

Predicting Milwaukee's housing market trends

When Jonah and Rachel Kolterjahn began looking for a home in Milwaukee three summers ago, it was hard to know where to begin.

"When we moved back to Wisconsin, we started looking for a house and decided we couldn't afford one. Then we started looking again in January, and it was one headache after another," Jonah Kolterjahn said. "We weren't even sure we'd get a loan commitment."

Fortunately, it took just one open house to get the couple on the path to homeownership. After connecting with a real estate agent and spending four weekends viewing houses, they were ready to make an offer.

This process wasn't hurdle-free, but the Kolterjahns were able to find the resources they needed to assess their finances, compare properties and make an offer with confidence. Plus, they acted quickly enough to edge out other buyers looking to take advantage of the \$8,000 federal tax credit for first-time home buyers, which ended April 30.

Though the credit — and a separate \$6,500 credit available to repeat home buyers, which also expired on April 30 — helped to move many properties out of the local real estate market, it also created a frenzied — and in many cases, competitive — atmosphere for buyers and sellers alike, as well as real estate agents and lenders.

"The tax credit made us unbelievably busy," said Julie Luetgen, a real estate agent for Bay View Homes.

Still a Buyer's Market

Stressful conditions aside, the federal tax credits did their job by eliminating a substantial amount of local housing inventory, according to Mike Ruzicka, president of the Greater Milwaukee Association of Realtors (GMAR). And though the credits are not likely to return, it's still a good time to buy, especially for those who want to make a long-term investment in a home, and not hope to create a short-term path to house-flipping riches.

"There's still an 11- or 12-month supply of houses, which is more than ideal, and prices are down 20% to 30% from their peak three years ago, so it's still a buyer's market," Ruzicka said. "And with interest rates as low as they are now, it's almost like getting free money."

By "low," Ruzicka means 6% or less on a 30-year fixed-rate mortgage. As of press time, interest rates are hovering around 5%, making home-buying and mortgage refinancing very appealing.

Sure, it's a buyer's market, but the outlook's not so shabby for sellers, said Shorewest Realtors sales associate Nancy Meeks.

"If you're selling your house right now, you should be just fine if it's priced properly," she said.

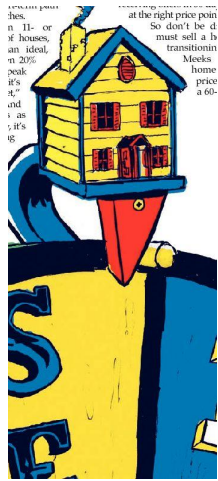
The rule of thumb? If it's been on the market 200 days, it's probably overpriced. And if similar homes within a mile of yours are receiving offers in 30 days, they're probably at the right price point.

So don't be discouraged if you must sell a house while you're transitioning into a new home.

Meeks said listing your home at the right asking price typically leads to a 60-day close.

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"Many people think that to get a Mortgage loan today, you have to have impeccable credit and Make a down payment of 20% [of the home's price]," said ray schmidt, select Milwaukee's executive director. "for the most part, that's perception."



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