

# February home sales continue record trends in state housing market

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Strong February housing sales pushed what are typically the three slowest months of the year into record territory, according to the Wisconsin Realtors Association.

In its most recent analysis, WRA found February sales jumped 5.5 percent compared to February 2020 — the last month before the recession began.

WRA Board Chair Mary Duff said this is the second year in a row of record winter sales in Wisconsin. Closed sales for the period between December 2020 and February 2021 rose to 16,350 homes sold statewide, which is 15 percent higher than the previous winter sales record established last year.

And every region of the state experienced record sales this winter. The northern region of the state saw the strongest growth — an increase of 31.8 percent over the previous winter months.

Duff said this shows buyers remain highly motivated because winter is the least convenient time to move in Wisconsin.

“This is the strongest seller’s market on record, and it pushed prices up sharply in February,” said WRA President and CEO Michael Theo.

Inventories continued to be very tight, which has led to a sustained period of very strong price appreciation. The median price rose to \$215,000 in February, which is 13.2 percent higher than a year earlier. In fact, median prices have grown at an annual rate of 9.7 percent or higher each month since July 2020.

The inventory problem that the state is facing shows no sign of abating. The state had just 2.1 months of available supply in February, which is the second straight month of record-low inventory levels.

“Every price range of homes, every region of the state, and every type of county, from the most urban to the most rural, have very strong seller’s markets,” Theo said. “Rapid growth in housing prices typically hurts our affordability, but fortunately mortgage rates remain close to the record-low levels set in December, so affordability didn’t fall very much.”

The Wisconsin Housing Affordability Index shows Wisconsin affordability fell just 4.5 percent over the last 12 months.

Theo explained that a bright spot has been the new construction market. A review of Wisconsin single-family permit data compiled by the U.S. Census Bureau shows an increase of 13.7 percent in 2020 compared to 2019, and housing permits were up 19 percent in January compared to a year earlier. The number of permits is a reliable predictor of housing starts, according to the WRA.

Since the average time from a housing start to completion is 7.4 months in the Midwest, the increased permit activity in 2020 should help mitigate the supply problem in 2021.

“Most buyers who build a new home are trading up from an existing home, so the

strong seller's market is helping to fuel the new home market," Theo said. "We still need to see more inventory of existing homes, but this is a good sign going into the peak sales season."