

For Immediate Release

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January Home Sales Up 8.9%

Market Highlights

- Conditions Are Good For Housing
- Inventory Is A Critical Problem
- Single-Family Prices Up 8.5% in January

February 15, 2021 – The Metropolitan Milwaukee real estate market continued its robust course from the latter half of 2020 in January. All 4 metropolitan counties posted positive sales with Milwaukee County seeing the strongest increase, 78 units ahead of January 2020.

January Sales

County	2020	2021	% Change
Milwaukee	630	708	12.4%
Waukesha	293	301	2.7%
Washington	97	97	0.0%
Ozaukee	72	83	15.3%
Metro Area	1,092	1,189	8.9%
Racine	165	167	1.2%
Kenosha	117	133	13.7%
Walworth	88	101	14.8%
SE WI Area	1,462	1,590	8.8%

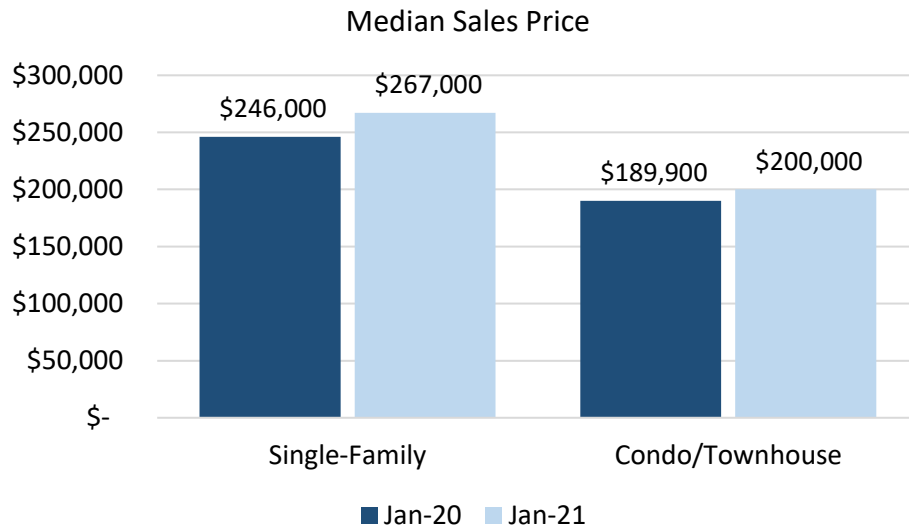
Comparing this past January to the pre-pandemic January of 2020 reveals two noteworthy trends: First, despite high unemployment, buyers were able to afford houses. Buyers with secure employment took advantage of historically low mortgage interest rates.

Second, the pandemic pushed buyers to seek comfort and security. Not wanting to continue renting or looking for more space, the pandemic caused buyers to re-evaluate their housing situation – particularly those working from home – and seek a place they could “live, work, and play” within four walls.

These trends have triggered distressing issues of their own, however. The Greater Milwaukee market has not been building anything close to the number of units that the market demands. While that does put pressure on prices it also prevents many from achieving their goal of owning a home. REALTORS® have hundreds of examples of houses with 20+ offers, and dozens of frustrated buyers who missed out.

Median Sale Prices

The median sale prices in all 4 metropolitan counties were up in January 2021 compared to January 2020. Rising prices were not surprising considering the lack of inventory throughout the area. Single-family unit prices were up 8.5% in January, and condominiums and townhomes were up 5.3%.



Listings

Listings were down in most of Southeastern Wisconsin in January. The lone exception was Milwaukee County, which only had a 6-unit gain in listings. The market’s lack of listings is a problem that has been compounding for years.

Since the beginning of 2016, a span of 61 months, only 25 months – 41% of the time – had an increase in homes listed for sale.

January Listings

County	2020	2021	% Change
Milwaukee	941	947	0.6%
Waukesha	472	306	-35.2%
Washington	140	134	-4.3%
Ozaukee	109	99	-9.2%
Metro Area	1,662	1,486	-10.6%
Racine	201	200	-0.5%
Kenosha	187	144	-23.0%
Walworth	152	133	-12.5%
SE WI Area	2,202	1,963	-10.9%

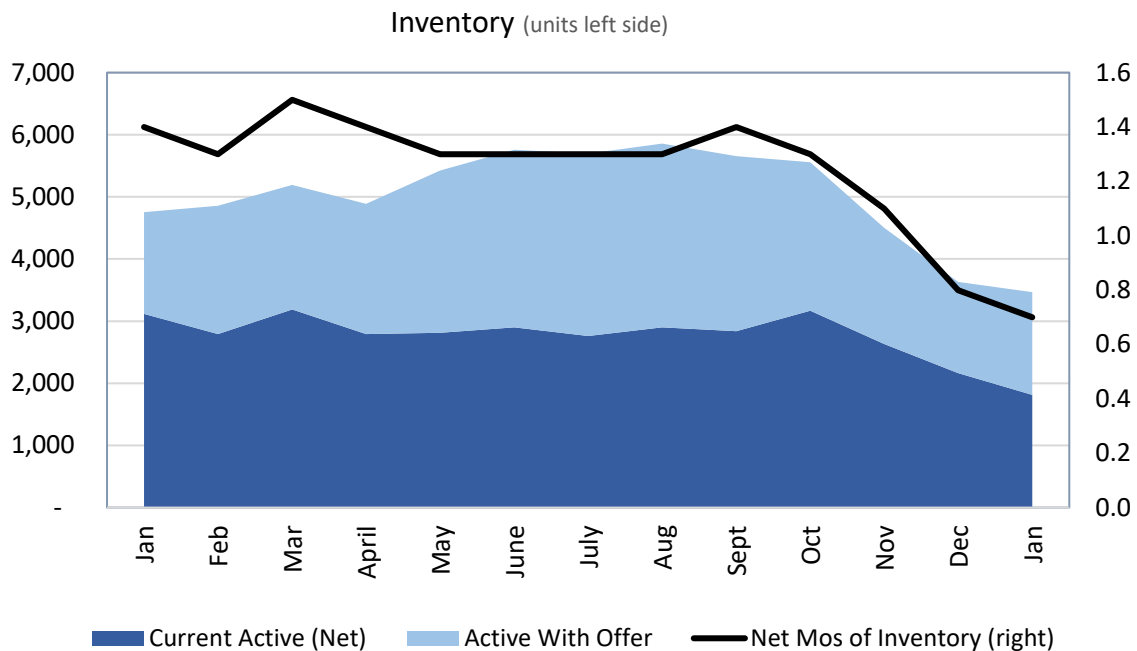
While listings shrunk during that time, sales were the inverse. Sales were up in 41 of the same 61 months, or 67% of the time.

That dynamic explains why prices have been increasing, and why buyers have had a hard time finding properties to choose from.

Listings are houses sellers hire a REALTOR® to sell, which we measure on a monthly basis, similar to sales. Inventory is the accumulation of listings over time and constitutes all the units that are available for sale.

Inventory

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 January was 1.9 months – an exceptionally low number.



If we subtract the listings that are “Active With Offer” from the total available for sale in each month (approximately 80% of listings with an offer turn into a sale), we get the Current Active (or net), which provides a different perspective of the quantity of homes available on the market.

Subtracting the 1,654 listings that are “Active With Offer” from the 3,467 current listings presents a Current Active inventory level of 2,913 units, or 0.7 months.

These are alarmingly low numbers and have been lackluster for a few years. If the region does not create additional supply in the form of more single-family and condo 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 the other benefits of homeownership.

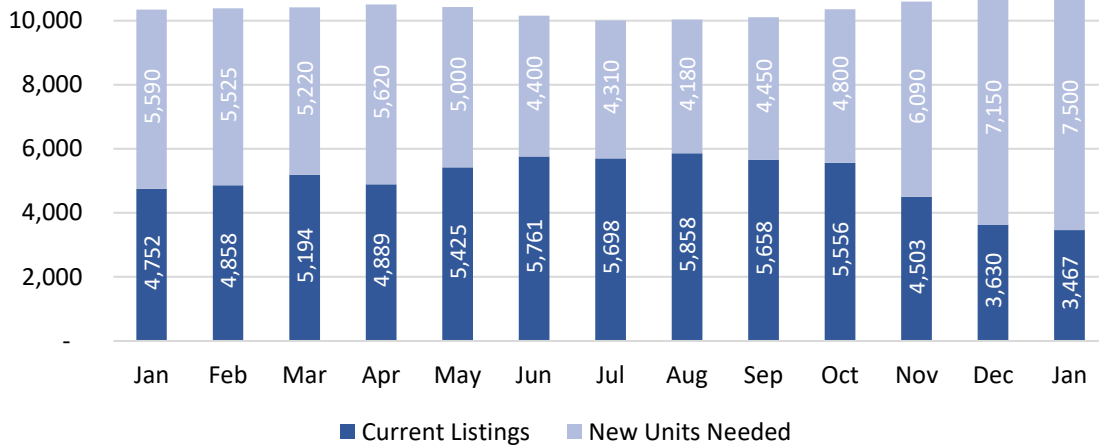
New Inventory

Generally, 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.

Obviously, with a Current Active inventory level of 0.7 months, it is a strong sellers’ market.

In order to approach a balanced market, the 3,467 current listings need an additional 7,500 units available to push inventory up to 6 months.

New Units Needed To Reach 6.0 Months



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 11th, 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 to the south, Racine, Kenosha and Walworth Counties.

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