

## Industrial Q1 2021

YoY Chg 12-Mo. Forecast

**3.6%**

Vacancy Rate



**4.6M**

YTD Net Absorption, SF



**\$4.49**

Asking Rent, PSF



(Overall, Net Asking Rent)

### ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

**816.0**

Milwaukee Employment



**4.5%**

Milwaukee Unemployment Rate



**6.0%**

U.S. Unemployment Rate



Source: BLS, Moody's Analytics  
2021Q1 data are based on latest available data

### ECONOMY

Wisconsin's unemployment rate remained the same month-over-month at 3.8% in February 2020. Locally, Metro Milwaukee's unemployment rate fairs slightly worse, at 4.5%, however, 150 basis points (bps) below the national average.

According to data from the U.S Bureau of Economic Analysis, Wisconsin's economy saw a 4.5% drop in real gross domestic product decrease, a rate that ranks Wisconsin 37th in the country. The decline is the largest single-year drop in the state's GDP in data going back to 1963.

The Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 66.48 for March 2021, the highest reading since February 2018. A reading below 50 demonstrates contraction as a measure of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry.

### MARKET OVERVIEW

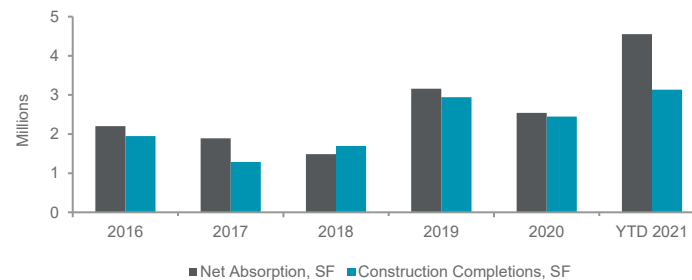
The Metro Milwaukee industrial market remained extremely active in Q1 2021, seeing the largest absorption figure in over ten years and a 188% increase quarter-over-quarter from the prior quarter high mark, with over 4.5 million square feet (msf) absorbed. Milwaukee County was the benefactor of over 4.7 msf of absorption. 2.6 msf is attributed to the delivery of the new Amazon facility in Oak Creek, over 538,000 sf attributed to the lease-up at 11800 W Burleigh, 425,000 sf from the completion of the U.S. Postal Service building, as well as a handful of additional major leases signed exceeding 100,000 sf. Q1 2021 leasing activity totaled over 4.5 msf, the largest count on record. Overall vacancy decreased 110 bps to 3.6%, also a record low.

Construction activity remains strong, with nearly 2.2 msf currently under construction, of which 282,500 sf is speculative. An additional 5.4 msf of proposed projects is in the pipeline, all subject to uncertainty given the current pandemic.

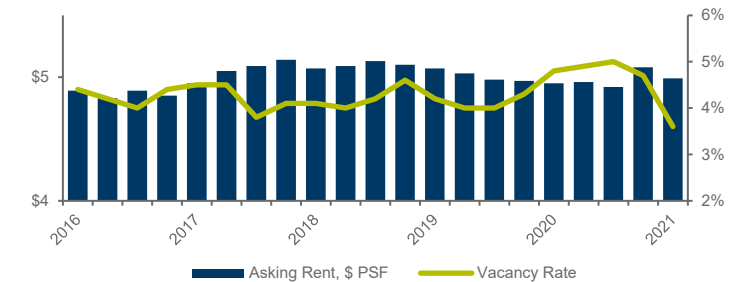
### OUTLOOK

The Milwaukee region has experienced record-setting demand, which is anticipated to continue through 2021, albeit not at the levels experienced in Q1. The Class A leasing velocity continues to accelerate and the available inventory of roughly 1 msf of Class A spec space will likely experience significant absorption in 2021. With COVID-19 delaying the vast majority of the development pipeline, as well as the rise in construction costs and the limited supply of land, anticipate a supply side crunch could be on the horizon in 2021.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



# MARKETBEAT MILWAUKEE



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## Industrial Q1 2021

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Milwaukee County	99,658,622	4,718,209	4.7%	4,747,678	4,747,678	694,246	3,097,000	\$4.00	\$5.41	\$3.74
Ozaukee County	12,019,751	385,814	3.2%	13,220	13,220	244,000	0	\$4.91	\$7.40	N/A
Washington County	21,616,397	463,454	2.1%	31,500	31,500	317,600	0	\$5.44	\$5.34	\$5.52
Waukesha County	74,322,712	1,873,932	2.5%	-241,011	-241,011	913,182	36,000	\$6.11	\$5.86	\$5.31
<b>MILWAUKEE TOTALS</b>	<b>207,617,482</b>	<b>7,441,409</b>	<b>3.6%</b>	<b>4,551,387</b>	<b>4,551,387</b>	<b>2,169,028</b>	<b>3,133,000</b>	<b>\$4.44</b>	<b>\$5.67</b>	<b>\$4.28</b>

\*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	108,396,386	3,215,132	3.0%	449,631	449,631	1,431,246	91,000	\$4.44
Office Service / Flex	37,884,402	919,427	2.4%	96,785	96,785	121,600	0	\$5.67
Warehouse / Distribution	61,336,694	3,306,850	5.4%	4,004,971	4,004,971	616,182	3,042,000	\$4.28

### KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9700 S 13 <sup>th</sup> Street, Oak Creek	Milwaukee County	Confidential	2,600,000	New
11800 W Burleigh, Wauwatosa	Milwaukee County	Confidential	538,528	New
5211 S 3 <sup>rd</sup> Street, Milwaukee	Milwaukee County	Oshkosh Corp	359,988	New
1100 Milwaukee Avenue, South Milwaukee	Milwaukee County	Steele Solutions	209,000	New

### KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
10914 N Industrial Drive, Mequon	Ozaukee County	SS Properties 1, LLC / Telsmith, LLC	236,000	\$8.2M / \$35
5315 and 5319-5375 S 3 <sup>rd</sup> , Milwaukee	Milwaukee County	Platform Ventures / Biynah Industrial Partners	201,200	\$9.7M / \$48
1400 N 113 <sup>th</sup> Street, Wauwatosa	Milwaukee County	C.H. Coakley & Co / Wangard Partners	192,237	\$6.95M / \$36
900 Gale Street, Waukesha	Waukesha County	Zilber Property Group / US Food, Inc.	177,000	\$6.325M / \$36
N25W23260 Paul & N25W23040 Paul, Pewaukee	Waukesha County	Platform Ventures / Biynah Industrial Partners	141,750	\$10.75M / \$76

### KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
9700 S 13 <sup>th</sup> Street, Oak Creek	Milwaukee County	Confidential	2,600,000	Hillwood Development Co.
2201 E College Avenue, Oak Creek	Milwaukee County	U.S Postal Service	425,000	U.S. Postal Service

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