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Home Sales and Price Trends Continue into Fourth Quarter

MADISON, Wis. — Rising prices and slower sales fueled by inventory shortages continue to define Wisconsin's housing market heading into the final quarter of the year, according to the most recent market analysis by the Wisconsin REALTORS® Association (WRA).

October existing home sales fell 2.2 percent compared to last October, and the median selling price rose 5.1 percent to \$182,500. Through the first 10 months of the year, home sales also fell 2.2 percent compared to that same period last year, and median prices were up 6.4 percent to \$184,000.

"Inventories remain very tight statewide, and it's still a strong seller's market in most regions of the state," said WRA Board Chairman Jean Stefaniak. The state had 4.5 months of supply in October, which is down from 5.2 months in October of 2017. There was, however, some good news, as new listings were higher in October after falling throughout much of the year, increasing 2.5 percent compared to October 2017. With demand high and supply low, this remains a strong seller's market. Regionally, the Southeast, South Central and Western regions had inventories ranging from 3.7 months to 4.1 months of supply in October, and they were in the 4.9 to 5.3 range in the Northeast and Central regions. The only area in the state that is considered a buyer's market is the North region, where there are 8.2 months of supply.

Stefaniak did note that buyers who have been unsuccessful during the summer may want to consider the late fall and winter home markets. "Nobody likes to move when the snow starts falling, but sellers this time of year are frequently very motivated, which could lead to some modest price concessions," said Stefaniak. Home prices do follow the same general pattern as sales, ramping up in the spring and summer, then falling to relatively lower levels during the winter months. "Sales last winter were fairly strong, suggesting a lot of buyers took advantage of price opportunities during that time of the year," she said.

"Prices continued their upward trajectory and mortgage rates also increased by just under one percent over the past year, so affordability has definitely slipped," said WRA President & CEO Michael Theo. The Wisconsin Housing Affordability Index shows the fraction of the median-priced home that a buyer with median family income can qualify to purchase, assuming 20 percent down and the remainder financed using a 30-year fixed-rate mortgage. The index fell from 219 in October 2017 to 196 this past October, which is a 10.5 percent reduction in affordability over the last 12 months. "The strong economy has kept affordability from dropping further," said Theo. Median family income in the state is estimated to have increased just over 5 percent since October of last year. "The flip side of a strong national economy is that the Fed will likely continue to hike interest rates, which will translate into higher mortgage rates over the next year" he said. Rising prices and rising mortgage rates will continue to put pressure on affordability so considering a move in the winter may turn out to be a good decision in the long run. "Using a REALTOR® who is experienced and knows your local market is still the best way to find the home that's right for your family's needs," said Theo.

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 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.