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CARW/Xceligent 2014 – 3rd Quarter Commercial Real Estate Market Report

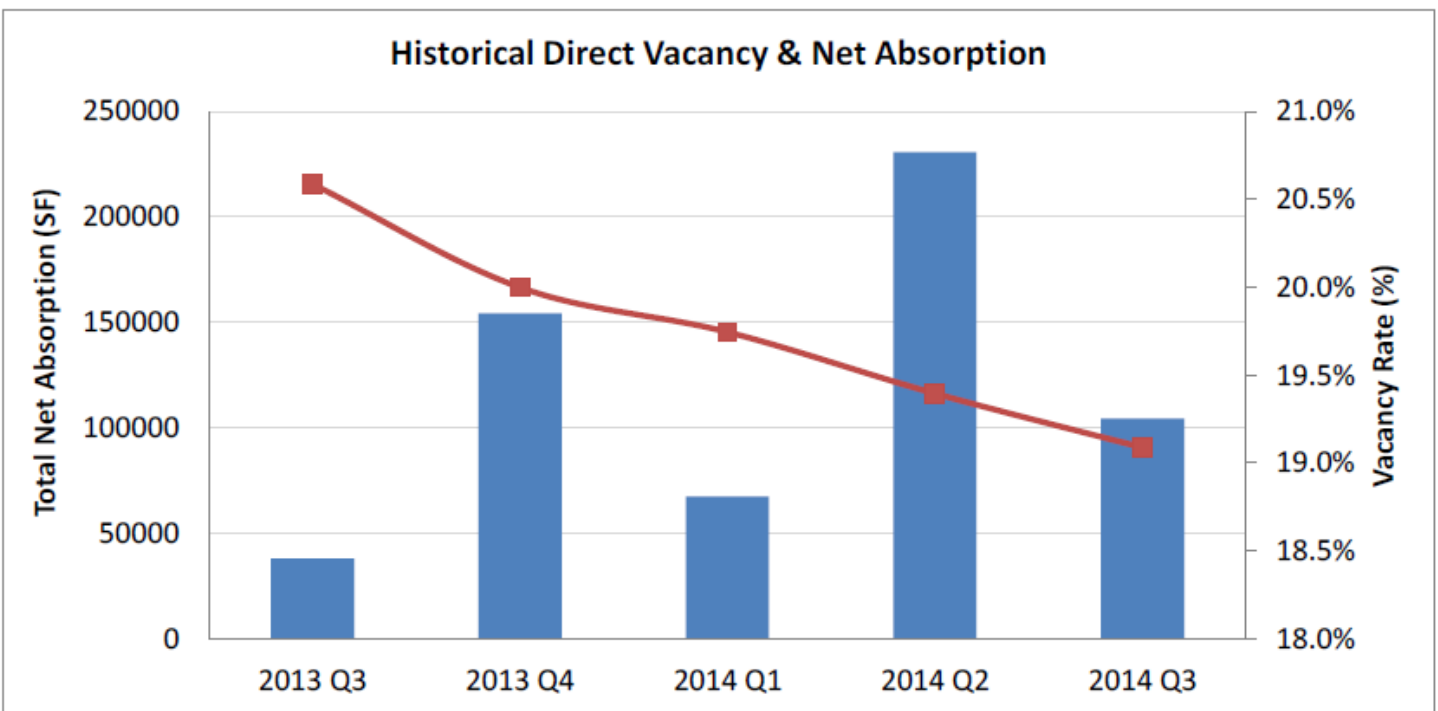
Southeastern Wisconsin Commercial Real Estate Markets have continued the positive trend and experienced significant growth in all three general uses according to the commercial real estate market reports for the third quarter of 2014 released today by CARW and Xceligent.

The market reports are produced in collaboration by CARW and Xceligent under the direction of an advisory panel of CARW member commercial real estate professionals. Distinguished panel members include:

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Milwaukee Office 3Q/2014

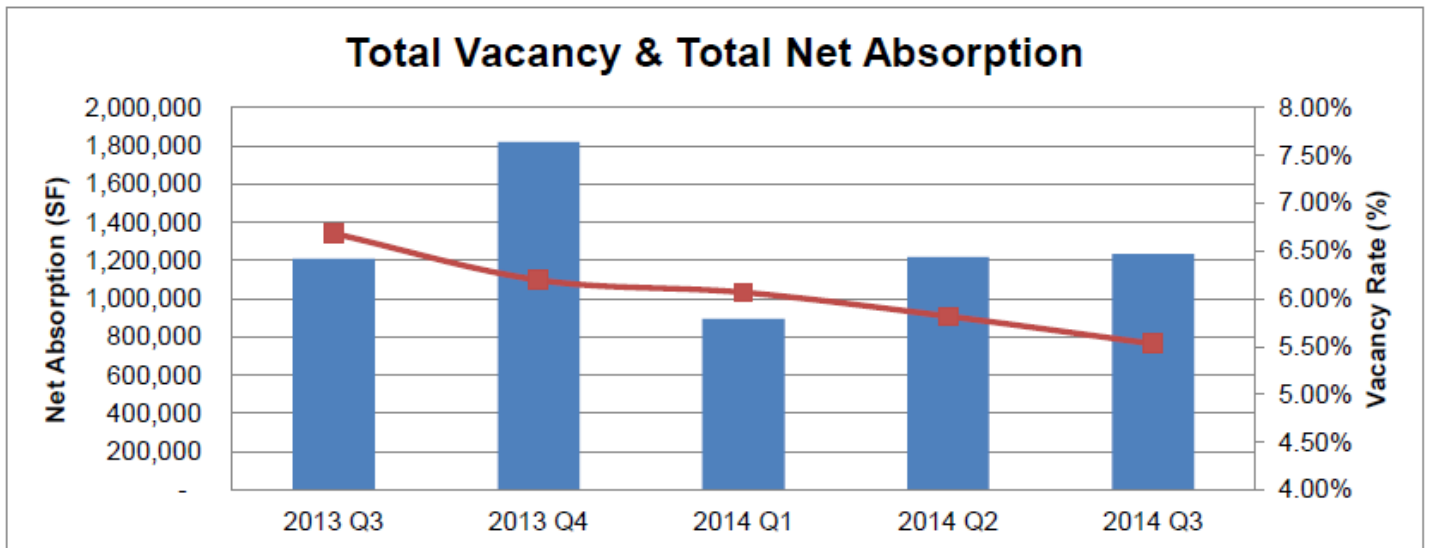
- Milwaukee experienced 104,270 SF of positive direct absorption for the quarter and 556,653 SF of positive direct absorption over the past year. The continued positive absorption has driven the direct vacancy rate from 20.00% (Q4 2013) to 19.09% (Q3 2014).
- Class A & B properties collectively experienced 110,744 SF of direct absorption for the quarter.
- For the quarter, Class B (97,902 SF) office properties had more than three times the SF absorbed by Class A (31,694 SF). For the year, Class B properties have had 334,124 SF of absorption which has driven the vacancy rate from 25.6% to 24.3%.
- The largest lease for the quarter was Springfield College leasing 22,178 SF at The Timbers Building (700 Virginia, Milwaukee). The landlord, the Tannery, was represented by Ned Purtell and Scott Revolinski of RFP Commercial.



Q3 2014 Market Overview by Property Type											
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Qtrly Net Absorption (SF)	YTD Total Net Absorption (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Qtrly Net Absorption (SF)	YTD Direct Net Absorption (SF)
A	130	12,221,568	2,102,479	1,641,516	13.43%	31,694	70,398	1,586,217	12.98%	50,476	121,228
B	259	14,437,230	4,169,866	3,593,107	24.89%	97,902	348,911	3,506,414	24.29%	60,268	334,124
C	25	1,213,484	248,306	229,960	18.95%	(6,474)	(6,884)	227,460	18.74%	(6,474)	(3,407)
Grand Total	414	27,872,282	6,520,651	5,464,583	19.61%	123,122	412,425	5,320,091	19.09%	104,270	451,945

Milwaukee Industrial Q3 / 2014

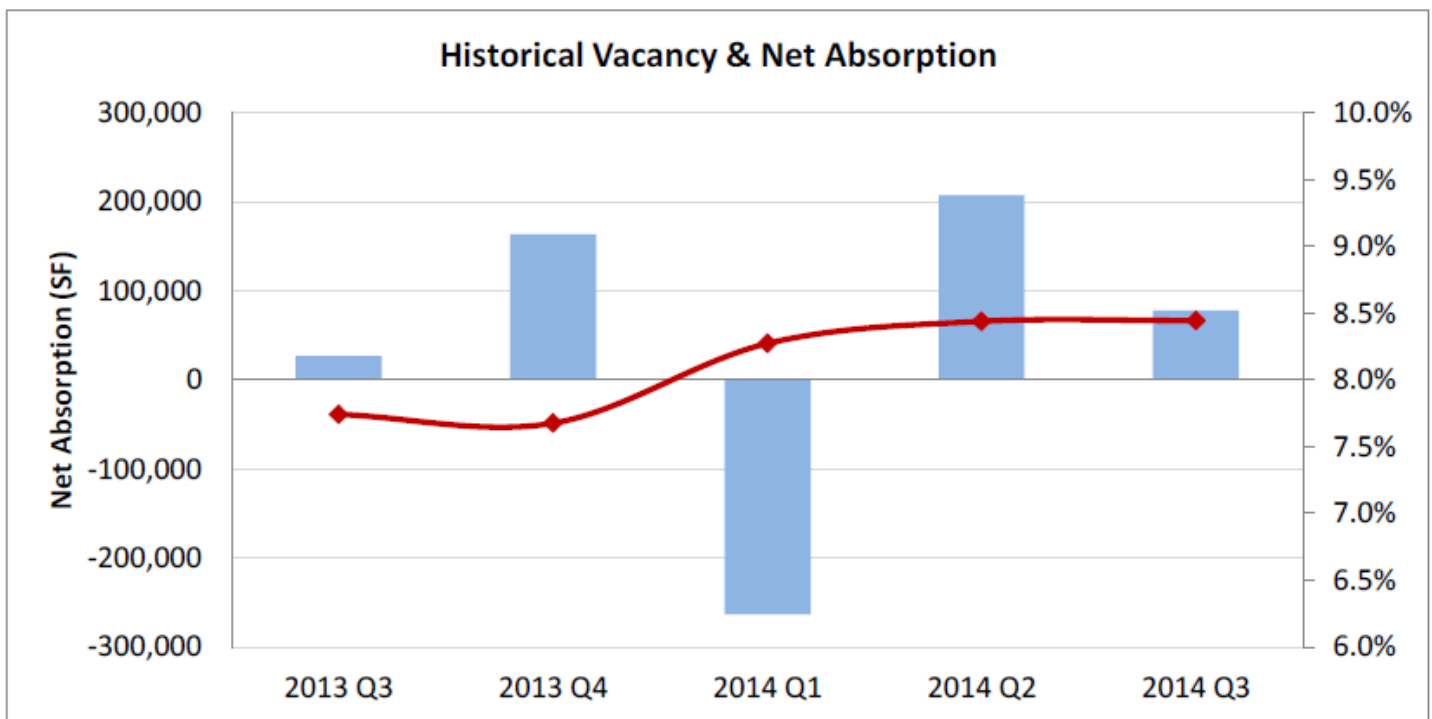
- Milwaukee experienced positive absorption for the seventeenth quarter in a row with 1.2 million SF absorbed in third quarter of 2014.
- As a result of the positive absorption, the vacancy rate has dropped from 6.68% to 5.53% over the past year.
- The largest lease for the quarter was Quad-Graphics taking 99,740 SF at W228 N2801 Duplainville Rd (previously occupied by American TV). The landlord was represented by Mike Judson of Judson & Associates and Jeff Hoffman of The Boerke Company (Formerly of Judson & Associates).
- The largest sale of the quarter was Exeter Property Group purchasing 120 W Opus Dr., Oak Creek for 17 million from Evergreen Glen Apartments LP. The building is 279,828 SF and is fully occupied by Staples Inc.
- 420,300 SF of this quarter's absorption can be attributed to owner occupied building additions. Another 1.43 million SF of additions and 4.7 million SF of new construction is scheduled to be completed with in the next year.



Q3 2014 Market Overview by Property Type								
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Occupied (SF)	Total Quarterly Absorption	YTD Total Net Absorption
Manufacturing	2,623	154,731,711	9,552,461	7,191,970	4.65%	147,539,741	261,695	1,658,788
Whse/Distribution	693	67,279,857	6,378,902	4,199,439	6.24%	63,080,418	827,456	1,763,830
Flex	1,016	45,233,654	4,419,423	3,386,611	7.49%	41,847,043	144,659	(74,554)
Grand Total	4,332	267,245,222	20,350,786	14,778,020	5.53%	252,467,202	1,233,810	3,348,064

Milwaukee Retail Q3/2014

- Milwaukee experienced 77,975 SF of positive direct absorption for the quarter, but is still at a negative 66,535 SF direct absorption year-to-date, due to the 1st Quarter closing of Kmart & Sears.
- Hobby Lobby had the two largest deals of the quarter by leasing 65,000 SF in Menomonee Falls and 55,000 SF in Kenosha. These transactions were unfortunately offset by the closing of 3 AMF Bowling Centers for a total of almost -135,000 SF.
- The largest transaction was Inland Real Estate Income Trust Inc. purchasing South Main Center (West Bend) an 86,800 SF Neighborhood Center for \$19.1 M as an investment with 93% occupied at time of sale. Peter Glaser of CBRE Milwaukee represented the seller, Ascendant Holding Real Estate, LLC.



Q3 2014 Market Overview by Property Type									
	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Available (SF)	Available Sublease (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Regional Ctr	7	5,910,842	157,592	153,592	4,000	153,592	2.60%	(6,500)	(95,619)
Community Ctr	68	12,244,407	1,494,985	1,494,985	0	1,382,931	11.29%	112,351	129,307
Neighborhood Ctr	158	14,537,850	2,098,080	1,927,180	170,900	1,753,046	12.06%	103,105	5,114
Power Ctr	193	17,768,680	951,796	889,354	62,442	917,664	5.16%	(138,935)	(123,912)
Conv/Strip Ctr	76	3,445,840	441,131	441,131	0	344,721	10.00%	7,954	18,575
Grand Total	502	53,907,619	5,143,584	4,906,242	237,342	4,551,954	8.44%	77,975	(66,535)