

# **Housing Price Forecasts**

## **Illinois and Chicago PMSA, August 2022**

Presented To

**Illinois REALTORS®**

From

**UIC Stuart Handler Department of Real Estate**

August 18, 2022

Contact: Daniel McMillen ([mcmillen@uic.edu](mailto:mcmillen@uic.edu))  
Heejin Kim ([heejink2@illinois.edu](mailto:heejink2@illinois.edu))

## Housing Price Forecast: Illinois and Chicago PMSA, August 2022

### The Housing Market

In July, sales experienced a negative annual change, whereas median prices experienced a positive annual change in both Illinois and Chicago PMSA. 15,068 houses were sold in Illinois, changing by -22.6% from a year ago and -17.1% from a month ago. In the Chicago PMSA, 10,400 houses were sold, changing by -25.6% from a year ago and -20.1% from a month ago. The median price was \$273,000 in Illinois, up 4.0% from July last year; the comparable figure for the Chicago PMSA was \$325,000, up 4.8% from July last year.

In July, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among the total sales was 3.58%. 9,970 regular sales were made, -26.3% less than last year. 370 foreclosed properties were sold, 9.1% more than last year. The median price was \$326,500 for regular property sales, up 5.0% from last year; the comparable figure for the foreclosed properties was \$240,000, down -2.3% from last year.

The sales forecast for August, September, and October suggests a decrease on a yearly and monthly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -14.4% to -19.5%; the comparative figures for the Chicago PMSA are a decrease in the range of -13.8% to -18.7%. On a monthly basis, the three-month average sales are forecast to decrease in the range of -2.5% to -3.4% for Illinois and decrease in the range of -1.1% to -1.5% for the Chicago PMSA.

The pending home sales index<sup>1</sup> is a leading indicator based on contract signings. This July, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 107.2 (2019=100) in Illinois, down -19.7% from a year ago. In the Chicago PMSA, the comparable figure is 101.7 down -22.7% from a year ago. At the latest average annual pending sales rate, Illinois had enough housing inventory for 1.9 months (down from 2.1 last year)<sup>2</sup>. In the Chicago PMSA, the comparable figure was 2.0 months (down from 2.2 last year). Months of supply for homes in the lowest price ranges (<100K) experienced declines both in Illinois and the Chicago PMSA. The highest price ranges (\$700K+) showed the largest decline.

The median price forecast indicates positive annual growth for August, September, and October in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 4.2% in August, 4.8% in September, and 5.0% in October. For the Chicago PMSA, the comparable figures are 5.7% in August, 6.8% in September, and 5.6% in October. 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<sup>3</sup>. In Illinois, the SHDRE HPI (Jan 2008=1) is forecast to change by 7.9% in August, 6.9% in September, and 5.7% in October. The comparable figures for the Chicago PMSA are 7.3% in August, 7.6% in September, and 7.7% in October. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

---

<sup>1</sup> The base level (100) of pending home sales is the average pending home sales of year 2019, the year before the Covid-19 Crisis.

<sup>2</sup> Months' supply of inventory is defined as inventory of homes for sale at the end of the month divided by the average monthly pending sales in the last twelve months.

<sup>3</sup> SHDRE HPI succeeds REAL HPI, developed by Esteban Lopez and Minshu Du.

In July, the Conference Board Consumer Confidence Index decreased while the University of Michigan Consumer Sentiment Index increased. The Conference Board Consumer Confidence Index Survey noted that inflation and additional rate increases are likely to continue discouraging consumer spending and economic growth for a while. The University of Michigan Consumer Sentiment Index Survey noted that the one-year economic outlook fell to its lowest since 2009. At the same time, concerns over global factors have been more or less softened.

### **The Housing Market – Current Condition**

- In July, sales experienced a negative annual change, whereas median prices experienced a positive annual change in both Illinois and Chicago PMSA. 15,068 houses were sold in Illinois, changing by -22.6% from a year ago and -17.1% from a month ago. In the Chicago PMSA, 10,400 houses were sold, changing by -25.6% from a year ago and -20.1% from a month ago. The median price was \$273,000 in Illinois, up 4.0% from July last year; the comparable figure for the Chicago PMSA was \$325,000, up 4.8% from July last year. (Reference: Illinois and Chicago PMSA Median Home Sales Price and Total Home Sales figures; Forecast for August 2022 report table)
- In July, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among the total sales was 3.58%. 9,970 regular sales were made, -26.3% less than last year. 369 foreclosed properties were sold, 9.1% more than last year. The median price was \$326,500 for regular property sales, up 5.0% from last year; the comparable figure for the foreclosed properties was \$240,000, down -2.3% from last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- In July, at the latest average annual pending sales rate, Illinois had enough housing inventory for 1.9 months (down from 2.1 last year)<sup>4</sup>. In the Chicago PMSA, the comparable figure was 2.0 months (down from 2.2 last year). Months of supply for homes in the lowest price ranges (<100K) experienced declines both in Illinois and the Chicago PMSA. The highest price ranges (\$700K+) showed the largest decline. (Reference: Illinois and Chicago PMSA Annual Months' Supply by Price Range figures)
- In July, the market shares of homes in the low price ranges (\$100-200K) experienced the largest change compared to a year ago for both Illinois and the Chicago PMSA. In Illinois, the market share for homes at \$100-200K decreased to 22.5% from 24.1% a year ago; the Chicago PMSA decreased to 15.5% from 17.6% a year ago. (Reference: Illinois and Chicago PMSA Price Stratification figures)

---

<sup>4</sup> Months' supply of inventory is defined as inventory of homes for sale at the end of the month divided by the average monthly pending sales in the last twelve months.

### The Housing Market – Forecast and Future Condition

- The median price forecast indicates positive annual growth for August, September, and October in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 4.2% in August, 4.8% in September, and 5.0% in October. For the Chicago PMSA, the comparable figures are 5.7% in August, 6.8% in September, and 5.6% in October. (Reference: Forecast for August 2022 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<sup>5</sup>. In Illinois, the SHDRE HPI (Jan 2008=1) is forecast to change by 7.9% in August, 6.9% in September, and 5.7% in October. The comparable figures for the Chicago PMSA are 7.3% in August, 7.6% in September, and 7.7% in October. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month. (Reference: Housing Price Index)
- The sales forecast for August, September, and October suggests a decrease on a yearly and monthly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -14.4% to -19.5%; the comparative figures for the Chicago PMSA are a decrease in the range of -13.8% to -18.7%. On a monthly basis, the three-month average sales are forecast to decrease in the range of -2.5% to -3.4% for Illinois and decrease in the range of -1.1% to -1.5% for the Chicago PMSA. (Reference: Forecast for August 2022 report table)
- The pending home sales index<sup>6</sup> is a leading indicator based on contract signings. This July, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 107.2 (2019=100) in Illinois, down -19.7% from a year ago. In the Chicago PMSA, the comparable figure is 101.7 down -22.7% from a year ago. (Reference: Illinois and Chicago PMSA Pending Home Sales Index figure)
- In July 2022, 1,187 houses were newly filed for foreclosure in the Chicago PMSA (up 362.0% and up 1.0%, respectively, from a year and a month ago). 478 foreclosures were completed (up 232.0% and down -1.0% respectively from a year and a month ago)<sup>7</sup>. As of July 2022, there are 8,183 homes at some stage of foreclosure — the foreclosure inventory. The monthly average net flows of foreclosures (foreclosure inflows - outflows) were 722.17 in the past 6 months, 319.67 in the last 12 months, and 231.08 in the previous 24 months. (Reference: Chicago PMSA Foreclosure Inflows and Outflows, and Inventory figures).

### The Economy

- In July 2022, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate dropped to 3.5%, and non-farm payroll jobs experienced a gain of 528,000 jobs. Notable job gains occurred over the month in Leisure and Hospitality (+96,000), Professional and Business services (+89,000), and Health Care (+70,000).
- In June 2022, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate fell to 4.5%. Non-farm payroll jobs rose by 18,800 over the month. The industry sectors that reported the largest over-the-month gains in

---

<sup>5</sup> SHDRE HPI succeeds REAL HPI, developed by Esteban Lopez and Minshu Du.

<sup>6</sup> The base level (100) of pending home sales is the average pending home sales of year 2019, the year before the Covid-19 Crisis.

<sup>7</sup> Including cancelled foreclosures and auctions.

employment were: Leisure and Hospitality (+9,900), Professional and Business Services (+3,100), Construction (+2,000), and Educational and Health Services (+2,000).

- According to Redfin, the “stale” housing supply has increased on an annual basis for the first time since the beginning of the COVID-19 pandemic. Redfin defines “stale” homes as those on the market for at least 30 days without contract but still actively listed on a month's final day. It is also the second largest annual increase since Redfin started tracking the metric in 2012.

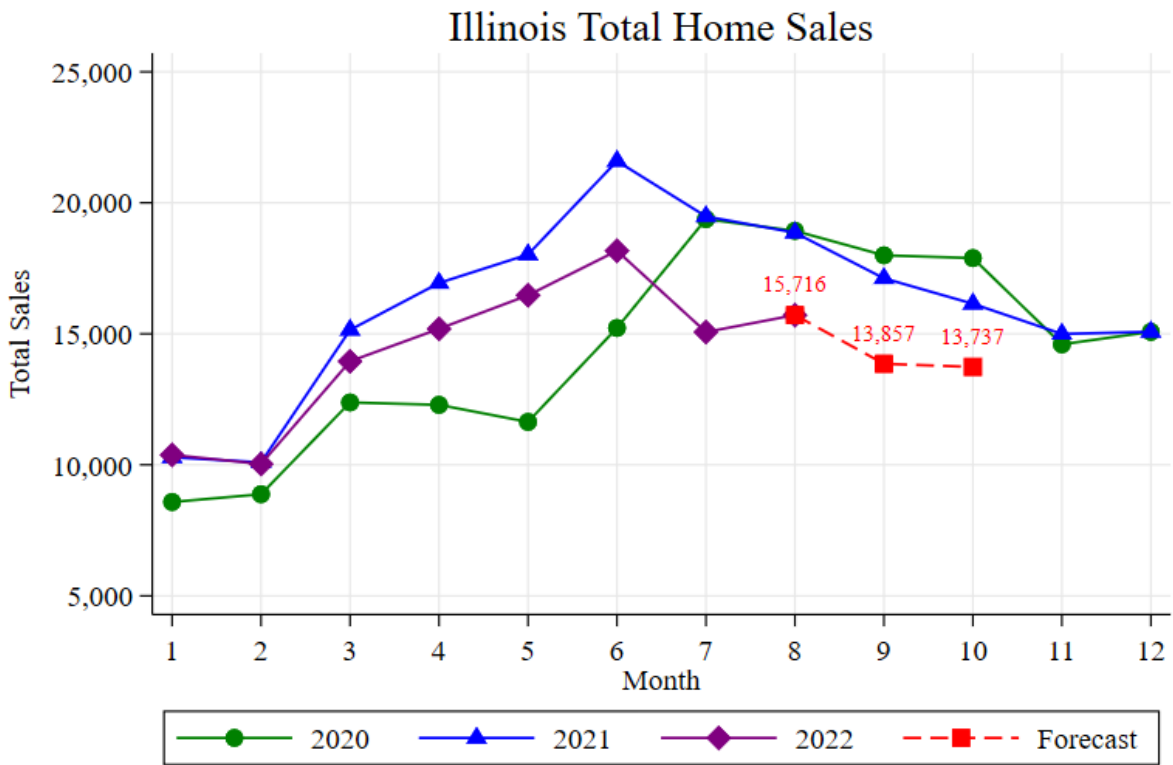
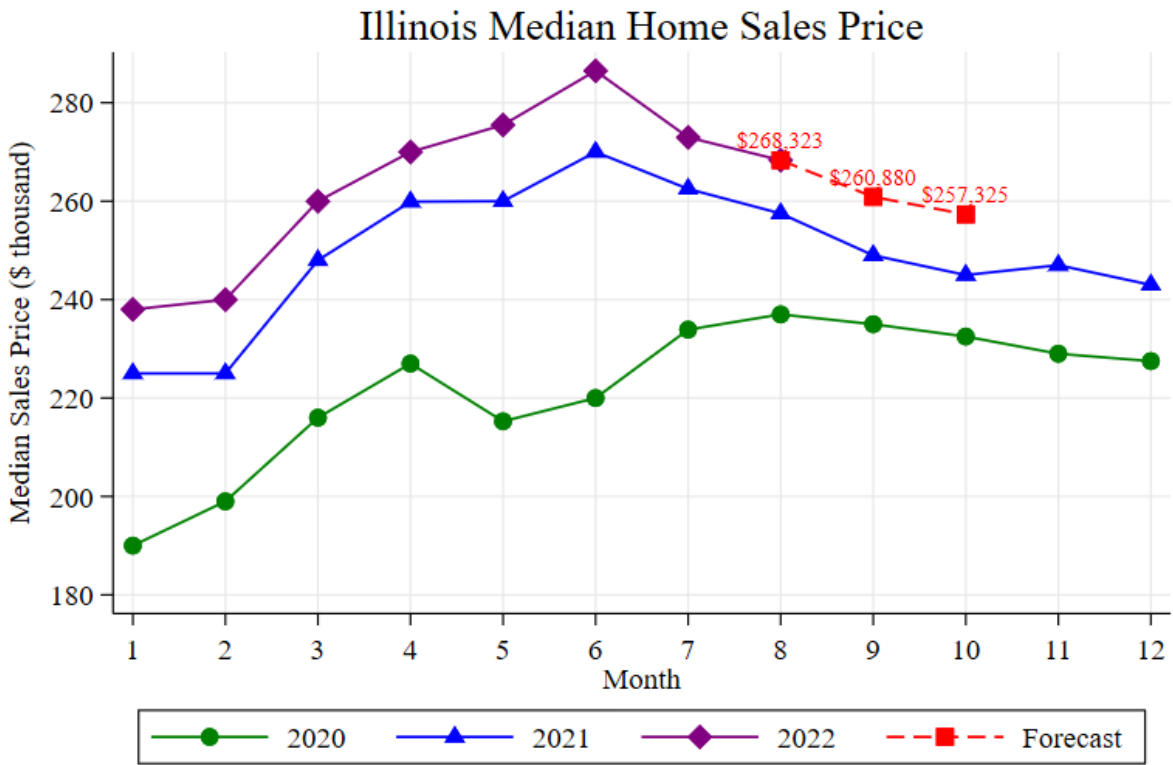
### **Longer-term Outlook**

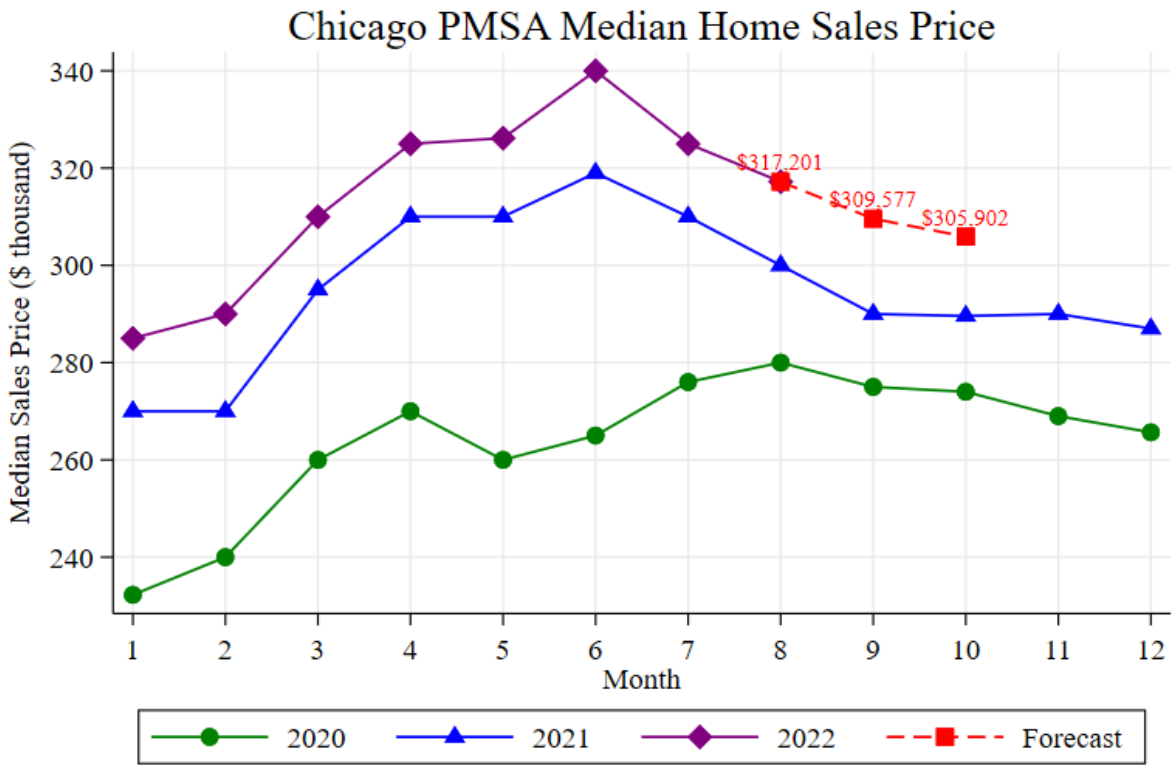
- In July, the Conference Board Consumer Confidence Index decreased while the University of Michigan Consumer Sentiment Index increased. The Conference Board Consumer Confidence Index stands at 95.7, down from 98.4 last month. The survey noted that inflation and additional rate hikes are likely to continue discouraging consumer spending and economic growth for a while. The University of Michigan Consumer Sentiment Index increased to 51.5 in July from 50.0 last month. The survey noted that the one-year economic outlook fell to its lowest since 2009. At the same time, concerns over global factors have lightened somehow.
- In July, the Fannie Mae Home Purchase Sentiment Index (HPSI) decreased 2.0 points to 62.8, its lowest level since 2011 and well below the all-time high set in 2019. The survey noted that consumers consider high mortgage rates as a top reason to presume it is a bad time to buy or sell a home. Additionally, consumers indicate that selling conditions have worsened, as the “Good Time to Sell” component has declined for the last two months. In addition, on net, fewer consumers expect that home prices would go up.

“The number of sales remains low in Illinois, while prices continue to grow,” noted Daniel McMillen, Head of the UIC Stuart Handler Department of Real Estate (SHDRE). “Increases in interest rates and concerns about inflation have caused a decline in consumer confidence in the economy and may lead to lower price growth in the future.”

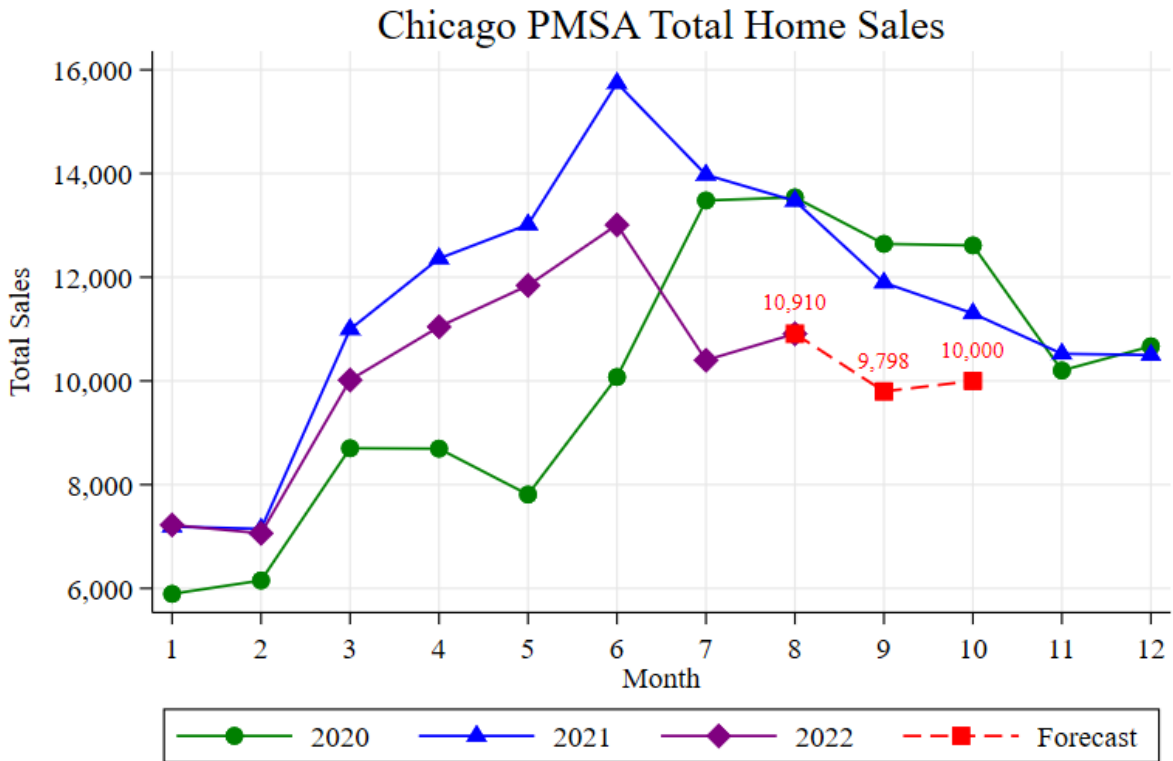
**Forecast for August 2022 report**

PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES						
	Annual			Monthly		
	Illinois	Chicago PMSA		Illinois	Chicago PMSA	
May-22	-8.6%	-9.0%		8.4%	7.2%	
Jun-22	-15.9%	-17.4%		10.3%	9.9%	
Jul-22	-22.6%	-25.6%		-17.1%	-20.1%	
3 Month Avg.	-15.9%	-17.5%		-0.2%	-1.8%	
SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES						
	Annual				Monthly	
	Illinois		Chicago PMSA		Illinois	Chicago PMSA
Aug-22	-14.2%	-19.2%	-16.2%	-21.9%	3.7%	4.9%
Sep-22	-16.2%	-21.9%	-15.0%	-20.3%	-10.1%	-13.6%
Oct-22	-12.7%	-17.2%	-9.8%	-13.2%	-0.7%	-1.0%
3 Month Avg.	-14.4%	-19.5%	-13.8%	-18.7%	-2.5%	-3.4%
SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE						
	Illinois	Chicago PMSA		Illinois	Chicago PMSA	
May-22	\$275,500	\$326,155	May-21	\$260,000	\$310,000	
Jun-22	\$286,500	\$340,000	Jun-21	\$270,000	\$319,000	
Jul-22	\$272,975	\$325,000	Jul-21	\$262,500	\$310,000	
Aug-22	\$268,323	\$317,201	Aug-21	\$257,500	\$300,000	
Sep-22	\$260,880	\$309,577	Sep-21	\$249,000	\$290,000	
Oct-22	\$257,325	\$305,902	Oct-21	\$245,000	\$289,590	
ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE						
	Illinois	Chicago PMSA		Illinois	Chicago PMSA	
May-22	6.0%	5.2%	May-21	20.8%	19.2%	
Jun-22	6.1%	6.6%	Jun-21	22.7%	20.4%	
Jul-22	4.0%	4.8%	Jul-21	12.2%	12.3%	
Aug-22	4.2%	5.7%	Aug-21	8.6%	7.1%	
Sep-22	4.8%	6.8%	Sep-21	6.0%	5.5%	
Oct-22	5.0%	5.6%	Oct-21	5.4%	5.7%	



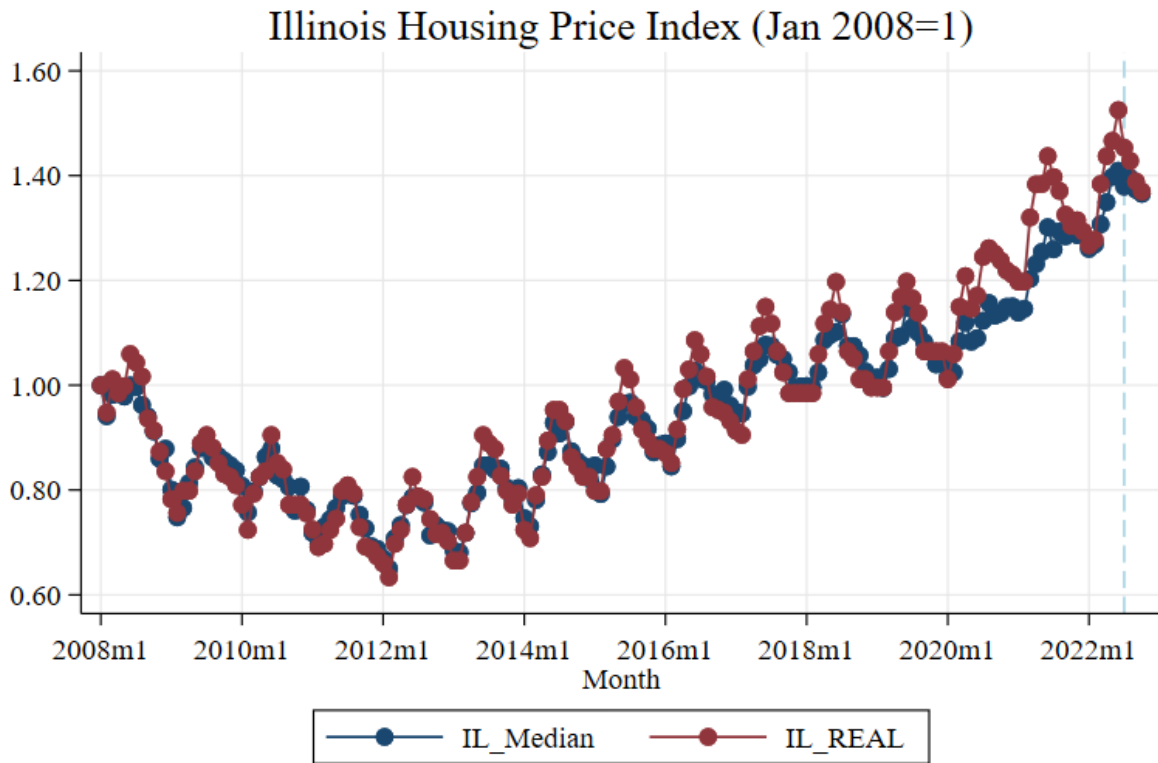


Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

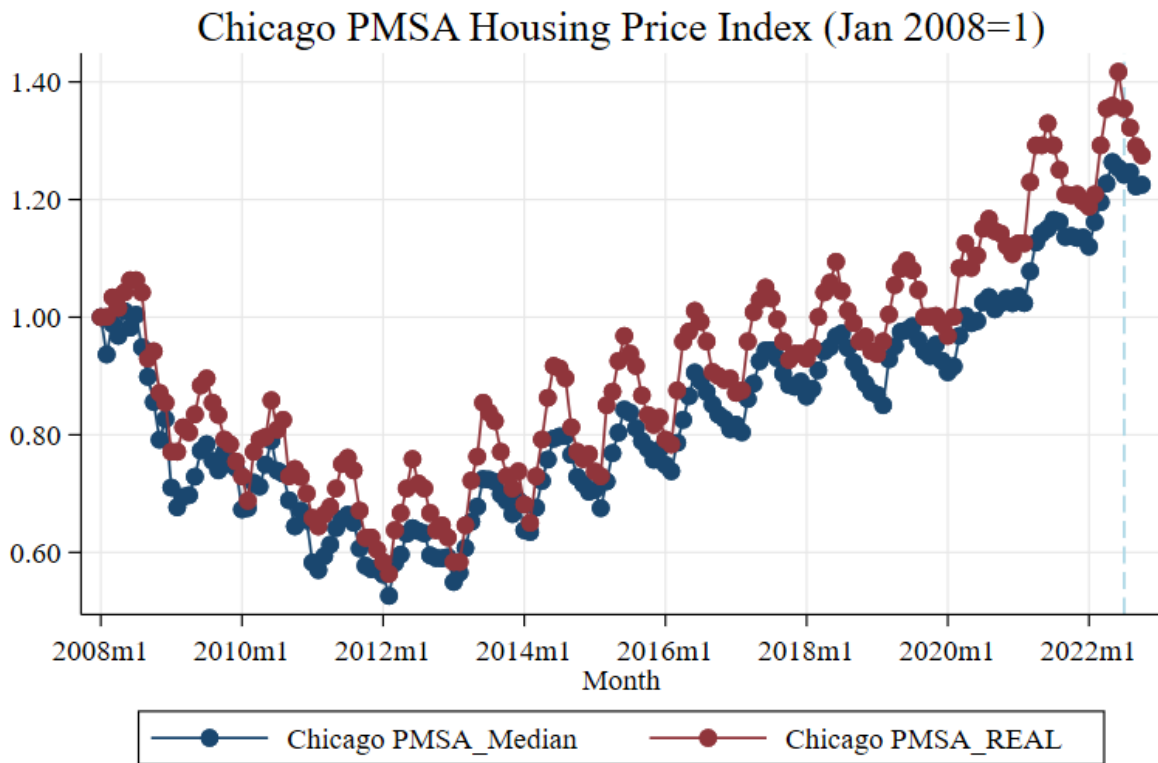


Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



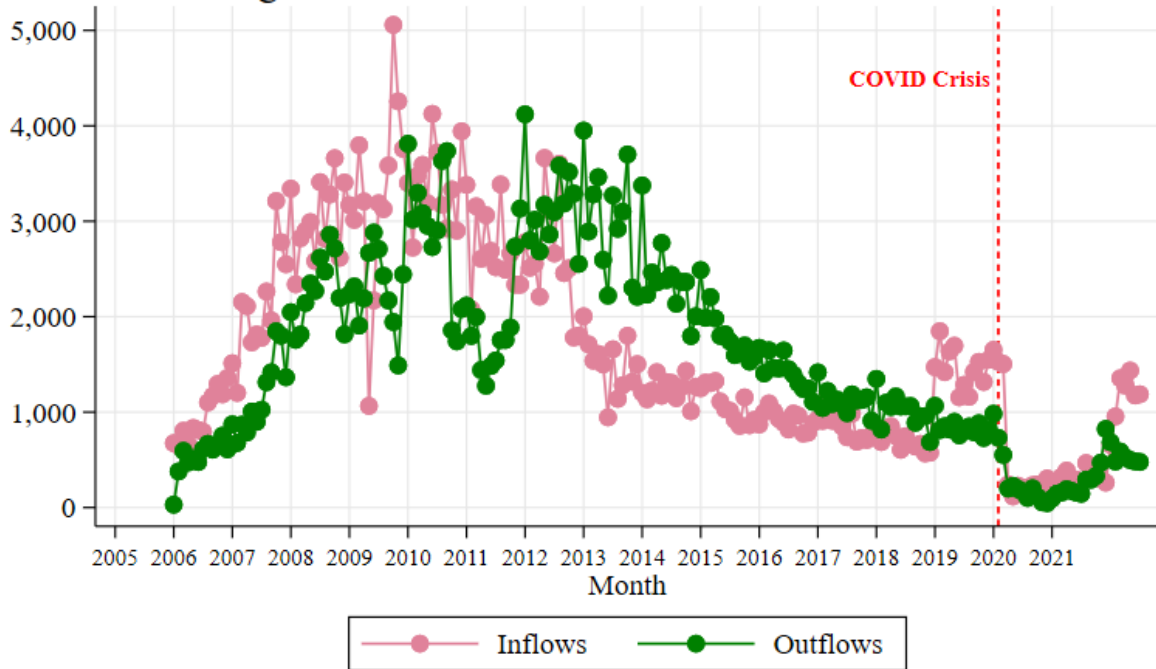


Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

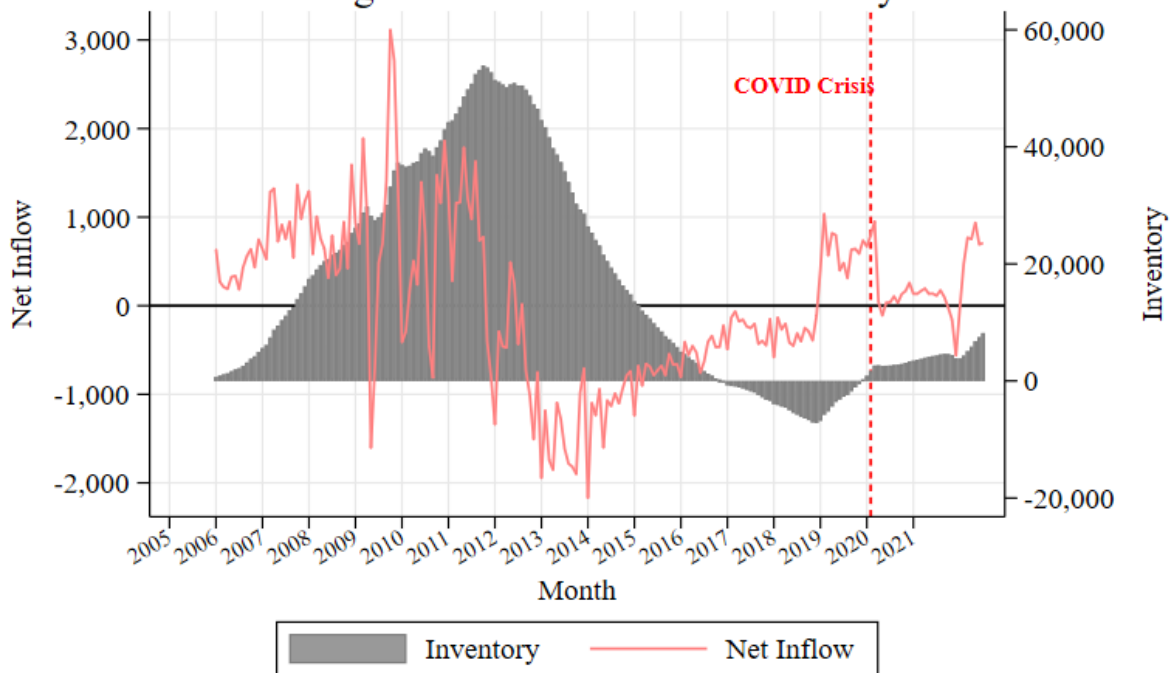
### Chicago PMSA New Foreclosure Inflows and Outflows



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

Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

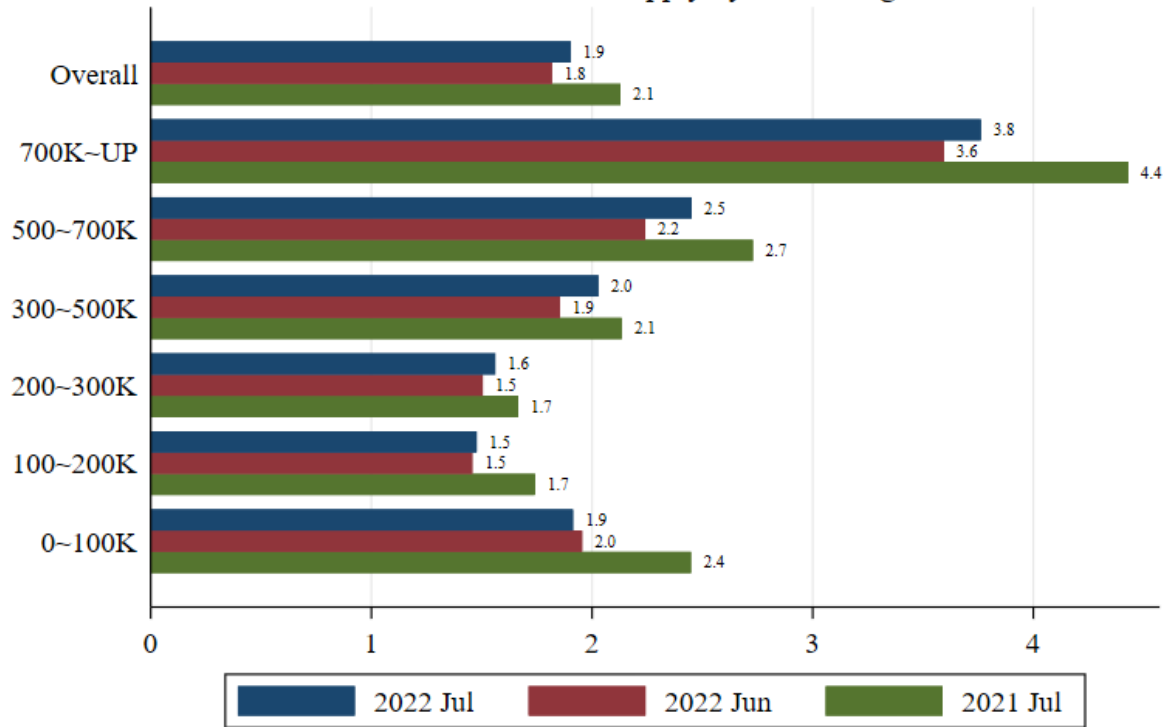
### Chicago PMSA Foreclosure Inventory



Net inflows=Inflows-Outflows

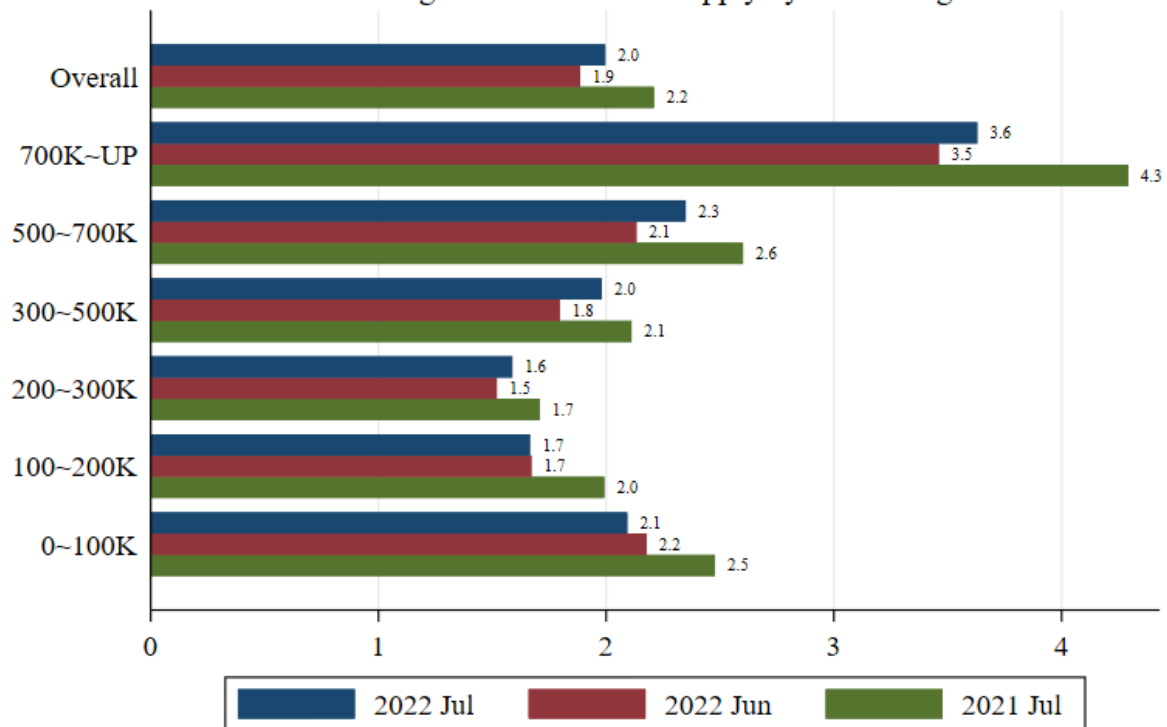
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Months' Supply by Price Range

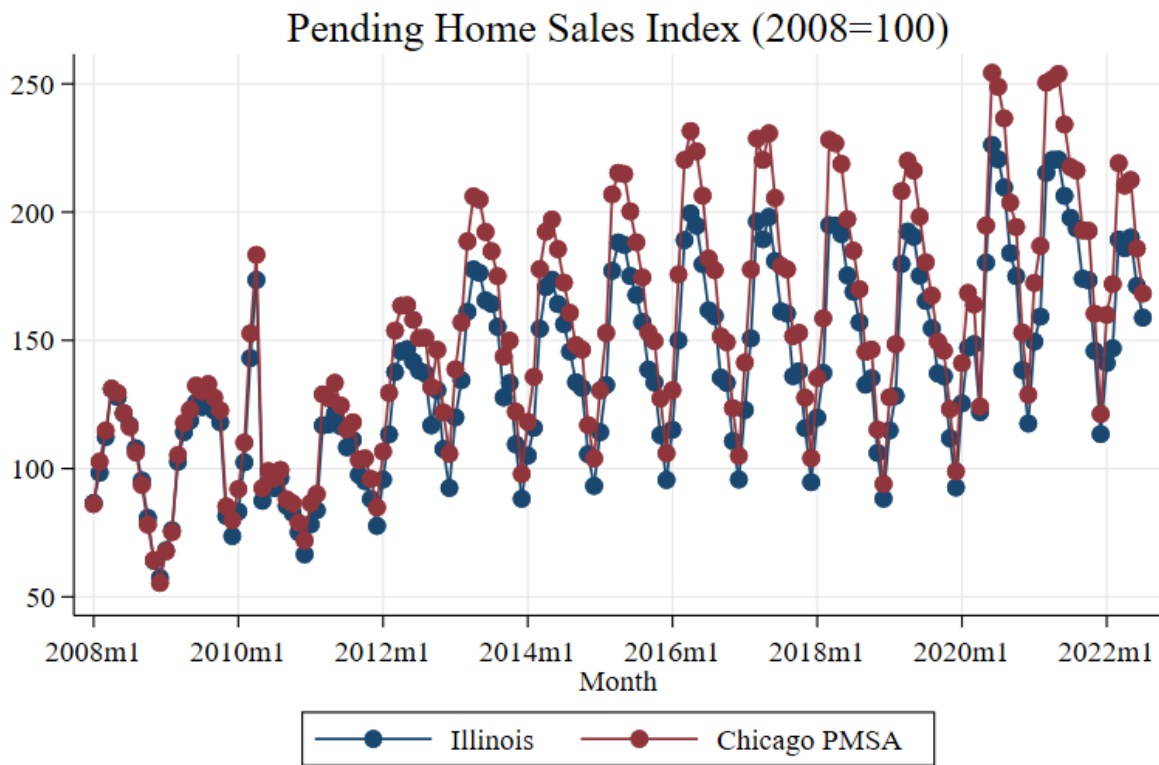


Source:University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Months' Supply by Price Range

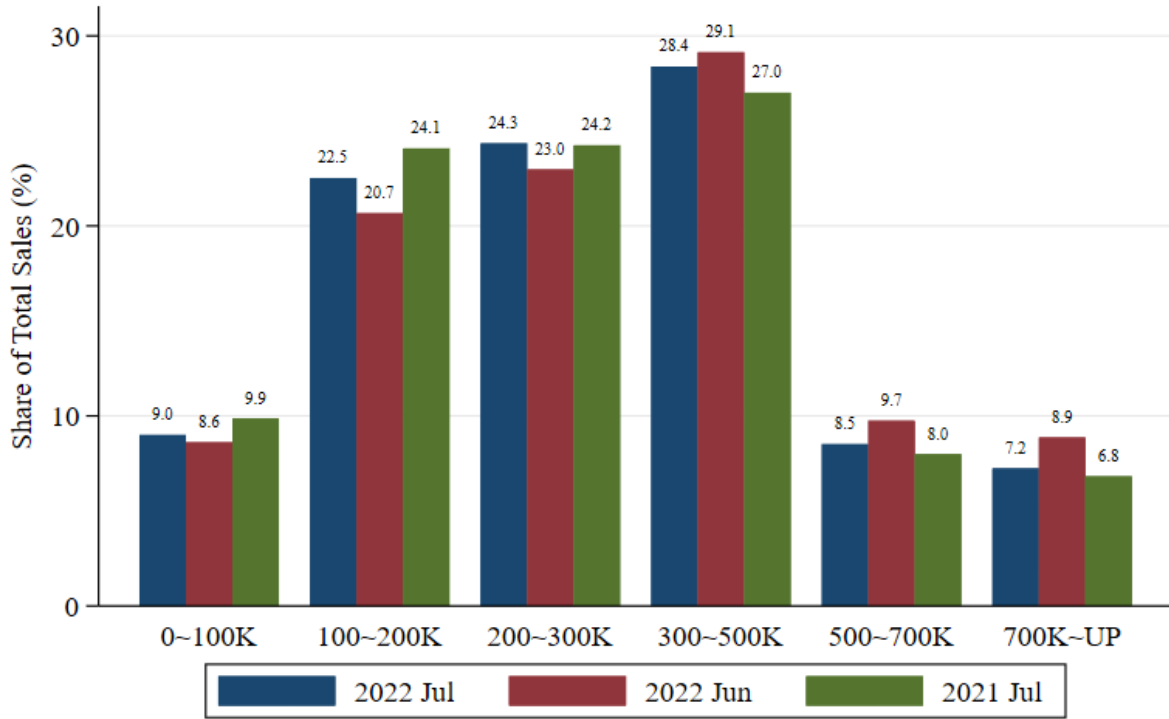


Source:University of Illinois at Chicago SHDRE, Illinois REALTORS



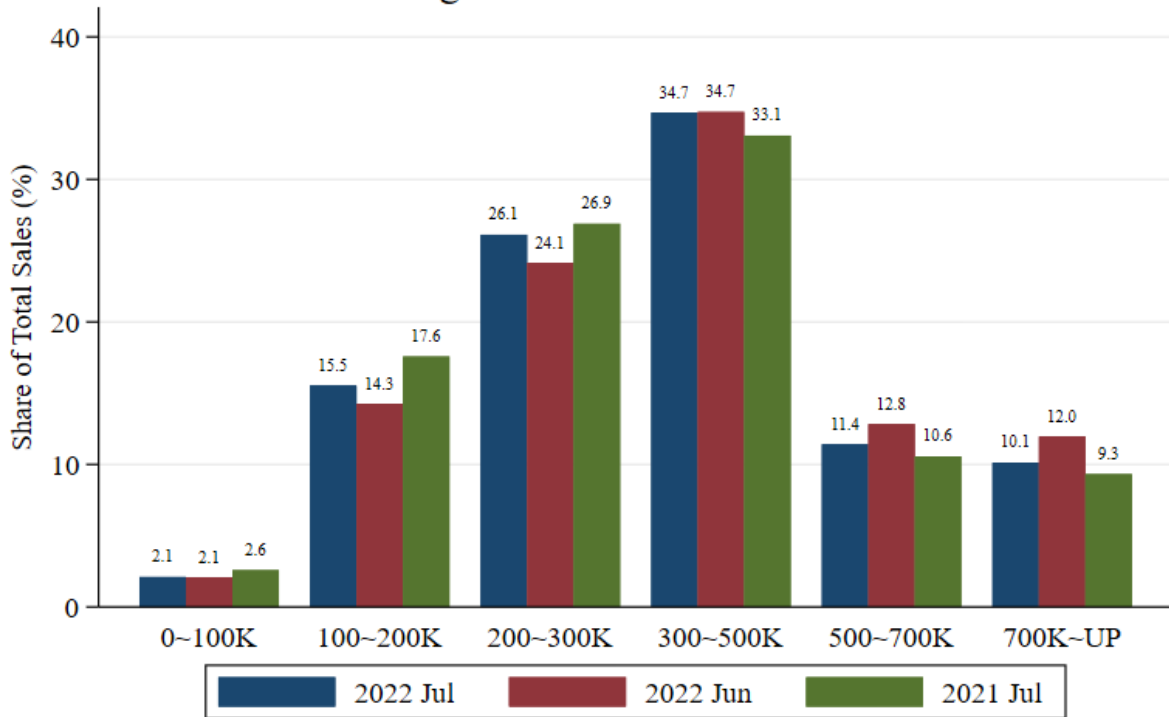
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Price Stratification



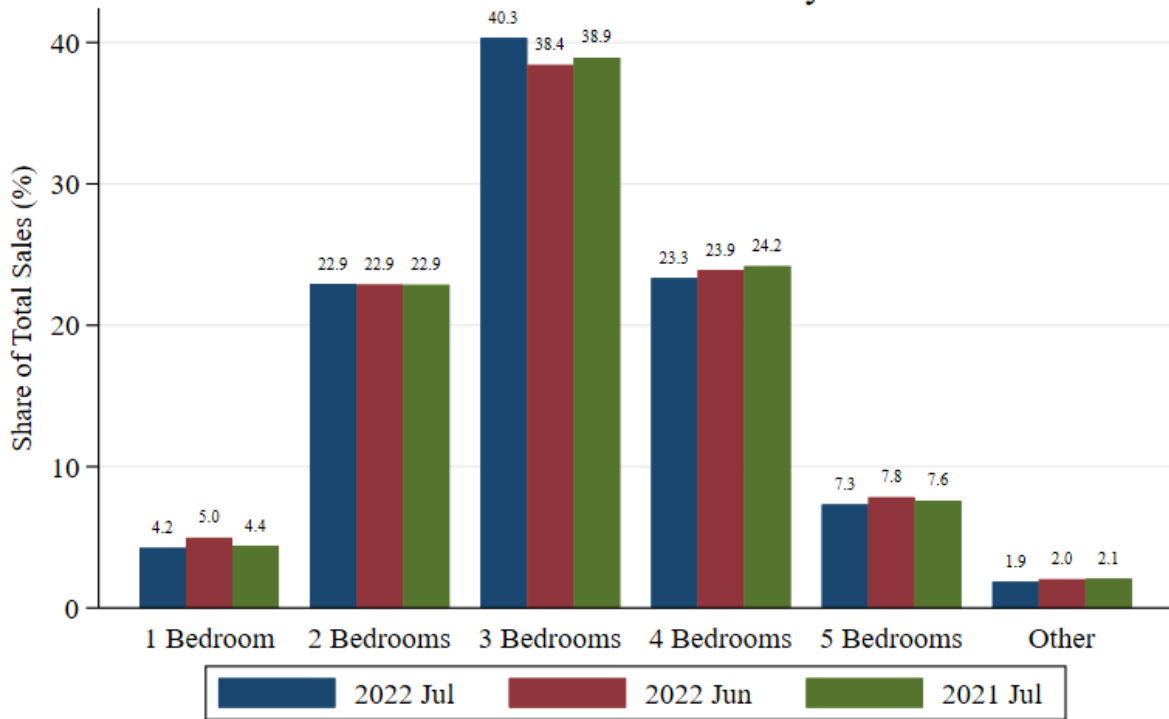
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Price Stratification



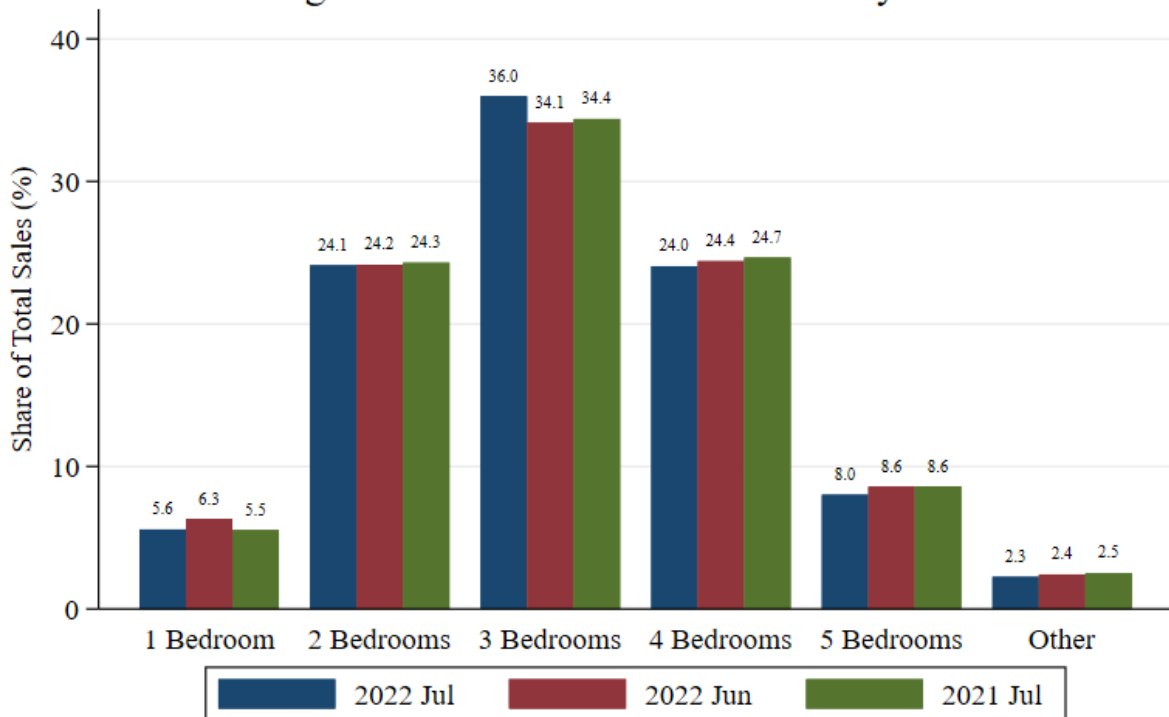
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois House Characteristics by Bedroom



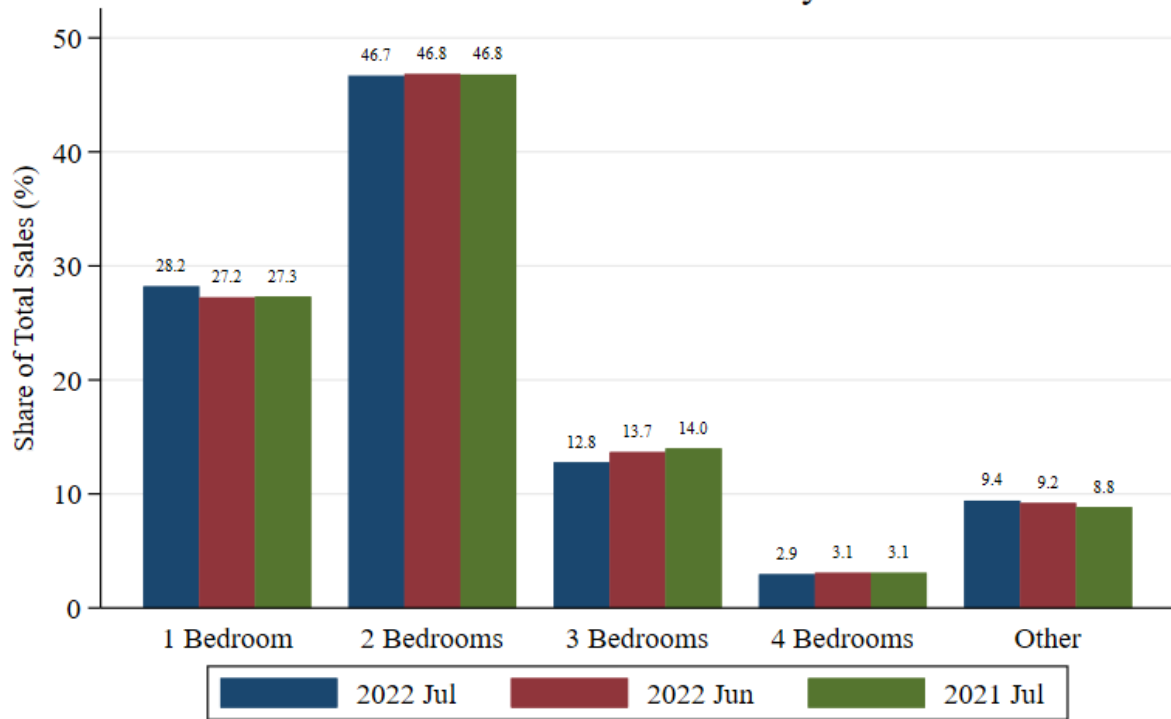
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA House Characteristics by Bedroom



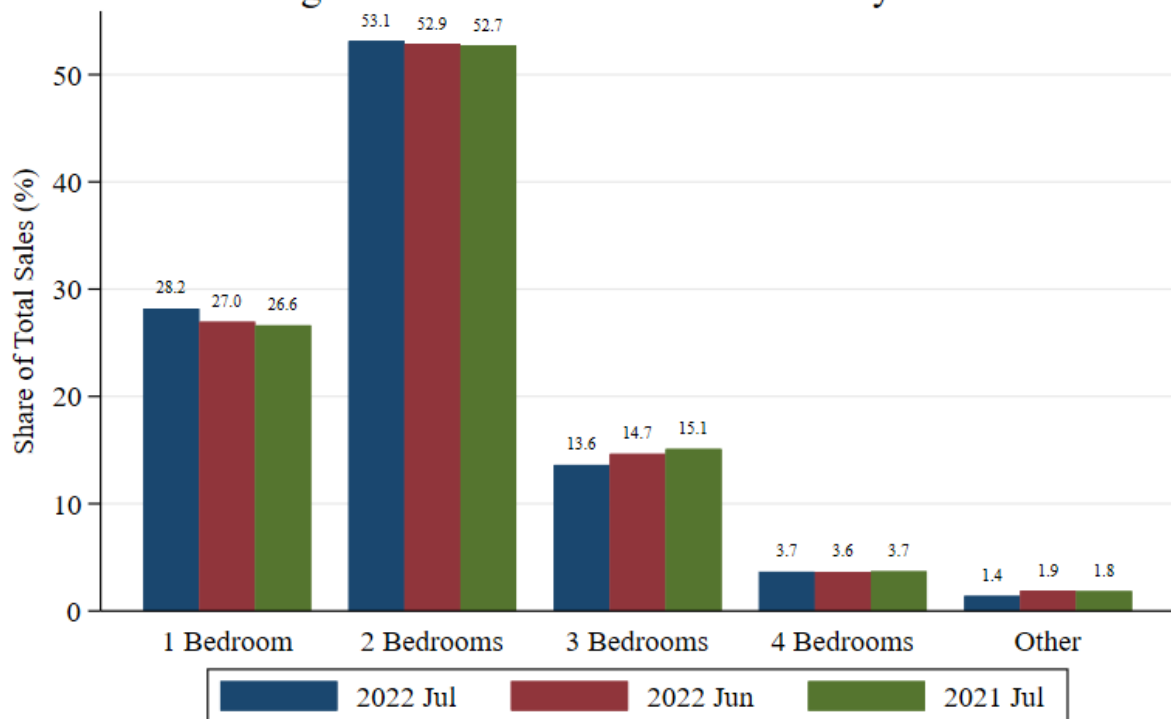
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois House Characteristics by Bathroom



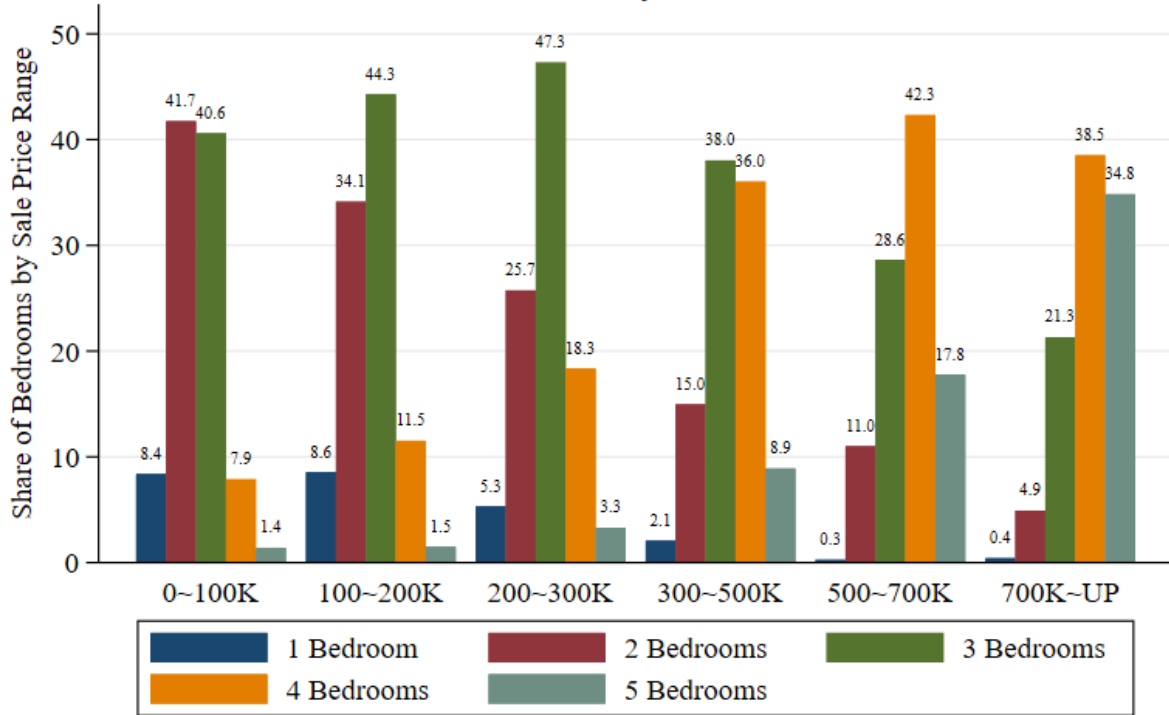
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA House Characteristics by Bathroom



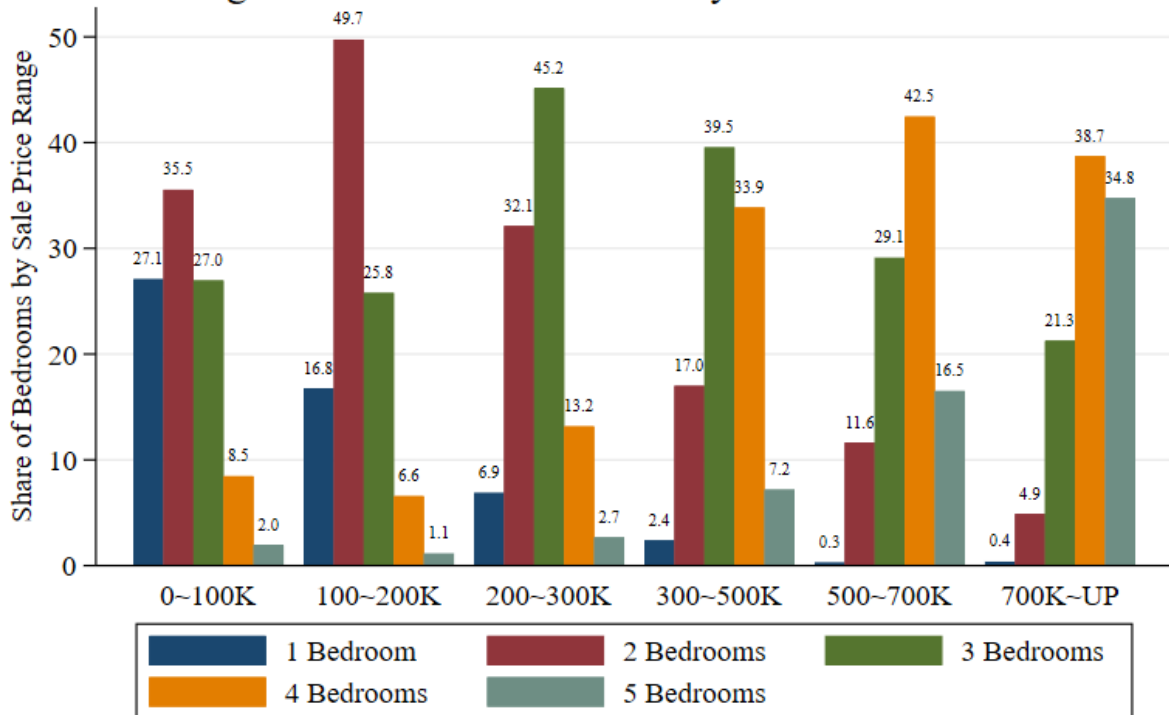
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Bedroom Shares by Sale Price Stratification



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

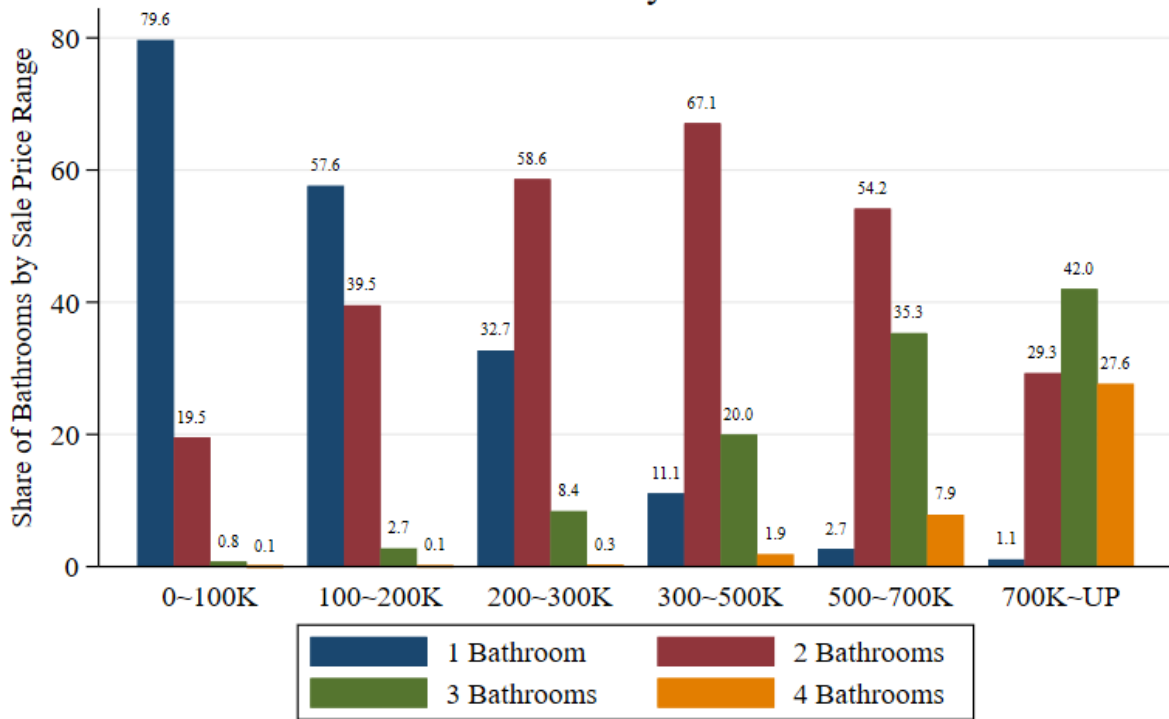
### Chicago PMSA Bedroom Shares by Sale Price Stratification



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

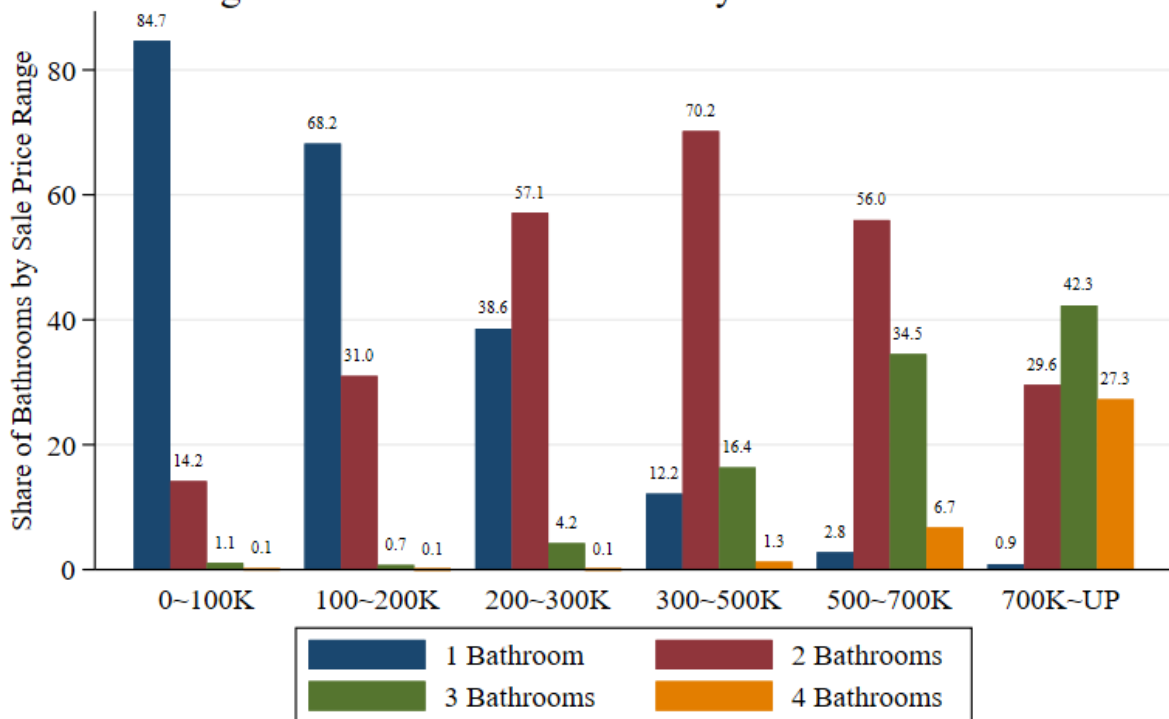


### Illinois Bathroom Shares by Sale Price Stratification



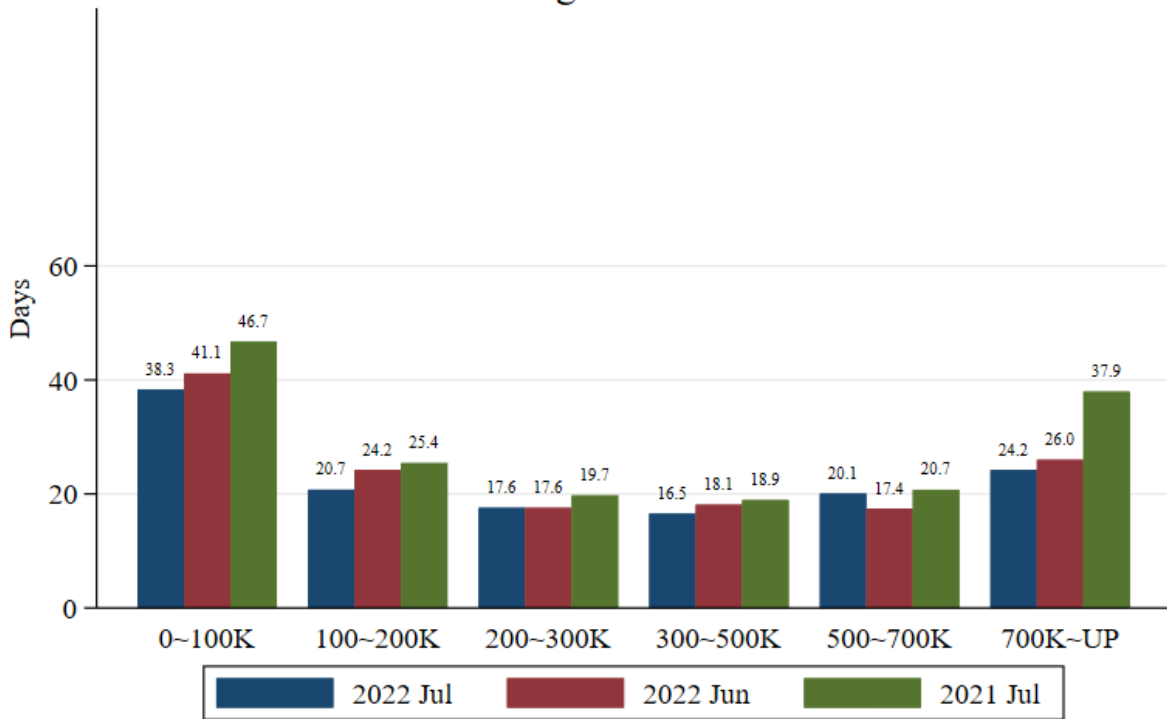
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Bathroom Shares by Sale Price Stratification



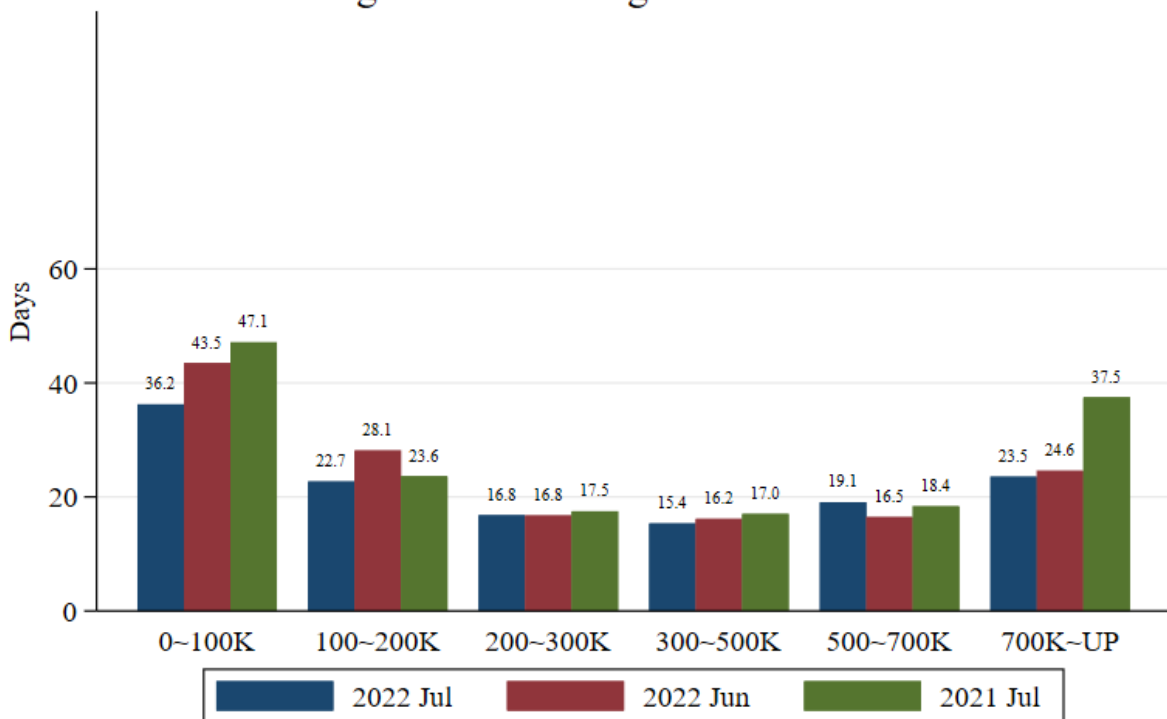
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### 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

