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As residential market shifts, so does top-selling broker

By Dennis Rodkin



Rosario Terraciano

When big investors swept into Chicago to buy distressed properties in bulk, Rosario Terraciano rode the trend, within a few years becoming the region's top-selling broker working that category.

Now, with the market returning to health, he's on to his next trend: the craze for new construction and rehabbed existing homes in the city. He's focusing on selling buildable lots and two-flats ripe for a conversion to single-family homes.

"The market has shifted, and I don't have a choice. I have to go with it," said Mr. Terraciano, 33, founder and principal broker of Des Plaines-based Resurrecting Real Estate Inc.

Mr. Terraciano's story follows the recent narrative of the residential market, which created big opportunities for distressed investors — and brokers like him — as home prices plunged and foreclosures soared after the crash. Yet those opportunities are dwindling amid a recovering market, and many big investors like Blackstone Group LP that snatched up homes at depressed prices have cut way back on purchases.

Big investors "have become much less active in Chicago," said Geoff Smith, the executive director of DePaul University's Institute of Housing Studies. "They're targeting other cities where they may see appreciation opportunities being greater than they see here."

SOURCE OF DEMAND

Now, there is "**high demand for single-family homes** in neighborhoods where there isn't a lot of stock available," he said.

Mr. Terraciano found success in distress. In 2013, when investor homebuying **surged to more than 143,000 purchases**, or 9.3 percent of all Chicago-area home sales, he tagged along. He sold \$103 million in property last year, the **third-highest sales total** among all Chicago-area residential brokers, according to REAL Trends, a Castle Rock, Colo.-based consulting firm.

Mr. Terraciano started out in real estate at age 22 in 2004 as the assistant to a South Side developer who specialized in buying and rehabbing distressed properties. After a few years he began working for himself, rehabbing distressed housing into Section 8 rentals.

He founded Resurrection in 2009 to sell banks' stock of foreclosed houses and migrated over to servicing banks' inventory of foreclosed homes and then brokerage. Many of his clients bought in bulk, sometimes acquiring several dozen homes in one transaction. He declined to disclose names of any of the investment firms he worked with or specifics on any deals.

TOPS IN 2013 TRANSACTIONS

Though he ranked third in dollar volume last year, Mr. Terraciano worked on more transactions — 642, up 28 percent from 2012 — than any other Illinois residential broker, according to REAL Trends. This year, he's on pace to do about 350.

"I won't hit that high again for a long time," he said. Anticipating the drop, Mr. Terraciano has shed employees this year, shrinking his firm from 22 down to seven.

Now, he focusing more on serving developers than distressed investors. With the residential market recovering, more builders in the city are in the hunt for land.

"Single-family homebuilding is what kicked off" the recovery of affluent city neighborhoods, said Alan Lev, president of Belgravia Group Ltd., a Chicago-based developer. "It's going to continue."

TWOFOLD FOCUS

Mr. Terraciano said his new focus is twofold: buildable single lots and two- and three-flats ripe for updating on a scale that appeals more to developers, his clients, than to homeowners. Northbrook-based Barnett Capital Ltd. has bought at least 20 properties in the city so far this year with Resurrection as its broker, said Dennis Boboc, the firm's acquisition and development point man on the North Side.

Most have been two-flats in neighborhoods like Roscoe Village and Logan Square, and typically they're being sold by longtime owners who may have lapsed on maintenance and updating.

Barnett intends to 'de-convert' most of them to single-family homes, Mr. Boboc said. Making that profitable requires "finding those deals that the

other guy can't find," he said.

"The obvious sweet deals are going to sell in an hour" to the other guy, he said. Mr. Terraciano's strong point is his ability to look at listings with "a redevelopment mindset, thinking 'what could this house look like if you did this and that to it.'"

For Mr. Terraciano, hitting re-set on a property or a person comes as second nature. His friend Joe Nardulli describes him a dozen years ago as a bit of a peacock, "wearing an Armani Exchange skullcap, driving a Dodge Viper up Michigan Avenue."

But that was before a religious awakening that now has Mr. Terraciano as the married father of two living in a sedate outlying suburb, Port Barrington.

In part because of the changes in his own life, he said, "I know how to shift into a new approach."

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