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For More Information Contact: David Clark, Economist, C3 Statistical Solutions, 414-803-6537
or
William Malkasian, WRA President, 608-345-9004,
wem@wra.org
or
Michael Theo, WRA Vice President, 608-444-1111,
mtheo@wra.org

Wisconsin Home Sales and Prices Fall Housing Market Follows Economy Down in First Quarter

Madison – Wisconsin home sales and median prices both fell in the first quarter of 2009 compared to that same quarter last year according to data just released by the Wisconsin REALTORS® Association (WRA). The lingering national recession caused unemployment in Wisconsin to increase significantly during the first three months of the year, resulting in the housing market drop, according to the WRA. “The housing market doesn’t operate in a vacuum,” said Michael Mulleady, Chairman of the Board of the WRA. “The national economic environment drives Wisconsin’s economy and that in turn drives our housing market.” Mulleady noted the national economy shrank by more than 6 percent in the first quarter, causing Wisconsin’s unemployment rate to jump from 5.9 percent in December 2008 to 8.5 percent in March 2009.

Existing home sales in the state fell 22.6 percent in the first quarter compared to the first quarter of 2008. This was worse than the nation, which was down just 6.8 percent due primarily to healthy growth in the West from sales of deeply discounted foreclosed homes in the first quarter. In fact, home sales were up 24.3 percent in the West, while they fell 20.1 percent in the Northeast and they dropped 12.7 percent in the South and 13.1 percent in the Midwest.

Despite the severity of the downturn, there are reasons for cautious optimism, according to Mulleady. “Mortgage rates are now in the 5 percent range and banks are willing to lend to buyers with solid credit histories,” he said, adding that the federal stimulus package has offered a refundable tax credit of up to \$8000 for first-time buyers in 2009. “This will certainly bring in potential first-time buyers who are just now learning the details of the plan,” said Mulleady. According to a recent survey of buyers and sellers conducted by the National Association of REALTORS®, first-time buyers comprise about half of the existing home sales nationally “so this tax credit, which is only available for 2009, has the potential to get many of those first-time buyers off the fence in the next three quarters,” Mulleady said.

Median prices in Wisconsin fell 9.5 percent to \$137,500 in the first quarter of 2009 compared to the first quarter of 2008. “Although some of this decline results from price discounting by sellers in a soft housing market, much of it is due to the shift in the mix of homes selling this year as compared to last year,” said William Malkasian, WRA President. “Less expensive homes have been moving much more briskly than top end homes,” said Malkasian. “When that happens, the median price will naturally fall as a result, so we don’t have an apples-to-apples comparison between this year and last year,” he said. Nonetheless, it is clear that this continues to be “a buyers market with healthy inventories and very favorable mortgage rates,” according to Malkasian, who also noted that “housing remains an asset that has historically kept pace with inflation and remains a very good way for a young family to build household wealth. This is a great time to buy a home, and working with a REALTOR® with extensive knowledge of local markets is a good way for buyers to find the best value in this market,” he said.

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 14,500 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. All data collected by Wisconsin REALTORS® Association are subject to revision if more complete data becomes available.