



## May 2013 Housing Stats – Talking Points

---

### **Both Home Sales and Median Prices Grow by Solid Margins in May**

#### **Overview**

- Strong home sales in Wisconsin for May helped boost prices up.
- The sale of existing homes in May increased 18.2 percent over last May,
- now the 23<sup>rd</sup> straight month of positive sales growth in Wisconsin,
- which helped push the median price up 4.3 percent to a statewide median of \$144,000.

#### **Sales Data**

- These are very positive signals and represent an uptick from the pace of sales established in the first four months of the year.
- Existing home sales rose 10.3 percent from January through April this year compared to that same four-month period in 2012.
- There's no doubt consumer demand has been strong over the last couple of years, but now we're also seeing sellers jump back in the market as well.
  - New listings of homes for sale jumped 16.4 percent in May, compared to last year.
  - This increased supply should help moderate price increases that can occur during periods of very strong demand.
- Wisconsin home sales grew in every region of the state in May
  - Strongest spike in sales was in the South Central region where sales increased 28.9 percent compared to May 2012.
  - Existing home sales were up 20.3 percent in the North region,
  - Sales rose 18.9 percent in the West region of the state.
    - Both of these regions have significant second home markets, which can be more volatile than the primary home market.
  - Finally, home sales rose 15.7 percent in the Central region,
  - increased 15.0 percent in the Southeast,
  - and grew 11.8 percent in the Northeast over the May 2012 to May 2013 period.

#### **Price Data**

- The median price for homes in May was \$144,000, an increase of 4.3 percent.
- Prices showed solid but sustainable growth.
- We saw some large increases in median prices in March and April, so it's good to see more modest increases in May.
- Median prices rose in five of the six regions statewide,
  - with the increase strongest in the South Central region, up 7.2 percent,
  - followed by the Northeast region where prices were up 6.3 percent.
  - Median price increased in the West, Central and Southeast regions between 4.4 percent and 5.3 percent over the period between May 2012 and May 2013.
  - Only the North region experienced a fall in median prices over the period, down 13 percent.

- But it's not uncommon to see prices in the northern part of the state fluctuate substantially when there is a shift in the mix of properties between primary and second homes.

### **Housing Affordability**

- Although continuing to slip, housing affordability remained solid in the state due in large part to low interest rates.
- The Wisconsin Housing Affordability Index shows the percentage of the median-priced home that a buyer earning the median family income can afford to buy, given current mortgage rates and a 20 percent down payment.
- The index was at 239 in May, which is down from its peak of 292 in January of this year.

### **Conclusion**

- Despite a relatively weak job market, the Conference Board's Consumer Confidence Index has increased in each of the last two months, with the most recent release indicating that consumers are more optimistic about the future conditions of the economy and future job prospects.
- We expect the combination of improving consumer confidence and low mortgage rates to keep demand strong throughout the summer, and this will put upward pressure on prices.
- Potential buyers may have missed the bottom of the price cycle, but there continues to be excellent value in this market.
- While both mortgage rates and home prices rising, Wisconsin housing continues to be very affordable, and an experienced REALTOR<sup>®</sup> is still the best way for buyers to identify the best deals.