

Housing Price Forecasts

Illinois and Chicago PMSA, April 2024

Presented To

Illinois Realtors®

From

UIC Stuart Handler Department of Real Estate

April 18, 2023

The Housing Market

(Based on preliminary data on April 7) The number of house sales and median prices increased in both Illinois and the Chicago PMSA in March. 10,000 houses sold in Illinois, an increase of 30.0% from a month ago, although sales remained 12.4% lower than in March 2023. In the Chicago PMSA, 5,800 houses were sold, up 14.1% from a month ago but down by 26.1% from a year ago. The median price was \$282,895 in Illinois, up 9.9% from March last year; the comparable figure for the Chicago PMSA was \$335,000, an increase of 8.1% from March last year.

In March, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 6.2%. 5,400 regular sales were made, -26.3% less than last year. 358 foreclosed properties were sold, -25.1% less than last year. The median price was \$343,000 for regular property sales, up 8.54% from last year; the comparable figure for foreclosed properties was \$247,295, an increase of 6.8% from last year.

The sales forecast for April, May, and June suggests an increase on both a yearly and monthly basis for Illinois. The sales forecast for the Chicago SMSA suggests an increase on a monthly basis but a decline relative to this time last year. Annually for Illinois, the three-month average forecasts point to an increase in the range of 1.5 to 2.1%; the comparable figures for the Chicago PMSA are a decrease in the range of -6.5% to -8.7%. On a monthly basis, three-month average sales are forecast to increase in the range of 12.3% to 16.6% for Illinois and increase in the range of 16.0% to 21.6% for the Chicago PMSA.

The pending home sales index is a leading indicator based on contract signings. This March, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 96.4 (2019=100) in Illinois, down -0.8% from a year ago. In the Chicago PMSA, the comparable figure is 82.0, down -16.2% 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 (also remaining the same as last year). The lowest price ranges (<\$100K) showed the largest declines both in Illinois and in the Chicago PMSA.

The median price forecast indicates positive annual growth for April, May, and June in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 9.0% in April, 8.2% in May, and 6.4% in June. For the Chicago PMSA, the comparable figures are 8.5% in April, 6.5% in May, and 4.2% in June. 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 5.9% in April, 7.2% in May, and 6.6% in June. The comparable figures for the Chicago PMSA are 8.4% in April, 9.1% in May, and 6.6% in June. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.

In March, the Conference Board Consumer Confidence Index was at 151.0 (1985=100), down from a revised 147.6 in February. “Consumers’ assessment of the present situation improved in March, but they also became more pessimistic about the future,” said Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in March 2024, the University of Michigan Consumer Sentiment Index stood at 79.4, up from 76.9. The survey indicated Consumer sentiment recorded an incremental increase of less than three index points from February, well within the margin of error and stable since January. Critically, consumers exhibited confidence that inflation will continue to soften.

The Housing Market: Current Condition

- The number of house sales and median prices increased in both Illinois and the Chicago PMSA in March. 10,000 houses sold in Illinois, an increase of 30.0% from a year ago, although prices remained 12.4% lower than in March 2023. In the Chicago PMSA, 5,800 houses were sold, up 14.1% from a month ago but down by 26.1% from a year ago. The median price was \$282,895 in Illinois, up 9.9% from March last year; the comparable figure for the Chicago PMSA was \$335,000, an increase of 8.1% from March last year.
- In March, for the Chicago PMSA, the percentage of foreclosed sales (e.g. REOs) among total sales was 6.2%. 5,400 regular sales were made, -26.3% less than last year. 358 foreclosed properties were sold, -25.1% less than last year. The median price was \$343,000 for regular property sales, up 8.54% from last year; the comparable figure for foreclosed properties was \$247,295, an increase of 6.8% from last year. (Reference: Ratio of Foreclosed Sales over Total Sales, Sales & Median Prices: Foreclosed vs. Regular Sales figures)
- In March, at the latest average annual pending sales rate, Illinois had enough housing inventory for 1.4 months (down from 1.5 of last year). In the Chicago PMSA, the comparable figure was 1.2 months (down from 1.5 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)
- The pending home sales index is a leading indicator based on contract signings. This March, the number of homes put under contract was less than last year in Illinois and Chicago PMSA. The pending home sales index is 96.4 (2019=100) in Illinois, down -0.8% from a year ago. In the Chicago PMSA, the comparable figure is 82.0, down -16.2% 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 (also remaining the same as last year). The lowest price ranges (<\$100K) showed the largest declines both in Illinois and in the Chicago PMSA. (Reference: Illinois and Chicago PMSA Price Stratification figures)

The Housing Market: Forecast and Future Condition

- The median price forecast indicates positive annual growth for April, May, and June in both Illinois and the Chicago PMSA. In Illinois, the median price is forecast to change by 9.0% in April, 8.2% in May, and 6.4% in June. For the Chicago PMSA, the comparable figures are 8.5% in April, 6.5% in May, and 4.2% in June. (Reference: Forecast for March 2024 report table)
- 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 5.9% in April, 7.2% in May, and 6.6% in June. The comparable figures for the Chicago PMSA are 8.4% in April, 9.1% in May, and 6.6% in June. SHDRE HPI takes housing characteristics into account and constructs comparable “baskets” of homes for each month.
- Annually for Illinois, the three-month average forecasts point to an increase in the range of 1.5 to 2.1%; the comparable figures for the Chicago PMSA are a decrease in the range of -6.5% to -8.7%. On a monthly basis, the three-month average sales are forecast to increase in the range of 12.3% to 16.6% for Illinois and increase in the range of 16.0% to 21.6% for the Chicago PMSA (Reference: Forecast for March 2024 report table)
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The Economy

In March 2024, according to the Bureau of Labor Statistics (BLS) Employment Situation Report, the national unemployment rate was unchanged at 3.8%, and non-farm payroll jobs experienced a gain of 303,000 jobs. Notable job gains occurred over the month in Health care (+72,000); Government (+71,000); Construction (+39,000); leisure and hospitality (+49,000); Other Services (+16,000).

In February 2024, according to the Illinois Department of Employment Security (IDES) news release, the Illinois unemployment rate increased percentage point to 4.8%. At the same time, non-farm payroll jobs increased by 23,100. The industry sectors that reported the largest over-the-month gains in employment were Government (6,700), Construction (6,200), Leisure and Hospitality (5,400).

In February 2024, 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 gains between 140,300 and 145,200. The largest contributors to the forecast increase are professional services, information, and manufacturing.

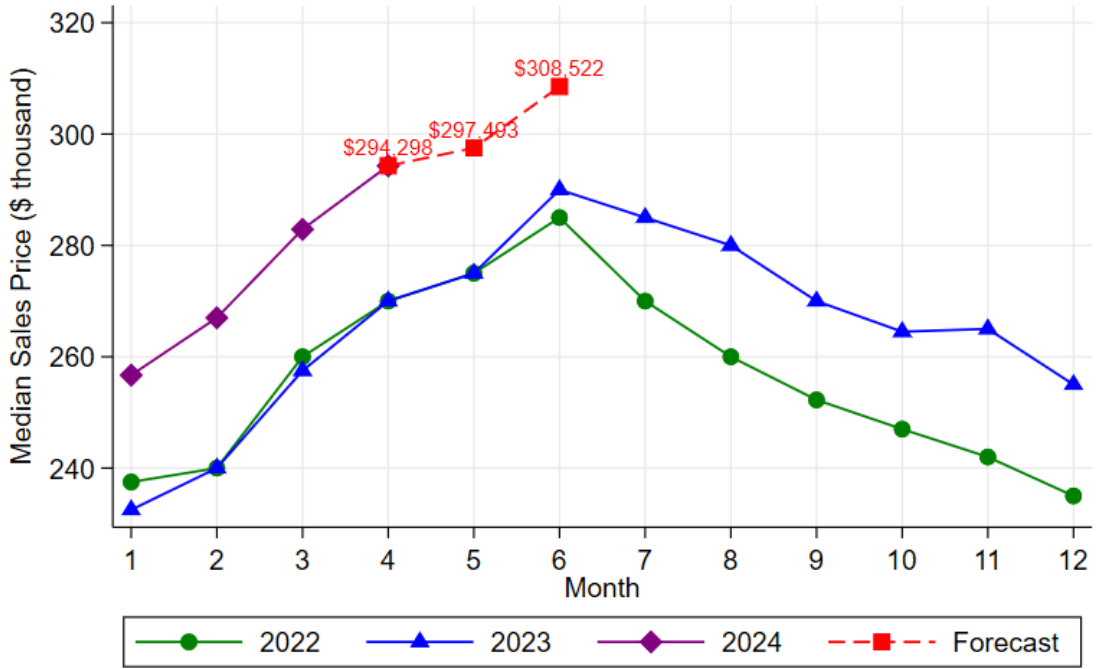
Longer-term Outlook

- In March 2024, the Conference Board Consumer Confidence Index was at 151.0 (1985=100), up from a revised 147.6 in February. “Consumers’ assessment of the present situation improved in March, but they also became more pessimistic about the future,” said Dana Peterson, Chief Economist at The Conference Board. Meanwhile, in March 2024, the University of Michigan Consumer Sentiment Index stood at 79.4, up from 76.9. The survey indicated Consumer Sentiment recorded an incremental increase of less than three index points from February, well within the margin of error and stable since January. Critically, consumers exhibited confidence that inflation will continue to soften.

“The number of sales rose significantly from February to March in both Illinois and the Chicago PMSA,” said Dr. Daniel McMillen, Professor of Real Estate and Associate Dean for Faculty Affairs in the UIC College of Business Administration. “Prices also increased.” However, the number of sales is lower than at this time last year. Consumer confidence has been high for several months now, and sales traditionally increase significantly in spring. The number of sales and prices should continue to increase steadily over the next several months.”

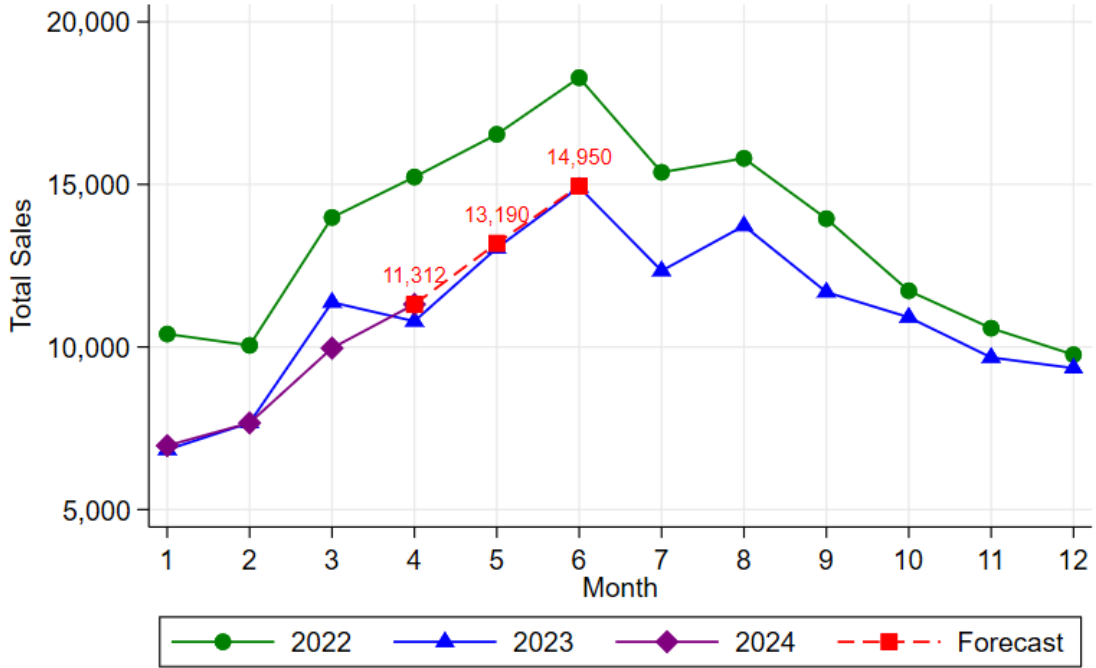
PERCENTAGE CHANGE FOR THE TOTAL NUMBER OF SALES								
	Annual			Monthly				
	Illinois		Chicago PMSA	Illinois		Chicago PMSA		
Jan-24	1.8%		2.5%	-25.5%		-24.7%		
Feb-24	0.0%		0.8%	10.0%		11.7%		
Mar-24	-12.4%		-26.1%	30.0%		14.1%		
3 Month Avg.	-5.0%		-10.9%	2.6%		-1.5%		
SUMMARY OF THE FORECAST INTERVALS FOR THE TOTAL NUMBER OF SALES								
	Annual			Monthly				
	Illinois		Chicago PMSA	Illinois		Chicago PMSA		
Apr-24	4.1%	5.5%	-9.6%	-13.0%	11.5%	15.5%	14.1%	19.0%
May-24	1.0%	1.3%	-7.0%	-9.5%	14.1%	19.1%	19.0%	25.8%
Jun-24	0.2%	0.3%	-3.5%	-4.8%	11.3%	15.3%	14.8%	20.0%
3 Month Avg.	1.5%	2.1%	-6.5%	-8.7%	12.3%	16.6%	16.0%	21.6%
SUMMARY OF THE FORECAST FOR THE MEDIAN PRICE								
	Illinois		Chicago PMSA		Illinois		Chicago PMSA	
Jan-24	\$256,700		\$314,945	Jan-23	\$232,500		\$286,000	
Feb-24	\$267,000		\$320,000	Feb-23	\$240,000		\$290,000	
Mar-24	\$282,895		\$335,000	Mar-23	\$257,500		\$310,000	
Apr-24	\$294,298		\$347,313	Apr-23	\$270,000		\$320,000	
May-24	\$297,493		\$351,593	May-23	\$275,000		\$330,000	
Jun-24	\$308,522		\$364,743	Jun-23	\$290,000		\$349,940	
ANNUAL PERCENTAGE CHANGE OF THE MEDIAN PRICE								
	Illinois		Chicago PMSA		Illinois		Chicago PMSA	
Jan-24	10.4%		10.1%	Jan-23	-2.1%		0.4%	
Feb-24	11.3%		10.3%	Feb-23	0.0%		0.0%	
Mar-24	9.9%		8.1%	Mar-23	-1.0%		0.0%	
Apr-24	9.0%		8.5%	Apr-23	0.0%		-1.5%	
May-24	8.2%		6.5%	May-23	0.0%		0.9%	
Jun-24	6.4%		4.2%	Jun-23	1.8%		2.9%	

Illinois Median Home Sales Price



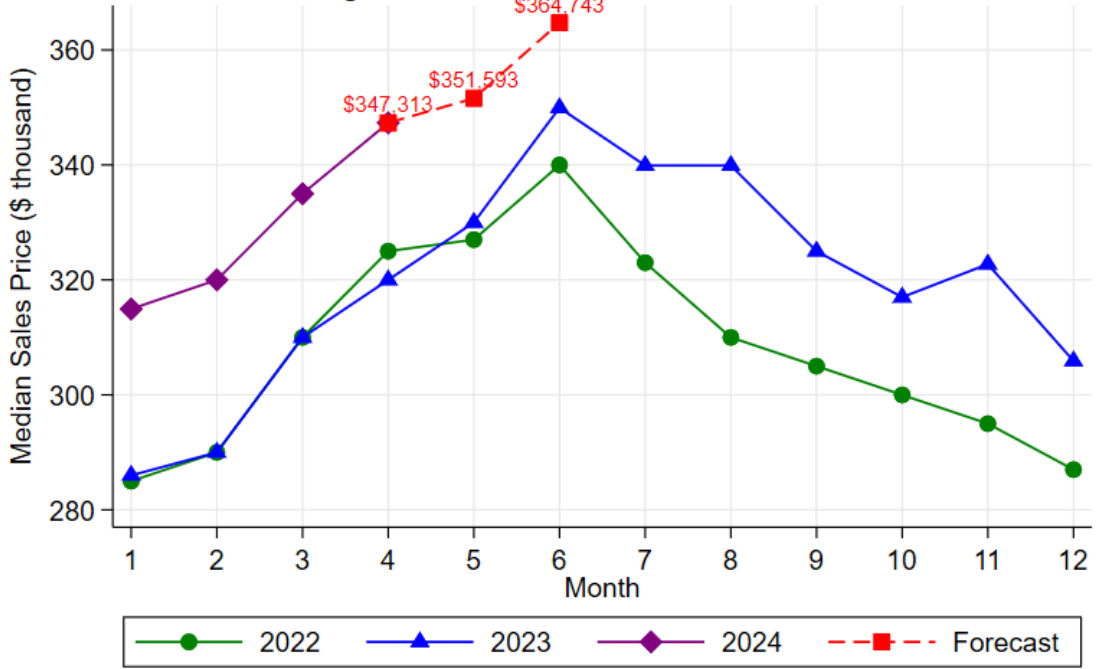
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Total Home Sales



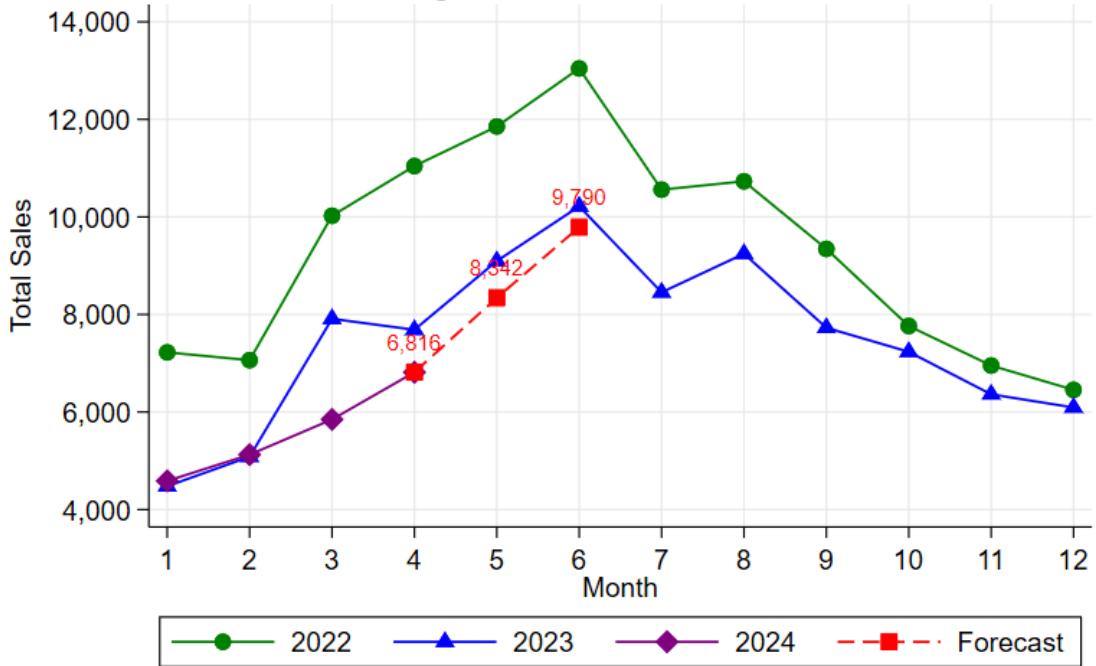
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Median Home Sales Price



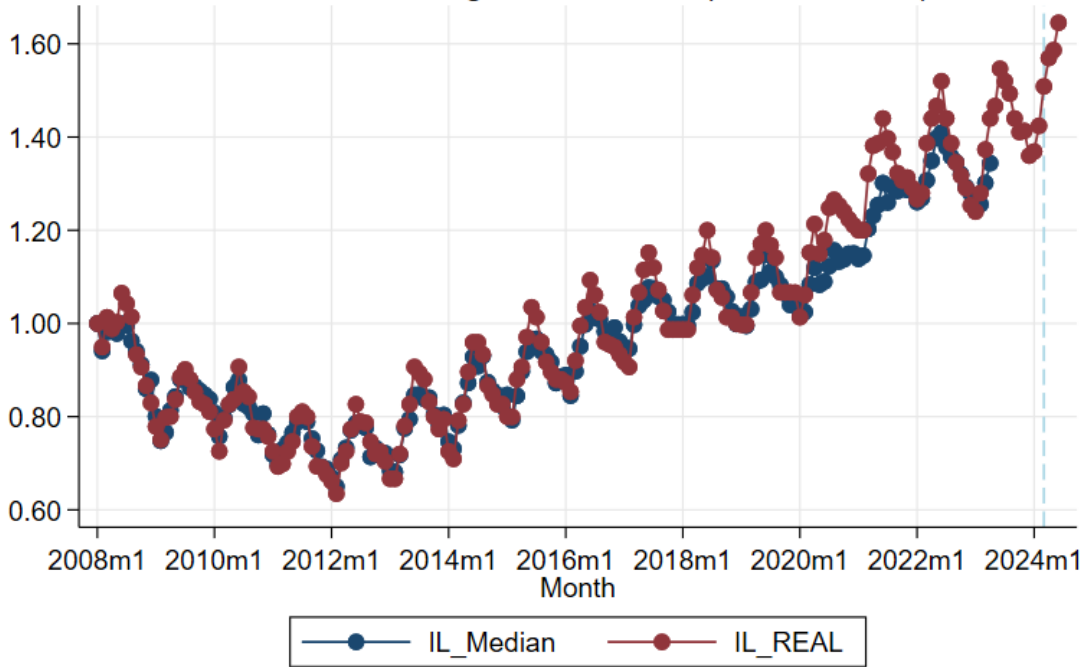
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Total Home Sales



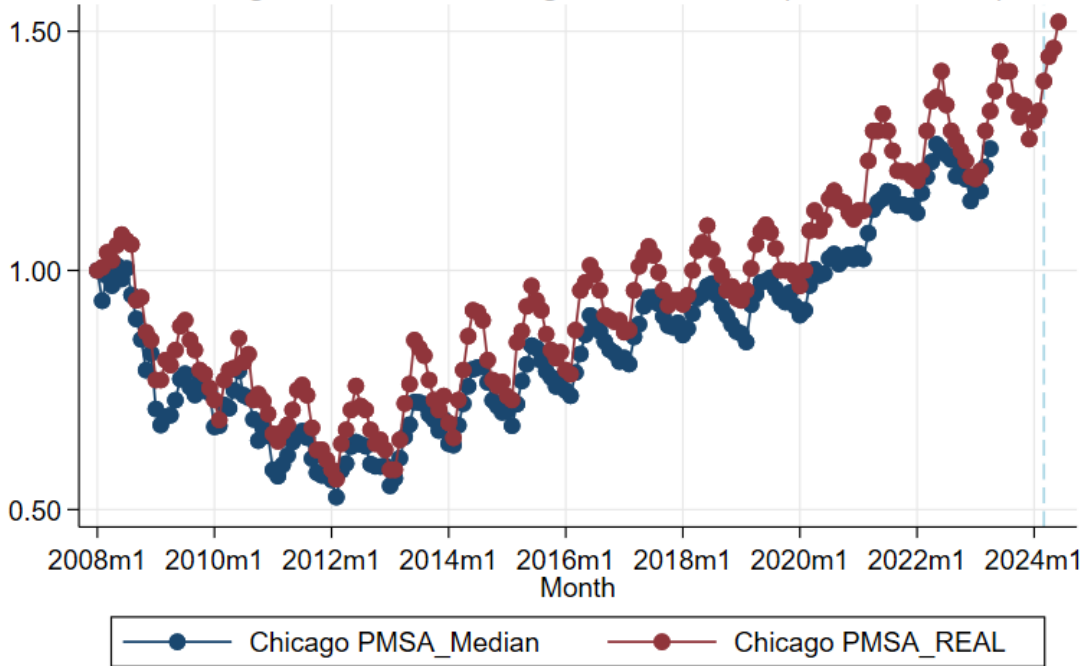
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Housing Price Index (Jan 2008=1)



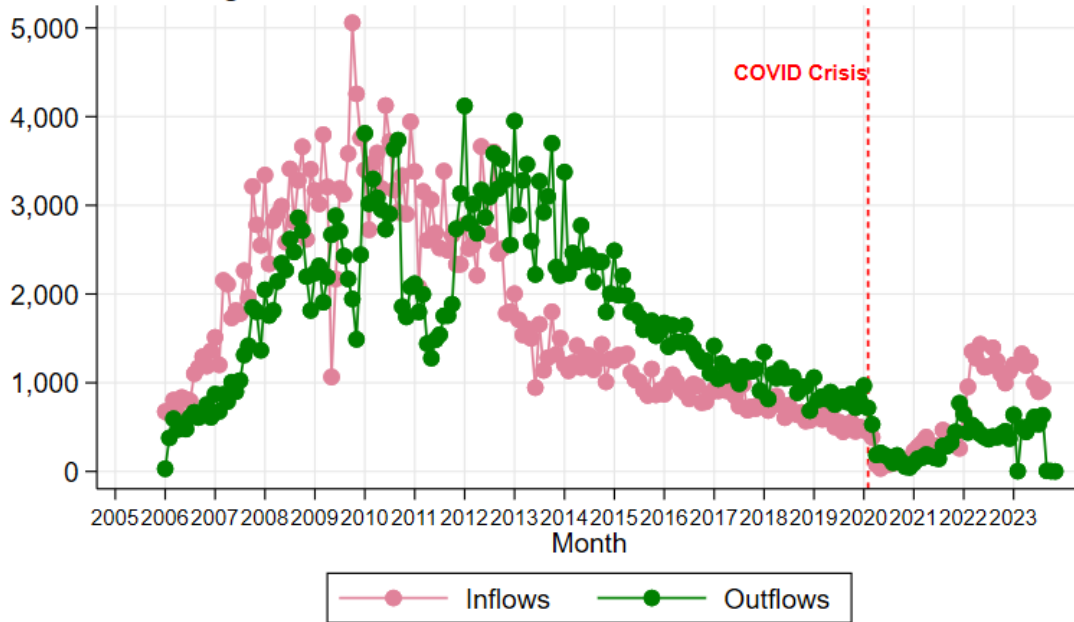
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Chicago PMSA Housing Price Index (Jan 2008=1)



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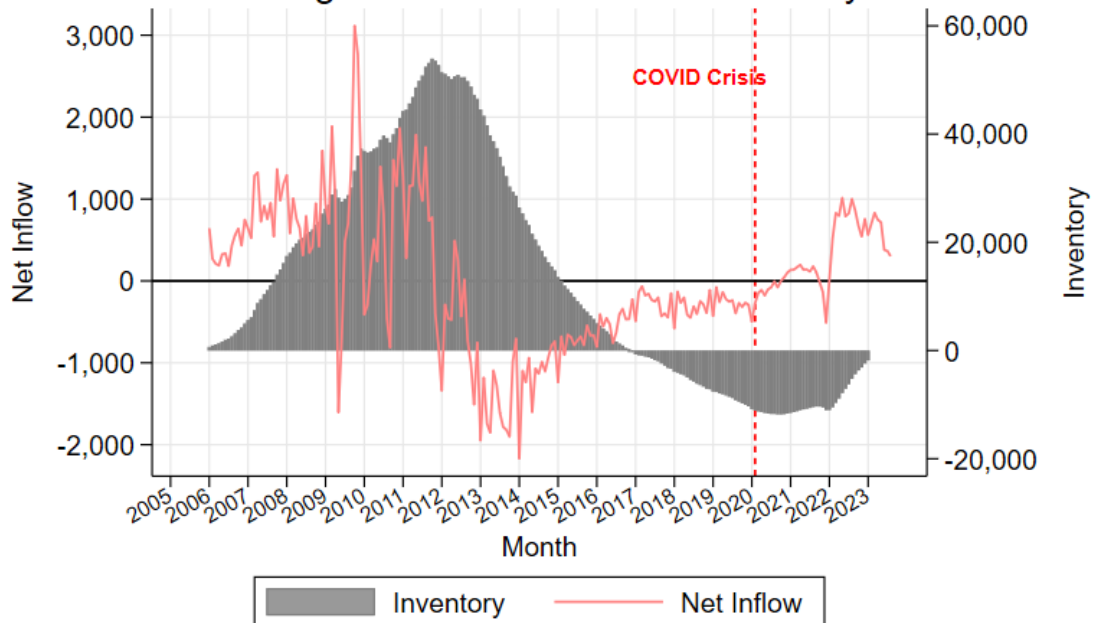
Chicago PMSA New Foreclosure Inflows and Outflows



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

Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

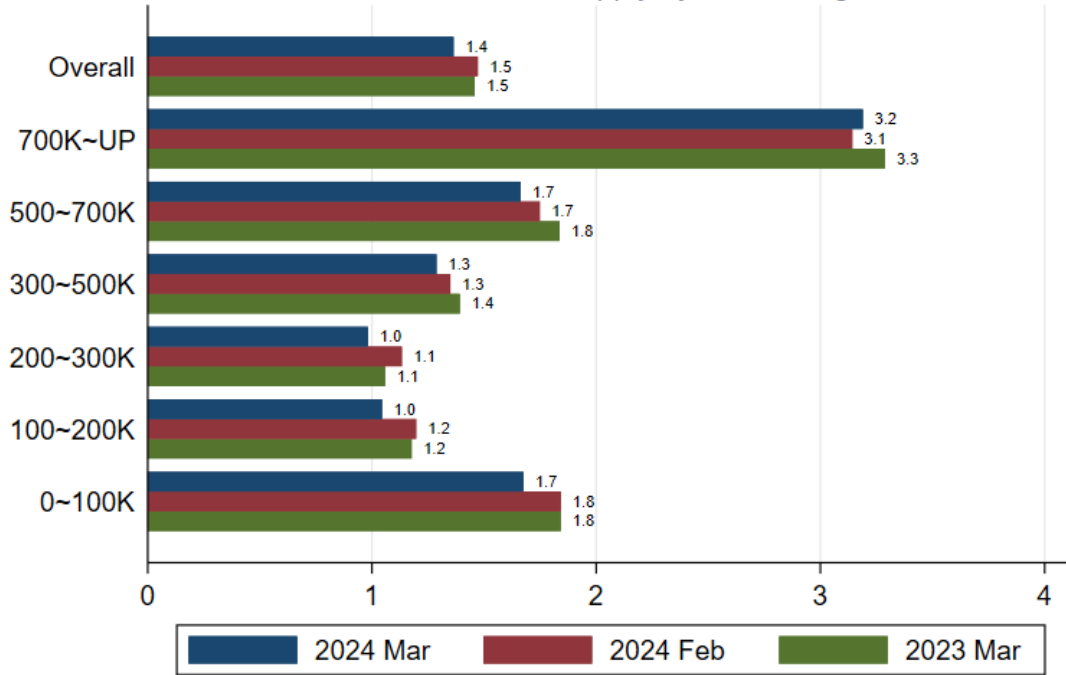
Chicago PMSA Foreclosure Inventory



Net inflows=Inflows-Outflows

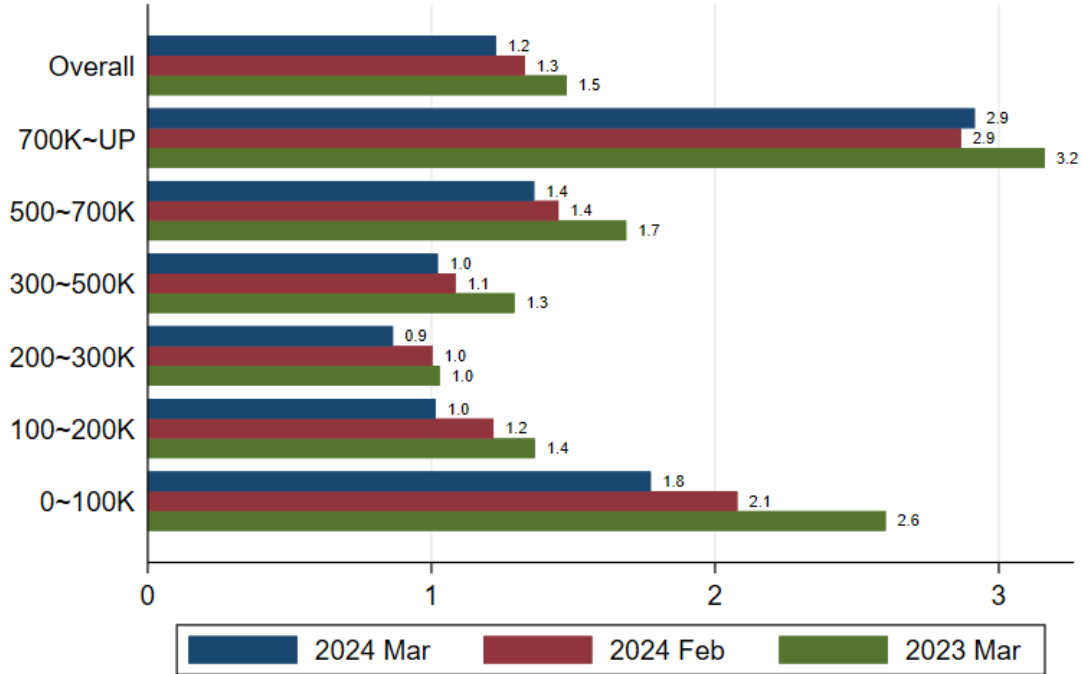
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Months' Supply by Price Range



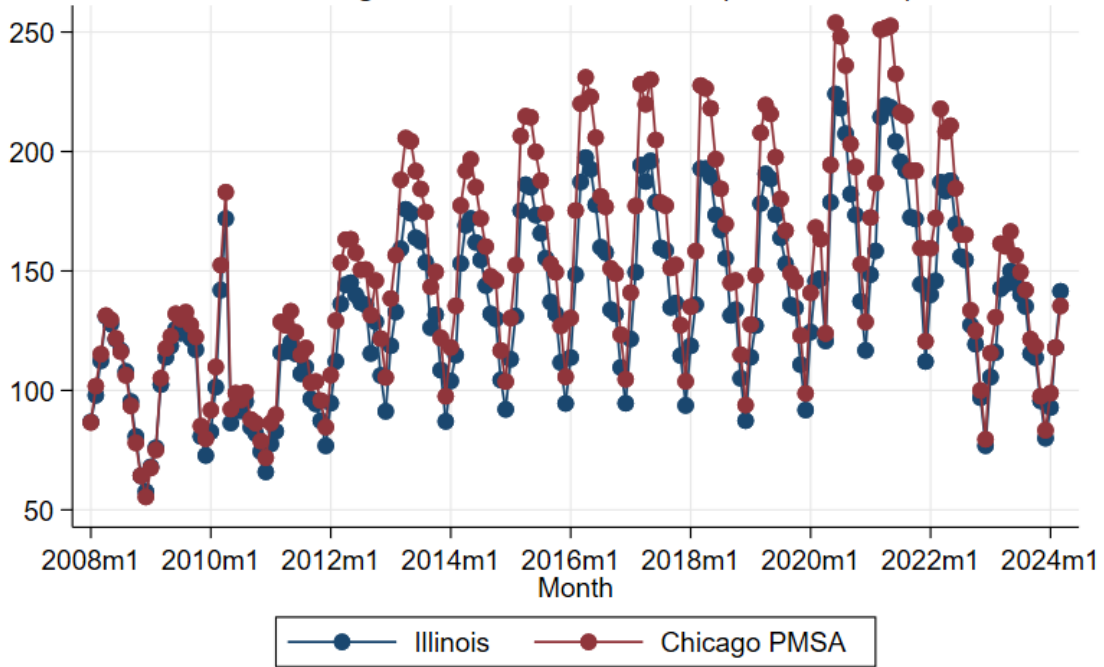
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Months' Supply by Price Range



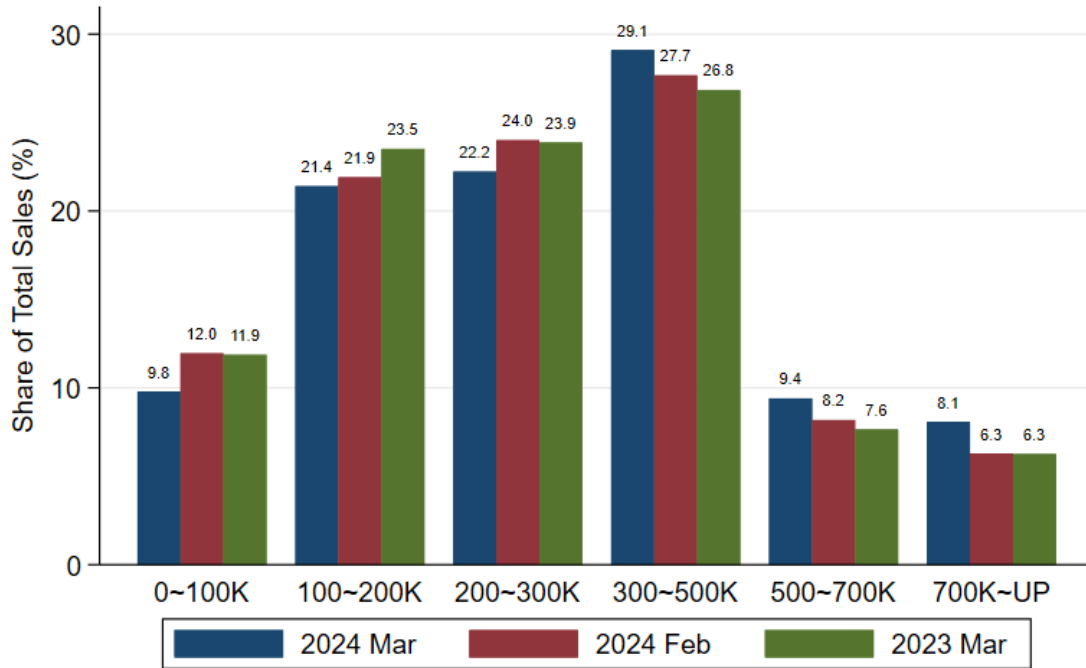
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Pending Home Sales Index (2008=100)



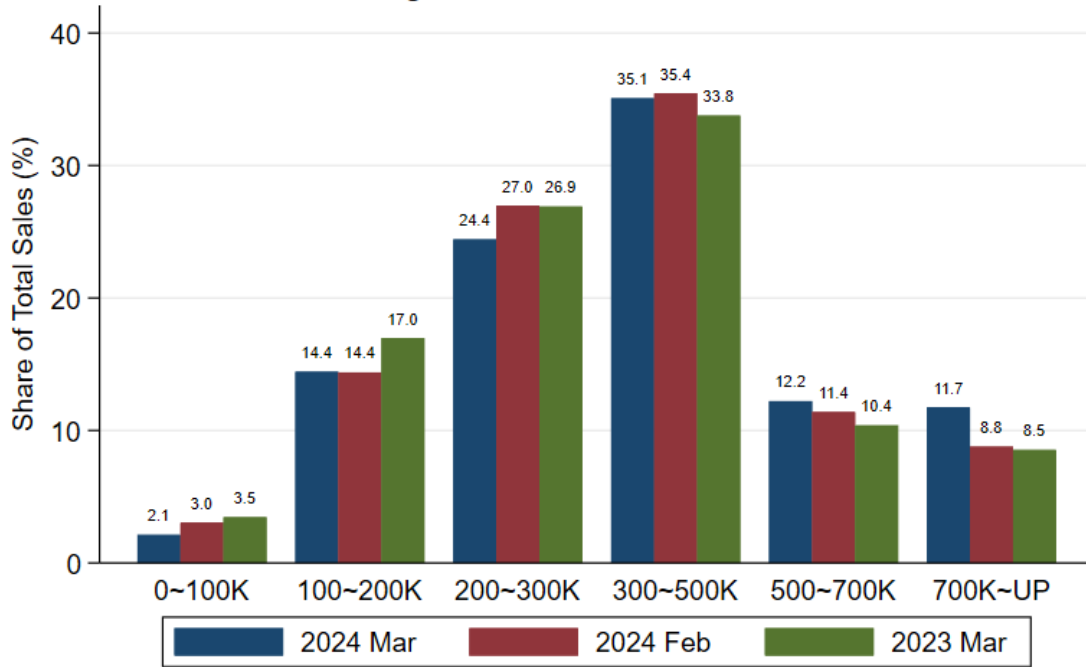
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Price Stratification



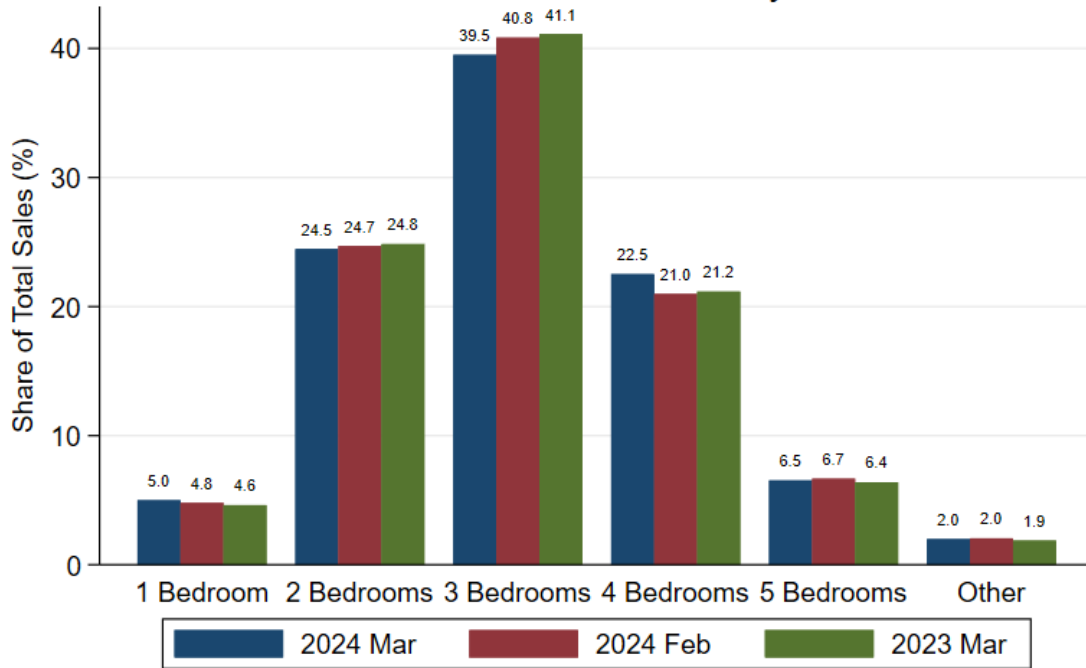
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Price Stratification



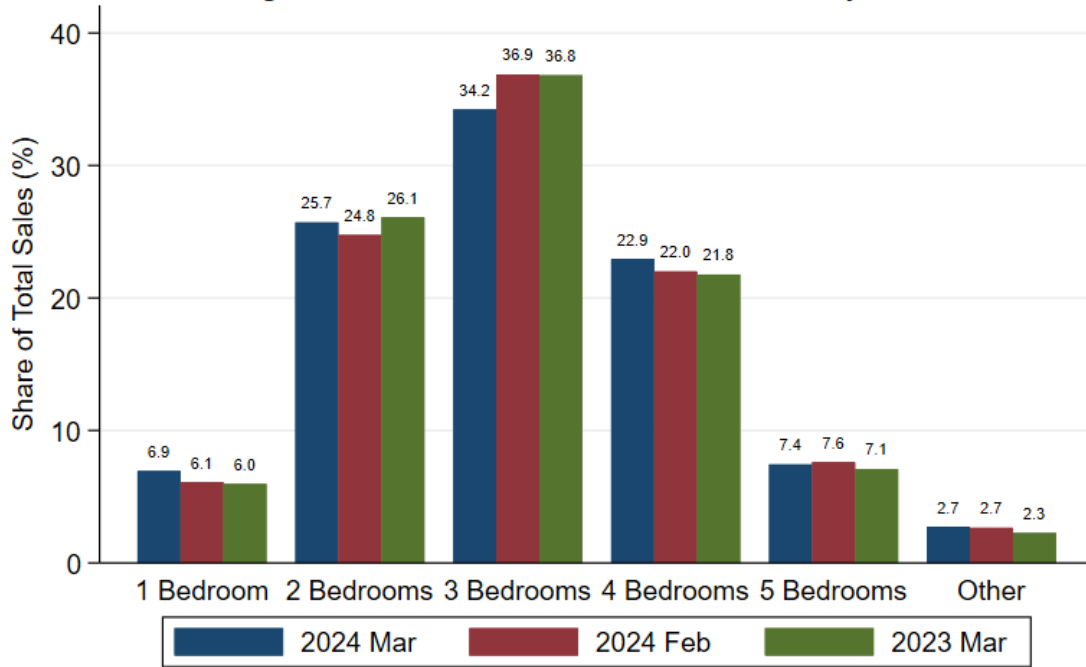
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bedroom



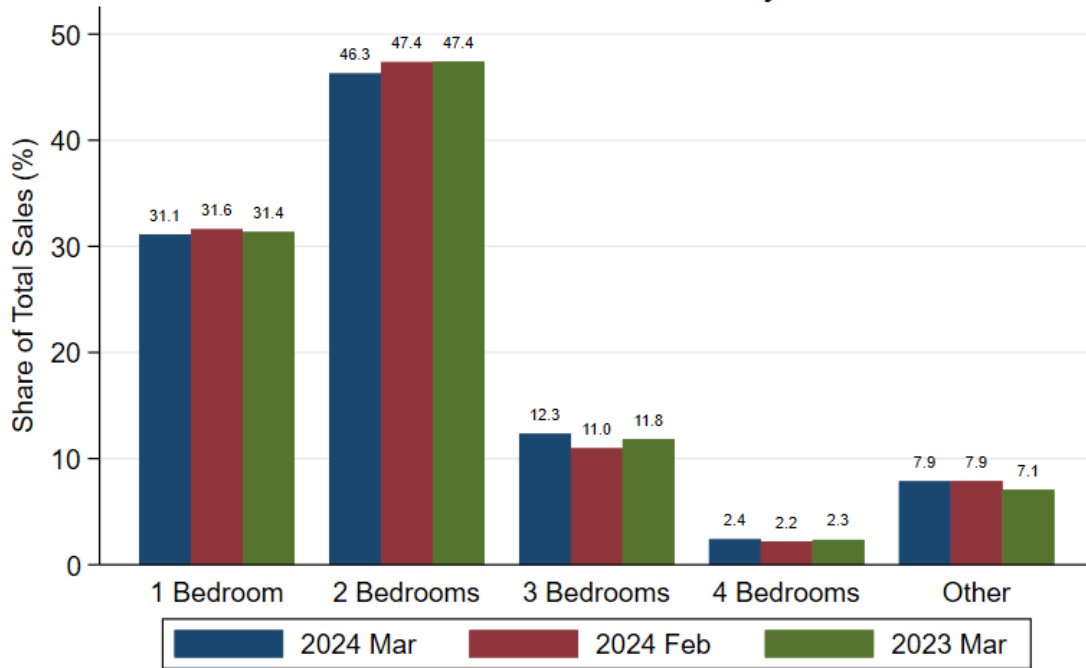
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bedroom



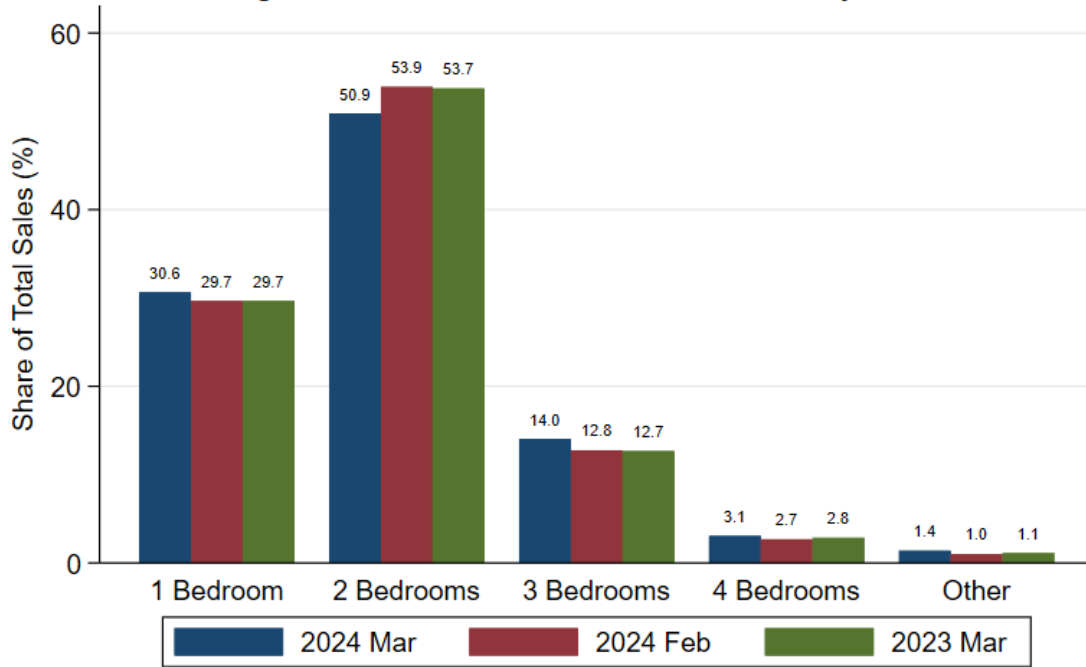
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois House Characteristics by Bathroom



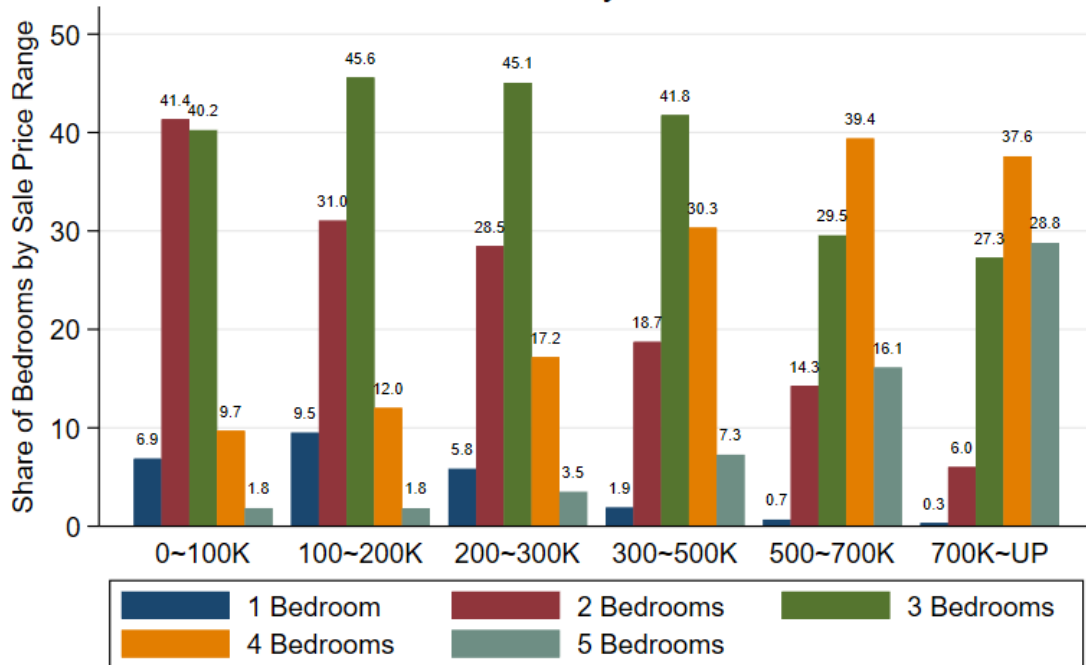
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA House Characteristics by Bathroom



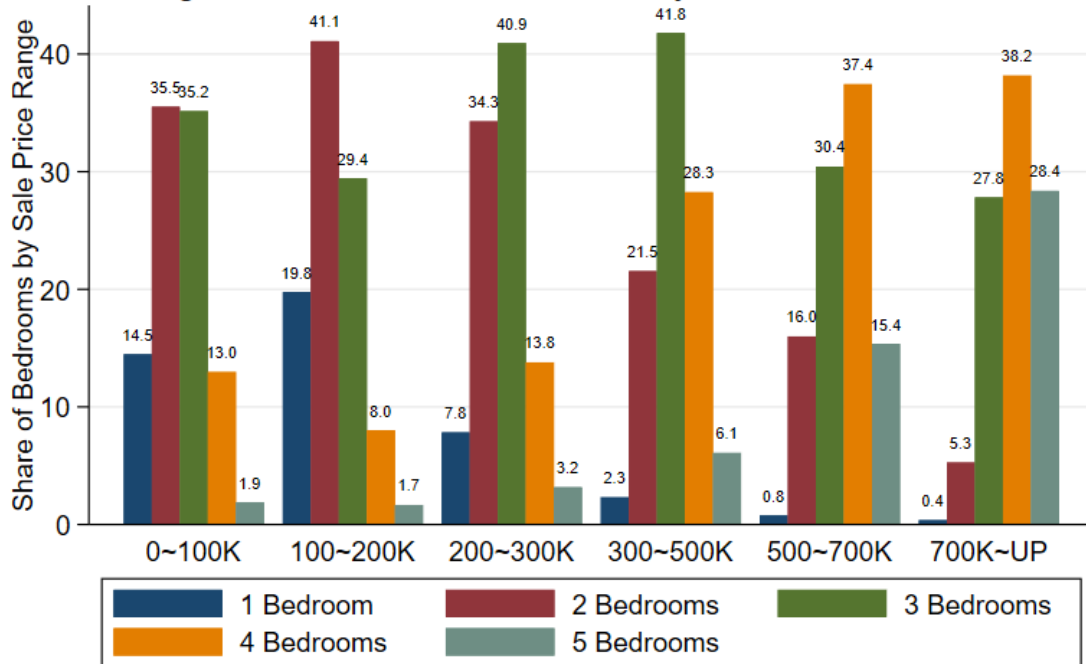
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bedroom Shares by Sale Price Stratification



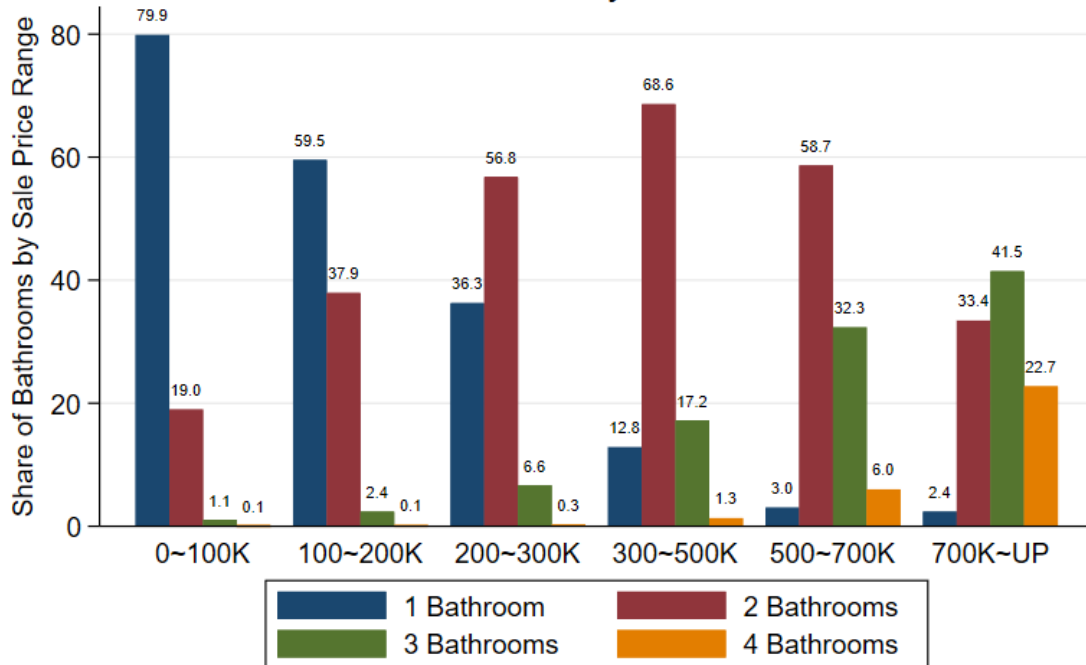
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bedroom Shares by Sale Price Stratification



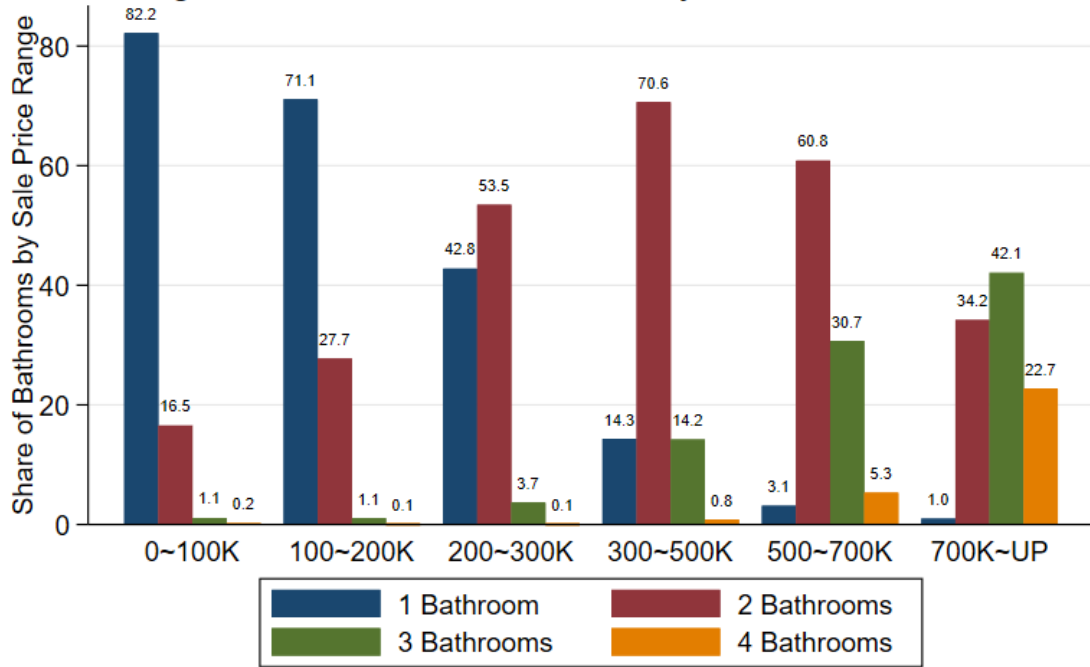
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Illinois Bathroom Shares by Sale Price Stratification



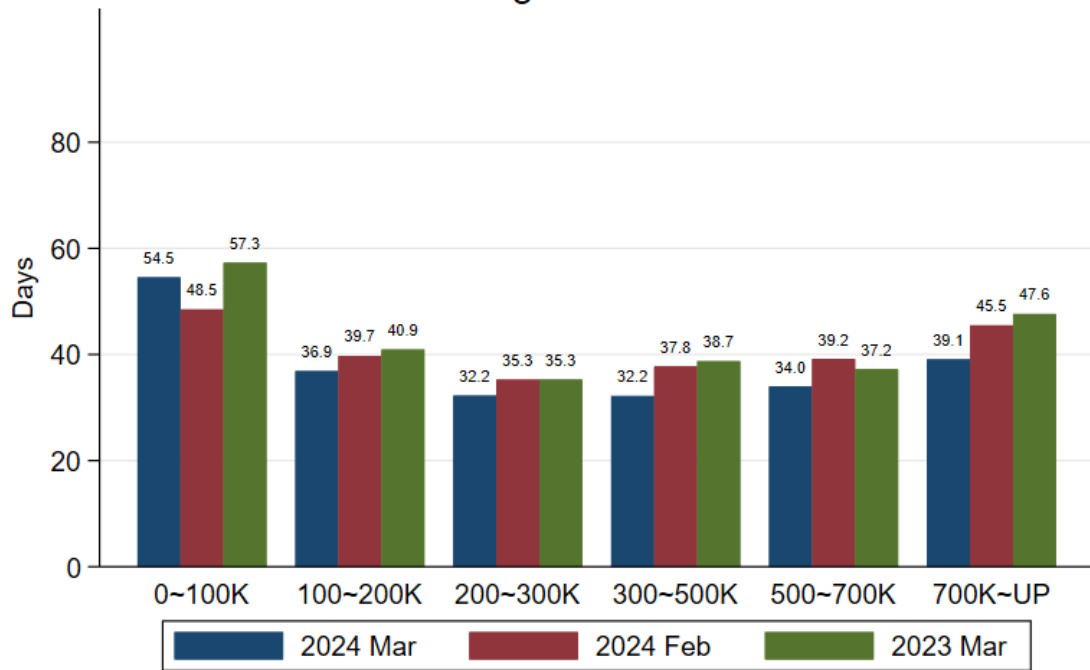
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

Chicago PMSA Bathroom Shares by Sale Price Stratification



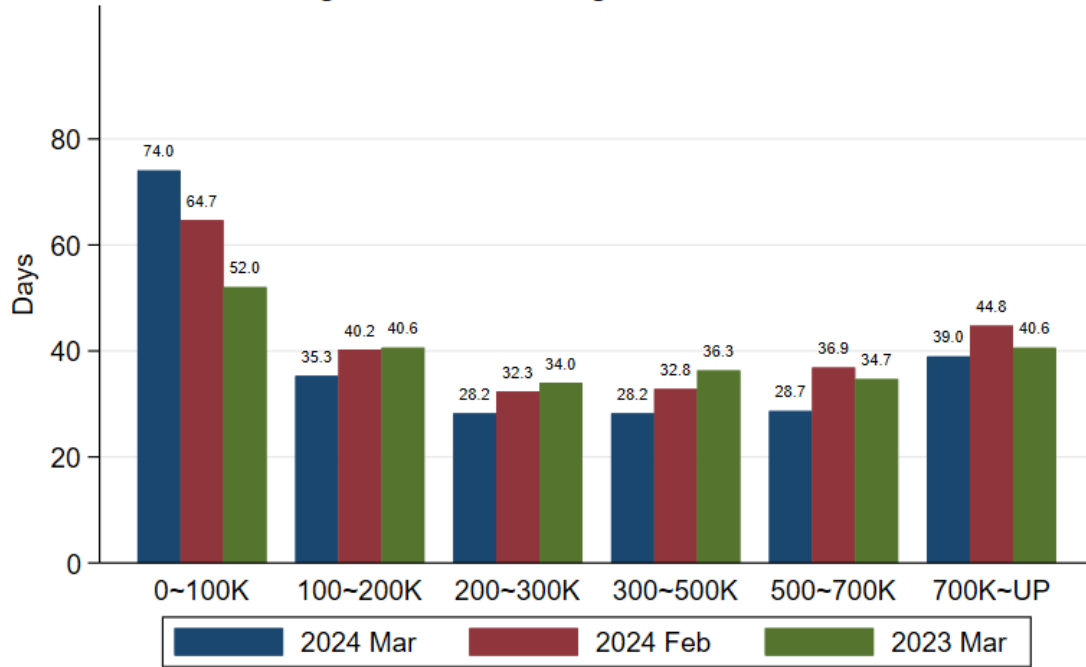
Source: University of Illinois at Chicago SHDRE, Illinois REALTORS

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