

# MILWAUKEE

## Retail Q1 2024

	YoY Chg	12-Mo. Forecast
<b>6.9%</b> Vacancy Rate	▲	▼
<b>133K</b> YTD Net Absorption, SF	▲	▼
<b>\$15.21</b> Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▲	▲

### ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
<b>\$76,100</b> Median Household Income	▲	▲
<b>0.1%</b> Population Growth	▼	▲
<b>3.5%</b> Milwaukee Unemployment Rate	▲	▲

Source: BLS, BOC, Moody's Analytics  
Q1 2024 data are based on latest available data.

### ECONOMY

Milwaukee, nestled on the shores of Lake Michigan, exudes vibrancy with its rich cultural tapestry showcased through festivals, diverse culinary experiences, historic neighborhoods, and its renowned brewing and manufacturing heritage. Metro Milwaukee's unemployment rate increased 50 basis points (bps) year-over-year (YOY) to 3.5%, and the population grew 0.1% YOY.

### MARKET OVERVIEW

Metro Milwaukee's retail market experienced 132,530 square feet (sf) of net absorption in the first quarter of 2024. The overall market vacancy rate is 6.9%, a 160-bps increase YOY. The Mequon submarket had the strongest quarter with 46,298 sf of positive absorption, led by ACE Hardware leasing 26,000 sf at 11300 N Port Washington Road in Mequon. The Northern Ozaukee and Racine County submarkets experienced the largest amounts of negative absorption with -5,894 sf and -3,576 sf, respectively.

Leasing activity continued to remain active to begin the year, with 37 transactions totaling 175,656 sf signed in Q1. 62% of the space leased this quarter were in Class B properties. The median lease size was 2,350 sf and Q1 saw four leases signed greater than 10,000 sf, showing continued activity at the low size and high size ends of the market. However, in-line space in shopping centers remains difficult to lease as not a lot of users fit the square footage size (3,000 – 5,000 sf), and due to lack of a drive-thru.

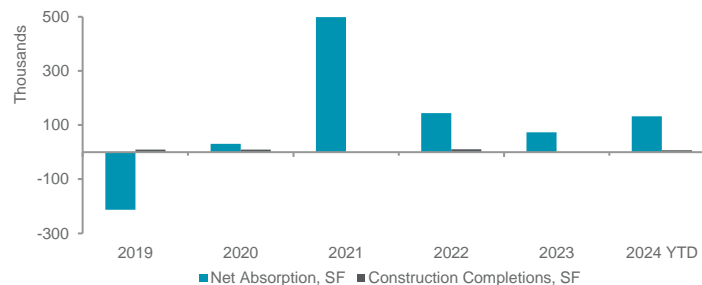
The market's overall rental rate increased 9.7% YOY to \$15.21 triple net (NNN) per square foot (psf), as demand for quality space remains elevated with a lack of product being delivered or in the construction pipeline. Wauwatosa is currently the tightest market with a 1.1% vacancy rate, leading to rental rates reflecting the lack of available space in the submarket at \$25.00 NNN psf.

In the Milwaukee retail market, 92.4% of the overall supply are Class B & C properties, yet 40% of the positive absorption in the first quarter was in Class A properties. With 53,348 sf absorbed, demand remains high for quality space in desired geographical corridors such as Mequon, Lake Country & Wauwatosa.

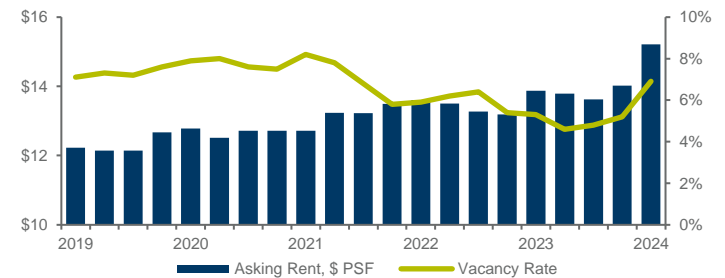
### OUTLOOK

Milwaukee's retail market exemplifies a strong demand for quality space, yet limited supply and sparse proposed construction lead to higher vacancy rates, leaving lower quality inventory vacant. Single-tenant new construction is popular in the market, but there is an absence of new multi-tenant deliveries. Prospective tenants are in control of lease proposals and are seeing a reasonable amount of TI. The rest of the year could see rental rates increase, especially for Class B & C end-cap spaces in prime submarkets, to meet tenants' desired quality through improvements.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



# MILWAUKEE

Retail Q1 2024

## MARKET STATISTICS

*\*\*Our statistical coverage includes community/neighborhood, power/regional, and strip centers. It does not include malls, outlet centers, theme retail centers, airport retail or freestanding retail product.*

SUBMARKET	INVENTORY (SF)*	OVERALL AVAILABLE (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)**
Downtown Milwaukee	250,581	11,287	11,287	4.5%	2,190	2,190	0	\$18.00
Lake Country	1,324,467	74,200	64,618	4.9%	29,738	29,738	0	\$15.00
Mequon	608,371	43,245	41,790	6.9%	46,298	46,298	0	\$18.00
Muskego / Mukwonago	540,401	24,272	22,272	4.1%	11,600	11,600	0	\$16.34
North Shore	1,009,979	95,961	48,157	4.8%	4,693	4,693	0	\$18.49
Northern Ozaukee	1,591,041	45,041	33,235	2.1%	-5,894	-5,894	0	\$12.50
Northern Washington	1,968,870	155,297	100,649	5.1%	9,020	9,020	0	\$14.00
Northwest Milwaukee	2,792,398	658,260	390,290	14.0%	4,324	4,324	0	\$12.18
Racine County	3,353,499	470,753	398,131	11.9%	-3,576	-3,576	0	N/A
Southeast Milwaukee	2,169,203	91,402	58,102	2.7%	2,400	2,400	0	\$14.65
Southwest Milwaukee	2,727,962	180,793	142,711	5.2%	3,600	3,600	0	\$18.01
Sussex / Menomonee Falls / Germantown	2,242,219	327,901	240,356	10.7%	7,790	7,790	0	\$14.66
Waukesha / Brookfield / New Berlin	5,494,522	558,141	344,522	6.3%	6,599	6,599	0	\$15.29
Wauwatosa	883,851	23,373	10,122	1.1%	3,500	3,500	8,538	\$25.00
Western Milwaukee	3,955,605	310,853	236,566	6.0%	10,248	10,248	0	\$12.28
<b>MILWAUKEE TOTALS</b>	<b>30,912,969</b>	<b>3,070,779</b>	<b>2,142,808</b>	<b>6.9%</b>	<b>132,530</b>	<b>132,530</b>	<b>8,538</b>	<b>\$15.21</b>
Power & Regional	3,700,223	538,118	250,752	6.8%	8,885	8,885	0	N/A
Neighborhood & Community	22,519,506	2,220,419	1,698,398	7.5%	109,115	109,115	0	\$14.95
Strip	4,693,240	312,242	193,658	4.1%	14,530	14,530	8,538	\$17.13
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*\*\*Rental rates reflect NNN asking*

## KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
11300 N Port Washington Rd, Mequon	Mequon	ACE Hardware	26,000	New
1670 Old School House Rd, Oconomowoc	Lake Country	By The Yard	24,697	New
10930 N. Port Washington Rd, Mequon	Mequon	Sierra	20,298	New
S75W17331 Janesville Rd, Muskego	Muskego / Mukwonago	Unnamed Dental Group	10,100	New

## KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
West Allis Towne Centre, West Allis	Western Milwaukee	KPR Centers / Kimco Realty	327,258	\$22.0M / \$67
5600 S 108 <sup>th</sup> St, Hales Corners	Southwest Milwaukee	Broadway Enterprises / Festival Foods	67,000	\$18.0M / \$269

## KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
5950 N Port Washington Rd, Glendale	North Shore	Chipotle, One Medical (Amazon Subsidiary)	6,350	Alrig USA

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