



METRO MILWAUKEE ECONOMIC INSIGHTS

Center for Applied Economics
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Metro Milwaukee Economic Insights

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Executive Summary

The State and Milwaukee Metro Hold Its Ground — and More

Wisconsin has the 21st-largest state economy and ranks 33rd in per capita GDP. The region's economy remains on a relatively solid footing. Low unemployment, rising wages, strong construction activity, and a nationally competitive housing market suggest continued regional momentum. At the same time, employment trends suggest that growth is uneven across sectors. Our forecasts through October 2026 point to softer employment, but continued wage growth and rising housing prices. Overall, businesses may face steady regional conditions, with potential pressure from rising wages and inflation that remains above the Federal Reserve's target.

WHERE THE REGION IS STRONG

- **Unemployment:** In January 2026, both the Milwaukee metro and Wisconsin posted a 3.9% unemployment rate, a 0.8 percentage point below the 4.7% national rate.
- **Construction:** Milwaukee metro added roughly 3,400 construction jobs between January 2025 and January 2026 (+9.6%), the largest percentage and largest absolute gain of any major sector in the metro. This may suggest continued demand for contractors, building materials, equipment suppliers, and related professional services.
- **Housing:** Realtor.com placed the Milwaukee metro among the 20 hottest housing markets countrywide in March 2026. The local median listing price rose 3.4% year over year, while the national median fell 2.2%.
- **Wages:** Average hourly earnings in the metro are forecast to rise 2.4% by October 2026 from October 2025.
- **Convergence with the nation:** From 2021 through 2023, U.S. GDP growth outpaced Wisconsin's. Since 2024, the gap has narrowed noticeably.

WHERE THE REGION IS BEING TESTED

- Total non-farm payroll employment in Wisconsin and the Milwaukee metro has been softer than the national average, with losses seen in sectors such as retail and manufacturing. Our forecasts through October 2026 suggest this pattern will likely continue.
- Housing affordability may become a growing concern as local prices are rising faster than national prices.

- Inflation, while well below its 2022 peak, has plateaued somewhat above the Federal Reserve's 2% target.

WHAT THIS RELEASE COVERS

The Scorecard compares current economic conditions in the Milwaukee metro area with those in Wisconsin and the United States. It presents short-term forecasts through October 2026 for five Milwaukee metro indicators: non-farm payroll employment, manufacturing employment, retail employment, average hourly earnings, and the median home listing price. We also review the accuracy of the forecasts we issued in our October 2025 release. For the four employment and wage measures, the largest forecast error over the entire window was 2.53%. The median listing price proved harder to predict, though our March 2026 error of 4.44% was a meaningful improvement on the 7.02% seen in January.

FUTURE RELEASE

Immigration trends in Wisconsin and the Milwaukee metro will be a featured topic in our July 2026 release, given their relevance to regional population, workforce, and broader economic conditions.

Thank you for reading the report. We hope the Scorecard provides useful context for understanding the region's current conditions and the near-term outlook.

Current Economic Climate

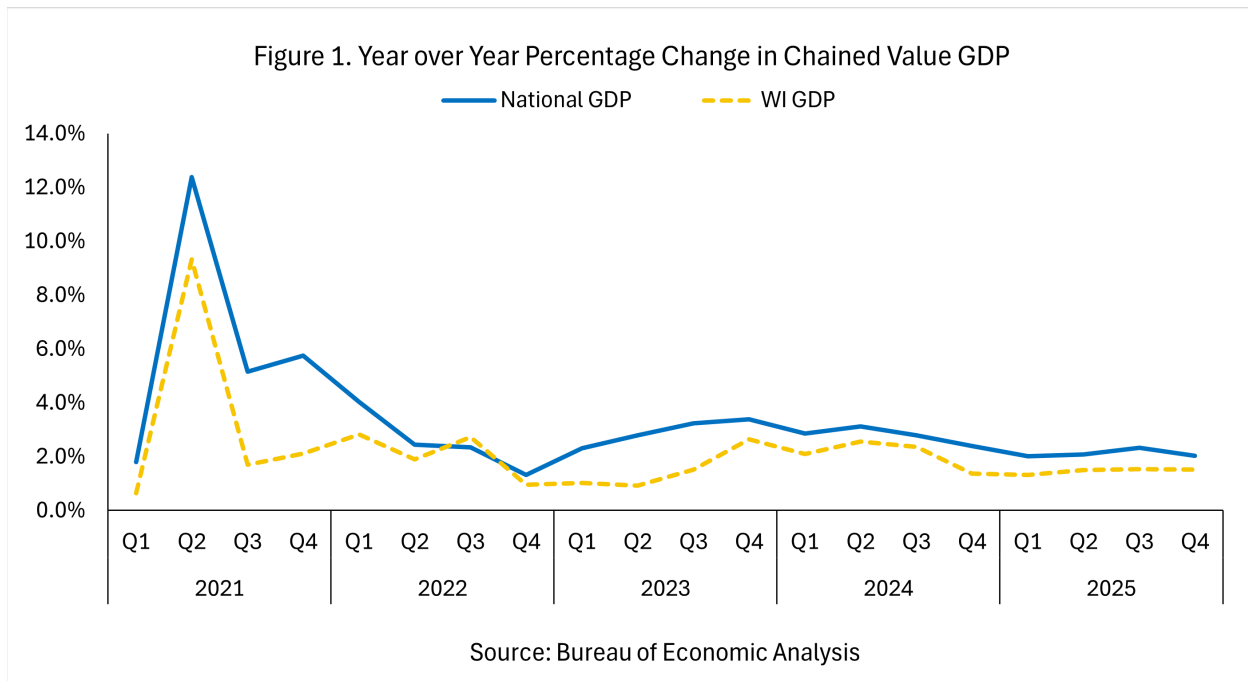
PRODUCTION

Wisconsin's \$362 Billion Economy Is Closing the Growth Gap with the Nation

Gross Domestic Product (GDP) measures the value of all final goods and services produced in an economy over a given period. Because it provides a broad view of economic activity, it is commonly used as an indicator of overall economic conditions.

As of the fourth quarter of 2025, Wisconsin's annualized real GDP stood at approximately \$362.3 billion, making it the nation's 21st-largest state economy. When measured by real GDP per capita, the state's output of \$60,665 ranks 33rd among the 50 states and D.C. On a year-over-year basis, growth measured 1.3% in the first quarter of 2025 and 1.5% in each of the remaining three quarters.

State growth has trailed the national figure. From 2021 through 2023, national GDP growth typically outpaced Wisconsin's by a wider margin. However, since 2024, the difference has narrowed noticeably, a sign that the state's economy has moved closer into alignment with the national expansion.



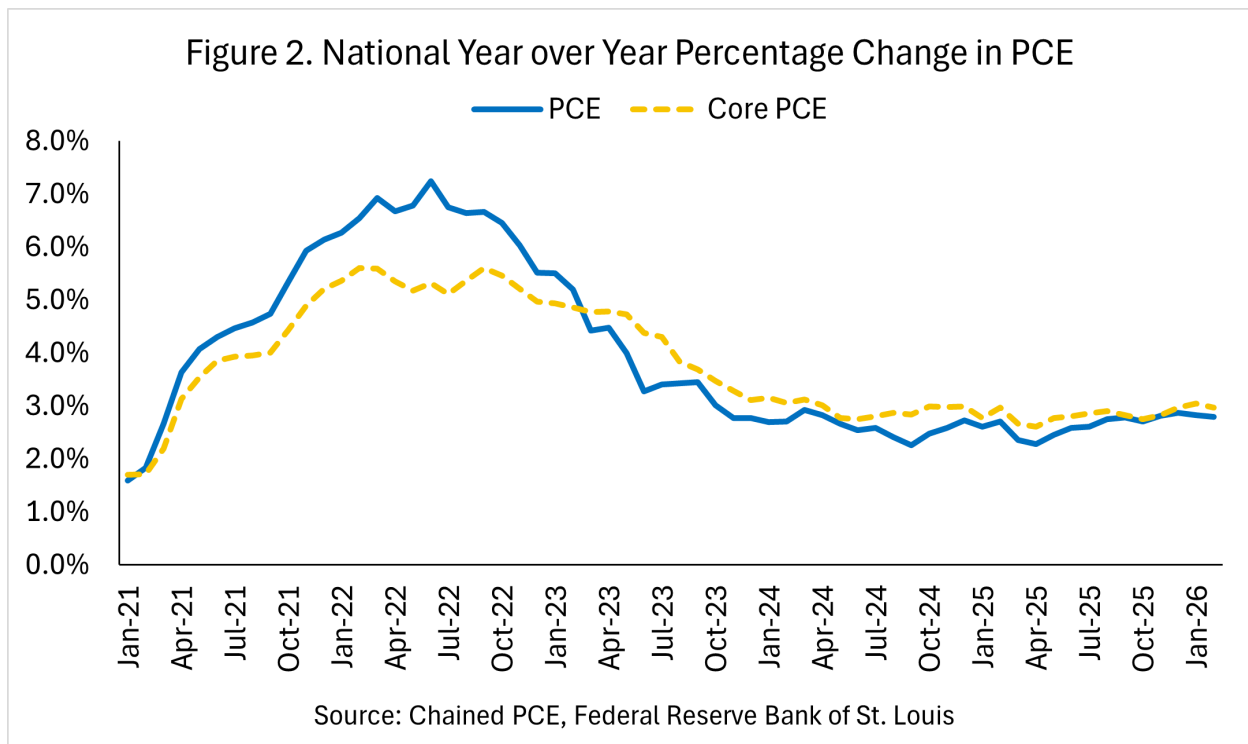
INFLATION

Inflation Has Eased from Its Peak. The Last Leg to 2% Seems Hard

Inflation measures how quickly prices are rising across the economy. For businesses, it matters because it shapes both consumer demand and operating costs. The most important inflation picture over the past three years has been that prices have fallen significantly from the 2022 peak.

The Personal Consumption Expenditures (PCE) index is the Federal Reserve's preferred measure of consumer inflation because it captures a broad range of household purchases. Average PCE inflation slowed from 6.5% in 2022 to 3.8% in 2023, 2.6% in 2024, and 2.6% again in 2025. In the first two months of 2026, PCE inflation averaged 2.8%, and the earlier downward momentum leveled off.

A similar pattern appears in Core PCE, which excludes food and energy. Average Core PCE inflation measured 5.3% in 2022, 4.2% in 2023, 3.0% in 2024, and 2.8% in 2025. In January and February 2026, Core PCE inflation averaged 3.0%, also rising slightly from 2025. These measures suggest that inflation pressures have eased substantially, but progress toward the Federal Reserve's 2% target has also slowed.

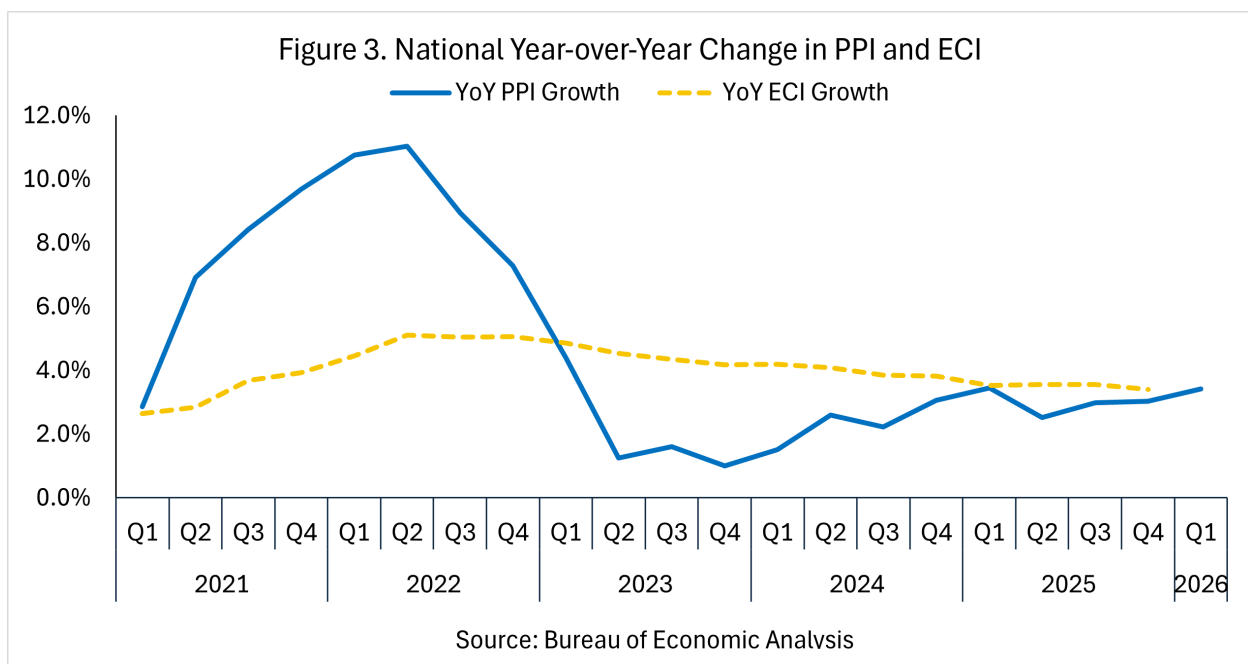


Producer Prices and Labor Costs: Two Different Signals

Consumer inflation is only part of the picture. For businesses, cost conditions also depend on changes in producer prices and labor compensation. The Producer Price Index (PPI) for final demand measures prices received by domestic producers for goods, services, and construction sold to final demand. The Employment Cost Index (ECI) measures changes in compensation paid by employers to workers.

Like consumer inflation, producer inflation came down sharply from its 2022 peak, slowing from an average of 9.5% in 2022 to 2.1% in 2023 and 2.4% in 2024. It went up to an average of 3.0% in 2025 and 3.4% in Q1 2026. Quarterly PPI inflation was 3.5% in Q1 2025, 2.5% in Q2, and 3.0% in both Q3 and Q4. Producer prices remain well below their 2022 peak, but they have trended upward since late 2023.

Meanwhile, the Employment Cost Index for all civilian workers has continued to moderate gradually. ECI growth averaged 4.5% in 2023, 4.0% in 2024, and 3.5% in 2025. In the second half of 2025, ECI growth averaged 3.5%, easing from 3.6% in the third quarter to 3.4% in the fourth quarter. Compensation growth has moderated in line with the broader inflation cycle, good news for cost management without undermining worker purchasing power.

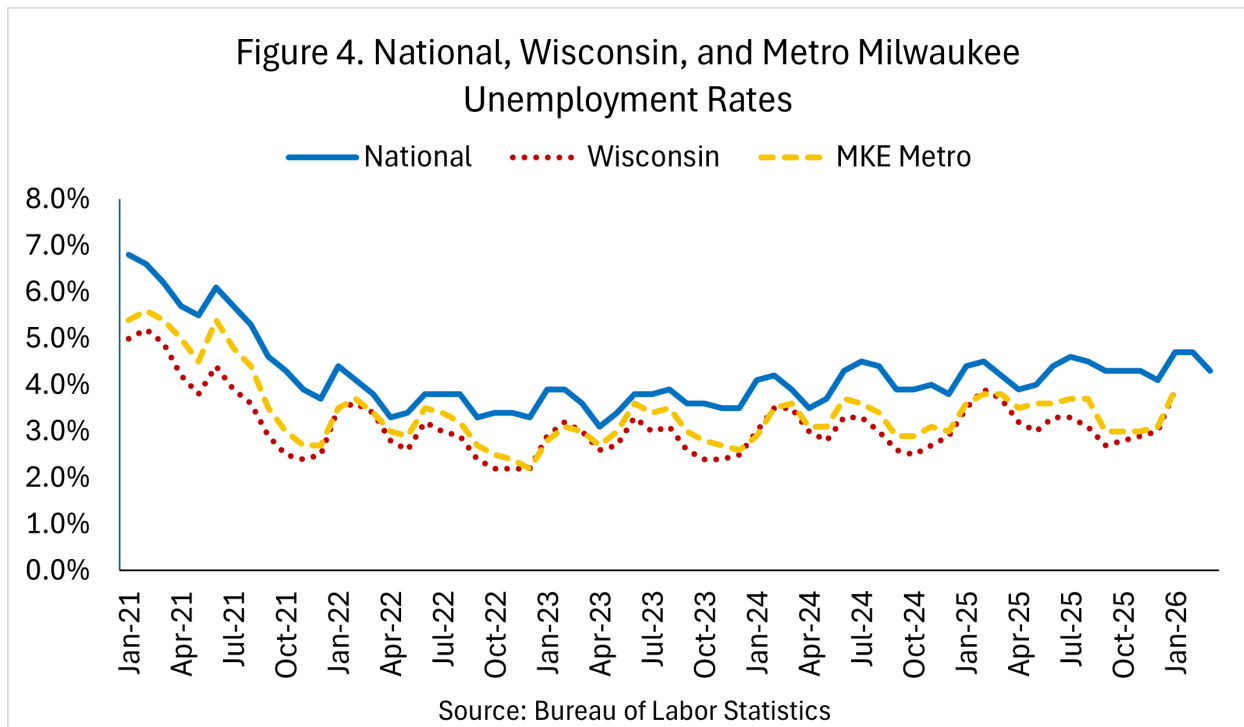


Notes: The PPI is released by the BLS monthly. To place these two producer cost indices on the same graph, we converted the monthly PPI measures to quarterly figures by taking the 3-month average.

EMPLOYMENT

State and Milwaukee Metro's Unemployment Beat the Nation

Looking at the unemployment rate, labor market conditions in Wisconsin and the Milwaukee metro area were stronger than the national average. As of January 2026, Milwaukee Metro was among the 100 lowest-unemployment metro areas in the nation. This competitive standing is reflected in unemployment rates of 3.9% (not seasonally adjusted) for both the state and the metro area, compared to the national rate of 4.7%.



Notes: The data presented in Figure 4 are non-seasonally adjusted. This is because a seasonally adjusted unemployment rate for the Milwaukee-Waukesha MSA is not available from the BLS.

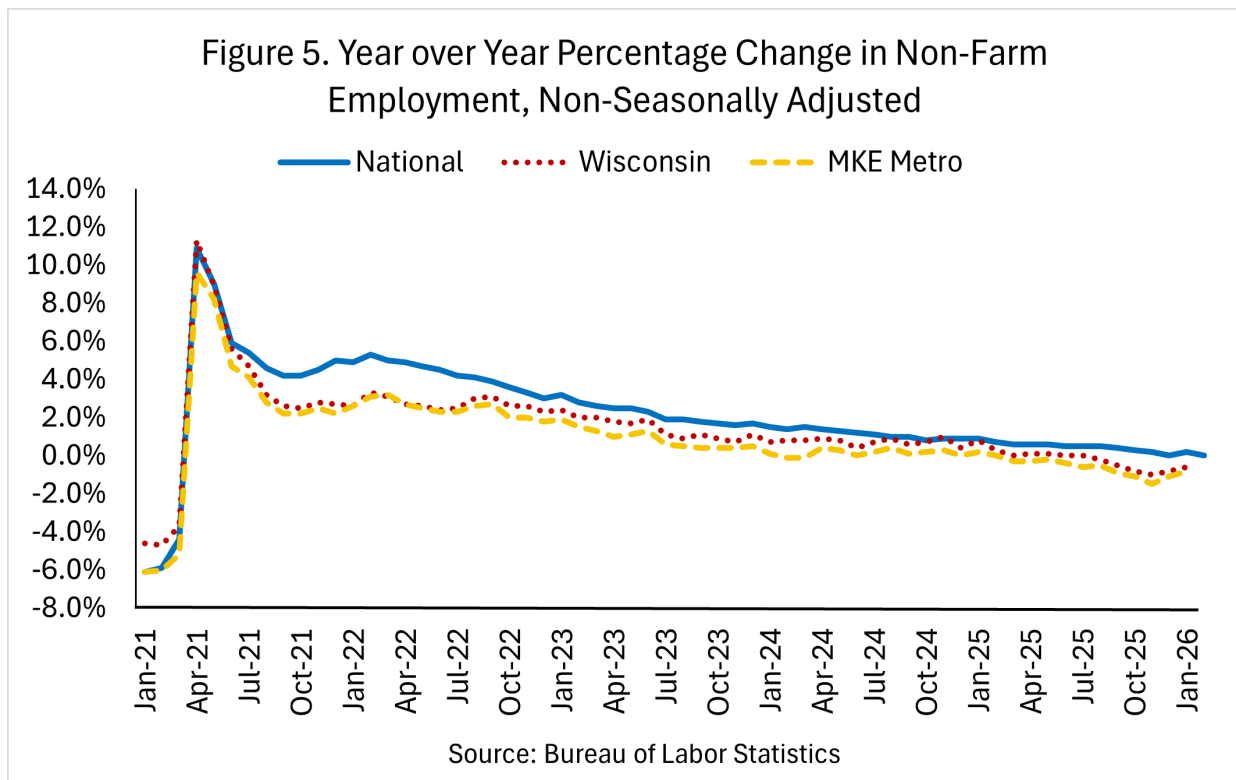
Payroll Growth Softer Here. But Sector Performance is Uneven

Year-over-year non-farm payroll growth in January 2026 was 0.2% nationally, compared with -0.6% in Wisconsin and -0.8% in the Milwaukee metro area. The same pattern held through late 2025. From September through December, national year-over-year employment growth averaged 0.2%, while Wisconsin averaged -0.8% and the Milwaukee metro area averaged -1.2%. Payroll softness is present in the local data, but the sector composition beneath it tells more.

Construction Leads. Some Others Lag

Statewide, total non-farm employment in January 2026 was about 17,200 jobs (-0.6%) below its year-earlier level. Some of the weaknesses were in retail and manufacturing, each losing roughly 1.8% of their employment base (about 5,400 retail jobs and 8,300 manufacturing jobs). On the other hand, construction was the state's standout performer, adding 10,100 jobs (+7.7%), while education and health services added 6,900 jobs (+1.4%).

The Milwaukee metro followed a similar pattern. Between September 2025 and January 2026, the metro area lost about 13,300 jobs (non-seasonally adjusted), and by January 2026, total non-farm employment was about 6,400 jobs below its level a year earlier. Some weak spots were retail and manufacturing. Between January 2025 and January 2026, retail employment fell by roughly 1,900 jobs (down 2.5%), while manufacturing employment declined by about 1,900 jobs (down 1.7%). But the metro's construction added about 3,400 jobs (+9.6%), the largest percentage and absolute gains of any major sector. Education and health services also expanded by roughly 1,900 jobs (+1.1%).



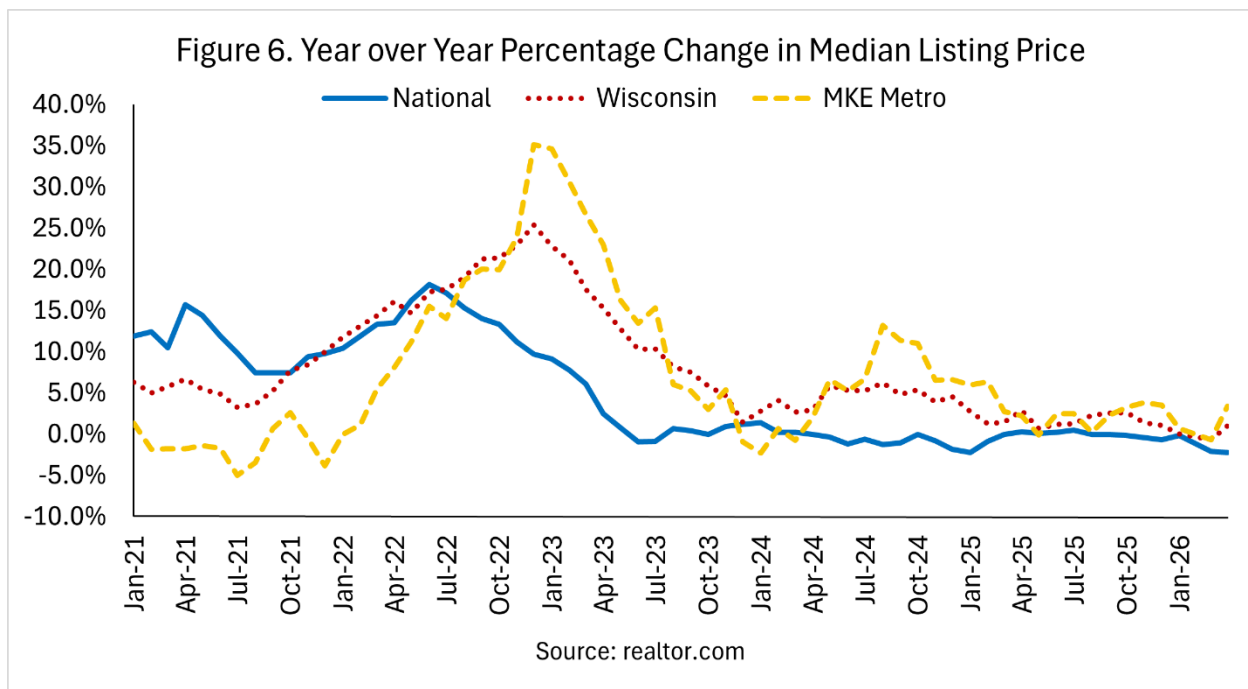
HOUSING

Milwaukee Metro Housing Market Bucks National Price

Trends

In March 2026, Realtor.com ranked the Milwaukee metro among the top 20 hottest housing markets in the nation, suggesting demand for homes here is outpacing available supply.

Price data backs up the metro's ranking. Over the broader six-month period from October 2025 through March 2026, Wisconsin's average monthly median listing price rose by 0.92% to \$378,466, while the Milwaukee metropolitan area recorded stronger growth of 2.3%, reaching \$377,293, from the same six-month period one year earlier. In comparison, the average monthly median national listing price was \$409,658, down 0.95%. Specifically, in March 2026, the median home listing price was \$389,450 (+1.0% from March 2025) in Wisconsin, \$387,858 (+3.4%) in the Milwaukee metropolitan area, compared with a national decline to \$415,450 (-2.2%).



What Rising Home Values Mean in Context

Rising home values strengthen the balance sheets of existing homeowners and signal healthy underlying demand for the region. At the same time, stronger price growth in the Milwaukee metro raises a challenge that local employers should keep in view. As housing costs climb, affordability for lower-income workers and prospective new hires tightens. Watching this trade-off alongside wage growth will be an important consideration in the coming months.

Looking Ahead

Softer Employment in Some Sectors—But Paychecks and Home Values Keep Climbing

This section presents data-driven short-term forecasts for five indicators in the Milwaukee metro area through October 2026. Together, these measures provide a forward-looking view of broad labor market conditions, sector-level employment trends, wage growth, and housing costs.

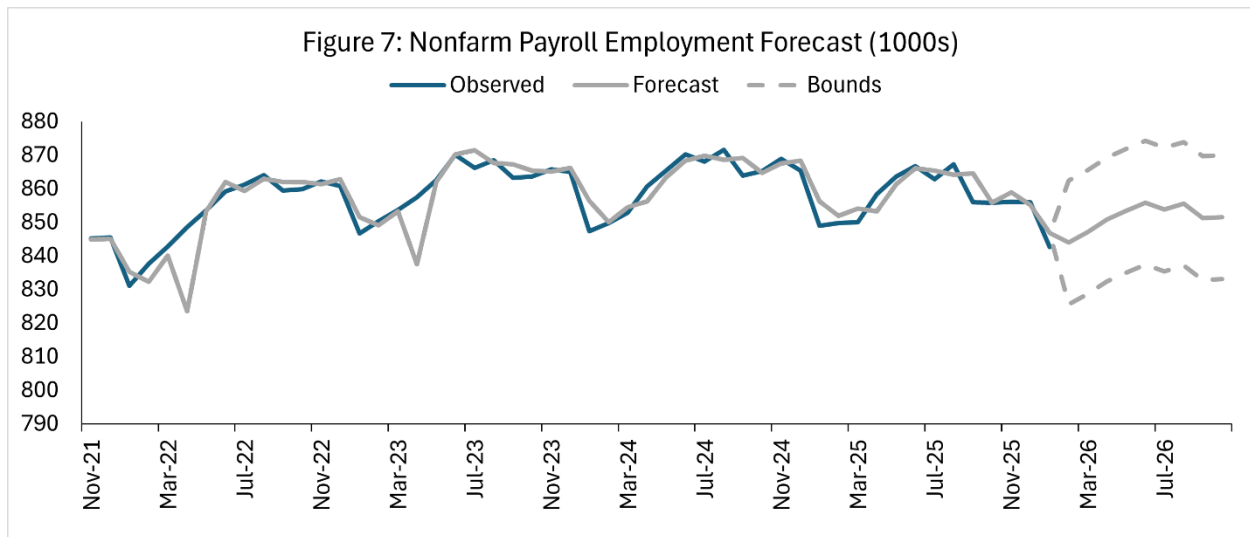
The forecasts suggest that the Milwaukee metro area is likely to see a modestly softer employment environment, while continued wage growth and firm home-price appreciation are expected. Non-farm, manufacturing, and retail employment are each expected to remain below year-earlier levels through the forecast horizon, pointing to limited hiring momentum. But average hourly earnings and median listing prices are projected to keep rising year over year. For business leaders, that combination likely means somewhat less hiring pressure than in recent years, even as wage and housing costs continue to shape recruiting, retention, and local demand.

At-a-glance View of the Milwaukee Metro October 2026 Forecasts:

Indicator	October 2026 Forecast	vs. October 2025
Non-farm payroll employment	851,456	-0.5%
Manufacturing employment	106,511	-1.3%
Retail employment	72,737	-0.9%
Average hourly earnings	\$37.12	+2.4%
Median home listing price	\$410,442	+5.3%

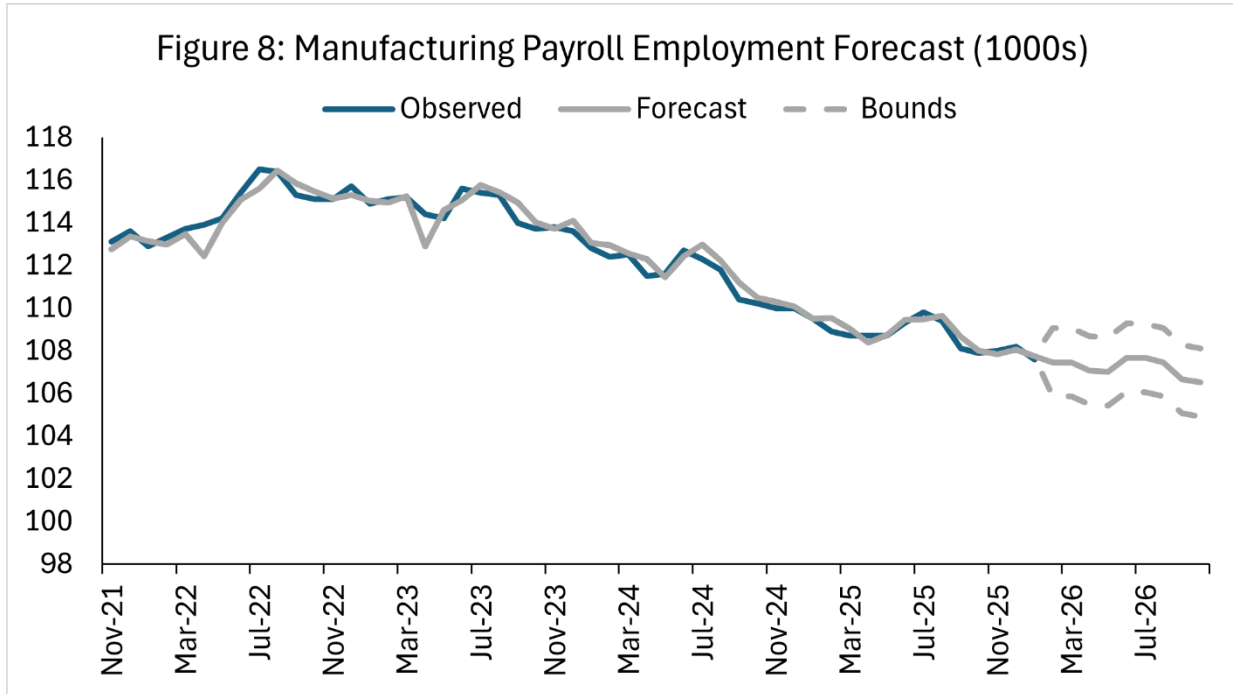
Non-Farm Payroll Employment

Non-farm payroll employment in the Milwaukee metro area is forecast to be 850,802 in April 2026, compared with 858,400 in April 2025. This would represent a year-over-year decline of about 7,598 jobs, or 0.9%. From April through October 2026, the forecast indicates a modest increase into early summer, reaching 855,834 in June before easing to 851,456 by October. This projected 0.5% decline from June to October is smaller than the roughly 1.3% decrease observed over the same months in 2025.



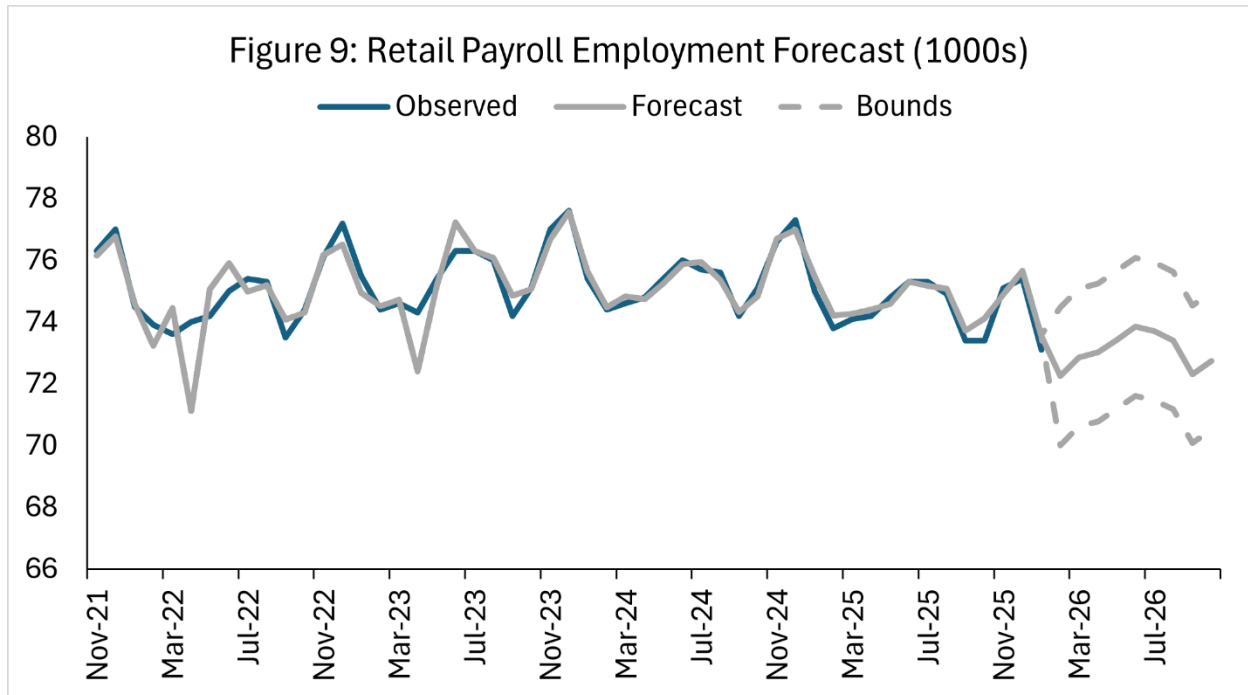
Manufacturing Employment

Manufacturing employment in the Milwaukee metro area is forecast to be 107,077 in April 2026, compared with 108,700 in April 2025. This would represent a year-over-year decline of about 1,623 jobs, or 1.5%. From April through October 2026, the forecast indicates little movement overall, with employment rising to 107,677 in June before easing to 106,511 by October. By October 2026, manufacturing employment would be about 1.3% below its level in October 2025.



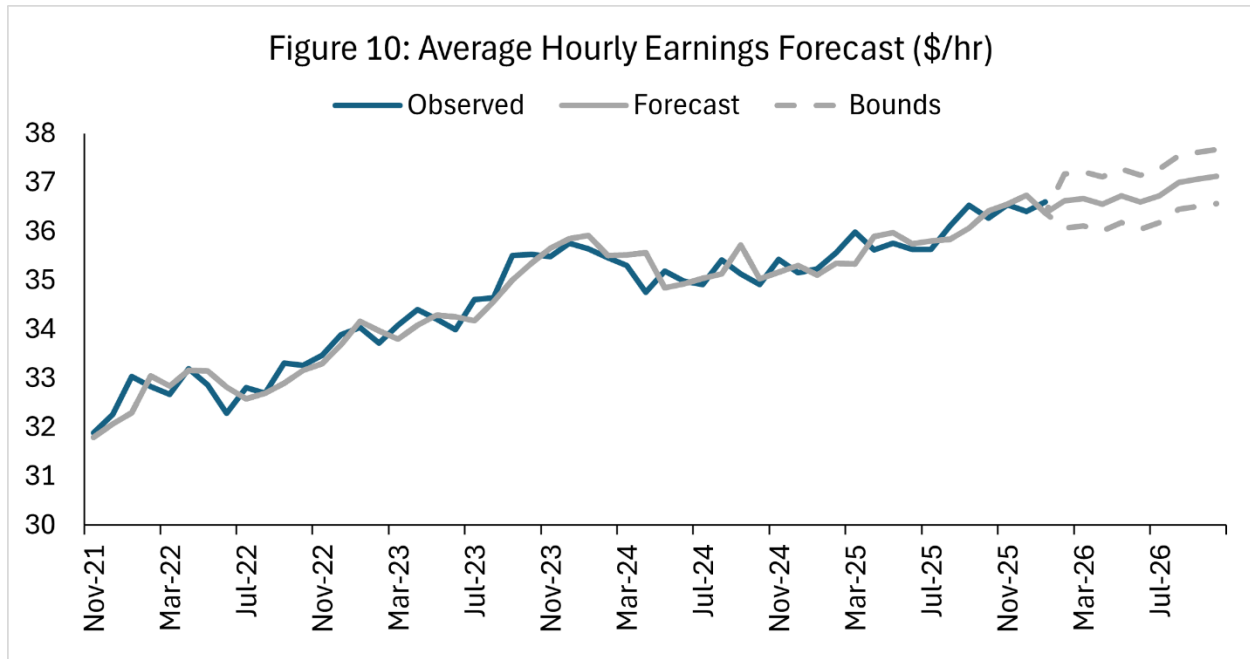
Retail Employment

Retail employment in the Milwaukee metro area is forecast to be 73,015 in April 2026, compared with 74,200 in April 2025. This would represent a year-over-year decline of about 1,185 jobs, or 1.6%. From April through October 2026, the forecast indicates a modest increase into early summer, reaching 73,843 in June before easing to 72,737 by October. By October 2026, retail employment would be about 0.9% below its level in October 2025.



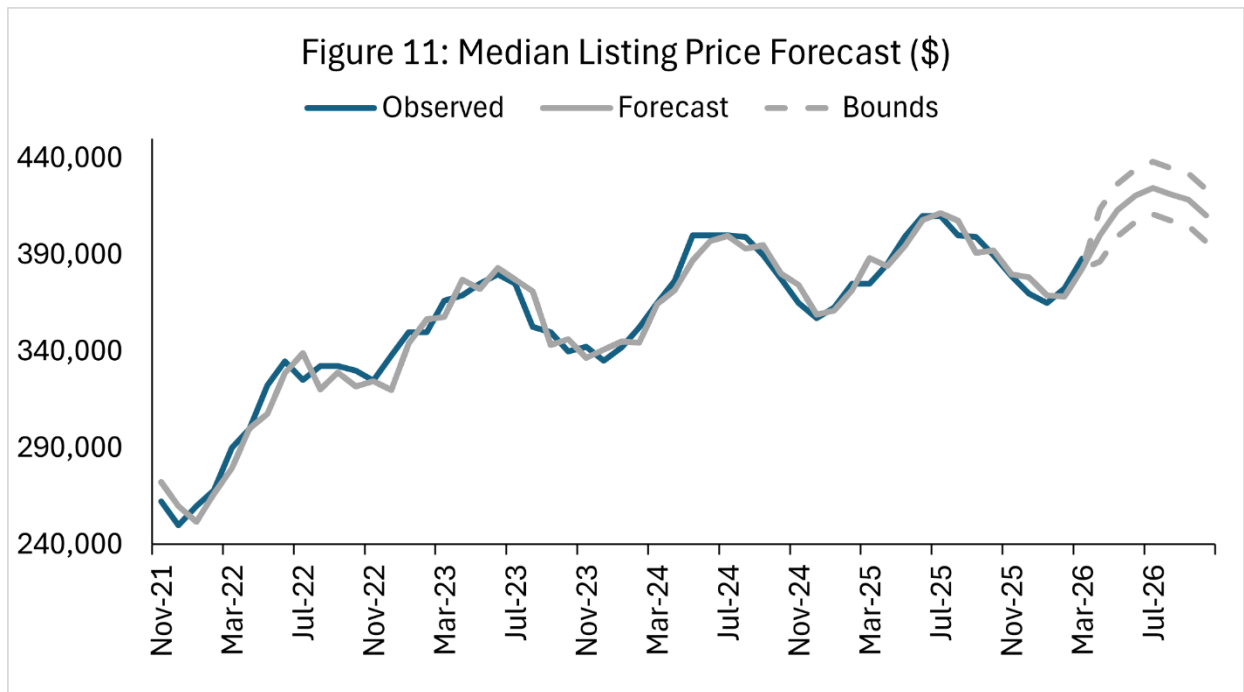
Hourly Earnings

Average hourly earnings in the Milwaukee metro area are forecast to be \$36.56 in April 2026, compared with \$35.62 in April 2025. This would represent a year-over-year increase of about \$0.94, or 2.6%. From April through October 2026, the forecast indicates continued wage growth, with earnings rising to \$37.12 by October. By October 2026, average hourly earnings would be about 2.4% above their level in October 2025.



Housing Market

The median listing price in the Milwaukee metro area is forecast to be \$400,046 in April 2026, compared with \$385,000 in April 2025. This would represent a year-over-year increase of about \$15,046, or 3.9%. From April through October 2026, the forecast indicates continued price growth into the summer, with the median listing price reaching \$424,413 in July before easing to \$410,442 by October. By October 2026, the median listing price would be about 5.3% above its level in October 2025.



Technical Appendix

The forecasts and data presented throughout this report come from the Bureau of Labor Statistics, the Federal Reserve Bank of St. Louis, and the National Association of Realtors unless otherwise noted in the above figures. Except for the median listing price, the forecasts presented above use data from January 2010 through the most recently available release from the above-mentioned government agencies. Due to data constraints, the time series for the median listing price begins in July 2016. Each variable for the forecasts was gathered at the Milwaukee metropolitan area level, which is the Milwaukee-Waukesha MSA. All forecasted variables use non-seasonally adjusted monthly data.

To provide the forecasts above, we use an autoregressive integrated moving average (ARIMA) modeling strategy. The ARIMA model is a forecasting technique that utilizes past observations and trends to predict future values. This approach assumes future trends will resemble those in the past. For each economic indicator examined here, forecasts were made using the first-differenced values to ensure stationarity. Autocorrelation and partial autocorrelation functions were used to choose the autoregressive (AR) lags for each variable. We did not incorporate any moving average lags.

The ARIMA specifications for each variable are:

- Non-farm payroll employment: AR(2,12,24,36)
- Manufacturing employment: AR(3,12,24,36)
- Retail employment: AR(2,12,24,36)
- Average hourly earnings: AR(1,3,9,12,15,24,30)
- Median listing price of homes: AR(1,5,7,9,10,12,18)

The mean absolute percentage error (MAPE) measures forecast accuracy by expressing the average absolute forecast error as a percentage of the observed value. The MAPE for each of our forecasts can be found below:

- Non-farm payroll employment: 0.49%
- Manufacturing employment: 0.37%
- Retail employment: 0.74%
- Average hourly earnings: 0.78%
- Median listing price of homes: 1.73%

These values suggest that the models performed well over the historical sample; however, it should be noted that several sources of uncertainty could impact the accuracy of the

forecasts. The ARIMA model assumes that future patterns will resemble past trends, although unexpected events can disrupt those patterns. Geopolitical risks such as political instability, policy interventions, government shutdowns, and changes in tariff rates can result in unexpected shocks to the economy. Technological innovations through artificial intelligence and disruptions in the global supply chain from the COVID-19 pandemic altered the predictive power of economic forecasts in the past, and similar situations could do the same to these models. Local risks, such as significant changes in state-level employment policy, could also cause these forecasts to deviate from the predicted values.

October 2025 Release Forecasting Performance

Our October 2025 Scorecard presented forecasts for the period from September 2025 through April 2026. At present, actual data are available through January 2026 for the employment measures and through March 2026 for housing. In the table below, for each of the five data series, we report the observed value, our forecast, and the percent error for the months currently available. In the % Error column, a negative value indicates that the forecast was an overestimate, while a positive value indicates that it was an underestimate. As an example of interpretation, the percent error for total non-farm payroll employment in the month of September is -0.63%. This means that we overestimated non-farm payroll employment by 0.63%.

For total non-farm employment, the forecasts were never off by more than 1.39%. Manufacturing employment forecasts were never off by more than 2.53%, while the largest error for retail employment was 0.67%. The worst forecast for average hourly earnings was off by 1.88% in September. The median listing price proved more difficult to forecast accurately. We overestimated the listing price in January by 7.02%, which is the highest percent error from all five data series. However, by March 2026, the error had narrowed to 4.44%. Based on these accuracy metrics, the forecasts performed reasonably well over the periods currently available for evaluation. It is also important to note that the Bureau of Labor Statistics later revised earlier employment releases. As a result, the observed values used in this evaluation differ from those that were available when the forecasts were originally produced.

	Total Non-Farm Employment			Manufacturing Employment		
	Observed	Forecast	% Error	Observed	Forecast	% Error
September	855.90	861.28	-0.63	108.10	110.64	-2.35
October	855.80	862.42	-0.77	107.90	110.50	-2.41
November	856.10	863.46	-0.86	108.00	110.53	-2.34
December	855.90	862.07	-0.72	108.2	110.66	-2.28
January	842.60	854.29	-1.39	107.6	110.33	-2.53
	Retail Employment			Average Hourly Earnings		
	Observed	Forecast	% Error	Observed	Forecast	% Error
September	73.40	72.93	0.65	36.53	35.84	1.88
October	73.40	73.61	-0.29	36.27	35.83	1.22
November	75.10	75.11	-0.01	36.55	36.02	1.46
December	75.4	75.59	-0.25	36.41	36.14	0.74
January	73.1	73.59	-0.67	36.6	36.08	1.43
	Median List Price					
	Observed	Forecast	% Error			
September	\$399,000	\$401,265.0	-0.57			
October	\$389,800	\$393,187.0	-0.87			
November	\$379,000	\$388,177.0	-2.42			
December	\$369,750	\$388,333.8	-5.03			
January	\$364,900	\$390,506.6	-7.02			
February	\$372,450	\$397,654.9	-6.77			
March	\$387,858	\$405,064.5	-4.44			