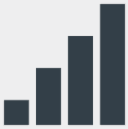
Milwaukee, WI

Headlines

- **There have been small job gains in the Milwaukee-Waukesha-West Allis metropolitan area in 2026, after job losses in 2025, and employment remains below its pre-pandemic level.** The area's recovery has lagged that of Wisconsin. This underperformance is due to continued weakness in Milwaukee's service-providing sector.
- **By contrast, conditions have improved across much of the goods-producing sector recently,** including manufacturing and construction.
- **Housing is a mixed picture.** Housing affordability deteriorated through mid-2026 and remains very low, even as it has gradually improved nationally.
- **Looking ahead, the housing sector is likely to remain a drag on growth.**
- **Continued gains in tech-related business investment should provide a tailwind for local durable goods producers,** especially suppliers of construction and business equipment, as firms expand capacity to meet growing capital spending needs.

KEY FACTS

Population: 1.6 mil.
(ranked 53/411 MSAs)
Source: Bureau of Census; Moody's Analytics



GDP: 2.1%
(ranked 227/411 MSAs)
Source: Bureau of Economic Analysis; Moody's Analytics

Job Growth: -0.3%
(ranked 284/411 MSAs)
Source: Bureau of Labor Statistics

HPI Growth: 6.6%
(ranked 29/411 MSAs)
Source: CoreLogic, Inc.; Moody's Analytics

"Milwaukee's durable goods sector... is well positioned to capitalize on ongoing business investment, which provided nearly one percentage point of support to annualized U.S. real GDP growth in the second quarter."

The labor market in the Milwaukee-Waukesha-West Allis metropolitan area has stabilized in 2026, with small job gains. Local employment was flat in 2023 and 2024 and fell slightly in 2025. Even so, the recovery has lagged that of Wisconsin, where employment growth in 2026 has notably outpaced the national average.

This underperformance reflects continued weakness in Milwaukee's service-providing sector, which has more than offset recent gains in goods-producing industries. While goods-producing employment is expanding after nearly two consecutive years of decline beginning in early 2024, service-providing employment remains well below its late-2024 level, unlike the national trend. As a result, total employment in the metro area was down roughly 0.3% year-over-year in August 2026, compared with modest job growth nationally. And local employment is still about 2% below its pre-pandemic level.

Weakness in Milwaukee's service sector has been broad-based. According to the Bureau of Labor Statistics, employment in financial activities; information; and trade, transportation, and utilities all declined from a year earlier in August. **Even education and health services, the largest contributor to national job growth over the past year, experienced employment losses of 0.3% year-over-year in the metro area.** Leisure and hospitality services were the lone bright spot among service industries, with employment increasing 2.5% from a year earlier.

By contrast, conditions have improved across much of the Milwaukee area goods-producing sector. Nationally, manufacturing activity strengthened in 2026, with production of fabricated metal products and machinery increasing roughly 3% and 7% year-over-year in September, respectively, according to the Federal Reserve. **Because manufacturing accounts for a substantially larger share of employment in Milwaukee than it does nationally, the metro area has benefitted from the sector's recovery.** Local manufacturers have gradually expanded payrolls in response to improving demand, helping offset some of the weakness in services.

Construction has been another source of strength for the Milwaukee economy. Construction employment rose 5.2% year-over-year in August, significantly outpacing the national increase of 1.4%. The gain reflects strong demand for nonresidential development. According to Moody's Analytics, nonresidential construction spending, excluding communications, power, and railroad projects, increased by more than 20% nationally year-over-year through the end of 2025. Milwaukee has benefited from this favorable backdrop, as several large-scale projects have moved forward across the region. In particular, major healthcare and life sciences investments, including projects from companies such as Eli Lilly, are bringing billions of dollars of capital spending to southeastern Wisconsin. These developments have supported local construction activity and should continue to bolster construction employment in the near term. As these projects become operational, they could also generate additional hiring in healthcare and related industries over the next few years.

Housing is a more mixed picture. Home prices have continued to rise rapidly in the Milwaukee metropolitan area, with the Cotality Case-Shiller single-family home price index increasing 6.6% year-over-year in July, outpacing both Wisconsin's 4.8% gain and the national increase of 1.9%. At the same time, local wage growth has slowed sharply from late 2025, diverging from the national trend. **Consequently, Milwaukee housing affordability deteriorated through mid-2026 and remained little improved from early 2024, while affordability has gradually improved nationally.** Unsurprisingly, existing home sales have remained well below late-2024 levels as many

prospective buyers continue to face affordability constraints.

Looking ahead, the housing sector is likely to remain a drag on growth. The average 30-year fixed mortgage rate rose to 7.4% in early October according to Freddie Mac, its highest level in nearly three years. Elevated borrowing costs and strained affordability should continue to weigh on housing demand, leading Milwaukee-area home price appreciation to gradually moderate in coming months.

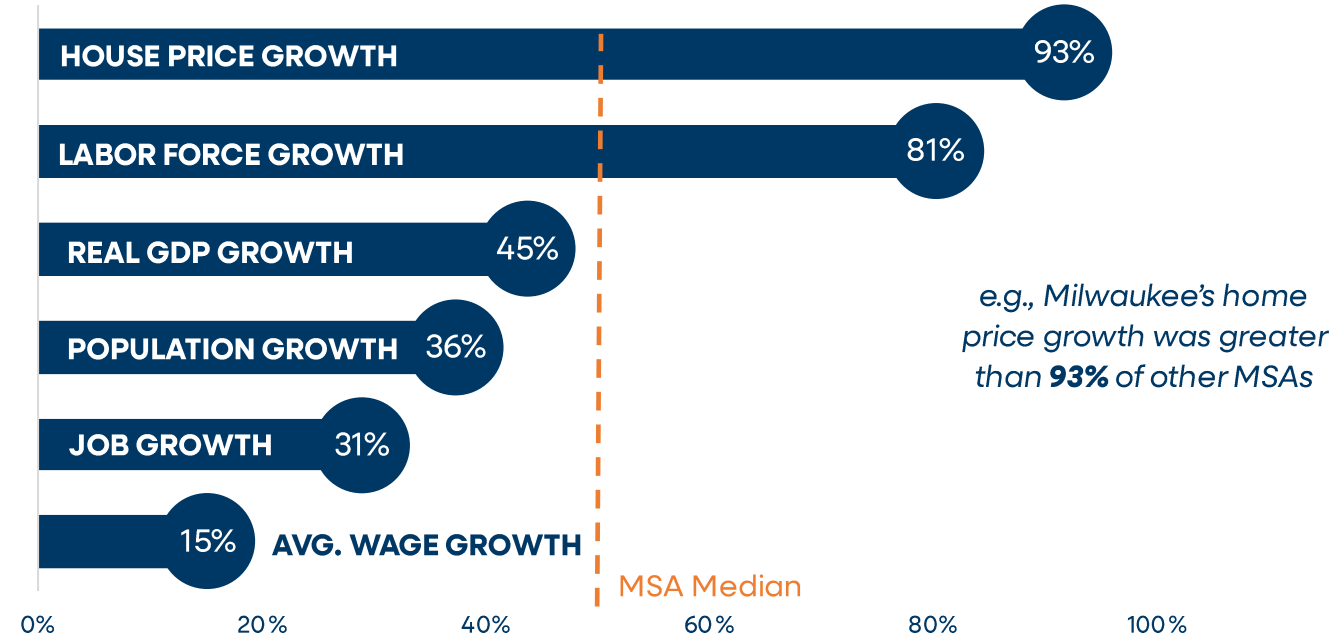
The broader economic outlook remains cautiously positive. Manufacturing activity should continue to benefit from strong business investment and ongoing AI-related capital spending. **Milwaukee's durable goods sector, particularly manufacturers tied to construction and capital equipment, is well positioned to capitalize on ongoing business investment, which provided nearly one percentage point of support to annualized U.S. real GDP growth in the second quarter.**

The metro area should also receive support from continued commercial development activity, aided by relatively affordable office and industrial space. According to Moody's Analytics, commercial real estate values in Milwaukee have underperformed the national average for more than a year, reflecting softer local demand and higher vacancy rates. While this has weighed on property owners, it has also helped keep acquisition and development costs relatively low across office, retail, industrial, warehouse, and hospitality properties. As of the second quarter of 2026, Milwaukee's commercial real estate price index was down 2.7% from a year earlier, compared with a 5.8% increase nationally. Lower occupancy and development costs provide the region with a competitive advantage for business investment and expansion.

Risks, however, remain tilted to the downside. Housing affordability remains poor, the local population has increased only slightly from 2016 in contrast to the nation, and labor supply remains constrained. Although the labor force rebounded in 2026, it remains below its early-2025 level following a sharp contraction last year and is down by more than 1% from before the pandemic. In addition, PNC expects the Federal Open Market Committee to raise the federal funds rate multiple times in late 2026 and early 2027. Further monetary tightening could restrain consumer spending and business borrowing, while elevated mortgage rates are likely to remain a headwind for housing activity and broader credit demand in the near term.

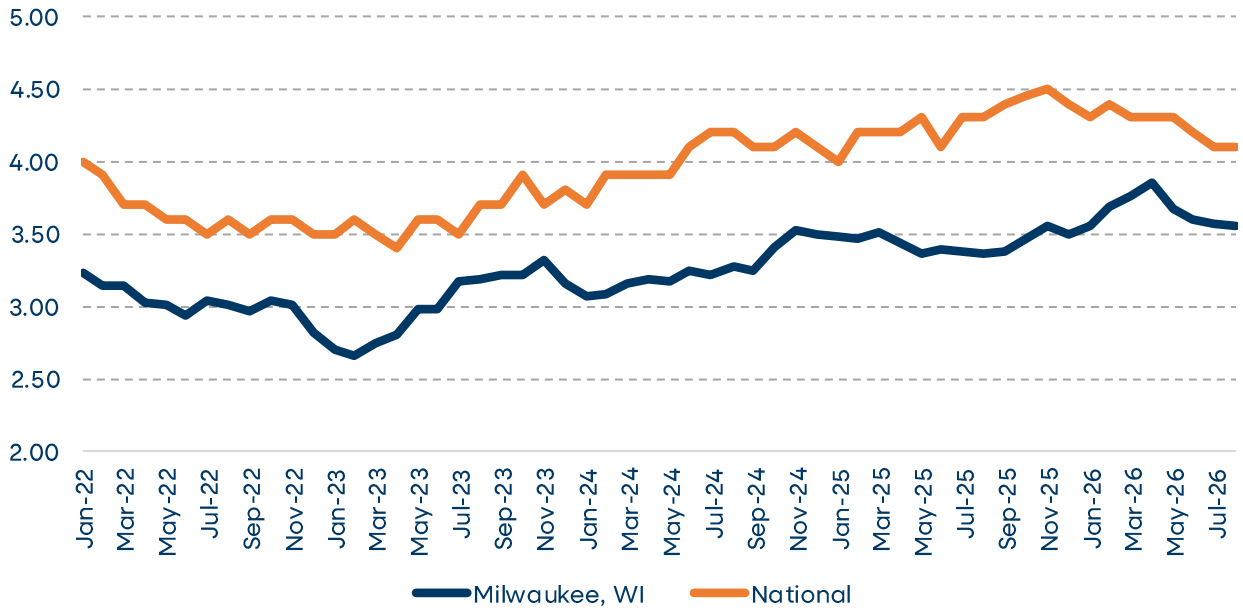
Key Charts and Figures

Figure 1: Key Metric Percentiles – Milwaukee, WI vs. the Rest of the Country



Sources: Bureau of Economic Analysis; Moody's; Bureau of Labor Statistics; CoreLogic, Inc.; U.S. Census Bureau

Figure 2: Unemployment Rate: Milwaukee, WI vs. National Average*



Sources: Bureau of Labor Statistics

*The October 2025 unemployment rates are an approximation. The official figures were not published due to the federal government shutdown during that month.

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