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Home values in some hard-hit Chicago neighborhoods turning around

By [Mary Ellen Podmolik](#), Chicago Tribune reporter

5:35 AM CDT, March 13, 2013

Some of the Chicago neighborhoods hardest hit by the housing crisis are starting to come back, or at least appear to be bottoming out.

Home values in the Pullman/Riverdale/Roseland neighborhoods, for instance, rose by an average of 18.6 percent last year from 2011 and values were 20 percent higher than during the area's low point, according to a Cook County home price index compiled by DePaul University's Institute for Housing Studies.

Likewise, home values in another area that suffered early from foreclosures, Englewood/Auburn Gresham, rose 4.5 percent last year and were almost 10 percent higher than the market's low point. The city's Bronzeville and Hyde Park communities also showed healthy gains for the year.

Meanwhile, historically strong areas in the city seem to have come off their low points, and they are seeing small year-over-year price gains. Home values in those areas are dramatically higher than they were in 2000, before the market's run-up.

"In the stronger markets, it's a sign that these parts of the city are still fairly high-demand areas," said Geoff Smith, the institute's executive director.

In more challenged areas, "it's too soon to say if it's really good news or not," Smith said. "A lot of the really positive price trends in the distressed areas are the product of recent sales activity. The question is how sustained will that be."

Anwen Tormey is among the residents of the North Pullman neighborhood who hope the revival of the neighborhood is ongoing.

In the two years since she and her husband bought their row home, they have seen a handful of others on their block, renovated as part of the city's Neighborhood Stabilization Program, sold to owner-occupants. In turn, longtime residents have begun fixing up their properties.

"I'm interested in the stability," Tormey said. "I don't think values are going to go through the roof. It think it's going to be one of these steady neighborhoods."

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Brian Caron, a real estate agent at AMS Realty, said some newcomers to the neighborhood are people who looked at it two years ago and now feel comfortable enough with the financial investment and the neighborhood to purchase a home. The opening soon of a nearby Wal-Mart also is proving to be a shot in the arm, he said.

"There's a little buzz going on in the community," Caron said. "There seems to be a following of people."

The reasons one neighborhood's housing market recovery looks more promising than another's are as varied as the neighborhoods themselves. The dramatic rise in risky, subprime-mortgage lending led to a surge in values in some inner-city areas. When those mortgages failed and foreclosures became rampant, home values plunged. Investors are scooping up properties in many of those areas, to renovate and resell or to hold as rental properties.

In other areas, prices are rising because a lack of inventory is leading to multiple offers.

Sensing a turn in many submarkets, real estate agents are suggesting that clients list properties at prices higher than they would have a year ago. In Bronzeville, for instance, condos that sold for more than \$200,000 during the market's headier days and were selling in the \$40,000 range a year ago are selling for \$60,000, according to Zeke Morris, an agent at Keller Williams Realty.

"There are some small victories that we're having that tells you it's moving in the right direction," Morris said.

Still, @properties agent Kristine Kramer said she's still having the same conversation she's had with sellers for some time. "If they bought in the heart of the market, they still may have to bring money to the table to sell," she said.

DePaul's calculations, which are broken down by census tract, combine single-family and condo sales. In some suburban markets, depressed condo sales are dragging down the overall market.

But a tight supply of available homes and a lack of condo construction helped propel home values in downtown Chicago 4.7 percent higher in 2012 than a year earlier. Home values in the Loop and on the Near North, Near West and Near South sides of Chicago were 36 percent higher last year than in 2000.

The data may offer some solace to homeowners, depending on when they bought. A homeowner who bought at the height of the market, in the 2005-06 period, may be encouraged by slowing depreciation rates or by the fact that the area is performing better than other neighborhoods. Another consumer who bought 10 years ago needs to take a different perspective.

"If you bought in 2005 in Lincoln Square, the prices may not have recovered from the bottom but you've retained more value of your original price than if you bought in another market, like Portage Park or Belmont Cragin," Smith said.

"Benchmarking before the craziness of the middle of the decade is helpful," he added. "You can't forget about the '05, '06, '07, but it's important to look at the longer-term picture to see where we're at."

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