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### **Sales Rebound Modestly in October as Prices Increase**

**MADISON, Wis.** — Existing home sales improved in October and inventories remained tight statewide, putting upward pressure on home prices, according to the latest analysis of the existing home market by the Wisconsin REALTORS® Association. Wisconsin home sales in October were 4.9 percent ahead of the sales in October 2016, which pushed year-to-date closings 1.1 percent above the pace set in the first 10 months of 2016. However, median prices continued to rise at a rate well above inflation, with median prices rising to \$175,000 in October, which is 6.1 percent higher than last October and very close to the year-to-date increase of 6 percent in median prices. In contrast, inflation in October stood at just 2 percent on an annualized basis.

“It’s been a consistent story all year, with the tight supply of homes on the market keeping sales relatively flat, but we broke out of that pattern somewhat in October with sales growing nearly 5 percent statewide,” said Peter Sveum, WRA board chairman. “It helps that we are entering a seasonal slowdown in sales, so demand pressures will moderate,” he said. Every region in the state except the North region experienced growth in October, with the strongest sales in the Central region, which grew 25.3 percent compared to that same month last year. This was followed by solid year-over-year October sales growth in the Southeast region, up 6.3 percent; the South Central, up 5 percent; and the West, up 4.7 percent. The Northeast region grew at a more modest pace of 1.1 percent. It is important to note that the seasonal trends are more volatile in the North and Central regions, and so the year-to-date totals give a more accurate picture of the market. Sales were up 6.4 percent in the North region for the first 10 months of 2017 compared to that same 10-month period in 2016, and sales were up 6 percent in the Central region. No other region grew more than 0.5 percent on a year-to-date basis. “This is the inventory problem, plain and simple,” said Sveum, noting the North region had 10.1 months of available supply in October, followed by 5.9 months in the Central region. In contrast, inventories were between 3.9 and 4.6 months of supply in the Southeast, South Central and West regions. The Northeast had 5.6 months in October.

“You can’t expect much price relief when you have strong demand and weak supply, but one positive signal was the improvement in new listings,” said Michael Theo, WRA president and CEO. The number of new homes listed for sale rose 4.1 percent in October, compared to October 2016. There are three sources of supply: foreclosure activity, new construction and, the primary source, new listings of existing homes. “It’s good to see improvement on the listings front, and hopefully it continues into the spring,” said Theo. Housing remains affordable in Wisconsin, mainly as a consequence of modest income growth and continued low mortgage rates. The Wisconsin Housing Affordability Index measures the percent of the median-priced home that a borrower with median family income can afford to buy assuming a 20 percent down payment and a 30-year fixed-rate mortgage. The index slipped from 235 in October 2016 to 216 this year. “With a 6.1 percent increase in prices, we can’t expect affordability to improve, but raising incomes are helping Wisconsin housing markets,” said Theo. “Successful buyers in this market should have their financing in place and should avoid contingencies on their offers if at all possible,” 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.*