

Housing Market Profile

Midwest • HUD Region V



Milwaukee-Waukesha-West Allis, Wisconsin

The Milwaukee-Waukesha-West Allis metropolitan area, which consists of Milwaukee, Ozaukee, Washington, and Waukesha Counties, is the largest metropolitan area in the state, accounting for approximately 28 percent of the total population in Wisconsin. The principal city of Milwaukee is located 80 miles east of Madison, the state capital, and 90 miles north of Chicago, Illinois. As of January 1, 2011, the metropolitan area had an estimated population of approximately 1.57 million, an increase of 8,900, or 0.4 percent, at an annualized rate from the July 1, 2009, U.S. Census Bureau estimate. Since 2000, the population has grown at a similar rate, with net natural change (resident births minus resident deaths) accounting for all of the population increase.

Economic conditions in the Milwaukee-Waukesha-West Allis metropolitan area remained weak in 2010 since first declining in August 2008. During the 12 months ending November 2010, nonfarm payrolls averaged 795,000 jobs, a decrease of 19,100 jobs, or 2.3 percent, compared with a decrease of 40,000 jobs, or 4.7 percent, during the 12 months ending November 2009. The largest declines were in the trade, manufacturing, and professional and business services sectors, which lost 5,800, 5,600, and 4,300 jobs, or 5.1, 4.8, and 4.1 percent, respectively. Partially offsetting these losses were gains in three sectors: education and health services, leisure and hospitality, and government. The education and health services sector added 2,200 jobs, or 1.5 percent, because of the completion of two new hospitals in Waukesha County. Aurora Medical Center in Summit opened in March 2010 and Aurora Medical Center in Grafton opened in November 2010, adding 800 and 600 jobs, respectively. In addition, in October 2010, Columbia St. Mary's Hospital opened a new \$417 million hospital in Milwaukee; job gains were nominal because it closed two hospitals. During the 12 months ending November 2010, the leisure and hospitality sector added 2,100 jobs, an increase of 3 percent. Government employment increased by 1,200 jobs, or 1.3 percent, due primarily to hiring in local government. The average unemployment rate increased to 8.6 percent during the 12 months ending November 2010 compared with 8.4 percent during the previous 12 months.

The sales housing market in the Milwaukee-Waukesha-West Allis metropolitan area is currently soft due to the weak economy. According to the Greater Milwaukee Association of REALTORS® (GMAR®), during 2010, the number of new and existing homes sold declined 13 percent to 11,500 compared with 13,250 new and existing homes sold in 2009. During 2010, the average number of days a home remained on the market was relatively unchanged at 106, but the average unsold inventory increased from a 9-month supply to an 11-month supply. The median sales price of new and existing homes in the metropolitan area increased about 1 percent, from \$173,600 to \$176,000. Local REALTORS® reported higher levels of home sales in the city of Milwaukee and the inner ring suburbs bordering the city of Milwaukee compared with the rest of the metropolitan area because of the relatively affordable home prices. According to the GMAR®, in 2010, in Milwaukee County, the median sales price of a home was \$136,500, or 5 percent lower than median prices in 2009. According to data from Lender Processing Services Mortgage Performance Data, as of November 2010, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the Milwaukee-Waukesha-West Allis metropolitan area was 7 percent, down from 7.3 percent in November 2009.

In the past year, builders have increased the volume of single-family home construction, as measured by the number of building permits issued. For the 12 months ending November 2010, according to preliminary data, the number of single-family homes permitted increased 11 percent from 880 to 980 compared with the number permitted during the previous 12 months. The current level of single-family construction activity is down from an average of 2,350 units permitted annually between 2006 and 2007 and well below the 3,625 units permitted annually between 2000 and 2005.

Multifamily housing construction, as measured by the number of units permitted, has also increased. During the 12 months ending November 2010, the number of multifamily units permitted rose by 50 percent, from 525 to 1,025, with about one-half to be constructed in Milwaukee County and the remainder in Waukesha County. Multifamily construction activity is down from an average of 1,425 units permitted between 2006 and 2007 and well below the 2,250 units permitted annually between 2000 and 2005.

The Milwaukee-Waukesha-West Allis metropolitan area rental housing market is currently balanced.



As of the third quarter of 2010, according to Reis, Inc., the apartment vacancy rate remained flat at 5 percent compared with rates in the third quarter of 2009; in addition, the average market rate rent increased by more than 1 percent to \$795. Recently completed properties in Milwaukee include Corcoran Lofts, a 76-unit loft community, with rents averaging about \$1,025 for a studio, \$1,500 for a one-bedroom unit, and \$1,925 for a two-bedroom unit. Currently under

construction and scheduled for completion in 2013, the 203-unit Moderne Apartments development has rents ranging between \$1,400 and \$4,600 for one-, two-, and three-bedroom units. In November 2010, the City of Oconomowoc gave final approval for Meadows at Prairie Creek, a \$25 million mixed-income, 352-unit development, which will set aside 20 percent of the units for households earning 60 percent of the Area Median Income.