



COMMERCIAL REAL ESTATE MARKET REPORT | Q4 2022

Southeast Wisconsin Office Overview

ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) increased 10 basis points to 3.0% compared to 2.9% in November 2021. The unemployment rate for the US was at 3.6% in November 2022, down from 4.2% last year. State of Wisconsin unemployment was 3.3% for this quarter. The Milwaukee MSA saw an increase in job growth while office using jobs increased by 3,900 jobs during the same period.

SUMMARY

Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	105	17,203,928	4,153,228	3,381,609	53,512	146,727	19.7%
B	407	25,918,883	5,019,401	3,665,631	(116,994)	(176,102)	14.1%
C	46	1,994,481	114,516	91,197	(949)	1,772	4.6%
Grand Total	558	45,117,292	9,287,145	7,138,437	(64,431)	(27,603)	15.8%

- Employment**
776,509
- Area Unemployment**
3.0%
- U.S. Unemployment**
3.6%
- Office-Using Jobs**
183,100

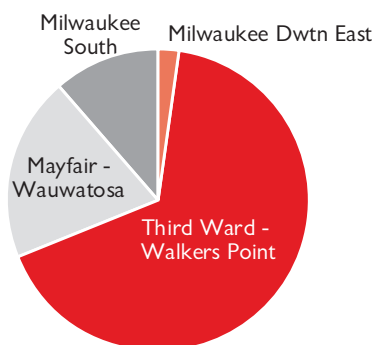
- Milwaukee office market posted negative net absorption of (64,000) sf for multi and single tenant properties bringing the YTD to (27,600) sf negative absorption and a vacancy rate of 15.8%. Multi-tenant properties had (64,000) sf negative absorption this quarter bringing the YTD to (158,000) sf negative absorption and a vacancy rate of 21.5%.
- Milwaukee CBD ended with 17.1% vacancy resulting from 10,000 sf positive absorption bringing year to date to (85,000) sf negative absorption for all properties. Multi-tenant only properties the vacancy rate was 22.9% and (193,800) sf negative absorption year to date.
- The suburban markets posted (74,000) sf negative net absorption bringing the year to date to 57,700 sf positive absorption and a vacancy rate of 14.9% for single and multi-

tenant properties. Multi-tenant properties ended with a vacancy rate of 20.3% with year to date of 35,600 sf positive absorption.

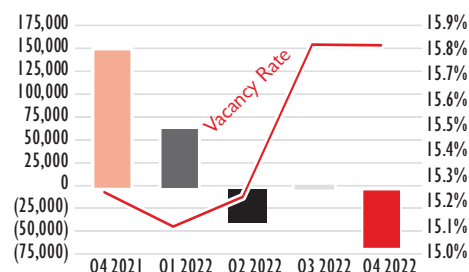
- Mayfair - Wauwatosa had the largest increase with 21,000 sf positive absorption. Milwaukee West Allis top all markets with (74,000) sf negative absorption led by US Bank call center vacating 75,000 sf.
- Milwaukee office market had 85 lease comps totaling 301,000 sf this quarter with 63 of the lease comps in the suburban markets and 22 lease comps in Milwaukee CBD markets. Twenty two office properties sold with 449,000 sf for \$46,000,000.
- There is 356,000 sf currently under construction in 5 properties. Five properties were delivered year to date with 369,000 sf.

UNDER CONSTRUCTION

MARKET	BLDG SIZE (SF)
Milwaukee Downtown East	8,104
Third Ward - Walkers Point	238,308
Mayfair - Wauwatosa	70,357
Milwaukee South	40,000
Grand Total	356,769



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	1,458,683	1,164,383	(19,848)	(136,474)	17.3%
	B	39	4,186,552	501,480	420,053	9,892	(7,044)	10.0%
	C	4	146,389	27,550	22,500	0	(5,400)	15.4%
	Subtotal	59	11,045,558	1,987,713	1,606,936	(9,956)	(148,918)	14.5%
Milwaukee Downtown West	A	3	902,938	483,762	470,090	0	605	52.1%
	B	30	3,879,811	678,181	585,559	6,347	2,216	15.1%
	C	2	189,311			0	0	0.0%
	Subtotal	35	4,972,060	1,161,943	1,055,649	6,347	2,821	21.2%
Third Ward-Walkers Point	A	7	844,968	245,476	217,952	10,742	122,997	25.8%
	B	36	2,028,295	488,851	332,839	3,362	(62,223)	16.4%
	C	4	120,713	42,963	42,963	0	0	35.6%
	Subtotal	47	2,993,976	777,290	593,754	14,104	60,774	19.8%
Milwaukee CBD	A	26	8,460,523	2,187,921	1,852,425	(9,106)	(12,872)	21.9%
	B	105	10,094,658	1,668,512	1,338,451	19,601	(67,051)	13.3%
	C	10	456,413	70,513	65,463	0	(5,400)	14.3%
	Subtotal	141	19,011,594	3,926,946	3,256,339	10,495	(85,323)	17.1%
Brookfield	A	26	2,262,412	638,060	466,758	1,739	116,586	20.6%
	B	73	3,892,534	854,094	550,391	(22,411)	24,526	14.1%
	C	4	118,873	5,000		0	0	0.0%
	Subtotal	103	6,273,819	1,497,154	1,017,149	(20,672)	141,112	16.2%
Mayfair - Wauwatosa	A	15	2,095,692	368,451	288,733	24,546	15,339	13.8%
	B	27	1,371,253	344,345	313,294	(3,351)	19,118	22.8%
	C	7	315,383	26,054	12,785	0	0	4.1%
	Subtotal	49	3,782,328	738,850	614,812	21,195	34,457	16.3%
Mequon - Theinville	A	4	130,181	59,245	47,307	10,146	16,813	36.3%
	B	12	333,312	80,131	69,659	0	3,455	20.9%
	Subtotal	16	463,493	139,376	116,966	10,146	20,268	25.2%
Milwaukee Central	B	9	691,988	65,329		0	0	0.0%
	C	10	571,968			0	0	0.0%
	Subtotal	19	1,263,956	65,329		0	0	0.0%

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	126,300	122,063	18,708	15,484	52.3%
	B	33	1,938,223	277,966	198,984	(5,048)	(41,401)	10.3%
	C	7	271,978	12,949	12,949	(949)	7,172	4.8%
	Subtotal	43	2,443,739	417,215	333,996	12,711	(18,745)	13.7%
Milwaukee Northwest	A	11	1,915,769	264,861	198,929	7,479	8,837	10.4%
	B	44	2,560,841	536,181	459,136	(13,358)	(68,217)	17.9%
	Subtotal	55	4,476,610	801,042	658,065	(5,879)	(59,380)	14.7%
Milwaukee Southwest	A	3	791,333	23,575	23,575	0	(8,185)	3.0%
	B	18	761,976	121,767	72,391	(85)	10,116	9.5%
	C	2	91,658			0	0	0.0%
	Subtotal	23	1,644,967	145,342	95,966	(85)	1,931	5.8%
Milwaukee West	B	19	1,846,834	633,473	371,207	(74,319)	(89,091)	20.1%
	C	2	61,785			0	0	0.0%
	Subtotal	21	1,908,619	633,473	371,207	(74,319)	(89,091)	19.4%
Pewaukee	A	17	1,314,480	484,815	381,819	0	(5,275)	29.0%
	B	18	696,236	211,814	90,605	(20,461)	(18,532)	13.0%
	Subtotal	35	2,010,716	696,629	472,424	(20,461)	(23,807)	23.5%
Waukesha Northwest - Lake Country	B	17	558,398	21,699	19,666	0	32,991	3.5%
	Subtotal	17	558,398	21,699	19,666	0	32,991	3.5%
Waukesha Southeast - New Berlin	B	14	486,643	127,574	110,950	0	2,000	22.8%
	Subtotal	14	486,643	127,574	110,950	0	2,000	22.8%
Waukesha Southwest	B	18	685,987	76,516	70,897	2,438	15,984	10.3%
	C	4	106,423			0	0	0.0%
	Subtotal	22	792,410	76,516	70,897	2,438	15,984	8.9%
Suburban	A	79	8,743,405	1,965,307	1,529,184	62,618	159,599	17.5%
	B	302	15,824,225	3,350,889	2,327,180	(136,595)	(109,051)	14.7%
	C	36	1,538,068	44,003	25,734	(949)	7,172	1.7%
	Subtotal	417	26,105,698	5,360,199	3,882,098	(74,926)	57,720	14.9%
Grand Total		558	45,117,292	9,287,145	7,138,437	(64,431)	(27,603)	15.8%

Southeast Wisconsin Industrial Overview

ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) increased 10 basis points to 3.0% compared to 2.9% in November 2021. The unemployment rate for the US was at 3.6% in November 2022, down from 4.2% last year. State of Wisconsin unemployment was 3.3% for this quarter. The Milwaukee MSA saw an decrease in job growth while manufacturing jobs increased by 1,000 jobs during the same period.



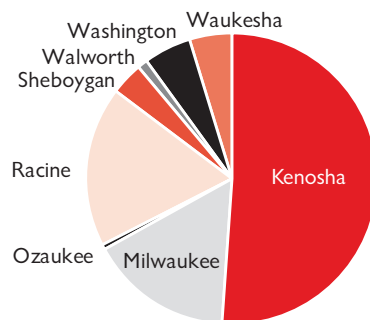
- Milwaukee industrial market posted 4.368 msf positive absorption bringing the YTD to 7.843 msf and a vacancy rate of 3.3% for both multi and single tenant properties. Multi-tenant properties posted 621,000 sf positive absorption bringing the YTD to 2.9 msf and a vacancy rate of 9.1%.
- Kenosha County topped all counties in positive absorption with 3.5 msf resulting from the new delivery of five single tenant buildings for Uline, Amazon, Haribo and Precision Lab totaling over 3.4 msf.
- Racine County was one of two counties to post a loss with 364,000 sf with GXO Logistics vacating 550,000 sf
- At the close of Q4 2022 the Milwaukee industrial market had 59 lease transaction with 990,000 sf of leasing activity. Sixty two properties sold topping \$129 million and over 1.9 msf during Q4 2022.
- There is over 7,881,000 sf currently under construction resulting from 37 projects. Kenosha County accounted for 4,000,000 sf currently under construction in 10 properties.
- Thirty nine properties with 11,338,000 sf were delivered year to date. Kenosha County had 14 of the properties with 6,867,000 sf year to date. Eighteen properties were delivered during Q4 2022 with over 5.9 msf.

SUMMARY

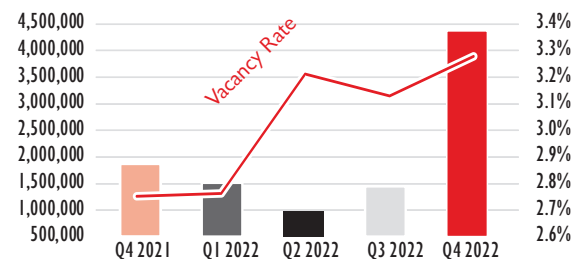
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	292	13,157,270	997,495	901,339	53,953	117,521	6.9%
Manufacturing	2,176	176,217,330	3,836,029	2,846,610	50,152	461,459	1.6%
Warehouse Distribution	798	120,772,937	7,525,165	5,558,998	3,878,078	6,109,622	4.6%
Warehouse Office	2,102	64,060,231	4,941,856	2,965,409	386,442	1,154,466	4.6%
Grand Total	5,368	374,207,768	17,300,545	12,272,356	4,368,625	7,843,068	3.3%

UNDER CONSTRUCTION (SF)

COUNTY	BLDG SIZE (SF)
Kenosha	4,038,391
Milwaukee	1,257,734
Ozaukee	36,843
Racine	1,408,384
Sheboygan	276,000
Walworth	80,951
Washington	412,554
Waukesha	370,887
Grand Total	7,881,744



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%
	Manufacturing	103	7,830,168			0	0	0.0%
	Warehouse Distribution	101	35,589,418	2,430,945	2,227,526	3,532,103	5,778,669	6.3%
	Warehouse Office	70	2,944,634	319,893	2,400	11,734	174,234	0.1%
	Subtotal	282	47,046,819	2,750,838	2,229,926	3,551,837	5,960,903	4.7%
Milwaukee	Flex/R&D	60	3,175,013	626,156	561,226	47,894	(43,285)	17.7%
	Manufacturing	671	60,679,698	2,851,028	2,384,977	(79,522)	(239,667)	3.9%
	Warehouse Distribution	298	34,238,343	2,305,888	1,490,602	20,804	466,464	4.4%
	Warehouse Office	676	23,520,291	2,421,065	1,472,437	49,283	118,876	6.3%
	Subtotal	1,705	121,613,345	8,204,137	5,909,242	38,459	302,388	4.9%
Ozaukee	Flex/R&D	21	652,913	70,694	31,893	8,002	22,615	4.9%
	Manufacturing	118	9,041,752	212,060	217,706	(41,800)	278,348	2.4%
	Warehouse Distribution	16	2,149,211	6,001	6,001	0	(6,001)	0.3%
	Warehouse Office	65	2,352,488	99,547	62,490	(7,045)	413,878	2.7%
	Subtotal	220	14,196,364	388,302	318,090	(40,843)	708,840	2.2%
Racine	Flex/R&D	12	668,128	35,290	35,290	6,844	9,482	5.3%
	Manufacturing	189	17,425,319	17,934	17,934	157,674	145,674	0.1%
	Warehouse Distribution	78	12,886,113	1,427,233	1,427,233	(529,221)	(555,047)	11.1%
	Warehouse Office	140	5,041,752	892,715	886,167	0	24,480	17.6%
	Subtotal	419	36,021,312	2,373,172	2,366,624	(364,703)	(375,411)	6.6%
Sheboygan	Flex/R&D	1	30,720		5,000	5,080	5,080	16.3%
	Manufacturing	151	19,553,711	192,014	43,525	0	0	0.2%
	Warehouse Distribution	35	5,145,042	221,029		0	0	0.0%
	Warehouse Office	90	2,327,472	88,220		0	0	0.0%
	Subtotal	277	27,056,945	501,263	48,525	5,080	5,080	0.2%
Walworth	Flex/R&D	4	94,396			0	0	0.0%
	Manufacturing	124	9,541,727	98,630	19,336	0	(19,336)	0.2%
	Warehouse Distribution	30	2,964,510			70,500	146,900	0.0%
	Warehouse Office	73	1,959,352	113,002	40,000	0	10,000	2.0%
	Subtotal	231	14,559,985	211,632	59,336	70,500	137,564	0.4%
Washington	Flex/R&D	15	528,613	39,011	36,168	0	(36,168)	6.8%
	Manufacturing	234	14,904,050	133,750	61,640	0	134,784	0.4%
	Warehouse Distribution	77	10,007,532	822,236	319,832	783,892	132,732	3.2%
	Warehouse Office	173	4,457,441	184,562	101,524	206,709	240,237	2.3%
	Subtotal	499	29,897,636	1,179,559	519,164	990,601	471,585	1.7%
Waukesha	Flex/R&D	171	7,324,888	226,344	231,762	(21,867)	151,797	3.2%
	Manufacturing	586	37,240,905	330,613	101,492	13,800	161,656	0.3%
	Warehouse Distribution	163	17,792,768	311,833	87,804	0	145,905	0.5%
	Warehouse Office	815	21,456,801	822,852	400,391	125,761	172,761	1.9%
	Subtotal	1,735	83,815,362	1,691,642	821,449	117,694	632,119	1.0%
Grand Total		5,368	374,207,768	17,300,545	12,272,356	4,368,625	7,843,068	3.3%

Southeast Wisconsin Retail Deals

NOTABLE RETAIL LEASE TRANSACTIONS

Property	Size (sf)	Market	Tenant	Landlord
Silvernail Plaza 2000 Silvernail Rd	15,200	Waukesha	BioLife	The Redmond Group
Mequon Pavilions Shopping Center 11100 N Port Washington Rd	11,790	Mequon - Thiensville	The Tile Shop	Centro Bradely SPE 1 LLC
BMO Tower 790 N Water St	7,220	Milwaukee Downtown East	Kindbody	Broadway Tierra Partners LLC
Mequon Pavilions Shopping Center 10932 N Port Washington Rd	5,986	Mequon - Thiensville	Hallmark	Centro Bradely SPE 1 LLC
2720-2850 Heritage Dr	5,405	Waukesha Southwest	Flawless Flooring	Heritage-Hillside LLC
635 W Silver Spring Dr	5,008	Milwaukee North Shore	Wild Forks Foods	Wallock Enterprises
Southport Plaza 7220 Green Bay Rd	4,000	Kenosha	Bricks & Minifigs	BZA Kenosha LLC
Vim+Vigor 922 W Juneau Ave	3,682	Milwaukee Downtown West	Go Grocer	WI Frederick Lofts, LLC

NOTABLE RETAIL SALES TRANSACTIONS

Property	Price	Market	Buyer	Seller
Shoppers World of Brookfield 12645 W Capital Dr	\$23,930,000	Brookfield	The Lofts at 5 Points LLC	PMAT Brookfield LLC
14044-14192 Silver Spring Dr	\$7,770,000	Menomonee Falls	High Point Falls LLC	High Point Commons II, LLC
701-709 E Capitol Dr	\$5,850,000	Milwaukee East Side	Capitol Commons Partners, LLC	PJR Properties, LLC
387 Pewaukee Rd	\$4,200,000	Pewaukee	Capital Drive Partners LLC	DCTN3 310 Pewaukee WI LLC
811-827 W Moreland Blvd	\$3,800,000	Waukesha	811 W Moreland Blvd LLC	Metropolitan-Moreland Plaza LLC
5326-5336 N Port Washington Rd	\$3,255,000	Milwaukee North Shore	Legacy Bayshore Plaza LLC	Port Plaza LLC
15413-15483 Main St	\$3,150,000	Menomonee Falls	DLM Family LLC	T Pilgrim Village WI LLC
11135 W National Ave	\$3,125,000	Milwaukee West	O'Reilly Automotive Stores, Inc.	Bobwestallis WI LLC

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