This home in Oak Park is listed for $410,000 by Prudential Premier LLC. Oak Park's inventory has dropped to four and a half months, making it no longer a buyer's market. Oak Park's median price of $400,699 puts this home right in the middle. See the full listing.

Has your area stabilized?

See our chart of top towns and neighborhoods

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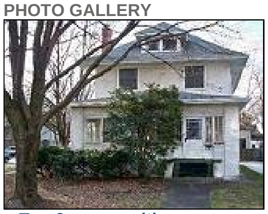
BY KAY SEVERINSEN - SearchChicago-Homes Editor

So, I heard from Chip. He thinks we're gonna live.

Chip Wagner is a real estate appraiser in Naperville who sends out quarterly market reports on every city in the metropolitan area. I love all his Excel charts because I'm weird like that. And because you can skim his lists and see which tiny little suburb had a 400 percent price increase because they only sold two houses and one of them cost a million dollars – stuff like that.

PHOTO GALLERY



Top 9 communities

But the good news from Chip is, he says, "something we have been waiting four years to hear."

He says he had a sneaking suspicion all during 2009, but now he is convinced. "Our Chicago-area real estate markets which showed deterioration beginning at the end of 2005, have finally seen a measurable reversal, and the bottom occurred at the end of 2008."

He's calling 2009 the year of the "turn-around." Prices may still drop a little more for awhile, but he points out the real reason it's almost over – the inventory of unsold homes is dropping, and in some towns, it's near normal levels.

(The inventory, also known as the absorption rate, or "months' supply," is based on the number of homes currently for sale, divided by the average number of homes that sell in that area in a given month. If a neighborhood usually has 10 homes sell per month and there are 100 homes for sale, it will take 10 months for all of those homes to sell.)

Less inventory equals less of a buyer's market. Equals price stabilization. Equals maybe we can crawl out of our dank, dark depths of despair.

By the end of 2009, Wagner says, only 23 communities in our area saw an increase in housing inventory and 160 had a decrease. Inventory went down 30 percent region-wide during 2009, and now stands at an average of 8.3 months' supply, the lowest in three years.

Most real estate professionals say that you have a good balance when there is around a six-month supply (some say it's three or four months, some say it's seven). Less and it's a seller's market; more and it's a buyer's market.

But what about The Shadow? Not unlike the old radio show bad guy, the Shadow inventory is suspected to be lurking in the future, waiting for us to get all comfortable, and then a torrent of bank-owned foreclosures will drop on the market, lots of home sellers will stick a toe back in, and the next thing you know we'll have a large inventory again. That could happen, and it could cause a double-dip recession.

But just as big of a factor, in my opinion, is unemployment. The buying and selling of homes will not be robust until we are once again the City that Goes to Work. If companies start to hire again, any upcoming shadow inventory could wilt under the sunny skies over Chicagoland. If they don't, well –

Let's just look on the bright side for awhile. Here are some of the neighborhoods and towns where inventory of single family homes is under a six months' supply:

City or neighborhood	Months' supply	Average sales price
Buffalo Grove	5.95	$360,952
Glendale Heights	5.9	166,657
LaGrange Park	5.88	342,791
Montgomery	5.66	171,513
Oak Park	4.56	400,699
Schaumburg	5.32	303,636
Albany Park	5.88	304,850 (Dean-Team.com)
North Center	5.3	798,361 (Dean-Team.com)
Rogers Park	5.45	373,323 (Dean-Team.com)

Source: A. L. Wagner Appraisal Group, Inc; Dean-Team.com

Another bright spot

If you are planning to buy this year, earlier is better. Some forecasters are predicting that the home price slide will end in coming months and prices may start inching upward. A spring purchase also might earn you that tax credit for first-time and move-up buyers. You would need a binding sales contract by April 30 to qualify.

First American CoreLogic's new Home Price Index shows that prices are still inching downward in our market, but the company predicts that by November of 2010, home prices will be up 4.25 percent, including distressed properties. Take those out and even regular housing will be up a half percent.