

October Home Sales Up 3.6%

Highlights

- **First Sales Increase in 18 Months**
- **Listings Grew for 3rd Month in a Row**
- **New Construction Desperately Needed**

Market Summary

Home sales in the Metropolitan Milwaukee market area were up 3.6% for the first time in 18 months.

That would normally be a point to celebrate, but sales were up this October because sales a year ago dropped by double-digits due to rising interest rates.

The truly good news is that it appears listings are on their way up after three months of increases over the same period a year ago. However, again, our optimism is muted due to the severe decline in listings during the second half of 2022. Nonetheless, a three month run is a good trend.

Those new listings are desperately needed as we see inventory still at 3.1 months (6 months is a balanced market), and if we take listings with an offer out, the rate falls to 1.6 months. That's an indication of a very tight market in favor of sellers, and rising prices.

Overall, home sales are being held back because of a lack of inventory due to two market forces: new construction and listings.

Through September there were 1,217 new home construction permits taken out in the 4-county area. A year ago there were 1,528 permits,¹ nowhere near the 4,000+ new construction units the market is in desperate need of. New construction is in an era of low production beginning when the Great Recession started.

October Sales

County	2022	2023	% Change
Milwaukee	853	920	7.9%
Waukesha	399	399	0.0%
Ozaukee	91	101	11.0%
Washington	149	125	-16.1%
Metro Area	1,492	1,545	3.6%
Racine	256	180	-29.7%
Kenosha	172	150	-12.8%
Walworth	158	116	-26.6%
SE WI Area	2,078	1,991	-4.2%

October Listings

County	2022	2023	% Change
Milwaukee	1038	1106	6.6%
Waukesha	472	476	0.8%
Ozaukee	125	85	-32.0%
Washington	136	156	14.7%
Metro Area	1,771	1,823	2.9%
Racine	287	244	-15.0%
Kenosha	179	160	-10.6%
Walworth	156	148	-5.1%
SE WI Area	2,393	2,375	-0.8%

New listings in October were up 2.9%, but down 17% compared to 2021, just to put the impact of higher interest rates in 2022 into perspective.

In addition to low construction numbers, the fact that many current homeowners have low mortgage interest rates is a disincentive for them to consider moving.

It does not appear that the market will achieve any kind of balance to benefit buyers in the near future. To reach a balanced market (commonly understood to be 6 months of inventory) the four county area needed 3,925 additional units in October.

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.

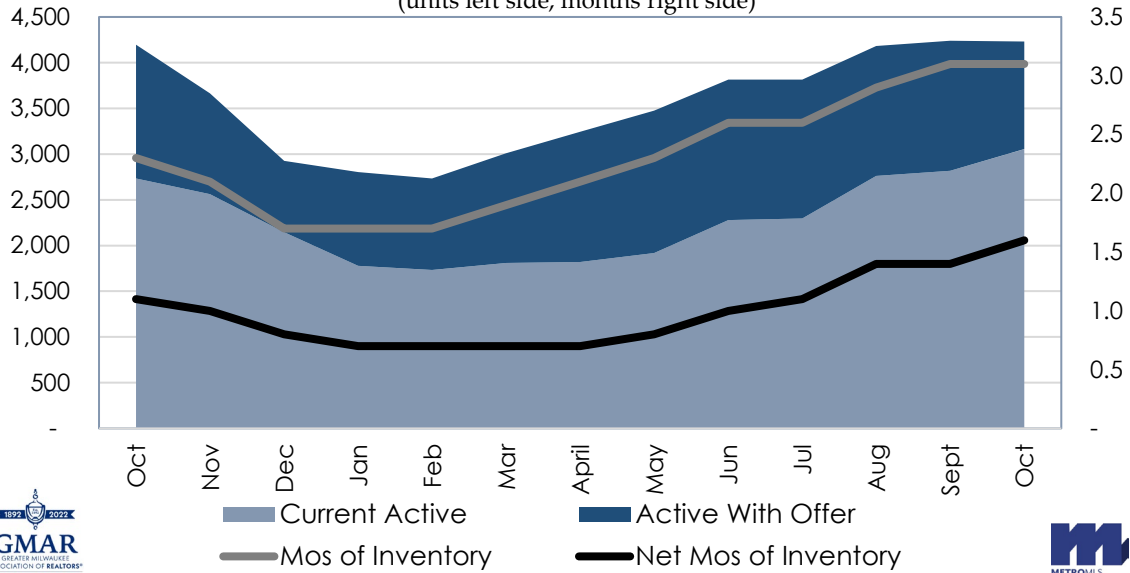
** All references to the "metropolitan" area denotes the four counties of Milwaukee, Waukesha, Ozaukee, and Washington Counties. The "region" or "Southeast Wisconsin" refers to the four metropolitan counties (Milwaukee, Waukesha, Ozaukee, and Washington), plus the three counties to the south, Racine, 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 October was 3.1 months**. Subtracting listings that have an “active offer” from those available for sale (about 80% of listings with an offer sell) yields **3,336 listings, which equals 1.6 months of inventory**.

New Units Needed To Reach 6.0 Months



With 4,232 current listings providing 3.1 months of inventory, **the market would need an additional 3,925 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.