

COMMERCIAL REAL ESTATE MARKET REPORT

Q3 2022

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FOR IMMEDIATE RELEASE OCTOBER 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 (46,000) sf for multi and single tenant properties bringing the YTD to (11,500) sf negative absorption and a vacancy rate of 16.0%. Multi-tenant properties had (104,000) sf negative absorption this quarter bringing the YTD to (142,000) sf negative absorption and a vacancy rate of 21.4%.
- Milwaukee CBD ended with 16.9% vacancy resulting from (20,000) sf negative absorption for all properties while multi-tenant only properties the vacancy rate was 22.5%.
- The suburban markets posted (26,000) sf negative net absorption and a vacancy rate of 15.4% for single and multi-tenant properties while multi-tenant properties ended with a vacancy rate of 20.5%.
- Brookfield had the largest increase with 100,000 sf positive

SUMMARY

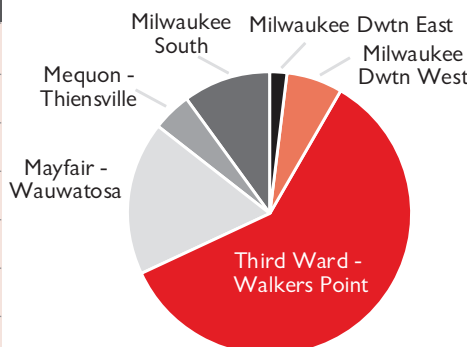
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	105	17,200,928	4,200,095	3,443,112	90,275	93,765	20.0%
B	412	26,201,255	4,807,195	3,664,617	(132,793)	(108,027)	14.0%
C	48	2,126,892	116,138	193,778	(3,823)	2,721	9.1%
Grand Total	565	45,529,075	9,123,428	7,301,507	(46,341)	(11,541)	16.0%

absorption led by the new delivery and Milliman leasing 121,000 sf while vacating 92,000 sf. Milwaukee Downtown East top all markets with (96,000) sf negative absorption led by Associated Bank vacating 89,000 sf.

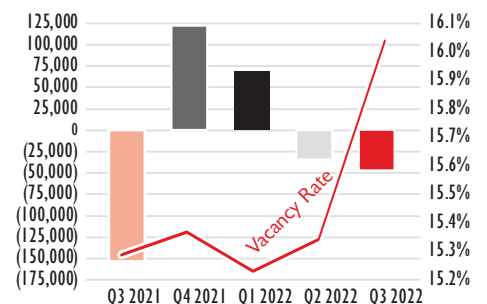
- Milwaukee office market had 70 lease comps totaling 262,000 sf of this quarter with 59 of the lease comps in the suburban markets and 11 lease comps in Milwaukee CBD markets. Twenty three office properties sold with 907,000 sf for \$87,000,000.
- There is 400,000 sf currently under construction in 7 properties. Four properties were delivered year to date with 351,000 sf.

UNDER CONSTRUCTION

MARKET	BLDG SIZE (SF)
Milwaukee Dwtn East	8,104
Milwaukee Dwtn West	26,250
Third Ward - Walkers Point	238,308
Mayfair - Wauwatosa	70,357
Mequon - Thiensville	17,575
Milwaukee South	40,000
Grand Total	400,594



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	1,426,986	1,144,535	(89,329)	(116,626)	17.1%
	B	40	4,254,966	449,620	429,945	(1,601)	(16,936)	10.1%
	C	4	146,389	26,250	22,500	(5,400)	(5,400)	15.4%
	Subtotal	60	11,113,972	1,902,856	1,596,980	(96,330)	(138,962)	14.4%
Milwaukee Downtown West	A	3	902,938	470,090	470,090	0	605	52.1%
	B	30	4,122,344	774,777	591,581	(19,569)	(3,334)	14.4%
	C	2	189,311			0	0	0.0%
	Subtotal	35	5,214,593	1,244,867	1,061,671	(19,569)	(2,729)	20.4%
Third Ward-Walkers Point	A	7	841,968	255,277	228,694	102,073	112,255	27.2%
	B	36	2,028,295	443,342	336,201	(6,468)	(65,585)	16.6%
	C	4	120,713	42,963	42,963	0	0	35.6%
	Subtotal	47	2,990,976	741,582	607,858	95,605	46,670	20.3%
Milwaukee CBD	A	26	8,457,523	2,152,353	1,843,319	12,744	(3,766)	21.8%
	B	106	10,405,605	1,667,739	1,357,727	(27,638)	(85,855)	13.0%
	C	10	456,413	69,213	65,463	(5,400)	(5,400)	14.3%
	Subtotal	142	19,319,541	3,889,305	3,266,509	(20,294)	(95,021)	16.9%
Brookfield	A	26	2,262,412	643,781	466,329	78,052	117,015	20.6%
	B	75	3,957,547	801,959	562,980	22,919	46,937	14.2%
	C	5	147,754	5,000		0	0	0.0%
	Subtotal	106	6,367,713	1,450,740	1,029,309	100,971	163,952	16.2%
Mayfair - Wauwatosa	A	15	2,095,692	401,434	315,375	788	(9,207)	15.0%
	B	27	1,371,253	356,967	327,860	(11,136)	4,552	23.9%
	C	7	315,383	26,054	12,785	0	0	4.1%
	Subtotal	49	3,782,328	784,455	656,020	(10,348)	(4,655)	17.3%
Mequon - Theinsville	A	4	130,181	63,361	57,453	0	6,667	44.1%
	B	12	333,312	80,631	69,659	9,384	3,455	20.9%
	Subtotal	16	463,493	143,992	127,112	9,384	10,122	27.4%
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	147,216	147,216	2,283	(3,224)	63.0%
	B	32	1,894,614	239,339	225,525	(48,949)	(36,353)	11.9%
	C	7	271,978	15,871	12,000	1,577	8,121	4.4%
	Subtotal	42	2,400,130	402,426	384,741	(45,089)	(31,456)	16.0%
Milwaukee Northwest	A	11	1,915,769	273,958	208,026	(14,215)	(260)	10.9%
	B	43	2,548,195	478,575	445,778	(18,340)	(54,859)	17.5%
	Subtotal	54	4,463,964	752,533	653,804	(32,555)	(55,119)	14.6%
Milwaukee Southwest	A	3	791,333	23,575	23,575	0	(8,185)	3.0%
	B	19	775,309	131,268	72,306	5,243	10,201	9.3%
	C	2	91,658			0	0	0.0%
	Subtotal	24	1,658,300	154,843	95,881	5,243	2,016	5.8%
Milwaukee West	B	18	1,733,534	555,617	328,687	(72,090)	(46,571)	19.0%
	C	2	61,785			0	0	0.0%
	Subtotal	20	1,795,319	555,617	328,687	(72,090)	(46,571)	18.3%
Pewaukee	A	17	1,314,480	494,417	381,819	10,623	(5,275)	29.0%
	B	20	730,608	138,823	70,144	1,770	1,929	9.6%
	Subtotal	37	2,045,088	633,240	451,963	12,393	(3,346)	22.1%
Waukesha Northwest - Lake Country	B	19	614,895	28,524	19,666	2,411	32,991	3.2%
	Subtotal	19	614,895	28,524	19,666	2,411	32,991	3.2%
Waukesha Southeast - New Berlin	B	14	486,643	183,588	110,950	0	2,000	22.8%
	Subtotal	14	486,643	183,588	110,950	0	2,000	22.8%
Waukesha Southwest	B	18	685,987	78,836	73,335	3,633	13,546	10.7%
	C	4	106,423			0	0	0.0%
	Subtotal	22	792,410	78,836	73,335	3,633	13,546	9.3%
Suburban	A	79	8,743,405	2,047,742	1,599,793	77,531	97,531	18.3%
	B	306	15,795,650	3,139,456	2,306,890	(105,155)	(22,172)	14.6%
	C	38	1,670,479	46,925	128,315	1,577	8,121	7.7%
	Subtotal	423	26,209,534	5,234,123	4,034,998	(26,047)	83,480	15.4%
Grand Total		565	45,529,075	9,123,428	7,301,507	(46,341)	(11,541)	16.0%



Southeast Wisconsin Industrial Overview

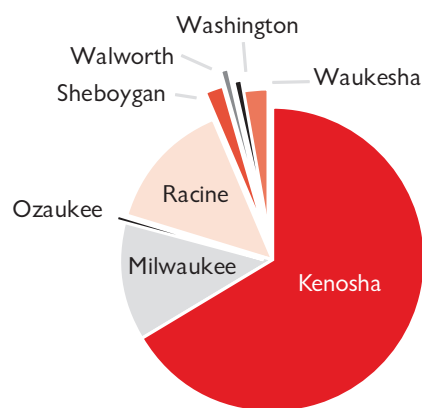
- Milwaukee industrial market posted 1.4 msf positive absorption bringing the YTD to 3.99 msf and a vacancy rate of 3.3% for both multi and single tenant properties. Multi-tenant properties posted 945,000 sf positive absorption bringing the YTD to 2.28 msf and a vacancy rate of 8.9%.
- Milwaukee County topped all counties in positive absorption with 495,000 sf resulting from the new delivery of 430,000 sf for Komatsu and Thrive Foods leasing 341,000 sf.
- The only county to post a loss was Washington with (5,900) sf negative absorption.
- At the close of Q3 2022 the Milwaukee industrial market had 81 lease transaction with 2.1 msf of leasing activity. Forty nine properties sold topping \$440 million and over 4.92 msf during Q3 2022.
- There is over 8,886,000 sf currently under construction resulting from 38 projects. Two properties with over 1,000,000 sf are under construction to be delivered 2023. Kenosha County accounted for 5,900,000 sf currently under construction in 13 properties.
- Twenty-one properties with 5,449,000 sf were delivered year to date. Kenosha County had eight of the properties with 3,135,000 sf.

SUMMARY

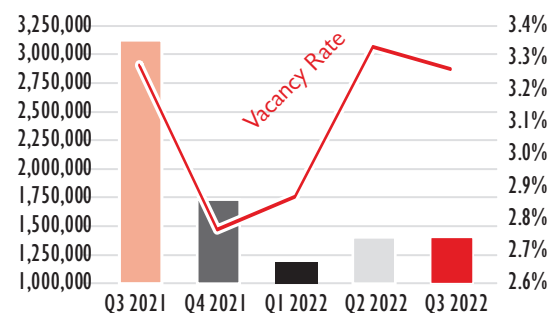
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	294	13,230,286	1,082,280	953,593	(32,749)	65,267	7.2%
Manufacturing	2,183	177,657,797	4,620,379	3,923,363	299,176	44,252	2.2%
Warehouse Distribution	785	115,648,967	6,281,801	4,581,654	806,863	3,123,036	4.0%
Warehouse Office	2,100	63,402,660	4,802,653	2,622,304	330,561	759,384	4.1%
Grand Total	5,362	369,939,710	16,787,113	12,080,914	1,403,851	3,991,939	3.3%

UNDER CONSTRUCTION (SF)

COUNTY	BLDG SIZE (SF)
Kenosha	5,905,864
Milwaukee	1,147,739
Ozaukee	36,843
Racine	1,239,125
Sheboygan	175,200
Walworth	80,951
Washington	70,000
Waukesha	230,885
Grand Total	8,886,607



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	95	31,858,131	2,035,329	2,100,932	148,480	2,173,976	6.6%
	Warehouse Office	70	2,944,634	334,027	14,134	162,500	162,500	0.5%
	Subtotal	276	43,315,532	2,377,356	2,123,066	310,980	2,336,476	4.9%
Milwaukee	Flex/R&D	60	3,177,722	671,550	609,120	3,620	(91,179)	19.2%
	Manufacturing	675	61,797,812	3,220,607	3,068,976	(24,864)	(493,666)	5.0%
	Warehouse Distribution	295	33,620,731	1,659,078	1,011,094	479,983	445,660	3.0%
	Warehouse Office	677	23,388,842	2,423,940	1,438,740	36,429	62,343	6.2%
	Subtotal	1,707	121,985,107	7,975,175	6,127,930	495,168	(76,842)	5.0%
Ozaukee	Flex/R&D	21	652,913	68,777	39,895	18,795	14,613	6.1%
	Manufacturing	118	9,041,752	194,150	175,906	194,394	320,148	1.9%
	Warehouse Distribution	16	2,149,211	6,001	6,001	0	(6,001)	0.3%
	Warehouse Office	65	2,544,414	95,559	55,445	6,600	420,923	2.2%
	Subtotal	220	14,388,290	364,487	277,247	219,789	749,683	1.9%
Racine	Flex/R&D	13	698,354	42,134	42,134	0	2,638	6.0%
	Manufacturing	190	17,449,319	175,608	175,608	(12,000)	(12,000)	1.0%
	Warehouse Distribution	76	12,616,354	1,180,128	628,369	48,000	(25,942)	5.0%
	Warehouse Office	138	4,574,765	449,728	443,180	24,480	24,480	9.7%
	Subtotal	417	35,338,792	1,847,598	1,289,291	60,480	(10,824)	3.6%
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	196,390	19,336	11,164	(19,336)	0.2%
	Warehouse Distribution	30	2,964,510	183,100	70,500	76,400	76,400	2.4%
	Warehouse Office	73	1,959,352	87,662	40,000	0	10,000	2.0%
	Subtotal	231	14,559,985	467,152	129,836	87,564	67,064	0.9%
Washington	Flex/R&D	15	528,613	47,356	36,168	(36,168)	(36,168)	6.8%
	Manufacturing	234	14,904,050	151,450	95,174	0	101,250	0.6%
	Warehouse Distribution	74	9,471,762	588,954	567,954	20,000	311,648	6.0%
	Warehouse Office	173	4,264,913	190,891	104,653	10,250	33,528	2.5%
	Subtotal	496	29,169,338	978,651	803,949	(5,918)	410,258	2.8%
Waukesha	Flex/R&D	172	7,364,969	239,383	208,196	(18,996)	175,363	2.8%
	Manufacturing	588	37,539,258	540,160	344,838	130,482	147,856	0.9%
	Warehouse Distribution	164	17,823,226	408,182	196,804	34,000	147,295	1.1%
	Warehouse Office	813	21,390,665	1,132,626	526,152	90,302	45,610	2.5%
	Subtotal	1,737	84,118,118	2,320,351	1,275,990	235,788	516,124	1.5%
Grand Total		5,362	369,939,710	16,787,113	12,080,914	1,403,851	3,991,939	3.3%

Southeast Wisconsin Retail Deals

NOTABLE RETAIL LEASE TRANSACTIONS

Property	Size (sf)	Market	Tenant	Landlord
Miracle Mile Shopping Center 5655 S 27th St	14,075	Milwaukee Southeast	Nunu's Hot Bargains	Elm Holdings 3, LLC Elm Holdings 4, LLC
Plymouth Commons 2615 Eastern Ave	13,725	Sheboygan	Neat Repeats Thrift Shop	Plymouth Retail Partners LLC
Westgate Square Shopping Center 4811 Washington Ave	10,341	Racine	Little Fish Buffet	Careers Industries Inc
Greenfield Place 4850 S 74th St	9,720	Milwaukee Southwest	K-Pot Korean BBQ	Bonnie Management Corp
River Centre 6001 W Mequon Rd	8,927	Mequon - Thiensville	Sweat Shop Hot Yoga	River Centre Building LLC
100 W Washington St	8,500	Washington	Dominic Nogare and Tabitha Brown	Hilbert Co LLC
9105 W Lincoln Ave	7,991	Washington	Veracruz	Slick and Buck Associates LLC
275 Regency Ct	6,848	Milwaukee West	Nicky Migz Place LLC	275 Regency LLC

NOTABLE RETAIL SALES TRANSACTIONS

Property	Price	Market	Buyer	Seller
7401 W Good Hope Rd	\$20,000,000	Milwaukee Northwest	7401 W Good Hope Road, LLC	Boulder Venture 34, LLC
1825 N Mayfair Rd	\$15,152,333	Mayfair - Wauwatosa	Realty Income Properties 24 LLC	Russ Darrow Wauwatosa Real Estate LLC
1515 W Mequon Rd	\$8,200,000	Mequon - Thiensville	East Towne Square Partners, LLC	1515 Mequon LLC
CVS 5220 W Rawson Ave	\$6,600,000	Milwaukee Southwest	IA FRANKLIN LADDER 14	SCP 2009-C34-091 LLC
Mayfair Collection 11100 W Burleigh St	\$6,167,600	Mayfair - Wauwatosa	TCB Burleigh Retail, LLC	Jes Burleigh Retail LLC
Walgreens 7130 S 76th St	\$5,212,333	Milwaukee Southwest	MD-III LLC	MD-2 IV LLC
11301-11309 N Port Washington Rd	\$5,000,000	Mequon - Thiensville	Ba-Her Group 2 LLC	Kelly Investment Co LLC
15340 West Bluemound Road	\$4,900,000	Brookfield	National Retail Properties, LP	Jilly's Real Estate LLC
14100 W Capitol Dr	\$4,700,000	Brookfield	National Retail Properties, LP	Alibari LLC

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