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February Sales and Home Prices Increase as Inventories Remain Tight

MADISON, Wis. — Sales of existing homes in Wisconsin were up in February despite escalating prices and winter weather, according to the most recent analysis of the state housing market by the Wisconsin REALTORS® Association (WRA). Home sales rose 1.2 percent in February relative to that same month in 2018, but median prices continued to increase as well, rising 6.1 percent to \$175,000 over that same period.

“We actually set a new sales record for February,” said Jean Stefaniak, WRA chairman. Existing home sales surpassed the previous sales record established last February, but given the relatively weaker showing in January, sales for the first two months of the year are still 3.4 percent below the pace set last year. “We had an excellent winter last year, so being close to that mark is a promising signal as we move into the spring and summer home markets,” said Stefaniak. The state typically sells just 5.1 percent of its annual volume in the month of February, compared to more than double that percent in the peak selling months of May through August.

“Inventory continues to be a significant challenge for the state,” said Stefaniak. Months of housing supply for sale fell 10.3 percent over the past year, slipping from 3.9 months in February 2018 to 3.5 months this past February. Every region of the state saw its inventories fall, with most falling by double digits.

Inventories differ significantly geographically with supplies tighter in urban areas. In the 26 counties classified as “metropolitan counties,” which are defined by the U.S. Census as belonging to a city of at least 50,000 people, there were just 2.9 months of housing supply in February. In the 14 counties with medium-sized cities and towns classified as “micropolitan counties,” defined by the Census as having populations between 10,000-49,999, there were 4.1 months of housing supply. Finally, the remaining 32 counties in the state, classified as “rural counties,” had 6 months of housing supply. “While it’s good to see many clear options for buyers in the rural markets, the reality is most Wisconsinites live in the more urbanized counties where inventories remain very tight,” said Stefaniak.

“The overall economy remains strong with low unemployment, solid job growth and favorable mortgage rates, which bolster demand,” said WRA President & CEO Michael Theo. “Strong demand and limited supply create upward pressure on home prices,” Theo said. But despite median prices up 6.1 percent on an annual basis in February, affordability only suffered slightly. The Wisconsin Affordability Index shows the fraction of the median-priced home that a buyer with median family income can afford to buy, assuming 20 percent down and the remaining 80 percent balance financed with a 30-year fixed-rate mortgage. The index was at 221 in February, down from 228 a year earlier. “The recent improvement in mortgage rates has helped with rates falling a half percent since October,” said Theo.

“Given the tight inventory levels that prevail in most areas of the state, it’s important that buyers be ready to move quickly when the right opportunity arises,” said Theo, who noted it’s critical for buyers to have their financing lined up. “Sellers definitely have the advantage in this market, so coming in with a clean offer and working with a REALTOR® who is experienced is still the key to success 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. Metropolitan counties include Brown, Calumet, Chippewa, Columbia, Dane, Douglas, Eau Claire, Fond du Lac, Green, Iowa, Kenosha, Kewaunee, La Crosse, Marathon, Milwaukee, Oconto, Ozaukee, Outagamie, Pierce, Racine, Rock, Sheboygan, St. Croix, Washington, Waukesha and Winnebago. Micropolitan counties include Dodge, Dunn, Florence, Grant, Jefferson, Lincoln, Manitowoc, Marinette, Menominee, Portage, Sauk, Shawano, Walworth and Wood.