Midwest Market Brief | Issue 11

Durable Growth Begins with Strong Foundations

Milwaukee • Madison • Racine

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The Power of Predictability: What Wisconsin's Multifamily Markets Continue to Get Right

EXECUTIVE SUMMARY

While headlines continue to focus on uncertainty across commercial real estate, Wisconsin's multifamily markets continue to tell a different story. Across Milwaukee, Madison, and Racine, demand remains healthy, rent growth continues to outpace much of the country, and vacancy remains manageable despite new deliveries in select markets.

Milwaukee continues to lead with exceptionally strong occupancy and improving rent fundamentals, while Shorewood remains one of the tightest submarkets in the state. Madison is working through another wave of new construction, but absorption continues at a pace that supports the long-term outlook. Racine's headline vacancy reflects recent Class A deliveries rather than weakening fundamentals, with workforce housing remaining exceptionally tight.

As capital becomes increasingly selective, markets with predictable demand, disciplined development pipelines, and resilient operating performance continue to stand apart. This month's data reinforces why we remain focused on Wisconsin's multifamily markets.

KEY INSIGHT

Wisconsin's strongest multifamily markets continue to benefit from disciplined supply, healthy absorption, and durable rent growth – creating an increasingly attractive backdrop for long-term apartment investors

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee Market Stats

	Milwaukee MSA	Downtown	Shorewood
Inventory:	123,087 ↑	18,655	2,440
Asset Value:	$20.0 billion	$4.0 billion	$369 million ↑
Under Construction:	3,451 ↓	438	0
12 Mo Absorption:	3,078 ↑	736	32
Vacancy Rate:	4.4%	5.6% ↓	4.0% ↑
Class-A Vacancy Rate:	*7.2%* ↑	*6.6%* ↓	*5.3%* ↓
Class-B Vacancy Rate:	*3.8%* ↓	*4.7%* ↓	*3.3%* ↓
Market Asking Rent/Unit:	$1,514 ↑	$1,716 ↑	$1,526 ↑
Annual Rent Growth:	2.9% ↑	2.0% ↑	4.0% ↑
12 Mo Sale Volume:	$414 million ↑	$37.8 million ↓	$13.0 million

Milwaukee continues to deliver one of the strongest multifamily fundamentals in the Midwest. Market vacancy declined to 4.4% over the past year as more than 3,000 units of absorption significantly outpaced approximately 1,250 new deliveries. Asking rents increased 2.9% year-over-year, nearly three times the national average, while vacancy is forecast to remain near current levels through year-end.

MARKET FUNDAMENTALS SNAPSHOT (cont.)

Milwaukee (cont.)

The story becomes even stronger in the city's most desirable neighborhoods. Downtown Milwaukee continues to benefit from limited new deliveries and healthy demand, while Shorewood remains one of the region's tightest submarkets with just 4.0% vacancy and 4.0% annual rent growth. Together, these markets continue to demonstrate why well-located stabilized assets remain highly attractive to long-term investors.

Madison

Madison Market Stats	
Inventory:	83,594 ↑
Asset Value:	$16.1 billion ↓
Under Construction:	3,477 ↓
12 Mo Absorption:	2,590 ↑
Vacancy Rate:	7.5% ↓
Class-A Vacancy Rate:	*9.4%* ↑
Class-B Vacancy Rate:	*7.7%* ↓
Market Asking Rent/Unit:	$1,666 ↓
Annual Rent Growth:	0.9% ↓
12 Mo Sale Volume:	$375 million ↑

Madison continues to experience the effects of an active development cycle. Nearly 4,000 units were delivered over the past year, pushing market vacancy to 7.5%. Even so, demand remains healthy, with more than 2,500 units absorbed during the same period. The current increase in vacancy reflects new supply entering the market rather than weakening renter demand.

While rent growth has moderated to 0.9%, Madison continues to benefit from one of the strongest employment and population growth profiles in the Midwest. As construction activity gradually slows and recently delivered communities lease up, market fundamentals should continue improving over the coming quarters.

Racine

Racine Market Stats	
Inventory:	9,832 ↑
Asset Value:	$1.4 billion ↑
Under Construction:	486 ↓
12 Mo Absorption:	360 ↑
Vacancy Rate:	9.5% ↑
Class-A Vacancy Rate:	*19.9%* ↓
Class-B Vacancy Rate:	*13.7%* ↑
Class-C Vacancy Rate:	*3.7%*
Market Asking Rent/Unit:	$1,311 ↑
Annual Rent Growth:	2.5%
12 Mo Sale Volume:	$53.3 million ↓

At first glance, Racine's 9.5% vacancy rate appears elevated. However, that figure is largely concentrated within recently delivered Class A communities, while workforce housing continues to operate with exceptionally healthy occupancy. Market rents increased 2.5% over the past year, supported by continued demand for more affordable housing options.

For investors focused on value-add and workforce housing, Racine continues to offer attractive fundamentals. Existing Class B and C

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MARKET FUNDAMENTALS SNAPSHOT (cont.)

Racine (cont.)

properties remain well occupied, and as new luxury inventory stabilizes, overall market vacancy should gradually improve while long-term rent growth remains supported by limited affordable housing supply.

MARKET THEMES

Wisconsin's multifamily markets continue to separate themselves based on supply discipline. Milwaukee and Shorewood are benefiting from limited new development and tightening vacancy, while Madison continues to absorb one of the Midwest's largest construction pipelines. Racine's recent deliveries have temporarily elevated overall vacancy, but the impact remains concentrated within newer Class A communities.

The broader theme is encouraging: demand continues to keep pace with supply across all three markets. Rather than signaling weakening fundamentals, today's vacancy differences largely reflect where each market sits within its development cycle.

INVESTOR PERSPECTIVE

Institutional and private investors continue to prioritize markets with durable operating fundamentals over those dependent on aggressive appreciation assumptions. In today's environment, stable occupancy, predictable rent growth, and disciplined development pipelines have become increasingly valuable as financing costs remain elevated.

Wisconsin continues to compare favorably under this framework. Markets supported by resilient renter demand and limited speculative construction are well positioned to attract long-term capital seeking consistent, risk-adjusted returns.

INVESTMENT OUTLOOK

Wisconsin's multifamily markets remain well positioned heading into the second half of 2026. While economic uncertainty and elevated interest rates continue to influence capital allocation, markets with disciplined supply, healthy occupancy, and durable renter demand should continue to outperform.

For long-term investors, the outlook remains favorable. Improving fundamentals across Milwaukee, Madison, and Racine reinforce our conviction that well-located Wisconsin multifamily assets offer an attractive combination of stable cash flow, long-term appreciation potential, and downside protection.