

# Milwaukee Industrial Market

## Market expanding despite uncertainty.

Despite the negative absorption reported in the first quarter of 2021 the market rebounded nicely as 1.86 million square feet of absorption occurred in the second quarter. Most of the positive absorption can be attributed to Uline's 1.05 million square foot warehouse delivering in Kenosha. The market is poised for more near-term growth as 6.79 million square feet is under construction with most of the new inventory being preleased or owner built. Other contributors to the positive absorption were Quality Packaging leasing 225,543 square feet at 4051 South Iowa Street in Saint Francis, Scrap America LLC purchasing a 112,256 square foot facility at 3218 West Fond Du Lac Avenue in Milwaukee and Crook & Marker leasing 98,927 square feet at 7300 North 60th Street in Milwaukee.

### Current Quarter Trends

The second quarter of 2021 had 1.86 million square feet of absorption. Over the past year the market has absorption of 8.7 million square feet. The overall vacancy rate fell 42 basis points to 3.78% from the prior quarter of 4.20%, a year ago it was 4.78%. The average net asking rate fell slightly for the quarter to \$4.38/SF from \$4.40/SF last quarter.

### Current Conditions

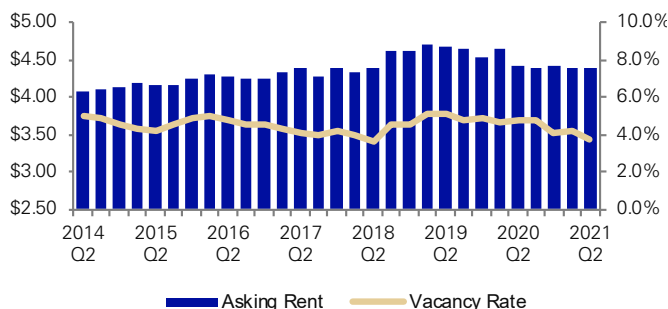
- Quarterly net absorption of 1,861,039 square-feet
- Overall availability rate of 6.1%
- Overall vacancy rate of 3.8%
- 6.79 million square-feet under construction
- 1.31 square-feet delivered this past quarter

### Market Summary

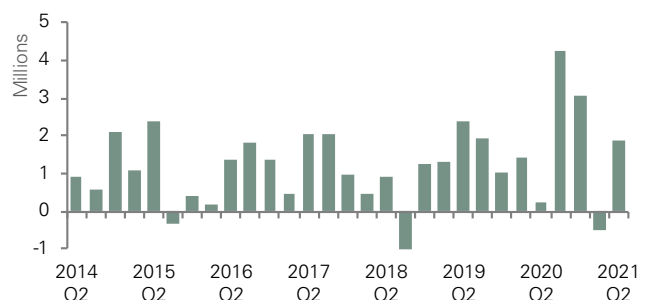
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	311.4 M	311.0 M	306.1 M	↑
Vacancy Rate	3.8%	4.2%	4.7%	↑
Quarterly Net Absorption (SF)	1.86 M	(466,082)	266,324	↑
Average Asking Rent/SF	\$4.38	\$4.40	\$4.42	←
Under Construction (SF)	6.79 M	5.56 M	10.51 M	↑

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION



### Leasing Transactions

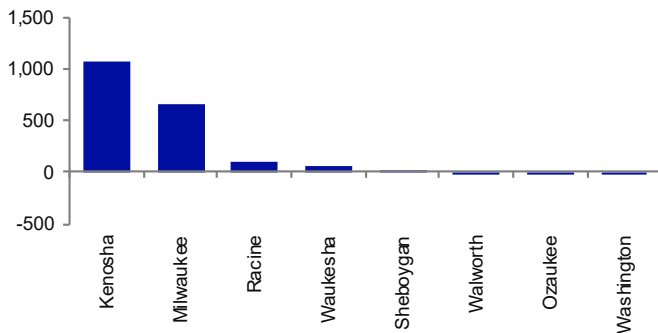
Tenant	Building	Submarket	Type	Square Feet
Quality Packaging	4051 S Iowa	Milwaukee Co	Warehouse	225,543
Crook & Marker	7300 N 60 <sup>th</sup> St	Milwaukee Co	Manufacturing	98,927
Ryder Last Mile Inc	1570 International Dr	Racine Co	Warehouse	75,233
Cleantest	9151-9181 N Deerbrook Trl	Milwaukee Co	Warehouse	71,778
Niche Cocoa	9705 S Oakwood Park Dr	Milwaukee Co	Manufacturing	44,170

### Sale Transactions

Address	Submarket	Type	Sale Price	Square Feet
8801 88th Ave	Kenosha Co	Warehouse	\$35.0 Million	424,180
5355 S Westridge Dr	Waukesha Co	Warehouse	\$15.7 Million	217,680
1920-1970 S Calhoun Rd	Waukesha Co	Manufacturing	\$13.5 Million	145,706
200 Industrial Dr	Ozaukee Co	Manufacturing	\$11.7 Million	195,250
5475-5477 S Westridge Ct	Waukesha Co	Manufacturing	\$10.6 Million	94,000

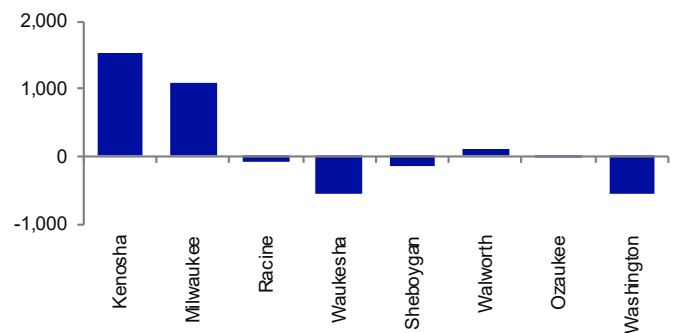
### Quarterly Absorption By Submarket

Absorption (SF) In Thousands, Current Quarter



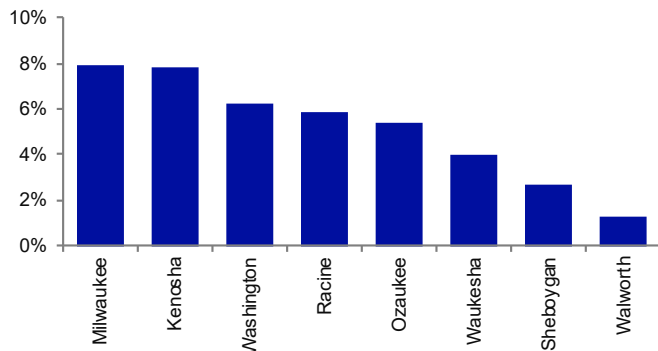
### Yearly Absorption By Submarket

Absorption (SF) In Thousands, Last Four Quarters



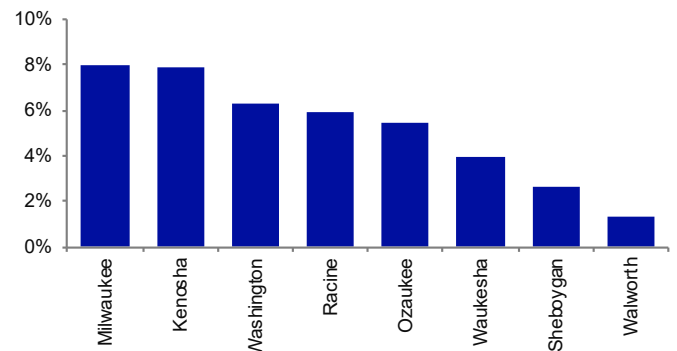
### Availability By Submarket

Availability Rate (%)



### Vacancy By Submarket

Vacancy Rate (%)



## RESEARCH Q2 2021

Submarket Statistics						
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)
<b>Kenosha</b>	<b>36,201,243</b>	<b>2,681,653</b>	<b>7.9%</b>	<b>4.7%</b>	<b>1,066,794</b>	<b>1,525,259</b>
Flex	404,656		28.9%	4.7%	1,794	(5,940)
Manufacturing	5,184,140	964,500	7.6%	6.9%	15,000	10,000
Warehouse	30,612,447	1,717,153	7.6%	4.3%	1,050,000	1,521,199
<b>Milwaukee</b>	<b>117,252,363</b>	<b>1,000,400</b>	<b>7.9%</b>	<b>4.5%</b>	<b>663,083</b>	<b>1,095,718</b>
Flex	13,574,500		7.4%	3.2%	7,525	52,040
Manufacturing	54,122,818	599,000	6.4%	4.3%	(7,024)	328,103
Warehouse	49,555,045	401,400	9.7%	5.1%	662,582	715,575
<b>Ozaukee</b>	<b>11,279,775</b>	<b>375,000</b>	<b>5.4%</b>	<b>1.6%</b>	<b>(11,986)</b>	<b>(11,632)</b>
Flex	2,318,134		9.2%	1.7%	(33,908)	(27,654)
Manufacturing	6,583,659	375,000	5.6%	2.2%	11,507	3,807
Warehouse	2,377,982		1.3%	0.0%	10,415	12,215
<b>Racine</b>	<b>30,679,325</b>	<b>1,034,000</b>	<b>5.9%</b>	<b>3.7%</b>	<b>99,781</b>	<b>(70,858)</b>
Flex	851,807		2.1%	2.1%	0	0
Manufacturing	17,290,950	1,034,000	5.5%	3.9%	35,162	80,082
Warehouse	12,536,568		6.7%	3.6%	64,619	(150,940)
<b>Sheboygan</b>	<b>15,123,911</b>	<b>155,000</b>	<b>2.7%</b>	<b>2.5%</b>	<b>4,625</b>	<b>(145,895)</b>
Flex	275,087		13.6%	11.8%	4,625	4,625
Manufacturing	4,754,224	155,000	3.1%	3.1%	0	0
Warehouse	10,094,600		2.2%	1.9%	0	(150,520)
<b>Walworth</b>	<b>11,560,655</b>		<b>1.3%</b>	<b>1.3%</b>	<b>(1,000)</b>	<b>118,000</b>
Flex	506,968		0.2%	0.2%	(1,000)	(1,000)
Manufacturing	6,609,981		1.5%	1.5%	0	19,000
Warehouse	4,443,706		1.1%	1.1%	0	100,000
<b>Washington</b>	<b>19,762,177</b>	<b>507,437</b>	<b>6.2%</b>	<b>5.2%</b>	<b>(13,699)</b>	<b>(566,971)</b>
Flex	2,242,349		1.5%	0.4%	0	0
Manufacturing	8,589,437	207,437	1.0%	0.8%	(19,000)	98,680
Warehouse	8,930,391	300,000	12.5%	10.6%	5,301	(665,651)
<b>Waukesha</b>	<b>69,583,582</b>	<b>1,040,440</b>	<b>4.0%</b>	<b>2.8%</b>	<b>53,441</b>	<b>(548,664)</b>
Flex	6,232,176		1.5%	0.7%	21,100	14,205
Manufacturing	36,217,954	380,700	2.7%	1.5%	95,997	51,003
Warehouse	27,133,452	659,740	6.3%	4.9%	(63,656)	(613,872)
<b>Metro Total</b>	<b>311,443,031</b>	<b>6,793,930</b>	<b>6.1%</b>	<b>3.8%</b>	<b>1,861,039</b>	<b>1,394,957</b>

### Economic Conditions

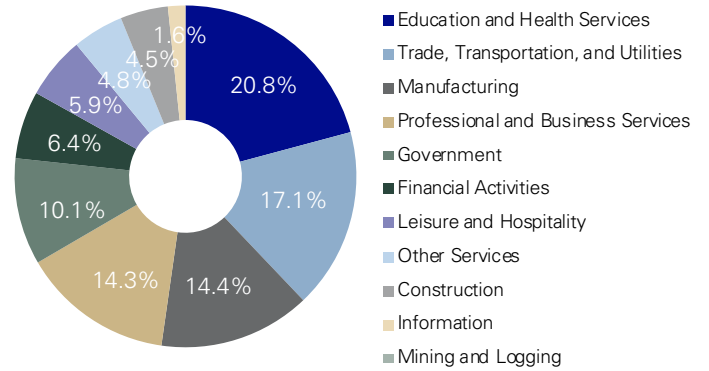
The Milwaukee seven-county region is known as “The Machine Shop of the World” and is the global market leader in advanced manufacturing, distribution, professional and financial services, green technologies and printing.

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 response of the Covid-19 pandemic. The rate has since dropped to 4.7%, slightly less than the national average of 5.8%

### Employment by Industry

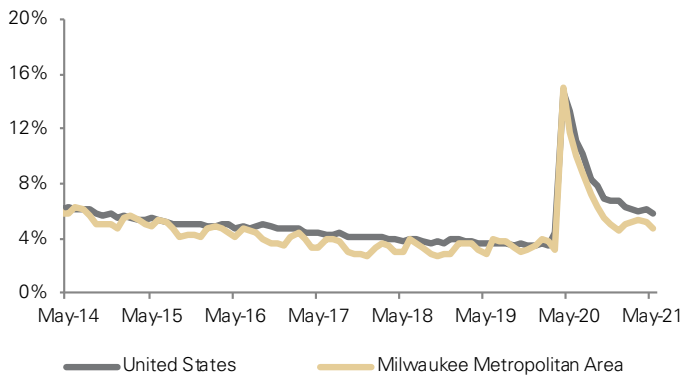
Milwaukee, April 2021



\*Source: U.S. Bureau of Labor Statistics

### Unemployment Rate

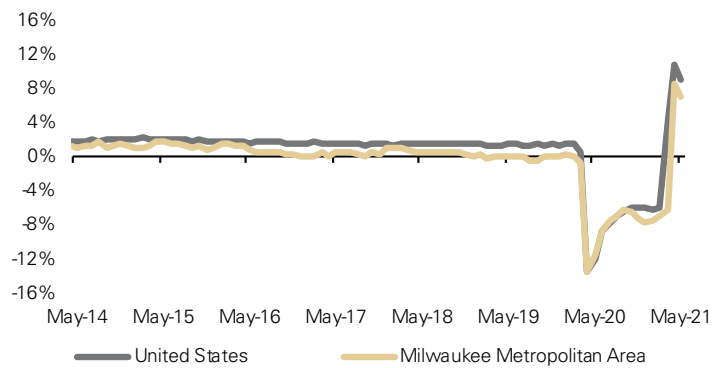
Not Seasonally Adjusted



\*Source: U.S. Bureau of Labor Statistics

### Payroll Employment

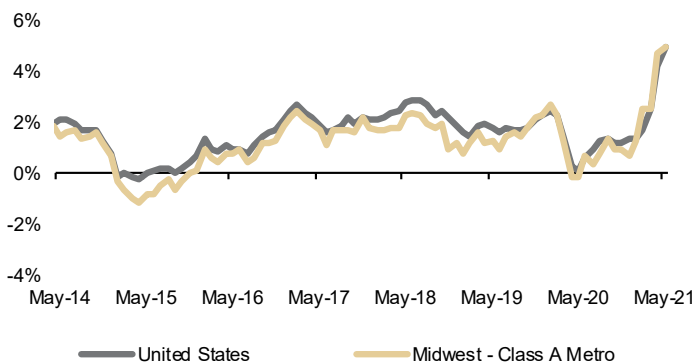
Total Nonfarm, 12-Month % Change, Not Seasonally Adjusted



\*Source: U.S. Bureau of Labor Statistics

### Consumer Price Index (CPI)

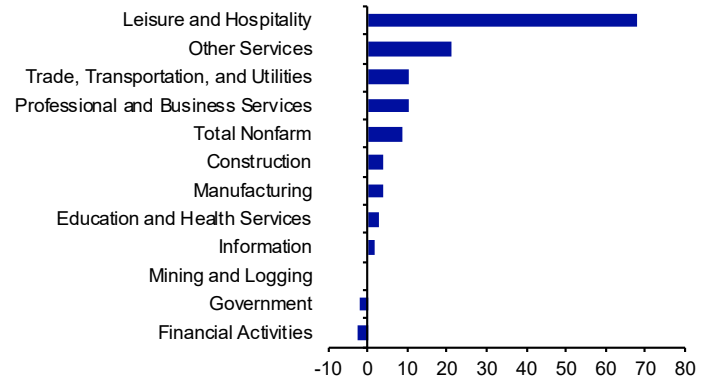
All Items, 12-Month % Change, Not Seasonally Adjusted



\*Source: U.S. Bureau of Labor Statistics

### Employment Growth By Industry

MKE, April 2021, 12-Month % Change, Not Seasonally Adj



\*Source: U.S. Bureau of Labor Statistics

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Milwaukee

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