



# As Home Prices Continue To Rise, So Does Speculation On An Ending

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**SPRINGFIELD** – With four straight months of record-breaking increases, some are wondering when home prices will stabilize.

Sellers continued to reap the benefit of reduced inventory in Illinois. In August, prices increased 8.4% compared to August 2020.

Nationally, the increases are more dramatic. In July, housing values nationally jumped 19.7% year over year. That is up from 18.7% in June and the fourth month in a row setting record high growth, according to the S&P CoreLogic Case-Shiller national home price index.

“People aren’t putting houses on the market, and there is very little being built so the result is that prices are going up a lot,” said Daniel McMillan, head of the Stuart Handler Department of Real Estate at the University of Illinois-Chicago.

Yale Professor of Economics Robert Shiller told Yahoo Finance there is a chance of big declines in the coming years.

“A big cause of problems will be new construction,” Shiller said. “You already see residential investment picking up. It hasn’t quite come as high as it was during the peak in 2007, but it is going up and there is going to be a supply response.”

The statewide median price for a home in August was \$257,000, compared with \$237,000 in August last year.

McMillan said the market will settle down and the decline in home prices will be gradual.

“You don’t expect things to be a really rapid change but expect them to slow up and then stay that way,” McMillan said. “Stay on a slower path for a while until we are back on the long-term growth rate.”

While prices continue to increase in Illinois, sales have slowed a bit, with a lack of inventory once again being a contributing factor. Statewide home sales in August 2021, including single-family homes and condominiums, totaled 18,492 homes sold, down 2.4% from August 2020.

The number of homes for sale in August declined to just over 31,000, a 28.9% drop from August 2020.