

COMPREHENSIVE HOUSING MARKET ANALYSIS

# Milwaukee-Waukesha, Wisconsin

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

As of January 1, 2023



PD&R

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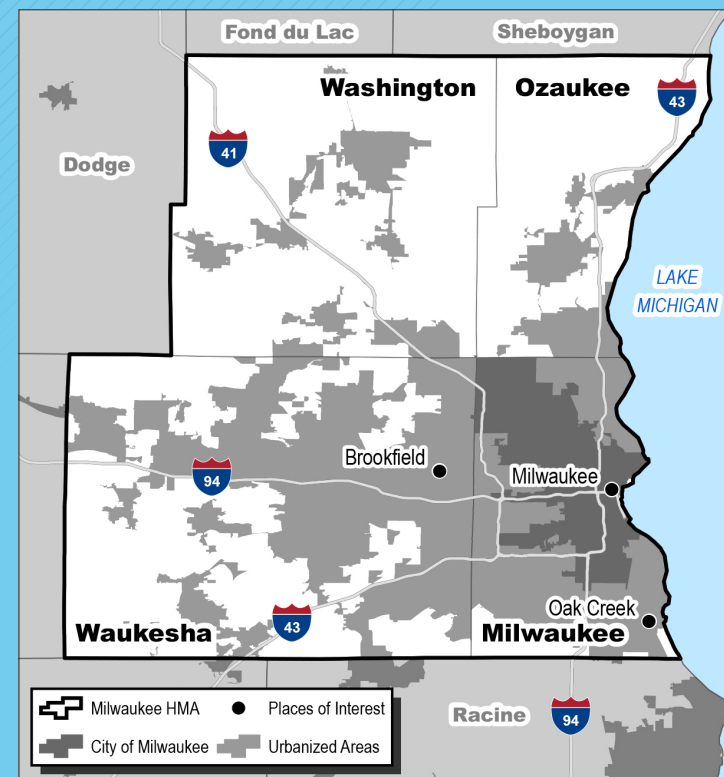
# Executive Summary

## Housing Market Area Description

The Milwaukee-Waukesha Housing Market Area (hereafter, Milwaukee HMA) consists of four counties: Milwaukee County, which is the central county, and the three suburban counties of Ozaukee, Washington, and Waukesha. The HMA is coterminous with the Milwaukee-Waukesha Metropolitan Statistical Area. It is the largest metropolitan area in Wisconsin and is home to approximately one-fourth of the population in the state.

The current population of the HMA is estimated at 1.56 million.

Historically, manufacturing was the largest nonfarm payroll sector in the HMA. Access to Lake Michigan supported industries that used large amounts of water for brewing and leather and metals manufacturing. Since 2006, the education and health services sector has been the largest.



## 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



**Improving:** Nonfarm payrolls increased 1.4 percent in 2022, up from a 1.3-percent gain in 2021.

In 2022, nonfarm payrolls averaged 842,700 jobs, which was 22,300 jobs, or 2.7 percent, above 2020 and 32,400 jobs, or 3.7 percent, below 2019, the most recent year before the onset of the COVID-19 pandemic and early 2020 recession. Two sectors had payrolls above 2019 levels in 2022—the mining, logging, and construction and the transportation and utilities sectors, supported by changes to housing, shopping, and travel preferences. Four sectors, including the education and health services sector, had payrolls below 2020. During the 3-year forecast period, jobs are expected to increase by an average of 1.0 percent annually, slowing from the relatively faster gains during the past 2 years and moving closer to the average growth rate from 2011 through 2019 of 0.9 percent annually.

Sales Market



**Slightly Tight, but Easing:** The inventory of homes for sale was 1.4 months in 2022, up from 1.3 months in 2021.

The average home sales price increased 8 percent to \$316,500 in 2022, similar to the gains of 7 and 9 percent in 2021 and 2020, respectively (Zonda). Home sales, including new and existing, declined 16 percent from a year ago to 25,850, the fewest sales since 2015. Rising mortgage interest rates in 2022 reduced affordability of homebuying and disincentivized existing homeowners with low mortgage interest rates from selling. During the 3-year forecast period, demand is expected for an additional 5,575 for-sale homes, with most of the demand in the suburban counties. The 810 homes currently under construction are expected to meet a portion of demand.

Rental Market



**Slightly Tight, but Easing:** The average apartment rent increased 4 percent during the fourth quarter of 2022, slowing from a 6-percent increase a year ago.

The rental market vacancy rate is currently estimated at 7.0 percent compared with 7.8 percent in 2010. Apartment market conditions are slightly tight but easing from a year ago. Among apartments, which account for 42 percent of rental units in the Milwaukee HMA, the vacancy rate was at an historic low during the fourth quarter of 2021 but then increased 0.8 percentage point to 4.1 percent as of the fourth quarter of 2022 (CoStar Group). The current rate is below the historical averages of 5.5 percent from 2017 to 2019 and 4.9 percent from 2010 to 2016. During the 3-year forecast period, demand is expected for an additional 9,075 rental units, with slightly more than one-half of the demand in Milwaukee County. The 6,350 units currently under construction are expected to meet demand during the first two years of the forecast period.

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3-Year Housing Demand Forecast			
Milwaukee HMA		Sales Units	Rental Units
	Total Demand	5,575	9,075
	Under Construction	810	6,350

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2023. The forecast period is January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst





## Economic Conditions

### Largest Sector: Education and Health Services

During 2022, the transportation and utilities sector was the fastest growing among the 11 nonfarm payroll sectors in the Milwaukee HMA, expanding 7.6 percent, or by 2,400 jobs.

### Primary Local Economic Factors

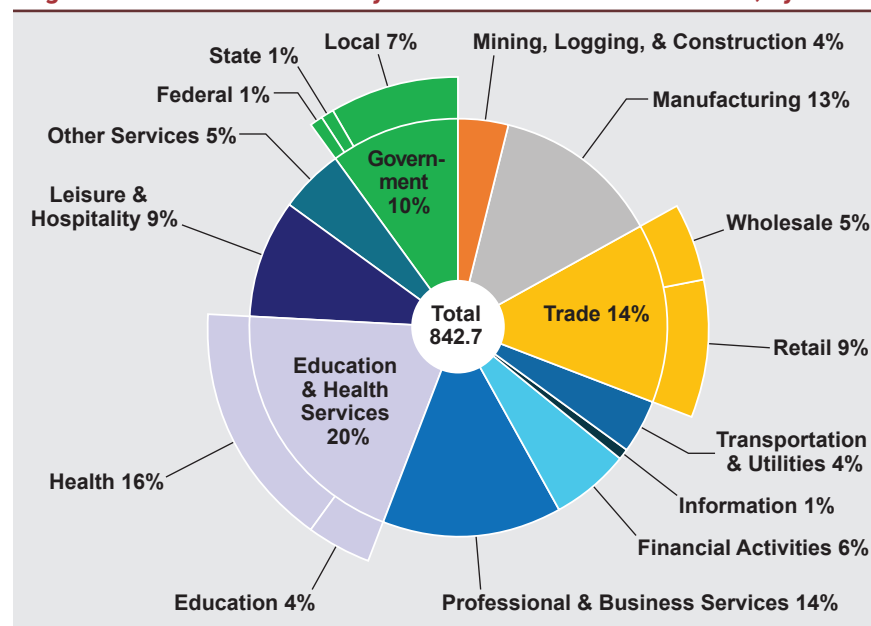
The city of Milwaukee was founded as a center for manufacturing, specializing in brewing, metals, and leather goods production because of the access to fresh water from Lake Michigan. Manufacturing in the city of Milwaukee and the surrounding area evolved to include a wide variety of products such as motorcycles from Harley Davidson, Inc.; engines and tools from Briggs & Stratton Corp, Rockwell Automation, Inc., Johnson Controls, and Milwaukee Electric Tool Corporation; and food and beverages from companies such as Molson Coors Beverage (formerly Miller Brewing) Company, Smithfield Foods, Inc., and Cargill Meat Solutions.

An increasing senior population, many of whom are frequent users of healthcare services, alongside a decline in manufacturing jobs in the early 2000s contributed to the education and health services sector surpassing the manufacturing sector to become the largest employment sector in the HMA in 2006. In 2022, the education and health services sector accounted for 20 percent of all jobs, and the manufacturing sector was the fourth largest, with 13 percent of jobs (Figure 1). Among the 10 largest private employers, 5 were in the education and health services sector (Table 1).

### Current Conditions—Nonfarm Payrolls

The economy in the HMA is recovering from the sharp decline in jobs during early 2020 when many businesses temporarily closed in compliance with the state-declared public health emergency, and consumers reduced in-person interactions to limit the spread of COVID-19. During 2022, nonfarm payrolls increased by 11,900 jobs, or 1.4 percent (Table 2), accelerating from an increase

**Figure 1. Share of Nonfarm Payroll Jobs in the Milwaukee 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 December 2022.

Source: U.S. Bureau of Labor Statistics

**Table 1. Major Private-Sector Employers in the Milwaukee HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Advocate Aurora Health	Education & Health Services	28,500
Froedtert Health	Education & Health Services	13,500
Ascension Wisconsin	Education & Health Services	10,600
The Kroger Co./Roundy's	Wholesale & Retail Trade	8,600
Quad/Graphics, Inc.	Manufacturing	7,500
Kohl's Corp.	Wholesale & Retail Trade	7,000
GE HealthCare	Manufacturing	6,000
Northwestern Mutual	Financial Activities	5,900
Medical College of Wisconsin	Education & Health Services	5,400
Children's Wisconsin	Education & Health Services	5,200

Note: Excludes all government employers.

Sources: 2020 Metropolitan Milwaukee Association of Commerce Business Resource Guide; *The Business Journal*, August 16, 2019

of 10,400 jobs, or 1.3 percent, in 2021. The 2 years of gains followed a decline of 54,700 jobs, or 6.3 percent, in 2020 (Figure 2). Current payrolls are 32,400 jobs, or 3.7 percent below 2019, which was the prepandemic peak. The HMA lags behind the recovery in the nation, where 2022 payrolls were 1.1 percent above 2019 levels.

In 2022, only two sectors in the HMA had payrolls above 2019 levels—the mining, logging, and construction and the transportation and utilities sectors (Figure 3). The mining, logging, and construction sector gained 1,400 jobs, or 4.1 percent, in 2022 and is currently 1,800 jobs, or 5.5 percent, above 2019 levels. More than 20 construction projects were underway in 2022 with budgets of \$50 million or more (Wisconsin Policy Forum). The largest projects included a \$455 million expansion at the Wisconsin Center convention center, a \$385 million improvement project on the Children’s Wisconsin campus, and a \$550 million expansion of Interstate 43 in the suburbs north of downtown

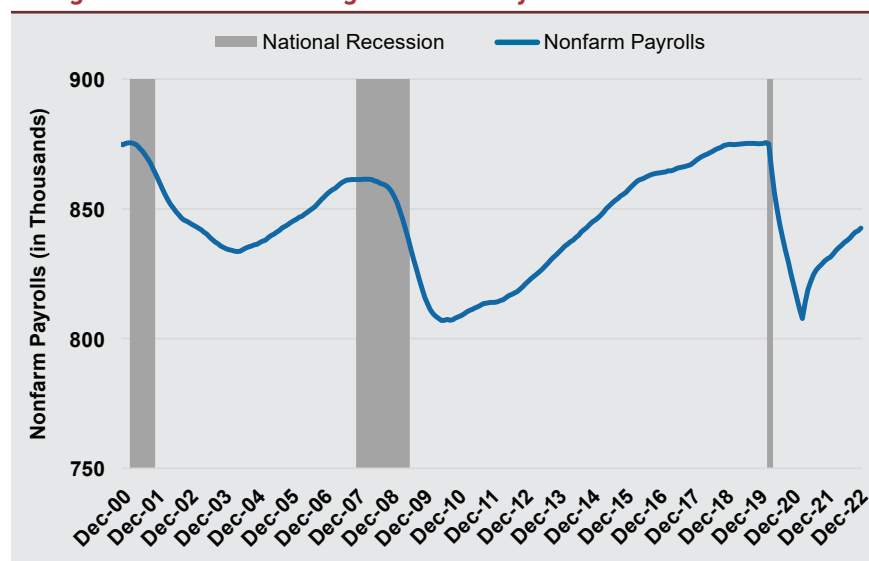
**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Milwaukee HMA, by Sector**

	12 Months Ending December 2021	12 Months Ending December 2022	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>830.8</b>	<b>842.7</b>	<b>11.9</b>	<b>1.4</b>
<b>Goods-Producing Sectors</b>	<b>145.4</b>	<b>148.7</b>	<b>3.3</b>	<b>2.3</b>
Mining, Logging, & Construction	33.9	35.3	1.4	4.1
Manufacturing	111.5	113.4	1.9	1.7
<b>Service-Providing Sectors</b>	<b>685.4</b>	<b>693.9</b>	<b>8.5</b>	<b>1.2</b>
Wholesale & Retail Trade	113.0	115.3	2.3	2.0
Transportation & Utilities	31.6	34.0	2.4	7.6
Information	12.3	12.4	0.1	0.8
Financial Activities	50.2	48.1	-2.1	-4.2
Professional & Business Services	117.5	122.0	4.5	3.8
Education & Health Services	168.9	165.7	-3.2	-1.9
Leisure & Hospitality	69.4	73.8	4.4	6.3
Other Services	42.8	42.4	-0.4	-0.9
Government	79.6	80.1	0.5	0.6

Notes: Based on 12-month averages through December 2021 and December 2022. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

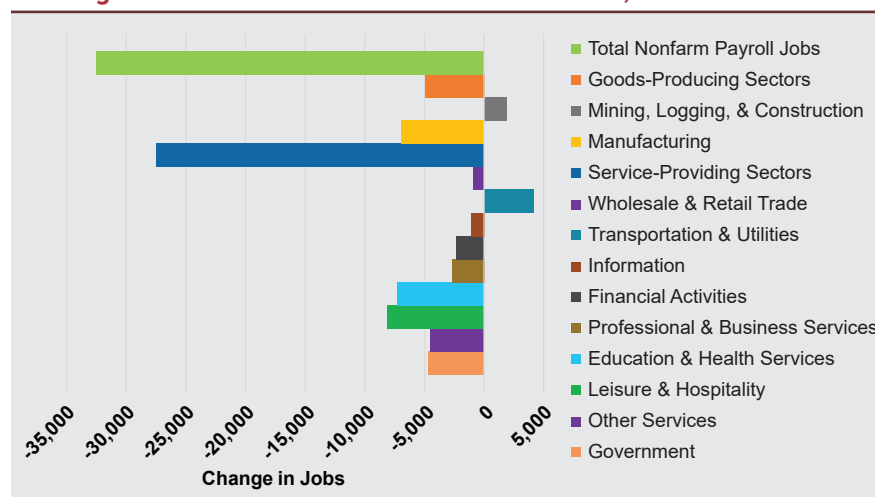
**Figure 2. 12-Month Average Nonfarm Payrolls in the Milwaukee HMA**



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

**Figure 3. Sector Growth in the Milwaukee HMA, 2020 to Current**



Note: The current date is based on 12-month averages ending December 2022.

Source: U.S. Bureau of Labor Statistics

Milwaukee. The transportation and utilities sector increased by 2,400 jobs, or 7.6 percent, in 2022 and is 4,100 jobs, or 4.1 percent, above 2019 levels. Passenger traffic at Milwaukee Mitchell International Airport increased 20 percent in 2022 from a year earlier (Mitchell International Airport).

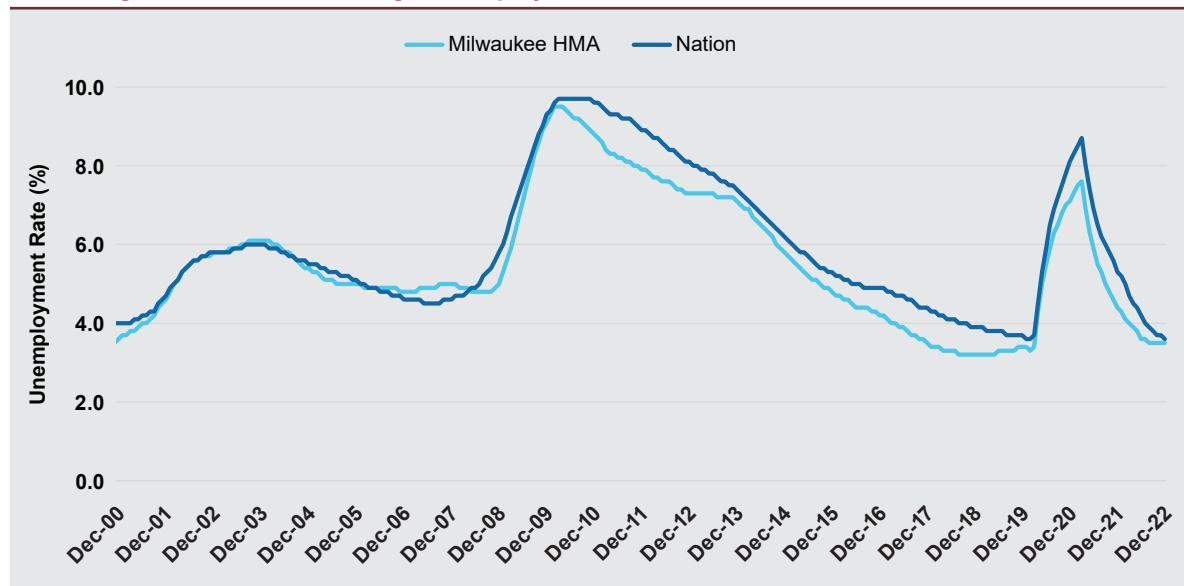
The two sectors that are major factors in local economic trends, the manufacturing and the education and health services sectors, both remain below 2019 levels. The manufacturing sector added 1,900 jobs, or 1.7 percent, in 2022, but payrolls remain 6,900 jobs, or 5.7 percent, below 2019 levels. Nonfarm payrolls in the education and health services sector declined in 2022 by 3,200 jobs, or 1.9 percent, and are 7,300 jobs, or 4.2 percent, below 2019 levels. All the reduction in 2022 was in the healthcare and social assistance subsector.

Despite the HMA gaining jobs in 2022, three sectors had declines—the financial activities, the education and health services, and the other services sectors. The fastest decline was in the financial activities sector, down by 2,100 jobs, or 4.2 percent. An increase in home mortgage interest rates in 2022 contributed to a reduction in home sales and fewer mortgage applications, which led to a decline in employment in the consumer lending industry.

## Current Conditions—Unemployment

The unemployment rate has been falling year over year during the past 2 years as economic conditions improved from the early 2020 recession. During 2022, the unemployment rate averaged 3.5 percent, down from 4.4 percent in 2021 and 7.1 percent in 2020 (Figure 4). The 2022 rate is relatively similar to the late 2010s when the rate averaged 3.3 percent from 2017 through 2019. The decline in unemployment during 2022 was primarily because of a decline in the labor force, which was down by 7,300, or 0.9 percent, from a year earlier. The labor force declined each year from 2018 through 2020, down an average of 3,900, or 0.5 percent, annually and increased by 2,400, or 0.3 percent, in 2021, as some workers who temporarily left the labor force in 2020 returned.

**Figure 4. 12-Month Average Unemployment Rate in the Milwaukee HMA and the Nation**



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

## Economic Periods of Significance

### 2000 Through 2010

The 2000s marked a shift for the HMA from an economy that fluctuated because of changes in the manufacturing sector to an economy supported by growth in the education and health services sector. Nonfarm payrolls were at a historic high in 2000 but declined from 2001 through 2003 by an average of 13,200 jobs, or 1.5 percent, annually, with nearly three-fourths of job losses occurring in the manufacturing sector, which lost an average of 9,500 jobs, or 6.1 percent, a year. The education and health services sector was one of only four sectors to add jobs during the period.

A period of payroll growth from 2004 through 2007—which averaged 6,500 jobs, or 0.8 percent, annually—supported a partial recovery. The education and health services sector added the most jobs, accounting for nearly 45 percent of job growth and becoming the largest employment sector in the HMA during 2006. Manufacturing jobs continued to decline from 2004 through 2007 but at a slower rate than during 2001 through 2003, with declines averaging 800 jobs, or 0.6 percent, a year. In 2007, payrolls peaked at 861,300 jobs, which was 13,400 jobs, or 1.5 percent, below the historic peak in 2000.

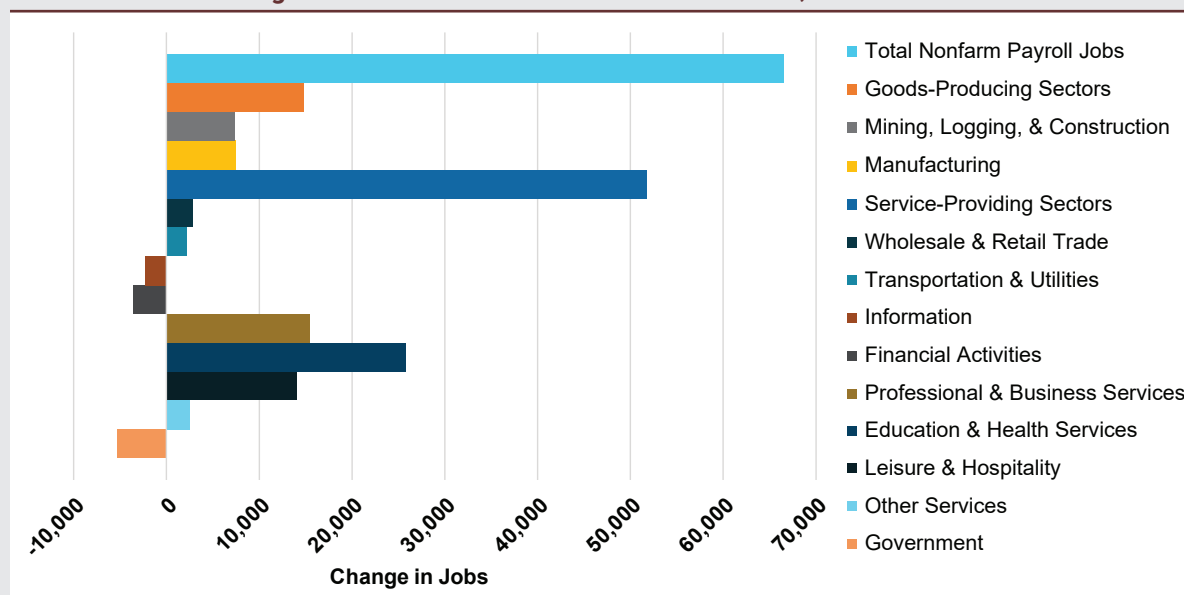
Influenced by the Great Recession from 2008 through 2010, payrolls in the HMA fell by an average of 17,600 jobs, or 2.1 percent, annually.

The 808,500 jobs in 2010 represented the fewest jobs in the HMA since 1994. The largest losses were in the manufacturing sector, accounting for nearly 40 percent of jobs lost, with an average annual decline of 6,800 jobs, or 5.4 percent. The education and health services sector expanded by an average of 2,400 jobs, or 1.7 percent, each year, partially offsetting losses in other sectors.

### 2011 Through 2019

The 2010s were a period of economic recovery and expansion, but the pace of gains lagged behind those of the nation. Nonfarm payroll growth in the HMA averaged 7,400 jobs, or 0.9 percent, annually from 2011 through 2019, compared with the faster rate of 1.6 percent annually in the nation. Total nonfarm payrolls in the HMA surpassed 2007 levels in 2016, 2 years after the nation met a similar milestone in recovery from the Great Recession. In 2019, payrolls in the HMA surpassed the historic high reached in 2000. The education and health services sector led job growth, with an average increase of 2,900 jobs, or 1.8 percent, annually, and all but 3 of the 11 sectors added jobs from 2011 through 2019 (Figure 5). The manufacturing sector reversed the trend of declines that occurred during the 2000s, adding jobs during

**Figure 5. Sector Growth in the Milwaukee HMA, 2011 to 2019**



Source: U.S. Bureau of Labor Statistics

7 of the 9 years, averaging gains of 800 jobs, or 0.7 percent, annually during the 9-year period. Total job growth was slower from 2016 through 2019, partially because of declines in the wholesale and retail, the professional and business services, and the government sectors.

## 2020

Following the public health emergency declared in Wisconsin on March 12, 2020, in response to the onset of the COVID-19 pandemic, businesses temporarily closed in March and April 2020, and workers and consumers greatly reduced in-person interactions. As a result of these emergency measures, which ranged from closing bars and restaurants and canceling large festivals to asking office workers to work from home, a recession occurred in March and April 2020. Nonfarm payrolls in the HMA in 2020

averaged 820,400, down by 54,700 jobs, or 6.3 percent, compared with 2019. The number of jobs lost in 2020 was similar to the combined total number of jobs gained from 2013 through 2019. All sectors lost jobs except the mining, logging, and construction sector, which was unchanged. The largest losses were in the leisure and hospitality sector, down by 19,100 jobs, or 23.3 percent. In March 2020, consumer spending on entertainment and recreation and restaurants and hotels each declined 70 percent compared with January 2020, and spending remained below January 2020 levels through mid-2021 (Opportunity Insights), contributing to the prolonged period of low payrolls in the sector. In 2020, the manufacturing sector declined by 8,100 jobs, or 6.7 percent; the education and health services sector declined by 4,300 jobs, or 2.5 percent; and the professional and business services sector declined by 8,700 jobs, or 7.0 percent.





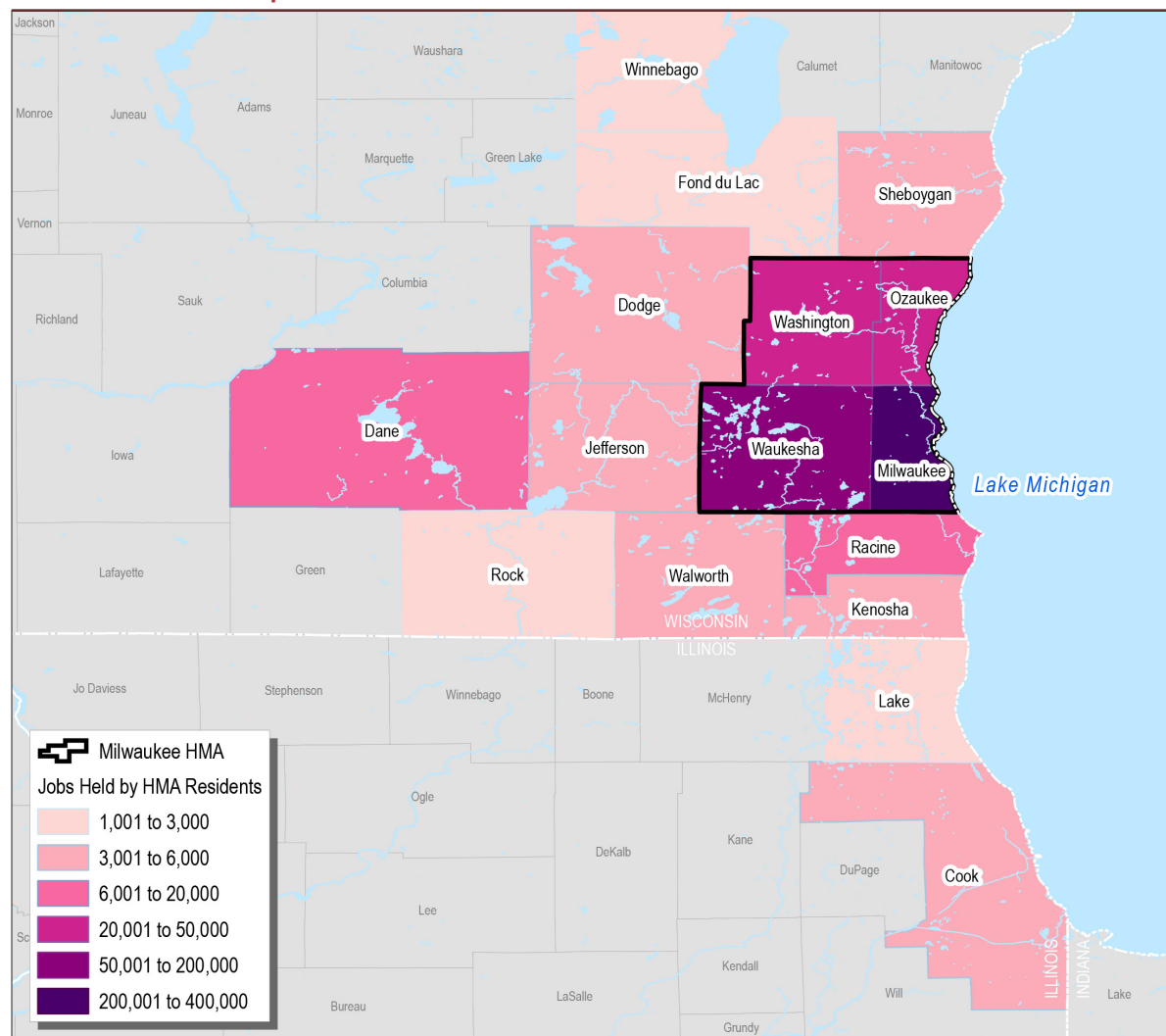
## Commuting Patterns

Most residents of the HMA worked at jobs within the HMA in 2019, but 12 percent of workers had jobs outside the HMA, mostly in counties within 100 miles. Dane County, which includes the city of Madison and is approximately 80 miles west of downtown Milwaukee, was the most common place to work outside the HMA, with 15,300 HMA residents holding jobs in the county (Map 1). Racine and Kenosha Counties were the second and third most common places to work outside the HMA, with 10,800 and 5,700 HMA residents working in those counties. Cook County, which includes the city of Chicago and is 90 miles south of downtown Milwaukee, drew 4,300 workers from the HMA in 2019. Nationally, about 5 percent of paid workdays were worked from home in 2019; the share increased to 62 percent in May 2020, averaged 34 percent in 2021, and declined to 30 percent in 2022 (WFH Research).

## Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase an average of 1.0 percent annually, moderating from gains during 2021 and 2022 but slightly above the average from the 2010s. Among the jobs lost in the March and April 2020 recession, most have either returned or are not expected to come back. However, some sectors, such as the leisure and hospitality sector, are still

**Map 1. Where Residents of the Milwaukee HMA Worked in 2019**



Note: Excludes counties with 1,000 or fewer jobs worked by HMA residents.

Source: U.S. Census Bureau OnTheMap, 2019

shifting in response to changing consumer preferences and are expected to continue to grow at rates above the rate from 2011 through 2019. The number of days per week worked from offices is rising, and jobs to support office workers, especially those in the leisure and hospitality sector, are expected to increase. Companies in the HMA are moving from suburban offices to offices in downtown Milwaukee and are expected to add more workers. Milwaukee Electric Tool Corporation moved its offices from west

suburban Brookfield to downtown Milwaukee earlier in 2022 and is expected to add up to 600 workers. Fiserv, Inc., plans to move 530 workers from Brookfield to downtown Milwaukee and add 250 workers at the downtown office. Several large healthcare facilities have expansion projects under construction, including the Children's Wisconsin and Medical College of Wisconsin Cancer Research Center and are expected to add workers at the new facilities on completion in 2024.



# Population and Households

Current Population: 1.56 Million

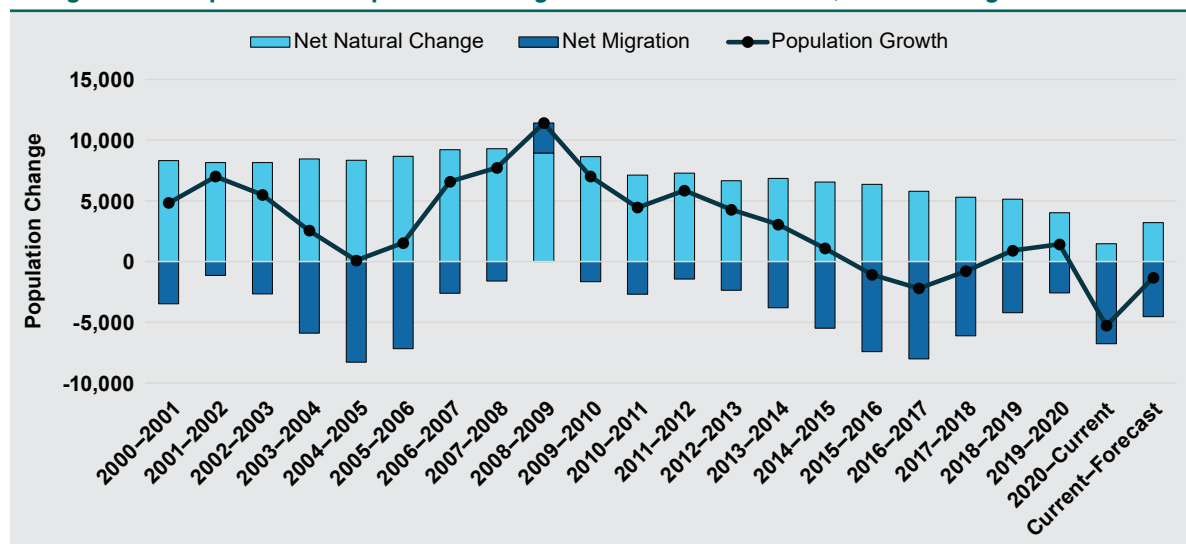
A decline in net natural change combined with net out-migration has contributed to a decline in the population since 2020.

## Population Trends

In the Milwaukee HMA, population growth fluctuated in the 2000s, generally slowed from 2010 to 2020, and has shifted to decline since 2020. Net migration fluctuates based on economic conditions in the HMA and nation, with net out-migration occurring most years since 2000. Stronger net out-migration occurred in years when national economic conditions were relatively strong, and lower levels of net out-migration occurred in years when the national economy was weaker. In the HMA, net out-migration has occurred each year since 2000, except from 2008 to 2009, at the height of the Great Recession (Figure 6). Net natural change was relatively steady in the 2000s but has declined most years since 2010 because of a lower birth rate and an aging population. The COVID-19 virus has further accelerated the decline in net natural change since 2020.

In the 2000s, relatively higher net natural change offset net out-migration, resulting in an average population increase of 5,500, or 0.4 percent, annually from 2000 to 2010 (Table 3). From 2010

Figure 6. Components of Population Change in the Milwaukee HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2023) to January 1, 2026.  
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Table 3. Milwaukee HMA Population and Household Quick Facts

Population Quick Facts	2010		
	Current		
	Forecast		
Population	1,555,908	1,560,400	1,556,400
Average Annual Change	5,500	340	-1,325
Percentage Change	0.4	0.0	-0.1
Household Quick Facts	2010		
	Current		
	Forecast		
Households	622,087	658,850	665,500
Average Annual Change	3,475	2,875	2,200
Percentage Change	0.6	0.5	0.3

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2023) to January 1, 2026.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

to 2020, net natural change was lower, and net out-migration was higher compared with the previous decade. Population growth averaged 1,875, or 0.1 percent, annually from 2010 to 2020. Since 2020, net natural change has declined further, and net out-migration has increased, resulting in the population declining by an estimated average of 5,225, or 0.3 percent, annually.



## Net Migration and Population Change

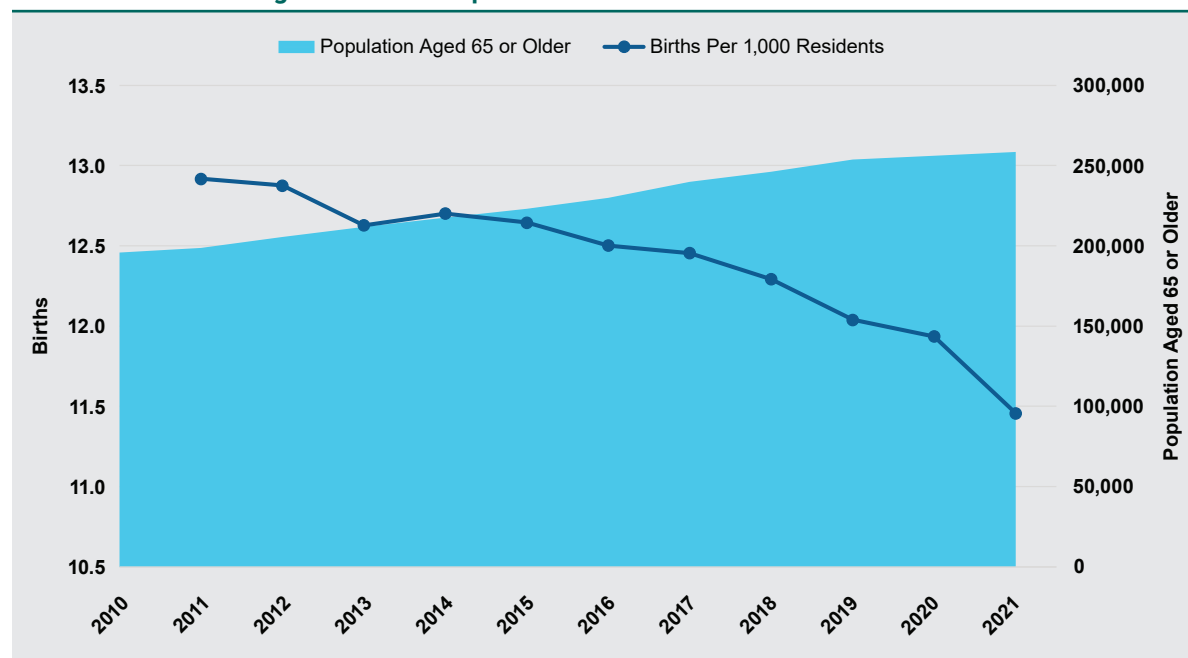
Weak economic conditions in the HMA and the nation in the early 2000s but stronger conditions in the nation relative to the HMA in the mid-2000s contributed to net out-migration averaging 2,450 people annually from 2000 to 2003 and rising to 7,125 people annually from 2003 to 2006, as faster job growth in the nation during the mid-2000s drew residents out of the HMA. Population growth, including net migration and net natural change, averaged 5,850 from 2000 to 2003 and fell to 1,375 annually from 2003 to 2006. In the late 2000s, slower economic growth in the nation, the Great Recession, and the early period of recovery contributed to fewer residents leaving the HMA, and net out-migration fell to an average of 1,700 annually from 2006 to 2014. Population growth averaged 6,300 annually from 2006 to 2014 as fewer people moved away. In the mid-2010s, as the national economy shifted from recovery to expansion, net out-migration increased to an average of 6,750 people annually from 2014 to 2018, and the population declined by an average of 750 annually. Slowing economic growth in 2019 and the onset of the COVID-19 pandemic in 2020 contributed to a reduction in net out-migration, averaging 3,125 annually from 2018 to 2020, and the population increased by an average of 2,000 annually. Since the end of the 2020 recession, the national economy has been

recovering faster than the HMA. Net out-migration has averaged an estimated 6,650 people annually since mid-2020, and the population has declined by an average of 5,225 annually as more people moved away and net natural change declined sharply.

## Net Natural Change, the Birth Rate, and Senior Population

In the 2000s, net natural change was relatively steady, but in the decade following the Great Recession, fewer births and an aging population led to a decline. Deaths from COVID-19 further accelerated the decline. From 2000 to 2010, net natural change averaged 8,675 people annually. From 2010 to 2019, net natural change declined by an average of nearly 400, or 6 percent, annually. In 2011, the birth rate was 12.9 births per 1,000 residents, and 12.7 percent of the population, or 198,700 people, were aged 65 or older (Figure 7). In 2019, the birth rate declined to 12.0 births, and the population aged 65 or older increased to 16.1 percent of the total, or 253,700 people. The onset of the COVID-19 pandemic further

**Figure 7. Senior Population and Births in the Milwaukee HMA**



Sources: Population aged 65 or older—2010–2019 and 2021 American Community Survey 1-year data and 2020 estimates by the analyst; births per 1,000 residents—U.S. Census Bureau population estimates as of July 1

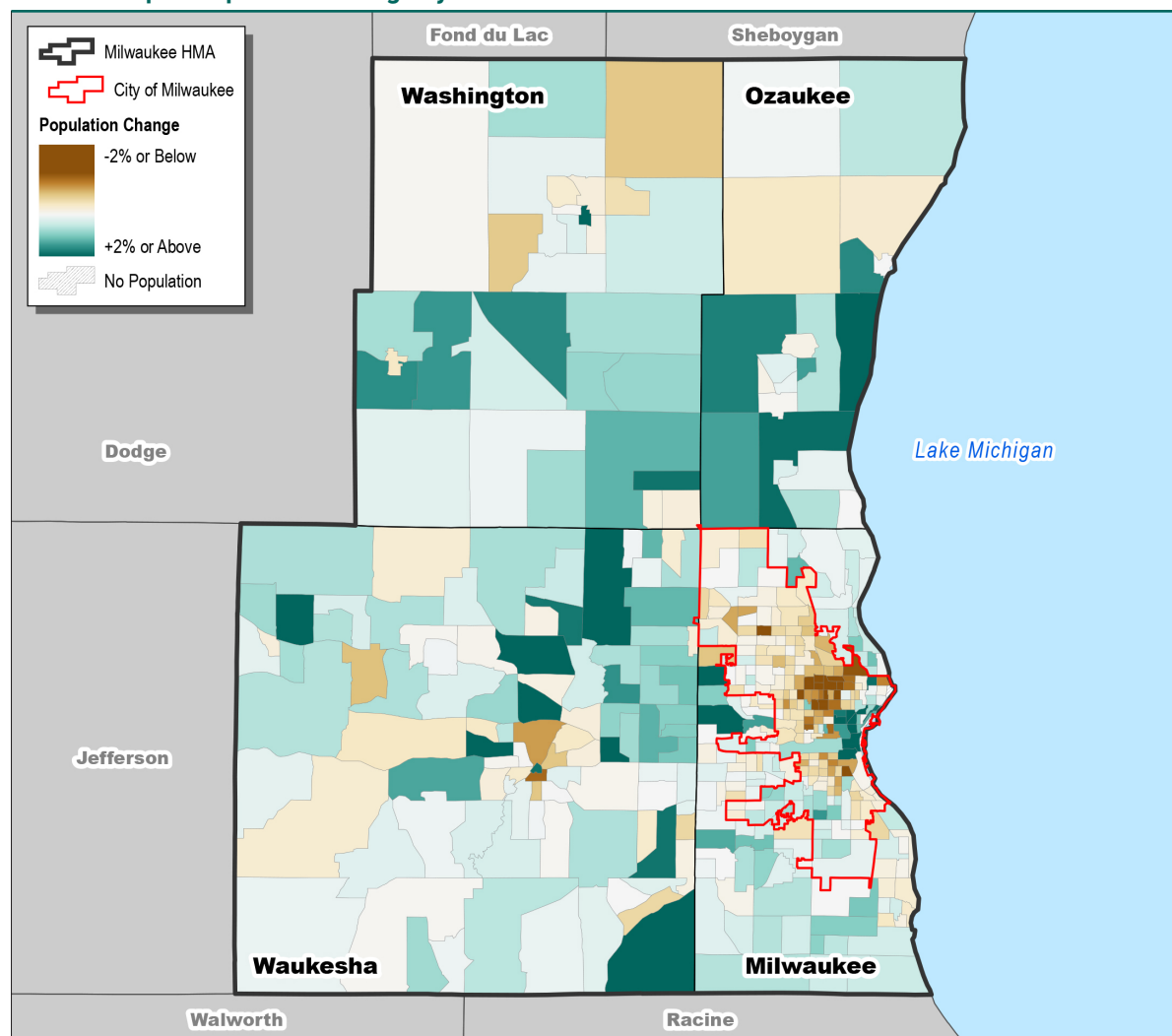


reduced net natural change, with more than 3,700 deaths in the HMA since March 2020 attributed to the virus. In 2021, the birth rate declined further, and the share of the population aged 65 or older increased. Since 2020, net natural change has averaged an estimated 1,425 people annually.

## Population by Geography

Within the HMA, population growth from 2010 to 2020 was strongest in downtown Milwaukee and the closer-in areas of the suburban counties, including southern Ozaukee and Washington Counties and eastern Waukesha County (Map 2). The population had the sharpest decline on the north side of the city of Milwaukee. At the county level, all three suburban counties in the HMA have gained population since 2010, but Milwaukee County has lost population. Waukesha County had the largest gain, averaging 1,700 people, or 0.4 percent, annually from 2010 to 2020, (Table 4) and a relatively similar level of growth since 2020. Milwaukee County declined by an average of 820 people, or 0.1 percent, annually from 2010 to 2020, and the population has declined faster since 2020. The current estimated population of Milwaukee County accounts for 59 percent of the total HMA population, down from 61 percent in 2010 and 63 percent in 2000.

**Map 2. Population Change by Census Tract from 2010 to 2020 in the Milwaukee HMA**



Source: 2010 and 2020 Decennial Census, with adjustments by the analyst

## Population Forecast

The population is expected to decline during the next 3 years but at a slower rate than the rate since 2020. The population is expected to decline by an average of 1,325, or 0.1 percent, annually. Deaths from COVID-19 declined in the second half of 2022 and are expected to continue at lower levels during the 3-year forecast period, contributing to an increase in net natural change relative to the 2020-to-current period. Net out-migration is also expected to slow compared with the 2020-to-current period, partly because of the expected slowdown in the national economy in response to Federal Reserve policies. The forecast population decline is expected to be concentrated in Milwaukee County, offsetting expected gains in the three suburban counties.

## Household Trends and Forecast

Household growth in the HMA has also slowed in recent years, reflective of slower population growth. From 2000 to 2010, the number of households increased by an average of 3,475, or 0.6 percent, annually. As net natural change fell throughout the 2010s and net out-migration was elevated in the mid-2010s and has been elevated again since 2020, household growth has slowed to an average of 2,875, or 0.5 percent, annually since 2010. At the county level, the number of households increased at a slower rate in Milwaukee County, up an average of 0.2 percent annually since 2010 compared with an average increase of 0.8 percent annually in the suburban counties.

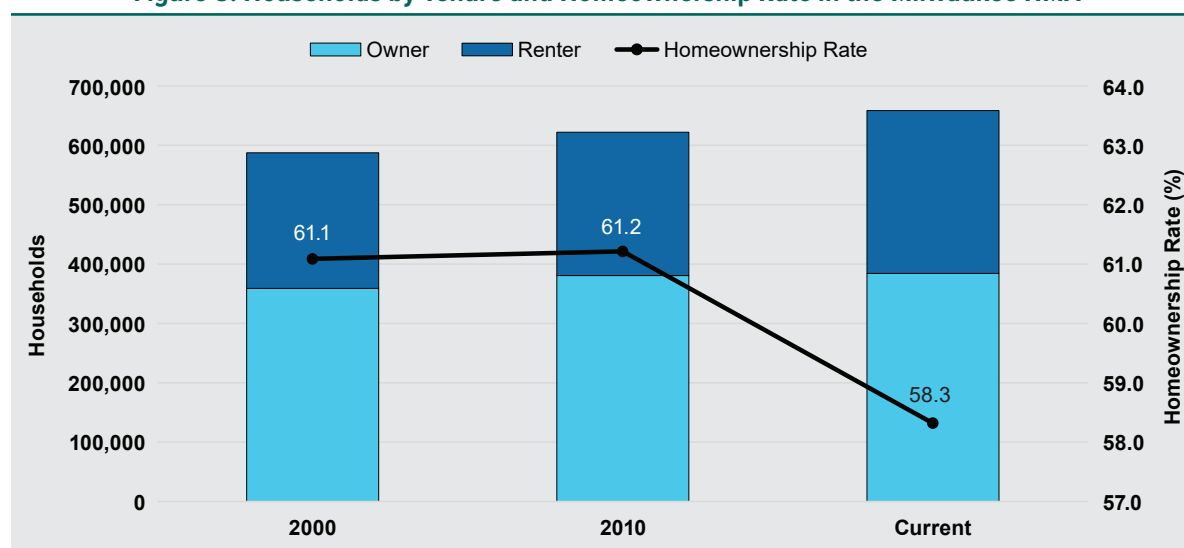
**Table 4. County Population Quick Facts in the Milwaukee HMA**

	Milwaukee County	Ozaukee County	Washington County	Waukesha County
Share of Current HMA Population	59	6	9	26
Average Annual Change 2010 to 2020	-820	510	490	1,700
Average Annual Percentage Change 2010 to 2020	-0.1%	0.6%	0.4%	0.4%

Sources: Average annual change 2010 to 2020—U.S. Census Bureau decennial census; share of current population—U.S. Census Bureau and estimates by the analyst

The homeownership rate in the HMA has fallen since 2010. The foreclosure crisis in the early 2010s—which resulted in many households shifting from owning to renting a home, followed by an increased interest in downtown living that was mostly met through apartment construction—contributed to the decline. Low mortgage interest rates in 2020 and 2021 allowed more households to shift from renter to owner status, but the homeownership rate remains down compared with 2010. The homeownership rate for the HMA is currently estimated at 58.3 percent, down 2.9 percentage points since 2010 (Figure 8).

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



Note: The current date is January 1, 2023.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Household growth is expected to slow during the next 3 years, reflecting low levels of net natural increase and continued net out-migration. Household growth is expected to average 2,200, or 0.3 percent, annually, a faster pace compared with population growth. Despite the expected population decline, the declining birth rate, which has contributed to a reduction in net natural change since 2010, has a limited effect on household growth because the generation born since 2010 has not yet reached their household formation

years. At the county level, nearly all the household growth is expected to occur in the suburban counties, and the number of households in Milwaukee County is expected to be relatively unchanged. In Milwaukee County, gains are expected in the downtown Milwaukee area as the effects of the COVID-19 pandemic fade, but a decline in the number of households elsewhere in the county will offset those gains.



# Home Sales Market

## Market Conditions: Slightly Tight, but Easing

The average home sales price during 2022 increased 8 percent from a year ago, but the increase in the mortgage interest rate reduced demand for homebuying, contributing to a 16-percent decline in sales compared with 2021 (Zonda).

## Current Conditions: Calendar Year 2022

The home sales market in the Milwaukee HMA is currently slightly tight but easing from tighter conditions a year ago. Home sales market conditions were slightly soft in the early 2010s, when the inventory of homes for sale was elevated. The current home sales vacancy rate is estimated at 1.0 percent, down from 1.9 percent in 2010 (Table 5). The average home sales price was \$316,500 in 2022, up 8 percent from a year ago, relatively similar to the 7 and 9 percent increases in 2021 and 2020 but well above the average increase of 3 percent annually from 2014 through 2019. The inventory of homes for sale

Table 5. Home Sales Quick Facts in the Milwaukee HMA

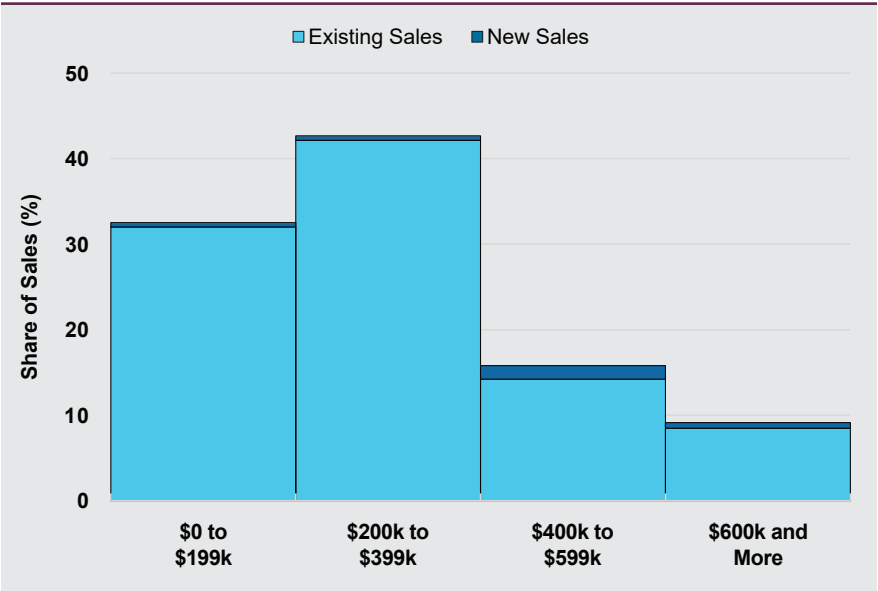
Home Sales Quick Facts	Milwaukee HMA		Nation
	Vacancy Rate	1.0%	NA
	Months of Inventory	1.4	2.2
	Total Home Sales	25,850	6,369,000
	1-Year Change	-16%	-19%
	Total Home Sales Price	\$316,500	\$437,000
	1-Year Change	8%	9%
	Mortgage Delinquency Rate	1.0%	1.2%

NA = data not available.  
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2022; and months of inventory and mortgage delinquency data are as of December 2022. The current date is January 1, 2023.  
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

was 1.4 months in 2022 compared with 1.3 months in 2021 and 1.5 months in 2020 (CoreLogic, Inc.). Inventory has declined since 2010, when it peaked at a 13.6-month supply, and has been below a 6-month supply since 2015. Home sales during 2022, including new and existing home sales, declined 16 percent from a year ago to 25,850, the fewest sales since 2015 (Zonda).

During 2022, the average price for existing homes, which accounted for 97 percent of all sales, was \$312,200, and the average new home price was \$459,800. The largest share of home sales was in the \$200,000 to \$399,999 price range, with 43 percent of all sales, including new and existing homes (Figure 9). Homes priced below \$200,000 were 32 percent of sales, and homes priced at \$400,000 and above were 25 percent of sales.

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending December 2022 in the Milwaukee HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.  
Source: Zonda





## Current Conditions: Fourth Quarter 2022

The easing of home sales market conditions was more pronounced during the fourth quarter of 2022. Total home sales declined 32 percent to 5,150 homes sold compared with an average of 7,700 homes sold during the fourth quarters of 2021 and 2020. Home sales during the fourth quarter of 2022 were the lowest since 2015. The average home sales price increased 4 percent, compared with an average increase of 7 percent annually during the previous 2 years, but was similar to the average change during the fourth quarters from 2012 to 2019, when prices increased 4 percent annually.

## Housing Affordability

Affordability of homebuying, as measured by the National Association of Home Builders/ Wells Fargo Housing Opportunity Index (NAHB/HOI), has declined from a year ago. In the HMA, a household earning the local median family income could afford 63.2 percent of homes sold during the fourth quarter of 2022, down from 76.5 percent of homes for sale a year earlier. Nationally, the rates were 38.1 percent, down from 54.2 percent a year ago. The primary factor affecting affordability throughout the nation is the increase in the mortgage interest rate. Despite the reduction in affordability, the HMA is among the top 25 percent of the most

affordable metropolitan areas in the nation, ranked 54th most affordable among 235 metropolitan areas during the fourth quarter of 2022 (NAHB/HOI). The HMA is ranked more affordable than the Madison and Chicago-Naperville-Elgin metropolitan areas, which have high levels of commuting and migration.

## Historical Home Sales Trends

Total home sales were at a post-Great Recession low of 15,900 in 2010 (Figure 10). As the economy recovered, total home sales increased by an average of 1,675, or 8 percent, annually from 2011 through 2016. The increase slowed to an average of 350, or 1 percent, annually from 2017 through 2019 as economic growth slowed. The onset of the COVID-19 pandemic in 2020 led to an increase in working from home and a decrease in mortgage interest rates, which both contributed to increased demand for homebuying. Home sales increased by an average of 2,000, or 7 percent, annually during 2020 and 2021 to a recent peak of 30,950 in 2021. Rising mortgage interest rates contributed to falling sales in 2022, down by 5,100, or 16 percent, to 25,850.

Figure 10. 12-Month Sales Totals by Type in the Milwaukee HMA



Source: Zonda, with adjustments by the analyst

## Historical Home Price Trends

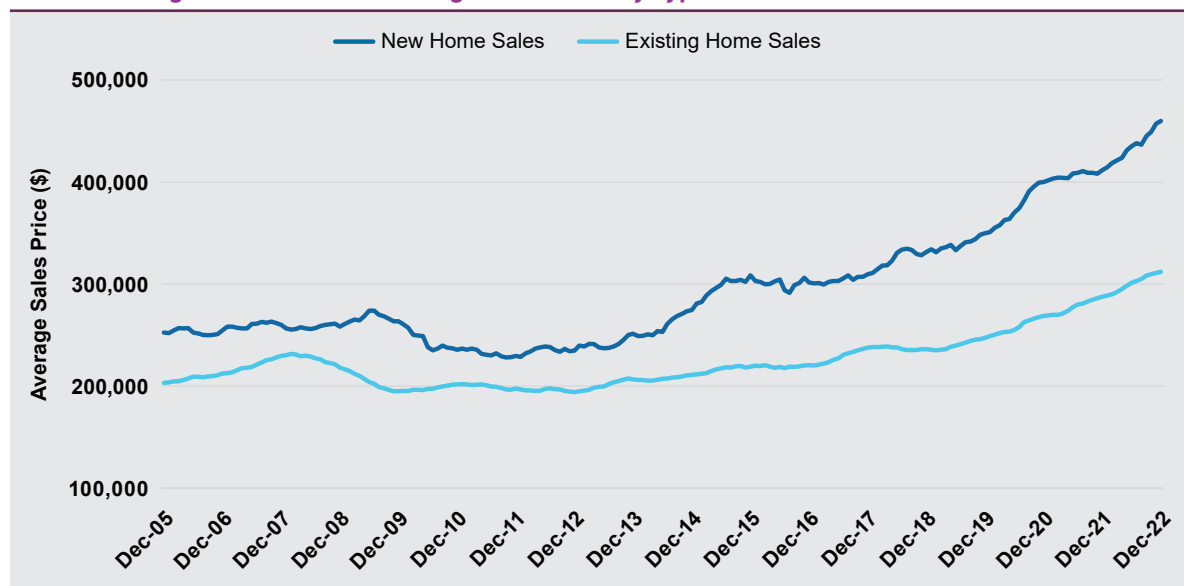
Following a period of declining home sales prices associated with the effects of the Great Recession, home sales prices have generally been rising each year since 2013. The average home sales price was at a low of \$196,200 in 2012 and increased an average of \$7,825, or 4 percent, annually from 2013 through 2019 to \$251,000 (Figure 11). Price growth accelerated at the onset of the COVID-19 pandemic, up an average of 8 percent, or \$21,800, annually since 2020. The increase in mortgage interest rates had a limited effect on the average home sales price in 2022.

## Sales Construction

Sales construction activity—as measured by the number of building permits for sales housing, including single-family homes, townhomes, and condominiums permitted—increased in response to the stronger demand for home sales at the onset of the COVID-19 pandemic. Permitting since 2020 has been above the average during the 2010s but below levels from the early 2000s when population growth was stronger, lending standards were looser, and competition from new construction apartments built for moderate- and upper-income households was less.

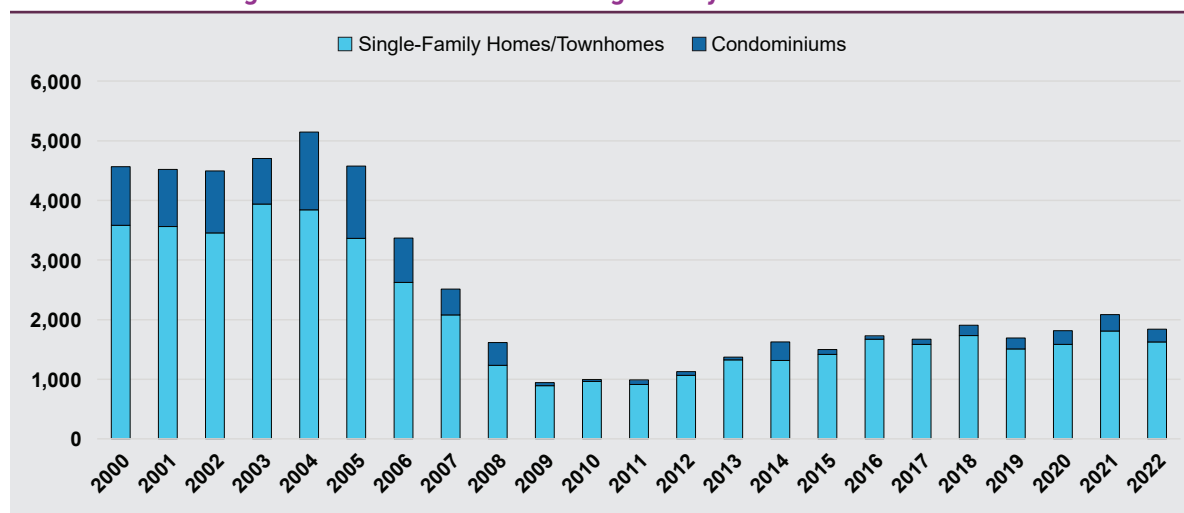
Permitting averaged 4,675 homes annually from 2000 through 2004, then declined by an average of 840 homes annually from 2005 through 2009 to a low of 940 in 2009 (Figure 12) as economic conditions weakened. The permitting of for-sale

Figure 11. 12-Month Average Sales Price by Type of Sale in the Milwaukee HMA



Source: Zonda, with adjustments by the analyst

Figure 12. Annual Sales Permitting Activity in the Milwaukee HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; 2022—preliminary data and estimates by the analyst

housing averaged 1,125 homes annually from 2010 through 2013 and increased to an average of 1,675 annually from 2014 through 2019. In response to changing preferences and an increase in working from home at the onset of the COVID-19 pandemic, permitting increased by an average of 200 homes annually during 2020 and 2021 to a 14-year high of 2,075 in 2021. The rising mortgage interest rate and decline in home sales contributed to a decline in permitting during 2022, down by 225 homes, or 11 percent, to 1,850.

An increasing share of for-sale housing has been built in the three suburban counties in the HMA. Since 2020, homes built in the suburban counties have accounted for 90 percent of homes permitted, up from 87 percent from 2010 to 2019 and 73 percent from 2000 through 2009. Most land in Milwaukee County has already been developed, and little is available for new construction. One of a limited number of new developments in Milwaukee County is Lakeshore Commons, a 648-home master-planned community in Oak Creek on the shore of Lake Michigan. Approximately one-half of the planned units will be in apartment buildings, and one-half will consist of homes built for sale, including a mix of townhomes and single-family homes. Homes listed for sale range from \$455,000 for a two-bedroom, two-bathroom 1,700-square-foot townhome to \$853,200 for a four-bedroom, three-bathroom 2,100-square-foot single-family home with upgraded finishings. Arrowood, a 42-lot first phase of a larger

subdivision in Oconomowoc, a far western suburb in Waukesha County, is more typical for the HMA. Homes listed for sale in the subdivision have three or four bedrooms, and prices range from \$515,000 to \$700,000. The Oconomowoc 53066 ZIP Code, the location of Arrowood, had the most home sales of any ZIP Code among the three suburban counties in the HMA in 2022 and the most home sales among all ZIP Codes in the HMA in 2019 and 2020.

Forecast

During the 3-year forecast period, demand is expected for an additional 5,575 for-sale units (Table 6). The 810 units currently under construction are expected to meet a portion of the forecast demand. Nearly all demand is expected in the suburban counties of Waukesha, Ozaukee, and Washington, where 90 percent of new for-sale construction has occurred since 2020 and where more land is available for development.

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

Sales Units	
Demand	5,575 Units
Under Construction	810 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst

# Rental Market

## Market Conditions: Slightly Tight, but Easing

In 2022, rental permitting was at the highest level since before 2000, with 4,300 units permitted.

## Current Conditions

Rental market conditions in the Milwaukee HMA are currently slightly tight compared with tighter conditions a year ago and slightly soft conditions in the 2010s. The vacancy rate for all rental units—including apartments, renter occupied single-family homes, townhomes, condominiums, and mobile homes—is currently estimated at 7.0 percent, down from 7.8 percent in 2010 (Table 7). Rent growth for both the renter-occupied single-family home market and the apartment market have slowed from a year ago but remain elevated relative to historical levels, and vacancy rates are relatively low.

## Rental Market Conditions

Market conditions for the single-family rental home market are tight but easing from tighter conditions a year ago when rent growth was stronger. The vacancy rate for professionally managed single-family homes for rent in the HMA has been low but stable since the mid-2010s. In December 2022, the rate was at 2.1 percent, and the vacancy rate has been between 2.0 and 2.2 percent each December

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

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	7.8	7.0
		2010 (%)	2021 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	18	18
	Multifamily (2–4 Units)	33	29
	Multifamily (5+ Units)	48	52
	Other (Including Mobile Homes)	<1	<1

Apartment Market Quick Facts		4Q 2022	YoY Change
	Apartment Vacancy Rate	4.1	0.8
	Average Rent	\$1,271	4%
	Studio	\$903	4%
	One-Bedroom	\$1,076	4%
	Two-Bedroom	\$1,382	4%
	Three-Bedroom	\$1,683	4%

4Q = fourth quarter. YoY= year-over-year.

Notes: The current date is January 1, 2023. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2021 American Community Survey 1-year data; apartment data—CoStar Group

since 2015 (CoreLogic, Inc.). The average rent per square foot increased to \$1.31, up 3 percent from a year ago and slowing from a 6-percent gain during the previous year. The average rent for a three-bedroom single-family home in the HMA was \$1,897 in December 2022. Renter-occupied single-family homes account for 18 percent of rental housing units in the HMA. When also considering rental units in buildings with two to four units, some of which are in converted single-family homes and are likely to be competitive with single-family rental units, the share of rental units in small buildings is 47 percent of all rental units (2021 American Community Survey 1-year data).

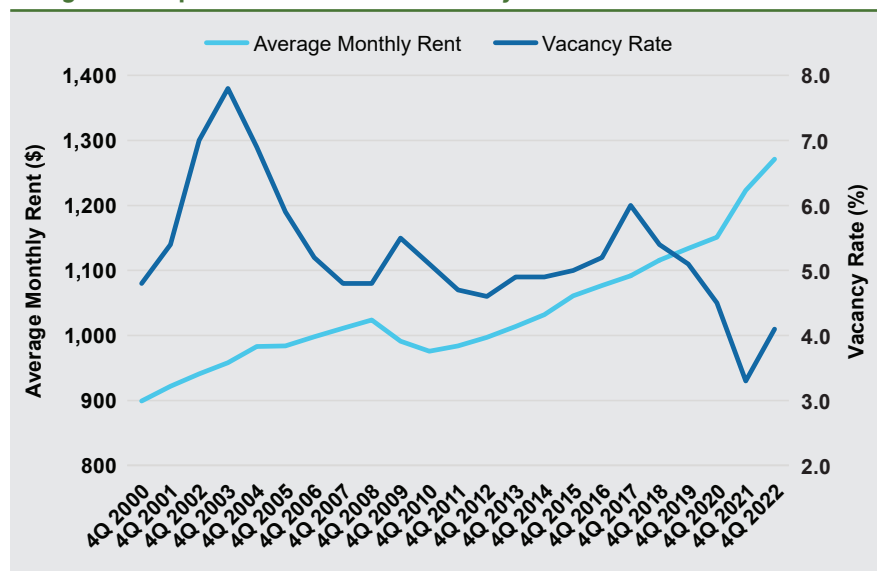
## Apartment Market Conditions

Apartment market conditions in the HMA are slightly tight but easing from a year ago. Apartments, which account for 42 percent of all rental units and are considered a subset of all rental units in buildings with five or more units (CoStar Group, with estimate by the analyst), had an average vacancy rate of 4.1 percent as of the fourth quarter of 2022, up from 3.3 percent a year earlier and below the 4.5-percent rate in the



fourth quarter of 2020 (Figure 13). The current rate is less than the average of 5.5 percent from 2017 through 2019 when more units were added to the existing supply. The average apartment rent as of the fourth quarter of 2022 was \$1,271, up 4 percent from a year earlier, slowing from the 6-percent increase during the previous year but faster than the 2-percent average annual increase from 2010 to 2020.

**Figure 13. Apartment Rents and Vacancy Rates in the Milwaukee HMA**



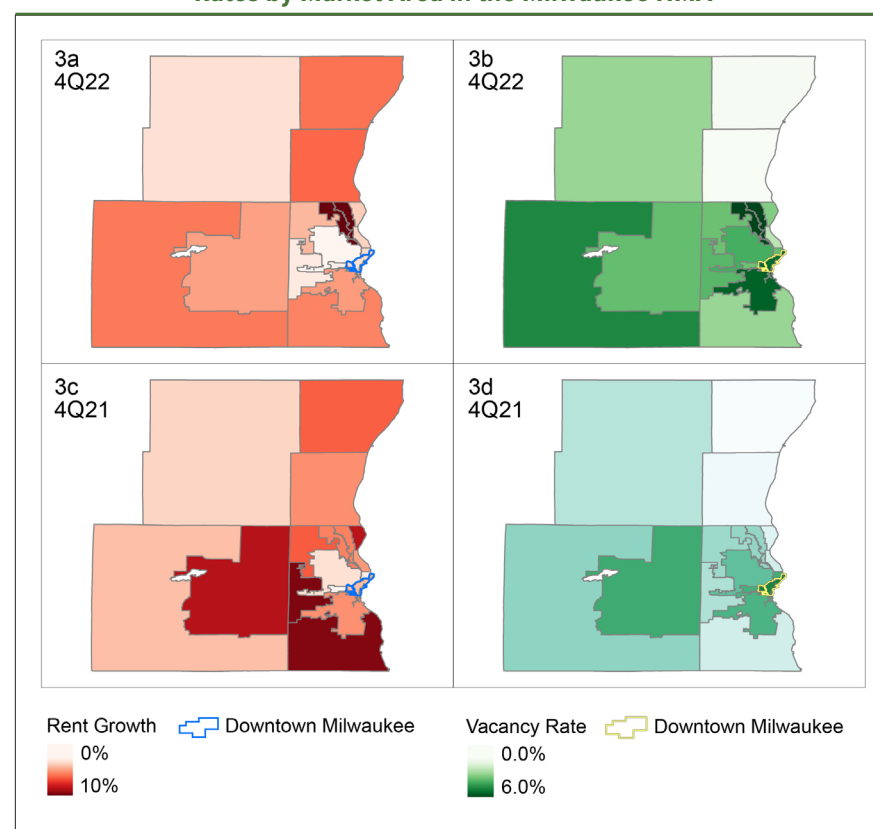
4Q = fourth quarter.  
Source: CoStar Group

## Apartment Market Conditions by Geography

In the CoStar Group-defined market areas, rent growth tended to be stronger in areas farther from downtown Milwaukee, and the vacancy rate tended to be lower in those areas (Maps 3a and 3b). The downtown Milwaukee market area is heavily affected by changes in employer work from home policies, and the average rent is well above the HMA average. As of the fourth quarter of 2022, the average rent in downtown Milwaukee increased 2 percent to \$1,444, and the vacancy rate was 5.4 percent. In the remainder of the HMA, rent increased

by an average of 4 percent, or 2 percentage points faster than the increase in downtown Milwaukee, and the average apartment vacancy rate was 3.8 percent, or 1.6 percentage points less than the downtown Milwaukee market area. One year earlier, the differences were larger (Maps 3c and 3d), with the average rent in the remainder of the HMA increasing 6 percentage points faster than in downtown Milwaukee, and the average vacancy rate was 1.9 percentage points lower in the remainder of the HMA.

**Maps 3a, 3b, 3c, and 3d. Apartment Rent Growth and Vacancy Rates by Market Area in the Milwaukee HMA**



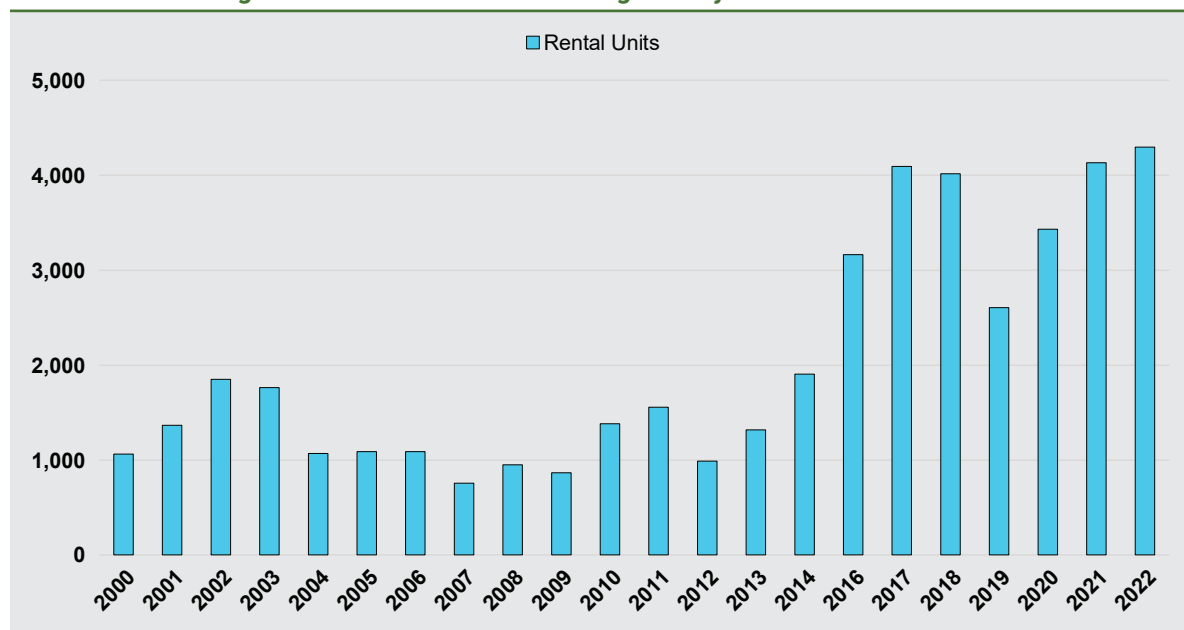
4Q = fourth quarter.  
Source: CoStar Group

## Rental Construction

Following a lull in permitting in 2019, rental construction, as measured by the number of rental units permitted, has increased each year since 2020 (Figure 14). Permitting averaged 1,175 units annually from 2000 through 2009. Rental construction increased from 2010 through 2017 by an average of 400 units, or 21 percent, annually to a prepandemic high of 4,100 in 2017. Permitting moderated slightly in 2018 to 4,025, then declined to 2,600 in 2019 to allow for the absorption of units permitted during previous years. From 2020 through 2022, in response to low apartment vacancy and above average rent growth, permitting increased by an average of 570 units annually to 4,300 in 2022, which was the most units permitted since at least 2000.

Rental construction has accounted for the majority of housing units permitted in the HMA since 2014. The rental units built were mostly apartments in established areas close to employment centers where surrounding land uses, land costs, and availability of land supported higher housing density construction. From 2010 through 2020, 64 percent of all rental units permitted in the HMA were in Milwaukee County. However, with the increase in vacancy in downtown Milwaukee apartments at the onset of the pandemic, permitting shifted in 2021, with only 53 percent of units permitted in Milwaukee County. Permitting shifted back in 2022, with 66 percent of rental units permitted in Milwaukee County.

**Figure 14. Annual Rental Permitting Activity in the Milwaukee HMA**



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–21—final data and estimates by the analyst; 2022—preliminary data and estimates by the analyst

## Example Developments

In Oak Creek, a suburb in southern Milwaukee County, a 318-unit apartment property on the Lakeview Commons master-planned community is currently under construction, with an expected opening in June 2023. Rents have not been announced, but typical rent in the area for comparable apartments is \$1,359. In downtown Milwaukee, proximate to offices and entertainment districts, the Milwaukee Athletic Club Residences, a 50-unit building, opened earlier in 2022. Rents range from \$1,700 for a one-bedroom unit to \$4,500 for a three-bedroom unit.

## Housing Affordability: Rental

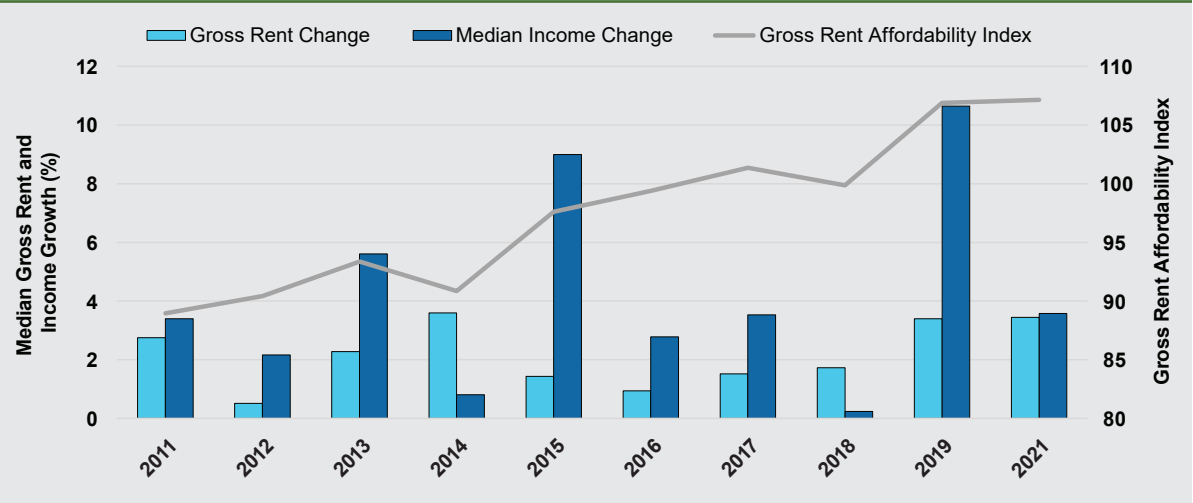
Rental housing is relatively affordable in the HMA, and affordability has generally been rising since 2011. Median renter incomes increased faster than gross rents most years during the past decade. As a result, the Gross Rent Affordability Index, which measures median renter household income relative

to qualifying income for a median-priced unit in the HMA, increased (Figure 15). Some of the increase in median renter household income may be attributed to higher income households choosing to rent. A large share of the demand for additional housing units has been met through rental unit construction, especially in neighborhoods with above average rents, such as downtown Milwaukee.

Forecast

During the 3-year forecast period, demand is expected for an additional 9,075 units (Table 8). The 6,350 units currently under construction are expected to meet demand during the first two years of the forecast. Slightly more than one-half of the expected demand is for units in Milwaukee County, and the remaining demand is for units in the suburban counties. The anticipated slowdown in household growth is expected to reduce demand for additional rental units compared with the average number of units permitted annually since 2020.

Figure 15. Milwaukee HMA Gross Rent Affordability Index



Notes: Rental affordability is for the larger Milwaukee Metropolitan Statistical Area. The Gross Rent 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 expenditures. Data for 2020 are not available. The change in affordability from 2019 to 2021 represents a 2-year average.  
Source: American Community Survey 1-year data

Table 8. Demand for New Rental Units in the Milwaukee HMA During the Forecast Period

Rental Units	
Demand	9,075 Units
Under Construction	6,350 Units

Note: The forecast period is from January 1, 2023, to January 1, 2026.  
Source: Estimates by the analyst

# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in a housing market area (HMA). 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.
<b>Demand</b>	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 currently under construction or units in the development pipeline.
<b>Existing Home Sales</b>	Include regular resales and real estate owned sales.
<b>Forecast Period</b>	1/1/2023–1/1/2026—Estimates by the analyst.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Net Migration</b>	The total number of people moving in minus the number of people moving out.
<b>Net Natural Change</b>	Resident births minus resident deaths.
<b>Rental Market/ Rental Vacancy Rate</b>	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 April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

**C. Additional Notes**

1.	The National Association of Home Builders Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
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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