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ALVIN L. "CHIP" WAGNER III, SRA, SCRCP

### SEPTEMBER 2010 eNEWSLETTER

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

Attached please find my September Statistics:

- Monthly Market Pulse for Detached Housing
- Monthly Market Pulse for Attached Housing

I would like to note that for the first time, "County Data" has been added at the end of the respective reports. Often times, the media outlets and my national clients are seeking a broader report, rather than the microeconomic statistics by county. Below is a table with the summary of this data. The statistics are inventory levels reported in months supply.

County	Detached July 2010	Attached August 2010	Change	Attached July 2010	Attached August 2010	Change
Cook	7.80	7.96	Increasing	11.03	11.08	Increasing
DeKalb	12.08	11.54	Decreasing	14.17	14.56	Increasing
DuPage	9.75	9.72	Decreasing	12.83	12.86	Increasing
Grundy	13.87	13.41	Decreasing	10.03	11.28	Increasing
Kane	9.52	9.56	Increasing	12.40	12.59	Increasing
Kendall	8.47	8.75	Increasing	8.62	9.31	Increasing
Lake	11.24	11.35	Increasing	12.76	13.08	Increasing
McHenry	12.39	12.33	Decreasing	12.03	11.62	Decreasing
Will	9.27	9.35	Increasing	10.58	10.78	Increasing

You will note that most areas surveyed are increasing, which is typical at this time of the year. The trend has typically been, both previous to and during the current real estate recession that supply levels build in the spring, then fall during the stronger Spring/Summer seasonal markets, and then begin to increase into the Fall months heading to the holiday and winter periods when fewer homes sell. Typically, a strong percentage of home sellers remove their homes from the market during the holiday season, which often times leads to declining numbers measured at the end of the year (in December).

According to my published reports, for *detached housing*, 42% of the communities surveyed have declining inventory levels, 52% have increasing inventory levels, and 6% have stable inventory levels (stable meaning less than a 0.05 change).

The **attached housing** data shows 40% of the communities surveyed have declining inventory levels, 52% have increasing inventory levels, and 8% have stable inventory levels (stable meaning less than a 0.05 change).

As repeated from previous newsletters... what does the Months Supply of Inventory really measure and mean?

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.

There have been some mixed reports in the media regarding the housing market this Summer, after generally positive reports in the Spring. I am still of the opinion that we are better in 2010 than we were in 2009 or 2008 from the statistical point of view that inventory levels are lower, days on market are lower, and home prices, while still in decline in most areas, have begun to level off.

Many contributing factors are holding the housing market back, but one of the major ones is unemployment. Perhaps the news this week regarding the legislation designed to open up credit to small businesses and award them with other incentives to expand and hire new workers may be a positive step towards a turn around.

Next month, I will have the 3<sup>rd</sup> quarter statistics available – I look forward to sharing them with you.

Regards,

*Chip*

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

*A. L. Wagner Appraisal Group, Inc. is proud to have been serving the Chicago metropolitan area since 1970 by its founder Alvin Wagner Jr. Currently lead by his son Alvin III, known as “Chip,” we specialize in corporate relocation appraisals and complete residential appraisals for all purposes including lending, REO/Foreclosure, Legal (divorce, estates, trusts, litigation support), market value appraisals for Realtors and individuals for both listing and selling purposes. Visit [www.WagnerAppraisal.com](http://www.WagnerAppraisal.com) for more information on our qualifications and services. Thank you for your referrals!*

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