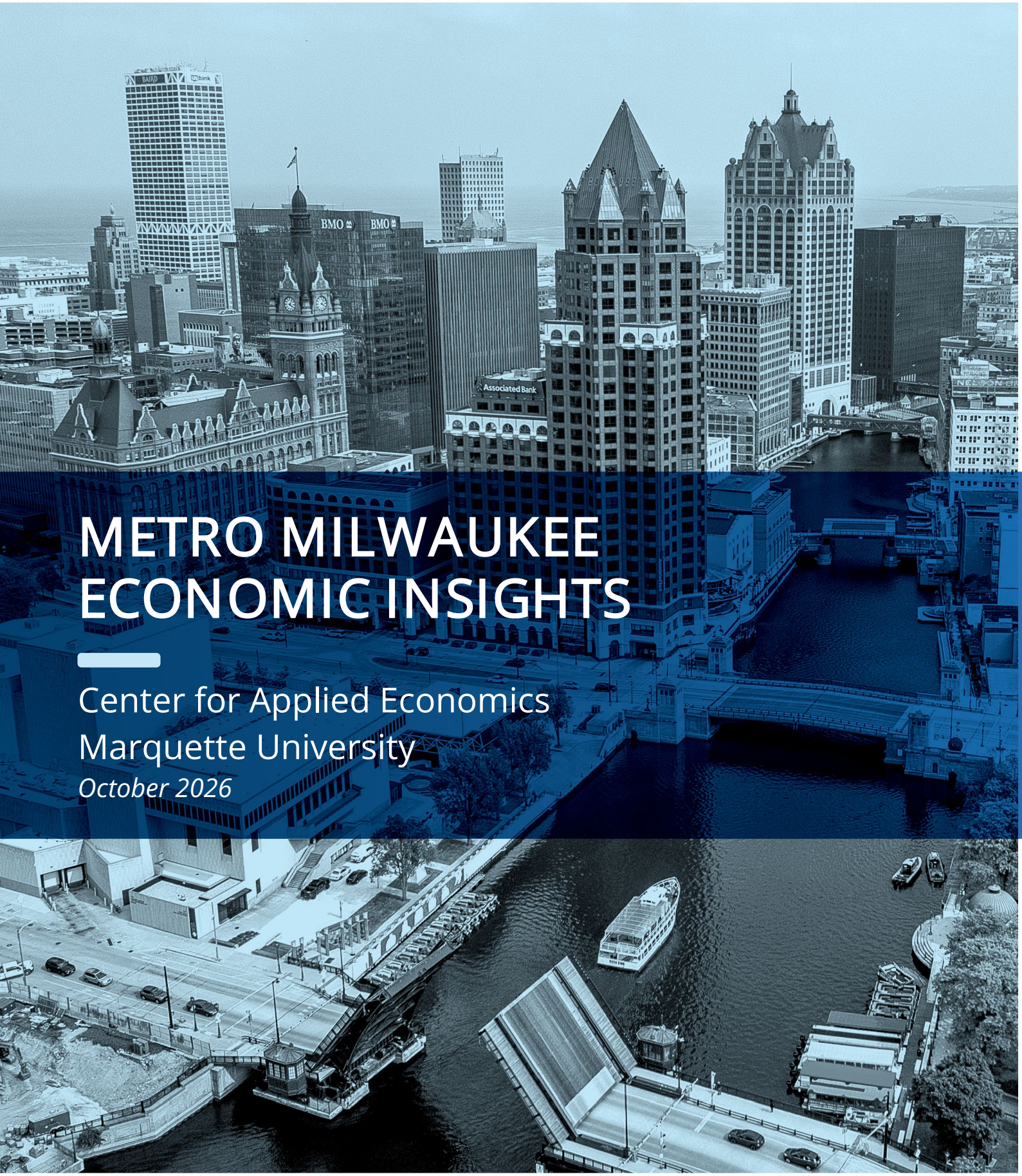


METRO MILWAUKEE ECONOMIC INSIGHTS

Center for Applied Economics
Marquette University

October 2026

MARQUETTE UNIVERSITY BUSINESS

MMAC METROPOLITAN MILWAUKEE ASSOCIATION OF COMMERCE

MILWAUKEE 7 Regional Partnership

METRO MILWAUKEE ECONOMIC INSIGHTS

Prepared by
Dr. Grace Wang, Professor of Economics; Director, Center for Applied Economics
Dr. Nicholas A. Jolly, Professor of Economics; Associate Director, Center for Applied Economics; Director of Graduate Studies
Julia Rowe, Research Analyst, Center for Applied Economics
Lennard Boholst, Research Analyst, Center for Applied Economics

Executive Summary

Steady Conditions, but Employment Growth Remains Uneven

This release looks at the Milwaukee 7 (M7) and, where M7-level data are not available or comparable, the four-county Milwaukee metro (Milwaukee, Waukesha, Ozaukee, and Washington counties). The region enters the final quarter of 2026 with mixed economic signals. Unemployment remains below the national rate, construction employment continues to grow, and home listing prices have stabilized. However, the region's labor market is showing relative weakness. Payroll employment remains below its year-earlier level, trailing Wisconsin and the average of six peer metros (Cleveland, Columbus, Indianapolis, Kansas City, Pittsburgh, and St. Louis). Employment trends also vary considerably across industries, with education and health services, as well as other services, lagging statewide growth. Meanwhile, national inflation remains elevated, adding to the cost pressures facing businesses. Overall, the region continues to show signs of stability, but employment growth remains a concern.

WHERE THE REGION IS STRONG

- **The labor force is growing, and unemployment remains below the national rate.** M7's average labor force in the January-August 2026 period grew 0.4% compared with the same period in 2025, while five of the six peer metros recorded declines. M7's unemployment rate averaged 3.9%, below the national average of 4.4%. A growing labor pool can strengthen the region's position as employers compare locations for investment and expansion.
- **Construction employment continues to grow.** Milwaukee metro's average construction employment in the January-August 2026 period increased 3.9% compared with the same period in 2025, although growth was slower than Wisconsin's 6.0%.
- **Home listing prices have stabilized.** In September 2026, the Milwaukee metro's median listing price was about $399,500, up 0.2% from a year earlier, compared with declines of 0.6% statewide and 1.4% nationally.

WHERE THE REGION IS BEING TESTED

- **Inflation remains a concern for the regional business environment.** National PCE inflation reached 3.8% in May 2026 before easing to 3.4% in August, still above the 2.8% recorded a year earlier. Producer prices also rose faster than labor costs in the second quarter, indicating continued price pressures at the national level.
- **The labor market has weakened relative to peers.** In August 2026, Milwaukee metro payroll employment fell 0.3% from a year earlier, while Wisconsin gained 0.6% and the nation gained 0.3%. M7's unemployment rate averaged 3.9% from January to August, above the six-peer average of 3.6%. M7 also slipped from the second-lowest unemployment rate among the seven regions in 2025 to the fifth lowest in 2026.
- **Several industries are underperforming.** From January to August 2026, Milwaukee metro employment in education and health services grew 0.3%, compared with 1.6% statewide and 1.1% across the six peers. Retail employment fell 2.9% and other services employment fell 1.8%, steeper declines in each sector than in any of the six peer metros.

In addition to reviewing current economic conditions, this release provides updated short-term forecasts for the Milwaukee metro's key employment, wage, and housing indicators.

FUTURE RELEASE

The January 2027 release will provide updated economic conditions for the Milwaukee metro, Wisconsin, and the United States, along with an Economic Spotlight on foreign direct investment (FDI) in Wisconsin and selected neighboring states.

Current Economic Climate

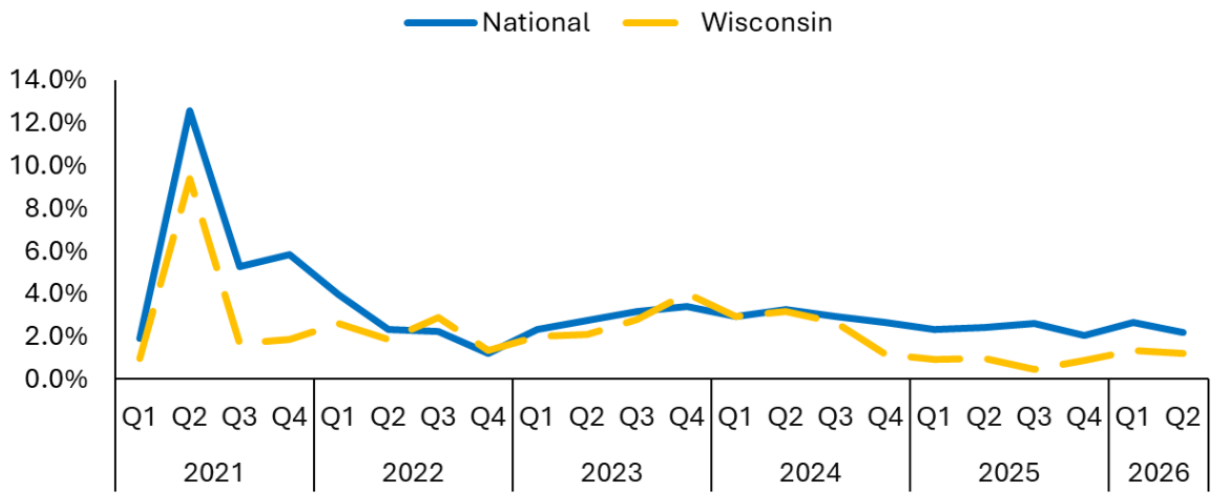
PRODUCTION

Wisconsin Growth Continues to Trail the Nation

What it is *Gross Domestic Product (GDP) is the broadest measure of economic output, the total value of everything a state produces. Real GDP strips out inflation so output can be compared fairly over time.*

Wisconsin's real GDP reached $367.9 billion at an annual rate in the second quarter of 2026, up 1.2% from a year earlier. National real GDP grew 2.2% to $24.4 trillion. Wisconsin's growth held relatively steady at 1.3% in the first quarter and 1.2% in the second, while national growth slowed from 2.6% to 2.2%. Although the gap narrowed slightly, Wisconsin continues to lag the national average, extending a pattern that began in mid-2024.

Figure 1. Year over Year Percentage Change in Chained Value GDP



Source: Bureau of Economic Analysis

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Business activity showed growth in Wisconsin year-over-year during the second quarter, but the state is still lagging growth on a national level by a full percentage point. State real GDP reached $367.9 billion, up 1.2% from a year ago, compared with 2.2% real GDP growth nationally. The gap narrowed over the last quarter, but mainly because national growth slowed, so pace is still a concern. Wisconsin's economy is growing, but not at the same rate as the nation, suggesting we're leaving some growth opportunities on the table.

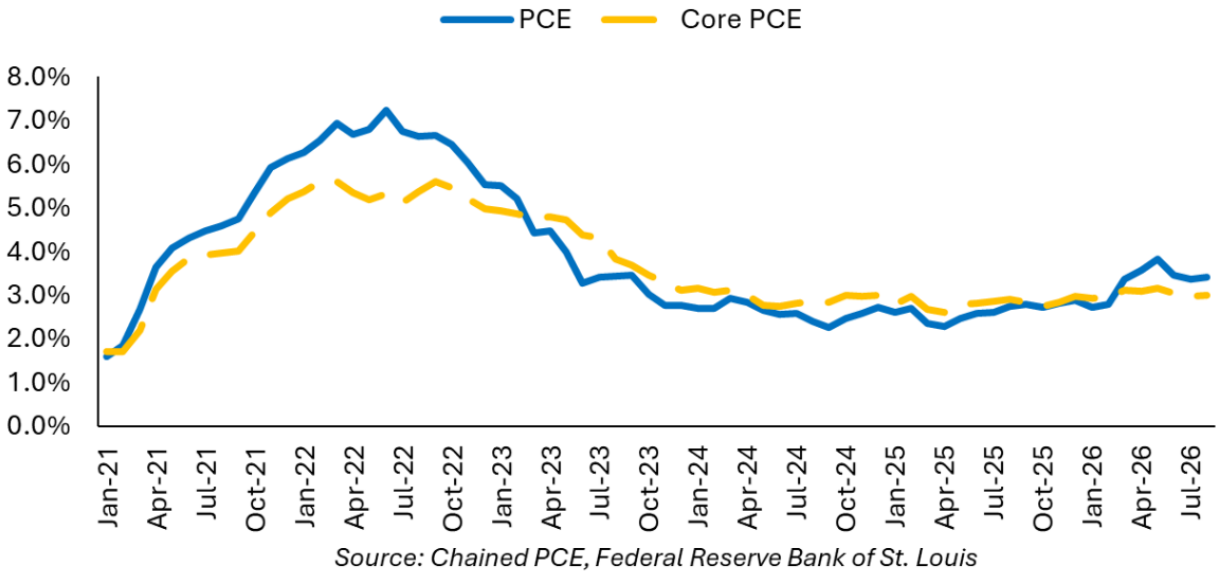
INFLATION

Consumer Inflation Peaked in May and Has Eased Only Slightly Since

What it is *The PCE price index tracks prices across a broad basket of what households buy. Core PCE leaves out food and energy, whose prices swing sharply month to month.*

National PCE inflation rate reached 3.8% in May 2026 and fell to 3.4% by August, still above the 2.8% rate recorded a year earlier. Core PCE inflation, which excludes food and energy, has been steadier, at 3.0% in August compared with 2.9% a year earlier. Headline inflation has exceeded core inflation every month since March 2026, indicating that food and energy prices, taken together, have risen faster than other consumer prices.

Figure 2. National Year over Year Percentage Change in PCE



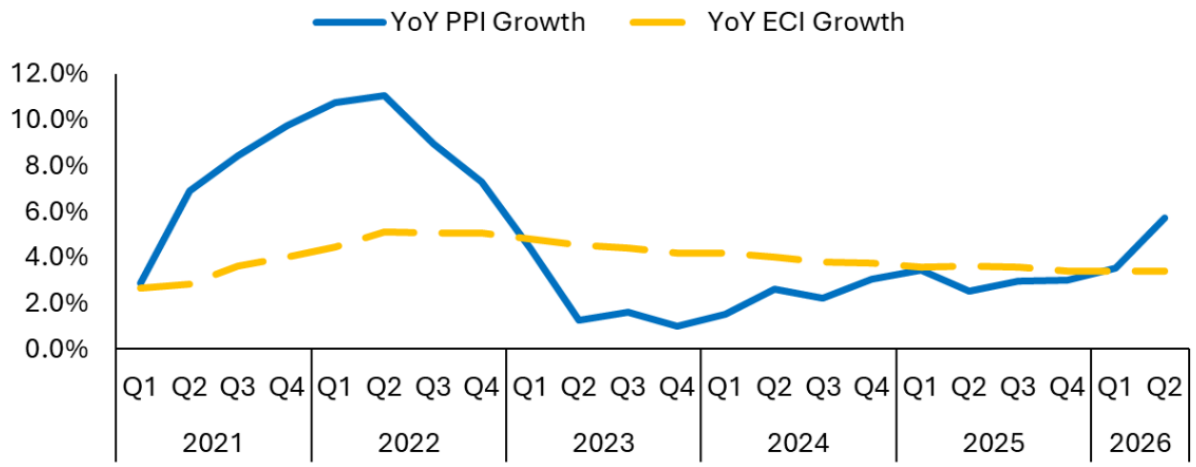
Source: Chained PCE, Federal Reserve Bank of St. Louis

Producer Prices Jumped in the Second Quarter While Labor-Cost Growth Held Steady

What it is *The Producer Price Index (PPI) tracks the prices U.S. businesses receive for the goods and services they sell to final users. The Employment Cost Index (ECI) tracks how fast employers' wage-and-benefit costs are rising.*

National producer price inflation picked up sharply in the second quarter of 2026. The Producer Price Index (PPI) for final demand rose 5.7% year over year, up from 3.6% in the first quarter and the fastest pace since late 2022. Labor-cost growth held steady. The Employment Cost Index (ECI), which measures changes in wages and benefits, rose 3.4% year over year, unchanged from the first quarter. Producer price inflation outpaced labor-cost growth in both quarters of 2026, a pattern last observed in 2022.

Figure 3. National Year-over-Year Change in PPI and ECI



Source: Bureau of Labor Statistics

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

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Uncertainty in tariff policy and continued instability in the Middle East are creating new challenges for businesses and consumers, contributing to upward pressure on prices throughout the economy. Producer prices increased at their fastest rate since late 2022 during the second quarter, raising concerns about higher costs moving through the economy. Businesses should continue monitoring supplier costs, pricing conditions and policy developments as they plan for the coming quarters.

EMPLOYMENT

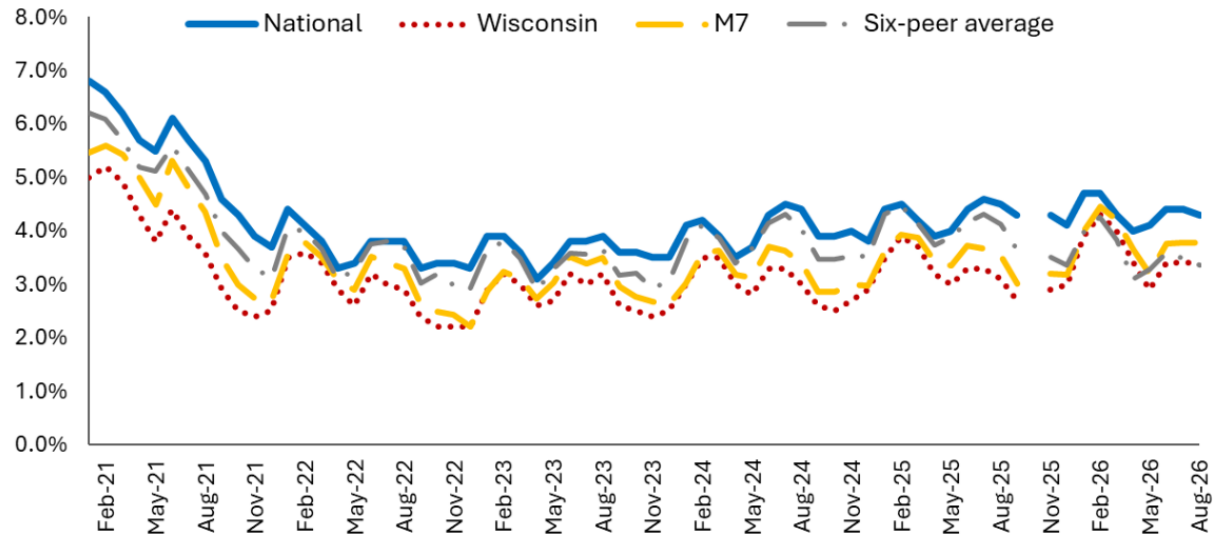
M7's Unemployment Rate Is Now Above the Peer Average, but Its Labor Force Grew While Most Peers' Shrank

What it is *The unemployment rate is the share of people who want a job and are looking but don't have one. The Milwaukee 7 (M7) comprises seven counties: Milwaukee, Waukesha, Ozaukee, Washington, Racine, Kenosha, and Walworth. The six peer metros are Cleveland MSA, Columbus MSA, Indianapolis MSA, Kansas City MSA, Pittsburgh MSA, and St. Louis MSA.*

From January to August 2026, M7's unemployment rate averaged 3.9%, above the 3.6% average across its six peer metros. During the same months of each of the preceding five years, M7's rate was below the peer average. Over the past year, M7's unemployment rate increased while rates declined in all six peers, moving M7 from second-lowest among the seven regions in 2025 to fifth in 2026. Indianapolis recorded the lowest rate (3.2%), followed by Cleveland and Columbus (3.4% each) and Kansas City (3.8%). Pittsburgh and St. Louis both averaged 4.0%.

M7's labor force averaged approximately 1.06 million people from January to August 2026, up about 4,300 (+0.4%) from the same period in 2025. The number of employed residents rose 0.2%. M7 and Pittsburgh were the only two of the seven regions where both measures increased; in the other five, both declined.

Figure 4. National, Wisconsin, M7, and Six-Peer Average Unemployment Rates

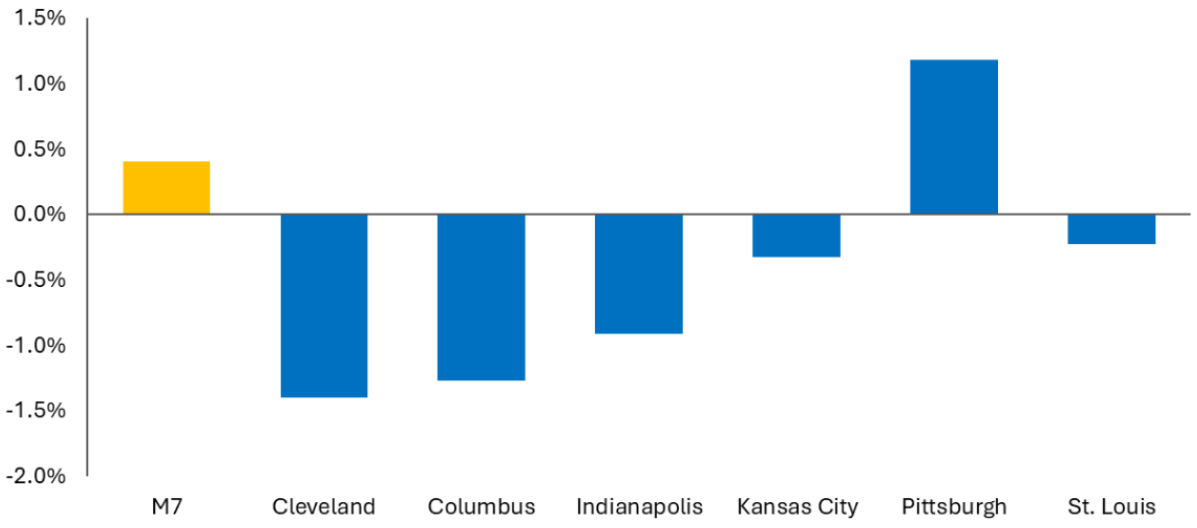


Source: Bureau of Labor Statistics, LAUS
Notes: Not seasonally adjusted. M7 is weighted by labor force across its seven counties; the six-peer average is a simple average. October 2025 is omitted because BLS did not collect data during the shutdown.

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M7's labor market performance sends mixed signals. The region has lost ground relative to its peers on unemployment, moving from second-lowest among the seven regions in 2025 to fifth in 2026. However, M7 was one of only two regions to record growth in both its labor force and employment base over the period. Peer unemployment rates fell, but five of the six peers also saw their labor pools shrink, suggesting some of that improvement reflects smaller workforces rather than stronger hiring. The data suggest that M7's labor market has not been strong enough to absorb new entrants into the workforce at the same pace as in previous years. Sustaining labor force growth while accelerating job creation should remain a key regional priority.

Figure 5. Percentage Change in Average Labor Force, January–August 2025 to January–August 2026



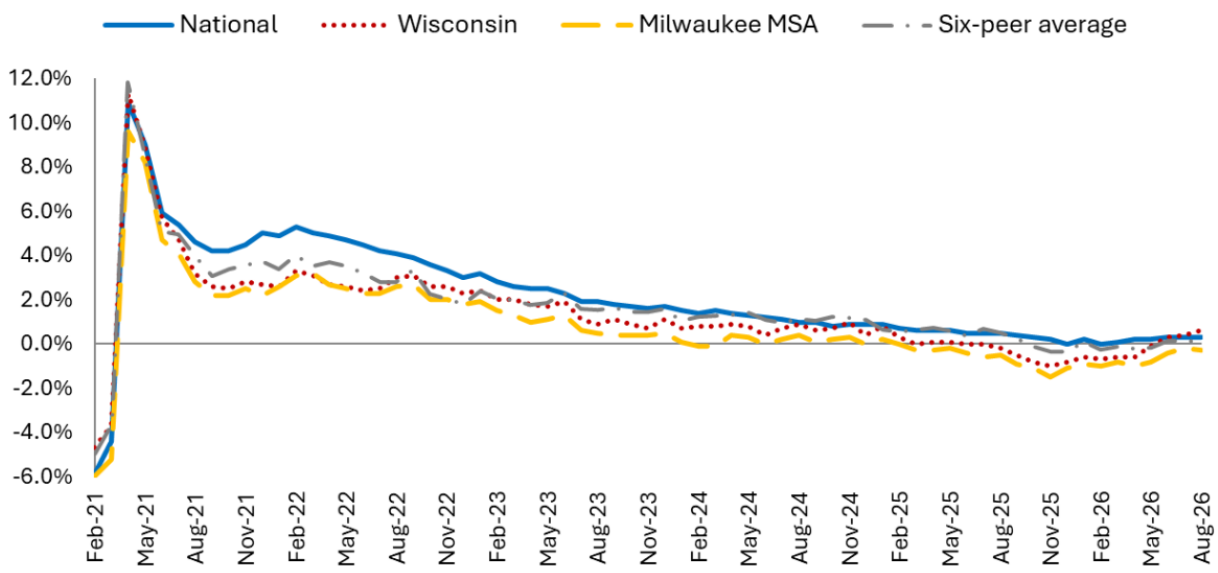
Source: Bureau of Labor Statistics, LAUS
Notes: Not seasonally adjusted. Change compares the average monthly labor force for January to August 2026 with the same months of 2025.

Regional Payrolls Remain Below Year-Earlier Levels

Milwaukee metro payrolls lagged the state and the nation. In August 2026, nonfarm payroll employment in the metro was 0.3% below a year earlier, while Wisconsin rose 0.6% and the U.S. rose 0.3%. Metro payrolls have been below their year-earlier level every month since March 2025. The decline was largest in November 2025 (−1.5%) and has narrowed since, from −1.0% in April 2026 to −0.3% in August.

The Milwaukee metro also trailed its peers. Its payroll growth has been below the six-peer average in every month since January 2021. In August 2026, the peer average rose 0.1% from a year earlier. Kansas City and St. Louis each grew 0.7%, Cleveland grew 0.4%, and Columbus and Pittsburgh were essentially flat. Only Indianapolis declined more than the Milwaukee metro, falling 1.1%.

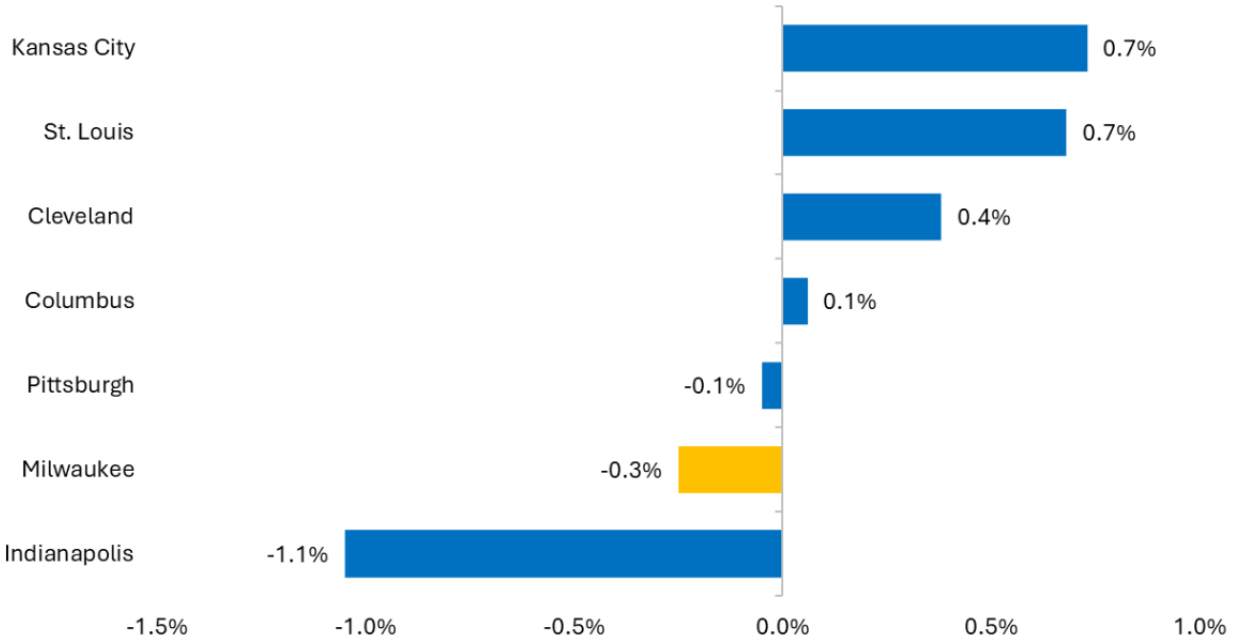
Figure 6. Year-over-Year Percentage Change in Nonfarm Employment, Not Seasonally Adjusted



Source: Bureau of Labor Statistics, CES

Notes: Milwaukee MSA is the four-county Milwaukee-Waukesha metropolitan statistical area.

Figure 7. Year-over-Year Change in Nonfarm Payrolls, August 2026



Source: Bureau of Labor Statistics, CES, not seasonally adjusted.

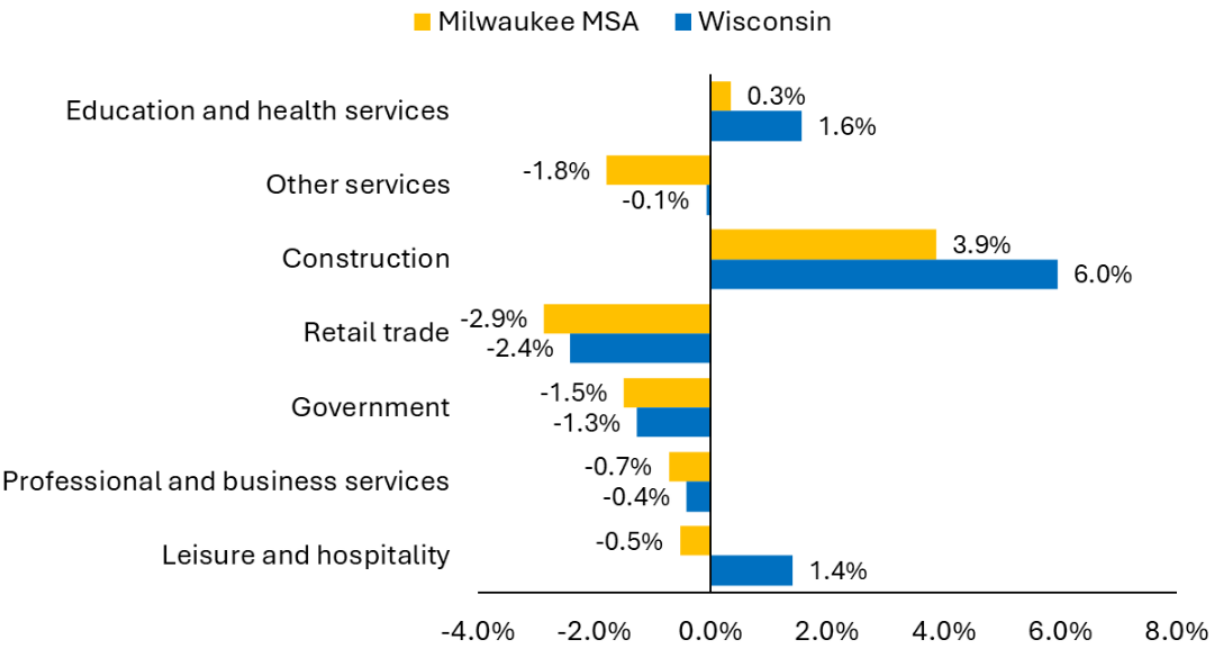
Construction Leads Job Growth While Retail and Other Services Decline

The Milwaukee metro's weaker payroll performance relative to the state is concentrated in a few sectors. Education and health services, the metro's largest sector, stands out. Average metro employment in the sector during January to August 2026 was 0.3% higher than in the same period of 2025, compared with 1.6% statewide. The gap persisted in August, when the metro lost about 500 jobs (−0.3%) from a year earlier while the state added about 7,300 (+1.5%). Other services declined 1.8% in the metro over January to August, while statewide employment was roughly unchanged. Average monthly government employment declined at similar rates in the metro (−1.5%) and statewide (−1.3%) during January to August 2026 compared with the same period in 2025. In August alone, however, metro government employment fell 3.3% from a year earlier, while statewide employment rose 0.9%.

Other sectors showed mixed patterns relative to the state. Comparing average monthly employment during January to August 2026 with the same period in 2025, construction grew in both the metro (+3.9%) and Wisconsin (+6.0%). Retail trade declined in both (−2.9% in the metro and −2.4% statewide), and metro retail

employment has been below its year-earlier level every month since November 2024. Manufacturing employment declined over January to August, though less in the metro (−0.4%) than statewide (−0.9%). In August, however, metro manufacturing employment was 0.3% above its year-earlier level, while statewide employment was 0.3% lower. Average monthly employment in professional and business services declined 0.7% in the metro and 0.4% statewide during January to August, but year-over-year growth turned positive in both areas in June and reached 1.1% in August. Leisure and hospitality was slightly below the prior year over January to August (−0.5%), compared with a 1.4% gain statewide, though it added about 2,200 jobs (+2.5%) in August.

Figure 8. Percentage Change in Average Employment by Sector, January–August 2025 to January–August 2026



Source: Bureau of Labor Statistics, CES, not seasonally adjusted.

Compared with its six peer metros, the Milwaukee metro showed both areas of strength and weakness in sectoral employment. The Milwaukee metro had the largest declines in retail trade (−2.9%) and other services (−1.8%) among the seven metros during January to August 2026 compared with the same period in 2025. The

six-peer average for retail employment was essentially unchanged. Education and health services grew 0.3%, compared with a peer average of 1.1%, placing the Milwaukee metro behind five of its six peers. Financial activities, however, was a relative bright spot. Metro employment in the sector grew 0.4%, ranking second among the seven metros, while the peer average declined 0.3%. Professional and business services also performed slightly better than the peer average, although employment declined in both (−0.7% and −1.0%, respectively).

M7 Competitiveness Insights

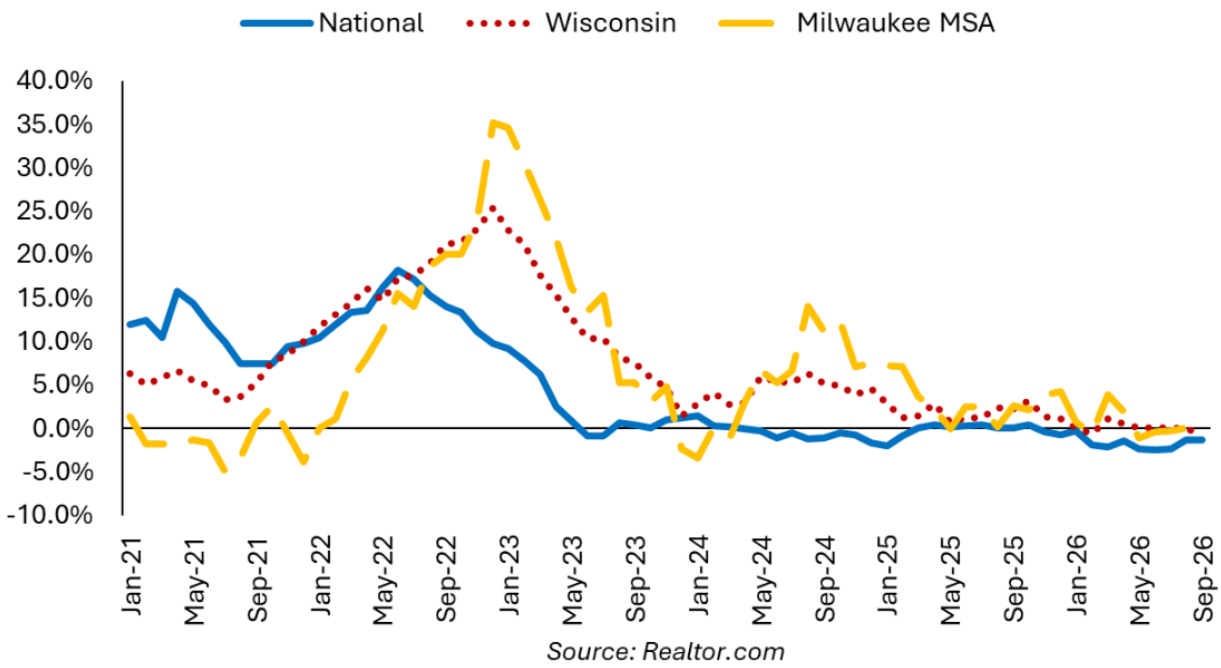
Sector performance shows where M7 is competing well and where it is losing ground. Milwaukee metro payroll growth continued to trail most peer regions, with the steepest retail and other services declines among the seven metros and slower growth than five of six peers in education and health services, the metro's largest sector. Financial activities, however, ranked second among the seven metros, professional and business services outperformed the peer average, and manufacturing held up better than statewide, turning positive in August. Future competitiveness will depend on converting the region's labor force growth into employment growth, strengthening underperforming sectors, and building on these areas of relative strength.

HOUSING

Home Listing Prices Stabilize as National Prices Decline

Year-over-year growth in median listing prices in the Milwaukee metro has slowed to near zero. In September 2026, the metro's median listing price was about $399,500, roughly unchanged from a year earlier (+0.2%), after year-over-year gains of about 2% to 4% in late 2025. Statewide, the median listing price was 0.6% below its year-earlier level, and nationally it was 1.4% lower. Average metro listing prices during January to September 2026 were 0.4% higher than in the same period of 2025, compared with no change for Wisconsin and a 1.8% decline nationally.

Figure 9. Year-over-Year Percentage Change in Median Listing Prices



Source: Realtor.com

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The good news is that Milwaukee isn't seeing home-price declines occurring statewide and nationally. The challenge is that stable prices do not mean abundant housing. For the M7 region, the issue remains inventory. Attracting workers, supporting growing employers, and sustaining economic growth will require more housing choices at a range of price points.

M7 Competitiveness Insights

Housing remains both an asset and a constraint for M7's competitiveness. Milwaukee metro listing prices have held steady while declining statewide and nationally, a sign of market stability for employers and workers weighing a move. The open question is supply: as the region works to turn labor force growth into job growth, housing production will need to keep pace. Regions that pair employment opportunities with accessible housing will be better positioned to attract talent, support expanding employers, and compete for new investment.

Looking Ahead
Data-Driven Forecasts for the Milwaukee Metro Region

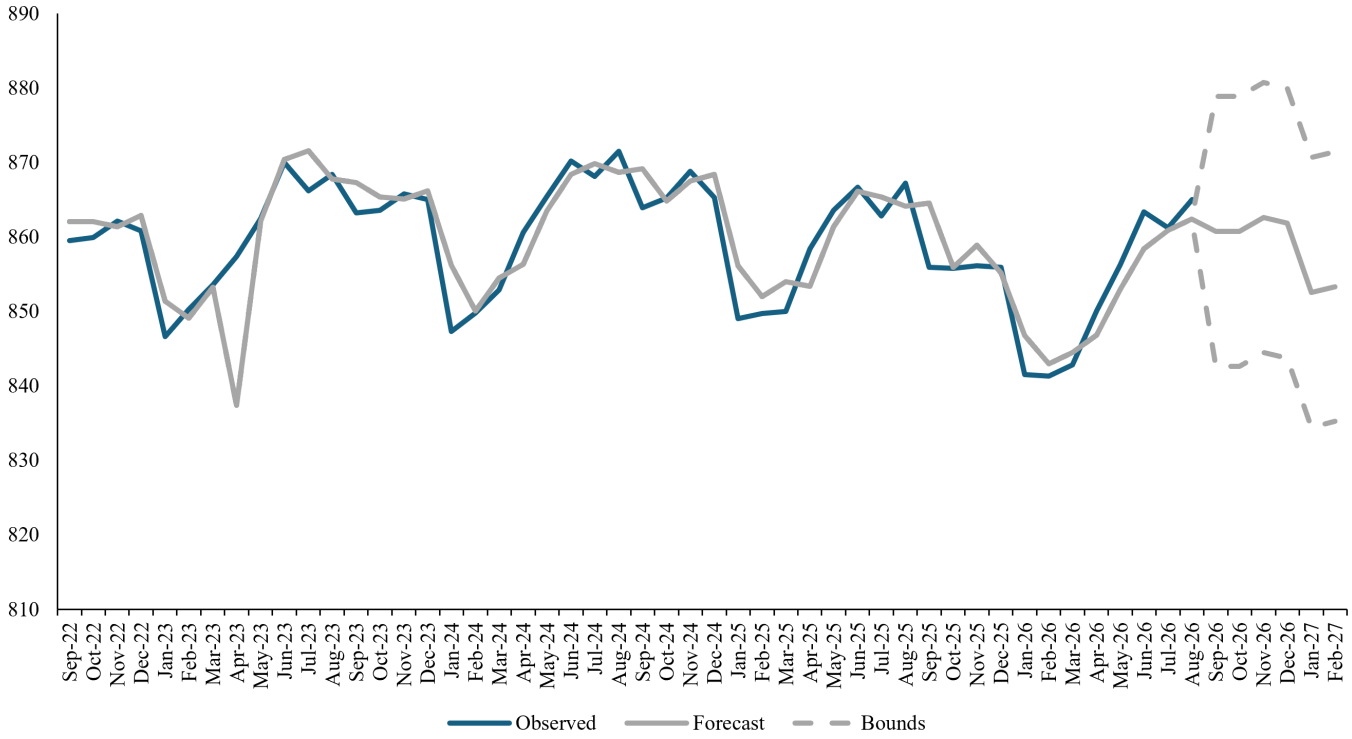
This section presents short-term forecasts for five indicators in the Milwaukee metro area. Together, these measures provide a forward-looking view of broad labor market conditions, sector-level employment trends, wage growth, and housing costs in the region.

The forecasts suggest that the Milwaukee metro area is likely to see continued softness in employment, alongside declines in average hourly earnings and housing prices, through February 2027. Non-farm payroll employment and manufacturing employment are expected to be slightly above year-earlier levels, and retail employment is expected to decline relative to February 2026, pointing to limited hiring momentum over the forecast horizon. At the same time, average hourly earnings is expected to decline and median home listing prices are forecast to rise on a year-over-year basis. For businesses, this may suggest somewhat less hiring pressure than in recent years, although wage growth and elevated housing costs could still shape recruiting, retention, and local demand.

NON-FARM PAYROLL EMPLOYMENT

Non-farm payroll employment in the Milwaukee metro area is forecast to be 853,338 in February 2027, compared with 841,300 in February 2026. This would represent a year-over-year increase of about 12,038 jobs, or 1.4%. For the remainder of 2026, the forecast indicates essentially no employment growth. From December 2026 through February 2027, employment is projected to decline by 1%. This decline is typical as hiring tends to slow after the holiday season. The employment decline projected for the December-February period is actually smaller than in the previous two years. The employment losses in the December 2024/February 2025 and December 2025/February 2026 periods equaled 1.7%.

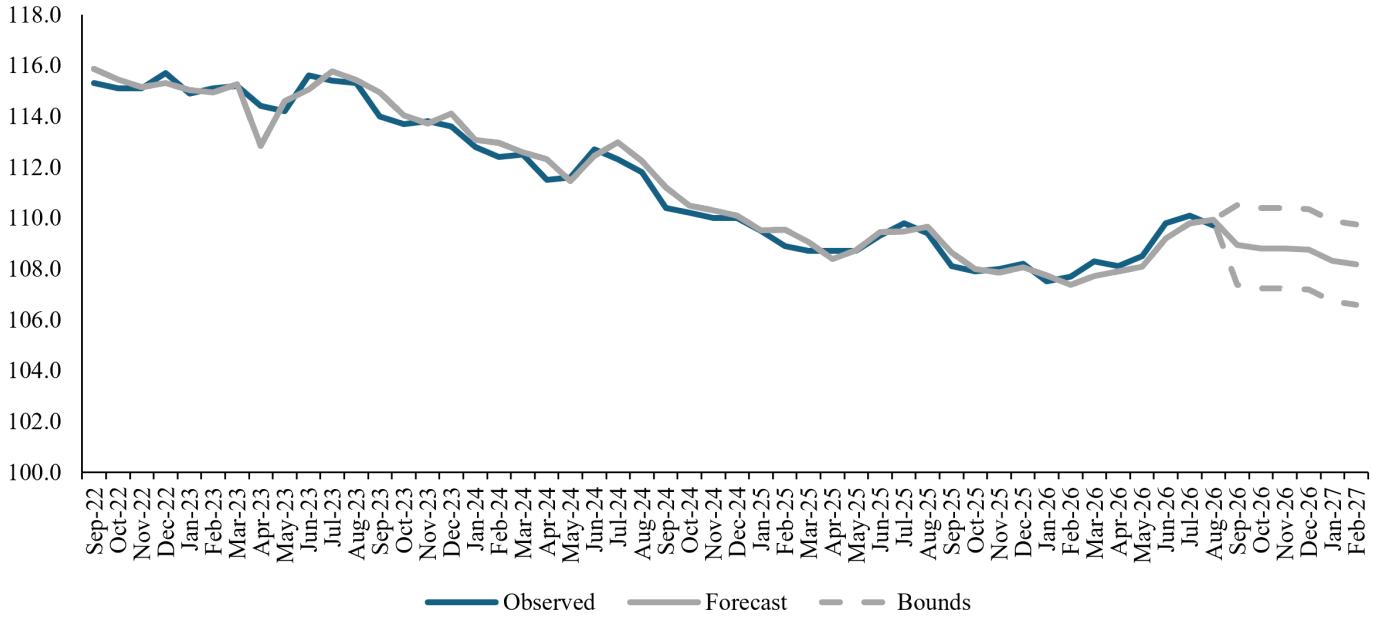
Figure 10: Nonfarm Payroll Employment Forecast (1000s)



MANUFACTURING EMPLOYMENT

Manufacturing employment in the Milwaukee metro area is forecast to be 108,171 in February 2027, compared with 107,700 in February 2026. This would represent a year-over-year increase of 471 jobs, or 0.44%. While employment in February 2027 is expected to be higher than the same month a year earlier, the forecast predicts month-over-month declines in manufacturing employment from September 2026 through February 2027. The projected decline during the forecast period matches the historic long run trend in the manufacturing industry.

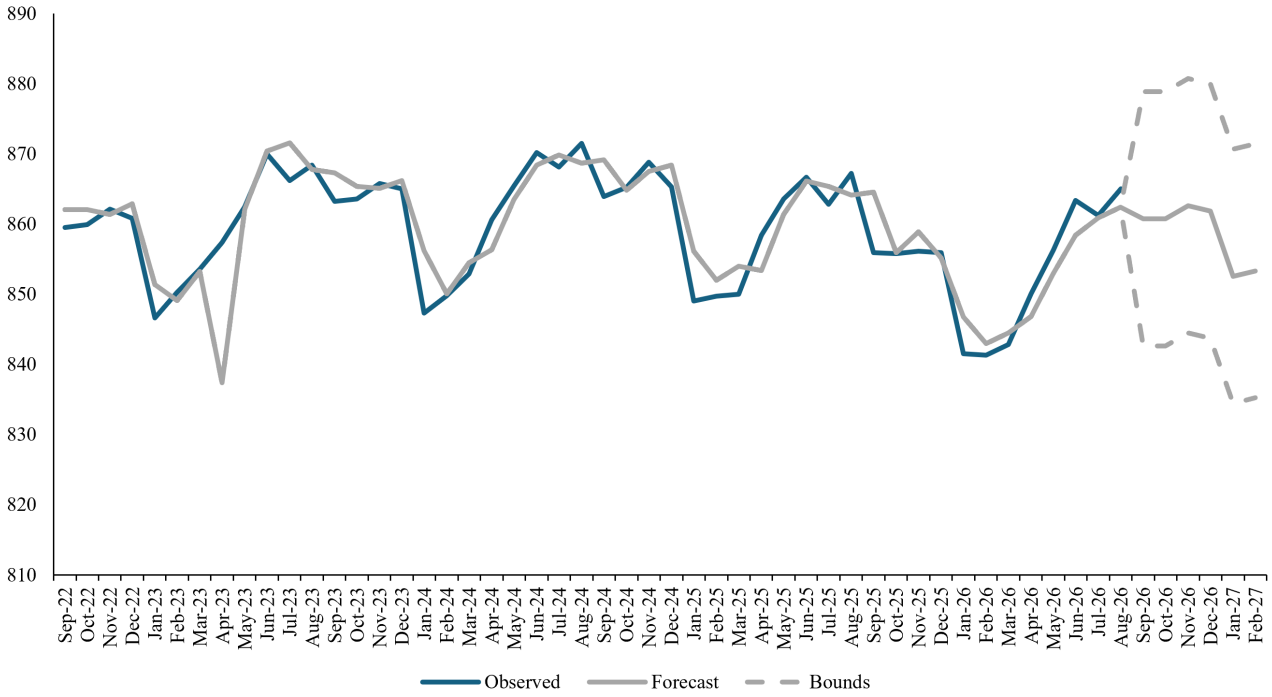
Figure 11: Manufacturing Payroll Employment Forecast (1000s)



RETAIL EMPLOYMENT

Retail employment in the Milwaukee metro area is forecast to be 71,029 in February 2027, compared with 72,000 in February 2026. This would represent a year-over-year decline of 971 jobs, or 1.3%. For the remainder of 2026, the forecast indicates a modest increase, reaching 73,795 in December. However, the forecast predicts that the retail sector will shed roughly 2,766 jobs by February 2027. As with overall non-farm employment, this drop in employment at the turn of the year is expected as firms reduce hiring after the end of the holiday season.

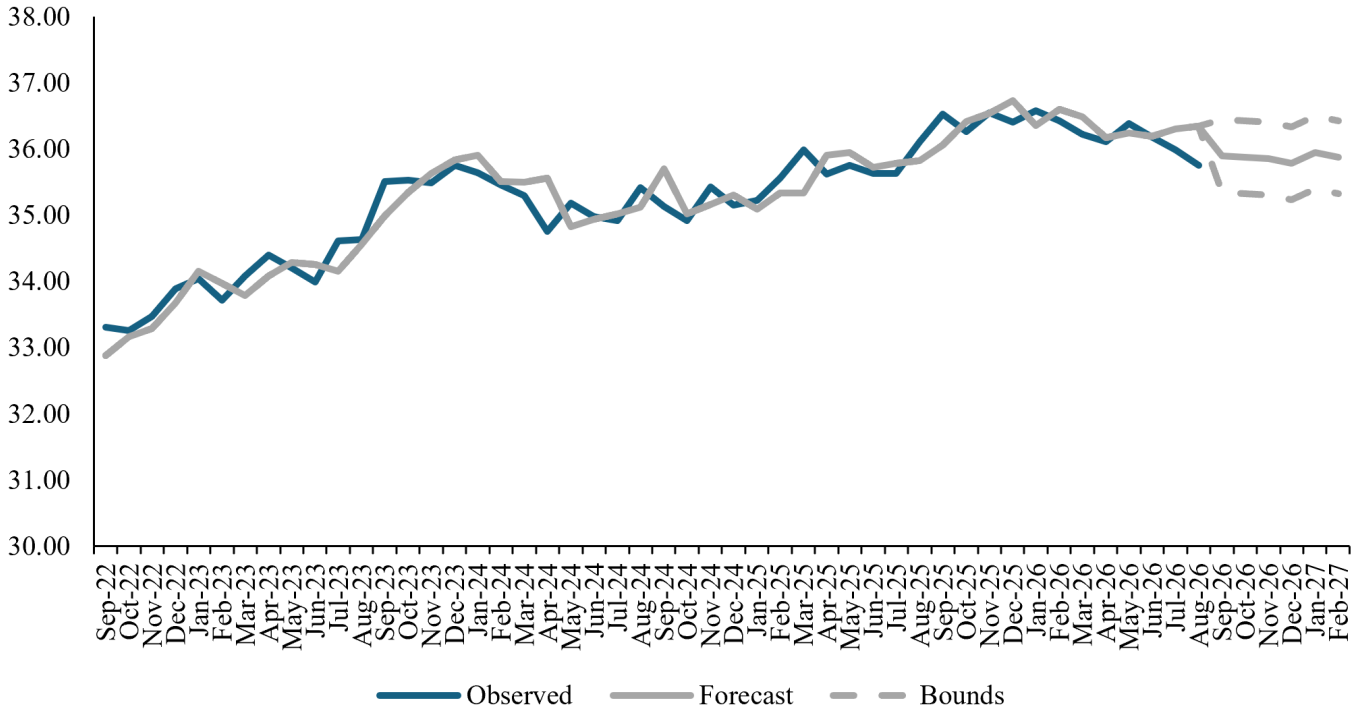
Figure 12: Retail Payroll Employment Forecast (1000s)



AVERAGE HOURLY EARNINGS

Average hourly earnings in the Milwaukee metro area are forecast to be $35.88 in February 2027, compared with $36.43 in February 2026. This would represent a year-over-year decrease of about $0.55, or 1.5%. Throughout the entire forecast period of September 2026 through February 2027, average hourly earnings are expected to show little net growth. In fact, the forecast for February 2027 is only $0.12 higher than August 2026.

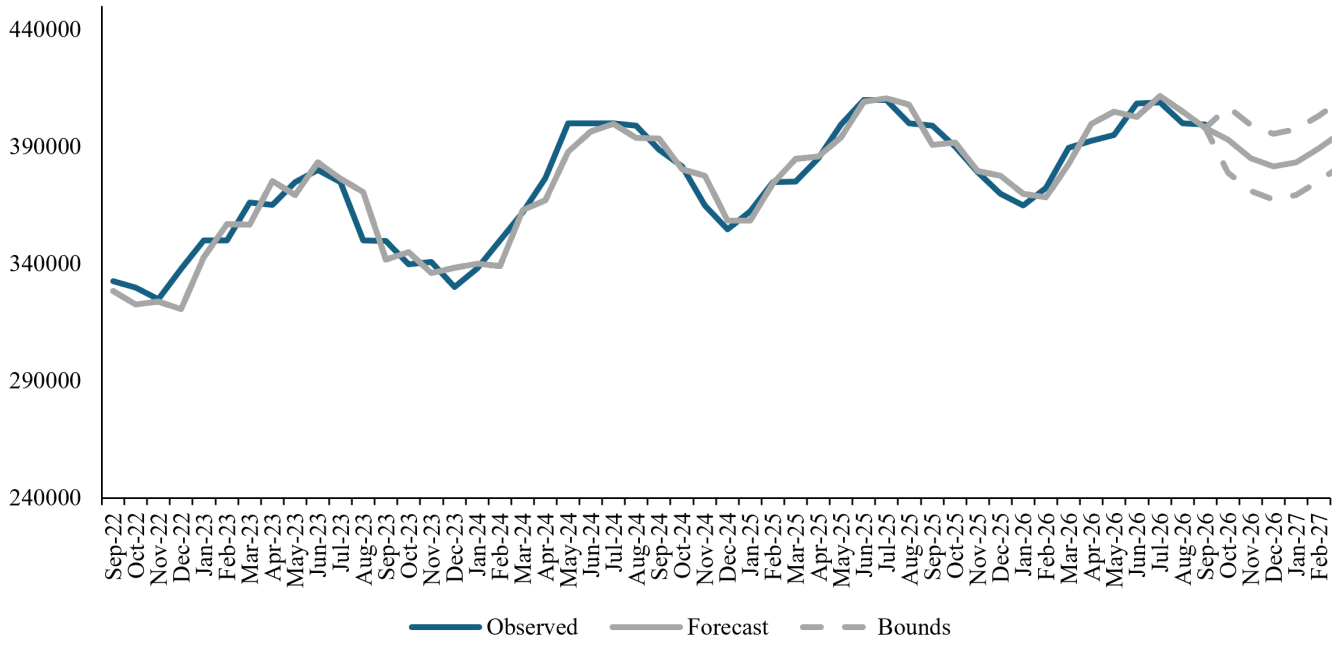
Figure 13: Average Hourly Earnings Forecast ($/hr)



HOUSING MARKET

The median listing price in the Milwaukee metro area is forecast to be $389,243 in February 2027, compared with $372,450 in February 2026. This would represent a year-over-year increase of about $16,793, or 4.5%.Throughout the remaining months of 2026, the forecast indicates continued price declines, with the median listing price reaching $381,427 in December. Listing prices will rise in the early part of 2027, which is typical as housing demand tends to increase after the holiday season.

Figure 14: Median Listing Price Forecast ($)



M7 Competitiveness Insights

The forecasts point to a competitive environment in which the region will need to create stronger job momentum while continuing to support its existing industry base. Total nonfarm and manufacturing employment are projected to finish above year-earlier levels by February 2027, but retail employment is expected to decline and average hourly earnings are forecast to fall below year-earlier levels. Median listing prices are forecast to remain above their year-earlier level, even after declining through the end of 2026. Together, these trends suggest that the region's competitive position will depend on generating employment growth, retaining and attracting workers, and maintaining housing options that support business expansion.

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: 0.48%
- Manufacturing employment: 0.37%

- Retail employment: 0.72%
- Average hourly earnings: 0.77%
- Median listing price of homes: 1.77%

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.

April 2026 Release Forecasting Performance

Our April 2026 release presented forecasts for the period from February through October 2026. We currently have observed data from February through August. 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. Note that the data availability for median listing price is slightly different than the other four series. Therefore, the months shown are different. 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 February is -0.32%. This means that we overestimated non-farm payroll employment by 0.32%.

For total non-farm employment, the forecasts were never off by more than 1.10%. Manufacturing employment forecasts were never off by more than 2.22%, while the largest error for retail employment was -1.50%. The worst forecast for average hourly earnings was off by -3.47% in August. The median listing price proved more difficult to forecast accurately. We overestimated the listing price in August by 5.36%, which is the highest percent error from all five data series. 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.

Table A1: Forecast Accuracy – February 2026 through August 2026

	Total Non-Farm Employment				Manufacturing Employment		
	Observed	Forecast	% Error		Observed	Forecast	% Error
February	841.30	844.01	-0.32		107.70	107.46	0.22
March	842.80	847.07	-0.51		108.30	107.46	0.77
April	850.10	850.80	-0.08		108.10	107.08	0.95
May	856.30	853.35	0.34		108.50	107.03	1.36

June	863.40	855.83	0.88		109.80	107.68	1.93
July	861.20	853.78	0.86		110.10	107.66	2.22
August	865.00	855.47	1.10		109.7	107.46	2.04
	Retail Employment				Average Hourly Earnings		
	Observed	Forecast	% Error		Observed	Forecast	% Error
February	72.00	72.24	-0.33		36.43	36.62	-0.53
March	72.00	72.85	-1.18		36.23	36.67	-1.20
April	72.20	73.01	-1.13		36.11	36.56	-1.24
May	72.50	73.42	-1.27		36.39	36.72	-0.92
June	73.10	73.84	-1.02		36.18	36.60	-1.16
July	72.60	73.69	-1.50		35.99	36.72	-2.03
August	72.80	73.40	-0.82		35.76	37.00	-3.47
	Median List Price						
	Observed	Forecast	% Error				
April	392500	400046	-1.92				
May	395000	412986	-4.55				
June	408400	420527.3	-2.97				
July	409000	424412.7	-3.77				
August	399900	421317	-5.36				
September	399450	418460.3	-4.76				