

# Wisconsin in 2024's Soft Landing Economy

Pfefferle Companies  
Appleton, WI  
April 23, 2024

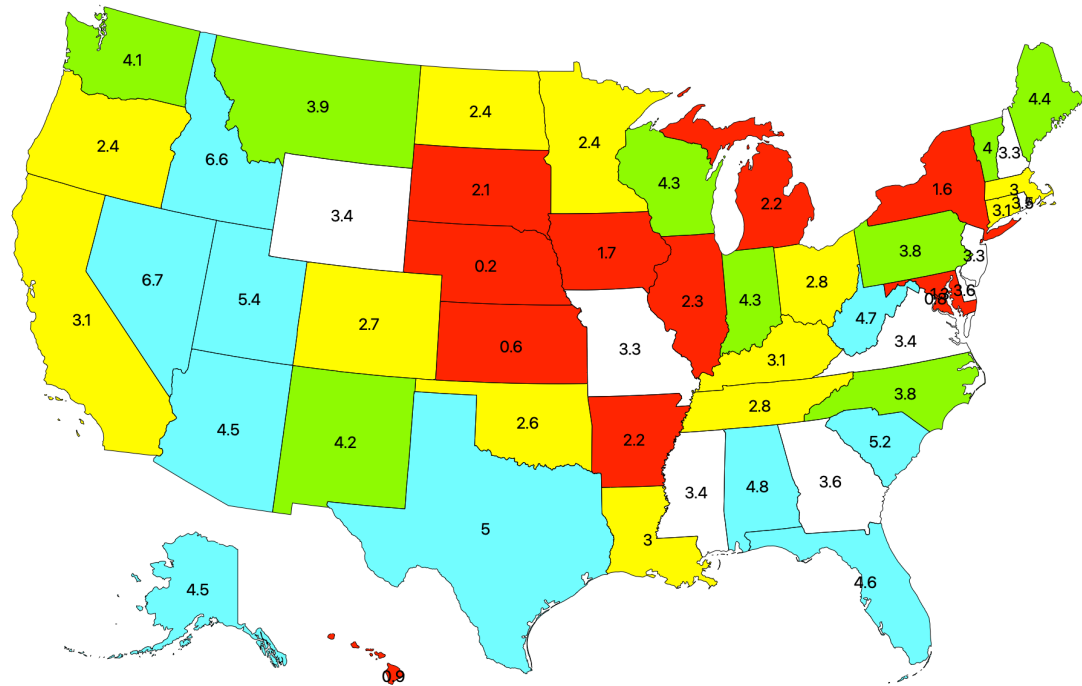
# Today's Themes

- Wisconsin's improved competitiveness puts the state in a solid position in the soft landing for the U.S. Economy.
- The Wisconsin's Northeast counties provide a focal point of Wisconsin's improved competitiveness.
- Wisconsin has structural advantages in labor force participation, cost of living, and entrepreneurship.

Wisconsin  
Real GDP  
Up +4.3%  
2023 Q4

U.S. Average: 3.4%

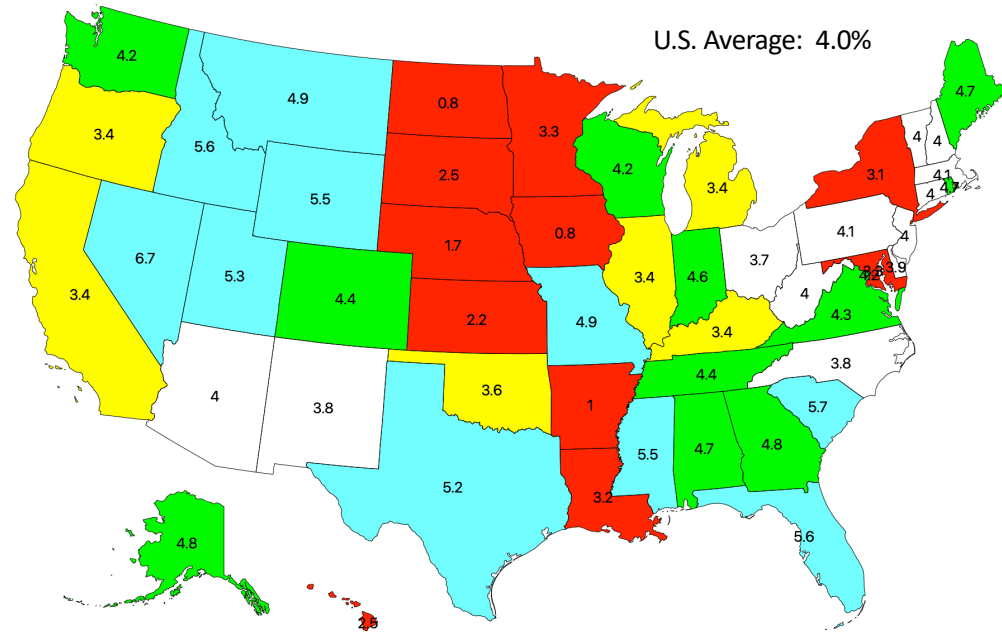
Percent Change At Annual Rates in Real GDP  
2023 Q4 Over 2023 Q3



Source: U.S. Bureau of Economic Analysis, Regional Accounts, March 29, 2024

Wisconsin  
Personal  
Income  
Up +4.2%  
2023 Q4

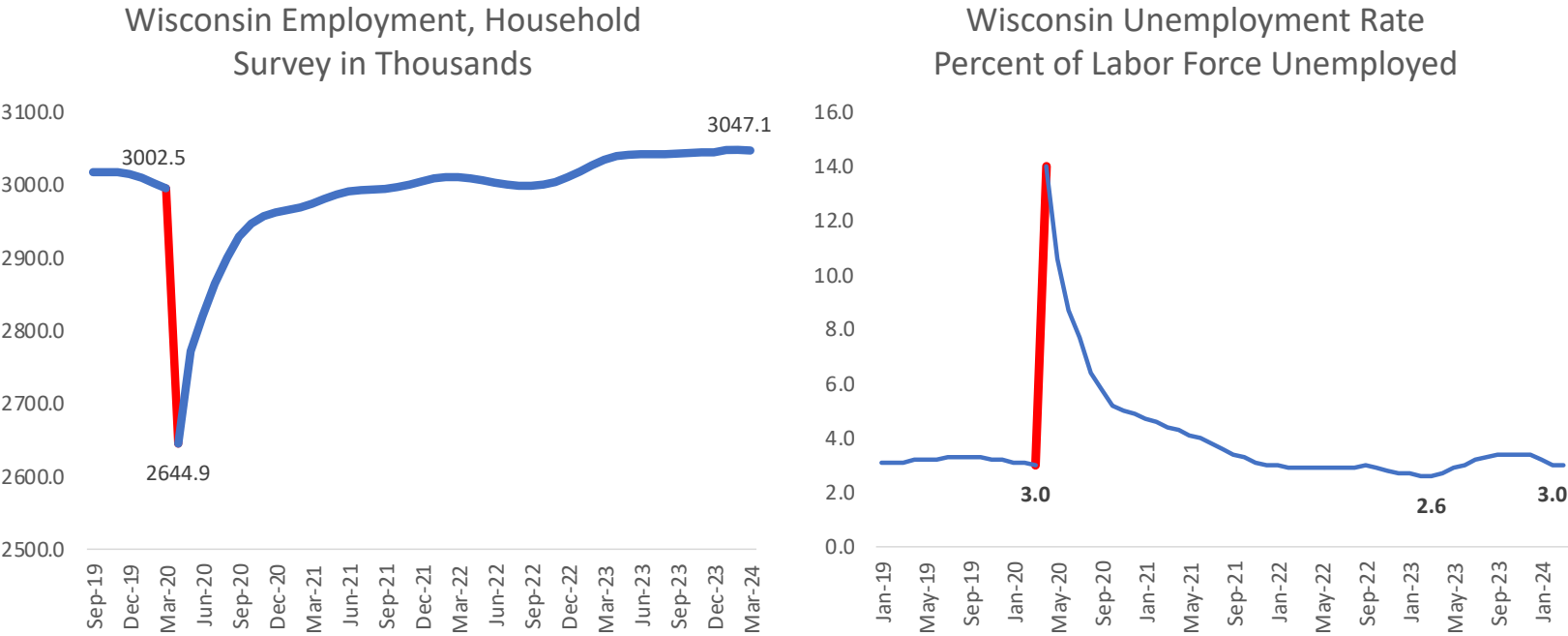
### Percent Change At Annual Rates in Real GDP 2023 Q4 Over 2023 Q3



Source: U.S. Bureau of Economic Analysis, Regional Accounts, March 29, 2024

# Labor Markets

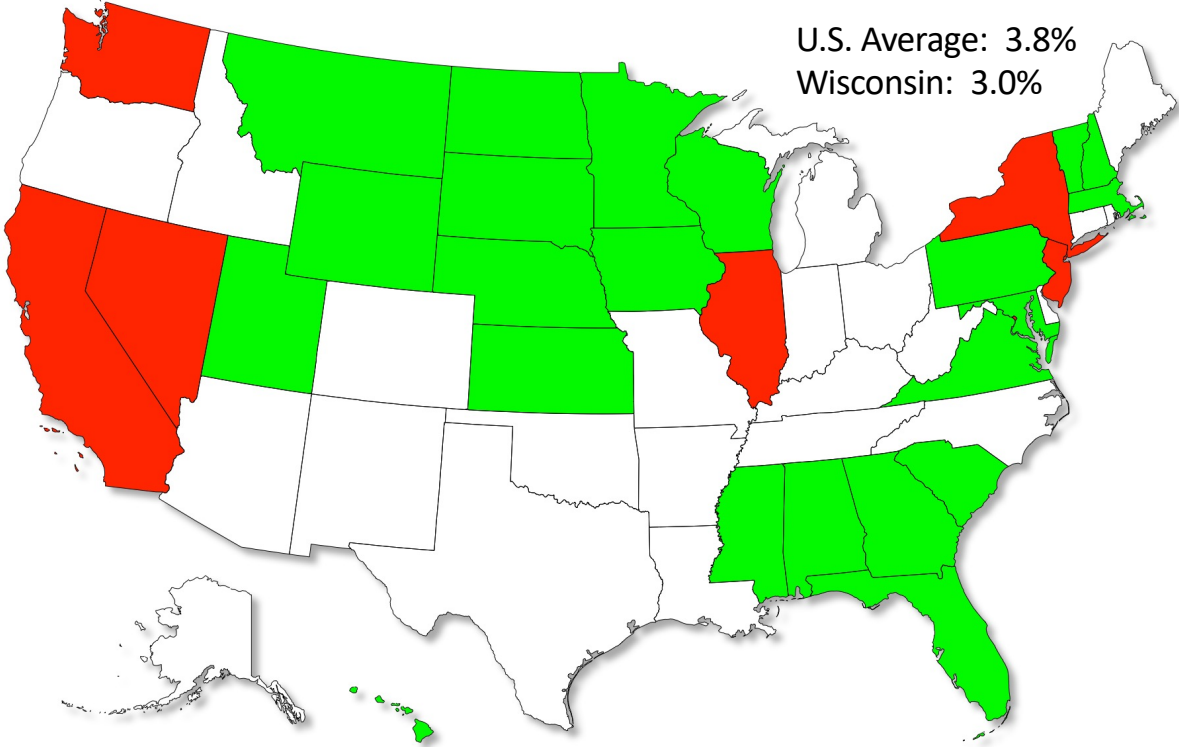
*By Household Survey,*  
 Unemployment Rate Still Near Record Lows  
 March 2024 Employment Up 13,000 Over March 2023



Source: U.S. Bureau of Local Area Unemployment Statistics  
 Last Month Plotted: February 2024

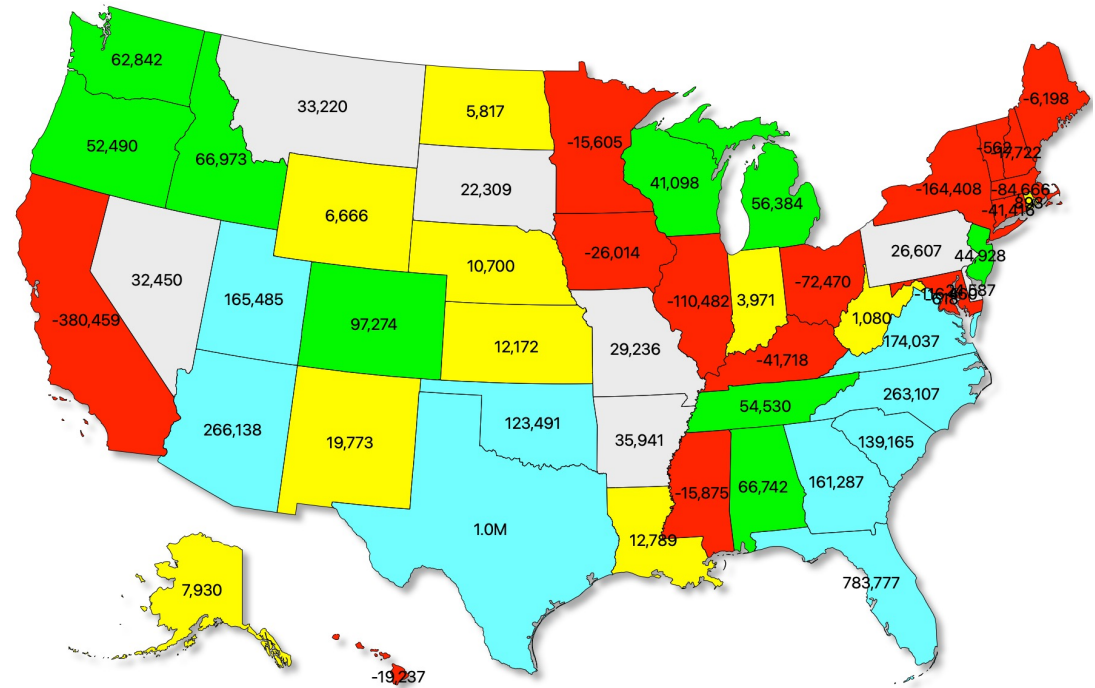
## March 2024 Unemployment Rates

Wisconsin Among States with an Unemployment Rate Significantly Below U.S. Average



# Multiple States Behind Pre-Pandemic Employment Levels

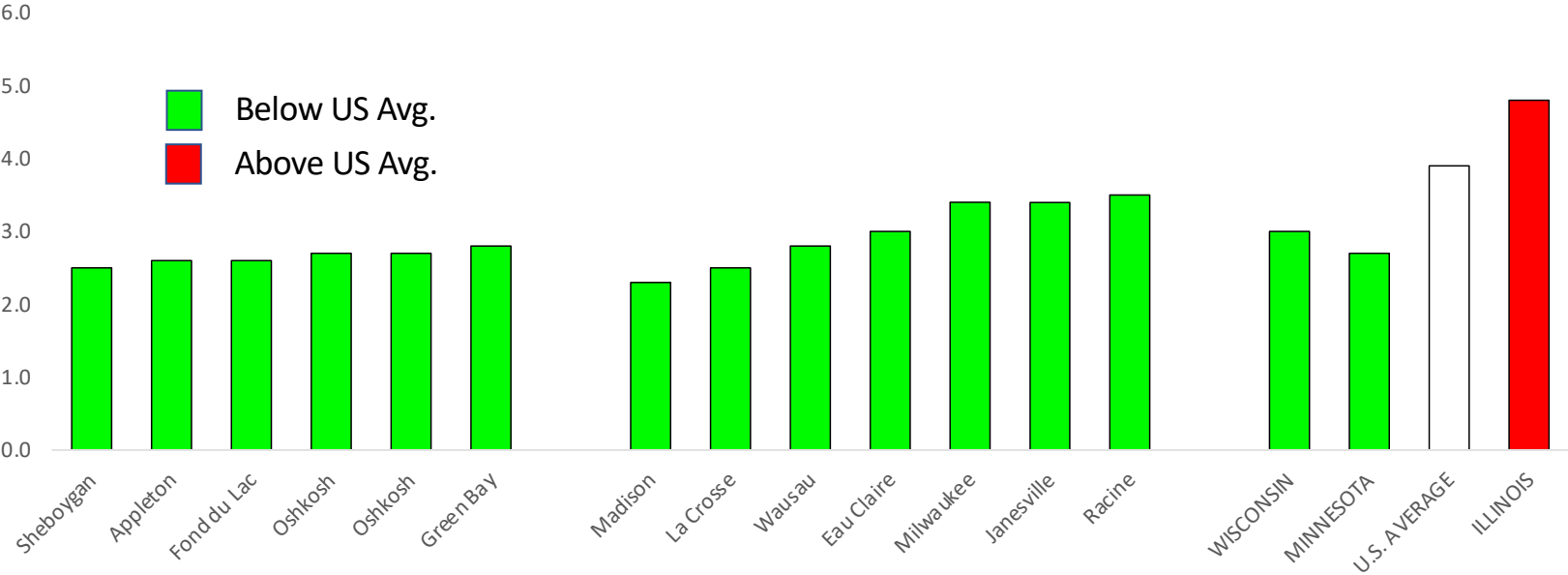
Change in Employment, Household Series, Dec. 2023 Less Jan. 2020





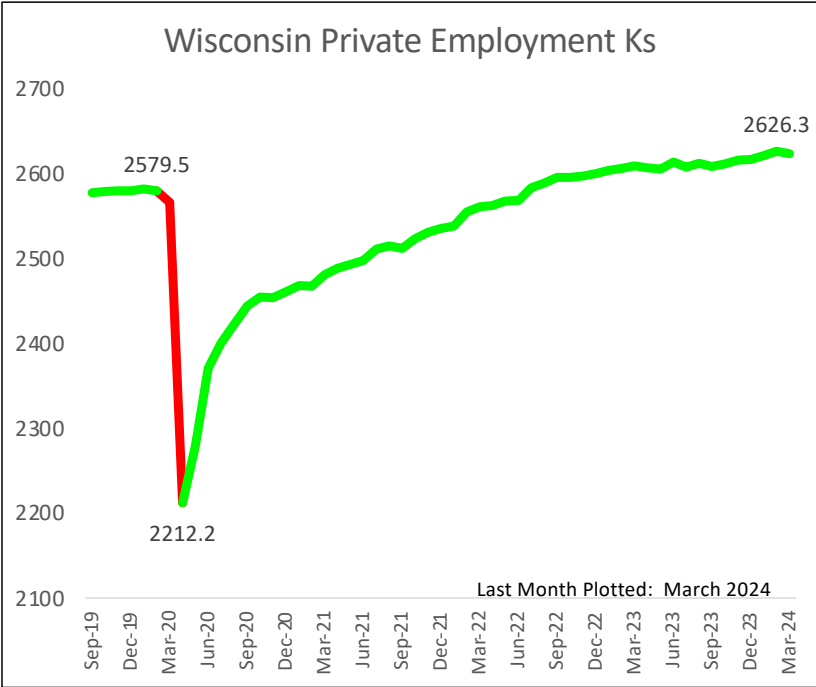
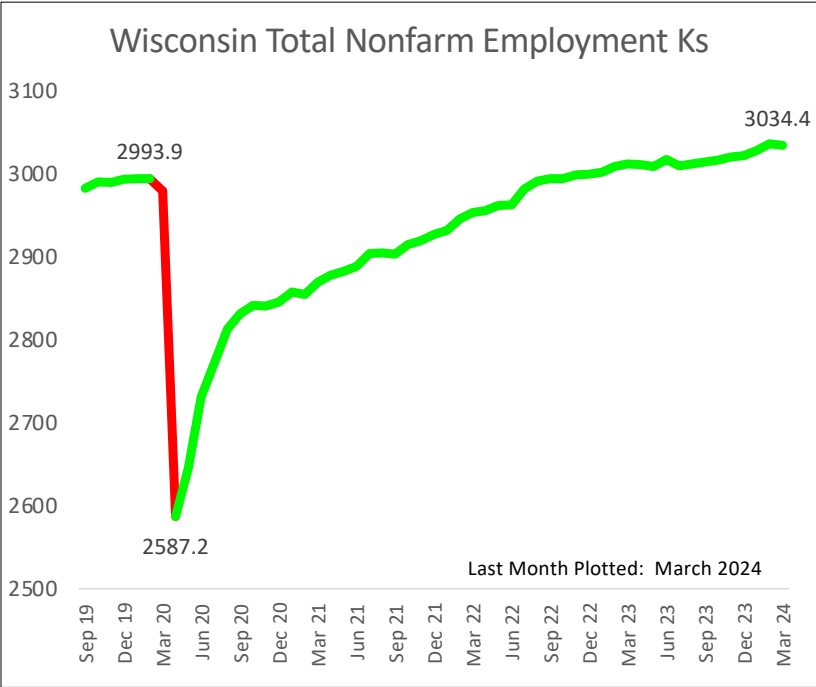
# Northeast & Central WI MSA Unemployment Rates Under 3.0%

February 2024 Unemployment Rate, Seasonally Adjusted



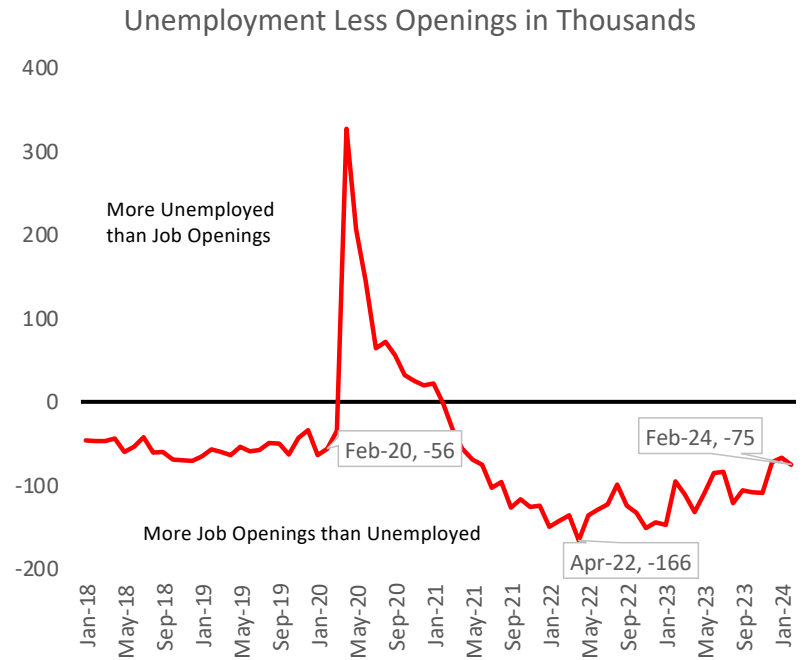
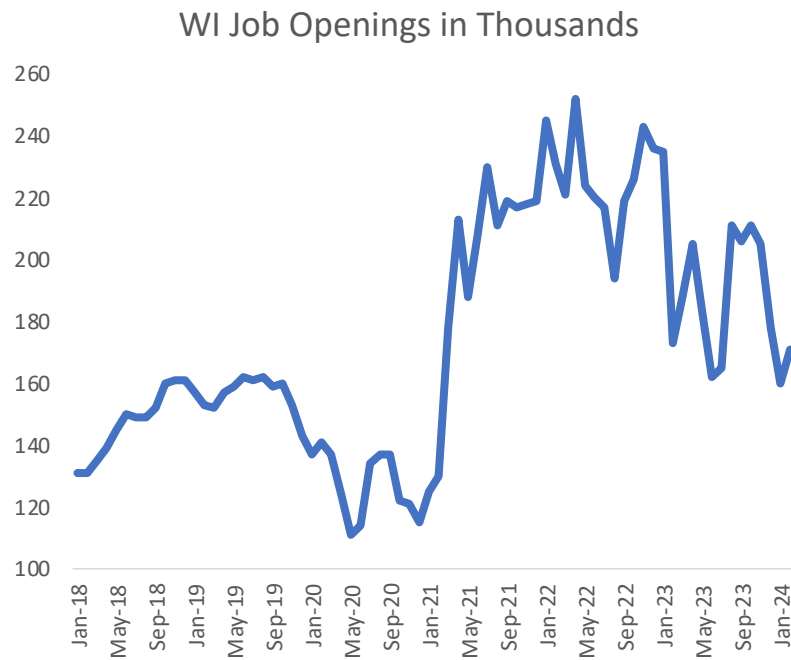
# Wisconsin Employment

## March 2024 Up 22,000 Over March 2023



Source: U.S. Bureau of Labor Statistics, Data Retrieved April 22 2024  
 Wisconsin Department of Revenue

# Wisconsin Job Openings: Labor Shortage Gradually Easing



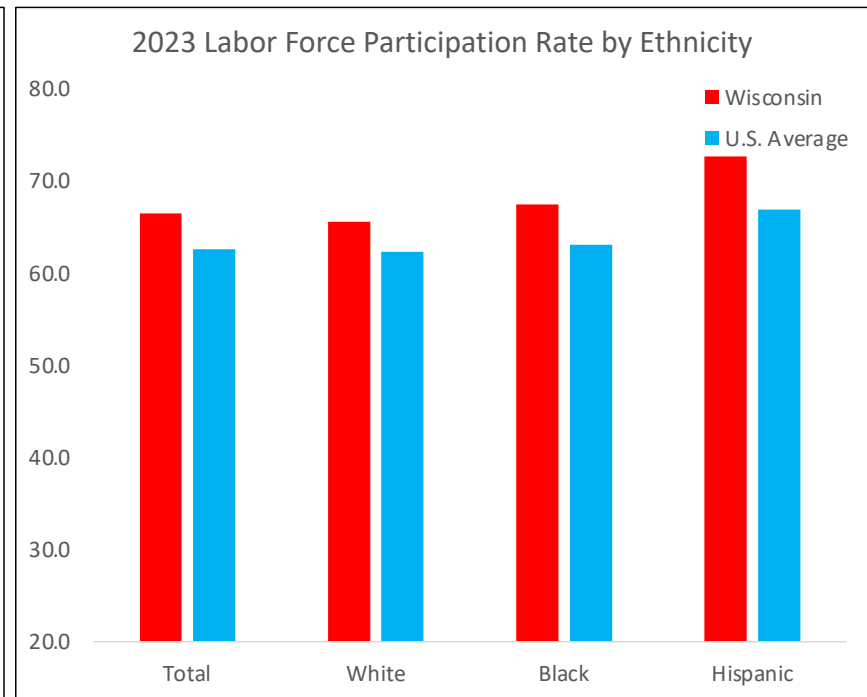
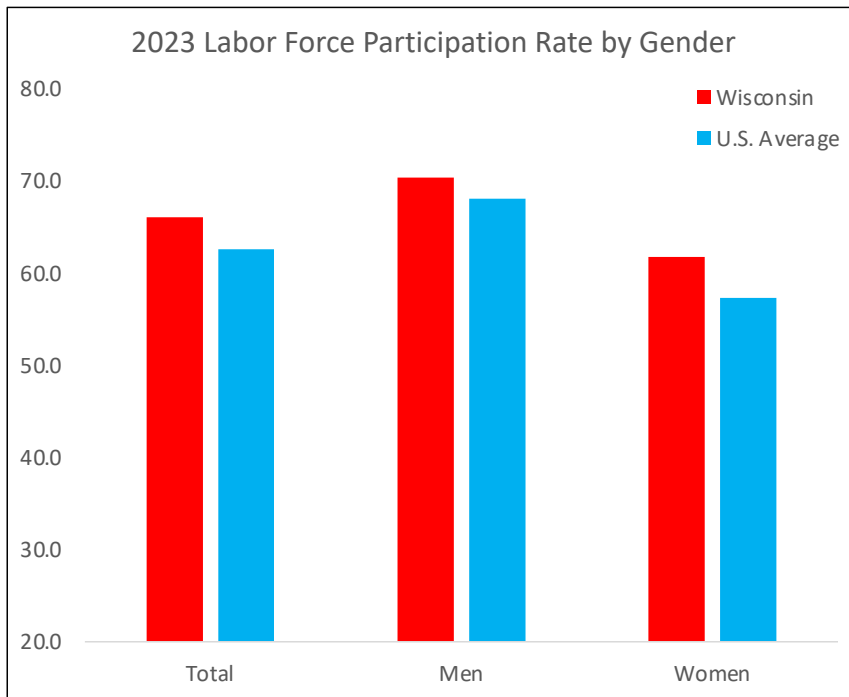
Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey and Local Area Unemployment Statistics  
Last Month Plotted, January 2024

# Labor Force

Wisconsin More Engaged in the Workforce than the U.S. as a whole

Updates from 2023 Current Population Survey

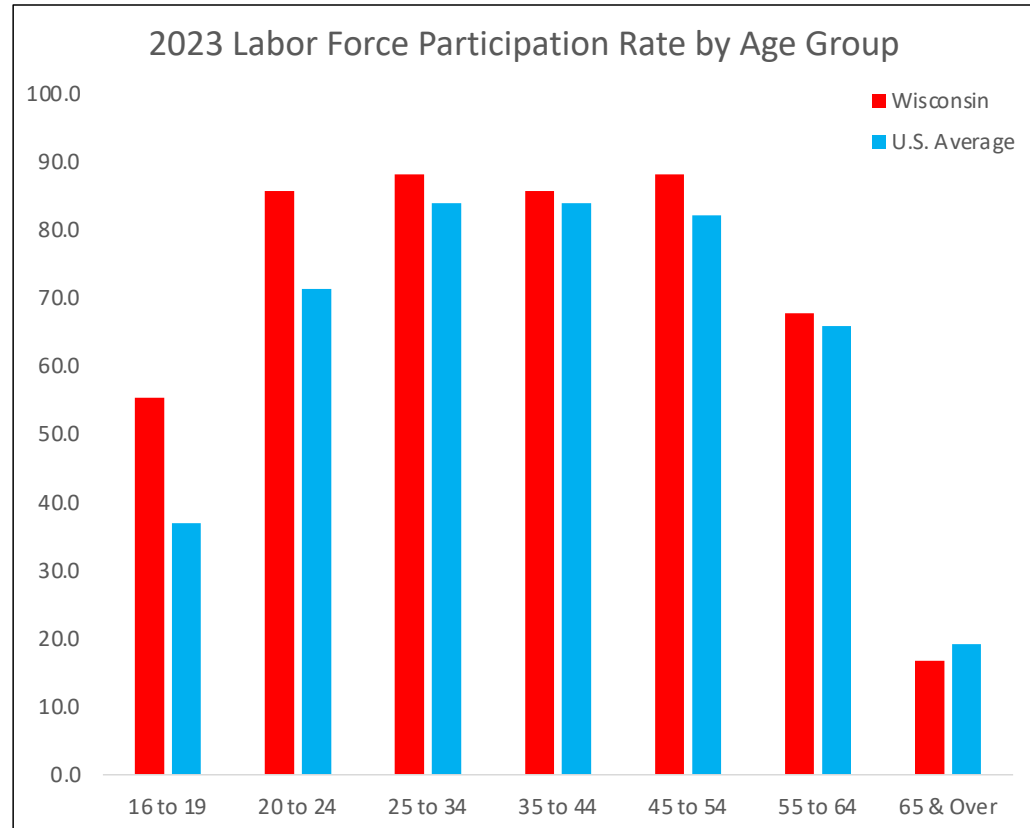
# Wisconsin Workers More Engaged than the U.S. Average by Gender or Ethnicity



Source: U.S. Bureau of Labor Statistics

Wisconsin  
Workers  
More  
Engaged than  
the U.S. for  
Nearly Every  
Age Group

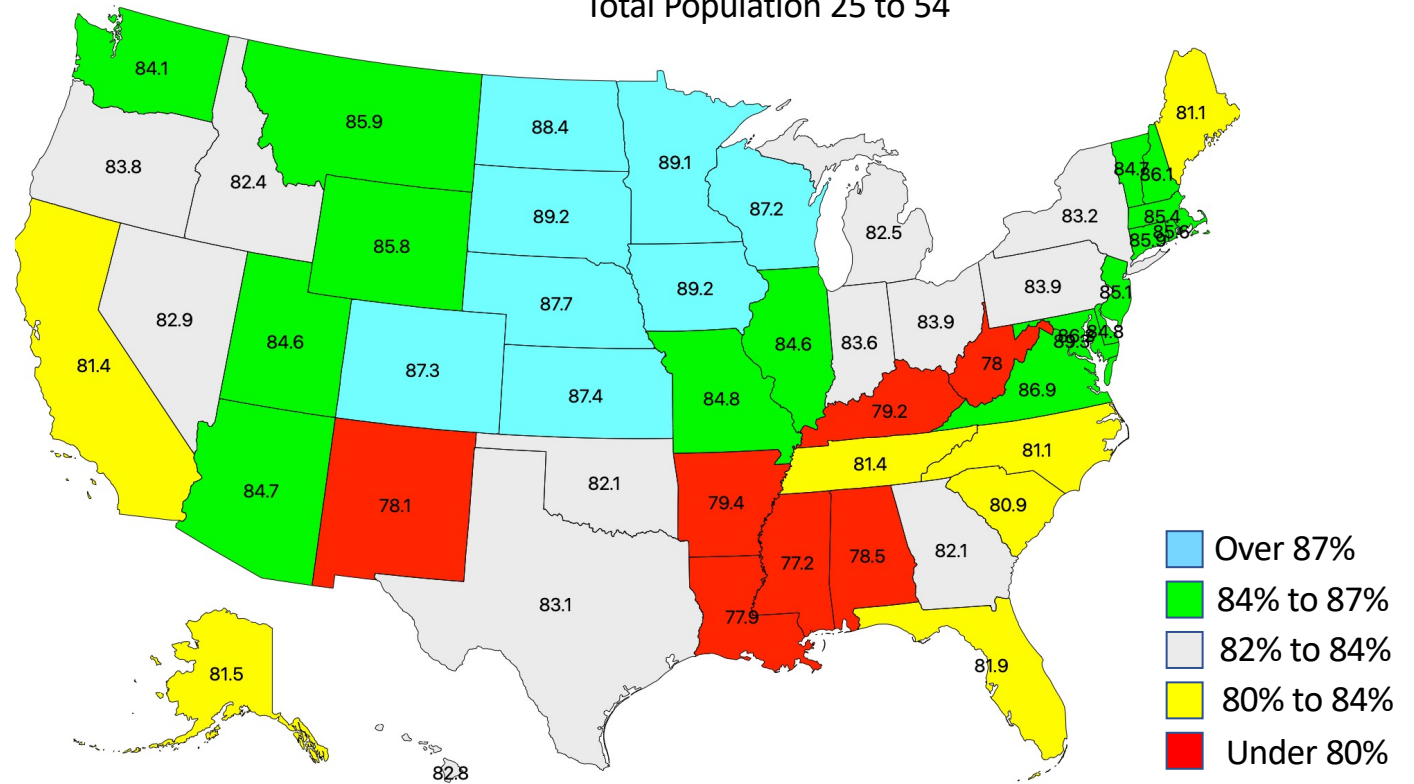
Source: U.S. Bureau of Labor Statistics, Expanded State Employment Status Demographic Data, 2023, Published January 24, 2024



For Prime Working Age Population, Wisconsin has the 8<sup>th</sup> Highest Labor Force Participation Rate

U.S. Average 83.3%

2023 Annual Average Labor Force Participation Rate  
Total Population 25 to 54

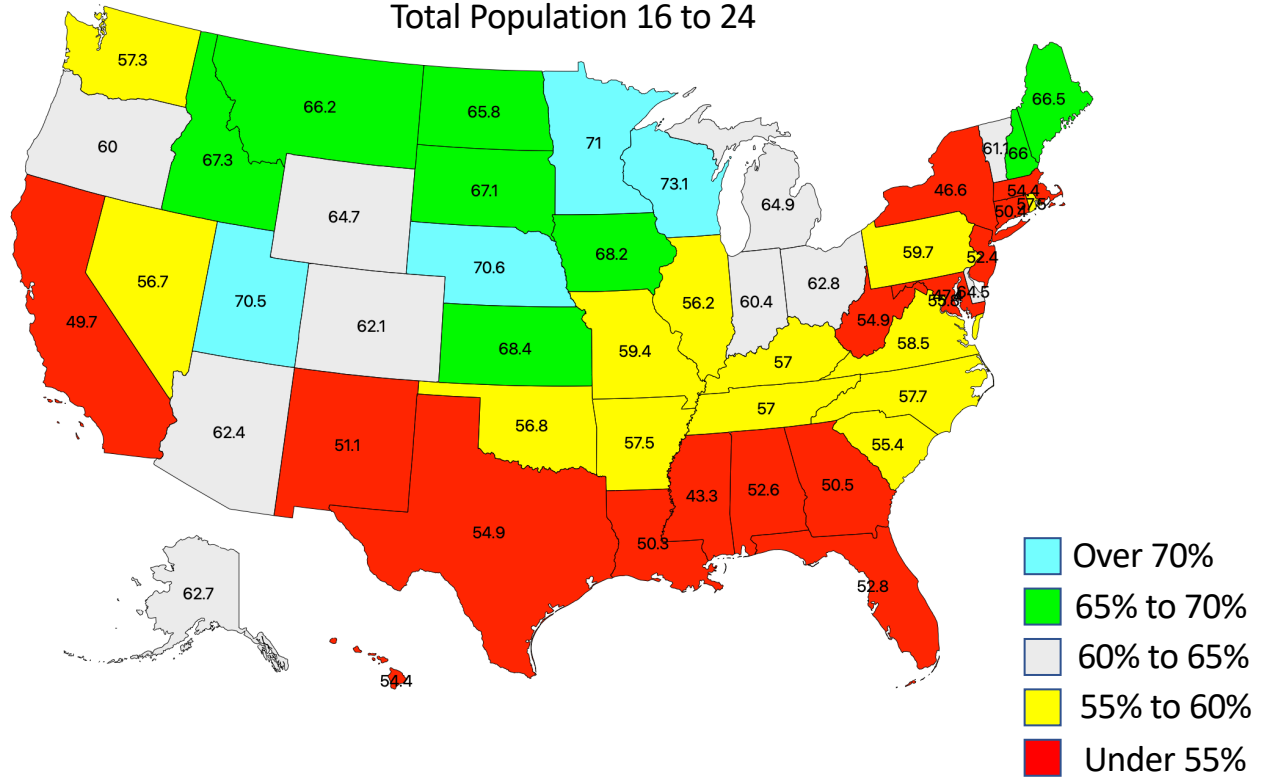


Source: U.S. Bureau of Labor Statistics, Expanded State Employment Status Demographic Data, 2023, Published January 24, 2024

*Wisconsin is  
The Top State  
For Youth Labor  
Force  
Participation*

U.S. Average 56.3%

2023 Annual Average Labor Force Participation Rate  
Total Population 16 to 24



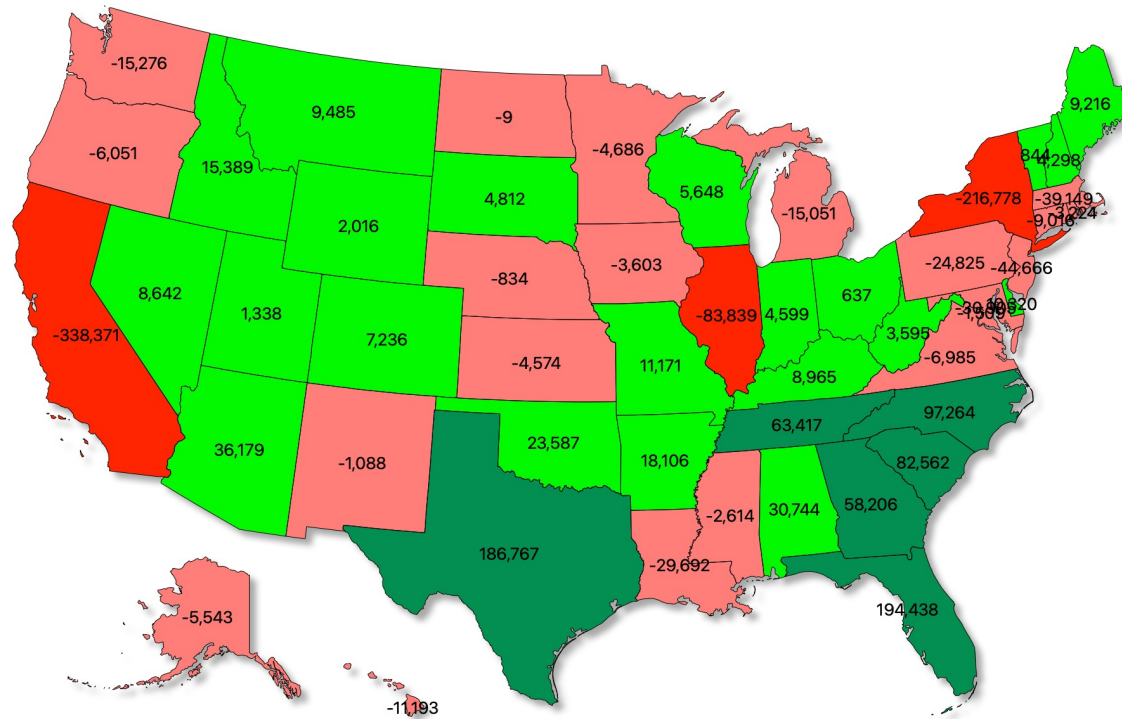
Source: U.S. Bureau of Labor Statistics, Expanded State Employment Status Demographic Data, 2023, Published January 24, 2024



# Population and Net Migration

Wisconsin drawing population from near-by states

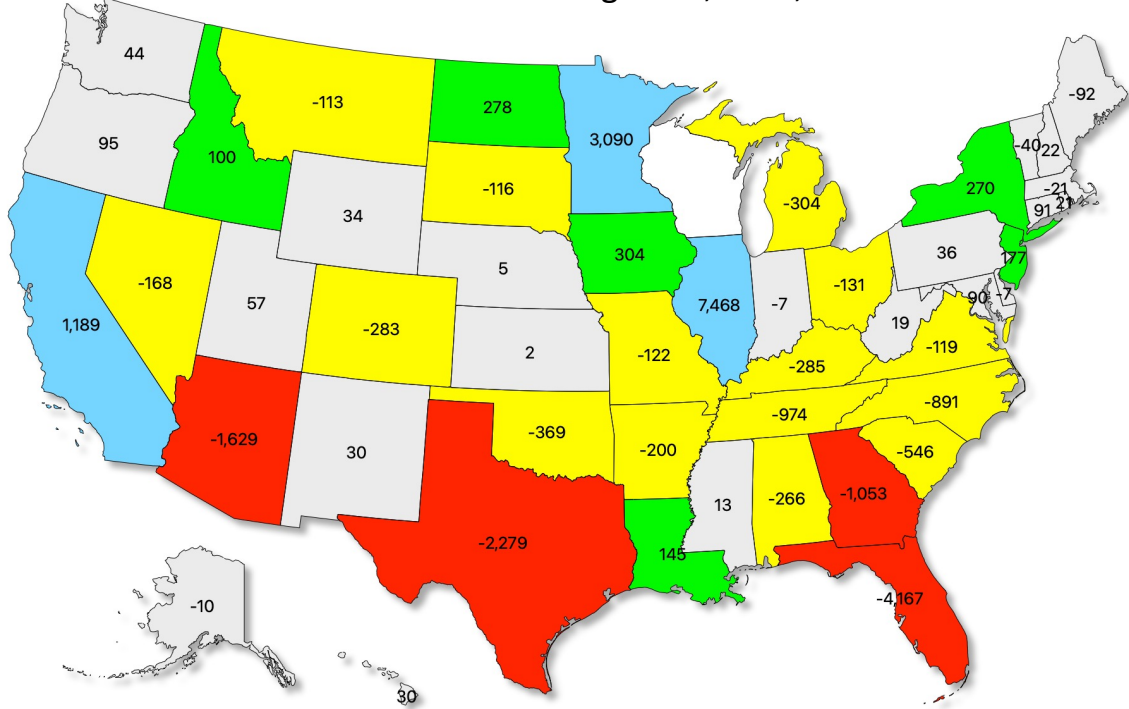
# Strong Domestic In-Migration for Wisconsin in 2023



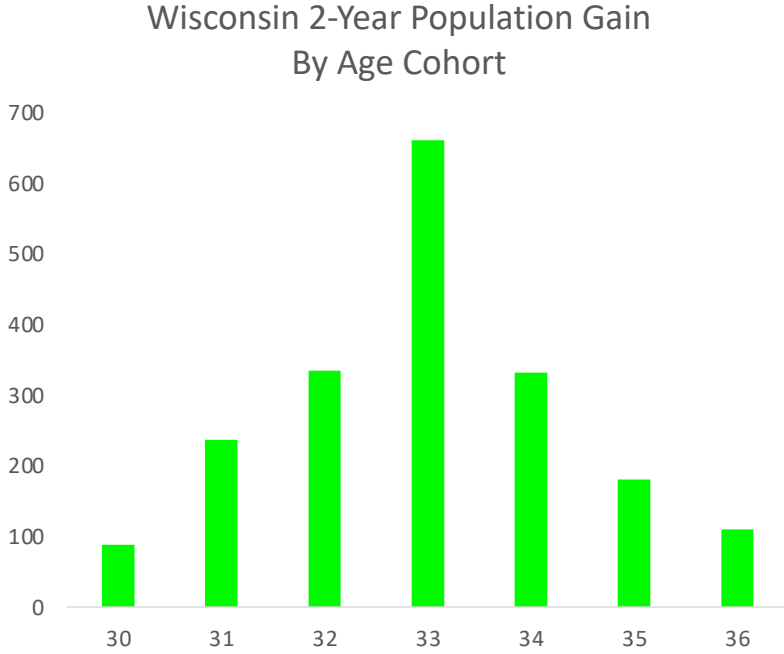
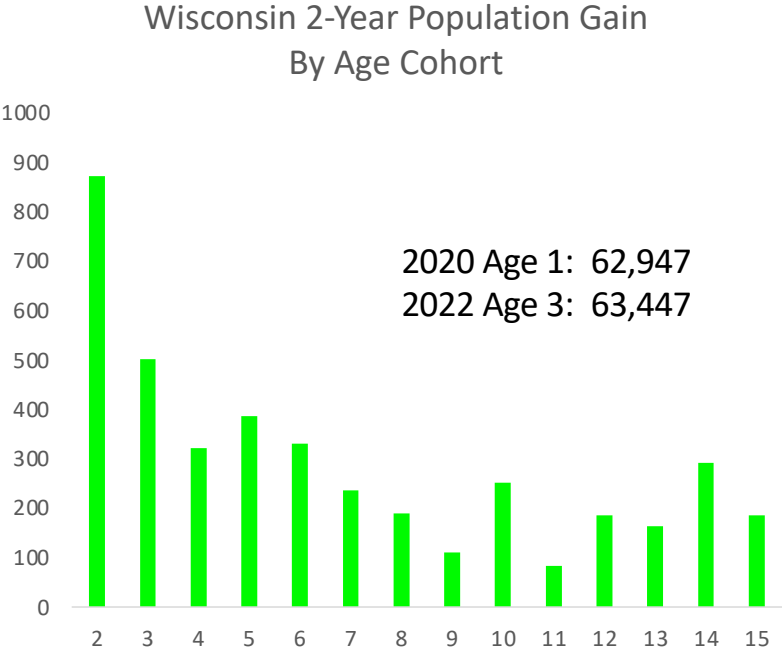
Source: U.S. Census Bureau, Annual Population Estimates

Principal Sources  
of Wisconsin  
NET  
In-Migration:  
Illinois,  
Minnesota, and  
California

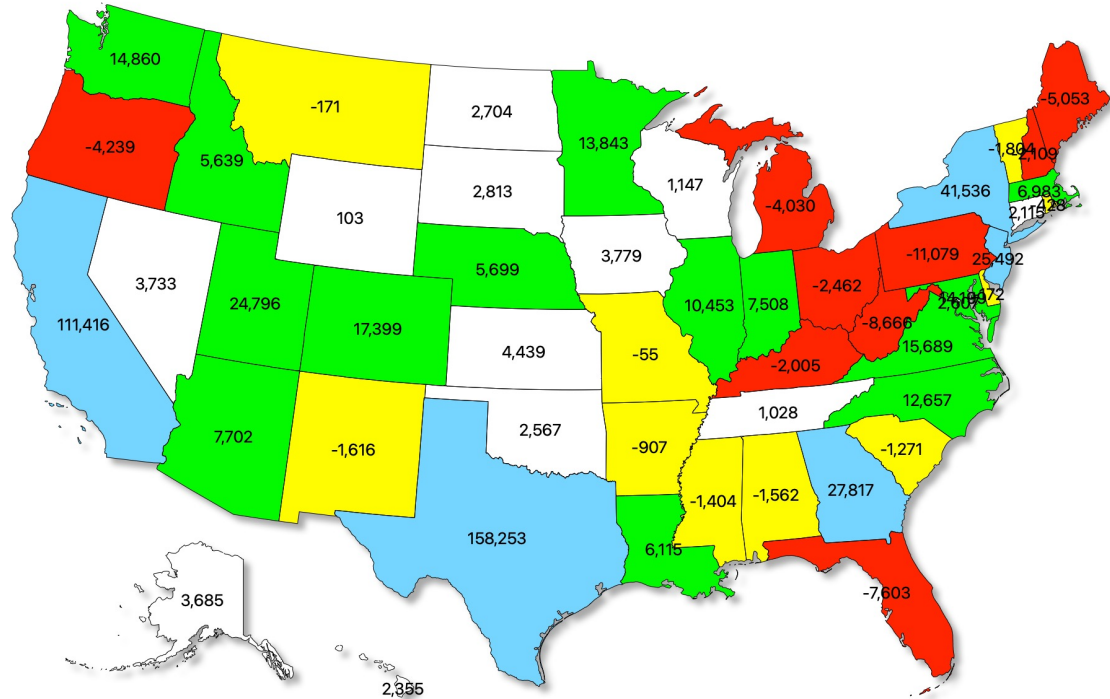
Net Domestic Migration, 2021, IRS data



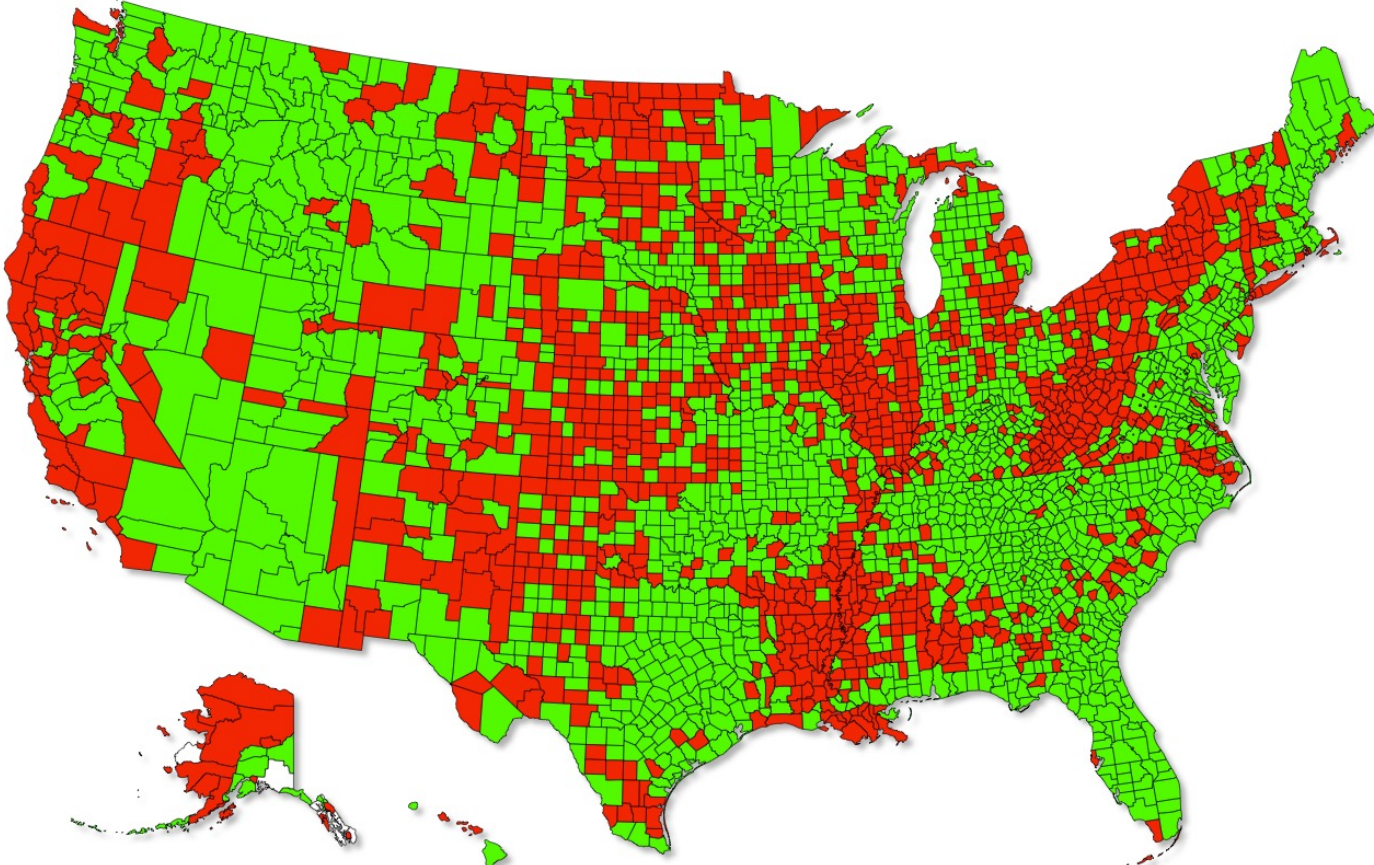
# Major Source of In-Migration, Families with Children



In 2023  
 Wisconsin  
 Switched Back  
 to a Natural  
 Increase  
 In Population

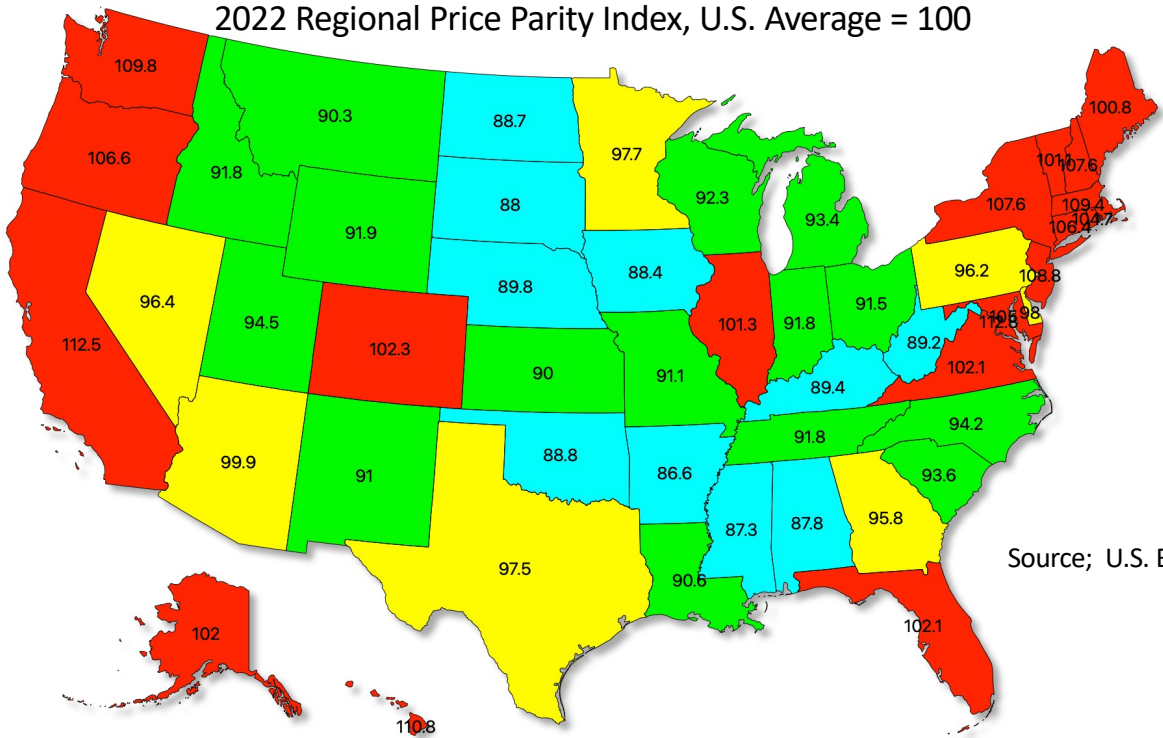


# Most Wisconsin Counties Gaining Population



# Cost of Living and Housing

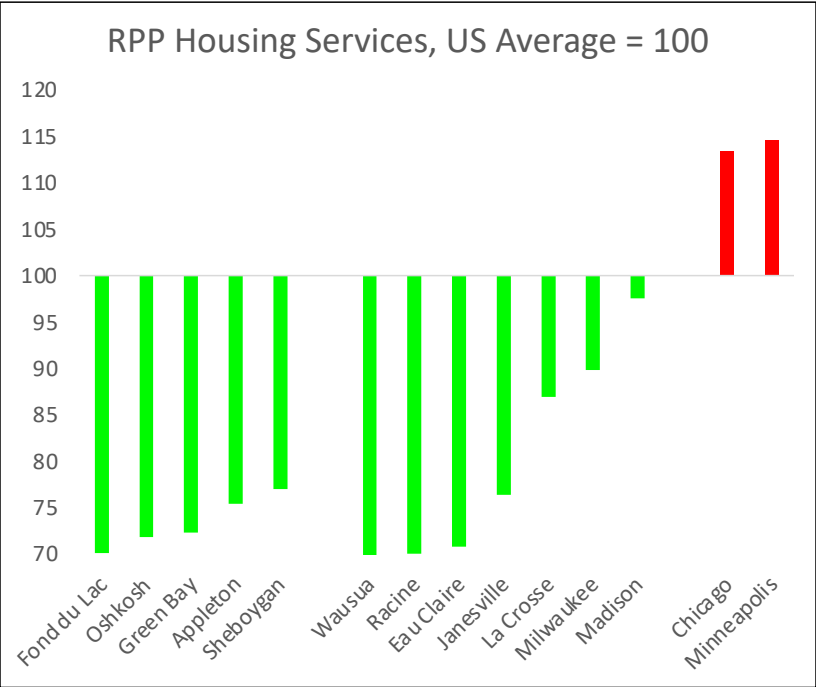
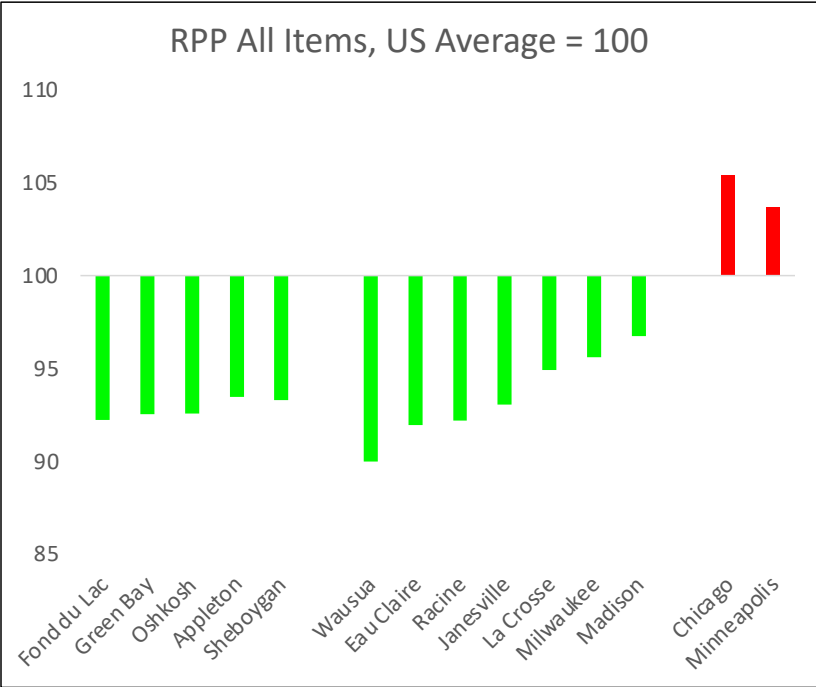
# Wisconsin's Cost of Living Below U.S. Average



Source; U.S. Bureau of Economic Analysis



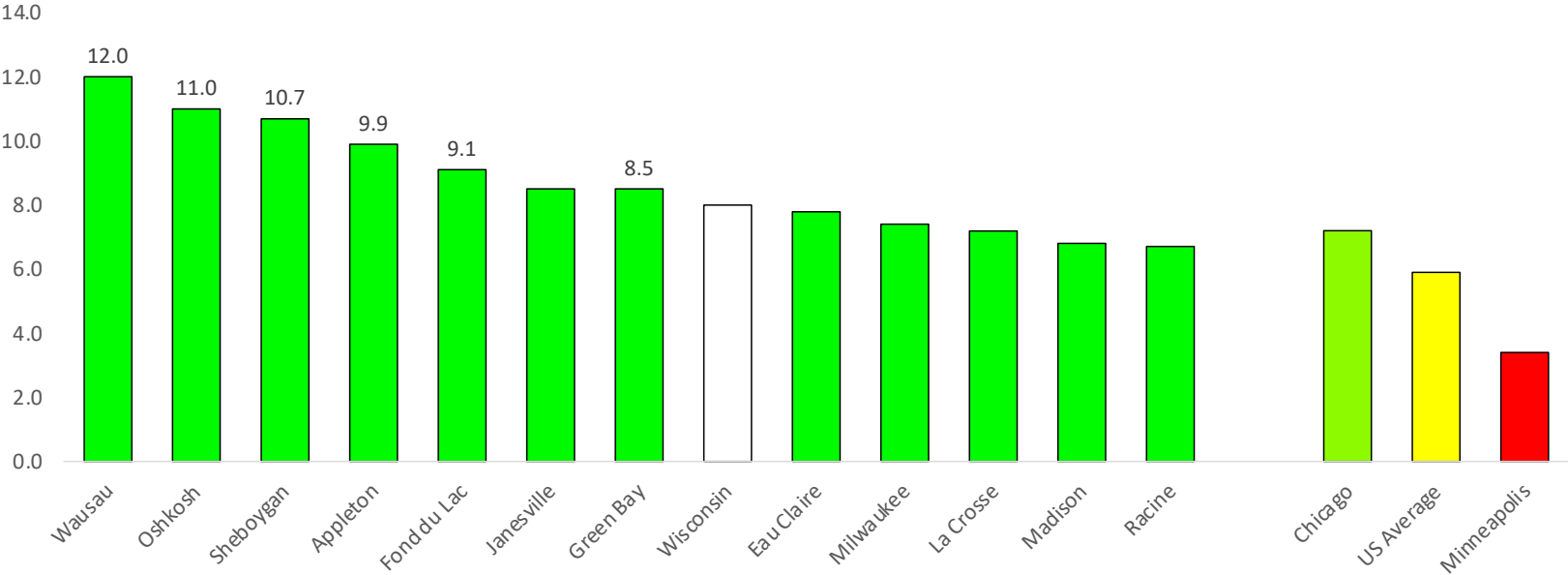
# Every Wisconsin MSA Has Below Average Cost of Living



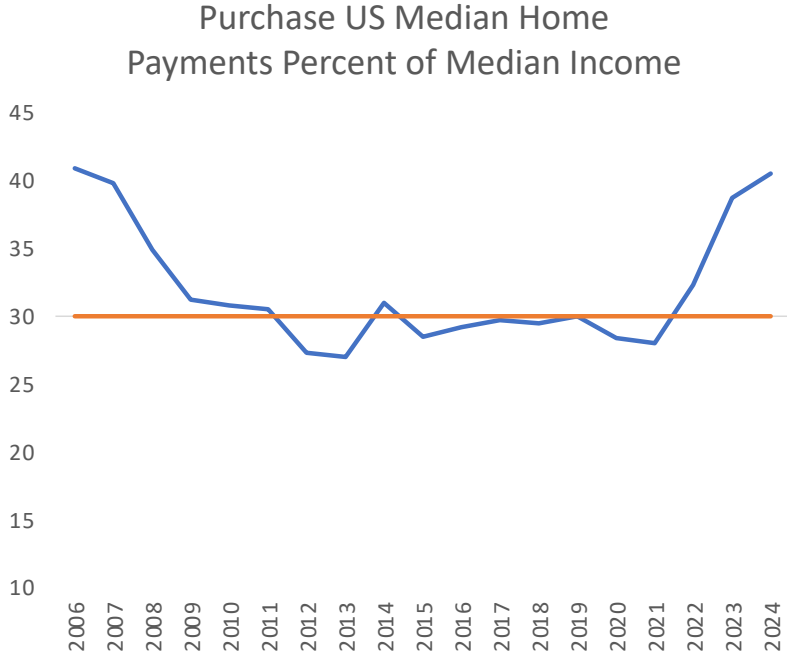
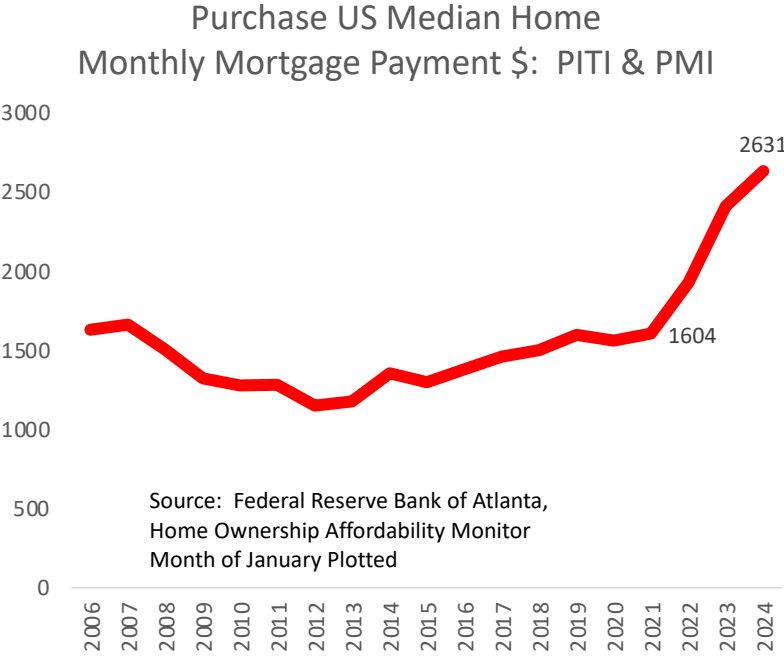
# Home Prices In Every Wisconsin Metro Area Increasing Faster than U.S. Average

*Northern WI MSAs Also Faster than State Average*

Freddie Mac Home Price Index, Percent Change, Feb. 2024 Over Feb. 2023



# In the Past Three Years, U.S. Home Purchases Have Become Unaffordable for the Typical Household



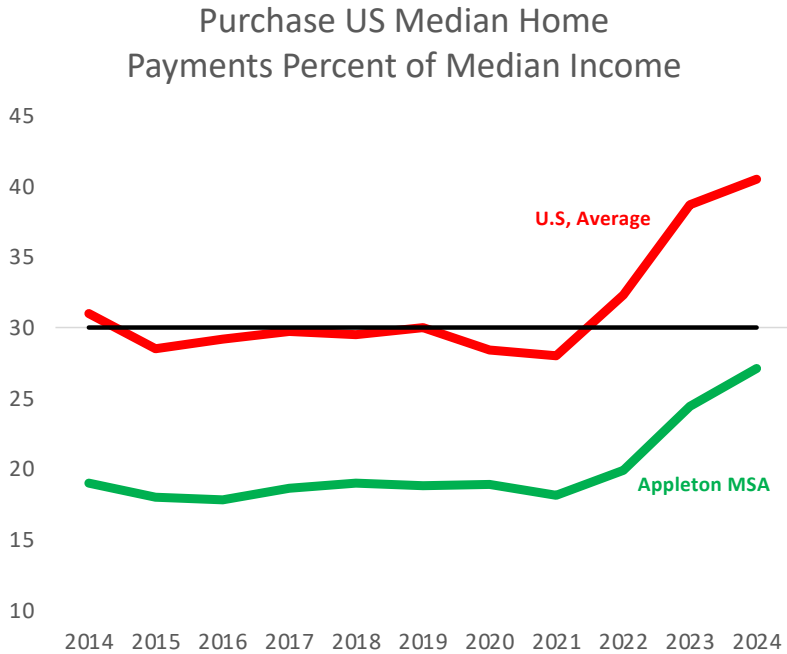
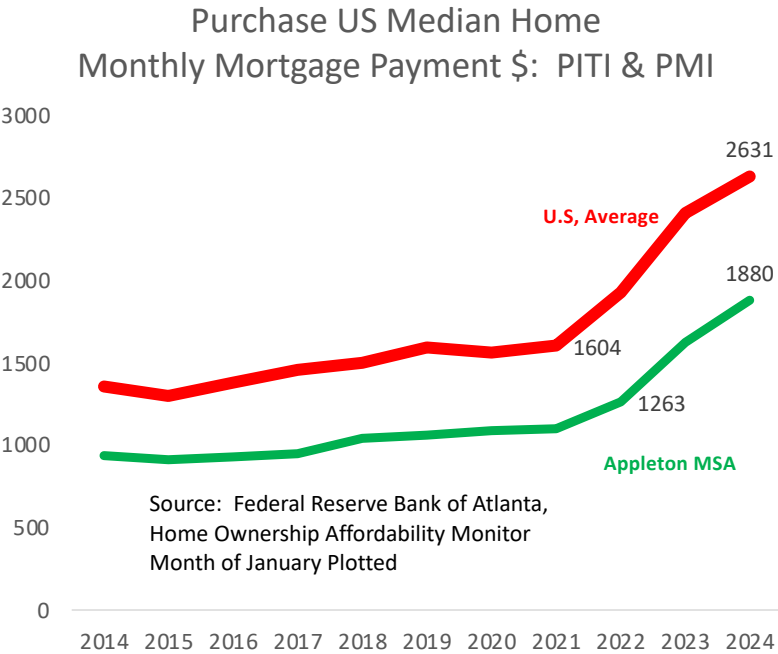
# Tracing the Change in U.S Housing Affordability

## FRB Atlanta Home Ownership Affordability Monitor, US Average, January

Component	2020	2021	2022	2023	2024
Index	105.6	107.3	92.8	77.5	74.1
Median Home Price	264,000	298,663	340,967	341,667	358,021
Median Income	65,947	68,849	71,555	74,718	78,009
Interest	3.60%	2.70%	3.60%	6.10%	6.60%
Monthly P&I	1,083	1,095	1,387	1,861	2,066
P&I, PMI, Taxes, Insurance	1,561	1,604	1,929	2,410	2,631
Payment Pct of Income	28.4%	28.0%	32.3%	38.7%	40.5%



# In Contrast, Most Wisconsin MSAs Remain Affordable



# Tracking the Movement in Appleton MSA Housing Affordability

## FRB Atlanta Home Ownership Affordability Monitor, Appleton MSA, January

Component	2020	2021	2022	2023	2024
Index	158.3	166	160.2	122.8	110.6
Median Home Price	169,233	184,150	198,483	218,133	247,967
Median Income	69,014	72,935	76,037	79,865	83,196
Interest	3.60%	2.70%	3.10%	6.30%	6.60%
Monthly P&I	681	682	764	1,188	1,432
P&I, PMI, Taxes, Insurance	1,090	1,099	1,187	1,623	1,880
Payment Pct of Income	18.9%	18.1%	18.7%	24.4%	27.1%

## Adjusted for Cost of Living, Wisconsin Incomes Above U.S. Average

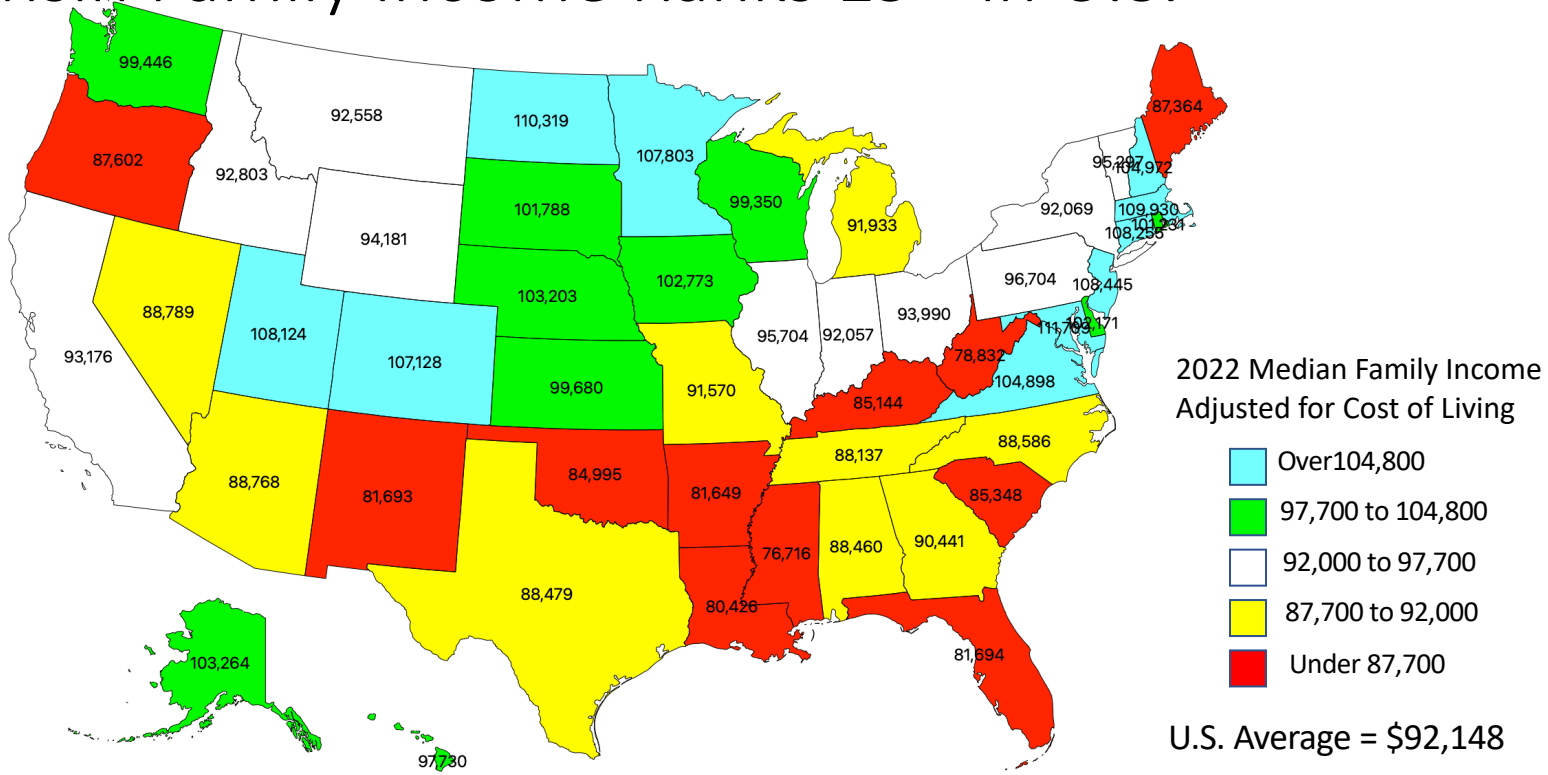
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	<b>Median Household Income</b>			<b>Median Family Income</b>		
	Nominal, Unadjusted			Nominal, Unadjusted		
	U.S. Average	Wisconsin	Difference	U.S. Average	Wisconsin	Difference
<b>Amount</b>	74,775	70,996	-3,779	92,148	91,700	-448
	<b>Adjusted for Cost of Living</b>			<b>Adjusted for Cost of Living</b>		
	U.S. Average	Wisconsin	Difference	U.S. Average	Wisconsin	Difference
<b>RPP Index</b>	100.0	92.3		100.0	92.3	
<b>Amount</b>	74,775	75,769	994	92,148	99,350	7,202

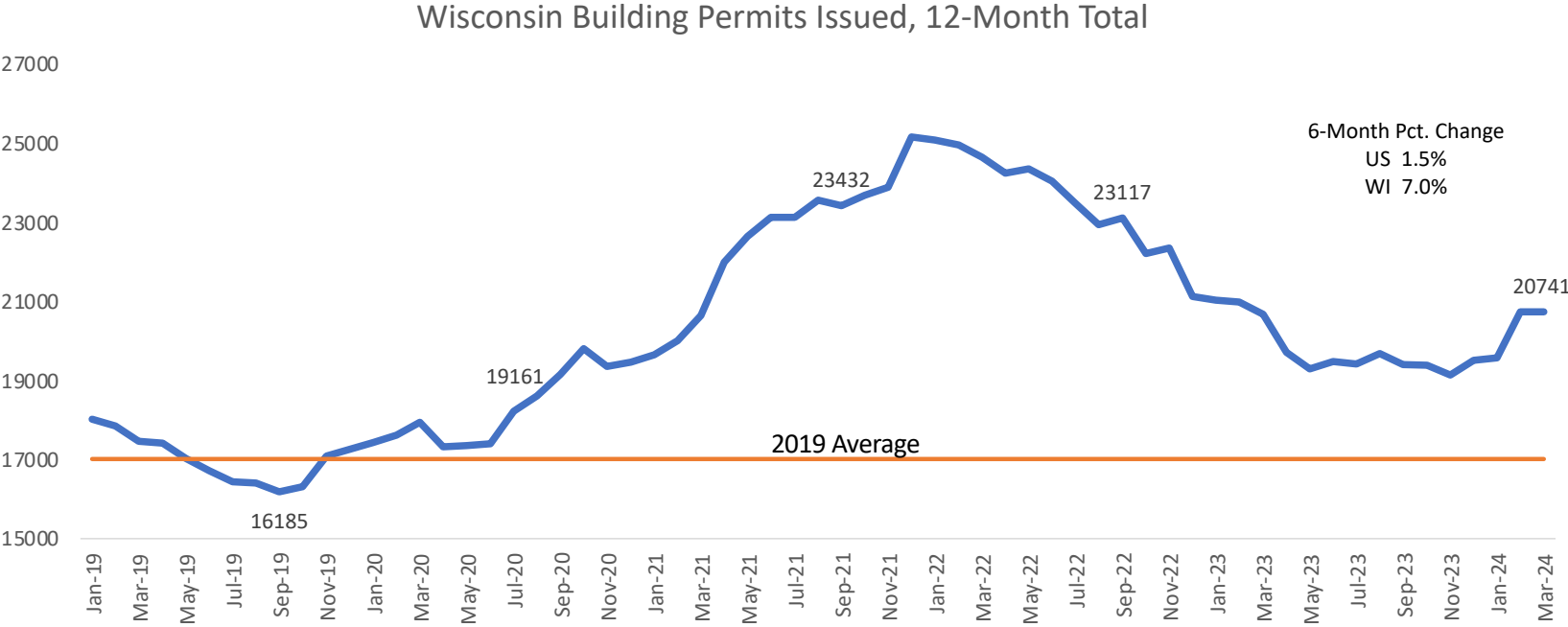
Sources: American Community Survey, 2022 Estimates, U.S. Bureau of the Census;  
U.S. Bureau of Economic Analysis, Regional Economic Accounts, Regional Price Parities



# Adjusted for Cost of Living, Wisconsin Family Income Ranks 19<sup>th</sup> in U.S.

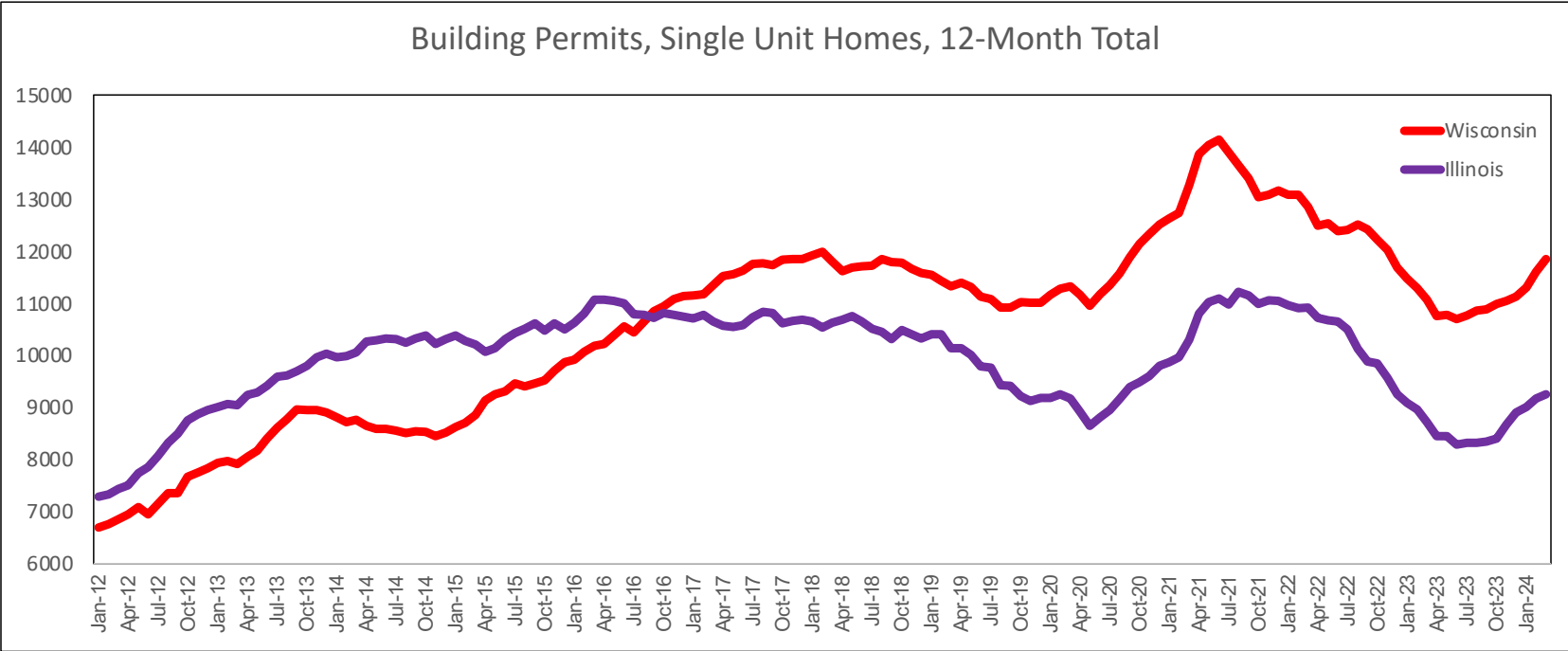


# Housing: Wisconsin Housing Construction Rising Again and Well Ahead of Pre-Pandemic Levels



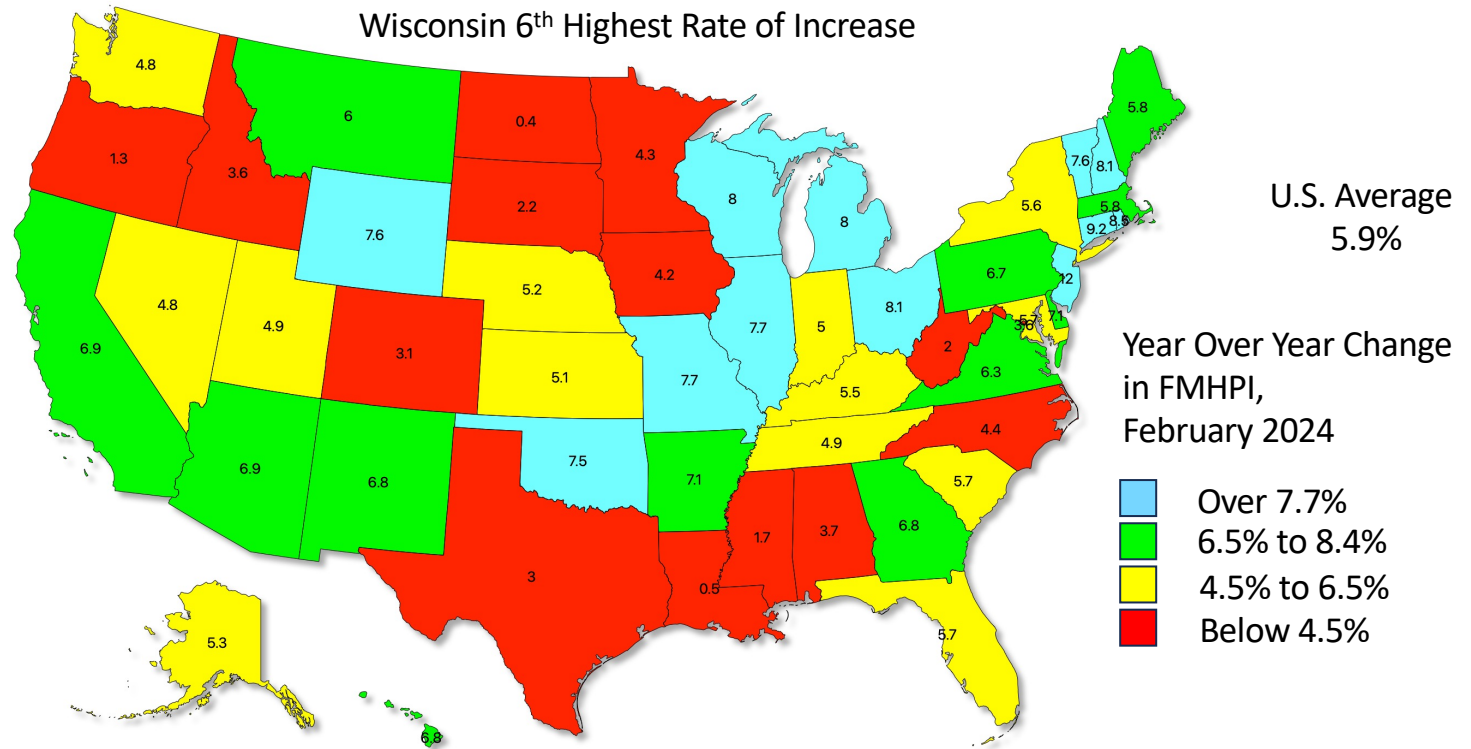
Source: U.S. Bureau of the Census, Building Permits Survey, Author Tabulation. Last Month Plotted March 2024

# Wisconsin Building More Single Unit Homes than Illinois Since September 2016



Source: U.S. Bureau of the Census, Building Permits Survey, Author Tabulation. Last Month Plotted March 2024

# Major Regional Differences in Housing Markets



Source: Freddie Mac Home Price Index (FMHPI), March 31, 2024

April 23, 2024

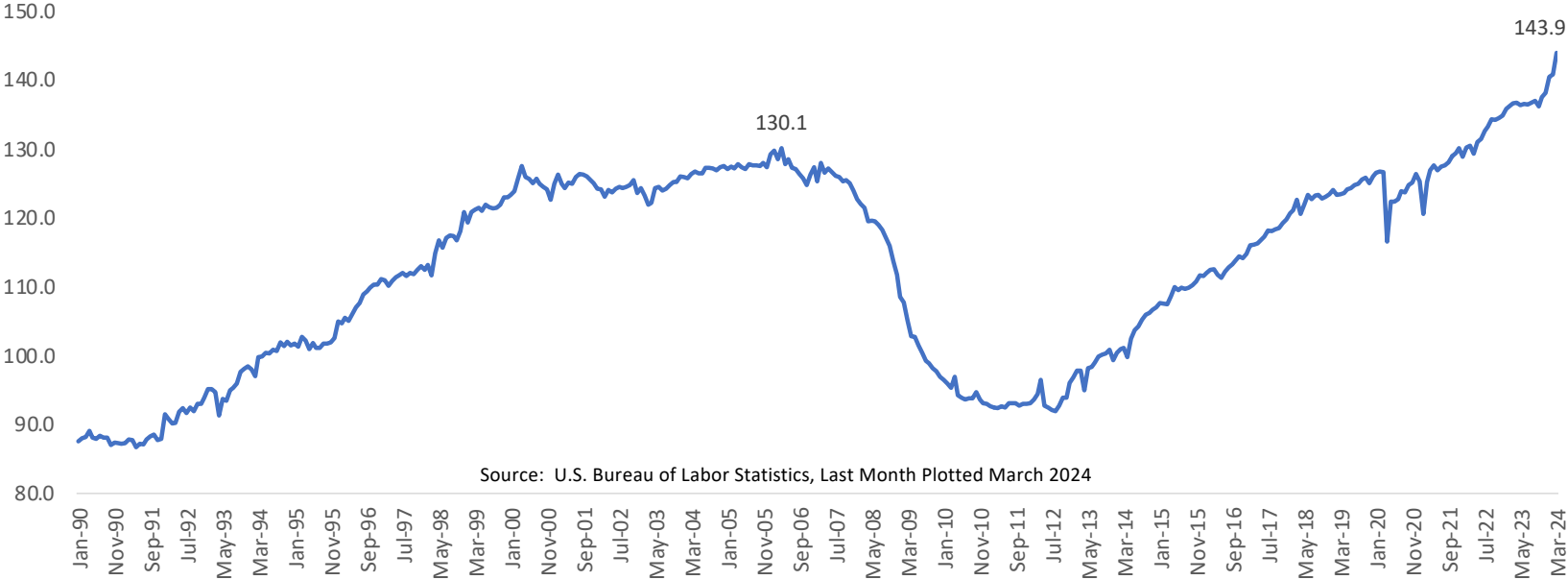
Wisconsin Department of Revenue

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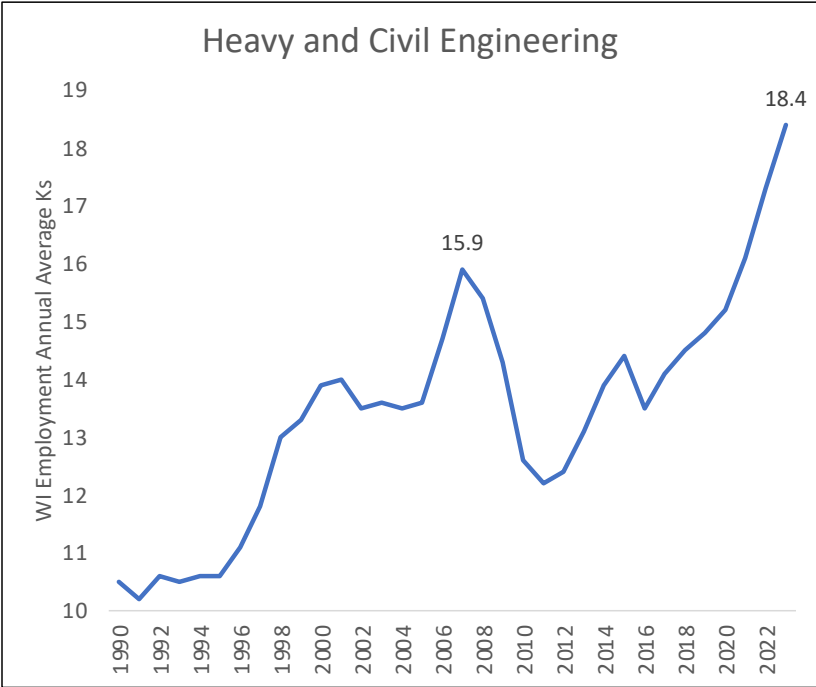
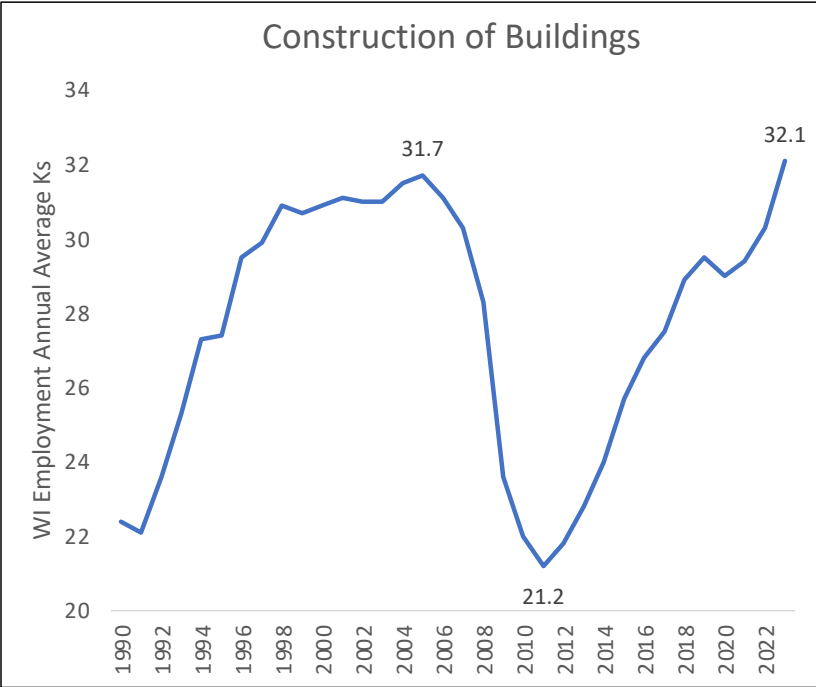
# Construction Employment in Wisconsin Reaches Another Record High in March 2024

Wisconsin Construction Employment in Thousands, Seasonally Adjusted

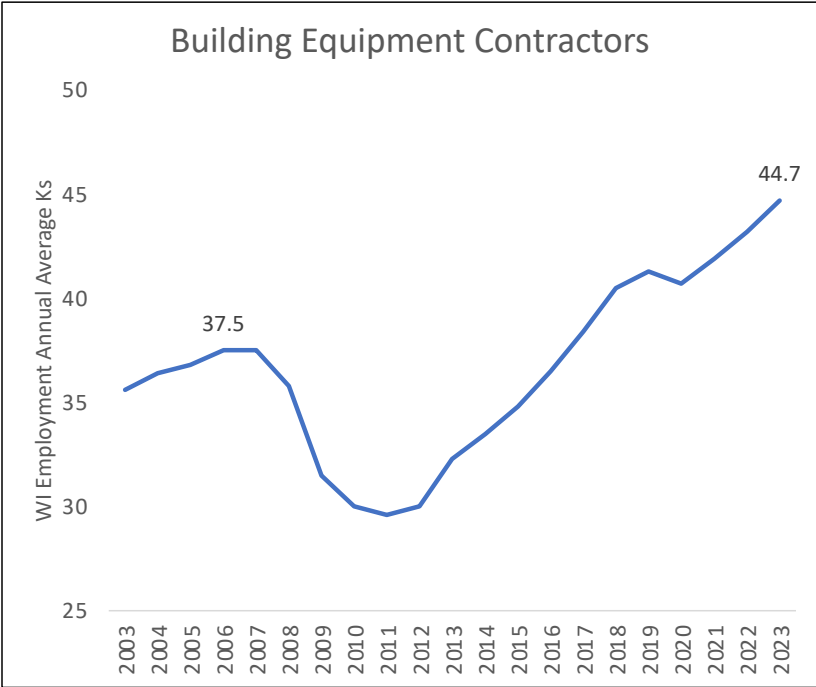
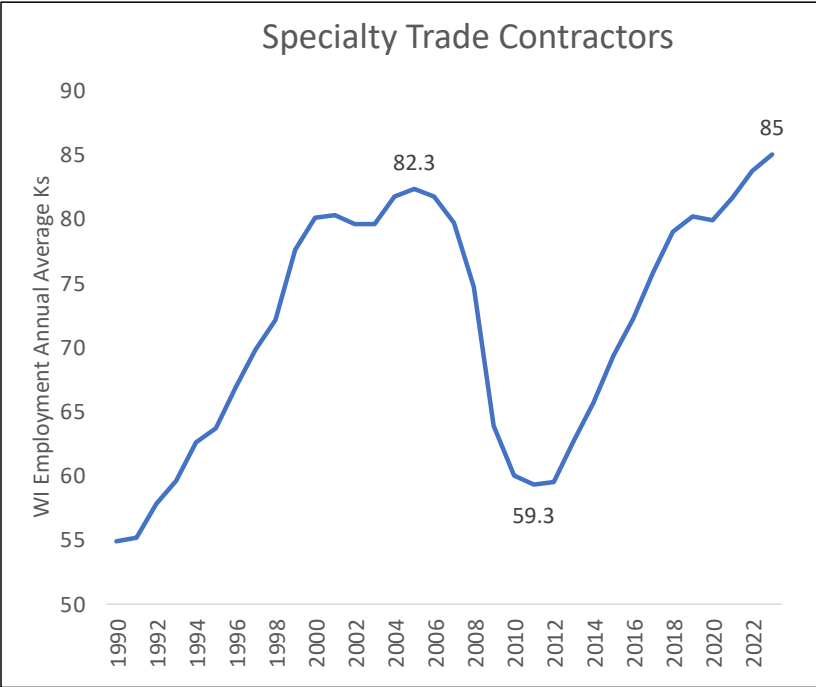


Source: U.S. Bureau of Labor Statistics, Last Month Plotted March 2024

# Construction Employment Record Highs Buildings and Heavy & Civil Engineering



# Construction Employment Record Highs: Trade Contractors & Equipment Contractors



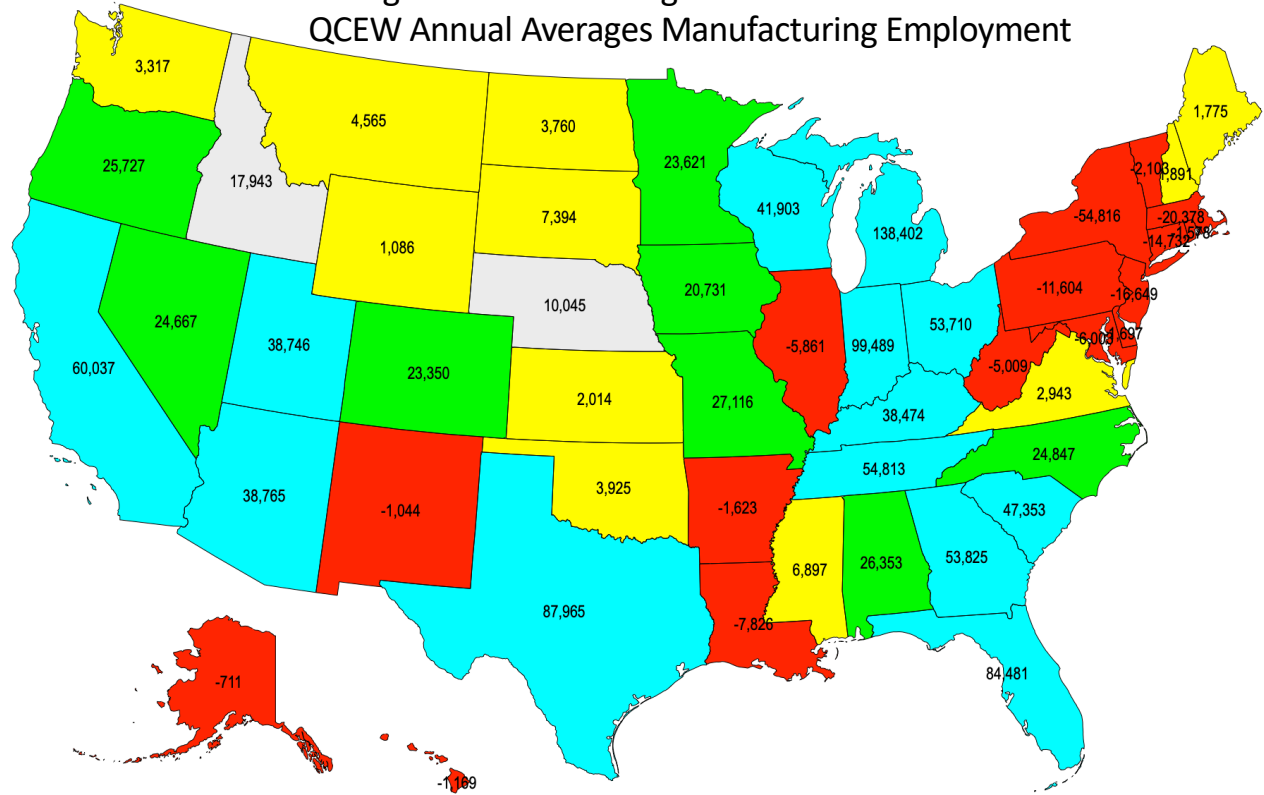


# Wisconsin Manufacturing

# Geographic Trends in U.S. Manufacturing

Change in Manufacturing Jobs from 2010 to 2022  
QCEW Annual Averages Manufacturing Employment

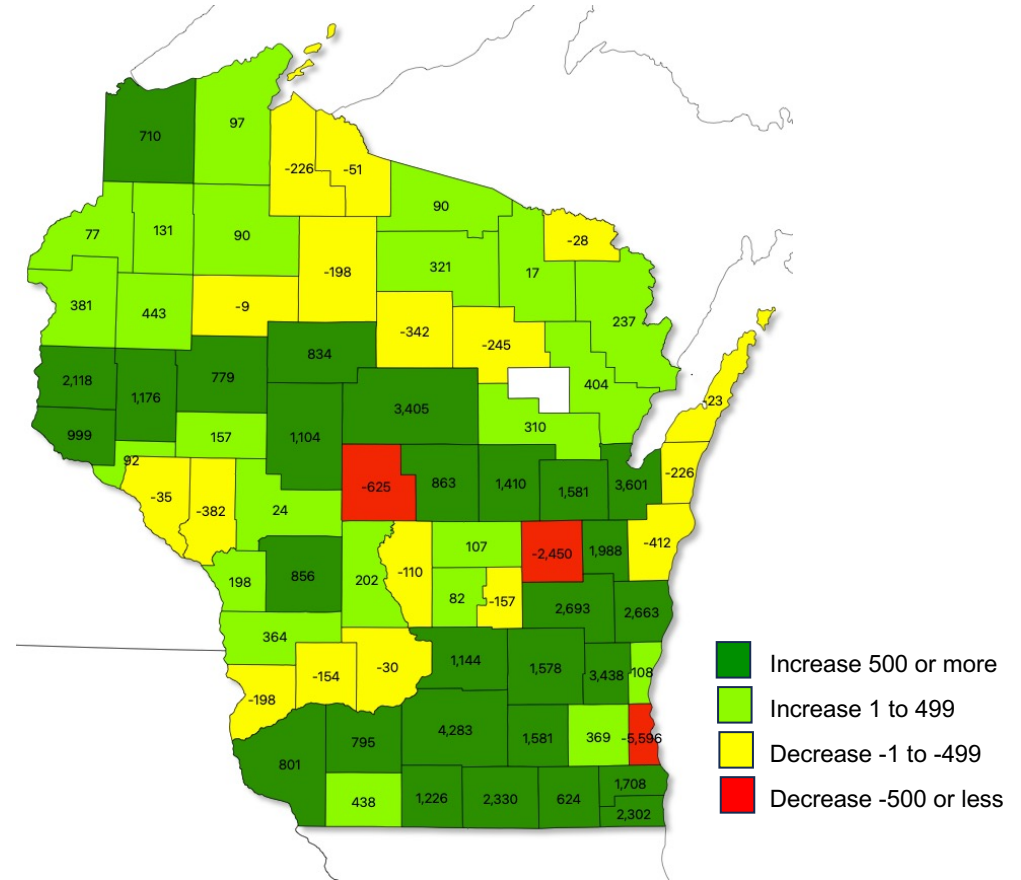
- Northeast de-industrializing
- Midwest re-industrializing
- Southeast expanding industrialization
- Western states adding manufacturing



# Manufacturing Job Gains Throughout Much of the State

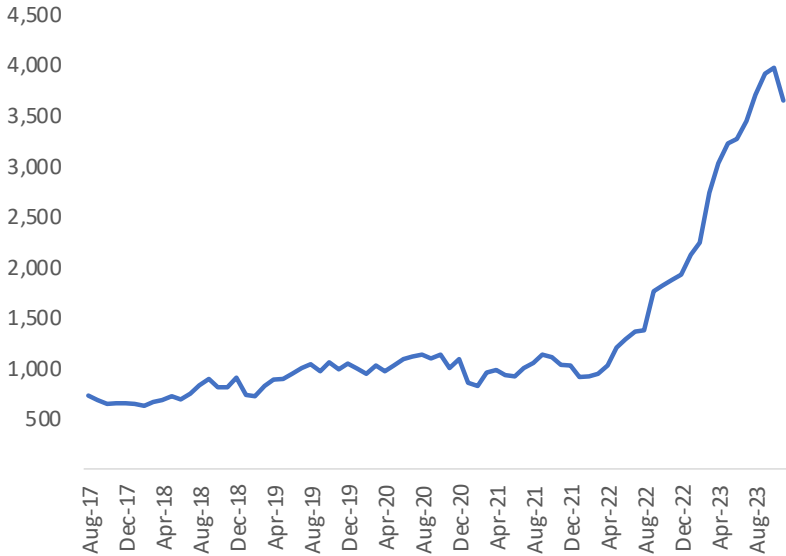
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual Average

Change in Manufacturing Employment 2010 to 2022

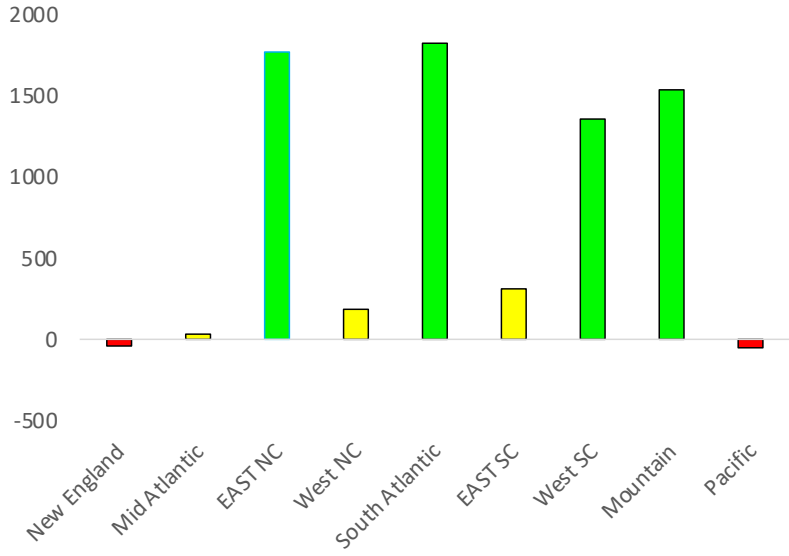


# Substantial Variance for Increase In Manufacturing Value Put In Place by Region

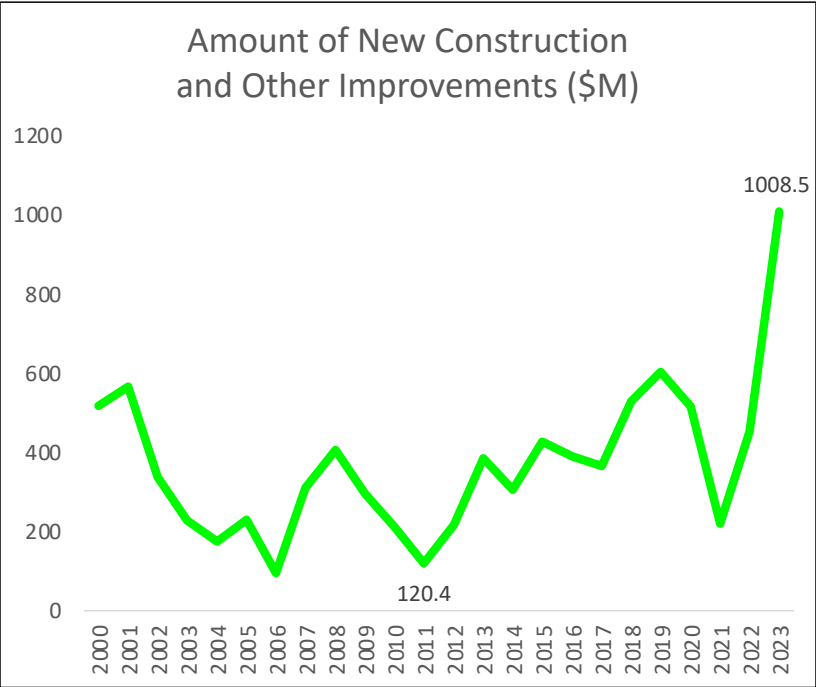
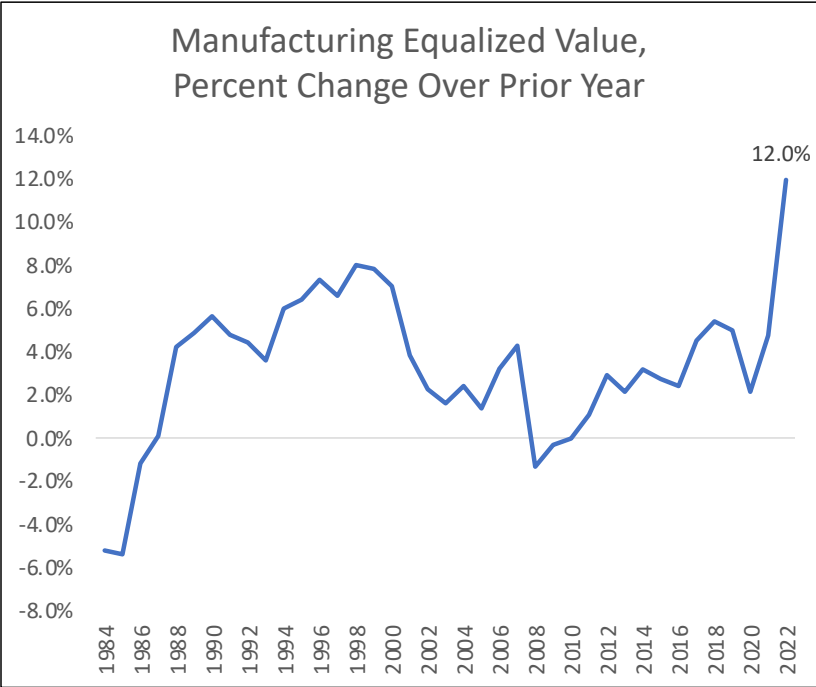
Monthly Manufacturing Construction Value Put In Place, East North Central \$M



Monthly Manufacturing Value Put in Place Change Nov 2023 Over Nov 2022

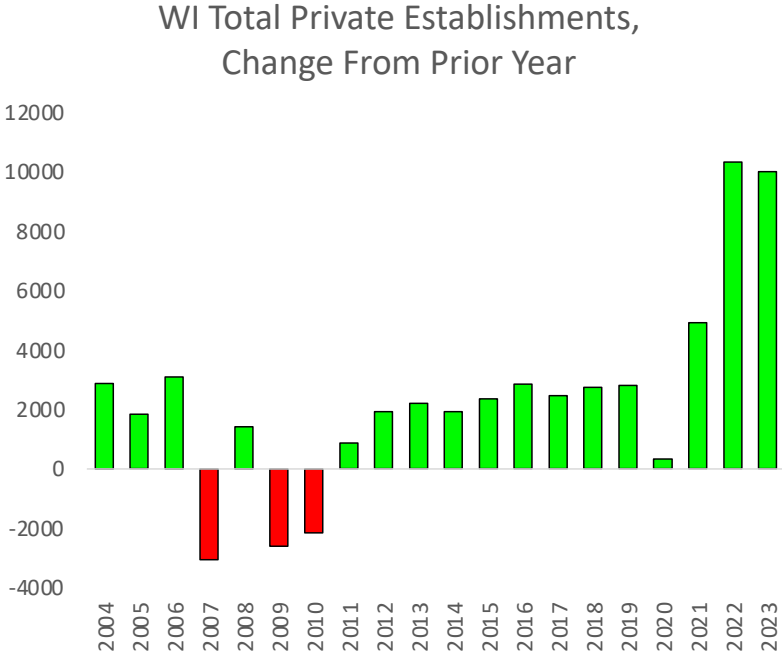
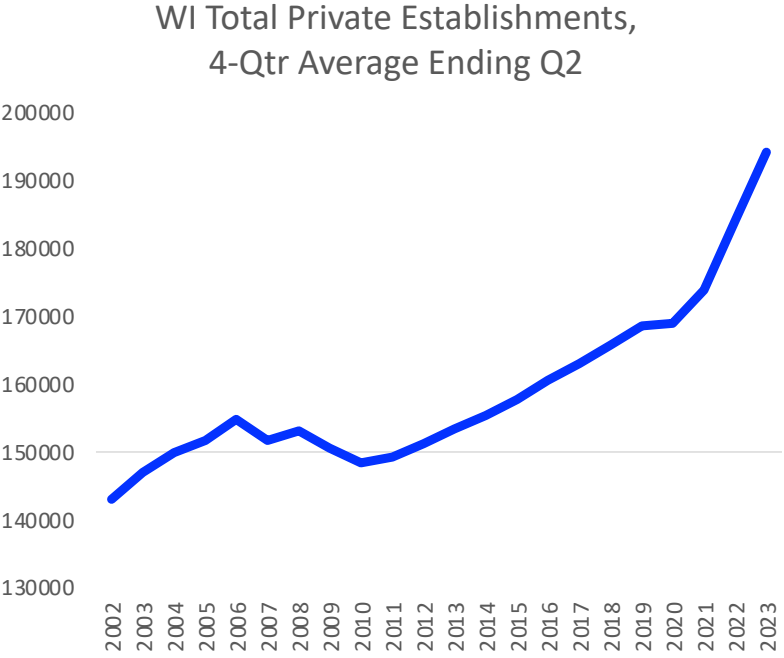


# Strongest Increase in Wisconsin Manufacturing Property Values in 40 Years



# Wisconsin Entrepreneurship

# Wisconsin Total Number of Businesses Rose Sharply in 2021, 2022, and 2023

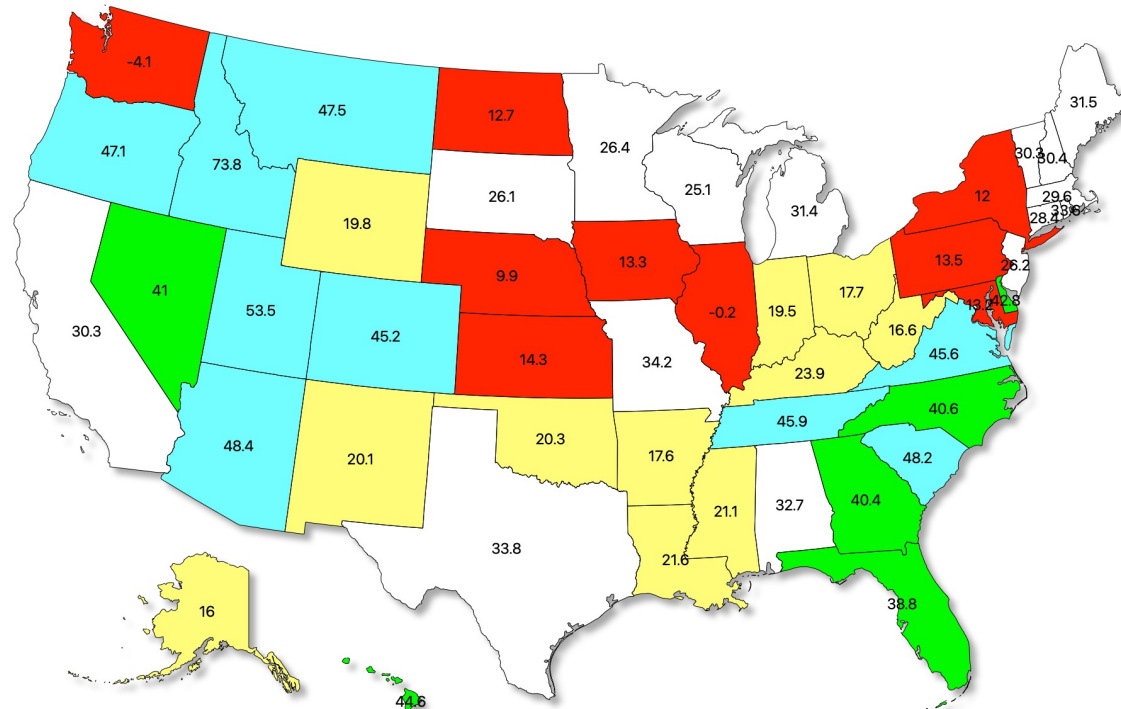


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Data Retrieved January 21, 2024

# Wisconsin Competitive in Growth in Number of Businesses

Percent Change in Private Establishments, Four Quarter Average Ending 2<sup>nd</sup> Qtr, 2023 over 2014

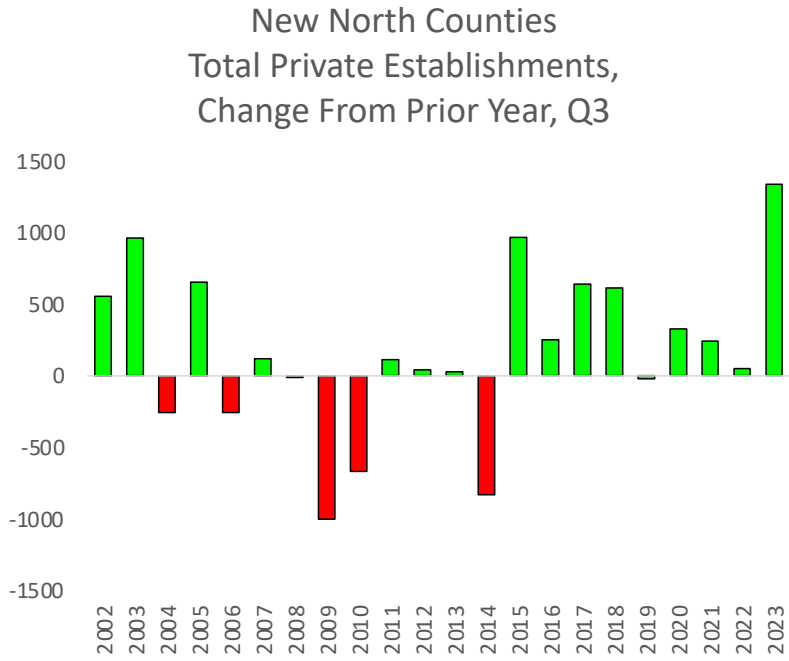
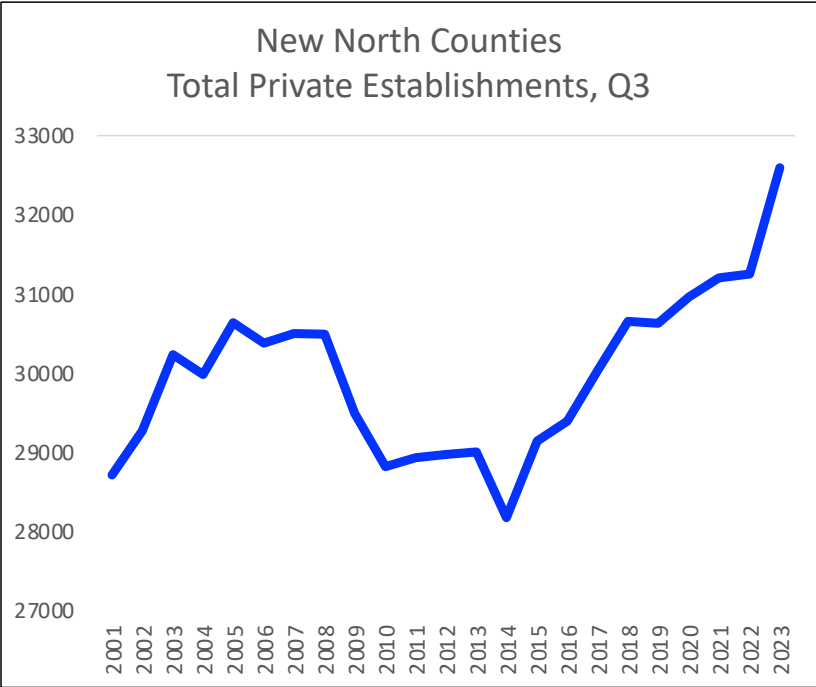
- Over 45%
- 35% to 45%
- 25% to 35%
- 15% to 25%
- Under 15%



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages Data Retrieved January 25, 2024

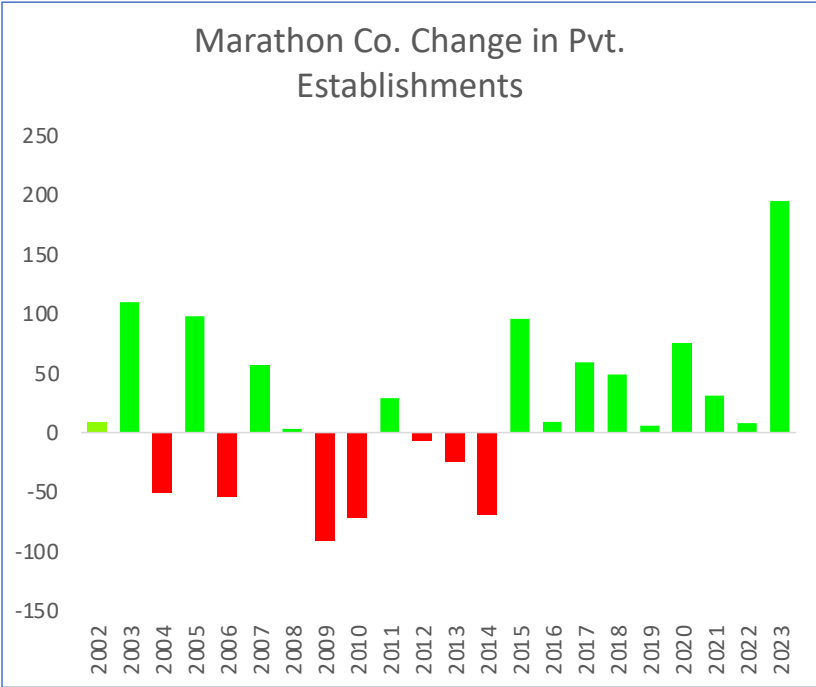
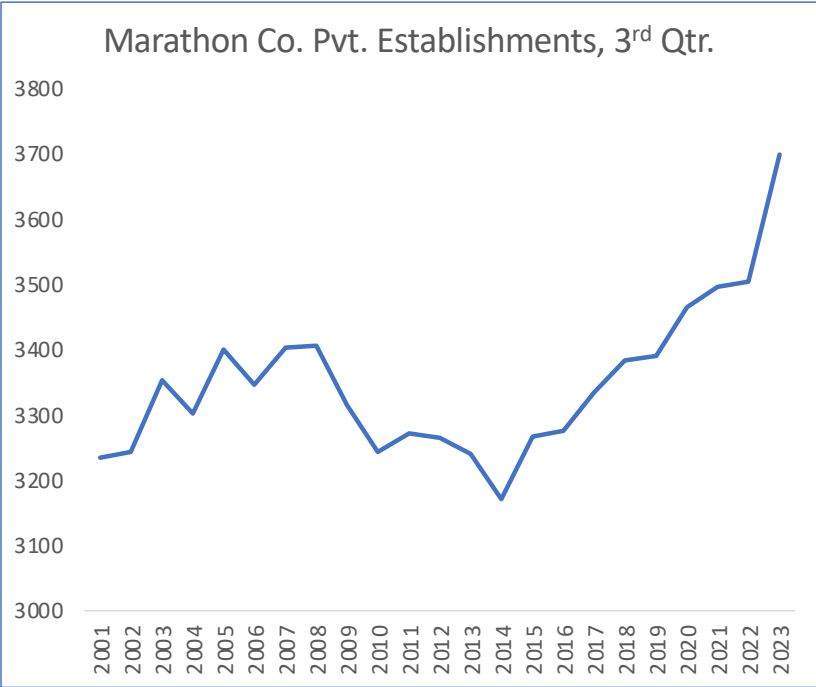


# New North Total Number of Businesses Rose Sharply Since 2014



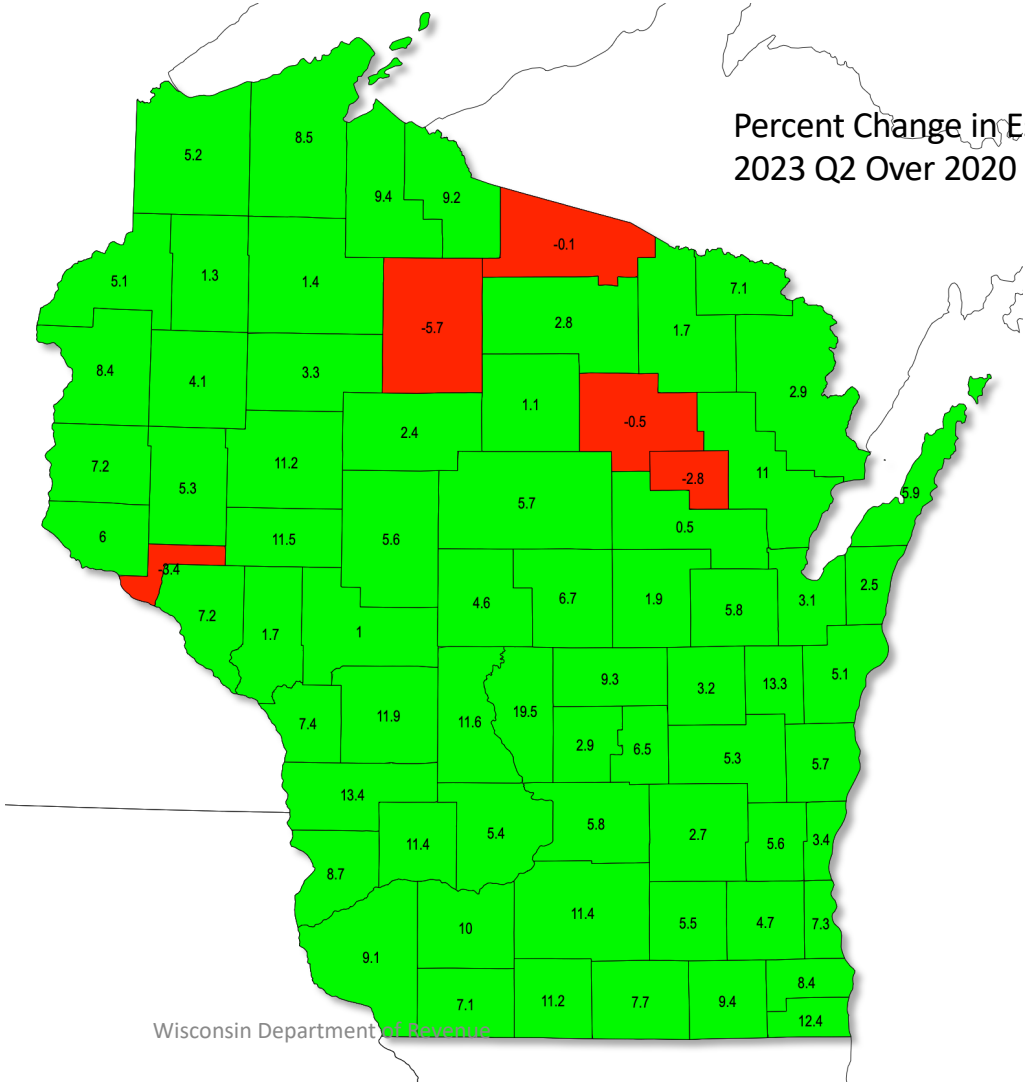
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Data Retrieved April 15, 2024

# 2023 Marathon County: Largest Increase in Businesses in Over 20 years



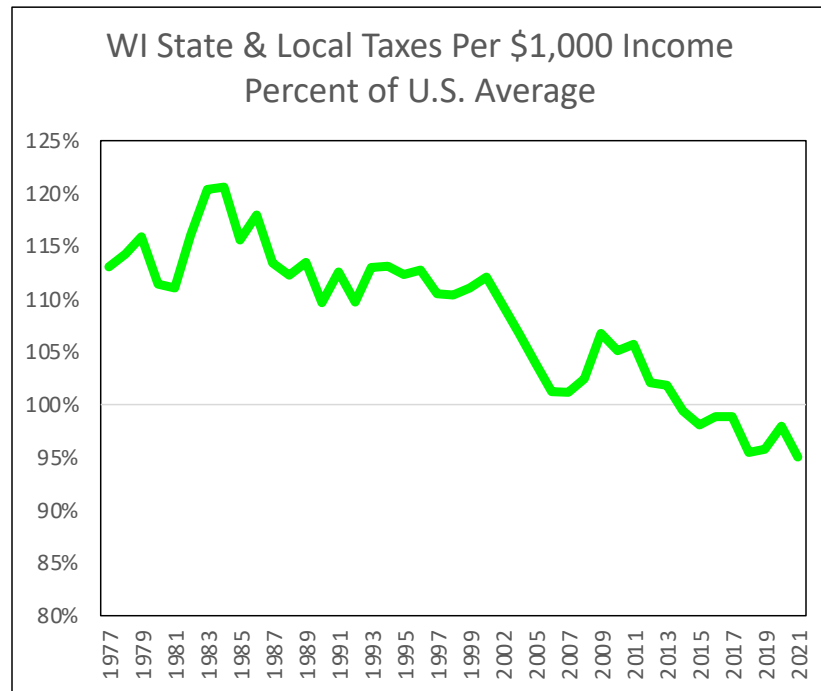
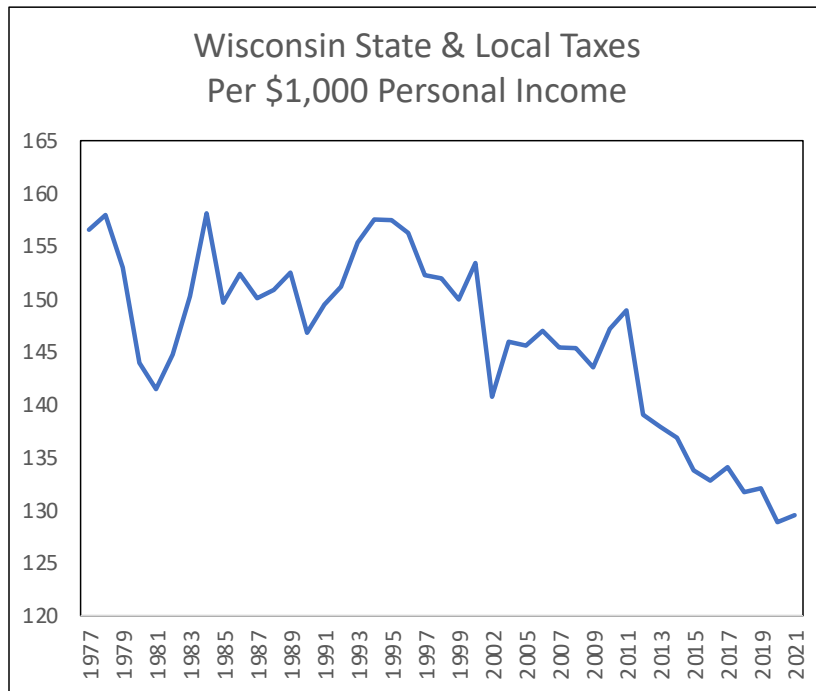
Percent Change in Establishments,  
2023 Q2 Over 2020 Q2

Strong Growth in  
Entrepreneurship  
for  
Most of the State



# State & Local Tax Burden

# Wisconsin Has Significantly Reduced Its State and Local Tax Burden

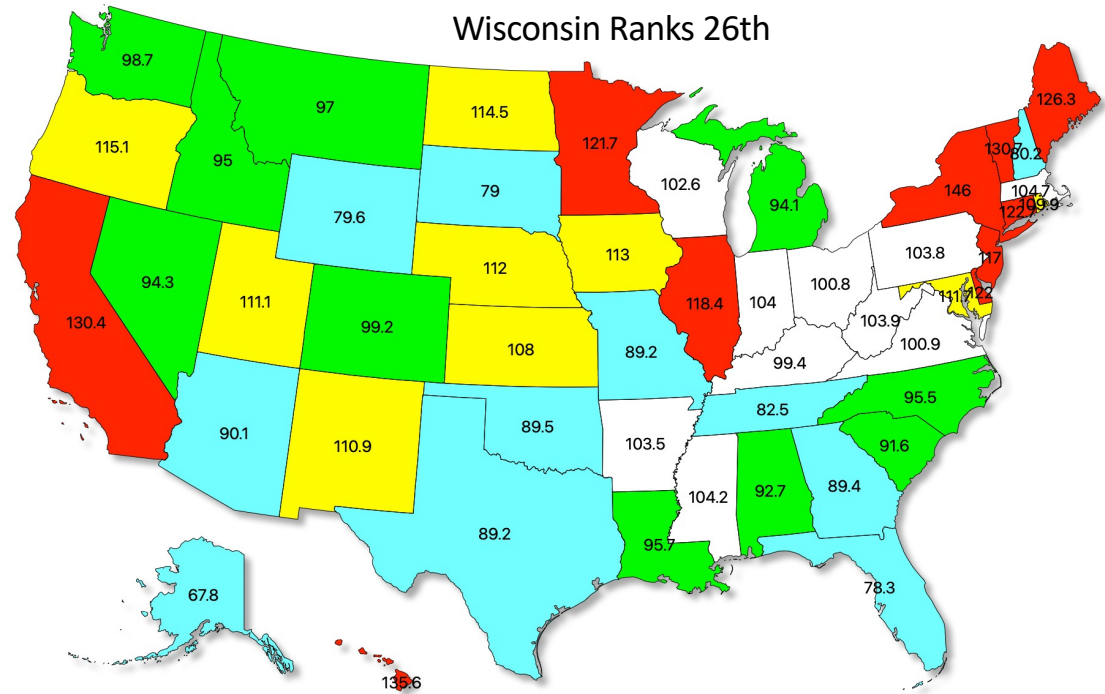


[DOR Data Visualization: State & Local Tax Burden](#)

# Wisconsin Tax Burden Below U.S. Average

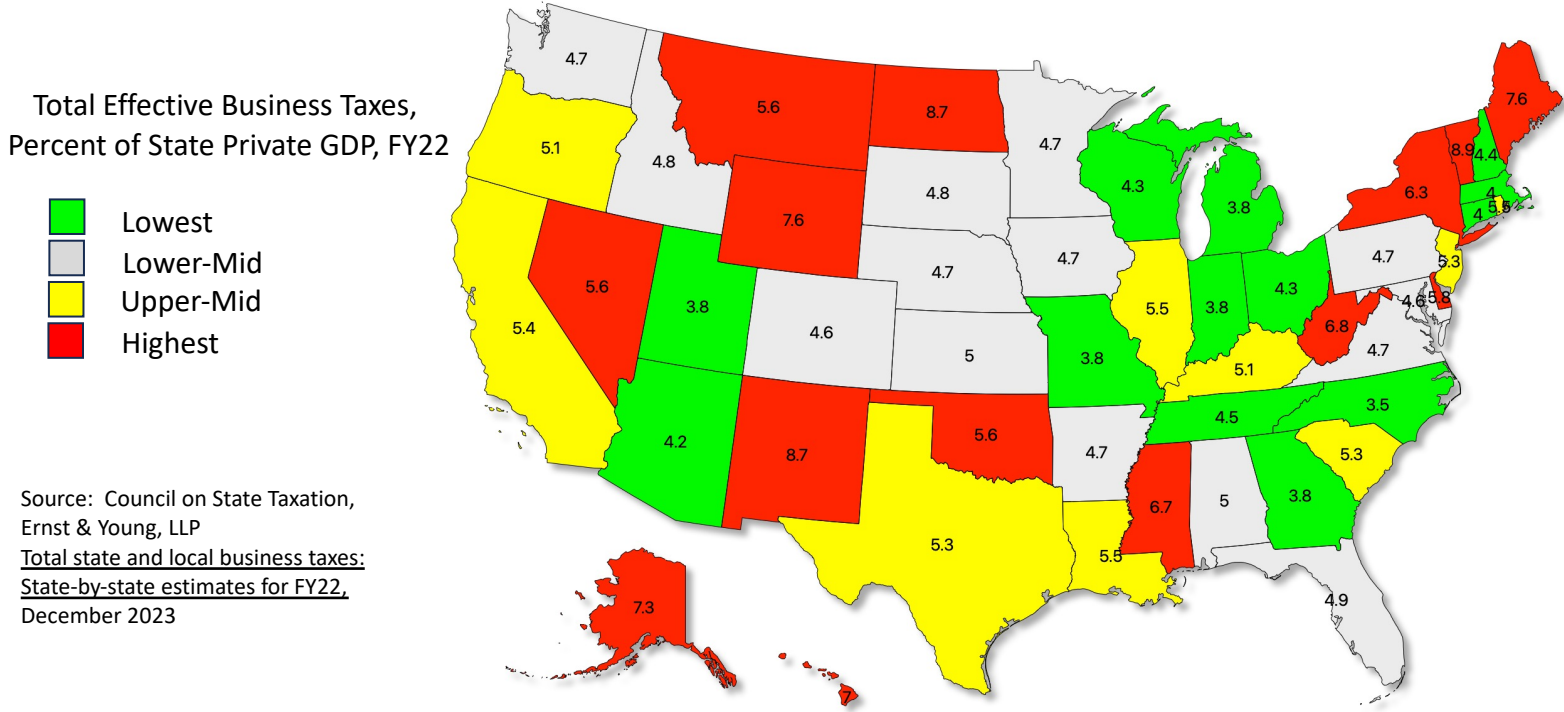
U.S. Average \$107.3

State & Local Taxes Per \$1,000 Personal Income, FY2021






# Wisconsin's Business Tax Climate Competitive

## Wisconsin Tied for 10<sup>th</sup> Lowest



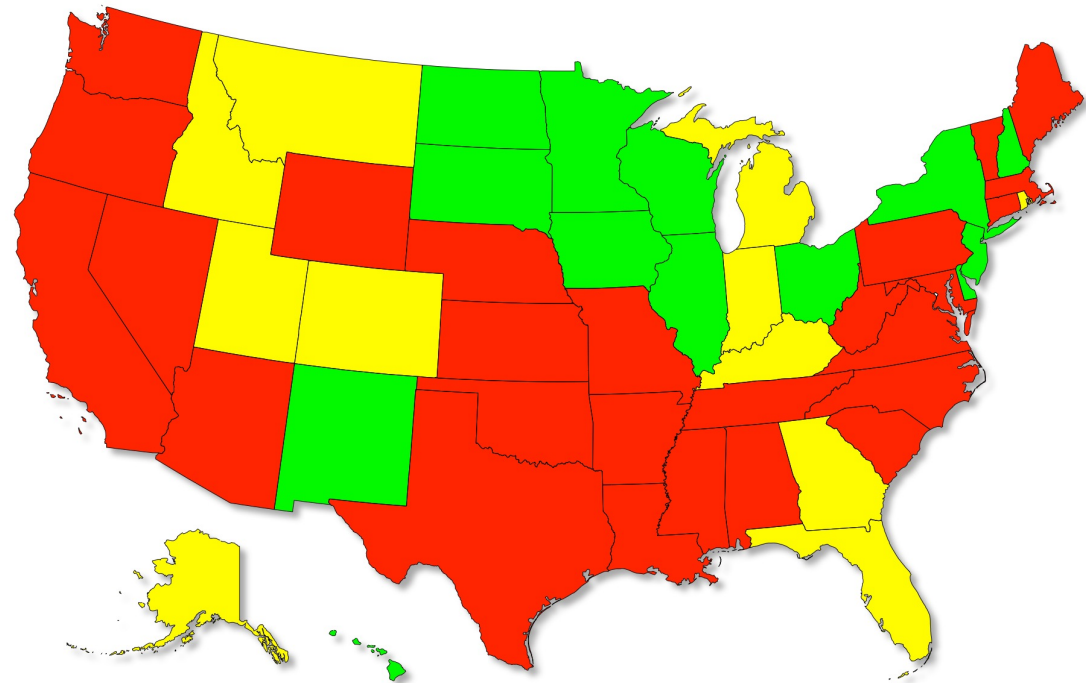
# Wisconsin Joins States with Full Tax Exemption for Business Personal Property

-  Exempt
-  De Minimus Exemption
-  Fully Taxable

Source: National Tax Foundation, December 7, 2024

April 23, 2024

## 2024 State Tax Treatment of Business Personal Property



Wisconsin Department of Revenue

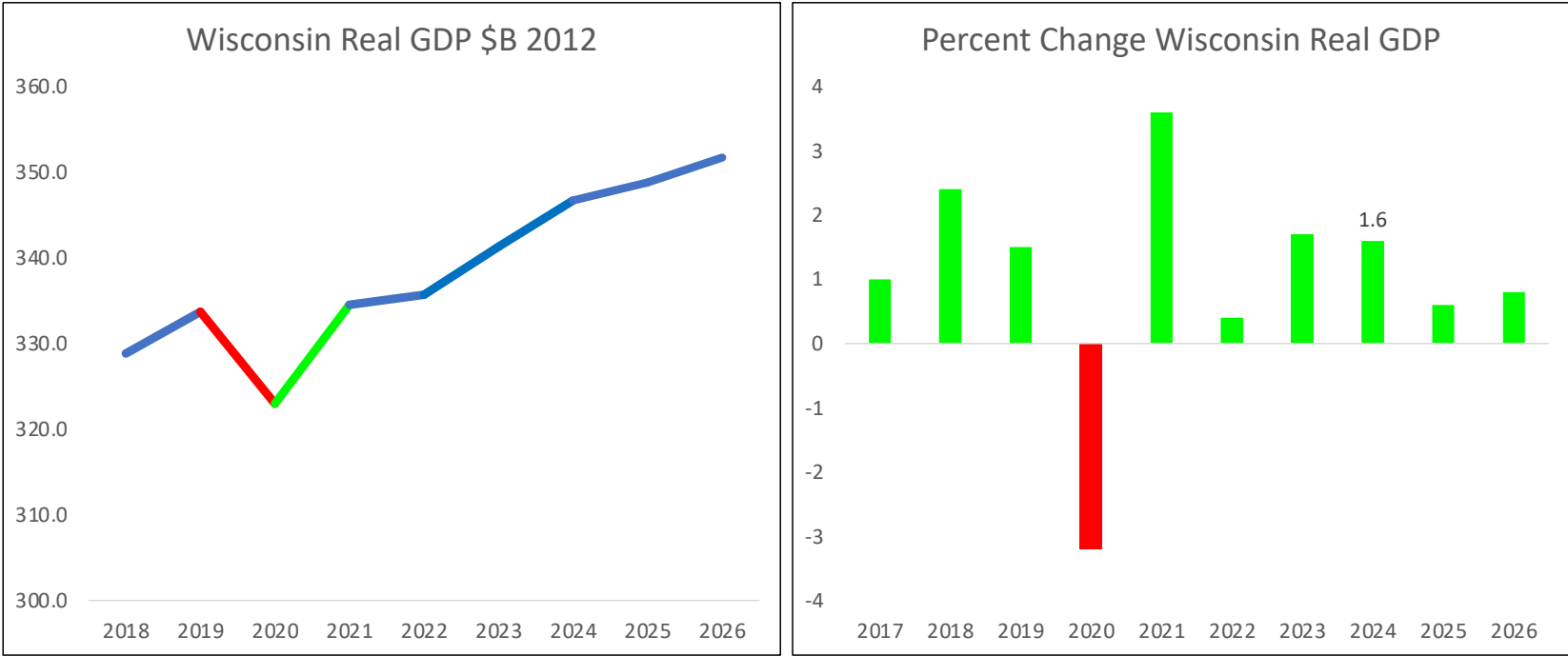


# Wisconsin and Metro Outlook

<https://www.revenue.wi.gov/Pages/Report/WI-Economic-Outlook.aspx>

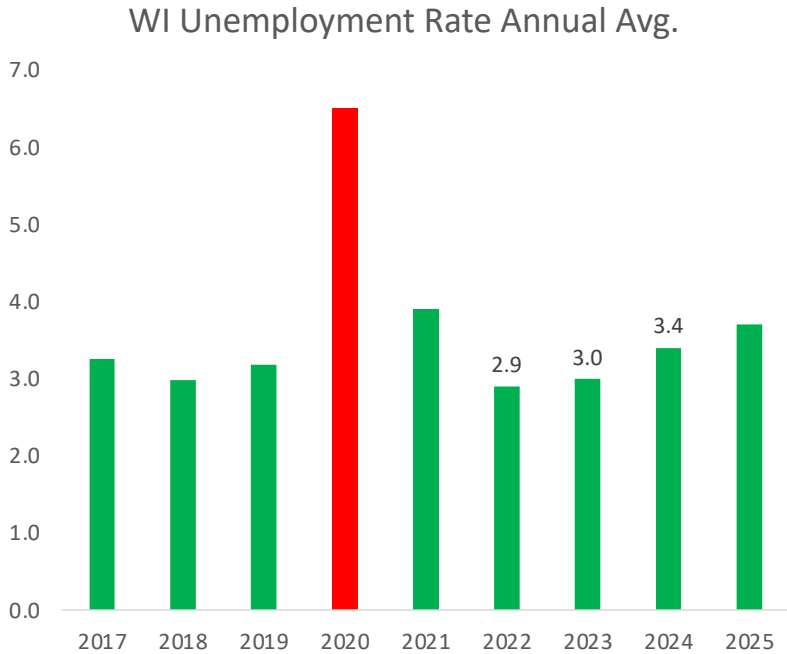
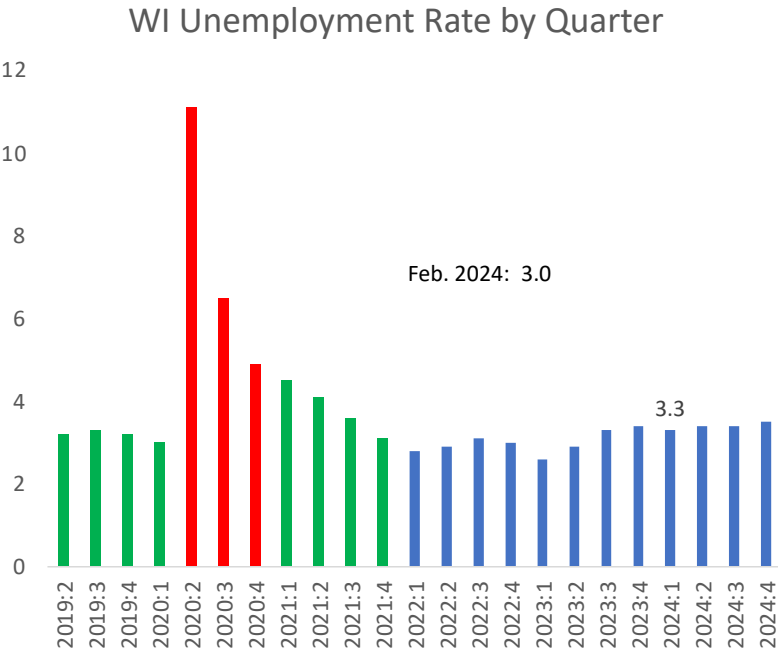
# Wisconsin Outlook

## Growth Moderates in 2023 and 2024

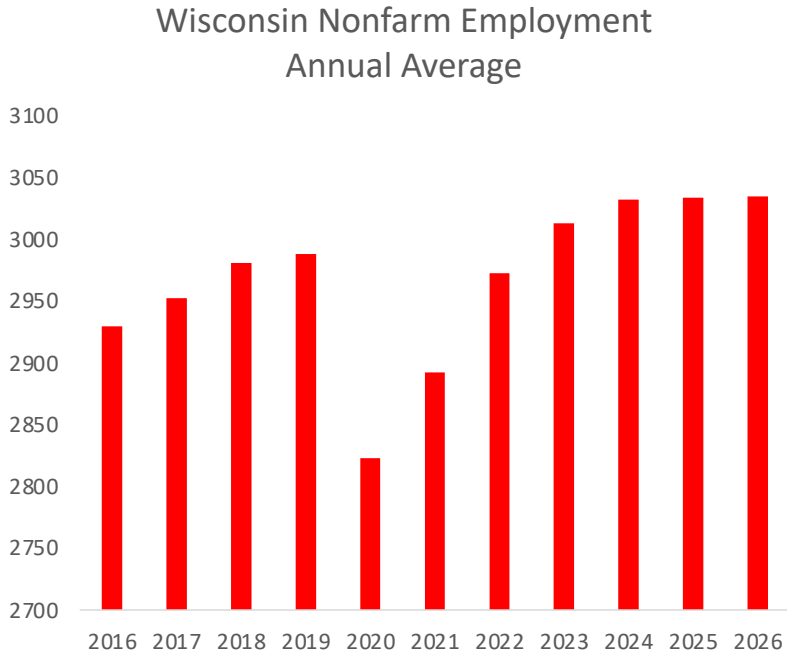
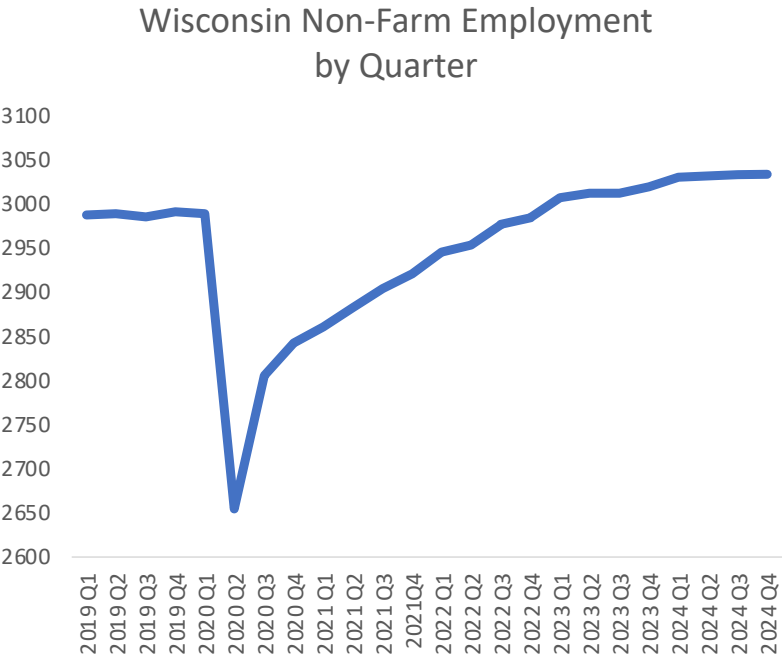


# Wisconsin's Economic Outlook: Unemployment Rate

## Will Stay at Near Record Lows Through 2024



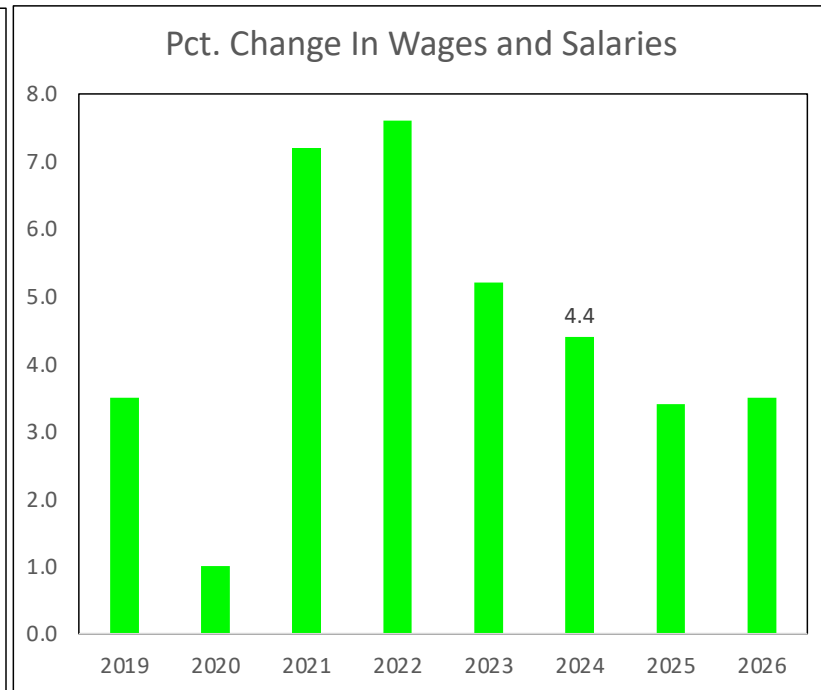
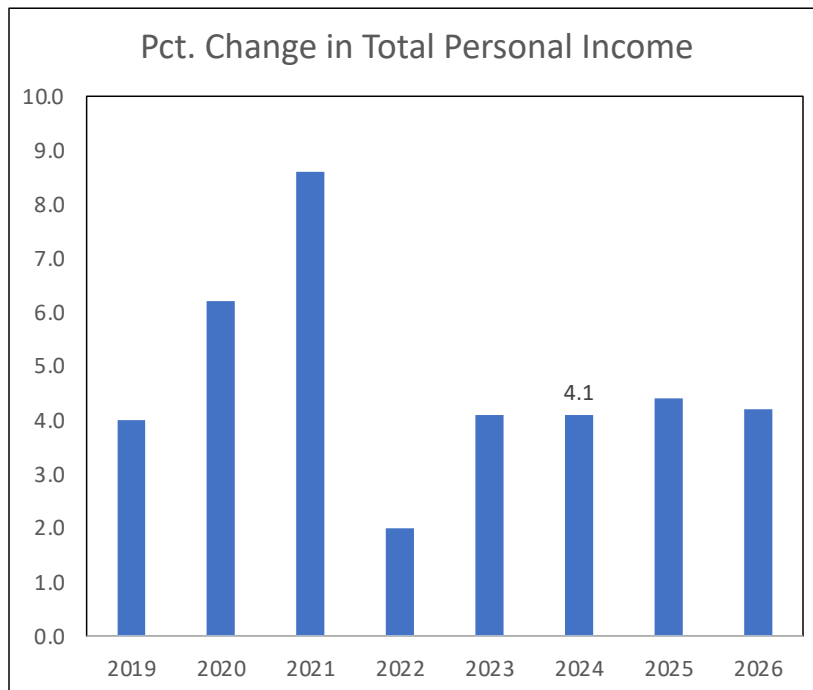
# Wisconsin Non-Farm Employment, Establishment Survey Expanding Through 2024



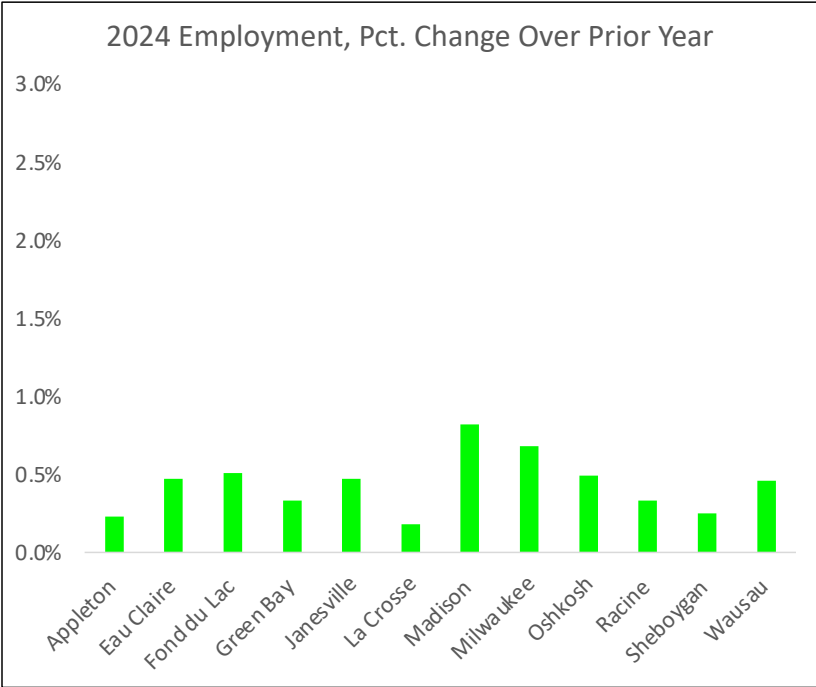
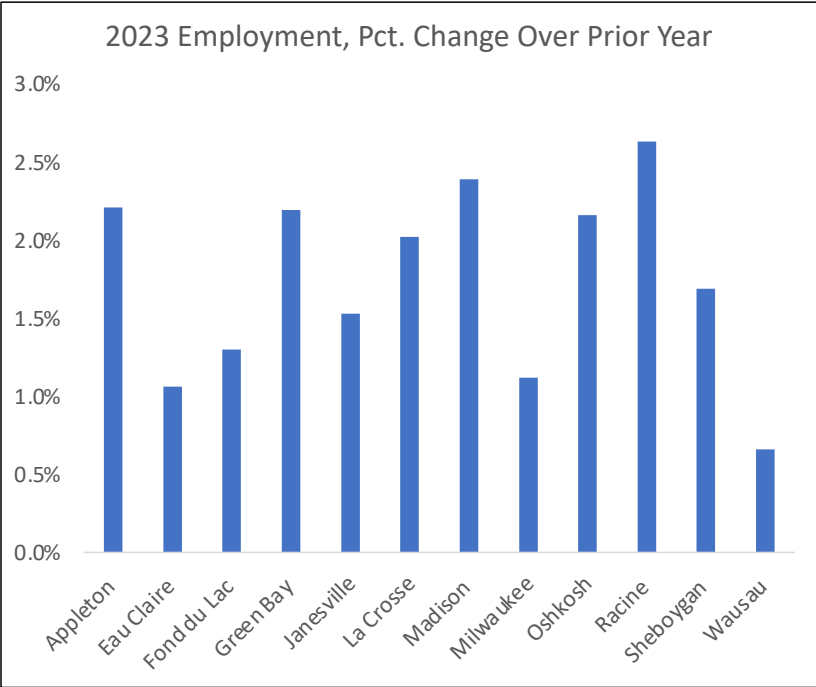
# Wisconsin Economic Outlook: Personal Income

Supported by Strong Wage Growth 2021, 2022 and 2023

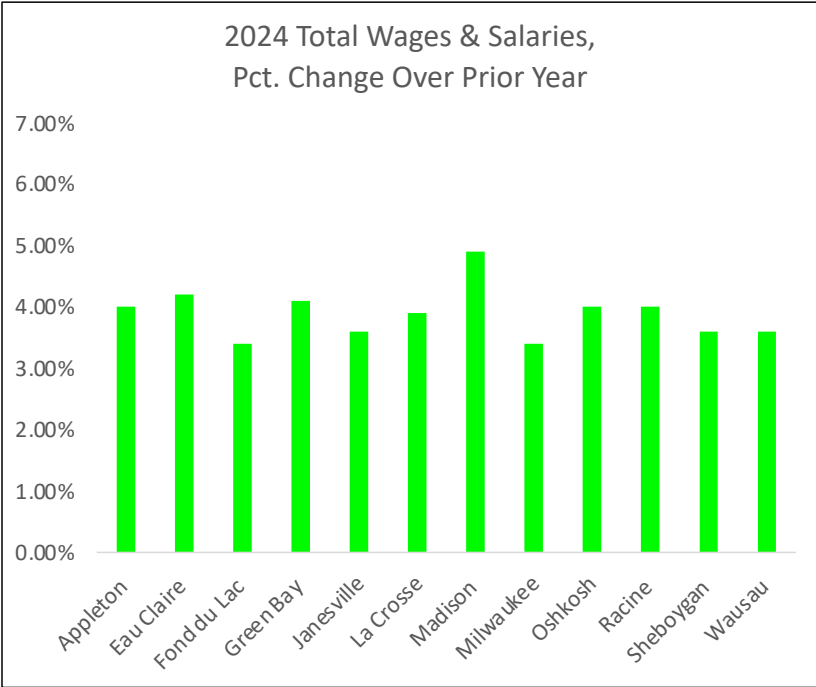
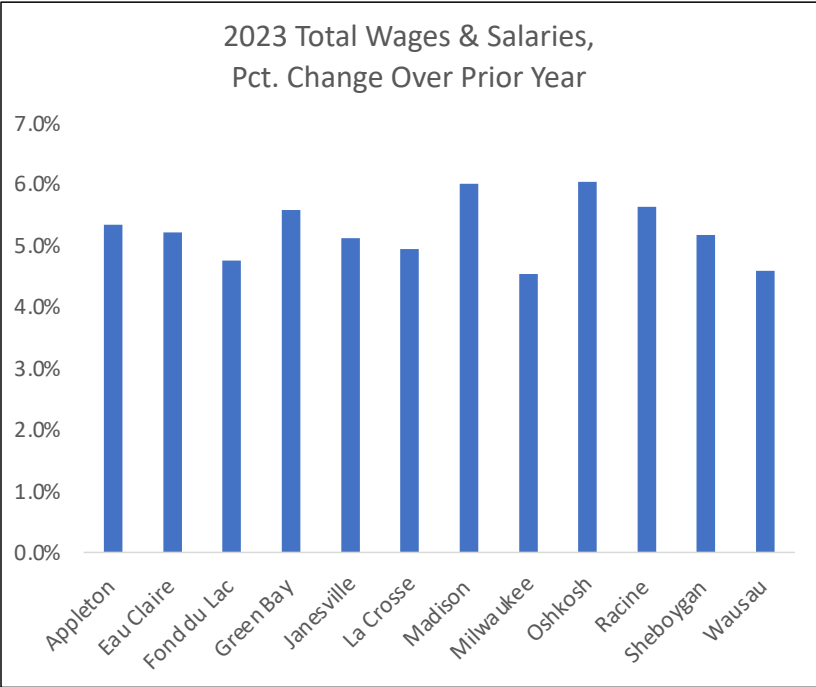
Wage Growth Eases in 2024 and 2025



# Wisconsin MSA's Employment Growth Solid 2023 Moderates in 2024

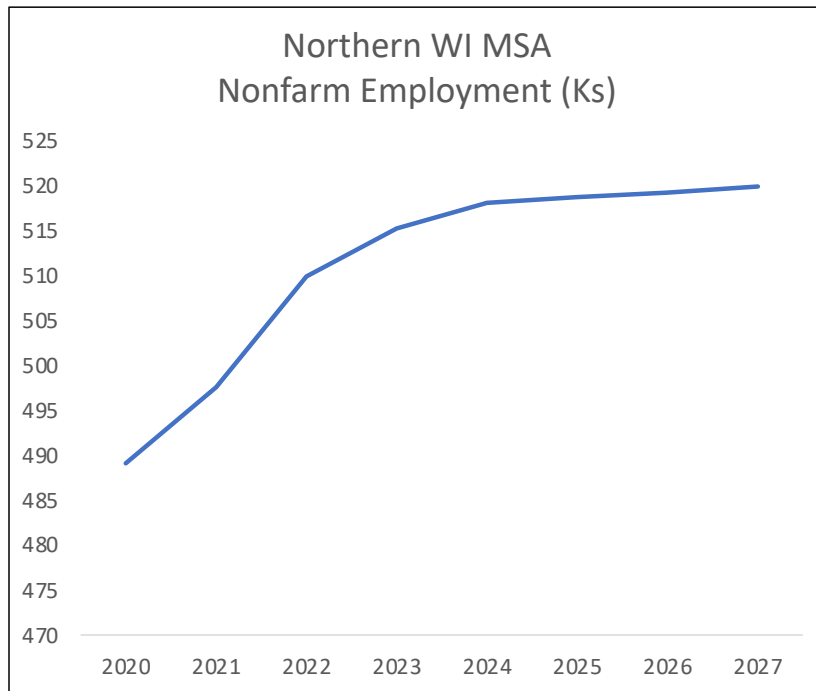


# Wisconsin MSA's Wage and Salary Growth Eases Slightly in 2024



MSA Outlook

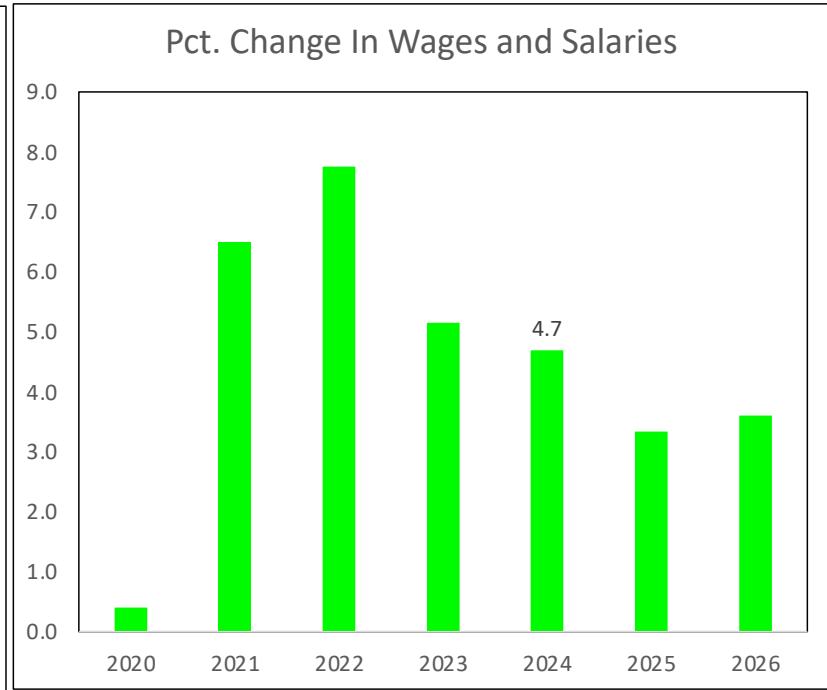
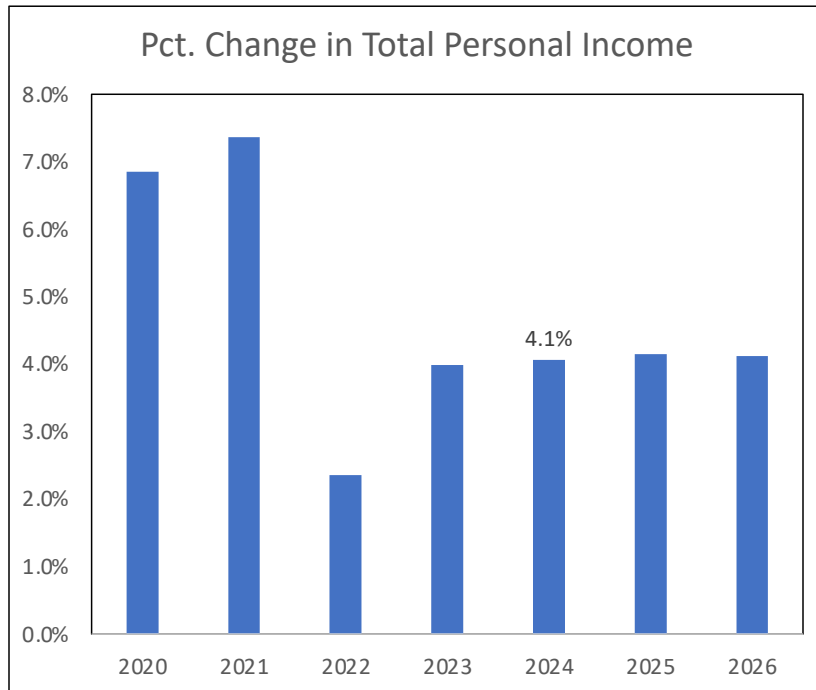
# Employment Gains Continue at a Slower Pace





Northern WI MSA Outlook

# Wage Growth Slightly Stronger than State Average



# The Recap

- Wisconsin's improved competitiveness puts the state in a solid position in the soft landing for the U.S. Economy.
- The Wisconsin's Northeast counties provide a focal point of Wisconsin's improved competitiveness.
- Wisconsin has structural advantages in labor force participation, cost of living, and entrepreneurship.