

## SEPTEMBER 2014 HOUSING STATS – TALKING POINTS

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### EXISTING HOME SALES FLAT IN SEPTEMBER AS MEDIAN PRICES RISE

#### Overview

- Wisconsin's home sales in September were nearly identical to one year ago, but prices were higher.
  - Existing home sales in September were just 0.2 percent lower than September of 2013, and median prices were 3.1 percent higher to \$148,700.
- Year-to-date, home sales are down 3.4 percent compared to the first nine months of 2013 and median prices through the end of the third quarter are 2.4 percent higher than the same period last year.

#### Sales Data

- Although our home sales are slightly lower than last year, it's important to recognize how far we've come since emerging from the Great Recession.
  - Sales this quarter may be 2.1 percent below a very strong third quarter last year, but they are 20.7 percent higher than they were just after the recession ended in the third quarter of 2009.
  - To be only slightly lower than last year's solid market suggests a relatively healthy market for housing in the state.

#### Inventory/Supply Data

- Other housing indicators also paint a picture of a stabilizing housing market in the state.
  - Seasonally adjusted housing inventories have ranged from about 49,000 homes to nearly 53,000 homes since December of 2012, which is a far cry from the nearly 72,000 homes on the market in March of 2010.
  - While overall inventories have come down, there continues to be tighter inventories in urban parts of the state compared to rural areas.
    - In September, there were 7.5 months of available inventory collectively in the 24 metropolitan counties compared to more than twice that level (15.9 months) in the 48 rural counties in the state.

#### Price Data

- Although we appear to be in a bit of a holding pattern in terms of existing home sales in the state, much like the rest of the US, median home prices have grown at a healthy sustainable pace this year.
- Median prices for the first 9 months of the year were up just 2.4 percent to \$148,500, relative to the first nine months of last year.
- This has kept Wisconsin housing relatively affordable.

#### Affordability

- The Wisconsin Housing Affordability Index gives the percent of the median priced home that a household with the median family income and a 20 percent down payment can afford to buy at current mortgage rates.
- This index has ranged between 206 and 249 over the last 12 months, suggesting that the typical family can afford to buy between 2 and 2.5 times the median priced home.
- The September 2014 index level stood at 222, which is only slightly higher than the September 2013 level of 219.

- A modest improvement in the estimated median family income, and a slight reduction in mortgage rates helped to keep affordability on par with last year, even as home prices rose.

#### **Labor Market Data**

- It's also important to note that Wisconsin continues to make progress in the labor market, with the statewide unemployment falling to 5.5 percent in September, more than a full percent below where we stood this time last year according to the U.S. Bureau of Labor Statistics.
- Moreover, this reduction in the unemployment rate is taking place even as the size of the labor market is expanding.
- We're seeing real job growth and hopefully this will translate into income growth for Wisconsin workers, both of which are needed to get home sales growing.