

## Peoria: Anatomy of a Recovery

Peoria is not the only Illinois real estate market area in which ORER LETTER takes an interest. However, the city has gained more than its share of attention in the quarterly Illinois Real Estate Markets feature. The city presents an interesting case, in that its median home prices consistently rank lowest among measured areas nationwide, whereas people familiar with the local markets do not consider Peoria housing to be particularly cheap. ORER Director Peter F. Colwell analyzed data provided by the Peoria Board of Realtors® in preparing for a recent presentation to the Board. Some of his conclusions follow.

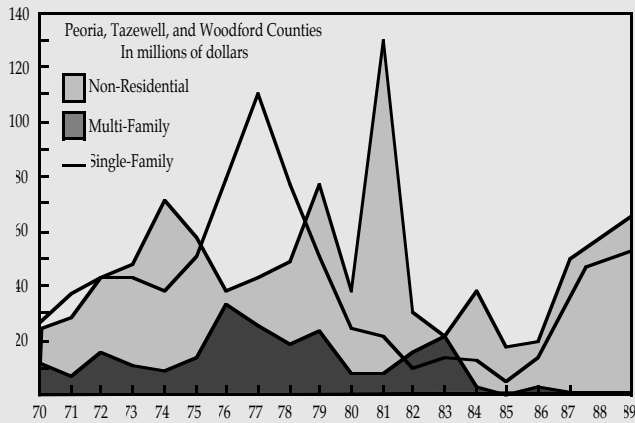
The Peoria area real estate market seems to have recovered much of the vitality that it lost in the first half of the 1980s. The level of activity has not approached that of the “glory days” of the late 1970s. Still, the area certainly does not appear to be the housing wasteland that would be suggested by the nation’s lowest median home price. (Actually, the most recent figures show Saginaw, MI below Peoria.)

The graphs below help to tell the story of the area’s recent market experience. Construction activity has been increasing, particularly in the single-family and non-residential sectors. The mix is different, however; major downtown redevelop-

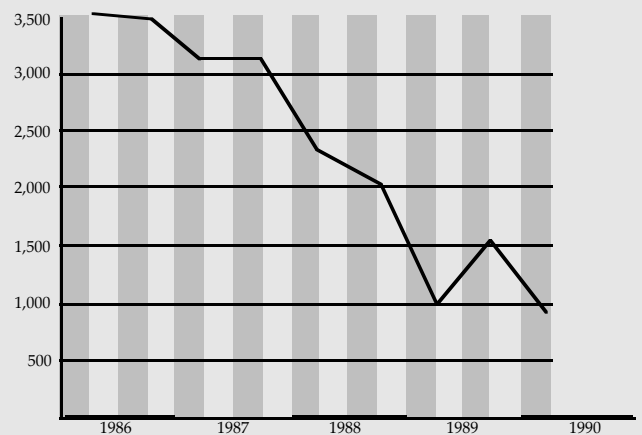
ment of the early 1980s has given way to suburban projects, and multi-family construction, once substantial, has been particularly slow in recent periods.

The excess inventory of homes has been depleted considerably in the most recent few years; note that in 1986 there were approximately nine times as many listings as sales, whereas the most recent listings-to-sales multiple is less than two. As the relative abundance in supply has fallen, sellers have been able to command higher prices; the mean selling price of a home increased by almost \$10,000 (a 20% increase in nominal dollar terms) between 1986 and 1990.

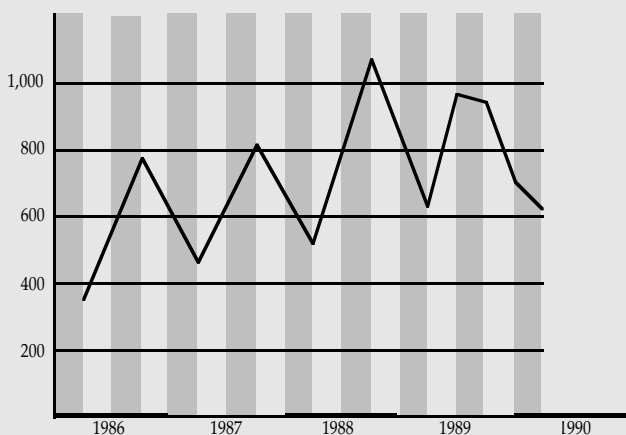
Peoria MSA Construction Permit Values



Peoria MLS Home Listings: 1986 - 1990



Peoria MLS Home Sales: 1986 - 1990



Average Price in Peoria MLS Home Sales: 1986 - 1990

