

Appraisal Research Counselors

400 E Randolph Street, Suite 715
Chicago, Illinois 60601-7388

T: 312-565-0977
F: 312-565-3436

[Click here to view AppraisalResearch.com](http://AppraisalResearch.com)



Professional Service Since 1968

Appraisal Research Counselors®

Vranas Properties - Chicago Real Estate Blog

The Vranas Properties Residential Real Estate Team on Real Estate, Business & Life In Chicago



2/4 More Real Estate Forecasting

The Chicago Association of REALTORS recently hosted an economic forecast panel for 2010. Chicago Magazine reported [10 highlights of the panel](#):

- 1) "Overall, the state has lost 429,000 jobs since November 2000 (about 90 percent of those losses came in the current recession), which means that employment in Illinois is currently at April 1997 levels. If Illinois immediately turned things around and created 50,000 new jobs a year, he said, the state wouldn't reach its employment level from 2000 until 2020. But that may be irrelevant: REAL forecasts the loss of at least another 100,000 jobs this year in Illinois.
- 2) In 2009, the number of permits to build new homes in the eight-county metropolitan area was fewer than the permits issued for Will County alone in 2005, said Michael Hart, an analyst with Hanley Wood Market Intelligence.
- 3) "In 2010, [buyers] are not going to extend themselves," Hart added. "They're going to move toward smaller, not bigger, homes. They're not going to reach for the most they can afford."
- 4) Home affordability has definitely increased, thanks to low prices and low mortgage rates. Hart said that Chicago-area housing affordability "is the highest it's been since 2003."
- 5) Locally, in 2009, foreclosures, short sales, and bank-owned sales accounted for 38 percent of all sales of single-family homes and 24 percent of condo sales, said Gail Lissner, vice-president of Appraisal Research Counselors.
- 6) The glut of unsold downtown Chicago condos, either completed or under construction, eased up in 2009, Lissner said. The 3,225 condos available in the third quarter of 2009 was a 30 percent reduction from the same time in 2008, when 4,670 condos sat unsold. Some of those available condos may convert to rental, but Lissner said to "expect slow absorption of unsold inventory."
- 7) Apartment vacancies nationwide have risen in the past several years from 1 or 2 percent to today's levels of 8 to 14 percent, said Joe Cosenza, the vice-chairman of Inland Real Estate Group. "Most people believe tomorrow it will be worse," he said. "I don't. Why? One: nobody is building. Two: They're not buying your condos and townhouses."
- 8) "The market doesn't know where it wants to go," said REAL's Geoffrey Hewings. "It's looking for a signal from the economy that it's time to recover. But it's not getting that signal."
- 9) That's why Hewings forecasted further declines in home prices this year. He expected to see home prices in the Chicago area in October 2010 running about 7 percent below where they were in October 2009.
- 10) Nor did Hewings expect home sales to rebound very much. In the Chicago area, he said, the sales total for the year will be "negative to close to zero" compared with 2009. But at least it won't drop back down to the seriously depressed numbers of 2008, he said. "

2010 Economic Forecast Details

Would you like further clarification on what 2010 holds for housing in the suburbs and city of Chicago? [Contact a Vranas Properties Account Executive.](#)

[Paul Vranas](#)

[Vranas Properties](#)

[Trusted Agents. Professional Service.](#)

Posted on February 04, 2010 | [Permalink](#)