

# MARKETBEAT MILWAUKEE

## Office Q2 2024

	YoY Chg	12-Mo. Forecast
<b>22.9%</b> Vacancy Rate	▲	▲
<b>-146K</b> YTD Net Absorption, SF	▼	▲
<b>\$22.33</b> Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▲

### ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
<b>857.9K</b> Milwaukee Employment	▼	▲
<b>3.2%</b> Milwaukee Unemployment Rate	▲	▲
<b>4.1%</b> U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics  
Q2 2024 data are based on latest available data.

### ECONOMY

Home to six Fortune 500 companies, Metro Milwaukee is known for its historically strong manufacturing and financial services industries, along with a bustling downtown area emerging as a vibrant economic center. Meanwhile, the city's growing water technology and energy sectors position Milwaukee as a regional hub of innovation. Metro Milwaukee's unemployment rate increased 10 basis points (bps) year-over-year (YOY) to 3.2%, and employment decreased 0.3% YOY.

### MARKET OVERVIEW

Milwaukee's office market reported its second consecutive quarter of negative absorption at -145,044 square feet (sf) in Q2. The market's vacancy rate remains elevated at 22.9%, a 70 bps YOY increase. The Central Business District (CBD) reported 30,422 sf of absorption in Q2, led by Deloitte leasing 27,276 sf at U.S. Bank Center, and EXP leasing 7,597 sf at 1433 N Water Street. Non-CBD submarkets experienced -175,466 sf absorption, led by ABB vacating 1425 Discovery Parkway in Wauwatosa.

Total market leasing activity in Q2 hit its lowest levels since Q1 2022 with only 367,360 sf leased. Demand for space in Milwaukee's CBD remains strong with year-to-date (YTD) total leasing (new leases and renewals) up 10% from 2023 levels, and new leasing increasing 7% from 2023. Conversely, total leasing activity in non-CBD submarkets decreased 18% YTD from 2023, and new leasing activity decreased 26% YTD after experiencing the lowest quarterly amount since Q2 2021 at just 130,277 sf in Q2 2024. The Brookfield submarket continues to struggle, with the most amount of square footage vacated among all non-CBD submarkets since the pandemic's beginning (Q2 2022), equivalent to 10.6% of the submarket's total inventory.

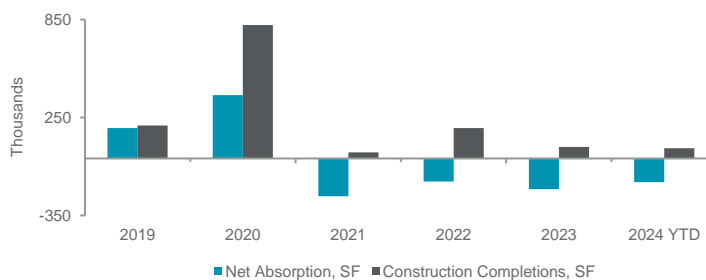
The market's overall rental rate increased 1.1% YOY to \$22.33 per square foot (psf), continuing a stable gross rate in the range of \$21-\$23 psf since late 2021. The Class A overall market asking rate increased 1.8% YOY to \$25.36 psf, with Class A rates increasing faster in the CBD (2.5% YOY) than in non-CBD submarkets (0.4% YOY).

The most desired space in the market continues to be Class A properties in the CBD. Despite overall Class A properties experiencing -26,718 of negative absorption YTD, Class A properties in the CBD have seen 14,092 sf of positive absorption YTD.

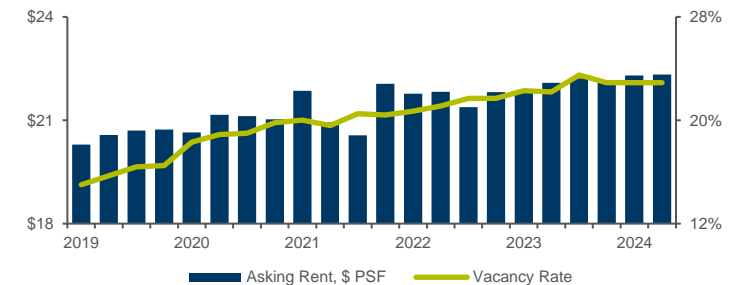
### OUTLOOK

Milwaukee's office market has shown resilience post-pandemic compared to larger markets, but still faces significant challenges. Milwaukee's CBD has attracted large corporations from non-CBD submarkets to enhance talent acquisition, while the rise of remote work has driven smaller businesses to relocate near employees' residences or abandon office space entirely. New leases signed under 10,000 sf in the CBD have decreased 46% YTD from 2019 (pre-pandemic), while increasing 23% in non-CBD submarkets. Nevertheless, negative absorption persists in non-CBD areas as larger tenants seek premium CBD space. The future trajectory of the Milwaukee office market hinges on the return of smaller users; otherwise, space reduction trends are likely to continue..

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL AVAIL (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown East	7,721,293	2,319,689	1,752,669	22.7%	57,374	21,936	125,598	0	\$27.77	\$29.68
Downtown West	3,860,772	988,987	758,788	19.7%	-26,952	-44,303	110,489	0	\$20.92	\$20.02
<b> CBD TOTALS</b>	<b>11,582,065</b>	<b>3,308,676</b>	<b>2,511,457</b>	<b>21.7%</b>	<b>30,422</b>	<b>-22,367</b>	<b>236,087</b>	<b>0</b>	<b>\$25.56</b>	<b>\$26.99</b>
Brookfield	4,205,053	1,453,615	1,164,849	27.7%	-41,318	20,914	189,584	0	\$20.28	\$22.01
Mayfair / Wauwatosa	3,760,673	1,350,614	908,590	24.2%	-113,137	-138,612	36,406	0	\$22.33	\$26.26
North Shore	1,902,105	690,901	585,423	30.8%	-2,105	-33,255	10,527	0	\$17.49	\$23.86
Northwest	1,800,511	583,794	422,741	23.5%	-2,690	3,815	20,979	0	\$16.41	\$21.28
Ozaukee	608,436	128,204	102,616	16.9%	-3,354	-7,462	7,077	0	\$17.76	\$19.72
Southeast	263,076	63,391	38,764	14.7%	0	-2,644	7,593	0	\$13.69	N/A
Southwest	267,765	79,879	61,564	23.0%	-2,821	-1,969	6,171	0	\$15.91	\$16.29
Third Ward / Walker's Point	2,220,584	569,608	372,477	16.8%	1,007	54,376	135,362	0	\$27.06	\$32.23
Waukesha / Pewaukee	2,498,135	836,951	475,408	19.0%	5,136	26,521	91,190	0	\$20.91	\$23.39
West Allis	1,640,365	639,522	398,663	24.3%	-16,184	-44,868	39,659	0	\$17.85	N/A
<b>NON-CBD TOTALS</b>	<b>19,166,703</b>	<b>6,396,479</b>	<b>4,531,095</b>	<b>23.6%</b>	<b>-175,466</b>	<b>-123,184</b>	<b>544,548</b>	<b>0</b>	<b>\$20.30</b>	<b>\$23.34</b>
<b>MILWAUKEE TOTALS</b>	<b>30,748,768</b>	<b>9,705,155</b>	<b>7,042,552</b>	<b>22.9%</b>	<b>-145,044</b>	<b>-145,551</b>	<b>780,635</b>	<b>0</b>	<b>\$22.33</b>	<b>\$25.36</b>

BUILDING CLASS	INVENTORY (SF)	AVAILABLE SPACE (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT*
Class A	14,141,970	4,596,244	3,299,498	23.3%	-42,894	-26,718	399,671	0	\$25.36
Class B	15,519,092	4,933,627	3,605,222	23.2%	-103,351	-119,896	376,393	0	\$19.50
Class C	1,087,706	175,284	137,832	12.7%	1,201	1,063	4,571	0	\$17.89

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
440 S Executive Dr, Brookfield	Brookfield	AT&T	45,323	Renewal
U.S. Bank Center - 777 E Wisconsin Ave, Milwaukee	Downtown East	Deloitte	27,276	New
Schlitz Park Rivercenter – 1515-1575 N Rivercenter Dr, Milwaukee	Downtown West	AECOM	26,860	Renewal
Chase Tower - 111 E Wisconsin Ave, Milwaukee	Downtown East	Empower Retirement	22,561	Renewal

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
648 N Plankinton Ave, Milwaukee	Downtown West	Hempel Real Estate / American Society for Quality (ASQ)	106,202	\$8.8M / \$82

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT(S)	SF	OWNER / DEVELOPER
The Grain - 705 N Genesee St, Delafield	Waukesha / Pewaukee	Synthetaic, Midwest Insurance Group, RBC Capital Markets	61,779	Hendricks Commercial Properties

DAN PALEC

Director of Research  
+1 414 436 3712 / [dpalec@boerke.com](mailto:dpalec@boerke.com)

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2024 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.