

# 2021 Market Update

Presented By:



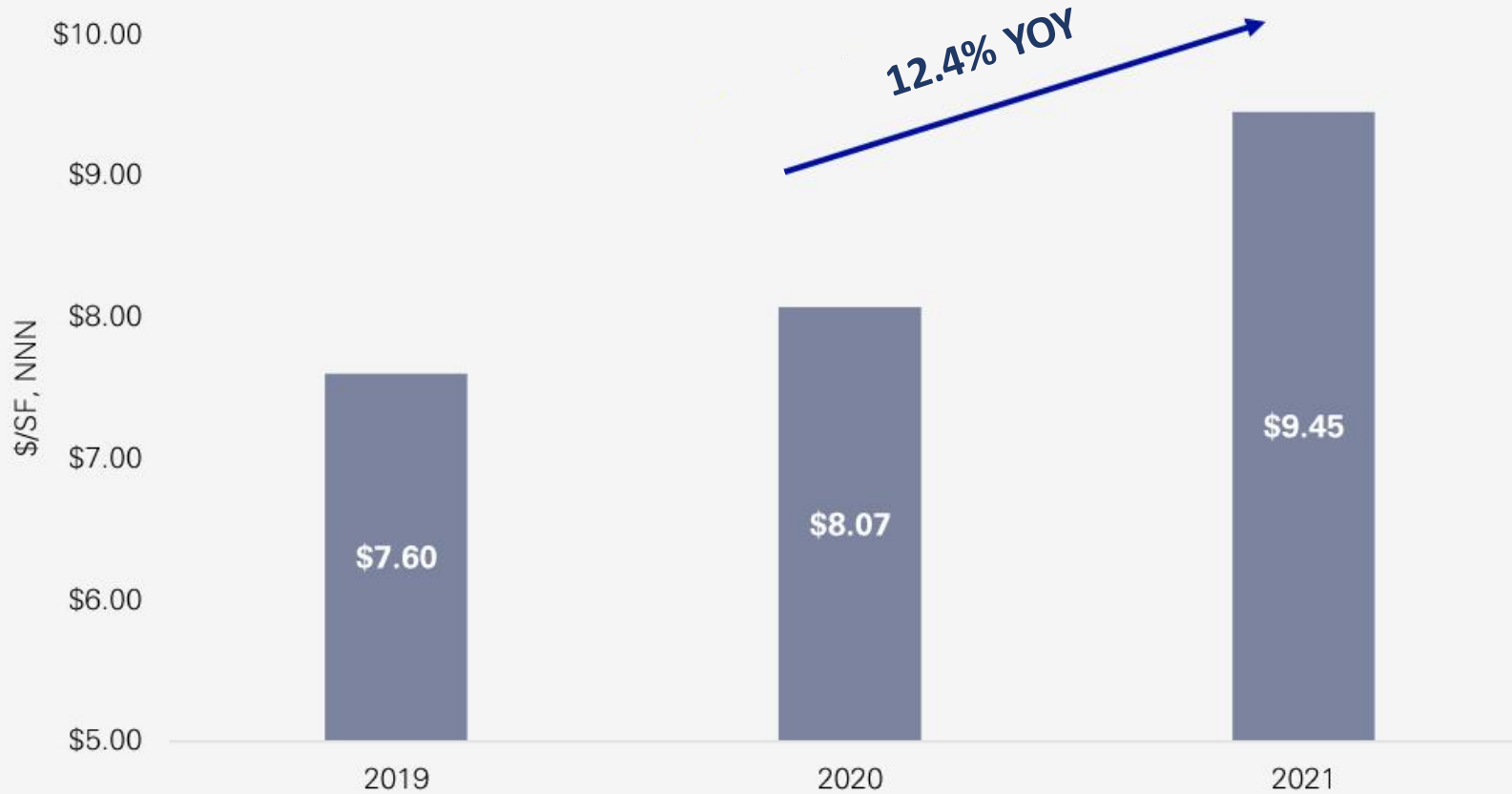
# **Industrial Market**

**Presented By:  
Mitch Starczynski, SIOR  
Newmark**



# TAKING RENTS IN U.S. PRIME SUBMARKETS SURGE

Average 1<sup>st</sup> Year Rents for New Construction in Prime Submarkets, 2019-2021

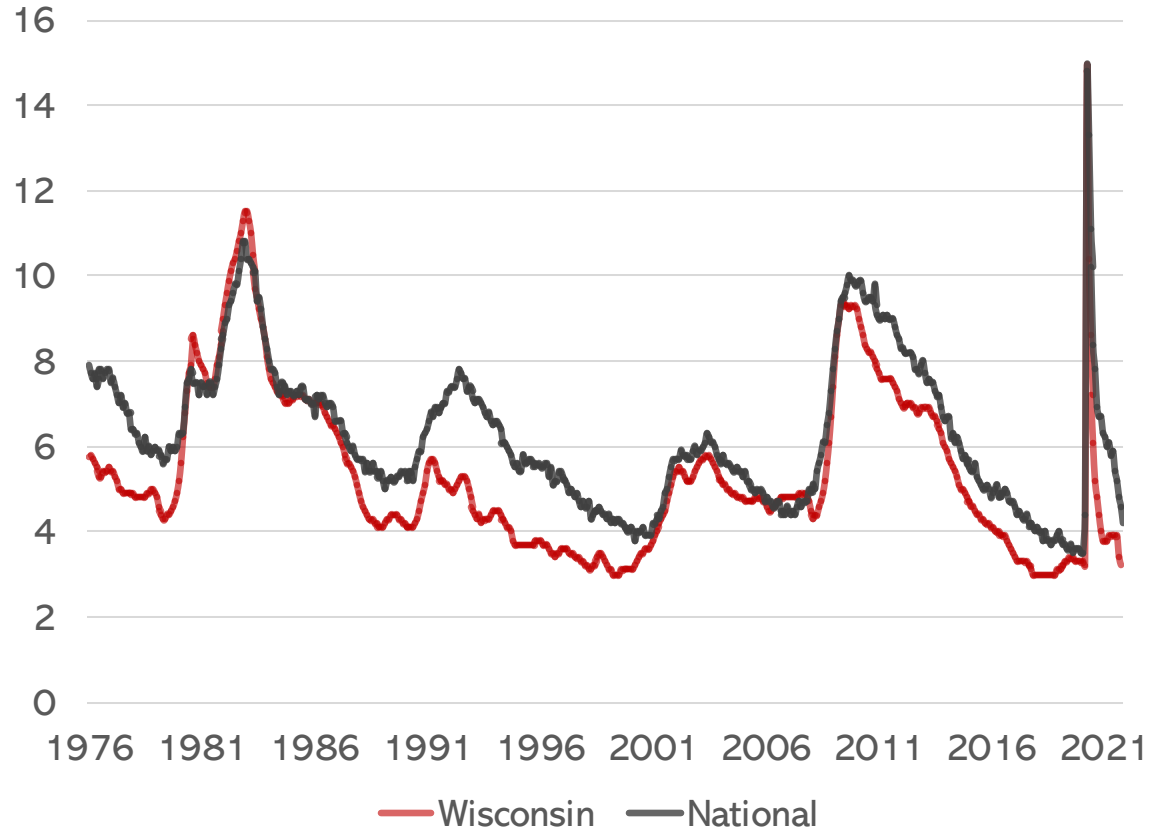


Source: Newmark Research, September 2021. \*Average taking rent for buildings completed within past five years and greater than 100,000 SF.

## 2021 Market Update



# National Unemployment Rate



BY THE NUMBERS

4.2%

Unemployment Rate

6.9M

Total Unemployed People

1.8M

Unemployment insurance claims



# ★ U.S. IMPORT TARIFFS

**STEEL: 25%**

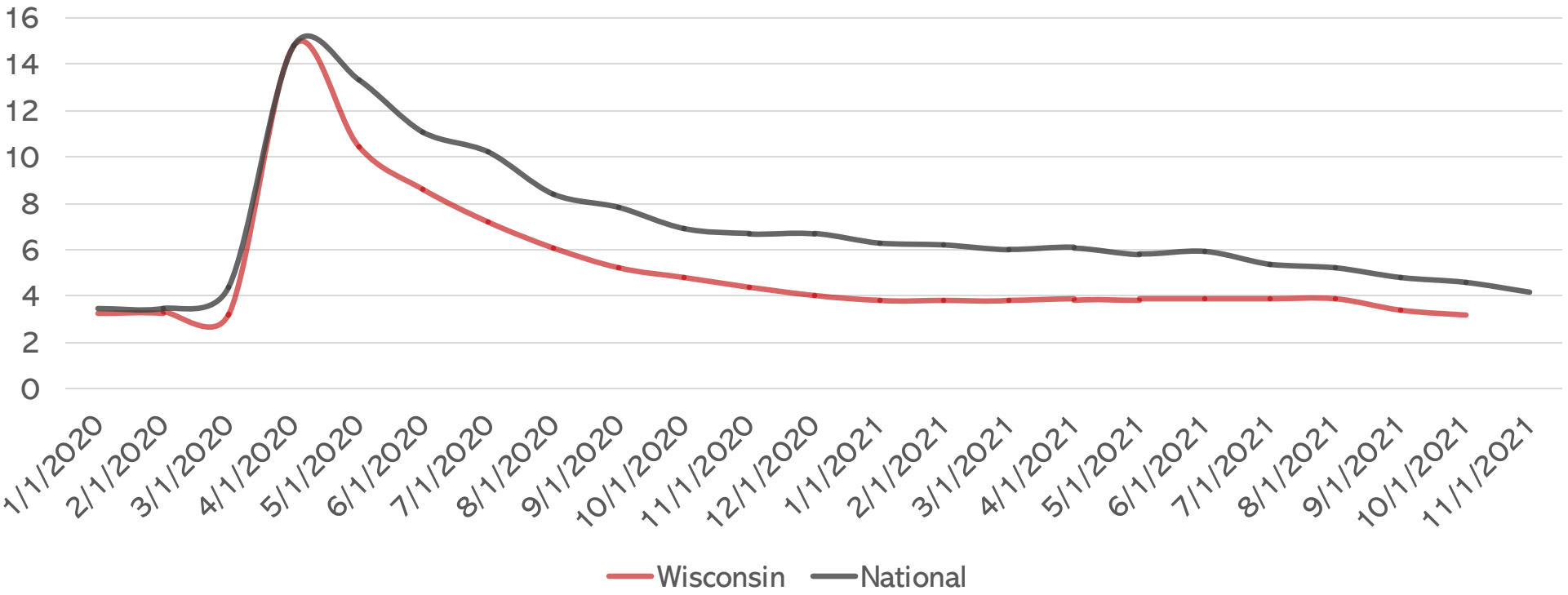
**ALUMINUM: 10%**



**2021 Market Update**



# Unemployment Jan 2020 to Current



## 2021 Market Update



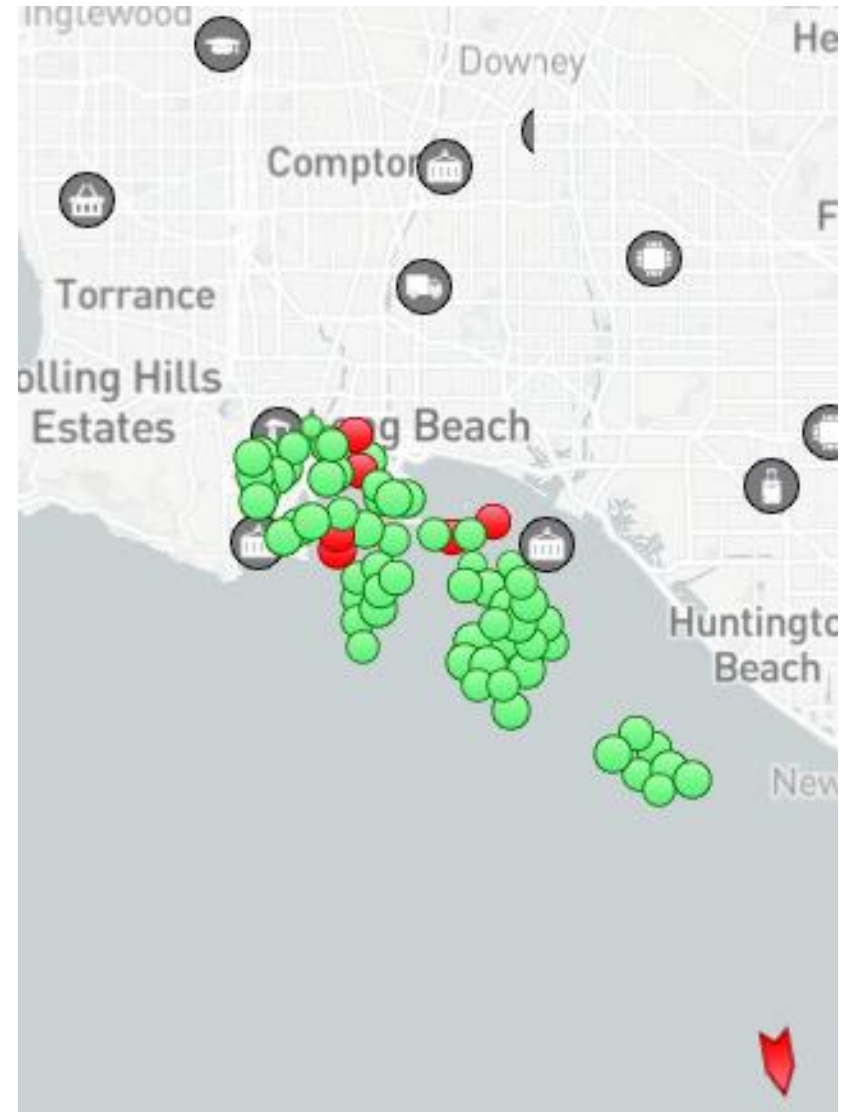




# 2021 Market Update





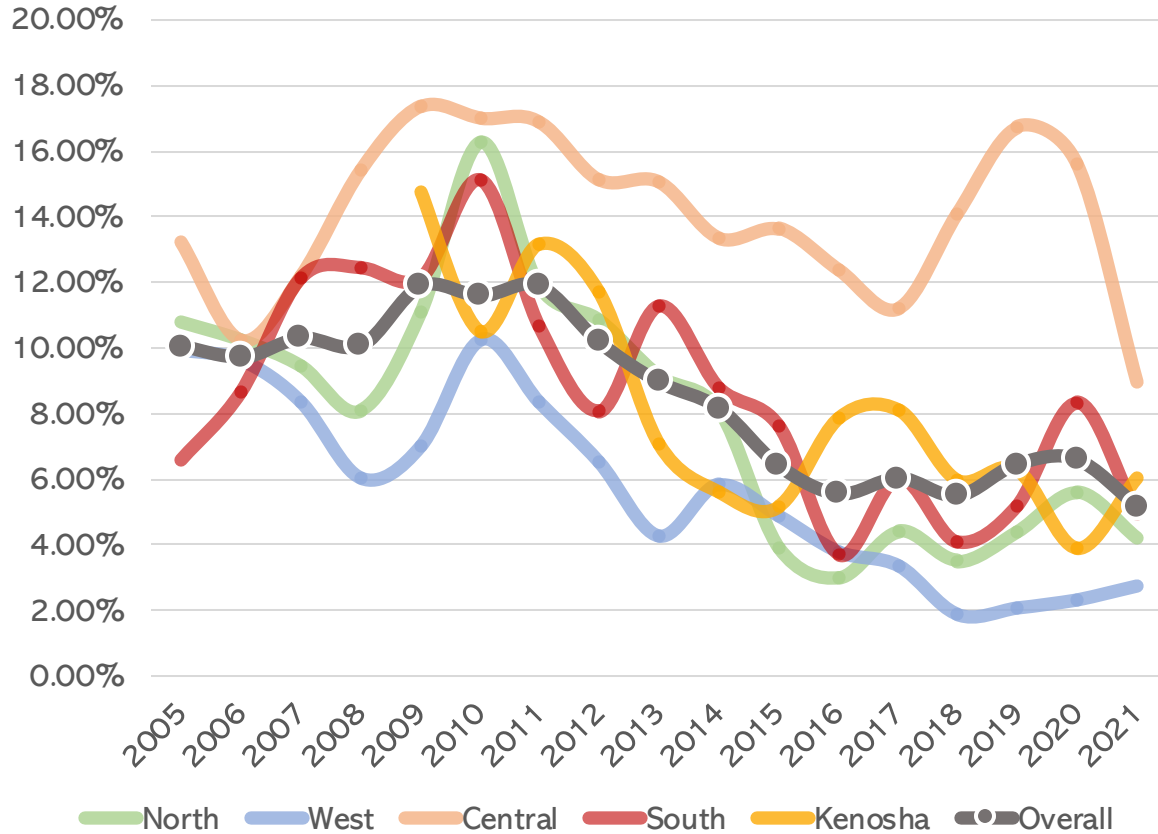


# 2021 Market Update





# Overall Industrial Market



BY THE NUMBERS

**150M**

square feet inventory

+4.6M

**15.5M**

square feet available

(253K)

**7.8M**

square feet vacant

(1.9M)

**5.2%**

vacancy rate

(1.5%)

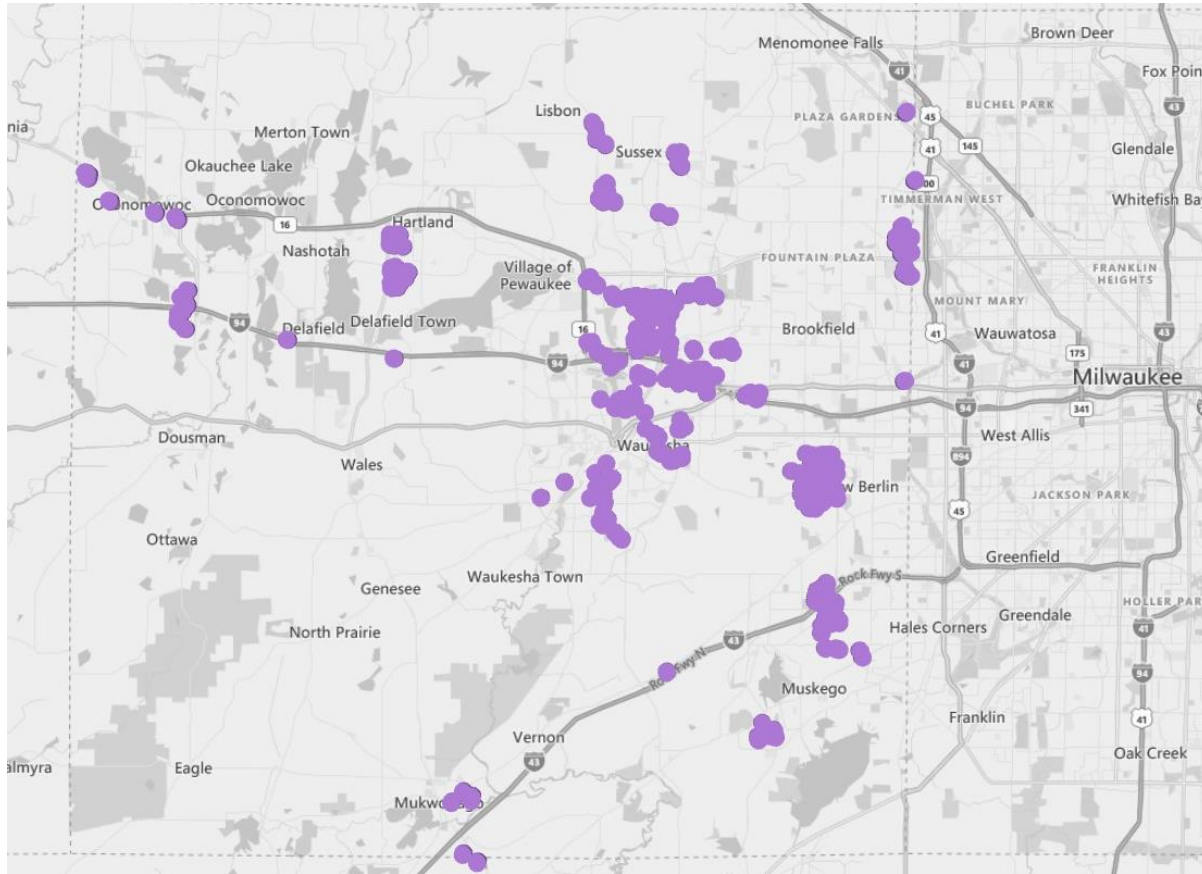


# 2021 Market Update





# Industrial West Submarket



BY THE NUMBERS

**30.6M** square feet inventory  
+100K

**1.7M** square feet available  
+610K

**845K** square feet vacant  
+127K

**2.8%** vacancy rate  
+0.4%

# Industrial West Submarket In the News

#1

## ABB plans new campus with 700 jobs in New Berlin

Sep 20, 2021, 4:20pm CDT

ABB Inc. is proposing a large new headquarters and production plant in New Berlin for its U.S. motion business that makes motors and drives, and could have almost 700 people working there by 2025.



GOOGLEMAPS  
The Lincoln Avenue campus would replace ABB's current New Berlin facility on Glendale Drive.

That's according to a plan of operation filed with the city of New Berlin on Friday by a development team working with ABB. Those plans call for a highly automated manufacturing and assembly plant, research and development labs, a customer experience and training center and offices for the company's U.S. motions business operations.

That new plant would be built at 18200 W. Lincoln Ave. It would replace the current ABB Inc. production facility on West Glendale Drive in New Berlin, according to an email from company vice president of communications Tracy Long.

The manufacturer also is working to attract another business to operate a large logistics center to ship ABB's products. That center

#2

## Amazon to open Pewaukee fulfillment center

Will hire 136 warehouse workers

By Alex Zank - Apr 19, 2021 11:52 am



Amazon's fulfillment center in Kenosha.

Last updated on April 20th, 2021 at 02:19 pm

Amazon's growth in the metro Milwaukee area continues with the e-commerce giant's latest target being the city of Pewaukee.

According to city documents, Amazon plans to occupy a 165,000-square-foot warehouse at W232 N2950 Roundy Circle East.

The building will support Amazon's same-day delivery program, according to an email to the city from Mike DeStilio, manager of economic development at First American.

#3

## Luther Group buys New Berlin industrial building for \$13.5 million

Firm has eyes set on industrial market

By Alex Zank - Jun 1, 2021 11:30 am



1920 S. Calhoun Road. Credit: Google

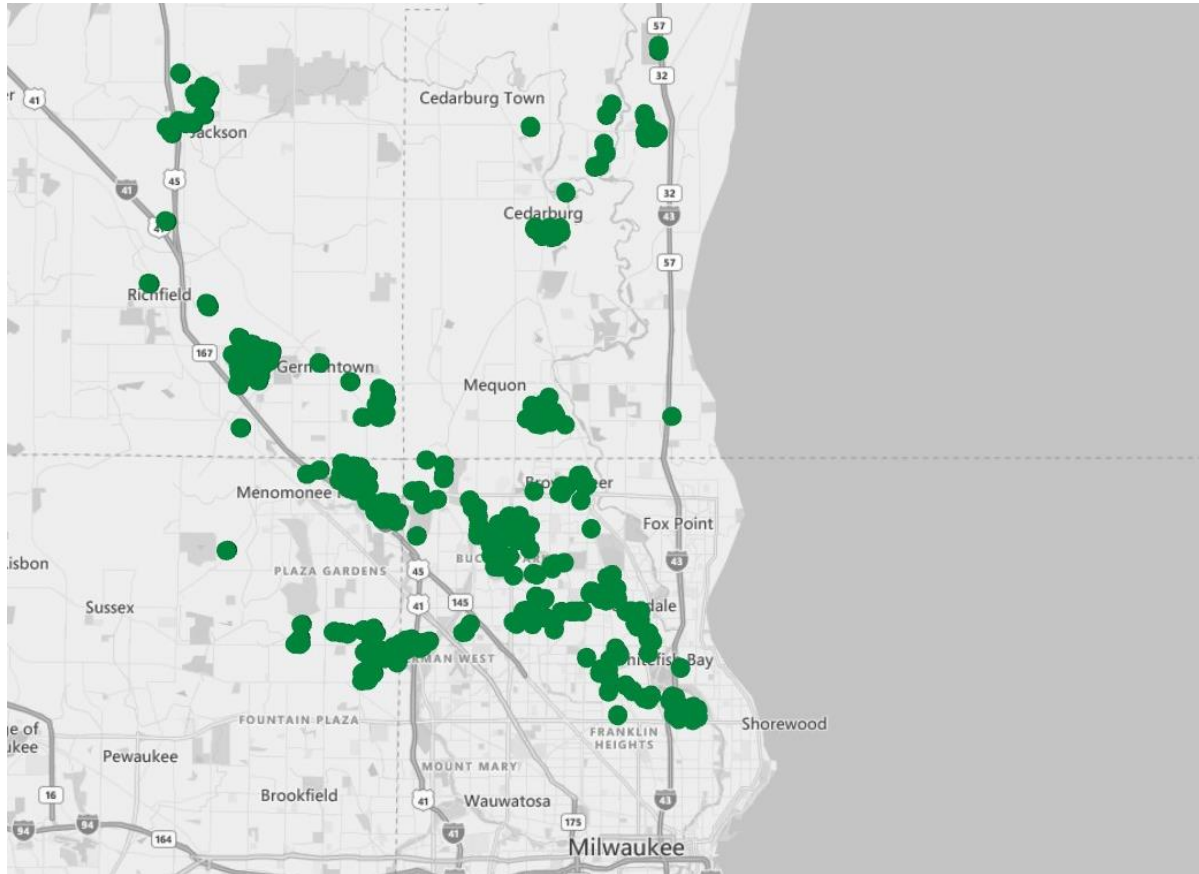
Elm Grove-based Luther Group LLC has acquired another New Berlin industrial building.

Its latest acquisition, at 1920 S. Calhoun Road, went for \$13.5 million, according to state records.

The buyer was Luther Group affiliate NBI Partners LLC. The seller was JLML Family LLC, an affiliate of New Berlin-based James Luterbach Construction Co.



# Industrial North Submarket



BY THE NUMBERS

**41.4M** square feet inventory  
+856K

**4.3M** square feet available  
+549K

**1.8M** square feet vacant  
(521K)

**4.2%** vacancy rate  
(1.4%)

# Industrial North Submarket In the News

## #1

### Zilber sells Briggs & Stratton distribution center for \$47.8 million

By Andrew Welland - Jul 27, 2021 2:59 pm



Photo of Briggs & Stratton's Germantown distribution center, provided by Zilber Ltd.

Last updated on July 29th, 2021 at 11:25 am

An affiliate of Milwaukee-based **Zilber Ltd.** has sold a 700,000-square-foot distribution center in Germantown, occupied by Wauwatosa-based Briggs & Stratton, for \$47.75 million, according to state records.

Located on a 39-acre site in the Germantown Gateway Corporate Park, at W210 N12800 Gateway Crossing, the building is known as **Zilber Industrial I**. It is fully leased to Briggs & Stratton.

## #2

### Milwaukee Tool leases building in Menomonee Falls formerly used by Quad

Leasing 388,800 warehouse formerly occupied by Quad

By Alex Zank - Jul 23, 2021 12:02 pm



Former Quad distribution facility on Shawn Circle. Credit: Google

Last updated on July 26th, 2021 at 01:48 pm

Brookfield-based **Milwaukee Tool** is continuing its rapid expansion across southeastern Wisconsin with the lease of a large warehouse in Menomonee Falls.

The 388,800-square-foot facility on Shawn Circle was formerly used by **Quad/Graphics Inc.** The company **moved out of the building** earlier in the year after consolidating its distribution

## #3

### Industrial chemical maker could take over new industrial facility on Milwaukee's far northwest side

Would use 150,000-square-foot building for manufacturing purposes

By Alex Zank - Sep 15, 2021 11:27 am



Spec industrial building at 12255 W. Carmen Ave., Milwaukee

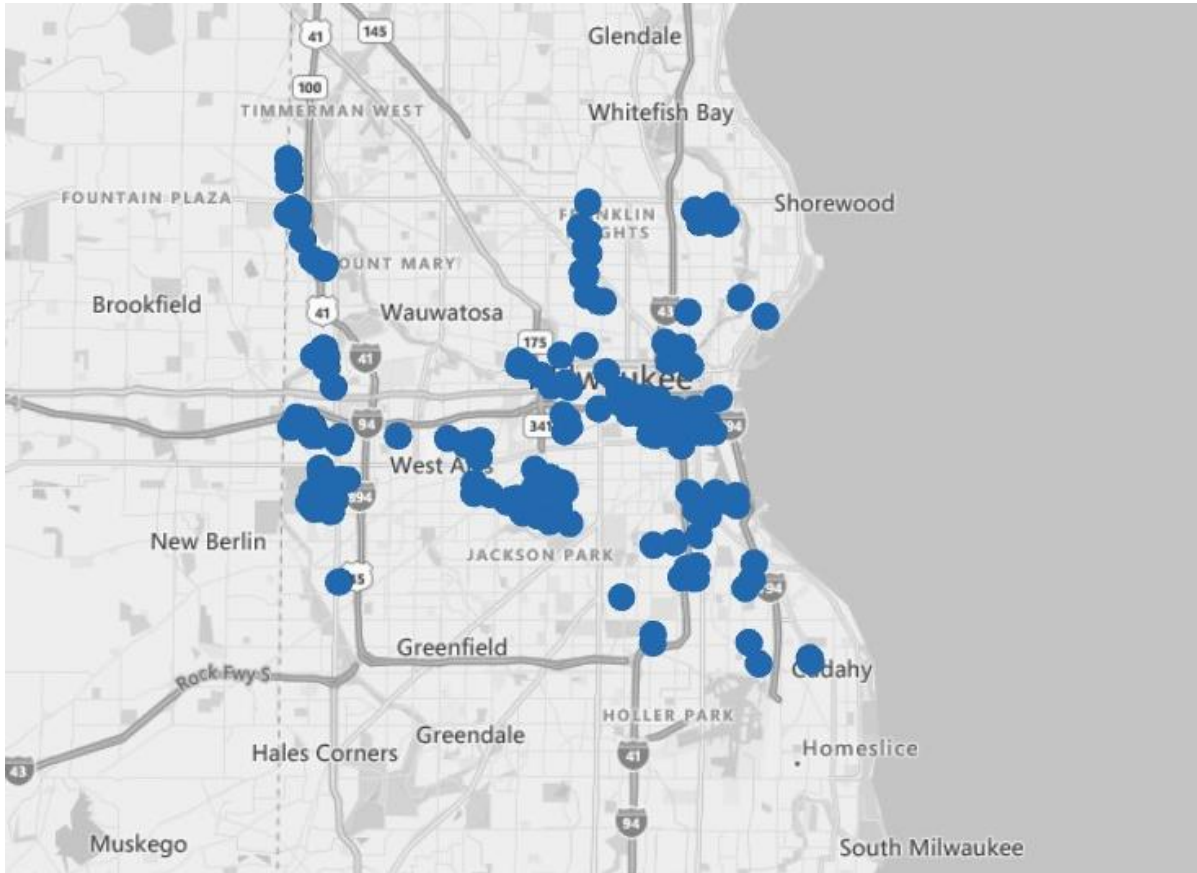
Last updated on September 16th, 2021 at 01:19 pm

Mayfield Heights, Ohio-based **Materion Corp.** plans to occupy a recently built 150,000-square-foot industrial facility on Milwaukee's far northwest side.

The industrial chemical maker intends to use the building, located at 12255 W. Carmen Ave., for manufacturing purposes. That's according to an occupancy permit application filed with the city.



# Industrial Central Submarket



BY THE NUMBERS

**22.7M**  
(767K)

square feet inventory

**4.0M**  
(1.8M)

square feet available

**2.0M**  
(1.6M)

square feet vacant

**9.0%**  
(6.6%)

vacancy rate

# Industrial Central Submarket In the News

#1

## Komatsu Mining on track to begin occupancy of Harbor District headquarters this fall

May 19, 2021, 12:59pm CDT

Komatsu Mining Corp.'s \$285 million headquarters complex in Milwaukee's Harbor District remains on track for full occupancy in spring 2022 and an initial move-in of office employees will begin this year in the fall.



RICH KROHEN  
Contractors continue to work on Komatsu Mining Corp.'s new headquarters in Milwaukee's Harbor District on May 18, 2021. Komatsu Mining is on schedule with the complex.

That was the report Tuesday from the company's project director and general manager Matt Beaudry to the Milwaukee Common Council's Zoning, Neighborhoods and Development Committee.

The project entails both new corporate offices and a new plant on a site south of Greenfield Avenue on the banks of the Kinnickinnic River.

The company will begin installing equipment at the new facilities "later this summer," Beaudry said. He referred to the office staff move as "initial occupancy."

#2

## Briohn Building Corp. acquires former Alro Steel facility in Wauwatosa

By Alex Zank - Apr 20, 2021 2:07 pm



Credit: Google

Last updated on April 21st, 2021 at 01:17 pm

An affiliate of Brookfield-based Briohn Building Corp. has acquired **Alro Steel Corp.**'s former facility in Wauwatosa for \$6.5 million, according to state records.

Alro, a Jackson, Michigan-based distributor of metals, industrial supplies and plastics, recently moved its operations to Milwaukee from its Wauwatosa industrial warehouse at 3000 N. 114th St.

#3

## Craft beer materials distributor expanding at Century City

By Alex Zank - May 11, 2021 2:38 pm

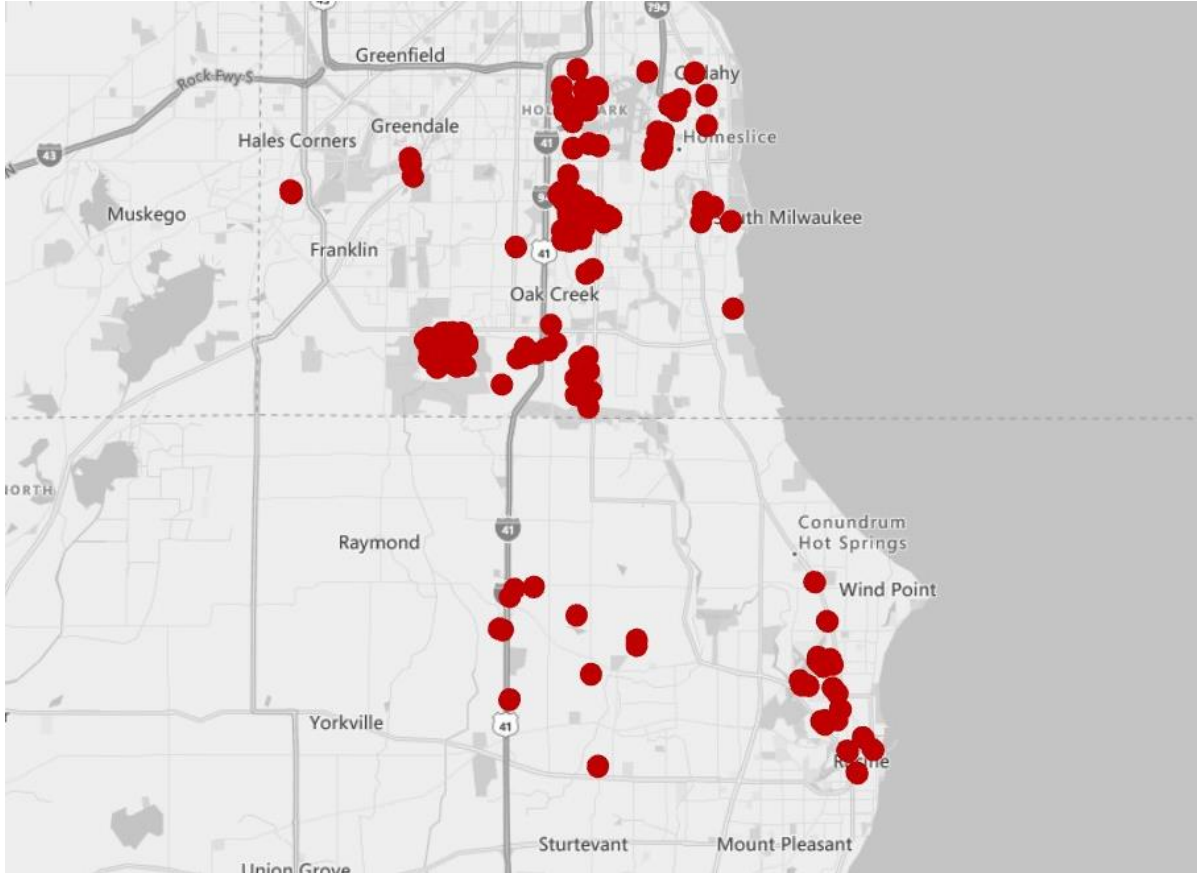


Milwaukee-based Craft Beverage Warehouse LLC is expanding its footprint in the Century City 1 building at the Century City business park to occupy about 9,000 square feet, the company announced today.

The year-old company distributes beverage packaging materials to the craft beer market. Kyle Stenhens, vice president of finance and administration at Good City Brewing, co-founded CRW.



# Industrial South Submarket



BY THE NUMBERS

**22.5M** square feet inventory  
+58K

**2.9M** square feet available  
+362K

**1.1M** square feet vacant  
(758K)

**5.0%** vacancy rate  
(3.4%)

# Industrial South Submarket In the News

#1

## Badger Liquor buys site for new Caledonia warehouse

Aug 27, 2021, 10:13am CDT

Distributor Badger Liquor Co. Inc. is moving ahead with plans for a new Caledonia warehouse after buying the project site for \$720,437.

The company a month ago secured local approvals for that 22,538-square-foot center at the far northwest corner of the DeBack Farms Business Park. That is among several projects pending in the business park at Interstate 94 and Northwestern Avenue, including a new facility for General Mills.



EXCEL  
A rendering of Badger Liquor's distribution center planned in Caledonia

Badger Liquor declined comment on its facility Friday.

Badger Liquor, with a regional office in downtown Milwaukee, is a wholesale distributor of wine and spirits. It is working with Fond du Lac engineering firm Excel and Milwaukee contractor CD Smith on the Caledonia development, according to plans submitted to the village.

The company bought its 4.9-acre development site from DeBack Farms developer Wisconsin LLC, according to state records. Wisconsin

#2

## Former Bucyrus campus in South Milwaukee lands first major tenant

By Alex Zank - Jan 14, 2021 2:33 pm



Photo courtesy of Cushman & Wakefield | Boerke

Last updated on January 18th, 2021 at 01:44 pm

The former Bucyrus manufacturing campus in South Milwaukee has landed its first major tenant.

Franklin-based **Steele Solutions Inc.**, a manufacturer of steel mezzanines and work platforms, is leasing the 209,675-square-foot "Big Muskie" building at 1100 Rawson Ave.

It will occupy the building immediately, according to a news release. The deal will allow Steele Solutions to expand operations to South Milwaukee. It also has a Milwaukee location.

#3

## Wangard looks to break bottlenecks for trucks on new Franklin warehouse

Dec 6, 2021, 3:47pm CST

For its speculative warehouse that recently broke ground in Franklin, Wangard Partners Inc. is trying a newer design strategy intended to help truck drivers get in and out more quickly.

The end goal is a building that is more efficient and more attractive to drivers, who themselves are a desirable commodity for companies in a tight job market.

For the Franklin property at 3617 W. Oakwood Road, Wangard traded the possibility of a larger warehouse with more leasable square footage to have more ground for driving lanes to remove bottlenecks for trucks dropping off and picking up loads, said chairman and CEO Stu Wangard.

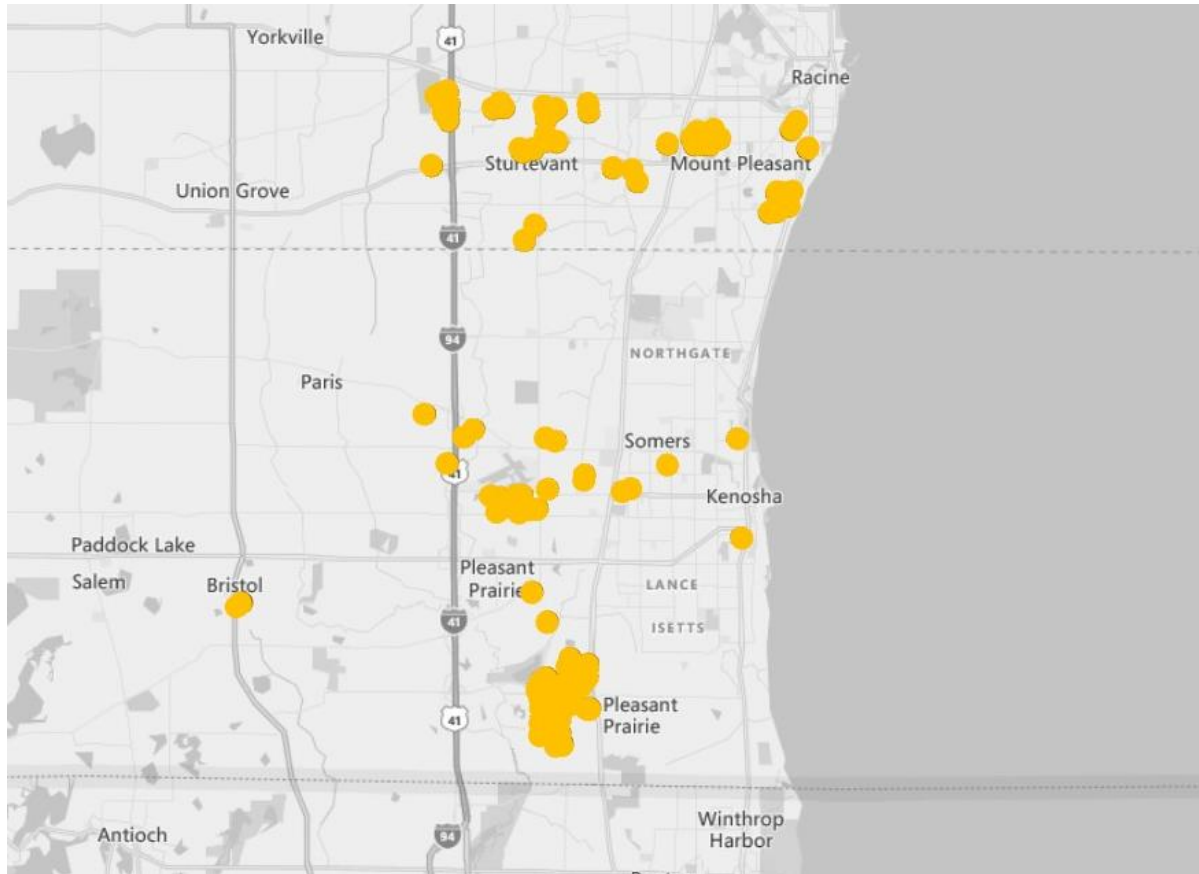
"In many instances, the developer is trying to maximize the size of the building on a site," Wangard said. "In our case, we said we need a little bit more room for proper circulation."



SEAN RYAN / MILWAUKEE BUSINESS JOURNAL  
City of Franklin officials recently approved a development agreement for the new buildings.



# Industrial Kenosha Submarket



BY THE NUMBERS

**33.5M** square feet inventory  
+4.3M

**2.8M** square feet available  
+61K

**2.0M** square feet vacant  
+887K

**6.0%** vacancy rate  
+2.1%

# Industrial Kenosha Submarket In the News

## #1

Illinois packaging company leasing 472,000-square-foot building in new Bristol industrial park

*Will occupy facility by second quarter*

By Alex Zank - Mar 9, 2021 2:07 pm



Bristol Highlands phase one. Photo courtesy of HSA Commercial Real Estate

Last updated on March 10th, 2021 at 02:27 pm

Waukegan, Illinois-based **Visual Pak Cos.** is leasing a 472,176-square-foot building at the new **Bristol Highlands Commerce Center**.

Bristol Highlands is a 68-acre industrial park at Wilmot Road and 136th Avenue, near the state border with Illinois. It is being developed by Chicago-based **HSA Commercial Real Estate**.

## #2

Heartland Produce acquires future headquarters site in Kenosha

By Alex Zank - Jun 28, 2021 2:12 pm



Rendering of the headquarters and distribution center that Heartland Produce plans to build at the former Dairyland Greyhound Park site in Kenosha. Provided by Harris Architects Inc.

Last updated on June 30th, 2021 at 12:42 pm

Kenosha-based **Heartland Produce Co.** has acquired 31 acres of land at the former Dairyland Greyhound Park dog track site in Kenosha, where it plans to build a new headquarters and distribution center.

Heartland Produce, now located at 4550 70th Ave., purchased the site along 104th Street for \$5.19 million, according to state records.

## #3

HSA Commercial planning large warehouse in Somers

*Facility would be built north of Amazon's Kenosha warehouses*

By Alex Zank - Nov 1, 2021 12:52 pm



HSA Commercial's proposed Somers warehouse. Rendering: Partners in Design

Last updated on November 1st, 2021 at 05:03 pm

Chicago-based **HSA Commercial Real Estate** plans to construct another warehouse along the I-94 North-South corridor.

The developer has filed plans with the village and town of Somers to construct a 773,764-square-foot warehouse building at the Darby Lane Farms site, 11110 Burlington Road.

The development site is northeast of Burlington Road and I-94, just north of Amazon's massive





# 2021 Market Update



# Adam's Predictions

**The Predictions**

**Ruling**







**Wrong!!!!**

# Mitch's Predictions

## The Predictions

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