



# COMMERCIAL REAL ESTATE MARKET REPORT | Q1 2023

## Southeast Wisconsin Office Overview

### ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) decreased 100 basis points to 2.7% compared to 3.7% in February 2022. The unemployment rate for the US was at 3.6% in February 2023, down from 3.8% last year. State of Wisconsin unemployment was 2.7% for this quarter. Milwaukee MSA saw an decrease in job growth while office using jobs had no change during the same period.

### SUMMARY

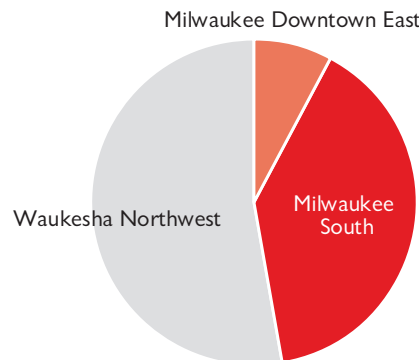
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	54	12,056,855	2,161,212	1,804,116	175,269	175,269	15.0%
B	460	31,488,304	6,966,911	5,510,732	(96,805)	(96,805)	17.5%
C	46	1,982,672	114,516	91,197	0	0	4.6%
<b>Grand Total</b>	<b>560</b>	<b>45,527,831</b>	<b>9,242,639</b>	<b>7,406,045</b>	<b>78,464</b>	<b>78,464</b>	<b>16.3%</b>

- Employment**  
**773,711**
- Area Unemployment**  
**2.7%**
- U.S. Unemployment**  
**3.6%**
- Office-Using Jobs**  
**179,000**

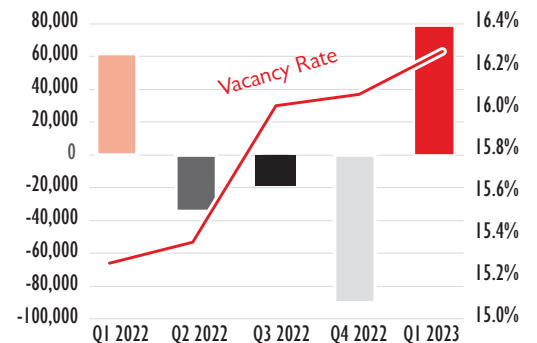
- Milwaukee office market posted positive net absorption of 78,400 sf for multi and single tenant properties and a vacancy rate of 16.3%. Multi-tenant properties had (109,000) sf negative absorption this quarter and a vacancy rate of 22.0%.
- Milwaukee CBD ended with a 16.9% vacancy rate resulting from 148,000 sf positive absorption. Multi-tenant only properties saw a vacancy rate of 22.7% and (9,700) sf negative absorption during Q1 2023.
- The suburban markets posted (70,000) sf negative net absorption and a vacancy rate of 15.8% for single and multi-tenant properties during Q1 2023. Multi-tenant properties ended with a vacancy rate of 21.5% with (99,600) sf negative net absorption.
- Third Ward - Walkers Point had the largest increase with 159,000 sf positive absorption led by the new delivery of Rite Hite with 158,000 sf. Brookfield topped all markets with (109,000) sf negative absorption led by Metso Minerals vacating 30,500 sf
- Milwaukee office market had 99 lease comps totaling 630,000 sf this quarter with 79 of the lease comps in the suburban markets and 20 lease comps in Milwaukee CBD markets. Thirteen office properties sold with 183,000 sf for \$10,700,000.
- There is 102,000 sf currently under construction in 3 properties. Two properties were delivered with 228,600 sf during Q1 2023.

### UNDER CONSTRUCTION

MARKET	BLDG SIZE (SF)
Milwaukee Downtown East	8,104
Milwaukee South	40,288
Waukesha Northwest	53,913
<b>Grand Total</b>	<b>102,305</b>



### 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
<b>Milwaukee Downtown East</b>	A	14	5,961,922	1,108,773	860,369	5,733	5,733	14.4%
	B	40	4,903,656	854,100	756,677	(20,728)	(20,728)	15.4%
	C	4	146,389	27,550	22,500	0	0	15.4%
	<b>Subtotal</b>	<b>58</b>	<b>11,011,967</b>	<b>1,990,423</b>	<b>1,639,546</b>	<b>(14,995)</b>	<b>(14,995)</b>	<b>14.9%</b>
<b>Milwaukee Downtown West</b>	A	2	348,371	75,427	62,427	0	0	17.9%
	B	32	4,684,378	951,645	988,331	4,369	4,369	21.1%
	C	2	189,311			0	0	0.0%
	<b>Subtotal</b>	<b>36</b>	<b>5,222,060</b>	<b>1,027,072</b>	<b>1,050,758</b>	<b>4,369</b>	<b>4,369</b>	<b>20.1%</b>
<b>Third Ward-Walkers Point</b>	A	5	739,907	168,622	174,671	162,703	162,703	23.6%
	B	39	2,291,664	575,733	376,256	(3,490)	(3,490)	16.4%
	C	4	120,713	42,963	42,963	0	0	35.6%
	<b>Subtotal</b>	<b>48</b>	<b>3,152,284</b>	<b>787,318</b>	<b>593,890</b>	<b>159,213</b>	<b>159,213</b>	<b>18.8%</b>
<b>Milwaukee CBD</b>	A	21	7,050,200	1,352,822	1,097,467	168,436	168,436	15.6%
	B	111	11,879,698	2,381,478	2,121,264	(19,849)	(19,849)	17.9%
	C	10	456,413	70,513	65,463	0	0	14.3%
	<b>Subtotal</b>	<b>142</b>	<b>19,386,311</b>	<b>3,804,813</b>	<b>3,284,194</b>	<b>148,587</b>	<b>148,587</b>	<b>16.9%</b>
<b>Brookfield</b>	A	6	548,824	36,102	41,056	165	165	7.5%
	B	93	5,623,095	1,486,193	1,099,740	(109,268)	(109,268)	19.6%
	C	4	118,873	5,000		0	0	0.0%
	<b>Subtotal</b>	<b>103</b>	<b>6,290,792</b>	<b>1,527,295</b>	<b>1,140,796</b>	<b>(109,103)</b>	<b>(109,103)</b>	<b>18.1%</b>
<b>Mayfair - Wauwatosa</b>	A	15	2,098,871	438,244	362,475	14,337	14,337	17.3%
	B	29	1,445,029	343,789	316,231	(13,399)	(13,399)	21.9%
	C	7	303,574	26,054	12,785	0	0	4.2%
	<b>Subtotal</b>	<b>51</b>	<b>3,847,474</b>	<b>808,087</b>	<b>691,491</b>	<b>938</b>	<b>938</b>	<b>18.0%</b>
<b>Mequon - Theinsville</b>	A	1	37,670	6,104	16,250	0	0	43.1%
	B	15	425,823	136,119	124,393	(13,531)	(13,531)	29.2%
	<b>Subtotal</b>	<b>16</b>	<b>463,493</b>	<b>142,223</b>	<b>140,643</b>	<b>(13,531)</b>	<b>(13,531)</b>	<b>30.3%</b>
<b>Milwaukee Central</b>	B	9	691,988	32,000		0	0	0.0%
	C	10	571,968			0	0	0.0%
	<b>Subtotal</b>	<b>19</b>	<b>1,263,956</b>	<b>32,000</b>		<b>0</b>	<b>0</b>	<b>0.0%</b>

Continued

## 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
<b>Milwaukee North Shore</b>	A	2	175,962	134,828	116,513	910	910	66.2%
	B	33	1,974,754	282,671	269,652	(5,985)	(5,985)	13.7%
	C	7	271,978	12,949	12,949	0	0	4.8%
	<b>Subtotal</b>	<b>42</b>	<b>2,422,694</b>	<b>430,448</b>	<b>399,114</b>	<b>(5,075)</b>	<b>(5,075)</b>	<b>16.5%</b>
<b>Milwaukee Northwest</b>	A	4	1,090,478	46,899	46,899	0	0	4.3%
	B	51	3,386,132	722,827	613,637	(2,471)	(2,471)	18.1%
	<b>Subtotal</b>	<b>55</b>	<b>4,476,610</b>	<b>769,726</b>	<b>660,536</b>	<b>(2,471)</b>	<b>(2,471)</b>	<b>14.8%</b>
<b>Milwaukee Southwest</b>	A	1	680,266			0	0	0.0%
	B	21	886,376	142,149	87,668	8,298	8,298	9.9%
	C	2	91,658			0	0	0.0%
	<b>Subtotal</b>	<b>24</b>	<b>1,658,300</b>	<b>142,149</b>	<b>87,668</b>	<b>8,298</b>	<b>8,298</b>	<b>5.3%</b>
<b>Milwaukee West</b>	B	19	1,846,834	744,173	365,625	5,582	5,582	19.8%
	C	2	61,785			0	0	0.0%
	<b>Subtotal</b>	<b>21</b>	<b>1,908,619</b>	<b>744,173</b>	<b>365,625</b>	<b>5,582</b>	<b>5,582</b>	<b>19.2%</b>
<b>Pewaukee</b>	A	4	374,584	146,213	123,456	(8,579)	(8,579)	33.0%
	B	30	1,607,085	532,681	366,333	(1,506)	(1,506)	22.8%
	<b>Subtotal</b>	<b>34</b>	<b>1,981,669</b>	<b>678,894</b>	<b>489,789</b>	<b>(10,085)</b>	<b>(10,085)</b>	<b>24.7%</b>
<b>Waukesha Northwest - Lake Country</b>	B	17	558,398	21,699	19,666	0	0	3.5%
	<b>Subtotal</b>	<b>17</b>	<b>558,398</b>	<b>21,699</b>	<b>19,666</b>	<b>0</b>	<b>0</b>	<b>3.5%</b>
<b>Waukesha Southeast - New Berlin</b>	B	15	519,691	67,574	57,505	53,445	53,445	11.1%
	<b>Subtotal</b>	<b>15</b>	<b>519,691</b>	<b>67,574</b>	<b>57,505</b>	<b>53,445</b>	<b>53,445</b>	<b>11.1%</b>
<b>Waukesha Southwest</b>	B	17	643,401	73,558	69,018	1,879	1,879	10.7%
	C	4	106,423			0	0	0.0%
	<b>Subtotal</b>	<b>21</b>	<b>749,824</b>	<b>73,558</b>	<b>69,018</b>	<b>1,879</b>	<b>1,879</b>	<b>9.2%</b>
<b>Suburban</b>	A	33	5,006,655	808,390	706,649	6,833	6,833	14.1%
	B	349	19,608,606	4,585,433	3,389,468	(76,956)	(76,956)	17.3%
	C	36	1,526,259	44,003	25,734	0	0	1.7%
	<b>Subtotal</b>	<b>418</b>	<b>26,141,520</b>	<b>5,437,826</b>	<b>4,121,851</b>	<b>(70,123)</b>	<b>(70,123)</b>	<b>15.8%</b>
<b>Grand Total</b>		<b>560</b>	<b>45,527,831</b>	<b>9,242,639</b>	<b>7,406,045</b>	<b>78,464</b>	<b>78,464</b>	<b>16.3%</b>

# Southeast Wisconsin Industrial Overview

## ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) decreased 100 basis points to 2.7% compared to 3.7% in February 2022. The unemployment rate for the US was at 3.6% in February 2023, down from 3.8% last year. State of Wisconsin unemployment was 2.7% for this quarter. The Milwaukee MSA saw an decrease in job growth while manufacturing jobs increased by 1,900 jobs during the same period.

**Employment**  
**773,711**

**Area Unemployment**  
**2.7%**

**U.S. Unemployment**  
**3.6%**

**Industrial Jobs**  
**115,000**

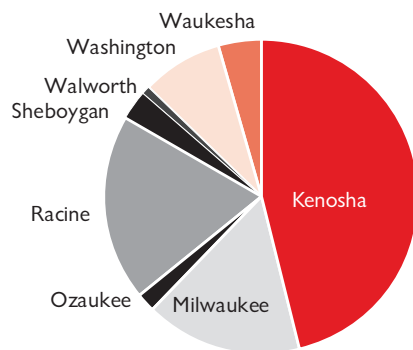
- Milwaukee industrial market posted 712,000 sf positive absorption and a vacancy rate of 3.6% for both multi and single tenant properties. Multi-tenant properties posted 516,000 sf positive absorption and a vacancy rate of 10.2%.
- Milwaukee County topped all counties in positive absorption with 302,000 sf resulting from ownership of a 250,000 sf property.
- Kenosha County had the single largest positive absorption gain with Eagle Foods leasing 284,000 sf but was offset by Focus Products Group vacating 150,000 sf.
- Sheboygan County was one of two counties to post negative absorption with 24,000 sf.
- At the close of Q1 2023 the Milwaukee industrial market had 47 lease transactions with 1.82 msf of leasing activity. Fifty three properties sold topping \$125 million with over 1.95 msf.
- There is over 8.5 msf currently under construction across 39 projects. Kenosha County accounted for 3.9 msf currently under construction in 8 properties.
- Seven properties with 2,081,000 sf were delivered Q1 2023.

## SUMMARY

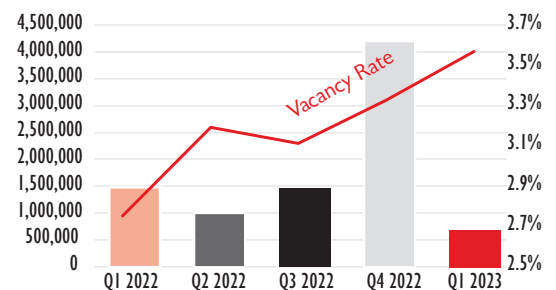
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	295	13,133,620	1,047,111	877,352	3,720	3,720	6.7%
Manufacturing	2,172	176,343,083	3,612,604	2,937,294	184,075	184,075	1.7%
Warehouse Distribution	800	122,438,341	8,634,162	6,704,414	578,399	578,399	5.5%
Warehouse Office	2,101	63,941,602	4,076,594	2,901,837	(54,289)	(54,289)	4.5%
<b>Grand Total</b>	<b>5,368</b>	<b>375,856,646</b>	<b>17,370,471</b>	<b>13,420,897</b>	<b>711,905</b>	<b>711,905</b>	<b>3.6%</b>

## UNDER CONSTRUCTION (SF)

COUNTY	BLDG SIZE (SF)
Kenosha	3,946,477
Milwaukee	1,377,850
Ozaukee	165,868
Racine	1,634,584
Sheboygan	255,800
Walworth	80,750
Washington	717,134
Waukesha	356,635
<b>Grand Total</b>	<b>8,535,098</b>



## 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
<b>-Kenosha</b>	Flex/R&D	8	682,599			0	0	0.0%
	Manufacturing	103	7,967,151	135,074	135,074	0	0	1.7%
	Warehouse Distribution	104	36,928,449	3,543,463	3,340,044	221,841	221,841	9.0%
	Warehouse Office	70	2,944,634	319,893		0	0	0.0%
	<b>Subtotal</b>	<b>285</b>	<b>48,522,833</b>	<b>3,998,430</b>	<b>3,475,118</b>	<b>221,841</b>	<b>221,841</b>	<b>7.2%</b>
<b>Milwaukee</b>	Flex/R&D	61	3,195,614	626,364	559,957	1,269	1,269	17.5%
	Manufacturing	668	60,689,568	2,683,287	2,362,710	37,267	37,267	3.9%
	Warehouse Distribution	295	34,071,770	1,957,191	1,263,263	277,947	277,947	3.7%
	Warehouse Office	672	23,268,485	2,398,609	1,476,716	(14,039)	(14,039)	6.3%
	<b>Subtotal</b>	<b>1,696</b>	<b>121,225,437</b>	<b>7,665,451</b>	<b>5,662,646</b>	<b>302,444</b>	<b>302,444</b>	<b>4.7%</b>
<b>Ozaukee</b>	Flex/R&D	22	670,913	53,042	42,993	(11,100)	(11,100)	6.4%
	Manufacturing	118	9,041,752	175,906	217,706	0	0	2.4%
	Warehouse Distribution	16	2,149,211	6,001	6,001	0	0	0.3%
	Warehouse Office	65	2,352,488	130,063	73,263	(10,773)	(10,773)	3.1%
	<b>Subtotal</b>	<b>221</b>	<b>14,214,364</b>	<b>365,012</b>	<b>339,963</b>	<b>(21,873)</b>	<b>(21,873)</b>	<b>2.4%</b>
<b>Racine</b>	Flex/R&D	12	668,128	35,290	35,290	0	0	5.3%
	Manufacturing	189	17,425,319	17,934	17,934	0	0	0.1%
	Warehouse Distribution	78	12,922,557	1,616,079	1,616,079	0	0	12.5%
	Warehouse Office	140	5,041,752	459,568	886,167	0	0	17.6%
	<b>Subtotal</b>	<b>419</b>	<b>36,057,756</b>	<b>2,128,871</b>	<b>2,555,470</b>	<b>0</b>	<b>0</b>	<b>7.1%</b>
<b>Sheboygan</b>	Flex/R&D	1	30,720		5,000	0	0	16.3%
	Manufacturing	150	19,503,301	185,296	23,687	(23,687)	(23,687)	0.1%
	Warehouse Distribution	35	5,145,042	221,029		0	0	0.0%
	Warehouse Office	90	2,347,672	97,845		0	0	0.0%
	<b>Subtotal</b>	<b>276</b>	<b>27,026,735</b>	<b>504,170</b>	<b>28,687</b>	<b>(23,687)</b>	<b>(23,687)</b>	<b>0.1%</b>
<b>Walworth</b>	Flex/R&D	4	94,396			0	0	0.0%
	Manufacturing	124	9,541,727	98,630	19,336	0	0	0.2%
	Warehouse Distribution	30	2,964,510	110,900		0	0	0.0%
	Warehouse Office	73	1,959,352	95,890	40,000	0	0	2.0%
	<b>Subtotal</b>	<b>231</b>	<b>14,559,985</b>	<b>305,420</b>	<b>59,336</b>	<b>0</b>	<b>0</b>	<b>0.4%</b>
<b>Washington</b>	Flex/R&D	15	528,613	39,011	36,168	0	0	6.8%
	Manufacturing	232	14,791,150	117,500	61,640	0	0	0.4%
	Warehouse Distribution	77	10,007,532	719,875	217,471	102,361	102,361	2.2%
	Warehouse Office	174	4,475,641	199,799	83,114	2,750	2,750	1.9%
	<b>Subtotal</b>	<b>498</b>	<b>29,802,936</b>	<b>1,076,185</b>	<b>398,393</b>	<b>105,111</b>	<b>105,111</b>	<b>1.3%</b>
<b>Waukesha</b>	Flex/R&D	172	7,262,637	293,404	197,944	13,551	13,551	2.7%
	Manufacturing	588	37,383,115	198,977	99,207	170,495	170,495	0.3%
	Warehouse Distribution	165	18,249,270	459,624	261,556	(23,750)	(23,750)	1.4%
	Warehouse Office	817	21,551,578	374,927	342,577	(32,227)	(32,227)	1.6%
	<b>Subtotal</b>	<b>1,742</b>	<b>84,446,600</b>	<b>1,326,932</b>	<b>901,284</b>	<b>128,069</b>	<b>128,069</b>	<b>1.1%</b>
<b>Grand Total</b>		<b>5,368</b>	<b>375,856,646</b>	<b>17,370,471</b>	<b>13,420,897</b>	<b>711,905</b>	<b>711,905</b>	<b>3.6%</b>

# Southeast Wisconsin Retail Deals

## NOTABLE RETAIL LEASE TRANSACTIONS

Property	Size (sf)	Market	Tenant	Landlord
<b>HUB640</b>				
640 N 4th St	30,000	Milwaukee Downtown West	Kohls	NWC 331 Multifamily LLC
<b>857 S Rochester St</b>	20,000	Waukesha Southwest	Dollar tree	Brooklife Church Inc
<b>Plymouth Commons</b>				
2615 Eastern Ave	18,859	Sheboygan	Neat Repeats Thrift Shop	Plymouth Retail Partners LLC
<b>Shops on Sunset</b>				
24896 Sunset Dr	8,565	Waukesha	Concentra	Sunset Baceline, LLC
<b>4777 S 27th St</b>	8,284	Milwaukee Southeast	Festival Foods	NS Retail Holdings, LLC
<b>Silvernail Plaza</b>				
2100 Silvernail Rd	5,549	Waukesha	Blue Rose Dance	Waukesha Retail LLC
<b>2100-2124 N Farwell Ave</b>	5,400	Milwaukee East Side	WI JL Inc	2100 N Farwell Ave LLC
<b>Concord Court</b>				
1300 W Mequon Rd	5,400	Mequon - Thiensville	Anytime Fitness	Concord 37 LLC

## NOTABLE RETAIL SALES TRANSACTIONS

Property	Price	Market	Buyer	Seller
<b>Southridge Mall</b>				
5200 S 76 St	\$12,300,000	Milwaukee Southwest	Greendale SR Associates LLC	Seritage SRC Finance LLC
<b>All Star Honda</b>				
6141 S 27th St	\$7,000,000	Milwaukee Southeast	Write It Up Properties, LLC	Boyland Properties Greenfield LLC
<b>N66 W25201 County Hwy VV</b>	\$2,950,000	Waukesha Northwest	Sussex Investments LLC	RAP Fond Du Lac LLC
<b>N22 W23991 Ridgeview Parkway</b>	\$2,315,000	Pewaukee	Pewaukee Retail Center LLC	Luton Holdings Waukesha LLC
<b>4801 W Brown Deer Rd</b>	\$2,275,000	Milwaukee North Shore	Brown Deer Master P1 LLC	F Street 4949 LLC
<b>1001 Michigan Blvd</b>	\$2,217,500	Racine	River's End Marina, LLC	WH Pugh Coal Company
<b>Arbys</b>				
1661 Miller Park Way	\$1,904,000	Milwaukee West	Focus Realty Group, LLC	Carisch Brothers LP
<b>3201 Village Square Dr</b>	\$1,700,000	Waukesha Northwest	JPMorgan Chase Bank	ISB Community Bank

### Office Advisory Board

AJ Associates  
Andrew Jensen  
CBRE  
Nick Becker  
William Bonifas  
John Mazza  
Colliers International  
Matt Fahey  
Jenna Maguire  
Mike Wanezek  
Dan Wroblewski  
Cushman & Wakefield | Boerke  
Katie Brueske  
Jim Cavanaugh

Founders 3  
Ned Purtell  
Irgens  
Alyssa Geisler  
JLL  
Julia Howe  
Matt Hunter  
David Pudiosky  
Michael Streit  
Judson & Associates  
Will Schlosser  
NAI  
Wally Sauthoff  
Newmark  
Tim Janusz  
Transwestern  
John Dulmes

### Industrial Advisory Board

CBRE  
Scott Furmanski  
Alissa Harwood  
Trent Poole  
Colliers International  
Kyle Fink  
Jim Larkin, SIOR  
Cushman & Wakefield | Boerke  
Nick Unger  
Cody Ziegler  
Founders 3  
Brett Deter  
Paul McBride, SIOR

JLL  
Joe Carollo  
Tony Haning  
Judson & Associates  
Matt Judson  
Cole Russell  
Newmark  
Mitchell Starczynski, SIOR  
Ogden  
Luke Fehrenbach  
Bob Gintoft, SIOR  
Paradigm  
Matt Friedman  
Jim Johnson  
Brian Parrish, SIOR

### Research Advisory Board

CBRE  
Madeline Strehlow  
Colliers International  
Margaret Blair  
Will Braxton  
Cushman & Wakefield | Boerke  
Katie Gremban  
Dan Palec  
Founders 3  
Elizabeth Pancratz  
JLL  
Laura Russe  
Newmark  
Nate Winkle

The market reports are produced in collaboration of CARW and REDIComps under the direction of an advisory panel of CARW members commercial real estate professionals. The Commercial Association of REALTORS® Wisconsin (CARW) works to advance the interests of individual practitioners and the industry through education, professional development, public affairs & advocacy, professional standards & ethics and business networking.