

The State of the State's Housing: Trends and Issues in Housing and Affordability



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Strong Demand + Limited Supply + Increased Building Costs + Labor Shortage + Interest rates



Declining Housing Affordability

**Strong
Demand**



Limited
Supply



Increased
Building
Costs



Labor
Shortage



Interest
rates



Declining Housing Affordability

Housing Demand: demographics and income

Wisconsin: Demographic and Housing Changes (2010-2019)

	2010	2019	Change	% Change	Ann.% Change
Population	5,691,047	5,822,434	131,387	2.3%	0.25%
Households	2,279,532	2,386,623	107,091	4.7%	0.51%
Housing units	2,625,477	2,725,153	99,676	3.8%	0.41%
Jobs	2,633,572	2,887,018	253,446	9.6%	1.03%
<i>Inflation-adjusted to 2019\$:</i>					
Median household income (in 2019\$)	\$57,451	\$64,168	\$6,717	11.7%	1.24%
Median owner household income (in 2019\$)	\$72,808	\$80,206	\$7,398	10.2%	1.08%
Median renter household income (in 2019\$)	\$31,746	\$39,184	\$7,438	23.4%	2.37%
Median value of owner-occupied homes (in 2019\$)	\$198,537	\$197,200	-\$1,337	-0.7%	-0.08%
Median gross rent (in 2019\$)	\$838	\$867	\$29	3.5%	0.38%

Sources: US Census; Bureau of Labor Statistics (QCEW). Inflation adjustment: CPI-U from BLS.

Key messages:

- Jobs grew faster than households; households grew faster than housing units.
- Renter income growth suggests “displaced demand” – people who might otherwise have purchased homes if available/affordable – even before Covid.

Housing Demand: demographics and income

Change in Wisconsin Households, by Size, 2010-2019

Household size	2010	2019	Change (2010-2019)	Avg. Ann. Growth Rate
1-person households	669,106	727,668	58,562	0.94%
2-person households	814,206	898,376	84,170	1.10%
3-person households	335,238	311,906	-23,332	-0.80%
4-5 person households	394,495	384,670	-9,825	-0.28%
6-or-more person households	66,487	64,003	-2,484	-0.42%
Total households	2,279,532	2,386,623	107,091	0.51%

Source: US Census Bureau, 1-year American Community Survey

- Overall, slow rate of household growth = 0.51 percent per year
- Growth **only** in 1-person and 2-person households
- Average household size has declined
- Housing demand for 1- and 2-person households = smaller units?

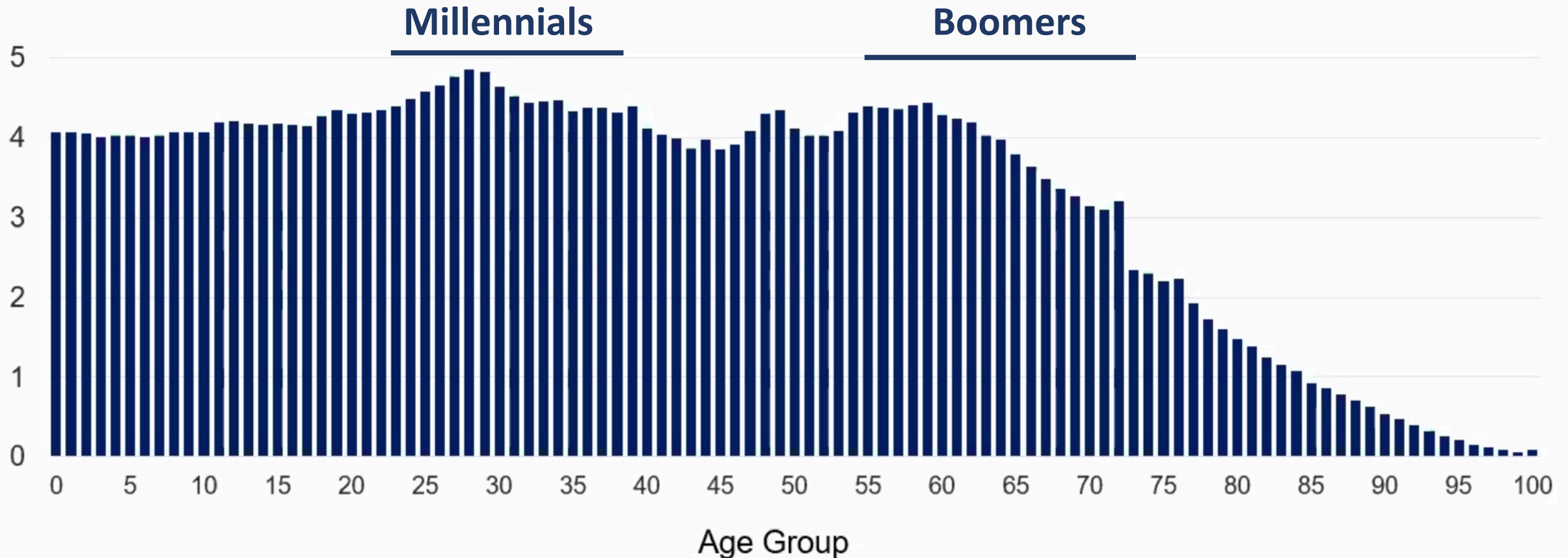
Change in Wisconsin Population, by Age, 2010-2019

Age	2010	2019	Change (2010-2019)	Avg. Ann. Growth Rate
Under 5 years	355,052	327,258	-27,794	-0.90%
5-17 years	981,156	936,154	-45,002	-0.52%
18-24 years	554,544	543,737	-10,807	-0.22%
25-34 years	717,027	737,315	20,288	0.31%
35-44 years	724,623	714,436	-10,187	-0.16%
45-54 years	873,392	719,293	-154,099	-2.13%
55-64 years	705,743	824,345	118,602	1.74%
65-74 years	401,693	597,951	196,258	4.52%
75 years or better	377,817	421,945	44,128	1.23%
Total	5,691,047	5,822,434	131,387	0.25%

Source: US Census Bureau, 1-year American Community Survey

Over the Last Decade, the Millennial and Baby-Boomer Generations Have Pushed Up the Population in The 20s and 60s

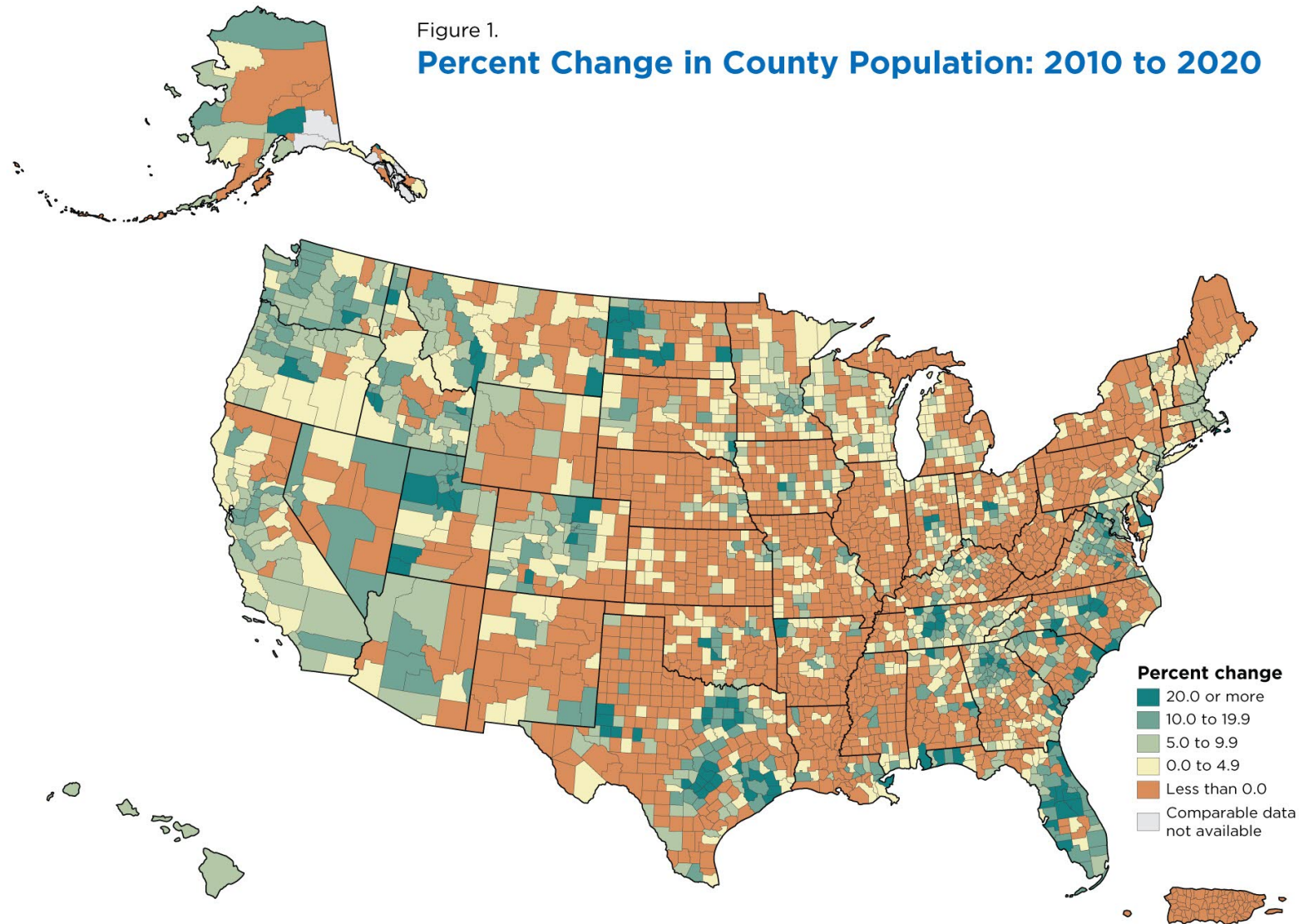
US Population in 2019 (Millions)



Source: JCHS tabulations of US Census Bureau, 2017 National Population Projections.

Figure 1.

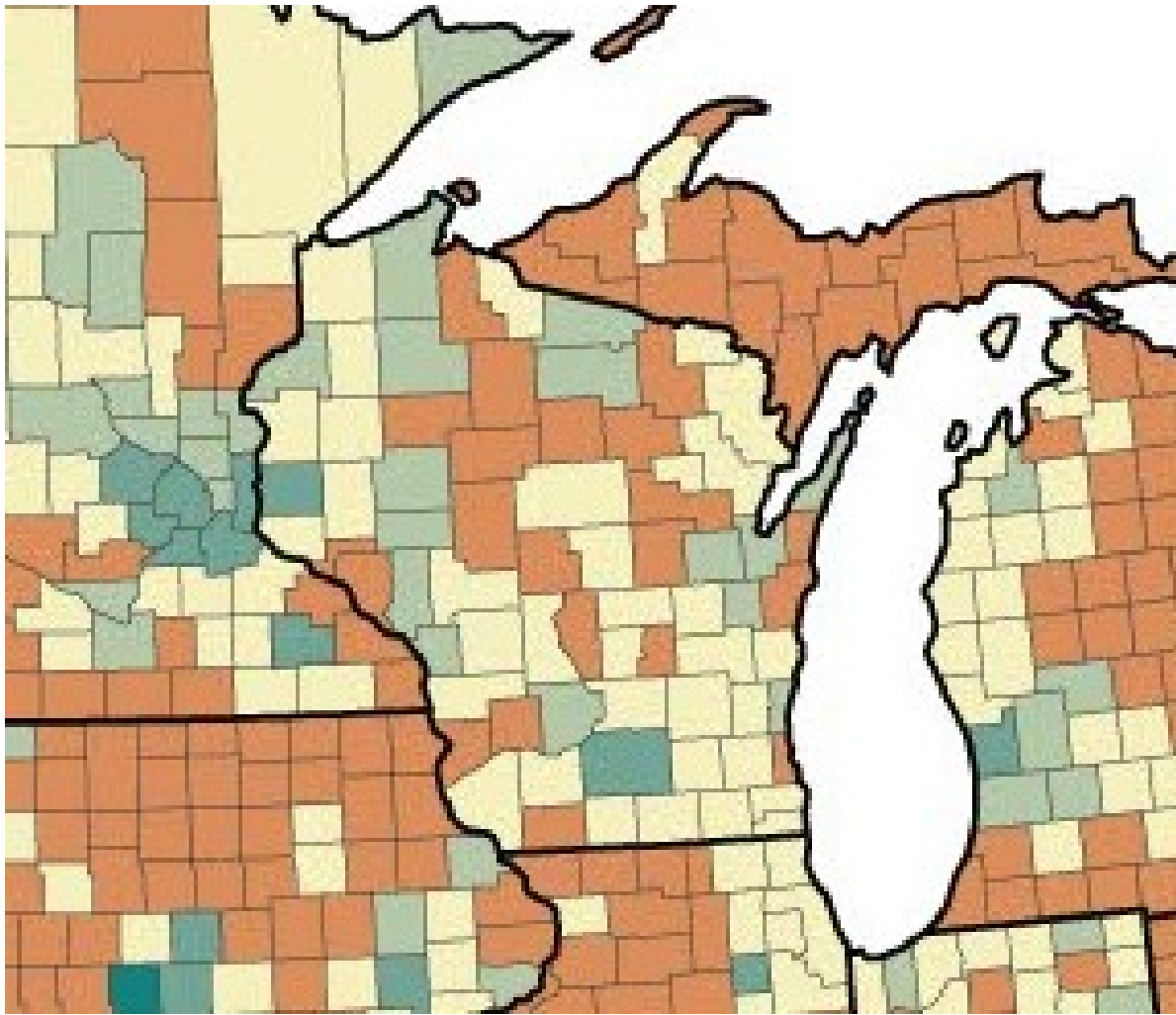
Percent Change in County Population: 2010 to 2020



Note: Bedford city, VA, was changed to town status and added to Bedford County, VA, effective July 1, 2013. For purposes of presenting data, Bedford County is treated as if Bedford city were included in it at the time of the 2010 census.

Information on confidentiality protection, nonsampling error, and definitions is available at <https://www2.census.gov/programs-surveys/decennial/2020/technical-documentation/complete-tech-docs/summary-file/>.

Source: U.S. Census Bureau, 2010 Census Redistricting Data (Public Law 94-171) Summary File; 2020 Census Redistricting Data (Public Law 94-171) Summary File.



Percent change

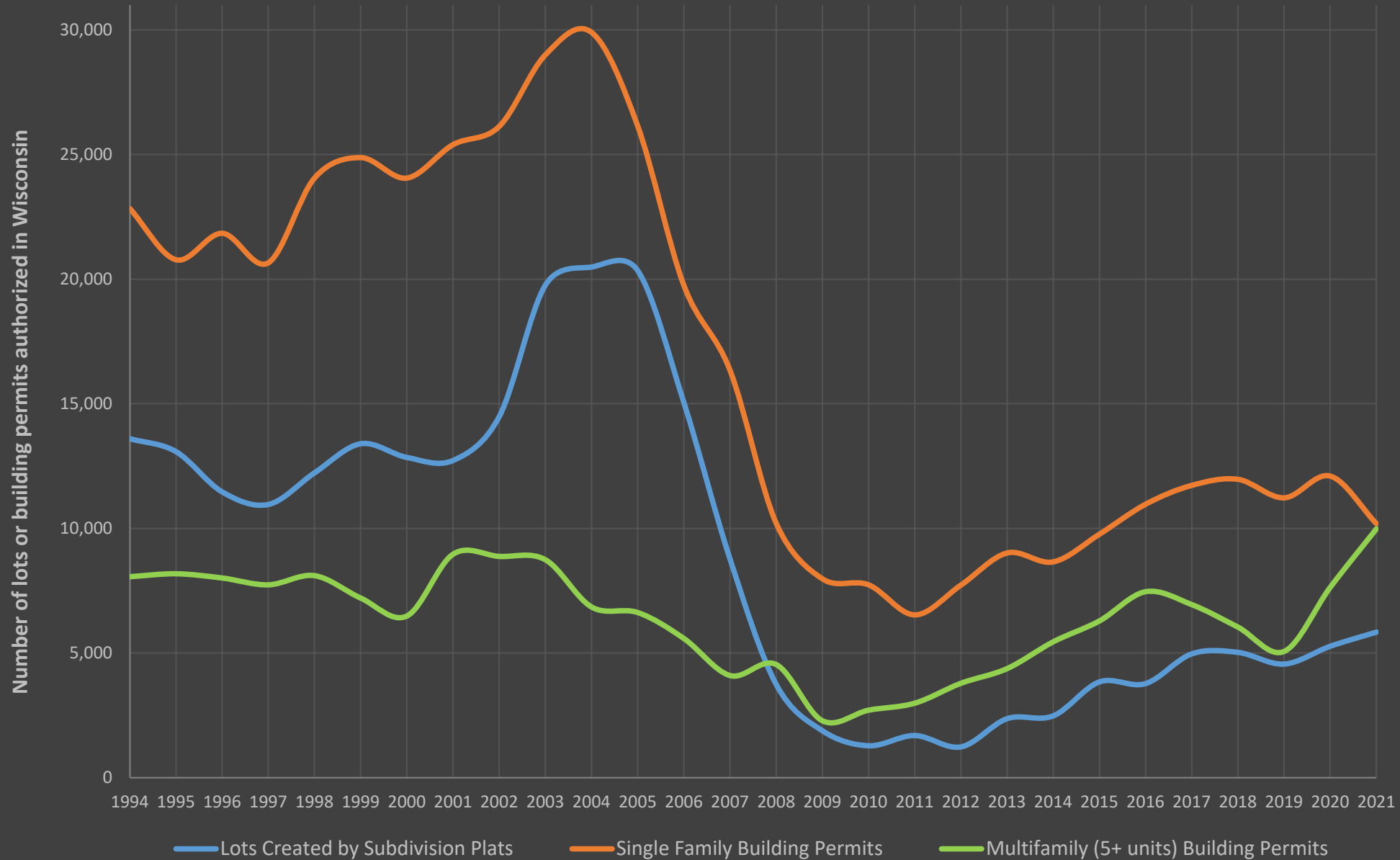
- 20.0 or more
- 10.0 to 19.9
- 5.0 to 9.9
- 0.0 to 4.9
- Less than 0.0
- Comparable data not available

Strong Demand + **Limited Supply** + Increased Building Costs + Labor Shortage + Interest rates



Declining Housing Affordability

Housing Construction and Subdivision Activity in Wisconsin have not Recovered from Great Recession, Remain at Historically Low Levels



Source: Subdivision Lots from Wis. Dept. Admin.; Building Permits Database, U.S. Census Bureau. *2021 building permit data is preliminary.

Despite uptick in construction and subdivision lots (2019-2021), production remains less than half of historic trends.

Wisconsin Building Permits and Subdivision Lot Summary

	1994 - 2004	2011 - 2018	2019 - 2021
Avg. Lots (by subdivision), per year	14,096	3,176	5,226
Avg. Building permits, per year	35,909	15,662	19,996
Avg. building permits per 1,000 population	6.78	2.72	3.41

Wisconsin's 20 Largest Counties Underproduced Over 20,000 Housing Units from 2006-2019

	Growth in households (2006-2019)	Growth in housing units (2006-2019)	Housing "Underproduction" (2006-2019)	Previous Report Gap (2006-2017)
Milwaukee County	7,426	11,999		
Dane County	43,063	31,997	11,066	11,206
Waukesha County	14,321	13,294	1,027	2,213
Brown County	12,323	9,770	2,553	1,661
Racine County	3,751	2,994	757	
Outagamie County	6,668	7,499		
Winnebago County	4,364	5,581		
Kenosha County	4,378	4,212	166	
Rock County	2,954	1,954	1,000	1,036
Marathon County	2,864	3,957		
Washington County	5,290	5,021	269	
La Crosse County	3,873	4,629		
Sheboygan County	2,116	1,814	302	332
Eau Claire County	2,122	3,757		
Walworth County	4,936	3,268	1,668	537
Fond du Lac County	3,882	3,251	631	798
St. Croix County	3,515	4,255		
Ozaukee County	3,152	2,590	562	827
Dodge County	2,187	1,692	495	
Jefferson County	2,718	2,586	132	1,228
20 Largest Wisconsin Counties	135,903	126,120	20,628	19,838

Source: Author's calculations based on 2006 and 2019 1-year American Community Survey data, U.S. Census Bureau. Households are 1- or more persons who occupy a housing unit. Housing units include vacant structures for sale or rent.

Aging housing stock: 59 percent of housing units built before 1980

Year Housing Built	Number of units	Percent of Units
Built 2010 or later	141,602	5.2%
Built 2000 to 2009	327,325	12.0%
Built 1990 to 1999	381,105	14.0%
Built 1980 to 1989	267,098	9.8%
Built 1970 to 1979	396,070	14.5%
Built 1960 to 1969	262,780	9.6%
Built 1950 to 1959	291,508	10.7%
Built 1940 to 1949	149,534	5.5%
Built 1939 or earlier	508,131	18.6%

Source: US Census Bureau, 1-year American Community Survey (2019)

Many Wisconsin Counties Have More Jobs than Housing Units

County	Jobs/Housing Ratio 2019
Waukesha	1.48
Dane	1.42
Brown	1.39
Outagamie	1.38
La Crosse	1.34
Eau Claire	1.28
Sauk	1.23
Winnebago	1.20
Sheboygan	1.19
Marathon	1.16
Milwaukee	1.15
Ozaukee	1.12
Monroe	1.06
Portage	1.06
Fond du Lac	1.04
Wood	1.04

Source: BLS QCEW (jobs); Census (housing units)

Excessively tight lending for Construction/Land Development





Declining Housing Affordability

Lumber prices are through the roof

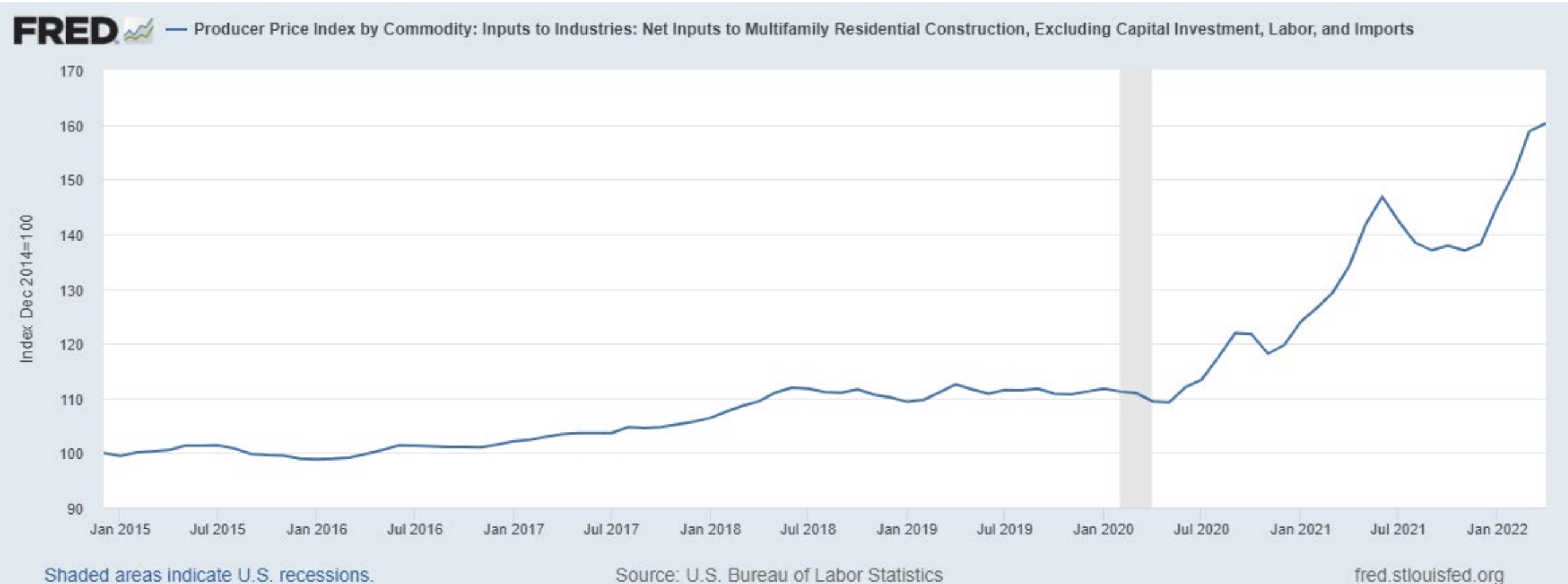
2009-2019, average price
between \$200-\$300 per
1,000 board feet.

Only in last 2 weeks, price
below \$1000.

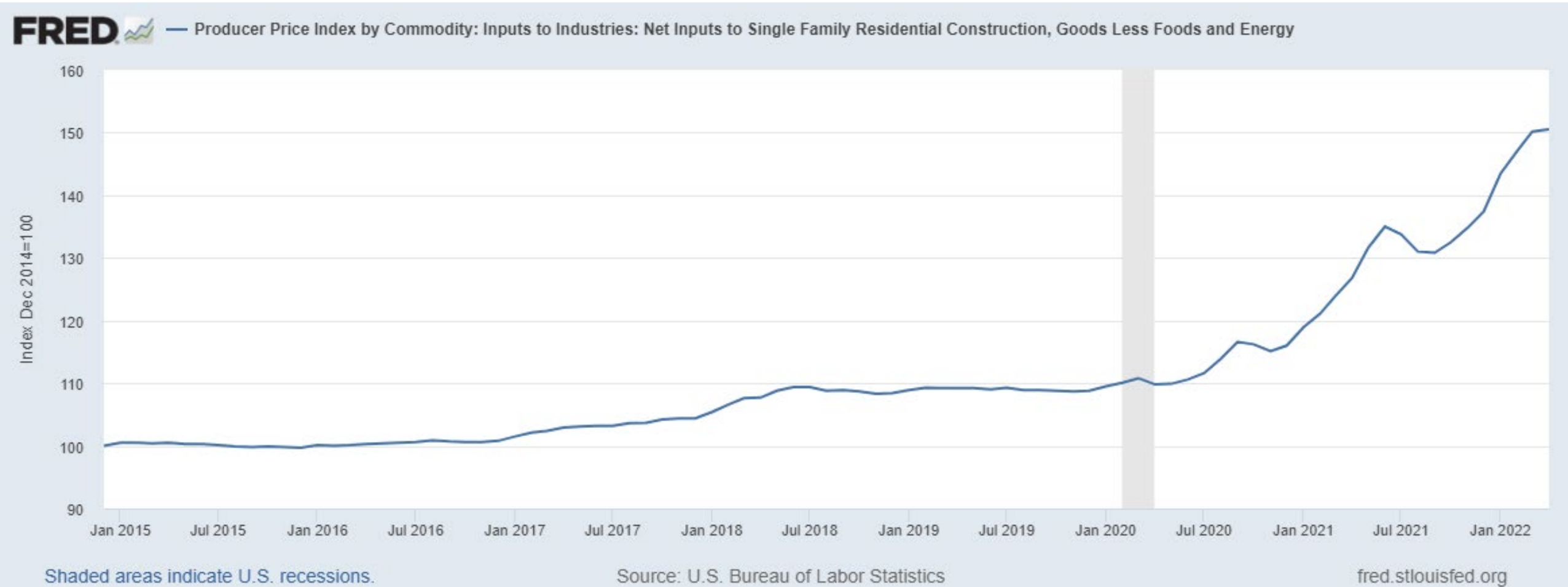


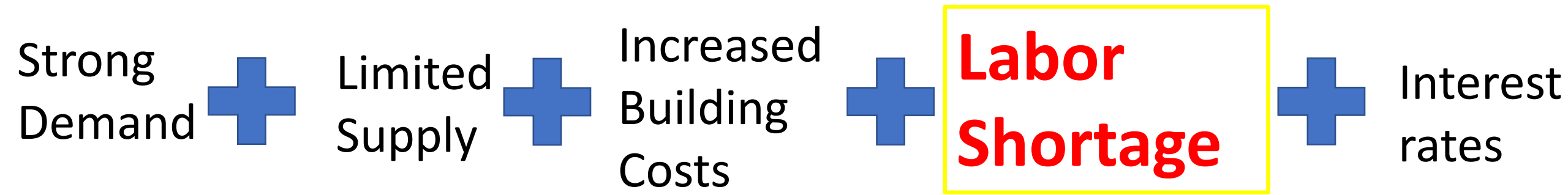
Source: Random length lumber continuous contract price (LB00) (per 1000 board feet), Chicago Mercantile Exchange; last accessed 5/15/2022

Multifamily Construction Costs Up 43 percent (Jan. 2020-April 2022)



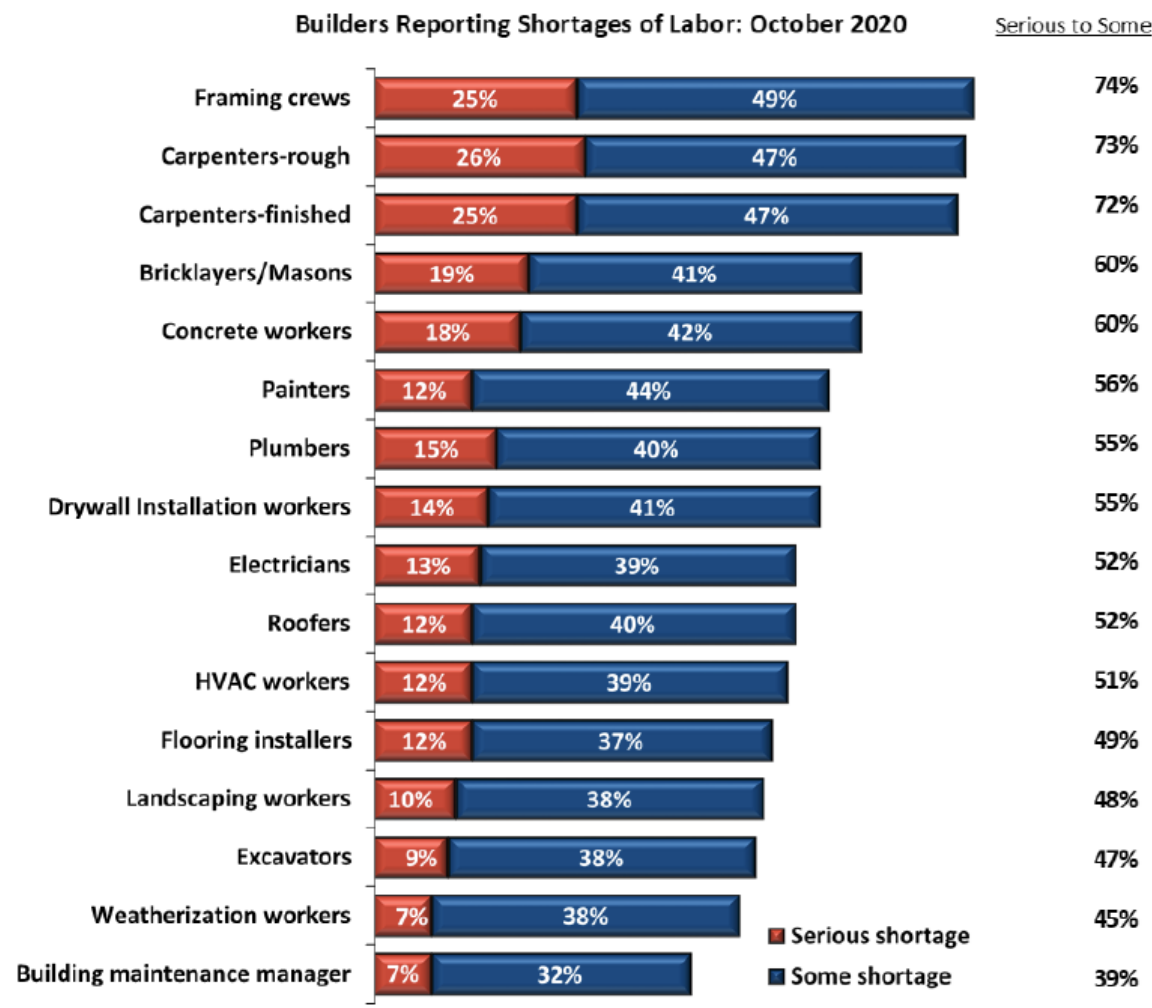
Single-family Construction Costs up 37.5 percent (Jan. 2020 to April 2022)



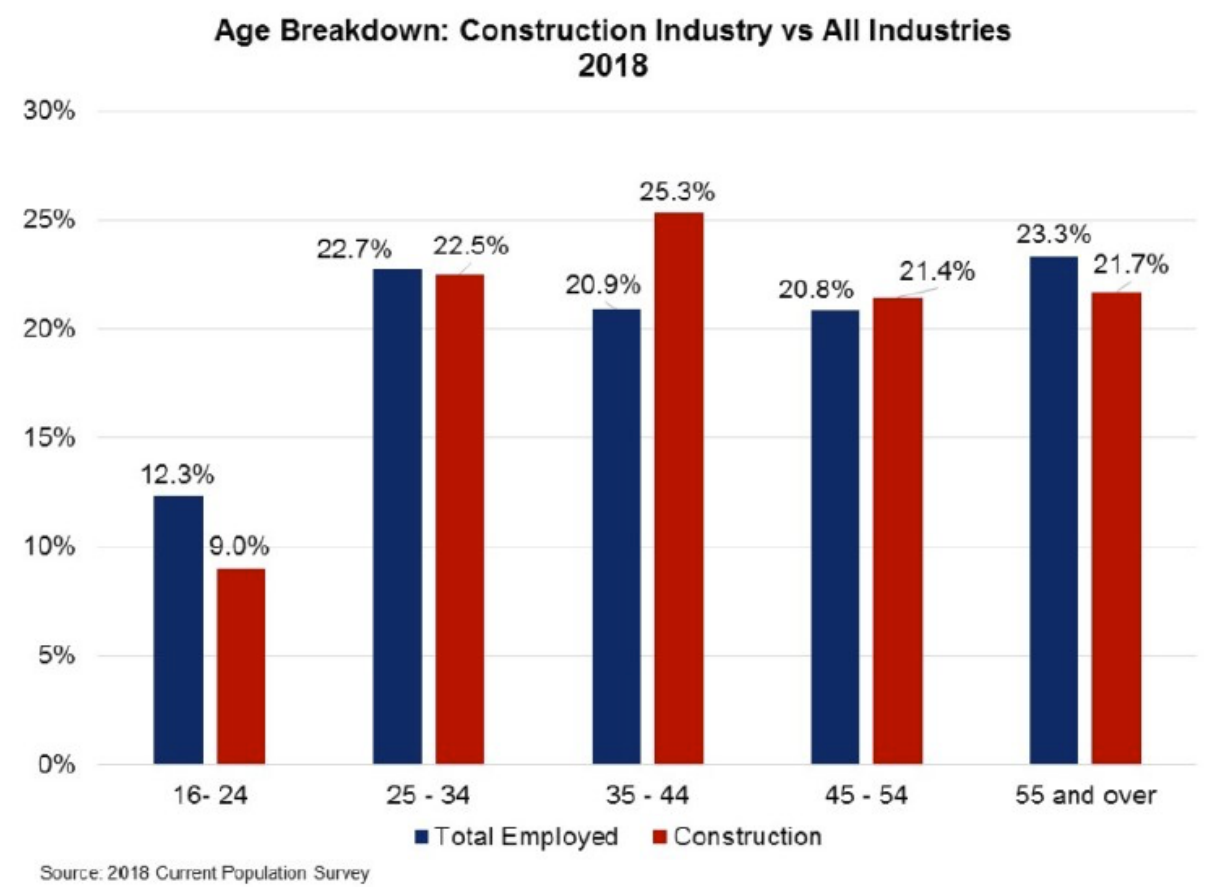


Declining Housing Affordability

Labor shortages across the building industry ...



Construction workforce aging faster than overall workforce ...



Strong
Demand



Limited
Supply



Increased
Building
Costs



Labor
Shortage



**Interest
Rates**

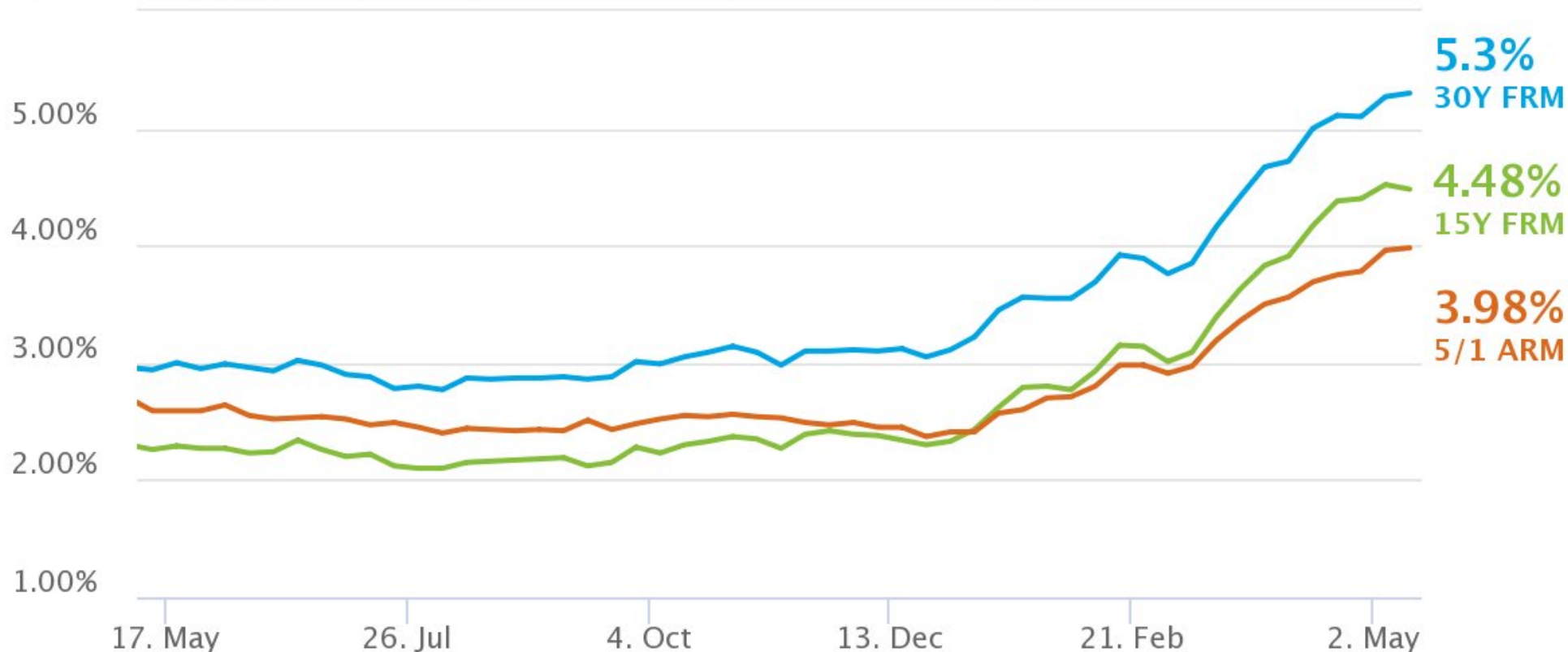


Declining Housing Affordability



Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 05/12/2022



March 3, 2022:
Average 30-year
Fixed Rate
Mortgage:
3.76% (with 0.8
points)

May 12, 2022:
Average 30-year
Fixed Rate
Mortgage 5.30%
(with 0.9 points)

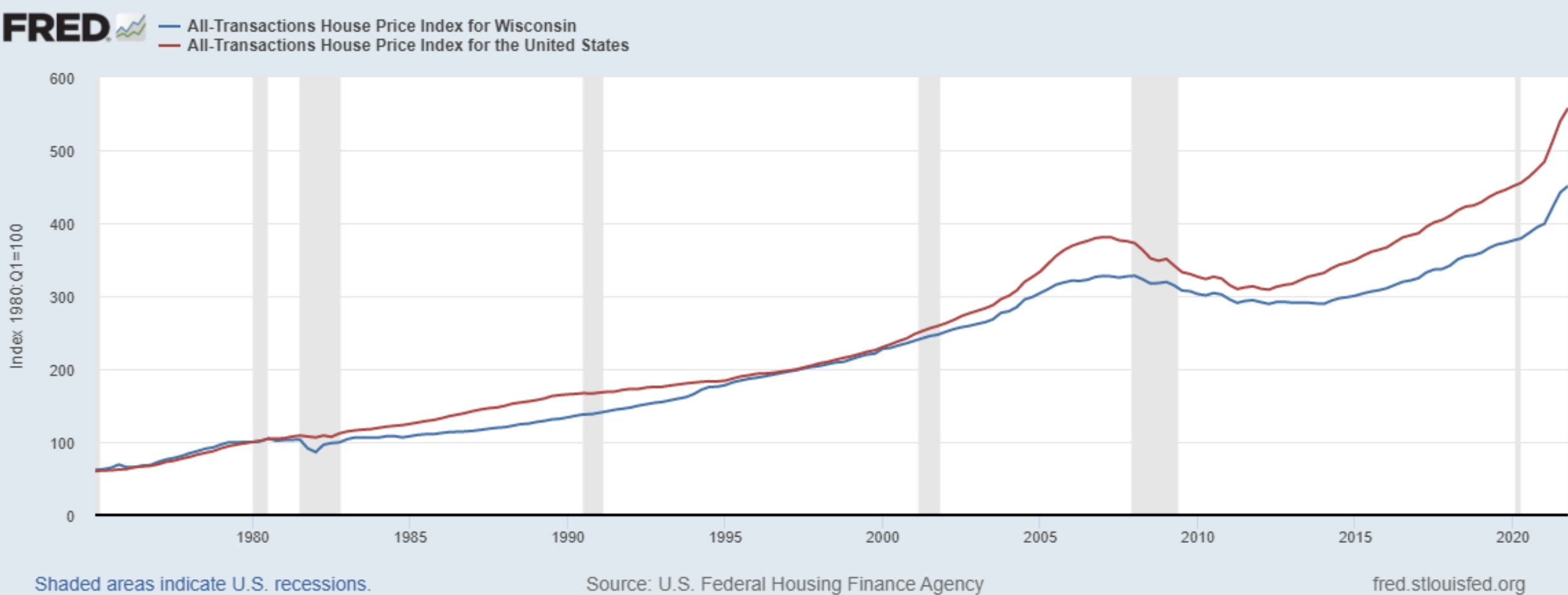
Increase: 154
basis points

Strong Demand + Limited Supply + Increased Building Costs + Labor Shortage + Interest rates

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Declining Housing Affordability

Wisconsin House Prices up 20.9 percent from end-2019 through end-2021; up 40.3 percent since 2016. (National house prices up 25.2 percent from end 2019 through end-2021 and up 45.5 percent since 2016.)



Wisconsin's Largest Counties Saw Significant House Price Increases During Pandemic

County	Population (2021)	Median Sales Price (March 2020)	Median Sales Price (April 2022)	Price Increase (2020-2022)	Percent Increase (2020-2022)
MILWAUKEE	947,241	\$178,950	\$225,000	\$46,050	25.7%
DANE	551,989	\$300,000	\$397,700	\$97,700	32.6%
WAUKESHA	410,666	\$320,000	\$407,000	\$87,000	27.2%
BROWN	267,612	\$214,225	\$299,950	\$85,725	40.0%
RACINE	197,249	\$195,000	\$220,000	\$25,000	12.8%
OUTAGAMIE	189,938	\$195,000	\$275,000	\$80,000	41.0%
KENOSHA	171,455	\$216,500	\$262,000	\$45,500	21.0%
WINNEBAGO	170,400	\$169,775	\$206,700	\$36,925	21.7%
ROCK	161,899	\$179,500	\$215,000	\$35,500	19.8%
WASHINGTON	140,052	\$257,700	\$329,000	\$71,300	27.7%
MARATHON	138,934	\$154,000	\$217,565	\$63,565	41.3%
LA CROSSE	120,331	\$209,900	\$260,000	\$50,100	23.9%
SHEBOYGAN	118,495	\$141,100	\$219,500	\$78,400	55.6%
EAU CLAIRE	105,349	\$184,000	\$289,000	\$105,000	57.1%
FOND DU LAC	104,944	\$152,000	\$186,000	\$34,000	22.4%
WALWORTH	104,759	\$260,000	\$305,500	\$45,500	17.5%

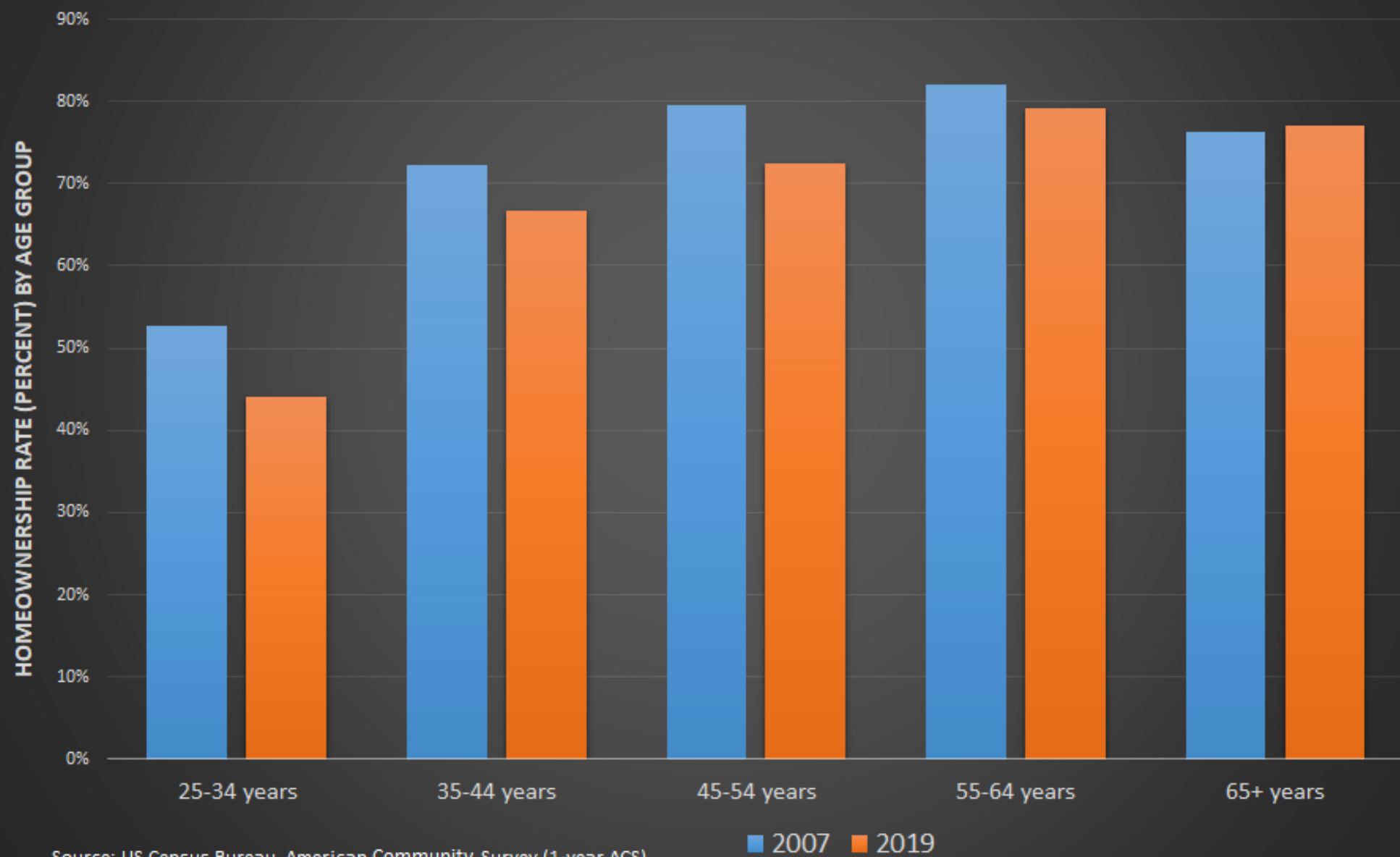
Source: Wisconsin Realtors Housing Statistics (accessed 5.15.22); population estimates from Wis. Dept. Admin.

Declining Housing Affordability in Nearly All Wisconsin Metro Regions

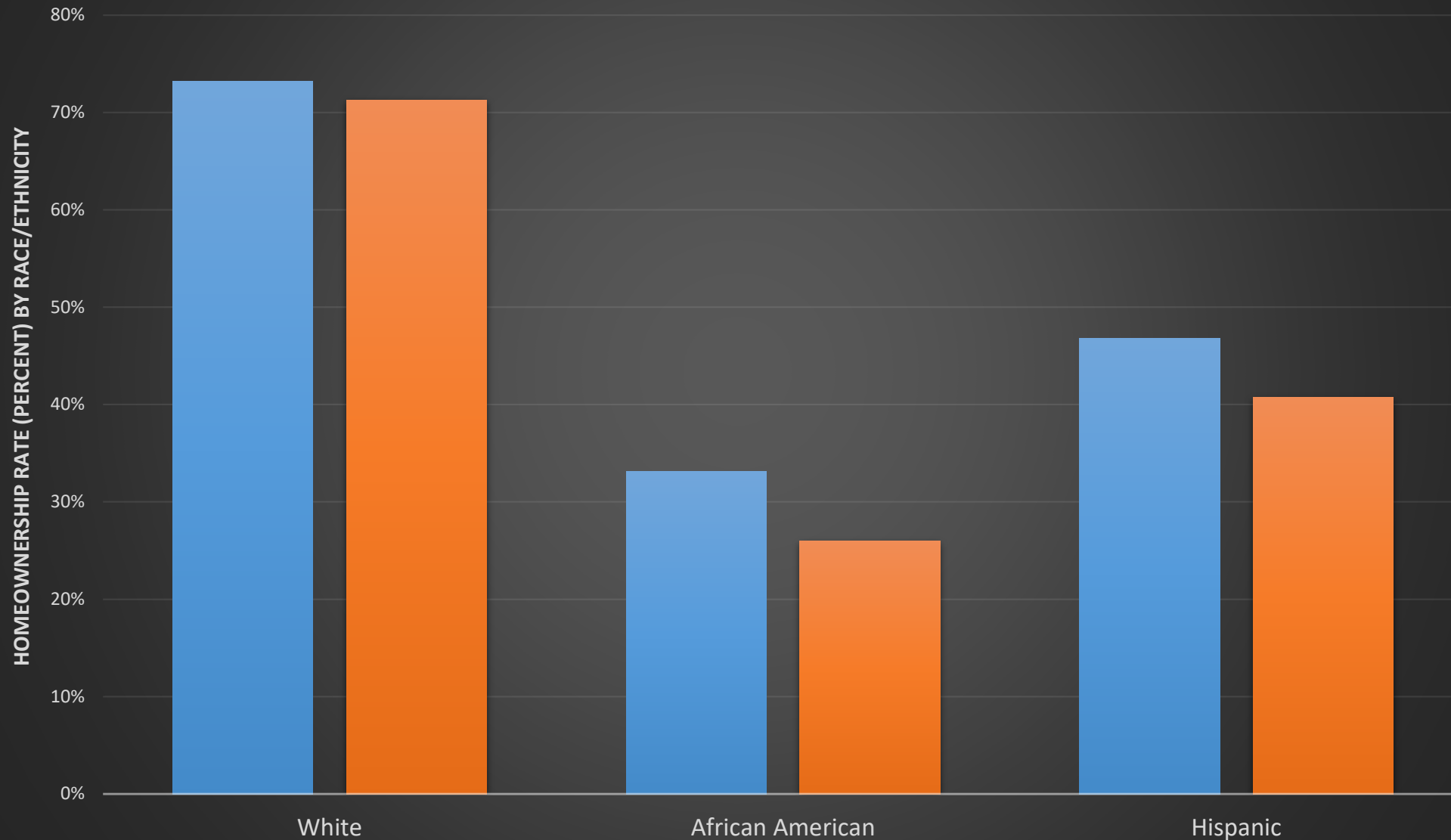
Median-Price to Median-Income Ratio (Wis. Metros)	2015	2020	Change
Milwaukee-Waukesha-West Allis, WI	3.89	4.24	9.0% ↑
Madison, WI	3.68	4.03	9.5% ↑
Racine, WI	2.69	3.08	14.5% ↑
Green Bay, WI	2.57	2.99	16.3% ↑
Oshkosh-Neenah, WI	2.45	2.94	20.0% ↑
La Crosse-Onalaska, WI-MN	2.85	2.93	2.8% ↑
Sheboygan, WI	2.46	2.80	13.8% ↑
Appleton, WI	2.32	2.79	20.3% ↑
Janesville-Beloit, WI	2.38	2.60	9.2% ↑
Eau Claire, WI	2.83	2.58	-8.8% ↓
Wausau, WI	2.54	2.41	-5.1% ↓
Fond du Lac, WI	2.17	2.28	5.1% ↑
Chicago-Naperville-Elgin, IL-IN-WI	3.39	3.70	9.1% ↑
Minneapolis-St. Paul-Bloomington, MN-WI	3.11	3.69	18.6% ↑
Duluth, MN-WI	2.70	2.66	-1.5% ↓
United States	3.97	4.37	10.1% ↑

Source: Joint Center for Housing Studies, Harvard University: State of the Nation's Housing, 2021

Homeownership Rates Declined in Wisconsin from 2007-2019 Across All Age Groups (except Seniors), with Largest Drop for Youngest Families



Homeownership Rates Declined in Wisconsin from 2007-2019 Across All Racial/Ethnic Groups, with Largest Drop for African American Families



Source: US Census Bureau, American Community Survey (1-year ACS).

■ 2007 ■ 2019

Many Lower-Income Homeowners Pay More than 50 percent of their Income on Housing

Percent of homeowners "extremely cost-burdened," by income category

State	0-30 percent of area income	30-50 percent of area income	50-80 percent of area income	80-100 percent of area income	above median area income
ILLINOIS	63.1%	30.1%	11.6%	4.0%	0.8%
INDIANA	55.4%	20.2%	5.2%	1.6%	0.3%
IOWA	52.3%	17.6%	4.4%	1.3%	0.3%
MICHIGAN	60.4%	24.7%	7.8%	2.1%	0.4%
MINNESOTA	55.5%	22.6%	6.9%	2.1%	0.4%
WISCONSIN	62.5%	27.0%	8.7%	2.6%	0.5%

Source: US. Dept. Housing and Urban Development, Comprehensive Housing Affordability Strategy Data, 2013-2017

For lower-income homeowners, Wisconsin's rate of extreme cost burden is second only to Illinois among Midwest.

Over 88,000 homeowners in Wisconsin with incomes below 50% AMI spend more than 50 percent of their income on housing.

Rents rose faster than household incomes in Midwestern states

<i>State</i>	<i>Increase median rent, 2007-2019</i>	<i>Increase median income, 2007-2019</i>
ILLINOIS	30.3%	27.8%
INDIANA	31.7%	21.4%
IOWA	42.5%	30.4%
MICHIGAN	30.0%	24.3%
MINNESOTA	42.9%	33.7%
WISCONSIN	28.8%	26.9%
<i>U.S. AVERAGE</i>	<i>39.0%</i>	<i>29.5%</i>

Source: US Census, 1-year American Community Survey (ACS) data, not inflation adjusted

- **On a *per-capita basis*, Wisconsin permitted more multifamily housing than our neighboring states from 2000-2014.**
- **From 2007-2019 Wisconsin had slower median rent growth than our neighboring states.**
- **Therefore, robust apartment construction moderates rent growth, even though we still didn't build enough**

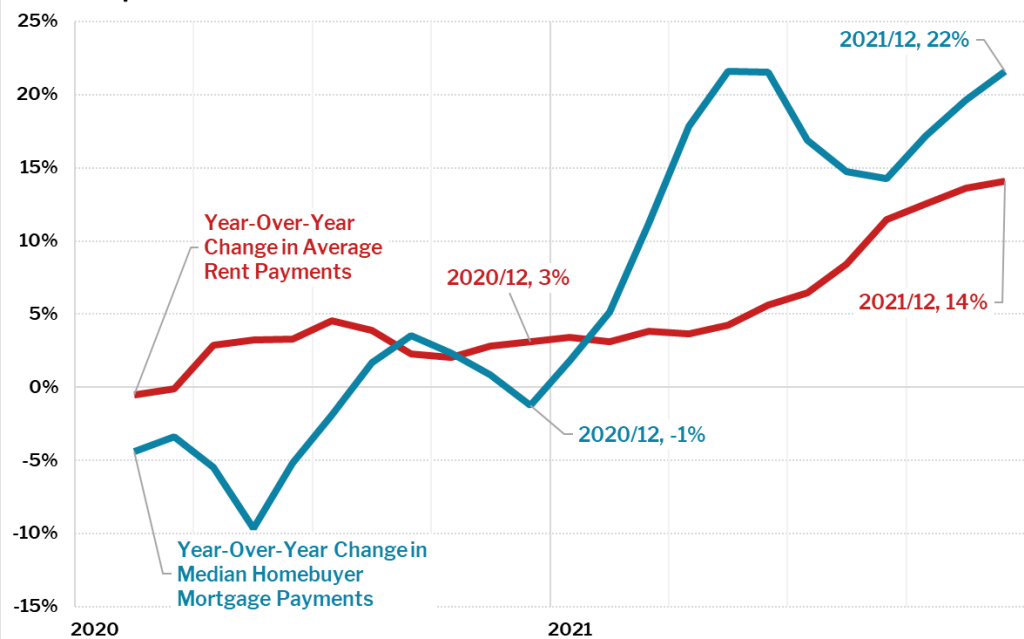
Wisconsin Leads Midwest with Highest Percentage of Lowest-Income Renters with Extreme Cost-Burdens

State	<i>Percent of renters "extremely cost-burdened," by income category</i>				
	0-30 percent of area income	30-50 percent of area income	50-80 percent of area income	80-100 percent of area income	above median area income
ILLINOIS	61.5%	26.0%	4.8%	1.3%	0.3%
INDIANA	61.5%	23.4%	3.1%	0.7%	0.4%
IOWA	61.2%	15.7%	3.2%	0.8%	0.5%
MICHIGAN	63.9%	28.9%	5.5%	1.5%	0.5%
MINNESOTA	59.0%	19.4%	3.9%	1.2%	0.4%
WISCONSIN	64.4%	19.9%	2.8%	0.7%	0.2%

Source: US. Dept. Housing and Urban Development, Comprehensive Housing Affordability Strategy Data, 2013-2017

Over 151,000 renting households in Wisconsin with incomes below 50% AMI spend more than 50 percent of their income on housing.

Rents Up 14% Year Over Year

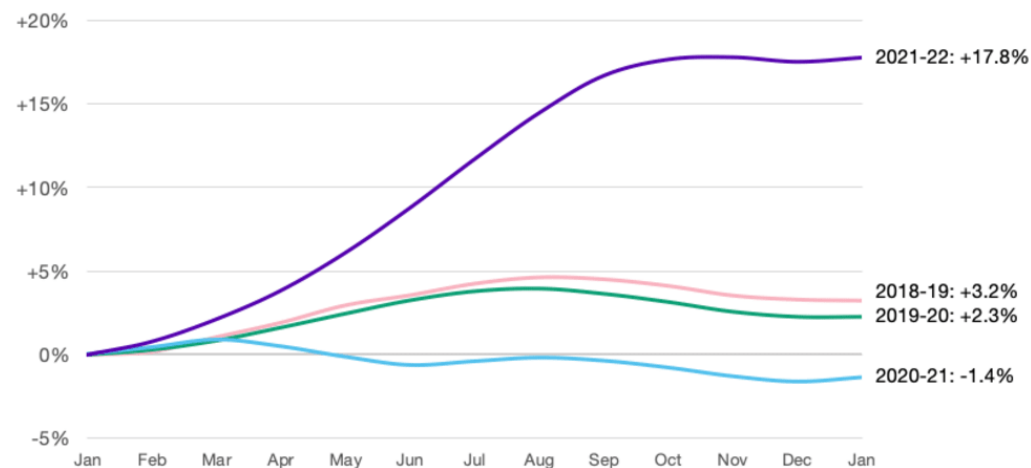


Source: Redfin analysis of asking rents & home sales data from the MLS & public records
Note: Mix of homes for rent and homes purchased are not directly comparable.

REDFIN

National Rent Index Up 18% Year-Over-Year

United States Annual Rent Growth: 2018-Present

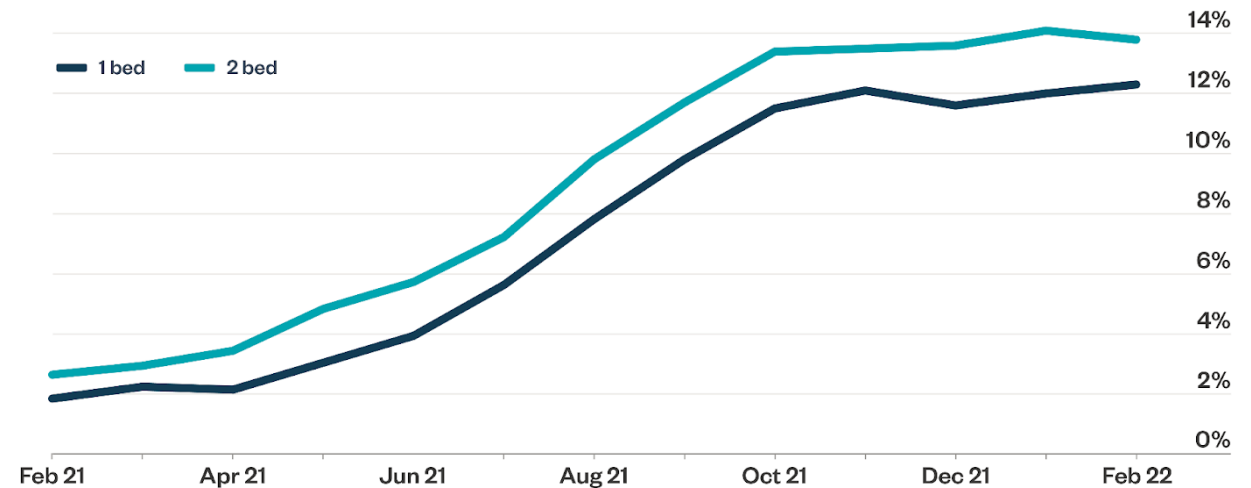


Source: Apartment List Rent Estimates
Data available: apartmentlist.com/research/category/data-rent-estimates

Apartment List

National rent growth

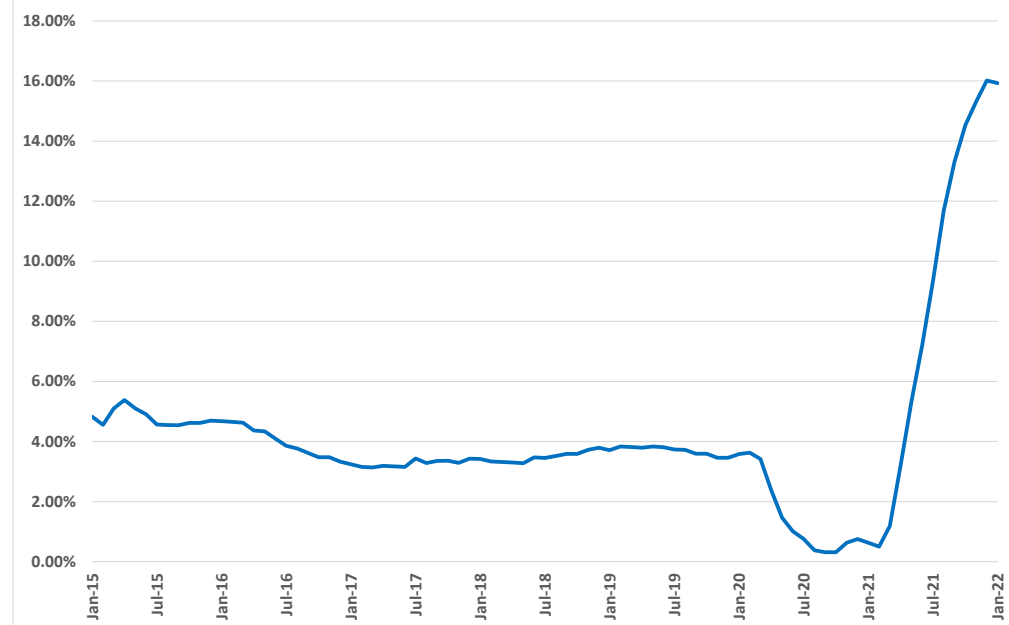
Year-over-year growth in median price



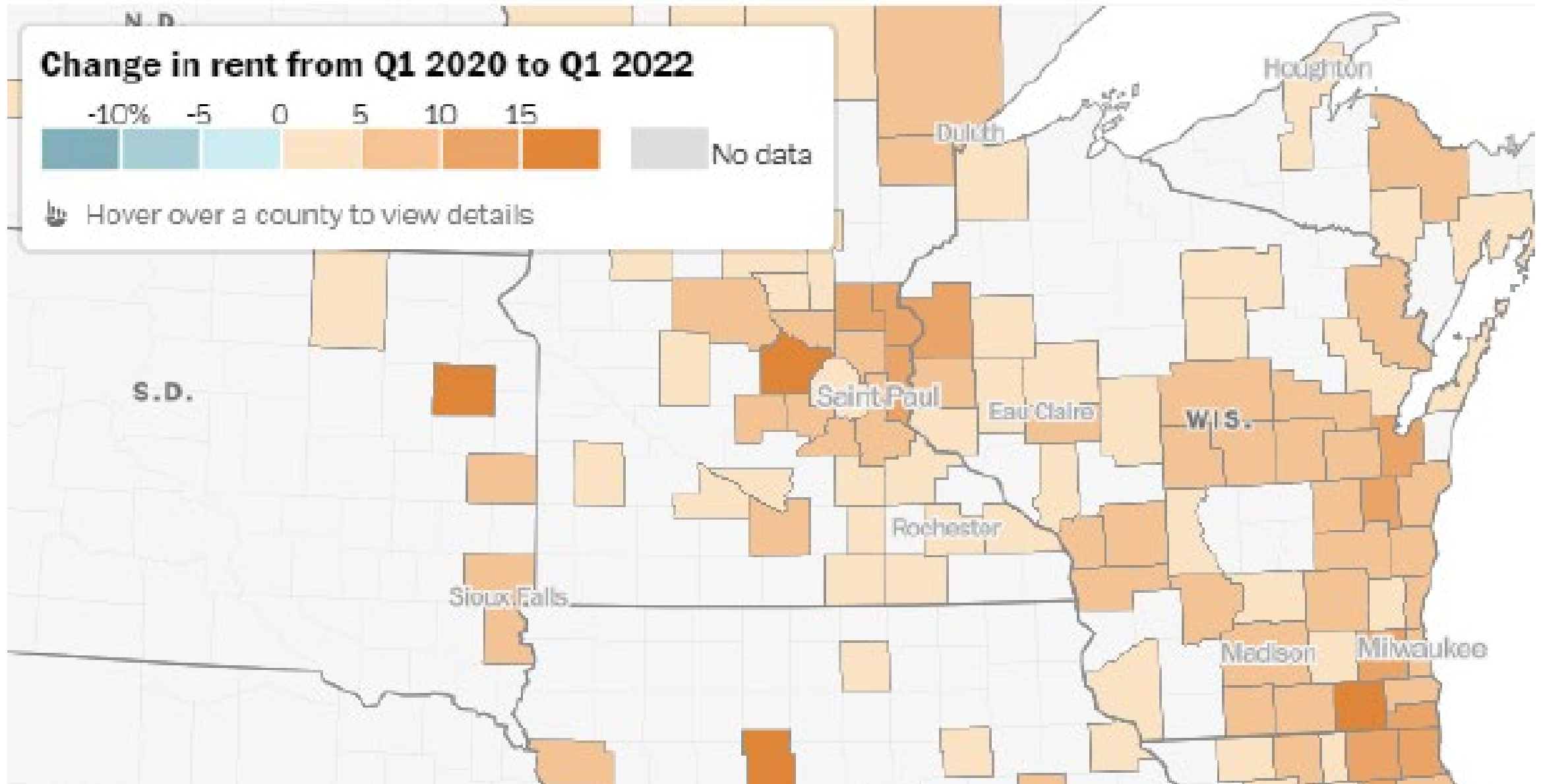
Source: Zumper National Rent Report

zumper

Zillow Observed Rent Index (United States): National Year-over-Year Rent Growth



Rents up across All Wisconsin metro areas (2020-2022)



Source: Washington Post. "Rents are rising everywhere. See how much prices are up in your area."

<https://www.washingtonpost.com/business/interactive/2022/rising-rent-prices/> Last accessed 4.22.22