



Illinois home sales inch back into positive territory in July; listings sell quickly amid tight inventory

The Talking Points

The Illinois housing market regained a little momentum with slight gains in home sales statewide and in the city of Chicago. But inventory remains low, as it has all year, and prospective buyers are encountering higher home prices and increased competition. It may all be having an effect on consumer sentiment toward homebuying. The August [Fannie Mae Home Purchase Sentiment Index](#) was less optimistic with fewer respondents saying it was a good time to buy or sell a home.

Note a number of market dynamics:

- **Low inventory creating a drag on summer housing market.** Housing demand continues to outpace supply and that has left potential buyers with fewer options during what would normally be the busy summer season. While there were 217 more statewide listings in July compared to the month before, inventory was down 5.5 percent from a year ago.
- **Statewide home sales shift out of negative territory, but are largely flat.** After two months of year-over-year declines, home sales moved higher, but just slightly with a 0.1 percent gain. Sales in the city of Chicago increased 1.1 percent, but were down 0.5 percent in the Chicago Metro Area.
- **Median prices show gains and homes sold faster.** The statewide median price was \$214,900, a 2.3 percent year-over-year increase. Median prices went up 1.8 percent in the Chicago Metro Area and 3.0 percent in the city of Chicago. Days on market averaged 44 days statewide, 34 days in the Chicago Metro area and 35 days in the city of Chicago.





July 2018

- **REAL Forecast:** Expect moderate annual growth in home prices in August, September and October. At the same time, home sales are forecast to increase on a yearly basis and decrease month-to-month, according to the August REAL Forecast. Other trends to watch: Consumers are optimistic about the short-term economic outlook, but less so long-term, which may reflect the impact low inventory, rising mortgage rates and higher home prices are having on the market.
- **U.S. pending home sales increase in June.** The [Pending Home Sales Index](#) rose 0.9 percent compared to the month before, but is still lower than a year ago. “After two straight months of pending sales declines, home shoppers in a majority of markets had a little more success finding a home to buy last month,” said NAR Chief Economist Lawrence Yun. “The positive forces of faster economic growth and steady hiring are being met by the negative forces of higher home prices and mortgage rates. Even with slightly more homeowners putting their home on the market, inventory is still subpar and not meeting demand. As a result, affordability constraints are pricing out some would-be buyers and keeping overall sales activity below last year’s pace.”
- **Freddie Mac: What factors prompt people to remain renters?** A [recent analysis](#) from Freddie Mac found that affordability is just one factor people consider when choosing to rent rather than buy. Flexibility, freedom from maintenance responsibilities and the ability to live in high-cost areas that they couldn’t afford to buy in are also considerations.