

Industrial Q3 2021

YoY Chg 12-Mo. Forecast

2.9%
Vacancy Rate



6.7M
YTD Net Absorption, SF



\$4.43
Asking Rent, PSF



(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

834.2
Milwaukee Employment



4.6%
Milwaukee Unemployment Rate



5.2%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics
2021Q3 data are based on latest available data

ECONOMY

Wisconsin's unemployment rate has remained the same since April, standing at 3.9% in August 2021. While the unemployment rate did decline considerably since its recent high in April 2020, it remains slightly higher than its pre-pandemic reading of 3.2%. Locally, Metro Milwaukee's unemployment rate dipped slightly below the state level, at 4.6%, however 60 basis points (bps) lower than the national average.

According to data from the U.S. Bureau of Economic Analysis, Wisconsin's real gross domestic product grew at a 5.7% annualized rate during the second quarter, bringing Wisconsin's rank to 31st in the country.

The Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 57.81 for August 2021. A reading above 50 demonstrates expansion as a measure of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry. In addition, the survey's future indexes on the six-month business outlook suggests that there will be expected growth over the next six months, albeit at a slower pace than earlier in the year as supply chains remain strained.

MARKET OVERVIEW

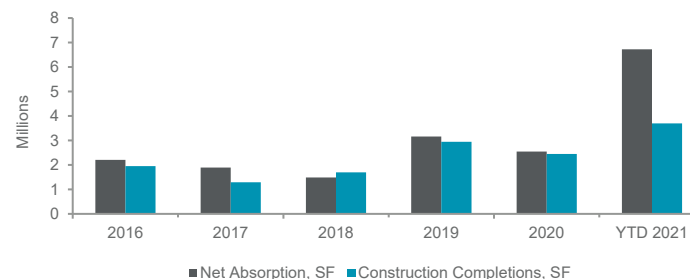
The Metro Milwaukee industrial market remained active in Q3 2021, with over 1.33 million square feet (msf) absorbed. Waukesha County saw the largest amount of activity with 81% of the metro activity surpassing 1.0 msf of absorption. Year-to-date, new leasing activity totaled nearly 6.7 million square feet (msf), amounting to a 222% increase year-over-year (YOY) and marking the largest new leasing total on record. Overall vacancy is at the lowest level on record, a decrease over 50 bps quarter-over-quarter and a 210 bps decrease YOY to 2.9%. As supply becomes limited, overall weighted average net rents grew 4.2% YOY, with rents expected to continue the upward trend in the near term.

Construction activity remains strong, with 2.9 msf currently under construction, of which nearly 1.2 msf is speculative. An additional 4.4 msf of proposed projects are in the pipeline, all subject to uncertainty given economic vulnerability, elevated construction costs and raw material lead times.

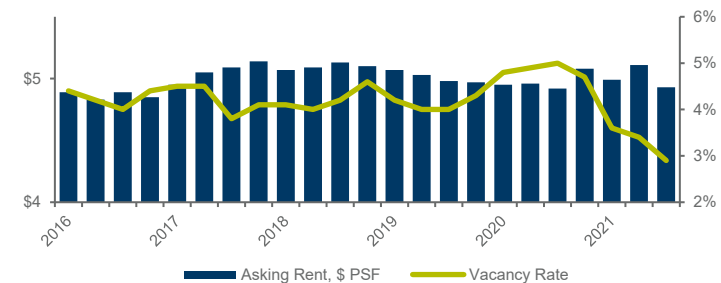
OUTLOOK

The Milwaukee region has experienced record-setting demand, which is anticipated to continue into 2022. The Class A market continues to tighten, with a 68% YOY absorption increase and available inventory of roughly 500,000 sf spec space. 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, a supply side crunch could be on the horizon.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT MILWAUKEE



CUSHMAN &
WAKEFIELD

BOERKE

Industrial Q3 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	99,285,925	3,724,041	3.8%	276,728	5,644,411	1,461,357	3,097,000	\$3.84	\$5.44	\$3.72
Ozaukee County	12,151,553	355,439	2.9%	-4,038	220,827	369,000	0	\$4.70	\$9.23	\$3.55
Washington County	21,627,227	452,557	2.1%	-25,094	62,707	382,200	10,000	\$5.29	\$5.33	\$5.54
Waukesha County	74,771,966	1,487,406	2.0%	1,078,368	793,477	766,192	587,000	\$6.22	\$6.20	\$5.45
MILWAUKEE TOTALS	207,836,671	6,019,443	2.9%	1,325,964	6,721,422	2,978,749	3,694,000	\$4.43	\$5.91	\$4.09

*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	108,390,038	2,958,167	2.7%	51,758	1,011,231	1,362,246	280,000	\$4.43
Office Service / Flex	37,894,402	818,169	2.2%	134,524	333,955	121,600	0	\$5.91
Warehouse / Distribution	61,552,231	2,243,107	3.6%	1,139,682	5,376,236	1,494,903	3,414,000	\$4.09

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
15380 W Shawn Circle, Menomonee Falls	Waukesha County	Milwaukee Tool	388,800	New
2950 N Roundy Circle, Pewaukee	Waukesha County	Confidential	165,000	New
16555 W Small Road, New Berlin	Waukesha County	Confidential	114,750	New
525 W Marquette Avenue, Oak Creek	Milwaukee County	Independence Corrugated	112,114	Renewal

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
W210N12800 Gateway Crossing, Germantown	Washington County	Exeter Property Group / Zilber Property Group	706,044	\$47.75M / \$68
1045 Hickory Street, Pewaukee	Waukesha County	Kendor Marine / Cooper Power Systems	214,425	\$4.2M / \$20
1717 & 1718 Pearl Street, Waukesha	Waukesha County	SR Realty Trust / J.T. Jacobus & Associates	181,900	\$11.65M / \$64
22700 Silver Spring Drive, Sussex	Waukesha County	Arnold Creekside, LLC / Cessal Enterprises, LLC	110,500	\$10.75M / \$97
200 W Vogel Avenue, Milwaukee	Milwaukee County	Gott Real Estate, LLC / MLG PF Airport Portfolio, LLC	107,648	\$3.075M / \$29

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