

TOWN OF THE CITY OF BLOOMINGTON

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To: Town Trustees
From: Michael Ireland
Date: June 23, 2011
Subject: Monthly Report

1. The housing market continues to be a focus of the economic recovery and now a constant warning of a double dip recession is at the forefront of where housing is headed. The contents of this report are inspired by a comment to me; “that values have declined in Bloomington by as much as 25%, and when will the assessments be dropping to reflect the market conditions?” I asked about the source as I’ve not seen any local data or reports to support such a claim. I have researched some of the National and State trends found on various web sites and news services along with my own data. Sources I have found to be reasonably reliable are;
 - The Federal Housing Finance Agency, Housing Price Index (HPI); <http://www.fhfa.gov>. A companion site is www.proximityone.com as it directly compares Bloomington-Normal to other similar MSA’s.
 - Another often mentioned source is Zillow: <http://www.zillow.com/> . All real estate is local so I tend to rely on national data sources that list specifics about Bloomington-Normal.
 - Included as well from the Illinois Association of Realtors; <http://www.illinoisrealtor.org> with a comparison by county.
 - Sales data collected in the Assessor’s Office is also used to evaluate how prices have changed

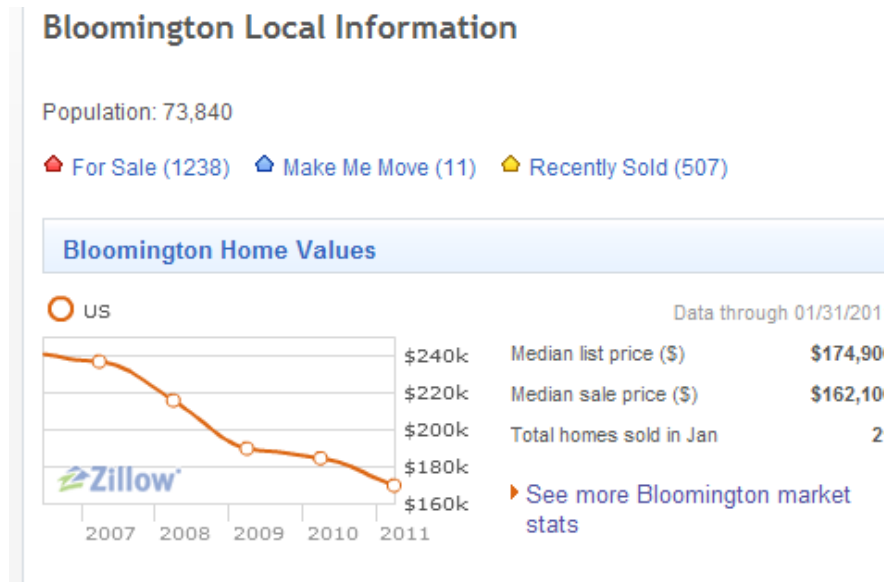
I’ll summarize the sites and reports I’ve compared. Keep in mind that property assessments lag behind current market trends intentionally as prescribed by the statutory three year average. So the data and reports signify current and future trends in assessments.

The table below is from www.proximityone.com and uses the FHFA housing price index, the last column reflects the annual percentage change in value based on repeat sales, or refinance. Notice Bloomington-Normal has the only positive amount in this report.

Rank	Area	Sum...	St	Code	2010q1	2010q2	2010q3	2010q4	2011q1	%Ch10q1-10q2	%Ch10q2-10q3	%Ch10q3-10q4	%Ch10q4-11q1	%Ch10q1-11q1
1	Bloomington-Normal, IL MSA	310	IL	14060	147.94	148.78	149.65	149.33	148.32	0.57	0.58	-0.21	-0.68	0.26
2	Champaign-Urbana, IL MSA	310	IL	16580	173.66	174.53	174.55	174.27	171.68	0.50	0.01	-0.16	-1.49	-1.14
3	Chicago-Joliet-Naperville, I...	310	IL	16974	168.68	166.65	168.31	166.98	160.22	-1.20	1.00	-0.79	-4.05	-5.02
4	Danville, IL MSA	310	IL	19180	163.45	156.47	158.64	161.93	156.79	-4.27	1.39	2.07	-3.17	-4.07
5	Decatur, IL MSA	310	IL	19500	150.38	152.34	154.74	155.53	148.58	1.30	1.58	0.51	-4.47	-1.20
6	Kankakee-Bradley, IL MSA	310	IL	28100	156.34	151.68	156.15	152.96	153.83	-2.98	2.95	-2.04	0.57	-1.61
7	Lake County-Kenosha Coun...	310	IL	29404	153.42	152.18	153.29	152.03	146.31	-0.81	0.73	-0.82	-3.76	-4.63
8	Peoria, IL MSA	310	IL	37900	168.20	169.70	170.43	170.25	166.63	0.89	0.43	-0.11	-2.13	-0.93

★ IL Illinois ★ SumLev ... Show All Find in Name: New Mexico

From Zillow.com, they are providing this look at Bloomington up to January 2011. Zillow does not have a repeat sales home price index. Rather they show changes in median values. I've generally found data on Zillow to be the least accurate by comparison.



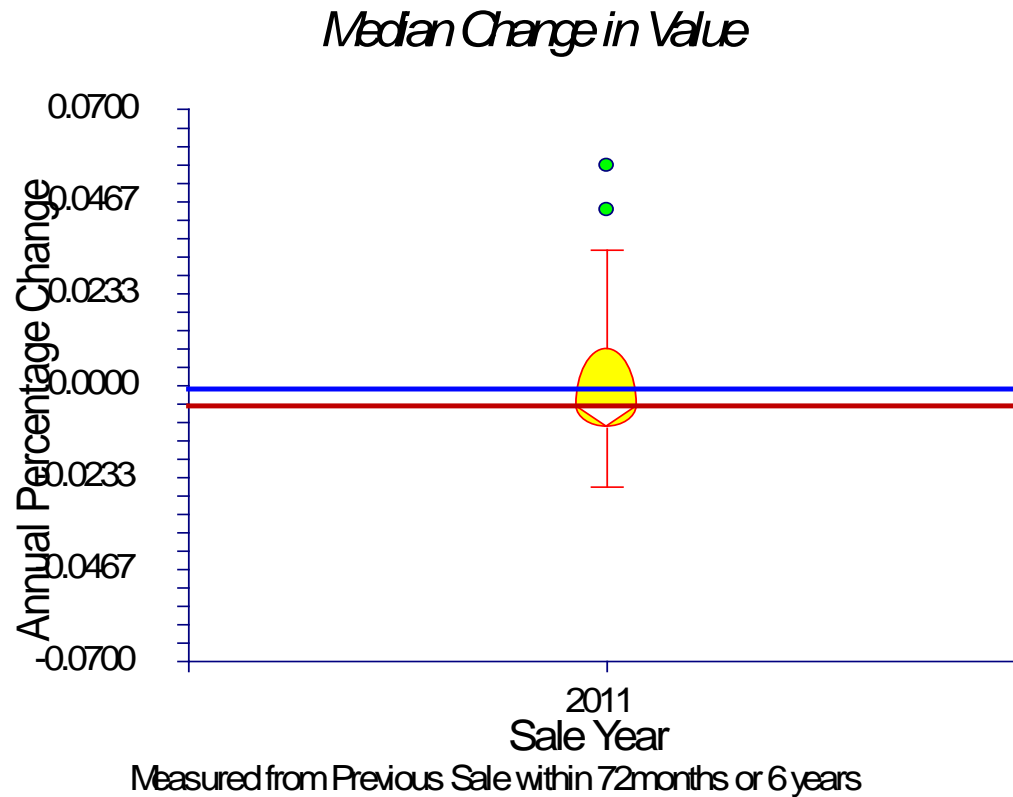
The Illinois Association of Realtors provide monthly updates by counties on trends from transactions and changes in the median prices as reported using data from the local board of realtors. The full report is on our blog page, <http://wevaluebloomington.org/AssrRptComnt>, and below I have summarized using other similar sized counties

County	Q1 2009 Transactions	Q1 2010 Transactions	Q1 2011 Transactions	Q1 2009 -2010	Q1 2010 -2011	Median 2010 Q1	Median 2011 Q1	% Change Median Price	% Change Average Price
McLean	320	353	266	10.3%	-24.6%	\$150,000	\$149,000	-0.7%	0.3%
Champaign	306	280	243	-8.5%	-13.2%	\$130,500	\$141,000	8.4%	6.0%
La Salle	150	174	130	16.0%	-25.3%	\$96,300	\$72,000	-25.2%	-11.1%
Macon	186	196	170	5.4%	-13.3%	\$75,000	\$81,250	8.3%	7.0%
McHenry	345	464	404	34.5%	-12.9%	\$179,950	\$170,000	-5.5%	-9.1%
Peoria	321	392	291	22.1%	-25.8%	\$93,250	\$90,000	-3.5%	-2.9%
Rock Island	198	224	199	13.1%	-11.2%	\$92,000	\$86,500	-6.0%	3.4%
Sangamon	441	449	341	1.8%	-24.1%	\$120,000	\$119,900	-0.1%	-2.6%
Tazewell	260	305	266	17.3%	-12.8%	\$114,000	\$104,500	-8.3%	-1.9%
Vermilion	108	90	123	-16.7%	36.7%	\$43,700	\$55,000	25.9%	-3.8%
Average w/o Mclean						\$104,965	\$102,239	-0.667%	-1.667%
Median w/o McLean						\$100,633	\$96,119	-2.083%	-2.250%
McLean County to Average						+42.90%	+46.70%	- .03%	+1.967%
McLean County to Median						+45.74%	+55.02%	+2.783%	+2.550%

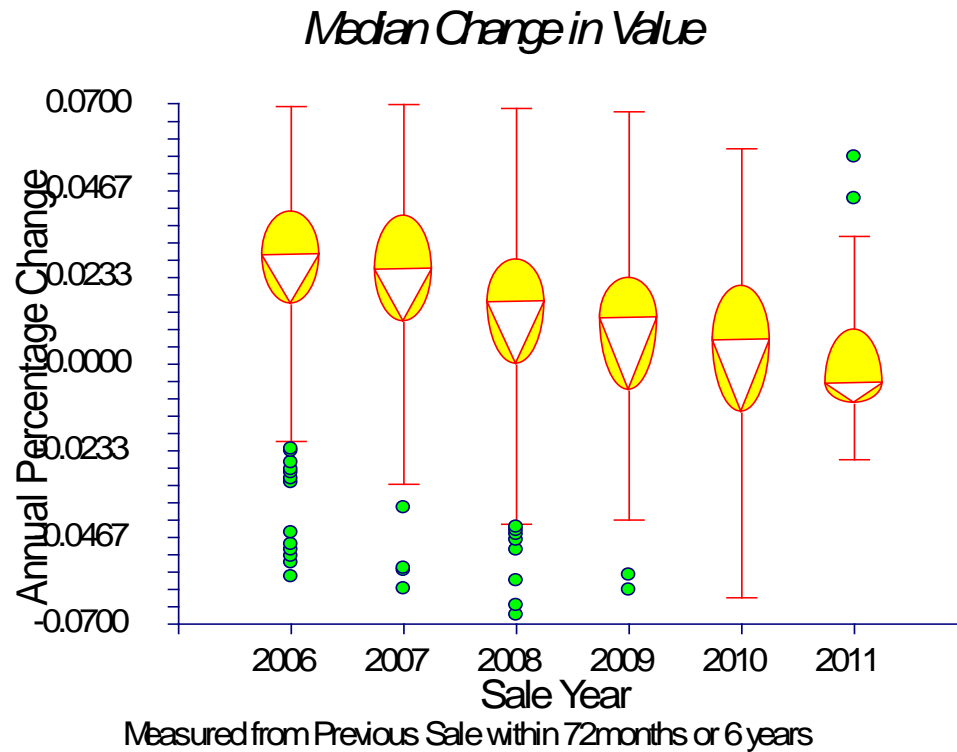
As I discussed in the past gaps at different price levels in year to year comparisons can cause some distortion in the median price, also this data is for the entire county and not just Bloomington, or Bloomington-Normal making some distortion built in. It does however provide for some relative comparative results. Clearly McLean County real estate is doing far better than many other Illinois counties with similar size urban areas. Only McHenry County has a higher average and media price but appears to have been experiencing more loss in value. Champaign and Macon counties are the only central Illinois counties showing any kind of positive gain in value.

So far FHFA indicates a general price increase based on resale in the first quarter of 2011 over 2010 to be 0.26%. Zillow also indicates an increase for 2010 based on a change in the median price from \$150,000 to \$162,100 for 2011, that's 7.47%. The Illinois Association of Realtors has a 7/10th of one percent decline in the median, and a 3/10th of one percent increase in the average price when comparing the first quarter of 2010 to 2011. The data was based at the county level.

Below are results from the most local of all the data that is data used in the assessment process; arms-length sales years 2006-2011, using sales through June for each year to keep the comparisons relative to time. I provided the median change for Bloomington in last month's report. While the median did show some increase a drop of 33.3% in the number of transactions below \$150,000 skew those results. Using 2011 resale's gives a better indicator of changes in the market over time. See the graphic below where the blue line is the average and represents no change at (0.00091) and the red line as the median with (0.0052) or one-half of one percent drop: The box plot with an ellipse shape gives a visual reference to the spread in the data.

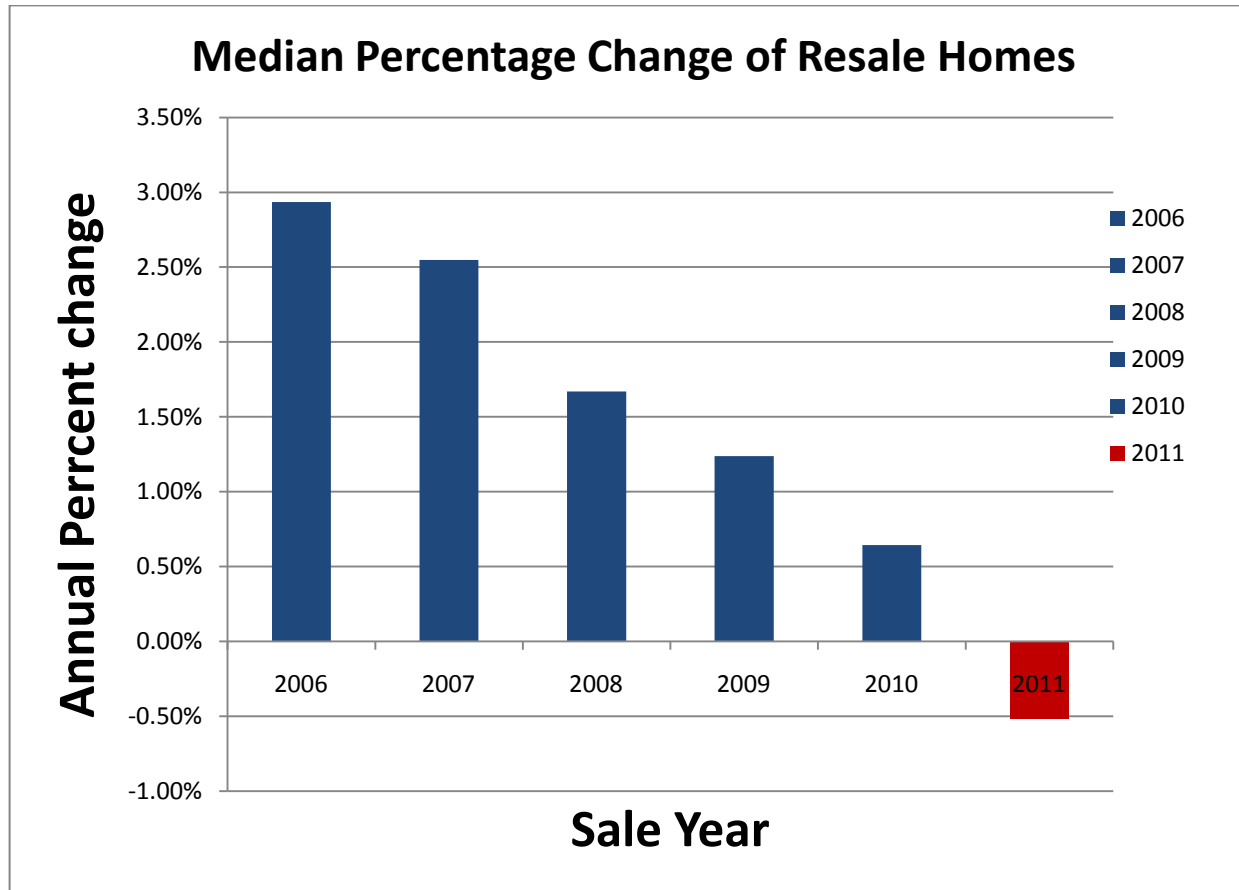


Adding additional years for comparison provides another glimpse of how values are trending. Using the first six months from each year starting in 2006 you begin to see the decline from the peak in terms of how values have changed. Property values grew approximately 3% annually in 2006 as the recession hit the growth in value slowed gradually to its current level.



Box plots are useful in showing activity above and below the median. The green dots are cases outside of what is considered typical. Notice that by 2009 all but 2 extremes cases with negative values disappeared, and now have reversed the pattern in 2011.

A simple bar chart view is also helpful in understanding the results and shows only the median change.



Keeping in mind that the rate of change in value has declined is not the same as saying that values are declining. Values were still increasing through 2010 although at a much slower rate 6/10th of one percent rather than the +3% change at the peak of the market in 2006.

Conclusion: Throw-out the Zillow results; I don't think we are seeing +7% changes in value. The other reports put the annual rate of change between; +0.26%, and **-0.70%**. Next month I'll report on how market changes are reflected in assessments.

Questions, please feel free to contact me. Mwi ☺