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Column: South suburban home buyers expected to enter what remains a sellers' market



Francine Knowles/Daily Southtown

A home for sale recently in Lynwood. (Francine Knowles/for Daily Southtown)



By **FRANCINE KNOWLES** | Daily Southtown

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With interest rates no longer spiking, housing industry professionals in the south suburbs and others expect more buyers to enter what they say remains a sellers' market as the spring home buying season gets underway.

"I have pretty positive expectations," said Carol Moore, real estate broker and instructor at Keller Williams Preferred Realty in Orland Park.



Carol Moore (Keller Williams Preferred Realty)

"I've seen more buyers get back into the market. They were a little discouraged over interest rates last year, but now that rates have come down a little locally and nationally, there's been some pent up demand."

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The 30-year fixed mortgage rate averaged 6.79% as of March 28, 2024, down from last week when it averaged 6.87% percent, according to Freddie Mac's Primary Mortgage Market Survey. But that's still well above the 4.67% rate during the same period in 2022.



Andretta Robinson (Titan Group at Re/Max 10)

“They will never go back to those interest rates,” said Andretta Robinson, a broker and team lead of the Titan Group at Re/Max 10 in Oak Lawn. “Those rates were impacted by COVID. These are normal interest rates now. I think buyers

As for sellers, there remain fewer of them. Many homeowners, who refinanced at lower interest rates a few years ago, are still holding onto their homes, which continues to create an inventory shortage, real estate agents and other industry experts said. Besides traditional buyers, investors also are having a harder time finding properties to invest in and rehab, said Robinson.

"We're seeing more buyers than sellers; it's definitely a sellers' market," she said.

She expects to see some bidding wars, and noted, "It's already happening."

Moore has also been seeing more multiple offers.

Shirley Wilkins, 74, closed on the sale of her three-bedroom, two-bathroom South Holland home in January. The home was under contract nine days after being listed on the Standard Multiple Listing Service. She said she put the home she'd owned for nearly 30 years up for sale after deciding to retire and move to Washington state to be closer to family.

"I was informed it was a good time to sell," Wilkins said, noting it sold at the list price.

Jeffrey Hodges, 68, who moved into a home in Olympia Fields this past weekend after selling his South Side Chicago home, wasn't sure what to expect when he decided to put his home up for sale about two months ago and began the search for another home.

His four-bedroom, four-bath house sold for \$10,000 less than the list price, he said. He thinks he could have sold it at a higher price had he opted to renovate the kitchen. But after having already invested in remodeling the bathroom and the family room, he said he decided not to make the additional investment.

Hodges purchased his new home at about \$20,000 below the list price, after an appraisal came in valuing the home at less than his initial offer, he said. Finding a new home that met the needs of him and his wife wasn't easy.

"There wasn't a lot in the price range that I wanted," he said. "That was challenging and also the process. I went through a lot of making offers and not getting the house. I probably went through five of those or more."

The University of Illinois at Chicago Stuart Handler Department of Real Estate is forecasting a 2.9% to 3.9% pick up in sales in the Chicago metropolitan area from March through May, compared to the same period a year ago. That is according to forecast data it presented to Illinois Realtors in March that also predicts the median price in the metropolitan area will rise by 9.6% in March, 10.1% in April, and 8.0% in May from the year-earlier periods.

“We expect the recent trends toward lower inflation rates, interest rates and unemployment rates to lead to a rebound in the housing market beginning in April,” Daniel McMillen, professor of real estate and associate dean for faculty affairs in the UIC College of Business Administration,” stated in the forecast.



Geoff Smith

Geoff Smith (DePaul University)

Geoff Smith, executive director of the Institute for Housing Studies at DePaul University, isn't expecting any dramatic increases in home prices in the south suburbs.

“As far as the general conditions compared to 2023, it seems like a lot of those conditions are very similar,” he said. “I expect the market to remain fairly stable.”

In the south suburbs since the pandemic, prices went up substantially between 2020 and the first half of 2022, with some regions outpacing Cook County, and

The latest quarterly data released from DePaul, which tracks south suburban submarkets, shows these increases in median prices as of June 2023, compared to when the pandemic began:

- Chicago Heights/Park Forest submarket, up 64.8%
- Calumet City/Harvey, up 61.5%
- Oak Forest/Country Club Hills, up 48.3%
- Oak Lawn/Blue Island, up 34.8%
- Orland Park/Lemont, up 27.5%

The DePaul data shows these year-over-year price changes as June 2023, compared to the prior period:

- Chicago Heights/Park Forest submarket, up 5.3%
- Calumet City/Harvey, up 1.5%
- Oak Forest/Country Club Hills, up 4.6%
- Oak Lawn/Blue Island, down 0.9%
- Orland Park/Lemont, down 0.1%

Realtors say some sellers need to temper their expectations when pricing their homes.

“Some have higher expectations for property values than what is the reality because we’re past that rush of 2020 and 2021,” said Moore. “That market is gone.”

To attract potential buyers and get the best price, she and other real estate agents say sellers should start by making sure their homes are ready to go on the market. Declutter and organize each room, Moore advises.

“First impressions matter, and if your house is a mess that can easily turn off potential buyers,” she said.

Moore recommends deep cleaning kitchens and bathrooms, including scrubbing

"Sometimes people overinvest in improvements," she said. "You have to know your area. What are the average prices? What is your house worth now? If you make a \$20,000, \$30,000 investment, will that exceed what the market values are in your area? You don't want to over improve. Ask a professional, someone in real estate sales what are the trends, what are the key items that add value."

Robinson recommends sellers get pre-inspections done so there won't be any surprises. She adds home improvements that can have the biggest payoffs include the kitchen and master bedroom.

As for buyers, she said some naively expect to find high quality, move-in properties at a low price.

"They don't exist," she said. "I sit down with buyers. I counsel them through the inventory, show them what affordability looks like for their budget."

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Realtors advise buyers to get preapproved for a price range and a monthly payment with which they feel comfortable before they start looking at homes, to make sure they are looking in the right price range.

Moore adds buyers should prioritize their needs and wants and recognize it's hard to get 100% of their needs and wants in the same house. They should focus on finding the house that meets all their needs and the majority of their wants, she said.

Francine Knowles is a freelance columnist for the Daily Southtown.