

New Upscale Apartments Proliferate

Downtown dwellers opt to lease at the Aqua, EnV, and other luxury buildings

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In Texas, where the Lynd company has been developing and managing rental apartments since 1980, one-upmanship comes with the territory: “If you don’t build the gilt-edged project,” says A. David Lynd, president of the company, which was founded by his father, “then someone outdoes you [and] converts all your renters to theirs.”

Lynd brought that mindset to Chicago when he built his company’s first project outside Texas, a 29-story luxury apartment tower named EnV. The building, at 161 West Kinzie Street, opened in late summer 2010 with the vibe of a boutique hotel: eye-catching architecture, high-end kitchens, personal wine storage bins on the club floor. But all that comes at a price. Lynd acknowledges that he wanted to “set a new bar for rents in downtown Chicago”—and the rents at EnV are about 5 to 10 percent higher than the rates Lynd found at existing buildings in River North.

That increase isn’t confined to EnV. As new apartment towers opened over the past two years in the Loop, River North, and Streeterville, they boosted the cost of downtown renting. After a few years of slow or no change, downtown rents jumped by about 15 percent from summer 2010 to summer 2011, says Aaron Galvin, the owner and managing broker at Luxury Living Chicago, an apartment marketing service. One-bedroom units can be found at just over \$1,500 but more commonly start at \$2,200. “Out of ten callers, seven are shocked at the prices I give them,” Galvin says.

One reason for the spike, according to Galvin, is a temporary shortage of inventory. Though the luxury apartment buildings that opened between 2009 and early 2011 added about 5,000 apartments to the downtown supply, no new buildings will show up until late 2012 at the earliest, Galvin says. (About 15 new apartment towers have been proposed or are under way in downtown neighborhoods.) This comes at a time “when there’s increased demand for apartments from the people who a few years ago would have bought condos,” he adds. “[They] can afford to buy but choose not to. They aren’t comfortable with where [home prices] are going, so they rent.”

These renters—mostly young professionals and empty nesters—have high expectations, says Michael Newman, whose Golub & Company built The Streeter and Streeter Place apartment towers in River North (the company sold The Streeter a few years ago). “They’ve seen the nice condos with the granite and the stainless steel,” he says. “They want those things, but they want to rent. So you have to have that level of quality they expect if you want to attract them.”

Monthly Rent Ranges

Five major downtown rental towers, all completed in the past few years, and their entry prices as of July 13:

ALTA AT K STATION (555 W. Kinzie St.)

one bedroom: from \$1,633

two bedroom: from \$2,728

[1] AQUA (225 N. Columbus Dr.)

one bedroom: from \$2,254

two bedroom: none available



[2] EnV (161 W. Kinzie St.)

one bedroom: from \$2,142

two bedroom: from \$3,320

FLAIR TOWER (222 W. Erie St.)

one bedroom: from \$2,125

two bedroom: from \$3,096



[3] STREETER PLACE (355 E. Ohio St.)

one bedroom: from \$2,050

two bedroom: from \$3,217