3Q25

Milwaukee Industrial Market Overview

NEWMARK

Market Observations

Economy

- Milwaukee's unemployment rate held at 3.5% in the third quarter of 2025, outperforming the national rate of 4.2% and signaling relative labor market stability. However, overall job growth has slowed, with total employment contracting 0.7% year-over-year.
- All industrial-related sectors in Milwaukee saw employment losses over the past year. The steepest decline occurred in Trade, Transportation and Utilities, which posted a 1.97% drop during the 12-month period.
- Regional employers continue to struggle with attracting and retaining skilled labor due to competitive pressures and a tightening labor market.

Major Transactions

- Milwaukee's industrial market recorded 1.2 million square feet of leasing activity this quarter, on par with the long-term quarterly average. Over the past four quarters, the market achieved a total of 6.3 million square feet in leasing activity, reflecting cautious but steady demand. This pattern points to a stable baseline of activity despite broader economic headwinds.
- In the largest sale transaction of the quarter, New Mountain Capital acquired the Gehl Foods campus in Germantown for $59.5 million.

Leasing Market Fundamentals

- The Milwaukee industrial market bounced back in the third quarter of 2025, ending a two-quarter slowdown with nearly 750,000 square feet of positive absorption. Vacancy ticked down to 4.9%, still above the long-term average of 3.4%, but the trend suggests the market is regaining balance.
- The quarter saw 886,628 square feet of deliveries, shrinking the pipeline to just 1.4 million square feet of active construction. The slowdown, which is largely driven by a more cautious development climate, is expected to support a healthier balance of supply and demand over the next year.
- Average asking rents in Milwaukee's industrial market for the third quarter rose to a weighted average of $5.47 per square foot, marking a 1.8% increase from the previous quarter.

Outlook

- With vacancy trending down and new construction slowing, Milwaukee's industrial market is positioned for healthier supply-demand dynamics over the next year.
- Employers are likely to face ongoing headwinds in recruiting and retaining skilled workers, which may temper near-term growth in industrial sectors.
- Leasing volumes are expected to remain close to long-term averages, supported by stable tenant demand, though expansion activity may be more selective amid broader economic uncertainty.

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2. Leasing Market Fundamentals
3. Market & Submarket Tables

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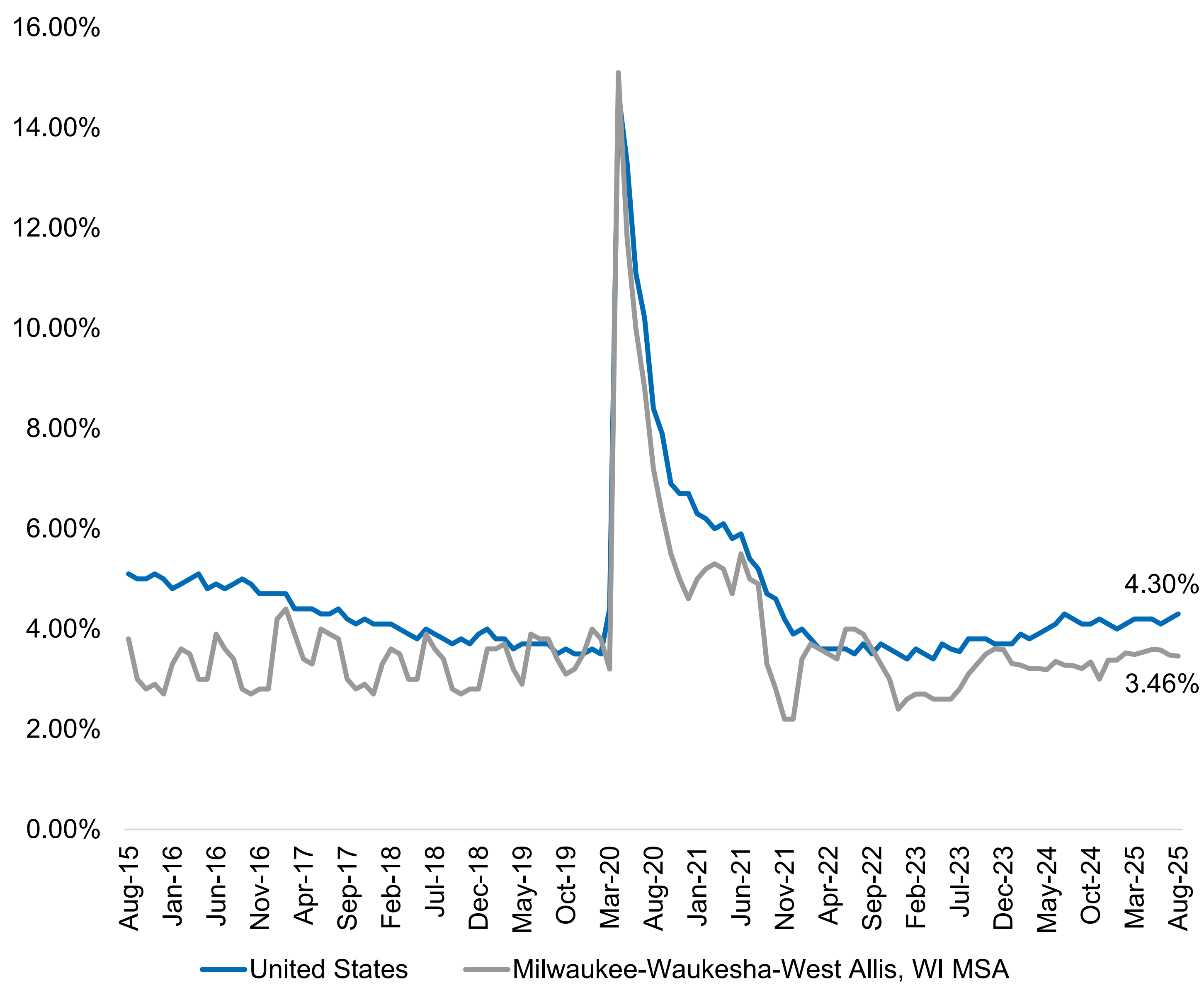
Economy

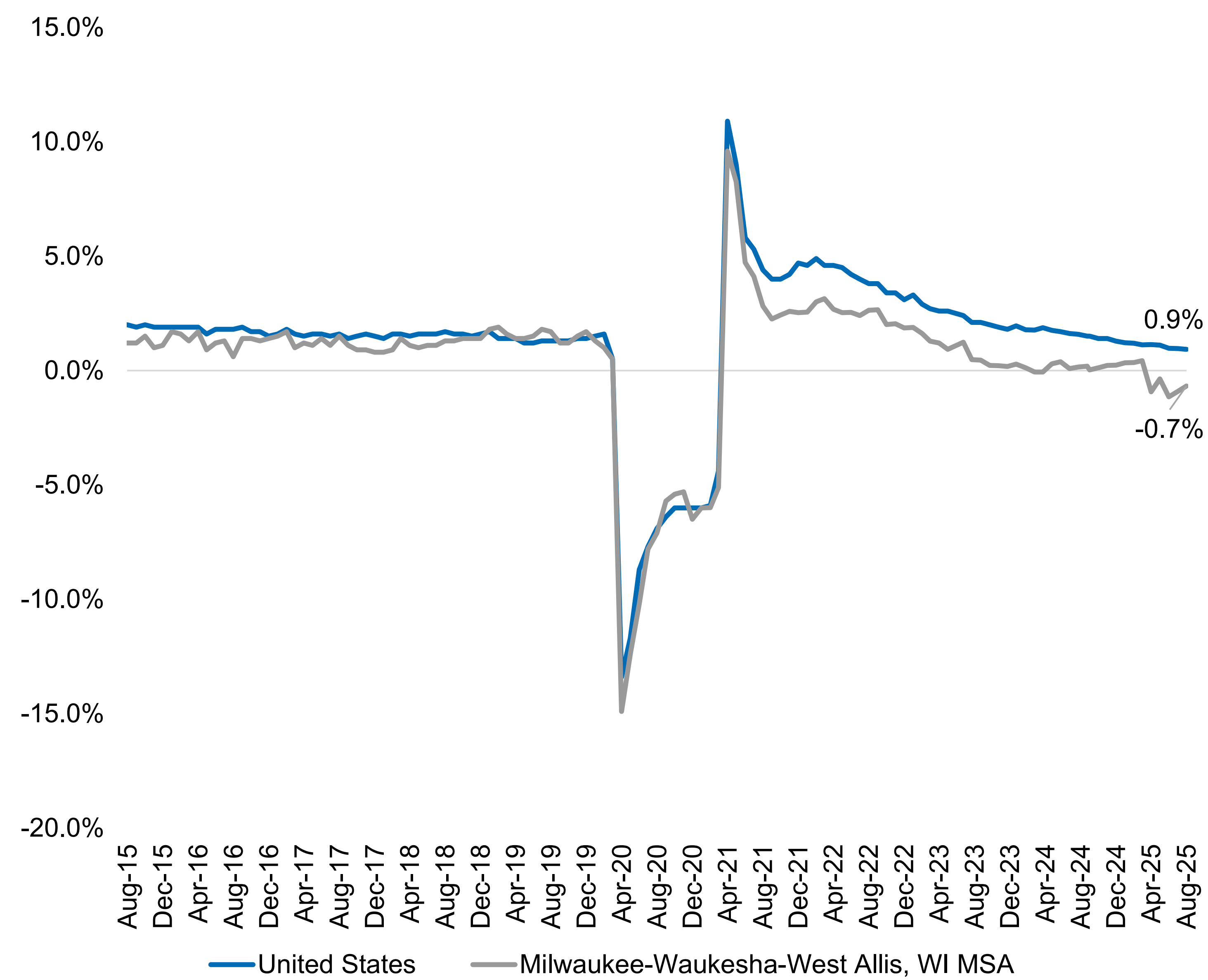
Labor Market Stable but Expansion Slows

Milwaukee's unemployment rate held at 3.5% in the third quarter of 2025, outperforming the national rate of 4.2% and signaling relative labor market stability. However, overall job growth has slowed, with total employment contracting 0.7% year-over-year.

Unemployment Rate, Seasonally Adjusted



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

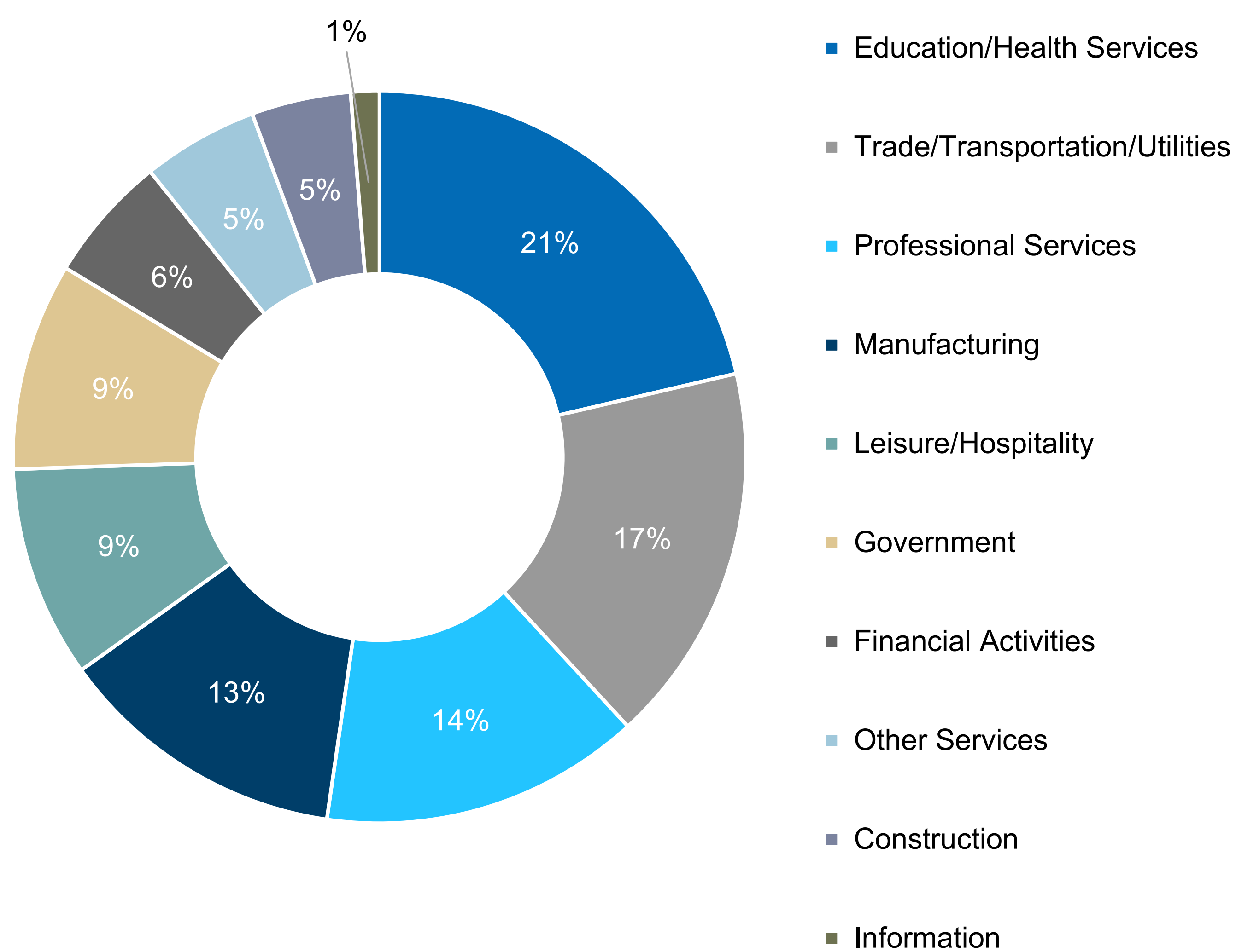


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

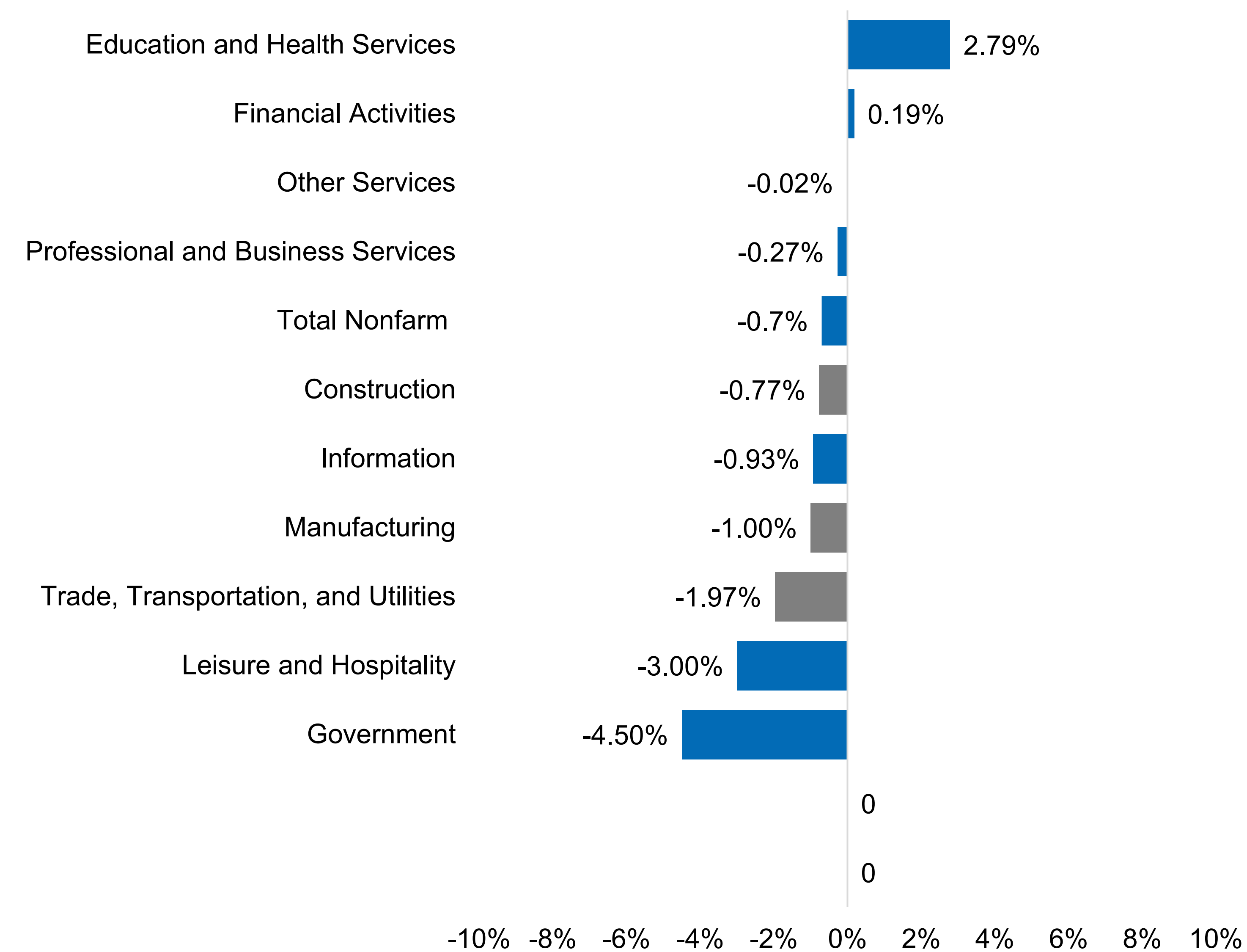
Industrial Job Base Weakens Across Milwaukee

All industrial-related sectors in Milwaukee saw employment losses over the past year. The steepest decline occurred in Trade, Transportation and Utilities, which posted a 1.97% drop during the 12-month period.

Employment by Industry, August 2025



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

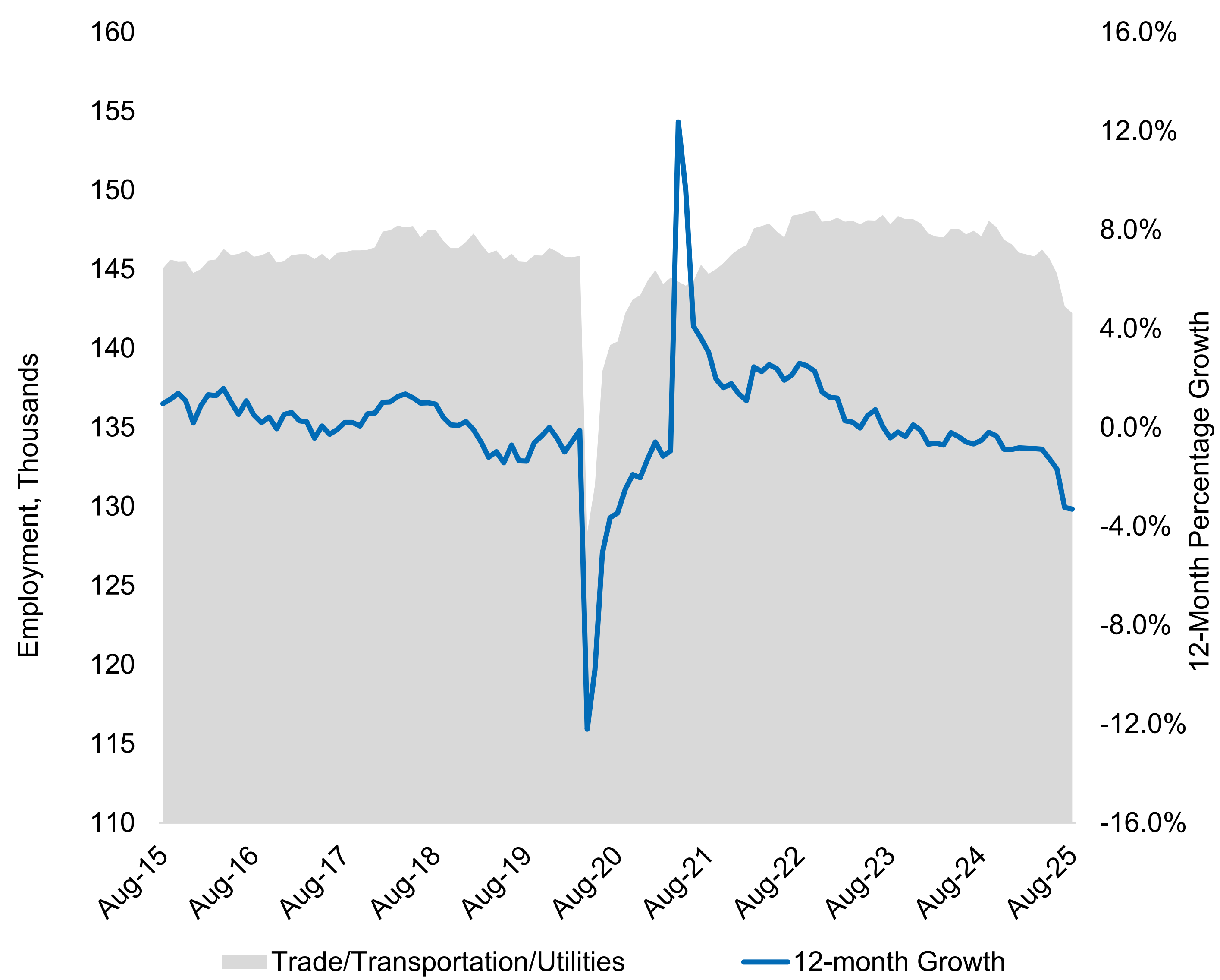


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

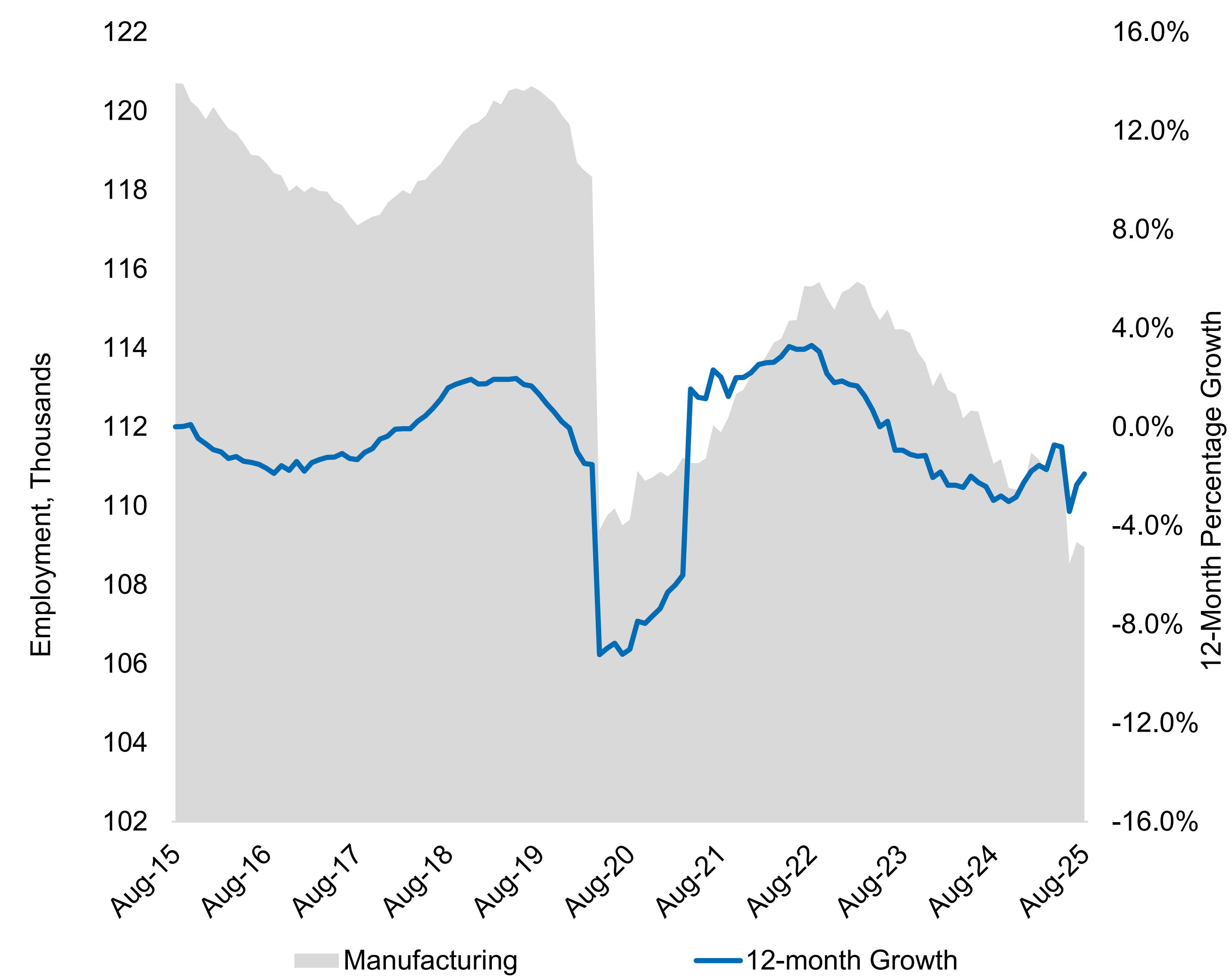
Industrial Labor Market Faces Headwinds

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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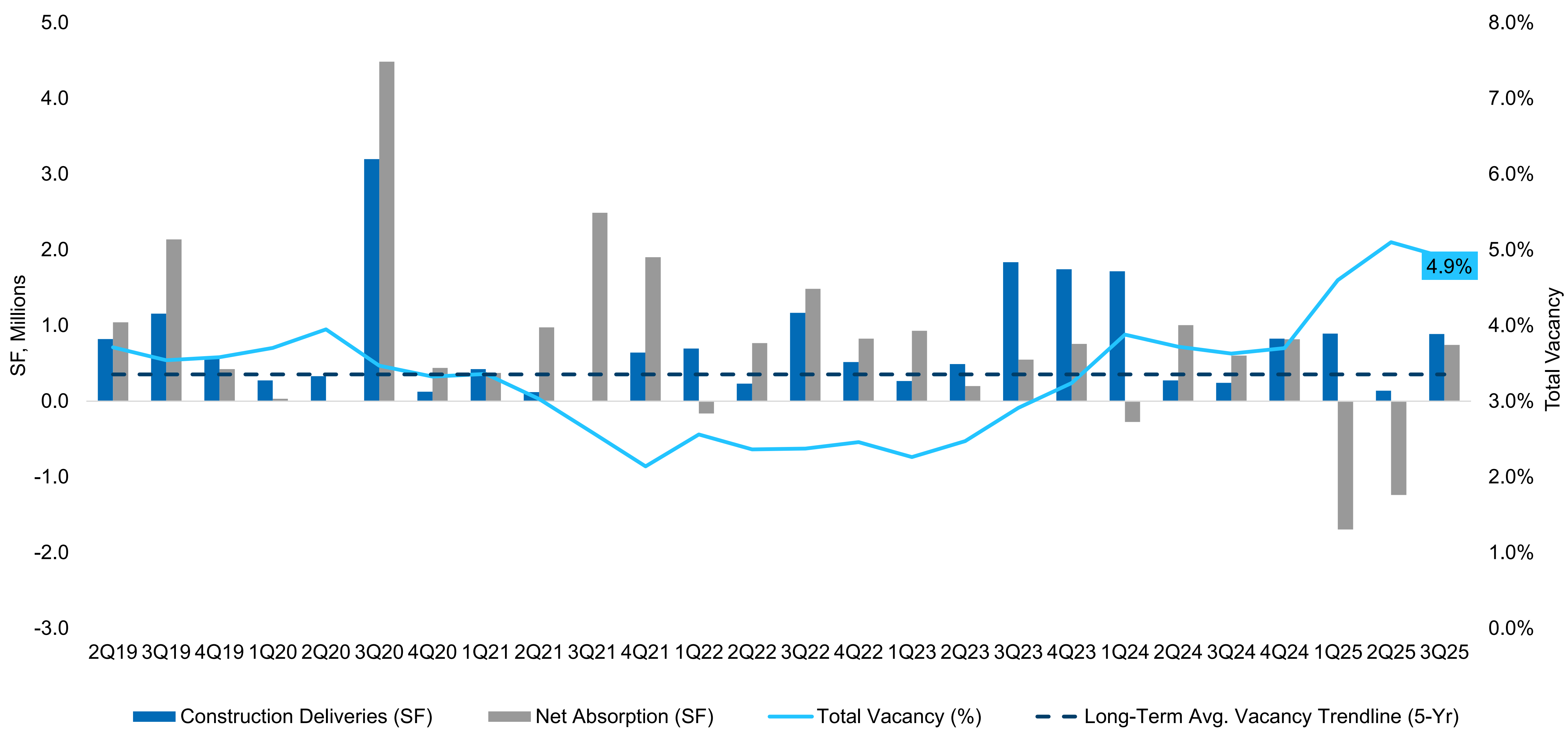
Leasing Market Fundamentals

Positive Momentum Signals Market Stabilization

The Milwaukee industrial market bounced back in the third quarter of 2025, ending a two-quarter slowdown with nearly 750,000 square feet of positive absorption. Vacancy ticked down to 4.9%, still above the long-term average of 3.4%, but the trend suggests the market is regaining balance.

Historical Construction Deliveries, Net Absorption, and Vacancy

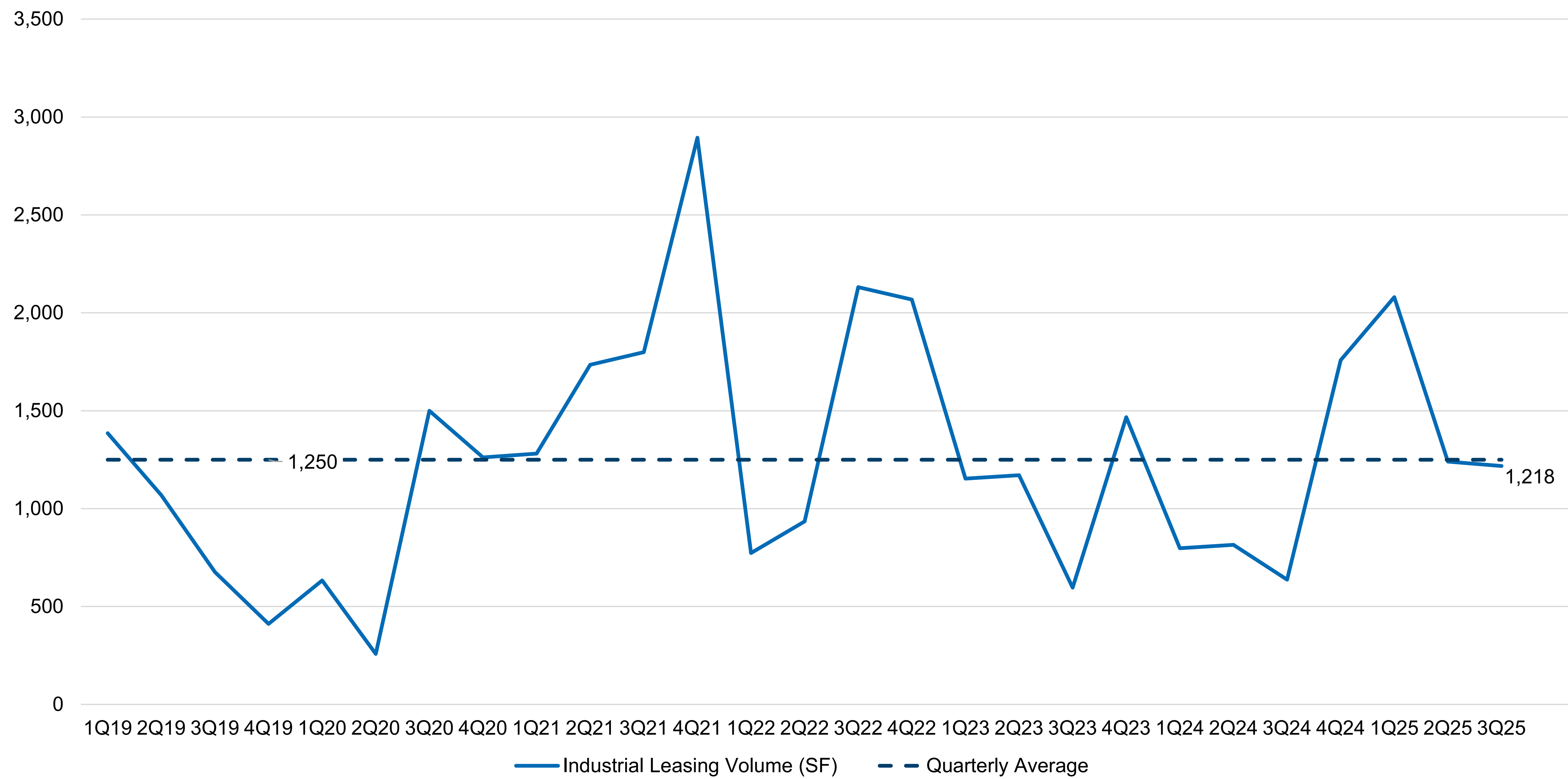


Source: Newmark Research

Demand Remains Consistent with Long-Term Average

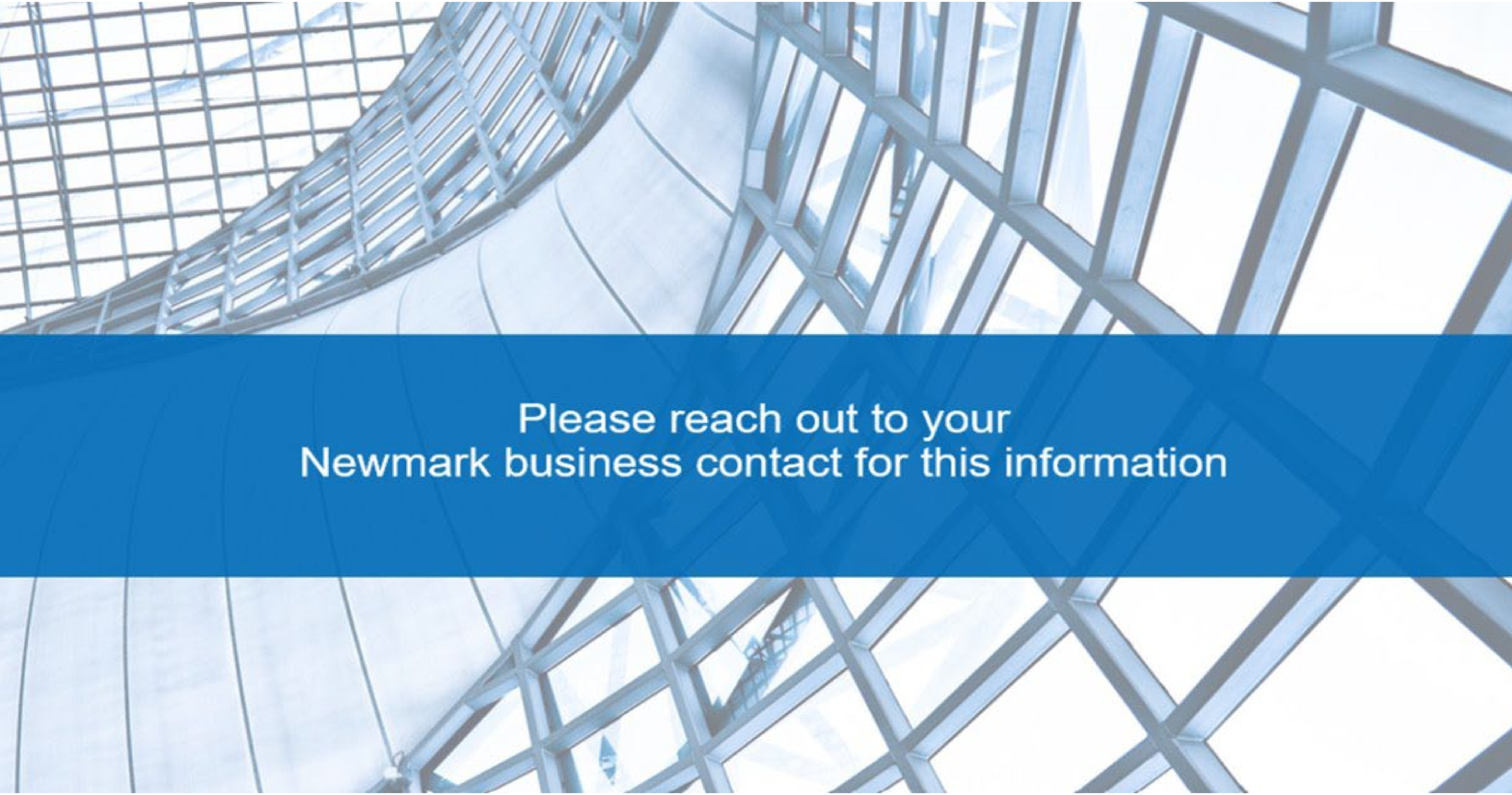
Milwaukee's industrial market recorded 1.2 million square feet of leasing activity this quarter, on par with the long-term quarterly average. Over the past four quarters, the market achieved a total of 6.3 million square feet in leasing activity, reflecting cautious but steady demand. This pattern points to a stable baseline of activity despite broader economic headwinds.

Total Leasing Activity (SF)

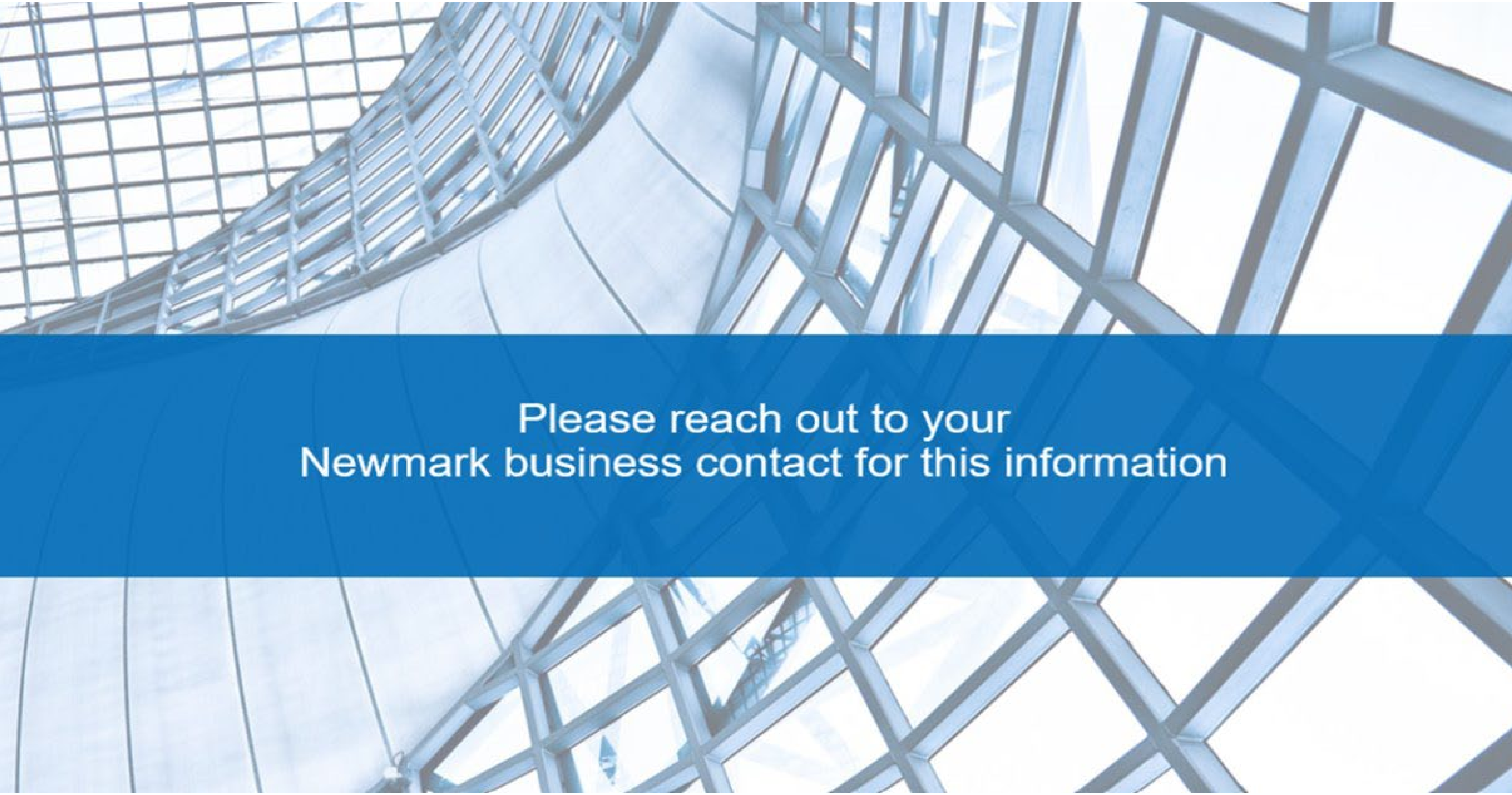


Source: Newmark Research, CoStar

Class A Warehouse Leasing



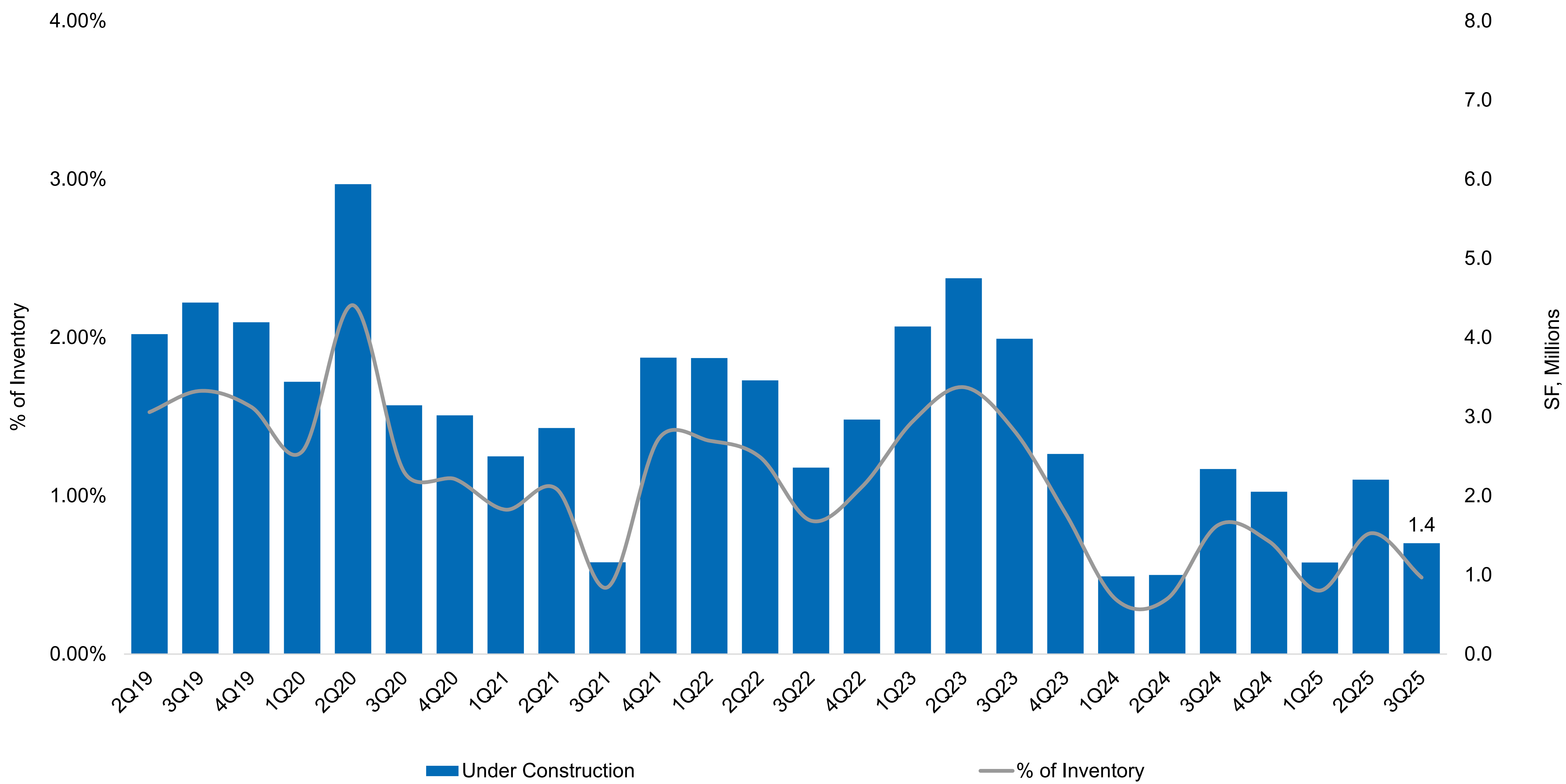
Industrial Sublease Availability Remains Elevated



Construction Slowdown Supports Market Rebalancing

The third quarter saw 886,628 square feet of deliveries, shrinking the pipeline to just 1.4 million square feet of active construction. The slowdown, which is largely driven by a more cautious development climate, is expected to support a healthier balance of supply and demand over the next year.

Industrial Under Construction and % of Inventory

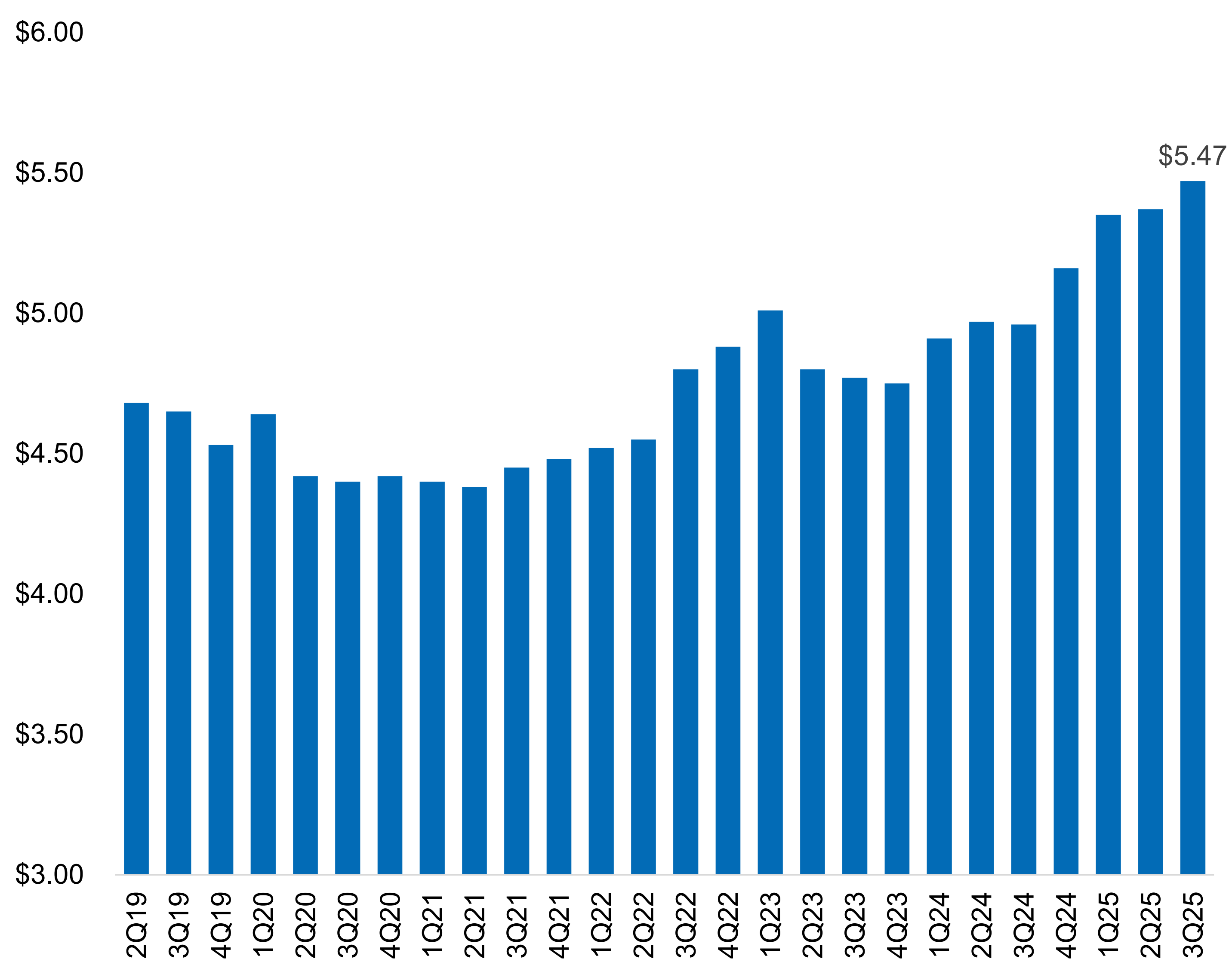


Source: Newmark Research, CoStar

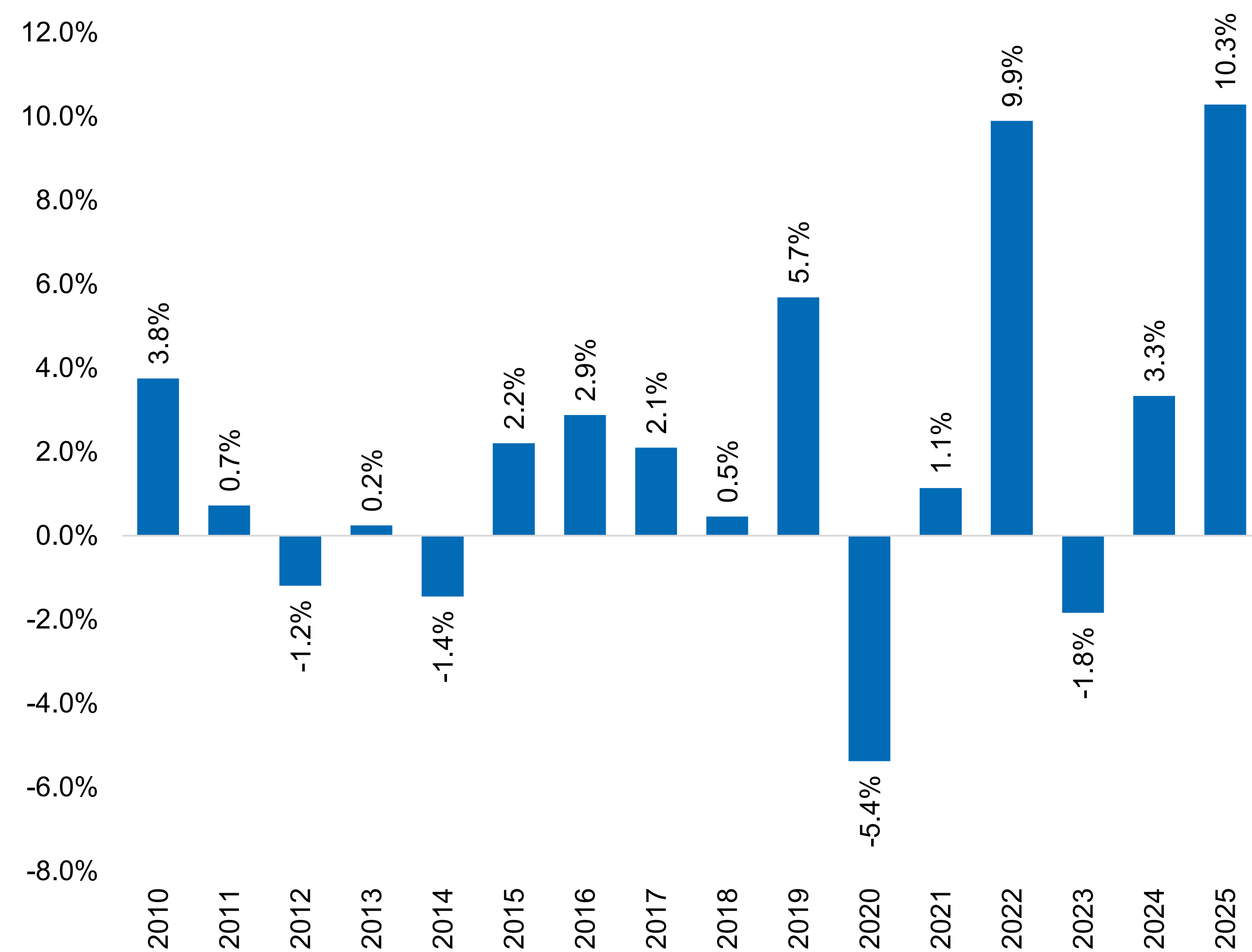
Industrial Asking Rents Continue to Climb

Average asking rents in Milwaukee's industrial market for the third quarter rose to a weighted average of $5.47 per square foot, marking a 1.8% increase from the previous quarter.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q25 Lease Transactions

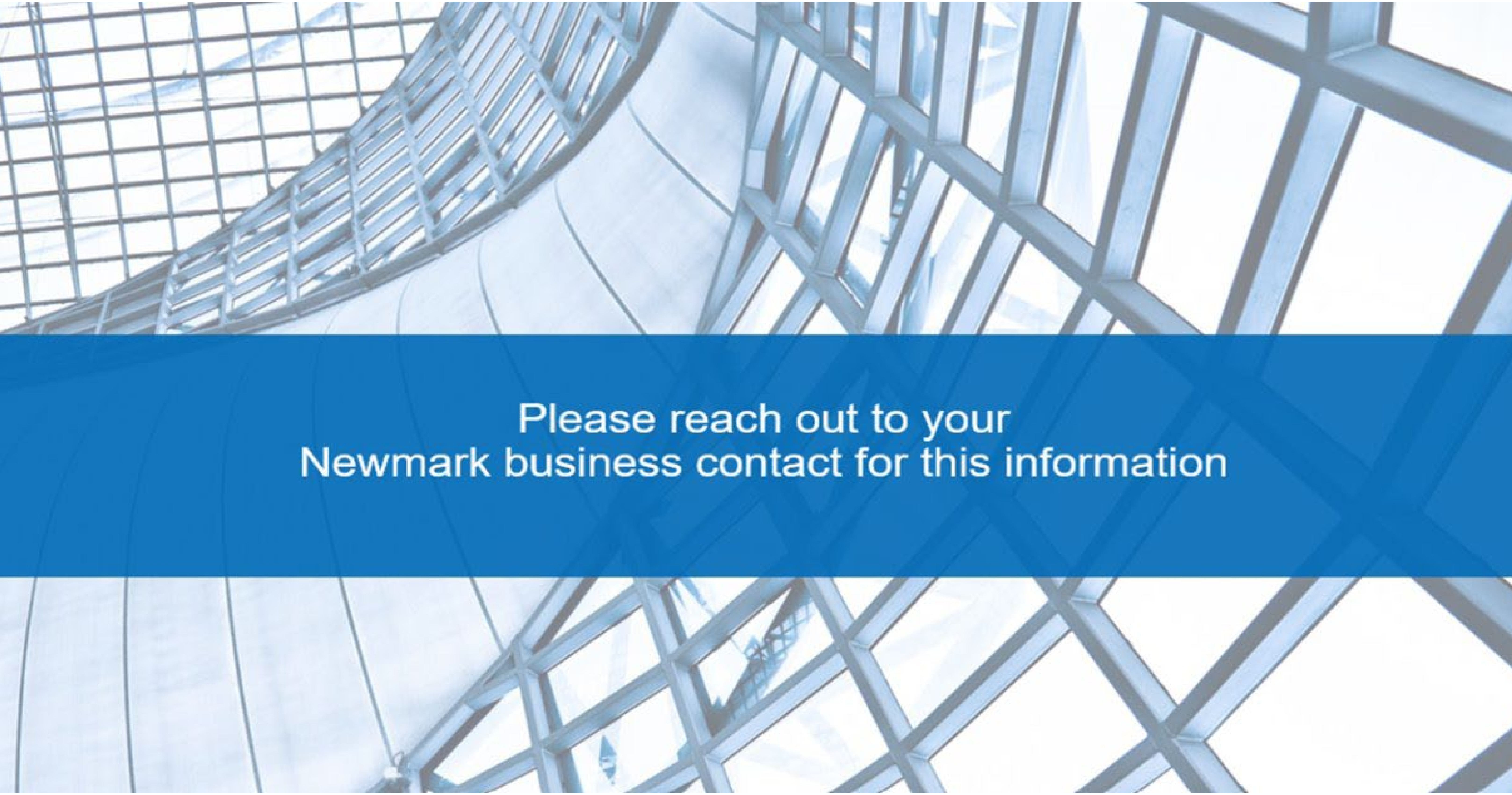
Despite economic uncertainties, Milwaukee's industrial market saw strong third-quarter leasing. Below are key deals completed this period.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Helgesen Industries	1055 W Sumner St	Washington Co	Direct New	200,976
Jackson's Food Company	10000 S Ridgeview Dr	Milwaukee Co	Direct New	205,676
GS Global Resources	912 Perkins Dr	Waukesha Co	Direct New	195,000
Helgesen Industries	1720 Innovation Way	Washington Co	Direct New	117,750
Border States Electric	W277N2837 Duplainville Rd	Waukesha Co	Direct New	99,991

Source: Newmark Research

Vacancy Rates by County



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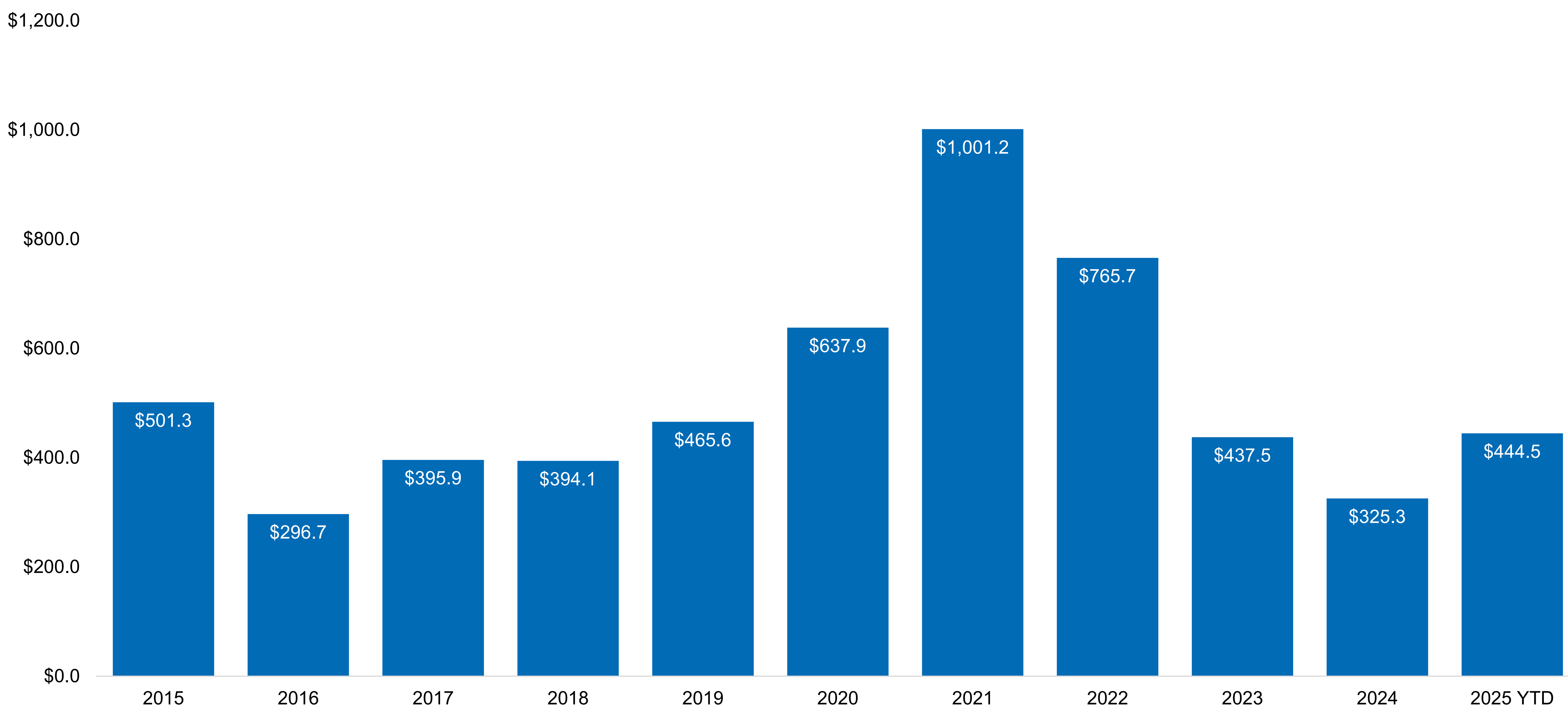
Capital Markets Fundamentals

Robust Capital Markets Activity Signals Optimism

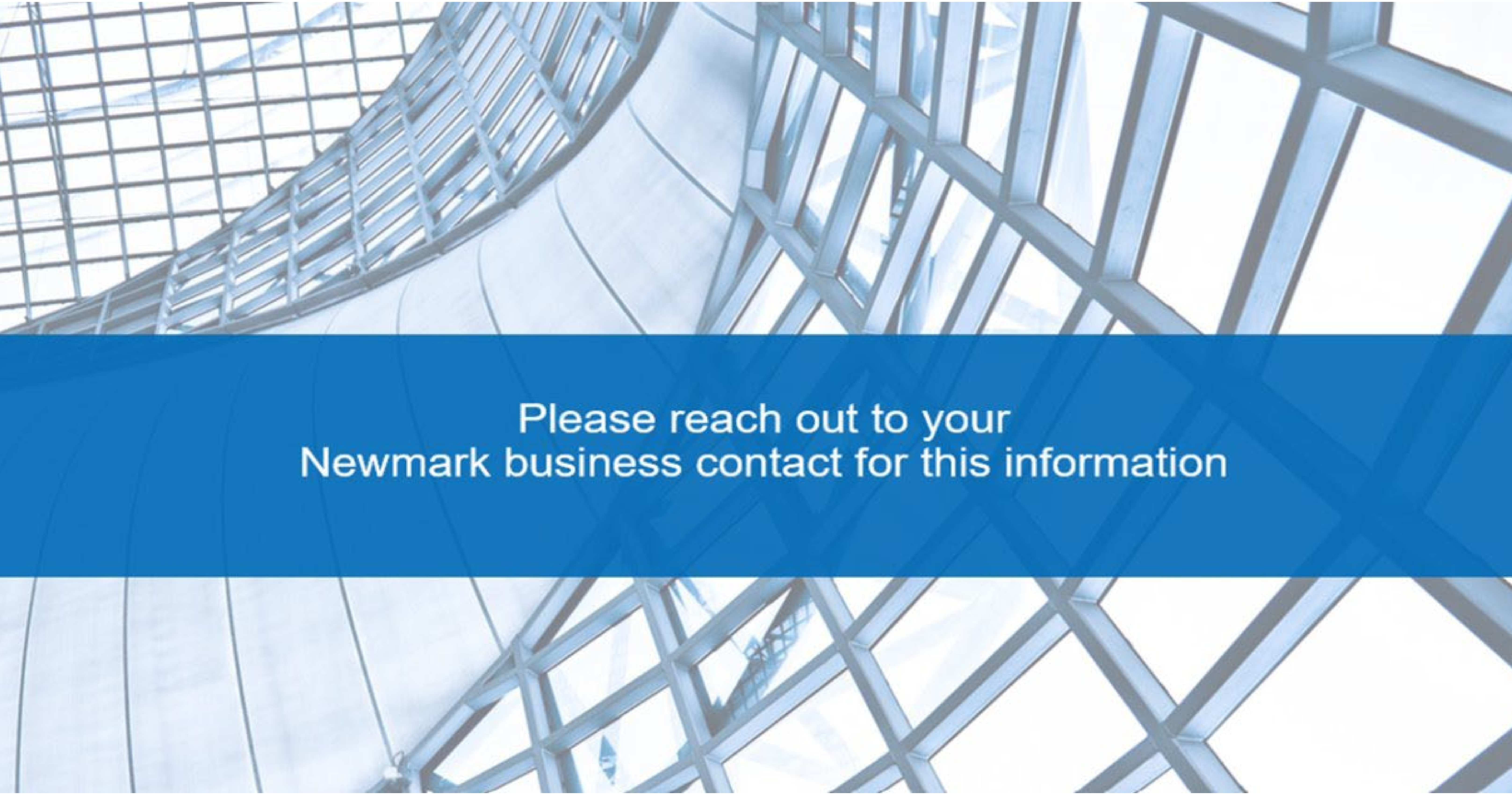
Milwaukee's industrial capital markets have seen robust activity year-to-date, with transaction volume reaching $444.5 million, already exceeding the annual totals from 2023 and 2024. Not including the anomalous record-highs during the pandemic, this three-quarter activity sits above the long-term average.

Milwaukee Industrial Sales Volume ($M)

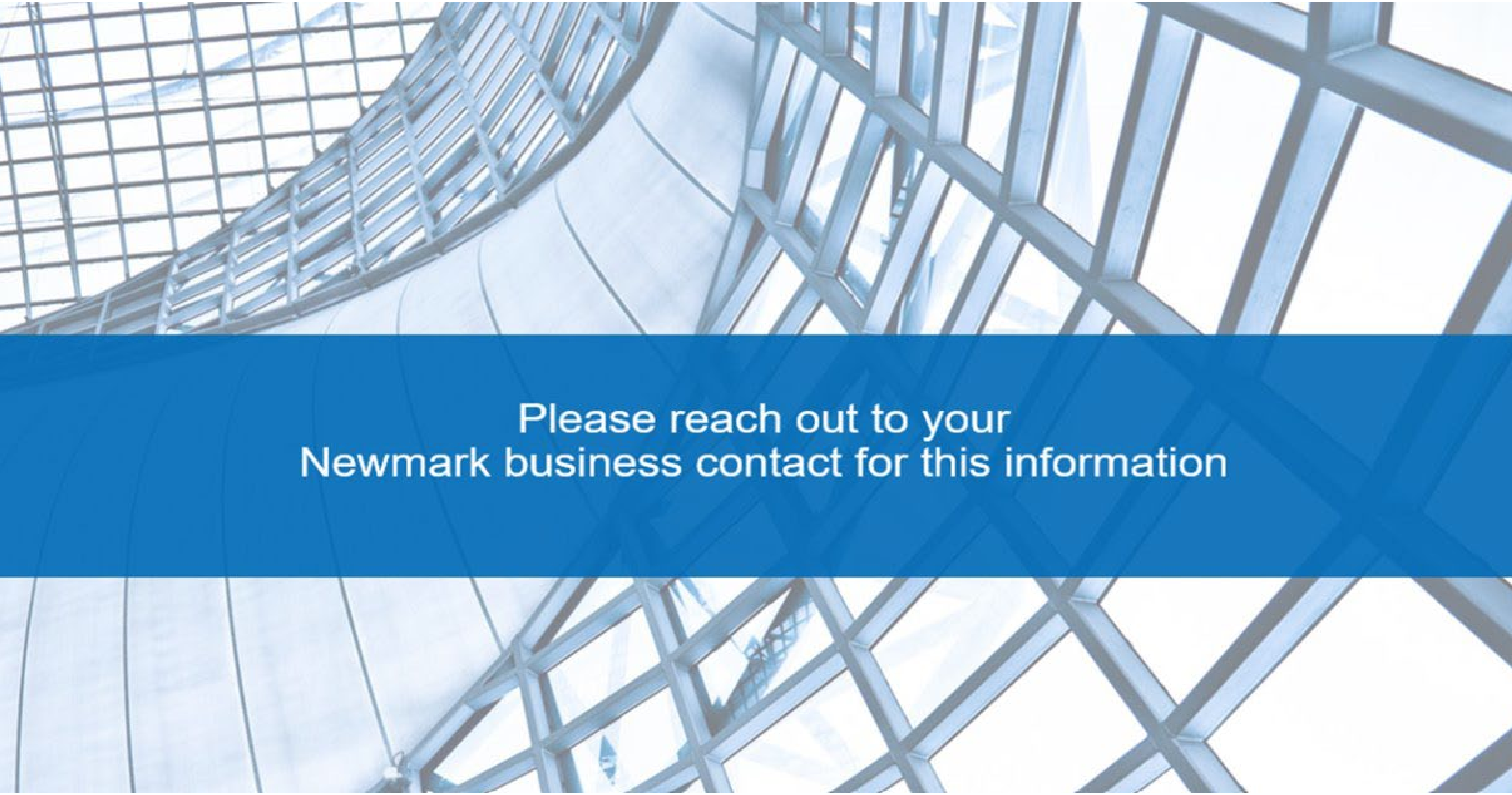


Source: Newmark Research, MSCI Real Capital Analytics

Pricing Cools but Core Assets Hold Value



Owner-Occupier Transactions Stall Year-to-Date



Notable 3Q25 Sale Transactions

Milwaukee's industrial capital markets have experienced strong year-to-date activity, with transaction volume totaling $444.5 million. Key transactions are highlighted below.

Select Sales Transactions

Buyer	Seller	Building	City	Sale Price	Price/SF	Square Feet
New Mountain Capital	TPG Angelo Gordon	N120 W1900 Freistadt Rd	Germantown	$59.5M	$270	287,863
A New York City-based investment firm purchased several buildings occupied by Gehl Foods.						
STORE Capital	Private Individual	1055 W Sumner St & 1720 Innovation Way	Hartford	$24.0M	$71	338,726
This was a two-property portfolio, and both buildings were fully leased to Helgensen Industrial at the time of sale. Lease terms were renegotiated and Helgensen signed a new 15-year term agreement.						
LCM Funds	GS Global Resources	912 Perkins Dr	Mukwonago	$16.1M	$83	195,000
GS Global Resources sold its 195,000 square foot manufacturing facility in a sale leaseback to LCM Funds for $16.1 million.						
Capital Partners Management	Mohr Capital	W233N2095 Ridgeview Pky	Waukesha	$10.0M	$112	89,405
Capital Partners acquired Ridgeview Industrial Center IV from Mohr Capital for $10 million. The property was fully leased at time of sale with an 8-year weighted average lease term.						
Industrious Capital	Private Individual	5111 S 9th St	Milwaukee	$9.4M	$50	187,572
The property was 87% leased at time of sale to two tenants, with 25,000 square feet vacant at time of sale.						

Source: Newmark Research, CoStar, Real Capital Analytics

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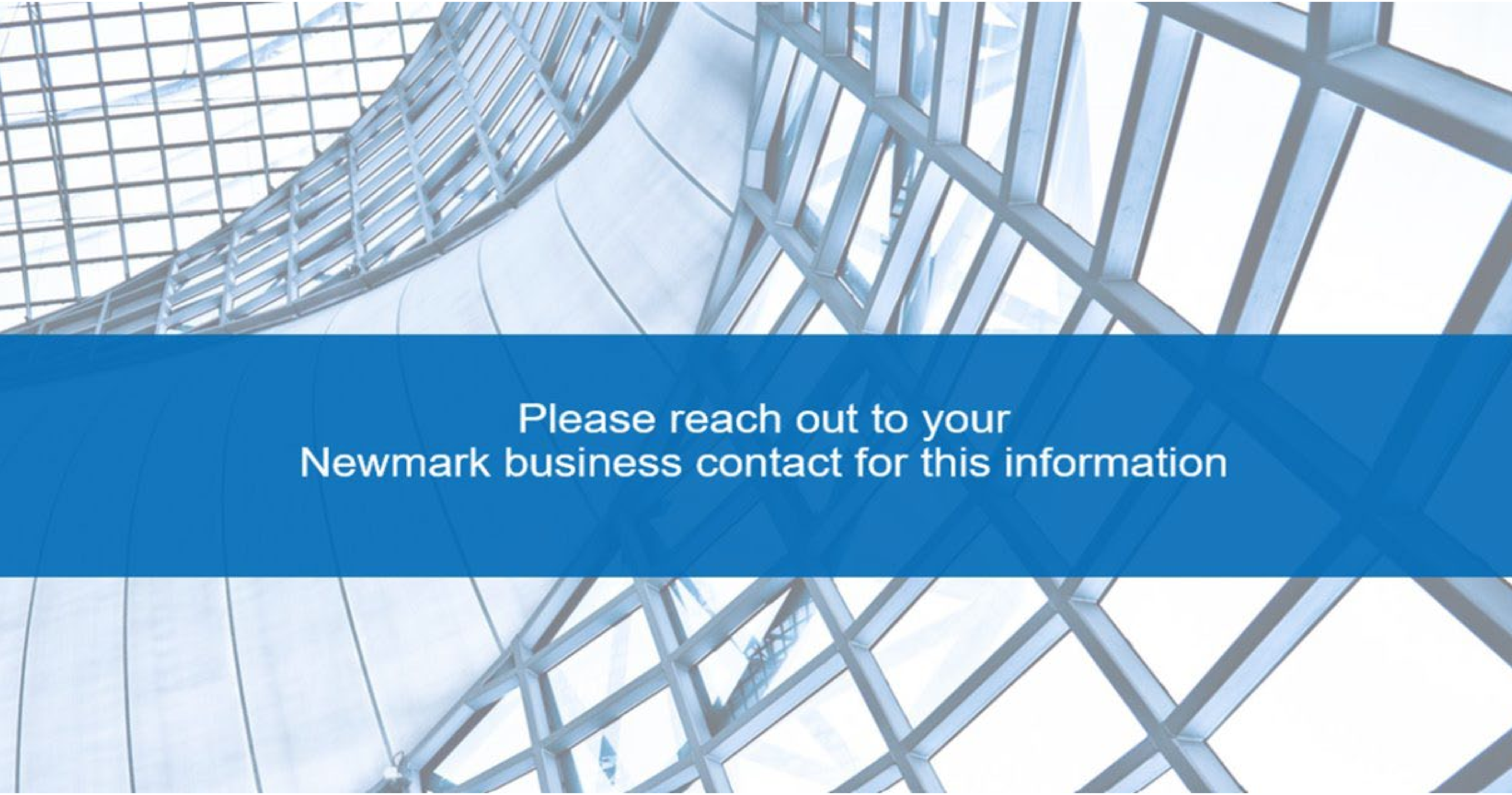
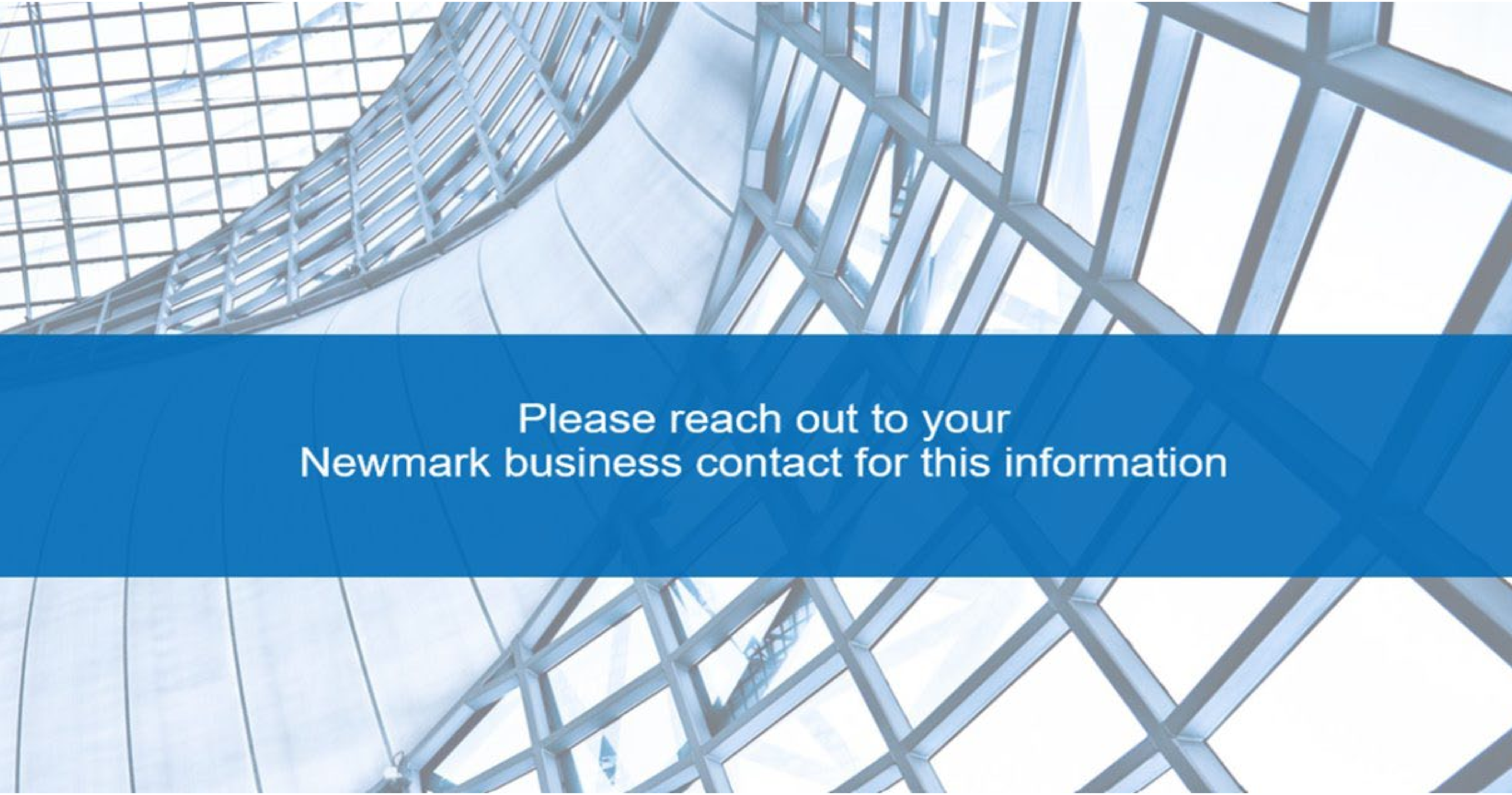
Supplemental Tables

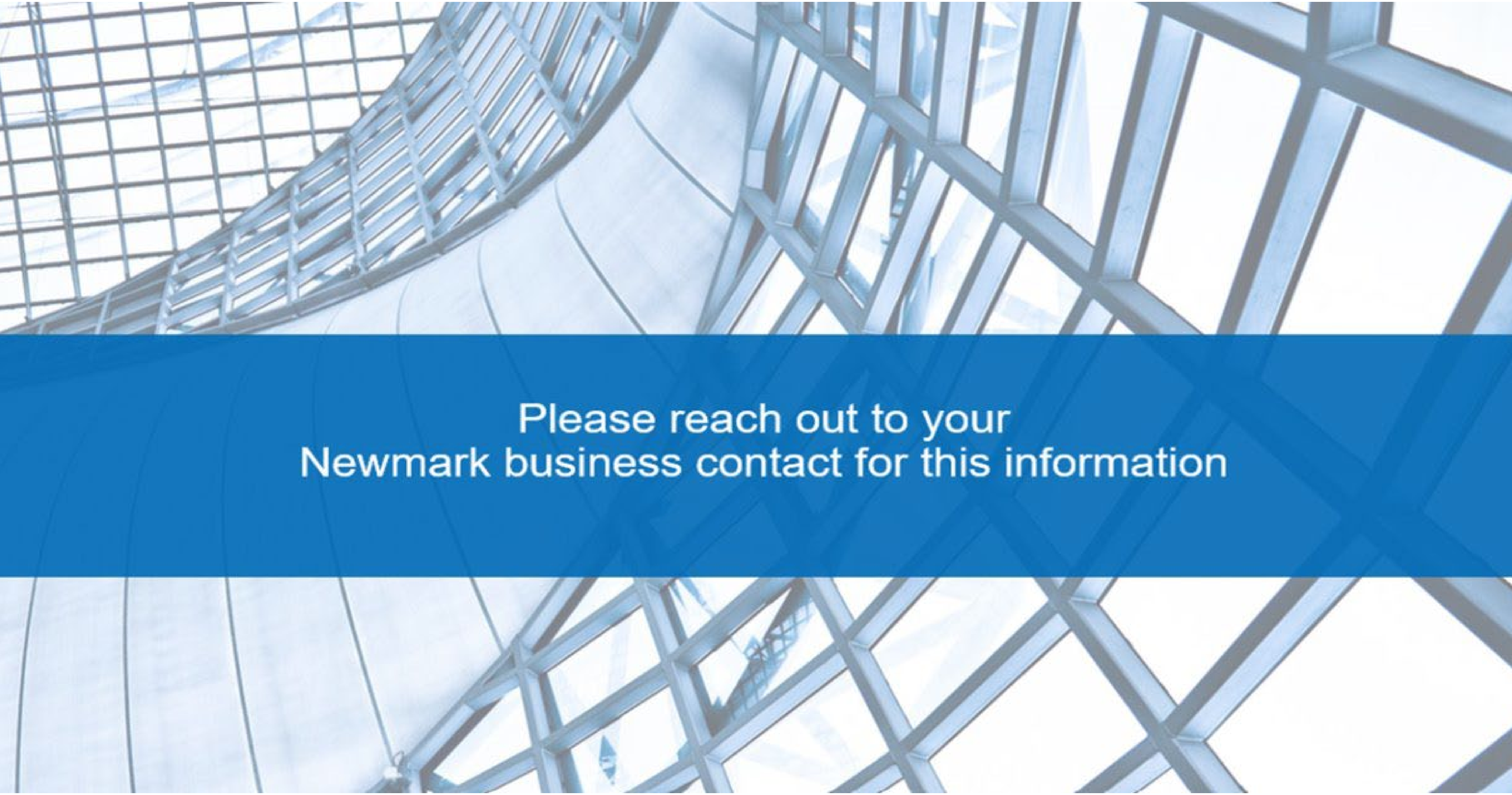
Current Statistical Overview (page 1 of 3)



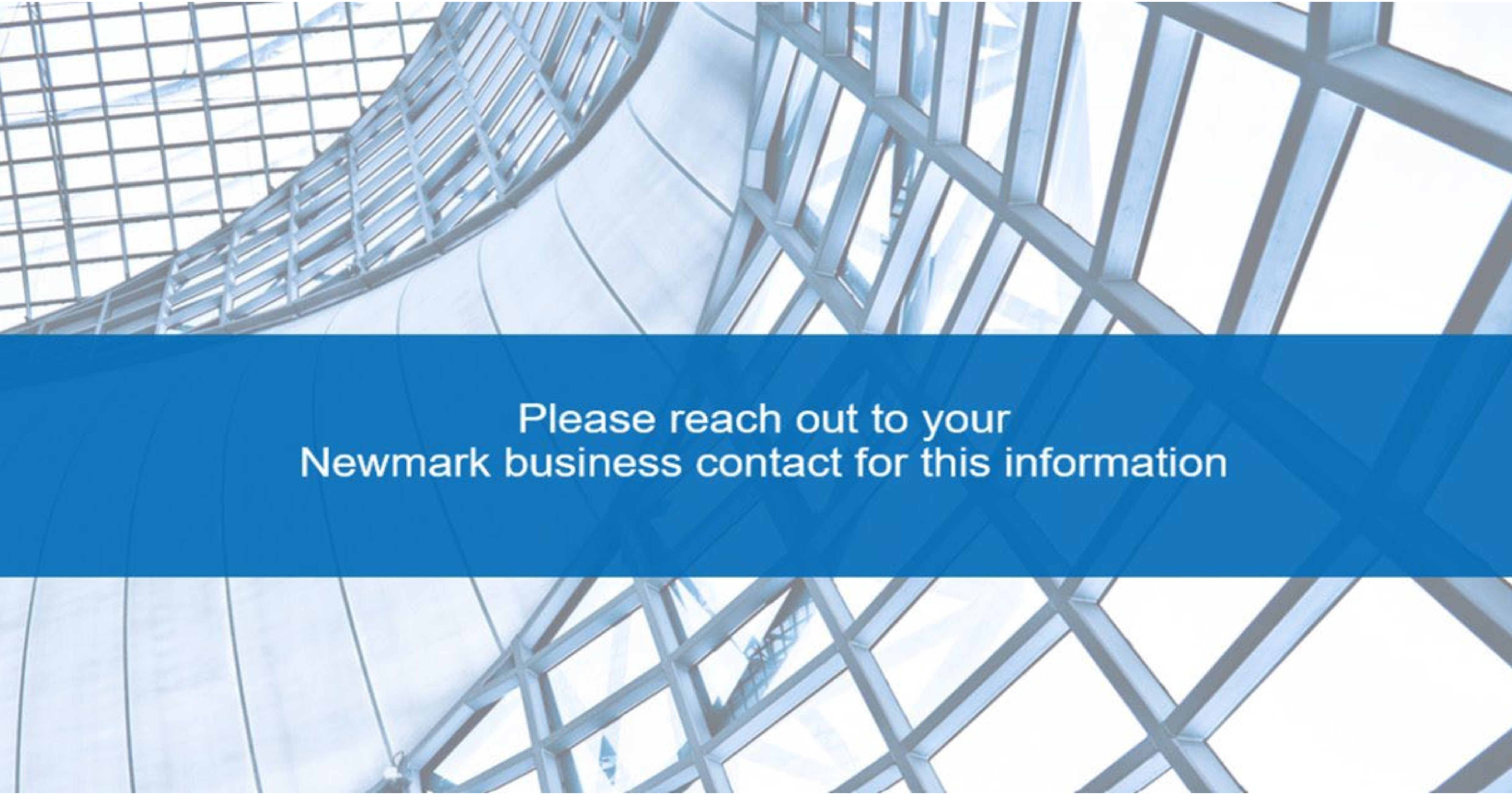
Current Statistical Overview (page 2 of 3)



Current Statistical Overview (page 3 of 3)



Historical Statistical Overview



Source: Newmark Research

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