

## Industrial Q4 2020

**4.7%**  
Vacancy Rate



**2.5M**  
YTD Net Absorption, SF



**\$4.58**  
Asking Rent, PSF



(Overall, Net Asking Rent)

### ECONOMIC INDICATORS Q4 2020

**814.2**  
Milwaukee Employment



**6.6%**  
Milwaukee Unemployment Rate



**6.7%**  
U.S. Unemployment Rate



Source: BLS, Moody's Analytics  
2020Q4 data are based on latest available data

### ECONOMY

Wisconsin's unemployment rate decreased month-over-month 100 basis points (bps) to 5% in November 2020. Locally, Metro Milwaukee's unemployment rate fairs slightly worse, at 6.6%, however, 10 bps below the national average.

According to data from the U.S Bureau of Economic Analysis, Wisconsin's economy had one of the sharpest rebounds in the country during the third quarter of 2020, with real gross domestic product for the state increasing at a 40.3% annualized rate from the second quarter to the third quarter, a rate that ranks Wisconsin ninth in the country.

The Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 55.54 for December 2020, the fifth 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 Q4 2020, seeing the largest absorption figure in over ten years, with over 1.6 million square feet (msf) absorbed. In Milwaukee County alone, over 1 msf was absorbed, with 325,000 square feet (sf) attributed to the delivery of the new Western Building Products facility on Milwaukee's northwest side. Year-to-date leasing activity totaled over 4.2 msf with over 1.4 msf penned in the fourth quarter of 2020. Overall vacancy decreased 30 bps to 4.7%.

Construction activity remains strong, with over 4.8 msf currently under construction, 2.6 msf of which is the Amazon Distribution facility in Oak Creek. An additional 4.6 msf of proposed projects is in the pipeline, all subject to uncertainty given the current pandemic. Milwaukee is experiencing significant inflow of new investor capital into the market with a first-time market buyer completing the acquisition of the 370,000-sf Leonardo DRS asset to close the year.

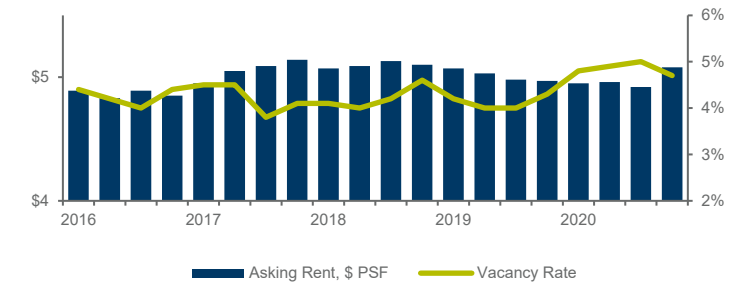
### OUTLOOK

The Milwaukee region continues to have major manufacturing expansion announcements, with Carmex's land acquisition coming on the heels of both GE Medical and Eaton's 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 2021. 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



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## Industrial Q4 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)	YE CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Milwaukee County	98,527,677	7,158,487	7.3%	1,037,128	683,022	3,646,246	593,170	\$4.06	\$5.41	\$4.33
Ozaukee County	12,254,222	589,034	4.8%	-25,000	58,502	244,000	0	\$4.32	\$9.10	N/A
Washington County	21,616,397	494,954	2.3%	327,448	583,938	75,000	627,868	\$5.64	\$5.17	\$5.18
Waukesha County	74,646,076	1,518,693	2.0%	242,433	1,218,366	924,682	1,225,345	\$5.78	\$5.95	\$5.22
<b>MILWAUKEE TOTALS</b>	<b>207,044,372</b>	<b>9,761,168</b>	<b>4.7%</b>	<b>1,582,009</b>	<b>2,543,828</b>	<b>4,889,928</b>	<b>2,446,383</b>	<b>\$4.34</b>	<b>\$5.69</b>	<b>\$4.57</b>

\*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)	YE CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	110,880,396	4,042,172	3.6%	595,204	366,161	1,381,246	1,420,210	\$4.34
Office Service / Flex	37,971,819	924,054	2.4%	52,769	788,327	0	74,000	\$5.69
Warehouse / Distribution	58,192,157	4,794,942	8.2%	934,036	1,389,340	3,508,682	952,173	\$4.57

### KEY LEASE TRANSACTIONS 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
4355 N Richards Street, Milwaukee	Milwaukee County	PAE	223,000	New
3420 N 35 <sup>th</sup> Street, Milwaukee	Milwaukee County	PAK Technologies	208,000	New
7025 W Parkland Court, Milwaukee	Milwaukee County	Lamplight Farms	164,461	New

### KEY SALES TRANSACTIONS 2020

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
Blackstone Acquisition, Milwaukee, Racine and Kenosha Counties	Milwaukee, Racine and Kenosha Counties	Link Logistics / CenterPoint Properties Trust	3,734,471	\$268.7M / \$75
W126N7353 Flint Drive, Menomonee Falls	Waukesha County	Bascom Group, LLC / WP Walleye, LLC	370,000	\$100M / \$270
5650 W County Line Road, Mequon	Ozaukee County	Store Capital / Vogel Real Estate, LLC	334,150	\$32.5M / \$97
W204 N13125 Goldendale Road, Germantown	Washington County	ICHQ LLC / Goldendale Road Germantown, LLC	240,468	\$16.06M / \$67

### KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
12922 Good Hope Road, Menomonee Falls	Waukesha County	Leonardo DRS	370,000	Weas Development
7007 N 115 <sup>th</sup> Street	Milwaukee County	Western Building Products, Inc.	325,000	Western Building Products
W204 N13125 Goldendale Road, Germantown	Washington County	Illing Company	240,468	Briohn Construction

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