

2022 Market Update

Presented By:

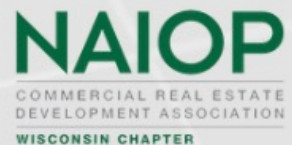


Market Update Emcee



Bailey Copeland
Greywolf Partners

2022 Market Update





#MarketUpdate2022

2022 Market Update



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Pam Turer
First American Bank



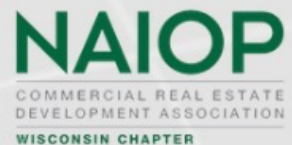
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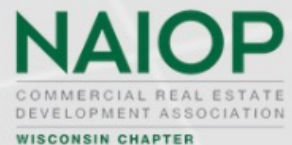


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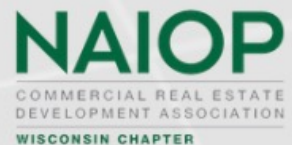


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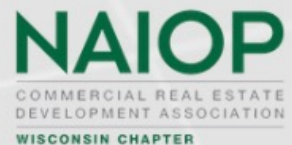




Nathan Winkel
Newmark

NEWMARK

2022 Market Update



2022 Market Update Presenters



Nick Keys
The Dickman
Company



Joe Moritz
Colliers



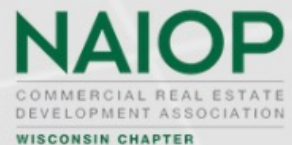
Hakan Hare
Founders 3
Real Estate Services



Dave Tighe
Cushman &
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INDUSTRIAL | OFFICE | RETAIL | INVESTMENT

2022 Market Update



Industrial Market

**Presented By:
Nick Keys
The Dickman Company**



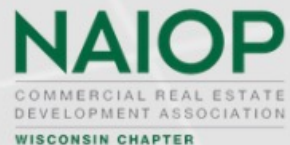
Agenda

Industrial Real Estate:

Southeastern Wisconsin Market

- What is driving demand for industrial real estate?
- How is our sector evolving to meet demand?
- How is demand impacting the Southeastern Wisconsin market?

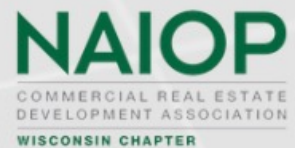
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What Drives Demand?



2022 Market Update



Industrial Evolution:

How are we adapting?

- Final touch facilities
- Increased Onshoring
- Just-in-time to Just-in-case

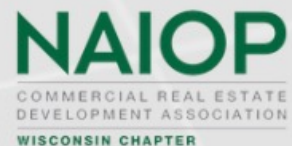


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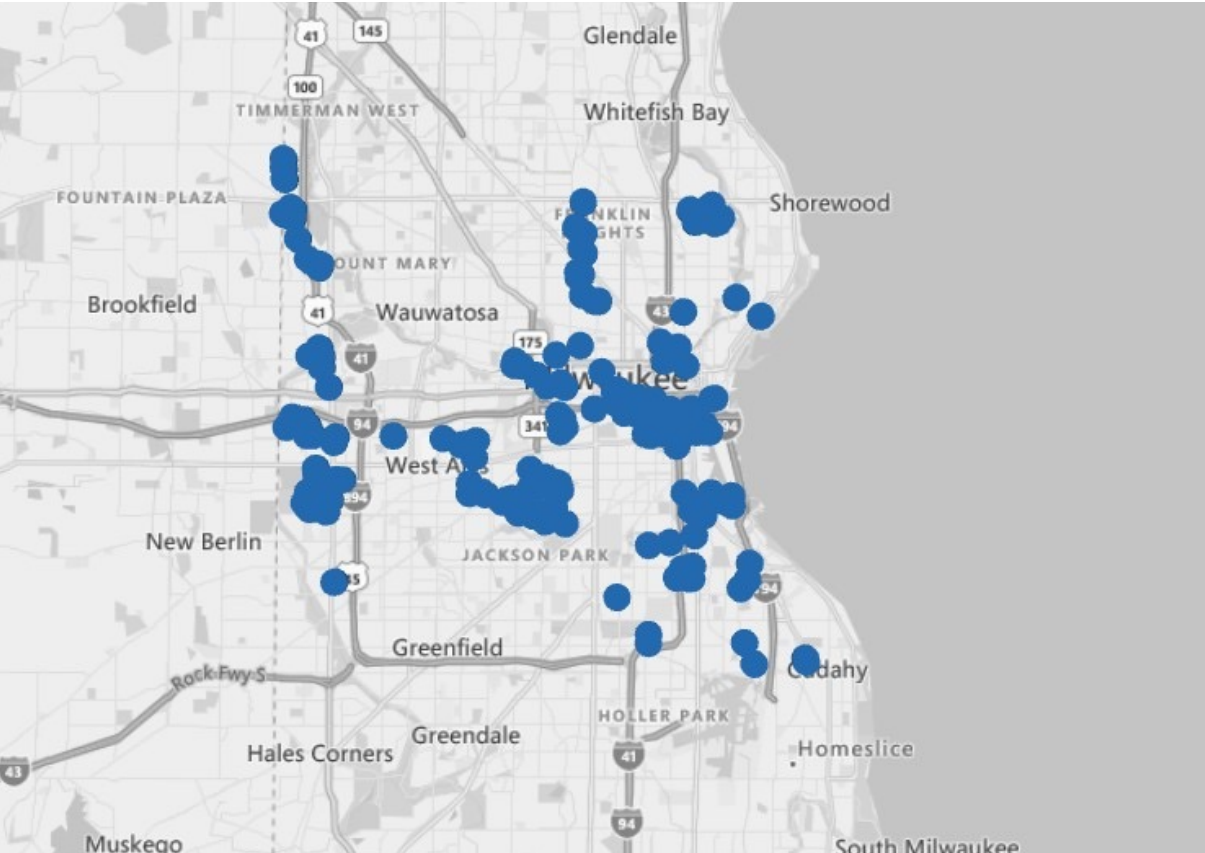


Submarket	Number Of Buildings	Inventory	Total Available	Available %	Total Vacant	Vacant %	Vacancy Year-Year Change
North	352	41,495,837	3,053,665	7.4%	1,967,485	4.7%	↑
West	354	30,901,397	1,484,968	4.8%	663,268	2.1%	↓
Central	190	22,432,895	3,430,039	15.3%	1,393,579	6.2%	↓
South	175	22,972,719	2,863,105	12.5%	1,607,959	7.0%	↑
Kenosha	152	35,373,557	3,054,419	8.6%	2,693,253	7.6%	↑
TOTAL	1,223	153,176,405	13,886,196	9.1%	8,325,544	5.4%	
Compared to 2021	4	2,406,204	(1,638,065)	(1.23%)	549,531	+0.3%	

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Industrial Central Submarket



BY THE NUMBERS

➔	22.4M	square feet inventory
	(290K)	
	3.4M	square feet available
	(534K)	
	1.4M	square feet vacant
	(646K)	
	6.2%	vacancy rate
	(2.8%)	

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Gannett sells former Journal Sentinel printing plant in West Milwaukee to Chicago Tribune owner for \$26 million

By Cara Spoto · Oct 7, 2022 2:46 pm



Order Reprint

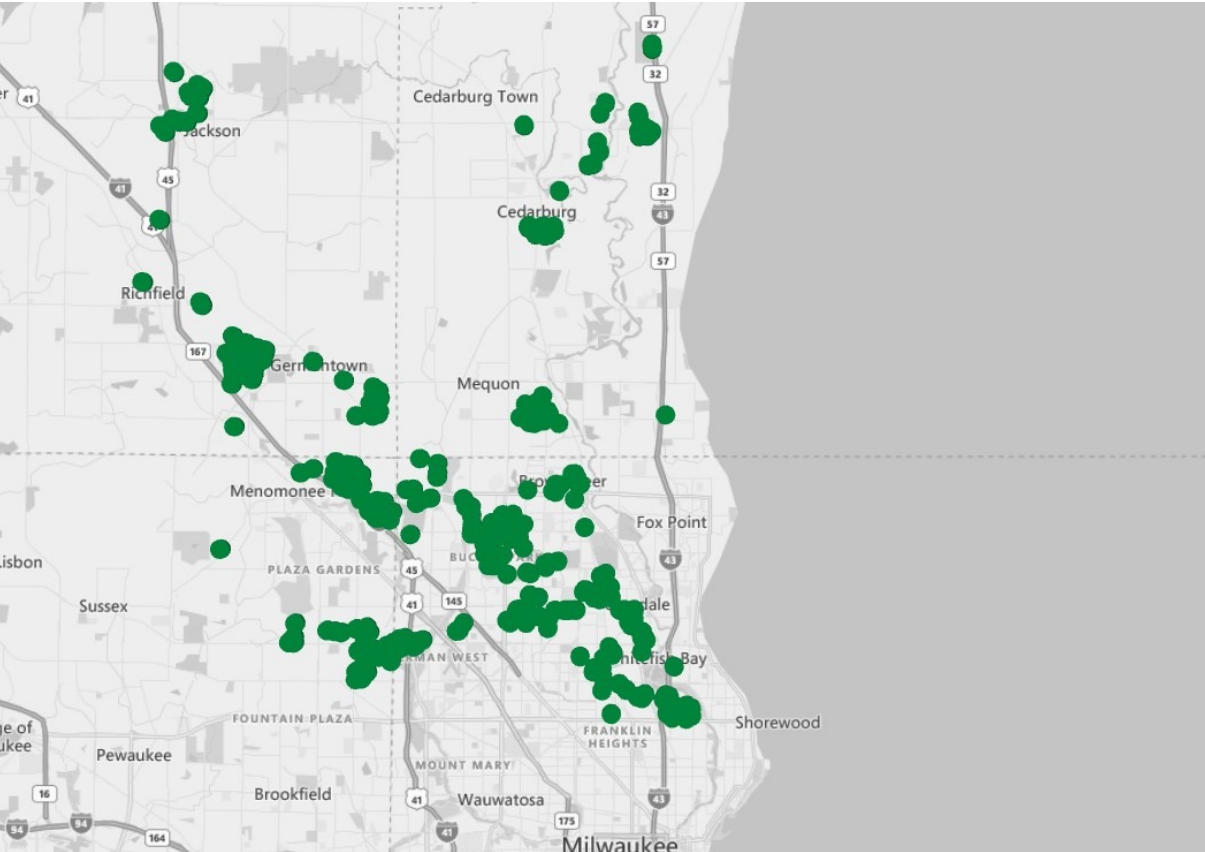


A subsidiary of Alden Global Capital has purchased The Milwaukee Journal Sentinel's former West Milwaukee Printing Plant for \$26 million.
(Photo courtesy of LoopNet.com)

Highlights:

- 475,689 SF
- Robust infrastructure
- Multi-tenant possible

Industrial North Submarket



BY THE NUMBERS

41.5M square feet inventory
+81K

3.1M square feet available
(1.2M)

2.0M square feet vacant
+215K

4.7% vacancy rate
➔ +0.5%

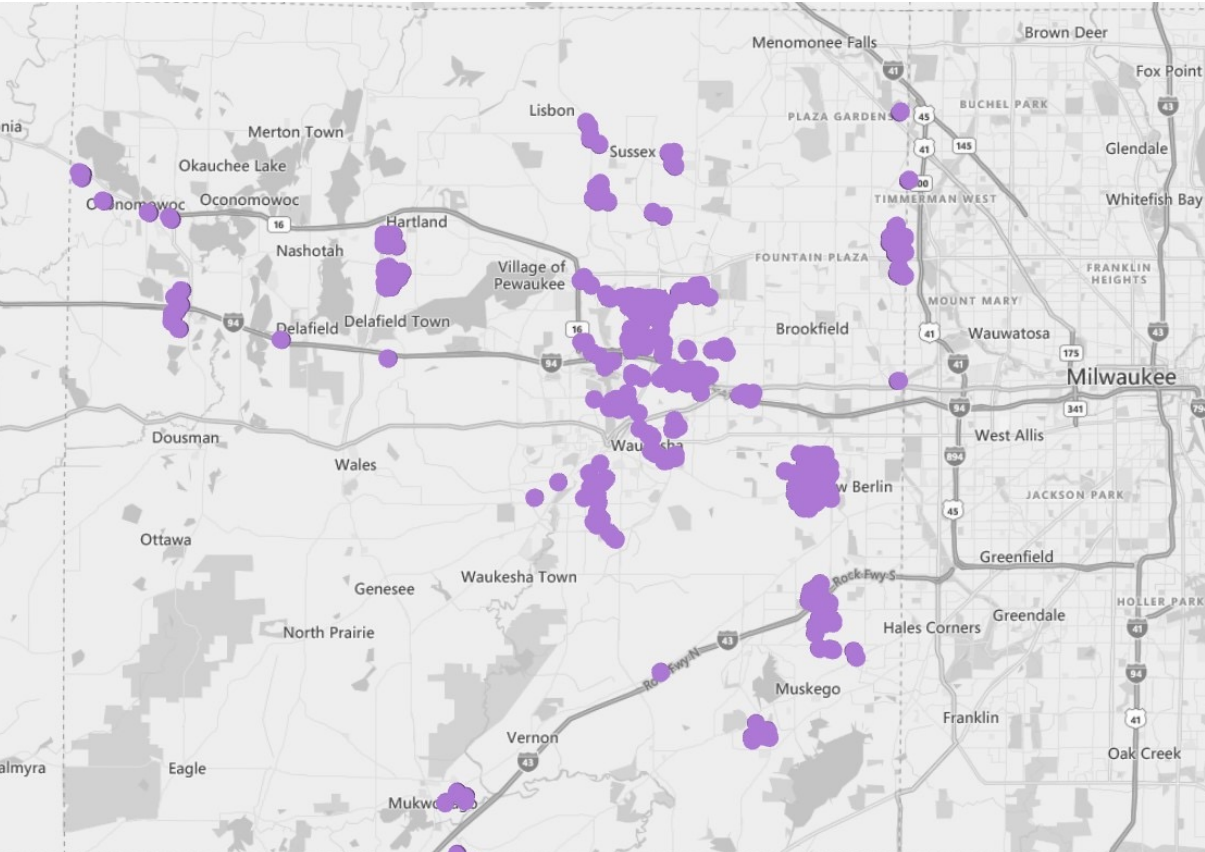
Johnson Level Leases 295,000 SF



Highlights:

- 295,000 SF
- Bring supply chain near HQ
- Achieved 100% occupancy

Industrial West Submarket



BY THE NUMBERS

30.9M
+302K

square feet inventory

1.5M
(172K)

square feet available

663K
(181K)

square feet vacant

➔ 2.1%
(0.6%)

vacancy rate

Wildeck to raze buildings, construct office space addition at former Eaton site in Waukesha

By Cara Spoto - Sep 2, 2022 2:28 pm

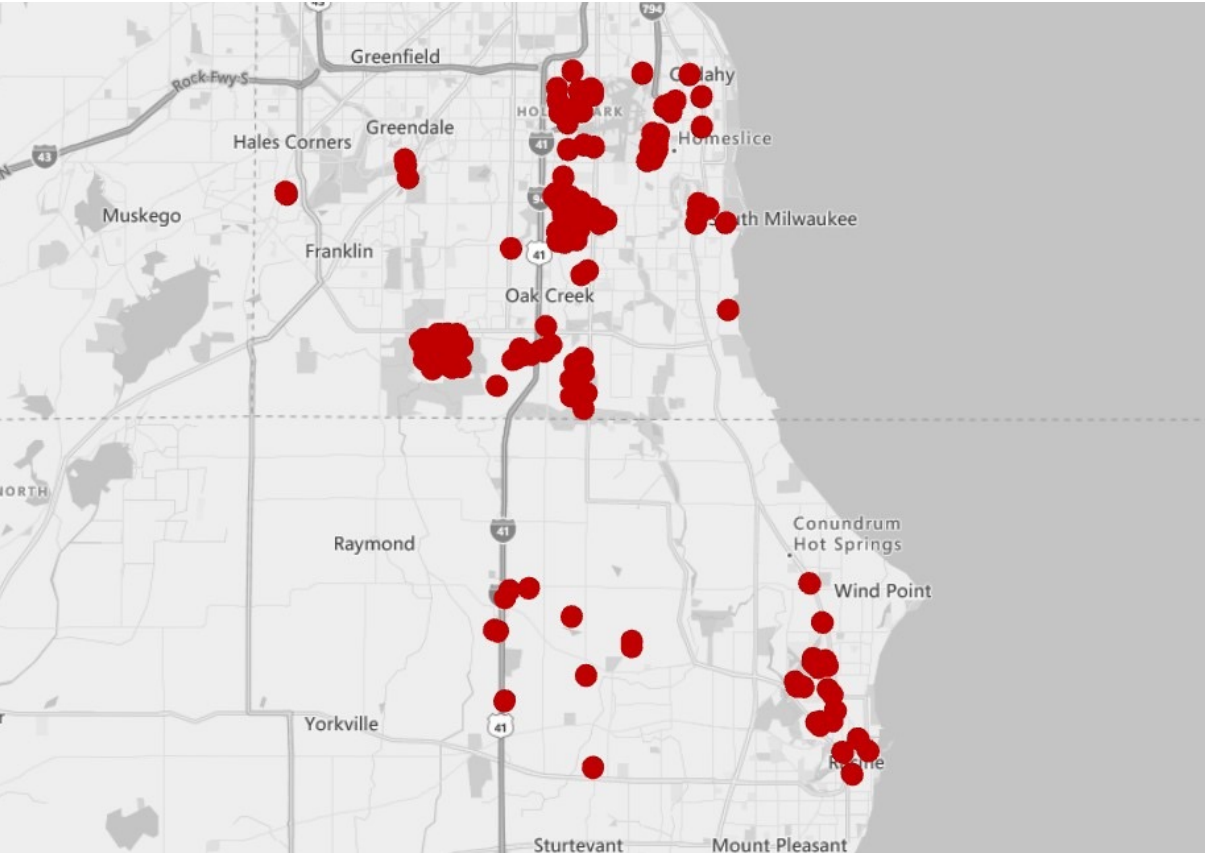


Construction and warehouse equipment manufacturer Wildeck has submitted plans to the city of Waukesha to repurpose 13.88 acre- former Eaton Corp. manufacturing site at 1900 E. North Ave, which include building a 13,759-square-foot addition to an existing office building at the site. (Rendering courtesy of VJS Construction)

Highlights:

- 313,000 SF leased
- 20-year term
- Consolidation of operations

Industrial South Submarket



BY THE NUMBERS

23.0M square feet inventory
+468K

2.9M square feet available
(27K)

1.6M square feet vacant
+493K

7.0% vacancy rate
➔ +2.0%

Utah-based freeze-dried food company to establish operations in Oak Creek

By Andrew Weiland - Sep 12, 2022 1:12 pm

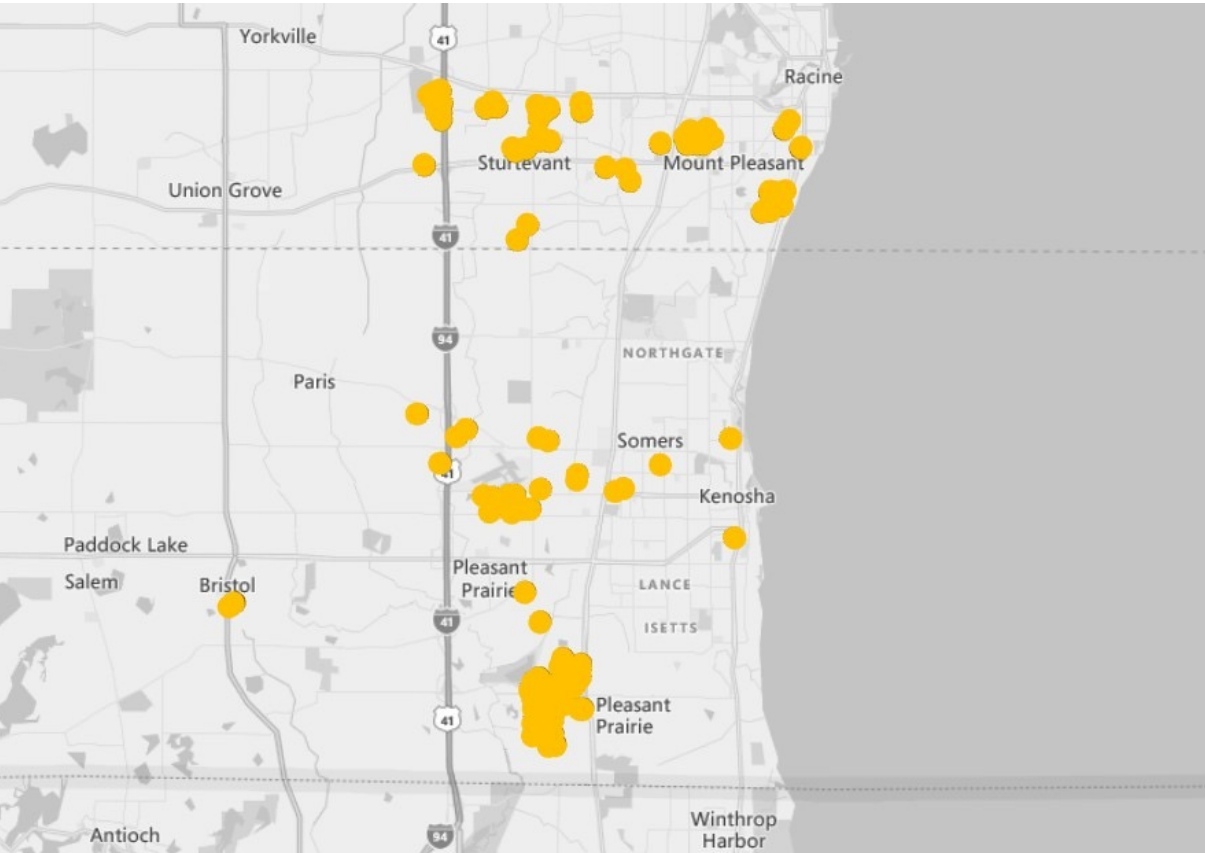


9141 S. 13th St., Oak Creek

Highlights:

- 340,000 SF leased
- 250 employees
- Driver: Access, size & labor

Industrial Kenosha Submarket



BY THE NUMBERS



35.4M

square feet inventory

+1.8M

3.1M

square feet available

+301K

2.7M

square feet vacant

+670K

7.6%

vacancy rate

+1.6%

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Uline picks up another 105 acres for more potential buildings in Kenosha



Uline's headquarters campus in Pleasant Prairie
CURTIS WALTZ

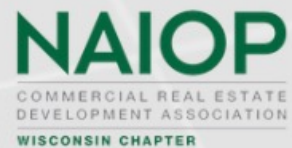
Highlights:

- Total of 335 acres purchased
- 105 acres at ~\$225,000/acre
- Future development

Predictions



2022 Market Update



2022 Prediction Recap

2021 ANNUAL UPDATE

Mitch's Predictions

The Predictions

Vacancy rate will be sub 4.50%. That means next year at this time we will have less than 7,000,000 SF available.

False

We will see another 3MM SF come online in 2022 in Kenosha/Racine Co

False

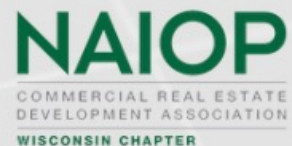
Because of the land shortages we are experiencing, outlying communities will slowly start to see new construction.

True

Aaron Rodgers will play for the Green Bay Packers next season.

True

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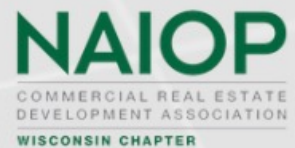
2023 Predictions

Nick's Predictions

- Interest rates will peak Q1/Q2 2023 and remain elevated into 2024
- Besides Kenosha sector, the North sector will see the most new development starts
- New construction will slow over the next 12 months due to cost of materials and higher interest rates
- Overall vacancy will stay approximately stable, only fluctuating ~.2%

Thank You

2022 Market Update



2022 Market Update

Presented By:



Office Market

**Presented By:
Joe Moritz
Colliers**



Office Market Update for 2022

2022 Market Update



Major Office Market Shifts

Return to the office



Future of work and office space

Place people “need” to come



Place people “want” to come

Individual heads down work
& sitting at your desk



*Focus on collaboration space,
culture, amenities, flexibility, tools*

Expanding tenant footprint



*Investment in “rightsized”
quality/functional space*

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Flight to quality *Flight to functionality*



Location

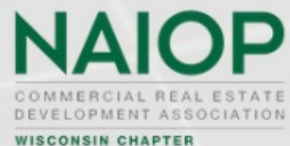


Quality



Amenities

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People are back, but...

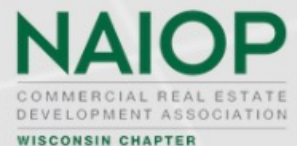


Tuesday to Thursday



Monday & Friday

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Spec Suites

- Need to standout
- Avoids long lead times and unknowns with traditional buildouts
- Now seeing suburban spec suites



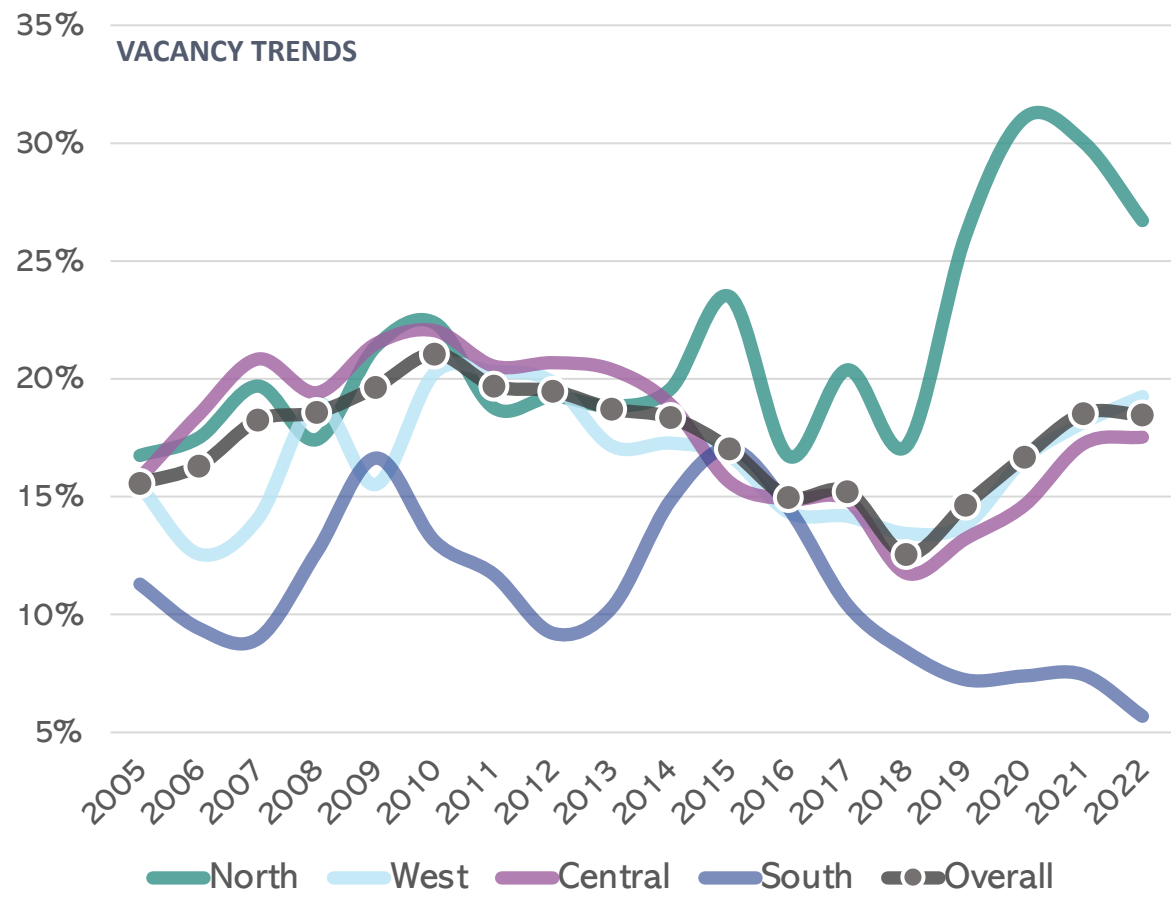
The background of the slide features a blurred image of business documents and charts. On the left, there's a document with a blue circular logo and some text including 'SKYPE: sambqak'. In the center, a document titled 'Business items' shows a small bar chart with three bars in blue, red, and yellow. To the right, another document displays a line graph with multiple colored lines (green, red, blue) plotted on a grid. The overall theme is business and data analysis.

What do the numbers say?

2022 Market Update



Overall Office Market



BY THE NUMBERS

35.0M
(49K)
square feet inventory

8.9M
(1K)
square feet available

6.5M
(31K)
square feet vacant

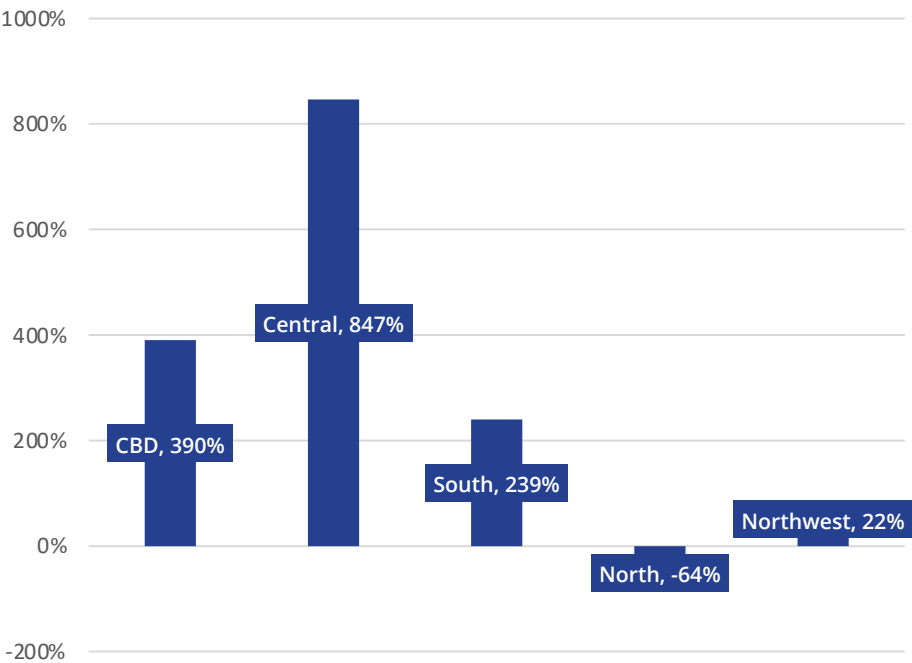
18.5%
(0.1%)
vacancy rate

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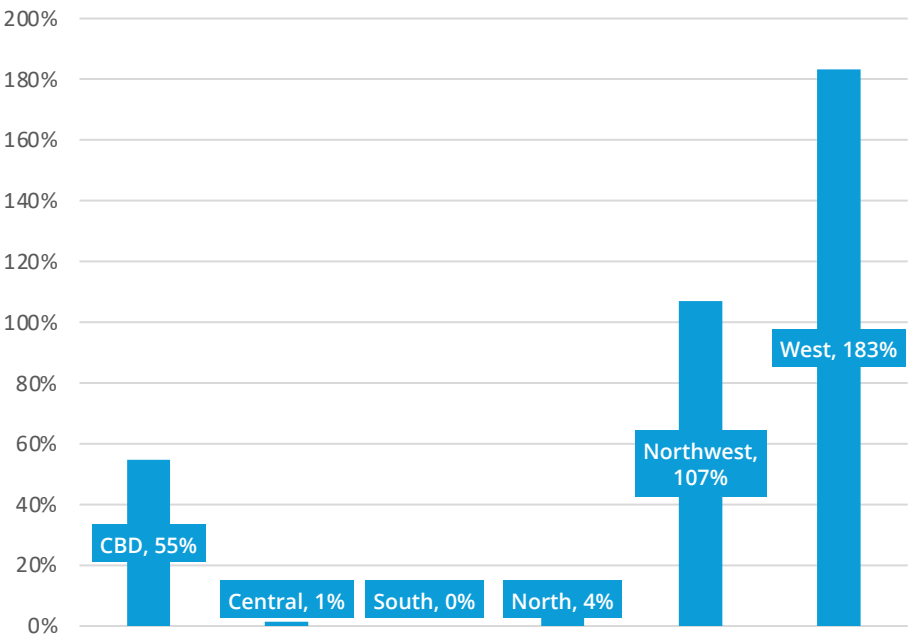


Market Demand

Market Demand Activity
Compared to June 2020



Market Demand Activity
Compared to January 2022

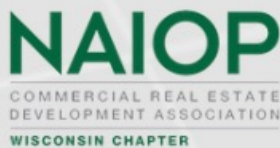


137
Avg # Tenants

162
Tenants Today

18.6%
Percent Increase

2022 Market Update



Other Indicators



Large User Activity



160,000 SF



118,300 SF



350,000 SF



108,552 SF



33,575 SF



31,521 SF



19,518 SF



16,803 SF



15,073 SF



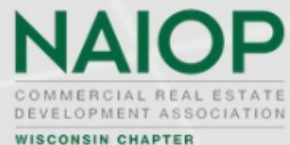
North America

13,134 SF



10,692 SF

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An aerial photograph of downtown Milwaukee, Wisconsin, taken at sunset. The sky is filled with orange and yellow clouds. In the foreground, the Pabst Park area is visible, including the Miller Brewery Museum and the Pabst Park Plaza. In the background, several skyscrapers are visible, including the US Bank Tower and the Northwestern Mutual Tower. A semi-transparent white text box is overlaid on the center of the image.

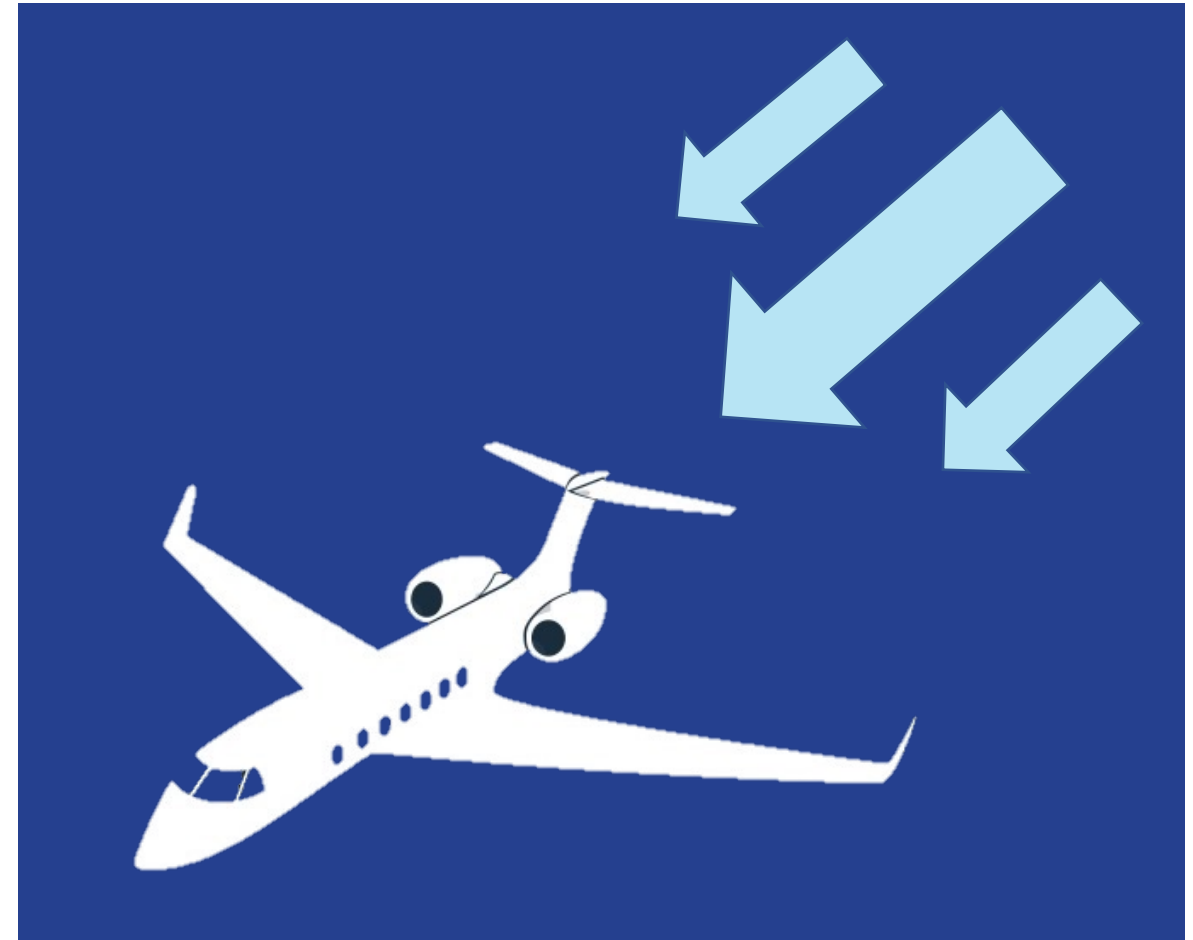
Downtown is hot 🔥 (again)

2022 Market Update



Tailwinds

- Conversions of dated B and C product
- Leasing velocity picking up, just smaller SF leases
- Longer term leases
- Milwaukee well diversified with mix of national, regional and local tenants
- Slowdown of speculative new construction



Headwinds



- Construction costs and lead times
- Insurance & IT Users
- Economy/layoffs
- Impact of pre-pandemic lease term expirations on the market
- Tightening lender requirements
- Threat of additional sublease space

John Davis' 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



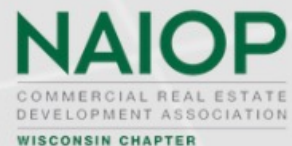
- Packers win the super bowl in February; Rodgers will get himself a haircut and will be “immunized” again before next season where he will remain the Packers QB1

Joe's 2023 Predictions



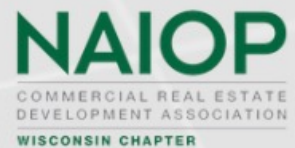
- Hybrid and WFH begin to decline
- A prominent downtown office tower announces residential conversion
- A Chicago based company opens large downtown Milwaukee office
- Two current downtown based Brokerage firms relocate their offices
- ~~The Browns will NOT make the playoffs~~
Xavier will beat Marquette twice this season

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Thank you!

2022 Market Update



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Presented By:



Retail Market

Presented By:
Hakan Hare
Founders 3 Real Estate Services



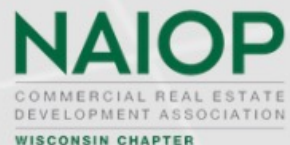


HAPPY 50TH BIRTHDAY, TOM BRUSS!

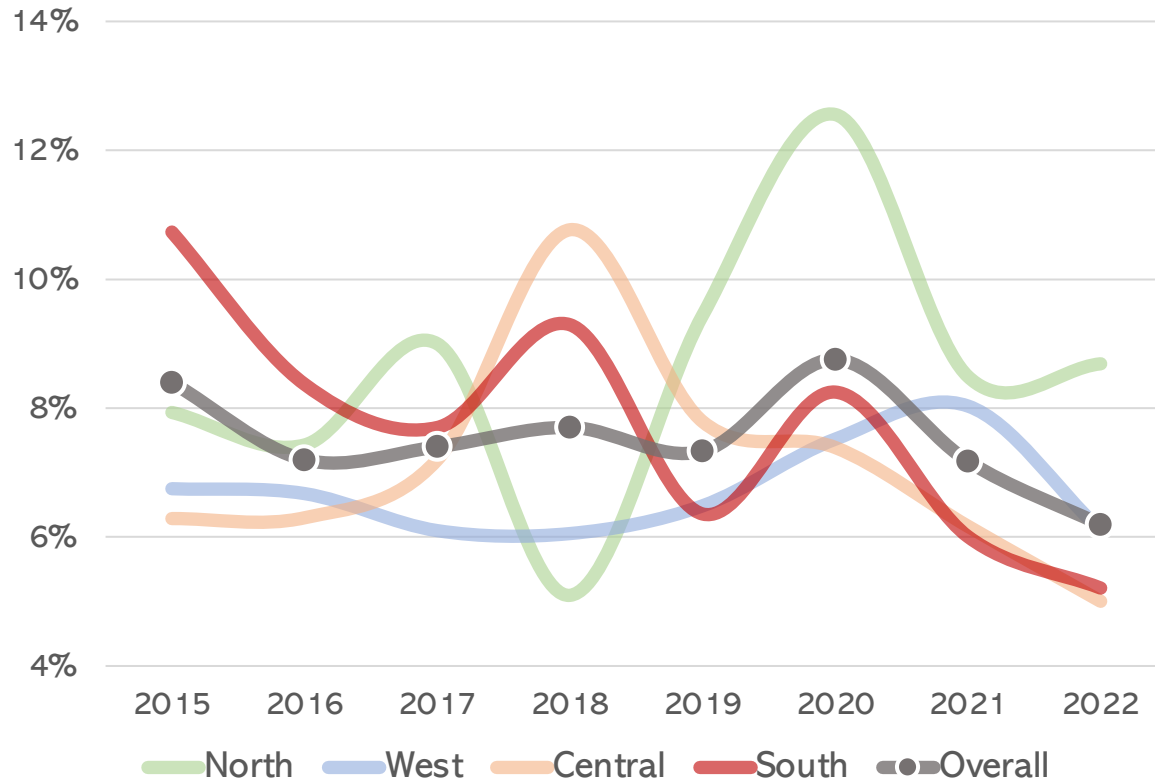
OVERVIEW OF TODAY'S RETAIL REAL ESTATE PRESENTATION

1. Market Statistics
2. Retail Market Activity
3. Active Retailers and Trends
4. Out-lot Wars, Labor Shortage, Construction Costs
5. Re-use of Big Boxes & Lifestyle Centers
6. Joe Kleiman's Predictions
7. Hakan Hare's Predictions

2022 Market Update



Overall Retail Market



BY THE NUMBERS

42.5M

+44K

square feet inventory

3.4M

(234K)

square feet available

2.6M

(415K)

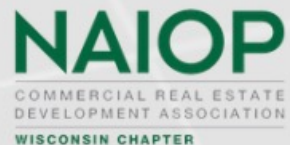
square feet vacant

6.2%

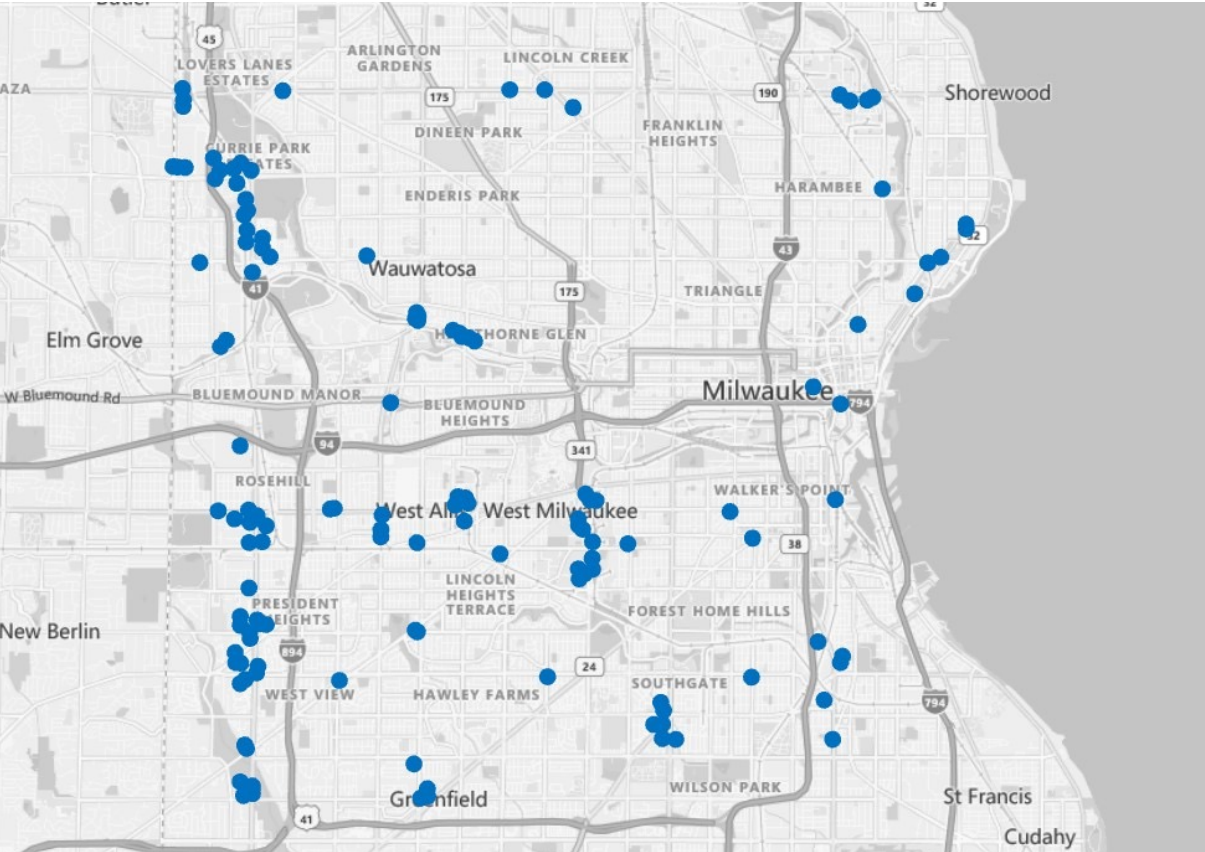
(1.0%)

vacancy rate

2022 Market Update



Retail Central Submarket



BY THE NUMBERS

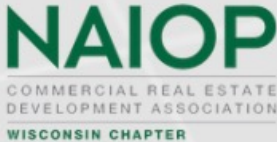
8.4M
(193K)
square feet inventory

555K
(17K)
square feet available

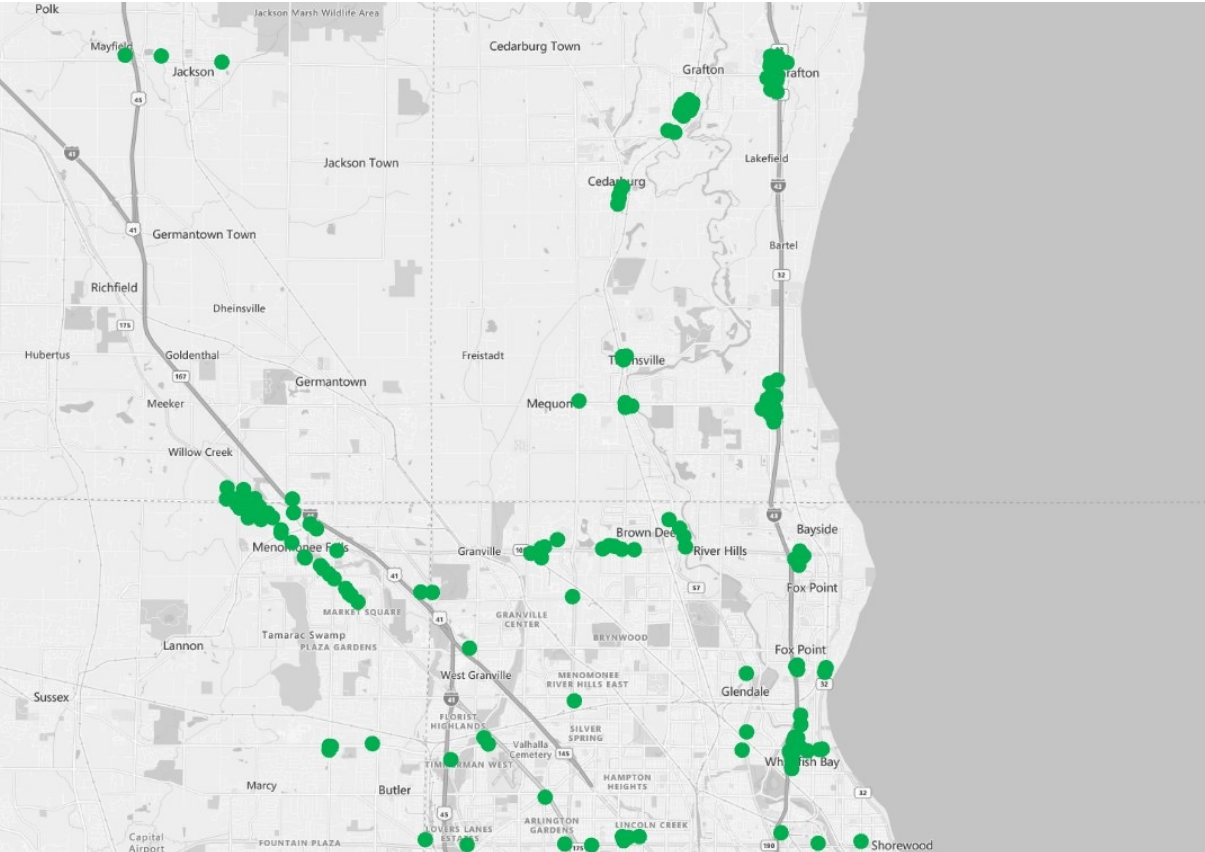
418K
(109K)
square feet vacant

5.0%
-1.2%
vacancy rate

2022 Market Update



Retail North Submarket



BY THE NUMBERS

9.2M
+302K

square feet inventory

934K
+40K

square feet available

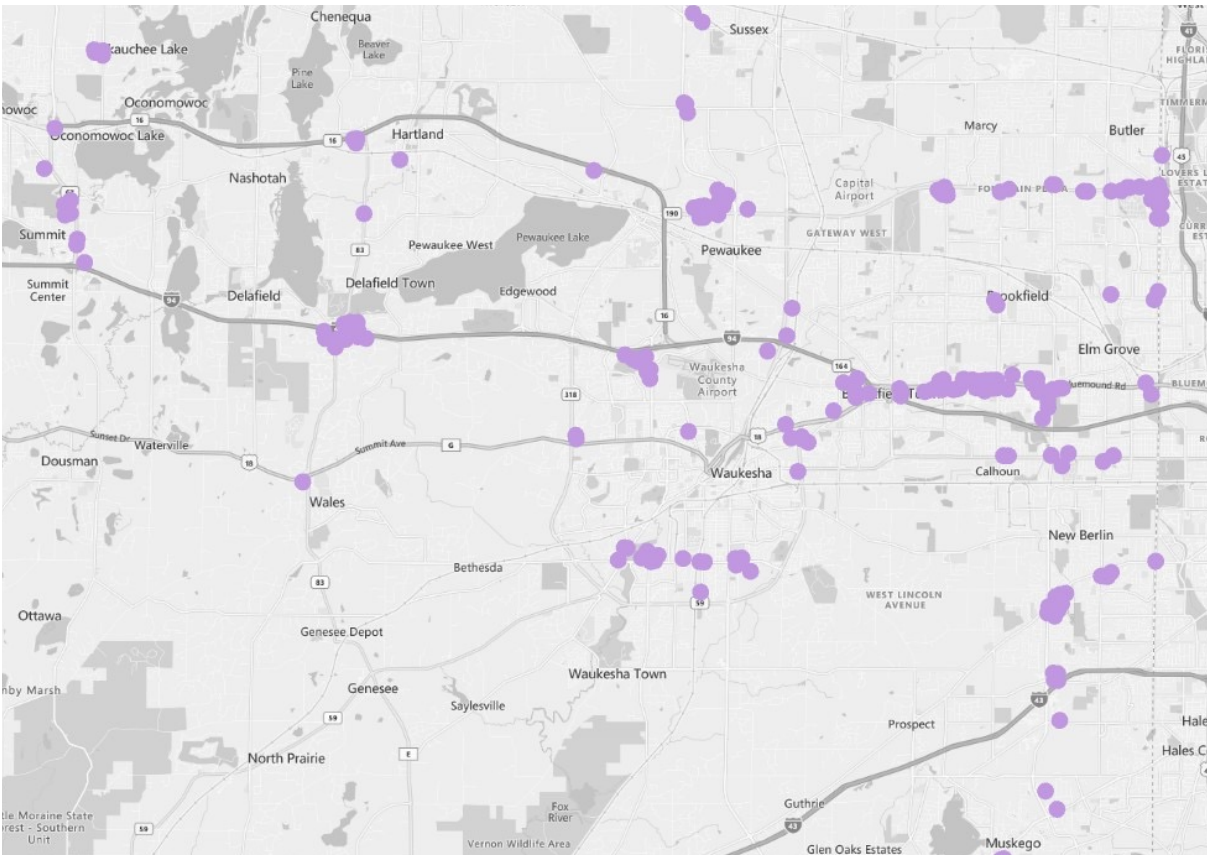
801K
+44K

square feet vacant

8.7%
+0.2%

vacancy rate

Retail West Submarket



BY THE NUMBERS

12.9M
(114K) square feet inventory

1.0M
+11K square feet available

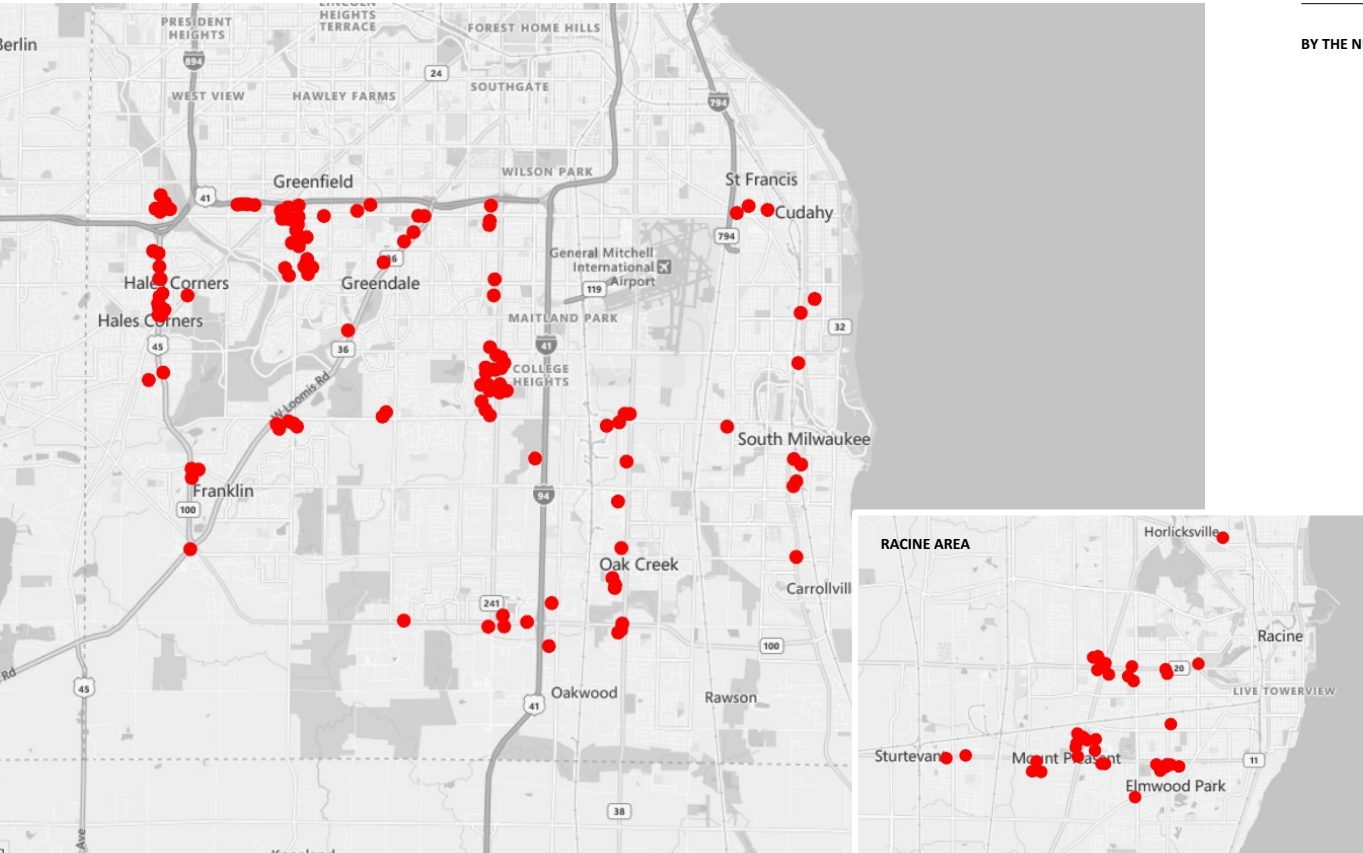
787K
(242K) square feet vacant

6.1%
(1.9%) vacancy rate

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Retail South Submarket



BY THE NUMBERS

12.0M
(76K) square feet inventory

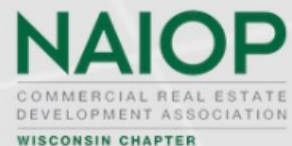
832K
(16K) square feet available

627K
(101K) square feet vacant

5.2%
(0.8%) vacancy rate

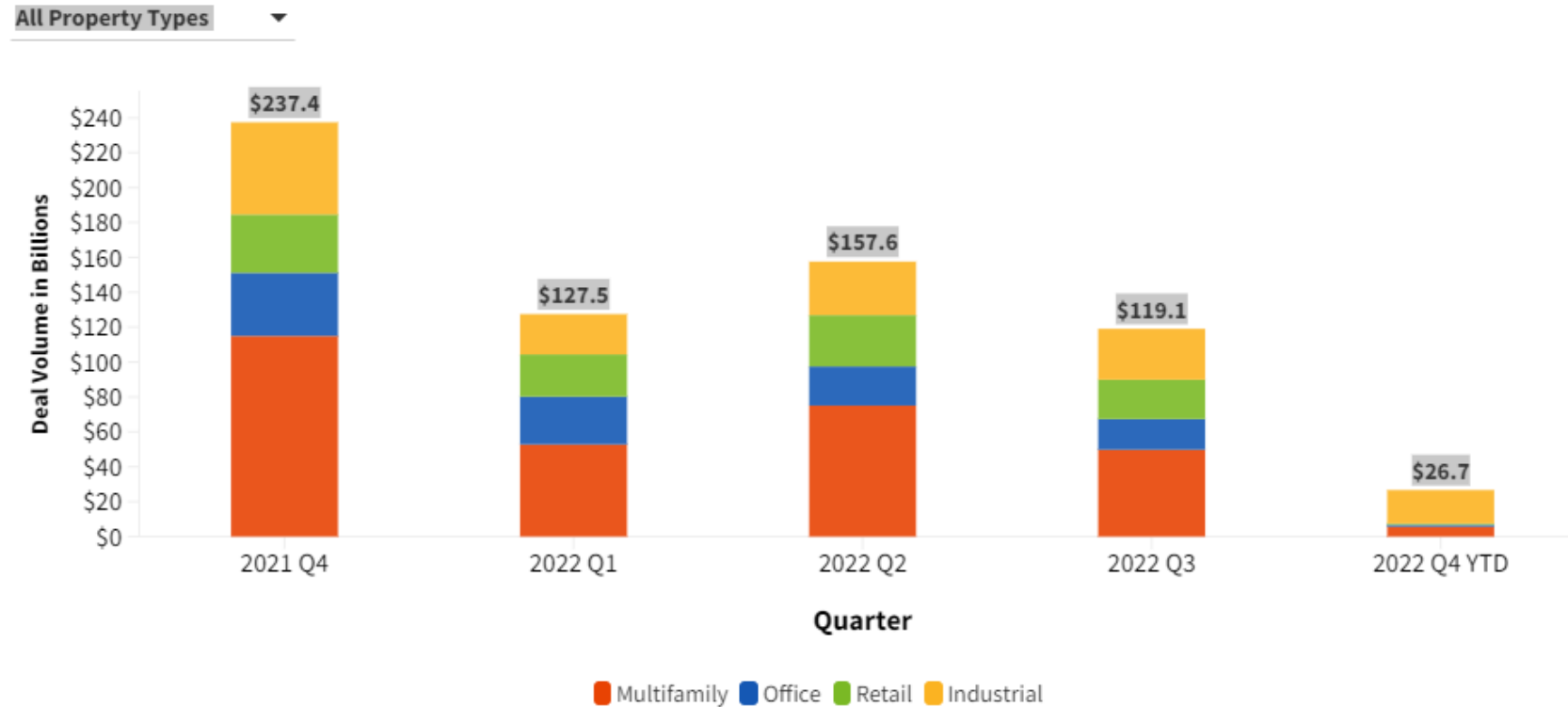
Submarket	Number Of Buildings	Inventory	Total Available	Available %	Total Vacant	Vacant %
North	169	9,215,291	933,874	10.1%	800,655	8.7%
West	198	12,907,459	1,043,225	8.1%	787,292	6.1%
Central	130	8,359,217	555,286	6.6%	418,297	5.0%
South	166	12,044,836	831,540	6.9%	627,401	5.2%
TOTAL	663	42,526,803	3,363,925	7.9%	2,633,645	6.2%
Compared to 2021	4	43,911	(234,263)	(0.6%)	(414,707)	(1.0%)

2022 Market Update

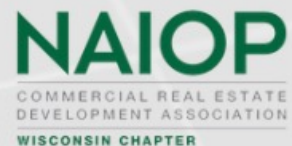


Retail market activity

US Deal Volume Slumps



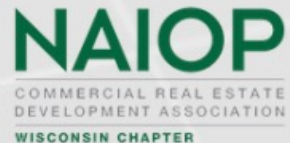
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TRIPLE C'S – CHICKEN WARS, CARWASHES, & COFFEE SHOPS



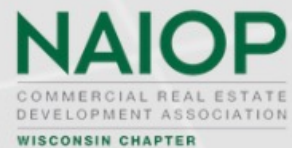
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RE-USE OF BIG BOXES (FORMER SHOPKO, RIVER FALLS)



2022 Market Update



FORMER SHOPKO, WEST BEND



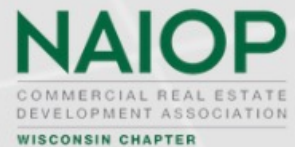
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LIFESTYLE CENTERS (FORMER OLYMPIA HOTEL)



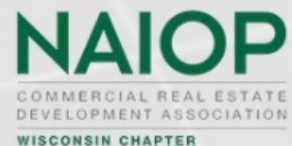
2022 Market Update



LIFESTYLE CENTERS (FORMER HOTEL & RESTAURANT)



2022 Market Update



JOE'S PREDICTIONS

1. We will see new chain restaurants enter the market. – TRUE
2. This holiday season, brick-and-mortar retail will see an increase in foot traffic over pre-pandemic levels as consumers want to get off the couch and back into social settings. – SOMEWHAT TRUE
3. Similar to Warby Parker and Untuckit, we will see at least one new retailer that originated online with eCommerce open brick-and-mortar locations. – TRUE

HAKAN'S 2023 PREDICTIONS

1. We will see more out-lot wars – with users fighting over best out-lots for drive-thru convenience
2. We'll see at least one national chain financial institute enter the market
3. The prototype square footage for chain QSRs and coffee shops will decrease
4. (FRANCE will win the 2022 World Cup!)

 **THANK YOU** 

2022 Market Update



2022 Market Update

Presented By:



2022 Market Update

Presented By:



Investment Market

Presented By:

Dave Tighe

Cushman & Wakefield | Boerke



TODAY'S TOPICS



State of the Economy



Trends & Transactions



Predictions

2022 Market Update



A low-angle, upward-looking shot of a modern skyscraper with a glass and steel facade. The building's structure is composed of a grid of dark metal beams and large glass panels that reflect the sky. A large, solid red geometric shape, resembling a stylized 'V' or a triangle, is overlaid on the left side of the image, partially obscuring the building. The overall color palette is dominated by the blue and grey of the building and the bright red of the overlay.

01

STATE OF THE
ECONOMY

OVERVIEW OF THE ECONOMY



3.7%

Unemployment Rate



2.9%

GDP Growth (Final '22 est.)



6M

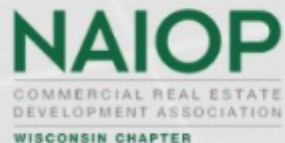
Unemployed Persons



0.7%

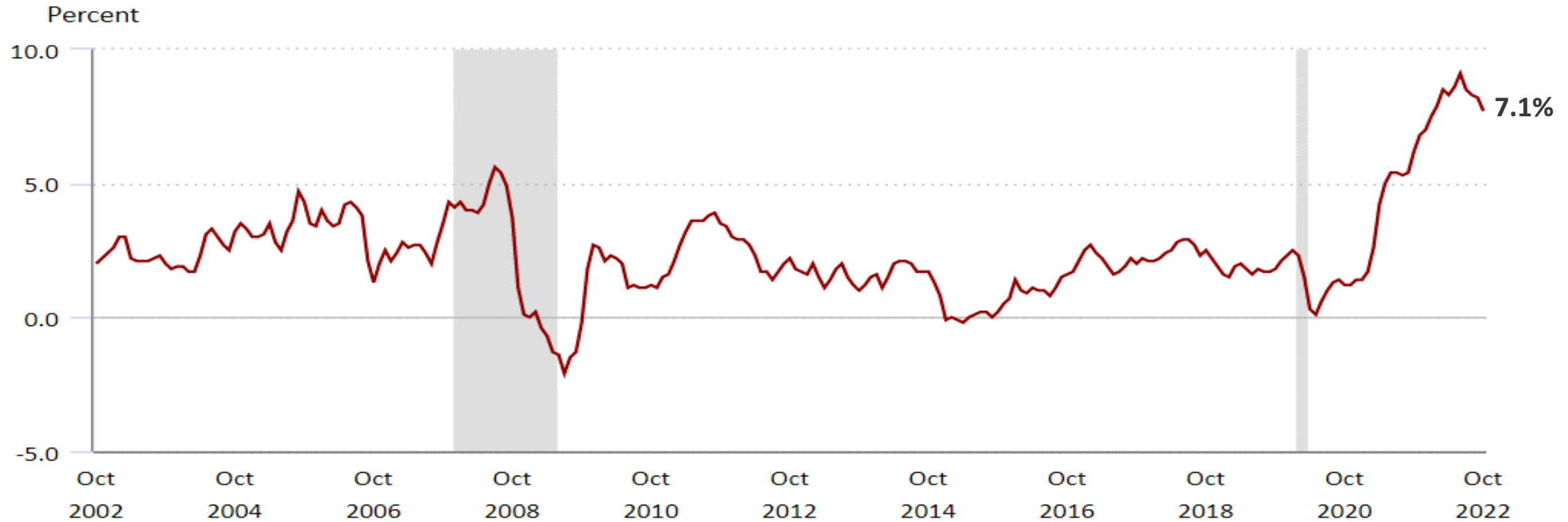
10/22 Personal Income Increase

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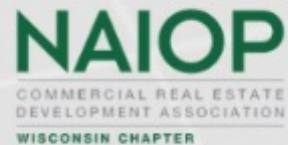


THE ECONOMY

CPI

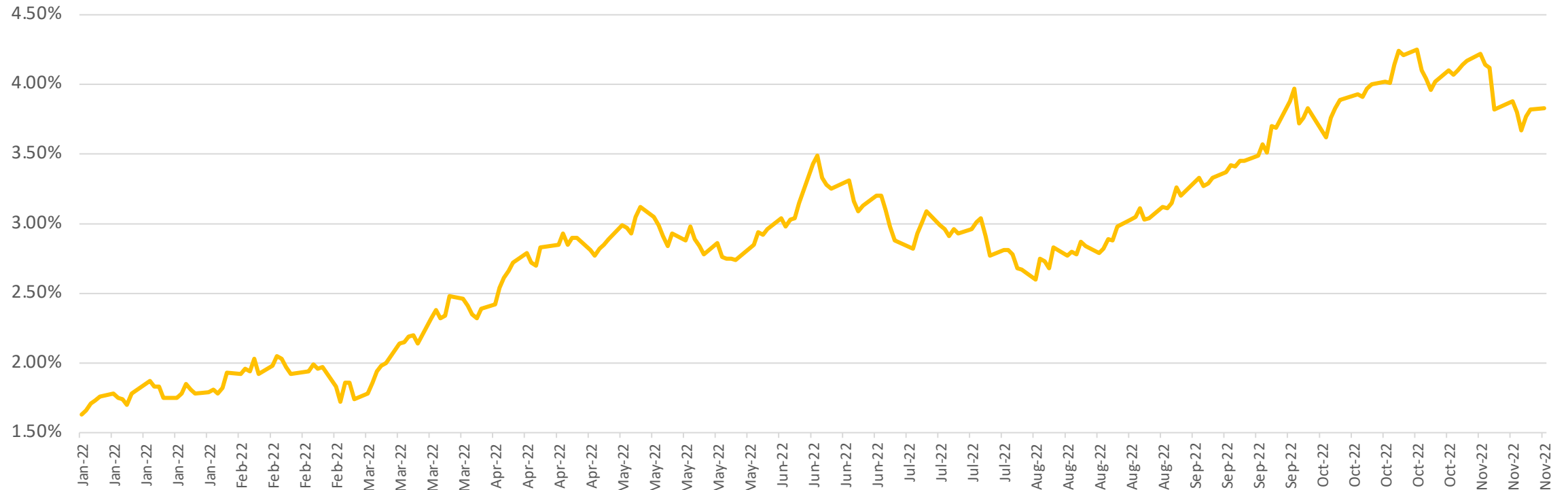


2022 Market Update



THE ECONOMY

10 YEAR TREASURY YIELD TREND



2022 Market Update



A low-angle, upward-looking photograph of several modern skyscrapers. The buildings feature glass facades and vertical architectural elements. A large, solid red triangular shape is overlaid on the left side of the image, pointing towards the center. The sky is a pale, overcast blue.

02

TRENDS &
TRANSACTIONS

HOW IS DEBT IMPACTING DEALS

	<u>January Debt</u>	<u>December Debt</u>
Price	\$10,000,000	\$10,000,000
NOI	\$600,000.00	\$600,000.00
Cap Rate	6%	6%
Down Payment	\$2,500,000	\$2,500,000
Loan Amount	\$7,500,000	\$7,500,000
Interest Rate	3.50%	6.50%
Amortization Length	25	25
Debt Payment	(\$450,561.21)	(\$607,686.45)
Cash Flow	\$149,438.79	\$ (7,686.45)
Annual Rate of Return	5.98%	-0.31%

WISCONSIN BY THE NUMBERS

YoY
Chg

5.99%

Cap Rate



\$4.88B

Total Volume (USD)



837

Total Properties Sold



34.1MSF

Total SF (Excluding MF)

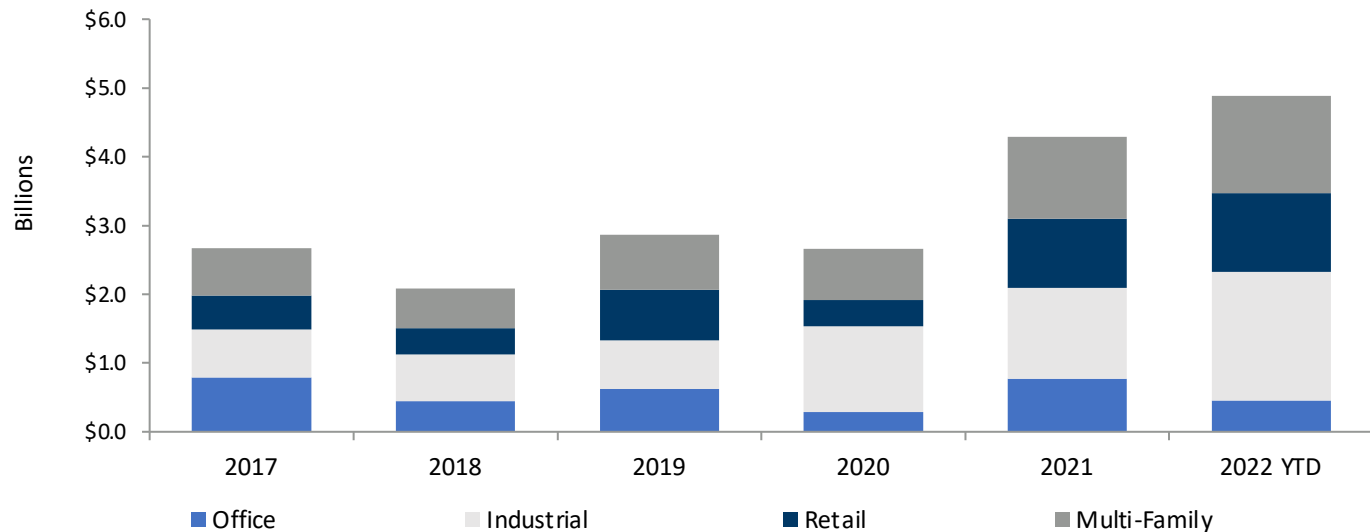


13,913

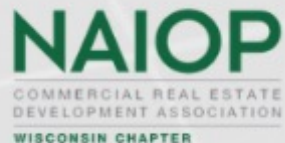
Total Units (MF)



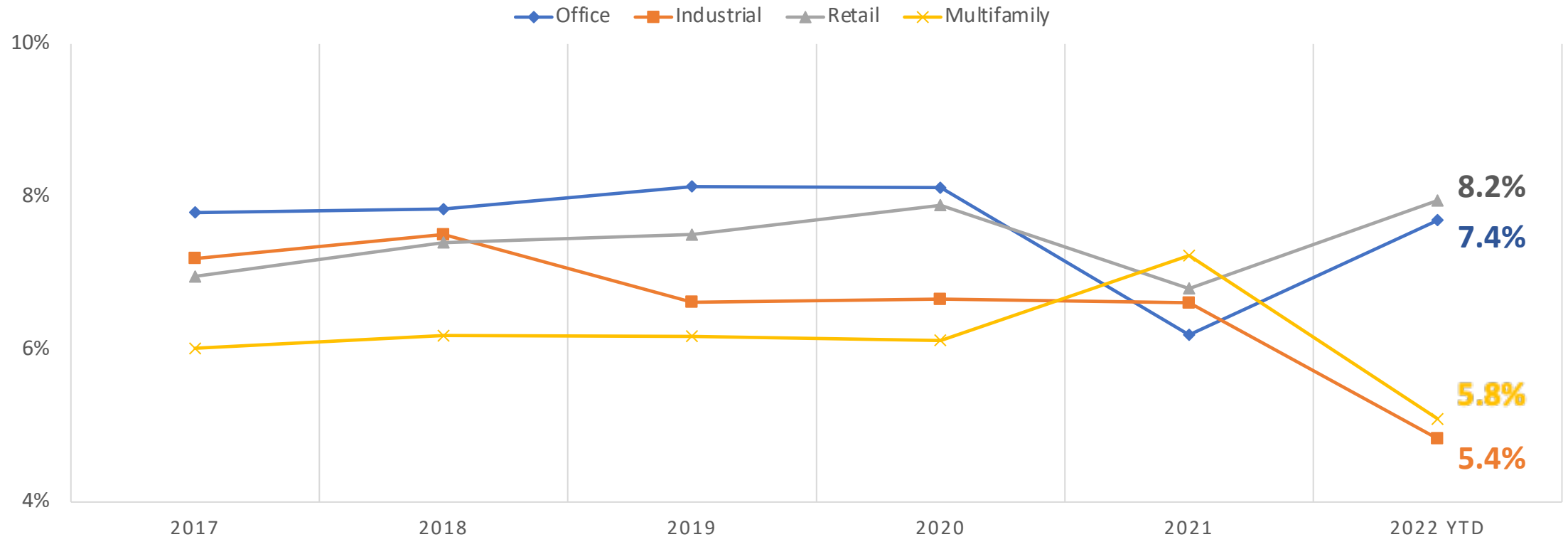
INVESTMENT SALES VOLUME BY SECTOR



2022 Market Update



WI CAP RATE TRENDS



2022 Market Update



MULTI-FAMILY INVESTMENT SALES



VELO VILLAGE

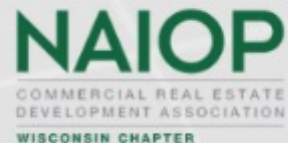
- \$87,770,000 (\$331,000/Unit)
- Seller: Mandel
- Buyer: Treg Velo Acquisition
- 4.4% Cap Rate
- 265 Units



MADISON YARDS

- \$80,100,000 (\$293,000/Unit)
- Seller: Summit Smith/Gilbane
- Buyer: WHI RE Partners
- 273 Units

2022 Market Update



RETAIL



FOUNTAIN SQUARE

16130 W Bluemound Rd

- \$25,176,200 (\$585/PSF)
- Seller: CIM Real Estate Finance
- Buyer: The Necessity Retail REIT
- 7.16% Cap Rate
- 43,043 SF

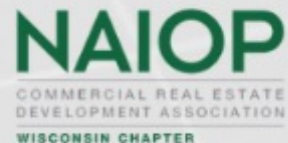


PICK N' SAVE

7401 W Good Hope Rd

- \$20,000,000 (\$195/PSF)
- Seller: Boulder Ventures
- Buyer: L2 Partners
- 6.37% Cap Rate
- 102,564 SF

2022 Market Update



OFFICE



UNITED HEALTH
2120 Innovation Court

- \$36,885,000 (\$221.98/PSF)
- Seller: Commercial Horizons
- Buyer: ElmTree Funds
- 6.48% Cap Rate



EATON CORP
100 Woodland Prime

- \$25,769,900 (\$252/PSF)
- Seller: Eaton Corp (Sale Leaseback)
- Buyer: Sun Trust

INDUSTRIAL



PLEASANT PRAIRIE INDUSTRIAL PORTFOLIO

- \$343,612,248 (\$99/PSF)
- Seller: Center Point
- Buyer: Exeter
- 5.15% Cap Rate

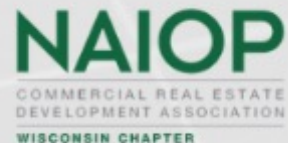


ROUNDY'S

1111 E Delafield Rd

- \$120,000,000 (113/PSF)
- Seller: Pabst Farms Development
- Buyer: Scout Cold Logistics
- 5.55% Cap Rate

2022 Market Update



The background features a complex, three-dimensional geometric pattern of white, angular shapes that resemble a crystalline or architectural facade. A large, solid red shape, resembling a stylized arrow or a diagonal band, cuts across the left side of the image. The number '03' is printed in white on this red shape.

03

PREDICTIONS

2022 PREDICTIONS

Jennifer Huber-Bullock, Colliers



- ✓ Industrial & Multifamily will dominate transaction volume - **TRUE**
- ✓ Continued trades at record low cap rates set in 2021 but will not compress further amongst most sectors - **DEBATABLE**
- ✓ 2022 transaction volume will exceed 2021 - **TRUE**
- ✓ Number of multi-tenant office and hotel sales will increase*** - **FALSE**

2022 Market Update



2023 PREDICTIONS

Dave Tighe, Cushman & Wakefield | Boerke



- ✓ **Transaction volume will be down 15% or more in 2023**
- ✓ **Heightened investor focus on value-add deals**
- ✓ **Cap Rates will increase across all major asset classes by 50 to 75 basis points**
- ✓ **Lending rates will peak in Q3 around 8%**

2022 Market Update





Thank You

2022 Market Update Presenters



Nick Keys
The Dickman
Company



Joe Moritz
Colliers



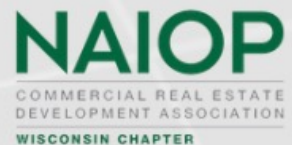
Hakan Hare
Founders 3
Real Estate Services



Dave Tighe
Cushman &
Wakefield | Boerke

INDUSTRIAL | OFFICE | RETAIL | INVESTMENT

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First American Title Company Knight Barry Title Group Michael Best WEDC

BROKERAGE



SIGN



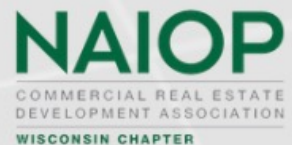
HOME OF CARW

TWO-FIFTY

NEXT GEN



DATA



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Presented By:

