



## February 2013 Housing Stats – Talking Points

### Housing Sales and Prices Increase Again in February

#### Overview

- February marked the 20<sup>th</sup> straight month of double-digit growth in sales of existing homes in Wisconsin, with sales up 11.7 percent compared to February 2012.
- Median home prices also grew to \$122,000 in February which represents a solid 6.1 percent rate of growth compared to February of last year.

#### Sales Data

- There are strong seasonal patterns in Wisconsin home sales, with the vast majority of homes sell between April and September, but we've had a very good housing market over the past winter.
  - Comparing the past three months of December-February to those same months last year, home sales increased 14.5 percent.
  - The housing market has been on a strong growth path since the summer of 2011, and while the growth rate has moderated slightly, this is a very good trend moving into the spring selling season.
  - Five of the six regions in the state saw their home sales rise in February.
    - The central region grew at a healthy 24.4 percent.
    - The southeast and south central regions were up 15.5 percent and 11.9 percent respectively in February.
    - The west region grew 9.2 percent.
    - The northeast increased 8.9 percent compared to February 2012.
    - The north region saw its home sales fall, but this represented a reduction of just 3 percent, or 9 fewer sales in February 2013.
    - It's important to note that the central and north regions, which have sizeable second home markets, are still running well ahead of last year's pace for the winter selling season.
      - Comparing the December-February months this year to those months a year earlier, existing home sales increased 17.5 percent in the north region and they grew 19.7 percent in the central region.

#### Price Data

- Median prices in the state rose a strong 6.1 percent in February relative to February of last year, and they were up 6.7 percent over the last three months compared to the previous December through February period.
- This is well above the rate of inflation, which has averaged between 1.7 and 2.2 percent over the last three months of 2012, and just 1.6 percent in January.
  - While we don't think that housing prices will continue to grow at nearly three times the rate of inflation, it's clear that the Wisconsin home market has been tightening and housing is likely to be a good way to accumulate household wealth going forward.
  - Price appreciation was especially strong in the north and central regions of the state, which saw their median prices grow between 24.2 percent and 28.1 percent in February 2013 compared to February 2012.
    - Much of the price increase in these areas was due to a shift in the mix of homes to larger properties or those in more prime locations - but some likely reflects a tightening of the second home markets in these areas.

- Median prices in the other regions were either flat (northeast), up by modest amounts (southeast) or up by solid margins (south central, west).

### **Inventories / Supply**

- Although state inventory levels increased slightly compared to last month, they are still 13.1 percent below the levels of February 2012.
- We've seen a consistent pattern of declining inventories and the state now has 8.6 months of supply.
- Most of the metropolitan counties have inventory levels that are between five and seven months of supply.

### **Affordability**

- Still, housing affordability remains high.
- The Wisconsin Housing Affordability Index shows the percentage of a median priced home that a buyer with the median family income can afford at current mortgage rates.
- The index was at 291 in February 2013 compared to a modified 281 in February 2012.
- There has been a slight improvement in median family income but the major reason for higher affordability is low mortgage rates which are in the 3.7 percent range.
- Still, with tightening inventories, housing prices should continue to rise which will undoubtedly reduce affordability.
- So this is a great time to use an experienced REALTOR® to help identify the best value in this market.