

AUGUST 2016 HOUSING STATS – TALKING POINTS

Summer Ends Strong as Both Sales and Prices Increase in August

Overview

- Summer home sales in Wisconsin ended on a very strong note in August, pushing prices up at a pace well above the rate of inflation.
- August sales were up 9 percent over August 2015, making this the strongest August since 2005.
- The median price rose to \$170,000 in August, which was 5.3 percent higher than August 2015.
- With annual inflation ranging between 0.8 percent and 1.4 percent through July of this year, housing prices are growing at more than three times the rate of inflation.

Sales Data

- This is our most active selling season, and we sold a lot of homes this summer.
- In a typical year, the state sells 32.1 percent of its annual sales volume between June and August; and at just over 26,500 homes sold, this is the strongest summer since before 2005.
- That's a remarkable record given that inventories remained very tight in the state.
 - The state had 45,337 homes on the market, down 14 percent compared to August of last year.
 - This translates to just 6.9 months of available supply in August.
 - This is a very tight market, and it's especially tight in our cities.
 - Buyers have more options in rural counties that have 11.6 months of supply, but the urban counties only have 5.1 months of supply on average.
- Nearly every region in the state saw healthy growth in sales over the last 12 months
 - the strongest regional growth in the South Central region, up 14.6 percent,
 - followed by the West, up 11.6 percent,
 - The Southeast, up 9.8 percent,
 - and the North, up 8.7 percent.
 - More moderate growth was seen in the Northeast, which was up 4.4 percent.
 - The Central region was actually down slightly by 3.1 percent, but that region is still up 3.5 percent year to date.

Price Data

- This market continues to be impressive, and it is supported by a good economy in the state and low mortgage rates.
- The unemployment rate in the state stood at 4.2 percent in August, which is in the range of what the Federal Reserve considers full employment and a 30-year fixed-rate mortgage was 3.44 percent, which is about a half percent lower than August 2015.
- Good job prospects and low mortgage rates help offset the fact that median prices have been moving up since March 2012.
- The median price is up 5.3 percent over the past year, and compared to August 2012, prices have grown 18.8 percent for a compounded annual growth rate of 4.3 percent.
- Inflation has been very low, so anyone buying a home has been accumulating real wealth.
- The annual inflation rate for 2012 through 2015 has been between 0.7 percent and 1.8 percent, according to the U.S. Bureau of Labor Statistics.

Affordability Data

- Even with the strong growth in prices, housing remains affordable in the state.
- The Wisconsin Housing Affordability Index shows the portion of a median-priced home that a household with a median family income and a 20 percent down payment can afford to buy, assuming the remaining 80 percent is financed with a 30-year fixed mortgage.
- The index stood at 225 in August, which is close to its level last year.

Closing

- There are excellent opportunities for buyers, and an experienced REALTOR® knows these markets and can help buyers find the right match that best suits their needs, even when the housing market is as tight as it is.