**Fiscal Facts: Wisconsin home prices increasingly outpace incomes**

Home prices in Wisconsin have grown much faster than incomes in recent years, creating especially acute challenges for prospective first-time homebuyers.

The median sales price of Wisconsin homes increased 53.3% in 5 years, from $172,900 in 2017 to $265,000 in 2022. During those years, the state’s median household income increased by 19.7%. These changes pushed the state’s home price-to-income ratio to its highest point in the available data, which goes back to 2007.

In 2022, median home sales prices in six counties were at least 4.5 times their median household incomes: Burnett, Dane, Door, Menominee, Sawyer, Vilas. Notably, some of these rural counties include high shares of homes used for recreational purposes, which should be considered while evaluating their ratios. Menominee County, home to the tribal nation of the same name, recorded only 31 home sales in 2022, making its ratio potentially volatile and one to interpret with caution.

Dane County’s position among those with the highest price-to-income ratios is especially notable given that it is the state’s second most populous county and its housing market is not greatly influenced by vacation homes. More than 7,600 homes were sold in Dane County in 2022, which exceeded the combined total sold in the other 12 counties with ratios of 4.0 or higher.

In several counties with high price-to-income ratios, including Dane, Ozaukee, and Walworth, expensive housing markets can be seen as the primary driver. That is because their median household incomes in 2022 exceeded the statewide median of $70,996.

Low incomes appear to be the bigger factor in five additional high-ratio counties in northern Wisconsin (Barron, Florence, Iron, Oneida, and Washburn). In all of those counties except Oneida, the median sales prices were below the statewide median of $265,000 in 2022, but median incomes were below $60,000.

Looking at Wisconsin’s rental housing market, a different picture emerges. Median monthly gross rent (rent plus average cost of utilities) rose from $819 in 2017 to $992 in 2022, up 21.1%. That was actually slightly less than the 22.0% gain in those years in median income for renter households.

However, the share of Wisconsin’s renters spending at least 30% of income on housing (the maximum percentage recommended) rose slightly, from 43.6% in 2017 to 45.4% in 2022. Also, some newer data suggests prices recently have increased faster in Wisconsin than nationally.

Many factors are influencing housing affordability trends; a few of which are within the scope of state and local policymakers. These include municipal zoning, which can affect the amount and type of housing that's built. Other factors include state laws and funding for affordable housing.

While all homebuyers are affected by rising housing costs, it's particularly concerning for younger aspiring homebuyers, who may be denied some or all of the long-term benefits of homeownership -- including the chance to build equity. Ultimately, it will take multiple strategies and many years to improve housing affordability in Wisconsin. The best approaches may vary throughout the state, depending on whether high housing costs or low incomes are key factors in a given area.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*