

August 06, 2015

Mortgage lending in 2014 hit lowest level in a decade

By Dennis Rodkin



Photo from Thinkstock

Chicago-area homeowners took out the fewest new mortgages last year in at least 10 years, according to [data being released today](#) by DePaul University's Institute of Housing Studies.

Mirroring national trends reported earlier, the IHS study shows that "mortgage credit is still tight, and people aren't borrowing," said Geoff Smith, the institute's director. The slowdown in mortgages "is a headwind that's going to hold back a broader recovery," he said.

The number of home sales, which runs hand-in-hand with mortgage lending, has been increasing from the bottom but has not recovered to boom-years levels.

IHS found that there were 8.1 new mortgages for every 100 homes in the Chicago area. That compares to more than 25 mortgages per 100 homes in 2005 and 2006, years when "everybody was borrowing, whether they needed to or not," Smith said. (The figure is not a percentage; some homes may have more than one mortgage.)

The figure dropped to 9.7 mortgages per 100 homes in 2011 before spiking to 12.6 the next year, thanks in large part to "very low interest rates that spurred a lot of refinancing activity," Smith said.

The 2014 figure, 8.1 mortgages per 100 houses, was a drop of more than three percentage points from 11.2 per 100 in 2013, demonstrating the impact of higher interest rates.

"Refinancing wasn't so cheap anymore" in 2014, Smith said.

Some suburbs that had the highest rate of mortgage activity in the boom years now are among the lowest, [according to IHS' breakdown of the data](#).

The south Cook County towns of Sauk Village, Riverdale and Markham and Stone Park in west Cook County all had at least 25 mortgages per 100 homes in 2005. In 2014, they had fewer than three per 100 homes. The boom-years figure reflects the push on easy credit, no-down and subprime loans, Smith said, while the latter-day figure shows that "those are places that are still being hit hard. There are very few owner-occupants who want to buy homes, or can afford to, in those places."

The local towns with the highest rates of mortgage activity in 2014 were Kenilworth, with 16.5 mortgages per 100 homes, and Hinsdale, at 14.3.

IHS data does not go back further than 2005.

COMMENTS

[Please read Chicago Real Estate Daily's commenting policy](#)



Start the discussion...

Be the first to comment.

ALSO ON CRAIN'S CHICAGO BUSINESS

WHAT'S THIS?

Chicago will revamp Midway Airport's offerings, including stores and ...

2 comments • 5 days ago

Avatar smithson63 — Midway's food/shopping options are much better than I see at Dulles, Reagan, and LAX. I hope ...

In Springfield, no one's winning if no one's governing - Government News

7 comments • 3 days ago

Avatar Jim Rogers — This is where Mr. Miller loses all credibility for adjudicating between people who want more ...

Chicago startup Shoe Drop hopes to change the shoe-repair industry - ...

1 comment • 3 days ago

Avatar woodman — Hello, Mr.Duncan Davis and Brandon Labrumgood work. It has always been difficult to clean ...

Ben Kingsley as Sam Zell? Real estate world buzzing about 'Liar's ...

1 comment • 3 days ago

Avatar Dano Sulik — Gary Busey would be perfect as The Donald, even if it would be blatant typecasting.

CRAIN'S

Crain's Chicago Business
150 N. Michigan Ave., 16th Floor
Chicago, IL 60601

Copyright © 2015 Crain Communication, Inc.