

# HUD PD&R Housing Market Profiles

## Milwaukee-Waukesha-West Allis, Wisconsin



### Quick Facts About Milwaukee-Waukesha-West Allis

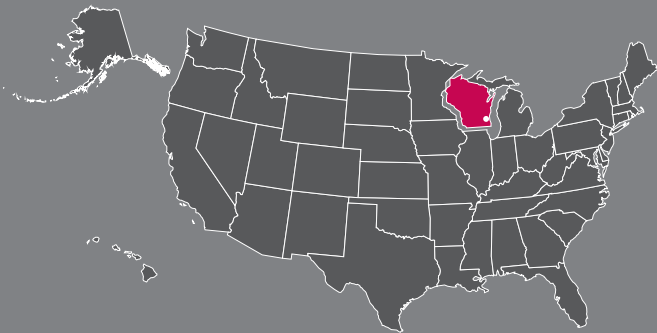
- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: tight.**
- **To accommodate demand from tourists and from business and convention travelers, two hotels with 586 total rooms recently opened or are under construction in the city of Milwaukee and are expected to create at least 300 jobs in the construction subsector and 300 jobs in the leisure and hospitality sector.**

As of September 1, 2013

### Overview

The Milwaukee-Waukesha-West Allis (hereafter, Milwaukee) metropolitan area, consisting of Milwaukee, Ozaukee, Washington, and Waukesha Counties, is the largest metropolitan area in Wisconsin. The city of Milwaukee is 90 miles north of Chicago, Illinois, on the western shore of Lake Michigan.

- As of September 1, 2013, the estimated population of the metropolitan area was 1.57 million, an increase of 4,950, or 0.3 percent, annually since April 1, 2010.
- Net out-migration from the metropolitan area has averaged 2,725 people annually since April 2010, more than the annual average of 2,275 people from 2006 through 2009.
- The city of Milwaukee, in Milwaukee County, is the largest city in Wisconsin, with a population of approximately 600,000, or 38 percent of the metropolitan area population.



Nonfarm payrolls in the Milwaukee area increased, led by the construction subsector and the professional and business services sector.

	3 Months Ending		Year-Over-Year Change	
	August 2012 (thousands)	August 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	826.8	835.8	9.0	1.1
Goods-producing sectors	146.5	148.7	2.2	1.5
Mining, logging, and construction	25.6	29.2	3.6	14.1
Manufacturing	120.9	119.4	-1.5	-1.2
Service-providing sectors	680.3	687.1	6.8	1.0
Wholesale and retail trade	112.9	115.0	2.1	1.9
Transportation and utilities	26.4	26.4	0.0	0.0
Information	14.9	14.9	0.0	0.0
Financial activities	55.1	55.6	0.5	0.9
Professional and business services	116.0	118.5	2.5	2.2
Education and health services	150.2	150.8	0.6	0.4
Leisure and hospitality	74.9	75.1	0.2	0.3
Other services	43.3	43.4	0.1	0.2
Government	86.7	87.5	0.8	0.9
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	7.9	7.4		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

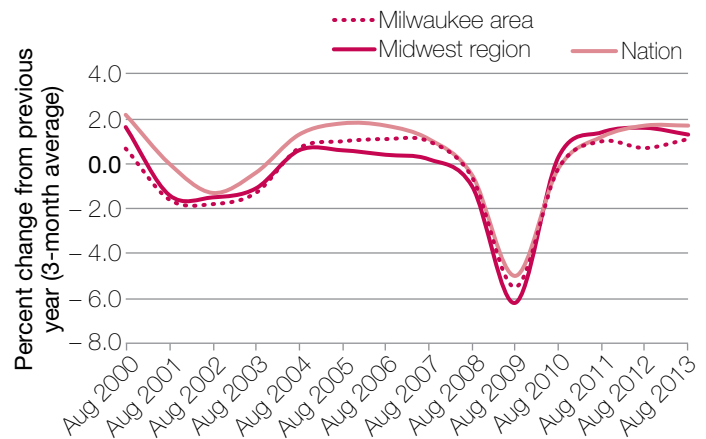
## Economic Conditions

Economic conditions in the Milwaukee metropolitan area have improved since 2011. Nonfarm payrolls increased during the past 2 years but remain 31,200 jobs, or 3.6 percent, less than the previous peak of 867,000 jobs recorded during the 3 months ending August 2007.

During the 3 months ending August 2013—

- Nonfarm payrolls averaged 835,800 jobs, an increase of 9,000 jobs, or 1.1 percent, compared with an increase of 5,900 jobs, or 0.7 percent, during the 3 months ending August 2012.
- The greatest gain occurred in the mining, logging, and construction sector, which increased by 3,600 jobs, or 14.1 percent, with all the net growth occurring in the construction subsector.
- The professional and business services sector also expanded significantly, increasing by 2,500 jobs, or 2.2 percent, because of payroll gains in the administrative and support and the waste management and remediation services industries.
- The unemployment rate averaged 7.4 percent, a decrease from 7.9 percent during the 3 months ending August 2012.

Nonfarm payrolls in the Milwaukee area have grown modestly since 2010 but remain less than the most recent peak.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

## Largest employers in the Milwaukee area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Aurora Health Care	Education and health services	24,450
Wheaton Franciscan Healthcare	Education and health services	11,150
Froedtert and Community Health	Education and health services	9,000

Note: Excludes local school districts.  
Source: *The Business Journal*



## Sales Market Conditions

Sales housing market conditions in the Milwaukee metropolitan area remain slightly soft, with a current estimated sales vacancy rate of 1.8 percent, a decrease from 1.9 percent in April 2010, but conditions are improving. Approximately 19,400 new and existing single-family homes, townhomes, and condominiums sold during the 12 months ending August 2013, an increase of 9.3 percent compared with the 17,750 homes sold during the 12 months ending September 2012 (Metrostudy, A Hanley Wood Company). By comparison, an average of 14,950 homes sold annually in 2010 and 2011. The average sales price for new and existing homes during the 12 months ending August 2013 was \$167,500, an increase of 2.6 percent from a year earlier. By comparison, home sales prices averaged \$177,500 from 2005 through 2008 before declining to

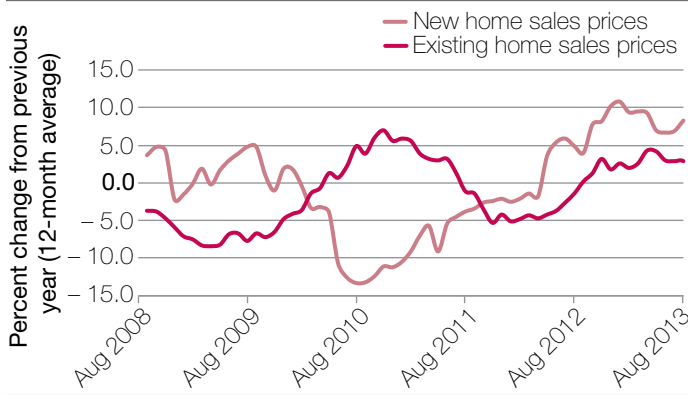
average \$165,700 from 2009 through 2012. The average time on the market for single-family homes, townhomes, and condominiums declined to 81 days in August 2013 compared with 96 days in August 2012 (Metro MLS).

During the 12 months ending August 2013—

- New home sales decreased 19 percent, to 510 homes sold, compared with the 630 homes sold during the previous 12 months; new home sales declined nearly 80 percent during the past 6 years.
- Existing home sales increased 10 percent, to 18,900 homes sold, compared with the number of homes sold during the previous 12-month period.

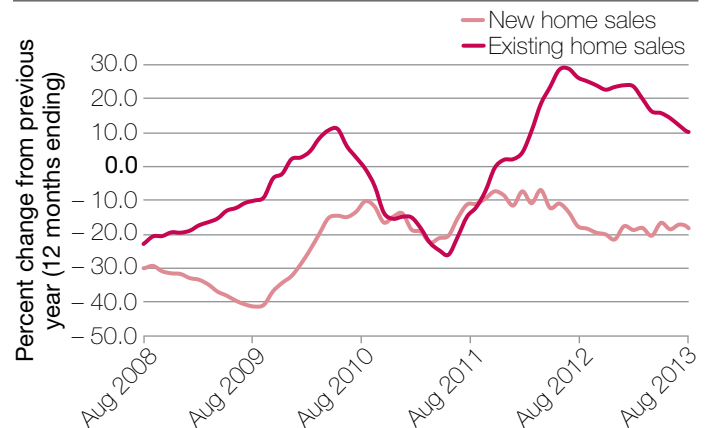
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### New home sales prices continued to increase at a faster rate than existing home sales prices in the Milwaukee area.



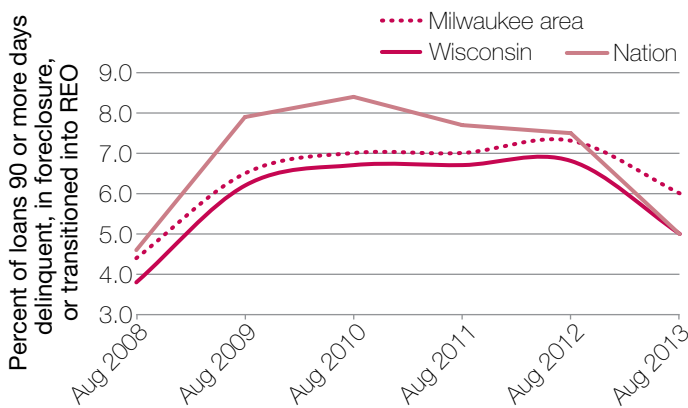
Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

### New home sales in the Milwaukee area continued to decline despite nearly 2 years of increases in existing home sales.



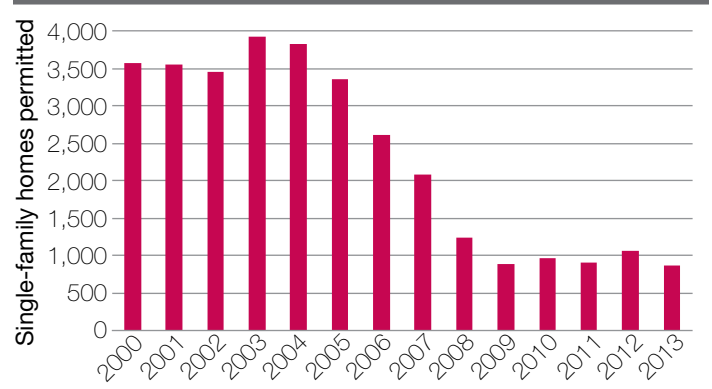
Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

### Distressed mortgages in the Milwaukee area continued to decline but remain much more than the state and national averages.



REO = Real Estate Owned. Source: LPS Applied Analytics

### Single-family building activity in the Milwaukee area has remained weak since 2008.



Note: Includes preliminary data from January 2013 through August 2013. Source: U.S. Census Bureau, Building Permits Survey



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- Sales of existing condominiums increased 24 percent, to 2,350 units sold, compared with the number of condominiums sold during the previous 12-month period.
- The average sales price for existing condominiums increased less than 1 percent, to \$163,300, compared with the average price of \$162,600 during the previous 12-month period.

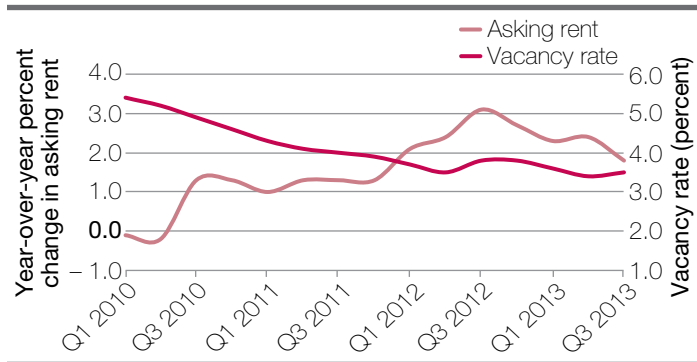
As of August 2013, 6.0 percent of the home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), a decrease from 7.3 percent in August 2012 (LPS Applied Analytics). The distressed mortgage rate for the metropolitan area remains more than the statewide average, however. During the same period, the share of distressed mortgages in Wisconsin declined from 6.8 to 5.4 percent. Despite the slightly soft sales market and the sluggish pace of new home sales, the level of new home construction increased in the Milwaukee metropolitan area.

## Apartment Market Conditions

Apartment market conditions in the Milwaukee metropolitan area are tight, a result of improved economic conditions since 2010 and the relatively low level of multifamily construction during the past 6 years.

- The apartment market is tight, with a vacancy rate of 3.5 percent during the third quarter of 2013 compared with the rates of 3.8 percent during the third quarter of 2012 and 4.0 percent during the third quarter of 2011 (Reis, Inc.).
- The average asking rent in the metropolitan area was \$890 during the third quarter of 2013, an increase of 2.0 percent from the third quarter of 2012.

Rent growth slowed and the vacancy rate remained largely unchanged during the most recent quarter in the Milwaukee area.



Source: Reis, Inc.

- Single-family home construction activity, as measured by the number of homes permitted, increased 37 percent during the 3 months ending August 2013 compared with the number permitted a year earlier, to 410 homes permitted (preliminary data).
- Single-family permitting averaged 3,625 homes annually from 2000 through 2005 before declining to average 1,975 homes annually from 2006 through 2008 and less than 1,000 homes annually from 2009 through 2012.
- Construction is currently under way at several new single-family subdivisions in the metropolitan area, including The Glen at Blackstone Creek in Germantown, Washington County, which opened in 2012 and includes 74 home sites with prices for custom homes ranging from \$280,000 to \$450,000. Approximately 40 percent of the available home sites have sold.
- Another subdivision currently under way is Quail Haven in Menomonee Falls, Waukesha County, which opened in 2012 and includes 60 home sites, of which 26 have sold. Prices for new homes range from \$125,900 to \$144,900.

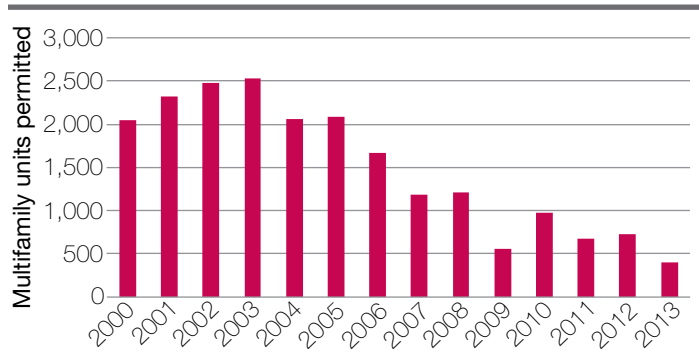
- Vacancy rates range from 1.7 and 1.8 percent in the Brookfield and Greenfield submarkets, respectively, to 4.4 and 5.3 percent in the downtown submarkets of City West and City East, respectively.

Multifamily construction activity, as measured by the number of units permitted, increased from a year ago as builders responded to the tight apartment market.

- Multifamily construction activity increased 55 percent during the 3-month period ending August 2013 compared with the number of units permitted a year earlier, to 200 units permitted (preliminary data).

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Multifamily building activity in the Milwaukee area has remained weak since 2009.



Note: Includes preliminary data from January 2013 through August 2013.

Source: U.S. Census Bureau, Building Permits Survey



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- Multifamily permitting averaged 2,250 units annually from 2000 through 2006 before declining to average 1,050 units annually from 2007 through 2012.
- From 2001 through 2007, condominiums and townhomes accounted for an estimated one-fifth of multifamily units permitted. Since 2008, by contrast, virtually all multifamily units permitted in the metropolitan area have been apartments.
- The North End Apartments, Phase II, a 155-unit development that opened in March 2013 in the Park East Corridor neighborhood in the city of Milwaukee, is currently 75 percent leased.

The asking rents average \$1,300 for studio units, \$1,475 for one-bedroom units, \$1,975 for two-bedroom units, and \$2,750 for three-bedroom units.

- Beaumont Place Apartments, currently under construction and expected to be complete in the late summer of 2014, is a 103-unit complex in Whitefish Bay, in suburban Milwaukee County. Asking rents are expected to average \$1,475 for one-bedroom units, \$1,800 for two-bedroom units, and \$2,875 for three-bedroom units.

