

REAL ESTATE MARKET SOURCE

OF WISCONSIN



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Housing Sales Continue Strong in 3rd Quarter

Sales of existing homes in the four-county Metropolitan Milwaukee market were up 19.3% for the 3rd quarter of 2012 and up almost 27% for the year compared with 2011. October marks the 16th consecutive month of increasing sales numbers and the eighth month of increased median sales prices. Rising consumer confidence and continued record low mortgage rates are significant reasons for the sustained growth in 2012.

As the market continues to thrive, we are once again assisting home sellers negotiate multiple offers on their homes within the first few weeks or even days of the yard sign popping up. Well-priced, well-maintained homes coming on the market sell quickly. Inventories of available homes for sale continue to shrink due to more sales and fewer homes coming on the market. Measuring the “months of inventory” (how long it would take to sell the entire inventory at today’s prices) in a market is another indicator of the health of the market. As you’ll see below, we are starting to get closer to “normal” of six months.

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MILWAUKEE COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	1,598	10,336	2,188	5,973	\$116,500	4,576	7.9
2011	3,187	10,541	1,832	4,794	\$124,900	5,558	9.6

WAUKESHA COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	1,636	5,935	1,459	3,643	\$226,500	2,599	6.82
2011	1,870	6,267	1,128	2,800	\$220,000	3,384	9.72

OZAUKEE COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	371	1,305	313	805	\$220,000	686	9.03
2011	458	1,331	278	660	\$225,000	801	10.54

WASHINGTON COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	543	1,968	400	1,039	\$174,900	1,108	9.89
2011	606	2,056	343	798	\$184,450	1,297	11.79

KENOSHA COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	691	2,543	481	1,241	\$120,000	1,271	9.21
2011	778	2,524	402	1,108	\$126,000	1,425	12.5

RACINE COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	678	2,617	567	1,430	\$115,000	1,389	8.08
2011	858	2,836	523	1,314	\$120,000	1,655	10.28

WALWORTH COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	585	2,232	348	945	\$152,250	1,704	20.78
2011	626	2,237	300	796	\$152,000	1,963	21.57

JEFFERSON COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	279	1,022	287	480	\$147,250	650	12.75
2011	308	965	156	405	\$150,000	717	14.94

DODGE COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	169	573	133	337	\$107,700	313	7.28
2011	196	608	96	250	\$116,000	385	11.67

ROCK COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	546	1,536	293	849	\$119,133	1,101	11.71
2011	551	2,922	313	789	\$95,494	1,424	13.31

BROWN COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	992	3,329	711	1,979	\$137,000	1,673	8.2
2011	1,041	3,242	587	1,573	\$136,963	1,937	7.42

SHEBOYGAN COUNTY

	3Q New Listings	YTD New Listings	3Q Closed Sales	YTD Closed	Median Sale Price	Active Listings	Months of Inventory
2012	260	1,704	317	857	\$118,900	1,057	9.61
2011	526	1,701	215	609	\$116,875	1,141	16.54

Mortgage Rates – 30 Year Fixed



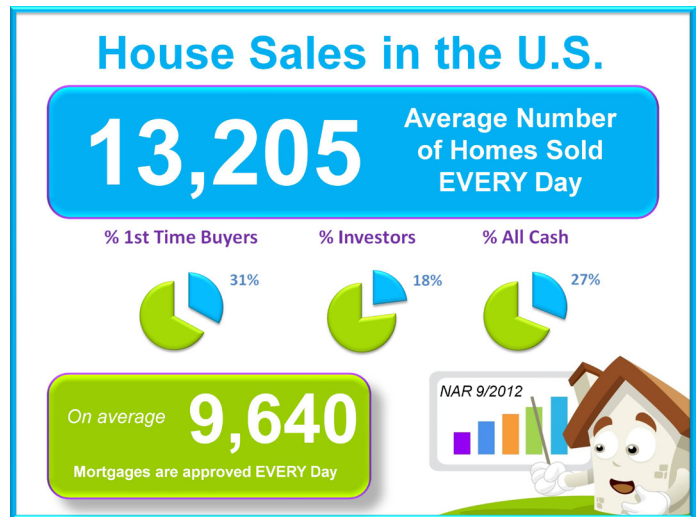
Interest rates continue to drop, averaging as low as 3.4% nationally. Information from the Federal Reserve shows the decline in the 30-Year Fixed-Rate Mortgages (FRM) across 21 months. Interest rates peaked in early 2011, and after that initial spike, we see the rate continually slip lower. Historically these rates are almost unheard of, and it has turned many average buyers into investors.

Cost of \$100,000 Mortgage

Year	30 Year Mortgage Interest Rate*	P&I Payment on \$100K Mortgage **
2003	6.15	609.23
2004	5.75	583.57
2005	5.77	584.84
2006	6.40	625.51
2007	6.38	624.20
2008	6.04	602.12
2009	5.06	540.49
2010	4.32	496.05
2011	4.01	477.99
2012	3.40	443.48

In this chart, you can see the cost of a \$100,000 mortgage over the last 10 years. Compare the monthly payment in 2003 — \$609.23 — with the current monthly payment — \$443.48. The difference between these two payments is almost \$60,000 during the life of the loan. Better interest rates provide an opportunity today to buy a higher-priced house than you previously imagined.

Our own Wisconsin Mortgage Corporation offers competitive rates, currently hovering around 3.5% for a 30-Year FRM. Our loan officers are always available for free, no obligation loan consulting, and all of our loans are funded at closing. Making applying for a mortgage and achieving your new home dreams even easier by using Wisconsin Mortgage Corporation's multitude of services.



The National Association of REALTORS® (NAR) released the above numbers in September based on the existing home sales report. On average, over 13,000 homes are being sold every day in the United States. 31% of these are to first-time buyers, 18% are for investment properties and 27% are all cash transactions. These numbers show the tail end of the traditional strong buying season that the real estate industry expects. Other numbers also included in the Existing Home Sales Report include that the median time on the market was 70 days in September, down 30.7% from 101 days in September 2011. Sales in the Midwest are up 19.6% higher than one year ago and median price was \$145,200, up 7% from September 2011.

Also included is an important figure for the national market: 9,640 mortgages are approved every day in the United States. Many headlines have been saying that no one can be approved for mortgages and are unable to take advantage of the record-low rates, however, despite the tighter lending standards, about 10,000 people per day are getting approved for mortgages.

The numbers in Wisconsin reflect the national averages. Home sales increased 4.6% in September 2012 versus September 2011. Median prices also increased over that time frame, up .02% to \$135,000. "The growth in September was more modest than the first eight months of the year where home sales increased 21.3%," said Renny Diedrich, chairwoman of the Wisconsin REALTORS® Association board of directors. Wisconsin saw the strongest growth in the Southeast region where sales increased 7.9%. Overall, September house sales in the United States continue the overall trends of strength and re-growth that the market has seen throughout 2012.

Home Prices in the Future: What Can We Expect?

Projected Annual % Change in Home Prices

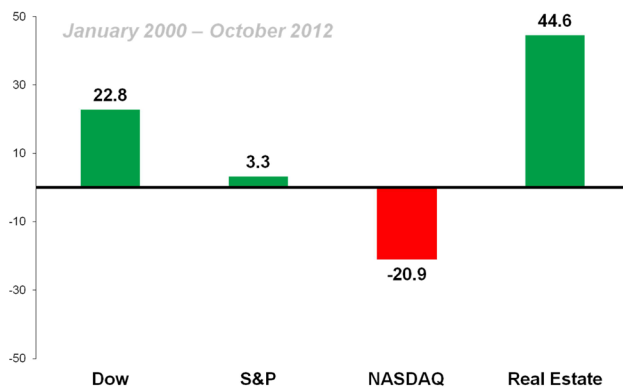
Source	2012	2013	2014
Home Price Expectation Survey	2.31	2.44	3.25
Urban Land Institute	Flat	2.0	3.5
Demand Institute Study	1.0	1.75	2.5



Where are experts projecting home prices to go in the next few years? According to the Home Price Expectation Survey, the Urban Land Institute, and the Demand Institute Study, prices are expected to rise. In 2013, prices should be up an average of almost 2%. In 2014, home prices should rise closer to normal appreciation. Additional numbers from Fiserv were released saying that, on average of the next couple of years, home prices should increase about 3.7%. Moving forward, the housing market continues to improve and grow. This is great news overall for the market, especially sellers. If you're looking to buy, however, do so now as prices and interest rates are low, allowing you to buy more house for the money.

Real Estate in the Larger Marketplace

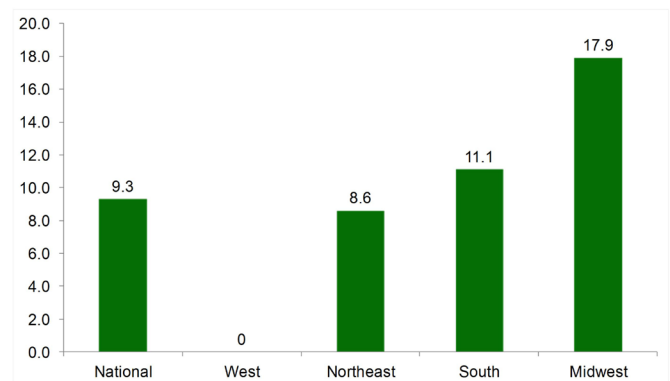
Return on Investment



Despite the economic uncertainty we have seen throughout the recession, the return on investment since January 2000 has shown steady increases in all but one of the markets above. For stock market investors, the Dow is up 22.8% in the last 12 years. As media home prices continue to increase, however, the real estate market continues to be such a strong presence in the overall marketplace. Despite the housing market's burst over that time period, the numbers don't lie: real estate is up 44.6% since January 2000. Sales truly are skyrocketing, especially in comparison to the last few years, but industry experts agree that there will be a slight fall-off in all markets because as a nation, more business is done in the first six months than the last. Real estate continues to be the strongest return on investment, especially with the current mortgage rates.

Luxury Market Shows Growth

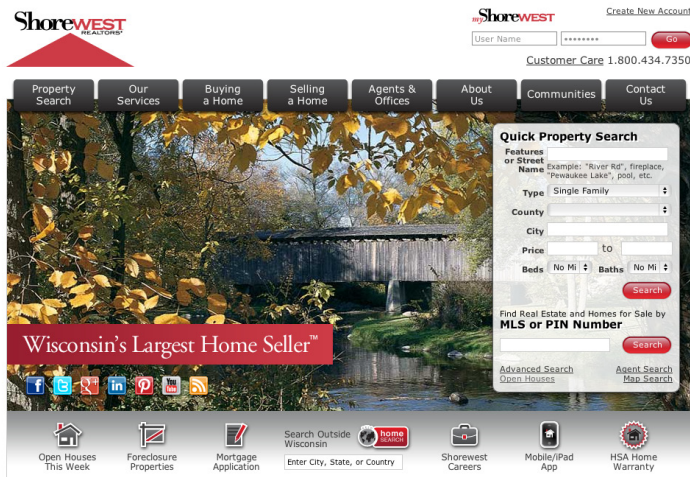
% Change in Sales Y-O-Y



Sales of homes in the luxury markets (\$750,000+) are up 19% or more since September 2011 in each of the price breakdowns. Most importantly, sales of homes above \$1 million are up almost 25% year-over-year (Y-O-Y). With more inventory in the luxury market than the overall housing market, many luxury listings have been on the market for longer periods of time and are set to sell at lower, and therefore more competitive, prices. The wealthy see low interest-rate mortgages as an ideal opportunity for investment. These luxury homes, especially in the vacation market, are selling fast if priced right. Shorewest is affiliated with Leading Real Estate Companies of the World through their Luxury Portfolio program, which gives global access to stunning Shorewest luxury homes priced at \$750,000 and higher. With access to programs such as Luxury Portfolio, it's no surprise that Shorewest has the highest percentage of luxury listings in Southeastern Wisconsin — about 7% higher than our closest competitor.

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In September, we reintroduced shorewest.com with a redesigned look and feel. The updated version is designed to make navigating faster and easier. Included in the new release is a property search function available on whatever page you are visiting and multiple search options like an interactive map search, search by house payment, a foreclosure search and much more. From preparing your current home for sale, choosing a skilled real estate professional that's right for you to finding the right property, obtaining a mortgage and attending a successful closing — shorewest.com is your comprehensive real estate resource.

Community Information

Cedarburg, WI Real Estate



Community Schools Demographics Market Stats Businesses

In addition to a new look, shorewest.com now offers Community Resource pages — which showcase all the Wisconsin communities that Shorewest serves. These pages feature colorful area photos and links to valuable demographics, local business and current real estate market conditions. It showcases properties for sale from around the community and includes a wealth of school information like locations, ranking, reviews and test scores.



Along with our website has come the launch of new commercials and billboards, marking the first time Shorewest has been back on TV in a number of years. Featuring Sean Sweeney, Shorewest's Yodeler from the famous 1997 commercial, these new commercials show off all the places people are managing to access the new shorewest.com. Be sure to watch for these hilarious commercials or click on "Why Shorewest" on the homepage of our website.

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