

## Home prices haven't recovered in most area ZIP codes

By Dennis Rodkin May 03, 2018

Nearly a dozen years after the beginning of the nationwide housing crash, home values have completely recovered in just one of every eight ZIP codes in the Chicago area.

That's the gloomy picture that emerges from data on 187 ZIP codes in the Chicago metropolitan area compiled by the S&P CoreLogic Case-Shiller Home Price Indices exclusively for Crain's. Of them, 23 had passed their previous peak by the end of 2017, and one, in Oak Park, finished 2017 with home values level with their old peak.

Full recovery "has been a long time coming," said Susie Scheuber, an agent with Re/Max Ultimate Professionals who sells in Joliet.

There is movement in a positive direction, however: In 27 of the region's ZIP codes, home values ended the year down at least 20 percent from their old peak. That's an improvement from the year prior, when 47 ZIPs were still that far down, as Crain's reported in May 2017.

And while the majority of the fully recovered areas are in hot neighborhoods on Chicago's North and near South sides or affluent suburbs like Evanston and Oak Park, two of mid-priced Joliet's five ZIPs are on the list. Scheuber believes that's the result of price increases in the past year sparked by a low inventory of homes for sale. "They jump on anything that comes on the market, and we're getting multiple offers" that drive up final sale prices, she said.

The median price of a home sold in Joliet in 2017 was \$155,000, according to Midwest Real Estate Data figures, an increase of 9.2 percent from 2016.

The two Joliet ZIPs are in an elite group of two dozen, where homeowners may have regained any home equity lost in the crash. In some of them, homeowners have built up a comfortable equity cushion. In eight ZIPs, all of them in the city, home prices ended the year more than 10 percent higher than the old peak.

Nationwide, home prices ended 2017 at 6.3 percent above their early-2000s peak.

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The data compare the values of single-family homes in each ZIP code at the end of 2017 to their value in the month that ZIP code peaked, which varies from August 2006 to October 2008. The index does not have data on any of DuPage County's 37 ZIP codes, and some ZIP codes in Cook, Kane, Lake, McHenry and Will Counties were excluded for lack of sufficient data. In all, the Chicago metro area has 289 ZIP codes.

Recovery in Chicago's home values has lagged most other big cities for the past few years, held back by slow job growth, population losses reducing the demand for homes and the chilling effect of the state's precarious finances and high property taxes.

While slow-growing home values contribute to a rosy image of Chicago as **more affordable than other cities**, that's good news only for buyers. For sellers looking to recoup their investment or homeowners hoping to tap home equity to fuel other spending, **the slow growth is costly**.

The housing crash is now mostly in the rear-view mirror of cities like Portland and Seattle, both of whose home values ended 2017 about 20 percent above their old pre-crash peaks. But in Chicago, it's still out front.

Two of Oak Park's ZIP codes ended the year at or above their old peak, and the other two did not have sufficient data. While sellers may not be able to cash out in a big way, said Jan Kerr, an @properties agent in Oak Park, "at least the activity is back."

Kerr said multiple offers and homes selling above their asking price have been both cause and result of the improved market: steadily rising prices fuel further increases as everyone's financial position improves.

The least recovered ZIPs are mostly in South Cook County and the South Side of the city, which have been plagued with high levels of foreclosure and job loss. In Avalon Park and South Chicago in the city and in suburban Olympia Fields, South Holland and Glenwood, home values remain at less than three-quarters what they were in 2007, according to the data.

Those and other areas have become the land of opportunity for rehabbers. The wave of home rehabs that has transformed neighborhoods and suburbs has arrived in south suburban Blue Island, where home values in ZIP code 60406 ended 2018 down 38 percent from their peak. That's the second-least recovered ZIP, after 60617 in South Chicago, where home values are still almost 43 percent off their old peak.

Foreclosures in need of rehab sell so fast, said Alex Corona, principal of Corona Realty Group, that "we can't even get them listed on the (multiple-listing service) fast enough."

Rehabbers find demand for their finished product. In December, a rehabber picked up a century-old house on Elm Street in Blue Island for \$73,000. The rehabbed home sold in April for \$136,000. That's well below the \$181,000 that it sold for in 2003, on the uphill slope of the housing boom, but "those numbers were unrealistic back then," Corona said.

In Blue Island and other places like it, Corona said, home values "went up too much during the boom. You couldn't expect it to last. These weren't \$400,000 neighborhoods." But as the current round of rehabs gets sold at new higher prices in the next few years, he said, prices in Blue Island may take a big step upward.

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