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State on Record Pace as Both Home Sales and Prices Grow in November

MADISON, Wis. — Wisconsin saw healthy growth in November home sales, putting the state on record pace for the year, according to the most recent analysis of the existing home market by the Wisconsin REALTORS[®] Association. Existing home sales increased in November for the second straight month, rising 4.2 percent compared to November 2016. Continued tight inventories put upward pressure on prices, with median home prices rising to \$170,000 in November, which is 5.6 percent higher than that same month last year. If the annual pace of sales continues through December, the state will easily surpass the record sales of 2016. Through November, single-family home sales totaled 77,216 this year, which is just 4,581 less than all of 2016, and which set a full-year record of 81,797 homes sold for that year. Over the past three years, the month of December averaged 5,334 units sold. With average monthly sales through November increasing 1.5 percent, December home sales are on track to exceed 5,800 units, which is more than enough to top last year's record sales.

"We've had strong home sales over the past two months, which is especially noteworthy given the ongoing inventory problems in the state," said Peter Sveum, WRA board chairman. Sales over the last two months have averaged 5.1 percent compared to October and November 2016, which is well above the lackluster 0.7 percent growth for the first nine months of this year relative to that same period in 2016. Home inventories for November dropped to 4.5 months of supply. To put this in perspective, the state had just over 30,765 available homes on the market in November 2017, which is 35.5 percent below the inventory levels in November 2014. "We're definitely outperforming expectations, and that's due in no small part to the efforts of REALTORS[®] who continue to do more in terms of generating sales, with less in terms of available inventory," said Sveum. The increase in sales was widespread across the state, with most regions seeing increases in the 2.0 percent to 3.5 percent range over the last 12 months. Stronger November sales were seen in the South Central region, which grew 5.6 percent over the previous November, as well as the Central region, which was up 20.9 percent over that same period. The Central region had 5.3 months of available supply.

"Equally impressive is the fact that our housing remains remarkably affordable, which is amazing given the pace at which home prices have grown," said Michael Theo, WRA president and CEO. Since median prices first started growing in 2012 following the Great Recession, they have consistently increased on an annual basis. In fact, home prices increased year over year in all but one month since March 2012. Comparing November 2012 with November 2017, the median price increased from \$130,000 to \$170,000, an increase of nearly 31 percent. With the general price level, as measured by the U.S. Consumer Price Index, growing just 7.1 percent over that same five-year period, home prices are up more than four times the overall price level. "It's no surprise affordability has slipped," said Theo. The Wisconsin Housing Affordability Index measures the fraction of the median-priced home that a borrower with median family income can afford to buy, assuming a 20 percent down payment and the remainder of the balance financed with a 30-year fixed-rate mortgage. In November 2012, the index stood at 285, and it stands at 225 in November 2017. "Luckily, mortgage rates have only increased moderately, and they remain low by historical standards," said Theo. The 30-year mortgage rates were at their all-time low point in November 2012, at 3.35 percent, and they have risen to only 3.92 percent in November 2017. With such low mortgage rates, even modest increases in family income mean that buyers can purchase a lot of home in Wisconsin, assuming they can find a home to buy. The Federal Reserve is once again hiking short-term interest rates, so some upward movement in mortgage rates is expected over the next year. "The window is closing on very low rates, and you've got to move quickly in this hot market," said Theo. He suggested working with a REALTOR[®] who is experienced and getting pre-approved for your financing is still the key to success.

The Wisconsin REALTORS[®] Association is one of the largest trade associations in the state, representing over 15,700 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 that 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.