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State sees record home sales for third quarter

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Wisconsin saw its strongest third quarter on record for home sales, eclipsing the previous third quarter sales record established last year by 9.8 percent.

“Demand has increased in recent months for a couple of reasons: low mortgage rates and an

improving job market in the state,” said Wisconsin Realtors Association President and CEO Michael Theo.

The 30-year fixed-rate mortgage dropped to 2.89 percent in September, which pushed home sales up 18.1 percent compared to September 2019, and increased the statewide median price 17.9 percent to $229,900, according to the WRA.

Mortgage rates began dropping in January. The actions by the Federal Reserve Bank to mitigate the effects of the economic shutdown have pushed mortgage rates to record-low levels for six straight months. Additionally, the state’s unemployment rate dropped from its peak of 13.6 percent in April to 5.4 percent in September.

“When we consider what transpired last spring, we never would have imagined how quickly the housing market would rebound,” said WRA Chairman Steve Beers.

The economic lockdown of the state pushed annualized sales down 23.6 percent in May alone. In contrast, the annual growth in home sales surged by 10.2 percent in July, rose 2.6 percent in August and increased 18.1 percent in September.

“What makes this even more impressive is that we hit this new record even though inventories continued to slip,” Beers said.

Wisconsin had 3.7 months of housing supply in September compared to 5.1 months of

supply 12 months earlier.

The tight inventory is pumping up prices, Theo added. The Wisconsin Housing Affordability Index fell from 216 in September 2019 to 195 in September 2020.

“That’s a big drop, but we need to keep that in perspective,” he said.

The low mortgage rates mean the typical buyer can still afford to buy a house that is almost double the median family income.