Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

June 9, 2026

EXECUTIVE SUMMARY

As many Sun Belt and coastal apartment markets continue working through elevated supply pipelines, Midwest multifamily fundamentals remain comparatively resilient. Markets across Wisconsin continue to benefit from disciplined development activity, tighter vacancy rates, and rent growth that exceeds national averages.

This divergence is becoming increasingly important as investors shift their focus from speculative growth to durable cash flow. Markets that avoided excessive development during the past cycle are now benefiting from healthier supply-demand dynamics, allowing occupancy to remain strong while supporting steady rent growth.

While investors spent much of the past decade pursuing growth, today's environment increasingly favors stable cash flow and durable operating fundamentals. Milwaukee, Madison, and Racine each offer attractive going-in yields supported by healthy renter demand and relatively limited long-term supply risk, reinforcing the growing Midwest yield advantage.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee Market Stats

	Milwaukee MSA	Downtown	Shorewood
Inventory:	122,390 ↑	18,590 ↑	2,440 ↓
Asset Value:	$19.7 billion ↑	$3.9 billion	$362 million ↑
Under Construction:	3,548 ↑	438 ↑	0
12 Mo Absorption:	3,274 ↑	730 ↑	36 ↑
Vacancy Rate:	4.3% ↓	6.3% ↓	3.9% ↓
Class-A Vacancy Rate:	*7.1%* ↓	*8.1%* ↓	*5.7%* ↓
Class-B Vacancy Rate:	*3.8%* ↓	*5.0%* ↓	*3.6%* ↓
Market Asking Rent/Unit:	$1,505 ↑	$1,708 ↑	$1,516 ↓
Annual Rent Growth:	2.6% ↑	1.5% ↑	3.2% ↑
12 Mo Sale Volume:	$429 million ↑	$53.5 million ↑	$13.0 million

Milwaukee continues to demonstrate some of the strongest multifamily fundamentals in the Midwest. Vacancy declined to 4.3% while annual rent growth reached 2.6%, substantially outperforming the national average. Strong absorption has allowed demand to outpace new deliveries, supporting healthy occupancy across much of the the market and reinforcing Milwaukee's position as one of the region's most stable apartment markets.

Perhaps most importantly, Milwaukee's construction cycle appears to have peaked. As the development pipeline contracts and recent projects stabilize, the market is positioned to benefit from a more favorable supply-demand balance. Workforce and mid-market assets remain particularly well positioned, with limited new supply supporting occupancy and allowing landlords to maintain pricing power despite broader national rent growth headwinds.

MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

Madison remains one of Wisconsin's strongest long-term apartment markets despite elevated vacancy resulting from a significant development cycle. More than 2,200 units were absorbed over the past year, but recent deliveries have temporarily outpaced demand, moderating rent growth and increasing available inventory. Even so, annual rent growth remains positive and continues to outperform the national average, highlighting the market's underlying resilience.

Madison Market Stats	
Inventory:	82,847 ↑
Asset Value:	$16.2 billion ↓
Under Construction:	3,965 ↓
12 Mo Absorption:	2,230 ↑
Vacancy Rate:	7.7% ↑
Class-A Vacancy Rate:	*11.0%* ↑
Class-B Vacancy Rate:	*7.2%* ↑
Market Asking Rent/Unit:	$1,665 ↓
Annual Rent Growth:	1.1% ↓
12 Mo Sale Volume:	$345 million ↑

Importantly, these pressures reflect new supply rather than weakening fundamentals. Madison continues to benefit from strong population growth, a highly educated workforce, and stable employment drivers anchored by the University of Wisconsin, state government, and a growing technology sector. As the current development pipeline is absorbed and construction activity begins to moderate, the market appears well positioned for improving occupancy and stronger rent growth over the longer term.

Racine

Racine continues to offer one of the most compelling yield opportunities in Wisconsin. Annual rent growth reached 2.6% while vacancy improved to 7.0%, supported by positive absorption and continued demand for affordable housing options. Workforce housing remains particularly strong, with rent growth in Class B and C assets continuing to outpace many higher-priced segments across the region.

Racine Market Stats	
Inventory:	9,499
Asset Value:	$1.4 billion
Under Construction:	806 ↑
12 Mo Absorption:	361 ↓
Vacancy Rate:	7.0% ↑
Class-A Vacancy Rate:	*22.1%* ↑
Class-B Vacancy Rate:	*4.6%* ↑
Class-C Vacancy Rate:	*3.7%* ↑
Market Asking Rent/Unit:	$1,319 ↑
Annual Rent Growth:	2.6%
12 Mo Sale Volume:	$61.3 million ↓

The market's appeal remains rooted in affordability and cash flow. With pricing well below larger metropolitan markets and cap rates above many competing investment destinations, Racine continues to attract investors seeking durable income and workforce housing exposure. Strong demand and relatively limited long-term supply continue to support a favorable outlook for multifamily owners.

Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

June 9, 2026

SUPPLY & DEVELOPMENT TRENDS

The defining characteristic across Wisconsin apartment markets remains supply discipline. While Madison continues to work through a significant development pipeline, Milwaukee's construction cycle is slowing and supply remains relatively constrained in Racine and Shorewood/Whitefish Bay.

This dynamic continues to support occupancy and rent growth across much of the region. Workforce housing remains particularly well positioned, benefiting from limited new construction and steady renter demand. As a result, many Wisconsin markets are maintaining healthier supply-demand fundamentals than larger Sun Belt markets still absorbing significant new inventory.

CAPITAL MARKETS COMMENTARY

Capital markets continue to favor Midwest multifamily assets as investors place greater emphasis on current cash flow and income stability. Higher interest rates have reduced reliance on aggressive rent growth assumptions, increasing the appeal of markets with strong operating fundamentals and attractive going-in yields.

Milwaukee and Racine continue to offer favorable cap rate spreads relative to many coastal and Sun Belt markets. As investors prioritize durable income over speculative growth, Midwest multifamily assets remain increasingly competitive within the broader investment landscape. **For many investors, the ability to acquire stable assets at higher initial yields has become just as important as long-term appreciation potential.**

INVESTMENT IMPLICATIONS

The Midwest yield advantage is becoming increasingly evident as investors reassess risk and return expectations. Stable occupancy, positive rent growth, and relatively limited supply risk continue to support attractive long-term fundamentals across Wisconsin markets.

While many high-growth markets are still digesting recent construction booms, Wisconsin offers a more balanced investment environment. **The combination of healthy operating fundamentals and attractive going-in yields is creating opportunities that are increasingly difficult to replicate in larger coastal and Sun Belt markets.** For investors focused on durable cash flow and long-term risk-adjusted returns, the Midwest remains one of the most compelling multifamily opportunities in today's market.