



DR. LAWRENCE YUN

CHIEF ECONOMIST
National Association of REALTORS®

#CAROutlook



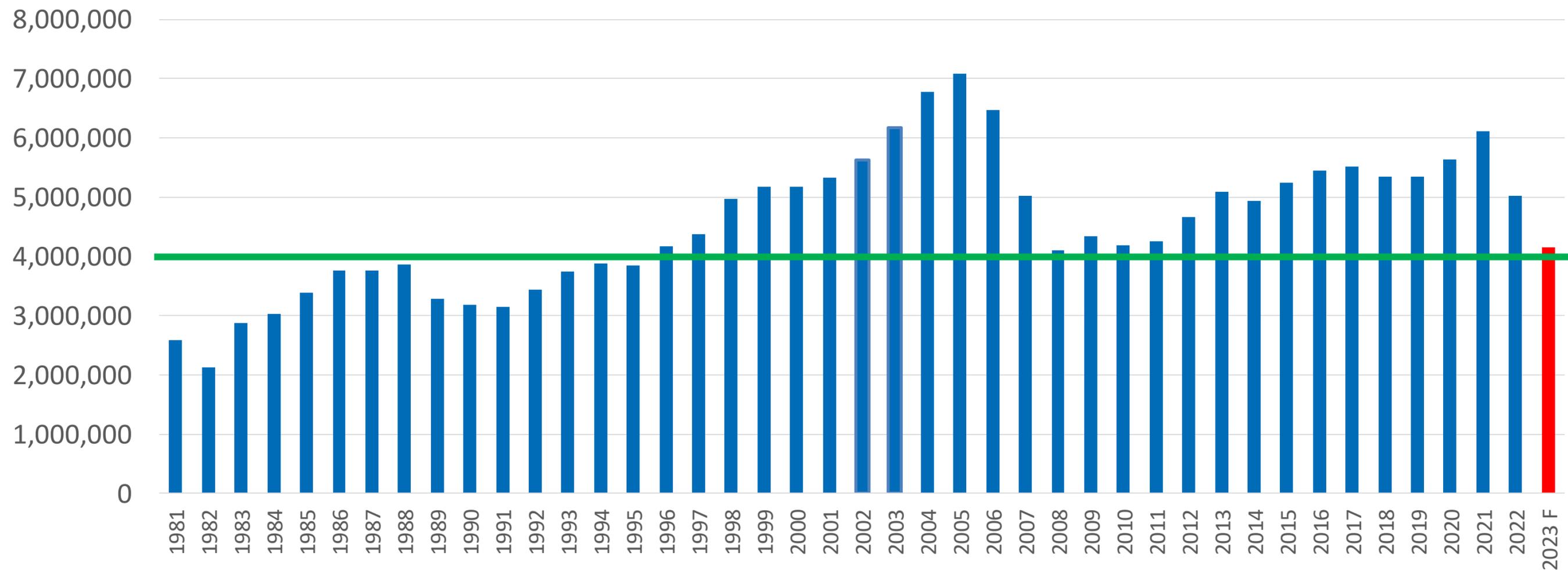
Real Estate Market Outlook

Lawrence Yun, Ph.D.

Chief Economist
NAR

Annual Existing Home Sales: 18% decline and 18% decline On Track for Worst Year since 2008 or 1993

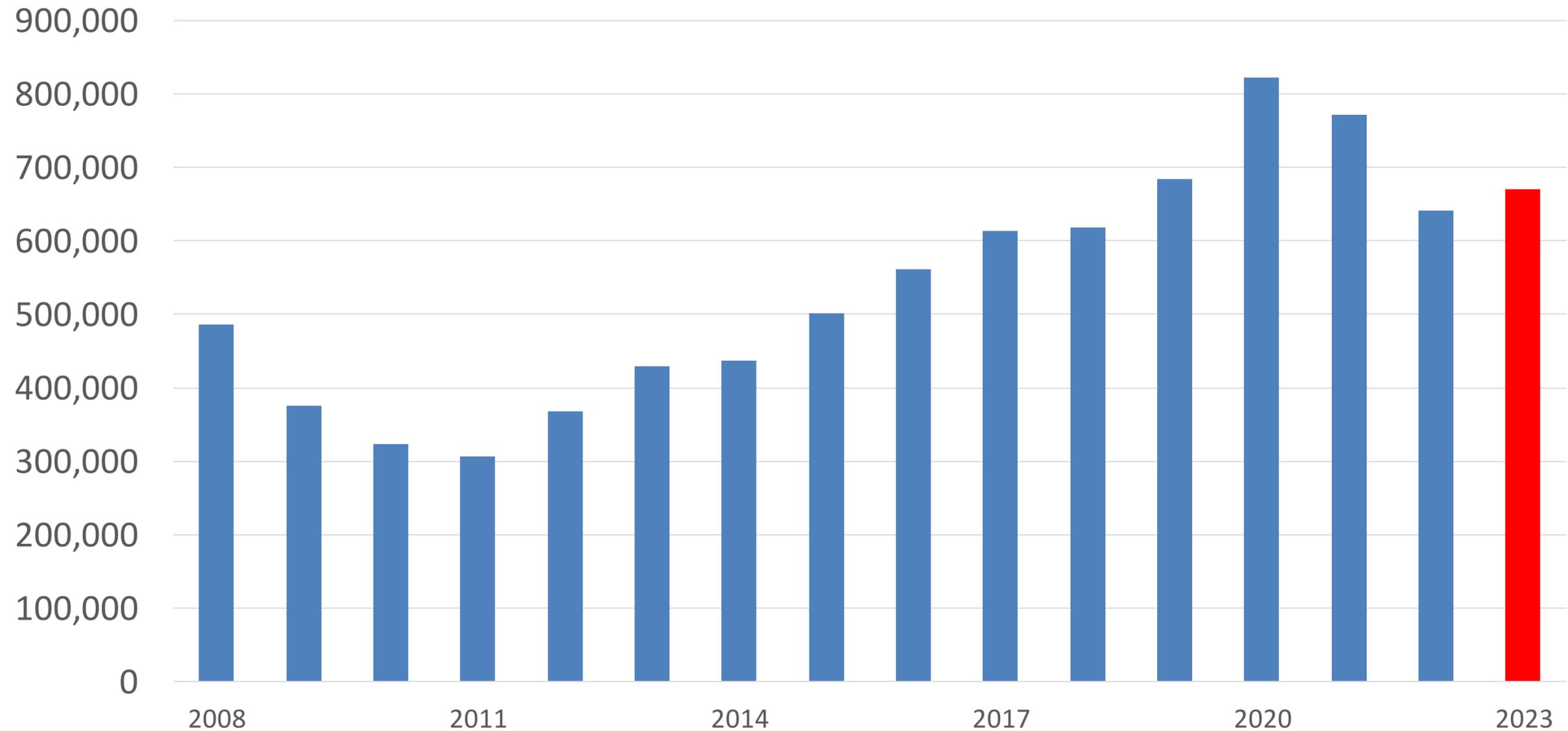
Seasonally adjusted annualized sale pace



Source: NAR

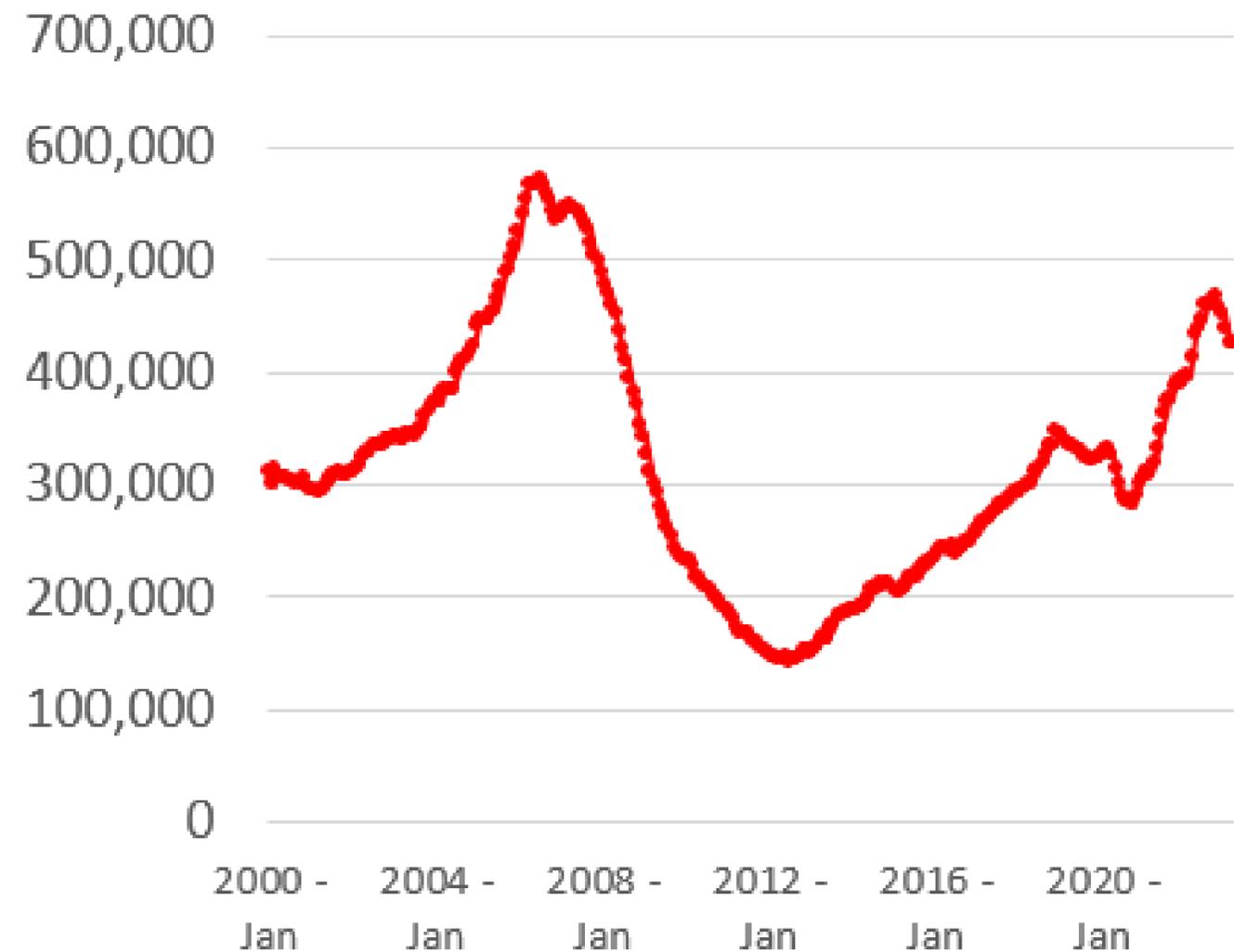
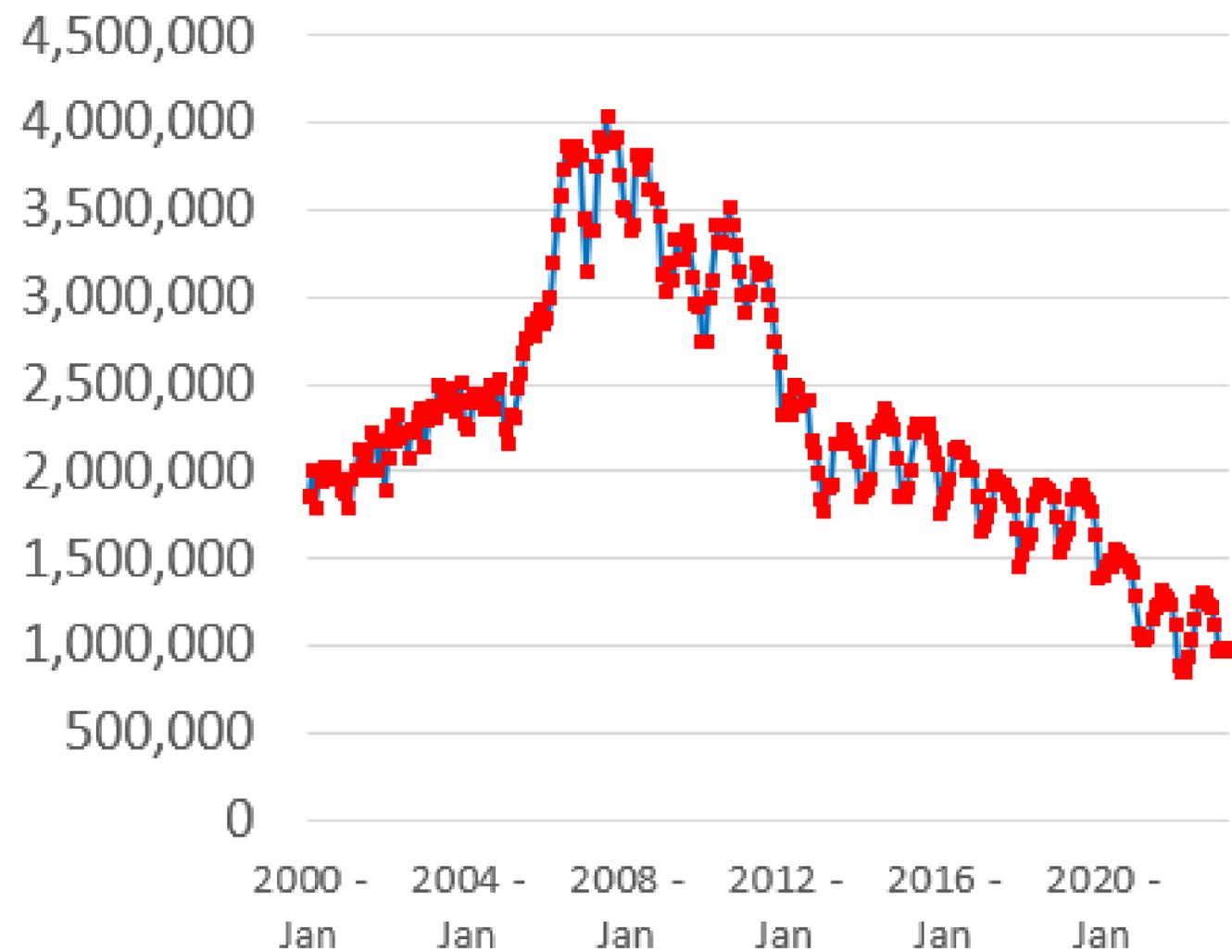
New Home Sales up 3.9% year-to-date to November

On Track for 3rd best year since 2008 foreclosure year



Source: NAR forecast and HUD

Inventory of Existing Homes Low ... New Homes High



Source: NAR and HUD



MONTHLY CHICAGO MARKET UPDATE

NOVEMBER 2023

CLOSED SALES

1,415

↓ 9.3%

**MEDIAN
SALES PRICE**

\$323,000

↑ 5.0%

MARKET TIME

63

↓ 7.4%

**INVENTORY OF
HOMES FOR SALE**

5,260

↓ 24.6%

CITY OF CHICAGO | YEAR OVER YEAR | NOVEMBER 2023 COMPARED TO NOVEMBER 2022

Monthly Local Market Update for November 2023

A Research Tool Provided by Illinois REALTORS®



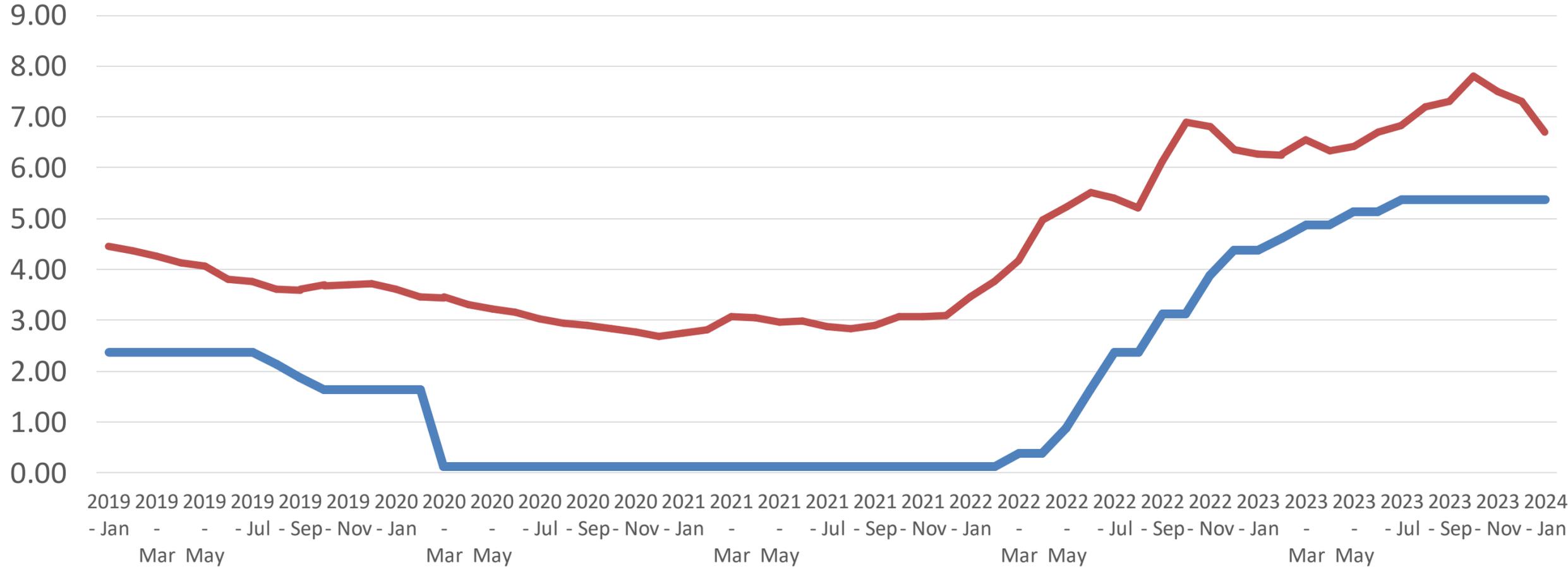
Chicago Metro Area

Includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will Counties

Key Metrics for All Properties	November			Year to Date		
	2022	2023	Percent Change	Thru Nov 2022	Thru Nov 2023	Percent Change
Closed Sales	6,951	6,242	- 10.2%	105,593	83,318	- 21.1%
Previous Month's Closed Sales	7,764 <small>in October 2022</small>	7,212 <small>in October 2023</small>	- 7.1%	98,642 <small>in October 2022</small>	77,076 <small>in October 2023</small>	- 21.9%
Median Sales Price*	\$295,000	\$323,000	+ 9.5%	\$314,500	\$325,000	+ 3.3%
Inventory of Homes for Sale	18,646	13,893	- 25.5%	--	--	--
Days on Market Until Sale	29	24	- 17.2%	25	27	+ 8.0%

* Does not account for seller concessions. | Activity for one month can sometimes look extreme due to small sample size.

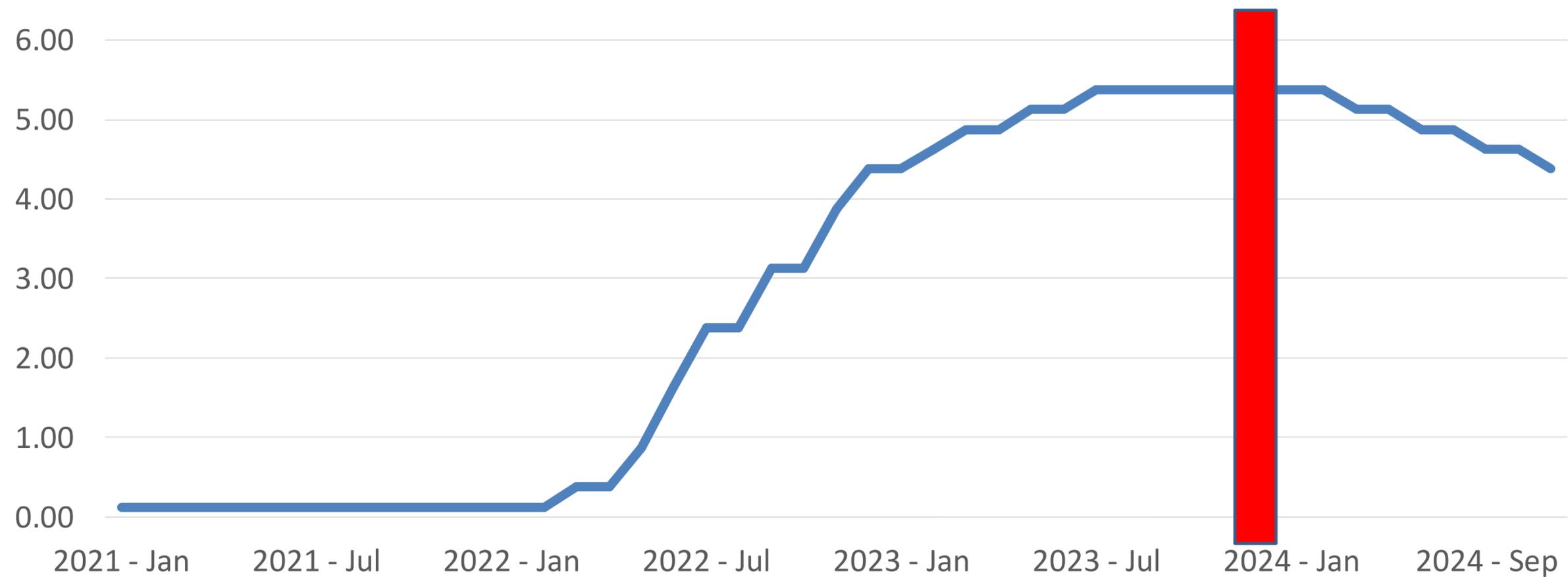
30-year Mortgage and Fed Funds Rate ... Likely Peaked



Source: U.S. Treasury and Federal Reserve

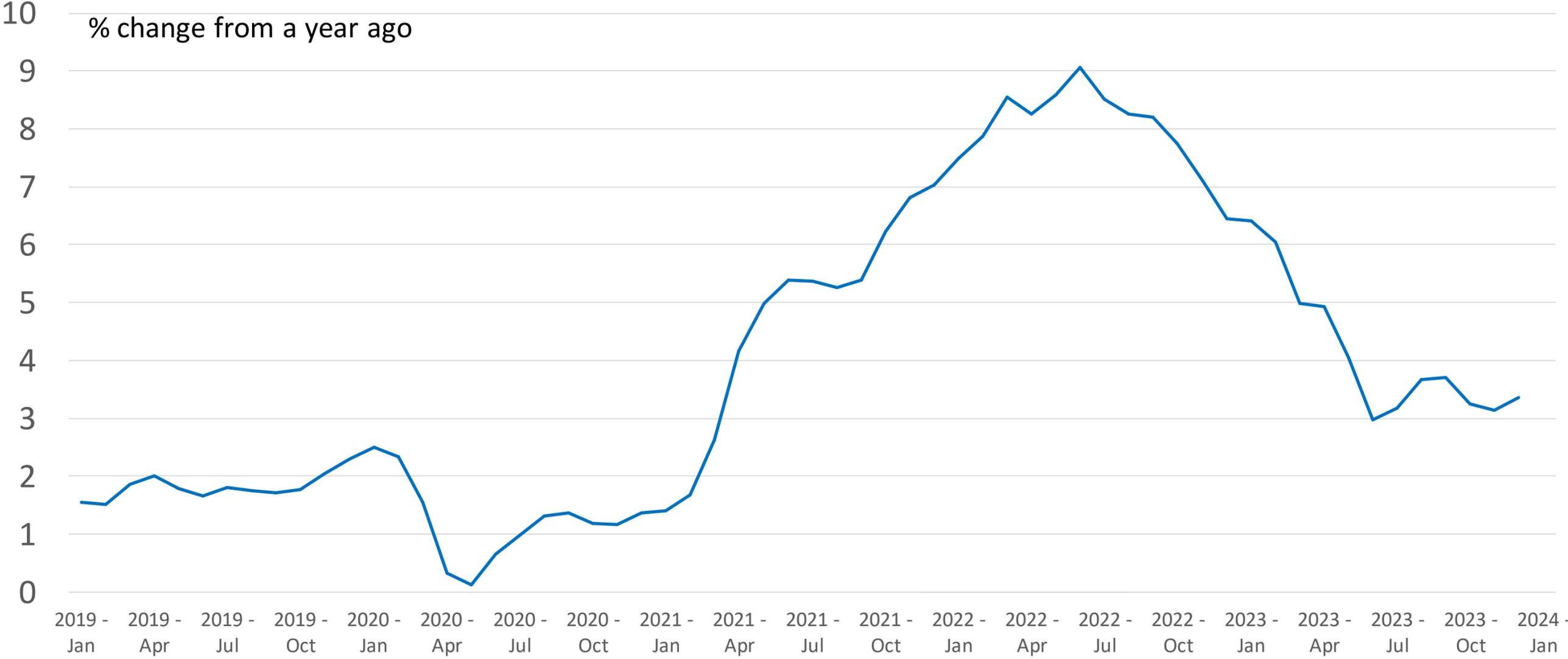


Fed Funds Rate .. How many rate cuts in 2024? 3 or 4 or 5 times



Source: Federal Reserve and NAR Forecast

Overall Consumer Price Inflation at 3.4% in December



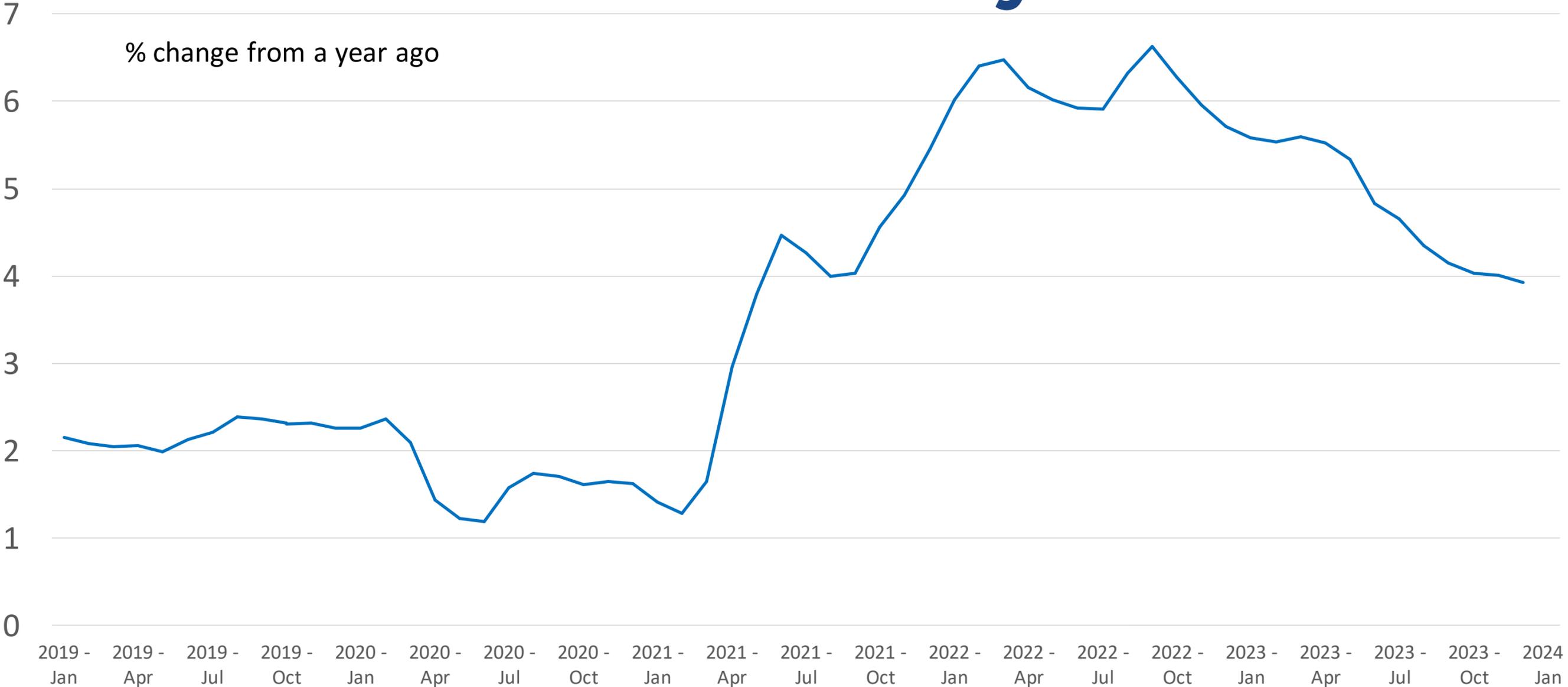
Source: BLS



“Core” Consumer Price Inflation

3.9% in December

Lowest since May 2021

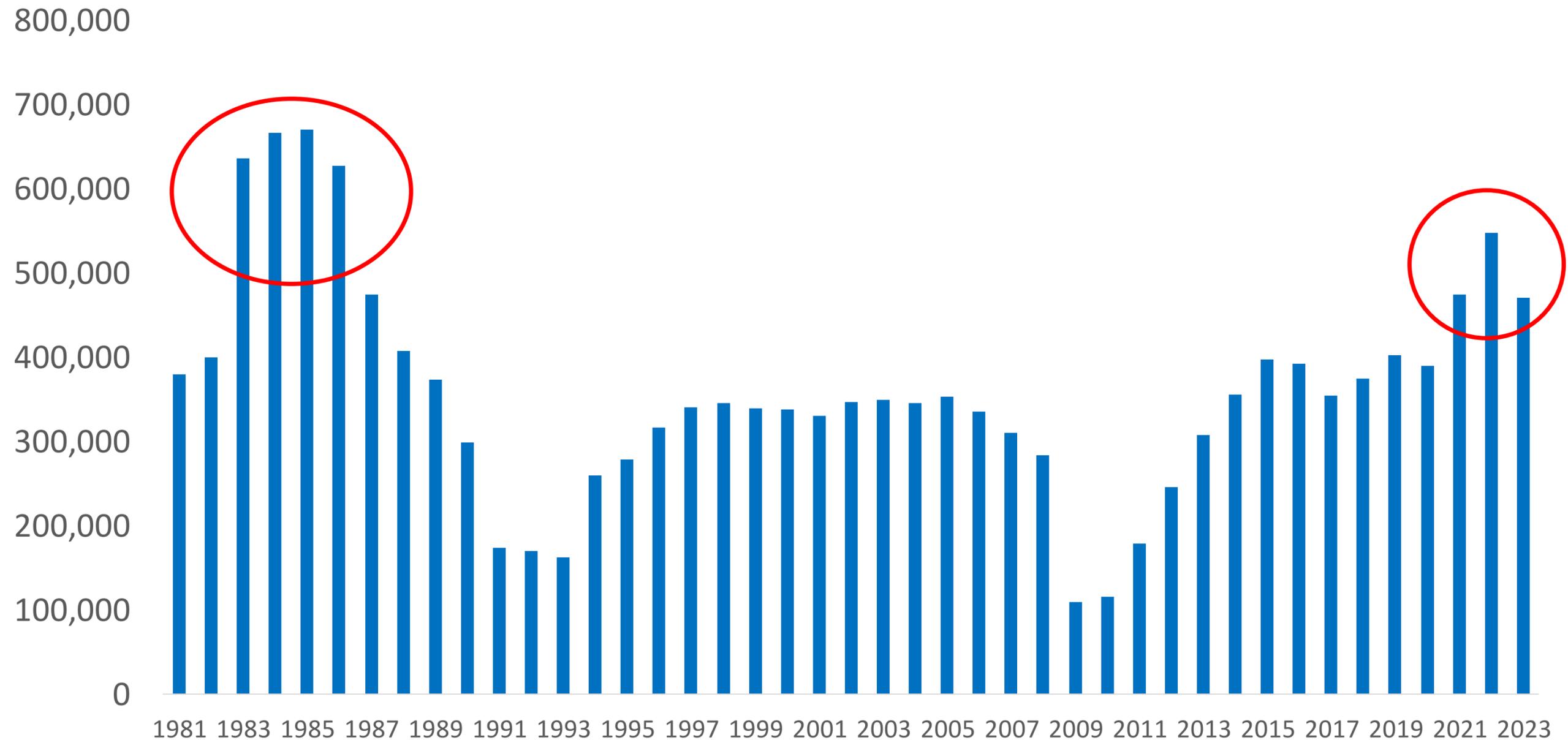


Source: BLS



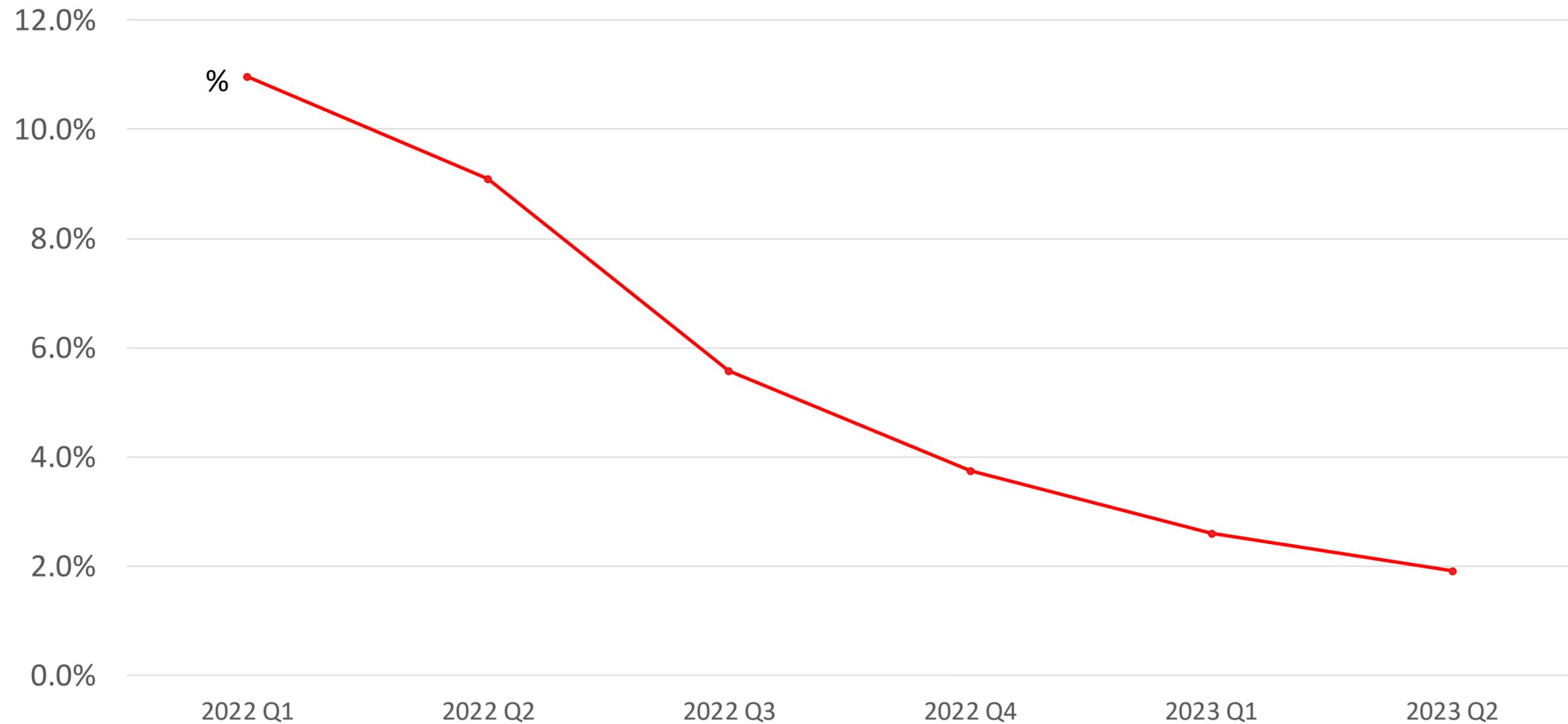
Multifamily Housing Starts

3 years of cyclical highs



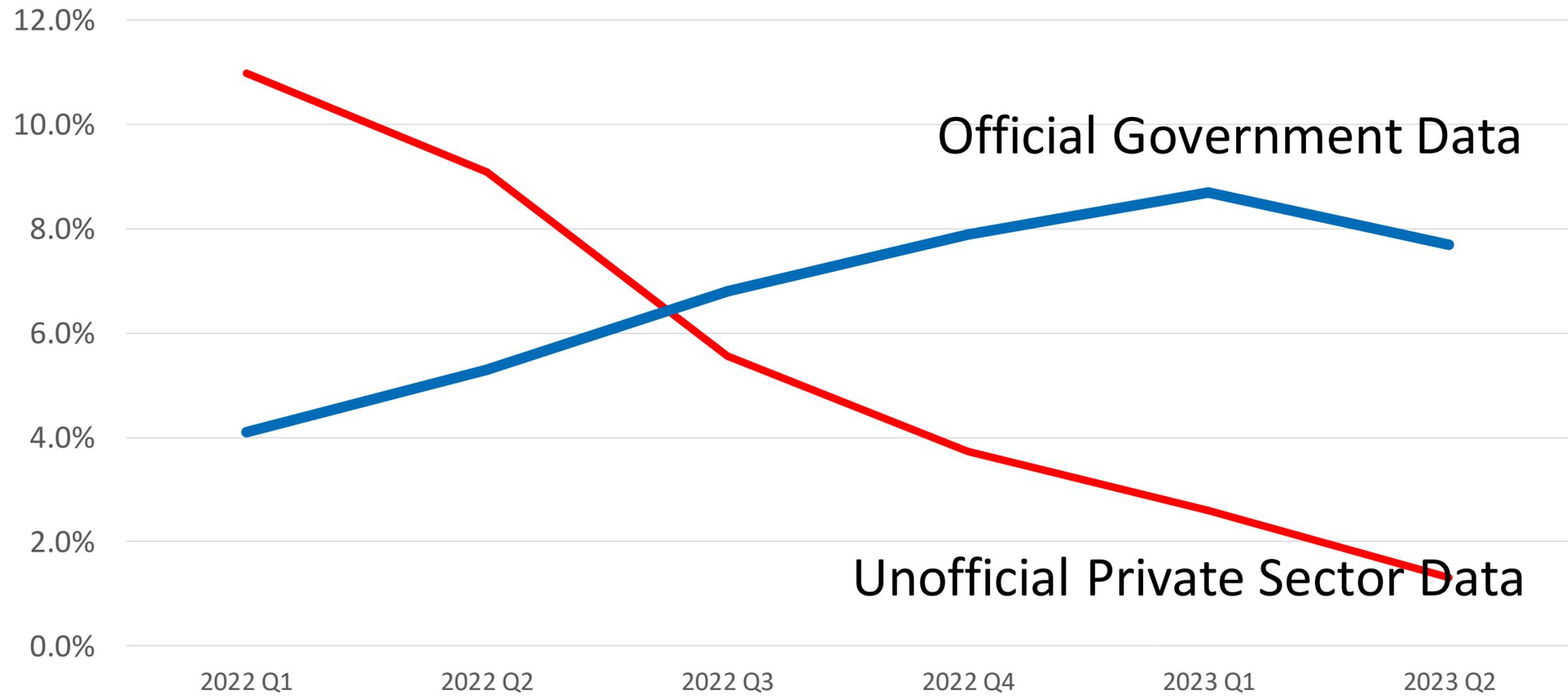
Source: NAR forecast and HUD

Apartment Rent Growth in Private Sector Data



Source: CoStar

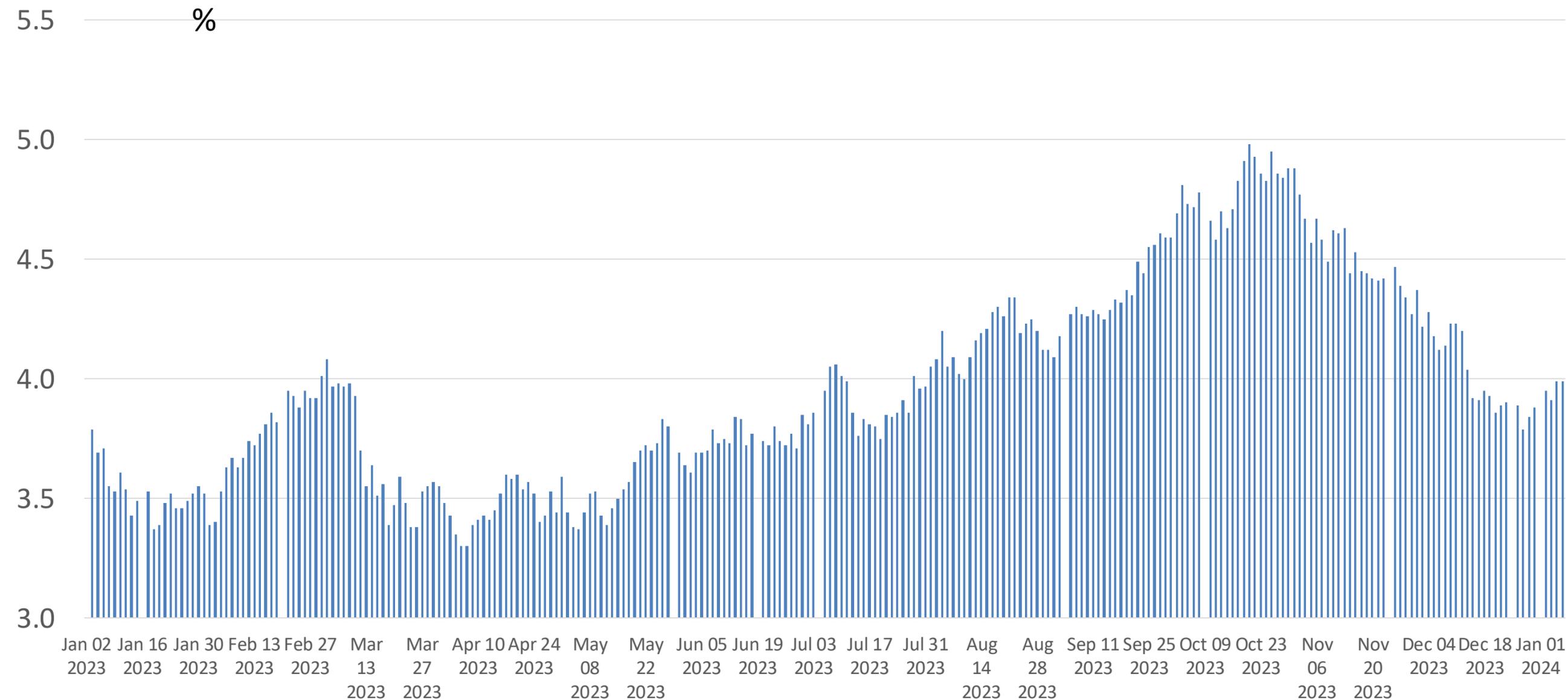
Rents Strengthening or Softening?



Source: BLS and CoStar

10-year Treasury yield – Pivoting down

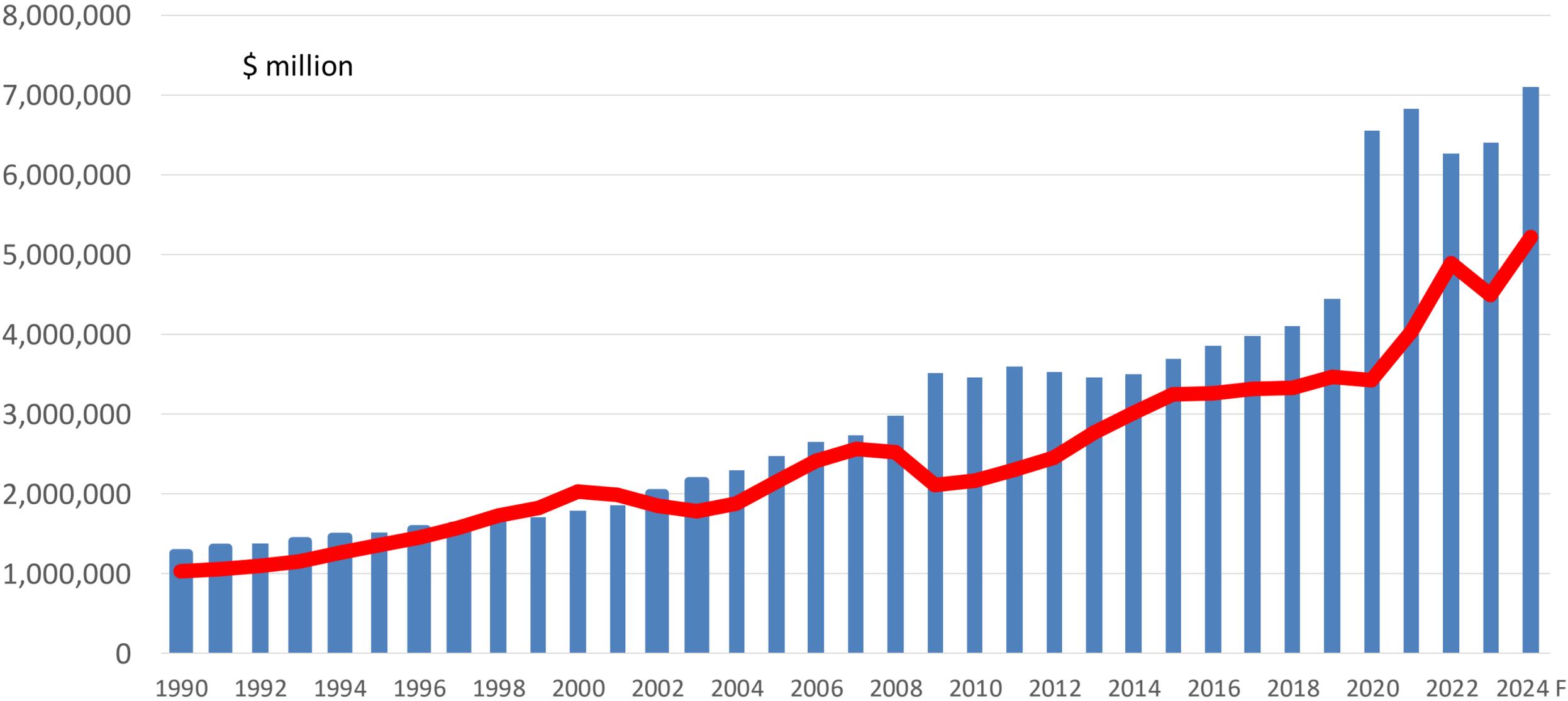
Rising 1st week of 2024 after 2 months of decline



Source: U.S. Treasury

But Risk of Higher Rates from Budget Deficit

Federal Outlay (blue bar) > Tax Receipts (orange line)

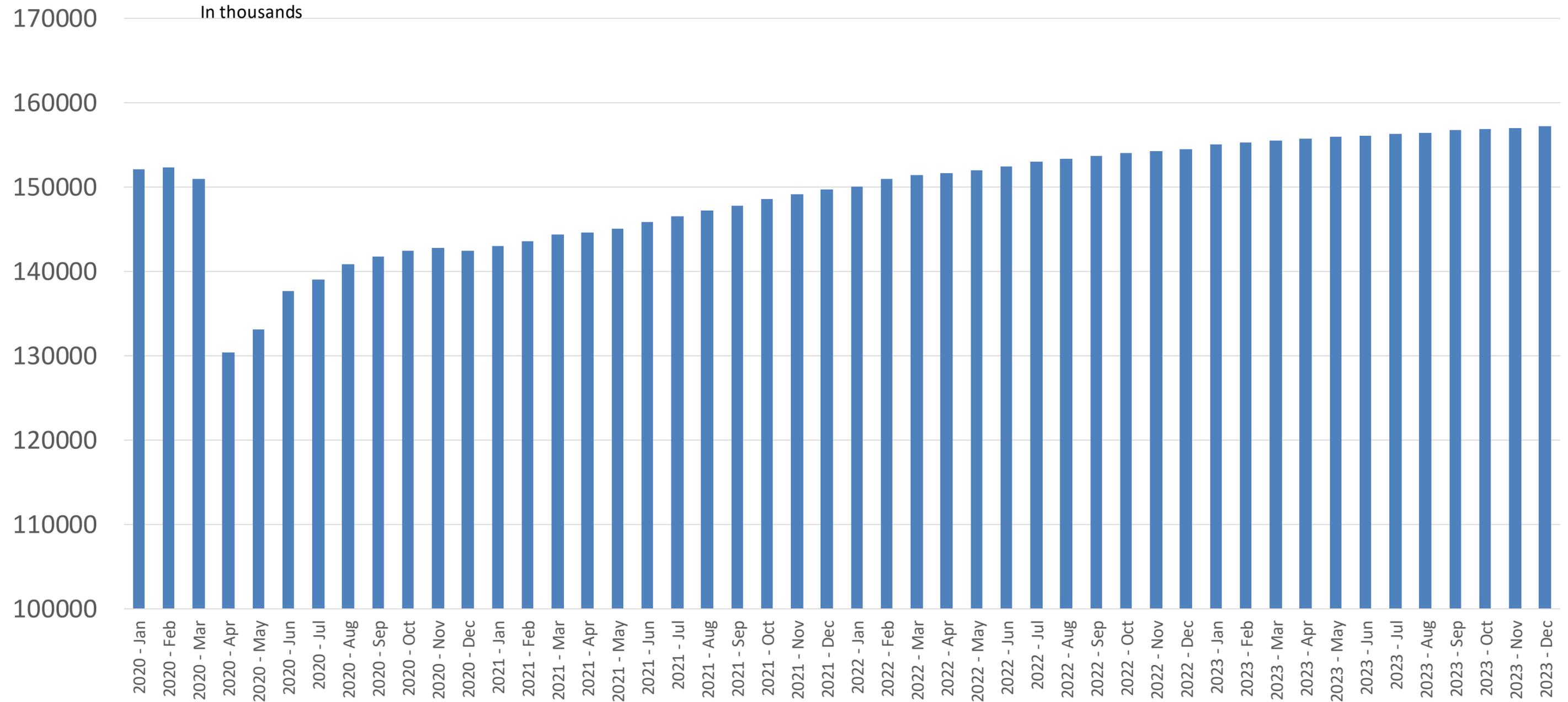


Source: Congressional Budget Office



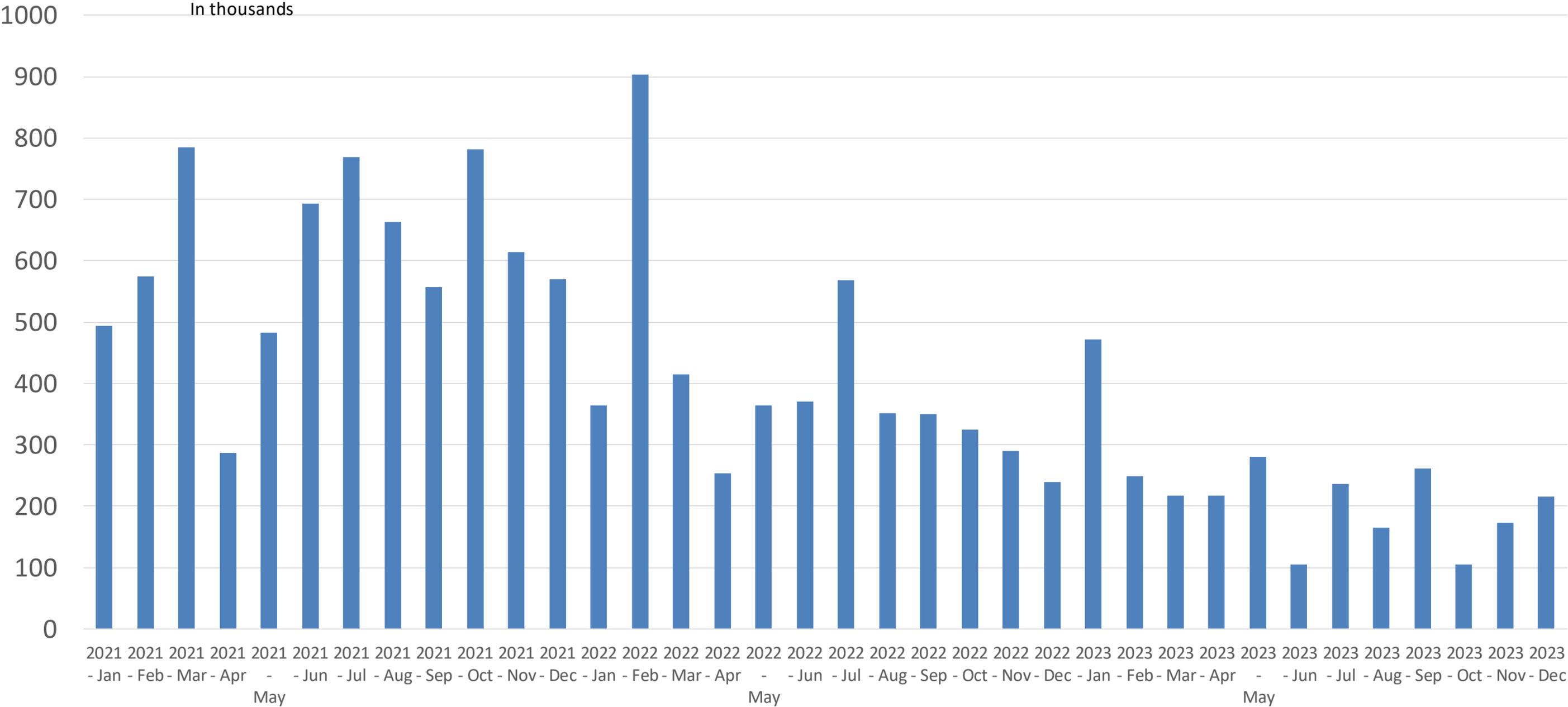
Total Payroll Jobs

5 million more compared to pre-covid highs



Source: BLS

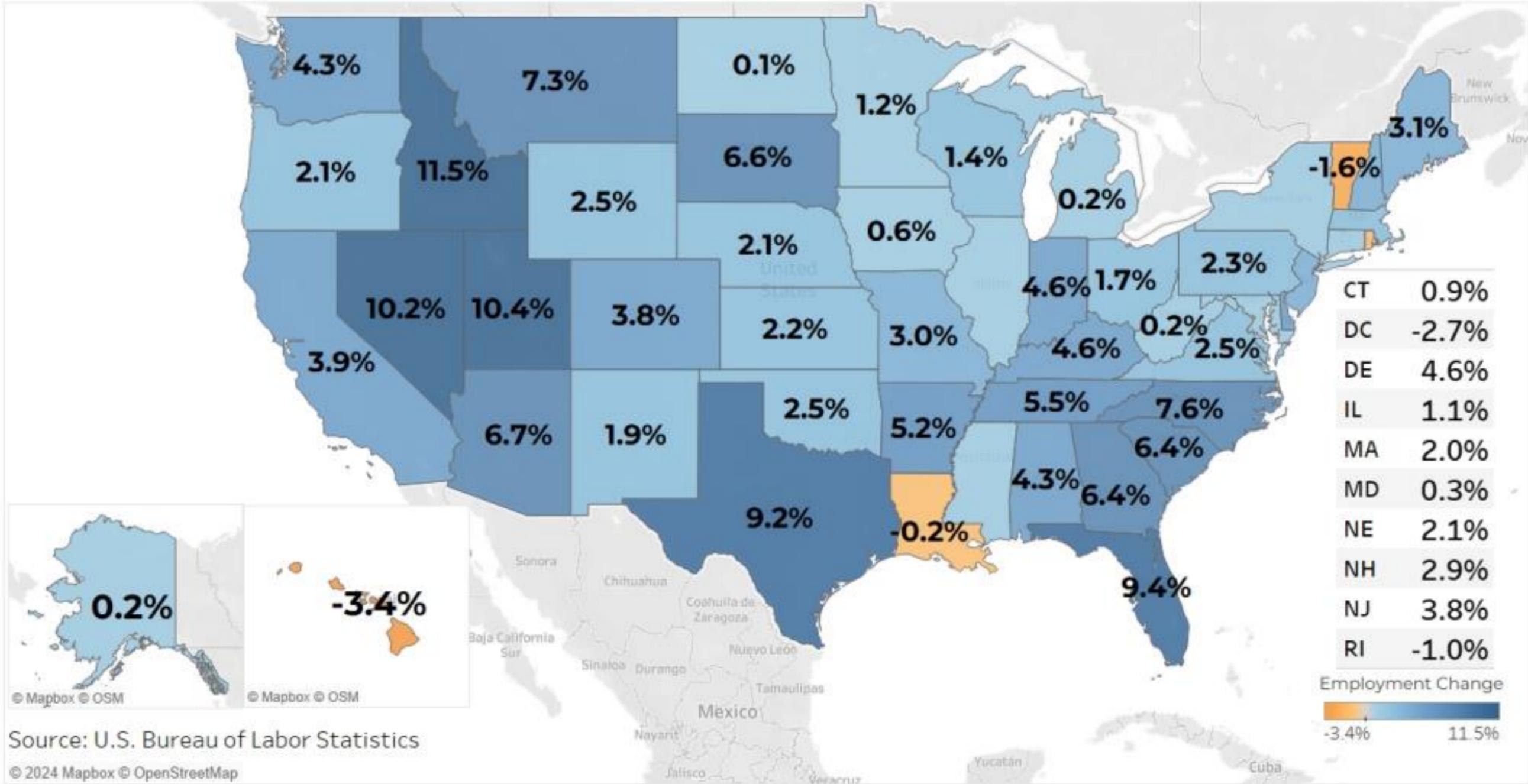
Monthly Payroll Job Gains



Source: BLS

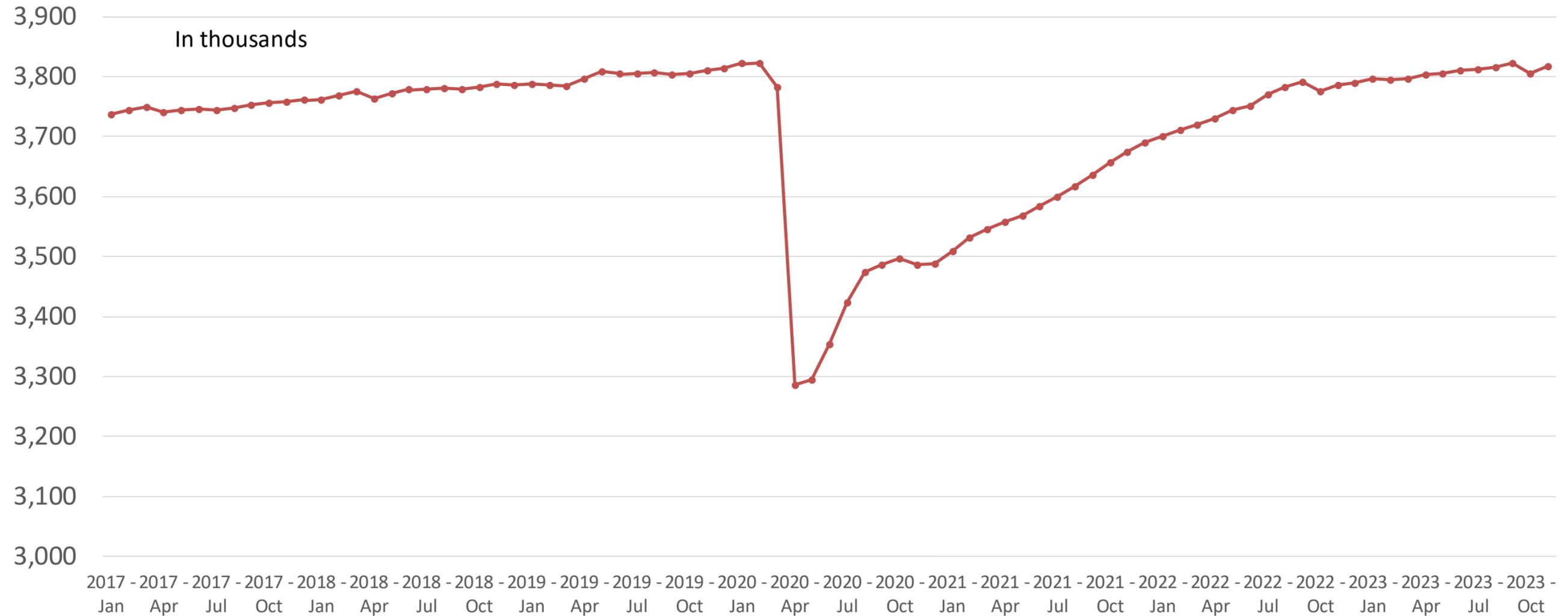


Job Gains Since Pre-Covid Record High Payroll Employment (% change from March 2020 to November 2023)



Source: NAR Analysis of BLS data

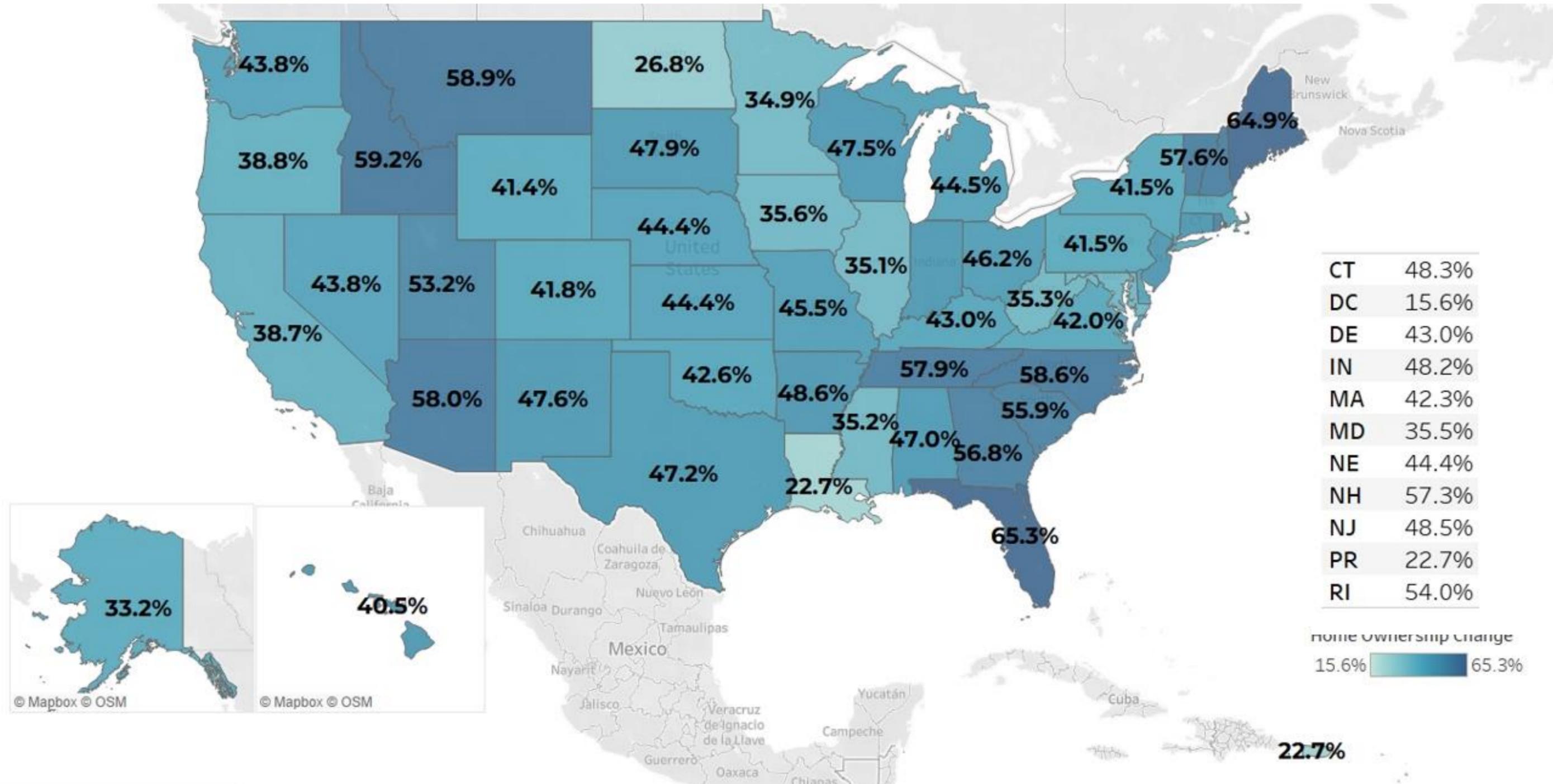
Payroll Jobs in Chicago-Naperville-Arlington Heights



Source: NAR

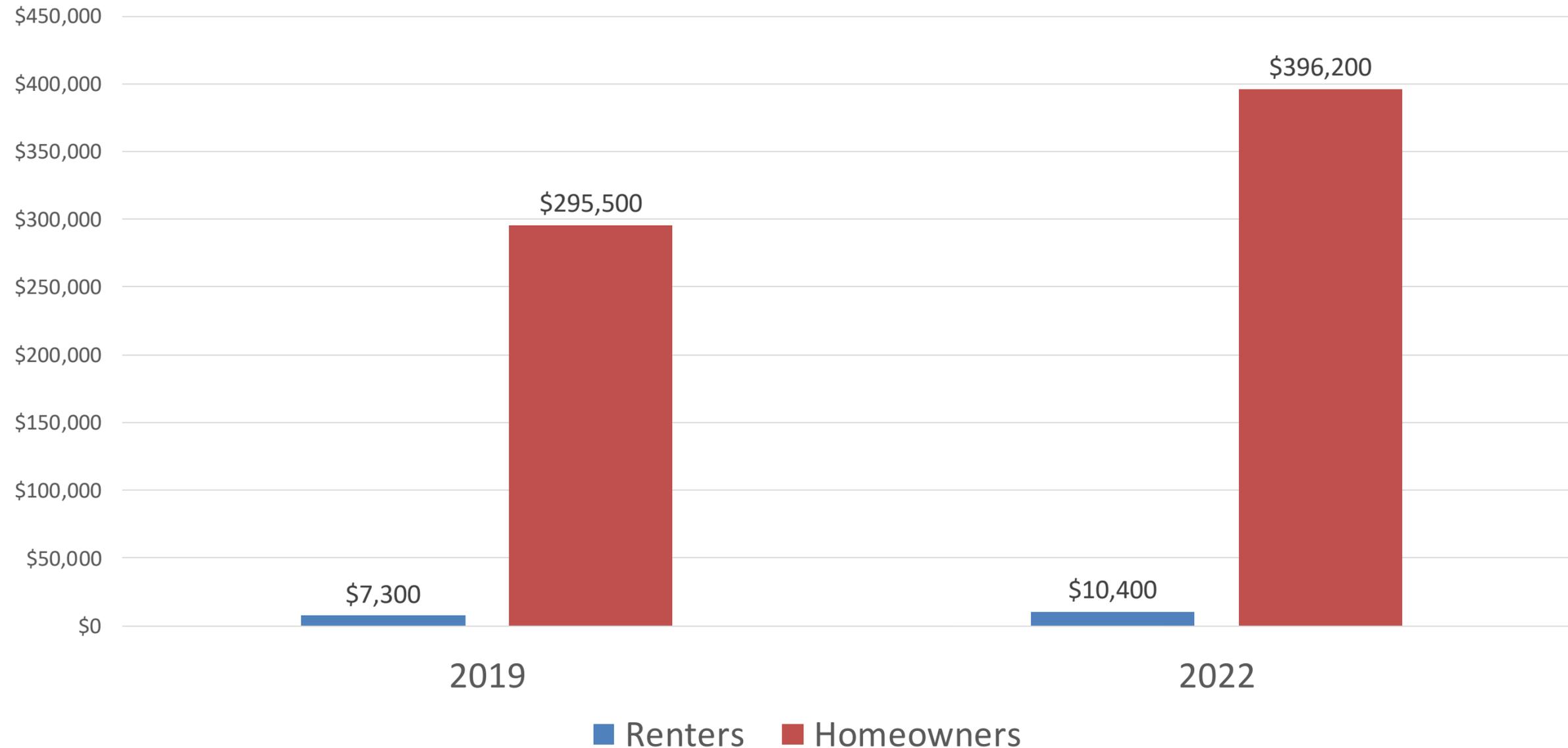
Home Price Appreciation since Covid Arrival

(% change from 2020 Q1 to 2023 Q3)



Source: NAR Analysis of FHFA Home Price Index

Wealth Comparison between Owners and Renters



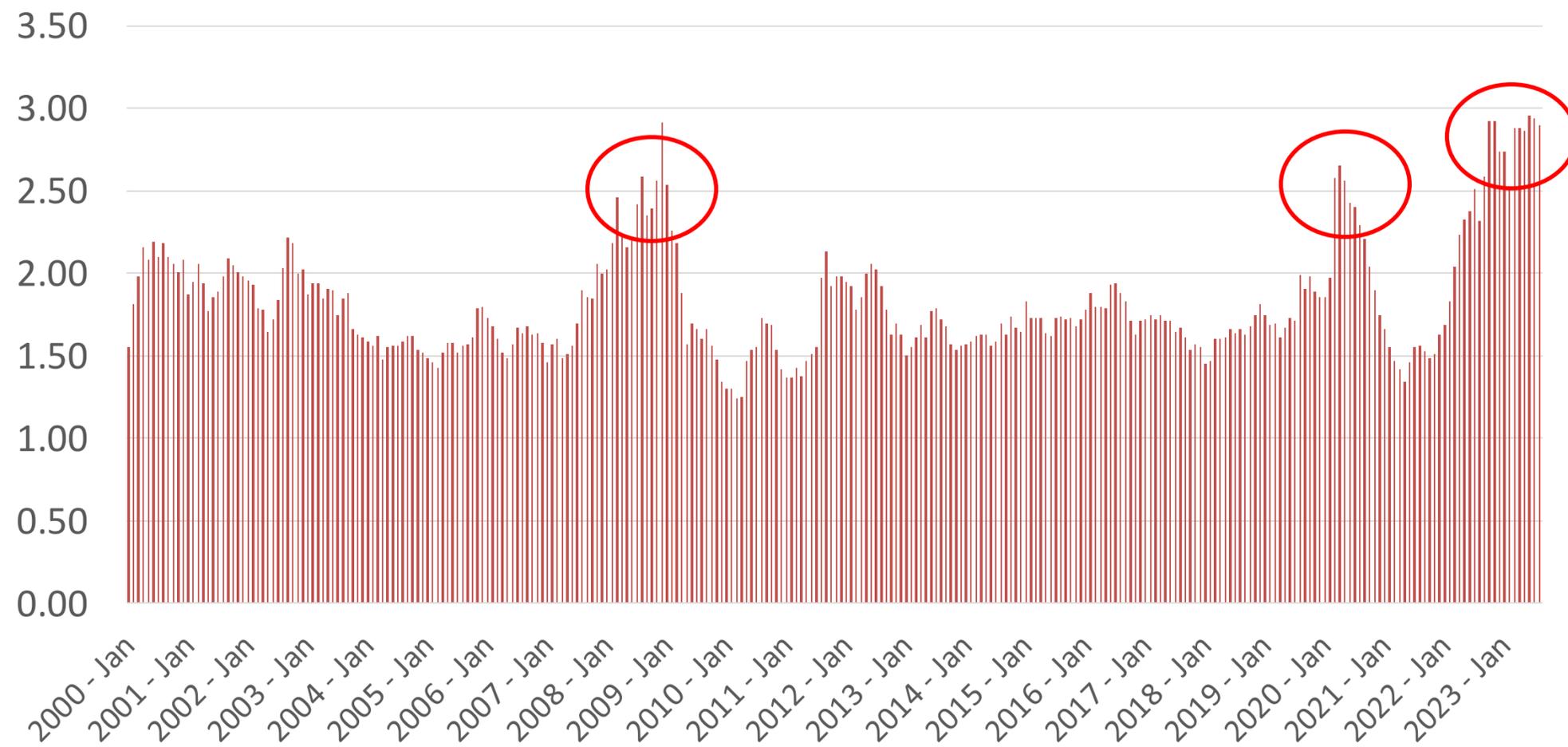
Source: Median Net Worth from Federal Reserve Survey of Consumer Finance

Mortgage Rates to Fall?

30-year Fixed Rate to be 6% to 7% by the early spring

- 1. Rents will calm down further ... Holds down CPI ... and allow the Fed to cut interest rates**
- 2. Community banks are suffering from high interest rates**
- 3. Spread with government bond with a return to normal**

The Spread between 10-year Treasury and 30-year Mortgage (% point difference)



**Mortgage Rate
(before the Fed
Rate Cuts)**

could be

6.1% to 6.6%

Pent-Up Delayed Sellers Cannot Wait Longer

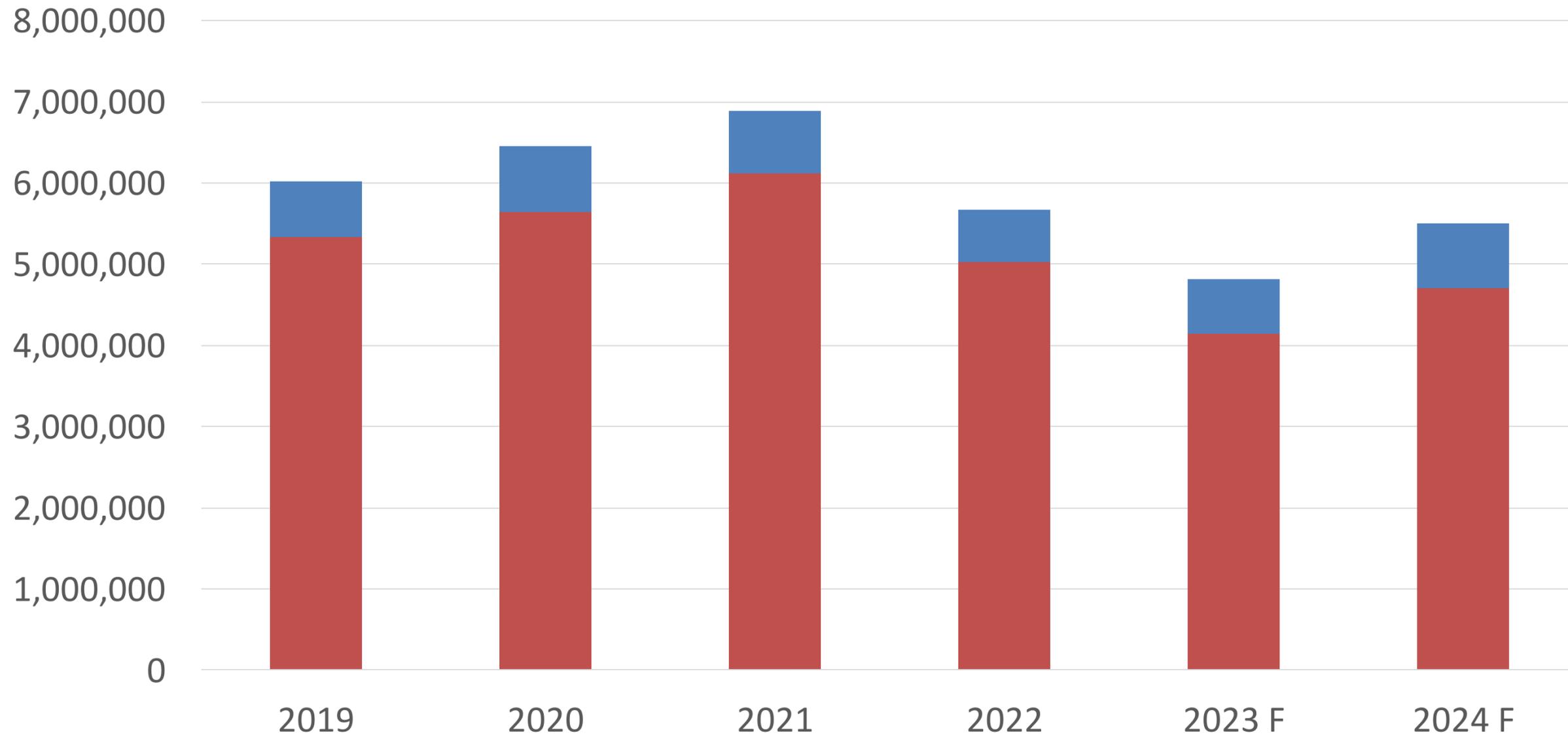
What happens over 2 years?

- **7 million new-born babies**
- **3 million marriages**
- **1.5 million divorces**
- **7 million turn 65 years old**
- **4 million deaths**
- **4 million net new jobs**
- **50 million job switches**

Total Home Sales:

Bottoming This Year Before Upturn Next Year

New Sales up 19% and Existing Home Sales up 13%



Source: NAR forecast and HUD

Risks

- **Lawsuit on Buyer Representation**
- **Government Shutdown**
- **Community Banks**
- **International Buyers**

First-time Homebuyer Down Payment

Down Payment	% of Home Price
0%	16% of buyers
1% to 5%	22% of buyers
6% to 10%	16% of buyers
11% to 20%	20% of buyers
More than 20%	26% of buyers

Source: NAR

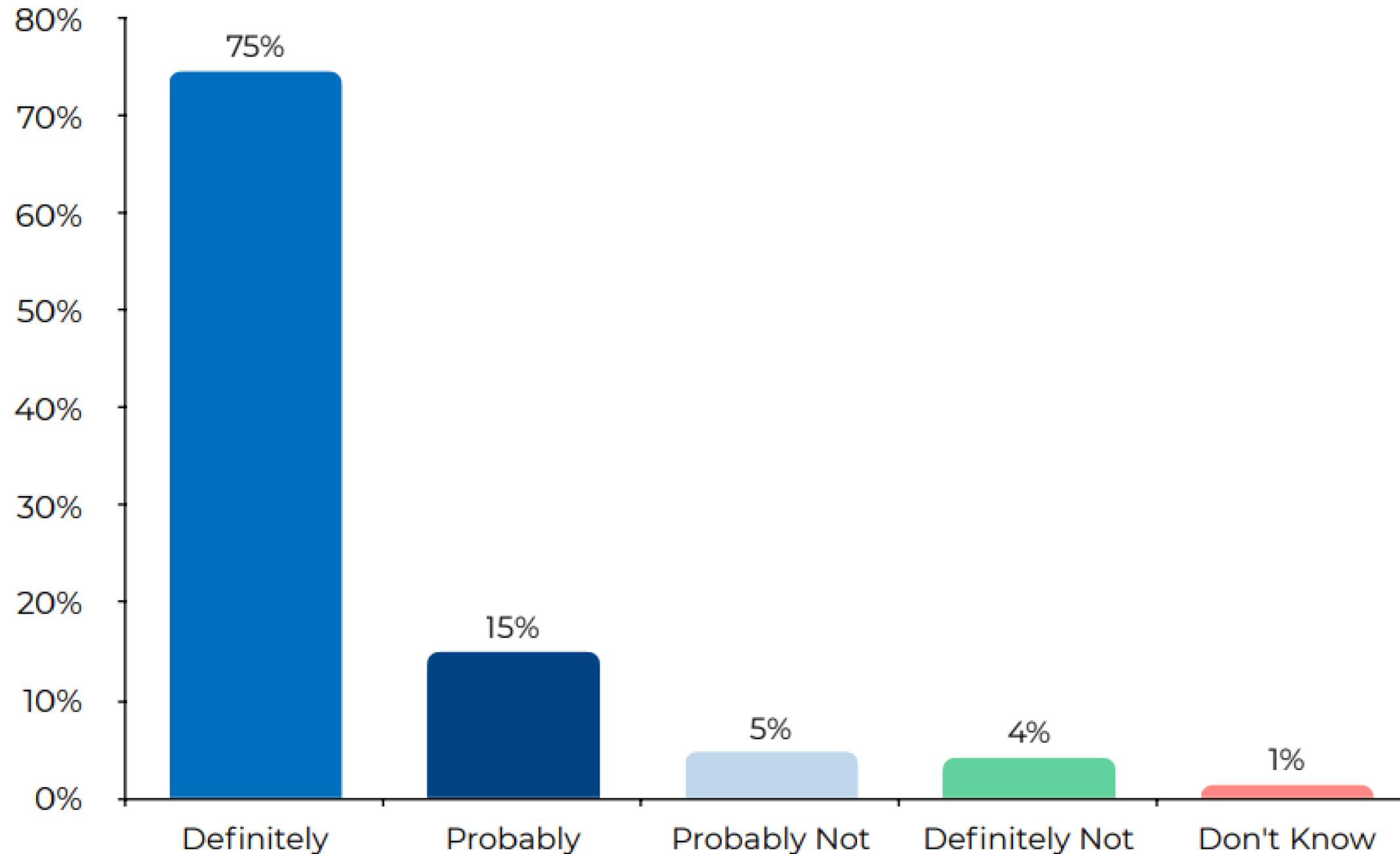
First-time Homebuyer Challenges

Hardest Part of Buying (more than one answer permitted)	% of First-time buyers
Finding the Right Property	61% of buyers
Saving for Down Payment	38% of buyers
Understanding the Process	38% of buyers
Paperwork	23% of buyers
Getting a Mortgage and Appraisal	17% of buyers

Source: NAR

Would Homebuyer Use the Same Agent Again or Recommend to Others?

(Percentage Distribution)



First-time Home Buyers Race/Ethnicity

First-time Buyer	% breakout
White	69%
Hispanic	7%
Black	7%
Asian	6%
Other	6%

Source: NAR

Home Seller Race/Ethnicity

Home Seller	% breakout
White	89%
Hispanic	5%
Black	4%
Asian	3%
Other	2%

Thank You !