

**For Immediate Release**

Contact:  Mike Ruzicka

414.778.4929 or 414.870.1876

[mike@gmar.](mailto:mike@gmar.)com

**Home Sales Up 2% in 1st Quarter**

**Up 3.4% in March**

|  |  |
| --- | --- |
| **Highlights** | **April 11, 2022** |
| * 1st Quarter Continuing Record Pace |
| * No Bubble Here |
| * Mortgage Interest Rates |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **March Sales** | | | | |
| **County** | 2021 | 2022 | | % Change |
| Milwaukee | 959 | 1036 | | 8.0% |
| Waukesha | 386 | 363 | | -6.0% |
| Washington | 97 | 110 | | 13.4% |
| Ozaukee | 151 | 138 | | -8.6% |
| Metro Area | 1,593 | 1,647 | | 3.4% |
|  | | | | |
| Racine | 245 | | 221 | -9.8% |
| Kenosha | 169 | | 164 | -3.0% |
| Walworth | 132 | | 131 | -0.8% |
| SE WI Area | 2,139 | | 2,163 | 1.1% |
|  | | | | |
| **1st Quarter Sales**\* | | | | |
| **County** | 2021 | | 2022 | % Change |
| Milwaukee | 2,402 | | 2,543 | 5.9% |
| Waukesha | 940 | | 869 | -7.6% |
| Washington | 348 | | 339 | -2.6% |
| Ozaukee | 243 | | 262 | 7.8% |
| Metro Area | 3,933 | | 4,013 | 2.0% |
|  | | | | |
| Racine | 601 | | 602 | 0.2% |
| Kenosha | 463 | | 437 | -5.6% |
| Walworth | 346 | | 338 | -2.3% |
| SE WI Area | 5,343 | | 5,390 | 0.9% |

**Market Summary**

On the heels of a strong March, home sales in the Metropolitan Milwaukee real estate market were up 2% for the first quarter of 2022.

The first quarter was 80 units ahead of the same time in 2021, which was the beginning of an historic year.

At the same time, the four county market saw a decrease in listings of 12.1% in March, and 0.4% through the 1st quarter.

Whenever demand outpaces supply, prices go up. And prices did indeed increase during the 1st quarter, 9.5% in in the 4 county area, and 10.8% in the 7 counties of Southeastern Wisconsin.

While a lack of available listings for buyers and bleak new construction numbers have been regular headwinds in recent years, there are new forces impacting the macro-economy that may affect the housing market here.

The war in Ukraine, supply chain problems, inflation, the Federal Reserve increasing interest rates, and rising mortgage rates may throw ambiguity into the market.

However, buyers and sellers should rest assured that **there is** **no sign of a housing bubble** in the real estate market. There are no valid comparisons between increasing prices in today’s market and the out-of-control, speculative, credit-fueled housing crash of 2008.

|  |  |  |  |
| --- | --- | --- | --- |
| **March Listings** | | | |
| **County** | 2021 | 2022 | % Change |
| Milwaukee | 1307 | 1155 | -11.6% |
| Waukesha | 567 | 496 | -12.5% |
| Washington | 135 | 108 | -20.0% |
| Ozaukee | 201 | 183 | -9.0% |
| Metro Area | 2,210 | 1,942 | -12.1% |
|  | | | |
| Racine | 259 | 285 | 10.0% |
| Kenosha | 227 | 234 | 3.1% |
| Walworth | 165 | 170 | 3.0% |
| SE WI Area | 2,861 | 2,631 | -8.0% |
|  | | | |
| **1st Quarter Listings**\* | | | |
| **County** | 2021 | 2022 | % Change |
| Milwaukee | 3,144 | 3,227 | 2.6% |
| Waukesha | 1,257 | 1,222 | -2.8% |
| Washington | 469 | 427 | -9.0% |
| Ozaukee | 323 | 291 | -9.9% |
| Metro Area | 5,193 | 5,167 | -0.5% |
|  | | | |
| Racine | 645 | 647 | 0.3% |
| Kenosha | 509 | 517 | 1.6% |
| Walworth | 439 | 405 | -7.7% |
| SE WI Area | 6,786 | 6,736 | -0.7% |

The real crisis is the absence of available units to purchase resulting from too few single-family and condominiums built since the Great Recession.

If the region does not create additional supply, thousands of would-be homeowners will be forced to stay in rental units, foregoing the opportunity to build wealth through a home’s equity and all of the other benefits of homeownership.

The price increases we have seen are directly related to supply constraints and buyer demand (demand of new buyers, move- up buyers, and downsizers, among others), especially in the last five years.

One factor that may pump the brakes on the market is **mortgage rates**. [Freddie Mac](https://www.freddiemac.com/pmms) reported that mortgage rates increased from 3.22% on January 6th to 4.72% on April 7th. But REALTORS® are pointing out that even rates approaching 5% are historically low.

In March there was only enough inventory to satisfy 1.9 months of demand, and if we subtract units with an offer, it dropped to 0.7 months (about 3 weeks). To satisfy the demand REALTORS® are seeing this spring, the market needs an additional 7,970 units.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1st Quarter **Sale Prices** (Jan 1 – Mar 31) | | | | |
| **County** | 2021 | 2022 | $ Change | % Chng |
| Milwaukee | $220,351 | $235,753 | $15,402 | 7.0% |
| Waukesha | $396,288 | $436,019 | $39,731 | 10.0% |
| Washington | $418,176 | $450,059 | $31,883 | 7.6% |
| Ozaukee | $303,738 | $344,101 | $40,363 | 13.3% |
| Metro Area Avg | $334,638 | $366,483 | $31,845 | 9.5% |
|  |  |  |  |  |
| Racine | $223,579 | $245,771 | $22,192 | 9.9% |
| Kenosha | $240,375 | $266,410 | $26,035 | 10.8% |
| Walworth | $424,856 | $488,989 | $64,133 | 15.1% |
| SE WI Area Avg | $318,195 | $352,443 | $34,248 | 10.8% |

The **outlook for the rest of the 2022 market is** **very good**, but slightly slower than 2021. Brokers are expecting the spring market to be brisk, with some listings continuing to get multiple offers, but overall not as intense as 2021.

The 2019 housing market may be a good model for Metropolitan Milwaukee in 2022, when the market just topped 21,000 unit sales. Price appreciation will most likely cool a bit as well, staying out of double-digit range and settling in around 3% - 5%. Even with a slightly slower market, the availability of listings will continue to be the biggest obstacle for potential buyers to contend with this year.

**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 with their homes.

The Greater Milwaukee Association of REALTORS® is a 5,000+ 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 July 29th, but an agent does not record the sale until August 5th, that sale would not be included in the July sales figures (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 4 counties of Milwaukee, Waukesha, Ozaukee, and Washington Counties. The “region” or “Southeast Wisconsin” refers to the 4 metropolitan counties (Milwaukee, Waukesha, Ozaukee, and Washington), plus the 3 counties of Racine, Kenosha, and Walworth Counties to the south.

Seasonally adjusted **inventory** is calculated by taking the homes available for sale in each month and comparing them to the past 12 months’ average sales. This 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” from those available for sale (about 80% of listings with an offer turn into a sale), provides a unique perspective on the quantity of homes available for sale. Subtracting listings with an active offer from total listings, yields **3,159 listings, which equals 0.7 months of inventory.**

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. With 3,159 current listings providing 1.9 months of inventory, **the market would need an additional 7,970 units to push inventory to 6 months**.