



Market Brief

Milwaukee • Madison • Racine

March 3, 2026

EXECUTIVE SUMMARY

Nationally, multifamily markets continue to digest elevated 2024–2025 supply deliveries, particularly across high-growth Sunbelt metros where new construction peaked during the low-rate cycle. As a result, many of those markets are experiencing slower rent growth, higher concessions, and temporary vacancy pressure.

By contrast, Wisconsin markets remain structurally more supply-constrained. Development pipelines in Milwaukee, Madison, and Racine are more measured relative to inventory, and new deliveries have not approached the levels seen in high-growth coastal or Sunbelt metros. Occupancy remains comparatively stable and rent growth has normalized from prior cycle highs, creating a more disciplined acquisition environment.

Long-term fundamentals remain intact—particularly in employment-driven submarkets supported by healthcare, advanced manufacturing, education, and technology. We believe the current phase of the cycle favors disciplined acquisitions of stabilized or lightly value-add assets over speculative development.

MARKET FUNDAMENTALS SNAPSHOT

Milwaukee

Milwaukee’s pipeline remains manageable relative to total inventory. Vacancy has adjusted modestly following recent deliveries, but absorption has remained steady in employment-dense submarkets. Rent growth has normalized to sustainable levels following pandemic-era acceleration.

Milwaukee Market Stats			
	Milwaukee MSA	Downtown	Shorewood
Inventory:	121,541 ↑	18,566 ↑	2,430 ↑
Asset Value:	\$19.1 billion	\$3.9 billion	\$339 million
Under Construction:	2,839 ↑	378 ↓	0 ↓
12 Mo Absorption:	2,749	624	24
Vacancy Rate:	5.5% ↓	8.2% ↓	4.7% ↓
Class-A Vacancy Rate:	9.9% ↓	11.1% ↓	5.6% ↓
Class-B Vacancy Rate:	4.7% ↓	6.1% ↓	5.3% ↓
Market Asking Rent/Unit:	\$1,470 ↑	\$1,673 ↑	\$1,470 ↓
Annual Rent Growth:	1.8% ↑	0.2% ↑	-0.1% ↓
12 Mo Sale Volume:	\$456 million ↑	\$28.3 million ↑	\$13.0 million

Over the past three months, the vacancy rate compression ranks first among the nation’s 50 largest metros by inventory, keeping Milwaukee among the 10 tightest major markets nationally. We continue to target Class-B acquisitions in downtown and Shorewood due to their tight vacancies, relative affordability compared to newer construction, and resilient demand from a diverse pool of tenants. We prioritize assets with demonstrated renovation comps that have generated positive returns on cost, providing in-place cash flow with embedded NOI upside.



MARKET FUNDAMENTALS SNAPSHOT (cont.)

Madison

Madison continues to demonstrate structural demand support driven by university, healthcare, and technology employment. While new units have delivered over the past 12–18 months, occupancy remains supported by consistent in-migration and job growth. Development remains active but not excessive relative to long-term demand trends. Rent growth continues to rise but at a controlled pace, with rents increasing by 1.6% year over year. This remains above the national average of 0.1%, but lower than the 10-year Madison average of 2.7%. Many operators have prioritized occupancy retention through targeted concessions rather than broad price reductions. This disciplined approach has helped preserve rent integrity even amongst heavy competition. We believe the medium-term outlook is favorable due to the strong employment base that underpins consistent renter demand. With construction starts projected to moderate, we believe rent growth is on the horizon over the next 18-24 months.

Madison Market Stats

Inventory:	79,782 ↓
Asset Value:	\$15.6 billion
Under Construction:	5,651 ↓
12 Mo Absorption:	1,601
Vacancy Rate:	6.2% ↓
Class-A Vacancy Rate:	7.0% ↓
Class-B Vacancy Rate:	6.3% ↓
Market Asking Rent/Unit:	\$1,653 ↓
Annual Rent Growth:	1.6% ↓
12 Mo Sale Volume:	\$298 million ↓

Racine

Racine's multifamily inventory remains comparatively limited, and new supply has been modest relative to surrounding metros. Industrial and manufacturing investment in southeastern Wisconsin continues to provide long-term demand support for workforce-oriented housing. Our focus on workforce housing in this market reflects steady employment growth from legacy manufacturers and globally recognized consumer brands. Current rent growth is 3.3%, well above the national average of 0.1%, and is projected to remain steady in the quarters to come.

Racine Market Stats

Inventory:	9,251 ↓
Asset Value:	\$1.1 billion
Under Construction:	280 ↓
12 Mo Absorption:	266
Vacancy Rate:	6.4% ↓
Class-A Vacancy Rate:	14.1% ↓
Class-B Vacancy Rate:	6.0% ↓
Class-C Vacancy Rate:	4.7% ↓
Market Asking Rent/Unit:	\$1,273 ↓
Annual Rent Growth:	3.3% ↓
12 Mo Sale Volume:	\$46 million ↓



ECONOMIC & DEVELOPMENT DRIVERS

Across Wisconsin, economic growth remains broad-based rather than speculative. Recent corporate expansions, industrial investments, and healthcare growth continue to reinforce steady employment gains across southeastern Wisconsin.

Milwaukee benefits from continued downtown and near-downtown investment activity, along with advanced manufacturing expansion across the metro. Madison's technology and life sciences ecosystem continues to support professional employment growth, while Racine County's industrial base expansion underpins workforce housing demand.

Unlike several high-growth Sunbelt markets that experienced rapid population inflows followed by aggressive development cycles, Wisconsin markets have grown at a steadier pace, resulting in less supply volatility.

CAPITAL MARKETS COMMENTARY

Transaction volume nationally remains below long-term averages as elevated interest rates and tighter lending standards continue to influence pricing discovery. Construction financing remains particularly constrained, which has meaningfully reduced new multifamily starts across many markets.

In Wisconsin, institutional capital remains selective. Assets with stable in-place occupancy and durable submarket fundamentals continue to attract interest, while speculative development and lease-up exposure face higher underwriting scrutiny.

The current environment continues to favor patient capital and conservative underwriting.

INVESTMENT IMPLICATIONS

- We continue to prioritize stabilized or lightly value-add assets in employment-supported submarkets.
- We remain cautious on ground-up development and heavy value-add exposure given construction cost volatility and lease-up risk.
- We view Midwest supply moderation as a long-term competitive advantage relative to more volatile Sunbelt and Coastal metros.