



Chicago apartment landlords holding up so far

Rent collections haven't fallen as much as many feared, an early sign local landlords could pull through the crisis with some bruises, but not devastating injuries.

It's more than halfway through May, and many Chicago apartment landlords are feeling the same emotion: relief.

With [sky-high unemployment](#), apartment owners feared tenants sidelined by the pandemic wouldn't be able to scrape together enough money for their May rent payment. But rent collections haven't fallen as much as they anticipated, an early sign that local apartment landlords could pull through the crisis with some bruises, perhaps, but not devastating injuries. Other sectors, like [retail](#) and [hotels](#), are in bigger trouble.

"Overall, May is okay," said Jeff Michael, chief operating officer of Horizon Realty Group, which owns about 2,500 units, mainly on the North Side. "We thought May was going to be substantially worse than April, but it has turned out to be similar."

Horizon has collected about 91 percent of its rent due in May, he said, but that also includes commercial tenants, many of which have closed due to the coronavirus.

Apartment rent collections in the Chicago area are lower than they were last May but higher than they were [in April](#), according to a recent survey by RealPage, a Texas-based property management software provider. As of May 13, landlords here had collected 91 percent of their May rent, vs. 93.2 percent for the same period a year earlier and 87 percent in the first twelve days of April.

Rent collections vary by location, reflecting the [broader socioeconomic divides in the region](#). With the recession taking a bigger toll on workers who live on

the South and West sides, collections have tended to be lower in those areas than in wealthier downtown and North Side neighborhoods.

And the outlook is still uncertain. The expected easing of some government restrictions later this month could help put more people in Chicago back to work, but property management executive Michael Zucker worries that supplemental federal unemployment benefits will run out at the end of July, impairing the ability of more tenants to pay their rent.

“My real concern comes July 31 if unemployment is not extended or maybe tapered down a bit,” Zucker, managing partner of Chicago-based Peak Properties, wrote in an email.

Peak, which manages about 8,000 apartments in Chicago, mostly on the North Side, has collected 96.9 percent of its May rent, down from 97.3 percent at this time in April.

Peak and other landlords continue to offer rent relief to apartment tenants who can demonstrate financial hardship, usually allowing them to defer rent payments. So far, about 200 of Peak’s tenants have sought help, but only half of them have completed the required paperwork, Zucker wrote.

In a survey conducted by Essex Realty Group, a Chicago-based brokerage, 25 percent of local apartment landlords said they had tenants who had asked for a payment plan, with 70 percent saying none of their tenants had requested one, according to Essex Principal Steve Livaditis.

Apartments leasing activity typically picks up in the spring months, as people shop for new apartments. But with more people hunkered down, leasing “has been very slow” at Horizon’s properties, Michael said. The firm received 20 rental applications last week, about half of what it would have received a year ago, he said.

On the other hand, more of Horizon’s tenants are renewing their leases and staying put, so the firm’s occupancy rate has held steady, Michael said.