

Housing Price Forecasts

Illinois and Chicago PMSA, February 2024

Presented To

Illinois Realtors®

From

UIC Stuart Handler Department of Real Estate

February 21, 2024

The Housing Market

In January, house sales in both Illinois and the Chicago PMSA were down from December but higher than in January of last year. 6,900 houses were sold in Illinois, changing by 0.8% from a year ago and -26.1% from a month ago. In the Chicago PMSA, 4,500 houses were sold, changing by 1.3% from a year ago and -25.4% from a month ago. The median price was \$258,000 in Illinois, up 11.0% from January last year; the comparable figure for the Chicago PMSA was \$315,000, an increase of 10.1% from January last year.

In January, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 7.3%. 4,200 regular sales were made, 0.8% more than last year. 328 foreclosed properties were sold, 7.5% more than last year. The median price was \$320,000 for regular property sales, up 9.966% from last year; the comparable figure for foreclosed properties was \$249,900, up 6.8% from last year.

The sales forecast for February, March, and April suggests a decrease on a yearly basis for both Illinois and the Chicago PMSA, but an increase compared to last month. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -1.2 to -1.7%; the comparable figures for the Chicago PMSA are a decrease in the range of -3.2% to -4.3%. On a monthly basis, three-month average sales are forecast to increase in the range of 17.0% to 23.0% for Illinois and increase in the range of 18.3% to 24.7% for the Chicago PMSA.

The pending home sales index is a leading indicator based on contract signings. This January, the number of homes put under contract was less than last year in Illinois and the Chicago PMSA. The pending home sales index is 64.6 (2019=100) in Illinois, down 10.3% from a year ago. In the Chicago PMSA, the comparable figure is 62.9, down 10.2% from a year ago. At the latest average annual pending sales rate, Illinois had enough housing inventory for 1.4 months (decreasing from 1.5 of last year). In the Chicago PMSA, the comparable figure was 1.3 months (decreasing from 1.5 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced a decrease in both Illinois and the Chicago PMSA.

The median price forecast indicates positive annual growth for February, March, and April in Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 9.0% in February, 8.6% in March, and 7.8% in April. For the Chicago PMSA, the comparable figures are 9.9% in February, 8.9% in March, and 9.8% in April. As a complement to the median housing price index (HPI), the SHDRE HPI also 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 7.1% in February, 5.9% in March, and 4.2% in April. The comparable figures for the Chicago PMSA are 8.7% in February, 6.9% in March, and 7.4% in April. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

In January 2024, the Conference Board Consumer Confidence Index was at 114.8 (1985=100), up from a revised 108.0 in December. “January’s increase in consumer confidence likely reflected slower inflation, anticipation of lower interest rates ahead, and generally favorable employment conditions as companies continue to hoard labor,” said Dana

Peterson, Chief Economist at The Conference Board. Meanwhile, in January 2024, the University of Michigan Consumer Sentiment Index stood at 79.0, up from 69.7. The survey indicated Consumer sentiment confirmed its early-month reading, surging 13% to reach its highest level since July 2021, reflecting improvements in the outlook for both inflation and personal incomes. January's gain has been exceeded only five times since 1978, one of which was last month at an even larger increase of 14%.

The Housing Market: Current Conditions

- In January, house sales in both Illinois and the Chicago PMSA were down from December but higher than in January of last year. 6,900 houses were sold in Illinois, changing by 0.8% from a year ago and -26.1% from a month ago. In the Chicago PMSA, 4,500 houses were sold, changing by 1.3% from a year ago and -25.4% from a month ago. The median price was \$258,000 in Illinois, up 11.0% from January last year; the comparable figure for the Chicago PMSA was \$315,000, an increase of 10.1% from January last year.
- In January, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 7.3%. 4,200 regular sales were made, 0.8% more than last year. 328 foreclosed properties were sold, 7.5% more than last year. The median price was \$320,000 for regular property sales, up 9.966% from last year; the comparable figure for foreclosed properties was \$249,900, up 6.8% from last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- At the latest average annual pending sales rate, Illinois had enough housing inventory for 1.4 months (decreasing from 1.5 of last year). In the Chicago PMSA, the comparable figure was 1.3 months (decreasing from 1.5 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced a decrease in both Illinois and the Chicago PMSA. (Reference: Illinois and Chicago PMSA Annual Months' Supply by Price Range)
- In January, the market shares of homes in the third highest price 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 \$300-500K increased to 26.8% from 22.6% a year ago. In the Chicago PMSA, the market share for homes at \$300-500K increased to 35.1% from 29.4% a year ago. (Reference: Illinois and Chicago PMSA Price Stratification figures)

The Housing Market: Forecast and Future Conditions

- The median price forecast indicates positive annual growth for February, March, and April in Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 9.0% in February, 8.6% in March, and 7.8% in April. For the Chicago PMSA, the comparable figures are 9.9% in February, 8.9% in March, and 9.8% in April. (Reference: Forecast for January 2024 report table)
- As a complement to the median housing price index (HPI), the SHDRE HPI also 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 7.1% in February, 5.9% in March, and 4.2% in April. The comparable figures for the Chicago PMSA are 8.7% in February, 6.9% in March, and 7.4% in April. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

- The sales forecast for February, March, and April suggests a decrease on a yearly basis for both Illinois and the Chicago PMSA, but an increase compared to last month. Annually for Illinois, the three-month average forecasts point to a decrease in the range of -1.2 to -1.7%; the comparable figures for the Chicago PMSA are a decrease in the range of -3.2% to -4.3%. On a monthly basis, three-month average sales are forecast to increase in the range of 17.0% to 23.0% for Illinois and increase in the range of 18.3% to 24.7% for the Chicago PMSA. (Reference: Forecast for January 2024 report table)

- The pending home sales index is a leading indicator based on contract signings. This January, the number of homes put under contract was less than last year in Illinois and the Chicago PMSA. The pending home sales index is 64.6 (2019=100) in Illinois, down 10.3% from a year ago. In the Chicago PMSA, the comparable figure is 62.9 down 10.2% from a year ago. (Reference: Illinois and Chicago PMSA Pending Home Sales Index figure)

The Economy

In January 2024, 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 353,000 jobs. Notable job gains occurred over the month in Professional and business services (+74,000); Health care (+70,000); Retail Trade (+45,000); Social assistance (+30,000).

In December 2023, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate increased by 0.1 percentage point to 4.8%. Non-farm payroll jobs increased by 12,000. The industry sectors that reported the largest over-the-month gains in employment were Leisure and Hospitality (3,300), Educational and Health Services (1,700), Government (1,100).

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 services, information, and manufacturing.

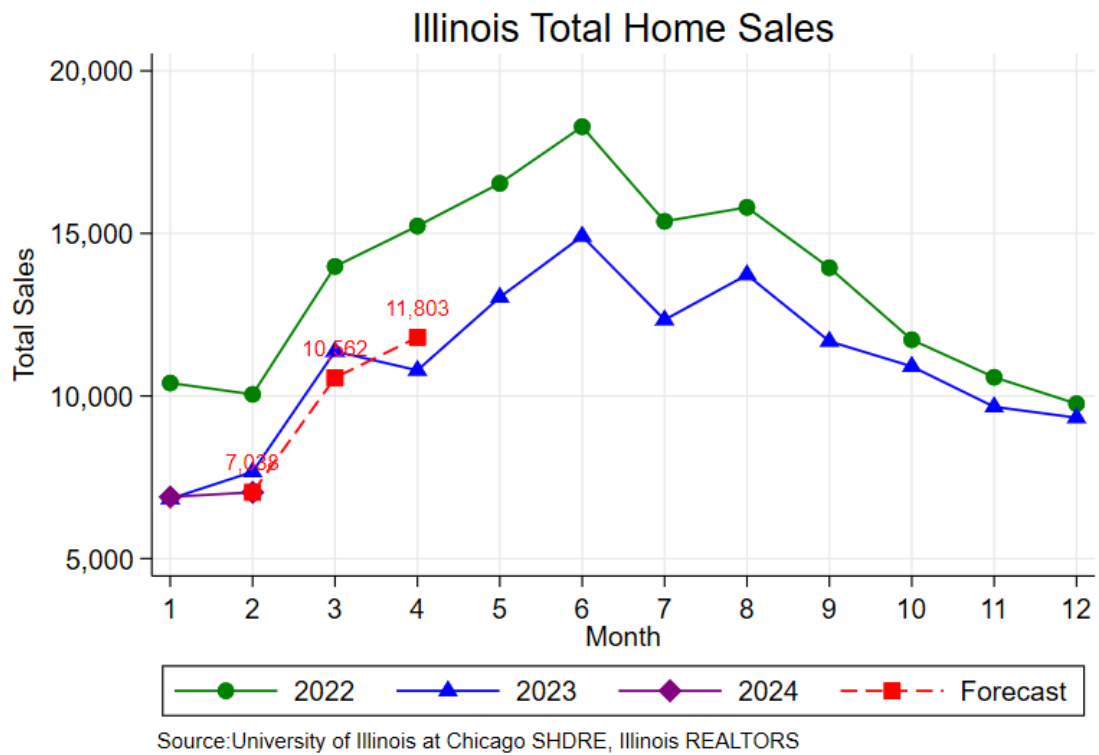
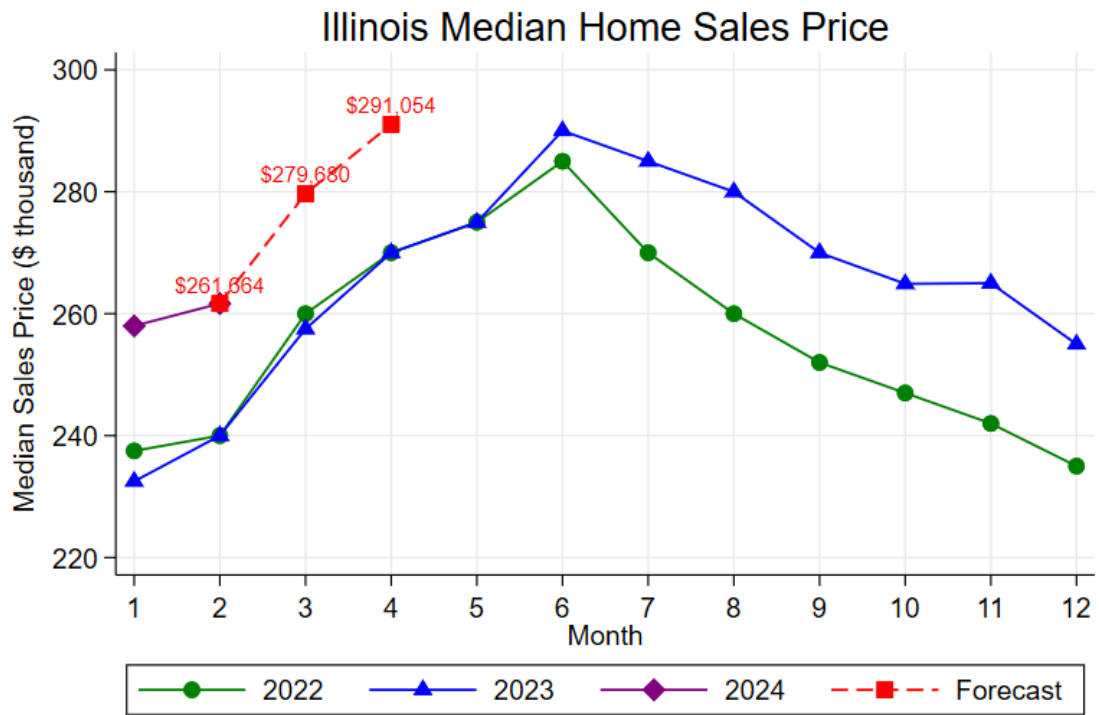
Longer-term Outlook

- In January 2024, the Conference Board Consumer Confidence Index was at 114.8 (1985=100), up from a revised 108.0 in December, with January’s increase in consumer confidence likely reflecting “slower inflation, anticipation of lower interest rates ahead, and generally favorable employment conditions as companies continue to hoard labor,” according to Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in January 2024, the

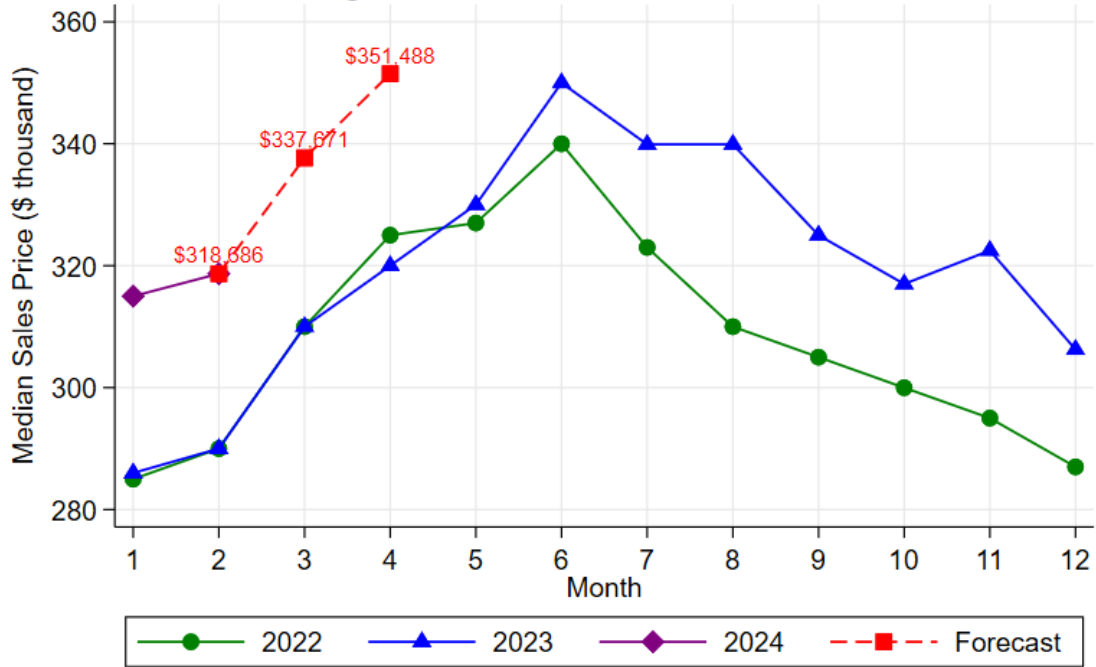
University of Michigan Consumer Sentiment Index stood at 79.0, up from 69.7. The survey indicated Consumer sentiment confirmed its early-month reading, surging 13% to reach its highest level since July 2021, reflecting improvements in the outlook for both inflation and personal incomes. January's gain has been exceeded only five times since 1978, one of which was last month at an even larger increase of 14%.

"The housing market is continuing its long-running trend of low sales and relatively high prices," said Dr. Daniel McMillen, Professor of Real Estate and Associate Dean for Faculty Affairs in the UIC College of Business Administration. "However, consumer confidence has turned up markedly, and sales traditionally increase significantly in spring. We expect the recent trends toward lower inflation rates, interest rates, and unemployment rates to lead to a rebound in the housing market in the coming months."

| PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES | | | | | | | | |
|---|-----------|-------|--------------|--------|----------|-----------|--------------|--------------|
| | Annual | | | | Monthly | | | |
| | Illinois | | Chicago PMSA | | Illinois | | Chicago PMSA | |
| Nov-23 | -8.6% | | -8.6% | | -11.4% | | -12.1% | |
| Dec-23 | -4.4% | | -5.7% | | -3.5% | | -4.3% | |
| Jan-24 | 0.8% | | 1.3% | | -26.1% | | -25.4% | |
| 3 Month Avg. | -4.7% | | -5.1% | | -13.4% | | -13.7% | |
| SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES | | | | | | | | |
| | Annual | | | | Monthly | | | |
| | Illinois | | Chicago PMSA | | Illinois | | Chicago PMSA | |
| Feb-24 | -7.0% | -9.4% | -8.2% | -11.1% | 1.8% | 2.4% | 1.0% 1.4% | |
| Mar-24 | -6.1% | -8.2% | -7.1% | -9.6% | 42.6% | 57.6% | 49.2% 66.6% | |
| Apr-24 | 8.0% | 10.8% | 4.1% | 5.6% | 10.0% | 13.5% | 9.5% 12.8% | |
| 3 Month Avg. | -1.2% | -1.7% | -3.2% | -4.3% | 17.0% | 23.0% | 18.3% 24.7% | |
| SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE | | | | | | | | |
| | Illinois | | Chicago PMSA | | | Illinois | | Chicago PMSA |
| Nov-23 | \$265,000 | | \$322,500 | | Nov-22 | \$242,000 | | \$295,000 |
| Dec-23 | \$255,000 | | \$306,250 | | Dec-22 | \$235,000 | | \$287,000 |
| Jan-24 | \$258,000 | | \$315,000 | | Jan-23 | \$232,500 | | \$286,000 |
| Feb-24 | \$261,664 | | \$318,686 | | Feb-23 | \$240,000 | | \$290,000 |
| Mar-24 | \$279,680 | | \$337,671 | | Mar-23 | \$257,500 | | \$310,000 |
| Apr-24 | \$291,054 | | \$351,488 | | Apr-23 | \$270,000 | | \$320,000 |
| ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE | | | | | | | | |
| | Illinois | | Chicago PMSA | | | Illinois | | Chicago PMSA |
| Nov-23 | 9.5% | | 9.3% | | Nov-22 | -1.8% | | 1.7% |
| Dec-23 | 8.5% | | 6.7% | | Dec-22 | -2.9% | | 0.0% |
| Jan-24 | 11.0% | | 10.1% | | Jan-23 | -2.1% | | 0.4% |
| Feb-24 | 9.0% | | 9.9% | | Feb-23 | 0.0% | | 0.0% |
| Mar-24 | 8.6% | | 8.9% | | Mar-23 | -1.0% | | 0.0% |
| Apr-24 | 7.8% | | 9.8% | | Apr-23 | 0.0% | | -1.5% |

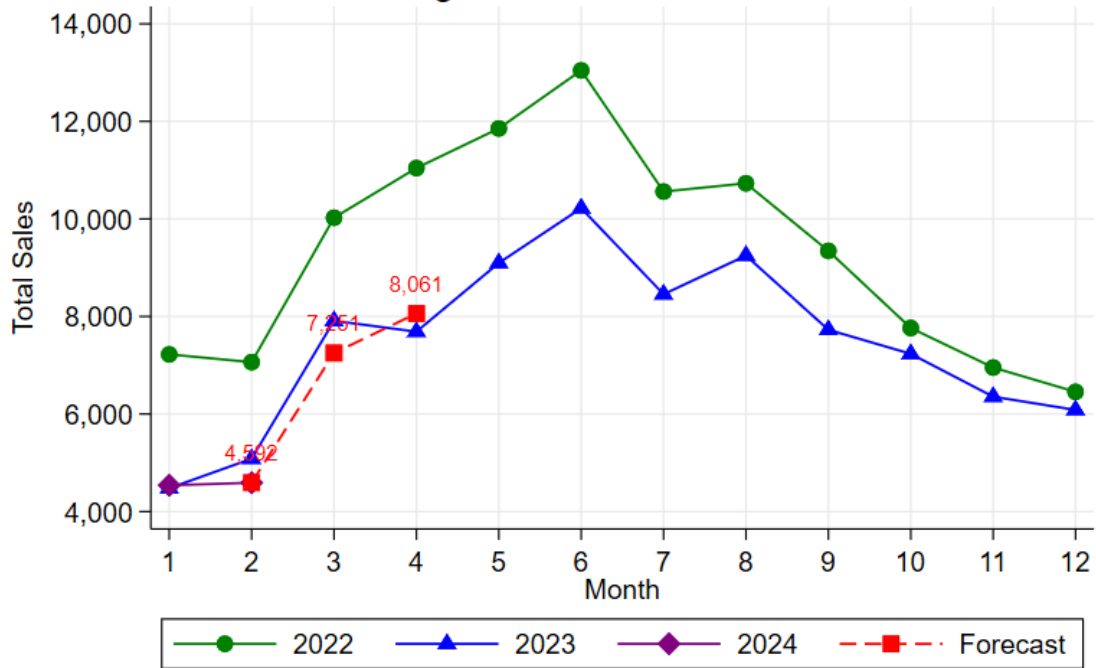


Chicago PMSA Median Home Sales Price

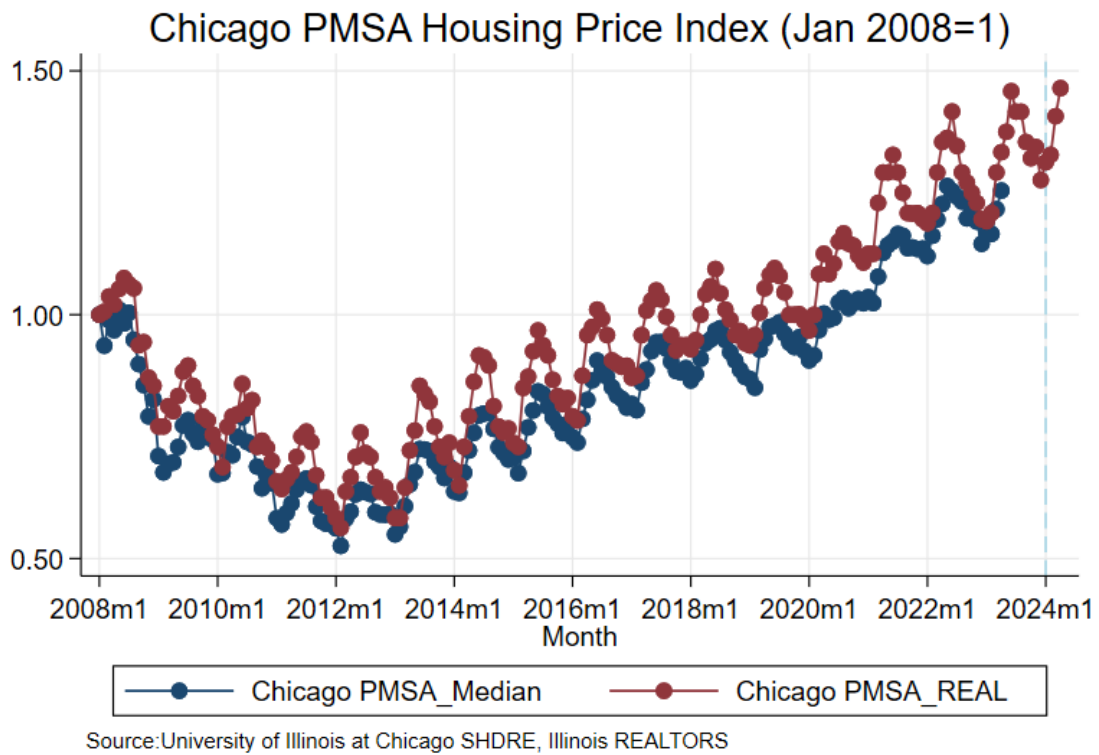
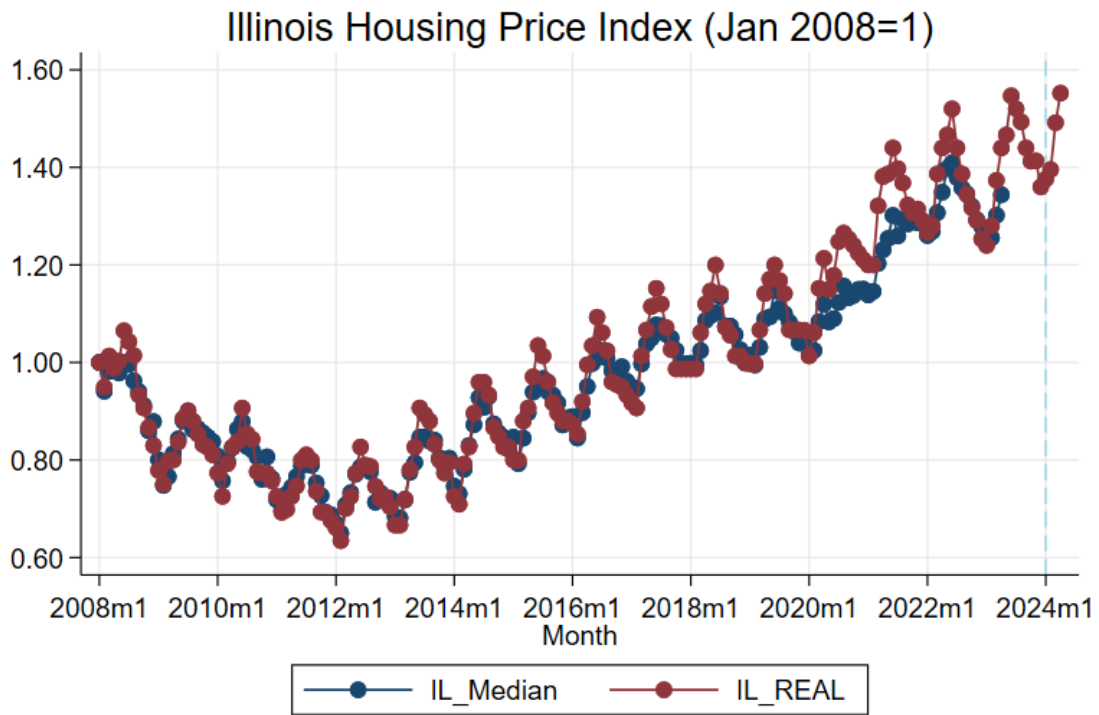


Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

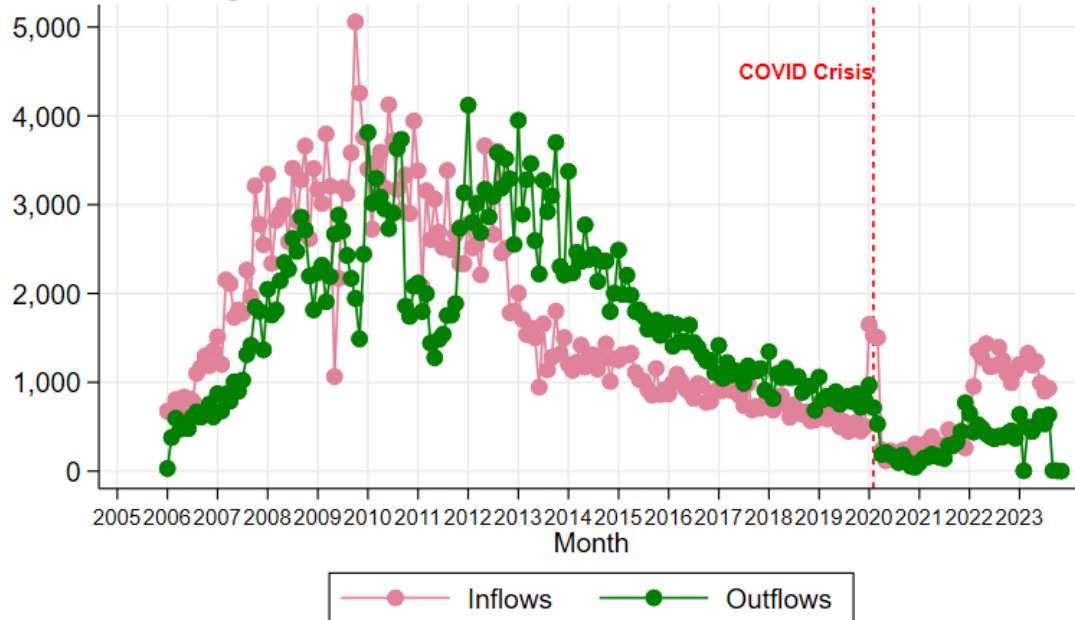
Chicago PMSA Total Home Sales



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



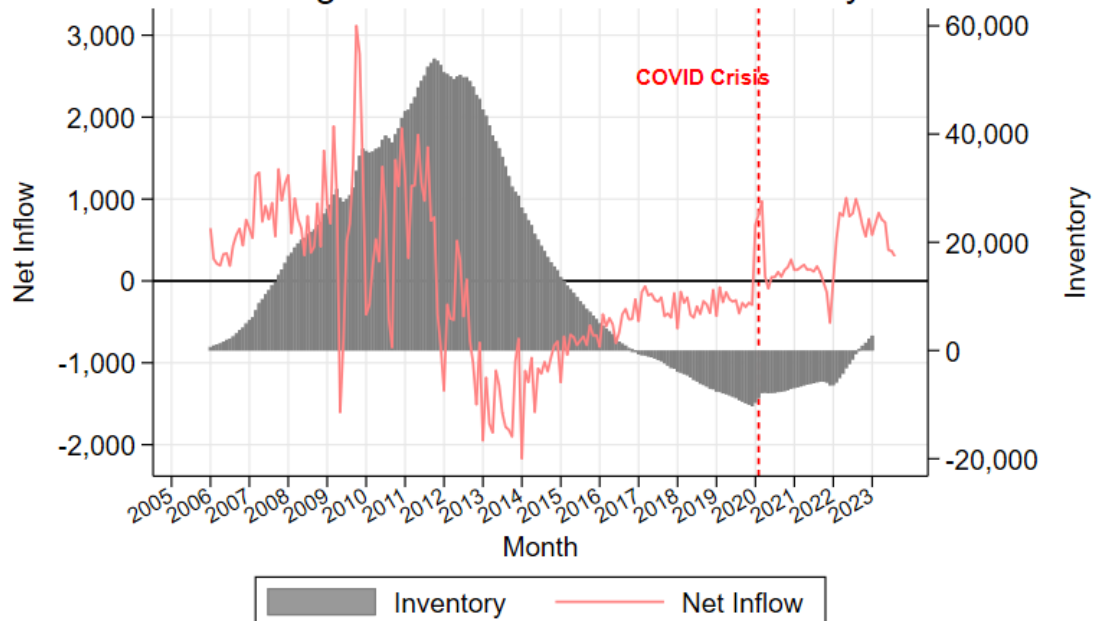
Chicago PMSA New Foreclosure Inflows and Outflows



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

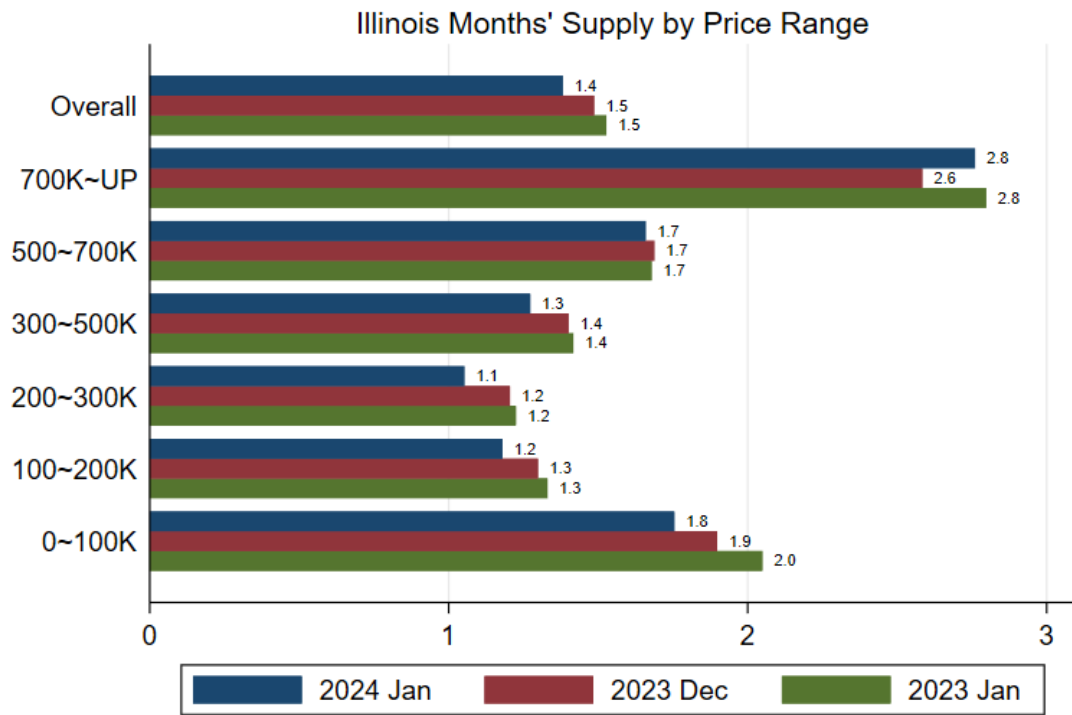
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Foreclosure Inventory

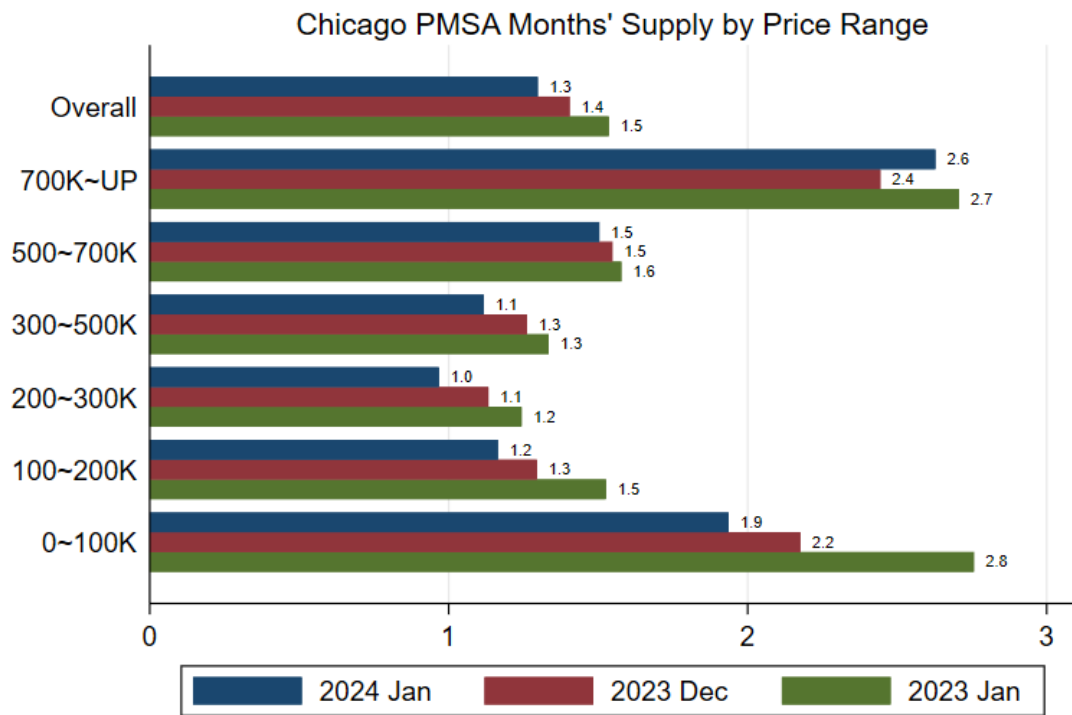


Net inflows = Inflows - Outflows

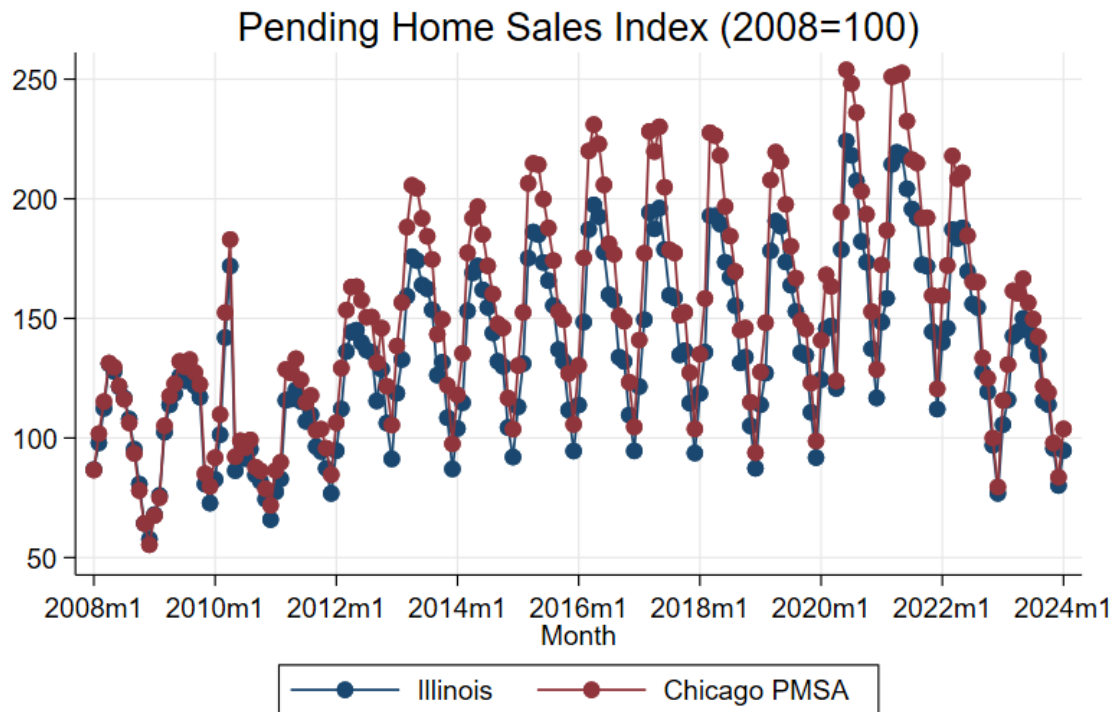
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



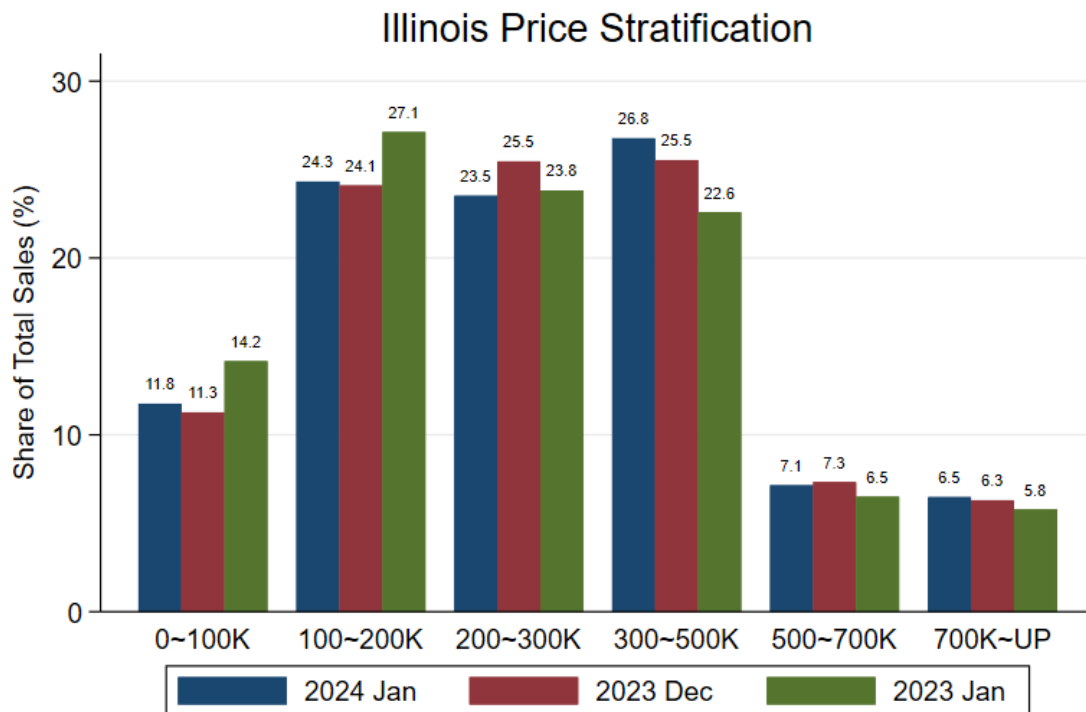
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

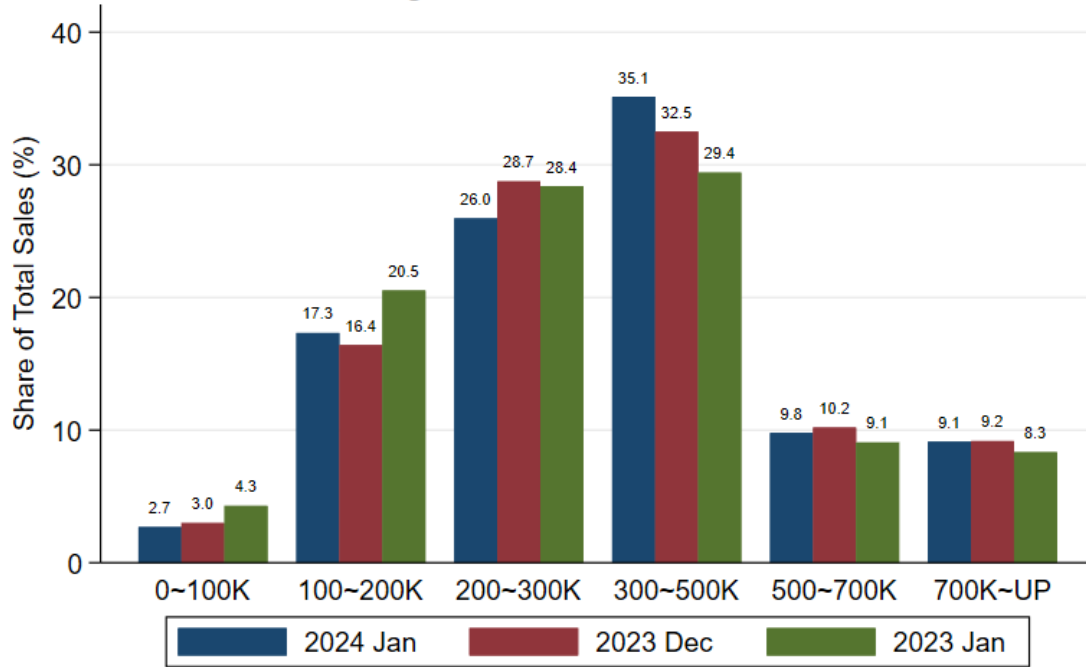


Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



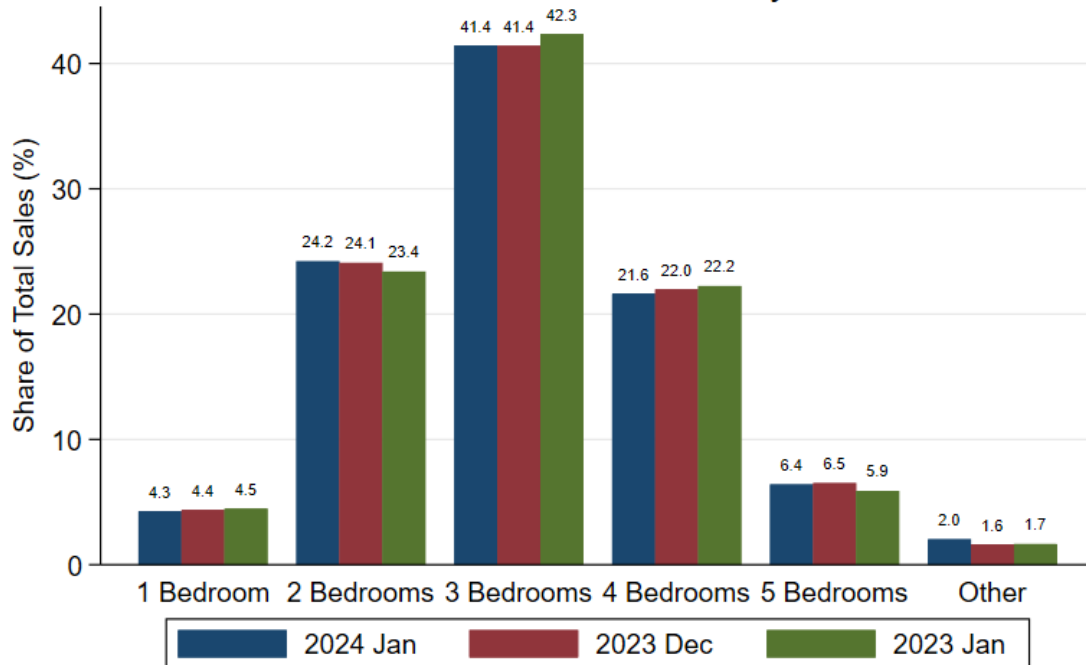
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Price Stratification



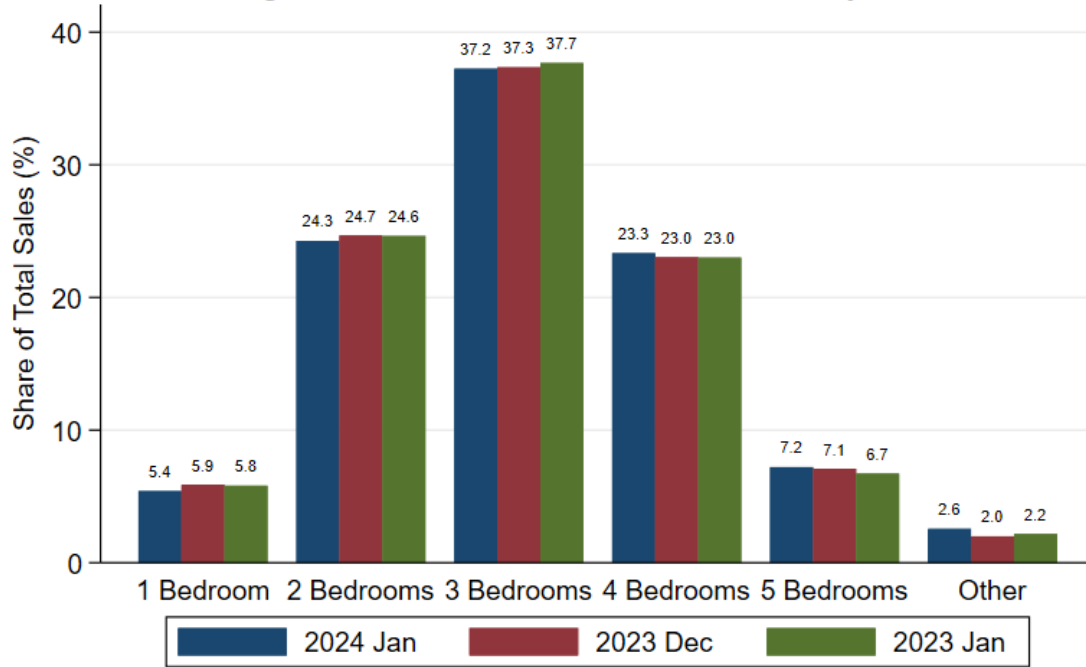
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bedroom



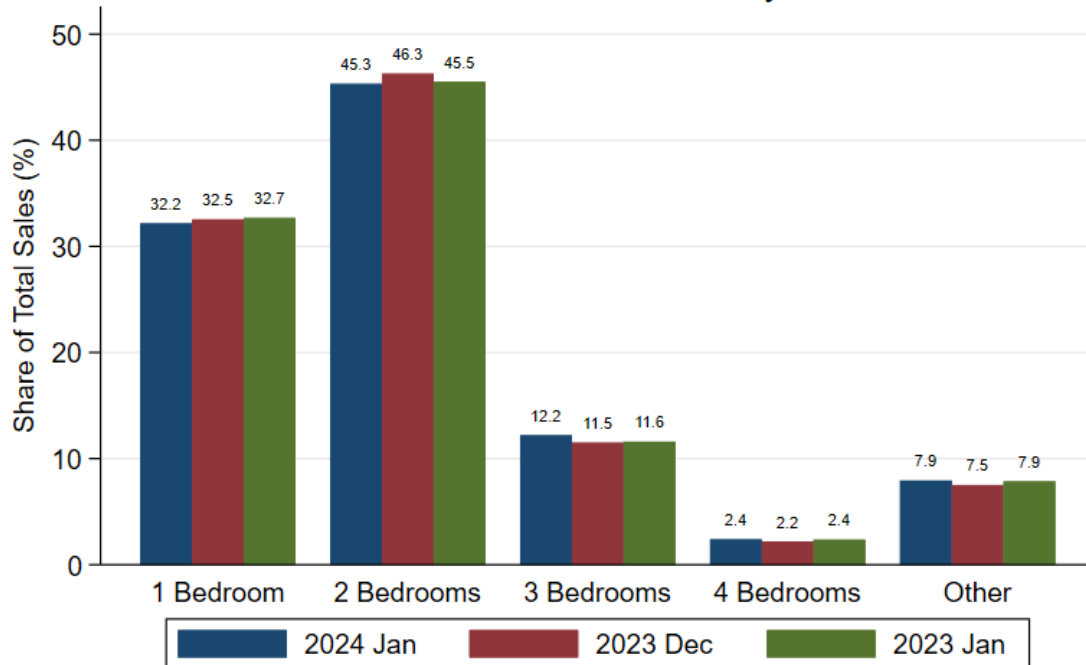
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bedroom



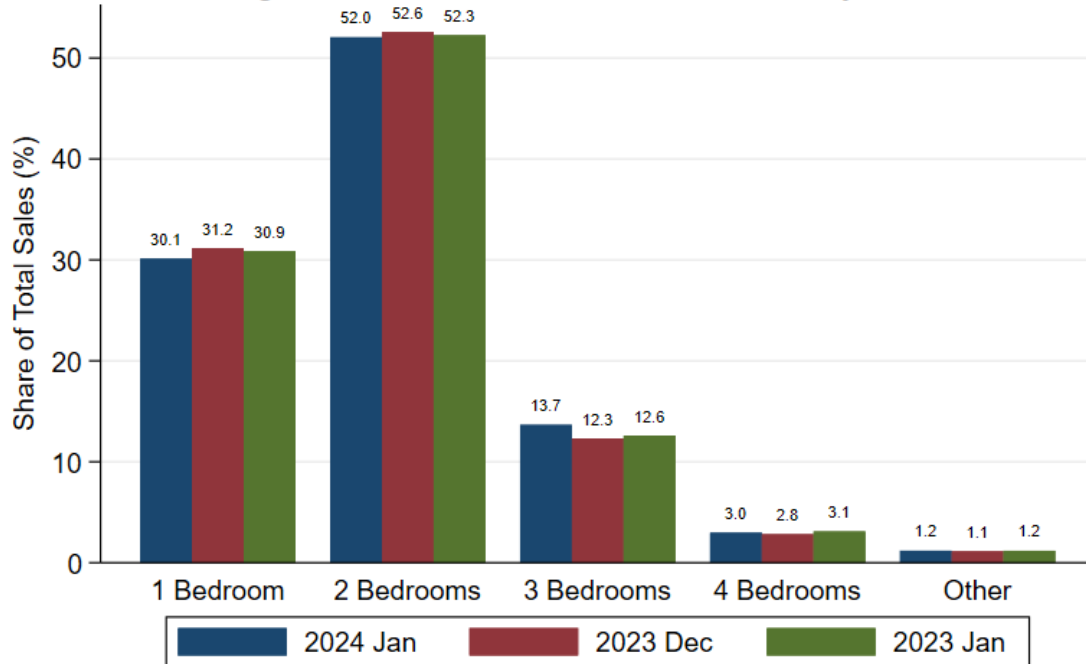
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bathroom



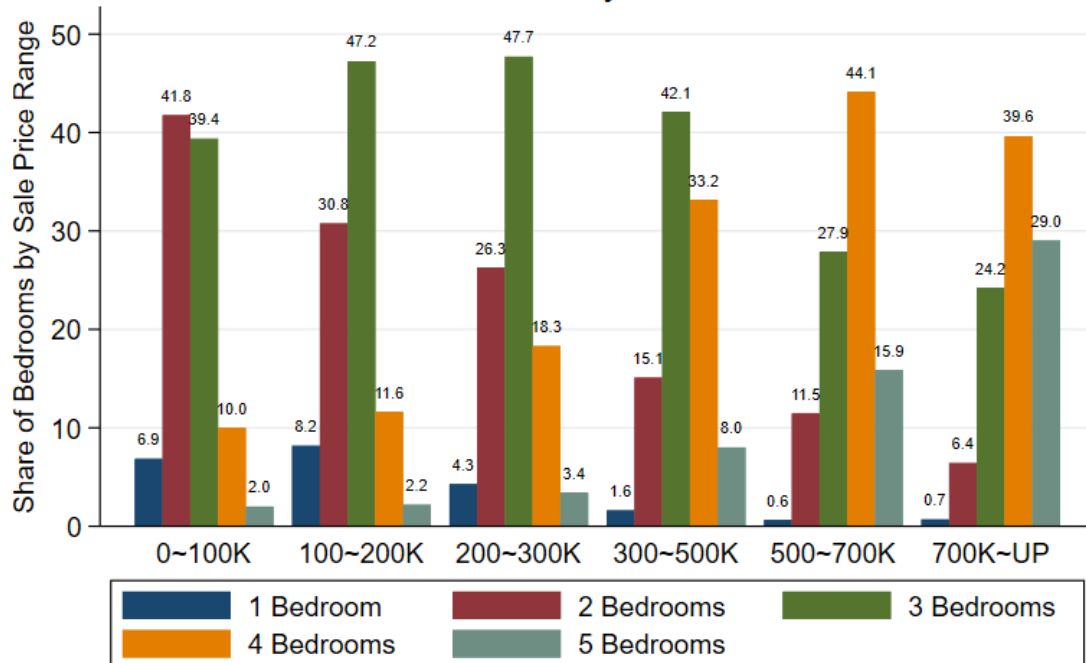
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bathroom



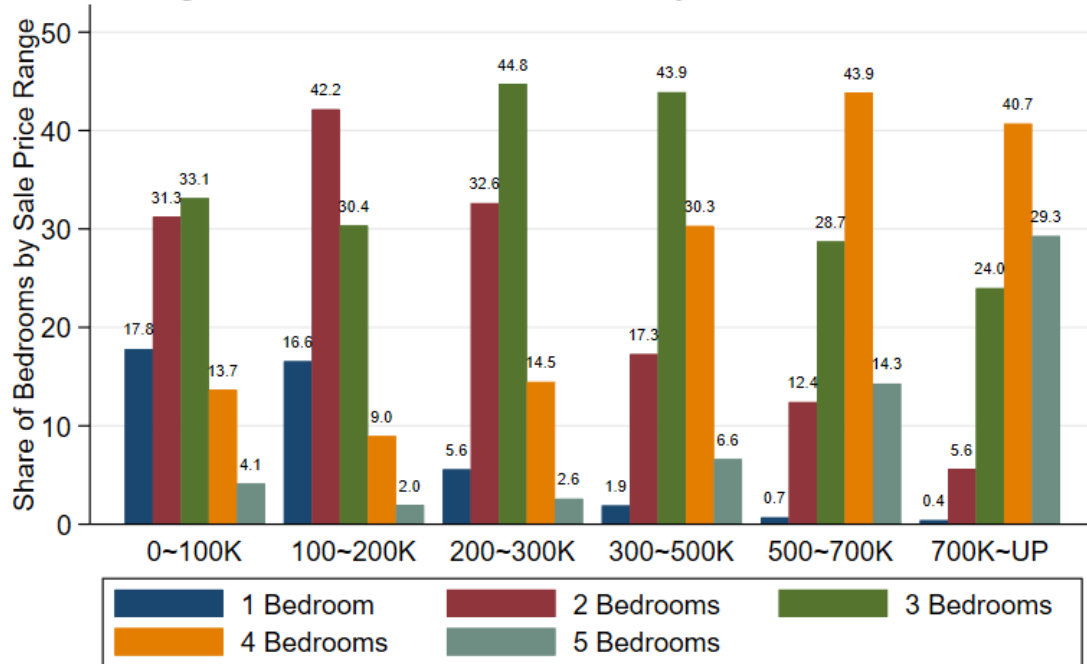
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bedroom Shares by Sale Price Stratification



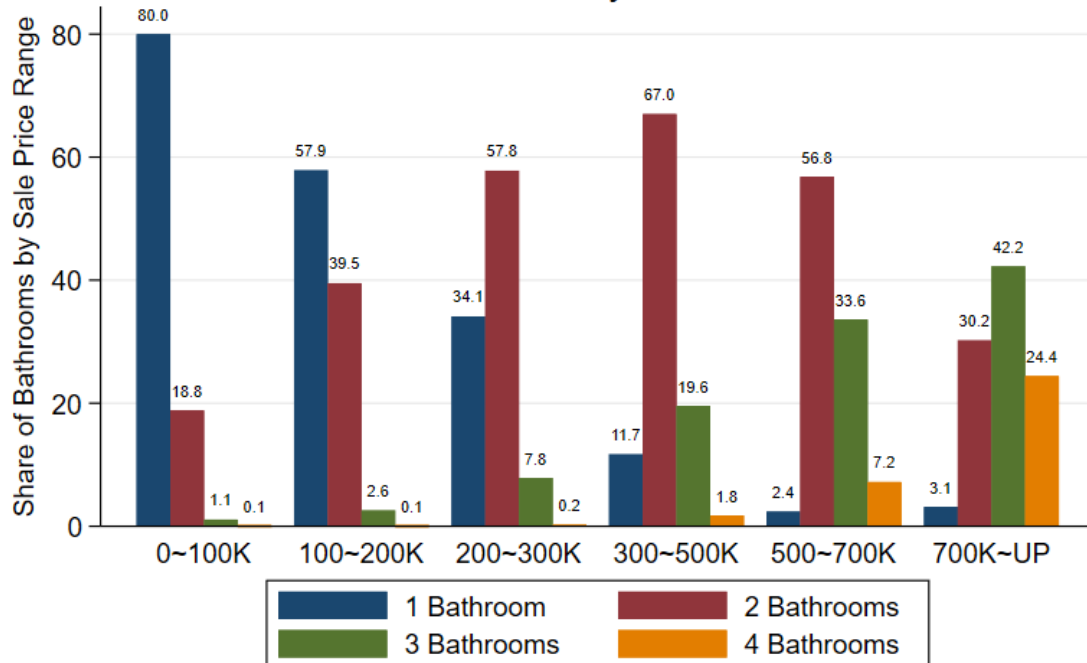
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bedroom Shares by Sale Price Stratification



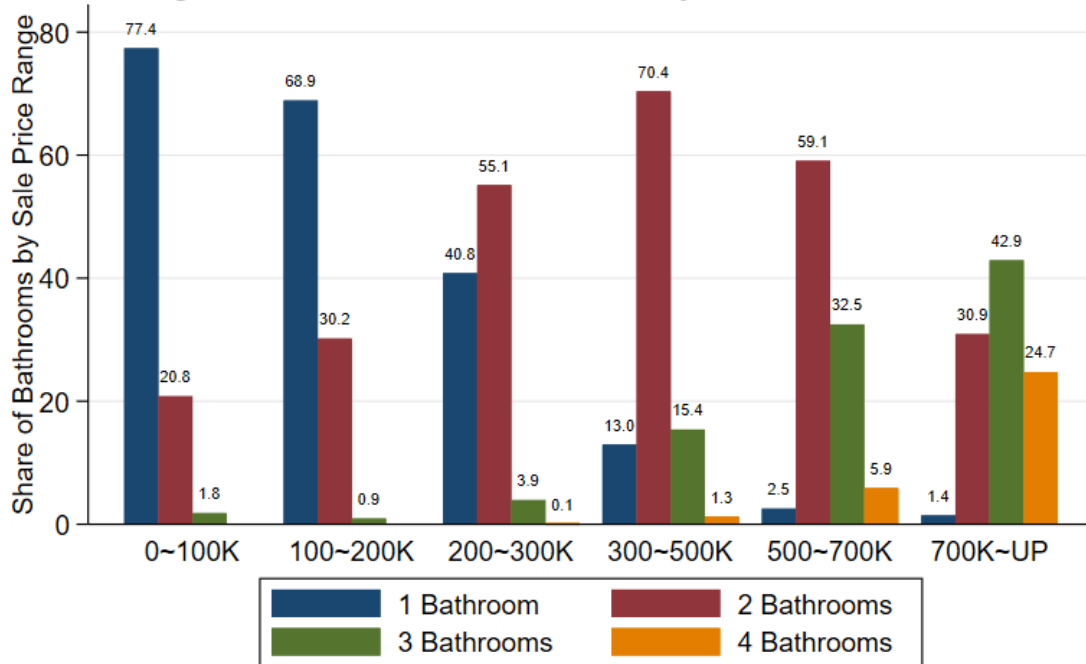
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bathroom Shares by Sale Price Stratification



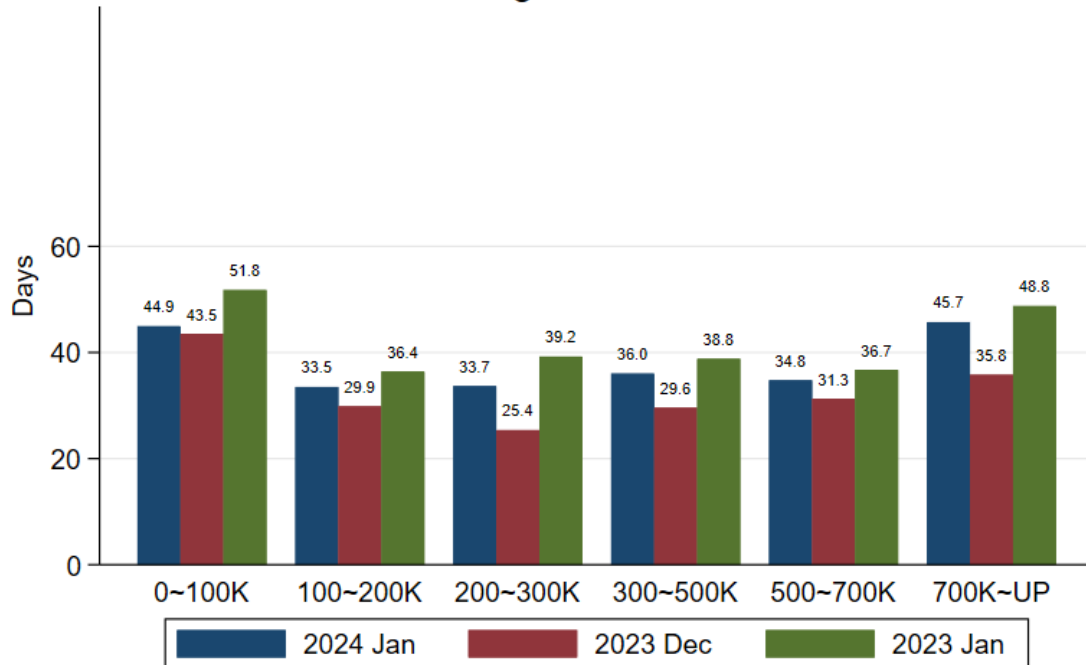
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bathroom Shares by Sale Price Stratification



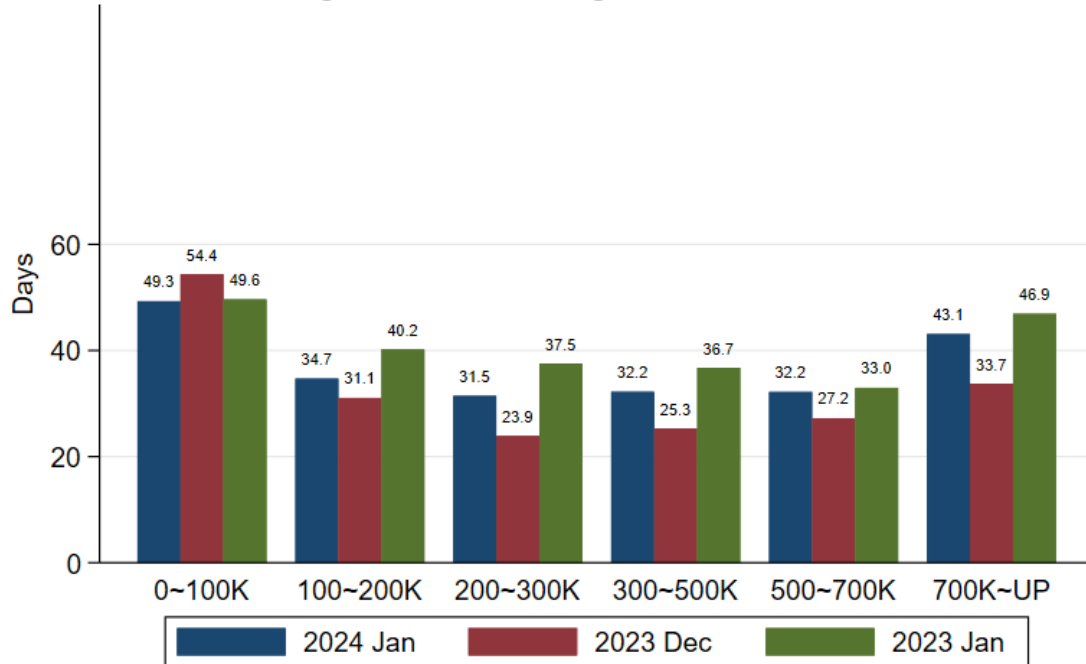
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

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

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

