

SEPTEMBER 2015 HOUSING STATS – TALKING POINTS

WISCONSIN HOME MARKET STRONG THROUGH THIRD QUARTER

Overview

- With a strong September, the Wisconsin housing market finished the third quarter well ahead of the 2014 pace.
- September home sales were 11.1 percent higher than September 2014, and the median price rose 4.3 percent to \$155,375 over that same period.
- Comparing the first nine months of 2015 with the same nine months of 2014, home sales rose 12.6 percent whereas the median price increased 5.7 percent to \$157,000.

Sales Data

- It was a great summer for home sales and we seem to be carrying that momentum into the fall selling season
- The fall period (Sept-Nov) is still a solid period for home sales with 24% of annual sales typically taking place in those three months.
- Existing home sales were strong in every region of the state in September compared to September of 2014.
 - Especially robust were sales in the North (+17.9 percent), Central (+14.2 percent) and Northeast (+13.6 percent) regions.
 - Also solid were the Southeast (+11 percent), West (+7.1 percent), and South Central (+5.4 percent)
- This is shaping up to be a very good year if sales continue at this rate
 - If the pace of sales established in the first nine months continues through the end of this year, we should see annual sales in the range of 75,000 homes statewide.
 - The last time Wisconsin home sales exceeded that level was 2005 when just over 78,000 homes sold.

Price Data

- The median price of existing homes sold increased 4.3 percent over Sept. 2014 to \$155,375.
- With inflation essentially at 0%, housing has been a solid investment which is good news for owners.
- This is a strong trend with median prices increasing on an annual basis for 41 of the last 43 months.

Supply / Inventories

- Of continued concern is the shrinking inventories especially since listings have fallen 7.4 percent.
 - Statewide, there was 8.1 months of available supply
 - And there is more inventory in rural (nonmetropolitan) counties: 13.4 months
 - But less inventory in urban (metropolitan) counties: 6 months
- Declining inventories will continue to put upward pressure on prices

Affordability

- The good news is that the Wisconsin labor market is improving with the state unemployment rate falling to 4.3 percent in September.
- In addition, mortgage rates remain low by historical standards. The 30 year conventional mortgage rate was just 3.89 percent in September which is about a quarter point lower than this time last year.
- Affordability remains high in the state
 - The Wisconsin Housing Affordability index at 229 in Sept., virtually unchanged from last year.
 - This means a buyer with 20% down, and the remainder of the principle financed with a 30 year fixed rate mortgage, can qualify to buy 229% of the median priced home.
 - The national index was at 150.5 in July so Wisconsin housing is more affordable than the national average.

Closing

- The absence of inflation has kept the Fed from raising rates, but when they do start tightening the money supply, mortgage rates increases will likely follow
- This is definitely an excellent time to move to homeownership while housing remains affordable