

June brings double-digit home sales and higher median prices

The Talking Points

The first half of 2015 has brought improved home sales and median prices for the Illinois housing market. Sales have been steadily moving upward since February and home prices have shown no signs of slowing as they mark nearly three years of annual gains. The housing market continues on the road to recovery as stronger economic confidence and low mortgage interest rates drive buyer demand higher and sellers benefit from limited inventory.

There are a number of market dynamics to note here:

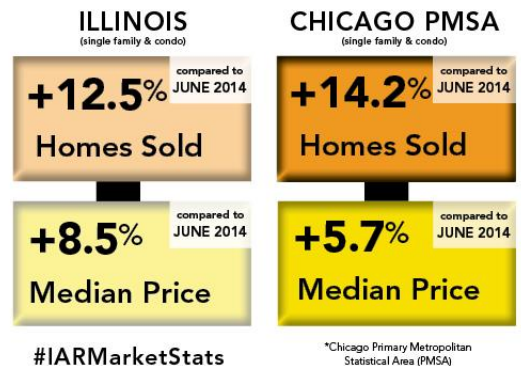
- **Illinois home sales see a double-digit jump in June.** Statewide home sales have climbed higher for five consecutive months and June sales totaled 17,972, a 12.5 percent increase compared to June 2014. Year-to-date sales are also trending higher, up 7.8 percent compared to the first half of 2014. Sales were up 14.2 percent in the Chicago PMSA and 9.3 percent in the city of Chicago in June.
- **Home prices higher in the majority of Illinois counties.** One positive side to lower housing inventory is that sellers are commanding higher prices for their properties. Median prices rose in 61 Illinois counties and the statewide median was up 8.5 percent to \$194,243 in June. As the market continues to stabilize, Illinois home prices have risen annually every month since September 2012.
- **Homes are selling faster; days on market averaged just over two months.** Tighter inventory has spurred buyers to move quickly when they do find the right home. Statewide, the time it took to sell a home in June fell to 63 days, down from 68 days last year. In fact, homes are selling faster than they have since at least 2008. In the Chicago PMSA, homes averaged 52 days on market while in the city of Chicago, days on market averaged just over a month at 41 days.



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Housing at a Glance

June 2015





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- **REAL forecast:** June brought an unexpected burst in Illinois home sales growth, said Geoffrey J.D. Hewings, director of the Regional Economics Applications Laboratory (REAL) at the University of Illinois. Looking ahead to July, August and September, home sales are expected to see year-over-year gains, but negative momentum when comparing month-to-month. Home prices are forecast to see continuous and steady growth in the coming months.
- **Freddie Mac offers positive housing outlook for the second half of 2015.** While not fully recovered, the housing market is on track for the best year since 2007, said Freddie Mac's Chief Economist Sean Beckett in his [mid-year update](#). Looking ahead to the end of the year, the housing sector should see growth. "Strong housing demand combined with continued tight supply, should boost house prices by over 4 percent this year. The improvement in house prices should support an eventual increase in the supply of homes for sale as the number of homeowners with negative or negligible equity continues to shrink. Nonetheless supply is expected to remain on the tight side," Beckett said.
- **Federal Reserve: U.S. economy grew in May and June.** The economy and real estate market saw modest to moderate growth around the country according to the latest Beige Book reports from the 12 Federal Reserve Districts. The Chicago district reported increased home sales, prices and residential rents and the commercial sector also saw moderate activity increases. [Read the full report](#).
- **More homeowners have positive equity in their homes.** Higher home prices have helped more homeowners regain positive equity in their homes and that should make homeownership more attractive to new buyers, [RealtyTrac reports](#). Between 2011 and 2014, U.S. homeowner equity jumped from \$6.4 trillion to \$11.3 trillion. "With any luck it's not unreasonable to believe that equity as measured on a cash basis might return to 2005 levels in the next year or so," writes RealtyTrac's Peter Miller for their blog.
- **CoreLogic finds mortgage delinquencies, foreclosures down.** CoreLogic's May 2015 National Foreclosure Report found that in almost every state, fewer homeowners are more than 90 days behind on their mortgage payments or in foreclosure than they were in 2014, according to an [article from Inman.com](#). May foreclosure inventory decreased by 27.4 percent and completed foreclosures dropped by 19.2 percent compared to a year ago. [Read CoreLogic's report](#).