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## Realtors: Slump overblown

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Is the media overplaying the slowdown in the housing market? Or does the media merely reflect reality?

It depends on whom you ask.

The media is "absolutely" overplaying the slowdown, said Nancy Sobol, president of the McHenry County Association of Realtors.

"Yes, yes, yes," agreed Oak Park Association of Realtors executive officer Gerri Keating, reached last week (Nov. 8) in New Orleans, where the National Association of Realtors is holding its annual convention.

Sobol and Keating reflect the view of many Realtors who blame part of the recent slowdown on the media. In fact, as part of an attempt to change public perception, the National Association of Realtors will be rolling out an ad campaign aimed at bolstering the home-buying market.

Others say the media merely reports the situation out in the trenches.

"The reality is, we all knew it was coming. We always have a correction," said Robert E. Headrick, chief executive officer of Headrick-Wagner Appraisal Group, which has offices in Schaumburg, Naperville, Park Ridge, Oak Brook, Flossmoor, and Chicago.

More time on market

October 2006 figures released by Headrick-Wagner for dozens of communities throughout the Chicago area showed dramatic increases in the number of months that homes were on the market, compared with October 2005.

A year ago, it took three to four months to sell a home, considered a "balanced market." Now virtually every community shows an inventory of homes of five months or more, considered an oversupply.

In Chicago neighborhoods, generally speaking, a balanced market existed only for home sales in the very lowest price range, less than \$500,000.

A look at the monthly figures for September released by the Illinois Association of Realtors showed dramatic drops in the number of homes sold, compared with the same month a year ago. The median price of homes sold dropped 5.9 percent in McHenry County and was down 4 percent in Lake County, but was up 2.2 percent in Du Page County and up 1.2 percent in Cook County.

Prices down statewide

Statewide, median prices in September were down 3.4 percent, with the total number of homes sold down by 19.5 percent compared with the same month the year before.

But a drop in the median price of homes sold does not indicate that any particular house dropped in value, said Sobol, the McHenry County Realtor executive. It could be just that there are more lower-priced homes on the market this year, compared with 2005.

Sobol thinks all the new construction in McHenry County may be responsible for the decline in the median home sale price.

"That's (figure for September 2006 versus 2005) inclusive of new construction. That's probably going to be

reflective of developers' mass-producing houses," Sobol said.

Sobol firmly believe the media is overplaying the slowdown, but that may serve buyers well.

"It is almost a panicky thing. If that's the way it is, people will be willing to make deals," she said.

Just another cycle?

The latest slowdown is just part of the cyclical nature of home real estate sales, said Sobol, who has been in the field for 18 years.

"We've had three to four years of what I call a feeding frenzy," she said.

Sobol does not think the slowdown in the Midwest is due to large numbers of buyers who financed their homes with temporarily low rates via adjustable mortgages and now cannot afford increases in their monthly readjusted ARM payments.

"The one out of three figure (for number of mortgages with ARMs) is not necessarily indicative of McHenry County. You don't see as many creative loans here as in, say, Texas," she said.

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