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Wisconsin Home Sales and Prices Fall as Unemployment Rises in Second Quarter

Madison – Wisconsin home sales and median prices both fell in the second quarter of 2009 relative to that same quarter in 2008 according to data just released by the Wisconsin REALTORS® Association (WRA). But despite significant job losses in manufacturing and other sectors that have pushed the state unemployment rate to 9 percent in June, REALTORS® say the state housing market is actually showing signs of stabilization. The decline in home sales was 10.5 percent, which was higher than both the Midwest region, which fell 5.3 percent, and the Nation, which was down just 2.9 percent, but it was well below the steep reductions in Wisconsin sales volume that we have seen over the last few quarters.

“Overall the reduction in existing home sales of 10.5 percent, comparing the second quarter of 2009 with the second quarter of 2008, was much more moderate than we experienced earlier in the recession where the average decline has been much steeper,” said Michael Mulleady, Chairman of the Board of the WRA. “In fact, we saw state existing home sales fall 19.2 percent in 2008 compared to 2007 and they dropped 22.6 percent in the first quarter of this year, so it is encouraging to see the pace of the contraction of Wisconsin home sales moderate,” noted Mulleady. “This is the first indication that we may be getting ready to turn the corner on real estate in the state,” said Mulleady.

Mulleady also pointed out hopeful signs that the national economy may be starting to emerge from the depths of this steep recession. He noted the Conference Board’s Index of Leading Economic Indicators was up for the third consecutive month in June of this year, and the Dow Jones Industrial Average closed above 9000 in July with the upward trend continuing into the first half of August. “These are positive developments because improvements in the national economy will help stimulate job growth in the state, which will directly improve Wisconsin’s housing market,” said Mulleady.

Median home prices in Wisconsin fell 9.9 percent to \$146,000 in the second quarter of 2009 compared to the second quarter of 2008, according to the WRA. However, William Malkasian, WRA President, cautioned that these numbers are unique to this market. “These data need to be taken with a grain of salt because lower priced homes are moving more briskly than higher priced homes, thus skewing the median price downward,” Malkasian said. “The most important factor is the federal tax credit on housing, which qualifies first-time buyers for up to \$8,000 in tax credit on their purchase. This is a strong enticement for first-time buyers who typically buy lower cost starter homes, but it also brings down the state median price,” noted Malkasian.

“Still, sellers remain highly motivated,” Malkasian said, “and when you combine the available tax credit with mortgage rates at near historic lows it makes this an excellent market for credit-worthy buyers.” With such strong inventories statewide, buyers have a lot of options, and there are solid advantages to working with a REALTOR® to help identify the best values in this market.

The Wisconsin REALTORS® Association is one of the largest trade associations in the state, representing more than 15,000 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 just 2.9 percent in Q2 2009 as compared to Q2 2008. Existing home sales fell 5.3 percent in the Midwest, and they dropped 7.2 percent in the South and 8.4 percent in the Northeast. In contrast, home sales in the West region were up 11.8 percent. While this brisk rate of growth in the West was less than half the pace established in the first quarter of this year, it is clear that buyers are responding to the substantial opportunities generated by the active foreclosure markets in those areas.
- Wisconsin's existing home sales fell 10.5 percent in the second quarter of 2009 as compared to that same quarter in 2008. The decline in Wisconsin sales was not as bad as either Indiana (-15.3 percent) or Illinois (-16.9 percent), but Wisconsin fared worse than other states in the region which were either relatively flat (Ohio dropped 0.7 percent and Iowa was up 1.6 percent) or up by solid margins (Michigan rose 10 percent and Minnesota grew 12.7 percent) comparing Q2 2009 with that same period in 2008.
- Sales volume was either flat or down in all regions of Wisconsin compared to Q2 2008 levels. The strongest region in the state was the West region, where sales were essentially flat, down just 0.5 percent. Four of the regions were off the Q2 2008 pace between 6.7 percent and 7.9 percent. Specifically, the North region saw its sales drop 6.7 percent, sales fell 7.1 percent in the Southeast and South Central regions, and sales were down 7.9 percent in the Central region. Finally, existing home sales dropped 15.1 percent in the Northeast region.

Median Price Data – Key Points:

- Median prices fell nationally 15.6 percent, and they were down by similar margins in three of the four regions of the nation. Specifically, median prices fell 8.6 percent in the Midwest, and they dropped slightly further in the Northeast (-9.7 percent) and the South (-10.3 percent) regions. However, median prices were down substantially in the West region, sliding 26.6 percent, mainly as a result of brisk foreclosure activity in those areas. As always, it is important to interpret changes in median prices with caution as the mix of homes that sold has shifted over the last year from larger, more expensive homes to smaller starter homes.
- The Wisconsin state median price in the second quarter of 2009 was \$146,000, which was 9.9 percent below the Q2 2008 median price. This median price reduction was similar to the first quarter decline, and as was the case then, it represents a combination of price discounting by motivated sellers, and a shift in the mix of homes sold as homes. As the federal tax credit has increased in popularity, the homes in the lower ranges of the price distribution became attractive options for first-time buyers.
- There was considerable median price fluctuation across regions in the state, but most were down less than 10 percent. The median price reduction was just 1.3 percent in the Central region and it fell 5.1 percent in the South Central region. Median prices dropped 7.7 percent in the Northeast region, they declined 9.3 percent in the Western part of the state, and they fell 9.6 percent in the Northern region. Finally, the steepest reduction in the median price was in the Southeast region, which dropped 13.3 percent. As has been noted, caution should be exercised when evaluating these data because there has been a shift in the mix of homes sold as well as price discounting by motivated sellers. This is especially important for small geographic areas like sub-state regions and counties.

QUARTERLY ACTIVITY - Q2 2009							
Region	County	Median Price			Existing Home Sales		
		Q2-2009	Q2-2008	% Change	Q2-2009	Q2-2008	% Change
Southeast	Kenosha	\$145,500	\$166,700	-12.7%	384	476	-19.3%
Southeast	Milwaukee	\$128,900	\$158,500	-18.7%	2392	2221	7.7%
Southeast	Ozaukee	\$226,300	\$245,200	-7.7%	218	238	-8.4%
Southeast	Racine	\$140,000	\$163,600	-14.4%	495	572	-13.5%
Southeast	Sheboygan	\$126,700	\$143,100	-11.5%	237	341	-30.5%
Southeast	Walworth	\$173,300	\$188,900	-8.3%	269	294	-8.5%
Southeast	Washington	\$182,000	\$198,300	-8.2%	350	384	-8.9%
Southeast	Waukesha	\$228,300	\$242,300	-5.8%	975	1199	-18.7%
Southeast	Metro Milwaukee	\$164,400	\$190,000	-13.5%	3935	4042	-2.6%
Southeast	Regional Total	\$158,000	\$182,200	-13.3%	5320	5725	-7.1%
South Central	Columbia	\$147,700	\$163,100	-9.4%	156	138	13.0%
South Central	Crawford	\$95,000	\$88,600	7.2%	14	19	-26.3%
South Central	Dane	\$202,200	\$215,900	-6.3%	1640	1837	-10.7%
South Central	Dodge	\$120,000	\$136,000	-11.8%	159	146	8.9%
South Central	Grant	\$106,300	\$95,700	11.1%	93	59	57.6%
South Central	Green	\$138,700	\$129,300	7.3%	86	93	-7.5%
South Central	Iowa	\$140,000	\$137,300	2.0%	50	67	-25.4%
South Central	Jefferson	\$172,200	\$163,100	5.6%	152	187	-18.7%
South Central	Lafayette	\$85,000	\$112,200	-24.2%	22	22	0.0%
South Central	Richland	\$78,900	\$122,500	-35.6%	33	44	-25.0%
South Central	Rock	\$118,000	\$124,000	-4.8%	450	483	-6.8%
South Central	Sauk	\$151,700	\$156,900	-3.3%	173	164	5.5%
South Central	Regional Total	\$170,900	\$180,000	-5.1%	3028	3259	-7.1%
West	Buffalo/Trempeleau/Pepin	\$93,000	\$114,000	-18.4%	47	51	-7.8%
West	Chippewa	\$124,300	\$128,300	-3.1%	163	156	4.5%
West	Dunn	\$122,900	\$127,700	-3.8%	91	102	-10.8%
West	Eau Claire	\$130,500	\$136,200	-4.2%	351	359	-2.2%
West	LaCrosse	\$134,700	\$153,800	-12.4%	340	340	0.0%
West	Monroe	\$123,600	\$118,300	4.5%	46	70	-34.3%
West	Pierce	\$151,200	\$172,600	-12.4%	98	86	14.0%
West	St. Croix	\$162,000	\$182,900	-11.4%	302	281	7.5%
West	Vernon	NA	NA	NA	4	5	-20.0%
West	Jackson	NA	NA	NA	1	0	NA
West	Regional Total	\$136,000	\$150,000	-9.3%	1443	1450	-0.5%

QUARTERLY ACTIVITY - Q2 2009 (continued)

Region	County	Median Price			Existing Home Sales		
		Q2-2009	Q2-2008	% Change	Q2-2009	Q2-2008	% Change
Northeast	Brown	\$142,700	\$147,700	-3.4%	672	783	-14.2%
Northeast	Calumet	\$150,900	\$157,600	-4.3%	107	124	-13.7%
Northeast	Door	\$209,400	\$236,400	-11.4%	70	90	-22.2%
Northeast	Fond du Lac	\$114,300	\$130,000	-12.1%	211	223	-5.4%
Northeast	Green Lake	\$97,500	\$100,000	-2.5%	24	20	20.0%
Northeast	Kewaunee	\$100,000	\$128,000	-21.9%	22	40	-45.0%
Northeast	Manitowoc	\$92,500	\$102,700	-9.9%	168	227	-26.0%
Northeast	Marinette	\$80,000	\$86,000	-7.0%	62	81	-23.5%
Northeast	Menominee	\$225,000	\$200,000	12.5%	5	6	-16.7%
Northeast	Oconto	\$118,500	\$102,500	15.6%	85	74	14.9%
Northeast	Outagamie	\$131,400	\$143,100	-8.2%	448	551	-18.7%
Northeast	Shawano	\$75,700	\$96,000	-21.1%	78	68	14.7%
Northeast	Waupaca	\$94,000	\$108,700	-13.5%	116	140	-17.1%
Northeast	Winnebago	\$111,700	\$130,700	-14.5%	431	518	-16.8%
Northeast	Regional Total	\$125,000	\$135,400	-7.7%	2499	2945	-15.1%
Central	Adams	\$103,300	\$91,200	13.3%	84	51	64.7%
Central	Clark	\$100,000	\$86,400	15.7%	36	28	28.6%
Central	Juneau	\$94,300	\$92,500	1.9%	57	66	-13.6%
Central	Marathon	\$125,500	\$124,600	0.7%	302	368	-17.9%
Central	Marquette	\$127,500	\$121,800	4.7%	25	43	-41.9%
Central	Portage	\$138,600	\$133,900	3.5%	150	164	-8.5%
Central	Waushara	\$90,000	\$110,000	-18.2%	50	56	-10.7%
Central	Wood	\$103,700	\$100,000	3.7%	192	197	-2.5%
Central	Regional Total	\$116,700	\$118,200	-1.3%	896	973	-7.9%
North	Ashland	\$85,000	\$98,000	-13.3%	19	20	-5.0%
North	Barron	\$105,500	\$110,900	-4.9%	116	110	5.5%
North	Bayfield	\$160,000	\$85,000	88.2%	24	18	33.3%
North	Burnette	\$112,500	\$173,300	-35.1%	58	62	-6.5%
North	Douglas	\$91,700	\$116,000	-20.9%	99	116	-14.7%
North	Florence	NA	NA	NA	2	4	-50.0%
North	Forest	\$55,000	\$112,600	-51.2%	15	30	-50.0%
North	Iron	\$184,600	\$55,000	235.6%	15	29	-48.3%
North	Langlade	\$61,700	\$75,000	-17.7%	42	51	-17.6%
North	Lincoln	\$93,300	\$103,600	-9.9%	43	61	-29.5%
North	Oneida	\$108,600	\$128,600	-15.6%	169	188	-10.1%
North	Polk	\$108,300	\$138,200	-21.6%	162	105	54.3%
North	Price	\$71,800	\$78,500	-8.5%	27	31	-12.9%
North	Rusk	\$92,500	\$95,000	-2.6%	27	37	-27.0%
North	Sawyer	\$147,500	\$207,700	-29.0%	47	56	-16.1%
North	Taylor	\$85,000	\$127,100	-33.1%	35	29	20.7%
North	Washburn	\$125,500	\$155,600	-19.3%	55	58	-5.2%
North	Vilas	\$124,300	\$105,000	18.4%	90	115	-21.7%
North	Regional Total	\$106,700	\$118,000	-9.6%	1045	1120	-6.7%