



The Illinois Association of REALTORS®

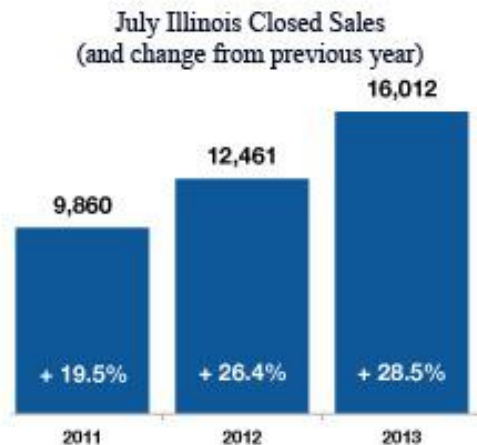
July, 2013 Talking Points

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Sales and prices surge in July, extending gains in housing market

The talking points

- **July brought sizable, double-digit gains in home sales.** The increases were striking with Illinois sales climbing 28.5 percent to 16,012. In fact, a majority of Illinois counties saw year-over-year sales increases with 61 out of 102 showing gains in July compared to 47 in June.
- **Demand is clearly sending prices up.** The statewide median price rose 14.2 percent to \$169,000, but strong gains were also seen in the city of Chicago and surrounding area as available housing inventory has shrunk.
- **Time on market continues to fall.** Statewide, it took less than three months on average to sell a home in July and an amazing month and a half in the city of Chicago during that time.
- **Mortgage interest rates are still a bargain.** Consumers have nervously watched mortgage rates edge back over 4 percent, but taken in historical perspective rates are still affordable. In July 2006 during the housing boom, interest rates averaged 6.81 percent. Go even farther back to July 2000, and mortgage rates were closer to 8.17 percent. Based on the July statewide median price, a consumer is only paying about \$100 a month extra for a mortgage.
- **Consumers are paying down personal debt and building household wealth.** In a promising trend, consumers in the first quarter of 2013 continued to pay down debt and household net worth rose above its pre-recession peak for the first time in more than five years, according to the [American Bankers Association](#). As consumers pay down debt they may be in a better position to consider homeownership in the future, and their credit scores may rise as a result of better money management.





- **The number of houses on the market has decreased sharply.** That speaks to a situation where some homeowners who had underwater situations may now feel more confident they can sell and buy.

Statewide median prices and sales surge in July

The upward trend continues with Illinois seeing eleven straight months of year-over-year median price gains and statewide home sales.

- The median price of a home in the state was \$169,000, a 14.2 percent increase from \$148,000 in July 2012. There were 16,012 homes sold in July, up from 12,461 a year ago.
- The average time it took to sell a home in July 2013 was 23.2 percent faster than in July 2012. It takes 73 days on average to sell a home now. It took on average more than two additional weeks to sell a house last year in July (95 days.)
- The inventory of available homes dwindled 24.7 percent, to 67,466 units compared to 89,548 a year ago.

Chicagoland sees sales volume, median prices rise

All nine Chicago PMSA counties saw year-over-year sales and median price increases during the month of July.

- There were 11,897 homes sold in the PMSA, up 36.1 percent from the same time last year. McHenry County led the pack, with a 54.3 percent annual sales increase. Grundy County had a 46.9 percent increase, followed by DuPage County with a 45.1 percent increase.
- The overall median price in the PMSA was \$201,075, up 18.3 percent year over year. Cook County was the highest with a 22.9 percent increase in median price to \$209,000, followed by Kane County with a 20 percent gain to \$174,000. DeKalb County had the lowest increase at 6.4 percent with a median price of \$125,000.
- The Chicago-area sales inventory dropped 34.9 percent in July from a year ago, to 38,865 units. It took just 61 days on average to sell a home, down from the 83 days it took in July 2012.

City of Chicago sees average time on market dip to 48 days

The city of Chicago saw prices rise while the time it takes to sell a property continues to shrink.

- Overall sales rose 31.1 percent to 2,838 units. The condo market also saw gains with 1,808 sales, a 38.2 percent increase compared to a year ago. Sales of single-family units rose 20.3 percent.
- Median prices rose 25 percent in the city to \$250,000. The median price for condos rose 13.8 percent to \$280,000.
- There were 8,433 homes on the market in July, down 34.6 percent from a year ago. It took 48 days on average to sell a house this July, versus 69 days a year ago.



Other news of note

Positive market indicators in Obama Administration's July Housing Scorecard. While cautioning that the overall recovery is still fragile, the [latest scorecard](#) points out that progress is being made with strong gains in home prices and the sale of new and existing homes. "The annual home price increases over the last several months remain at levels not seen since 2006 and newly initiated foreclosures are at their lowest level since December 2005. As we regain stability in our housing markets, it is time to begin the process of reforming the housing finance system to reduce the federal government footprint and ensure that private capital takes a sustainable central role," said HUD Deputy Assistant Secretary of Economic Affairs Kurt Usowski.

Woodstock Institute: Foreclosure filings in Chicago area drop to 2007 levels. New foreclosure filings in a six county Chicago area fell 36.1 percent in the first half of this year compared to the year before, according to an [analysis of data by the Woodstock Institute](#), a Chicago-based nonprofit research and policy organization. "Improvements in the Chicago real estate market, such as increases in home prices in some areas, may have encouraged servicers to pursue short sales or other alternatives to foreclosure. The decline in filings may also be related to compliance reviews for the National Mortgage Foreclosure Settlement. An Illinois state law requiring increased fees on foreclosure filings that took effect in June may help to keep the number of new filings down in the coming months," said Spencer Cowan, vice president of research.

Home builder confidence climbs to nearly eight year high. The [National Association of Home Builders/Wells Fargo Housing Market Index](#) rose three more points in August, marking four consecutive months of growing builder confidence and the highest level in nearly eight years.

Illinois unemployment rate fell in many metro areas in June. [Local unemployment rates](#) dropped in 8 of 12 metro areas tracked by the Illinois Department of Employment Security. At the same time, there was job growth in five of the metros. "Consumer confidence must grow resilient to uncertain global and national news before monthly economic growth will consistently occur in all corners of our state. However, we are encouraged by the continued job growth in our larger regions," said IDES Director Jay Rowell.