

MARKET UPDATE 2019

PRESENTED BY:



FIFTH THIRD BANK





Industrial

Milwaukee MARKET UPDATE 2019

PRESENTED BY:



FIFTH THIRD BANK



PRESENTED BY:



TONY HANING

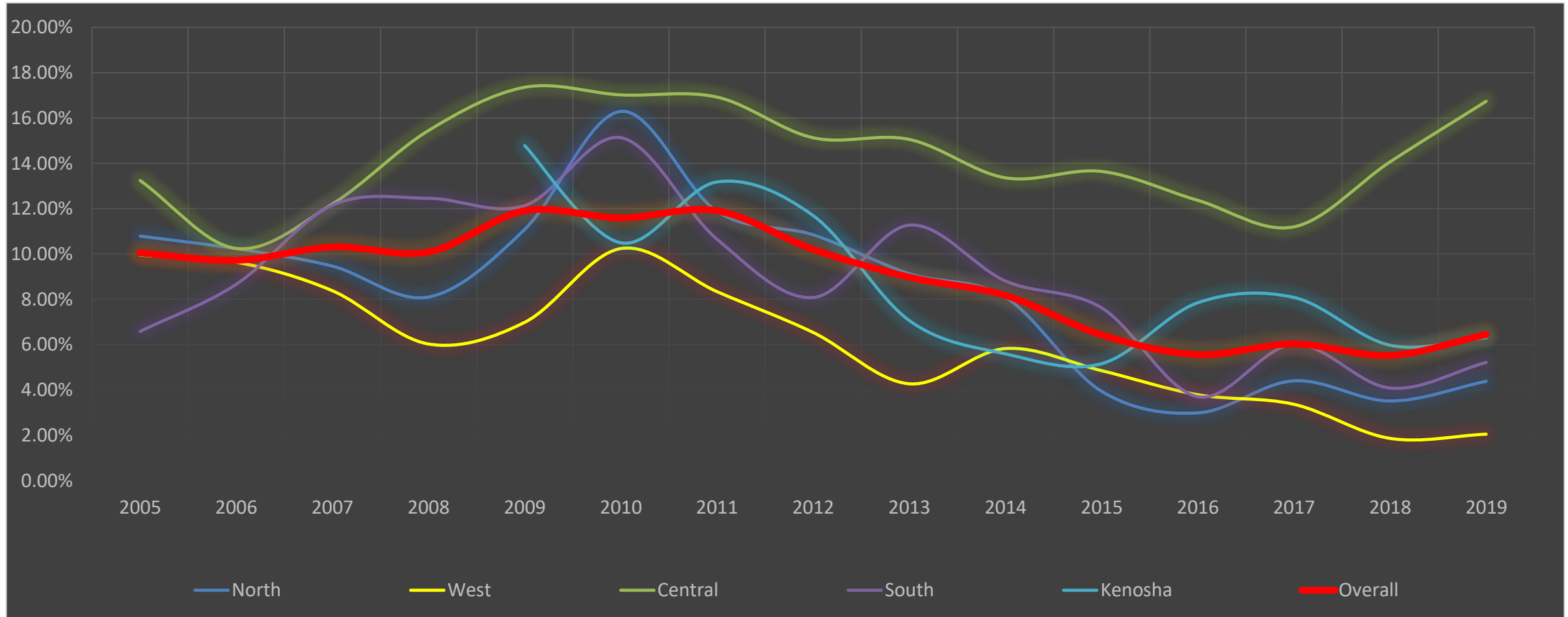
Vice President

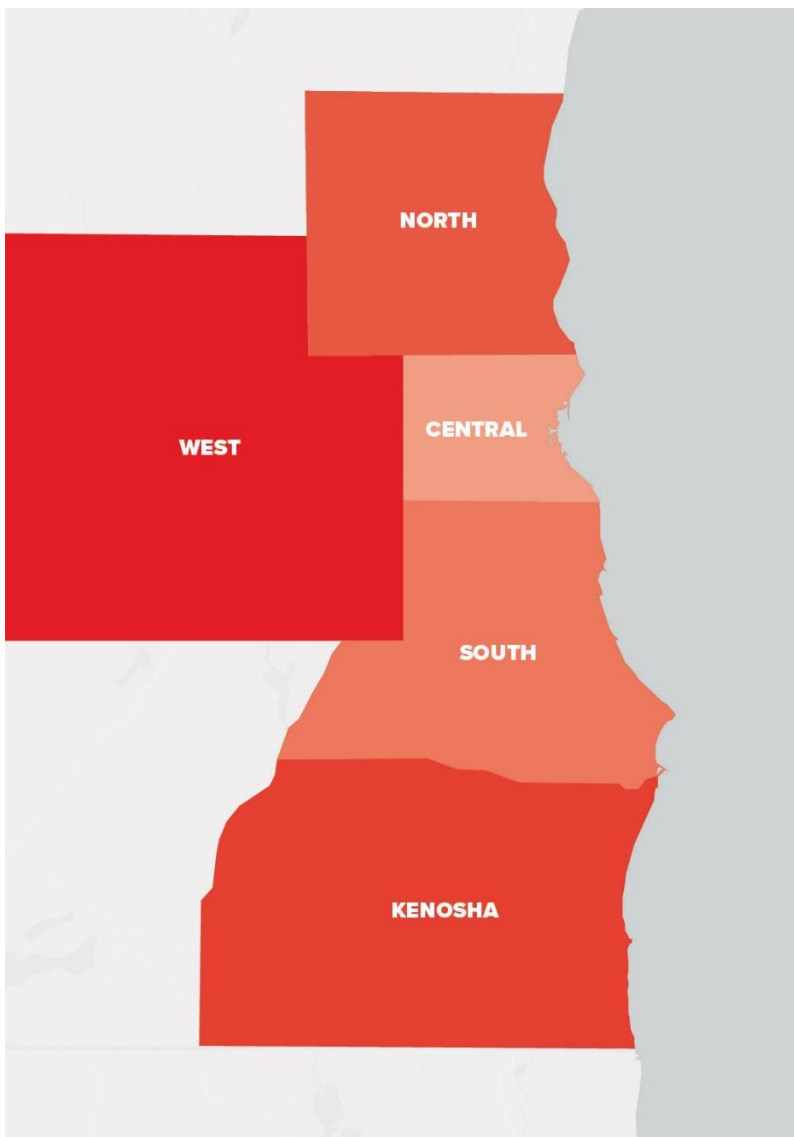
INDUSTRIAL



Current state of the market in one word?

HISTORICAL VACANCY





TOTAL INDUSTRIAL MARKET

2019 NAIOP Tracked

Submarket	Number Of Buildings	Inventory	Total Available	Available %	Total Vacant	Vacant %
North	345	39,967,978	3,268,570	8.2%	1,751,306	4.4%
West	346	29,818,097	1,000,072	3.4%	611,846	2.1%
Central	193	23,473,675	5,680,696	24.2%	3,928,363	16.7%
South	170	19,910,197	1,461,314	7.3%	1,038,957	5.2%
Kenosha	128	26,568,255	2,357,165	8.9%	1,676,088	6.3%
TOTAL	1,182	139,738,202	13,767,817	9.9%	9,006,560	6.4%
Compared to 2018	↑	↓	↓	↓	↑	↑

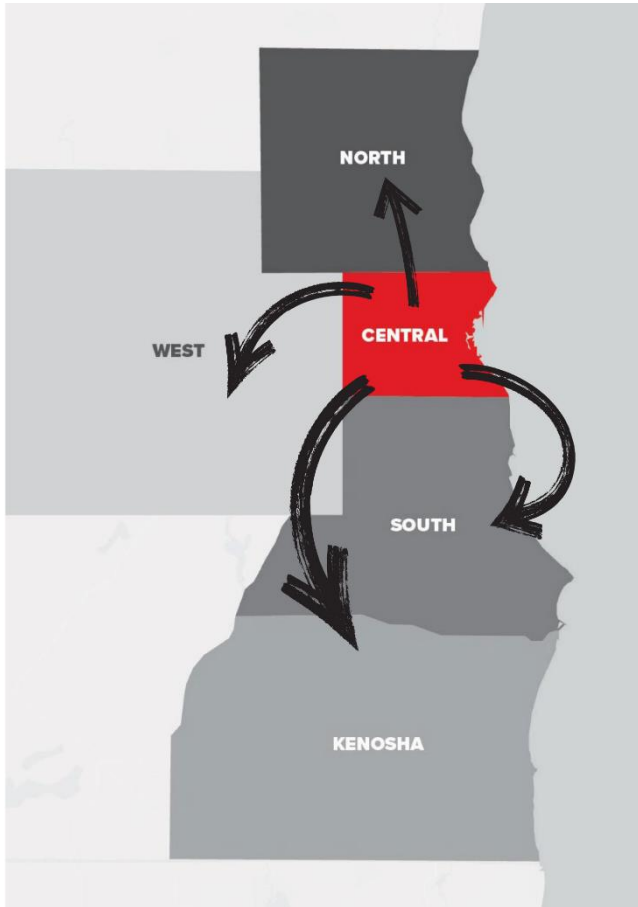
TOTAL INDUSTRIAL MARKET

2019 NAIOP Tracked

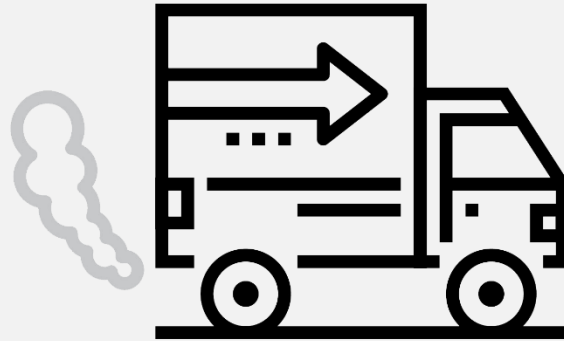
Readyjustment

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CENTRAL INDUSTRIAL MARKET



Theme



User migration to other submarkets

- Functionally obsolete inventory
- Limited land for expansion
- Limited speculative development
- Crime
- Taxes

Total Inventory: 23,473,675



Vacant Space: 3,928,363



Vacancy Rate: 16.7%



Absorption: (602,993)



West Granville

Glendale

CENTRAL INDUSTRIAL MARKET



Butler

Whitefish Bay

**Century City
Business Park**

Shorewood

Lake Michigan

Brookfield

Elm-Grove

Wauwatosa

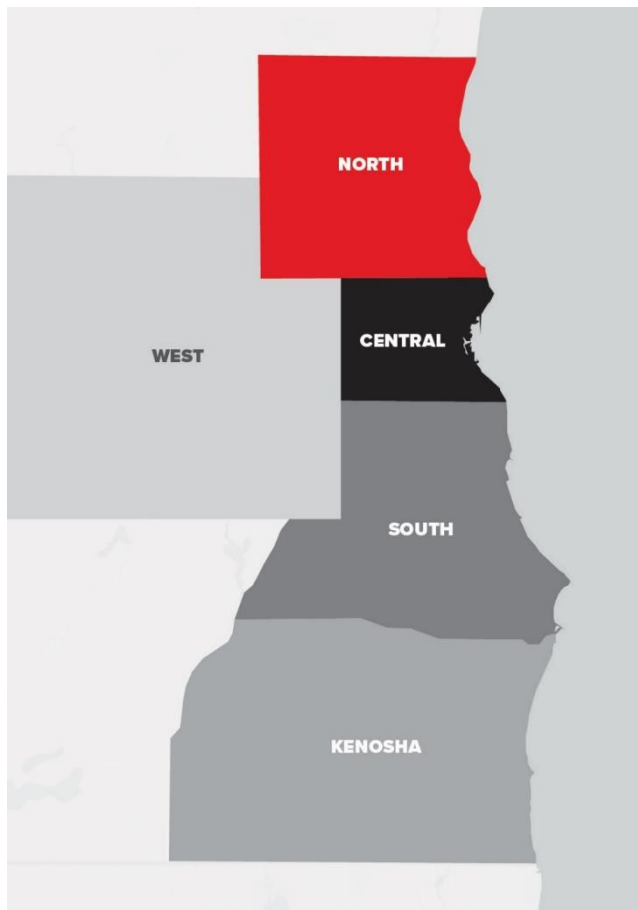
Milwaukee

West Allis

West Milwaukee



NORTH INDUSTRIAL MARKET



Theme



Northern “Bomber”

Photo: Jon Elliot of MKE Drones LLC

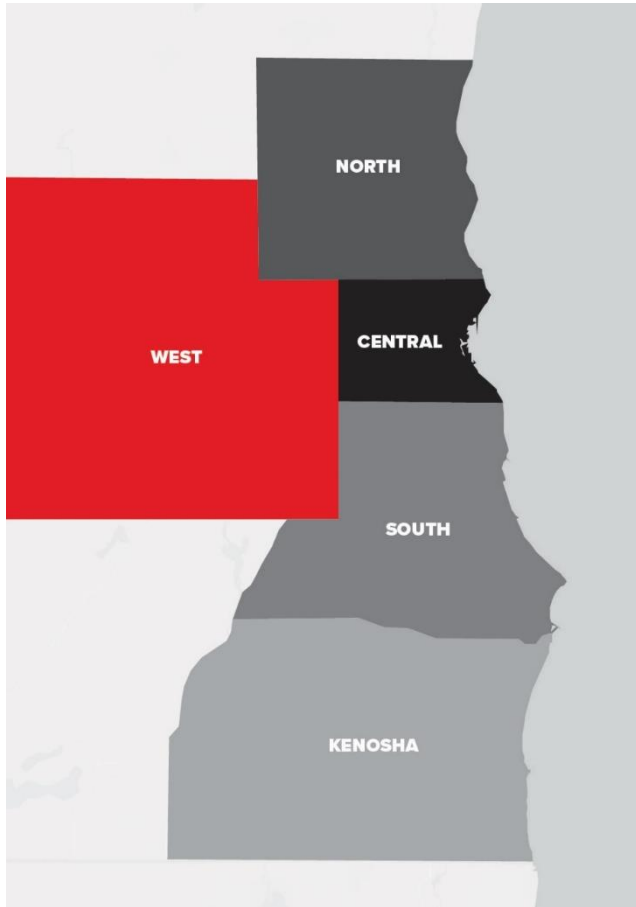
Total Inventory: **39,967,978** 

Vacant Space: **1,751,306** 

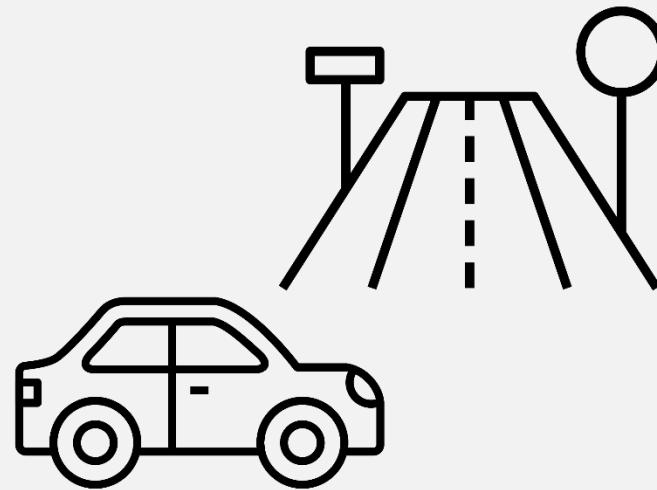
Vacancy Rate: **4.4%** 

Absorption: **(377,712)** 

WEST INDUSTRIAL MARKET



Theme



- Freeway proximity

Total Inventory:

29,818,097



Vacant Space:

611,846



Vacancy Rate:

2.1%



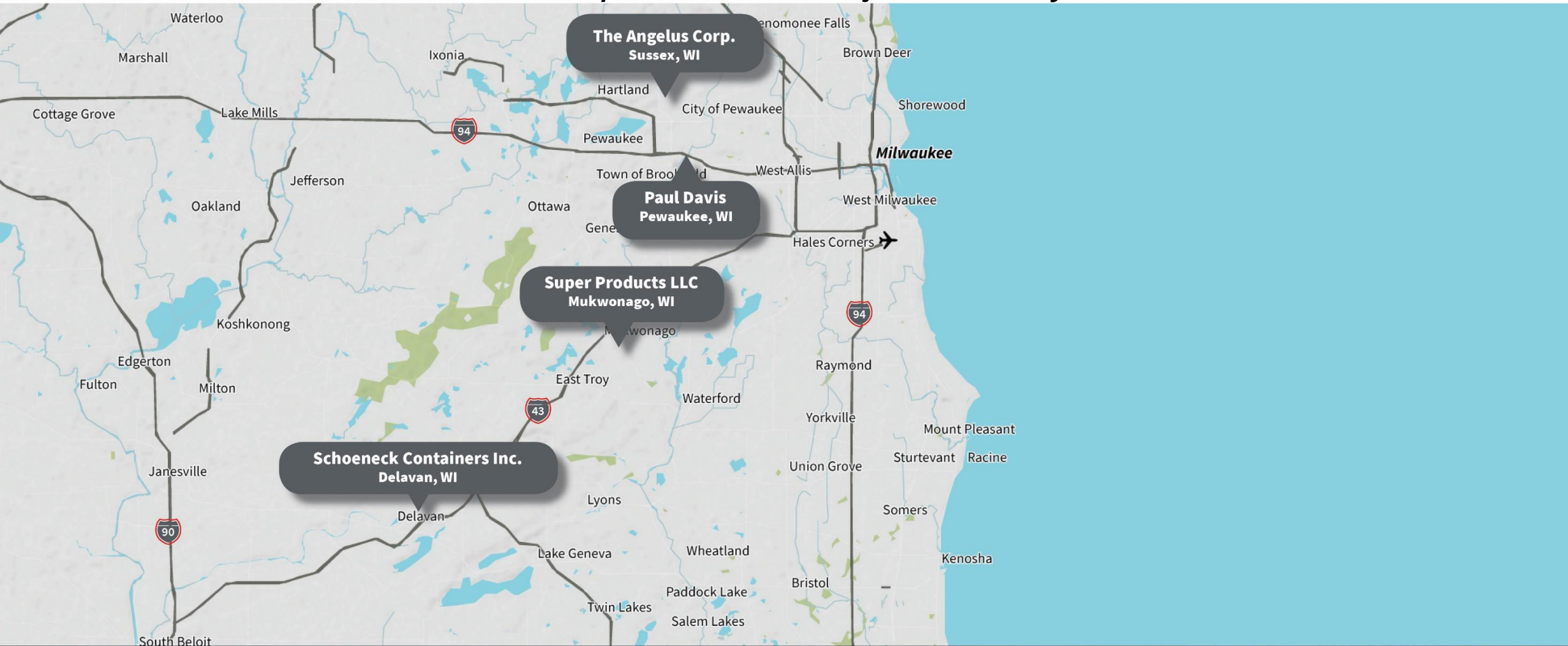
Absorption:

(60,405)

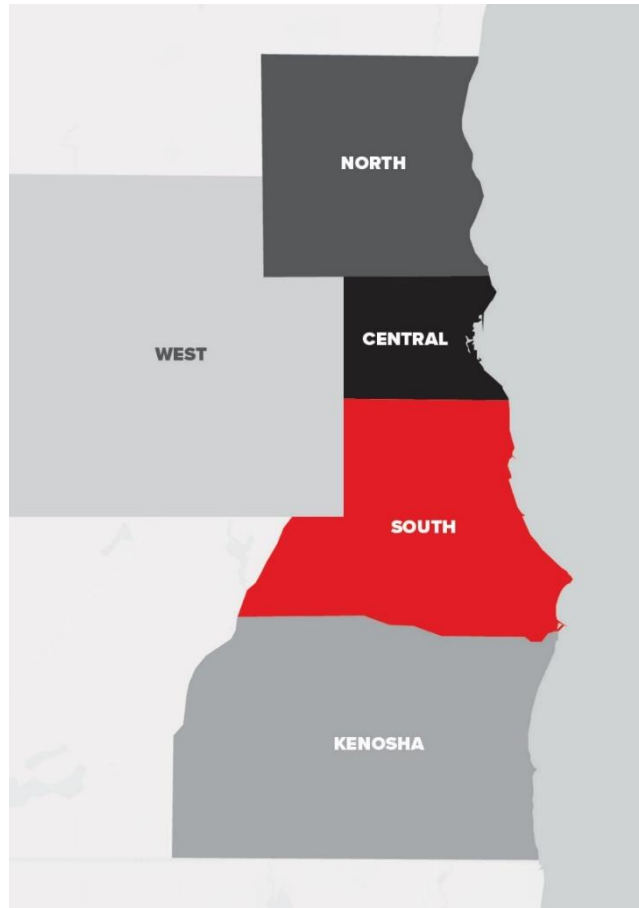


WEST INDUSTRIAL MARKET

Development near major Freeways



SOUTH INDUSTRIAL MARKET



Theme



Multi Story comeback?

- Robotic + multi-story layout = smaller land to building ratio

Total Inventory:

19,910,197



Vacant Space:

1,038,957



Vacancy Rate:

5.2%

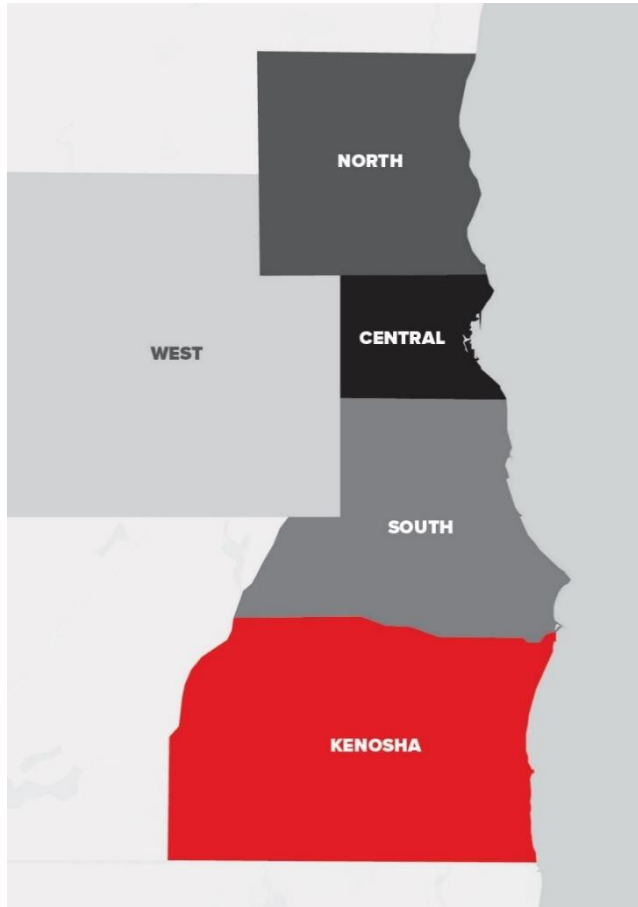


Absorption:

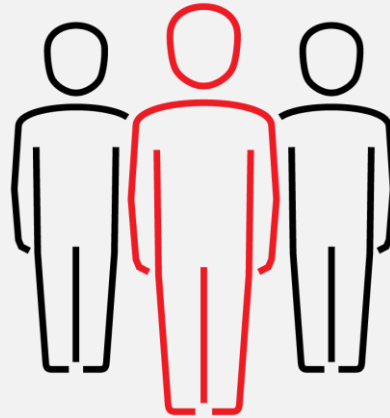
(266,354)



KENOSHA INDUSTRIAL MARKET



Theme



Differentiate from the competition

- Built on spec and sold vacant
- New entrances by developers wanting to get into the market

Total Inventory:

26,568,255



Vacant Space:

1,676,088



Vacancy Rate:

6.3%



Absorption:

(170,926)



KENOSHA INDUSTRIAL MARKET

Developers Acquiring Vacancy

1.



307,850 SF
SPEC DEVELOPMENT SALE

11905 MERIDIAN DR.
MOUNT PLEASANT

*Built by Land and Lakes,
acquired by Hillwood, shortly
leased to Seda Packaging*

2.



196,400 SF
SPEC DEVELOPMENT SALE

10550 86th AVE.
PLEASANT PRAIRIE

*Built by Wangard, acquired by
Scannell*

3.



151,474 SF
SPEC DEVELOPMENT SALE

3535 S. OAKES RD.
RACINE

Venture One acquired vacant

4.



121,052 SF
SPEC DEVELOPMENT SALE

8778 100th ST.
PLEASANT PRAIRIE
Zilber acquired vacant



FIFTH THIRD BANK



2019 MILWAUKEE MARKET **RECAP**

- Inventory ↑
 - Available lease options outweigh sale
- Construction costs ↑
- - Rental Rates ↑
- Vacancy ↑
- (Absorption)

RE-ADJUSTMENT period of Hypersupply

2019'S MILWAUKEE MARKET **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

True

Mostly
true

Mostly
true

True

True

2020 MILWAUKEE MARKET **PREDICTIONS**

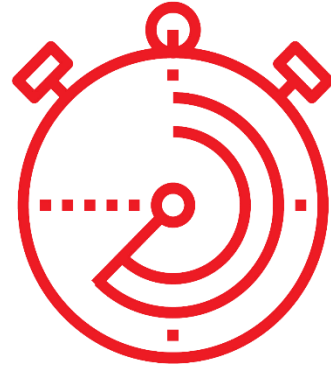


**New business park
development will
increase offering new
expansion opportunities
for owner occupants.**

2020 MILWAUKEE MARKET **PREDICTIONS**



New business park development will increase offering new expansion opportunities for owner occupants.

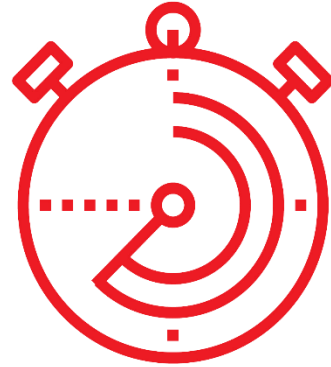


New deliveries will continue to outpace absorption.

2020 MILWAUKEE MARKET **PREDICTIONS**



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New deliveries will continue to outpace absorption.

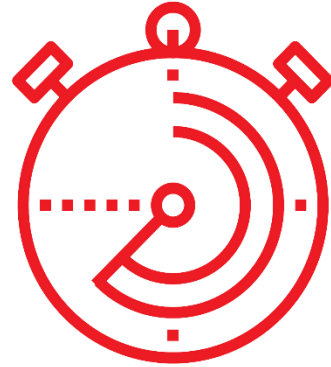


Strauss Brands will reconsider their plans to locate in Century City in Milwaukee.

2020 MILWAUKEE MARKET **PREDICTIONS**



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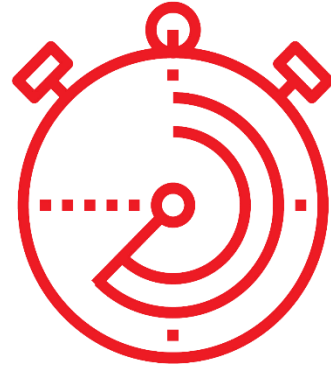


Vacancy will continue to rise, again at a modest rate.

2020 MILWAUKEE MARKET **PREDICTIONS**



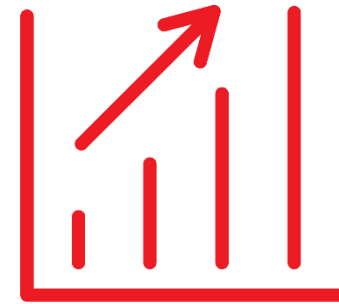
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New deliveries will continue to outpace absorption.



Strauss Brands roller coaster will land at Century City in Milwaukee.



Vacancy will continue to rise, again at a modest rate.



The Milwaukee Bucks will win the NBA championship in 2020.



*Achieve
Ambitions*

Thank you!

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