



# May brings strong gains in home sales and median prices

## The Talking Points

The Illinois housing market is heating up with year-over-year increases in home sales and median prices in May. Buyers are motivated to find a home during the summer housing market while interest rates remain relatively low and diminished inventory levels are benefiting Illinois home sellers.

There are a number of market dynamics to note here:

- **Home sales increase for fourth consecutive month.** Spring has ushered in a steady uptick in annual home sales and that trend continued in May with statewide sales totaling 14,980, a 5.6 percent jump over last year. Sales were up 7.0 percent in the Chicago PMSA and 10.1 percent in the city of Chicago.

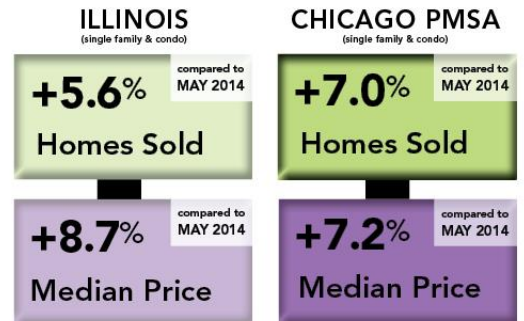
- **Inventory, while lower than last year, is at its highest in recent months.** Lower available housing inventory has been an ongoing issue and it continues as Illinois heads into the summer market. In May, there were 68,488 homes for sale, a 6.7 percent decrease compared to last year. Looking month to month, inventory is the highest it has been since November 2014 when 70,766 homes were for sale.

- **Homes are selling faster and for higher prices.** Statewide, the time it took to sell a home in May averaged 72 days, down from 75 days last year. Days on market were even shorter in the Chicago PMSA (57 days) and the city of Chicago (46 days.) At the same time, year-over-year home prices continue to climb. The statewide median of \$182,000 is at its highest since August 2008, when it was \$191,000.

- **REAL forecast:** Despite sluggish employment growth in Illinois, housing sales and prices continued their positive trends in May, said Geoffrey J.D. Hewings, director of the Regional Economics Applications Laboratory (REAL) at the University of Illinois. Looking to June, July and August, home sales and prices are expected to see growth on a monthly and yearly basis. Prices



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\*Chicago Primary Metropolitan Statistical Area (PMSA)



on foreclosed properties are trending upward but the rate of decline in foreclosure inventory suggests a long wait before there is a return to pre-recession levels, Hewings said.

- **Fannie Mae: Lenders more optimistic about market.** Mortgage lenders are seeing an increase in mortgage demand from borrowers and a loosening in issuance of credit, according to Fannie Mae's latest [Mortgage Lender Sentiment Survey](#) for the second quarter. Doug Duncan, Fannie Mae's senior vice president and chief economist, said the trends reinforce an increasingly optimistic outlook for housing this year.
- **CoreLogic: 90 percent of U.S. homeowners now have positive home equity.** Rising home prices means a return to home equity for more homeowners. A new [equity report](#) from CoreLogic, found that the total number of all mortgaged residential properties with equity has risen to 44.9 million, or 90 percent of all mortgaged properties. Illinois, however, is one of five states with the highest negative equity at 16.8 percent. "About 90 percent of homeowners now have housing equity and, as a result, have experienced an increase in wealth, which can spur additional consumption and investment expenditures. The remaining 10 percent of owners with negative equity will find their home value rising while they continue to pay down principal on their amortizing mortgage loan," said Frank Nothaft, chief economist for CoreLogic.
- **CFPB proposes delaying TRID changes until Oct. 1, 2015.** New rules for the Truth in Lending Act and Real Estate Settlement Procedures Act (TRID) were originally scheduled to go into effect on Aug. 1, but the Consumer Financial Protection Bureau (CFPB) has proposed delaying implementation until Oct. 1, 2015. The National Association of REALTORS® [applauded the move](#) as it would avoid new regulations during the peak summer selling season. Find Illinois Association of REALTORS® resources on the upcoming changes at <http://www.illinoisrealtor.org/respa>.