

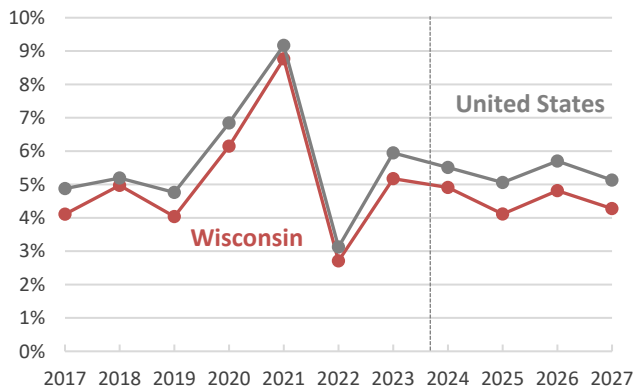
WISCONSIN ECONOMIC FORECAST – FEBRUARY 2025

- Uncertainty is an inherent aspect of economic forecasting. However, the current economic and geopolitical landscape introduces an additional layer of complexity, further amplifying the unpredictability of any projection. This Wisconsin forecast is based on a national S&P Global forecast released in early February.
- S&P Global Market Intelligence forecasts 2.3% U.S. GDP growth in 2025, slightly revised upward due to stronger-than-expected Q4 2024 and Q1 2025 performance. However, growth is expected to slow to 2.0% in 2026 and 1.6% in 2027, with unemployment peaking at 4.5% in 2027.
- President Trump’s trade policies include tariffs on China, Mexico, and Canada, along with steel and aluminum imports, which are expected to drive inflation and impact financial conditions. Uncertainty surrounding trade policy could delay business investment.
- The Federal Reserve is now expected to cut interest rates only once in 2025 (in May), rather than twice as previously forecast, in response to persistent inflation.
- Wisconsin's employment grew 0.9% in 2024, while its unemployment rate averaged 3.0%, a full percentage point below the U.S. rate of 4.0%. The forecast projects Wisconsin's unemployment rate to peak at 3.5% by the end of 2027, compared to 4.5% nationally.
- Personal income in Wisconsin rose 5.1% in the first three quarters of 2024 (year-over-year), aligning with 5.0% growth in the Great Lakes region but slightly below the U.S. increase of 5.6%. Nominal wages grew 5.7%, exceeding the 5.3% regional growth but trailing the 6.3% national rate. The forecast anticipates moderate deceleration in 2025, with personal income and wage growth slightly above 4.0%.

The U.S. economy ended 2024 with strong GDP growth but showed early signs of a cooling labor market and slowing consumption. Economic indicators sent mixed signals, and uncertainty surrounding policy shifts under the new administration has added to an already unpredictable outlook. While labor market cooling is becoming evident, inflation is once again emerging as a concern for 2025.

tariffs are expected to further fuel inflation, which has already increased the cost of living by about 20% over the past four years. As a result, the Fed faces greater challenges; the forecast now expects interest rates to remain elevated, with only one rate cut scheduled for 2025.

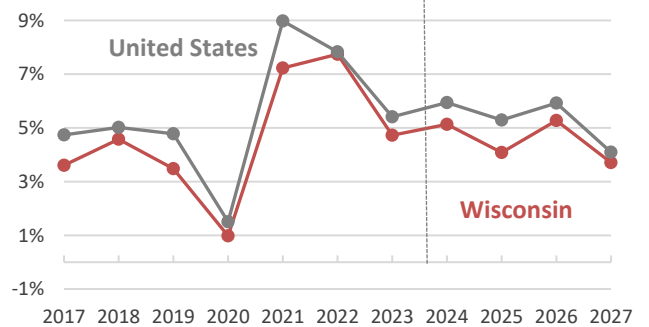
Personal Income Growth



Sources: Bureau of Economic Analysis and Wisconsin DOR (forecast).

After showing clear signs of slowing throughout most of 2024, inflation rebounded in the final quarter, prompting the Federal Reserve to pause rate cuts. The new trade policies and

Wages and Salaries Growth



Sources: Bureau of Economic Analysis and Wisconsin DOR (forecast).

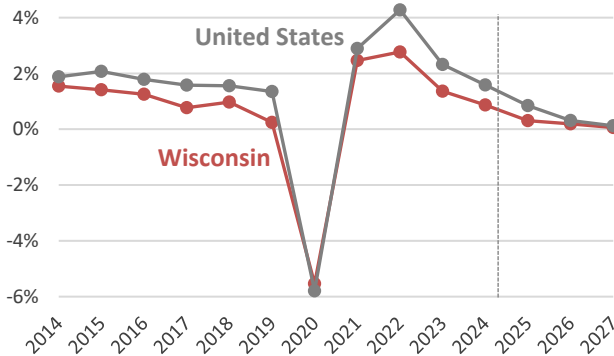
U.S. income increased 5.5% in 2024, driven by a 5.9% rise in wages and salaries. The forecast projects 5.1% income growth in 2025, with wages and salaries remaining a key driver. Real disposable income is expected to grow 2.8%, slightly below the 2.9% increase in 2024.

Wisconsin's personal income grew at an annual rate of 3.7% in the third quarter of 2024, above the national rate of 3.2% and the Great Lakes region's 2.8%. Net earnings and personal transfers were the main drivers of growth, offsetting a decline in property income (dividends, interest, and rental income).

Wisconsin's nominal personal income is forecast to have grown 4.9% in 2024, driven by a 5.1% increase in wages and salaries, a 5.8% rise in supplements to wages and salaries, and strong gains in personal transfer payments and rental income. Personal income growth is expected to moderate to 4.1% in 2025, with wages also increasing by 4.1%.

Property income, which grew at an annual average of 9.4% from 2021 to 2023, is forecast to have risen 3.8% in 2024 before easing to 3.2% in 2025. Personal transfer payments, following large fluctuations during and after COVID, are projected to grow just above 4% annually from 2025 to 2027.

Employment Growth



Sources: Bureau of Labor Statistics (CES) and Wisconsin DOR (forecast).

The most recent Current Employment Statistics (CES) data reveal that Wisconsin's employment grew by 0.9% in 2024, which is lower than the 1.3% growth experienced nationwide. Despite continued labor market expansion, there are clear signs of cooling. Forecasts predict a further decline in Wisconsin's total employment growth: 0.4% in 2025, 0.2% in 2026, and very minimal growth in the subsequent two years. This pattern mirrors the national forecast, which indicates U.S. employment growth of 1.1% in 2025, 0.4% in 2026, and near-zero growth in 2027.

State CES data are benchmarked annually using administrative records from the Quarterly Census of Employment and

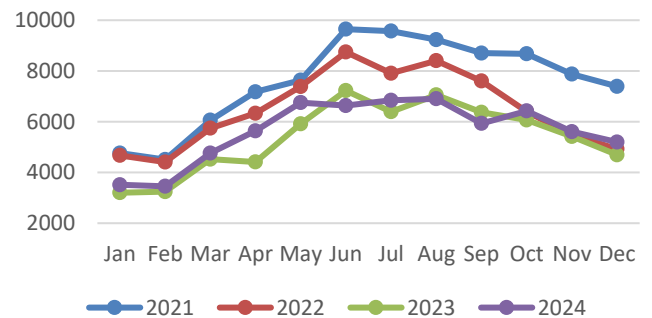
Wages (QCEW). The updated data, set for release later this month, will reflect downward revisions to both private and total employment growth rates for Wisconsin in 2024.

The forecast projects that education and health services, leisure and hospitality, trade, transportation and utilities, construction, and other services sectors will drive job growth in 2025. In contrast, the manufacturing and information sectors are expected to weigh on employment. Wisconsin's unemployment rate was 2.9% in December, significantly lower than the national rate of 4.1%.

The February S&P Global forecast anticipates just one more rate cut from the Fed in 2025. With mortgage rates remaining high, home affordability will stay near historic lows. According to the National Association of Realtors (NAR), the national monthly mortgage payment surged from \$1,024 in January 2021 to a record \$2,304 in June 2024 before easing to \$2,135 in December. Despite these challenges, the U.S. housing market showed unexpected resilience in late 2024.

Looking ahead, housing starts are projected to remain at 1.36 million in 2025 before declining slightly in 2026–2027 due to reduced immigration and slower household formation. Existing home sales are expected to rebound modestly. Home price growth is anticipated to continue decelerating, slowing to 3.0% in 2025 and 2.7% in 2026.

Wisconsin Existing Home Sales



Sources: Wisconsin Realtors Association.

Wisconsin existing home sales rose 4.9% in 2024, following two years of double-digit declines, according to the Wisconsin Realtors Association (WRA). The median price of existing homes increased by 8.1% in 2024. In January 2025, the median price of existing homes in Wisconsin was 53% higher than in January 2020.

Employment (Annual)**Table 1. Wisconsin CES Employment Forecast: Industry Detail**
(Thousands of jobs)

	History				Forecast			
	2021	2022	2023	2024	2025	2026	2027	2028
Total Nonfarm	2,892.2	2,972.3	3,012.7	3,039.4	3,051.6	3,057.7	3,053.9	3,052.8
% Change	2.5	2.8	1.4	0.9	0.4	0.2	-0.1	0.0
Private Nonfarm	2,502.1	2,576.0	2,609.7	2,628.5	2,637.8	2,642.5	2,637.7	2,635.8
% Change	2.7	3.0	1.3	0.7	0.4	0.2	-0.2	-0.1
Natural Resources & Mining	3.5	3.7	3.9	4.1	4.0	4.2	4.3	4.3
% Change	0.0	5.0	6.1	3.4	-0.7	4.0	3.2	-0.8
Construction	127.0	132.1	136.7	141.1	142.1	142.6	142.9	144.0
% Change	2.5	4.0	3.5	3.3	0.7	0.3	0.2	0.7
Manufacturing	467.5	481.5	479.3	481.5	478.6	471.5	464.4	458.3
% Change	1.8	3.0	-0.5	0.5	-0.6	-1.5	-1.5	-1.3
Trade, Transportation & Utilities	535.6	550.0	553.9	554.7	559.1	559.7	560.2	557.3
% Change	3.0	2.7	0.7	0.1	0.8	0.1	0.1	-0.5
Information	45.1	46.4	47.5	47.1	46.6	46.8	46.1	45.7
% Change	0.2	3.0	2.2	-0.7	-1.1	0.4	-1.5	-0.9
Financial Activities	155.7	159.3	159.6	158.9	158.8	160.2	160.4	159.6
% Change	1.8	2.3	0.2	-0.4	-0.1	0.9	0.1	-0.5
Professional & Business Services	319.2	329.2	330.9	328.0	326.3	325.2	320.7	322.3
% Change	3.0	3.1	0.5	-0.9	-0.5	-0.3	-1.4	0.5
Education & Health Services	455.0	459.2	470.3	479.2	483.9	490.8	494.9	497.5
% Change	1.0	0.9	2.4	1.9	1.0	1.4	0.8	0.5
Leisure & Hospitality	250.2	269.7	282.4	286.0	289.7	291.9	293.6	295.7
% Change	10.0	7.8	4.7	1.3	1.3	0.7	0.6	0.7
Other Services	143.4	145.0	145.3	147.8	148.6	149.7	150.3	151.2
% Change	0.4	1.1	0.2	1.7	0.6	0.7	0.4	0.6
Government	390.1	396.2	403.0	410.9	413.9	415.2	416.1	417.0
% Change	0.7	1.6	1.7	1.9	0.7	0.3	0.2	0.2
Federal Government	30.0	29.5	30.4	31.4	31.4	31.3	31.2	31.1
% Change	-2.7	-1.4	2.9	3.4	-0.1	-0.3	-0.4	-0.4
State & Local Government	360.1	366.7	372.6	379.5	382.5	383.9	385.0	386.0
% Change	1.0	1.8	1.6	1.8	0.8	0.4	0.3	0.3

Table 2. Wisconsin Household Survey Employment Measures

	History				Forecast			
	2021	2022	2023	2024	2025	2026	2027	2028
Labor Force	3,107.8	3,094.5	3,133.5	3,144.3	3,167.1	3,171.6	3,175.0	3,174.3
% Change	0.2	-0.4	1.3	0.3	0.7	0.1	0.1	0.0
Employment	2,987.5	3,004.9	3,038.5	3,051.0	3,069.4	3,067.8	3,065.0	3,065.2
% Change	3.0	0.6	1.1	0.4	0.6	-0.1	-0.1	0.0
Unemployment Rate (%)	3.9	2.9	3.1	3.0	3.1	3.3	3.5	3.4

Source: Bureau of Labor Statistics

Employment (Quarterly)

Table 3. Wisconsin CES Employment Forecast: Industry Detail
(Thousands of jobs, seasonally adjusted data, annual rate of change)

	History				Forecast			
	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Total Nonfarm	3,032.7	3,039.7	3,042.3	3,042.9	3,048.1	3,051.9	3,052.6	3,054.0
% Change	1.8	0.9	0.3	0.1	0.7	0.5	0.1	0.2
Private Nonfarm	2,623.6	2,631.5	2,627.9	2,631.1	2,635.1	2,638.1	2,638.3	2,639.5
% Change	1.4	1.2	-0.5	0.5	0.6	0.5	0.0	0.2
Natural Resources & Mining	4.1	4.0	4.0	4.1	4.0	4.0	4.0	4.1
% Change	6.8	-6.3	-3.3	10.4	-9.0	1.1	2.4	2.9
Construction	141.2	140.5	141.1	141.7	141.8	141.9	142.3	142.5
% Change	12.0	-1.8	1.6	1.7	0.1	0.5	1.0	0.8
Manufacturing	480.1	481.6	482.7	481.7	479.2	478.8	479.4	477.1
% Change	0.5	1.3	0.9	-0.9	-2.0	-0.4	0.5	-1.9
Trade, Transportation & Utilities	554.1	553.4	553.6	557.9	559.2	559.7	558.8	558.6
% Change	0.6	-0.5	0.2	3.1	0.9	0.4	-0.6	-0.2
Information	47.8	47.1	46.4	47.1	46.6	46.5	46.5	46.8
% Change	0.8	-5.7	-5.8	5.6	-3.7	-1.0	0.0	2.4
Financial Activities	159.5	159.5	160.1	156.7	158.2	158.6	159.0	159.3
% Change	-0.4	0.0	1.4	-8.2	3.9	1.0	0.9	0.9
Professional & Business Services	327.0	329.4	328.2	327.5	327.1	326.5	326.0	325.5
% Change	-2.9	2.9	-1.4	-0.9	-0.5	-0.8	-0.6	-0.6
Education & Health Services	477.9	479.9	479.2	479.8	482.0	483.5	484.3	485.8
% Change	3.4	1.7	-0.6	0.6	1.8	1.3	0.7	1.2
Leisure & Hospitality	285.9	288.4	284.7	285.0	288.7	290.0	289.3	290.9
% Change	3.7	3.4	-5.0	0.4	5.4	1.7	-0.9	2.3
Other Services	146.0	147.6	147.9	149.7	148.3	148.6	148.8	148.9
% Change	-1.0	4.6	0.6	5.0	-3.7	1.0	0.3	0.5
Government	409.2	408.2	414.4	411.8	413.0	413.7	414.3	414.5
% Change	4.2	-0.9	6.2	-2.5	1.2	0.7	0.5	0.2
Federal Government	31.5	31.5	31.4	31.3	31.4	31.4	31.4	31.4
% Change	7.1	0.9	-1.7	-1.3	1.1	0.7	-0.1	-0.8
State & Local Government	377.7	376.7	383.0	380.5	381.6	382.3	382.8	383.1
% Change	3.9	-1.1	6.9	-2.6	1.2	0.7	0.6	0.3

Table 4. Wisconsin Household Survey Employment Measures

	History				Forecast			
	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Labor Force	3,143.9	3,140.1	3,145.3	3,147.7	3,168.2	3,167.9	3,166.0	3,166.6
% Change	-0.8	-0.5	0.7	0.3	2.6	0.0	-0.2	0.1
Employment	3,047.6	3,048.1	3,053.8	3,054.5	3,072.5	3,070.7	3,068.1	3,066.3
% Change	0.4	0.1	0.8	0.1	2.4	-0.2	-0.3	-0.2
Unemployment Rate (%)	3.1	2.9	2.9	3.0	3.0	3.1	3.1	3.2

Source: Bureau of Labor Statistics, Wisconsin Department of Revenue (Forecast)

Employment (Quarterly)

Table 3b. Wisconsin CES Employment Forecast: Industry Detail

(Thousands of jobs, year-over-year change)

	History				Forecast			
	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Total Nonfarm	3,032.7	3,039.7	3,042.3	3,042.9	3,048.1	3,051.9	3,052.6	3,054.0
% Change	0.8	0.9	1.0	0.8	0.5	0.4	0.3	0.4
Private Nonfarm	2,623.6	2,631.5	2,627.9	2,631.1	2,635.1	2,638.1	2,638.3	2,639.5
% Change	0.7	0.9	0.7	0.6	0.4	0.3	0.4	0.3
Natural Resources & Mining	4.1	4.0	4.0	4.1	4.0	4.0	4.0	4.1
% Change	7.9	3.4	0.8	1.7	-2.3	-0.4	1.0	-0.8
Construction	141.2	140.5	141.1	141.7	141.8	141.9	142.3	142.5
% Change	3.6	3.0	3.2	3.3	0.4	1.0	0.8	0.6
Manufacturing	480.1	481.6	482.7	481.7	479.2	478.8	479.4	477.1
% Change	-0.4	0.6	1.2	0.4	-0.2	-0.6	-0.7	-1.0
Trade, Transportation & Utilities	554.1	553.4	553.6	557.9	559.2	559.7	558.8	558.6
% Change	0.0	-0.2	-0.1	0.8	0.9	1.1	0.9	0.1
Information	47.8	47.1	46.4	47.1	46.6	46.5	46.5	46.8
% Change	1.3	-0.7	-2.1	-1.4	-2.5	-1.3	0.2	-0.6
Financial Activities	159.5	159.5	160.1	156.7	158.2	158.6	159.0	159.3
% Change	0.0	-0.1	0.5	-1.9	-0.8	-0.6	-0.7	1.7
Professional & Business Services	327.0	329.4	328.2	327.5	327.1	326.5	326.0	325.5
% Change	-1.1	-0.8	-0.9	-0.6	0.0	-0.9	-0.7	-0.6
Education & Health Services	477.9	479.9	479.2	479.8	482.0	483.5	484.3	485.8
% Change	2.1	2.6	1.6	1.3	0.9	0.7	1.1	1.2
Leisure & Hospitality	285.9	288.4	284.7	285.0	288.7	290.0	289.3	290.9
% Change	2.0	1.9	0.6	0.6	1.0	0.6	1.6	2.1
Other Services	146.0	147.6	147.9	149.7	148.3	148.6	148.8	148.9
% Change	0.8	1.9	2.0	2.3	1.5	0.7	0.6	-0.5
Government	409.2	408.2	414.4	411.8	413.0	413.7	414.3	414.5
% Change	2.0	1.1	3.0	1.7	0.9	1.4	0.0	0.7
Federal Government	31.5	31.5	31.4	31.3	31.4	31.4	31.4	31.4
% Change	5.5	4.3	2.7	1.2	-0.3	-0.3	0.1	0.2
State & Local Government	377.7	376.7	383.0	380.5	381.6	382.3	382.8	383.1
% Change	1.8	0.9	3.0	1.7	1.0	1.5	0.0	0.7

Table 4b. Wisconsin Household Survey Employment Measures

	History				Forecast			
	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Labor Force	3,143.9	3,140.1	3,145.3	3,147.7	3,168.2	3,167.9	3,166.0	3,166.6
% Change	1.1	0.3	0.0	-0.1	0.8	0.9	0.7	0.6
Employment	3,047.6	3,048.1	3,053.8	3,054.5	3,072.5	3,070.7	3,068.1	3,066.3
% Change	0.7	0.2	0.4	0.3	0.8	0.7	0.5	0.4
Unemployment Rate (%)	3.1	2.9	2.9	3.0	3.0	3.1	3.1	3.2

Source: Bureau of Labor Statistics, Wisconsin Department of Revenue (Forecast)

Wisconsin Personal Income (Annual)

Table 5. Wisconsin Personal Income by Major Source

(\$ Billions)

	History				Forecast			
	2020	2021	2022	2023	2024	2025	2026	2027
Total Personal Income	326.9	355.5	365.2	384.1	402.9	419.5	439.7	458.5
% Change	6.1	8.8	2.7	5.2	4.9	4.1	4.8	4.3
Wages and Salaries	157.1	168.5	181.5	190.1	199.8	208.0	219.0	227.1
% Change	1.0	7.2	7.7	4.7	5.1	4.1	5.3	3.7
Supplements to Wages and Salaries	40.0	41.1	42.3	45.2	47.8	50.1	52.3	53.9
% Change	-1.3	2.7	3.0	6.9	5.8	4.7	4.5	3.0
Proprietor's Income	23.2	25.9	24.6	25.1	26.0	27.0	28.1	29.4
% Change	17.8	11.7	-5.2	2.2	3.3	4.1	4.0	4.6
Property Income	59.2	65.2	70.3	77.5	80.4	83.0	86.9	91.8
% Change	1.6	10.0	7.9	10.2	3.8	3.2	4.6	5.7
Personal Interest Income	22.8	22.3	24.6	28.4	29.5	30.5	33.2	37.1
% Change	-4.5	-2.1	10.3	15.2	3.8	3.6	8.7	12.0
Personal Dividend Income	25.1	31.1	32.8	34.3	35.2	35.9	36.2	36.7
% Change	6.6	23.7	5.4	4.8	2.7	1.9	1.0	1.2
Rental Income	11.3	11.7	12.9	14.8	15.8	16.6	17.5	18.0
% Change	3.8	4.1	10.1	14.3	6.7	5.4	5.1	3.0
Personal Current Transfer Receipts	68.9	77.6	71.4	72.9	76.6	80.0	83.2	86.8
% Change	26.2	12.6	-8.0	2.1	5.1	4.3	4.1	4.3
Residence Adjustment	4.0	4.2	4.2	4.4	4.6	4.7	4.9	5.0
% Change	-5.9	7.1	0.1	3.7	3.8	3.7	3.4	3.0
Contributions to Govt. Social Ins.	25.6	26.9	29.2	31.1	32.3	33.3	34.7	35.5
% Change	2.1	5.2	8.4	6.6	4.0	3.0	4.2	2.4

Table 6. Wisconsin Related Income Measures

(Different units)

	History				Forecast			
	2020	2021	2022	2023	2024	2025	2026	2027
Real Personal Income (2012 \$ Billions) *	338.1	350.4	340.7	342.6	351.9	358.0	366.8	376.1
% Change	7.1	3.7	-2.8	0.6	2.7	1.7	2.5	2.5
Population (Millions)	5.897	5.880	5.891	5.911	5.931	5.949	5.967	5.983
% Change	0.3	-0.3	0.2	0.3	0.3	0.3	0.3	0.3
Per Capita Income (\$)	55,435	60,465	61,992	64,976	67,938	70,514	73,689	76,637
Change	5.9	9.1	2.5	4.8	4.6	3.8	4.5	4.0
Personal Tax & Nontax Payments (\$ Billions)	34.3	39.4	47.4	42.2	44.8	45.6	46.4	48.3
% Change	-2.8	14.9	20.3	-10.9	6.1	1.7	1.8	3.9
Disposable Personal Income (\$ Billions)	292.6	316.1	317.7	341.8	358.1	373.9	393.3	410.3
% Change	7.3	8.0	0.5	7.6	4.8	4.4	5.2	4.3
GDP (\$ Billions)	343.3	368.9	400.6	428.4	449.5	468.2	486.6	504.6
% Change	-1.0	7.5	8.6	6.9	4.9	4.2	3.9	3.7
Real GDP (chained 2012 \$ Billions)	322.5	334.5	339.7	344.6	352.7	358.6	364.7	370.2
% Change	-3.2	3.7	1.6	1.4	2.3	1.7	1.7	1.5

* 2023 values are forecasted

Source: Bureau of Economic Analysis, Wisconsin Department of Revenue Forecast)

Wisconsin Personal Income (Quarterly)

Table 7. Wisconsin Personal Income by Major Source
(\$ Billions, seasonally adjusted, annual rate of change)

	History				Forecast			
	2023:4	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3
Total Personal Income	391.3	398.8	400.7	404.3	408.0	412.3	416.4	422.1
% Change	5.6	7.8	1.9	3.7	3.7	4.3	4.0	5.6
Wages and Salaries	194.6	198.5	198.4	200.3	202.1	204.1	206.3	209.2
% Change	5.8	8.3	-0.2	3.7	3.7	4.1	4.4	5.6
Supplements to Wages and Salaries	46.5	47.2	47.4	48.0	48.7	49.3	49.7	50.3
% Change	7.7	5.7	1.7	5.8	5.7	4.7	3.3	5.1
Proprietor's Income	25.4	25.1	25.8	26.6	26.4	26.7	27.0	27.2
% Change	5.5	-5.1	12.6	11.7	-3.0	4.8	4.0	3.4
Property Income	79.4	80.2	80.4	80.3	80.8	81.3	82.2	83.9
% Change	8.5	4.1	1.3	-0.9	2.9	2.2	4.4	8.5
Personal Current Transfer Receipts	72.8	75.6	76.2	76.9	77.9	79.1	79.6	80.2
% Change	0.8	16.0	3.2	4.2	5.0	6.6	2.4	3.1
Residence Adjustment	4.5	4.5	4.5	4.6	4.6	4.7	4.7	4.8
% Change	3.5	6.4	1.6	4.3	3.8	2.9	3.5	4.8
Contributions to Government Social Ins.	31.9	32.2	32.1	32.4	32.6	32.9	33.1	33.4
% Change	5.7	4.9	-1.5	3.2	2.9	3.7	2.5	3.7

Source: Bureau of Economic Analysis, Wisconsin Department of Revenue (Forecast)

Table 8. General Purposes Revenues, Fiscal Year-to-Date 2025 through January
(\$ Millions)

	FY2024	FY2025	Annual Change	Expected Revenues	\$ Difference
Individual Income Tax	5,490.2	5,956.7	8.5%	6,059.0	-102.0
General Sales Tax	3,911.8	4,027.2	3.0%	3,978.0	49.0
Corporate Franchise Tax	1,332.5	1,386.7	4.1%	1,286.0	101.0
Other Revenues	663.9	663.2	-0.1%	654.0	9.0
Total GPR	11,398.3	12,033.8	5.6%	11,977.0	57.0

Source: Wisconsin Department of Revenue

Expected Revenues are based on the Fiscal Year 2025 forecast published by the Legislative Fiscal Bureau in January 2025.

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