

## Cadey O'Leary COLLECTION

Penthouse 701 at The Orchard Private Residences



### *The Upside of Deceleration*

“My sense is the Case-Shiller National annual growth rate of 19.7% is probably close to its peak, and that year-over-year price increases will slow later this year.”

Bill McBride, analyst and blogger, Calculated Risk

More than one-hundred experts share Mr. McBride's position that home price increases will soon return to a more typical pace than we have experienced nationally over the past year-plus. Experts forecast prices will rise, on a national average, between 3.5 and 6 percent from 2022 through 2025. These projections are in line with historical norms of appreciation, averaging 4.1 percent annually from 1995 to 2020, and a welcome sign in markets that have undergone seismic price escalations.

Deceleration is not depreciation. On average, home prices across the U.S. have increased for 114 straight months; that trend will continue, albeit at a slower rate.

#### The Upside

Nationwide, existing home sales were down slightly in August with declining housing affordability depressing homebuyer activity. The signaling shift in home prices may help fuel an active Fall/Winter market that is already bucking seasonal trends with new listings continuing to hit the market at higher levels than past years.

Chicago offers another advantage for buyers—affordability. Home price gains, which have been growing by the double digits the past few months, are beginning to cool here while still climbing upwards of 30 percent in other markets such as Phoenix and Tampa. At the risk of sounding counter-intuitive, our city's subtle pricing swings foster a more stable housing market and enable a larger section of buyers to embrace home ownership. The median price for a home in Chicago is \$340,000, less than half the \$800,000 median price in Seattle.

Chicago is a world-class city celebrated for its cultural richness, stunning architecture and beauty with the eighth largest GDP in the world yet remains one of the most affordable cities to call home. Year to Date through September:

- Closed Sales volume is up 12.5 percent over 2020 for Single Families and 49 percent for condos; Under Contract volume is up 8 percent and 43 percent, respectively
- Median Prices are up 17 percent for Homes and are slightly above 2020's condo price of \$350,000
- New Listings are up 6 percent for Single Families and 11 percent for condos, though September's condo numbers are down 20 percent
- Lincoln Park accentuates broader market indicators with Closed Sales up 70 percent for Single Families and 56 percent for condos; Median Sales Prices of Homes are 18 percent higher than last year at \$1.7 million and holding steady at \$510,000 for condos

New construction is the leading driver for pricing and market performance. In Lincoln Park, year to date through October, closed sales of new construction condos are up 44 percent and pending sales 24 percent over last year. The average sales price for new construction condos is up 9 percent to \$1,214,000.

#### Final Note about Sotheby's International Realty

I am pleased to share that Sotheby's International Realty was just awarded the honor of **Top Luxury Brokerage** at the 2021 Inman Luxury Connect conference, inducting the brand into the prestigious Golden I Club. The Club distinguishes real estate professionals who consistently push the boundaries of what is possible in the industry, from innovative marketing and trailblazing technology to record-breaking sales and high-quality service.

It is my great privilege to collaborate with outstanding brokers across Chicago and around the world. Together, we stand ready to serve your real estate needs and interests.

All my best,

Cadey



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