

MARKET REPORT

Multifamily
Milwaukee Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

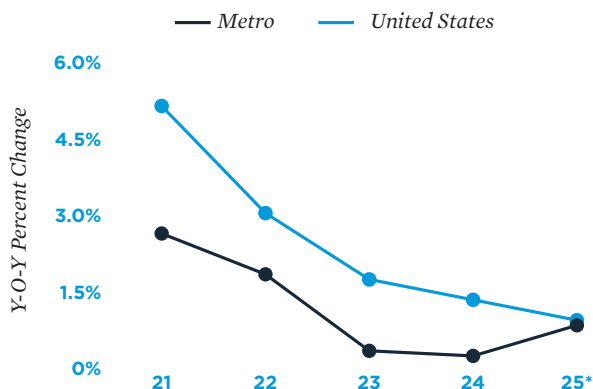
2Q/25

Evolving Population Trends and Expanding Inventory Impact Milwaukee's Rental Landscape

Demographic shifts shape market dynamics. In a strong start to 2025, Milwaukee's employment market added 1,700 jobs, most of which came from the health services sector. Population growth during the year ended in March reached its highest level since mid-2013. The age 20-34 cohort, however, declined by 0.9 percent year over year, while the age 55-plus group posted strong gains. This shift toward an aging population has aligned with heightened suburban housing demand and outperformance in Class B properties. Meanwhile, the metro's rental inventory increased by 1.9 percent in the trailing 12 months — the largest jump since 2019. Despite the uptick, Milwaukee's construction remains modest, ranking in the bottom third of major markets for inventory growth over the past six years.

Tight conditions continue, fueling suburban rent growth. New supply will stay elevated through the remainder of 2025. Waukesha County alone is set to welcome more than 800 units. Still, vacancy remains among the lowest in the country, particularly in Waukesha County and southern suburbs like Franklin-Oak Creek and Racine. As such, these areas recorded some of the strongest rent growth in the metro. Conversely, heightened deliveries in the urban core put upward pressure on vacancy, softening rent growth and prompting a rise in concessions, particularly among Class A properties. Even so, no additional deliveries here until late 2026 should help tighten conditions and rekindle rent growth as long as demand stays stable.

Employment Trends



* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

Multifamily 2025 Outlook



**7,000
JOBS**

will be created

EMPLOYMENT:

In the first quarter of 2025, Milwaukee added nearly as many jobs as it did in each of the previous two years. This will help the metro's employment base grow by 0.8 percent this year — the largest annual gain since 2022.



**3,100
UNITS**

will be completed

CONSTRUCTION:

Multifamily construction permitting for the year ended in March 2025 reached its highest level since the same period in 2018, indicating that deliveries are likely to remain elevated beyond 2025.



**20
BASIS POINT**

increase in vacancy

VACANCY:

Vacancy will move up to 4.2 percent this year as deliveries slightly outpace demand. While below the national vacancy rate of 5.1 percent, this is still 210 basis points above the metro's post-2008 low set in early 2022.



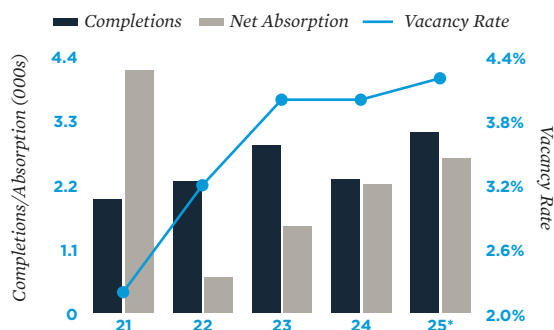
**3.8%
INCREASE**

in effective rent

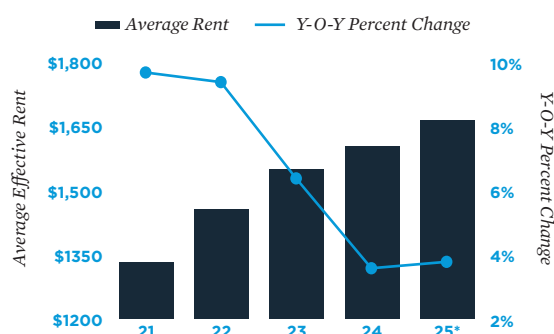
RENT:

With Class A vacancy entering April 190 basis points above the other tiers, stronger rent growth in lower-end properties is expected to continue, driving the average monthly rate up to \$1,665 by year-end.

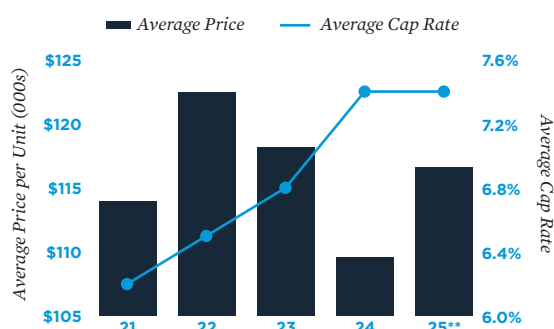
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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1Q 2025 — 12-Month Period



CONSTRUCTION

3,038 units completed

- Completions during the year ended in March were roughly 70 percent above the metro's annual average since 2010.
- The CBD welcomed over a third of the metro's doors that came online in the trailing 12-month interval, followed by Waukesha County, which recorded nearly 500 completions in the first quarter of 2025 alone.



VACANCY

20 basis point decrease in vacancy Y-O-Y

- Class B vacancy posted the largest annual decline among classes, falling 50 basis points to 3.6 percent — just below the 4.0 percent metro level.
- Even amid only modest demand, the Near North-West Side-Wauwatosa submarket posted the largest annual vacancy decline at 130 basis points, supported by an absence of new supply since 2023.



RENT

3.5% increase in the average effective rent Y-O-Y

- Tight conditions led the metro to record the 11th-fastest rent growth rate among major markets throughout the year ended in March, pushing the measure up to \$1,617 per month.
- Suburban rents grew by 4.1 percent to a monthly rate of \$1,589, outperforming urban core rents, which stayed roughly flat at \$1,904 per month.

Investment Highlights

- Despite the average price per unit rising by 6.5 percent year over year — representing the third-largest increase in the nation — transaction velocity remained roughly consistent with the prior 12-month period. Class B and C properties continue leading the market in activity, while private local buyers have focused heavily on stronger yield potential amid macroeconomic uncertainty and elevated borrowing costs.
- Following nearly a yearlong pause in Class A trades, the property tier resumed activity over the past six months heading into April, signaling potentially renewed investor interest in these assets.
- The CBD, particularly near Concordia, experienced a heightened level of trading in the first quarter of 2025. The area recorded its most transactions since the same period in 2023 — all of which went for under \$5 million.
- Milwaukee had the second-highest average cap rate among major U.S. markets entering April. The rate grew by 60 basis points in 2024 — its largest annual gain since at least 2000. So far in 2025, the average cap rate has held steady, possibly indicating an inflection point. Supporting this is average sales prices, which have begun recouping recent losses.

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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