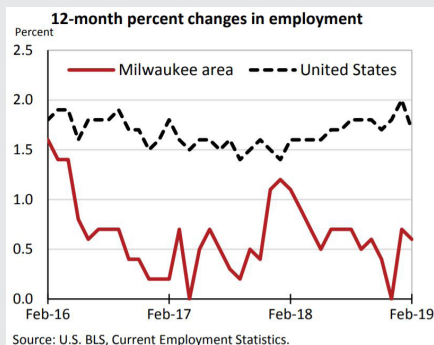


Notable Deals

- The Brewery Works, Inc. sold Schlitz Park to Crestlight Capital for approximately \$130.00/SF.
- Jacobs Engineering leased 16,600 SF at Schlitz Park.
- Bank of America/Merrill Lynch leased 23,000 SF at 833 East Michigan Street.



1st Quarter Summary

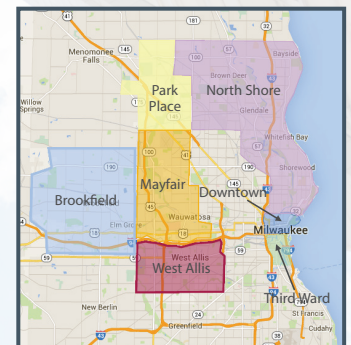
Upon first glance the data for Q1 2019 may indicate a stagnant quarter, yet Milwaukee's office market was active with leasing and development announcements, particularly in the CBD. Founders 3's tracked office data set, which does not account for owner/user product or Class C buildings, indicate negative net absorption across the board.

In the CBD, the delivery of The Hammes Building to the data set impacted absorption with the addition of 30,000 SF. New deals including Jacobs Engineering (16,600 SF) leasing space in Bottlehouse A at Schlitz Park, while two tenants, Bank of America/Merrill Lynch consolidated smaller regional offices to lease 23,000 SF at 833.

The Huron Building on Broadway (to be anchored by Husch-Blackwell) has broken ground, while the momentum continues near the Deer District with the Bucks' announcement of a potential office building on Block 6. The BMO Building is well under way for its anticipated delivery later this year, and Graef's 4th quarter announcement of its selection of The Avenue for its office requirement will kick off a long-awaited redevelopment project of the former downtown mall.

The suburbs were flat, with smaller transactions accounting for the majority of activity in the west, as has been the case for several years.

Schlitz Park was acquired in the first quarter for approximately \$130.00/SF by Crestlight Capital, yet another out-of-state ownership entity, indicating continued confidence in the Milwaukee market from investors. Buildings on the market now or in the near future include 241 Broadway and Chase Tower. There are several sizeable tenants circling the marketplace that could anchor new buildings or backfill vacancies in an increasingly competitive market as new deliveries and opportunities are presented to the marketplace.



Market Synopsis

	Downtown	Suburban
Absorption SF	-48,452	-180,441
Vacancy	14.51%	16.21%
Average Gross Rate/SF	\$23.97	\$18.25

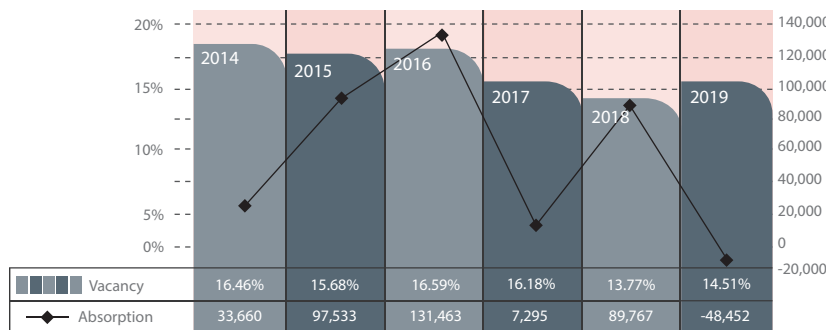
Submarket Overview

1st Quarter Absorption	
Third Ward	-10,325
Park Place	-31,158
West Allis	-52,526
Mayfair	-24,022
Brookfield	-49,138
Downtown	-48,452
North Shore	-13,272
	-60,000 -30,000 0

1st Quarter Vacancy	
Third Ward	139,701
Park Place	501,346
West Allis	323,625
Mayfair	398,056
Brookfield	961,445
Downtown	1,007,954
North Shore	410,799
	0 500,000 1,000,000

Total Market Square Footage: 23,814,803 SF

DOWNTOWN SUBMARKET - A & B Buildings - 6,947,282 SF



Outlook

As larger blocks of space are absorbed, we expect to see upward pressure on rates for the next quarter.

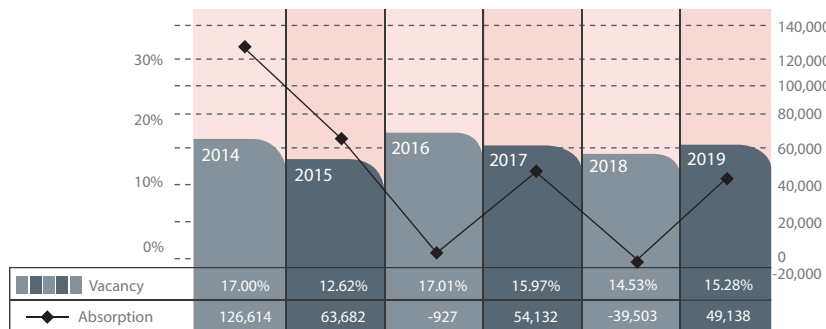
Average Rental Rates

Average Gross Rate: \$23.97 psf



The downtown Class A & B markets surveyed total 6.78 million square feet of office space. Our tracked set only includes Class A and B buildings east of the Milwaukee River. The CBD has seen the most activity by way of new construction and potential development announcements, particularly over the past year. The Hammes Building was delivered this quarter, and Irgens' BMO Tower will be delivered by year end. The Huron Building, Hardware HQ, a potential development on Block 6 by the Milwaukee Bucks, Mandel's Vista project, and Irgens' One Catalano Square all provide new options to the market. With some sizeable tenants currently interested in downtown, we believe the CBD will outperform other submarkets in 2019.

BROOKFIELD SUBMARKET - A & B Buildings - 6,291,692 SF

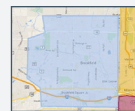


Outlook

Rental Rates will remain constant

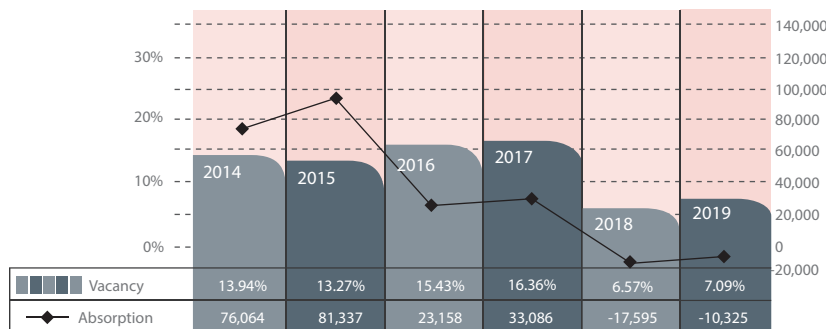
Average Rental Rates

Average Gross Rate: \$17.53 psf



The Brookfield market includes Bishops Woods, Bluemound Road, Brookfield Lakes, Capitol Drive, Crossroads, Executive Drive and Stone Ridge/Riverwood/Ridgeview. The Brookfield submarket continues to struggle to attract larger deals in existing product, with the majority of deals falling in the sub-10,000 SF range. Landmark Credit Union has announced plans to build its own building on Executive Drive, and there is continued retail, MUH, and hospitality development at Brookfield Square, The Corners, and The Corridor. Hammes has vacated its own building in Brookfield, accounting for the majority of the negative absorption this quarter, while Fiserv remains the big unknown in the submarket as they continue to explore a relocation.

THIRD WARD/WALKER'S POINT SUBMARKET - A & B Buildings - 1,970,158 SF



Outlook

Strong; will continue to see increased development and leasing activity

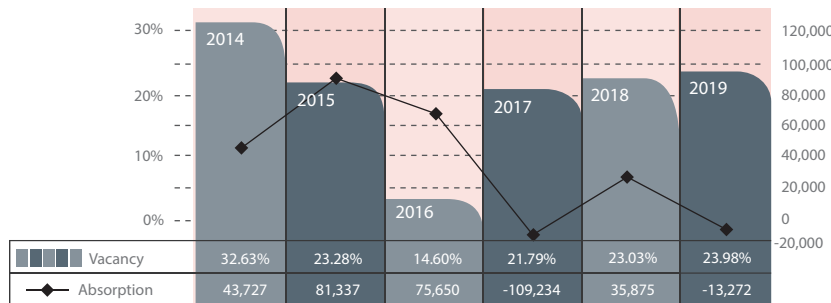
Average Rental Rates

Average Gross Rate: \$21.15 psf



Located immediately south of the CBD, Milwaukee's Third Ward/Walker's Point submarket has solidified its place as one of the most attractive areas for real estate in the past decade. Formerly an industrial area, renovations of industrial buildings offer the "loft" aesthetic that many tenants seek. Demand continues for product in the Third Ward/Walker's Point submarket. The majority of activity in the submarket in Q1 was comprised of smaller transactions as The Third Ward in particular achieves critical mass. The Tannery Office Complex, purchased in 2018 by R2 Companies, is currently planning renovations to the campus. The largest swing in absorption includes 20,000 SF in The Atlas Building at The Tannery, vacated this quarter by Interfaith Older Adults.

NORTHSHORE SUBMARKET - A & B Buildings - 1,712,815 SF



Outlook

We expect little to no pressure on rates for next quarter

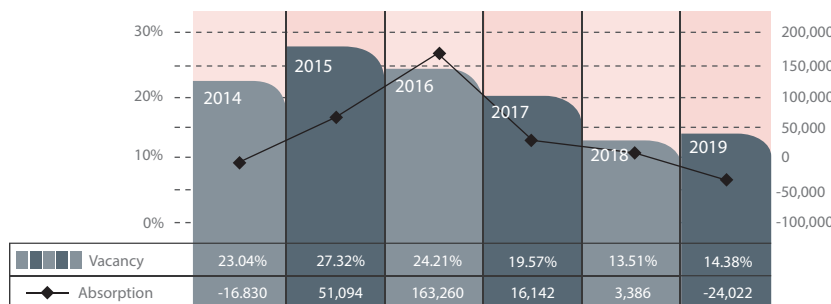
Average Rental Rates

Average Gross Rate: \$17.68 psf



This submarket, comprised of Brown Deer, Glendale and Mequon, contains 2.7 million square feet of office space made up of mostly smaller buildings. The North Shore has struggled for the past several years to retain tenants in a submarket plagued by lack of new development, aging building product, a struggling Bayshore Mall, and new competition just a few miles away in the CBD. Irgens has announced plans to develop nearly 40,000 SF of office space in 2019 with The Point at East Mequon Corporate Center, the first modern office development in the submarket in more than 15 years. Bayshore has recently unveiled plans to renovate, with additional office space indicated in initial plans for the property.

MAYFAIR SUBMARKET - A & B Buildings - 2,768,080 SF

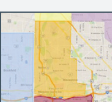


Outlook

We expect downward pressure on rates for the next quarter

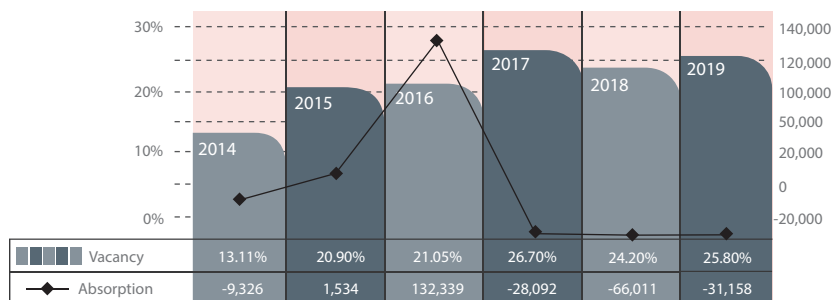
Average Rental Rates

Average Gross Rate: \$20.73 psf



This submarket, including Mayfair Road, the Research Park and Honey Creek, contains 2.7 million square feet of office space and is considered "The Hub" of the metro area. The Research Park has achieved continued success, with four new developments underway; an Irgens multi-tenant office building, a SpringHill Suites Hotel, the four-story Crescent apartment building, and the restoration of a 100-year-old former powerhouse building into a café and PT/fitness center. The Mayfair Collection has continued to attract retail and other uses to its site, extending the submarket to the western boundaries. Honey Creek accounts for the majority of the negative absorption this quarter, losing Jacobs Engineering and Graef to new downtown office locations.

PARK PLACE/NORTHWEST SUBMARKET - A & B Buildings - 1,943,000 SF



Outlook

Rental rates will remain static for the upcoming quarter

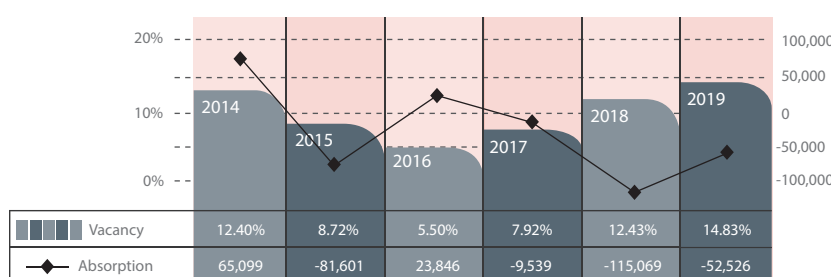
Average Rental Rates

Average Gross Rate: \$18.06 psf



This market is comprised of two major developments on either side of Highway 45 just north of Good Hope Road: Woodland Prime and Park Place. One Park Plaza, which is presently under 50% occupied is currently on the market for sale with one full floor deal to be announced in the immediate future within the building. Park Place continues to provide some of the only large blocks of plug and play space in the metro area. The largest swing in absorption can be accounted for with 40,000 SF of space at 11301 W. Park Place, which will be vacated by Minacs in the future but is on the market as available. Notable transactions from the last quarter of 2018 include Molina Healthcare (32,000 SF) and Equiniti (116,000 SF) indicate that Park Place will continue to provide large blocks of space for call centers and other firms seeking full-floor opportunities and free parking with heavy ratios. Schenck and HNBT are vacating 11414 W Park Place in the upcoming quarters.

WEST ALLIS SUBMARKET - A & B Buildings - 2,181,776 SF



Outlook

Rental rates will remain static for the upcoming quarter

Average Rental Rates

Average Gross Rate: \$17.25 psf



The West Allis office market has reached a critical mass of growth in the last three years. The West Allis Submarket has been quiet for the past several years with a lack of new product/new development and a sub-10% vacancy rate headed into 2018. The addition of the single-story service center building at 11300 Theo Trecker Dr. accounts for the majority of the negative net absorption this quarter. A campaign directed by West Allis City officials to bring business to the area is currently underway, and Cobalt Partners has also unveiled plans for a new mixed-use development along S. 70th Street, consisting of 300,000 SF of office space, 140,000 SF of educational/institutional uses, 18,000 SF of retail, and a hotel on over 23 acres.