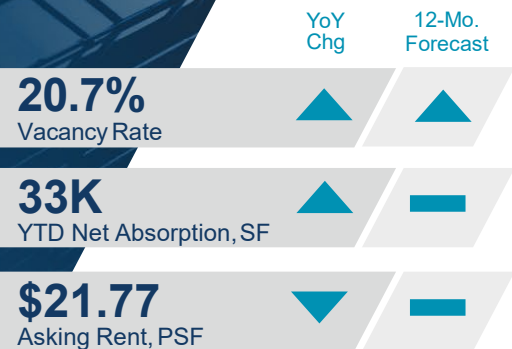


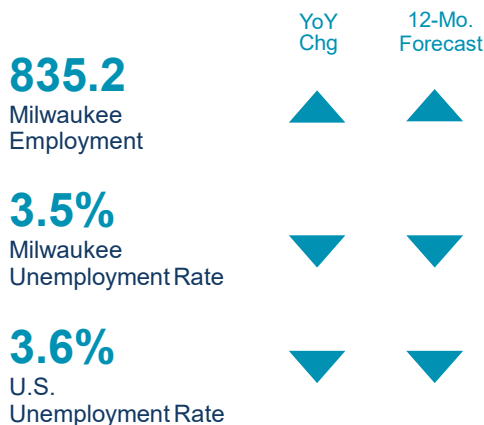
# MARKETBEAT MILWAUKEE

## Office Q1 2022



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q1 2022



Source: BLS, Moody's Analytics  
2022Q1 data are based on latest available data.

### ECONOMY

Wisconsin's unemployment rate decreased 10 basis points (bps) quarter-over-quarter to 2.9% in the first quarter 2022 and marks the second quarter where the unemployment rate is below the pre-pandemic reading of 3.2%. Locally, Metro Milwaukee's unemployment rate is slightly worse than the state, at 3.5% and just 10 bps below the national average.

According to data from the U.S Bureau of Labor Statistics, while Wisconsin saw private sector employment grow 0.8% from January to February, the state is still yet to fully recover to pre-pandemic employment levels and growth still lags behind most states.

### MARKET OVERVIEW

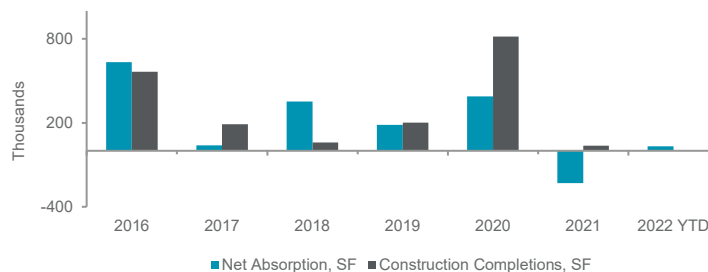
The Milwaukee office market reported absorption of 33,029 square feet (sf) in the first quarter, the second quarter of positive absorption since the onset of the pandemic. The vacancy rate quarter-over-quarter increased 30 bps to 20.7% and experienced a 70 bps increase year-over-year. Leasing activity has seen a slight uptick, albeit not to pre-pandemic levels, with 57 new leases executed for over 282,741 sf of signed in Q1, representing a 203% increase in velocity year-over-year. Of the new leases, over 74% of the activity occurred in the suburbs, with the largest suburban transaction for the quarter occurring in the Brookfield submarket, with Metso Minerals leasing 32,202 sf in Brookfield Lakes. Absorption in the CBD remained negative for the fifth consecutive quarter totaling roughly -4,500 sf for the period.

Sublease availability increased for the third consecutive quarter, to just over 380,000 sf in the CBD and 321,000 sf in the suburbs. Milwaukee generally lags national trends and as many other cities have seen corporate downsizing and massive amounts of sublease space hitting the market, however Milwaukee has only had a limited amount of sublease space brought to the market. Tenants including Manpower, Quarles & Brady, Johnson Financial, Infinity Healthcare, Alliance for Strong Families, all who have over 20,000-sf of space for sublease in the CBD.

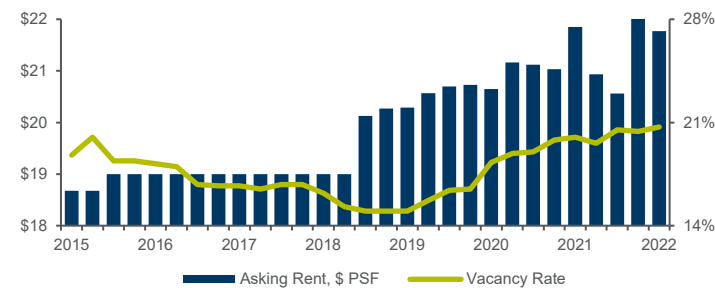
### OUTLOOK

The office market continues to see a rise in activity with tenants touring the market and multi-year leases being executed, indicators in the direction of recovery. Anticipate overall asking rental rates to remain relatively stable in the coming months, with landlords of second-generation space to provide increased concessions to attract prospective tenants rather than lower asking rental rates.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	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)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown East	7,641,137	0	1,323,988	17.3%	20,213	20,213	89,472	0	\$27.21	\$28.81
Downtown West	3,515,576	0	980,900	27.9%	-24,659	-24,659	7,486	0	\$20.17	\$19.34
<b>CBD TOTALS</b>	<b>11,156,713</b>	<b>0</b>	<b>2,304,888</b>	<b>20.7%</b>	<b>-4,446</b>	<b>-4,446</b>	<b>96,958</b>	<b>0</b>	<b>\$24.89</b>	<b>\$25.97</b>
Mayfair / Wauwatosa	2,973,252	0	627,757	21.1%	9,946	9,946	48,707	0	\$20.77	\$24.27
North Shore	1,952,981	0	522,061	26.7%	22,828	22,828	40,134	0	\$16.64	\$23.52
Northwest	1,735,002	0	316,775	18.3%	35,026	35,026	35,026	0	\$18.93	\$22.29
Southeast	421,846	0	213,351	50.6%	6,995	6,995	6,995	0	\$15.96	N/A
Southwest	354,606	0	74,639	21.0%	2,581	2,581	2,581	0	\$15.33	\$14.85
Third Ward / Walker's Point	2,239,336	0	355,956	15.9%	1,347	1,347	11,722	0	\$25.90	\$28.28
West Allis	2,041,155	0	392,431	19.2%	0	0	0	0	\$18.22	N/A
<b>MILWAUKEE SUBURBAN TOTALS</b>	<b>11,718,178</b>	<b>0</b>	<b>2,502,970</b>	<b>21.4%</b>	<b>78,723</b>	<b>78,723</b>	<b>145,165</b>	<b>0</b>	<b>\$19.83</b>	<b>\$24.29</b>
Ozaukee	608,436	0	76,128	12.5%	17,004	17,004	27,841	0	\$12.93	\$11.24
Brookfield	4,125,468	0	884,706	21.4%	-7,798	-7,798	49,045	186,000	\$20.37	\$22.13
Waukesha / Pewaukee	2,587,793	0	484,536	18.7%	-50,454	-50,454	16,026	0	\$19.26	\$20.69
<b>MILWAUKEE OUTLYING TOTALS</b>	<b>7,321,697</b>	<b>0</b>	<b>1,445,370</b>	<b>19.7%</b>	<b>-41,248</b>	<b>-41,248</b>	<b>82,912</b>	<b>0</b>	<b>\$19.63</b>	<b>\$21.14</b>
CBD	11,156,713	0	2,304,888	20.7%	-4,446	-4,446	96,958	0	\$24.89	\$25.97
Suburban	19,039,875	0	3,948,340	20.7%	37,475	37,475	238,077	186,000	\$19.74	\$22.51
<b>MILWAUKEE TOTALS</b>	<b>30,196,588</b>	<b>0</b>	<b>6,253,228</b>	<b>20.7%</b>	<b>33,029</b>	<b>33,029</b>	<b>335,035</b>	<b>186,000</b>	<b>\$21.77</b>	<b>\$24.31</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
275 N Corporate Drive	Brookfield	Metso Minerals	32,202	New
9011-9045 N Deerwood Trail	North Shore	DHI	30,000	New
11925 W Lake Park Drive	Northwest	GSA	20,253	New

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5400 S 60 <sup>th</sup> Street, Glendale	Southwest	Goodwill Industries of Southeastern Wisconsin, Inc/ Future1, LLC	164,800	\$8.2M / \$50
N17W24100 Riverwood Drive, Pewaukee	Waukesha / Pewaukee	Mohr Pewaukee, LLC / KM Riverwood, LLC	112,000	\$23.9M / \$213

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