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1 message

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By ZIP code: Little growth in home prices
Analysis by ZIP code shows mostly slipping values
By Mary Ellen Podmolik, Chicago Tribune reporter
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[PHOTO] Steve Brown has been trying to sell his house in Homer Glen for more than two years. He has gotten more inquiries since dropping his price. (David Pierini, Tribune photo / April 24, 2011)

At best, Chicago-area home prices are bouncing along the bottom or getting less bad as the depreciation rate slows. At worst, they continue in a free fall.

A year of home price changes in some 200 local ZIP codes, provided to the Tribune by housing industry data provider CoreLogic, shows inklings of real appreciation taking hold in some communities in the three months ended in February. But in most others, home prices continued to slide from their year-ago comparisons.

If real estate is indeed location, location, location, there just aren't a lot of good ones right now.

Federal homebuyer tax credits in late 2009 and 2010 nudged consumers into the market and increased home sales, and to a lesser extent, slowed price declines. There is no such silver bullet this year.

Nationally, home prices are down 6.7 percent from a year ago, and distressed sales of foreclosures and short sales account for 35 percent of national sales activity. In the Chicago area, according to CoreLogic, distressed sales are an even bigger drag on home prices because they constitute 39 percent of sales. Last week, President Barack Obama expressed concerns that housing was probably "the biggest drag on the economy right now."

"The prospects are dim in the near and medium-term," said Sam Khater, senior economist at CoreLogic. "The bigger factor is the state of the consumer. The shadow inventory (of distressed properties) will clear. The more fundamental question is the economic security of the consumer."

With home affordability strong and 30-year, fixed-rate mortgage interest rates at 4.8 percent last week, it remains a buyer's market, but a lot of consumers still have a bunker mentality, said John Carlson, branch manager of Coldwell Banker's Downers Grove office.

"My office should be like a deli counter with people taking numbers," Carlson said. "I would say people are in a wait-and-see mode. I think

there's a recovery path here."

In Homer Glen, Steve Brown is waiting for that one special buyer to emerge from his or her bunker. Brown tried to sell his custom-built home last fall, but the only offer he was received was for \$370,000, more than \$70,000 less than his listing price for the well-appointed home with its own private pond.

Now he's trying again, dropping the price by \$6,000, to \$436,500. "People are starting to inquire again," Brown said. "I know I can sell it easily if I reduce the price to \$400,000. My gut reaction is we've hit bottom, but I'm not willing to give it away."

Betty Cunningham, a real estate agent in Schaumburg, doesn't feel any more positive about the market, despite having one listing that sold in two days. "I've got brand new listings in Schaumburg that are rehabbed and beautiful," said Cunningham, a Coldwell Banker agent. "I can't get a showing. They see the area and they see it's going down."

In the past six months, home prices in Schaumburg's 60193 ZIP code have continued to decline and in February were down 21.27 percent from February 2010, CoreLogic found.

CoreLogic's home price index factors in the sale prices of the same properties as they are sold over time for an apples-to-apples comparison. Other calculations of local home prices, like those reported by local realty boards, are median or average prices generated by factoring in all homes sold within a community during a month. That can mean that one particularly low- or high-priced home sale can skew the year-ago comparisons.

But even within the ZIP codes, realty agents say, there are submarkets, some healthier than others.

"I'm not seeing price increases but I am seeing stability on the lower end," said Gary Christensen, an agent at N.W. Village Realty Inc. in Elk Grove Village, where price declines in the 60007 ZIP code have moderated since October and in February rose 1.76 percent, according to CoreLogic.

"If the home is nice, it does move if the seller isn't greedy," Christensen said. "If we can price it based on where the market is, we're OK. If we have to price it because we need a (certain) number, those don't move."

On Chicago's Northwest Side, in the desirable neighborhoods of Edgebrook, Sauganash and Gladstone Park, year-over-year home prices continued to deteriorate since May. In February, home prices in the 60646 ZIP code were down 20 percent from a year earlier, according to CoreLogic's data.

Agents attribute the drop to the end of the homebuyer tax credit and to sellers who have only recently come to understand the market's pricing realities.

CoreLogic's Khater worries of the effect of continued price declines on homeowners who owe more on their mortgage than the home is worth, life's uncertainties and what that may mean for additional home price declines.

"If prices remain subdued, negative equity will weigh like an anchor on this," he said. "Those people will continue to pay. The problem is they're vulnerable. If there's any kind of income shock, any big medical expense, divorce or job loss, it could possibly tip them into default."

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Zip Code Map

http://www.chicagotribune.com/business/ct-biz-housing-prices-map-html.0_4079778.htmlpage

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