

COMMERCIAL
REAL ESTATE
MARKET REPORT

Q2 2023
MILWAUKEE



MOODY'S
ANALYTICS | Catylist

FOR IMMEDIATE RELEASE JULY 2023

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COMMERCIAL REAL ESTATE MARKET REPORT | Q2 2023



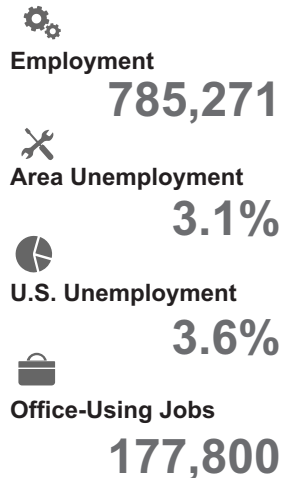
Southeast Wisconsin Office Overview

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) decreased 10 basis points to 3.1% compared to 3.2% in May 2022. The unemployment rate for the US was at 3.6% in June 2023. State of Wisconsin unemployment was 2.4% for this quarter. The Milwaukee MSA saw an increase in job growth while office using jobs decreased by 8,200 jobs during the same period.

Summary

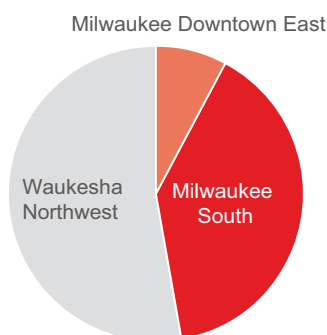
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	54	12,056,855	2,331,206	1,762,466	59,143	234,412	14.6%
B	459	31,144,699	6,904,220	5,479,226	(56,963)	(109,396)	17.6%
C	47	2,018,629	163,449	135,248	949	949	6.7%
Grand Total	560	45,220,183	9,398,875	7,376,940	3,129	125,965	16.3%



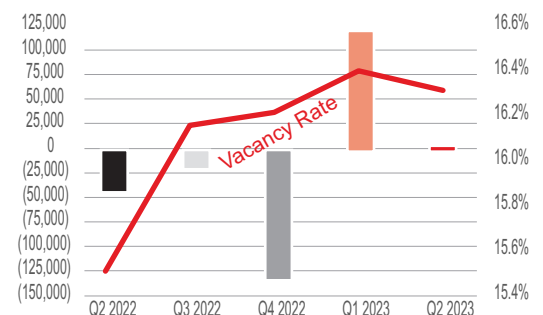
- Milwaukee office market posted positive net absorption of 3,100 sf bringing the YTD to 125,900 sf positive absorption and a vacancy rate of 16.3% for multi and single tenant properties. Multi-tenant properties had 76,675 sf positive absorption bringing the YTD to 11,700 sf positive absorption and a vacancy rate of 22.1% this quarter.
- Milwaukee CBD ended with a 17.6% vacancy rate resulting from (67,000) sf negative absorption. Multi-tenant only properties saw a vacancy rate of 23.7% and (25,000) sf negative absorption during Q2 2023.
- The suburban markets posted 70,000 sf positive net absorption and a vacancy rate of 15.4% for single and multi-tenant properties during Q2 2023. Multi-tenant properties ended with a vacancy rate of 20.8% with 102,000 sf positive net absorption.
- Brookfield had the largest increase with 36,000 sf positive absorption led by Old Republic Surety leasing 31,500 sf. Third Ward - Walkers Point topped all markets with (52,900) sf negative absorption led by Eversana vacating 42,000 sf
- Milwaukee office market had 102 lease comps totaling 440,000 sf this quarter with 80 of the lease comps in the suburban markets and 22 lease comps in Milwaukee CBD markets. Twenty two office properties sold with 295,600 sf for \$23,600,000.
- There is 102,000 sf currently under construction in 3 properties. Two properties were delivered with 228,600 sf year to date.

Under Construction

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



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	14	5,961,922	1,130,918	842,678	17,691	23,424	14.1%
	B	39	4,844,227	927,364	743,396	(19,369)	(25,101)	15.3%
	C	4	146,389	27,550	22,500	0	0	15.4%
	Subtotal	57	10,952,538	2,085,832	1,608,574	(1,678)	(1,677)	14.7%
Milwaukee Downtown West	A	2	348,371	75,427	62,427	0	0	17.9%
	B	32	4,463,856	968,136	1,013,203	(12,750)	2,674	22.7%
	C	3	234,311	45,000	45,000	0	0	19.2%
	Subtotal	37	5,046,538	1,088,563	1,120,630	(12,750)	2,674	22.2%
Third Ward-Walkers Point	A	5	739,907	161,024	167,073	7,598	170,301	22.6%
	B	39	2,291,664	560,456	426,532	(60,572)	(53,766)	18.6%
	C	4	120,713	42,963	42,963	0	0	35.6%
	Subtotal	48	3,152,284	764,443	636,568	(52,974)	116,535	20.2%
Milwaukee CBD	A	21	7,050,200	1,367,369	1,072,178	25,289	193,725	15.2%
	B	110	11,599,747	2,455,956	2,183,131	(92,691)	(76,193)	18.8%
	C	11	501,413	115,513	110,463	0	0	22.0%
	Subtotal	142	19,151,360	3,938,838	3,365,772	(67,402)	117,532	17.6%
Brookfield	A	6	548,824	52,204	36,650	4,406	4,571	6.7%
	B	93	5,599,021	1,509,872	1,069,866	31,952	(79,394)	19.1%
	C	4	118,873	5,000		0	0	0.0%
	Subtotal	103	6,266,718	1,567,076	1,106,516	36,358	(74,823)	17.7%
Mayfair - Wauwatosa	A	15	2,098,871	560,695	361,280	18,688	33,025	17.2%
	B	29	1,445,029	338,230	319,625	(4,121)	(17,520)	22.1%
	C	7	303,574	26,054	12,785	0	0	4.2%
	Subtotal	51	3,847,474	924,979	693,690	14,567	15,505	18.0%
Mequon - Theinsville	A	1	37,670	6,237	6,237	10,013	10,013	16.6%
	B	15	425,823	142,680	104,878	9,412	5,984	24.6%
	Subtotal	16	463,493	148,917	111,115	19,425	15,997	24.0%
Milwaukee Central	B	9	691,988	32,000		0	0	0.0%
	C	10	562,925			0	0	0.0%
	Subtotal	19	1,254,913	32,000		0	0	0.0%

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
Milwaukee North Shore	A	2	175,962	134,828	116,513	0	910	66.2%
	B	33	1,974,754	276,691	271,087	(1,435)	(7,420)	13.7%
	C	7	271,978	16,882	12,000	949	949	4.4%
	Subtotal	42	2,422,694	428,401	399,600	(486)	(5,561)	16.5%
Milwaukee Northwest	A	4	1,090,478	46,899	46,899	0	0	4.3%
	B	50	3,326,552	672,217	585,974	(28,630)	(31,101)	17.6%
	Subtotal	54	4,417,030	719,116	632,873	(28,630)	(31,101)	14.3%
Milwaukee Southwest	A	1	680,266			0	0	0.0%
	B	21	886,376	141,765	85,319	2,349	10,647	9.6%
	C	2	91,658			0	0	0.0%
	Subtotal	24	1,658,300	141,765	85,319	2,349	10,647	5.1%
Milwaukee West	B	19	1,846,834	717,336	374,266	(8,641)	(3,059)	20.3%
	C	2	61,785			0	0	0.0%
	Subtotal	21	1,908,619	717,336	374,266	(8,641)	(3,059)	19.6%
Pewaukee	A	4	374,584	162,974	122,709	747	(7,832)	32.8%
	B	30	1,607,085	487,050	361,161	12,572	11,066	22.5%
	Subtotal	34	1,981,669	650,024	483,870	13,319	3,234	24.4%
Waukesha Northwest - Lake Country	B	17	558,398	19,286	17,253	2,413	2,413	3.1%
	Subtotal	17	558,398	19,286	17,253	2,413	2,413	3.1%
Waukesha Southeast - New Berlin	B	16	539,691	70,062	57,505	0	53,445	10.7%
	Subtotal	16	539,691	70,062	57,505	0	53,445	10.7%
Waukesha Southwest	B	17	643,401	41,075	49,161	19,857	21,736	7.6%
	C	4	106,423			0	0	0.0%
	Subtotal	21	749,824	41,075	49,161	19,857	21,736	6.6%
Suburban	A	33	5,006,655	963,837	690,288	33,854	40,687	13.8%
	B	349	19,544,952	4,448,264	3,296,095	35,728	(33,203)	16.9%
	C	36	1,517,216	47,936	24,785	949	949	1.6%
	Subtotal	418	26,068,823	5,460,037	4,011,168	70,531	8,433	15.4%
Grand Total		560	45,220,183	9,398,875	7,376,940	3,129	125,965	16.3%

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 10 basis points to 3.1% compared to 3.2% in May 2022. The unemployment rate for the US was at 3.6% in June 2023. State of Wisconsin unemployment was 2.4% for this quarter. The Milwaukee MSA saw an increase in job growth while manufacturing jobs also increased by 800 jobs during the same period.

- Milwaukee industrial market posted 385,000 sf positive absorption bringing the YTD to 1.1 msf positive absorption and a vacancy rate of 3.6% for both multi and single tenant properties. Multi-tenant properties posted 94,700 sf positive absorption bringing the YTD up to 608,800 sf positive absorption and a vacancy rate of 9.8%
- Walworth County topped all counties in positive absorption with 144,000 sf resulting from Zero Zone leasing 183,200 sf.
- Racine County was one of two counties to post negative absorption with 10,000 sf.
- At the close of Q2 2023 the Milwaukee industrial market had 59 lease transactions with 1.08 msf of leasing activity. Forty one properties sold topping \$58 million with over 1.67 msf.
- There is over 10.2 msf currently under construction across 44 projects. Kenosha County accounted for 5.3 msf currently under construction in 9 properties.
- Fourteen properties with 2.94 msf were delivered year to date.

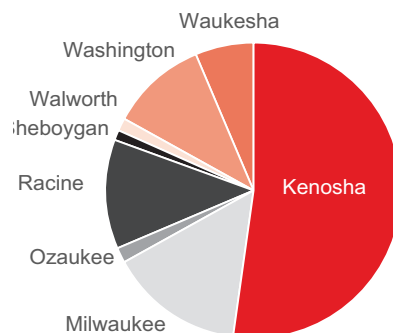


Summary

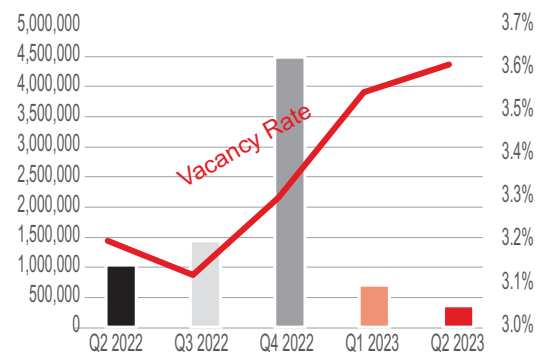
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	296	13,193,200	1,125,838	935,326	(1,681)	2,039	7.1%
Manufacturing	2,169	176,303,575	4,713,250	3,203,467	(20,840)	180,882	1.8%
Warehouse Distribution	775	122,693,444	8,615,256	6,870,105	212,615	791,014	5.6%
Warehouse Office	2,131	64,435,580	3,751,435	2,594,617	194,957	140,668	4.0%
Grand Total	5,371	376,625,799	18,205,779	13,603,515	385,051	1,114,603	3.6%

Under Construction (SF)

COUNTY	BLDG SIZE (SF)
Kenosha	5,346,477
Milwaukee	1,502,349
Ozaukee	165,868
Racine	1,241,144
Sheboygan	100,800
Walworth	140,000
Washington	1,092,134
Waukesha	628,120
Grand Total	10,216,892



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			0	0	0.0%
	Manufacturing	103	7,967,151	135,074	135,074	0	0	1.7%
	Warehouse Distribution	104	36,928,449	3,409,067	3,205,648	49,908	271,749	8.7%
	Warehouse Office	70	2,944,634	228,980		0	0	0.0%
	Subtotal	285	48,522,833	3,773,121	3,340,722	49,908	271,749	6.9%
Milwaukee	Flex/R&D	62	3,255,194	703,610	618,455	(2,205)	(936)	19.0%
	Manufacturing	666	60,520,033	3,271,651	2,505,360	2,330	39,597	4.1%
	Warehouse Distribution	283	34,125,698	1,860,928	1,221,812	116,451	394,398	3.6%
	Warehouse Office	686	23,425,585	2,208,386	1,365,681	(121,965)	(136,004)	5.8%
	Subtotal	1,697	121,326,510	8,044,575	5,711,308	(5,389)	297,055	4.7%
Ozaukee	Flex/R&D	22	670,913	53,764	42,815	178	(10,922)	6.4%
	Manufacturing	118	9,041,752	190,867	155,873	41,800	61,833	1.7%
	Warehouse Distribution	16	2,149,211	6,001	6,001	0	0	0.3%
	Warehouse Office	65	2,352,488	119,290	62,490	10,773	0	2.7%
	Subtotal	221	14,214,364	369,922	267,179	52,751	50,911	1.9%
Racine	Flex/R&D	12	668,128	35,290	35,290	0	0	5.3%
	Manufacturing	189	17,425,319	27,320	27,320	(7,000)	(9,386)	0.2%
	Warehouse Distribution	77	13,100,837	1,867,073	1,824,073	(3,400)	(3,400)	13.9%
	Warehouse Office	142	5,068,066	459,568	886,167	0	0	17.5%
	Subtotal	420	36,262,350	2,389,251	2,772,850	(10,400)	(12,786)	7.6%
Sheboygan	Flex/R&D	1	30,720		5,000	0	0	16.3%
	Manufacturing	150	19,658,301	348,833	23,687	0	(23,687)	0.1%
	Warehouse Distribution	34	5,132,236	251,029		0	0	0.0%
	Warehouse Office	90	2,347,672	97,845		0	0	0.0%
	Subtotal	275	27,168,929	697,707	28,687	0	(23,687)	0.1%
Walworth	Flex/R&D	4	94,396			0	0	0.0%
	Manufacturing	124	9,541,727	235,390	58,336	(39,000)	(39,000)	0.6%
	Warehouse Distribution	30	3,135,417	110,900		183,200	183,200	0.0%
	Warehouse Office	76	2,165,145	70,550	40,000	0	0	1.8%
	Subtotal	234	14,936,685	416,840	98,336	144,200	144,200	0.7%
Washington	Flex/R&D	15	528,613	32,715	23,644	12,524	12,524	4.5%
	Manufacturing	232	14,790,839	117,500	120,140	59,500	59,500	0.8%
	Warehouse Distribution	75	9,981,922	684,875	213,438	4,033	106,394	2.1%
	Warehouse Office	176	4,503,012	195,270	82,051	1,063	3,813	1.8%
	Subtotal	498	29,804,386	1,030,360	439,273	77,120	182,231	1.5%
Waukesha	Flex/R&D	172	7,262,637	300,459	210,122	(12,178)	1,373	2.9%
	Manufacturing	587	37,358,453	386,615	177,677	(78,470)	92,025	0.5%
	Warehouse Distribution	156	18,139,674	425,383	399,133	(137,577)	(161,327)	2.2%
	Warehouse Office	826	21,628,978	371,546	158,228	305,086	272,859	0.7%
	Subtotal	1,741	84,389,742	1,484,003	945,160	76,861	204,930	1.1%
Grand Total		5,371	376,625,799	18,205,779	13,603,515	385,051	1,114,603	3.6%

Southeast Wisconsin Retail Deals

Notable Retail Lease Transactions

Property	Size (sf)	Market	Tenant	Landlord
Timmerman Plaza				
10210 W Silver Spring Dr	26,465	Milwaukee Northwest	The Beauty Palace	Timmerman Holdings WI LLC
Mount Pleasant Plaza	15,145	Racine	Dollar Tree	Mount Pleasant Investments LLC
2543-2545 N Mayfair Rd	11,030	Mayfair - Wauwatosa	Yardbird	GP Wisconsin LLC
441 27th St	7,175	Racine	Elite Tumbling Factory	Sturtevant LLC ANO LLC
Pinecrest Shopping Center	5,441	Racine	Dollar Tree	CSMC 1007-C3 156-248 South Pine Street LLC
180 S Pine St				
2500-2512 W Lincoln Ave	5,268	Milwaukee South Central	Spine & Joint Institute of Milwaukee	Continental Savings Bk FSB
7500 W Layton Ave	5,140	Milwaukee Southwest	Welks Automotive	Silver Kings Investments LLC
6515 Green Bay Rd	5,000	Kenosha	LifeStance	2400 REAL EST LLC

Notable Retail Sales Transactions

Property	Price	Market	Buyer	Seller
Property 4101 N 56th St	\$22,130,700	Milwaukee North Central	Laureate Capital, LLC	Mid Milk Improvements LLC
Shoppes of Nagawaukee	\$17,325,000	Waukesha Northwest	Hendricks Commercial Properties, LLC	Shoppes of Nagawaukee Equity LLC
3200-3250 Golf Rd				
58 W Market St	\$4,800,000	Walworth	Keng Enterprises LLC	Elkhorn Leuptows Real Estate Management LLC
Stamp Factory at The District				
11415 W Burleigh St	\$4,677,400	Mayfair - Wauwatosa	ICA Storage Venture, LLC	ICA Schwaab Venture LLC
Spring Mall Shopping Center				
4200 S 76th St	\$3,700,000	Milwaukee Southwest	City of Greenfield	Brixmor Spring Mall LP
Packard Plaza				
5656 S Packard Ave	\$3,500,000	Milwaukee Southeast	Packard Plaza Partners, LLC	Group Packard LLC
New Generation RV				
5712 392nd Ave	\$2,850,000	Kenosha	Markquart Burlington, LLC	New Generation RV LLC
McDonald's				
8100 W Brown Deer Rd	\$2,800,000	Milwaukee Northwest	Nygren-Carr Properties Inc	Richard & Nancy Kotarski Trust

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