

## MILWAUKEE INDUSTRIAL

### Economic Indicators

	Q4 14	Q4 15	12-Month Forecast
Milwaukee Employment	847k	855k	▲
Milwaukee Unemployment	5.4%	4.8%	▲
U.S. Unemployment	5.7%	5.0%	▼

### Market Indicators (Overall, All Product Types)

	2014	2015	12-Month Forecast
Vacancy	5.7%	4.7%	▲
Net Absorption (sf)	2.1M	2.5M	▲
Under Construction (sf)	1.7M	1.0M	▲
Average Asking Rent*	\$4.21	\$4.29	▲

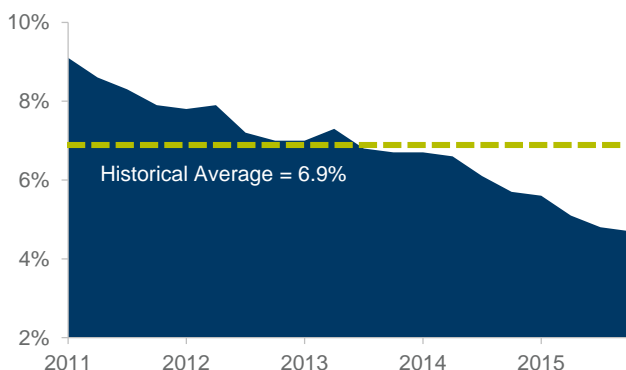
\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

Wisconsin's unemployment rate declined to 4.2% for November, a decrease of 0.1 percentage point (pp) from the prior month and a 0.9 pp decrease from a year ago. The 4.2% rate for Wisconsin remains lower than the national unemployment rate of 5.0%. The latest National Manpower Employment Outlook survey indicates the strongest hiring plans since Q1 2007. Employers indicated that staffing is expected to increase by 17% in Q1 2016. Locally, the outlook is even more upbeat; 24% of those surveyed expect to increase staff levels in the first three months of 2016. The Milwaukee-Waukesha-West Allis market scored a 19% net employment outlook, a decrease from 24% from the Q1 2015. The net employment outlook is measured by percentage of plan hires offset by percentage of plan reduction in payroll.

The Institute of Supply Management (ISM) Report on Manufacturing scored Wisconsin and Northern Illinois at 48.53 for December 2015, indicating a contraction outlook. A score below 50 demonstrates reduction of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry. The purchasing managers' index has been below 50 for the tenth consecutive month. Of those surveyed, 42% expect positive conditions in the next six months, while only 8% expect conditions to worsen.

## Market Overview

For the 22<sup>nd</sup> consecutive quarter, the Milwaukee industrial market experienced positive overall absorption, with 546,891 square feet (sf) absorbed in the fourth quarter. This total represents a sharp increase compared to Q3, when just over 144,000 sf was absorbed. Three of the four submarkets experienced positive quarterly absorption, with Waukesha County reporting negative absorption in Q4, in part due to a consolidation of a Kohl's distribution center. Milwaukee County captured the majority of quarterly absorption, posting 592,691 sf absorbed. In addition to overall positive absorption, the overall vacancy rate continued to decline, with Q4 posting a 0.15-pp decrease quarter-over-quarter to 4.7%, marking a 1.01-pp decrease year-over-year.

## Outlook

The Southeastern Wisconsin industrial market ended 2015 in stellar fashion, and looks to build on this momentum as additional square footage hits the market. A total of 1.9 million sf is expected to be delivered Q1 2016, and this added inventory will test the strength of the market. As manufacturer's continue to report sluggish business, expect to see an increase in vacancy.

MARKETBEAT

# Industrial Snapshot Q4 2015

Milwaukee, WI



SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Milwaukee County	93,809,933	1,755,452	4,719,403	5.5%	1,931,212	89,500	\$3.85	\$4.81	\$3.54
Ozaukee County	11,813,249	4,950	210,384	6.1%	47	0	\$4.15	\$5.63	\$2.50
Washington County	19,437,108	214,750	482,870	3.5%	443,471	174,005	\$5.40	\$5.55	\$4.23
Waukesha County	70,776,052	1,193,444	2,744,867	3.8%	105,209	736,029	\$5.06	\$5.52	\$4.52
<b>MILWAUKEE TOTALS</b>	<b>195,836,342</b>	<b>3,168,596</b>	<b>8,157,524</b>	<b>4.7%</b>	<b>2,479,939</b>	<b>999,534</b>	<b>\$4.31</b>	<b>\$5.21</b>	<b>\$3.84</b>

\*Rental rates reflect asking \$psf/year

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

## Key Lease Transactions 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
4356 N Richards Street	235,600	Briggs & Stratton	Office Service	Milwaukee County
W288N2801 Duplainville Road	188,210	Quad Graphics	Warehouse/Distribution	Waukesha County
2845 Wingate Street	160,000	Gardner Pet Group, Inc.	Warehouse/Distribution	Washington County
10020 S Reinhart Drive	120,000	All States Trucking	Warehouse/Distribution	Milwaukee County

## Key Sales Transactions 2015

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
Portfolio Sale	1,739,332	CenterPoint/WMI Milwaukee	Warehouse/Distribution	\$61,483,556/\$35	Milwaukee & Waukesha Co.
1 & 2 World Packaging Circle	496,000	VTLC Development/ ET Franklin Pro-Packaging, LLC	Warehouse/Distribution	\$33,000,000/\$67	Milwaukee County
Portfolio Sale	452,752	KTR/GPT	Warehouse/Distribution	\$19,750,000/\$44	Milwaukee & Waukesha Co.
Portfolio Sale	409,006	James Luterbach/ JCC Wisconsin Portfolio LLC	Manufacturing	\$30,050,000/\$74	Waukesha County

Cushman & Wakefield |  
The Boerke Company  
731 N Jackson Street, Suite 700  
Milwaukee, WI 53202  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

For more information, contact:  
Katie Gremban, Director of Research  
Tel: +0 414 203 3045  
[kgremban@boerke.com](mailto:kgremban@boerke.com)

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