Orinova Capital

Market Brief

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

May 26, 2026

EXECUTIVE SUMMARY

Rent growth across Wisconsin multifamily markets continues to normalize following the extraordinary gains experienced during the post-pandemic period. While annual rent growth remains positive across Madison, Milwaukee, and Racine, the pace has moderated substantially from the 5% to 6% annual increases recorded during 2021 and 2022.

This moderation should not be interpreted as market weakness. Rather, it reflects a return to more sustainable operating conditions as new supply enters the market and operators compete for tenants. Wisconsin markets continue to outperform national rent growth trends, supported by healthy demand, strong occupancy fundamentals, and a development pipeline that is beginning to slow across much of the state.

For investors, the current environment marks a transition from a rent-growth-driven cycle to one where operational execution, asset quality, and market selection become increasingly important drivers of performance.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee continues to demonstrate some of the strongest multifamily fundamentals in the Midwest. Annual rent growth remains healthy at 2.4%, while vacancy has improved to 4.7%, down 150 basis points year-over-year. Demand continues to outpace new supply, with absorption remaining well above historical averages and supporting stable occupancy across much of the market.

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

Rent growth has normalized from the peak levels recorded during 2021 and 2022 but remains firmly positive across most asset classes. The strongest performance continues to come from workforce and mid-market housing, where limited new supply has preserved landlord pricing power. With the development pipeline shrinking and luxury lease-up pressure expected to fade, Milwaukee appears well positioned for continued occupancy gains and modest rent acceleration over the next several years.

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MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

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 ↑

Madison remains in the midst of its largest supply cycle in recent history. The market absorbed nearly 2,000 units over the past year, but more than 3,500 new units were delivered during the same period, pushing vacancy to 7.8%. Despite this increase in available inventory, annual rent growth remained positive at 1.2%, demonstrating the underlying strength of renter demand and the market's long-term economic fundamentals.

The moderation in rent growth is largely a function of supply rather than weakening demand. Operators are competing against a significant volume of newly delivered Class A product, limiting their ability to push rents aggressively in the near term. While rent growth may remain muted until the current development pipeline is absorbed, Madison continues to benefit from strong population growth, a diverse employment base, and some of the strongest long-term multifamily fundamentals in the Midwest.

Racine

Racine Market Stats	
Inventory:	9,499
Asset Value:	$1.3 billion
Under Construction:	540
12 Mo Absorption:	480 ↑
Vacancy Rate:	5.8% ↓
Class-A Vacancy Rate:	*15.7%* ↓
Class-B Vacancy Rate:	*4.4%* ↓
Class-C Vacancy Rate:	*3.6%*
Market Asking Rent/Unit:	$1,304
Annual Rent Growth:	2.6% ↑
12 Mo Sale Volume:	$68.3 million

Racine continues to benefit from strong renter demand and relatively affordable housing costs. Annual rent growth reached 2.6%, outperforming both Madison and national averages, while vacancy declined to 5.8% as absorption outpaced new deliveries. Workforce housing remains particularly strong, with vacancy below 4% and rent growth exceeding 3%, highlighting continued demand for affordable rental options.

Unlike Madison, Racine's rent growth growth normalization has been more modest due to a limited supply pipeline and improving occupancy trends. Investors should continue monitoring the 540 units currently under construction, which represent nearly 6% of existing inventory and could create some near-term pressure as new supply enters the market.

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SUPPLY & DEVELOPMENT TRENDS

Supply conditions remain highly market-specific across Wisconsin. Madison continues to work through a significant development cycle, with more than 4,100 units under construction and vacancy elevated as new projects lease up. Meanwhile, Milwaukee's pipeline is contracting, while Racine and Shorewood/Whitefish Bay remain relatively supply constrained.

This divergence is helping drive rent growth trends across the region. Markets with limited new supply continue to experience tighter occupancy and stronger pricing power, particularly within workforce housing, while areas absorbing recent deliveries are seeing more moderate rent growth as operators compete for renters.

CAPITAL MARKETS COMMENTARY

Transaction activity remained healthy across Wisconsin markets despite elevated interest rates. Madison recorded more than $339 million in trailing twelve-month sales volume, Milwaukee approached $471 million, and Racine posted a record $61.7 million in annual transaction volume, reflecting continued investor interest in Midwest multifamily assets.

At the same time, the investment landscape is normalizing alongside rent growth expectations. Buyers are placing greater emphasis on in-place cash flow, occupancy stability, and long-term market fundamentals rather than aggressive rent growth assumptions. Markets with durable demand drivers and limited future supply continue to attract the greatest investor interest.

INVESTMENT IMPLICATIONS

The normalization of rent growth marks a return to a more traditional multifamily investment environment. Rather than relying on outsized rent increases, investors are increasingly focused on occupancy stability, operational execution, and markets with durable long-term demand drivers.

Markets with limited future supply, particularly Milwaukee and supply-constrained suburban submarkets, appear well positioned to benefit from tightening occupancy and steady rent growth. While Madison may face near-term pressure from elevated deliveries, its long-term fundamentals remain among the strongest in the Midwest, creating opportunities for patient investors willing to look beyond the current supply cycle.