

Midwest

# Housing Market Outlook Report



**RE/MAX**®







# Table of Contents

Indiana .....	2
Minnesota .....	4
Wisconsin .....	6
Contact Information .....	8



# INDIANA

With a booming economy and job market in Indiana, RE/MAX INTEGRA, Midwest real estate experts believe the housing market will remain strong in 2019. Buyer activity may begin to slow, relieving some of the tight pressure gripping housing inventories and possibly bringing down prices.

Despite small increases in housing inventory in some Indiana communities within the last year, many buyers will continue to face challenges in 2019. Some of the factors that contributed to more buyers than there were sellers in 2018 are likely to remain in 2019. These include:

- First-time buyers, including millennials and baby boomers, who were hesitant in the past, will enter the market in the coming months.
- Home builders are not able to keep up with the demand due to the rising cost of materials as well as shortages of labor and lots.

RE/MAX brokers in Indiana expect the strong sellers' market to continue in 2019 due to these factors. But they report that the market will see some significant changes, including the gradual impact of increasing interest rates. While rates remain historically low, more buyers are not willing to pay the higher prices of the current competitive market combined with higher interest rates.

It is predicted that buyers will be taking a more measured, long-term approach in the year-ahead rather than quickly jumping on any home the moment it is listed. RE/MAX real estate professionals predict this new buyer sentiment will lead sellers to price their homes at more realistic levels in 2019.

Brokers in several regions report many would-be buyers may instead opt to rent newly constructed apartments in urban areas, due to rising interest rates and low inventory. Walkability, along with green and smart technologies remains top priorities for buyers. The downtown cores of cities such as Fort Wayne, Lafayette and South Bend have seen major growth.

Despite the continued surge in home prices, recent surveys show Indiana's overall cost of living remains one of the lowest in the Midwest. Indiana's strong economy offers Hoosiers and prospective transplants affordability in the housing market that is not found in other regions across the country.

From January through October of this year, Indiana's housing market experienced the following compared to the same time period last year:

- **Average sales price increased 10.3% from \$148,531 in 2017 to \$163,871.**
- **Average days on market decreased 13.84% from 68 days in 2017 to 59 days.**
- **The number of homes sold remained steady, only decreasing by 1.5% from 2017.**





# INDIANA

Region	Year	Homes Sold	% Change	Avg. Days on Market	% Change	Avg. Sales Price	% Change	2019 Predictions		
Indiana	2017	6733	-1.50%	68	-13.84%	\$148,531	10.33%	Market	Avg. Sales Price	Inventory
	2018	6635		59		\$163,871				
Northwest	2017	943	-0.95%	66	-10.81%	\$181,532	7.65%	Remain or Increase	Remain or Increase	Remain or Increase
	2018	934		59		\$195,423				
South Bend	2017	638	-2.51%	67	-1.01%	\$162,684	7.40%	Increase	Remain	Increase
	2018	622		66		\$174,716				
Northeast	2017	681	-0.15%	49	-8.14%	\$138,986	12.26%	Increase	Increase	Remain
	2018	680		45		\$156,031				
Lafayette	2017	207	4.35%	82	-21.23%	\$132,921	11.61%	Increase	Increase	Increase
	2018	216		65		\$148,349				
North Central	2017	41	0.00%	41	-8.24%	\$132,864	16.18%	Increase	Remain	Remain
	2018	41		38		\$154,356				
East Central	2017	207	-11.11%	59	-22.12%	\$94,745	8.30%	Remain	Remain	Increase
	2018	184		46		\$102,608				
Terre Haute	2017	216	4.85%	87	11.43%	\$110,761	43.85%	Remain or Increase	Remain	Remain or Increase
	2018	227		96		\$159,334				
Central	2017	2863	-1.61%	62	-41.77%	\$212,812	3.53%	Remain	Increase	Remain
	2018	2817		36		\$220,326				
Southeast	2017	115	5.22%	103	-31.89%	\$158,133	2.11%	Remain	Increase	Remain
	2018	121		70		\$161,467				
Southwest	2017	447	-2.68%	61	-15.61%	\$147,463	6.26%	Remain or Decrease	Remain or Decrease	Increase
	2018	435		51		\$156,698				
South Central	2017	372	-2.97%	75	0.56%	\$164,486	6.99%	Remain or Increase	Remain or Increase	Increase
	2018	361		76		\$175,986				

Data provided by local MLSes and reflects January - October 2018 and the same timeframe for 2017. Predictions and insights provided by RE/MAX INTEGRA, Midwest.





# MINNESOTA

Despite rising interest rates and increased inventory bringing some balance to the housing market, RE/MAX real estate professionals in Minnesota expect 2019 to remain a sellers' market. First time homebuyers are still finding the market particularly challenging, as median sales price in the Twin Cities and other metropolitan areas continues to climb toward \$300,000.

After a period of historically low rates, brokers predict that homebuyers - and homeowners who have refinanced at a much lower rate - may perceive 5-6 percent interest rates as unaffordable and may hesitate to purchase a home, especially when coupled with high housing prices. Those who do look to buy will take their time, and they will be less willing to make an offer on just any home in their price range.

There are several reasons why the Minnesota market may begin to balance in 2019 in addition to interest rates:

- Waning buyer demand due to prolonged lack of inventory
- Builders in suburbs and rural areas taking a chance on building more affordable homes
- The construction of market-to-luxury rate apartments, an option for first-time homebuyers being priced out of the market and for homeowners who sell before they find a home to buy

Across Minnesota home prices are still increasing, but rising interest rates and buyer fatigue are expected to slow down price increases in 2019, which will also contribute to a more balanced market.

While some affordable new builds are popping up in suburbs and rural areas, overall, the rising cost of newly constructed homes continues to outpace buyers' ability to pay for them. However, newly constructed apartments and townhomes are helping to free up the market in Minnesota's smaller cities. They offer smart technology, updated kitchens and bathrooms and neutral color schemes - all 'must haves' for buyers - at a more affordable price point. They also offer an option for those who sell their homes and haven't yet found a home to purchase.

In Minnesota, housing remains affordable due to a strong economy, so RE/MAX real estate experts expect the housing market to remain strong in 2019.

This year from January through October, Minnesota's housing market experienced the following compared to the same time period last year:

- **Average sales price increased 6.1% to \$277,059.**
- **Average days on market decreased 7.4% to 50 days.**
- **The number of homes sold decreased by 2.6% to 72,145.**





# MINNESOTA

Region	Year	Homes Sold	% Change	Avg. Days on Market	% Change	Median Sales Price	% Change	2019 Predictions		
Minnesota	2017	74,063	-2.60%	54	-7.40%	\$261,114	6.10%	Market	Avg. Sales Price	Inventory
	2018	72,145		50		\$277,059				
Headwaters	2017	891	1.20%	122	-12.30%	\$160,000	9.40%	Decrease	Increase	Remain
	2018	902		107		\$175,000				
Arrowhead	2017	4,120	0.30%	100	-5.00%	\$153,900	2.70%	N/A	N/A	N/A
	2018	4,133		95		\$158,000				
West Central	2017	1,653	0.60%	86	-4.70%	\$171,000	13.50%	Remain	Remain	Decrease
	2018	1,663		82		\$194,000				
North Central	2017	2,615	0.40%	91	-8.80%	\$173,000	8.10%	Remain	Remain	Decrease
	2018	2,626		83		\$187,000				
Southwest Central	2017	1,357	6.20%	73	-8.20%	\$145,000	9.80%	Increase	Decrease	Decrease
	2018	1,441		67		\$159,250				
East Central	2017	2,481	3.10%	60	-11.70%	\$190,000	10.50%	Increase	Remain	Increase
	2018	2,557		53		\$210,000				
Central	2017	6,289	-0.90%	50	-8.00%	\$212,000	6.10%	Remain	Remain	Remain
	2018	6,232		46		\$225,000				
Southwest	2017	668	18.30%	99	-17.20%	\$117,000	1.90%	Increase	Remain	Decrease
	2018	790		82		\$119,200				
South Central	2017	2,636	-3.60%	98	-11.20%	\$154,900	7.80%	Increase	Decrease	Remain
	2018	2,541		87		\$167,000				
Southeast	2017	6,225	-6.20%	61	-6.60%	\$182,950	8.70%	Increase	Increase	Increase
	2018	5,837		57		\$198,918				
Twin Cities	2017	44,337	-3.90%	39	-10.30%	\$251,000	7.60%	Remain	Increase	Increase
	2018	42,625		35		\$270,000				

Data reported by the Minnesota Association of REALTORS and reflects January - October 2018 and the same timeframe for 2017. Predictions and insight provided by RE/MAX INTEGRA, Midwest.



# WISCONSIN

Sellers in many regions of Wisconsin are expected to have another successful year in 2019, according to RE/MAX brokers. The current competitive housing market is anticipated to remain in the months ahead, bringing multiple offers with full asking price to a majority of sellers.

However, 2019 will bring a change in both seller and buyer activity – due in large part to steadily rising interest rates. Although mortgage rates remain historically low, brokers predict with rates expected to climb to 5-6 percent that buyer demand may wane next year. Rates combined with some buyer frustration and fatigue, may restore some balance. Brokers are predicting in a few areas of the state a shift to a balanced or even buyers' market.

Several factors caused tight inventories and higher prices, and these factors are likely to remain in 2019:

- Sellers not willing to sell out of fear of either not finding the next home within their budget
- Millennials, a large portion of the population, are buying homes
- Large employers are expanding workforces

Home builders are building more new homes, but according to RE/MAX real estate professionals they are not able to keep up with demand. Buyers (particularly first time home buyers) will find it a challenge to build a new home within their price range. Rising costs for materials and labor are driving prices up. Buying an existing home may be the best option for many home buyers in 2019.

Although home prices are expected to continue to rise, RE/MAX brokers and agents predict only a slight increase. Homes overall in Wisconsin still remain affordable to home buyers. Brokers and agents recommend that buyers continue the search for a new home throughout the winter months, due to the fact that most sellers are motivated to sell their home.

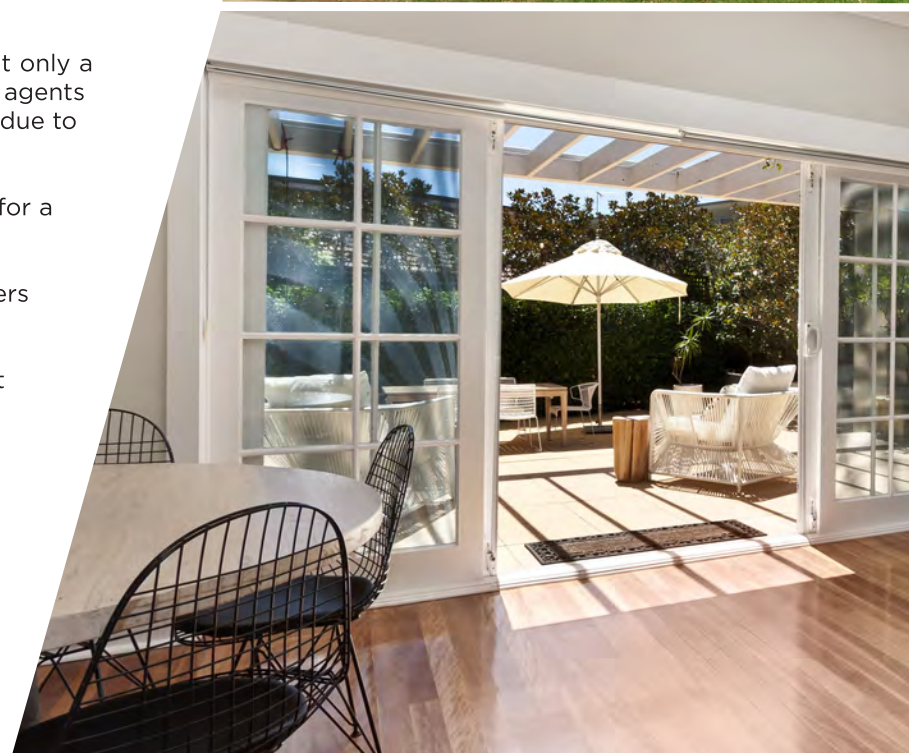
Buyers are advised to work with a local REALTOR who knows the market, get preapproved for a mortgage, offer competitive bid and be open to making compromises.

Wisconsin's luxury and vacation home markets will remain a buyers' market. RE/MAX brokers report that despite a strong economy, prices are anticipated to drop.

With a booming economy and job market in Wisconsin which is expected to remain in 2019, it is predicted that the housing market will remain strong.

This year from January through October, Wisconsin's housing market experienced the following compared to the same time period last year:

- **Average sales price increased 5.1% from \$173,650 in 2017 to \$182,500.**
- **Average days on market decreased 11.76% from 85 days in 2017 to 75.**
- **The number of homes sold decreased by 2.16% from 7,456 in 2017 to 7,295.**





# WISCONSIN

Region	Year	Homes Sold	% Change	Avg. Days on Market	% Change	Median Sales Price	% Change	2019 Predictions		
Wisconsin	2017	7,456	-2.16%	85	-11.76%	\$173,650	5.10%	Market	Avg. Sales Price	Inventory
	2018	7,295		75		\$182,500				
Southeast	2017	2,659	-7.03%	57	-19.30%	\$188,000	4.79%	Remain or Increase	Increase	Remain or Increase
	2018	2,472		46		\$197,000				
South Central	2017	1,398	1.36%	70	11.43%	\$210,000	4.76%	Increase	Increase	Increase
	2018	1,417		78		\$220,000				
West	2017	667	6.60%	40*	35.00%	\$175,000	5.71%	Increase	Remain	Remain
	2018	711		54*		\$185,000				
Northeast	2017	1,517	-9.56%	121	-19.01%	\$148,000	8.41%	Remain or Increase	Increase	Increase
	2018	1,372		98		\$160,450				
Central	2017	493	3.04%	127	-37.80%	\$130,000	8.08%	Remain	Remain or Increase	Remain or Increase
	2018	508		79		\$140,500				
North	2017	722	12.90%	96	-2.08%	\$150,000	5.67%	Decrease	Remain	Increase
	2018	815		94		\$158,500				

\*Data provided by local MLSes and the Wisconsin REALTORS Association and reflects January - October 2018 and the same timeframe for 2017. \*Data represents La Crosse, Monroe, Trempealeau, and Vernon Counties ONLY. Predictions and insights provided by RE/MAX INTEGRA, Midwest.



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