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Home Sales and Prices Both Increase in September

MADISON, Wis. — The third quarter ended on a positive note as both September home sales and median prices increased above their levels a year earlier, according to the most recent analysis of the monthly existing housing market by the Wisconsin REALTORS® Association (WRA). Compared to last September, home sales rose 5.2 percent, and median prices increased 5.4 percent to \$195,000. On a year-to-date basis, home sales lagged behind the first nine months of 2018 by just 2 percent, and median prices were up 7.3 percent to \$198,500.

“We definitely saw an uptick in sales in September with every region of the state experiencing growth,” said WRA Chairman Steve Beers. The West and Central regions grew the most with existing home sales up over the last year by double-digit margins, ranging from 11.9 percent to 14.8 percent. The other four regions saw more modest growth of existing home sales, up between 1 percent and 5.3 percent over the last 12 months. “It was good to see new listings improve, which allowed us to improve the gap we had in sales between the first three quarters of this year compared to last year,” said Beers. Through the first eight months of the year, the state was 3.2 percent behind the pace of last year; and now through nine months, the state only lags 2018 sales by 2 percent. “It will be tough to make up enough ground in the remainder of the year to surpass last year’s sales totals, but the economy remains solid, so we should be close,” said Beers.

“The economic fundamentals remain healthy in the state, which continues to put upward pressure on housing prices,” said WRA President & CEO Michael Theo. The statewide seasonally adjusted unemployment rate stood at 3.2 percent in September, which indicates that the state economy remains at full employment, and the combination of relatively low inventory and solid demand pressure has kept prices moving up at well above the rate of inflation. The annual headline inflation rate has only hit 2 percent once this year, and it has ranged between 1.6 percent and 1.8 percent since May. In contrast, the annualized growth in the median home sales price has only fallen below 5 percent once this year, which occurred in January. The rate of home price appreciation was more than three times that of inflation in September.

“This has been an amazing expansion, and we hope that it continues, but after more than 10 years of growth, the economy is facing some headwinds,” said Theo. Ongoing trade disputes have hit key industries both directly — for example, fewer exports of agricultural products — and indirectly — for example, higher costs of raw materials for manufacturing and construction sectors. Wisconsin is starting to see some early signs of a moderating economy, with the state unemployment rate increasing slowly in each of the last four months, after dropping to a record low of 2.8 percent in March and April. The number of unemployed has increased as the number of jobs has declined since May of this year. “We still think the economy is likely to grow in 2020 but probably at a slower pace than the last couple of years,” said Theo.

Theo noted, however, that there is a bright side to slower growth. “We’ve been in a strong seller’s market for several years, which has kept inventories tight and pushed prices up, making it difficult for some qualified buyers to find a home,” Theo said. “Moving to a more balanced market would be a good thing for buyers,” he said. But for now, the market remains tight, so

working with a REALTOR® who is experienced and who knows the market as well as getting pre-approved for financing is still the key to success.

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.