

# 2021 Market Update

Presented By:



# **Office Market**

**Presented By:  
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Founders 3 Real Estate**



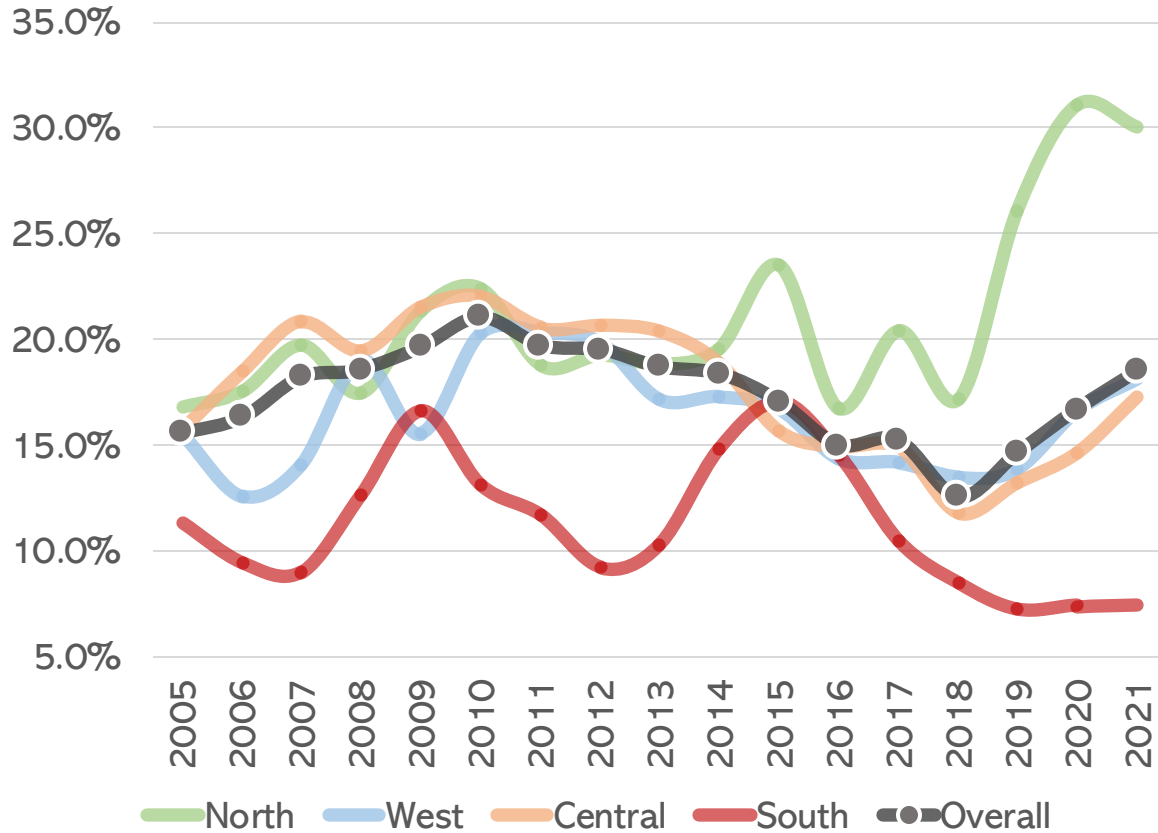
# MARKET OVERVIEW

Submarket	Number Of Buildings	Inventory	Total Available	Available %	Total Vacant	Vacant %
North	69	4,222,489	1,412,293	33.4%	1,268,845	30.0%
West	147	7,596,584	2,416,533	31.8%	1,378,161	18.1%
Central	162	21,614,868	4,932,088	22.8%	3,728,727	17.3%
South	29	1,610,146	128,057	8.0%	119,916	7.4%
<b>TOTAL</b>	<b>407</b>	<b>35,044,087</b>	<b>8,888,971</b>	<b>25.4%</b>	<b>6,495,649</b>	<b>18.5%</b>
<b>Compared to 2020</b>	<b>0</b>	<b>540,047</b>	<b>1,023,302</b>	<b>2.6%</b>	<b>736,816</b>	<b>1.8%</b>

2021 Market Update



# OVERALL OFFICE MARKET



## BY THE NUMBERS

**35.0M**

+540K

square feet inventory

**8.9M**

+1.0M

square feet available

**6.5M**

+737K

square feet vacant

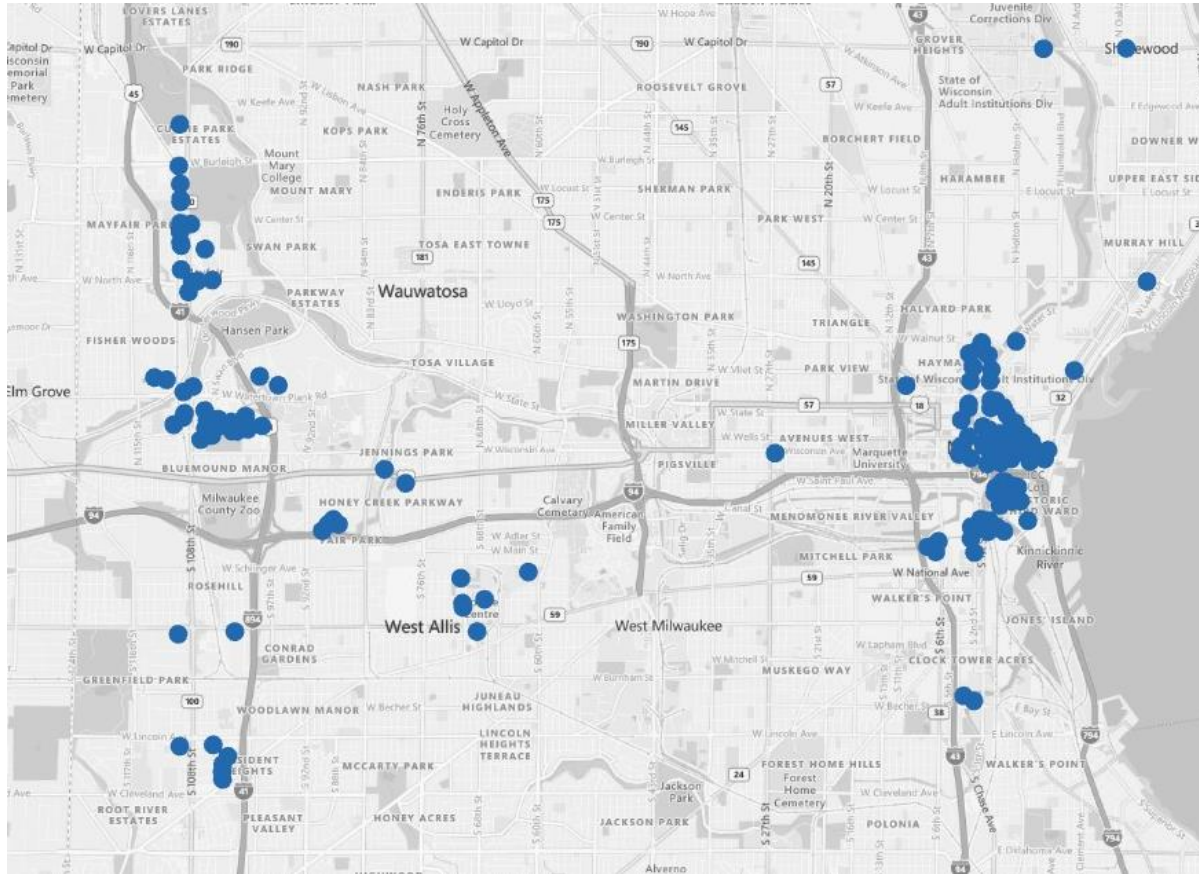
**18.5%**

+1.8%

vacancy rate



# OFFICE CENTRAL SUBMARKET



## BY THE NUMBERS

**21.6M**

square feet inventory

+449K

**4.9M**

square feet available

+804K

**3.7M**

square feet vacant

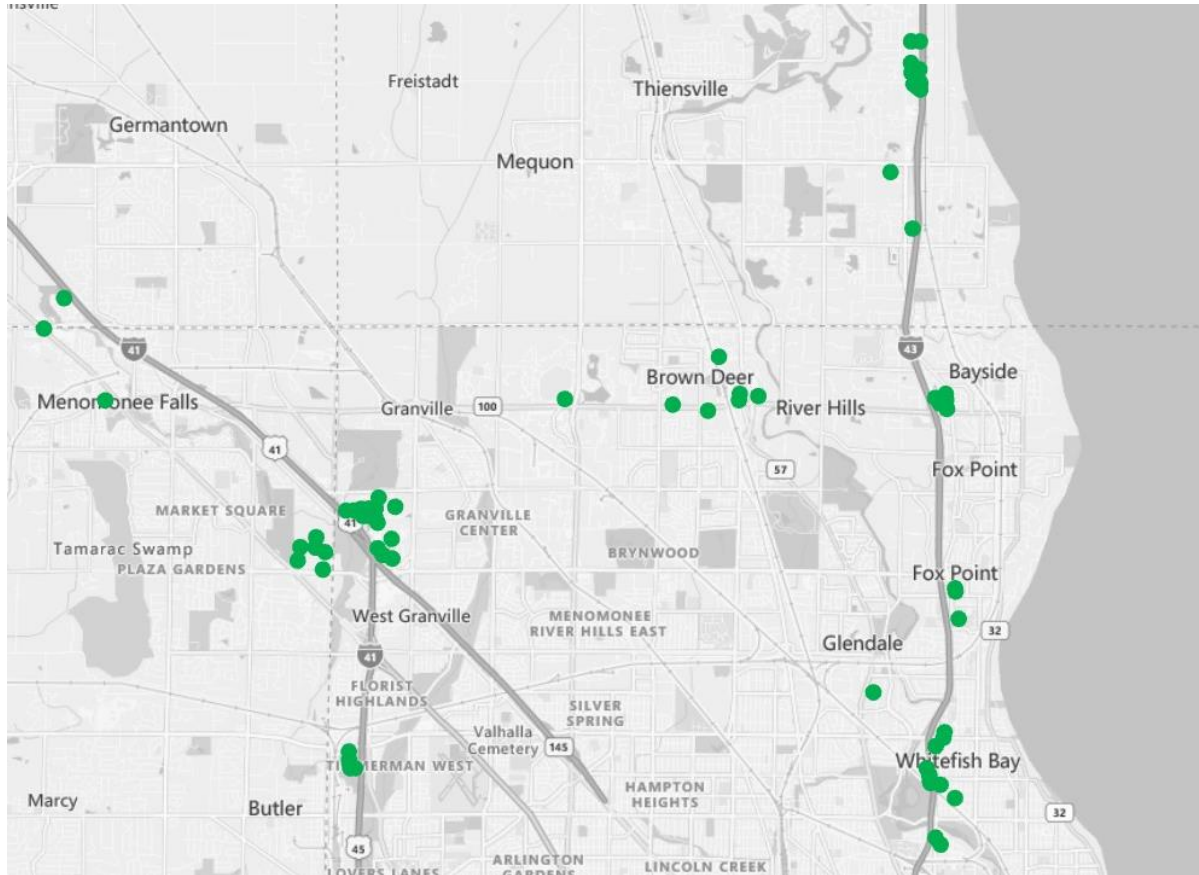
+630K

**17.3%**

vacancy rate

+2.6%

# OFFICE NORTH SUBMARKET



## BY THE NUMBERS

**4.2M**

+122K

square feet inventory

**1.4M**

(185K)

square feet available

**1.3M**

(5.7K)

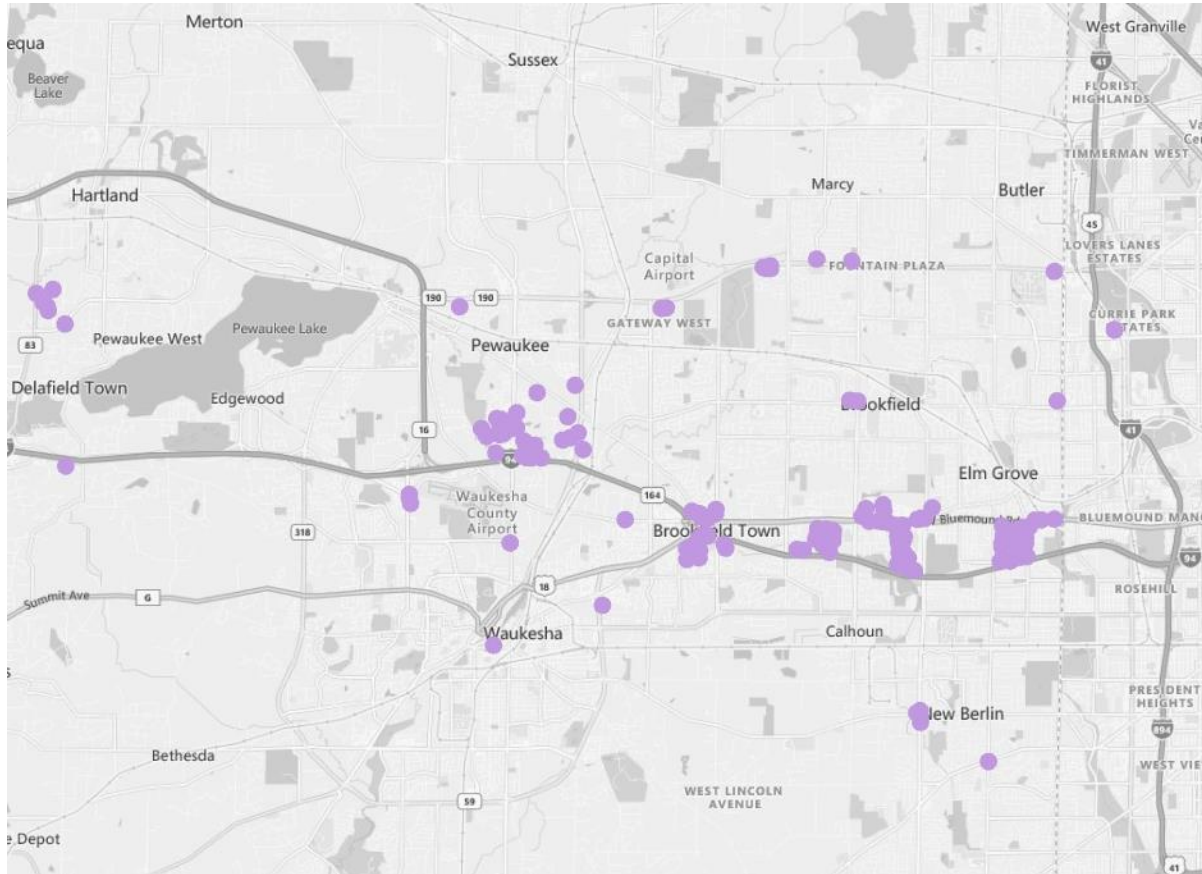
square feet vacant

**30.0%**

(1.0%)

vacancy rate

# OFFICE WEST SUBMARKET



BY THE NUMBERS

**7.6M**  
(31K)

square feet inventory

**2.4M**  
+412K

square feet available

**1.4K**  
+111K

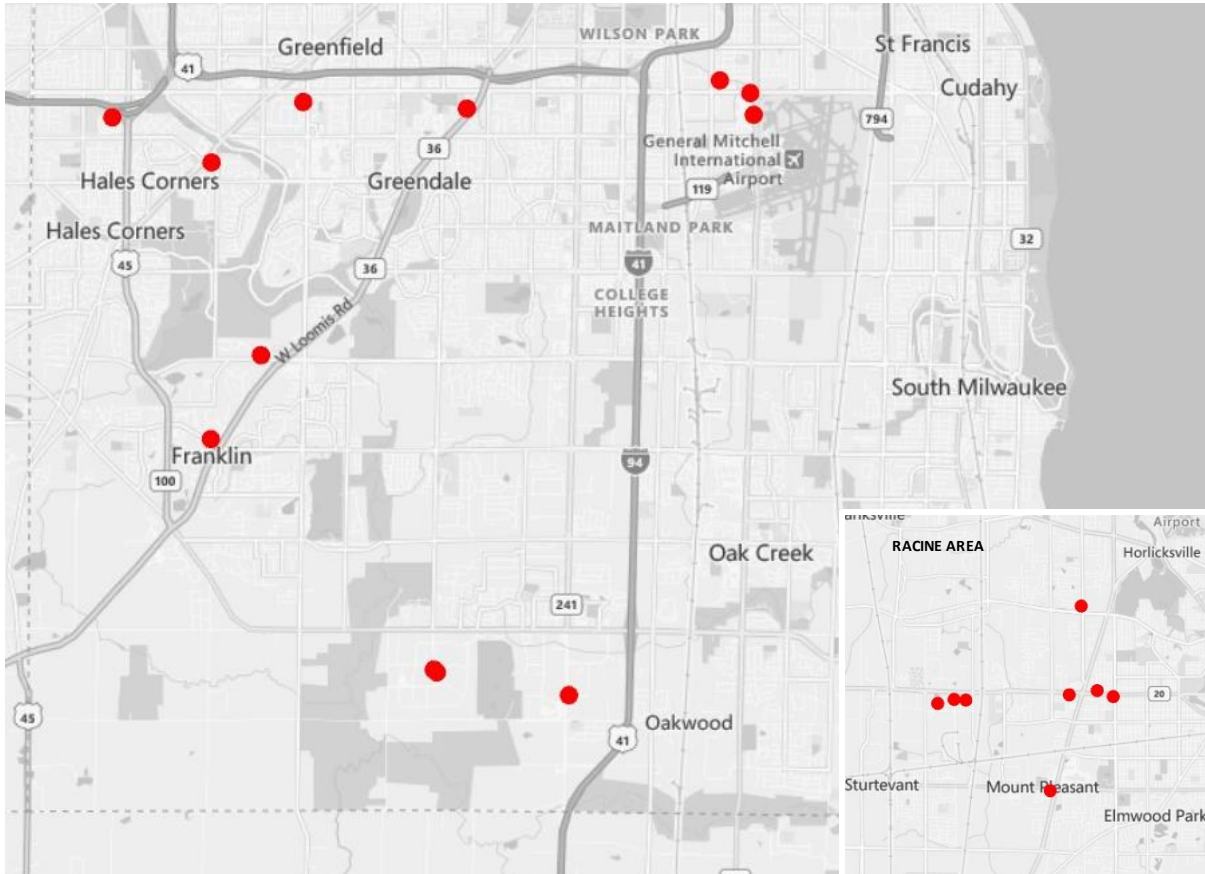
square feet vacant

**18.1%**  
+1.5%

vacancy rate



# OFFICE SOUTH SUBMARKET



BY THE NUMBERS

1.6M

square feet inventory

+0K

128K

square feet available

(8K)

120K

square feet vacant

(0K)

7.4%

vacancy rate

(0%)



# 2021 DEAL ANALYSIS

4,000 -  
5,000  
Sq. Ft.

AVERAGE DEAL SIZE

Four  
Years

AVERAGE DEAL TERM

\$29.81  
psf  
Gross

CLASS 'A' ASKING RATE

\$21.21  
psf  
Gross

CLASS 'B' ASKING RATE

2021 Market Update



# 2021 TRENDS



Demand Increase  
from 2020



Spec Suites  
on the Rise



Construction  
Prices



Average  
Deal Size



Corporations  
Return to Office

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# 2021 NOTABLE SUBURBAN DEALS



45,000 SF  
440 S Executive Drive



21,000 SF  
2323 N Mayfair Road



110,000 SF  
24100 W Riverwood Drive



17,000 SF  
427 E Stewart Street



23,000 SF  
1100 Milwaukee Ave



11,000 SF  
2514 S 102<sup>nd</sup> Street



39,000 SF  
6737 W Washington Street



30,000 SF  
11200 W Parkland Ave

## 2021 Market Update





# 2021 NOTABLE DOWNTOWN DEALS

**HERZING**<sup>®</sup>  
— UNIVERSITY —

22,000 SF  
275 W Wisconsin Ave



*Eight Eleven*

10,000 SF  
640 N Vel R. Phillips Ave

 **PKWARE**

15,500 SF  
201 E Pittsburgh Ave



10,000 SF  
833 E Michigan Ave

**GOOD KARMA BRANDS**  
[EST. 1997]

25,000 SF  
275 W Wisconsin Ave

**2021 Market Update**



# SUBURBAN MARKET OUTLOOK





# DOWNTOWN MARKET OUTLOOK





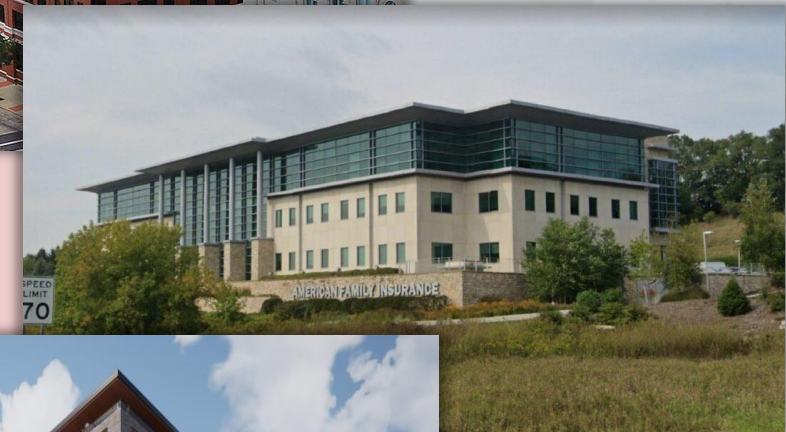
# THE MARKET HEADS WEST





# MAJOR ANNOUNCEMENTS

- ❖ Milwaukee Tool purchases 501 W Michigan Street
- ❖ Generac purchases American Family offices in Pewaukee
- ❖ Johnson Controls sells downtown office and will move to Glendale
- ❖ Milwaukee Public Museum moving near Deer District
- ❖ Deer District breaks ground on their boutique hotel “The Trade”
- ❖ 330 Kilbourn and Chase Tower sell to Group RMC out of New York



# MARKET HURDLES



- ❖ Construction Prices, Labor and Supply Chain Issues.
- ❖ Many Options For Tenants.
- ❖ Creativity with Rental Rates.



# DECISION MAKING FACTORS

- ❖ Downsize & Upgrade?
- ❖ Hybrid Work Schedules
- ❖ Amenities are King
- ❖ Culture & Collaboration are still as important as ever...maybe even more so.









# TENANTS HAVE OPTIONS

- ❖ Many options but rents remain stable.
- ❖ Deals from the Landlord perspective.
- ❖ Rates will most likely continue to rise.





# TAKE-AWAYS



- ❖ Office Market Comeback.
- ❖ Spec Suite Demand.
- ❖ Flight to Quality.
- ❖ Winners in the Market.

BEN'S 2021  
PREDICTIONS

HOW DID  
HE DO?





# BEN'S 2021 PREDICTIONS



❖ Office isn't dead!



❖ Vaccine by the Summer of 2021.



❖ Significant Demand Increase in Q3 & Q4 of 2021.



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❖ Giannis leads Bucks to the NBA finals!



# MY 2022 PREDICTIONS



I DON'T KNOW  
ABOUT YOU,  
BUT I'M  
FEELING 22



# 2022 PREDICTIONS

- ❖ The “Flight to Quality” will continue.
- ❖ Single-story office properties in Park Place will be converted to Industrial use.
- ❖ Deer District & Haymarket Square will be the next highly sought-after area.
- ❖ A large, out-of-state company will open a downtown Milwaukee office.
- ❖ Packers win the super bowl in February; Rodgers will get himself a haircut and will be “immunized” again before next season where he will remain the Packers QB1.

