



MILWAUKEE OFFICE MARKET REPORT

Q2 2024



GE Medical Sublease Available in Milwaukee Research Park

MILWAUKEE OFFICE MARKET HIGHLIGHTS

- GE Medical put 339,281 SF of single-tenant office space on the market for sublease at 9900 W Innovation Drive in the Milwaukee Research Park in the Mayfair/Wauwatosa submarket.
- Marcus Corporation moves into 51,019 SF of office space at Associated Bank River Center in the Downtown East submarket.
- Veolia North America moves into 29,100 SF of office space at the ASQ Center in the Downtown West submarket.

Q2 MARKET SNAPSHOT

	VACANCY	ABSORPTION	SUBLEASE	CLASS A RENT	CLASS B RENT
DOWNTOWN*	22.86%	39,597	266,530	\$31.43	\$25.21
SUBURBS	23.47%	(278,176)	125,755	\$22.94	\$18.91
TOTAL/AVERAGE	23.21%	(238,579)	392,285	\$27.51	\$20.00

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

Market Overview

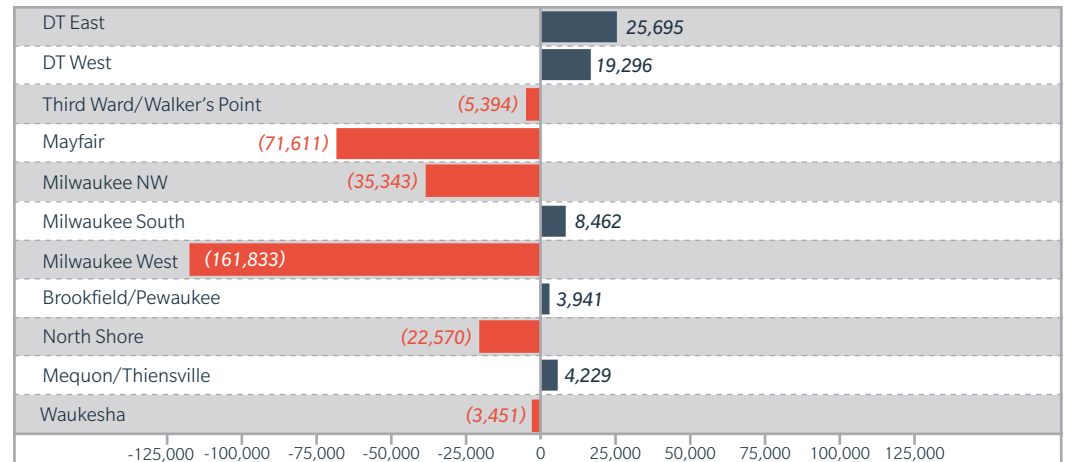
The Milwaukee Office market ended the quarter with 238,579 of negative absorption, resulting in a 23.21% vacancy rate. Overall average asking rate is at \$21.01 per square foot versus \$20.82 per square foot in Q1. As always, it is important to note that these are asking rates and often do not reflect the final deal rates or include any tenant concessions provided by the Landlord.

The downtown market appears much brighter and is showing greater strength and resiliency compared to the suburban market. As noted further in this report, a notable amount of vacant space is emerging in the suburban market, which is not helping the already high vacancy rates. Landlords continue to struggle to refinance existing properties, especially those that seem to have high levels of occupancy.

Sublease in the Market

There is 392,285 square feet of sublease space in the multi-tenant office building market, accounting for about 1.4% of the total 28,907,852 square feet. Notably, the newly added sublease space from GE Medical is not reflected in the dataset since it is a single-tenant building.

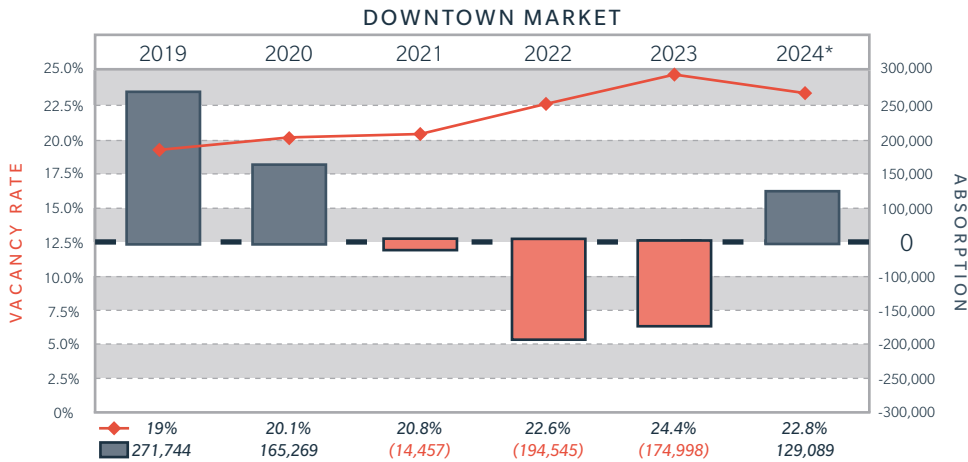
Q2 ABSORPTION



Downtown Market

Class A downtown posted 18,611 square feet of positive absorption versus Class B posting 20,986 square feet of positive absorption for a total of 39,597 square feet of positive absorption in Q2. The overall vacancy rate is at 22.86%, and Class A and B gross average asking rates were \$31.43 per square foot and \$22.94 per square foot, respectively.

In Downtown, two significant office deals announced last year are now reflected in the absorption data: Marcus Corporation leasing 51,090 square feet at Associated Bank River Center and Veolia leasing 29,100 square feet at ASQ Center. While the majority of deals this quarter were relatively smaller, the overall activity in the downtown market remains very strong compared to the broader Milwaukee office market. Looking ahead to late 2024 and early 2025, the pipeline shows promise with several substantial deals in play. While many of these involve potential renegotiations of current leases, a significant number have the potential to generate market movement and hopefully positive net absorption. Our long-term outlook continues to remain optimistic for the Downtown CBD, Third Ward, and 5th Ward, especially for well-positioned properties.

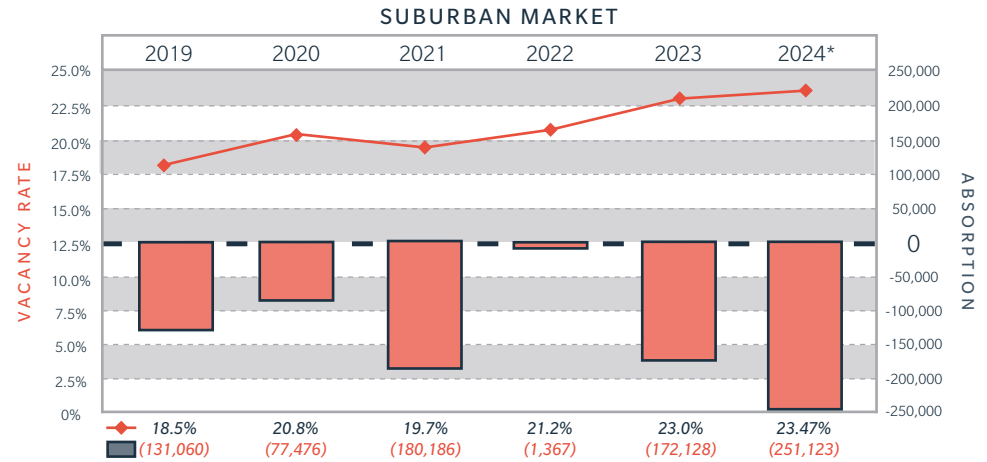


Source: Data provided by Real Estate Database, Inc. (Moody's) and augmented by Founders 3 Real Estate Services. The Downtown market includes Downtown East, Downtown West and Third Ward/Walker's Point submarkets. *Reflects Year-to-Date data

Suburban Market

Class A suburban posted 58,940 square feet of negative absorption versus Class B posting 219,236 square feet negative absorption for a total of 278,176 square feet of negative absorption in Q2. The overall vacancy rate is 23.47%, and Class A and B gross average rates were \$25.21 per square foot and \$18.91 per square foot, respectively.

In Q1, two significant buildings in the suburban market became available: Allspring Investment Group's in Menomonee Falls and Fiserv's in Brookfield. In Q2, GE Medical added 339,281 square feet of sublease space in the Research Park. These buildings, all tracked as single-tenant properties, are not included in the current multi-tenant office building dataset. However, their collective vacancy totals over 690,000 square feet, which will impact the market in the future. Along with other vacant single-tenant buildings this creates a challenge in the near-term; impacting rental rates unless absorption improves. Building owners will face pressure to lower rates and enhance competitiveness to attract and retain tenants due to the amount of available options in the 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
1555 N River Center Drive	DT West	AECOM (renewal)	26,860
310 W Wisconsin Avenue	DT West	GSA (renewal)	17,556
W177N9886 Rivercrest Drive	Milwaukee NW	TMP Worldwide (renewal)	10,825
311 E Chicago Street	DT East	Ready Rebound	8,558

Location	Submarket	Tenant	SF Leased
4600 W Loomis Road	Milwaukee West	Mindcolor Autism	8,815
500 W Silver Spring Drive	North Shore	Hildebrand Law	6,367
700 W Virginia Street	Walker's Point	Klement's Sausage	3,091
12700 W Bluemound Road	Brookfield	Great Lakes Hemophilia Foundation	2,100

Submarket	Buildings	Building Size	Q2-2024 Direct Vacancy %	Q2-2024 Direct Vacant SF	Q2-2024 Absorption	Q2-2024 Sublease Space	Estimated Overall Average Asking Rent (FSG)
Downtown - East							
A	12	4,677,456	19.97%	933,975	29,555	134,001	\$32.55
B	29	2,525,343	26.03%	657,233	(3,860)	23,999	\$21.65
Total	41	7,202,799	22.09%	1,591,208	25,695	158,000	\$25.28
Downtown - West							
A	1	68,371	20.00%	13,672	(13,672)	-	\$28.10
B	24	3,020,801	24.44%	731,592	32,968	83,039	\$22.26
Total	25	3,089,172	24.13%	745,264	19,296	83,039	\$22.65
Third Ward/Walker's Point							
A	2	297,047	53.29%	158,296	2,728	-	\$29.18
B	33	1,984,556	19.12%	379,499	(8,122)	25,491	\$24.40
Total	35	2,281,603	23.57%	537,795	(5,394)	25,491	\$24.86
Mayfair							
A	14	1,661,707	27.25%	452,884	(69,416)	10,328	\$26.77
B	23	1,240,796	23.63%	293,257	(2,195)	19,113	\$19.16
Total	37	2,902,503	25.71%	746,141	(71,611)	29,441	\$22.12
Milwaukee - NW							
A	2	171,084	27.41%	46,899	0	-	\$20.25
B	29	1,765,995	27.66%	488,462	(35,343)	13,719	\$16.50
Total	31	1,937,079	27.64%	535,361	(35,343)	13,719	\$16.72
Milwaukee - South							
A	-	-	-	-	-	-	-
B	18	749,139	12.32%	92,292	8,462	29,269	\$17.45
Total	18	749,139	12.32%	92,292	8,462	29,269	\$17.45
Milwaukee - West							
A	-	-	-	-	-	-	-
B	16	1,722,795	29.27%	504,178	(161,833)	-	\$18.43
Total	16	1,722,795	29.27%	504,178	(161,833)	0	\$18.43
Brookfield/Pewaukee							
A	9	876,828	25.32%	222,020	10,476	-	\$24.14
B	98	5,007,456	25.34%	1,269,021	(6,535)	35,227	\$20.09
Total	107	5,884,284	25.34%	1,491,041	3,941	35,227	\$20.53
North Shore							
A	2	175,962	81.32%	143,093	0	-	\$26.00
B	28	1,489,182	10.44%	155,473	(22,570)	7,000	\$19.07
Total	30	1,665,144	17.93%	298,566	(22,570)	7,000	\$20.33
Mequon/Thiensville							
A	1	37,670	16.56%	6,237	0	-	\$24.00
B	13	368,887	18.43%	67,992	4,229	-	\$18.01
Total	14	406,557	18.26%	74,229	4,229	-	\$21.01
Waukesha							
A	-	-	-	-	-	-	-
B	33	1,066,777	8.65%	92,300	(3,451)	11,099	\$17.67
Total	33	1,066,777	8.65%	92,300	(3,451)	11,099	\$17.67
GRAND TOTALS							
A	43	7,966,125	24.82%	1,977,076	(40,329)	144,329	\$27.51
B	344	20,941,727	22.59%	4,731,299	(198,250)	247,956	\$20.00
Total	387	28,907,852	23.21%	6,708,375	(238,579)	392,285	\$21.01

YOUR LOCAL OFFICE EXPERTS



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



John Davis
jdavis@founders3.com
414.249.2303



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