

MARCH 2016 HOUSING STATS – TALKING POINTS

Strongest First Quarter Housing Market Since Great Recession

Overview

- More Wisconsin homes sold in the first quarter of 2016 than any quarter since 2007, when the Great Recession began.
- First quarter sales were up 4.2 percent compared to the first quarter of 2015, and median prices rose 6 percent to \$150,000 over that same period.
- For the month of March, sales slipped slightly, falling 1.4 percent relative to March 2015, but median prices continued to rise, up 4 percent to \$155,000 in March 2016.

Sales Data

- We've had a very good start to the year regarding sales, which positions the state well for a good spring and summer.
- Although home sales dipped a bit in March, it was still the second strongest March in sales volume since 2007.
- For the quarter, sales topped the first quarter of 2015 in every region in the state,
 - The strongest growth recorded in the Northeast region, which grew 7.2 percent
 - followed by the Central region, which was up 5.2 percent.
 - The remaining regions in the state grew between 2.6 percent and 3.9 percent between March 2015 and March 2016.

Price Data

- Median prices continued their upward trend, increasing 6 percent in the first quarter of 2016 compared to the same quarter last year.
- What is really fueling these price increases are the very low inventory levels that exist in the state combined with strong demand.
- The number of unsold homes fell to 40,805 in March, which is 9.1 percent lower than the inventory in March 2015.
- We have just 6.3 months of supply on the statewide market and even less in the urban counties.
- The average months of supply for the 25 metropolitan counties was just 4.9 months, whereas the 47 rural counties had 10 months of available inventory.
- We keep expecting new listings to pick up as home prices continue to rise, but listings have been declining consistently over the last year.
- New listings fell 9.7 percent in March compared to March last year.
- One bright spot is that new construction appears to be picking up.
 - The 12-month period ending in February this year saw 10,069 single-family housing permits pulled.
 - The last 12-month period where permits surpassed 10,000 was early 2009, and while this is a far cry from the nearly 28,000 annual total for permits pulled in late 2004, the trend is certainly moving in the right direction.
 - Builders are seeing opportunity in this tight market, and that's good for everyone.

Affordability Data

- Despite raising prices, Wisconsin housing remains very affordable when compared to the Midwest and the nation.
- The Wisconsin Housing Affordability Index measures the fraction of the median-priced home that a buyer with median family income can afford to buy, assuming a 20 percent down payment and the remaining 80 percent financed using a 30-year fixed-rate mortgage.
- The Wisconsin index stood at 236 in March, which is only slightly below the value of 246 in March 2015.

- By comparison, the National Association of REALTORS® national index stood at 173.8 in February, and its midwest index was at 219.6.
- Even with the brisk growth in home prices, we've benefited from low mortgage rates and a solid state economy.
- As prices continue to rise, we expect more sellers to list their homes, and with new construction on the rise, we are hopeful that prices will moderate and keep housing affordable in the state.
- Still, the best way to navigate these tight housing markets for both buyers and sellers is to enlist the services of an experienced REALTOR®.