Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

June 23, 2026

EXECUTIVE SUMMARY

Wisconsin multifamily markets are experiencing stronger-than-normal summer rent growth as tightening vacancy rates restore pricing power to landlords. While seasonal rent increases are common this time of year, recent performance across several markets has been particularly robust.

Downtown Milwaukee has seen vacancy compress roughly 200 basis points over the last 16 weeks, driving annualized rent growth of 8.4%. Shorewood and Racine have followed similar paths, with annualized rent growth reaching 9.4% and 12.3%, respectively.

The common thread is improving occupancy. As available inventory becomes increasingly limited, landlords are gaining pricing power and pushing rents higher. Madison remains the exception, where new deliveries continue to create short-term vacancy pressure, though absorption remains healthy.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee continues to demonstrate some of the strongest multifamily fundamentals in the Midwest. Market vacancy has fallen to 4.3% as demand continues to outpace new supply, while annual rent growth of 2.7% remains well above the national average. The market's shrinking development pipeline and healthy absorption continue to support tightening occupancy throughout the metro.

Milwaukee Market Stats

	Milwaukee MSA	Downtown	Shorewood
Inventory:	122,443 ↑	18,593 ↑	2,440
Asset Value:	$19.8 billion ↑	$4.0 billion ↑	$361 million ↓
Under Construction:	3,548	438	0
12 Mo Absorption:	3,165 ↓	721 ↓	34 ↓
Vacancy Rate:	4.3%	6.2% ↓	4.2% ↑
Class-A Vacancy Rate:	*6.8%* ↓	*7.7%* ↓	*5.7%*
Class-B Vacancy Rate:	*3.8%*	*5.1%* ↑	*3.6%*
Market Asking Rent/Unit:	$1,508 ↑	$1,715 ↑	$1,511 ↓
Annual Rent Growth:	2.7% ↑	1.9% ↑	2.1% ↓
12 Mo Sale Volume:	$426 million ↓	$62.3 million ↑	$13.0 million

The strongest momentum is occurring in Downtown Milwaukee, where vacancy has compressed approximately 200 basis points over the last 11 weeks. As available inventory has tightened, rents have increased at an annualized rate of 8.4%, demonstrating the pricing power that emerges when demand outpaces supply. Similar trends are occurring in Shorewood and Whitefish Bay, where vacancy remains near 4% and no multifamily units are currently under construction.

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MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

Madison continues to work through one of the largest development cycles in its history. Over the past year, nearly 4,000 units have been delivered, pushing vacancy to 7.9% as new projects enter lease-up. Despite this influx of supply, the market absorbed more than 2,300 units over the same period, highlighting the continued strength of renter demand.

Madison Market Stats	
Inventory:	83,222 ↑
Asset Value:	$16.1 billion ↓
Under Construction:	3,610 ↓
12 Mo Absorption:	2,335 ↑
Vacancy Rate:	7.9% ↑
Class-A Vacancy Rate:	*9.4%* ↓
Class-B Vacancy Rate:	*8.4%* ↑
Market Asking Rent/Unit:	$1,671 ↑
Annual Rent Growth:	1.1%
12 Mo Sale Volume:	$338 million ↓

Unlike Milwaukee and Racine, recent rent growth in Madison has been moderated by new deliveries rather than weak demand. Annual rent growth remains positive at 1.1%, exceeding the national average, while newly delivered Class A properties continue to attract renters. As the current development pipeline is absorbed and construction activity begins to slow, Madison remains well positioned for stronger occupancy and rent growth in the years ahead.

Racine

Racine continues to benefit from strong workforce housing fundamentals and some of the tightest occupancy conditions in the region. Class B and Class C vacancy declined to 4.5% and 3.8%, respectively over the past year as absorption exceeded deliveries, while annual rent growth reached 2.4%, significantly outperforming the national average. The strongest performance continues to come from workforce housing, where vacancy remains below 4% and renter demand remains exceptionally strong.

Racine Market Stats	
Inventory:	9,499
Asset Value:	$1.4 billion
Under Construction:	806
12 Mo Absorption:	358 ↓
Vacancy Rate:	6.9% ↓
Class-A Vacancy Rate:	*21.5%* ↓
Class-B Vacancy Rate:	*4.5%* ↓
Class-C Vacancy Rate:	*3.8%* ↑
Market Asking Rent/Unit:	$1,319
Annual Rent Growth:	2.4% ↓
12 Mo Sale Volume:	$61.3 million

This tight occupancy has translated directly into pricing power. Over the last 16 weeks, rents have increased at an annualized rate of 12.3%, making Racine one of Wisconsin's strongest-performing rental markets. As of today, 800 units are under construction, and the Class A vacancy rate is already elevated at 21.5%, which could have an impact on pricing at the high-end of the market as new product is delivered into a market that is already struggling to absorb recent new deliveries.

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SUPPLY & DEVELOPMENT TRENDS

Supply conditions continue to diverge across Wisconsin markets. Madison remains in the midst of a significant development cycle, while Milwaukee's pipeline has contracted meaningfully and Shorewood currently has no multifamily units under construction. Racine remains active, though current demand has largely kept pace with new deliveries.

The more important story is demand. Absorption remains healthy across Wisconsin, allowing vacancy rates to compress in many markets despite ongoing deliveries. As occupancy tightens, landlords are regaining pricing power and pushing rents higher at a pace well above historical norms in several submarkets.

CAPITAL MARKETS COMMENTARY

Capital markets remain active despite elevated borrowing costs and continued interest rate uncertainty. Investors continue to favor markets with improving occupancy, durable rent growth, and limited long-term supply risk, particularly within workforce housing segments.

The recent acceleration in rent growth across Milwaukee, Shorewood, and Racine should provide additional support for property values and net operating income growth. As operating fundamentals strengthen and bid-ask spreads continue to narrow, transaction activity is likely to remain concentrated in markets demonstrating clear pricing power and healthy demand.

INVESTMENT IMPLICATIONS

The current environment reinforces the importance of focusing on markets with strong demand drivers and limited competitive supply. While summer leasing activity is contributing to recent rent increases, the underlying story is one of improving occupancy and strengthening fundamentals across workforce housing in much of Wisconsin.

Milwaukee, Shorewood, and Racine continue to demonstrate the benefits of vacancy compression, especially in the workforce housing segment, while Madison remains a compelling long-term market as new supply is absorbed. Investors positioned in well-located multifamily assets should continue to benefit from favorable operating conditions and improving pricing power through the remainder of 2026.