

# **Housing Price Forecasts**

## **Illinois and Chicago PMSA, June 2024**

Presented To

**Illinois Realtors®**

From

**UIC Stuart Handler Department of Real Estate**

June 19, 2024

## The Housing Market

House sales and median prices experienced positive annual change in May for both Illinois and the Chicago PMSA. 13,100 houses were sold in Illinois, changing by 0.2% from a year ago and 11.9% from a month ago. In the Chicago PMSA, 9,000 houses were sold, changing by -1.3% from a year ago and 9.7% from a month ago. The median price was \$300,000 in Illinois, changing by 9.1 from May last year; the comparable figure for the Chicago PMSA was \$360,000, changing by 9.1% from May last year.

In May, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 4.4%. 8,500 regular sales were made, which is -0.5% less than last year. 395 foreclosed properties were sold, -18.9% less than last year. The median price was \$365,000 for regular property sales, up 7.9% from last year; the comparable figure for foreclosed properties was \$260,000, which is 9.8% higher than last year.

The sales forecast for June, July, and August suggests an increase on a yearly and monthly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to an increase in the range of 2.9 to 3.9%; the comparable figures for the Chicago PMSA are an increase in the range of 3.8% to 5.1%. On a monthly basis, three-month average sales are forecast to increase in the range of 1.3% to 1.8% for Illinois and in the range of 1.3% to 1.7% for the Chicago PMSA.

The pending home sales index is a leading indicator based on contract signings. This May, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 104.2 (2019=100) in Illinois, down 2.0% from a year ago. In the Chicago PMSA, the comparable figure is 102.5, down 1.5% from a year ago. At the latest average annual pending sales rate, Illinois had enough housing inventory for 1.7 months (down from 1.5 of last year). In the Chicago PMSA, the comparable figure was 1.7 months (up slightly from 1.6 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced the largest decrease in Illinois. Months of supply for homes in the lowest price ranges (<100K) experienced the largest change in the Chicago PMSA.

The median price forecast indicates positive annual growth for June, July, and August in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 7.3% in June, 7.0% in July, and 6.9% in August. For the Chicago PMSA, the comparable figures are 6.7% in June, 7.0% in July, and 5.4% in August. 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 5.6% in June, 5.2% in July, and 5.1% in August. The comparable figures for the Chicago PMSA are 4.6% in June, 3.6% in July, and 5.0% in August. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

The Conference Board Consumer Confidence Index was at 102.0 (1985=100) in May 2024, up from 97.5 in April. This increase followed three consecutive months of decline. Consumers' assessment of current business conditions was slightly less positive than last

month. However, the strong labor market continued to bolster consumers' overall assessment of the present situation. Meanwhile, in May 2024, the University of Michigan Consumer Sentiment Index stood at 69.1, down from 77.2. The survey indicated Consumer sentiment fell back about 10% this May following three consecutive months of very little change. This 8.1 index-point decrease is statistically significant and brings sentiment to its lowest reading in about five months.

### **The Housing Market: Current Condition**

- House sales and median prices experienced positive annual change in May for both Illinois and the Chicago PMSA. 13,100 houses were sold in Illinois, changing by 0.2% from a year ago and 11.9% from a month ago. In the Chicago PMSA, 9,000 houses were sold, changing by -1.3% from a year ago and 9.7% from a month ago. The median price was \$300,000 in Illinois, changing by 9.1 from May last year; the comparable figure for the Chicago PMSA was \$360,000, changing by 9.1% from May last year.
- In May, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 4.4%. 8,500 regular sales were made, which is -0.5% less than last year. 395 foreclosed properties were sold, -18.9% less than last year. The median price was \$365,000 for regular property sales, up 7.9% from last year; the comparable figure for foreclosed properties was \$260,000, which is 9.8% higher than last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- In May, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 4.4%. 8,500 regular sales were made, which is -0.5% less than last year. 395 foreclosed properties were sold, -18.9% less than last year. The median price was \$365,000 for regular property sales, up 7.9% from last year; the comparable figure for foreclosed properties was \$260,000, which is 9.8% higher than last year. (Reference: Illinois and Chicago PMSA Annual Months' Supply by Price Range figures)
- In May, the market shares of homes in the second lowest price range experienced the largest change compared to a year ago for Illinois. For the Chicago PMSA, the market shares of homes in the second lowest price range experienced the largest change compared to a year ago. In Illinois, the market share for homes at \$100-200K decreased to 18.7% from 22.3% a year ago. In the Chicago PMSA, the market share for homes at \$100-200K decreased to 11.0% from 15.2% 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 June, July, and August in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 7.3% in June, 7.0% in July, and 6.9% in August. For the Chicago PMSA, the comparable

figures are 6.7% in June, 7.0% in July, and 5.4% in August. The median price forecast indicates positive annual growth for June, July, and August in Illinois. The median price forecast indicates positive annual growth for June, July, and August in the Chicago PMSA. In Illinois, the median price is forecast to change by 6.7% in June, 7.0% in July, and 6.9% in August. For the Chicago PMSA, the comparable figures are 6.7% in June, 7.0% in July, and 5.4% in August.

- 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 5.6% in June, 5.2% in July, and 5.1% in August. The comparable figures for the Chicago PMSA are 4.6% in June, 3.6% in July, and 5.0% in August. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.
- The sales forecast for June, July, and August suggests an increase on a yearly and monthly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to an increase in the range of 2.9 to 3.9%; the comparable figures for the Chicago PMSA are an increase in the range of 3.8% to 5.1%. On a monthly basis, three-month average sales are forecast to increase in the range of 1.3% to 1.8% for Illinois and in the range of 1.3% to 1.7% for the Chicago PMSA. (Reference: Forecast for May 2024 report table)
- The pending home sales index is a leading indicator based on contract signings. This May, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 104.2 (2019=100) in Illinois, down 2.0% from a year ago. In the Chicago PMSA, the comparable figure is 102.5, down 1.5% from a year ago. At the latest average annual pending sales rate, Illinois had enough housing inventory for 1.7 months (down from 1.5 of last year). In the Chicago PMSA, the comparable figure was 1.7 months (up slightly from 1.6 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced the largest decrease in Illinois. Months of supply for homes in the lowest price ranges (<100K) experienced the largest change in the Chicago PMSA. (Reference: Illinois and Chicago PMSA Pending Home Sales Index figure)

## The Economy

In April 2024, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate decreased to 3.9%, and non-farm payroll jobs experienced a gain of 175,000 jobs. Notable job gains occurred over the month in Health care (+56,000); Social Assistance (+31,000); Transportation and warehousing (+22,000); Construction (+9,000); Government (+8,000).

In March 2024, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate increased to 4.8%. Non-farm payroll jobs increased by 12,700. The industry sectors that reported the largest over-the-month gains in

employment were: Government (6,300), Leisure and Hospitality (2,900), Trade, Transportation and Utilities (2,400).

In December 2023, the one-year-ahead forecast for Illinois indicates that the non-farm employment will change at a rate between 2.3% and 2.38%, corresponding to job gains between 140,300 and 145,200. The largest contributors to the forecast increase are professional services, information, and manufacturing.

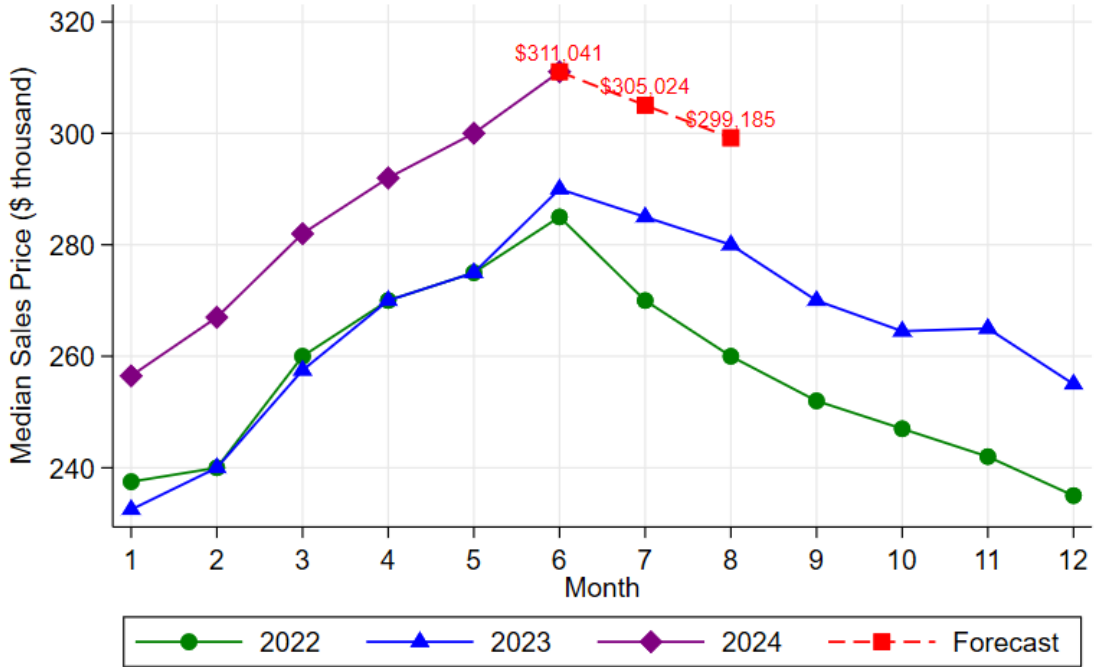
### **Longer-term Outlook**

- The Conference Board Consumer Confidence Index was at 102.0 (1985=100) in May 2024, up from 97.5 in April. This increase followed three consecutive months of decline. Consumers' assessment of current business conditions was slightly less positive than last month. However, the strong labor market continued to bolster consumers' overall assessment of the present situation. Meanwhile, in May 2024, the University of Michigan Consumer Sentiment Index stood at 69.1, down from 77.2. The survey indicated Consumer sentiment fell back about 10% this May following three consecutive months of very little change. This 8.1 index-point decrease is statistically significant and brings sentiment to its lowest reading in about five months.

"Prices and the number of sales continued to increase during May," 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 provide a mixed picture of the state of consumer confidence in the economy, despite low unemployment rates and significant declines in the rate of inflation."

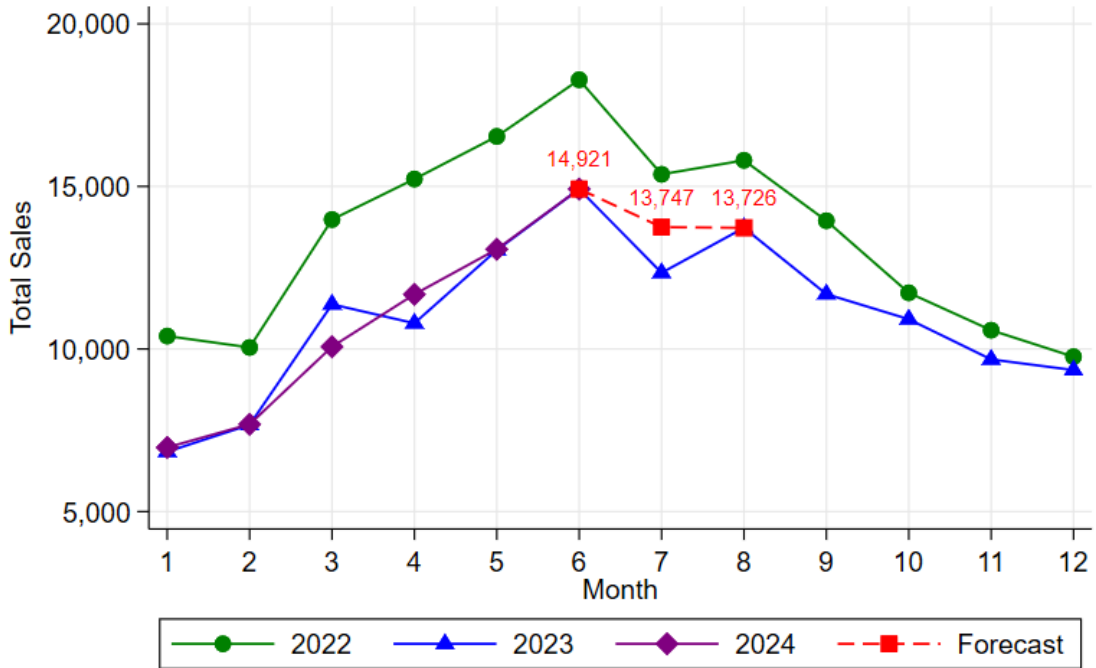
PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES					
	Annual			Monthly	
	Illinois	Chicago PMSA		Illinois	Chicago PMSA
Mar-24	-11.5%	-13.7%		31.0%	32.4%
Apr-24	8.2%	6.4%		16.0%	19.8%
May-24	0.2%	-1.3%		11.9%	9.7%
3 Month Avg.	-1.1%	-2.9%		18.3%	18.9%
SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES					
	Annual			Monthly	
	Illinois	Chicago PMSA		Illinois	Chicago PMSA
Jun-24	0.0% 0.0%	1.4% 1.9%		12.1% 16.3%	13.3% 18.0%
Jul-24	9.7% 13.1%	9.2% 12.5%		-6.7% -9.1%	-8.3% -11.2%
Jan-00	0.0% 0.0%	0.0% 0.0%		0.0% 0.0%	0.0% 0.0%
3 Month Avg.	0.0% 0.0%	0.0% 0.0%		0.0% 0.0%	60.1% 81.3%
SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE					
	Illinois	Chicago PMSA		Illinois	Chicago PMSA
Mar-24	\$282,000	\$339,000	Mar-23	\$257,500	\$310,000
Apr-24	\$292,000	\$350,000	Apr-23	\$270,000	\$320,000
May-24	3e+05	\$360,000	May-23	\$275,000	\$330,000
Jun-24	\$311,041	\$373,317	Jun-23	\$290,000	\$349,990
Jul-24	\$305,024	\$363,848	Jul-23	\$285,000	\$339,900
Aug-24	\$299,185	\$358,095	Aug-23	\$280,000	\$339,900
ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE					
	Illinois	Chicago PMSA		Illinois	Chicago PMSA
Mar-24	9.5%	9.4%	Mar-23	-1.0%	0.0%
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	7.3%	6.7%	Jun-23	1.8%	2.9%
Jul-24	7.0%	7.0%	Jul-23	5.6%	5.2%
Aug-24	6.9%	5.4%	Aug-23	7.7%	9.6%

### Illinois Median Home Sales Price



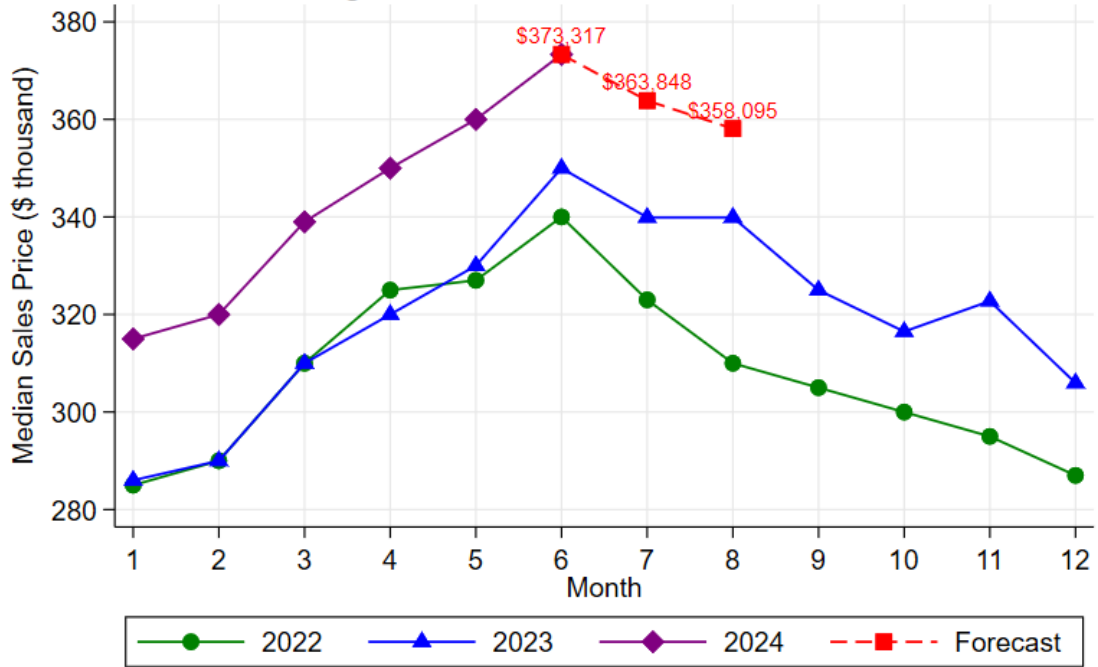
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Total Home Sales



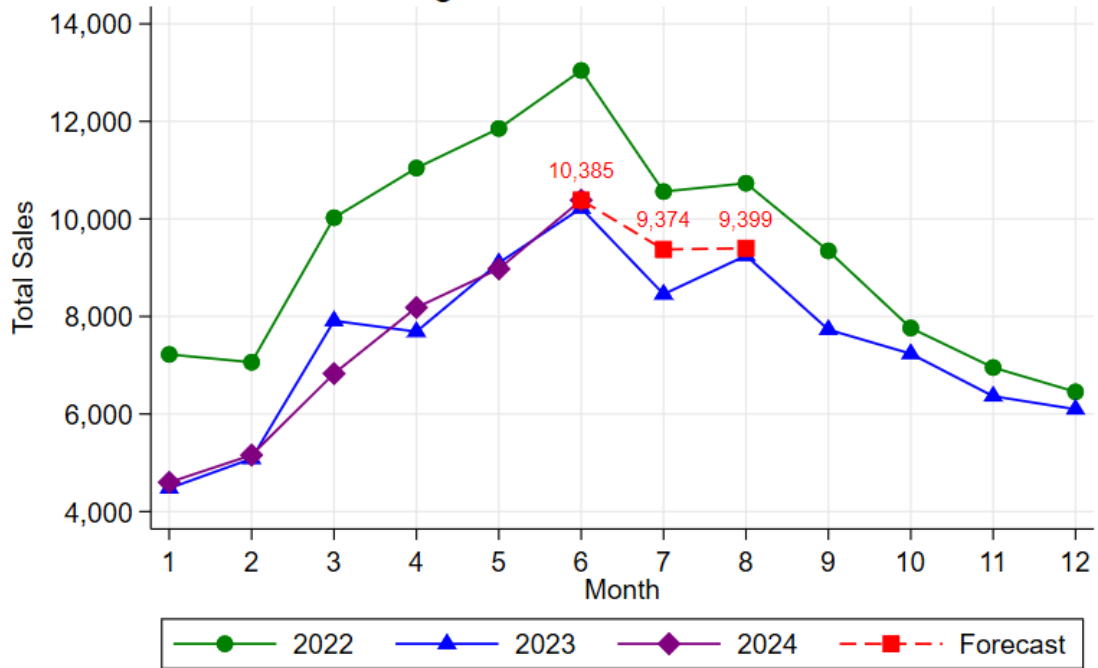
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Median Home Sales Price



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

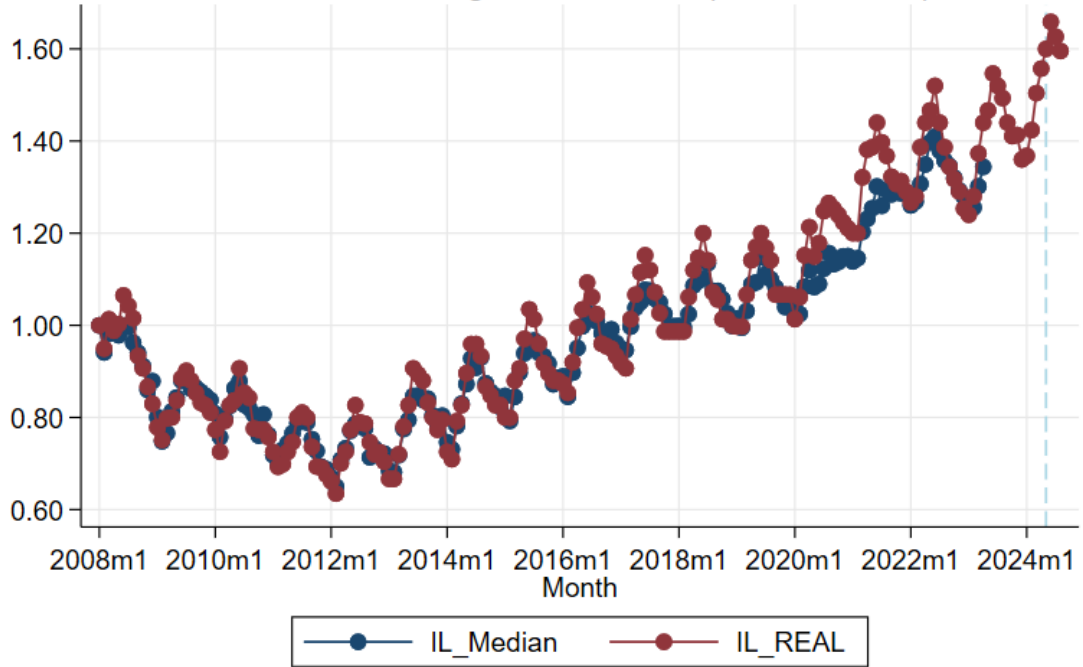
### Chicago PMSA Total Home Sales



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

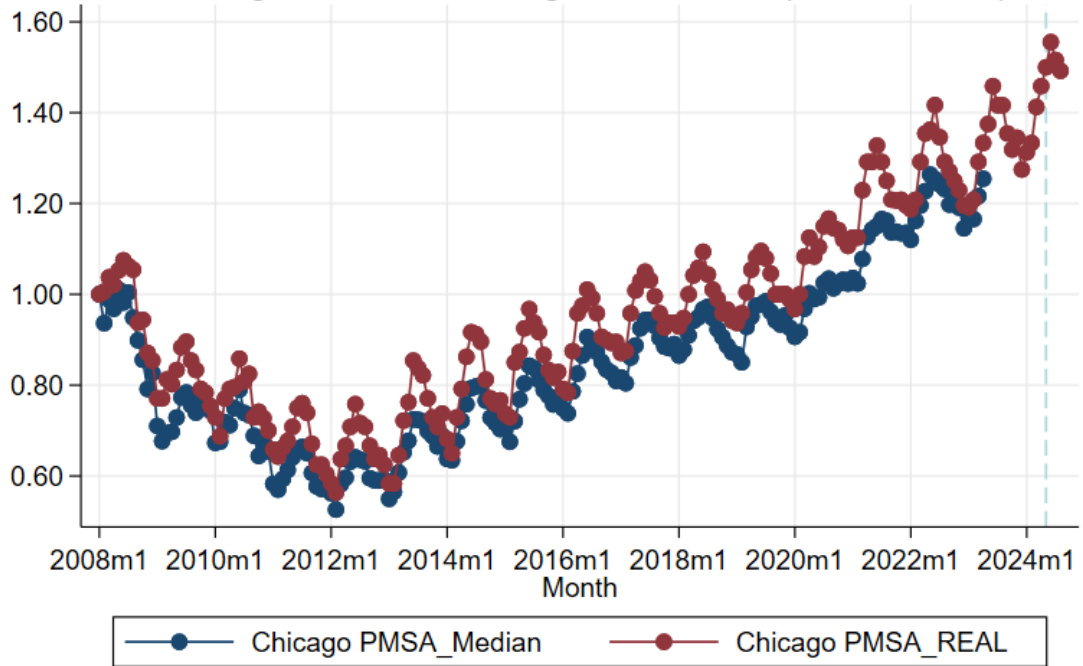


### Illinois Housing Price Index (Jan 2008=1)



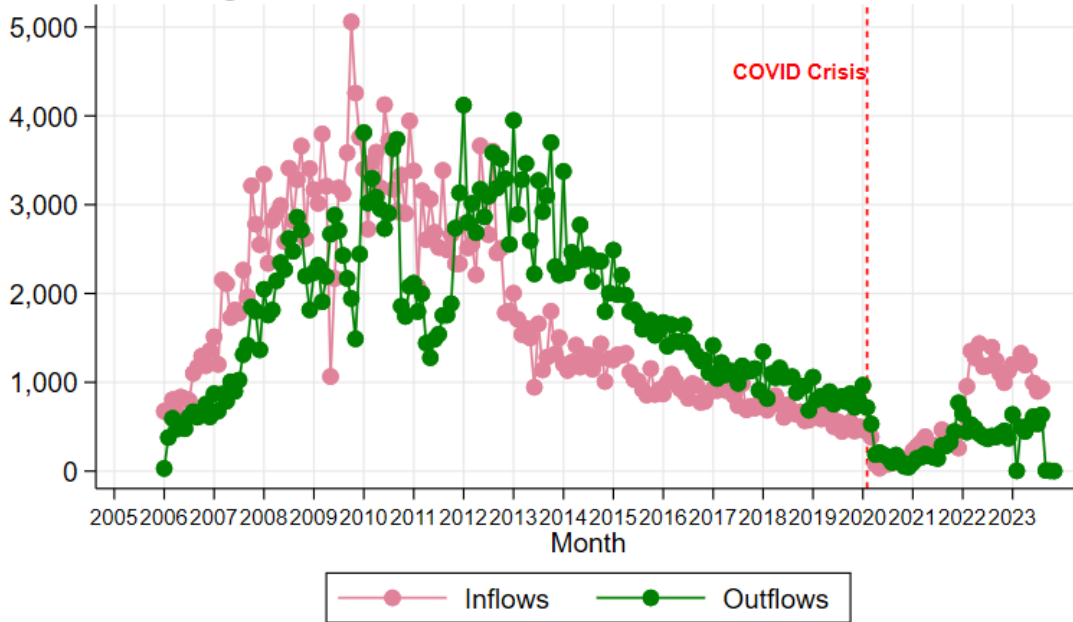
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Housing Price Index (Jan 2008=1)



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

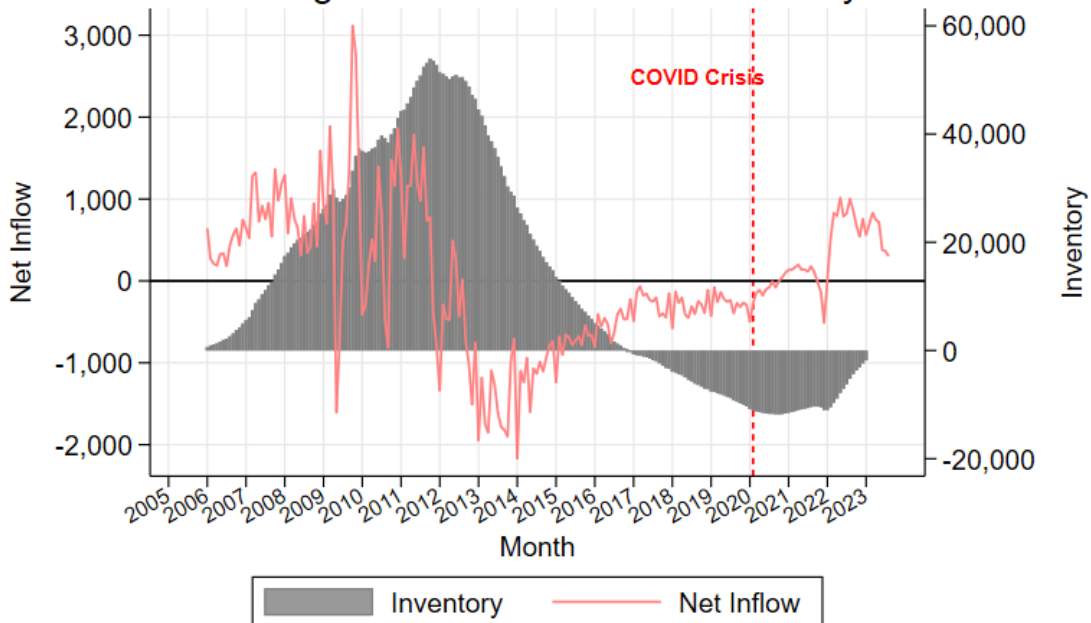
## Chicago PMSA New Foreclosure Inflows and Outflows



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

Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

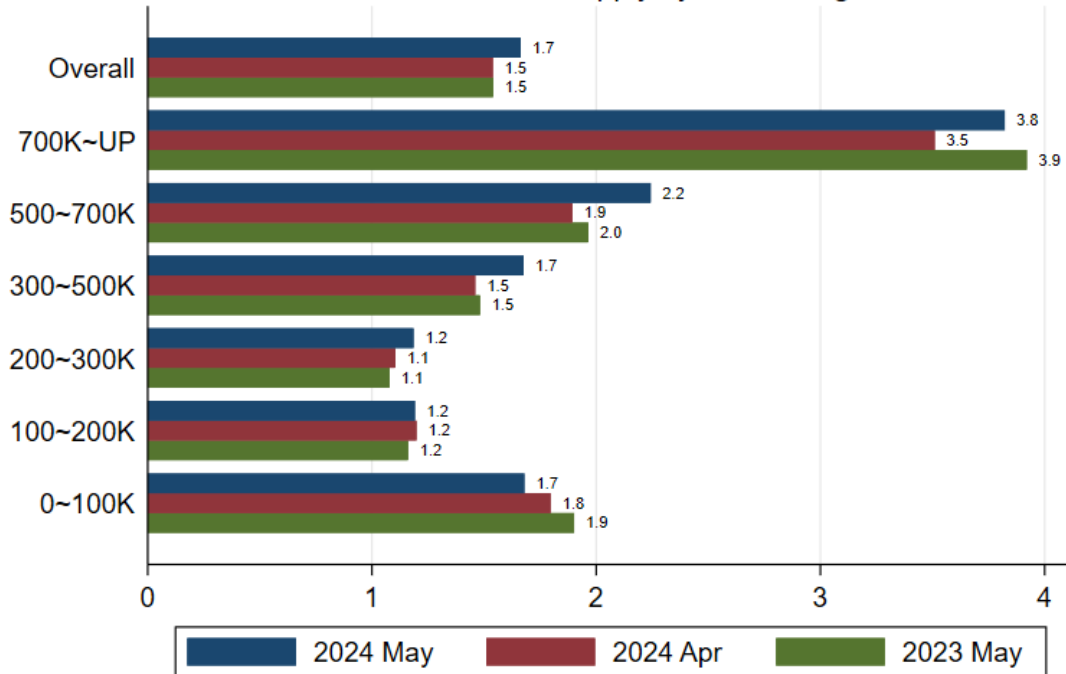
## Chicago PMSA Foreclosure Inventory



Net inflows=Inflows-Outflows

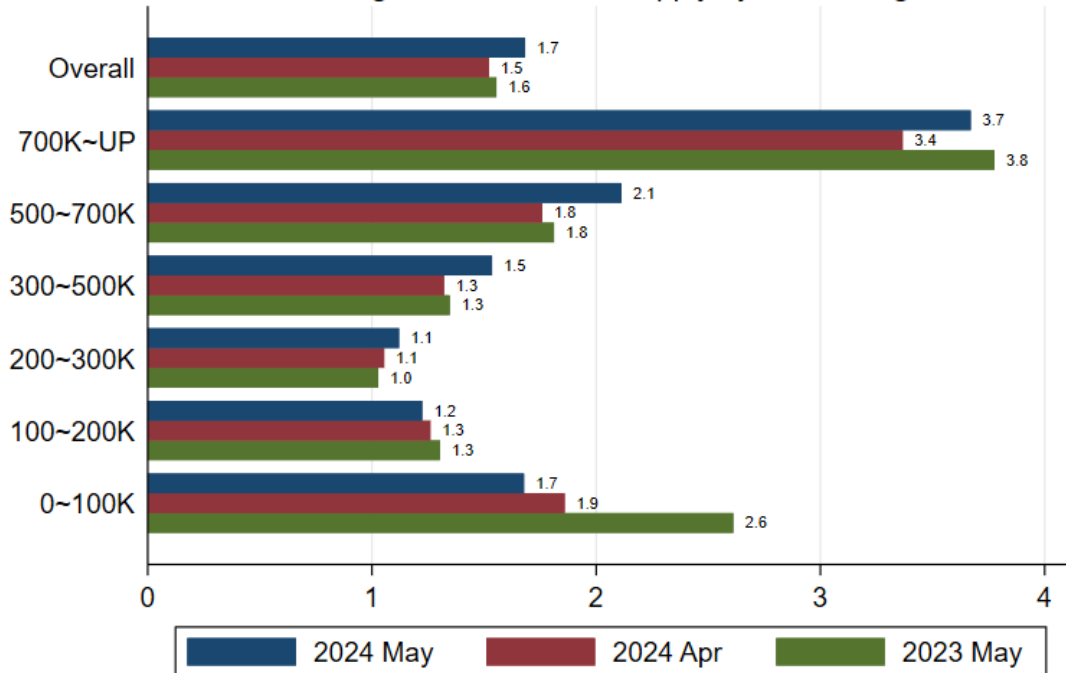
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Months' Supply by Price Range



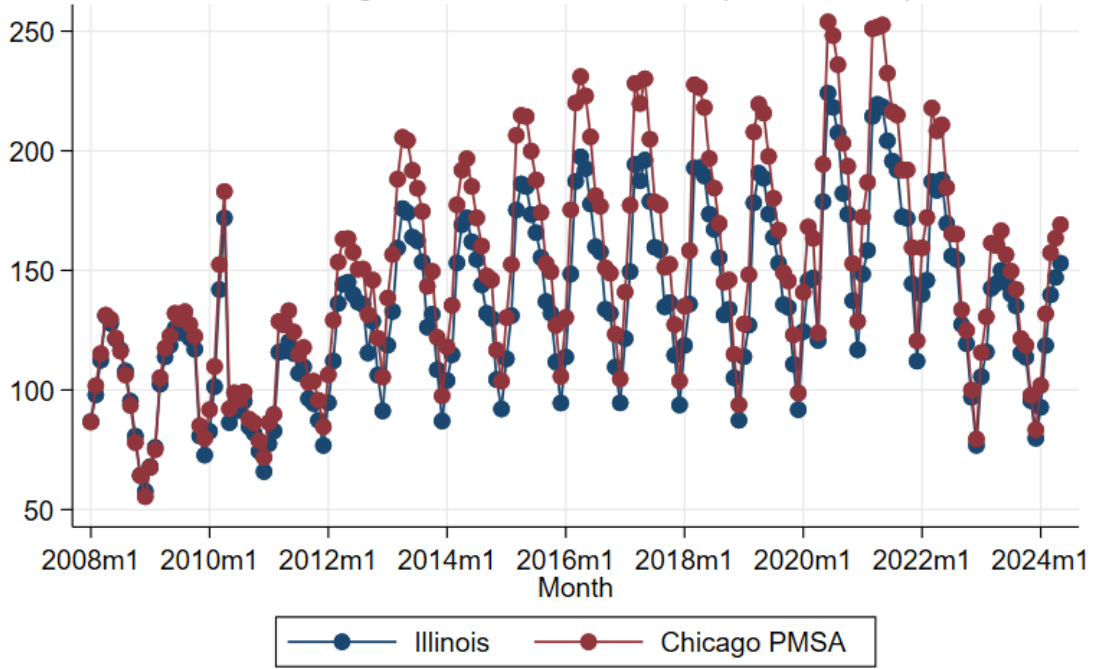
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Months' Supply by Price Range



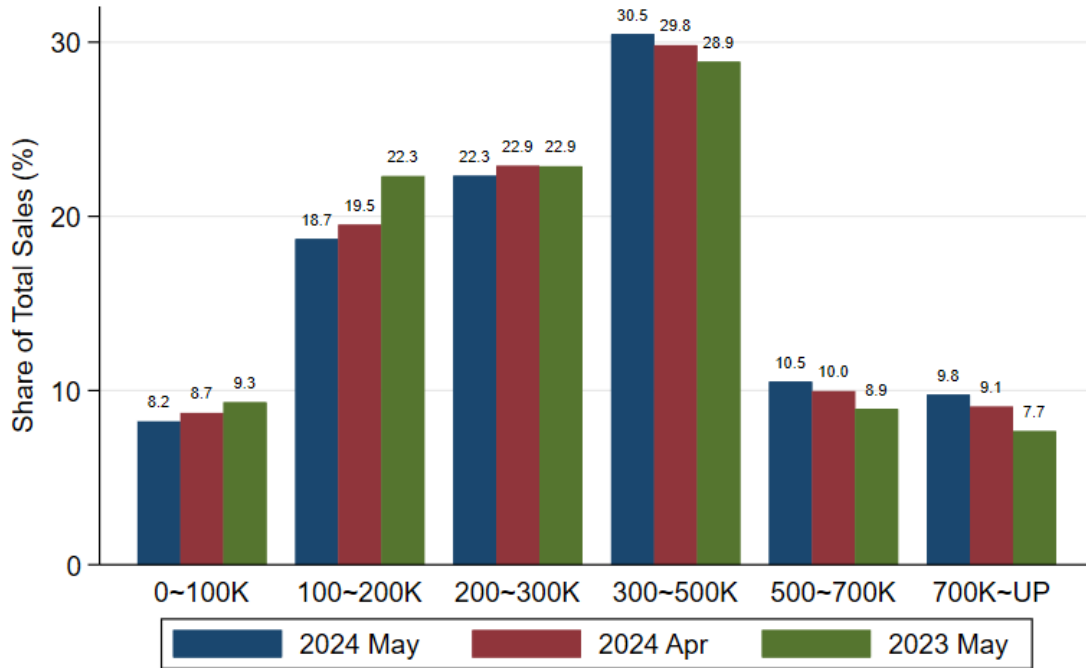
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Pending Home Sales Index (2008=100)



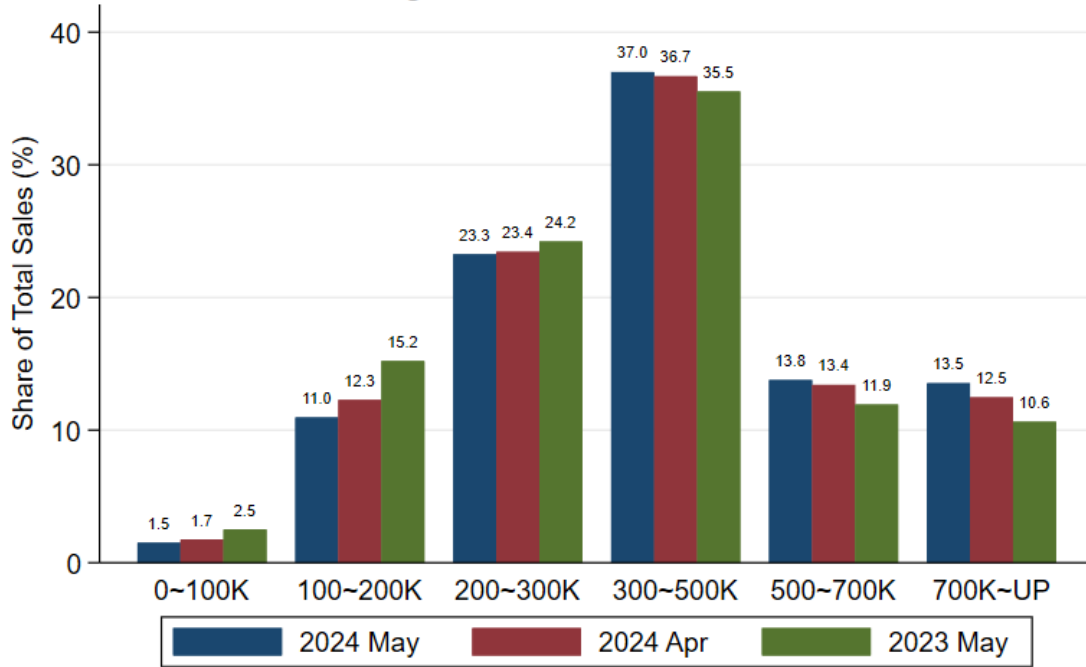
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Price Stratification



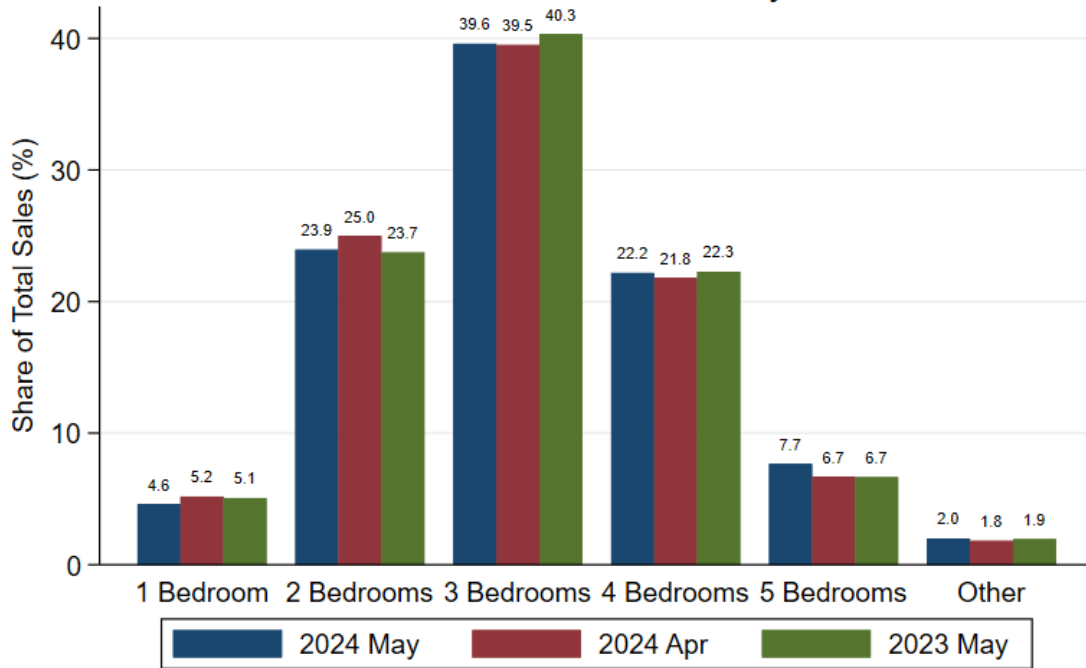
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Chicago PMSA Price Stratification



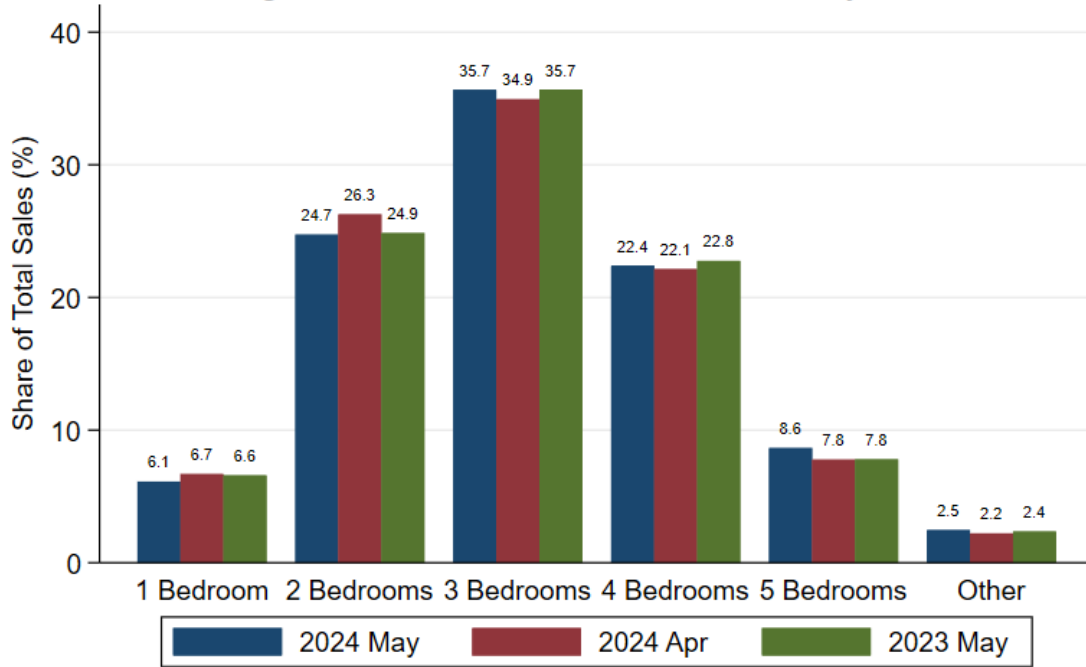
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Illinois House Characteristics by Bedroom



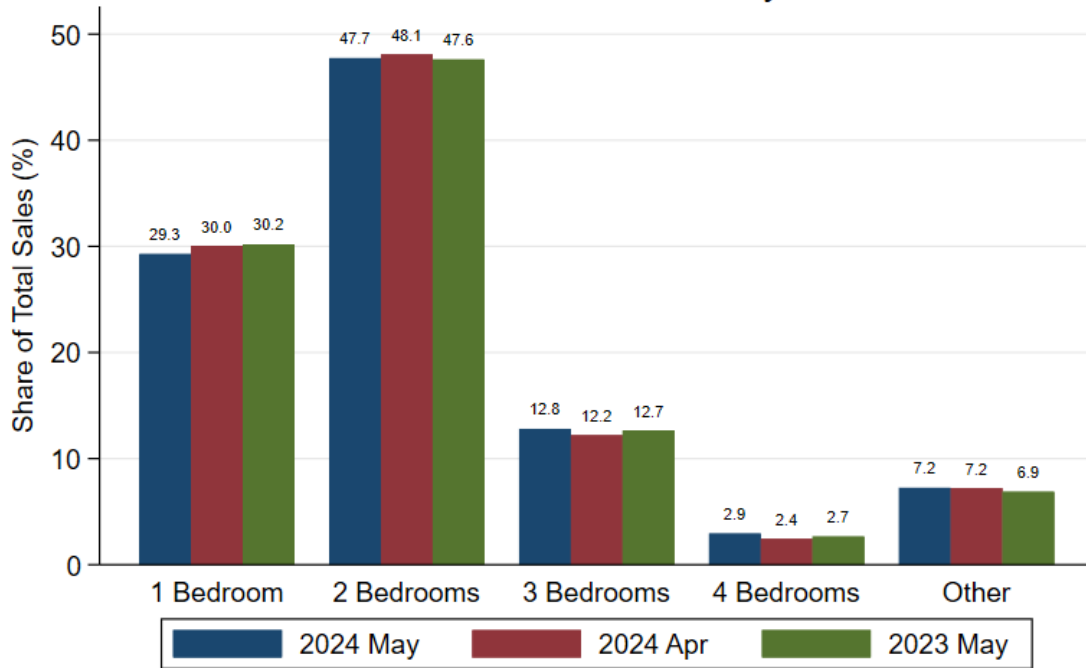
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Chicago PMSA House Characteristics by Bedroom



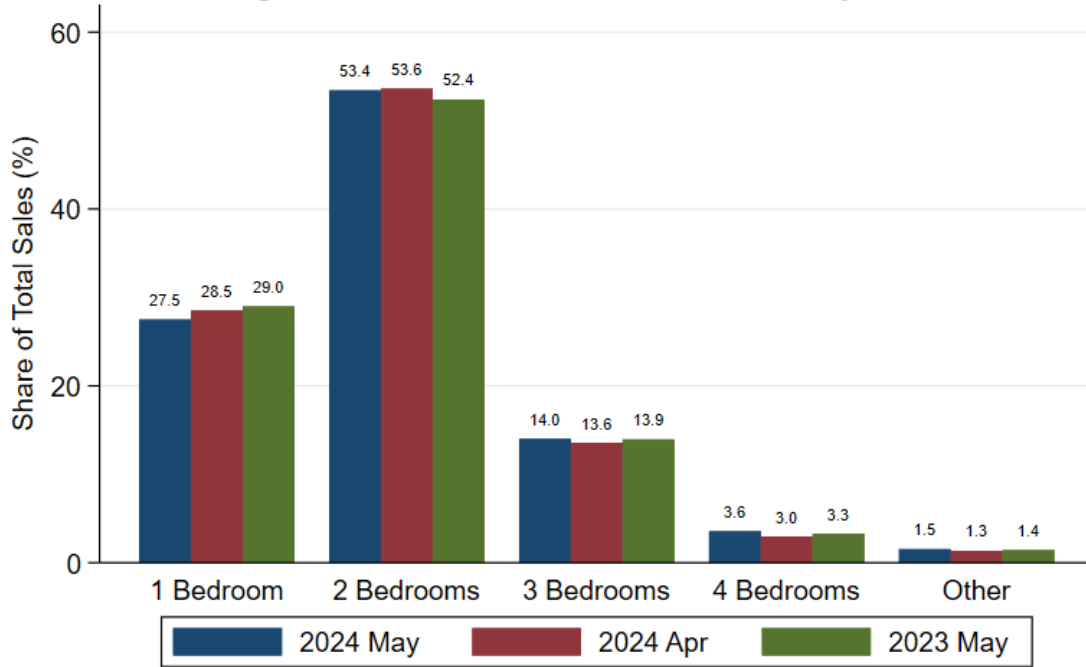
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Illinois House Characteristics by Bathroom



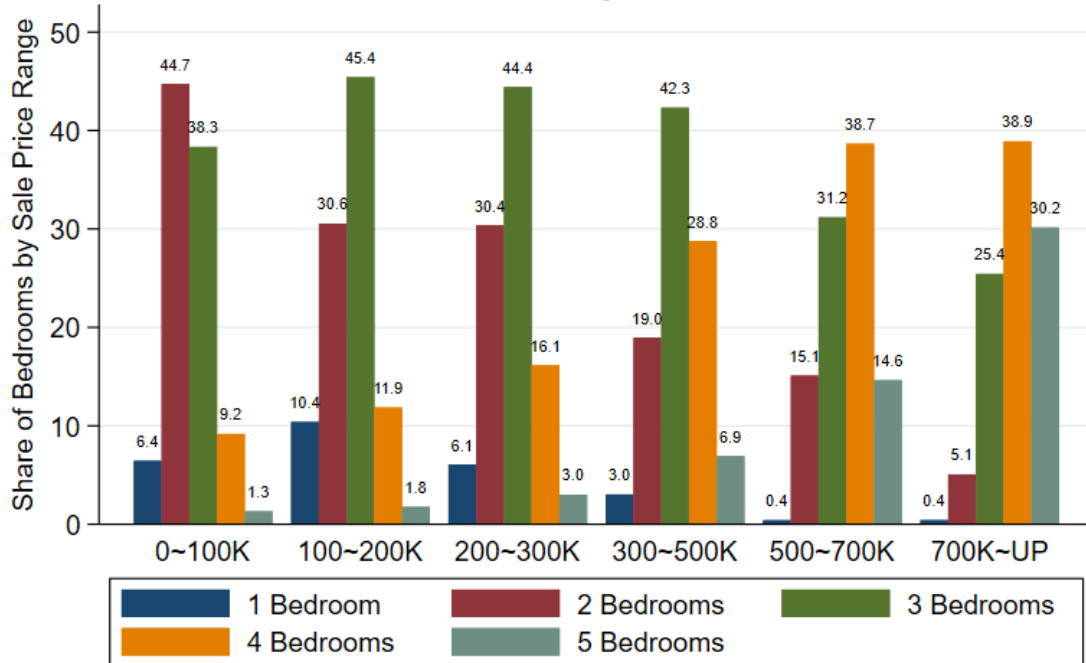
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Chicago PMSA House Characteristics by Bathroom



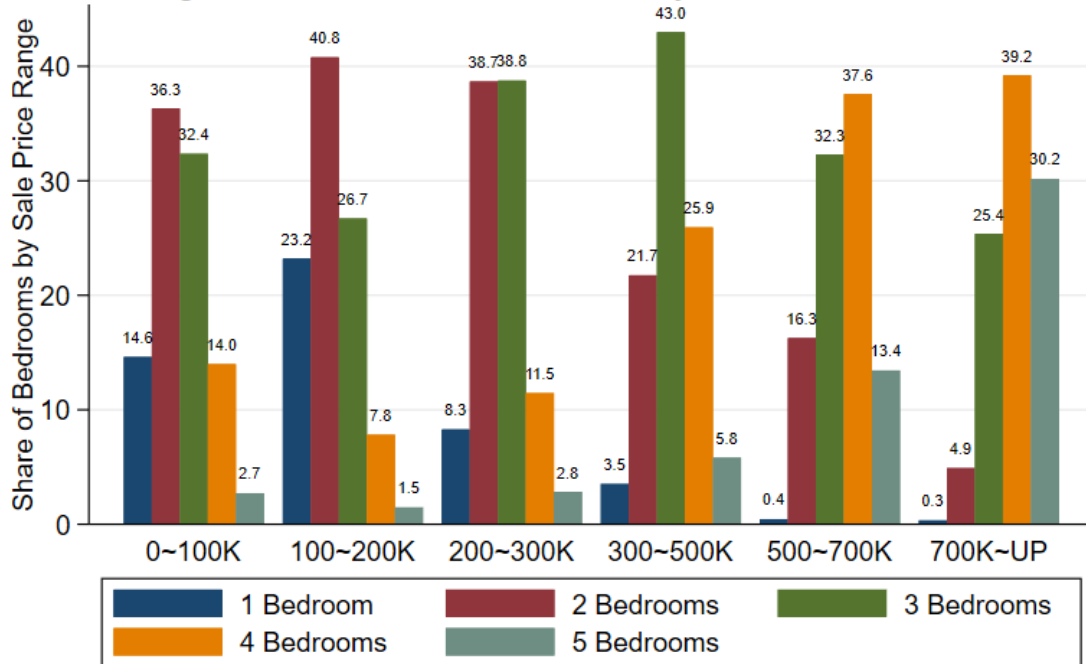
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Illinois Bedroom Shares by Sale Price Stratification



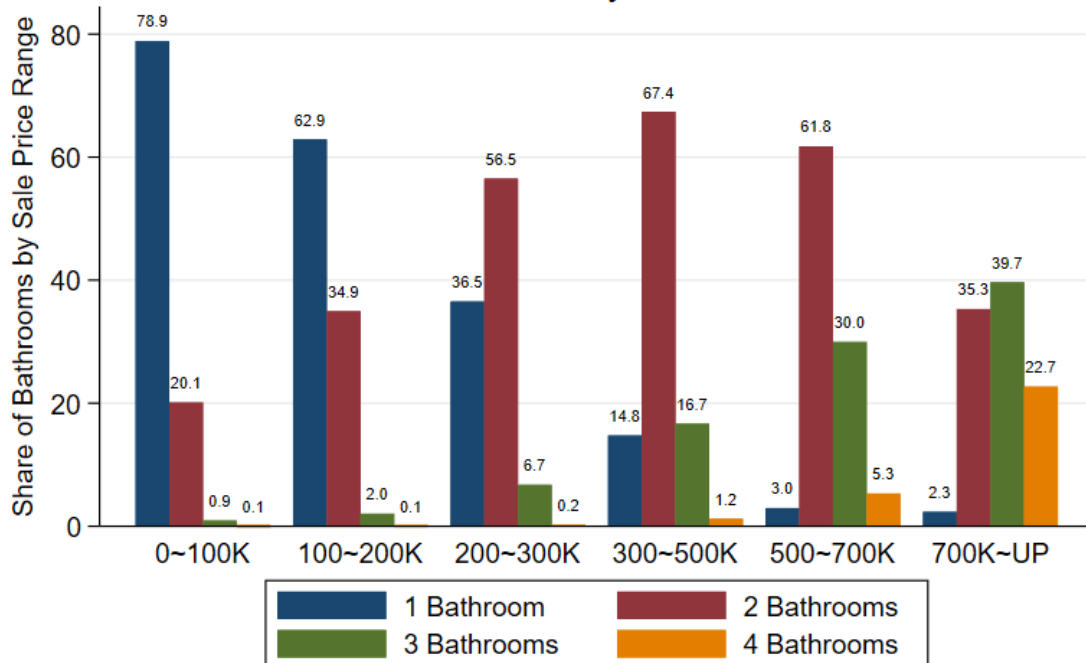
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Chicago PMSA Bedroom Shares by Sale Price Stratification



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

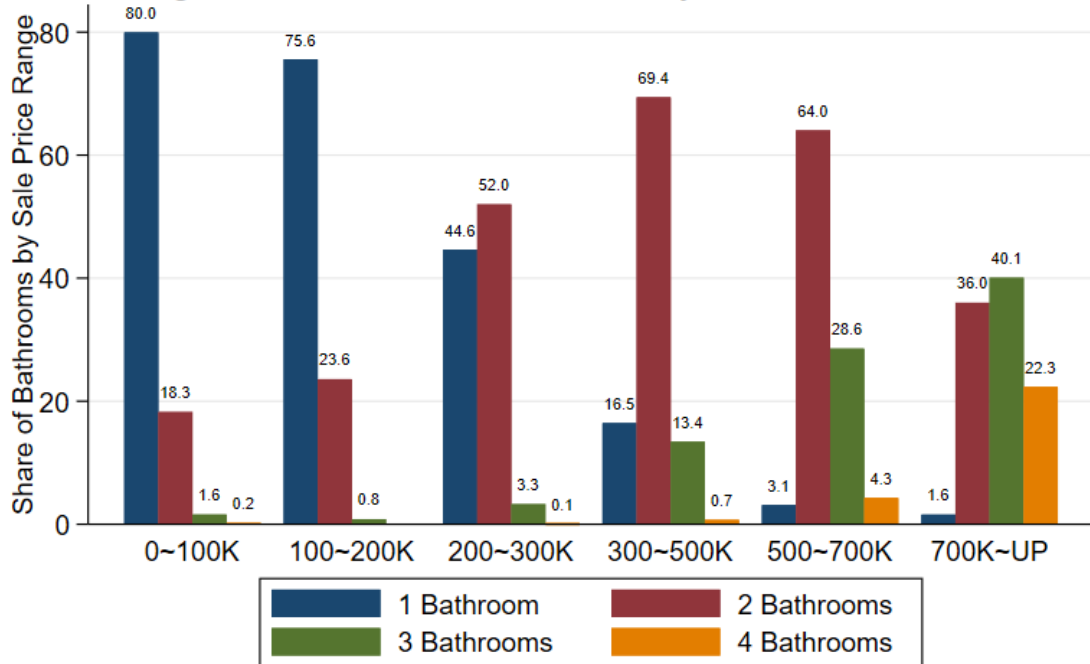
## Illinois Bathroom Shares by Sale Price Stratification



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

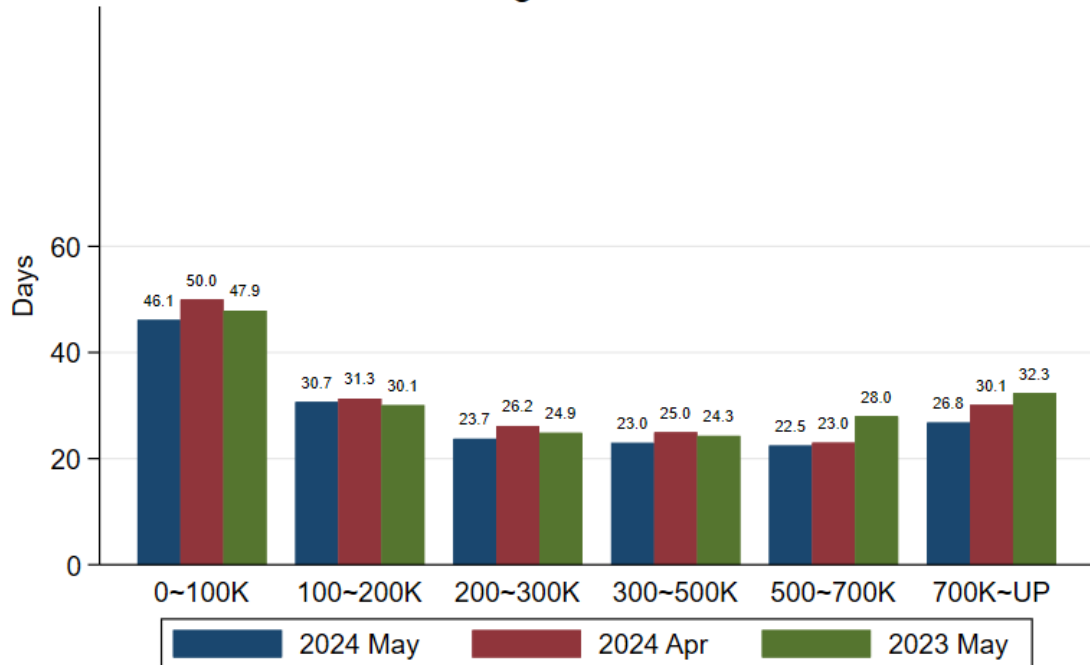


## Chicago PMSA Bathroom Shares by Sale Price Stratification



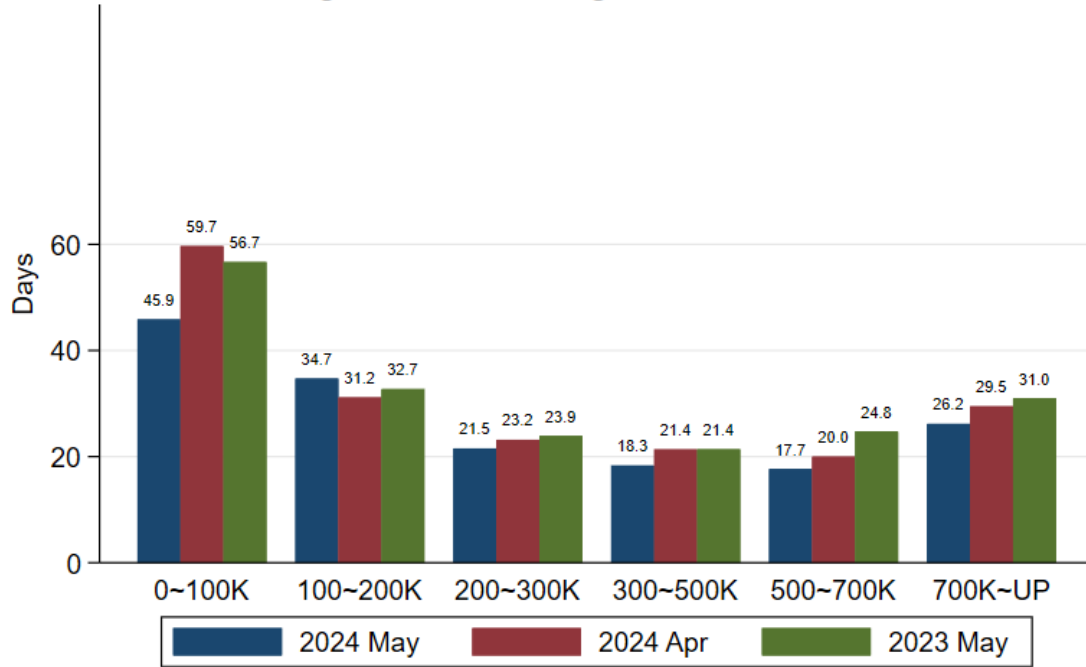
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Illinois Average Time on the Market



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

## Chicago PMSA Average Time on the Market



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS