

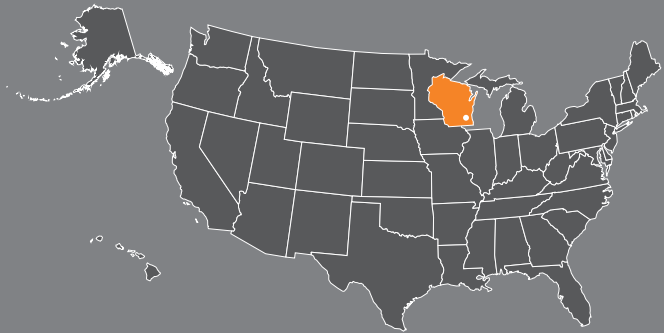
# HUD PD&R Housing Market Profiles

## Milwaukee-Waukesha-West Allis, Wisconsin



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

- **Current sales market conditions: slightly soft.**
- **Current rental market conditions: slightly soft.**
- **Milwaukee is home to Summerfest, the world's largest music festival, with 900,000 attendees each year and an economic impact of more than \$187 million in the city of Milwaukee and \$226 million statewide (Milwaukee World Festival, Inc., 2013).**



By Marissa Dolin | As of June 1, 2016

### Overview

The Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area (hereafter, Milwaukee metropolitan area) consists of Milwaukee, Ozaukee, Washington, and Waukesha Counties on the western shore of Lake Michigan. The metropolitan area is a center for manufacturing with specialties in the food and beverage, controls and automation, and medical device manufacturing industries. Also in the Milwaukee metropolitan area are corporate headquarters for Harley-Davidson Inc., Northwestern Mutual Life Insurance Company, and Kohl's Corporation (Milwaukee 7 Regional Economic Development Partnership) and a \$1.7 billion brewing industry that employs more than 7,000 people (Beer Institute).

- As of June 1, 2016, the estimated population of the Milwaukee metropolitan area is 1.58 million, an average increase of 3,500, or 0.2 percent, a year since 2010, down from the average annual increase of 5,525, or 0.4 percent, from 2000 to 2010. Improving economic conditions in other parts of the country have contributed to average net out-migration of 3,450 people each year since 2010.

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- Population growth was highest during the national recession, averaging an increase of 9,550 people, or 0.6 percent, annually from 2007 to 2009, including average net in-migration of 820 people a year.
- Milwaukee County, the central county in the metropolitan area, is home to approximately 60 percent of the metropolitan area's

population, but population growth is slower there than in the other counties because of net out-migration almost every year since 2000 to nearby metropolitan areas, including the Chicago and Madison metropolitan areas, which are adding jobs at a faster rate.

## Economic Conditions

Economic conditions in the Milwaukee metropolitan area have been improving since 2011, but payrolls have yet to return to the pre-recessionary high reached during 2007. The metropolitan area has added an average of 8,600 jobs, or a 1.0-percent increase, annually since 2011 but remains 2,100 jobs below the high of 857,300 during the 3 months ending May 2007.

During the 3 months ending May 2016—

- Nonfarm payrolls averaged 855,200 jobs, up 5,400 jobs, or 0.6 percent, compared with the number of jobs during the 3 months ending May 2015 compared with the 1.5-percent gain during the previous year. The current rate of job growth in the metropolitan area is also slower than the 1.4-percent rate for Wisconsin and the 1.8-percent rate for the nation.

- The wholesale and retail trade sector added the most jobs, expanding by 4,600 jobs, or 4.0 percent, to 120,600 compared with a 500-job, or 0.4-percent, loss during the previous year. Hiring in preparation for the store opening of a Fresh Thyme Farmers Market in early June 2016 in downtown Milwaukee added 100 jobs to the sector.
- The mining, logging, and construction sector added 1,000 jobs, a 3.6-percent increase from the same period a year ago. An elevated level of multifamily residential construction in downtown Milwaukee contributed to continued growth in the sector, which expanded by an average of 1,600 jobs, or 6.4 percent, a year from 2013 through 2015.

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### Five sectors grew and six sectors declined in the Milwaukee area during the 3 months ending May 2016, resulting in the slowest year-over-year growth since 2010.

	3 Months Ending		Year-Over-Year Change	
	May 2015 (thousands)	May 2016 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	849.8	855.2	5.4	0.6
Goods-producing sectors	148.4	148.8	0.4	0.3
Mining, logging, and construction	27.9	28.9	1.0	3.6
Manufacturing	120.4	120.0	-0.4	-0.3
Service-providing sectors	701.5	706.3	4.8	0.7
Wholesale and retail trade	116.0	120.6	4.6	4.0
Transportation and utilities	26.6	26.7	0.1	0.4
Information	14.2	13.8	-0.4	-2.8
Financial activities	51.9	49.4	-2.5	-4.8
Professional and business services	122.5	122.2	-0.3	-0.2
Education and health services	162.4	165.7	3.3	2.0
Leisure and hospitality	75.0	74.1	-0.9	-1.2
Other services	45.2	46.2	1.0	2.2
Government	87.7	87.6	-0.1	-0.1
	(percent)	(percent)		
Unemployment rate	5.1	4.6		

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



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- Six sectors in the Milwaukee metropolitan area lost jobs, including declines of 2,500 jobs, or 4.8 percent, in the financial activities sector and 400 jobs, or 0.3 percent, in the manufacturing sector. Layoffs of 135 employees at JPMorgan Chase & Company and 280 employees at Johnson Controls, Inc., accounted for some of the declines in the financial activities and manufacturing sectors, respectively.
- The unemployment rate declined to 4.6 percent, down from 5.1 percent during the 3 months ending May 2015 and well below a high of 9.4 percent during the same period in 2010.

The University of Wisconsin-Milwaukee School of Freshwater Sciences expanded in 2014, opening a \$53 million research facility on the Milwaukee Harbor, making it the largest freshwater research facility in North America. The number of jobs added was not announced. Employment at water-related businesses, mostly in the professional and business services and the manufacturing sectors, account for more than 20,000 jobs and 120 companies in the Milwaukee metropolitan area (Choose Milwaukee).

### Largest employers in the Milwaukee area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Aurora Health Care	Education and health services	24,500
Wheaton Franciscan Healthcare	Education and health services	11,275
Froedtert & the Medical College of Wisconsin	Education and health services	9,800

Note: Excludes local school districts.  
Source: *Milwaukee Business Journal*, July 2015

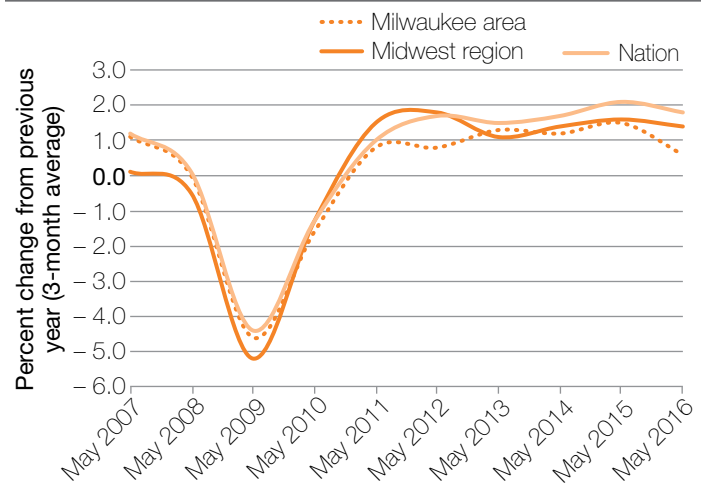
## Sales Market Conditions

The sales housing market in the Milwaukee metropolitan area is currently slightly soft, with an estimated sales vacancy rate of 1.8 percent, down from 1.9 percent in 2010. New home sales (including single-family homes, townhomes, and condominiums), which are concentrated in Waukesha and Washington Counties on the western side of the metropolitan area, declined during the 12 months ending April 2016, but the average sales price for new homes continued to rise slowly. Sales of existing homes have increased or remained steady each year since 2012. The average sales price for existing homes increased, continuing a trend that started in 2014, when the number of real estate owned (REO) sales started to decline. The percentage of home loans in the Milwaukee metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status was 2.7 percent in April 2016, down from 3.2 percent in April 2015 and well below a high of

6.2 percent in February 2010 (CoreLogic, Inc.) The current rate is below the 2.9-percent rate for the nation but above the 1.9-percent rate for Wisconsin.

During the 12 months ending April 2016—

**The Milwaukee area was affected more severely than the nation during the economic downturn in the late 2000s and has added jobs at a slower rate than the nation every year since 2010.**



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

6.2 percent in February 2010 (CoreLogic, Inc.) The current rate is below the 2.9-percent rate for the nation but above the 1.9-percent rate for Wisconsin.

During the 12 months ending April 2016—

- New home sales totaled 750, down 4 percent from 780 during the 12 months ending April 2015 and well below the average of 3,100 homes sold a year from 2003 through 2006 (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 22,500, up 4 percent from the 21,600 homes sold during the 12-month period ending April 2015. The increase occurred largely because of a 7-percent increase in regular resales, which totaled 19,650, but was dampened by a 21-percent decline in REO sales, which totaled 1,725. Regular resales were above the average of 13,500 homes sold annually from 2008 through 2012, whereas REO sales were down 36 percent from the average of 2,675 a year sold during the same period.

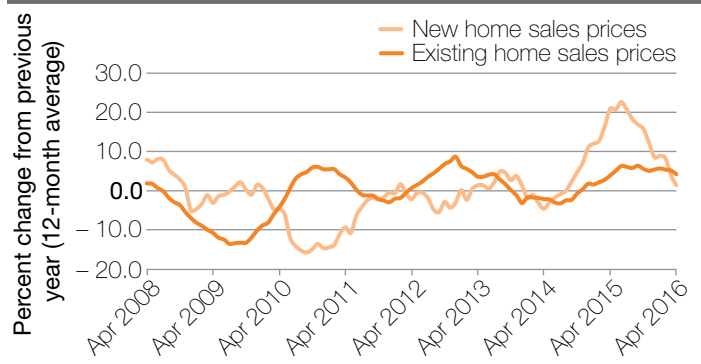
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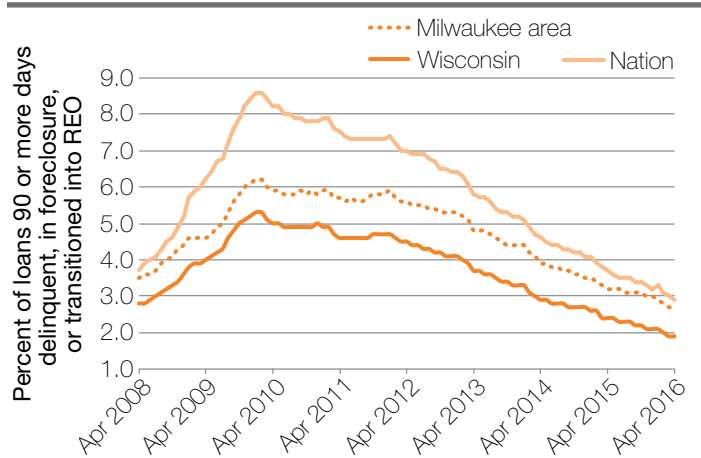
- The average sales price for new homes increased 1 percent, from \$265,500 to \$269,200, following a 21-percent increase during the previous 12 months. The average new home sales price remained 4 percent less than the peak of \$279,000 during 2007, however.
- The average sales price for existing homes was \$202,300, an increase of 4 percent compared with the average price of \$194,200 during the 12 months ending April 2015. The average sales price for existing homes increased an average of 3 percent a year from 2011 through 2015 but is 3 percent below the peak of \$207,800 in 2007.

**Existing home sales prices in the Milwaukee area have been increasing since late 2014, partially because of a decline in REO sales.**



REO = real estate owned.  
 Note: Includes single-family homes, townhomes, and condominiums.  
 Source: CoreLogic, Inc., with adjustments by the analyst

**The share of seriously delinquent loans and REO properties in the Milwaukee area peaked in early 2010 and has been below the national rate but above the Wisconsin rate since mid-2008.**



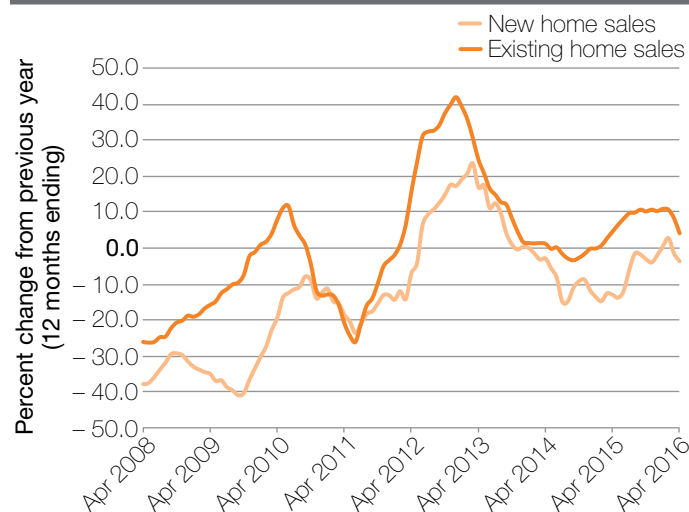
REO = real estate owned.  
 Source: CoreLogic, Inc.

Similar to job growth trends in the Milwaukee metropolitan area, single-family home construction, as measured by the number of single-family homes permitted, has increased or remained steady each year since 2010. Single-family permitting remains less than half of the levels during the early-to-mid 2000s, however.

- During the 12 months ending May 2015, a total of 1,500 single-family homes were permitted, up 18 percent from the 1,275 homes permitted during the previous 12 months (preliminary data).
- An average of 1,350 single-family homes were permitted each year from 2013 through 2015. By comparison, an average of 1,025 homes were permitted each year from 2008 through 2012, down from an average of 3,300 homes permitted each year from 2000 through 2007.

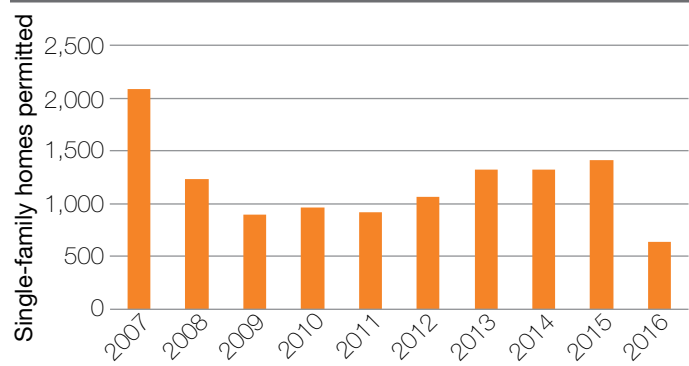
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**New home sales have decreased since 2014 despite continued job growth in the Milwaukee area.**



Note: Includes single-family homes, townhomes, and condominiums.  
 Source: CoreLogic, Inc., with adjustments by the analyst

**Single-family home construction in the Milwaukee area has increased or remained steady each year since 2012 but remained well below the levels of the early 2000s.**



Note: Includes preliminary data from January 2016 through May 2016.  
 Source: U.S. Census Bureau, Building Permits Survey



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- Recent new home construction is primarily in Waukesha and Washington Counties and in smaller subdivisions with less than 100 lots. Cranberry Creek in Jackson, Washington County, a 67-lot subdivision, is nearly complete with only 3 lots remaining and prices for three-bedroom single-family homes starting at

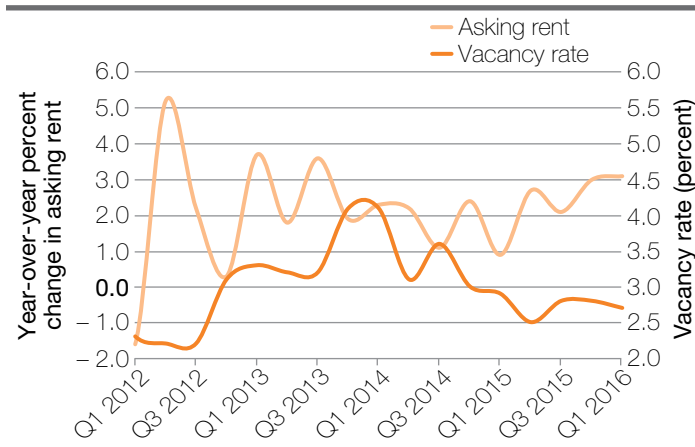
\$220,000. In Waukesha County, Timber View Estates, a 37-lot subdivision with 4 homes completed, offers three-bedroom single-family homes starting at \$314,900 and four-bedroom homes starting at \$329,900. Full completion of Timber View is expected in late 2017 or early 2018.

## Rental Market Conditions

The rental housing market in the Milwaukee metropolitan area is currently slightly soft, with an estimated vacancy rate for all rental units (including single-family homes, condominiums, manufactured homes, and apartment units) of 6.3 percent as of June 1, 2016, down from 7.8 percent in 2010. An increasing number of existing single-family homes and condominiums have been made available for rent and kept the overall rental market from becoming balanced. Rental household growth outpaced the construction of new apartments units in the late 2000s and early 2010s, however, resulting in an apartment market that is currently tight.

- From 2010 to 2014, single-family rental homes rose from 18 to 23 percent of all occupied rental units in the metropolitan area, increasing by an estimated 11,000 occupied rental units (American Community Survey 1-year data).

**The apartment vacancy rate in the Milwaukee area has remained at or below 4 percent since the second quarter of 2014 despite increased multifamily permitting.**



Source: MPF Research

- The apartment market has been tight in the Milwaukee metropolitan area since 2012, with the average apartment vacancy rate below 4 percent for 20 out of the past 22 quarters and average rents increasing each quarter since the second quarter of 2012.
- Despite the completion of more than 1,700 units during the past year, the average apartment vacancy rate continued to decline during the first quarter of 2016, averaging 2.7 percent, down from 2.9 percent a year earlier (MPF Research).
- Apartment vacancy rates range from a low of 1.6 percent in the MPF Research-defined Franklin-Oak Creek market area to 4.1 percent in the Downtown-Shorewood area.
- The average monthly apartment asking rent was \$977 in the Milwaukee metropolitan area during the first quarter of 2016, a 3.1-percent increase from the first quarter of 2015. The Downtown-Shorewood area, where much of the recent multifamily construction has occurred, had the highest average rent during the first quarter of 2016, at \$1,257, but that was down 0.7 percent from the previous year in response to a greater supply of newly completed apartments.

Since 2014, multifamily construction has been increasing because of tight apartment market conditions, following limited multifamily permitting from 2009 through 2013.

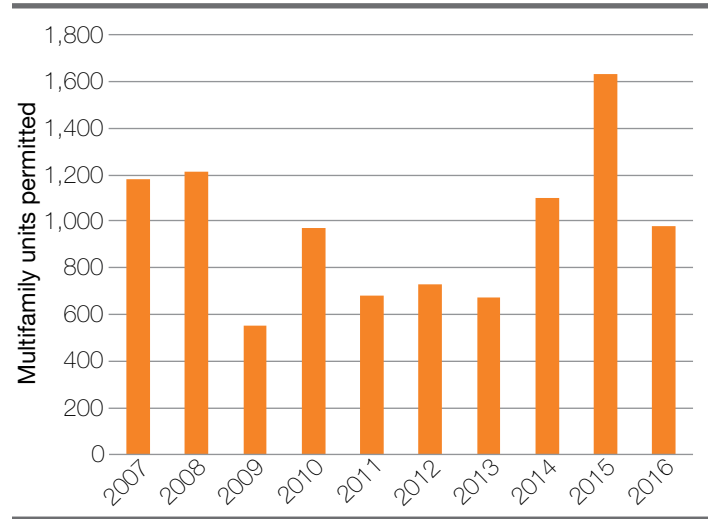
- During the 12 months ending May 2016, multifamily construction, as measured by the number of units permitted, totaled 2,100 units compared with the 1,075 units permitted during the previous 12-month period (preliminary data).
- During 2014 and 2015, multifamily construction averaged 1,375 units a year, up from an average of 720 units a year from 2009 through 2013 but well below the average of 2,175 units constructed annually from 2000 through 2006.

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- Multifamily development is concentrated in the Downtown-Shorewood area and Waukesha County, which each have had more than 550 apartments completed since the first quarter of 2015. The North End is a four-phase, 575-unit apartment project near downtown Milwaukee. The 168-unit third phase of the development, The Aperture, was completed in April 2016. Rents at The Aperture range from \$1,275 to \$1,375 for studio units, from \$1,525 to \$1,625 for one-bedroom units, and from \$1,995 to \$2,450 for two-bedroom units. The Junction at Whitestone Station, a seven-building, 318-unit apartment complex built on a former industrial site in Menominee Falls is expected to have five buildings open by October 2016. Rents will be \$1,020 for a studio unit and range from \$1,235 to \$1,320 for a one-bedroom unit, from \$1,610 to \$1,685 for a two-bedroom unit, and from \$1,850 to \$1,900 for a three-bedroom unit.

Multifamily permitting has increased in the Milwaukee area each year since 2013 and, during 2015, neared levels from the early 2000s.



Note: Includes preliminary data from January 2016 through May 2016.  
Source: U.S. Census Bureau, Building Permits Survey

