MILWAUKEE
MULTIFAMILY REPORT

SECOND QUARTER 2019

MARKET AT A GLANCE

OCCUPANCY RATE 96.5%

Up **50 bps** since 2Q18

EFFECTIVE RENT $1,168

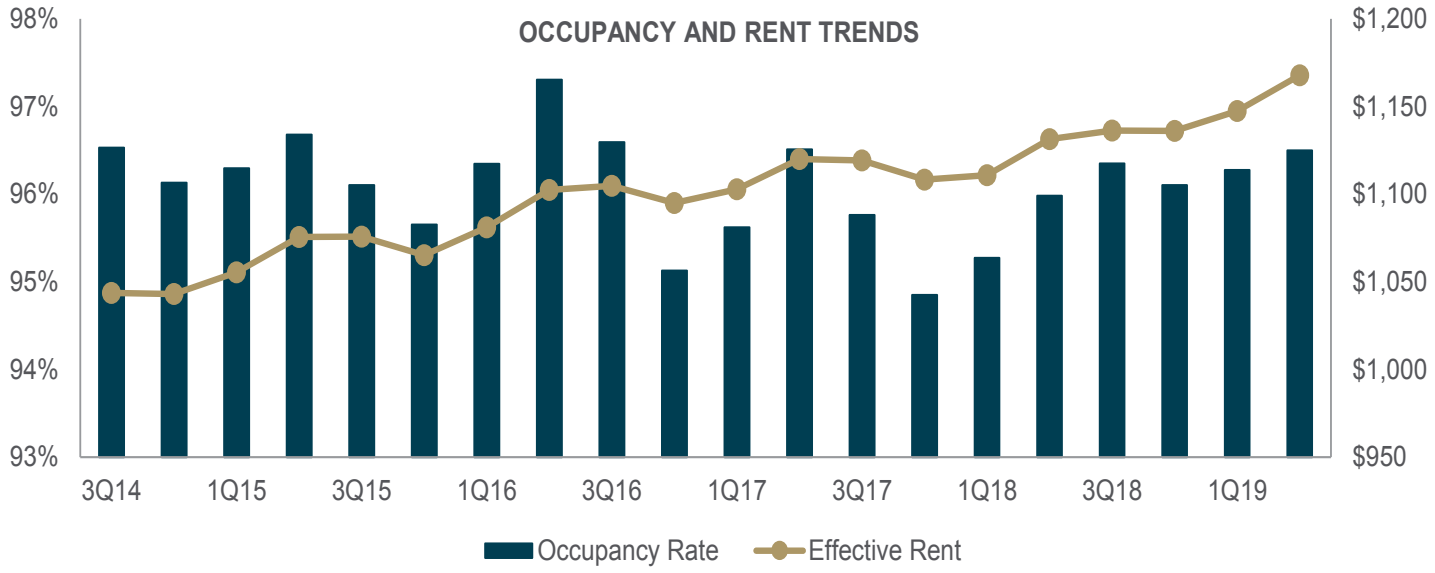
Up **3.2%** since 2Q18

TOTAL INVENTORY 152,375

OCCUPANCY AND RENT TRENDS

DEMAND FOR MULTIFAMILY EXPANDED BEYOND THE METRO'S URBAN CORE

Despite a postrecession peak in apartment construction as recently as 2017, the Milwaukee market maintained a voracious appetite for new multifamily housing. Through June 2019, annual absorption in the market equaled 3,608 units while 2,939 apartment units were delivered. With Downtown/Shorewood boasting the metro's highest rent and the slowest annual rent growth among submarkets, development and demand shifted to adjacent submarkets. Interest in apartments remained near the metro's urban core, but population growth in Waukesha drove greater demand in the Waukesha County submarket. Renters absorbed 974 net units annually while developers brought 536 new units online. Hiring in the education and health services sector, including by high-tech medical firms, helped attract renters who could lease new luxury apartments. Metrowide occupancy, also evidence of persistent demand for multifamily, has not slipped below 95.0% since the peak in new construction in 2017. Occupancy in the second quarter of 2019 was 96.5%, a 50-basis-point gain annually, thanks to absorption outpacing deliveries. Strong absorption of multifamily product and a metro near full occupancy encouraged apartment operators to increase effective rent annually 3.2%, up to $1,168.



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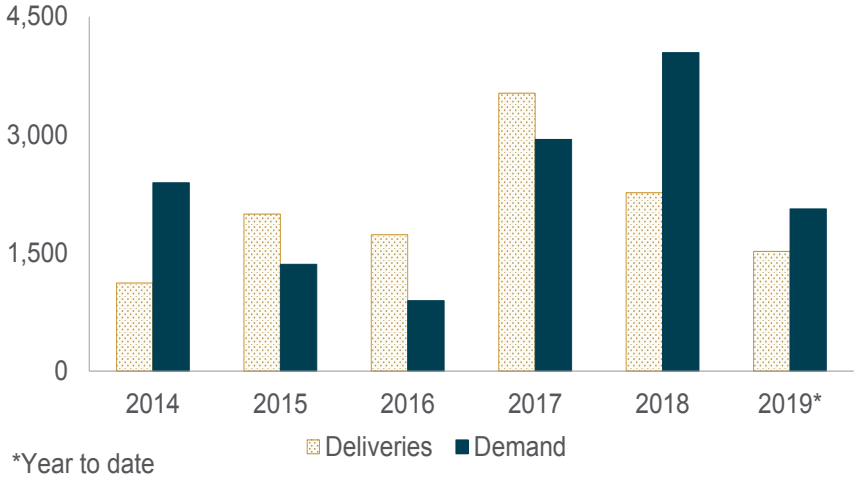
DELIVERIES AND DEMAND

DELIVERIES 1,518 Units YTD

NET ABSORPTION 2,059 Units YTD



*Year to date

ECONOMIC TRENDS

	2018		2019
UNEMPLOYMENT*	3.3%	-30 BPS CHANGE	3.0%
EMPLOYMENT*	872.8k	0.7% CHANGE	879.0k
EXISTING SFH SALES**	18.8k	22.9% CHANGE	23.1k
MEDIAN SFH PRICE**	$249.2k	1.6% CHANGE	$253.2k
10-YEAR TREASURY**	2.91%	-80 BPS CHANGE	2.07%

Payrolls expanded at the same rate through April 2019 as they did during the previous 12 months. In the past year, employers in the Milwaukee metro hired 6,200 new workers, a gain of 0.7% annually. Job growth metrowide was held back by layoffs affecting firms in the financial activities and professional and business services sectors, including JP Morgan Chase and Anchor Bank. However, strong hiring was present in the education and health services and the manufacturing sectors. The metro became a popular destination for health care technology firms, including Catalent Biologics Madison. The company recently expanded its operations in the area and is currently hiring 100 new employees through 2020. Major hospital expansions, such as the Children Hospital of Wisconsin's $265 million campus upgrade, helped bolster hiring in the health care industry as well. Recent tax incentives have been successful at drawing manufacturing companies back to Milwaukee. Employers in the sector added 1,500 new jobs year over year through April 2019. Unemployment improved annually as well, down 30 basis points to 3.0%.

*April; **June

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SUBMARKET BREAKDOWN

	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Downtown/Shorewood	94.3%	95.1%	-0.8%	1.4%	$1,449	$1,469	127	901	134	751
Far North Side	95.3%	95.6%	1.2%	2.4%	$1,080	$1,107	195	143	96	96
Franklin/Oak Creek	97.9%	99.0%	1.6%	3.4%	$1,022	$1,057	86	227	30	104
Near North/West Side/Wauwatosa	95.0%	94.9%	0.4%	2.3%	$1,229	$1,257	57	698	84	759
Racine	97.3%	96.4%	3.8%	3.4%	$817	$844	42	-95	0	0
South Side/West Allis/Greenfield	97.2%	97.6%	1.4%	6.0%	$882	$934	18	518	75	420
Waukesha County	95.8%	97.5%	1.1%	3.7%	$1,181	$1,224	288	974	157	536
TOTALS	**96.0%**	**96.5%**	**1.0%**	**3.2%**	**$1,131**	**$1,168**	**963**	**3,608**	**647**	**2,939**

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