

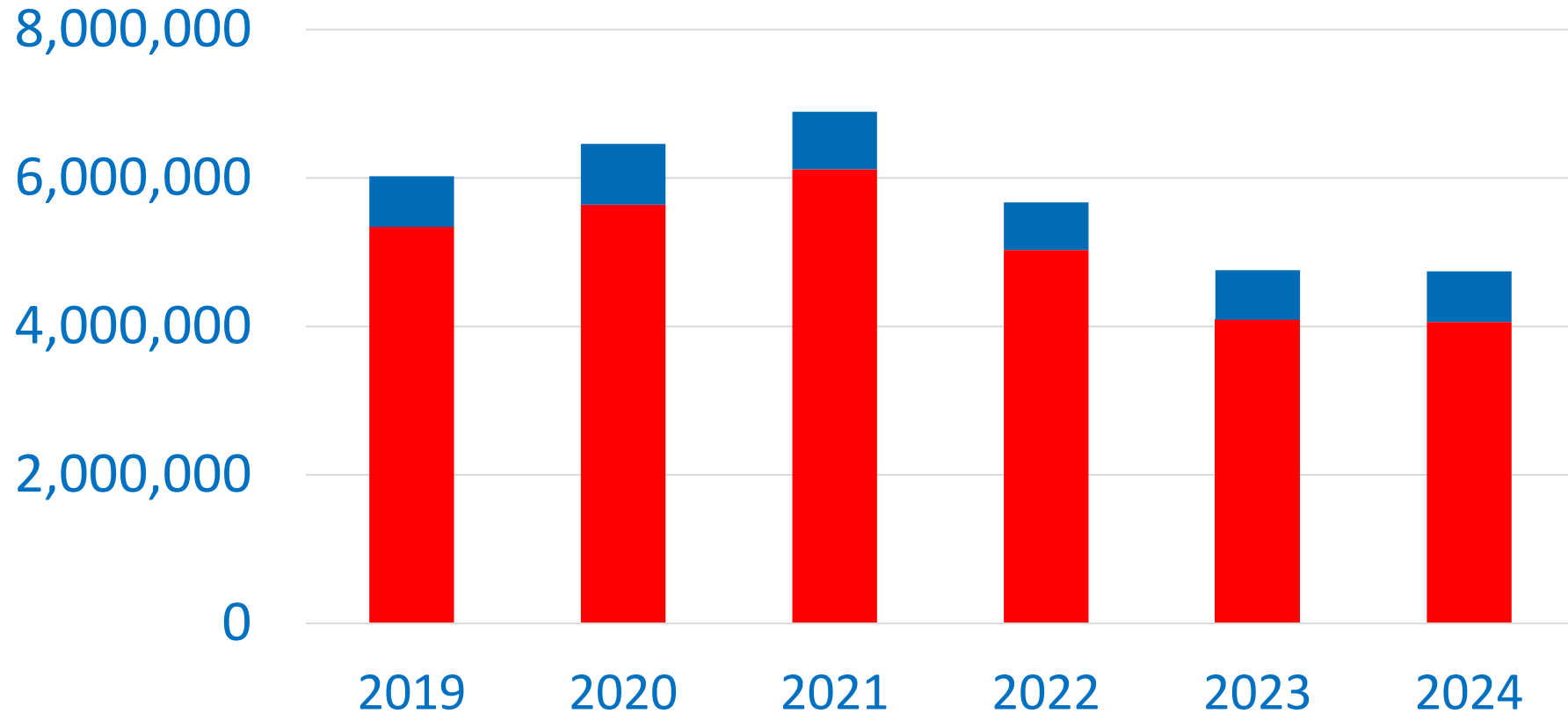
Real Estate and Economic Outlook

Lawrence Yun, Ph.D.

Chief Economist

National Association of REALTORS®

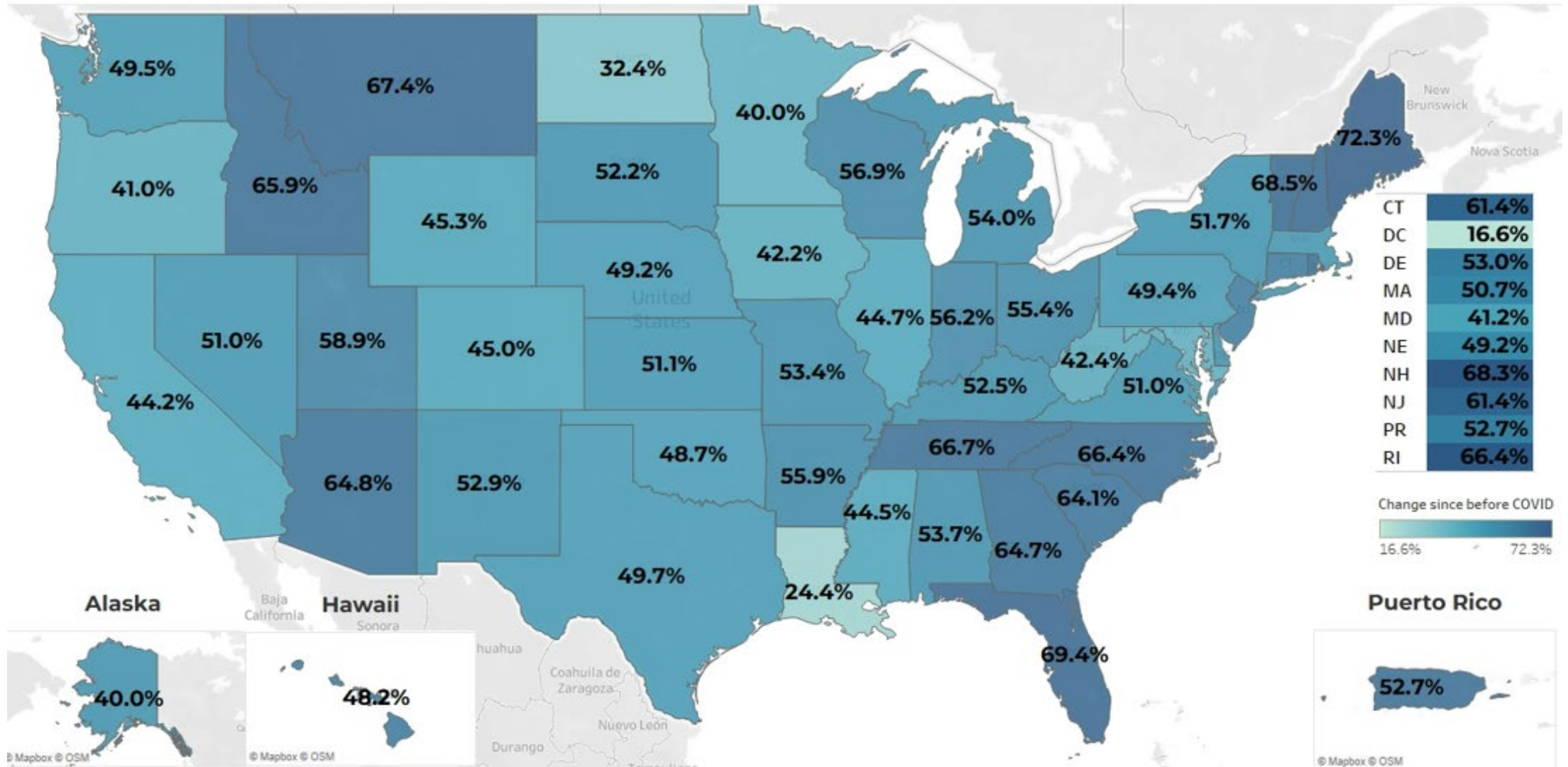
Existing Home Sales (red) ... Two of Most Difficult Years New Home Sales (blue) ... Gains



Source: NAR

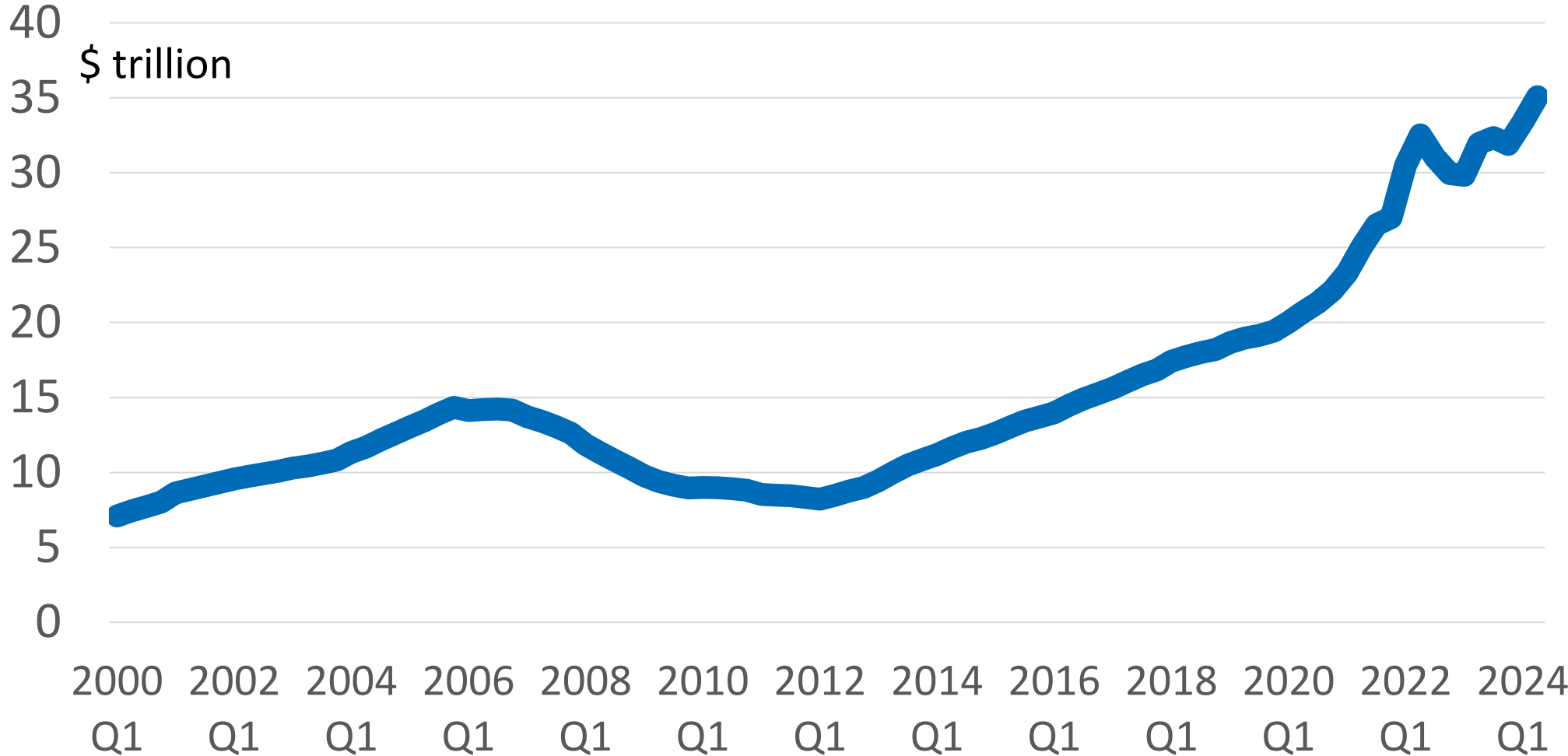
Home Price Gains Since Pre-COVID: 44% in IL

% change from 2020 Q1 to 2024 Q3



Source: NAR Analysis of FHFA data

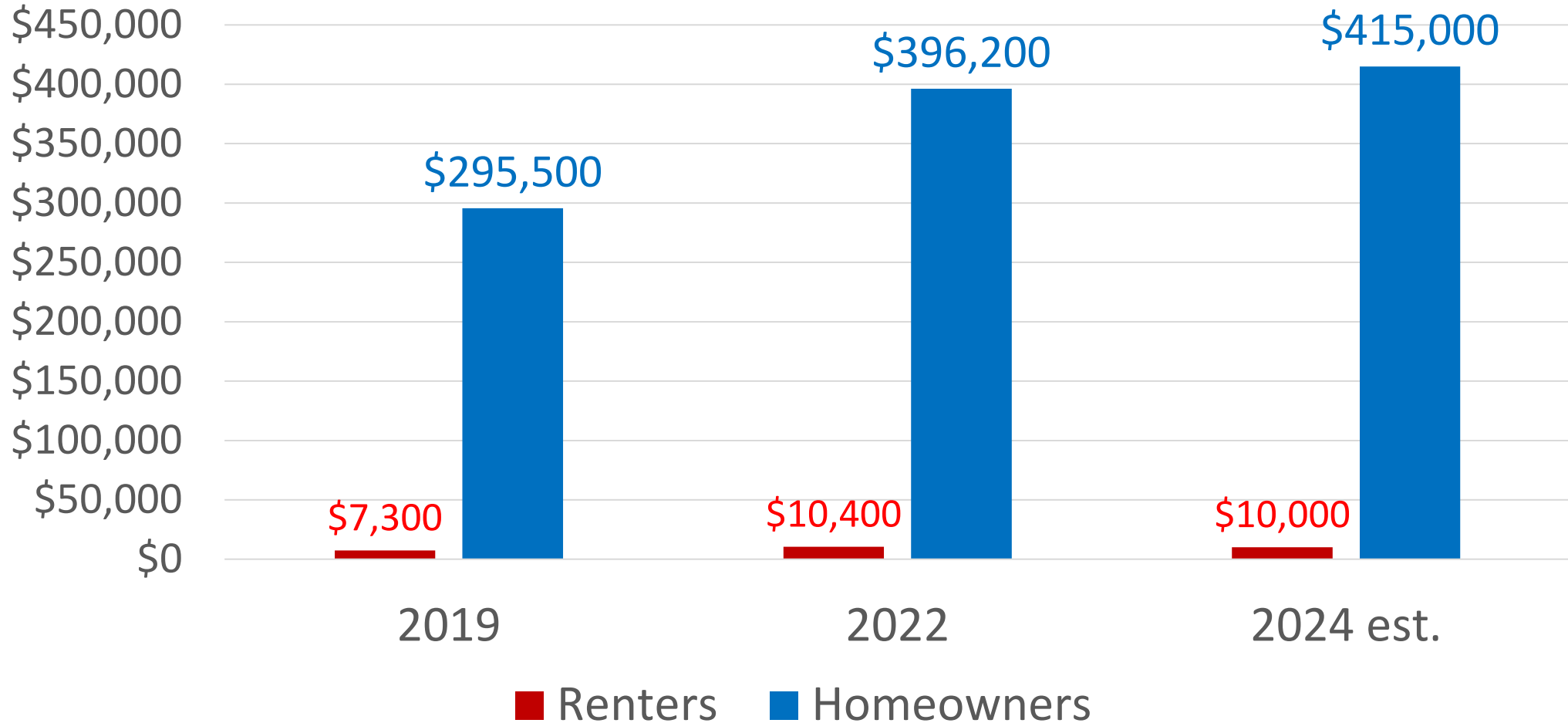
Household Equity in Real Estate in U.S.



Source: Federal Reserve

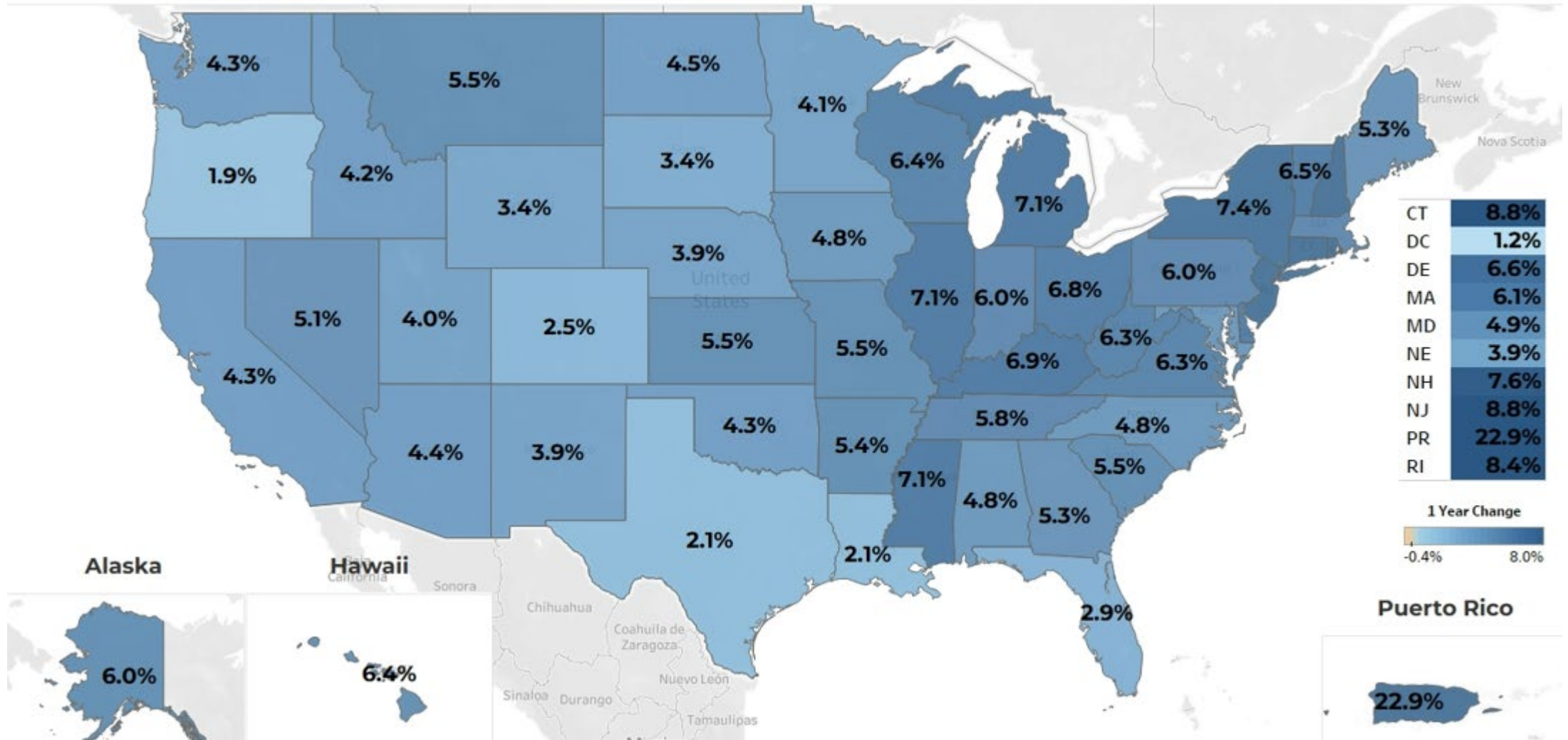


Median Net Worth between Owners and Renters



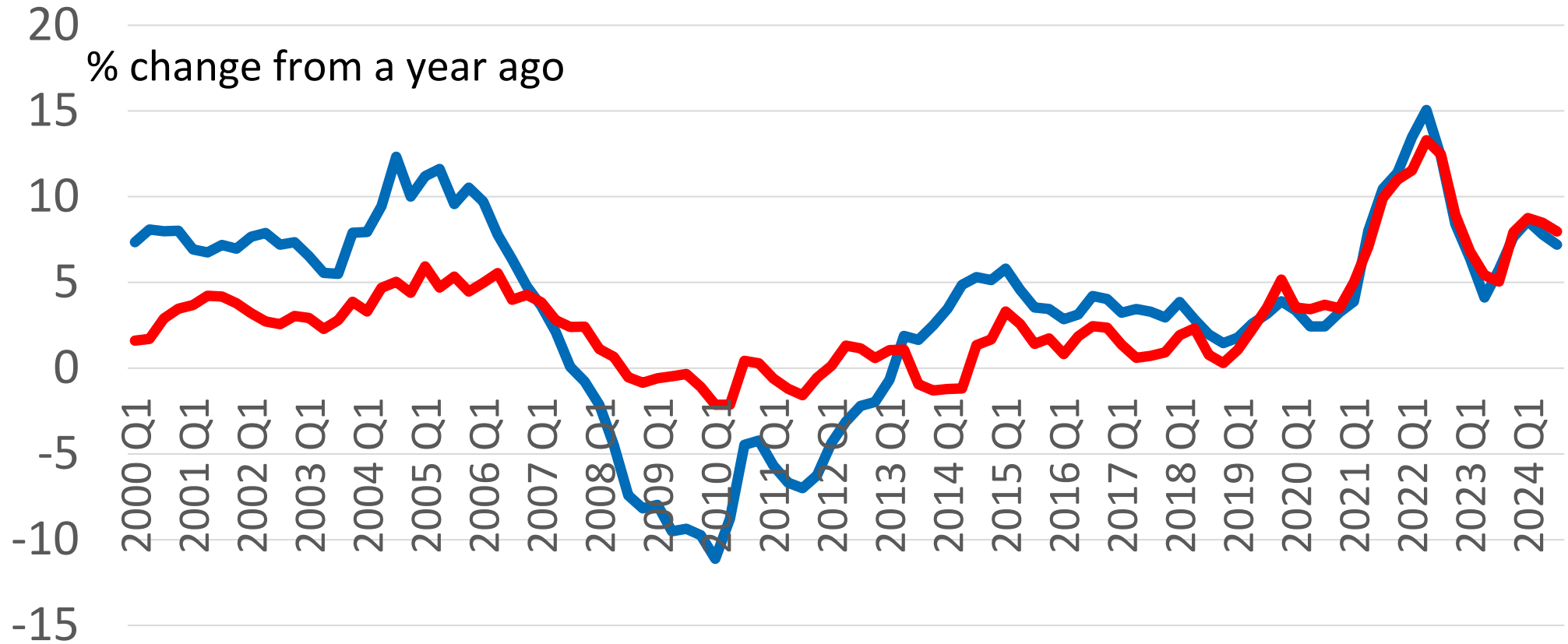
Source: Median Net Worth from Federal Reserve Survey of Consumer Finance

Home Price Gains in One Year: 7.1% in IL (2023 Q3 to 2024 Q3)



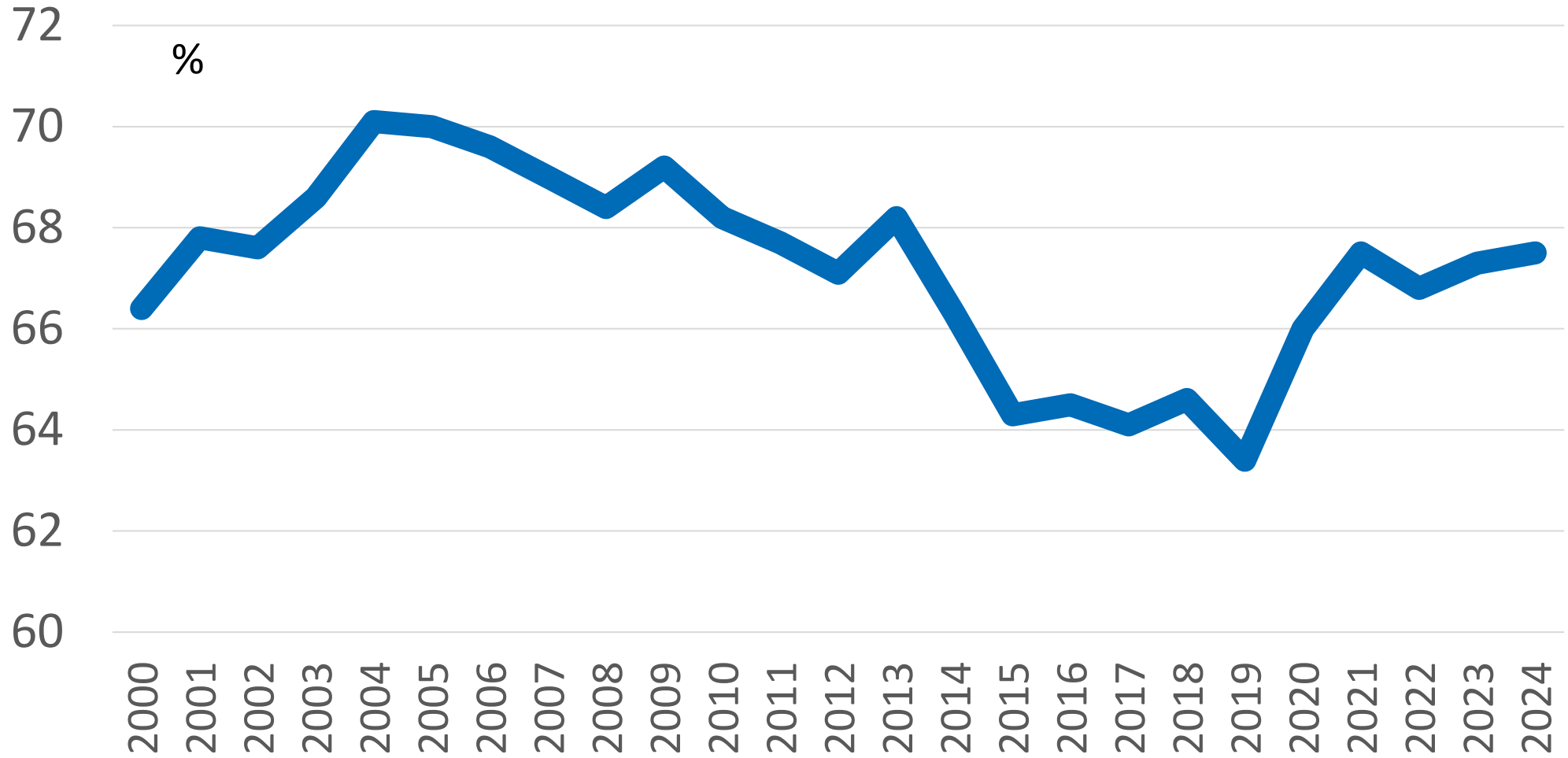
Source: NAR Analysis of FHFA data

Home Price Appreciation in Chicagoland vs. Rural IL



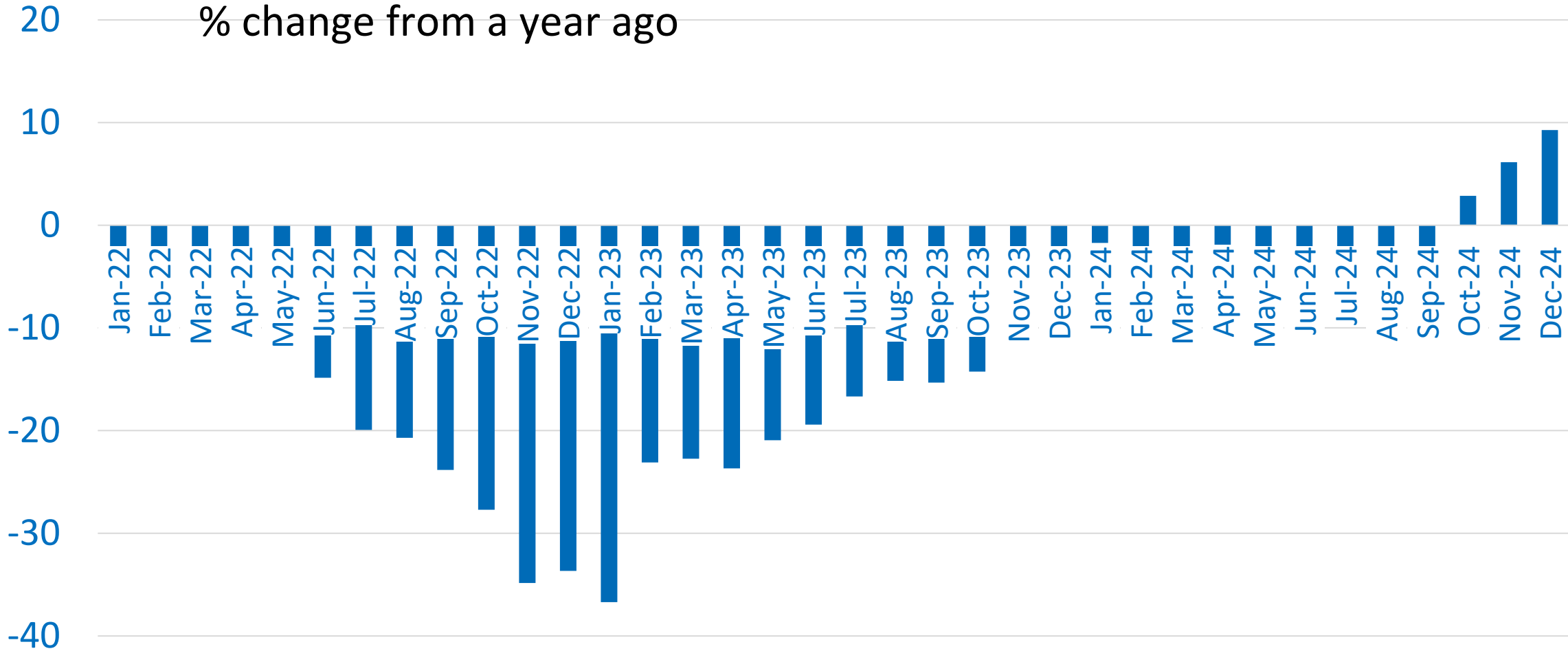
Source: FHFA

Homeownership Rate in Chicago MSA



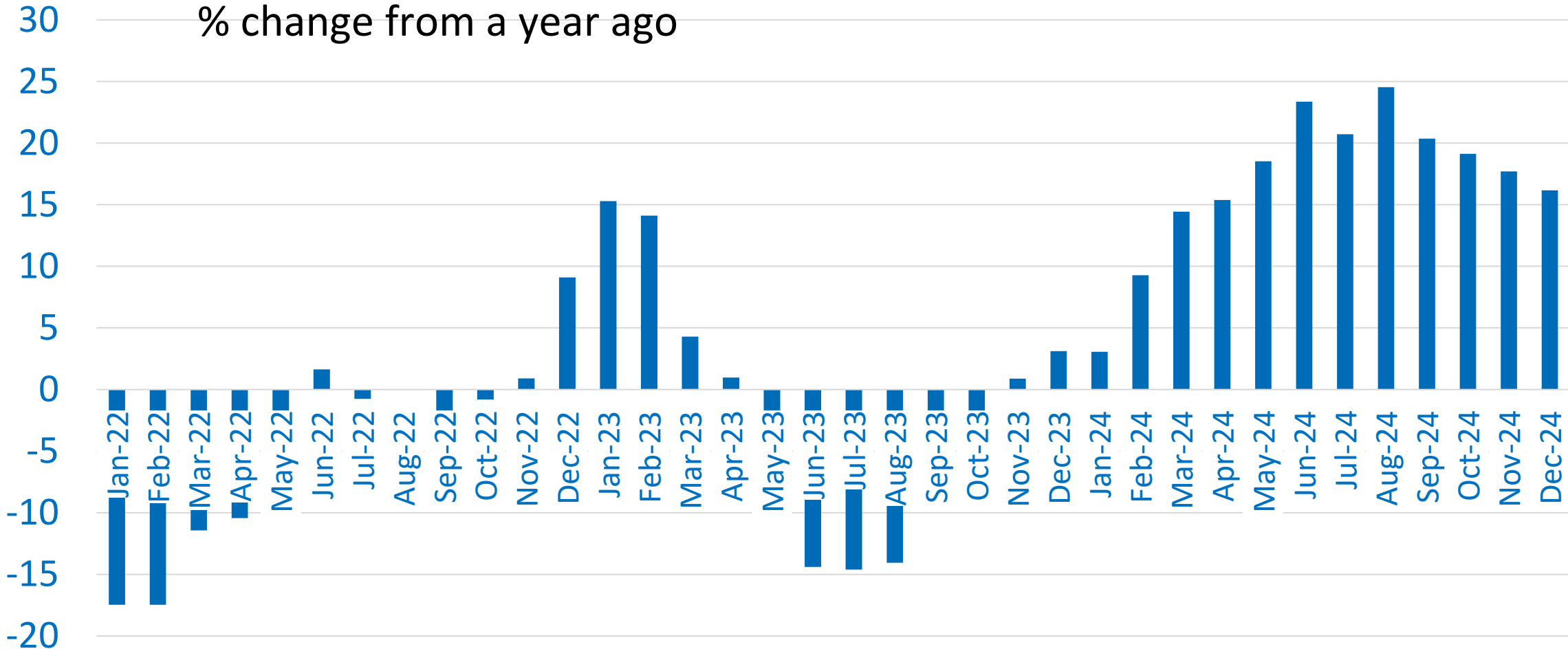
Source: Census

Recent Home Sale Closings Nationwide



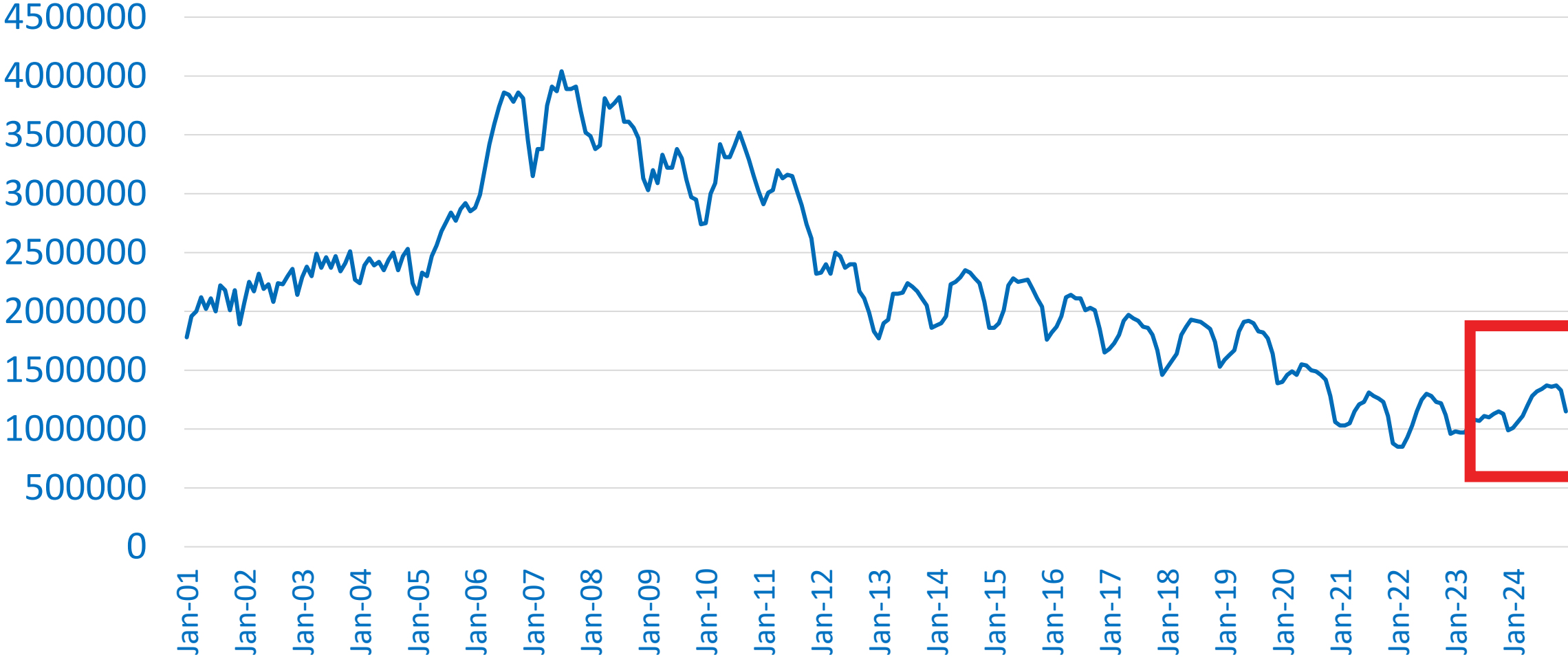
Source: NAR

Recent Inventory Change Nationwide



Source: NAR

National Inventory



Source: NAR

ILLINOIS REALTORS[®]
MARKET
stats

DECEMBER
2024



ILLINOIS
REALTORS[®]

Illinois

(single family & condo)

compared to DEC. 2023

+5.9%

HOMES SOLD

compared to DEC. 2023

+10.8%

MEDIAN PRICE

Chicago Metro Area

(single family & condo)

compared to DEC. 2023

+7.5%

HOMES SOLD

compared to DEC. 2023

+11.1%

MEDIAN PRICE

**Chicago Metro Area*



NATIONAL
ASSOCIATION OF
REALTORS[®]



MONTHLY CHICAGO MARKET UPDATE

DECEMBER 2024

CLOSED SALES

1,594

↑ 6.1%

**MEDIAN
SALES PRICE**

\$344,000

↑ 11.0%

MARKET TIME

67

↓ 2.9%

**INVENTORY OF
HOMES FOR SALE**

3,970

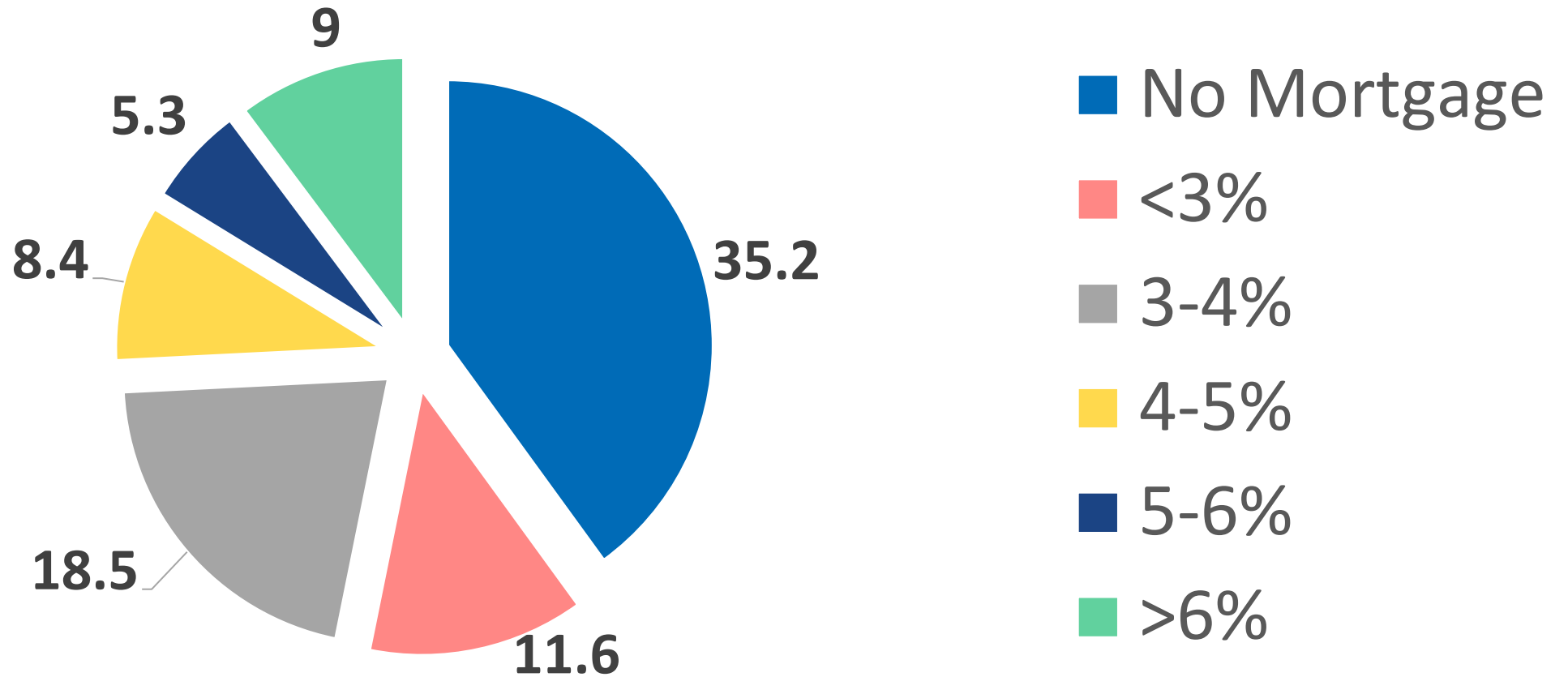
↓ 13.1%



**NATIONAL
ASSOCIATION OF
REALTORS®**

88 million Homeowners

Distribution by Mortgage Rates



Source: NAR estimate using data on mortgage distribution by FHFA 2024 Q2

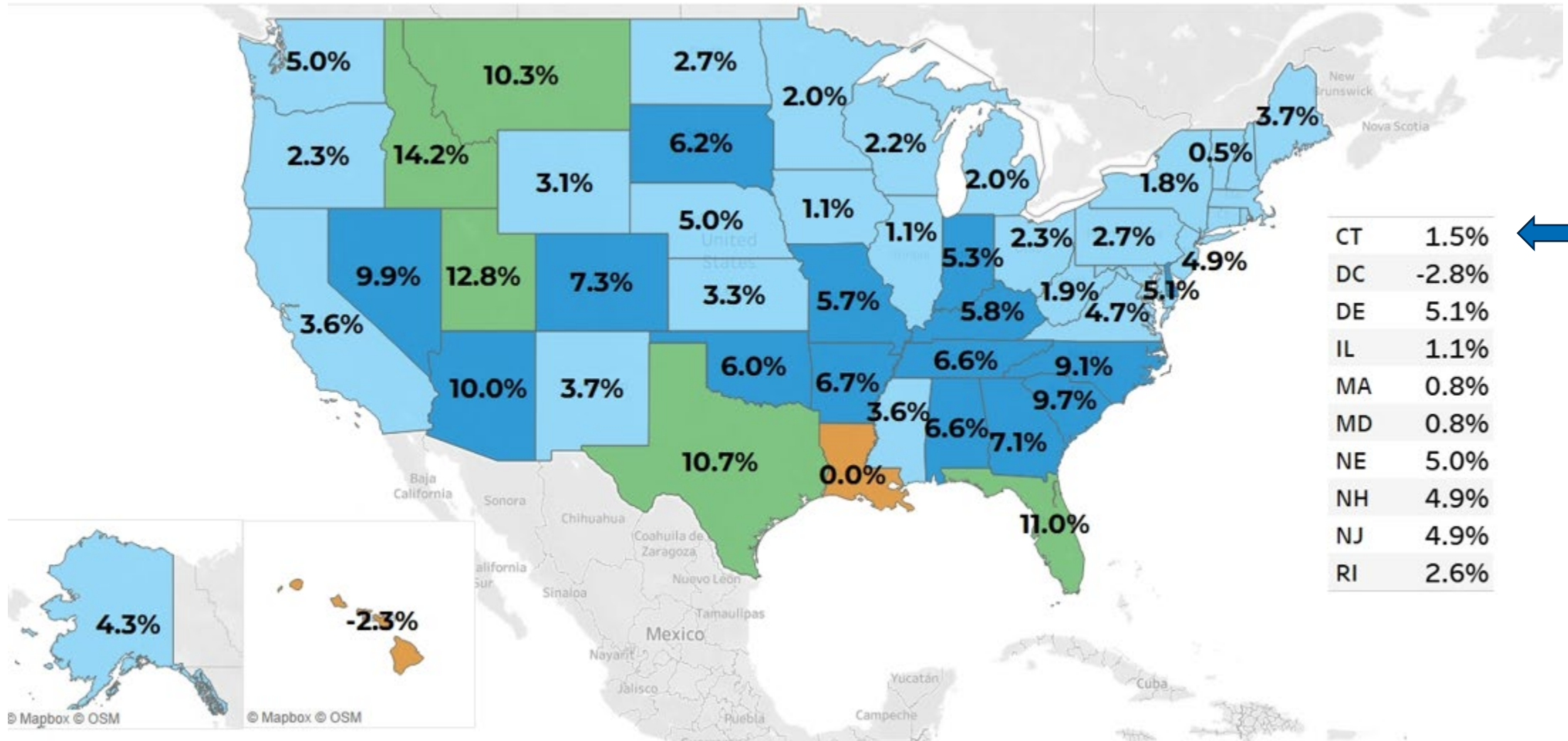
Home Sales Depend Mainly on

Jobs and Mortgage Rates

New Factor: Inventory Availability

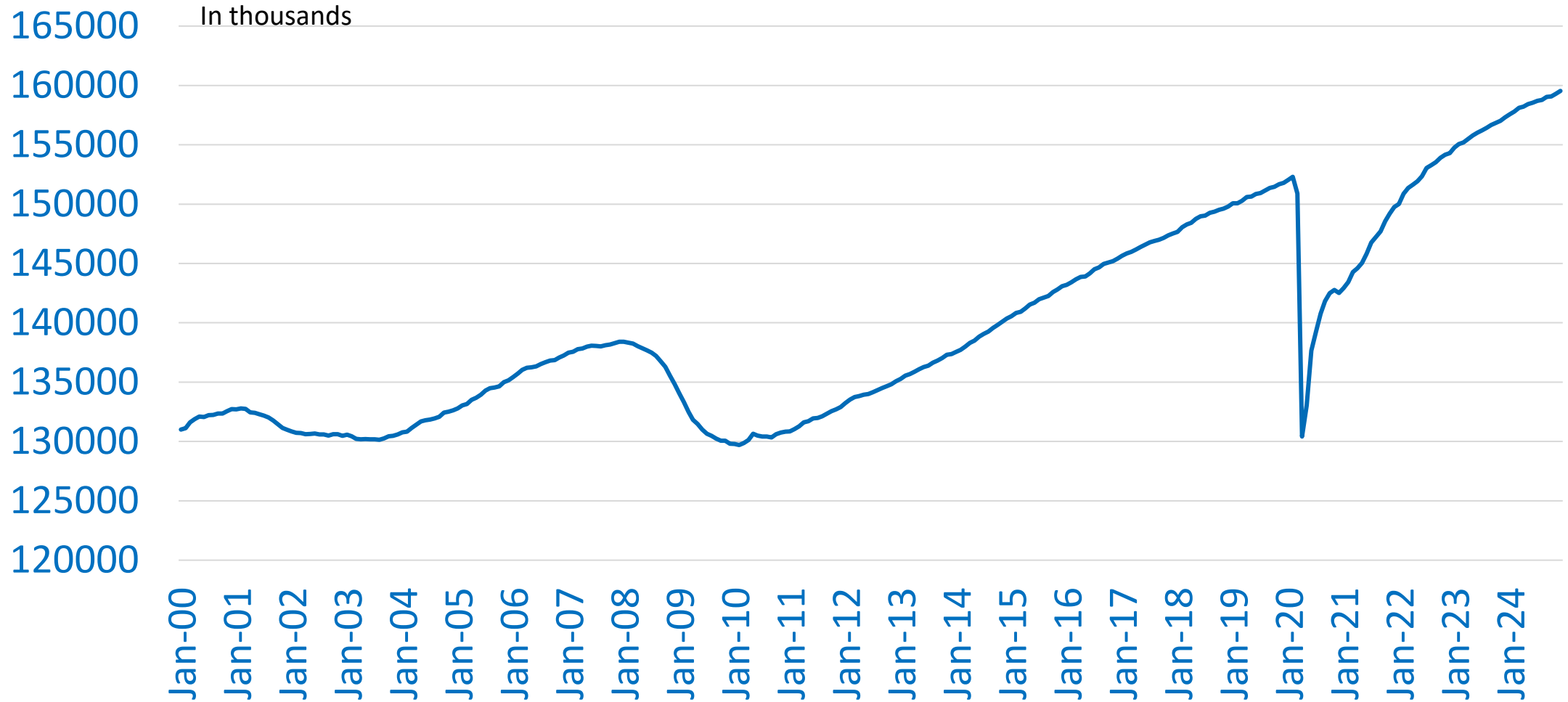
Job Gains Since Pre-COVID Record High Payroll Employment

% change from March 2020 to November 2024



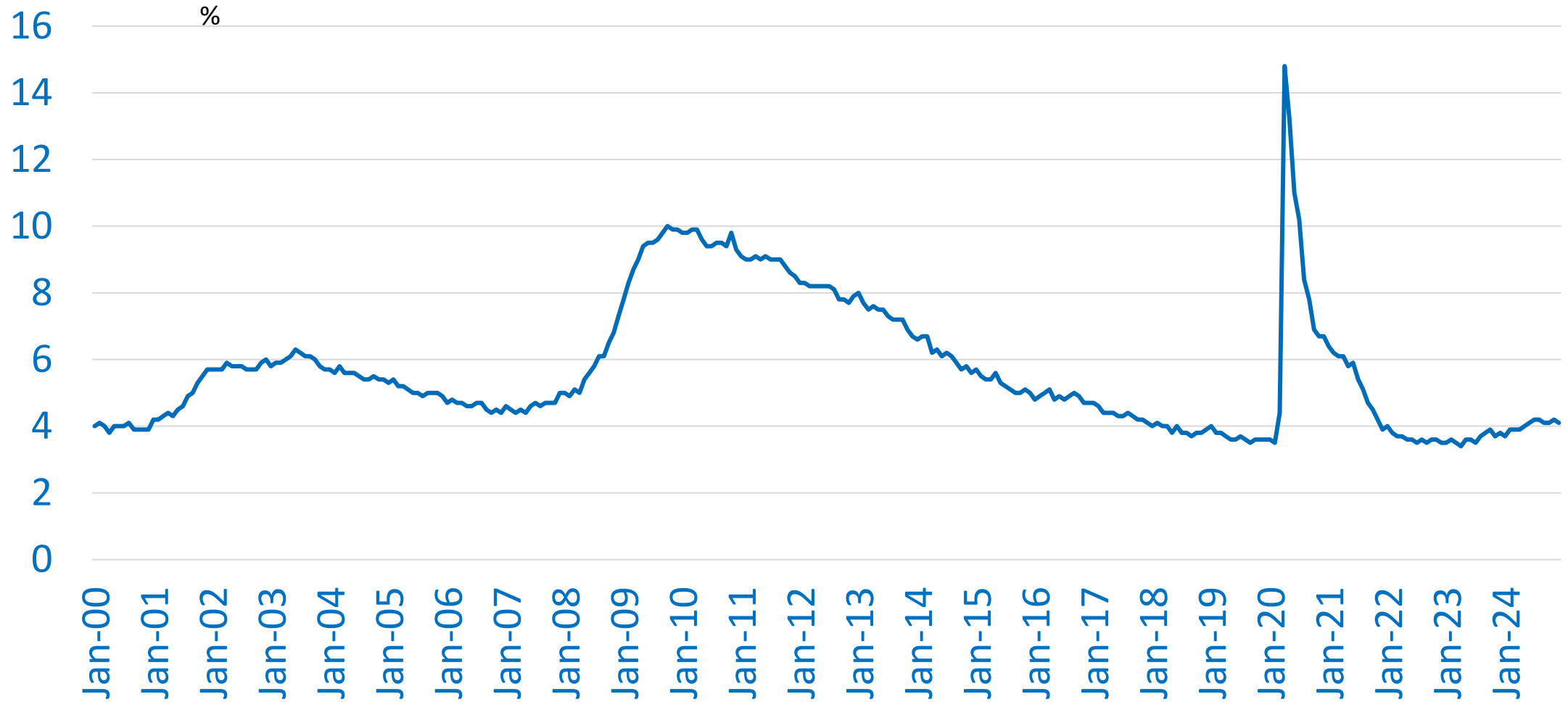
Source: NAR Analysis of BLS data

Total Jobs in United States



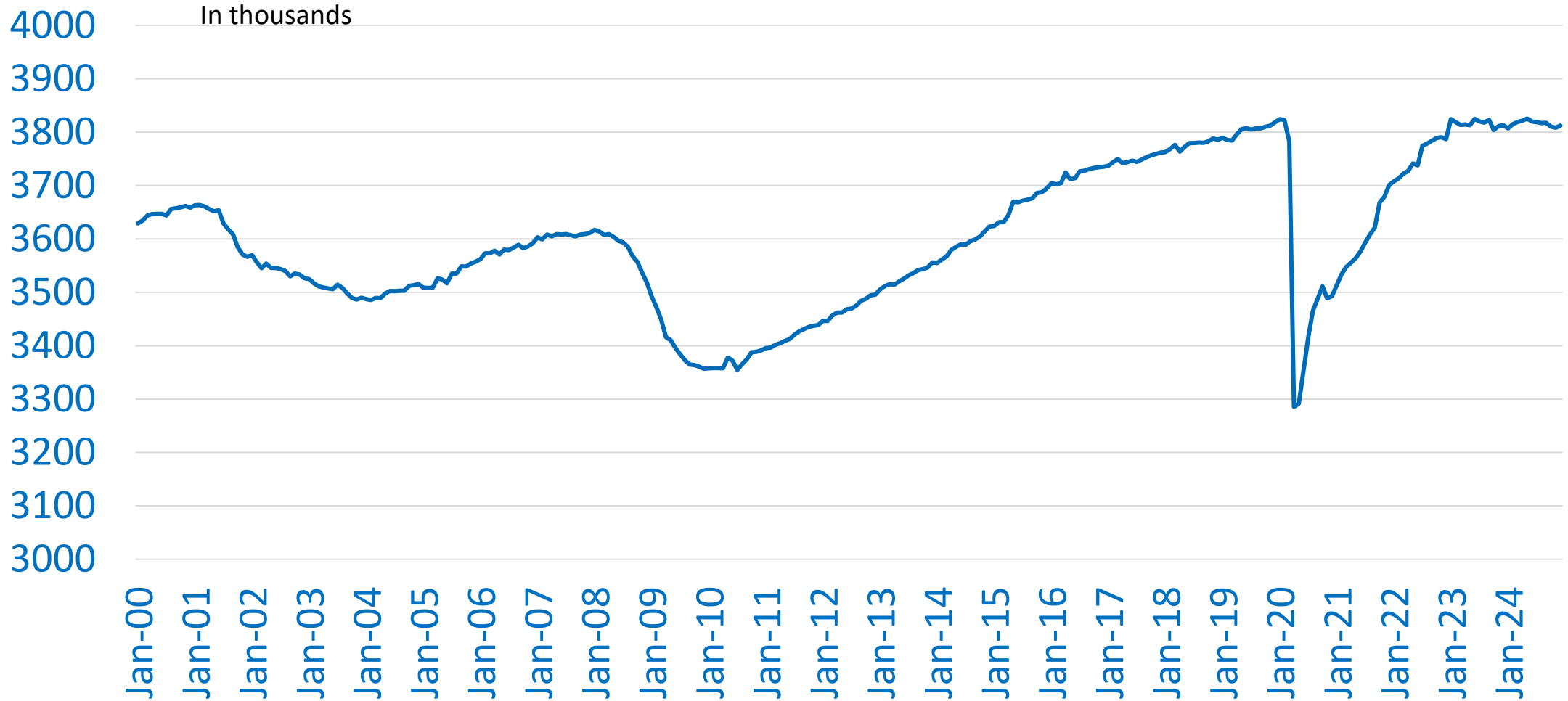
Source: BLS

Unemployment Rate



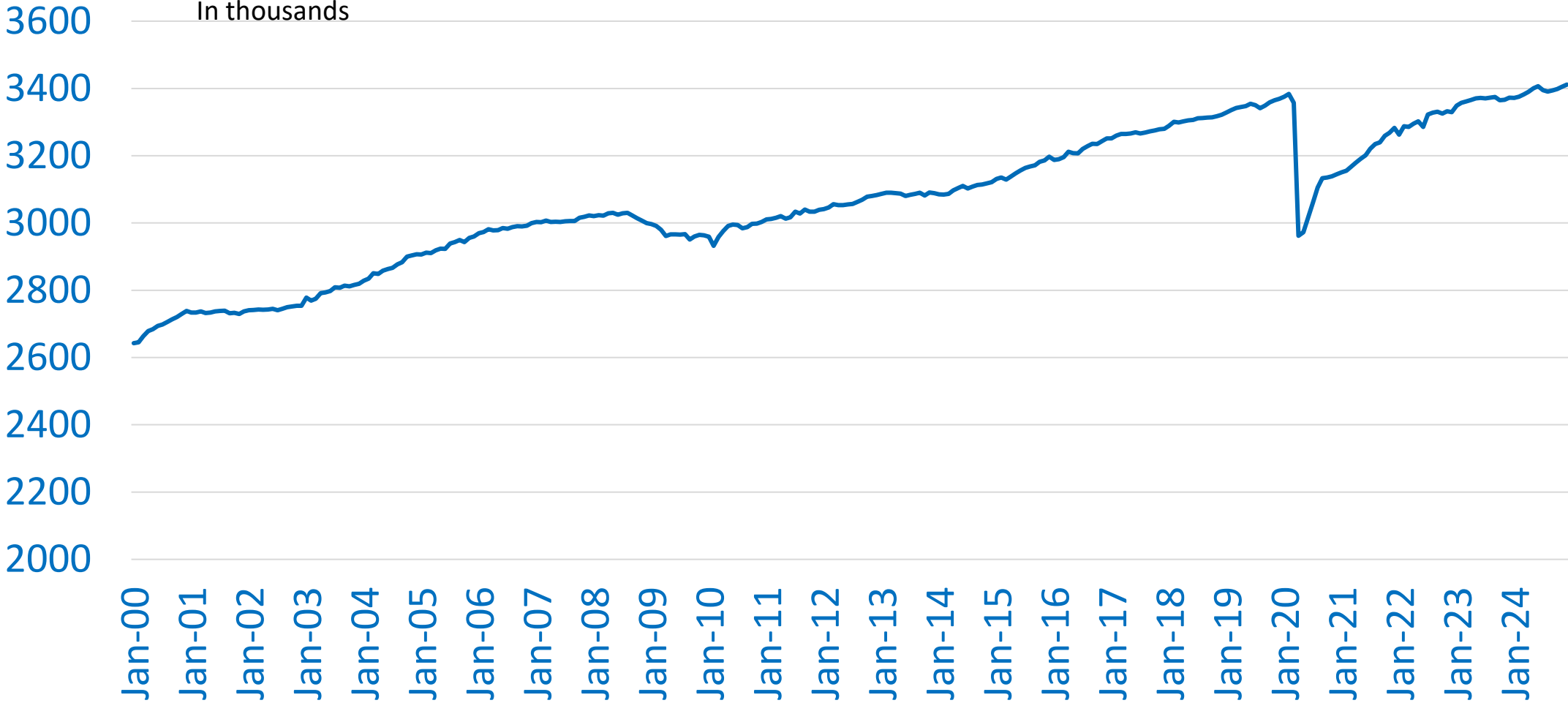
Source: BLS

Total Jobs in Chicagoland +170,000 from 2000 to 2024



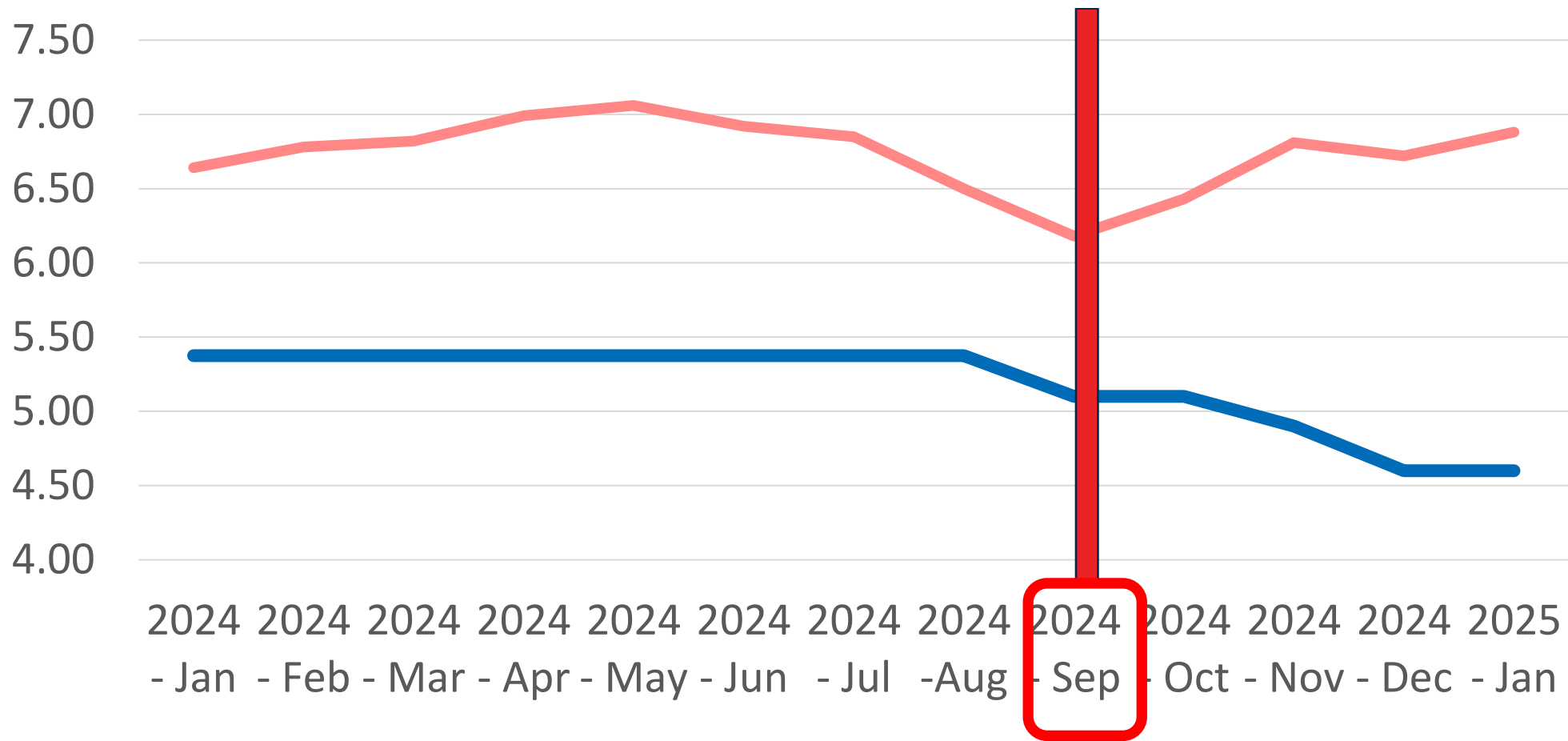
Source: BLS

Total Jobs in Washington DC Metro +600,000 from 2000 to 2024



Source: BLS

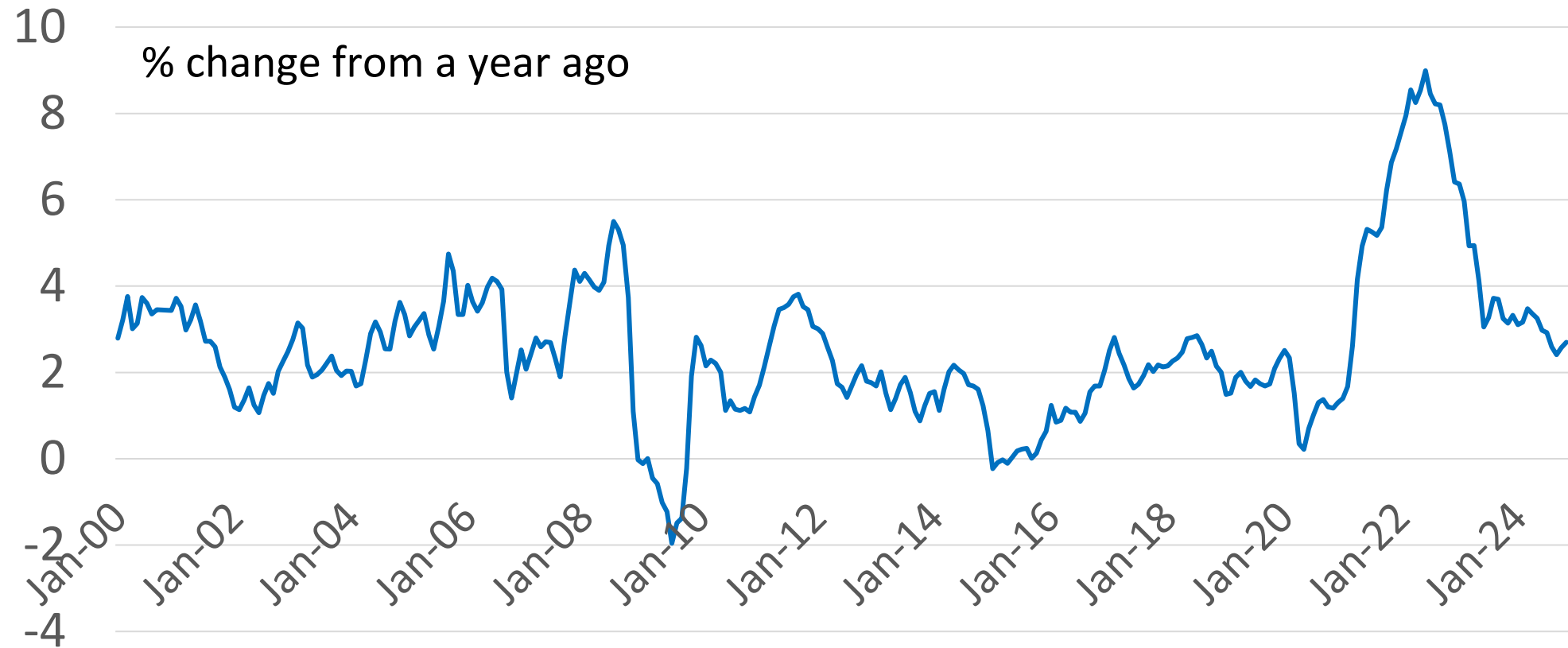
Fed Rate Cuts from September Did not bring down Mortgage Rates



Source: Federal Reserve and Freddie Mac Mortgage Rate

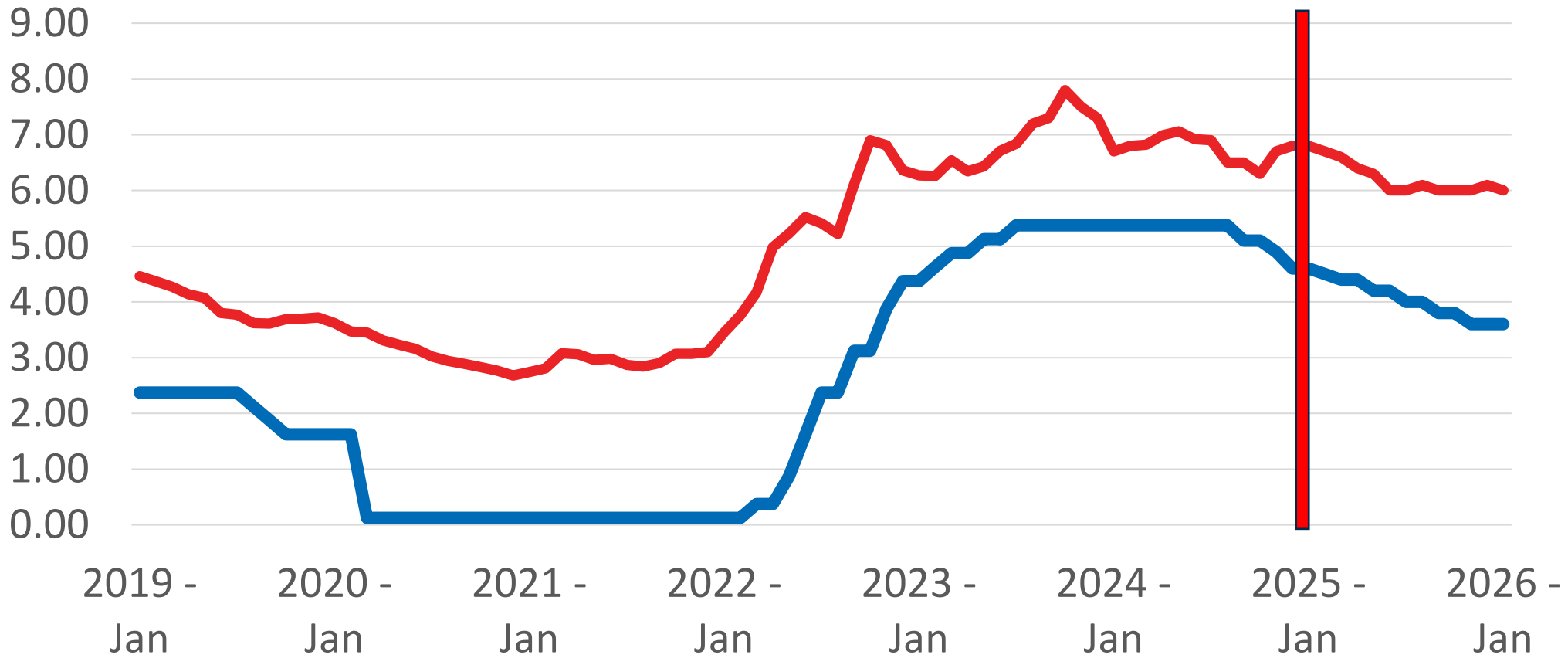
Fed wants to see CPI to reach 2%

CPI ... 2.7% in November



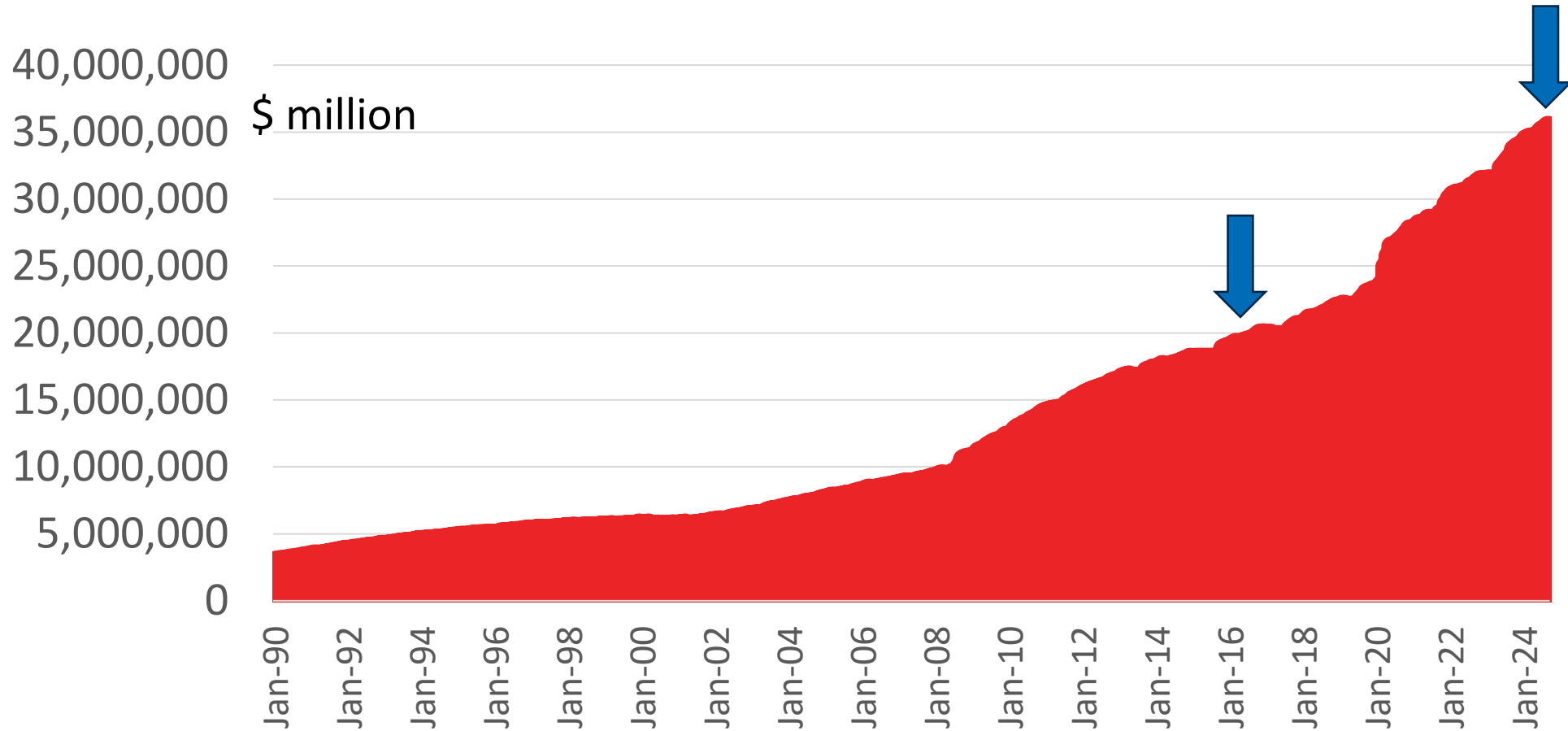
Source: BLS

Expect 2-3 more rounds of cut to Fed Funds Rate But Mortgage Rate May Not Fall



Source: NAR Forecast of Freddie Mac Mortgage Rate

National Debt (cumulative of all past deficits)



Source: Congressional Budget Office

Forecast

Nationwide Forecast

	2025	2026
Existing Home Sales	+9%	+13%
New Home Sales	+11%	+8%
Median Home Price	2%	2%
Mortgage Rate	Near 6%	Near 6%
Job Gains	Near 2 million	Near 2 million

THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

in Illinois

The real estate industry accounted for **\$177.0** billion or **16.2%** of the gross state product in 2024.

TOTAL ECONOMIC IMPACT

\$105,000

Income generated from
real estate industries



+

Expenditures related
to home purchase



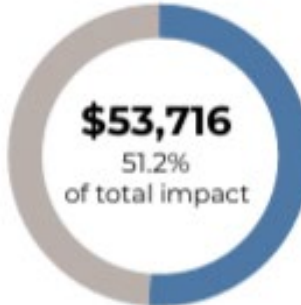
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Multiplier of housing
related expenditures



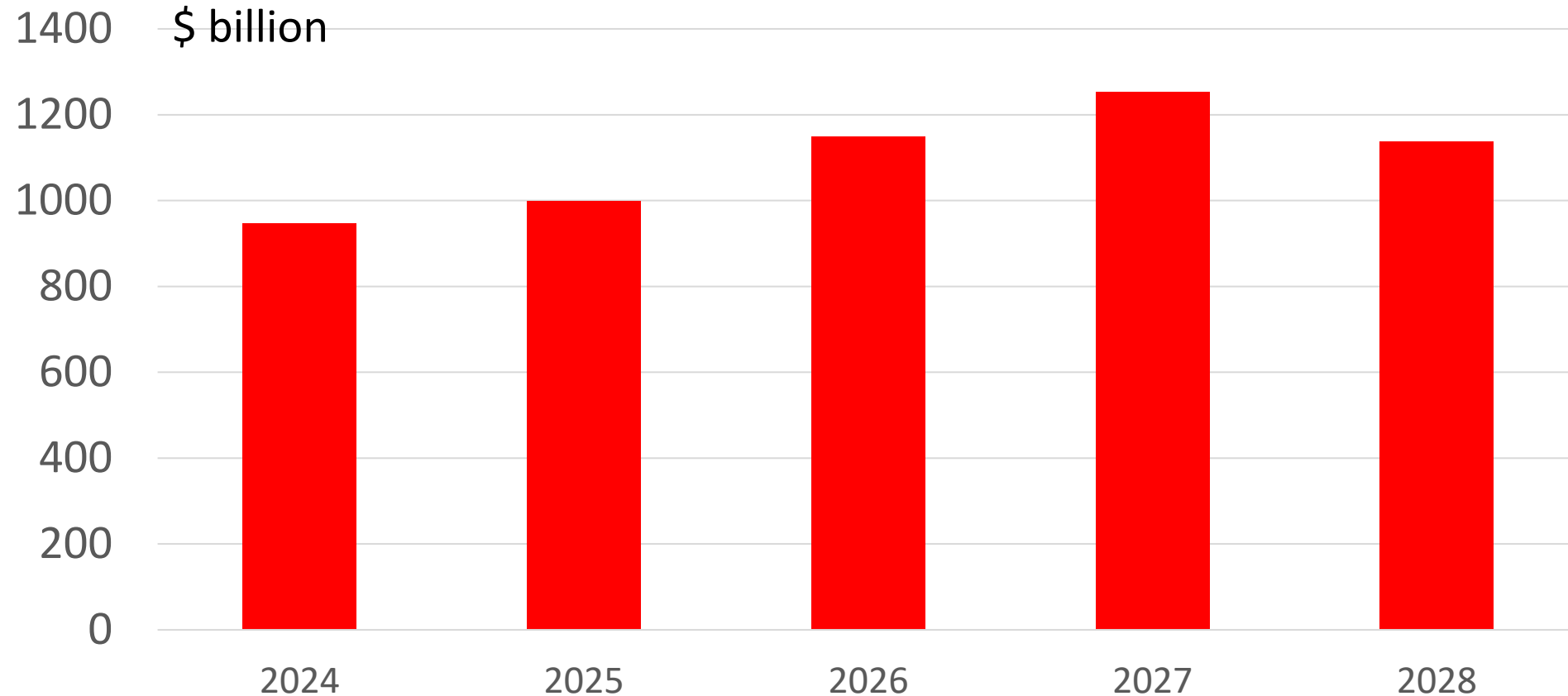
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New home
construction



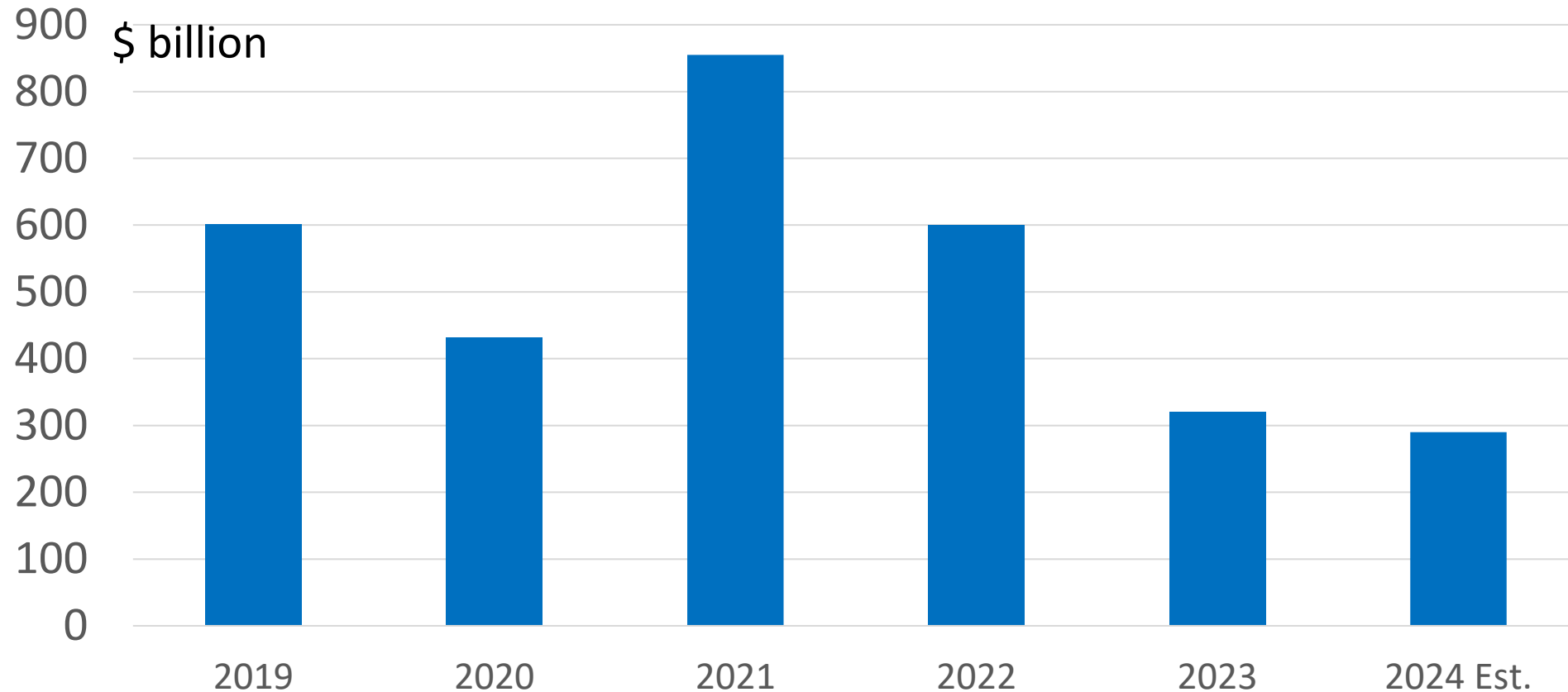
Commercial Real Estate

Bad News: CRE Loans Coming Due



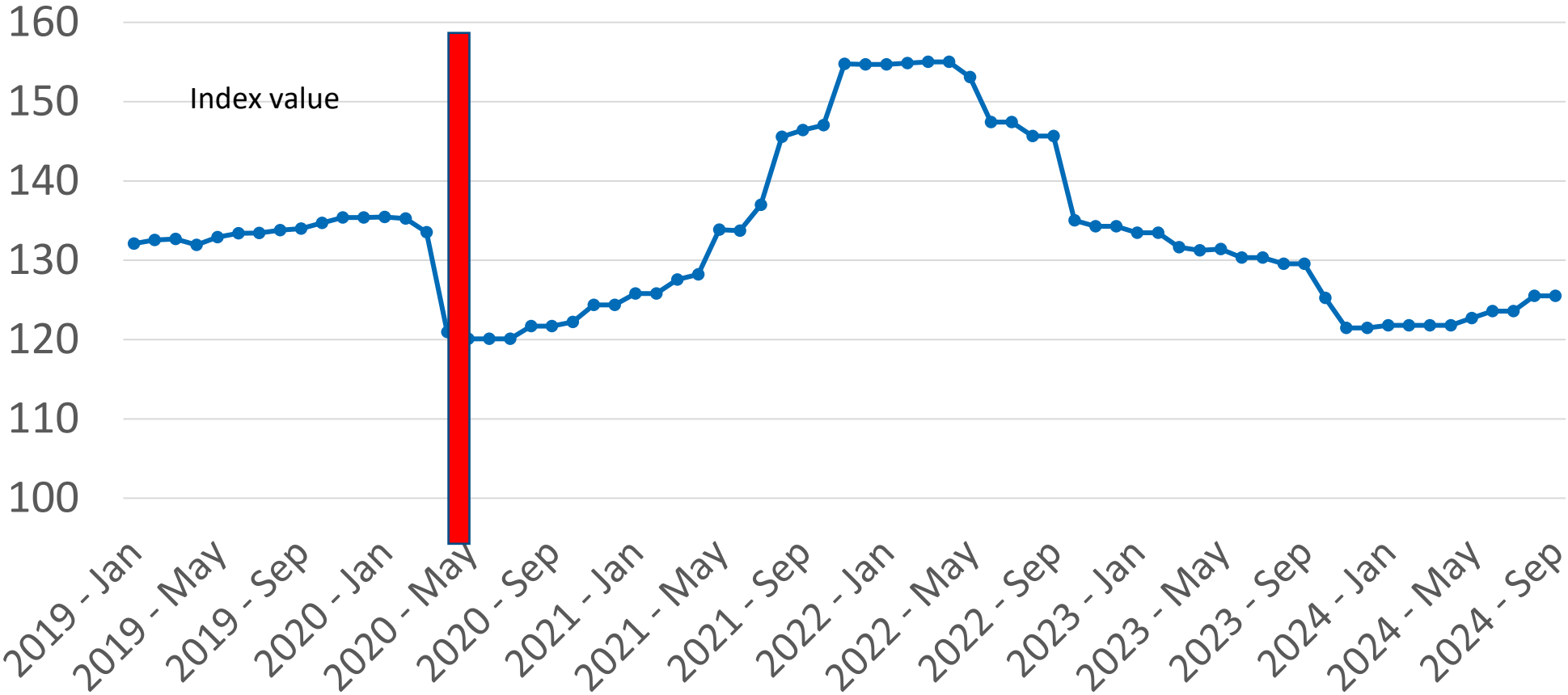
Source: S&P Global

Commercial Transaction Volume ... Below Pre-Covid ... Now Picking Up



Source: MSCI, Real Capital Analytics

Refinancing Easier if Commercial Property Prices Recover



Source: Green Street Commercial Price Index

Commercial Market Forecast

- **GDP Growth ... Boost Demand**
- **Positive Net Absorption ... More Leasing**
- **Lower Vacancy Rate ... Easier to Market**
- **Improves Rent ... Higher Property Price**
- **Better Financing ... More Investment Sales**

- **Supply Picture is Mixed**
- **Temporary Oversupply in Multifamily and Industrial**
- **Permanent Oversupply in Office**
- **Restrained Supply in Retail and Hotel**

Thank You !