

Housing Price Forecasts

Illinois and Chicago PMSA, March 2024

Presented To

Illinois Realtors®

From

UIC Stuart Handler Department of Real Estate

March 21, 2024

The Housing Market

The number of house sales increased between January and February in both Illinois and the Chicago PMSA but remained somewhat lower than in February of 2023. 7,600 houses were sold in Illinois in February, changing by -1.2% from a year ago and 8.9% from a month ago. In the Chicago PMSA, 5,100 houses were sold, changing by -0.3% from a year ago and 10.7% from a month ago. The median price was \$265,500 in Illinois, changing by 10.6% from February last year; the comparable figure for the Chicago PMSA was \$320,000, changing by 10.3% from February last year.

In February, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 7.0%. 4,700 regular sales were made, -0.6% less than last year. 353 foreclosed properties were sold, 2.0% more than last year. The median price was \$325,000 for regular property sales, up 10.17% from last year; the comparable figure for foreclosed properties was \$252,000, up 5.4% from last year.

The sales forecast for March, April, and May suggests an increase on a yearly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to an increase in the range of 4.6 to 6.3%; the comparable figures for the Chicago PMSA are an increase in the range of 2.9% to 3.9%. On a monthly basis, three-month average sales are forecast to increase in the range of 17.5% to 23.6% for Illinois and in the range of 17.8% to 24.1% for the Chicago PMSA.

The pending home sales index is a leading indicator based on contract signings. This February, the number of homes put under contract was lower than last year in both Illinois and the Chicago PMSA. The pending home sales index is 81.5 (2019=100) in Illinois, down 3.2% from a year ago. In the Chicago PMSA, the comparable figure is 80.4 down 1.5% from a year ago. At the latest average annual pending sales rate, Illinois had enough housing inventory for 1.4 months (unchanged from 1.4 of last year). In the Chicago PMSA, the comparable figure was 1.4 months (decreasing from 1.5 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced decreases in both Illinois and the Chicago PMSA.

The median price forecast indicates positive annual growth for March, April, and May in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 10.1% in March, 9.2% in April, and 8.4% in May. For the Chicago PMSA, the comparable figures are 9.6% in March, 10.1% in April, and 8.0% in May. 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 5.8% in March, 4.0% in April, and 5.3% in May. The comparable figures for the Chicago PMSA are 6.2% in March, 6.8% in April, and 7.4% in May. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

In February 2024, the Conference Board Consumer Confidence Index was at 106.7 (1985=100), down from a revised 110.9 in January. “The decline in consumer confidence in February interrupted a three-month rise, reflecting persistent uncertainty about the US economy,” said Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in January 2024, the University of Michigan Consumer Sentiment Index stood at 76.9, down from 79.0. The survey indicated Consumer sentiment moved sideways this month, slipping just two index points below January and holding the gains in sentiment seen over the past three months. Expected business conditions remained substantially higher than last autumn, with short-run expectations now 63% above November 2023 readings and long-run expectations 46% higher.

The Housing Market: Current Condition

- 7,600 houses were sold in Illinois in February, changing by -1.2% from a year ago and 8.9% from a month ago. In the Chicago PMSA, 5,100 houses were sold, changing by -0.3% from a year ago and 10.7% from a month ago. The median price was \$265,500 in Illinois, changing by 10.6% from February last year; the comparable figure for the Chicago PMSA was \$320,000, changing by 10.3% from February last year.
- In February, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 7.0%. 4,700 regular sales were made, -0.6% less than last year. 353 foreclosed properties were sold, 2.0% more than last year. The median price was \$325,000 for regular property sales, up 10.17% from last year; the comparable figure for foreclosed properties was \$252,000, up 5.4% from last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- In February, at the latest average annual pending sales rate, Illinois had enough housing inventory for 1.4 months (unchanged from 1.4 of last year). In the Chicago PMSA, the comparable figure was 1.4 months (decreasing from 1.5 of last year). Months of supply for homes in the lowest price ranges (<100K) experienced decreases in both Illinois and the Chicago PMSA. (Reference: Illinois and Chicago PMSA Annual Months' Supply by Price Range figures)
- In February, the market shares of homes in the third highest price range experienced the largest change compared to a year ago for Illinois. For the Chicago PMSA, the large change occurred in the second lowest price range. In Illinois, the market share for homes in the \$300-500K range increased to 27.6% from 24.1% a year ago. In the Chicago PMSA, the market share for homes in the \$100-200K range decreased to 14.4% from 19.2% 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 March, April, and May in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 9.6% in March, 9.2% in April, and 8.4% in May. For the Chicago PMSA, the comparable figures are 9.6% in March, 10.1% in April, and 8.0% in May. (Reference: Forecast for February 2024 report table). The median price forecast indicates positive annual growth for March, April, and May in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 10.1% in March, 9.2% in April, and 8.4% in May. For the Chicago PMSA, the comparable figures are 9.6% in March, 10.1% in April, and 8.0% in May.
- 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 5.8% in March, 4.0% in April, and 5.3% in May. The comparable figures for the Chicago PMSA are 6.2% in March, 6.8% in April, and 7.4% in May. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.
- The sales forecast for March, April, and May suggests an increase on a yearly basis for both Illinois and the Chicago PMSA. Annually for Illinois, the three-month average forecasts point to an increase in the range of 4.6 to 6.3%; the comparable figures for the Chicago PMSA are an increase in the range of 2.9% to 3.9%. On a monthly basis, three-month average sales are forecast to increase in the range of 17.5% to 23.6% for Illinois and increase in the range of 17.8% to 24.1% for the Chicago PMSA.
- The pending home sales index is a leading indicator based on contract signings. This February, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 81.5 (2019=100) in Illinois, down 3.2% from a year ago. In the Chicago PMSA, the comparable figure is 80.4 down 1.5% from a year ago. (Reference: Illinois and Chicago PMSA Pending Home Sales Index figure)

The Economy

In February 2024, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate decreased to 3.9%, and non-farm payroll jobs experienced a gain of 275,000 jobs. Notable job gains occurred over the month in Health care (+67,000); Government (+52,000); Food services and drinking places (+42,000); Social assistance (+24,000); Transportation and warehousing (+20,000).

In January 2024, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate was 4.7. Non-farm payroll jobs increased by 17,000. The industry sectors that reported the largest over-the-month gains in employment were Government (5,000), Educational and Health Services (3,400), Trade, Transportation and Utilities (2,300).

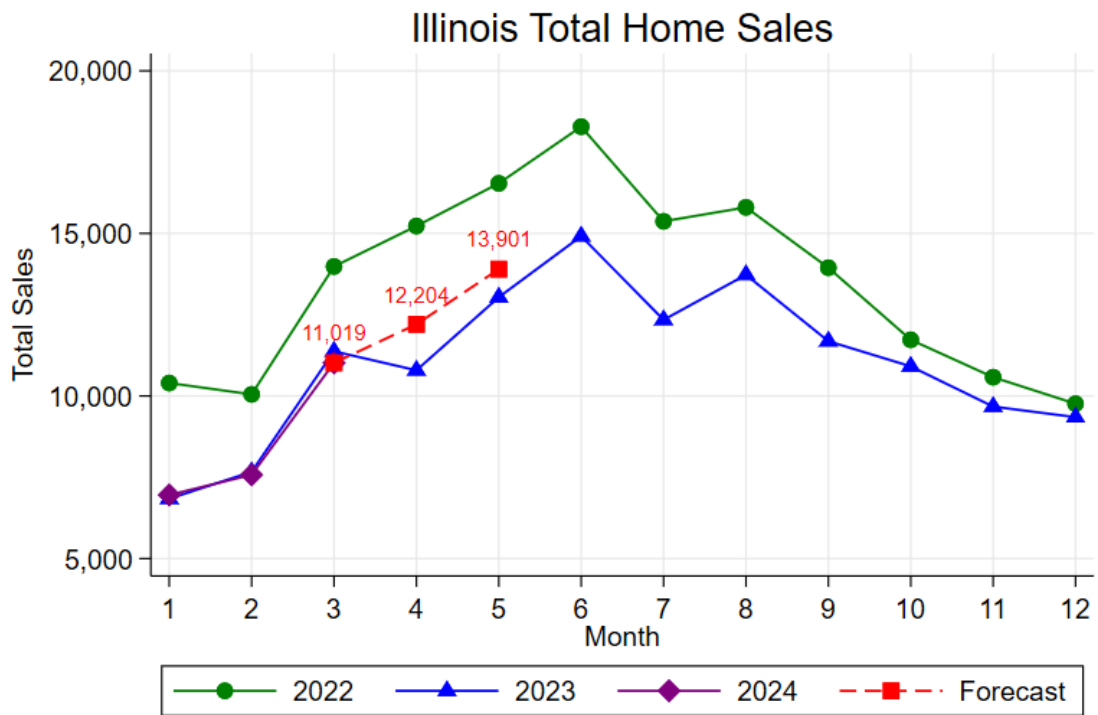
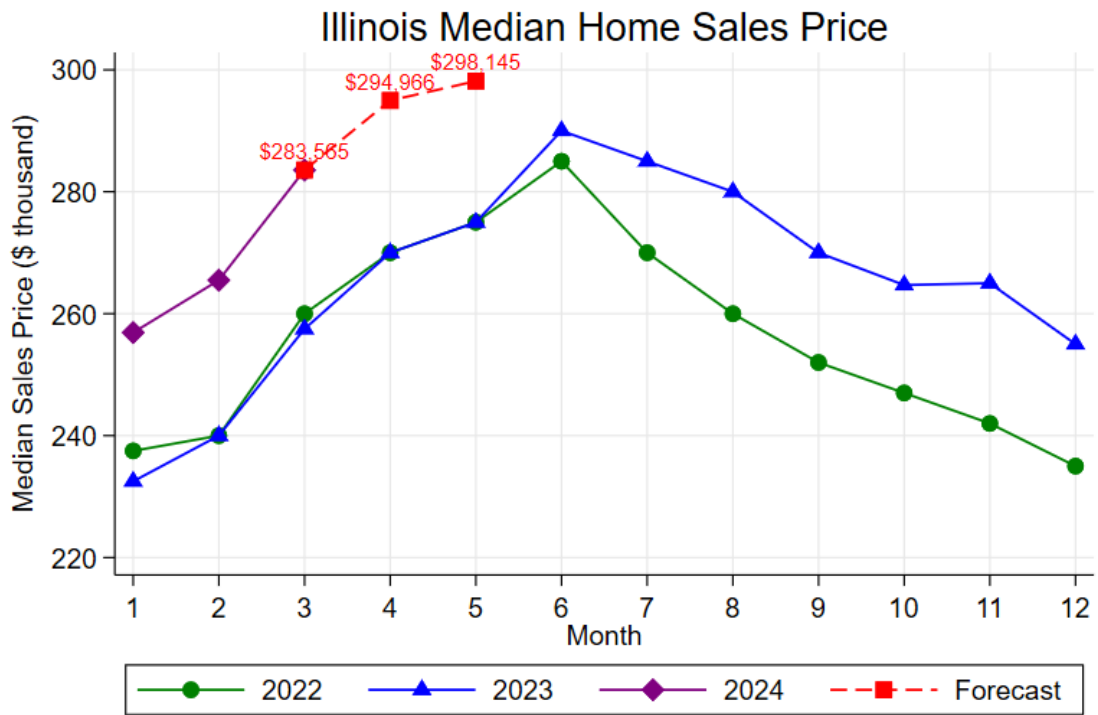
In December 2023, the one-year-ahead forecast for Illinois indicates that non-farm employment will change at a rate between 2.3% and 2.38%, corresponding to job gains between 140,300 and 145,200. The largest contributors to the forecast increase are professional service, information, and manufacturing.

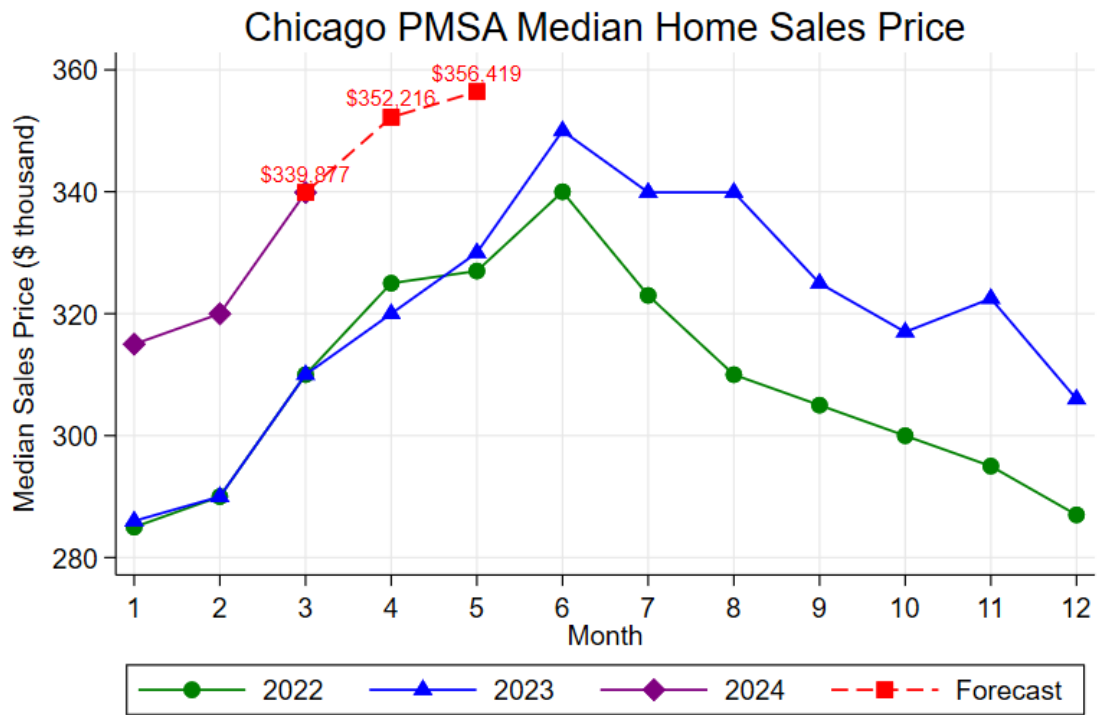
Longer-term Outlook

- In February 2024, the Conference Board Consumer Confidence Index was at 106.7 (1985=100), down from a revised 110.9 in January. “The decline in consumer confidence in February interrupted a three-month rise, reflecting persistent uncertainty about the US economy,” said Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in January 2024, the University of Michigan Consumer Sentiment Index stood at 76.9, down from 79.0. The survey indicated Consumer sentiment moved sideways this month, slipping just two index points below January and holding the gains in sentiment seen over the past three months. Expected business conditions remained substantially higher than last autumn, with short-run expectations now 63% above November 2023 readings and long-run expectations 46% higher.

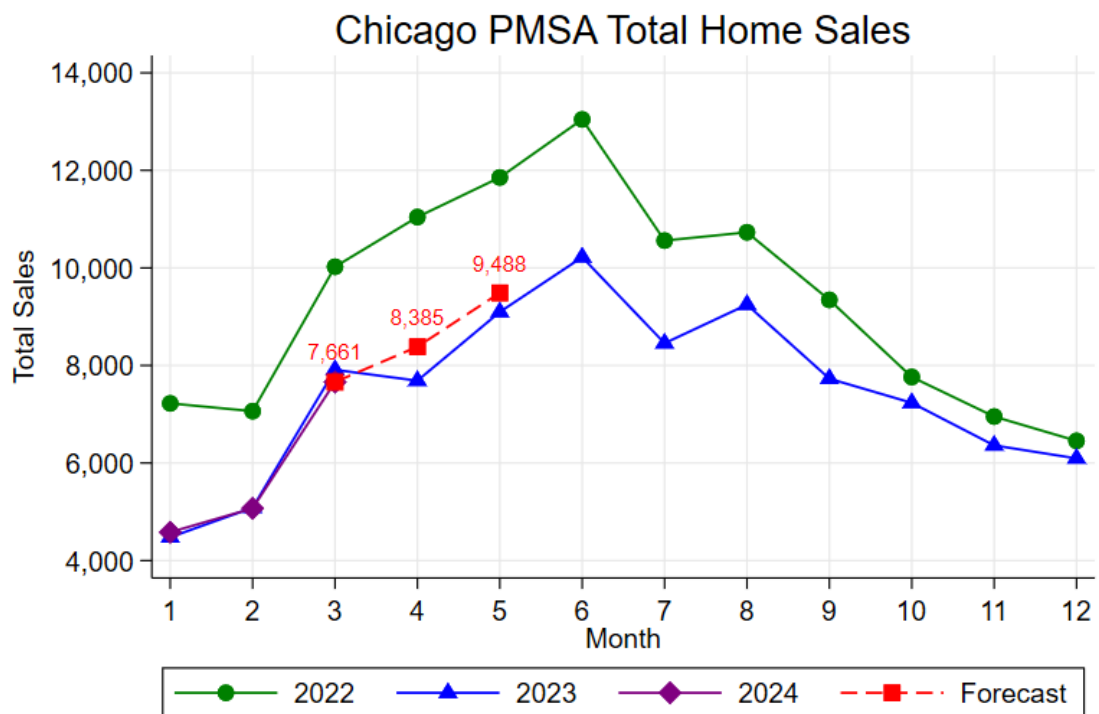
“The housing market is continuing its long-running trend of low sales and relatively high prices,” said Dr. Daniel McMillen, Professor of Real Estate and Associate Dean for Faculty Affairs in the UIC College of Business Administration. “However, consumer confidence has been high for several months now, 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 beginning in April.”

PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES									
	Annual					Monthly			
	Illinois		Chicago PMSA			Illinois		Chicago PMSA	
Dec-23	-4.2%		-5.6%			-3.4%		-4.2%	
Jan-24	1.7%		2.3%			-25.6%		-24.8%	
Feb-24	-1.2%		-0.3%			8.9%		10.7%	
3 Month Avg.	-1.6%		-1.7%			-8.1%		-7.6%	
SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES									
	Annual					Monthly			
	Illinois		Chicago PMSA			Illinois		Chicago PMSA	
Mar-24	-2.7%	-3.6%	-2.7%		-3.6%	38.6%	52.3%	43.4%	58.7%
Apr-24	11.1%	15.1%	7.7%		10.4%	9.1%	12.4%	8.0%	10.9%
May-24	5.6%	7.6%	3.7%		4.9%	11.8%	16.0%	11.2%	15.1%
3 Month Avg.	4.6%	6.3%	2.9%		3.9%	17.5%	23.6%	17.8%	24.1%
SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE									
	Illinois		Chicago PMSA			Illinois		Chicago PMSA	
Dec-23	\$255,000		\$306,000		Dec-22	\$235,000		\$287,000	
Jan-24	\$256,900		\$315,000		Jan-23	\$232,500		\$286,000	
Feb-24	\$265,500		\$320,000		Feb-23	\$240,000		\$290,000	
Mar-24	\$283,565		\$339,877		Mar-23	\$257,500		\$310,000	
Apr-24	\$294,966		\$352,216		Apr-23	\$270,000		\$320,000	
May-24	\$298,145		\$356,419		May-23	\$275,000		\$330,000	
ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE									
	Illinois		Chicago PMSA			Illinois		Chicago PMSA	
Dec-23	8.5%		6.6%		Dec-22	-2.9%		0.0%	
Jan-24	10.5%		10.1%		Jan-23	-2.1%		0.4%	
Feb-24	10.6%		10.3%		Feb-23	0.0%		0.0%	
Mar-24	10.1%		9.6%		Mar-23	-1.0%		0.0%	
Apr-24	9.2%		10.1%		Apr-23	0.0%		-1.5%	
May-24	8.4%		8.0%		May-23	0.0%		0.9%	

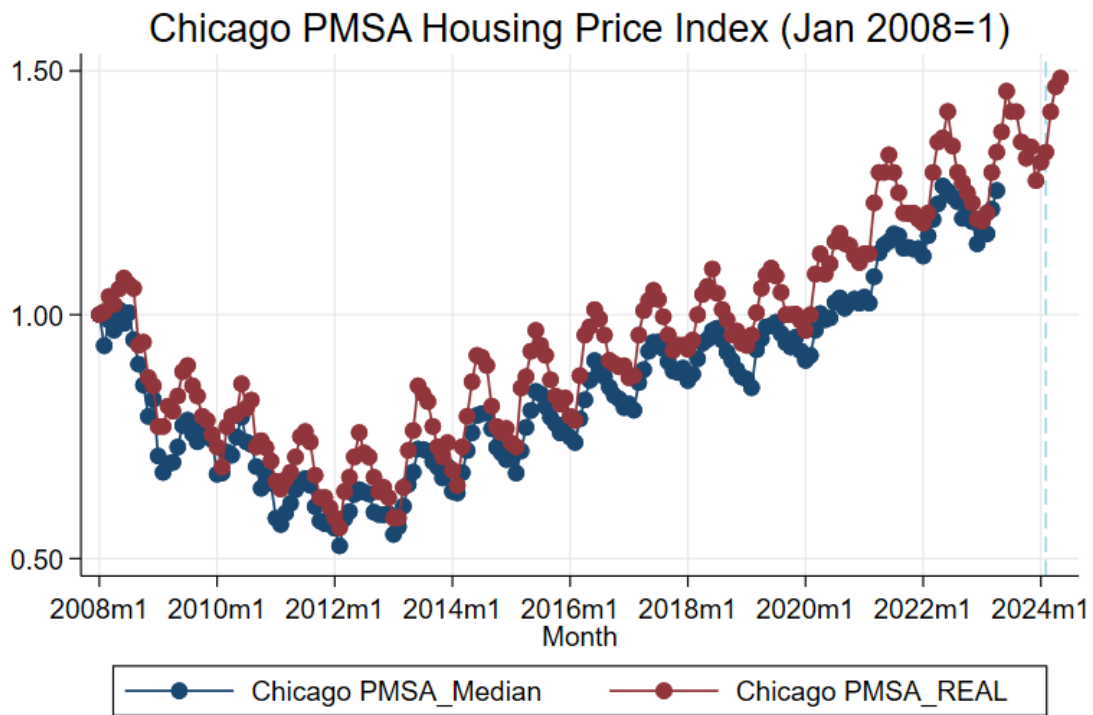
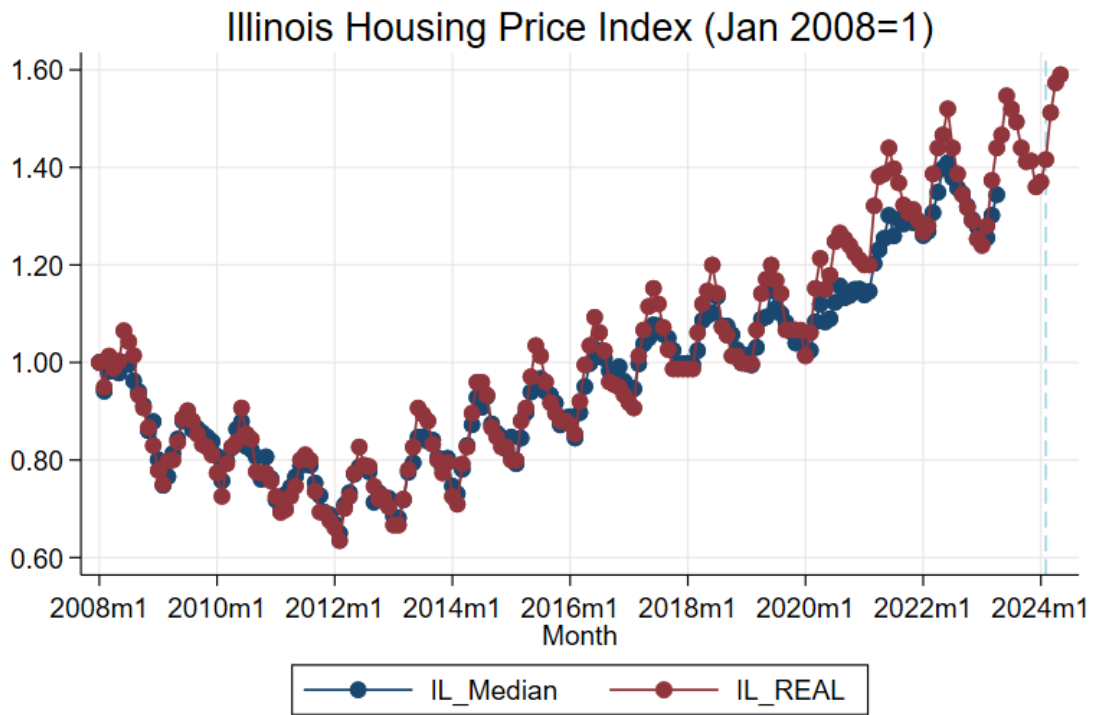




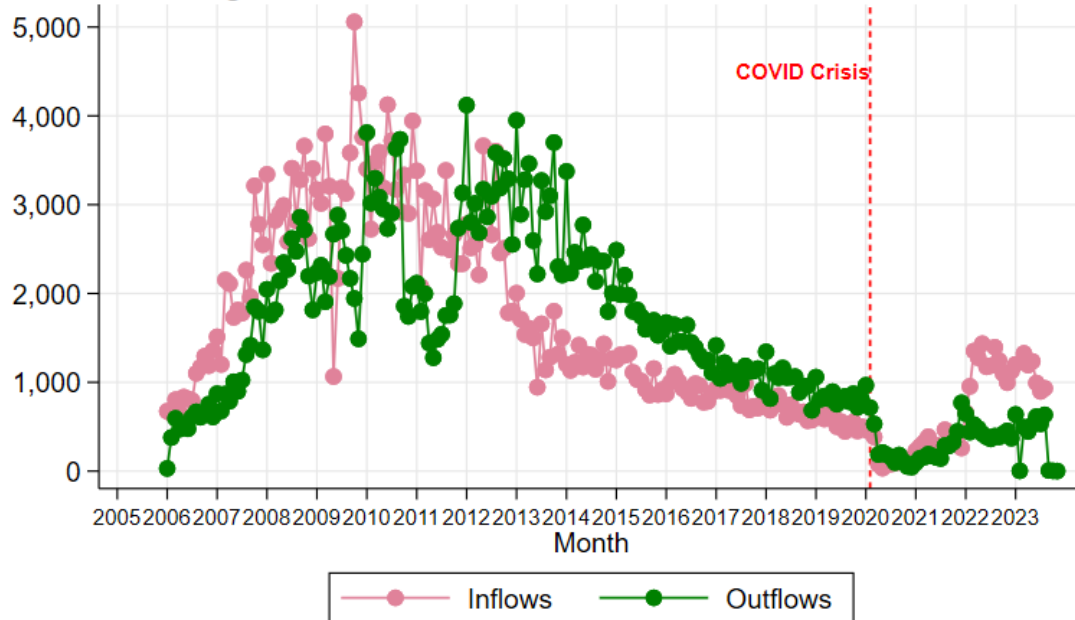
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS



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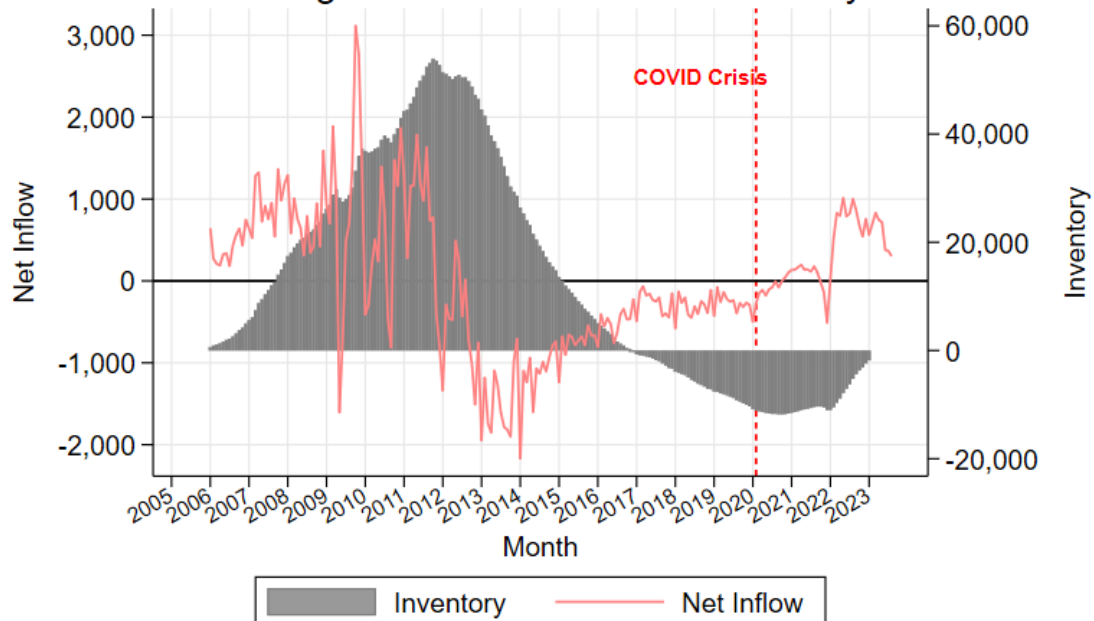
Chicago PMSA New Foreclosure Inflows and Outflows



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

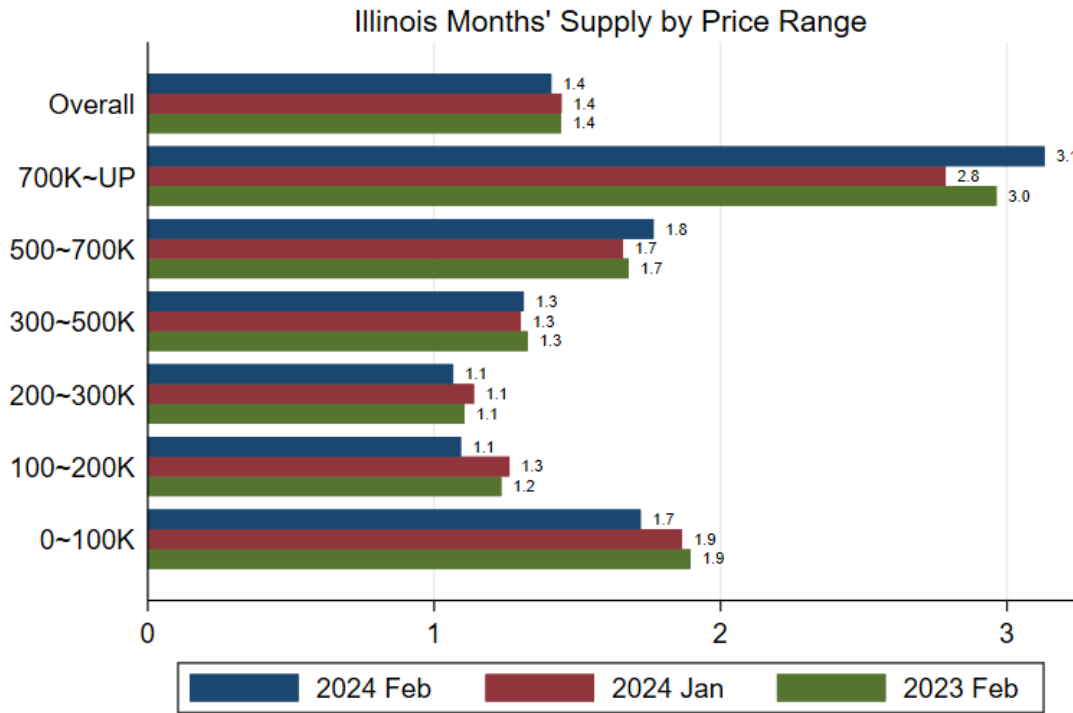
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Foreclosure Inventory

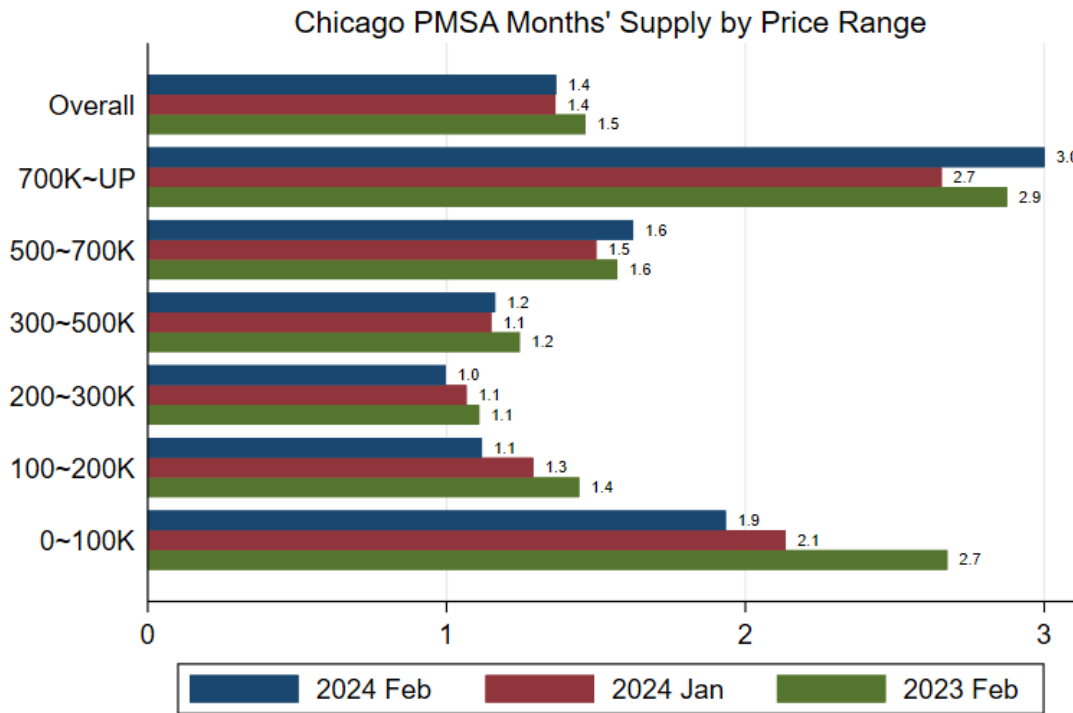


Net inflows = Inflows - Outflows

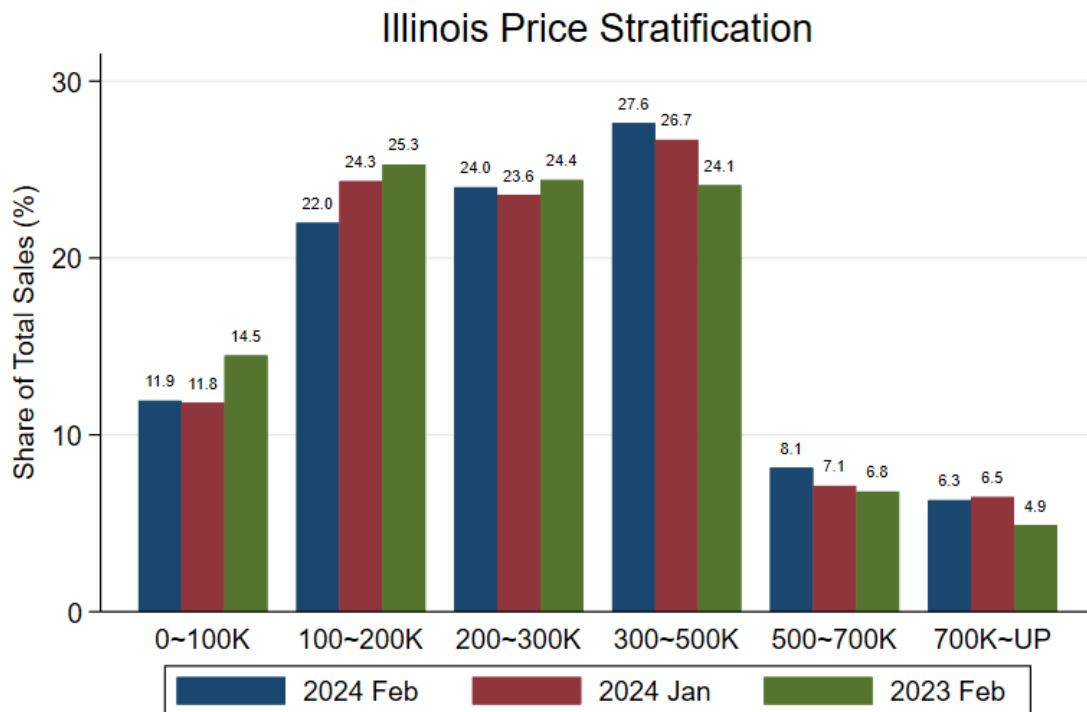
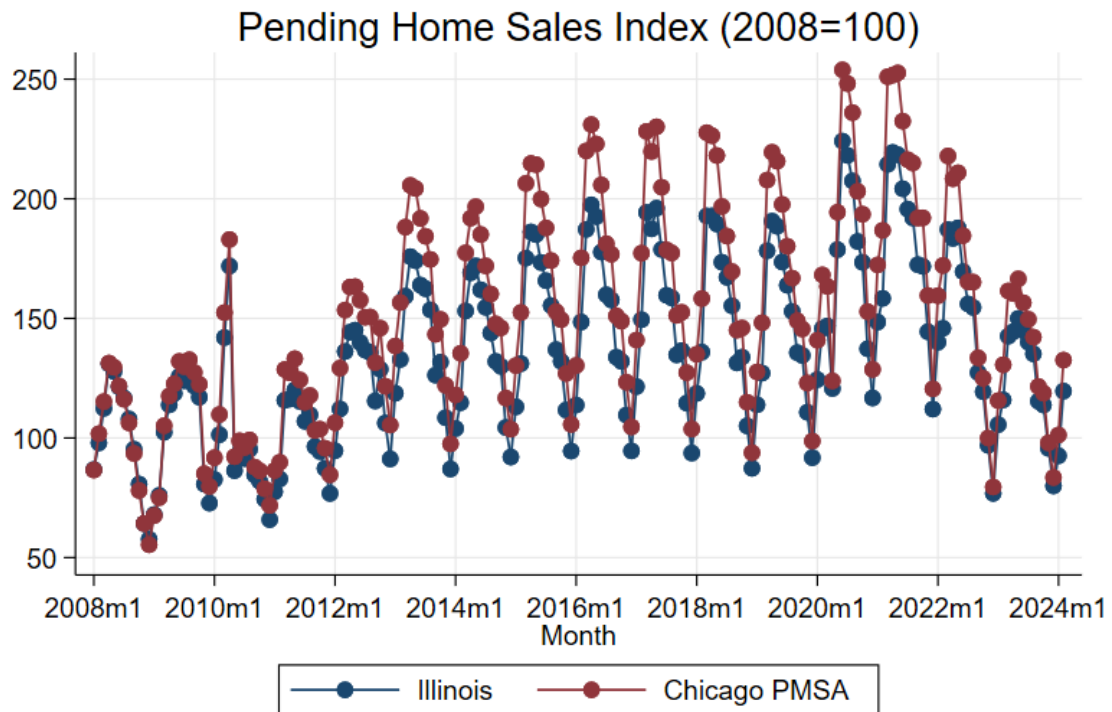
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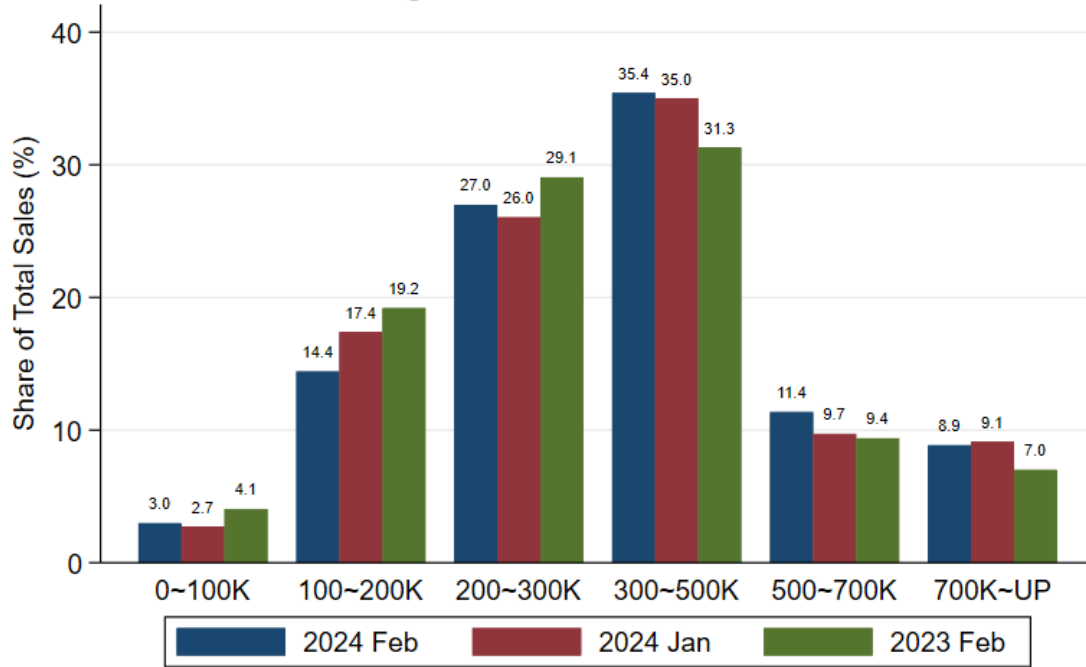
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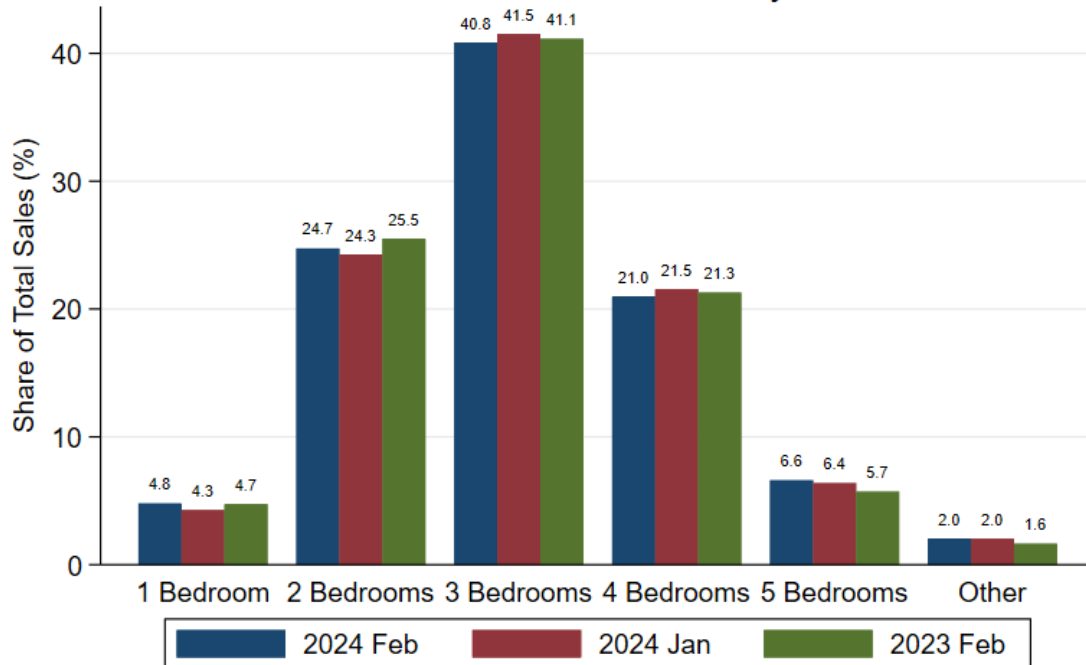


Chicago PMSA Price Stratification



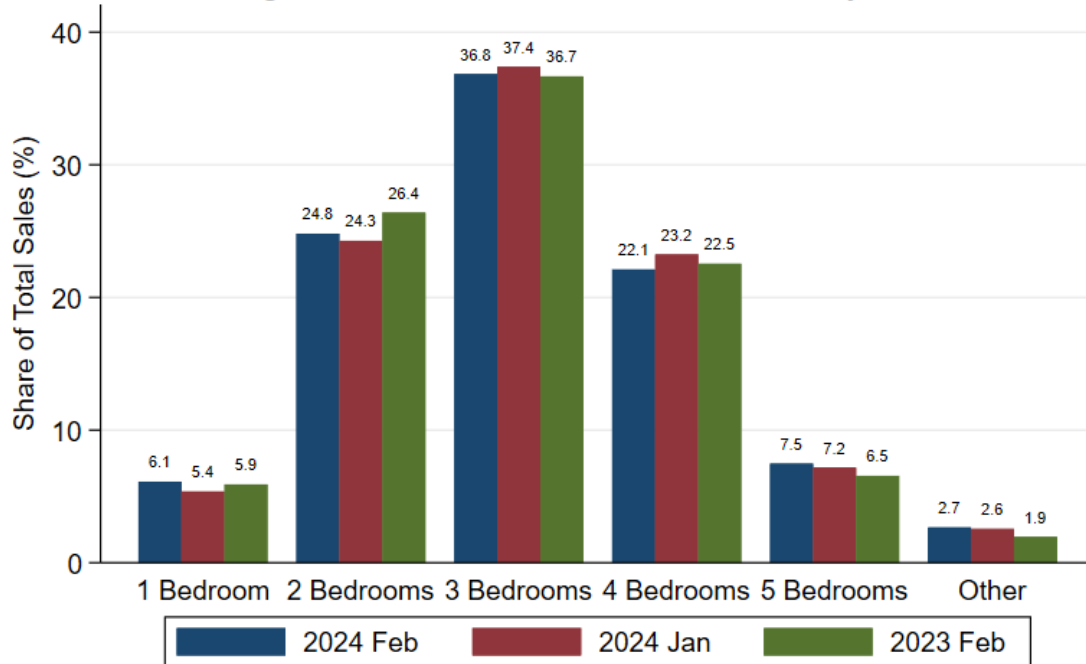
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bedroom



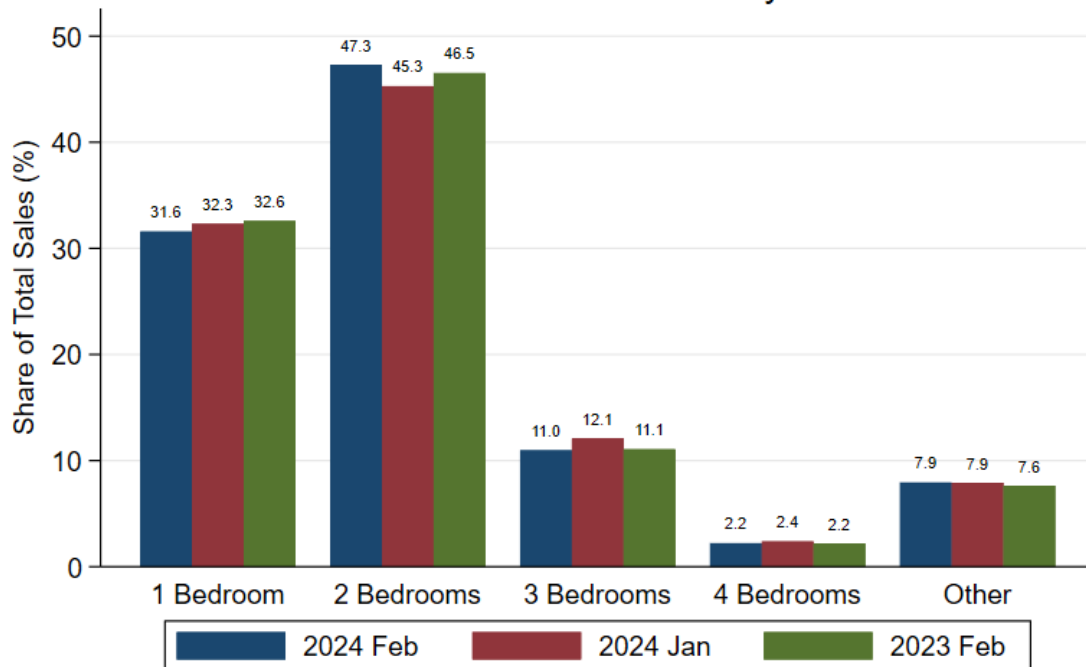
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bedroom



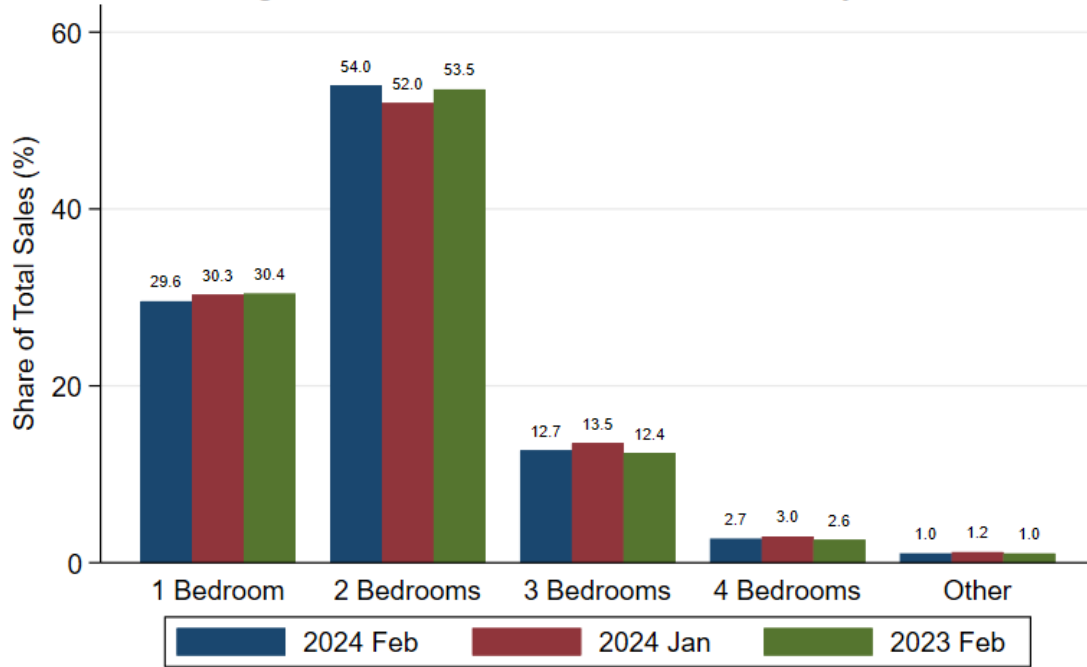
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

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



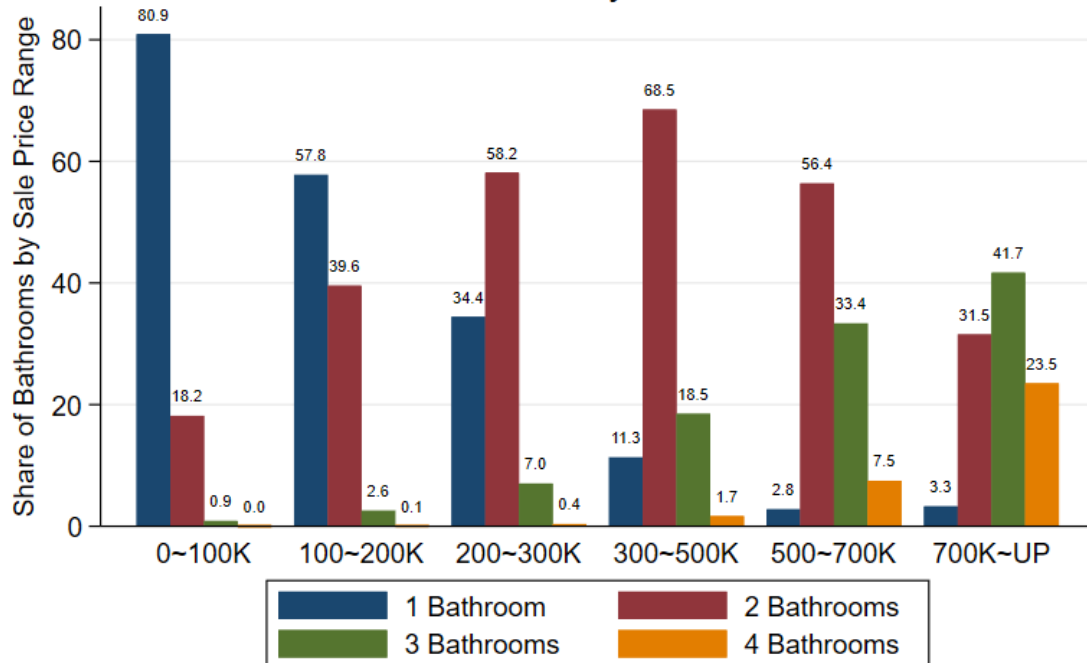
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bedroom Shares by Sale Price Stratification



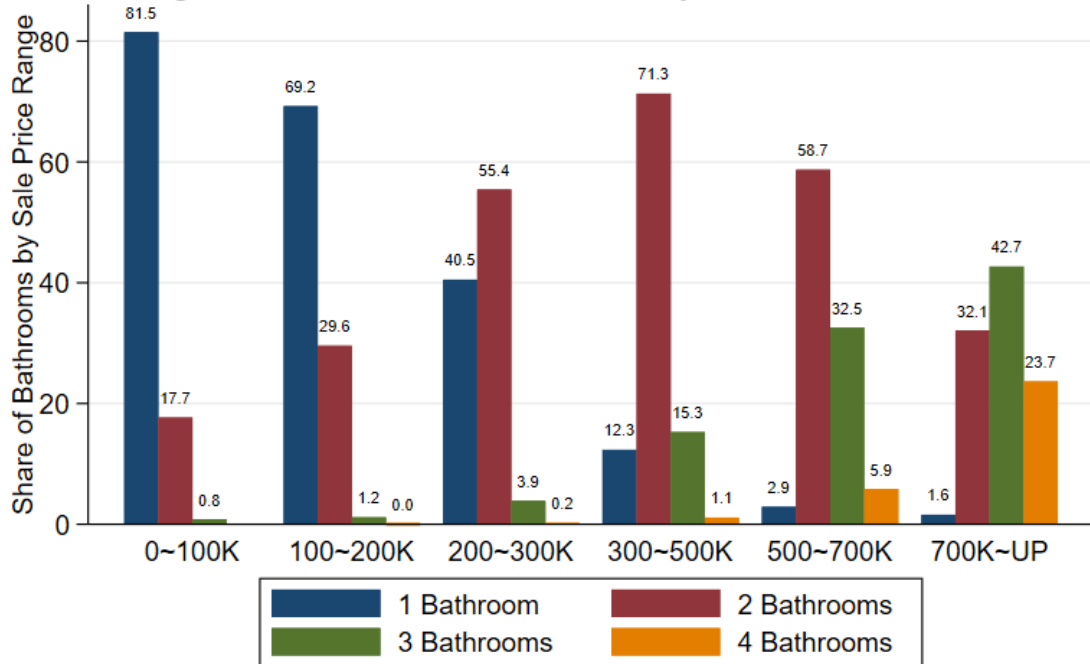
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bathroom Shares by Sale Price Stratification



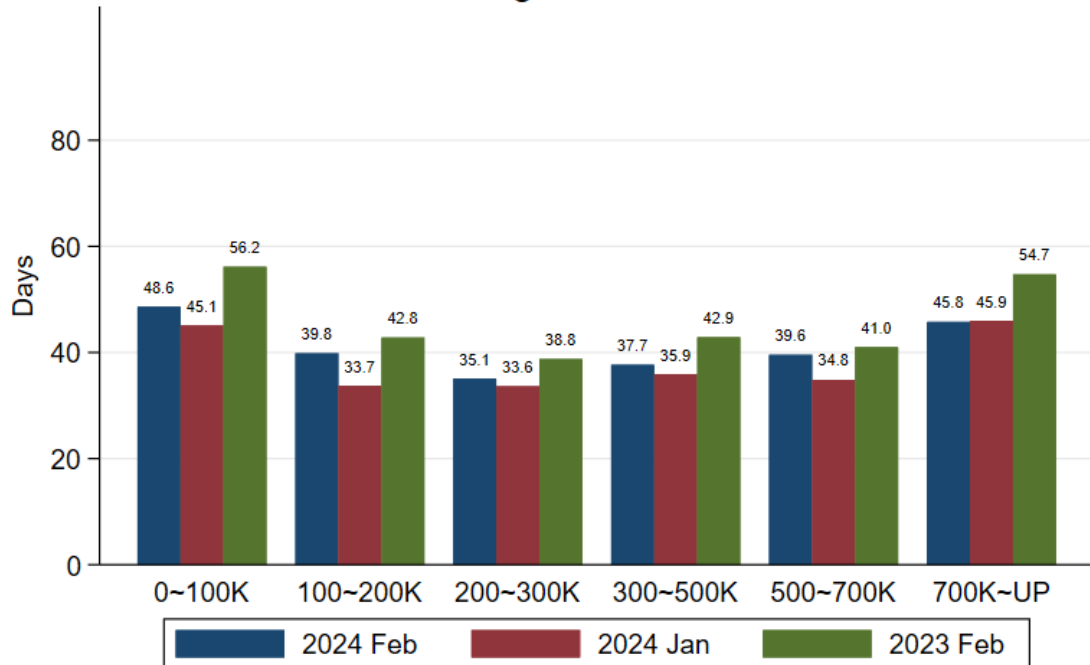
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bathroom Shares by Sale Price Stratification



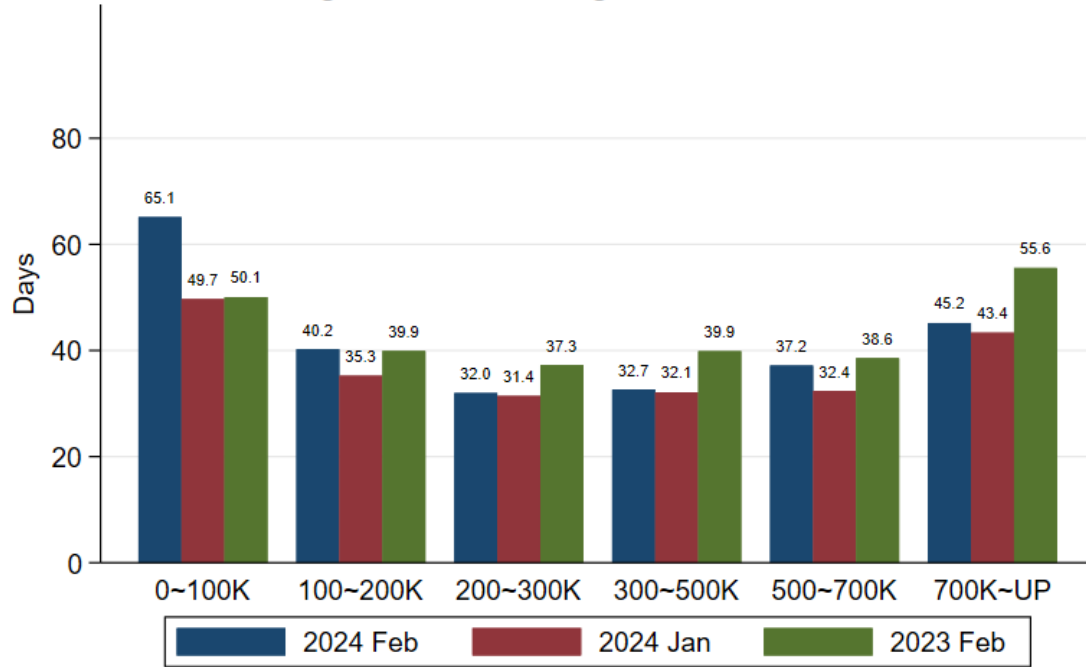
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Average Time on the Market



Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Average Time on the Market



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