



Lower inventory, motivated buyers push Illinois home sales, prices higher in May

The Talking Points

Home sales moved back into positive territory in May with statewide sales climbing 3.8 percent annually. Despite higher prices and historically low inventory compared to previous summer markets, the buyers who are out are motivated and homes are selling quickly. The inventory shortage is not uniform across the state. Several counties, including Sangamon, Peoria and Macon, are showing increases in the number of homes on the market versus a year ago. One Illinois trend to watch, however, is the state’s ongoing budget impasse and how it could affect not just the overall economy but also the state’s housing market this year.

There are a number of market dynamics to note here:

- **Statewide, homes are selling quickly and averaged less than two months on the market.** Sellers who list their homes now — and price them competitively — could expect the properties to sell quickly. In May, properties averaged 52 days on market statewide, 42 days in the Chicago PMSA and only 36 days in the city of Chicago.
- **Prices climb higher while affordability heads lower.** The statewide median price rose 8.3 percent compared to last year while the Chicago PMSA median price increased 5.6 percent and the city of Chicago saw a 5.5 percent year-over-year gain. One side effect of more than four years of consistently higher home prices is decreased affordability. The Illinois Housing Affordability Index was down 9 percent in May compared to last year.
- **May inventory higher than April, but still lower than a year ago.** Nearly 400 more homes were listed for sale compared to April, but May’s statewide inventory of 56,535 homes for sale still fell





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14.9 percent below levels from a year ago. The inventory shortage is not uniform across the state and some individual counties have more inventory than a year ago. With competition from other consumers and possible multiple offer situations, buyers shopping for a home this summer have to move quickly when they find the home they want.

- **REAL forecast: Home sales and prices see growth, but state's economic issues are taking a toll.** In May, home sales and prices experienced gains and that moderate growth is expected to continue into August. But Illinois' population out-migration and lack of job growth is dampening housing demand while consumers in general seem guarded about the short-term future, says Geoffrey J.D. Hewings, director of the Regional Economics Applications Laboratory (REAL).
- **June is National Homeownership Month.** June is being recognized as National Homeownership Month and the theme is "Find Your Place in a New Era of Homeownership." The U.S. Department of Housing and Urban Development offers resources including a National Homeownership Month Toolkit. [Download it here.](#)
- **NAR: Five Hurdles to Homeownership Today.** An infographic from the National Association of REALTORS® (NAR) highlights five reasons why some potential homebuyers may be held back from buying a home. The factors include: post-foreclosure stress disorder, tight mortgage credit standards, student debt burden, declining single-family housing affordability and insufficient single-family housing supply. [Read more about the recent report](#), "Hurdles to Homeownership: Understanding the Barriers," and [share the infographic.](#)
- **U.S. Pending Home Sales Slow.** Pending home sales tracked lower in April for the second consecutive month, according to the latest [Pending Home Sales Index](#) from NAR. Low U.S. inventory continues to be market issue," says NAR Chief Economist Lawrence Yun. "Prospective buyers are feeling the double whammy this spring of inventory that's down 9.0 percent from a year ago and price appreciation that's much faster than any rise they've likely seen in their income."