

Pandemic has lower impact on June home sales as economy improves

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Wisconsin's housing market performed far better than expected in June in part because of low mortgage rates, according to the Wisconsin Realtors Association.

Existing home sales were down just 4.5 percent compared to the same time last year, and median prices rose 3.6 percent to \$222,000 over the same 12-month period. On a year-to-date basis, home sales for the first half of 2020 were 4.9 percent lower than the first six months of 2019, and median prices were up 7.6 percent to \$209,900.

"This is better than we expected given the COVID-induced slide in sales we saw last month," said WRA Chairman Steve Beers.

Sales slid sharply in May, dropping 24.3 percent compared to May 2019, making the 4.5 percent drop a big improvement. Beers qualified the comparison by noting that sales in June last year were actually somewhat weak, dropping 7.7 percent from June 2018.

"It's important to remember that we're comparing closed sales with the same month a year earlier, so the weak performance in June 2019 makes this past month's drop in sales smaller," he said.

Beers noted the strong pre-coronavirus start to the year helped moderate the total decline in sales in the first half of the year in all regions of the state. Comparing the first six months of 2020 with the first half of 2019, sales fell at 0.7 percent in the central region, declined 1.5 percent in the west region, and dropped 2 percent in the north region.

The more densely populated urban northeast, south central and southeast regions saw their sales in the first half of 2020 fall between 3.9 percent and 7.2 percent relative to the first half of 2019.

"The bigger cities have been hit harder by the pandemic, which may help explain

these differences,” said Beers.

WRA President and CEO Michael Theo said the improved state unemployment rate — at 8.5 percent in June compared to 12.1 percent in May — as well as the drop in the 30-year fixed-rate mortgage softened the blow from the pandemic.

“Low mortgage rates have also kept Wisconsin housing affordable,” Theo said. The rate was at 3.62 percent in January and fell to 3.16 percent in June, which is yet another record low.

Over the past 12 months, median family income dropped 4.2 percent, and median home prices rose 3.6 percent. But the record-low mortgage rates have kept affordability relatively stable. The affordability index fell just 1.5 percent over the last 12 months.

With a softer economy, there are good opportunities for buyers, especially given the record-low mortgage rates.

“However, this is still a seller’s market, so buyers need to be pre-approved for financing so that they can move quickly when their (realtor) finds the right home,” Theo said.

See the release:

<https://www.wisbusiness.com/2020/wra-lower-impact-of-pandemic-on-june-home-sales-as-economy-improves/>

-By Stephanie Hoff

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