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## Strongest First Quarter Housing Market Since Great Recession

**MADISON, Wis.** — More Wisconsin homes sold in the first quarter of 2016 than any first quarter since 2007, when the Great Recession began, according to the most recent analysis of the residential housing market by the Wisconsin REALTORS® Association (WRA). First quarter sales were up 4.2 percent compared to the first quarter of 2015, and median prices rose 6 percent to \$150,000 over that same period. For the month of March, sales slipped slightly, falling 1.4 percent relative to March 2015, but median prices continued to rise, up 4 percent to \$155,000 in March 2016.

“We’ve had a very good start to the year regarding sales, which positions the state well for a good spring and summer,” said K.C. Maurer, WRA board chairman. “Although home sales dipped a bit in March, it was still the second strongest March in sales volume since 2007,” he said. For the quarter, sales topped the first quarter of 2015 in every region in the state, with the strongest growth recorded in the Northeast region, which grew 7.2 percent, followed by the Central region, which was up 5.2 percent. The remaining regions in the state grew between 2.6 percent and 3.9 percent between March 2015 and March 2016.

Median prices continued their upward trend, increasing 6 percent in the first quarter of 2016 compared to the same quarter last year. “What is really fueling these price increases are the very low inventory levels that exist in the state combined with strong demand,” said WRA President & CEO Mike Theo. The number of unsold homes fell to 40,805 in March, which is 9.1 percent lower than the inventory in March 2015. “We have just 6.3 months of supply on the statewide market and even less in the urban counties,” said Theo. The average months of supply for the 25 metropolitan counties was just 4.9 months, whereas the 47 rural counties had 10 months of available inventory. The average months of supply for the 25 metropolitan counties was just five months, whereas the 47 rural counties had 10.2 months of available inventory. “We keep expecting new listings to pick up as home prices continue to rise, but listings have been declining consistently over the last year,” he said. New listings fell 9.7 percent in March compared to March last year. “One bright spot is that new construction appears to be picking up,” noted Theo. The 12-month period ending in February this year saw 10,069 single-family housing permits pulled. The last 12-month period where permits surpassed 10,000 was early 2009, and while this is a far cry from the nearly 28,000 annual total for permits pulled in late 2004, he indicated the trend is certainly moving in the right direction. “Builders are seeing opportunity in this tight market, and that’s good for everyone,” said Theo.

Despite raising prices, Wisconsin housing remains very affordable when compared to the Midwest and the nation. The Wisconsin Housing Affordability Index measures the fraction of the median-priced home that a buyer with median family income can afford to buy, assuming a 20 percent down payment and the remaining 80 percent financed using a 30-year fixed-rate mortgage. The Wisconsin index stood at 236 in March, which is only slightly below the value of 246 in March 2015. By comparison, the National Association of REALTORS®, national index stood at 173.8 in February, and its midwest index was at 219.6. “Even with the brisk growth in home prices, we’ve benefited from low mortgage rates and a solid state economy,” said Theo. “As prices continue to rise, we expect more sellers to list their homes, and with new construction on the rise, we are hopeful that prices will moderate and keep housing affordable in the state. “Still, the best way to navigate these tight housing markets for both buyers and sellers is to enlist the services of an experienced REALTOR®,” 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.*