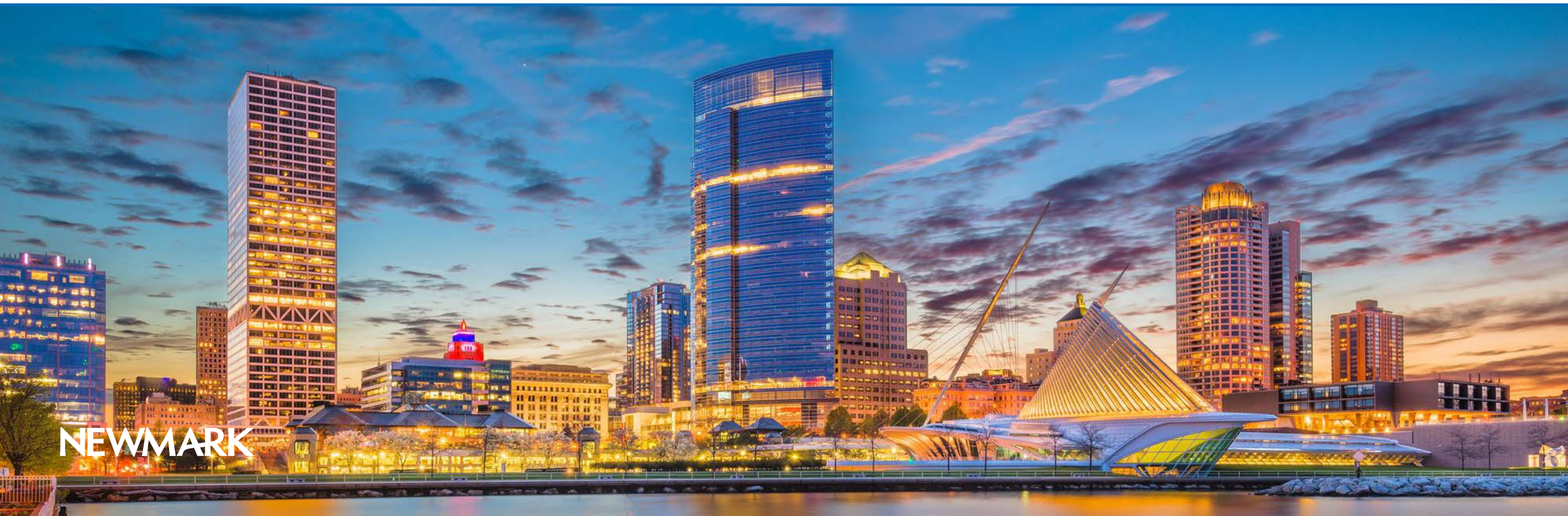


1Q25

Milwaukee Industrial Market Overview



Market Observations

Economy

- The metro’s unemployment rate stands at 3.5%, reflecting stronger labor market stability compared to the 4.1% national average. However, job growth has remained sluggish, up just 0.2% in the last 12 months.
- All three industrial-using sectors contracted over the past year, reflecting a post-pandemic shift in consumer demand from goods to services.
- Amid changing economic conditions and evolving consumer preferences, trade, transportation, and manufacturing firms are recalibrating their workforce strategies. Still, many employers continue to face challenges in attracting and retaining labor.

Major Transactions

- During the first quarter of 2025, there was 1.0 million square feet of industrial leasing activity, down from 1.7 million square feet reported in the previous quarter. Over the past four quarters, the market has experienced 4.2 million square feet of leasing activity.
- In one of the largest transactions of the quarter, Stellantis sold its Mopar site in Center Line with a leaseback agreement for 1.05 million square feet. Phoenix Investors acquired the property for \$8.4 million.

Leasing Market Fundamentals

- This past quarter, the availability rate jumped to 6.9%, up from 6.0% at the end of 2024. The vacancy rate also increased to 4.6%, up from 3.7%. The market is currently recalibrating, and vacancy rates are expected to remain steady as demand comes into balance with new construction and existing availabilities.
- The construction pipeline continued to decline this past quarter, with 1.2 million square feet currently under construction—down from 2.5 million square feet reported in the third quarter of 2024—and still well below the 2019–2024 average of 3.3 million square feet
- Average asking rents continue to grow year over year. The current weighted average asking rent is \$5.59 per square foot, representing a 2.2% increase over the fourth quarter of 2024.

Outlook

- Milwaukee’s skilled industrial workforce remains a competitive advantage, but recent contractions in manufacturing and transportation employment signal a near-term recalibration. Expansion plans are expected to be more selective, with occupiers prioritizing modern space in strategic submarkets.
- Investor sentiment continues to improve, supported by stabilized interest rates and a narrowing bid-ask spread. While capital markets activity remains below peak levels, these conditions are expected to support a gradual increase in transaction volume over the next year.
- Speculative development has slowed in response to elevated vacancy and prolonged lease-up periods. Developers are increasingly cautious, and future starts are likely to be limited to build-to-suit or pre-leased projects.

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1. Economy
 2. Leasing Market Fundamentals
 3. Market & Submarket Tables

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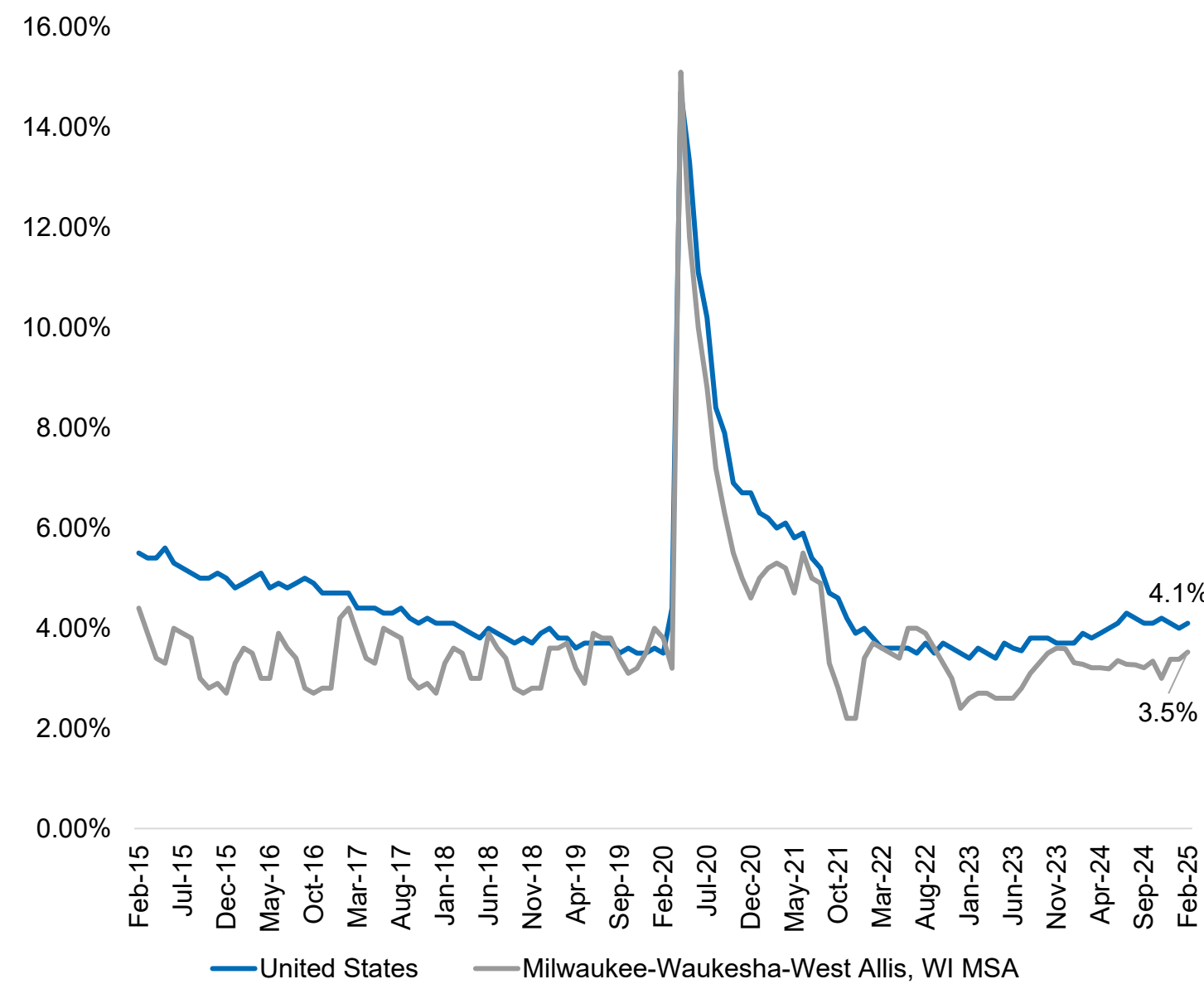
Economy



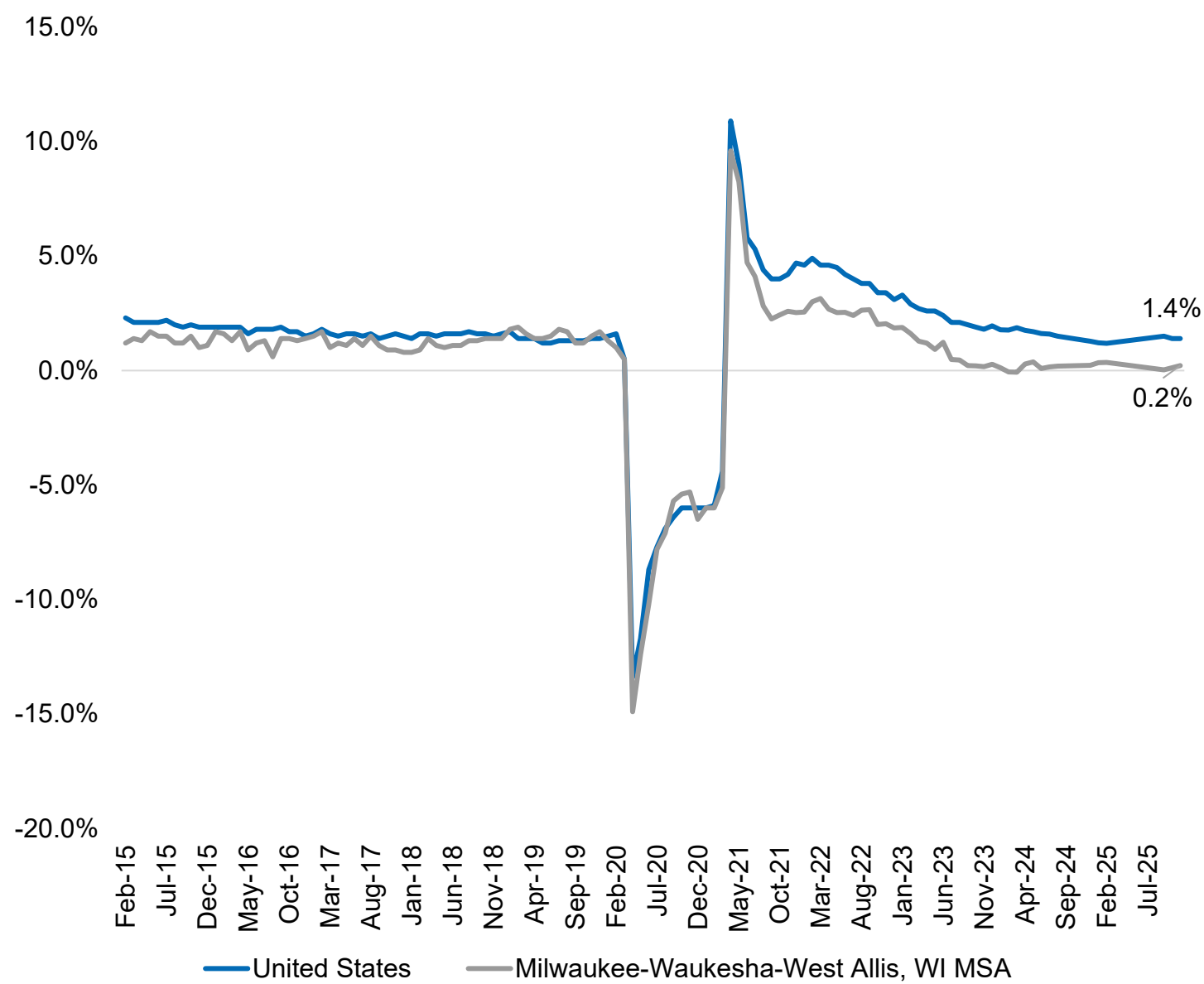
Labor Market Stable but Slow-Growing

The metro’s unemployment rate stands at 3.5%, reflecting stronger labor market stability compared to the 4.1% national average. However, job growth has remained sluggish, up just 0.2% in the last 12 months.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

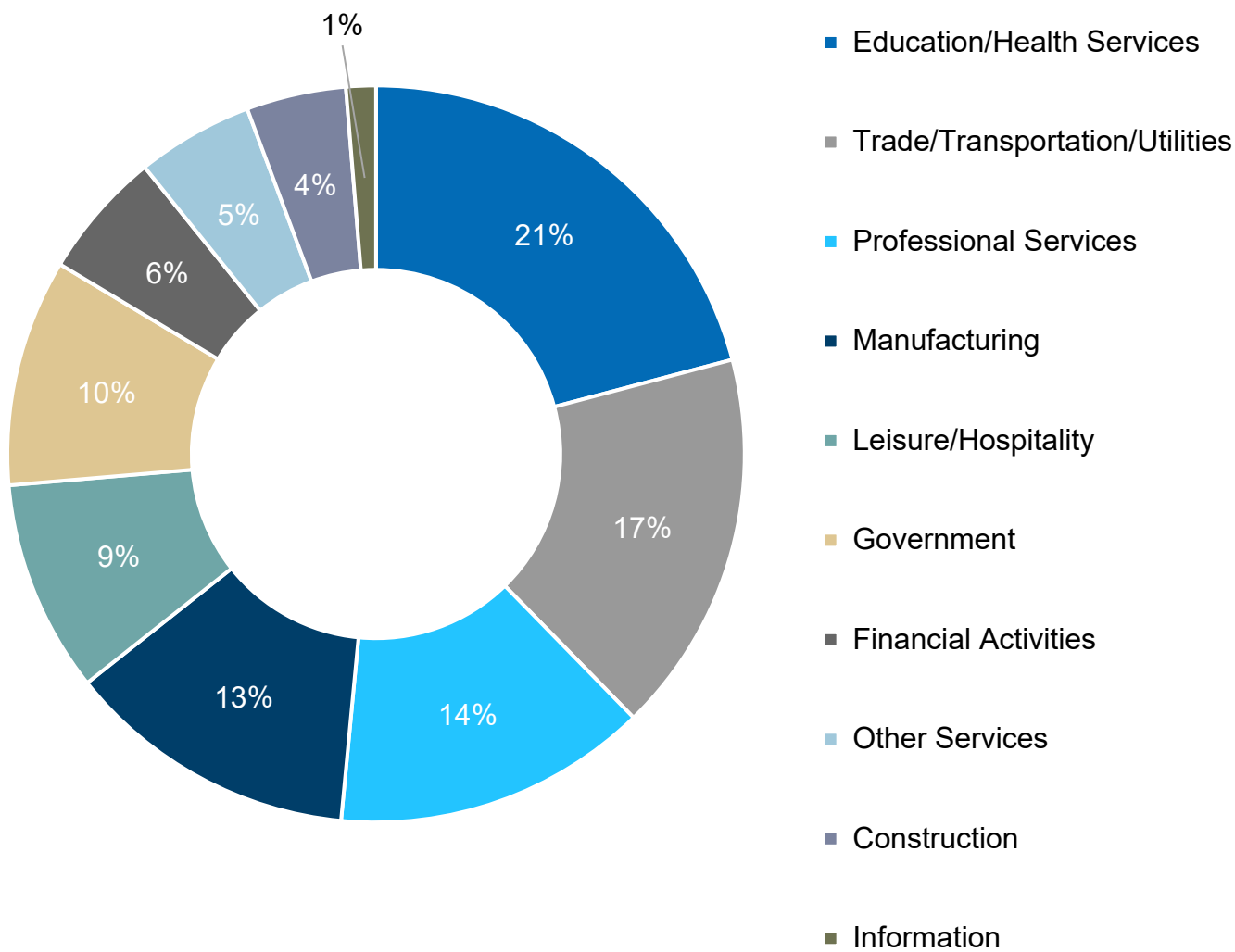


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

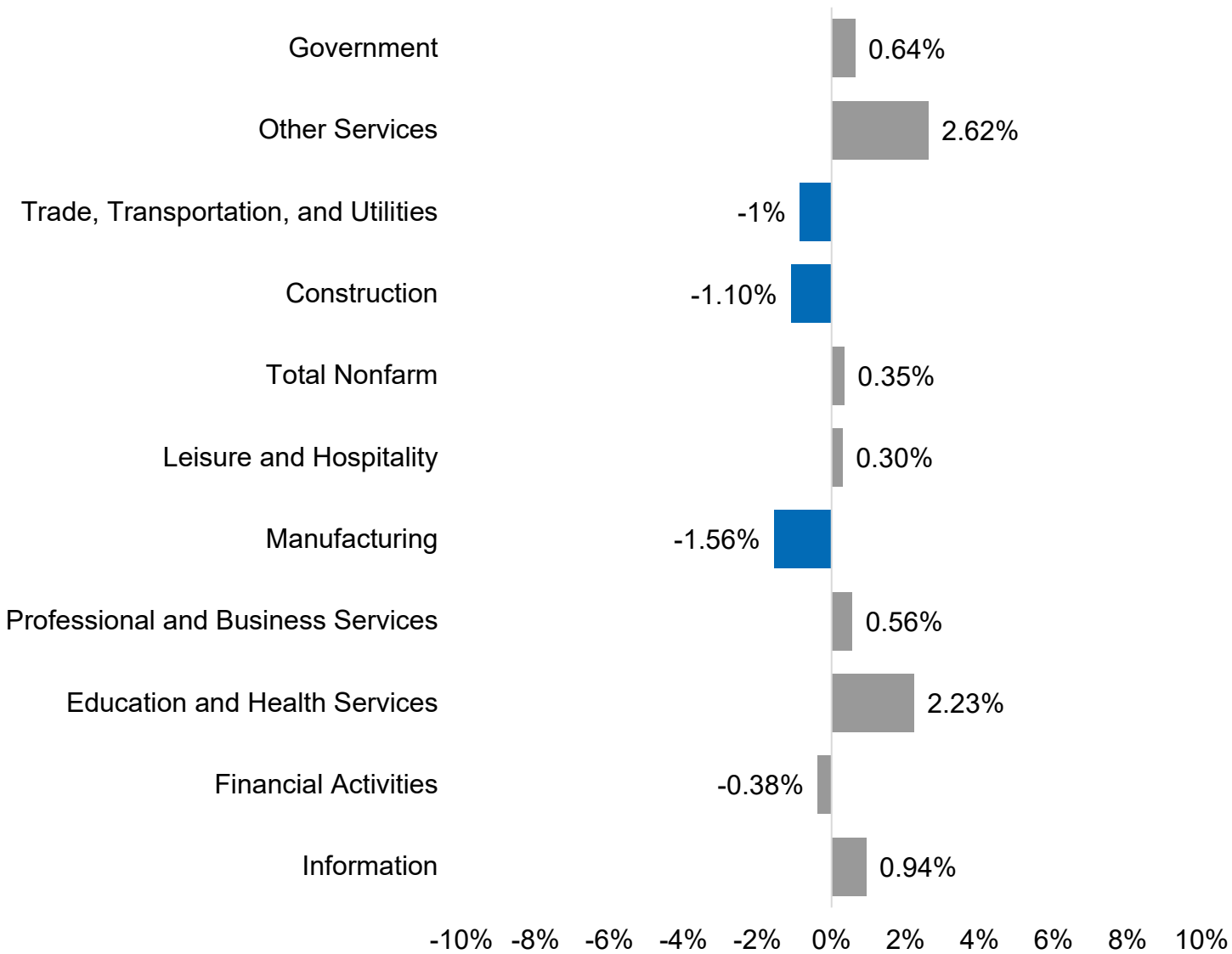
Industrial Employment Declines Across Sectors

All three industrial-using sectors contracted over the past year, reflecting a post-pandemic shift in consumer demand from goods to services. Elevated interest rates have also weighed on capital-intensive sectors such as construction and manufacturing.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

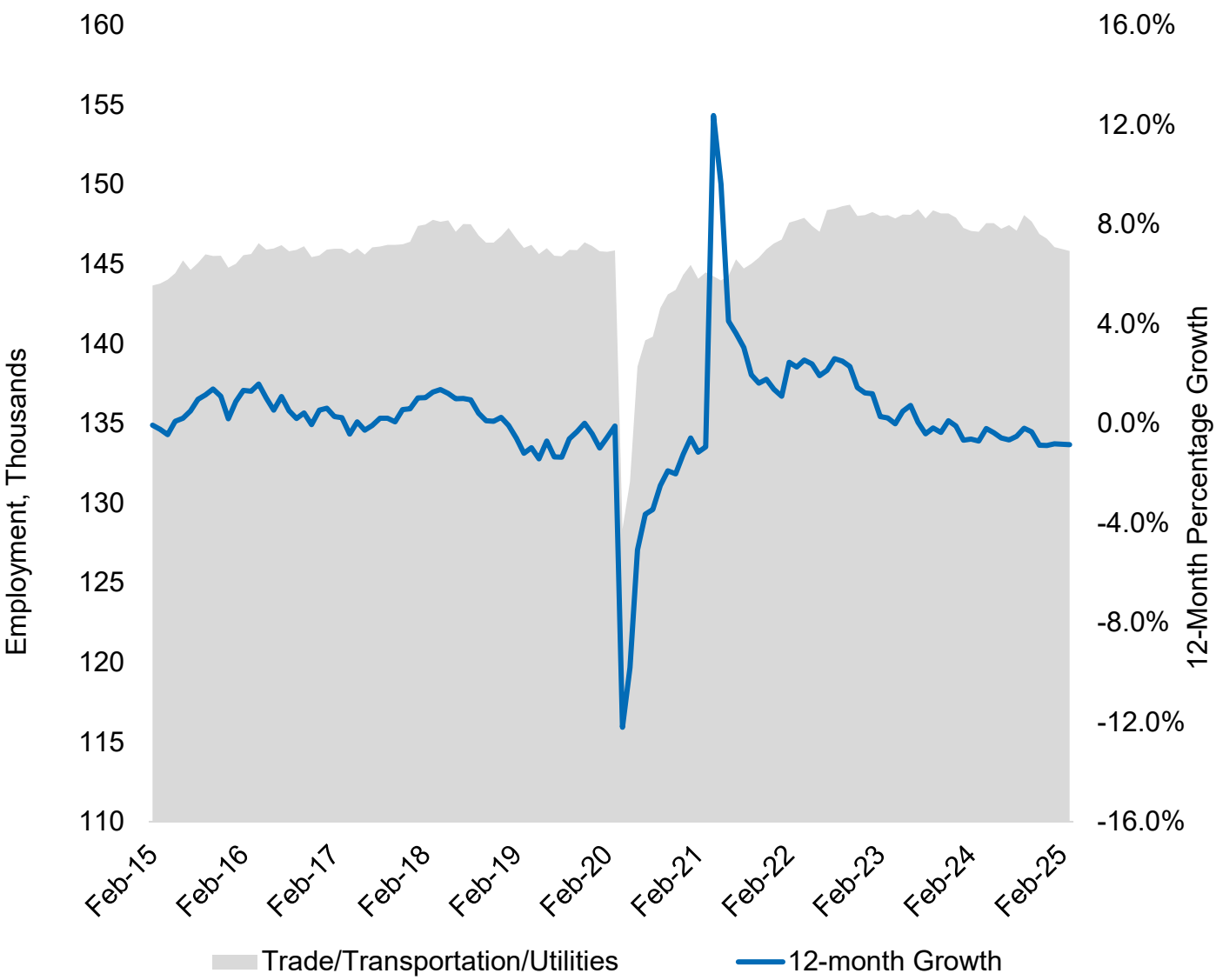


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

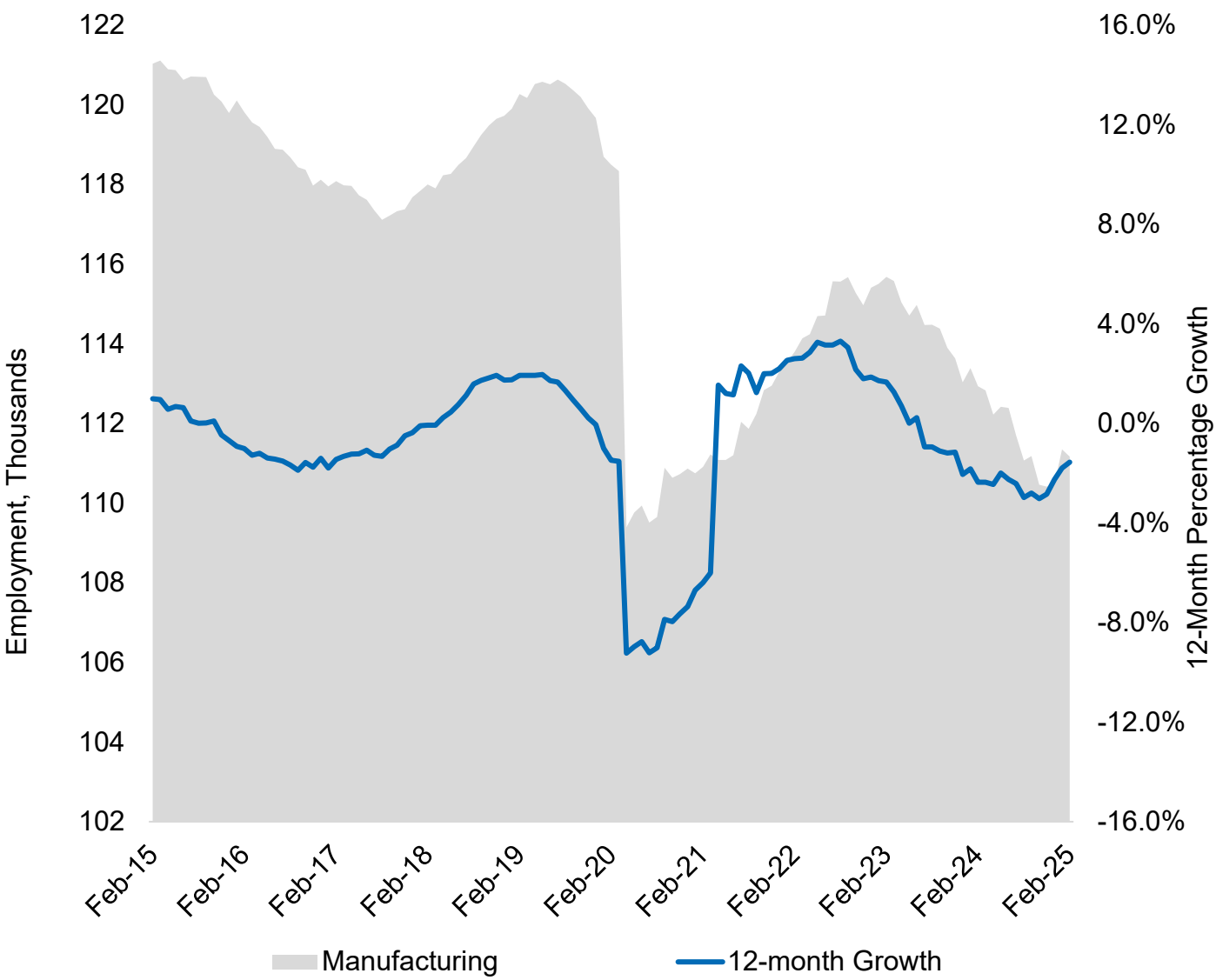
Industrial Labor Market Holds but Faces Headwinds

Amid changing economic conditions and evolving consumer preferences, trade, transportation, and manufacturing firms are recalibrating their workforce strategies. Still, many employers continue to face challenges in attracting and retaining labor.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

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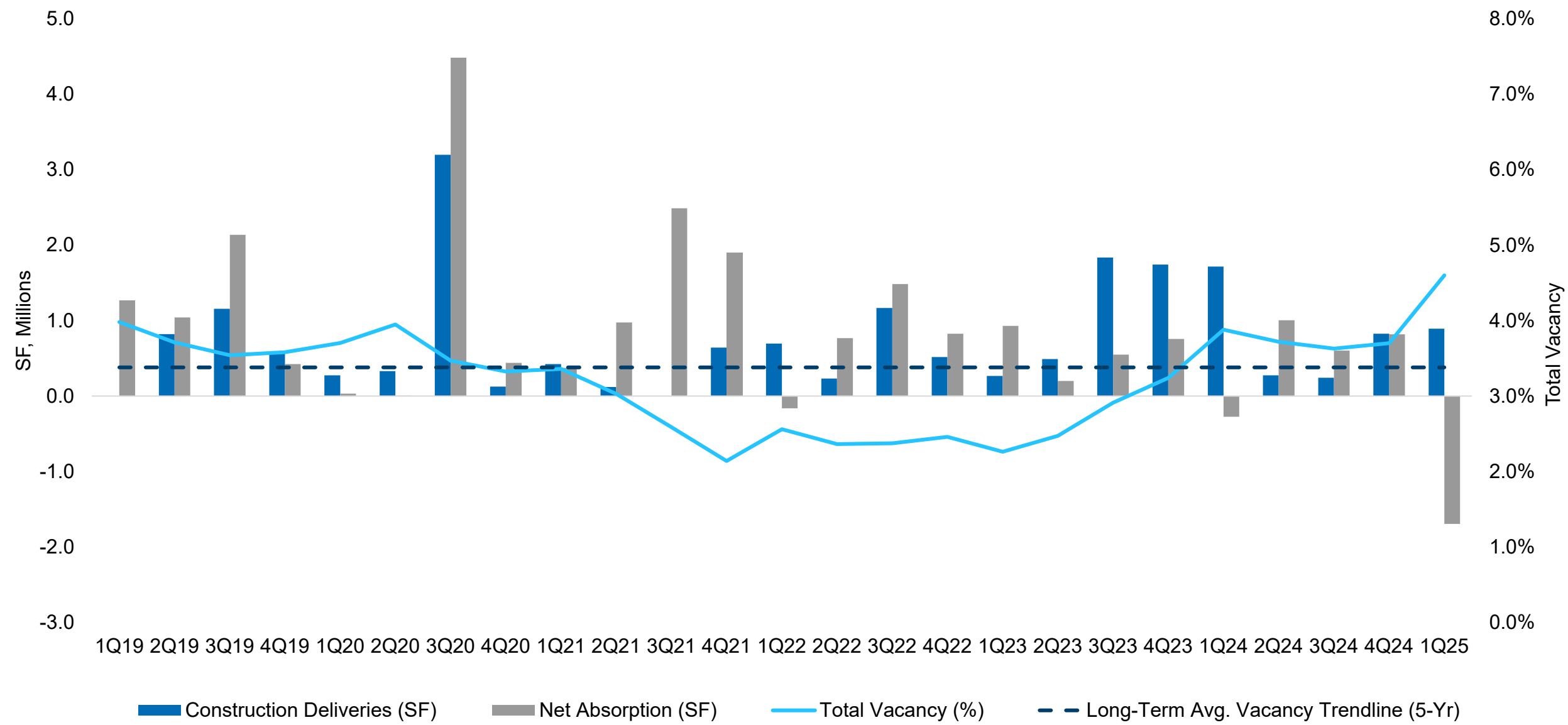
Leasing Market Fundamentals



Negative Absorption Drives up the Vacancy Rate

This past quarter, multiple large users in the market ceased operations, such as Regal Rexnord in West Milwaukee and Twin Disc in Racine. The availability rate jumped to 6.9%, up from 6.0% at the end of 2024. The vacancy rate also increased to 4.6%, up from 3.7%. The market is currently recalibrating, and vacancy rates are expected to remain steady as demand comes into balance with new construction and existing availabilities.

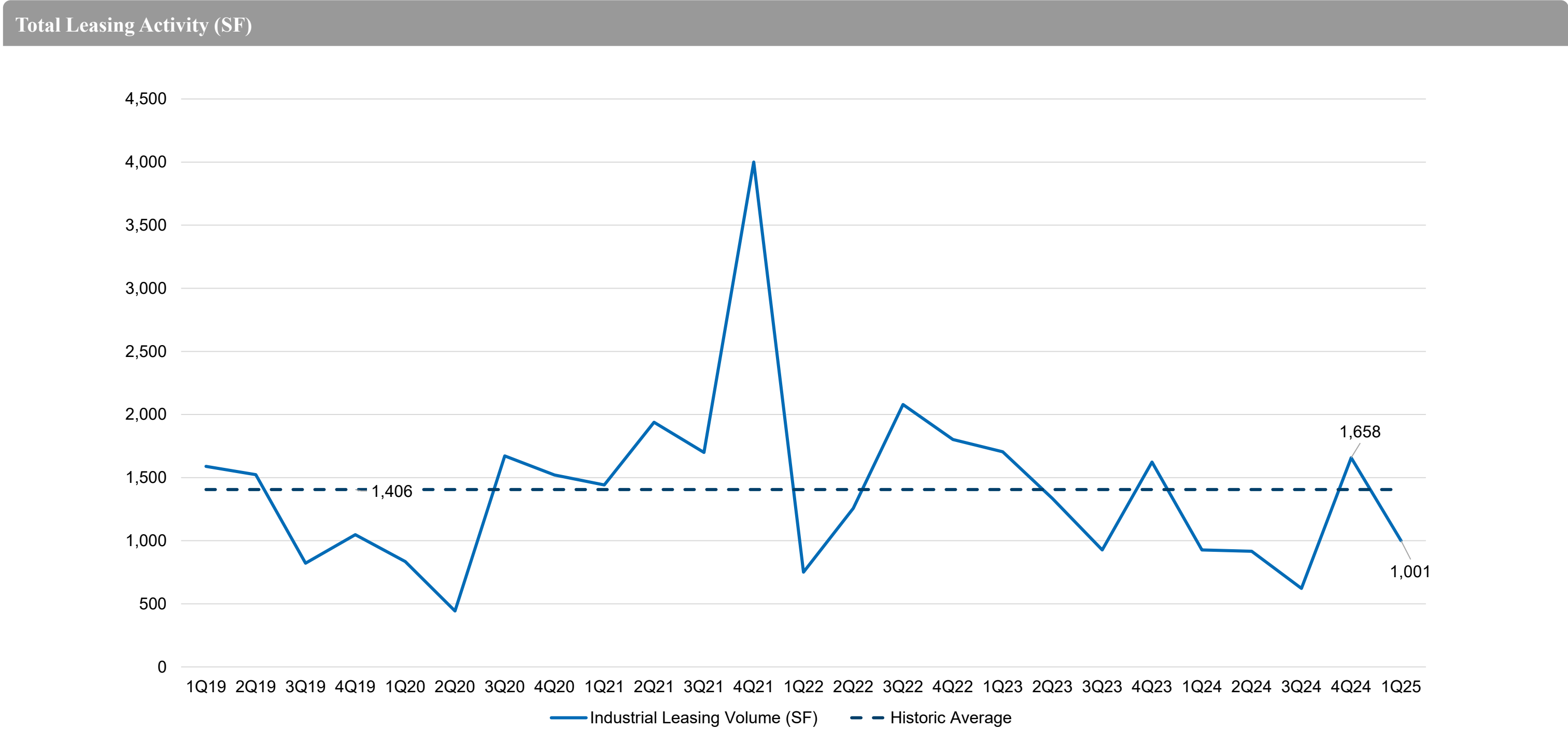
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Industrial Leasing Activity Decreases this Past Quarter

During the first quarter of 2025, there was 1.001 million square feet of industrial leasing activity, down from 1.658 million square feet reported in the previous quarter. Over the past four quarters, the market has experienced 4.2 million square feet of leasing activity.

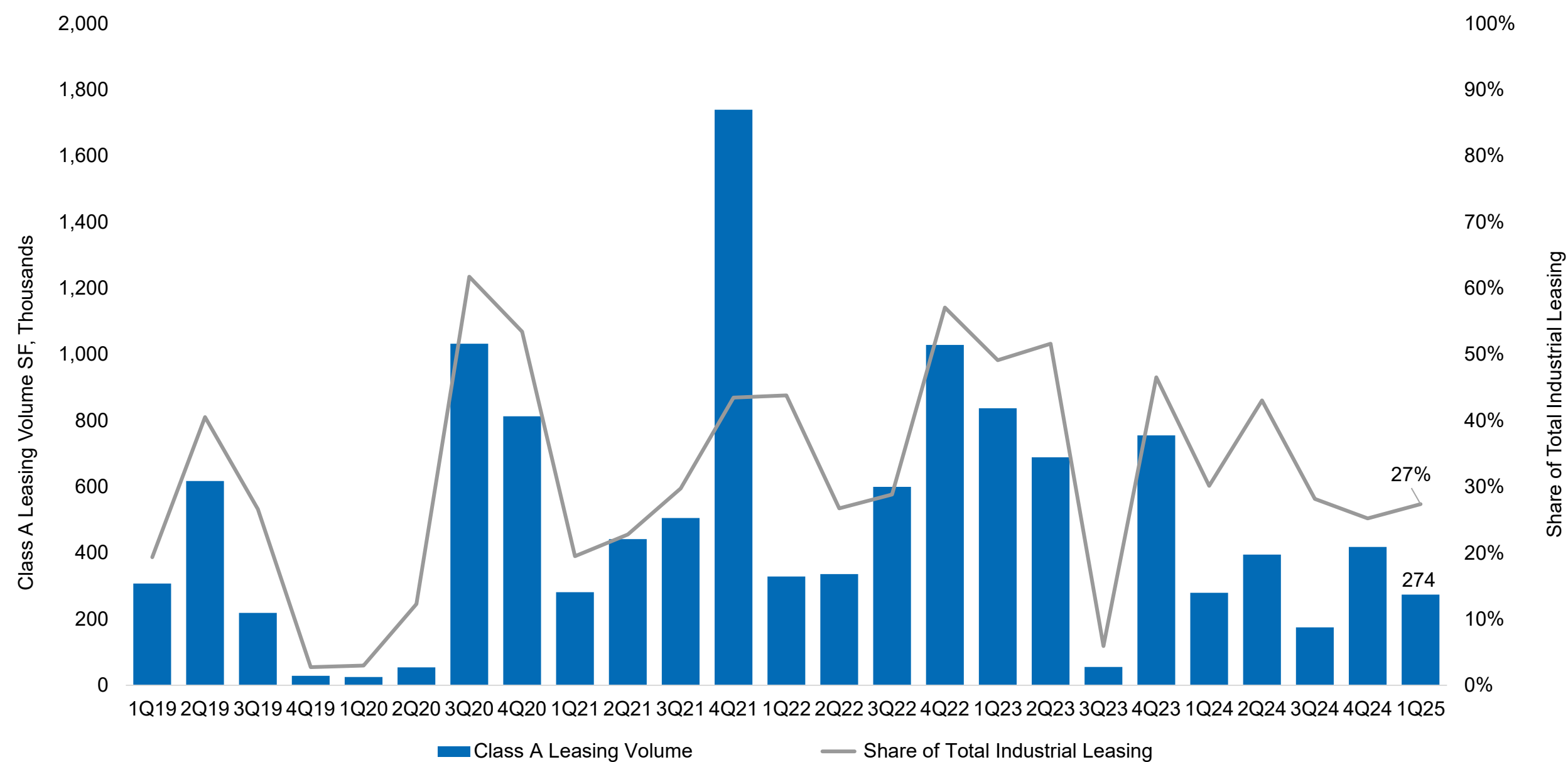


Source: Newmark Research, CoStar

Class A Warehouse Leasing

In response to occupier demand for modern Class A warehouse space, new development accelerated over the past four years. However, construction has begun to outpace demand in Racine and southern Milwaukee County. While Class A occupier demand in Waukesha County remains strong, leasing activity has been limited by supply constraints. Class A warehouse leasing accounted for 27% of overall activity in the first quarter of 2025, down from a recent high of 48% in Q2 2024.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

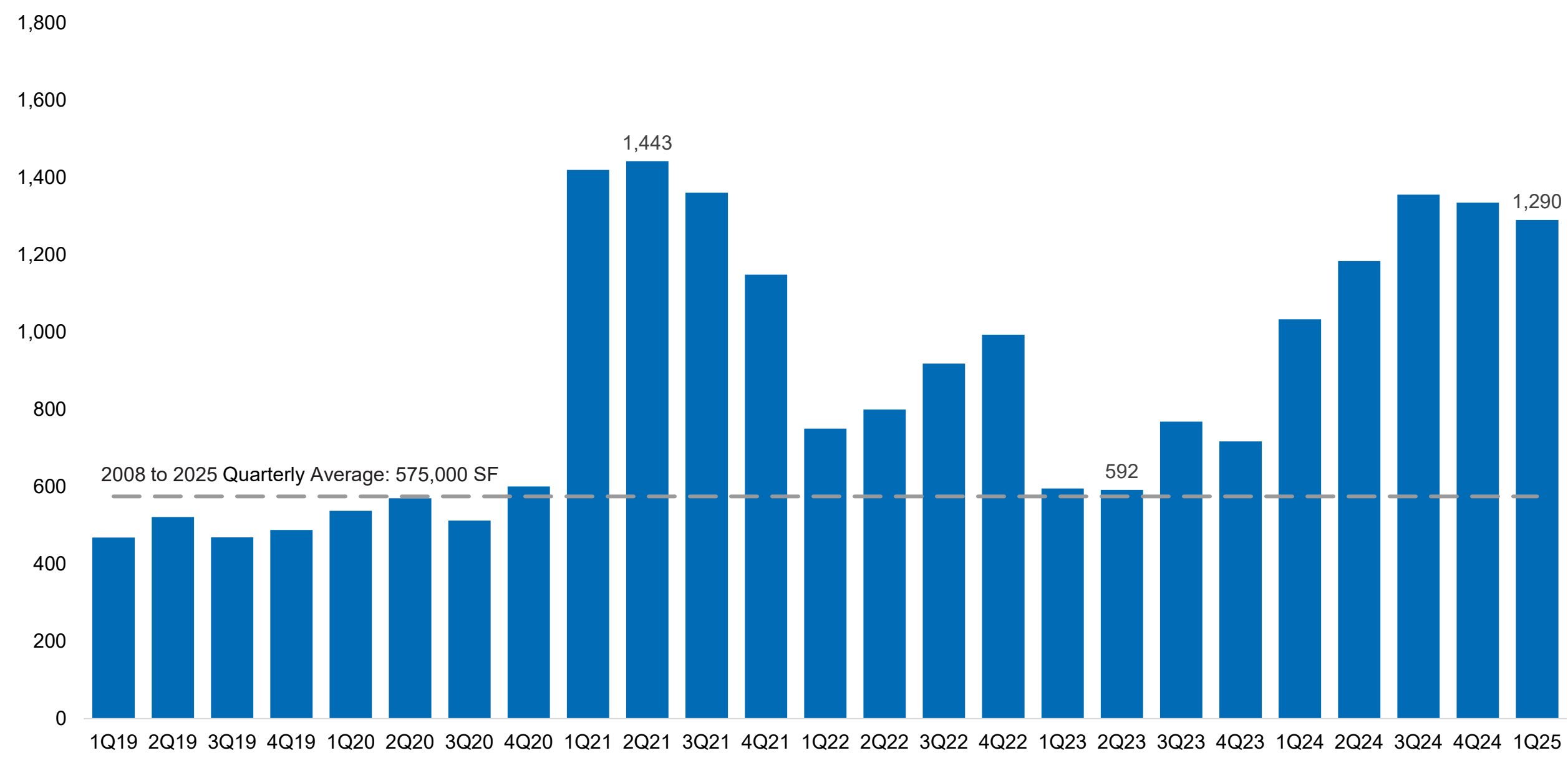


Source: Newmark Research, CoStar

Industrial Sublease Availability Plateaus

The sublease availability rate remained steady at 0.46%. Currently, there is 1.29 million square feet of sublease space on the market—more than double the amount listed in the second quarter of 2023, when only 592,000 square feet was available.

Available Industrial Sublease Volume (Thousands SF)

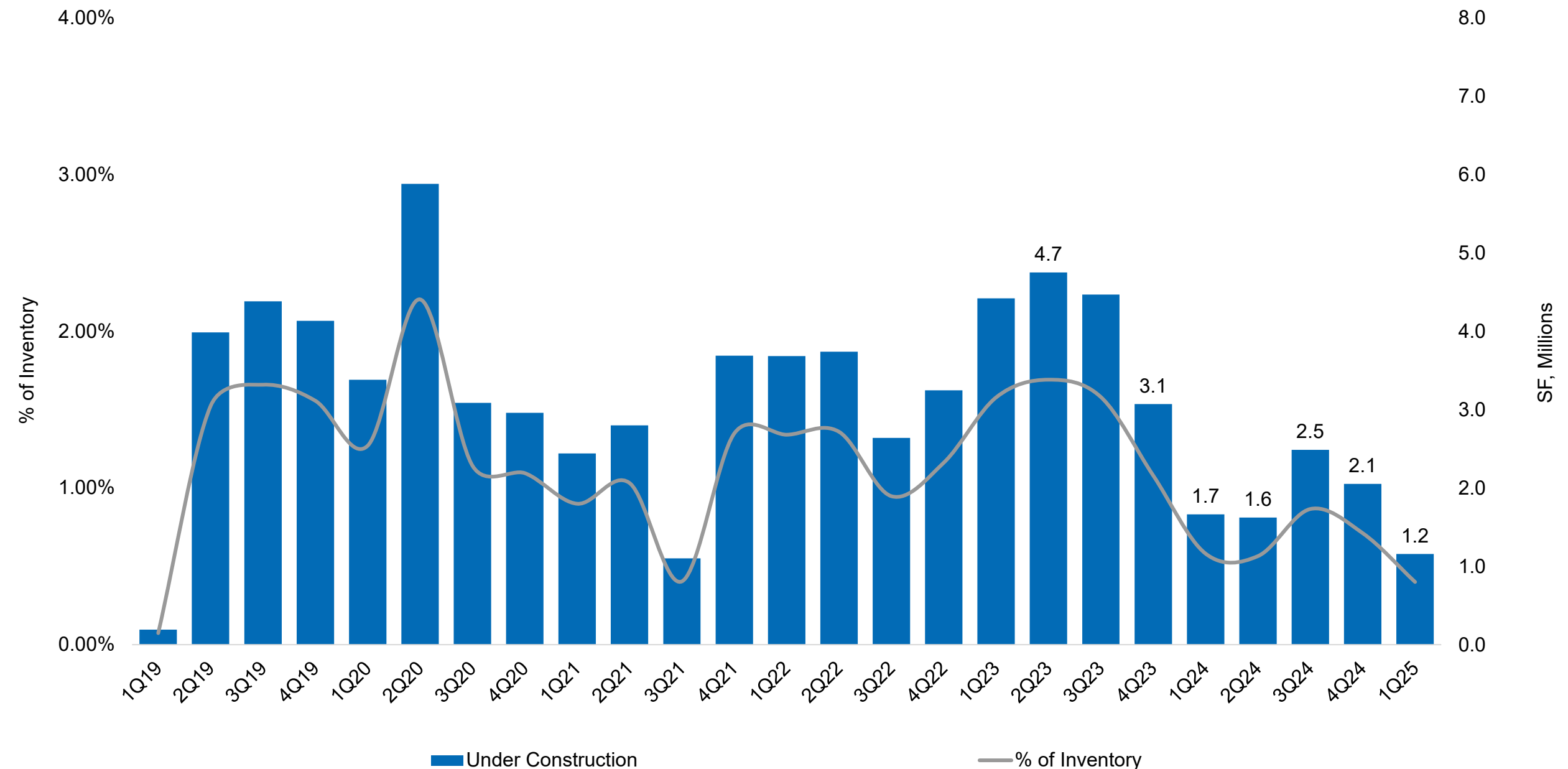


Source: Newmark Research, CoStar

New Construction Pipeline is Building to Closer to Long Term Average

The construction pipeline continued to decline this past quarter, with 1.2 million square feet currently under construction—down from 2.5 million square feet reported in the third quarter of 2024—and still well below the 2019–2024 average of 3.3 million square feet. Over the past two years, 44 buildings totaling more than 7.1 million square feet have been delivered to the market, 38% of which is currently occupied.

Industrial Under Construction and % of Inventory

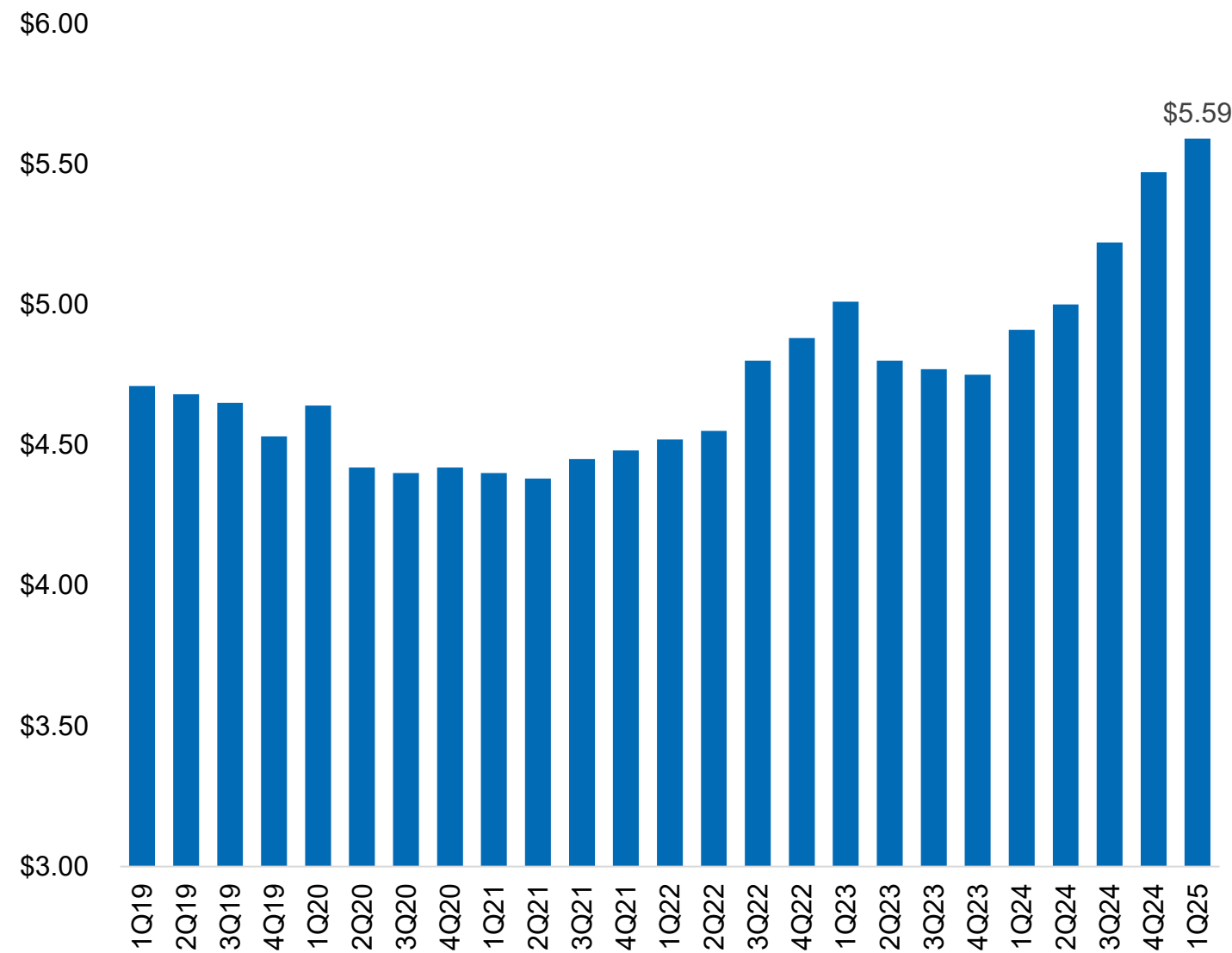


Source: Newmark Research, CoStar

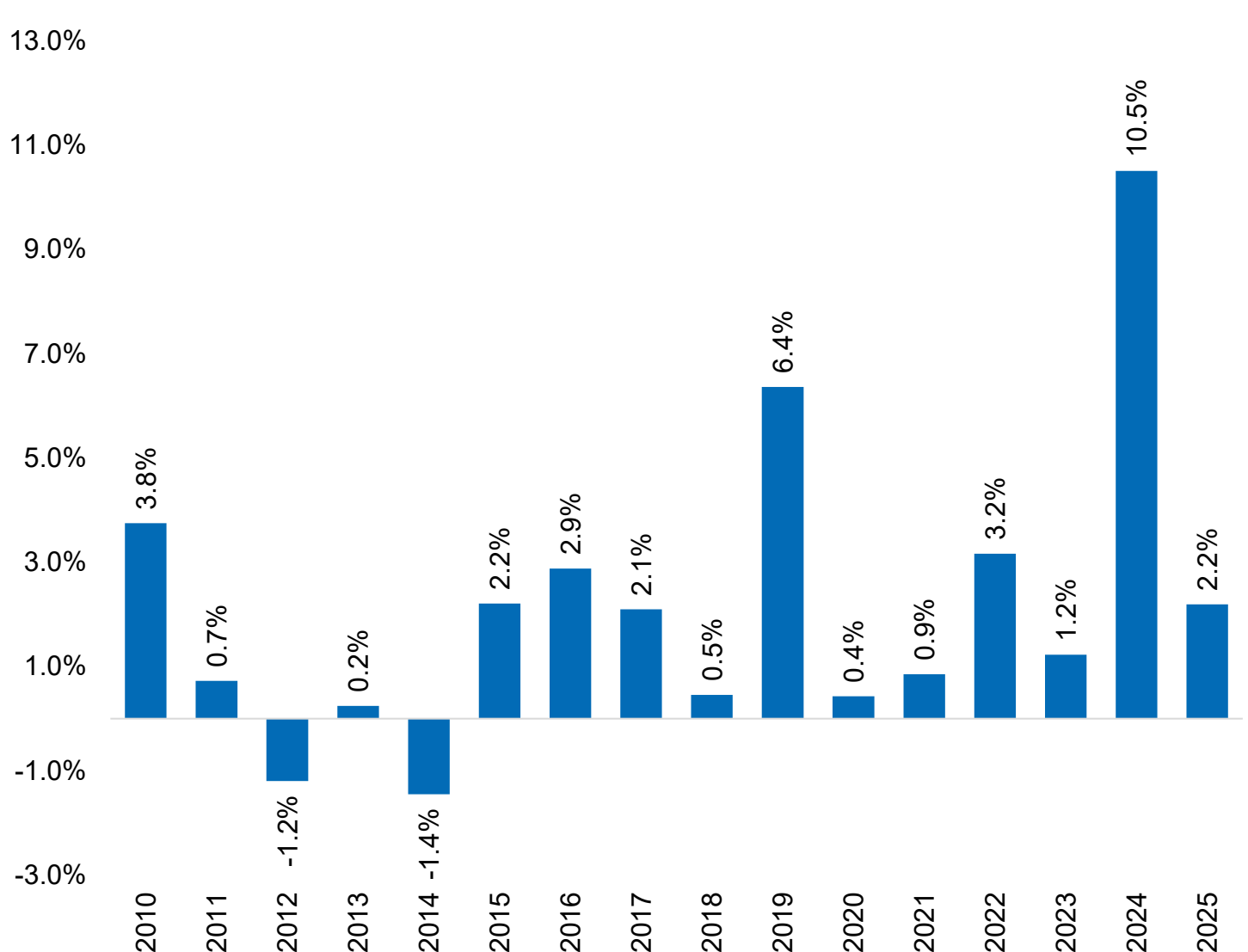
Industrial Asking Rents At Historic Highs

Average asking rents continue to grow year over year. The current weighted average asking rent is \$5.59 per square foot, representing a 2.2% increase over the fourth quarter of 2024.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 1Q25 Lease Transactions

While uncertainties remain about the overall economy, leasing activity held strong this past quarter. Below are some of the larger deals completed in the market over the period.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Stellantis	3280 S Clement Ave	Milwaukee Co	Sale Lease Back	1,050,000
Modine Manufacturing	10343 S Hickory St	Milwaukee Co	New	153,000
Rexnord	5138 International Ln	Milwaukee Co	New	114,844
Pelzer Printing	1718 Pearl St	Waukesha Co	New	102,947
Serigraph	3701 Decorah Rd	Washington Co	New	92,899
Angel Aligner	10551 S Oakview Parkway	Milwaukee Co	New	52,000

Source: Newmark Research

1Q25

Supplemental Tables



Current Statistical Overview (page 1 of 3)



Please reach out to your
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Current Statistical Overview (page 2 of 3)



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Current Statistical Overview (page 3 of 3)



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Historical Statistical Overview



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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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