MARKETBEAT

MILWAUKEE

Industrial Q2 2021

CUSHMAN & WAKEFIELD | BOERKE

	YoY Chg	12-Mo. Forecast
3.4% Vacancy Rate	▼	—
5.4M YTD Net Absorption, SF	▲	▼
$4.61 Asking Rent, PSF	▲	—

(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
821.6 Milwaukee Employment	▲	▲
4.7% Milwaukee Unemployment Rate	▼	▼
5.9% U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics
2021Q1 data are based on latest available data

ECONOMY

Wisconsin's unemployment rate remained the same month-over-month at 3.9% in May 2021, resulting in a 10-basis point (bps) decrease quarter-over-quarter. Locally, Metro Milwaukee's unemployment rate fairs 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.

The Marquette-Institute of Supply Management (ISM) Report on Manufacturing scored the Milwaukee area at 62.62 for June 2021. A reading above 50 demonstrates expansion as a measure of new orders, production, employment, supplier deliveries and inventories in the manufacturing industry. In addition, the survey's future indexes on the six-month business outlook suggests that there will be expected growth over the next six months.

MARKET OVERVIEW

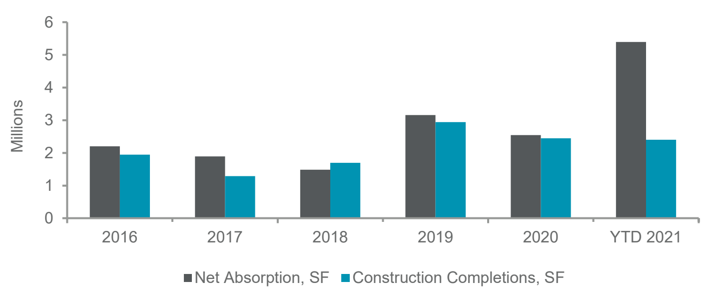
The Metro Milwaukee industrial market remained active in Q2 2021, with over 844,000 square feet (sf) absorbed. Milwaukee County saw the largest amount of activity with 73% of the metro activity surpassing 620,000 sf of absorption. Q2 2021 leasing activity totaled over 1.1 msf, with eight transactions over 50,000 sf. Overall vacancy decreased 150 bps year-over-year (YOY) to 3.4%, a record low for Metro Milwaukee. As supply becomes limited, overall weighted average net rents grew 1.8% YOY, with rents expected to continue the upward trend in the near term.

Construction activity remains strong, with 2.4 msf currently under construction, of which nearly 650,000 sf is speculative. An additional 4.6 msf of proposed projects is in the pipeline, all subject to uncertainty given economic vulnerability, elevated construction costs and raw material lead times.

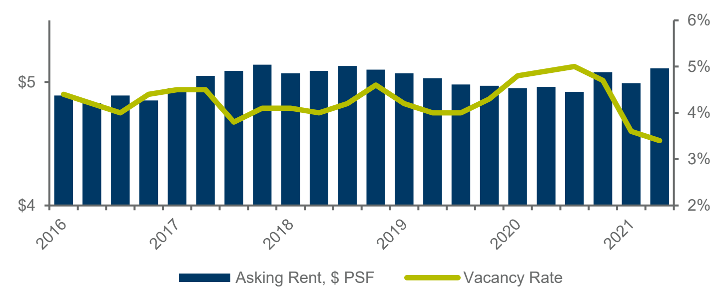
OUTLOOK

The Milwaukee region has experienced record-setting demand, which is anticipated to continue through 2021. The Class A leasing velocity continues 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, as well as the rise in construction costs and the limited supply of land, a supply side crunch could be on the horizon in 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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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)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (OS)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Milwaukee County	99,342,654	3,979,578	4.0%	620,005	5,367,683	906,246	3,097,000	$3.99	$5.59	$4.05
Ozaukee County	12,214,983	351,401	2.9%	211,645	224,865	766,192	0	$4.73	$9.23	N/A
Washington County	21,616,397	415,153	1.9%	56,301	87,801	359,200	0	$5.44	$5.30	$5.54
Waukesha County	74,821,818	2,411,187	3.2%	-43,880	-284,891	369,000	587,000	$6.13	$6.10	$5.30
MILWAUKEE TOTALS	**207,995,852**	**7,157,319**	**3.4%**	**844,071**	**5,395,458**	**2,400,638**	**3,684,000**	$4.49	**$5.91**	**$4.44**

*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)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	108,554,868	2,949,748	2.7%	509,842	959,473	1,362,246	280,000	$4.49
Office Service / Flex	37,884,402	864,207	2.3%	102,646	199,431	121,600	0	$5.91
Warehouse / Distribution	61,556,582	3,343,364	5.4%	231,583	4,236,554	916,792	3,404,000	$4.44

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7300 N 60th Street, Milwaukee	Milwaukee County	Crook & Marker	98,927	New
2003-2207 S 114th Street, West Allis	Milwaukee County	U.S. AutoForce	80,000	New
2 Goldendale Road, Germantown	Washington County	Kapco Metal Stamping	78,000	New
N24W23501 W Watertown Road, Pewaukee	Waukesha County	MSI Stone	61,351	New

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/$ PSF
5355 S Westridge Drive, New Berlin	Waukesha County	Nassco, Inc. / First Industrial LP	220,974	$15.7M / $71
200 Industrial Drive, Fredonia	Ozaukee County	FIP Master Funding I, LLC / Guy & O'Neill, Inc.	195,250	$11.7M / $60
1920 S Calhoun Road, New Berlin	Waukesha County	The Luther Group / Luterbach	145,348	$13.5M / $93
11100 W Silver Spring Road, Milwaukee	Milwaukee County	Sara Investment Real Estate / KG Stevens	127,400	$9.05M / $71
922 S 70th Street, West Allis	Milwaukee County	Sara Investment Real Estate / Poblocki Sign	106,000	$7.5M / $71

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Boxhorn Drive and Hill Court, Mukwonago	Waukesha County	Speculative	157,500	Briohn Building Corporation

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