

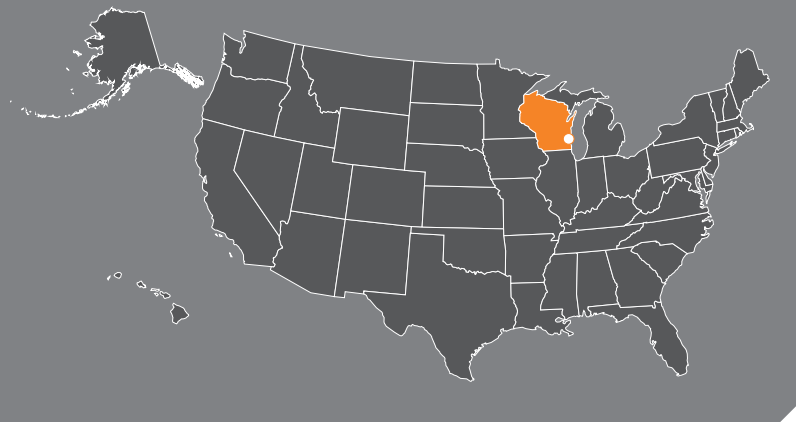
# HUD PD&R Housing Market Profiles

## Milwaukee-Waukesha, Wisconsin



### Quick Facts About Milwaukee

- Current sales market conditions: slightly tight
- Current apartment market conditions: slightly tight
- Summerfest, an annual music festival with an economic impact of more than \$186 million, had a 40-percent increase in attendance in 2023 compared with 2022, and attendance was up 6 percent from the most recent pre-pandemic festival in 2019.



Milwaukee, Wisconsin

By Marissa Dolin | As of July 1, 2023

### Overview

The Milwaukee-Waukesha, WI metropolitan area (hereafter, Milwaukee) includes Milwaukee County, which is the central county, and the three suburban counties of Ozaukee, Washington, and Waukesha. The area is coterminous with the Milwaukee-Waukesha Metropolitan Statistical Area. It is the largest metropolitan area in Wisconsin and is home to approximately one-fourth of the population in the state. During the 19th and 20th centuries, the manufacturing sector, which had developed in the area because of easy access to Lake Michigan, was a major draw for residents. The education and health services sector has been the largest sector in the area since 2006. During the past year, home sales declined from a year earlier, but the inventory of homes for sale is at a historic low, maintaining upward pressure on home sales prices. From the second quarter of 2022 to the second quarter of 2023, rent growth slowed from the fastest increase in two decades, and the vacancy rate increased from a two-decade low.

- The current population is estimated at 1.56 million, down by an average of 7,300, or 0.5 percent, annually from 2020 to 2022. The population is estimated to have continued

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to decline since 2022. Net natural change averaged 1,250 people annually from 2020 to 2022 but was offset by net out-migration.

- The population increased by an average of 2,625 annually from 2020 to 2022 in the suburban counties of Ozaukee, Washington, and Waukesha, supported by net in-migration.

The population declined by an average of 9,925 annually in Milwaukee County, primarily because of net out-migration.

- The number of households increased by an average of 2,900, or 0.5 percent, annually from 2010 to 2020 and is estimated to have continued to increase since 2020 despite population decline.

## Economic Conditions

The economy in the Milwaukee metropolitan area is recovering from jobs lost during the early 2020 recession. From the second quarter of 2022 to the second quarter of 2023, job growth slowed after 2 years of large year-over-year gains. Payrolls increased during the past year by 4,700 jobs, or 0.6 percent, slower than the gains of 57,600 jobs, or 7.4 percent, and 19,900 jobs, or 2.4 percent, as of the second quarters of 2021 and 2022. The increase during the past year is similar to the average year-over-year gain of 4,800 jobs, or 0.6 percent, annually from the second quarters of 2016 to 2019. Payrolls averaged 858,200 jobs during the second quarter of 2023, which is 19,900 jobs, or 2.3 percent, fewer than during the second quarter of 2019, the most recent comparable quarter before the COVID-19 pandemic. By comparison, payrolls in the Great Lakes region and the nation have fully recovered from the 2020 recession and are 0.4 percent and 3.4 percent, respectively, above prepandemic levels for the second quarter.

As of the second quarter of 2023—

- The government sector had the largest gain in jobs, up by 2,500, or 3.1 percent, from the second quarter of

2022. Nearly all jobs added were in the local government subsector, which increased by 2,100 jobs, or 3.4 percent.

- Payrolls in four sectors declined, with the largest decrease in the professional and business services sector, which was down by 4,900 jobs, or 4.0 percent. Losses in that sector were primarily in the administrative, support, waste management, and employment services industries.
- Payrolls in two sectors have fully recovered from the 2020 recession. The manufacturing sector was 2,100 jobs, or 6.2 percent, above the level during the same quarter in 2019. The transportation and utilities sector was 3,700 jobs, or 12.5 percent, higher than the prepandemic level, but the sector payrolls declined during the most recent quarter by 300 jobs, or 0.9 percent, from a year earlier, partially because consumers have shifted their spending from goods, including those purchased online, to services.
- The unemployment rate declined to 3.1 percent, down from 3.3 percent a year ago and well below the pandemic-era high of 12.0 percent during the second quarter of 2020.

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Seven of the 11 nonfarm payroll sectors added jobs during the second quarter of 2023 in the Milwaukee metropolitan area.

	Second Quarter		Year-Over-Year Change	
	2022 (Thousands)	2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	853.5	858.2	4.7	0.6
Goods-Producing Sectors	149.6	151.3	1.7	1.1
Mining, Logging, & Construction	35.4	35.9	0.5	1.4
Manufacturing	114.3	115.5	1.2	1.0
Service-Providing Sectors	703.9	706.9	3.0	0.4
Wholesale & Retail Trade	113.0	114.9	1.9	1.7
Transportation & Utilities	33.5	33.2	-0.3	-0.9
Information	12.5	12.0	-0.5	-4.0
Financial Activities	50.4	50.0	-0.4	-0.8
Professional & Business Services	123.5	118.6	-4.9	-4.0
Education & Health Services	169.5	171.0	1.5	0.9
Leisure & Hospitality	77.8	79.8	2.0	2.6
Other Services	43.6	44.8	1.2	2.8
Government	80.0	82.5	2.5	3.1
<b>Unemployment Rate</b>	3.3%	3.1%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

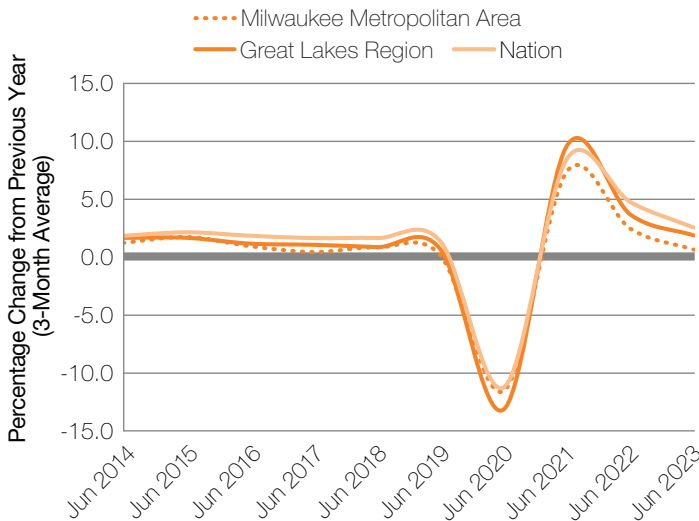


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Resident employment increased by 7,100, or 0.9 percent, and the labor force increased by 8,700, or 1.1 percent, during the second quarter of 2023.

The manufacturing sector is a core component of the economy in the Milwaukee metropolitan area. The sector is the fourth

**Job growth in the Milwaukee metropolitan area has been slower than in the Great Lakes region and the nation during the past 3 years.**



Source: U.S. Bureau of Labor Statistics

largest by number of jobs. The area ranks second highest among major metropolitan areas in the nation in the percentage of its workforce in manufacturing (Metropolitan Milwaukee Association of Commerce). It has more than 2,350 manufacturing companies (Quarterly Census of Employment and Wages). Large manufacturers include Harley-Davidson, Inc., Milwaukee Tool, Rockwell Automation, and Johnson Controls. Recent manufacturing expansions include an additional production line for Ingeteam to make electric vehicle battery chargers and a new \$100 million plant and offices for ABB, an automation company. Each expansion is expected to add up to 100 jobs. Some manufacturers also hire through staffing agencies, so employment levels can quickly adjust to meet production needs. These temporary jobs with manufacturers are often included in the professional and business services sector.

## Largest Employers in the Milwaukee Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Advocate Aurora Health, Inc.	Education & Health Services	28,500
Froedtert Health, Inc.	Education & Health Services	13,500
Ascension Health Alliance	Education & Health Services	10,600

Note: Excludes all government employers.

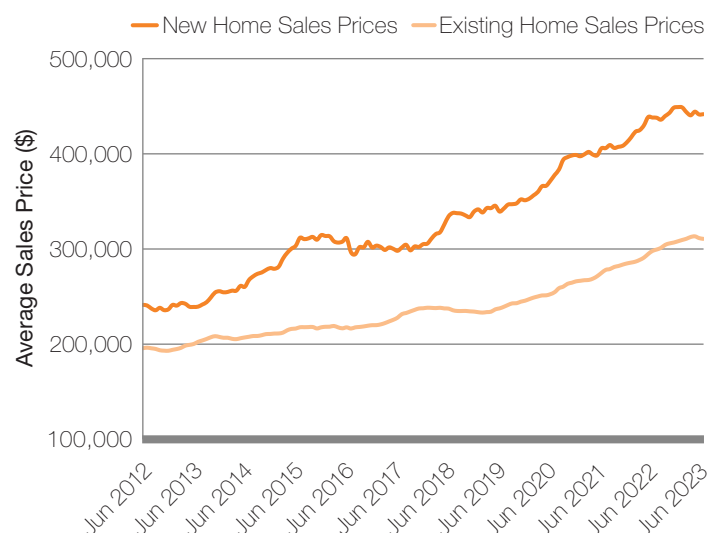
Sources: 2020 Metropolitan Milwaukee Association of Commerce Business Resource Guide; *The Business Journal*, August 16, 2019

## Sales Market Conditions

The home sales market in the Milwaukee metropolitan area is currently slightly tight, but the market has eased from tighter conditions during the previous 2 years. The inventory of homes for sale is at the lowest level in more than a decade, with 1.7 months of inventory in June 2023, down from 1.8 months a year earlier; the inventory has been below 3.0 months each June since 2017 (Redfin, a national real estate brokerage). The average home sales price, including new and existing homes, increased 4 percent during the 12 months ending June 2023 to \$312,900, slowing from a 9-percent average annual increase during the two previous 12-month periods (Zonda). Home sales declined 25 percent, down sharply from a 2-percent decline during the previous 12-month period and a reversal from the 19-percent increase during the 12 months ending June 2021.

The increase in mortgage interest rates during the past year has contributed to the steep decline in home sales and the low inventory of homes for sale. The interest rate for a 30-year fixed-rate mortgage averaged 6.3 percent, 3.7 percent, and 2.9 percent during the 12-month periods ending June 2023, June 2022, and June 2021, respectively (Freddie Mac). The higher interest rates have led to an increase in monthly payments on

**During the 12 months ending June 2023, the average new and existing home sales prices in the Milwaukee metropolitan area increased at a slower rate compared with the previous 12 months.**



Note: Prices are for single-family homes, townhomes, and condominiums.

Source: Zonda

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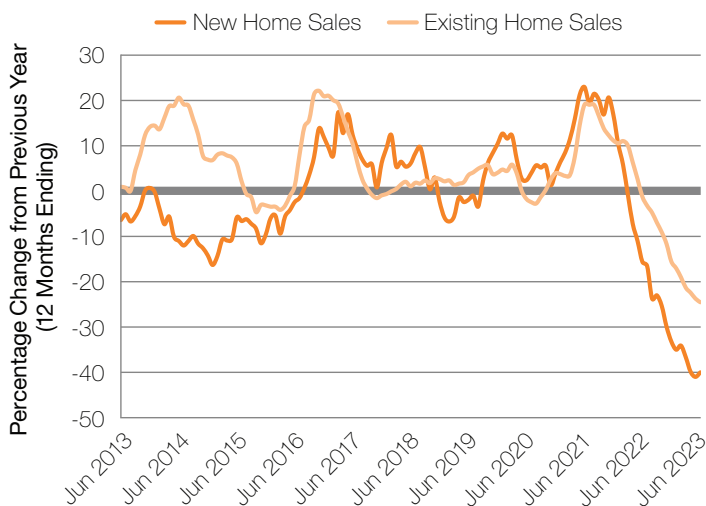


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new mortgages. Many existing homeowners refinanced their homes when interest rates were lower, disincentivizing households with low rates from moving. The high mortgage interest rate also reduced affordability of homeownership. During the second quarter of 2023, a household earning the median family income for the metropolitan area could afford 61 percent of the homes sold in the area, down from 67 percent 1 year earlier and 76 percent 2 years earlier (NAHB Housing Opportunity Index).

- New home sales decreased 40 percent to 460 homes sold during the 12 months ending June 2023, a faster rate of decline compared with existing home sales, which fell 25 percent to 20,500 during the same period. New home sales accounted for 2 percent of total home sales during the most recent 12 months, down from 3 percent of sales during the previous 24 months.
- The average existing home price increased 4 percent to \$310,400 during the 12 months ending June 2023, a faster rate of increase compared with the average new home price, which rose 1 percent to \$441,300 during the same period.
- By county, the average home sales price, including new and existing homes, was lowest in Milwaukee County, at \$241,400, and the highest price was in Washington County, at \$445,700, during the 12 months ending June 2023. Price growth in all four counties was similar to the average for the metropolitan area. Sales declined in all four counties, ranging from a 23-percent decline in Waukesha County to a 27-percent decrease in Washington County.
- The rate of home loans that were seriously delinquent or had transitioned into real estate owned (REO) status was

**New and existing home sales have been declining since mid-2022 in the Milwaukee metropolitan area.**



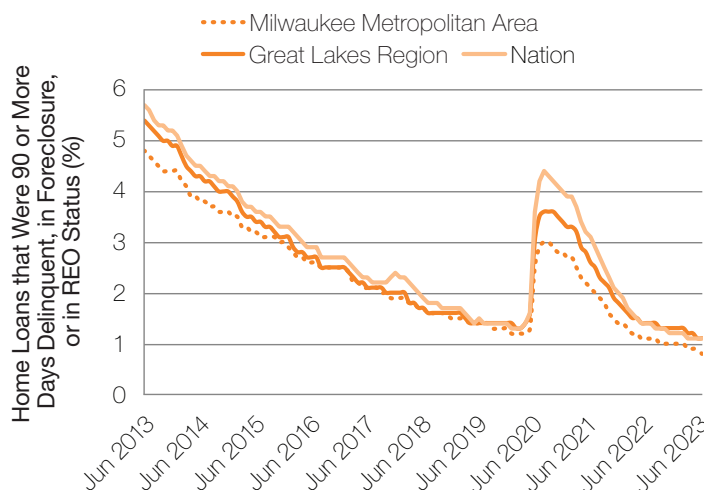
Note: Sales are for single-family homes, townhomes, and condominiums.  
Source: Zonda

0.8 percent in June 2023, down from 1.1 percent a year earlier and below the recent high of 3.0 percent in August 2020 (CoreLogic, Inc.). The current rate in the Milwaukee metropolitan area is below the rates for the Great Lakes region and the nation, which are both 1.1 percent.

In response to declining home sales, single-family construction, as measured by the number of homes permitted, fell during the most recent 12 months compared with the previous 12 months.

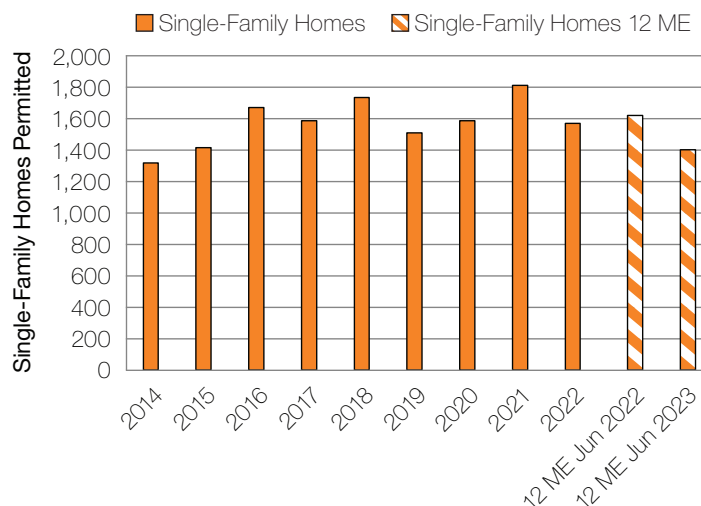
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**The rate of seriously delinquent mortgages in the Milwaukee metropolitan area has been lower than the rates in the Great Lakes region and the nation since 2020.**



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

**Single-family home construction in the Milwaukee metropolitan area has moderated during the 12 months ending June 2023 compared with the previous 12 months.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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- Single-family permitting moderated to 1,400 homes during the 12 months ending June 2023, down from 1,625 homes permitted a year earlier (preliminary data). By comparison, permitting averaged 1,625 from 2016 through 2019, before the pandemic, and 1,650 from 2020 through 2022, when home sales were higher.
- In the suburban counties of Waukesha, Washington, and Ozaukee, permitting declined, down by a total of 240 homes to 1,250 homes during the 12 months ending June 2023. The reduction was partially offset by an increase of 25 homes in Milwaukee County to 150 homes permitted during the same period.

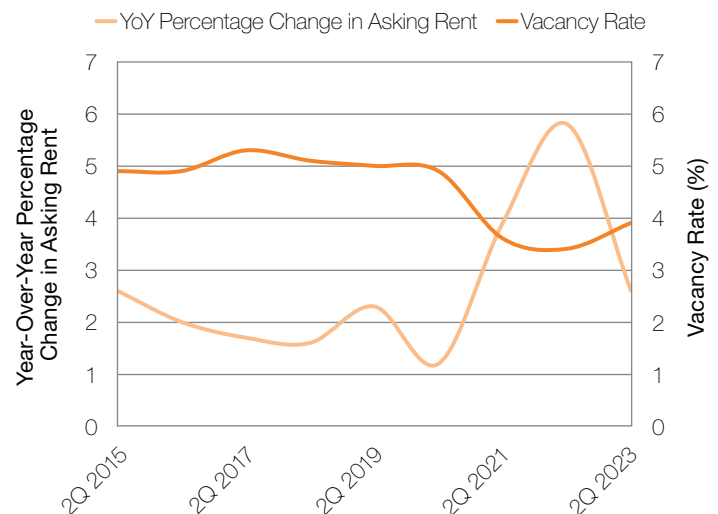
- The largest share of single-family permitting was in Waukesha County, with about one-half of the homes permitted during the most recent 12 months. Examples of new construction subdivisions in the county are Cardinal Meadow, a 24-home single-family subdivision, and The Reserve at Parkway Ridge, a 54-home subdivision with duplex and four-plex homes. A three-bedroom home in Cardinal Meadow is listed for sale at \$675,000, and a two-bedroom home in The Reserve at Parkway Ridge is listed for sale at \$580,000.

## Apartment Market Conditions

Apartment market conditions in the Milwaukee metropolitan area are slightly tight but have eased from tighter conditions a year ago. A steep reduction in the number of units absorbed and a relatively high number of apartment completions that exceeded the number of units absorbed contributed to easing conditions during the past year. During the 12 months ending June 2023, absorption totaled 1,875 units, down 42 percent from the previous 12 months (CoStar Group). The number of units completed moderated slightly, down 7 percent to 2,725 units. A slowdown in economic recovery is expected to have contributed to the slower absorption. Rising interest rates, which also affect construction loans, contributed to fewer units built.

- The average rent increased 3 percent year-over-year to \$1,292 during the second quarter of 2023, slower than the 6-percent increase during the previous year. The most recent increase is slightly faster than the 2-percent average annual increase from the second quarters of 2015 to 2019.
- The vacancy rate, including units in lease up, was 3.9 percent during the second quarter of 2023, up from a two-decade low of 3.4 percent a year earlier. The current rate is below the rate during the second quarters of 2015 to 2019, when the rate ranged from 4.9 to 5.3 percent.
- Among the 16 CoStar Group-defined market areas, year-over-year rent growth was fastest in the Brown Deer and Outlying Waukesha County areas, up 7 and 6 percent, respectively, during the second quarter of 2023, and slowest in the Central Milwaukee, Downtown Milwaukee, and Southern Ozaukee County areas, each up 1 percent. Vacancy rates, including units in lease up, increased in 13 of the 16 areas.
- The number of apartment units completed exceeded units absorbed in 11 of the 16 market areas during the most

During the second quarter of 2023, rent growth moderated, and the vacancy rate rose from a record low a year ago in the Milwaukee metropolitan area.



2Q = second quarter. YoY = year-over-year.  
Source: CoStar Group

recent 12 months. Absorption was highest in the Eastern Waukesha County and Downtown Milwaukee market areas, with 360 and 340 units absorbed, respectively, but there were 520 and 420 units completed in the areas, respectively, contributing to increased vacancy rates in both areas.

In response to slowing absorption, slower job growth, and rising interest rates, multifamily construction, as measured by the number of units permitted, declined compared with a year earlier.

- Multifamily construction fell to 1,150 units permitted during the 12 months ending June 2023, down from 1,400 units permitted during the previous 12 months (preliminary data).

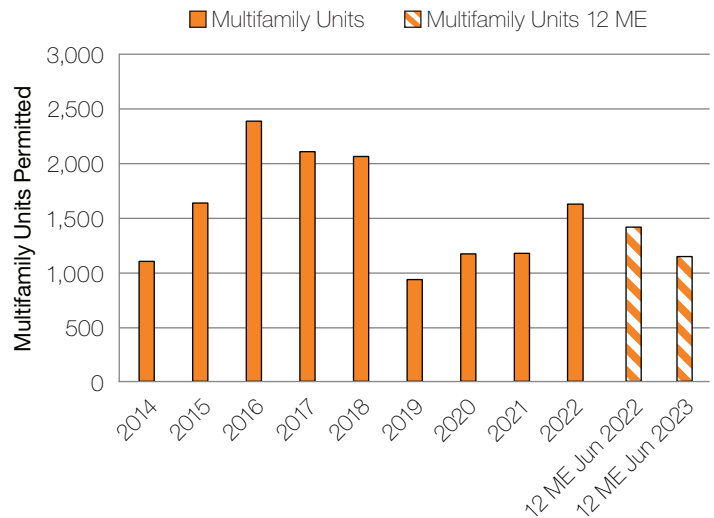
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Permitting averaged 1,325 units annually from 2020 through 2022 and 1,825 units annually from 2015 through 2019.

- Multifamily permitting increased in Milwaukee County, up by 140 units to 630 units permitted during the 12 months ending June 2023, but permitting declined in the three suburban counties, down by 410 to 510 units permitted.
- In the city of Milwaukee, converting older, existing buildings into apartments is a common construction technique. One example is the Streetcar Flats, a 75-unit building in downtown Milwaukee, initially built in the 1920s as the Underwriters Exchange Building and reopened earlier in 2023. Average rents range from \$1,168 for a studio to \$3,667 for a three-bedroom unit.
- Most of the permitting in the suburban counties is concentrated in Waukesha County. An example of a recently built apartment in the county is the 116-unit BridgeWalk Apartments in the downtown neighborhood of the city of Waukesha. Average rents range from \$1,045 for a studio to \$2,394 for a three-bedroom unit.

**Multifamily home construction in the Milwaukee metropolitan area has moderated during the 12 months ending June 2023, compared with the previous 12 months.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Include regular resales and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Regular Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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