

July Home Sales Down 19.4%

Highlights

- **Buyers Still Active in the Market**
- **Low Listings & Buyer Interest Pushed Prices Up 6.9%**
- **Market Is Stuck In A Frustrating Cycle**

Market Summary

Home sales were down 19.4% in the Metropolitan Milwaukee area in July compared to the same time in 2022.

Sales are not down due to a lack of buyer interest. On the contrary buyer demand is strong. The problem with the market is that there is simply not enough supply to satisfy buyer demand.

With little to no new construction of single-family houses or condominiums, and an overabundance of apartment construction, current homeowners cannot move because there simply is nowhere to move to.

On top of that, many current homeowners have mortgage interest rates in the 3% range, which may be a financial disincentive to sell if they would have to take out another mortgage for a new property.

This scenario has created a frustrating cycle: Empty-nesters and elderly homeowners who would like to downsize to a smaller property – opening up “move-up” properties – are stuck because they cannot find one. Young families who need more space and would buy those “move-up” properties are trapped in their small homes and apartments. And first-time buyers have to spend another year renting (and not building any equity) because young families that are stuck in their first house can’t escape.

July Sales

County	2022	2023	% Change
Milwaukee	1137	893	-21.5%
Waukesha	599	487	-18.7%
Ozaukee	126	106	-15.9%
Washington	178	158	-11.2%
Metro Area	2,040	1,644	-19.4%
Racine	275	228	-17.1%
Kenosha	194	157	-19.1%
Walworth	155	124	-20.0%
SE WI Area	2,664	2,153	-19.2%

July Listings

County	2022	2023	% Change
Milwaukee	1382	1130	-18.2%
Waukesha	650	529	-18.6%
Ozaukee	122	125	2.5%
Washington	212	147	-30.7%
Metro Area	2,366	1,931	-18.4%
Racine	337	261	-22.6%
Kenosha	235	212	-9.8%
Walworth	205	171	-16.6%
SE WI Area	3,143	2,575	-18.1%

This scenario has also led to rising prices, with average prices up 6.9% in July in the metropolitan area to \$400,511 from \$374,579.

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The market is nowhere near becoming a balanced market in the near-term with new listings falling 18.4% from July 2022. That is because, as noted above, the metropolitan market is contending with a years' long trend of not creating enough new or existing homes to satisfy buyers' needs.

To reach a balanced market (commonly understood to be 6 months of inventory) the four county area needed 4,900 additional units in July. That month there was only enough inventory to satisfy 2.6 months of buyer demand, and if we subtract units with an offer on them that level drops to 1.1 months.

The systemic problem with the market is the lack of new construction of single-family houses and condominiums, and over reliance on apartments to satisfy demand. That bottleneck combined with the demographic surge of Millennial and GenZ buyers and reasonable interest rates have all contributed to a historically tight market.

The imminent danger for the region if it does not create additional supply in the form of more single-family and condominium units, is that thousands of would-be homeowners will be forced to continue to rent, foregoing the opportunity to build wealth through a home's equity and all of the other benefits of homeownership. Rather they have been, and will continue to, pay thousands of dollars a year in rent with no ability to save for a down payment – pushing off their opportunity to achieve the American Dream even further.

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.

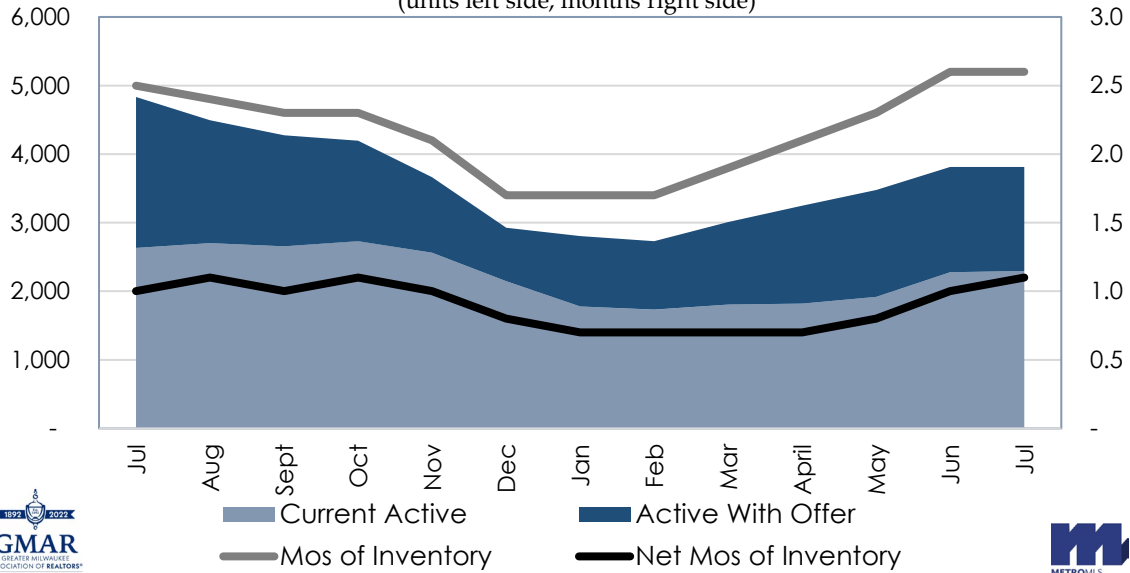
** All references to the "metropolitan" area denotes the four counties of Milwaukee, Waukesha, Ozaukee, and Washington Counties. The "region" or "Southeast Wisconsin" refers to the four metropolitan counties (Milwaukee, Waukesha, Ozaukee, and Washington), plus the three counties to the south, Racine,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

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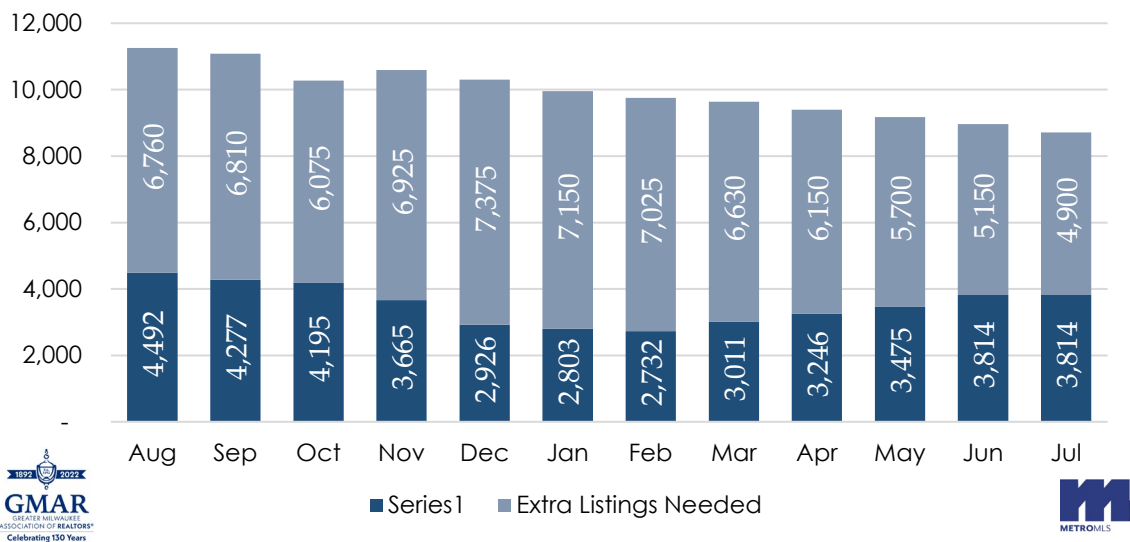
Seasonally Adjusted Inventory

(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 July was 2.6 months**. Subtracting listings that have an “active offer” from those available for sale (about 80% of listings with an offer sell) yields **3,160 listings, which equals 1.1 months of inventory**.

New Units Needed To Reach 6.0 Months



With 3,814 current listings providing 2.6 months of inventory, **the market would need an additional 4,900 units to push inventory to six 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.