



Home prices climb higher in November while sales shift lower

The Talking Points

Many of the factors that have shaped the Illinois housing market throughout 2018 — lower inventory levels, higher home prices and stable, if somewhat muted sales — continued in November. It is the time of year when consumers turn their attention to the holidays, but buyer demand is still strong. A [new survey from NAR](#) found that although consumer sentiment on home buying had dipped slightly in recent months, the majority still feel it is a good time to buy a home.

Note a number of market dynamics:

- **Sales down in November; sharpest drop in Chicago.** Compared to a year ago, home sales declined 1.6 percent statewide, 2.8 percent in the Chicago Metro Area and 8.5 percent in the city of Chicago. Demand remains strong, however, with listings spending less time on market.
- **Median prices still in positive territory.** Median home prices continue to post annual gains, ranging from a 2.7 percent gain statewide, a 3.3 percent increase in the Chicago Metro Area and a 2.3 percent increase in the city of Chicago in November. So far, 2018 has been a stronger year for prices with year-to-date totals for the first 11 months of the year tracking higher than last year.
- **REAL Forecast:** The Illinois housing market will experience a slowing trend over the next three months as median prices experience mild year-over-year growth. Home sales, while lower month-to-month, will increase on an annual basis, according to the latest U of I REAL forecast.





November 2018

- **Mortgage rates fall to three-month low.** Freddie Mac Chief Economist [Sam Khater says](#): “The 30-year fixed fell to 4.63 percent this week – the lowest it has been since mid-September. Mortgage rates have either fallen or remained flat for five consecutive weeks and purchase applicants are responding with an uptick in demand given these lower rates. While the housing market softened in response to higher rates through most of this year, the combination of a low unemployment and recent downdraft in rates should support home sales heading into the early winter months.”
- **Fannie Mae: Housing market to stabilize in 2019.** Continued economic growth could make for a stable housing market in the coming year. Fannie Mae Chief Economist [Doug Duncan says](#): “If mortgage rates trend sideways next year, as we anticipate, and home price appreciation continues to moderate, improving affordability should breathe some life into the housing market. We also expect residential fixed investment to resume a positive growth trajectory amid continued rising housing starts and stabilizing home sales. However, affordability is likely to remain an industry concern, particularly among first-time homebuyers.”
- **Is the housing market turning in favor of buyers?** *REALTOR® Magazine* recently shared two reports that appear to point to a stronger market footing for buyers in 2019. A [forecast from Knock](#), an iBuyer company that offers sellers instant cash offers, is projecting that 77 percent of homes will sell below the original list price. At the same time, a [new survey from Redfin](#) finds that bidding wars are slowing down in some markets.