

# Housing Price Forecasts

## Illinois and Chicago PMSA, January 2024

Presented To

**Illinois Realtors®**

From

**UIC Stuart Handler Department of Real Estate**

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## Housing Price Forecast: Illinois and Chicago PMSA, January 2024

### The Housing Market

9,200 houses were sold in Illinois in December 2023, a decline of -6.1% from this time last year ago and -4.9% from last month. In the Chicago PMSA, 6,000 houses were sold, a change of -6.8% from a year ago and -5.1% from last month. The median price was \$255,000 in Illinois, an increase of 8.5% from December last year; the comparable figure for the Chicago PMSA was \$307,000, an increase of 7.0% from December last year.

In December, the percentage of foreclosed sales (e.g. REOs) among the total sales was 6.8%. 5,600 regular sales were made for the Chicago PMSA, -8.0% less than last year. 404 foreclosed properties were sold, 6.3% more than last year. The median price was \$315,000 for regular property sales, an increase of 8.247% from last year; the comparable figure for foreclosed properties was \$245,000, up 8.9% from last year.

The sales forecast for January, February, and March 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 -13.8 to -18.7%; the comparable figures for the Chicago PMSA are a decrease in the range of -17.0% to -23.1%. On a monthly basis, the three-month average sales are forecast to increase in the range of 2.4% to 3.3% for Illinois and increase in the range of 3.9% to 5.3% for the Chicago PMSA.

The pending home sales index is a leading indicator based on contract signings. This December, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 54.9 (2019=100) in Illinois, down 4.9% from a year ago. In the Chicago PMSA, the comparable figure is 51.2, down 6.1% 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 January, February, and March in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 8.3% in January, 6.1% in February, and 5.9% in March. For the Chicago PMSA, the comparable figures are 7.1% in January, 6.5% in February, and 6.1% in March. 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 8.3% in January, 6.3% in February, and 5.0% in March. The comparable figures for the Chicago PMSA are 8.2% in January, 9.3% in February, and 7.6% in March. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

In December 2023, the Conference Board Consumer Confidence Index was at 110.7 (1985=100), up from a downwardly revised 101.0 in November, with December's increase in consumer confidence reflecting more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months," said Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in December 2023, the University of Michigan Consumer Sentiment Index stood at 69.7, up from 61.3. The survey indicated Consumer sentiment confirmed its mid-month reading and soared 14% in December, reversing all declines from the previous four months. These trends are rooted in substantial improvements in how consumers view the trajectory of inflation. All five index components rose this month, which has only occurred in 10% of readings since 1978. Expected business conditions surged over 25% for both the short and long run. All age, income, education, geographic, and political identification groups saw gains in sentiment this month. The index is now just shy of the midpoint between the pre-pandemic reading and the historic low reached in June 2022.

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

- In December, house sales in both Illinois and the Chicago PMSA sales experienced a negative annual change, while median prices experienced a positive annual change. 9,200 houses were sold in Illinois, changing by -6.1% from a year ago and -4.9% from a month ago. In the Chicago PMSA, 6,000 houses were sold, changing by -6.8% from a year ago and -5.1% from a month ago. The median price was \$255,000 in Illinois, changing by 8.5 from December last year; the comparable figure for the Chicago PMSA was \$307,000, changing by 7.0% from December last year.
- In December, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among the total sales was 6.8%. 5,600 regular sales were made, -8.0% less than last year. 404 foreclosed properties were sold, 6.3% more than last year. The median price was \$315,000 for regular property sales, positive 8.247% from last year; the comparable figure for the foreclosed properties was \$245,000, up 8.9% from last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- In December, at the latest average annual pending sales rate, Illinois had enough housing inventory for 1.6 months (decreasing from 1.7 of last year). In the Chicago PMSA, the comparable figure was 1.5 months (decreasing 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 decrease in the Chicago PMSA. (Reference: Illinois and Chicago PMSA Annual Months' Supply by Price Range figures)
- In December, the market shares of homes in the second lowest range 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 24.0% from 27.0% a year ago. In the Chicago PMSA, the market share for homes at \$100-200K decreased to 16.4% from 20.3% 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 January, February, and March in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 7.1% in January, 6.1% in February, and 5.9% in March. For the Chicago PMSA, the comparable figures are 7.1% in January, 6.5% in February, and 6.1% in March. (Reference: Forecast for December 2023 report table)
- As a complement to the median housing price index (HPI), the SHDRE HPI forecasts a increase growth trend for both Illinois and the Chicago PMSA. In Illinois, the SHDRE HPI (Jan 2008=1) is forecast to change by 10.0% in January, 6.0% in February, and 10.0% in March. The comparable figures for the Chicago PMSA are 8.0% in January, 9.0% in February, and 8.0% in March. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.
- The sales forecast for January, February, and March suggests a decrease on a yearly basis for Illinois. The sales forecast for January, February, and March suggests a increase on a monthly basis for Illinois. The sales forecast for January, February, and March suggests a decrease on a yearly basis for the Chicago PMSA. The sales forecast for January, February, and March suggests a increase on a monthly basis for the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -14.0% to -19.0%; the comparable figures for the Chicago PMSA are a decrease in the range of -17.0% to -19.0%. On a monthly basis, the three-month average sales are forecast to increase in the range of 2.0% to 3.0% for Illinois and increase in the range of 4.0% to 5.0% for the Chicago PMSA. (Reference: Forecast for December 2023 report table)
- The pending home sales index is a leading indicator based on contract signings. This December, the number of homes put under contract was more than last year in Illinois and Chicago PMSA. The pending home sales index is 54.92 (2019=100) in Illinois, up 4.86 % from a year ago. In the Chicago PMSA, the comparable figure is 51.18 up 6.05% from a year ago. (Reference: Illinois and Chicago PMSA Pending Home Sales Index figure)

## The Economy

- In December 2023, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate decreased to 3.7%, and non-farm payroll jobs experienced a gain of 216,000 jobs. Notable job gains occurred over the month in Government (+52,000); Health care (+38,000); Social Assistance (+21,000); Construction (+17,000).
- In November 2023, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate increased by 0.1 percentage point to 4.7%. Non-farm payroll jobs increased by 68,000. The industry sectors that reported the largest over-the-month gains in employment were: Manufacturing (5,400), Educational and Health Services (3,800), Other Services (1,900).

- 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 gain between 140,300 and 145,200. The largest contributors to the forecast increase are professional service, information, and manufacturing.

### **Longer-term Outlook**

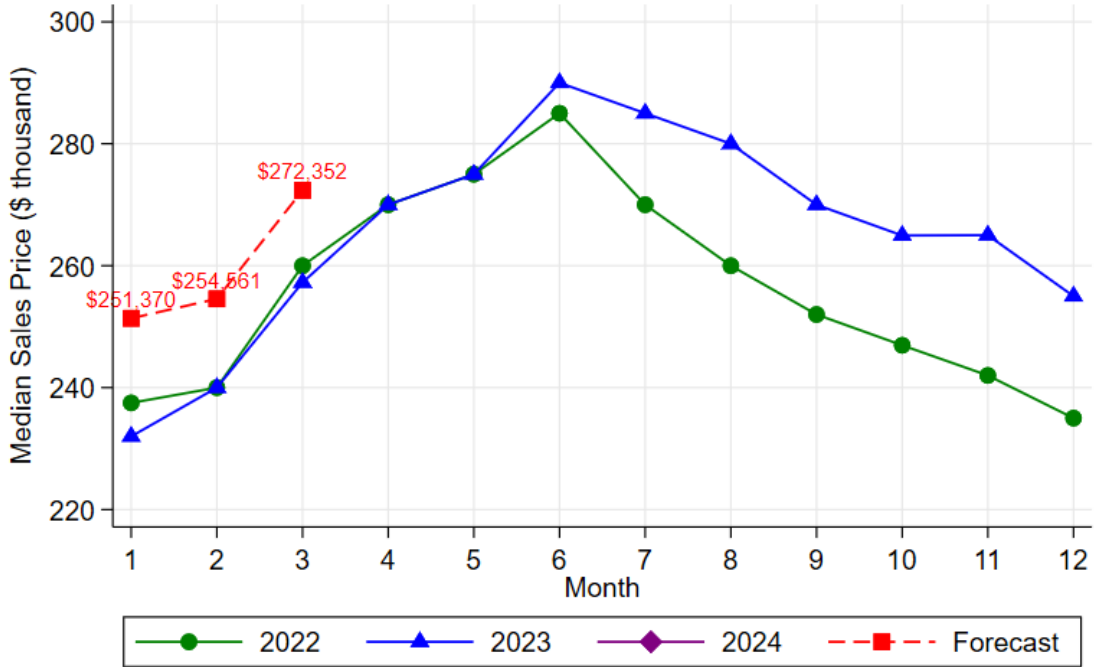
- In December 2023, the Conference Board Consumer Confidence Index was at 110.7 (1985=100), up from a downwardly revised 101.0 in November, with December's increase in consumer confidence reflecting more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months," said Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in December 2023, the University of Michigan Consumer Sentiment Index stood at 69.7, up from 61.3. The survey indicated Consumer sentiment confirmed its mid-month reading and soared 14% in December, reversing all declines from the previous four months. These trends are rooted in substantial improvements in how consumers view the trajectory of inflation. All five index components rose this month, which has only occurred in 10% of readings since 1978. Expected business conditions surged over 25% for both the short and long run. All age, income, education, geographic, and political identification groups saw gains in sentiment this month. The index is now just shy of the midpoint between the pre-pandemic reading and the historic low reached in June 2022.

"Although the housing market is continuing its trend of low sales and relatively high prices, our forecast is that sales will increase over the next three months," said Dr. Daniel McMillen, Professor of Real Estate and Associate Dean for Faculty Affairs in the UIC College of Business Administration. "Consumer confidence has increased significantly as interest rates and the rate of inflation have declined."

## Forecast for January 2024 Report

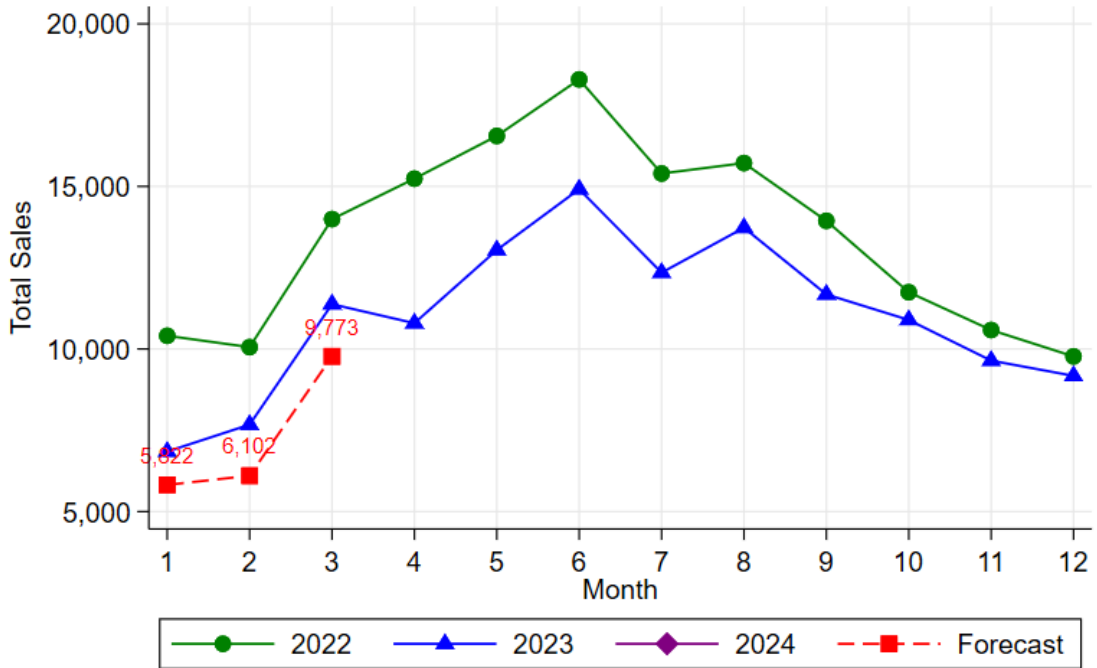
PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES									
	Annual			Monthly					
	Illinois	Chicago PMSA		Illinois	Chicago PMSA				
Sep-23	-16.2%	-17.3%		-14.9%	-16.5%				
Oct-23	-7.3%	-6.9%		-6.7%	-6.4%				
Nov-23	-8.9%	-8.8%		-11.5%	-12.3%				
3 Month Avg.	-11.2%	-11.5%		-11.3%	-12.0%				
SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES									
	Annual				Monthly				
	Illinois		Chicago PMSA		Illinois		Chicago PMSA		
Dec-23	-5.2%	-7.0%	-5.8%	-7.9%	-4.1%	-5.6%	-4.4%	-5.9%	
Jan-24	-12.7%	-17.2%	-17.1%	-23.2%	-31.1%	-42.0%	-34.5%	-46.6%	
Feb-24	-17.4%	-23.6%	-22.0%	-29.8%	4.1%	5.5%	4.5%	6.1%	
3 Month Avg.	-11.2%	-15.1%	-14.1%	-19.1%	-12.2%	-16.5%	-13.7%	-18.6%	
SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE									
	Illinois		Chicago PMSA			Illinois		Chicago PMSA	
Sep-23	\$270,000		\$325,000		Sep-22	\$252,000		\$305,000	
Oct-23	\$264,950		\$317,000		Oct-22	\$246,950		\$299,990	
Nov-23	\$265,000		\$323,000		Nov-22	\$242,000		\$295,000	
Dec-23	\$255,000		\$307,000		Dec-22	\$235,000		\$287,000	
Jan-24	\$251,370		\$306,349		Jan-23	\$232,000		\$286,000	
Feb-24	\$254,561		\$308,915		Feb-23	\$240,000		\$290,000	
ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE									
	Illinois		Chicago PMSA			Illinois		Chicago PMSA	
Sep-23	7.1%		6.6%		Sep-22	1.6%		5.2%	
Oct-23	7.3%		5.7%		Oct-22	0.8%		3.6%	
Nov-23	9.5%		9.5%		Nov-22	-1.6%		1.7%	
Dec-23	8.5%		7.0%		Dec-22	-2.9%		0.0%	
Jan-24	8.3%		7.1%		Jan-23	-2.3%		0.4%	
Feb-24	6.1%		6.5%		Feb-23	0.0%		0.0%	

### Illinois Median Home Sales Price



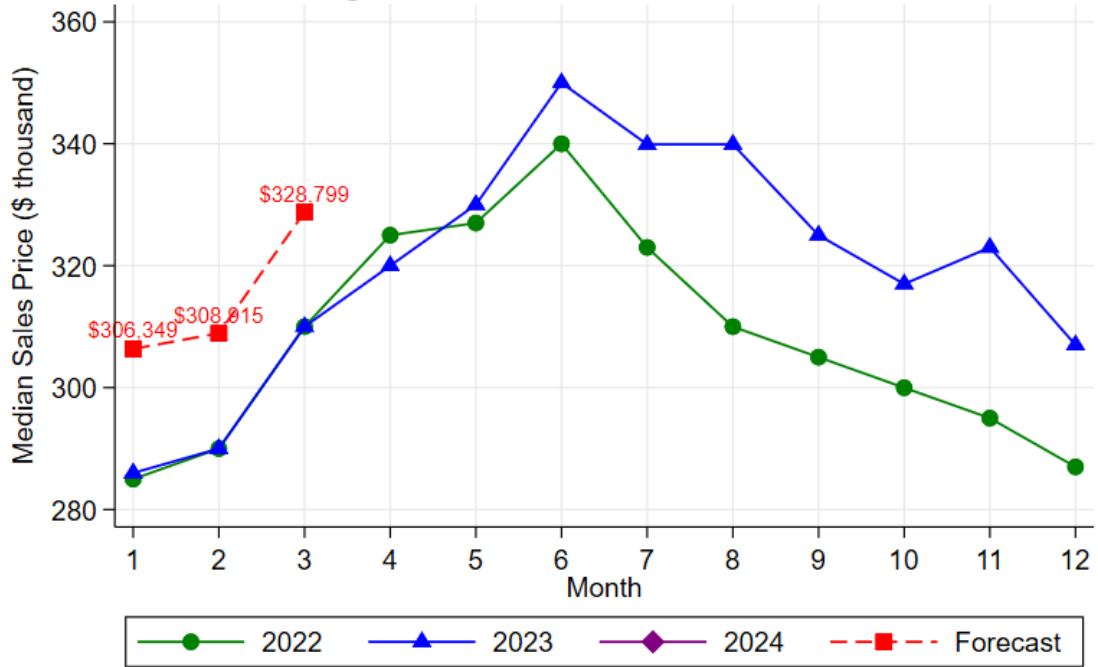
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Total Home Sales



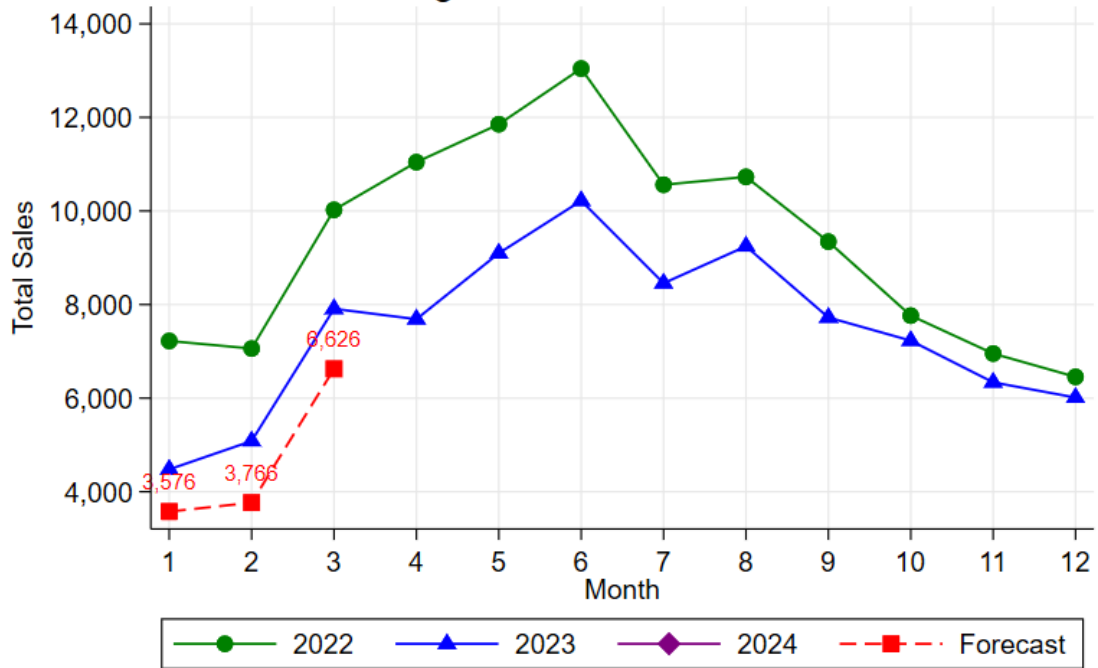
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Median Home Sales Price



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

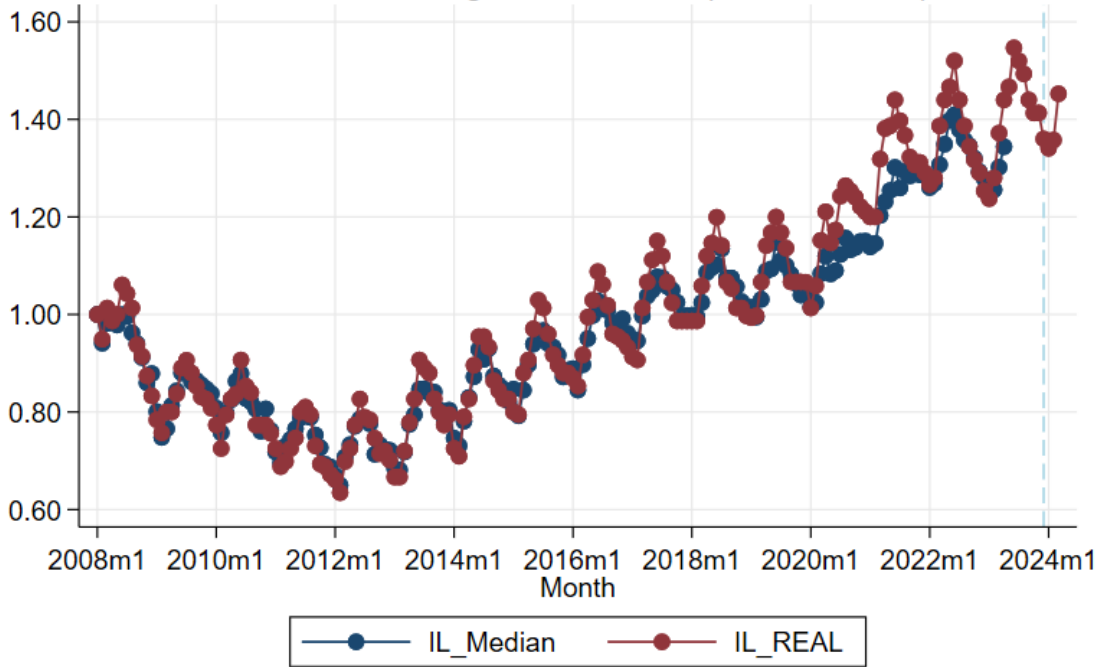
### Chicago PMSA Total Home Sales



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

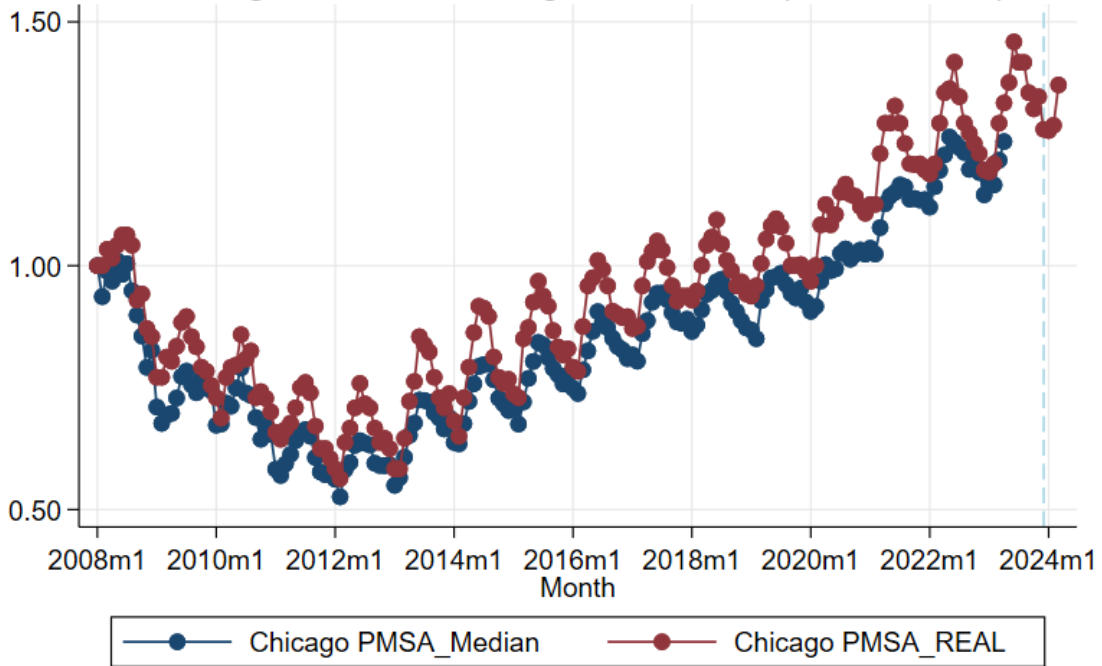


### Illinois Housing Price Index (Jan 2008=1)



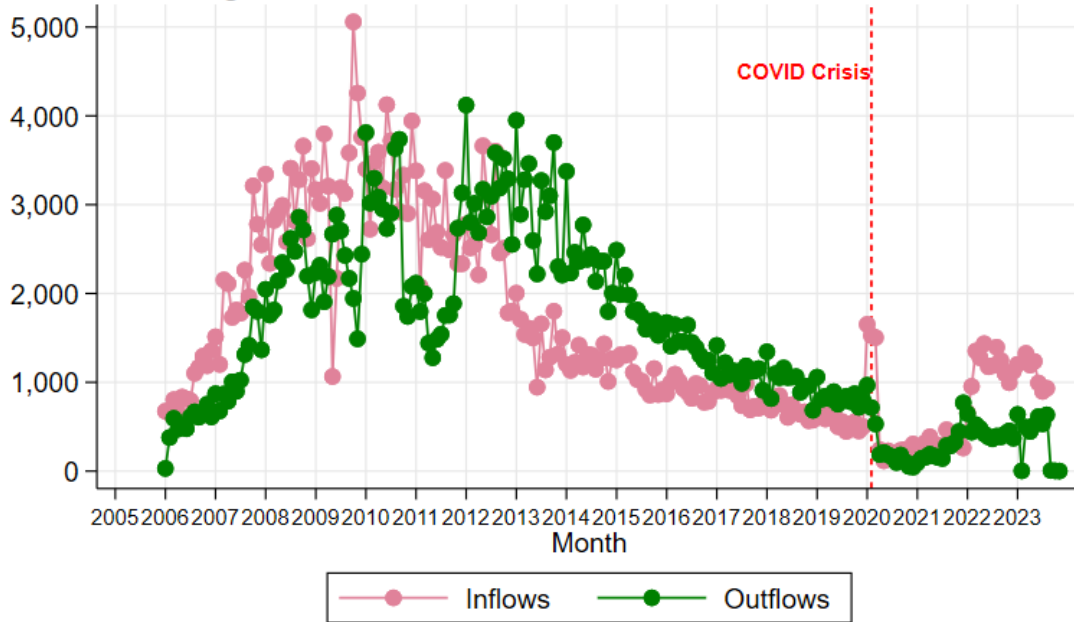
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### Chicago PMSA Housing Price Index (Jan 2008=1)



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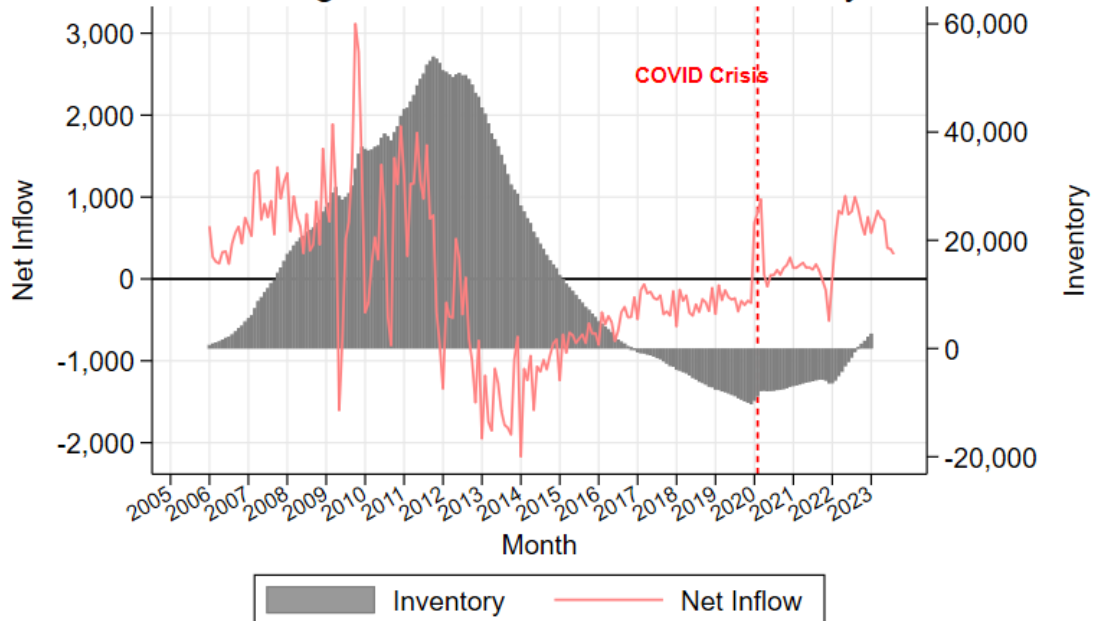
## Chicago PMSA New Foreclosure Inflows and Outflows



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

Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

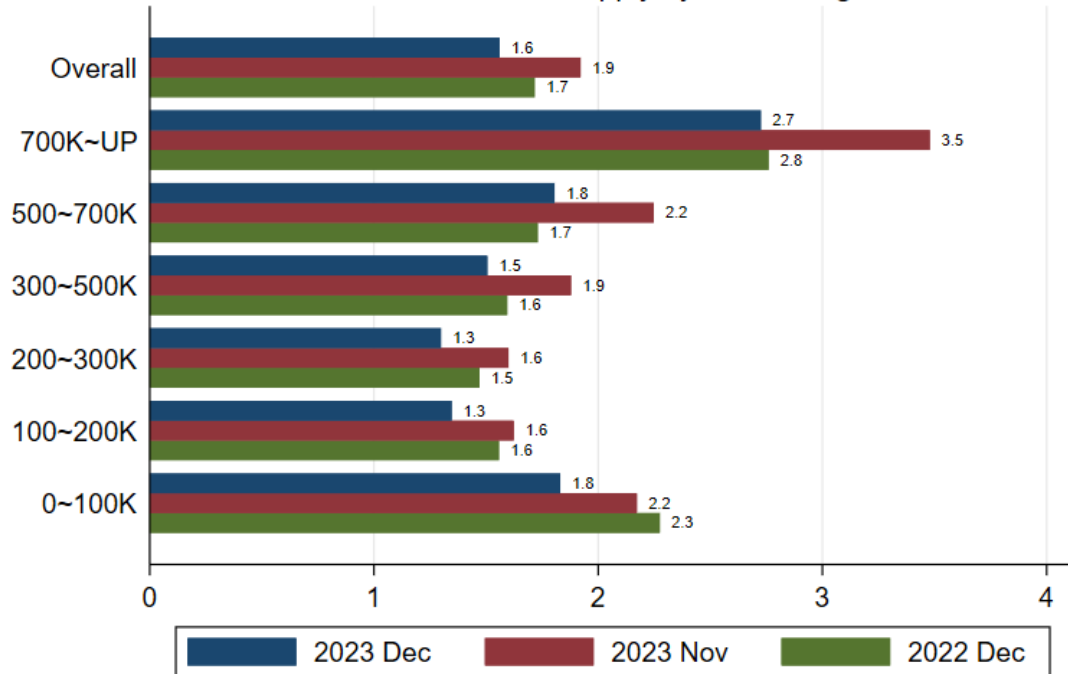
## Chicago PMSA Foreclosure Inventory



Net inflows=Inflows-Outflows

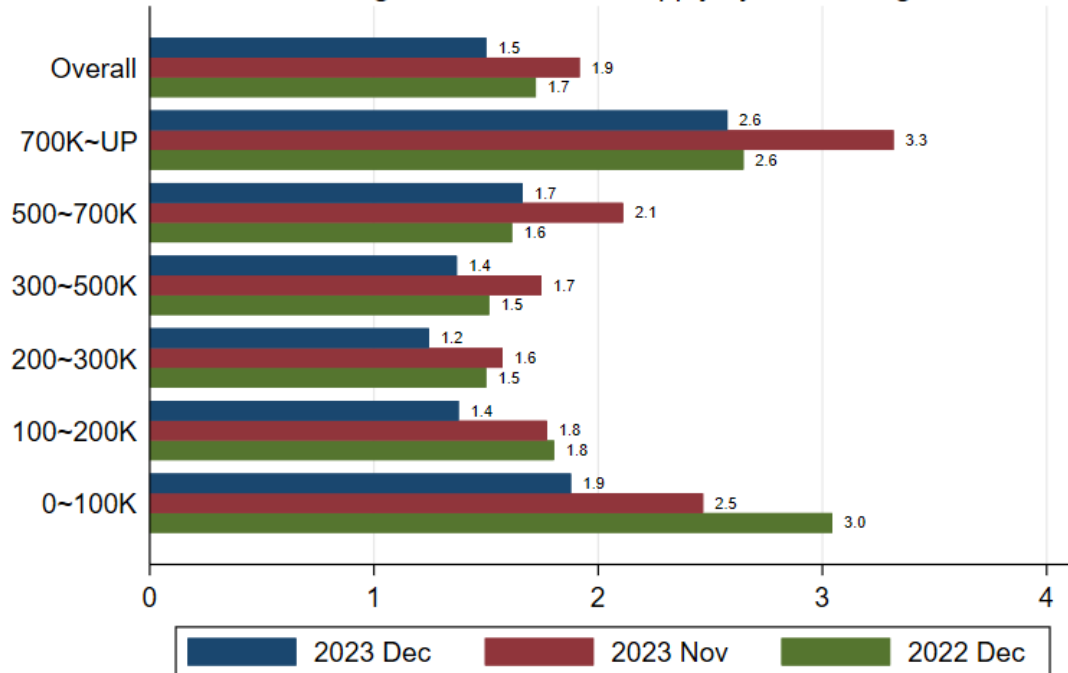
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Months' Supply by Price Range



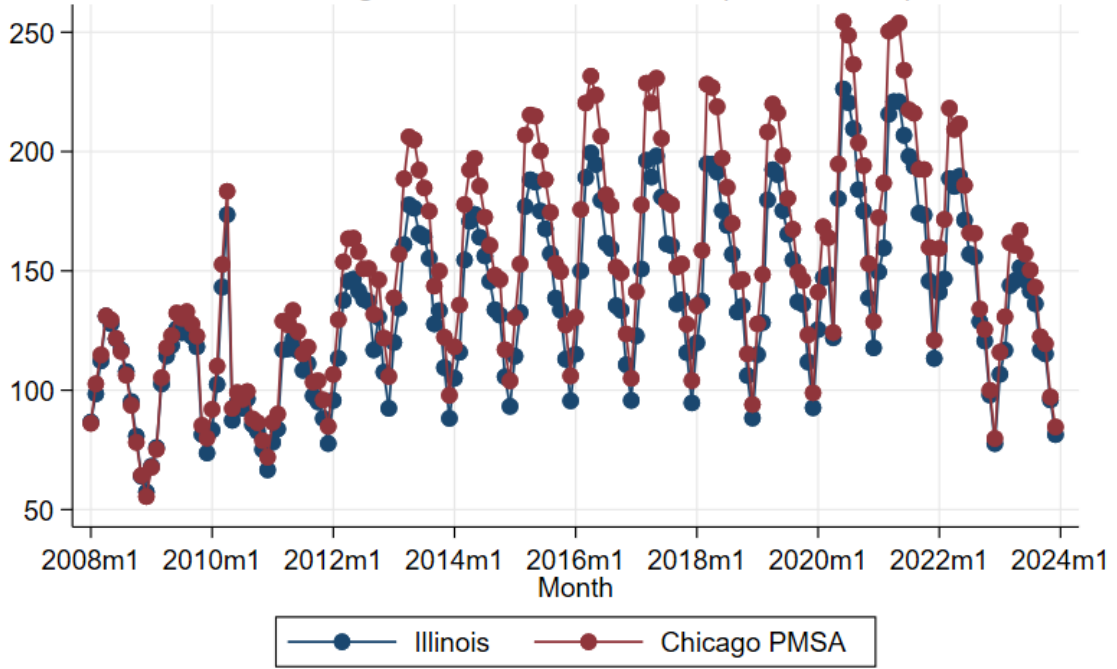
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA Months' Supply by Price Range



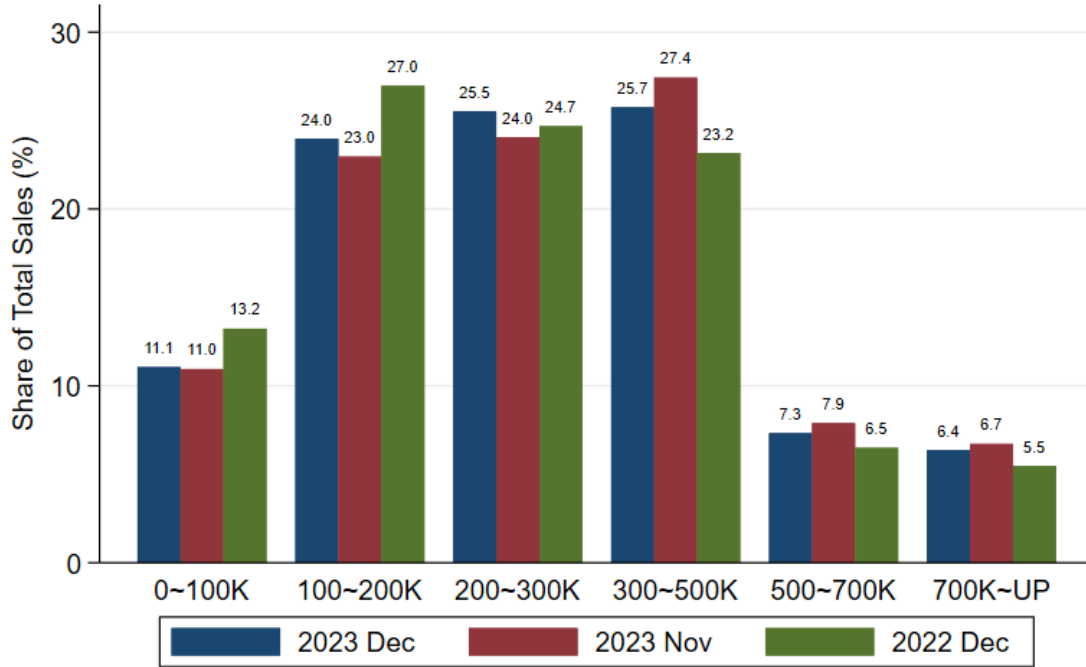
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

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



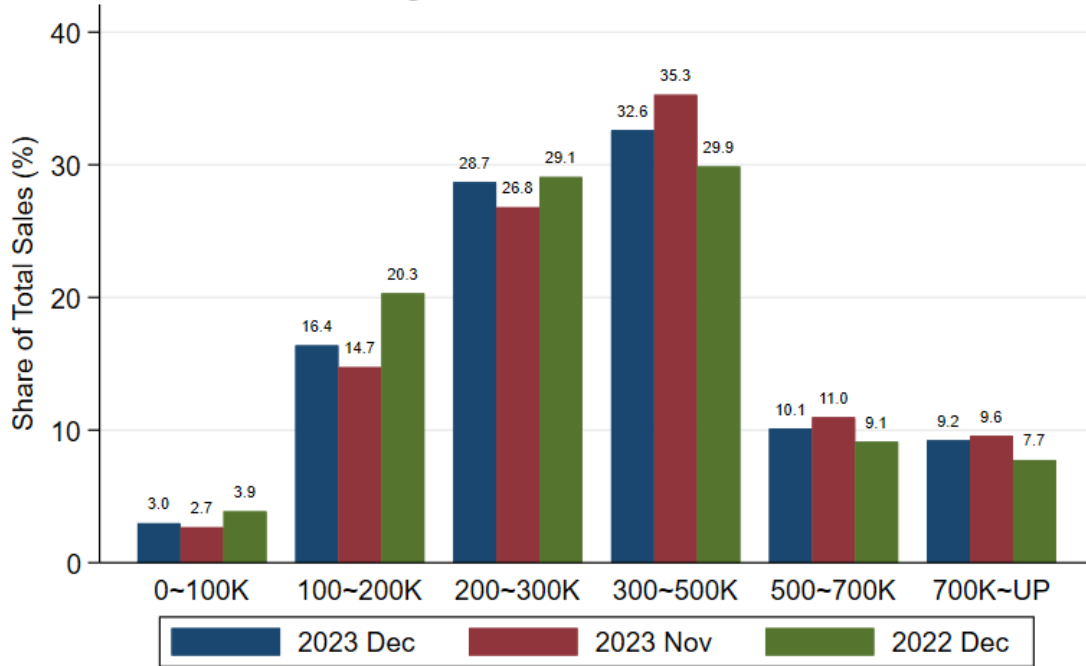
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois Price Stratification



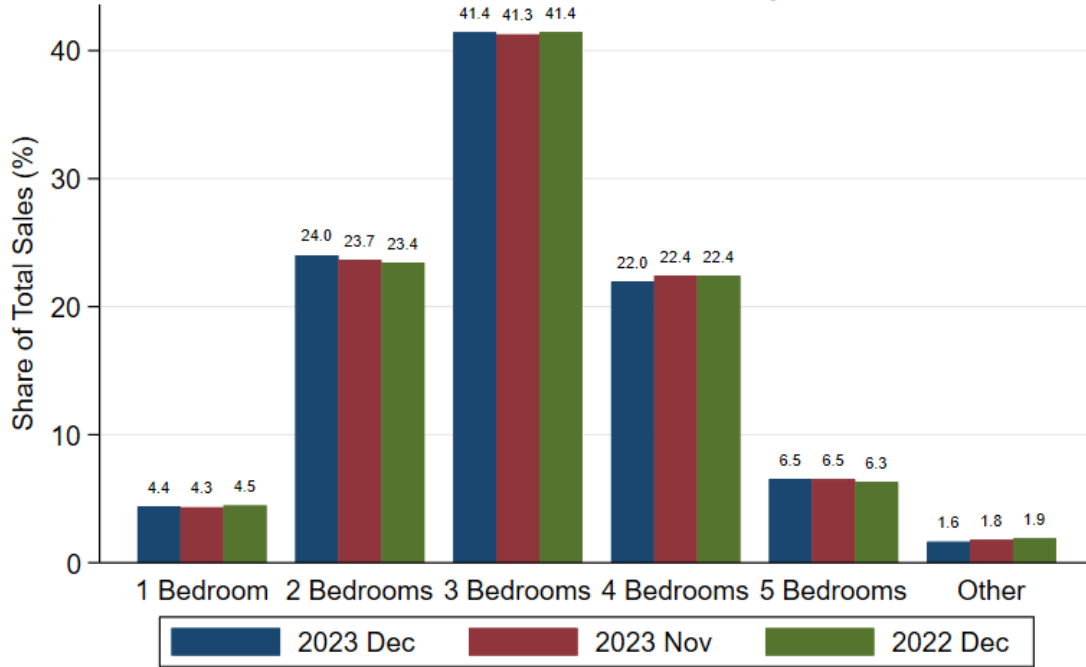
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### Chicago PMSA Price Stratification



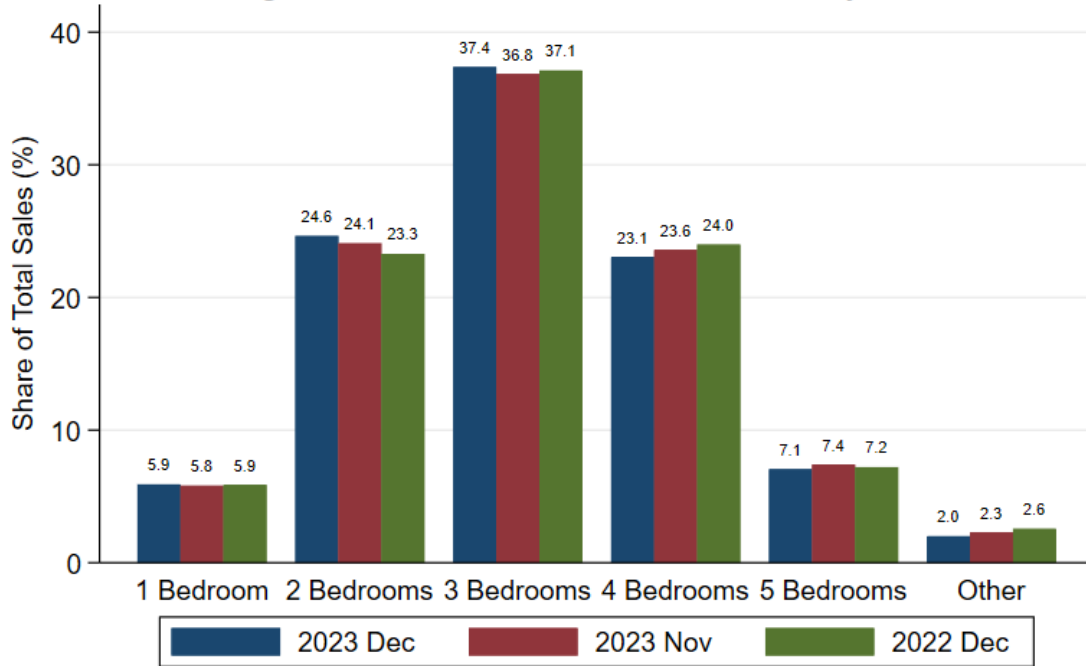
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois House Characteristics by Bedroom



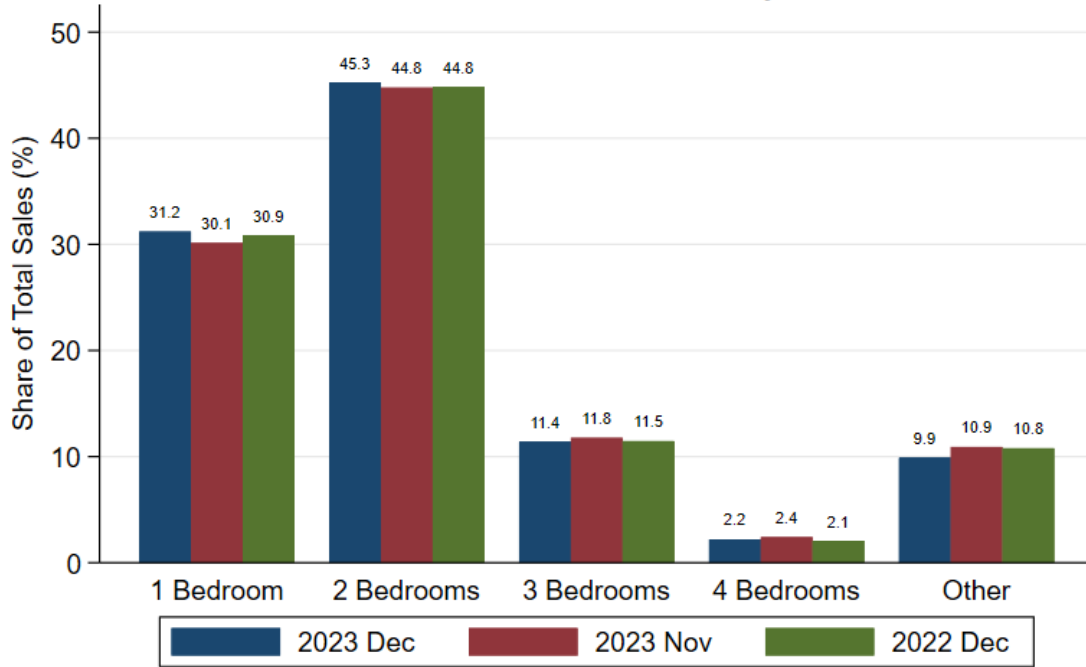
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Chicago PMSA House Characteristics by Bedroom



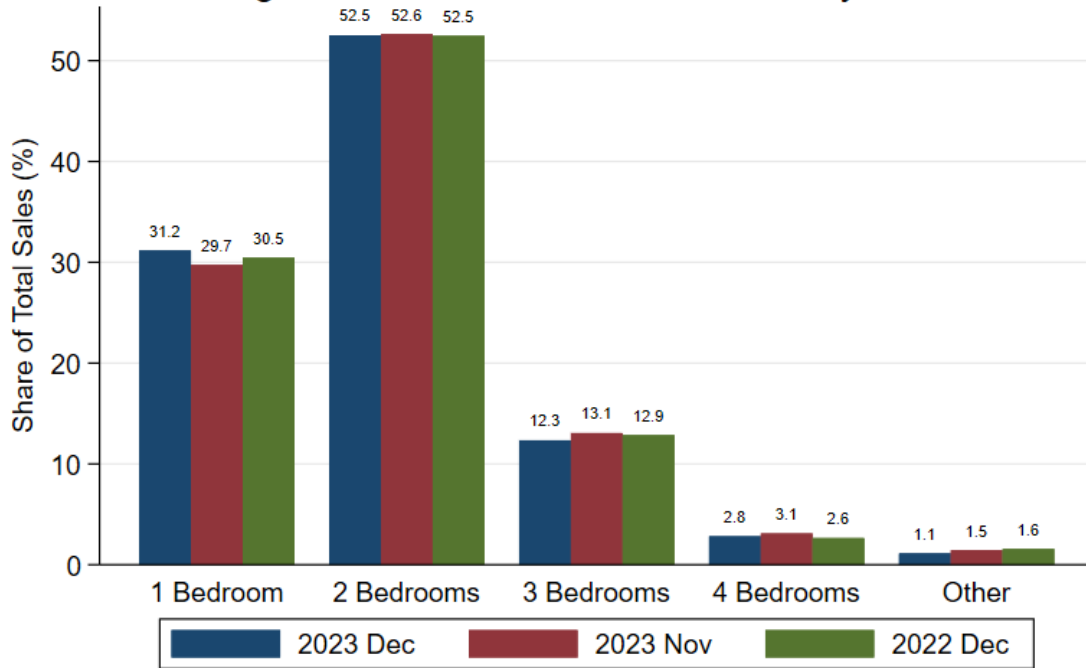
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### Illinois House Characteristics by Bathroom



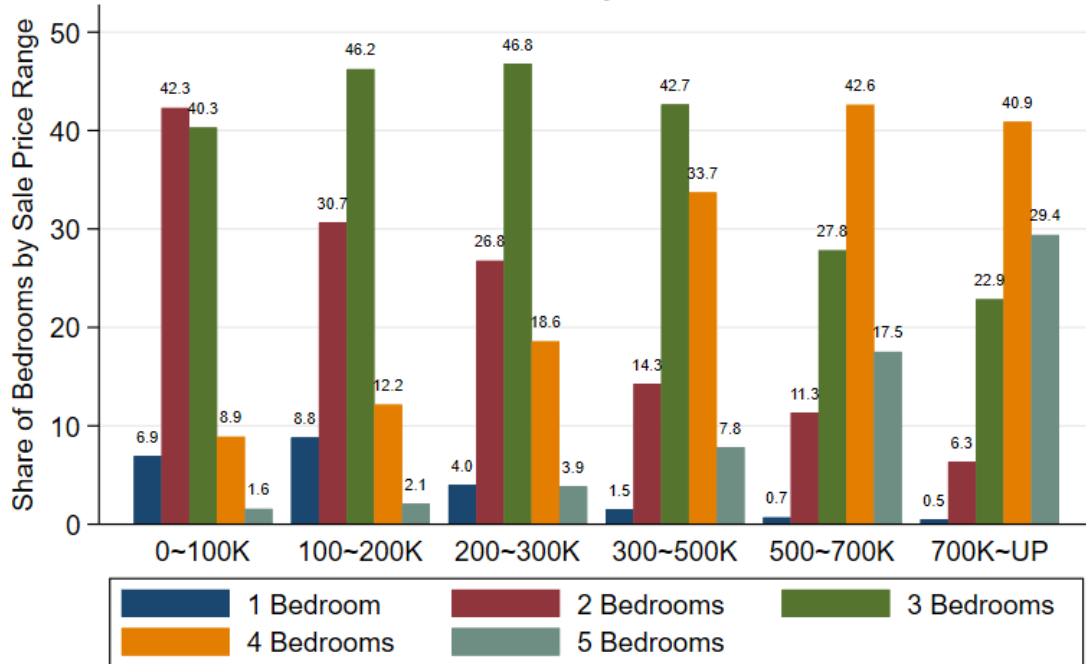
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

### 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

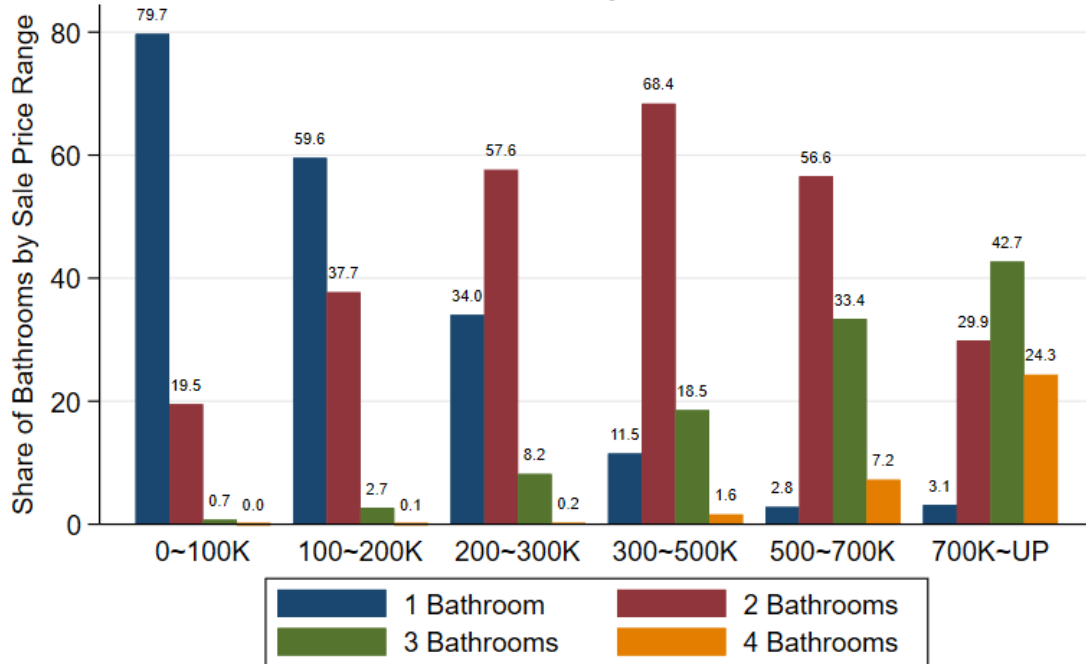
## Chicago PMSA Bedroom Shares by Sale Price Stratification



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

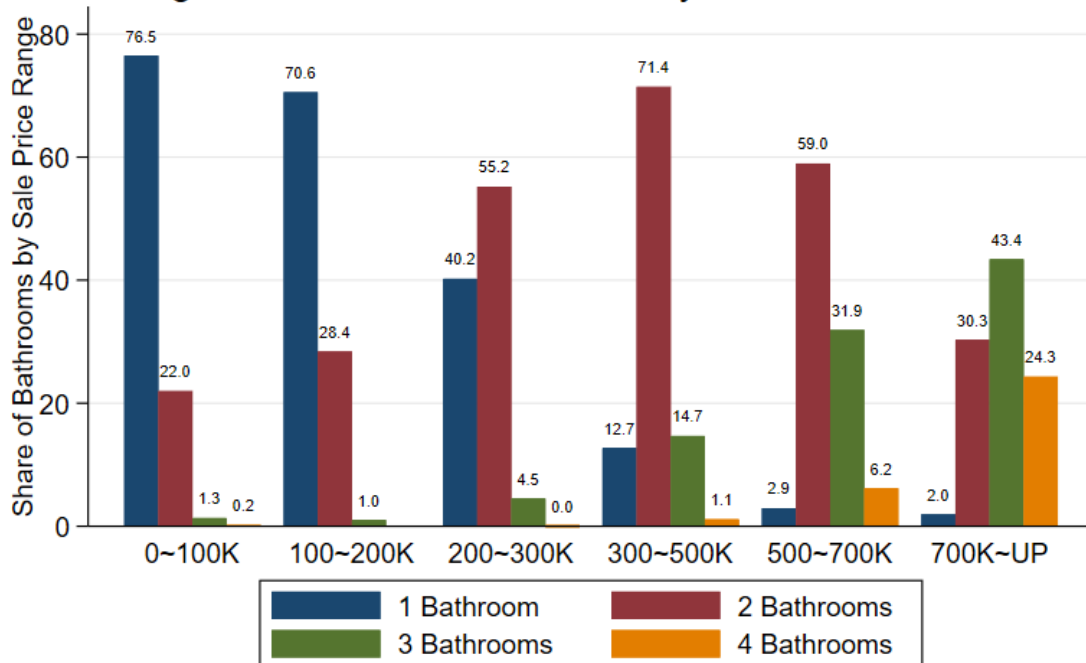


## Illinois Bathroom Shares by Sale Price Stratification



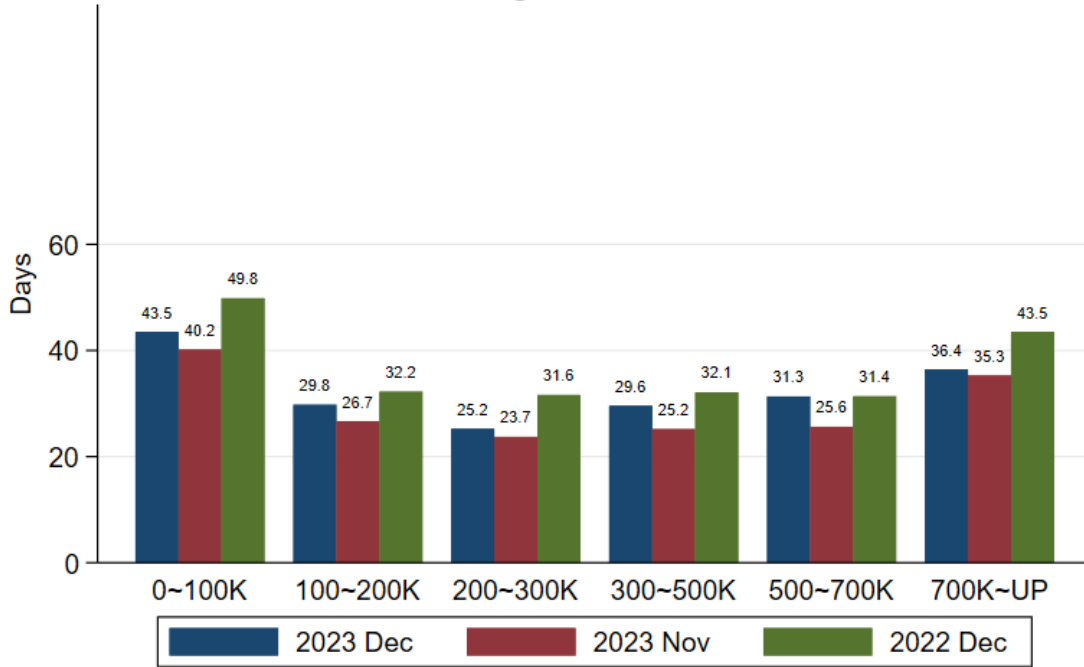
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## Chicago PMSA Bathroom Shares by Sale Price Stratification



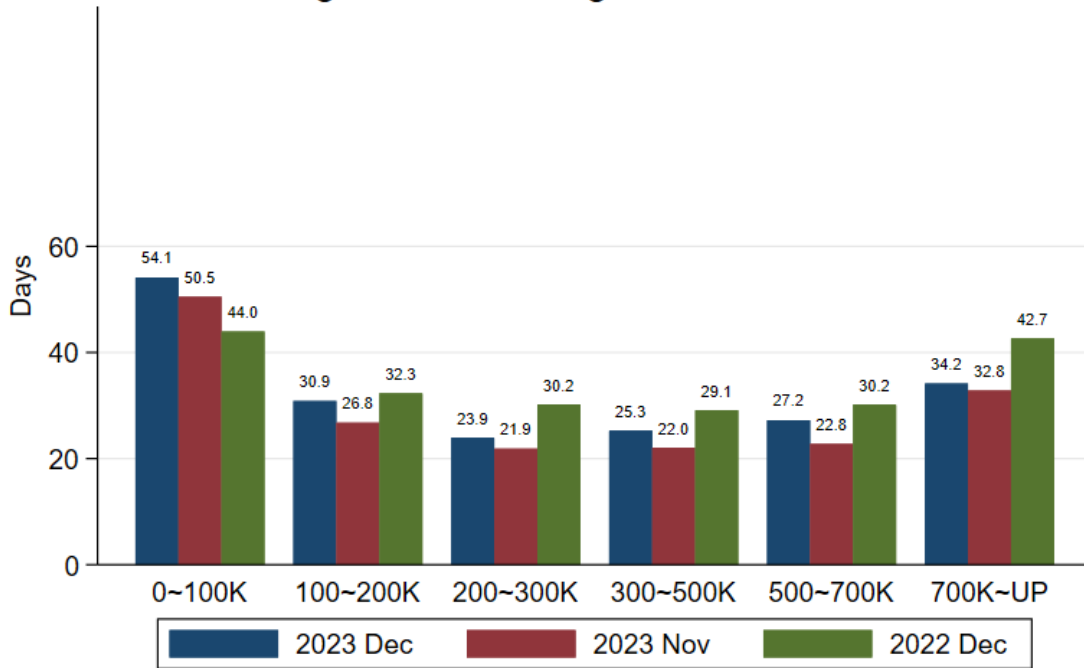
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### Illinois Average Time on the Market



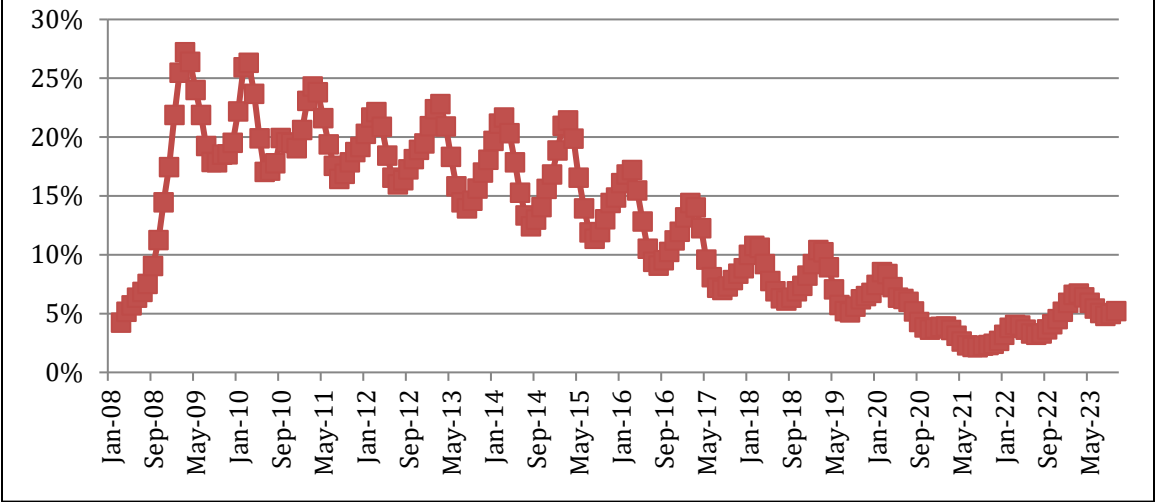
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### Chicago PMSA Average Time on the Market

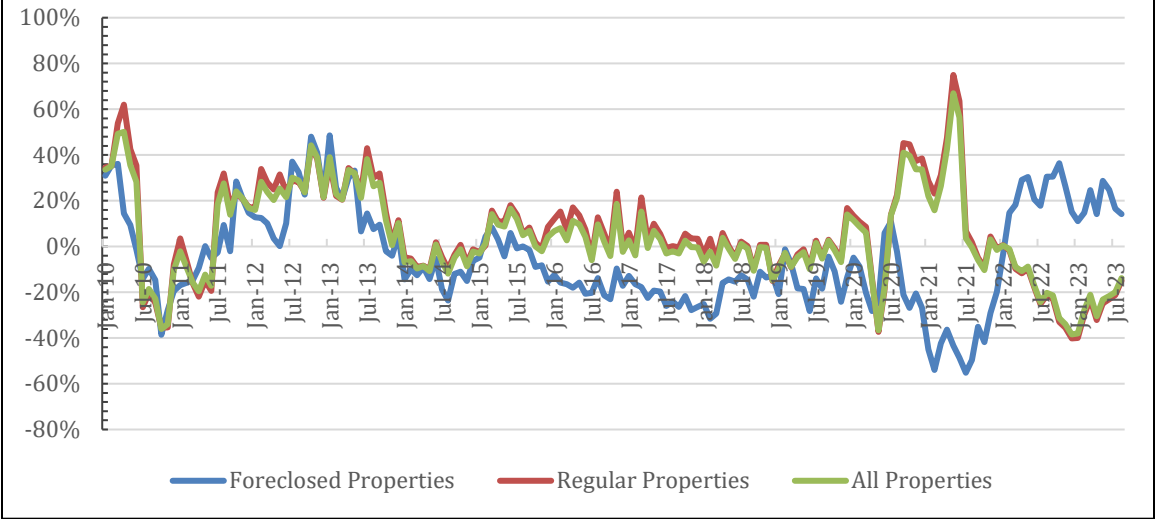


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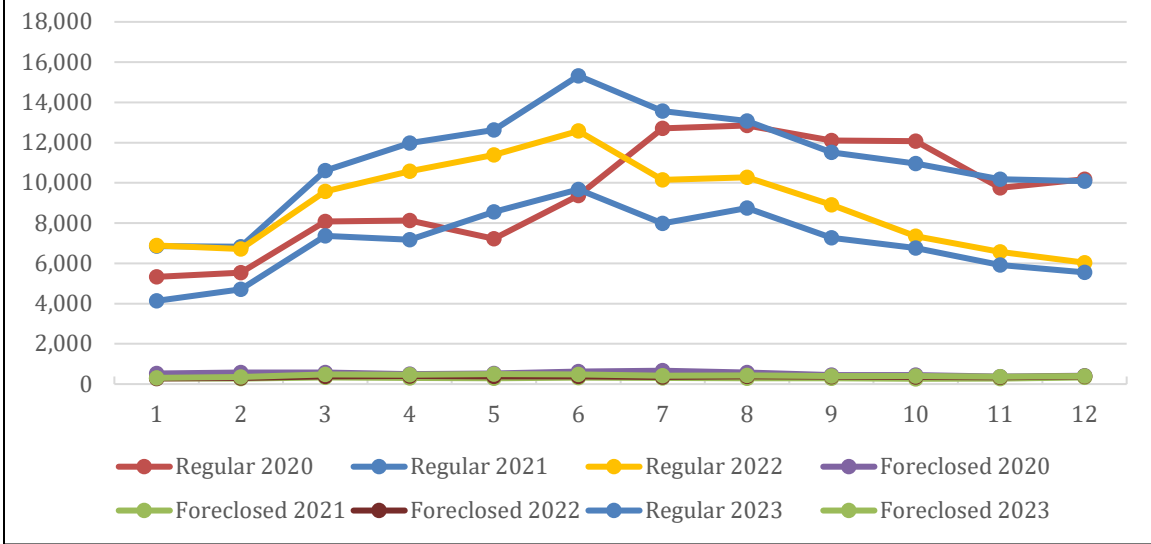
## Ratio of Foreclosed Sales over Total Sales Chicago PMSA - 3 Month Average



## Chicago PMSA Annual Change Rates for Sales Foreclosed vs. Regular Sales



### Sales: Foreclosed vs. Regular Chicago PMSA



### Median Sales Price: Foreclosed vs. Regular Sales



### Median Sales Price: Foreclosed vs. Regular Chicago PMSA

