



# Sales Down 28.3% Through 1<sup>st</sup> Qtr March Home Sales Down 30.1%

## Highlights

- **Prices Up 4.7% in Metro Milwaukee**
- **Sales Are Still Being Compared to the Pandemic**
- **Listings Are Dangerously Low Due to No Development**

## Market Summary

Home sales in the Metropolitan Milwaukee market continued to come down from their pandemic high in the 1<sup>st</sup> quarter and in March.

Sales were still being compared to the pandemic-fueled buying frenzy during the first half of 2022. Until we're able to make comparisons to a more 'normal' period, sales figures will look more extraordinary than they actually were.

That is not to say rising interest rates haven't squeezed the market. Just as regulators intended, higher mortgage rates did cause buyers and sellers to reassess their ability to purchase a home. And as the numbers in this release illustrate, the market has slowed.

Nonetheless, there is plenty of buyer demand. Brokers are reporting the usual increase in internet searches for property that they see each spring.

Buyer demand is always driven by life changes and household formation, with Millennials and Gen Z serving as current examples. Add to that buyers who recognize that interest rates in the 5% - 6% range are good historically, who are good credit risks, and have strong employment prospects - and we have a recipe for strong demand for years to come.

## 1<sup>st</sup> Quarter Sales

County	2022	2023	% Change
Milwaukee	2,543	1,730	-32.0%
Waukesha	869	728	-16.2%
Ozaukee	339	217	-36.0%
Washington	262	204	-22.1%
Metro Area	4,013	2,879	-28.3%
Racine	602	442	-26.6%
Kenosha	437	319	-27.0%
Walworth	338	242	-28.4%
SE WI Area	5,390	3,882	-28.0%

## March Sales

County	2022	2023	% Change
Milwaukee	1036	677	-34.7%
Waukesha	363	299	-17.6%
Ozaukee	110	85	-22.7%
Washington	138	91	-34.1%
Metro Area	1,647	1,152	-30.1%
Racine	221	181	-18.1%
Kenosha	164	125	-23.8%
Walworth	131	105	-19.8%
SE WI Area	2,163	1,563	-27.7%

Unfortunately, AS WE HAVE BEEN SAYING FOR SEVERAL YEARS, the market could barely satisfy the demand for ownership opportunities in the form of condos and single-family houses. In fact March marked the 13<sup>th</sup> consecutive month of decreasing listings!

The absence of listings had two root causes. First, would-be sellers could not find a place to move into because other would-be sellers were not listing their homes, resulting in a vicious cycle.

New listings were down 24.0% through the 1<sup>st</sup> quarter and down 18.5% in March. The supply of inventory on hand was only enough to satisfy 1.9 months of buyer demand, and if we subtract units with an offer that level drops to 0.7 months.

**“The historically low level of new construction and lack of new listings resulted in prices increasing 4.7%, or \$17,314.”**

Second, new construction would normally add 3,000 to 4,000 more units to the market annually, but that market segment has been down by 50% for several years.

The historically low level of new construction and lack of new listings resulted in prices increasing 4.7%, or \$17,314.

There is a significant, long-term danger in the region not creating additional supply in the

### 1<sup>st</sup> Quarter Sale Prices (Jan 1 – Mar 31)

County	2022	2023	\$ Change	% Chng
Milwaukee	\$235,753	\$252,012	\$16,259	6.9%
Waukesha	\$436,019	\$469,904	\$33,885	7.8%
Washington	\$450,059	\$449,872	\$(187)	-0.04%
Ozaukee	\$344,101	\$363,401	\$19,300	5.6%
Metro Area Avg	\$366,483	\$383,797	\$17,314	4.7%
Racine	\$245,771	\$258,004	\$12,233	5.0%
Kenosha	\$266,410	\$295,673	\$29,263	11.0%
Walworth	\$488,989	\$415,926	\$(73,063)	-14.9%
SE WI Area Avg	\$352,443	\$357,827	\$5,384	1.5%

form of more single-family and condominium units: Thousands of would-be homeowners will be forced into rental units, unable to save for a down payment and foregoing the opportunity to build wealth through a home's equity – as well as all of the other benefits of homeownership. That will result in problems decades down the road when families do not have enough home equity to tap into for college expenses, to remodel their home, or for emergencies.

### 1<sup>st</sup> Quarter Listings

County	2022	2023	% Change
Milwaukee	3,227	2,308	-28.5%
Waukesha	1,222	1,041	-14.8%
Ozaukee	427	316	-26.0%
Washington	291	262	-10.0%
Metro Area	5,167	3,927	-24.0%
Racine	647	555	-14.2%
Kenosha	517	385	-25.5%
Walworth	405	364	-10.1%
SE WI Area	6,736	5,231	-22.3%

### March Listings

County	2022	2023	% Change
Milwaukee	1155	909	-21.3%
Waukesha	496	447	-9.9%
Ozaukee	108	99	-8.3%
Washington	183	128	-30.1%
Metro Area	1,942	1,583	-18.5%
Racine	285	211	-26.0%
Kenosha	234	152	-35.0%
Walworth	170	178	4.7%
SE WI Area	2,631	2,124	-19.3%



## **Where to go**

Buyers should seek the counsel of a REALTOR® in determining their best housing options, and sellers need a REALTORS® expert advice in making correct marketing decisions for their home.

The Greater Milwaukee Association of REALTORS® is a 5,500-member strong professional organization dedicated to providing information, services, and products to help REALTORS® help their clients buy and sell real estate. Data for this report was collected by Metro MLS, Inc. a wholly owned subsidiary of the GMAR.

\* Sales and Listing figures differ between the "Monthly Stats" and quarter or year-end numbers, because the collection of Monthly Stats ends on the 10<sup>th</sup> of each month, whereas quarters are a continuous tally to 12/31. For example, if a sale occurred on the 29<sup>th</sup> of the month, but an agent does not record the sale until the 5<sup>th</sup> of the next month, that sale would not be included in the sales figures of the reported month (or any subsequent month's total) but would be added to the quarterly and annual total sales figures.

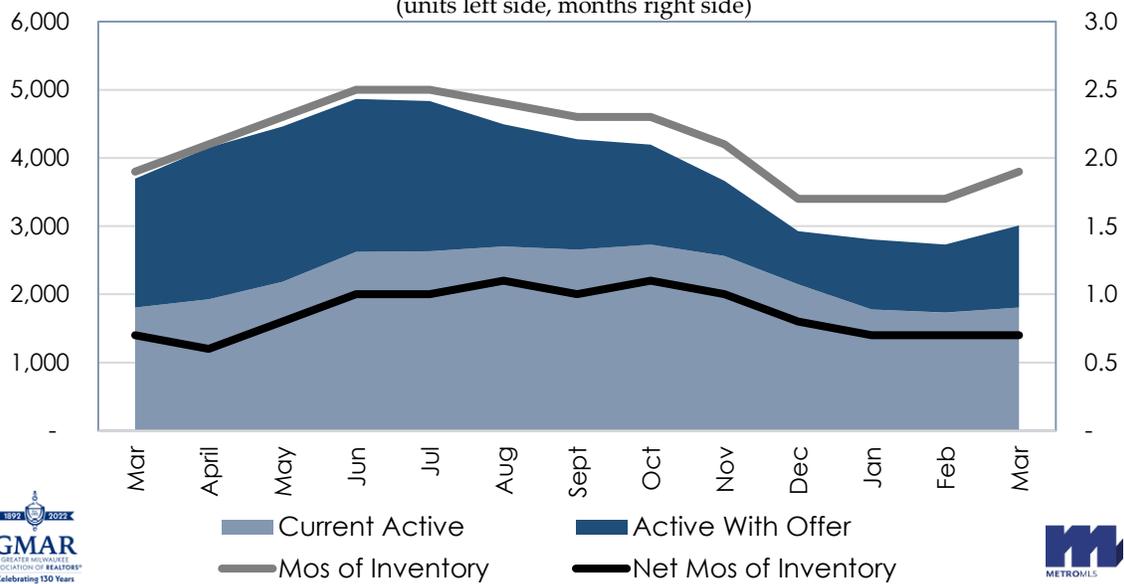
\*\* All references to the "metropolitan" area denotes the four counties of Milwaukee, Waukesha, Ozaukee, and Washington Counties. The "region" or "Southeast Wisconsin" refers to the four metropolitan counties (Milwaukee, Waukesha, Ozaukee, and Washington), plus Racine, Kenosha, and Walworth Counties, to the south.

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## Seasonally Adjusted Inventory

(units left side, months right side)



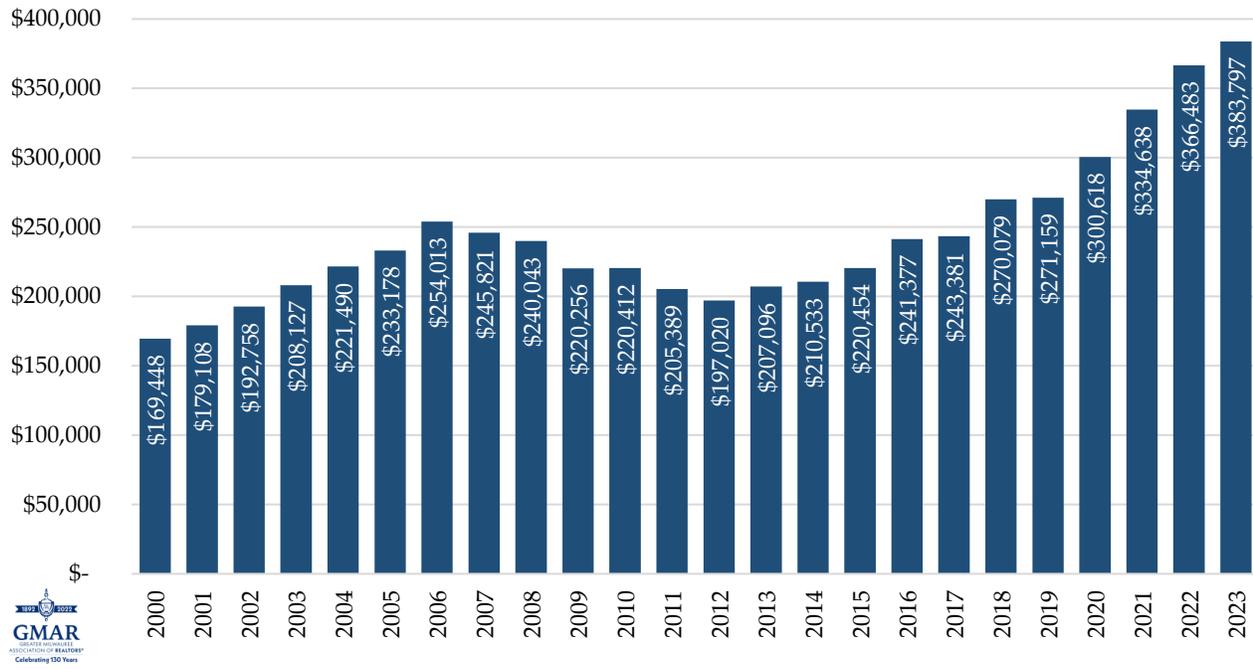
Seasonally adjusted **inventory** tells us how many months it would take to sell the existing homes on the market. The seasonally adjusted **inventory level for March was 1.9 months**. Subtracting listings that have an “active offer” (1,203) from those available for sale (3,011) (about 80% of listings with an offer sell) yields **2,323 listings, which equals 0.7 months of inventory**.

## New Units Needed To Reach 6.0 Months

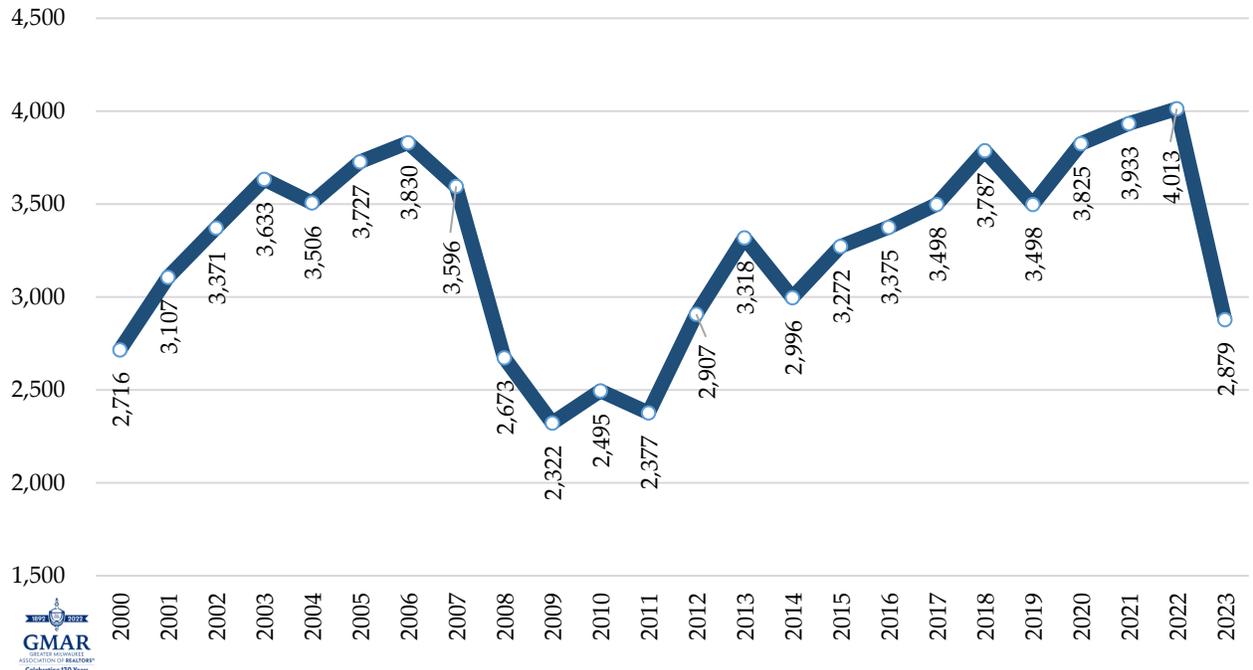


With 3,011 current listings providing 1.9 months of inventory, **the market would need an additional 6,630 units to push inventory to 6 months**. Six months of inventory is considered a “balanced” market. If inventory falls below six months, the market favors sellers, and when inventory exceeds six months, it is a buyer’s market.

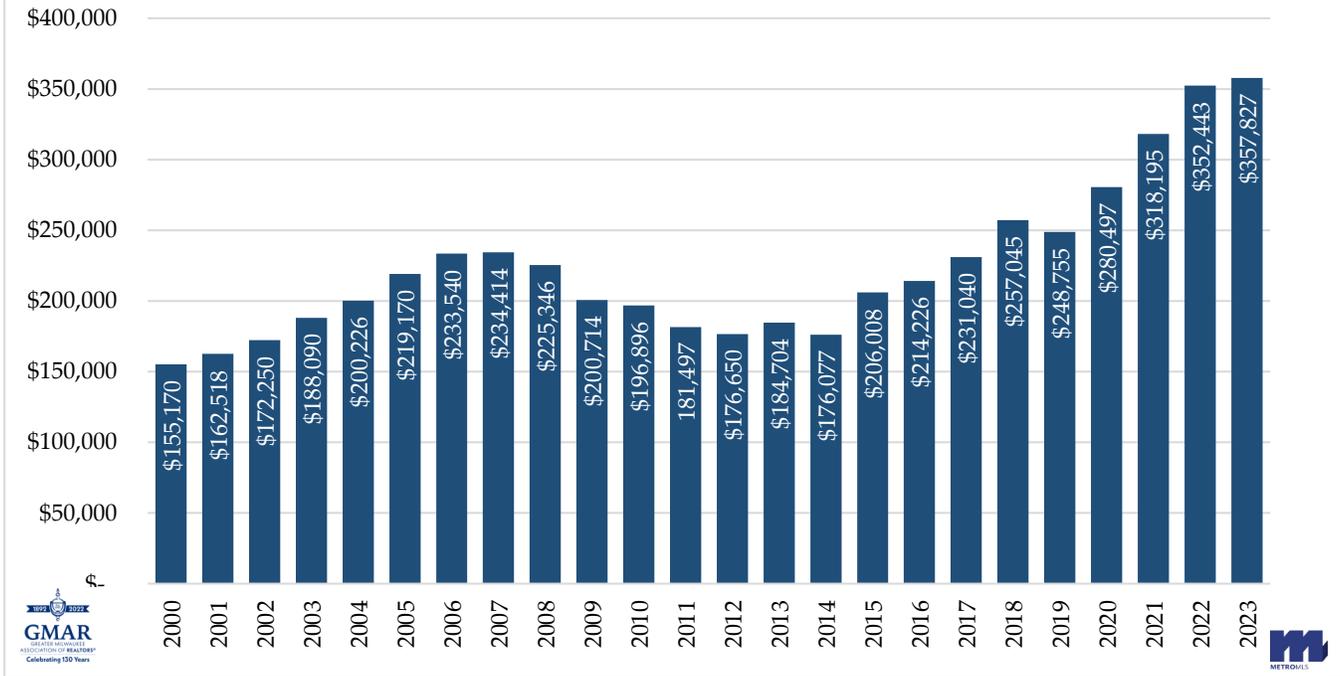
### 4 Cty Avg Sale Price



### 4 Cty Unit Sales



### 7 Cty Avg Sale Price



### 7 Cty Total Sales

