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**Home Sales Activity Slows In 2022 to Pre-COVID Levels in Champaign County Area;
Average and Median Sales Report Year-End Gains**

The Champaign County area housing market cooled in 2022 from the record pace set in 2021, as rising interest rates, inflationary concerns and weakening inventory levels combined to trigger lower home sales.

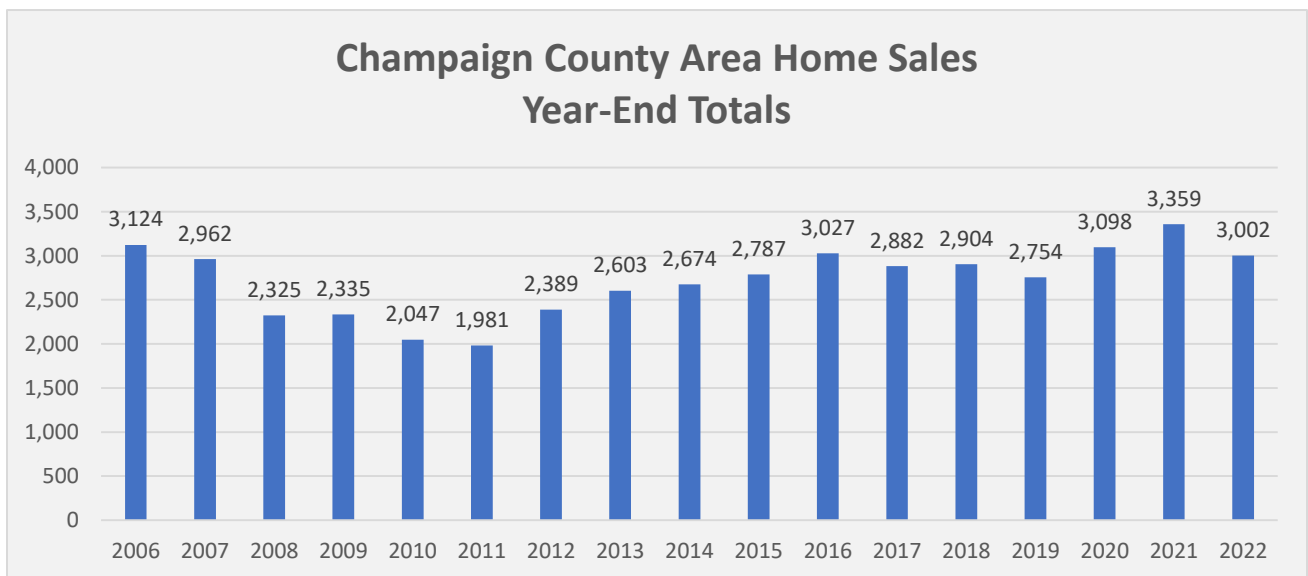
Year-end 2022 total home sales of 3,002 units were reported in the Champaign County area, down 10.63 percent from 3,359 reported in 2021. Home prices continued on an upward pace through 2022 with the median home sale price for the area at \$185,000, up 5.71 percent from \$175,000 in 2021. The average home sale price in the Champaign County area increased 7.72 percent in 2022 to \$222,253 from \$206,329 in 2021.

CCAR reports a total number of 175 homes were sold in December, down 30.83 percent from 253 homes sold in December of 2021. For the month of December, the median sale price was \$165,000 down 6.78 percent from \$177,000

in December 2021. The average home sale price for the month of December 2022 was \$209,077, down 0.15 percent from \$209,399.

“Persistent inflation, higher interest rates and economic uncertainty dampened overall consumer demand in 2022, pushing the overall home sales rate back to pre-COVID levels after the frenzied, competitive pace of the previous two years. Home buyers should see better conditions on the horizon in 2023 giving them more options and greater bargaining power as the market becomes more balanced and as homes remain on the market longer,” said PJ Trautman, president of the Champaign County Association of REALTORS®.

“Sellers need to approach the sale of their home with reasonable expectations in this new dynamic as well-priced homes will continue to sell quickly while at the same time higher mortgage rates will reduce the number of prospective buyers in this year.”



The average rate on a 30-year fixed rate mortgage, according to the Federal Home Loan Mortgage Corporation (Freddie Mac) was 6.33 percent in December 2022, up from 3.10 percent in December of 2021 and down from 6.81 percent in November of 2022. For the week ending Jan. 19, the 30-year fixed rate mortgage dropped again to 6.15 percent, down from the previous week at 6.33 percent.

“As inflation continues to moderate, mortgage rates declined again this week,” [said Sam Khater, Freddie Mac’s Chief Economist](#). “Rates are at their lowest level since September of last year, boosting both homebuyer demand and homebuilder sentiment. Declining rates are providing a much-needed boost to the housing market, but the supply of homes remains a persistent concern.”

Inventory of homes for sale dated January 18, 2022 stood at 571 properties on the market down from last month’s inventory of 703 properties. It took an average of 55 days to sell a home in December up from 34 days in December a year ago.

“Housing is a basic need and individuals will always want to make purchasing decisions for personal reasons, location, employment, investment and lifestyle needs. Every market is unique and the Champaign County region has a solid employment base that bodes well for the housing market locally,” said Trautman. “The direction of the housing market is currently highly reliant on the stability of mortgage rates and inflation. The December home sales decline indicates a return to our typical more seasonal market. Mortgage rates have dropped since then providing more positive news to buyers looking for that window of opportunity to enter the market.”

[According to REALTOR.com Chief Economist Danielle Hale](#), “compared to the wild ride of the past two years, 2023 will be a slower-paced housing market, which means drastic shifts like price declines may not happen as quickly as some have anticipated. It will be a challenging year for both buyers and sellers, but an important one in setting the stage for home sales to return to a sustainable pace over the next two to three years. Americans who are determined to make a move will find that staying up-to-date on the market, flexibility, creativity and a healthy dose of patience will go a long way toward success in the year ahead.”

Lawrence Yun, chief economist with the National Association of REALTORS® predicts national home sales to fall modestly by 6.8% in 2023 compared to 2022, with the brunt of the slowdown to occur in the first quarter of the new year. Some of the softening can be attributed to homeowners who are unwilling to trade in a higher mortgage rate, as well as economic uncertainty. Meanwhile, home prices in 2023 are forecast to reach \$385,800, an increase of 0.3% compared to 2022. Inflation has been dropping over the past six months, and consumers can expect mortgage rates to soon follow, [says Lawrence Yun, chief economist for the National Association of REALTORS®](#). The 30-year fixed-rate mortgage could even drop below 6%, Yun adds.

“The rate of growth in house prices slowed in 2022 compared with the heights reached in 2021, while the number of sales remained low,” noted [Daniel McMillen, Head of the Stuart Handler Department of Real Estate at the University of Illinois Chicago](#) in the Illinois REALTORS® housing price forecast for 2023.

“Although uncertainty regarding interest rates and the rate of inflation makes the market difficult to predict, our forecast is that rates of growth in prices will be low

throughout the first half of 2023, after which they are expected to rebound. The number of sales is forecast to be low in the Chicago area throughout 2023, but the number is expected to increase in the rest of Illinois during the second half of the year.”

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 January 17, 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.