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Hot Winter in Wisconsin Housing Market Continues

Madison, Wis. — Wisconsin’s hot housing market continued in February, making this the strongest winter for existing home sales in more than 10 years, according to the most recent analysis of the residential housing market by the Wisconsin REALTORS® Association (WRA). Both existing home sales and median prices increased over their 2015 levels, with February sales up 4.1 percent compared to last year, and median prices rising 6.8 percent to \$146,800 over that same period.

“This has been a very robust winter for Wisconsin’s housing market with sales at the highest level we’ve seen since we began collecting data in 2005,” said K.C. Maurer, WRA board chairman. Note that the WRA recalibrated its data collection methods to improve reporting accuracy beginning with the 2005 sales activity. More than 12,700 homes sold between December 2015 and February 2016, which exceeds the 2006-2007 winter by 261 sales. “We’re definitely bringing momentum into the spring and summer months where traditionally most of our sales take place,” Maurer said.

February sales were up in every region in the state, with most regions increasing in the range of 1.3 percent to 3.6 percent. The exception was the North region where sales increased 16.8 percent. “The mild winter really helps in the northern part of the state,” said Maurer, who pointed out that median prices were also up significantly in that region compared to February 2015. Caution needs to be exercised when interpreting a 31.8 percent increase in the median price of Northern homes, especially given the mix of primary and second homes that sell in that region. “This reflects the fact that a strong economy is bringing buyers back to the second home market and that larger, more expensive properties were likely in the mix of homes sold this year compared to last year,” he said.

Median prices were up 6.8 percent in February over the same month in 2015. “This really continues the trend we saw last year where median prices rose well above the rate of inflation,” said WRA President & CEO Michael Theo. In the first two months of 2015, prices rose 5.1 percent over the previous year. In the first two months this year, prices were up 7.9 percent over 2015. “This is a classic supply-and-demand story with low inventories and high demand pushing prices up,” said Theo. On the demand side, the unemployment rate has remained low at 4.6 percent since March 2015 while job growth has been solid over that same period. U.S. Bureau of Labor Statistics data show Wisconsin’s total nonfarm employment rose by 27,000 between January 2015 and January 2016. On the supply side, the number of homes available for sale is down 11.8 percent over last year to just under 38,000 homes, which represents just 5.9 months of available supply given the pace of sales over the last 12 months.

One hopeful sign is the upward trend in new home construction in the state. Theo noted that while new construction of residential homes is a long way from peak levels, the state has made significant progress over the past several years. According to the Federal Reserve, after seasonal adjustment, new single-unit housing permits were at 974 in January 2016, which is 13.1 percent higher than the 860 permits authorized in January 2015. That is more than 2.5 times the pace in January 2009 where new housing permits bottomed out at just 368 units. “On the seller side, this is shaping up to be another strong year for sales,” said Theo. “Even with the upward price pressure, that doesn’t mean buyers are being priced out of this market,” said Theo. He noted that low mortgage rates and modest income growth have kept housing affordability high in the state. “Using an experienced REALTOR® remains one of the best ways to match qualified buyers with sellers looking to trade up,” he said.

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 the 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.