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Wisconsin Home Sales and Prices Fall Housing Market Follows Economy Down in First Quarter

Madison – Wisconsin home sales and median prices both fell in the first quarter of 2009 compared to that same quarter last year according to data just released by the Wisconsin REALTORS® Association (WRA). The lingering national recession caused unemployment in Wisconsin to increase significantly during the first three months of the year, resulting in the housing market drop, according to the WRA. “The housing market doesn’t operate in a vacuum,” said Michael Mulleady, Chairman of the Board of the WRA. “The national economic environment drives Wisconsin’s economy and that in turn drives our housing market.” Mulleady noted the national economy shrank by more than 6 percent in the first quarter, causing Wisconsin’s unemployment rate to jump from 5.9 percent in December 2008 to 8.5 percent in March 2009.

Existing home sales in the state fell 22.6 percent in the first quarter compared to the first quarter of 2008. This was worse than the nation, which was down just 6.8 percent due primarily to healthy growth in the West from sales of deeply discounted foreclosed homes in the first quarter. In fact, home sales were up 24.3 percent in the West, while they fell 20.1 percent in the Northeast and they dropped 12.7 percent in the South and 13.1 percent in the Midwest.

Despite the severity of the downturn, there are reasons for cautious optimism, according to Mulleady. “Mortgage rates are now in the 5 percent range and banks are willing to lend to buyers with solid credit histories,” he said, adding that the federal stimulus package has offered a refundable tax credit of up to \$8000 for first-time buyers in 2009. “This will certainly bring in potential first-time buyers who are just now learning the details of the plan,” said Mulleady. According to a recent survey of buyers and sellers conducted by the National Association of REALTORS®, first-time buyers comprise about half of the existing home sales nationally “so this tax credit, which is only available for 2009, has the potential to get many of those first-time buyers off the fence in the next three quarters,” Mulleady said.

Median prices in Wisconsin fell 9.5 percent to \$137,500 in the first quarter of 2009 compared to the first quarter of 2008. “Although some of this decline results from price discounting by sellers in a soft housing market, much of it is due to the shift in the mix of homes selling this year as compared to last year,” said William Malkasian, WRA President. “Less expensive homes have been moving much more briskly than top end homes,” said Malkasian. “When that happens, the median price will naturally fall as a result, so we don’t have an apples-to-apples comparison between this year and last year,” he said. Nonetheless, it is clear that this continues to be “a buyers market with healthy inventories and very favorable mortgage rates,” according to Malkasian, who also noted that “housing remains an asset that has historically kept pace with inflation and remains a very good way for a young family to build household wealth. This is a great time to buy a home, and working with a REALTOR® with extensive knowledge of local markets is a good way for buyers to find the best value in this market,” he said.

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. Sales estimates for the state are provided by the National Association of REALTORS®, which seasonally adjusts quarterly sales figures. 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 becomes available.

SUPPORTING DATA TABLES AND TALKING POINTS

Sales Data – Key Points:

- Home sales nationally were down 6.8 percent in Q1 2009 as compared to Q1 2008, and they were down 13.1 percent in the Midwest over the period. The South fell 12.7 percent but the Northeast fell 20.1 percent between Q1 2008 and Q1 2009. The West region showed very strong growth, increasing 24.3 percent over the period. This was due in large part to the significant price reductions that resulted from the large number of foreclosures in the West; especially in Arizona (which rose 50.2 percent in Q1 2009 as compared to that same quarter in 2008), California (which increased 80.6 percent), and Nevada (which was up 116.8 percent). Prior to the recent decline in housing prices in the West, many middle and lower-middle class families couldn't afford even modest housing. The substantial slide in prices has brought many of those households into the housing market.
- Wisconsin's home sales fell 22.6 percent in the first quarter of 2009 as compared to that same quarter in 2008. Sales in Wisconsin were better than Indiana (-33.4 percent), about the same as Illinois (-21.7 percent), and somewhat worse than both Iowa (-10.6 percent) and Michigan (-3.7 percent). In contrast, Minnesota did much better than other states in the region, where home sales rose 11.9 percent between Q1 of 2008 and Q1 of 2009.
- Sales volume in all regions of Wisconsin fell below its Q1 2008 levels. Relative to the other regions in the state, the strongest markets were the Southeast region, which still dropped 15.2 percent, and the Central region, which was down 15.7 percent. Sales volume in the South Central region dropped 20.8 percent over the Q1 2008 to Q1 2009 period, the North region fell 24.0 percent, and the Northeast region fell 27.5 percent. The largest regional decline was seen in the West where existing home sales fell 31.5 percent between the first quarter of 2008 and the first quarter of this year. It should be noted that there was considerable volatility within all regions of the state, but especially in the more rural counties in the North where secondary home markets are more prevalent.

Median Price Data – Key Points:

- The statewide median price in the first quarter of 2009 was \$137,500, which was 9.5 percent below the Q1 2008 median price. This decline in median prices is a combination of continued price discounting by sellers, and a shift in the mix of homes sold as homes in the lower ranges of the price distribution sold more readily than those at the top end of the distribution.
- The 2009 federal tax credit will continue to favor homes in the lower end of the price distribution for two reasons. First, it is only available to first-time buyers who tend to have lower income levels and hence buy smaller homes. Second, the tax credit tops out at \$8000 (i.e., 10 percent of an \$80,000 home), and thus becomes a smaller fraction, and hence smaller incentive for buyers of higher priced homes.
- While median prices were down in all regions of the state, they fell just 1.4 percent in the Northeast region. Three regions within the state saw their median prices fall less than 10 percent. Specifically, the North region dropped 6.1 percent, the South Central region was down 7.4 percent and the West region fell 8.6 percent. The Central region dropped 10.2 percent between the first quarter of 2008 and the first quarter of 2009, whereas the Southeast region saw its median prices fall 14.7 percent over the period.

QUARTERLY ACTIVITY - Q1 2009							
Region	County	Median Price			Existing Home Sales		
		Q1-2009	Q1-2008	% Change	Q1-2009	Q1-2008	% Change
Southeast	Kenosha	\$140,000	\$153,700	-8.9%	221	328	-32.6%
Southeast	Milwaukee	\$100,000	\$148,600	-32.7%	1462	1529	-4.4%
Southeast	Ozaukee	\$213,300	\$236,400	-9.8%	111	143	-22.4%
Southeast	Racine	\$134,300	\$149,100	-9.9%	273	373	-26.8%
Southeast	Sheboygan	\$124,600	\$128,700	-3.2%	139	186	-25.3%
Southeast	Walworth	\$154,000	\$189,200	-18.6%	131	181	-27.6%
Southeast	Washington	\$186,000	\$188,300	-1.2%	163	253	-35.6%
Southeast	Waukesha	\$227,100	\$247,800	-8.4%	584	645	-9.5%
Southeast	Metro Milwaukee	\$147,500	\$176,400	-16.4%	2320	2570	-9.7%
Southeast	Regional Total	\$145,000	\$170,000	-14.7%	3084	3638	-15.2%
South Central	Columbia	\$132,000	\$151,600	-12.9%	80	80	0.0%
South Central	Crawford	\$80,000	NA	NA	12	8	50.0%
South Central	Dane	\$204,200	\$213,600	-4.4%	685	908	-24.6%
South Central	Dodge	\$120,000	\$136,800	-12.3%	76	103	-26.2%
South Central	Grant	\$101,300	\$100,000	1.3%	53	44	20.5%
South Central	Green	\$120,000	\$140,000	-14.3%	52	62	-16.1%
South Central	Iowa	\$120,000	\$135,700	-11.6%	38	36	5.6%
South Central	Jefferson	\$158,700	\$170,000	-6.6%	107	118	-9.3%
South Central	Lafayette	\$120,000	NA	NA	14	5	180.0%
South Central	Richland	\$95,000	\$88,600	7.2%	23	21	9.5%
South Central	Rock	\$107,700	\$122,500	-12.1%	244	363	-32.8%
South Central	Sauk	\$132,500	\$161,100	-17.8%	74	93	-20.4%
South Central	Regional Total	\$160,000	\$172,700	-7.4%	1458	1841	-20.8%
West	Buffalo/Pepin/Trempeleau	NA	\$85,000	NA	9	33	-72.7%
West	Chippewa	\$112,800	\$122,500	-7.9%	73	84	-13.1%
West	Dunn	\$122,200	\$126,700	-3.6%	43	67	-35.8%
West	Eau Claire	\$126,700	\$138,800	-8.7%	132	200	-34.0%
West	LaCrosse	\$135,000	\$140,000	-3.6%	146	226	-35.4%
West	Pierce	\$136,700	\$194,500	-29.7%	50	53	-5.7%
West	St. Croix	\$152,600	\$187,500	-18.6%	135	195	-30.8%
West	Regional Total	\$135,000	\$147,700	-8.6%	588	858	-31.5%

QUARTERLY ACTIVITY - Q1 2009							
Region	County	Median Price			Existing Home Sales		
		Q1-2009	Q1-2008	% Change	Q1-2009	Q1-2008	% Change
Northeast	Brown	\$135,700	\$136,200	-0.4%	347	452	-23.2%
Northeast	Calumet	\$143,200	\$150,000	-4.5%	47	88	-46.6%
Northeast	Door	\$225,000	\$160,000	40.6%	44	52	-15.4%
Northeast	Fond du Lac	\$105,500	\$110,000	-4.1%	118	165	-28.5%
Northeast	Green Lake	\$63,900	\$72,500	-11.9%	13	17	-23.5%
Northeast	Kewaunee	\$126,700	\$97,800	29.6%	14	23	-39.1%
Northeast	Manitowoc	\$90,000	\$93,300	-3.5%	101	133	-24.1%
Northeast	Marinette	\$70,000	\$76,400	-8.4%	44	58	-24.1%
Northeast	Menominee	NA	NA	NA	1	3	-66.7%
Northeast	Oconto	\$107,500	\$93,300	15.2%	49	61	-19.7%
Northeast	Outagamie	\$126,200	\$132,000	-4.4%	225	339	-33.6%
Northeast	Shawano	\$73,100	\$82,500	-11.4%	33	52	-36.5%
Northeast	Waupaca	\$75,500	\$95,000	-20.5%	66	88	-25.0%
Northeast	Winnebago	\$111,400	\$118,700	-6.1%	227	302	-24.8%
Northeast	Regional Total	\$120,000	\$121,700	-1.4%	1329	1833	-27.5%
Central	Adams	\$30,000	\$37,500	-20.0%	2	5	-60.0%
Central	Clark	\$110,000	\$70,000	57.1%	14	26	-46.2%
Central	Juneau	NA	NA	NA	1	0	NA
Central	Marathon	\$122,900	\$132,000	-6.9%	196	190	3.2%
Central	Marquette	\$100,000	\$136,400	-26.7%	16	27	-40.7%
Central	Portage	\$126,200	\$130,900	-3.6%	71	90	-21.1%
Central	Waushara	\$70,000	\$112,700	-37.9%	34	63	-46.0%
Central	Wood	\$86,200	\$106,200	-18.8%	105	120	-12.5%
Central	Regional Total	\$110,000	\$122,500	-10.2%	439	521	-15.7%
North	Ashland	\$95,000	\$85,000	11.8%	16	20	-20.0%
North	Barron	\$85,600	\$111,100	-23.0%	67	56	19.6%
North	Bayfield	\$120,000	\$135,000	-11.1%	10	20	-50.0%
North	Burnett	\$110,000	\$103,000	6.8%	23	30	-23.3%
North	Douglas	\$88,600	\$102,700	-13.7%	59	75	-21.3%
North	Forest	NA	\$57,500	NA	6	17	-64.7%
North	Iron	NA	\$75,000	NA	7	11	-36.4%
North	Langlade	\$62,500	\$68,300	-8.5%	17	25	-32.0%
North	Lincoln	\$95,000	\$88,900	6.9%	23	43	-46.5%
North	Oneida	\$92,000	\$102,500	-10.2%	57	108	-47.2%
North	Polk	\$91,000	\$133,800	-32.0%	69	54	27.8%
North	Price	\$90,000	\$85,000	5.9%	16	26	-38.5%
North	Rusk	\$57,800	\$77,500	-25.4%	23	17	35.3%
North	Sawyer	\$123,700	\$126,200	-2.0%	30	31	-3.2%
North	Taylor	\$120,000	\$90,000	33.3%	12	16	-25.0%
North	Washburn	\$88,500	\$110,000	-19.5%	23	30	-23.3%
North	Vilas	\$252,100	\$100,000	152.1%	37	72	-48.6%
North	Regional Total	\$96,000	\$102,200	-6.1%	495	651	-24.0%
* Home sales include Single-Family, Duplex and Condo/Coop properties sold through the Multiple Listing Services. Median prices are only computed when there are at least 10 homes sales in the county for the quarter. All data are subject to revision if more complete information becomes available.							