



COMMERCIAL REAL ESTATE MARKET REPORT



FOR IMMEDIATE RELEASE OCTOBER 2019 | For more information, please contact: Tracy Johnson, CARW 414-698-7474 | Chris Allen, Catylist 952-456-1669

The market reports are produced in collaboration of CARW and REDIComps under the direction of an advisory panel of CARW members commercial real estate professionals.

The Commercial Association of REALTORS® Wisconsin (CARW) works to advance the interests of individual practitioners and the industry through education, professional development, public affairs & advocacy, professional standards & ethics and business networking.

Milwaukee Office Overview

- Milwaukee will post over 400,000 sf of positive absorption during the third quarter this year of which 227,000 sf was on multi-tenant properties while the rest was on single tenant properties.

MILWAUKEE OFFICE: SUMMARY

| Bldg Class | # of Bldgs | Inventory | Total Avail sf | Total Vacant sf | Total Absorption (sf) | YTD Absorption (sf) | Vacancy Rate |
|--------------|------------|-------------------|------------------|------------------|-----------------------|---------------------|--------------|
| A | 118 | 16,237,388 | 2,733,735 | 2,074,007 | 296,238 | 337,767 | 12.8% |
| B | 411 | 27,494,559 | 3,975,550 | 3,179,273 | 104,885 | 192,191 | 11.6% |
| C | 54 | 2,301,351 | 305,147 | 209,931 | 3,092 | 11,392 | 9.1% |
| Total | 583 | 46,033,298 | 7,014,432 | 5,463,211 | 404,215 | 541,350 | 11.9% |

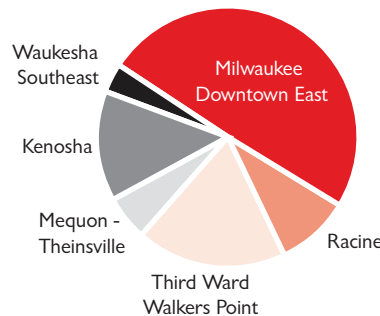
- Two of the top five positive changes were the results of the property being purchased by owner user buyers. ProHealth purchased their property in the Pewaukee market and Milwaukee Tool purchased their property in the Milwaukee Northwest market.
- Two other top five properties resulted from new construction being delivered in the Mayfair – Wauwatosa market and Milwaukee Southwest market.
- Pewaukee market had the largest positive absorption with

178,000 sf while Brookfield market lost the most with 34,000 sf negative absorption. Brookfield held the two top spots of negative absorption with the move of Kalmbach Publishing and Mortenson.

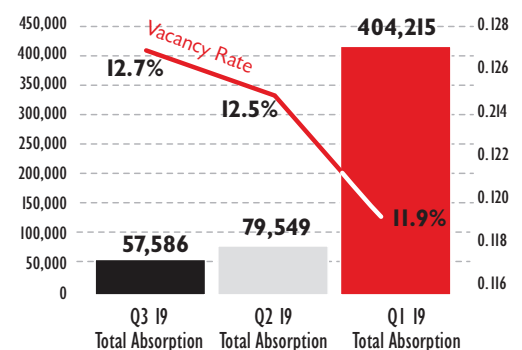
- The total vacancy rate dropped from 12.7% during Q4 2018 to 11.9% this quarter. Multi-tenant properties dropped from 16.9% to 16.3% during the same period.
- There is over 1,000,000 sf currently under construction.

UNDER CONSTRUCTION

| MARKET | BLDG SIZE (SF) |
|----------------------------|------------------|
| Kenosha | 150,000 |
| Mequon - Theinsville | 37,670 |
| Milwaukee Downtown East | 533,817 |
| Racine | 99,818 |
| Third Ward - Walkers Point | 199,465 |
| Waukesha Southeast | 60,000 |
| Grand Total | 1,080,770 |



ABSORPTION AND VACANCY RATE

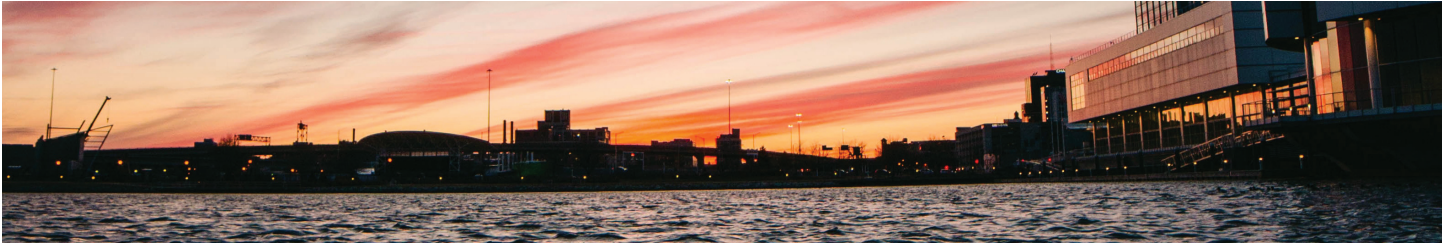


MILWAUKEE OFFICE

| Market | Bldg Class | # of Bldgs | Inventory | Total Avail sf | Total Vacant sf | Total Absorption (sf) | YTD Absorption (sf) | Vacancy Rate |
|-----------------------------------|-----------------|------------|-------------------|------------------|------------------|-----------------------|---------------------|--------------|
| Milwaukee Downtown East | A | 14 | 6,196,778 | 857,540 | 563,259 | 11,968 | 56,668 | 9.1% |
| | B | 45 | 5,417,903 | 327,492 | 282,398 | (2,383) | 45,874 | 5.2% |
| | C | 5 | 172,355 | | | 0 | 0 | 0.0% |
| | Subtotal | 64 | 11,787,036 | 1,185,032 | 845,657 | 9,585 | 102,542 | 7.2% |
| Milwaukee Downtown West | A | 4 | 1,002,617 | 407,444 | 396,550 | 0 | (14,101) | 39.6% |
| | B | 32 | 4,267,407 | 1,022,745 | 468,810 | 74,174 | 117,460 | 11.0% |
| | C | 3 | 204,311 | 93,750 | 93,750 | 0 | 0 | 45.9% |
| | Subtotal | 39 | 5,474,335 | 1,523,939 | 959,110 | 74,174 | 103,359 | 17.5% |
| Third Ward - Walkers Point | A | 3 | 263,369 | 30,810 | 30,810 | 1,762 | 4,374 | 11.7% |
| | B | 38 | 2,029,087 | 304,716 | 239,551 | 3,204 | 20,418 | 11.8% |
| | C | 5 | 189,896 | 84,000 | 84,000 | 0 | 0 | 44.2% |
| | Subtotal | 46 | 2,482,352 | 419,526 | 354,361 | 4,966 | 24,792 | 14.3% |
| Milwaukee CBD | A | 21 | 7,462,764 | 1,295,794 | 990,619 | 13,730 | 46,941 | 13.3% |
| | B | 115 | 11,714,397 | 1,654,953 | 990,759 | 74,995 | 183,752 | 8.5% |
| | C | 13 | 566,562 | 177,750 | 177,750 | 0 | 0 | 31.4% |
| | Subtotal | 149 | 19,743,723 | 3,128,497 | 2,159,128 | 88,725 | 230,693 | 10.9% |
| Brookfield | A | 29 | 2,290,021 | 455,733 | 381,356 | 2,067 | 728 | 16.7% |
| | B | 73 | 3,533,897 | 508,689 | 429,410 | (38,204) | (47,059) | 12.2% |
| | C | 6 | 163,390 | 400 | 400 | 1,610 | 0 | 0.2% |
| | Subtotal | 108 | 5,987,308 | 964,822 | 811,166 | (34,527) | (46,331) | 13.5% |
| Mayfair - Wauwatosa | A | 17 | 1,813,349 | 371,664 | 172,886 | 74,439 | 76,928 | 9.5% |
| | B | 28 | 1,341,659 | 281,478 | 267,661 | (2,412) | (33,046) | 20.0% |
| | C | 8 | 343,553 | 11,467 | 11,467 | 0 | 0 | 3.3% |
| | Subtotal | 53 | 3,498,561 | 664,609 | 452,014 | 72,027 | 43,882 | 12.9% |
| Mequon - Theinsville | A | 9 | 246,296 | 6,896 | 1,872 | 0 | 0 | 0.8% |
| | B | 7 | 211,451 | 57,577 | 55,647 | (126) | (4,322) | 26.3% |
| | Subtotal | 16 | 457,747 | 64,473 | 57,519 | (126) | (4,322) | 12.6% |
| Milwaukee Central | A | 1 | 70,555 | | | 0 | 0 | 0.0% |
| | B | 8 | 717,056 | | | 0 | 0 | 0.0% |
| | C | 11 | 672,599 | 103,530 | | 0 | 0 | 0.0% |
| | Subtotal | 20 | 1,460,210 | 103,530 | | 0 | 0 | 0.0% |

MILWAUKEE OFFICE, continued

| Market | Bldg Class | # of Bldgs | Inventory | Total Avail sf | Total Vacant sf | Total Absorption (sf) | YTD Absorption (sf) | Vacancy Rate |
|--|-----------------|------------|-------------------|------------------|------------------|-----------------------|---------------------|--------------|
| Milwaukee North Shore | A | 4 | 207,307 | 78,706 | 80,570 | 0 | 0 | 38.9% |
| | B | 35 | 2,264,021 | 417,199 | 550,438 | (2,500) | (26,324) | 24.3% |
| | C | 7 | 271,978 | 12,000 | 20,314 | 1,482 | 11,392 | 7.5% |
| | Subtotal | 46 | 2,743,306 | 507,905 | 651,322 | (1,018) | (14,932) | 23.7% |
| Milwaukee Northwest | A | 13 | 2,009,138 | 209,542 | 205,969 | (2,590) | (2,590) | 10.3% |
| | B | 41 | 2,427,582 | 346,496 | 325,363 | 60,524 | 65,832 | 13.4% |
| | Subtotal | 54 | 4,436,720 | 556,038 | 531,332 | 57,934 | 63,242 | 12.0% |
| Milwaukee Southwest | A | 4 | 179,554 | 51,424 | 51,424 | 33,680 | 33,495 | 28.6% |
| | B | 8 | 321,653 | 14,924 | 13,291 | 2,197 | 6,844 | 4.1% |
| | C | 2 | 91,658 | | | 0 | 0 | 0.0% |
| | Subtotal | 14 | 592,865 | 66,348 | 64,715 | 35,877 | 40,339 | 10.9% |
| Milwaukee West | B | 18 | 2,149,097 | 313,628 | 326,101 | 15,279 | 33,042 | 15.2% |
| | C | 1 | 27,516 | | | 0 | 0 | 0.0% |
| | Subtotal | 19 | 2,176,613 | 313,628 | 326,101 | 15,279 | 33,042 | 15.0% |
| Pewaukee | A | 18 | 1,233,588 | 234,961 | 160,296 | 178,602 | 181,628 | 13.0% |
| | B | 19 | 681,868 | 115,013 | 29,232 | 0 | 34,535 | 4.3% |
| | Subtotal | 37 | 1,915,456 | 349,974 | 189,528 | 178,602 | 216,163 | 9.9% |
| Waukesha Northwest - Lake Country | B | 18 | 593,108 | 59,130 | 28,425 | (6,401) | (19,524) | 4.8% |
| | Subtotal | 18 | 593,108 | 59,130 | 28,425 | (6,401) | (19,524) | 4.8% |
| Waukesha Southeast - New Berlin | A | 2 | 724,816 | 29,015 | 29,015 | (3,690) | 637 | 4.0% |
| | B | 22 | 818,075 | 148,292 | 118,532 | (4,698) | (9,925) | 14.5% |
| | Subtotal | 24 | 1,542,891 | 177,307 | 147,547 | (8,388) | (9,288) | 9.6% |
| Waukesha Southwest | B | 19 | 720,695 | 58,171 | 44,414 | 6,231 | 8,386 | 6.2% |
| | C | 6 | 164,095 | | | 0 | 0 | 0.0% |
| | Subtotal | 25 | 884,790 | 58,171 | 44,414 | 6,231 | 8,386 | 5.0% |
| Suburban | A | 97 | 8,774,624 | 1,437,941 | 1,083,388 | 282,508 | 290,826 | 12.3% |
| | B | 296 | 15,780,162 | 2,320,597 | 2,188,514 | 29,890 | 8,439 | 13.9% |
| | C | 41 | 1,734,789 | 127,397 | 32,181 | 3,092 | 11,392 | 1.9% |
| | Subtotal | 434 | 26,289,575 | 3,885,935 | 3,304,083 | 315,490 | 310,657 | 12.6% |
| Grand Total | | 583 | 46,033,298 | 7,014,432 | 5,463,211 | 404,215 | 541,350 | 11.9% |



Milwaukee Industrial Overview

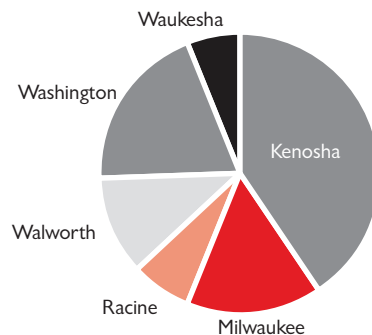
- Milwaukee will post over 700,000 sf of positive absorption during the third quarter this year of which 260,000 sf was on multi-tenant properties while the rest was on single tenant properties.
- Two of the top positive changes resulted from new construction being delivered for Silgen Containers in Kenosha County and Banker Wire in Walworth County. The top seven positive gains were on single tenant properties. Four of the top 5 negative absorption properties were also single tenant.
- Briggs and Stratton vacated the most space of 156,000 sf as they moved to their own property recently delivered.
- Kenosha County posted the largest gain in absorption with 760,000 sf while Milwaukee County lost the most with 360,000 sf.
- The market ended up with 3.8% vacancy rate for all properties and 14.1% on multi-tenant properties.
- Year to date Milwaukee has delivered over 3,600,000 sf on new construction and there is still over 7,000,000 sf in the pipeline to be delivered in the future.

SUMMARY

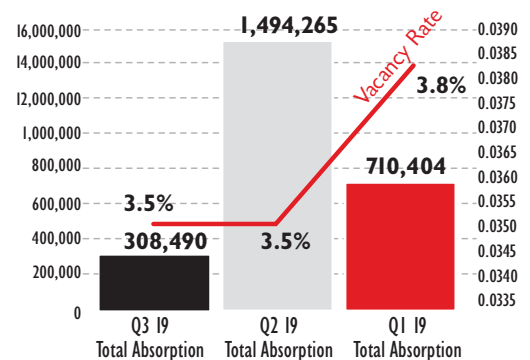
| Property Type | # of Bldgs | Inventory | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|------------------------|--------------|--------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Flex/R&D | 198 | 8,375,859 | 980,634 | 548,095 | 135,358 | 154,931 | 6.5% |
| Manufacturing | 2,252 | 180,440,000 | 3,316,193 | 2,378,875 | 5,754 | 192,616 | 1.3% |
| Warehouse Distribution | 1,107 | 100,648,777 | 8,128,882 | 6,445,194 | 672,595 | 2,001,070 | 6.4% |
| Warehouse Office | 1,933 | 71,824,459 | 6,690,460 | 4,462,337 | (103,303) | 164,542 | 6.2% |
| Grand Total | 5,490 | 361,289,095 | 19,116,169 | 13,834,501 | 710,404 | 2,513,159 | 3.8% |

YTD DELIVERIES (SF)

| COUNTY | BLDG SIZE (SF) |
|--------------------|------------------|
| Kenosha | 1,469,139 |
| Milwaukee | 559,990 |
| Racine | 249,729 |
| Walworth | 412,000 |
| Washington | 706,044 |
| Waukesha | 214,000 |
| Grand Total | 3,610,902 |



ABSORPTION AND VACANCY RATE



MILWAUKEE INDUSTRIAL

| Property Type | # of Bldgs | Inventory | Q3 19 Available (sf) | Q3 19 Vacant (sf) | Q3 19 Absorption (sf) | Q3 19 YTD Absorption (sf) | Q3 19 Vacancy Rate |
|------------------------|--------------|--------------------|----------------------|-------------------|-----------------------|---------------------------|--------------------|
| Flex/R&D | 1 | 363,467 | 143,468 | | 0 | 0 | 0.0% |
| Manufacturing | 109 | 8,421,700 | 77,236 | 65,359 | 0 | 0 | 0.8% |
| Warehouse Distribution | 82 | 22,826,969 | 1,620,937 | 2,034,662 | 762,113 | 692,728 | 8.9% |
| Warehouse Office | 66 | 3,920,306 | 74,166 | 13,000 | 0 | 5,000 | 0.3% |
| Subtotal | 258 | 35,532,442 | 1,915,807 | 2,113,021 | 762,113 | 697,728 | 5.9% |
| Flex/R&D | 38 | 2,076,832 | 332,517 | 225,772 | 105,783 | 114,474 | 10.9% |
| Manufacturing | 681 | 61,601,741 | 1,960,088 | 1,520,564 | (200,746) | (286,453) | 2.5% |
| Warehouse Distribution | 495 | 35,986,773 | 4,626,130 | 3,468,191 | (245,726) | 5,834 | 9.6% |
| Warehouse Office | 601 | 25,728,147 | 3,789,007 | 2,283,403 | (21,206) | (74,879) | 8.9% |
| Subtotal | 1,815 | 125,393,493 | 10,707,742 | 7,497,930 | (361,895) | (241,024) | 6.0% |
| Flex/R&D | 15 | 475,322 | 49,161 | 13,561 | 0 | 7,500 | 2.9% |
| Manufacturing | 133 | 9,407,199 | 386,306 | 253,264 | 0 | 23,500 | 2.7% |
| Warehouse Distribution | 18 | 1,716,267 | | | 0 | 0 | 0.0% |
| Warehouse Office | 61 | 2,638,337 | 506,359 | 486,259 | 3,274 | 274 | 18.4% |
| Subtotal | 227 | 14,237,125 | 941,826 | 753,084 | 3,274 | 31,274 | 5.3% |
| Flex/R&D | 12 | 724,970 | 112,200 | 27,000 | 14,186 | 14,186 | 3.7% |
| Manufacturing | 189 | 17,041,799 | 243,510 | 212,566 | 0 | (19,400) | 1.2% |
| Warehouse Distribution | 98 | 9,978,025 | 932,121 | 529,930 | 46,500 | 85,711 | 5.3% |
| Warehouse Office | 129 | 5,981,017 | 588,740 | 591,943 | (9,000) | 96,629 | 9.9% |
| Subtotal | 428 | 33,725,811 | 1,876,571 | 1,361,439 | 51,686 | 177,126 | 4.0% |
| Flex/R&D | 1 | 31,069 | | | 0 | 0 | 0.0% |
| Manufacturing | 169 | 21,955,999 | | 17,588 | 0 | 0 | 0.1% |
| Warehouse Distribution | 42 | 3,047,041 | | | 0 | 0 | 0.0% |
| Warehouse Office | 77 | 2,132,985 | 54,173 | 12,109 | 3,391 | 3,391 | 0.6% |
| Subtotal | 289 | 27,167,094 | 54,173 | 29,697 | 3,391 | 3,391 | 0.1% |
| Flex/R&D | 2 | 72,646 | | | 0 | 0 | 0.0% |
| Manufacturing | 132 | 9,909,766 | 19,336 | 19,336 | 192,000 | 392,664 | 0.2% |
| Warehouse Distribution | 36 | 2,204,273 | | | 0 | 0 | 0.0% |
| Warehouse Office | 60 | 2,538,286 | 80,294 | 179,316 | 0 | 21,778 | 7.1% |
| Subtotal | 230 | 14,724,971 | 99,630 | 198,652 | 192,000 | 414,442 | 1.3% |
| Flex/R&D | 15 | 453,795 | 39,223 | 44,705 | 10,150 | 5,736 | 9.9% |
| Manufacturing | 234 | 14,006,816 | 203,311 | 101,412 | 38,752 | 13,552 | 0.7% |
| Warehouse Distribution | 80 | 7,390,217 | 346,786 | 192,300 | 0 | 752,544 | 2.6% |
| Warehouse Office | 169 | 5,906,052 | 223,270 | 149,386 | 9,200 | 23,600 | 2.5% |
| Subtotal | 498 | 27,756,880 | 812,590 | 487,803 | 58,102 | 795,432 | 1.8% |
| Flex/R&D | 114 | 4,177,758 | 304,065 | 237,057 | 5,239 | 13,035 | 5.7% |
| Manufacturing | 605 | 38,094,980 | 426,406 | 188,786 | (24,252) | 68,753 | 0.5% |
| Warehouse Distribution | 256 | 17,499,212 | 602,908 | 220,111 | 109,708 | 464,253 | 1.3% |
| Warehouse Office | 770 | 22,979,329 | 1,374,451 | 746,921 | (88,962) | 88,749 | 3.3% |
| Subtotal | 1,745 | 82,751,279 | 2,707,830 | 1,392,875 | 1,733 | 634,790 | 1.7% |
| Grand Total | 5,490 | 361,289,095 | 19,116,169 | 13,834,501 | 710,404 | 2,513,159 | 3.8% |

Milwaukee Retail Deals

NOTABLE RETAIL SALES TRANSACTIONS

| Property | Size (sf) Buyer | Price | Price/SF | City Seller | Market |
|--|--------------------|--------------|----------|-----------------|---------------------|
| 405 N Wales Rd | 60,600 | \$10,265,000 | \$169 | Wales | Waukesha SW |
| ExchangeRight Net Leased Portfolio 28 DST McAdams Realty Wales, LLP | | | | | |
| 2801 N Mayfair Rd | 7,734 | \$5,574,300 | \$721 | Wauwatosa | Mayfair - Wauwatosa |
| English Meadows, LLC Arcp RI Portfolio VII, LLC | | | | | |
| BMO Harris Bank, 3155 N 124th St | 27,067 | \$4,750,000 | \$175 | Brookfield | Brookfield |
| Richard T. Fiory Revocable Trust BL-Branch Group One, LLC | | | | | |
| Maple Grove Shopping Center, 4300-4400 67th Dr | 44,141 | \$4,387,500 | \$99 | Union Grove | Racine |
| American Textiles Systems, LLC Maple Grove Shopping Center, LLC | | | | | |
| 445 S Wright St | 14,541 | \$4,382,100 | \$301 | Delavan | Walworth |
| Chez VIII WG Delavan, LLC ARCP WG Portfolio II, LLC | | | | | |
| 209-433 S Wright St - Portfolio | 151,885 | \$3,733,400 | \$25 | Delavan | Walworth |
| Star Delavan, LLC LB-UBS 2007 - C6 - Delevan Plaza Station, LLC | | | | | |
| Grafton Marketplace 1510-1580 Port Washington Rd | 10,336 | \$3,175,000 | \$307 | Grafton | Ozaukee |
| Willowwood Holdings, LLC Berengaria Grafton, LLC | | | | | |
| 1407 W Grand Ave | 3,952 | \$2,200,000 | \$557 | Port Washington | Ozaukee |
| S&L Properties Port Washington, LLC Grand Avenue Three Scoops Investments, LLC | | | | | |

NOTABLE RETAIL LEASE TRANSACTIONS

| Property Size (sf) | City | Market | Tenant | Landlord | |
|--|--------|----------------|----------------|----------------------------|-------------------------------|
| 1716-1740 Miller Park Way | 22,983 | West Milwaukee | Milwaukee West | Aldi | DEVO MILLER LLC |
| Packard Plaza 5656 S Packard Ave | 19,765 | Cudahy | Milwaukee SE | Finche's Vendor Expo | GROUP PACKARD LLC |
| 6940 Washington Ave | 13,671 | Racine | Racine | Caliber Collision | Rosenow Creek Llc |
| Capitol Plaza Shopping Center 15660-15790 W Capitol Dr | 8,417 | Brookfield | Brookfield | Fred Astaire Dance Studios | GLC 15740 W CAPITOL DRIVE LLC |
| West Allis Towne Centre Bldg A 6822-6900 W Greenfield Ave | 8,243 | West Allis | Milwaukee West | Discover Clothing | RAMCO PROPERTIES ASSOC |
| 1716-1740 Miller Park Way | 6,462 | West Milwaukee | Milwaukee West | Sketchers | DEVO MILLER LLC |
| Lincoln Plaza 2225-2267 S 108th St | 5,780 | West Allis | Milwaukee West | Anytime Fitness | WILLIAM V REILLY JR |

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