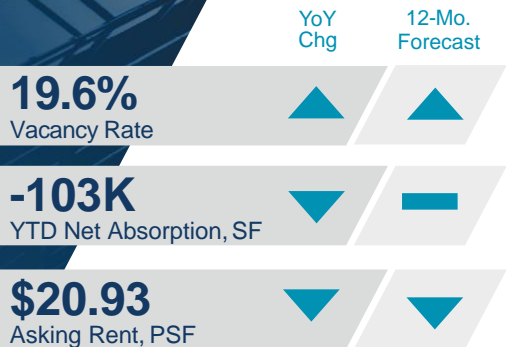


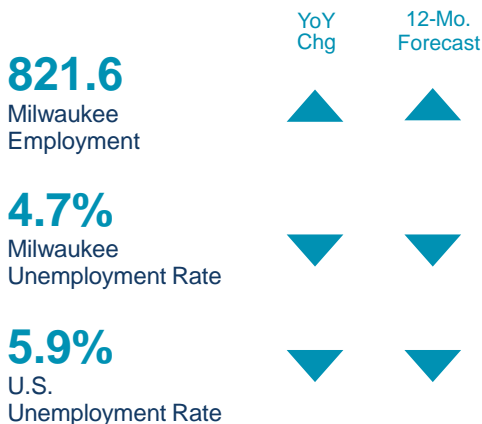
# MARKETBEAT MILWAUKEE

## Office Q2 2021



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q2 2021



Source: BLS, Moody's Analytics  
2021Q2 data are based on latest available data

### ECONOMY

Wisconsin's unemployment rate remained the same since April, standing at 3.9% in May 2021. While the unemployment rate has declined considerably since its recent high in April 2020, it still sits slightly higher than its pre-pandemic reading of 3.2%. Locally, Metro Milwaukee's unemployment rate fares slightly worse, at 4.7%, however, 120 basis points below the national average.

According to data from the U.S. Bureau of Economic Analysis, Wisconsin's real gross domestic product grew 6% at an annualized rate bringing Wisconsin's rank back up to 21st in the country compared to Q2 2020 results.

### MARKET OVERVIEW

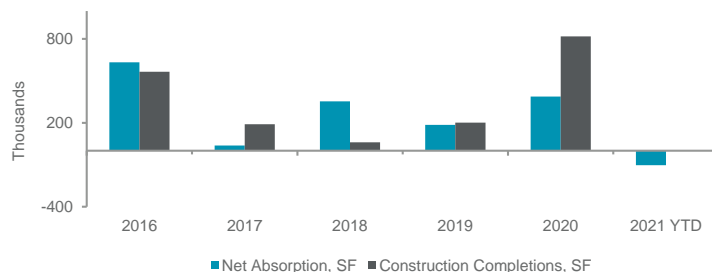
The Milwaukee office market reported negative absorption of 52,121 square feet (sf) in the second quarter. The vacancy rate quarter-over-quarter decreased 40 bps to 19.6%, with the decrease partially attributed to the acquisition of a previously vacant Downtown-West building acquired by Milwaukee Tool. Renewal activity matched new leasing activity as tenants delayed relocation until they can better predict their long-term space needs. Renewal activity represented 48% of all leasing activity in Q2, with nearly 139,000 sf of space renewed among seven transactions.

### OUTLOOK

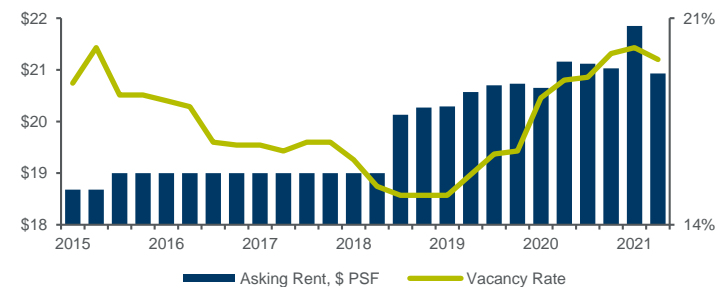
Even with the continued negative absorption year-to-date, there is a rise in activity with tenants touring the market, multi-year leases being executed, and buildings under contract for sale. More positive news is Milwaukee Tool, in addition to their continued growth in Menomonee Falls, acquired 501 W Michigan in the Downtown-West submarket, where it will redevelop and move up to 2,000 jobs to the City of Milwaukee.

Milwaukee generally lags national trends and as many other cities have seen corporate downsizing and massive amounts of sublease space hitting the market, Milwaukee has only had a limited amount of sublease space brought to the market. Tenants including Manpower, Quarles & Brady, Jobs.com, Infinity Healthcare, Alliance for Strong Families have all placed over 20,000-sf of space for sublease in the CBD. In addition, Johnson Controls recently began marketing one of their buildings (420,000 sf) in the Downtown-East submarket.

### 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	7,718,592	0	1,210,013	15.7%	-101,060	-104,609	168,603	0	\$24.23	\$24.95
Downtown West	3,511,631	0	919,536	26.2%	26,769	14,554	28,334	0	\$19.21	\$19.43
<b>CBD TOTALS</b>	<b>11,230,223</b>	<b>0</b>	<b>2,129,549</b>	<b>19.0%</b>	<b>-74,291</b>	<b>-90,055</b>	<b>196,937</b>	<b>0</b>	<b>\$22.38</b>	<b>\$23.28</b>
Mayfair / Wauwatosa	3,041,952	0	636,081	20.9%	-384	3,044	55,290	0	\$21.23	\$22.92
North Shore	1,965,990	0	516,453	26.3%	7,157	15,569	16,569	0	\$16.75	\$23.19
Northwest	1,734,104	0	345,377	19.9%	3,203	19,469	19,469	0	\$20.60	\$23.06
Southeast	377,686	0	217,256	57.5%	-6,278	-8,803	0	0	\$15.94	N/A
Southwest	354,606	0	75,046	21.2%	1,018	-458	14,911	0	\$15.69	\$15.80
Third Ward / Walker's Point	2,202,260	0	322,257	14.6%	4,023	7,213	16,844	37,076	\$25.55	\$29.46
West Allis	2,041,155	0	369,716	18.1%	11,488	405,	9,722	0	\$18.30	N/A
<b>MILWAUKEE SUBURBAN TOTALS</b>	<b>11,717,753</b>	<b>0</b>	<b>2,482,186</b>	<b>21.2%</b>	<b>20,227</b>	<b>36,439</b>	<b>132,805</b>	<b>37,076</b>	<b>\$20.19</b>	<b>\$24.36</b>
Ozaukee	608,436	0	87,741	14.4%	3,078	3,078	4,446	0	\$14.64	\$14.44
Brookfield	4,093,031	0	831,736	20.3%	-13,766	-72,236	41,040	231,000	\$19.85	\$22.02
Waukesha / Pewaukee	2,623,265	0	401,246	15.3%	12,631	20,213	156,784	0	\$19.85	\$22.71
<b>MILWAUKEE OUTLYING TOTALS</b>	<b>7,324,732</b>	<b>0</b>	<b>1,320,723</b>	<b>18.0%</b>	<b>1,943</b>	<b>-48,945</b>	<b>202,240</b>	<b>0</b>	<b>\$19.65</b>	<b>\$22.04</b>
CBD	11,230,223	0	2,129,549	19.0%	-74,291	-90,055	196,937	0	\$22.38	\$23.28
Suburban	19,042,485	0	3,802,909	20.0%	22,170	-12,506	335,045	268,076	\$19.97	\$23.06
<b>MILWAUKEE TOTALS</b>	<b>30,272,708</b>	<b>0</b>	<b>5,932,458</b>	<b>19.6%</b>	<b>-52,121</b>	<b>-102,561</b>	<b>531,982</b>	<b>268,076</b>	<b>\$20.93</b>	<b>\$23.18</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
N17W24100 Riverwood Drive	Waukesha / Pewaukee	ProHealth	112,000	Renew
275 W Wisconsin Avenue	Downtown West	GoodKarma	24,495	New

## KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
501 W Michigan Street	Downtown – West	F Street Group / Milwaukee Electric Tool	370,160	\$7.9M / \$21
722 N Broadway Street	Downtown – East	Wisconsin Bell Inc. / Reign Capital	360,000	\$30.1M / \$84
11100 W Liberty Drive and 7800 N 113 <sup>th</sup> Street	Northwest	Felton Properties / Westfield Capital Group	168,828	\$19.7M / \$117

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