

COMMERCIAL REAL ESTATE MARKET REPORT

Q2 2022

FOR IMMEDIATE RELEASE JULY 2022 | For more information, please contact: Tracy Johnson, CARW 414-698-7474 | Chris Allen, REDICOMPS 952-456-1669

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Southeast Wisconsin Office Overview

- Milwaukee office market posted negative net absorption of 19,000 sf for multi and single tenant properties bringing the YTD to 49,000 sf positive absorption and a vacancy rate of 15.3%. Multi-tenant properties had 19,000 sf negative absorption this quarter bringing the YTD to 23,000 sf negative absorption and a vacancy rate of 20.5%.
- Milwaukee CBD ended with 16.1% vacancy resulting from 42,000 sf negative absorption for all properties while for multi-tenant only properties, the vacancy rate was 21.3%.
- The suburban markets posted 23,000 sf positive net absorption and a vacancy rate of 14.7% for single and multi-tenant properties while multi-tenant properties ended with a vacancy rate of 19.7%.
- Milwaukee Downtown West market had the largest positive gain of 24,000 sf due to 5 smaller leases and no vacancies.

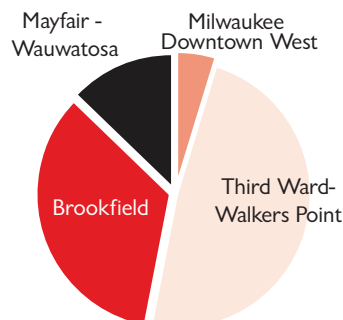
SUMMARY

Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	104	16,941,329	4,260,002	3,227,225	(50,345)	6,490	19.0%
B	415	26,289,353	4,783,437	3,511,517	24,665	36,590	13.4%
C	48	2,126,892	111,934	189,955	6,544	6,544	8.9%
Total	567	45,357,574	9,155,373	6,928,697	(19,136)	49,624	15.3%

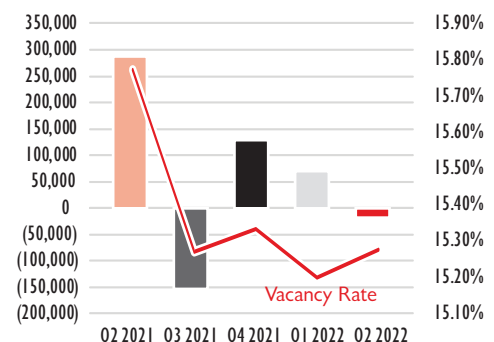
- Milwaukee Downtown East took the biggest hit of 40,800 sf negative net absorption resulting from Infinity Healthcare vacating 59,600 sf.
- Milwaukee office market had 136 lease comps totaling 417,000 sf this quarter with 105 of the lease comps in the suburban markets and 31 lease comps in Milwaukee CBD markets. Twenty six office properties sold with 487,800 sf for \$59,300,000.
- There is 550,000 sf currently under construction in 5 properties. Golf Parkway Corp Center is the largest with 188,000 sf due to be delivered summer 2022. Two properties were delivered year to date with 55,000 sf.

UNDER CONSTRUCTION

MARKET	BLDG SIZE (SF)
Milwaukee Downtown West	26,250
Third Ward - Walkers Point	266,860
Brookfield	188,000
Mayfair - Wauwatosa	70,357
Grand Total	551,467



ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

SOUTHEAST WISCONSIN OFFICE

Market	Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Milwaukee Downtown East	A	16	6,712,617	1,485,021	1,052,206	(41,596)	(24,297)	15.7%
	B	39	4,218,971	491,694	434,907	710	(15,335)	10.3%
	C	4	146,389	22,800	17,100	0	0	11.7%
	Subtotal	59	11,077,977	1,999,515	1,504,213	(40,886)	(39,632)	13.6%
Milwaukee Downtown West	A	3	902,938	473,263	470,090	0	605	52.1%
	B	30	4,122,344	774,769	553,610	23,918	16,235	13.4%
	C	2	189,311			0	0	0.0%
	Subtotal	35	5,214,593	1,248,032	1,023,700	23,918	16,840	19.6%
Third Ward-Walkers Point	A	6	733,416	256,695	219,944	9,112	10,182	30.0%
	B	36	2,028,295	412,298	301,250	(34,456)	(30,634)	14.9%
	C	4	120,713	42,963	42,963	0	0	35.6%
	Subtotal	46	2,882,424	711,956	564,157	(25,344)	(20,452)	19.6%
Milwaukee CBD	A	25	8,348,971	2,214,979	1,742,240	(32,484)	(13,510)	20.9%
	B	105	10,369,610	1,678,761	1,289,767	(9,828)	(29,734)	12.4%
	C	10	456,413	65,763	60,063	0	0	13.2%
	Subtotal	140	19,174,994	3,959,503	3,092,070	(42,312)	(43,244)	16.1%
Brookfield	A	25	2,074,412	636,351	356,381	17,479	38,963	17.2%
	B	76	3,980,555	848,403	602,558	(19,087)	7,359	15.1%
	C	5	147,754	5,000		0	0	0.0%
	Subtotal	106	6,202,721	1,489,754	958,939	(1,608)	46,322	15.5%
Mayfair - Wauwatosa	A	15	2,095,692	416,688	311,824	(40,011)	(9,995)	14.9%
	B	29	1,430,209	336,423	316,724	18,015	15,688	22.1%
	C	7	315,383	26,054	12,785	0	0	4.1%
	Subtotal	51	3,841,284	779,165	641,333	(21,996)	5,693	16.7%
Mequon - Theinsville	A	5	167,134	63,361	57,453	6,667	6,667	34.4%
	B	12	333,312	90,015	79,043	(6,212)	(5,929)	23.7%
	Subtotal	17	500,446	153,376	136,496	455	738	27.3%
Milwaukee Central	B	9	663,753	65,329		0	0	0.0%
	C	11	675,498		103,530	0	0	15.3%
	Subtotal	20	1,339,251	65,329	103,530	0	0	7.7%

SOUTHEAST WISCONSIN OFFICE, continued

Market	Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Milwaukee North Shore	A	3	233,538	151,651	149,499	0	(5,507)	64.0%
	B	32	1,894,614	253,539	176,576	13,186	12,596	9.3%
	C	7	271,978	15,117	13,577	6,544	6,544	5.0%
	Subtotal	42	2,400,130	420,307	339,652	19,730	13,633	14.2%
Milwaukee Northwest	A	11	1,915,769	259,743	193,811	0	13,955	10.1%
	B	43	2,548,195	462,695	427,438	(1,085)	(36,519)	16.8%
	Subtotal	54	4,463,964	722,438	621,249	(1,085)	(22,564)	13.9%
Milwaukee Southwest	A	3	791,333	23,575	23,575	0	(8,185)	3.0%
	B	19	784,238	131,827	80,905	1,658	4,958	10.3%
	C	2	91,658			0	0	0.0%
	Subtotal	24	1,667,229	155,402	104,480	1,658	(3,227)	6.3%
Milwaukee West	B	18	1,733,534	482,412	256,597	10,720	25,519	14.8%
	C	2	61,785			0	0	0.0%
	Subtotal	20	1,795,319	482,412	256,597	10,720	25,519	14.3%
Pewaukee	A	17	1,314,480	493,654	392,442	(1,996)	(15,898)	29.9%
	B	20	730,608	140,309	71,914	(5,421)	159	9.8%
	Subtotal	37	2,045,088	633,963	464,356	(7,417)	(15,739)	22.7%
Waukesha Northwest - Lake Country	B	19	614,895	30,935	22,077	17,319	30,580	3.6%
	Subtotal	19	614,895	30,935	22,077	17,319	30,580	3.6%
Waukesha Southeast - New Berlin	B	14	486,643	177,033	110,950	2,000	2,000	22.8%
	Subtotal	14	486,643	177,033	110,950	2,000	2,000	22.8%
Waukesha Southwest	B	19	719,187	85,756	76,968	3,400	9,913	10.7%
	C	4	106,423			0	0	0.0%
	Subtotal	23	825,610	85,756	76,968	3,400	9,913	9.3%
Suburban	A	79	8,592,358	2,045,023	1,484,985	(17,861)	20,000	17.3%
	B	310	15,919,743	3,104,676	2,221,750	34,493	66,324	14.0%
	C	38	1,670,479	46,171	129,892	6,544	6,544	7.8%
	Subtotal	427	26,182,580	5,195,870	3,836,627	23,176	92,868	14.7%
Grand Total		567	45357574	9155373	6928697	-19136	49624	15.3%



Southeast Wisconsin Industrial Overview

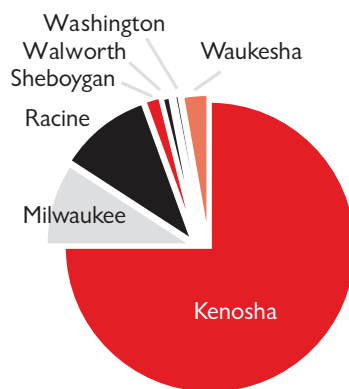
- Milwaukee industrial market posted 819,000 sf positive absorption bringing the YTD to 2.0 msf and a vacancy rate of 3.3% for both multi and single tenant properties. Multi-tenant properties posted 997,000 sf positive absorption bringing the YTD to 1.3 msf and a vacancy rate of 8.9%.
- Kenosha County led all counties with 1.53 msf positive absorption resulting from Uline leasing 757,000 sf, XPO Logistics leasing 396,000 sf and new delivery of 330,000 sf for Kroger Fulfillment Center.
- Milwaukee County led all counties logging 561,000 sf negative absorption due to Journal Sentinel closing their 465,000 sf facility and Goodwill vacated 164,000 sf.
- Milwaukee industrial market had 94 lease comps totaling over 3,000,000 sf. Fifty nine properties sold with 3,343,000 sf this quarter topping \$263 million.
- There is over 10,200,000 sf currently under construction resulting from 37 projects. Two properties with over 1,000,000 sf are under construction to be delivered 2023. Kenosha County accounted for 7,700,000 sf currently under construction in 18 properties.
- Sixteen properties with 4,689,000 sf were delivered year to date. Kenosha County had seven of the properties with 2,976,000 sf.

SUMMARY

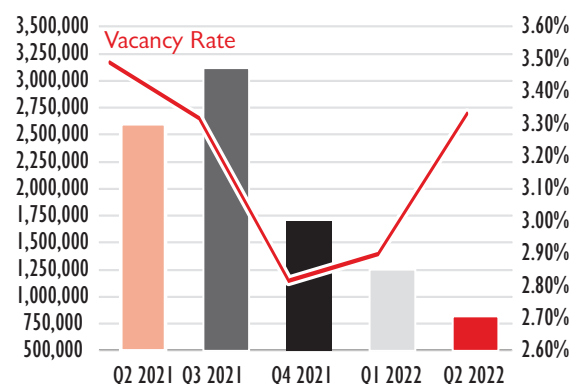
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	291	13,108,963	1,155,168	961,531	(157,788)	102,578	7.3%
Manufacturing	2,187	177,367,385	4,009,713	3,899,231	(348,215)	(267,172)	2.2%
Warehouse Distribution	781	114,335,130	6,376,745	4,614,750	969,936	1,849,302	4.0%
Warehouse Office	2,103	63,936,879	5,176,031	2,806,649	355,330	384,284	4.4%
Grand Total	5,362	368,748,357	16,717,657	12,282,161	819,263	2,068,992	3.3%

UNDER CONSTRUCTION (SF)

COUNTY	BLDG SIZE (SF)
Kenosha	7,710,877
Milwaukee	946,780
Racine	1,058,679
Sheboygan	175,200
Walworth	78,000
Washington	16,420
Waukesha	279,806
Grand Total	10,265,762



ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

SOUTHEAST WISCONSIN INDUSTRIAL

	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Kenosha	Flex/R&D	8	682,599	8,000	8,000	0	0	1.2%
	Manufacturing	103	7,830,168			0	0	0.0%
	Warehouse Distribution	93	31,173,937	1,425,767	1,572,058	1,531,561	2,018,791	5.0%
	Warehouse Office	69	2,782,134	334,027	14,134	0	0	0.5%
	Subtotal	273	42,468,838	1,767,794	1,594,192	1,531,561	2,018,791	3.8%
Milwaukee	Flex/R&D	60	3,177,381	685,720	631,119	(149,993)	(94,799)	19.9%
	Manufacturing	677	61,446,515	2,711,885	2,753,548	(457,169)	(549,774)	4.5%
	Warehouse Distribution	292	33,005,726	1,910,143	1,443,972	43,050	(13,085)	4.4%
	Warehouse Office	681	24,002,150	2,641,155	1,503,250	2,652	3,982	6.3%
	Subtotal	1,710	121,631,772	7,948,903	6,331,889	(561,460)	(653,676)	5.2%
Ozaukee	Flex/R&D	20	615,960	93,071	58,690	(4,182)	(4,182)	9.5%
	Manufacturing	118	9,041,752	319,820	301,576	28,800	194,478	3.3%
	Warehouse Distribution	17	2,244,601	6,001	6,001	0	(6,001)	0.3%
	Warehouse Office	66	2,557,124	82,045	62,045	309,307	414,323	2.4%
	Subtotal	221	14,459,437	500,937	428,312	333,925	598,618	3.0%
Racine	Flex/R&D	11	580,584	36,442	36,442	0	0	6.3%
	Manufacturing	191	17,482,634	25,014	163,608	0	0	0.9%
	Warehouse Distribution	76	12,641,030	1,485,876	682,061	(438,309)	(73,942)	5.4%
	Warehouse Office	139	4,634,544	474,208	467,660	0	0	10.1%
	Subtotal	417	35,338,792	2,021,540	1,349,771	(438,309)	(73,942)	3.8%
Sheboygan	Flex/R&D	1	30,720	5,080	10,080	0	0	32.8%
	Manufacturing	151	19,553,711	142,014	43,525	0	0	0.2%
	Warehouse Distribution	35	5,145,042	221,029		0	0	0.0%
	Warehouse Office	91	2,335,075	88,220		0	0	0.0%
	Subtotal	278	27,064,548	456,343	53,605	0	0	0.2%
Walworth	Flex/R&D	4	94,396			0	0	0.0%
	Manufacturing	124	9,541,727	207,554	30,500	(30,500)	(30,500)	0.3%
	Warehouse Distribution	29	2,788,545	259,500	146,900	0	0	5.3%
	Warehouse Office	74	2,135,317	87,662	40,000	0	10,000	1.9%
	Subtotal	231	14,559,985	554,716	217,400	(30,500)	(20,500)	1.5%
Washington	Flex/R&D	15	528,613	60,014		0	0	0.0%
	Manufacturing	234	14,903,960	110,234	95,174	26,250	101,250	0.6%
	Warehouse Distribution	73	9,392,874	629,997	532,954	(189,756)	(189,756)	5.7%
	Warehouse Office	174	4,343,801	307,893	179,575	9,771	23,278	4.1%
	Subtotal	496	29,169,248	1,108,138	807,703	(153,735)	(65,228)	2.8%
Waukesha	Flex/R&D	172	7,398,710	266,841	217,200	(3,613)	201,559	2.9%
	Manufacturing	589	37,566,918	493,192	511,300	84,404	17,374	1.4%
	Warehouse Distribution	166	17,943,375	438,432	230,804	23,390	113,295	1.3%
	Warehouse Office	809	21,146,734	1,160,821	539,985	33,600	(67,299)	2.6%
	Subtotal	1,736	84,055,737	2,359,286	1,499,289	137,781	264,929	1.8%
Grand Total		5,362	368,748,357	16,717,657	12,282,161	819,263	2,068,992	3.3%

Southeast Wisconsin Retail Deals

NOTABLE RETAIL LEASE TRANSACTIONS

Property	Size (sf)	Market	Tenant	Landlord
Sunset Crossings				
120 E Sunset Dr	53,516	Waukesha Southwest	Storage Sense	Lockard Waukesha Holdings LLC
Miracle Mile Shopping Center				
5655 S 27th St	29,000	Milwaukee South	Twins Appliance and Furniture	Elm Holdings 3 LLC
Elmbrook Plaza				
2305 N 124th St	5,000	Brookfield	Nova Medical Centers	Elmbrook Plaza Brookfield
Sentry Plaza				
10230 W National Ave	4,714	Milwaukee West Allis	Zoom Room	Badger Century Management LLC
231 E Buffalo St	3,445	Third Ward - Walkers Point	Reign LLC	231 East Buffalo LLC
I135 Legion Dr	3,400	Brookfield	S.J. Janis Company, LLC	1109 LLC
I520-I528 S I08th St	3,290	Milwaukee West Allis	Diamond Dental, LLC	BV West Allis LLC
Gazebo Square				
5701 Broad St	3,080	Milwaukee South	Tee and Shirt LLC	LB Broad Street LLC

NOTABLE RETAIL SALES TRANSACTIONS

Property	Price	Market	Buyer	Seller
Shoppes at Fountain Square				
16020 & 16130 W Bluemound Rd, 605-695 Main St, & 645 Main St	\$25,176,200	Brookfield	ARG FSBROWI001, LLC	Cole MT Brookfield WI, LLC
Whitnall Square				
4698 S Whitnall Ave	\$15,150,000	Milwaukee South	SRA/Whitnall-TIC, LLC; Rombert Whitnall RR, LLC; Rombert Whitnall CSHR, LLC	TCB-Whitnall, LLC
I9100 W Capitol Dr	\$8,000,000	Brookfield	Ska Real Estate Brookfield, LLC	Schlossmann Family LP
5602-5636 S I08th St	\$6,000,000	Milwaukee South	S26th Street, LLC	LLJ ODG Hales Corners, LLC
939 N Wisconsin St	\$5,994,256	Walworth	CF WAG Portfolio DST	CF Net Lease Portfolio V DST
Shoppes at Drexel				
160 W Town Square Way	\$5,970,000	Milwaukee South	MD6 Oak Creek, LLC	160 W Town Square Way Wisconsin, LLC
Miracle Mile Shopping Center				
5655 S 27th St	\$5,800,000	Milwaukee South	Elm Holdings 3, LLC; Elm Holdings 4, LLC	Samson Trusts Ventures
Rainbow Childcare Center				
13333 Jacob Ln	\$4,311,000	Milwaukee Northwest	Lacy Enterprises 2, LLC; JMC Partnership, LLC	EIG14T Fund II Menomonee Falls, LLC

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