

Illinois home sales and prices flourish in February

The Talking Points

Fairly mild winter weather and strong buyer demand set the stage for robust annual gains in home sales and median prices in February. Inventory remains historically low, particularly for homes in the lower price ranges, and continues to be an issue affecting the market. But the spring market is right around the corner and with low mortgage rates giving consumers more buying power, this is a good time for current homeowners to think about moving up, listing their homes for sale and tapping into pent-up buyer demand.

There are a number of market dynamics to note here:

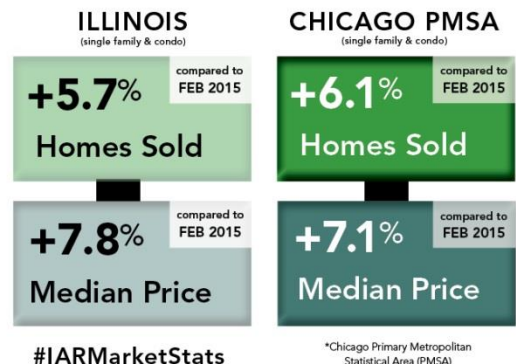
- **Strong momentum continues in February for Illinois home sales, prices.** Statewide home sales totaled 8,528, a 5.7 percent increase compared to last year and the strongest February showing since February 2007 when 8,792 homes were sold statewide. Closed sales also were up 6.1 percent in the PMSA and 2.1 percent in the city of Chicago. All regions saw strong median price gains: a year-over-year increase of 7.8 percent statewide, 7.1 percent in the Chicago PMSA and 12.3 percent in the city.
- **Illinois housing inventory remains tight.** Available inventory fell again in February with 56,563 homes listed for sale, an 11.3 percent decline from a year ago. The month's supply of inventory fell to 4.2 months.
- **REAL forecast:** Expect both home sales and median prices to experience moderate year-over-year growth in March, April and May, according to the latest forecast. Home prices statewide and in the Chicago PMSA are edging closer to 2008 levels, with the state's price recovery at 81 percent of 2008 (when adjusted for inflation) and the PMSA area at 70 percent recovery. Foreclosure sales in the Chicago PMSA accounted for only 19.4 percent of total sales, the lowest February level since 2008.



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February 2016





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- **NAR HOME Survey: Seventy-five percent of people believe now is a good time to buy.** In the Midwest, that percentage climbs to 80 percent, according to the first quarter Housing Opportunities and Market Experience (HOME) survey. Of those buying, the majority say they are most likely to buy a single-family home, driving the need for more single-family construction, said NAR Chief Economist Lawrence Yun. “A high number of homeowners are expressing that it’s a good time to buy and this sentiment is no doubt being fueled by the \$4.4 trillion in housing equity accumulation in the past three years,” he said. “On the other hand, accelerating home prices and the perceived difficulty in obtaining a mortgage appears to be tugging at the confidence of renters.” Read the [NAR news release](#) and share an [infographic](#) on the survey.
- **Single-family home construction heads higher.** Nationwide housing starts rose 5.2 percent in February, driven higher, in part, by an increase in single-family construction, which climbed to its highest level since 2007, according to the [National Association of Home Builders](#) (NAHB). “February’s single-family gains indicate that this sector is strengthening in line with our forecast. As the U.S. economy firms, job creation continues and mortgage interest rates remain low, we should see further growth in housing production moving forward,” said NAHB Chief Economist David Crowe.
- **Goldman Sachs expert: Large Millennial population bodes well for housing future.** Some Millennials may be postponing homeownership for now, but the enormous size of that generation — totaling around 92 million — is a good sign for future housing demand, said Goldman Sachs Vice President of Credit Strategy Research Hui Shan at its recent 2016 Housing Finance Conference. [Read coverage from HousingWire.](#)