

### Market Remains Sluggish

As has been the case in the second half of 2010, November home sales remain slow compared with one year ago. For Dane County, the 234 reported sales are just under one-half of the sales reported last November. This comes as no surprise as sales in November 2009 reflect the end of the initial Home Buyer Tax Credit closings. The second Home Buyer Tax Credit, expiring at the end of June, served to push sales into the first six months of 2010, many of which arguably would have taken place normally throughout the year. However, when compared to 2008, a market without a housing stimulus in place, 2010 sales were slightly ahead. For the year to date, sales trail last year by just 11%.

While most counties in the SCWMLS region reported drops in sales for November, Green County saw a modest increase and Iowa County missed a repeat of last year by only one sale. With the exception of Grant County, all reported sales above or very close to November 2008.

Median prices, on the other hand, continue to compare favorably with one year ago. The median price in Dane County is 10% ahead of last year for November, and continues to outpace 2009 in year-to-date comparison (\$205,500 v. 202,400). This same price comparison is reflected in most counties throughout the region as well. Median price represents the midpoint of all closed sales, ranked from lowest to highest price, within a defined geographic area for a particular time period, as reported to the SCWMLS.

When breaking down the figures in Dane County, single family homes sales accounted for 191 of the 234 total reported. Median prices for both single family homes and condominiums were ahead of 2009:

Single family homes	\$224,000 (2010)	\$210,000 (2009)
Condominiums	\$157,000 (2010)	\$149,000 (2009)

Buyers appear to be waiting for evidence that the market has hit bottom. But by waiting, buyers may be losing purchasing power. Recently, interest rates have moved from 4.25% to 4.75% on a 30 year mortgage. Just an increase of one-half of one percent is a difference of almost \$60.00/month on a \$200,000 mortgage (over \$700/year). On the other hand, that same increase in the interest rate means the buyer can only afford a mortgage of \$189,000 in order to retain the same monthly payment.

It is being suggested that this is an historic buying opportunity – and with interest rates moving higher, inventories starting to decline – is it possible that we have already gone beyond the bottom in terms of price and rates? As shown above, even if prices fall a bit, interest rate increase quickly offset any benefit. Therefore, now may be the time to take advantage of the market. Sooner may be better than later...