



MILWAUKEE OFFICE

Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
Milwaukee Employment	863k	861k	▲
Milwaukee Unemployment	5.0%	4.2%	▲
U.S. Unemployment	4.9%	4.8%	▲

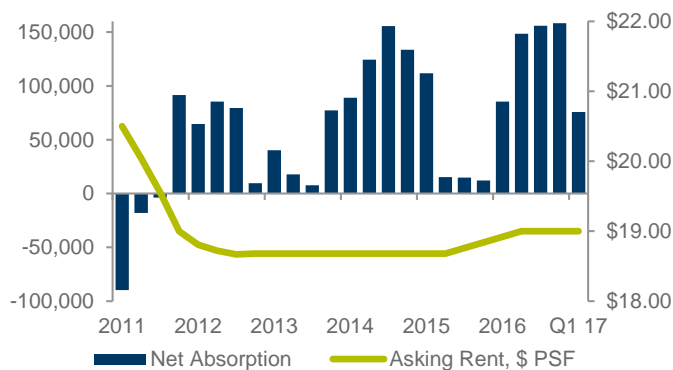
Market Indicators (Overall, All Classes)

	Q1 16	Q1 17	12-Month Forecast
Vacancy	18.2%	16.7%	▲
YTD Net Absorption (sf)	339k	8.5k	▲
Under Construction (sf)	1.3M	1.6M	▲
Average Asking Rent*	\$19.00	\$19.00	▲

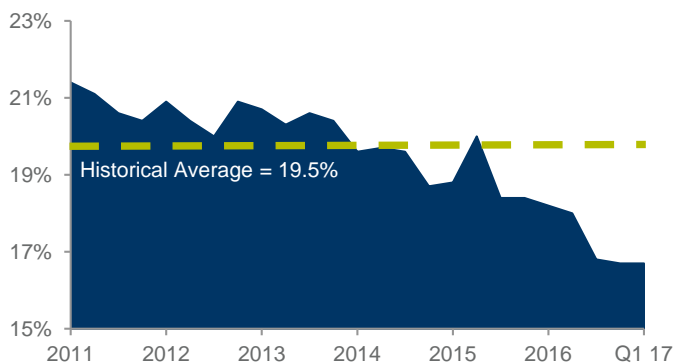
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Wisconsin's unemployment rate dipped to 3.7% in February, the second consecutive month of posting sub 4% since 2001 and represents a 50 basis points decrease from a year ago. The 3.7% unemployment rate for Wisconsin remains lower than the national unemployment rate of 4.7%.

The latest National Manpower Employment Outlook survey from Milwaukee-based Manpower Group anticipates Metro Milwaukee employers having more optimism in regards to hiring when compared to the beginning of the year. The net employment outlook increased to 20%, up from 14% from the prior quarter, albeit down from 23% a year ago. Nationally, employers' inclination remains similar indicating that 19% are expecting hiring to increase in Q2 2017.

According to the latest January report from the Metropolitan Milwaukee Association of Commerce (MMAC), the Milwaukee area is showing signs of improvement with "the aggregate position of the local economy somewhat covers for the weakness in the metro area's overall job picture." Of the 23 economic indicators, 13 were positive, up from nine in the prior month. Many of the non-employment based indicators report a positive trend, while both employment and job levels in most sectors individually record year-over-year declines.

Market Overview

First quarter of 2017 got off to a quiet start as it relates to office activity. The Milwaukee office market continued to report positive absorption, marking its seventh consecutive quarter of positive activity. In the first quarter of 2017, the office market posted 8,597 square feet (SF) of absorption. The Class A office market outperformed the total market, with 29,685 SF of absorption, most heavily impacted by Saputo Cheese USA, Inc.'s 27,494 SF lease at Mayfair Woods and My Choice Family Care's lease of 21,258 square feet (SF) at Wood Lake I Business and Technology Center. The overall vacancy rate remained the same as the prior quarter at 16.7%, marking a 170-basis-point decline year-over-year.

Outlook

More conversions of aging and outdated office buildings into other uses are expected. The 580,000-SF Reuss building, also known as "The Blue", has been listed for sale and there is potential for its conversion into hotel or apartments. This follows the announcement that two buildings totaling roughly 430,000 SF of office space in the CBD will also undergo conversions to hospitality and residential.

While several outdated buildings are being converted to non-office uses, many are being renovated for a new era in Milwaukee's downtown office market. In line with the successful revitalization of the 411 building, which was recently listed for sale, buildings such as 100 East and Two-Fifty are renovating in order to remain competitive as the market demands newer and higher quality office space. All three buildings were purchased by out of state investors.

MARKETBEAT

Milwaukee

Office Q1 2017



CUSHMAN & WAKEFIELD

BOERKE

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	CURRENT QTR DIRECT NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Downtown East	6,900,099	24,712	1,045,788	15.5%	-453	7,547	42,351	1,318,000	\$20.70	\$23.75
Downtown West	2,944,015	0	491,924	16.7%	6,334	6,334	14,318	52,000	\$19.50	\$20.00
CBD	9,844,114	24,712	1,537,712	15.9%	5,881	13,881	56,669	1,370,000	\$20.00	\$23.25
Mayfair/Wauwatosa	2,752,808	20,155	561,568	21.1%	93,062	93,062	97,416	0	\$19.35	\$25.55
North Shore	1,961,813	0	342,364	17.5%	-15,145	-15,145	10,076	0	\$15.35	\$22.25
Northwest	1,720,681	94,092	312,698	23.6%	-36,214	-102,157	0	0	\$18.75	\$20.30
Southeast	265,910	0	116,347	43.8%	8,429	8,429	8,429	0	\$17.10	N/A
Southwest	354,606	0	59,641	16.8%	-1,859	-1,859	2,160	0	\$19.10	\$19.20
Third Ward	1,926,350	0	307,935	16.0%	-10,125	-7,463	33,235	27,500	\$18.58	\$21.60
West Allis	1,950,447	35,334	93,395	6.6%	-26,227	9,107	9,148	0	\$14.63	N/A
Milwaukee Suburban	10,932,615	149,581	1,793,948	17.8%	11,921	-16,026	160,464	27,500	\$17.75	\$21.65
Ozaukee	574,611	0	45,340	7.9%	-6,016	-6,016	7,734	0	\$14.60	\$15.20
Brookfield	4,118,389	18,000	685,638	17.1%	-6,787	-6,787	47,914	207,900	\$18.55	\$20.75
Waukesha/Pewaukee	2,509,244	0	425,547	17.0%	3,598	3,598	32,503	0	\$18.49	\$21.30
Milwaukee Outlying	7,202,244	18,000	1,156,525	16.3%	-9,205	-9,205	88,151	207,900	\$18.27	\$20.05
CBD	9,844,114	24,712	1,537,712	15.9%	5,881	13,881	56,669	1,370,000	\$20.00	\$23.25
Suburban	18,134,859	167,581	2,950,473	17.2%	2,716	-25,231	248,615	235,400	\$18.00	\$20.75
MILWAUKEE TOTALS	27,978,973	192,293	4,488,185	16.7%	8,597	-11,350	305,284	1,605,400	\$19.00	\$21.75

*Rental rates reflect gross asking \$psf/year

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	DIRECT AVERAGE ASKING RENT*	OVERALL AVERAGE ASKING RENT*
Class A	12,635,795	31,119	1,865,799	15.0%	29,685	29,685	143,855	1,605,400	\$22.50	\$21.75
Class B	14,215,994	157,462	2,521,786	18.8%	-10,500	-10,500	152,221	0	\$17.50	\$17.25
Class C	1,127,184	3,712	100,600	9.3%	-10,588	-10,588	9,208	0	\$16.00	\$15.75

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10700 W Research Drive	27,494	Saputo Cheese USA Inc.	Lease	Mayfair/Wauwatosa
10201 W Innovation Drive	21,258	My Choice Family Care	Lease	Mayfair/Wauwatosa
241 N Broadway Street	10,783	Gass Weber Mullins LLC	Lease	Third Ward

Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
400 N Executive Drive	102,105	Executive Center Wisconsin, LLC / Executive Center VI / Brookfield LLC	\$10,600,000 / \$104	Brookfield
301 W Wisconsin	95,000	Bostco LLC / Matthews Building LLC	\$1,480,000 / \$16	Downtown West
11649 N Port Washington Road	88,400	Lexington Square LLP / 1520 LLC	\$3,300,000 / \$37	Ozaukee
375 Bishops Way	54,264	Somerset Green WM / Corporate Woods LLC	\$4,520,960 / \$83	Brookfield

Cushman & Wakefield |
The Boerke Company
731 N Jackson Street, Suite 700
Milwaukee, WI 53202
cushmanwakefield.com

For more information, contact:
Katie Gremban, Director of Research
Tel: +1 414 203 3045
kgremban@boerke.com

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 43,000 employees in more than 60 countries help investors and occupiers optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

Copyright © 2017 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy. Alliance firms are independently owned and operated.