

Done Deals



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Midwest Experts Share Residential Real Estate Trends for 2014 and a prediction for 2014 colors of the year

CHICAGO, IL (Dec. 4, 2013) – Following an exciting 2013 in which the for-sale market continued its steady rebound while the apartment market stayed white-hot, 2014 promises to be an interesting year as low for-sale inventory, rising interest rates and an influx of new rental units converge in a crossroads for residential real estate.

“There is still tremendous competition in the rental market, but luckily for consumers they have more choices than ever,” said T.J. Rubin, managing broker of Fulton Grace Realty.

“For new projects delivering in 2014, it all boils down to either offering a no-frills building with great prices, or going big on amenities and services that offer renters a terrific lifestyle.”

Meanwhile, condo developers and home builders point to still-low interest rates, low inventory and high demand as encouraging factors for new development in 2014.

In the for-sale market, David Wolf, president of Related Realty, predicts there will be an increase in new listings in 2014 as sellers realize the appreciated value in their homes and decide to enter the market.

“Listings under contract will increase and market time will be down,” said Wolf. “And that’s good news for the market rebound. With more inventory available for buyers to choose from, we will continue to see restored confidence in residential real estate.”

Against the unique backdrop of this confluence of market factors, Chicago-area real estate experts weigh in with the following top real estate trends for 2014:

1.) **At Your Service:** A leader in multifamily residential development, Related Midwest unveiled its first rental tower in Chicago earlier this year – 500 Lake Shore Drive – and ushered in a whole new level of apartment services to the Windy City.

Residents of 500 Lake Shore Drive found themselves with access to a Related Personal Assistant, Resident Service Specialist, Tech Concierge, 24-hour white-glove doorman and a lobby attendant.

This full service staff, and perhaps even more, is also expected to be available at 111 W. Wacker, the developer’s new Chicago apartment tower set to open in summer 2014.

“One reason people continue to be drawn to the rental lifestyle is they see or hear about these amenities and services that make their life easier – services that are really more what they receive at a high-end hotel,” said Curt Bailey, president of Related Midwest.

“It’s common now to have apartment amenities like a high-tech fitness center or theatre room, but someone on call to fix your internet connection or plan a catered dinner party is more rare, and certainly seen as an added value by our renters.”

Another high-end Chicago apartment tower set for delivery in 2014 with an emphasis on its renter services is Catalyst by The Marquette Cos. The building will feature Marquette’s signature We C.A.T.E.R. concierge program that offers residents everything from simple perks like free coffee and tea to arranging for dog-walking services and resident dry cleaning drop-off and pick-up.

2.) Design for All: In May 2013, Fifield Companies tapped the prestigious design firms of Adrian Smith + Gordon Gill, Design for a Cure and Morgante Wilson Architects for a special Designer Showcase “pop-up model” event at its new K2 apartment tower. The Morgante Wilson model was so well received, Fifield partnered with the firm to design all models and common spaces at E2, its new rental development in Evanston, Ill., which will open in 2015.

“Residents are increasingly sophisticated in their aesthetic,” said Randy Fifield vice chairman and principal of Fifield Companies. “Even if they’re not using a name-brand designer in furnishing their own home, they appreciate being able to enjoy a high level of design in their building.”

In downtown Chicago, Related Midwest partnered with revered Kara Mann Design on models at 500 Lake Shore Drive, its luxury rental tower that opened this spring, and is also working with Mann for 111 W. Wacker, opening in summer 2014.

The developer also tapped Simeone Deary Design Group, known for its hospitality work, to design models and all amenity spaces at The Grant, a luxury condo tower in Chicago’s South Loop.

“One way we stand out and communicate the lifestyle offered at our buildings is through the image we present in our common areas and models,” said Curt Bailey. “By working with star designers, we add a certain cache to the building and the amenity spaces that are ultimately part of residents’ homes.”

3.) Big Lots: When it comes to home sites in 2014, many builders predict buyers will choose from the super-sized menu.

“We see the desire for large home sites stemming from a variety of factors,” said Jeanne Martini, director of marketing for Kinzie Group.

“First, many buyers felt confined in their home during the recession, so now they’re looking for more space and privacy.

Second, buyers want more flexibility in the design of their home, and you have fewer limitations with a larger lot.”

Kinzie is developing the Enclave of Heritage Estates in Lake Barrington, where home sites go up to four acres.

Also betting on “big lots” is Lexington Homes, which in January will re-launch Woodleaf at the Sanctuary Club in Kildeer, Ill., where sites go up to three-fourths of an acre.

Jeff Benach, president of Lexington Homes, said buyers are thinking long term and are willing to invest in extra land. “Today’s buyers plan to stay in their homes longer so they want a larger yard to go with a larger home. Additionally, a larger parcel of land gives homeowners the option to make changes to their home to fit their needs in the future.”

And in St. Charles, buyers can find one-third acre or larger home sites at Meritus Homes’ semi-custom community The Reserve of St. Charles.

“Buyers spoke, and we listened,” said Brian Brunhofer, president of Meritus Homes. “These are the largest home sites we’ve offered in three years. There’s room for a three-car garage, spacious deck, extensive landscaping and even a pool. The possibilities are pretty endless.”

4.) Talk of the Town(home): “Renting has become the preferred lifestyle choice for many, which has created a shift in the demographics of the ‘typical’ renter,” said Darren Sloniger, managing director of acquisitions for The Marquette Cos., which opened its rental townhome community, Randall Highlands in Aurora, Ill. six months ago.

“Not only will we see more families, professionals and downsizers opting to rent, but more people planning for long-term rentals. As such, townhomes are especially attractive to these groups because of their extra space.”

Barbara Gaffen, co-CEO of Prime Property Investors, owner and property manager of Arbors of Brookdale in Naperville, Ill., agrees, citing a waiting list for their largest townhome-style plan at the community. “It’s especially popular with families,” she said. “In fact, about 25 percent of our residents have young children.”

Also expecting strong demand for rental townhomes is Anthony Rossi, Sr., president of RMK Management Corp.

“We’ve had townhomes as part of our management portfolio for years, and they always see high occupancy,” he said.

“Given the trepidation many still feel about becoming a homeowner, rental townhomes should do well next year as they’re a smart alternative to buying a single-family home.”

T.J. Rubin of Fulton Grace Realty is also anticipating further growth in 2014. "The increase in townhome rentals we saw this year is linked with the condo rental boom of the last few years, as many condo and townhome owners continue to be stuck in their homes and need to rent them out," he said.

MACK Companies, an REO-to-rental specialist, also took note of this trend by recently adding 30 rental townhomes to the firm's portfolio of primarily single-family rental homes.

"When the housing boom was at its peak, many people were buying single-family homes in far suburban communities to get the most space for their money," said Eric Workman, vice president of sales and marketing for MACK.

"Now, many find themselves going back to the city to be closer to work." Workman explained that townhomes are more common in areas near or inside the city than single-family homes, as it's a way to maximize use of a prime location. Workman added, "We anticipate the townhome rental trend to continue through the first half of 2014, with a gradual move toward townhome purchases."

Two other developers taking note of this trend are Kinzie Group, which will be grand opening rental townhomes at The Oaks of Vernon Hills in 2014, and Fifield Companies, which will include 12 rental townhomes as part of its E2 rental development in Evanston, Ill., which opens in 2015.

5.) À la Carte Building: In 2014, builders will offer buyers of new-construction homes an even broader menu of options – and even some things not on the menu at all.

"Buyers in today's market don't want the typical 'Option A, B or C' model of home building. They want a home that is unique to their lifestyle," said Brunhofer in reference to Meritus Homes building custom and semi-custom homes throughout the Chicago area.

"While custom homes will always be in demand, semi-custom homes are rising in popularity as they are a good compromise for some buyers' budgets and timelines as buyers can still add original touches to a design."

Martini agrees that 2014 will bring even stronger demand for custom and semi-custom homes, like those offered at Kinzie Group's Lake Barrington community, Enclave of Heritage Estates.

"We really put buyers at Enclave in the driver's seat by offering two ways to buy – either through our Home + Lot program, where we'll help buyers create their ideal home; or they can purchase one of our sites and bring in any builder they wish," she said.

Buyers will also find a great deal of flexibility in the estate-style single-family plans at Lexington Homes' Woodleaf of Sanctuary Club in Kildeer.

"Rather than making buyers adjust to fit the plans we offer, they can choose from a wide selection of floor plans and then customize the plans however they please within village ordinance and architectural guidelines," said Benach. "It's a total departure from what we do at our other communities because each home is pretty much designed from scratch."

6.) Phone Home: Earlier this year, a joint study from the National Association of Realtors and Google noted 90 percent of homebuyers searched online during their home-buying process, and approximately one-fifth of real-estate related searches were conducted on mobile devices. In 2014, look for more real estate firms to create apps to make it easier for viewers to find properties on their phone or tablet, putting property listings – literally – at their fingertips.

Rubin noted, "Fulton Grace closely tracks renter and buyer behaviors, and we find they are increasingly using tablets and smart phones in home searches. We expect 30 percent of our traffic next year to come from new-home searches via mobile phones and tablets, so we're ramping up a new mobile website now."

MACK Companies is redeveloping its website to ensure clients can easily access information via their phone or tablet. "Today's consumer is so technically advanced, they expect all information about a property to be available when and where they want it," said Workman. "If prospective buyers or renters can't view a property on their phone, they're going to move on to the site that does."

7.) Year of the Dog: The Chinese New Year calendar may say 2014 is the Year of the Horse, but it is poised to be the Year of the Dog for real estate developers who are seeing increased demand for pet-friendly amenities in new multi-family buildings.

"One thing came through loud and clear when we researched the types of amenities Chicagoans want most in a rental building – they love their pets," said Bailey in reference to Related Midwest, which in 2013 introduced Dog City, an on-site pet-care facility at 500 Lake Shore Drive.

Related will be including a similar amenity at a second Chicago rental tower opening in 2014. “Dog City is also another way we elevate our service platform for residents to an entirely new level,” Bailey added. “We’re giving them the convenience of top quality pet care right in the building, and also addressing an area of their lives that is extremely important to them.”

Other Chicago apartment towers making pet-friendly features a top priority are K2 by Fifield Companies, which features a one-half acre, fenced-in dog park adjacent to the building, and partners with a third-party vendor to provide pet care services; and 73 East Lake by M&R Development, which will deliver in Chicago in 2014 and offer renters an on-site pet spa plus help arranging dog walkers and pet sitters.

Color Trends: For 2014, Elissa Morgante, principal at Morgante Wilson Architects, sees two colors on the horizon: teal and yellow.

As an award-winning architect and interior designer for some of the most beautiful homes in Chicago and the North Shore, Morgante has noticed an increased interest in bold hues.

"Teal and yellow are both elegant, yet upbeat colors. Plus, they're easy to use as accents with both warm and cool neutral colors," she said.

Morgante predicts more yellow will shine through in bedrooms and kitchens because of its uplifting effect, while the calm and tranquility associated with teal can set the tone for a home in entry spaces.

For a complete copy of the company’s news release, please contact:

<http://alex-donedeals.blogspot.com/2013/12/midwest-experts-share-residential-real.html>

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