

# Crystal ball

## Builder, real estate experts forecast trends for 2009

For even the most seasoned builder and real estate professional, 2008 was a challenging year. While none knows exactly when we'll see big improvements in the Chicago area real estate market, several local developers and agents offered up predictions for 2009.

Fact is, there is mortgage money available to qualified buyers, there are many qualified buyers out there in the Chicago-area marketplace, and it being a "buyer's market" — with incentives, lowered prices, discounted options and a solid inventory in all types of housing — there really has not been such an attractive time to buy in a long, long time.

So where are the trends taking us? Homebuilder and real estate experts offer a few insights.

### Having more with less

Single-family homebuilders are predicting the continued movement toward smaller homes, with many buyers opting for less square footage as a way to save 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 tomorrow's buyers are also energy conscious, which is another reason why builders who offer smaller homes might find themselves more successful going forward.

In other words, downsizing space up-sizes value. In fact, a survey conducted by market research firm Hanley Wood showed that as many as 58 percent of affluent baby boomers said they were very likely or somewhat likely to move to a smaller home within the next 10 to 15 years.

J. Lawrence Homes is joined by Rolling Meadows-based Kimball Hill Homes in acknowledging the trend, building communities in several Chicago-area locations designed to woo just this kind

of buyer.

In McHenry, for example, Kimball Hill is building Legend Lakes, a community that includes townhomes ranging in size from 1,156 to 1,987 square feet and base-priced from \$148,990 to \$186,990. The townhomes come in seven different plans, with two to three bedrooms and 1½ to two baths.

According to Zillow.com, smaller homes like these have shown a greater rate of appreciation, 5.2 percent, in comparison to larger homes measuring over 3,000 square feet, at 3.5 percent. Smaller homes also require less energy for heating and cooling systems to regulate temperature, saving money on energy bills.

The townhomes at Legend Lakes are priced well below the average assessed value in McHenry County, which is at \$262,100, according to taxfoundation.org, yielding a much lower property tax bill.

"For retirees living on a fixed income, these savings really add up," said Jack Wexelberg, regional president of Kimball Hill Homes. "It frees up more money for travel and leisure, two things retirees should be able to enjoy."

For downsizers in Naperville, Kimball Hill Homes is building Mayfair, a community of courthouses and townhomes, measuring 1,935 to 2,205 square feet. They are base-priced from \$205,990 to \$308,990.

According to Wexelberg, the proximity of a shopping center may prompt some downsizers to sell one of their cars, another money-saver.

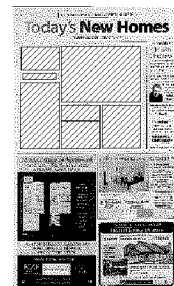
"The value of accessible amenities and a walkable lifestyle cannot be underestimated," said

### Turn to FORECAST, 2

Wexelberg. "Not only are there the benefits of financial savings, but the convenience of being able to walk to shops and the grocery store is priceless to many buyers."

Kimball Hill is also building downsizer homes at Huntington Chase in Montgomery, where one plan is priced more than \$50,000 below the median assessed value of a home in Kane County; at Whispering Meadows in Yorkville, where the Ashbury, starting at \$185,990, also below the median-assessed value of Kendall County homes.

"From savings on tax bills to energy costs, buyers considering downsizing are quickly seeing the move just makes sense. And when you factor in other benefits, like a walkable location



or cutting out yard work, the downsizing move is even more appealing," said Wexelberg.

## Urban in suburbia

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 complete with residential, retail, restaurants and more.

In southwest suburban Lemont, the Lemont Downtown Redevelopment Project by Marquette Cos. is a \$250 million mixed-use development that includes the Front Street Lofts, four five-story buildings with 82 lofts above 24,000 square feet of first-floor retail space.

"Instead of contributing to suburban sprawl, our goal is to revitalize Lemont's historic downtown with new residential and retail offerings," said Bruno Bottarelli, partner of Marquette Cos.

Another is Gilberts Town Center in Gilberts, benefiting from the small town charm with a mix of acres of open space, winding streets, numerous cul-de-sacs, tot lots, and bicycling/walking trails. Less than seven minutes from I-90, Gilberts Town Center offers a convenient lifestyle within a few miles of Randall Road and the Big Timber Metra Station in nearby Elgin.

Ryland Homes recently introduced a new collection of town-home designs ranging from 1,764 to 2,185 square feet and priced from \$229,990 to \$254,990.

Located on Route 72 (Higgins Road) just west of Randall Road in Gilberts, Gilberts Town Center is a community that will include both single-family homes and town-homes when complete.

Here are some other trends noted by homebuilding and sales experts.

## Condo-maximums

According to the National As-

sociation of Homebuilders, the average single-family home is 2,456 square feet. However, Chicago area developers have noticed buyers are looking for the same amount of square feet when buying a condominium.

This bigger-is-better mentality is clear at Ten East Delaware, a luxury boutique high-rise in the Gold Coast that offers plans as large as 2,910 square feet.

"There is no substitute for space," said Michael Reschke, chairman and CEO of the Prime Group, developer of Ten East Delaware. "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."

## The sure thing

With the real estate market in turmoil, buyers will be betting on the sure thing, said Ibrahim Shihadeh, co-principal of Winthrop Properties, developer of Printers Corner in the South Loop. "With our building complete and immediate move-ins available, sales momentum has been strong," he said. "We're one of the few buildings in the area ready for move-in. Until things smooth out a bit, buyers will continue to opt for developments that are complete or nearly complete rather than risk something that won't come to fruition or won't be as it was promised."

Also seeing strong demand for its immediate deliveries is Lexington Homes. The Chicago-based developer has move-in ready townhomes at Willow Place in Wheeling and Lexington Park in Des Plaines. Offering special pricing, homes at both communities are base-priced from the high \$200,000s to the low \$300,000s.

"Many of today's buyers are drawn to immediate-delivery homes because they like knowing exactly what their home will look like and when it'll be ready for move in - the idea of selecting

hundreds of finishes and waiting a year or so for delivery will no longer be the norm," said Jeff Benach, co-principal of Lexington Homes.

## Creating community

Many developers today are taking strides to form a sense of community among new residents before their homes are built, a trend that is expected to continue into 2009. Two Chicagoland communities — Park Place of Elmhurst, a new continuing-care retirement community sponsored by Providence Life Services, and Marquette Cos.' the Front Street Lofts in downtown Lemont — have distinctive ways to foster friendships among future residents before they move into their new community.

Park Place of Elmhurst enhances community growth with its monthly program Positively Park Place, which includes cultural outings and presentations for future residents.

At the Front Street Lofts, Marquette has partnered with the village of 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.

"Until the market corrects itself, it will be more important than ever before for buyers to feel good about their home purchase and their community," said Mike Vickery, executive director of the nonprofit Institute for Community.

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.

"Burr Ridge residents love

# GLENVIEW ANNOUNCEMENTS

Date: Thursday, January 01, 2009  
Location: GLENVIEW, IL  
Circulation (DMA): 8,458 (3)  
Type (Frequency): Newspaper (W)  
Page: 1,2  
Keyword: Park Place of Elmhurst

---

having a true town center with restaurants like Cooper's Hawk Winery & Restaurant and Topaz Cafe, as well as more than 20 stores from both national and local retailers," said Kimberly Mans, assistant property manager for Burr Ridge Village Cen-

ter. "Plus, no matter the season, residents can take advantage of events at the village green, ranging from movie nights and a farmer's market to outdoor concerts and our annual holiday tree-lighting ceremony."



**An artist's drawing shows Burr Ridge Village Center, a 20-acre lifestyle center in southwest-suburban Burr Ridge, developed by Opus North.**

Printing imperfections present during scanning