

APRIL 2015 HOUSING STATS – TALKING POINTS

Home Sales and Median Prices Grow at Robust Pace in April

Overview

- For the second straight month, the Wisconsin housing market grew at a very strong annual pace with both home sales and median prices increasing substantially
- Existing home sales increased 16.8 percent in April 2015 over April 2014, and median prices rose 10.7 percent to \$154,900 over that same period.

Sales Data

- After a slow start to the year, the spring housing market has really come to life
 - To put this in perspective, this is the strongest April sales total since 2010, and the second strongest April sales since 2006, before the recession began
- The growth in sales was strong in every region of the state, and was especially robust in the less urban regions
 - The Central region was up 41.2 percent in April 2015 compared to April of last year, whereas the West grew 24.4 percent and the North region increased 22.3 percent over that period.
 - The remaining three regions are more urban, and although inventory levels are tighter in metropolitan areas, they still grew at very healthy rates. The Northeast region increased 17.1 percent; the South Central region rose 14.6 percent, and the Southeast region grew at 11.7 percent.

Price Data

- Median prices grew to \$154,900 in April, which is 10.7 percent higher than that same month last year.
- This begins the fourth year of median price growth in the state
 - Median prices first turned upward in March 2012, relative to March 2011, and for all but two months since that time, median prices have grown on a year over year basis
- This is the strongest median price appreciation we have seen since June of 2013, when they grew at 12 percent.
- There are several factors that contribute to these trends but one of the most important is the tightening of available inventory in the state
 - Inventories are way down compared to where we were just coming out of the recession
 - The seasonally adjusted inventory levels averaged 68,771 units for the first four months of 2010 as we began to emerge from the recession
 - They have fallen to an average of 48,959 for the first four months of 2015
 - In April, we had 8.5 months of available supply in the state
 - Inventories are tighter in urban (also known as metropolitan) counties than rural counties
 - Urban counties only have 6.7 months of unsold inventory whereas rural counties have 13.4 months.

(More)

Affordability

- Still, home affordability remains high, at least for now.
- The Wisconsin Housing Affordability Index was at 238 in April, which was essentially unchanged from last year, but down from 264 in January
 - The index shows the portion of a median-priced home that a household with a median family income can afford to buy, assuming 20 percent down on a 30-year mortgage financed at current rate so the higher the index, the more affordable is housing
- Although prices are obviously up significantly, we've been lucky because mortgage rates are down and family income has grown modestly over the past year
 - Mortgage rates fell about a half percent over the last 12 months to 3.67 percent in April 2015

Conclusion

- Thus, this is a very good time to buy a home in the state
 - Mortgage rates are still very low by historical standards
 - The big question is when the Federal Reserve begins raising short term rates
 - Higher short term rates often lead to higher mortgage rates
 - Most analysts who follow the Fed closely believe this is likely to happen later this year, perhaps in the fall
 - When rates go up, affordability will suffer so this is a great time to find value in the market