

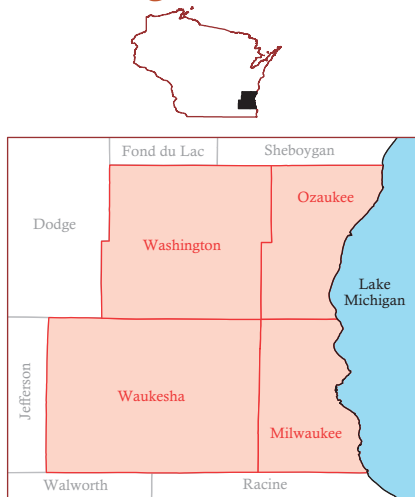


Milwaukee-Waukesha-West Allis, Wisconsin

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | April 1, 2014



Housing Market Area



The Milwaukee-Waukesha-West Allis Housing Market Area (hereafter, the Milwaukee HMA) is coterminous with the Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area. The HMA, which consists of Milwaukee, Ozaukee, Washington, and Waukesha Counties in southeastern Wisconsin, is the largest metropolitan area in Wisconsin and accounts for 28 percent of the population in the state. The principal city of Milwaukee is 80 miles east of Madison, the state capital, and 90 miles north of Chicago, Illinois, along the western edge of Lake Michigan. The HMA is the center of business, education, and health care in the region.

Summary

Economy

The economy of the Milwaukee HMA has improved moderately during the past 3 years after recording major job losses from 2008 through 2010. Non-farm payrolls increased by 8,100 jobs, or 1.0 percent, during the 12 months ending March 2014 compared with an increase of 8,200 jobs, or 1.0 percent, during the 12-month period ending March 2013. During the 3-year forecast period, nonfarm payroll jobs are expected to continue to grow moderately, averaging 0.9 percent annually.

Sales Market

The sales housing market in the HMA is currently balanced, with an estimated 1.6-percent vacancy rate, improved from 1.9 percent in April 2010. During the forecast period, population and employment growth is expected to support demand for 6,300 new homes (Table 1). The 350 homes currently under construction and a portion of the 18,900 other vacant units in the HMA that may reenter the market will satisfy some of the demand.

Rental Market

The overall rental housing market in the HMA is balanced, with an estimated 6.7-percent rental vacancy rate, down from 7.8 percent in 2010. In the first quarter of 2014, the apartment market was tight, with a 3.6-percent vacancy rate. During the next 3 years, demand is expected for 5,325 new market-rate rental units (Table 1). The 1,800 units currently under construction will satisfy a portion of the demand.

Table 1. Housing Demand in the Milwaukee HMA* During the Forecast Period

	Milwaukee HMA*	
	Sales Units	Rental Units
Total demand	6,300	5,325
Under construction	350	1,800

* Milwaukee-Waukesha-West Allis HMA.
 Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2014. A portion of the estimated 18,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017.
 Source: Estimates by analysts

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Economic Conditions

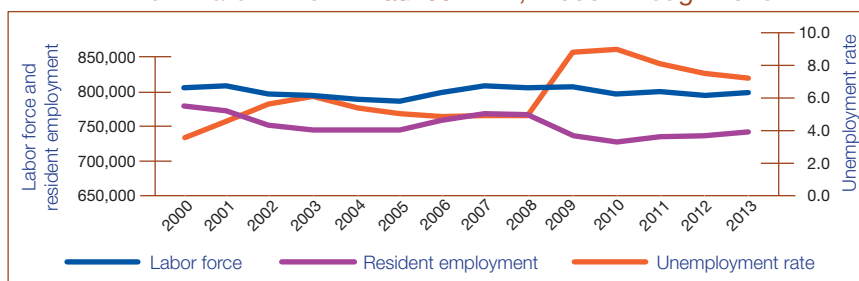
During the 12 months ending March 2014, nonfarm payrolls in the Milwaukee HMA increased by 8,100 jobs, or 1.0 percent, to an average of 827,300 jobs, compared with an increase of 8,200 jobs, or 1.0 percent, during the 12-month period ending March 2013. Despite these recent job gains, payrolls in the HMA remain well below the level of 867,900 jobs recorded in 2000. Nonfarm payrolls declined by an average of 12,500 jobs, or 1.4 percent, during the 3-year span from 2001 through 2003, to an average of 830,400 jobs in 2003. The economy partially recovered during the 4-year period from 2004 through 2007, when nonfarm payrolls increased by an average of 6,725 jobs, or 0.8 percent, to an average 857,300 jobs in 2007. From 2004 through 2007, the education and health services, professional and business services, and leisure and hospitality sectors led job growth in the HMA, increasing by an average of 2,900, 2,750, and 1,575 jobs annually, or 2.2, 2.7, and 2.4 percent, respectively. From 2007 through 2010, nonfarm payrolls decreased by 52,400 jobs, or by an average of 17,475 jobs, or 2 percent, annually due to the impacts of the national recession. Payrolls increased by an average of 6,975, or 0.8 percent, annually, from 804,900 jobs in 2010 to 825,800 jobs in 2013. During this period, the professional and business services and

the leisure and hospitality sectors gained an average of 3,825 and 1,575 jobs annually, or 3.8 and 1.6 percent, respectively.

During the 12 months ending March 2014, the education and health services and the professional and business services sectors led job growth, adding 4,500 and 1,600 jobs, increases of 3.0 and 1.4 percent, respectively. The government sector recorded the third largest increase in jobs of any sector in the HMA, adding 1,200 jobs, or 1.4 percent, with 900 and 300 jobs added in the local and state government subsectors, respectively. Growth in resident employment increased by 5,800 jobs, or 0.8 percent, during the 12-month period ending March 2014, to 741,500 jobs, which paralleled increases in nonfarm payrolls and resulted in a decrease in the unemployment rate, to 7.0 percent, down from 7.5 percent a year earlier. See Figure 1 for trends in the labor force, resident employment, and the average unemployment rate in the HMA from 2000 through 2013.

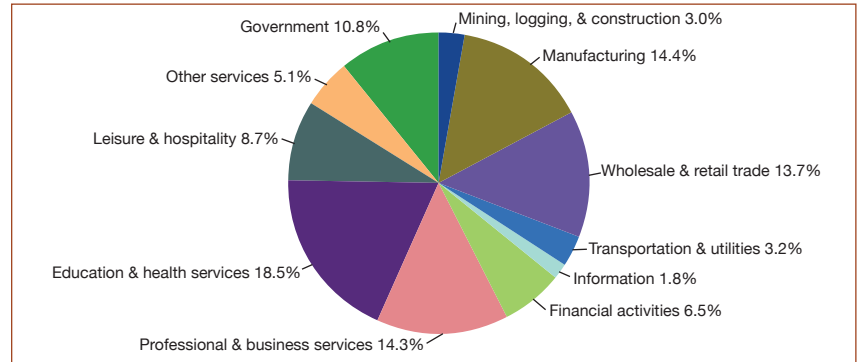
The education and health services sector, the largest sector in the Milwaukee HMA, includes the three largest employers in the HMA and currently accounts for 19 percent of all nonfarm payroll jobs (Figure 2). Aurora Health Care, Froedtert & the Medical College of Wisconsin, and Wheaton Franciscan Healthcare are the three largest employers in the HMA, with 22,000, 13,300, and 12,000 employees, respectively (Table 2). The healthcare and social assistance industry accounted for nearly 95 percent of the sector increase during the 12 months ending March 2014. Since 2000, the education and health services sector has led all sectors in growth, averaging 2,300 new jobs, or 1.9 percent,

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Milwaukee HMA,* 2000 Through 2013



* Milwaukee-Waukesha-West Allis HMA.

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Milwaukee HMA,* by Sector

* Milwaukee-Waukesha-West Allis HMA.

Note: Based on 12-month averages through March 2014.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Milwaukee HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Aurora Health Care	Education & health services	22,000
Froedtert & the Medical College of Wisconsin	Education & health services	13,300
Wheaton Franciscan Healthcare	Education & health services	12,000
Roundy's Supermarkets Inc.	Wholesale & retail trade	8,400
Kohl's Illinois, Inc.	Wholesale & retail trade	7,800
GE Healthcare	Manufacturing	6,000
Quad/Graphics, Inc.	Manufacturing	5,600
Northwestern Mutual Life Insurance Company	Financial activities	5,000
ProHealth Care	Education & health services	4,900
Wisconsin Energy Corporation	Transportation & utilities	4,700

* Milwaukee-Waukesha-West Allis HMA.

Note: Excludes local school districts.

Source: Metropolitan Milwaukee Association of Commerce

annually. The only loss occurred in 2011, when payrolls decreased by 2,000 jobs. The sector accounted for approximately 22 percent of all nonfarm payroll jobs created from 2010 through 2013 in the HMA during the recent economic recovery. Several medical facilities, totaling more than \$150 million dollars in construction value, are currently under construction or recently opened in the HMA. Froedtert is completing the construction of a \$117.5 million cardiac, preoperative, and organ transplant facility in Wauwatosa, which is expected to create a nominal number of new jobs and is scheduled to open in 2014. Also,

Froedtert completed construction of a \$24 million new Healthcare Center wing in suburban New Berlin, Waukesha County, which opened in the fall of 2013 with a nominal number of new jobs. Two of the largest private universities in the HMA are also part of the education and health services sector. Marquette University, with 1,800 faculty and staff and 11,750 students, is in the city of Milwaukee, and Concordia University, with 382 staff and faculty and 7,750 students, is in suburban Mequon, Ozaukee County.

The professional and business services sector recorded the second highest increase in jobs in the HMA during

the 12 months ending March 2014 (Table 3). During this period, the sector increased by 1,600 jobs, or 1.4 percent, to an average of 118,000 jobs compared with the number of jobs during the 12 months ending March 2013. Since 2010, the number of jobs added in this sector averaged 2,650 per year, an increase of 2.5 percent annually.

The government sector added 1,200 jobs, an increase of 1.4 percent, during the 12 months ending March 2014 compared with the number of jobs during the previous 12-month period. The government sector accounts for approximately 11 percent of nonfarm payrolls and includes the University of Wisconsin-Milwaukee (UWM), which employs 1,625 faculty and staff and enrolls 29,150 students. The university had an estimated \$1.5 billion dollar annual impact on the Milwaukee HMA in 2010 (the most recent data available; UWM Office of Budget and Planning).

During the 12 months ending March 2014, the mining, logging, and construction sector recorded the highest percentage change—4.2 percent—in

jobs of any sector in the HMA, when it added 1,000 jobs, increasing to an average of 25,000 jobs. During the 12-month period ending March 2014, job growth in the construction subsector paralleled increases in nonfarm payrolls and accounted for all the growth in the mining, logging, and construction sector. The construction subsector showed recent improvement after 5 years of losses that averaged 2,350 jobs, or 6.6 percent, annually from 2008 through 2012, resulting from weak economic conditions and declining residential construction. From 2004 through 2007, job growth in the mining, logging, and construction sector averaged 480 new jobs, or 1.4 percent, annually, increasing to an average of 35,700 jobs in 2007.

Several commercial, retail, and office projects, with an estimated construction value in excess of \$2 billion, have recently been completed or are currently under construction in the Milwaukee HMA. Northwestern Mutual Life Insurance Company's new \$500 million, 32-story headquarters in downtown Milwaukee is currently under construction. The project is anticipated to be completed in 2017 and is expected to create an estimated 1,000 construction subsector jobs and 1,700 financial activities sector jobs after completion (Northwestern Mutual). Northwestern Mutual employs 3,000 employees in downtown Milwaukee and 2,000 employees in suburban Franklin. Drexel Town Square, a \$180 million, mixed-use retail, residential, and civic project at the former Delphi automotive manufacturing plant in Oak Creek, Milwaukee County is scheduled to begin construction in May 2014. Also, in west suburban Wauwatosa, Milwaukee County, the Mayfair Collection, a \$46 million,

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Milwaukee HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2013	March 2014		
Total nonfarm payroll jobs	819,200	827,300	8,100	1.0
Goods-producing sectors	143,800	144,100	300	0.2
Mining, logging, & construction	24,000	25,000	1,000	4.2
Manufacturing	119,700	119,100	-600	-0.5
Service-providing sectors	675,400	683,200	7,800	1.2
Wholesale & retail trade	112,800	113,600	800	0.7
Transportation & utilities	26,900	26,300	-600	-2.2
Information	14,700	14,500	-200	-1.4
Financial activities	54,500	53,700	-800	-1.5
Professional & business services	116,400	118,000	1,600	1.4
Education & health services	148,800	153,300	4,500	3.0
Leisure & hospitality	71,300	72,300	1,000	1.4
Other services	42,100	42,300	200	0.5
Government	87,900	89,100	1,200	1.4

* Milwaukee-Waukesha-West Allis HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2013 and March 2014.

Source: U.S. Bureau of Labor Statistics

mixed-use retail project, opened in April 2014. The Corners, a \$60 million retail and residential development, is under way in the suburban Township of Brookfield, Waukesha County, and is expected to open in late 2015.

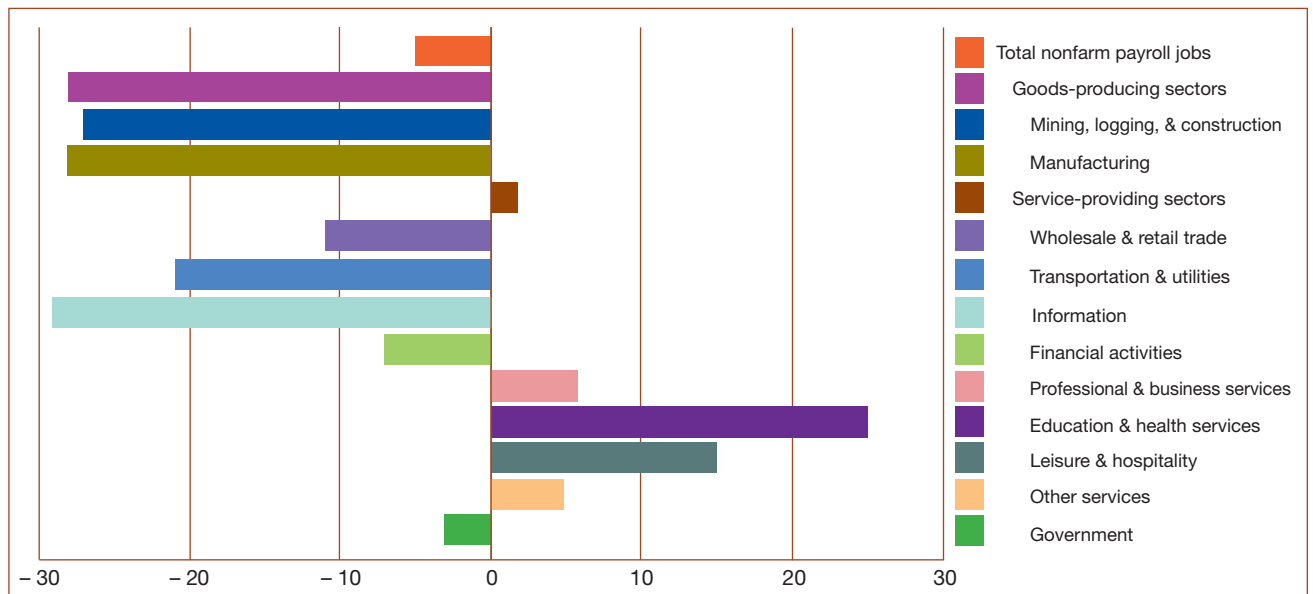
The leisure and hospitality sector added 1,000 jobs, or 1.4 percent, during the 12-month period ending March 2014. Several hotels have recently opened or are currently under construction in the HMA. When the Marriott Milwaukee, a new 205-room, \$54 million hotel, opened on June 25, 2013, it created 130 full- and part-time jobs. Construction continues on the \$156 million, 381-room Potawatomi Bingo Casino Hotel, scheduled to open in the summer of 2014. A walkway will connect the hotel to the existing casino and bingo complex, Potawatomi Bingo Casino, which employs an estimated 2,800 workers.

During the 12 months ending March 2014, the manufacturing sector decreased by 600 jobs, or 0.5 percent.

The manufacturing sector has incurred continuous losses since 2000, declining from 164,900 jobs to a current level of 119,100 jobs, a loss of 3,450 jobs, or 2.1 percent, annually. Other job losses during the 12 months ending March 2014 occurred in the financial activities and the transportation and utilities sectors, which lost 800 and 600 jobs, or 1.3 and 2.2 percent, respectively, from the same 12-month period a year earlier.

During the 3-year forecast period, nonfarm payrolls are expected to continue to grow moderately by an average of 7,450 jobs, or 0.9 percent, annually. Broad-based job growth is expected to continue during each of the 3 years of the forecast period with highest growth expected in the mining, logging, and construction; education and health services; and professional and business services sectors. Figure 3 illustrates nonfarm payroll growth by sector in the Milwaukee HMA since 2000.

Figure 3. Sector Growth in the Milwaukee HMA,* Percentage Change, 2000 to Current



* Milwaukee-Waukesha-West Allis HMA.

Note: Current is based on 12-month averages through March 2014.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of April 1, 2014, the estimated population of the Milwaukee HMA was 1.57 million, reflecting an average annual increase of 2,775, or 0.2 percent, since April 2010, with net natural change (resident births minus resident deaths) accounting for all the population growth. (Table DP-1 at the end of this report provides information on population growth in the HMA.)

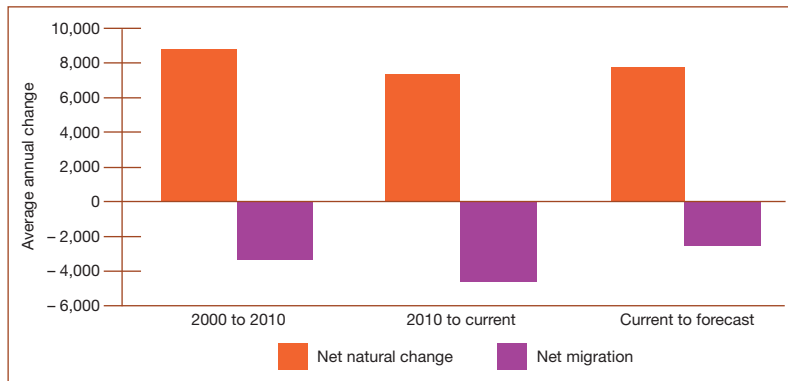
From 2000 to 2010, the rate of population growth averaged 5,525 people, or 0.4 percent, annually. During the 3-year span from July 2000 to July 2003, population growth in the HMA averaged 5,775 people, or 0.4 percent, annually while net out-migration averaged 2,450 people annually. From July

2003 to July 2006, however, population growth decreased significantly, to an average of 1,400 people annually as net out-migration increased to an average of 7,125 people annually. From July 2006 to July 2010, population growth averaged 8,200 people, or 0.5 percent, annually, with net out-migration slowing to an average of 970 people annually. Net out-migration increased to an average of 4,500 people annually in 2011 and 2012, resulting in a decrease in the annual average population growth to 2,750 people. Figure 4 shows the components of population change from 2000 to the forecast date. Net out-migration from the HMA is expected to slow to an average of 2,325 people a year during the forecast period because of an improved economy. Figure 5 shows population and household growth in the HMA from 2000 to the forecast date.

Since 2000, all the net out-migration has occurred in Milwaukee County, where job losses were concentrated, primarily in the manufacturing sector. The remaining counties of the HMA (Ozaukee, Washington, and Waukesha Counties) have recorded moderate population growth and accounted for 75 percent of the total population increase in the HMA since 2000. During the forecast period, as net out-migration slows, the population of the HMA is expected to increase by 5,325, or 0.3 percent, annually, to total 1.58 million.

The Milwaukee HMA has an estimated 632,600 households. Since 2010, the number of households in the HMA has increased at a slower rate compared with the number of households in the previous decade. The number of households has increased at an average annual rate of 2,625, or 0.4 percent, since 2010 compared with an average

Figure 4. Components of Population Change in the Milwaukee HMA,* 2000 to Forecast

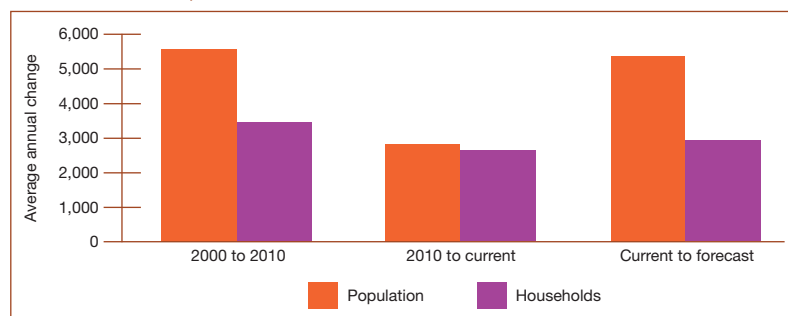


* Milwaukee-Waukesha-West Allis HMA.

Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analysts

Figure 5. Population and Household Growth in the Milwaukee HMA,* 2000 to Forecast



* Milwaukee-Waukesha-West Allis HMA.

Notes: The current date is April 1, 2014. The forecast date is April 1, 2017.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analysts

Figure 6. Number of Households by Tenure in the Milwaukee HMA,* 2000 to Current

* Milwaukee-Waukesha-West Allis HMA.

Note: The current date is April 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

annual increase of 3,450 households, or 0.6 percent, from 2000 to 2010. The homeownership rate in the HMA declined from 61.2 percent in 2010 to 60.8 percent currently, reflecting weaker economic conditions and an increased preference for rental housing in recent years. Figure 6 illustrates the number of households by tenure in 2000, in 2010, and at the current date. The number of households in the HMA is expected to grow by 2,900, or 0.5 percent, annually from the current date to the forecast date, increasing to 641,300 households.

Housing Market Trends

Sales Market

The sales housing market in the Milwaukee HMA is currently balanced, with an estimated sales vacancy rate of 1.6 percent, down from the 1.9-percent rate recorded in 2010. Improved labor market conditions and increased home purchases by investors have contributed to an increase in existing home sales. During the 12-month period ending March 2014, the number of existing single-family homes, townhomes, and condominiums (hereafter, existing homes) sold increased to 20,600, or 13 percent, compared with 18,175 existing homes sold during the 12 months ending March 2013 (Metrostudy: A Hanley Wood Company). The number of new homes sold decreased to 460, or nearly 21 percent, during the 12-month period ending March 2014 compared with 580 new homes sold during the 12 months ending March 2013. The number of existing home

sales reached a high of 31,550 in 2005; declined by 5,350 homes, or 20 percent, to 26,200 homes sold in 2006; and continued to decline by an average of 2,875 homes, or 9 percent, annually, to 14,350 homes sold in 2011. The decline was a result of tight mortgage lending standards and weak economic conditions in the HMA. New home sales averaged 3,125 homes annually during the 2-year period from 2005 through 2006, then decreased to an average of 1,775 homes, or 43 percent, annually during the 2-year period from 2007 through 2008. An average of 820 new homes sales were recorded annually from 2009 through 2011, paralleling the decrease in existing home sales. The decline in new home sales was because of the tight mortgage lending standards and weak labor market conditions.

Housing Market Trends

Sales Market *Continued*

During the 12 months ending March 2014, the average sales price of existing single-family homes decreased 3 percent, to \$158,000, compared with \$162,700 during the 12 months ending March 2013. Existing home sales prices remain 8 percent less than the average sales price of \$176,400 recorded annually during the 2-year span of 2009 and 2010, and nearly equal to the average sales price of \$158,300 from 2011 through 2013.

As of March 1, 2014, an estimated 5.2 percent of mortgage loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 6.9 percent in March 2013 and 7.1 percent in March 2012 (Black Knight Financial Services, Inc.).

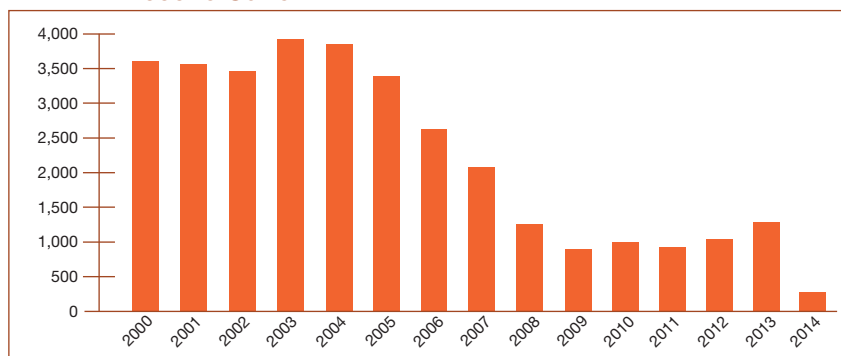
The average sales price of new single-family homes increased to \$288,400, or more than 8 percent, during the 12 months ending March 2014 compared with \$266,200 during the 12 months ending March 2013. The current average sales price of new single-family homes is 18 percent more than the 3-year average of \$244,100 from 2010 through 2012. The minimum sales price of a new starter house is \$150,000 for a 1,300- to 1,500-square-foot, three-bedroom, single-family home.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased in the Milwaukee HMA during the past year. During the 12 months ending March 2014, the number of single-family homes permitted increased to 1,300, or 21 percent, compared with 1,075 homes permitted during the previous 12-month period (Figure 7). From 2000 through 2005, single-family permit activity averaged 3,625 homes annually and, during 2006 and 2007, dropped to an average of 2,350 homes permitted annually. The decline continued to an average of 1,000 single-family homes permitted annually from 2008 through 2012.

In the city of Pewaukee, Waukesha County, several of the largest builders in the HMA are currently developing or completing residential housing subdivisions. In Pewaukee, Cloverland Farms and Woodleaf Preserve, two single-family subdivisions with an estimated 168 and 55 lots, respectively, and with homes priced between \$350,000 and \$450,000, have completed approximately 35 and 15 homes, respectively. Victoria Station—Phase 4 Moorehaven, also in Pewaukee, which opened in 2009, has completed an estimated 117 of 168 planned single-family homes. Also, in Peawaukee, Still Rivers, a 70-home single-family subdivision, is currently under construction, with 3,000-square-foot homes, starting at \$525,000. The first phase of Jenna Prairie Estates, a 90-acre, 160-lot, single-family subdivision in Oak Creek, Milwaukee County, began in 2009; an estimated 144 homes are complete and 16 lots remain.

Approximately one-fifth of the multifamily units permitted from 2001 through 2007, or an average of 570 annually, were intended for owner

Figure 7. Single-Family Homes Permitted in the Milwaukee HMA,* 2000 to Current



* Milwaukee-Waukesha-West Allis HMA.

Notes: Includes townhomes. Current includes data through March 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

Housing Market Trends

Sales Market *Continued*

occupancy; however, no significant condominium construction has taken place since 2008. Condominiums represent approximately 11 percent of the owner-occupied units in the HMA, a proportion relatively unchanged since 2000. During the 12 months ending March 2014, 3,525 condominiums sold, or nearly 17 percent of all new and existing home sales, up from 14 percent during the previous 12 months. The current level of condominium sales is 70 percent more than the average of 2,075 condominiums sold annually during the 3-year span from 2009 through 2011 and is nearly 18 percent more than the average of 3,000 condominiums sold annually in 2012 and 2013. During the most recent 12-month period, the average sales price of condominiums decreased to \$154,200, or 3 percent, compared with sales prices during the previous 12-month period. This price is significantly less than the average sales price of \$236,300 annually for all condominiums from

2009 through 2011 and is stable compared with the average sales price of \$155,400 in 2012 and 2013.

Demand is expected for 6,300 new homes in the HMA during the 3-year forecast period. The 350 homes currently under construction will satisfy a portion of the demand (Table 1). Demand is expected for approximately 1,750 homes during the first year of the forecast period and is expected to increase to 2,100 homes in both the second and third years of the forecast period. In addition, some of the estimated 18,900 other vacant units in the HMA could become available for sale, satisfying part of the demand during the forecast period. Demand for new homes is anticipated to be strongest in the \$150,000-to-\$249,499 price range. Table 4 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the Milwaukee HMA during the forecast period.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Milwaukee HMA* During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	174,999	1,250	20.0
175,000	199,999	1,900	30.0
200,000	249,999	1,250	20.0
250,000	299,999	880	14.0
300,000	399,999	440	7.0
400,000	499,999	250	4.0
500,000	749,999	190	3.0
750,000	and higher	130	2.0

* Milwaukee-Waukesha-West Allis HMA.

Notes: The 350 homes currently under construction and a portion of the estimated 18,900 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analysts

Rental Market

Overall rental housing market conditions in the Milwaukee HMA are balanced. The estimated rental vacancy rate in the HMA as of April 1, 2014,

is 6.7 percent, down from 7.8 percent in April 2010 (Figure 8). Approximately 25 percent of the total rental stock consists of single-family homes. Rental

units in two- to four-unit structures represent 30 percent of the renter-tenured housing stock in the HMA, while units in structures with five or more units represent the remaining 45 percent of the renter housing stock. The overall rental vacancy rate remains much more than the apartment rental vacancy because of the age and condition of single-family rental housing inventory, and renter preference for apartments.

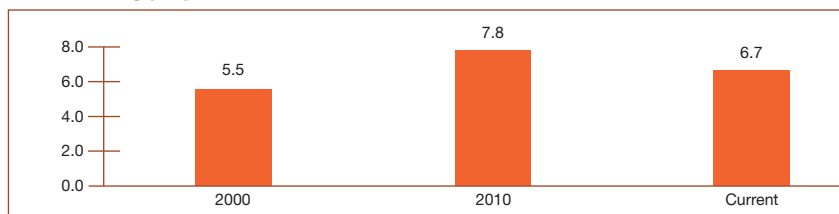
Tight apartment market conditions exist in the HMA. As of the first quarter of 2014, the apartment vacancy rate was 3.4 percent, down from 4.0 percent during the first quarter of 2013, and was much less than the 5.7-percent rate recorded during 2010. During the first quarter of 2013, the average asking rent for apartments in the HMA increased less than 1 percent, to \$900. The average asking rents by number of bedrooms were \$610, \$750, \$960,

and \$1,275 for studio, one-bedroom, two-bedroom, and three-bedroom units, respectively (Reis, Inc.).

Approximately 36,500 students, or 75 percent of the total number of students at UWM, Marquette University, and Concordia University, reside off campus and constitute approximately 12,200 renter households. This portion represents approximately 5 percent of all renter households in the HMA. Student households provide a stable source of demand for rental units.

Multifamily homebuilding activity, as measured by the number of multifamily units permitted, increased in the HMA during the past year. During the 12 months ending March 2014, the number of multifamily units permitted increased 75 percent, to 1,800 units, compared with 1,025 units permitted during the previous 12-month period (preliminary data) because of increased demand from continued improvement in the labor market and an increased preference for rental units. Multifamily construction activity recorded an average of 3,150 units permitted each year from 2003 through 2005. In 2006, activity declined to 2,500 units permitted, or 21 percent, and declined further during the 2-year span of 2007 and 2008, when an average of 1,875 multifamily units were permitted annually. In 2009, a low of only 980 multifamily units were permitted in response to weak demand resulting from declining economic conditions. From 2010 through 2013, multifamily permitting activity averaged 1,625 units permitted annually, paralleling the improved economic conditions in the HMA. Figure 9 illustrates the number of multifamily units permitted from 2000 to the current date.

Figure 8. Rental Vacancy Rates in the Milwaukee HMA,* 2000 to Current

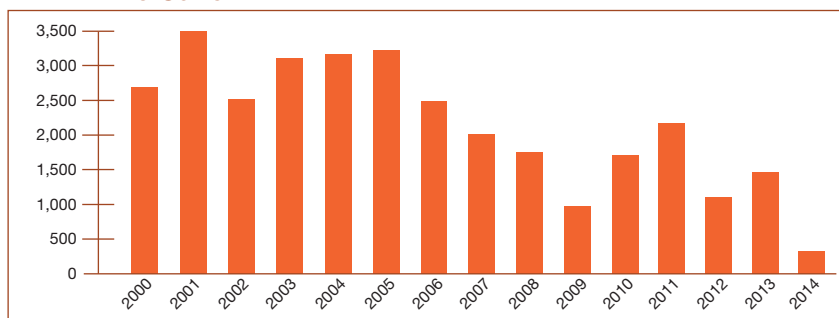


* Milwaukee-Waukesha-West Allis HMA.

Note: The current date is April 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analysts

Figure 9. Multifamily Units Permitted in the Milwaukee HMA,* 2000 to Current



* Milwaukee-Waukesha-West Allis HMA.

Notes: Excludes townhomes. Current includes data through March 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analysts

The Moderne, an FHA-insured project in downtown Milwaukee, with 203 apartment units and 14 condominium units, opened in September 2012 and was 92 percent occupied in March 2014. Rents for one-, two-, and three-bedroom units at the Moderne range from \$1,450 to \$1,750, \$1,900 to \$2,800, and \$2,850 to \$3,225, respectively. The North End Apartments, Phase II, a 155-unit development, opened in March 2013 in the Park East Corridor neighborhood, in the city of Milwaukee, and is fully leased. The average asking rent is \$1,300 for studio units, \$1,475 for one-bedroom units, \$1,975 for two-bedroom units, and \$2,750 for three-bedroom units. Construction is scheduled to start in June 2014 on the North End Apartments, Phase III, which is a 168-unit project, with proposed rents ranging from \$1,400 for a studio to \$2,600 for a three-bedroom apartment. Beaumont Place Apartments, currently under construction and scheduled to open in the late winter of 2015, is a 103-unit apartment

complex in Whitefish Bay, in suburban Milwaukee County. Beaumont is nearly 50 percent preleased; most of the tenants are empty nesters and young professionals (Mandel Group). Asking rents are expected to average \$1,475 for one-bedroom units, \$1,800 for two-bedroom units, and \$2,875 for three-bedroom units. The Echelon Apartments, a 188-unit apartment development in Wauwatosa, is expected to start construction in July 2014 and to open in the fall of 2015. Proposed rents range from \$1,200 for a studio to \$2,000 and for a two-bedroom apartment.

During the next 3 years, demand is expected for 5,325 new apartment units. The 1,800 units currently under construction will satisfy the demand during the first year and part of the demand during the second year of the forecast period (Table 1). Table 5 shows estimated demand for new market-rate rental housing in the HMA, categorized by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Milwaukee HMA* During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900 to 1,099	25	1,100 to 1,299	880	1,500 to 1,699	260	2,200 to 2,399	45
1,100 to 1,299	65	1,300 to 1,499	750	1,700 to 1,899	1,300	2,400 to 2,599	55
1,300 or more	15	1,500 to 1,699	630	1,900 to 2,099	650	2,600 or more	10
		1,700 to 1,899	130	2,100 to 2,299	310		
		1,900 or more	130	2,300 or more	80		
Total	110	Total	2,500	Total	2,600	Total	110

* Milwaukee-Waukesha-West Allis HMA.

Notes: Numbers may not add to totals because of rounding. The 1,800 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2014, to April 1, 2017.

Source: Estimates by analysts

Table DP-1. Milwaukee HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	778,443	727,475	741,500	- 0.7	0.6
Unemployment rate	3.6%	8.9%	7.0%		
Nonfarm payroll jobs	867,900	804,900	827,300	- 0.8	0.8
Total population	1,500,741	1,555,908	1,567,000	0.4	0.2
Total households	587,657	622,087	632,600	0.6	0.4
Owner households	358,985	380,813	384,500	0.6	0.2
Percent owner	61.1%	61.2%	60.8%		
Renter households	228,672	241,274	248,100	0.5	0.7
Percent renter	38.9%	38.8%	39.2%		
Total housing units	618,244	669,879	675,600	0.8	0.2
Owner vacancy rate	1.0%	1.9%	1.6%		
Rental vacancy rate	5.5%	7.8%	6.7%		
Median Family Income	\$57,600	\$70,700	\$70,300	2.1	- 0.2

* Milwaukee-Waukesha-West Allis HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2014. Median Family Incomes are for 1999, 2009, and 2012. The current date is April 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analysts

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 4/1/2014—Analysts' estimates
 Forecast period: 4/1/2014–4/1/2017—Analysts' estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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 currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an 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 analysts, 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.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Milwaukee-Waukesha-WestAllisWI_14.pdf.

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.