

Milwaukee MARKET UPDATE 2018

CBRE

PRESENTED BY:



NAIOP
COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

INDUSTRIAL UPDATE

Presented by CBRE



**KARL
WIEDENMAN**

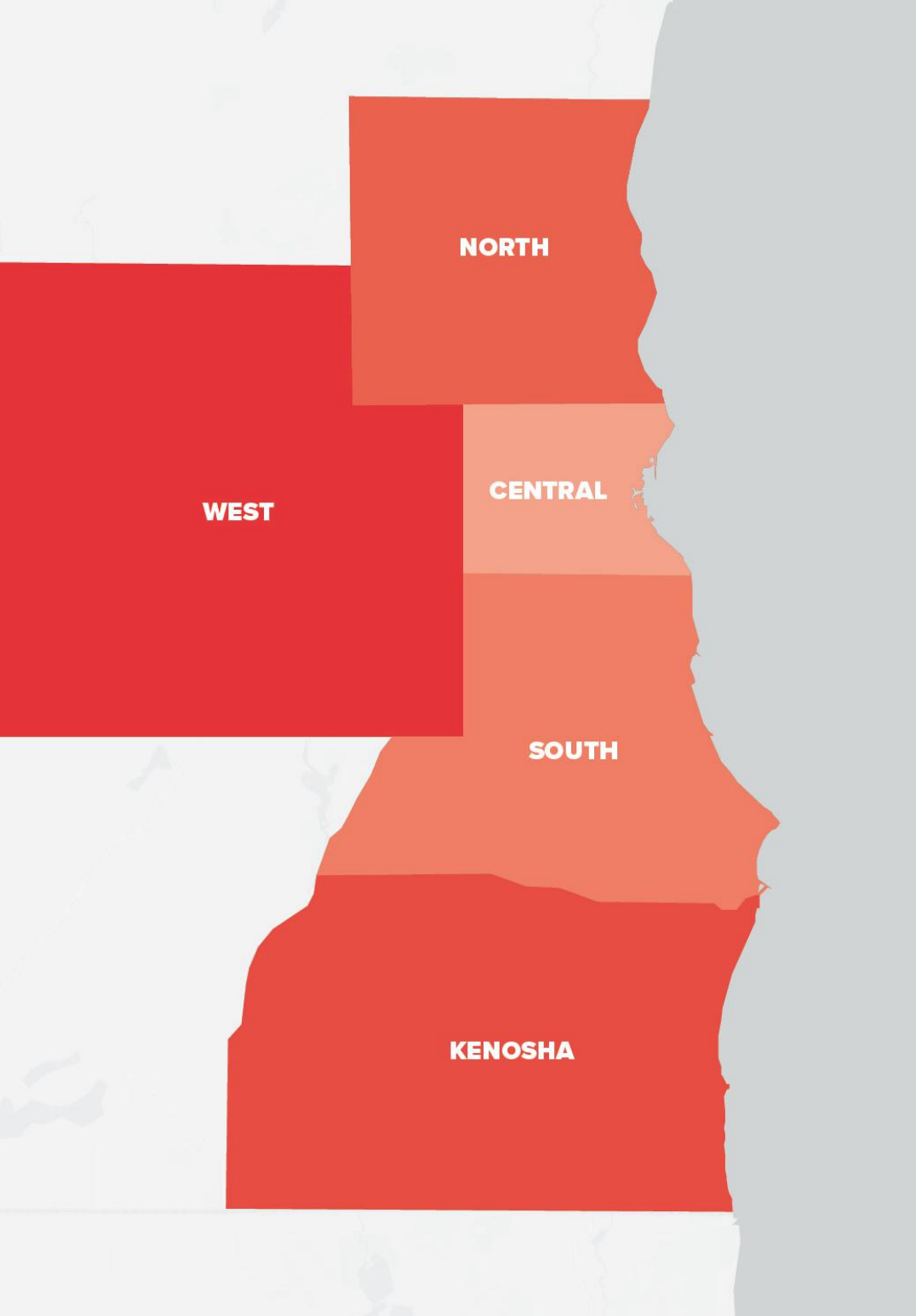
Vice President

Advisory & Transaction

INDUSTRIAL & LOGISTICS

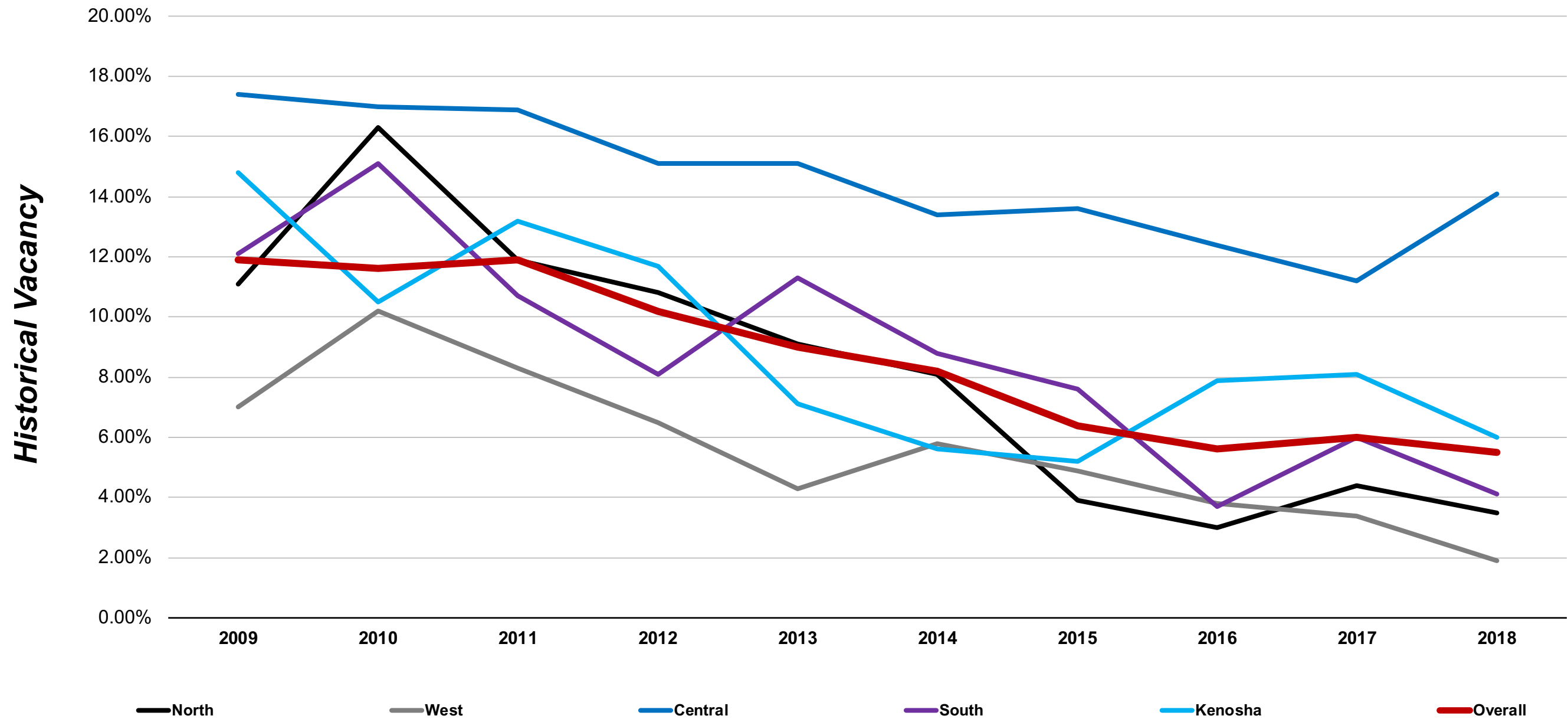
TOTAL INDUSTRIAL MARKET

CARW Tracked Set



Submarket	Number Of Buildings	Inventory	Total Available	Available %	Total Vacant	Vacant %
North	342	39,101,940	3,545,988	9.1%	1,373,594	3.5%
West	344	29,546,378	1,864,551	6.3%	551,441	1.9%
Central	194	23,649,633	4,629,636	19.6%	3,325,370	14.1%
South	165	18,888,131	2,669,980	14.1%	772,603	4.1%
Kenosha	124	25,173,020	2,836,679	11.3%	1,505,162	6.0%
TOTAL	1,169	136,359,102	15,546,834	11.4%	7,528,170	5.5%

HISTORICAL VACANCY





CENTRAL INDUSTRIAL MARKET

	2014	2015	2016	2017	2018
Total Universe	21,436,663	21,301,825	21,467,633	20,780,627	23,649,633
Vacant Space	2,863,266	2,905,427	3,569,865	2,326,195	3,325,370
Vacancy Rate	13.40%	13.64%	12.4%	11.2%	14.1%
Absorption	367,913	24,175	340,463	172,692	(999,175)



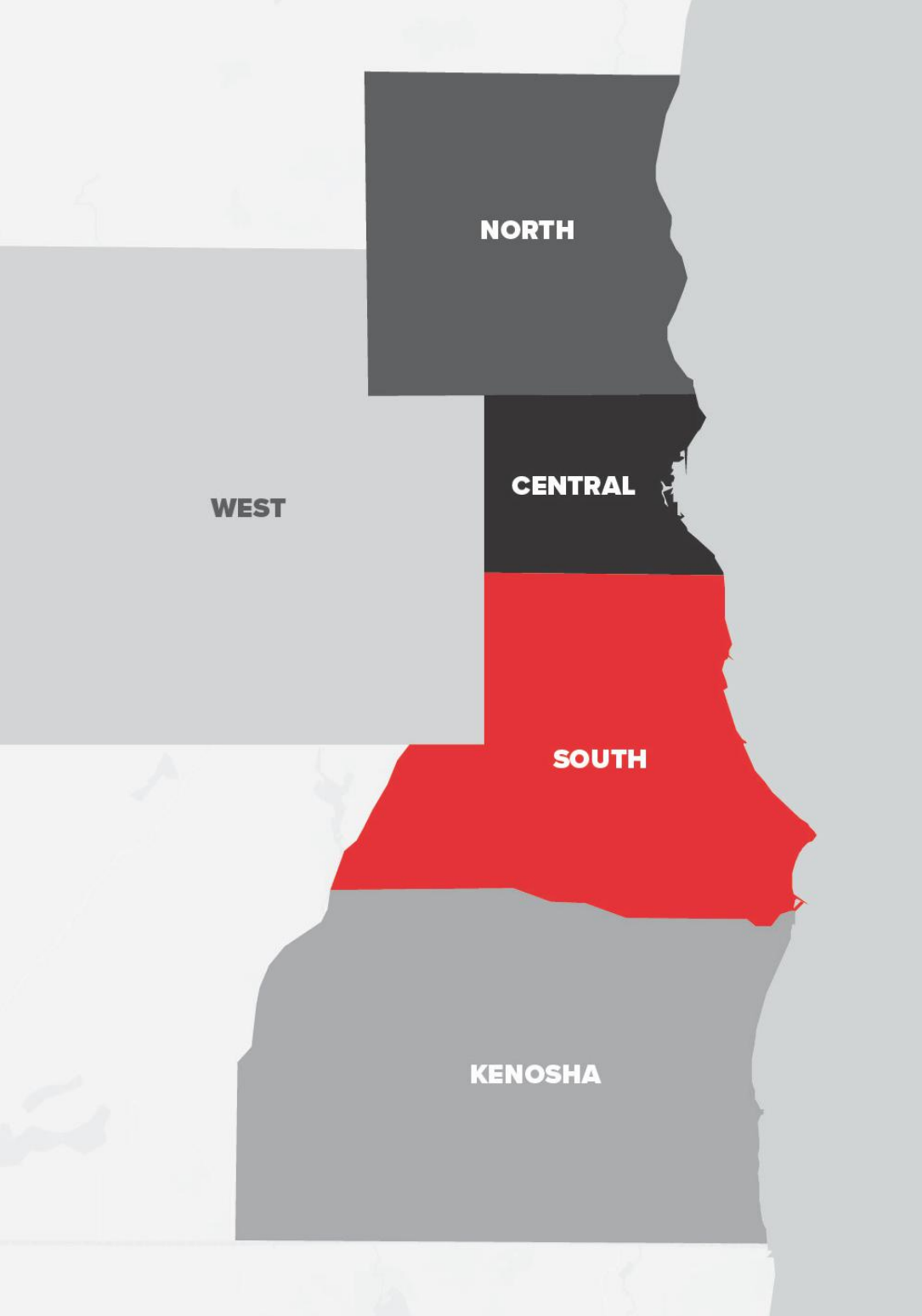
NORTH INDUSTRIAL MARKET

	2014	2015	2016	2017	2018
Total Universe	40,060,820	39,608,121	41,290,498	41,936,027	39,101,940
Vacant Space	3,238,853	1,559,529	1,233,204	1,846,146	1,373,594
Vacancy Rate	8.10%	3.9%	3.0%	4.4%	3.5%
Absorption	1,210,903	1,543,964	545,275	(160,661)	473,552



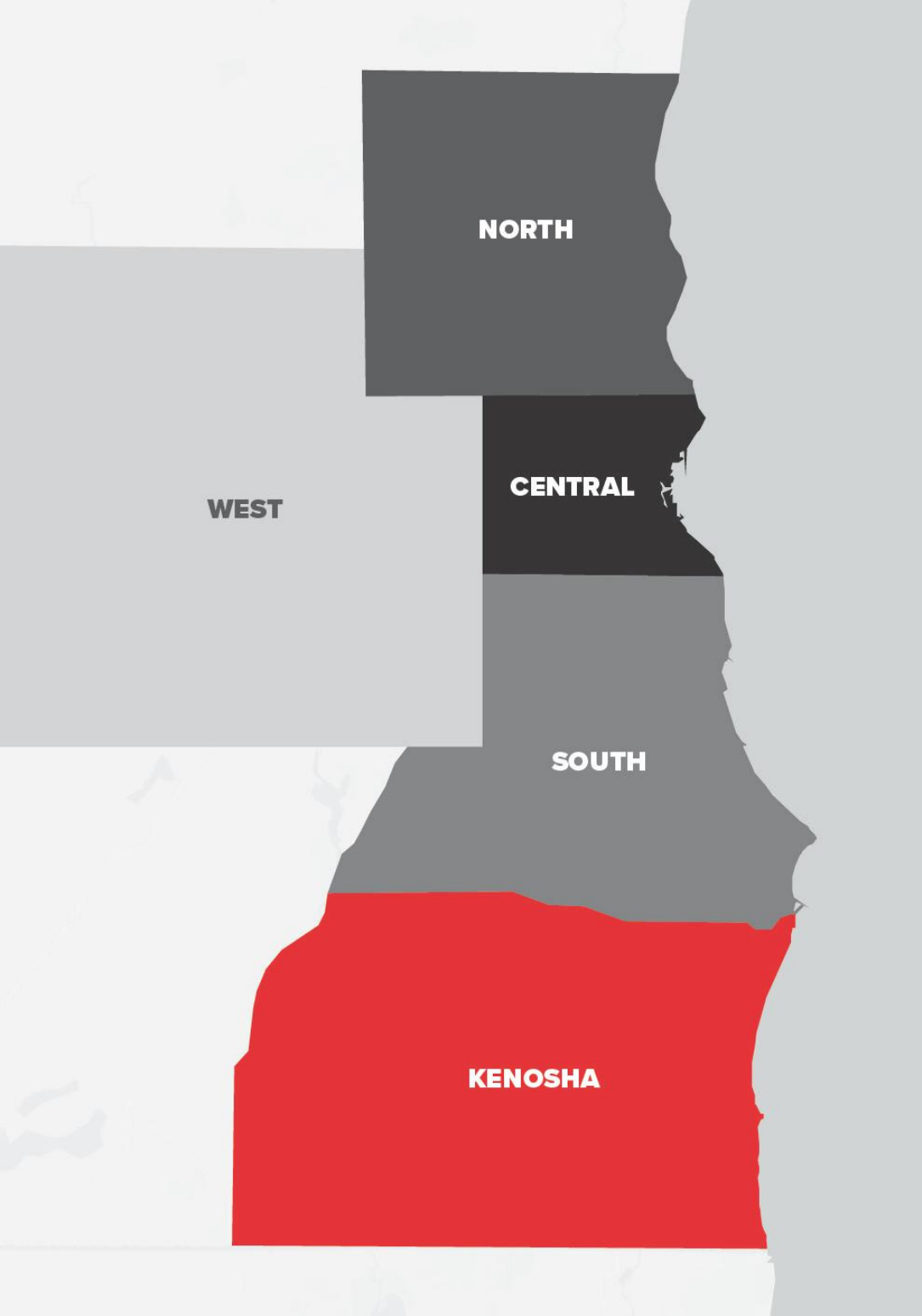
WEST INDUSTRIAL MARKET

	2014	2015	2016	2017	2018
Total Universe	32,152,318	31,887,925	32,896,515	32,928,249	29,546,378
Vacant Space	1,874,059	1,547,703	1,247,367	1,109,544	551,441
Vacancy Rate	5.80%	4.90%	3.8%	3.4%	1.9%
Absorption	97,222	404,272	895,894	116,848	558,103



SOUTH INDUSTRIAL MARKET

	2014	2015	2016	2017	2018
Total Universe	19,359,122	17,679,185	17,822,433	17,873,004	18,888,131
Vacant Space	1,705,411	1,348,416	660,880	1,075,813	772,603
Vacancy Rate	8.80%	7.60%	3.70%	6.0%	4.1%
Absorption	685,822	-7,051	671,247	(275,030)	303,210



KENOSHA INDUSTRIAL MARKET

	2014	2015	2016	2017	2018
Total Universe	17,534,401	20,188,270	22,320,264	23,766,071	25,173,020
Vacant Space	981,672	1,042,693	1,752,526	1,921,751	1,505,162
Vacancy Rate	5.60%	5.20%	7.90%	8.1%	6.0%
Absorption	993,604	2,569,666	450,555	1,276,582	416,589

LARGEST LEASE TRANSACTIONS *BY REGION*



Kenosha

Uline, Inc.
11559 80th Ave.
417,384 SF



South

Ryder Integrated Logistics
5211 S. 3rd St.
360,000 SF



North

Lube-Tech, Inc.
6600 N. Industrial Rd.
110,000 SF



West

Zero Zone, Inc.
W277N2837 Duplainville Rd.
99,740 SF



Central

Sellers Absorbent Materials, Inc
5800 W. Hope Ave.
134,000 SF

USER SALES



Central

4107 W Orchard St.
Milwaukee
225,000 SF | \$7,900,000



North

7000 W Calumet Rd.
Milwaukee
181,692 SF | \$7,400,000



South

2620 90th St.
Sturtevant
187,000 SF | \$2,625,000



North

N93 W14475 Whittaker Way
Menomonee Falls
72,000 SF | \$2,340,000



West

2445 S. Calhoun Rd.
New Berlin
58,000 SF | \$1,750,000

INVESTMENT SALES



Central

11800 W Burleigh St.
Wauwatosa
2,022,825 SF | \$31,250,000



Kenosha

13315 Globe Dr.
Mount Pleasant
155,844 SF | \$13,667,356



West

23500 Stone Ridge Dr.
Waukesha
78,000 SF | \$8,630,000



South

7475 S 6th St.
Oak Creek
133,568 SF | \$8,600,000



North

N117W18456 Fulton Dr.
Germantown
100,800 SF | \$7,300,000



North

9000 W Heather Ave.
Milwaukee
75,261 SF | \$7,000,000

USER DELIVERABLES



West

CGS Premier
Commerce Center Pkwy, Muskego
65,000 SF



South

Greco & Sons
10303 S Oakview Pkwy, Oak Creek
118,000 SF



West

Lakeland Supply
N17 W25081 Bluemound Rd, Pewaukee
83,000 SF



Kenosha

Doheny Family Investments
7707 104th St., Pleasant Prairie
212,489 SF



Kenosha

Grand Appliance and TV
10301 Enterprise Way, Sturtevant
137,000 SF



South

Norco Manufacturing
13448 Deback Ln, Caledonia
124,000 SF



Central

Glen Reider
1960 S 67th Pl, West Allis
120,000 SF

SPEC DELIVERABLES



Kenosha

Land & Lakes at Mount Pleasant Business Park
11905 Meridian Dr. - Land and Lakes, Mount Pleasant
307,850 SF



South

WPT Capital Advisors Spec
5201 International Dr, Cudahy
153,300 SF



North

Hansen Storage
W130 N8675 Old Orchard Rd, Menomonee Falls
100,000 SF



South

Dickman Spec
10651 S Oakview Pkwy, Oak Creek
137,000 SF



West

Briohn Building Corporation (Spec)
N17W23665 W Bluemound Rd, Pewaukee
120,144 SF

2019 UNDER CONSTRUCTION SPEC

WEST

1

5

NORTH

4

CENTRAL

13

SOUTH

3

2

9

6

KENOSHA

11

8

12

7

	Under Construction	Percent
Q1 2019	1,263,983	42.9%
Q2 2019	789,000	26.8%
Q3 2019	891,020	30.3%
Q4 2019	—	0.0%
TOTAL	2,944,003	—



2019 **PLANNED** SPEC

	Planned	Percent
Q1 2019	—	0.0%
Q2 2019	85,000	8.5%
Q3 2019	467,741	47.0%
Q4 2019	442,000	44.4%
TOTAL	994,741	—

2019 Planned & Under Construction SPEC

Top Development by Region

WEST

NORTH

CENTRAL

SOUTH

KENOSHA

	REGION	PROPERTY NAME	CITY	SIZE SF	STATUS	CONSTRUCTION START QUARTER & YEAR	ESTIMATED COMPLETION QUARTER & YEAR
1	West	Westminster	New Berlin	192,800	Under Construction	Q1 2018	Q1 2019
2	South	HSA - OakView Business Park	Oak Creek	132,000	Under Construction	Q3 2018	Q2 2019
3	South	St. Johns Properties - Bldgs A/B/C	Oak Creek	142,520	Under Construction	Q3 2018	Q3 2019
4	North	Dickman - Menomonee Falls	Menomonee Falls	156,000	Under Construction	Q3 2018	Q1 2019
5	North	Ryan Cos. Willow Creek Lot 3 Spec	Germantown	186,000	Under Construction	Q4 2018	Q1 2019
6	Kenosha	Crescent Electric Supply Company	Suturtevant	133,000	Under Construction	Q4 2018	Q2 2019
7	Kenosha	LakeView Corporate Park - Wangard	Pleasant Prairie	196,300	Under Construction	Q3 2018	Q1 2019
8	Kenosha	Logistics Properties - Phase 1 - East Building	Kenosha	748,500	Under Construction	Q4 2018	Q3 2019
9	Kenosha	St. Johns Properties	Mount Pleasant	100,000	Under Construction	Q3 2018	Q3 2019
10	Kenosha	LakeView Corporate Park - Wangard	Pleasant Prairie	196,300	Under Construction	Q2 2018	Q1 2019
11	Kenosha	Zilber - Kenosha Corporate Park	Kenosha	524,000	Under Construction	Q2 2018	Q2 2019
12	Kenosha	Zilber - Dairyland	Kenosha	249,583	Under Construction	Q3 2018	Q1 2019
13	Central	Interstate Partners	West Milwaukee	87,000	Under Construction	Q3 2018	Q1 2019
14	South	HSA - Rawson	Oak Creek	180,000	Planned	N/A	Q3 2019
15	Central	Jeff Hall - 50th and Burnham	West Allis	85,000	Planned	Q3 2018	Q2 2019
16	Kenosha	Logistics Property Company, LLC - Phase 1 - Bldg 2	Kenosha	287,741	Planned	Q4 2018	Q3 2019
17	North	Scannell Properties	Milwaukee	150,000	Planned	N/A	Q4 2019
18	South	Seefried Properties- Franklin	Franklin	87,000	Planned	Q2 2018	Q4 2019
19	Kenosha	Seefried Properties - Lakeview Corporate Park	Pleasant Prairie	205,000	Planned	Q1 2018	Q4 2019

NEW BUSINESS PARKS



Building Name	Germantown Gateway Corporate Park	Willow Creek Business Park	Ryan Business Park
Acreage	145-acres	66-acres	85-acres
Address	Holy Hill Road & Hwy Y Germantown, WI	Appleton Ave, North of County Line Rd., Germantown, WI	SEQ Ryan Road & 13 th St. Oak Creek, WI

CENTRAL INDUSTRIAL MARKET

2018 Predictions – Jim Larkin

Increase in **speculative development** through the 1st half of the year (**True**)

Vacancy rates will increase slightly due to the introduction of new product to the market (**False**)

2018 will see an increase in **smaller deals** (range 30k to 50k) (**True**)

Due to the Foxconn announcement, activity in the south & **Kenosha markets** **will increase** for both speculative and user projects (**True**)

CENTRAL INDUSTRIAL MARKET

2019 Predictions – Karl Wiedenman, CBRE

CENTRAL INDUSTRIAL MARKET

2019 Predictions – Karl Wiedenman, CBRE



**Construction cost
will continue
to rise**

CENTRAL INDUSTRIAL MARKET

2019 Predictions – Karl Wiedenman, CBRE



**Construction cost
will continue
to rise**



**Demand for industrial
product will directly
correlate to the
increasing demand
for e-commerce**

CENTRAL INDUSTRIAL MARKET

2019 Predictions – Karl Wiedenman, CBRE



**Construction cost
will continue
to rise**



**Demand for industrial
product will directly
correlate to the
increasing demand
for e-commerce**



**Class B & C in-fill
product will be
repurposed for
last-mile facilities**

CENTRAL INDUSTRIAL MARKET

2019 Predictions – Karl Wiedenman, CBRE



**Construction cost
will continue
to rise**



**Demand for industrial
product will directly
correlate to the
increasing demand
for e-commerce**



**Class B & C in-fill
product will be
repurposed for
last-mile facilities**



**Vacancy rates
will experience
modest increase**

CENTRAL INDUSTRIAL MARKET

2019 Predictions – Karl Wiedenman, CBRE



**Construction cost
will continue
to rise**



**Demand for industrial
product will directly
correlate to the
increasing demand
for e-commerce**



**Class B & C in-fill
product will be
repurposed for
last-mile facilities**



**Vacancy rates
will experience
modest increase**



**Finding a skilled
workforce will
continue to be a
challenge and
will drive real estate
location decisions**



THANK YOU!

CBRE

CBRE © 2018 All Rights Reserved. All information included in this letter/proposal pertaining to CBRE, Inc.—including but not limited to its operations, employees, technology and clients—is proprietary and confidential and supplied with the understanding that such information will be held in confidence and not disclosed to any third party without CBRE's prior written consent. This letter/proposal is intended solely as a preliminary expression of general intentions, is for discussion purposes only, and does not create any agreement or obligation by CBRE to negotiate or continue negotiations. CBRE shall have no contractual obligation with respect to the matters referred to herein unless and until a definitive, fully-executed agreement has been delivered by the parties. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto.