

Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
3.1% Vacancy Rate	▼	▬
8.2M YTD Net Absorption, SF	▲	▼
\$4.59 Asking Rent, PSF	▲	▲

(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
831.8 Milwaukee Employment	▲	▲
3.4% Milwaukee Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics
Q4 2021 data is the average of October and November employment figures.

ECONOMY

Wisconsin's unemployment rate decreased 90 basis points (bps) quarter-over-quarter to 3.0% in the fourth quarter 2021, tying a previously set low from 2017 and 2018. This also marks the first quarter where the unemployment rate is below the pre-pandemic reading of 3.2%. The state's labor force participation rate is currently at 66.4%, with the total non-farm jobs growing by more than 10,000 in November. The labor force participation reading today is 120 bps lower than levels in late 2017 when unemployment levels were the same. Locally, Metro Milwaukee's unemployment rate is slightly worse than the state, at 3.4%, however 80 bps below the national average.

According to data from the U.S. Bureau of Economic Analysis, Wisconsin's real gross domestic product dropped 0.2% from the second quarter, bringing Wisconsin's rank to 38th in the country.

The Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 58.28 for December 2021. A reading above 50 demonstrates expansion as a measure of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry. While the manufacturing sector shows growth, the report still suggests continued supply chain challenges with extended lead times, as well as inflation and labor issues.

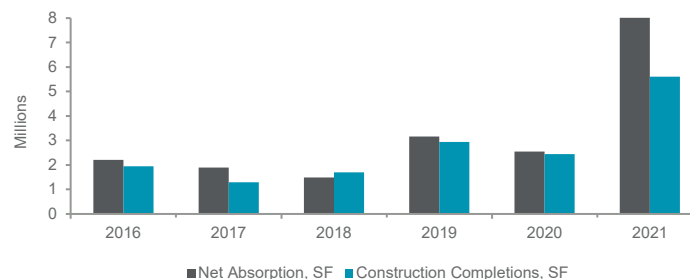
MARKET OVERVIEW

The Metro Milwaukee industrial market saw record setting absorption in 2021, with over 8.2 million square feet (msf) absorbed. Class A assets saw 1.9 msf of new leasing activity, excluding a large 2.6 msf transaction in Oak Creek. In Q4, there was nearly 1.5 msf absorbed, where Milwaukee County saw the largest amount of activity with 48% of the metro activity, largely in part to a few construction completions. New leasing activity for the year totaled over 7.9 msf, amounting to a 223% increase year-over-year (YOY) and marking the largest new leasing total on record. Overall vacancy is at 3.1%, 20 bps higher than the prior quarter, but represents a 160-bps decrease YOY. Investment sales reached nearly 8.4 msf, up from the 4.1 msf transacted one year ago. Class A investments are trading on average over \$100 psf with cap rates now reaching sub 5%.

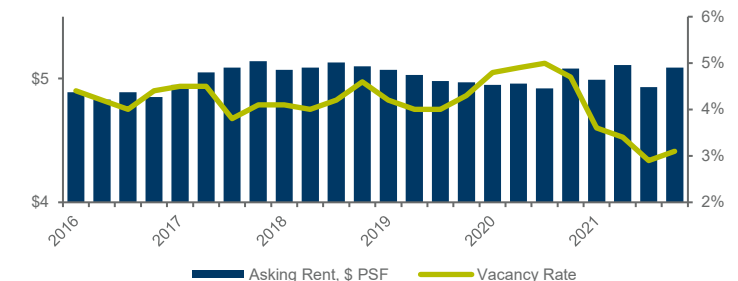
OUTLOOK

The Milwaukee region has experienced record-setting demand, which is anticipated to continue into 2022. The Class A market continues to tighten, with over a 200% YOY absorption increase and current available inventory of roughly 750,000 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. Tenant's have accepted that rental rates will continue to increase over the near term and the Milwaukee market is finally breaking through the 3% barrier on annual rent escalations.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT MILWAUKEE



BOERKE

Industrial Q4 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	99,675,708	3,780,918	3.8%	717,990	6,362,401	523,282	3,823,246	\$3.75	\$5.54	\$3.98
Ozaukee County	12,395,553	283,735	2.3%	300,156	520,983	125,000	244,000	\$4.67	\$9.23	N/A
Washington County	22,044,700	482,831	2.2%	348,778	411,485	536,178	231,000	\$5.29	\$5.33	\$5.54
Waukesha County	75,851,188	1,994,824	2.6%	130,402	923,879	284,230	1,313,192	\$6.00	\$6.10	\$5.52
MILWAUKEE TOTALS	209,967,149	6,542,308	3.1%	1,497,326	8,218,748	1,468,690	5,611,438	\$4.32	\$5.93	\$4.46

*Rental rates reflect weighted net asking \$psf/year **Overall Warehouse Rental Rates do not match U.S. MarketBeat Report

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	109,921,654	3,324,318	3.0%	766,805	1,778,036	481,718	1,547,246	\$4.32
Office Service / Flex	37,990,289	699,804	1.8%	143,105	477,060	121,635	0	\$5.93
Warehouse / Distribution	62,055,206	2,518,186	4.1%	587,416	5,963,652	865,337	4,064,192	\$4.46**

KEY LEASE TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
9700 S 13 th Street, Oak Creek	Milwaukee County	Confidential	2,600,000	New
11800 W Burleigh, Wauwatosa	Milwaukee County	Confidential	538,528	New
15380 W Shawn Circle, Menomonee Falls	Waukesha County	Milwaukee Tool	388,800	New
5211 S 3 rd Street, Milwaukee	Milwaukee County	Oshkosh Corp.	359,988	New
7025 W Parkland Court, Milwaukee	Milwaukee County	Lamplight Farms	230,751	New

KEY SALES TRANSACTIONS 2021

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
555 S 108 th Street, West Allis	Milwaukee County	Industrial Realty Group / Quad Graphics Inc.	886,916	\$33M / \$37
W210N12800 Gateway Crossing, Germantown	Washington County	Exeter Property Group / Zilber Property Group	706,044	\$47.75M / \$68
N58W15350 Shawn Circle, Menomonee Falls	Waukesha County	Apollo Global Management / First Industrial	388,800	\$48.25M / \$124
16555 W Small Road, New Berlin	Waukesha County	Stag Industrial / Westminster Capital	192,800	\$24M / \$124
24700 Corporate Circle, Sussex	Waukesha County	Founders Properties / Link Logistics	192,160	\$17.6M / \$91

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
9700 S 13 th Street, Oak Creek	Milwaukee County	Confidential	2,600,000	Hillwood Development Co.
311 E Greenfield, Milwaukee	Milwaukee County	Komatsu Mining Corporation	430,000	Komatsu Mining Corp.
2201 E College Avenue, Oak Creek	Milwaukee County	U.S. Postal Service	425,000	U.S. Postal Service

KATIE GREMBAN

Director of Research

+1 414 203 3045 / kgremban@boerke.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com