

Last dance? Should Uncle Sam's successful housing tax credits be extended?



The Home Front By Don DeBat

Home buyers and sellers would love to gaze into a crystal ball this spring and have a clear view of the housing market's future.

With Uncle Sam's housing incentives about to end, and a jobs recovery is underway, even the brainy economists are wondering how fast the nation's real estate market will rebound.

Yale economist Robert J. Shiller says sometimes home price booms and busts end quite suddenly. This is what happened in 1995 to 2006 boom, and the bust of 2006 to 2009.

"Today we need to worry about strong headwinds, as the government begins to withdraw its support of a still-troubled lending industry and as foreclosures are dumping millions of homes

onto the market," Shiller recently observed in the New York Times.

On March 31, the Federal Reserve ended its program of buying \$1.25 trillion of mortgage-backed securities, and economists say this action will put upward pressure on interest rates. And, the home-buyer tax credit will expire on April 30, perhaps sparking a slow-down in home sales.

Frank E. Nothaft, chief economist and director of Freddie Mac, says the current consensus is for a slow recovery, where the economy grows modestly and unemployment declines gradually over several years. The latest economic outlook by Freddie Mac predicts that the following factors will restrain U.S. economic growth:

- A banking sector weakened from the financial crisis.
- The negative impact of the economic crisis on household wealth and consumer confidence.
- An excess of existing for-sale housing units that will weigh on sales of new homes.

"Consistent with this view, Federal Reserve Chairman Bernanke has warned that unemployment rates are likely to remain elevated well into the economic recovery," Nothaft said.

For the current quarter, Freddie Mac sees 30-year fixed-rate mortgage rates hovering in the 5-percent to 5.25-percent range. "These rates are still relatively low and, coupled with the home-buyer tax credit in effect on contracts signed through April 30, should help to promote a market that maintains a high level of

home buyer affordability," Nothaft said.

"We project home sales will rise about 10 percent for the year, relative to 2009's annual volume," he said. "However, the current large backlog of seriously delinquent mortgages remains a daunting prospect for many local markets across the country, and it may take two years or more to return to more normal housing market conditions."

Another cloud hanging over the housing market is the specter of higher mortgage rates. Economists say higher interest rates are the inevitable outcome of the nation's ballooning debt.

Freddie Mac reported in early April that benchmark 30-year home-loan rates rose to 5.21 percent, the highest level in eight months. Experts say each increase of 1 percentage point in mortgage rates adds as much as 19 percent to the total cost of a home.

The Mortgage Bankers Association is forecasting that 30-year fixed loans will rise to 5.5 percent by late summer and as high as 6 percent by late 2010.

All of these forecasts point to a very clear view in that crystal ball. If you are planning to buy a home, better do it sooner rather than later and lock in a low rate now on a long-term mortgage.

Don DeBat's weekly real estate column is syndicated by DeBat Media Services. For more home-buying information visit his website at: www.dondebat.net.

To be built in three phases

Zoning approved for \$100 million Eastern Tower in Chinatown

CHICAGO—Eastern Tower, a planned \$100-million mixed-use development in the Chinatown neighborhood, recently received final zoning approval from the city, according to Wabash Development Group.

"With affordable condominiums, an indoor shopping mall and a hotel, Eastern Tower promises to be a destination site and a totally new concept in mixed-use development in Chinatown," said developer See Y. Wong of Wabash Development Group.

Eastern Tower is planned in three phases on 2.5 acres at 24th Street and Wallace Avenue. Phase I will consist of 12,000 square feet of commercial space and 96 condominiums in a 7-story building, Wong said.

Affordable 2-bedroom, 1-bath condos with 700 square feet of space are expected to be priced under \$200,000 at Eastern Tower. Two-bedroom, 2.5-bath units with 800 square feet are expected to be priced in the mid-\$200,000 bracket.

Phase II of the development will include a six-level community center and indoor mall with 250,000 square feet of commercial space and parking, Wong said.

The final stage is planned as a 22-story high-rise containing 150 condominiums and 100

deluxe hotel rooms.

The Chinatown neighborhood is bounded roughly by 18th Street, Canal, 26th and Wentworth.

• Grand Imperial Hotel. Wabash Development Group also is planning the \$50-million Grand Imperial Hotel Condominium, two-phase Chinese-themed hotel-condominium development at 2150 S. Clark.

The initial stage is proposed as a 26,000-square-foot retail center, and is targeted for ground breaking in late 2010, Wong said. Phase II is planned as an 8-story hotel with 80 rooms. The project is awaiting city approval, Wong said.

• Canal Crossing. Wong is offering a special buyer's incentive at Canal Crossing, a 60-unit condominium development at 2318-2328 S. Canal in Chinatown.

"First-time buyers who purchase a condominium at Canal Crossing between now and April 30th can take advantage of the \$8,000 federal tax credit, and we will match that with an additional \$8,000 incentive," Wong said.

"Canal Crossing is nearing completion and is 90-percent sold," Wong said. Remaining units range in price from the low-\$200,000 range to the low-\$300,000-bracket. A parking space is included in the price.

Ten to 15 percent of the buyers at Canal Crossing are from Hong Kong and mainland China, Wong said.

Wabash Development recently completed a 2-story, 12,000-square-foot retail center

one block south of Canal Crossing and the development is fully leased.

For more information on the Wabash Properties' developments, call 312-360-1818.



Aerial view shows Eastern Tower, a totally new concept in mixed-use development in Chinatown. To be built in three phases at 24th Street and Wallace Avenue.

Villa Taj Moorish estate listed for \$13 million in Burr Ridge

CHICAGO—The Villa Taj, an exquisite 30,000-square-foot Moorish-style estate residence on 3.5 acres at 6501 S. County Line Road in west suburban Burr Ridge is for sale for \$13 million.

"This luxury estate residence was designed as a palace for a wealthy doctor from Iraq and built at a cost of \$25 million," said exclusive listing broker Kenneth A. Goldberg of Chicago-based Federal Auctions and Brokerage.

"The home is a palace created by a man obsessed with the very best in quality and detail, and inspired by his lifelong travels throughout the world," Goldberg said. "It is a handcrafted

estate residence of such grandeur and opulent finishes, it sets a new benchmark for residential design."

The massive 2-story estate home also has a full walk-out lower level. "Villa Taj features 8 bedrooms, including 6 master bedroom suites each with a full bath, plus 4 powder rooms, a grand ballroom with 38-foot ceilings, a family entertainment room, and a library," Goldberg said.

The home's "Imperial" master-bedroom suite encompasses 2,500 square feet, including a huge master bathroom.

Villa Taj also showcases two 30-by-30-foot living rooms, a gourmet kitchen, a 32-by-27-foot formal dining room and adjacent dining lounge, a wine cellar, a cigar room, an elevator a 20-car heated garage and an additional 15,000 square feet of outdoor terraces which surround the house and overlook adjoining landscaped French-style gardens, Goldberg said.

The commanding main entry double doors are each 10 by 8 feet in size and weigh more than 4,000 pounds. The antique doors that exit both the gourmet kitchen and the family entertainment room are more than 100 years old and handcrafted from sterling silver with inlaid detailing.

Each of the six bedrooms showcases a spectacular antique or custom-designed door. "Several of these doors were purchased from actual palaces around the world," Goldberg said.

The exterior walls of Villa Taj are 14 inches thick and made from more than 5,000 hand-cut gold Jerusalem limestones. Each stone weighs 100 pounds. All floors are finished with Brazilian wood, cherry wood, Italian marble or gold Jerusalem limestone. The house features six HVAC units.

Broker Kenneth A. Goldberg, one of Chicago's most experienced real estate professionals, launched Federal Auctions & Brokerage early this year with offices at 843 W. Van Buren in Chicago's Greek Town neighborhood.

A veteran broker who has participated in nearly 2,500 transactions valued in excess of \$420 million, Goldberg, president of Federal Auctions & Brokerage, already has listed an inventory of property valued at more than \$40 million, and is in negotiations to acquire \$100 million in new listings.

"As a full-service real estate firm, Federal Auctions & Brokerage thoroughly examines each property and combines individualized state-of-the-art marketing applications with national resources, ingenuity and depth of experience," Goldberg said.

The firm's comprehensive brokerage services encompass demographic analysis, strategic planning and targeted advertising, noted Goldberg, who already has hired a staff of eight, and has desk space for 18 real estate professionals in the 7,000-square-foot two-level office.

The company's client base includes financial and trust institutions, insurance companies, Fortune 500 companies, developers, builders and law firms.

"Our disposition strategies include negotiated sales, workouts, special asset transactions, sealed bids and public auctions and tenant representation," Goldberg said.

For more information on these properties and other Federal Auctions & Brokerage listings, please call 312-262-3000 x 305, or visit the website: www.FederalAuctionsandBrokerage.com.



Villa Taj was originally built at a cost of \$25 million by an Iraq doctor. The elegant 30,000 square-foot home is priced at \$13 million.