



FOR IMMEDIATE RELEASE

Contact: NC@platform-communications.com

Wisconsin continues to fall short of needed housing construction; rising home prices reduce affordability

[Madison, Wis.] – Recently released data shows that new home construction and subdivision activity declined in Wisconsin in 2019, despite strong demand for new housing resulting from population, job and income growth. Housing prices continue to rise faster than inflation and income.

In 2019, only 17,589 residential building permits were issued for new homes (single-family and multi-family) in Wisconsin, down from 19,113 in 2018. This is a decline of over 1,500 housing units, or about an 8 percent drop. Data on building permits is released by the Census.

“Housing economists usually look at building permits per capita as a measure of new housing supply in a region,” said UW Madison urban planning professor Kurt Paulsen, who released the data and is the author of a [study on Wisconsin’s workforce housing shortage published by the Wisconsin Realtors Association in 2019](#).

“From 1994 to 2004, Wisconsin built over 6.7 new homes per 1,000 residents,” Paulsen said. “But, from 2012 through 2019, we’ve only built 2.9 new homes per 1,000 residents. That’s more than a 50 percent drop off.”

In order to build a home, builders need building lots created by subdivision activity. The number of new lots created in Wisconsin dropped from over 5,000 in 2018 to about 4,500 in 2019, according to data from the Wisconsin Department of Administration.

“We used to create an average of 14,000 building lots each year in Wisconsin,” Paulsen noted. “But in recent years, we’ve averaged under 4,000 lots per year.”

The housing shortage makes it harder for families to afford a home as prices continue to rise.

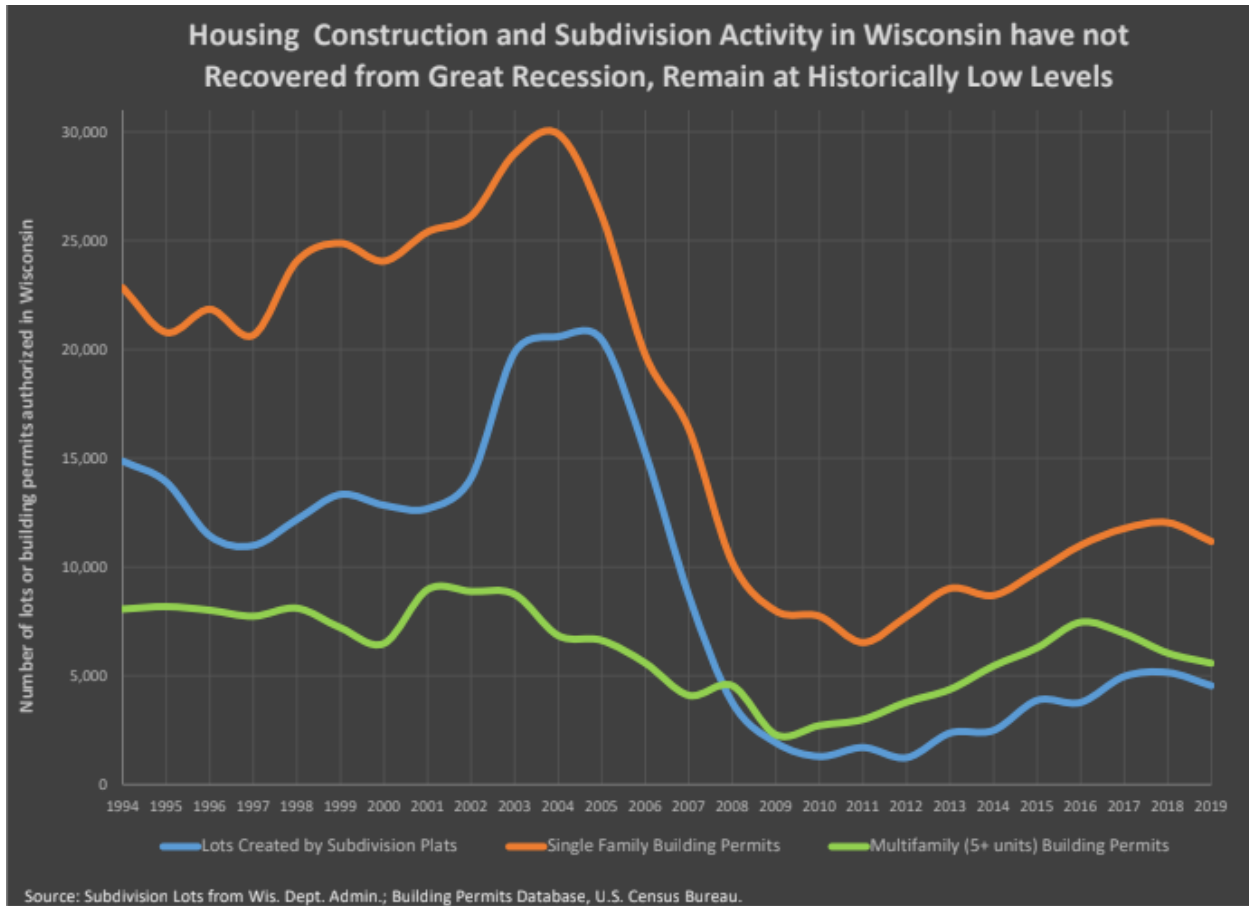
According to house price index data from the Federal Housing Finance Agency, home prices in Wisconsin are up 17.7 percent in the past 3 years. During those same three years, median household income in Wisconsin only grew 6.97 percent (not adjusted for inflation).

“Wisconsin families are finding it increasingly more difficult to find a home they can afford,” said Tom Larson, Senior Vice President of Legal and Public Affairs for the Wisconsin REALTORS® Association. “Homeownership rates throughout the state are down primarily because of the lack of housing inventory.”

“A recent study found that every time the cost of a home increases by \$1,000 in Wisconsin, 3,561 families would be priced out of purchasing that home as they would no longer qualify for a home mortgage. There are several factors that drive up the cost of housing such as the lack of skilled labor and minimum lot sizes required by many municipalities, as well as regulations required at the state and federal levels,” said Wisconsin Builders Association Executive Director Brad Boycks. “The lack of affordable housing is a topic of frequent conversation and one that we are looking to continue to address as the state’s builders association.”

The shortage of available and affordable homes also harms Wisconsin’s economy.

“The workforce housing shortage is a key contributing factor to Wisconsin’s current labor crunch, which remains the largest challenge facing the state’s business community,” said Michael Welsh of the Wisconsin Economic Development Association. “The availability of affordable, quality housing is a top priority for individuals and families when deciding where to live and work. Our workforce housing shortage puts employers at a significant disadvantage when competing to attract top talent.”



###

The Wisconsin REALTORS® Association is one of the largest trade associations in the state of Wisconsin, representing over 16,400 professionals statewide. Its membership includes REALTORS®, appraisers, home inspectors, affiliate members and other professionals involved with the real estate process. Members can take full advantage of a wide variety of products and services to assist with day-to-day business, including a legal staff, education offerings and political representation, as well as several print and online publications.

Wisconsin REALTORS® Association
 4801 Forest Run Road, Ste. 201
 Madison, WI 53704-7337