

MARKETBEAT MILWAUKEE



CUSHMAN &
WAKEFIELD

BOERKE

Office Q2 2022

YoY Chg 12-Mo. Forecast

21.1%

Vacancy Rate



-51K

YTD Net Absorption, SF



\$21.83

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2022

YoY Chg 12-Mo. Forecast

839.9

Milwaukee
Employment



3.4%

Milwaukee
Unemployment Rate



3.6%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics
2022Q2 data are based on latest available data.

ECONOMY

Wisconsin's unemployment rate remained the same quarter-over-quarter (QOQ) at 2.9%, marking the third 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 3.4% and just 20 basis points (bps) below the national average.

According to data from the U.S. Bureau of Economic Analysis, Wisconsin's change in real GDP was among the best performing in the country, with GDP remaining ahead of pre-pandemic levels.

MARKET OVERVIEW

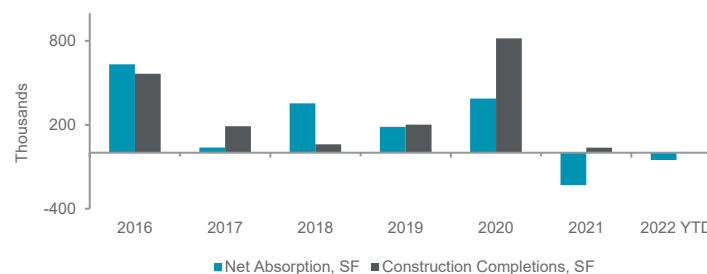
The Milwaukee office market reported negative absorption of 84,525 square feet (sf) in the second quarter, bringing year-to-date totals to -51,496 sf. The vacancy rate quarter-over-quarter increased 40 bps to 21.1% and experienced a 150 bps increase year-over-year (YOY). Leasing activity has seen a slight uptick, albeit not to pre-pandemic levels, with 72 new leases executed for over 303,867 sf of signed in Q2, representing a 105% increase in velocity YOY. Of the new leases, over 70% of the activity occurred in the suburbs, with the largest suburban transaction for the quarter occurring in the Mayfair / Wauwatosa submarket, with University of Wisconsin Credit Union leasing 20,878 sf at 2323 N Mayfair Road. Absorption in the CBD remained negative for the sixth consecutive quarter totaling roughly -39,817 sf for the period.

Sublease availability increased slightly QOQ for the fourth consecutive quarter, to just over 380,000 sf in the CBD and nearly 350,000 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

As tenants continue to come back to the office and sign longer term deals, we're seeing a flight to higher quality buildings with any increase in rate compensated by a decrease in the amount of space needed. Landlords continue to focus their concessions on offering higher TI's at the expense of free rent or added amenities to get deals done.

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	1,374,328	18.0%	-67,276	-47,063	175,648	0	\$27.48	\$29.13
Downtown West	3,515,576	0	931,737	26.5%	27,459	2,800	40,819	0	\$20.28	\$19.31
CBD TOTALS	11,156,713	0	2,306,065	20.7%	-39,817	-44,263	216,467	0	\$25.29	\$26.51
Mayfair / Wauwatosa	2,973,252	0	635,190	21.14	17,887	27,833	104,008	0	\$21.35	\$24.70
North Shore	1,952,981	0	506,858	26.0%	13,049	35,877	54,590	0	\$16.68	\$23.69
Northwest	1,735,002	0	322,336	18.6%	-5,561	29,465	49,383	0	\$119.65	\$22.32
Southeast	421,846	0	208,351	49.4%	5,250	12,245	12,245	0	\$15.96	N/A
Southwest	354,606	0	78,991	22.3%	-3,642	-1,061	4,239	0	\$15.62	\$15.28
Third Ward / Walker's Point	2,239,336	0	372,560	16.6%	-3,436	-2,089	46,205	0	\$25.76	\$27.93
West Allis	2,041,155	0	395,173	19.4%	27,470	27,470	30,212	0	\$17.07	N/A
MILWAUKEE SUBURBAN TOTALS	11,718,178	0	2,519,459	21.5%	51,017	129,740	300,882	0	\$19.88	\$24.40
Ozaukee	608,436	0	66,360	10.9%	14,815	31,819	46,934	0	\$17.44	\$19.08
Brookfield	4,125,468	0	870,110	21.1%	-11,269	-19,067	124,233	186,000	\$19.90	\$21.45
Waukesha / Pewaukee	2,587,793	0	594,996	23.0%	-99,271	-149,725	36,149	0	\$18.73	\$219.51
MILWAUKEE OUTLYING TOTALS	7,321,697	0	1,531,466	20.9%	-95,725	-136,973	207,316	0	\$19.36	\$20.64
CBD	11,156,713	0	2,306,065	20.7%	-39,817	-44,263	216,467	0	\$25.29	\$26.51
Suburban	19,039,875	0	4,050,925	21.3%	-44,708	-7,233	508,198	186,000	\$19.65	\$22.23
MILWAUKEE TOTALS	30,196,588	0	6,356,990	21.1%	-84,525	-51,496	724,665	186,000	\$21.83	\$24.42

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
804 N Milwaukee Street	Downtown East	3D Molecular Design	27,000	New
400 N Executive Drive	Brookfield	Willis Towers Watson	26,096	Renew
2323 N Mayfair Road	Mayfair / Wauwatosa	University of Wisconsin Credit Union	20,878	New

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
120 Bishops Way	Brookfield	Daune Bluemke / Jaybird Properties 4, LLC	52,000	\$2.373M / \$46
3077 N Mayfair Road	Mayfair / Wauwatosa	ICA Mayfair Venture, LLC / CAHST Wauwatosa, LLC	51,615	\$15.9M / \$308

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