

FEBRUARY 2023 | QUARTER 1

# RALLY APPRAISAL MARKET REPORT

*A Quarterly Publication*

## 2023 MARKET TRENDS

Rally Appraisal will be publishing a market trends analysis once per quarter for the markets that we service. These markets are based in the Midwest with our footprint being in Iowa, Illinois, Wisconsin, Indiana, Missouri and Nebraska. A list of the markets analyzed is available in the data that is included with this report. Starting with the 1st quarter of 2023 we will be including an analysis of commercial real estate trends in the markets that we serve as well.

This analysis will focus on the residential markets and primarily on 4th quarter 2022 trends. 2022 overall was a transitional year characterized by very low interest rates at the beginning of the year. Rates began to rise during second quarter and hit their highest point in many years during late October and early November.

When examining the data, each market showed very similar trends during 2022. The number of sales decreased on a percentage year over year basis while the median sales price continued to show increases over the prior year data. In all the markets examined during 2022, there were only three examples of a decline of the median sales price. This was in the Dubuque, IA market in the 4th quarter, the Illinois Quad City market in the 2nd quarter and the Rockford market in the 1st quarter.

Some markets showed positive year over year sales growth in the 1st quarter of 2022, but each market showed declines starting in the 2nd quarter and the only variances were in the amount of the decline. The 4th quarter also showed generally lower appreciation rates versus prior quarters of 2022.

There were seven markets that experienced over a 30% decline in year over year sales volume in the 4th quarter of 2022. These markets were Iowa City/Coralville, Des Moines and the Iowa side Omaha market in Iowa, Rockford in Illinois, Madison in Wisconsin, Omaha in Nebraska and Indianapolis in Indiana. The best market performance during 4th quarter of 2022 from a sales decline standpoint was Bloomington/Normal, Illinois which had a decline of 15.98%.

From a median sales price perspective, the top three performing markets in the 4th quarter were Omaha, Nebraska with an increase of 12.82%, Cedar Rapids, Iowa with an increase of 11.76% and La Crosse, Wisconsin with an increase of 10.95%. The three worst performing markets were Dubuque, Iowa which declined 1.65%, the Peoria, Illinois suburban market which was flat and the Rockford, Illinois market which was up 2.65%.



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# 2023 OUTLOOK

As we enter 2023 rates are significantly higher than they were at the beginning of 2022 although they are somewhat lower than during the 4th quarter of 2022. Therefore, during the 1st quarter it seems very likely that there will continue to be substantial declines in year over year sales numbers. This trend will in all likelihood continue in the 2nd quarter as well.

Starting in the 3rd quarter there are variables at play that are harder to quantify. The year over year numbers get easier to compete with and the interest rate environment will be similar to the same time during the prior year of 2022. An unknown variable is the overall strength of the economy with many economists calling for a recession in the 2nd half of 2023. Another is the Federal Reserve and where they will be at in their current tightening cycle.

The residential real estate market is more dependent on the interest rate environment than any other market in the United States. It is difficult to see the market gaining much traction at a 30-year mortgage rate at 6% or above. The very strong appreciation rates experienced in 2021 and the first half of 2022 have created affordability issues as this pricing was based on very low interest rates which have now increased significantly cutting into the potential purchasing power of buyers. It will take some time for pricing to come back to equilibrium.

The Midwest overall is characterized by more stable markets than many other areas of the country which leads to more stability. While appreciation rates have been strong recently they were much lower than other areas. The most dynamic markets in Rally's footprint are Indianapolis, Madison, Des Moines and Omaha. These markets all have growth rates of over 1% per year. This growth helps the housing market as it creates demand for new housing starts which in turn puts upward price pressure on existing housing. Most markets in Rally's footprint are growing, but at a small percentage. The exception to this is most markets in Illinois which are experiencing declining population at the current time. An examination of the data reveals very strong correlation between the growth rate of a market and its appreciation rate with declining population markets experiencing lower rates of appreciation.

We will continue to monitor median sales price trends in 2023 to see if the market can maintain appreciation or if economic factors combined with higher interest rates lead to declines. There is no market evidence of this occurring at the current time, but it will be interesting to see what happens during 2023 as there are a number of factors converging to create uncertainty in the market.

*Supporting data compiled by the following Rally Appraisal Certified Residential Appraisers:*

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# Rally Appraisal Market Data: 2023 Q1

## Iowa Residential Markets

### Iowa Quad Cities

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	519	\$190,000	1st Quarter	550	\$197,500	5.97%	3.95%
2nd Quarter	778	\$204,375	2nd Quarter	752	\$223,300	-3.34%	9.26%
3rd Quarter	890	\$210,000	3rd Quarter	712	\$224,450	-20.00%	6.88%
4th Quarter	706	\$195,400	4th Quarter	544	\$208,250	-22.95%	6.58%

### Cedar Rapids

	2021			2022			
	Sales	Average Sale Price		Sales	Average Sale Price	Sales +/-	Average +/-
1st Quarter	640	\$205,815	1st Quarter	727	\$221,169	13.59%	7.46%
2nd Quarter	1082	\$226,185	2nd Quarter	1074	\$240,559	-0.74%	6.35%
3rd Quarter	1238	\$226,796	3rd Quarter	1108	\$245,512	-10.50%	8.25%
4th Quarter	1048	\$215,963	4th Quarter	801	\$241,367	-23.57%	11.76%

### Iowa City/Coralville

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	394	\$254,950	1st Quarter	407	\$275,000	3.30%	7.86%
2nd Quarter	926	\$265,945	2nd Quarter	861	\$299,900	-7.02%	12.77%
3rd Quarter	855	\$257,500	3rd Quarter	736	\$286,000	-13.92%	11.07%
4th Quarter	585	\$269,900	4th Quarter	399	\$279,900	-31.79%	3.71%

### Omaha Iowa Market

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	230	\$145,000	1st Quarter	230	\$150,000	0.00%	3.45%
2nd Quarter	402	\$165,000	2nd Quarter	355	\$193,000	-11.69%	16.97%
3rd Quarter	411	\$175,000	3rd Quarter	335	\$208,000	-18.49%	18.86%
4th Quarter	369	\$171,750	4th Quarter	256	\$185,000	-30.62%	7.71%

### Dubuque

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	180	\$182,250	1st Quarter	177	\$202,500	-1.67%	11.11%
2nd Quarter	316	\$214,612	2nd Quarter	285	\$225,000	-9.81%	4.84%
3rd Quarter	350	\$202,250	3rd Quarter	358	\$231,500	2.29%	14.46%
4th Quarter	304	\$212,000	4th Quarter	236	\$208,500	-22.37%	-1.65%

### Des Moines

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	2697	\$242,178	1st Quarter	2768	\$268,250	2.63%	10.77%
2nd Quarter	4167	\$255,000	2nd Quarter	2721	\$286,500	-34.70%	12.35%
3rd Quarter	4360	\$265,000	3rd Quarter	3553	\$285,975	-18.51%	7.92%
4th Quarter	3630	\$265,813	4th Quarter	2443	\$275,000	-32.70%	3.46%

### Cedar Falls/Waterloo

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	369	\$145,000	1st Quarter	358	\$163,500	-2.98%	12.76%
2nd Quarter	542	\$173,950	2nd Quarter	494	\$185,000	-8.86%	6.35%
3rd Quarter	634	\$170,000	3rd Quarter	583	\$175,000	-8.04%	2.94%
4th Quarter	511	\$153,500	4th Quarter	379	\$162,500	-25.83%	5.86%

# Illinois Residential Markets

## Illinois Quad Cities

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	342	\$115,000	1st Quarter	393	\$128,000	14.91%	11.30%
2nd Quarter	605	\$129,900	2nd Quarter	570	\$126,625	-5.79%	-2.52%
3rd Quarter	653	\$132,500	3rd Quarter	540	\$139,000	-17.30%	4.91%
4th Quater	553	\$134,900	4th Quater	414	\$138,500	-25.14%	2.67%

## Peoria Metro

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	636	\$114,500	1st Quarter	629	\$116,900	-1.10%	2.10%
2nd Quarter	1084	\$121,700	2nd Quarter	1012	\$130,000	-6.64%	6.82%
3rd Quarter	1031	\$127,000	3rd Quarter	862	\$140,000	-16.39%	10.24%
4th Quater	859	\$119,500	4th Quater	707	\$123,500	-17.69%	3.35%

## Peoria Suburban

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	454	\$124,950	1st Quarter	427	\$135,900	-5.95%	8.76%
2nd Quarter	751	\$139,900	2nd Quarter	606	\$150,000	-19.31%	7.22%
3rd Quarter	667	\$144,000	3rd Quarter	572	\$153,750	-14.24%	6.77%
4th Quater	569	\$140,000	4th Quater	433	\$140,000	-23.90%	0.00%

## Springfield

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	564	\$133,500	1st Quarter	590	\$145,000	4.61%	8.61%
2nd Quarter	898	\$147,700	2nd Quarter	813	\$158,000	-9.47%	6.97%
3rd Quarter	955	\$160,000	3rd Quarter	805	\$171,000	-15.71%	6.88%
4th Quater	815	\$154,000	4th Quater	591	\$164,900	-27.48%	7.08%

## Bloomington/Normal

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	460	\$159,950	1st Quarter	430	\$185,500	-6.52%	15.97%
2nd Quarter	827	\$180,500	2nd Quarter	653	\$215,000	-21.04%	19.11%
3rd Quarter	842	\$199,900	3rd Quarter	797	\$212,000	-5.34%	6.05%
4th Quater	651	\$180,500	4th Quater	547	\$200,000	-15.98%	10.80%

## St. Louis Metro East Illinois

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	1662	\$155,750	1st Quarter	1583	\$165,000	-4.75%	5.94%
2nd Quarter	2444	\$175,000	2nd Quarter	2233	\$194,000	-8.63%	10.86%
3rd Quarter	2523	\$177,500	3rd Quarter	2219	\$190,000	-12.05%	7.04%
4th Quater	2223	\$168,000	4th Quater	1701	\$175,000	-23.48%	4.17%

## Rockford

	2021			2022		Sales +/-	Median +/-
	Sales	Median Sale Price		Sales	Median Sale Price		
1st Quarter	820	\$137,550	1st Quarter	876	\$133,750	6.83%	-2.76%
2nd Quarter	1076	\$156,950	2nd Quarter	985	\$175,000	-8.46%	11.50%
3rd Quarter	1352	\$162,750	3rd Quarter	1136	\$170,000	-15.98%	4.45%
4th Quater	1189	\$151,000	4th Quater	817	\$155,000	-31.29%	2.65%

## Wisconsin Residential Markets

### Madison

	2021		2022		Sales +/-	Median +/-	
	Sales	Median Sale Price	Sales	Median Sale Price			
1st Quarter	1063	\$362,500	1st Quarter	1036	\$391,500	-2.54%	8.00%
2nd Quarter	2005	\$380,000	2nd Quarter	1779	\$425,000	-11.27%	11.84%
3rd Quarter	2069	\$378,000	3rd Quarter	1760	\$416,500	-14.93%	10.19%
4th Quater	1611	\$365,500	4th Quater	1076	\$400,000	-33.21%	9.44%

### Janesville/Beloit

	2021		2022		Sales +/-	Median +/-	
	Sales	Median Sale Price	Sales	Median Sale Price			
1st Quarter	409	\$185,000	1st Quarter	380	\$195,000	-7.09%	5.41%
2nd Quarter	584	\$210,276	2nd Quarter	539	\$241,000	-7.71%	14.61%
3rd Quarter	727	\$200,000	3rd Quarter	632	\$245,000	-13.07%	22.50%
4th Quater	609	\$205,000	4th Quater	438	\$225,500	-28.08%	10.00%

### La Crosse

	2021		2022		Sales +/-	Median +/-	
	Sales	Median Sale Price	Sales	Median Sale Price			
1st Quarter	231	\$221,650	1st Quarter	229	\$245,000	-0.87%	10.53%
2nd Quarter	377	\$249,000	2nd Quarter	397	\$280,000	5.31%	12.45%
3rd Quarter	458	\$240,000	3rd Quarter	421	\$266,500	-8.08%	11.04%
4th Quater	387	\$237,900	4th Quater	296	\$263,950	-23.51%	10.95%

## Missouri Residential Markets

### St. Louis Metro

	2021		2022		Sales +/-	Median +/-	
	Sales	Median Sale Price	Sales	Median Sale Price			
1st Quarter	5582	\$230,000	1st Quarter	5115	\$240,000	-8.37%	4.35%
2nd Quarter	8213	\$251,500	2nd Quarter	7444	\$275,000	-9.36%	9.34%
3rd Quarter	8773	\$255,000	3rd Quarter	7172	\$272,000	-18.25%	6.67%
4th Quater	7435	\$245,000	4th Quater	5438	\$255,000	-26.86%	4.08%

## Nebraska Residential Markets

### Omaha Metro

	2021		2022		Sales +/-	Median +/-	
	Sales	Median Sale Price	Sales	Median Sale Price			
1st Quarter	1745	\$232,000	1st Quarter	1751	\$262,000	0.34%	12.93%
2nd Quarter	2845	\$250,000	2nd Quarter	2642	\$285,000	-7.14%	14.00%
3rd Quarter	2991	\$250,000	3rd Quarter	2509	\$285,000	-16.12%	14.00%
4th Quater	2706	\$243,750	4th Quater	1688	\$275,000	-37.62%	12.82%

# Indiana Residential Markets

## Indianapolis Metro

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	3010	\$185,000	1st Quarter	3051	\$222,000	1.36%	20.00%
2nd Quarter	4205	\$210,000	2nd Quarter	3953	\$247,500	-5.99%	17.86%
3rd Quarter	4432	\$220,000	3rd Quarter	3820	\$244,000	-13.81%	10.91%
4th Quater	4069	\$220,000	4th Quater	2748	\$230,000	-32.46%	4.55%

## Indianapolis Suburban

	2021			2022			
	Sales	Median Sale Price		Sales	Median Sale Price	Sales +/-	Median +/-
1st Quarter	2858	\$291,125	1st Quarter	2864	\$337,750	0.21%	16.02%
2nd Quarter	4439	\$312,500	2nd Quarter	4335	\$367,500	-2.34%	17.60%
3rd Quarter	4970	\$319,312	3rd Quarter	4262	\$365,000	-14.25%	14.31%
4th Quater	4222	\$329,977	4th Quater	3309	\$365,650	-21.62%	10.81%