

Condominiums in Dane County

Dane County's condominium market has increased rapidly in recent years. According to the U. S. Census Bureau, the number of condominium units in Dane County increased by nearly 70% from 1990 to 2000. In the last five years, the estimated number of condominium units has increased by 40% or more. This report is intended to describe the growth of the condominium market and the cost of condominiums.

Condominiums are defined as a form of joint ownership of land. In condominium housing developments, homeowners own the interiors of their individual housing units, but the land on which their homes are sited and the exterior of their buildings are owned in common.

Condominiums are attractive to those who want to avoid the responsibility of outside maintenance, yet want the advantages of homeownership. Condominiums are also attractive for two other reasons: They are generally available at lower costs than single-family detached housing, and they have more flexibility in design for urban development. Condominiums on average cost about 80% of the median-priced single family home. The location of condominiums has ranged from the edge of golf courses to senior housing complexes to affordable residential neighborhoods to downtown redevelopment projects.

The most popular type of condominiums are called "single-family attached" units. Single-family attached units (single-family units attached to adjacent units on one or more walls) make up about one half of the condominium market and are somewhat more popular outside the City of Madison. Condominiums with five or more housing units are more popular in the City of Madison. The fastest growth in condominium units by building size has occurred both in single-family attached units and condominium buildings with five to nine housing units.

The market for condominiums has grown as the number of empty nesters has increased. Empty nesters are those householders whose children have moved out; most are age 55 or over. Dane County's householders age 55 or over are expected to increase by nearly 100% from 2000 to 2020. Since the number of empty nesters is expected to double in the next twenty years, the demand for condominiums is expected to substantially increase in Dane County's future. Each year condominium homes make up a larger share of the sale of owner-occupied housing in the county. In 2004, the sale of condominiums made up nearly 25% of home sales.

Within Dane County, the City of Madison has had the largest condominium market, but the demand for condominiums has grown faster outside of Madison, as condominiums have been introduced to more suburban cities, towns, and outlying villages. In 2000, the City of Madison had more than half of the condominium units in Dane County. However, since 1990 the number of condominium units has increased by about 50% in Madison, but has increased by nearly 100% in Dane County outside of Madison.

Condominiums: 1990-2000

From 1990 to 2000, while the number of total housing units increased by 23%, the number of condominium units increased by 4,772 units or 68%. In 2000, condominiums made up 5.5% of all housing units countywide and 12.3% of multifamily. Condominium units include single-family attached units, two-family units and multifamily units, which are owner-occupied. The remaining 83.7% of multifamily units are renter-occupied. In 1990, about 59% of all condominiums were located in the City of Madison, and by 2000, about 52% of all condominiums were located in Madison, as shown in Table 1.

Table 1: Dane County and City of Madison Condominiums: 1990-2000

Area	1990 Housing Units		2000 Housing Units				
	Total	Condos*	Total	Multifamily	Condos*	%Total	%Multifamily
Dane County	147,007	5,939	180,398	81,402	10,001	5.5%	12.3%
City of Madison	80,047	3,519	92,353	51,050	5,229	5.7%	10.2%
Madison as % of County	54.5%	59.3%	51.2%	62.7%	52.3%		

* Includes single family attached, 2-family & multifamily housing units.

Growth in Empty Nesters

As previously stated, most empty nesters are age 55 or over. As shown in Table 2, from 1990 to 2000, the age 55 or over group grew by 21%, compared to a 16% increase for the total county population. Condominiums also have much smaller-sized households, about 1.9 persons per household, compared with 2.7 for single-family detached units, as shown in Table 3. The size of empty nester households are similar to those of condominiums. It's not surprising that condominiums also grew faster than the total county housing stock, given the growth in the numbers of empty nesters. From 2000 to 2010, the age 55 or over group is expected to grow by 48%, compared to 13% for the total county population, and from 2000 to 2030, it is expected to grow by 128%, compared to 36% for the total county population.

Table 2: Dane County Population Forecasts: 2000 – 2030

Age Group	Census		Forecast			1990-2000		2000-2010		2000-2030	
	1990	2000	2010	2020	2030	Number	Percent	Number	Percent	Number	Percent
Age 55 & over	58,337	70,670	104,566	138,948	161,204	12,333	21%	33,896	48%	90,534	128%
Total	367,085	426,526	480,573	527,534	579,976	59,441	16%	54,047	13%	153,450	36%

Source: U.S. Census Bureau and Wisconsin Department of Administration

Comparative Cost of Condominiums

According to the 2000 Census, the average value of a condominium unit in Dane County was \$142,750 or 80% of the average value (\$178,900) of single-family detached units, as shown in Table 3. While single-family detached units in Madison were relatively less expensive than the county average, the city's condominium units were relatively more expensive than the county average. Condominiums in Madison were less than 90% of the value of single-family detached units, while outside the city, condominiums units were valued at 75% of single-family detached units.

Table 3: 2000 Value of Owner-Occupied Housing by Structural Type

Dane County					
Dane County Units By Building Type	Number of Persons	Housing Units	Persons Per Unit	Housing Value	
				Mean	% 1 Family
1 Family-detached	241,245	88,018	2.7	\$178,913	100%
Condominium	18,535	10,001	1.9	\$142,752	80%
1 Family-attached	9,304	4,772	1.9	\$142,902	80%
2 to 4 Unit Bldg.	5,879	3,096	1.9	\$154,788	87%
5 or more units	3,352	2,133	1.6	\$124,948	70%
City of Madison					
Madison City Units By Building Type	Number of Persons	Housing Units	Persons Per Unit	Housing Value	
				Mean	% 1 Family
1 Family-detached	92,031	36,410	2.5	\$159,006	100%
Condominium	9,622	5,229	1.8	\$141,063	89%
1 Family-attached	4,234	2,156	2.0	\$135,649	85%
2 to 4 Unit Bldg.	3,133	1,641	1.9	\$157,870	99%
5 or more units	2,255	1,432	1.6	\$129,953	82%
Dane County Outside of the City of Madison					
Non-Madison Units By Building Type	Number of Persons	Housing Units	Persons Per Unit	Housing Value	
				Mean*	% 1 Family
1 Family-detached	149,214	51,608	2.9	\$192,957	100%
Condominium	8,913	4,772	1.9	\$144,604	75%
1 Family-attached	5,070	2,616	1.9	\$148,879	77%
2 to 4 Unit Bldg.	2,746	1,455	1.9	\$151,313	78%
5 or more units	1,097	701	1.6	\$114,725	59%

*Mean housing value was used because median data was unavailable.

Source: U. S. Census Bureau

Madison Leads in Condominium Construction

From 2000 to 2004, the City of Madison authorized construction of about 2,030 condominium units, which brings the condominium total in Madison to 7,265 units. Based on the estimates of condominiums built in Dane County from 2000 to 2004 (see Table 4), condominium units increased from 5.5% to 6.8% as a percentage of all housing units and from 12.3% to 14.9% of all multifamily units.

It should be noted that City of Madison records were used to estimate the number of new condominium units built in Dane County after 2000, since the records for many of the places outside the city do not indicate if multifamily units were rental or condominium units, while Madison records do make this distinction. The county estimate is based on the premise that the ratio of condominiums in Madison to those outside the city would remain constant. For example, Madison accounted for 52.3% of condominiums in Dane County in 2000. If 2,036 condominium units were built in Madison between 2000 and 2005, then about 3,893 condominium units were built countywide, including 1,857 condominium units built outside of Madison. This estimate brings the 2004 total of condominium units in Dane County to 13,895, as shown in Table 4. However, if the ratio of condominium construction occurring outside Madison is higher or lower, then the actual county total of condominium units in 2004 may therefore be higher or lower.

Table 4: Condominiums in Dane County and Madison

Year	Number of Housing Units							
	Total		Multifamily		Condominiums			
	Dane County	Madison	Dane County	Madison	Dane County*	Madison	%Total	%Multifamily
April 2000	180,398	92,353	81,402	51,050	10,001	5,229	5.5%	12.3%
2000 Building	4,113	1,778	2,083	1,145	505	264		
2001 Building	4,776	2,494	2,486	1,666	952	498		
2002 Building	4,241	2,028	2,075	1,115	417	218		
2003 Building	5,458	2,680	2,887	1,840	870	455		
2004 Building	4,670	1,976	2,311	1,281	1,149	601		
Total 2004	203,656	103,309	93,244	58,097	13,895	7,265	6.8%	14.9%

* The estimate is based on share of the county's condominiums located in Madison in 2000.

Source: U. S. Census Bureau, Local Building Inspectors and Dane County Community Analysis & Planning Division

Home Sales: 2000-2004

The sale of condominium units has also increased in Dane County in recent years. Since 2000, more than 6,500 condominium units were sold, averaging one out of every five home sales. Also, the percentage of condominium sales has generally increased from 18% of all home sales in 2000 to nearly 25% of all home sales in 2004, as shown in Table 4.

The median sale price of condominium units was less than the median sale price of all homes. Between 2000 and 2004, condominium sale prices ranged from 81% to 87% of median home sale prices, making condominiums more affordable than all owner-occupied units. In 2004, the median sale price of a condominium home was \$162,000, compared to nearly \$197,000 for all homes.

Table 5: Median Sale Price of Homes in Dane County

Yearly Home Sales	All Homes		Condominiums			
	Number Of Sales	Median Sale Price	Number Of Sales	Median Sale Price	Percent of All Homes	
					Sales	Price
2000	5,331	\$154,400	956	\$124,400	18%	81%
2001	6,022	\$163,000	1,120	\$136,000	19%	83%
2002	5,261	\$171,900	1,212	\$144,900	23%	84%
2003	6,972	\$182,200	1,427	\$158,900	20%	87%
2004	7,575	\$196,900	1,854	\$162,000	24%	82%

Source: South Central Wisconsin MLS Corporation