

CADEY O'LEARY COLLECTION  
BRINGING YOU HOME

1038 Wolcott, #1 Under Contract Before Hitting the Market



## *The Shift that Wasn't*

The pandemic-driven housing frenzy has ended. Data points are catching up to what we have felt for weeks. Across the U.S., the measures of market competition, including time on market, the share of homes going under contract within one week of listing and the share of homes selling above list have plateaued. Mortgage purchase applications are on level with June 2020, and nearly 20 percent of sellers dropped their price during the four-week period ending May 22.

Higher interest rates and inflation have dampened enthusiasm, and low inventory continues to discourage buyers, with supply of homes hovering at two months. This shift is a market reckoning whereby home appreciation is decelerating, and more normalized market activity is returning. Analysts predict homes will continue to appreciate with average forecasts showing a 9 percent increase in 2022 and lower single-digit gains after that.

### Shift Subtleties in Chicago

Chicago's market shift is more subtle and nuanced. Home prices in Chicago dipped slightly in April with a median sales price of \$370,000, down 1 percent from year prior, following three monthly reports of flat home prices. Across the metro area, home prices registered gains of nearly 5 percent over last year. While the pandemic-era market provided a boon to Single-Family home prices, especially in suburban areas, we did not experience anything close to the triple-digit explosions of other cities. The median price of homes in Chicago rose 39 percent from January 2020 through April 2022 while condominiums registered a more modest 22 percent increase.

The difference in the downtown condo market is stark. Median prices of condos sold in the Gold Coast during that same 28-month period actually decreased 1 percent. Adjacent neighborhoods experienced comparatively miniscule gains of 3.8 percent in River North, 8.4 percent in Streeterville and 7.8 percent in the South Loop. The West Loop fared better at 24 percent. The Redfin report did not disclose the gains on the northside that benefitted from buyer migration to neighborhoods with more green space, parks and community vitality.

### The Importance of Features & Amenities

The impact of remote workforces, emptier streets and crime have had a damaging effect on our urban centers in Chicago and beyond. As more people return to work, we should see a welcome reversal of these trends. In addition to the primacy of location, the pandemic amplified buyer movement toward turnkey homes with highly sought amenities—private outdoor space chief among them. What these numbers don't convey is the vast difference in pricing of newer condos offering amenities and desirable floor plans and finishes from those lacking these features. The Gold Coast and Streeterville are awash in older buildings with older plumbing and mechanical systems and a lack of private outdoor space. The ongoing challenge will be selling these properties in a market seeking amenity-rich features. A topic for another time.

Lincoln Park is an appealing neighborhood with an array of newer condos and townhomes with private outdoor space and desirable floor plans and features. New construction is the prominent market driver. Even in challenging market conditions, new buildings downtown are commanding prices north of \$1,200 per foot with new price records being set in Lincoln Park, as well. Buyers are willing to pay for new features and amenities. This is true in any market segment and market condition.

The point I am making is markets will change; the advantage of move-in-ready offerings will not.

Wishing you a wonderful start to your summer. As always, I welcome your thoughts and questions.

Warmly,

Cadey

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