

# MARKET UPDATE 2019

PRESENTED BY:



FIFTH THIRD BANK



# Office Markets: Milwaukee



Jim Cavanaugh  
Cushman & Wakefield  
| Boerke



# Milwaukee Office Market

End of the Year – End of the Decade – End of the Cycle???

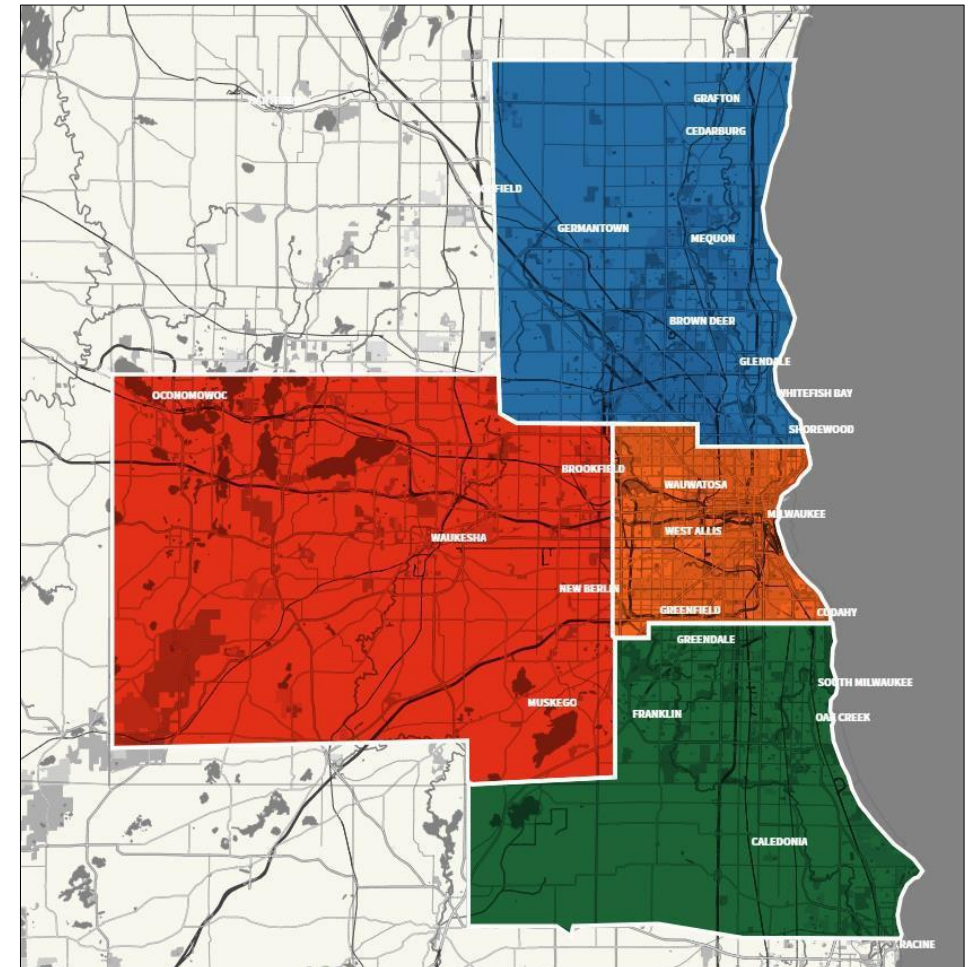
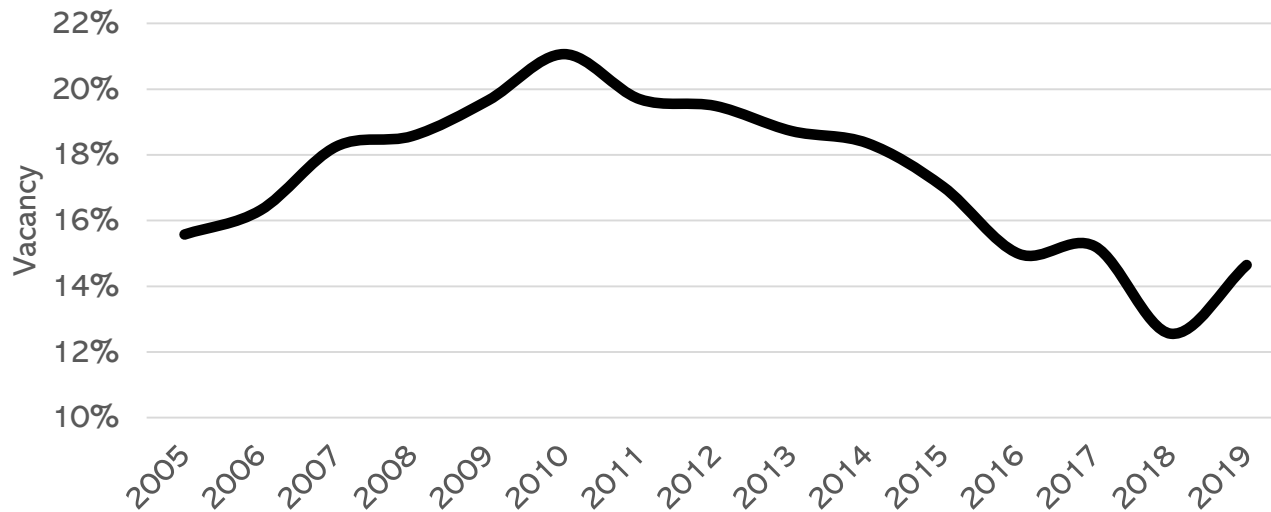
Since 2010:

- Most Major downtown law firms have moved or renewed
- Most major financial institutions have moved or renewed
- Almost all Class A buildings have sold or have had substantial renovations
- We hit historically low vacancy rates which are now slightly rising
- More new product coming online in 2020 than at any point this decade



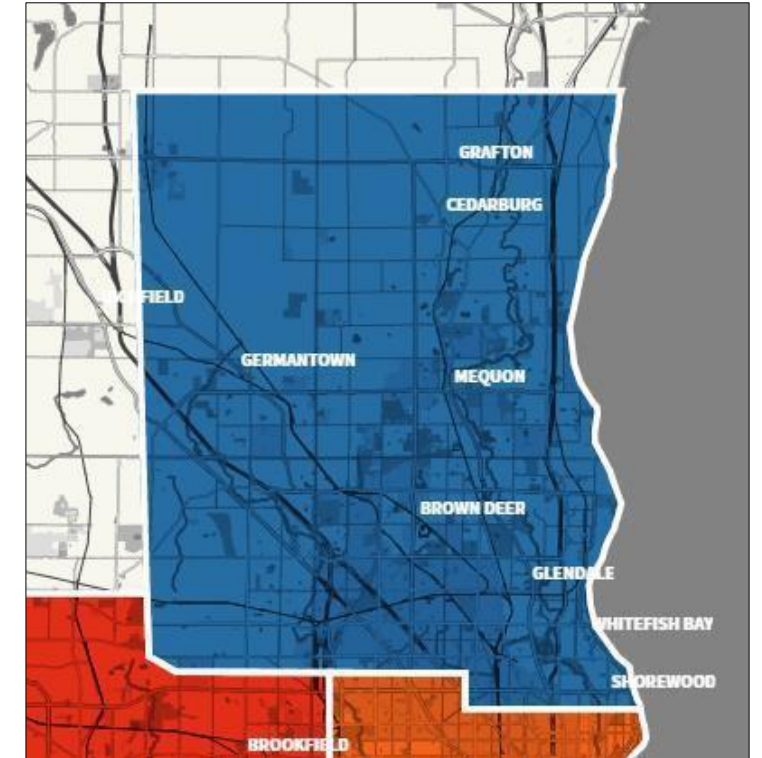
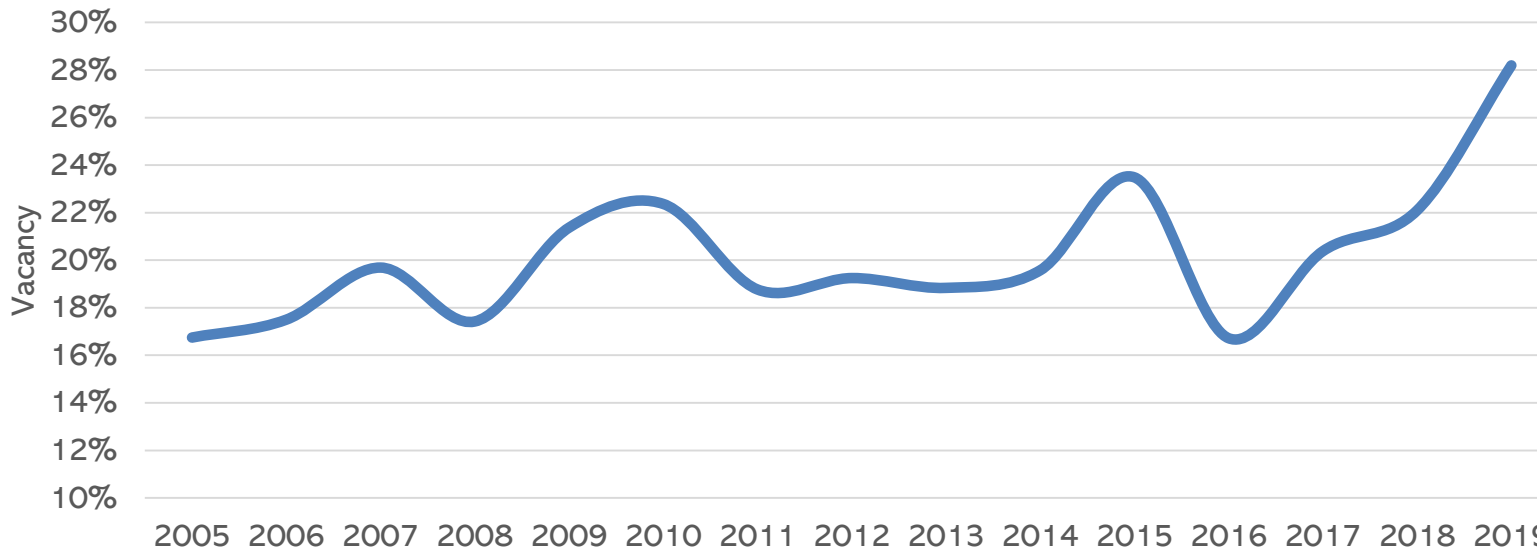
# Milwaukee Office Market- Overview

- Total Universe: 33,154,570 SF
- Occupied Space: 28,177,635 SF
- Vacant Space: 4,944,019 SF
- Vacancy Rate: 14.9%  
(Last year: 13.3%)



# North Office Market

	2014	2015	2016	2017	2018	2019
<b>Total Universe</b>	4,174,537	4,133,477	4,353,472	4,294,286	4,253,715	4,100,383
<b>Vacant Space</b>	817,280	970,846	1,036,019	853,937	940,484	1,155,976
<b>Vacancy Rate</b>	19.60%	23.50%	16.7%	19.9%	22.1%	28.2%



# North Office Market – Notable Deals



Leonardo DRS  
7449 Flint Road, Milwaukee  
122,000 SF



Milwaukee Tool  
800 Woodland Prime, Milwaukee  
52,000 SF



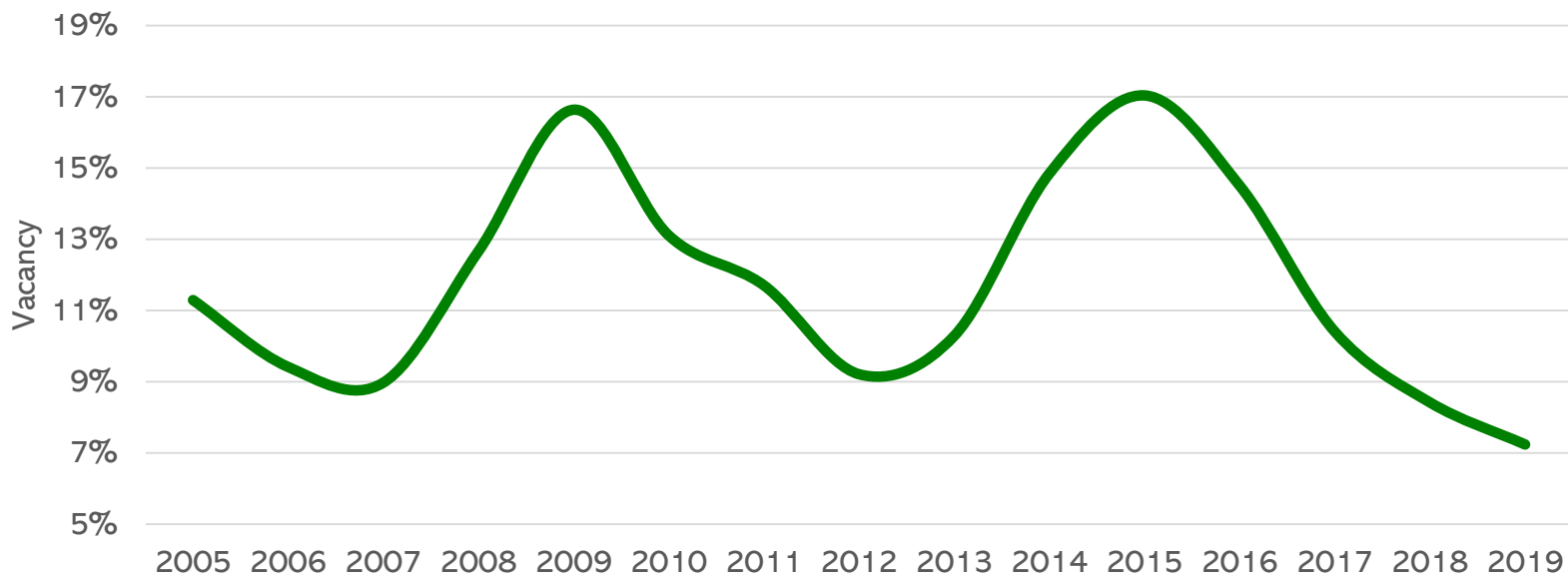
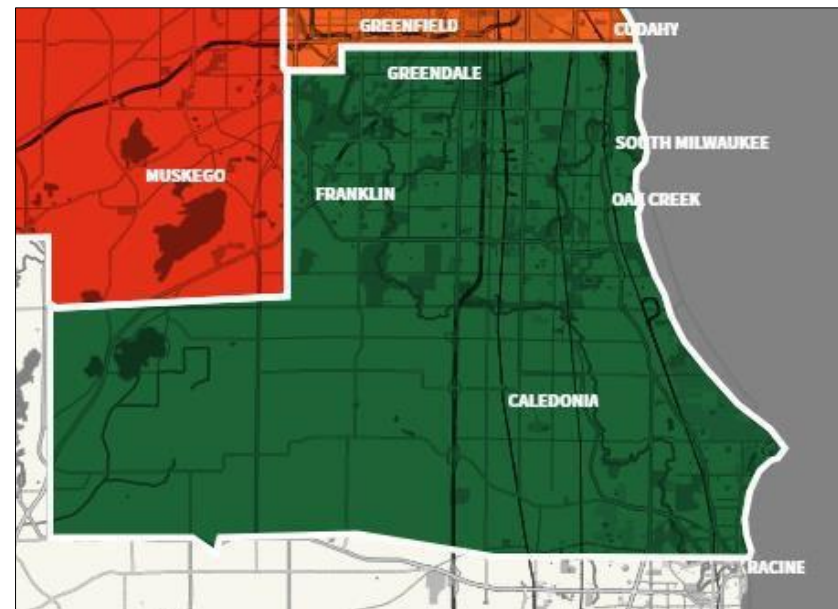
Woodland Prime

Undisclosed User  
Woodland Prime, Milwaukee  
120,000 SF



# South Office Market

	2014	2015	2016	2017	2018	2019
<b>Total Universe</b>	1,833,817	1,744,803	1,721,827	1,719,703	1,592,368	1,607,689
<b>Vacant Space</b>	272,233	287,338	249,807	210,132	134,025	116,299
<b>Vacancy Rate</b>	14.8%	17.0%	14.5%	12.2%	8.4%	7.2%



# South Office Market – New Developments

## Completed Transaction



Astronautics Corporation of America  
135 W Forest Hill Avenue, Oak Creek  
150,000 SF



## Under Construction



Ballpark Commons  
7900 W Crystal Ridge Drive, Franklin  
45,667 SF



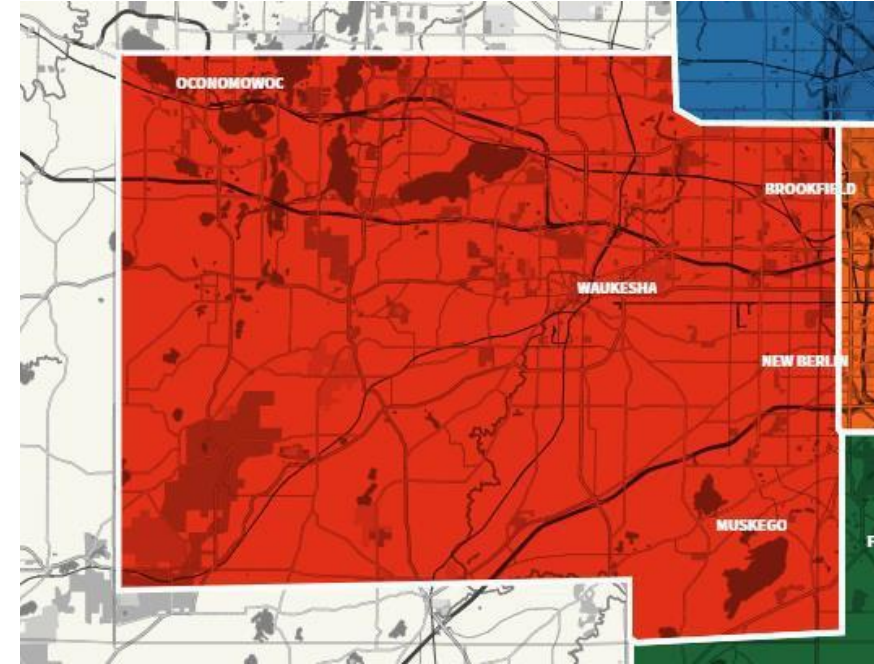
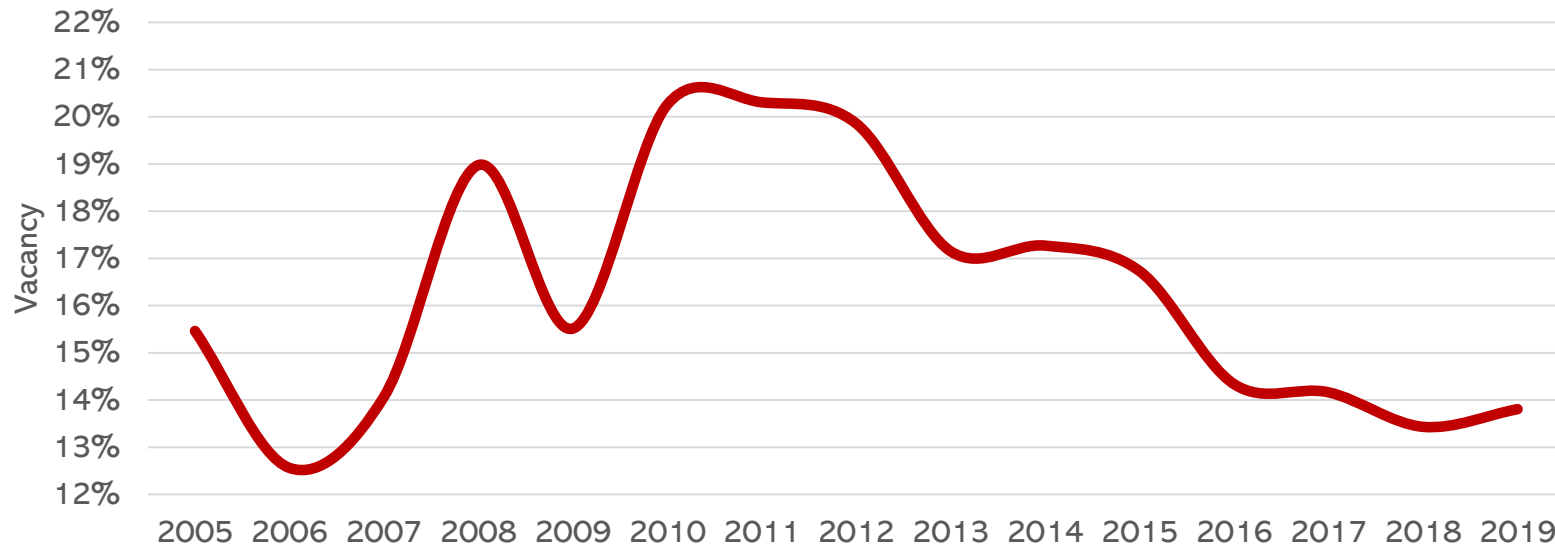
## On The Horizon





# West Office Market

	2014	2015	2016	2017	2018	2019
<b>Total Universe</b>	7,562,928	7,521,858	7,512,004	7,532,925	7,411,056	7,461,634
<b>Vacant Space</b>	1,306,424	1,258,649	249,807	1,074,848	995,763	1,030,466
<b>Vacancy Rate</b>	17.30%	16.70%	14.50%	14.30%	13.4%	13.8%



- Absorption: -17,710 SF

# West Office Market – New Developments



Landmark Credit Union  
555 S Executive Drive  
Brookfield, WI  
158,000 SF

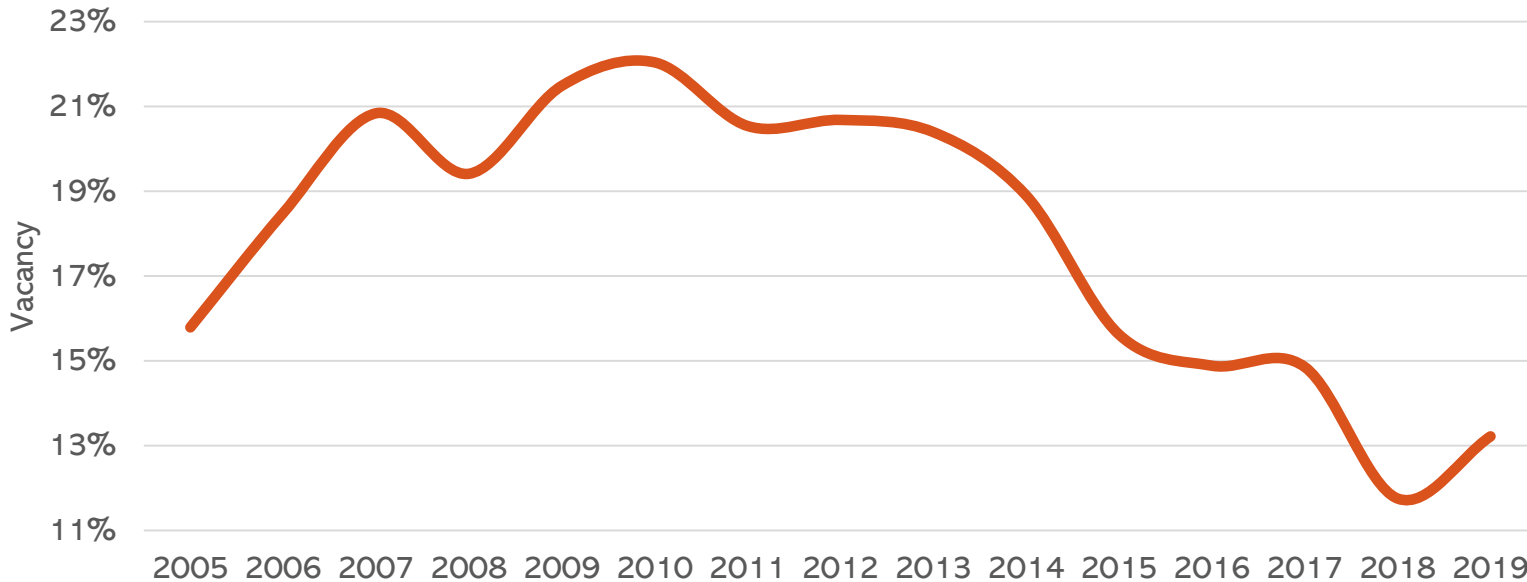
## On The Horizon



The Corridor  
Golf Parkway Corporate Center  
Brookfield, WI  
190,000 SF

# Central Office Market

	2014	2015	2016	2017	2018	2019
<b>Total Universe</b>	17,749,832	17,375,329	17,607,814	17,498,085	20,442,689	19,984,864
<b>Vacant Space</b>	3,354,954	2,714,547	2,620,685	2,608,997	2,401,900	2,641,278
<b>Vacancy Rate</b>	18.9%	15.60%	14.90%	14.90%	11.7%	13.2%



- Absorption: 251,367 SF

# Central Suburban Office Market



Schenck / CLA  
10401 Innovation Drive  
Wauwatosa, WI  
28,000 SF



Mortenson Construction  
115 S 84<sup>th</sup> Street  
Milwaukee, WI  
21,684 SF



CoreLogic  
10700 W Research Drive  
Wauwatosa, WI  
27,064 SF



# Central Suburban Office Market – New Developments



Muir Woods  
10401 Innovation Drive  
Wauwatosa, WI  
84,000 SF

## On The Horizon



West Allis Development  
S. 70<sup>th</sup> Street  
West Allis, WI

# Milwaukee Office Market

What is Driving Success in the Suburbs

New is the New New – Tenants Will Pay for Quality

Full height windows, underground parking, large floor plates...

Mixed use developments

Density supports better amenities



# Milwaukee Office Market

## Tenants Have Choices

River



Huron



BMO Tower



Palladium



The Avenue



HUB640



770 N Water



732 N Jackson



# Milwaukee Office Market

## What is Driving the Downtown Trend?

Over 500,000 SF of Tenancy Moving Downtown

- Unemployment Rate is 3.5%

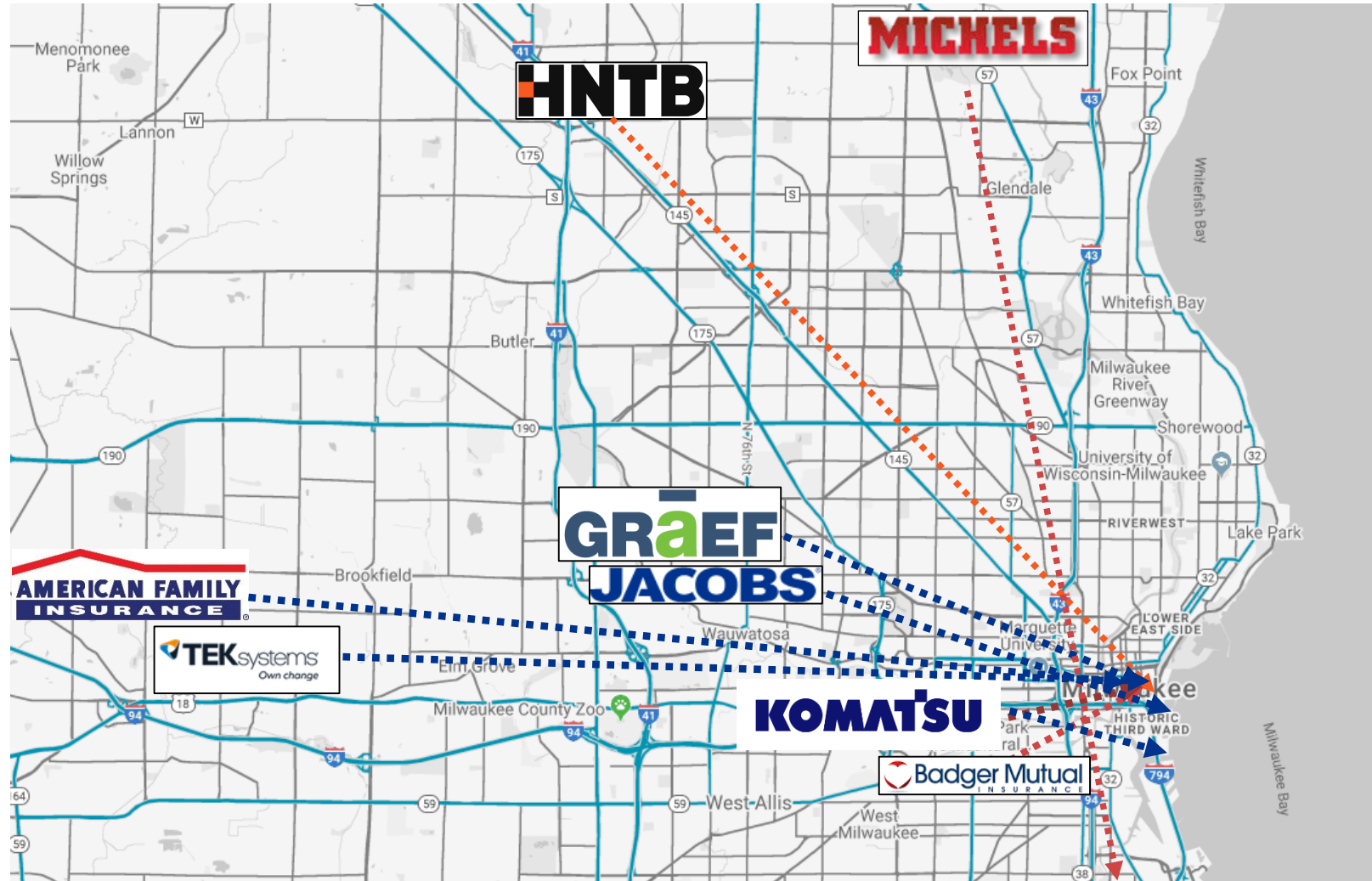
Downtown offers the best access to:

- Amenities
- Diverse Employee Base
- Transportation
- Universities
- Competing Talent

Who is Next?



FIFTH THIRD BANK





# Central CBD Office Market



Rexnord  
105-111 W Michigan  
Milwaukee, WI  
150,870 SF



Husch Blackwell  
511 N Broadway  
Milwaukee, WI  
71,000 SF



Michels Corporation  
River – S. 1<sup>st</sup> Street  
Milwaukee, WI  
46,000 SF



FIFTH THIRD BANK



# Central CBD Office Market



Jacobs Engineering  
Bottlehouse A  
Milwaukee, WI  
16,678 SF

**JACOBS®**



Graef  
The Avenue  
Milwaukee, WI  
35,000 SF

**GRÄEF**



HNTB  
250 E Wisconsin  
Milwaukee, WI  
24,000 SF

**HNTB**

 **CARW**  
COMMERCIAL ASSOCIATION OF REALTORS®

  
**FIFTH THIRD BANK**

  
**NAIOP**  
COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION  
WISCONSIN CHAPTER

# Central CBD Office Market



Badger Mutual  
The Factory Office Suites  
9<sup>th</sup> St & Highland Ave  
20,000 SF



TekSystems  
The Factory Office Suites  
9<sup>th</sup> St & Highland Ave  
15,296 SF








American Family Insurance  
Mandel Printing  
1319 N. MLK Drive  
120,000 SF



# Milwaukee Office Market

2019 Predictions – Jenna Maguire



- Adaptive reuse product will outperform towers in the CBD 
- At least one significant office sale will occur downtown to out of state investors in Q1 2019. 
- Musical Chairs will continue without job/population growth 
- Main & Main will continue to shift north and south of Water & Wisconsin 
- Milwaukee will be awarded the 2020 DNC 



# Milwaukee Office Market

2020 Predictions – Jim Cavanaugh



CUSHMAN &  
WAKEFIELD

BOERKE

End of the Year, End of the Decade, **(But not)** End of the Cycle

- Fiserv will locate downtown
- A major corporate tenant will announce a substantial suburban development
- The DNC will be a “Brokered” Convention



FIFTH THIRD BANK



# Thank you!

