



For Immediate Release:

October 20, 2023

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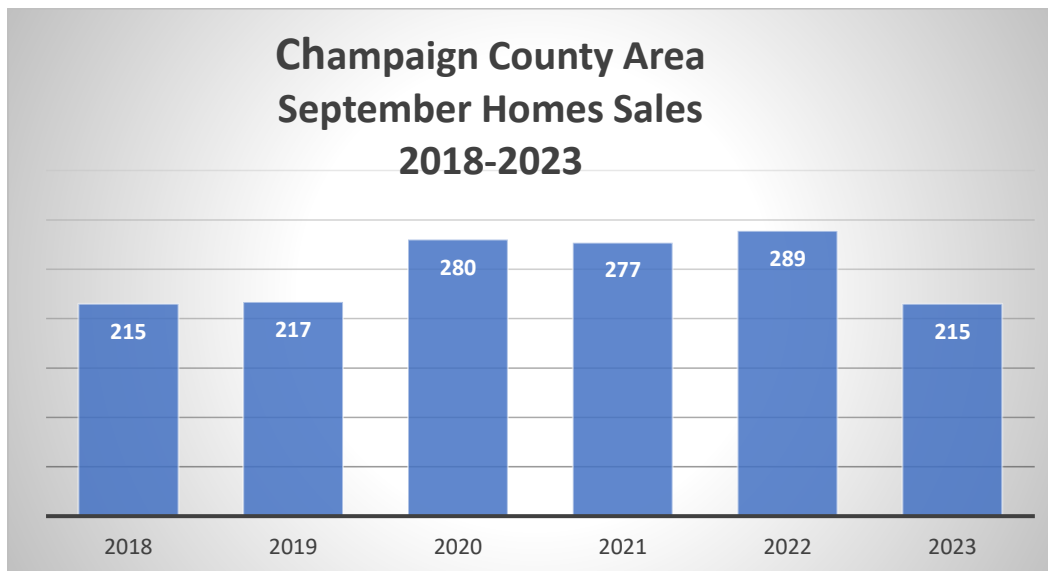
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**Higher interest rates continue to test the housing market;
Champaign County area home sales declined 25 percent in September
while prices continue to rise.**

Facing persistently high mortgage rates and lower housing inventory, market conditions for home sellers and buyers are proving challenging this fall, according to the Champaign County Association of REALTORS®. CCAR reports closed residential home sales in the Champaign County area declined by 25.61 percent in September to 215 units from 289 properties in September of 2022. Year-to-date home sales totaled 2,024, down 15.35 percent from 2,391 home sales through September of 2022.

The monthly median home sale price in September was \$198,500, up 9.1 percent from \$181,950 in September of 2022. The median is the typical market price where half the homes sold for more and half sold for less. The average home sale price in the Champaign County area was \$245,185 in September, up 7.23 percent from \$228,654 in September of 2022.

“There are many homebuyers eager to reach the American dream of homeownership and are struggling in the face of higher mortgage rates and with tight inventory levels. Prices have continued to increase this fall despite softening home sales as the market continues to remain competitive,” said Jim Waller, president of the Champaign County Association of REALTORS®. “We are starting to see more price negotiations from sellers. While sellers may be trading in their extra low mortgage rate for a higher rate, they know in the future there will be opportunities to refinance when rates do decline...pinpointing when is unknown at this time.”



The inventory of homes for sale as of October 17, 2023, stood at 676 properties on the market, down from last month’s inventory of 692 properties. Inventory, a year ago at this time, stood at 762 properties. The average number of days on the market in September declined to 24 days from 26 days in September of 2022.

The average 30-year fixed rate mortgage in September, according to the Federal Home Loan Mortgage Corporation was 7.20 percent in September, up from 7.11 in August and up from 6.11 percent in September of 2022. For the week ending, Oct. 12th, the 30-year fixed rate mortgage averaged 7.57 percent. For the fifth consecutive week, mortgage rates rose as ongoing market and geopolitical uncertainty continues to increase, according to Sam Khater, Freddie Mac's Chief Economist.

[The National Association of REALTORS®](#) joined the National Association of Home Builders and the Mortgage Bankers Association recently in sending a letter to Fed Chairman Jerome Powell, saying further rate increases could invite a recession. As mortgage rates recently surged to a 23-year high and have floated above 7% for weeks, there are concerns rates could go even higher. The groups say that this has “exacerbated housing affordability and created additional disruptions for a real estate market that is already straining to adjust to a dramatic pullback in both mortgage origination and home sale volume.”

In Champaign County, pending home sales dropped 20 percent in September to 164 sales from 206 in September of 2022. Pending sales for the month of September reflect the total number of active listings that went under contract and are awaiting, usually 30 to 60 days in the future.

“Borrowers have become increasingly sensitive to news and fluctuations in mortgage rates which have remained above 7% since mid-August,” said Waller. “While there is some pullback on behalf of some buyers and sellers in this market due to rising interest rates, there are still many out there who are searching for homes daily in hopes that new inventory hits the market.”

According to the National Association of REALTORS®, a homebuyer who purchased a home at \$400,000 in January 2021, when rates were 2.65 percent would pay approximately \$1,289 a month for a mortgage. Today that buyer with a mortgage rate of 7.57 percent would pay a \$2,253 monthly payment for a \$400,000 home. “That shows the dramatic rise and affect mortgage rates have had on the consumer purchasing dollar,” said Waller.

The Champaign County Association of REALTORS® is a voluntary trade organization serving Champaign County and surrounding areas and is the leading resource for REALTOR® members and an advocate for homeownership and private property rights. Data was compiled by Midwest Real Estate Data, LLC as available on October 14, 2023. The Champaign County Association of REALTORS® is an active participant in promoting equality and inclusion as longtime champions of fair housing with equal access to housing and opportunity for all. CCAR opposes discrimination based on race, color, religion, sex, handicap, familial status, sexual orientation, gender identity, & national origin.