



NOVEMBER 2015 HOUSING STATS – TALKING POINTS

STRONG WISCONSIN HOUSING MARKET CONTINUES IN NOVEMBER

Overview

- The Wisconsin housing market continued its healthy pace of growth in November with both sales and median prices increasing compared to November 2014.
- November home sales increased 3.4 percent and the median price rose 3.4 percent to \$150,000.

Sales Data

- We expected positive growth in 2015, but this has definitely exceeded our expectations.
- The state is on pace to exceed 75,000 homes sold for the year.
- The last time we sold that many homes was 2005 when just over 78,000 homes were sold.
- Through the first 11 months of the year, sales are up 11.3 percent statewide with every region showing gains of between 10.6 percent and 12.1 percent.
- This robust market is attributable to an improving economy and low mortgage rates.
 - The state unemployment rate stood at 4.2 percent in November which is a full percent lower than the previous November.
 - The 30 year fixed rate mortgage, which dropped below 4 percent in December of 2014, has stayed below 4 percent (except for one month) throughout 2015.

Price Data

- The median price of a Wisconsin home rose to \$150,000 in November, which is 3.4 percent higher than the level in November 2014.
- Year-to-date it is up 5.4 percent compared to the first 11 months of 2014.
- Housing as an asset has added real value for owners and has served as an important hedge against inflation over the past three years.
 - While the inflation rate has hovered at a low 1.5 and 1.6 percent in 2013 and 2014, lower energy prices this year has dropped the inflation rate to no more than 0.5 percent throughout 2015.
 - Median home prices increased 7.1 percent in 2013, 3.1 percent in 2014 and 5.4 percent so far this year.
 - Home values have significantly outpaced inflation over the last three years, giving homeowners a great return on investment.

Affordability

- Even with the healthy increase in home prices, housing remains quite affordable in Wisconsin according to the REALTORS' Housing Affordability Index.
- The index shows that portion of the median priced home that the household with median family income can afford to purchase. This assumes a 20 percent down payment, and the remaining balance financed at current rates using a 30 year conventional mortgage.
- The index stood at 243 in November, up from 232 in October and slightly above the level of 239 in November of last year.
- Our housing is more affordable than the national and the Midwest rates.
 - The National Association of REALTORS® reports a national index of 165 and a Midwest index of 207 in October.

Raising Interest Rates

- The REALTORS say they expect mortgage rates to slowly rise in 2016 now that the Federal Reserve Board has begun raising short term interest rates.

- We've really benefited from low interest rates but the Fed is signaling they are serious about keeping inflation in check and that's a good thing.
- The Federal Reserve announced a 0.25 percent increase in the Federal Funds Rate for the first time in 7 years, and indicated that it would gradually push this rate upward over the course of the next three years.
- Raising interest rates will surely move some potential buyers off the fence and into the market.
- With rates still in the 4 percent range, this is a good time to buy a home even though it may mean moving in during the winter months.
- A buyer can save thousands of dollars over the course of a mortgage by purchasing with lower interest rates, and even though this is a very tight market, using an experienced REALTOR® is an excellent way to identify real value in this market.