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STRONGEST WISCONSIN HOME SALES SINCE 2005

Madison, WI – More homes were sold in Wisconsin in 2015 than any year since 2005 according to the year-end analysis of the existing home market just released by the Wisconsin REALTORS® Association (WRA). A total of 76,693 homes sold in the state last year, up 11.4 percent over 2014, and median prices were 5.1 percent higher in 2015 compared to 2014. Strong December home sales helped boost the annual sales figures, with the final month of the year up 8.9 percent over December 2014 and median prices were up 3.7 percent to \$149,900 over that same period.

“It has been a phenomenal year for housing, with more than 7800 additional homes sold this year compared to last year,” said K.C. Maurer, Chairman of the WRA Board of Directors. “This is the best market we’ve seen in more than 10 years,” Maurer said. The 76,693 homes that closed in 2015 topped the 68,857 sold last year, just shy of the 78,125 sold in the pre-recession year 2005. “The strength of this market was seen across the entire state, with sales up by double-digit margins in every region,” Maurer said. The six regions in the state saw home sales grow at between 10.3 percent and 12.5 percent in 2015 compared to 2014.

“We would have sold more homes had we not been constrained by very tight inventory levels,” said Michael Theo, President and CEO of WRA. State inventories of unsold homes fell to just over 40,000 in December, and while inventories typically do fall during the winter months, the monthly average for 2015 was just over 47,900. This is well below the 2010 monthly average of about 66,000 unsold homes.

“Part of the reason housing supply has declined is that foreclosures have fallen to levels not seen since the early part of the last decade,” said Theo. In 2015, the state recorded 10,700 foreclosures, which is similar to the average of 10,816 between 2002 and 2005. By comparison, during the depth of the recession, there were approximately 28,500 foreclosures in both 2009 and 2010. “We are clearly back to stable pre-recession levels which is good,” he said.

“The combination of strong housing demand and tight inventories have both pushed median prices up in 2015,” said Theo. He noted median prices rose 5.1 percent to \$155,500 for all of 2015 compared to 2014. “This is well above the rate of inflation, which has been near zero for most of 2015,” he said. The 2015 inflation rate has not yet been released, but the annual pace of inflation derived from the monthly Consumer Price Index has ranged between -0.2 percent and 0.5 percent through November of 2015. “Not many assets have maintained their value in 2015 like housing,” said Theo. Despite these increases, Wisconsin’s housing remains very affordable according to the REALTORS’ report.

The Wisconsin Housing Affordability Index measures that portion of the median priced home that a buyer with median family income can afford to buy, assuming 20 percent down and a 30 year fixed rate mortgage financed at current rates. The index stood at 236 in December and has averaged 233 for all of 2015, which is virtually unchanged from the previous year figures. “Even though our prices have been rising at a healthy pace, low interest rates and modest improvements in estimated family income have kept affordability high,” said Theo. The interest rate on a 30 year mortgage was below 4 percent for all but one month in 2015. “Eventually we expect some inflation and that will ultimately drive mortgage rates upward which will likely reduce our affordability,” he said. Still, the fundamentals for this market are solid with a growing state economy, low interest rates and housing that remains affordable for our buyers. “Experienced REALTORS® know their local markets and can help buyers find the best in this tight housing environment,” said Theo.

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 14,000 real estate brokers, sales people and affiliates statewide. 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 become available. Beginning in 2010, all historical sales volume and median price data at the county level have been re-benchmarked using the Techmark system which accesses MLS data directly and in real time. The Wisconsin Housing Affordability Index is updated monthly with the most recent data on median housing prices, mortgage rates, and estimated median family income data for Wisconsin. Data on state foreclosure activity is compiled by Dr. Russ Kashian at the University of Wisconsin – Whitewater.