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Home Sales Up in January but Median Prices Decline

MADISON, WI – Home sales in Wisconsin continued to improve in January, with sales up a substantial 10.8 percent compared to January 2011, according to the latest monthly report by the Wisconsin REALTORS[®] Association (WRA). The report also showed a decline in home prices, which fell 7 percent to \$119,500 over the same period.

The report notes that Wisconsin home sales are highly seasonal, and few buyers historically choose to close on homes in January. “Last year, just over 5 percent of home sales took place in January, which is about right for what is usually the slowest month of the year for sales volume,” said Rob Keefe, Chairman of the WRA board of directors. A normal seasonal pattern for Wisconsin shows sales volume steadily growing through June; tapering off slightly in the latter part of the summer, and then slowing throughout the remainder of the year. “While we wouldn’t want to draw too many conclusions from strong January sales figures, it is encouraging to see some the strong growth patterns of the last three months continue into 2012,” said Keefe.

Four of the six regions within the state experienced solid growth in home sales between January 2011 and January 2012, with the remaining two down over the period. The strongest growth was seen in the Northeast region, where home sales rose 22.8 percent over the period. Also up by double-digits was the South Central region, where sales increased 16.7 percent in January compared to the same month last year. Home sales rose 10.3 percent in the West, and they were up 10.1 percent in the Southeast region. “It’s tempting to attribute these strong sales numbers to the relatively warm winter we’ve had this year, but most closings are scheduled weeks in advance,” said Keefe. Home sales in the North region were down 1.6 percent, and sales in the Central region fell more substantially, down 6.7 percent, over the period.

The report also showed another reduction in the statewide inventory of unsold homes. The January figure stands at 11.8 months of unsold homes, meaning that it would take nearly a year to sell the current inventory of homes available for purchase given the average pace of sales over the last year. “In the 20 months that we’ve tracked this measure, this is the first time we’ve been below 12 months, which is a good sign,” said WRA President and CEO, Michael Theo, who noted that new listings are also down, which should continue to bring inventories down. “In a balanced market, we see about six months of unsold inventory, so this is still very much a buyer’s market,” said Theo.

Consumers do remain skittish, as indicated by a modest decline in January consumer confidence reported by the Conference Board. “With all of the uncertainty in the world economy and talk of a possible meltdown in Europe, that’s not surprising,” said Theo. Still, it’s important to note that with median prices down 7 percent statewide over the last year, and 30-year fixed-rate mortgages in the area of 4 percent, home affordability in the state is very high. The Wisconsin Housing Affordability Index, which shows what percentage of a median-priced home that a buyer with the median family income can afford, stood at 272 in January, which is substantially higher than the index value of 243 back in January of last year. “There are some incredible deals for buyers who can obtain credit, and anyone even remotely considering a home purchase will find great opportunities in this market,” said Theo.

The Wisconsin REALTORS[®] Association is one of the largest trade associations in the state, representing over 13,400 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.