Home sales in Chicago area start to show more signs of life

Optimism grows as sales increase slightly, median price up from previous month

By Mary Ellen Podmolik | Tribune reporter **April 26, 2009**

Area real estate agents are making space in their cars for clients again and **they get almost bubbly** when they talk about the uptick in activity.

"I'm so thankful," said Mark Zipperer, a Re/Max Edge agent in Chicago, as he ticked off his busy schedule of appointments last week. "It's like after a drought, it's raining**. Not only did I have a lot of people sitting in my car [last weekend] but one of my oldest listings sold."**

In the past few weeks, agents say an undeniable scent of sales is in the air, and data released Thursday gave credibility to their talk.

March sales of previously owned single-family homes and condominiums ***in*** **Illinois posted their second consecutive month-over-month gain**, and for the first time since June, the statewide median price for a home rose from the prior month.

Suburban counties seeing among the largest month-over-month sales increases were Lake County, 65 percent; **Kendall County, 51 percent**; and Cook County, 38 percent.

Realty agents are taking pains to not get too giddy. After all, that 38 percent one-month gain in sales in Cook County translated to 2,409 properties sold. In March 2008, 3,432 homes sold in Cook County.

"We're starting up from a very low base," said Pat Callan, a **Wheaton** real estate agent and president of the Illinois Association of Realtors. "We're starting to baby step off of that and it's good. It gives me confidence we're heading in the right direction."

Consumers, it seems, are starting to act on a number of factors working in their favor. There's the **$8,000** non-repayable federal **tax credit** for first-time buyers for principal residences bought before Dec. 1. There are **interest rates on 30-year,** fixed-rate conventional mortgages, which **were 4.9 percent on Friday,** according to Bankrate.com. There are home prices, which have gotten much more realistic and reasonable in many areas.

And finally, there's the fact that life goes on. "I think people are realizing they have to move on with their lives and that's what they're doing," said Vickie Linajs of Ryan Hill Realty in ***Naperville***. "Things have really picked up and it's not just me. A couple months ago, I was very scared."

Linajs recently fielded **dual offers on a $999,900 home** within 13 days of its listing. "If it's priced right in this market, it's selling," she said.

First-time buyers continue to fuel the sales engine, accounting nationally for 53 percent of March transactions, which largely included sales before the tax credit's introduction.

An $8,000 tax break made the decision easier for Naperville renters Chad and Michelle Gargrave. After saving for five years, the couple began looking for their first home in early March, shortly after the tax credit was announced. They zeroed in on a 2,400-square-foot ***Woodridge*** house that went on the market a few weeks before at $337,500.

After negotiating, the seller accepted their $320,000 offer and they closed on the purchase Thursday, having

locked in a 4.75 percent interest rate on a 30-year mortgage. Chad, a telecom industry lawyer, and Michelle, a 4th-grade teacher, had reservations about taking such a big step, but friends and family pushed them forward.

"Everyone we talked to was like, **yeah, this is the time**," Chad said. **"Housing prices are low, mortgage rates are low and with the tax credit, it was almost too good to pass up."**

Hinsdale renter Alan Reck, 24, said his father's advice was similar, and he began shopping for a one-bedroom condo in Lakeview or Lincoln Park. With a maximum budget of $250,000, he's found "there's just tons to look at."

What's selling and for how much depends on whether the house is a traditional home sale or a distressed property, meaning it's in foreclosure or a short sale. In a short sale, a homeowner tries to salvage his credit rating and avoid a foreclosure action by selling the home for less than the amount owed to the lender. Such deals need to be approved by the lender, a process that can take months.

Within Chicago, of the 125 detached single-family homes that sold during the week of April 11-17, 78 of them, or 62 percent, were distressed properties. Of the 148 townhouses and condos sold that week, only 22 percent were distressed sales.

More glaring is the price differential: The median sales price on a traditionally sold house was $287,750 that week, compared with $50,000 on distressed sales.

Agents say some buyers think they want a foreclosed property until they see its condition. Others, committed to the idea, *are driving prices above the listing price*.

Saretta Joyner, a Baird & Warner agent, recently was involved with a foreclosed Stickney property that **drew four offers.** At another foreclosure listing, a client decided to pass when he learned there were four other offers.

Distressed properties continue to affect pricing in the traditional market. During the first quarter, one in every 106 homes in the Chicago area received a foreclosure notice, a 69 percent increase over last year's first quarter.

At North Shore Buyer Brokers, a new home originally priced at $4.55 million by the builder was dropped to $2.99 million to better compete with nearby high-end foreclosures and short sales.

Agent Joel Epstein advised the client to offer $2.6 million and figures it'll sell for close to that price. "There aren't enough buyers for the 2, 3, 4 million-dollar houses, and that's why the prices are getting cut in half," Epstein said.

Last Sunday during a driving rain, Joyner was posted inside an attractive French manor home in Chicago's Galewood neighborhood, waiting for visitors to the home's first open house since it went back on the market at $499,900; last fall it was listed at $610,000.

"It was nothing breaking records by any means, but at least people showed up," Joyner said.

With the market stirring, agents are telling serious sellers to offer their homes at prices lower than they would have sold for at least two years ago. Advice for buyers? "I'm telling them the seller doesn't have to be bleeding on the floor for them to get a good deal," said Todd Szwajkowski, an agent at Keller Williams Realty.