

# Homes Plus

## Smaller homes have stronger demand in a down economy

By JEAN MURPHY  
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Stephanie Doherty, Realtor with Coldwell Banker Residential Brokerage in St. Charles, loves a challenge and still enjoys her job, even though the real estate market has dropped dramatically over the past several years.

So she hates it when people look at her with sympathy in their eyes and act as if the real estate business is dead.

"Don't worry about me. I am still selling and I still love doing this job," the 17-year veteran of the Fox Valley residential real estate business said. "In fact, I sold four



LAURA STOECKER/Photo by Laura Stoeker for Daily Herald.com  
Coldwell Banker real estate agent Stephanie Doherty with a property she just sold at 1018 James St. in Geneva.

houses last week.

"I still love to see my buyers' faces when I get them a great deal and to see my

buyers' faces when they know I worked very hard to squeeze every dollar out of the buyer for them," Doherty said.

"There are still some very positive things about real estate and if you have the money and feel secure about your job, there has never been a better time to buy a house."

### What are you seeing in the overall real estate market in the Fox Valley?

Doherty admitted that even though houses are selling, they are sitting on the market longer and their sellers are not happy with prices they are getting.

"Most of my current sellers are in distress because of a job loss or they are people who are just generally worried about the economy and are choosing to downsize."

"Now I often get calls from former clients who tell me they just lost their job and won't be

able to afford to stay in their home for long, so they want me to come over and tell them what they can get for their house. It seems as if everyone is trying to cut their expenses by buying smaller houses, even if they haven't lost a job. They are worried about all the uncertainty in the economy, and their motto now seems to be 'I can live with less.'"

That is why the bigger houses are taking bigger hits when it comes to price, she said.

"But I still do occasionally get transferees coming in, looking for a large house. I just don't see as many of them as I once did."

### The details?

"Since 2007, prices in this area have dropped 30 percent.

In the Fox Valley right now our prices are down to November 2002 prices. So anyone who purchased their home after that is selling short or bringing money to the table at closing."

"People who bought during the housing bubble in 2005 or 2006 are so under water right now. Prices here rose very fast during those years and now we are paying for it."

For instance, during 2006, only 4 percent of the homes sold in St. Charles were sold at a loss. But so far in 2010, 40 percent of the homes sold in St. Charles have been sold at a loss, Doherty said.

Other than those homeowners who have owned their homes for many years and still have equity in them, "the only

See MARKET on PAGE 3

SUNDAY, OCTOBER 10, 2010 DAILY HERALD SECTION 7 PAGE 3

## Market: People too often overextended themselves

Continued from Page 1

ones making money on their houses right now are those who have purchased short sales or foreclosures and put some money into them and resold them."

### What is your perspective, looking at the market in hindsight?

"I was helping people buy houses back during the bubble when banks were anxious to lend large amounts of money to everyone and I remember warning them at the time, not to overdo it, just because the bank was willing to lend them X amount of dollars didn't mean they had to take all of it."

She reminded clients they would want to be able to go out to dinner and take an occasional vacation and they wouldn't be able to do that if they committed too much of their income to a mortgage

buyer market. They were coming out of the woodwork last spring before the tax credit expired, but now they are gone because they feel it is no longer advantageous for them to buy."

But that is not true, she said. "If someone had purchased a \$300,000 home four years ago, they would have spent \$80,000 on a 20 percent down payment and would have gotten an interest rate of 6.6 percent, so their monthly payment would have been \$1,533."

"Today that same house would probably cost them \$213,000 so their 20 percent down payment would only cost them \$42,600 and they could get a 30-year fixed rate mortgage for 4.2 percent, so their monthly payment on that very same house would only be \$833."

"This is a great time to buy enough."

— I cannot emphasize that enough."