

# HOME PRICES OUTPACE INCOMES

Since 2017, home prices in Wisconsin have risen much faster than incomes, making buying a home a more daunting endeavor. The median income among renters has kept pace with rising rental prices, though the share of renters spending more on housing than what is typically deemed affordable has grown. These challenges are prevalent statewide but are particularly acute in certain counties like Dane, where both the homebuyer and rental markets are unaffordable for the average resident.

For several years, housing prices have skyrocketed in Wisconsin for both home buyers and renters, raising concerns that homeownership has become less accessible and that renters are increasingly strained.

While these concerns have been widely discussed, we wanted to take a closer look to understand how incomes in Wisconsin have stacked up with housing prices over time and how housing affordability varies throughout the state. We did so by analyzing home sales data from the Wisconsin Realtors Association and income and rental data from the U.S. Census Bureau.

## HOMEBUYER MARKET MOST IMPACTED

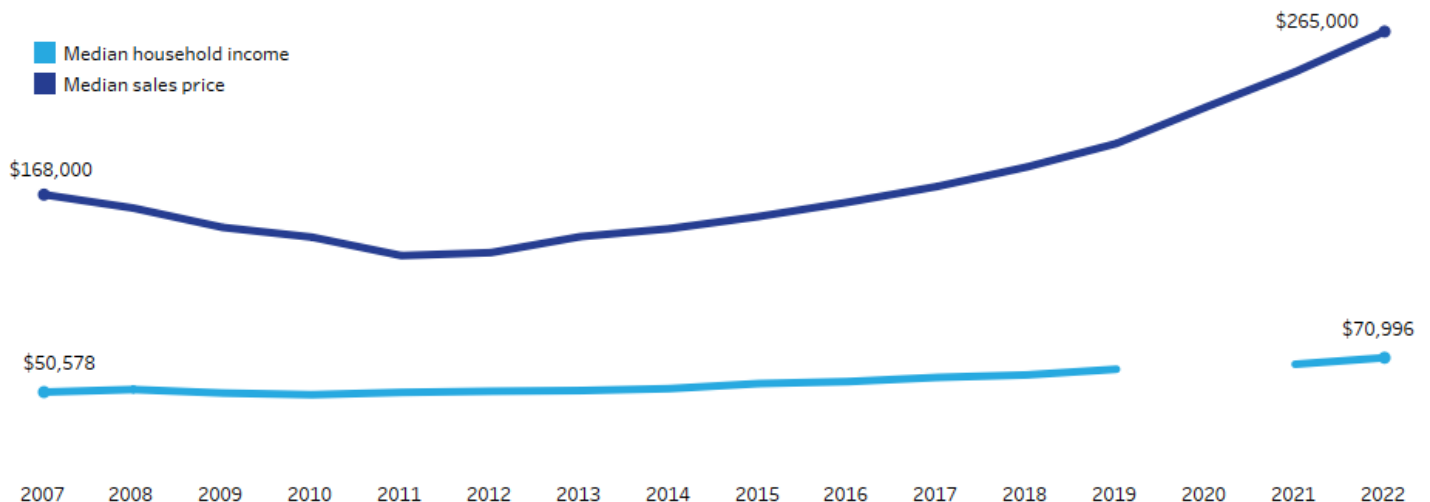
Our analysis shows the median sales price of homes in Wisconsin increased by more than half (53.3%) in just

five years, from \$172,900 in 2017 to \$265,000 in 2022 (see Figure 1). During those years, the state's median household income increased by only 19.7%.

This divergence was particularly acute during the pandemic years, pushing the state's price-to-income ratio to its highest point in data extending back to 2007. While the median price of homes sold in Wisconsin was 3.3 times the state's median household income in 2007, that ratio dropped to a low of 2.6 in 2011 as the Great Recession stifled the state's economy and housing market. It then increased gradually to 3.1 in 2019 before jumping to 3.7 in 2022. A general rule used by many real estate agents is that homebuyers can afford to spend roughly [2.6 times their household income](#) on a home.

**Figure 1: Housing Prices Have Increased Much Faster than Incomes**

Median home sales price and median household income in Wisconsin



Source: Wisconsin Realtors Association; U.S. Census Bureau: ACS 1-year estimates  
Notes: These figures are not adjusted for inflation. ACS income data are not available for 2020.



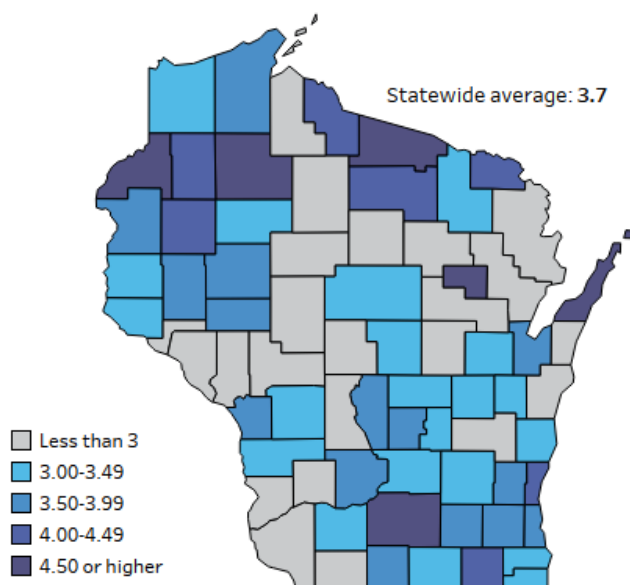
While homebuying has become a more challenging undertaking throughout Wisconsin, the difficulty is especially acute in certain communities. In 2022, the median home sales prices in six of the state's 72 counties was at least 4.5 times their median household incomes (see Figure 2). Those include Dane (4.6), Door (5.5), and the Northwoods counties of Vilas (5.3), Sawyer (5.1), and Burnett (4.5). Notably, the rural counties in this group include a high proportion of homes used for recreational purposes, which should be considered while evaluating the ratios and what they mean for housing markets in these communities.

Menominee County, home to the tribal nation of the same name, had the highest price-to-income ratio in the state at 7.6 in 2022. Only 31 homes were sold there that year, however, compared with at least 400 sold in each of the five other counties. That makes its ratio potentially volatile and one to interpret with caution.

Other counties where the median home sales price in 2022 was at least four times the median household income include Barron, Florence, Iron, Oneida, and Washburn counties in northern Wisconsin and Ozaukee and Walworth counties in southeast Wisconsin.

Dane County's position among those with the highest price-to-income ratios is especially notable given that it is the state's second most populous county and its

**Fig 2: Homes in Dane, Vacation Counties Least Affordable**  
Ratio of median home sales price to median household income, 2022



Sources: Wisconsin Realtors Association; U.S. Census Bureau: ACS 5-year estimates

housing market is not greatly influenced by vacation homes. More than 7,600 homes were sold in Dane County in 2022, which exceeded the combined total sold in the other 12 counties with ratios of 4.0 or higher.

In several counties with high price-to-income ratios, including Dane, Ozaukee, and Walworth, expensive housing markets can be seen as the primary driver. That is because their median household incomes in 2022 exceeded the statewide median of \$70,996.

Low incomes appear to be the bigger factor in five other counties in northern Wisconsin (Barron, Florence, Iron, Oneida, and Washburn). In all of those counties except Oneida, the median sales prices were below the statewide median of \$265,000 in 2022, but median incomes were below \$60,000. In Oneida County, the median sales price matched the state median, while the median income was roughly \$66,000.

Although the price-to-income ratio in Waukesha County was just under 4.0, that county's median sales price of \$405,000 was among the highest in the state in 2022. Recent Forum [research](#) examined Waukesha County's housing affordability challenges and potential solutions in much greater detail.

Wisconsin's large income disparities by race also make buying a home more challenging for certain populations. In 2022, the state's price-to-income ratio for Black households (6.8) was particularly high, and those for American Indian (4.8) and Hispanic (4.4) households also were elevated. Meanwhile, the ratios for non-Hispanic white (3.6) and Asian households (2.9) were considerably lower.

## LIMITED HOUSING SUPPLY RAISES PRICES

A number of factors have caused the supply of homes on the market to decline and remain depressed for the past several years, reducing vacancy rates and pushing prices upward.

The pandemic caused many existing homeowners to postpone or cancel plans to sell their homes. This trend accelerated in 2022 when mortgage rates [shot up](#) to their highest levels since the Great Recession, as lower interest rates on the mortgages on their current homes



likely left many homeowners reluctant to sell. According to Freddie Mac, the 30-year fixed rate mortgage average rose from under 3% in 2021 to a peak of 7.8% in November 2023. Interest rates have cooled since then, but the national average remained at 6.6% as of February 2024.

For more than a decade, the relatively slow pace of housing development in Wisconsin also has limited the supply of available homes. According to the U.S. Department of Housing and Urban Development, at least 30,000 homes [were permitted statewide](#) each year between 1994 and 2005, including more than 40,000 in both 2003 and 2004. After dropping to a low of less than 10,000 in 2011, the numbers have recovered somewhat but have not returned to the levels seen in the 1990s and early 2000s. In 2022, 21,063 new homes were permitted statewide.

As the pace of home construction has slowed, the demand for housing has grown. Since 2010, the number of households in Wisconsin has increased by more than 211,000, while fewer than 145,000 housing units have been permitted. That deficit of nearly 67,000 units also has contributed to rising prices.

### MIXED INDICATORS FOR RENTERS

Recent changes in Wisconsin’s rental market have been less pronounced. The state’s median monthly gross rent (contract rent plus the estimated average monthly cost of utilities) rose from \$819 in 2017 to \$992 in 2022, a 21.1% increase. That was slightly lower than the simultaneous 22.0% gain in median household income among renter households.

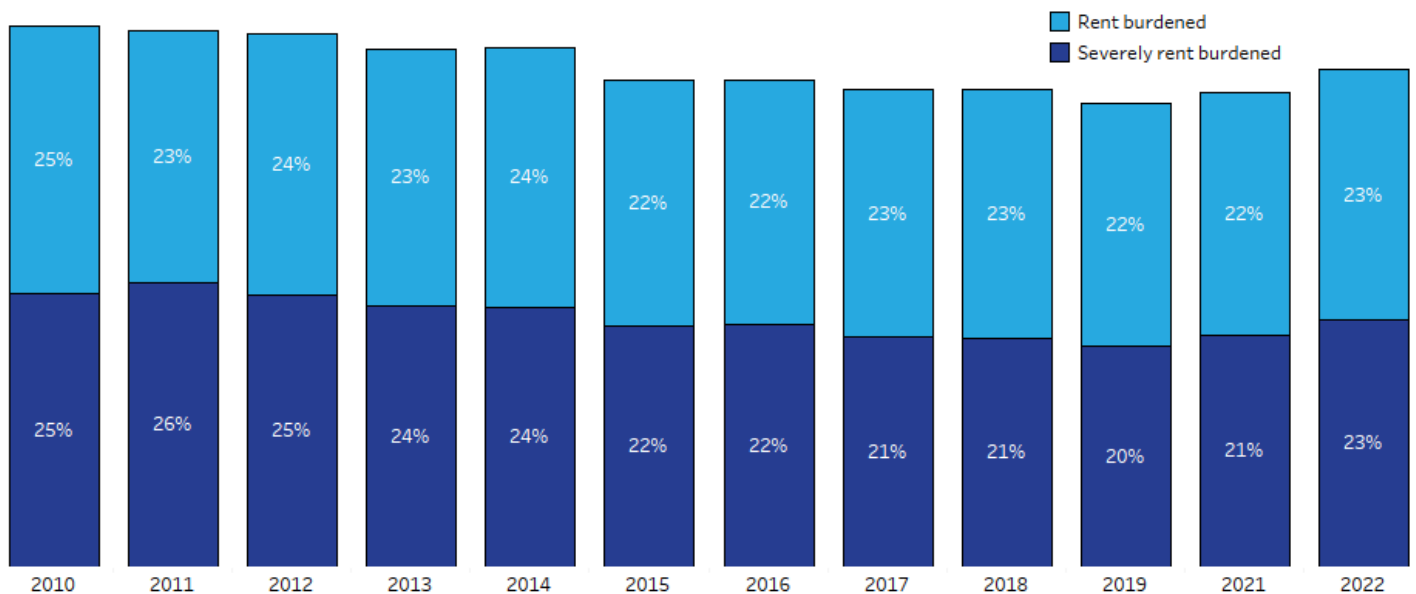
Previous Forum [research](#) found that during the pandemic, wages grew faster for lower-wage workers – who are more likely to rent than own their homes – than for higher-wage workers. During the same period, however, lower-wage jobs were eliminated disproportionately. Ultimately, the 22.0% median income gain between 2017 and 2022 among the state’s renter households was roughly equaled by the state’s homeowners (21.7%).

Although renter household incomes have kept pace with rising rental prices, that may be influenced somewhat by higher-income renters remaining in the rental market longer than desired. Aspiring homebuyers who have not been able to purchase homes in a limited and more expensive market may be pushing up the median income among renters overall.

Moreover, the share of Wisconsin’s renters spending at least 30% of their income on housing (the maximum

**Figure 3: Rent Burden Growing, but Less Common than Post Great Recession**

Share of Wisconsin’s renter households spending at least 30% of income on gross rent

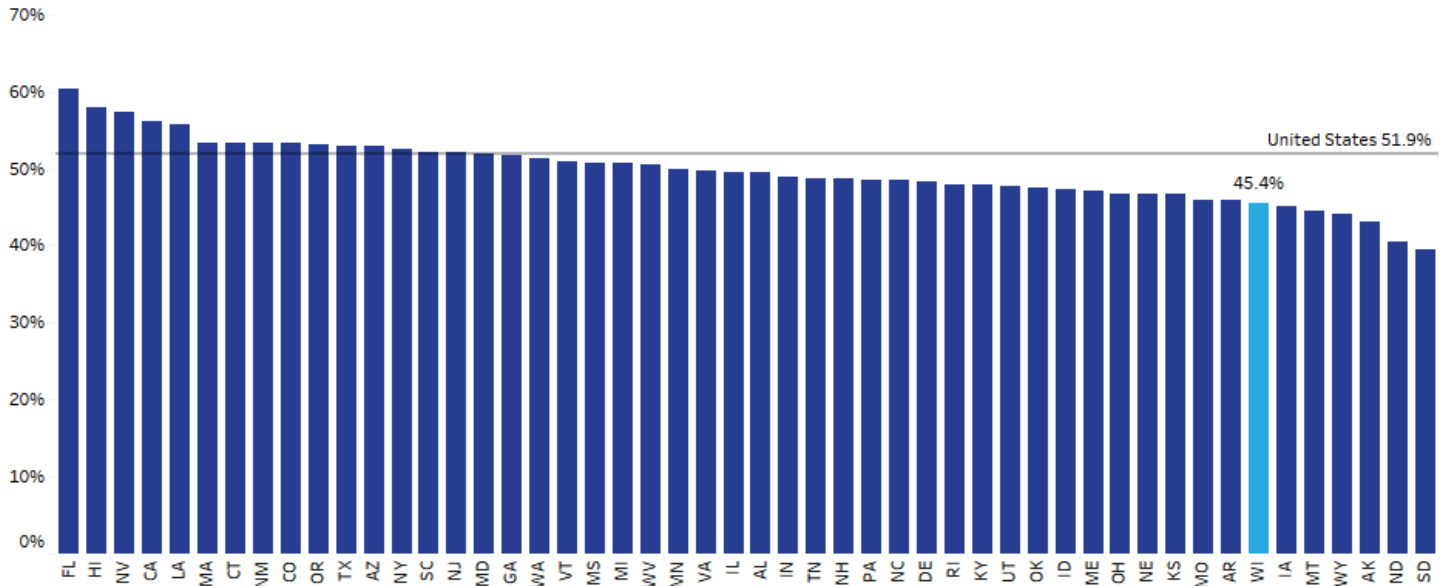


Source: U.S. Census Bureau, ACS 1-year estimates. Note: ACS data are not available for 2020.



**Figure 4: Fewer Renters Are Overextended in Wisconsin than Most Other States**

Share of renter households spending 30% or more of income on housing, 2022



Source: U.S. Census Bureau, ACS 1-year estimates

percentage generally recommended) rose from 43.6% in 2017 to 45.4% in 2022 (see Figure 3). This increase is concerning, though the prevalence of such “rent burden” was actually greater in the years following the Great Recession. The share of Wisconsin’s renters spending more than half of their income on housing, who are considered “severely rent burdened,” has followed a similar trend.

This issue was even more prevalent nationally than in Wisconsin in 2022, with 51.9% of U.S. renter households spending at least 30% of their income on housing. In fact, Wisconsin ranked 44<sup>th</sup> of the 50 states and below all of its neighboring states except Iowa on this indicator (see Figure 4).

That year, Wisconsin also ranked among the 10 states with the lowest share of renter households spending at least half of their income on housing. In Wisconsin, 22.5% of renter households fell into that category compared with 26.7% nationally.

As in the homebuyer market, renters are more strained in some Wisconsin communities than others. In two counties, Milwaukee (50.9%) and Dane (50.4%), more than half of renter households spent more than 30% of their income on housing in 2022. Whereas Dane County’s median rent (\$1,258) was substantially higher

than the statewide median of \$992 that year, Milwaukee County’s (\$1,012) was not. Thus, housing costs are a key factor in the pervasiveness of rent burden in Dane County, while low household incomes are the main driver in Milwaukee County.

It will be important to keep an eye on the state’s rental market going forward as at least [some newer data](#) suggests prices have increased faster in Wisconsin than nationally.

## CONCLUSION

Our analysis shows that home prices have grown faster than incomes in Wisconsin for several years. While this trend affects all homebuyers to varying degrees, it is particularly concerning for younger aspiring homebuyers who may be denied some or all of the long-term benefits of owning a home, including the opportunity to build equity.

Many factors contribute to high and rising housing costs. While some are largely beyond local control, such as interest rates and the cost of materials for housing construction, others can be influenced to some extent by state and local policy.

For example, municipal zoning regulations have a considerable impact on the amount and type of housing



that can be built, which in turn influences housing supply and costs. Given that housing production has not kept up with demand for many years, [zoning changes](#) that allow for smaller homes on smaller lots or permit the development of duplexes and multi-family housing in more locations could help to produce more housing of varying types and prices and slow rising housing costs overall.

State government also has a role to play, and public concerns about housing costs already have generated bipartisan state action designed to produce more affordable housing, especially in the rental market. In 2023, the state created several zero- or low-interest loan programs that support building, renovating, and making infrastructure improvements for affordable, workforce, and senior housing developments. The subsequent state budget directed [\\$525 million](#) to those programs, and in January 2024, the governor and WHEDA [announced](#) the first projects those programs will support.

These issues are complex, however, and it likely will take multiple strategies and many years to improve housing affordability in Wisconsin. It is also clear that the best approaches may vary throughout the state depending on the extent to which high housing costs or low household incomes are key issues contributing to the challenges.

