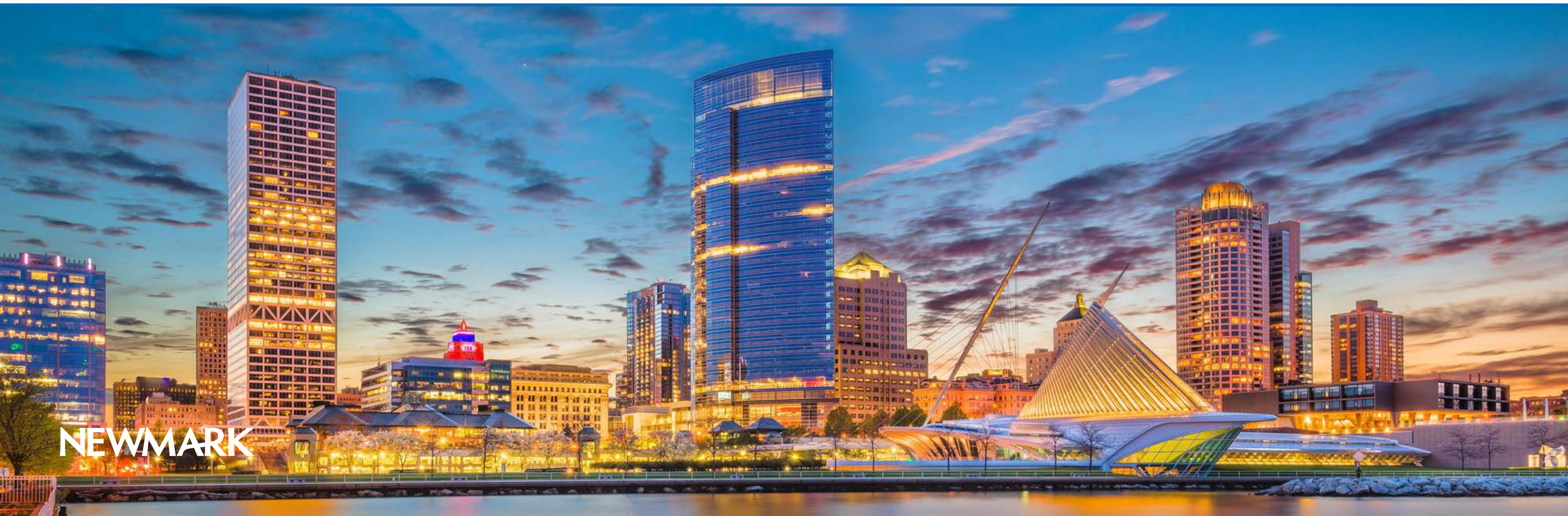


4Q24

Milwaukee Industrial Market Overview



NEWMARK

Market Observations

Economy

- The region’s labor market remained historically strong amid shifting macroeconomic conditions. November’s 3.0% unemployment rate remains significantly lower than the 3.8% 10-year historical average.
- Year over year, job gains are most pronounced in the government sector, while professional & business services had the most job losses.
- The Midwest Consumer Price Index has begun to plateau as it held steady between 2.5% and 2.8% throughout the year far below the peak recorded in June 2022 of 9.5%. As of November 2024, it now stands at 2.6%.

Major Transactions

- In the fourth quarter of 2024 there was 1.46 million SF of industrial leasing activity, up from 698,000 reported in the previous quarter. For the year, the market experienced 3.9M SF of leasing activity which is down from the 5.6M recorded in 2023.
- Sale transaction volume for the quarter was \$218 million. Throughout 2024 the market experienced \$742 million in transactional volume far less than the \$1.0 billion recorded in 2022 and \$1.1 billion recorded in 2021 but inline with \$625 million and \$631 million recorded in 2020 and 2019 and much more than the \$365 million recorded in 2023.
- The largest investment deal done this past quarter was ElmTree Funds selling 1 World Packaging Circle, Franklin to PG3 LLC for \$20.24 million or \$98 per SF. The building totals 206,518 SF and is fully leased to Quad Graphics.

Leasing Market Fundamentals

- This past quarter, the Milwaukee industrial market experienced 866,121 SF of absorption. For the year, the market has absorbed 2.3 million SF. Since the beginning of the first quarter of 2020, the market has experienced 18.9 million SF of absorption, representing market growth of 7.1%.
- This past quarter, the availability rate remained steady at 5.9%, and the vacancy increased slightly from 3.6% to 3.7%. The market is currently recalibrating, it is expected that vacancy rates will remain steady as demand comes into balance with new construction and existing availabilities.
- Throughout 2024 there was been 3.1 million SF of new construction, of which only 66% is now occupied.
- There is 2.3 million SF in the construction pipeline, of which 85% is preleased.

Outlook

- Milwaukee's rich history of a skilled and experienced workforce has been and will continue to attract manufacturers to bring their operations back to the region. The only limitations for occupiers seeking expansion will be the availability of space and the costs involved.
- Optimism is growing in the capital markets sector with the feds continuing to announce interest rates cuts while buyers and sellers become more realistic of the ask/bid spread. This positive development is expected to stimulate activity among both investors and occupiers over the next couple quarters.
- Recent speculative developments have experienced minimal preleasing and longer lease-up periods. As a result, fewer new speculative projects are being announced.

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

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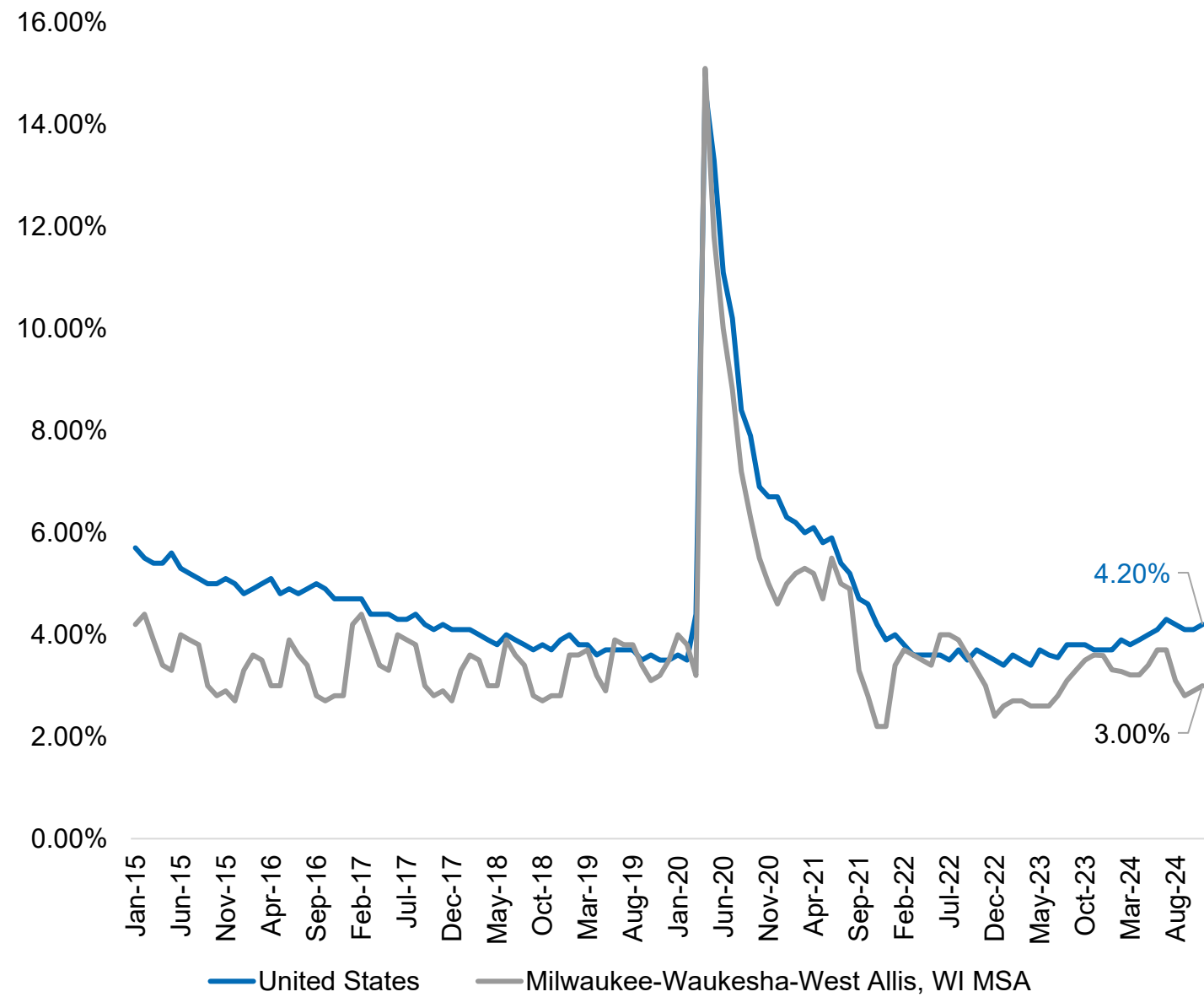
Economy



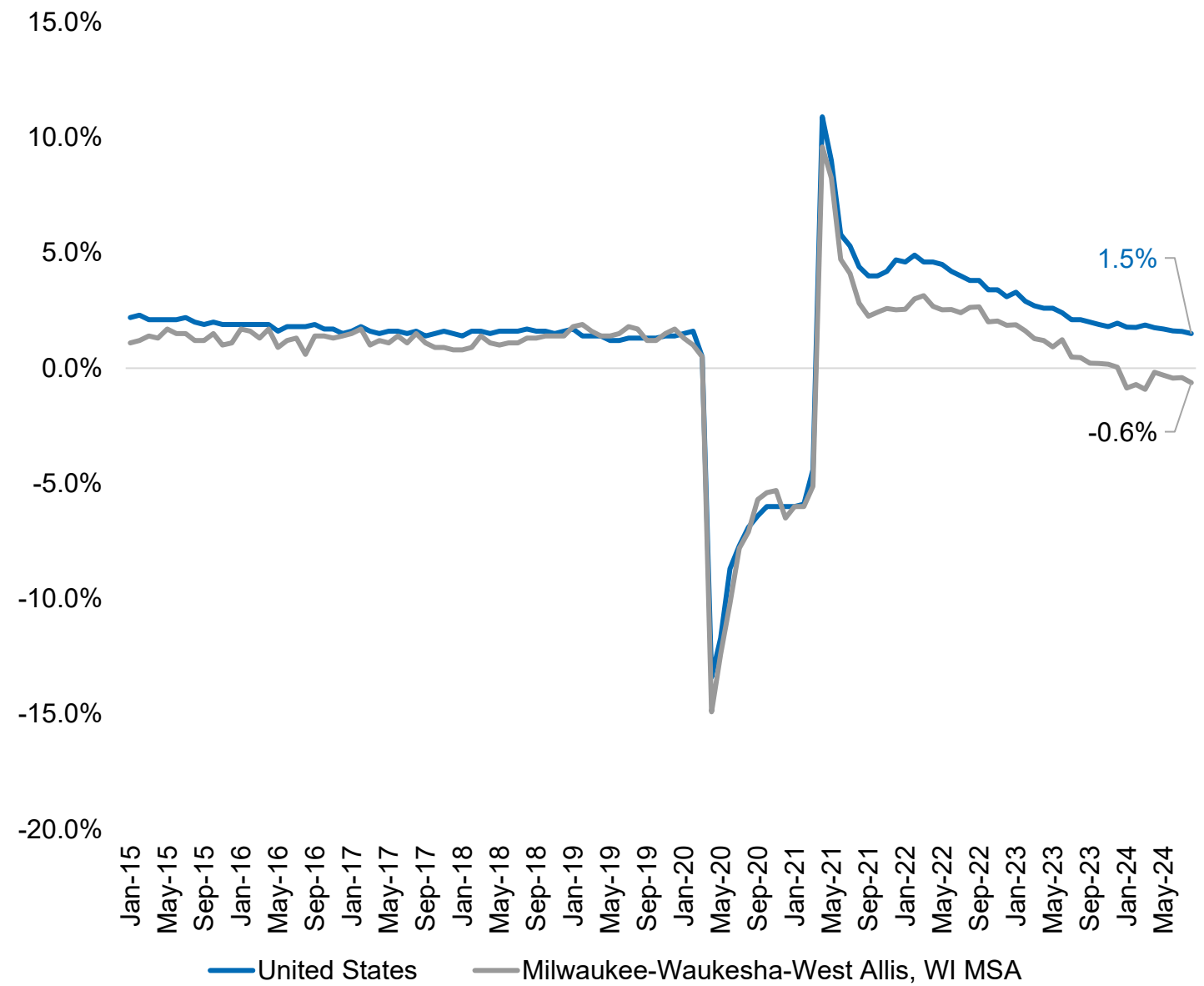
Metro Employment Trends Signal A Slowing Economy

The Metro's unemployment rate now sits at 3.0%, notably lower than the nationwide average of 4.2%. However, the Metro's payroll employment's 12-months change is -0.6% while the national average is 1.5%.

Unemployment Rate, Seasonally Adjusted



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

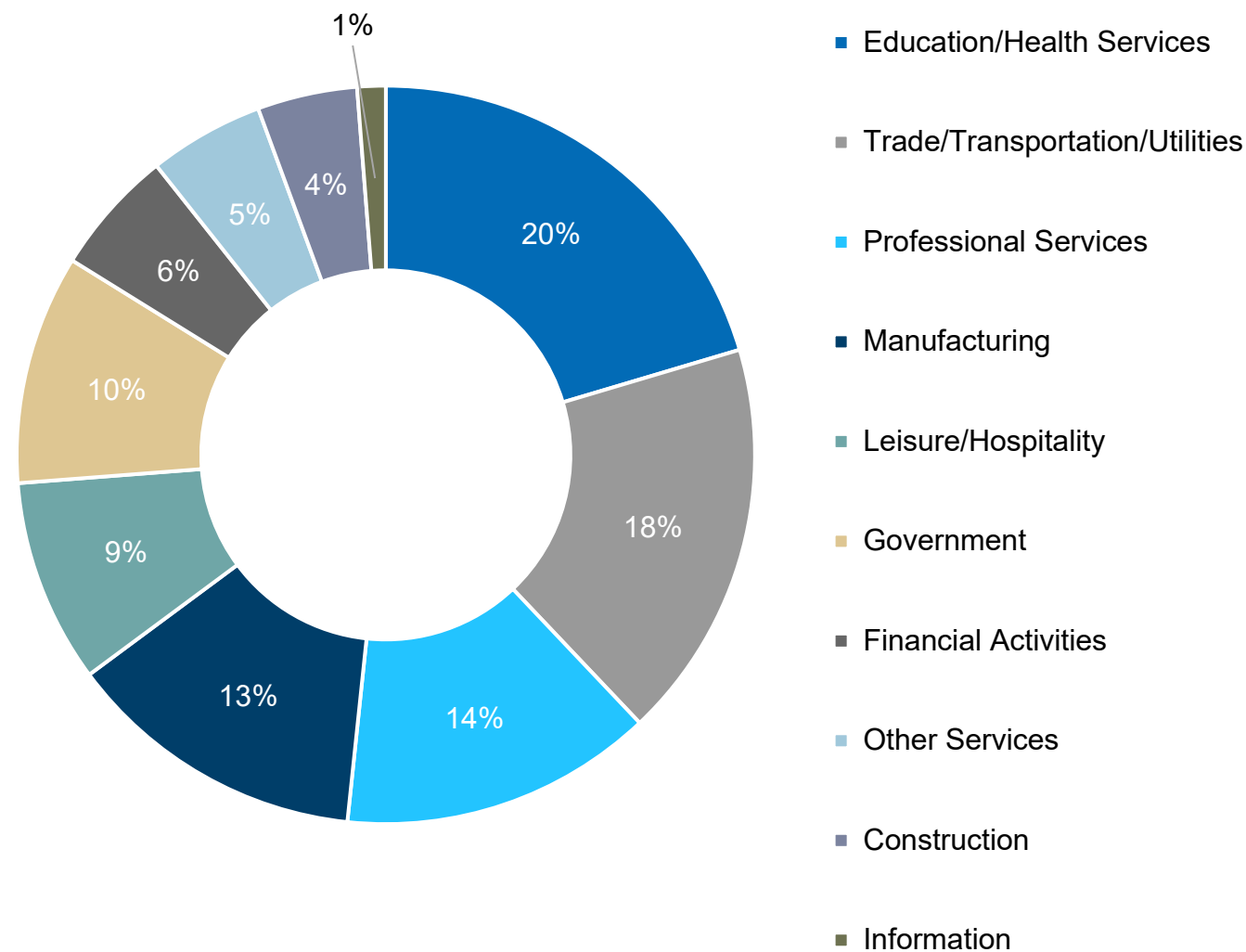


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

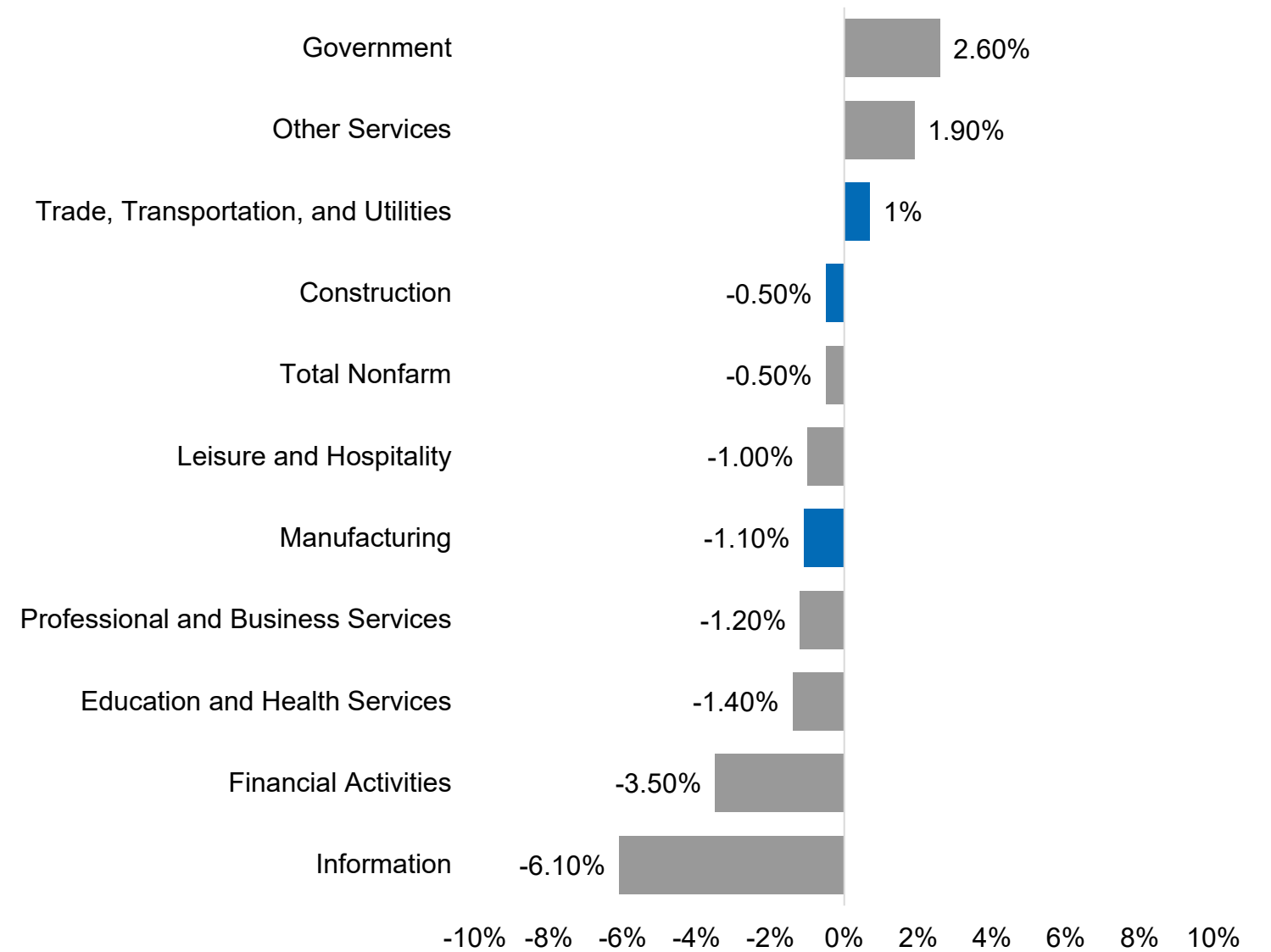
Job Losses Driven in Large Part by the Professional Services Sector

Over the past year, 4,300 jobs were lost across the market, a contraction of 0.5%. Industrial-using employment sectors saw a 0.1% contraction as 400 jobs were lost. The Government sector saw the most growth as 2,250 jobs were added representing a 2.6% increase in employment.

Employment by Industry, August 2024



Employment Growth by Industry, 12-Month % Change, August 2024

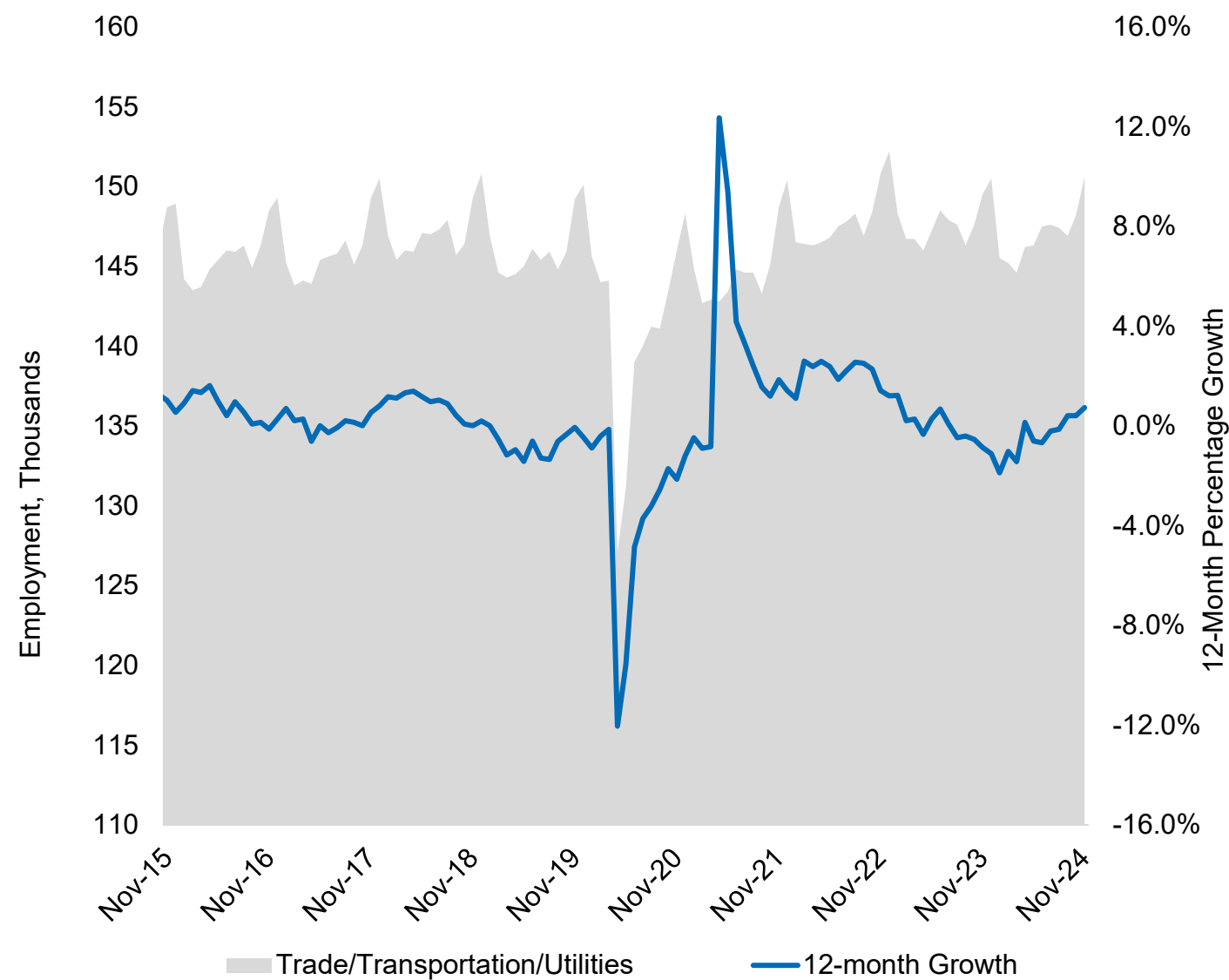


Source: U.S. Bureau of Labor Statistics, Milwaukee-Waukesha-West Allis, WI MSA

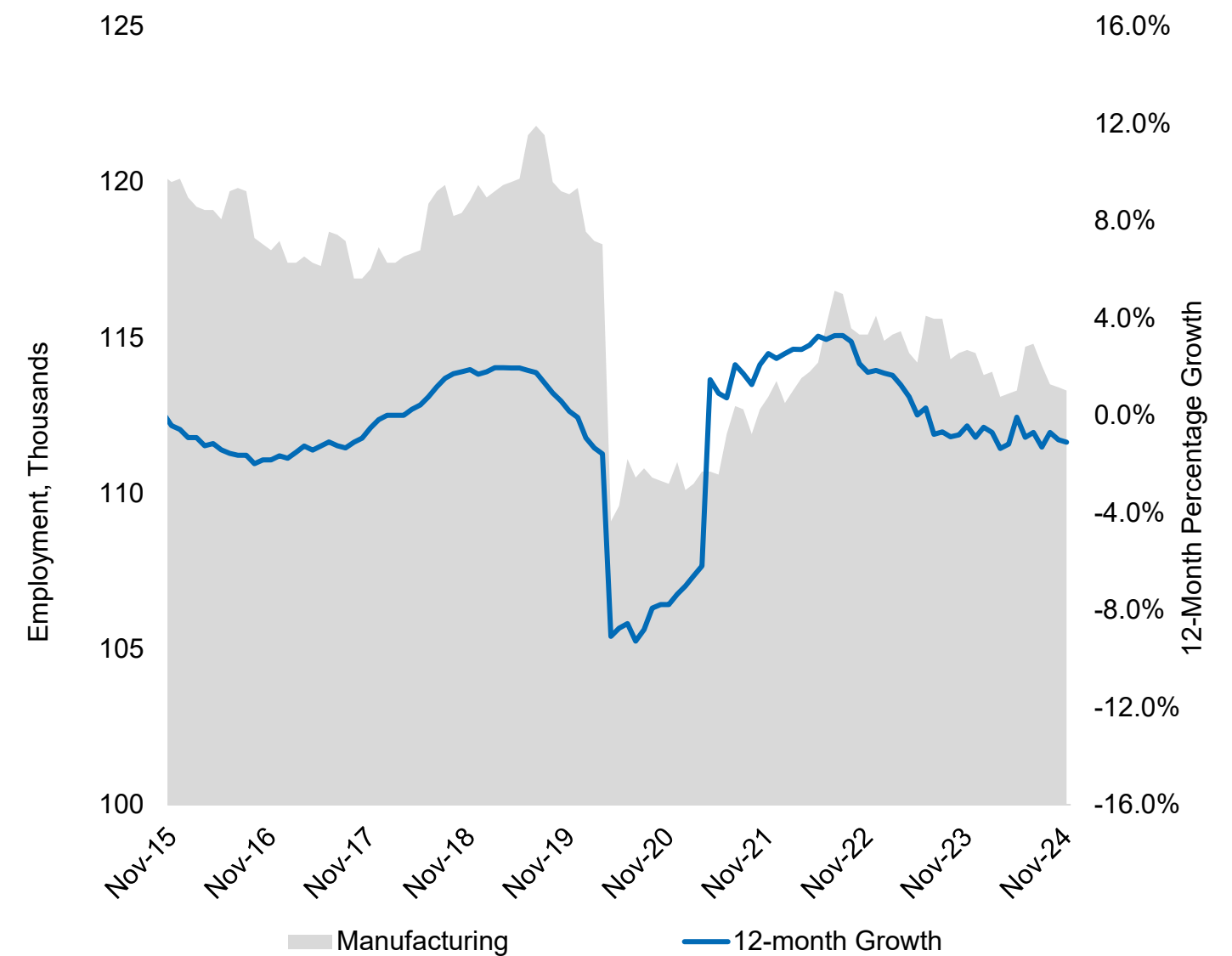
Industrial Employment Strong but Not Immune to Softening Conditions

Trade/transportation/utilities and manufacturing firms are reacting to the economic climate and a shift in consumer demand by adjusting labor needs; however, competition for labor is still a challenge for many occupiers.

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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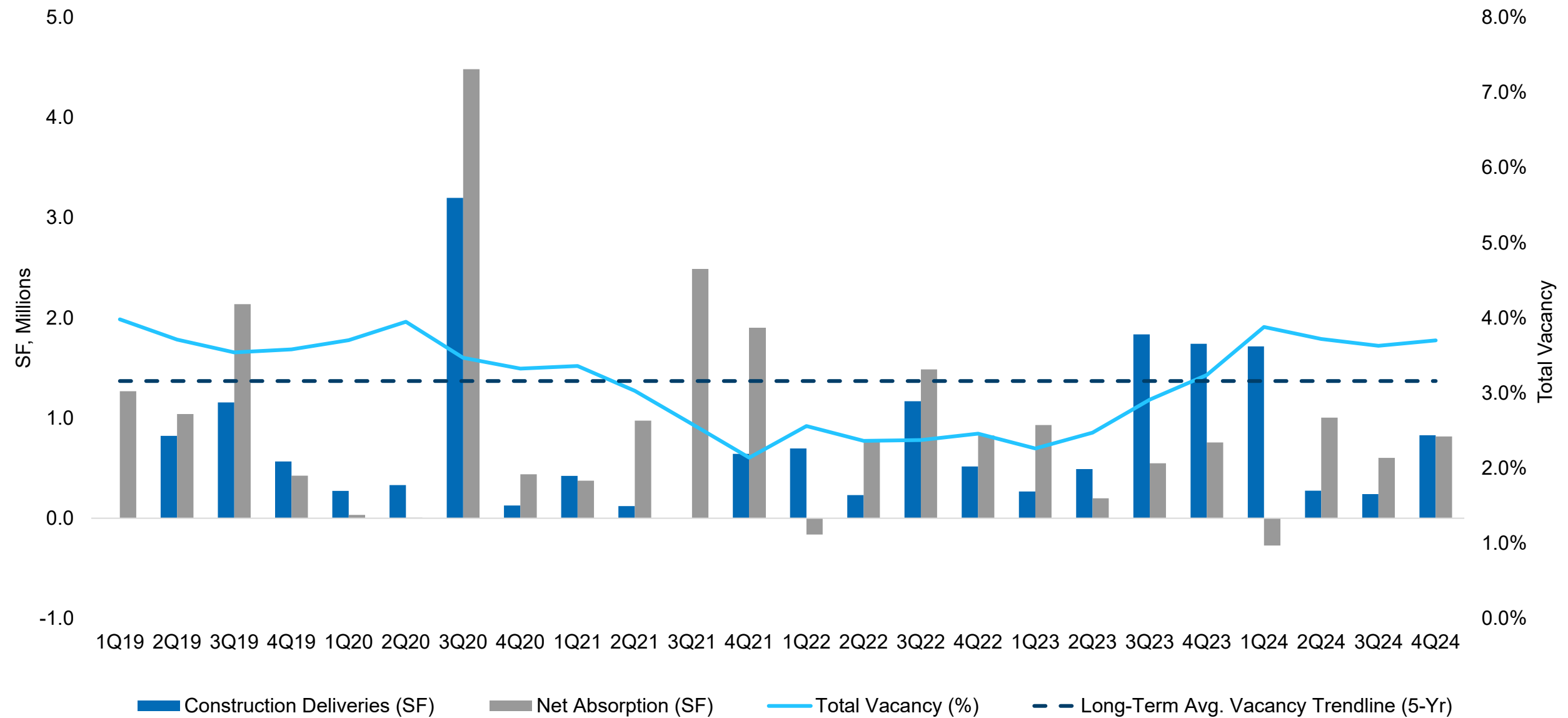
Leasing Market Fundamentals



Construction Deliveries Find Balance with Absorption

This past quarter, the availability rate remained steady at 6.0%, up from 5.5% where it started 2024. The vacancy rate increased slightly from 3.6% to 3.7% and is up considerable for the year where it started at 3.2%. The market is currently recalibrating, it is expected that vacancy rates will remain steady as demand comes into balance with new construction and existing availabilities.

Historical Construction Deliveries, Net Absorption, and Vacancy

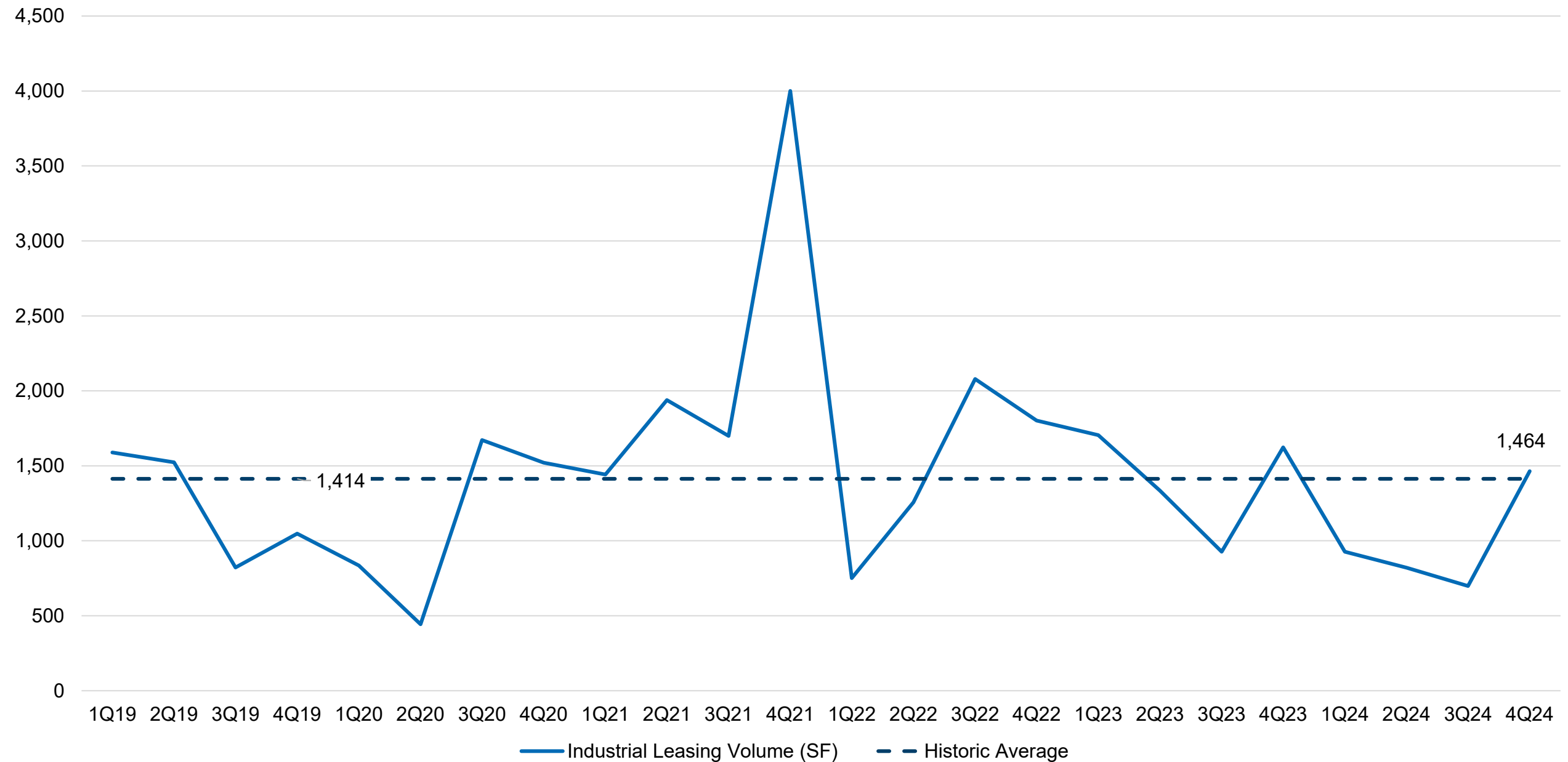


Source: Newmark Research

Industrial Leasing Activity Increases this Past Quarter

In the fourth quarter of 2024 there was 1.46 million SF of industrial leasing activity, up from 698,000 reported in the pervious quarter. For the year, the market experienced 3.9M SF of leasing activity which is down from the 5.6M recorded in 2023.

Total Leasing Activity (SF)

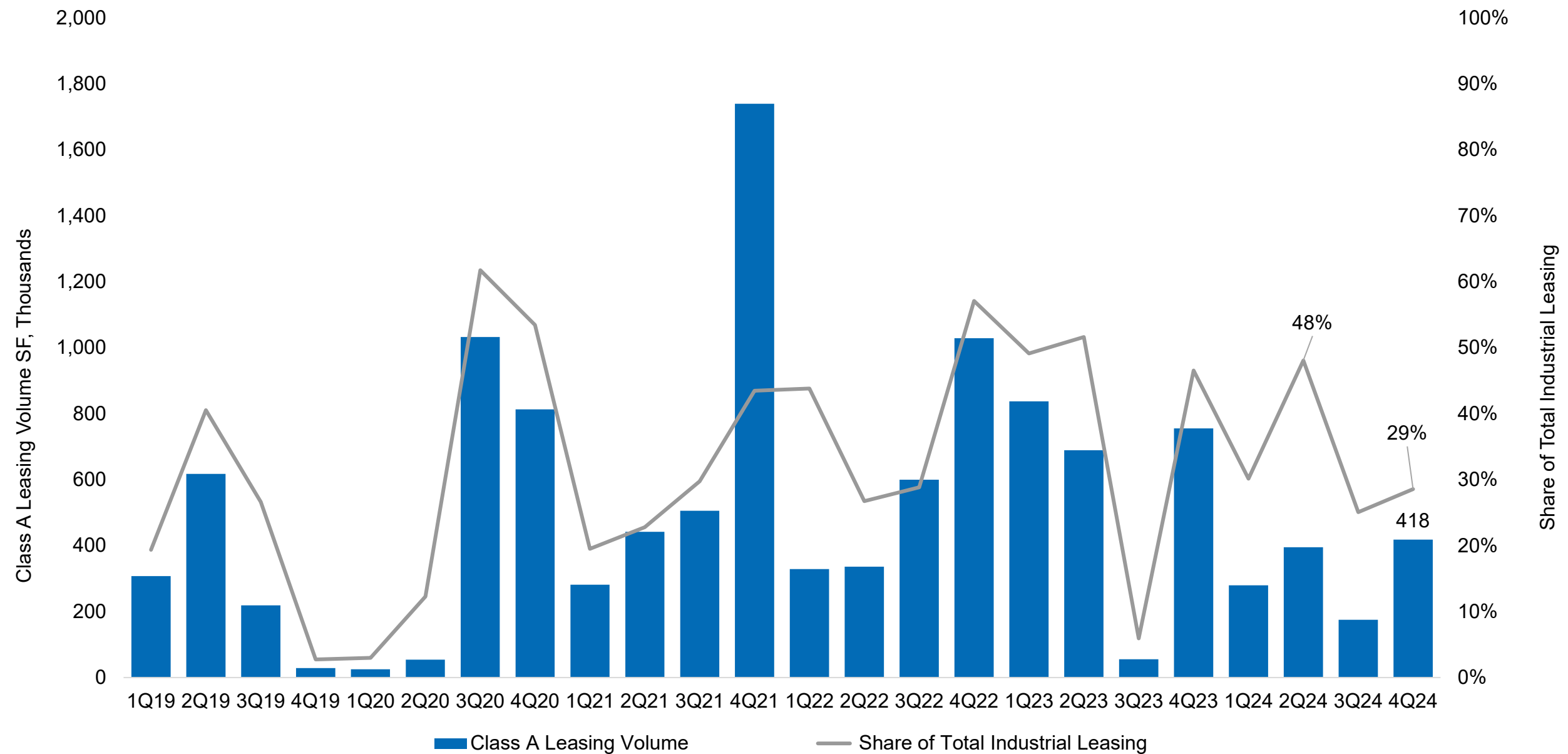


Source: Newmark Research, CoStar

Class A Warehouse Leasing Slipping

In response to occupier needs for modern Class A warehouse space, new development accelerated over the past four years; however, it appears that construction has begun to outpace demand in Racine and southern Milwaukee County. Class A occupier demand in Waukesha County is still strong but leasing has been limited by supply constraints. Class A warehouse leasing represented 29% of overall activity in the fourth quarter of 2024, down from a recent high of 48% (2Q24).

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

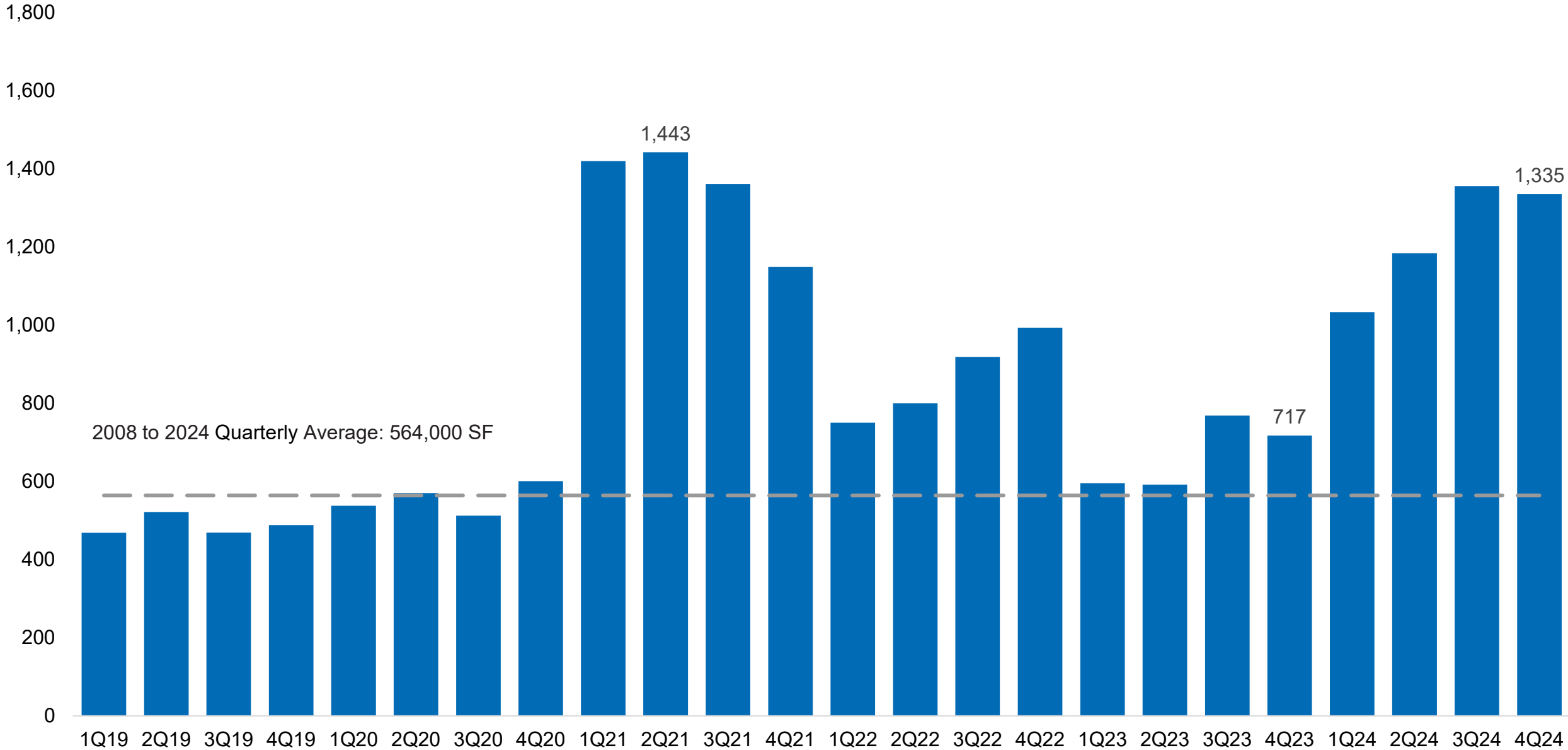


Source: Newmark Research, CoStar

Industrial Sublease Availability Plateaus

The sublease availability rate remained steady at 0.49%. Currently there is a 1.36 million SF of sublease on the market which is nearly double the amount of sublease space that was marketed at the start of 2024 when there was only 717,000 SF on the market.

Available Industrial Sublease Volume (Thousands SF)

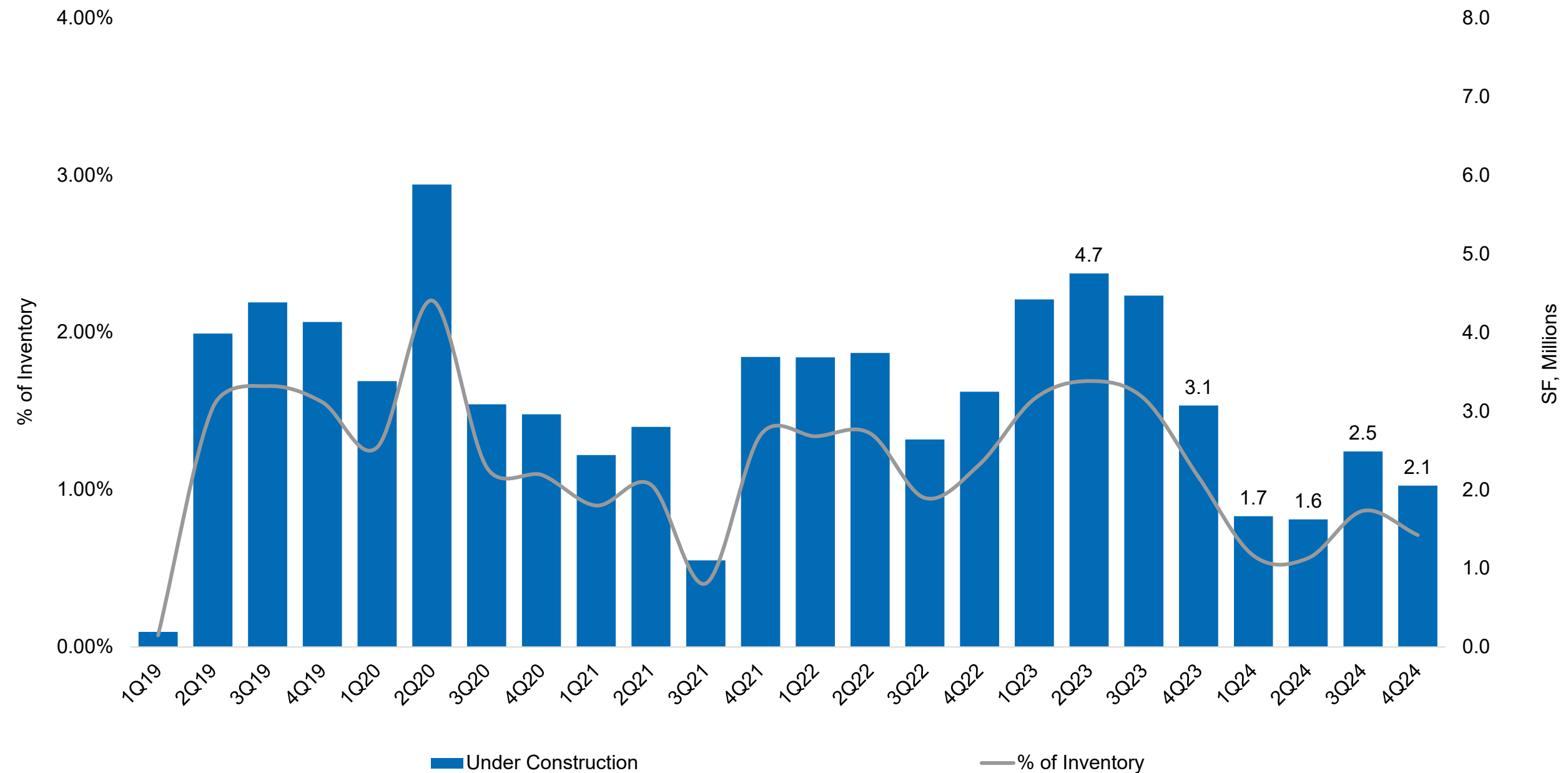


Source: Newmark Research, CoStar

New Construction Pipeline is Building to Closer to Long Term Average

The construction pipeline dipped slightly this past quarter, as there is now 2.1 million SF under construction down from the 2.5 million SF reported last quarter and is still well short of the 2019-2024 average of 3.3 million SF. Over the past two years 43 buildings totaling over 7.1 million SF have been delivered to the market, of which 60% is currently occupied .

Industrial Under Construction and % of Inventory

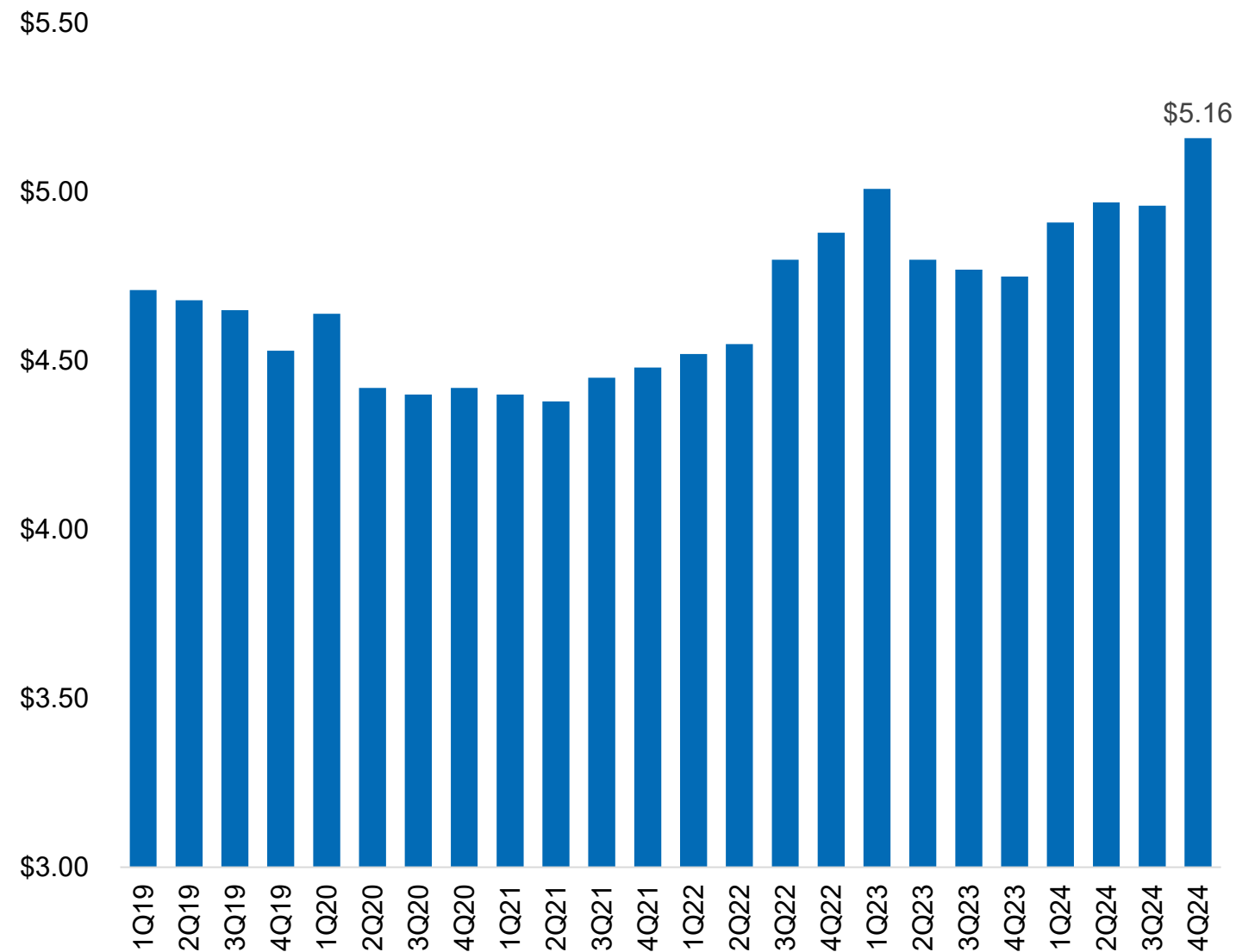


Source: Newmark Research, CoStar

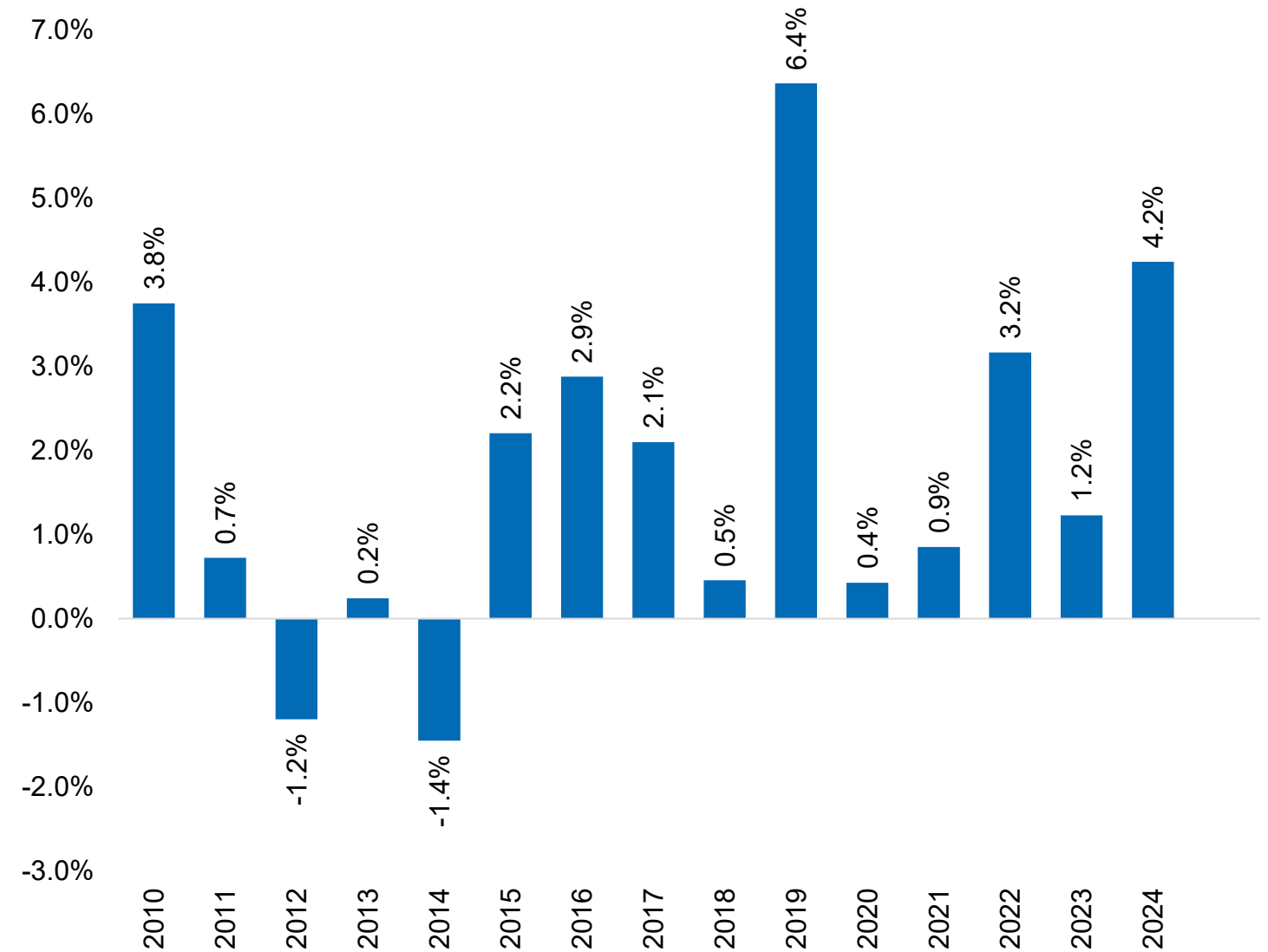
Industrial Asking Rents At Historic Highs

Average asking rents continue to grow year over year. The current weighted average asking rent is \$5.16/SF representing annual growth of 4.2%, it is assumed actual rent growth is higher in the market. The most sought-after properties are so quickly leased their rates don't impact quarterly data and new construction is advertised with negotiable rates, which is not included. This leaves the calculated asking rates shown greatly influenced by properties with high vacancy and low rates.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 4Q24 Lease Transactions

While there are uncertainties about the overall economy, the number of leases being completed this past quarter has remained strong. Below are some of the larger deals completed in the market this past quarter.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Generac	W210N12800 Holy Hill Rd, Germantown	Washington Co	New	418,000
TransPak Corp	445 W Oklahoma Ave, Milwaukee	Milwaukee Co	New	252,250
Harley Davidson	11800 W Bureigh St, Wauwatosa	Milwaukee Co	New	153,073
Johnson Controls	6100 N Baker Rd, Glendale	Milwaukee Co	New	109,000
Quick Lane Tire & Auto	1501 N Mayfair Rd, Wauwatosa	Milwaukee Co	New	65,213
Pickleball Kingdom	14900 Shawn Cir, Menomonee Falls	Waukesha Co	New	59,970

Source: Newmark Research

4Q24

Supplemental Tables





Please reach out to your
Newmark business contact for this information



Please reach out to your
Newmark business contact for this information



Please reach out to your
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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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