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## **August Home Sales Slip as Prices Continue to Rise**

**MADISON, Wis.** — Wisconsin home sales fell by a modest margin even as median prices moved up sharply in August, according to the most recent examination of the existing housing market by the Wisconsin REALTORS® Association (WRA). Existing home sales fell 2.1 percent in August 2019 compared to August 2018, while median prices rose 9.0 percent over that same period to \$206,000. On a year-to-date basis, the picture is similar. Comparing the first eight months of 2019 to the first eight months of 2018, home sales dropped 3.2 while prices rose 7.6 percent to \$199,000.

“Although we have seen volatile monthly sales over the past years, the summer sales performance has been very stable since 2015,” said new WRA Board Chairman Steve Beers, who is the chairman of Keefe Real Estate in Lake Geneva, Wisconsin. Between June and August, sales ranged between 26,077 homes sold in 2015 and 27,387 homes sold in 2017. This summer, sales totaled 26,470. “That’s only a 5 percent swing in sales between the high and the low points, even as the economy has continually strengthened over that period,” said Beers. The statewide unemployment rate improved from 4.5 percent in July 2015 to 3 percent in July this year. So why have summer sales not improved more? Beers points to the tightening supply of homes for sale, noting inventories have steadily constricted over the last four years, shrinking from 8.5 months of supply in July 2015 during a strong buyer’s market to just five months of supply in July 2019 in a solid seller’s market. “The limited supply has essentially kept our sales in check,” he said.

“With tight supply and strong demand, robust price appreciation is to be expected, and that’s exactly what we’re seeing,” said WRA President & CEO Michael Theo. The median price increased 9 percent between August last year and this past August, and the statewide median price has now topped \$200,000 for each of the last four months. “We’ve been lucky that mortgage rates have been falling all year, which has kept our housing relatively affordable,” said Theo. The 30-year fixed-rate mortgage peaked at 4.87 percent in November last year, and rates have consistently dropped since then. The 30-year rate stood at 3.62 percent in August, which is 84 basis points below the January 2019 rate of 4.46 percent.

The Wisconsin Affordability Index represents the fraction of the median-priced home that a buyer with median family income can qualify to buy, assuming a 20 percent down payment with the remainder financed using a 30-year fixed-rate mortgage at current rates. Even with the median price going up 9 percent over the last 12 months, the decline in mortgage rates kept the index stable. The index stood at 197 in August, which is actually 1.5 percent above the levels of August 2018.

“While home prices always heat up in late spring and summer, the good news for buyers is that they typically settle down as we move into the fall and winter seasons,” said Theo. The annual appreciation rate for existing home prices has been 7.6 percent through the first eight months of this year, and if that rate of growth continues through the end of the year, median prices should remain below the \$200,000 mark for the rest of 2019. “With the Fed clearly in a rate-cutting mode, we expect more downward pressure on mortgage rates, which should result in modest improvements in affordability over the next few months,” Theo said. He noted that this is an excellent time to re-engage with a REALTOR® who is experienced. “The fall and winter months are great times to find housing deals, and this is especially true this year as mortgage rates approach their historic low levels,” said Theo. He cautioned that inventories remain very tight. “Getting pre-approved for financing, coming in with a clean offer and moving quickly is still the formula for success,” he said.

*The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 16,500 real estate brokers, salespeople 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 the Wisconsin REALTORS® Association is subject to revision if more complete data becomes 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 that accesses MLS data directly and in real-time. Data prior to January 2015 is derived from the Techmark system that 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.*

*Note that the WRA employs a slightly different protocol to determine inventory levels than the protocol used by the REALTORS® Association of South Central Wisconsin (RASCW). For consistency, the summary tables for the South Central region reported in the WRA release employ the WRA approach. However, a modified table employing the RASCW methodology is available from the WRA upon request.*