



Illinois closes out summer housing market with gains in home sales and prices

The Talking Points

Home prices and sales experienced modest gains in August even as consumers were wrapping up their summers and dealing with the back to school rush. A seasonal slowdown can be expected at this time of year, but August market activity, while slower than previous months, remained positive statewide, in the city of Chicago and in the Chicago PMSA. Buyer demand is strong and homes are selling quickly, but lower inventory levels continue to affect the market.

There are a number of market dynamics to note here:

- **Illinois home sales up slightly in August; sales still ahead of last year.** Statewide home sales in August totaled 15,088, a 0.9 percent increase compared to last year. Looking at the year as a whole, both sales and prices for the first eight months of 2016 are higher than last year. Year-to-date sales are 7.4 percent higher at 106,547 and the statewide median price is up 7.7 percent to \$175,500. August home sales increased 2.8 percent in the Chicago PMSA and 6.3 percent in the city of Chicago.

- **Prices continue to rise, but mortgage rates remain relatively low.** The statewide median price in August was \$180,900, a 3.4 percent increase over last year. Year-over-year home prices have climbed for 36 consecutive months, which is good news for sellers, but is impacting affordability for buyers, particularly with lower inventory. The good news is that mortgage rates have remained around or below 4 percent for much of the year and that gives consumers more buying power. On Sept. 17, the Federal Reserve voted against an interest rate hike that many were expecting.



Illinois Association of REALTORS®

Housing at a Glance

August 2015



#IARMarketStats

*Chicago Primary Metropolitan Statistical Area (PMSA)



Talking Points

September 2015

- **Statewide days on market averaged 64 days in August.** Homes continue to sell quickly as buyers move fast when they find the home they want. Statewide, homes sold in 64 days compared to 67 on average a year ago. In the Chicago PMSA, days on market averaged 53 days in August, while in the city of Chicago homes sold in 45 days.
- **REAL forecast:** Statewide median prices are expected to increase annually in September by 5.7 percent, October by 5.6 percent and in November by 5.1 percent, according to the latest forecast from the Regional Economics Applications Laboratory (REAL). Home sales, while expected to experience declines when comparing month to month, are forecast to rise annually over the next three months.
- **Three reasons why this September could be the perfect month to buy a home.** In a recent blog post, Realtor.com Chief Economist Jonathan Smoke outlines three factors that make this September a great time for buyers including: improving supply, lower demand from other buyers now that school has started and mortgage rates that continue to hover below 4 percent. [Read more.](#)
- **NAR: Pending home sales see slight increase.** While the latest [Pending Home Sales Index](#) increased 0.5 percent in July compared to the month before, it was 7.4 percent higher than the year before. NAR reports that pending home sales have increased year-over-year for 11 consecutive months. "Overall, the prospects for ongoing strength in the housing market remain intact for now. The U.S. economy is growing — albeit at a modest pace — and the labor market continues to add jobs," said NAR Chief Economist Lawrence Yun.
- **CoreLogic finds 91 percent of mortgaged U.S. properties now have positive equity.** In the second quarter of this year, another 759,000 U.S. properties are no longer "underwater" and have regained positive equity, bringing the total to 45.9 million, or 91 percent of all mortgaged properties in the country, according to a [CoreLogic report](#). CoreLogic President and CEO Anand Nallathambi said, "The biggest reason for this improvement has been the relentless rise in home prices over the past three years which reflects increasing money flows into housing and a lack of housing stock in many markets. CoreLogic predicts home prices to rise an additional 4.7 percent over the next year, and if this happens, 800,000 homeowners could regain positive equity by July 2016."