

MARKET TRENDS

MILWAUKEE



For Immediate Release: April 11, 2017

For More Information, Contact: Tracy Johnson – CARW: (414) 271-2021/Josh Parrish – Xceligent: (414)-416-7092

CARW/Xceligent 2017—1st Quarter Commercial Real Estate Market Report

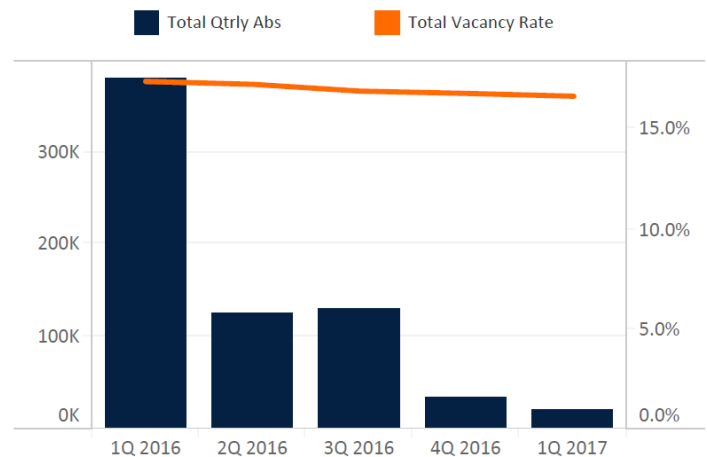
Southeastern Wisconsin Commercial Real Estate Markets have continued the year positively with relatively steady vacancy rates and positive absorption, according to the commercial real estate market reports for the first quarter of 2017, released today by CARW and Xceligent. The market reports are produced in collaboration of CARW and Xceligent under the direction of an advisory panel of CARW member commercial real estate professionals.

Office Advisory Board	Industrial Advisory Board	Research Advisory Board
Steffi Hahn Anderson Commercial Group	Nick Unger Cushman & Wakefield / The BOERKE Co.	Katie Gremban Gard Pecor Cushman & Wakefield / The BOERKE Co.
Andrew Jensen Cushman & Wakefield / The BOERKE Co.	Kevin Barry The Barry Company	Christian Hunter Ryan Rasmussen CBRE
William Bonifas John Mazza CBRE, Inc.	Scott Furmanski Trent Poole CBRE, Inc.	Margaret Bruckner Colliers International
Mike Wanazek Dan Wroblewski Colliers International	Jim Larkin Colliers International	Kyle Koller JLL
David Pudlosky Michael Streit JLL	Zach Hansen Nick Keys The Dickman Company, Inc.	Nathan Winkel NAI MLG Commercial
Tim Janusz Jack Jacobson NAI MLG Commercial	Tony Haning JLL	
Ned Purtell RFP Commercial	Mitchell Starcynski NAI MLG Commercial	
Dan Walsh Transwestern	Brian Parrish Paradigm RE	
	Paul McBride RFP Commercial	

Milwaukee Office Market Q1/2017

- The Milwaukee office market recorded a positive 20,529 square feet (sf) of positive absorption during 1Q 2017, down from 32,706 sf recorded during 4Q 2016. The total vacancy rate has decreased from 17.4% in 1Q 2016 to 16.7% at the close of 1Q 2017.
- Weighted average asking rents in all classes increased 4.0% recording \$19.99 per square foot (psf) FSG at the close of 1Q 2017 compared to 1Q 2016.
- The Milwaukee office market continues to show improvement reflected in positive net absorption and an uptick in planned and under construction projects. In addition to 1433 Water and the Mercantile Building expansion, Hammes Co. broke ground on a 94,000 sf multi-tenant office building on North Water and East Knapp streets in downtown Milwaukee, expected to be completed in the first half of 2018.
- In total, over 283,000 sf of office is space under construction, with more than 525,000 sf planned over the next two years. The continued construction activity in the Milwaukee office market paints an optimistic outlook for 2017.

Absorption and Vacancy Rate

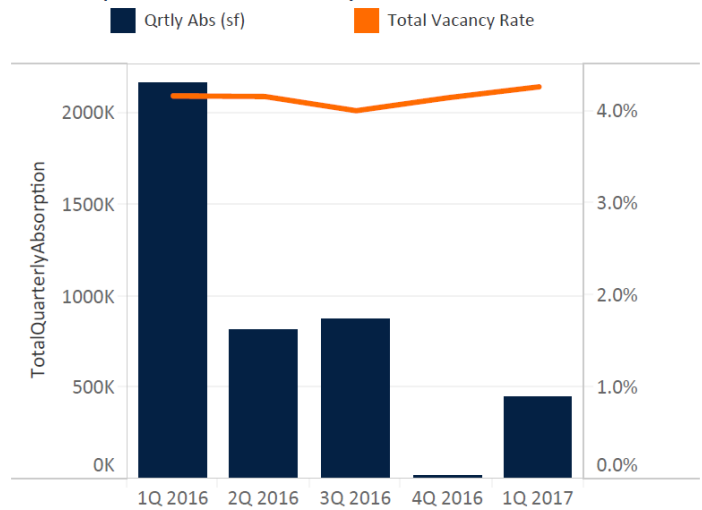


	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
A	12,635,795	2,238,956	1,896,918	15.0%	29,685	29,685
B	14,327,944	3,317,095	2,676,448	18.7%	1,432	1,432
C	1,127,184	181,083	104,312	9.3%	-10,588	-10,588
Overall	28,090,923	5,737,134	4,677,687	16.7%	20,529	20,529

Milwaukee Industrial Market Q1/2017

- The Milwaukee industrial market recorded 445,620 square feet (sf) of positive absorption during 1Q 2017, down from 1.6 msf recorded during 1Q 2016. The total vacancy rate has increased from 4.1% in 4Q 2016 to 4.3% at the close of 1Q 2017.
- Weighted average asking rents increased 2.0% to \$4.46 per sf NNN from 4Q 2016, coming in \$0.04 above 1Q 2016 with \$4.42.
- The Milwaukee industrial market got off to a slow start for 2017, with a drop in leasing activity compared to 2016. In total, there are fewer than 30 lease transactions over 5,000 sf in the Milwaukee market, compared 50 transaction this time last year.
- Conditions are expected to improve for the remainder of 2017, with over 2.2 million square feet under construction in the Milwaukee market.

Absorption and Vacancy Rate

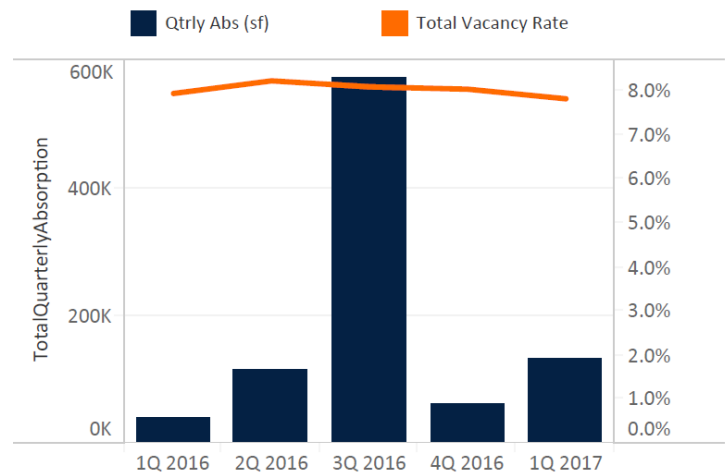


	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Flex/R&D	45,456,402	3,512,621	2,031,906	4.5%	83,448	83,448
Warehouse - Distribution	73,730,322	7,601,039	5,085,231	6.9%	232,068	232,068
Mfg	35,932,054	2,037,578	1,312,875	3.7%	-69,155	-69,155
Light Industrial	122,905,331	6,609,631	3,435,198	3.7%	199,259	199,259
Grand Total	278,024,109	19,760,869	11,863,210	4.3%	445,620	445,620

Milwaukee Retail Market Q1/2017

- The Milwaukee retail market recorded 131,383 square feet of positive absorption during 1Q 2017, up from 61,407 sf recorded during 4Q 2016. The total vacancy rate has decreased 20 basis points to 7.8% at the close of 1Q 2017.
- Weighted average asking rents in the Milwaukee market witnessed almost no change, increasing by \$0.02 to \$12.14 per square foot (psf) from last quarter. Year-over-year, the weighted average asking rents have increased 14.6% from \$10.37 psf NNN.
- Over the past few years, the primary focus in Milwaukee retail market has been new construction, primarily in the form of mixed-use developments with significant retail components, such as The Corners in Brookfield and 84South in Greenfield.
- The repurposing of underutilized retail properties has gained traction over the past few years as the market has seen over 350,000 sf of space converted into industrial uses and other special uses, such as churches or self-storage.

Absorption and Vacancy Rate



	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Reg/Power Ctr	18,968,582	494,412	393,672	2.1%	43,368	43,368
Nbrhd/Comm Ctr	26,579,695	3,491,140	3,126,912	11.8%	37,264	37,264
Conv/Strip Ctr	3,598,026	479,462	412,698	11.5%	4,471	4,471
Free/Ben	1,183,713	0	0	0%	46,280	46,280
Overall	50,330,016	4,465,014	3,933,282	7.8%	131,383	131,383