




NEWMARK

Milwaukee
Office Market Report

1Q26



NMRK.COM

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



The extended version of this report includes:

- **Submarket-Level Insights:** In-depth analysis of how current trends and market dynamics are shaping both downtown and suburban office submarkets
- **Comprehensive Market Statistics:** Detailed breakdowns of vacancy, absorption, leasing, rental rates, and construction activity

To access, please reach out to your Newmark contact.

Milwaukee Office Market Observations



Economy

- The Milwaukee–Waukesha MSA recorded an unemployment rate of 3.4% in December 2025, trending 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.
- Employment trends across the Milwaukee metro remain mixed, with construction posting solid gains while several office-using and service-oriented sectors continue to contract. Information and professional services were among the weakest categories, with both down 3.5% year over year.



Leasing Market Fundamentals

- Milwaukee's office market continued its cyclical adjustment in 1Q26, posting 52,969 square feet of negative absorption and lifting the overall vacancy rate by 20 basis points to 21.6%.
- The overall availability rate held at 25.1% in 1Q26, matching last quarter and remaining at its lowest level since 3Q19.
- Overall asking rents averaged \$20.77 per square foot in 1Q26, reflecting 1.4% year-over-year growth. Class A rents increased to \$28.87, widening the gap between top-tier assets and the broader market.



Major Transactions

- First quarter leasing totaled approximately 350,000 SF, with most transactions driven by tenants refining their footprints rather than expanding. Class A assets captured about one-third of total leasing, underscoring a persistent flight-to-quality dynamic as occupiers trade up in building quality, amenities, and location when they do make long-term commitments.
- Office sales volume in the Milwaukee metro reached just \$32.6 million in 1Q26, about 38% below the 10-year quarterly average, highlighting how selectively capital is now deploying into the sector. Average pricing registered \$66 per square foot.



Outlook

- Tenant demand is expected to remain selective, with modest leasing activity concentrated in newer product, while older suburban and commodity downtown buildings continue to face long leasing timelines and elevated vacancy.
- Vacancy and availability should gradually level out rather than tighten meaningfully in the near term, as the absence of new speculative office construction and a growing pipeline of office-to-residential conversions slowly rebalance supply and demand.
- Asking rents for Class A space, are expected to inch higher due to limited premium supply, while effective rents and sale prices for challenged assets remain under pressure, with greater use of concessions, capital packages, and discounted trades to clear the market.

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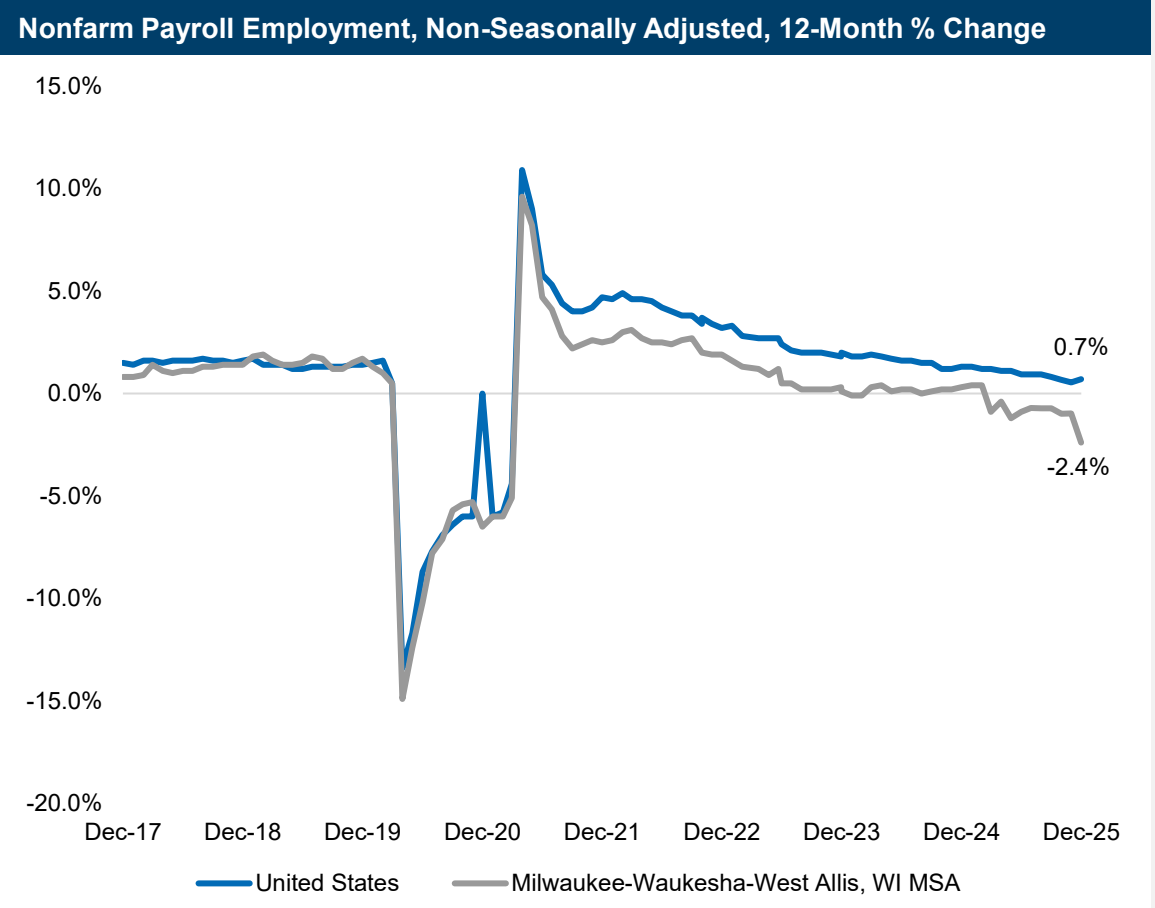
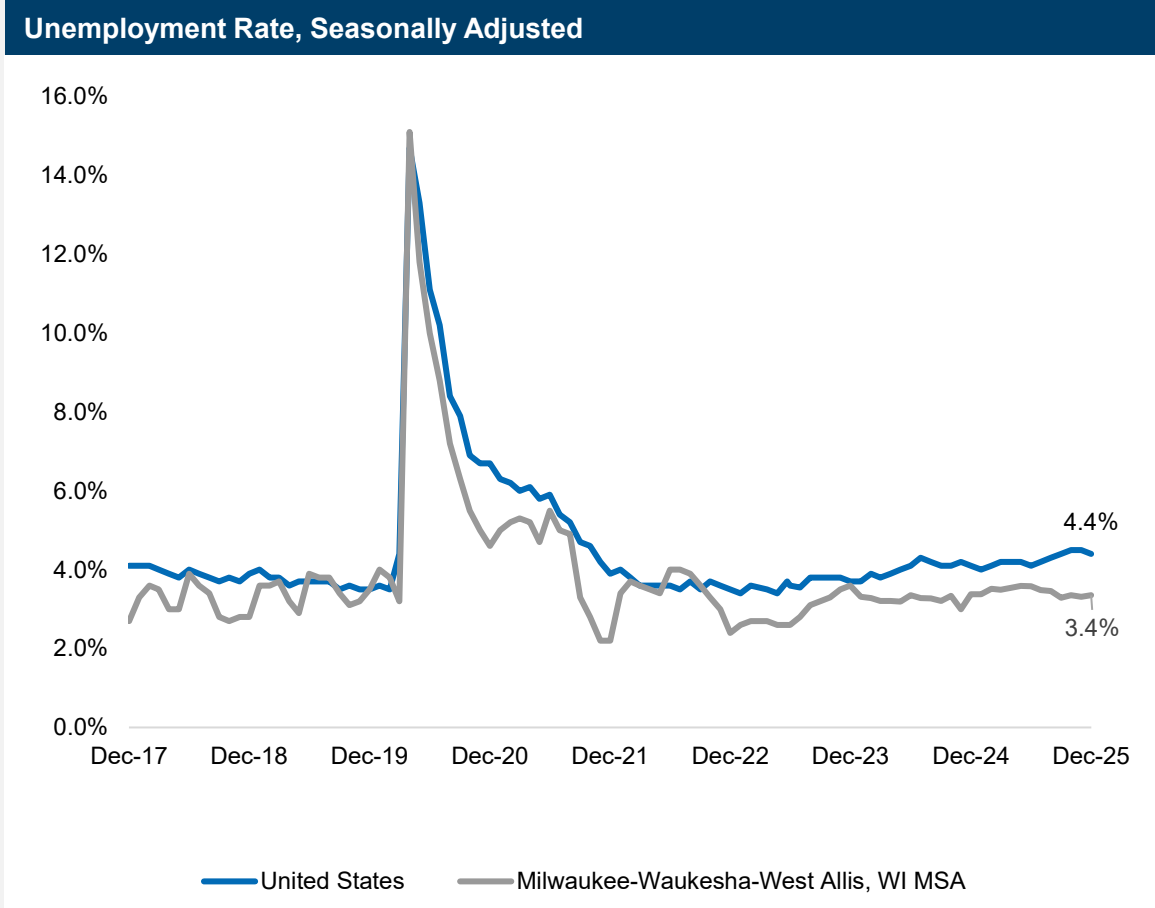
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Economy



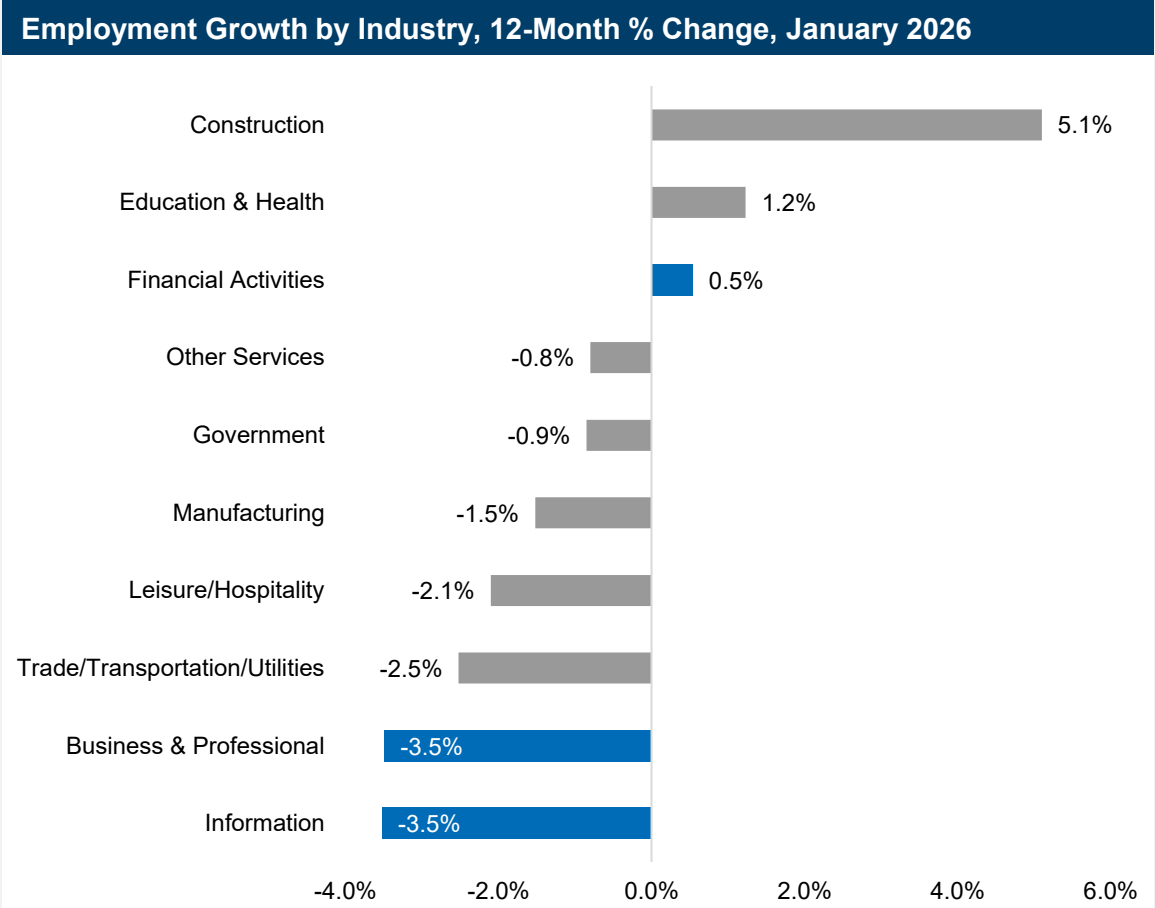
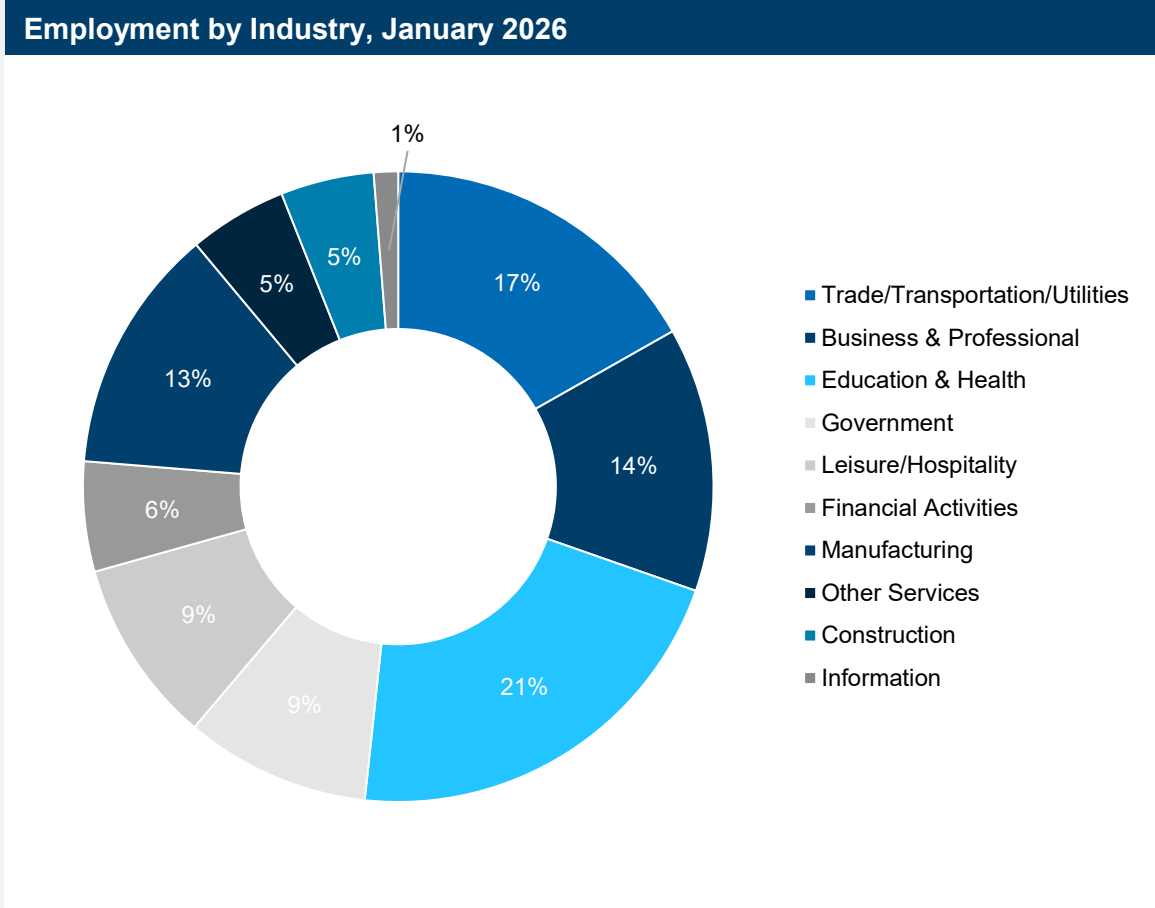
Low Unemployment Masks Emerging Softness in Job Growth

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.



Sector Mix Offers Limited Support for Office Demand

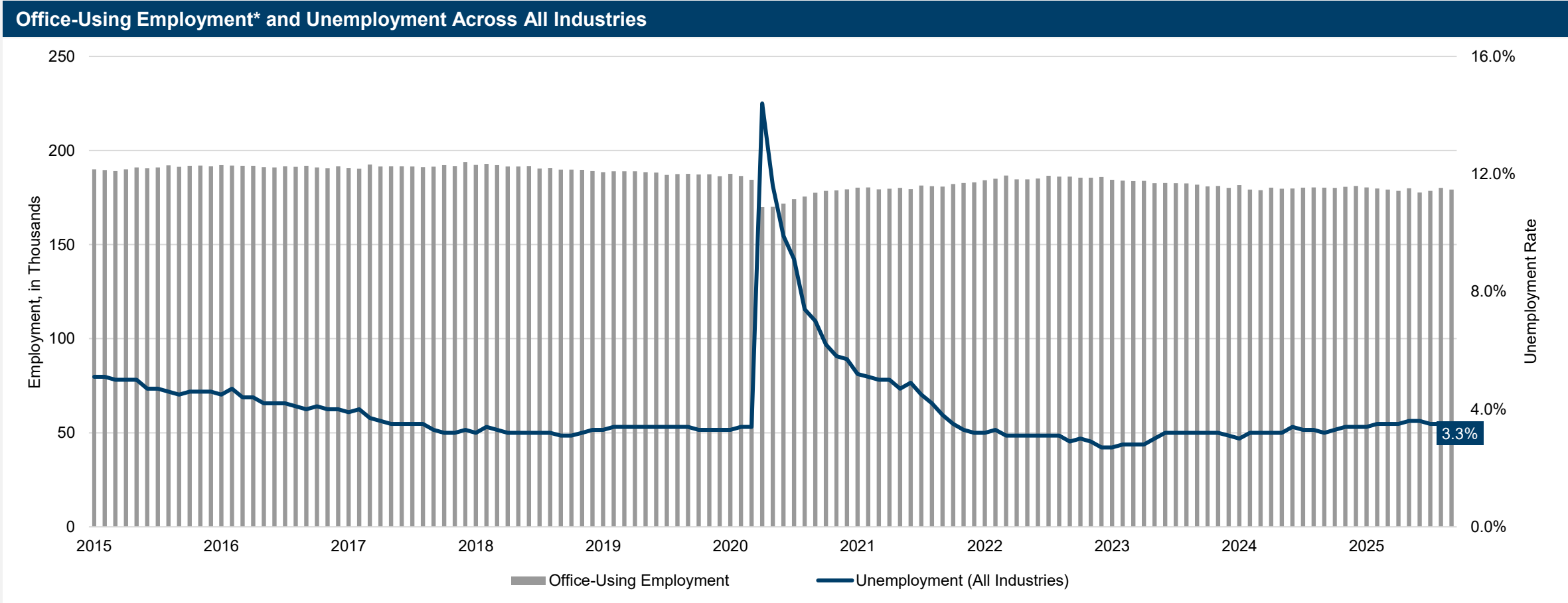
Employment trends across the Milwaukee metro remain mixed, with construction posting solid gains while several office-using and service-oriented sectors continue to contract. Information and professional services were among the weakest categories, with both down 3.5% year over year. As a result, the current employment mix offers limited near-term support for office absorption, since job growth is concentrated in sectors that generate comparatively less traditional office demand.



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

Professional and Information Sectors Lag in Job Rebound

Office-using employment in the Milwaukee metro was essentially flat year over year as of December 2025, signaling little renewed momentum in professional and information-based industries. Headcounts in these sectors remain 3.9% below their January 2020 level, highlighting the lingering impact of pandemic-era cuts and sustained adoption of remote and hybrid work models. Together, these trends point to a slow-moving recovery for the portion of the labor market that most directly underpins traditional office demand.



Source: U.S. Bureau of Labor Statistics, Chicago MSA
Note: *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

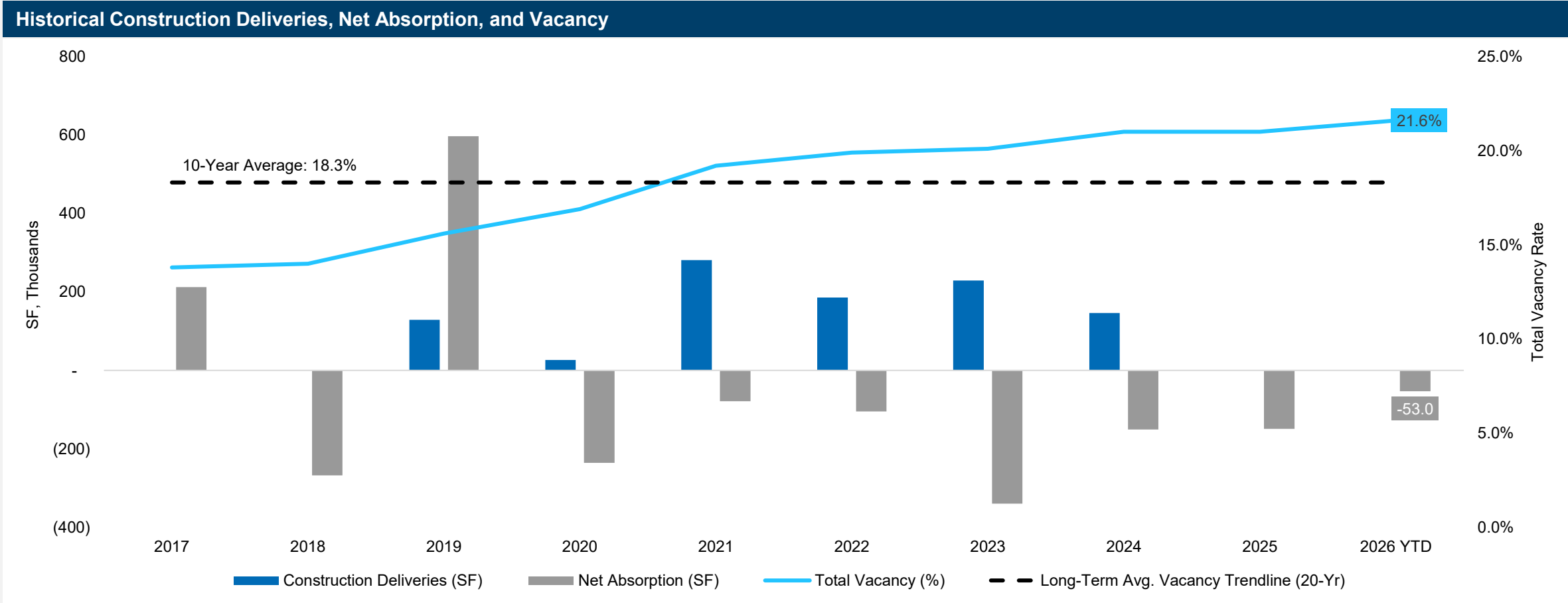
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Leasing Market Fundamentals



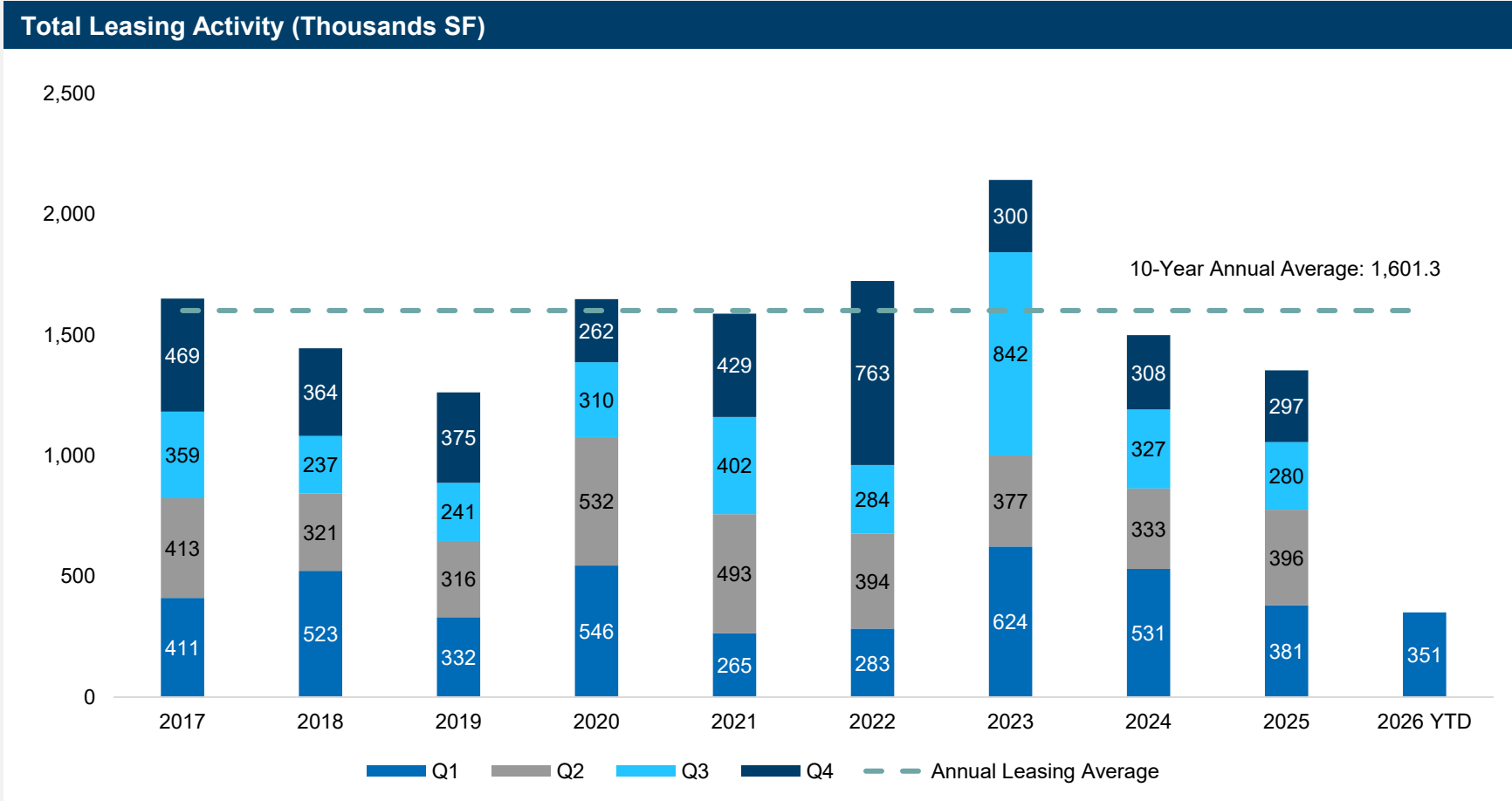
Milwaukee Office Market Continues to Recalibrate

Milwaukee’s office market continued its cyclical adjustment in 1Q26, posting 52,969 square feet of negative absorption and lifting the overall vacancy rate by 20 basis points to 21.6%. While demand remains subdued, the lack of new office construction suggests the market has shifted from an expansion phase to structural recalibration, with ongoing office-to-residential conversions and removals of obsolete product expected to tighten the competitive set and gradually rebalance supply and demand even if leasing volumes remain uneven.



Flight to Quality Persists in a Lower Volume Market

First quarter leasing totaled approximately 350,000 SF, with most transactions driven by tenants refining their footprints rather than expanding. Class A assets captured about one-third of total leasing, underscoring a persistent flight-to-quality dynamic as occupiers trade up in building quality, amenities, and location when they do make long-term commitments.



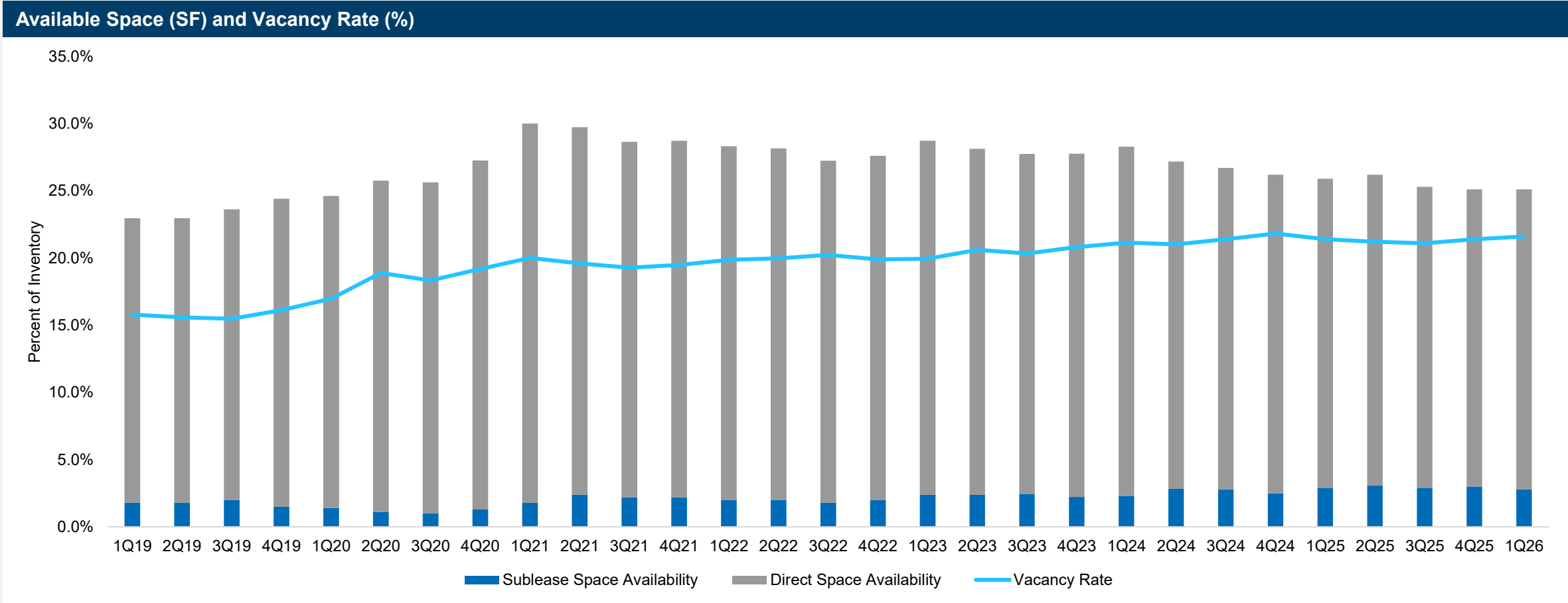
3,906 SF
Average 1Q26 Transaction Size

24.2
Average 1Q26 Lease Term

24.2
Average Months to Lease

Availability Plateaus as Market Edges Toward Equilibrium

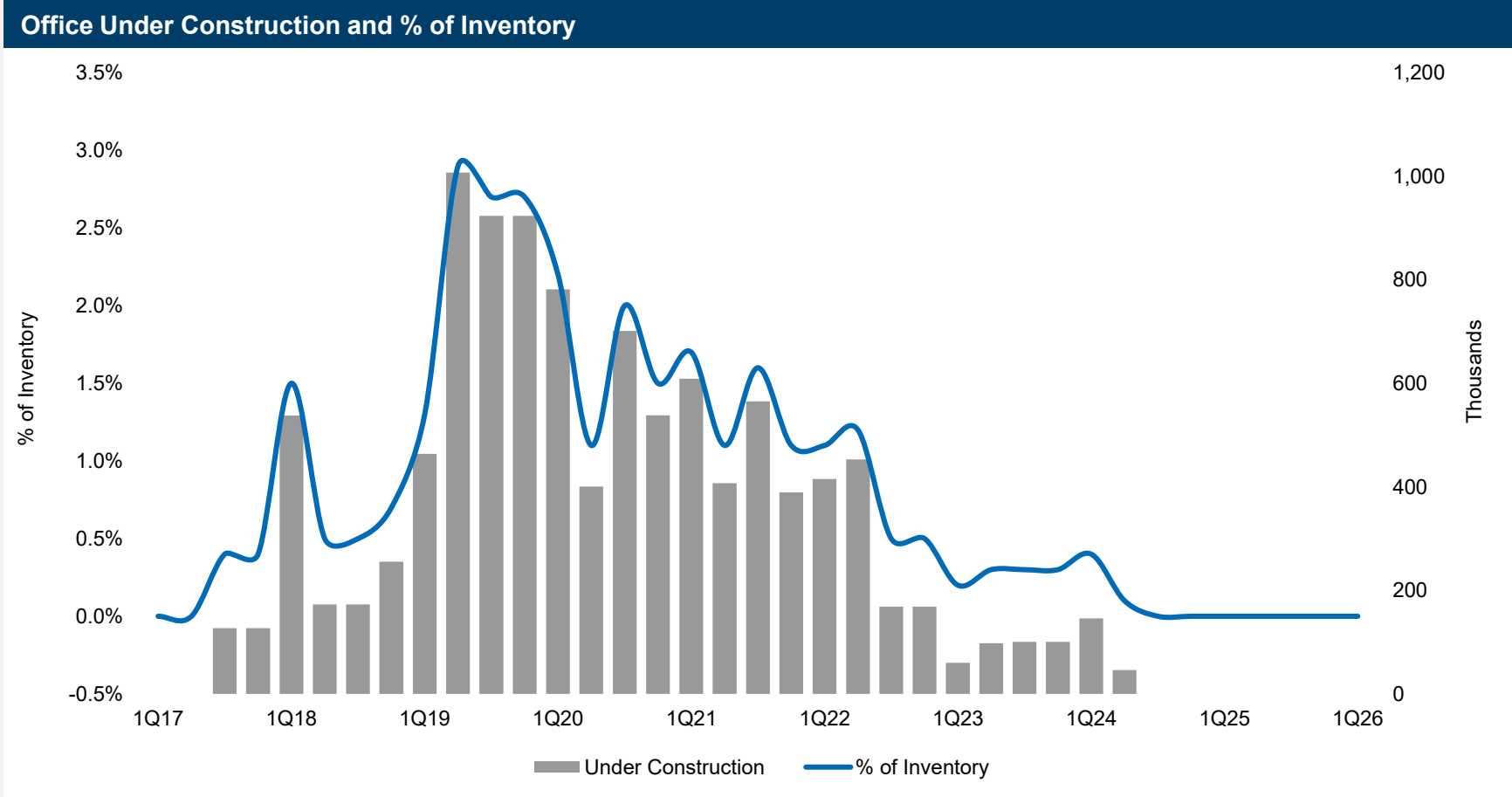
Milwaukee’s office availability rate held at 25.1% in 1Q26, matching last quarter and remaining at its lowest level since 3Q19. This stability reflects a combination of constrained new supply, incremental office-to-residential conversions, and leasing increasingly concentrated in higher-quality assets. Although availability is still above pre-pandemic benchmarks, the pattern now indicates an emerging equilibrium.



Source: Newmark Research

No New Builds, More Conversions: Supply-Side Drivers of Office Stabilization

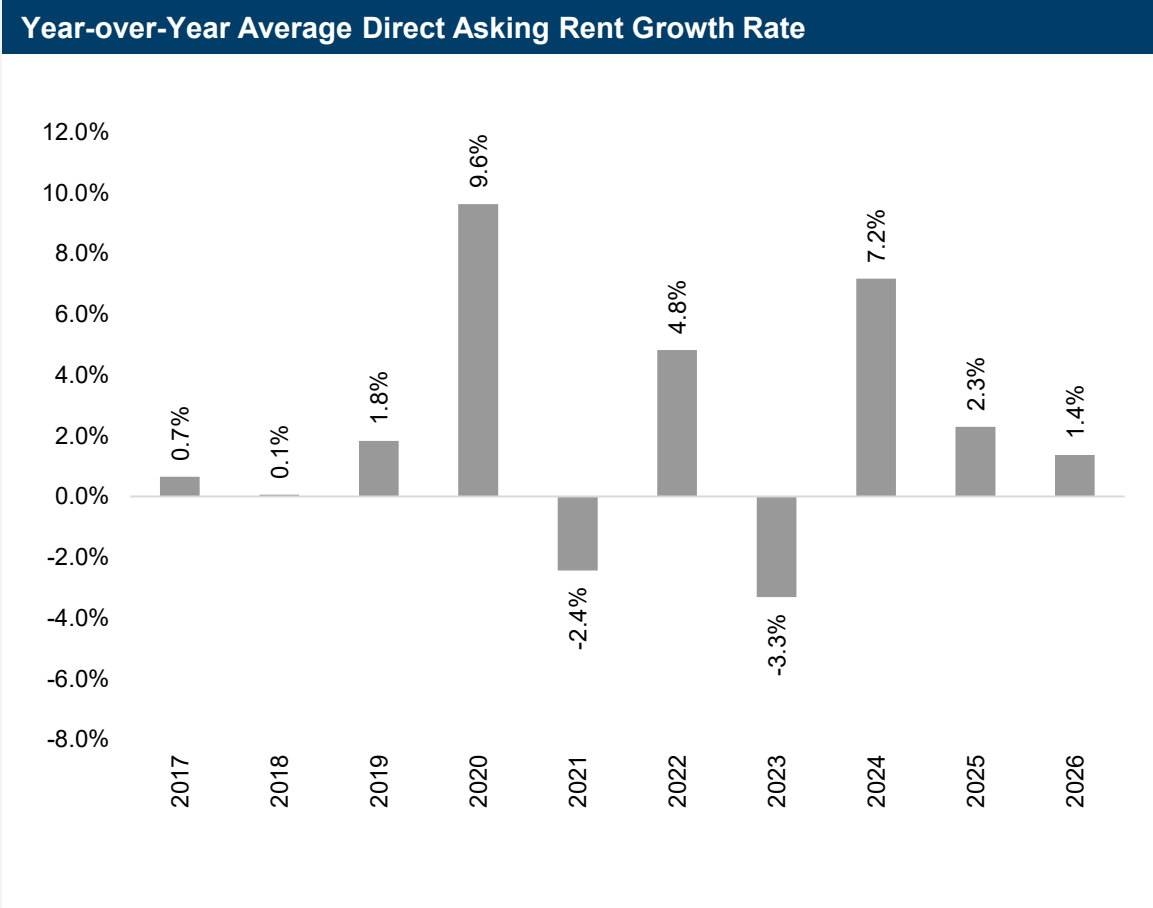
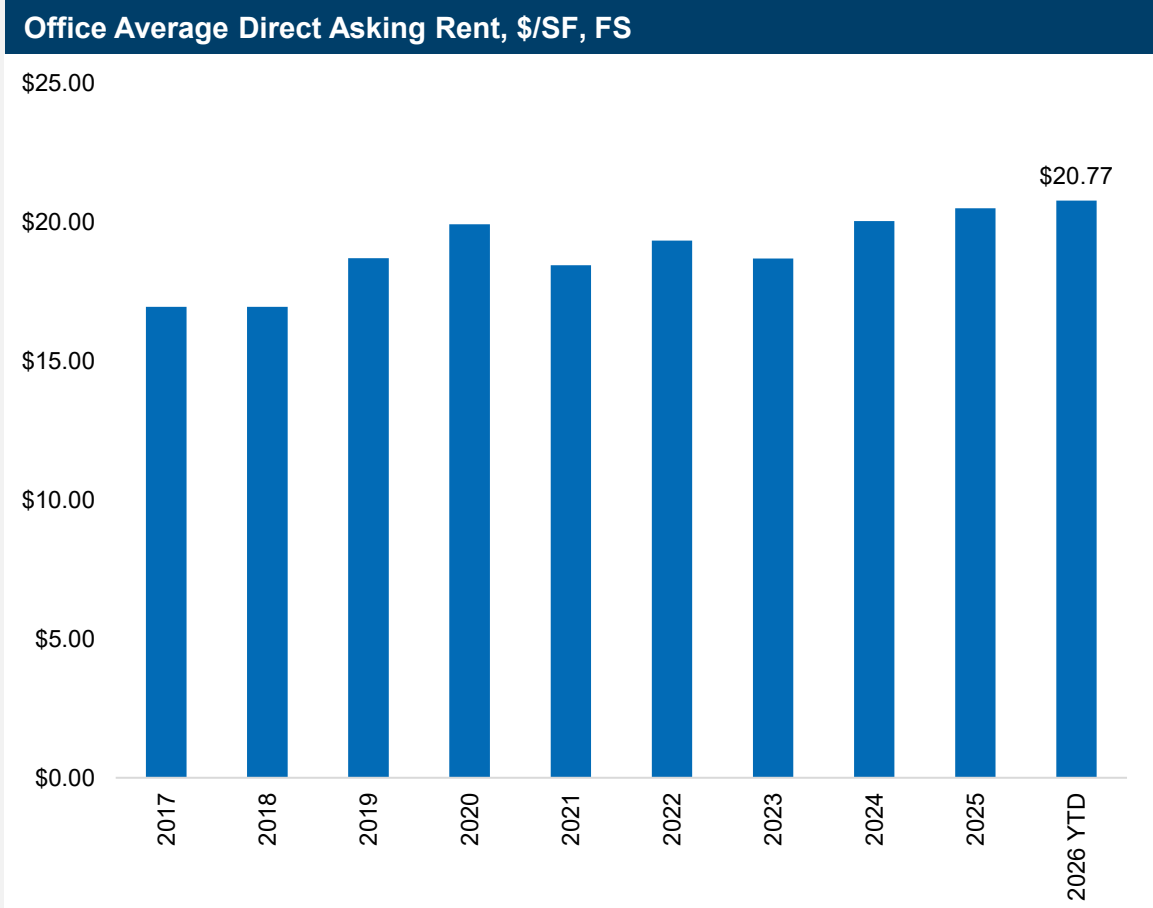
Milwaukee’s office development pipeline has been quiet for seven consecutive quarters, effectively putting new supply on pause and allowing for a market reset. Ongoing office-to-residential conversions are reshaping inventory, moving underused offices out of the competitive pool and adding more residents downtown. Together, the construction lull and these adaptive reuse projects are helping the market work through excess space, supporting long-term stability.



Source: Newmark Research, CoStar

Rent Growth Remains Positive as Class A Space Commands a Premium

Overall asking rents averaged \$20.77 per square foot in 1Q26, reflecting 1.4% year-over-year growth. Class A rents increased to \$28.87, widening the gap between top-tier assets and the broader market. This spread underscores how landlords of high-quality buildings retain greater pricing power, even as many lower-tier properties rely more heavily on concessions and flexibility to remain competitive.



Notable First Quarter Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
ALG Vacations	1515-1575 N River Center Dr	Downtown West	New	28,648
United Wisconsin Insurance	15200 W Small Rd	West Allis	Renewal	18,000
MassMutual Financial	10401 W Innovation Dr	Wauwatosa	Renewal	10,868
Stifel, Nicolaus & Company, Inc.	18000 W Sarah Ln	Brookfield	Renewal	9,549

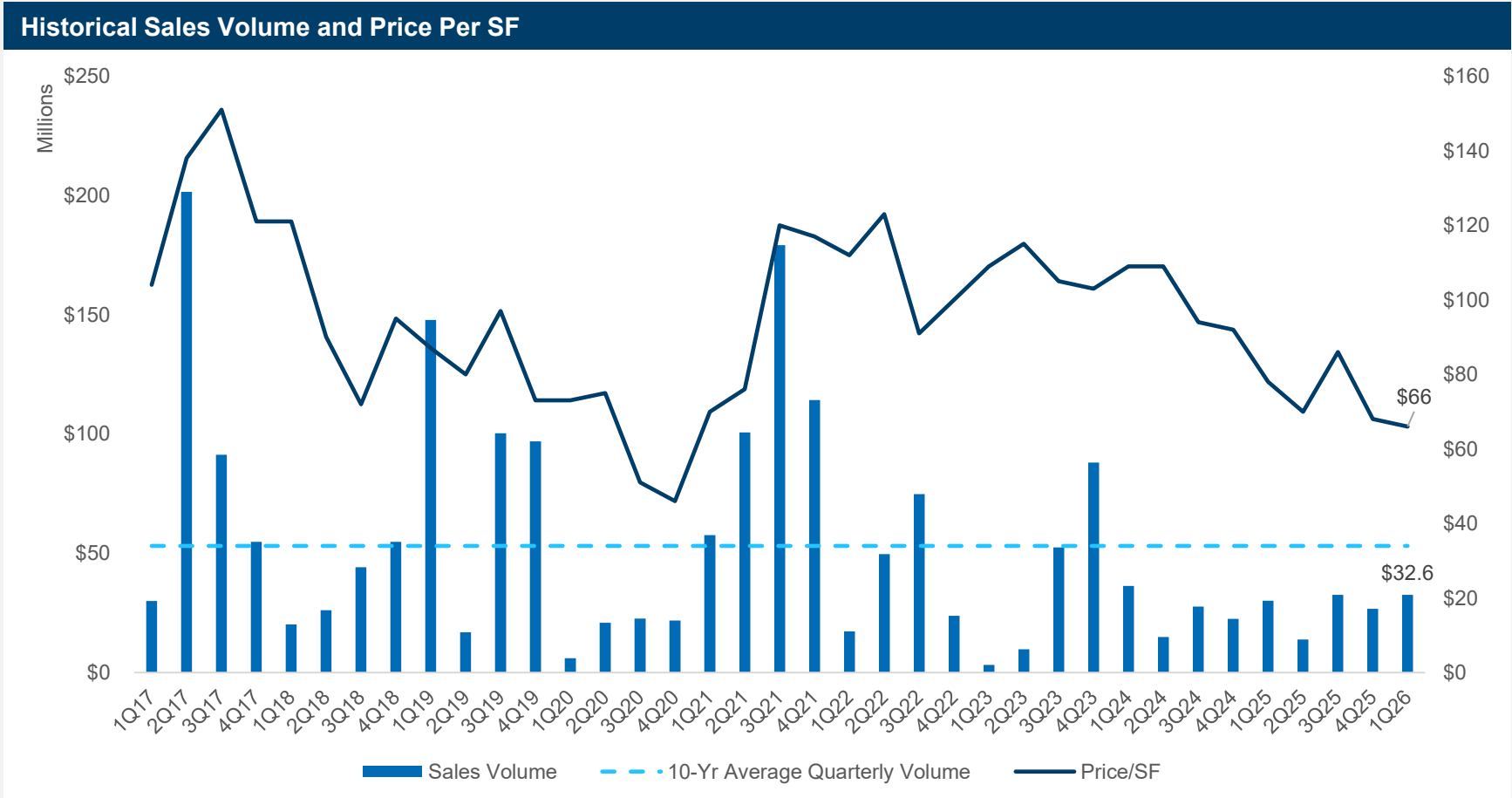
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Capital Markets



Investment Market Remains Highly Selective

Office sales volume in the Milwaukee metro reached just \$32.6 million in 1Q26, about 38% below the 10-year quarterly average, highlighting how selectively capital is now deploying into the sector. Average pricing registered \$66 per square foot, pulled down by the debtor-controlled sale of 11000 W Lake Park Drive at only \$11.34/SF, while the quarter's high-water mark of \$148/SF shows how strongly pricing can differ based on asset quality and balance-sheet strength.



Top 1Q25 Transactions

<p>1425 Discovery Parkway Wauwatosa 95,000 SF \$9.5M \$104/SF Buyer: Walbec Group Seller: Wells Fargo</p>
<p>12308 Corporate Parkway Mequon 33,700 SF \$5.0M \$151/SF Buyer: The Heimat Group Seller: Heartland Development</p>
<p>Mequon Office Park Portfolio Mequon 69,073 SF \$4.9M \$71/SF Buyer: 1512 North Port Wash Road LLC Seller: Mikkelson Builders</p>

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Supplemental Tables



Submarket Overview

Submarket Statistics

	Total Inventory (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Total Asking Rent (Price/SF)
3rd and 5th Ward	2,867,015	14.5%	1,391	1,391	\$24.40
Downtown East	7,706,136	21.3%	12,127	12,127	\$25.65
Downtown West	3,811,606	20.2%	(6,177)	(6,177)	\$22.94
CBD Total	14,384,757	19.6 %	7,341	7,341	\$24.78
Airport	919,725	13.6%	1,826	1,826	\$20.91
Brookfield	5,770,885	22.4%	(23,914)	(23,914)	\$19.07
North Shore	2,992,541	24.4%	(14,814)	(14,814)	\$16.51
Oconomowoc Delafield Hartland	735,023	7.8%	(15,361)	(15,361)	\$24.68
Park Place - Woodland Prime	2,473,150	26.1%	163,792	163,792	\$15.7
Pewaukee	2,518,369	23.6%	(16,705)	(16,705)	\$19.83
Wauwatosa	4,172,834	25.3%	(47,535)	(47,535)	\$20.64
West Allis	2,036,255	22.8%	(107,599)	(107,599)	\$16.82
Suburban Total	21,618,782	23.0%	(60,310)	(60,310)	\$18.12
Market Total	36,061,075	21.6%	(52,969)	(52,969)	\$20.77

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