



A. L. WAGNER APPRAISAL GROUP, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

1807 S. WASHINGTON STREET, SUITE 110
NAPERVILLE, IL 60565
WWW.WAGNERAPPRAISAL.COM

TELEPHONE (630) 416-6556
FAX (630) 416-6591
E-MAIL: CHIP@WAGNERAPPRAISAL.COM

ALVIN L. "CHIP" WAGNER III, SRA, IFA, SCRIP

MARCH 2008 eNEWSLETTER

Dear Real Estate, Relocation and Lending Professionals:

Attached please find our **Monthly Market Pulse Reports** for attached and detached housing in March 2008.

As promised last month, I have analyzed the pending activity from last year to see if they are increasing (positive) or decreasing (negative) this year.

Last week some positive news was finally reported ... sales volume had picked up in both the Chicago area as well as nationally after seven consecutive months of sales volume decline. Hearing this was a much needed *'breath of fresh air'*.

Many REALTORS acknowledge they have a number of clients sitting on the fence, waiting to see signs of the real estate market hitting bottom.

The positive news reported, mostly statistics and press releases from the National Association of REALTORS (NAR), will go a long way to infuse some consumer confidence into the market. This is what is REALLY needed – consumers becoming confident again. Interest rates remain near record lows. Builders have suffered and finally adjusted their inventory so there is less of a glut of new homes competing with resale homes which is shown in the drop-off in permits being reported. The mortgage industry's belt-tightening of 2007 seems to be loosening up with the \$200 Billion added to the mortgage loan pool during the middle of March 2008. These are all positive signs.

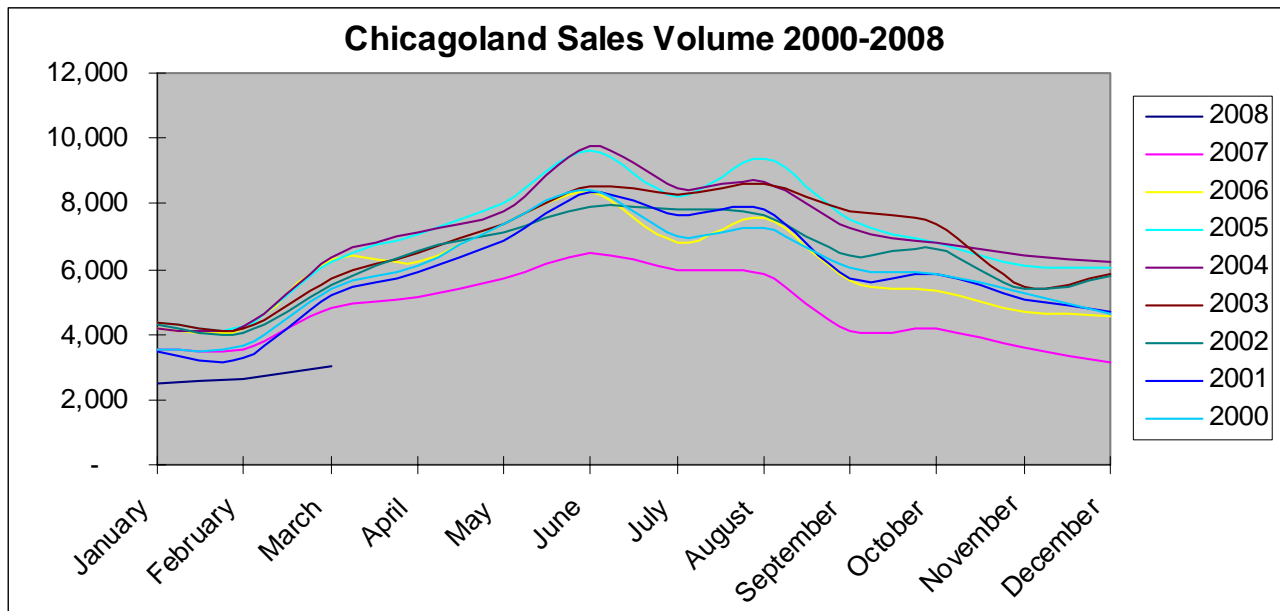
On a more realistic note, the month-to-month statistics showing improvement are irrelevant because of the seasonal changes in our real estate market. Expect the March 2008 figures to also increase significantly as well. This is the natural trend in our seasonal market, which will continue through the next four to six months.

The economy, a recession, rising fuel costs, unemployment, the stock market, and a Presidential election are all looming large over consumer confidence. Getting buyers off that fence to purchase a home may be easier said than done.

The following graph shows month-to-month sales volume between 2000 and 2008. It should be noted that the actual closing of the sale occurs after the meeting of the minds at the agreed price, which is when we call it "under contract" or "pending." This occurs on average between 15 days

and 90 days prior to closing. Occasionally, it is more or less, but most of the time it takes an average of 45 days from contract date to close date.

Therefore, the sales volume (as of March 1) usually means the contract occurred on average close to January 15.



The peak months in May-August takes into consideration the contracts peaking in our Spring market between March through June. The trend line in 2007 and 2008 is notably lower than previous years.

The following table shows the number of pendings in 2008 versus 2007. This data was generated precisely on 3/1/07 and 3/1/08 in the Multiple Listing Service of Northern Illinois.

County	Pendings – Mar 07	Pendings – Mar 08	Percent Change
Cook	3949	2896	-26.7%
DuPage	873	622	-28.8%
Kane	658	464	-29.5%
Kendall	226	133	-41.2%
Lake	894	659	-26.3%
McHenry	411	303	-26.3%
Will	869	676	-22.2%
Seven County total	7,853	5,753	-26.7%

The fact that contract pendings are down 26.7% from the same period in 2007 shows that we are still having a difficult time with our local real estate market.

The good news, at this time, is there are approximately 5,753 homes under contract, so people are purchasing detached homes. The bad news is this continues to be declining from the previous year.

This past week, an economist stated, "... *the bottom of the market will be near when average sales prices hit rock bottom ...*" My contention is that we will be hitting the bottom of the market when the contract pendings level off, and the downward trend reverses.

Contract pendings are the pulse of our marketplace. Everything revolves around *Supply and Demand*, which is discussed often in my eNewsletters. Supply is measured by the number of homes available; Demand is measured by the sales volume. The pendings will be the first indicator that our market has leveled off or reversed its trend, which will indicate consumers are regaining confidence in real estate. The month-to-month trend is not as meaningful as the year-over-year trend, due to our seasonal market. I will continue to closely monitor these trends, searching for the good news that we are all waiting to hear.

In the meantime, while the Buyer's Market continues with the oversupplied inventory and the soft demand, there will be continued downward pressure on values, leading to continued price reductions and declines in the marketplace.

Again, I cannot emphasize enough, Real Estate Markets are "**local**." There are sub-markets within the broad marketplace that are doing better, and some areas are doing worse. The inventory levels measured in Months Supply, which are the backbone of our monthly and quarterly market reports, include a snapshot of the broad marketplace. Calculating your own inventory levels in your local sub-market will tell you if your area is doing better or worse than the general market area. Feel free to use our Inventory Calculator at: <http://www.wagnerappraisal.com/createreport.asp>

Best regards,

Chip

Alvin "Chip" Wagner III, SRA, IFA, SCRP (RAC Member)

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