

Home Sales Reports Glossary of Terminology

Closed sales: The total properties that have had a closed sale within a defined geographic area for a particular time period, as reported in the various MLS systems operating within Wisconsin.

Geographic area: Includes data defined at the county level, regional level — for example, counties within a particular region of the state — and state level.

Housing affordability index: An estimate of the percent of the median-priced home in the state that the household with the median family income in the state can purchase at prevailing mortgage rates. The calculation, which follows the methodology employed by the National Association of REALTORS[®], is done for a particular month and assumes a 20 percent down payment on a conventional 30-year fixed-rate mortgage. The median sales price is derived from MLS data; the median family income for Wisconsin is reported by the U.S. Bureau of the Census – American Community Survey; and the conventional mortgage rate amortizes the typical points paid and is reported by Freddie Mac. All inputs into the calculation are defined for the same month and are based on the most recent data available. Median family income data for the current year are benchmarked to the most recent year of actual data for Wisconsin and then extrapolated assuming similar monthly growth trends as the U.S. median family income data. Mortgage rate data for the most recent month are derived from a predictive model. All data series are updated as more current data become available.

Thus, an index of 100 indicates that the family with median income can afford to purchase 100 percent of the median-priced home. In contrast, an index of 150 indicates greater home affordability because the household with the median family income can afford to buy a property valued at 150 percent of the median sales price. Finally, an index of 75 would indicate that the household with the median income can only afford to buy a property valued at 75 percent of the median-priced property.

Inventory: The total number of active listings within a defined geographic area for a particular time period, as reported in the various MLS systems operating within Wisconsin.

Median sales price: The 50th percentile or midpoint of all closed sales, ranked from lowest to highest price, within a defined geographic area for a particular time period, as reported in the various MLS systems operating within Wisconsin.

Months supply of inventory: The ratio of average inventory over the past 12 months, divided by the closed sales within a defined geographic area for a particular time period, as reported in the various MLS systems operating within Wisconsin. When months supply of inventory is six months, the market is said to be balanced. Less than six months inventory is said to represent a seller's market, whereas more than six months inventory is believed to represent a buyer's market.

New listings: The total count of properties that have been newly listed within a defined geographic area for a particular time period, as reported in the various Multiple Listing Services (MLS) systems operating within Wisconsin.

Properties: Single-family, duplex and condominium/co-op residential properties.

Time period: The period over which real estate measures are summarized, such as month, quarter or year-to-date.