



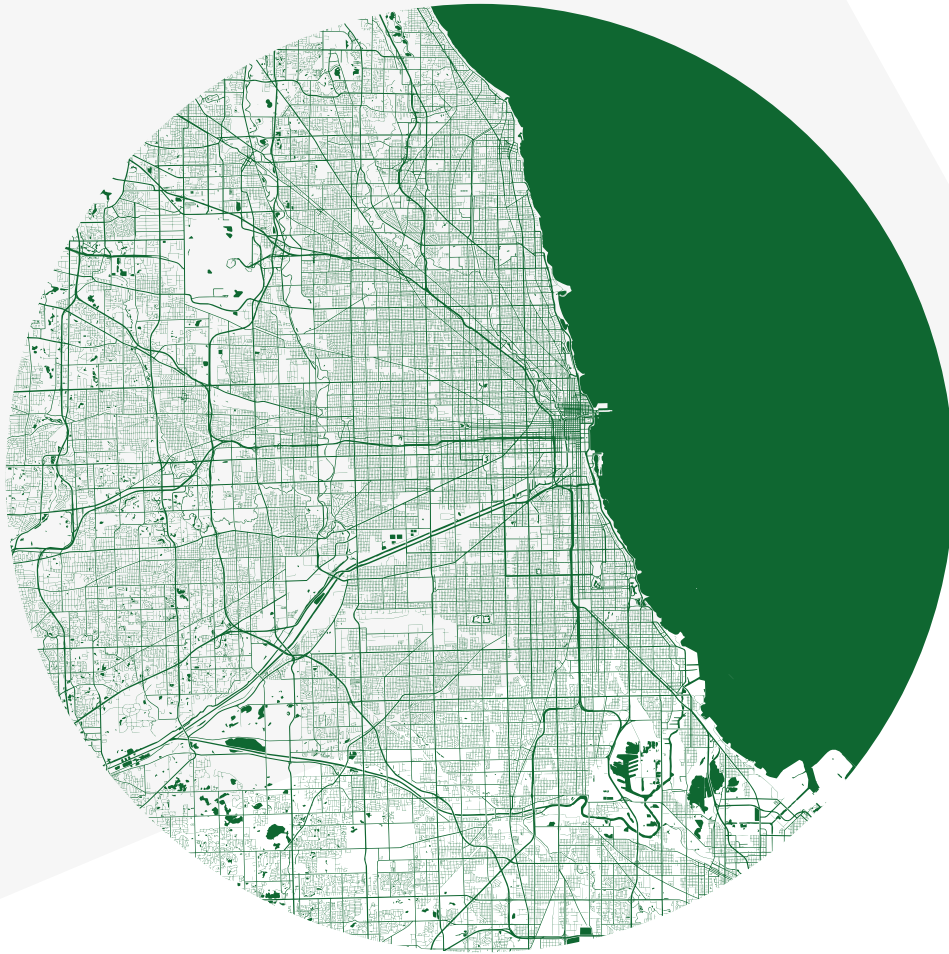
WHERE TO INVEST
IN THE CHICAGO MARKET:

SUBURB EDITION



Nearly every week I hear from local and out-of-state investors wanting to know the best areas to buy rental property.

We highlight what we consider the most attractive areas in Chicagoland on our local podcast, [Straight Up Chicago Investor](#). But until everyone listens to Chicago's #1 real estate investment podcast (ahem), I find myself answering this question quite often.



Disclaimer: Below I've summarized my opinion on where to find the best opportunities in different areas based on my experience. I've based my opinions as a real estate investor myself and from the experience of day-to-day management of 1,200 residential units in the Chicago market. I dove deep into the suburbs and not the city because that will be an entire second e-book itself.

At the end of the day, investors can find opportunities anywhere with the right purchase price and value add. And of course, they can maximize their ROI when paired up with a great management company like GC Realty & Development, LLC.



Before we get started I will reference cities that have rental license programs so I want to define exactly what a rental license program is before we proceed. I also wanted to provide an overview and a link to more information on the Cook County Residential Tenant Landlord Ordinance (RTLO) that you will hear me reference many times throughout.

What is a RENTAL LICENSE PROGRAM?

Every city, township, or country has their own set of codes and ordinances. Some require an application, license, and inspection. When an area operates a [rental licensing program](#), property owners need to obtain a license to legally rent their units. Rental licensing programs are designed to protect public health, general welfare, and the safety of tenants from deadbeat slum lords. The annual cost for both the license and inspection fall onto the owner. Owners who fail to license their rentals may forfeit their right to court eviction proceedings and expose themselves to liability.

If you want, you can narrow your search down to cities without a rental license program. We further explain [rental license programs](#) on our website and break down the individual suburbs of the entire Chicago market along with costs and inspection requirements.

What is the RESIDENTIAL TENANT LANDLORD ORDINANCE?

In Cook County, excluding Chicago, the [Residential Tenant Landlord Ordinance](#) (RTLO) protects both landlords and tenants by outlining requirements for each party. Effective June 2021, the RTLO seeks to “protect and promote the public health, safety, and welfare of its citizens.”

This ordinance has lots of little pitfalls for landlords. It helps to carefully research and understand this layer of risk you inherit when becoming a landlord in Cook County.

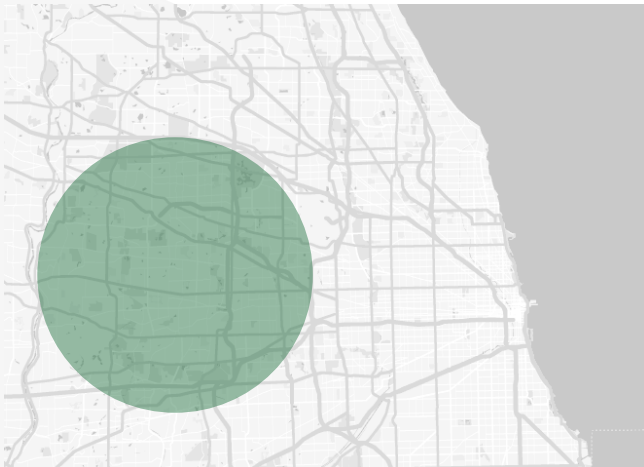
Let's break it down...



Dupage County Overall

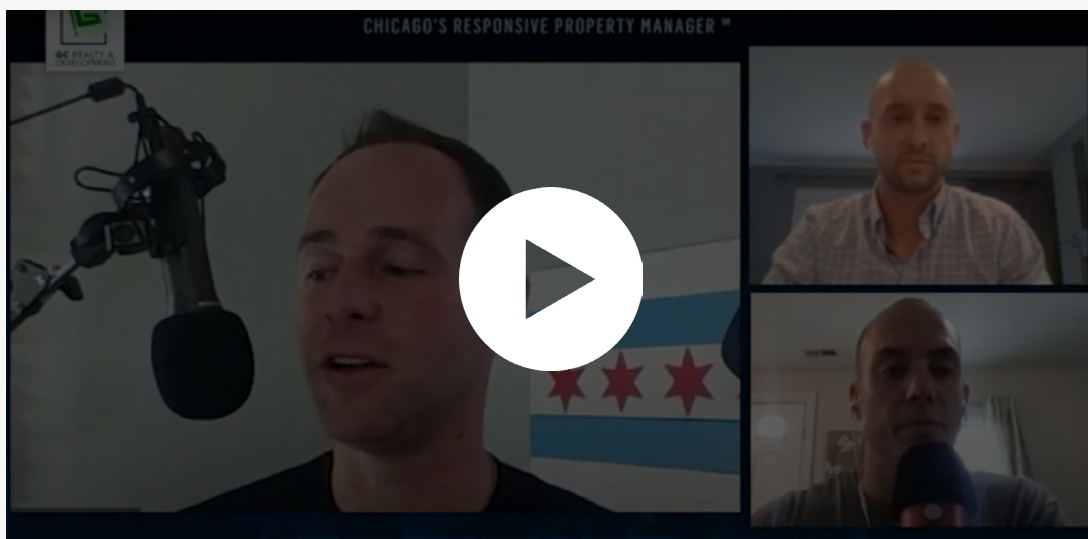
Dupage County offers possibly one of the most conservative markets to invest in. Why? The area has great schools and a high median household income (ranked second in Illinois). It also has a relatively low supply of private housing rentals available by landlords or potential landlords like yourself.

Dupage County has a great renter pool; however, if you need to evict a bad tenant, the process is nothing like the neighboring Cook County/Chicago.



As of 2022, the cities below do not have rental license programs in Dupage County:

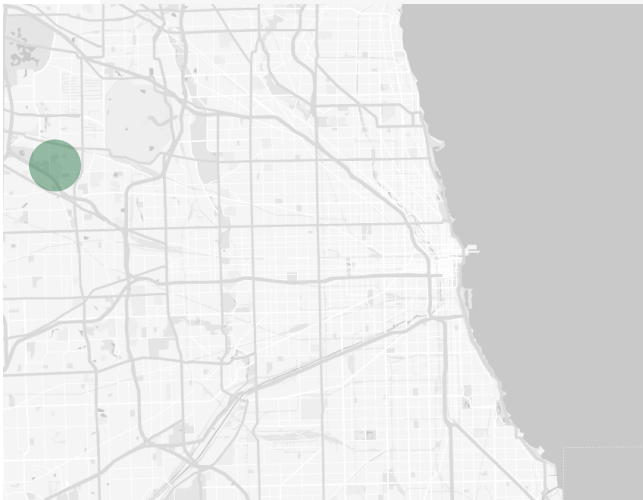
- Bartlett (Part is in Cook County so you must follow RTLO)
- Darien
- Downers Grove
- Elmhurst
- Glen Ellyn
- Itasca
- Lemont
- Lisle
- Lombard
- Naperville
- Roselle (Part is in Cook County so you must follow RTLO)
- Villa Park
- Warrenville
- Westmont
- Wheaton
- Winfield
- Woodridge



Hanover Park

Hanover Park has a couple pockets of awesome investment opportunities where you can achieve better returns than other areas. However, keep in mind, part of Hanover Park falls within Dupage County and part falls within Cook County.

Hanover Park also splits between Roselle, Elgin, and Carol Stream School Districts, which makes a difference. Let's go into more detail on each.

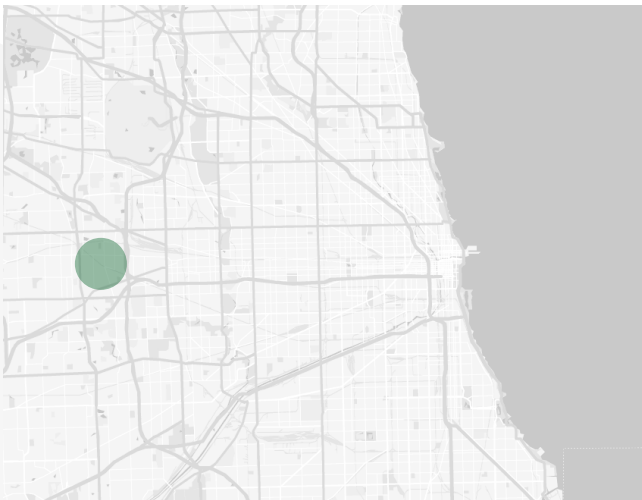


- **Hanover Park in Carol Stream School District** – On the southernmost part of town, this pocket sits in Dupage County in the Carol Stream School District. It is a more affordable part of Dupage County, and tenants seem to stick around longer than average.
- **Hanover Park in Roselle School District** – On the southeast part of town, this pocket sits in Dupage County in the Roselle School District. It is a more affordable part of Dupage County, and tenants seem to stick around longer than average as well.
- **Hanover Park in Schaumburg School District** – This pocket around Irving Park Road and Barrington Road has a Hanover address but sits within the sought-after Schaumburg School District. These houses are priced higher than the other parts of Hanover in Cook County, but not as much as Schaumburg proper.



Glendale Heights

Glendale Heights has one of the highest annual rental license rates in Dupage County (if not the highest), but has a great rental pool. People who cannot afford the expensive surrounding communities will land in Glendale Heights. In the south part of Glendale Heights, you can take advantage of Glen Ellyn School District. Glen Ellyn includes almost anywhere south of Illinois Rte. 64 and a few blocks north of Illinois Rte. 64.

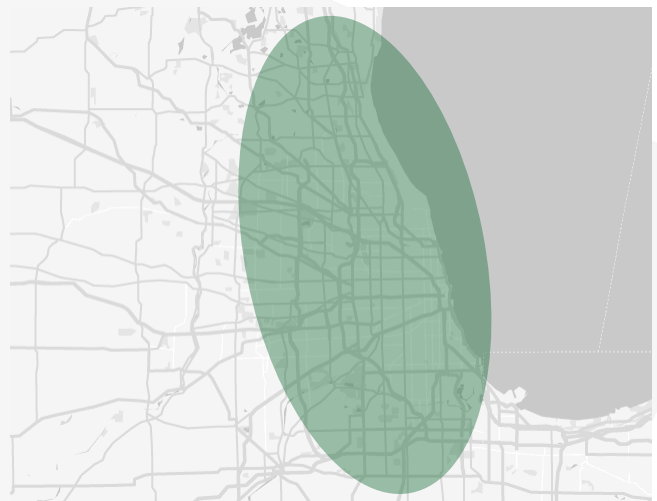


Northwest Cook County

I would consider this area from O'Hare out to the Kane County border. Top cities to invest in here include Arlington Heights, Barrington, Des Plaines, Elk Grove Village, Hoffman Estates, Palatine, and Schaumburg.

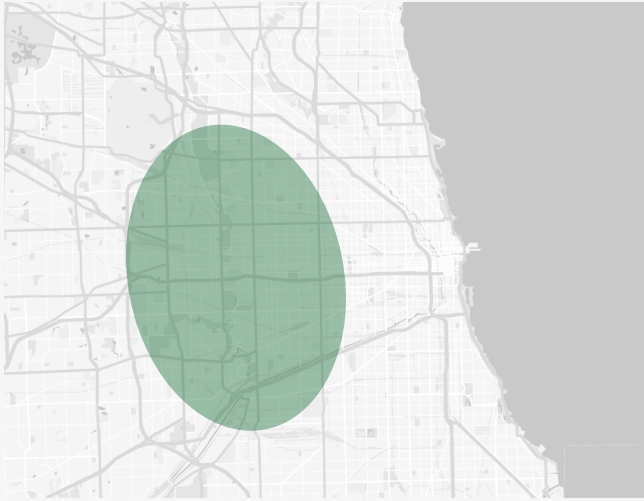
In these areas you have to follow the Cook County RTLO. And all of them, except Barrington and Arlington Heights, have rental license programs. However, these parts of northwest Cook County have high median incomes, a solid rental base, lots of retail, and ongoing development. Next to Dupage County, this is the second most conservative location I would recommend.

Other cities in this northwestern Cook County section include Hanover Park, Rolling Meadows, and Streamwood. These all make great investment areas, but would come second to the seven cities noted in the paragraph above.



Near Western Suburbs

This area just west of the city falls mostly within Cook County. It covers an area from Schiller Park on the north side down to Lagrange on the south part. And it extends from Cicero in the east out to Hillside going west.



Based on the proximity to the city, great transportation, and multiple colleges, you'll always find potential here. Of course, some areas are better than others. Below, I list the ones I really like:

- **Berwyn** – Berwyn has no rental license and many opportunities to locate great buys. It tops my list in the Chicago near-western suburbs.
- **Brookfield** – This area doesn't have a rental license and no longer requires a point-of-sale inspection (yay!). It does house the zoo, the metra, and excellent high schools (either Lyons Township or Riverside/Brookfield).
- **Cicero** – This area doesn't require a rental license and garners solid rent rates compared to other B and C Class areas. That said, the town can be very disorganized and tough to do business with at times.

- **Elmwood Park** – This area has a lot of apartment buildings. Nobody seems to sell houses here, so if you find a deal, jump on it. While they do have a rental license program, you can work with it fairly easily.
- **Forest Park** – Many medical students live here with Loyola University Chicago being walking distance. Forest Park has a good tenant base, but the cash flow isn't as strong as in Berwyn.
- **Lagrange** – This close second has lots of renter demand due to the town's amenities and easy access into the city.
- **Lagrange Park** – This area consists more of single family homes with hardly any rentals on the market here.
- **Lyons** – While a great location where you can easily run your rentals, Lyons has very low inventory.
- **Oak Park** – Access to the city and transportation make this a place you can't lose in the long term. It always has a consistent number of interested renters.
- **Stickney** – Same as Lyons so if you find something here put it under contract... immediately.
- **Westchester** – Like Lagrange, you'll hardly ever find any rentals — especially single family homes — on the market here.

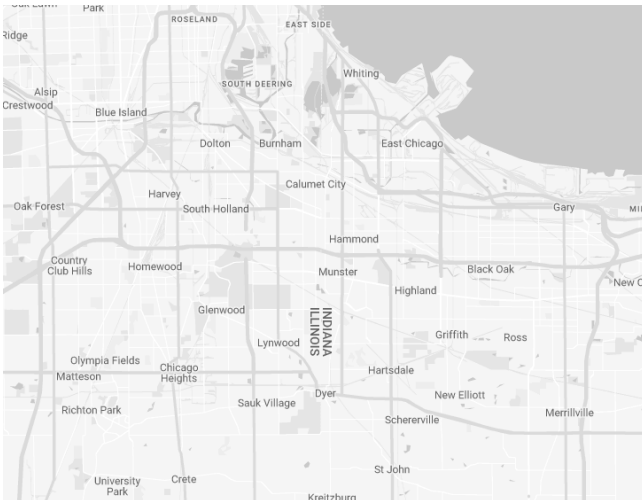
I wouldn't label other areas in this part of the Near Western Suburbs "bad," but I would definitely adjust your risk. Consider negotiating a better price or having less cash in a deal. These areas include Bellwood, Berkeley, Franklin Park, Maywood, Melrose Park, and Hillside.

Remember: all these areas fall 100% within Cook County. So you'll have to follow the Cook County RTLO or hire a property manager with the systems to do so.



South Suburbs

I mostly recommend investors stay away from here due to high property taxes. In addition, the Village isn't landlord friendly and this area has layers of costs between rental licenses and Section 8 tenants. But I do want to focus on a few pockets of opportunity in the South Chicago suburbs.



- **Chicago Heights (Flossmoor School District)** – While I don't like all parts of this area, I do like the subdivisions within the sought-after Flossmoor School District, which typically is located in the north part of Chicago Heights.
- **Flossmoor** – Flossmoor doesn't have a village rental license program and rents are really high for both market and Section 8. Tenants pay premium rent rates here because the Flossmoor School District is much better than surrounding schools (best in the south suburbs).

- **Glenwood** – I'm a fan, but I'm not ever 100% sure why. Lol But you can fairly easily do business with the city. Plus, the property taxes appear slightly lower than the surrounding suburbs with strong rents.
- **Homewood** – Homewood doesn't have a village rental license program and rents are really high for both market and Section 8. Tenants pay premium rent rates here because the Flossmoor School District is much better than the surrounding schools (best in the south suburbs).
- **Olympia Fields** – You won't find many rentals here, but if you find one where the numbers make sense, it's a hidden gem.



Remember: the south suburbs of Cook County have high property taxes. So underwrite a deal with the correct tax number, taking into account any existing property tax exemptions the current owner may have.

I went into this e-book with the goal of only highlighting areas where I see opportunity. But I would do fellow investors an injustice if I didn't warn you about areas to avoid. It doesn't matter how sexy the deal looks on paper.

BEST TO AVOID

- **Country Club Hills** – I think they mean well, but their requirements — on top of the high chance of having Section 8 tenants — just add on layers of costs. Country Club Hills has also had rental license moratoriums (like South Holland) that adds risk for an investor.
- **Ford Heights** – Just drive through here in person or Google a street.
- **Harvey** – Just drive through here in person or Google a street.
- **Markham** – They are tough to do business with from paperwork, rental license, contractor license, and everything in between. Again, I think the city means well, but they make it tough for investors to not mess up. And that makes it harder to make money in the long run.
- **Park Forest** – The area has high property taxes, limited public transportation, and their own Housing Authority (who can be a pain). Attractive-looking investments on paper will never grow because of the lack of future potential.
- **Riverdale** – I really think part of Riverdale's issue is its proximity to Harvey that makes it less-than-desirable.
- **Sauk Village/Lynwood** – Keep in mind Lynwood address will follow Sauk Village rental licenses
- **South Holland** – I do love this city, but they play with the rental license rules too much. They want to control the number of investors in town similar to an HOA for a condominium building.
- **University Park** - This area also has high property taxes. Attractive-looking investments on paper will never grow because of the lack of future potential.



PROCEED WITH CAUTION

While you may not want to run from these following areas, you should proceed with caution on any deals.

- **Dolton**
- **Hazel Crest** – Buyer beware! The seller doesn't need to complete the point-of-sale inspection before closing. But you as the new buyer will get jammed with that if not done prior to closing.
- **Lansing** – I do like Lansing, but they get lower rents than neighboring communities because of their location on the Illinois-Indiana border.
- **Richton Park**

South Suburb *Tip*

With most of the housing stock built after World War Two a lot of the housing stock has more than one bathroom so if you have a rental with one bathroom. So, if you are at a disadvantage to other rentals.

South Suburb *Savings*

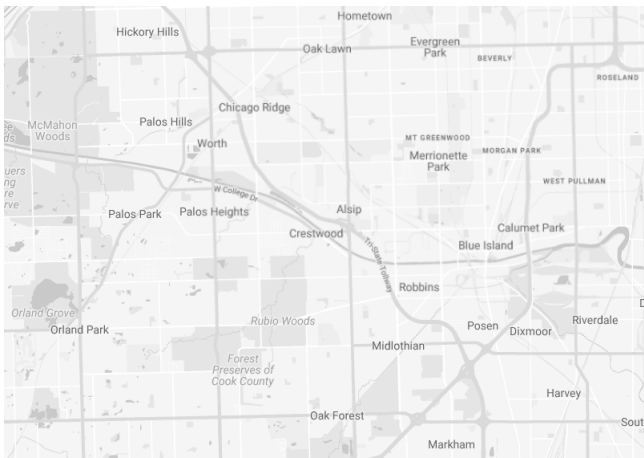
In the south suburbs, renters expect to have washer and dryer hookups. However, you'll find less of an expectation for the landlord to provide the actual appliances as renters in, say, Dupage County may expect. This can be a savings on the appliance purchase cost and ongoing maintenance of the appliance.



Southwest Suburbs

This area of the Chicago market does have a lot of opportunities. But keep in mind that it's still in Cook County so you must follow [Cook County RTLO](#) rules. In addition, many of these cities do have [rental license programs](#). Some of the towns we manage within this area that I like include:

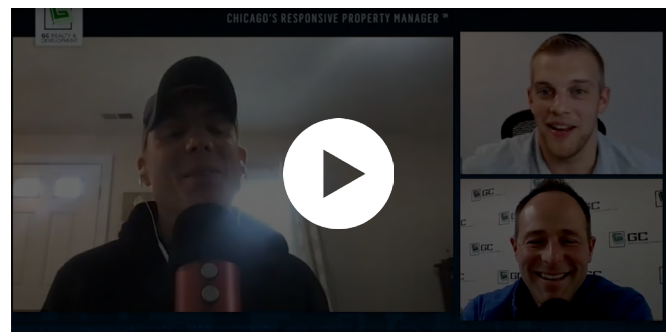
- **Alsip**
- **Evergreen Park** – Their rental license inspections come with hefty penalties if you ever miss their inspector on the property for an inspection. Their inspectors are easy to work with, but they seem to arrive early for appointments. So account for that in your scheduling.
- **Palos Heights**
- **Oak Forest**
- **Oak Lawn** – Their rental license program does require quarterly pest control, which is unique.
- **Orland Park**
- **Tinley Park**



Will County

Will County borders Dupage and Cook Counties to the south and has many advantages to investing there. These advantages include fewer tenant-friendly laws, lower property taxes, and the ease of doing business overall with the village.

- **Bolingbrook** – They have a rental license, but the city is fairly easy to do business with. Plus, our renters seem to stick around much longer here.
- **Frankfort**
- **Joliet** – You'll find a lot of newer housing stock here on the edge of town. They do have their own Housing Authority (JHA), but it's a million times easier to deal with than [CHA](#) or [HACC](#).
- **Lemont**
- **Lockport**
- **Mokena**
- **Naperville (south of 87th St is Will County)**
- **New Lenox**
- **Plainfield**
- **Romeoville** – They have a rental license, but the city is fairly easy to do business with. Plus, our renters seem to stick around much longer here.





Northern Kane County

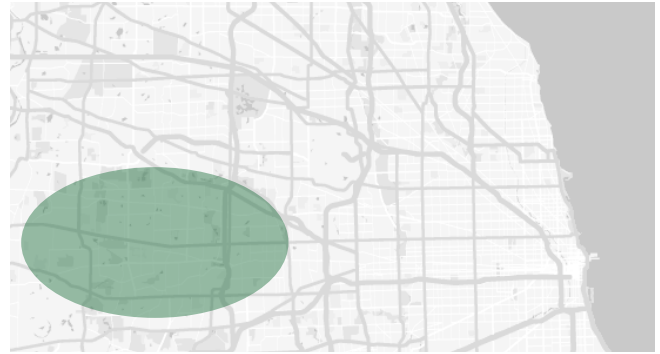
Kane County is huge (or just long on the map) and covers two totally diverse areas, so I broke it up.

On the north side of Kane County you have the huge city of Elgin and other cities like Carpentersville, South Elgin, and West Dundee and remote western areas like Hampshire and Pingree Grove. On this list only Elgin and Carpentersville have a rental license, but all of the cities are really easy to do business in.

In Elgin, there are parts of the city that are in Cook County. So, if you buy on the east side of town, make sure you know which county you are in. You want to be confident you follow the correct landlord laws.

McHenry County

This area includes cities like Algonquin, Huntley, Lake in the Hills, McHenry, and Woodstock. They are all attractive because they do not have any rental license requirements.



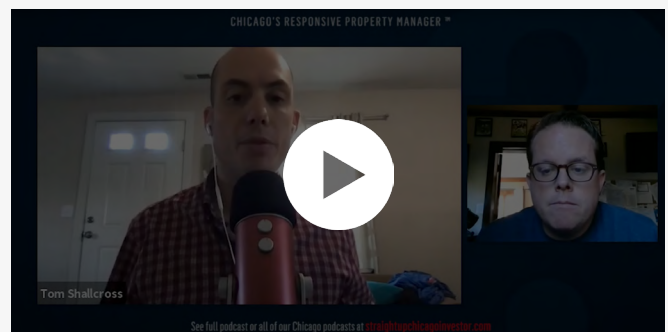
Southern Kane County

The southern part of Kane County has a large part of its population within the city of Aurora boundaries.

Aurora, the sixth largest city in the state, has conservative areas to invest in on the outskirts of town. Most of this housing stock was built within the last 30 years. When you get closer to downtown Aurora or around the river, the buildings get older and the rents get lower.

I've never been a fan of investing in downtown Aurora, but areas around Rte. 59 and Orchard Road have great opportunities. However, Aurora does have a rental license.

Other areas that make up southern Kane County include Batavia, Elburn, Geneva, North Aurora, and St. Charles. None of these areas have any rental license program, making it easier to invest there.



CONCLUSION

As I wrote this, I realized I didn't note many areas where I'd totally recommend against investing in. It all depends on what type of investor you are.

On the investment-style scale, you'll find pockets for both the Super Conservative and the High Risk with plenty of opportunity in between.

You'll need to take many factors into account when buying a property in the Chicago market. Two big ones to consider: laws on the city and county levels, based on location, and the home's age. These will impact what your next 10 years of capital expenditures look like.

No matter how bullish I may be on an area, you must consider each opportunity on a case-by-case basis. Much of it comes down to locating a good deal and more importantly knowing what a good deal looks like. Your Realtor and the property managers at GC Realty & Development LLC can help break this down for your personal approach.

GC Realty & Development LLC can help you with property management, but we like to be along for the entire journey to offer advice on where and what to buy. Our brokerage team can even represent you during the purchase. Reach out today so we can further discuss your plans for investing in the Chicago market.



Schedule A Call Today



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ABOUT THE AUTHOR



Price is what you pay, Value is what you get! I want to provide value to others and make some money along the way.

I accomplish both of these things in my role as the Managing Broker and Partner/Founder at GC Realty & Development, LLC. I have even expanded my role and am also the Leader of the Business Development & Marketing Departments. I have a solid foundation in Chicago real estate because I am a real estate investor in both the local residential and commercial/industrial markets.

We have, to date, renovated and stabilized over 500 properties with ownership stake. I share my experience and business relationships with listeners on our podcast that was started in 2020. This podcast is Chicago's only real estate investing show Podcast, Straight Up Chicago Investor. Download today on iTunes.

GC Realty & Development, LLC has been featured on CNBC's TV show The Deed and I currently co-host Chicago's AM560 Real Estate Revealed Radio Show. I have spoken or sat on panels at numerous investment summits across the country, including in Dallas, Atlanta, San Fran, and Chicago. At each event, I share my extensive experience on many topics like property management, scaling a business, renovating and flipping, out-of-state investing, asset stabilization, market analysis, and more.

My company, GC Realty & Development, LLC, currently manages over 1,200 investment properties throughout the Chicagoland area. In both 2019 and 2020, GC Realty & Development LLC was featured on the Inc. Magazine list of top 5,000 fastest growing companies in the United States.

I have also been featured on podcasts such as Bigger Pockets, The Real Estate Mogul Podcast, Joe Fairless, REI Diamonds, Thoughtful Entrepreneur, Real Estate Money School, and Work The System with Josh Fonger. GC Realty & Development LLC was also a finalist to be featured on the cover of Top Agent - Property Management Edition in 2017.

I take great pride in providing valued feedback to beginners and less experienced entrepreneurs on what steps to take as soon as possible, and which steps to avoid to grow a younger business.



Chicago Investor Resources Shared

- [House Hacking Calculator](#)
- [Rent Vs Sell Calculator](#)
- [Chicago Investor Real Estate Meetup \(Virtual & In Person\)](#)
- [What You Must Know About Renting Your Property In Schaumburg](#)
- [Survival Guide For Self Managers - 15 Tips Chicago Landlords Must Know \(Especially House Hackers\)](#)
- [Need A Responsive Property Manager?](#)

House Hacking Calculator

Househacking Calculator - Google Sheets

docs.google.com/spreadsheets/d/1eLVCbUOPwQ2FD8knMXdVWY-E31gCYh8zVx/edit#gid=662801202

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Property Information		Monthly Breakdown		Cash on Cash Return	
Address	3215 N Milwaukee Ave	Owner Unit (Will not count towards total rent)	\$700	Down Payment	\$8,100
City, St, Zip	Chicago, IL 60641	Unit #1	\$1,000	REHAB Costs	\$0
Neighborhood	Hermosa	Unit #2	\$1,000	Total Closing Costs	\$6,000
Property Type	Bungalow Duplex	Unit #3	\$0	Monthly Rent	\$2,700
Year Bldg. Bk	2000	Additional Income (Storage, Laundry, etc.)	\$0	Monthly Owner Occupied Rental Income	\$2,700
Purchase Information		Hard Costs		Cash Flow after Hard Costs	
Purchase Price	\$140,000	REHAB	\$12,000	Monthly Insurance	\$100
Initial Cash		Monthly Property Tax	\$500	Monthly Water/Garbage/Sewer	\$0
Initial + Purchase Price		Landscaping/Snow	\$0	Condo Fees	\$0
Closing Costs		Interest	\$150	Management	\$0
Loan Type	30 Year	Monthly Owner Occupied Rental Income	\$2,700	Net Cash Flow	\$2,600
Loan To Value	80.0%	Annual Hard Costs	\$12,000	Annual Property Tax	\$6,000
Lender Closing Costs	\$0	Annual Insurance	\$1,200	Annual Water/Garbage/Sewer	\$0
Seller Paying Closing Costs	\$7,143	Annual Landscaping/Snow	\$0	Annual Condo Fees	\$0
Mortgage Insurance Premium (MIP)	\$4,375	Annual Management	\$0	Annual Net Cash Flow	\$26,000
Yearly Investment	Wrapped into mortgage	Annual Net Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Total Closing Costs	\$8,100	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Loan Terms		Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Annual Rate	3.500%	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Mortgage Term	30 Years	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Number of Payments	360	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Owner Payment	\$8,100	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Base Loan Amount	\$112,000	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Loan Amount w/ MIP (if applicable)	\$116,375	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
20% Loan Amount (if applicable)	\$22,400	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Monthly Payment	\$1,276.65	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Annual Hard Costs		Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Annual Property Tax	\$6,000	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Annual Insurance	\$1,200	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Contingencies as a Percentage of Rent		Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Maintenance %	5.00%	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
CapEx %	5.00%	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000
Vacancy %	5.00%	Annual Cash Flow	\$2,600	Annual Cash Flow	\$26,000



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Last Update on February 2023

