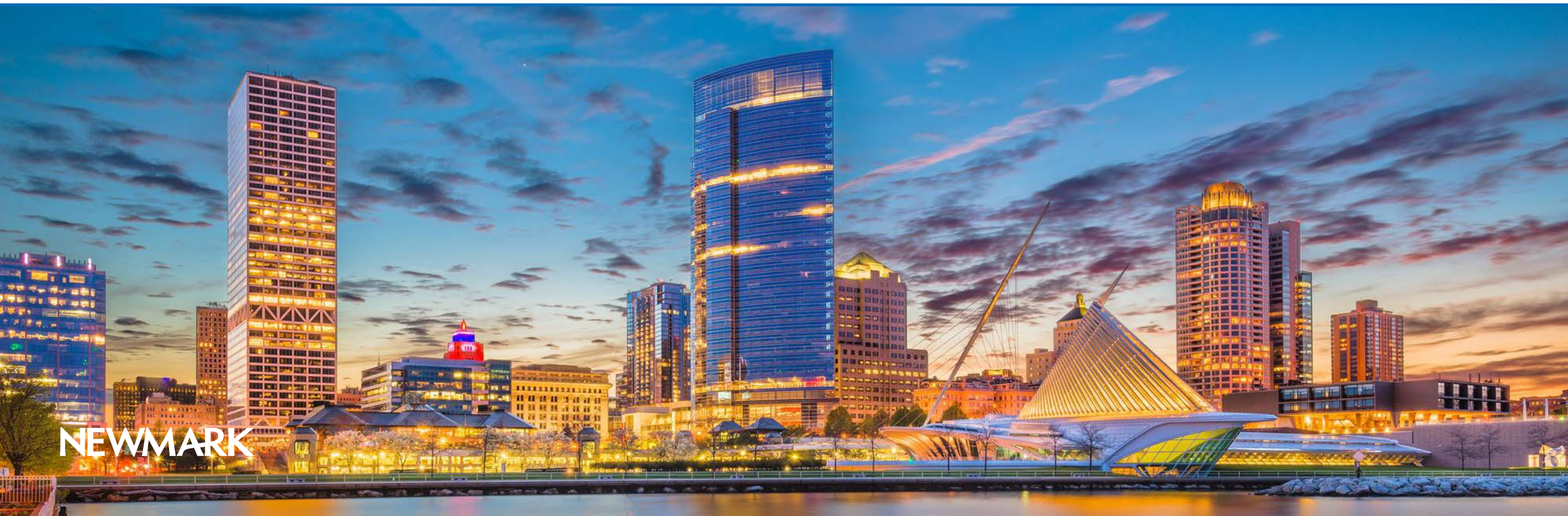


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Milwaukee Office Market Overview



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.
- 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. The Information sector also posted a 1.92% increase, offering a bright spot for office-using employment.
- Office-using employment has continued its upward trend since 2023, rising to 3.59% in the second quarter, driven largely by gains in the information sector. This marks a year-over-year increase of 40 basis points.

Major Transactions

- Leasing activity in the second quarter was limited, with most deals under 10,000 square feet. Activity was driven by smaller, targeted expansions across a mix of industries, reflecting continued caution among tenants.
- In the largest sale of the quarter, Remedy Medical Properties and Kayne Anderson Real Estate acquired Calhoun Health Center in a joint venture. The 23,805-square-foot medical outpatient facility sold for \$9.2 million.

Leasing Market Fundamentals

- In Q2 2025, Milwaukee's office market recorded 64,523 square feet of negative net absorption, marking the fourth consecutive quarter of declining occupancy. The vacancy rate inched up to 21.6% from 21.4% the previous quarter but has remained within a narrow 100 basis point range over the past seven quarters.
- During the second quarter of 2025, the availability rate remained relatively stable, increasing just 20 basis points to 26.2%.
- Amid workplace consolidation and high capital costs, companies in Milwaukee's office market are reevaluating their real estate footprints to optimize expenses, leading to Q2 2025 leasing activity of 338,672 square feet. Over the past four quarters, leasing volume reached 1.26 million square feet, 27% below the historical four-quarter average, indicating a cautious approach to new commitments.

Outlook

- Macroeconomic headwinds will continue to weigh on market activity, with both occupiers and investors remaining cautious in their leasing and acquisition strategies.
- Vacancy will likely hold at elevated levels in the near term, as large tenants consolidate footprints and rightsizing trends persist. However, the pause in new construction and ongoing office conversions will help rebalance supply and lower vacancy over time.
- Tenant-favorable conditions for rents and concessions are expected to continue until demand rebounds.

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1. Economy
 2. Leasing Market Fundamentals
 3. Supplemental Tables

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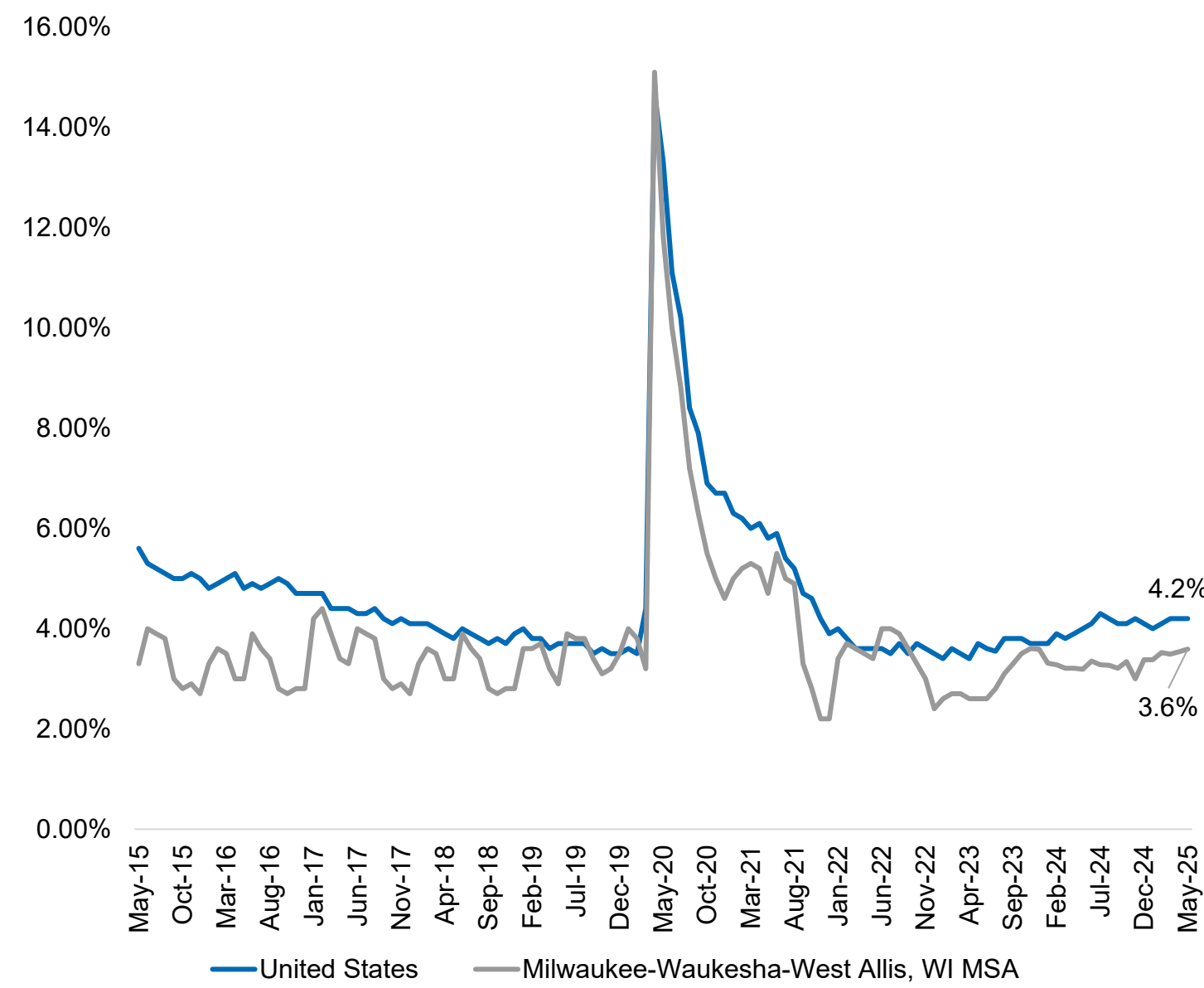
Economy



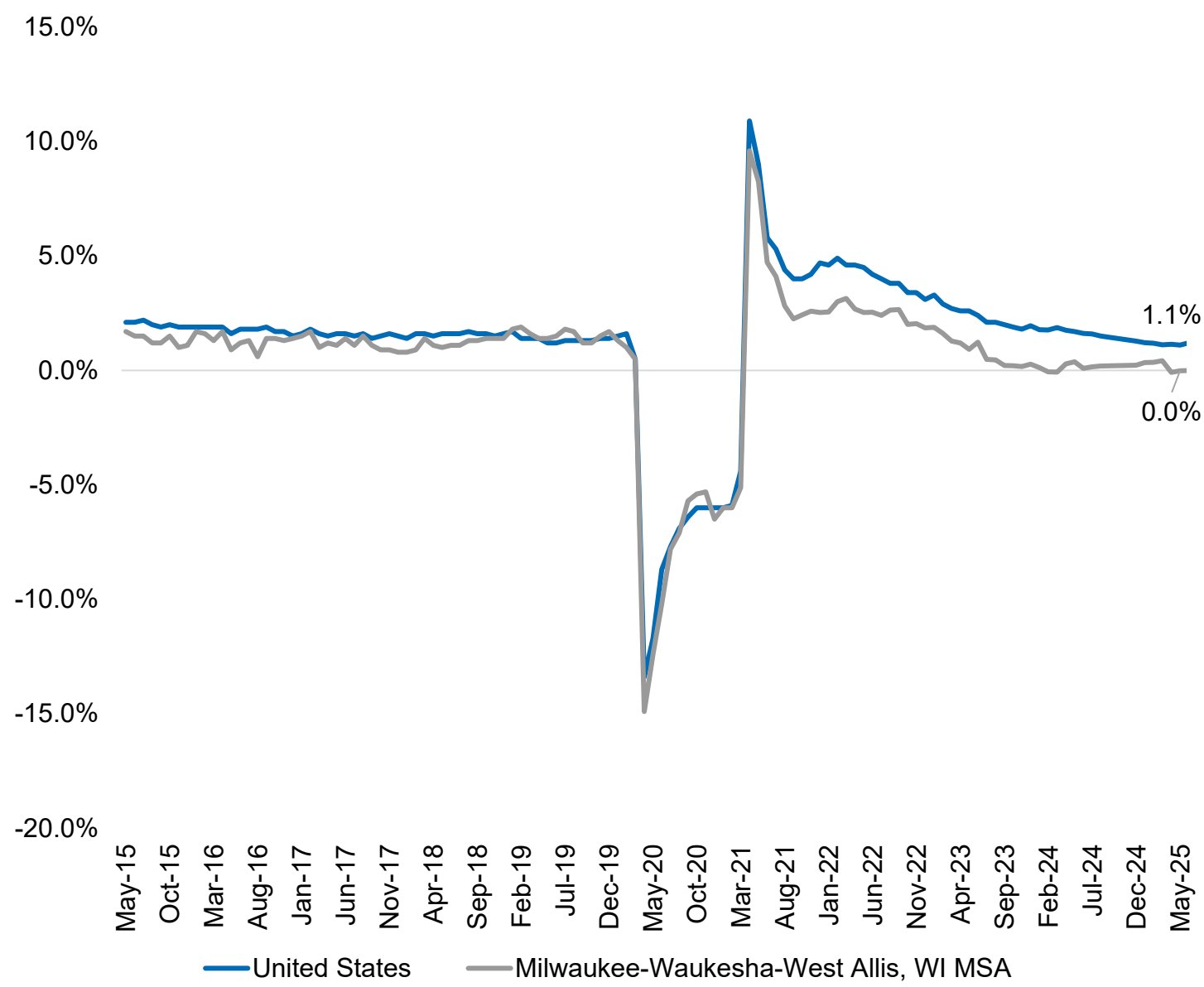
Unemployment Remains Low but Hiring Plateaus

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

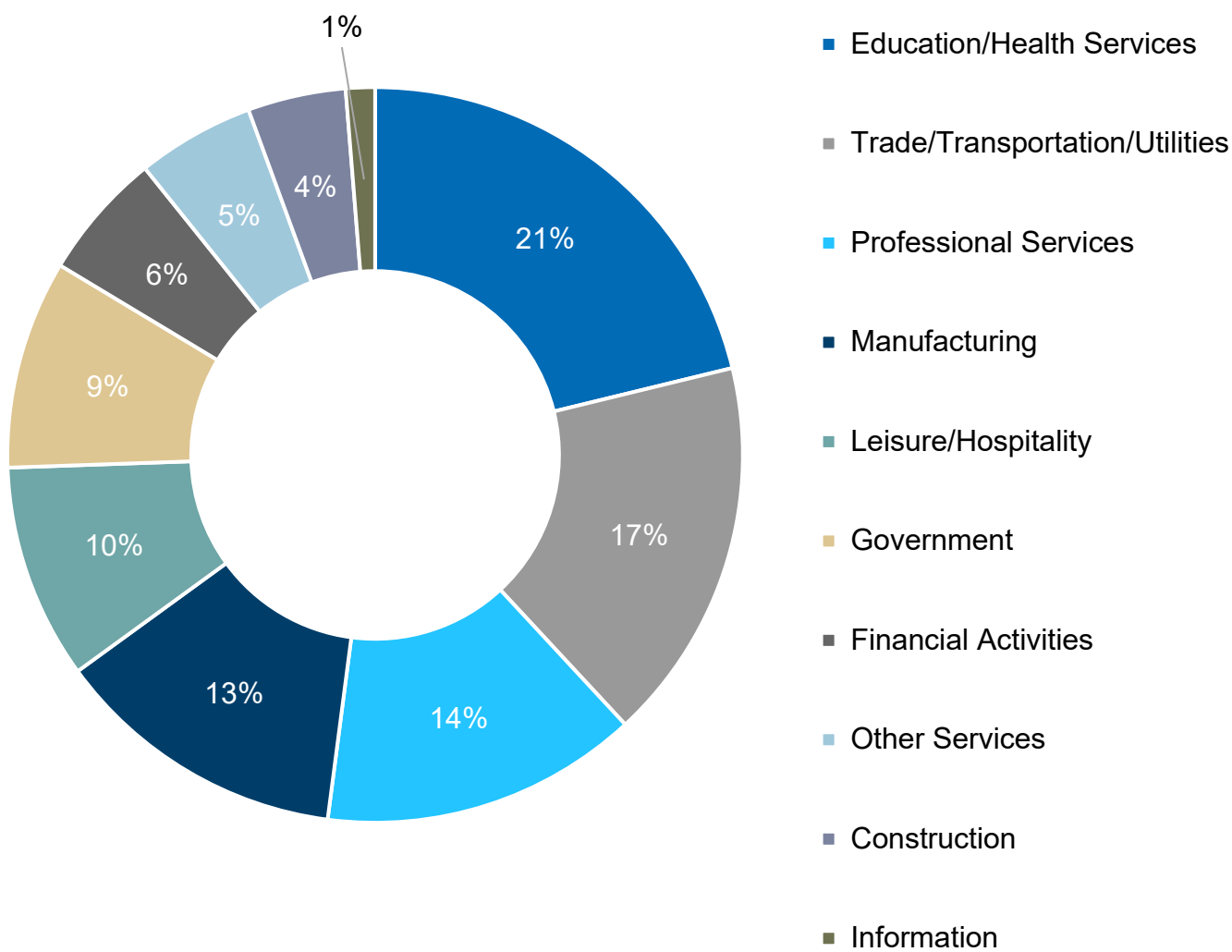


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

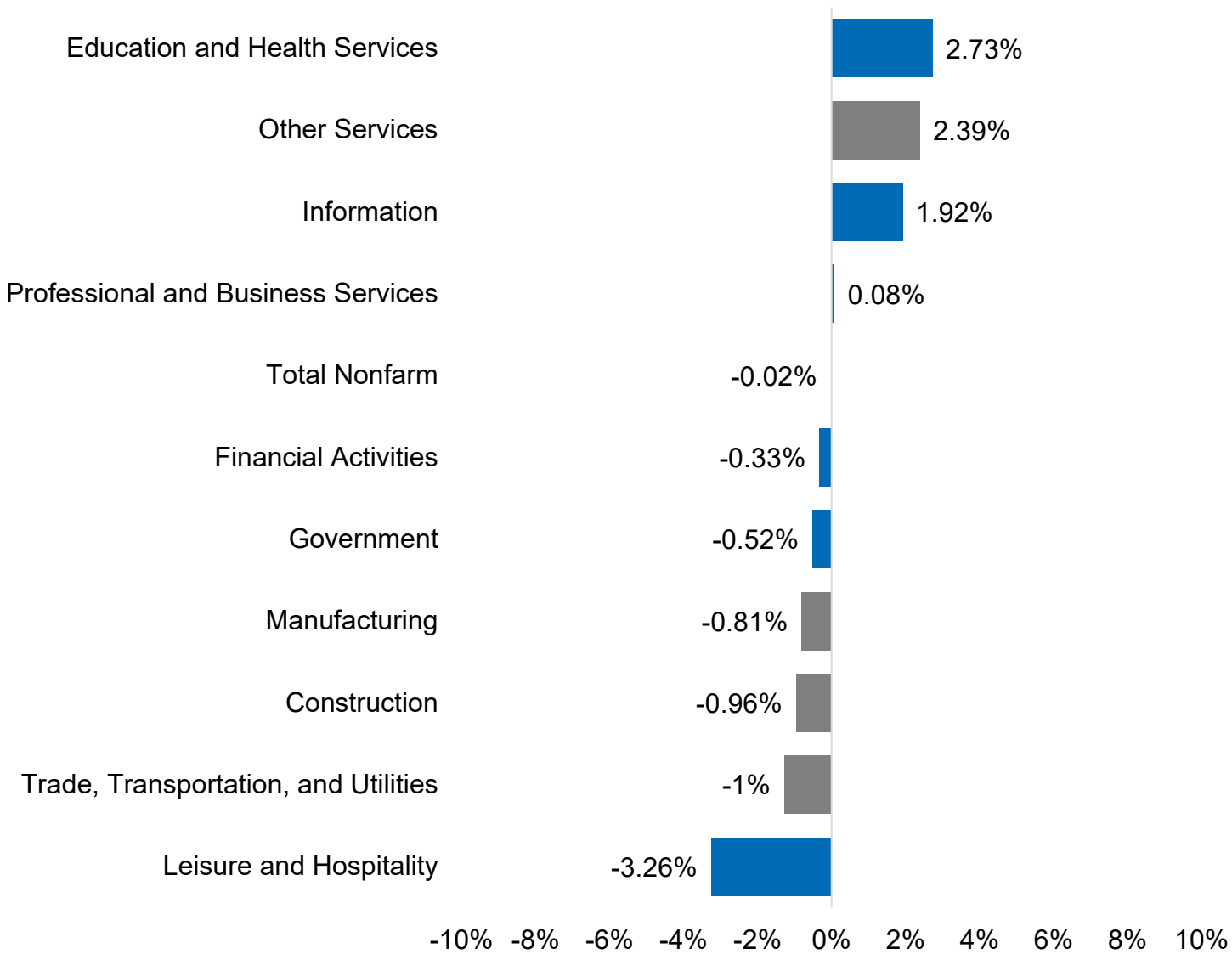
Education and Health Lead Job Gains

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. The Information sector also posted a 1.92% increase, offering a bright spot for office-using employment.

Employment by Industry, May 2025



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

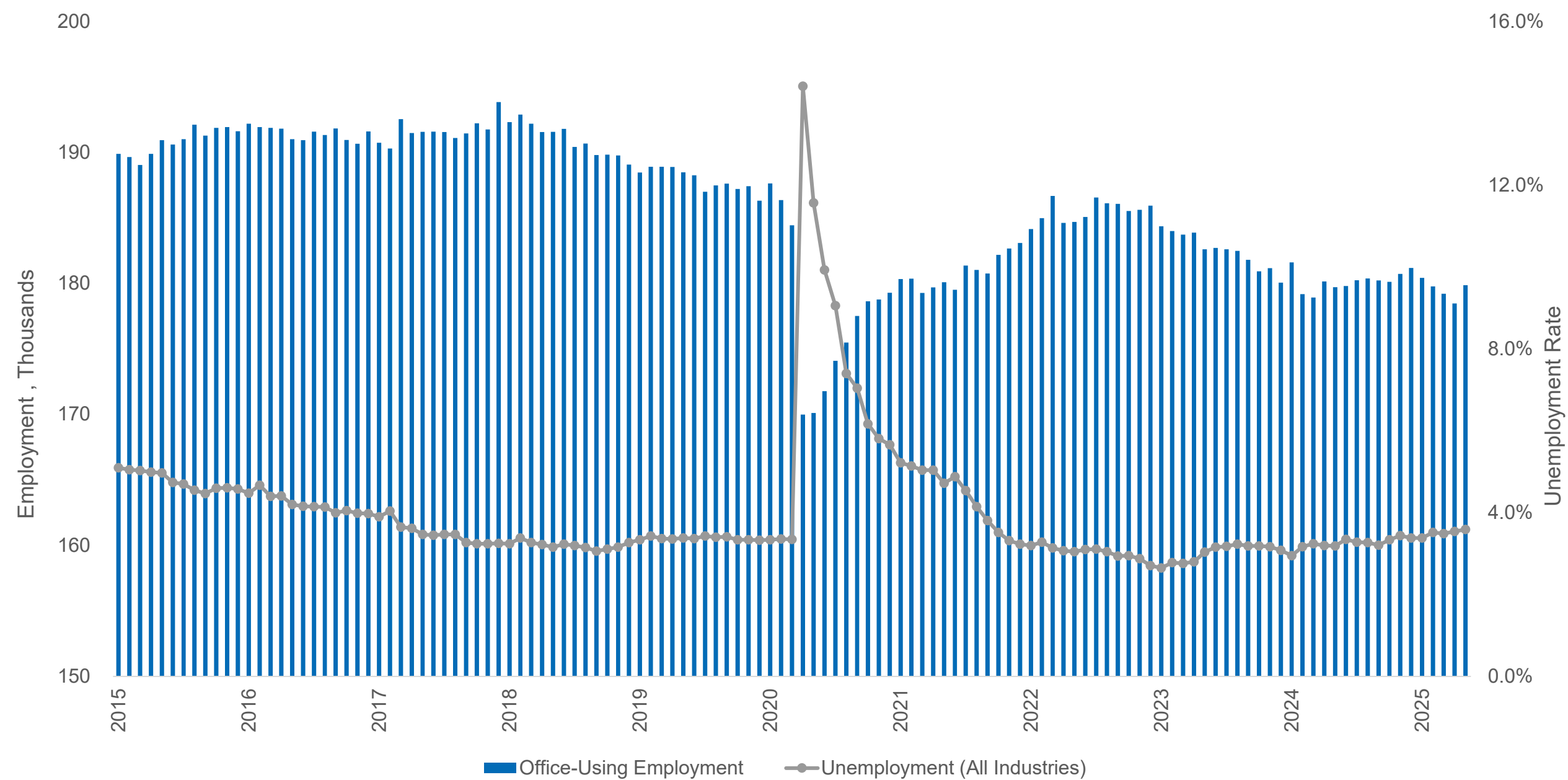


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

Office-Using Employment Continues Upward Trend

Office-using employment has continued its upward trend since 2023, rising to 3.59% in the second quarter, driven largely by gains in the information sector. This marks a year-over-year increase of 40 basis points.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA
Note: August 2024 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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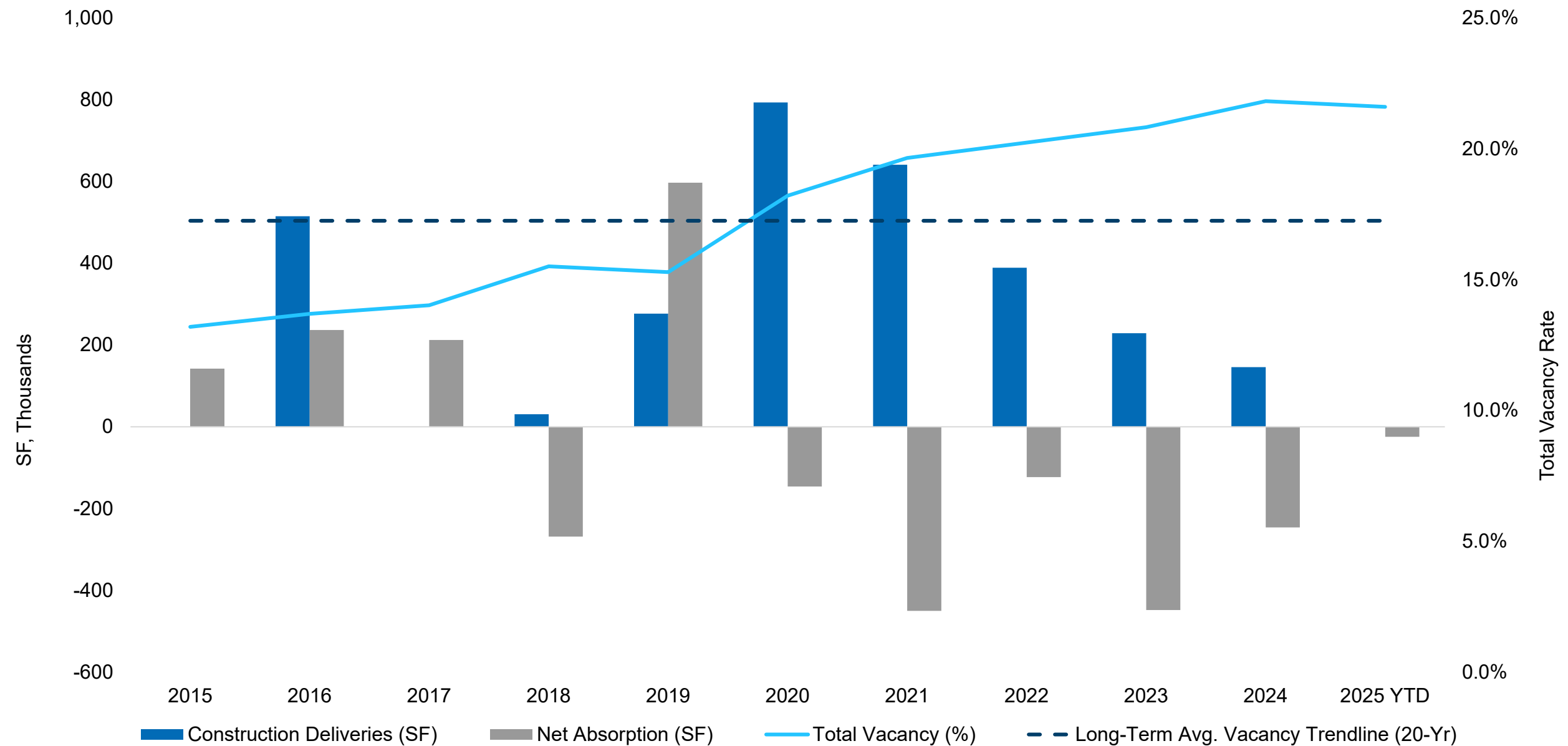
Leasing Market Fundamentals



Minimal Occupancy Loss as Vacancy Flattens

In Q2 2025, Milwaukee's office market recorded 64,523 square feet of negative net absorption, marking the fourth consecutive quarter of declining occupancy. The vacancy rate inched up to 21.6% from 21.4% the previous quarter but has remained within a narrow 100 basis point range over the past seven quarters. While the trend reflects subdued tenant activity, the sustained vacancy range points to a relatively stable market without significant volatility.

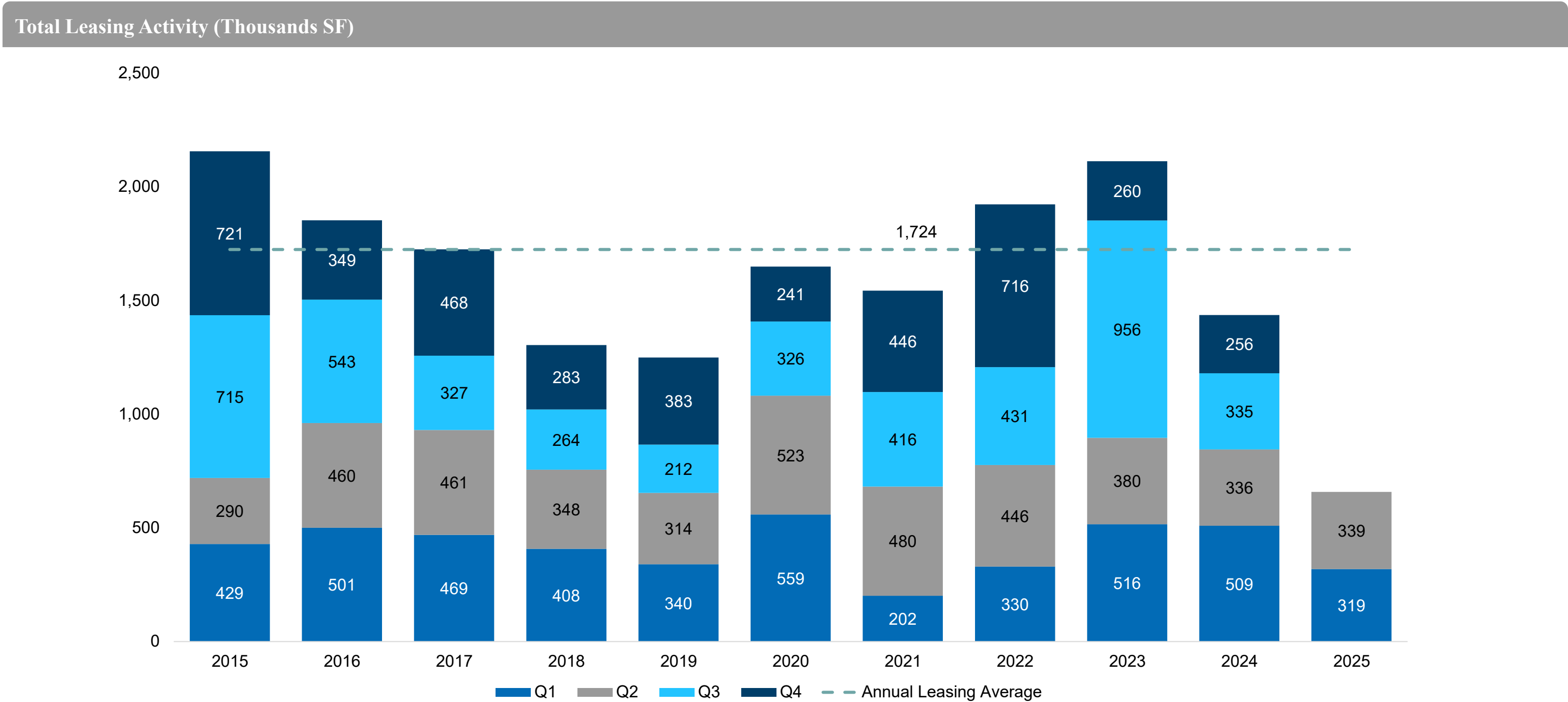
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Trails Historic Average

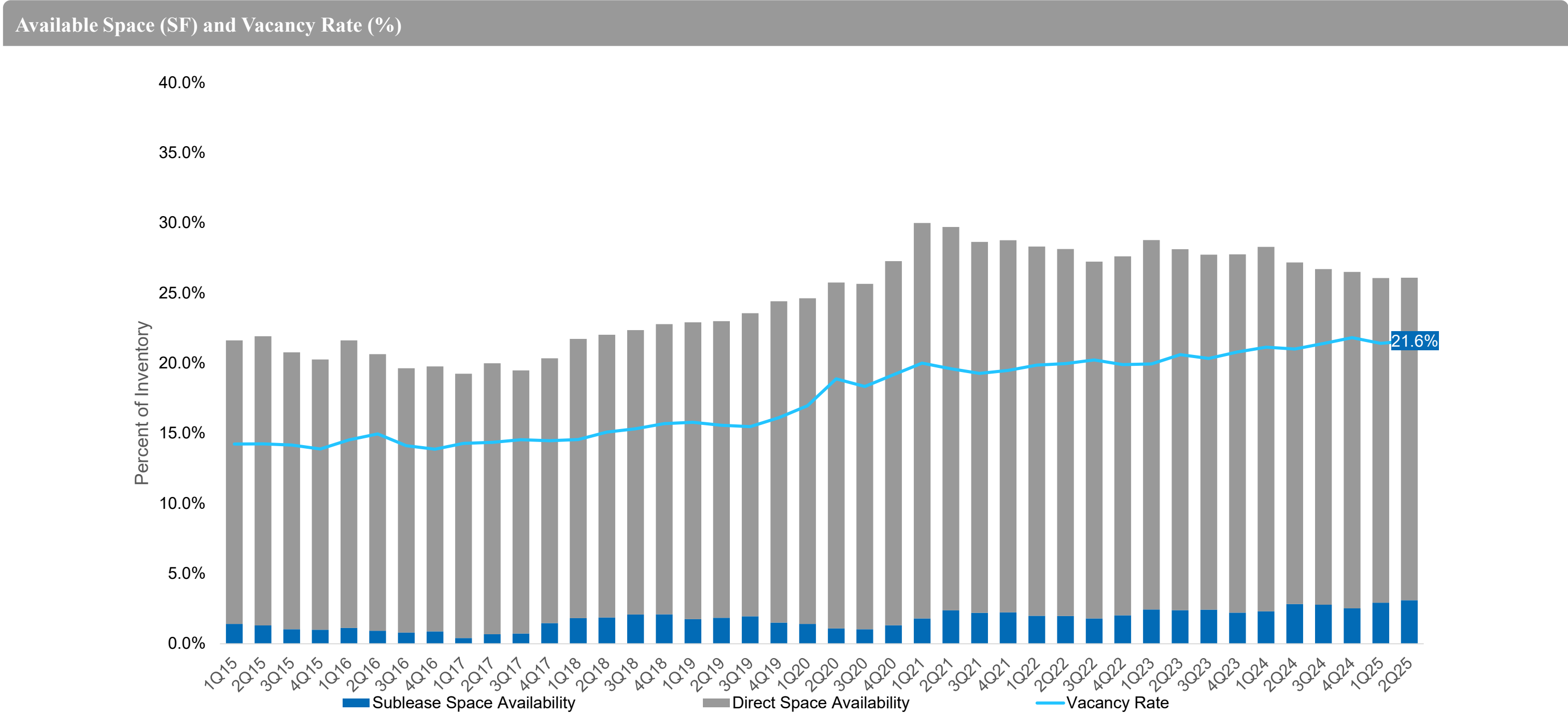
Amid workplace consolidation and high capital costs, companies in Milwaukee's office market are reevaluating their real estate footprints to optimize expenses, leading to Q2 2025 leasing activity of 338,672 square feet. Over the past four quarters, leasing volume reached 1.26 million square feet, 27% below the historical four-quarter average, indicating a cautious approach to new commitments.



Source: Newmark Research, CoStar

Minimal Shift in Office Availability

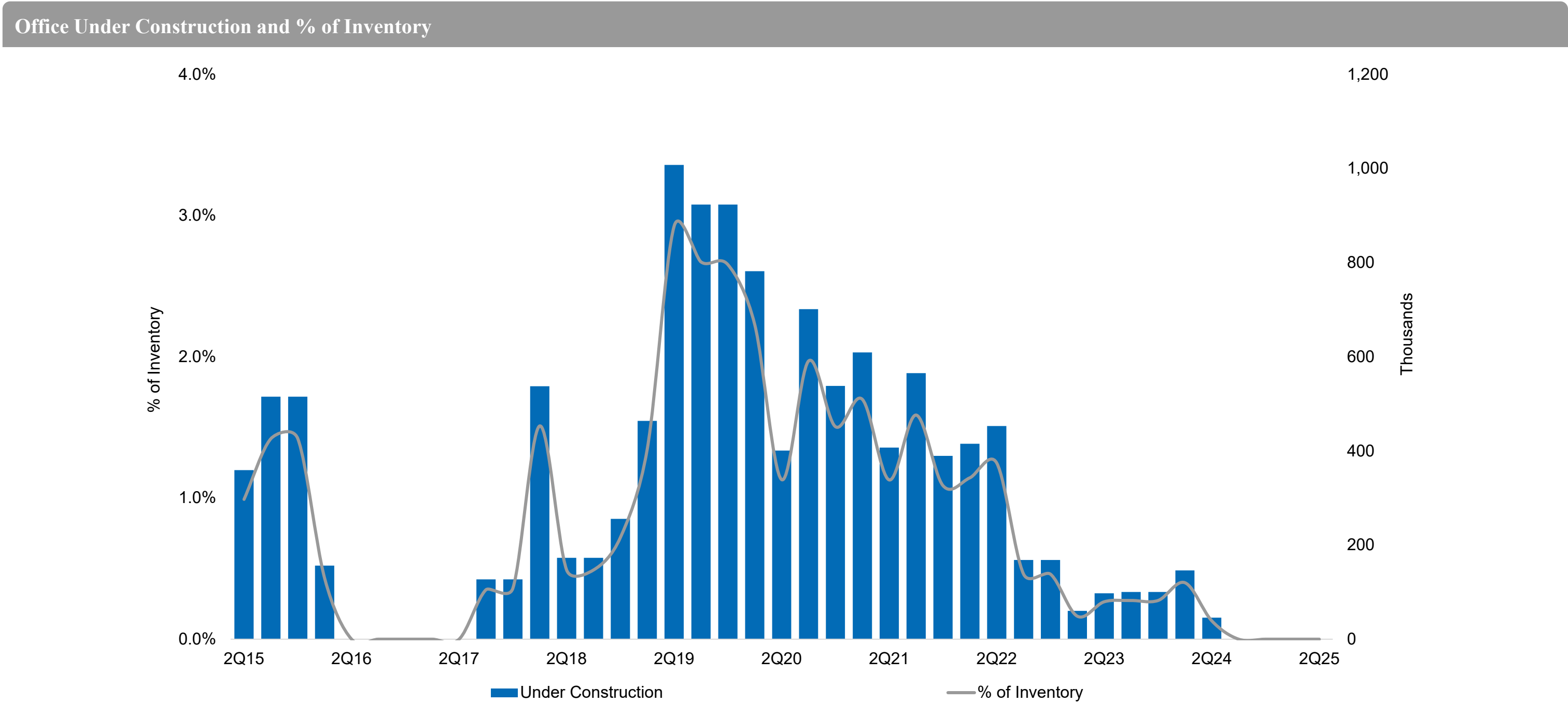
During the second quarter of 2025, the availability rate remained relatively stable, increasing just 20 basis points to 26.2%. The modest uptick was driven by the addition of roughly 70,000 square feet of sublease space, reflecting ongoing efforts by tenants to shed underutilized footprints amid evolving workplace strategies.



Source: Newmark Research

Development Halts, Adaptive Reuse Gains Momentum

The construction pipeline remains inactive for the fourth consecutive quarter, giving the market time to rebalance supply and demand. Meanwhile, several notable office-to-residential conversions are underway, including the 100 East Wisconsin Ave and Clark Building projects. These efforts are helping reduce obsolete inventory and are expected to support long-term market stabilization.

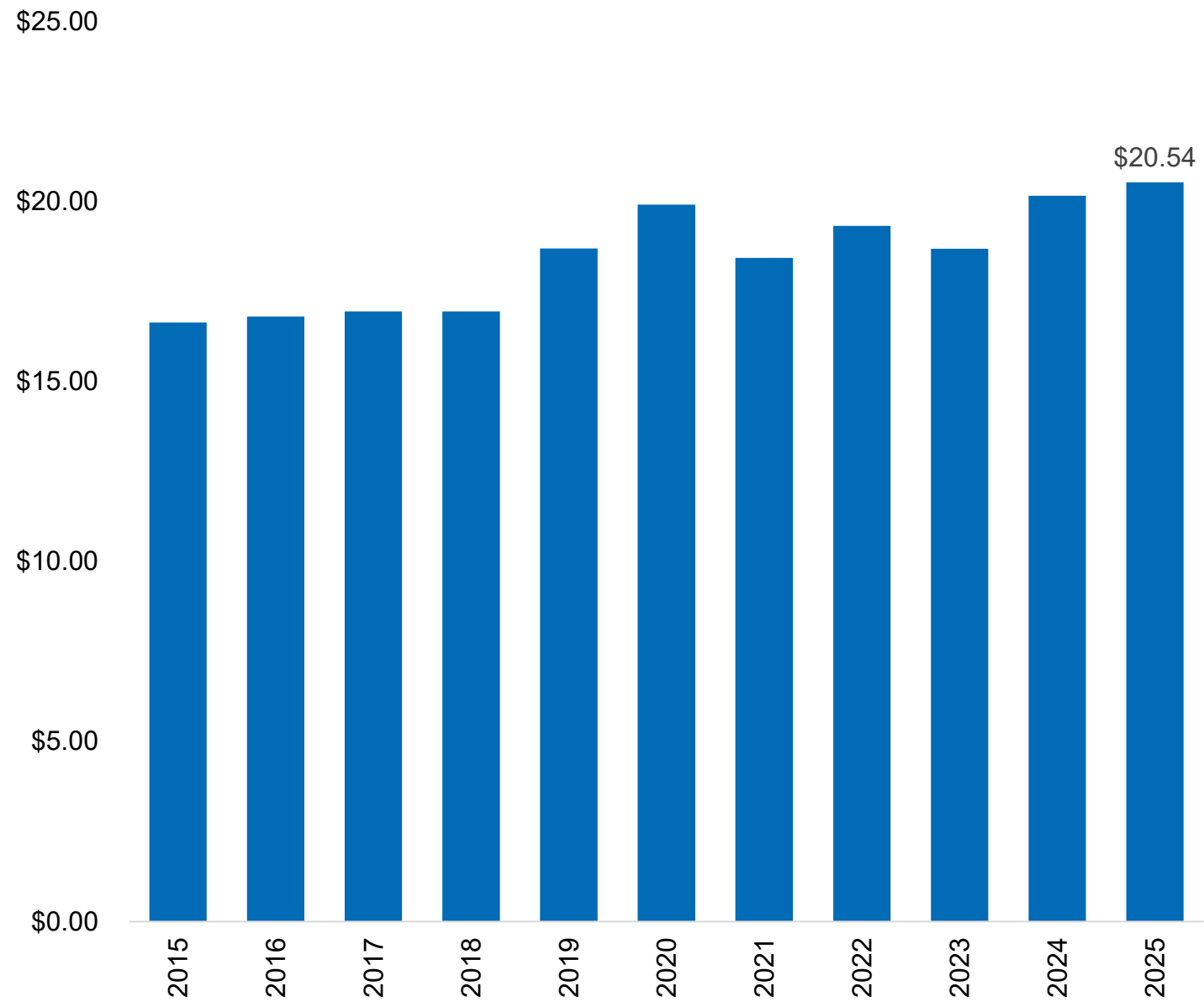


Source: Newmark Research, CoStar, City/County of ____ (where applicable)

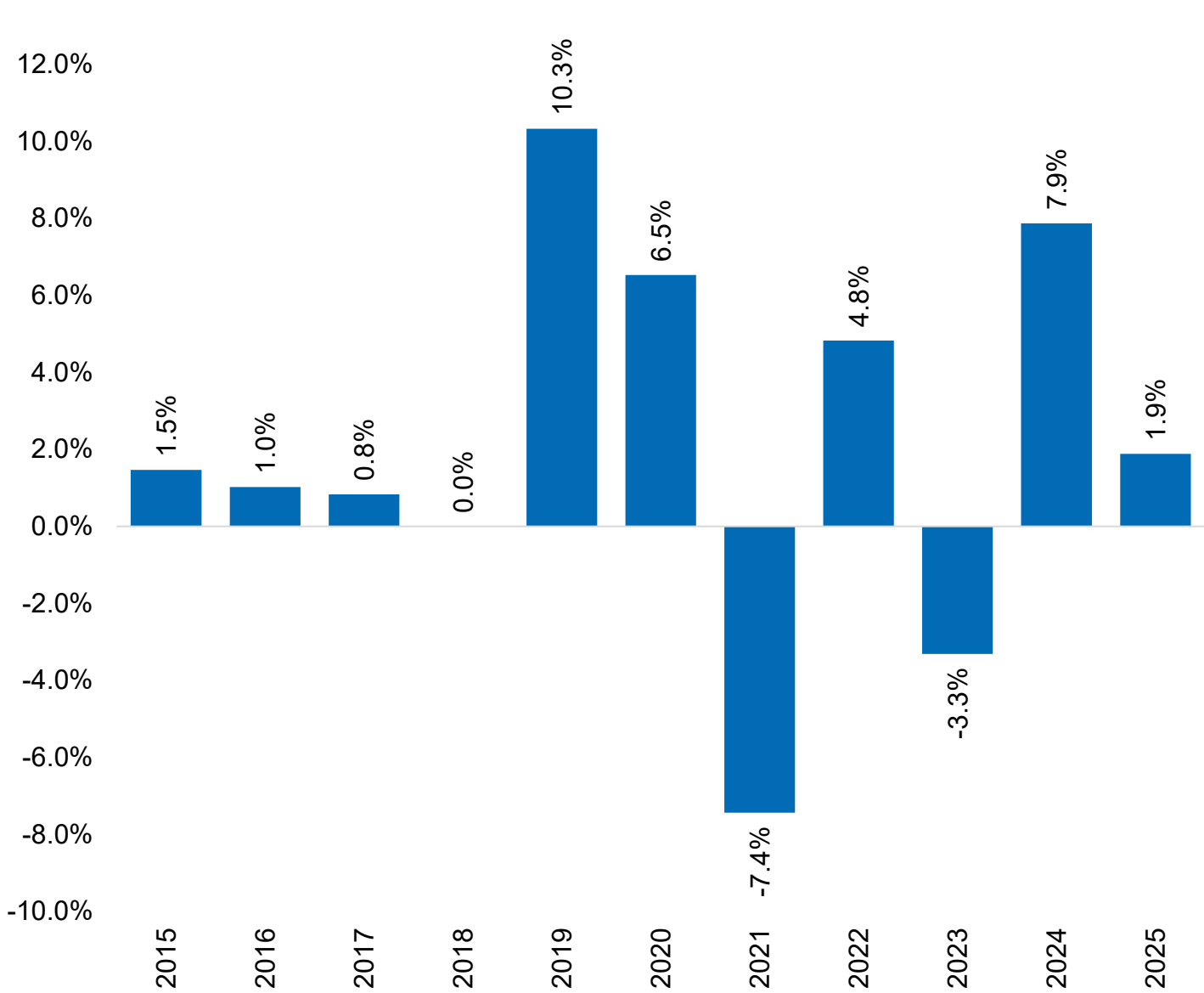
Asking Rents Continue Gradual Rise

Overall average asking gross rates have continued to rise and now sit at \$20.54 per square foot. Year-over-year rent growth is largely driven by increasing operating costs and taxes. Class A asking rates rose slightly during the quarter to \$27.88 per square foot. With liquidity pressures mounting, landlords may begin offering larger concessions or lower base rents to remain competitive in the coming quarters.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

Class A Rents Rise, Sublease Spread Narrows



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Smaller Transactions Dominate Q2 Leasing

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Central Business District Vacancy Rate Holds Steady

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Suburban Vacancy Exceeds CBD

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Supplemental Tables



Current Statistical Overview (page 1 of 2)



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Current Statistical Overview (page 2 of 2)



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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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