

Milwaukee Industrial Market

Market expanding despite uncertainty.

As 2020 presented unique economic challenges for the nation, the Milwaukee industrial market continued to expand at rapid rate of 3.0%. Contributing to market expansion where Amazon opening their four story 2.6 million square foot fulfillment facility in Oak Creek, and three additional fulfillment centers throughout the region ranging in size from 438,309 to 748,500 square feet. Foxconn delivered their first 993,460 square foot manufacturing building at their Mount Pleasant campus. And finally Fresenius Kabi leased a 590,525 square foot warehouse in Pleasant Prairie.

Current Quarter Trends

The fourth quarter of 2020 had absorption of 3.07 million square feet. For the year the market had absorption of 9.0 million square feet. The overall vacancy rate fell 70 basis points to 4.1% from the prior quarter of 4.8%, a year ago it was 4.9%. The average asking gross rate rose slightly for the quarter to \$4.42/SF from \$4.40/SF last quarter and lower than \$4.53/SF reported a year ago.

Current Conditions

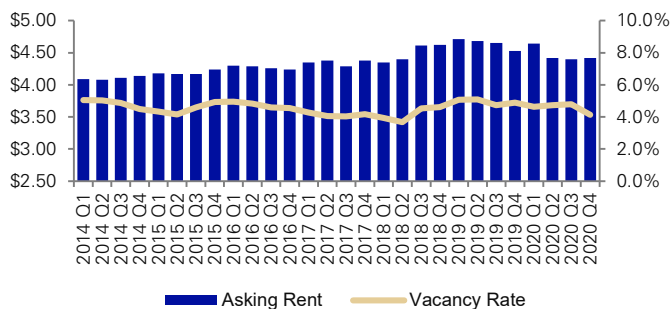
- Quarterly net absorption of 3.07 million square-feet
- Overall availability rate of 6.5%
- Overall vacancy rate of 4.1%
- 2.2 million square-feet under construction
- 1.4 million square-feet delivered this past quarter

Market Summary

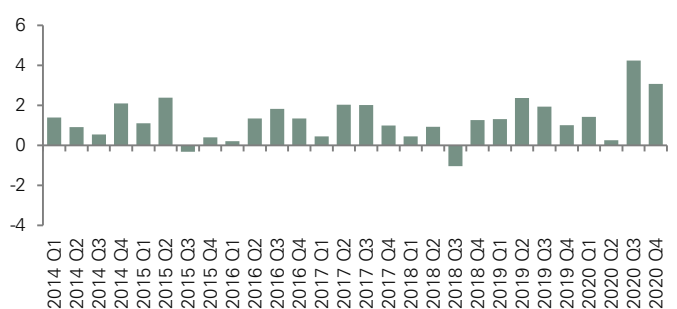
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	310.2 M	309.3 M	302.7 M	↑
Vacancy Rate	4.1%	4.8%	4.9%	↑
Quarterly Net Absorption (SF)	3.07 M	4.24 M	1.01 M	↓
Average Asking Rent/SF	\$4.42	\$4.40	\$4.53	←
Under Construction (SF)	2.23 M	4.81 M	7.85 M	↑

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



Leasing Transactions

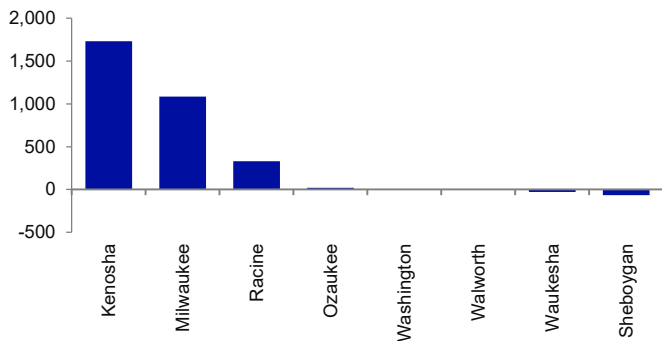
Tenant	Building	Submarket	Type	Square Feet
Fresenius Kabi	11900 122 nd St	Kenosha	Warehouse	590,525
Amazon	11800 W Burleigh St	Milwaukee	Warehouse	540,622
Legoplaste	14015 W Grandview Pkwy	Racine	Warehouse	194,147
Goodwill	14015 W Grandview Pkwy	Racine	Warehouse	194,147
Nosco, Inc	11170 88 th Ave	Kenosha	Warehouse	172,737

Sale Transactions

Address	Submarket	Type	Sale Price	Square Feet
Leonardo DRS Portfolio	Waukesha	Manufacturing	\$100 Million	491,476
W222 N5700 Miller Way	Waukesha	Warehouse	\$18.6 Million	168,782
8778 100 th St	Kenosha	Warehouse	\$9.2 Million	121,052
10910 N Industrial Dr	Ozaukee	Manufacturing	\$8.2 Million	236,000
5831 S Pennsylvania Ave	Milwaukee	Warehouse	\$7.1 Million	118,625

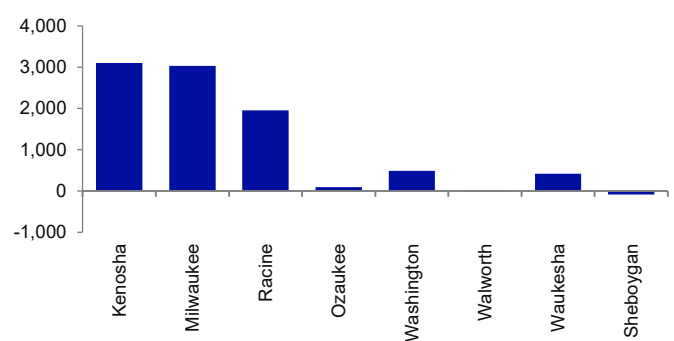
Quarterly Absorption By Submarket

Absorption (SF) In Thousands, Current Quarter



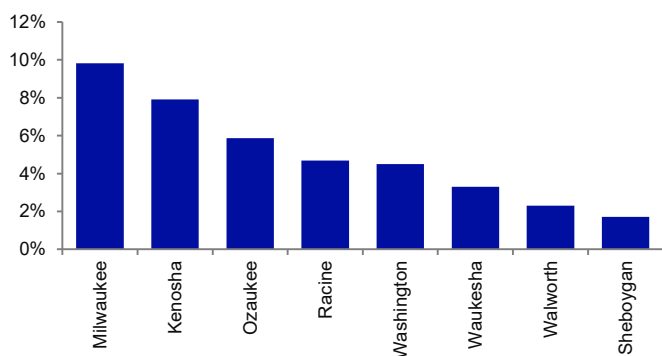
Yearly Absorption By Submarket

Absorption (SF) In Thousands, Last Four Quarters



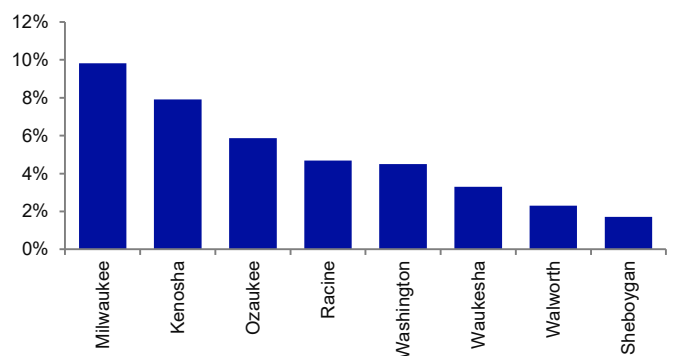
Availability By Submarket

Availability Rate (%)



Vacancy By Submarket

Vacancy Rate (%)



RESEARCH Q4 2020

Submarket Statistics						
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)
Kenosha	14,777,514	629,872	7.9%	4.5%	1,730,510	3,100,664
Flex	4,035,474		24.4%	3.3%	4,800	74,625
Manufacturing	4,190,682	157,656	4.3%	4.2%	172,737	325,348
Warehouse	2,077,806	472,216	8.3%	4.5%	1,552,973	2,700,691
Milwaukee	14,777,514	590,000	9.8%	6.8%	1,083,461	3,030,287
Flex	4,035,474		7.9%	3.6%	(51,339)	(339)
Manufacturing	4,190,682	530,000	7.0%	4.9%	466,370	414,842
Warehouse	2,077,806	60,000	13.4%	9.6%	668,430	2,615,784
Ozaukee	14,777,514		5.9%	1.5%	21,300	97,650
Flex	4,035,474		6.6%	0.5%	0	(8,681)
Manufacturing	4,190,682		6.2%	2.3%	17,100	61,306
Warehouse	2,077,806		4.2%	0.5%	4,200	45,025
Racine	14,777,514	294,000	4.7%	3.5%	329,511	1,951,238
Flex	4,035,474	260,000	2.1%	2.1%	0	23,311
Manufacturing	4,190,682	34,000	4.7%	4.4%	19,534	995,039
Warehouse	2,077,806		4.8%	2.4%	309,977	932,888
Sheboygan	14,777,514		1.7%	1.5%	(64,809)	(82,797)
Flex	4,035,474		15.3%	13.5%	4,250	(3,878)
Manufacturing	4,190,682		3.1%	3.1%	0	(78,473)
Warehouse	2,077,806		0.7%	0.4%	(69,059)	(446)
Walworth	14,777,514	41,500	2.3%	2.3%	0	(7,861)
Flex	4,035,474		0.0%	0.0%	0	0
Manufacturing	4,190,682		1.8%	1.8%	0	(38,322)
Warehouse	2,077,806	41,500	3.4%	3.4%	0	30,461
Washington	14,777,514	368,400	4.5%	2.3%	1,718	491,503
Flex	4,035,474		1.1%	0.4%	0	0
Manufacturing	4,190,682		3.3%	2.0%	(1,730)	312,255
Warehouse	2,077,806	368,400	6.4%	3.1%	3,448	179,248
Waukesha	14,777,514	307,800	3.3%	1.5%	(29,854)	419,836
Flex	4,035,474		2.0%	1.0%	(3,635)	(14,945)
Manufacturing	4,190,682	15,000	2.6%	1.6%	(9,102)	202,202
Warehouse	2,077,806	292,800	4.6%	1.5%	(17,117)	232,579
Metro Total	36,631,593	2,231,572	6.5%	4.1%	3,071,837	9,000,520

Economic Conditions

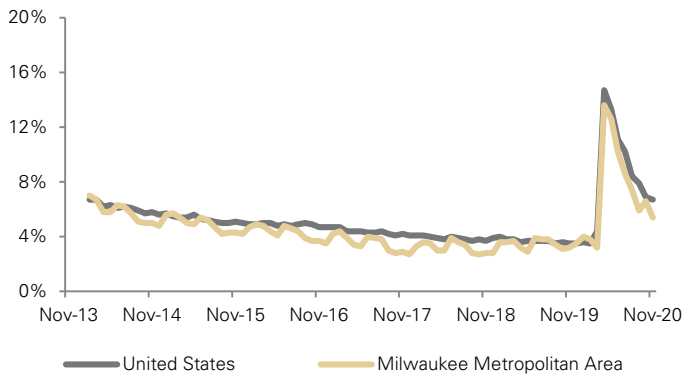
The Milwaukee seven-county region is known as “The Machine Shop of the World” and is the global market leader in advanced manufacturing, distribution, professional and financial services, green technologies and printing.

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 13.6% in April due to the response of the Covid-19 pandemic. The rate has since dropped to 7.4%, slightly less than the national average of 8.4%

Unemployment Rate

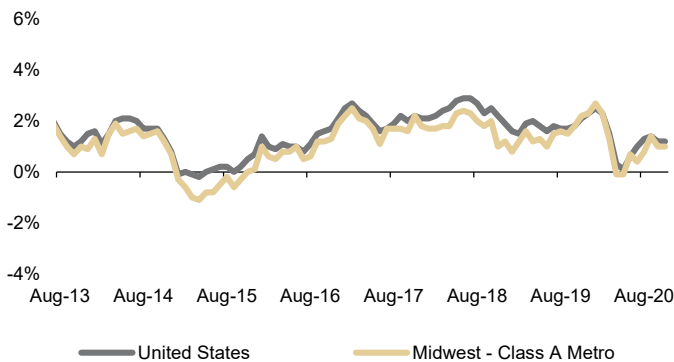
Not Seasonally Adjusted



*Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

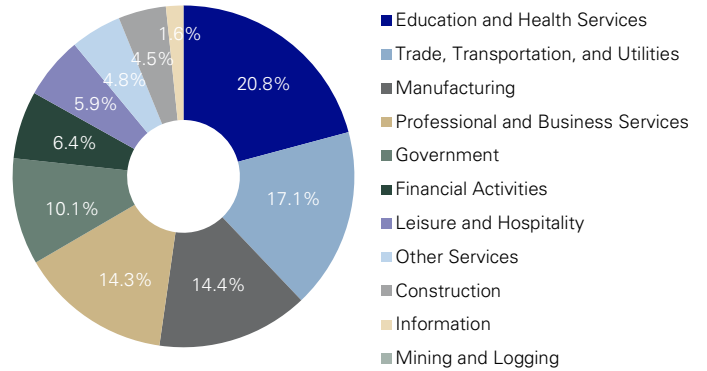
All Items, 12-Month % Change, Not Seasonally Adjusted



*Source: U.S. Bureau of Labor Statistics

Employment by Industry

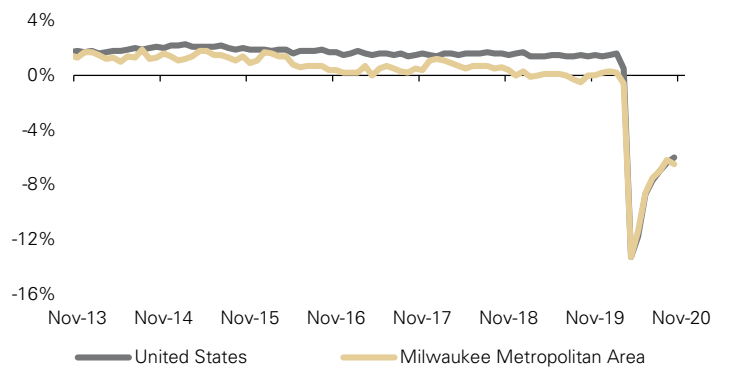
Milwaukee, December 2020



*Source: U.S. Bureau of Labor Statistics

Payroll Employment

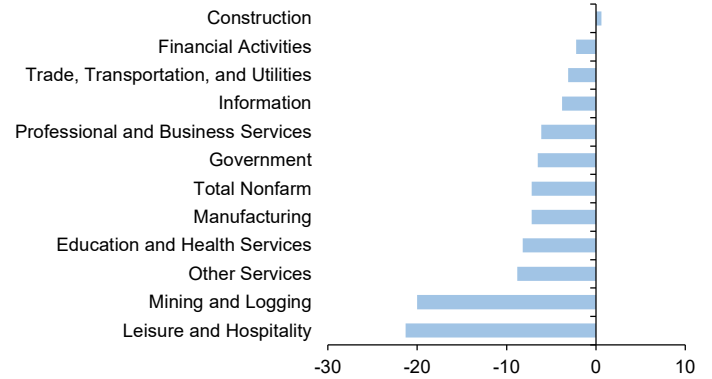
Total Nonfarm, 12-Month % Change, Not Seasonally Adjusted



*Source: U.S. Bureau of Labor Statistics

Employment Growth By Industry

MKE, Sept 2020, 12-Month % Change, Not Seasonally Adj



*Source: U.S. Bureau of Labor Statistics

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