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July Home Sales Down Modestly as Prices Increase

MADISON, Wis. — Wisconsin’s existing homes sales fell in July even as median prices continued to rise. Home sales fell 2.4 percent in July 2014 compared to the same month last year, and median prices rose 2.4 percent to \$158,700 over that same period according to the most recent housing market report released by the Wisconsin REALTORS® Association (WRA).

“Although sales fell short of the last year’s levels, it’s important to remember that 2013 was a very strong year for home sales in the state,” said Steve Lane, WRA board chairman. He noted that with the exception of last year, this has been the strongest eight-month period since 2007, just before the recession began. “The housing sales picture in Wisconsin is complex,” Lane said. “Sales were down 7.6 percent for the first five months of 2014 before they bounced back in June, raising 5.7 percent above June 2013. For July home sales to be close to last year’s strong showing indicates the current market is solid.”

Median prices continue to show modest and sustainable growth, with prices up 2.4 percent in July relative to July 2013. The median price is up 2.9 percent year-to-date compared to the first seven months of 2013. “Midwest housing markets don’t tend to overheat like they do in other regions of the country, and that keeps our prices on a more even keel,” said WRA President and CEO Michael Theo. Although inventories have increased recently, much of the increase is due to regular seasonal patterns as more homes get listed in the late spring and summer months compared to the fall and winter. “Once the seasonality is accounted for, inventories have been quite stable since the end of 2012,” said Theo. Currently, there are 10.2 months of available supply statewide. Metropolitan housing markets have less available inventory at eight months as compared to the rural counties at 16.8 months, but there remains ample supply throughout the state to accommodate existing levels of demand.

Overall, home affordability continues to be high in the state. The Wisconsin Housing Affordability Index shows the percent of the median-priced home that a buyer with the median family income and 20 percent down payment can afford to buy at current mortgage rates. The index was at 209 in July 2014 compared to a revised 212 in July 2013. “This is a conservative measure because there are some creditworthy buyers who can buy their first home with much less than 20 percent down,” said Theo.

Theo also indicated that REALTORS® are reporting renewed interest among young buyers. A recent survey of buyers and sellers conducted by the National Association of REALTORS® revealed that 38 percent of homes sold to first-time buyers, which is close to the historical average of 40 percent. “The recession and relatively slow recovery may have deferred the younger buyers’ transition to owner-occupancy, but they haven’t given up on the dream of owning a home,” he said. “Using an experienced REALTOR® can help potential buyers to realize that dream.”

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 14,500 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.

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