



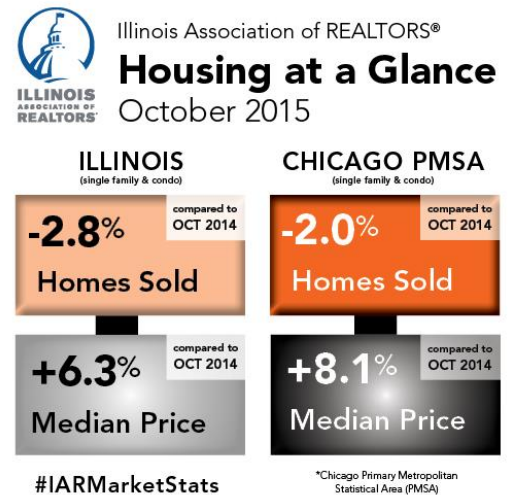
October home prices remain strong; Sales decline slightly as inventory tightens

The Talking Points

As Illinois headed into the fall and what can traditionally be a slower time in the market, October home sales fell slightly statewide and in the Chicago area. Year-to-date, however, total home sales for 2015 are higher than a year ago at this time. October median prices remained strong with a majority (55) of counties experiencing year-over-year gains. Listings are selling briskly at just over two months on the market statewide, but available inventory continues to be an issue and in October fell to its lowest levels in six months. Taking a broader look, NAR Chief Economist Lawrence Yun recently said he expects the improved 2015 housing market to expand even more in 2016.

There are a number of market dynamics to note here:

- **Home sales decline slightly as Illinois enters fall market.** Statewide sales totaled 12,881, a 2.8 percent decline compared to October 2014. Year to date, however, statewide home sales are 6.6 percent higher than they were the first 10 months into 2014. Home sales decreased 2.0 percent in the Chicago PMSA and 0.9 percent in the city of Chicago.
- **Statewide median prices continue to be a bright spot in the market.** The statewide median price rose to \$168,000 in October, a 6.3 percent increase over last year. The gain was even stronger when comparing the year so far. The year-to-date median price is 8.0 percent higher than last year. Prices were also higher in the Chicago PMSA and the city of Chicago in October.
- **Housing inventory is lower with some sellers staying on the sidelines.** Statewide housing inventory dropped to 68,302 in October, down 10.4 percent compared to last year. Homeowners who do choose to list their homes this fall could benefit from pent-up buyer demand and strong housing prices.





- **REAL forecast:** The Illinois housing market is returning to a more normal, long-term annual pattern and the distressed share of home sales has fallen to 2009 levels, says economist Geoffrey Hewings. Expect moderate annual median price growth through January and home sales will experience positive year-over-year growth while declining month-to-month.
- **Mortgage rates remain steady, but Federal Reserve hints at December rate hike.** Fixed mortgage rates remain below 4 percent but there are indications the Federal Reserve, which recently held off on raising rates, could move ahead with an increase in December. Short-term interest rates have been around zero since December 2008 when the Federal Reserve lowered them to help boost the economic recovery. Read more in this New York Times article, "[Fed Minutes Signal Readiness for December Rate Increase](#)."
- **FHA changes coming to condo financing rules.** In a move that could make it easier for condo buyers to find a unit that qualifies for FHA financing, the Federal Housing Administration (FHA) recently announced it is changing its rules on recertification, owner-occupancy requirements and property insurance limits. The changes, which REALTORS® had championed, will allow more condominiums to qualify for FHA financing, making them more attractive to buyers and also benefitting sellers. [Read more](#).
- **Few snags in TRID rules transition.** The new TILA-RESPA Integrated Disclosure (TRID) rules went into effect on Oct. 3 and so far, the transition has been fairly smooth, said an industry panel at the recent 2015 REALTORS® Conference & Expo in San Diego. There had been concerns that the new closing and disclosure rules would cause real estate transaction delays, but in many cases that hasn't happened, the panel said. [Read more](#) from NAR.