

MARKETBEAT MILWAUKEE

Office Q3 2020

19.0%
Vacancy Rate



289K
YTD Net Absorption, SF



\$21.12
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

810.6
Milwaukee Employment



7.9%
Milwaukee Unemployment Rate



8.8%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics
2020Q3 data are based on latest available data

ECONOMY

Upon the arrival of COVID-19 in the U.S., the economy entered into a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of the economy [here](#).

Wisconsin's unemployment rate decreased month-over-month 90 basis points (bps) to 6.2% in August 2020. Locally, Metro Milwaukee's unemployment rate fairs slightly worse, at 7.9%, 90 bps below the national average.

The latest National Manpower Employment Outlook survey from Milwaukee-based Manpower Group remains at the same level quarter-over-quarter, with a net employment outlook reading of 9.0% in the region.

MARKET OVERVIEW

The Milwaukee office market reported absorption of 18,048 square feet (sf) in the third quarter of 2020. Overall, five of the 12 submarkets in Metro Milwaukee posted positive absorption, with the suburban areas more active than the CBD. Short term renewal activity is on the rise as tenants delay expansion or relocation plans in the face of uncertainty. Investors remain cautiously optimistic, with both local and national players acquiring over 1.2 million square feet (msf) post onset of COVID-19.

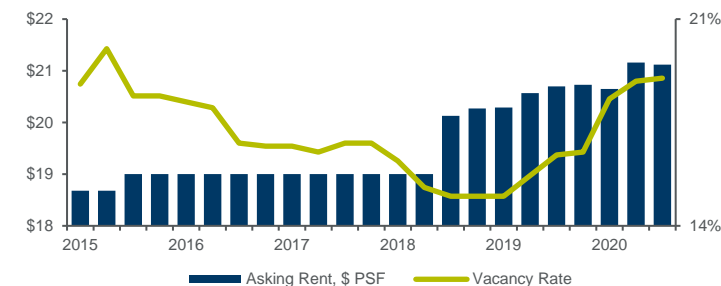
OUTLOOK

The Milwaukee market continues to report evidence toward a future gradual recovery. Large development projects announced pre-COVID-19 remain on the horizon, including Rite-Hite Holding Corporations plan for a 240,700-sf corporate headquarter campus in the Walker's Point submarket, American Family Insurance's commitment to relocated into a 94,000-sf historic warehouse in the Downtown-West submarket, Rexnord's recent move of employees into a new corporate headquarters on Michigan Street in the Downtown-West submarket, as well as anchor tenant Husch Blackwell's impending move into the Huron Building in the Downtown-East submarket. Since March, Hydrite Chemical Company announced a future move into one of two proposed new office buildings within Golf Parkway Corporate Center in the Brookfield submarket and Johnson Financial Group announced plans for consolidation in the Downtown-East submarket. Investor and user optimism has remained cautious and is predicted to continue 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	949,468	12.8%	10,018	112,838	414,541	163,000	\$27.26	\$29.28
Downtown West	3,669,266	0	1,254,487	34.2%	-9,487	89,268	118,455	0	\$20.12	\$20.59
CBD TOTALS	11,079,313	0	2,203,955	19.9%	531	202,106	532,996	163,000	\$24.67	\$26.92
Mayfair / Wauwatosa	3,041,952	0	575,656	18.9%	-4,155	86,122	224,070	0	\$20.67	\$20.10
North Shore	1,965,990	0	534,301	27.2%	255	-8,121	939	0	\$15.32	\$24.09
Northwest	1,702,710	0	345,111	20.3%	0	0	0	0	\$21.30	\$23.07
Southeast	377,686	0	210,457	55.7%	0	8,958	8,958	0	\$15.96	N/A
Southwest	354,606	0	76,841	21.2%	8,369	-1,643	20,707	0	\$15.88	\$16.51
Third Ward / Walker's Point	1,916,213	0	109,395	5.7%	4,875	25,784	40,766	237,076	\$22.68	\$23.17
West Allis	2,041,155	0	373,706	18.3%	-3,987	25,532	97,068	0	\$17.73	N/A
MILWAUKEE SUBURBAN TOTALS	11,400,312	0	2,225,467	19.5%	5,327	136,632	392,508	237,076	\$18.75	\$22.07
Ozaukee	609,105	0	69,840	11.5%	-2,533	13,683	23,214	0	\$14.32	\$15.11
Brookfield	4,052,497	0	714,623	17.6%	-1,060	-47,601	59,155	0	\$19.29	\$21.41
Waukesha / Pewaukee	2,623,265	0	437,078	16.7%	15,783	-15,375	58,059	0	\$19.41	\$22.45
MILWAUKEE OUTLYING TOTALS	7,284,867	0	1,221,541	16.8%	12,190	-49,293	140,428	0	\$19.18	\$21.69
CBD	11,079,313	0	2,203,955	19.9%	531	202,106	532,996	163,000	\$24.67	\$26.92
Suburban	18,685,179	0	3,447,088	18.4%	17,517	87,339	532,936	237,076	\$18.91	\$21.85
MILWAUKEE TOTALS	29,764,492	0	5,651,763	19.0%	18,048	289,445	1,065,932	400,076	\$21.12	\$24.77

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 E Wisconsin Avenue	Downtown – East	Gruber Law Office	23,282	Renewal
330 E Kilbourn Avenue	Downtown – East	Robertson Ryan & Associates	17,432	Renewal
275 W Wisconsin Avenue	Downtown – West	MMAC	13,000	New

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KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Park Place, Milwaukee and Oak Creek Portfolio	Various	LSOP WI, LLC / Various Entities	248,033	\$3.6M / \$15
7800 W Brown Deer	Northwest	Miller Brothers Agave, LLC	175,610	\$13.3M / \$76
324 E Wisconsin Avenue	Downtown – East	AH Wells LLC / 1547 CSR-Milwaukee, LLC	117,094	\$7.25M / \$62

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