

State of the Illinois Housing Market



OVERVIEW

It is widely known that a thriving, healthy real estate market is essential to the state's overall economy. The real estate industry contributes nearly \$153 billion to the state's economy, lures new business to Illinois and keeps families and neighborhoods stable. It also provides the opportunity for residents of all races, genders and economic levels to experience the American dream of homeownership.

Unfortunately, a comprehensive review of the current housing market indicates troubling trends and a fragile market. One that faces growing instability from an inventory crisis that could be made even worse by short-sighted policies.

Statewide Data

The real estate industry
accounted for

**\$152.9
Billion**

OR

14.8%
of the gross state
product in 2022



Number of
REALTORS®
statewide

50K+

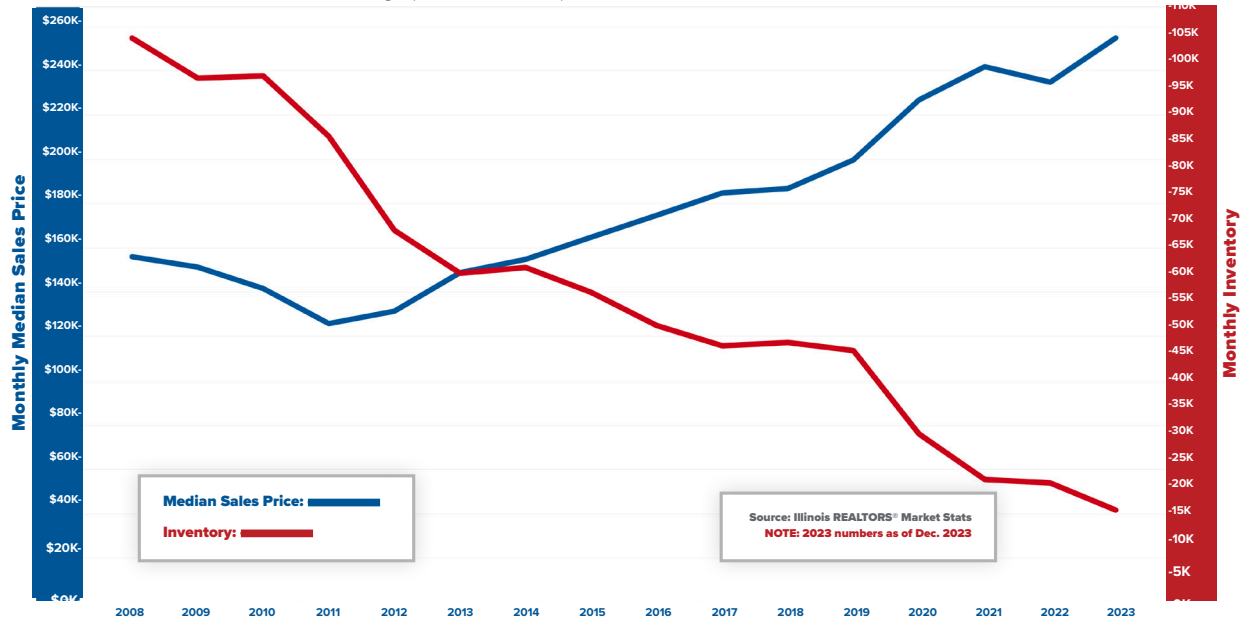
THE ANALYSIS

The charts on page 2 show how the median home prices and real estate closings have changed, relative to housing inventory (supply) over the last few years. The first line chart compares rising median home prices to dwindling inventory. The second line chart compares closed sales to inventory.



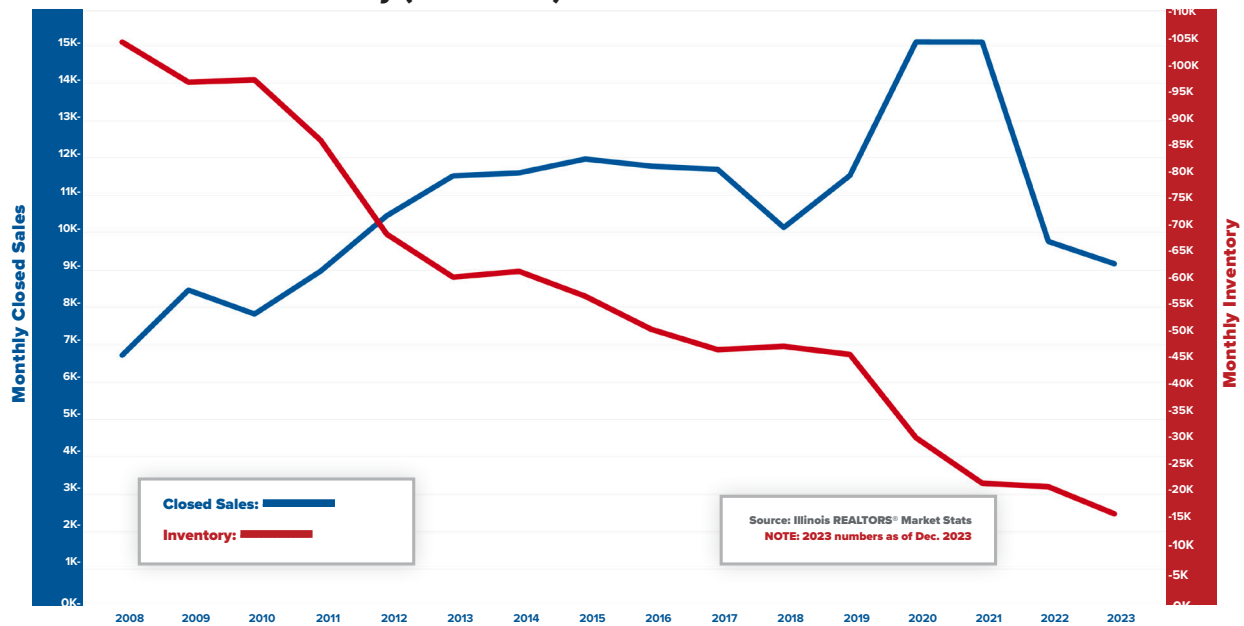
As inventory declines and demand continues to either increase or maintain, the median price of homes naturally increases. When home values increase too rapidly relative to the available supply of homes on the market, an affordability gap is created – that is, the homes that are available are only affordable to those in the highest income brackets.

Median Price vs. Inventory (Statewide) December Year Over Year



Closed sales represent the true impact of the real estate industry on the state’s economy. For each closed sale, there is not only the exchange of the purchase price between a buyer and seller, but there are numerous other transactions that contribute to the overall economy. When sales decrease, less capital is injected into the local market causing an overall economic slowdown.

Closed Sales vs. Inventory (Statewide) December Year Over Year



WHAT DOES THIS MEAN?

The data indicates that the real estate market is more susceptible than ever to policies that could cause it to slow down. Any public policy proposals that would impact the housing market, whether programmatic or tax-based, must be oriented toward creating more housing opportunity, affordability and equity.