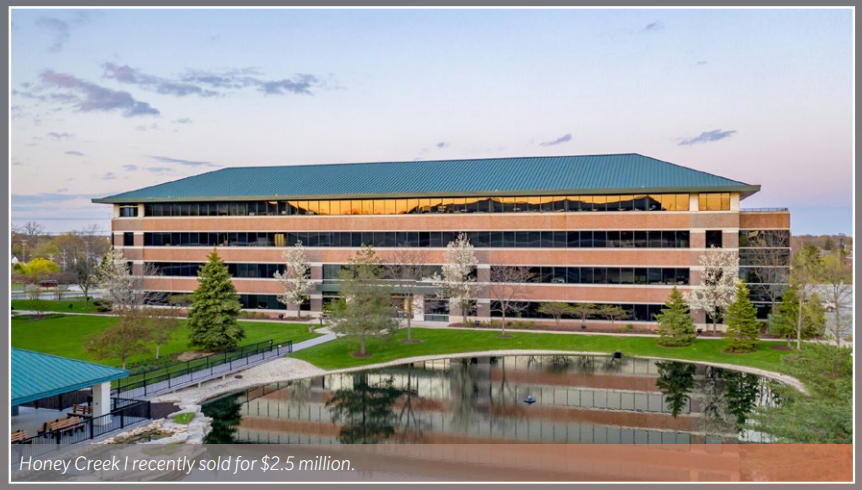
FOUNDERS 3
REAL ESTATE SERVICES

MILWAUKEE OFFICE MARKET REPORT

Q2 2026



Honey Creek I recently sold for $2.5 million.

MILWAUKEE OFFICE MARKET HIGHLIGHTS

- UW Credit Union purchased a 51,000-square-foot office building at 300 N. Patrick Blvd. in the Brookfield Lakes office park.
- Milwaukee Career College leases 18,000 SF at the Forum Building located at 3333 N Mayfair Road in Wauwatosa.
- Honey Creek I sells to developer Johnny "Johnny V" Vassallo for $2.5 million, well below assessed value.

Q2 MARKET SNAPSHOT

	VACANCY	ABSORPTION	SUBLEASE	CLASS A RENT	CLASS B RENT
DOWNTOWN*	25.06%	9,846	252,665	$32.42	$23.66
SUBURBS	22.27%	154,842	650,719	$24.98	$19.99
TOTAL/AVERAGE	23.48%	164,688	903,384	$28.70	$21.82

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

Market Overview

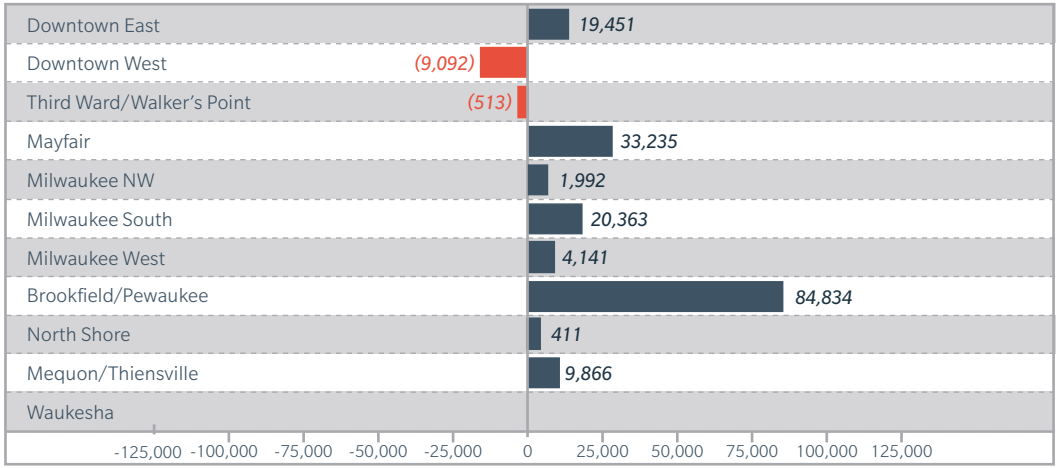
The Milwaukee office market ended the quarter with 164,688 square feet of positive absorption, resulting in a 23.48% vacancy rate, down slightly from 23.59% in Q1 2026. The overall average asking rate is $22.07 per square foot, reflecting a small increase from the previous quarter. It is important to 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 office market continued to stabilize in Q2, with leasing activity strongest in the suburban market. Much of the absorption was driven by UW Credit Union's purchase of roughly 50,000 square feet in Brookfield Lakes. Going forward, up to 300,000 square feet of office space could be removed from the Executive Drive market. The three subject buildings are 400 N Executive Drive and 400 and 440 S Executive Drive. The downtown submarket was relatively quiet. However, very little Class A space remains for lease, raising the question of when net rental rates will increase.

Sublease in the Market

There is 903,384 square feet of sublease space in the multi-tenant office building market, accounting for about 3.1% of the total 29,020,800 square feet. Overall, the amount of sublease availability remains minimal to the overall market performance and has not impacted the market's determination of rental rates.

Q2 ABSORPTION



Downtown Market

Class A Downtown posted 19,338 square feet of positive absorption and Class B posted 9,492 square feet of negative bsorption, totaling 9,846 square feet of positive absorption in Q2. Overall vacancy rate is at 25.06%, and Class A and B gross average asking rates were $32.42 per square foot and $24.98 per square foot, respectively.

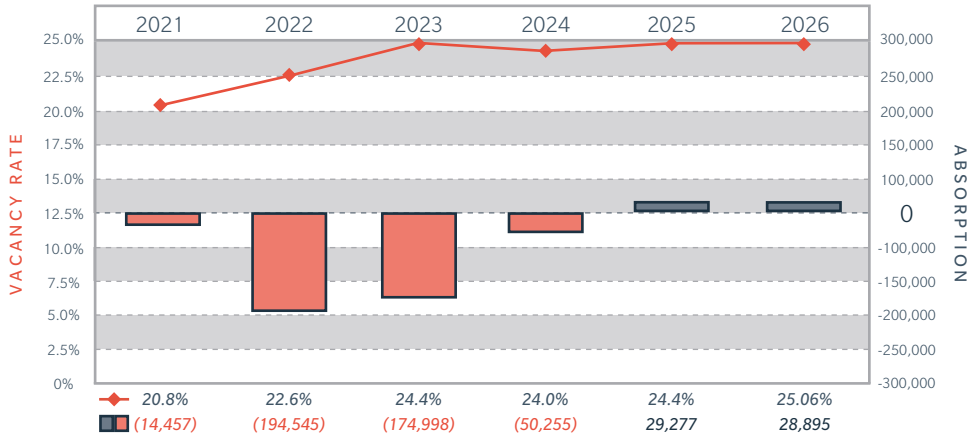
Leasing activity remained focused on Class A office product across Downtown East, Downtown West, and the Third Ward/Walker's Point in Q2. While premier buildings continued to attract tenant interest, older office properties remained challenged by slower leasing activity and ongoing flight-to-quality trends.

Suburban Market

Class A Suburban posted 7,228 square feet of positive absorption and Class B posted 147,614 square feet of positive absorption for a total of 154,842 square feet of positive absorption in Q2. Overall vacancy rate is at 22.27%, and Class A and B gross average rates were $24.98 per square foot and $19.99 per square foot, respectively.

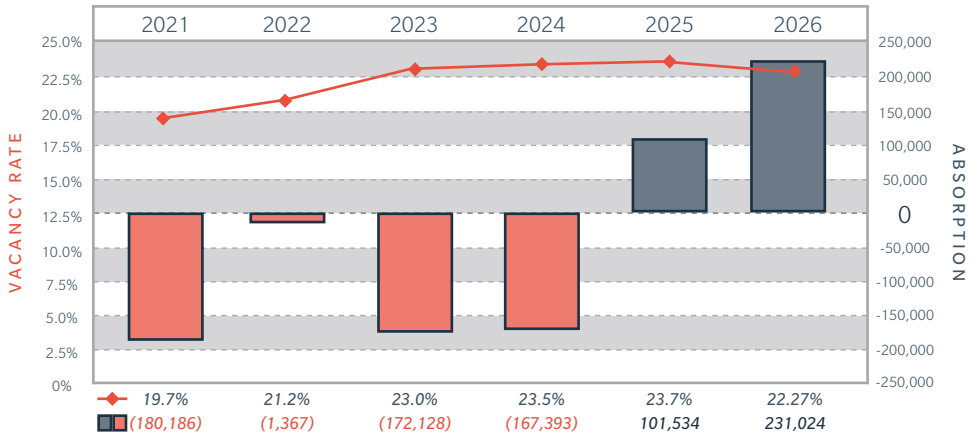
The suburban office market continued to outperform much of the region in Q2, supported by healthy leasing activity and positive absorption. While tenants continue to favor well-maintained, accessible buildings, Class B properties captured a significant share of leasing activity as occupiers balanced workplace quality with rising occupancy costs.

DOWNTOWN MARKET | YEAR OVER YEAR



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.

SUBURBAN MARKET | YEAR OVER YEAR



Source: Data provided by Real Estate Database, Inc. (Moody's) and augmented by Founders 3 Real Estate Services.

NOTABLE LEASE TRANSACTIONS

Location	Submarket	Tenant	SF Leased
20700 Swenson Dr	Brookfield/Pewaukee	American Society of Gene & Cell Therapy	22,158
The Forum	Mayfair/Wauwatosa	Milwaukee Career College	16,540
115 S 84th St	Mayfair/Wauwatosa	Centene Corporation	11,112
10303 N Port Washington Rd	Mequon/Thiensville	Astec Industries	8,353

Location	Submarket	Tenant	SF Leased
275 W Wisconsin Ave	Downtown West	Allstate	7,274
1098 W Juneau Ave	Donwtown West	United States Secret Service	7,050
10100 W Innovation Dr	Mayfair/Wauwatosa	SSP Innovations	5,991
875 E Wisconsin Ave	Downtown East	Cohen & Co	5,583

Submarket	Buildings	Building Size	Q2-2026 Direct Vacancy %	Q2-2026 Direct Vacant SF	Q2-2026 Direct Absorption	Q2-2026 Sublease Space	Estimated Overall Average Asking Rent (FSG)	2026 YTD Direct Absorption
Downtown - East								
A	12	4,626,912	20.02%	926,261	12,288	193,049	$34.05	22,862
B	29	2,736,953	31.26%	855,453	7,163	3,015	$21.97	12,515
Total	**41**	**7,363,865**	**24.20%**	**1,781,714**	**19,451**	**196,064**	$25.99	**35,377**
Downtown - West								
A	1	68,371	3.57%	2,438	7,050	-	$28.10	7,050
B	24	2,993,676	29.94%	896,213	(16,142)	4,962	$23.72	(27,875)
Total	**25**	**3,062,047**	**29.35%**	**898,651**	**(9,092)**	**4,962**	**$24.09**	**(20,825)**
Third Ward/Walker's Point								
A	3	324,577	40.34%	130,925	-	-	$29.53	-
B	31	1,885,960	18.82%	354,966	(513)	51,639	$25.12	14,343
Total	**34**	**2,210,537**	**21.98%**	**485,891**	**(513)**	**51,639**	**$25.75**	**14,343**
Mayfair								
A	14	2,006,801	18.77%	376,653	7,075	412,937	$25.64	4,445
B	23	1,241,656	23.03%	285,924	26,160	3,000	$19.67	32,404
Total	**37**	**3,248,457**	**20.40%**	**662,577**	**33,235**	**415,937**	**$21.55**	**36,849**
Milwaukee - NW								
A	2	171,084	13.03%	22,295	-	-	$23.14	-
B	29	1,765,995	29.17%	515,159	1,992	117,877	$19.39	8,053
Total	**31**	**1,937,079**	**27.75%**	**537,454**	**1,992**	**117,877**	**$19.70**	**8,053**
Milwaukee - South								
A	-	-	-	-	-	-	-	-
B	19	797,447	9.67%	77,097	20,363	23,578	$18.13	40,515
Total	**19**	**797,447**	**9.67%**	**77,097**	**20,363**	**23,578**	**$18.13**	**40,515**
Milwaukee - West								
A	-	-	-	-	-	-	-	-
B	16	1,722,795	33.83%	582,777	4,141	8,563	$16.76	(29,952)
Total	**16**	**1,722,795**	**33.83%**	**582,777**	**4,141**	**8,563**	**$16.76**	**(29,952)**
Brookfield/Pewaukee								
A	9	876,828	21.83%	191,447	153	34,252	$25.16	5,434
B	93	4,675,427	26.52%	1,239,890	84,681	33,162	$20.36	133,806
Total	**102**	**5,552,255**	**25.78%**	**1,431,337**	**84,834**	**67,414**	**$20.89**	**139,240**
North Shore								
A	3	223,262	43.00%	96,012	-	-	$24.17	-
B	26	1,384,215	9.04%	125,077	411	-	$21.38	7,477
Total	**29**	**1,607,477**	**13.75%**	**221,089**	**411**	**-**	**$22.07**	**7,477**
Mequon/Thiensville								
A	1	37,670	16.56%	6,237	-	-	$24.00	-
B	12	329,246	10.24%	33,716	9,866	-	$18.69	16,463
Total	**13**	**366,916**	**10.89%**	**39,953**	**9,866**	**-**	**$19.75**	**16,463**
Waukesha								
A	-	-	-	-	-	-	-	-
B	34	1,151,925	8.35%	96,210	0	17,350	$21.72	12,379
Total	**34**	**1,151,925**	**8.35%**	**96,210**	**0**	**17,350**	**$21.72**	**12,379**
GRAND TOTALS								
A	45	8,335,505	21.02%	1,752,268	26,566	640,238	$28.70	39,791
B	336	20,685,295	24.47%	5,062,482	138,122	263,146	$21.82	220,128
Total	**381**	**29,020,800**	**23.48%**	**6,814,750**	**164,688**	**903,384**	**$22.07**	**259,919**

Source: Data provided by Real Estate Database, Inc. (Moody's) and augmented by Founders 3 Real Estate Services.

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