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Constrained inventory, higher mortgage rates suppress April home sales in Champaign County area

After increasing slightly in March, home sales declined in the Champaign County area in April as compared to the same month a year ago, while the median home sale price remained relatively flat, as homebuyers continue to deal with higher mortgage rates and constrained inventory levels.

According to the Champaign County Association of REALTORS®, home sales totaled 188 units in April, down 26 percent from 255 sales in April of 2022. The monthly median home sale price in April of \$190,000 remained relatively steady, down just .43% from \$190,827 from April a year ago. The median is the typical market price where half the homes sold for more and half for less. The average home sale price for April 2023 was \$222,742, down 5.67 percent from \$236,137 in April of 2022.

Champaign County Area Home Sales April Market Snapshot

- Average Number of Days on Market: April 2023, 33 days.
- Total Number of Home Sales in April: 188 versus 255 in April of 2022.
- Inventory of Homes for Sale: 699 properties up 5.35% from March 2023.
- Median Home Sale Price: \$190,000 compared to \$190,827 in April 2022.
- Average 30-year fixed-rate mortgage rate for April: 6.34 percent.

“While we have had an increase in inventory month-to-month, listings are still down considerably from where they were a year ago and that continues to impact home sales. The number of new listings is also below normal levels than what we see this time of year,” indicates P.J. Trautman, president of the Champaign County Association of REALTORS®. “Despite being locked into lower mortgage rates, some sellers are deciding to cash in on their equity to make their next strategic move into a home that contains more elements they desire than their current home. Competition for available properties continues to remain strong, especially in certain price categories, with multiple offers occurring in about a third of properties nationally.”

The inventory of homes for sale, dated May 17, 2023, stood at 669 properties, down from last year’s inventory at this time of 825 properties, but up from last month’s inventory of 635. It took an average of 33 days to sell a home in April of 2023, down 10.8 percent from a year ago.

In April, the number of new listings were down 23 percent to 222 properties from 288 properties in April 2022. Pending home sales were off only 5 percent in April to 238 properties from 252 pending sales in April of 2022. Pending sales for the month of April reflect the total number of active listings that went under contract and are awaiting closing usually 30 to 60 days in the future.

The average rate on a 30-year fixed rate mortgage according to the Federal Home Loan Mortgage Corporation (Freddie Mac) was 6.34 percent in April, down from 6.54 percent in March 2023 and up from 4.98 percent in April of 2022. The 30-year fixed rate mortgage for the week ending May 18 averaged 6.39 percent.

“Ongoing tighter market conditions, inventory shortages, fluctuating mortgage rates and liquidity challenges are all impacting affordability in today’s market,” indicates Trautman. “Many first-time buyers are struggling to reach the first rung of the homeownership ladder as they face competition from other buyers, including all-cash buyers. Buyers definitely should not make a hasty decision on purchasing, evaluating all their options to make sure they are fully invested in a home, so they don’t have buyer’s remorse after an offer is made.”

Dr. Lawrence Yun, Chief Economist with the National Association of REALTORS® at the [recent NAR Legislative Meetings](#) in Washington, D.C., called the Federal Reserve’s latest interest rate hike a ‘disappointment’ and said its monetary policy is now hurting the economy. “Consumer price inflation had been moving in the right direction—down—for months before the Fed’s recent hike. It wasn’t necessary for the Fed to raise rates again, and its monetary policy is making it difficult for some 4,000 small and regional banks around the country to lend cash,” indicated Yun. Loans to developers have also been tightening causing consternation in the construction industry, indicated Robert Dietz, chief economist for the National Association of Home Builders who also spoke at the forum. Dietz indicated more than 1.1 million homes need to be built a year to have a meaningful impact on the lack of inventory.

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 May 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

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