



COMMERCIAL REAL ESTATE MARKET REPORT | Q3 2023



Southeast Wisconsin Office Overview

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) increased 50 basis points to 4.1% compared to 3.6% in August 2022. The unemployment rate for the US was at 3.8% in August 2023 which increased 10 basis points from last year. State of Wisconsin unemployment was 2.9% for this quarter. The Milwaukee MSA saw an increase in job growth while office using jobs decreased by 4,000 during the same period.

Summary

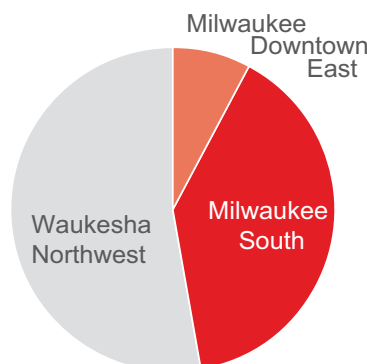
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	54	12,055,275	2,261,550	1,883,402	(140,775)	111,483	15.6%
B	461	30,780,943	6,572,395	5,544,030	(148,505)	(248,867)	18.0%
C	48	2,070,091	164,978	136,777	(1,529)	(580)	6.6%
Grand Total	563	44,906,309	8,998,923	7,564,209	(290,809)	(137,964)	16.8%



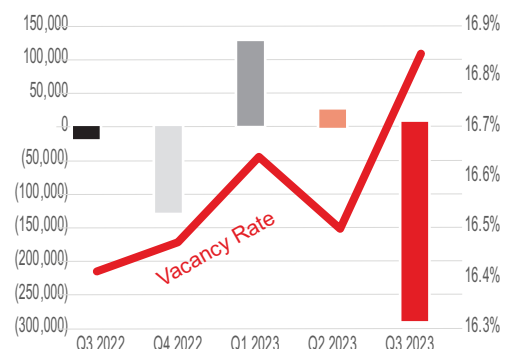
- Milwaukee office market posted negative net absorption of (290,800) sf bringing the YTD to (137,900) sf negative absorption and a vacancy rate of 16.8% for multi and single tenant properties. Multi-tenant properties had (253,800) sf negative absorption bringing the YTD to (215,200) sf negative absorption and a vacancy rate of 22.7% this quarter.
- Milwaukee CBD ended with a 17.8% vacancy rate resulting from (114,000) sf negative absorption. Multi-tenant only properties saw a vacancy rate of 24.3% and (114,000) sf negative absorption during Q3 2023.
- The suburban markets posted (176,600) sf negative net absorption and a vacancy rate of 16.2% for single and multi-tenant properties during Q3 2023. Multi-tenant properties ended with a vacancy rate of 21.4% with (139,600) sf negative net absorption.
- Third Ward - Walkers Point had the largest increase with 23,900 sf positive absorption led by WSP leasing 9,600 sf. Milwaukee Downtown East topped all markets with (128,000) sf negative absorption led by Department of Forestry Services downsizing 69,000 sf.
- Milwaukee office market had 101 lease comps totaling 873,400 sf this quarter with 78 of the lease comps in the suburban markets and 23 lease comps in Milwaukee CBD markets. Thirty office properties sold with 327,700 sf for \$31,100,000.
- There is 102,000 sf currently under construction for 3 properties. Two properties were delivered with 228,600 sf year to date.

Under Construction

MARKET	BLDG SIZE (SF)
Milwaukee Downtown East	8,104
Milwaukee South	40,288
Waukesha Northwest	53,913
Grand Total	102,305



Absorption and Vacancy Rate



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

Southeast Wisconsin Office

Market	Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Milwaukee Downtown East	A	14	5,961,922	1,207,620	895,275	(52,597)	(29,173)	15.0%
	B	38	4,388,855	794,829	653,030	(75,554)	(100,655)	14.9%
	C	4	146,389	27,550	22,500	0	0	15.4%
	Subtotal	56	10,497,166	2,029,999	1,570,805	(128,151)	(129,828)	15.0%
Milwaukee Downtown West	A	2	348,371	75,427	62,427	0	0	17.9%
	B	32	4,463,856	943,678	1,023,124	(9,921)	(7,247)	22.9%
	C	3	234,311	45,000	45,000	0	0	19.2%
	Subtotal	37	5,046,538	1,064,105	1,130,551	(9,921)	(7,247)	22.4%
Third Ward-Walkers Point	A	5	739,907	161,024	161,024	6,049	176,350	21.8%
	B	37	2,157,237	543,169	400,743	17,848	(30,137)	18.6%
	C	4	120,713	42,963	42,963	0	0	35.6%
	Subtotal	46	3,017,857	747,156	604,730	23,897	146,213	20.0%
Milwaukee CBD	A	21	7,050,200	1,444,071	1,118,726	(46,548)	147,177	15.9%
	B	107	11,009,948	2,281,676	2,076,897	(67,627)	(138,039)	18.9%
	C	11	501,413	115,513	110,463	0	0	22.0%
	Subtotal	139	18,561,561	3,841,260	3,306,086	(114,175)	9,138	17.8%
Brookfield	A	6	547,244	105,378	45,124	(8,474)	(3,903)	8.2%
	B	95	5,696,261	1,465,148	1,163,592	(23,769)	(103,163)	20.4%
	C	4	118,873	5,000		0	0	0.0%
	Subtotal	105	6,362,378	1,575,526	1,208,716	(32,243)	(107,066)	19.0%
Mayfair - Wauwatosa	A	15	2,098,871	502,228	428,412	(81,191)	(36,100)	20.4%
	B	29	1,445,029	357,679	332,525	(12,900)	(30,420)	23.0%
	C	7	303,574	26,054	12,785	0	0	4.2%
	Subtotal	51	3,847,474	885,961	773,722	(94,091)	(66,520)	20.1%
Mequon - Theinsville	A	1	37,670		6,237	0	10,013	16.6%
	B	15	425,823	115,217	108,368	(3,490)	2,494	25.4%
	Subtotal	16	463,493	115,217	114,605	(3,490)	12,507	24.7%
Milwaukee Central	B	9	691,988	32,000		0	0	0.0%
	C	10	562,925			0	0	0.0%
	Subtotal	19	1,254,913	32,000		0	0	0.0%

Continued

Southeast Wisconsin Office, continued

Market	Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Milwaukee North Shore	A	2	175,962		110,733	0	6,690	62.9%
	B	34	2,047,838	263,310	295,301	(758)	(8,178)	14.4%
	C	7	271,978	18,411	13,529	(1,529)	(580)	5.0%
	Subtotal	43	2,495,778	281,721	419,563	(2,287)	(2,068)	16.8%
Milwaukee Northwest	A	4	1,090,478	46,899	46,899	0	0	4.3%
	B	50	3,327,827	556,739	582,426	(5,852)	(27,553)	17.5%
	Subtotal	54	4,418,305	603,638	629,325	(5,852)	(27,553)	14.2%
Milwaukee Southwest	A	1	680,266			0	0	0.0%
	B	22	915,898	139,071	85,870	(551)	10,096	9.4%
	C	2	91,658			0	0	0.0%
	Subtotal	25	1,687,822	139,071	85,870	(551)	10,096	5.1%
Milwaukee West	B	19	1,846,834	725,234	373,029	1,237	(1,822)	20.2%
	C	2	61,785			0	0	0.0%
	Subtotal	21	1,908,619	725,234	373,029	1,237	(1,822)	19.5%
Pewaukee	A	4	374,584	162,974	127,271	(4,562)	(12,394)	34.0%
	B	30	1,607,085	472,210	367,976	(668)	4,251	22.9%
	Subtotal	34	1,981,669	635,184	495,247	(5,230)	(8,143)	25.0%
Waukesha Northwest - Lake Country	B	17	558,398	17,219	15,625	1,628	4,041	2.8%
	C	1	51,462			0	0	0.0%
	Subtotal	18	609,860	17,219	15,625	1,628	4,041	2.6%
Waukesha Southeast - New Berlin	B	17	564,613	107,062	94,505	(37,000)	16,445	16.7%
	Subtotal	17	564,613	107,062	94,505	(37,000)	16,445	16.7%
Waukesha Southwest	B	17	643,401	39,830	47,916	1,245	22,981	7.4%
	C	4	106,423			0	0	0.0%
	Subtotal	21	749,824	39,830	47,916	1,245	22,981	6.4%
Suburban	A	33	5,005,075	817,479	764,676	(94,227)	(35,694)	15.3%
	B	354	19,770,995	4,290,719	3,467,133	(80,878)	(110,828)	17.5%
	C	37	1,568,678	49,465	26,314	(1,529)	(580)	1.7%
	Subtotal	424	26,344,748	5,157,663	4,258,123	(176,634)	(147,102)	16.2%
Grand Total		563	44,906,309	8,998,923	7,564,209	(290,809)	(137,964)	16.8%

Southeast Wisconsin Industrial Overview

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Milwaukee metropolitan statistical area (MSA) increase 50 basis points to 4.1% compared to 3.6% in August 2022. The unemployment rate for the US was at 3.8% in August 2023 which increased 10 basis points from last year. State of Wisconsin unemployment was 2.9% for this quarter. The Milwaukee MSA saw an increase in job growth while manufacturing jobs also increased by 600 jobs during the same period.

- Milwaukee industrial market posted 359,000 sf positive absorption bringing the YTD to 1.6 msf positive absorption and a vacancy rate of 4.4% for both multi and single tenant properties. Multi-tenant properties posted (192,000) sf negative absorption bringing the YTD down to 552,700 sf positive absorption and a vacancy rate of 12.6%
- Racine County topped all counties in positive absorption with 555,000 sf resulting from Kenco leasing 443,000 sf.
- Kenosha County lead with (444,000) sf negative absorption due to Uline vacating 300,000 sf and was one of two counties to post negative absorption this quarter.
- At the close of Q3 2023 the Milwaukee industrial market had 75 lease transactions with 2.3 msf of leasing activity. Sixty two properties sold topping \$153 million with over 1.57 msf.
- There is over 7.9 msf currently under construction across 37 projects. Kenosha County accounted for 4.6 msf currently under construction in 6 properties.
- Twenty eight properties with 6.9 msf were delivered year to date.

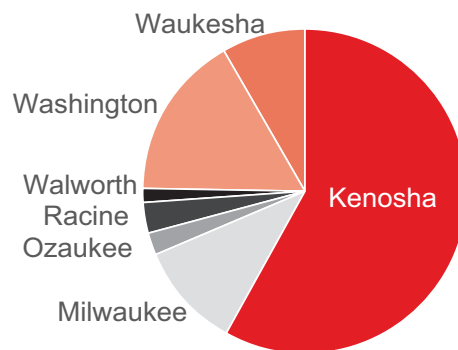


Summary

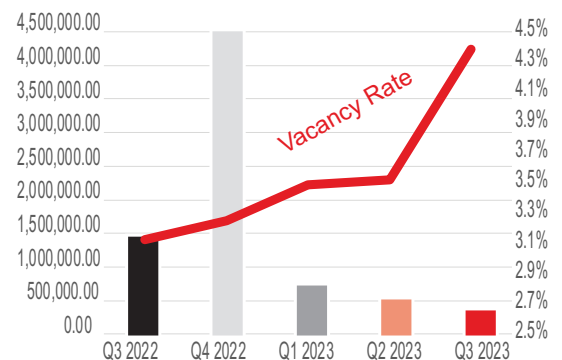
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	296	13,193,200	1,075,643	876,905	54,401	56,440	6.6%
Manufacturing	2,171	176,451,822	6,356,264	3,744,641	(254,120)	(73,238)	2.1%
Warehouse Distribution	785	125,552,800	11,480,494	9,964,807	408,021	1,335,131	7.9%
Warehouse Office	2,132	64,038,878	3,631,666	2,045,183	150,847	291,515	3.2%
Grand Total	5,384	379,236,700	22,544,067	16,631,536	359,149	1,609,848	4.4%

Under Construction (SF)

COUNTY	BLDG SIZE (SF)
Kenosha	4,621,064
Milwaukee	857,750
Ozaukee	165,868
Racine	242,520
Walworth	105,750
Washington	1,301,134
Waukesha	659,578
Grand Total	7,953,664



Absorption and Vacancy Rate



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

Southeast Wisconsin Industrial

	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
-Kenosha	Flex/R&D	8	682,599			0	0	0.0%
	Manufacturing	103	7,967,151	135,074	135,074	0	0	1.7%
	Warehouse Distribution	107	37,510,679	5,046,983	5,095,258	(444,069)	(120,304)	13.6%
	Warehouse Office	70	2,944,634	261,585		0	0	0.0%
	Subtotal	288	49,105,063	5,443,642	5,230,332	(444,069)	(120,304)	10.7%
Milwaukee	Flex/R&D	62	3,255,194	679,601	589,856	28,599	27,663	18.1%
	Manufacturing	665	60,421,398	4,673,430	3,019,572	(507,208)	(467,611)	5.0%
	Warehouse Distribution	285	34,726,853	3,089,879	1,747,741	165,510	559,908	5.0%
	Warehouse Office	685	23,299,233	1,950,026	1,180,498	185,183	49,179	5.1%
	Subtotal	1,697	121,702,678	10,392,936	6,537,667	(127,916)	169,139	5.4%
Ozaukee	Flex/R&D	22	670,913	59,431	36,218	2,577	(8,345)	5.4%
	Manufacturing	118	9,041,752	150,801	115,222	40,651	102,484	1.3%
	Warehouse Distribution	16	2,149,211	6,001	6,001	0	0	0.3%
	Warehouse Office	65	2,352,488	119,290	62,490	0	0	2.7%
	Subtotal	221	14,214,364	335,523	219,931	43,228	94,139	1.5%
Racine	Flex/R&D	12	668,128	35,290	35,290	0	0	5.3%
	Manufacturing	189	17,425,319	127,415	27,820	(500)	(9,886)	0.2%
	Warehouse Distribution	82	14,776,808	2,430,127	2,634,232	555,584	636,264	17.8%
	Warehouse Office	141	4,625,079	460,700	443,180	0	0	9.6%
	Subtotal	424	37,495,334	3,053,532	3,140,522	555,084	626,378	8.4%
Sheboygan	Flex/R&D	1	30,720		5,000	0	0	16.3%
	Manufacturing	151	19,759,101	386,374	100,800	23,687	0	0.5%
	Warehouse Distribution	34	5,132,236	214,029		0	0	0.0%
	Warehouse Office	90	2,347,672	136,296	4,625	(4,625)	(4,625)	0.2%
	Subtotal	276	27,269,729	736,699	110,425	19,062	(4,625)	0.4%
Walworth	Flex/R&D	4	94,396			0	0	0.0%
	Manufacturing	125	9,600,977	235,390	58,336	59,250	20,250	0.6%
	Warehouse Distribution	30	3,135,417	110,900		0	183,200	0.0%
	Warehouse Office	76	2,165,145	70,550	40,000	0	0	1.8%
	Subtotal	235	14,995,935	416,840	98,336	59,250	203,450	0.7%
Washington	Flex/R&D	15	528,613	32,715	23,644	0	12,524	4.5%
	Manufacturing	232	14,790,839	117,500	120,140	0	59,500	0.8%
	Warehouse Distribution	75	9,981,922	193,471	182,471	30,967	137,361	1.8%
	Warehouse Office	177	4,621,323	161,427	96,337	(7,676)	(3,863)	2.1%
	Subtotal	499	29,922,697	505,113	422,592	23,291	205,522	1.4%
Waukesha	Flex/R&D	172	7,262,637	268,606	186,897	23,225	24,598	2.6%
	Manufacturing	588	37,445,285	530,280	167,677	130,000	222,025	0.4%
	Warehouse Distribution	156	18,139,674	389,104	299,104	100,029	(61,298)	1.6%
	Warehouse Office	828	21,683,304	471,792	218,053	(22,035)	250,824	1.0%
	Subtotal	1,744	84,530,900	1,659,782	871,731	231,219	436,149	1.0%
Grand Total		5,384	379,236,700	22,544,067	16,631,536	359,149	1,609,848	4.4%

Southeast Wisconsin Retail Deals

Notable Retail Lease Transactions

Property	Size (sf)	Market	Tenant	Landlord
Fox River Plaza 1058 Milwaukee Ave	83,552	Racine	Runnings	Fox River Plaza LLC
Southport Plaza 7450 Green Bay Rd	27,000	Kenosha	La Z Boy	I-Southport, LLC
16095 W Bluemound Rd	19,339	Brookfield	Kids Empire	HHAMB LLP
Greenfield Place 4850 S 74th St	13,268	Milwaukee Southwest	DSW	Bonnie Management Corp
Burleigh Square 12000 W Burleigh St	10,800	Mayfair - Wauwatosa	Dollar Tree	Continental 164 Fund LLC
14640 W Capitol Dr	7,156	Brookfield	Play Café	Beta Realty LLC
Silvernail Plaza 2100 Silvernail Rd	6,776	Waukesha	Tap-In Golf	Waukesha Retail LLC
270 W Holt Ave	5,616	Milwaukee Southeast	Hong Kong Seafood Buffet	Mifflin Care Center Inc

Notable Retail Sales Transactions

Property	Price	Market	Buyer	Seller
Deertrace Kohler 4031 WI-28	\$21,100,000	Sheboygan	IRC Deer Trace LLC	ROF TA Kohler LLC
Meadowbrook Marketplace 701 Meadowbrook Rd	\$14,900,000	Waukesha	Meadowbrook Marketplace LLC	Meadowbrook Marketplace Associates LLC
N88W14060 & N88W 14132 Main St	\$11,000,000	Menomonee Falls	Falls Real Estate LLC	Ewald's Main Street Real Estate, LLC
3515 S 108th St	\$8,200,000	Milwaukee Southwest	JCJ Greenfield Holdings LLC	Kunes Greenfield Property LLC
910 W Sunset Dr	\$7,700,000	Waukesha	Proverbs LLC	Waukesha Industrial Holdings LLC
4901 Washington Ave	\$5,050,000	Racine	Heritage Pointe Properties LLC	GJ & AM Properties LLC
1508 S 8th St	\$4,700,000	Sheboygan	Shamrock Petroleum LLC	Stop N Shop, LLC
5145 Sheridan Rd	\$4,060,000	Kenosha	AP 50 LLC	Kenosha RE Holding 1 Corp.

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