

Milwaukee Industrial Market

The market continues to expand due to new construction deliveries.

The market continues to expand, making it the 15th quarter in a row which saw positive absorption, despite headwinds caused by increasing rental rates, cost of construction and interest rates. Most of the positive absorption can be attributed to new construction being delivered. Examples include: Silgan Containers's new 377,378-square-foot warehouse in Kenosha; Kroger's new 330,000-square-foot fulfillment center in Pleasant Prairie; and General Mills's new 323,000-square-foot warehouse in Caledonia. The market is poised for continued expansion as 7.12 million square feet is under construction.

Current Quarter Trends

There was 861,419 square feet of absorption in the first quarter of 2022. Over the past year, absorption was 6.81 million square feet. 3.0 million square feet of space was delivered this quarter, of which 52.0% was pre-leased or build-to-suit. As new vacant space has hit the market, overall vacancy has increased 65 basis points to 3.49% from the prior quarter of 2.84%. The average net asking rate also remained relatively steady, at \$4.45/SF.

Current Conditions

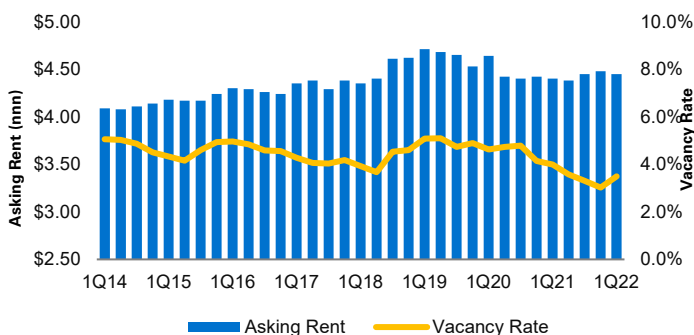
- Quarterly net absorption of 861,419 square-feet
- Overall availability rate of 5.5%
- Overall vacancy rate of 3.5%
- 7.12 million square-feet under construction
- 3.0 square-feet delivered this past quarter

Market Summary

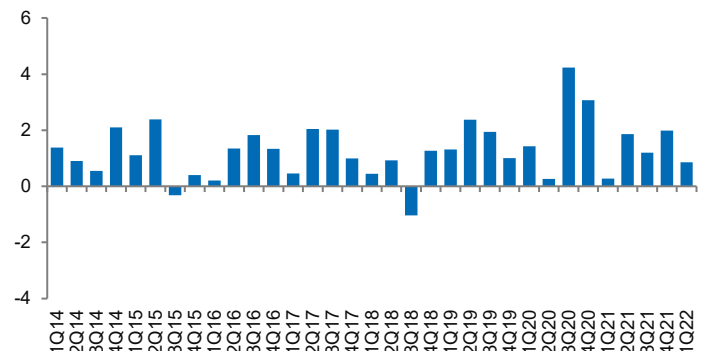
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	317.1 M	314.2 M	310.9 M	↑
Vacancy Rate	3.5%	2.8%	4.0%	↑
Quarterly Net Absorption (SF)	861,419	2.55 M	280,185	←
Average Asking Rent/SF	\$4.45	\$4.48	\$4.40	↑
Under Construction (SF)	7.12 M	8.96 M	4.56 M	←

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



Leasing Transactions

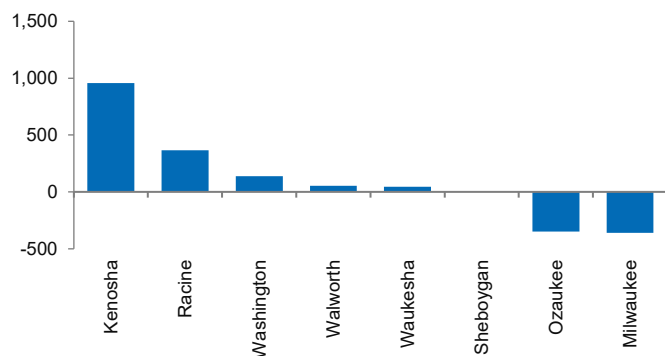
Tenant	Building	Submarket	Type	Square Feet
Silgan Containers LLC	2908 128th Ave	Kenosha	Warehouse	377,378
Oterra	13315 Globe Dr	Racine	Manufacturing	155,844
Materion Advanced Chemicals, Inc	12255 W Carmen Ave	Milwaukee	Manufacturing	150,000
Trifinity	8505 100th St	Kenosha	Warehouse	147,877
Asteroid Precision	10550 86th Ave	Kenosha	Warehouse	99,962

Sale Transactions

Address	Submarket	Type	Sale Price	Square Feet
2215 Union Ave	Sheboygan	Warehouse	\$37.0 Million	443,395
10556 86 th Ave	Kenosha	Warehouse	\$24.3 Million	195,872
3300 N 124 th St	Milwaukee	Manufacturing	\$24.0 Million	1.24 Million
7201 108 th St	Kenosha	Manufacturing	\$20.0 Million	168,879
W234N2100 Ridgeview	Waukesha	Warehouse	\$14.9 Million	121,600

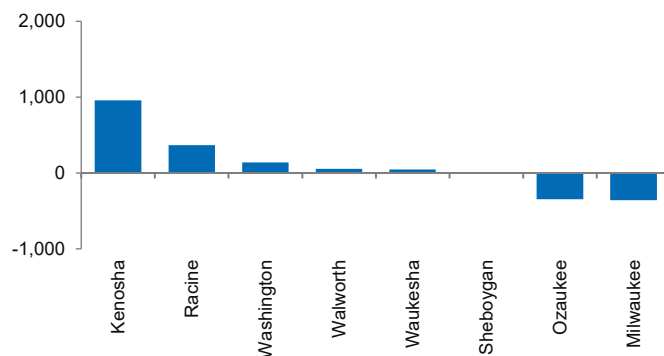
Quarterly Absorption By Submarket

Absorption (SF) In Thousands, Current Quarter



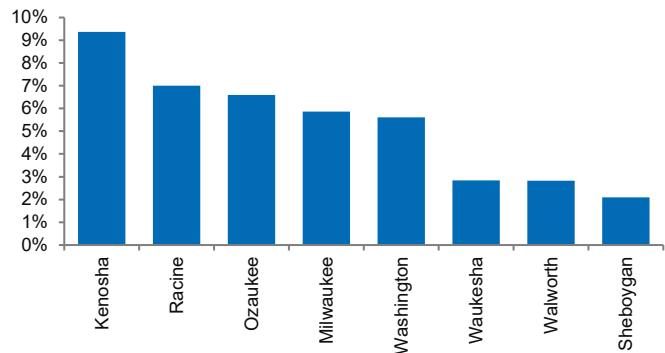
Yearly Absorption By Submarket

Absorption (SF) In Thousands, Last Four Quarters



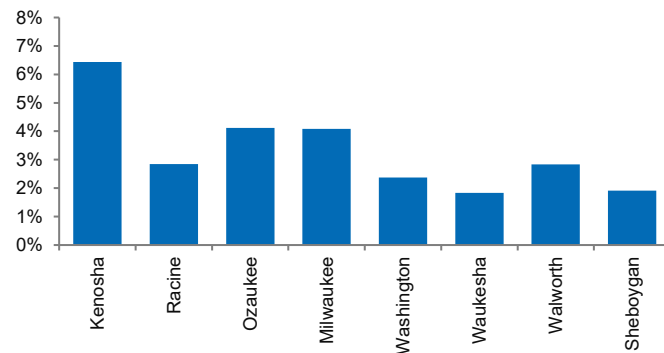
Availability By Submarket

Availability Rate (%)



Vacancy By Submarket

Vacancy Rate (%)



RESEARCH Q1 2022

Submarket Statistics						
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)
Kenosha	38,850,122	3,895,385	9.4%	6.4%	957,165	957,165
Flex	404,656	0	21.5%	2.0%	4,862	4,862
Manufacturing	5,284,141	749,900	5.3%	4.8%	0	0
Warehouse	33,161,325	3,145,485	9.9%	6.8%	952,303	952,303
Milwaukee	117,518,079	1,194,868	5.9%	4.1%	(359,344)	(359,344)
Flex	13,607,581	0	4.3%	2.3%	(74,885)	(74,885)
Manufacturing	54,150,969	943,462	5.4%	3.5%	173,316	173,316
Warehouse	49,759,529	251,406	6.8%	5.2%	(457,775)	(457,775)
Ozaukee	11,543,611	125,000	6.6%	4.1%	(347,666)	(347,666)
Flex	2,318,634	0	6.1%	1.0%	24,754	24,754
Manufacturing	6,839,517	125,000	8.9%	6.5%	(366,419)	(366,419)
Warehouse	2,385,460	0	0.4%	0.3%	(6,001)	(6,001)
Racine	31,861,294	878,450	7.0%	2.8%	366,149	366,149
Flex	851,807	0	4.1%	4.1%	0	0
Manufacturing	17,620,950	0	7.3%	3.9%	0	0
Warehouse	13,388,537	878,450	6.8%	1.4%	366,149	366,149
Sheboygan	15,047,485	155,000	2.1%	1.9%	7,000	7,000
Flex	275,807	0	1.8%	1.8%	0	0
Manufacturing	4,754,224	155,000	2.8%	2.8%	7,000	7,000
Warehouse	10,017,454	0	1.8%	1.5%	0	0
Walworth	11,851,758	0	2.8%	2.8%	54,000	54,000
Flex	506,968	0	0.0%	0.0%	0	0
Manufacturing	6,738,446	0	0.7%	0.7%	54,000	54,000
Warehouse	4,606,344	0	6.2%	6.2%	0	0
Washington	20,133,534	376,068	5.6%	2.4%	139,287	139,287
Flex	2,257,071	0	0.4%	0.0%	26,250	26,250
Manufacturing	8,775,874	0	1.4%	0.6%	112,737	112,737
Warehouse	9,100,589	376,068	10.9%	4.6%	300	300
Waukesha	70,290,597	495,396	2.8%	1.8%	44,828	44,828
Flex	6,270,358	0	3.7%	2.1%	2,515	2,515
Manufacturing	36,689,702	170,396	2.8%	2.1%	(222,653)	(222,653)
Warehouse	27,330,537	325,000	2.6%	1.4%	264,966	264,966
Metro Total	317,096,480	7,120,167	5.5%	3.5%	861,419	861,419

Economic Conditions

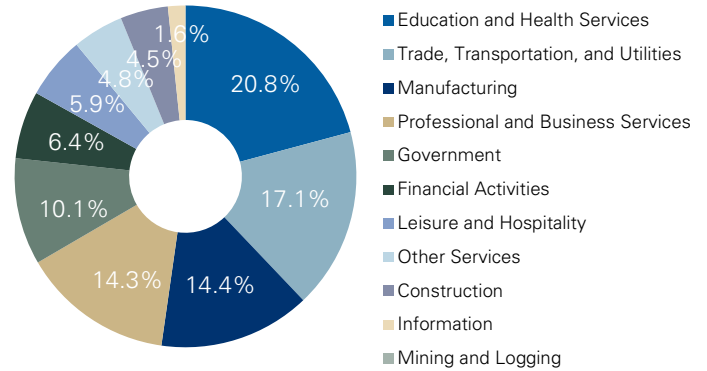
The Milwaukee seven-county region is known as “the Machine Shop of the World” and is the global market leader in advanced manufacturing, distribution, professional and financial services, green technologies and printing.

Milwaukee is a magnet for business. Affordable land and leasing, an educated workforce, low business costs and easy access to financing, technical assistance and efficient transportation help businesses locate, succeed and grow.

Milwaukee’s unemployment rate jumped to a high of 15.1% in April 2020 due to the pandemic. The rate has since dropped to 3.7%, slightly less than the national average of 3.8%.

Employment by Industry

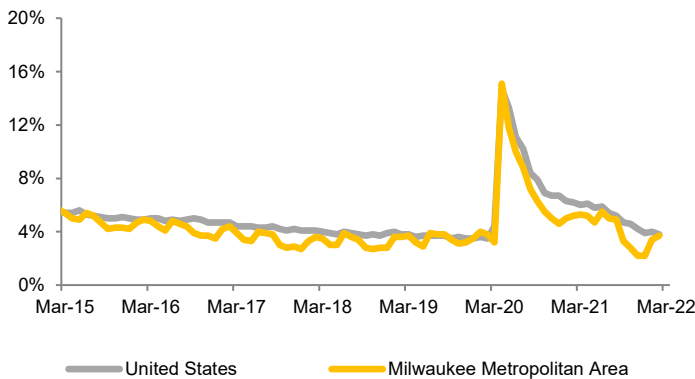
Milwaukee, WI February 2022



*Source: U.S. Bureau of Labor Statistics

Unemployment Rate

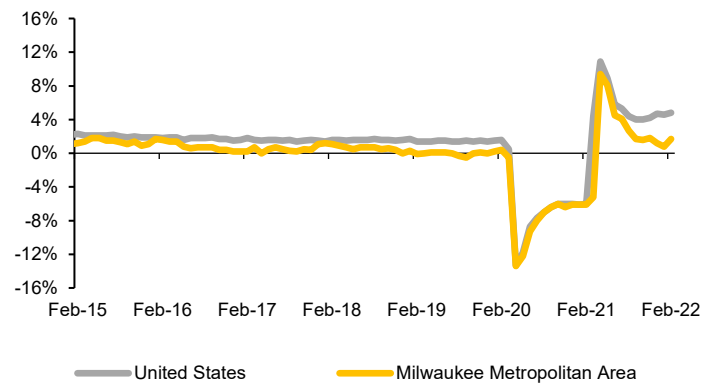
Not Seasonally Adjusted



*Source: U.S. Bureau of Labor Statistics

Payroll Employment

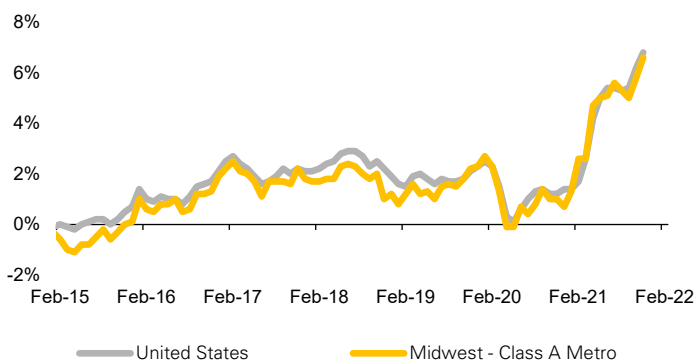
Total Nonfarm, 12-Month % Change, Not Seasonally Adjusted



*Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

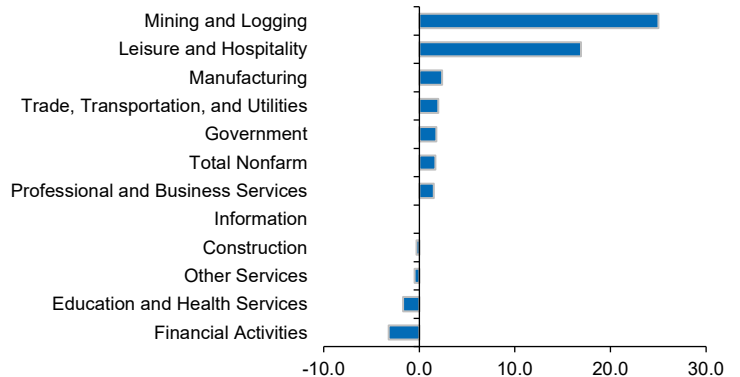
All Items, 12-Month % Change, Not Seasonally Adjusted



*Source: U.S. Bureau of Labor Statistics

Employment Growth By Industry

MKE, February 2022, 12-Month % Change, Not Seasonally Adj



*Source: U.S. Bureau of Labor Statistics

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/research.

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