



Real Estate Market Update

January, 2019

By Joel F. Ward, Jr.

Solid information about our **local market** is helpful for everyone, and especially for our clients who are thinking about entering into a real estate transaction this year.

This update is based upon information supplied by the Champaign County Association of REALTORS Multiple Listing Service for all attached and detached single-family properties in Champaign, Savoy or Urbana. **It is important to keep in mind that specific segments of the market may have performed better or worse than the overall market analyzed below.**



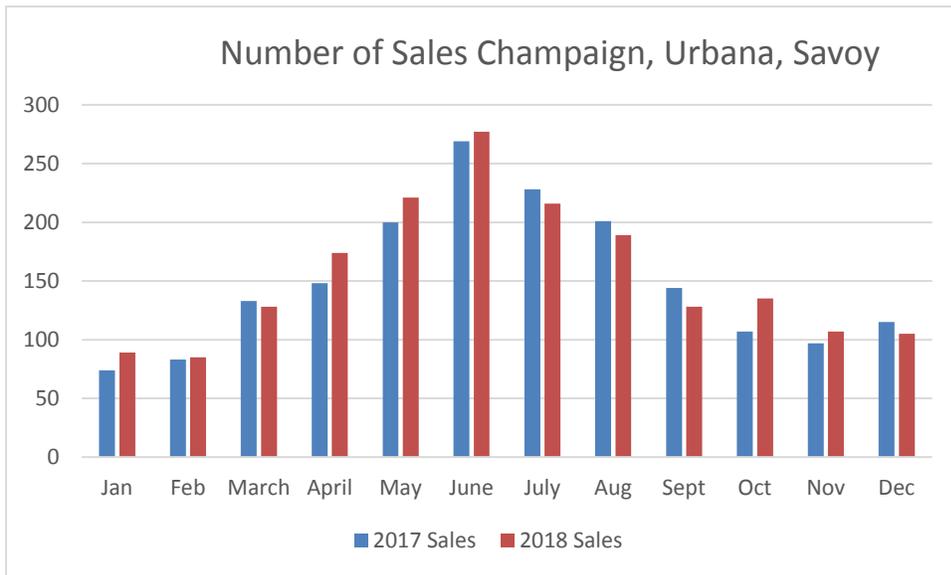
Comparing the Last 12 Months with the Previous 12 Months

For the prior twelve months (1/1/2017-12/31/2017) the MLS reported 1,799 sales with a median sale price of \$150,000 and a reported average marketing time of 75 days. For the most recent twelve months (1/1/2018-12/31/2018) the MLS reported 1,854 sales with a median sale price of \$153,000 and a reported average marketing time of 95 days.

This shows an increase in the number of sales of 55 units or 3.1%. The median sale price increased by \$3,000 or 2%. There are currently 518 homes on the market with an average marketing time of 203 days. This results in a 3.35 month supply of homes in inventory, which is a shortage relative to historical supply demand relationships in this market.

Comparing the Last Month with the Corresponding Month Last Year

For December, 2018, MLS reports 105 sales and an average marketing time of 89 days. For December, 2017, there were 115 sales with an average marketing time of 102 days. This results in a 8.7% decrease in the number of sales and a 12.7% decrease in marketing times.



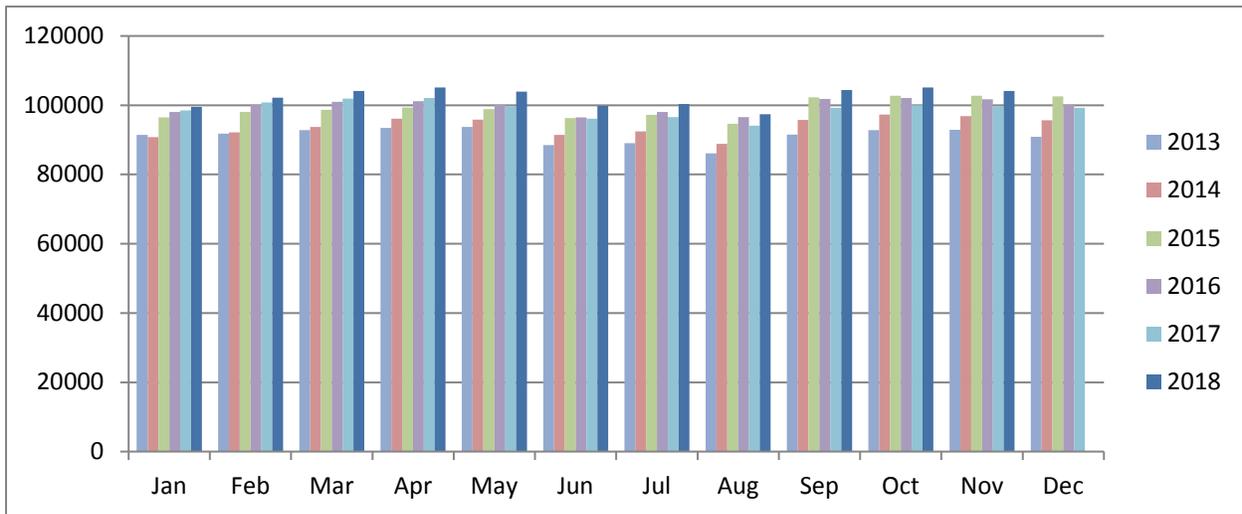
Interest Rates

The Interest Rate Story: For most of 2017, 30-year fixed rate mortgages were available from 3.75% to 4.125%. Interest rates increased rapidly in January and February of 2018 and have remained relatively stable since then within the range of 4.5% to 4.75% for most of 2018. In September 2018, rates moved as high as 5% before starting to decline as the year came to a close. Currently, 30-year fixed rate mortgage financing is available at 4.5%. Looking forward, economic trends which argue for increasing rates in 2019 include strong economic growth nationally, a very strong job market and increased wage levels. On the other hand, indications that economic growth is slowing both globally and nationally, as well as concerns that recent increases in interest rates will negatively impact corporate earnings argue for rates increasing at a lower rate, remaining stable or even decreasing. In this environment, the stock market has experienced a significant increase in volatility in 2018 and 2019 (thus far).

Local Employment Analysis

The close connection between employment levels and the strength of housing markets has been well established, both locally and on a national basis. In November, 2018 (the last month for which data has been published) there were 108,642 employed people in Champaign County and an unemployment rate of 4.1%. In November, 2017 there were 104,144 people employed with an unemployment rate of 4.2%. This results in an increase of 4,498 employed people (4.3%). What follows is a graph showing the number of jobs in Champaign County, by month, based upon non-seasonally adjusted U.S Bureau Labor Statistics data.

NUMBER OF JOBS IN CHAMPAIGN COUNTY NON-SEASONALLY ADJUSTED DATE PER BLS



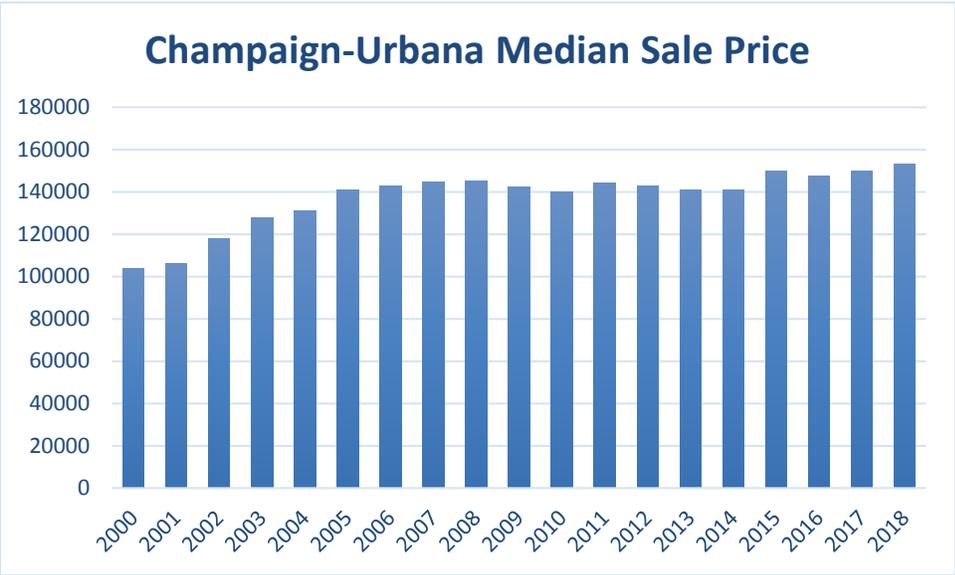
Conclusions

Unlike many markets reported nationally, the number of sales in our area has remained remarkably stable to slightly increasing year over year. We think that one reason for this can be found in the relatively consistent job growth numbers. While some market segments are experiencing a shortage of homes, others are significantly oversupplied. Check with your Joel Ward Homes REALTOR if you have any questions about your home's market segment.

For buyers, we are currently experiencing interest rates nearly a half-point lower than they were just sixty days ago. This is one very good reason to think about entering the market earlier this year. On the other hand, inventories are very low overall and if you find little choice in your market segment, then it might be best to wait until inventory has had a chance to grow.

As we start the new year, we typically see listing inventories start to increase while at the same time we see more buyers entering the market each month. For sellers, due primarily to the current "dip" in mortgage interest rates, we would recommend putting your home on the market earlier this season. Not only will the lower interest rates encourage buyers to enter the market earlier, but the current overall supply of homes is relatively low.

Overall, Champaign-Urbana real estate has proven to be a good investment over time with an average annual appreciation rate of 2.6% since 2000, and this includes the 2009-2013 financial crisis and recession.



Remember that each particular segment of the market is different. If you are thinking about selling your home, or buying one, the best decision is to contact your Joel Ward Homes REALTOR to obtain current information about the specific segment of the market relevant to your property.