

## APRIL 2016 HOUSING STATS – TALKING POINTS

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### Wisconsin Housing Market Remains Hot in April

#### Overview

- The Wisconsin existing home market continued on a solid growth path in April with strong sales and significant upward pressure on prices.
- Home sales rose 8.8 percent in April compared to that same month in 2015, making April 2016 the strongest April sales volume since 2005.
- This jump in sales helped push statewide median prices to \$161,622, which is 4.9 percent higher than April of 2015.

#### Price Data

- Spring and summer are when we sell the majority of homes in Wisconsin, so it is good to see the momentum from the first quarter extend into April.
- Typically the second quarter represents 30.7 percent of annual homes sales, compared to the first quarter which historically only accounts for 18.1 percent of sales in a given year according to WRA statistics.
- The market, and weather, seem to be heating up nicely.
- Five of the six regions of the state saw home sales increase in April.
  - the West region up 16.9 percent over April 2015;
  - the North and West regions grew at just over 12 percent over the period;
  - and the South Central region and the Northeast region expanded between 4 percent and 6.1 percent.
  - Only the Central region saw a decline in April home sales, with 2.7 percent fewer homes selling in April 2016 compared to April of last year.
    - “It’s important to remember that the Central region had a very strong 2015 so it’s hard to top it this year,” Maurer said, noting the region grew nearly 45 percent between April 2014 and April 2015. “That 2016 is so close to 2015 demonstrates the market in that region remains strong.”

#### Price Data

- We’re entering our fifth year of price recovery and home prices are likely to continue increasing in the foreseeable future.
- The upward trend in prices began in April 2012, when the statewide median price was at \$128,125.
- The increase to \$161,622 in April of 2016 represents a total growth of 26.1 percent over that 4 year period, in contrast to a 4.2 percent increase in the general price level (as measured by the Consumer Price Index) over that same time period.
- Demand is up and supply is down which puts upward pressure on prices.
- A growing economy and low interest rates are fueling housing demand.
  - Wisconsin’s unemployment rate fell to 4.4 percent in April, down from 7.1 percent in April 2012, with 61,000 more jobs in April 2016 compared to last April according to the latest Bureau of Labor Statistics report.
  - The 30 year fixed rate mortgage was at 3.61 percent in April, which is actually lower than the 3.91 percent rate in April of 2012.
- In contrast, the supply side of the market continued to tighten in April, with just 6.7 months of available supply, which is down from 8.5 months this time last year.
  - The metropolitan counties are especially problematic, with only 5.1 months of available supply.
  - New listings are also down, suggesting buyers in this market need to act quickly when they find a house they really want to buy.

**Affordability Data**

- Thankfully low interest rates and modest family income growth have combined to keep housing affordable in the state.
- The Wisconsin Housing Affordability Index shows that portion of the median priced home that a qualified buyer with median family income could afford to buy assuming a solid 20 percent down payment and the remainder financed for 30 years at current rates.
- The index stood at 234 which is nearly unchanged compared to April of last year.
- The big question is whether the Federal Reserve plans to start raising short term rates again, which could pressure mortgage rates upward.
- The most recent meeting of the Federal Open Market Committee which is the Fed's rate setting body, hinted at a rate increase as early as June of this year.
- Mortgage rates have been stable for a long time, but when they start rising buyers should know affordability could wane.

**Closing**

- In this tight market, buyers should get prequalified for financing and work with an experienced REALTOR® to get the home they want.