

## TALKING BUSINESS

FRONT AND CENTER

## A bullish view on home sales

@Properties exec says shifting market offers opportunities

By Mary Ellen Podmolik  
Special to the Tribune

With every new headline, it appears the housing market is spiraling downward.

Just last week, the National Association of Realtors reported that sales of existing homes—which comprise 85 percent of the housing market—fell 8.4 percent in March, the worst drop in 18 years.

The news wasn't much better for new-home sales, which rose a lower-than-expected 2.6 percent last month, according to the Commerce Department.

The Federal Reserve weighed in as well, saying that home sales showed weakness in much of the country through mid-April.

Then there's Thaddeus Wong, co-founder and co-principal of @Properties. He doesn't wear rose-colored glasses, but when he looks at the Chicago's residential real estate market, he sees stabilization, not stagnation.

"Everyone is talking doom and gloom, fire sale," Wong said last week, sitting in the conference room of one of @Properties' four Chicago offices. "I don't think it's warranted across the board."

"For me, it's refreshing. When there's no rationale to the market, it scares me. People that make better choices are going to make good returns."

#### Poorest showing

The latest figures from the Chicago Association of Realtors show a local residential housing market in decline. The number of residential properties sold during the first quarter totaled 6,697, a 19.2 percent drop from the first quarter of 2006. It was the poorest showing for single-family homes since the first quarter of 1998, for condos and townhouses since 2004's first quarter and for multifamily buildings since 1995's first three months.

The average number of days on the market also showed a precipitous change. Regardless of the type of home, the marketing time during the first quarter rose an extra 25 to 35 days, compared with the first quarter of 2006. For instance, single-family homes were on the market for an average of 79 days in the first quarter of 2006; this year's first-quarter average marketing time was 110 days.

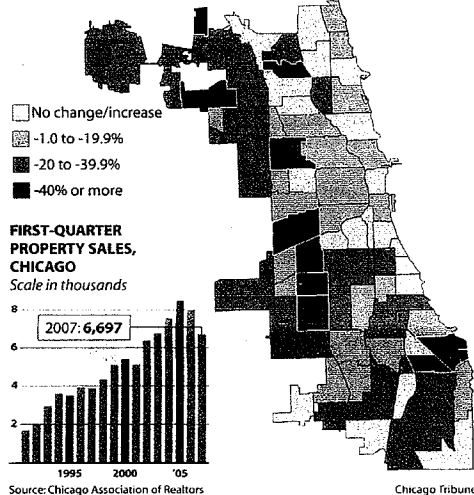
There are definitely supply issues. Wong conceded. However, he noted, "In a shifting market, there is dramatic opportunity."



Tribune photo by Chuck Berman  
Thaddeus Wong, co-founder and co-principal of @Properties, looks at the Chicago housing market and sees stabilization, not stagnation. "Everyone is talking doom and gloom, fire sale," he says. "I don't think it's warranted across the board."

#### Chicago sales slide

2007 FIRST-QUARTER PROPERTY SALES  
Percent change from 2006, by Chicago neighborhood



Buyers and sellers at both ends of the market continue to do well, he maintained.

On the low end, the rash of condo conversions has raised rents, driving more renters into purchasing their first home. "The mentality of being a home-

owner is different than it was 10 years ago," Wong said. "Everyone feels like they can and should own."

At the other end, the luxury high-rise market is doing well so long as the properties have floor plans and amenities that

set them apart from competitors. As an example, Wong points out that in the past two weeks, @Properties sold seven units at 10 E. Delaware, a Lucien Lagrange-designed high-rise project. Almost half of the 121 units, priced from \$469,900 to \$2.4 million, are sold.

More challenging to sell, however, is the traditional 1,200-square-foot, two-bedroom, two-bath corner unit.

Also in a slump are the emerging neighborhoods. Sales of multifamily properties in Dunning, Humboldt Park and South Chicago are half of what they were a year ago, the local Realtors' data shows.

The only way to be a successful pioneer in the current market, Wong said, is to buy in a neighborhood that is near public transportation and has the potential and the zoning to encourage commercial development.

#### Expecting growth

Despite those challenges, Wong stands by his prediction that @Properties' 2007 transaction volume will be \$2.1 billion to \$2.2 billion. In 2006, a year in which @Properties acted as listing agent, selling agent or both on 4,674 properties, transaction volume totaled \$1.725 billion, a 32 percent increase from 2005.

In September, the company was named to Inc. magazine's Inc. 500 list of the nation's fastest-growing privately held com-

panies, citing three-year revenue growth of 399.5 percent.

Part of Wong's bullish stance centers on how he runs the business he started in 2000 with co-principal Michael Golden and two agents.

Today, there are 500 real estate agents and a marketing department of 15 people whose job is to help the agents market themselves as a brand.

New this year is a series of 15 restaurant guides, organized by neighborhood, which will feature the biographies of agents who serve those neighborhoods.

He also has hired an employee whose sole function is to ensure that all the agency's new listings appear on Craigslist.org each week. Properties also are posted on Trulia.com.

Wong also tries to create a convivial atmosphere within the firm, to remove the specter that the offices will turn into a sort of "Glengarry Glen Ross."

He has brought in motivational speakers and organized social events. It's all with an eye on selling the 1,600 listings that @Properties typically maintains.

Wong estimated it may take 18 months for the market's "stabilization" to be complete. Others think he's on target.

"The fundamentals are there in terms of job creation, low interest, and the economy is growing," said Walter Molony, a spokesman for the national Realtors' group.