

Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

May 12, 2026



EXECUTIVE SUMMARY

Multifamily fundamentals across Wisconsin continue to show signs of stabilization, but capital is beginning to flow more selectively toward workforce-oriented assets and locally driven opportunities. Transaction activity increased across several Midwest markets over the past quarter, with Racine in particular seeing a sharp rise in sales volume and smaller-to-mid-sized acquisitions. At the same time, new construction activity continues to moderate, limiting future supply pressure and improving long-term positioning for existing owners.

The emerging theme is a “Return of Local Buyers.” Regional operators and private investors appear increasingly active in middle-market multifamily deals where pricing remains attractive, operational upside is achievable, and institutional competition has thinned. While Class A deliveries are still impacting select submarkets, tightening vacancy across workforce housing segments continues to reinforce the durability of Midwest multifamily demand.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee fundamentals remained relatively stable over the past two weeks, though leasing momentum continued to favor workforce-oriented assets. Class B and C product maintained healthier occupancy trends than newly delivered luxury supply, reinforcing the market’s ongoing bifurcation between stabilized workforce housing and premium downtown inventory. Effective rents across workforce segments continue to hold firm despite broader economic uncertainty.

Milwaukee Market Stats			
	Milwaukee MSA	Downtown	Shorewood
Inventory:	122,229 ↓	18,572	2,440 ↓
Asset Value:	\$19.5 billion ↓	\$3.9 billion	\$362 million ↓
Under Construction:	3,382 ↓	378	0
12 Mo Absorption:	2,926 ↓	674 ↑	36 ↓
Vacancy Rate:	4.8% ↓	7.0% ↓	4.3% ↓
Class-A Vacancy Rate:	8.1% ↓	9.1% ↓	6.8%
Class-B Vacancy Rate:	4.2% ↓	5.3% ↑	3.8%
Market Asking Rent/Unit:	\$1,501 ↑	\$1,706 ↑	\$1,530 ↑
Annual Rent Growth:	2.5% ↑	1.4% ↑	2.9% ↑
12 Mo Sale Volume:	\$467 million ↑	\$40.0 million	\$13.0 million

Transaction activity also appears to be gradually improving as buyers adapt to the current interest rate environment. Local and regional investors remain active in smaller and mid-sized acquisitions where cap rates provide stronger in-place cash flow relative to coastal markets. While institutional capital remains selective, pricing expectations between buyers and sellers appear to be slowly converging.

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MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

Madison experienced a noticeable increase in vacancy within Class B inventory, likely tied to recently delivered product entering the competitive set. Despite the temporary rise in vacancy, absorption remained healthy, suggesting renter demand continues to support new supply as units are delivered. Workforce-oriented assets outside of the newest luxury deliveries continue to perform well relative to the broader market.

Capital markets activity also strengthened meaningfully in Madison over the trailing twelve months, with transaction volume increasing as investors regain confidence in long-term fundamentals. The market continues to benefit from stable employment drivers, higher educational attainment, and consistent renter demand, making Madison one of the more resilient multifamily markets in the Midwest despite short-term supply pressures.

Madison Market Stats	
Inventory:	82,136 ↑
Asset Value:	\$16.3 billion ↓
Under Construction:	4,583 ↓
12 Mo Absorption:	2,072 ↓
Vacancy Rate:	7.3% ↑
Class-A Vacancy Rate:	11.0% ↑
Class-B Vacancy Rate:	6.5% ↓
Market Asking Rent/Unit:	\$1,667 ↑
Annual Rent Growth:	1.3% ↑
12 Mo Sale Volume:	\$343 million ↓

Racine

Racine may be one of the clearest examples of the “Return of Local Buyers” theme beginning to emerge across Midwest multifamily markets. Trailing twelve-month sales volume climbed to more than \$68 million, well above historical averages, while transaction activity remained concentrated in workforce and middle-market properties rather than institutional trophy assets.

Fundamentals also continued to improve. Market vacancy declined to 6.0% as absorption outpaced deliveries, while workforce-oriented product maintained strong occupancy and rent growth trends. Although new Class A units remain under construction, the market continues to benefit from relatively affordable rents, limited institutional competition, and attractive cap rates that remain compelling for regional buyers.

Racine Market Stats	
Inventory:	9,499
Asset Value:	\$1.3 billion
Under Construction:	540
12 Mo Absorption:	478 ↑
Vacancy Rate:	6.0% ↓
Class-A Vacancy Rate:	16.1% ↓
Class-B Vacancy Rate:	4.6% ↓
Class-C Vacancy Rate:	3.6% ↓
Market Asking Rent/Unit:	\$1,304 ↑
Annual Rent Growth:	2.4% ↓
12 Mo Sale Volume:	\$68.3 million

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SUPPLY & DEVELOPMENT TRENDS

Construction starts across Wisconsin continue to slow as developers face higher financing costs and a more disciplined lending environment. While recently delivered Class A projects are still influencing vacancy in select submarkets, the broader pipeline has begun to contract as projects stabilize and fewer new developments break ground.

At the same time, absorption trends remain healthy across workforce-oriented inventory. Demand continues to favor Class B and C housing where affordability remains aligned with renter incomes, supporting occupancy stability even as select luxury segments work through elevated supply.

CAPITAL MARKETS COMMENTARY

Investment activity across Midwest multifamily markets appears to be normalizing after nearly two years of limited transaction volume. Buyers are increasingly underwriting deals around durable in-place cash flow and operational efficiency rather than aggressive rent growth assumptions. This has created renewed interest in workforce housing, particularly among regional operators familiar with local market dynamics.

Local and private buyers also appear to be filling part of the gap left by institutional capital. Elevated borrowing costs continue to limit highly leveraged acquisitions, but improving pricing clarity and stronger property-level fundamentals are gradually bringing more transactions back to market.

INVESTMENT IMPLICATIONS

The current environment continues to favor disciplined acquisition strategies focused on workforce housing, operational upside, and markets with limited long-term supply risk. As construction activity moderates, existing Class B and C assets may benefit from reduced competitive pressure and sustained renter demand.

For investors focused on Midwest multifamily, the re-emergence of local buyers may also represent an important signal for the next phase of the cycle. Markets like Milwaukee, Madison, and Racine continue to demonstrate relatively durable fundamentals, affordable rent structures, and improving transaction liquidity — conditions that may support long-term stability even in a slower economic environment.