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October 2023 WI Real Estate Summary October Home Sales Fall at Slower Pace Amid Softening Demand

TALKING POINTS

- Mortgage rates continued to rise in October, softening demand pressure slightly as we move into the off-peak housing market. Existing home sales fell by just 7.2% in October 2023 compared to October 2022, which is the first time since August 2022 that the annualized decline in sales has been in the single digits. The median price rose 7.7% to \$280,000 over that same 12-month period.
- Regionally, all but one region had sales decline by less than 10% over the past 12 months. Specifically, compared to October 2022, sales dropped between 6.1% and 6.3% in three regions — the North, Northeast and Southeast — and sales fell 8% in the South Central region and 9.7% in the West region. The Central region dropped 11.2% over the past year.
- Year-to-date sales are still down by double digits, falling 20% compared to the first 10 months of 2022, and the statewide median price rose to \$287,000, which is 8.3% higher than the January-through-October period last year.
- Mortgage rates averaged 7.62% in October, which is up from 7.20% in September, and up from 6.90% a year earlier.
- This continues to be a strong seller's market with just 3.3 months of supply, which is well short of the benchmark of six months that signals a balanced market. Still, there has been continued improvement in supply compared to a year earlier with just 2.7 months of supply.
- October new listings rose 2% from a year earlier, which represents the first evidence of positive annual growth since February 2022 when new listings increased 1.1%. This pushed total listings to 17,788 homes, which is just 4.3% below the October 2022 levels.

QUOTES

Improvement in New Listings

Joe Horning, 2023 Chairman of the Board of Directors, Wisconsin REALTORS® Association:

“The largest source of housing supply by far comes from sellers listing existing homes, so it is encouraging to see our new listings grow on a year-over-year basis. Hopefully this trend continues and leads to more affordable options for first-time buyers in the coming year.”

Opportunities in Off-peak Season

Michael Theo, President & CEO, Wisconsin REALTORS® Association:

“This is still a challenging market for buyers, but at least we are seeing some slight improvement on the supply side. This is a good time for buyers to remain engaged with their REALTOR®. Price pressure typically softens a bit in the off-peak season because there are typically fewer competitors during the late fall and winter months.”

Ongoing Progress on Inflation

Dave Clark, Professor Emeritus of Economics and WRA Consultant:

“The actions of the Federal Reserve Bank have helped ease inflationary pressures, which will likely cause the Fed to pause its rate hikes for the remainder of the year. And while the growth of real GDP was quite strong in the third quarter, there are signs that consumer expectations regarding the future are beginning to wane. This is actually good news as it suggests that the Fed won't need to increase short-term interest rates to further slow the economy.”