studio units. Although the percentage of 3+ bedrooms which are vacant is approximately 11%, additional research has shown that currently available stock is outdated and/or in need of serious repair. Demand for updated/new Studio and 3+ bedroom units is high.



While the South Shore rental market has remained consistent over the past five years, the currently low inventory of desirable apartments (specifically Studios and 3+ Bedroom units) presents a challenge to potential tenants and an opportunity to residential property owners and developers.

## Single-Family and Condominium Investment Data

The data in this section was compiled utilizing data from both DePaul University's Institute for Housing Studies and the Multiple Listing Service (MLS).

### *Comparative Neighborhood Data*

Utilizing the Multiple Listing Service, single-family sales data was compiled for the South Shore, South Chicago, Hyde Park, Grand Crossing, Woodlawn and Bronzeville neighborhoods as well as for the City of Chicago and Cook County.

90-Day Period Ending	Property Type	Region	Avg Sale To List	Avg Sale To List Year Over Year	Homes Sold over Year	Inventory Year Over Year	Median Sale Price	Median Sale Price Year Over Year	New Listings Year Over Year
6/30/19	Single Family	South Shore	99.3%	-1.4%	-35.9%	4.3%	\$90K	-36.8%	-8.5%
6/30/19	Single Family	South Chicago	95.3%	-1.2%	-36.5%	21.3%	\$75K	-30.2%	1.7%
6/30/19	Single Family	Hyde Park	95.3%	5.1%	-12.5%	-11.1%	\$900K	-4.7%	-5.6%
6/30/19	Single Family	Grand Crossing	92.7%	-9.4%	-6.3%	52.9%	\$53K	-7.0%	41.2%
6/30/19	Single Family	Woodlawn	102.5%	3.8%	-33.3%	7.1%	\$64K	-75.8%	-12.5%
6/30/19	Single Family	Bronzeville	97.7%	-1.8%	12.0%	23.9%	\$460K	9.1%	35.3%
6/30/19	Single Family	City of Chicago	98.0%	-0.9%	-11.9%	1.4%	\$277K	10.8%	-2.3%
6/30/19	Single Family	Cook County, IL	97.7%	-0.2%	-9.9%	6.9%	\$280K	1.4%	-1.6%

Median sale prices have decreased year-over-year in the South Shore and most neighboring markets. This is largely due to the wide and often dramatic range in quality and location (within each market) of single-family homes sold.

For the period 3/31/19 to 6/30/19, South Shore single-family properties sold at 99.3% of the most recent listed asking price. Except for Woodlawn, this is the highest percentage among surrounding neighborhoods as well as in the City of Chicago and Cook County. The Year-Over-Year change in the South Shore is down slightly, but still comparatively strong.

A significantly lower number of single-family homes were sold in South Shore from 7/1/18-6/30/19 than the previous year. This is a drop of 35.9%. This is due to both a lower number of new listings (-8.5%) as well as the (real or perceived) lower quality of existing inventory. Total single-family inventory increased 4.3% year-over-year.

### ***The South Shore Market***

The single-family and condominium market consists of traditionally owner-occupied, non-investment properties. While single-family and condominium sales have remained active, fewer properties were sold in 2018 and 2019 as compared to previous years.

Traditionally an owner-occupied, non-investor market, in recent years activity in this sector has seen an increase in “Business Buyers,” or investment firms. While this does not directly indicate that these properties are being rented to others, the significant increase in sales – from 17% and 8% in 2005 to 40% and 47% in 2018 – implies this as a strong possibility.

% Business Buyers	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	18%	15%	16%	26%	38%	40%	43%	45%	52%	51%	49%	49%	44%	49%
Single Family	17%	13%	10%	27%	36%	34%	36%	36%	39%	36%	39%	37%	36%	40%
Condominium	8%	9%	6%	14%	32%	36%	38%	43%	48%	46%	35%	40%	36%	47%

### **Single-Family Investment**

Referencing the housing composition map earlier in this report, single-family homes are largely concentrated between Yates and Jeffery Boulevards and from Colfax to Exchange Avenues. Additionally, groupings of single-family homes can be found between Jeffery Blvd and Stony Island Avenue from 75th to 78th Streets. Recent sales data for these single-family dense areas is shown in the tables below.

Single-Family: Yates to Jeffery	SF	Beds	Baths	Sale Price	Sale Date
7534 S Crandon Ave,	1,176	4	3	\$ 80,000	9/5/19
7726 S Clyde		4	2.5	\$ 209,000	8/23/19
7733 S Luella	1,309	2		\$ 122,000	8/20/19
7619 S Clyde	2,022	4	3	\$ 65,699	7/16/19
7930 S Yates	1,352	4	2.5	\$ 200,000	7/12/19
7620 S Clyde	2,000	4	1	\$ 60,000	6/27/19
7917 S Euclid	1,369	4	2	\$ 75,000	6/18/19
7606 S Clyde	1,368	4	2	\$ 90,000	6/11/19
7617 S Luella		5	3	\$ 199,500	5/15/19
7648 S Yates	1,152	3	1	\$ 42,000	5/6/19
7921 S Luella	1,150	2	1.5	\$ 64,000	5/6/19
7556 S Luella	1,800	5	3	\$ 195,000	4/18/19
7525 S Luella	1,385	3	1.5	\$ 89,900	4/11/19
7443 S Luella	1,998	5	3.5	\$ 329,000	4/10/19
7716 S Paxton	1,294	3	1	\$ 50,230	3/20/19
7845 S Merrill	2,627	4	3	\$ 176,400	3/15/19

March to September 2019 single-family home sales between Yates and Jeffery Boulevards were active. There is a wide range of sale prices, which reflects a range of quality and location of the homes sold Luella and Clyde Avenues house the highest value properties.

Single-Family: Colfax to South Shore	SF	Beds	Baths	Sale Price	Sale Date
7918 S Marquette	1,100	3	1	\$ 54,000	8/30/19
7711 S Coles	959		2	\$ 55,000	8/5/19
7837 S Coles	1,108	3	1	\$ 40,000	7/31/19
7661 S South Shore Drive	3,687	5	3	\$ 499,000	7/8/19
7727 S South Shore Drive	1,884	3	2	\$ 300,000	7/3/19
2728 E 77th		4	2	\$ 72,000	7/1/19
2726 E 77th	736	4	1	\$ 52,530	6/25/19

Single-family properties on South Shore Drive command the highest prices east of Colfax Avenue and through the entire Study Area.

<b>Single-Family: Jeffery to Stony</b>	SF	Beds	Baths	Sale Price	Sale Date
7645 S Cornell	1,689	6	2	\$ 167,000	8/29/19
1622 E 75th	1,322	4	1	\$ 280,000	8/7/19
7655 S Bennett	1,497	4	1.5	\$ 154,000	6/28/19
7630 S Cornell	1,450	3	1	\$ 80,000	4/22/19
7743 S Ridgeland	1,575	3	2	\$ 76,100	4/12/19

Single-family home sales west of Jeffery have also remained active in 2019. Single-family homes represented 186 (or approximately 33%) of the 566 South Shore residential market sales in 2018. This percentage of single-family sales (as a portion of all residential sales) has remained fairly consistent over the past 14 years.

Total Sales Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	915	824	610	356	359	364	317	354	462	469	428	484	486	566
Single Family	293	281	182	139	138	115	105	104	148	146	144	171	168	186

As previously noted, the sale of single-family homes to investors or business buyers has increased significantly since 2005, however it is important to note that the largest change occurred in 2008-2009 recession period and has remained fairly consistent since.

% Business Buyers	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	18%	15%	16%	26%	38%	40%	43%	45%	52%	51%	49%	49%	44%	49%
Single Family	17%	13%	10%	27%	36%	34%	36%	36%	39%	36%	39%	37%	36%	40%

Mortgage activity data measures the flow of mortgage credit into an area and is indicative of the level of lender investment. While mortgage activity has decreased significantly since 2005 (with the significant shift occurring in 2009), the ratio of single-family mortgages to all mortgages has remained consistent.

Total Mortgage Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	2,618	2,681	1,959	1,005	529	387	347	444	492	437	463	539	570	593
Single Family	1,026	1,098	775	433	281	211	170	196	222	189	203	238	248	220

### **Properties Currently for Sale**

The table below lists the single-family properties currently for sale in the South Shore. Most properties need repair or renovation.

<b>Single-Family for Sale</b>	SF	Beds	Baths	For Sale Price	Status
7816 S Saginaw	2,470	3	3	\$ 199,000	For Sale
7440 S Yates	1,224	3	3	\$ 184,500	For Sale
2615 E 74th Pl		4	4	\$ 149,900	For Sale
2470 E 74th Pl	1,200	4	2.5	\$ 146,999	For Sale
2906 E 77th	1,964	4	1.5	\$ 144,900	For Sale
7914 S Colfax	1,456	4	3	\$ 132,000	For Sale
2922 E 78th Pl	740	2	1	\$ 90,000	For Sale
7928 S Muskegon	1,050	3	1.5	\$ 39,900	For Sale

### **Summary and Projections – Single Family Homes**

There remains a wide range of single-family home values in the South Shore, with differences dependent upon quality and specific location of the property. Both data and community feedback has identified groups of potential new South Shore residents looking for quality single-family homes located on blocks with other single-family homes (as opposed to a mix of single and multi-family properties).

### **The Condominium Market**

#### **Comparative Data**

Utilizing the Multiple Listing Service, condominium sales data was compiled for the South Shore, South Chicago, Hyde Park, Grand Crossing, Woodlawn and Bronzeville neighborhoods as well as for the City of Chicago and Cook County.

90-Day Period Ending	Property Type	Region	Avg Sale To List	Avg Sale To List Year Over Year	Homes Sold over Year	Inventory Year Over Year	Median Sale Price	Median Sale Price Year Over Year	New Listings Year Over Year
6/30/19	Condo/Co-op	South Shore	98.3%	6.9%	-8.0%	57.8%	\$80K	33.3%	25.0%
6/30/19	Condo/Co-op	South Chicago	130.0%				\$26K		
6/30/19	Condo/Co-op	Hyde Park	96.4%	0.2%	26.2%	19.8%	\$192K	-1.5%	11.1%
6/30/19	Condo/Co-op	Grand Crossing	103.5%	16.6%	100.0%	-20.0%	\$123K	173.3%	0.0%
6/30/19	Condo/Co-op	Woodlawn	99.4%	3.7%	-10.0%	-13.2%	\$174K	0.6%	-23.4%
6/30/19	Condo/Co-op	Bronzeville	97.6%	-2.2%	-14.8%	9.6%	\$205K	-2.1%	21.9%
6/30/19	Condo/Co-op	City of Chicago	98.4%	-0.1%	-11.0%	14.4%	\$330K	3.1%	-2.5%
6/30/19	Condo/Co-op	Cook County, IL	97.9%	-0.2%	-10.0%	14.3%	\$260K	0.0%	-4.0%

- Note that South Chicago data for condominiums was largely unavailable and is not included in the discussion below.
- Average Sale to List: For the period 3/31/19 to 6/30/19, South Shore condominium properties sold at 98.3% of the most recent listed asking price. This is consistent with surrounding neighborhoods, the City of Chicago and Cook County. The Year-Over-Year change in the South Shore is a positive 6.9%, one of the highest in the area.
- Homes Sold and New Listings Year-Over-Year: 8% fewer condominiums were sold in South Shore from 7/1/18-6/30/19 compared with the previous year. Both new listings and total inventory have increased, which indicates a high number of condominiums currently on the market.
- Median Sale Price Year-Over-Year: Median sale prices increased 33% in the South Shore in the period 7/1/18-6/30/19.

#### **The South Shore Condominium Market**

The largest concentration of condominiums lies between Yates Blvd and South Shore. Recent sales data for this area is shown in the table below.

<b>Condominium Sales</b>	<b>SF</b>	<b>Beds</b>	<b>Baths</b>	<b>Sale Price</b>	<b>Sale Date</b>
2860 E. 76th, Unit 6D	1,100	3	2	\$ 45,203	8/5/19
7859 S South Shore, Unit B3E	800	2	1	\$ 24,000	5/7/19
7854 S South Shore	900	1	1	\$ 52,000	4/26/19
7743 S Kingston, Unit 2-1	1,600	3	2	\$ 52,000	2/28/19
3017 E 78th, Unit 2C		1	1	\$ 25,000	11/26/18
7854 S South Shore		1	1	\$ 33,000	10/23/18

Condominiums represented 119 (or approximately 21%) of the 566 South Shore residential market sales in 2018. This percentage of South Shore sales has decreased since 2005 (38%) with the most significant decrease occurring in 2015. The drop is indicative of the flat supply of condominiums in the Study Area.

Total Sales Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	915	824	610	356	359	364	317	354	462	469	428	484	486	566
Condominium	345	299	263	120	104	122	90	113	132	135	102	105	102	119

As previously noted, the sale of condominiums to investors or business buyers has increased significantly since 2005, however it is important to note that this change occurred largely in 2009 and has remained fairly consistent since.

% Business Buyers	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	18%	15%	16%	26%	38%	40%	43%	45%	52%	51%	49%	49%	44%	49%
Condominium	8%	9%	6%	14%	32%	36%	38%	43%	48%	46%	35%	40%	36%	47%

Mortgage activity data measures the flow of mortgage credit into an area and is indicative of the level of lender investment. Mortgage activity in the South Shore has decreased significantly since 2005 (with the significant shift occurring in 2009), and the percentage of condominium mortgages has decreased concurrently. The drop is also indicative of the flat supply of condominiums in the Study Area.

Total Mortgage Activity	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	2,618	2,681	1,959	1,005	529	387	347	444	492	437	463	539	570	593
Condominium	742	724	581	236	74	51	40	75	89	56	56	57	49	50

### **Properties Currently for Sale**

The table below lists the condominiums currently for sale in the South Shore. As previously mentioned, inventory remains quite low and not particularly desirable to residents considering moving to South Shore.

<b>Condominium for Sale</b>	<b>SF</b>	<b>Beds</b>	<b>Baths</b>	<b>For Sale Price</b>	<b>Status</b>
7608 S Phillips, Unit 2N	1,750	4	2	\$ 94,900	For Sale
7628 S Essex, Unit 1N	1,600	3	2	\$ 89,000	For Sale
2860 E 76th, Unit 6A		2	1	\$ 74,500	For Sale
7759 S Kingston, Unit 1S		2	1	\$ 50,000	For Sale
3017 E 78th, Unit 5D	1,000	2	1	\$ 25,000	For Sale

### ***Summary and Projections – Condominium***

Over the period 7/1/18-6/30/19, the South Shore condominium market has experienced both an increase in median sale prices and a higher percentage of units selling at their most recent asking price. The market has also acquired a large inventory of for sale, which may indicate an increased confidence in the South Shore market.

### **Institutional Investment Data**

The institutional investment market consists of 2+ unit buildings which are purchased as investment properties rather than for owner-occupation. The data in this section is compiled specifically for the South Shore Corridor study area using the Costar technology platform.

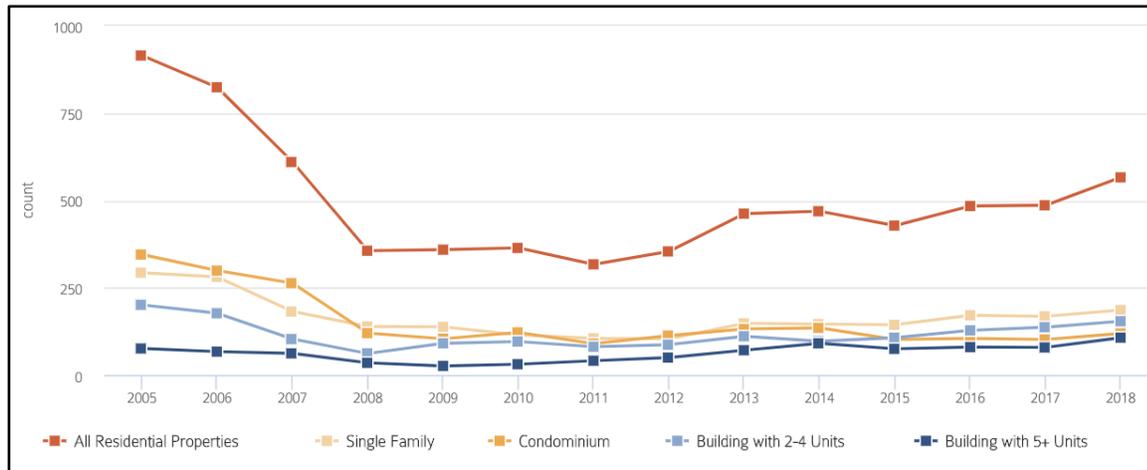
#### ***Total Sales Activity – Investment Properties***

Institutional sales activity gained strength and percentage of market over the past five years. Buildings with 2+ units now represent 46% of the sales activity in the Study Area.

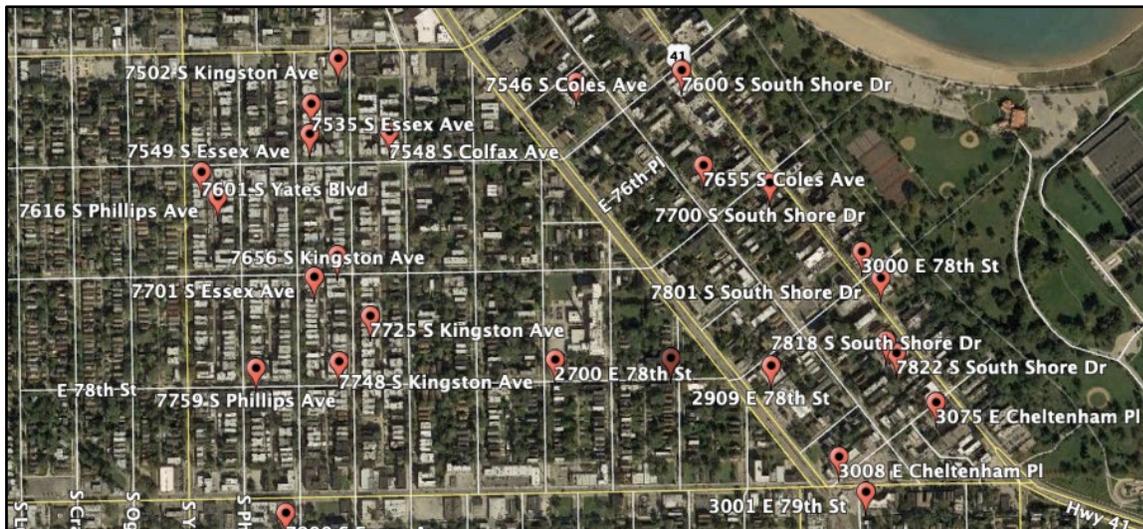
Total Sales Activity	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
All Residential Properties	915	824	610	356	359	364	317	354	462	469	428	484	486	566
Building with 2-4 Units	201	177	103	62	91	96	81	87	111	97	107	128	137	154
Building with 5+ Units	76	67	62	35	26	31	41	50	71	91	75	80	79	107

The chart below shows Study Area sales from 2005-2018. Sales of 2-4 Unit and 5+ Unit property types represented almost half of the entire market for this period. The greatest concentration of institutional investments was associated with the area between Yates Blvd and South Shore Drive, in the east of the Study Area. The map below shows 2018 and 2019 sales.

**Study Area Sales**



**Investor Sales Locations 2018-2019**



All 2018 and 2019 investment sales within the Study Area are shown in the table below.

Investment Properties Sold	Year Built	Building Area	Land Acreage	For Sale Price	For Sale Price/SF	Last Sale Date	Last Sale Price	Last Sale Price/SF	Owner Name	Consultant Notes
7818 S South Shore Dr	1966	15,500	0.18			07/17/19	\$ 1,150,000	\$ 74	Miljenko Kozul	
3075 E Cheltenham Pl	1951	39,652	0.40			06/21/19	\$ 1,975,000	\$ 50	Anthony Oliver	
7515 S Phillips Ave	1921	6,000	0.17			06/21/19	\$ 450,000	\$ 75	3200 Lakeshore Llc	
2806 E 76th Pl	1964	6,138	0.14			06/20/19	\$ 300,000	\$ 49	Ventus 76 Llc	
7822 S South Shore Dr	1964	26,229	0.45			06/14/19	\$ 1,390,000	\$ 53	Aaron L Raskin	
7725 S Kingston Ave	1927	15,000	0.27			06/14/19	\$ 660,000	\$ 44	Kingston Avenue Llc	
7549 S Essex Ave	1925	30,000	0.35			05/13/19	\$ 1,175,000	\$ 39	Woodlawn Properties	
7927 S Essex Ave	1929	37,950	0.15			05/01/19	\$ 875,000	\$ 23	Manage Chicago Inc.	
7514 S Essex Ave	1924	10,800	0.17			04/24/19	\$ 610,000	\$ 56	7514 South Essex LLC	
7800 S Coles Ave	1962	11,500	0.20			04/12/19	\$ 425,000	\$ 37	Trust Number 8002380550	
7900 S Paxton Ave	1965	19,900	0.45			04/11/19	\$ 1,850,000	\$ 93	5812 Group, LLC	
7900 S Essex Ave	1926	47,806	0.30			03/11/19	\$ 1,156,475	\$ 24	Yehuda Reich	
7528 S Coles Ave	1911	6,375	0.14			03/08/19	\$ 206,000	\$ 32	Ach Management Group Llc	
7801 S Burnham Ave	1914	7,254	0.15			02/08/19	\$ 170,000	\$ 23	Pep Properties Llc	
7701 S Phillips	1930	15,501	0.17			01/25/19	\$ 210,000	\$ 14	Hms Prop Grp Llc Series 7701	
2900 E 79th St	1930	34,808	0.26			12/27/18	\$ 605,035	\$ 17	The Wolcott Group	
7546 S Coles Ave	1923	51,750	0.72			12/21/18	\$ 3,400,000	\$ 66	Ventus Holdings LLC	9.13% Cap Rate
7842 S Luella Ave	1925	17,500	0.19			12/18/18	\$ 475,000	\$ 27	Bathel Nc Properties Llc	
7837 S Essex Ave	1924	6,000	0.13			12/12/18	\$ 340,000	\$ 57	Leigh Ballen	
7927 S Marquette Ave	1927	9,200	0.14			12/07/18	\$ 150,000	\$ 16	Sbc4 Llc	
3008 E Cheltenham Pl	1927	39,027	0.15			12/03/18	\$ 2,260,000	\$ 58	Raskin Risers	9.24% Cap Rate
7700 S South Shore Dr	1962	28,000	0.30			12/03/18	\$ 900,000	\$ 32	Icarus Investment Group LLC	
7674 South Shore Dr	1961	11,100	0.28			11/30/18	\$ 1,275,000	\$ 115	Chatham 4 & Jd Llc	
3000 E 78th St	1917	17,600	0.32			11/16/18	\$ 1,400,000	\$ 80	Charles Booten	
7801 S South Shore Dr	1961	27,850	0.48			11/13/18	\$ 2,400,000	\$ 86	Jeffrey & Susan Drawdy	8.35% Cap Rate
7502 S Kingston Ave	1927	20,000	0.20			11/09/18	\$ 765,000	\$ 38	Ventus Holdings LLC	
7846 S Exchange Ave	1961	5,200	0.16			10/28/18	\$ 210,000	\$ 40	7846 South Exchange Llc T	
7625 S Yates Blvd	1923	11,988	0.17			10/17/18	\$ 444,000	\$ 37		
3001 E 79th St	1967	26,610	0.57			10/16/18	\$ 1,530,000	\$ 57	Kale Realty	
7548 S Colfax Ave	1926	30,900	0.44			10/15/18	\$ 2,275,000	\$ 74	5812 Group, LLC	9% Cap Rate
7535 S Essex Ave	1925	26,847	0.34			10/15/18	\$ 2,225,000	\$ 83	5812 Group, LLC	
7600 S South Shore Dr	1925	29,745	0.51			09/21/18	\$ 2,680,000	\$ 90	Charles Booten	8.5% Cap Rate
7830 S Kingston Ave	1927	7,800	0.17			09/19/18	\$ 342,500	\$ 44	Gray Manor Kingston Llc	
7655 S Coles Ave	1921	11,050	0.23			09/14/18	\$ 650,000	\$ 59	7655 - 7657 S Coles Ave	
7801 S Bennett Ave	1926	18,012	0.18			09/12/18	\$ 1,001,833	\$ 56	Ernst Development Co	
7721 S Colfax Ave	1910	9,000	0.19			08/29/18	\$ 410,000	\$ 46	David Goldhirsh	
2826 E 76th Pl	1965	7,925	0.18			08/28/18	\$ 238,000	\$ 30	Matthew G Young	
7740 S Essex Ave	1923	9,600	0.17			07/18/18	\$ 200,000	\$ 21	Alexander Jump	
7722 S Jeffery Blvd	1926	22,917	0.26			06/28/18	\$ 1,150,000	\$ 50	LCM Funds Real Estate, LLC.	
7754 S Colfax Ave	1925	9,950	0.16			06/28/18	\$ 825,000	\$ 83	Ingo Fuchs	
7830 S Essex Ave	1920	11,100				06/28/18	\$ 825,000	\$ 74	Ingo Fuchs	
7843 S Essex Ave		6,000	0.18			06/22/18	\$ 150,000	\$ 25	E320 Llc	
7531 S Phillips Ave	1923	4,446	0.10			05/30/18	\$ 293,000	\$ 66	Carlena Funches	
7637 S Essex St	1958	2,610	0.10			05/24/18	\$ 110,000	\$ 42	Capital Invs Llc	
7654 S Colfax Ave	2008	3,402	0.07			05/21/18	\$ 269,000	\$ 79	Jana T Brinlee	
7829 S Essex Ave	1922	4,008	0.09			04/27/18	\$ 295,000	\$ 74	Romulas Jackson	
7701 S Essex Ave	1928	17,800	0.17			04/13/18	\$ 890,000	\$ 50	Jerome Cohen	
7656 S Kingston Ave	1927	13,150	0.16	\$ 500,000	\$ 38	04/11/18	\$ 895,000	\$ 68	Jerome H Cohen	
7600 S Phillips Ave	1927	16,425	0.18			03/20/18	\$ 560,000	\$ 34	7600 S Phillips Llc	
7742 S Phillips Ave	1925	7,500	0.17			03/08/18	\$ 180,000	\$ 24	David L Thomas	
7748 S Colfax Ave	1922	11,652	0.17			02/23/18	\$ 520,000	\$ 45	Deere Park Associates Inc	
7847 S Essex Ave	1926	20,000	0.31			02/19/18	\$ 525,000	\$ 26	Khamis Imsaih	
2673 E 77th St	1990	2,500				02/06/18	\$ 46,500	\$ 19	Handy House	
7722 S Essex Ave	1922	4,353				01/17/18	\$ 230,000	\$ 53	Derrick D Martin	
2909 E 78th St	1932	33,639	0.38	\$ 1,400,000	\$ 42	01/08/18	\$ 1,785,000	\$ 53	Building Equity	Owner bankrupt.

**Top Investment Property Sellers**



The top investment property sellers in the Study Area over the past 10 years have included M. Fishman & Co, Fidelity, Woodlawn Properties and Checkmate Realty.

**Top Investment Property Buyers**



The top investment property buyers in the Study Area over the past 10 years have included EquityBuild, Pangea Properties, DAX Real Estate and Ventus Holdings.

### Investment Properties Currently on the Market

The largest investment properties currently for sale are listed in the table below.

Investment Properties For Sale	Year Built	Building Area	Land Acreage	For Sale Price	For Sale Price/SF	Last Sale Date	Last Sale Price	Last Sale Price/SF	Owner Name	Consultant Notes
1834 E 79th St	1922	14,000	0.13	\$ 2,100,000	\$ 150	02/08/10		\$ -	Dipak Lodhia	
7600 S Kingston Ave	1927	30,000	0.34	\$ 1,700,000	\$ 57	12/18/15	\$ 1,875,000	\$ 63	EquityBuild, Inc.	Owner bankrupt.
7748 S Essex Ave	1929	17,498	0.34	\$ 1,450,000	\$ 83	02/24/16	\$ 1,725,000	\$ 99	EquityBuild, Inc.	Owner bankrupt.
2909 E 78th St	1932	33,639	0.38	\$ 1,400,000	\$ 42	01/08/18	\$ 1,785,000	\$ 53	Building Equity	Owner bankrupt.
7750 S Muskegon Ave	1928	19,438	0.37	\$ 1,200,000	\$ 62	12/18/14	\$ 1,360,000	\$ 70	EquityBuild, Inc.	Owner bankrupt.
7749 S Yates	1931	17,518	0.34	\$ 1,100,000	\$ 63	03/13/17	\$ 1,550,000	\$ 88	EquityBuild, Inc.	Owner bankrupt.
2549 E 75th St	1928	25,000	0.31	\$ 1,050,000	\$ 42	12/05/14	\$ 299,000	\$ 12	Chun Wong	
2533 E 75th St	1925	16,000	0.17	\$ 1,050,000	\$ 66	12/05/14	\$ 119,900	\$ 7	Chun Wong	
2539 E 75th St	1915	12,000	0.22	\$ 1,050,000	\$ 88	07/11/14	\$ 99,900	\$ 8	Chun Wong	
7757 S Essex Ave	1928	12,100	0.17	\$ 920,000	\$ 76	04/09/01	\$ 175,000	\$ 14	Barrera Mauro	
7759 S Phillips Ave	1928	12,750		\$ 900,000	\$ 71			\$ -	Barrera Mauro	
7700 S Saginaw Ave	1920	15,000		\$ 825,000	\$ 55			\$ -		
7613 S Kingston Ave	1922	9,100	0.34	\$ 750,000	\$ 82	04/25/17	\$ 390,000	\$ 43	Frontier Realty Group, Inc.	
2235 E 75th St	1928		0.13	\$ 699,900						
7810 S Escanaba	1962	12,000	0.25	\$ 645,000	\$ 54	05/18/00	\$ 240,000	\$ 20	David Mitchell Hanner	
7546 Saginaw St	1932	14,664	0.19	\$ 600,000	\$ 41	12/29/15	\$ 830,000	\$ 57	EquityBuild, Inc.	Owner bankrupt.
7830 S Yates Blvd	1954		0.14	\$ 519,000						
7656 S Kingston Ave	1927	13,150	0.16	\$ 500,000	\$ 38	04/11/18	\$ 895,000	\$ 68	Jerome H Cohen	
7450 S Luella Ave	1930	14,883	0.16	\$ 450,000	\$ 30	05/12/17	\$ 610,000	\$ 41	Ssph Portfolio 1 Llc	
3026 E 79th St	1968	8,961	0.11	\$ 400,000	\$ 45	10/02/17	\$ 610,000	\$ 68	WPD Management	
2845 E 78th St	1919	9,410	0.17	\$ 399,900	\$ 42	06/28/13	\$ 385,000	\$ 41	Capri Development	
7848 S Coles Ave	1964	7,545		\$ 395,000	\$ 52	12/20/04	\$ 465,000	\$ 62	Trade Winds Real Estate	
7540 S Kingston Ave	1926	10,800	0.18	\$ 375,000	\$ 35	03/06/11	\$ 228,000	\$ 21	Craig M Davis	

### Investment Land for Sale

Land for Sale	Acreage	For Sale Price
7651 S South Shore	0.69	\$ 2,100,000
7549 S Jeffery	0.41	\$ 472,500
2676 E 75th	0.01	\$ 399,000
2670 E 75th	0.17	\$ 399,000
1721 E 75th	0.21	\$ 199,000
7620 S Marquette	0.30	\$ 150,000
7631 S Coles	0.11	\$ 65,000
7630 S Chappel	0.12	\$ 40,000
7837 S Stony Island	0.06	\$ 14,500

### Share of Sales, Business Buyers

As would be expected, almost 90% of 5+ unit investment properties sold 2018 were purchased by self-identified businesses, or institutions. Approximately 32% of buildings containing 2-4 units were purchased by institutions.

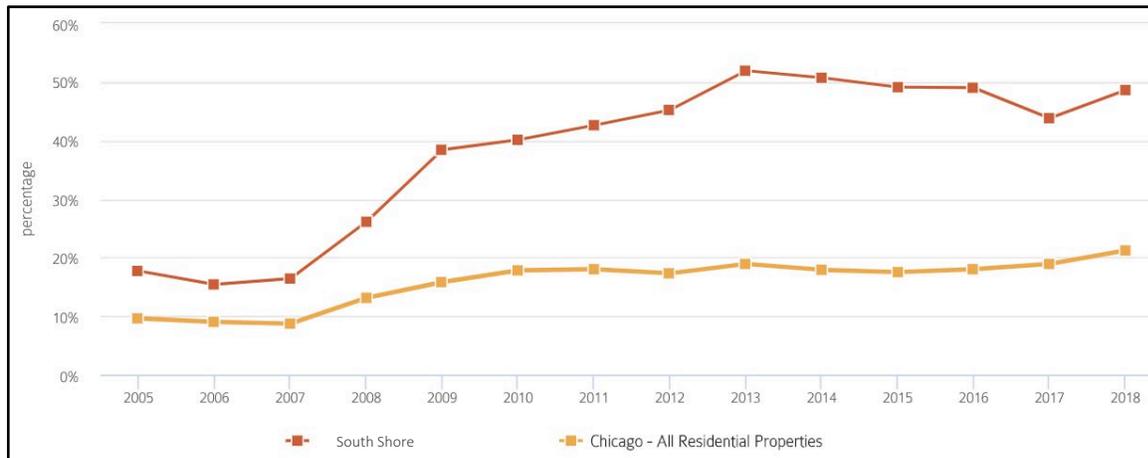
% Business Buyers	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All Residential Properties	18%	15%	16%	26%	38%	40%	43%	45%	52%	51%	49%	49%	44%	49%
Building with 2-4 Units	15%	10%	17%	19%	34%	39%	33%	37%	51%	44%	49%	45%	33%	32%
Building with 5+ Units	72%	73%	77%	77%	96%	84%	88%	86%	89%	89%	88%	93%	90%	89%

Historically, 2-4-unit properties were purchased either by owner-occupants who live in one unit while renting the remaining units, or by small property investors who own and manage a small number of buildings.

Since 2009, properties in South Shore have been purchased by a significantly higher number of institutional owners (approximately 50% in 2018) than the City of Chicago average (approximately

21% in 2018). Following the foreclosure crises of 2012, potential buyers of 2-4-unit properties in lower-income communities faced increased challenges to accessing financing which made it difficult to return properties to productive use. The increase in institutional purchases of 2-4-unit properties from 2013 to 2016 shows this shift in buyer type. Based on the 2018 and 2019 period, the trend has leveled to the pre-2013 stasis of approximately 30-35% institutional / 65-70% small investors.

### ***Investor Sales as a Percentage of all Sales***



This mix of high levels of investment by owner-occupiers, small business and institutional investment indicates an increased interest and desire to invest in the South Shore area.

## **C. Conclusions**

### **1. Market Conditions**

#### ***Resident Aspirations***

Current and future residents desire a quality neighborhood feel with access to transit, as well as retail and restaurant options. More specific aspirations residents by type are outlined below.

- Current Residents
  - Desire additional studio and 3+ Bedroom units
  - Desire more density on vacant and underutilized lots
- Non-Residents Seeking Affordable Housing Options
  - Desire affordable, clean and safe locations
  - Desire transit options, including CTA and Metra
  - Desire all size, but especially studio and 3+ Bedroom units
- Non-Residents Seeking Quality Housing in an Attractive Area
  - Desire a safe and well-located home

- Desire more density on vacant and underutilized lots
- Desire transit options, including CTA and Metra
- Desire single-family and 3+ Bedroom units which have either been renovated or are priced accordingly.

### ***South Shore Housing Types Today***

Housing stock in the South Shore area is largely composed of single-family (30%) and 2-4-unit buildings (48%). For residential blocks around the 75th Street and 79th Street Corridors housing types are highly concentrated by geography. The areas west of S. Yates Blvd are predominantly single-family blocks, while multi-family apartments are found to the east, with some taller apartment and condominium buildings closer to Lake Michigan.

### ***South Shore Rental Market Units in Demand***

South Shore has one of the largest proportions of affordable housing units, as well as one of the highest demands for affordable rental housing, in Chicago. Many rental properties in the South Shore participate in the Section 8 Housing Choice Voucher (HCV) program, which provides assistance to families in need of affordable housing. Demand for updated and new studio and 3+ bedroom units is high.

### ***A Stable and Recovering Sales Market***

While single-family and condominium sales have remained active, fewer properties were sold in 2018 and 2019 compared to previous years. Sales prices for single-family homes reflect their size and condition. However, there have been recent sales in the \$200-300K range within the neighborhood. Overall, values in the area remain below those before the pre-recession peak sales prices.

The greatest concentration of condominiums lies in the east of the neighborhood between Yates Blvd and South Shore Drive. Over the period from July 2018 to June 2019, the South Shore condominium market has experienced both an increase in median sale prices and a higher percentage of units selling at their most recent asking price. The market has seen an increased inventory of for sale units, which may indicate an increased confidence in the South Shore market.

### ***An Increasing Role of Investors Single-Family and Condominium Investment***

Traditionally an owner-occupied, non-investor market, in recent years South Shore has seen an increase in “Business Buyers,” or investment firms. Since 2009, properties in the South Shore have been purchased by a significantly higher number of institutional owners.

Institutional sales activity gained strength and percentage of the market over the past five years. In 2018 this reached 50% of properties sold, compared with the City of Chicago average of 21%. Buildings with 2+ units now represent 46% of the sales activity in the Study Area. The combination of 2-4 Unit and 5+ Unit property sales represent almost half of the entire market. The largest concentration of institutional investments is in the east of the neighborhood between Yates Blvd and South Shore Drive.

### ***A Market with Future Potential***

High levels of investment by owner-occupiers, small businesses and institutional investors indicates a demand and desire to invest in the South Shore area. Community engagement responses suggest that both long-term residents and more recent arrivals value South Shore as a place to live based on its high-quality and stable housing stock, particularly single-family homes. Both data and community feedback has identified groups of potential new South Shore residents looking for quality single-family homes located on blocks with other single-family homes. There is also demand for rental properties.

Community engagement responses also suggest a desire for additional studio and 3+ Bedroom unit apartments and single-family and 3+ Bedroom units. There is also a local desire to see vacant buildings on the 75th Street and 79th Street commercial corridors brought back into use.

Price stability across sales prices, slowly increasing rents, and purchases of multi-family buildings by local and national investors suggest a stable market that has future potential to attract residents and investment.

### ***Constraining Factors***

The absence of significant renovation of existing vacant buildings, and the absence of any new development in recent years, present a challenge in meeting identified needs. Some residents reported concerns about the management of some multi-family buildings, with reports of high turnover among tenants and concerns about pockets of crime. There were also some concerns about the relatively low rate of homeownership within the community.

Analysis of market conditions, including land and development costs and potential values suggests that renovation or new development will not be led at scale by the private-sector in the near term. This is in line with the recent absence of private sector new development. Pro-forma analysis of selected sites and renovation opportunities has found that overall development costs on a per square ft. basis exceeds sales values and capitalized rental income for a standard private-sector market based development approach.

Initial analysis finds that Pro-forma performance can be improved through the following mechanisms:

- The use of public sector land at zero cost to the development
- Using a not-for-profit developer scenario, with loan rates reduced to 1% from a market rate of 6%
- Reducing developer return to a non-profit rate of 3% from 15%
- Using a 15-year hold period, rather than a standard market led 7 or 10-year period

A combination of these approaches will be required in the near and medium term to improve housing supply and physical conditions.

## 2. Housing Strategies

### ***Work with Local Landlords to enhance Management***

It is recommended that landlords of multi-family buildings which are considered to have problematic management performance be contacted to request the deployment of additional management resources. This can be led through the office of the Alderman, the South Shore Chamber of Commerce and other local organizations.

### ***Apply Alternative Development Approaches***

Alternative development approaches with an emphasis on non-profit development will be required in the near and medium term. This can fill a gap in the local market, improve physical conditions at key locations, build local capacity and help rebalance the costs and value equation to generate more housing. This can serve as a precursor to attracting market led residential and mixed-use development. Each of these steps will strengthen 75th Street and 79th Street as mixed-use and retail corridors.

### ***Build Local Non-Profit Development Capacity***

Non-profit development of publicly owned and private vacant lots is a model that has been successfully used in several Chicago neighborhoods.

This has frequently engaged a local non-profit development partner in the form of a community development corporation. Neighborhoods as diverse as Lawndale, Pilsen, Auburn Gresham and South Chicago have used this approach. Activities include rehab, preservation of affordable housing, new single-family and townhome development and multi-family developments. Models used by other neighborhoods can be used here to meet needs and strengthen the market.

It is recommended that technical assistance resources be accessed to support local capacity building and an organizational operating funding plan for South Shore. City wide organizations such as Neighborhood Housing Services, the Metropolitan Planning Council and LISC should be contacted to establish specific resources for local capacity building.

It is also recommended that the recently formed South Chicago Chamber of Commerce CDC or another entity take on the role of local coordination and implementation of renovation, first, before moving on to new development.

### ***Establish Non-Profit Funding and Financing Relationships***

It is recommended that this plan be the basis for outreach to city-wide housing and mixed-use development funding and financing organizations to raise the profile of South Shore as an opportunity for them to further their mission.

Meetings, presentations and local tours can be offered to the City of Chicago Department of Housing, LISC, the Illinois Facilities Fund, the Chicago Community Investment Corporation and Chicago Community Loan Fund.

***Establish Funding and Financing Relationships with Banks***

It is also recommended that the plan and the South Shore opportunity be presented to Chicago's major financial institutions with public commitments to Chicago's neighborhoods in the form of philanthropy and lending. This includes JP Morgan Chase and BMO Harris, among others.

***Focus on Renovation First***

Analysis of renovation and rehab potential, and examples from within South Shore and other south side neighborhoods indicate that this could be an early entry into the real estate market for an emerging, local non-profit development entity. Total costs and gap funding requirements are likely to be lower than for new development, and there is the opportunity to make an early statement of progress in priority locations close to transit where there are several highly visible vacant buildings.

***Utilize Public Sector Land for Infill Development***

Vacant land in the neighborhood include City of Chicago and Cook County Land Bank lots. This includes lots around transit hubs and at gateway locations. It is recommended that lots in these locations, alongside wider retail marketing, tactical urbanism and public realm improvements, be prioritized as a focus for new housing and mixed-use building development.

It is recommended that direct outreach to City of Chicago and Cook County entities with ownership of lots within the 75th Street and 79th Street Corridors be made to highlight this plan and to identify early opportunity lots for collaborative development with a local non-profit entity.

It is also recommended that the potential for creating a portfolio of publicly-owned vacant lots which could be subject to a developer RFP which combines multiple individual opportunities be investigated.

Actions to improve both the stock of desirable properties and to begin development (or infill) of vacant and underutilized land could potentially jump-start a new residential resurgence in South Shore.

Focusing improvements in target areas will prove the market and encourage organic private local development and raise the area profile for the wider private sector. Addition of new retail and restaurant services, as well as improved streetscapes and other beautification measures can improve the possibility of this resurgence.

***Look to Senior Housing as an Early Opportunity***

New senior housing is an opportunity based on experience of other neighborhoods. Mid-rise apartment developments with senior resident focused on-site services have reestablished the built fabric of the neighborhood to the west in Auburn Gresham, in an area with similar rents and values. This is an approach which could be used to infill larger lots on 75th Street or 79th Street.