

Housing Price Forecasts

Illinois and Chicago PMSA, July 2024

Presented To

Illinois REALTORS®

From

UIC Stuart Handler Department of Real Estate

July 22, 2024

The Housing Market

In June, house sales in Illinois and the Chicago PMSA experienced a negative annual change, while median prices experienced a positive annual change. 12,400 houses were sold in Illinois, changing by -16.7% from a year ago and -6.4% from a month ago. In the Chicago PMSA, 8,700 houses were sold, changing by -15.3% from a year ago and -5.0% from a month ago. The median price was \$315,050 in Illinois, up 8.6% from June last year; the comparable figure for the Chicago PMSA was \$375,000, changing by 7.1% from June last year.

In June, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among the total sales was 3.3%. 8,300 regular sales were made, -14.0% less than last year. 282 foreclosed properties were sold, -41.6% less than last year. The median price was \$379,700 for regular property sales, up 6.958% from last year; the comparable figure for foreclosed properties was \$260,000, an increase of 2.0% from last year.

The sales forecast for July, August, and September suggests a decrease on a yearly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -10.4 to -14.1%; the comparable figures for the Chicago PMSA are a decrease in the range of -8.5% to -11.4%. On a monthly basis, three-month average sales are forecast to decrease in the range of -6.8% to -9.2% for Illinois and in the range of -6.7% to -9.0% for the Chicago PMSA.

The pending home sales index is a leading indicator based on contract signings. This June, the number of homes put under contract was less than last year in Illinois and the Chicago PMSA. The pending home sales index is 102.3 (2019=100) in Illinois, down 3.7% from a year ago. In the Chicago PMSA, the comparable figure is 100.4, down 5.8% from a year ago. At the latest average annual pending sales rate, Illinois had enough housing inventory for 2.0 months (remaining the same as last year). In the Chicago PMSA, the comparable figure was 2.0 months (remaining the same as last year). The lowest price ranges (<\$100K) showed the largest decline both in Illinois, and in the Chicago PMSA.

The median price forecast indicates positive annual growth for July, August, and September in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 8.4% in July, 8.3% in August, and 9.1% in September. For the Chicago PMSA, the comparable figures are 7.0% in July, 6.7% in August, and 7.1% in September. As a complement to the median housing price index (HPI), the SHDRE HPI forecasts a positive growth trend for both Illinois and the Chicago PMSA. In Illinois, the SHDRE HPI (Jan 2008=1) is forecast to change by 7.3% in July, 7.4% in August, and 8.3% in September. The comparable figures for the Chicago PMSA are 3.8% in July, 5.2% in August, and 5.8% in September. SHDRE HPI takes housing

characteristics into account and constructs comparable “baskets” of homes for each month.

In June 2024, the Conference Board Consumer Confidence Index declined to 100.4 (1985=100) in June from 101.3 in May. These values are within the same narrow range that has held throughout the past two years. Meanwhile, in June 2024, the University of Michigan Consumer Sentiment Index declined from 71.5 to 68.2.

The Housing Market: Current Condition

- In June, house sales in Illinois and the Chicago PMSA experienced a negative annual change, while median prices experienced a positive annual change. 12,400 houses were sold in Illinois, changing by -16.7% from a year ago and -6.4% from a month ago. In the Chicago PMSA, 8,700 houses were sold, changing by -15.3% from a year ago and -5.0% from a month ago. The median price was \$315,050 in Illinois, up 8.6% from June last year; the comparable figure for the Chicago PMSA was \$375,000, changing by 7.1% from June last year.
- In June, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among the total sales was 3.3%. 8,300 regular sales were made, -14.0% less than last year. 282 foreclosed properties were sold, -41.6% less than last year. The median price was \$379,700 for regular property sales, up 6.958% from last year; the comparable figure for foreclosed properties was \$260,000, an increase of 2.0% from last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- In June, at the latest average annual pending sales rate, Illinois had enough housing inventory for 1.8 months (increasing from 1.7 of last year). In the Chicago PMSA, the comparable figure was 1.8 months (increasing from 1.7 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced a decrease in Illinois. Months of supply for homes in the lowest price ranges (<100K) experienced a decrease in the Chicago PMSA. (Reference: Illinois and Chicago PMSA Annual Months' Supply by Price Range figures)
- In June, the market shares of homes in the 3rd largest price range experienced the largest change compared to a year ago for Illinois. The same pattern held for the Chicago PMSA. In Illinois, the market share for homes priced \$300-500K increased to 35.4% from 27.3% a year ago. In the Chicago PMSA, the market share for homes at \$300-500K increased to 31.6% from 29.5% a year ago. (Reference: Illinois and Chicago PMSA Price Stratification figures)

The Housing Market: Forecast and Future Condition

- The median price forecast indicates positive annual growth for July, August, and September in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 7.0% in July, 8.3% in August, and 9.1% in September. For the Chicago PMSA, the comparable figures are 7.0% in July, 6.7% in August, and 7.1% in September. (Reference: Forecast for June 2024 report table)
- As a complement to the median housing price index (HPI), the SHDRE HPI forecasts a positive growth trend for both Illinois and the Chicago PMSA. In Illinois, the SHDRE HPI (Jan 2008=1) is forecast to change by 7.3% in July, 7.4% in August, and 5.8% in September. The comparable figures for the Chicago PMSA are 3.8% in July, 5.2% in August, and 5.8% in September. The SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.
- The sales forecast for July, August, and September suggests a decrease on a yearly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -10.4 to -14.1%; the comparable figures for the Chicago PMSA are a decrease in the range of -8.5% to -11.4%. On a monthly basis, three-month average sales are forecast to decrease in the range of -6.8% to -9.2% for Illinois and in the range of -6.7% to -9.0% for the Chicago PMSA.(Reference: Forecast for June 2024 report table)
- The pending home sales index is a leading indicator based on contract signings. This June, the number of homes put under contract was more than last year in Illinois and Chicago PMSA. The pending home sales index is 102.29 (2019=100) in Illinois, up 3.71% from a year ago. In the Chicago PMSA, the comparable figure is 100.37 up 5.83% from a year ago. (Reference: Illinois and Chicago PMSA Pending Home Sales Index figure)

The Economy

In June 2024, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate decreased to 4.1%, and non-farm payroll jobs experienced a gain of 206,000 jobs. Notable job gains occurred over the month in Government (+70,000); Health care (+49,000); Social Assistance (+34,000); Construction (+27,000).

In May 2024, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate increased to 4.9%. Non-farm payroll jobs increased by 12,700. The industry sectors that reported the largest over-the-month gains in employment were: Professional and Business Services (7,100),

Government (3,300), Financial Activities (2,400). The one-year-ahead forecast for Illinois indicates that non-farm employment will change at a rate between 2.3% and 2.38%, corresponding to job gain between 140,300 and 145,200. The largest contributors to the forecast increase are professional service, and information, and manufacturing.

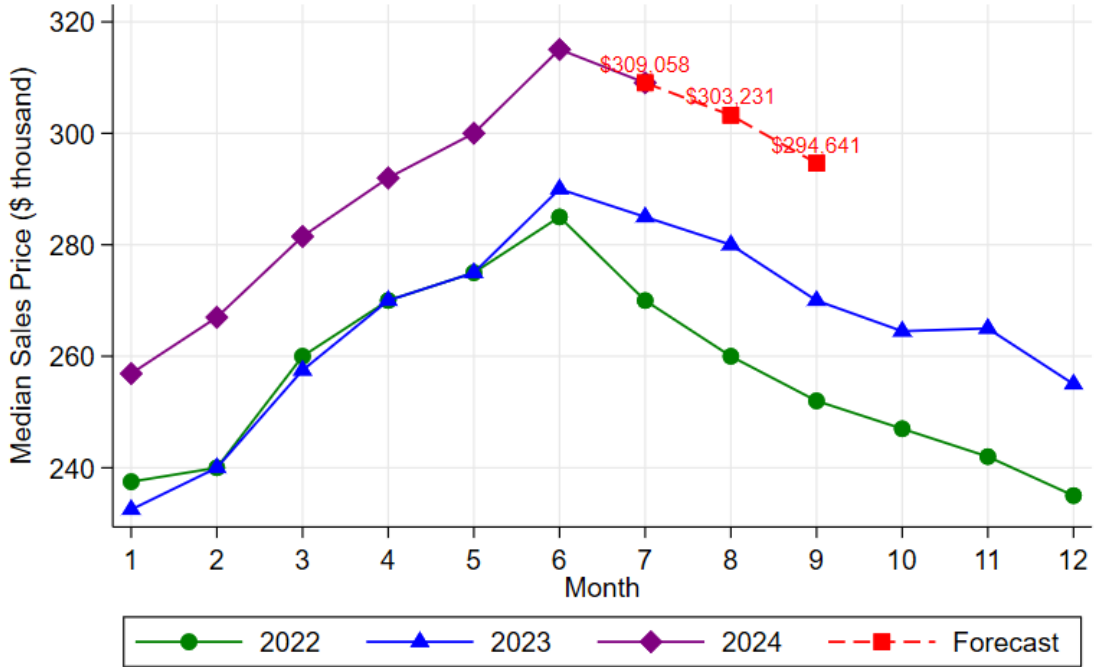
Longer-term Outlook

- In June 2024, the Conference Board Consumer Confidence Index declined to 100.4 (1985=100) in June from 101.3 in May. These values are within the same narrow range that has held throughout the past two years. Meanwhile, in June 2024, the University of Michigan Consumer Sentiment Index declined from 71.5 to 68.2.

“Prices continued to rise in June,” said Dr. Daniel McMillen, Professor of Real Estate and Associate Dean for Faculty Affairs at the University of Illinois at Chicago College of Business Administration. “Our forecasts indicate that prices will begin their typical seasonal decline over the next three months. The number of sales is forecast to decline also. Surveys indicated that consumer confidence in the economy remains at approximately the same level that it has been for the past few months.”

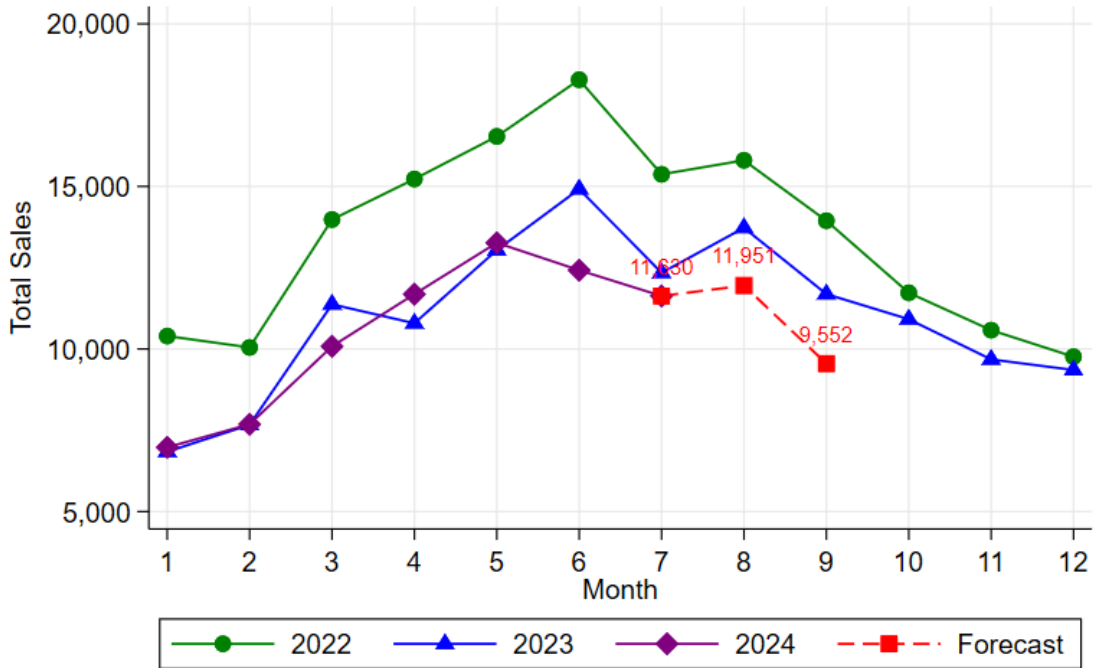
PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES						
	Annual			Monthly		
	Illinois	Chicago PMSA		Illinois	Chicago PMSA	
Apr-24	8.3%	6.5%		15.9%	19.9%	
May-24	1.7%	0.2%		13.5%	11.3%	
Jun-24	-16.7%	-15.3%		-6.4%	-5.0%	
3 Month Avg.	-3.6%	-3.8%		6.7%	7.6%	
SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES						
	Annual				Monthly	
	Illinois		Chicago PMSA		Illinois	Chicago PMSA
Jul-24	-4.9%	-6.6%	-5.8%	-7.9%	-5.4%	-7.3%
Aug-24	-11.0%	-14.9%	-8.6%	-11.6%	2.3%	3.2%
Sep-24	-15.5%	-21.0%	-11.2%	-15.1%	-17.1%	-23.1%
3 Month Avg.	-10.4%	-14.1%	-8.5%	-11.4%	-6.8%	-9.2%
SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE						
	Illinois	Chicago PMSA		Illinois	Chicago PMSA	
Apr-24	\$292,000	\$350,000	Apr-23	\$270,000	\$320,000	
May-24	3e+05	\$359,990	May-23	\$275,000	\$330,000	
Jun-24	\$315,050	\$375,000	Jun-23	\$290,000	\$349,995	
Jul-24	\$309,058	\$363,692	Jul-23	\$285,000	\$339,900	
Aug-24	\$303,231	\$362,819	Aug-23	\$280,000	\$339,900	
Sep-24	\$294,641	\$347,974	Sep-23	\$270,000	\$325,000	
ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE						
	Illinois	Chicago PMSA		Illinois	Chicago PMSA	
Apr-24	8.1%	9.4%	Apr-23	0.0%	-1.5%	
May-24	9.1%	9.1%	May-23	0.0%	0.9%	
Jun-24	8.6%	7.1%	Jun-23	1.8%	2.9%	
Jul-24	8.4%	7.0%	Jul-23	5.6%	5.2%	
Aug-24	8.3%	6.7%	Aug-23	7.7%	9.6%	
Sep-24	9.1%	7.1%	Sep-23	7.1%	6.6%	

Illinois Median Home Sales Price



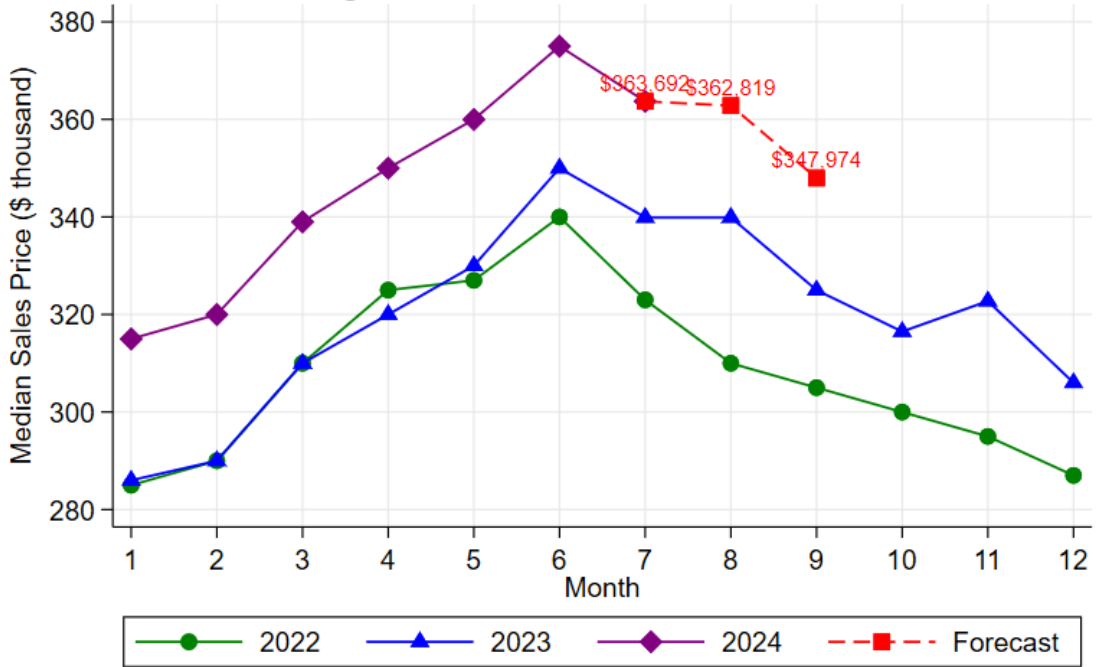
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Total Home Sales



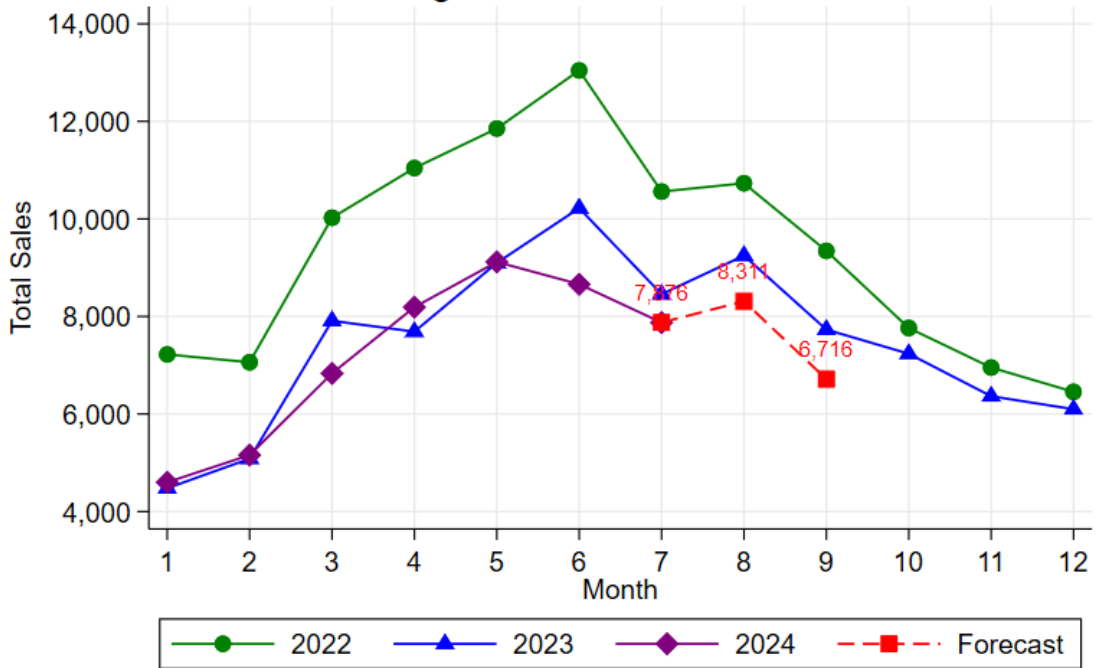
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Median Home Sales Price



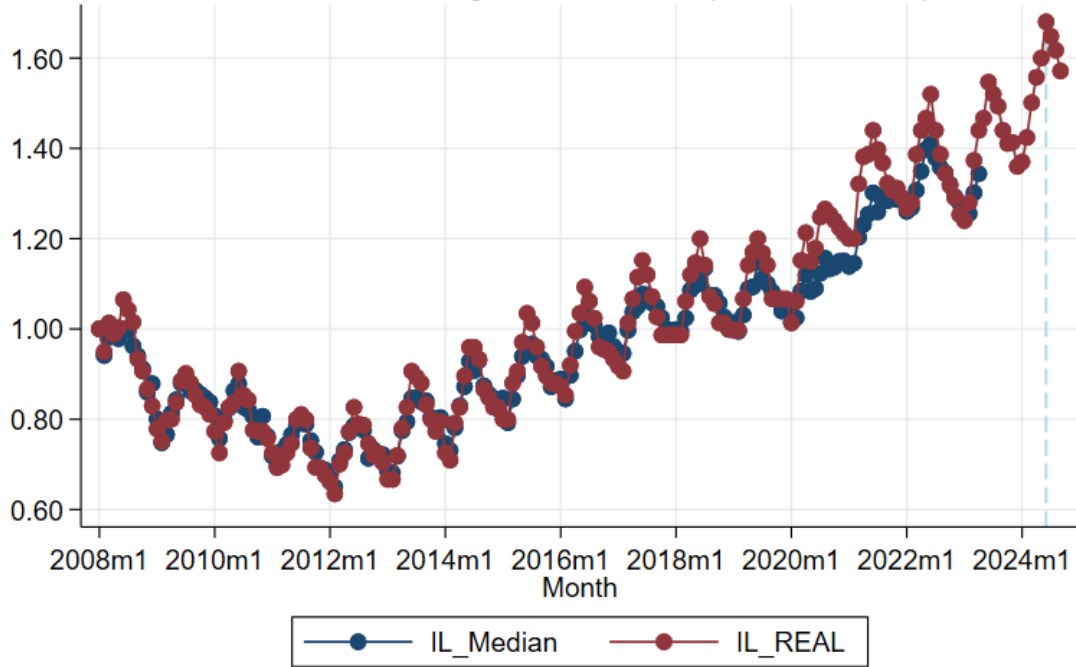
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Total Home Sales



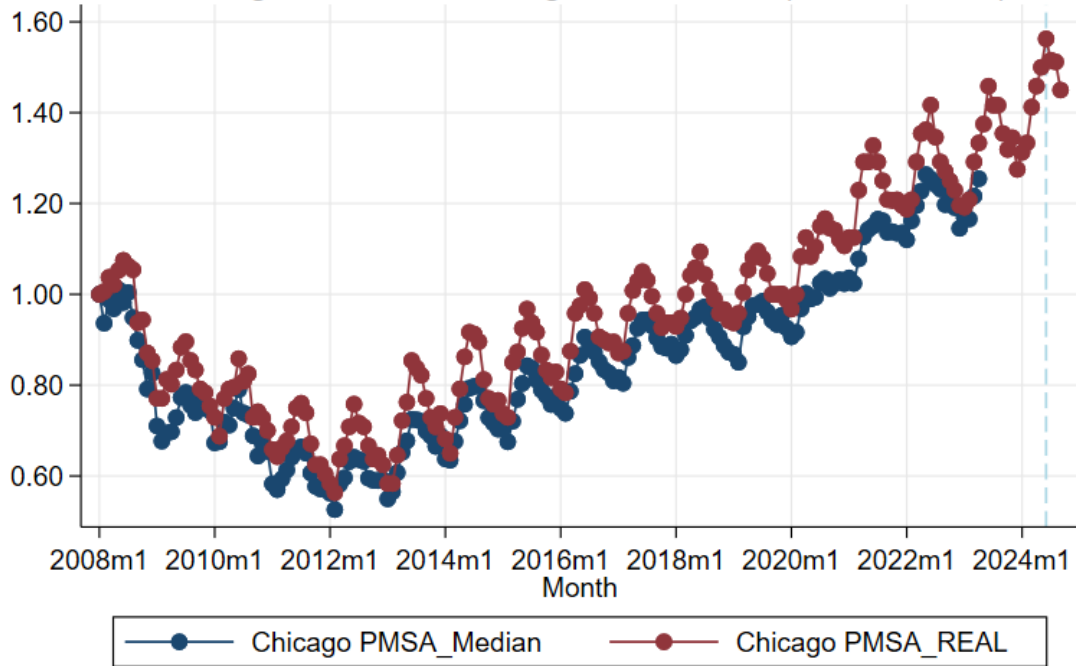
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Housing Price Index (Jan 2008=1)



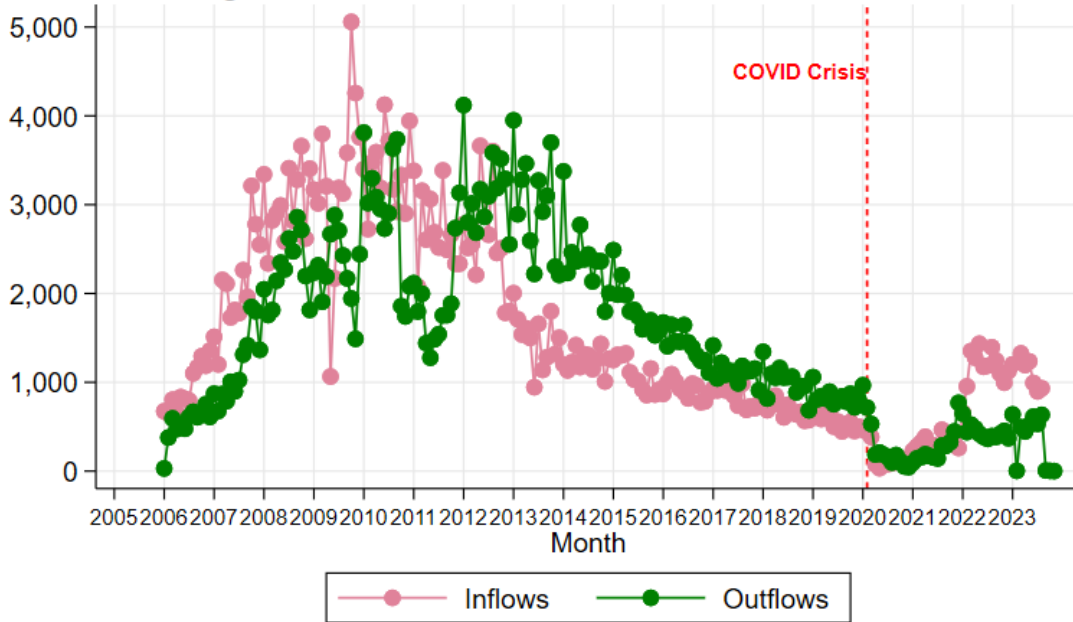
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Housing Price Index (Jan 2008=1)



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

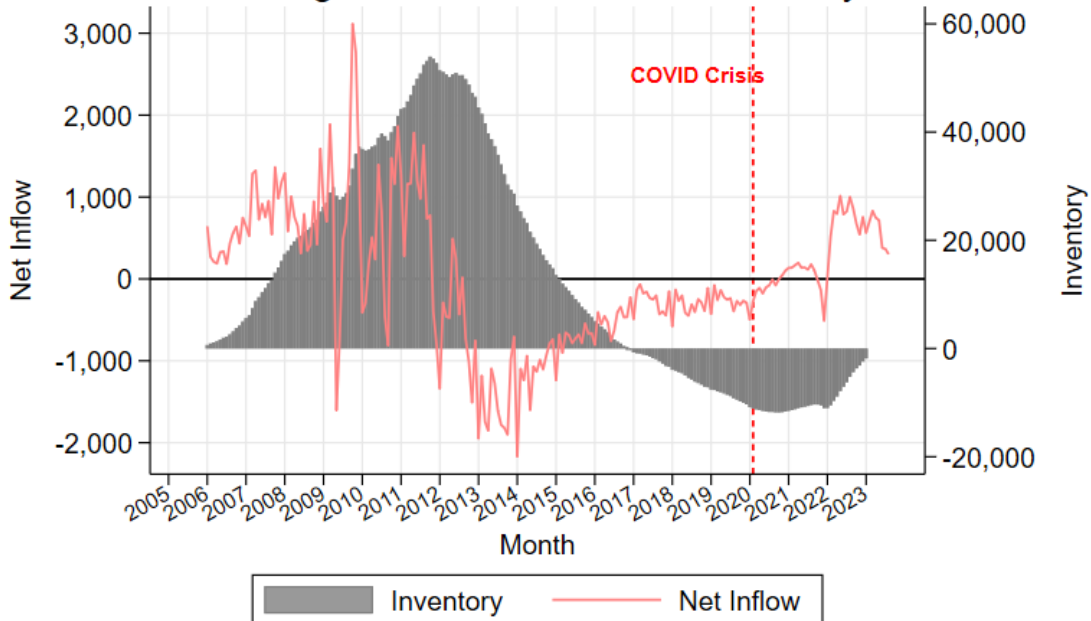
Chicago PMSA New Foreclosure Inflows and Outflows



Inflows: New foreclosure filings; Outflows: Cancelled/Sold/REO

Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

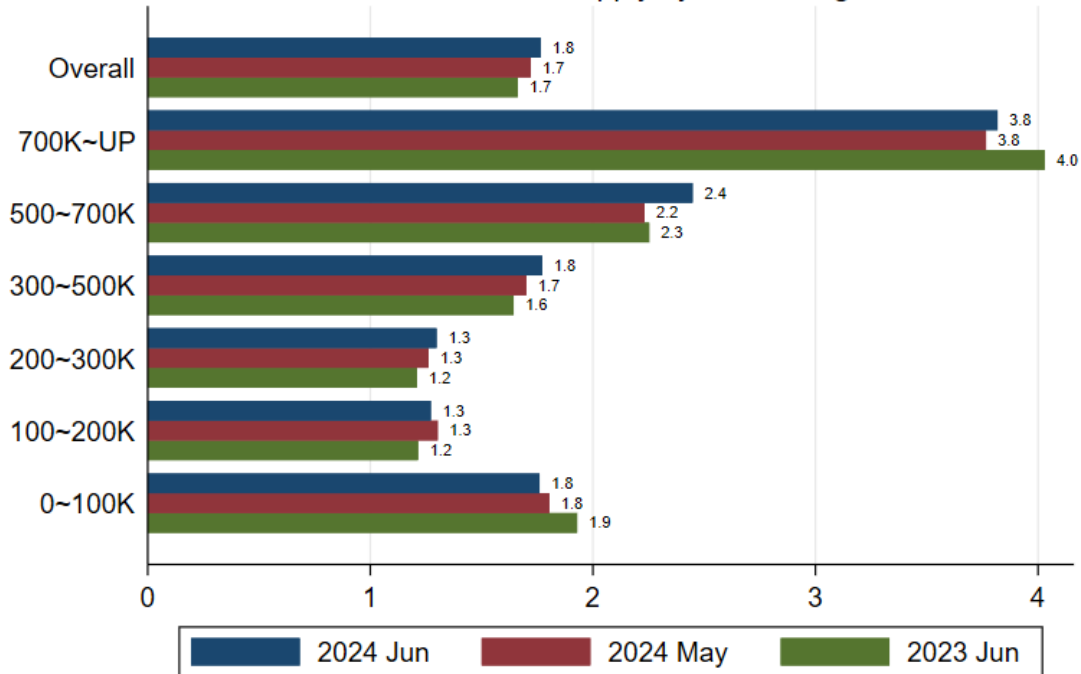
Chicago PMSA Foreclosure Inventory



Net inflows=Inflows-Outflows

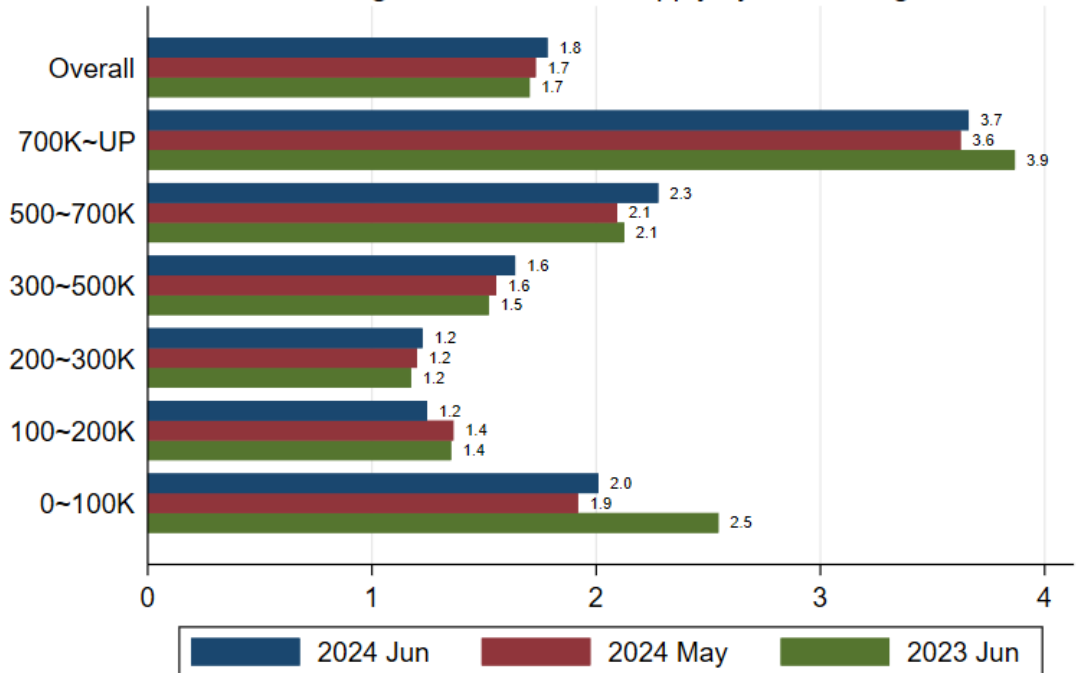
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Months' Supply by Price Range



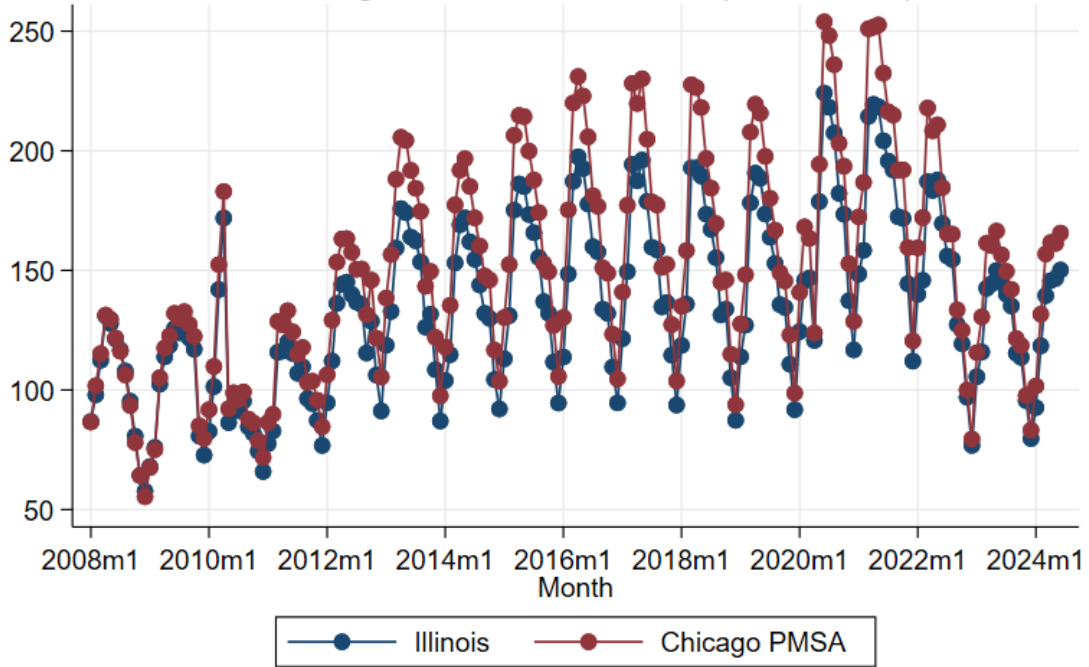
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Months' Supply by Price Range



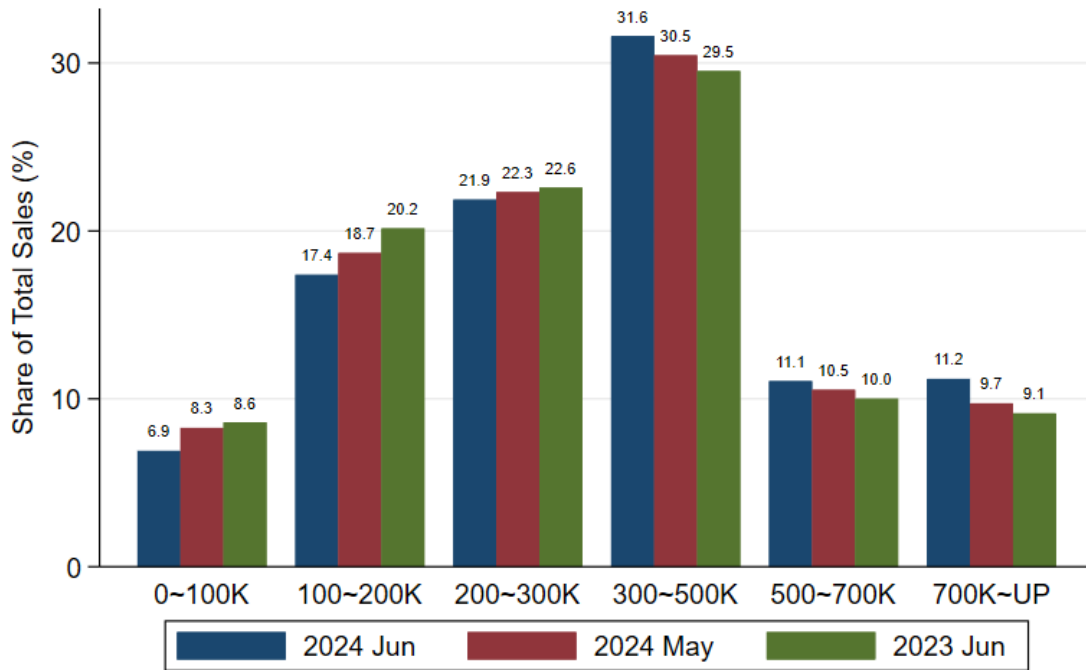
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Pending Home Sales Index (2008=100)



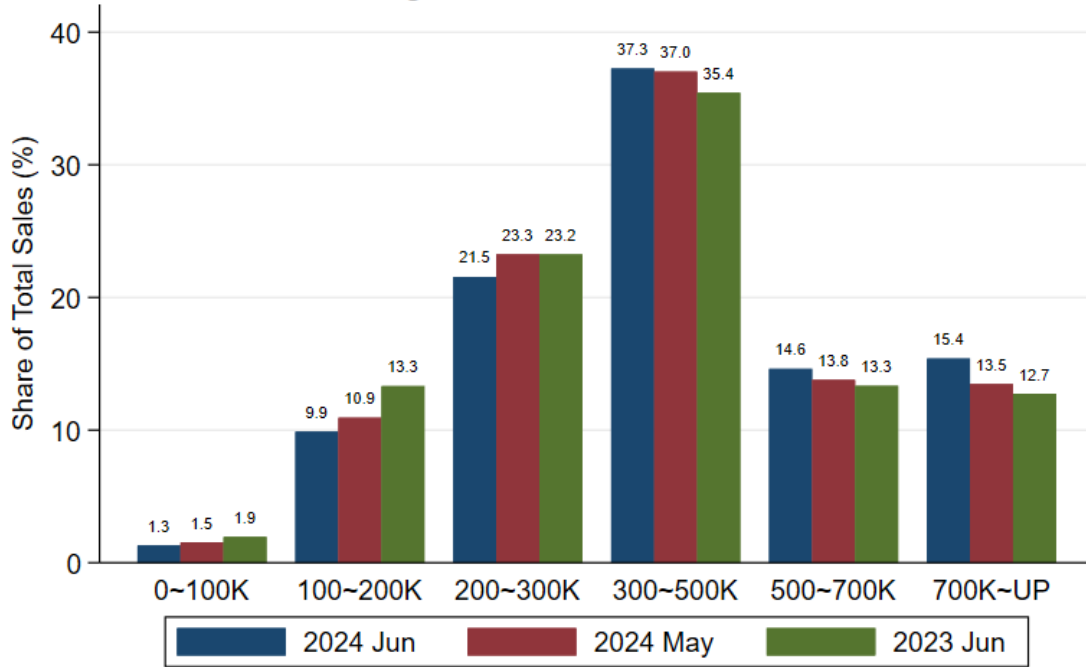
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Price Stratification



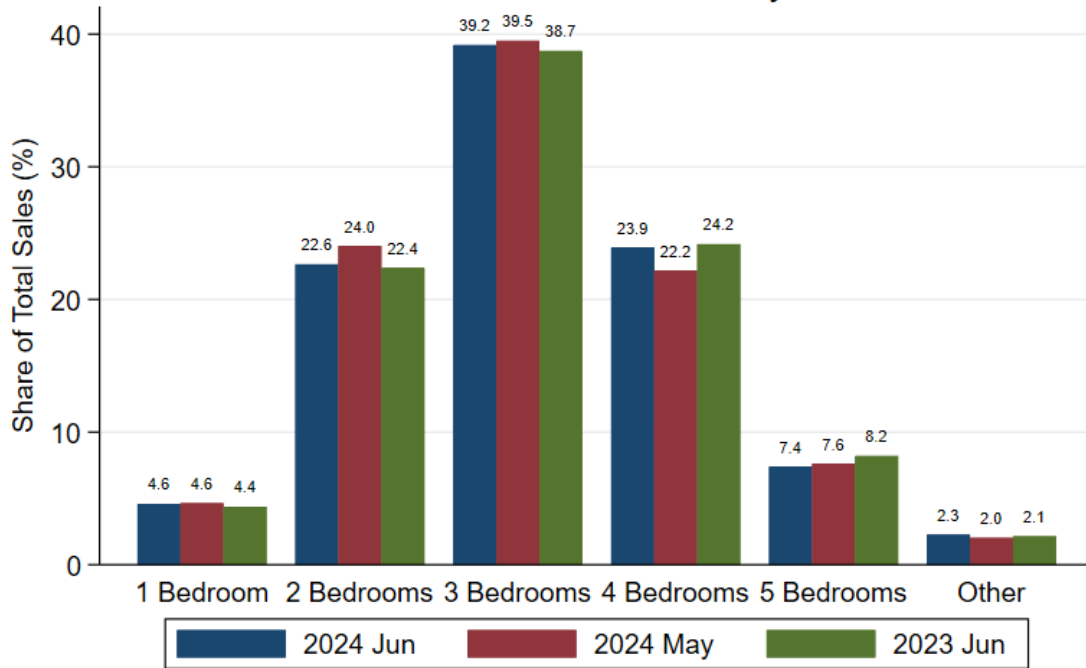
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Price Stratification



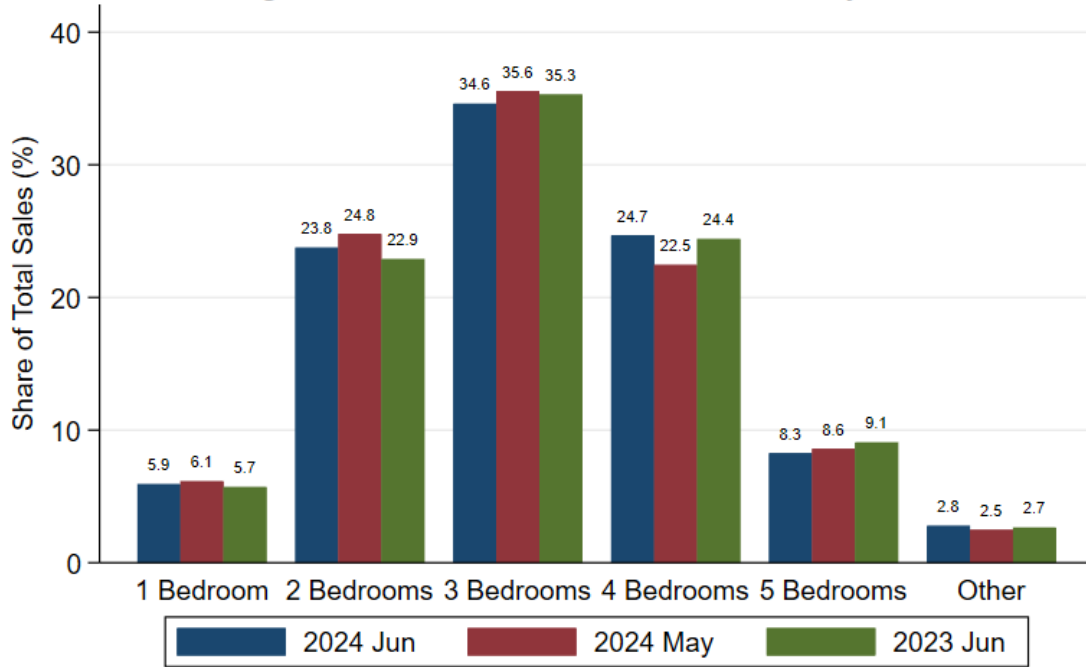
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bedroom



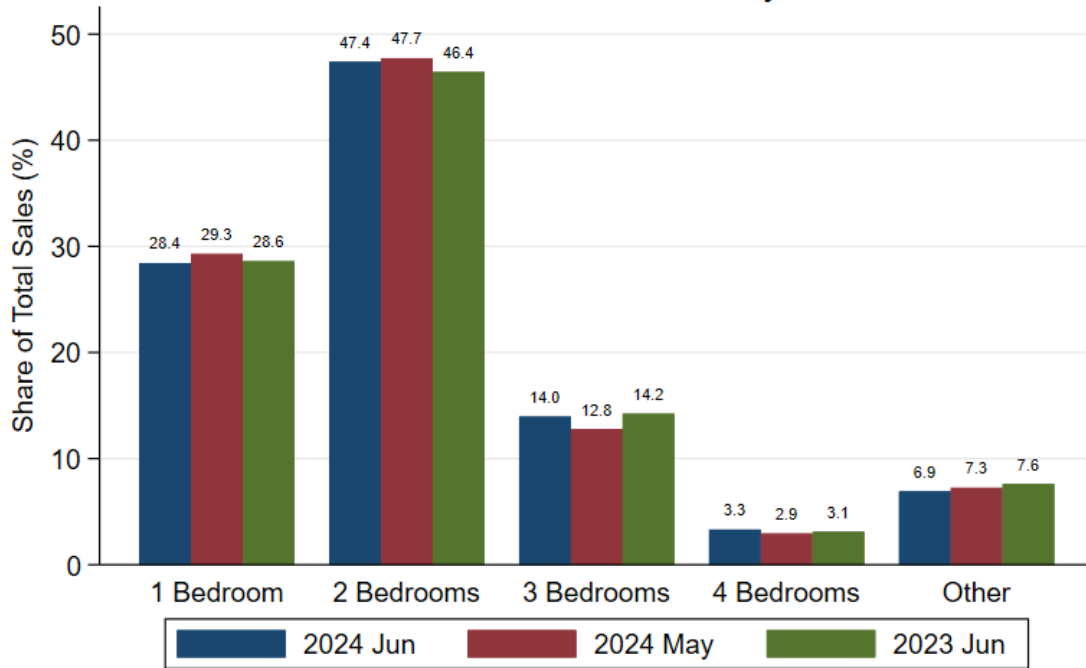
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bedroom



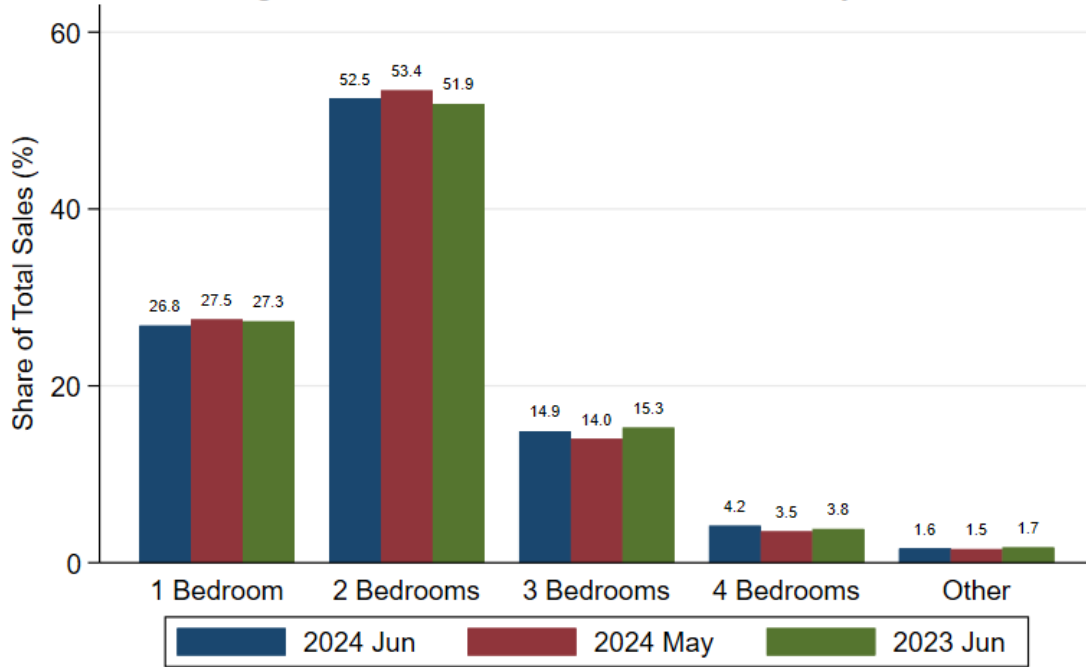
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bathroom



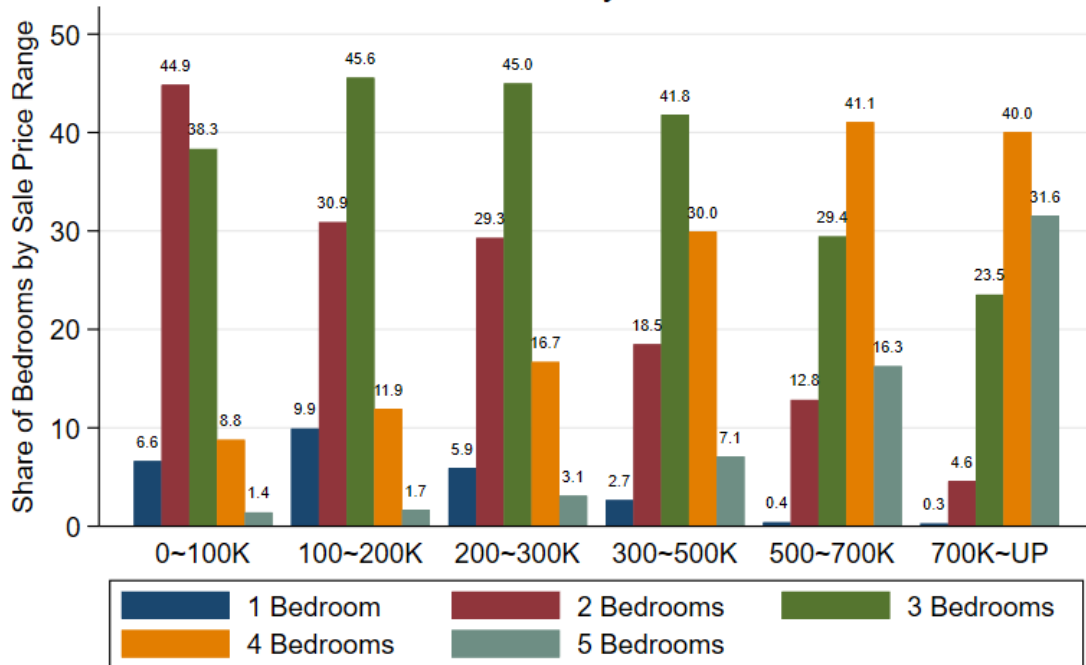
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bathroom



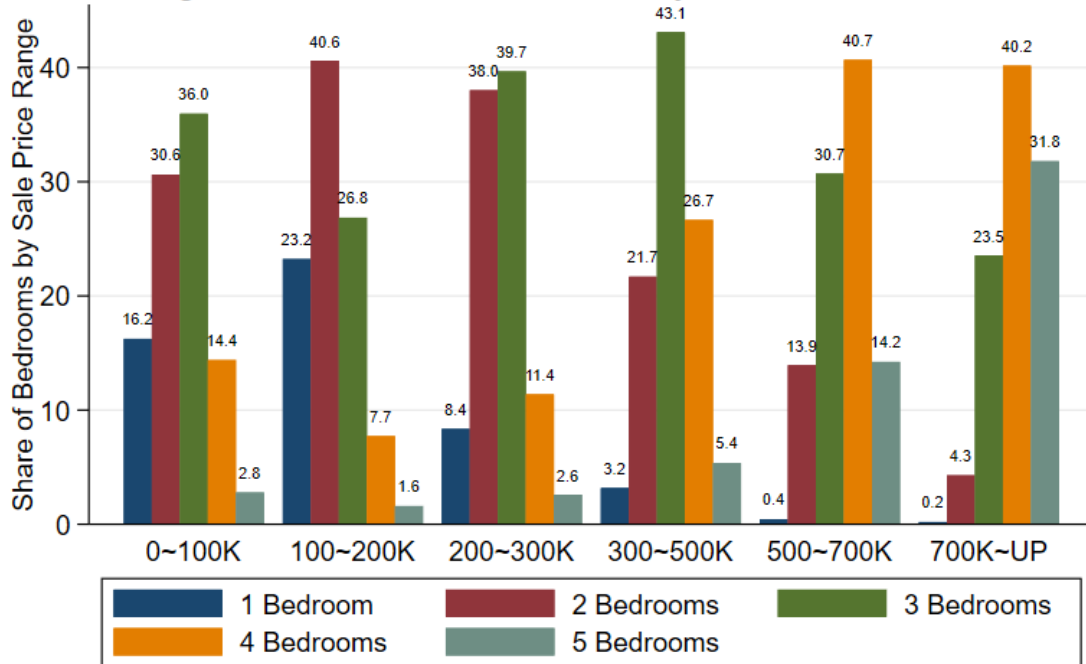
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bedroom Shares by Sale Price Stratification



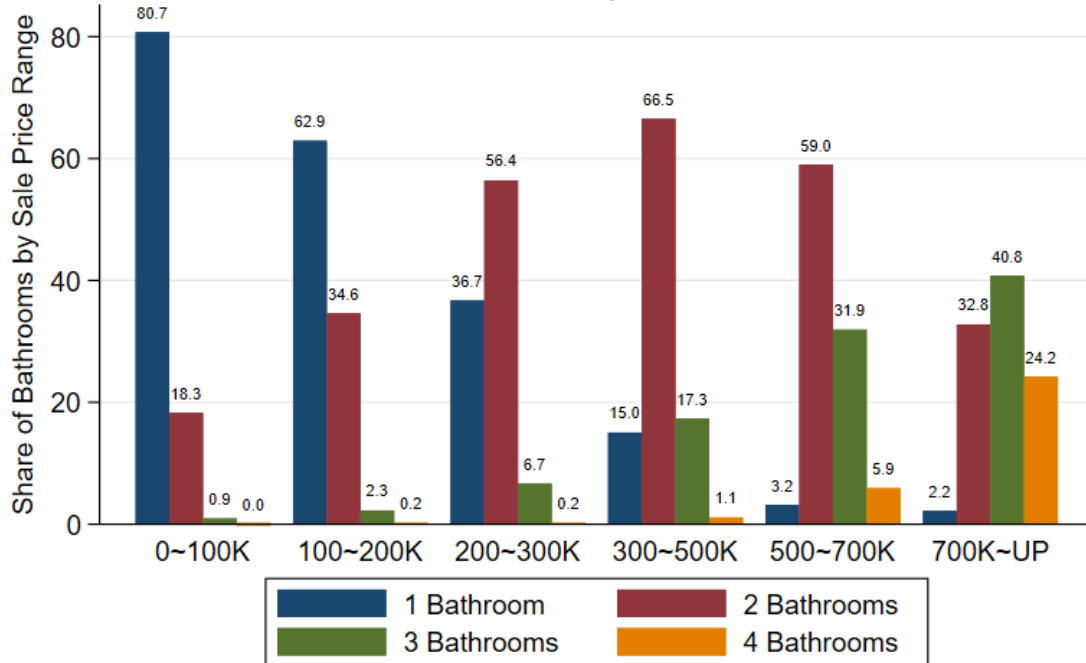
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bedroom Shares by Sale Price Stratification



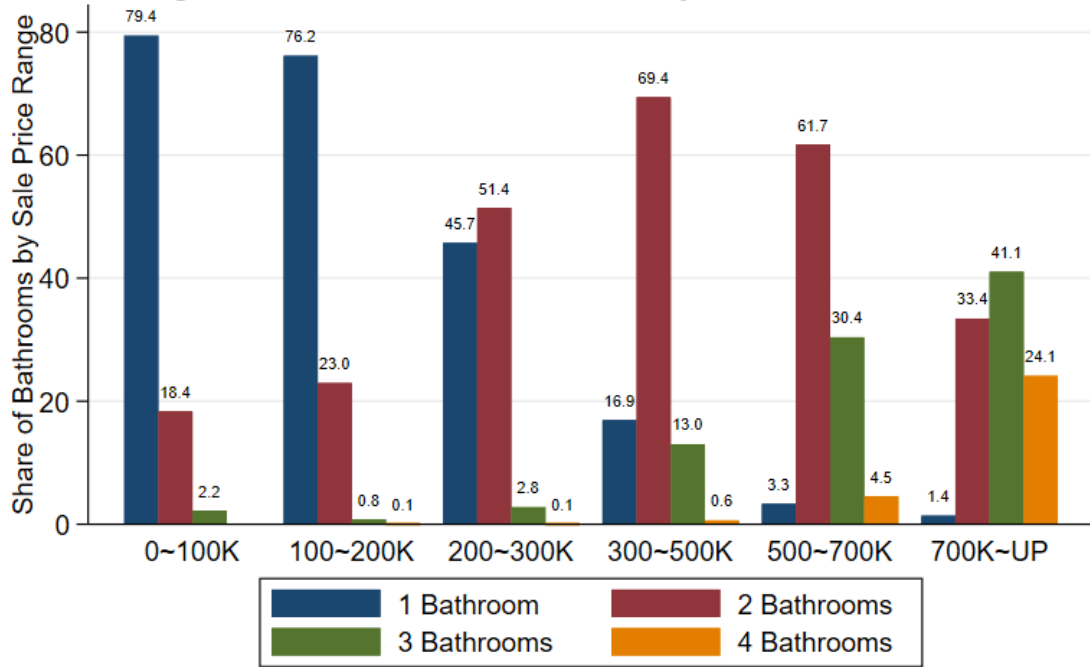
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bathroom Shares by Sale Price Stratification



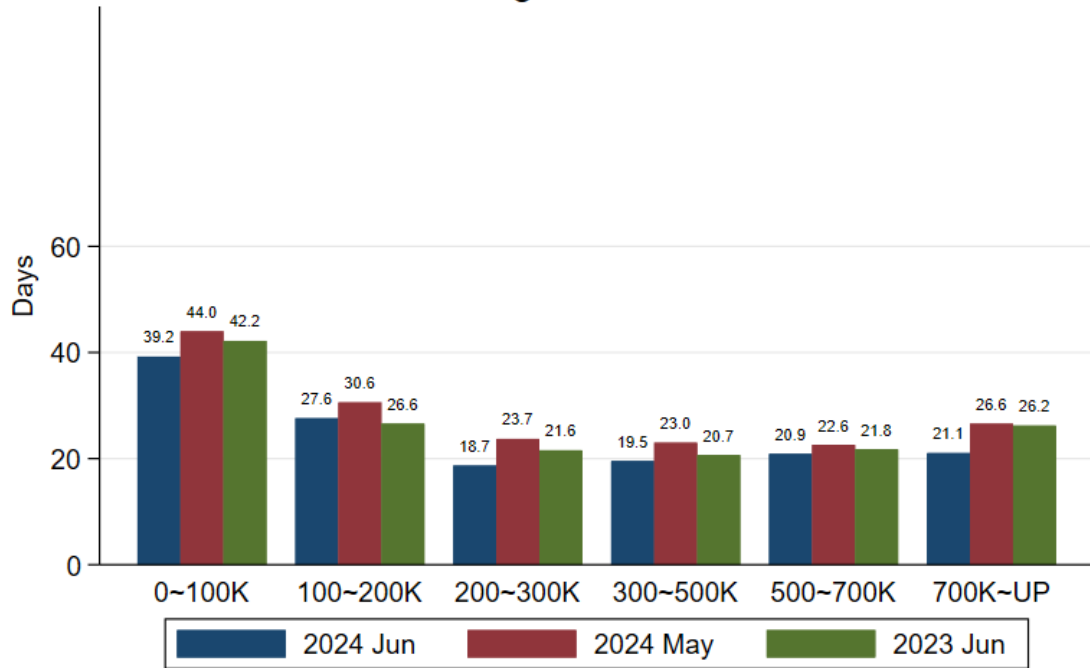
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bathroom Shares by Sale Price Stratification



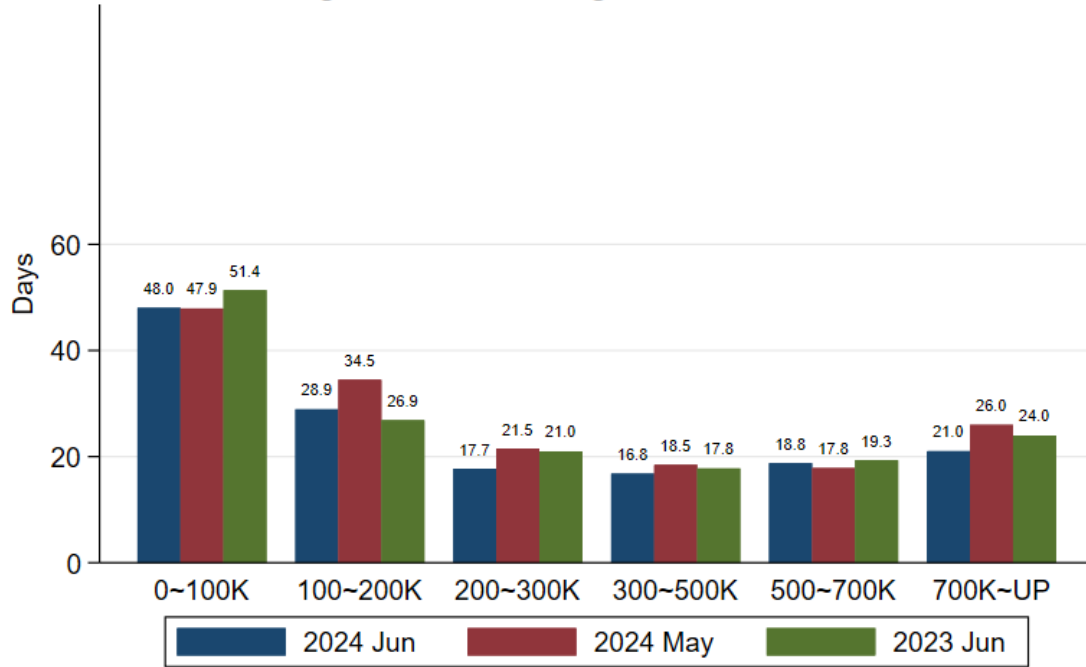
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Average Time on the Market



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Average Time on the Market



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