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# Falling house prices in Chicago show the toll of remote work and crime

By Dennis Rodkin



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June 13, 2023 05:46 AM

Home prices in Chicago, but not in the suburbs, have been declining all year, a warning sign that working from home and a seemingly intractable crime problem are hurting the city's real estate market.

In each of the six months from November 2022 to April 2023, the median price of homes sold in the city was down from the same time a year earlier, according to the most recent data from Illinois Realtors. It's the longest stretch of declines since a 13-

month period that ended in June 2011, when housing markets everywhere were struggling to rise out of the crash of 2007-2008.

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Work from home and crime are affecting many big cities' housing markets, says Jim Russell, a Virginia-based geographer who tracks real estate, but crime may be dealing a heavier blow in Chicago than elsewhere.

This is not to say that crime is the only thing causing home prices to drop in the city, only that its role has become more visible.

“The narrative about Chicago’s underlying violence used to be that it was more prevalent in certain sections of the city,” says Sara Ware, president of the Chicago Association of Realtors and managing broker at Hyde Park-based Ware Realty Group.

“But now it’s in all parts of the city,” Ware says. “When you see businesses are moving out and you hear the media coverage of violence, you start to develop your own story about where you should live.”

[Citadel and Boeing](#) are the two highest-profile businesses to leave the city recently, and McDonald’s CEO Chris Kempczinski [publicly warned about the growing perception that Chicago is unsafe](#).

Mayor Brandon Johnson’s administration is aware of the impact of crime on property values. A spokesman for Johnson wrote in a statement to Crain’s that “public safety is of utmost importance,” not only because of the lives at stake but because safety “factors into home ownership.”

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Chicago is not alone. In five big cities with distinct city-suburban markets and declining prices, city home values are down more than those in the metro area by at least 2 percentage points. That's according to Crain's examination of data for Boston, Philadelphia, San Francisco, Seattle and Washington, D.C., on Redfin, an online real estate marketplace.

In San Francisco, city condo prices dropped to about 2014 levels in April, the San Francisco Chronicle reported, while prices in the overall Bay Area rose.

"This is a dynamic that's not unique to Chicago," Russell says. Nor is urban crime.

Nevertheless, a marked drop in home values is never a good sign, particularly for a city whose image has been bruised repeatedly in recent years. If it becomes a prolonged decline, one result among many will be a struggle to keep property tax collections sufficient to fund services without jacking up tax rates beyond their already painful levels.

By April, the median price of homes sold in Chicago — \$340,000 — was a mere 0.5% higher than the median for April 2020, just before the dawn of the COVID-era housing boom. It's almost as if the boom never happened in the city.

The declines are not confined to the downtown condo market, which aside from some headline-grabbing, ultra-high-priced sales has been reeling for a few years. House prices are down in many parts of the city, even in suburban-like outer-city neighborhoods such as Beverly, Edison Park and Forest Glen. In all those neighborhoods, the median price of homes sold this spring was below their pre-COVID level.

In contrast to Chicago, prices in the nine-county metro area rose steadily since September 2012 until dipping in April. And that appears to be the result of the city's 8.1% drop in April. Because city sales represent about one-quarter of the metro's sales, that drop was enough to push the regionwide figure down 1.5%. A strong suburban home market has lifted the median price of homes sold in the metro area

to \$320,000, up 18.5% in the three years since the pandemic boom launched.

The reports from Illinois Realtors do not include suburban-only data. They provide city-only data and metrowide data that includes the city.

There's ample evidence that crime and the perception of poor public safety reduce property values. [A 2016 overview of numerous academic studies on the topic](#) said that "A high crime rate is strongly and negatively associated with neighborhood quality, having a marked impact on the prices homebuyers are willing to pay for a house."

Of course, crime is not the only factor in Chicago's price drop.

Population loss is another. [According to the U.S. Census](#), Chicago lost over 81,000 people between April 2020 and July 2022. The drop means there were 2.1% fewer people living in the city in 2022 than in 2020. That's lost demand for homes.

"Population loss has been a problem for Chicago since before the pandemic," says Geoff Smith, executive director of the Institute for Housing Studies at DePaul University. Before COVID, the losses were mostly in Black and lower-income neighborhoods, "and growth in the population of higher-income individuals," he says, but "data since the pandemic is a bit fuzzier."

If future data show more high-income people are leaving Chicago, it will help explain the median price decline. The median is the midpoint on a list of all sales, from lowest-priced to highest. If upper-priced sales become fewer, the median may drop.

Another related factor: "Work from home is a really big deal," says Andrew Hanson, an economist and associate professor at the University of Illinois Chicago's Stuart Handler Department of Real Estate.

Since COVID and the subsequent work-from-home permissiveness severed the link between work and workplace, he says, "cities with long commutes are the ones that have been most impacted — New York, San Francisco, Chicago. Before the pandemic, Chicago had some long commute times."

In 2019, [Chicago city ranked fifth among U.S. cities in commute time](#), according to U.S. News & World Report, with an average of 31.6 minutes. Hanson says the work-

from-home edicts may have felt liberating to some homeowners in places like Beverly and Edison Park, who could trade suburban-like areas for farther-out suburbs “where they could afford more house and have more space.”

With work from home now several months into its fourth year, Hanson says, “I’m not surprised that you see home prices decline in the city.”

There’s also ongoing frustration with the Chicago Transit Authority’s lack of cleanliness and promptness, as well as strikes and near-strikes at Chicago Public Schools.

“If the services I’m getting for the taxes I’m paying don’t seem like enough,” Hanson says, “I can look somewhere else.”

*This story has been corrected to say there were 2.1% fewer people living in the city in 2022 than in 2020.*

By Dennis Rodkin

Dennis Rodkin is a senior reporter covering residential real estate for Crain’s Chicago Business. He joined Crain’s in 2014 and has been covering real estate in Chicago since 1991.

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