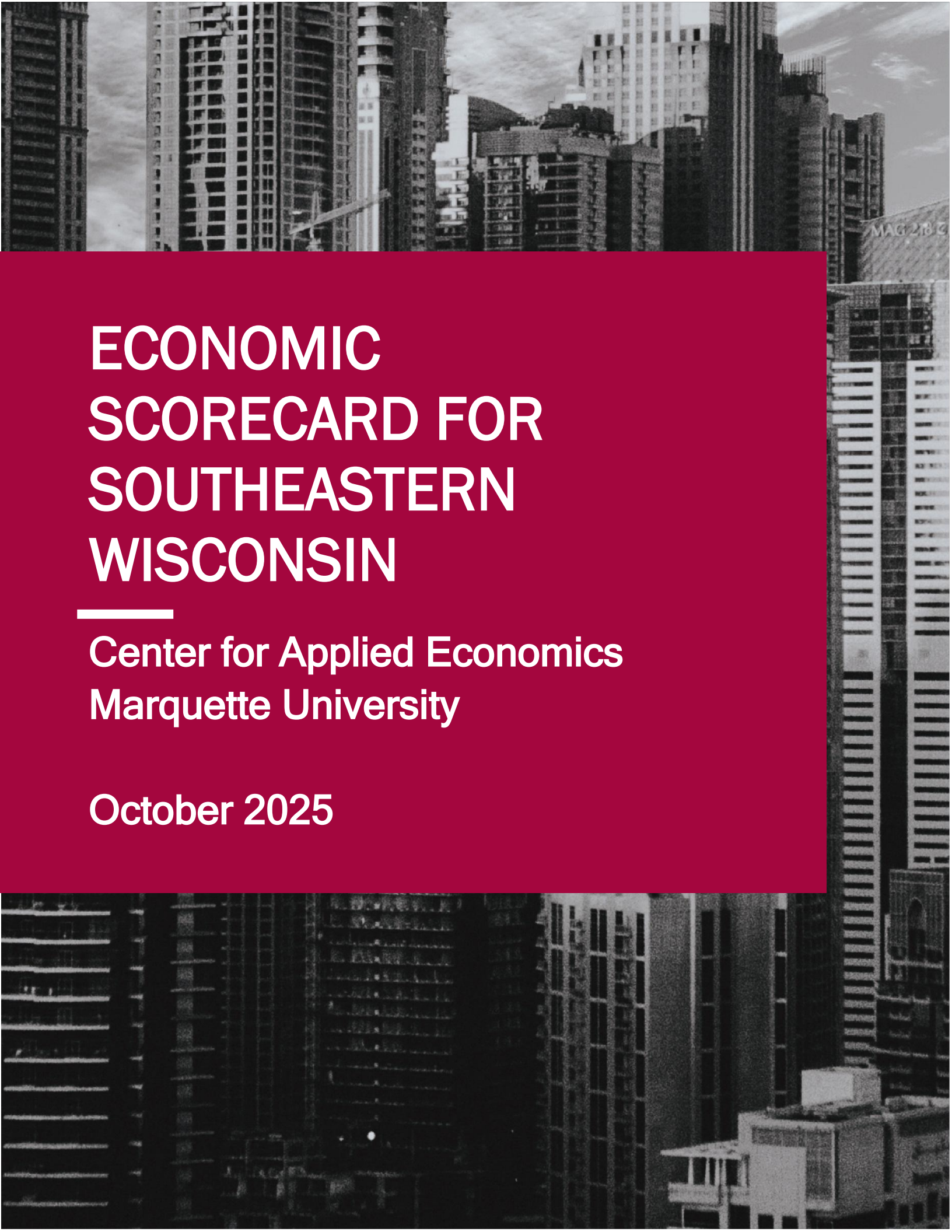


ECONOMIC SCORECARD FOR SOUTHEASTERN WISCONSIN

Center for Applied Economics
Marquette University

October 2025

Center for Applied Economics

Introduction and Executive Summary

This is the second release of the Economic Scorecard for Southeastern Wisconsin. The purpose of this report is to provide the interested reader with a general understanding as to the current economic climate for the Milwaukee metro area and how it compares to the state of Wisconsin and the nation more broadly. Importantly, our goal is to forecast where particular economic indicators are trending into the future. To that end, we are presenting economic forecasts for several indicators through April 2026. It is our hope that this information will be useful for policymakers, businesses, and the broader public.

With the second release of our Scorecard, it is important to reflect on the accuracy of our first round of forecasting. We forecast five data series for the Milwaukee-Waukesha metropolitan statistical area (MSA): non-farm payroll employment, manufacturing employment, retail employment, average hourly earnings, and the median home listing price. Our initial Scorecard presented forecasts from April 2025 to October 2025. We have actual observations from April through August. In the table below, for each of the five data series we analyzed, we present the observed value for the month, our forecast, and the percent error. Focusing on the % Error column, when the entry is negative, this indicates that our forecast was an overestimate; a positive error indicates we underestimated the data series. As an example of interpretation, the percent error for total non-farm payroll employment in the month of April is -0.03%. This means that we overestimated non-farm payroll employment by 0.03%.

Our first round of forecasting was quite accurate. For total non-farm and manufacturing employment, our forecasts were never off by more than 0.37%. The largest error for retail employment was 1.28% in magnitude, and the worst forecast for average hourly earnings was off by 0.90%. The median listing price proved more difficult to forecast accurately. We overestimated the listing price in April by 3.38%, which is the highest percent error from all five data series. However, by June, our forecasts were back to a less than 1% error. Importantly, each of the observed values for each of the five data series that we analyzed fell

within the predicted 95% confidence intervals. Based upon these accuracy metrics, we conclude that our initial round of forecasting was quite successful.

Table 1: Forecast Accuracy - April 2025 through August 2025

	Total Non-Farm Employment			Manufacturing Employment		
	Observed	Forecast	% Error	Observed	Forecast	% Error
April	858.60	858.82	-0.03	110.70	110.29	0.37
May	863.60	861.09	0.29	110.60	110.36	0.21
June	867.60	864.38	0.37	111.10	111.12	-0.02
July	862.60	863.39	-0.09	111.50	111.29	0.19
August	865.10	864.70	0.05	110.90	111.12	-0.20

	Retail Employment			Average Hourly Earnings		
	Observed	Forecast	% Error	Observed	Forecast	% Error
April	74.60	74.71	-0.14	35.62	35.40	0.62
May	74.19	74.62	-0.58	35.76	35.66	0.28
June	74.09	74.58	-0.66	35.63	35.46	0.46
July	73.93	74.61	-0.92	35.63	35.76	-0.35
August	73.67	74.61	-1.28	36.25	35.93	0.90

	Median List Price		
	Observed	Forecast	% Error
April	385000	398024	-3.38
May	399500	407253	-1.94
June	409950	409611	0.08
July	410000	406938	0.75
August	399900	401593	-0.42

Wisconsin is in a good economic position relative to the U.S. as a whole. Overall, total state income in Wisconsin is growing at a similar rate relative to national Gross Domestic Product. The unemployment rate in the state and in the Milwaukee metro region remains well below the national average, and the demand for housing remains strong in the state and Milwaukee metro area.

While the Milwaukee metro region has experienced lower unemployment rates relative to the national average, we are starting to see moderating labor market conditions. The Milwaukee-Waukesha MSA has experienced average monthly

year-over-year declines in employment starting in April 2025 when looking at either seasonally, or non-seasonally adjusted data. We are expecting this trend to continue throughout the early part of 2026. One area of economic resiliency is that average hourly earnings is expected to continue its climb, albeit at a slower rate.

We thank you for taking the time to read through our report, and we hope that you have found the information provided to be useful and informative.

PREPARED BY

Dr. Grace Wang
Professor of Economics
Director of the Center of Applied Economics

Dr. Nicholas A. Jolly
Associate Professor of Economics
Co-Director of the Center of Applied Economics
Director of Graduate Studies

Thomas Dierbach
Research Analyst, Center for Applied Economics

Cole Roepke
Research Analyst, Center for Applied Economics

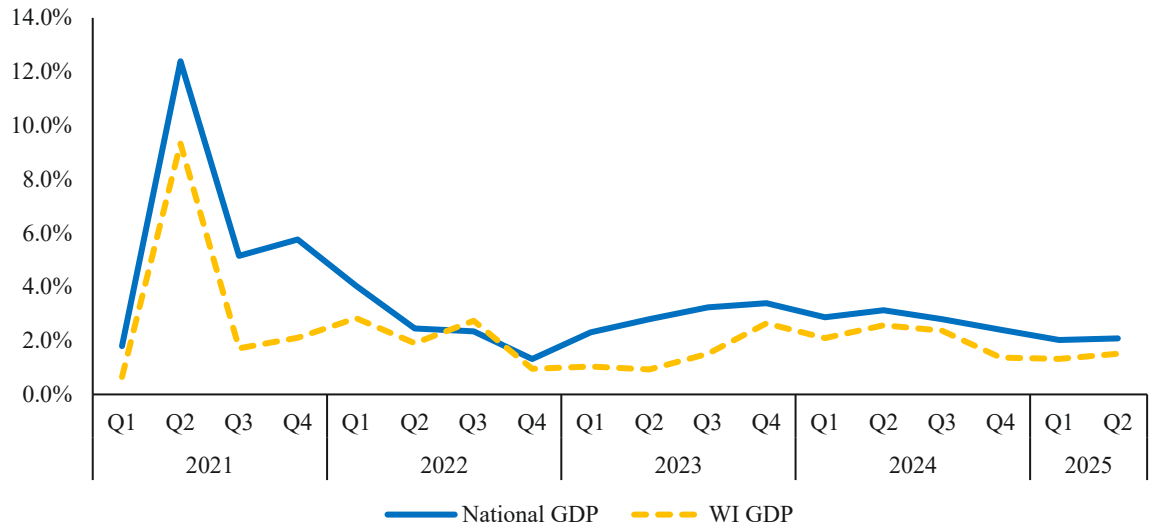
Current Economic Climate

Production

Gross Domestic Product is the value of all final goods and services produced within a given geographic area in a given time period. This measure is often looked to when examining the overall health of the economy. When GDP increases, that is typically seen as a sign of growth.

During the first two quarters of 2025, economic growth in Wisconsin is slightly lower than during the same time in 2024. Compared to longer-run trends, aside from the 9.3% quarterly year-over-year growth in Q2 2021, the state's real GDP growth remains relatively flat, around 1.8%. In contrast to earlier periods when Wisconsin trailed national growth, the state's performance improved relative to the nation. From Q1 2021 to Q4 2023, national economic growth remained roughly 1.6 percentage points higher than that in Wisconsin. However, since 2024, GDP growth in Wisconsin has been within 1 percentage point or less of the nation’s growth rate. As of Q2 2025, Wisconsin's annualized real GDP was approximately $358.5 billion, accounting for roughly 1.51% of the national economy.

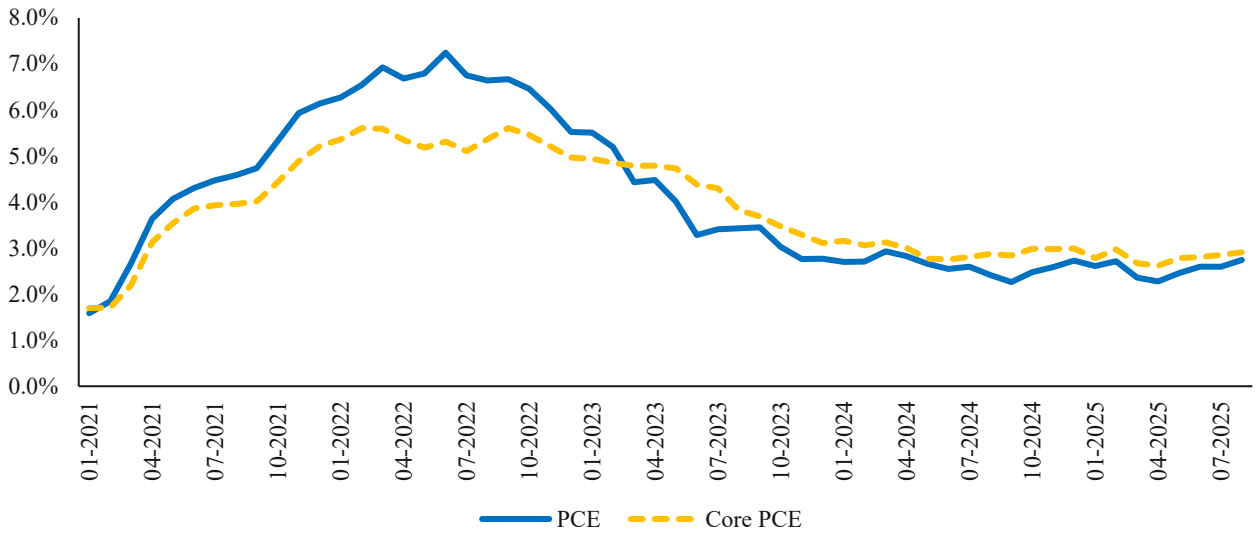
Figure 1. Year over Year Percentage Change in Chained value GDP - Source Bureau of Economic Analysis (seasonally adjusted)



Inflation

Inflation remains a broader concern. National trends in the Personal Consumption Expenditures (PCE) index, which is a broad measure representing consumer spending, suggest that price pressures are easing but have yet to fully return to the 2% target level established by the Federal Reserve Board. Average inflation measured using the PCE slowed from 6.5% in 2022 to 3.8% in 2023 and 2.6% in 2024. While the year is not yet finished, average inflation throughout 2025 equals 2.5%, on average. Therefore, while we may not be seeing the same reductions in inflationary pressures as we did from 2022 through 2024, it is positive to see that inflation has stabilized. Average annual inflation as measured by the Core PCE, which excludes food and energy, equals 5.3% in 2022, 4.2% in 2023, 3.0% in 2024, and 2.8% thus far in 2025.

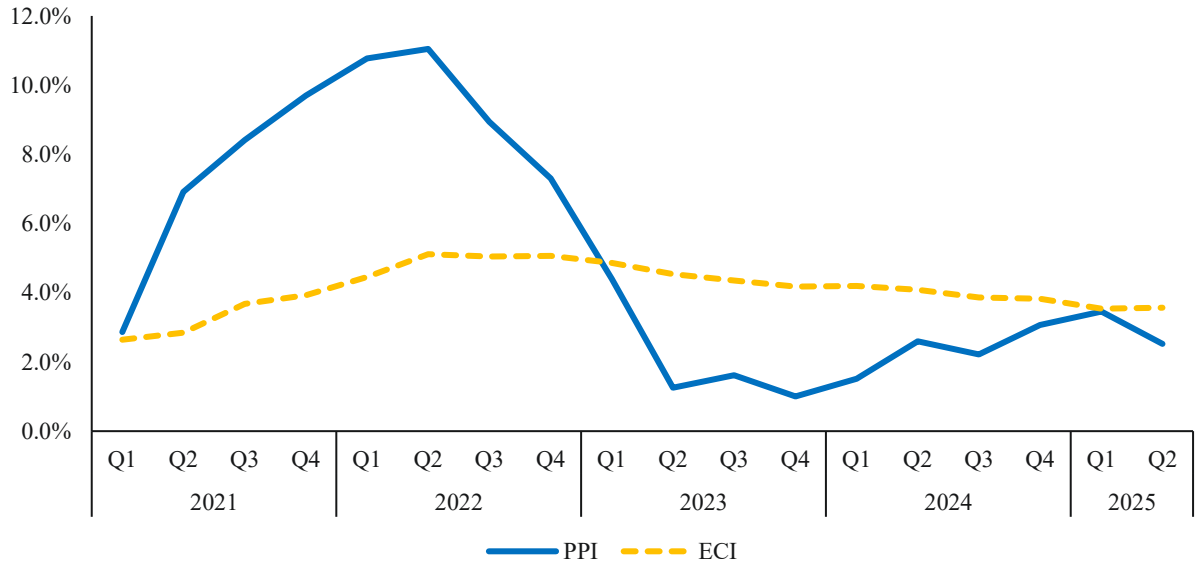
Figure 2. National Year-over-Year Percentage Change in PCE - Source Chained PCE, Federal Reserve Bank of St. Louis (seasonally adjusted)



The Commodity Producer Price Index (PPI) for final demand, a measure of prices received by domestic producers of goods, services, and construction sold for personal consumption, capital investment, government, and export, increased by an average of 3.0% during the first two quarters of 2025. This followed average price increases of 9.5% in 2022, 2.1% in 2023, and 2.4% in 2024. Producer price inflation has been steadily increasing since Q4 2023. Normally, this would be troubling as inflation at the producer level is typically an indicator of future inflation for the consumer. However, it does appear that growth in the PPI has stabilized and may even be decreasing.

Meanwhile, the Employment Cost Index (ECI) for all civilian workers, which tracks total compensation paid by employers, rose by 3.6%, on average, during the first two quarters of the current year. This is in contrast to average growth of 4.0% in 2024, 4.5% in 2023, and 4.9% in 2022. These trends suggest that producer prices and labor compensation have continued to moderate after peaking earlier in the inflation cycle. It is important to note that 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.

Figure 3. National Year-over-Year Change in PPI and ECI - Source Bureau of Economic Analysis (seasonally adjusted)



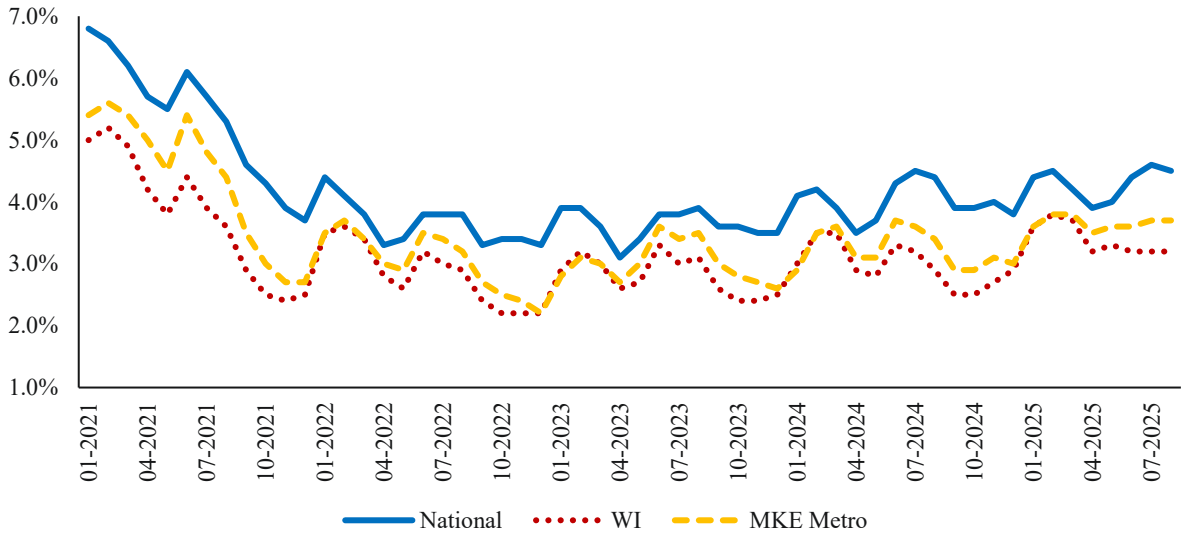
Employment

In August 2025, the national unemployment rate was 4.5%, essentially unchanged from 4.4% from the same time a year earlier. Wisconsin's August 2025 unemployment rate was lower than the nation's, equaling 3.2%. This continues a multi-year trend of Wisconsin outperforming the national average by about one percentage point. The Wisconsin unemployment rate increased slightly faster, however, relative to the nation. In August 2024, Wisconsin's unemployment rate was 2.9%.

The Milwaukee metro area reported a 3.7% unemployment rate in August 2025. Thus far, for the year 2025 as a whole, the unemployment rate averaged 4.3% nationally, 3.4% in Wisconsin, and 3.7% in the Milwaukee area. This pattern of lower unemployment rates at both the state and metro levels compared to the U.S. overall has remained steady over the past three years. It does appear that unemployment rates for the US, Wisconsin, and the Milwaukee metro region have been increasing slightly since December 2022. However, the growth rate across the three data series is statistically similar. It is important to note that, unlike the data above, the data presented in figure 4 is non-seasonally adjusted. This is because a seasonally adjusted unemployment rate for the Milwaukee-

Waukesha MSA is not available from the BLS. Therefore, to be able to make comparisons across all geographies, we have reported the non-seasonally adjusted rates for the US and Wisconsin.

Figure 4. National, Wisconsin, and Metro Milwaukee Unemployment Rates -Source Bureau of Labor Statistics (non-seasonally adjusted)

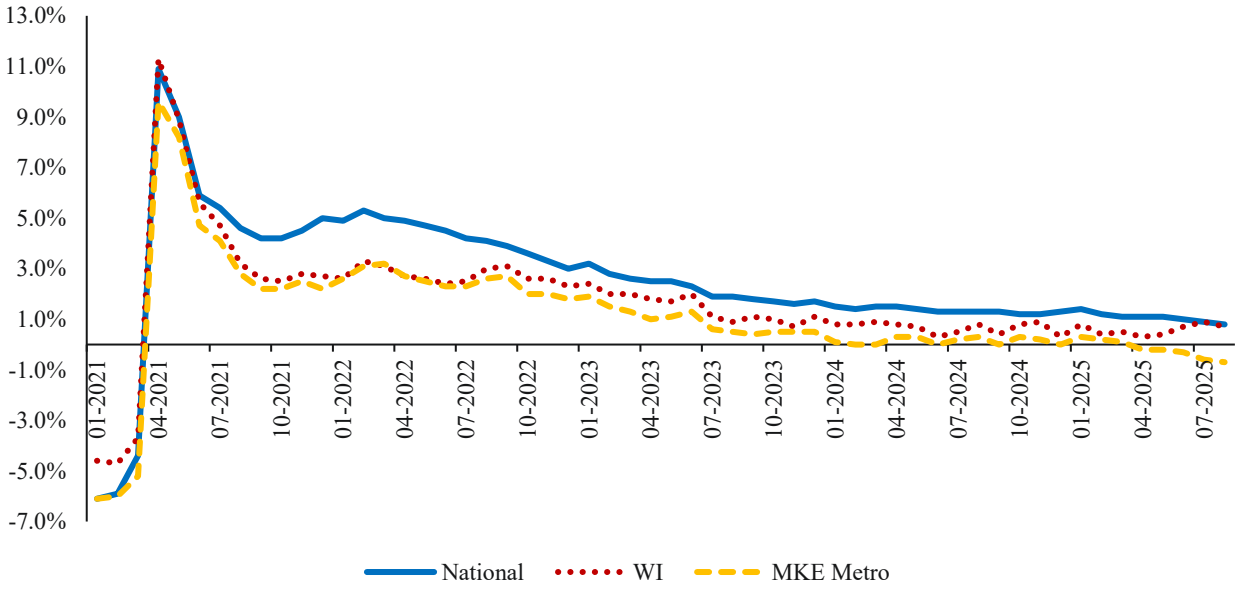


National non-farm payroll employment grew by 1.1% so far in 2025 on an average monthly year-over-year basis. Growth in Wisconsin's non-farm employment lagged the national average, equaling 0.59%. The state added roughly 94,100 jobs, non-seasonally adjusted, between January and August 2025. Compared to the same time a year earlier, this represents a decline of 1,300 jobs. Across sectors in Wisconsin, retail employment experienced a loss of roughly 1,200 jobs (down 0.4%) between January and August 2025. In contrast, employment grew in leisure and hospitality (+21.1%, or 56,600 jobs) and construction (+16.5%, or 21,600 jobs).

The Milwaukee metropolitan area experienced a 1.8% increase in non-farm employment between January and August 2025, which equates to 15,400 jobs, non-seasonally adjusted. Employment declined by 1.1% in retail (-800 jobs). Meanwhile, notable gains were recorded in construction (+12.4%, or 4,300 jobs) and leisure and hospitality (+10.7%, or 8,200 jobs). Therefore, while the Wisconsin and Milwaukee metro area

unemployment rates outperform the nation, this is not resulting in stronger employment growth on a year-over-year basis.

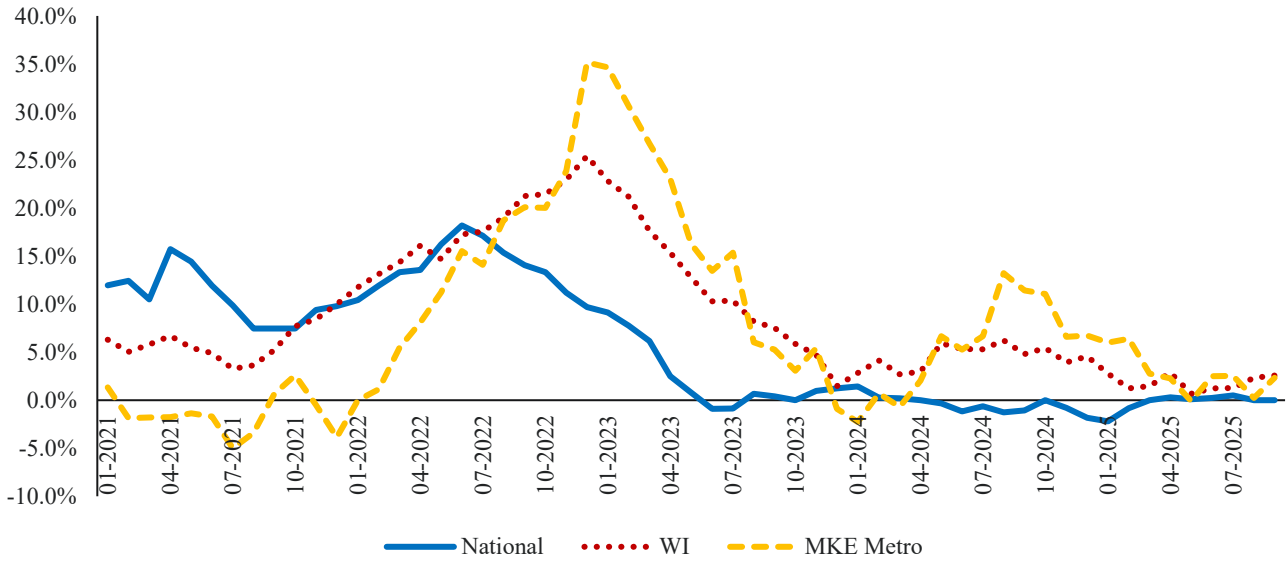
Figure 5: Year-over-Year Percentage Change in Non-Farm Employment Source Bureau of Labor Statistics (non-seasonally adjusted)



Housing

Thus far in 2025 (January through September), the average median home listing price in the U.S. was $427,116, a slight decline of 0.2% from the same months of last year. Meanwhile, Wisconsin's average median price rose by 1.8%, reaching $391,425. The Milwaukee metropolitan area saw even stronger growth, with the average median listing price climbing 2.7% to $390,644. This above-average growth in Milwaukee may create challenges for local employers. As housing costs rise, it can become more difficult for potential employees, especially those with lower incomes, to afford living in the area.

Figure 6. Year-over-Year Percentage Change in Median Listing Price
-Source Realtor.com

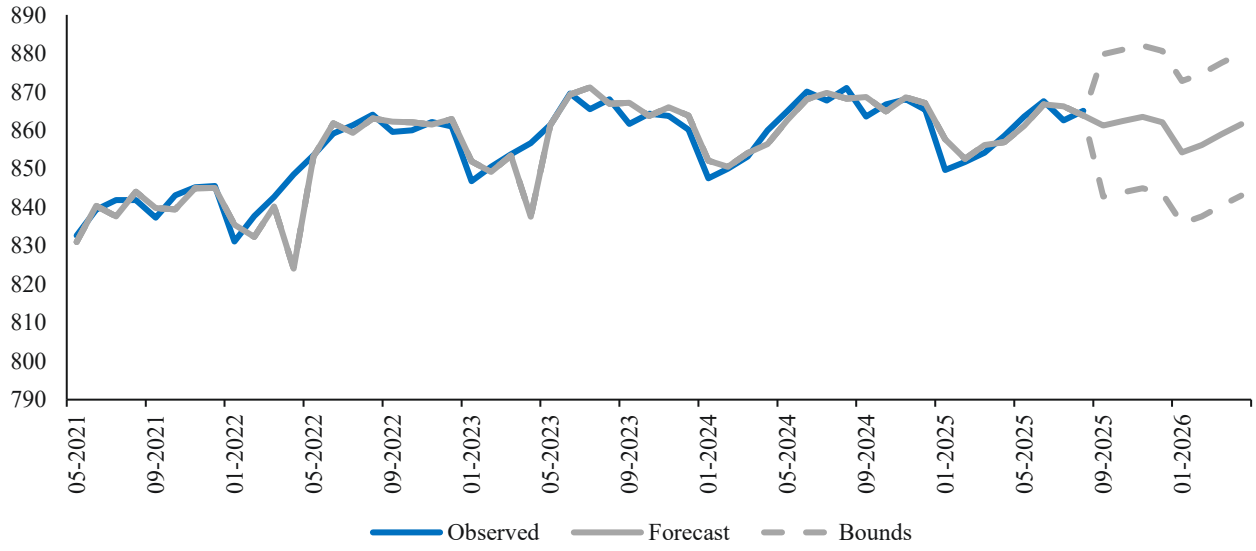


Looking Ahead: Data-Driven Forecasts for the Milwaukee Metro Region

Non-farm payroll employment

Non-farm payroll employment in the Milwaukee metropolitan area is projected to reach 861,546 by April 2026. Compared to April 2025, this represents a slight increase of 2,946 jobs. As Figure 7 shows, employment is projected to maintain a slight downward trend through January 2026, after which a small recovery is expected. This downward trend began in June 2025. From June 2025 through April 2026, employment is projected to decline by roughly 6,054 jobs. Relative to longer-run trends from earlier in the decade, non-farm payroll employment is expected to remain flat relative to levels seen since mid-2023.

Figure 7: Nonfarm Payroll Employment Forecast (1000s)

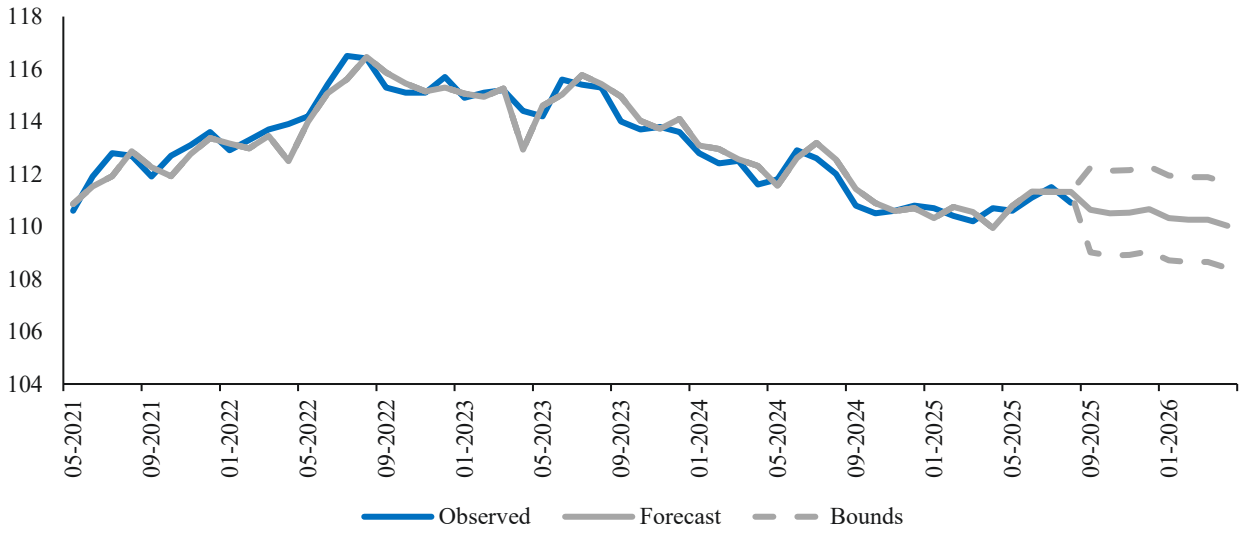


Manufacturing employment

The manufacturing industry accounts for a significant share of the region's workforce. However, employment levels are expected to continue a very slight downward trend that began in mid-2022. By April 2026, employment

in the manufacturing sector is expected to reach 110,032, which is 668 jobs lower than April 2025 and 868 jobs lower than August 2025. The stagnation in employment in this industry may reflect broader trends, including shifts in global supply chains, rising input costs, and productivity gains driven by automation.

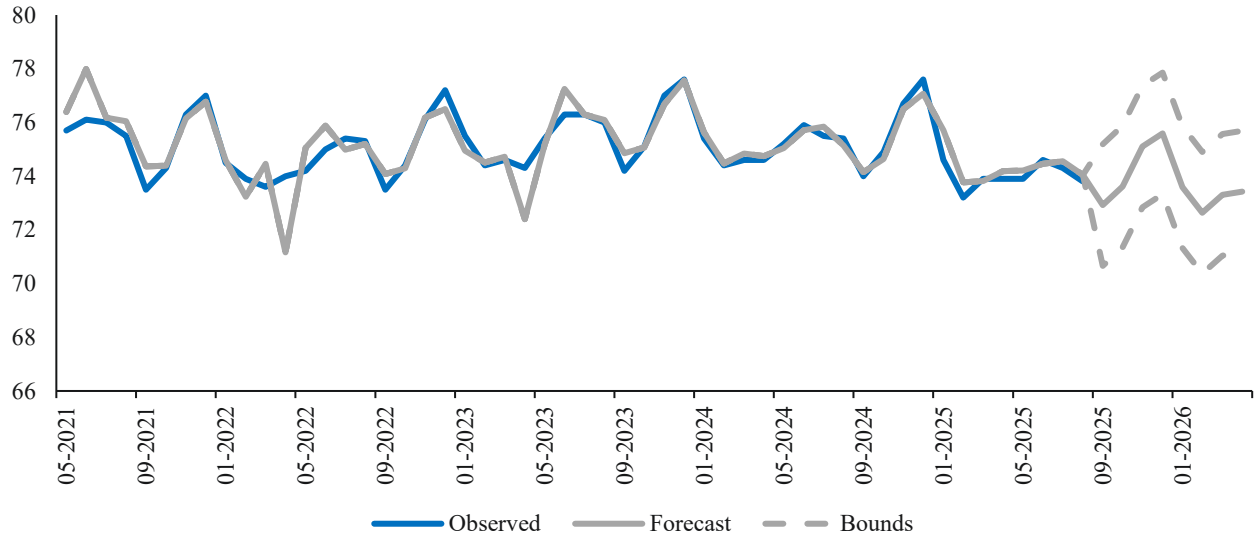
Figure 8: Manufacturing Payroll Employment Forecast (1000s)



Retail employment

Retail employment in the Milwaukee area is projected to see a slight decrease, falling from 73,900 jobs in April 2025 to 73,424 by April 2026. Retail employment is expected to peak in December 2025. This peak reflects seasonal factors related to holiday spending. Since the pandemic, the industry has shown limited growth, likely reflecting lasting shifts in consumer shopping preferences brought on by COVID-19. As with manufacturing, employment in the retail sector is expected to maintain a very slight decrease relative to earlier years in the 2020s.

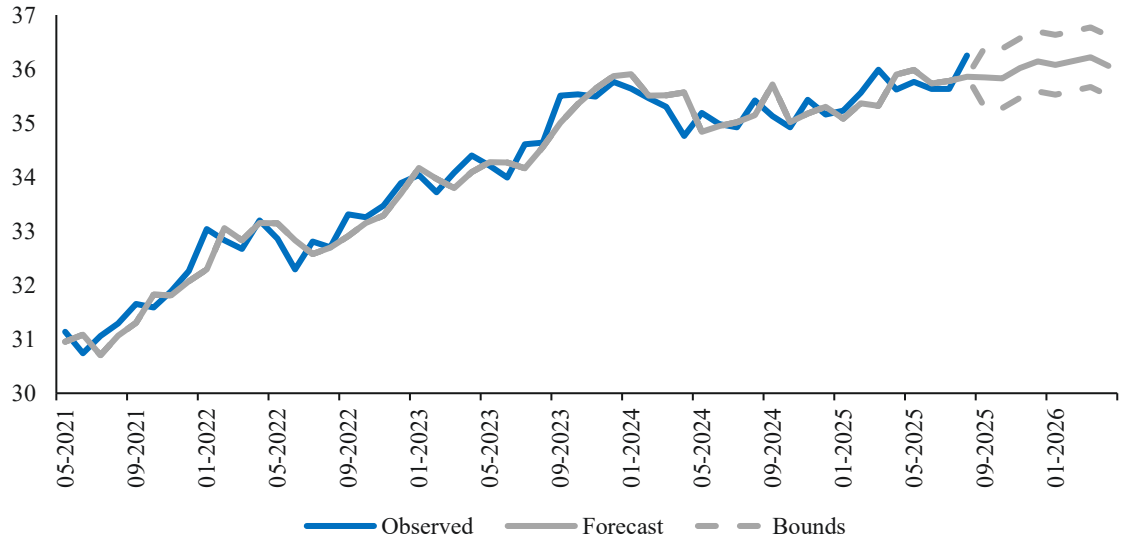
Figure 9: Retail Payroll Employment Forecast (1000s)



Average hourly earnings

Average hourly earnings in the Milwaukee metro area are projected to rise modestly from $35.62 in April 2025 to $36.06 by April 2026. As described in the previous Scorecard, the most recent trend points to a slowdown in growth, suggesting a more stable labor market. In fact, wages in April 2026 are projected to be $0.19 lower when compared to the most recent data in August 2025. This moderation in wage growth may be driven by a cooling labor market and easing inflationary pressures. Despite the deceleration, wage gains remain positive, signaling continued labor market resilience.

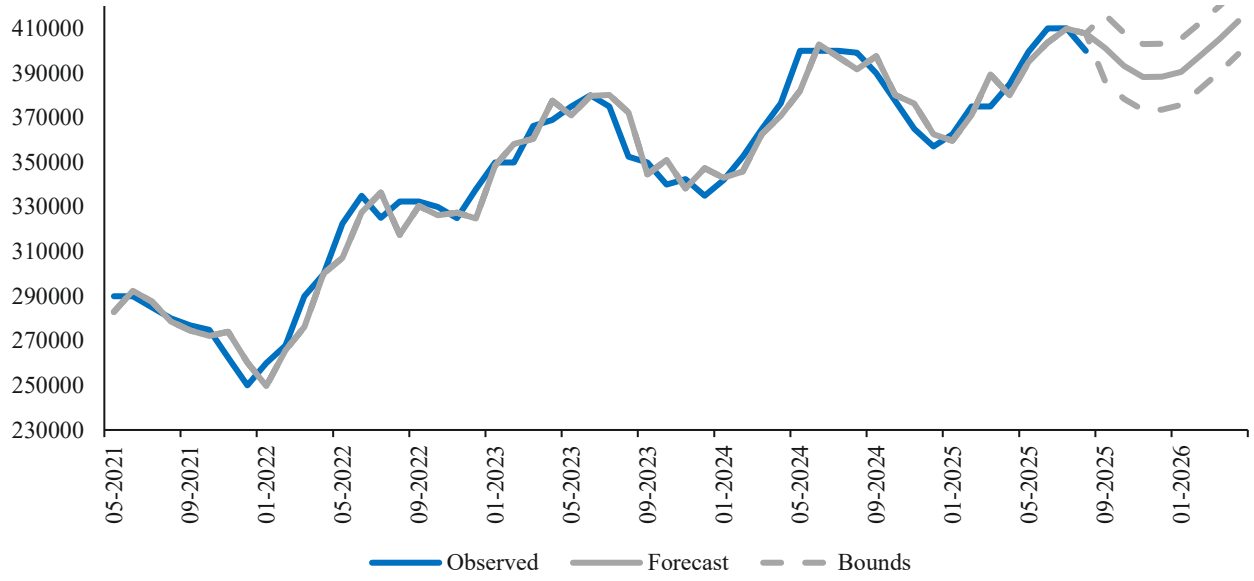
Figure 10: Average Hourly Earnings Forecast ($/hr)



Housing market

The median listing price of homes in the Milwaukee metro area is projected to rise from $385,000 in April 2025 to $413,231 by April 2026. This continued upward trend points to sustained housing demand. Housing prices are projected to decline from September 2025 through January 2026, which most likely reflects weaker housing demand during the cooler months. The projected gain in housing prices beginning in January should more than offset any decline seen due to seasonal changes in demand for homes. Importantly, ongoing appreciation in prices raises concerns about affordability, particularly if income growth does not keep pace. Looking ahead, Milwaukee's housing market is expected to maintain its steady climb. Combined with prevailing interest rates, these factors will continue to shape housing affordability in the region.

Figure 11: Median Listing Price Forecast ($)



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 starting in January 2010 throughout 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(1,5,10,12)

The mean absolute percentage error (MAPE) denotes the accuracy of each ARIMA model constructed. The MAPE represents the average absolute error of the forecasts as a percentage relative to the observed value. The MAPE for each of our forecasts can be found below:

- Non-farm payroll employment: 0.49%
- Manufacturing employment: 0.38%

- Retail employment: 0.76%
- Average hourly earnings: 0.79%
- Median listing price of homes: 1.91%

These values indicate strong predictive power across each model; however, it should be noted that several sources of uncertainty could impact the accuracy of the forecasts. The ARIMA model requires past trends to resemble future trends, but events have the potential to disrupt trends. 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.