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November Home Sales Solid as Prices Continue to Rise

MADISON, Wis. — The shortage of single-family homes for sale in Wisconsin continued to put upward pressure on prices in November, but the number of homes sold were nearly identical with solid sales last November, according to the most recent market analysis by the Wisconsin REALTORS[®] Association (WRA).

The monthly sales report showed November home sales up 0.5 percent from that same month last year, and median prices increased 7.7 percent to \$183,000. On a year-to-date basis, home sales remain 1.7 percent below the first 11 months of last year, whereas the median price was 6.7 percent above the same 11-month period in 2017.

“Unless we have a phenomenal December for home sales, it looks like we will come up a little short of last year’s sales totals,” said WRA Board Chairman Jean Stefaniak. A typical December accounts for about 6.8 percent of annual sales, so December home sales would need to grow by nearly 24 percent compared to last year to close the gap that exists through the first 11 months of the year.

“Nonetheless, this has been an impressive year for sales given the scarcity of homes on the market,” said Stefaniak. There were just 4 months of inventory available in November, which is below the 4.5 months available this time last year. “Inventory has been a problem in most regions around the state and in most price ranges over the last year,” she said. All regions saw inventories tighten over the last 12 months, and only the North region could be characterized as a buyers’ market, with 7.3 months of available supply. All other regions were well below the 6-month benchmark, which represents a balanced market. Over the last 12 months, homes priced below \$500,000 experienced a seller’s market, particularly homes in the \$125,000 to \$199,999 range which were very scarce with just 3.1 months of supply. For homes priced above \$500,000, there was ample supply with 9.8 months of inventory. Stefaniak noted the good news that new listings were up 5.2 percent in November. “Inventory levels adjust gradually, but at least we are seeing a few more homes finding their way into this tight market,” she said.

“We’ve had a strong economy in the state, which has pushed incomes up, but affordability has still suffered given the price and mortgage rate increases this past year,” said WRA President & CEO Michael Theo. Estimates show the statewide growth in the median family income was 3.4 percent over the last 12 months, but the nearly 1 percent increase in the 30-year fixed-rate mortgage combined with the 7.7 percent increase in the median sale price dropped affordability 13.3 percent. The WRA Housing Affordability Index shows that portion of the median-priced home that a borrower can afford to buy, assuming they have median family income, a 20 percent down-payment, and 30-year fixed mortgage on the remaining balance. The index fell from 225 in November 2017 to 195 this past month.

Theo noted that economic fundamentals, however, remain solid. The national unemployment rate has remained steady at 3.7 percent the last three months, and the statewide rate has held 3 percent since August with 31,800 total private sector jobs created over the 12 months ending in October. He pointed out that home prices do tend to soften during the winter months as demand moderates. “While a REALTOR[®] can’t guarantee good weather for a winter move, they can help find the best opportunities in this market,” he said.

The Wisconsin REALTORS[®] Association is one of the largest trade associations in the state, representing over 16,400 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 June 2018, all historical sales volume and median price data from 2015 forward at the county level have been re-benchmarked using the Relitix system which accesses MLS data directly and in real time. Data prior to January 2015 are derived from the Techmark system which also accessed MLS data directly. 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.