



Date:
For Release:
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7/19/19
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Both Home Sales and Home Prices Increase in July

MADISON, Wis. — Existing home sales rebounded in July after a poor showing in June, while median prices continued to escalate, according to the most recent analysis of the state housing market by the Wisconsin REALTORS® Association (WRA). Comparing July 2019 with July 2018, home sales rose 3 percent, and median prices increased 6.8 percent to \$205,000 over that same period. The year-to-date picture still shows sales down relative to the first seven months of 2018, although the gap has narrowed. Year-to-date sales of existing homes were 3.8 percent lower than last year, and the median price was up 7.1 percent to \$197,000 compared to the first seven months of 2018.

“The annual growth in sales is due in large part to the continued strength of the economy, combined with historically low mortgage rates,” said WRA Chairman Jean Stefaniak. The state unemployment rate has been consistently low since January 2018, ranging between 2.8 percent and 3.1 percent. The rate stood at 3.0 percent in July. In addition, the 30-year fixed-rate mortgage continued to fall, slipping to 3.77 percent in July and down from 4.53 percent a year earlier.

“The good economy benefited nearly every region of the state, with home sales in positive territory compared to last year in five of the six regions,” said Stefaniak. The strongest growth was in the Central region where year-over-year sales were up 5.1 percent in July. The Northeast, Southeast and South Central regions grew at an annual pace of between 3 percent and 3.8 percent, and the North region was up 1.8 percent. Only the West region failed to grow, and it was essentially flat, falling 0.5 percent.

“We had a solid July for sales given that inventories remained tight in the state, especially in the larger urban areas,” said WRA President & CEO Michael Theo. There were just five months of supply statewide in July, but the metropolitan counties had just 4.1 months of available inventory.

“One good sign was that new listings of homes for sale seem to be moving in the right direction,” said Theo. New listings of homes fell 3.1 percent in May compared to a year earlier, and they were down just 1 percent on an annual basis in June. July new listings actually rose 1.7 percent over the past 12 months. “Hopefully this trend continues and we will move toward a more balanced market, which would be a welcome change compared to the last few years,” he said.

“Even though home prices continue to grow well above the overall rate of inflation, housing remains fairly affordable,” said Theo. The Wisconsin Affordability Index shows the percent of the median-priced home that a buyer with median family income qualifies

to buy, assuming a 20 percent down payment and a 30-year fixed-rate mortgage financing the remaining balance. The index was at 194, similar to the level of 191 established in July last year. “The lower mortgage rates have essentially offset the higher home prices, which kept affordability stable,” he said.

“As we move into the latter part of the peak period for home sales, there are still good opportunities for buyers, especially in light of such low mortgage rates,” said Theo. He noted that pre-planning with a REALTOR® who is experienced is the key to success in this tight market.

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.