

August Home Sales Down 18.0%

Highlights

- **Demand Still High, Especially Under \$500K**
- **Listings Grew for First Time in 17 Months**
- **Average Sales Prices Up 9.5%**

Market Summary

Metropolitan Milwaukee home sales were down 18.0% in August compared to the same time in 2022.

Home sales were down because of a lack of inventory not a lack of buyer interest. The deficiency in inventory is due to two market forces: new construction and listings.

Through July new home construction permits were an abysmal 870 units in the 4-county area. A year ago there were 1,189 permits.¹ New home construction has been stuck in a period of low production since the Great Recession.

New listings in August were actually up 7.0% for the first time in 17 months. We will have to see if that is an anomaly or the beginning of a trend.

However, new listings for the year are down 19.6% because many current homeowners have low mortgage interest rates. That may be a financial disincentive to sell if they would have to take out another mortgage for a new property.

In the near future it does not appear that the market will achieve any kind of balance to benefit buyers. To reach a balanced market (commonly understood to be 6 months of inventory) the four county area needed 4,340 additional units in August. There was only enough inventory to satisfy 2.9 months of buyer demand, and if we subtract units with an offer on them that level drops to 1.4 months.

August Sales

County	2022	2023	% Change
Milwaukee	1159	925	-20.2%
Waukesha	582	503	-13.6%
Ozaukee	134	110	-17.9%
Washington	194	159	-18.0%
Metro Area	2,069	1,697	-18.0%
Racine	299	239	-20.1%
Kenosha	204	180	-11.8%
Walworth	159	156	-1.9%
SE WI Area	2,731	2,272	-16.8%

August Listings

County	2022	2023	% Change
Milwaukee	1184	1310	10.6%
Waukesha	547	539	-1.5%
Ozaukee	121	132	9.1%
Washington	176	189	7.4%
Metro Area	2,028	2,170	7.0%
Racine	349	269	-22.9%
Kenosha	225	199	-11.6%
Walworth	183	188	2.7%
SE WI Area	2,785	2,826	1.5%

Given current market dynamics it is not surprising that the average sales price rose in August 9.5% from \$356,503 to \$390,490.

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.

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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.

¹ Units of new construction permits in the 4-county are according to [Census Bureau's Building Permits Survey](#)

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.

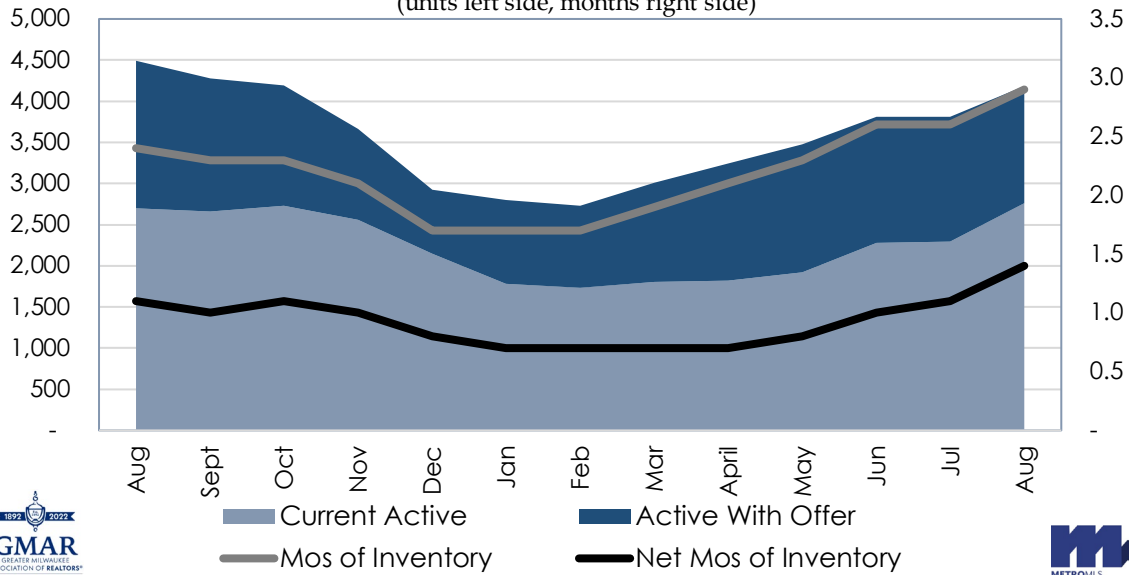
** All references to the "metropolitan" area denotes the four counties of Milwaukee, Waukesha, Ozaukee, and Washington Counties. The "region" or "Southeast Wisconsin" refers to the four metropolitan counties (Milwaukee, Waukesha, Ozaukee, and Washington), plus the three counties to the south, Racine,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

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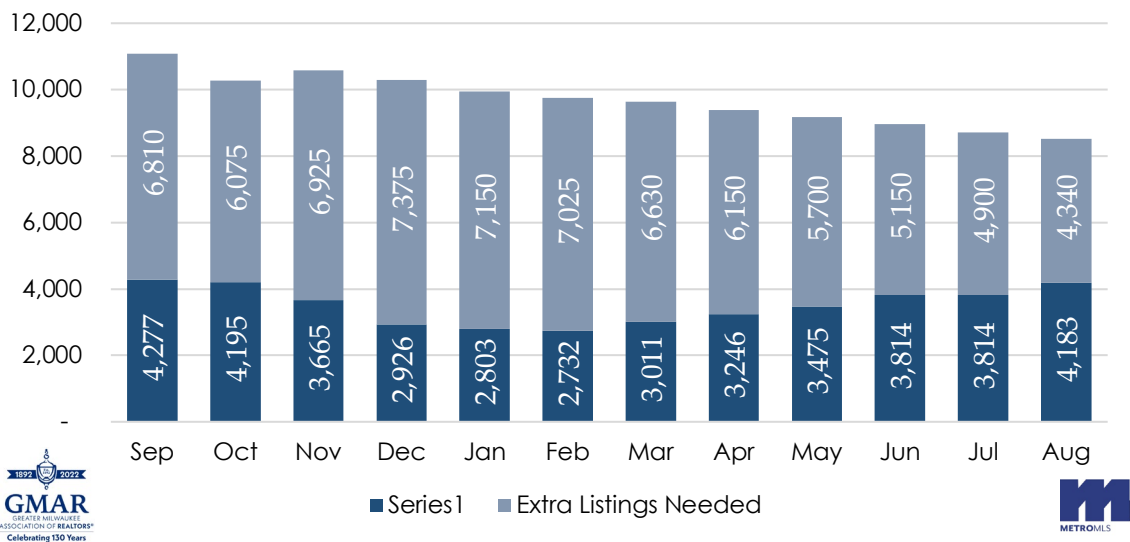
Seasonally Adjusted Inventory

(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 August was 2.9 months**. Subtracting listings that have an “active offer” from those available for sale (about 80% of listings with an offer sell) yields **3,349 listings, which equals 1.4 months of inventory**.

New Units Needed To Reach 6.0 Months



With 4,183 current listings providing 2.6 months of inventory, **the market would need an additional 4,340 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.

