

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.8% Vacancy Rate	▲	▲
210K YE Net Absorption, SF	▲	▼
\$14.08 Asking Rent, PSF	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
\$79,000 Milwaukee Median Household Income	▲	▲
0.4% Milwaukee Population Growth	▼	▲
3.2% Milwaukee Unemployment Rate	▼	▲

Source: BLS, BOC, Moody's Analytics

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 decreased 50 basis points (bps) year-over-year (YOY) to 3.2%, and population rose 0.4% YOY.

MARKET OVERVIEW

The Metro Milwaukee retail market experienced positive absorption totaling 60,305 square feet (sf) in the fourth quarter of 2024, bringing the year-end (YE) total to 209,672 sf. The overall market vacancy rate is 6.8%, a 160 bps YOY. The Southwest Milwaukee submarket had the strongest quarter with 34,544 sf of positive absorption, consisting of Crunch Fitness leasing 34,544 sf in Hales Corners.

Total leasing activity (new and renewals) totaled 181,438 sf in Q4, a -14% decrease from Q3. The Waukesha / Brookfield / New Berlin submarket experienced the most new leasing activity in Q4 with 62,811 sf leased, led by Lava Island leasing 37,975 sf in Brookfield and First Choice Furniture leasing 7,300 sf in Waukesha. The median lease size in Q4 was less than 2,000 sf, showing continued demand for smaller spaces.

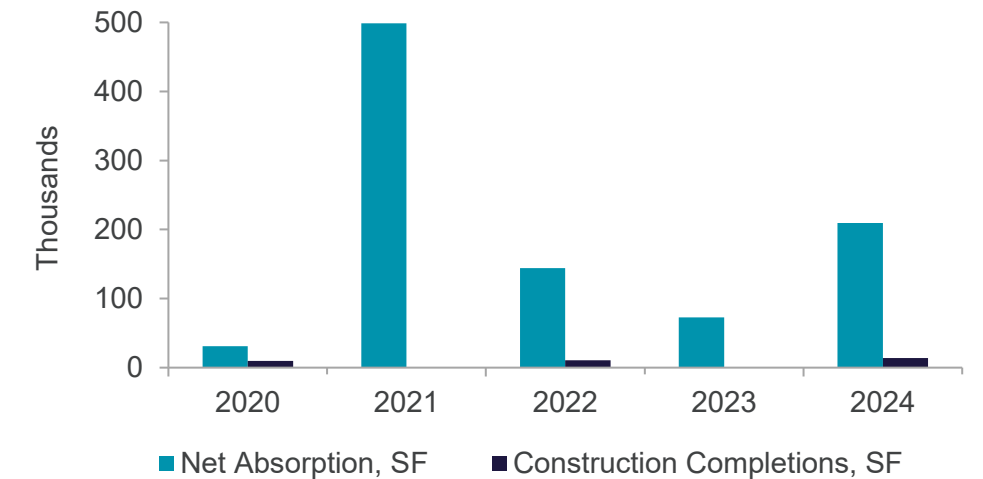
The market's overall rental rate decreased YOY by 0.4% to \$14.08 triple net (NNN) per square foot (psf). The Wauwatosa submarket has the highest asking rate in the market at \$34.00 NNN, driven by the lowest vacancy rate at 2.1%.

The market saw positive absorption in 2024 across all asset classes, with Class A properties experiencing 69,989 sf of total YE absorption and Class B properties experiencing 136,522 sf. While Class A properties continue to have strong demand, lack of available space has led to 74% of total Q4 leasing activity occurring in Class B properties.

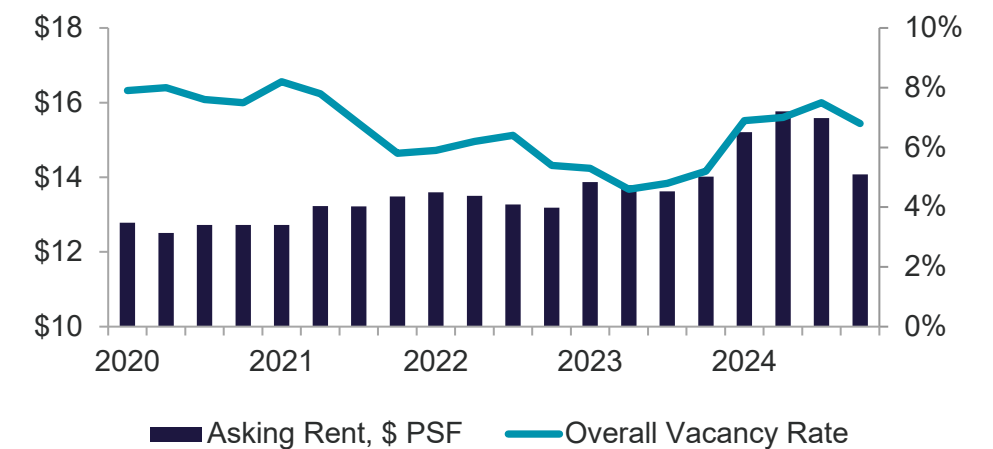
OUTLOOK

Milwaukee's retail market continues to have significant demand for quality space in the most sought-after locations with finite product being delivered or in the construction pipeline. Due to the decline of new multitenant construction and available quality space, national retailers are less inclined to expand to new locations. Tenants are more willing to conform to the available space in their desired location as opposed to settling for space in less desirable locations, causing TI allowances to remain high. The limited construction will lead to less space being absorbed throughout the entire market, causing tenants to remain in their current space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL AVAILABLE (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YE OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Downtown Milwaukee	250,581	17,144	17,144	6.8%	1,377	-2,133	0	\$15.67
Lake Country	1,324,467	70,509	51,477	3.9%	144	30,234	0	\$16.50
Mequon	608,371	19,200	16,600	2.7%	190	59,895	0	\$12.78
Muskego / Mukwonago	544,969	31,140	29,140	5.3%	7,163	22,883	0	\$13.79
North Shore	971,699	100,308	89,758	9.2%	0	14,441	0	\$26.65
Northern Ozaukee	1,597,728	49,483	37,677	2.4%	-9,908	-10,715	0	\$9.23
Northern Washington	1,963,335	137,930	109,635	5.6%	29,011	19,306	0	\$17.38
Northwest Milwaukee	2,778,407	721,151	454,599	16.4%	-9,100	-56,177	0	\$12.12
Racine County	3,351,609	335,128	308,785	9.2%	-31,800	34,104	0	\$9.71
Southeast Milwaukee	2,169,203	128,615	65,675	3.0%	1,465	11,704	0	\$11.49
Southwest Milwaukee	2,727,962	166,205	118,931	4.4%	34,544	-21,176	0	\$18.59
Sussex / Menomonee Falls / Germantown	2,242,219	312,584	248,922	11.1%	6,006	5,524	0	\$15.14
Waukesha / Brookfield / New Berlin	5,524,020	441,725	302,407	5.5%	27,831	64,237	21,100	\$15.36
Wauwatosa	906,489	26,226	19,198	2.1%	-3,711	16,129	0	\$34.00
Western Milwaukee	3,955,563	314,835	240,749	6.1%	7,093	21,416	0	\$7.75
MILWAUKEE TOTALS	30,916,622	2,872,183	2,110,697	6.8%	60,305	209,672	21,100	\$14.08

*Rental rates reflect Triple Net asking \$PSF/Year

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
585-695 Main St, Brookfield	Waukesha / Brookfield / New Berlin	Lava Island	37,975	New
5301-5323 S 108 th St, Hales Corners	Southwest Milwaukee	Crunch Fitness	34,544	New
1291-1341 W Paradise Dr, West Bend	Northern Washington	Vortex Pickleball	21,011	New
820-852 S Main St, West Bend	Northern Washington	Glass Doctor Auto of West Bend	8,000	New
131-159 E Sunset Dr, Waukesha	Waukesha / Brookfield / New Berlin	First Choice Furniture	7,300	New

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
6006 W Mequon Rd, Mequon	Mequon	Heimat Group / Lokre Companies	109,110	\$18.0M / \$165
1701-1729 S 108 th St, West Allis	Western Milwaukee	Newlane Management LLC / Criterion Capital WI LLC	35,795	\$4.7M / \$131
2301-2359 Silvernail Rd, Pewaukee	Waukesha / Brookfield / New Berlin	Silvernail Village LLC / Anderson Commercial Group	44,172	\$2.1M / \$49

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