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Wisconsin Home Sales Up in Third Quarter as Median Prices Moderate

Madison – Wisconsin home sales increased for the first time since the recession began nearly two years ago, according to data reported by the Wisconsin REALTORS® Association (WRA). Existing home sales increased 5.8 percent in the third quarter of 2009 compared to the same quarter last year, the first increase since the recession began in the fourth quarter of 2007.

“We are finally seeing signs of recovery in the housing market,” said John Flor, Chairman of the Board of the WRA. “This deep and lengthy recession has kept many buyers on the sidelines for the better part of two years.” He credited a combination of favorable mortgage rates and the federal tax credit for first time home buyers for the surge in sales. “With mortgage rates in the 5 percent range and the tax credit putting up to \$8,000 in the pockets of first time home buyers, the market saw a real boost,” Flor said.

Wisconsin’s 5.8 percent increase in housing sales compared favorably with the nation, which rose 5.9 percent, and the Midwest region, which grew at a 5.2 percent rate over that same period.

Flor noted that recent action by Congress not only extended the housing tax credit through April of next year but also expanded it to include all buyers. “The extension and expansion of the federal tax credit is not only good news for home buyers and sellers, but also for the economy as a whole,” said Flor. “Families buy a wide range of goods and services after they purchase a home, which helps the entire local economy, and sales of starter homes create opportunities for sellers to trade-up to a new or more expensive home.”

Flor noted that with the national unemployment rate now topping 10 percent, the economy still has a long way to go. However, he said there are good reasons for guarded optimism. “Gross Domestic Product grew in the third quarter and a key indicator of future economic performance, the Conference Board’s Index of Leading Economic Indicators, has been up each of the last six months. Hopefully these trends will help continue to fuel housing demand,” Flor stated.

As sales increased, median home prices in Wisconsin fell 6.3 percent to \$148,000 in the third quarter of 2009 compared to quarter three of 2008, according to the WRA report. This was better than the national reduction in median prices, which was at 11.2 percent over the period.

WRA President William Malkasian says care should be taken when interpreting these price figures. “These annual changes in median prices are not apples-to-apples comparisons,” said Malkasian. “Over the past year we’ve seen a shift from higher priced homes to lower priced homes, so the median price naturally falls,” Malkasian said. While some of the price change is the result of seller concessions, Malkasian said much of it is due to the robust movement of starter homes as a result of the first time home buyer tax credit program. He concluded, “Wisconsin home prices are not nearly as volatile as we have seen in other parts of the country and so purchasing a home in Wisconsin remains a very stable way to build household wealth.”

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing more than 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 the Wisconsin REALTORS® Association are subject to revision if more complete data becomes available.