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Home Sales Up Again in August

MADISON, WI . For the second straight month, Wisconsin's existing home sales were up by a substantial margin. Home sales rose 31.1 percent in August compared to the same month last year; however median prices were down 7.3 percent to \$139,000 over the same period, according to data released by the Wisconsin REALTORS® Association (WRA).

This was not a surprise since home sales in July and August of last year were very low after the federal homebuyers tax credit program expired in June of 2010, said Rob Keefe, Chairman of the WRA Board of Directors. The WRA indicates that monthly comparisons won't be valid until at least the fourth quarter when sales are no longer distorted by last year's federal program. Nonetheless, on a year-to-date basis through the end of August, Wisconsin's home sales are only 5.9 percent lower than last year, suggesting that 2011 is shaping up to look a lot like 2010, said Keefe.

August sales were up by double-digit margins throughout the state, with increases in excess of 20 percent in five of the six regions. The west region was up 41 percent, the southeast region rose 38.4 percent and the south central region increased 32.2 percent in August 2011 compared to August of 2010. Likewise, existing home sales were up 25.9 percent in the northeast and increased 20.5 percent in the north. Finally, the central region increased 12.4 percent in August compared to that month last year.

The median price of existing homes fell 7.3 percent in August 2011 compared to August 2010. Median price comparisons are not apples-to-apples between last year and now because there may have been a significant shift in the characteristics of homes sold, said WRA President Bill Malkasian. Data from the Federal Housing Finance Authority (FHFA), which accounts for these qualitative differences in homes, shows Wisconsin's home values are down 4.5 percent for the second quarter compared to last year, and prices are down 10.8 percent over the past five years, according to Malkasian. While Wisconsin is far better off than western states like California, Arizona and Nevada, where homes of consistent quality saw their prices drop between 45 percent and 58 percent over the last five years, the weak economy has certainly softened our prices, said Malkasian. Luckily, we didn't see the huge price bubble that occurred elsewhere, he said.

Housing however remains very affordable in Wisconsin, according to the report. The combination of low mortgage rates in the 4.7 percent range and low prices, has led to very affordable prices. The Wisconsin REALTORS® Housing Affordability Index measures the percent of the median priced home that a buyer with the median family income can buy, and the index stood at 226 in August 2011. The index is up from a revised level of 205 in August of last year. With nearly 17 months of inventory on the market, this will be a buyer's market for the foreseeable future, said Malkasian. For buyers with good credit and a good down-payment, there are some excellent bargains in this market, he said.

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing over 12,500 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 month. 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.