

MARKETBEAT INDUSTRIAL SNAPSHOT



MILWAUKEE, WI

A Cushman & Wakefield Alliance Research Publication

Q1 2012



ECONOMIC OVERVIEW

The steady growth within the Milwaukee area industrial market during 2011 should continue during 2012, according to a report by the Metropolitan Milwaukee Association of Commerce. Five of the ten industry sectors witnessed year to date job increases from January to March 2012. The manufacturing sector posted the largest gain of 3.4% from one year ago. Construction employment also rose in the Metropolitan area for only the second time in four years, growing 3.3% this past February. Against the national employment average of 8.3% in February 2012, Wisconsin is still holding steady at a much lower 6.9%. The strong unemployment figures are coupled with an increase of 8,300 jobs statewide from January to February 2012 according to the Bureau of Labor Statistics.

DECREASED VACANCY IN EACH MARKET

The Milwaukee area industrial market continues to gain strength in IQ12 with total absorption of 509,412 square feet (sf). During IQ12 the Milwaukee County submarket absorbed 124,940 sf, and appears to be on track to surpass the total absorption amounts of 2011.

Further positive indicators in the Southeast Wisconsin industrial market include a IQ12 vacancy rate of 7.8% which is down from 9.1% in IQ11. Vacancy rates have decreased in every reporting region from this time last year, Ozaukee County witnessed the largest drop in overall vacancy from 14.2% in IQ11 to 9.6% in IQ12. Continued increases in employment and production within the manufacturing sector should continue to bolster the gains seen in IQ12.

MILWAUKEE SEEING INCREASED PRODUCTIVITY

In addition to the positive employment numbers seen throughout Wisconsin, the manufacturing sector in Southeastern Wisconsin and Northern Illinois has continued to experience growth according to the Purchasing Manager's Index (PMI) which is provided by the Institute of Supply Management at Marquette University. The region achieved a PMI level of 51.8, which is down slightly from February's 58.6, but any reading above 50 indicates positive growth. PMI found increased growth in production, employment, prices, imports, and exports, but decreases in new orders and inventories.

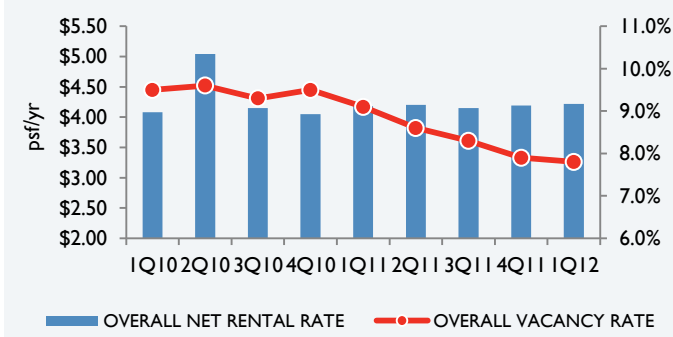
OUTLOOK

From January 2012 to February 2012, existing home sales rose in the Metro Milwaukee area 22.6%, while there was a 20.6% increase in mortgages. This indicates increased buying power for local consumers and is expected to continue to grow with recent legislation passed by Governor Scott Walker. The "Wisconsin Wins" bill aims to place prospective employees into skilled manufacturing positions, all the while, simultaneously reducing unemployment and putting money in the pockets of hardworking Wisconsinites.

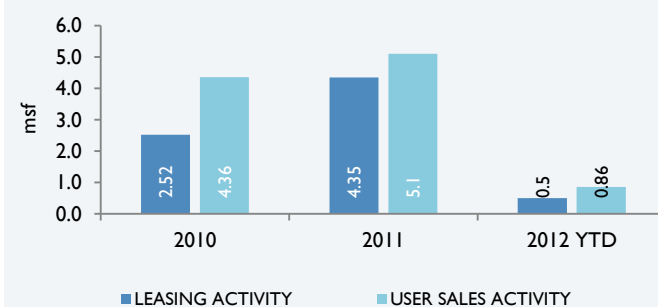
STATS ON THE GO

	IQ11	IQ12	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.1%	7.8%	-1.3pp	▼
Direct Asking Rents (psf/yr)	\$4.18	\$4.18	0.0%	◄►
YTD Leasing Activity (sf)	1,411,647	500,103	-64.6%	▲

OVERALL RENTAL VS. VACANCY RATES



OVERALL OCCUPIER ACTIVITY



MILWAUKEE, WI

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
									HT**	MF	OS	W/D
Milwaukee Co.	95,342,071	9.9%	162,663	417,692	259,383	155,118	123,440	124,940	N/A	\$3.51	\$4.72	\$3.61
Ozaukee Co.	12,825,672	9.6%	111,946	0	0	0	215,123	215,123	N/A	\$4.02	\$4.35	\$3.25
Washington Co.	19,348,960	5.2%	5,250	28,800	15,000	190,000	55,539	76,633	N/A	\$4.42	\$4.62	\$6.41
Waukesha Co.	69,330,509	5.4%	220,244	216,354	272,400	76,000	86,226	92,716	N/A	\$4.82	\$5.90	\$4.80
TOTALS	196,847,212	7.8%	500,103	662,846	546,783	421,118	480,328	509,412	N/A	\$3.99	\$5.20	\$3.84

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF = MANUFACTURING OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

** HIGH TECH INVENTORY DOES NOT EXIST IN THIS MARKET

MARKET HIGHLIGHTS

Significant IQ12 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
6600 Washington Street	Milwaukee Co.	Joy Global	Manufacturing	111,903
17005 West Ryerson Road	Waukesha Co.	Reynolds Machine Company	Manufacturing	100,520
7350 South 6 th Street	Milwaukee Co.	WPC Technologies	Manufacturing	73,786
Significant IQ12 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
7044-100 North Teutonia Avenue	Milwaukee Co.	Sic Lazaro U.S. Inc.	\$1,700,000 / \$12.64 psf	134,470
21125 West Enterprise Drive	Waukesha Co.	Dreier Real Estate Company, LLP	\$3,440,000 / \$29.55 psf	116,400
710 South 3 rd Street	Milwaukee Co.	Junior House Lofts, LLC	\$1,100,000 / \$16.85 psf	65,280
Significant IQ12 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
N106 WI13500 Bradley Way	Washington Co.	Bradley Corporation	1Q12	190,000
340 Mahn Court	Milwaukee Co.	American Tire Distributors Inc.	1Q12	120,000
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
N15 W24887 Bluemound Road	Waukesha Co.	Harken, Inc.	2Q12	175,000
4625 South Oakwood Park Drive	Milwaukee Co.	Baptista's Bakery Inc.	2Q12	120,000