

MARKETBEAT MILWAUKEE



CUSHMAN &
WAKEFIELD

BOERKE

Office Q2 2020

18.9%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



75.7K

Net Absorption, SF



\$21.16

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

767.0k

Milwaukee
Employment

YoY
Chg



12-Mo.
Forecast



13.3%

Milwaukee
Unemployment Rate



13.0%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics
2020Q2 data are based on latest available data

ECONOMY

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on the first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

Wisconsin's unemployment rate decreased month-over-month 160 basis points (bps) to 12.0% in May 2020. Locally, Metro Milwaukee's unemployment rate fairs slightly worse, at 13.3%, 30 bps above the national average.

The latest National Manpower Employment Outlook survey from Milwaukee-based Manpower Group has changed dramatically since early 2020, with a net employment outlook reading of 9.0% in the region, down from 25.0% in the prior quarter.

MARKET OVERVIEW

The Milwaukee office market reported absorption of 75,677 square feet (sf) in the second quarter of 2020. The majority of this absorption can be attributed to delivery of the BMO Tower in the Downtown East submarket, which delivered at 53% leased. Overall, seven of the 12 submarkets in Metro Milwaukee posted positive absorption. The second quarter produced direct evidence of the effects of the COVID-19 pandemic, with occupiers delaying long-term decision making; Quarter-over-quarter, leasing activity was down 35%.

OUTLOOK

The market went into the COVID-19 pandemic with a significant amount of momentum. Rite-Hite Holding Corporation announced plans for a 240,700-sf corporate headquarter campus in the Walker's Point submarket, American Family Insurance has made a commitment to relocated into a 94,000-sf historic warehouse in the Downtown-West submarket, Badger Mutual Insurance recently relocated into the Pabst brewery campus in Downtown-West, and Rexnord has plans to slowly move employees into a new corporate headquarters on Michigan Street in the Downtown-West submarket. Investor and user optimism has declined and will remain cautious until the full effects of COVID-19 on the office market are understood.

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	7,410,047	0	931,221	12.6%	56,078	102,820	340,763	163,000	\$27.76	\$29.94
Downtown West	3,669,266	0	1,249,554	34.1%	32,951	98,755	100,270	0	\$20.41	\$20.59
CBD TOTALS	11,079,313	0	2,180,775	19.7%	89,029	201,575	441,033	163,000	\$25.02	\$27.31
Mayfair / Wauwatosa	3,041,952	0	554,966	18.2%	-18,834	90,277	214,407	0	\$21.39	\$24.77
North Shore	1,965,990	0	539,416	27.4%	-5,140	-8,346	714	0	\$15.26	\$24.13
Northwest	1,702,710	0	345,111	20.3%	0	0	0	0	\$21.30	\$23.07
Southeast	377,686	0	211,919	56.1%	8,958	8,958	8,958	0	\$16.01	N/A
Southwest	354,606	0	78,059	22.0%	6,463	-10,012	11,007	0	\$15.88	\$16.51
Third Ward / Walker's Point	1,916,213	0	118,290	6.2%	3,846	20,909	30,635	237,076	\$22.22	\$20.95
West Allis	2,041,155	0	369,469	18.1%	-1,824	29,519	84,796	0	\$17.57	N/A
MILWAUKEE SUBURBAN TOTALS	11,400,312	0	2,217,230	19.4%	-6,531	131,305	350,517	237,076	\$18.80	\$23.09
Ozaukee	609,105	0	65,798	10.8%	16,216	16,216	23,214	0	\$13.53	\$14.62
Brookfield	4,052,497	0	719,361	17.8%	-36,105	-46,541	27,393	0	\$19.03	\$21.40
Waukesha / Pewaukee	2,623,265	0	446,346	17.0%	13,068	-31,158	39,233	0	\$19.26	\$22.27
MILWAUKEE OUTLYING TOTALS	7,284,867	0	1,231,505	16.9%	-6,821	-61,483	89,840	0	\$18.93	\$21.54
CBD	11,079,313	0	2,180,775	19.7%	89,029	201,575	441,033	163,000	\$25.02	\$27.31
Suburban	18,685,179	0	3,448,735	18.5%	-13,352	69,822	440,357	237,076	\$18.85	\$22.20
MILWAUKEE TOTALS	29,764,492	0	5,629,510	18.9%	75,677	271,397	881,390	400,076	\$21.16	\$25.14

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
790 N Water Street	Downtown – East	BMO Harris Bank N.A	123,000	New
790 N Water Street	Downtown – East	Michael Best & Friedrich	59,000	New
640 N 4 th Street	Downtown – West	North Shore Healthcare	23,000	New

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KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2514 S 102 nd and 10150 W National	West Allis	Lincoln Center Office Property Group, LLC / DKS Realty Wisconsin V, LLC	125,400	\$10.1M / \$81
11414 W Park Place	Northwest	LSOP WI, LLC / Sovereign Partners, LLC	86,723	\$1.6M / \$19
N19W24350 Riverwood Drive	Waukesha / Pewaukee	American Cancer Society / MRA Institute of Management, Inc.	35,853	\$2.225M / \$62

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