

AT HOME ON THE GREATER WEST SIDE

What is the housing market like on the West Side?

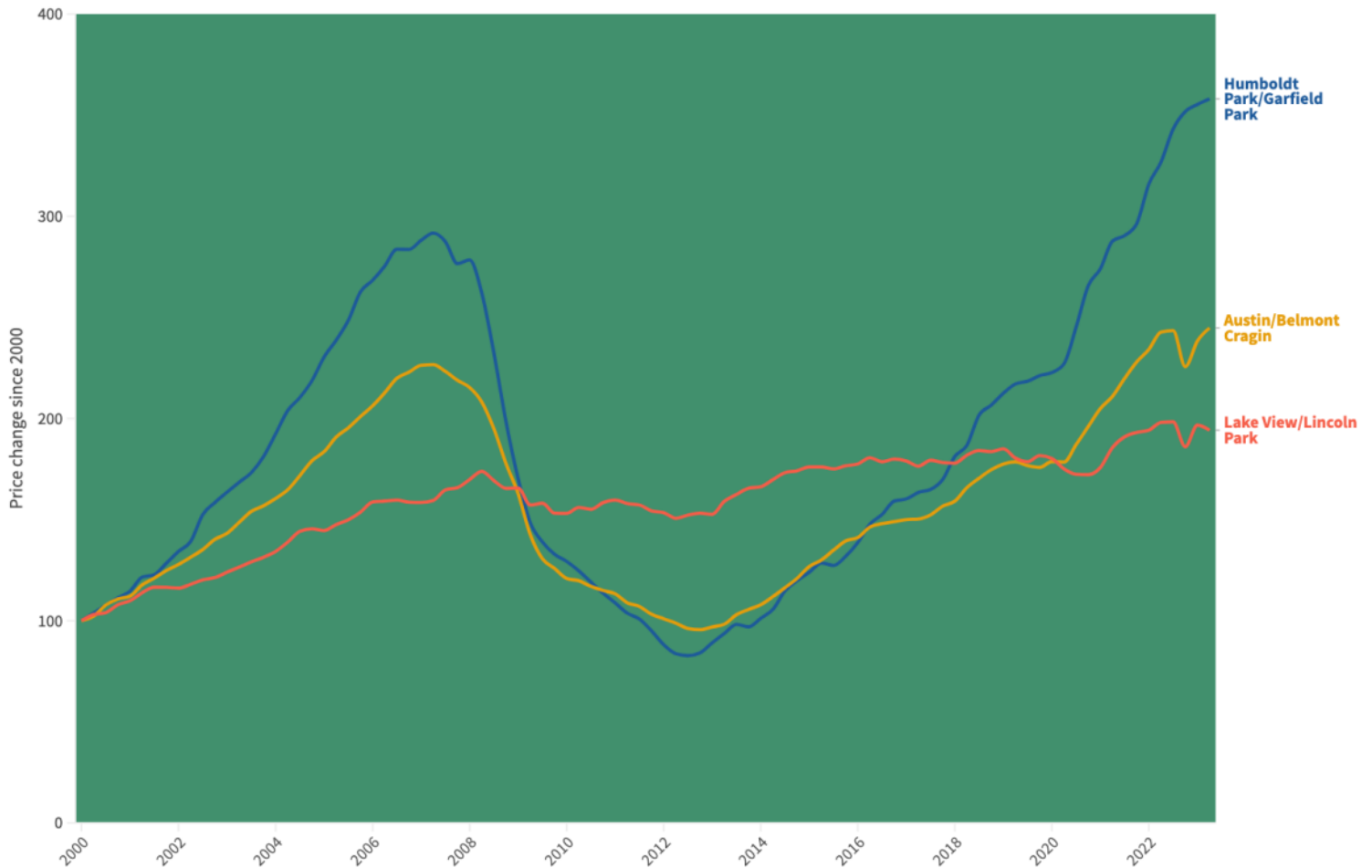
As demand for housing on the greater West Side grows, affordability for long-term residents hangs in the balance

AWN by **Delaney Nelson**
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Sale price changes for single family homes

Price trends from the first quarter of 2000 to second quarter of 2023

Values indexed in each submarket to the first quarter of 2000. Data: Institute for Housing Studies at DePaul University



Whether you're a long-term Austin renter, homeowner, or prospective home buyer, the area's housing market likely affects your day-to-day life. Familiarizing yourself with the housing market is one way to get realistic

about the cost of becoming a homeowner.

The housing market describes the types, cost and amount of housing in an area. The demand for and supply of housing are key drivers of the market and its prices. Typically, the economy, available mortgage credit, a neighborhood's affordability and its amenities all contribute to the demand for housing in a particular area.

When there's more demand than supply for a particular type of housing, like move-in ready single-family homes, for example, prices go up — especially if the demand is coming from higher-income home buyers.



Geoff Smith (Provided)

But in some neighborhoods on the South and West Sides, historic disinvestment also puts a “bit of a wrinkle” in the story of the housing market, said Geoff Smith, executive director and principal investigator of the Institute for Housing Studies at DePaul University.

Communities with lower costs and a less-maintained, disinvested housing stock can attract investors that play myriad roles in the market, Smith said. Some investors may just hold a property and rent it out.

On the other hand, if there are not enough move-in ready homes, for example, flippers may come into a neighborhood, purchase homes at a relatively low price, invest in home improvement, and then sell the home

at a higher price to new owner-occupants. Flippers may bridge the gap between high demand and low supply for move-in ready homes — but they also run the risk of pricing current residents out.

“One of the big challenges in a lot of neighborhoods is, if you do create a significant amenity in a neighborhood, how do you ensure that the housing in that neighborhood remains affordable for the long-term residents, or potential homebuyers from the community that want to stay in the community?” Smith said. “That is one of the key, I think, vulnerabilities of the way that housing markets work, unfortunately.”

West Side resident Eve Benton, who is the designated managing broker at EXIT Strategy Realty, has seen this influx firsthand.

Benton said her own neighborhood’s defining features, including central location and beautiful architecture, have attracted outside interest that can impact pricing in the area. As more people find neighborhoods on the West Side attractive, the more development it will likely see, she said.

“I have seen people are becoming aware of the benefits of living on the West Side,” Benton said. “There are some areas that may have been considered maybe not as desirable, and you’re seeing activity in those areas too, because those are probably the only areas where someone can do a renovation, turn it over to a first-time homebuyer, and make it profitable for everybody.”

Increasing demand

In 2021 and 2022, interest rates were low and the national housing market saw a boom. But then things changed.

As mortgage rates rose, people who already owned homes weren’t too interested in selling, which would mean trading in a 3% or 4% interest rate mortgage for one at 7% or 8%. Supply started to drop. Then, when the Federal Reserve raised interest rates to cool inflation, mortgage rates rose too.

Today, there’s more demand than supply in the nationwide housing market, or a “sellers market,” said Mario Greco, a real estate agent and founder of Berkshire Hathaway’s MG Group, a Chicago real estate firm.

“Right now, the market is a contradiction: Interest rates are high and inventory is very low, but buyers have gotten used to interest rates being higher and they are looking for things to buy and there isn’t enough for them to buy,” he said.

This means for people looking to buy, there might be lots of competition for a few available homes, and many

prospective homeowners may encounter multiple-offer situations, according to Greco. Higher prices in the market means buyers will spend more on a downpayment and are therefore looking for a turnkey property — one that is move-in ready and doesn't need expensive renovations.

On a regional level, there's a fairly flat population in Chicago, so the city overall is not seeing a ton of price growth, compared with other markets. But as areas away from downtown and the Loop are becoming more coveted, the market for some neighborhoods on the West Side is more volatile.

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Line, bar and pie charts by Flourish team

From January 2000 to June 2023, the Institute for Housing Studies at DePaul **tracked quarterly price trends** for single-family homes in more than 30 submarkets in the city and suburban Cook County. The team's research indicates prices have increased more, and faster, in some neighborhoods on the West Side.

In the Humboldt Park/Garfield Park market, prices have gone up by 330% since the bottom of the market in 2013. Since the pandemic began in 2020, its prices have increased by 61%. These are some of the highest

rates in the city, Smith said, which indicates a flow of demand into the neighborhoods. While prices in this area are still considered relatively affordable, with the median sale price below the city average at \$215,000, concerns about affordability for long-term residents still loom.

The Austin/Belmont Cragin market, where the median sale price sits at \$275,000, has seen a price increase of more than 150% since 2013. Before the second half of 2023, this submarket was previously the only submarket with single-family home prices lower than its bubble-era peak before the recession.

By contrast, the Lakeview/Lincoln Park submarket saw just a 29% price increase since 2013. Its median sale price is a hefty \$1.28 million.

“I would say in the past three or four years, I’ve seen the prices increase in Austin,” said Lorena Ramirez-Carrillo, a designated managing real estate broker and owner of YUB Realty. “We all know that gentrification happens all the time, right?”

She said she believes in a couple of years, Austin is going to be “kind of like Logan Square” in terms of an influx of new residents.

Austin also has a lot of different submarkets within a large community area, Smith said.

“There’s Galewood, which is kind of its own little pocket. But even in North Austin, which is sort of bordering on Belmont-Cragin, we see a bit of a different type of housing market there. And then if you go further south or near Oak Park, there are little pockets there where you have higher cost properties (and) less of a disinvested market context than you might see in other parts of the neighborhood,” he said.