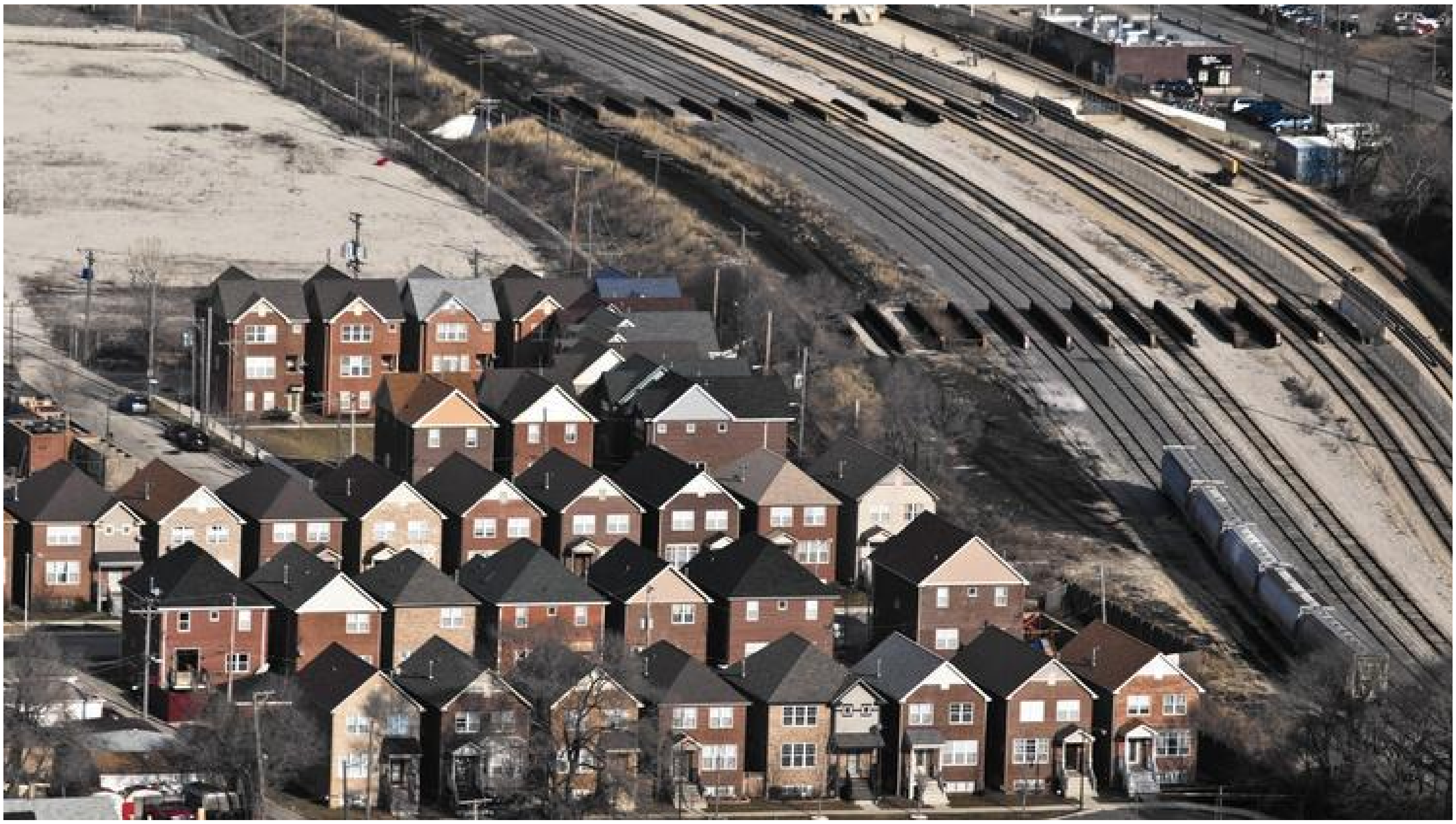
Business

Some Chicago neighborhoods, suburbs lag in housing recovery, study says



Homes in Chicago's Bridgeport neighborhood are seen in 2012. Over the last year, Bridgeport/Brighton Park was among the areas with the largest percentage increases in home values, according to data from the Institute for Housing Studies at DePaul University. (Zbigniew Bzdak / Chicago Tribune)

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Home values in hot areas of Chicago's North Side have fully recovered from the housing crash, but homeowners in other city neighborhoods and Cook County's suburbs continue to hold homes with values far below their pre-housing crash peaks, according to data scheduled to be released Thursday by the Institute for Housing Studies at DePaul University.

Despite climbing 26 percent since the housing market's low point, the overall median value of homes in 33 city and suburban Chicago markets at the end of 2015 remained 24 percent below the peak, according to Geoff Smith, the institute's executive director.

Looking at fourth-quarter 2015 home prices in Chicago neighborhoods and Cook County suburbs, "all submarkets have recovered to some degree," Smith said.

In the city, the West Town and Logan Square neighborhoods have had such rapid increases, Smith said, "I wouldn't be surprised to see prices slow." Other areas that stand out are Avondale, North Center and Lincoln Square, where there has been a lot of demand for single-family homes but limited supply, he said.

In those areas, said Smith, there has been so much appreciation it would be difficult now for a buyer to find a deal. But throughout the rest of the county, "a buyer can find reasonable prices."

Areas still suffering significantly include South Chicago/West Pullman, Calumet City/Harvey and Chicago Heights/Park Forest, with year-end home values that were not only more than 44 percent below the pre-crash peaks, but 3 percent or more below 2000 levels. The South Chicago/West Pullman area was down 52 percent from its peak, and Englewood/Greater Grand Crossing was down about 58 percent. Humboldt Park/Garfield Park home prices were down 55 percent, and Calumet City/Harvey was off 50 percent.

"Subprime credit was an impediment in a lot of ways," said Smith. "People got loans to buy or refinance. It caused homes to go way up, and when subprime collapsed the prices collapsed. (Now) people are stuck." They are making payments on homes that are worth far less than they owe on mortgages, and there aren't buyers willing to pay enough to remove the burden, he noted.

Investors are often the first to buy in depressed areas, and they are active in areas such as Portage Park/Jefferson Park, Smith said. Despite prices climbing almost 38 percent since the crash, at the end of 2015 they remained 24 percent lower than the peak.

Areas with sharp appreciation are often near stronger, high-value areas, he said. Humboldt Park, next to Logan Square, is an example, said Smith. Values have climbed about 55 percent since the community's home prices hit bottom, but are still down 55.3 percent from the peak.

Over the last year, areas with the largest percentage increases in prices include Bridgeport/Brighton Park and Austin/Belmont Cragin, where price levels increased 22 percent and 15 percent, respectively.

The healthiest markets in the Chicago area include West Town/Near West Side, Lake View/Lincoln Park and Lincoln Square/North Center. At the end of 2015, the median single-family home prices in those areas matched the peaks.

West Town/Near West Side gained the most since 2000, with a 136.5 percent climb in values over the last 15 years and 36.6 percent since the market's bottom. The area is followed by Lincoln Square/North Center, where home prices have appreciated 115 percent since 2000 and almost 33 percent since the worst of the crash.

Lincoln Park/Lakeview, which tends to be among the more stable areas, was back to even, despite appreciation of only 21.6 percent since the crash.

In the northern suburbs, Winnetka/Northbrook, another relatively stable area, has had homes appreciate almost 19 percent since the crash. It's one of the closest areas to recovery, although values still remain about 9.7 percent below the pre-crisis peak.

Palatine/Barrington has done better than most suburban areas, although it is still down 16.7 percent since the peak. Oak Park/Cicero remains down 25 percent. Hoffman Estates/Streamwood is still almost 24 percent under peak levels. Park Ridge/Des Plaines and Evanston/Skokie are still down about 23 percent.

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