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## National Trends Push Wisconsin Home Sales and Prices Down

**Madison** – Wisconsin home sales and median prices both slipped in the third quarter compared to the same quarter last year, according to data just released by the Wisconsin REALTORS® Association (WRA). The lower numbers are attributable to the national subprime crisis and subsequent full-blown financial crisis in the third quarter, which almost certainly pulled the fragile U.S. economy into recession, according to Michael Mulleady, Chairman of the Board for the WRA. “Despite favorable mortgage rates and the willingness of most banks to lend to those with solid credit records, our state market was not immune from the national economic troubles.”

Existing home sales in the state fell 16.7 percent in the third quarter compared to the third quarter of 2007. Home sales in the nation were down just 7.7 percent due in large part to a rebound in the western region over the period. In the Midwest, sales declined 10.6 percent in the third quarter relative to 2007. “Homebuyers have had to digest a lot of information these past few months with a highly volatile stock market, policymakers scrambling to shore up financial markets, and political rhetoric at a feverish pitch leading up to the presidential election,” said Mulleady. “Under the circumstances, it’s not surprising that home sales continued to fall,” he said. Mulleady said the WRA expected the state market to remain soft into the first half of 2009, but there is cause for some optimism. “There are several localized markets where sales have begun to stabilize and single family inventories have improved, which gives us hope that we may be seeing the bottom of this market,” said Mulleady. Mulleady reminded buyers that “there are excellent opportunities for first-time buyers with solid credit, since 30-year fixed-rate mortgages continue to hover at just over 6 percent.”

Median prices fell 5.3 percent to \$160,000 in the third quarter of 2008 compared to the third quarter of 2007. “It’s important to remember that a modest downward price adjustment is healthy in a soft market,” said William Malkasian, WRA President. “This is one of the things that will eventually turn this market around.” Malkasian said timing the bottom of any market is very difficult, but those who buy in a soft market can count on solid appreciation over the long run. “Even with the recent price reductions, housing has still appreciated 24.4 percent since the third quarter of 2001,” Malkasian said. “Large inventories give buyers many options. Local REALTORS® can help buyers sort through the variety of bargains that exist in this market.”

A survey of REALTOR® brokers across Wisconsin this month showed a consistent belief (72.4 percent of respondents) that seller motivation has increased comparing the fourth quarter this year to the same period in 2007. The vast majority of broker respondents (72.4 percent) now believe that buyer interest is lower in Q4 2008 vs. Q4 2007. Only one in 10 (10.3 percent) think it has improved. In light of the recent financial and economic turmoil, nearly two thirds of respondents think that fourth quarter sales this year will fall below fourth quarter sales last year. However, brokers are more optimistic regarding sales in the first quarter of 2009 compared to sales in the first quarter of 2008. Nearly 70 percent of brokers said they believe sales in the first quarter of 2009 will be the same or better than the same period in 2008. “Given the economic and financial turmoil in the fourth quarter, these results are to be expected,” said Malkasian. “REALTORS® talk to buyers and sellers on a daily basis and unfortunately see buyers pulling back during these uncertain times, even with healthy inventories and motivated sellers,” he said. Malkasian noted that, “once buyers do get off the fence they will find some excellent opportunities.”

*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.*