



January 2013 Housing Statistics - Talking Points

January Home Sales Robust as Median Prices Increase

Overview

- Although January is typically a slow month for home sales in Wisconsin, the 19 month trend of double-digit growth in sales continued last month:
 - Existing homes sales grew 18.3 percent compared to January 2012 and
 - Median home prices also increased 3.4 percent to \$123,000 over the same period.

Sales Data

- The month of January is typically the low-water mark in terms of Wisconsin home sales volume - January usually accounts for just under 5% of the annual sales of existing homes in the state.
- To see existing home sales continue the strong pace established in 2012 bodes well for the spring when the market heats up.
- All regions in the state were up in January.
 - The strongest sales growth was seen in the north and central regions where sales grew at 31.6 and 28.2 percent respectively
 - The west region was up 22.5 percent.
 - It's interesting that the fastest growing regions are areas with strong vacation home markets since these markets were especially hard hit during the recession.
 - Also strong were the southeast and south central regions where sales were up slightly less than 18 percent
 - The northeast region grew at a solid pace of 9.2 percent over the period.

Price Data

- We have seen fairly consistent upward movements in median prices since last spring and that trend continues as we move into 2013.
- Median prices rose just over 1 percent for all of 2012, and the median price appreciation over the last two months has been well above that pace.
- In fact, median prices have grown in 10 of the last 11 months, relative to the same month in the previous year.
- This trend is not surprising given that the state has seen a steady reduction in unsold inventory. There are now just below 45,000 single family units available statewide, which represents 8.5 months of inventory.
 - We do think that inventories will stabilize in the 6 to 7 month range as new home construction begins to pick up.
 - The U.S. Bureau of the Census shows Wisconsin single-family housing starts for 2012 increased 16 percent over the 2011 level.

Affordability

- The good news is that even with minimal growth in family income over the past year, the affordability remains high due primarily to very low mortgage rates.
- The Wisconsin Housing Affordability Index measures the percentage of a median priced home that a buyer with the median family income can afford at current mortgage rates.
- The index jumped to 291 in January 2013 compared to a modified 269 in January 2012.
- With declining inventories putting modest upward pressure on prices, affordability will likely fall this year even if the Fed maintains mortgage rates in the range of 3.5 percent to 4 percent during 2013.

Close

- The state economy is showing some signs of improvement, with the seasonally adjusted unemployment rate holding steady at 6.6 percent the last two months of 2012.
 - This is well below the national rate which inched up to 7.9 percent in January.
- The bottom line is that this is an excellent time to have an experienced REALTOR® help you find the best values in this tightening housing market.