

## For Immediate Release

Contact: Mike Ruzicka

414.778.4929 or 414.870.1876

[mike@gmar.ws](mailto:mike@gmar.ws)



# 2019 Home Sales Up 0.3% December Up 16.7%

## Market Highlights

- Sales Up for 2019
- Strongest December of the Century
- Prices Up Throughout SE WI

January 15, 2020 – 2019 was an impressive year for the Metropolitan Milwaukee housing market. Finding enough listings to satisfy consumer demand was an enormous task for most REALTORS® last year. But the market was able to ‘get the ball over the goal line’ by 73-units, compared to 2018.

## December Sales

County	2018	2019	% Change
Milwaukee	706	809	14.6%
Waukesha	333	385	15.6%
Washington	117	161	37.6%
Ozaukee	86	94	9.3%
4 County Area	1,242	1,449	16.7%
Racine	171	216	26.3%
Kenosha	139	159	14.4%
Walworth	113	115	1.8%
7 County Area	1,665	1,939	16.5%

## 4<sup>th</sup> Quarter Sales (Jan 1 – Dec 31)

County	2018	2019	% Change
Milwaukee	11,793	11,682	-0.9%
Waukesha	5,890	6,035	2.5%
Washington	2,054	2,056	0.1%
Ozaukee	1,323	1,360	2.8%
4 County Area	21,060	21,133	0.3%
Racine	2,825	2,799	-0.9%
Kenosha	2,426	2,409	-0.7%
Walworth	1,869	1,889	1.1%
7 County Area	28,180	28,230	0.2%

A major reason for 2019’s success was the historic increase in sales in the 4<sup>th</sup> quarter. 4,837 units sold in the last quarter, far more than any 4<sup>th</sup> quarter this century.

December was particularly unique as well (with the most sales of any December since 2000), coming in 16.7% ahead of 2018. That 207-unit uptick was possible because of an increase in listings in the previous 90-days. September and October saw a 10.2% and 5.3% surge in listings, respectively, providing fuel for year-end buyers.

2019 was also remarkable because it was the fourth year in a row the Milwaukee market area topped 21,000 sales. The market has only been above 21,000 sales one other time this century, in 2005 (21,642 sales).

## Average Sale Prices

The average sale price in all 7 counties in SE Wisconsin was up in the 4<sup>th</sup> quarter of 2019 compared to 2018.

Considering the lack of inventory throughout the area, particularly for properties under \$300,000, this was not a surprising development.

#### 4<sup>th</sup> Quarter Sale Prices

County	2018	2019	\$ Change	% Change
Milwaukee	\$188,107	\$199,104	\$10,997	5.8%
Waukesha	\$330,716	\$354,507	\$23,789	7.2%
Washington	\$260,183	\$277,609	\$17,426	6.7%
Ozaukee	\$353,184	\$386,929	\$33,745	9.6%
4 County Area	\$283,048	\$304,537	\$21,490	7.6%
Racine	\$198,459	\$213,020	\$14,561	7.3%
Kenosha	\$211,148	\$230,732	\$19,584	9.3%
Walworth	\$306,812	\$308,705	\$1,893	0.6%
7 County Area	\$264,087	\$281,515	\$17,428	6.6%

Milwaukee County, accounting for 55% of metropolitan sales, and with an average sale price of \$199,104, saw a solid 5.8% gain in prices for the year.

Likewise, Waukesha County, with 29% market share, saw a 7.2% increase in home prices, bringing its average to \$354,507.

#### What's In Store for 2020

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

With the Federal Reserve looking into the future in an attempt to keep the current economic boom going, interest rates will most likely stay in the 3.5% to 4.5% range in 2020.

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 will be pushed up. We saw this in 2019, as multiple offers were submitted within hours of a 'move-in ready' property's listing. \$300,000 listings were ultimately selling for \$310,000, \$325,000 and even \$350,000 as the market tightened.

Like 2019, there will probably be fewer multiple offers in 2020 than the market saw in 2018. That will lessen the inflationary effect of multiple offers on desirable properties. Therefore, price increases will likely be limited to the mid-single digits, around 5%-6%. Unit sales for 2020 will probably be slightly below 2019, 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 2019. 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 and no longer felt the need to move.

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 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 Listings

County	2018	2019	% Change
Milwaukee	570	625	9.6%
Waukesha	234	227	-3.0%
Washington	82	94	14.6%
Ozaukee	41	73	78.0%
4 County Area	927	1,019	9.9%
Racine	134	132	-1.5%
Kenosha	182	105	-42.3%
Walworth	88	70	-20.5%
7 County Area	1,331	1,326	-0.4%

## 4<sup>th</sup> Quarter Listings (Jan 1 – Dec 31)

County	2018	2019	% Change
Milwaukee	14,949	14,922	-0.2%
Waukesha	7,419	7,462	0.6%
Washington	2,439	2,467	1.1%
Ozaukee	1,673	1,778	6.3%
4 County Area	26,480	26,629	0.6%
Racine	3,553	3,645	2.6%
Kenosha	3,120	3,114	-0.2%
Walworth	2,572	2,447	-4.9%
7 County Area	35,725	35,835	0.3%

## Listings

Listings were up by a surprising 9.9% in Southeastern Wisconsin in December. The 4-county area went up 92 units.

Since the beginning of 2016, a span of 48 months, only 19 months, or 40%, had an increase in homes listed for sale. While listings shrunk during that time, sales increased. Sales were up in 31 of the 48 months, or 65% of the time.

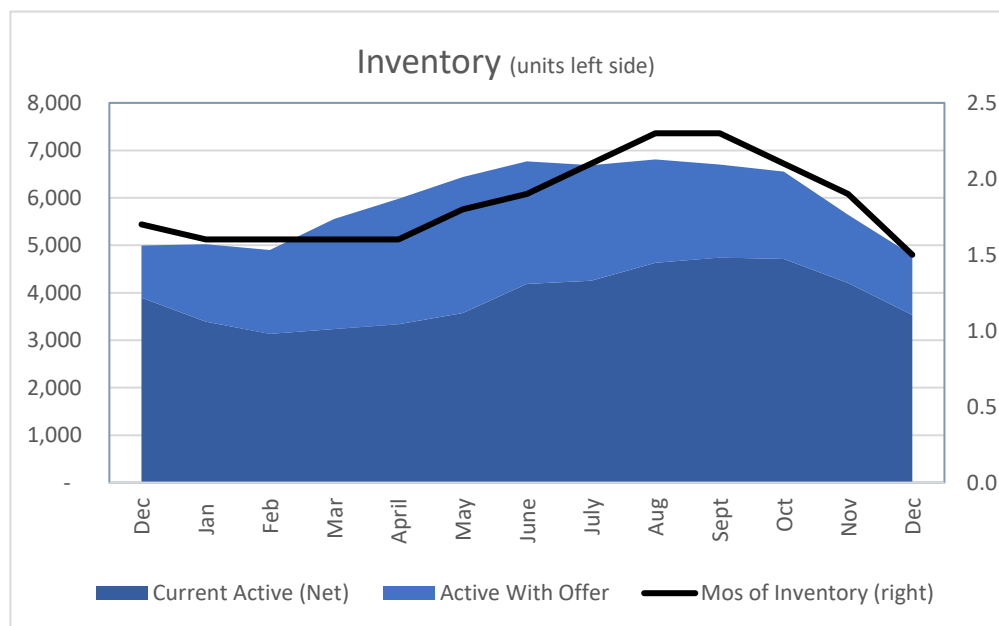
That dynamic explains why prices have been steadily increasing, and why buyers have had a hard time finding properties to choose from. The lack of new construction of single-family and condominium dwellings is a significant cause in the lack of available listings.

## 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 December was 2.8 months, down from November's 3.3 month level. For comparison, the seasonally adjusted level was 2.9 months in December 2018.

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 can 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 1,266 listings with an active offer from current listings presents an effective inventory

level of 1.5 months, down from November's 1.9. A year ago, the same calculation showed December's inventory level at 1.7 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 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 10<sup>th</sup> of each month; whereas quarters are a continuous tally to 12/31. For example, if a sale occurred on July 29<sup>th</sup>, but an agent does not record the sale until August 11<sup>th</sup>, 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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