

Investment

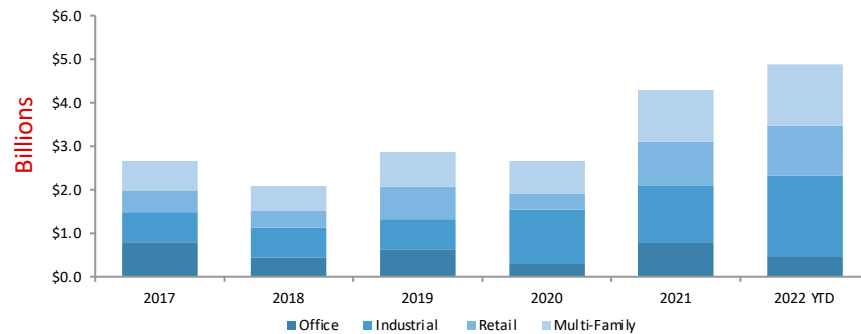
2022 KEY TAKE AWAYS

- It was a record year for investment sales transaction volume with the majority of the activity being in the first half of the year
- Multi Family and Industrial were most sought-after asset classes and experienced cap rate compression year over year
- Dramatic interest rate hikes brought on by the FED slowed things down in the second half of the year while Sellers come to grips with new Buyer pricing expectations
- The majority of investment dollars are now focused on “value-add” opportunities and competition is fierce for these assets

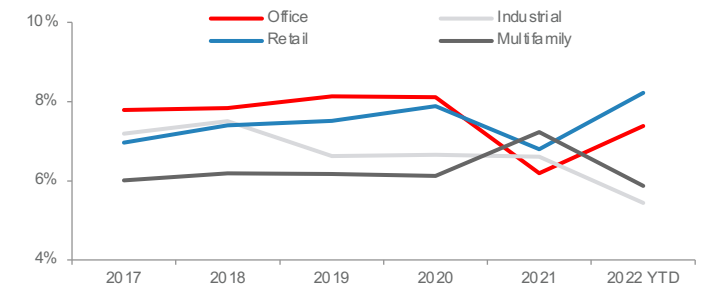
INVESTMENT ACTIVITY YTD

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME (USD)	TOTAL SOLD	PRICE / SF*, UNIT	CAP RATE
Office	74	\$455,680,024	3,221,816 SF	\$141.44	7.39%
Industrial	179	\$1,866,398,477	22,973,549 SF	\$81.24	5.44%
Retail	290	\$1,150,075,188	7,928,958 SF	\$145.05	8.22%
Multifamily	294	\$1,410,686,530	13,913 Units	\$101,393	5.87%
TOTAL	543	\$4,882,840,218	34,124,383 SF	\$101.75*	5.99%

INVESTMENT SALES VOLUME BY SECTOR

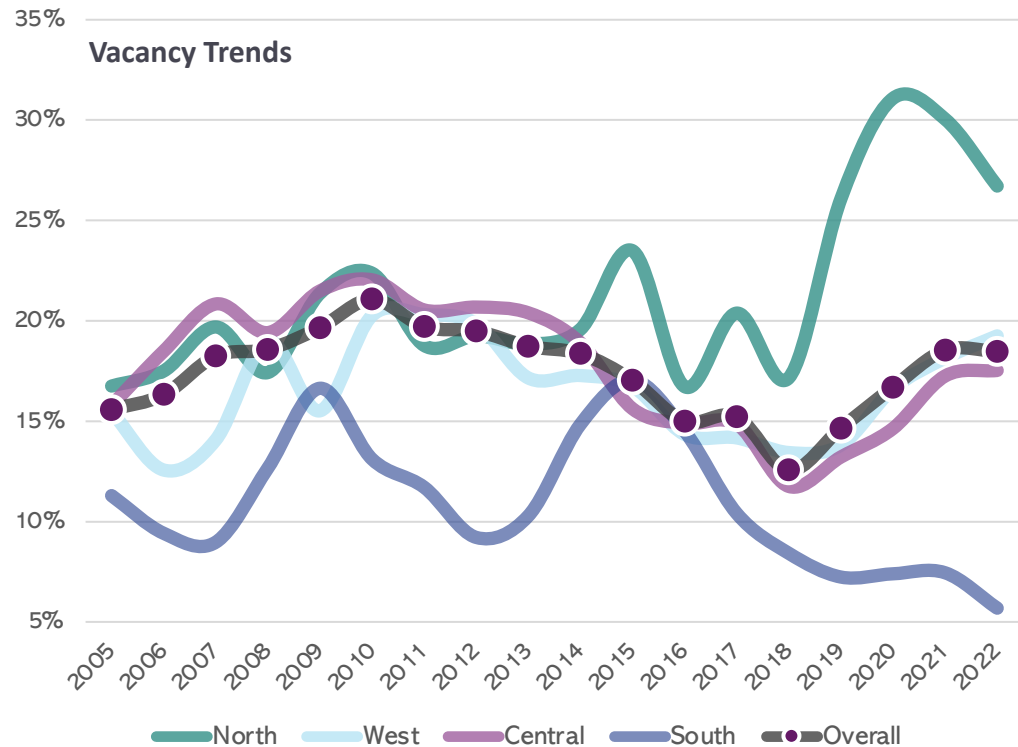


CAP RATE TREND



Office

square feet inventory 35.0M (49K)	square feet available 8.9M (1K)	square feet vacant 6.5M (31K)	vacancy rate 18.5% (0.1%)
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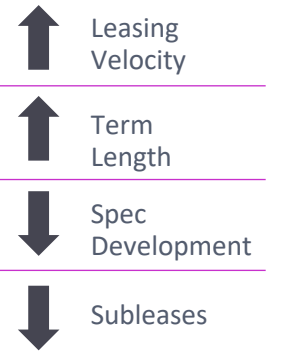
Office Market Shifts

Return to the office
Place people “need” to come
Individual heads down work & sitting at your desk
Expanding tenant footprint

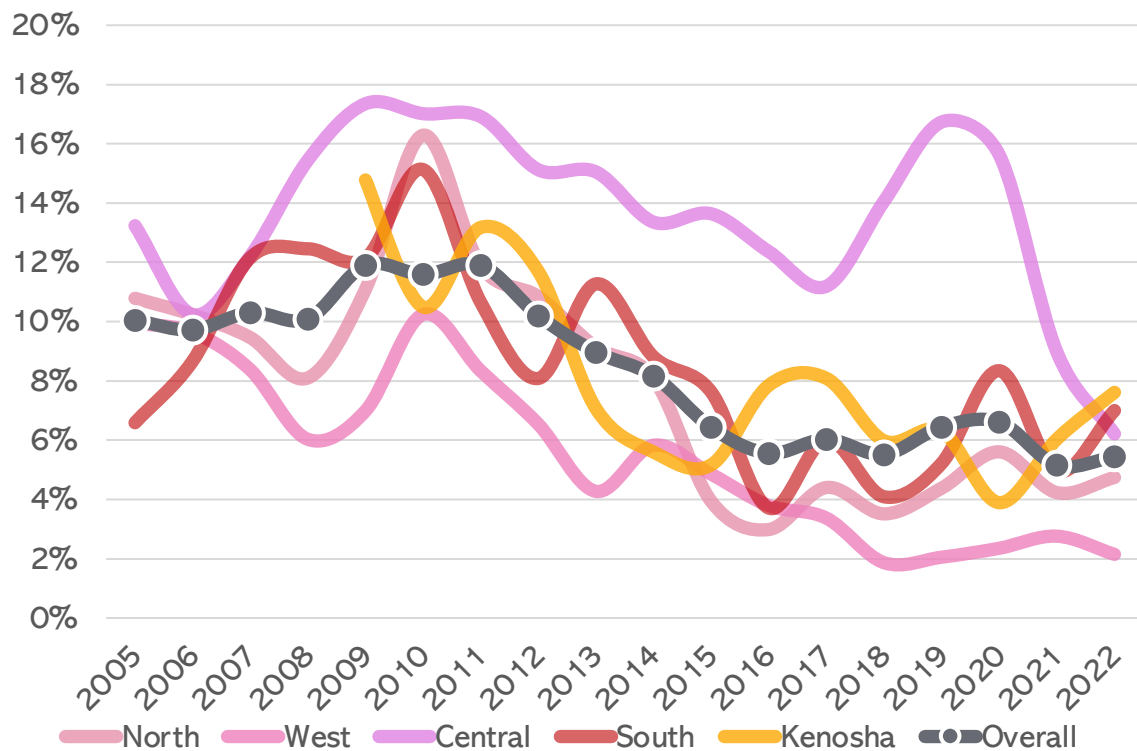
Future of work and office space
Place people “want” to come
Focus on collaboration space, culture, amenities, flexibility, tools
Investment in quality/functional space

Key Takeaways

- Flight to functionality is driving office leasing decisions
 - Location, Quality, Amenities
- Vacancy is stabilizing
- Rate stability is out performing national average
- Landlord’s that are maintaining and investing in their assets are winning
- Hybrid work, rightsizing and spec suite buildouts continue



Industrial



Industrial Real Estate:

Southeastern Wisconsin

What is driving demand for industrial real estate?

- High consumption with buyer preference of ordering online with next-day shipping

How is demand impacting our real estate sector?

- Increased number of final touch facilities
- Increased onshoring vs. global supply chain
- Shifting from just-in-time to just-in-case manufacturing

How is this demand showing up in Southeastern Wisconsin?

- Focus on controlling supply chain and gaining efficiencies
- Boom of new construction in outlying markets
- Vacancy increased 0.3% in 2022 as new construction outpaced absorption

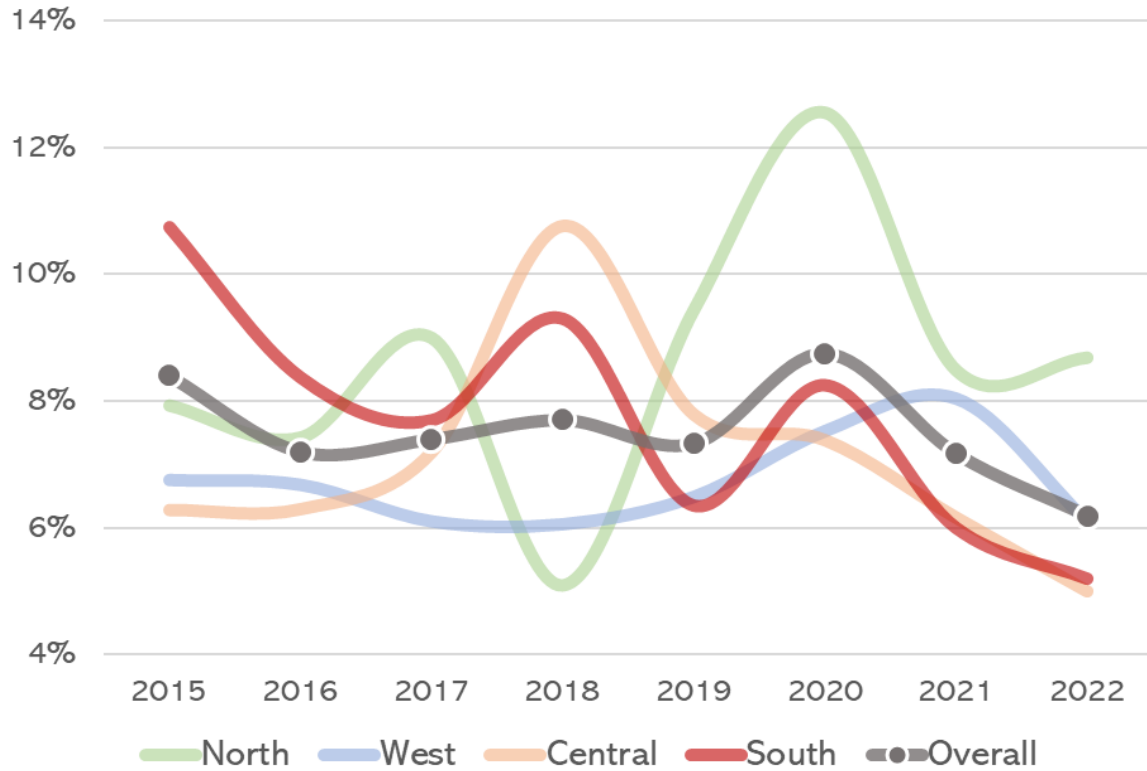


2022 Market Update



Retail

Vacancy Rates Over the Years



Trends



Lifestyle Centers



Big Box Reuse



Outlot Wars

Challenges



Construction Costs



Labor Shortage

Active Retailers

"Triple C's": Chicken wars, carwashes and coffee shops



2022 Market Update

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