



Home sales, prices surge higher in September

The Talking Points

(NOTE: Talking Points are meant for members only)

The summer housing market rebound appears to be stretching into early fall. Home sales were up substantially compared to last September and median prices also tracked higher. Homes are selling fast—averaging 44 days on market statewide—as buyers move quickly to take advantage of low mortgage interest rates amid tight housing supplies.

Note a number of market dynamics:

- **Home sales surge higher in September.** Statewide closed sales increased 35.2 percent year-over-year with 17,658 total sales. Chicago Metro Area sales increased 38.7 percent and sales in the city of Chicago were up 28.1 percent. It's a trend happening around the state with 73 of Illinois' 102 counties also marking sales increases compared to September 2019.
- **Median prices outpaced last year.** The statewide median increased 17.5 percent, the Chicago Metro Area was up 14.6 percent and the city of Chicago median price rose 10.4 percent from a year ago. At \$235,000, the statewide median price was slightly lower than August but still higher than other previous months. More than half of Illinois counties (68 total) also recorded year-over-year median price gains in September.
- **Inventory heads lower again.** The familiar trend of low inventory continues statewide and in the Chicago Metro Area. Inventory in the city of Chicago, however, was slightly higher than last year with a 1.9 percent gain.
- **REAL Forecast:** The forecast calls for positive year-over-year growth in home sales and prices for October, November and December, but low inventory and an increasing number of serious mortgage delinquencies are issues to watch. The low inventory is impacting upward price





September 2020

movements while delinquencies, in combination with increases in the number of long-term unemployed, may dampen demand in 2021, according to economist Geoffrey Hewings.

- **Freddie Mac Quarterly Forecast: Housing market strong even during pandemic.** A main driver of the strong housing recovery is historically low mortgage interest rates, according to the [forecast](#). “Even as the economy faces challenges from the coronavirus pandemic, the housing market has been showing strength,” said Sam Khater, Freddie Mac’s Chief Economist. “Refinance activity is solid and homebuyer demand continues, resulting in increased sales and an acceleration in house price growth.”
- **Single-family home construction picked up in September.** Overall housing starts were up 1.9 percent in September, led in large part to a jump in single-family construction, [CNBC reports](#).
- **NAR Weekly Housing Market Monitor: Higher home prices making affordability an issue.** September home showings are up compared to a year ago, but so too are home prices in many parts of the country and that is affecting affordability, according to NAR’s latest [Weekly Housing Market Monitor](#).