

Housing prices on the rise around The 606



The price of single-family homes along the western portion of the 606 have increased dramatically since the city broke ground on the trail. A local real estate broker discusses the trail's appeal. (Ally Marotti / Chicago Tribune)

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Will and Jean Cavers' dream home has brand-new furnishings, a yard for their dog Duncan, and is steps from The 606 trail.

They moved in at the end of August and got what they thought was a good deal: \$642,000. Pre-rebuild, the two-story home sold two years earlier for \$121,000.

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There was little doubt that adding an amenity like The 606 — a 2.7-mile park trail — would improve property values in Chicago neighborhoods stretching from Ridgeway Avenue on the west to Ashland Avenue on the east. And they have, especially west of Western Avenue in the Logan Square and Humboldt Park neighborhoods.

Single-family home prices there have increased 48.2 percent since The 606's groundbreaking in the third quarter of 2013, according to a report set to be released Tuesday by the Institute for Housing Studies at DePaul University.

But as property values increase in the Latino-dominant area, some longtime residents say they are being priced out, forced to move in with family members or leave the neighborhood altogether.

Emmanuel Hernandez, born and raised in Humboldt Park, said his family is feeling the pressure. He moved back to the area in 2014 from Los Angeles and immediately noticed the changes. There were new residents and joggers, something he rarely saw before. Since then, his sister and her boyfriend have moved in with his parents because they couldn't find an affordable place nearby on their own, and his family members had to pool their money to help pay increased property taxes on his 89-year-old grandmother's home.

He worries about how his grandmother and his parents will be able to afford to stay in their homes.

"I don't want to move back home with my parents, but that's what I might have to do," he said. "I don't expect my rent to get any cheaper."

The 606 has had a much more profound effect on home prices west of Western Avenue, where the median household income between 2010 and 2014 was \$49,700 and the majority of residents were Latino.

"When you look at the west, you see it's a very different type of housing market," said Geoff Smith, executive director of the Institute for Housing Studies. "You've seen a really strong recovery since hitting bottom in 2012. That recovery coincides almost exactly with a lot of the really earnest discussions about the trail."

The 606, built on an old elevated railroad bed, opened in June 2015. Rumblings about the trail began more than a decade ago, but the talk got more serious once the \$95 million park secured funding in 2012. Real estate agents started touting the trail hard as an amenity, and distance from The 606 started popping up in descriptions for rentals and homes on the market.

Investors have scooped up homes and flipped them for renters or torn them down to build anew. The report focused on single-family homes within a half-mile of the trail.

"The area is really, really changing, you know, because of that 606 trail," said Bernadette Ray, a real estate broker with RedCo Realty and investor. "It's just becoming such a hot area."

Ray eyed a more than 100-year-old, Logan Square bungalow just a three-minute walk from the trail for a couple of months. It was old, cramped and needed work, but it had potential. She pounced in February, paying \$130,000 for the home. She and business partner Robert Pribyl flipped it and resold it for \$350,000 in October.

Similar stories are playing out throughout the blocks surrounding The 606, said John Huebner, a real estate broker at @properties who has worked in Logan Square and Humboldt Park for almost a decade. If it's not a young couple or an investor, it's a builder looking to knock down a dilapidated home and build condos.

"The builders, in their minds, it's kind of an if-you-build-it-they-will-come-type neighborhood at this point," Huebner said.

Driving down North Albany Avenue, Huebner can rattle off the stories behind a slew of the houses to the north and south of The 606. One house, in the 1700 Block of North Albany Avenue sold for

\$390,000 in August 2013 and resold in December 2015 for \$545,000.

Two blocks away is a newly constructed, three-bedroom, 3-1/2-bath home listed for \$839,900, more than three times the sales price of the home that sold in March to make way for the new construction.

That's a common sight on the residential streets that fan out from The 606 — brand-new houses are peppered among 100-year-old homes. Construction workers glance at passers-by and caution tape by construction sites nearly blends in with the Halloween decor.

The abandoned rail line used to hurt property values by about 1.4 percent, according to the report. That is no longer the case.

Once the trail opened, buyers west of Western Avenue were willing to spend more. The median price of a home sold west of Western Avenue was \$450,000 in 2015, and about \$100,000 can be attributed to the trail, Smith estimated. That premium decreases the farther away the house gets from the park.

East of Western Avenue along the 606, prices continue to climb, but at a slower rate.

Single-family home prices there have increased only 13.8 percent since the trail's groundbreaking, and residents aren't willing to pay a premium to be closer to The 606 because the area was already strong, Smith said. The area is trendy, with robust shopping corridors and destination restaurants, drawing residents with more money to spend on rent or a mortgage.

The median household income east of Western Avenue was almost \$116,000 from 2010 to 2014, according to the report. The median sales price for a single-family home in 2015 was \$815,000.

That ability to connect neighborhoods with sometimes drastically different income levels is one thing that linear parks are becoming known for, Smith said. New York City has seen it with its 1.45-mile High Line and Atlanta has seen it with its 22-mile BeltLine.

Chicago has done a good job with creating that connection, Smith said. But as the city starts planning similar projects — like the 4-mile Paseo Trail planned to connect Pilsen and Little Village or the early stage New ERA (Englewood Remaking America) Trail — it's important to pay attention to the ripples The 606 is sending out, Smith said

"All these linear parks cut through different types of neighborhoods with different types of characteristics," he said. Cities need to balance out the benefits "by enacting policies that will help keep some folks in the neighborhood."

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