



EXECUTIVE SUMMARY

Multifamily conditions across Midwest markets are increasingly diverging. Differences in development pipelines, employment growth, and supply constraints are beginning to produce varied operating environments even within closely connected regional markets.

Across southeastern Wisconsin, Milwaukee, Madison, and Racine each reflect these dynamics differently. Larger metros continue to absorb new supply, while smaller markets with limited development pipelines remain comparatively tight.

For investors, these conditions reinforce a core principle: durable multifamily performance begins with strong foundations. We believe that disciplined market selection and alignment between asset strategy and fundamentals remain essential to achieving durable growth over the long term.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee’s multifamily market remains relatively balanced compared to many larger U.S. metros. While rent growth has moderated from earlier cycle highs, occupancy remains stable and development activity continues at a measured pace relative to inventory.

Milwaukee Market Stats			
	Milwaukee MSA	Downtown	Shorewood
Inventory:	121,701 ↑	18,565	2,430
Asset Value:	\$19.2 billion ↑	\$3.8 billion ↓	\$344 million ↑
Under Construction:	3,339 ↑	378	0
12 Mo Absorption:	3,074 ↑	669 ↑	30 ↑
Vacancy Rate:	5.2% ↓	7.8% ↓	4.5% ↓
Class-A Vacancy Rate:	9.4% ↓	10.7% ↓	8.3% ↑
Class-B Vacancy Rate:	4.4% ↓	5.6% ↓	3.9% ↓
Market Asking Rent/Unit:	\$1,479 ↑	\$1,685 ↑	\$1,500 ↑
Annual Rent Growth:	1.8%	0.5% ↑	0.8% ↑
12 Mo Sale Volume:	\$442 million ↓	\$28.3 million	\$13.0 million

Capital markets activity reflects this stability. Approximately \$442 million of multifamily assets traded over the past twelve months, with pricing generally clustering in the low- to mid-\$100,000s per unit and cap rates averaging roughly 7.3%.

Recent transactions also highlight growing dispersion within the market, with newer suburban assets commanding premium pricing while older workforce properties trade at lower bases. For investors, this reinforces the importance of disciplined asset selection in markets supported by strong economic foundations.

Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

March 17, 2026



MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

Madison continues to benefit from strong employment drivers anchored by the University of Wisconsin, healthcare institutions, and a growing technology sector. These fundamentals have supported steady demand for multifamily housing even as the market absorbs an active development pipeline.

Unlike smaller regional markets, Madison has experienced a higher volume of new deliveries in recent years, contributing to modest increases in vacancy and normalization of rent growth. These dynamics illustrate the diverging conditions emerging across Midwest markets as larger metros adjust to new supply while employment growth continues to support long-term demand.

For investors, Madison’s institutional demand drivers remain a strong foundation, though near-term operating conditions will likely reflect the market’s larger development pipeline relative to surrounding markets.

Madison Market Stats

Inventory:	79,813 ↑
Asset Value:	\$15.6 billion
Under Construction:	5,589 ↓
12 Mo Absorption:	1,746 ↑
Vacancy Rate:	5.9% ↓
Class-A Vacancy Rate:	6.7% ↓
Class-B Vacancy Rate:	6.1% ↓
Market Asking Rent/Unit:	\$1,653
Annual Rent Growth:	1.6% ↑
12 Mo Sale Volume:	\$298 million

Racine

Racine’s multifamily market continues to benefit from limited new development and steady renter demand. Unlike larger regional markets, the construction pipeline remains modest relative to existing inventory, helping maintain stable occupancy and continued rent growth.

These conditions illustrate the other side of the diverging dynamics emerging across Midwest markets. While larger metros are adjusting to new supply, smaller markets like Racine are experiencing tighter fundamentals supported by constrained development and a stable employment base.

Racine Market Stats

Inventory:	9,251
Asset Value:	\$1.1 billion
Under Construction:	820
12 Mo Absorption:	245 ↓
Vacancy Rate:	6.4%
Class-A Vacancy Rate:	14.5% ↑
Class-B Vacancy Rate:	6.0%
Class-C Vacancy Rate:	4.6% ↑
Market Asking Rent/Unit:	\$1,268 ↓
Annual Rent Growth:	2.7% ↑
12 Mo Sale Volume:	\$44.2 million ↓

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SUPPLY & DEVELOPMENT TRENDS

Multifamily supply conditions across Wisconsin markets continue to diverge as development pipelines vary by metro. Larger markets such as Madison are absorbing a more active construction pipeline following several years of elevated development activity, while Milwaukee's pipeline remains more measured relative to existing inventory, helping maintain relatively stable vacancy levels even as new units deliver.

Smaller markets such as Racine have experienced far more modest development activity. Limited new construction relative to inventory has helped maintain tighter market conditions, illustrating the diverging supply dynamics emerging across Midwest multifamily markets as larger metros adjust to recent deliveries while smaller markets remain comparatively constrained.

CAPITAL MARKETS COMMENTARY

Multifamily transaction activity remains selective as higher interest rates and tighter financing conditions continue to influence pricing and investment decisions. While national transaction volume remains below long-term averages, investors remain active in markets supported by durable employment drivers and stable occupancy.

Across Wisconsin, pricing dispersion has become more pronounced as buyers differentiate between asset quality and location. Newer suburban assets continue to command premium pricing, while older workforce housing properties trade at more attractive bases relative to replacement cost, reinforcing the importance of disciplined underwriting in the environment.

INVESTMENT IMPLICATIONS

- Diverging supply conditions reinforce the importance of market selection. Markets with measured development pipelines and durable employment drivers provide the strong foundations necessary for long-term multifamily performance.
- Development risk remains elevated in markets with active construction pipelines. In the current environment, disciplined acquisitions of stabilized or lightly value-add assets can offer more predictable operating performance.
- We believe durable multifamily performance is built through disciplined alignment between market fundamentals, asset strategy, and capital structure — supporting durable growth over the long term.