

Industrial Q3 2020

5.0%
Vacancy Rate



962k
YTD Net Absorption, SF



\$4.42
Asking Rent, PSF



Overall, Net Asking Rent

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 Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 54.49 for September 2020, the second consecutive month reflecting growth. A reading below 50 demonstrates contraction as a measure of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry.

MARKET OVERVIEW

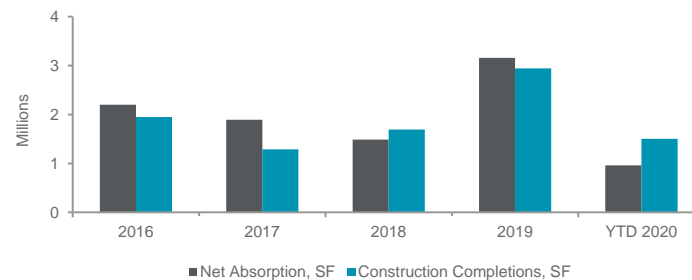
The Metro Milwaukee industrial market remained active in Q3 2020 with positive absorption and a healthy pipeline of activity for the future, despite the current economic slowdown. Year-to-date leasing activity totaled over 2.8 million square feet (msf) with over 1.4 msf penned in the third quarter of 2020. Overall vacancy increased 10 bps to 5.0%, largely due to the delivery of multiple vacant speculative buildings.

Construction activity remains strong, with over 4.5 msf currently under construction, with 677,800 sf scheduled to deliver by year-end. An additional 4.6 msf of proposed projects is in the pipeline, all subject to uncertainty given the current pandemic.

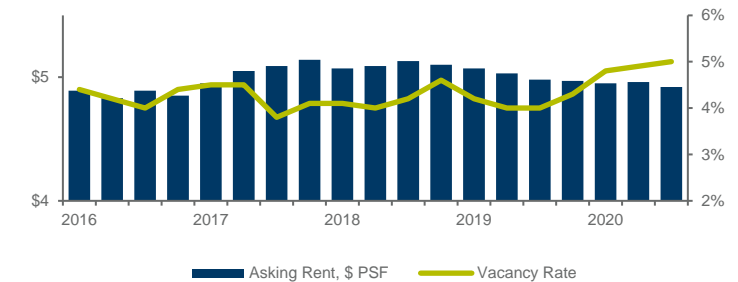
OUTLOOK

The Milwaukee Region had two significant manufacturing expansion announcements in Q3 with GE Medical and Eaton making commitments to add capacity in the market. The Class A leasing velocity is starting to accelerate and the available inventory of roughly 1 msf of Class A spec space will likely experience significant absorption in Q4 2020. With COVID-19 delaying the vast majority of the development pipeline, a supply side crunch could be on the horizon in 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT MILWAUKEE



CUSHMAN &
WAKEFIELD

BOERKE

Industrial Q3 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	98,107,319	7,561,733	7.7%	153,679	-354,106	3,942,000	9,250	\$4.13	\$5.52	\$3.97
Ozaukee County	12,254,222	564,034	4.6%	75,327	83,502	0	0	\$4.32	\$9.10	N/A
Washington County	21,622,149	828,154	3.8%	243,868	256,490	0	425,868	\$5.64	\$5.17	\$5.52
Waukesha County	74,763,064	1,365,965	1.8%	332,900	975,933	589,982	541,700	\$5.57	\$5.79	\$5.55
MILWAUKEE TOTALS	206,746,754	10,319,886	5.0%	805,774	961,819	4,531,982	976,818	\$4.37	\$5.67	\$4.25

*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	934,000	492,650	\$4.37
Office Service / Flex	37,858,469	919,385	2.4%	300,379	481,814	74,000	0	\$5.67
Warehouse / Distribution	57,009,520	5,213,192	9.1%	-41,995	-65,802	3,523,982	484,168	\$4.25

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12922 Good Hope Road, Menomonee Falls	Waukesha County	Leonardo DRS	370,000	New
5401 W Donges Bay Road, Mequon	Ozaukee County	Almo Distributing	213,842	Renewal
5401 W Donges Bay Road, Mequon	Ozaukee County	DHI Corp	173,254	Renewal
4775 W Electric Avenue, West Milwaukee	Milwaukee County	GE Medical Systems	86,988	New
280 S Industrial Drive, Fredonia	Ozaukee County	Guy & O'Neill	73,827	New

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
W204 N13125 Goldendale Road, Germantown	Washington County	ICHQ LLC / Goldendale Road Germantown, LLC	240,468	\$16.06M / \$67
320 W Vogel Avenue, Milwaukee	Milwaukee County	Gott Real Estate, LLC / MLG PF Airport Portfolio, LLC	232,136	\$9.2M / \$40
2855 Calhoun Road and 2471 S Commerce Drive, New Berlin	Waukesha County	Quad - M Investments, Inc. / JLML Retained Property LLC	164,136	\$9.2M / \$56

KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
12922 Good Hope Road, Menomonee Falls	Waukesha County	Leonardo DRS	370,000	Weas Development
W204 N13125 Goldendale Road, Germantown	Washington County	Illing Company	240,468	Briohn Construction

KATIE GREMBAN

Director of Research

+1 414 203 3045 / kgremban@boerke.com

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