



## March 2013 Housing Statistics – Talking Point

### First Quarter Home Sales and Prices Increase by Solid Margins

#### Overview

- Wisconsin existing home sales increased 3 percent in March, which is the 21<sup>st</sup> straight month of sales growth.
- Median prices grew 9.7 percent to \$134,900 in March, compared to the same period last year.
- Sales during the first quarter were up 10.8 percent, and median prices rose 5 percent relative to the first quarter of 2012.

#### Sales Data

- This is the highest sales volume we've seen in March since 2007, before the Great Recession began
- Sales moderated somewhat from the double-digit growth rates of the past year and a half.
- It's inevitable that the torrid pace of sales will moderate since the base we're comparing to is a much improved market.
- Our markets remain strong and growing.
- Looking at the first quarter, every region of the state saw increased sales, with four of the six regions increasing more than 10 percent compared to the first quarter of 2012.
  - Three regions (central, west and southeast) saw their Q1 sales grow between 14.1 percent and 16.3 percent,
  - whereas the south central region was up 10.2 percent compared to Q1 2012.
  - The north region was up 6.2 percent
  - and the northeast region grew 3.5 percent over the period.
- With Wisconsin's net job growth essentially flat over the past year, this is a very good beginning to the 2013 home sales market.

#### Price Data

- Median prices rose a solid 9.7 percent in March and up 5 percent in the first quarter of 2013 compared to the first quarter of 2012.
- Inventory reductions were a major factor in the recent growth in median prices.
  - Very low mortgage rates have certainly stimulated sales activity, and this combined with a decline in new listings has brought our unsold inventory levels down to just 9 months of supply.
  - Inventory levels are down from 12.1 months a year ago, and from approximately 18 months of unsold homes in July of 2011.
- Every region of the state saw its median price increase in the first quarter.
  - Median prices in the central region were up 16.7 percent in Q1, due in large part to a shift in the mix of homes sold to homes with more desirable amenities.
  - Also up by strong margins were the south central region (+10.1 percent), the west region (+7.7 percent), and the southeast region (+4.8 percent).
  - Finally, median prices in the north and northeast regions grew between 2.7 percent and 3.3 percent in the first quarter of 2013 compared to the first quarter of 2012

## **Affordability**

- Definition: 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, at current mortgage rates and a 20 percent down payment.
- The index was at 261 percent in March 2013 compared to 274 percent in March 2012.
- While Wisconsin housing remains very affordable, the trends of rising prices and rising mortgage rates will eventually erode affordability.

## **Conclusion**

- Buyers should consider these trends and take advantage of the current market condition.
- It's an excellent time for both first time home buyers and homeowners who want to trade up, to consult an experienced REALTOR® with local market expertise