



MILWAUKEE OFFICE MARKET REPORT Q1 2024



MILWAUKEE OFFICE MARKET HIGHLIGHTS

- Enerpac Tool Group is moving their HQ office from Menomonee Falls to Downtown, leasing 56,839 SF at 648 N Plankinton Avenue with plans to rename the building from ASQ Center to Enerpac Center.
- Allspring Global Investments is moving their HQ office from Menomonee Falls to Downtown, leasing 42,280 SF at 417 E Chicago Street in the Third Ward.
- Deloitte is moving from Cathedral Place and leasing approximately 21,000 SF at U.S. Bank Center, 777 E Wisconsin Avenue.

Q1 MARKET SNAPSHOT

	VACANCY	ABSORPTION	SUBLEASE	CLASS A RENT	CLASS B RENT
DOWNTOWN*	23.29%	99,544	277,069	\$31.33	\$22.73
SUBURBS	21.64%	27,053	242,947	\$24.72	\$18.71
TOTAL/AVERAGE	22.36%	126,597	520,016	\$27.31	\$19.76

*Downtown includes Downtown East, Downtown West and Third Ward/Walker's Point submarkets.

Market Overview

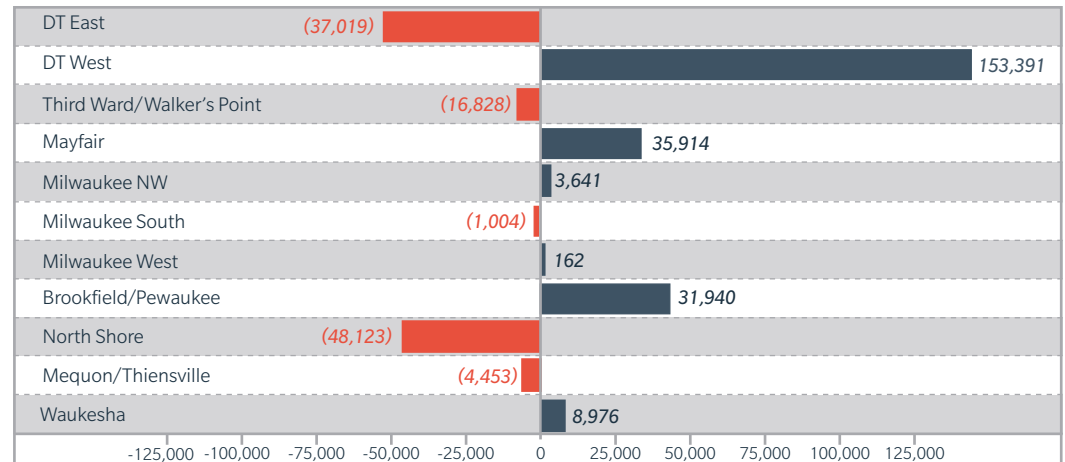
The Milwaukee Office market ended the quarter with a 22.36% vacancy rate, reflecting minimal change from Q4 2023. The Downtown submarket posted 99,544 square feet of positive absorption, an increase from the 34,801 square feet of negative absorption posted in Q4 2023. The Suburban submarket posted 27,053 square feet of positive absorption. Overall asking rate is at \$20.82 per square foot versus \$20.34 per square foot in Q4 2023. As always, it is important to note that these are asking rates and often do not reflect the final deal rates or include any tenant concessions provided by the Landlord.

Office landlords continue to face headwinds as they work to refinance their loans that are coming due. Despite the growing sentiment of rate cuts on the horizon, the high interest rate environment has left many landlords strapped for cash, leaving some with no choice but to turn away new deals due to an inability to fund tenant improvement.

Sublease in the Market

There is currently 520,016 square feet of sublease space on the market, representing approximately 1.79% of the 28,977,991 square foot total inventory.

Q1 ABSORPTION



Downtown Market

Class A downtown submarkets posted 53,940 square feet of negative absorption versus Class B posting 153,484 square feet of positive absorption for a total of 99,544 square feet of positive absorption in Q1 2024. Class A and B gross average asking rates were \$31.33 per square foot and \$22.73 per square foot, respectively. The overall downtown vacancy was 23.29%.

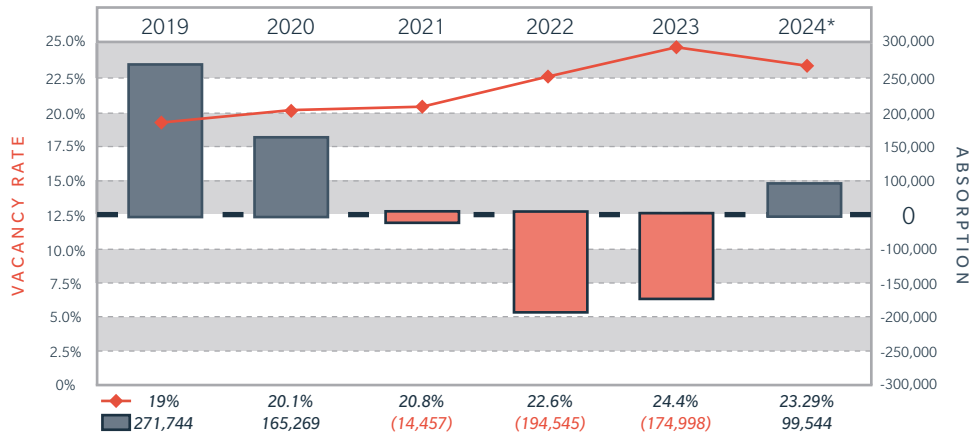
In Downtown submarket news, Deloitte announced moving its downtown Milwaukee office from Cathedral Place to the 33rd floor of the U.S. Bank Center. Allspring Investment Group announced the relocation of their headquarters from Menomonee falls to the Third Ward, occupying the former Eversana building at 417 E Chicago Street. Additionally, Enerpac announced the relocation of their headquarters to the ASQ Center. Enerpac will occupy the entire fourth floor by early 2025 and take over company branding and signage rights, renaming the building as the “Enerpac Center”. Allspring and Enerpac are among a growing number of companies who in recent years have decided to move and/or add office space in Downtown Milwaukee.

Suburban Market

Class A suburban submarkets posted 29,572 square feet of positive absorption versus Class B posting 2,519 square feet of negative absorption for a total of 27,053 square feet of positive absorption in Q1 2024. The overall vacancy rate ended the quarter at 21.64%. Class A and B gross average rates were \$24.72 per square foot and \$18.71 per square foot, respectively.

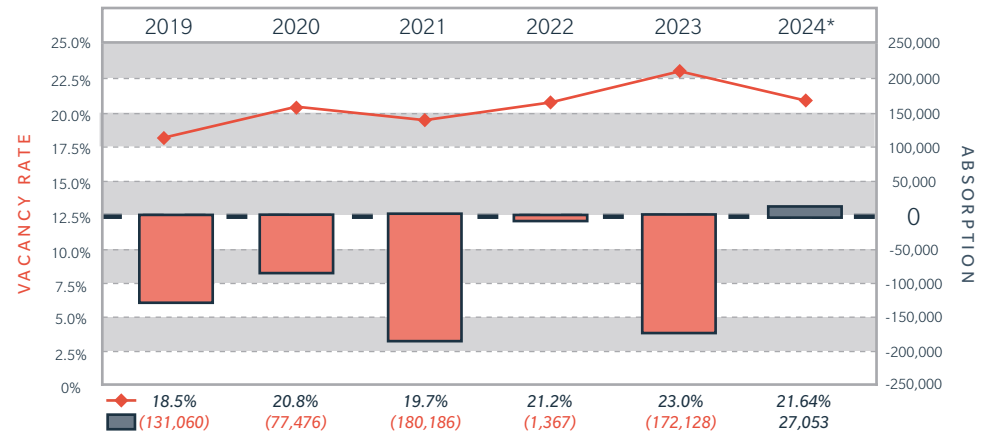
Among the three large users leaving the suburban market, two have officially put their former buildings on the market. The Allspring Investment Group building in Menomonee Falls at 100 Heritage Reserve Drive just went to market at a list price of \$7,000,000. While Fiserv’s former Brookfield location at 255 Fiserv Drive is listed for an undisclosed price. As of now both buildings are likely to continue to serve as single tenant and/or potentially be slated for redevelopment; therefore our absorption data is currently unimpacted as our data set used in this report solely focuses on multi-tenant buildings.

DOWNTOWN MARKET



Source: Data provided by Real Estate Database, Inc. (Moody's) and augmented by Founders 3 Real Estate Services. The Downtown market includes Downtown East, Downtown West and Third Ward/Walker's Point submarkets. *Reflects Year-to-Date data

SUBURBAN MARKET



Source: Data provided by Real Estate Database, Inc. (Moody's) and augmented by Founders 3 Real Estate Services. *Reflects Year-to-Date data

NOTABLE LEASE TRANSACTIONS

Location	Submarket	Tenant	SF Leased
648 N Plankinton Ave	DT West	Enerpac	56,839
440 S Executive Drive	Brookfield	AT&T (renewal)	45,323
417 E Chicago Street	Third Ward	Allspring Global Investments	42,280
777 E Wisconsin Avenue	DT East	Deloitte	21,000
300 N Executive Drive	Brookfield	Common Ground	19,675

Location	Submarket	Tenant	SF Leased
600 W Virginia Street	Walker's Point	Core Creative (renewal)	9,680
600 W Virginia Street	Walker's Point	VBA Software	9,680
18500 W Corporate Drive	Brookfield	RBC Capital Markets, LLC	6,888
6737 W Washington Street	West Allis	TRC Environmental Corp (expansion)	5,364
700 W Virginia Street	Walker's Point	Miller & Miller Law Offices	3,791

Submarket	Buildings	Building Size	Q1-2024 Direct Vacancy %	Q1-2024 Direct Vacant SF	Q1-2024 Absorption	Q1-2024 Sublease Space	Estimated Overall Average Asking Rent (FSG)
Downtown - East							
A	12	4,677,456	20.60%	963,530	(40,940)	134,001	\$32.53
B	29	2,525,343	26.18%	661,162	3,921	23,999	\$21.62
Total	41	7,202,799	22.56%	1,624,692	(37,019)	158,000	\$25.59
Downtown - West							
A	1	68,371	-	-	(13,000)	13,000	\$26.00
B	25	3,131,228	25.49%	798,109	166,391	83,039	\$22.26
Total	26	3,199,599	24.94%	798,109	153,391	96,039	\$22.51
Third Ward/Walker's Point							
A	2	297,047	54.21%	161,024	-	-	\$29.18
B	33	1,984,556	18.67%	370,606	(16,828)	23,030	\$24.04
Total	35	2,281,603	23.30%	531,630	(16,828)	23,030	\$24.58
Mayfair							
A	13	1,569,637	24.43%	383,468	31,391	10,328	\$26.82
B	23	1,240,796	23.46%	291,062	4,523	19,113	\$19.27
Total	36	2,810,433	24.00%	674,530	35,914	29,441	\$22.10
Milwaukee - NW							
A	2	171,084	27.41%	46,899	-	-	\$20.25
B	29	1,765,995	25.66%	453,119	3,641	13,719	\$16.11
Total	31	1,937,079	25.81%	500,018	3,641	13,719	\$16.37
Milwaukee - South							
A	-	-	-	-	-	-	-
B	18	749,139	13.45%	100,754	(1,004)	29,269	\$17.45
Total	18	749,139	13.45%	100,754	(1,004)	29,269	\$17.45
Milwaukee - West							
A	-	-	-	-	-	-	-
B	16	1,722,795	16.35%	281,593	162	115,020	\$17.88
Total	16	1,722,795	16.35%	281,593	162	115,020	\$17.88
Brookfield/Pewaukee							
A	9	876,828	26.52%	232,496	(1,819)	2,172	\$23.86
B	98	5,007,456	24.86%	1,244,749	33,759	35,227	\$19.95
Total	107	5,884,284	25.10%	1,477,245	31,940	37,399	\$20.37
North Shore							
A	2	175,962	81.32%	143,093	-	-	\$24.00
B	28	1,548,885	11.72%	181,576	(48,123)	7,000	\$19.27
Total	30	1,724,847	18.82%	324,669	(48,123)	7,000	\$18.41
Mequon/Thiensville							
A	1	37,670	16.56%	6,237	-	-	\$24.00
B	13	368,887	19.58%	72,221	(4,453)	-	\$17.79
Total	14	406,557	19.30%	78,458	(4,453)	-	\$17.79
Waukesha							
A	-	-	-	-	-	-	-
B	33	1,058,856	8.39%	88,849	8,976	11,099	\$17.38
Total	33	1,058,856	8.39%	88,849	8,976	11,099	\$17.38
GRAND TOTALS							
A	42	7,874,055	24.60%	1,936,747	(24,368)	159,501	\$27.31
B	345	21,103,936	21.53%	4,543,800	150,965	360,515	\$19.76
Total	387	28,977,991	22.36%	6,480,547	126,597	520,016	\$20.82

YOUR LOCAL OFFICE EXPERTS



Ned Purtell, CCIM, SIOR
Partner
npurtell@founders3.com
414.249.2330



John Davis
jdavis@founders3.com
414.249.2303



Kate Hanson
khanson@founders3.com
414.249.2301



Patti Stevens
pstevens@founders3.com
414.249.2318



Jeanine Sweeney
jsweeney@founders3.com
414.249.2307



Tiffany-Jo Bradley
Marketing and Research
tbradley@founders3.com
414.249.2320



Elizabeth Pancratz
Marketing and Research
epancratz@founders3.com
414.249.2323



330 E. Kilbourn Avenue, Suite 800
Milwaukee, WI 53202

414.271.1111 | founders3.com