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Home Sales Fall in April as Prices Rise Moderately

MADISON – Wisconsin existing home sales fell in April even as median prices continued to rise according to the most recent analysis of the state housing market released by the Wisconsin REALTORS® Association (WRA). Home sales declined 11.6 percent in April compared to the same month last year due to a combination of higher home mortgage rates, higher prices and harsh winter temperatures. Median prices rose over that same period, increasing 1.4 percent to \$139,900.

“As we enter the second quarter of the year, we have been expecting some improvement in home sales, but it’s important to remember that April sales are still impacted by the February weather given the 6 to 8 week lag between the time an offer is accepted and a closing takes place,” said Steve Lane, Chairman of the WRA Board of Directors. He also noted that there were heavy snows in the northern part of the state as late as mid-April 2014. Every region of the state experienced a decline in April sales. The Central region fared the best, falling just 3.8 percent over the April 2013 to April 2014 period, followed by the Northeast region which dropped 8.5 percent over the period. The South central region fell 9.6 percent and the Southeast region saw a decline of 10.1 percent. Finally, the North region dropped 17.4 percent and the West fell 25.5 percent. Interestingly, home sales fell more substantially in the metropolitan counties which averaged a 13 percent reduction in sales in April compared to rural counties which declined 7 percent between April 2013 and April 2014. “This may be due in part to much tighter inventories in the urban counties compared to rural counties,” said Lane. Rural counties had just over 14 months of available inventory in April compared to just 6.9 months for metropolitan counties.

“The national economy barely grew in the first quarter which under normal circumstances might suggest an economic slowdown, but even that has been partially blamed on the weather,” said Michael Theo, WRA President and CEO. The advance estimate of first quarter real GDP growth revealed that the economy grew at just 0.1 percent, and the combination of a harsh winter, lower trade and lower inventory replacement kept the economy stagnate in the first quarter. Countering that was a relatively strong consumption component of real GDP, and a relatively strong April jobs report. The latter indicated a stronger than anticipated 288,000 jobs created in the US in April which is the largest monthly growth in more than 2 years. “The key to sustained growth in the housing market is a growing economy we hope the current employment trends continue,” said Theo.

For the second straight month, median home prices grew at a modest pace with April prices up 1.4 percent over April 2013. “The relatively slower pace of sales over the last four months has allowed our inventories to increase this year although we are still below April 2013 levels,” said Mr. Theo. The inventory of unsold homes stood at 8.9 months in April compared to 9.4 months this time last year. “We always expect our inventories to expand in the winter since home sales cool off, and our inventories have increased quite a bit this year, which has helped stabilize our prices,” he said. Wisconsin median prices increased 7.2 percent in 2013 compared to 2012, and they were up 4.2 percent in the first quarter of 2014 relative to that quarter in 2013. In contrast, the price increases the last two months have been less than 2 percent on an annual basis which is more in line with general inflationary trends. The Wisconsin Housing Affordability Index measures the percent of the median priced home that the household with median family income can afford to buy at current mortgage rates, assuming a 20 percent down payment. The index currently stands at 231 compared to 252 in April last year. “Although slipping slightly, Wisconsin still has very affordable housing, which is an asset that continues to be a solid hedge against inflation,” he added.

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 13,500 real estate brokers, sales people and affiliates statewide. All county figures on sales volume and median prices are compiled by the Wisconsin REALTORS® Association and are not seasonally adjusted. Median prices are only computed if the county recorded at least 10 home sales in the quarter. All data collected by Wisconsin REALTORS® Association are subject to revision if more complete data become available. Beginning in 2010, all historical sales volume and median price data at the county level have been re-benchmarked using the Techmark system which accesses MLS data directly and in real time. The Wisconsin Housing Affordability Index is updated monthly with the most recent data on median housing prices, mortgage rates, and estimated median family income data for Wisconsin. Data on state foreclosure activity is compiled by Dr. Russ Kashian at the University of Wisconsin – Whitewater.