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Highwood apartments trade for \$40 million

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CoStar Group

Fort Sheridan Place apartments in Highwood

A San Francisco real estate investor continued its recent spending spree in the Chicago area with the purchase of a \$40 million suburban apartment complex, adding to what will likely be a record year of sales for the asset class.



three times the amount the seller, a venture of Chicago developer Morningside Group, paid for the 252-unit building in January 2009, in the heart of the recession.

The deal underscores investor appetite for multifamily properties in the suburbs, where the median net rent rose 3.3 percent year-over-year in the second quarter to \$1.45 per square foot, according to Chicago-based consulting firm Integra Realty Resources. Net rents include concessions for the tenant, such as free rent.

Rents have been going up for more than half a decade in the suburbs, bolstered by a healthy job market. The suburban apartment occupancy rate was 95.5 percent in the second quarter, higher than the first quarter but down from 97.1 percent during the same period in 2016.

FPA has been especially active in the Chicago apartment market this year. The venture, which declined to comment on this deal, **paid \$48 million** in August for 165 rented units in a South Loop condominium project that ran into financial trouble during the last recession.

FPA also recently **bought a 640-unit apartment complex** in Naperville for \$98.5 million, according to real estate information company CoStar Group.

Integra Realty Resources projected earlier this year that suburban apartment sales could eclipse the record \$1.66 billion in deals set last year. That mark dwarfed the previous record of \$1.17 billion, which was set in 2007.

This story has been updated to reflect the new name of Appraisal Research Counselors, which is now Integra Realty Resources.

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