

Housing Price Forecasts for 2024:

Illinois and Chicago MSA

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From

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Housing Price Forecasts for 2024

Introduction: The State of the Economy

In October 2023, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate was unchanged at 3.9%, and non-farm payroll jobs experienced a gain of 150,000 jobs. Statewide, according to the Illinois Department of Employment Security (IDES), the Illinois unemployment increased to 4.6% in October 2023, which is the same value as in October 2022. Non-farm payroll jobs decreased by 15,000 over the month. The industry sectors that reported the largest payroll gains were: Professional and Business Services (-6,700), Manufacturing (-5,300), Financial Activities (-2,900), and Educational and Health Services (-2,900).

In October, the Conference Board Consumer Confidence Index declined moderately to 102.6 (1985=100), down from an upwardly revised 104.3 in September. The University of Michigan Consumer Sentiment Index also declined in October, declining from 67.9 in September to 63.8. The Conference Board Consumer Confidence Index survey noted that “Consumer confidence fell again in October 2023, marking three consecutive months of decline. October’s retreat reflected pullbacks in both the Present Situation and Expectations Index. Write-in responses showed that consumers continued to be preoccupied with rising prices in general, and for grocery and gasoline prices in particular. Consumers also expressed concerns about the political situation and higher interest rates. Worries around war/conflicts also rose, amid the recent turmoil in the Middle East. The decline in consumer confidence was evident across householders aged 35 and up, and not limited to any one income group.” The University of Michigan Consumer Sentiment Index survey noted that “Consumer sentiment slipped for the fourth straight month, falling 5% in November. While current and expected personal finances both improved modestly this month, the long-run economic outlook slid 12%, in part due to growing concerns about the negative effects of high interest rates. Ongoing wars in Gaza and Ukraine weighed on many consumers as well. Overall, lower-income consumers and younger consumers exhibited the strongest declines in sentiment. In contrast, sentiment of the top tercile of stockholders improved 10%, reflecting the recent strengthening in equity markets.”

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The Housing Market Conditions and Forecasts

Current Conditions

In the last twelve months, median prices have experienced mixed annual growth while sales have declined relative to the comparable time in 2022. Growth rates for median sales prices in both Illinois and the Chicago PMSA generally followed forecasts in the first half year, while experiencing higher than forecasted growth rates in the second half. Growth rates for sales also followed forecasts in the first half of the year in both Illinois and the Chicago PMSA, while experiencing lower than forecasted growth rates in the second half.¹

The growth in sales prices slowed in 2023 for both Illinois and the Chicago PMSA compared with a year ago. In Illinois, the annual growth rate in the median sale price varied between -1.9% and 7.7% by month. The comparable range for the Chicago PMSA was -1.5% to 9.6% (See Figures: Illinois Median Home Sales Price and Chicago Median Home Sales Price). Sales in 2023 in both Illinois and the Chicago PMSA experienced negative growth rates. Sales growth rates were between -34.3% and -8.5% for Illinois and between -38.0% and -8.3% for the Chicago PMSA. (See Figures: Illinois Total Sales and Chicago PMSA Total Sales). The Chicago PMSA experienced negative growth in regular sales and positive growth in foreclosed sales. Annual growth rates were between -40.0% and -9.4% for regular sales. The comparable figures for foreclosed sales were between 6.6% and 28.2%. However, the percentage of foreclosed sales out of total sales was 5.2% in October 2023, about half of the monthly average of 10.4 % between 2010 and 2023 (See Figures: Chicago PMSA Annual Change Rates for Sales Foreclosed vs. Regular sales & Ratio of Foreclosed Sales over Total Sales).

¹ This is to compare the real growth rates in 2022 with the forecasted growth rates in 2021 for 2022, using ANOVA analysis. A significance level of 5% is used. See figures: 2022 Real vs Forecast Annual Sales/Median Prices Change Rates

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Forecasts and Future Condition

Median prices are forecast to grow throughout 2024 within a narrower range compared with 2023. On a year-over-year basis, these gains are predicted to range from 3.8% to 9.6% for Illinois and 2.0% to 8.3% for the Chicago PMSA (See Figures: Illinois Median Home Sales and Chicago Median Home Sales Price). By December 2024, the median price of homes is forecast to be \$272,800 in Illinois and \$324,200 in Chicago PMSA, respectively, an increase of 8.4% and 12.0% from December 2023 (See Table: Annual Median Price Forecast [Nov 2022 to Dec 2023]). As a complement to the median housing price index (HPI), the SHDRE HPI forecasts indicate positive growth for both Illinois and the Chicago PMSA in the months ahead (see Figures: Illinois Housing Price Index & Chicago PMSA Housing Price Index)². The SHDRE HPI (Jan 2008=1) is forecast to experience a growth rate between 4.6% and 10.2% for Illinois and 2.9% to 7.6% for the Chicago PMSA. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

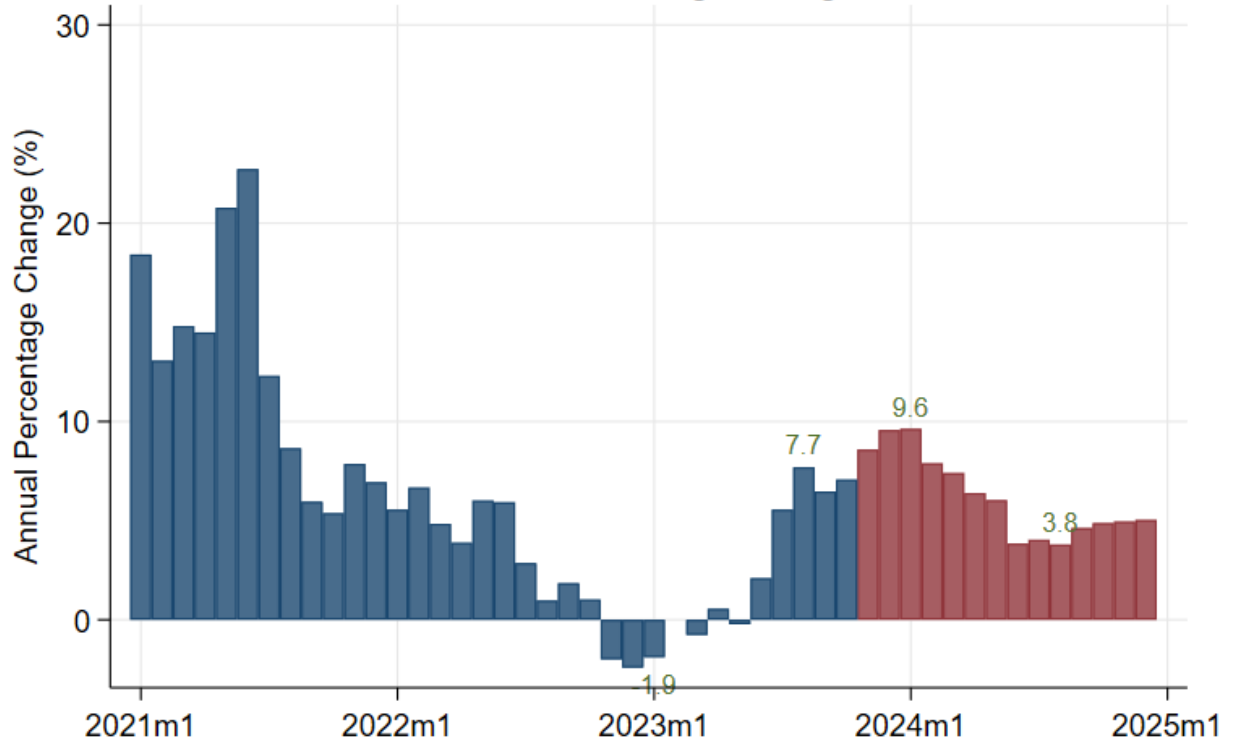
Sales are forecast to experience negative trends in growth rates overall in 2024 for both Illinois and the Chicago PMSA. The annual growth in monthly sales is forecast to range from -19.8% to 6.2% for Illinois. The comparable range for the Chicago PMSA is from -24.6% to 3.1%, with negative growth in most months. (See Table: Annual Sales Forecast [Nov 2023 to Dec 2024]). When we exclude foreclosed sales from all sales, we obtain the forecasts for the regular sales, which indicate a growth range of -8.9 to 41.9% for the Chicago PMSA (See Table: SASA [Nov 2023 to Dec 2024]).

“Sales remained low throughout 2023 while prices continued to rise,” noted Daniel McMillen, Head of the Stuart Handler Department of Real Estate at the University of Illinois Chicago. “Although uncertainty regarding interest rates and the rate of inflation makes the market difficult to predict, our forecast is these trends will be similar in 2024, with continued growth in prices but limited growth in the number of sales.”

² SHDRE HPI succeeds REAL HPI, developed by Esteban Lopez and Minshu Du. Contact us for further details.

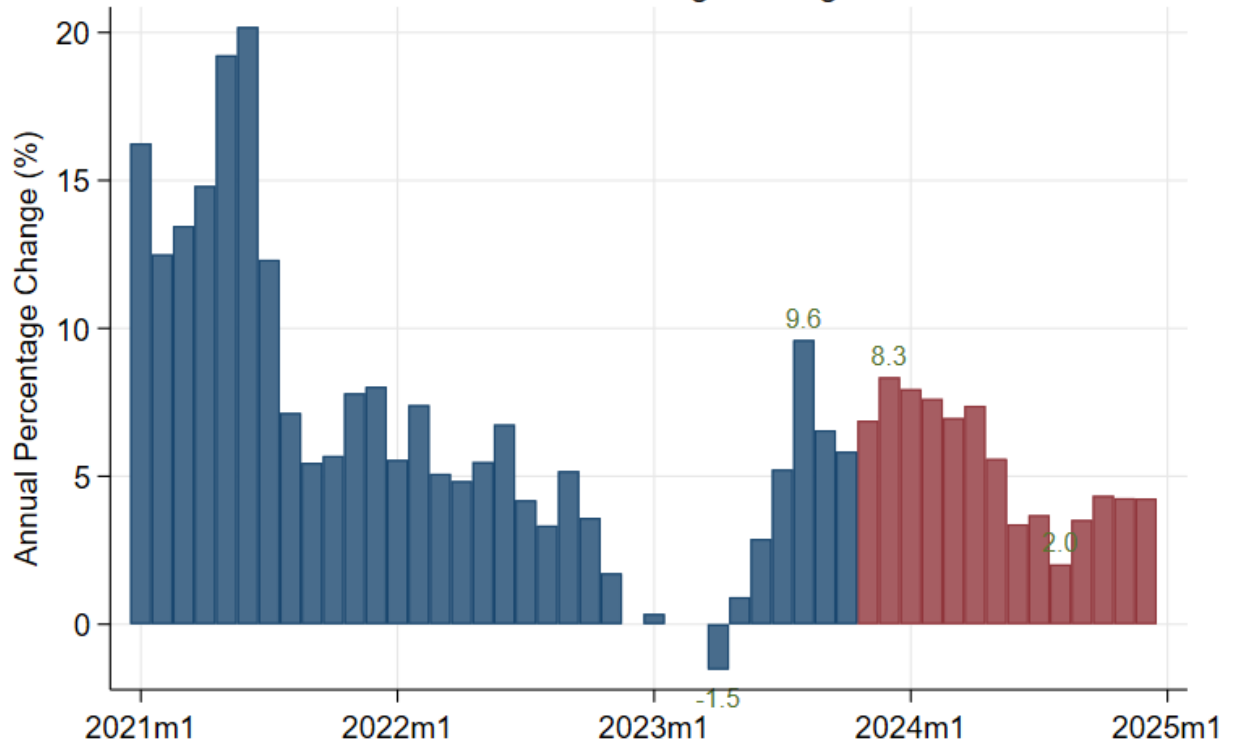
Housing Price Forecasts for 2024

Illinois Median Home Sales Price Annual Percentage Change

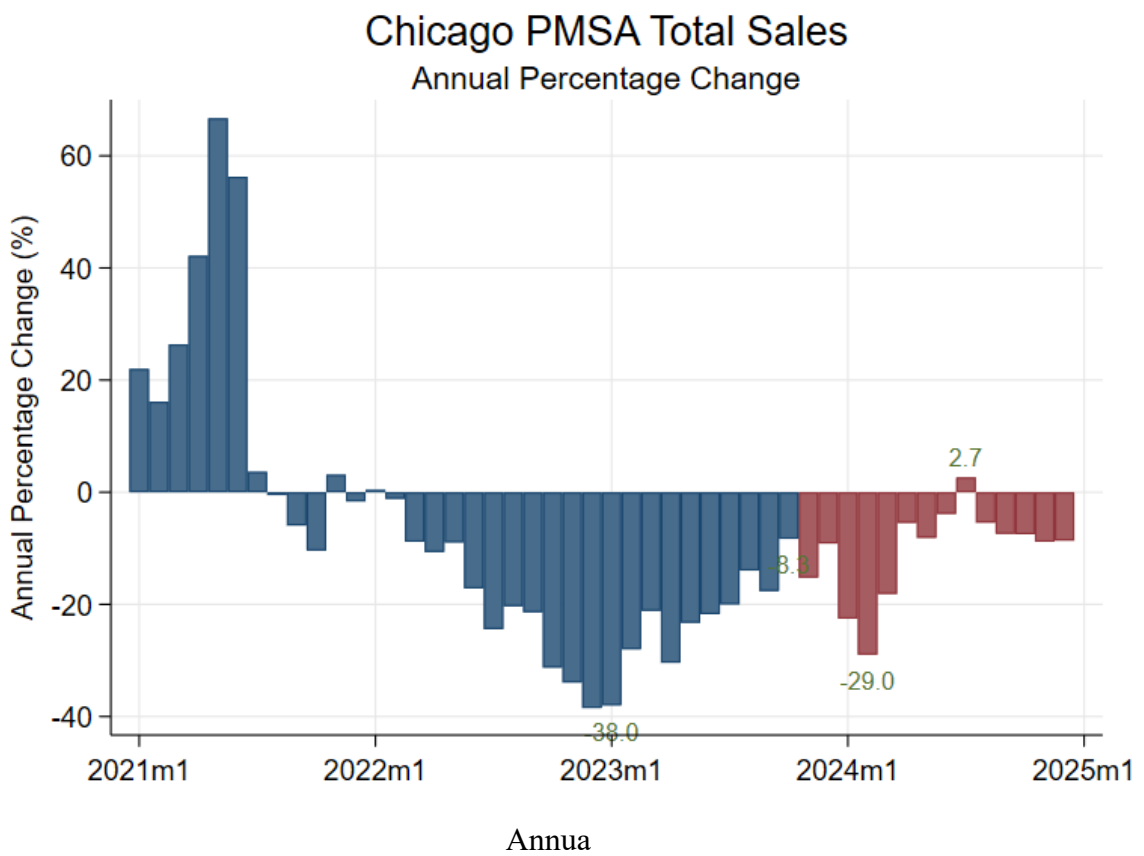
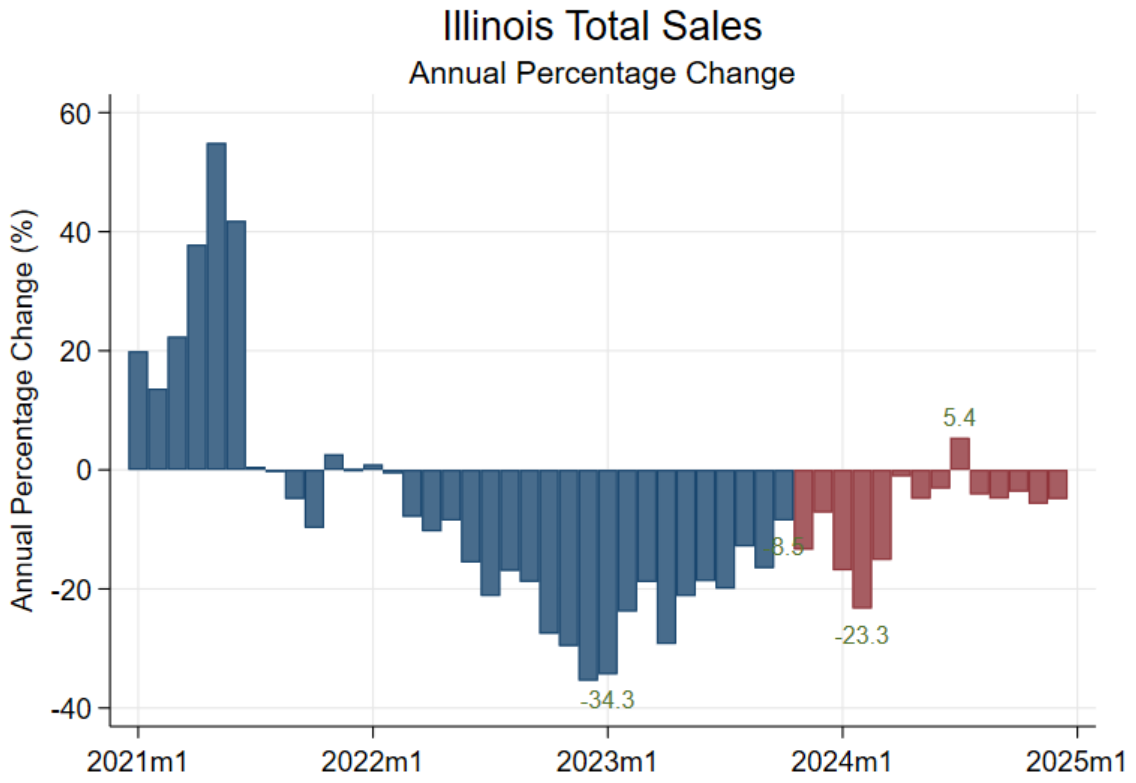


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Chicago PMSA Median Home Sales Price Annual Percentage Change



Housing Price Forecasts for 2024



Housing Price Forecasts for 2024

Annual Sales Forecast (Nov 2023 to Dec 2024)

Percentage Change Forecasts for the Total Number of Sales								
(Illinois and Chicago PMSA: Forecast range)								
	Monthly				Annually			
	Illinois		Chicago		Illinois		Chicago	
Nov-23	-12.49%	-16.89%	-14.65%	-19.82%	-11.39%	-15.41%	-12.96%	-17.54%
Dec-23	-0.89%	-1.21%	-0.38%	-0.51%	-6.09%	-8.24%	-7.77%	-10.51%
Jan-24	-31.69%	-42.88%	-34.75%	-47.01%	-14.35%	-19.41%	-19.17%	-25.93%
Feb-24	2.97%	4.02%	3.49%	4.73%	-19.79%	-26.78%	-24.63%	-33.33%
Mar-24	54.34%	73.53%	67.33%	91.09%	-12.87%	-17.41%	-15.43%	-20.87%
Apr-24	9.00%	12.17%	10.43%	14.12%	-0.93%	-1.26%	-4.65%	-6.30%
May-24	13.86%	18.75%	12.74%	17.23%	-4.13%	-5.58%	-6.92%	-9.36%
Jun-24	13.71%	18.55%	14.85%	20.09%	-2.67%	-3.61%	-3.30%	-4.46%
Jul-24	-8.31%	-11.24%	-9.85%	-13.33%	4.59%	6.21%	2.26%	3.06%
Aug-24	0.81%	1.10%	0.54%	0.73%	-3.51%	-4.75%	-4.61%	-6.24%
Sep-24	-13.23%	-17.90%	-15.61%	-21.12%	-4.09%	-5.54%	-6.31%	-8.53%
Oct-24	-5.63%	-7.62%	-6.45%	-8.73%	-3.12%	-4.22%	-6.37%	-8.62%
Nov-24	-14.02%	-18.97%	-15.68%	-21.21%	-4.85%	-6.57%	-7.52%	-10.17%
Dec-24	-0.18%	-0.24%	-0.17%	-0.24%	-4.17%	-5.65%	-7.33%	-9.92%

Negative variations are in red.

Annual Median Price Forecast (Nov 2023 to Dec 2024)

Housing Price Forecasts for 2024

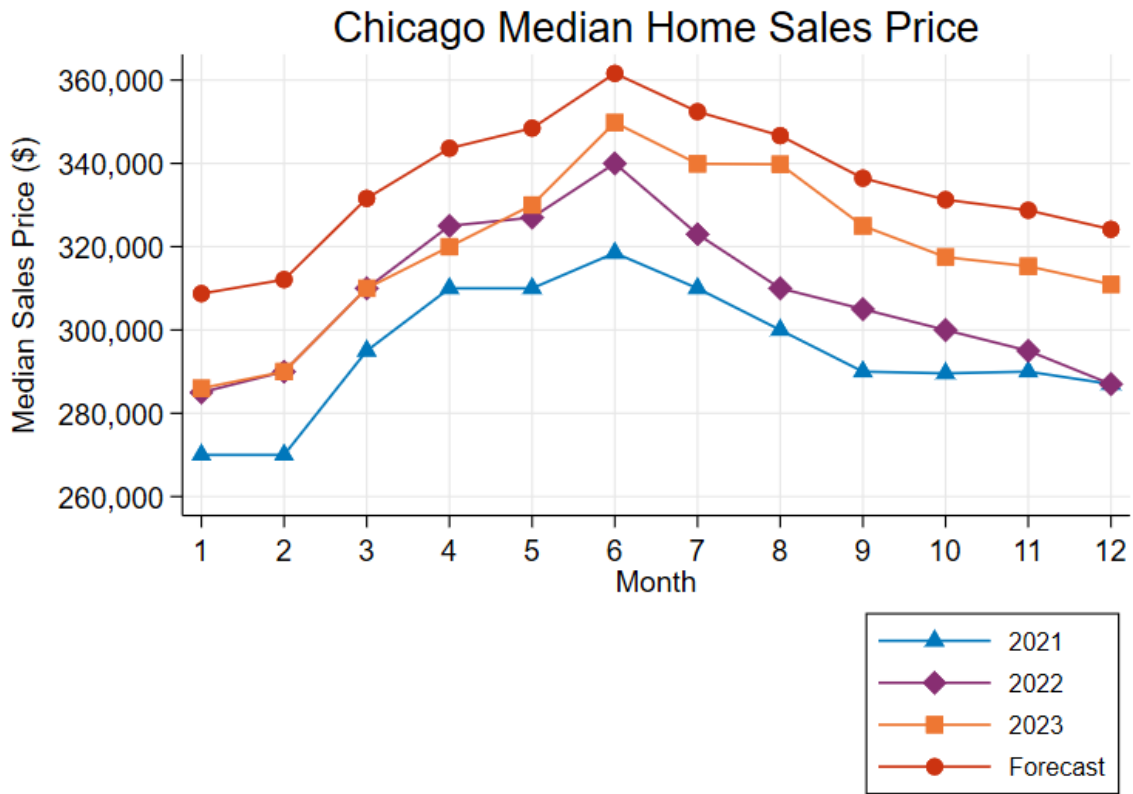
Summary of the Forecast for the Median Price (Illinois and Chicago PMSA)					
	Illinois	Chicago		Illinois	Chicago
Nov-23	\$262,834	\$315,302	Nov-22	\$242,060	\$295,000
Dec-23	\$259,675	\$310,958	Dec-22	\$237,000	\$287,000
Jan-24	\$255,441	\$308,726	Jan-23	\$233,000	\$286,000
Feb-24	\$258,940	\$312,091	Feb-23	\$240,000	\$290,000
Mar-24	\$277,094	\$331,600	Mar-23	\$258,000	\$310,000
Apr-24	\$288,850	\$343,624	Apr-23	\$271,500	\$320,000
May-24	\$291,583	\$348,451	May-23	\$275,000	\$330,000
Jun-24	\$303,218	\$361,627	Jun-23	\$292,000	\$349,800
Jul-24	\$296,499	\$352,424	Jul-23	\$285,000	\$339,900
Aug-24	\$290,621	\$346,659	Aug-23	\$280,000	\$339,790
Sep-24	\$282,493	\$336,458	Sep-23	\$270,000	\$325,000
Oct-24	\$277,921	\$331,296	Oct-23	\$265,000	\$317,500
Nov-24	\$275,853	\$328,740			
Dec-24	\$272,751	\$324,179			

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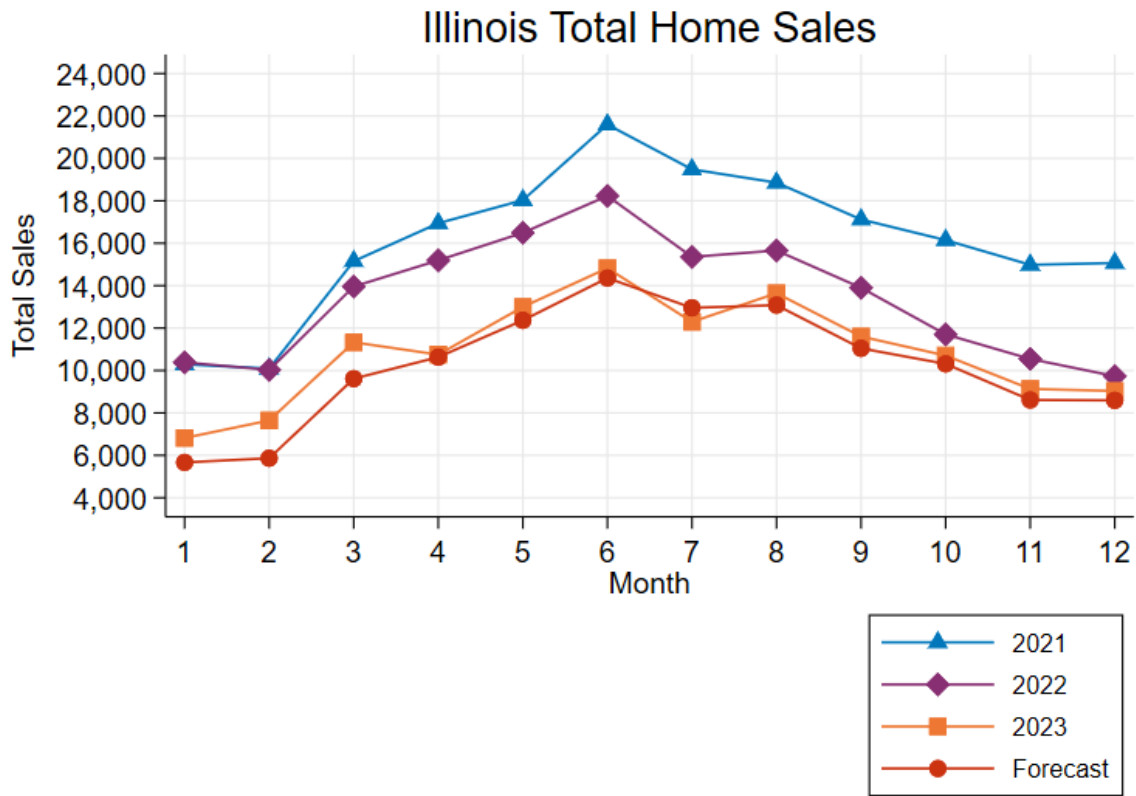
Annual Forecasts for Regular Property Sales in Chicago PMSA (Nov 2023 to Dec 2024)

Summary of the Forecasts for Regular Property Sales					
(Chicago PMSA)					
	Sales			Median Prices	
	Forecasted Sales	Annually		Forecasted Price	Annually
Nov-23	5,876	-8.90%	-12.05%	\$324,408	8.17%
Dec-23	6,022	-0.19%	-0.26%	\$318,994	9.62%
Jan-24	4,347	4.35%	5.89%	\$318,637	9.50%
Feb-24	4,882	3.14%	4.25%	\$321,842	9.10%
Mar-24	7,690	3.77%	5.10%	\$341,260	7.99%
Apr-24	8,460	15.31%	20.71%	\$354,287	7.42%
May-24	9,898	13.39%	18.11%	\$358,319	6.01%
Jun-24	11,368	14.99%	20.29%	\$370,784	4.45%
Jul-24	10,624	28.16%	38.10%	\$362,015	4.93%
Aug-24	10,894	21.12%	28.58%	\$358,557	3.93%
Sep-24	9,295	24.08%	32.57%	\$347,187	5.21%
Oct-24	9,088	31.01%	41.95%	\$341,602	5.11%
Nov-24	8,015	30.95%	41.87%	\$341,445	5.25%
Dec-24	8,196	30.69%	41.52%	\$336,643	5.53%

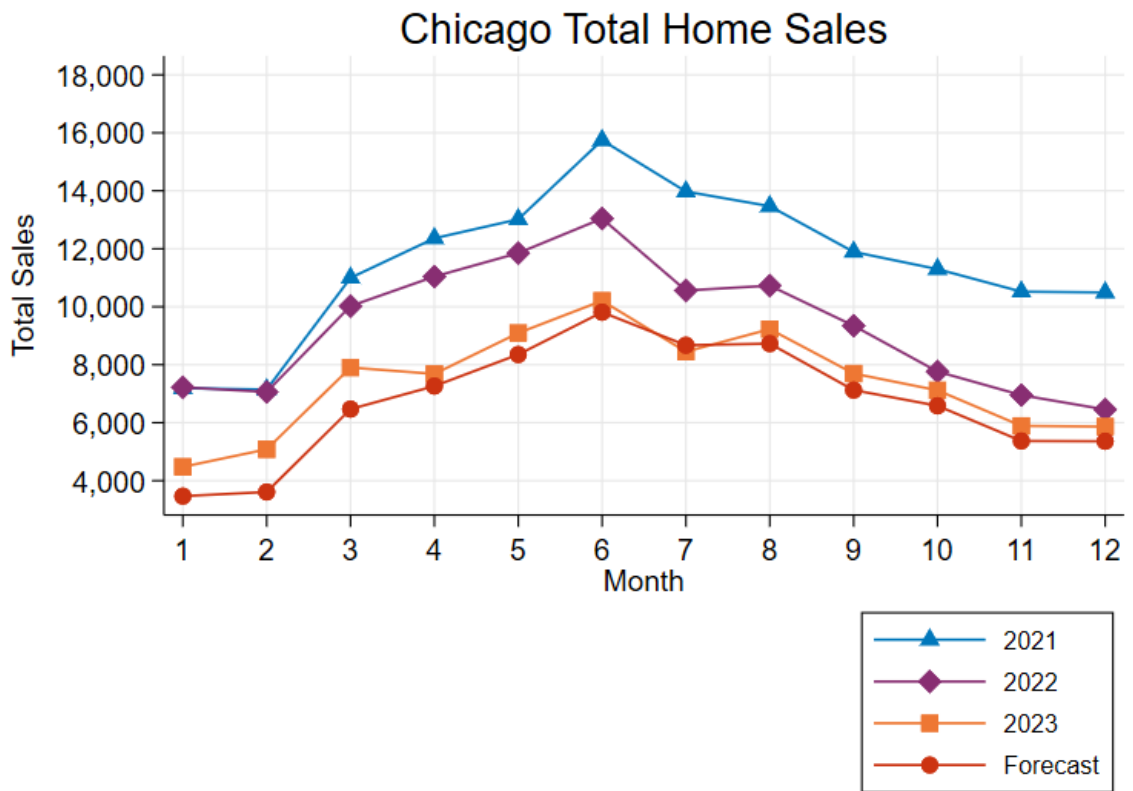
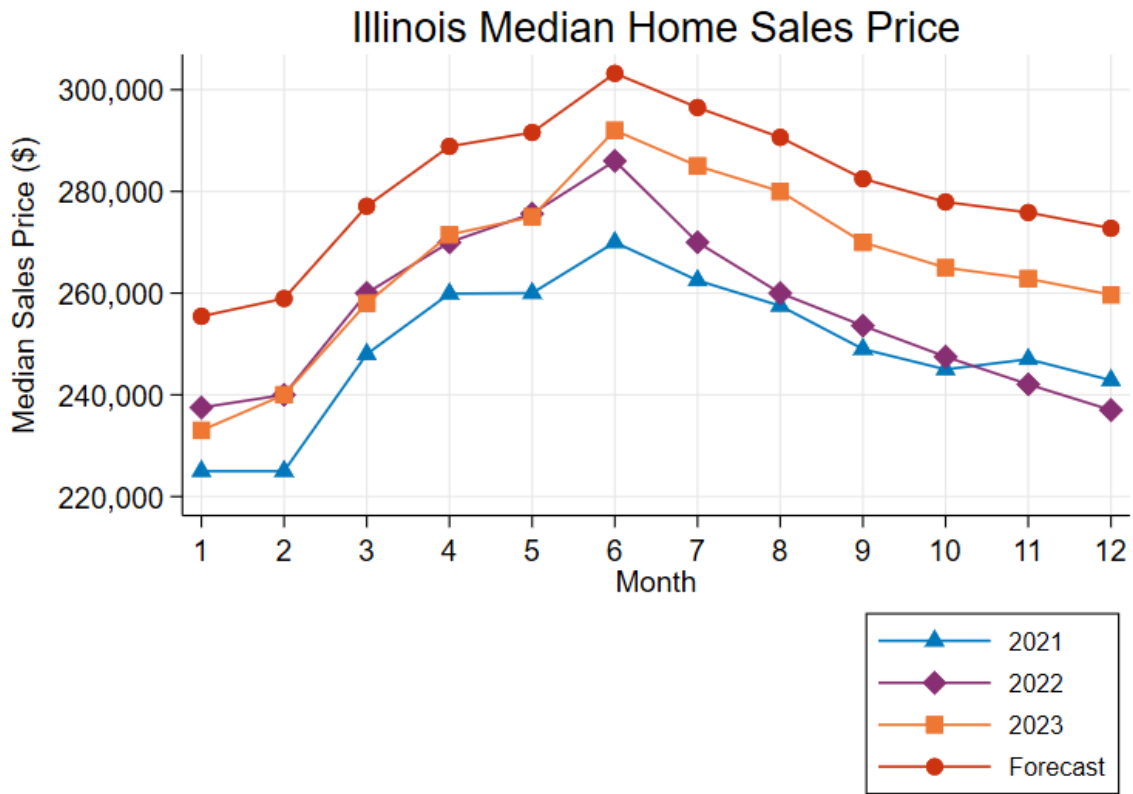
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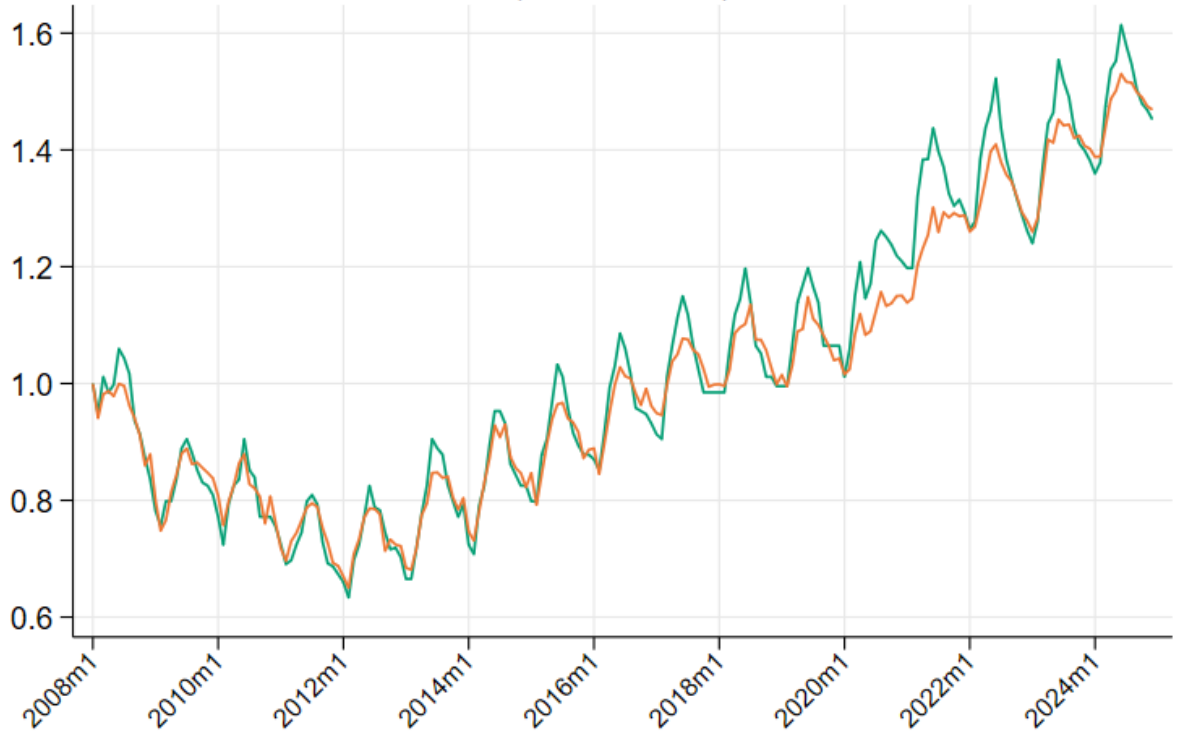


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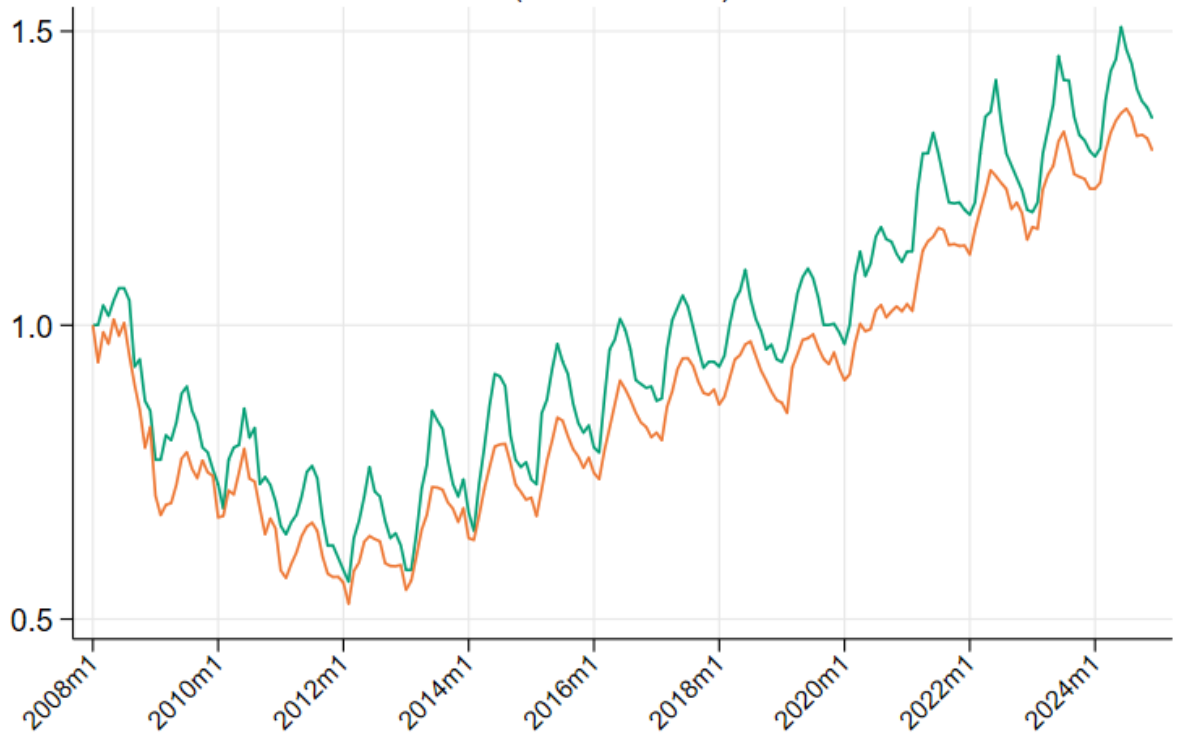
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Illinois Housing Price Index (Jan 2008 = 1)

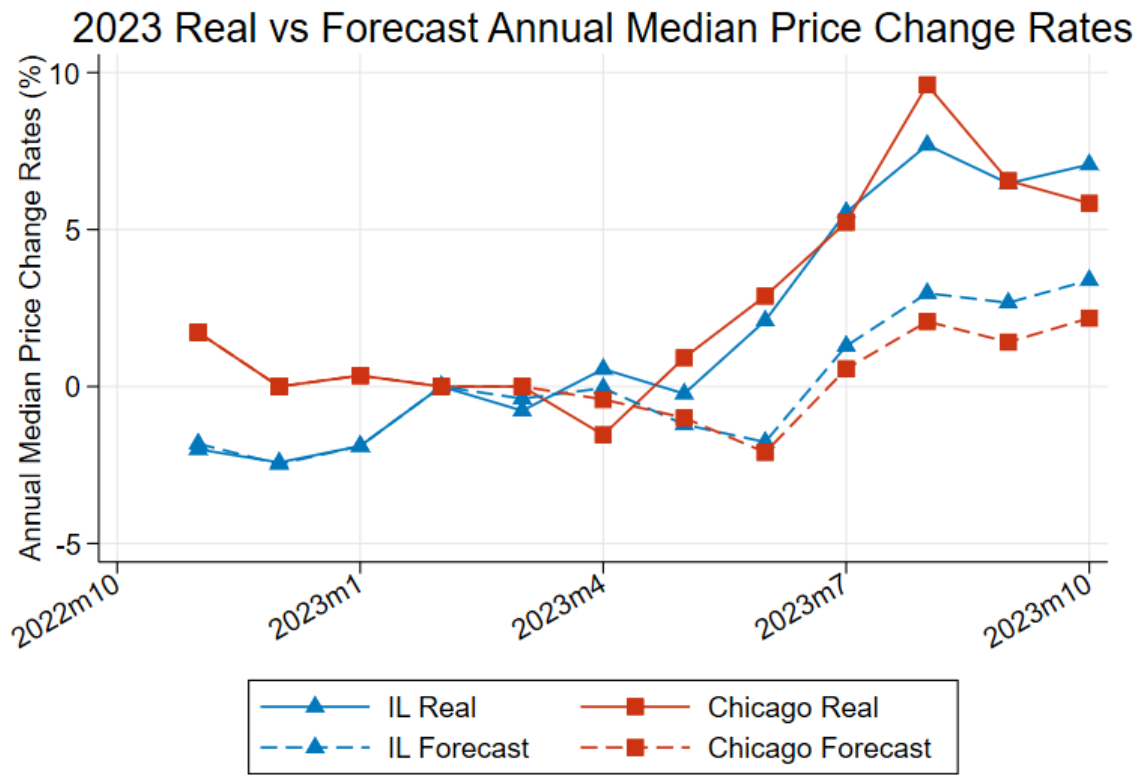


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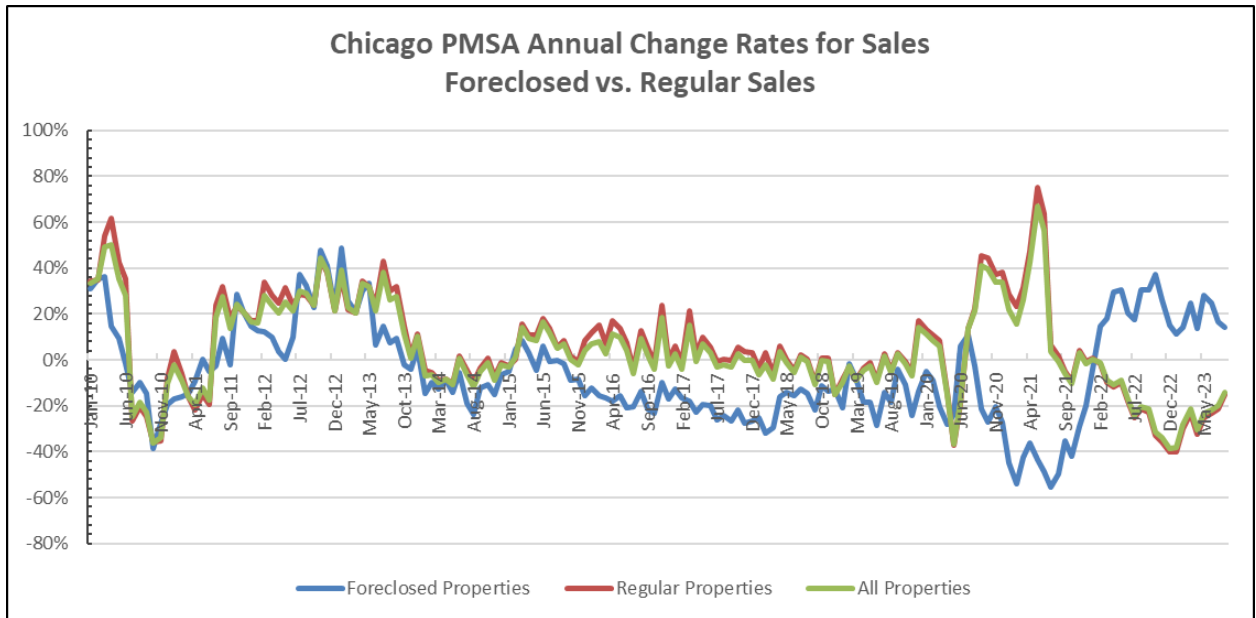
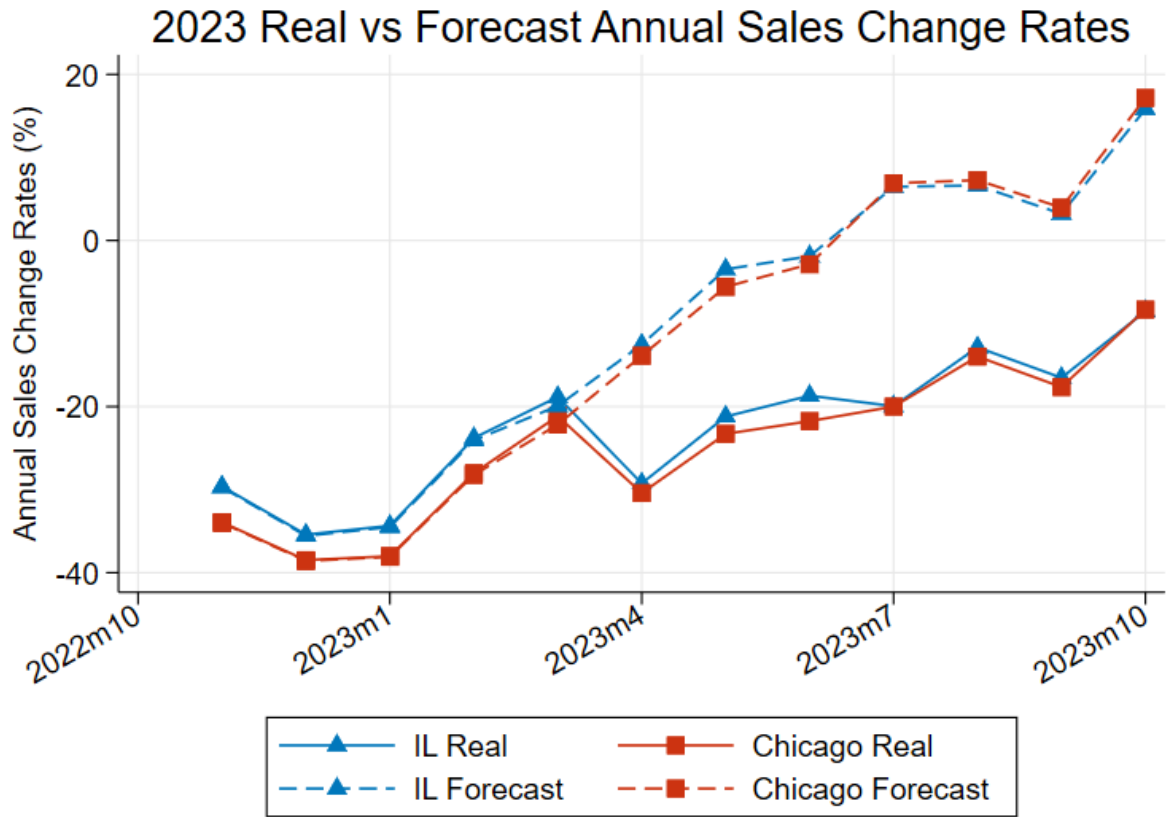
Chicago PMSA Housing Price Index (Jan 2008 = 1)



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