



NEWMARK

Milwaukee
Industrial Market Report

1Q26

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Access the Extended 1Q26 Milwaukee Industrial Market Conditions & Trends Report



Milwaukee Industrial Market Report

1Q26



The extended version of this report includes:

- **Submarket-Level Insights:** In-depth analysis of how current trends and market dynamics are shaping the industrial landscape
- **Comprehensive Market Statistics:** Detailed breakdowns of vacancy, absorption, leasing, rental rates, and construction activity

To access, please reach out
to your Newmark contact.

Milwaukee Industrial Market Observations



Economy

- The Milwaukee–Waukesha MSA recorded an unemployment rate of 3.4% in December 2025, remaining a full percentage point below the national 4.4% figure and indicating a relatively tight labor market. At the same time, total employment declined 2.4% year over year, signaling slower hiring activity.
- Construction employment expanded over the past year, while manufacturing and trade, transportation and utilities contracted. This divergence suggests demand may remain uneven, with building activity and infrastructure related work providing support, while softer manufacturing and logistics employment could temper near-term expansion requirements.



Leasing Market Fundamentals

- Milwaukee's industrial market remained stable in 1Q26, with 396,567 SF of net absorption nearly matching 399,360 SF of construction deliveries.
- Available sublease space declined to 1.4 MSF in 1Q26, down from a recent peak of 1.9 MSF in 4Q25, signaling some improvement from the elevated levels reached late last year.
- The development pipeline totaled 1.6 MSF under construction in 1Q26, equal to approximately 0.6% of inventory.
- Milwaukee industrial asking rents continued to rise in 1Q26, with average direct asking rent reaching an all-time high of \$6.07/SF NNN.



Major Transactions

- Milwaukee's industrial market recorded 1.6 million square feet of leasing activity this quarter. While quarterly volume came in below the long-term average, the broader trend remains steady, with leasing continuing to fluctuate around historical norms.
- Class A leasing moderated in 1Q26 after a strong finish to 2025 but remained nearly half the share of total industrial leasing activity at 48% of total volume.
- Milwaukee industrial investment sales totaled approximately \$165.9 million year to date, above the 10-year average quarterly sales volume of \$134.1 million.



Outlook

- Market fundamentals are expected to remain stable but uneven. Vacancy has leveled off after rising in 2025, and positive absorption to start 2026 points to steady tenant demand.
- Recent leasing activity has been concentrated among smaller users, suggesting larger blocks could face longer marketing timelines and a narrower pool of active requirements.
- The development pipeline has moderated from prior-cycle highs, and 1Q26 deliveries were in line with absorption. With fewer projects under construction, the market should have more time to absorb recent supply.

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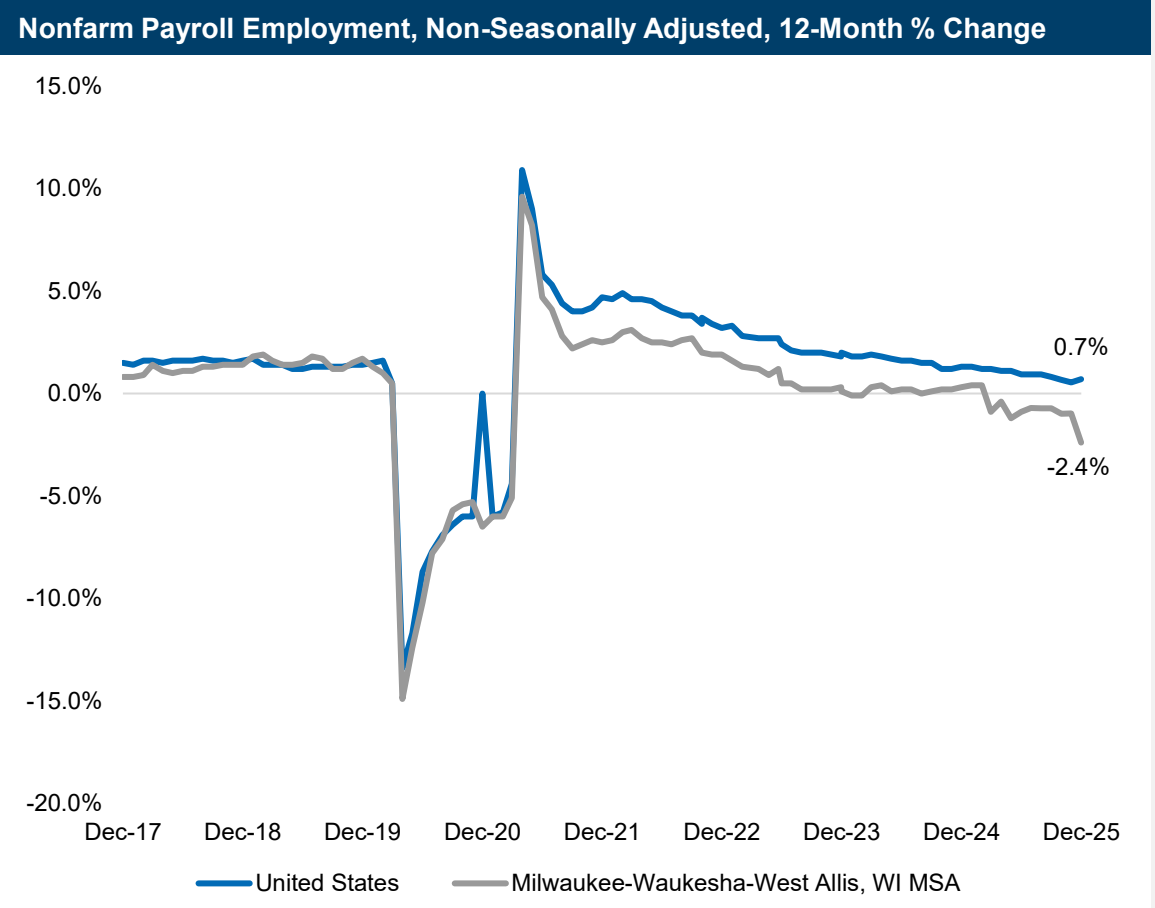
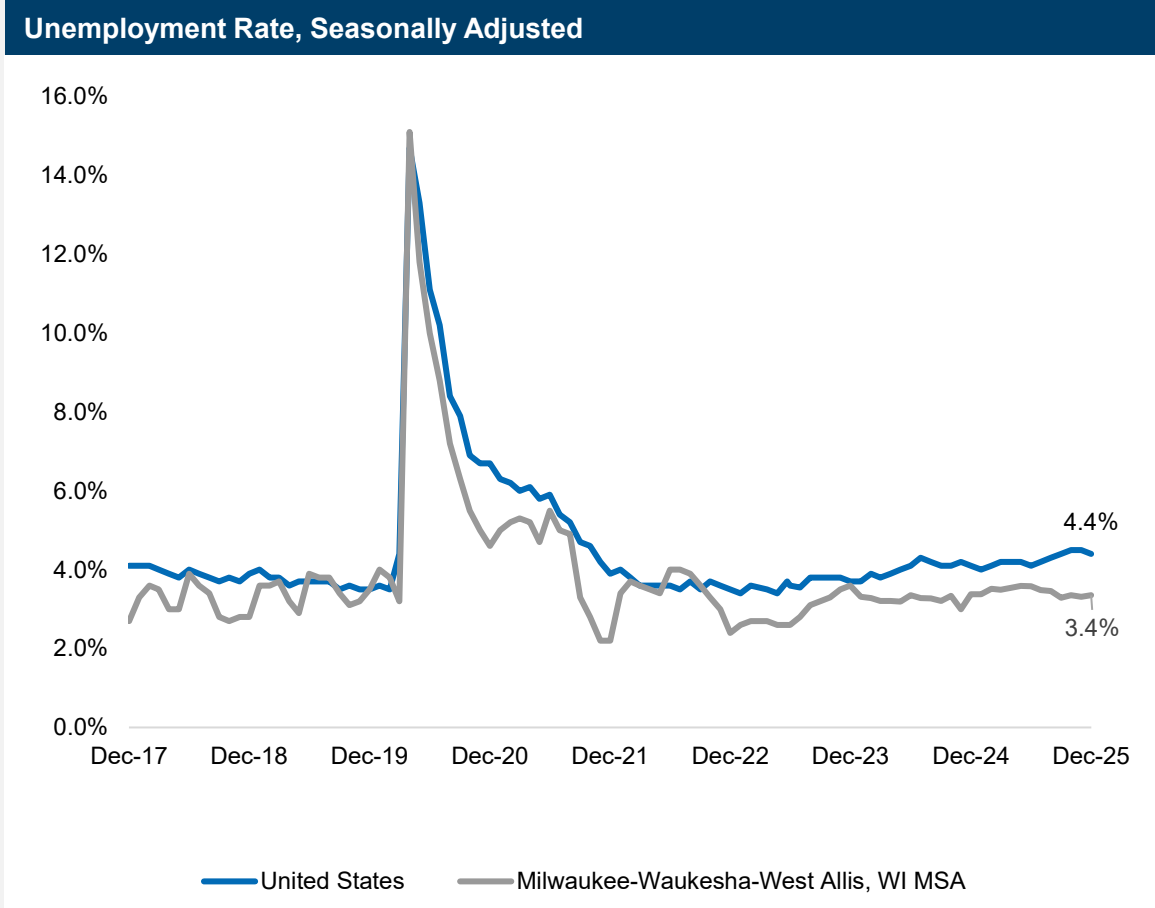
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Economy



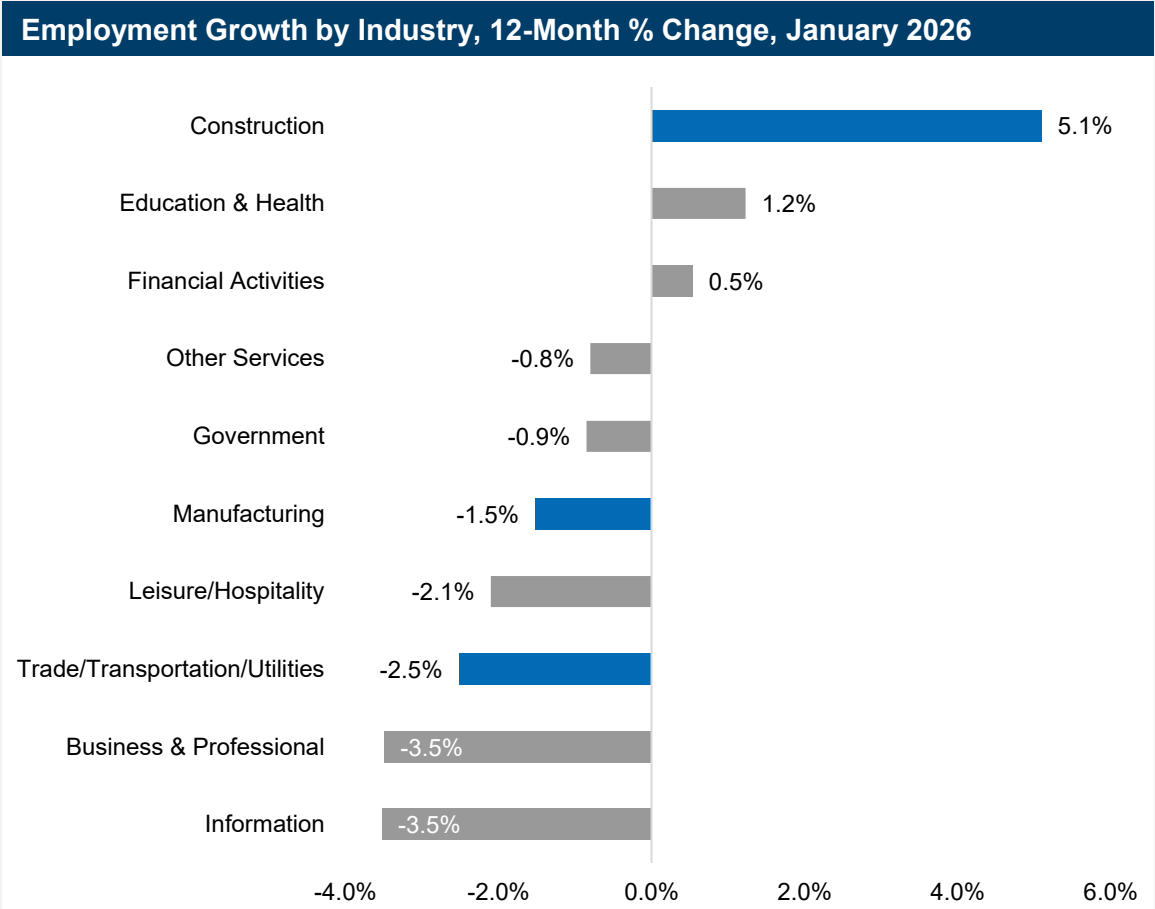
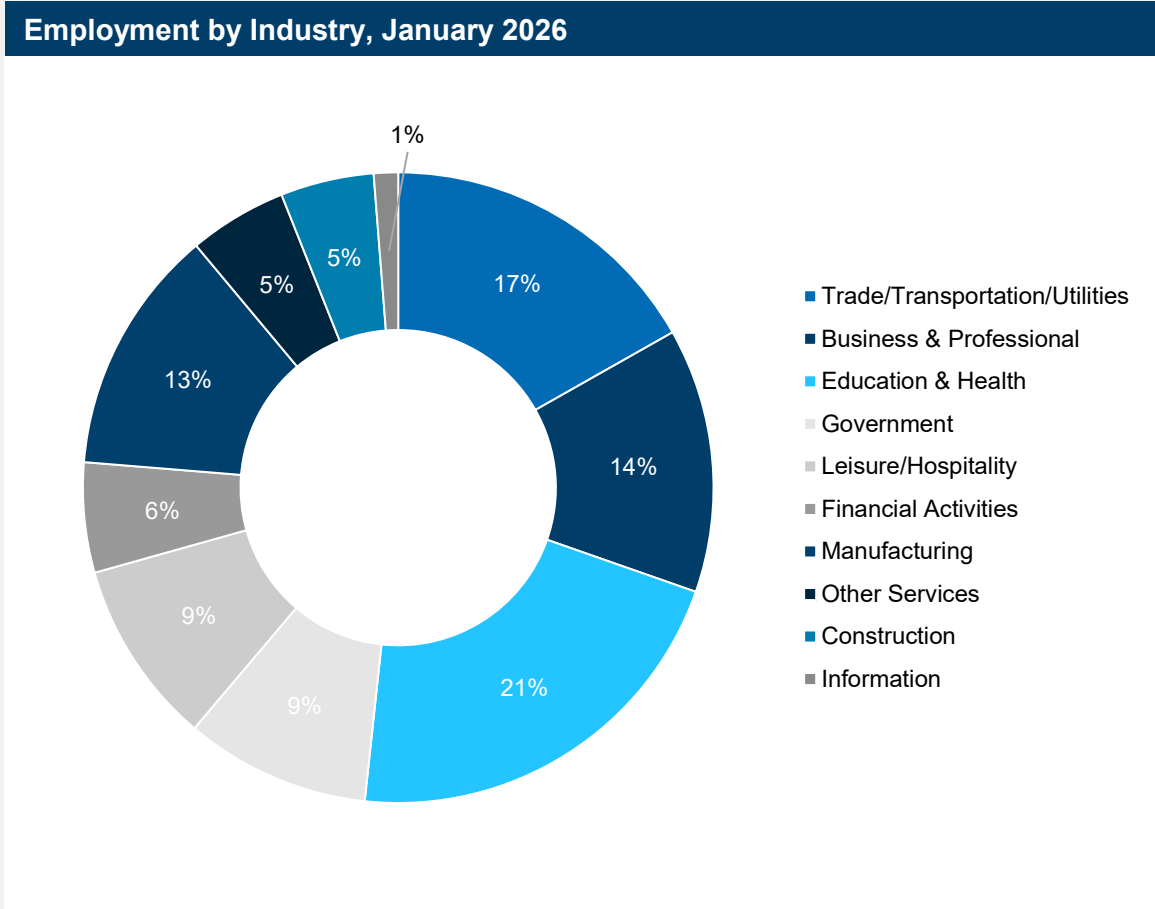
Low Unemployment Masks Emerging Softness in Job Growth

The Milwaukee–Waukesha MSA recorded an unemployment rate of 3.4% in December 2025, remaining a full percentage point below the national 4.4% figure and indicating a relatively tight labor market. At the same time, total employment declined 2.4% year over year, signaling slower hiring and some contraction in payrolls even as headline joblessness stays low. This combination suggests employers are pulling back on expansion and new positions rather than engaging in broad-based layoffs.



Industrial Employment Drivers Remain Mixed

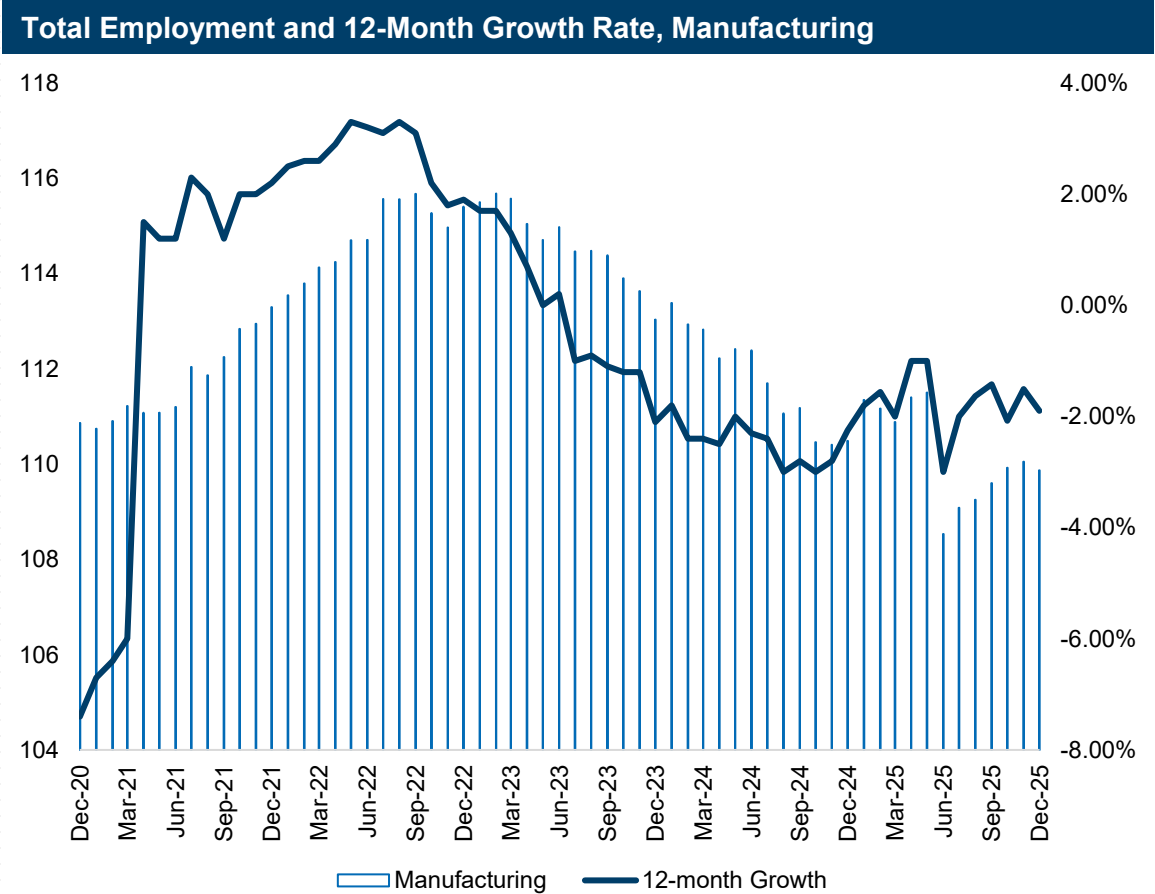
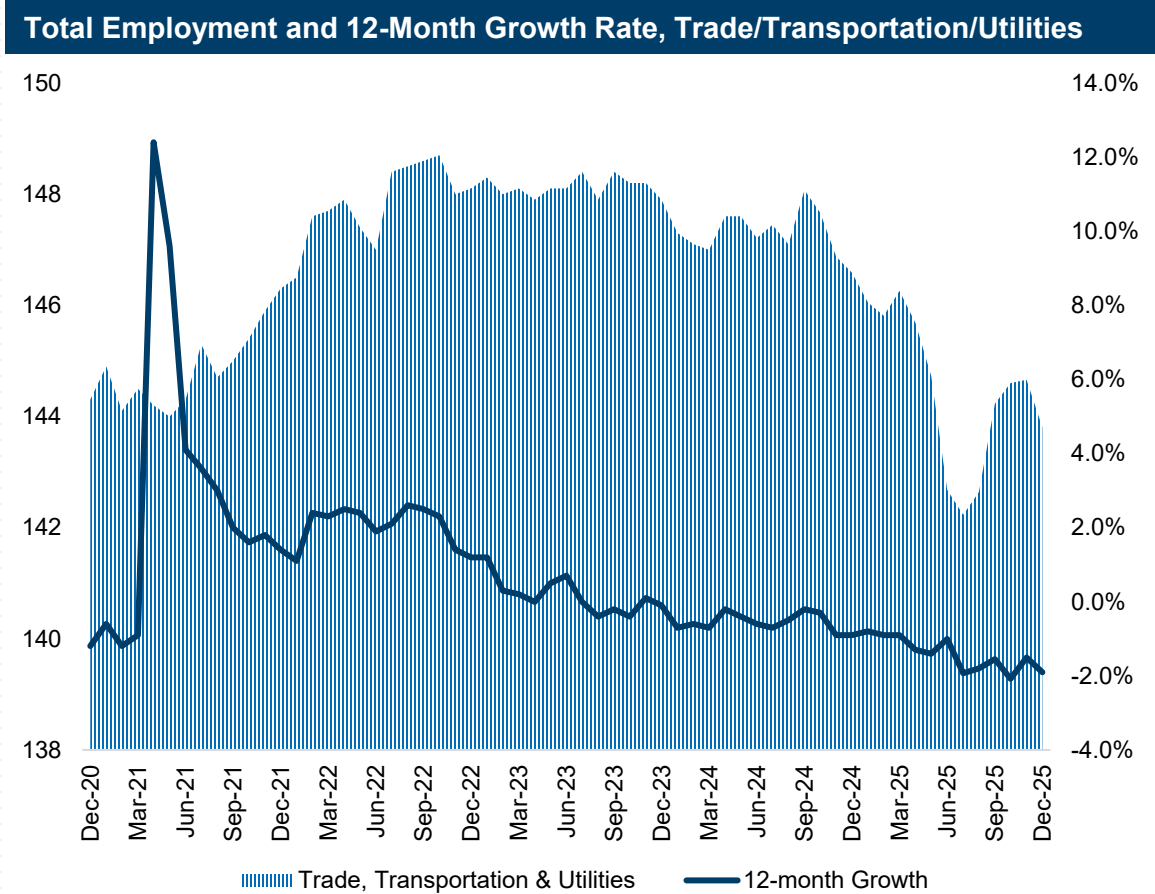
Construction employment expanded over the past year, while manufacturing and trade, transportation and utilities contracted. This divergence suggests demand may remain uneven, with building activity and infrastructure related work providing support, while softer manufacturing and logistics employment could temper near-term expansion requirements.



Source: U.S. Bureau of Labor Statistics, Chicago MSA

Core Industrial Employment Remains Under Pressure

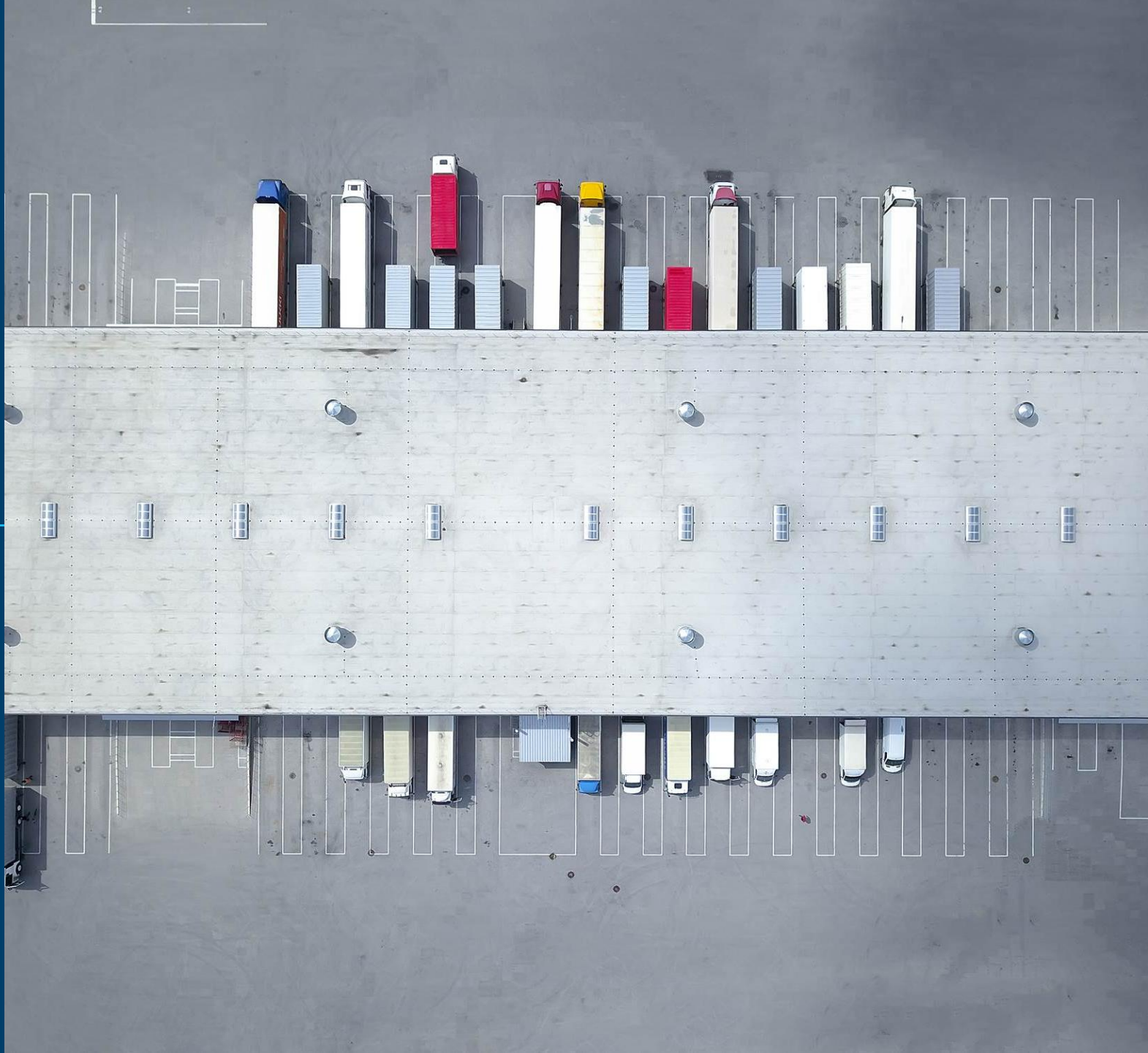
Labor conditions in Milwaukee’s logistics and manufacturing base have softened alongside broader economic headwinds. Employers report persistent difficulty sourcing skilled workers, even as payrolls contract. Year-over-year, employment in trade and transportation is down 1.9%, and manufacturing employment has declined 0.6%.



Source: U.S. Bureau of Labor Statistics

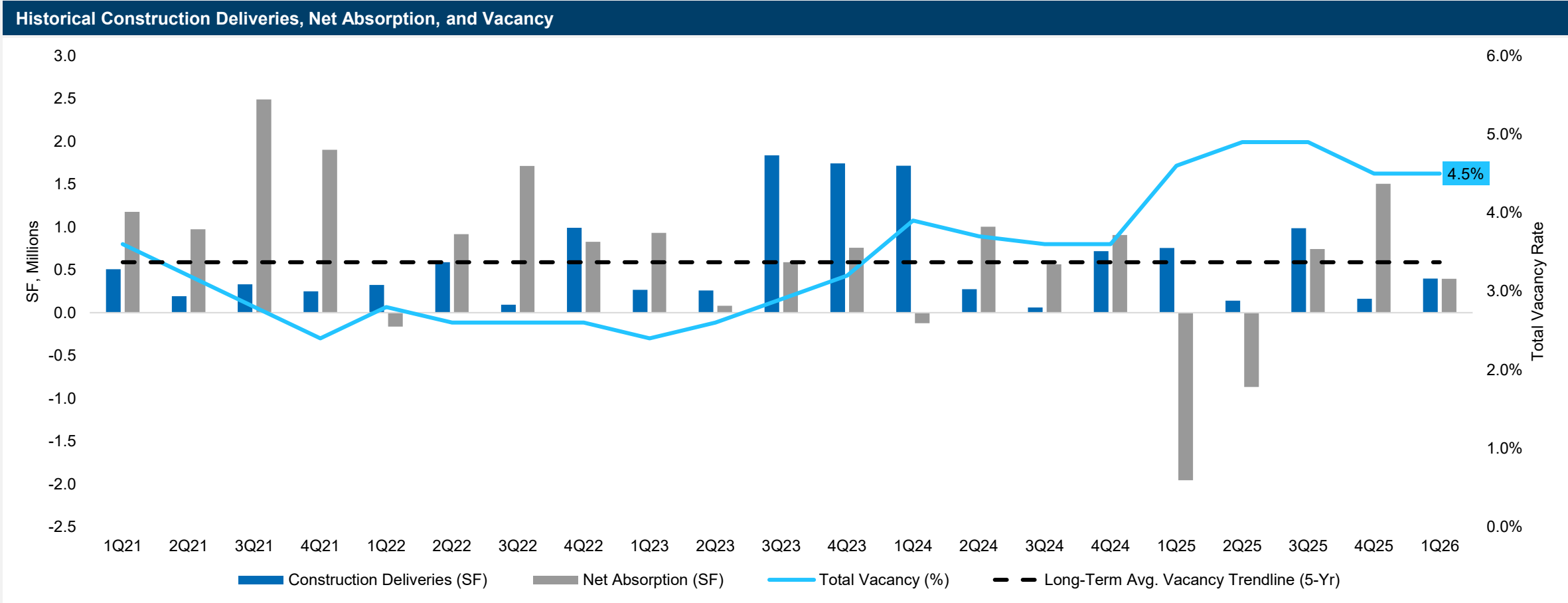
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Leasing Market Fundamentals



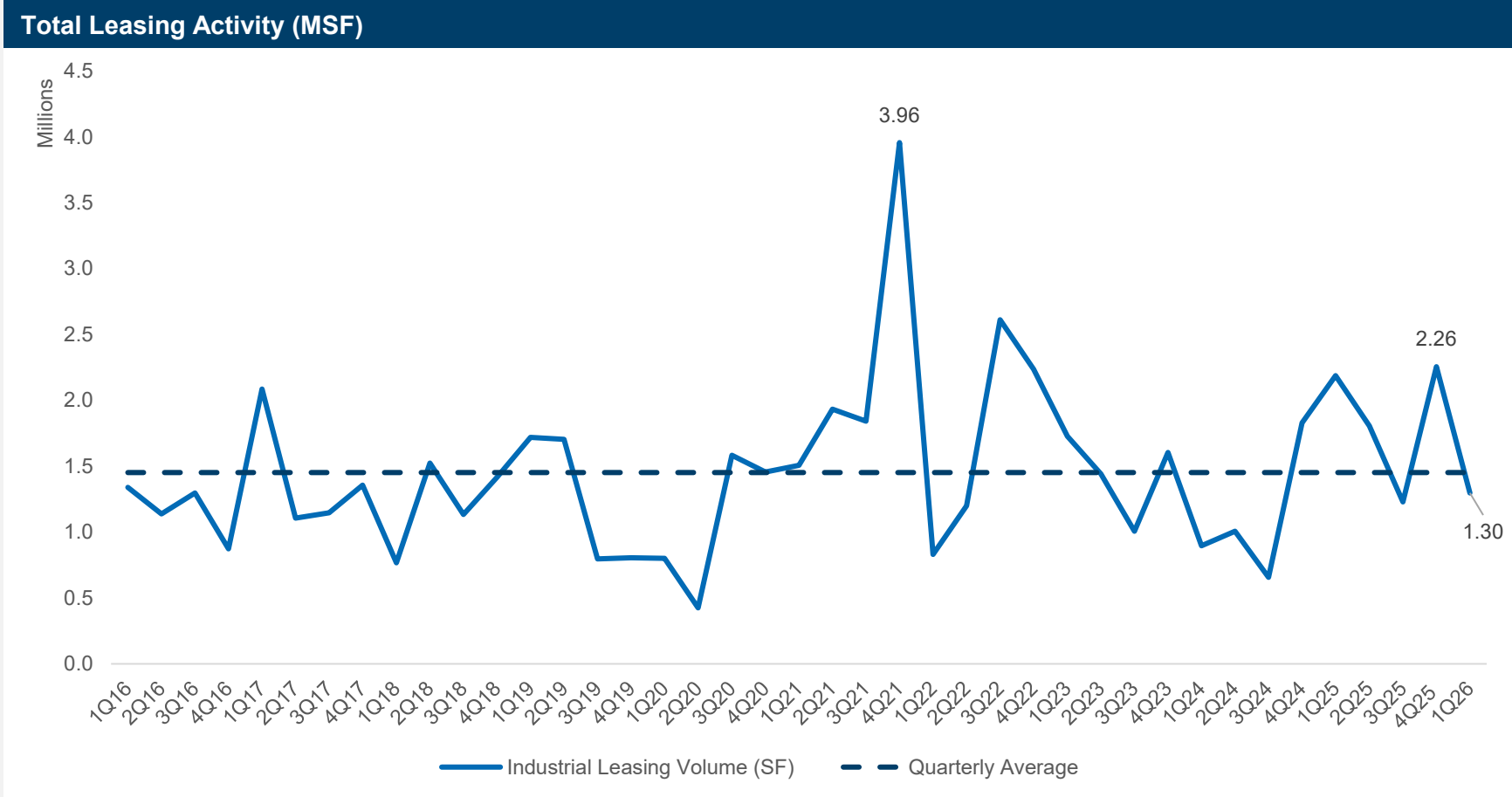
Industrial Market Remains Balanced After Strong Year-End Absorption

Milwaukee’s industrial market remained stable in 1Q26, with 396,567 SF of net absorption nearly matching 399,360 SF of construction deliveries. While absorption slowed from the 1.5 MSF recorded in 4Q25, the quarter marked a continued period of positive occupancy growth following the demand pullback earlier in 2025. With deliveries moderating and absorption remaining positive, the market appears to be settling into a more balanced phase after several years of tight conditions and recent supply-side pressure.



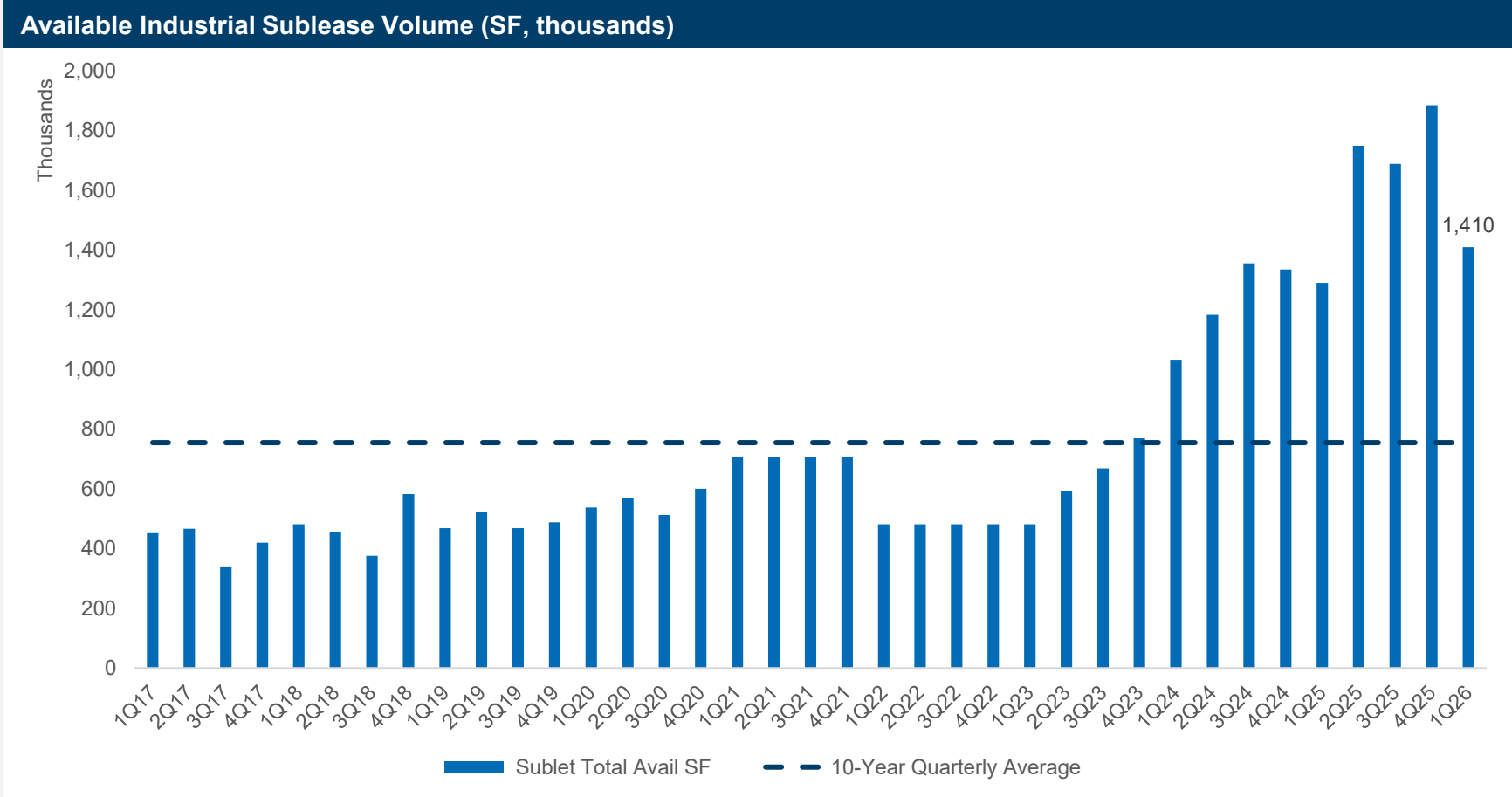
Leasing Moderates Following Strong 4Q25 Activity

Milwaukee industrial leasing activity slowed in 1Q26 following a stronger finish to 2025. While quarterly volume came in below the long-term average, the broader trend remains steady, with leasing continuing to fluctuate around historical norms. The softer start to the year suggests occupiers remain active but measured, with demand concentrated among users seeking functional space in well-located submarkets.



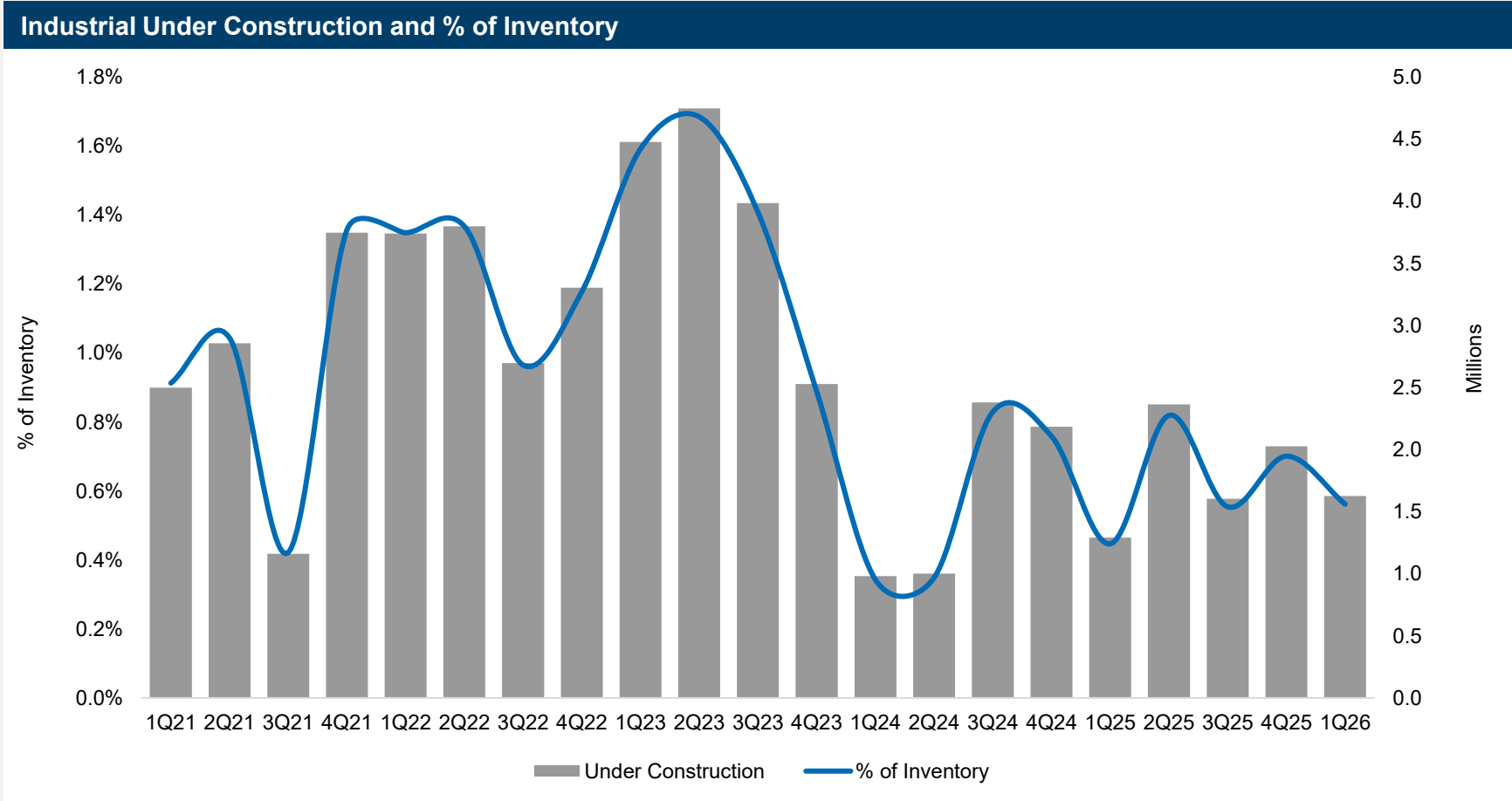
Sublease Availability Declines but Remains Historically Elevated

Available sublease space declined to 1.4 MSF in 1Q26, down from a recent peak of 1.9 MSF in 4Q25, signaling some improvement from the elevated levels reached late last year. Despite the quarterly decline, sublease availability remains well above the market’s long-term average of roughly 750,000 SF and nearly double the levels recorded through much of 2017–2023. While some excess space is being absorbed or withdrawn from the market, the elevated volume continues to point to cautious occupier behavior.



Pipeline Moderates as Market Absorbs Recent Deliveries

Milwaukee’s industrial development pipeline totaled 1.6 MSF under construction in 1Q26, equal to approximately 0.6% of inventory. Activity declined from 2.0 MSF in 4Q25 and remains well below the 2023 peak, when construction volume approached 4.7 MSF. After several years of elevated deliveries, new construction has moderated as developers respond to higher vacancy and softer demand.



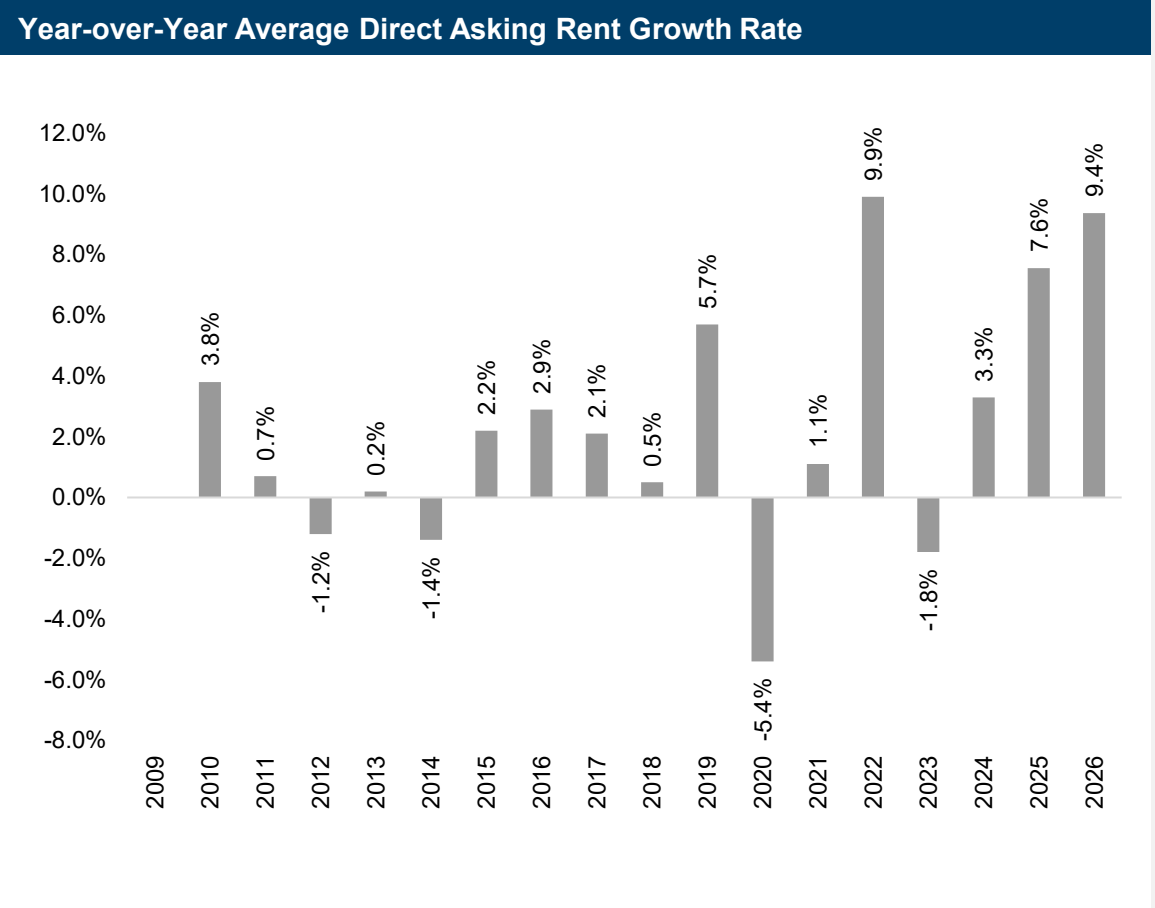
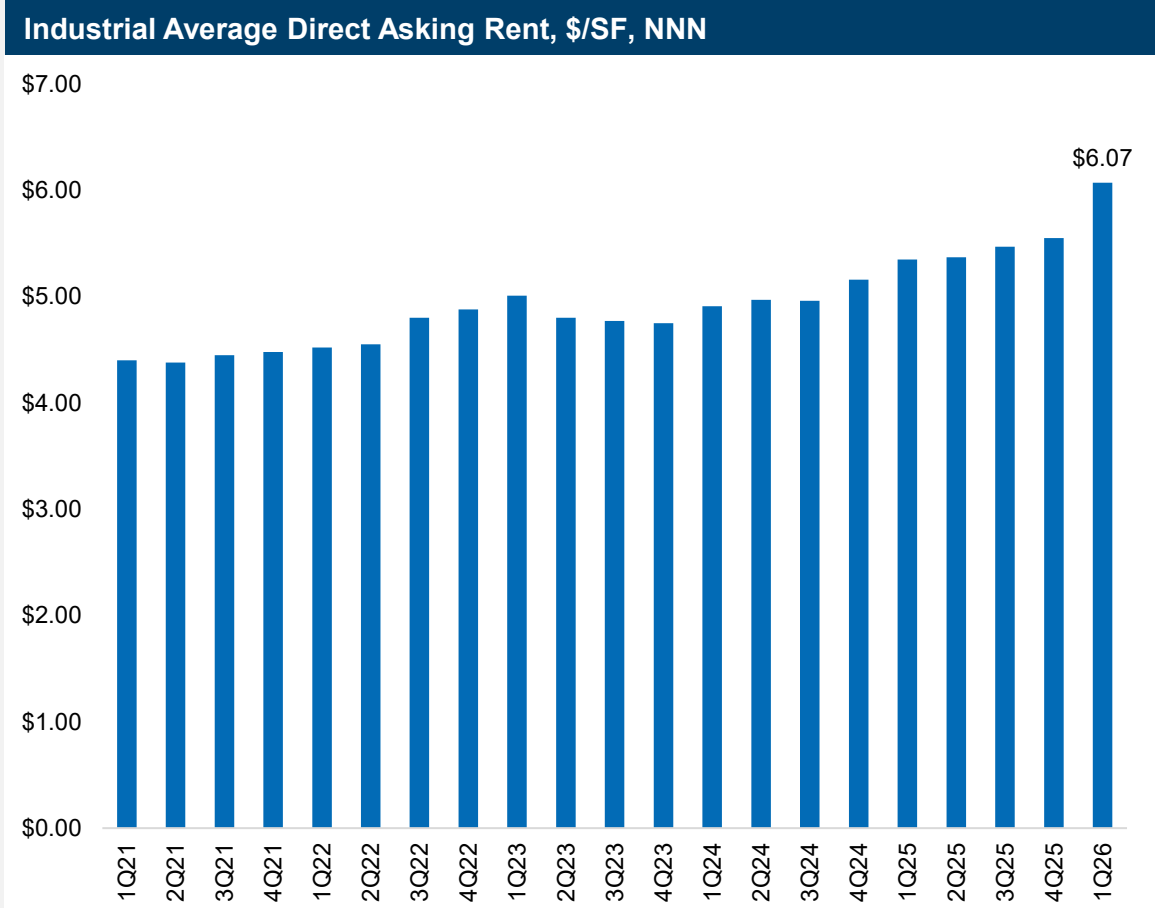
1.6 MSF
Under Construction

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Projects Underway

399 KSF
Delivered in 1Q26

Average Asking Rents Hit a New High

Milwaukee industrial asking rents continued to rise in 1Q26, with average direct asking rent reaching an all-time high of \$6.07/SF NNN. Rents increased \$0.72/SF year over year, for an annual growth rate of 9.4%. While vacancy and availability remain elevated relative to the tightest point of the cycle, rent growth suggests landlords continue to hold pricing power, particularly for premium, well-located assets.

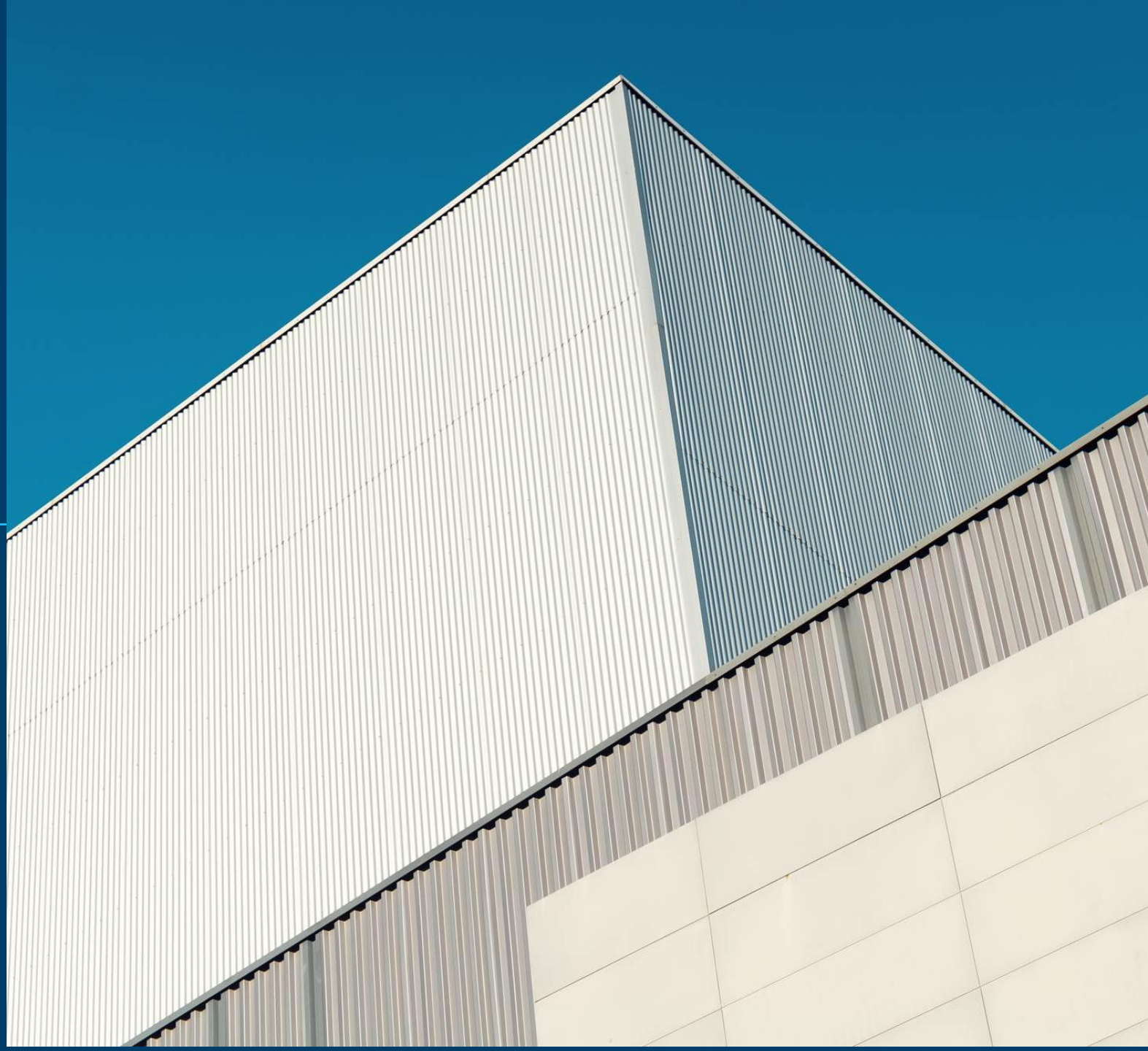


Notable First Quarter Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
ID Logistics Warehousing	N104W12659 Donges Bay Rd	Washington County	Direct New	375,000
Independence Corrugated	7620 S 10th St	Milwaukee County	Direct New	150,192
Viking Electric	5800 S. Moorland Rd.	Waukesha County	Direct New	136,693
AMS Industries	1445 International Dr	Racine County	Direct New	132,100
SupplyOne	W204 N13035 Goldendale Rd	Washington County	Sublease	80,000

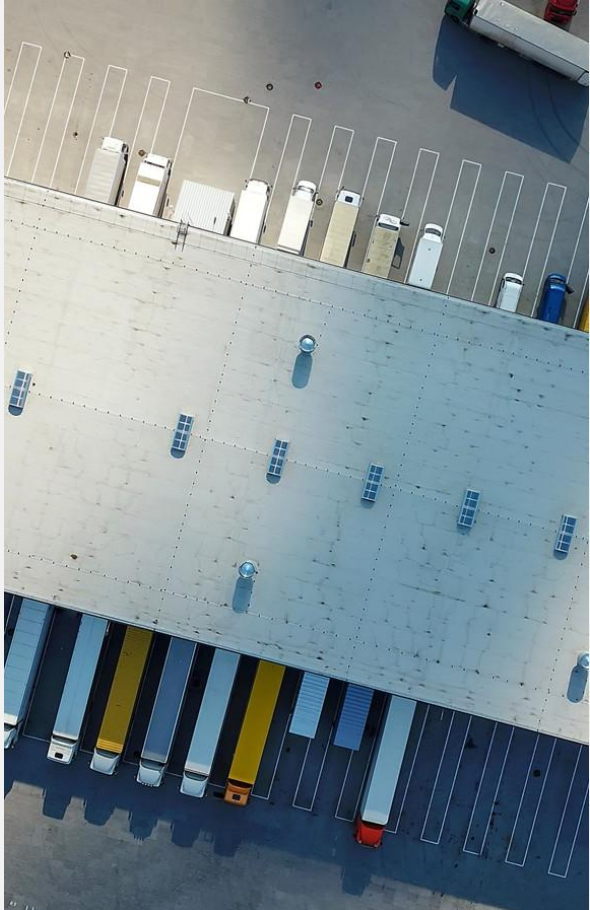
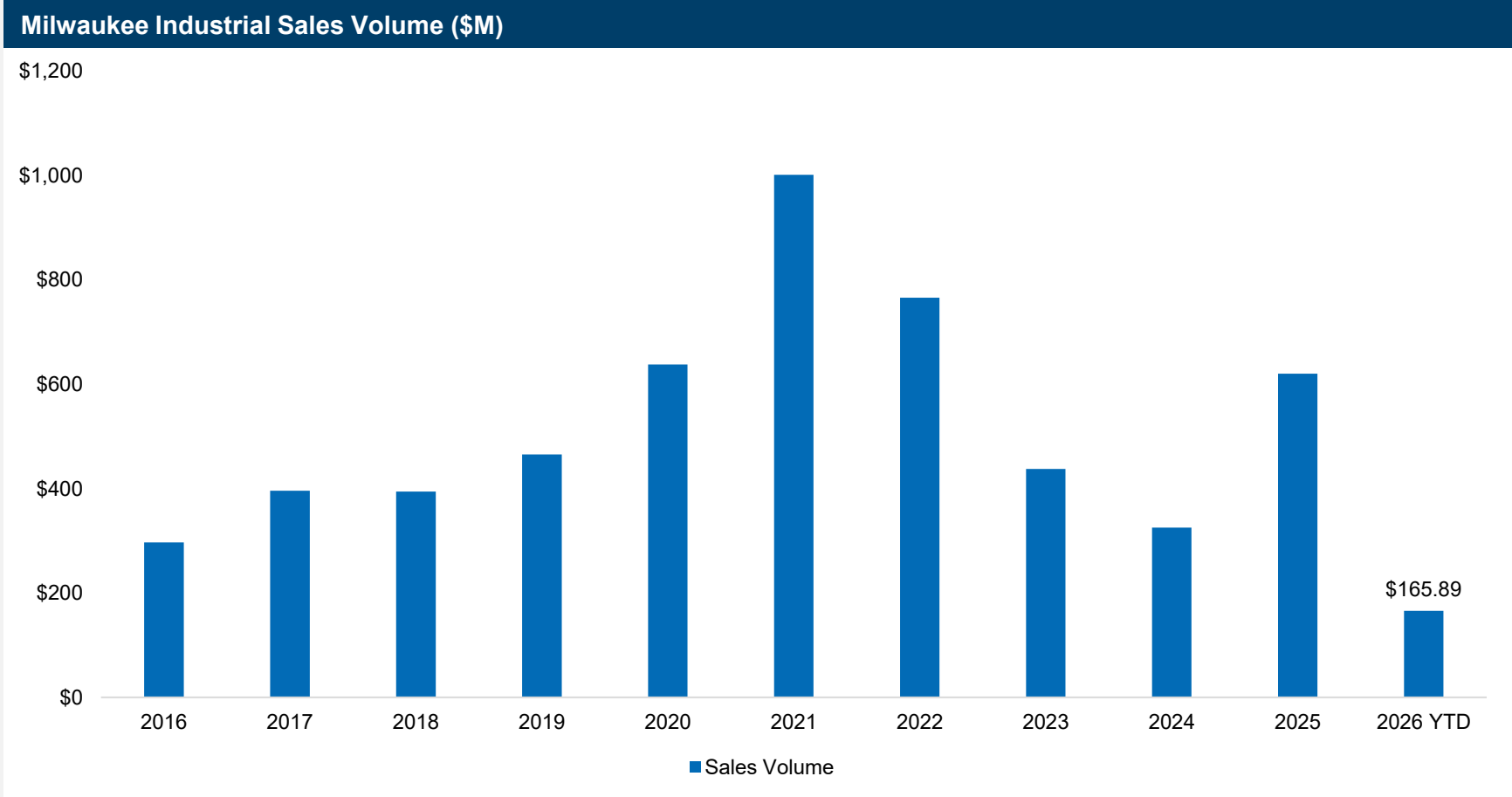
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Capital Markets Fundamentals



Industrial Sales Volume Begins 2026 Above Quarterly Average

Milwaukee industrial investment sales totaled approximately \$165.9 million year to date, already above the 10-year average quarterly sales volume of \$134.1 million. However, activity remains well below the stronger annual totals recorded earlier in the cycle, when investor demand and financing conditions were more favorable. The data suggests capital remains active in the market, but transaction volume is still moving at a more selective pace compared with the peak years of 2020 through 2022.



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Supplemental Tables



Current Statistical Overview

Metro Statistics

	Total Inventory (SF)	Total Available (SF)	Total Availability Rate	Total Vacant (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)
Metro Total	289,573,594	17,750,755	6.1%	12,961,486	4.5%	396,567	396,567
Flex	26,135,811	1,502,444	5.7%	944,789	3.6%	-85,587	-85,587
Manufacturing	140,114,141	9,160,850	6.5%	6,599,268	4.7%	605,631	605,631
Warehouse	123,323,642	7,087,461	5.7%	5,417,429	4.4%	-123,477	-123,477

Submarket Statistics

	Total Inventory (SF)	Total Available (SF)	Total Availability Rate	Total Vacant (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)
Metro Total	289,573,594	17,750,755	6.1%	12,961,486	4.5%	396,567	396,567
Milwaukee Co	121,750,619	10,134,628	8.3%	7,006,049	5.8%	76,250	76,250
Ozaukee Co	11,757,611	834,733	7.1%	658,030	5.6%	15,277	15,277
Racine Co	33,927,056	2,803,729	8.3%	2,668,049	7.9%	-85,651	-85,651
Sheboygan Co	15,421,679	22,003	0.1%	13,875	0.1%	106,250	106,250
Walworth Co	11,883,496	266,810	2.2%	107,400	0.9%	17,396	17,396
Washington Co	23,625,936	1,148,682	4.9%	821,388	3.5%	252,993	252,993
Waukesha Co	71,207,197	2,540,170	3.6%	1,686,695	2.4%	14,052	14,052

Historical Statistical Overview

Submarket Statistics – Suburban

	Number of Buildings	Total Inventory (SF)	Total Available (SF)	Total Availability Rate	Total Vacant (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)
2021 1Q	3,393	273,873,604	16,502,386	6.0%	9,789,156	3.6%	1,177,524	3,393
2021 2Q	3,394	273,795,248	15,959,588	5.8%	8,885,293	3.2%	974,863	3,394
2021 3Q	3,397	275,060,933	14,949,088	5.4%	7,719,593	2.8%	2,489,134	3,397
2021 4Q	3,403	276,151,716	13,090,201	4.7%	6,524,017	2.4%	1,902,686	3,403
2022 1Q	3,411	277,458,813	12,470,343	4.5%	7,706,497	2.8%	-162,598	3,411
2022 2Q	3,414	277,908,315	12,212,456	4.4%	7,178,150	2.6%	916,859	3,414
2022 3Q	3,424	279,556,721	11,923,492	4.3%	7,126,326	2.5%	1,714,073	3,424
2022 4Q	3,429	280,633,807	12,037,588	4.3%	7,384,220	2.6%	826,627	3,429
2023 1Q	3,437	281,407,393	11,059,918	3.9%	6,851,089	2.4%	931,357	3,437
2023 2Q	3,441	281,931,498	12,239,066	4.3%	7,295,543	2.6%	79,651	3,441
2023 3Q	3,450	283,113,376	15,386,328	5.4%	8,316,127	2.9%	589,242	3,450
2023 4Q	3,458	284,553,011	15,607,831	5.5%	9,221,334	3.2%	757,046	3,458
2024 1Q	3,467	286,318,939	17,061,993	6.0%	11,110,575	3.9%	-123,313	3,467
2024 2Q	3,468	286,951,939	16,404,916	5.7%	10,680,622	3.7%	1,004,953	3,468
2024 3Q	3,469	287,121,939	17,113,993	6.0%	10,287,232	3.6%	563,390	3,469
2024 4Q	3,477	288,045,170	17,012,977	5.9%	10,382,455	3.6%	906,230	3,477
2025 1Q	3,482	288,910,123	19,654,124	6.8%	13,235,096	4.6%	-1,957,762	3,482
2025 2Q	3,480	288,500,307	19,733,485	6.8%	14,153,142	4.9%	-868,046	3,480
2025 3Q	3,486	289,383,790	20,475,731	7.1%	14,292,482	4.9%	744,143	3,486
2025 4Q	3,489	289,163,867	19,231,769	6.7%	12,948,326	4.5%	1,506,262	3,489
2026 1Q	3,492	289,573,594	17,750,755	6.1%	12,961,486	4.5%	396,567	3,492

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