

Date: 9/18/17
For Release: Immediately
For More Information Contact: Michael Theo, WRA President & CEO, 608-241-2047, mtheo@wra.org
or
David Clark, Economist, C3 Statistical Solutions and Professor of Economics, Marquette University, 414-803-6537, dclark@c3stats.com

Home Sales and Prices Increase as Summer Housing Market Winds Down

MADISON, Wis. — Despite low inventories of houses on the market, both home sales and median prices finished the summer ahead of last year, according to the most recent analysis of the existing housing market by the Wisconsin REALTORS® Association (WRA). Home sales in August set a record, running slightly ahead of sales last August by 0.6 percent, making it the strongest August for home sales since the WRA recalibrated its data collection methods in 2005. Year-to-date sales are also at their highest level, with 55,588 homes sold between January and August this year. Tight inventories have put strong upward pressure on the median price, which rose 7.1 percent above the August 2016 level to \$182,000. This pattern has persisted throughout the year, with prices up 6.1 percent since January as compared to the first eight months of 2016.

“The traditional summer housing market typically starts in May and runs through August, and this year was a good summer for home sales,” said WRA chairman Peter Sveum. “But sales would have been even stronger if we had more homes available for sale.” Mr. Sveum, broker-owner of Coldwell Banker Success in Stoughton, was recently installed as the 2017-18 WRA chairman of the board.

The inventory problem that has hindered sales all year continued in August, with just 5.7 months of available supply statewide. Indeed, at just 38,640 homes available for sale, the number of homes on the market was 14.8 percent lower than August 2016. “The real challenge continues to be in the cities, where inventories are really tight,” said Sveum. For the 26 metropolitan counties in Wisconsin, there are just 4.3 months of supply, which means homes move very quickly when they come on the market. The average number of days that a property remains on the market after being listed dropped to just 68 days in August, down from 82 days a year ago.

“The good news is that the Wisconsin economy is strong and growing, but over the last year, that’s been forcing prices up at a rate well above inflation,” said WRA President and CEO Michael Theo. The annual rate of inflation derived from the U.S. Consumer Price Index (CPI) ticked up slightly in the beginning of the year, but it has settled into the range of 1.6 percent to 1.9 percent the last four months. In contrast, the annual pace of median home price appreciation has been at least 5.5 percent for all of 2017, and in August, prices were 7.1 percent higher than August 2016. “Taking a longer view, housing as an asset has been a good hedge against inflation since emerging from the recession,” said Theo. Compared to August 2009, the CPI rose 13.7 percent, whereas median home prices in the state rose 17.5 percent over the period between August 2009 and August 2017. “Housing is typically the largest component of household wealth, so this is welcome news for owners,” said Theo. He noted that it is also good news for those owners who find themselves in a position to sell. “Sellers can get top dollar for their homes when they list them; and quality properties, especially those in the cities, will move quickly once they are listed,” said Theo.

Even considering recent price growth, housing remains remarkably affordable for buyers in Wisconsin. The Wisconsin Housing Affordability Index shows the percent of a median-priced home that a buyer with a median family income in the state, a 20 percent down-payment and the remaining balance financed with a 30-year fixed-rate mortgage can afford to buy. “A year ago, that index stood at 228, and while lower this year, it still indicates a qualified buyer can afford to buy 211 percent of the median-priced home,” said Theo. He also indicated that housing prices do follow a regular seasonal pattern, heating up in the summer and moderating as we enter the fall and winter months. “Buyers can find good opportunities if they are willing to purchase outside the peak market times,” said Theo. “A REALTOR® who is experienced is still the best way to find the best values in this very tight market,” 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 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.