

For Immediate Release

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Dec Home Sales Down 10.8% 2018 Down 1.4%

Market Highlights

- Prices up in all 7 SE WI Counties
- Sales Down for 2018, But Not Much
- Lower Price Increases in the New Year

January 14, 2019 – Home sales were down 10.8% in December in the Metropolitan Milwaukee market over the same period in 2017. The 1,242 homes sold in December totals 307 fewer than in December 2017, when 1,549

units sold. The steep drop during a typically slow month is primarily attributed to a lack of homes for sale and increasing interest rates.

December Sales

County	2017	2018	% Change
Milwaukee	779	706	-9.4%
Waukesha	393	333	-15.3%
Washington	123	117	-4.9%
Ozaukee	97	86	-11.3%
4 County Area	1,392	1,242	-10.8%
Racine	228	171	-25.0%
Kenosha	162	139	-14.2%
Walworth	131	113	-13.7%
7 County Area	1,913	1,665	-13.0%

Through the 4th quarter of the year 21,060 homes sold, down 1.4% from 21,357 units sold in 2017.

2018 was a strong year despite finishing slightly behind 2017. Over the last three years, 2016, 2017 and 2018, the 4-county metropolitan market had over 21,000 sales. We have only been above 21,000 sales one other time this century, in 2005 (21,642).

4th Quarter Sales (Jan 1 – Dec 31)

County	2017	2018	% Change
Milwaukee	11,828	11,793	-0.3%
Waukesha	5,998	5,890	-1.8%
Washington	2,138	2,054	-3.9%
Ozaukee	1,393	1,323	-5.0%
4 County Area	21,357	21,060	-1.4%
Racine	2,907	2,825	-2.8%
Kenosha	2,385	2,426	1.7%
Walworth	1,943	1,869	-3.8%
7 County Area	28,592	28,180	-1.4%

What's In Store for 2019

The metropolitan area has enjoyed a strong sales market since the beginning of 2015. The influx of first-time buyers – accounting for roughly 40% of the market – empty nesters downsizing, historically low interest rates, and a strong regional job market, all provide fuel for a hot market.

With the Federal Reserve looking far into the future in an attempt to keep the current economic boom going, interest rates will probably rise to over 5% in 2019. That should be a constraint on the demand side of the market.

There is no sign on the horizon that the lack of listings under \$300,000 is going to be alleviated, which normally means prices for those properties would be pushed up. We saw this in 2018, as multiple offers were submitted within hours of a quality property's listing. \$300,000 listings were ultimately selling for \$325,000 and even \$350,000 as the market tightened.

As some buyers are eliminated from the market due to rising interest rates, demand will be lower than in recent years. That will lessen the inflationary effect of multiple offers on desirable properties. Therefore, price increases will probably be limited to the low, single digits, around 2%-3%. Unit sales for 2019 will probably be slightly below 2018, somewhere in the 20,000 range.

There are three primary reasons why the supply of homes for sale was not close to keeping up with demand in 2018. First, new construction, while much improved from the depth of the recession, is still lackluster. Second, foreclosures, which supplied thousands of homes after the recession began, have virtually evaporated. Finally, people are not moving out of their existing homes for a variety of reasons, including: Not having another place to move to, not feeling the value of their home has totally recovered, or they have made improvements to their existing home.

In order to have enough homes to meet current demand (to get to a 6 month level of inventory, which is considered 'balanced') the market would have needed to add thousands of units to the current supply.

Several brokers are concerned that the run-up in apartment construction over the last few years has taken resources away from single-family and condo development, exacerbating the supply problem.

December Price Point & DOM Data

County	<\$300K	<30 Days	<60 Days
Milwaukee	89%	52%	74%
Waukesha	54%	47%	69%
Washington	81%	48%	80%
Ozaukee	53%	57%	72%
Racine	85%	58%	76%
Kenosha	86%	62%	78%
Walworth	70%	38%	53%

December Listings

County	2017	2018	% Change
Milwaukee	566	570	0.7%
Waukesha	188	234	24.5%
Washington	63	82	30.2%
Ozaukee	56	41	-26.8%
4 County Area	873	927	6.2%
Racine	136	134	-1.5%
Kenosha	111	182	64%
Walworth	71	88	23.9%
7 County Area	1,191	1,331	11.8%

Price Point and Days on Market

In the 4 county area, homes under \$300,000 accounted for 76% of units sold in December. 13% of sales were between \$300,000 and \$400,000, 5% were between \$400,000 and \$500,000, and 6% sold for more than \$500,000.

In December, 73% of homes in the 4-county metropolitan market sold within 60 days; going from signed listing contract to completed sale. 13% took 60-90 days, and 6% took 90-120 days.

Listings

Listings were mixed in Southeastern Wisconsin in December. The 4 county area went up 54 units. December was a very slight bright moment during a year of mostly negative listing months.

Since the beginning of 2015, a span of 48 months, 31 months, or 69%, had a decrease in homes listed for sale.

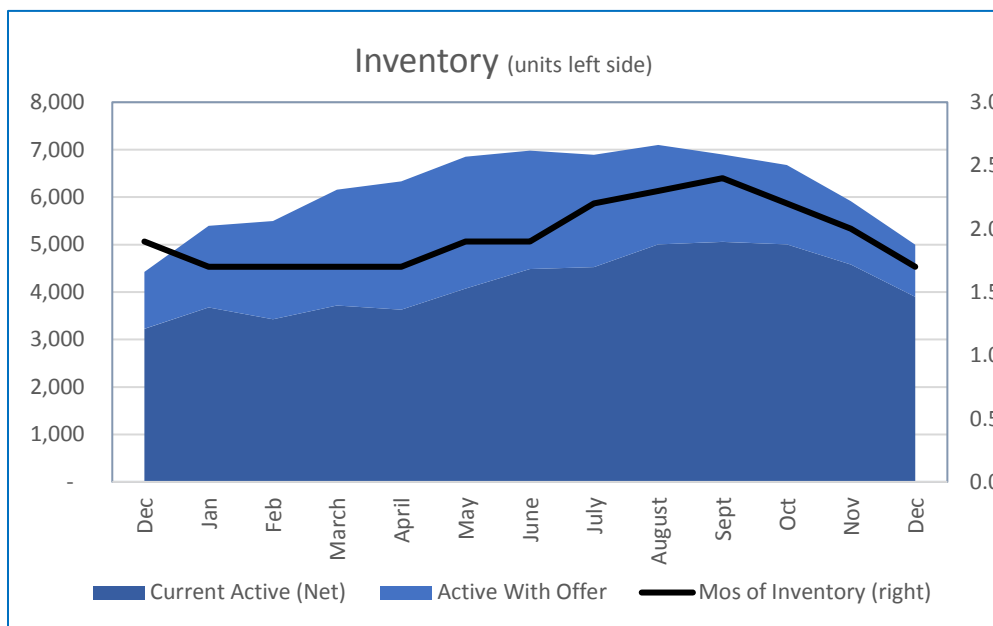
While listings shrunk about 2/3 of the time since 2015, sales have increased over that time. Sales were up in 35 of the 45 months, or 73% of the time.

4th Quarter Listings (Jan 1 – Dec 31)

County	2017	2018	% Change
Milwaukee	15,754	14,949	-5.1%
Waukesha	7,381	7,419	0.5%
Washington	2,590	2,439	-5.8%
Ozaukee	1,766	1,673	-5.3%
4 County Area	27,491	26,480	-3.7%
Racine	3,532	3,553	0.6%
Kenosha	3,035	3,120	2.8%
Walworth	2,663	2,572	-3.4%
7 County Area	36,721	35,725	-4.7%

Inventory

Seasonally adjusted inventory is calculated by taking the homes available for sale in a given 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 December was 2.9 months, down from November's 3.4 month level. The seasonally adjusted level was 3.2 months in December 2017.

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.

We also calculate inventory by subtracting the listings that have an "active offer" from those available for sale in a given month. Approximately 8 in 10 listings that buyers place an offer on go on to a complete sale. This gives us a different perspective of the quantity of homes available on the market.

Subtract the 1,101 listings with an active offer from current listings presents an effective inventory level of 1.7 months, down from November's 2.0. A year ago, the same calculation showed December's inventory level at 1.9 months.

Average Sale Prices

The average sale price in all 7 counties in SE Wisconsin was up in the 4th quarter of 2018 compared to 2017. This is not surprising considering the lack of inventory.

4th Quarter Sale Prices

County	2017	2018	\$ Change	% Change
Milwaukee	\$176,012	\$188,107	\$12,095	6.9%
Waukesha	\$321,224	\$330,716	\$9,494	3.0%
Washington	\$236,807	\$260,183	\$23,376	9.9%
Ozaukee	\$331,171	\$353,184	\$22,013	6.6%
4 County Area	\$266,304	\$283,048	\$16,744	6.3%
Racine	\$182,378	\$198,459	\$16,081	8.8%
Kenosha	\$193,745	\$211,148	\$17,403	9.0%
Walworth	\$290,331	\$306,812	\$16,481	5.7%
7 County Area	\$247,381	\$264,087	\$16,706	6.8%

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 4,000-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.

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