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CARW/Xceligent 2016—4th Quarter Commercial Real Estate Market Report

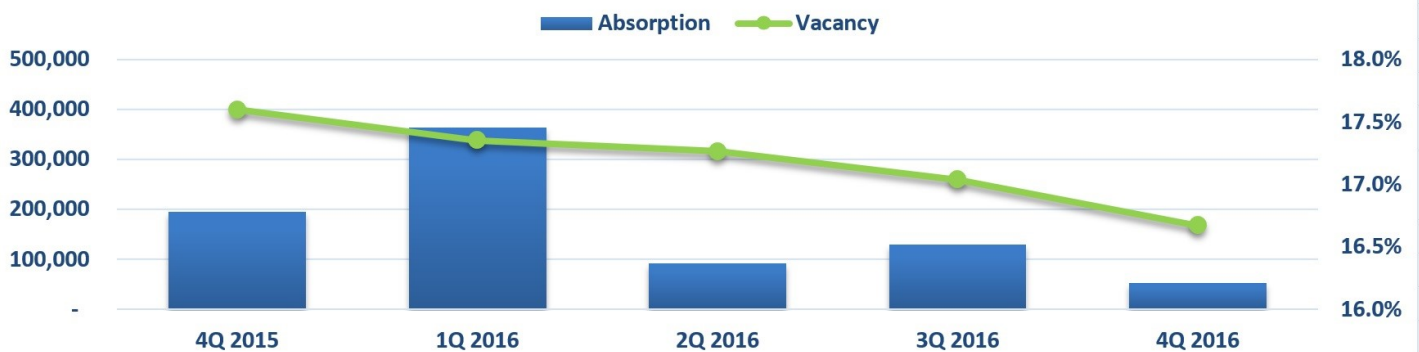
Southeastern Wisconsin Commercial Real Estate Markets have continued the year positively with relatively steady vacancy rates and positive absorption, according to the commercial real estate market reports for the fourth quarter of 2016, released today by CARW and Xceligent. The market reports are produced in collaboration of CARW and Xceligent under the direction of an advisory panel of CARW member commercial real estate professionals.

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Milwaukee Office Market Q4/2016

- During 4Q 2016, the Milwaukee office market saw the overall vacancy rate decrease by 30 basis points to 16.7%, down 90 basis points from 4Q 2015. This is reflected in the overall health of the market and the optimism tenants have as they move and/or expand operations.
- The quarterly net absorption posted 52,817 square feet (sf), bringing the year-to-date total to just over 638,000 sf. The positive net gain is due primarily to the completion of two large office developments; 833 East in the Downtown East submarket, and the Meadowlands Research and Technology Center in Wauwatosa.
- The weighted average asking rents for the Milwaukee market continue to rise, ending the year at \$19.55 FSG, up \$0.14 per sf from last quarter and \$0.46 from 4Q 2015. This is fueled by new office developments and a perceived lack of supply.
- Though down from the start of 2016, new construction gains momentum as market conditions improve, ending the year with 137,500 sf of new space underway. Several projects are expected to break ground over the next year, including One Catalano Square in the Third Ward, BMO Harris Bank's new office tower in downtown Milwaukee, and Hammes Co. headquarters, also planned for downtown Milwaukee.

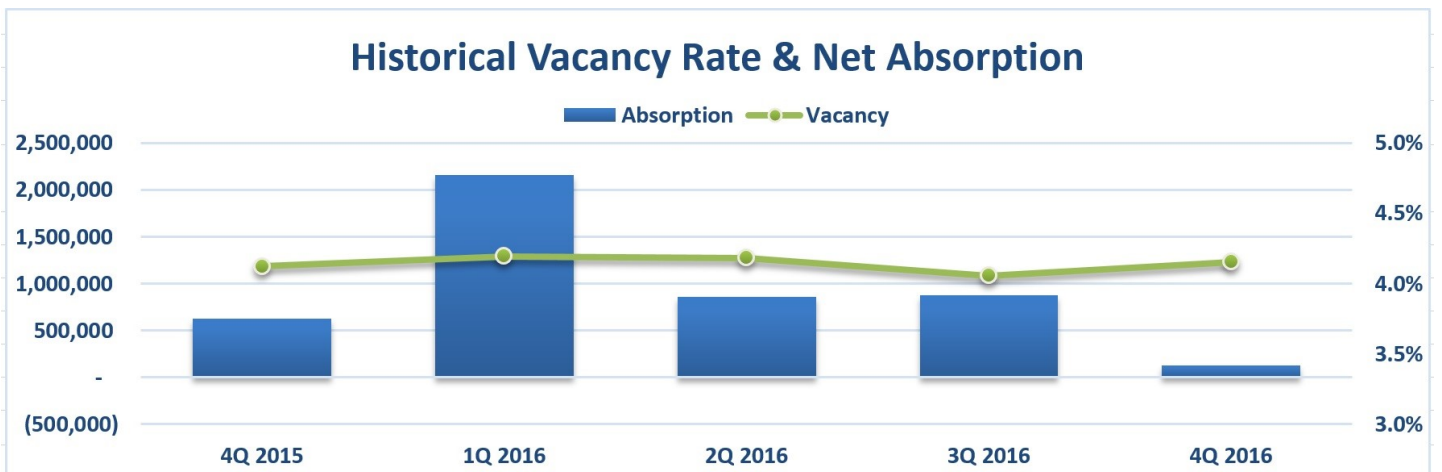
Historical Vacancy Rate & Net Absorption



	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
A	131	12,654,338	2,266,031	1,907,943	15.1%	-13,054	388,517
B	255	14,398,078	3,454,940	2,698,529	18.7%	61,888	230,619
C	23	1,127,184	179,417	91,988	8.2%	3,983	19,644
Overall	409	28,179,600	5,900,388	4,698,460	16.7%	52,817	638,780

Milwaukee Industrial Market Q4/2016

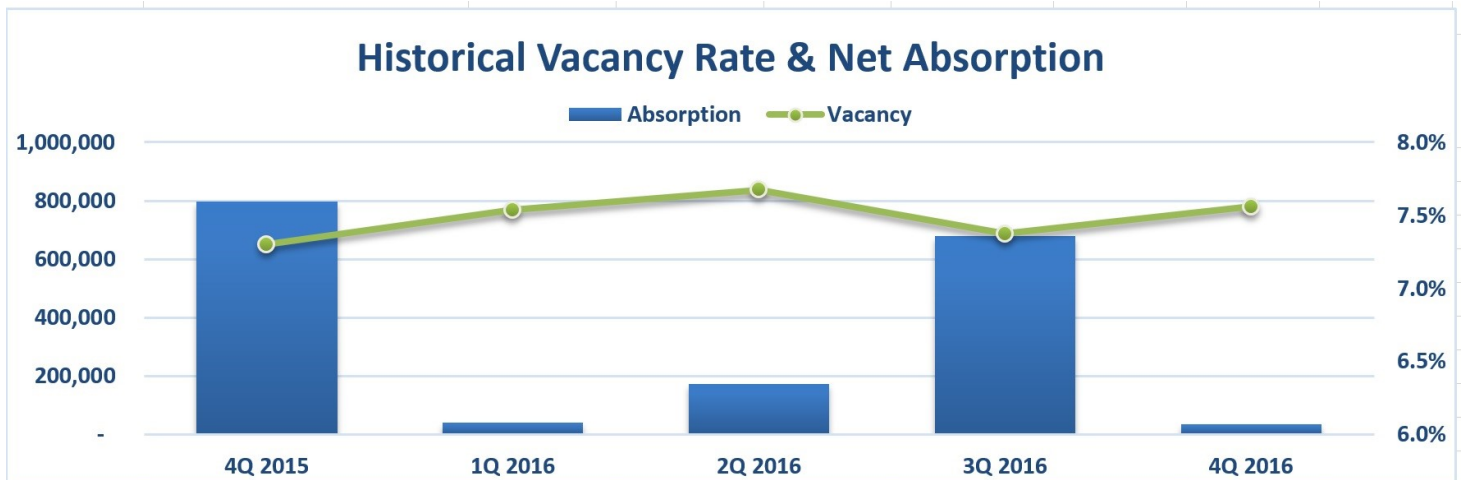
- The vacancy rate for the Milwaukee industrial market for 4Q 2016 remained stable at 4.2%, the same figure posted at the start of this year. Given the perceived level of tenant activity in the market, the lack of change in the vacancy rate could signal a shortage of available space in the market.
- The overall net absorption for this quarter came in at 127,040 square feet (sf), bringing the total year-to-date net absorption to 4.077 million sf. Over half of the space absorbed this year took place during 1Q 2016, which includes the completion of Uline's 1.1 million sf warehouse in Pleasant Prairie.
- The largest net gain for 4Q 2016 came from the completion of Zilber Industrial II, a 179,820 sf industrial building in Menomonee Falls. It was fully-leased at the time of completion to a confidential tenant.
- At the close of 2016, there is 3,068,800 sf of industrial space under construction in Southeastern Wisconsin, of which 880,000 sf is being built for Uline. The next largest project under construction is First Park 94 - Building B, a 602,348 sf speculative building in Somers.



	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Flex/R&D	1,027	45,492,646	3,301,806	2,102,368	4.6%	-31,595	585,954
Warehouse - Distribution	698	72,585,157	6,942,612	4,708,444	6.5%	-3,337	1,729,960
Light Industrial	2,648	159,036,418	8,434,417	4,704,102	3.0%	161,972	1,761,123
Grand Total	4,373	277,114,221	18,678,835	11,514,914	4.2%	127,040	4,077,037

Milwaukee Retail Market Q4/2016

- The overall vacancy rate for the Milwaukee retail market stands at 7.6% for 4Q 2016, up 20 basis points from last quarter. The slight uptick is due to large tenants vacating space in the market, such as Target closing their Brown Deer Road store and Pick 'n Save closing their store near 18th Street and National Avenue in Milwaukee.
- Total quarterly net absorption for this quarter came in at 33,844 square feet (sf), bringing the total year-to-date net absorption to 922,312 sf.
- The largest gains this quarter came from the completion of Calhoun Crossing at Bluemound and Calhoun roads, adding over 106,000 sf of new space to the market. Another positive gain came from the purchase of a former Jewel Food store along Highway 164 in Waukesha by U-Haul.
- The weighted average asking rent for the Milwaukee retail market ended the year at \$11.69 per sf NNN, up \$1.03 from 1Q 2016. This is due to the influx of new retail space and the increase in demand.



	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Regional Ctr	16	6,364,455	384,041	326,937	5.1%	5,021	77,125
Neighborhood Ctr	175	14,525,384	1,917,684	1,690,731	11.6%	52,467	294,788
Power Ctr	198	19,672,885	523,743	465,170	2.4%	-61,044	578,493
Conv/Strip Ctr	82	3,582,036	475,136	399,406	11.2%	2,120	-1,895
Community Ctr	78	12,231,471	1,613,349	1,379,516	11.3%	35,280	-26,199
Overall	549	56,376,231	4,913,953	4,261,760	7.6%	33,844	922,312