

Overview:

December 10, 2008 – Sales were down 30.5% in November compared to a year ago, according to housing statistics released by the MLS today.

With the melt-down on Wall Street over the last 8-weeks, it appears buyers are sitting on their hands when considering the real estate market.

The housing market was showing improvement this fall. We had the first year-over-year increase in sales for 2008 in September, when sales rose 3.1% above September 2007. And, in October sales were only down 8.2%, year-to-year.

This was part of an expected increase in activity in the latter part of 2008, due to an increase in affordability and value for buyers compared to past years. However, Wall Street threw a wrench into things and buyers have decided to play "wait and see."

Buyers seem to be waiting to see what kind of additional stimulus packages the new Obama administration may come out with, if interest rates are headed down, and evaluating their job security.

This leads us to conclude that the plunge due to Wall Street will be a relatively short-lived phenomena; because, while there are several questions about where the overall economy is headed, we do know that household formation is continuing, interest rates are very generous, and housing prices are attractive in southeastern Wisconsin.

We have the ingredients for a housing recovery in the near future, but how soon that recovery comes is the question. It doesn't appear that the recovery will be a bounce back to 2005 or 2006 prices and sales; rather it will probably be a more sustained increase in activity similar to what we saw in the late 1990s and early 2000s.

In these confusing times, consumers should remember to "Start With A REALTOR®" before consulting with a lender or other housing professional.

Highlights of the November 2008 MLS Statistics Report:

Listings

- Listings were down for the 16th straight month. The 32,518 listings accumulated thus far in 2008 puts the year on pace for total listings in the range of 2005.

Sales

- Sales were down 30.5% compared to November 2007 (783 vs. 1,126) and -37.7% compared to 2006 (1,256).

Market fundamentals are uncertain

- National Association of REALTORS Economist, Lawrence Yun stated "Yes, we are in the midst of one of the worst financial crises in a generation," in his recent article, "Amidst the Confusion, Some Positive Signs." Read more at REALTOR.org Economist Commentary.
- Interest rates are excellent historically. Buyers can expect rates in the range of 5.5% for a 30-year fixed mortgage and 5.125% for a 15-year fixed note.

Inventory:

- We currently have 19.6 months of inventory, with 15,335 active residential listings in the metro area. This is up from the 14.9 months reported in the October analysis, but not unusual for this time of year as sales take a break for the holidays. Fall and winter inventory usually is higher due to lower demand.

Source: Wisconsin Realtors Association



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