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Wisconsin Housing Posts Strongest First Half Since Before 2005

MADISON, Wis. — Wisconsin's housing market in the first half of 2016 was the strongest since before the Great Recession, according to the most recent analysis of the state existing home market conducted by the Wisconsin REALTORS® Association (WRA). Home sales in the first six months of this year were up 5.5 percent over the first half of 2015, and median prices were 4.5 percent higher than the first half of last year at \$162,000 in 2016 compared to \$155,000 in 2015. Comparing just the month of June, home sales were up 3.4 percent this year over last, and prices were 3.8 percent higher in 2016.

“June is typically our strongest month for sales, and the market this year continues to be impressive,” said K.C. Maurer, WRA board chairman. June is the traditional start to summer, and in a typical year, about 11.5 percent of the annual sales in the state are closed in that month alone. “Wisconsin saw more sales closed in June of 2016 than in any month since before 2005,” said Maurer. Equally impressive, he noted 2016 had the strongest second quarter and first half home sales since 2005. “Homes are moving quickly,” noted Maurer. “The average time on the market fell to 86 days in June, which is very fast.” The last time days on the market were that low was August 2005. The lowest level was just 81 days in June of that year. “With homes selling this quickly, buyers need to have their financing lined up so they can move quickly when opportunities present themselves,” Maurer said.

Every region saw its sales grow in the first half of the year compared to the first six months of 2015, with the pace of growth ranging from just under 3 percent to 7.2 percent. For the month of June, sales were up relative to June last year in every region except the West, where they dropped 5.4 percent. The drop in the West is partly due to the fact that the West region was coming off of two very strong years where June sales had grown 40.8 percent over the 2013-to-2015 period. “For the West region to be close to last year's sales volume still reflects a very strong market in that region,” said Maurer.

The median price in the state increased 3.8 percent to \$174,900 in June 2016, again compared to June 2015, which represents the highest June median price since before 2005. “The last time we saw June prices hit \$170,000 was 2007, just before the recession began,” said WRA President and CEO Michael Theo. “Home prices have been rising since the spring of 2012. Our prices are 23.2 percent higher than where they were in June 2012, clearly outpacing inflation over that period,” said Theo. Inflation as measured by the growth in the Consumer Price Index grew about 15.5 percent between June 2012 and May of this year.

“Our tight inventories have fueled the upward pressure on prices,” said Theo. The state had just 46,550 homes available for sale in June, which given the average monthly sales over the past 12 months, represents just 7.1 months of available supply. This is far below peak inventory levels that stood at over 72,000 in August 2010. The supply of homes for sale is now 13.9 percent below the levels of one year ago. “We would have seen stronger sales in many areas of the state had there been more homes to buy,” he said. The North, Central and Northeast regions have ample supply at between 8.1 and 14.7 months, but markets are much tighter in the other three regions — Southeast, South Central and West — where they range between 5.2 and 6.2 months of available homes. “It's important to remember that even given these trends, housing affordability remains high, supported in part by excellent opportunities in the mortgage market,” said Theo. Mortgage rates sat at 3.57 percent on a 30-year fixed-rate mortgage in June. “An experienced REALTOR® can still help you find a great home even in this tight market, but buyers need to be prepared to move quickly because good opportunities don't sit on the market very long,” 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.