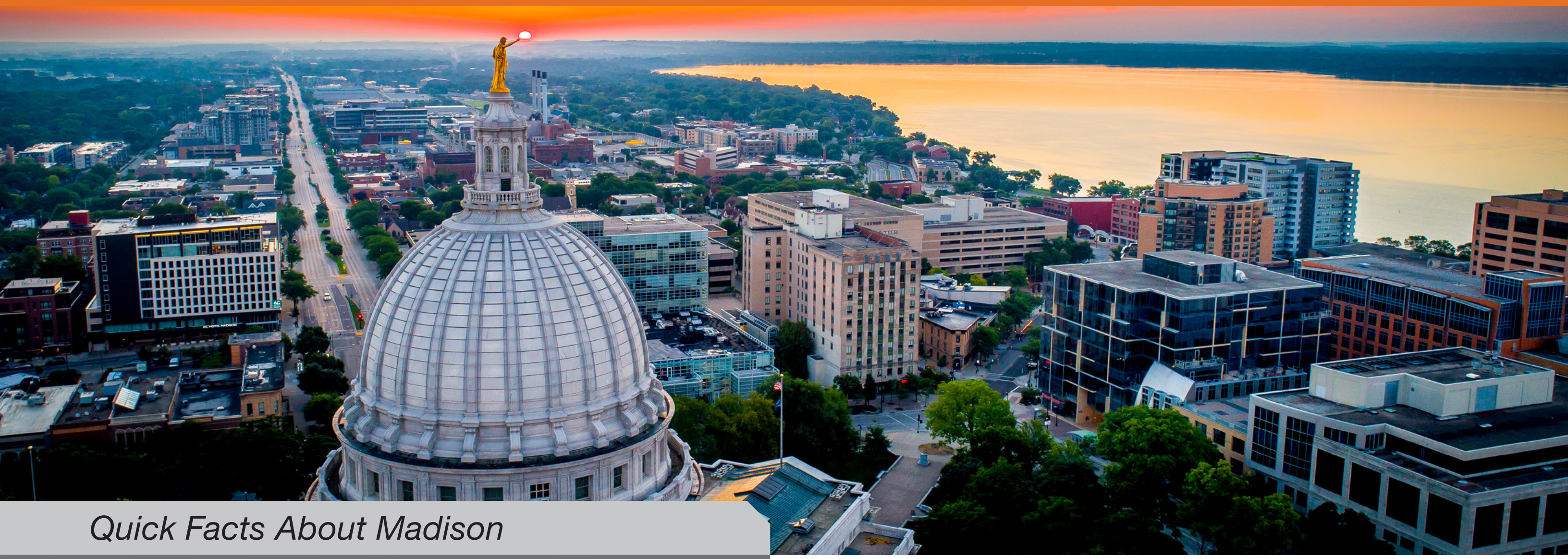
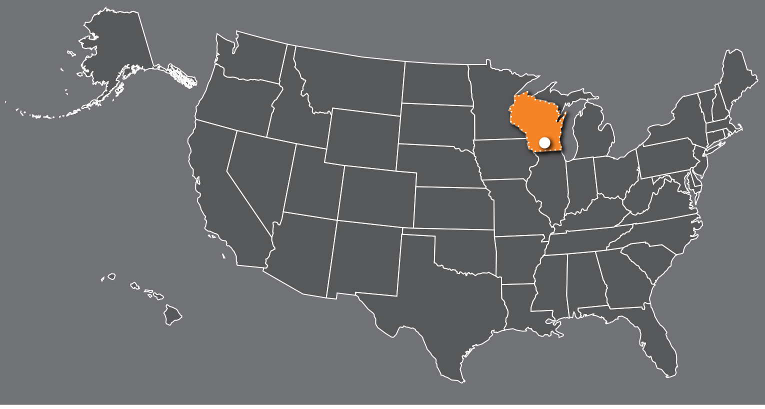
HUD PD&R Housing Market Profiles

Madison, Wisconsin



Quick Facts About Madison

- **Current sales market conditions: tight**
- **Current rental market conditions: balanced**
- **The Madison metropolitan area was designated a "Biohealth Tech Hub" in 2023 by the U.S. Economic Development Administration because of the concentration of firms developing and manufacturing medical equipment, software, and treatments and the advanced care offered by the University of Wisconsin (UW) Health network of hospitals and clinics. Biotechnology companies in the metropolitan area received federal research grants, adding to the large research investments by UW–Madison, which exceeded $1.7 billion during the 2023 fiscal year and positioned the university among the top six in the nation in research expenditures (National Science Foundation Higher Education Research and Development data).**



By Abram Olivas | As of June 1, 2025

Overview

The Madison, WI Metropolitan Statistical Area (hereafter, Madison metropolitan area) includes Columbia, Dane, Green, and Iowa Counties in south central Wisconsin. Situated near the intersection of Interstates 90 and 94, the central city of Madison in Dane County is the state capital of Wisconsin. Historically, the economy of the metropolitan area has developed as the center for state government and higher education in Wisconsin. In recent decades, however, the professional and business services and the information sectors have grown significantly, partially due to the expansion of biotechnology companies and major software developers in the information sector. Economic growth has contributed to the recent accelerated population growth, and from 2010 to 2024, the metropolitan area accounted for approximately 37 percent of the population growth of Wisconsin. Economic conditions in the metropolitan area are stable, with moderate job growth slowing from the previous 2 years and an unemployment rate that has remained below 3.0 percent since 2022. The home sales market is tight, with a relatively limited inventory of available homes contributing to high price growth and a relatively low level of sales. Rental market conditions eased during the past 2 years and are balanced despite continued population growth, partly because of an elevated number of new units entering the market.

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- The population of the Madison metropolitan area was estimated at 716,200 as of June 1, 2025, reflecting an average increase of 8,950, or 1.3 percent, annually since 2021 (U.S. Census Bureau estimates as of July 1; current estimate by the analyst). Growth since 2021 was preceded by a period of minimal population growth of less than 0.1 percent, or 320 people, from April 2020 to July 2021, during the early stage of the COVID-19 pandemic, when net out-migration nearly offset net natural increase (Census Bureau decennial census).
- Since 2021, population growth has been attributed mostly to net in-migration, which averaged 7,300 people annually, a large portion of which was from international net in-migration, which averaged 5,425 people annually from 2021 to 2024. By comparison, net in-migration averaged 3,700 people annually from 2017 to 2020, and international net in-migration averaged 1,275 people annually.
- Since April 2020, the number of households in the metropolitan area has increased an average of 4,700, or 1.6 percent, annually to 311,900, up from the average annual growth of 3,675 households, or 1.4 percent, from 2010 to 2020. Growth in the number of households has outpaced population growth because of increased household formation, partly caused by smaller households, which has contributed to elevated home sales during 2021 and 2022 and strong absorption of rental units since 2020.

Economic Conditions

Economic conditions in the Madison metropolitan area are stable, with job growth moderating from relatively high rates during the previous 3 years. The unemployment rate has increased slightly because of a decline in resident employment, but the rate remains below 3.0 percent. Economic growth has slowed partly because of faster declines in the goods-producing sectors and moderating gains in the service-providing sectors. On an annual basis, year-over-year nonfarm payroll growth was strong from 2021 through 2023, averaging approximately 11,100 jobs, or 2.8 percent, annually. The strong job growth continued after the metropolitan area recovered from the 2020 pandemic-related economic downturn and associated job losses. Nonfarm payrolls reached their 2019 average during 2022, a faster recovery rate than the rate for the state and equivalent to that for the nation. Job growth in the metropolitan area then slowed to 1.2 percent during 2024 but remained above the prepandemic annual average rate of growth from 2016 through 2019. Several expansions at major employers were completed during 2023 and 2024, which have contributed to slowing job growth; however, the education and health services and the government sectors have continued to expand.

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In the Madison metropolitan area, moderate job growth in the service-providing sectors during the 3 months ending May 2025 was partially offset by declines in the goods-producing sectors.

	3 Months Ending		Year-Over-Year Change	
	May 2024 (Thousands)	May 2025 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	428.2	429.0	0.8	0.2
Goods-Producing Sectors	57.9	57.0	-0.9	-1.6
Mining, Logging, & Construction	20.0	19.7	-0.3	-1.5
Manufacturing	37.9	37.3	-0.6	-1.6
Service-Providing Sectors	370.3	372.0	1.7	0.5
Wholesale & Retail Trade	53.0	51.9	-1.1	-2.1
Transportation & Utilities	10.1	9.9	-0.2	-2.0
Information	20.5	21.1	0.6	2.9
Financial Activities	23.9	23.6	-0.3	-1.3
Professional & Business Services	52.2	51.9	-0.3	-0.6
Education & Health Services	55.1	56.5	1.4	2.5
Leisure & Hospitality	38.5	38.1	-0.4	-1.0
Other Services	20.7	21.7	1.0	4.8
Government	96.4	97.2	0.8	0.8
Unemployment Rate	2.4%	2.7%		

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

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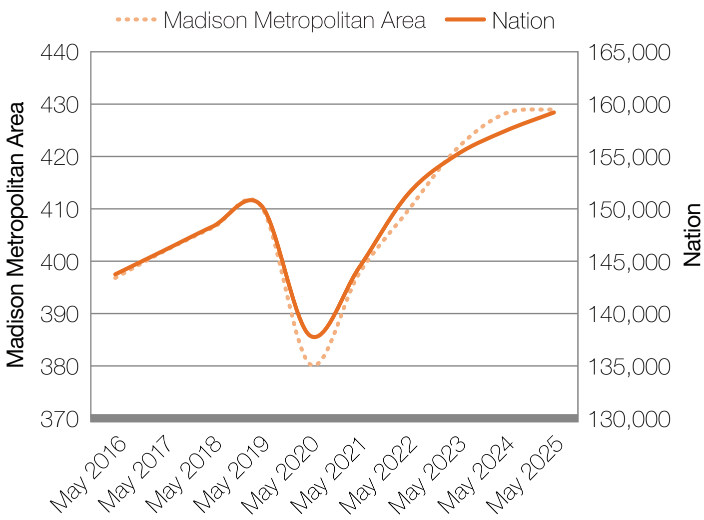
As of the 3 months ending May 2025—

- Nonfarm payrolls averaged 429,000, reflecting an increase of 800 jobs, or 0.2 percent, from a year earlier and slowing from the year-over-year growth of 6,800 jobs, or 1.6 percent, as of the 3 months ending May 2024. By comparison, annual job growth averaged 4,400 jobs, or 1.1 percent, from 2016 through 2019.
- Job growth occurred in 4 of the 11 payroll sectors, led by the education and health services and the other services sectors, which added 1,400 and 1,000 jobs, respectively, reflecting increases of 2.5 and 4.8 percent. The education and health services sector expanded because the UW Health Eastpark Medical Center began operations in late 2024, and the other services sector expanded partially due to growth in the civic and social organizations industry (Quarterly Census of Employment and Wages).
- Job losses occurred in seven payroll sectors and were led by the wholesale and retail trade and the manufacturing sectors, which declined by 1,100 and 600 jobs, or 2.1 and 1.6 percent, respectively. The wholesale and retail trade sector declined primarily due to losses in the retail trade subsector, partly because online retail shopping has become more common, and recent manufacturing sector losses were partially due to layoffs by Sheridan, a book printer and publishing company in Random Lake, Wisconsin.
- The unemployment rate averaged 2.7 percent, up slightly from 2.4 percent a year earlier but still below the rates for both Wisconsin and the nation, which averaged 3.4 and 4.1 percent, respectively. By comparison, the unemployment rate in the metropolitan area averaged 2.4 percent annually from 2021 through 2024.

The education and health services sector is the second largest sector in the metropolitan area, accounting for approximately 13 percent of the nonfarm payroll total as of the 3 months ending May 2025. Recent growth in the sector was partially due to the completion of the UW Health Eastpark Medical Center, the largest medical facility to open in the nation in 2024, at 496,000 square feet of medical space and a cost of $465 million. In addition, in 2025, Acadia Healthcare Company, Inc. opened Shorewood Behavioral Health, a mental health facility with 120 patient beds. UW Health has $900 million in construction underway across five facilities in the metropolitan area that will total approximately 1 million square feet once complete. Projects include an expansion at the UW Health

The growth rate of nonfarm payrolls during the most recent 3 months slowed in the Madison metropolitan area compared with the relatively rapid growth during the previous 3 years.



Note: Payrolls are 3-month averages, in thousands.
Source: U.S. Bureau of Labor Statistics

Largest Employers in the Madison Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Wisconsin–Madison	Government	27,300
UW Health	Education & Health Services	18,000
Epic Systems Corporation	Information	11,000

Note: Excludes local school districts.
Sources: UW–Madison; UW Health; Greater Madison Chamber of Commerce

University Hospital and a new inpatient physical rehabilitation center in Fitchburg in collaboration with LifePoint Health. Included in the state government subsector, UW–Madison is the largest employer in the metropolitan area, employing 27,300 staff, students in work-study programs, and faculty. Enrollment at the university totaled 52,100 students as of fall 2024, reflecting an average increase of 1,650 students, or 3.5 percent annually, since 2020. By comparison, fall enrollment increased an average of 300 students, or 0.7 percent, annually from 2010 to 2020. UW–Madison is completing construction of a new building to house the School of Computer, Data & Information Sciences; Morgridge Hall will open in the fall of 2025 and contribute to increased employment and student enrollment at the university.

Sales Market Conditions

The home sales market in the Madison metropolitan area—including single-family homes, condominiums, and mobile homes—is tight, with an estimated vacancy rate of 0.6 percent, down from 0.8 percent as of April 2020, when market conditions were slightly tight. The tightening of the market is partially due to a 28-percent decline in the inventory count from May 2020 to May 2025, resulting in a 2.1-month supply of homes for sale, down from 2.8 months as of May 2020 (Redfin, a national real estate brokerage). The declining inventory count has contributed to high rates of sales price growth since 2020. Along with the elevated level of home sales during 2020 and 2021, a contributing factor to the constrained inventory is a lower tendency for current homeowners to list their homes for sale; homeowners who bought or refinanced when mortgage interest rates were low are reluctant to sell if a subsequent purchase would require financing at a higher interest rate. Home sales declined relatively rapidly during 2022 and 2023 from a peak in 2021, partly due to the rise in the average interest rate for a 30-year fixed-rate mortgage, which increased from the historically low average of 3.0 percent annually during 2020 and 2021 to 6.8 percent during 2023 (Freddie Mac). During the 12 months ending April 2025, home sales continued the downward trend from the previous 12 months but at a much slower rate. Stable economic conditions have contributed to a low level of mortgage delinquencies. The percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned status as of April 2025 remained at a near-historical low of 0.3 percent, unchanged from a year earlier and below 0.6 and 1.0 percent for Wisconsin and the nation, respectively.

As of the 12 months ending April 2025—

- Existing home sales accounted for approximately 93 percent of all sales in the Madison metropolitan area, totaling 8,925 sales, down by 30 sales, or less than 0.1 percent, from the previous 12 months. By comparison, year-over-year sales declined by 630 sales, or 7 percent, during the 12 months ending April 2024.
- The average sales price for an existing home was $422,300, reflecting an increase of $38,500, or 10 percent, from a year earlier, up from the increase of $25,450, or 7 percent, during the 12 months ending April 2024. By comparison, existing sales prices increased an average of $27,000, or 8 percent, annually from 2021 through 2023.
- New home sales in the metropolitan area accounted for approximately 28 percent of all new sales in Wisconsin at a total of 630 sales, falling by 180, or 22 percent, from the previous year. The downward trend was a continuation of declines that averaged 23 percent annually during the previous 2 years.
- New home sales prices averaged $519,200, reflecting an increase of $21,000, or 4 percent, from a year earlier. Contrasting with the acceleration of existing home sales price growth, this figure was a moderation from the increase of $28,950, or 6 percent, during the 12 months ending April 2024 and the average increase of $47,150, or 12 percent, annually during 2021 and 2022.

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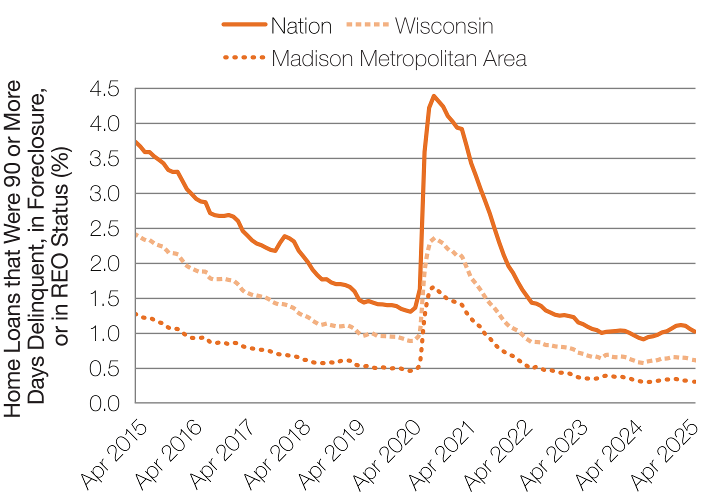
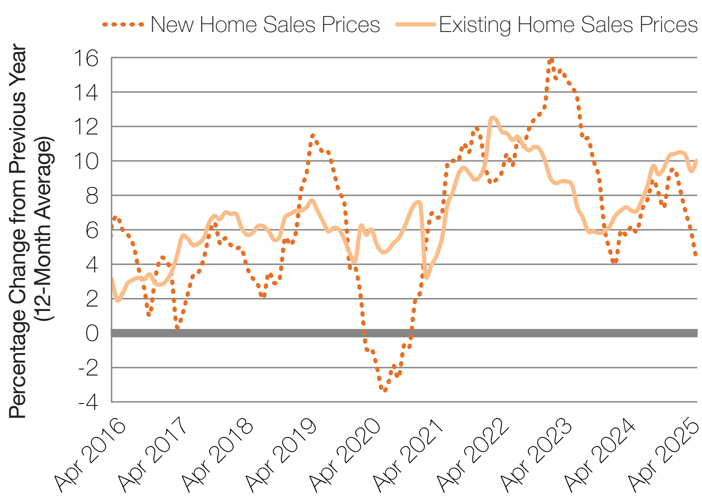
In the Madison metropolitan area, the rate of home loans that were 90 or more days delinquent, in foreclosure, or recently transitioned to real estate owned status has been below 1.0 percent since late 2021.



REO = real estate owned.
Source: Cotality

Price growth for new and existing home sales in the Madison metropolitan area has accelerated since 2020; however, price growth for new home sales has slowed during the past 12 months.



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

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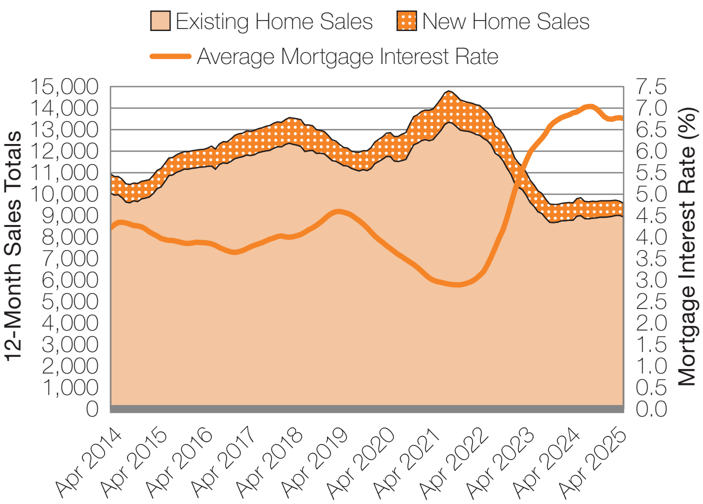
The number of existing home sales in the Madison metropolitan area has been steady during the past 24 months, but new home sales have continued to decline year over year.

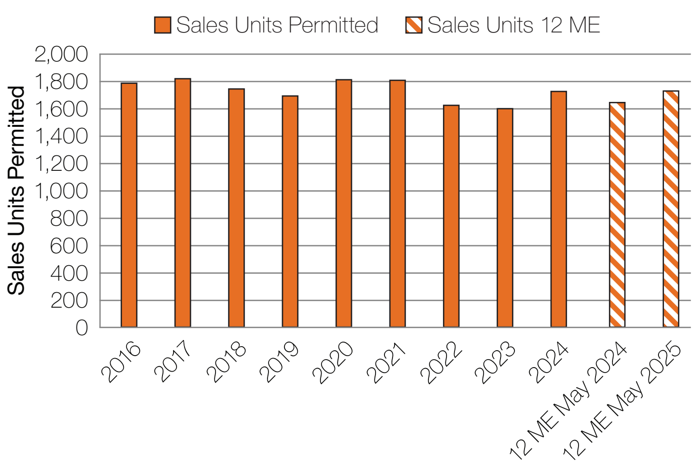


Note: Sales are for single-family homes, townhomes, and condominiums.
Sources: Home sales and prices—Cotality; mortgage interest rates—Freddie Mac Primary Mortgage Market Survey

Sales construction activity in the metropolitan area—as measured by the number of single-family homes, townhomes, and condominiums permitted—totaled 1,725 units during the 12 months ending May 2025, up 5 percent, or 90 units, from the previous 12 months. Approximately 84 percent of sales permitting in the metropolitan area since 2020 has occurred in Dane County.

- Sales permitting increased from an average of 1,600 units permitted annually during 2022 and 2023 but is still below the most recent peak during 2020 and 2021, when new home sales were relatively high and sales permitting averaged 1,800 units annually. By comparison, the number of units permitted averaged 1,750 annually from 2016 through 2019.
- The number of sales units permitted is significantly higher than the number of new home sales recorded; some new homes, including custom-built homes and those sold directly by home builders, are permitted but may not be included in reported sales. The city of Madison has had the highest share of new home construction activity since 2020, accounting for 24 percent of homes permitted in the metropolitan area.
- Notable recent developments in the city of Madison include Acacia Ridge, a semi-custom single-family subdivision that began construction in 2018 at the western edge of the city. The third phase began construction in 2023 and will total 191 units at buildout. Nineteen lots are available for purchase to build on, and 18 move-in-ready homes are available for purchase; 154 homes have been sold, including 10 homes under construction.

Since 2022, sales permitting in the Madison metropolitan area has been lower than the average from 2016 through 2021.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2016–24—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

Rental Market Conditions

The overall rental market in the Madison metropolitan area—which includes single-family homes, mobile homes, and apartments—is balanced, with an estimated vacancy rate of 6.1 percent, up from 4.1 percent as of April 2020, when conditions were tight. High levels of net in-migration and apartment absorption since 2020 have contributed to tight rental market conditions and elevated year-over-year rent growth. Many apartment units have entered the market during the past 2 years, however, contributing to slowing rent growth and a higher vacancy rate. The rental market in the metropolitan area primarily consists of apartments and units in structures with five or more units; the percentage of renter households that occupy single-family attached and detached homes was 15 percent during 2023, down from 16 percent during 2019 and significantly lower than 31 percent nationally (American Community Survey 1-year data).

As of the second quarter of 2025—

- Apartment market conditions are balanced. The apartment vacancy rate in the metropolitan area is 5.4 percent, up from 5.1 percent a year earlier (CoStar Group). By comparison,

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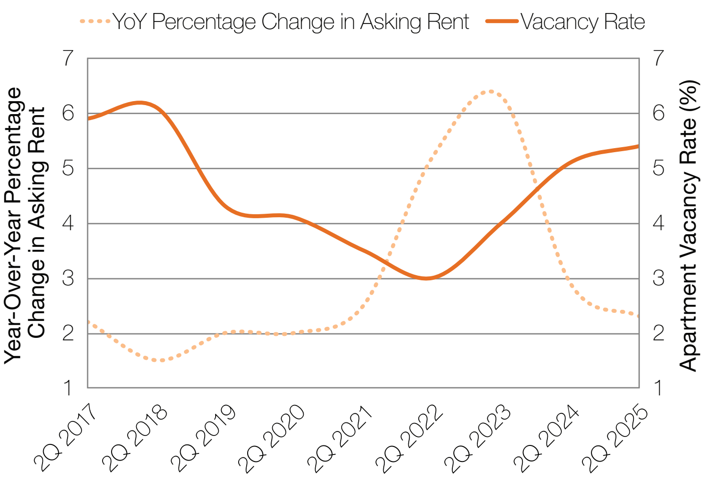
second quarter vacancy rates ranged from 4.1 to 3.0 percent from 2020 through 2023, when market conditions were tight.

- The average monthly apartment rent is $1,621, reflecting an increase of $36, or 2 percent, from a year earlier, slowing slightly from the year-over-year increase of $45, or 3 percent, as of the second quarter of 2024. Second quarter rents grew fastest during 2022 and 2023, increasing an average of $82, or 6 percent, annually.
- Although not exclusive to students, a portion of the apartment inventory is primarily occupied by students; these apartments may feature amenities such as individual room leases, fully furnished rooms, and proximity to the UW–Madison campus. Of the 34,600 beds in the CoStar Group-defined student rental market, the vacancy rate was 4.7 percent, up from 4.3 percent a year earlier. The average rent was $1,202, reflecting an increase of $43, or 4 percent, from the second quarter of 2024.
- Compared with renter households in the nation, renters in the metropolitan area face a generally higher cost burden, partially due to the large population of students who often have lower incomes because most do not work full time. As of 2021, 20.4 percent of renter households in the metropolitan area faced a moderate to high cost burden, with 31 to 50 percent of their income going to rental housing costs, significantly higher than 6.9 percent nationally (Comprehensive Housing Affordability Strategy data, American Community Survey 2017–2021 5-year data).

Rental construction activity—as measured by the number of rental units permitted and estimates by the analyst—has increased notably since 2021 as developers responded to very low vacancy rates and higher rent growth.

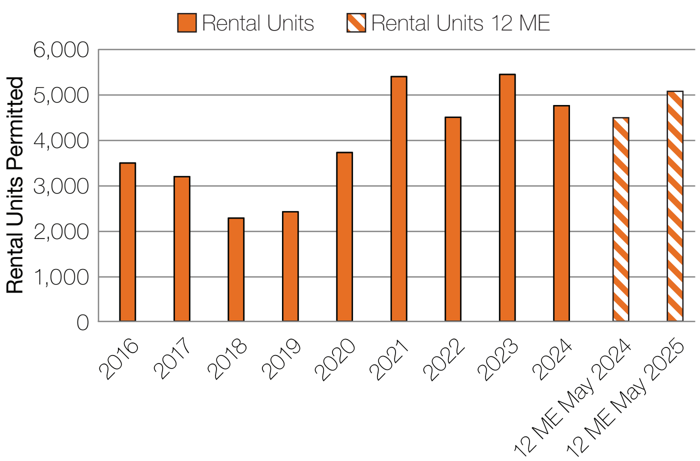
- Rental permitting during the 12 months ending May 2025 increased by 580 units, or 13 percent, from the previous year to 5,075 units, continuing the period of elevated construction activity from 2021 through 2024, when rental permitting averaged 5,025 units annually. Approximately 6,875 units are under construction.
- Rental permitting increased from several years of lower construction activity, averaging 3,025 units annually from 2016 through 2020, when net in-migration and the rate of household formation were lower. The net addition of rental units kept pace with absorption; however, once population growth and apartment absorption increased during 2020, the previously low levels of permitting left a gap in supply, contributing to tight conditions.
- Since 2020, 58 percent of apartment construction has been in the city of Madison. Notable developments under construction in downtown Madison include ONE 09, which will consist of 337 units once completed in August 2025. Monthly rents for studios and one-, two-, and three-bedroom units will start at $1,590, $2,325, $3,150, and $6,375, respectively.
- Recently completed developments include Atmosphere Madison, a 341-unit student apartment building less than a mile from the UW–Madison campus. Completed in August 2024, the development is 98 percent occupied, and rents are listed by bedroom, ranging from $1,305 for a bedroom in a five-bedroom unit to $2,025 for a one-bedroom unit.

Low vacancy rates in the Madison metropolitan area beginning during 2020 contributed to rapid year-over-year rent growth during 2022 and 2023.



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

An elevated level of rental construction activity in the Madison metropolitan area since 2021 has contributed to easing rental market conditions during the past 24 months because of units entering lease up.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2016–24—final data and estimates by the analyst; past 12 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range. Lease renewals are not factored into absorption unless the renewal includes the occupancy of additional space (in that case, the additional space would be counted in absorption). Preleasing of space in nonexisting buildings (e.g., proposed, under construction, or under renovation) is not counted as absorption until the actual move-in date.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once it reaches a 90-percent occupancy rate or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.
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 resales, short sales, and real estate owned (REO) sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decrease	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
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 July 21, 2023.