



EXECUTIVE SUMMARY

Multifamily markets across Wisconsin are entering a reset phase, where higher interest rates and tighter lending conditions have forced a repricing of assets and a recalibration of investor expectations. While vacancy has risen in select segments—particularly Class A—underlying demand remains intact, with absorption continuing to track near historical norms. At the same time, construction starts are slowing, signaling that the supply wave is nearing its peak.

This environment is less a recovery and more a reset. Pricing, capital availability, and underwriting assumptions are adjusting to a new baseline, bringing buyers and sellers back toward alignment. As a result, transaction activity is beginning to re-emerge, even as operating fundamentals remain uneven in the near term.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee continues to demonstrate relative strength, with demand outpacing supply over the past 12 months. Net absorption reached nearly 2,900 units compared to approximately 1,500 units delivered, driving vacancy down to 5.0% and reinforcing the market’s underlying stability. Rent growth remains steady at 2.2%, supported by consistent renter demand and a relatively balanced market at the metro level.

Milwaukee Market Stats			
	Milwaukee MSA	Downtown	Shorewood
Inventory:	122,012 ↓	18,572	2,442
Asset Value:	\$19.4 billion ↑	\$3.9 billion	\$358 million ↑
Under Construction:	3,335	378	0
12 Mo Absorption:	2,907 ↓	684 ↓	34 ↓
Vacancy Rate:	5.0%	7.2% ↓	4.4% ↑
Class-A Vacancy Rate:	8.6% ↓	9.5% ↓	6.8% ↓
Class-B Vacancy Rate:	4.4% ↓	5.4% ↑	3.8%
Market Asking Rent/Unit:	\$1,494 ↑	\$1,703 ↑	\$1,518
Annual Rent Growth:	2.2% ↑	1.2% ↑	2.1% ↑
12 Mo Sale Volume:	\$413 million ↓	\$40.0 million	\$13.0 million

However, the reset is more visible within submarkets. Downtown Milwaukee has experienced increased vacancy, rising to 7.2% following recent deliveries, with pressure concentrated in Class A units. As the development pipeline contracts, this localized softness should moderate, positioning the broader market for improved fundamentals as supply pressures ease.

Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

April 28, 2026



MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

Madison is in the middle of a more pronounced reset, driven by a surge in recent deliveries. Over 3,000 units delivered in the past year have pushed vacancy to 7.0%, as supply has temporarily outpaced absorption. This shift represents a meaningful departure from the tight conditions of prior years and highlights the impact of the current supply cycle.

Notably, vacancy increases appear to extend beyond luxury assets into select Class B product, suggesting broader competitive pressure across the market. Despite this,

demand remains steady and rent growth has stayed positive at 1.2%. As construction starts slow and the pipeline begins to taper, Madison is expected to move back toward equilibrium, though near-term lease-up risk will persist.

Madison Market Stats

Inventory:	81,659 ↑
Asset Value:	\$16.4 billion ↑
Under Construction:	5,019 ↓
12 Mo Absorption:	2,100 ↓
Vacancy Rate:	7.0% ↑
Class-A Vacancy Rate:	9.5% ↓
Class-B Vacancy Rate:	6.6% ↑
Market Asking Rent/Unit:	\$1,666 ↓
Annual Rent Growth:	1.2% ↓
12 Mo Sale Volume:	\$344 million ↑

Racine

Racine continues to show resilience, with fundamentals stabilizing even amid recent deliveries. Vacancy has declined to 7.1% as absorption has slightly outpaced new supply, indicating steady demand across the market. A key trend is the tightening of vacancy within Class B assets, reflecting strong demand for more affordable product and limited new supply in that segment.

Rent growth remains one of the strongest in the region at 2.5%, supported by consistent renter demand and relatively accessible price points.

While Class A assets have seen some pressure from new deliveries, the broader market remains balanced, positioning Racine as a more stable environment within the broader capital markets reset.

Racine Market Stats

Inventory:	9,499 ↑
Asset Value:	\$1.3 billion
Under Construction:	540
12 Mo Absorption:	389 ↑
Vacancy Rate:	7.1% ↓
Class-A Vacancy Rate:	20.4% ↓
Class-B Vacancy Rate:	4.9% ↓
Class-C Vacancy Rate:	4.1% ↓
Market Asking Rent/Unit:	\$1,274 ↓
Annual Rent Growth:	2.5% ↓
12 Mo Sale Volume:	\$68.3 million ↑

Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

April 28, 2026



SUPPLY & DEVELOPMENT TRENDS

Across all markets, the supply cycle is peaking and beginning to reverse. Elevated deliveries have driven short-term increases in vacancy, particularly in luxury segments, but absorption has remained resilient. This suggests that current softness is cyclical and tied to timing rather than a deterioration in underlying demand.

At the same time, construction starts are declining as financing constraints and higher costs limit new development. This reduction in future supply is a critical component of the reset, as it supports a more favorable outlook for occupancy and rent growth once current deliveries are absorbed. Over time, this shift should allow markets to rebalance and stabilize.

CAPITAL MARKETS COMMENTARY

Capital markets are entering a reset phase as pricing adjusts to a higher interest rate environment and more conservative underwriting standards. Over the past year, bid-ask spreads have narrowed, allowing transaction activity to recover across markets such as Madison and Racine. This increase in sales volume reflects growing alignment between buyers and sellers following a period of limited deal flow.

This reset is being driven less by improving fundamentals and more by a recalibration of expectations. Investors are underwriting to higher cap rates and more conservative growth assumptions, while sellers are increasingly accepting revised valuations. As a result, liquidity is returning first to stabilized and value-add assets, with continued caution around new construction and lease-up risk.

INVESTMENT IMPLICATIONS

The capital markets reset is creating a more balanced opportunity set for investors. While near-term operating fundamentals remain mixed, particularly in markets with elevated supply, pricing adjustments are beginning to reflect these risks. This creates opportunities to acquire assets at more attractive bases ahead of a broader stabilization in fundamentals.

Markets such as Milwaukee offer scale and long-term stability, while Madison presents a more cyclical opportunity tied to the absorption of recent supply. Racine, by contrast, continues to provide more durable performance with less volatility. Across all markets, the focus remains on disciplined underwriting and identifying opportunities where the reset in pricing and expectations creates compelling entry points.