



Sales Down 14.5% Through 4th Qtr December Home Sales Down 35.2%

Highlights

- **2022 Was the 7th Consecutive Year of 20,000+ Sales**
- **Prices Up 9.0% in Metro Milwaukee**
- **Listings Are Dangerously Low**

Market Summary

Home sales in the Metropolitan Milwaukee market had a tumultuous year in 2022. Sales were down 35.2% in December, and 14.5% through the 4th quarter.

2022 was a tale of two markets. The first half was a continuation of the pandemic-fueled buying frenzy. Sales during that period were running slightly behind the same time in 2021 - a record setting year.

During the second half of the year interest rates doubled, causing buyers and sellers to tap the brakes on getting into the market and leading to a double-digit sales decline from 2021.

Nonetheless, demand among many buyers did not wane. 2022 had an annual total of 20,368 sales for the year. The 7th consecutive year that home sales topped 20,000 units.

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 interest rates in the 5% - 6% range as historically good, are good credit risks, and have strong employment prospects - and demand should remain strong for years to come.

December Sales

County	2021	2022	% Change
Milwaukee	1178	746	-36.7%
Waukesha	510	342	-32.9%
Ozaukee	115	78	-32.2%
Washington	160	106	-33.8%
Metro Area	1,963	1,272	-35.2%
Racine	309	184	-40.5%
Kenosha	222	137	-38.3%
Walworth	165	103	-37.6%
SE WI Area	2,659	1,696	-36.2%

4th Quarter Sales

County	2021	2022	% Change
Milwaukee	13,809	11,947	-13.5%
Waukesha	6,343	5,379	-15.2%
Ozaukee	2,234	1,764	-21.0%
Washington	1,441	1,278	-11.3%
Metro Area	23,827	20,368	-14.5%
Racine	3,378	2,940	-13.0%
Kenosha	2,655	2,133	-19.7%
Walworth	1,992	1,668	-16.3%
SE WI Area	31,852	27,109	-14.9%

Unfortunately, the market could not rise to the challenge and provide enough listings for those looking for a home last year. The 2022 market saw listings decline in ten of twelve months.

The absence of listings, which has been a drag on the market for years, 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, creating a vicious cycle.

New listings were down 20.2% in December and down 14.3% for the year. The supply of inventory on hand was only enough to satisfy 1.7 months of buyer demand, and if we subtract units with an offer on them that level drops to 0.8 months.

“...the market could have used an additional 6,870 units on top of the 2,926 that were sold.”

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.

In December the market could have used an additional 6,870 units on top of the 2,926 that were sold.

The pressure of high demand on low supply can only be expressed through increasing prices, and that is what the metropolitan market saw in 2022. Every county in the region saw its average sales price increase by at least 7%.

4th Quarter Sale Prices (Jan 1 – Dec 31)

County	2021	2022	\$ Change	% Chng
Milwaukee	\$240,531	\$258,281	\$17,750	7.4%
Waukesha	\$428,841	\$478,503	\$49,662	11.6%
Washington	\$441,652	\$475,748	\$34,096	7.7%
Ozaukee	\$336,841	\$365,238	\$28,397	8.4%
Metro Area Avg	\$361,966	\$394,443	\$32,476	9.0%
Racine	\$251,304	\$276,282	\$24,978	9.9%
Kenosha	\$276,342	\$298,306	\$21,964	7.9%
Walworth	\$428,671	\$467,335	\$38,664	9.0%
SE WI Area Avg	\$343,455	\$374,242	\$30,787	9.0%

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.

December Listings

County	2021	2022	% Change
Milwaukee	660	486	-26.4%
Waukesha	202	201	-0.5%
Ozaukee	58	46	-20.7%
Washington	83	67	-19.3%
Metro Area	1,003	800	-20.2%
Racine	146	126	-13.7%
Kenosha	100	78	-22.0%
Walworth	84	61	-27.4%
SE WI Area	1,333	1,065	-20.1%

4th Quarter Listings

County	2021	2022	% Change
Milwaukee	16,709	13,957	-16.5%
Waukesha	6,897	6,252	-9.4%
Ozaukee	2,469	2,039	-17.4%
Washington	1,562	1,440	-7.8%
Metro Area	27,637	23,688	-14.3%
Racine	3,850	3,467	-9.9%
Kenosha	2,992	2,477	-17.2%
Walworth	2,264	1,993	-12.0%
SE WI Area	36,743	31,625	-13.9%

Listings are “dangerously low” because if the region does not create additional supply in the form of more single-family and condominium units, thousands of would-be homeowners will be forced into rental units, foregoing the opportunity to build wealth through a home’s equity and all of the other benefits of homeownership. That will



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 10th of each month, whereas quarters are a continuous tally to 12/31. For example, if a sale occurred on the 29th of the month, but an agent does not record the sale until the 5th 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.

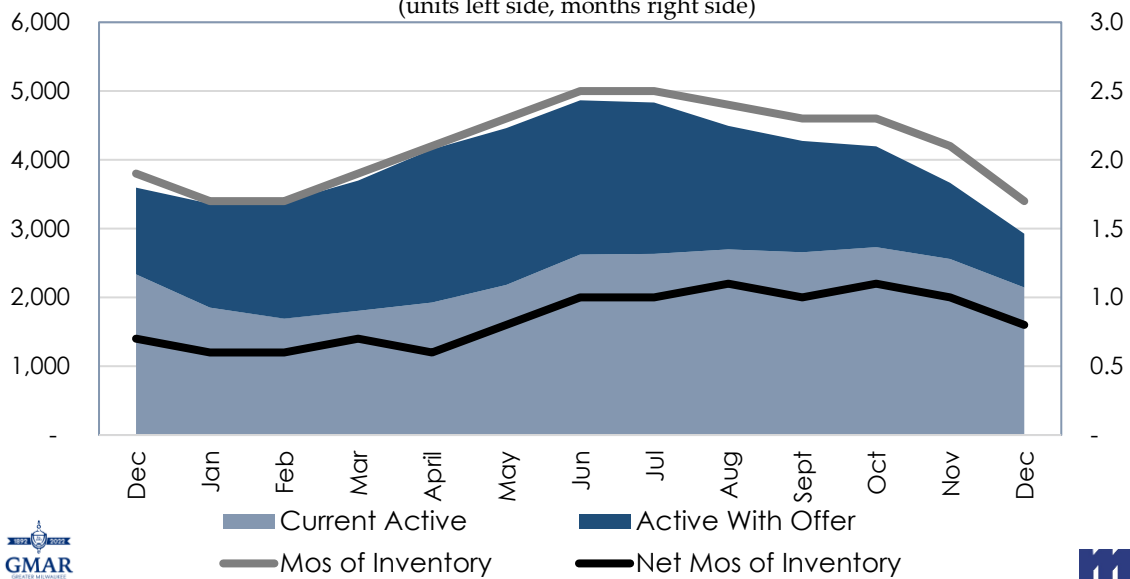
** All references to the "metropolitan" area denotes the four counties of Milwaukee, Waukesha, Ozaukee, and Washington Counties. The "region" or "Southeast Wisconsin" refers to the four metropolitan counties (Milwaukee, Waukesha, Ozaukee, and Washington), plus Racine, Kenosha, and Walworth Counties,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

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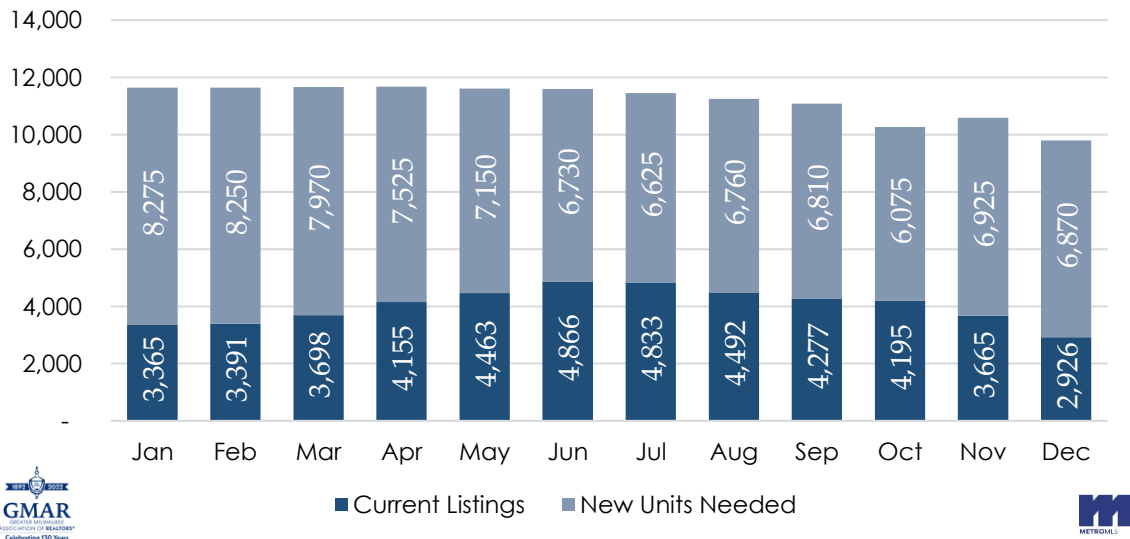
Seasonally Adjusted Inventory

(units left side, months right side)



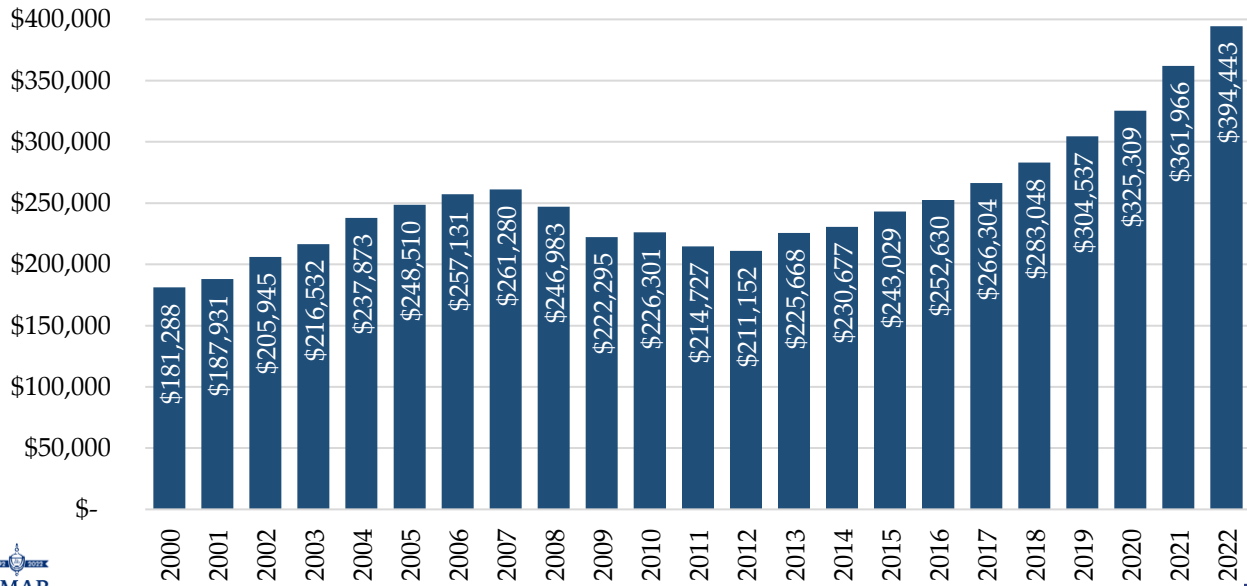
Seasonally adjusted **inventory** tells us how many months it would take to sell the existing homes on the market. The seasonally adjusted **inventory level for December was 1.7 months**. Subtracting listings that have an “active offer” from those available for sale (about 80% of listings with an offer sell) yields **2,145 listings, which equals 0.8 month of inventory**.

New Units Needed To Reach 6.0 Months

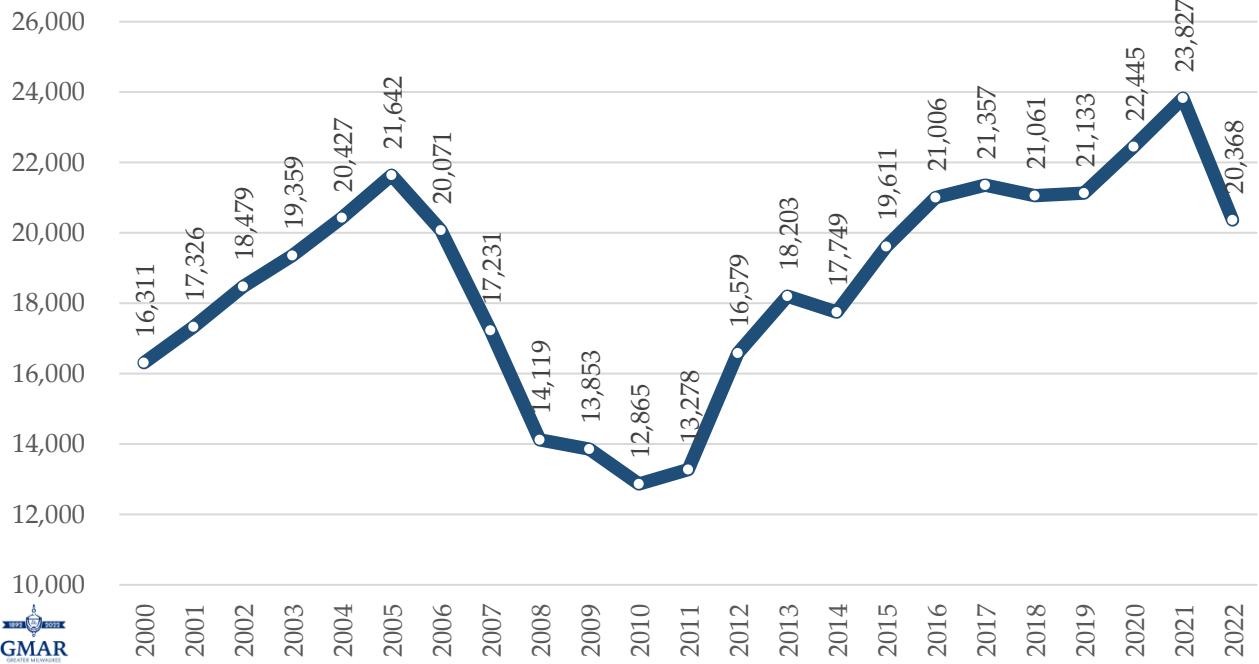


With 2,926 current listings providing 1.7 months of inventory, **the market would need an additional 6,870 units to push inventory to 6 months**. Six months of inventory is considered a “balanced” market. If inventory falls below six months, the market favors sellers, and when inventory exceeds six months, it is a buyer's market.

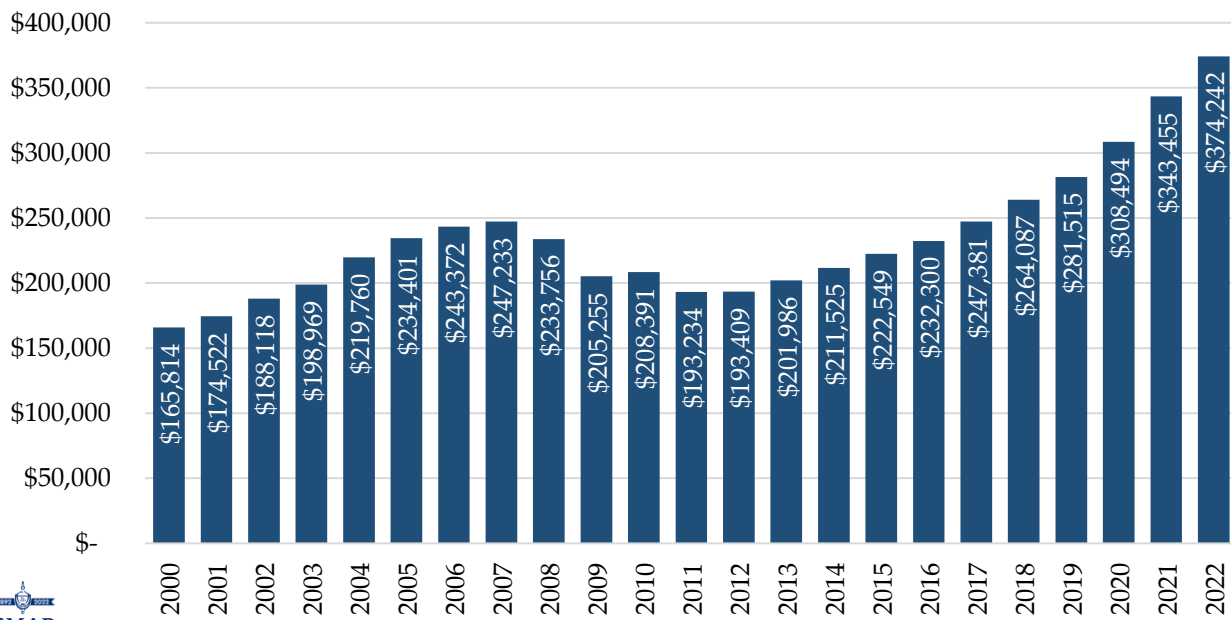
4 County Sale Price



4 County Unit Sales



7 County Sale Price



7 County Unit Sales

