



# SUMMIT

## — SERIES —



# Market Insights

Mark Eppli, Ph.D.

Graaskamp Center for Real Estate

Wisconsin School of Business, University of Wisconsin



## The Wisconsin REALTORS Association Summit Series

### **2025 Wisconsin Real Estate Forecast**

Mark J. Eppli, Ph.D.

Graaskamp Center for Real Estate

Wisconsin School of Business, University of Wisconsin

May 7, 2025

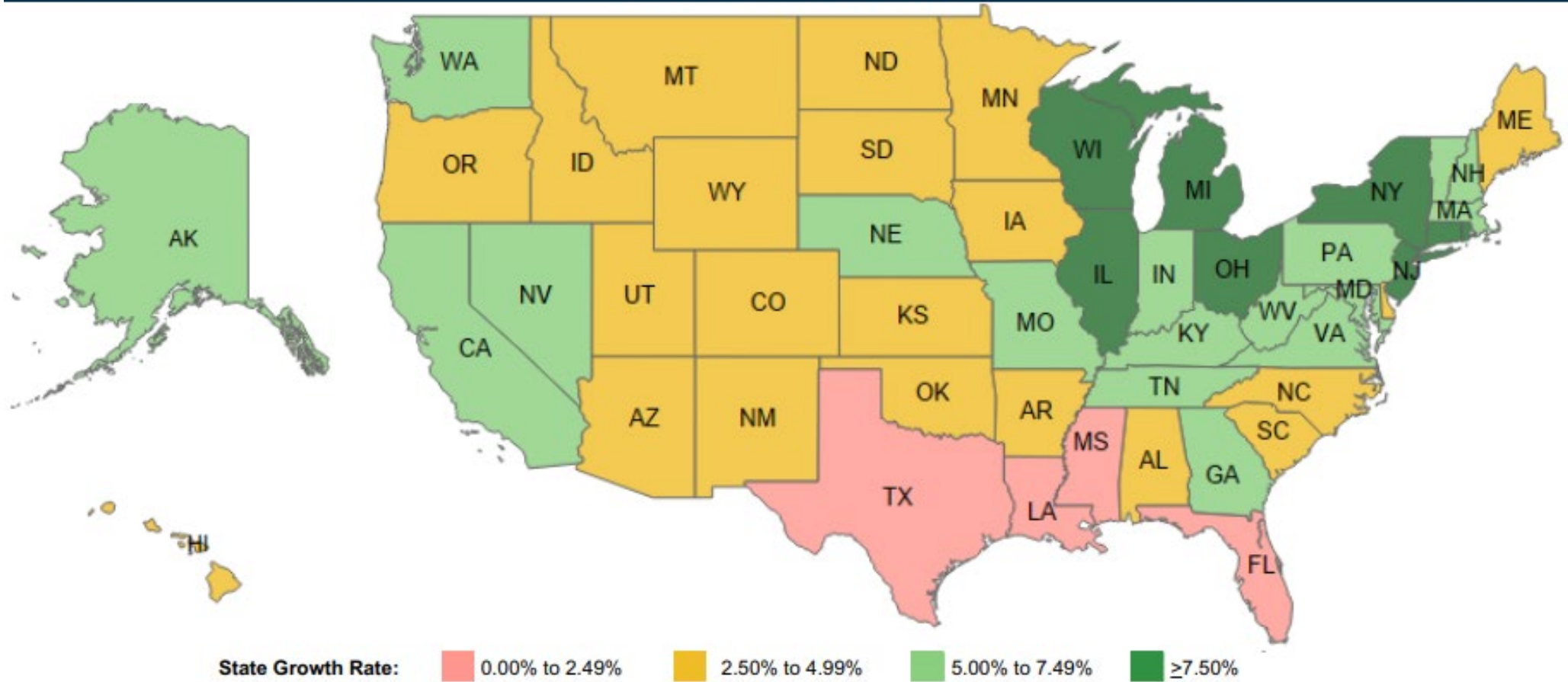
# 2025 Wisconsin Real Estate Forecast

- I. Single-family Housing Market
  - A. Sales Prices
  - B. Transaction Volume and Inventory
- II. The Macroeconomy
  - A. GDP and Employment
  - B. Interest Rates and Inflation
- III. March and April Data is Ancient
  - A. Consumer and Business Surveys
  - B. Political and Housing Leadership Thoughts

# Single-Family Housing Market

# Midwest house price appreciation leads the U.S. . . .

One Year Home Price Growth Rate Q1 2025<sup>(8)</sup>  
United States 5.2%

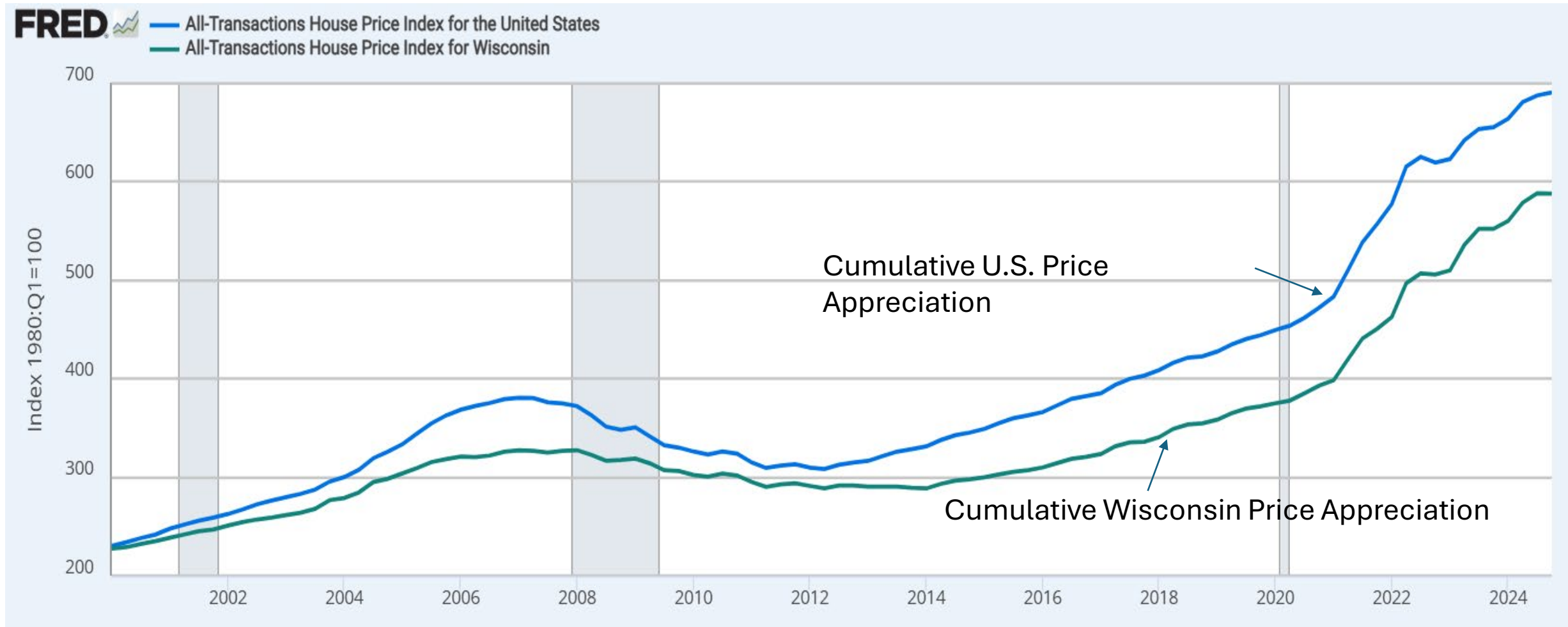


. . . . Wisconsin price appreciation is solid, however regions vary widely . . . .

Wisconsin and Wisconsin Regional Median House Prices (March Y-O-Y)

| Year                    | Wisconsin | Central | North   | Northeast | South Central | Southeast | West    |
|-------------------------|-----------|---------|---------|-----------|---------------|-----------|---------|
| 2015                    | 148,000   | 107,500 | 119,000 | 126,800   | 180,000       | 156,000   | 149,900 |
| 2016                    | 155,000   | 128,000 | 128,250 | 130,000   | 185,000       | 163,050   | 152,900 |
| 2017                    | 163,000   | 125,000 | 138,950 | 137,200   | 198,750       | 172,000   | 169,950 |
| 2018                    | 174,500   | 132,900 | 133,000 | 145,000   | 220,000       | 185,000   | 173,500 |
| 2019                    | 185,000   | 150,000 | 150,000 | 155,950   | 229,900       | 197,950   | 185,000 |
| 2020                    | 209,000   | 150,000 | 155,000 | 178,800   | 242,700       | 229,900   | 200,000 |
| 2021                    | 230,000   | 179,900 | 185,000 | 204,660   | 285,000       | 236,000   | 219,950 |
| 2022                    | 255,000   | 187,500 | 221,000 | 220,500   | 317,000       | 254,000   | 265,500 |
| 2023                    | 272,500   | 205,000 | 221,000 | 250,000   | 325,000       | 275,000   | 280,000 |
| 2024                    | 299,000   | 225,000 | 250,000 | 270,000   | 354,550       | 299,900   | 294,900 |
| 2025                    | 310,000   | 230,000 | 248,000 | 290,000   | 368,000       | 320,000   | 294,900 |
| One-year<br>Growth Rate | 3.7%      | 2.2%    | -0.8%   | 7.4%      | 3.8%          | 6.7%      | 0.0%    |
| 10-year<br>Growth Rate  | 7.7%      | 7.9%    | 7.6%    | 8.6%      | 7.4%          | 7.4%      | 7.0%    |

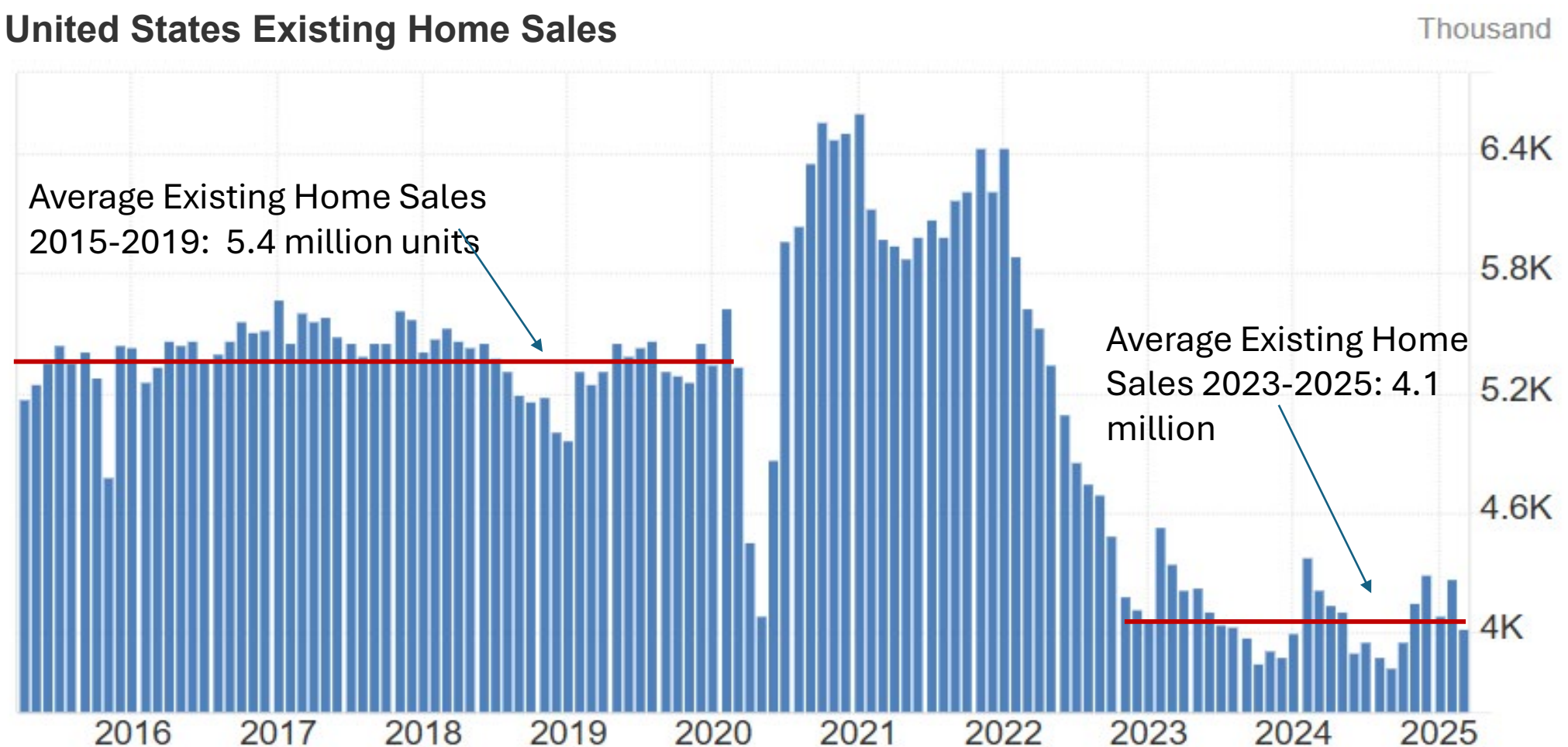
... 20-year price growth in the US and Wisconsin averaged 4.5% and 3.9% ...



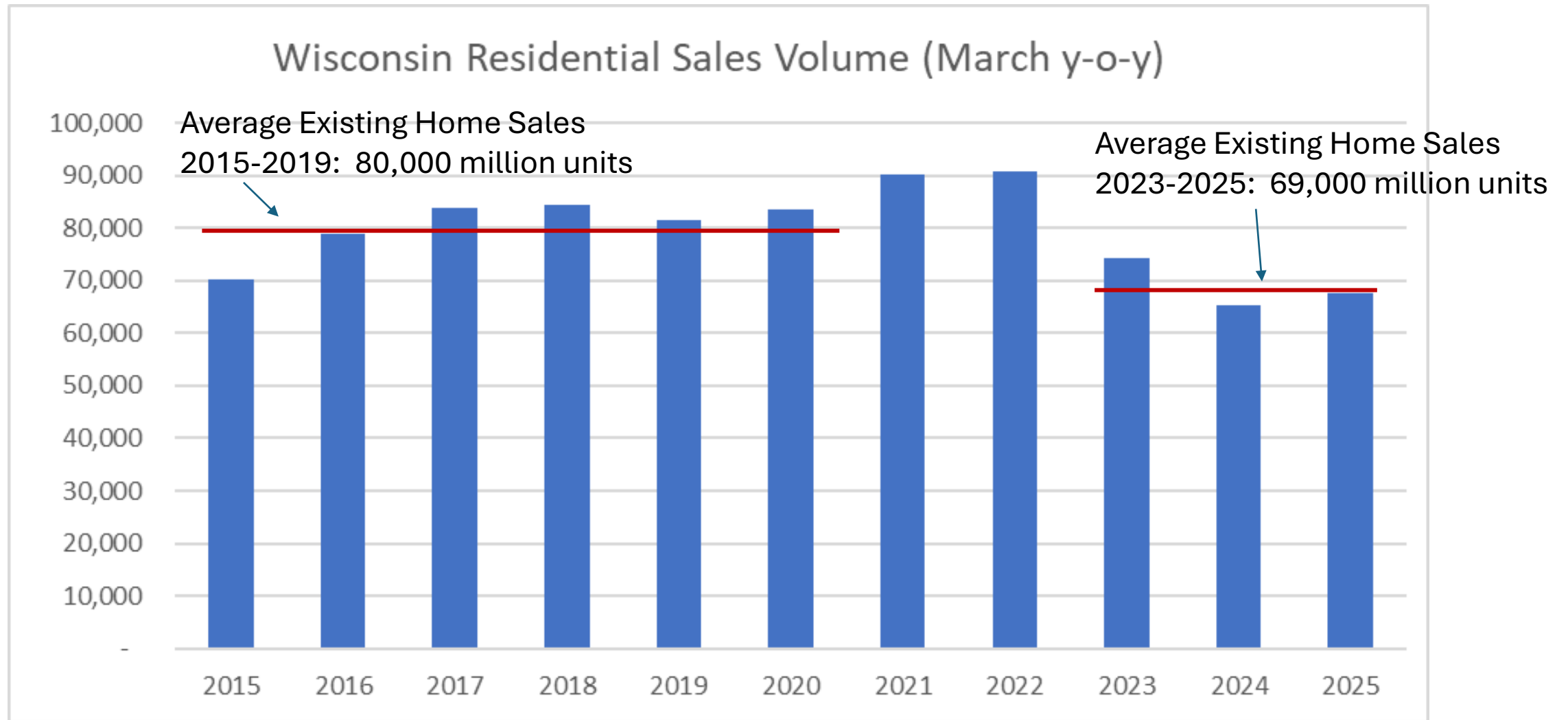


... existing National home sales are off 24% pre-Covid to 2023-2025 ...

## United States Existing Home Sales



. . . . existing Wisconsin homes sales are off 13% pre-Covid to 2023-2025 . . . .



. . . . the months' supply of for sale housing is at pre-Covid/balanced market rates . . . .

## Months' Supply



. . . . Wisconsin housing supply remains tight, Kenosha County is tightest at 2.0 months. . . .

| Urban-Rural Classification | Months Supply |
|----------------------------|---------------|
| Metropolitan Counties      | 2.9           |
| Micropolitan Counties      | 3.4           |
| Rural                      | 4.2           |
| State                      | 3.2           |

| Price                 | Months Supply |
|-----------------------|---------------|
| \$0 - \$124,999       | 3.2           |
| \$125,000 - \$199,999 | 2.6           |
| \$200,000 - \$349,000 | 2.5           |
| \$350,000 - \$499,999 | 3.2           |
| \$500,000+            | 4.9           |
| State                 | 3.2           |

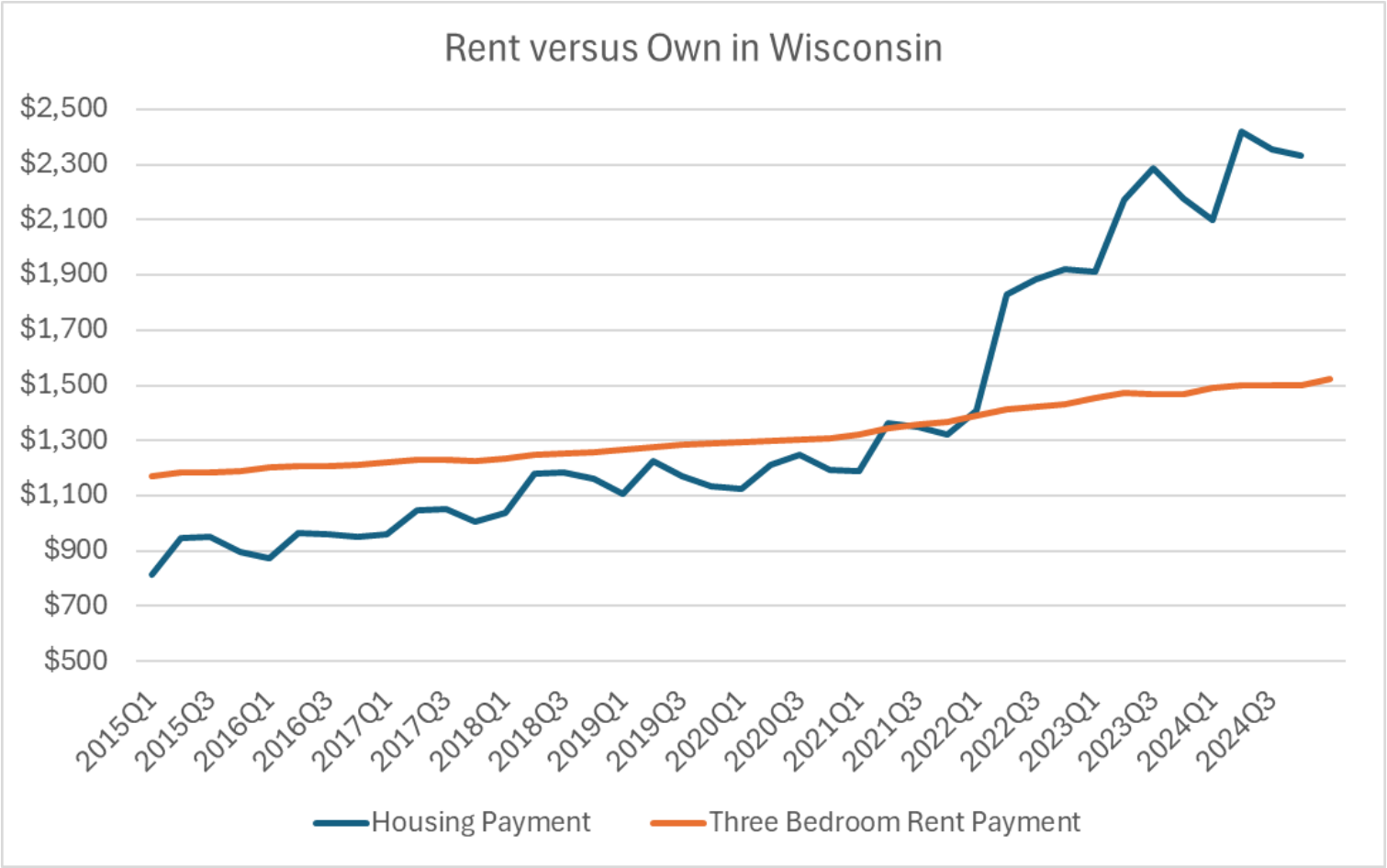
| Region        | Months Supply |
|---------------|---------------|
| Central       | 3.2           |
| North         | 4.1           |
| Northeast     | 3.0           |
| South Central | 3.4           |
| Southeast     | 2.7           |
| West          | 3.5           |
| State         | 3.2           |

. . . . 2025 home sale estimates are being lowered. . . .

### Total Housing Sales Estimates in the U.S. (thousands)

| Year                   | Fannie Mae | Mortgage Bankers Association | National Association of Home Builders |
|------------------------|------------|------------------------------|---------------------------------------|
| 2025 (August 2024 est) | 5,188      | 5,195                        | 4,846                                 |
| 2025 (March 2025 est)  | 4,897      | 4,973                        | 4,546                                 |
| 2024-2025 Change       | -5.6%      | -4.3%                        | -6.2%                                 |

... as ownership cost outpace rent, first-time homeowners, as a percent of all home purchasers, fell to 24%, an all time low.



# Three key take-aways: single-family housing market in 2025

- Housing prices remain resilient
- Transaction volumes will beat 2024 volumes by single-digit growth rates
- Months' supply of for sale housing inventory is normalizing

# GDP and Employment



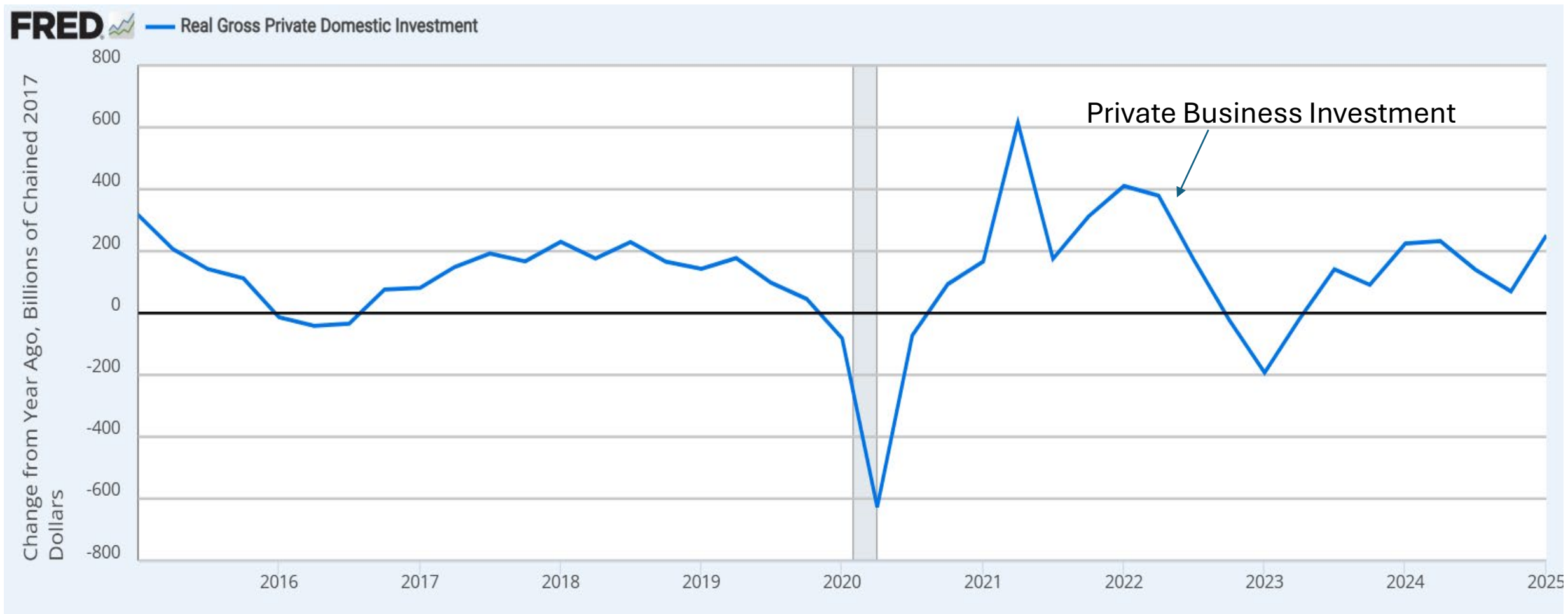
GDP is up 2.05% year-over-year, but 2025Q1 turned negative . . . .



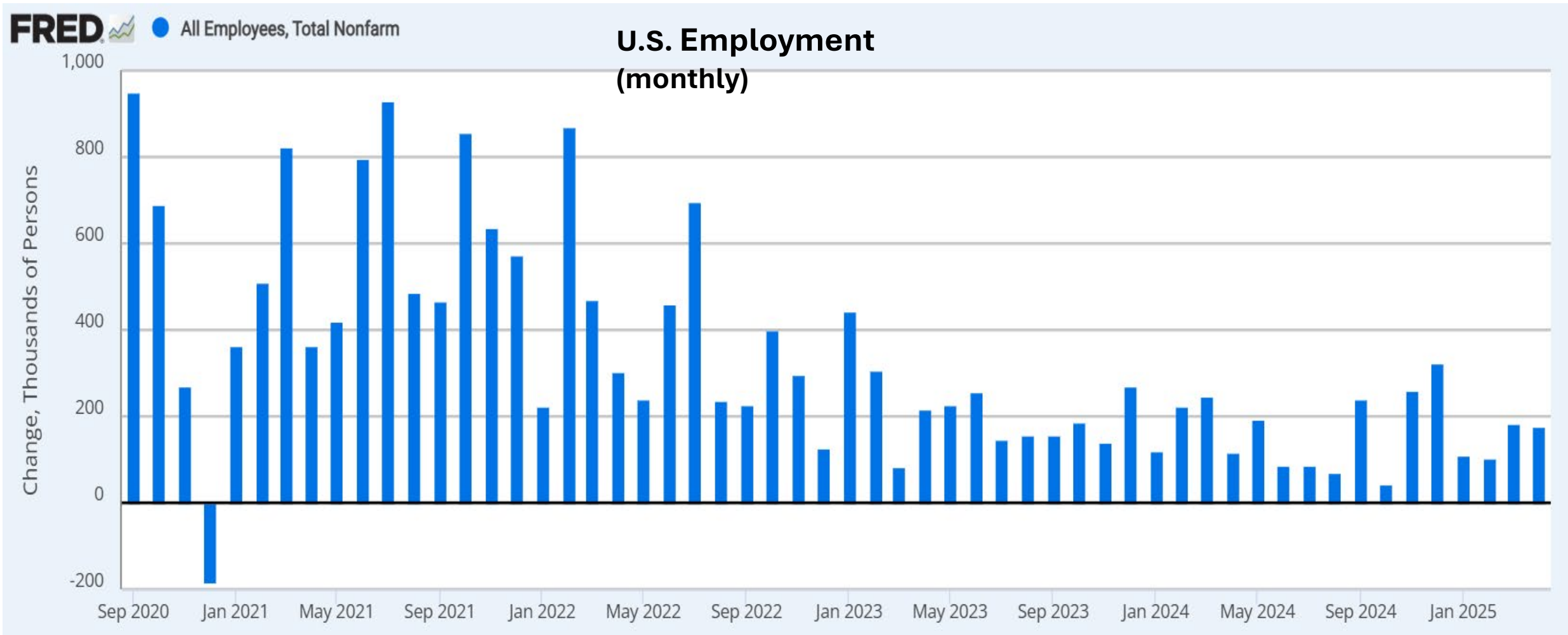
. . . . real consumption expenditure growth remains strong at 3.26% year-over-year . . . .



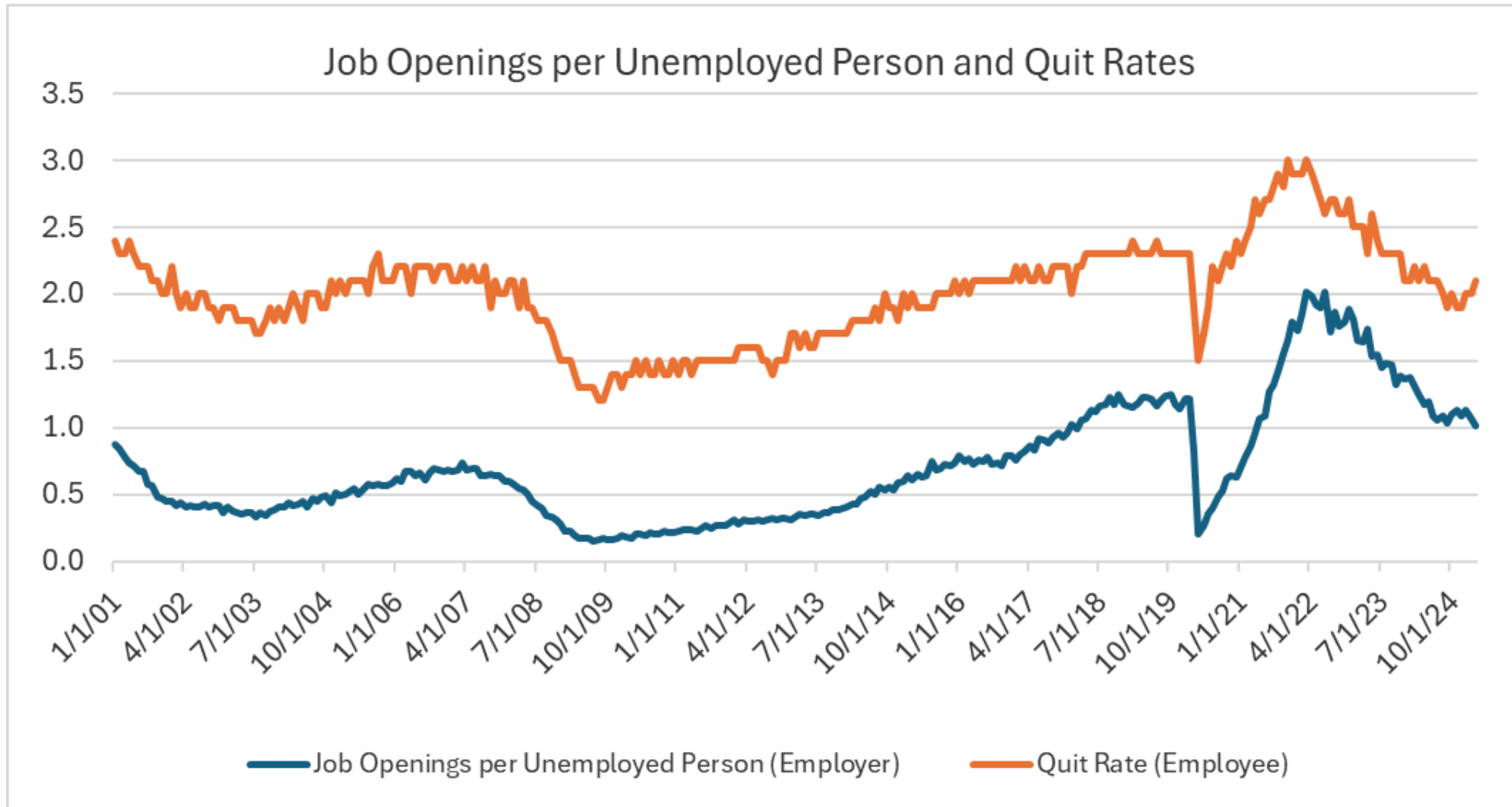
... real private business investment is solid ...



. . . . employment remains robust, U.S. unemployment rate is 4.2%, (3.2% in Wisconsin) . . . .

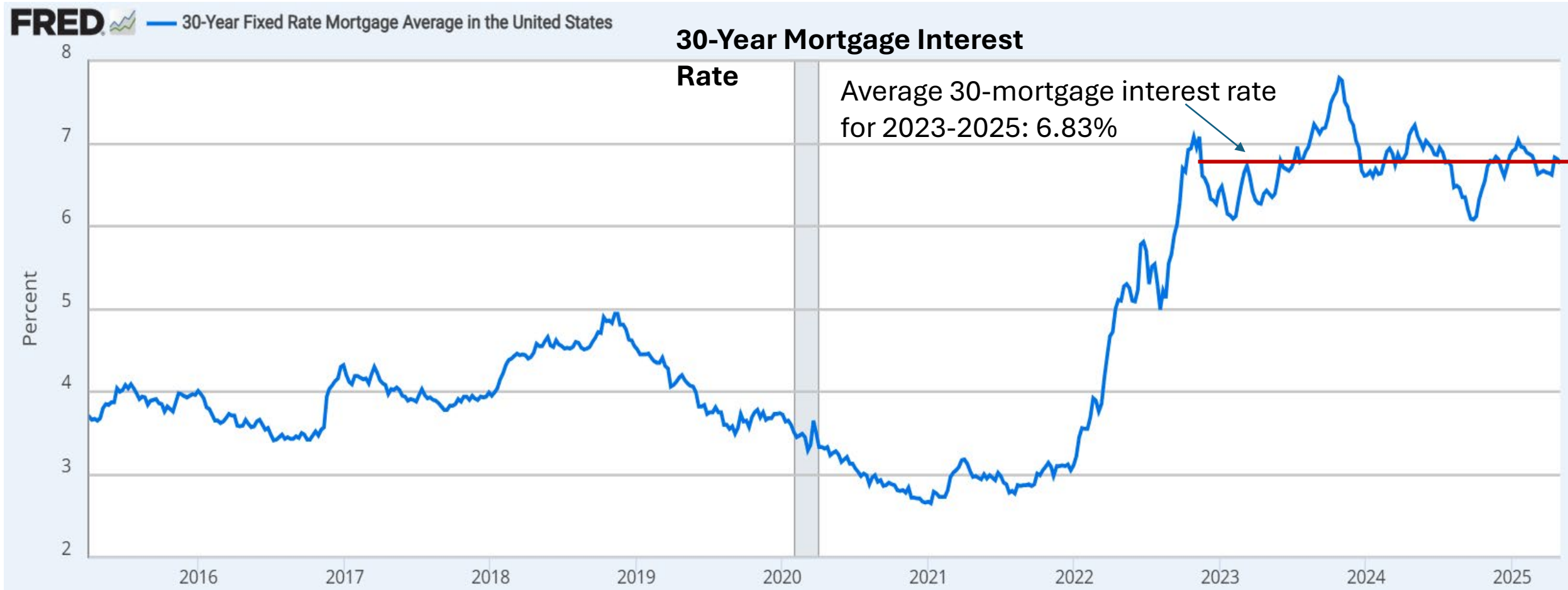


. . . . job openings to unemployed persons and quit rates are below pre-Covid rates . . . .

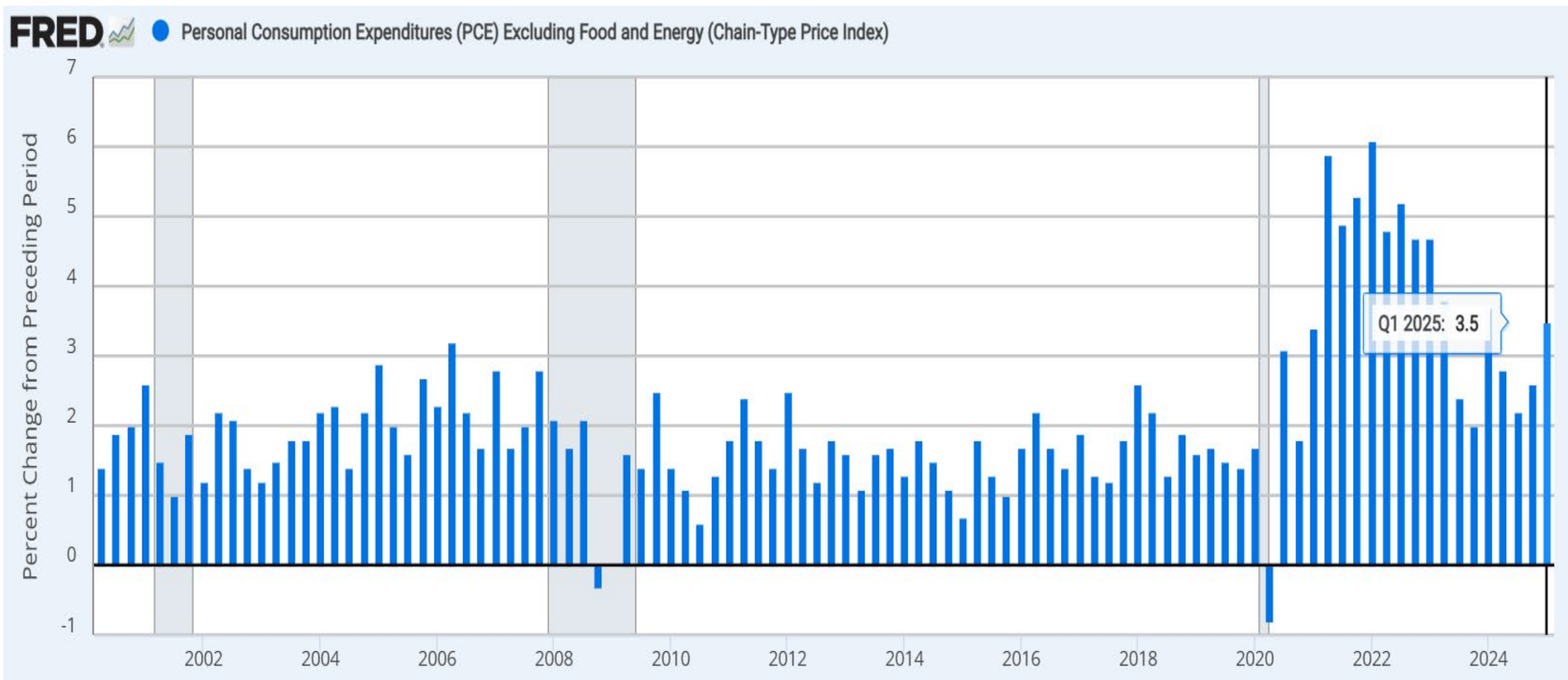


# Interest Rates and Inflation

The 30-year mortgage interest rate is 6.76% today . . . .



. . . . prior to the 2025Q1 inflation averaged 2.6% for the previous six quarters . . . .



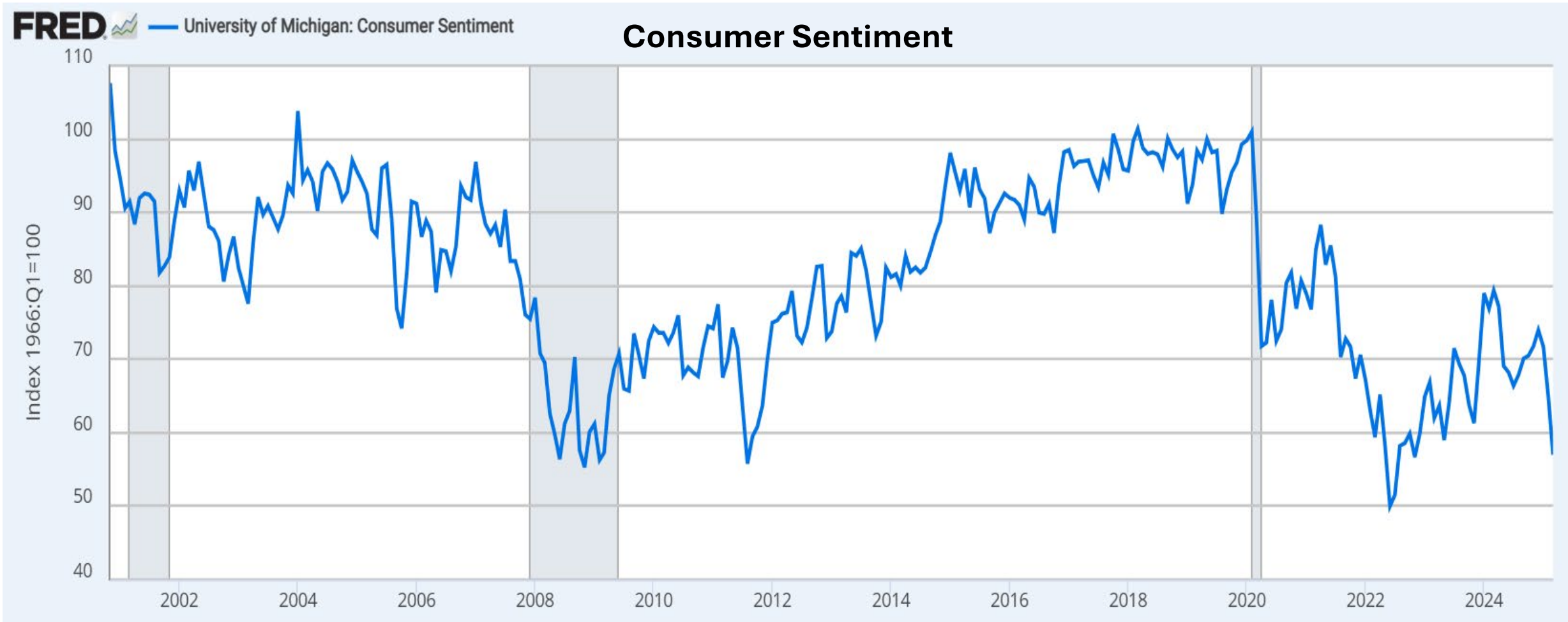


# Historic macroeconomic data to April 2025

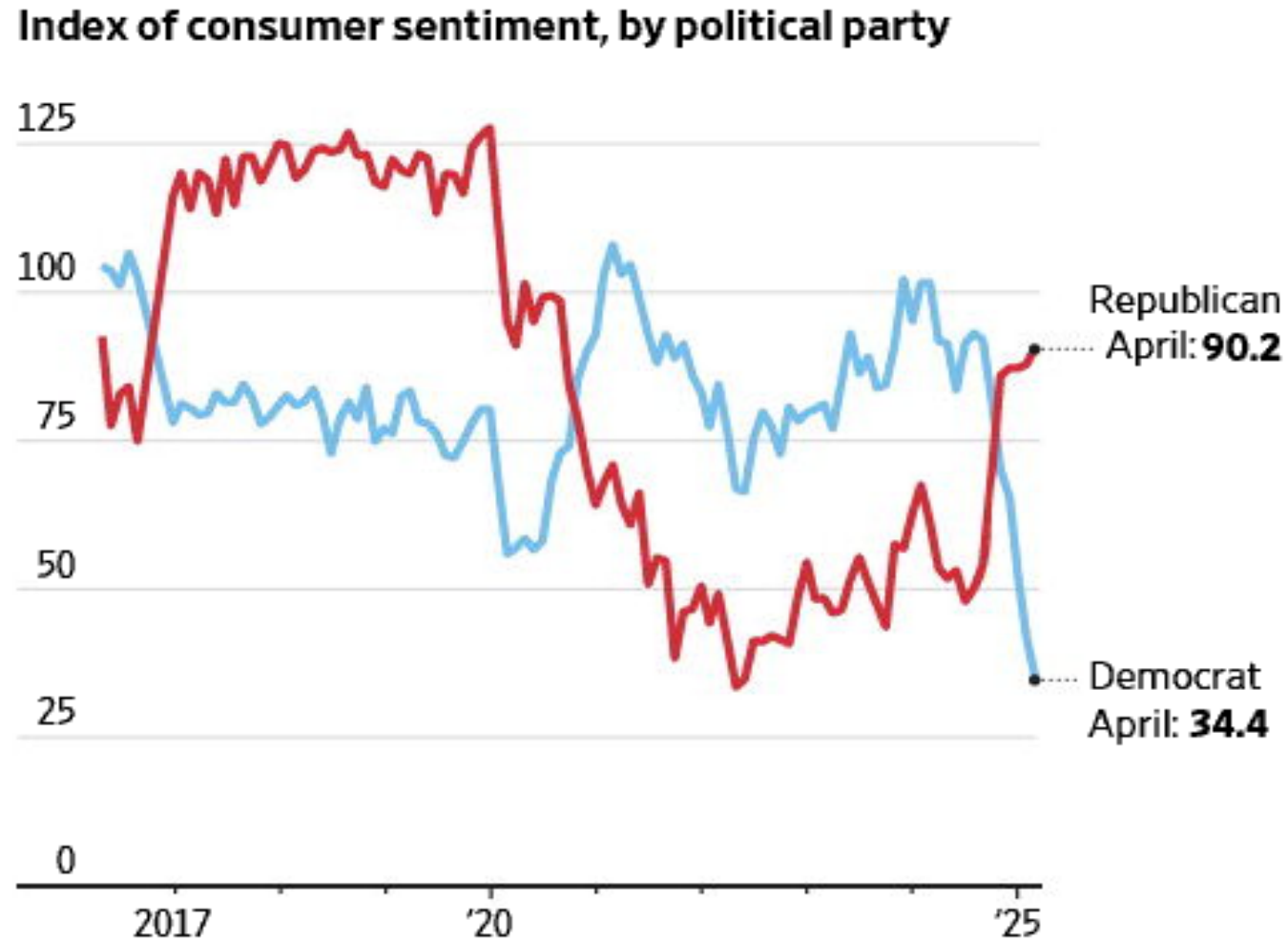
- GDP growth is good but revealing concern
- Employment growth is solid, but weakening
- Mortgage interest rates are at two-year averages
- Inflation may be ticking back up

March and April 2025 Data is Ancient

# Consumer confidence is plummeting . . . .



. . . . however, consumer sentiment is now based in politics, not economics. . . .

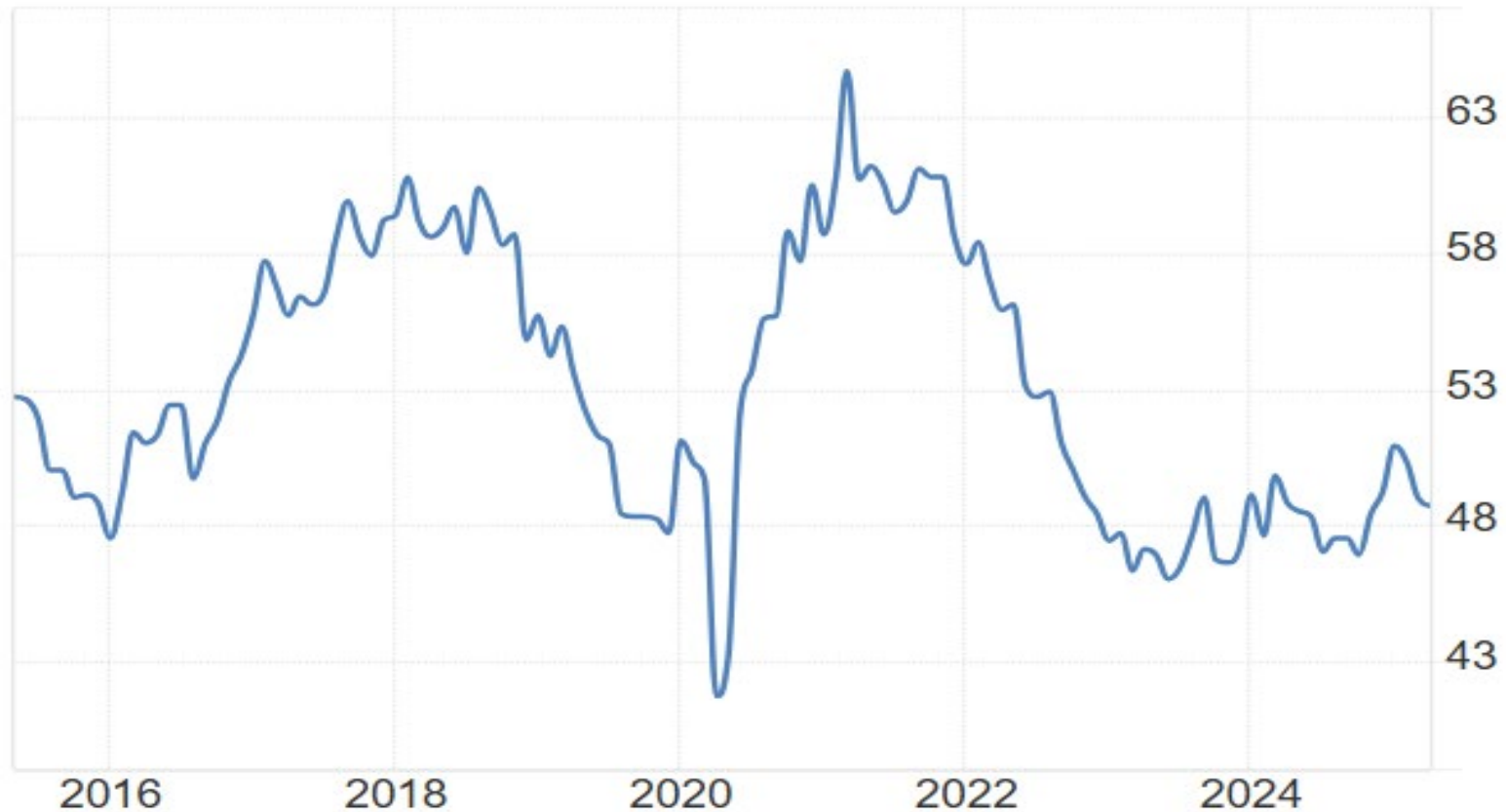


. . . . the return of inflation leads the list of consumer concerns. . . . .



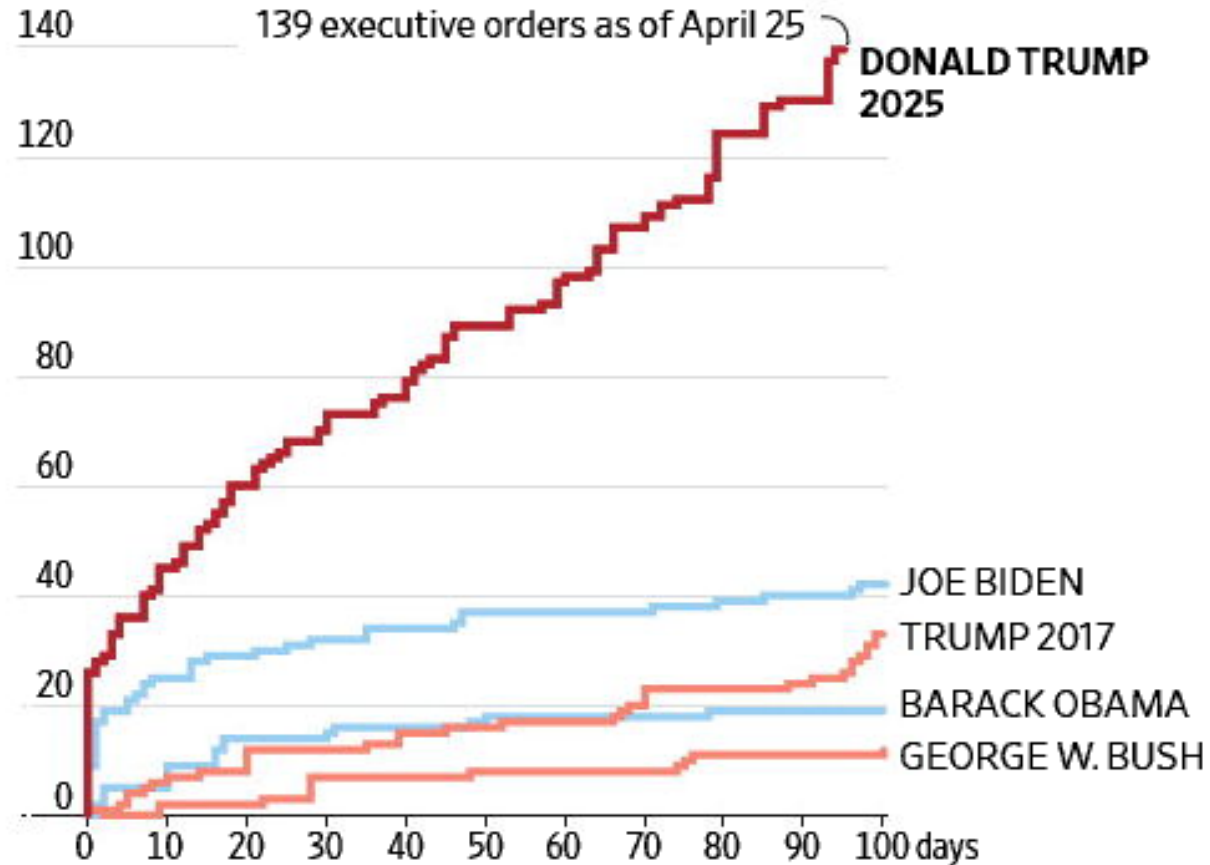
. . . . business manager optimism is overshadowed by uncertainty. . . .

### ISM Purchasing Managers' Index



.... uncertainty is coming from a continued flow of executive orders. ....

**Executive orders in the first 100 days of each presidency**

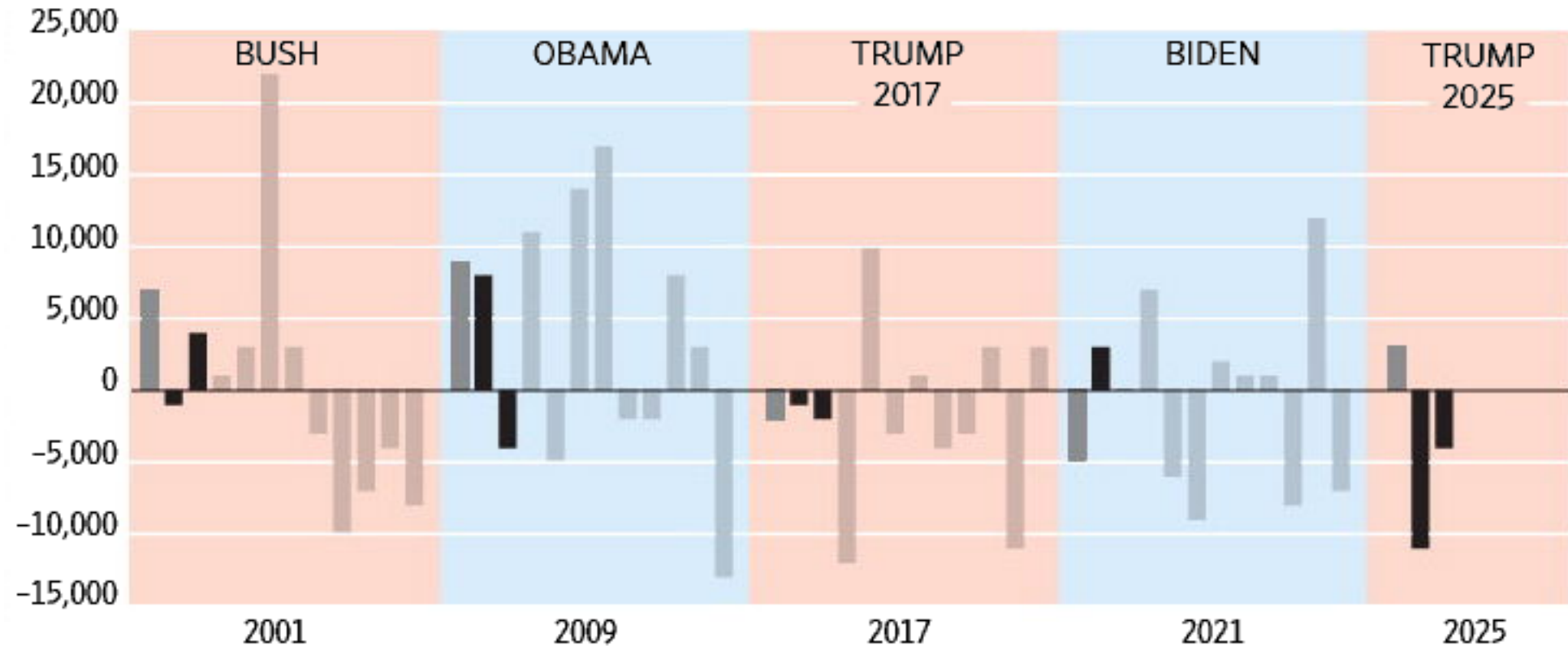




... Trump's executive orders to reduce the government workforce are not unusual ...

### Federal government workers, change from previous month during president's first year in office

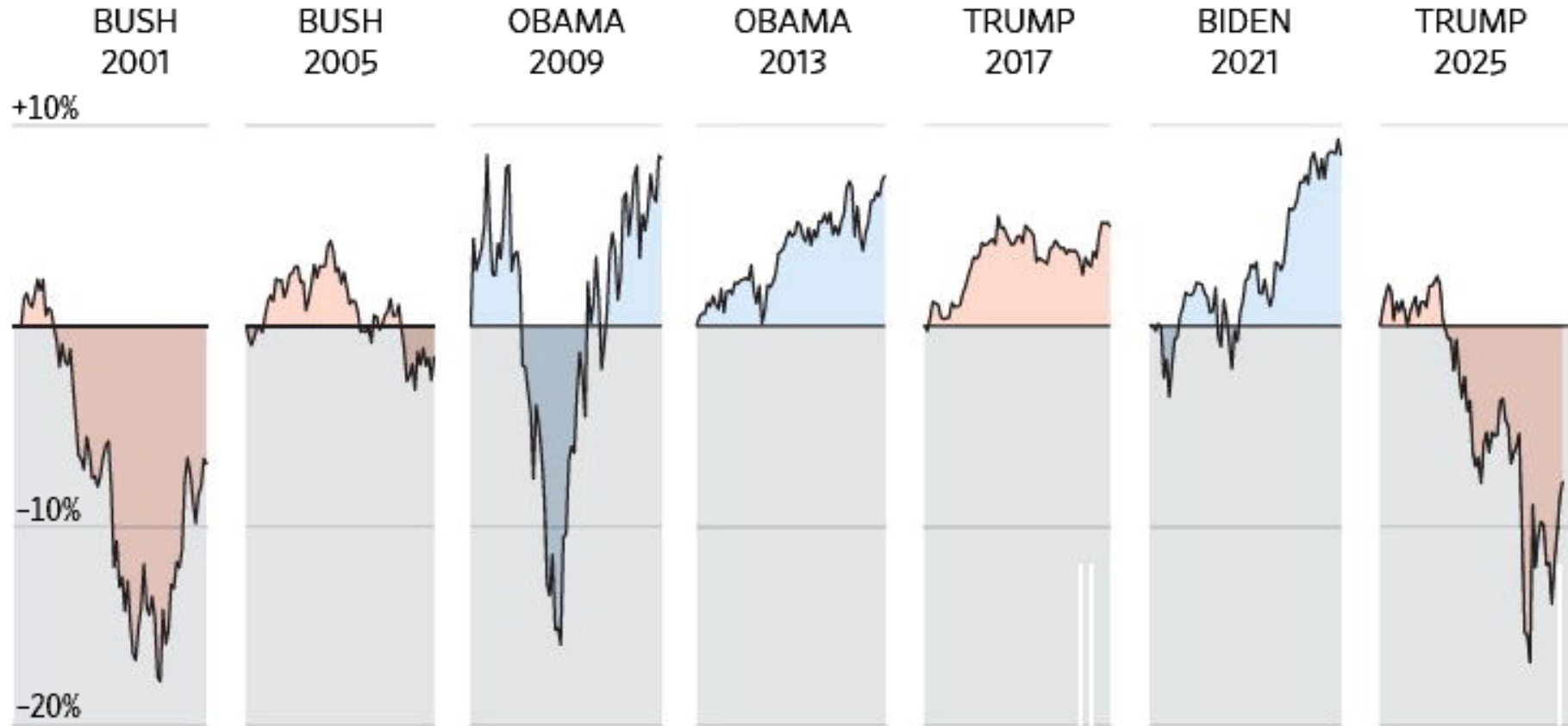
■ January inauguration   ■ February and March





. . . . Trump's many executive orders are spooking business leaders and investors.

**S&P 500 change, Inauguration Day through April**



# Recent updates on politics and more . . . .

## **NAHB Mortgage Roundtable (11/22/24)** Prospects for Housing Finance Reform

Panelists: Mark Calabria, CATO Institute  
Laurie Goodman, Urban Institute  
Jim Parrott, Urban Institute

## **Real Estate Roundtable Presentation (1/22/25)**

Representative French Hill (ARK), Chair, House Financial Services Committee

## **Real Estate Roundtable Presentation – virtual (4/8/25)**

Representative Jason Smith (MO), Chair, House Ways and Means Committee

## **FHLBC Board Meeting (4/22/25)**

## **Georgetown University McCourt School of Public Policy (4/23/25)**

Former House Speaker Paul Ryan (WI)

## **Regular Reading**

WSJ, Economist, Atlantic, NYT

# Expressed Thoughts Summarized

## **Trump Administration**

- Radical change, not incremental change
- Three political parties – MAGA sees McConnell and Schumer as one in the same
- Do only what is statutorily required – USAID
- Want quick wins – has 1.6 years to accomplish things
- Listens to the stock and bond markets, maybe Bessent

## **Bill Pulte (Director of Federal Housing, FHFA – wants to be the face of housing in the U.S.)**

- Wants to be in Trump's cabinet
- Think “younger version of President Trump -- ego-centric, tweets incessantly”
- Don't' break Fannie and Freddie
- Cares about housing affordability NOT affordable housing
- Wants to initiate new supply – looking for innovation
- Media savvy (49 workers at FNMA of 2900 workers at the office on Pulte's first day)

## **Economy**

- Growth at all costs – expect continued and increasing deficit spending
- Tariffs and tariff indecision – postponing investment decisions
- Deportation threats – increased construction costs, 24% of construction workers are undocumented

# The single-family housing market in 2025

- Political uncertainty will temper Wisconsin home sales
- Mortgage interest rates will remain above 6%, and could go/stay above 7%
- Wisconsin price increases will moderate to 0-2% for the remainder of 2025
- Months' supply of existing housing in Wisconsin will normalize to four months



## The Wisconsin REALTORS Association Summit Series

### **2025 Wisconsin Real Estate Forecast**

Mark J. Eppli, Ph.D.

Graaskamp Center for Real Estate

Wisconsin School of Business, University of Wisconsin

May 7, 2025

# Wealth Creation Through Homeownership

## Factors Influencing House Prices

Kundan Kishor, Ph.D.

University of Wisconsin - Milwaukee

# Local Housing Solutions

Moderator -Tom McCormick, EXIT Realty Horizons

Kenosha Mayor David Bogdala

Waukesha County Parks and Land Use Director Dale Shaver

Washington County Executive Josh Schoemann

# Legislative & Legal Update

Jennifer Lindsley

Director of Legal Services and Licensing  
Wisconsin REALTORS® Association



# Multiple Listing Options for Sellers

# Multiple Listing Options for Sellers



## New NAR Policy for MLSs

- Effective March 25, 2025
- Must be implemented by September 30, 2025

**Clear Cooperation Policy is still in effect**

# Multiple Listing Options for Sellers



Three choices

- Full MLS marketing
- Office Exclusive – property is not publicly marketed\*
- Delayed Marketing (new) – public marketing through IDX and syndication is delayed\*

**\*seller must receive a disclosure explaining these choices**

# Multiple Listing Options for Sellers



## Delayed Marketing

- MLSs can decide how long the delayed period is, and it can be zero days
- MLSs can decide whether the listing firm must provide the seller disclosure to the MLS

Stay tuned for more details!

# **Discriminatory Covenants and Deed Restrictions in Wisconsin**

# Discriminatory Covenants and Deed Restrictions



Discriminatory covenants based on membership in a protected class appears in deeds and subdivision covenants throughout Wisconsin

- They are illegal
- But they are still there in the title records

# Discriminatory Covenants and Deed Restrictions



What can be done?

The property owner can file a discharge and release the restriction

Links to the form for filing and instructions can be found at

[CLOSEWITHPURPOSE.ORG](https://closewithpurpose.org)

Help to cover the cost of the recording fee is available from the WRA

# Legislative Session



# State Budget



Began on January 1 and will end around April 2026

## **Focus right now is the State Budget**

Every odd year, establishes two-year budget

- Governor reviews the state agency requests
- Governor introduces a budget proposal, “Executive Budget”
- Joint Committee on Finance (JFC) (8 senators and 8 representatives) reviews the proposal
- Legislature reviews, changes, and approves; Governor signs

Legislature may choose to present their own budget

# Governor's Budget “Year of the Kid”



- **Taxes & fees**
  - Holding the line on property taxes
  - Homestead tax credits
  - Capital gains tax changes
  - Sales tax opportunities to diversify local government revenue
  - Increase document recording fees from \$30 to \$45
- **Increasing workforce housing**
  - TIF modifications
  - Zoning Incentive Pilot Program
  - WHEDA loan and tax credit modifications
- **Water**
  - Addressing lead exposure in water
  - PFAS
- **Landlord tenant inspection roll backs**
- **New protected class: receipt of rental or housing assistance**
- **Flood related requirements: bolstering seller and landlord disclosures**

# What Does this Mean For WRA?



## Our attention

- K-12 funding
- Housing supply incentives
- Real estate related fees

# The Rest of Session



## **Some of WRA's priorities include**

- Increasing Housing Inventory & Affordability
- Modernizing Real Estate & Business Practices
- Improving Property Tax Transparency & Tax Assessment Practices

# Property Taxes



## WRA's focus: maintaining property tax levy freeze

- Property tax single highest WI tax – remains one of the highest property taxes in the country
- Affect affordability of homes and profitability of businesses
- As property taxes increase, job growth and homeownership affordability decrease
- Wisconsin relies too heavily on property taxes to fund local governments, schools, and technical colleges
- Since 2011, Wisconsin has successfully controlled property tax increases by placing strict levy limits on municipalities and counties
- Prior to 2011, property taxes on a typical home increased by approximately 27% in the prior decade, with some annual increases reaching 4 to 5%

# Housing Inventory & Affordability



Wisconsin's urgent need for all types of housing, from single-family to multi-family units, has created affordability challenges such as increased home and rent prices

# Housing Inventory & Affordability



- Last session investment \$525M toward workforce & senior housing loan programs
  - \$275 million for residential infrastructure (2023 Wis. Act 14)
  - \$100 million for main street rehabilitation and repair (2023 Wis. Act 15)
  - \$100 million for conversion of vacant commercial buildings to housing (2023 Wis. Act 18)
- Loan administrator, Wisconsin Housing and Economic Development Authority (WHEDA) has only released \$16M and created appx. 960 units
- Coalition, including WRA, local governments and WHEDA are working on modifications to allow more access to the funds

# Battling Bad Housing Solutions



- As a result of housing crisis including increased rent, some communities consider rent control
- Many think rent control is the answer, however it does not benefit those it is intended to help
- WI currently prohibits municipalities from enacting rent control policies
- **Best solution: CREATE MORE HOUSING SUPPLY**



# Other WRA priorities



## *Modernizing Real Estate and Business Practices*

- Series LLC - streamline business environment to simplify operations for multiple Limited Liability Companies (LLCs)
- Enhance consumer real estate experience by updating Wisconsin e-signature laws, banning trigger leads and modifying agency laws
- Establish fair penalties for void or unenforceable rental agreements (*Koble* case)

# Other WRA priorities



## *Improve Property Tax Transparency and Tax Assessment Practices*

- Greater access to property tax assessment data
- Reduce reliance on property taxes to fund local government
- Reform referenda to improve transparency for voters regarding property tax increases
- Require property tax assessments to use the current use of the property, not future

# While Blocking



- Exempting licensees when advertising FSBOs
- Landlord tenant rollbacks
  - Inspections
  - Government price control on rent
  - Fees
- Shoreland zoning changes
- Modifications to the right to rent law

# Short-term Rentals in WI

# Short-term Rentals (STRs) in WI



- Wisconsin's tourism industry is a significant contributor to the state's economy
- Four counties in Wisconsin have more second homes than primary homes, highlighting the state's appeal as a vacation destination
- In recreational areas and lake communities, most Wisconsin properties are rented for a week or more
- Wisconsin's "right to rent" law was designed to preserve tourism and encourage the purchasing of Wisconsin homes by allowing consumers to rent them out

# WI State Law



- Enacted in 2015 prohibits local governments from banning short-term rentals (STRs) 7 days or longer
- Local governments may reasonably regulate STRs
- Local governments unhappy with the law have attempted to heavily regulate short-term rentals, almost making it impossible for STRs to exist
- WRA is currently engaged in several lawsuits challenging local governments banning or unreasonably restricting STRs
- WRA has opposed any state legislation seeking to repeal the right to rent law

# WI STR Study



- Quantitative data demonstrating STRs vital to tourism, real estate markets & tax base
- Unbiased 3<sup>rd</sup> party data to lawmakers & local officials
  - Educate on economic benefits of STRs at state & local level
  - Defend against efforts to repeal STR law
  - Combat misinformation STRs are contributing to housing inventory shortage
  - Share benefits of STRs in communities, such as reduced foreclosures
- Targeted communities
  - Vilas/Oneida Counties
  - Door County
  - Walworth County
- High level of uninformed & misleading STR ordinances
- Economic impact on communities is undeniable
  - 2022 Door County reportedly collected more than \$44 million STR tax revenue

# WRA's Legal Action Program



# WRA's Legal Action Program



- Established in 1978
- Support Wisconsin REALTORS® & landowners involved in legal matters
- Can help in a variety of ways including litigation in all levels of the court system as well as quasi-judicial administrative proceedings
- WRA involved educating judges and justices about WI legal matters impacting real estate practice, ownership & use of real estate, private property rights, etc.
- Often educating the court about laws WRA advocated for

# Two-year Limitation on Your Liability



- Wis. Stat. § 452.142: two-year window for legal action related to brokerage services, starting from one of three key triggers, including the transaction's closing
- Before 2016, the timeframe to sue a licensee was 6 years
- WRA lobbied to reduce to the time frame to be more consistent with home inspectors (2 years)
- In recent years, plaintiffs have tried to extend liability beyond two years
- Most common claims – contribution and indemnification are not in the introductory language listing types of claims, thus claims not subject to two-year period

# Two-year Limitation on Your Liability



*Hanetti Properties LLC v. Alissa Traughber (2022CV1086) & Eddings v. Estate of Young (2024 WI App 60)*

- Seller sold a home listed by agent
- After closing, new owners sued seller, alleging misrepresentations
- New owner also sued agent and firm more than two years after closing
- Agent and firm argued two-year limitation applies (Wis. Stat. § 452.142)
- Circuit court dismissed case
- Court of Appeals found claims are barred by § 452.142
- WRA filed an amicus brief in this case

# Validity of Residential Leases



*Koble Investments v. Marquardt*, District III of the Wisconsin Court of Appeals

- Lease included one of the “10 deadly sins” prohibited under WI law
- Failed to include domestic violence provision required under WI law
- Court determined rental agreement was void and unenforceable
- Required return of all rent paid, double damages and reasonable attorney fees

# Impact of this holding



- Opinion has been published
- Is now legal precedent
- Already led to several lawsuits against landlords
- Will encourage even more class-action suits
- Holding could potentially bankrupt landlords, possibly decrease value of rental property and further exacerbate housing supply issues statewide
- WRA part of a coalition, filed an amicus brief in support of Petition or Review to the Wisconsin Supreme Court
- Wisconsin Supreme Court has taken the case
- More lawsuits: *Merrill Park*

# STR Challenges



## *Village of Summit - WRA filed an amicus brief*

Enacted STR ordinance using its police powers rather than through the property zoning ordinance procedures - misuse of police powers, rendering the ordinance void and unenforceable

## *Village of Ephraim - Notice of claim filed*

Requires residency in the county, discretion by the Village Administrator to enter the property, or installation of a Knox box (violates Wis. Stat. § 66.1014)

## *Columbia County - Lawsuit filed*

Requires a conditional use permit (CUP) & limits number of occupants to 8 regardless of the number of bedrooms (violates Wis. Stat. § 66.1014)

## *Village of Plover - Lawsuit filed*

Requires STR to be the owner's primary residence (violates Wis. Stat. § 66.1014)

## *Polk County - On appeal*

Places prohibitions or unreasonable restrictions on real property owners from alienating an interest in real property (violates Wis. Stat. § 700.28)

# Thank you.

[jenniferl@wra.org](mailto:jenniferl@wra.org)





# SUMMIT

## — SERIES —

