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8 REAL ESTATE TRENDS FOR 2009

For even the most seasoned real estate professional, 2008 was a challenging year. As the credit market tightened, the economy sputtered, foreclosures soared and the stock market took a hit, many were wishing for a crystal ball to see just when to expect a turnaround.

To give insight on the real estate market for 2009 and beyond, local developers and agents offer up eight predictions:

1. **Less is more.** Single-family home builders are predicting the continued movement toward smaller homes, with many buyers opting for less square footage as a means of saving more, said Jim Chittaro, chief financial officer for Naperville-based J. Lawrence homes.

"We've definitely seen an increase in buyers opting for the smaller home with the lower base price, and then adding upgrades throughout," said Chittaro.

Chittaro added that buyers are also very energy conscious. "Energy efficiency is very important to buyers and they're looking to save on utility costs when they can," he said. "One way to do so is to choose a smaller home, which costs less to heat and cool."

2. **Rethinking the American Dream.** Homeownership has long been considered one of life's benchmarks, so much so, that the concept earned the moniker "The American Dream." However, in today's economic climate, realizing that dream is no longer an option for many people.

Some renters simply choose not to buy a home, according to Tony Rossi, president of RMK Management Corp., which manages more than 8,000 apartments in the Chicago and Minneapolis areas.

"Homeownership includes a lot of added responsibility, from maintenance to unexpected fees, so the "American Dream" really isn't the dream of every American," Rossi said. "Many of our residents simply prefer the renter lifestyle."

3. **Urban Suburban.** For years, a new-construction home in the suburbs meant moving into a cookie-cutter subdivision. But according to many suburban developers, their focus going forward won't be simply building homes, but entire downtowns with residential, retail, restaurants and more.

In Lemont, 30 mile southwest of Chicago, the Lemont downtown Redevelopment project by Marquette Cos. is a \$250 million mixed-use development that includes The Front Street Lofts, comprised of 82 lofts in four buildings above 24,000 square feet of retail space.

Five miles northeast of Lemont, Opus North has developed Burr Ridge village center, a mixed-use development that integrates condominiums, retail shops, restaurants, office space and pedestrian-friendly features into a 20-acre town center. Events on its village green range from movie nights and a farmer's market to outdoor concerts.

4. **Condo-max-iums.** According to the National Association of Homebuilders, the average single family home is 2,456 square feet. However, Chicago –area developers have noticed buyers from young families to downsizers are looking for the same amount of square feet when buying a condominium.

“There is no substitute for the space,” said Michael Reschke, chairman and CEO of the Prime Group, developer of Ten East Delaware, which offers plans as large as 2,910 square feet. “At Ten East Delaware, we’re seeing many young professionals who want homes that offer enough room to host dinner parties and one day raise a family.”

Developer Winthrop Properties said its largest floor plans at Winthrop Club in Evanston have been popular among downsizers.

“What we’re finding is that downsizers don’t really want to downsize at all,” said Bob Horner, co-principal of Winthrop Properties. “Rather, they seek the maintenance-free lifestyle and single-level living offered by a condo.”

5. **Online Toolboxes.** According to the 2007 National Association of Realtors Profile of Home Buyers and Sellers, 84 percent of buyers use the Internet to search for a new home. Taking a cue from these findings, leading Chicago area residential brokerage firms will be enhancing their sites with user-friendly web tools. In 2008, @Properties released the @Properties market report. This report, which is updated bi-annually, shows the average sales price and market time divided by neighborhood, and also by number of bedrooms and number of baths.
6. **Common Ground.** In the city, where green space is as high in demand as a parking space, some developers will start going the extra “yard” to give Chicagoans more outdoor community spaces. At K Station, Fifield Cos and its joint venture partner, Pacific Life Insurance Co., have built a 1-acre park, which was donated to Chicago. Clybourn Corridor residents will soon enjoy a 1-acre park and plaza that will be part of New City, a development that will offer street-front retail at Clybourn Avenue and Halstead Street.
7. **The resurgence of row homes.** Dating back to colonial Philadelphia and Boston, the rowhome is a hallmark of traditional city living. But at Port Clinton Place, a community in Vernon Hills developed by Opus North, and the Residences at the Grove, a 294-unit rental community in Downers Grove, managed by RMK, even suburban residents will be enjoying the urban flavor of this classic housing style.

“Rowhomes were born out of practicality, as their shared walls made it possible to fit more homes in densely-populated urban areas. But today, many suburban buyers are choosing these homes for their urban style and overall aesthetic appeal,” said Andrew Lockwood, real estate director for Opus North.

8. **Creating Community.** Many developers today are taking strides to form a sense of community among residents, a trend that is expected to continue into 2009.

Park Place of Elmhurst has a monthly program called Positively Park Place, which includes cultural outings and presentations for future residents.

At the Front Street Lofts, developer Marquette Cos. Has partnered with Lemont to establish the institute for Community to create strong relationships between residents and merchants in the

revitalized downtown Lemont business district. Under this Community of Commerce initiative, merchants and business owners work together to help their mutual businesses thrive.