



SPRING MARKET SOURCE NEWSLETTER

Written by Stark Company Realtors CEO David Stark



► IN OUR last edition of the Market Source Newsletter, we shared our predictions for the course of the South Central Wisconsin housing market in 2026. Those predictions were looking pretty good for the first two months of the year, and then suddenly a Black Swan flew in.

For those unfamiliar with the term, "Black Swan" refers to the topic of a book of the same name by author Nassim Taleb. It is defined as "an unpredictable, high impact event that lies outside the realm of normal expectations." It's an event that no one saw coming. In this case, the Black Swan in question is the onset of the Iran conflict. Fortunately, the impact on our local housing market has not been as great as some might think. But it has scrambled our predictions in the early going, and we'll have to factor it into our thinking for the foreseeable future.

In truth, even without our Black Swan, the market seemed to be operating in neutral for much of the first quarter. Dane County closings in January and February were even with closings in 2025, totaling 682 both years. March brought some improvement, with Dane County closings up 6.8% from last year, putting us up 4.3% for the entire first quarter. But then the war began, and the offer pace in March slowed moderately. As we write, the end of the first quarter sees the market functioning at about the level it has since 2023. This would suggest that our prediction of a 10% increase in 2026 sales might be looking optimistic. But it's early, the bulk of the spring market is still ahead of us, and much could change in the coming weeks.

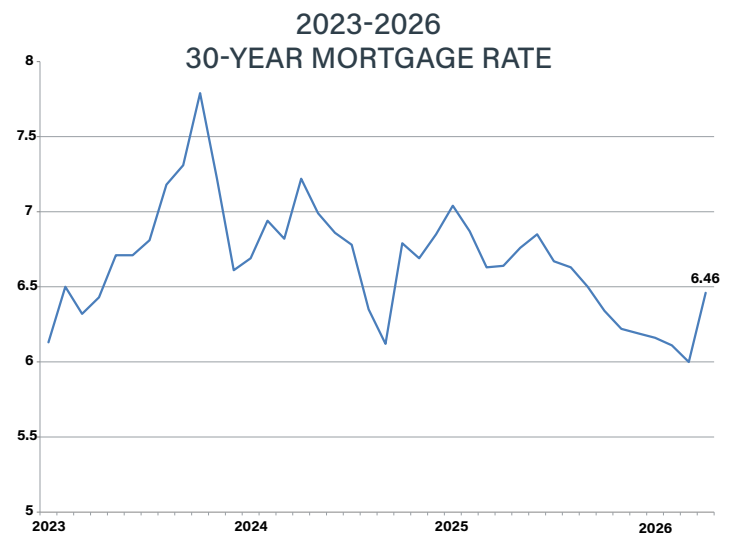
In fact, to underscore just how true that is, a temporary cease-fire with Iran was announced just last night (April 8th). The oil, stock and bond markets immediately rallied. While it's too early to know what effect this will have on mortgage rates, it would seem that the trend should be positive over the near term, assuming the cease-fire holds and the Strait of Hormuz is reopened. Of course, even

that is far from certain, and as of the evening of the 8th, the cease-fire was already looking shaky. So, who knows what we'll be faced with a few weeks from now, let alone in a few months.

Given this current level of uncertainty, making predictions is challenging. What we can do is offer our observations on how this is currently affecting the local housing market and help today's buyers and sellers navigate this environment successfully.

► MORTGAGE RATES

The most immediate impact of the war on our housing market was felt in mortgage rates. When we made our predictions, the 30-year mortgage rate was around 6.1% and trending downward. In fact, we briefly saw 30-year rates quoted at 5.75% or better in January and February. Then the conflict began, rising oil prices caused inflation fears in the bond markets, and mortgage rates popped back up over 6.5% within the space of a week. They have since eased back



down slightly, currently averaging around 6.4%, and are likely to go lower in the coming days if the cease-fire holds.

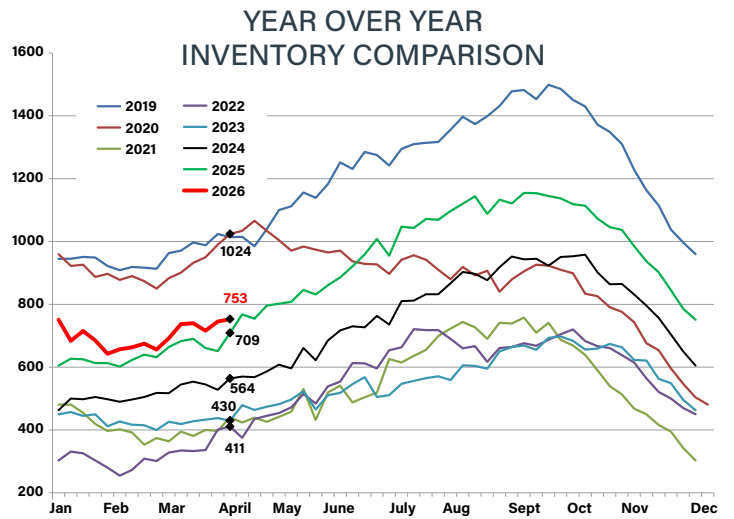
Truthfully, the move upward was not as dramatic as it may have felt at the time. The 30-year rate has averaged 6.67% since 2023, so we're still under that and trending in the right direction. Furthermore, there's no reason to believe that rates won't return to the low 6's or upper 5's once the conflict in Iran has concluded. As our regular readers know, we do not expect rates to fall below the upper 5% range at any time, regardless of outside events.

It's possible that the situation will have changed completely by the time you read this, so we acknowledge there's a chance this analysis will already be irrelevant. That said, we agree with those observers who believe the war will be resolved one way or another in the relatively near term, perhaps allowing rates to drift modestly lower once again. For now, clients should expect 30-year rates to remain in the mid to low 6% range, which is about what we believe to be the long-term equilibrium rate.

► INVENTORIES

This has been another mild surprise this year. When we made our predictions three months ago, we called for an increase in inventories in the range of 15%. This seemed like a safe prediction, as inventories were 24% ahead of 2025 when the year began, but so far it has not come to pass. As of April 6th, Dane County residential inventories are only 6.2% ahead of where they were in early April 2025. Even more surprising, single family inventory in Dane County is actually down 3.6% from a year ago, from 552 to 532, after starting the year over 20% ahead. Condo inventories, by contrast, are up 40.8%, from 157 to 221. While not yet what we would call "ample" by historical standards, condo inventory has increased to 1.9 months on the market in Dane County, while single family remains at 1.3 months. Inventories have grown to more comfortable levels in Sauk and Columbia Counties, with 2.3 months of single family and 3.6 months of condos currently on the market.

Frankly, this inventory stickiness surprises us a little. Dane County inventory rose 17% in the first three months of 2025. So far in 2026, we've only managed to fight our way back to where we started.



January was a particularly difficult month, as inventories bottomed out at 643, after starting the year at 751 (now back up to 753). While it's common for inventories to fall slightly over the first two months of the year, the drop was more pronounced than usual this year, and the recovery has been sluggish.

Part of the reason inventories have been slow to accumulate is that new listings continue to sell at a decent pace. Accepted offers in Dane County were up 5.5% in January and February, but fell by 3.8% in March, leaving us 1.4% ahead of last year through the first quarter. The problem is that new listings did not increase enough to stay ahead of demand. We have seen a modest 3% increase in new listings so far this year in Dane County, but this is barely enough to replace the properties that have sold. For inventories to increase we need to see sellers come back to the market in greater numbers.

Oddly, March was the best month so far for new listings, up 9.7% from a year ago. We say "oddly" because one would have thought that the increase in mortgage rates in March might have deterred some sellers. It didn't, which suggests that sellers are making their plans to sell, and are following through regardless of short-term market fluctuations. If this is correct, then we may see inventories start to meaningfully accumulate as the year goes on.

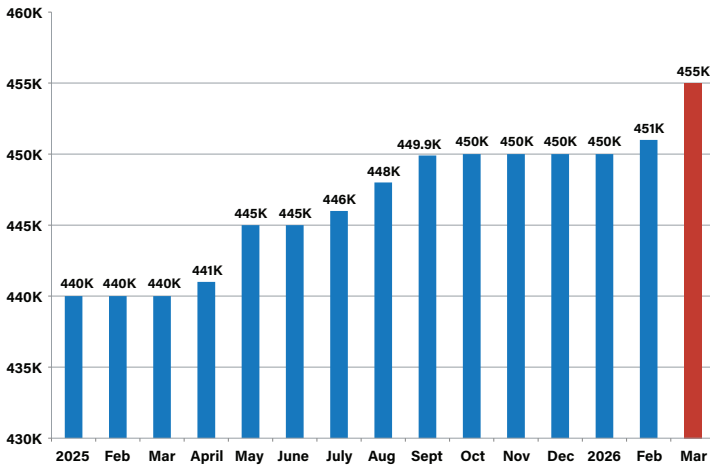


► ADVICE FOR BUYERS & SELLERS

► BUYERS

You've been whipsawed a little bit by the mortgage rate environment. But if you shop around, 30-year mortgages in the low 6's are still available, and that's a reasonable rate. Far more important in the long run is what happens with prices. If this year's market prices are going to rise 5-6%, or more, then you should buy sooner rather than later, regardless of where mortgage rates sit. Inventories are somewhat tighter than we expected at this point in the spring, which means bidding wars are a possibility, but you'll have your agent to help you navigate it if this happens. As always, set your parameters and stick with them. The consolation is that if you aren't successful buying this spring, you'll probably have more to choose from later this year, but prices will have already risen slightly. The bottom line is to be persistent, and you'll eventually get the house you were meant to have.

12-MONTH MEDIAN 2025-2026



► PRICES

Our final prediction was that we expected prices to, once again, rise around 2% in the aggregate. So far this year it appears we might have underestimated. In Dane County, the 12-month median price for all of 2025 was \$450,000, a 2.27% increase from 2024. Only three months into 2026, the 12-month median has already risen to \$455,000, a 3.41% increase, and we have yet to enter the second quarter, when prices normally record their largest increases. In short, prices seem to be rising faster than they did a year ago.

The reason is fairly straightforward. Mortgage rates drifted down into the upper 5's in January and February, which stimulated demand, but new listings were slow to follow suit. This led to early bidding wars on some homes and more upward pressure on prices than we normally see this early in the year. Given the slight pullback in demand that we saw in March, we may see price increases level off again over the next couple months. But as we previously stated, the volatile geopolitical environment is making predictions difficult, and the situation may look different yet again in a few weeks.

The course of inventories will have the greatest influence on prices going forward. If sellers continue to follow through on their plans to sell, we could see enough inventory accumulation to keep a lid on price increases. But we're on something of a razor's edge.

► SELLERS

We still have a seller's market, so conditions on the whole remain favorable for you. The fact that inventories have risen more slowly than we expected this year works to your advantage. The increase in mortgage rates over the past month may have caused some buyers to back off, but we think that will be temporary, and there are still plenty of buyers out there regardless. The challenge for you, as always, is pricing strategy. While inventories are slightly tighter than we thought they'd

If mortgage rates fall just a little, demand will likely quickly pick back up, and the bidding wars will resume. Then all bets are off, and we'll have to see where it goes. For now, it's looking like price increases in the 5-6% range are possible this year, but we say that with relatively low confidence. We'll have a much better handle on it three months from now.

► WHAT DOES IT ALL MEAN?

Only three months into the new year we've already had more curve balls thrown our way than we normally get in a full year. In times like these, we think it's best to focus on the fundamentals. What do we know to be true, and how can we use that knowledge to our advantage?

For starters, we have to remember how lucky we are to live in South Central Wisconsin. We are a growing community, with a great economy, and our housing market has historically been relatively stable, with moderately rising prices and great long term investment prospects. We have always advised that housing should be approached as a long term, "get rich slow" investment, and our market has consistently delivered on that promise. Despite what feels like a volatile environment, our housing market is continuing to chug along without much drama. The deviations from expectations we've discussed in this Newsletter are still fairly small in the short run, and essentially irrelevant in the long run. That's the beauty of living in a place like this. It's steady and reliable, and likely to stay that way.

The other thing to bear in mind is that all markets fight to return to equilibrium. Black Swans will appear from time to time, but they disappear eventually, and things tend to return to some kind of normal. Once the external shock is behind us, the market finds a way to rebalance. While our predictions at the beginning of the year may not prove exactly right (they rarely do), we don't think they'll be that far off either. So don't let current events deter you from pursuing your long-term plans. If you take the long view, it will work itself out.

Our market is still on track for a good year, and our predictions may yet prove to be correct. We'll check up on them in three months, as we still think the best is ahead for our housing market.

be, they're still likely to continue to increase as the year goes on. Heading into the spring, our general recommendation is to start with a price that's optimistic, but also realistic, and see how the market responds. Don't start so high that you turn potential buyers away, but not so low that you end up leaving money on the table. As always, every situation is different, so consult with your agent to settle on the strategy that works for you and your specific property.

Charts in this publication represent sales reported to the South Central Wisconsin Multiple Listing Service (SCWMLS) with closing dates on or before March 31, 2026. Data for all years was pulled between the 6th-10th of the month following the end of the quarter. †Months of Inventory represents the number of months it would take to sell the entire active inventory at the pace of sales for the most recent 12 months. A six-month inventory is considered balanced. ‡When all properties sold during the period are ranked in order of price, the median is the price of the home in the exact middle. ©2026 Stark Company Realtors®. All rights reserved. The above sales figures herein are based on data supplied to the SCWMLS Corporation by its Participants. The MLS does not guarantee and is not responsible for its accuracy. Data maintained by the MLS does not reflect all real estate activity in the market. Data presented here was generated from the SCWMLS on or before 04/08/26. This is not intended to solicit existing listings.



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DANE COUNTY Real Estate At-A-Glance

QUARTER 1 - 2026

Newsletter - Spring

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**All home photos are of properties sold by Stark Company Realtors®*



753
ACTIVE
INVENTORY



\$455K
12 MONTH
MEDIAN PRICE



1.4
MONTHS OF
INVENTORY



1,183
YEAR-TO-DATE
CLOSINGS

We're off to a slightly better start than last year, but the Iran war has scrambled things. Mortgage rates rose a bit when the war began, but they're now trending downward again. Listings and sales are up slightly, but inventories have been slower to rise than we expected, leading to early upward pressure on prices. We expect the financial markets to continue to settle back down as the year progresses, and we believe activity over the next six months will be much like last year.