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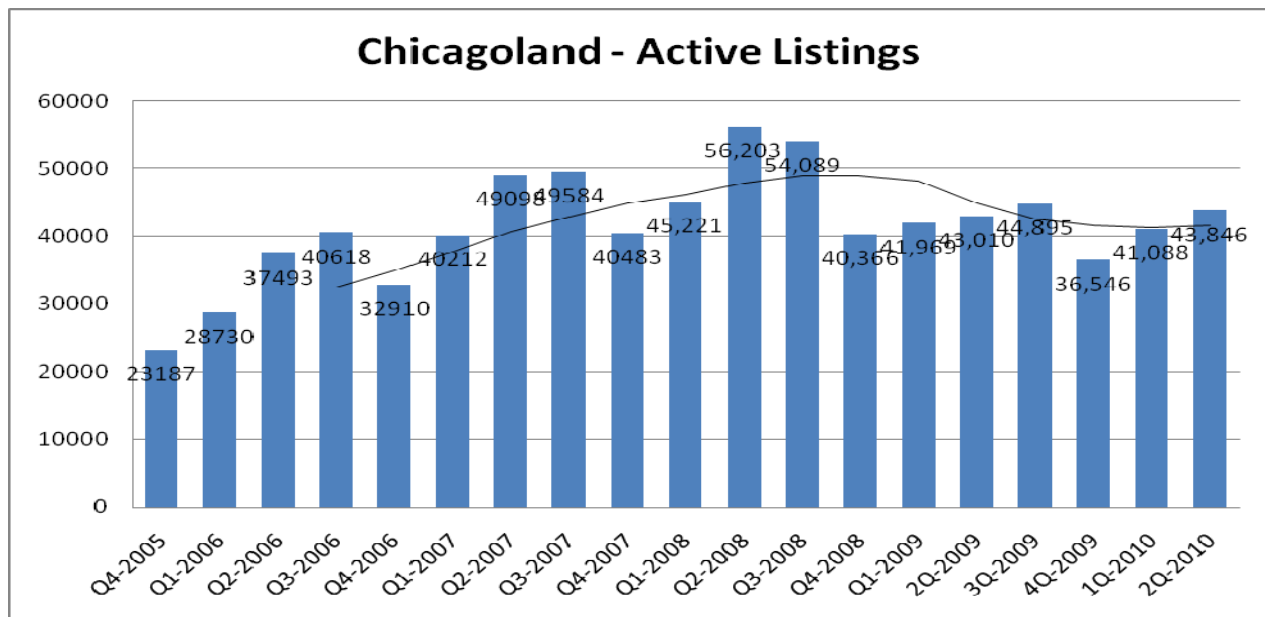
JULY 2010 eNEWSLETTER

Dear Chicago-Area Real Estate Community and other interested parties in real estate and relocation:

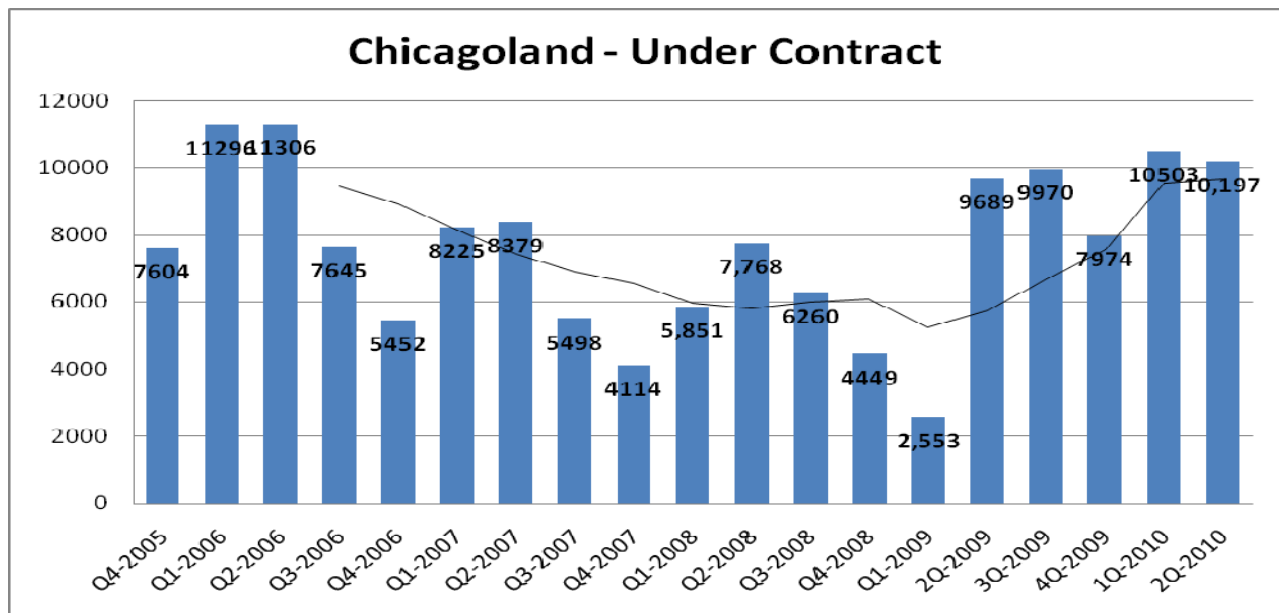
Attached please find my July Statistics:

- Monthly Market Pulse for Detached Housing;
- Monthly Market Pulse for Attached Housing;
- Quarterly Report with data from previous 12-month period. (7/1/2009 to 6/30/2010)

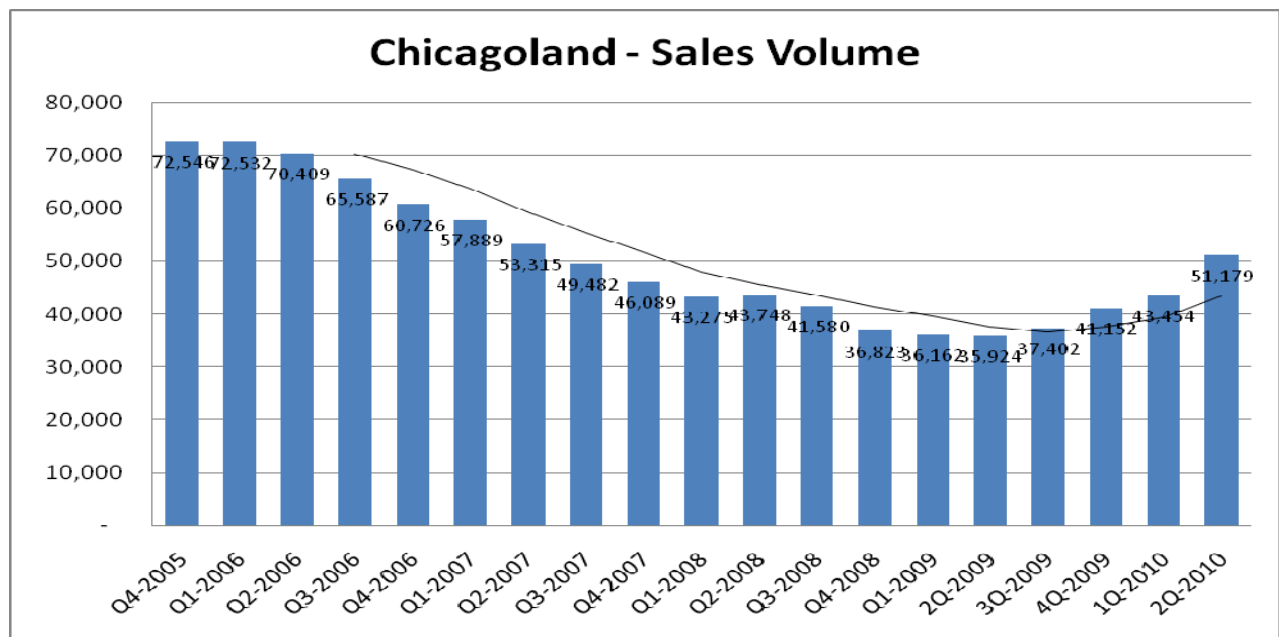
The Quarterly Report shows the community statistics for total active listings, total under contract, sales volume over the past 12 months and the resulting MSI (Months Supply of Inventory). It also reports the Mean Sales Price. In the far right column shows the MSI and Mean Sales Price for the same period one year ago with the percent of change. In this eNewsletter, I am sharing the trended information for the entire Chicagoland region for each category in the Quarterly Report since 2005 (at our market's peak).



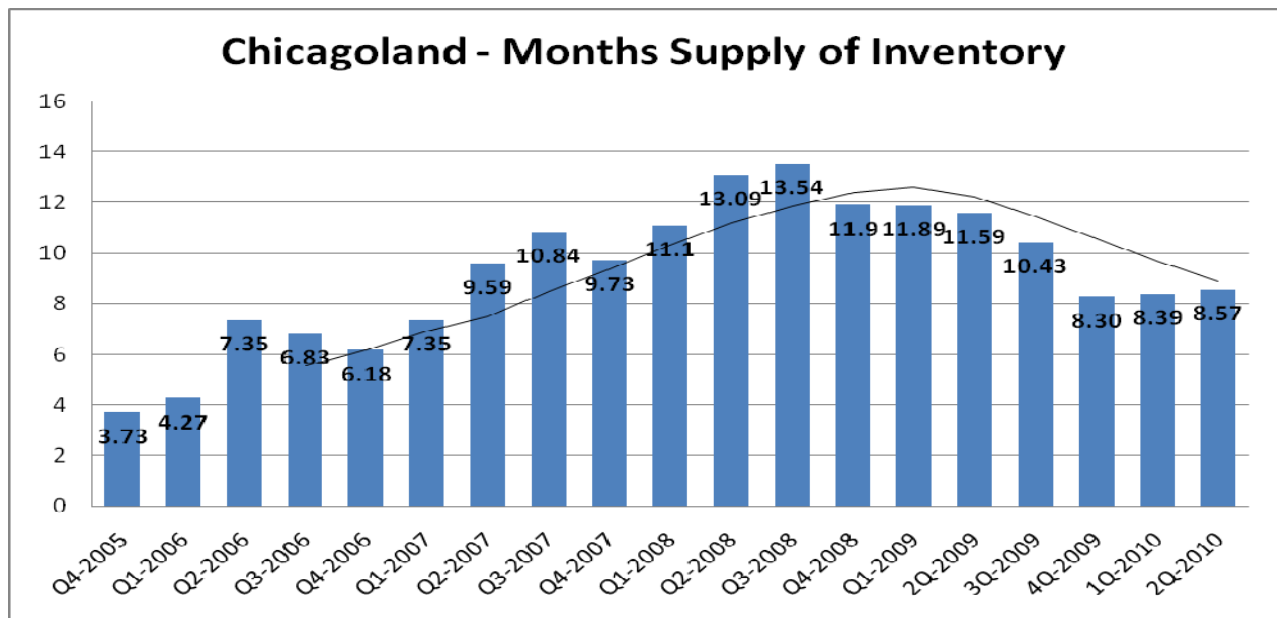
The graph above shows the increasing trend in the number of active listings in the Chicago region that peaked in 2008, and has been declining. Fewer active listings help to decrease the supply of inventory.



The graph above shows the increasing trend in the number of contract pendings in the Chicago region that peaked at a low in the first quarter of 2009, and has steadily increased since then. The 2010 totals are the highest they have been since 2006, and the continued increase in contract pendings is a good sign of continued sales activity. This has been in part the market's reaction to the \$6,500 and \$8,000 tax incentives that expired on April 30th. This tax credit was to help spur activity, and it succeeded.



The graph above shows the increasing trend in the number of sales to take place in the Chicago region. This annualized stat shows the market bottomed in early 2009, and has been increasing ever since. From the end of 2005 to the beginning of 2009, the drop in sales volume was approximately 50%. Since fewer homes were selling, the inventory increased. The basic laws of Supply and Demand lead to the declining values our market has faced.

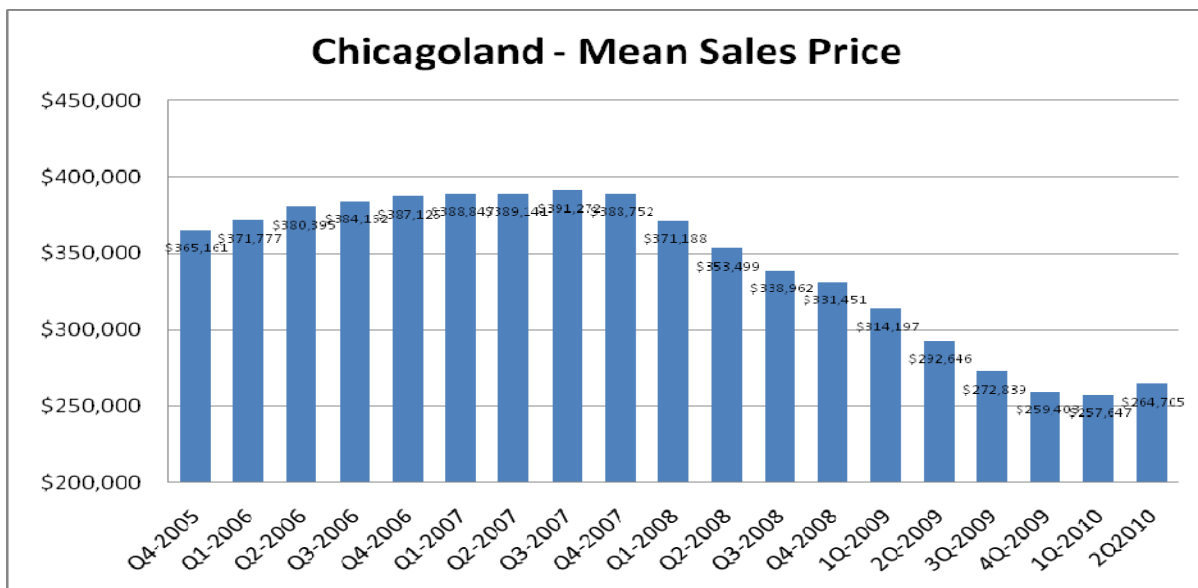


The graph above shows the first three quarters of each year, the MSI increased, and the fourth quarter it decreased and then returned to the same trend the following year. In 2009, the MSI actually began decreasing between the 2nd quarter and 3rd quarter. It has remained somewhat stable over the past 3 quarters.

The Months Supply of Inventory (MSI) is a calculation that measures the relationship between the number of active listings on the market as compared to the rate at which they are selling.

- Less than 3 months of supply will place strong pressure on prices upward, which could result in as high as double digit appreciation.
- 3 to 4 Months of supply will place pressure on prices upward, resulting in appreciating values.
- 5 to 6 Months of supply is generally considered a *balanced* market with little to no fluctuation in value.
- 7 to 8 Months supply is going to result in downward pressure on prices, usually leading to declining values.
- Over a 9 Month supply is an extreme oversupply, placing strong downward pressure on prices, potentially at a double digit annual rate.

The good news is the continued downward trend in the Inventory Levels.



At the end of the first quarter, in my April eNewsletter, I reported that there was “Finally Something Positive to Say.” I discussed the statistics in the quarterly report had shown 41% of the communities analyzed in the report showed either increasing, or stable mean sales prices from the previous quarter. This was important because it is the first period since 2007 that shows areas with increasing prices from the previous quarter. But the overall Chicagoland average was still in decline.

At the end of the 2nd quarter of 2010, we see the first increase in Mean Sales Price since the middle of 2007. The graph above shows the Mean Sales Price as of the end of the 1st quarter to the end of the 2nd quarter increased 2.74%. This is after a 34% decrease over the previous 10 quarters.

And of the 186 suburban communities profiled in the Quarterly Report, 96 communities (48.9%) showed a positive increase or barely negligible change of less than ½ % downward.

There are continued concerns of the shadow inventory and the homes in pre-foreclosure and foreclosure that have not hit the market yet. It is difficult to measure the impact of this. The real concern is the economy and Unemployment. Once people have jobs, they can pay their mortgage. When they pay their mortgage, foreclosures go down. The following table shows local unemployment levels going back 10 years. Cook and DuPage Counties are seeing increasing levels, but the State and National averages are seeing a decline.

Unemployment by County-Chicago Metro Area

(Source: IDES)

	<u>Cook</u>	<u>DuPage</u>	<u>Kane</u>	<u>Lake</u>	<u>McHenry</u>	<u>Will</u>	<u>State of IL</u>	<u>National</u>
Jun-10	10.9%	9.0%	10.8%	10.3%	9.9%	11.0%	10.4%	9.5%
Dec-09	10.8%	8.6%	11.2%	11.6%	10.4%	11.0%	11.0%	10.0%
Dec-08	7.1%	5.4%	7.5%	8.3%	6.9%	7.2%	7.9%	7.6%
Dec-07	5.1%	3.8%	4.8%	5.0%	4.3%	4.7%	5.0%	4.6%
Dec-06	4.7%	3.4%	4.3%	4.2%	3.7%	4.3%	4.6%	4.6%
Dec-05	6.5%	4.7%	5.7%	4.5%	5.1%	5.5%	5.7%	5.1%
Dec-04	6.6%	5.0%	6.0%	5.3%	5.2%	5.9%	5.8%	5.7%
Nov-03	7.3%	5.2%	7.0%	6.2%	6.3%	6.9%	6.7%	6.0%
Nov-02	7.4%	5.2%	6.6%	5.6%	5.7%	6.3%	6.5%	5.8%
Nov-01	6.1%	3.9%	5.3%	4.5%	4.5%	5.1%	5.4%	4.7%
Nov-00	4.9%	2.9%	4.3%	3.5%	3.4%	4.2%	4.4%	4.0%

Thanks for your continued interest. I frequently post real estate and appraisal-related information on my Facebook page and blog at: <http://chipwags.blogspot.com/>. Follow my company Facebook page at: <http://www.facebook.com/pages/Naperville-IL/AL-Wagner-Appraisal-Group/368919896256?v=wall>

Regards,

Chip

Alvin “Chip” Wagner III, SRA, SCRIP (RAC Member)

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