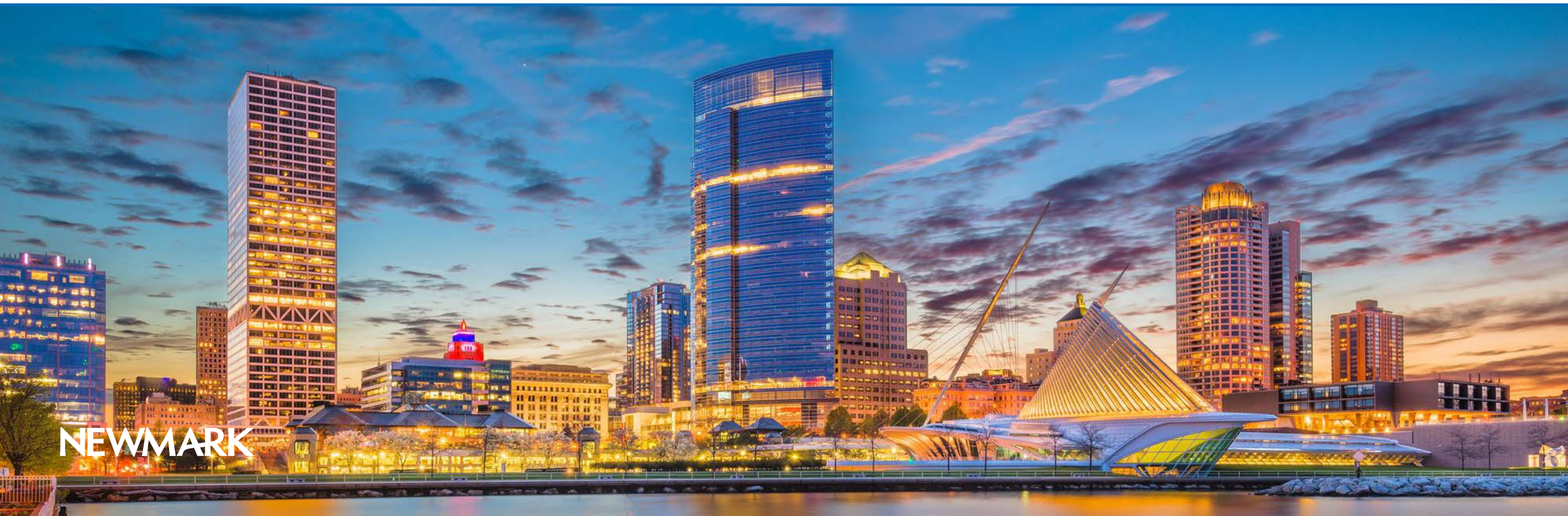


2Q25

Milwaukee Industrial Market Overview



Market Observations

Economy

- The metro posts a 3.6% unemployment rate, underscoring a more stable labor market than the national rate of 4.2%. Despite this, employment growth has stalled, showing little to no change over the past 12 months.
- Industrial sector growth has lagged, with all three sectors posting losses of approximately 1.0% over the 12-month period.
- Amid shifting economic conditions and changing consumer preferences, Milwaukee's trade, transportation, and manufacturing firms are adjusting workforce strategies to align with evolving market demands, yet many continue to struggle with attracting and retaining skilled labor due to competitive pressures and a tightening labor market.

Major Transactions

- In the second quarter of 2025, Milwaukee's industrial market recorded 1.6 million square feet of leasing activity, a 10.0% increase from the previous quarter, primarily driven by heightened demand from the manufacturing sector. Over the past four quarters, the market achieved a total of 4.8 million square feet in leasing activity, reflecting cautious but steady demand.
- In the largest transaction of the quarter, Gladstone Commercial acquired the 303,991-square-foot Golden Pet Manufacturing headquarters in Germantown for \$62.7 million.

Leasing Market Fundamentals

- In the second quarter, the Milwaukee industrial market experienced ongoing occupancy losses, driven by a combination of economic headwinds and shifting market dynamics, resulting in a negative net absorption of 1.2 million square feet. The vacancy rate rose to 5.1%, up from 4.7%, reflecting challenges such as reduced demand from key industries, particularly third-party logistics.
- Nearly 1.0 million square feet of new industrial construction broke ground this quarter. Total active construction now stands at 2.2 million square feet.
- Average asking rents in Milwaukee's industrial market continued their year-over-year growth, reaching a weighted average of \$5.37 per square foot, a modest \$0.02 increase from the prior quarter.

Outlook

- Milwaukee's skilled industrial workforce continues to be a key strength, though recent contractions in manufacturing and transportation employment suggest a short-term adjustment period. Occupiers are likely to remain selective, prioritizing modern, Class A facilities in strategically located submarkets to optimize production and logistics efficiency.
- Sublease availability may continue to rise in the near term as tenants, optimize space utilization to manage costs, potentially creating opportunities for smaller occupiers seeking flexible, cost-effective leasing options.

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

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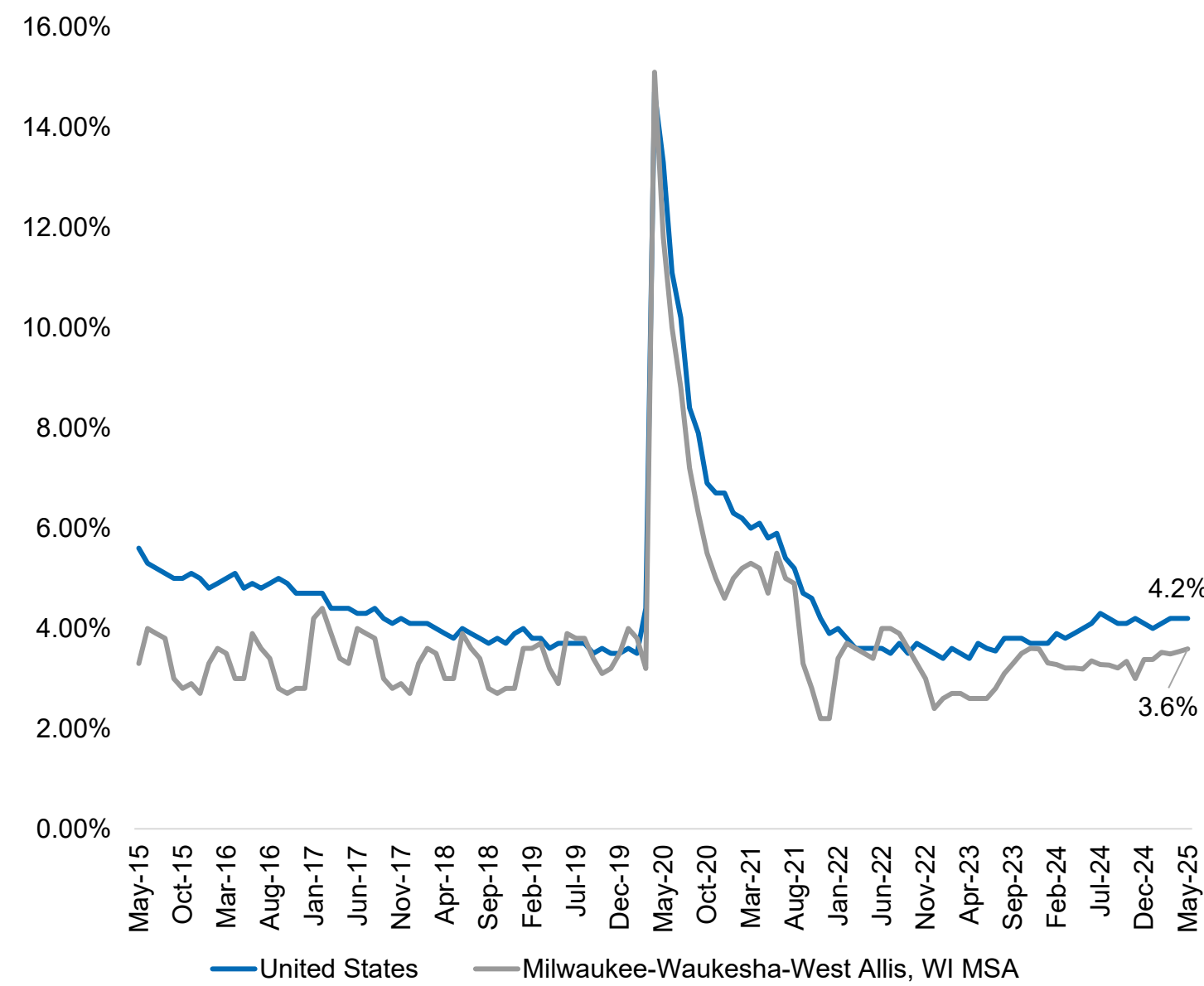
Economy



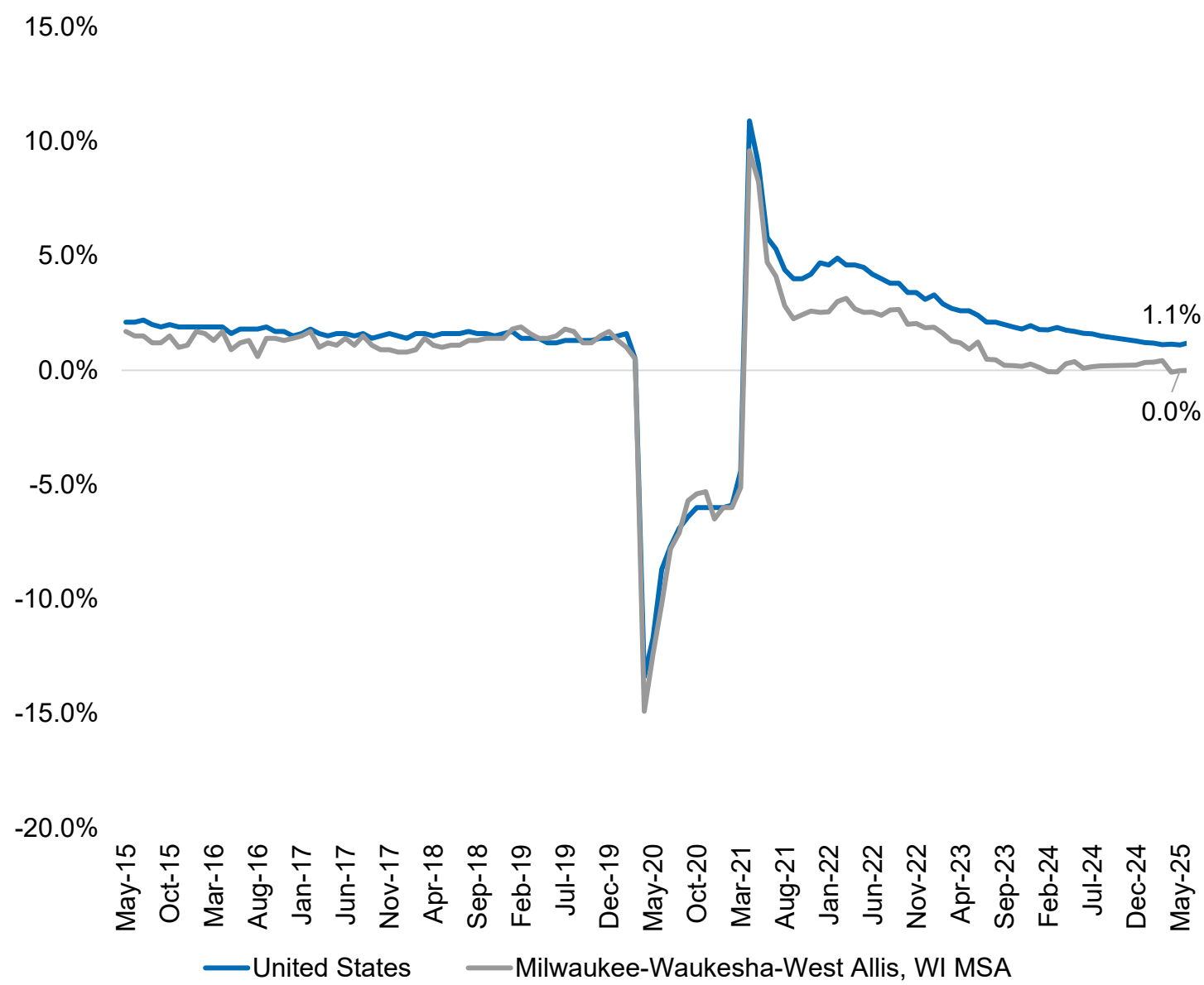
Unemployment Remains Low but Hiring Plateaus

The metro posts a 3.6% unemployment rate, underscoring a more stable labor market than the national rate of 4.2%. Despite this, employment growth has stalled, showing little to no change over the past 12 months.

Unemployment Rate, Seasonally Adjusted



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

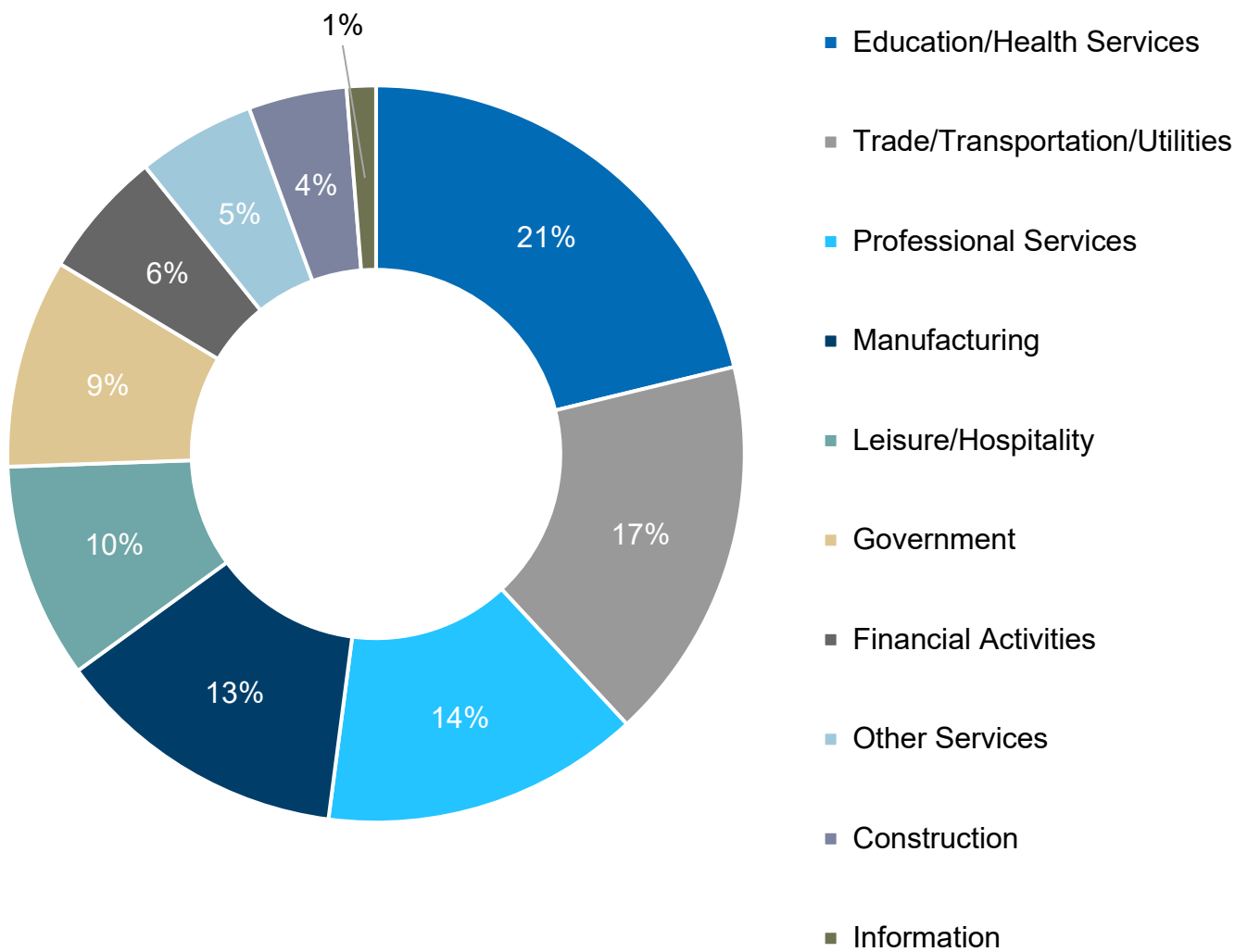


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

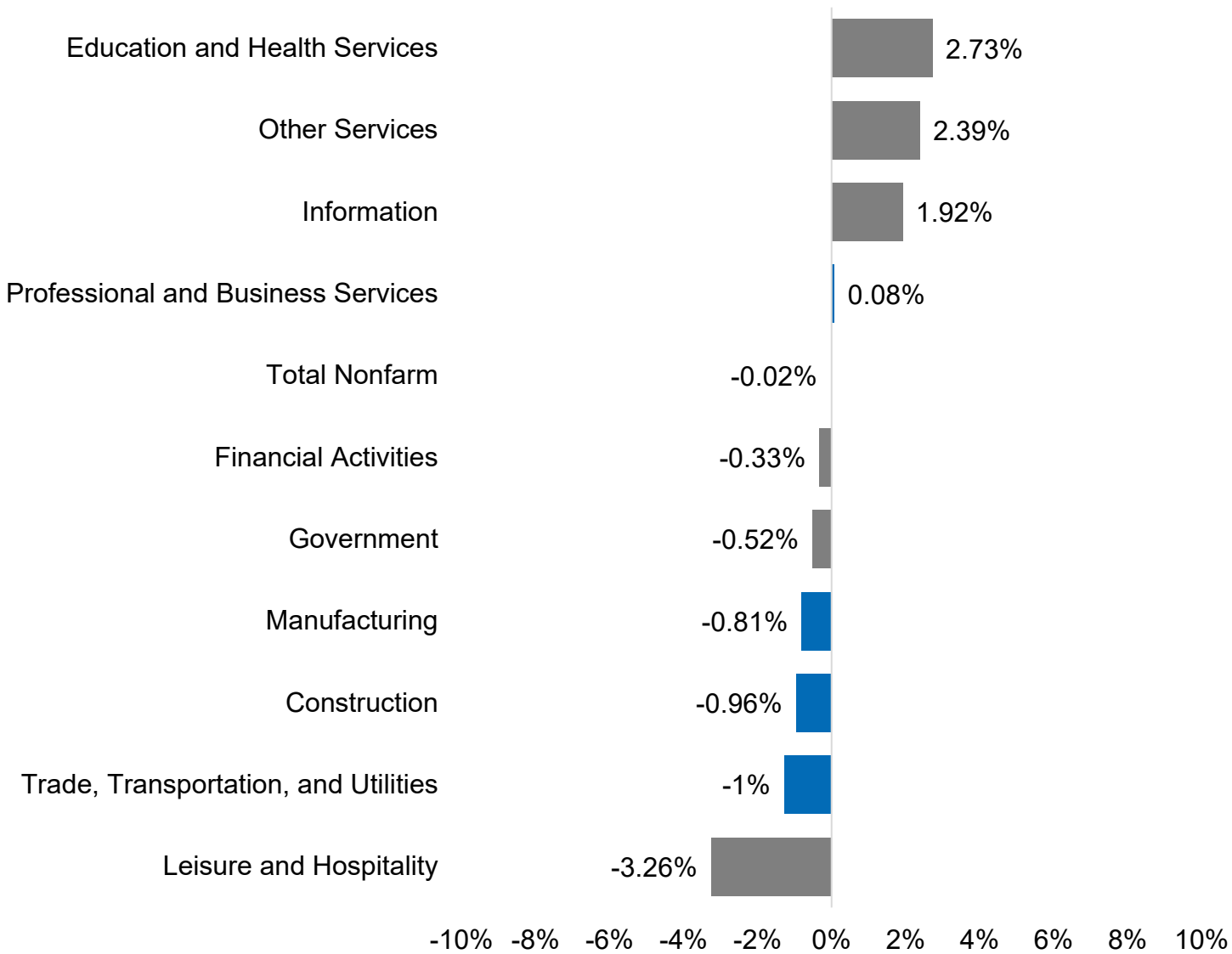
Industrial Sector Shows Contraction

Education and Health Services continue to lead job gains in Milwaukee, expanding by 2.73% over the past year—even as overall nonfarm employment remained flat. Industrial sector growth has lagged, with all three sectors posting losses of approximately 1.0% over the 12-month period.

Employment by Industry, May 2025



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

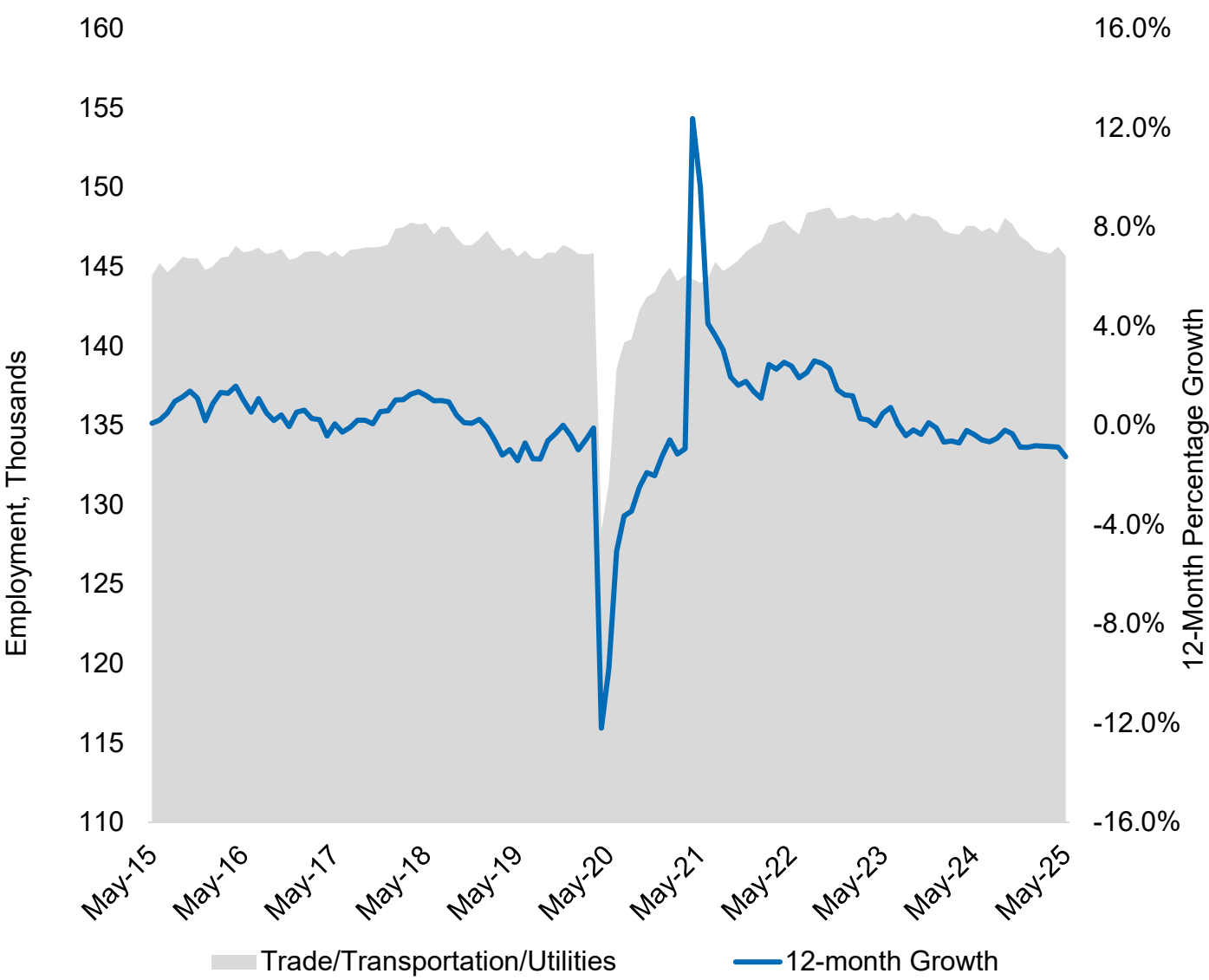


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

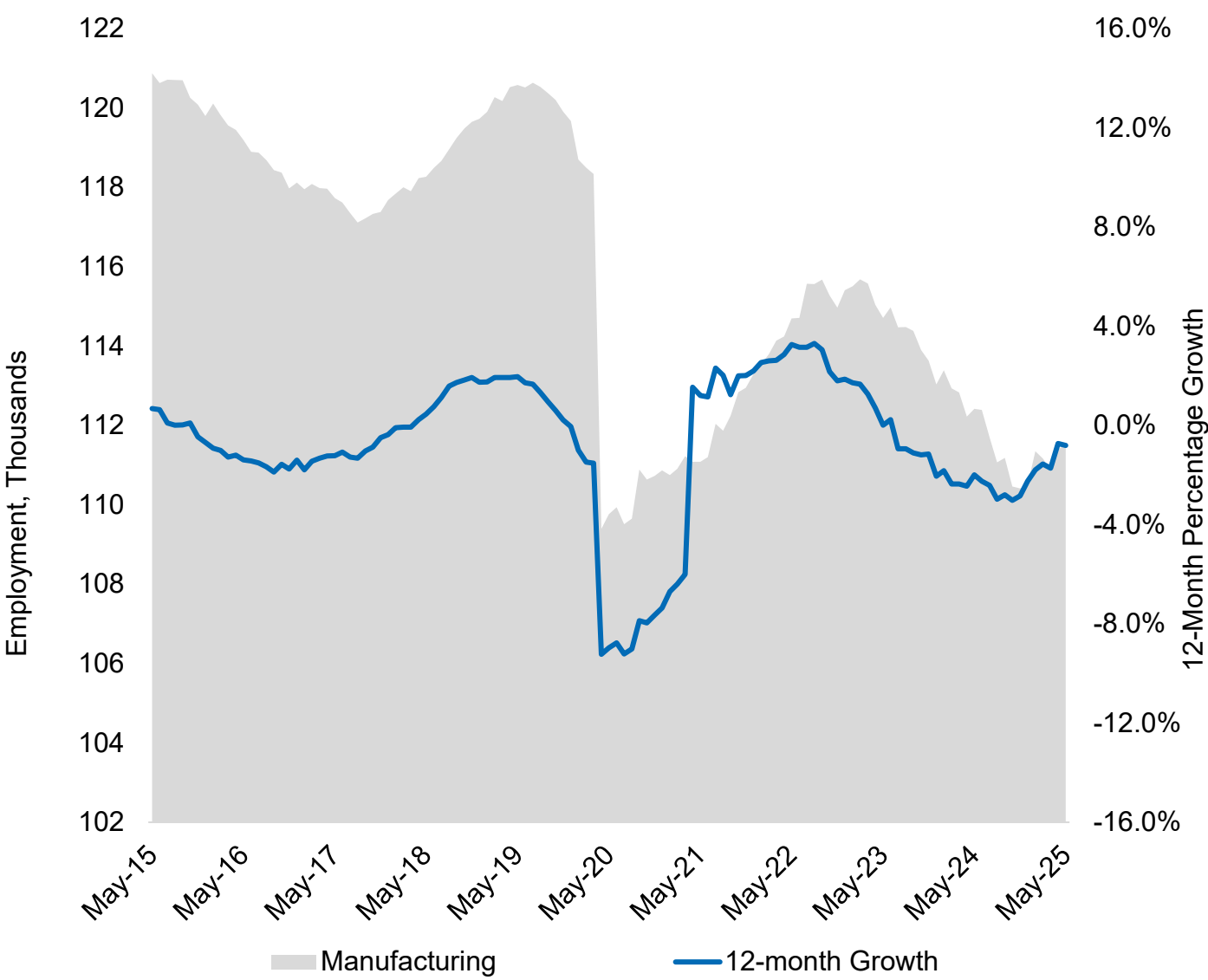
Industrial Labor Market Faces Headwinds

Amid shifting economic conditions and changing consumer preferences, Milwaukee's trade, transportation, and manufacturing firms are adjusting workforce strategies to align with evolving market demands, yet many continue to struggle with attracting and retaining skilled labor due to competitive pressures and a tightening labor market.

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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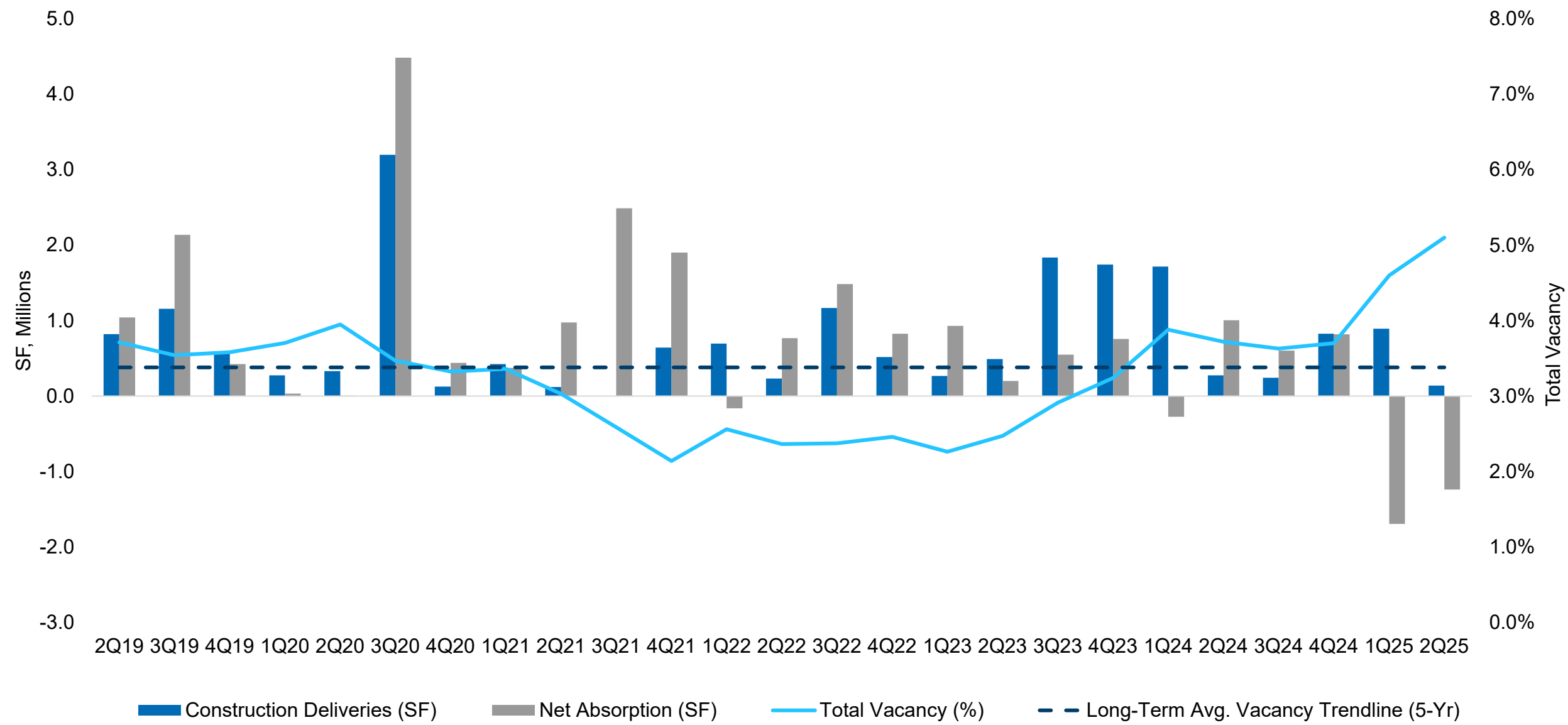
Leasing Market Fundamentals



Occupancy Challenges Continue in Q2

In the second quarter, the Milwaukee industrial market experienced ongoing occupancy losses, driven by a combination of economic headwinds and shifting market dynamics, resulting in a negative net absorption of 1.2 million square feet. The vacancy rate rose to 5.1%, up from 4.7%, reflecting challenges such as reduced demand from key industries, particularly third-party logistics.

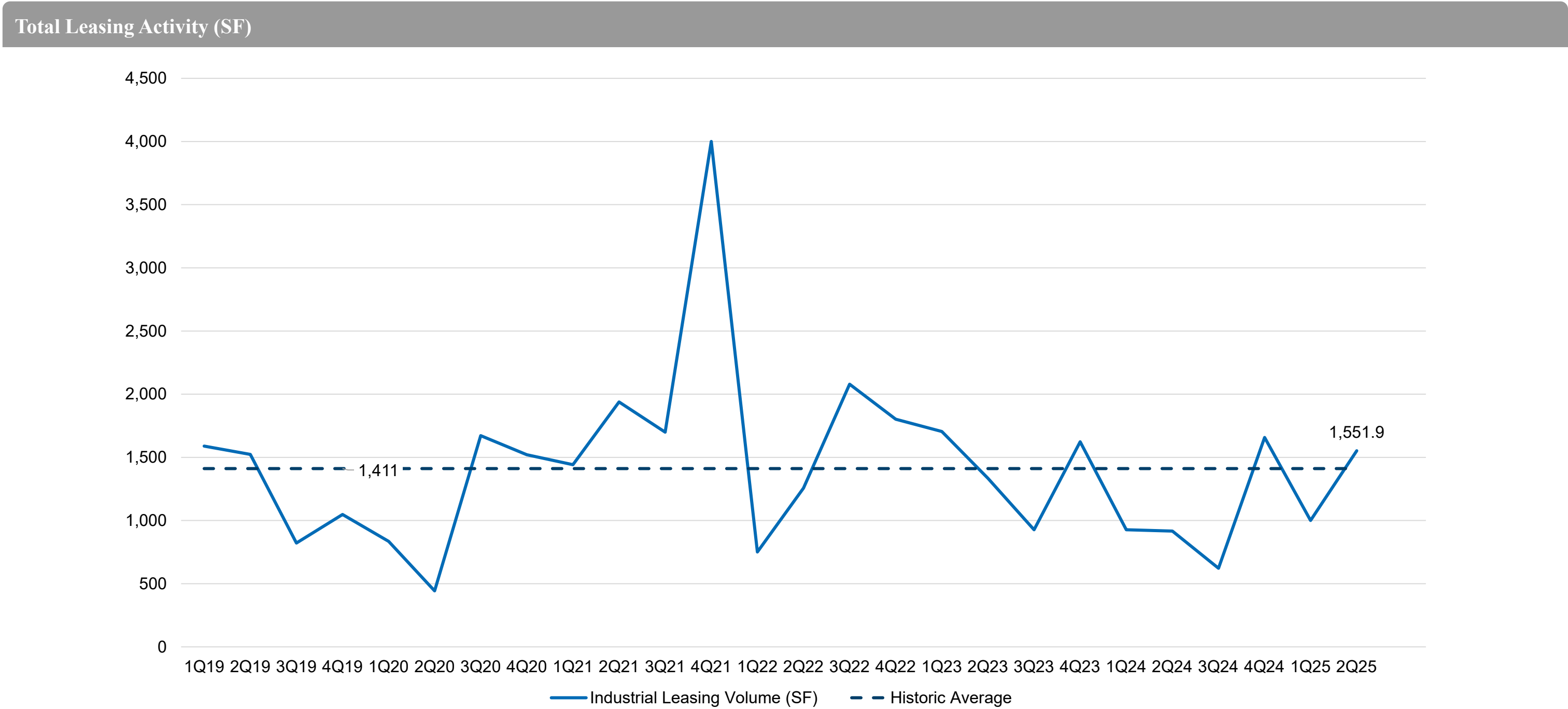
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Industrial Leasing Activity Jumps 10.0% Over the Quarter

In the second quarter of 2025, Milwaukee's industrial market recorded 1.6 million square feet of leasing activity, a 10.0% increase from the previous quarter, primarily driven by heightened demand from the manufacturing sector. Over the past four quarters, the market achieved a total of 4.8 million square feet in leasing activity, reflecting cautious but steady demand.



Source: Newmark Research, CoStar

Class A Warehouse Leasing

A low-angle, upward-looking shot of a modern building's interior or exterior structure. The image features a complex network of light blue-grey steel beams and columns that create a strong geometric pattern. Large glass panels are visible, reflecting the sky and other parts of the structure. The overall tone is bright and industrial.

Please reach out to your
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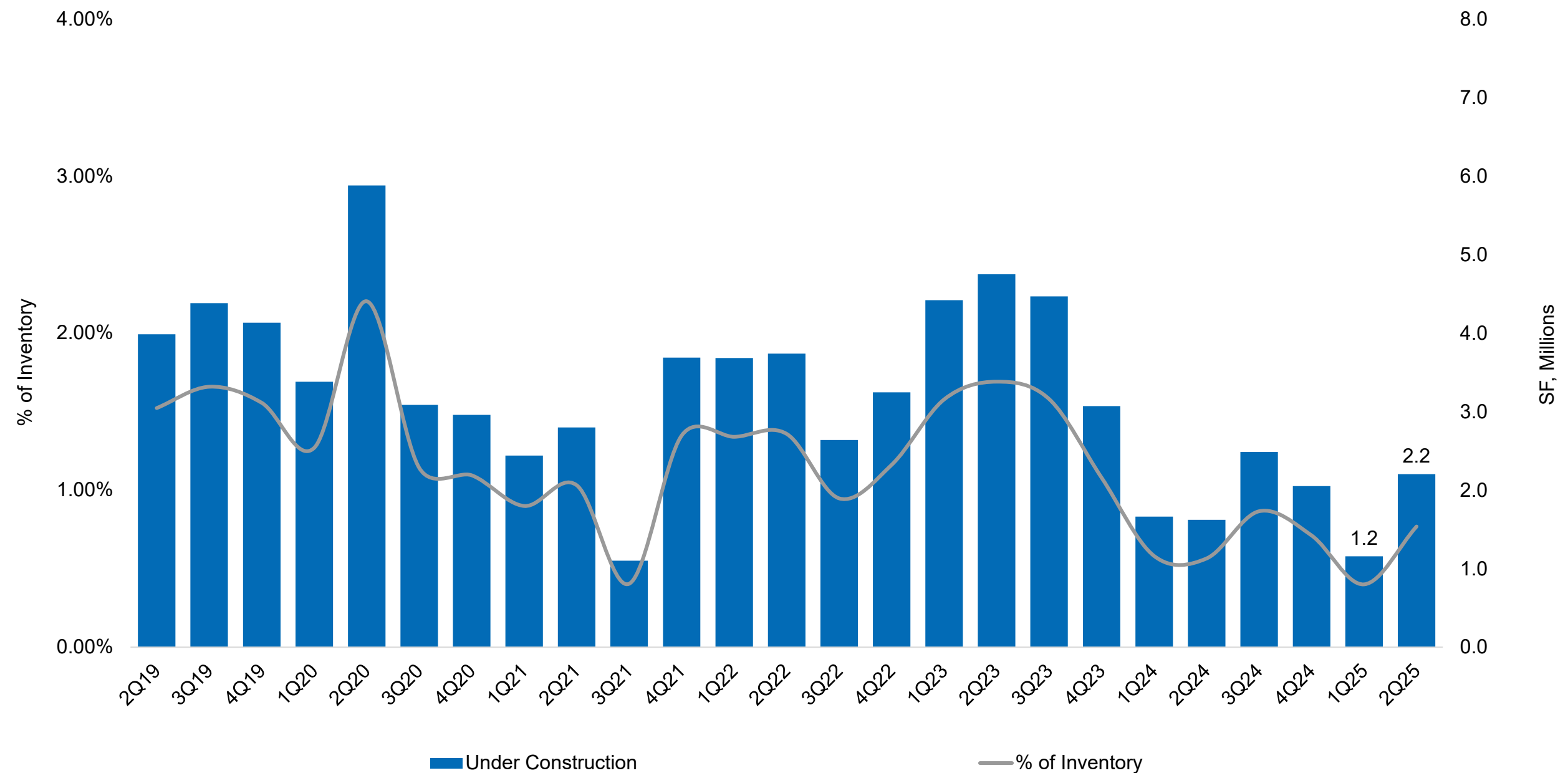
Industrial Sublease Availability Hits Record High

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Speculative Development Fuels Milwaukee’s Industrial Growth

In Q2 2025, nearly 1.0 million square feet of new industrial construction broke ground in Milwaukee, highlighted by Frontline’s 418,000-square-foot speculative development in Oak Creek and a 291,000-square-foot building for Phase III of Capstone 41 in Richfield. Total active construction now stands at 2.2 million square feet.

Industrial Under Construction and % of Inventory

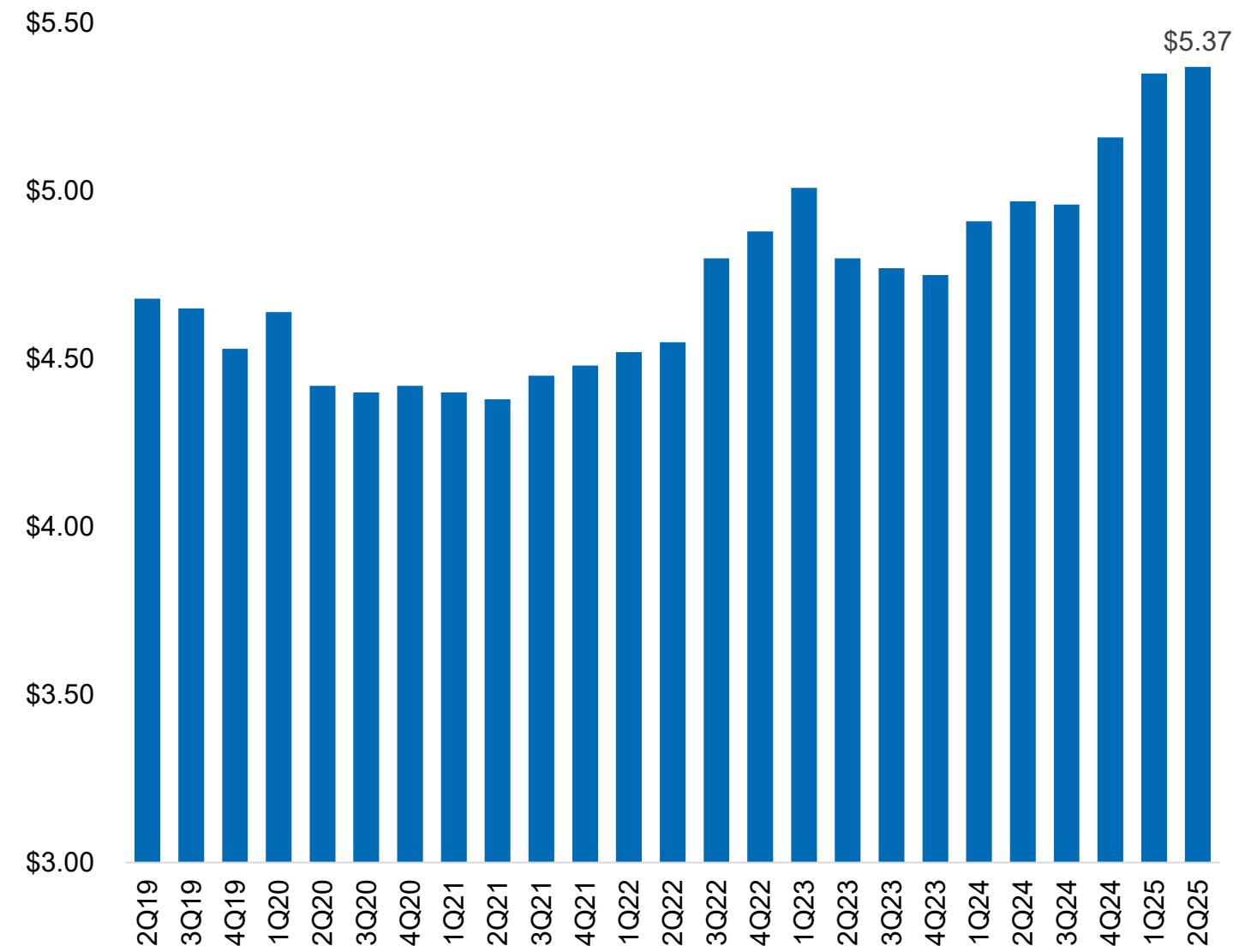


Source: Newmark Research, CoStar

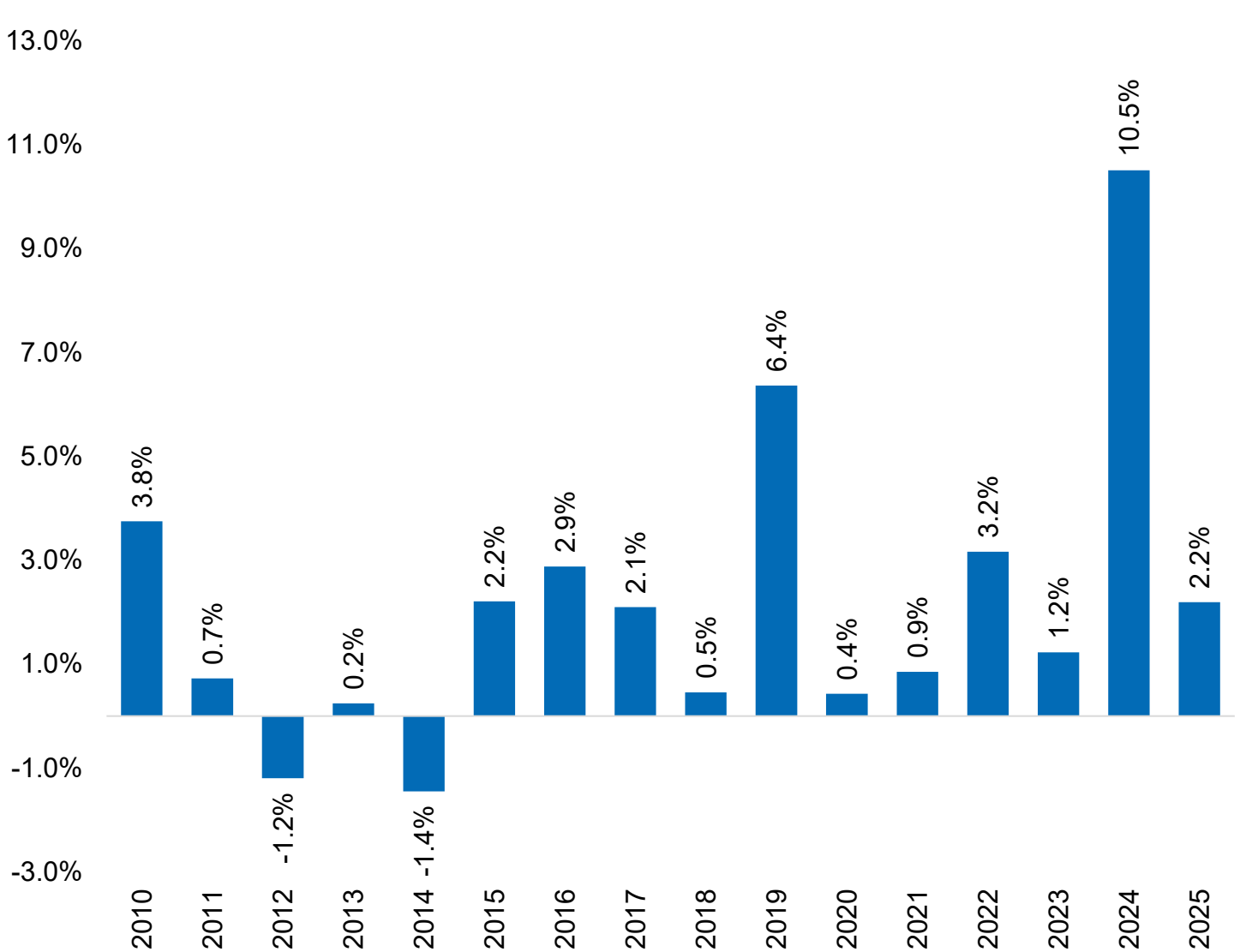
Industrial Asking Rents Hold at Historic High

In Q2 2025, average asking rents in Milwaukee's industrial market continued their year-over-year growth, reaching a weighted average of \$5.37 per square foot, a modest \$0.02 increase from the prior quarter.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 2Q25 Lease Transactions

Despite economic uncertainties, Milwaukee's industrial market saw strong Q2 2025 leasing. Below are key deals completed this period.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Saputo Cheese	4321 Carol Road	Racine Co	Direct New	233,250
Yaskawa America	2 World Packaging Circle	Milwaukee Co	Direct New	218,000
New Blueprint Partners	8100 N Teutonia Avenue	Milwaukee Co	Direct New	153,000
KDV Label Co	0 Crater Road	Waukesha Co	Direct New	117,000
GHL International	14363 Doerr Way	Ozaukee Co	Renewal	87,786

Source: Newmark Research

Vacancy Rates by County



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2Q25

Capital Markets Fundamentals



Industrial Sales Gain Momentum



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Pricing Slips but Premium Deals Persist

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Private Investment Drives Buyer Activity



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Notable 2Q25 Sale Transactions



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2Q25

Supplemental Tables



Current Statistical Overview (page 1 of 3)



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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 business contact for this information

For more information:

Amy Binstein

Midwest Research Director

Amy.binstein@nmrk.com

Nora Leahy

Senior Research Analyst

Nora.leahy@nmrk.com

Newmark Milwaukee Office

757 N Broadway

Milwaukee, WI 53202

t 414-347-9400

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

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