

Neighborhoods recovering, but some far faster than others

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Chicago Tribune

MAY 13, 2015, 12:05 AM

Single-family home prices in Chicago's neighborhoods and Cook County's suburbs have come off the lows recorded during the depths of the housing crisis, but a great divide exists between the have and have-not communities, and affordability is under pressure in popular areas.

In Logan Square/Avondale, for instance, home prices are only about 8 percent lower than their pre-crash peak, and are up 42 percent from their post-crash low, according to a new home price index developed by the Institute for Housing Studies at DePaul University. Compared with 2000, a time when home prices and appreciation were more normal than during the run-up to the housing bubble, home prices in the area are up 113 percent.

Likewise, in the city's West Town/Near West Side community, home prices are just 7 percent lower than their peak and up almost 120 percent since 2000.

Those gains are at the other end of spectrum from an area like Chicago's Humboldt Park/Garfield Park neighborhood, which has made substantial gains but is nowhere near its peak, or in Chicago Heights/Park Forest, where home prices are lower than they were in 2000.

"There's a persistent and significant gap between the recovery in stronger markets and struggling markets, even though every area has some recovery from the bottom," said Geoff Smith, the institute's executive director.

The recovery trend is obvious in local home sales as well. In Logan Square, the median price of a single-family detached home sold during the year's first three months was \$630,000, compared with \$509,000 in 2014's first quarter, according to data from the Chicago Association of Realtors. Meanwhile, in Chicago Heights, the median price of a home sold in the first quarter fell 13.5 percent from a year ago, to \$43,250.

For its study, the institute looked at home sale prices of typical single-family detached homes in 16 submarkets in Chicago and 17 in suburban Cook County as defined by the Census Bureau. Home price changes in downtown Chicago were not included because most of the housing stock is multifamily units.

Generally, the Chicago area's housing market peaked in late 2006 and early 2007 and hit bottom in late 2011 and 2012, but different neighborhood submarkets had their own timetables of when prices hit their highs and then cratered.

"The area to me that's the most surprising is the south suburbs," Smith said. "They saw very little appreciation yet they saw a substantial drop in prices after the market crashed and they've seen very little recovery. That's a challenge. These markets that are well below peak, still, there may be opportunities and that's what investors have focused on."

Economists typically don't like to focus too much on the housing market's peak, because it was considered an unrealistic comparison. But for homeowners who bought as the market neared or reached that zenith, the price changes are important because they show just how far underwater those buyers remain despite the market's slow

turnaround.

Last month, RealtyTrac reported that one-fourth of homes with a mortgage in the Chicago area were "seriously" underwater, meaning homeowners owe at least 25 percent more on the loans than the property's value.

"It depends who you are and what you're trying to understand about the neighborhood or understand about a homeownership situation," Smith said. "If you bought a property in 2011, at the bottom, this tells you maybe you'll be getting some return on your investment.

The findings also show just how daunting the task is for some communities to recover, particularly those that were prone to wild speculation during the market's better days.

For instance, in the city's Bronzeville/Hyde Park neighborhood, single-family home prices are down 44 percent from their peak and have increased only 14 percent since bottoming out. Still, the community has fared better than the South Chicago/West Pullman area, where prices have risen 6 percent from their lowest level, but remain 55 percent down from the peak and 9 percent below 2000.

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