COMPREHENSIVE HOUSING MARKET ANALYSIS

Madison, Wisconsin

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of May 1, 2025

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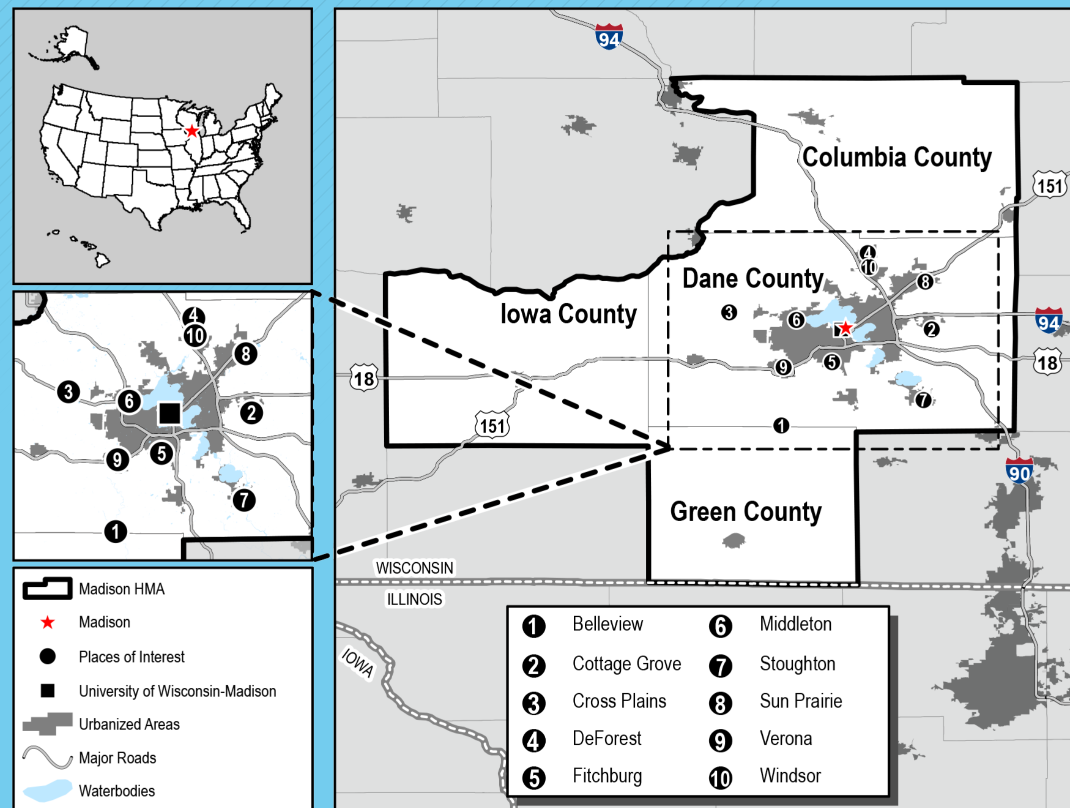
Executive Summary

Housing Market Area Description

The Madison Housing Market Area (hereafter, Madison HMA) is coterminous with the Madison, WI Metropolitan Statistical Area (metropolitan area) and includes Columbia, Dane, Green, and Iowa Counties in south central Wisconsin. The HMA is at the intersection of Interstates 90 and 94, approximately 80 miles west of Milwaukee, 140 miles southwest of Green Bay, and 150 miles northwest of Chicago. The central city of Madison, in Dane County, is the Wisconsin state capital and one of two cities in the United States to contain an isthmus. Known as the "City of Four Lakes," downtown Madison is between Lakes Mendota and Monona, with Lakes Waubesa and Kegonsa nearby to the southeast. The HMA is the second most populous metropolitan area in Wisconsin and accounted for 37 percent of the population growth in the state from 2010 to 2024.

The current population of the HMA is estimated at 715,700.

The Madison HMA was designated a "Biohealth Tech Hub" in 2023 by the U.S. Economic Development Administration due to the concentration of firms developing medical treatments, manufacturing medical equipment, and creating software, and because of the advanced care offered by UW Health, the integrated health system of the University of Wisconsin–Madison (UW–Madison). In addition, UW–Madison, classified by the Carnegie Foundation as a very high-level research institution, and its affiliate, University Research Park, serve as incubators for local startup firms, many of which are in the healthcare industry. Along with the Biohealth Tech Hub designation, the HMA received federal research grants, adding to the significant research investments by UW–Madison, which exceeded $1.7 billion during fiscal year 2023 and positioned the university among the top six in the nation in research expenditures (National Science Foundation).



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: During the 12 months ending April 2025, nonfarm payroll growth in the Madison HMA slowed from the previous 12 months.

Economic growth in the HMA has moderated after the 4 years of recovery and expansion that followed the economic downturn caused by the COVID-19 pandemic. During the 12 months ending April 2025, nonfarm payrolls averaged 429,600, reflecting an increase of 2,600 jobs, or 0.6 percent, from a year earlier, with growth in the service-providing sectors offsetting losses in the goods-producing sectors. By comparison, during the 12 months ending April 2024, nonfarm payrolls increased by 9,000, or 2.2 percent, from the previous year. During the 12 months ending April 2025, the unemployment rate averaged 2.5 percent, up slightly from 2.3 percent a year earlier because the labor force grew faster than employment. Nonfarm payroll growth is expected to average 0.8 percent annually during the 3-year forecast period.

Sales Market

Tight: The home sales market in the HMA has a current estimated vacancy rate of 0.6 percent, down from 0.8 percent as of April 2020, when market conditions were slightly tight.

During the 12 months ending April 2025, home sales decreased by 210, or 2 percent, from a year earlier to 9,550 sales following a decline of 8 percent, or 860 sales, during the previous 12 months (Cotality). Elevated mortgage interest rates and rising home sales prices have reduced affordability for buyers since 2020. The for-sale inventory has increased slightly from the low levels during the previous 3 years but is still relatively low. During the 12 months ending April 2025, the average home sales price increased by $35,450, or 9 percent, from a year earlier to $428,700, accelerating from the increase of 7 percent, or $24,150, during the 12 months ending April 2024. During the next 3 years, demand is estimated for 5,450 new homes. The 720 homes under construction are expected to meet a portion of the demand during the first year.

Rental Market

Balanced: The rental vacancy rate rose from 4.1 percent during 2020, when conditions were tight, to a current estimated vacancy rate of 6.0 percent due to increased rental unit construction since 2020.

The apartment market is also balanced; as of the first quarter of 2025, the apartment vacancy rate was 5.3 percent, up from 4.3 percent a year earlier and a recent low of 3.3 percent during the first quarter of 2022, when conditions were very tight (CoStar Group). The average monthly apartment rent was $1,612 as of the first quarter of 2025, reflecting an increase of $40, or 3 percent, from a year earlier, after an increase of $53, or 3 percent, as of the first quarter of 2024. Rent growth slowed and vacancy rates increased compared with the period from 2020 to 2023 due to a relatively high volume of apartment units entering the market. During the next 3 years, demand is expected for 9,675 new rental units. The 7,250 units under construction will meet most of the demand during the first 2 years of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Madison HMA	Total Demand	5,450	9,675
	Under Construction	720	7,250

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2025. The forecast period is May 1, 2025, to May 1, 2028.
Source: Estimates by the analyst

Economic Conditions

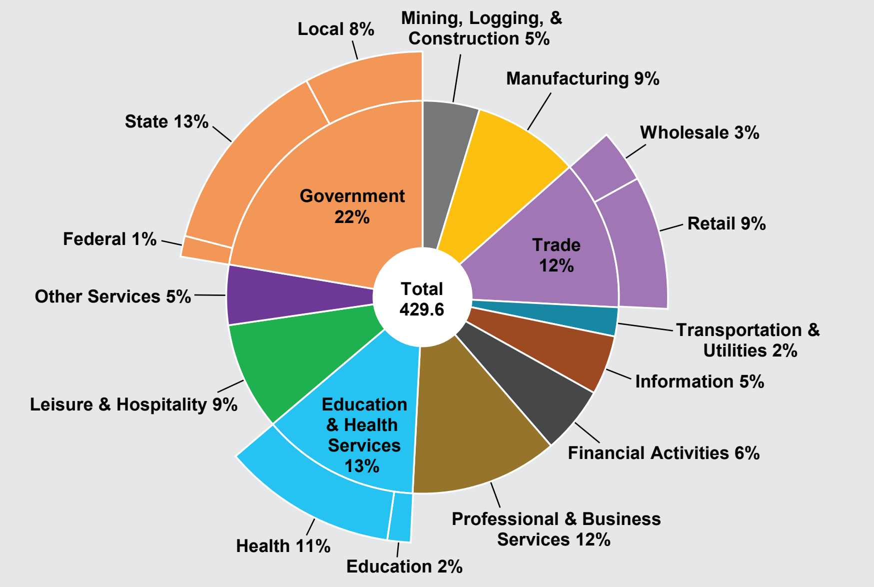
Largest Sector: Government

The government sector is the largest nonfarm payroll sector in the HMA, largely due to the presence of UW–Madison, which employs approximately 27,300 faculty and staff, and the State of Wisconsin, which employs approximately 11,500 people in the HMA.

Primary Local Economic Factors

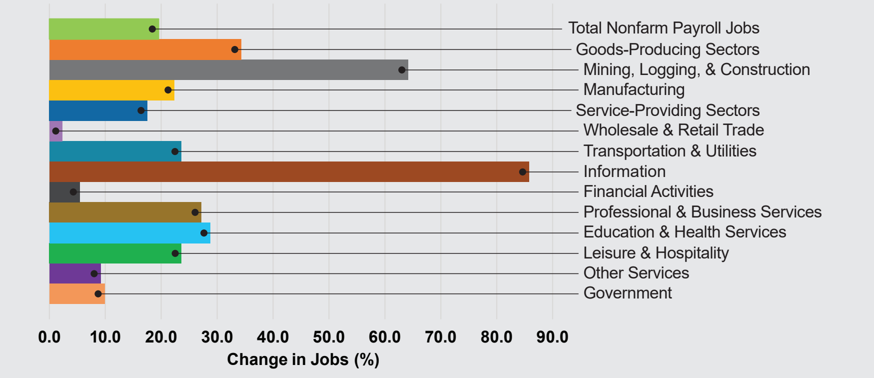
The economy of the Madison HMA is relatively diversified, with the education and health services, the wholesale and retail trade, and the professional and business services sectors each accounting for at least 12 percent of the nonfarm payroll total as of the 12 months ending April 2025 (Figure 1). In addition, the state government subsector, which includes the state government offices in the HMA and UW–Madison, accounts for 13 percent of nonfarm payrolls. The leisure and hospitality and the manufacturing sectors each make up 9 percent of nonfarm payrolls. This diversity of industries has contributed to a stable economy; however, UW–Madison has historically been the primary driver of growth of the HMA, attracting students and supporting employment since its founding in the 1840s. Initially under the governance of the university in the early 20th century, UW Health later became a private nonprofit health system affiliated with the university when it expanded. In large part due to the presence of UW Health, the education and health services sector has been one of the four fastest growing payroll sectors in the HMA, growing 29 percent since 2011 and adding a cumulative 12,500 jobs (Figure 2). Because of the close relationship between the university and the hospital, which has its central health campus located at UW–Madison, some UW Health staff are included in state government payrolls. Also associated with UW–Madison, University Research Park includes 126 companies and the headquarters of several major employers; it connects students to employers and provides resources for startup firms.

Figure 1. Share of Nonfarm Payroll Jobs in the Madison HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through April 2025.
Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Madison HMA, 2011 to Current



Note: Current data are based on the 12-month averages ending April 2025.
Source: U.S. Bureau of Labor Statistics

The professional and business services sector has grown 27 percent since 2011, reaching an average of 52,300 jobs as of the 12 months ending April 2025 (Table 1). The growth occurred primarily in the professional, scientific, and technical services subsector, which added a cumulative 11,900 jobs. The subsector includes major employers, such as Exact Sciences Corporation, Promega Corporation, GE HealthCare Technologies Inc., and Thermo Fisher Scientific Inc. Since 2011, the information sector, which includes health records software publisher Epic Systems Corporation, has had the fastest growth, at 86 percent, adding 9,700 jobs. Epic Systems Corporation currently employs an estimated 11,000 workers in the HMA (Table 2). As of the fourth quarter of 2024, the software publishing industry in the HMA employed 13,850 workers (Quarterly Census of Employment and Wages). The financial activities sector is a relatively small sector of the HMA economy, with 6 percent of the nonfarm payroll total; however, the sector includes major employers such as American Family Mutual Insurance Company, S.I.; TruStage Financial Group, Inc.; and Johnson Financial Group LLC. Several industries with high average weekly wages are in the financial activities sector.

Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Madison HMA, by Sector

	12 Months Ending April 2024	12 Months Ending April 2025	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**427.0**	**429.6**	**2.6**	**0.6**
Goods-Producing Sectors	58.9	57.9	-1.0	-1.7
Mining, Logging, & Construction	20.2	20.2	0.0	0.0
Manufacturing	38.7	37.7	-1.0	-2.6
Service-Providing Sectors	368.1	371.8	3.7	1.0
Wholesale & Retail Trade	53.4	53.1	-0.3	-0.6
Transportation & Utilities	10.4	10.3	-0.1	-1.0
Information	20.7	21.0	0.3	1.4
Financial Activities	24.4	23.8	-0.6	-2.5
Professional & Business Services	52.3	52.3	0.0	0.0
Education & Health Services	53.8	55.9	2.1	3.9
Leisure & Hospitality	38.7	38.2	-0.5	-1.3
Other Services	20.5	21.3	0.8	3.9
Government	94.0	96.0	2.0	2.1

Notes: Based on 12-month averages through April 2024 and April 2025. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Madison HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Wisconsin–Madison	Government	27,300
UW Health	Education & Health Services	18,000
State of Wisconsin	Government	11,500
Epic Systems Corporation	Information	11,000
American Family Mutual Insurance Company, S.I.	Financial Activities	3,600-5,000
SSM Health	Education & Health Services	4,000
UnityPoint Health–Meriter Hospital	Education & Health Services	3,500
City of Madison, WI	Government	3,125
Lands' End, Inc.	Wholesale & Retail Trade	2,425
Thermo Fisher Scientific Inc.	Professional & Business Services	2,300

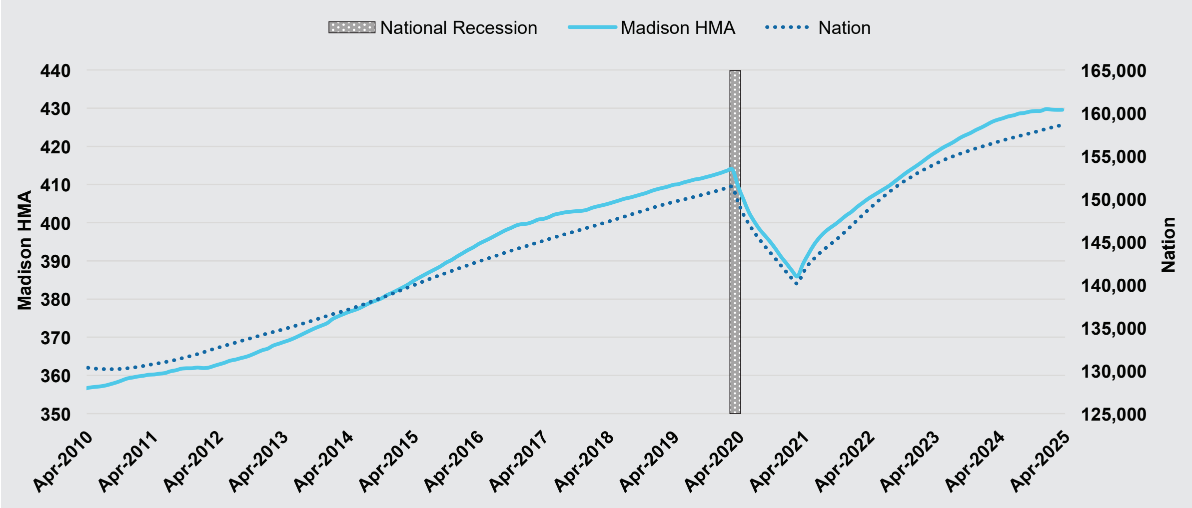
Note: Excludes local school districts.
Sources: University of Wisconsin–Madison; UW Health; Badger Institute; Madison Region Economic Partnership; Greater Madison Chamber of Commerce; City of Madison, WI; 608today (6AM City Inc.); ZoomInfo Technologies LLC; and estimates by the analyst

Current Conditions—Nonfarm Payrolls

During the 12 months ending April 2025, nonfarm payrolls in the HMA averaged 429,600, reflecting an increase of 2,600 jobs, or 0.6 percent, from the previous 12 months, equivalent to the rate of job growth for the state but lagging the increase of 1.3 percent nationally. Job growth in the HMA moderated from the year-over-year growth of 9,000 jobs, or 2.2 percent, during the 12 months ending April 2024, which was approximately double the rate for the state and higher than the increase of 1.8 percent for the nation. Nonfarm payrolls in the Madison HMA have continued to expand following the recovery of the number of jobs lost in 2020 due to the economic downturn related to COVID-19, but the growth has slowed recently (Figure 3).

Nonfarm payrolls increased in 4 of the 11 sectors during the most recent 12 months, led by the education and health services sector, which increased by 2,100 jobs, or 3.9 percent, year over year. The growth was partially due to the completion of the $465 million UW Health Eastpark Medical Center, the largest medical facility to open in the nation during 2024, with 496,000 square feet of medical space. Also, during 2024, Acadia Healthcare Company, Inc. opened Shorewood Behavioral Health, a 120-bed mental healthcare facility.

Figure 3. 12-Month Average Nonfarm Payrolls in the Madison HMA



Note: Payrolls are based on 12-month moving averages, in thousands.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

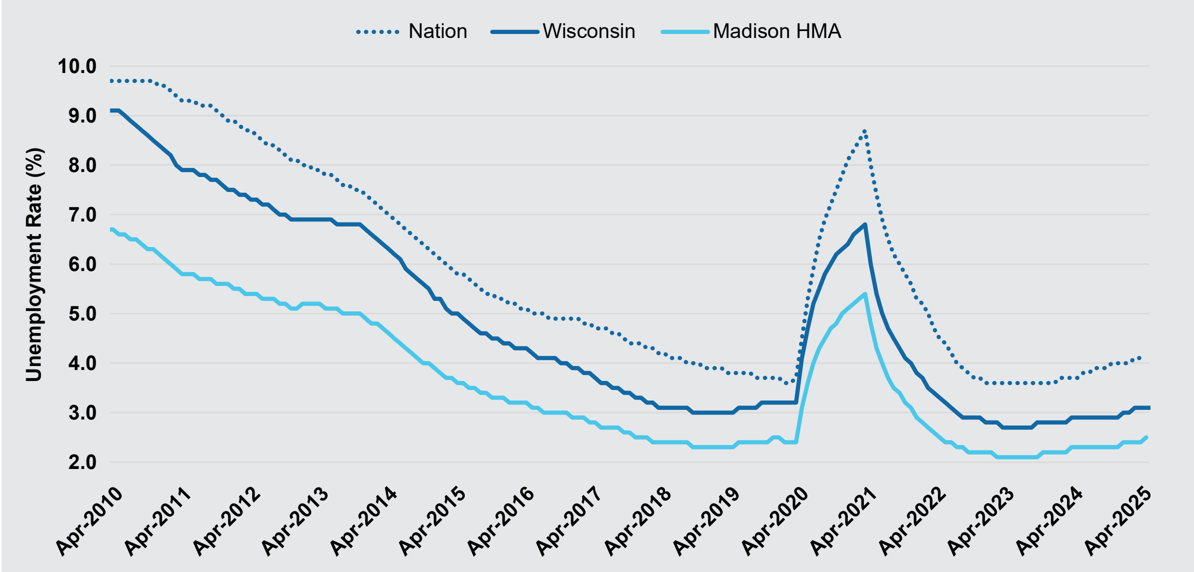
During the 12 months ending April 2025, the government sector added 2,000 jobs, reflecting a 2.1-percent increase from a year earlier. That gain was down from the year-over-year increase of 3,700 jobs, or 4.0 percent, during the 12 months ending April 2024. The recent growth was primarily in the state government subsector, which added 1,800 jobs from a year earlier and included increased employment at UW–Madison, due partially to growing enrollment. A portion of the jobs added were for students employed in work-study programs. Employment growth in the local government subsector was partially due to the city of Madison opening a new bus rapid transit (BRT) line in September 2024 to become the second city in Wisconsin with a BRT line.

Five nonfarm payroll sectors in the HMA lost jobs during the 12 months ending April 2025, led by the manufacturing sector, which declined by 1,000 jobs, or 4.0 percent, with losses accelerating from a year earlier when the sector fell by 100 jobs, or 0.2 percent. Recent manufacturing job losses included layoffs by book printer Sheridan and food producer Midwest Perishables Inc. Payroll losses also occurred in the financial activities sector, which dropped by 600 jobs, or 2.5 percent, faster than the 0.9-percent decline of 200 jobs a year earlier. The recent decline was partly due to the layoffs of 310 employees by the Wisconsin Physicians Service Insurance Corporation.

Current Conditions—Unemployment

The unemployment rate in the HMA as of the 12 months ending April 2025 averaged 2.5 percent, up slightly from the average of 2.3 percent a year earlier and the low of 2.2 percent during 2021 and 2022. The unemployment rate increased slightly during the past 2 years because increased net in-migration contributed to growth in the labor force, which outpaced resident employment growth. The unemployment rate was still below the average of 3.1 percent at the state level, however, and significantly lower than the 4.1-percent unemployment rate nationally (Figure 4). The unemployment rate in the Madison HMA has been consistently lower than the rate for Wisconsin and the nation since at least 2010, including during 2020, when all three rates briefly spiked due to the impacts of the COVID-19 pandemic.

Figure 4. 12-Month Average Unemployment Rate in the Madison HMA, Wisconsin, and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2011 Through 2012

Nonfarm payroll growth averaged 3,600 jobs, or 4.0 percent, annually during the period from 2011 through 2012, when the economy of the HMA recovered from job losses during the Great Recession and nonfarm payrolls exceeded the 2007 average by 0.9 percent. However, only 6 of the 11 payroll sectors reached their respective 2007 average by 2012, with the goods-producing and the wholesale and retail trade sectors in particular lagging behind the growth of the other sectors. The professional and business services sector recovered relatively rapidly during the period, increasing by an average of 2,000 jobs, or 4.8 percent, annually. The information sector in the HMA was relatively unaffected by the Great Recession and continued to expand in 2011 and 2012, with growth averaging 900 jobs, or 7.3 percent, annually. Growth in the sector was partially due to continual expansion at Epic Systems Corporation after the company moved its headquarters from the city of Madison to the city of Verona in 2007. Job gains, however, were partly offset by average declines of 900 jobs, or 1.8 percent, annually in the state government subsector, partially due to layoffs at the State of Wisconsin and UW–Madison because of declining enrollment in 2011.

2013 Through 2016

Economic growth accelerated significantly from the previous period; nonfarm payrolls increased by an average of 8,300 jobs, or 2.2 percent, annually from 2013 through 2016. All payroll sectors expanded, and the unemployment rate fell from 4.9 percent during 2013 to 2.9 percent during 2016. The fastest growing payroll sectors during the period were the information, the professional and business services, the education and health services, and the leisure and hospitality sectors, each adding an average of more than 1,000 jobs annually. Contributing to the growth in the information sector, employment by software publishers continued to grow, and industry payrolls quadrupled from 2005 to 2015 in the HMA compared with a 38-percent increase nationally, partially due to expansion by Epic Systems Corporation; Zendesk, Inc.; and several video game development studios (Madison Region Economic Partnership). Exact Sciences Corporation and Promega Corporation also expanded their research and production facilities in the HMA, adding an estimated 500 employees. Expansions in the education and health services sector were partially due to UW Health completing construction of East Madison Hospital in late 2015, and the opening of four hotels contributed to expansion in the leisure and hospitality sector. The mining, logging, and construction sector increased by an average of 900 jobs, or 6.1 percent, annually due to commercial construction projects during the period and a surge in residential building activity beginning in 2015.

2017 Through 2019

Nonfarm payroll growth in the Madison HMA slowed to an average of 1.1 percent, or 4,400 jobs, annually, which outpaced the rate of growth for the state but lagged that of the nation. The unemployment rate averaged 2.4 percent annually from 2017 through 2019, below the rate for the state and the nation. Nonfarm payroll growth in the service-providing sectors slowed except in the education and health services sector, which accelerated to an average increase of 3.0 percent, or 1,400 jobs, annually. Growth in the professional and business services sector continued, partially due to expansions at University Research Park–UW Madison, with companies, including Exact Sciences Corporation, Ultratec, Inc. and FUJIFILM Cellular Dynamics, Inc., opening new headquarters buildings at the site in 2017 and 2018. Google LLC (Alphabet Inc.) also opened a regional office in downtown Madison in 2019. Job growth in the manufacturing sector averaged 800 jobs, or 2.2 percent, annually because of new manufacturing facilities for biomedical technologies and pharmaceuticals. Partly offsetting the growth, the wholesale and retail trade sector fell an average of 0.6 percent, or by 300 jobs, annually, partially due to expansions in online retail, leading to less employment in stores.

2020 Through 2023

In 2020, the COVID-19 pandemic-related economic downturn led to a loss of 21,700 jobs, or 5.3 percent, in the HMA compared with 2019. The rate of job loss was less severe than the rate for the nation, which declined 5.8 percent. Similar to the nation, the leisure and hospitality sector had the most job losses in the HMA, declining by 10,300 jobs, or 26.8 percent. The government sector declined by 4,300 jobs, or 4.8 percent, with losses in both the state and local government subsectors, partially due to both local public school districts and UW–Madison suspending in-person operations. During the following 2 years, the economy of the HMA recovered, with payrolls increasing by an average of 11,500 jobs, or 2.9 percent, annually, reaching the 2019 prepandemic nonfarm payroll average during 2022, roughly equivalent to the timing of the recovery for the nation but sooner than the state, which did not recover until 2023. The unemployment rate in the HMA fell to an annual average of 2.2 percent during 2022 and 2023. Job recovery was uneven across sectors, however, because the government, the leisure and hospitality, and the other services sectors did not fully recover the number of jobs lost until 2023 or 2024. The professional and business services sector and the retail trade subsector are still below the 2019 average. Although the professional and business services sector was less affected by job losses than other sectors during 2020, only declining 2.3 percent, the sector was affected more than other payroll sectors by the expansion of remote work. Increases in the availability of remote work allowed employees to relocate out of the HMA. In addition, companies vacated unused office space, reducing office support service jobs and limiting job recovery in the sector. During the first quarter of 2019, the office vacancy rate in the HMA was 4.0 percent; it rose to 5.4 percent as of the first quarter of 2023 (CoStar Group).

Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase at an average annual rate of 0.8 percent, accelerating slightly from the most recent 12 months but relatively slow compared with previous periods. Projects underway or expected to begin soon will support jobs in industries such as construction, health care, information, research, and warehousing and transportation. UW Health has $900 million in construction underway across five facilities in the HMA, which will total approximately 1 million square feet once complete. Two facilities are underway, including an expansion at UW Health University Hospital and a new inpatient physical rehabilitation center in the city of Fitchburg in collaboration with Lifepoint Health, Inc. In late 2025, SSM Health will begin construction of healthcare facilities in the cities of Sun Prairie and Verona. In the information sector, Epic Systems Corporation is expanding its headquarters, with four buildings under construction, and is planning to hire 2,500 employees in the next 2 years. Thermo Fisher Scientific Inc. completed the construction of a 72,500-square-foot research and testing lab in 2024 and is expected to fully staff the facility with 350 employees by 2026. During 2024, Stoughton Trailers, LLC began constructing a national headquarters facility, expected to employ 250 people. Amazon.com, Inc. is building a 3.2 million-square-foot distribution center and warehouse. With a 2026 planned completion, the facility is expected to employ 1,500 people. Kwik Trip, Inc. also began constructing a distribution center, which is expected to add 400 jobs when complete in 2026.

Population and Households

Current Population: 715,700

Population growth in the HMA has been strong since 2021 due to significant net in-migration.

Population Trends

The Madison HMA has an estimated population of 715,700 as of May 1, 2025, reflecting an average increase of 1.3 percent, or 9,025, annually since 2021 (U.S. Census Bureau population estimates as of July 1; current estimate by the analyst; Table 3). Strong population growth since 2021 is attributed primarily to net in-migration, which averaged 7,375 people annually, reversing the brief period of net out-migration during the early stages of the pandemic, from April 2020 to July 2021, that averaged 1,425 people on an annual basis (Figure 5). Whereas total population growth has rebounded since 2021, net natural increase since 2021 was nearly unchanged from the previous period, averaging 1,650 people annually but down from the 2010-to-2020 decade because of the long-term trend of declining birth rates and rising death rates due to an aging population (U.S. Census Bureau decennial census). During the period from 2010 to 2012, population growth in the HMA averaged 1.2 percent, or 7,550 people,

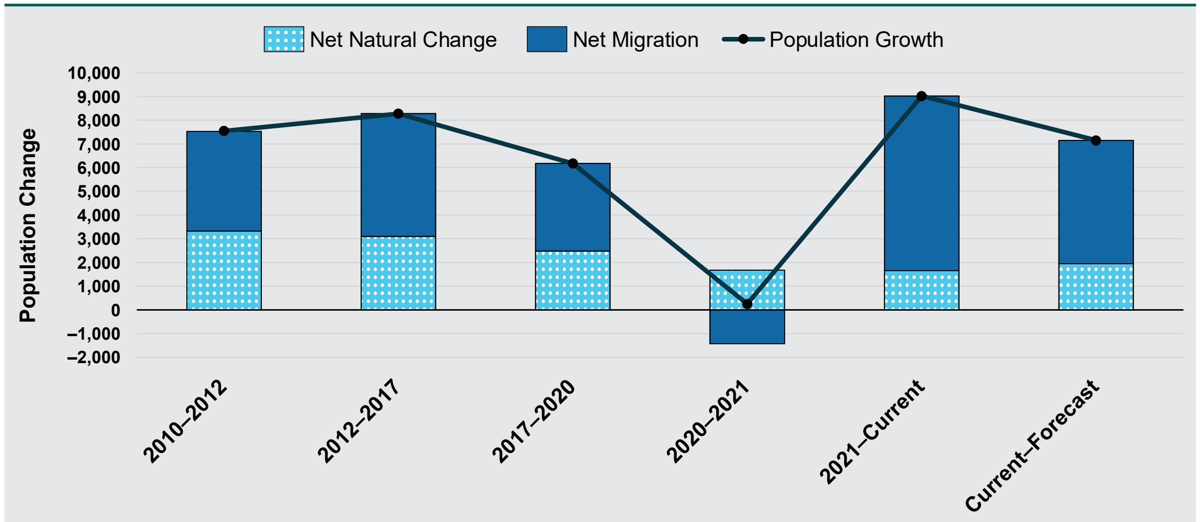
Table 3. Madison HMA Population and Household Quick Facts

Population Quick Facts		2020	Current	Forecast
	Population	680,796	715,700	737,200
	Average Annual Change	7,525	6,875	7,150
	Percentage Change	1.2	1.0	1.0

Household Quick Facts		2020	Current	Forecast
	Households	287,601	311,700	324,400
	Average Annual Change	3,675	4,750	4,225
	Percentage Change	1.4	1.6	1.3

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (May 1, 2025) to May 1, 2028.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Madison HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (May 1, 2025) to May 1, 2028.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

annually, with net in-migration and net natural increase averaging 4,225 and 3,325 people, respectively. The economy in the HMA was relatively strong compared with the economy of the nation and the rest of the Great Lakes region, which included many economically distressed areas during the period following the recession, contributing to net in-migration to the HMA because people relocated from nearby areas for more economic opportunity. As of 2012, the Madison HMA exceeded its 2007 nonfarm payroll average by 0.9 percent, whereas the nation and the region were still recovering. From 2012 to 2017, population growth accelerated, averaging 1.3 percent, or 8,275 people, annually. Net in-migration increased to an average of 5,175 people annually because economic growth accelerated significantly, with the HMA adding more than double the number of jobs added each year during 2011 and 2012. Net natural increase moderated slightly from the previous period to an average of 3,100 people annually.

Population growth from 2017 to 2020 averaged 6,175, or 0.9 percent, annually, 25 percent lower than the annual average from 2012 to 2017, because of lower levels of net in-migration and net natural increase. Slower economic growth in the HMA helped reduce net in-migration to an annual average of 3,700 people. From April 2020 to July 2021, net natural increase fell to an average of 2,475 people annually. The COVID-19 pandemic contributed to net out-migration from April 2020 to July 2021, primarily due to the March 2020 suspension of in-person classes at UW–Madison, which led students from outside the HMA to return home to continue the Spring 2020 semester and a portion of the following academic year remotely. During the spring of 2021, about one-third of the 8,850 beds in dormitories at the university were occupied (UW–Madison). The net out-migration was offset by net natural increase of 1,675 people annually, which is relatively low compared with the previous decade, partially because of an increase in deaths due to COVID-19 and lower birth rates. The population increased less than 0.1 percent, or by an annual average of 250, from 2020 to 2021.

Age Cohort and Student Enrollment Trends

The population of the Madison HMA is relatively young, with a median age of 37.1 as of 2023, below the median age of 39.2 nationally (American Community Survey [ACS] 1-year data; Table 4). The lower median age is partially due to the large student population in the HMA. UW–Madison had an enrollment of 52,100 in the fall of 2024, accounting for more than 7 percent of the total population of the HMA. Growth in the student population for UW–Madison has accelerated since 2020 compared with the previous decade. From 2020 to 2024, fall enrollment grew by an average of 1,750 students, or 3.5 percent, annually. By comparison, from 2010 to 2020, fall enrollment grew by an average of 300 students, or 0.7 percent, annually (Figure 6). In addition, Edgewood College (to be renamed Edgewood University in July 2025), in west Madison, had a fall enrollment of 2,475 in 2024, up from 2,050 during 2020 (Edgewood College). Growth in enrollment has contributed to an average annual increase in the cohort of those aged 18 to

Table 4. Selected Population and Household Demographics in the Madison HMA and the Nation

	Madison HMA	Nation
Population Younger Than 18 Years	19.5%	21.7%
Population Aged 65 and Older	16.3%	17.7%
Median Age	37.1	39.2
White	86.5%	72.3%
Black	6.6%	14.4%
Asian	6.6%	7.4%
Other Race	8.0%	19.5%
Hispanic	7.2%	19.4%
Non-Hispanic	92.8%	80.6%
Median Household Income	$82,132	$77,719
Households With One or More Children Younger Than Age 18	23.2%	28.8%

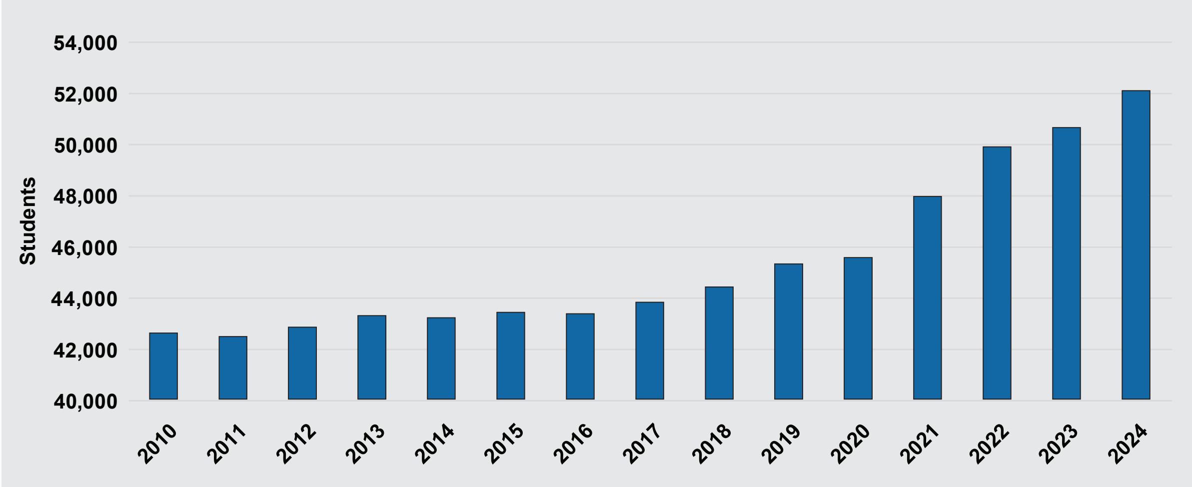
Source: 2023 American Community Survey 1-year data

24 years of 1,775, or 2.2 percent, from 2019 to 2023, and its share of the population has increased (Figure 7). By comparison, this age cohort increased only 0.1 percent nationally during the same period. The median age has increased since 2010, however, because of growth in the cohort aged 65 years and older in the HMA, which averaged 3.2 percent annually from 2019 to 2023, outpacing the increase of 2.3 percent nationally. Many people aged 65 or older are in households of one or two people, and the growth in this age cohort has contributed to a smaller average household size in the HMA. The aging population and downward trend in birth rates have contributed to moderating net natural increase since 2010. During 2011, the number of births per 1,000 residents was 11.9, before declining to 9.9 and 9.5 during 2021 and 2024, respectively (U.S. Census Bureau intercensal estimates).

Population by Geography

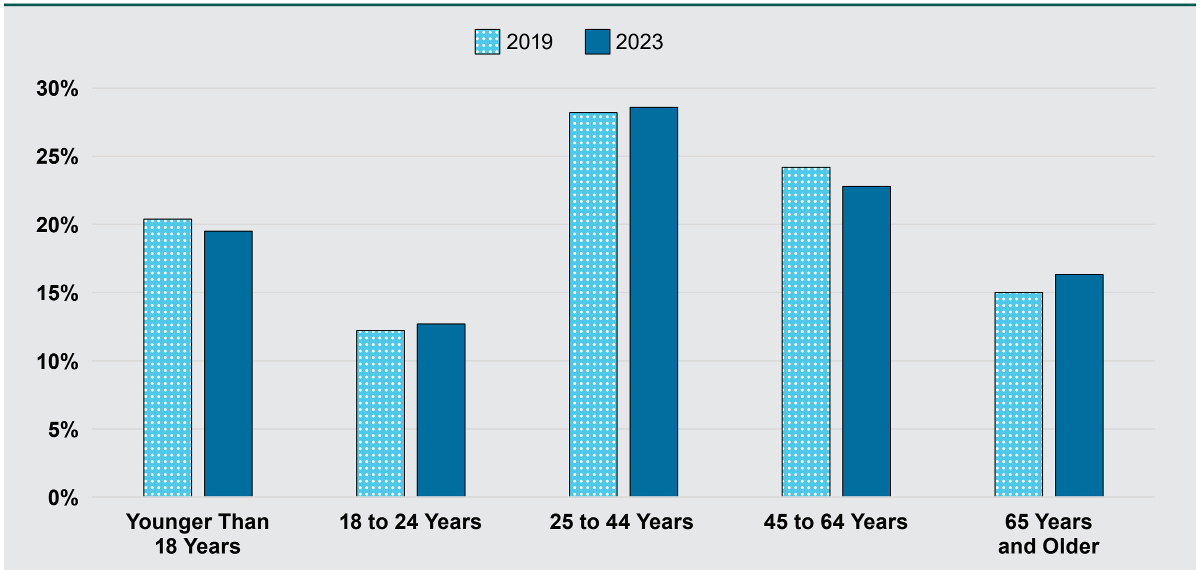
The population of the Madison HMA is primarily concentrated in Dane County. As of 2024, the population of Dane County was 588,300, representing 83 percent of the population of the HMA (U.S. Census Bureau population estimate as of July 1). The population of the city of Madison has grown faster than that of the HMA since 2020, increasing an average of 1.3 percent annually to reach 285,300 as of 2024, representing 40 percent of the population of the HMA. The population of the city was 233,209 in 2010 and

Figure 6. UW–Madison Student Enrollment in the Madison HMA



Notes: Years represent fall academic semesters only; Edgewood College historical data unavailable.
Source: University of Wisconsin–Madison

Figure 7. Share of Population by Age Range in the Madison HMA

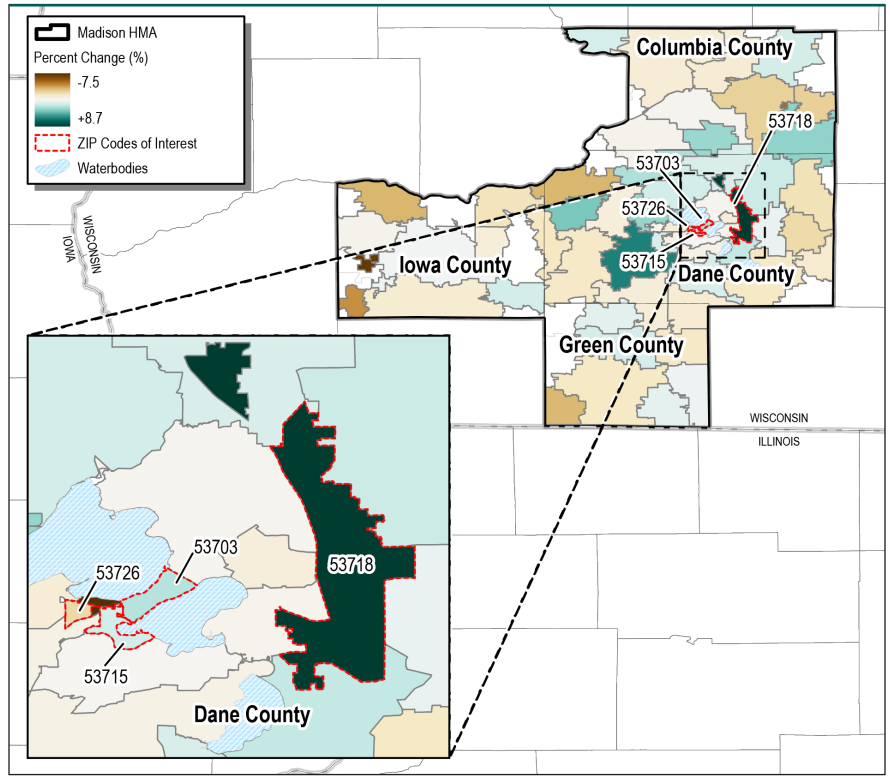


Source: 2019 and 2023 American Community Survey 1-year data accounted for 33 percent of the population before increasing an average of 1.5 percent annually until 2020. The largest population gain in the city has primarily occurred in the 53703 ZIP Code, which includes downtown Madison and the East Washington Avenue corridor northeast of downtown but excludes neighborhoods closest to UW–Madison southwest of downtown (Map 1). Comparing the 2023 ACS 5-year estimate with the 2018 estimate, the population in this ZIP Code increased by an average of 800, or 2.4 percent, annually (ACS 2014–2018 and 2019–2023 5-year data). The 53718 ZIP Code had the largest population gain in the city of Madison, growing by an average of 1,025, or 7.6 percent, annually, during the same period. Relatively rapid population growth in the 53718 ZIP Code was partially due to the East Madison Hospital and Eastpark Medical Center, which both opened within the past 10 years in the ZIP Code. Interstates 90 and 94, as well as several state highways, all intersect within the ZIP Code, allowing for ease of commuting.

Household Trends and Composition

As of May 1, 2025, an estimated 311,700 households reside in the HMA, reflecting an average annual increase of 4,750, or 1.6 percent, since April 2020. By comparison, from 2010 to 2020, the HMA added an average of 3,675 households, or 1.4 percent, annually. Household growth has accelerated since 2020, partly due to increased household formation after the onset of the pandemic. In addition, the trend to smaller household sizes boosted household growth, which has contributed to the strong absorption of rental units and increased home sales activity since 2020. During 2023, 35.4 percent of households, or approximately 109,100, were single-person households, up 24 percent from 87,900 households, or 31.5 percent, during 2019 (ACS 1-year data). Moreover, approximately 56 percent of apartment units in the HMA were studio or one-bedroom units as of the first quarter of 2025, up from 51 percent as of the first quarter of 2020 (CoStar Group). Growth in renter households has outpaced that of owner households since

Map 1. Population Change by ZIP Code in the Madison HMA



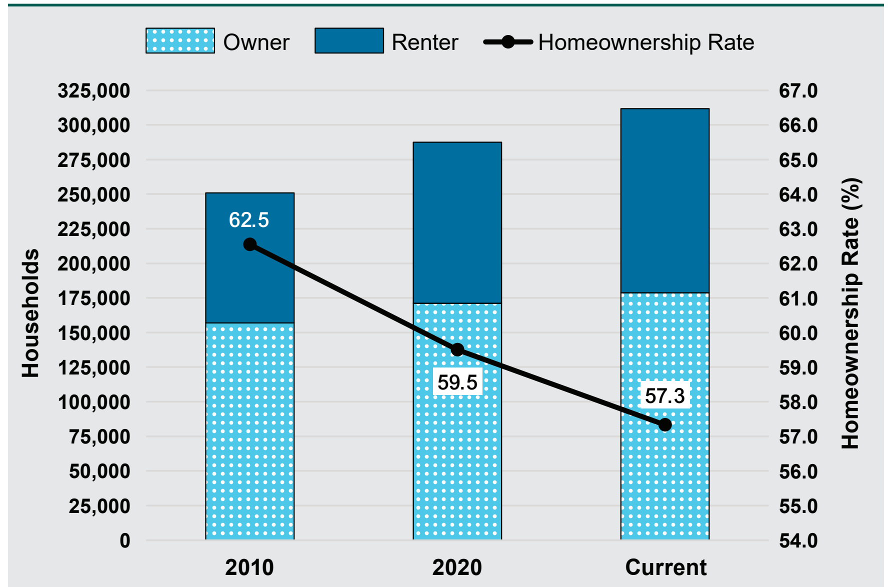
Source: 2014–2018 and 2019–2023 American Community Survey 5-year data

2010. The homeownership rate has trended downward from 62.5 percent during 2010 to an estimated 57.3 percent currently (Figure 8). A contributing factor to the decreasing homeownership rate has been the expansion in student households, most of whom are renters, and the construction of apartments to accommodate increased enrollment; no new dormitories have been built in the HMA since 2012, despite an increase of approximately 9,275 students. The students who occupy the approximately 8,850 dormitory beds at UW–Madison are included in the group quarters population and are not counted in the household population.

Forecast

During the 3-year forecast period, the population is expected to increase to 737,200, reflecting an average annual increase of 1.0 percent, or 7,150 people. Net in-migration in the HMA is expected to slow to a rate comparable to the period from 2017 to 2020 because moderate economic growth is expected to continue. Net natural increase is expected to rise moderately, partly due to the expanded population of the HMA, but the rate is not expected to reach the levels during the 2010-to-2020 decade because birth rates have declined. Households are expected to reach 324,400 during the forecast period, reflecting an average annual increase of 4,225, or 1.3 percent, outpacing population growth, partly because of the continued trend toward smaller households.

Figure 8. Households by Tenure and Homeownership Rate in the Madison HMA



Note: The current date is May 1, 2025.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Tight

The average home sales price in the HMA increased 9 percent year over year as of the 12 months ending April 2025, up from the increase of 7 percent during the previous 12 months (Cotality).

Current Conditions

The home sales market in the Madison HMA—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 36-percent decline in the for-sale inventory from April 2020 to April 2025, resulting in a 2.5-month supply of homes for sale, down from 3.0 months as of April 2020 and lower than the current supply nationally of 3.2 months (Redfin, a national real estate brokerage; Table 5). The low inventory count has contributed to high rates of home sales price growth since 2020. Home sales were elevated during 2020 and 2021, contributing to the constrained inventory. In addition, fewer homeowners have listed 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 a rise in the average interest rate for a 30-year fixed-rate mortgage, which increased from an average of 3.0 percent annually during 2020 and 2021 to 6.8 percent during 2023 (Freddie Mac; Figure 9). Home sales during the 12 months ending April 2025 continued the downward trend from the previous 12 months but at a much slower rate, partially due to a slight decline in mortgage interest rates from the previous year, keeping demand stable. Home sales price growth accelerated to 9 percent as of the 12 months ending April 2025, up from 7 percent a year earlier, despite the low level of sales activity, because the for-sale inventory remains low (Cotality). The home sales market tightened significantly from the soft conditions during 2010, when the vacancy rate was 2.0 percent, and the inventory count was much higher. Economic and population growth through the 2010s contributed to growing home sales and a steady decline of active listings (Figure 10).

Table 5. Home Sales Quick Facts in the Madison HMA

		Madison HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	0.6%	NA
	Months of Inventory	2.5	3.2
	Total Home Sales	9,550	4,905,000
	1-Year Change	-2%	-7%
	New Home Sales Price	$519,200	$502,800
	1-Year Change	4%	3%
	Existing Home Sales Price	$422,300	$433,200
	1-Year Change	10%	8%
	Mortgage Delinquency Rate	0.3%	1.0%

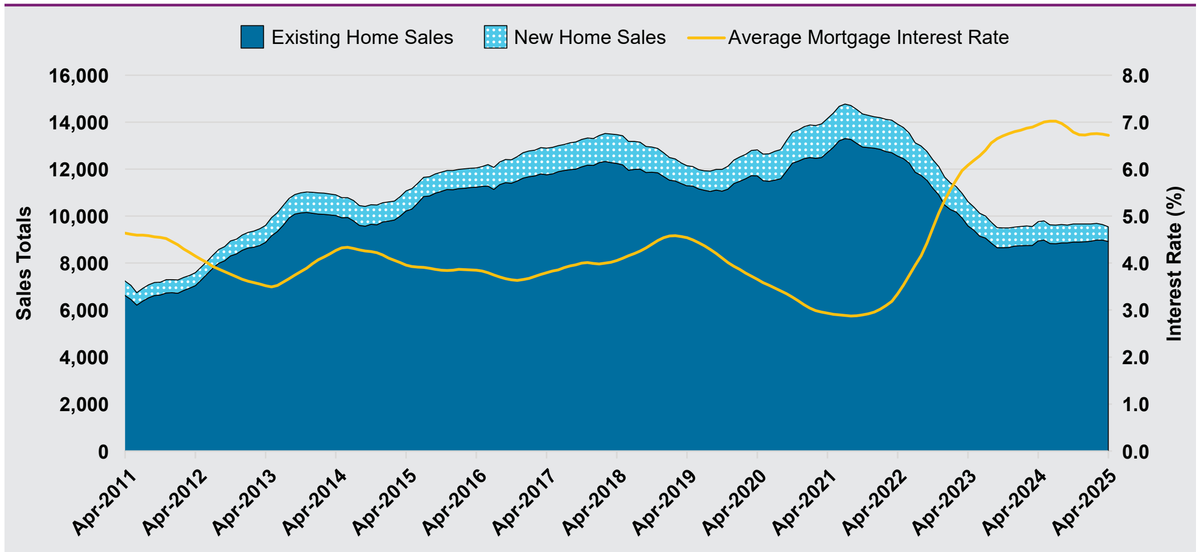
NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2025; and months of inventory and mortgage delinquency data are as of April 2025. The current date is May 1, 2025.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage; mortgage delinquency rate—Cotality; home sales and prices—Cotality, with adjustments by the analyst

Existing Home Sales and Prices

Existing home sales account for approximately 93 percent of all sales in the Madison HMA, and average sales prices are the second highest among metropolitan areas in the Great Lakes region, after Ann Arbor, Michigan. Existing home sales totaled 8,925 during the 12 months ending April 2025, essentially unchanged from the previous 12 months, following a year-over-year decline of 630 sales, or 7 percent, during the 12 months ending April 2024. The recent stabilization in sales was partially due to a slight decline in the average mortgage interest rate, from 6.9 percent during the 12 months ending April 2024 to 6.7 percent during the 12 months ending April 2025. Strong net in-migration to the HMA since 2021 has also supported the demand for homes. Moderate sales declines during the past 24 months were preceded by rapid decreases during 2022 and 2023, averaging 2,075, or 18 percent, annually from the peak in sales during 2021, partly due to the rise in mortgage interest rates. The continued high sales prices also contributed to decreased affordability and falling sales. During the pandemic, sales demand increased strongly, despite the economic downturn, and existing home sales surged during 2020, increasing by 1,075, or 9 percent, from 2019; sales then increased by 440, or 4 percent, the following year to reach a peak of 12,900 sales. A decline in the average mortgage interest rate contributed to elevated sales during the period. Before the pandemic, existing sales activity was relatively steady from 2015 through 2019, averaging 11,600 sales annually, after a period of lower sales activity in the early 2010s, when the economy recovered from the Great Recession, and existing home sales averaged 8,425 annually from 2010 through 2014.

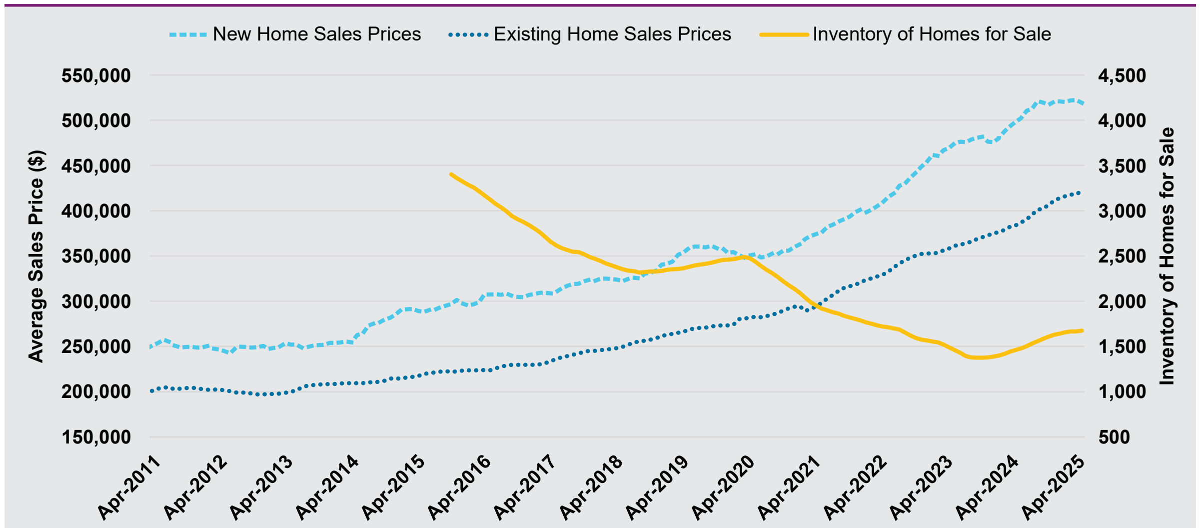
The average price for an existing home as of the 12 months ending April 2025 was $422,300, reflecting an increase of $38,500, or 10 percent,

Figure 9. 12-Month Home Sales Totals by Type of Sale in the Madison HMA



Sources: Cotality, with adjustments by the analyst; Freddie Mac Primary Mortgage Market Survey

Figure 10. 12-Month Average Home Sales Price by Type of Sale in the Madison HMA



Note: Inventory of homes for sale data only available since October 2015.
Sources: Cotality, with adjustments by the analyst; Redfin, a national real estate brokerage

from a year earlier, which was up from the year-over-year increase of $25,450, or 7 percent, during the previous 12 months. The faster price growth was partly due to higher demand because of slightly moderating interest rates and the relatively constrained inventory. By comparison, during the period from 2022 through 2023, the average price for an existing home increased by an average of $27,100, or 8 percent, annually, and from 2020 through 2021, the average sales price rose by an average of $23,650, or 8 percent, annually. Previously, from 2015 through 2019, when the for-sale inventory was declining but generally much higher, existing sales price growth averaged $12,550, or 5 percent, annually. The accelerated sales price growth has resulted in a cumulative 44-percent increase since 2020, outpacing the increase of 39 percent for the nation.

New Home Sales and Prices

New home sales in the Madison HMA are a significant portion of new home sales statewide and are a larger component of the sales market in the HMA compared with the state. Of all new homes sold in Wisconsin during the 12 months ending April 2025, approximately 28 percent were in the HMA; however, new home sales during the 12 months ending April 2025 declined by 180, or 22 percent, from a year earlier to reach 630 sales, the lowest total since 2011. The decline was similar to the year-over-year decline of 230 sales, or 22 percent, during the 12 months ending April 2024 and from 2021 through 2023, when interest rates increased and new home sales declined by an average of 270, or 22 percent, annually. During 2020 and 2021, new home sales peaked, averaging 1,350 sales annually following a year-over-year increase of 36 percent, or 360 sales, during 2020, partly due to low interest rates. New home sales from 2010 through 2019 generally trended upward due to job and population growth in the HMA, from an average of 725 annually from 2010 through 2014 to an average of 1,000 sales annually from 2015 through 2019.

During the 12 months ending April 2025, the average price for a new home was $519,200, reflecting an increase of $21,000, or 4 percent, from a year earlier, moderating from the increase of $28,950, or 6 percent, during the 12 months ending April 2024. Low new home sales activity and stabilization in the cost of residential construction have contributed to slowing price growth. Year-over-year price growth recently peaked during 2022, when the average price for a new home increased by $52,900, or 13 percent, outpacing the price growth for existing homes. An 11-percent increase of $41,350 in 2021 preceded that peak. A contributing factor to the high level of new home price growth was the rising cost of residential construction materials, which increased an average of 15 percent annually in the nation during 2021 and 2022 (National Association of Home Builders [NAHB]). During 2020, new home prices were relatively unaffected by the surge in new home sales, increasing just 2 percent, or $6,525, from a year earlier. By comparison, from 2015 through 2019, when sales were relatively steady, new home sales prices increased an average of $13,950, or 4 percent, annually.

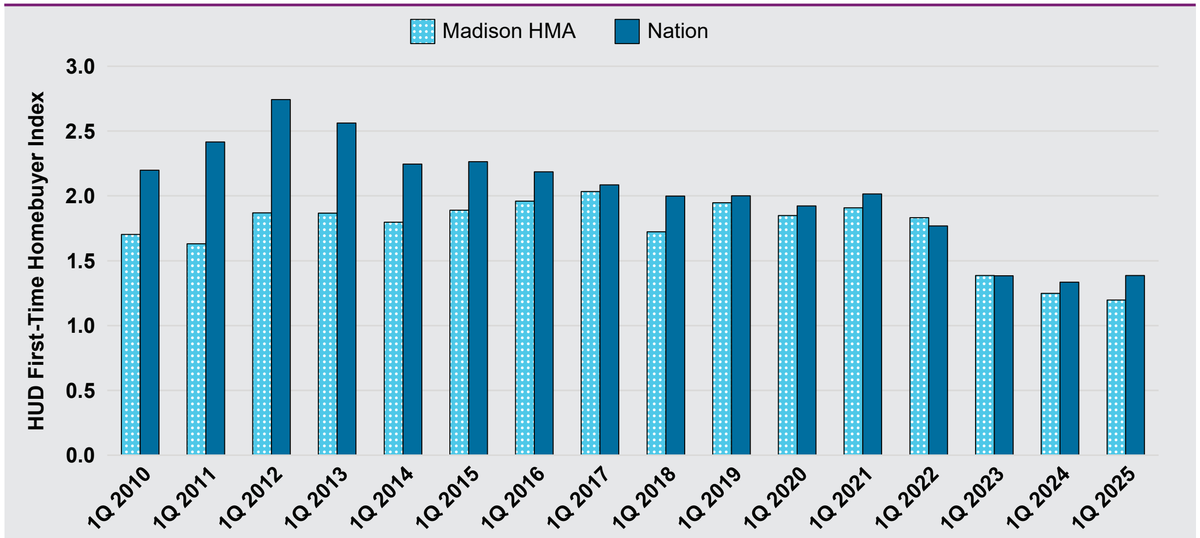
Housing Affordability: Sales

The high home sales prices and mortgage interest rates have decreased affordability. The Madison HMA is ranked 111th in home affordability among 176 major metropolitan areas nationally as of the first quarter of 2025, down from 106th as of the first quarter of 2023 (NAHB/Wells Fargo). A family at the median income in the HMA would need to allocate 33 percent of their pre-tax income to cover the monthly payment for a median-priced home as of the first quarter of 2025, unchanged from the previous year but increasing from 30 percent as of the first quarter of 2023 because growth in sales prices outpaced income growth. Across the nation, by comparison, a family at the median income would need to allocate 36 percent of its income for a median-priced home, down from 40 percent as of the first quarter of 2023 because the growth in incomes outpaced price growth. Despite the HMA being generally more affordable than the nation as a whole, the cost burden for first-time homebuyers is higher in the HMA than the nation. The HUD First-Time Homebuyer Affordability Index for the HMA was 1.2 as of the first quarter of 2025, down from 1.3 a year earlier and below 1.4 for the nation; the index has decreased from approximately 1.9 for both the HMA and the nation since 2021 (Figure 11). Sales housing in the Great Lakes region is generally more affordable than that of the nation; however, the Madison HMA is the second least affordable for first time buyers among the 31 largest metropolitan areas in the region, behind Ann Arbor, Michigan. This is likely due to the large share of students among renter households.

Sales Construction

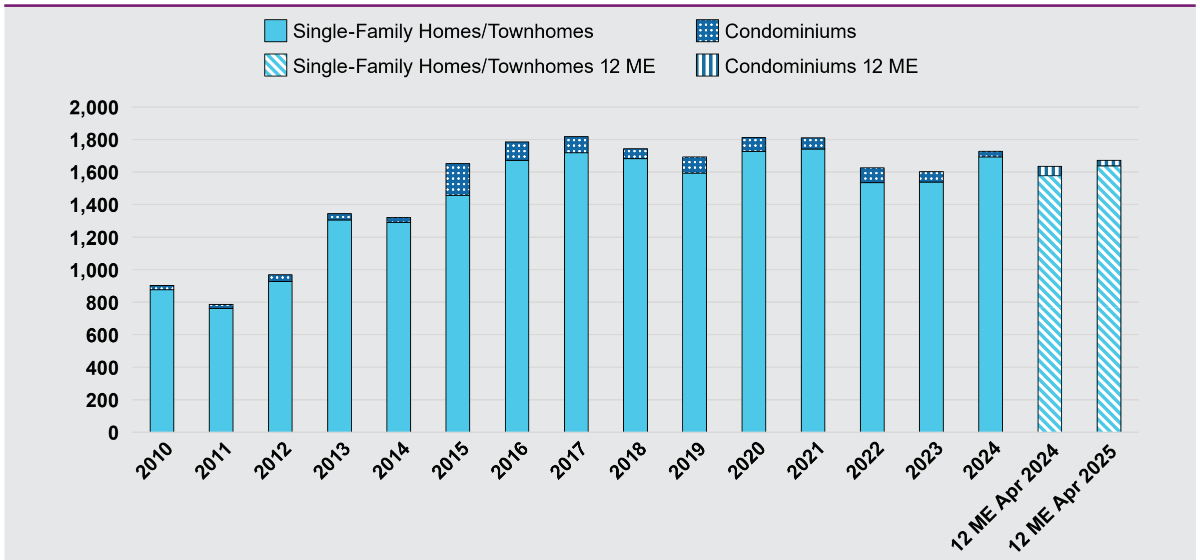
Sales construction activity in the HMA—as measured by the number of single-family homes, townhomes, and condominiums permitted—totaled 1,675 during the 12 months ending April 2025, representing an increase of 40 units, or 2 percent, from the previous 12 months (Figure 12). Sales permitting in the Madison HMA increased from the average of 1,625 units 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. Sales permitting from 2015 through 2019 averaged 1,750 units annually and increased from an average of 1,050 units annually from 2010 through 2014, partially due to stronger net-in migration. Permitting of sales units is significantly higher than the number of new home sales recorded, partly because many custom-built homes, including those built on land already owned by a household contracting with a builder, require a building permit but may not be included in reported sales. Speculative construction by home builders—home construction without a confirmed buyer—is relatively uncommon in the HMA.

Figure 11. Madison HMA HUD First-Time Homebuyer Index



1Q = first quarter.
Sources: American Community Survey 1-year data; HUD Median Family Income data; Freddie Mac; Zonda

Figure 12. Annual Sales Permitting Activity in the Madison HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–24—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Sales by Geography

Since 2020, 83 percent of single-family home permitting has been concentrated in Dane County, down slightly from 84 percent from 2010 through 2019. Among permitting jurisdictions within Dane County, the city of Madison accounts for the largest share of single-family permitting, at 24 percent of all units since 2020, down from 26 percent during the previous decade. The city of Madison has maintained a high portion of new single-family construction by building outward from the central areas and expanding through annexation. During 2022, the city annexed the smaller Madison Township, adding developable land. Notable recent developments in the city of Madison include Acacia Ridge, a single-family subdivision of semi-custom homes that began construction during 2018 at the western edge of the city. Beginning construction in 2023, the third phase will total 191 units at buildout, with a fourth phase in planning. 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 under construction (Veridian Homes, with estimates by the analyst). Move-in-ready three-bedroom homes are priced from $409,000 to $529,900, and available four-bedroom homes are offered at $549,900. As areas within Madison have become built out, the jurisdictions in Dane County that have notably increased their share of single-family home construction since 2020 include the villages of Belleville, Cross Plains, and Windsor and the cities of Fitchburg and Stoughton.

Forecast

Demand for 5,450 new single-family homes, townhomes, or condominiums is expected during the next 3 years (Table 6). The 720 units under construction will meet a portion of the demand during the first year.

Table 6. Demand for New Sales Units in the Madison HMA During the Forecast Period

Sales Units	
Demand	5,450 Units
Under Construction	720 Units

Note: The forecast period is May 1, 2025, to May 1, 2028.
Source: Estimates by the analyst

Rental Market

Market Conditions: Balanced

Tight rental market conditions from 2020 through 2024 have eased during the past year due to elevated apartment construction.

Current Conditions and Recent Trends

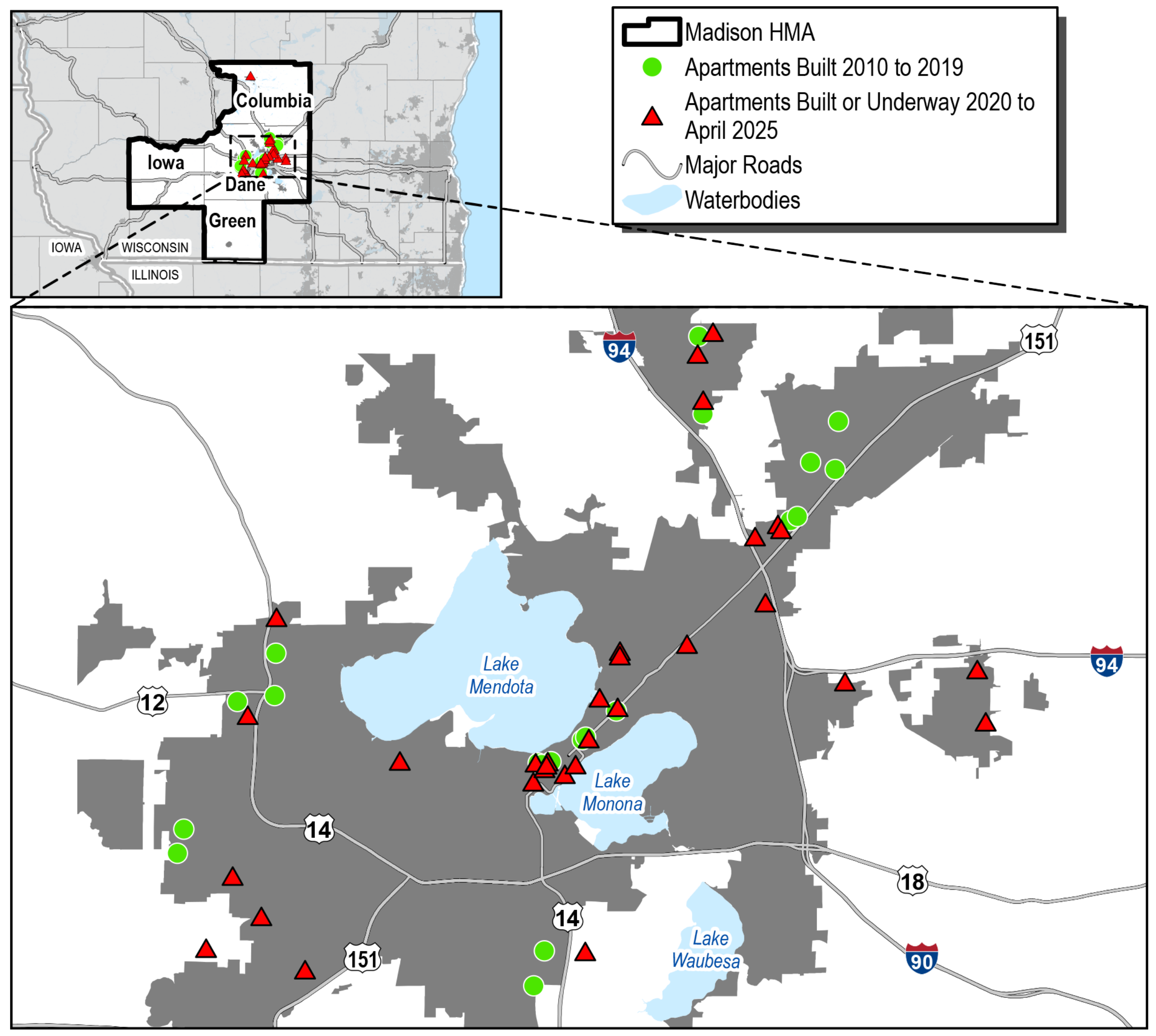
The overall rental market in the Madison HMA—including single-family homes, mobile homes, and apartments—is balanced, with an estimated vacancy rate of 6.0 percent, up from 4.1 percent as of April 2020, when conditions were tight (Table 7). High levels of net in-migration have led to strong apartment absorption since 2020 and contributed to tight rental market conditions and elevated year-over-year rent growth. A large number of apartment units have entered the market during the past year, however, contributing to slowing rent growth and a higher vacancy rate. The rental housing in the HMA primarily consists of structures with five or more units, typically apartments; 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 (ACS 1-year data). In addition, the percentage of renters in structures of two to four units in the HMA has declined from 21 percent in 2019 to 17 percent in 2023. The apartment market has grown as a share of rental housing because of the number of new apartment units that have entered the market since 2020 but also because of the demolition of smaller multifamily structures and older single-family rental homes. Since 2020, construction of large apartment developments, including high rises, has accelerated, especially near downtown Madison (Map 2) and the UW–Madison campus. Construction of large developments has involved the demolition of older housing—in some cases, entire blocks. The high demand for apartment units has led to an increase in the size of developments. From 2010 through 2019, the city of Madison added nine apartment developments of 200 units or more; since 2020, 22 developments of 200 units or more have been completed or are under construction.

Table 7. Rental and Apartment Market Quick Facts in the Madison HMA

Rental Market Quick Facts		**2020 (%)**	**Current (%)**
	Rental Vacancy Rate	4.1	6.0
		2019 (%)	**2023 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	16	15
	Multifamily (2–4 Units)	21	17
	Multifamily (5+ Units)	63	68
	Other (Including Mobile Homes)	1	1
Apartment Market Quick Facts		**1Q 2025**	**YoY Change**
	Apartment Vacancy Rate (%)	5.3	1.0
	Average Rent	$1,612	3%
	Studio	$1,231	3%
	One-Bedroom	$1,448	3%
	Two-Bedroom	$1,768	2%
	Three-Bedroom	$2,173	3%

1Q = first quarter. YoY = year-over-year.
Notes: The current date is May 1, 2025. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2019 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Map 2. Construction of Apartment Properties With 200 or More Units in the Madison HMA Since 2010

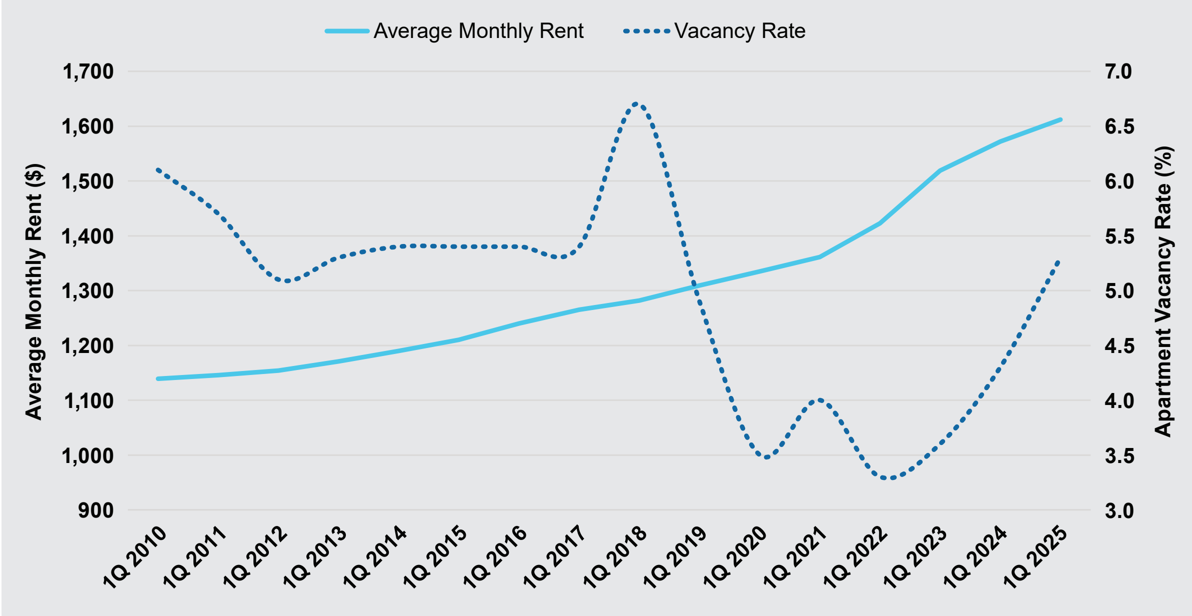


Sources: CoStar Group; Dodge Construction Database; ALN Apartment Data, Inc.; RealPage; Low Income Housing Tax Credit Database; City of Madison

Apartment Vacancy Rate and Rent Growth

Apartment market conditions in the Madison HMA are balanced. As of the first quarter of 2025, the apartment market vacancy rate in the HMA was 5.3 percent, up from 4.3 percent a year earlier, increasing due to apartment units entering the market (CoStar Group; Figure 13). The average monthly rent for an apartment increased by $40, or less than 3 percent, from the previous year to $1,612, moderating from the year-over-year increase of $53, or more than 3 percent, as of the first quarter of 2024. Vacancy rates have gradually risen from the very low rates averaging 3.6 percent from 2020 through 2023, contributing to moderating rent growth during the past 2 years. By comparison, first quarter rents increased by an average of $79, or 6 percent, annually from 2021 to 2023. During 2018 and 2019, apartment construction was relatively low, contributing to low levels of new units entering the apartment inventory in 2020 and 2021, which led to tighter market conditions. The first quarter vacancy rate dropped from 4.9 percent in 2019 to 3.5 percent in 2020, leading to accelerated rent growth in the following years. By comparison, during the period from 2012 to 2017, first quarter vacancy rates averaged 5.3 percent annually, and year-over-year rent growth averaged 2 percent annually. Conditions were balanced during the period because apartment construction kept pace with net absorption.

Figure 13. Apartment Rents and Vacancy Rates in the Madison HMA



1Q = first quarter.
Source: CoStar Group

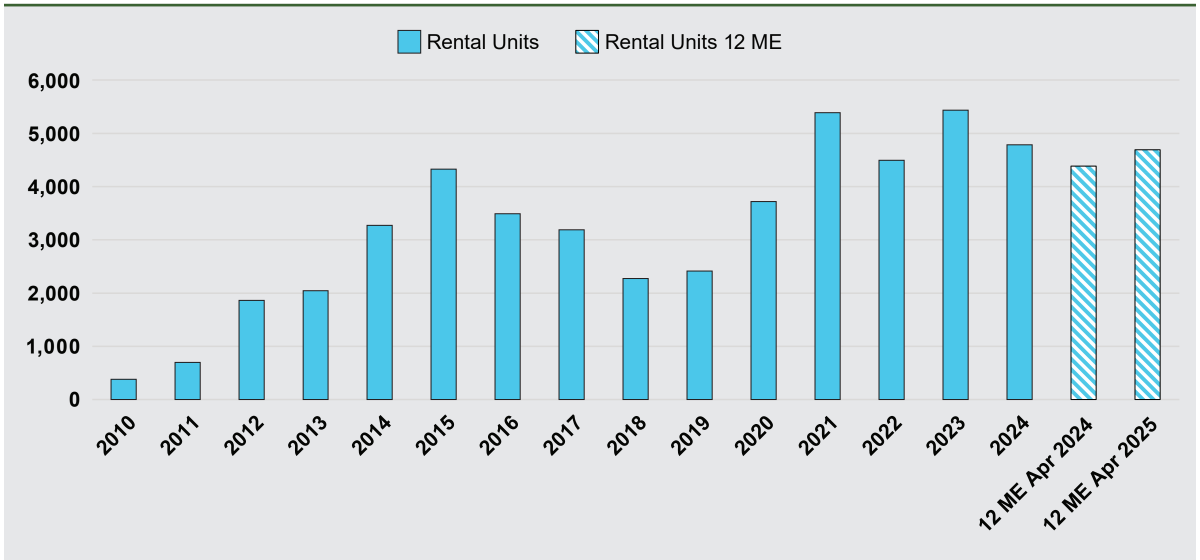
Student Housing Market

As of the fall of 2024, UW–Madison had an enrollment of 52,100. Students at the university make up a large portion of the renter households in the HMA, and with strong enrollment growth since 2020, students have become a more significant portion of the rental market. Primarily occupied by first- and second-year students, dormitory beds at UW–Madison currently number 8,850, down by about 100 beds since 2012 despite an increase of 2,700 first- and second-year students. This decrease in dorm capacity has led to more students entering the general apartment market since 2020. Although not restricted to students, a portion of the apartment inventory is primarily marketed to students; these properties may feature amenities such as individual room leases, fully furnished rooms, and proximity to campus or public transportation. As of the first quarter of 2025, the inventory included in the CoStar Group-defined student market totaled approximately 34,400 beds, up by 2,825, or 9 percent, from a year earlier. The vacancy rate at these properties as of the first quarter of 2025 was 4.2 percent, up from 2.8 percent a year earlier, and the average rent per bedroom was $1,181, reflecting an increase of $33, or 3 percent, from a year earlier. During 2022 and 2023, when student apartment market conditions were very tight, the vacancy rate averaged 2.1 percent annually, and rents increased an average of $62, or 6 percent, annually.

Rental Construction

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 (Figure 14). Rental permitting during the 12 months ending April 2025 increased by 310 units, or 7 percent, from the previous year to 4,700 units, slightly lower than the period of elevated construction activity from 2021 through 2023. Rental construction activity was very low following the Great Recession, averaging 540 units annually during 2010 and 2011, but increased to an average of 1,950 units annually from 2012 through 2013 as the economy of the HMA recovered. Net in-migration and apartment absorption led to a decline in vacancy rates from 2010 through 2013; as a result, developers increased building activity from 2014 through 2016 to an average of 3,700 units annually, keeping pace with the absorption of units. A slowing of net in-migration during the period from 2017 to 2020 contributed to lower demand for apartment units in the HMA, leading to relatively low rent growth; rental permitting declined to 2,900 units annually. Demand for apartment units has increased since 2020, partially due to a relatively high rate of population growth but also an increased rate of household formation and smaller households. Developers responded to the low vacancy rates and high rent growth by increasing construction significantly to an average of 5,100 units annually from 2021 through 2023. As those units entered the market, rent growth slowed and vacancy rates increased, causing the market to transition to balanced conditions. The net absorption of apartment units remained strong in the HMA, however, preventing the market from becoming soft despite increased supply. Building activity remains strong; approximately 7,250 units are under construction.

Figure 14. Annual Rental Permitting Activity in the Madison HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–24—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Construction by Geography

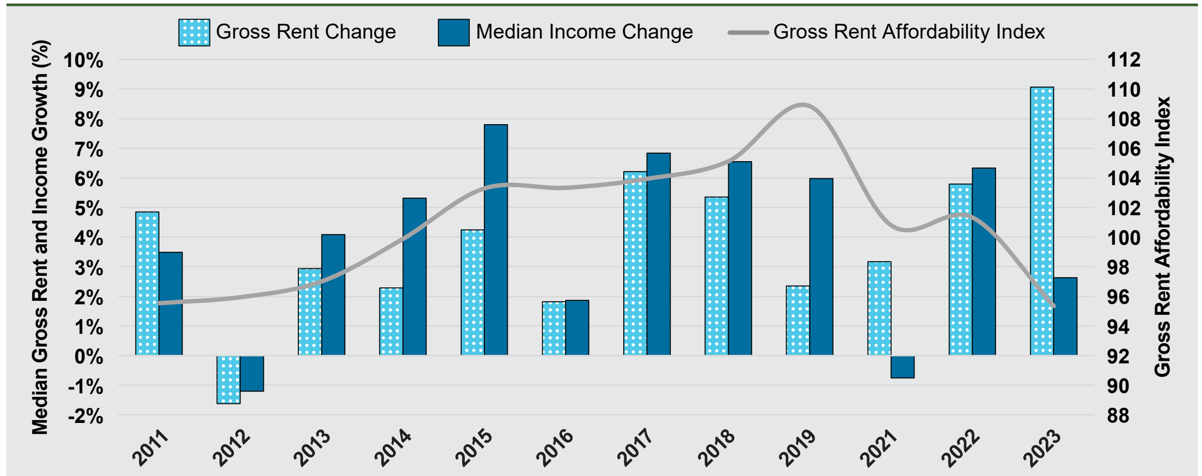
In the Madison HMA, 97 percent of rental unit construction has been concentrated in Dane County since 2020. Within Dane County, 57 percent of rental unit construction has been in the city of Madison since 2020, down slightly from 58 percent during the previous decade. Also, since 2020, rental construction in the HMA has remained mostly concentrated in the city of Madison on the isthmus, along Lake Monona, and near the UW–Madison campus in ZIP Codes 53703, 53715, and 53726, with 20 percent of all rental construction in these ZIP Codes, relatively consistent with the share during the previous decade. Construction has remained high even in this mostly built-out area, partly because of changes in zoning and height restrictions in downtown Madison and along the East Washington corridor, where older housing was demolished. Suburbs where the portion of HMA rental construction has increased since 2020 include the villages of Cottage Grove and DeForest, which increased from less than 1 percent each from 2010 through 2019 to 3 percent and 4 percent, respectively, since 2020.

Housing Affordability: Rental

In the Madison HMA, rental housing is generally less affordable than Wisconsin as a whole, but more affordable than the nation. As of 2023, the median rent of $1,335 in the HMA was 25 percent more than the median rent in Wisconsin, but 5 percent less than the median rent in the nation (ACS 1-year data). Growth in the median income for renters lagged growth in the median gross rent in the HMA during recent years, decreasing the Gross Rent Affordability Index in the HMA from a peak of 108 as of 2019 to 95 as of 2023 (ACS 1-year data; Figure 15). Compared with renters nationally, a greater share of renter households in the HMA had moderate to high housing costs.

From 2017 through 2021, 20.4 percent of renter households faced a moderate to high cost burden, with 31 to 50 percent of their income going to housing costs, significantly higher than 6.9 percent nationally (Table 8). This cost burden is partially due to the large student population in the HMA, who often have low incomes because many do not work full time. Of 3,600 UW–Madison student respondents in a 2024 survey, 27 percent reported sharing a bedroom to decrease monthly rental costs (UW–Madison). Among households in the HMA with incomes at or below 50 percent of the Area Median Income, 31.9 percent faced a moderate to high cost burden, higher than the 25.9 percent share for the nation.

Figure 15. Madison HMA Gross Rent Affordability Index



MSA = metropolitan statistical area.
Notes: Rental affordability is for the Madison Metropolitan Statistical Area. The Gross Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

Table 8. Percentage of Cost-Burdened Renter Households by Income in the Madison HMA and the Nation, 2017–21

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Madison HMA	Nation	Madison HMA	Nation
Renter Households with Income <50% HAMFI	31.9	25.9	47.9	49.9
Total Renter Households	20.4	6.9	20.9	17.1

HAMFI = HUD Area Median Family Income.
Sources: Consolidated Planning/Comprehensive Housing Affordability Strategy Data; American Community Survey 2017–21 5-year estimates

Forecast

During the 3-year forecast period, demand is expected for 9,675 rental units (Table 9). The 7,250 units under construction are expected to meet the demand during the first 2 years of the forecast period. In addition, approximately 590 units in final planning are expected to begin construction within the next 6 months and will meet some of the demand in the third year. Moderate population growth and increasing student enrollment at universities in the HMA will support demand for rental units.

Table 9. Demand for New Rental Units in the Madison HMA During the Forecast Period

Rental Units	
Demand	9,675 Units
Under Construction	7,250 Units

Note: The forecast period is May 1, 2025, to May 1, 2028.
Source: 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.
Apartment Market 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.
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.
Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate to high cost burden refers to households spending 31 to 50 percent of their income on housing costs. Severe cost burden refers to households spending 51 percent or more of their income on housing costs.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period, given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units under construction or units in the development pipeline.
Existing Home Sales	Include resales, short sales, and REO sales.
Forecast Period	May 1, 2025-May 1, 2028—Estimates by the analyst.

HUD First-Time Homebuyer Affordability Index	**A measure of the median income for householders aged 25 to 44 relative to the income needed to purchase homes priced in the 25th percentile while allocating no more than 28 percent of income to monthly housing costs.**
Great Lakes region	**Includes the states of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin and MSAs whose counties fall wholly or partially within one of those states.**
Home Sales/ Home Sales Prices	**Includes single-family home, townhome, and condominium sales.**
Net Natural Increase	**Resident births are greater than resident deaths.**
New Home Sales	**Newly constructed residential housing units.**
Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.**

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.**
2.	**Urbanized areas are defined using the U.S. Census Bureau’s 2020 Census Urban and Rural Classification and the Urban Area Criteria.**
3.	**The ZIP Codes referenced in this report are from the 2020 U.S. Census.**

C.	Additional Notes
1.	The National Association of Home Builders Cost of Housing Index reports the percentage of family income required to afford a mortgage payment on an existing home in 176 metropolitan areas based on the local median home price and median income. Percentages are also calculated for low-income families in these markets.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D.	Photo/Map Credits
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Contact Information

Abram Olivas, Economist
Chicago HUD Regional Office
817–978–5548
abram.e.olivas@hud.gov