

2022

Milwaukee Profile of Home Buyers and Sellers

National Association of
REALTORS®
Research Group



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Table of Contents

| | |
|--|----|
| Introduction | 4 |
| Highlights | 6 |
| Characteristics of Home Buyers | 9 |
| Characteristics of Homes Purchased | 17 |
| The Home Search Process | 22 |
| Home Buying and Real Estate Professionals | 24 |
| Financing the Home Purchase | 27 |
| Home Sellers and Their Selling Experience | 31 |
| Home Selling and Real Estate Professionals | 34 |
| Methodology | 37 |

Introduction: National

The NATIONAL ASSOCIATION OF REALTORS® Profile of Home Buyers and Sellers is an annual survey of recent home buyers and sellers who recently completed a transaction. The flagship report has been published since 1981. The annual report allows industry professionals to gain insight into detailed buying and selling behavior. Each iteration of the report is as unique as the economic, social and demographic environment in which it is published.

This year report contains unique data which has emerged as a year of transition for the housing market. Summer of 2021 continued to see incredibly high demand for limited inventory. Buyers were driven into the market with the desire to be near friends and family and the need for a larger home. Distance moved from the last home increased from 15 miles to 50 miles as buyers looked to small towns and rural areas. However, inventory continued to sink and by January of 2022 reached the lowest level recorded by NAR since the data series began in 1999.

During the second half of data collection for this report, the housing market started a contraction due to housing affordability. Housing affordability was a continual theme throughout the last year, first with the rise in home prices, and now the recent rise in mortgage interest rates which is a result of inflationary pressure. Unfortunately, first-time buyers now shrunk to the smallest share since data collection in the Profile of Home Buyers and Sellers started to just 26 percent. Additionally, while White/Caucasian and Hispanic/Latino buyers grew in this year's report, the share of Black/African American and Asian/Pacific Islander buyers declined.

The age of both first-time buyers and repeat buyers has climbed to the highest levels reported. While first-time buyers are held back by housing affordability, repeat buyers saw rising housing equity and the ability to make housing trades. Ninety-seven percent of first-time buyers financed their home purchased, with a typical downpayment of six percent (virtually unchanged from last year). While at the same time, the share of repeat buyers who financed their purchase dropped to 73 percent from 83 percent last year.

The number of weeks a buyer searched for a home grew to 10 weeks from eight weeks. Many buyers took advantage of new virtual tours and virtual listings and used those in their search process. Buyers continue to report the most difficult task for them in the home buying process was just finding the right home to purchase.

Among sellers, the pandemic also may have spurred sellers to make a home trade. The top reasons to sell were the desire to be close to friends and family and because their home was too small. Tenure in the home rebounded to 10 years from last year's drop of eight years. Historically, tenure in the home has been six to seven years, but had increased after the Great Recession to nine to 10 years. Among sellers, 41 percent purchased a larger home and 32 purchased the same size home.

Buyers needed the help of a real estate professional to help them find the right home for them and negotiate terms of sale. Eighty-six percent of buyers used an agent to help them purchase a home. Sellers, as well, turned to professionals to price their home competitively, help market the home to potential buyers, sell within a specific timeframe, and fix up the home for sale.

The information provided supplies understanding, from the consumer level, of the trends that are transpiring. This survey covers information on demographics, housing characteristics, and the experience of consumers in the housing market, as well as for those who are not yet able to enter the market. Buyers and sellers also provide valuable information on the role that real estate professionals play in home sales transactions.

Introduction: National (Continued)

The Profile of Home Buyers and Sellers report has been the leading industry source of trusted insight into consumer behavior for over four decades. It has grown and evolved to keep up with changing home buying trends and the need for more information. NAR first administered the survey in 1981 with just 59 questions. In 2022, the survey contained 129 questions. Although the report has evolved, data has been collected for more than three decades describing the demographic characteristics of home buyers and sellers, buyers and sellers' experience in the home transaction process, as well as market characteristics including the use of real estate agents. One measure of how the market has changed is the manner in which the data is collected. In 1981, only a paper copy of the survey was offered. Today, recent home buyers can take the survey via paper or online, and in English or Spanish. Because of its long history and timely information available each year, the report is valued by REALTORS®, market analysts, and policymakers.

Data is collected from a nationally representative sample of recent home buyers who purchased a primary residence in the 12-month period between July and June. Data is also representative of the geographic distribution of home sales. Consumer names are obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records.

This report provides real estate professionals with insights into the needs and expectations of their clients. What do consumers want when choosing a real estate professional? How do home buyers begin the process of searching for a home? Why do some sellers choose to forego the assistance of an agent? The answers to these questions, along with other findings in this report, will help real estate professionals better understand the housing market and provide the information necessary to address the needs of America's real estate consumers.

The data set provides a wealth of data that is used to create a number of spin-off NAR reports including: Home Buyer and Seller Generational Trends Report, Real Estate in a Digital Age, Veterans and Active Military Home Buyers and Sellers Profile, Profile of LGBT Buyers and Sellers, A Snapshot of Race and Home Buying in America, Downpayment Expectations and Hurdles to Homeownership, and Moving with Kids.

State/Local Stats at a Glance

Characteristics of Home Buyers

- The median age jumped this year to 53 years old, from 45 last year. The largest share of home buyers this year were in the 55 to 64 age group (21 percent) and the 65 to 74 age group (21 percent), followed by the 35 to 44 years age group at 19 percent. In Milwaukee, the median age of recent home buyers was 39 years old. The largest share of home buyers in Milwaukee this year were in the 25 to 34 years (29 percent), and 35 to 44 age group (24 percent).
- The median household income for 2021 slipped this year to \$88,000 compared to \$102,000 in last year's report. In Milwaukee, buyers had a median income of \$103,400.
- Sixty-one percent of recent buyers were married couples, 17 percent were single females, nine percent were single males, and 10 percent were unmarried couples. This is the highest share of unmarried couples recorded. In Milwaukee, 59 percent were married couples, 19 percent were single females, eight percent were single males, and 13 percent were unmarried couples.
- First-time buyers made up 26 percent, down from last year's 34 percent. In Milwaukee, 35 percent were first-time buyers.
- Thirty-one percent of all buyers had children under the age of 18 living at home, the lowest share since 1981 but holding steady from 31 percent last year. In Milwaukee, 29 percent buyers had children under the age of 18 living at home.
- Fourteen percent of home buyers purchased a multi-generational home, to take care of aging parents, because of children or relatives over the age of 18 moving back home, and for cost-savings. In Milwaukee, that share was 10 percent.
- Eighty-eight percent of buyers were White/Caucasian, eight percent were Hispanic/Latino, three percent were Black/African-American, two percent were Asian/Pacific Islander, and three percent identified as other. In Milwaukee, 93 percent of buyers were White/Caucasian, four percent were Black/African-American, four percent were Hispanic/Latino, three percent were Asian/Pacific Islander, and four percent identified as other.

State/Local Stats at a Glance *(Continued)*

Characteristics of Homes Purchased

- Twelve percent of buyers purchased a new home, and 88 percent of buyers purchased a previously-owned home. In Milwaukee, this share is six percent for new homes and 94 percent for previously owned homes.
- Detached single-family homes continued to be the most common home type for recent buyers at 79 percent, followed by mobile or manufactured houses at eight percent. In Milwaukee, buyers most often bought single-family homes at 82 percent.
- Thirty-nine percent of all buyers purchased in a suburb/subdivision, 29 percent in a small town, and 19 percent purchased in a rural area. In Milwaukee, 64 percent in a suburb/subdivision, 18% purchased in a small town, and 13 percent purchased in an urban area.
- Thirty-two percent of buyers considered heating and cooling costs to be very important to them, and 24 percent said commuting costs were very important. In Milwaukee, 36 percent of buyers considered heating and cooling costs to be very important, and 32 percent said commuting costs were very important.

The Home Search Process

- Among all buyers, the most difficult step in the home buying process was finding the right home to purchase at 56 percent. In Milwaukee, finding the right property was also the most difficult step at 60 percent.

Home Buying and Real Estate Professionals

- Eighty-six percent of buyers recently purchased their home through a real estate agent or broker, and 10 percent purchased directly through the previous owner. In Milwaukee, 95 percent purchased through a real estate agent, and five percent purchased directly through the previous owner.
- Eighty-nine percent of buyers would use their agent again or recommend their agent to others. Ninety-seven percent would use their agent again or recommend their agent to others in Milwaukee.

State/Local Stats at a Glance *(Continued)*

Financing the Home Purchase

- For 47 percent of buyers, the source of the downpayment came from their savings, and 38% of buyers cited using the proceeds from the sale of a primary residence for their downpayment. In Milwaukee, 61 percent used savings, and 39 percent used proceeds from sale of a primary residence.
- The median percent financed for first-time buyers was 94 percent compared to 83 percent for repeat buyers, which was about the same as last year. In Milwaukee, median percent financed for first-time buyers was 92 percent compared to 80 percent for repeat buyers
- Buyers continue to see purchasing a home as a good financial investment. Eighty-eight percent reported they view a home purchase as a good investment. In Milwaukee, 92 percent reported they view a home purchase as a good financial investment.

Home Sellers and Their Selling Experience

- For all sellers, the most commonly cited reason for selling their home was the desire to move closer to friends and family (21 percent), moving due to retirement (11 percent), or the neighborhood has become less desirable (11 percent). In Milwaukee, the reasons include to move closer to friends and family (23 percent), and their neighborhood has become less desirable (14 percent).
- Sellers typically lived in their home for 10 years before selling. In Milwaukee, sellers also sold after 12 years.

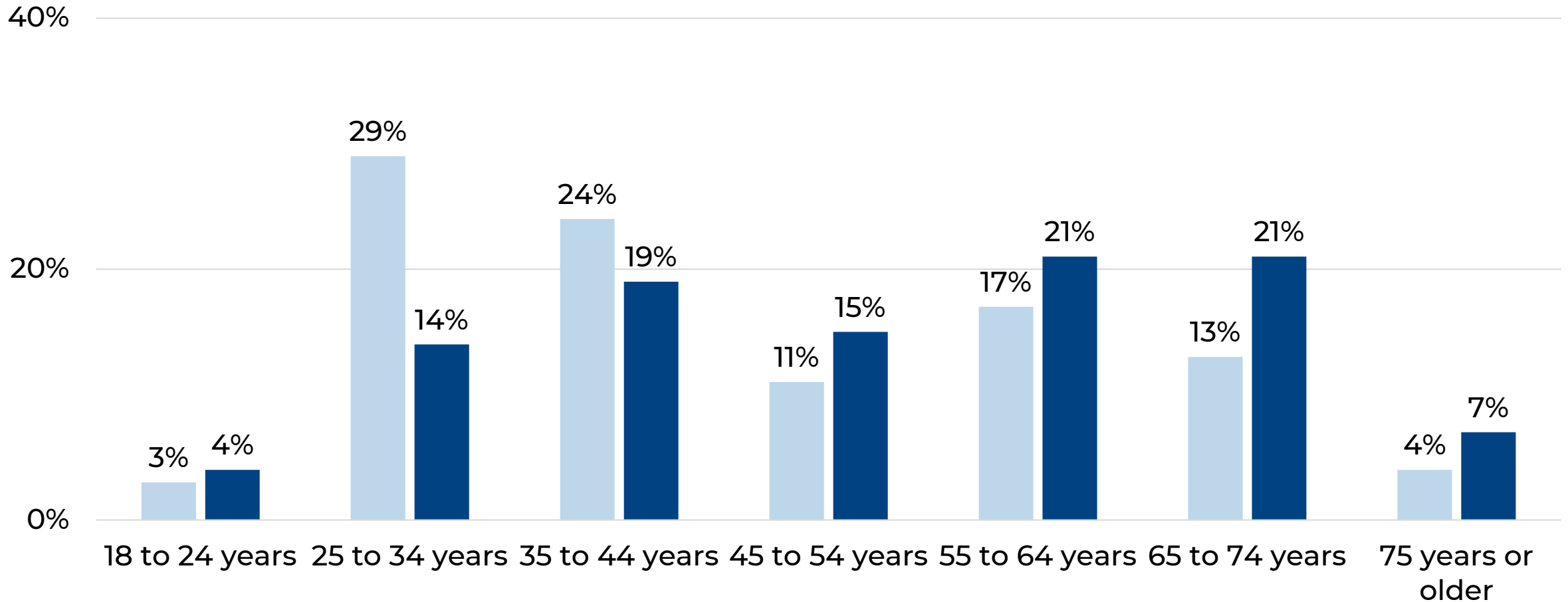
Home Selling and Real Estate Professionals

- 83 percent of sellers reported that their agent provided a broad range of services and management of most aspects of the home sale. In Milwaukee, 84 percent said that their agent provided a broad range of services.
- Eighty-five percent said that they would definitely (73 percent) or probably (12 percent) recommend their agent for future services. In Milwaukee, 82 percent said definitely and six percent said probably.

Characteristics of Home Buyers



Age of Home Buyers



Median Age:

All Buyers: 53 years old

Milwaukee: 39 years old

■ Milwaukee ■ All Buyers

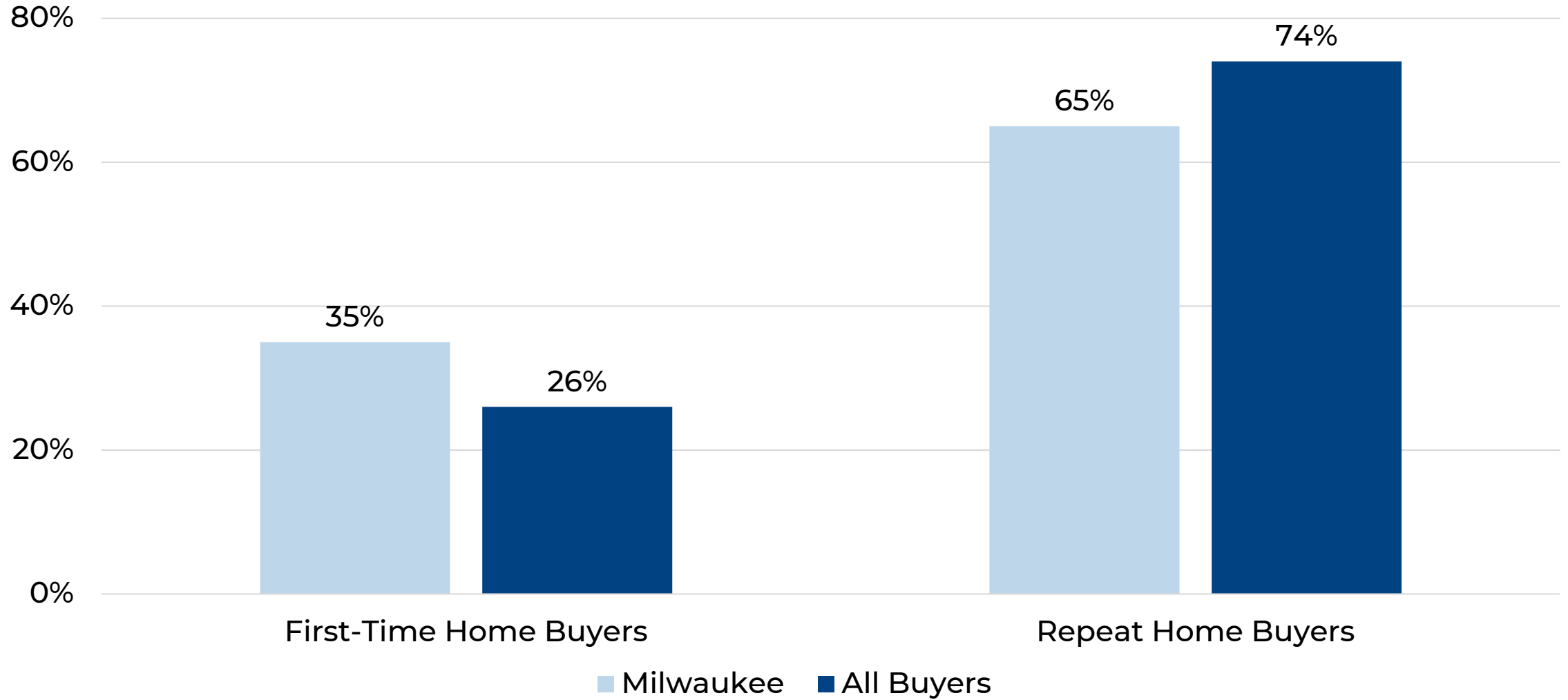
Household Income of Home Buyers, 2021

| | Milwaukee | All Buyers |
|------------------------|------------------|-----------------|
| Less than \$25,000 | 1% | 4% |
| \$25,000 to \$34,999 | 3% | 7% |
| \$35,000 to \$44,999 | 3% | 7% |
| \$45,000 to \$54,999 | 5% | 8% |
| \$55,000 to \$64,999 | 9% | 7% |
| \$65,000 to \$74,999 | 5% | 8% |
| \$75,000 to \$84,999 | 7% | 7% |
| \$85,000 to \$99,999 | 14% | 10% |
| \$100,000 to \$124,999 | 22% | 13% |
| \$125,000 to \$149,999 | 12% | 8% |
| \$150,000 to \$174,999 | 9% | 5% |
| \$175,000 to \$199,999 | 2% | 4% |
| \$200,000 or more | 9% | 12% |
| Median | \$103,400 | \$88,000 |

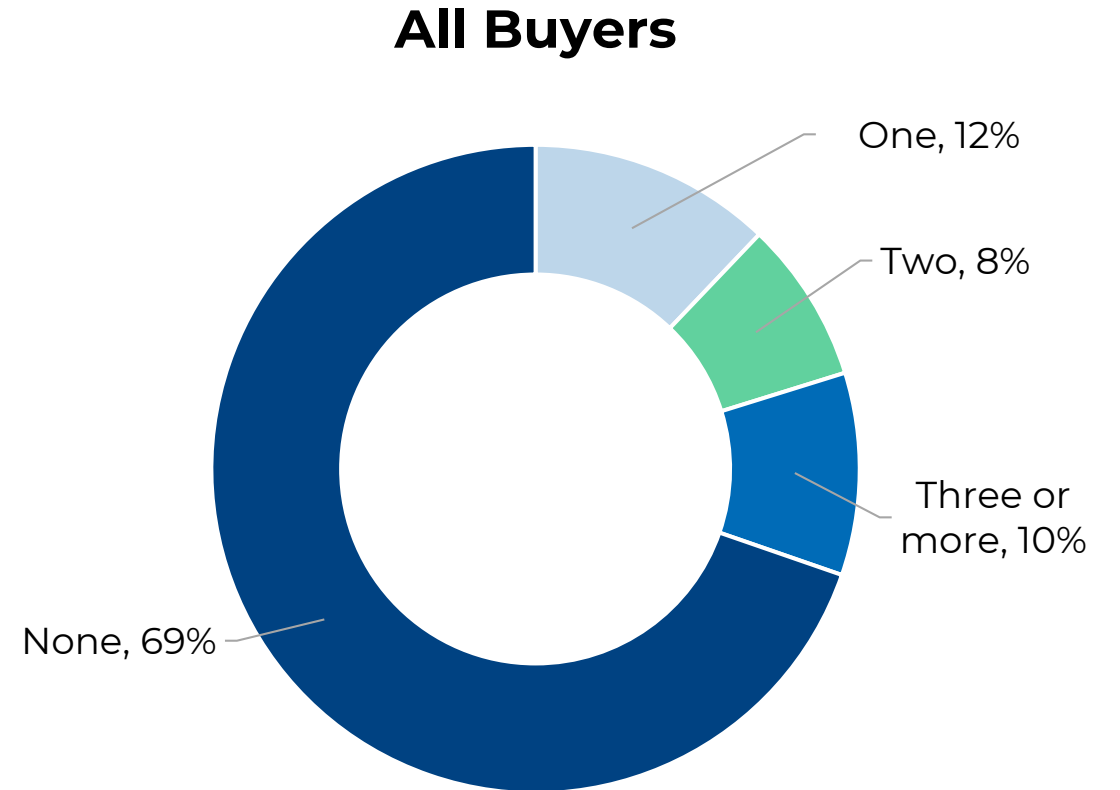
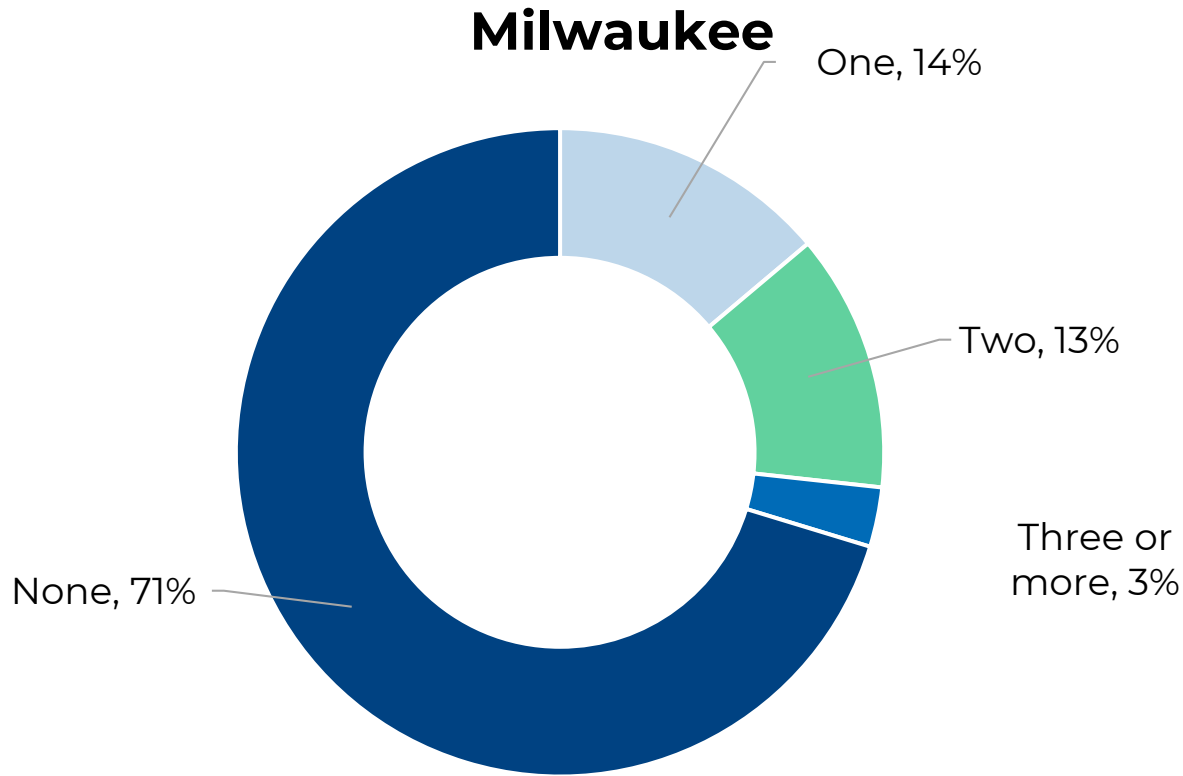
Adult Composition of Home Buyer Households

| | Milwaukee | All Buyers |
|------------------|-----------|------------|
| Married couple | 59% | 61% |
| Single female | 19% | 17% |
| Single male | 8% | 9% |
| Unmarried couple | 13% | 10% |
| Other | 1% | 3% |

First-time Home Buyers



Number of Children Under the Age of 18 Residing In Household



■ One ■ Two ■ Three or more ■ None

■ One ■ Two ■ Three or more ■ None

Home Purchased Was a Multi-generational Home (Will Home Adult Siblings, Adult Children, Parents, And/Or Grandparents)

| | Milwaukee | All Buyers |
|--|-----------|------------|
| Multi-generational household | 10% | 14% |
| Reasons for purchase: | | |
| Health/Caretaking of aging parents | 27% | 21% |
| Wanted a larger home that multiple incomes could afford together | 9% | 21% |
| Children/relatives over 18 moving back into the house | 9% | 17% |
| Children/relatives over 18 never left home | 9% | 16% |
| Cost Savings | 18% | 15% |
| To spend more time with aging parents | 18% | 12% |
| None of the above | 18% | 19% |
| Other | * | 9% |

* Less than 1 percent

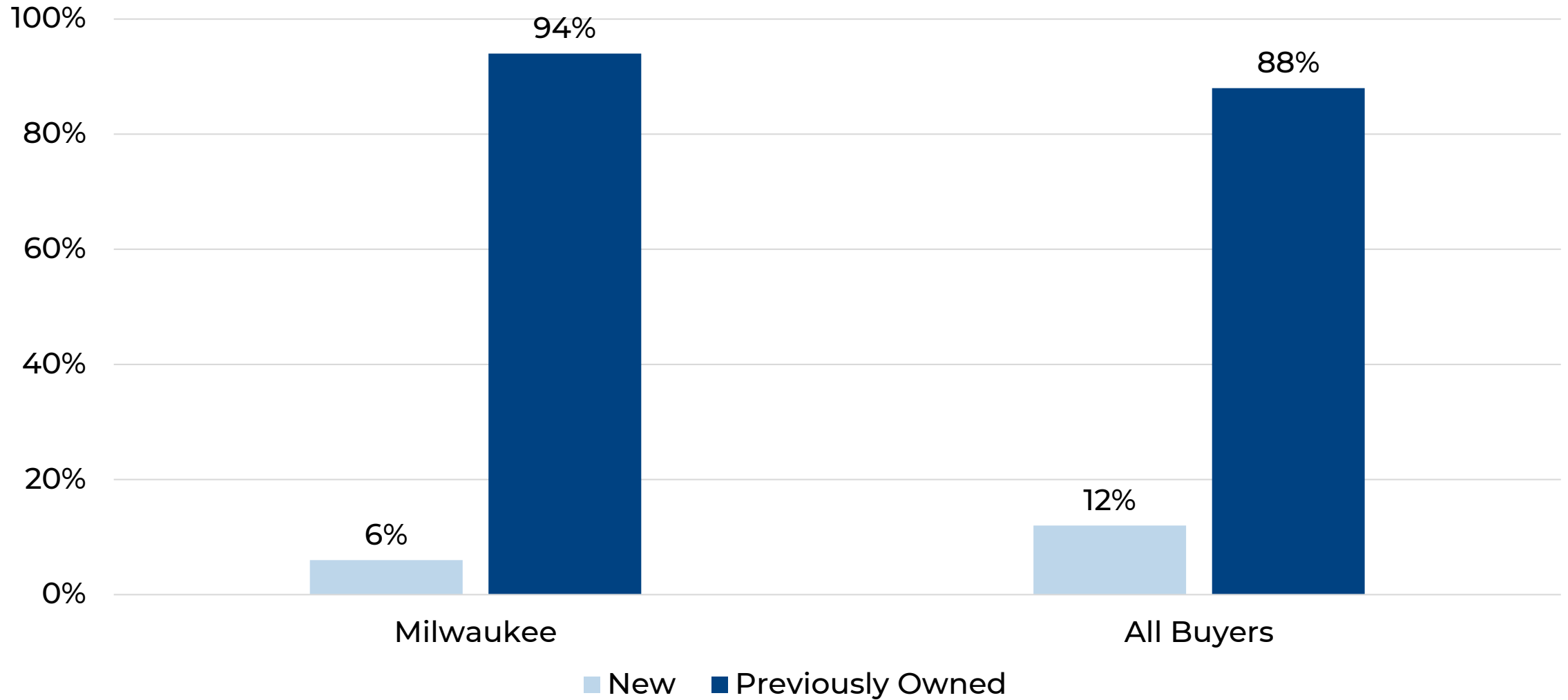
Race/Ethnicity of Home Buyers

| | Milwaukee | All Buyers |
|------------------------|-----------|------------|
| White/Caucasian | 93% | 88% |
| Hispanic/Latino | 4% | 8% |
| Asian/Pacific Islander | 3% | 2% |
| Black/African-American | 4% | 3% |
| Other | 4% | 3% |

Characteristics of Homes Purchased



New and Previously Owned Homes Purchased



Type of Home Purchased

| | Milwaukee | All Buyers |
|--|-----------|------------|
| Detached single-family home | 82% | 79% |
| Mobile/manufactured home | * | 8% |
| Cabin/cottage | 3% | 4% |
| Townhouse/rowhouse | * | 3% |
| Duplex/apartment/condo in 2 to 4 unit bldg | 12% | 2% |
| Apartment/condo in building with 5+ units | 3% | * |
| Other | 5% | 3% |

* Less than 1 percent

Location of Home Purchased

| | Milwaukee | All Buyers |
|-------------------------|-----------|------------|
| Suburb/Subdivision | 64% | 39% |
| Small town | 18% | 29% |
| Rural area | 5% | 19% |
| Urban area/Central city | 13% | 10% |
| Resort/Recreation area | 1% | 4% |

Environmentally Friendly Features Considered "Very Important"

| | Milwaukee | All Buyers |
|---|-----------|------------|
| Heating and cooling costs | 22% | 32% |
| Windows/Doors/Siding (Installation) | 36% | 28% |
| Commuting costs | 32% | 24% |
| Energy efficient lighting | 17% | 22% |
| Energy efficient appliances | 13% | 20% |
| Landscaping for energy conservation | 7% | 11% |
| Environmentally friendly community features | 13% | 10% |
| Solar panels installed on home | 3% | 5% |

The Home Search Process



Most Difficult Steps of Home Buying Process

| | Milwaukee | All Buyers |
|--|-----------|------------|
| Finding the right property | 60% | 56% |
| Paperwork | 9% | 15% |
| Understanding the process and steps | 13% | 13% |
| Saving for the down payment | 16% | 13% |
| Appraisal of the property | 5% | 8% |
| Getting a mortgage | 4% | 7% |
| Inability to move forward in process due to Covid-19 | 2% | 3% |
| No difficult steps | 15% | 20% |
| Other | 8% | 7% |

Home Buying and Real Estate Professionals

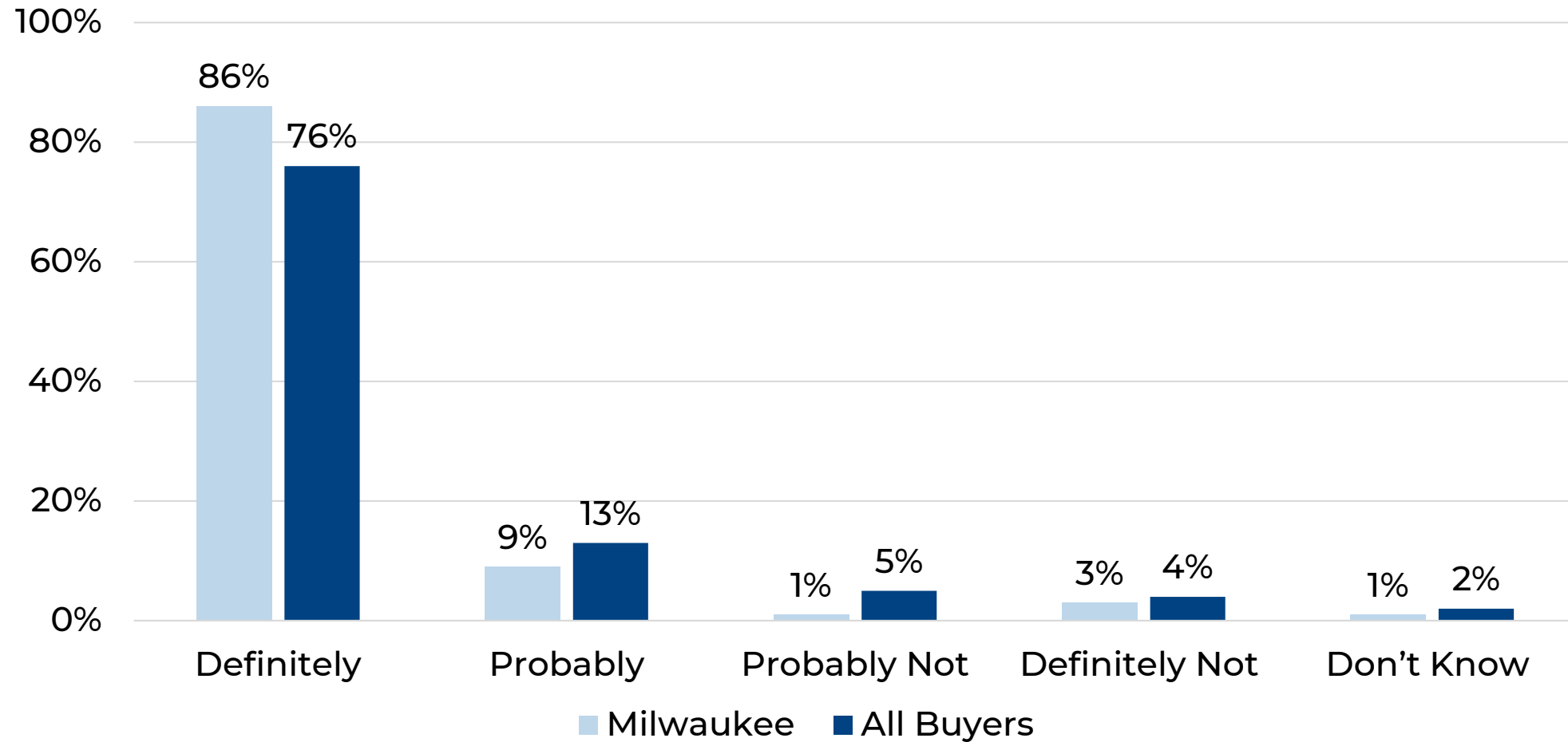


Method of Home Purchase

| | Milwaukee | All Buyers |
|--|-----------|------------|
| Through a real estate agent or broker | 95% | 86% |
| Directly from builder or builder's agent | * | 2% |
| Directly from the previous owner | 5% | 10% |
| Knew previous owner | 5% | 6% |
| Did not know previous owner | * | 5% |

* Less than 1 percent

Would Buyer Use Real Estate Agent Again or Recommend to Others



Financing the Home Purchase



Sources of Downpayment

| | Milwaukee | All Buyers |
|---|-----------|------------|
| Savings | 61% | 47% |
| Proceeds from sale of primary residence | 39% | 38% |
| Sale of stocks or bonds | 6% | 7% |
| Gift from relative or friend | 6% | 7% |
| 401k/pension fund including a loan | 6% | 5% |

Median Percent of Downpayment by First-time and Repeat Buyers

| | Milwaukee First-time Buyers | Milwaukee Repeat Buyers | All First-time Buyers | All Repeat Buyers |
|---|-----------------------------|-------------------------|-----------------------|-------------------|
| Less than 50% | 5% | 15% | 11% | 15% |
| 50% to 59% | * | 11% | 1% | 6% |
| 60% to 69% | 3% | 7% | 4% | 7% |
| 70% to 79% | * | 19% | 6% | 15% |
| 80% to 89% | 35% | 24% | 16% | 24% |
| 90% to 94% | 16% | 15% | 16% | 10% |
| 95% to 99% | 35% | 6% | 25% | 12% |
| 100% – Financed the entire purchase price with a mortgage | 5% | 4% | 22% | 11% |
| Median percent financed | 92% | 80% | 94% | 83% |

* Less than 1 percent

Buyers' View of Homes as a Financial Investment

| | Milwaukee | All Buyers |
|---------------------------------|-----------|------------|
| Good financial investment | 92% | 88% |
| Better than stocks | 50% | 50% |
| About as good as stocks | 30% | 27% |
| Not as good as stocks | 12% | 7% |
| Not a good financial investment | 3% | 4% |
| Don't know | 6% | 13% |

Home Sellers and Their Selling Experience



Primary Reason for Selling Previous Home

| | Milwaukee | All Sellers |
|--|-----------|-------------|
| Want to move closer to friends or family | 23% | 21% |
| Moving due to retirement | 3% | 11% |
| Neighborhood has become less desirable | 14% | 11% |
| Home is too small | 12% | 10% |
| Change in family situation (e.g., marriage, birth of a child, divorce) | 14% | 9% |

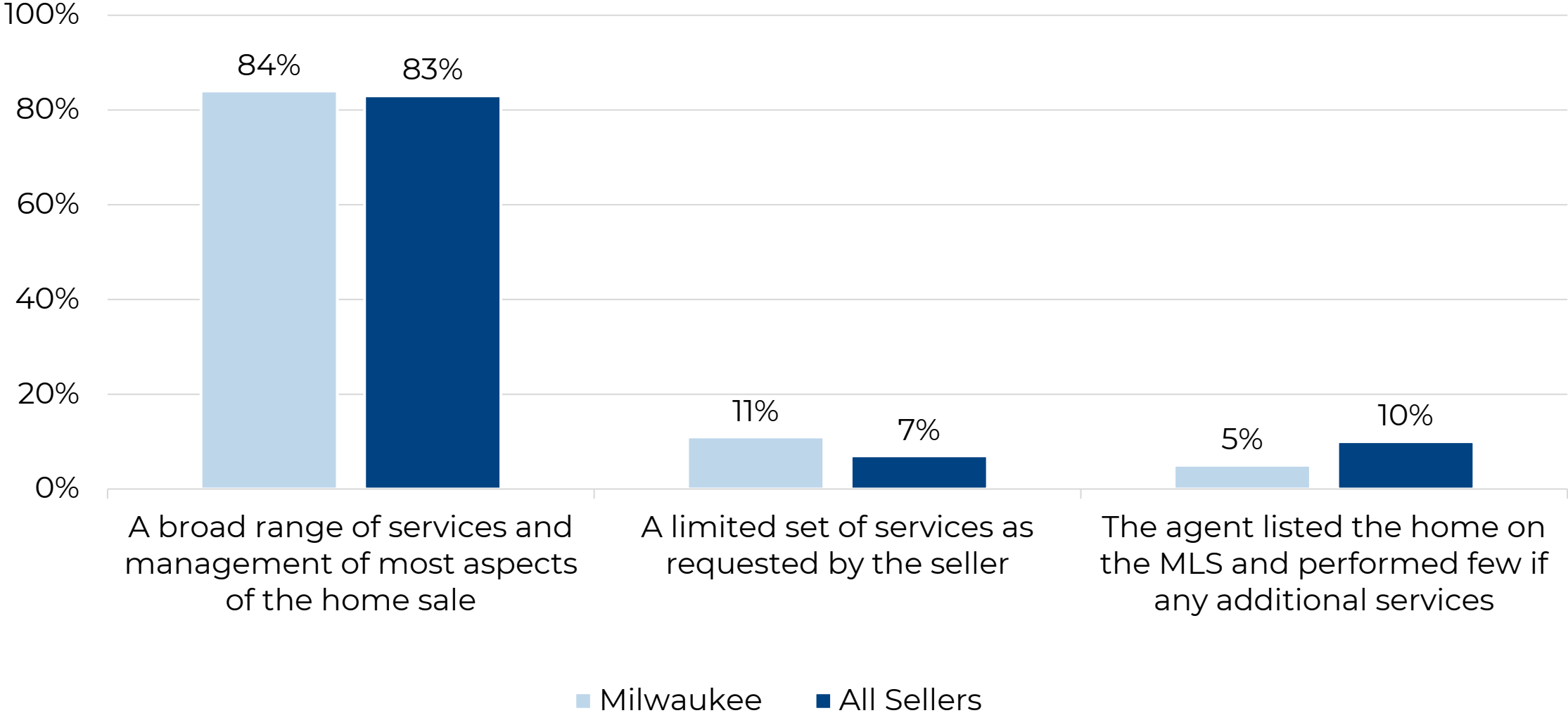
Median Seller Tenure in Home

| | Milwaukee | All Sellers |
|------------------|-----------|-------------|
| 1 year or less | 2% | 4% |
| 2 to 3 years | 10% | 10% |
| 4 to 5 years | 17% | 13% |
| 6 to 7 years | 6% | 12% |
| 8 to 10 years | 11% | 12% |
| 11 to 15 years | 8% | 13% |
| 16 to 20 years | 14% | 10% |
| 21 years or more | 32% | 25% |
| Median | 12 | 10 |



Home Selling and Real Estate Professionals

Level of Service Provided by the Real Estate Agent



Would Seller Use Real Estate Agent Again or Recommend to Others

| | Milwaukee | All Sellers |
|----------------------|-----------|-------------|
| Definitely | 82% | 73% |
| Probably | 6% | 12% |
| Probably Not | 3% | 7% |
| Definitely Not | 8% | 7% |
| Don't Know/ Not Sure | * | 1% |

* Less than 1 percent

Methodology

In July 2022, NAR mailed out a 129-question survey using a random sample weighted to be representative of sales on a geographic basis to 153,045 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2021 and June of 2022. A total 4,854 responses were received from primary residence buyers. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 3.2 percent. In Milwaukee, a random sample of 6,500 recent home buyers were sent the survey, 108 members took the survey. Milwaukee had a response rate of 1.7 percent.

Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

Consumer names and addresses were obtained from Experian, a firm that maintains an extensive database of recent home buyers derived from county records. Information about sellers comes from those buyers who also sold a home.

All information in this Profile is characteristic of the 12-month period ending June 2022, with the exception of income data, which are reported for 2021. In some sections comparisons are also given for results obtained in previous surveys. Not all results are directly comparable due to changes in questionnaire design and sample size. Some results are presented for the four U.S. Census regions: Northeast, Midwest, South, and West. The median is the primary statistical measure used throughout this report. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.

Data gathered in the report is based on primary residence home buyers. From the Realtors Confidence Index, 87 percent of home buyers were primary residence buyers in 2021, which accounts for 5,857,350 homes sold in 2021 (accounting for new and existing homes). Using that calculation, the sample at the 95 percent confidence level has a confidence interval of plus-or-minus 1.41%.

The National Association of REALTORS® is America's largest trade association, representing more than 1.5 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

NATIONAL ASSOCIATION OF REALTORS® RESEARCH GROUP

The Mission of the NATIONAL ASSOCIATION OF REALTORS® Research Group is to produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

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