

Industrial Q2 2020

YoY Chg 12-Mo. Forecast

4.9%

Vacancy Rate



156k

YTD Net Absorption, SF



\$4.46

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

YoY Chg 12-Mo. Forecast

797.0k

Milwaukee Employment



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 Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 43.5 for June 2020, a slight decline from May, where it reported 43.7. A reading below 50 demonstrates contraction as a measure of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry.

MARKET OVERVIEW

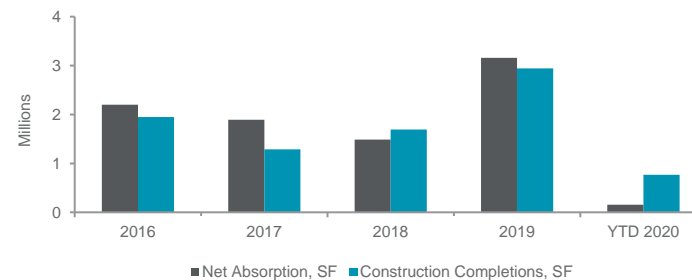
The Metro Milwaukee industrial market finished Q2 2020 with positive absorption and a healthy pipeline of activity for the future, despite the current economic slowdown. Leasing activity totaled nearly 735,000 square feet (sf) in second quarter 2020, up 10%. Overall vacancy increased 10 bps to 4.9%, largely due to a large move out of nearly 225,000 sf of newly vacated space in a Class B building. Net absorption however remained over 389,000 sf for the quarter overall, heavily impacted by a 3PL lease and multiple production leases signed in Milwaukee.

Construction activity continues its record setting pace in the second quarter of 2020, reflecting the highest level of projects under construction. Currently, over 5.2 msf is currently under and an additional 3.6 msf proposed to break ground in 2020.

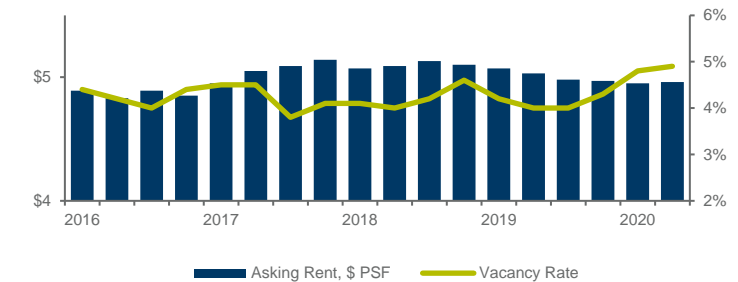
OUTLOOK

While Milwaukee has long been known as a manufacturing city, the region is no longer as dependent on manufacturing. This continues to be demonstrated by the strong year of growth even while the manufacturing sector contracted. Expect to see a steady volume of leasing activity, with 86% of projects currently under construction pre-leased.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT MILWAUKEE



CUSHMAN &
WAKEFIELD

BOERKE

Industrial Q2 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Milwaukee County	98,104,957	7,662,154	7.8%	44,645	-507,785	3,841,250	96,000	\$4.15	\$5.83	\$4.01
Ozaukee County	12,129,602	565,534	4.7%	-1,500	8,175	0	0	\$4.31	\$5.74	N/A
Washington County	21,196,281	646,154	3.0%	89,150	12,622	425,868	100,000	\$5.64	\$5.27	\$5.53
Waukesha County	74,222,217	1,109,967	1.5%	256,855	643,033	934,800	224,845	\$5.60	\$6.23	\$6.89
MILWAUKEE TOTALS	205,653,057	9,983,809	4.9%	389,150	156,045	5,201,918	420,845	\$4.40	\$5.90	\$4.22

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	110,785,068	3,851,232	3.5%	130,766	-259,967	1,426,650	289,440	\$4.40
Office Service / Flex	37,858,469	919,385	2.4%	300,379	481,814	74,000	0	\$5.90
Warehouse / Distribution	57,009,520	5,213,192	9.1%	-41,995	-65,802	3,701,268	131,405	\$4.22

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4355 N Richards Street, Milwaukee	Milwaukee County	PAE	223,000	New
W220 N507 Springdale Road, Pewaukee	Waukesha County	Green Bay Packaging	87,828	Renewal
9905 S 13 th Street, Oak Creek	Milwaukee County	Crothall Laundry Services	82,950	Renewal
W226N918 Northmound Drive, Pewaukee	Waukesha County	Paul Davis	75,975	New
N88W13901 Main Street, Menomonee Falls	Waukesha County	Burton & Mayer, Inc.	42,600	New

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
7000 W Calumet Road, Milwaukee	Milwaukee County	Calumet Industrial Property Group, LLC / Braun Real Estate Investments, LLC	181,700	\$10.6M / \$58
111 W Oakview Parkway, Oak Creek	Milwaukee County	STC Oak Creek (WI), LLC / Stella & Chewy's	164,007	\$25.29M / \$154
9000 N Lilly Road, Menomonee Falls	Waukesha County	Caljan Inc. / Bamco Investments LLP	105,494	\$5.375M / \$51

KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
W226N918 Northmound Drive, Pewaukee	Waukesha County	Paul Davis	131,405	Briohn Construction
W204N12839 Goldendale Road, Germantown	Washington County	Dielectric Corp.	100,000	Dielectric Corp.

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