



Wisconsin **REALTORS®** Association

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Wisconsin Home Sales Moderate in First Quarter Volume remains near record levels of Q1 2006

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Madison – Wisconsin's housing market remains solid despite signs of moderating sales, according to recent figures released by the Wisconsin REALTORS® Association (WRA). Home sales fell 6.5 percent for the first quarter of 2007, down from record highs set last year at this time, but experts say the market is still among the strongest in Wisconsin's history. "The Wisconsin housing market may have softened, but to keep things in perspective this is the third best first quarter we've ever had," said WRA Chairman Roger Rushman. "To be within 7 percent of last year's record volume is impressive," he added. Rushman also suggested that the fundamentals in the state economy remain solid, with unemployment essentially unchanged over the past year, and more than 32,000 new jobs in the state since the first quarter of 2006, which bodes well for the Wisconsin real estate market.

First Quarter Regional Sales Data

Comparing the first quarter of 2007 with the same quarter last year, existing home sales were up 5.9 percent in the West region, they were essentially unchanged in the Northeast region and they fell just 1.9 percent in the Central region. However, sales volume fell 5.9 percent in the South Central region, it dropped 7.8 percent in the Southeastern region, and it was off its Q1 2006 pace by 10.6 percent in the more volatile Northern region, which is characterized by a mix of primary and secondary residences.

The Western region posted healthy growth, with sales volume in the first quarter of 2007 up 5.9 percent over that same quarter last year. Within the region growth was strongest (+20 percent) in Pierce County, which is a suburban county in the Minneapolis metropolitan area. Also strong was Eau Claire County (+11.9 percent) on solid sales volume, as well as another

Minneapolis suburban county, St. Croix County (+8 percent). Modest growth was seen in Dunn County, which increased 4.1 percent followed by Buffalo, Pepin and Trempeleau counties (+3.3 percent), which are combined for reporting purposes. La Crosse County was up slightly (+0.8 percent), and Monroe County was unchanged on minimal volume. Sales fell slightly (-4.6 percent) in Chippewa County, although this represents just five fewer sales in the first quarter of 2007 as compared to the first quarter of 2006. Likewise, even though Vernon County saw its volume drop 50 percent, this represented just two fewer sales in Q1 2007 relative to Q1 2006.

The Northeast region was within four home sales of its first quarter 2006 levels, falling just 0.2 percent in the first quarter of 2007 as compared to the first quarter of 2006. Within the region there was considerable volatility over the period. Several counties were up by double-digits. The strongest growth in the region was Green Lake County, which grew 78.8 percent on moderate volume. Two other counties were up 50 percent over last year. Menominee County grew 50 percent on very slight volume (i.e., growing from two to three units sold), but Fond du Lac County also rose 50 percent on more solid sales volume, with 56 additional sales in Q1 2007 as compared to that recorded in Q1 2006. Calumet County was up 23.6 percent, and Marinette County increased 15 percent, both on solid sales volume. More modest growth was seen in Shawano County (+4.7 percent) and also in Manitowoc County (+3.7 percent), whereas sales were unchanged in Oconto County. However, several counties experienced reductions in sales volume. Brown County fell 2.4 percent; Outagamie County declined 5.2 percent; Waupaca County dropped 9.4 percent; and Winnebago slid 13.6 percent in Q1 2007 as compared to the same quarter last year. Finally, the sales volume reductions were strongest in Kewaunee County (-21.4 percent) and Door County (-27.9 percent).

The Central region was down just 1.9 percent in sales volume of existing homes for Q1 2007 compared to Q1 2006. Two small rural counties experienced very strong growth, albeit off of modest sales volume in the first quarter of 2006 – Clark County was up 73.7 percent, and Adams County grew 36.4 percent. However, growth was also seen in two counties with more significant home sales last year. Wood County was up 5.1 percent, and existing home sales grew 2.3 percent in Portage County over the period. The largest county in the region, Marathon County, fell 7.5 percent, and Waushara County was down 31.6 percent.

The South Central region was down 5.9 percent in Q1 2007 as compared to Q1 2006. Again, there was considerable volatility, especially in smaller rural counties. Solid growth was seen in Sauk County, where sales were up 13.1 percent over the period on solid volume. Also up by a healthy margin was Grant County, where existing home sales increased 6.1 percent on moderate volume. Home sales were unchanged in Dodge County, and they fell at modest rates in the two largest counties in the region, Dane County (-4.5 percent) and Rock County (-6.4 percent). Jefferson County was down 5.5 percent from the levels established last year. Green County saw its sales volume drop 10.7 percent, and sales volume was down 19 percent in Iowa County and 21.1 percent in Columbia County. Finally, reductions in sales volume were most dramatic in the smallest counties in the region. Sales volume dropped 43.8 percent in

Lafayette County, 66.7 percent in Crawford County, and 73.3 percent in Richland County. Note that each of these counties only sold between 15 and 16 homes in the first quarter of 2006.

In the Southeast region, sales volume fell 7.8 percent in the first quarter of 2007 as compared to that same quarter in 2006. Two of the suburban metropolitan Milwaukee counties were up by healthy margins, with sales in Ozaukee County up 12.4 percent, and sales rising 10.5 percent in Washington County. All other counties in the region were down, with the reductions modest in Waukesha County (-3.9 percent) and also in Racine County (-6.6 percent). However, the decline was more substantial in four counties. Specifically, sales fell 11.7 percent in Milwaukee County; they dropped 11.9 percent in Walworth County; they declined 12.6 percent in Kenosha County; and they slid 15 percent in Sheboygan County.

Finally, existing home sales fell 10.6 percent in the North region in the first quarter of 2007 relative to the first quarter in 2006. Given the predominance of vacation homes in this region, a few counties were up significantly, but most experienced a decline in volume, with some reductions significant. The strongest growth was seen in Taylor County, which grew 63.6 percent, although this adds just seven homes to the 11 that sold in Q1 2006. This was followed by Douglas County (+12.4 percent), also on small initial sales volume. Also up were Lincoln County (+6.8 percent) and Sawyer County (+2.4 percent) on modest sales volume. Oneida County was unchanged over the period, whereas Burnett County was down slightly (-2.2 percent); Vilas County dropped 6.1 percent on solid volume; and Rusk County dropped 8.7 percent. Finally, the remaining counties fell by more than 10 percent. Specifically, Forest County fell 12.5 percent, Langlade County was off its Q1 2006 pace by 14.9 percent; Price County was down by 15.8 percent; Polk County fell 19.2 percent; Washburn dropped 20.5 percent; Florence County was down 25 percent (although this was just one fewer home sold); and Iron County was off its Q1 2006 pace by 25 percent. Barron County was down 28.7 percent and home sales in the counties of Ashland and Bayfield, which report their sales collectively, were down 28.9 percent.

First Quarter Median Housing Price Data

Home prices in the first quarter rose a modest 1.1 percent to \$160,000 according to the REALTORS® report. Across the state, median prices increased in five of the six regions and were down only slightly in one region. "Seeing homes maintain the value built up over the long expansion is a healthy sign," said WRA President William Malkasian. "This represents a good time for new buyers to get into this market, given that 30-year conventional mortgage rates have fallen more than half a percent since July of last year, and home inventories are up in many areas of the state," he noted. "With the most recent figures from the National Association of REALTORS® showing slight reductions in home prices in all regions of the country including the Midwest, this is an indication that Wisconsin housing remains a good way to build and maintain wealth," said Malkasian.

The Northern region saw its median prices grow 6.3 percent to \$122,200 in the first quarter of 2007 compared to the first quarter of 2006. Given the mix of primary and secondary homes that sell in this region, median prices are sometimes volatile as the mix of homes changes from quarter to quarter, and the most recent period is no exception. Numerous counties experienced significant increases

in their median prices. For example, the median price rose 56.7 percent to \$156,700 in Douglas County and it was up 36.9 percent to \$153,300 in Vilas County. In each of these counties, it is likely that the homes that sold in Q1 2007 were qualitatively different (e.g., larger or in a more desirable location) from those that sold in Q1 2006. Also strong were Price County (+25 percent to \$70,000); the combined Ashland/Bayfield counties (+23.1 percent to \$120,000); Barron County (+15.4 percent to \$138,500); Polk County (+9.7 percent to \$148,900); and Oneida County (+8.9 percent to \$112,500). In contrast, the remaining counties saw their median prices fall somewhat. For a number of counties, the declines were modest. For example, median prices fell 1.2 percent to \$88,900 in Forest County; they dropped a modest 2 percent to \$67,700 in Langlade County; and they slid 2.9 percent to \$120,000 in Taylor County. Slightly higher reductions were seen in Sawyer County (-4.8 percent to \$170,000) and Rusk County (-6.4 percent to \$82,200). However, the median price declines were more pronounced in four counties. The median priced home was 11.1 percent lower (\$80,000) in Iron County in Q1 2007 as compared to Q1 2006; it was 19.7 percent lower to \$156,000 in Washburn County; it fell 26.4 percent to \$88,300 in Lincoln County; and it dropped 29.1 percent to \$95,000 in Burnett County. Again, while some of these steep median price reductions may result from discounting by sellers, dramatic changes in the median price also likely reflect the same type of qualitative changes that would account for strong positive price growth in other counties.

The Central region experienced a 3.8 percent increase in median prices to \$120,000 in the first quarter of 2007 relative to the first quarter of 2006. Two of the smaller counties in the region saw their median prices rise substantially. Specifically, median prices rose 81.1 percent to \$117,700 in Adams County and they were up 18.2 percent to \$85,000 in Clark County. Both of these areas experienced strong increases in sales, off of relatively small volume, suggesting that demand pressures are strong. Nonetheless, it is likely that the mix of homes was qualitatively different as well, which also contributed to the increased median price. The remaining counties showed more modest changes in their median prices. For example, Waushara County was up 7.2 percent to \$102,900, median prices increased 4.4 percent to \$90,000 in Wood County, and they rose 3.6 percent to \$134,700 in the largest county in the region, Marathon County. Finally, the median price was down slightly (-0.4 percent) to \$126,200 in Portage County.

The Southeast region saw its median prices increase 2.4 percent to \$176,900 in Q1 2007 as compared to Q1 2006. Within the region, the strongest growth in prices was seen in Racine County (+6.2 percent to \$156,900) followed closely by Walworth County (+6.1 percent to \$193,300). More modest increases were found in Milwaukee County, where the median price rose 3.5 percent to \$158,600, as well as Sheboygan County, where median price increases were 2.6 percent to \$130,000. The remaining counties were either flat, or down slightly. For example, Kenosha County was virtually unchanged (-0.2 percent to \$162,400) as was Ozaukee County (-0.3 percent to \$232,600). The median price in Washington County fell 1.2 percent to \$200,000 and it declined 4.3 percent to \$245,200 in Waukesha County.

The South Central Region witnessed a 2 percent increase in the median price to \$178,000 over the Q1 2006 to Q1 2007 period. While one of the smaller counties, Iowa County experienced a very large increase in its median price (+24.6 percent to \$156,700), undoubtedly due in part to a shift in the mix of homes sold; the changes were much lower in the remaining counties. In positive territory were Jefferson County (+6 percent to \$171,700), Rock County (+4.4 percent to \$125,300), Grant County (+3.1 percent to \$105,200) and Dane County (+0.7 percent to \$216,100). However, several counties saw their median prices fall. Specifically, Green County was down 1.6 percent to \$135,300; Columbia County fell 3.1 percent to \$155,000; Dodge County dropped 4.2 percent to \$129,000; and Sauk County was down 8.1 percent to \$147,100. Given that Sauk County volume rose more than 13 percent over the period, it is likely that some price discounting stimulated those sales.

The Western region experienced a 1.1 percent median price increase to \$151,700 in the first quarter of 2007 as compared to the first quarter of 2006. The two counties with the strongest median price appreciation were Chippewa County (+6.3 percent to \$136,000) and Eau Claire County (+6.3 percent to \$138,900). Moderate median price growth was found in St. Croix County, where prices were up 1.1 percent to \$198,200. La Crosse County saw its median price fall slightly (-0.8 percent) to \$133,300 and the median price dropped by modest margins in Dunn County (-3.3 percent to \$138,800) and Pierce County (-4.9 percent to \$178,200). The most significant median price reduction was found in Buffalo, Trempeleau and Pepin counties, which report their sales activity jointly, where median prices fell 25.6 percent to \$93,800. This most certainly results in part from a qualitative change in the mix of homes that sold between the first quarter of 2006 and that same period in 2007.

Finally, the only region to experience a reduction in the median price was the Northeast region, where median prices fell 3.5 percent to \$128,300 between Q1 2006 and Q1 2007. Within the region, several counties saw their median prices rise significantly over the period. Most dramatic was Kewaunee County, where prices more than doubled (+106.6 percent) to \$165,300, although this increase was on volume less than 15 units in either the first quarter of 2006 or 2007. In contrast, Oconto County saw its median price rise 26.4 percent to \$134,000 on solid volume in both quarters, and Fond du Lac County was up 10.6 percent to \$121,700, even as the sales volume rose substantially (+50%) over the period. This suggests strong demand conditions in Fond du Lac County. More moderate increases in median prices were seen in Manitowoc County (+4.3 percent to \$92,000) and Winnebago County (+3 percent to \$127,700). The remaining counties in the region experienced some reduction in median prices. For example, the reduction in median prices were minor in Calumet County (-0.8 percent to \$153,700) and they fell modestly in three other counties – Marinette County was down 2.4 percent to \$70,000, Brown County was down 3.6 percent to \$145,300, and Door County fell 4.4 percent to \$228,100. Slightly higher reductions in median prices over the period were seen in Green Lake County (-7.1 percent to \$108,600), as well as Shawano County (-7.1 percent to \$95,800) and Outagamie County (-7.7 percent to \$129,200). Finally, the largest slide in the median price was in Waupaca County, where it dropped 17.9 percent to \$92,500 on solid sales volume in both Q1 2006 and Q1 2007.

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 17,000 real estate brokers, sales people and affiliates statewide. Sales estimates for

the state are provided by the National Association of REALTORS®, which seasonally adjusts quarterly sales figures. All county figures on sales volume and median prices are compiled by the Wisconsin REALTORS® Association and are not seasonally adjusted. Median prices are only computed if the county recorded at least 10 home sales in the quarter.

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