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Champaign County Area Home Sales Decline in July Due to Limited Inventory and Higher Mortgage Rates; Prices Continue to Rise

Home sales in the Champaign County area declined in July as the increasing demand for homes met slow growing housing inventory with buyers continuing to face higher mortgage rates, according to the Champaign County Association of REALTORS®. The median and average home sale price both rose by double digits in July.

Closed residential home sales in the Champaign County area declined by 24 percent to 255 properties from 337 homes in July of 2022. Year-to-date home sales total 1,531 down 14.56 percent from 1,792 through July of 2022.

The monthly median home sale price in July was \$222,000 up 16.9 percent from \$189,900 in July of 2022. The median is the typical market price where half the homes sold for more and half for less. The average home sale price in the

Champaign County area was \$242,651 up 12.37 percent from \$215,944 in July of 2022.

“The market is cyclical with mortgage rates--as they go up and down, so do home sales. Despite lower home sales, housing demand remains resilient and the market remains competitive as buyers continue to vie for existing inventory. Supply issues remain an ongoing challenge for buyers who desire to be homeowners,” said PJ Trautman, President of the Champaign County Association of REALTORS®. “Despite a decline in home sales, homes prices are still on the rise creating a significant advantage for sellers who have built up equity in their home and are looking for a change and are considering purchasing a new property.”

The inventory of homes for sale as of August 15, 2023, stood at 649 properties on the market, down from 877 properties at this time last year and down slightly from last month’s inventory of 683 properties. The average number of days on the market increased 10.5 percent to 21 days from 19 days in July a year ago. New home sales in the Champaign County area year-to-date are up 23 percent to 81 units from 65 units during the same time a year ago.

The average 30-year fixed rate mortgage in July, according to the Federal Home Loan Mortgage Corporation was 6.84 percent, up from 6.69 in June of this year and up from 5.41 percent in July of last year. The 30-year fixed rate mortgage for the week ending August 17th averaged 7.09 percent, rising for the fourth straight week, hitting the highest level since the spring of 2002.

“Affordability constraints have impacted homebuying activity as mortgage rates moved higher last month and prices continue to also rise,” said Trautman. “Some buyers are expanding their search criteria and considering alternative

options and locations to find the right property. The share of buyers who are opting for a lower adjustable rate mortgage is on the increase as well. Working with a REALTOR® can help you navigate through the market to find the right home that fits within your parameters.”

Pending home sales dropped 13 percent in July to 213 properties from 246 in July of 2022. Pending sales for the month of July reflect the total number of active listings that went under contract and are awaiting closing, usually 30 to 60 days in the future.

Lawrence Yun, chief economist at the National Association of REALTORS®, said during the NAR recent quarterly **Real Estate Forecast Summit** that bidding wars have returned as homebuyer demand soars, even as inventory remains sparse. From 1981 to 2021, the average home buyer moved just 10 to 15 miles away from their previous residence. But over the last year, the average buyer moved a median of 50 miles; a quarter moved more than 470 miles, NAR’s data shows. Buyers are moving for a variety of reasons, including retirement, proximity to family, housing affordability and the ability to work remotely. While existing inventory is at historical lows, the new-home market is offering more options to buyers, Yun said. NAR predicts new-home sales to rise 12.3% in 2023 and 13.9% in 2024. According to NAR data, twenty-six percent of the marketplace consists of cash buyers, which is substantially higher than before the pandemic.

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 August 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, source of income, disability, familial status, sexual orientation, gender identity, & national origin.