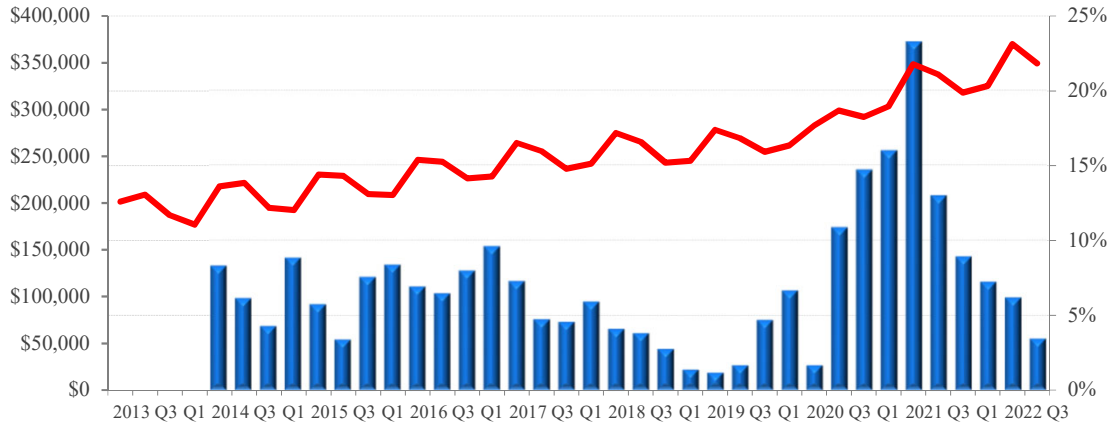


## Chicago-Naperville-Elgin Area Local Market Report, Third Quarter 2022

### Today's Market...

**Median Price (Red Line) and One-year Price Growth**



<b>Local Price Trends</b>			
Price Activity	Chicago	U.S.	<b>Local Trend</b>
Current Median Home Price (2022 Q3)	\$349,400	\$391,467	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q3)	3.4%	8.6%	
3-year (12-quarter) Appreciation (2022 Q3)	29.6%	41.4%	
3-year (12-quarter) Housing Equity Gain*	\$79,700	\$114,567	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$120,100	\$164,133	
9-year (36 quarters) Housing Equity Gain*	\$140,400	\$184,600	

\*Note: Equity gain reflects price appreciation only

	Chicago	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$472,030	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	48%	not comparable	

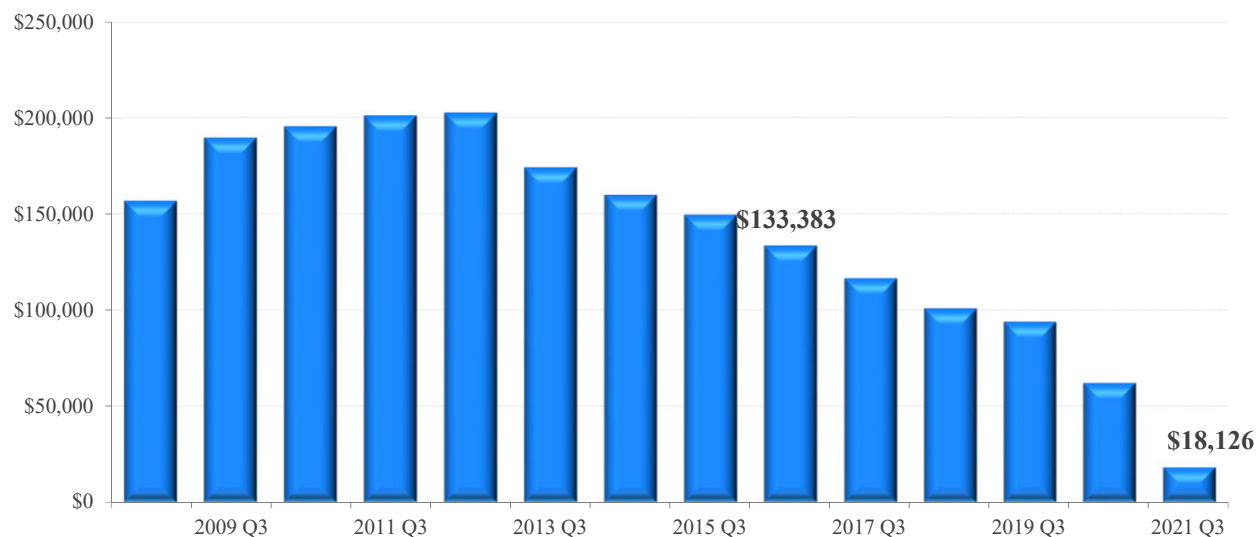
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Chicago-Naperville-Elgin market is part of region 7 in the NAR governance system, which includes all of Indiana, Illinois, and Wisconsin. The 2022 NAR Regional Vice President representing region 7 is Ed Neaves.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



#### Total Equity Gained\*\* through 2022 Q3 from quarter in which home was of purchased

Price Activity	Chicago	U.S.	Local Trend
1-year (4-quarter)	\$18,126	\$38,029	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$93,933	\$129,179	
5-year (20-quarter)*	\$116,388	\$160,886	
7-year (28 quarters)*	\$149,362	\$193,144	
9-year (36 quarters)*	\$173,963	\$217,820	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

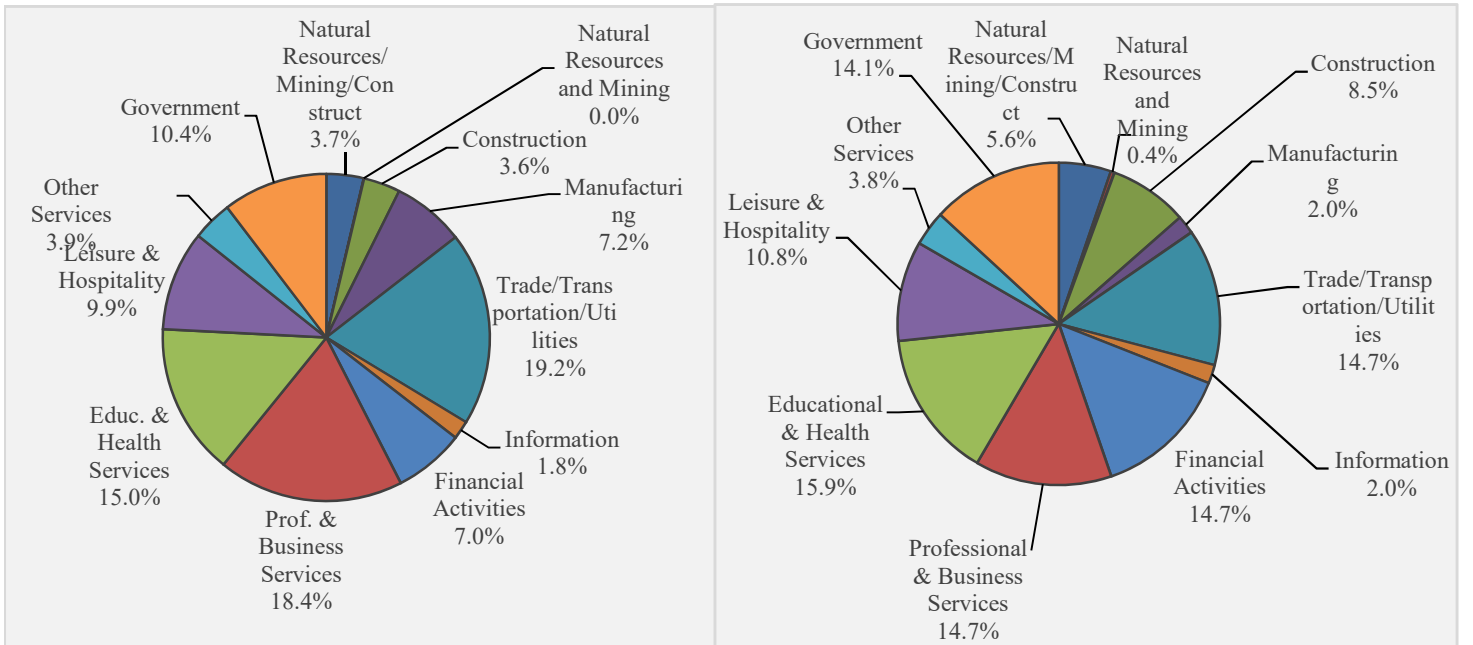


Local Economic Outlook	Chicago	U.S.	
12-month Job Change (Sep)	172,000	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Aug)	173,000	Not Comparable	
36-month Job Change (Sep)	-12,400	Not Comparable	Chicago's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Sep)	4.7%	3.5%	
Year-ago Unemployment Rate	5.3%	4.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	4.7%	4.3%	

## Share of Total Employment by Industry

Chicago-Naperville-Elgin Area

U.S.



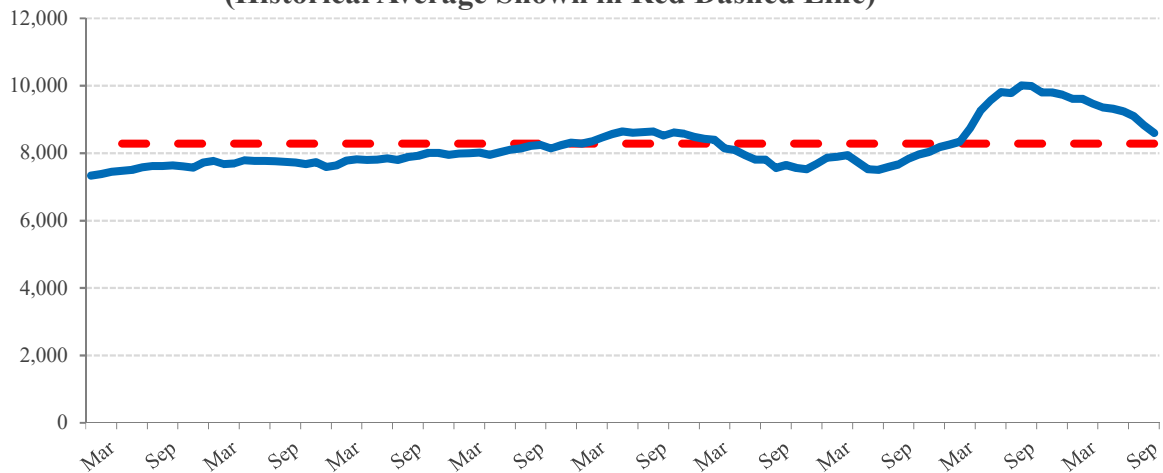
### 12-month Employment Change by Industry (Sep - 2022)

Goods Producing	NA	Information	2,300
Natural Resources/Mining/Construction	7,100	Financial Activities	700
Natural Resources and Mining	0	Prof. & Business Services	36,900
Construction	7,100	Educ. & Health Services	12,900
Manufacturing	8,500	Leisure & Hospitality	53,400
Service Providing Excluding Government	NA	Other Services	5,300
Trade/Transportation/Utilities	33,500	Government	12,400

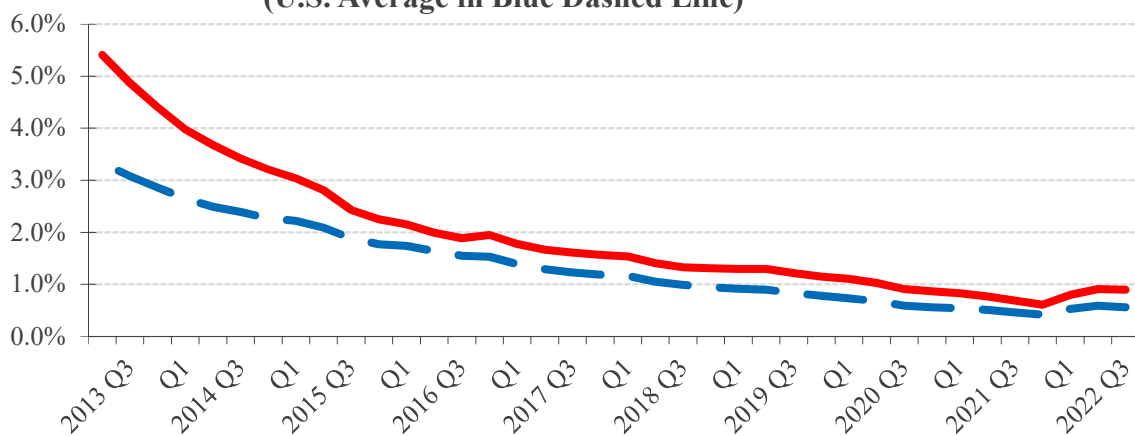
State Economic Activity Index	Illinois	U.S.	
12-month change (2022 - Sep)	4.7%	4.9%	Illinois's economy is growing, but decelerated from last month's 5.60% change and lags the rest of the nation
36-month change (2022 - Sep)	3.4%	5.2%	

<b>New Housing Construction</b>			
<b>Local Fundamentals</b>	<b>Chicago</b>	<b>U.S.</b>	
12-month Sum of 1-unit Building Permits through Sep	8,596	not comparable	The current level of construction is 3.8% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	8,285	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Sep) 12-month sum vs. a year ago	-14.0%	-7.7%	Construction is down from last year, but appears to have bottomed.

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

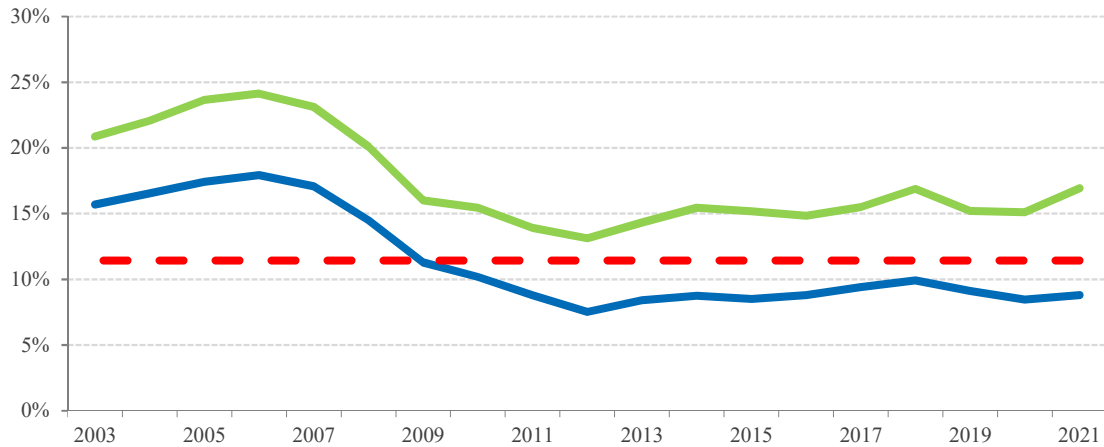


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



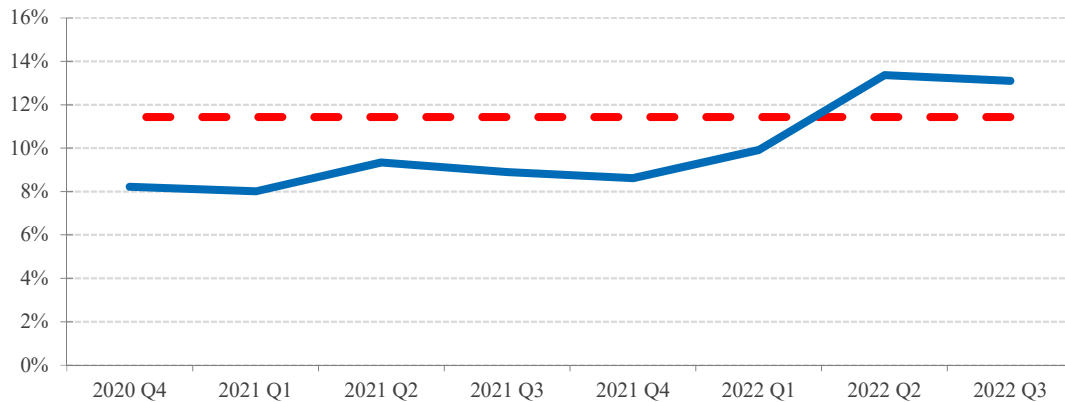
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

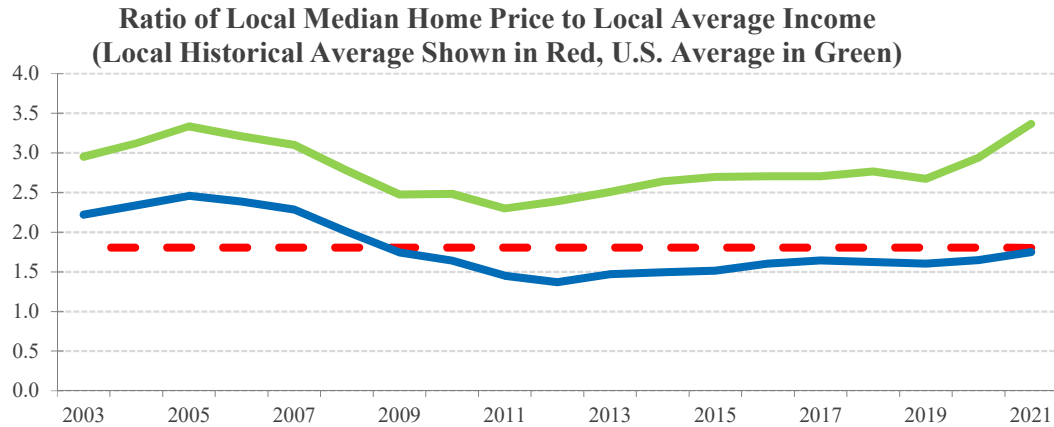


Monthly Mortgage Payment to Income	Chicago	U.S.	
Ratio for 2021	8.8%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q3	13.1%	24.4%	
Historical Average	11.4%	18.1%	More affordable than most markets

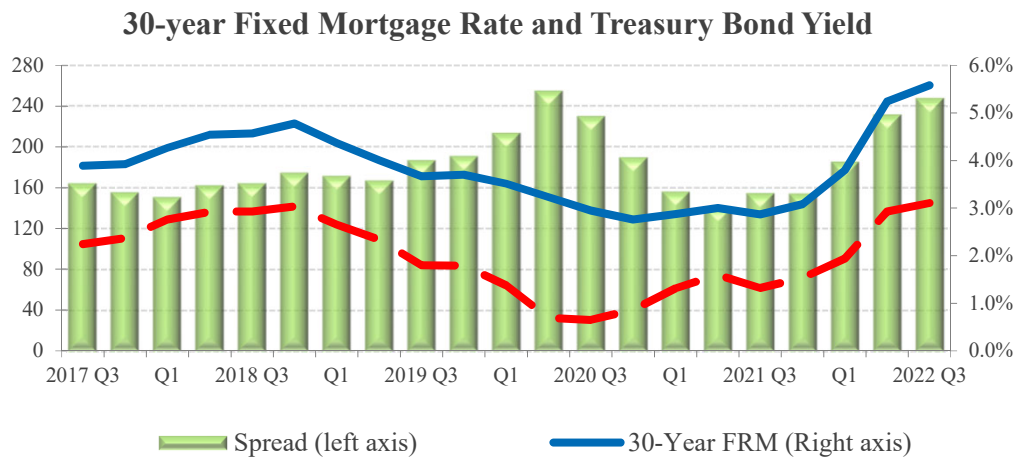
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Chicago	U.S.	
Ratio for 2021	1.8	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q3	1.9	3.6	
Historical Average	1.8	2.7	Affordable compared to most markets



## The Mortgage Market



Mortgage rates continued their upward trek in the third quarter of the year. Due to elevated inflation, the Federal Reserve raised twice its short-term interest rates by 75 basis points each time. While both rising inflation and higher interest rates typically move up mortgage rates, the 30-year fixed mortgage rate surpassed the 6.5 percent threshold moving closer to 7 percent. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 5.6 percent in Q3 2022 from 2.9 percent a year earlier. As long as inflation remains elevated, mortgage rates will continue to rise. NAR forecasts the 30-year fixed mortgage rate to average 6.5 percent at the end of the year.

## Geographic Coverage for this Report

The Chicago area referred to in this report covers the geographic area of the Chicago-Naperville-Elgin metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Cook County, IL; DuPage County, IL; Grundy County, IL; Kendall County, IL; McHenry County, IL; Will County, IL; DeKalb County, IL; Kane County, IL; Jasper, County, IN; Lake County, IN; Newton County, IN; Porter County, IN; Lake County, IL; Kenosha County, WI

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

