

Date: 5/13/08
For Release: Immediately
For More Information Contact: David E. Clark, Economist
C3 Statistical Solutions, Inc.
Phone: 414-803-6537
or
William Malkasian, President
Wisconsin REALTORS® Association
Phone: 608-345-9004

WISCONSIN HOME PRICES FALL MODESTLY AS SALES DECLINE

Madison – Declining home sales nationwide and bad weather here in Wisconsin combined to drive state home sales down in the first quarter of 2008 compared to that same quarter in 2007, yet home prices fell only slightly, according to figures recently released by the Wisconsin REALTORS® Association (WRA).

Wisconsin home sales dropped 24.1 percent in the first quarter, which was somewhat higher than the rest of the Midwest region, which was down 18.3 percent. “It’s important to remember that bad weather always dampens home sales, and given the record snowfall this winter, we were expecting weak numbers for the first quarter,” said WRA Chairman Michael Spranger. “People don’t like to look at houses when the weather is bad, and the weather was definitely bad in January and February this year,” he pointed out.

Spranger noted that Wisconsin’s housing market started to improve in March, which means it’s likely that much of the spring sales activity has gotten pushed into the second quarter. “The good news is that market fundamentals remain solid, with 30-year fixed rate mortgages still around 6 percent, and statewide unemployment under 5 percent in the first quarter,” Spranger said.

Wisconsin’s median home prices fell by a modest margin (-3.8 percent to \$154,000) in the first quarter of 2008 as compared to the first quarter of 2007. “We need to be careful interpreting changes in the median price given the rather sizeable change in sales volume, since it’s very likely that the mix of homes changed from year to year,” said Bill Malkasian, WRA President. “But it is healthy to see some price moderation.” Malkasian added, “The price change indicates that housing is becoming more affordable, while not significantly diminishing the asset value of homes. This remains an excellent time for first-time home buyers to get into the housing market given the low mortgage rates and the healthy inventories statewide.”

Looking ahead, the WRA released results from an online survey of top real estate offices from around the state, which showed broker optimism about the market for the balance of 2008. Fifty-two percent of survey respondents said they expected sales in the second quarter of 2008 to be at or above last year, and almost 73 percent said sales in the third quarter would be the same or better than last year. Sixty-eight percent of brokers in the survey also predicted buyer interest would be the same or higher than last year in the second quarter, while 88 percent of survey respondents said that sellers would be more motivated in the second quarter of this year than they were in the second quarter of 2007.

-more-

“Overall, it’s not surprising that it takes some time for buyers and sellers to get on the same page when market conditions change,” said Malkasian, noting that REALTORS® continue to work hard to bring the two sides together. “These survey findings do suggest that with highly motivated sellers, there are now some excellent opportunities for buyers,” he indicated.

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.

###