ILLINOIS REALTORS® **Talking Points**

September 2023

Illinois home sales dipped while median prices rose in August

The Talking Points

The number of home sales and the housing inventory in August 2023 dropped in comparison to August 2022 figures, on the state, Chicago Metro and city of Chicago levels, according to data from Illinois REALTORS®. Median prices rose on all three levels.

Note a few market dynamics:

- **Home sales.** Statewide closed sales fell 14 percent, from 15,658 in August 2022 to 13,469 in August 2023. In the Chicago Metro Area, closed sales decreased 15.1 percent, from 10,728 to 9,103 during the same period, while in the city of Chicago, closed sales decreased 7.0 percent from 2,354 to 2,189.

- **Inventory.** Statewide inventory decreased 31 percent from 29,084 in August 2022 to 20,082 in August 2023. In the Chicago Metro Area, inventory declined 34 percent from 21,205 in August 2022 to 13,989 in August 2023, while in the city of Chicago, inventory decreased 30.9 percent, from 7,999 last August to 5,530 this August.

- **Prices.** Median prices rose 7.7 percent statewide from $260,000 in August 2022 to $280,000 in August 2023. The Chicago Metro Area median price rose 9.6 percent from $310,000 in August 2022 to $339,900 in August 2023. In the city of Chicago, the median price rose 4.8 percent from $315,000 in August 2022 to $330,000 in August 2023.

- **Days on market.** Statewide, homes stayed on the market 23 days in August 2022 and 23 days in August 2023. In the Chicago Metro Area, homes were on the market 21 days in August 2022 and 21 days in August 2023. In the city of Chicago, homes stayed on the market 28 days in August 2022 but fell to 27 days in August 2023.

- According to Freddie Mac, the monthly average commitment rate for a 30-year, fixed-rate mortgage was 7.07 percent in August 2023, compared to 6.84 percent in July 2023 and 5.22 percent in August 2022.

September 2023

- In August 2023, the Fannie Mae Home Purchase Sentiment Index (HPSI) remained effectively unchanged in August as consumer confidence toward housing continued along the low-level plateau set earlier this year. Three of the HPSI's six components increased month over month, most notably the component measuring perceived home-selling conditions. In August, 66 percent of consumers reported that it's a good time to sell a home, compared to only 18 percent who said it was a good time to buy a home. Additionally, despite the significant rise in rates over the last couple years, only 18 percent expect mortgage rates to go down in the next 12 months. Overall, the full index is up 4.9 points year over year.

- "Mortgage rates once again breached the 7-percent mark in August, hitting a 22-year high and doing no favors for consumer sentiment," said Doug Duncan, Fannie Mae Senior President and Chief Economist. "Consumers remain pessimistic toward the housing market in general and homebuying conditions in particular. The overall HPSI is maintaining the low-level plateau set a few months back, and we don't see much upside to the index in the near future, barring significant improvements to home affordability, which we also don't expect.

- "While renters are slightly more pessimistic than homeowners, for two years now a large majority of both groups have told us that it's a bad time to buy a home, and they've continuously cited affordability concerns as the primary reason," Duncan said. "If mortgage rates remain elevated, many existing homeowners will likely continue to hold on to their current historically low mortgage rates, suppressing existing home listings and providing support for home prices – assuming mortgage demand maintains resilience despite the higher rate environment. Considering that existing home sales have traditionally represented approximately 85-90 percent of total home sales, even substantial quantities of new home production are unlikely to produce the inventory needed to meaningfully improve affordability."

- Duncan also noted that a variety of conditions are driving up demand for newly constructed homes, too, which he said is great news for homebuilders and the nation's economy.