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CARW / Catylist Release 2019 Q4 Commercial Numbers

MILWAUKEE, January 16, 2019— The Commercial Association of REALTORS® Wisconsin (CARW) fourth quarter numbers show that 2018 ended on a high note and put 2019 in position to be another strong year. All sectors are showing robust lease activity, conversions and new developments.

The fourth quarter showed continued momentum in the Milwaukee office market. An active 2018 included ground up construction, building and conversion announcements, and steady leasing velocity. “Graef’s commitment to The Avenue is a catalytic transaction for West Town,” said Jenna Maguire of Founders 3 Real Estate Services, “the entire area is now primed for office leasing due to new, well-capitalized ownership of buildings such as HUB640 and 310W. The announcement of Husch Blackwell kicking off Josh Jeffers’ new building on Broadway, Hardware HQ hitting the market, the imminent delivery of space at The Hammes Building, and Michels Corp. breaking ground in the Harbor District, we have headed into the new year with more product than anticipated at the beginning of 2018.” Maguire continued, “We’ll keep an eye on the impact that the increase in new inventory has on the marketplace, specifically, how older buildings will adapt to compete.”

“As we kick off 2019, it promises to be another strong year for the Wisconsin Retail Market,” said Max Jacobson of Mid-America Real Estate. In 2018, several large format retailers opened new stores, including Fleet Farm, Meijer and the state’s first Ikea. “In 2019, we will continue to see a few larger retailers expand, such as At Home with their recent acquisition of the former Sam’s Club in Madison,” Jacobson continued. “Large spaces vacated by Sears, Toys”R”Us, and potentially Shopko will create new opportunities for landlords and tenants alike. We will also continue to see discount fashion, food, “eatertainment” and fitness concepts continue to expand.” In 2018, the Fiserv Forum opened, and this year we will watch the Entertainment Block come to life with a lineup of restaurants and bars. “2019 is poised to be another year of growth for developers, for large and small format national retailers and for Wisconsin’s local businesses.”

The Southeastern Wisconsin Industrial market continued its momentum through the fourth quarter of 2018. “Vacancy rates have continued to shrink albeit a little slower than previous quarters,” said Jim Larkin of Colliers International. The I-94 corridor from Milwaukee to Kenosha county remained the major areas for new industrial developments due to the abundance of land available. “The announcement of the new Amazon development in Oak Creek and the continued growth and development of Foxconn have been major catalysts along this corridor, Larkin said. “Developers have been acquiring available land sites in hopes of capitalizing on the region’s industrial momentum and 2018 saw more speculative development in Racine and Kenosha counties.” Washington and Waukesha counties also saw some major deliveries and new development announcements in the fourth quarter but quality land sites are much harder to come by in these counties. “As a sign of how good things are in the market, these new developments are getting filled before they are completed in some cases and looking forward there is a little uneasiness as demand is outreaching supply,” Larkin said. “As for 2019,

the momentum should continue - with many new major developments in the pipeline across the market and an increasing demand for space there is no reason why this train should slow down anytime soon.”

About CARW:

CARW is *the* VOICE for commercial real estate brokerage and related professionals in Wisconsin. Founded in 1993, CARW is dedicated to the success of our members by providing public policy advocacy, invaluable educational opportunities, networking experiences and data exchange.

CARW is a trade association with over 850 members, representing more than 400 individual businesses including commercial REALTORS®, accounting firms, appraisers, architects, attorneys, bankers, builders, contractors, developers, environmental specialists, title insurance companies and other industry related businesses. CARW REALTORS® are a member of the REALTOR® Network, the world’s largest professional association with over 1.3 million members.

About REDI:

Founded in 1994, REDI is the original fully researched CIE/CMLS exchange. REDI provides tailored commercial real estate products for the commercial real estate industry, including a complete market property universe continuously updated with the latest availabilities and sales transactions.

About Catylist:

Catylist is a commercial real estate software company that supports commercial data exchange systems in more than 45 markets across North America. Catylist partners with brokerage firms, local associations, and economic development communities to create a customized, local database that serves as the most trusted source for information in the market.

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MILWAUKEE

CARW 2018—4th Quarter Commercial Real Estate Market Report

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Market Overview

- The Milwaukee office market posted an availability rate of 14.5% for Q4 2018, and a vacancy rate of 11.3% during the same period
- The multi-tenant tracked properties had an availability rate of 19.0% and an overall vacancy rate of 15.2%
- The average asking lease rate for all property types came in at \$19.12 psf FSG, while the multi-tenant properties had an average asking rate of \$19.30 psf FSG at the conclusion of Q4 2018
- Though the top five lease transactions, including one renewal—accounted for over 100,000 sf; most transactions during Q4 2018 were below 5,000 sf

Notable Lease Transactions

Square Ft.	Tenant Name	Location	Listing Company
58,548	Robert W Baird	617 E Wisconsin Ave.	Direct (LL)
14,813	The Benefits Company	250 N Patrick Blvd	JLL
11,008	Principal Financial Group	Oakwood Center	Irgens Partners, LLC
10,661	Americredit Financial Services, Inc	Crossroads Corporate Center XII CBRE	
9,114	Confidential	Crossroads Corporate Center	Direct (LL)
8,194	Benefit Plan Administration-	One Park Place	CBRE
8,094	PKSD Law	Riverfront Plaza	Founders 3 Real Estate Services
7,623	Cyganiak Planning	3505 N 124th St	JLL
7,427	Undisclosed	Brookfield Lakes X	Founders 3 Real Estate Services
6,514	Undisclosed	Bishop Woods Center	Founders 3 Real Estate Services

Notable Investment Sale Transactions

Sale Price (\$)	Buyer	Seller	Location
\$14,157,200	R2 Companies	SARA Investment Real	Third Ward - Walkers Point
\$4,475,000	Mark 8989 Building, LLC	Bayside Woods O.P.	Milwaukee North Shore
\$3,650,000	Engineered Products and	Zilber Property Group	Brookfield
\$3,000,000	Village Of Brown Deer	Phoenix Investors	Milwaukee North Shore
\$2,600,000	Michael Ogden Walters	High Ridge Office, LLC	Waukesha - Pewaukee

* Sale comp data obtained from sources deemed reliable. Sources include Catalist and Advisory Board members.

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Overall Office Market

CBD	Inventory (sf)	Available (sf)	Available (%)
Milwaukee Downtown East	13,227,340	1,545,150	11.70%
Milwaukee Downtown West	5,634,368	974,731	17.30%
Third Ward—Walker’s Point	3,163,506	466,743	14.10%
Total	48,741,015	7,046,035	14.50%
Suburban	Inventory (sf)	Available (sf)	Available (%)
Milwaukee North Shore	2,970,544	615,208	20.70%
Milwaukee Northwest	4,439,358	592,032	13.30%
Milwaukee Central	1,522,725	98,329	6.50%
Mayfair—Wauwatosa	3,475,165	506,933	14.60%
Milwaukee West	2,326,624	376,469	16.20%
Milwaukee Southeast	1,197,227	283,608	23.70%
Milwaukee Southwest	547,198	73,075	13.40%
Brookfield	5,891,513	796,748	13.50%
Waukesha—Pewaukee	2,624,305	591,064	22.50%
Waukesha Northwest	558,386	14,937	2.70%
Waukesha Southeast	528,527	42,043	8.00%
Waukesha Southwest	176,482	14,630	8.30%
Mequon—Theinsville	457,747	54,335	11.90%
Suburban Market Totals	26,715,801	4,059,411	15.20%
Overall Market	Inventory (sf)	Available (sf)	Available (%)
OVERALL MARKET	48,741,015	7,046,035	14.50%

Multi-Tenant Office Market

CBD	Inventory (sf)	Available (sf)	Available (%)
Milwaukee Downtown East	9,782,245	1,545,150	15.80%
Milwaukee Downtown West	4,232,278	974,731	23.00%
Third Ward—Walker’s Point	3,045,263	466,743	15.30%
Total	17,059,786	2,986,624	17.50%
Suburban	Inventory (sf)	Available (sf)	Available (%)
Milwaukee North Shore	1,916,098	555,645	29.00%
Milwaukee Northwest	1,866,077	441,836	23.70%
Milwaukee Central	567,973	98,329	17.30%
Mayfair—Wauwatosa	3,085,895	506,933	16.40%
Milwaukee West	2,253,877	376,469	16.70%
Milwaukee Southeast	268,570	100,745	37.50%
Milwaukee Southwest	417,547	73,075	17.50%
Brookfield	4,610,968	796,748	17.30%
Waukesha—Pewaukee	2,026,000	591,064	29.20%
Waukesha Northwest	251,883	14,937	5.90%
Waukesha Southeast	236,377	42,043	17.80%
Waukesha Southwest	154,402	14,630	9.50%
Mequon—Theinsville	457,747	54,335	11.90%
Total	18,053,025	3,666,789	20.30%
Overall Market	Inventory (sf)	Available (sf)	Available (%)
Total	35,112,811	6,653,413	18.90%

Market Overview

- The Milwaukee Industrial market posted an availability rate of 5.4% and a vacancy rate of 3.5% to close out 2018
- The average asking lease rate for Southeastern Wisconsin came in at \$4.87 psf NNN
- To date, there are over 20 tracked construction projects throughout the market, totaling just over 3.9 msf
- At the close of Q4 2018, the market experienced over 2.0 msf of leasing activity, including a 275,177 sf lease at the former JCP Logistics facility at 11800 W Burleigh St in Wauwatosa

Notable Lease and User Sale Transactions

Sq Ft	Tenant Name	Location	Listing Company
432,000	SC Johnson	2600 Enterprise Dr	Colliers International
275,177	Confidential	11800 W Burleigh St	Phoenix Investors
192,800	ECM Industries	6051 S Moorland Rd	Cushman & Wakefield Boerke
149,811	Confidential	Zilber Industrial II	Zilber Property Group
111,725	Lube-Tech & Partners, LLC	6600 N Industrial Rd	Cushman & Wakefield Boerke
98,600	MilwaukeeWarehouse.com	4611 N 32nd St	CBRE
82,799	Fresinius	Enterprise Business Park Bldg II	Cushman & Wakefield Boerke
72,000	Product Miniature Co, Inc	N17 W25073 Bluemound Rd	The Barry Company
62,688	Rocore Holdings	9845 S 57th St	Direct (LL)
54,040	Milwaukee Electric Tool	3595 N 127th St	Founders 3 Real Estate Services

* Lease comp data obtained from sources deemed reliable. Sources include Catalist and Advisory Board members.

** Any transactions in **bold** indicate that it is a user sale transaction.

Notable Investment Sale Transactions

Sale Price	Buyer	Seller	Location
\$14,100,000	Stag Industrial	Weas Development	N102 W19400 Willow Creek Way, Ger-
\$5,590,000	The Luther Group	Park Place Technology Partners, LLC	11601 W Bradley Rd, Milwaukee (Portfolio)
\$5,400,000	Zilber Property	AG Leasing Company	5000 W Electric Ave, West Milwaukee
\$1,500,000	Bachman Furniture	LCM Funds	1741 W St Paul Ave, Milwaukee
\$1,400,000	BBC Lighting	LCM Funds	1825 W St Paul Ave, Milwaukee

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Overall Industrial Stats

County	Inventory	# of Buildings	Available (%)	Vacancy (%)
Milwaukee County	124,744,85	1,950	8.3%	5.5%
Waukesha County	81,728,847	2,084	4.0%	2.4%
Ozaukee County	14,243,777	265	7.1%	5.4%
Washington County	26,882,996	698	2.2%	1.6%
Sheboygan County	27,429,739	337	0.9%	0.8%
Walworth County	14,380,551	299	3.0%	1.4%
Racine County	33,420,237	548	4.1%	3.1%
Kenosha County	32,864,957	279	6.4%	3.0%
Total	355,695,96	6,460	5.4%	3.5%

Market Overview

- Despite store closures throughout the market, including Bon-Ton, Kmart, HOBLO, and Fresh Market – the Southeastern Wisconsin retail market continues to grow and show signs of improvement.
- Developments like The Shoppes at Fox River in Waukesha has added over 42,000 sf of new tenants including Old Navy, Tuesday Morning and Skechers. To date, the 525,000 sf shopping center has less than 9,000 sf available for lease with an additional 57,066 sf of proposed space.
- Activity around area shopping malls has also increased. For instance, Dallas-based Uncle Julio’s Mexican recently opened its first Wisconsin location at an outlot along Moorland Road at Brookfield Square Mall.
- Developers continue to build small retail buildings in market areas seeing continued growth, such as the owner of Moorland Commons. The shopping center is adding a 7,000 sf building along Moorland Road, north of Beloit Road.

Notable Investment Sale Transactions

Sale Price (\$)	Buyer	Seller	Location
\$3,455,900	Four Rivers Capital	RD Silver Terrace, LLC	Silver Terrace Shopping Center
\$3,160,000	Downing Development, Ltd.	JMK Properties, LLC	2325 Sun Valley Drive
\$2,710,000	Baceline Investments	Weas Development	Portfolio - Woodlands Market
\$2,616,400	3LA Partners, LLC	MRED	Walgreen's
\$2,300,000	Casey's Marketing Company	305 Dekora, LLC	305 West Dekora Street

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