NEWMARK

Milwaukee

Office Market Report

4Q25

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Access the Extended 4Q25 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

- Milwaukee's unemployment rate fell to 3.3% in 4Q25, continuing to track well below the national average of 4.4% and pointing to a relatively tight labor market. However, overall employment levels declined 1.0% year over year, reflecting slower hiring activity and softening job growth despite stable headline unemployment.
- Employment trends across the Milwaukee metro remain uneven, with modest gains in construction and education and health services partially offset by declines across several office-using and service-oriented sectors.
- Office-using employment was essentially flat year-over-year as of September 2025, indicating limited recovery momentum across professional and information-based industries.

Leasing Market Fundamentals

- In 4Q25, Milwaukee's office market posted 32,768 square feet of negative absorption, keeping vacancy relatively flat at 21.2%. Demand remains muted, but with no new office construction in the pipeline, the market is expected to stabilize in 2026. The removal of older inventory through office-to-residential conversions should also help rebalance supply and demand in the year ahead.
- The overall availability rate edged down 20 basis points to 25.1%, marking its lowest level since 3Q19 and signaling a modest improvement in overall market balance.
- Fourth quarter leasing reached 297,348 SF, bringing 2025 totals to 1.35 million SF, roughly 15% below the long-term average.

Major Transactions

- Class A properties accounted for 43% of leasing during 4Q25, reflecting an ongoing flight to quality. Downtown captured 29.6% of activity, while suburban submarkets such as Brookfield and Mayfair/Wauwatosa are capturing a growing share of tenant demand.
- In the largest lease of the quarter, Ideal Partners signed for 48,384 square feet at 501 W Northshore Drive in Glendale.

Outlook

- Tenant activity will remain cautious, with renewals, relocations and consolidations driving leasing.
- With no new office construction underway, ongoing office-to-residential projects are expected to steadily reduce obsolete inventory, supporting long-term balance in fundamentals.
- Performance gaps between building classes are likely to persist, with tenants gravitating toward premium properties and away from functionally obsolete space.
- Incentives will remain central to leasing strategy, keeping effective rents below face rates despite stable asking levels.

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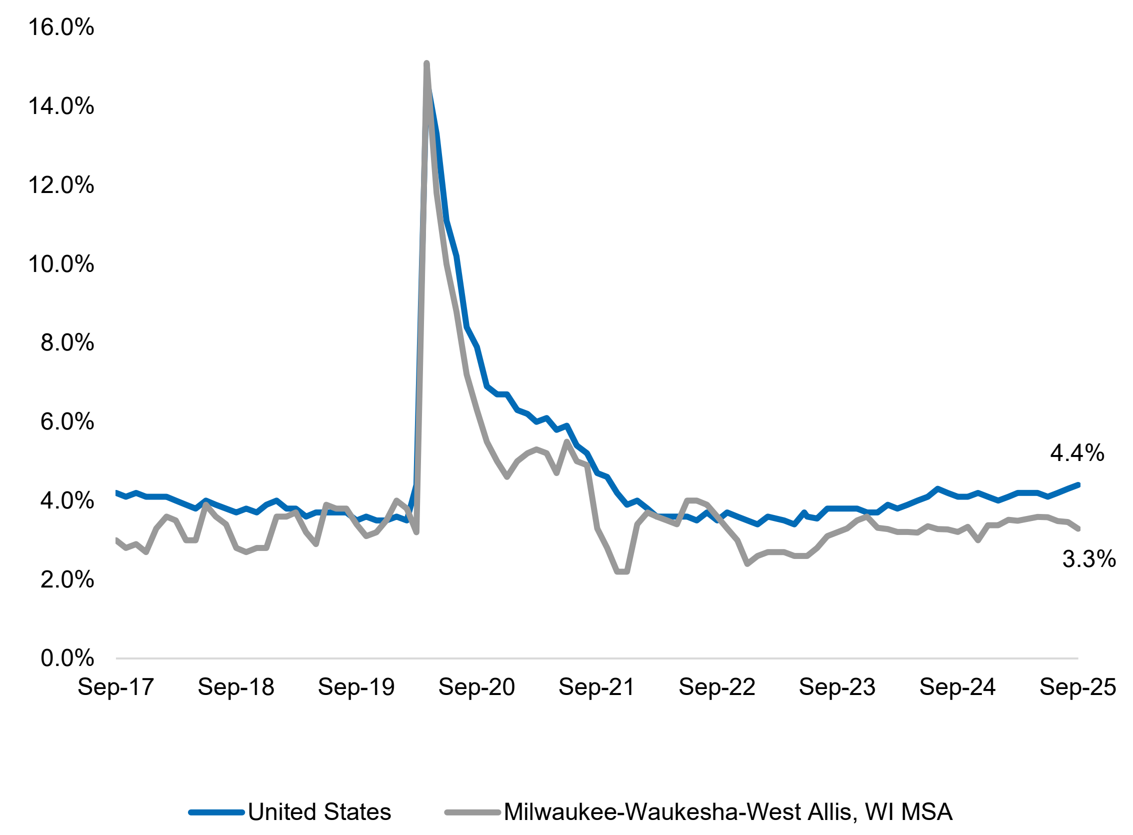
Economy

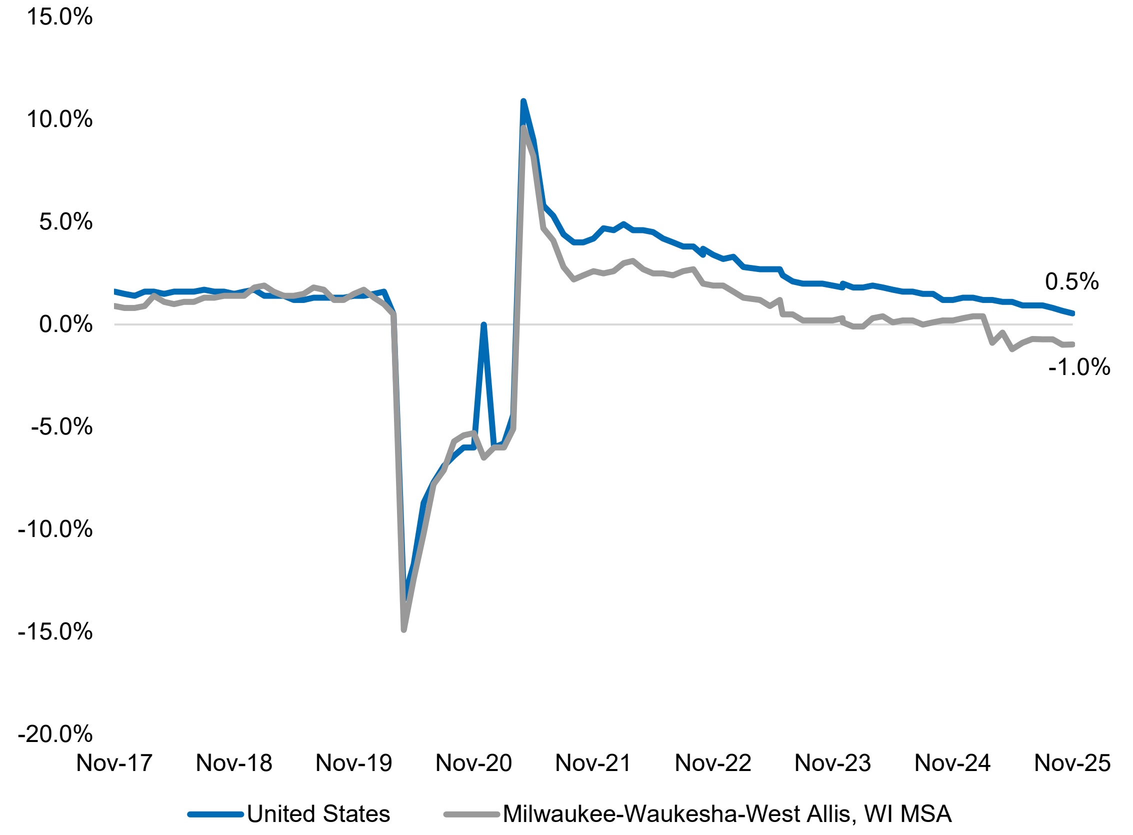
Slowing Hiring Offsets Low Unemployment Rate

Milwaukee's unemployment rate fell to 3.3% in 4Q25, continuing to track well below the national average of 4.4% and pointing to a relatively tight labor market. However, overall employment levels declined 1.0% year over year, reflecting slower hiring activity and softening job growth despite stable headline unemployment.

Unemployment Rate, Seasonally Adjusted



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

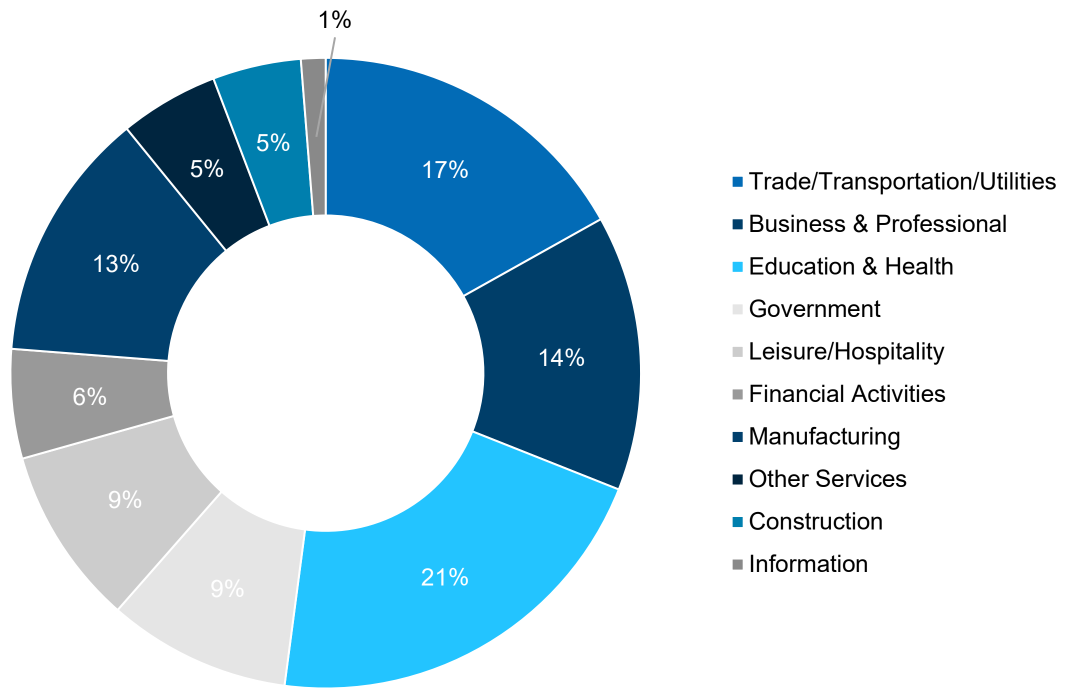


Source: U.S. Bureau of Labor Statistics

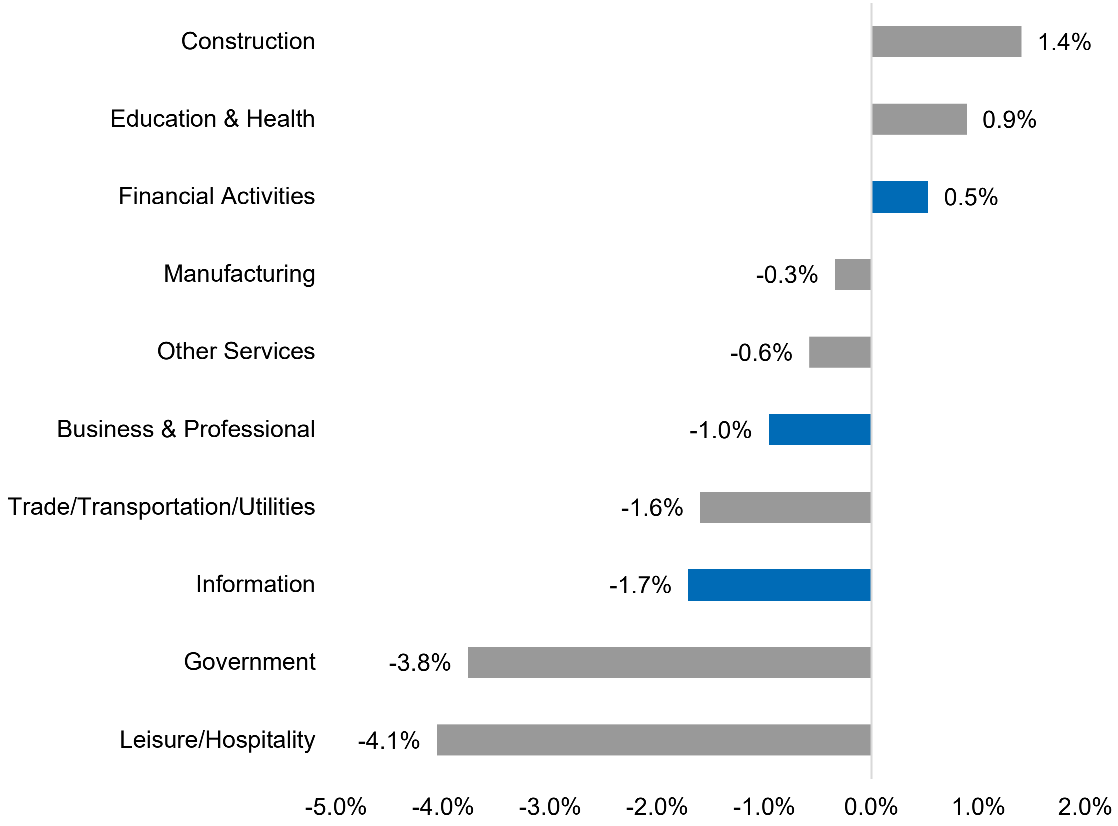
Service and Government Declines Weigh on Overall Job Growth

Employment trends across the Milwaukee metro remain uneven, with modest gains in construction and education and health services partially offset by declines across several office-using and service-oriented sectors. Overall, the current sector mix suggests limited near-term employment support for office absorption, as job growth is concentrated in industries that typically generate less traditional office demand.

Employment by Industry, November 2025



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



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

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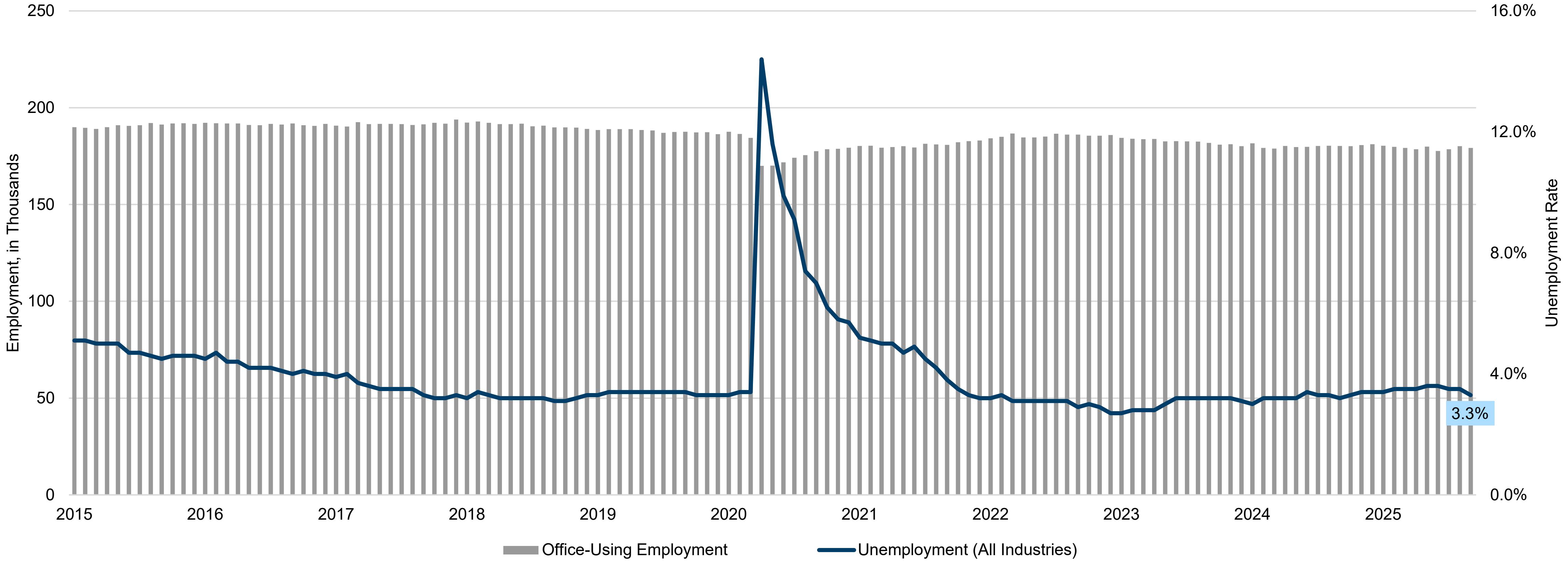
Office-Using Industries Show Limited Momentum

Office-using employment was essentially flat year-over-year as of September 2025, indicating limited recovery momentum across professional and information-based industries. Employment in these sectors remains 3.9% below its January 2020 level, underscoring the lasting impact of pandemic-era workforce reductions and ongoing shifts toward remote and hybrid work.

Office-Using Employment* and Unemployment Across All Industries



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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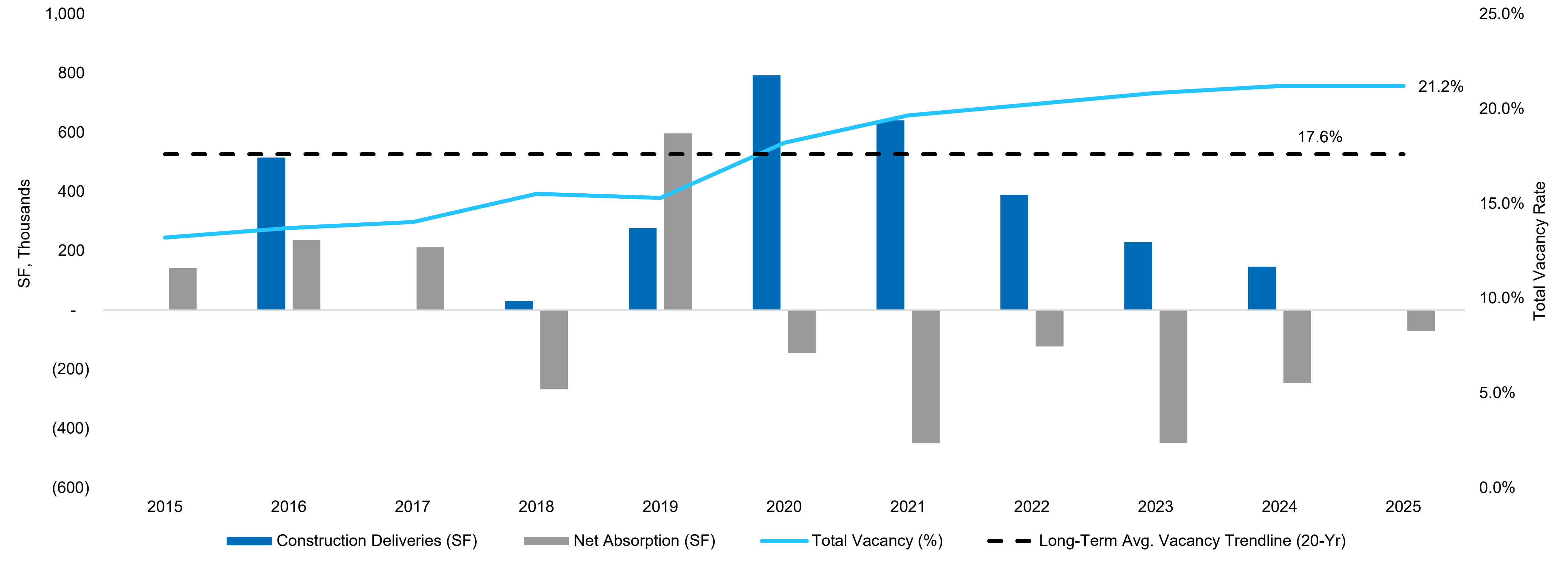
Leasing Market Fundamentals

Market Positioned for Gradual Rebalancing

In 4Q25, Milwaukee's office market posted 32,768 square feet of negative absorption, keeping vacancy relatively flat at 21.2%. Demand remains muted, but with no new office construction in the pipeline, the market is expected to stabilize in 2026. The removal of older inventory through office-to-residential conversions should also help rebalance supply and demand in the year ahead.

Historical Construction Deliveries, Net Absorption, and Vacancy

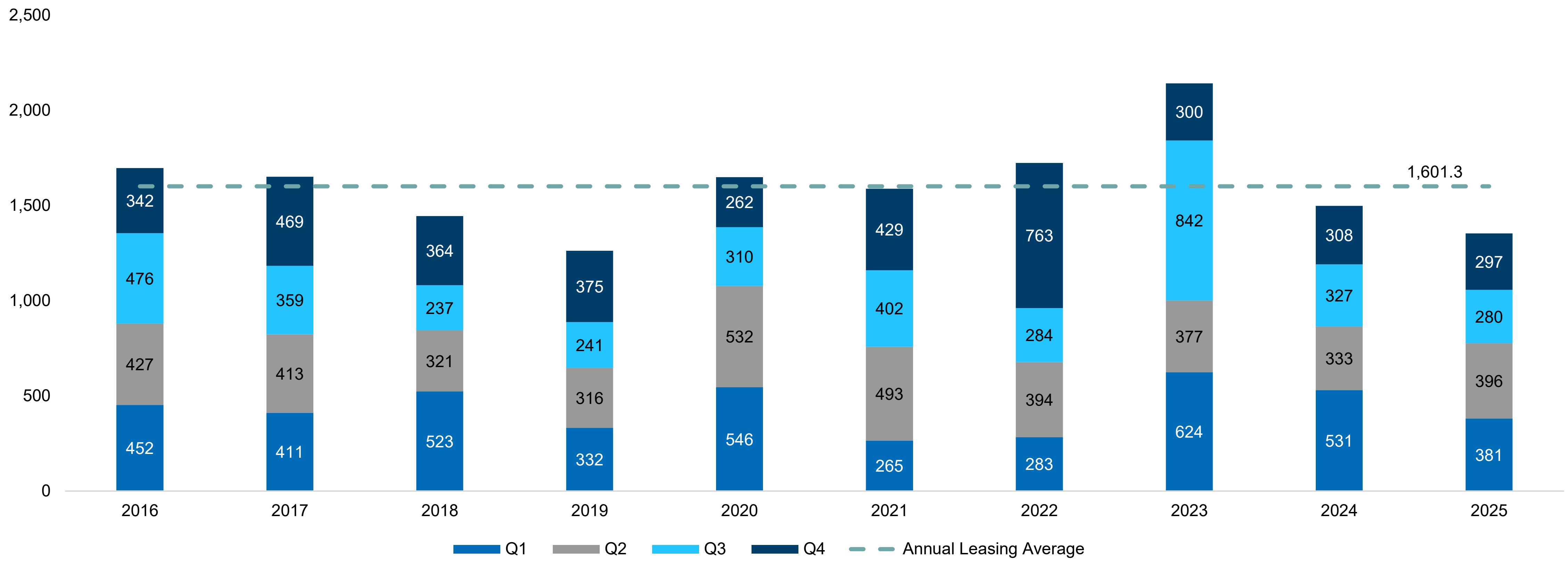


Source: Newmark Research

Flight to Quality Persists in a Lower Volume Market

Fourth quarter leasing reached nearly 300,000 SF, bringing 2025 totals to 1.35 million SF, roughly 15% below the long-term average. Tenant decision making continues to center on right sizing and efficiency, limiting overall deal volume but supporting steady movement within the market. Class A properties accounted for 43% of leasing, reflecting an ongoing flight to quality. Downtown captured 29.6% of activity, while suburban submarkets such as Brookfield and Mayfair/Wauwatosa are capturing a growing share of tenant demand.

Total Leasing Activity (Thousands SF)

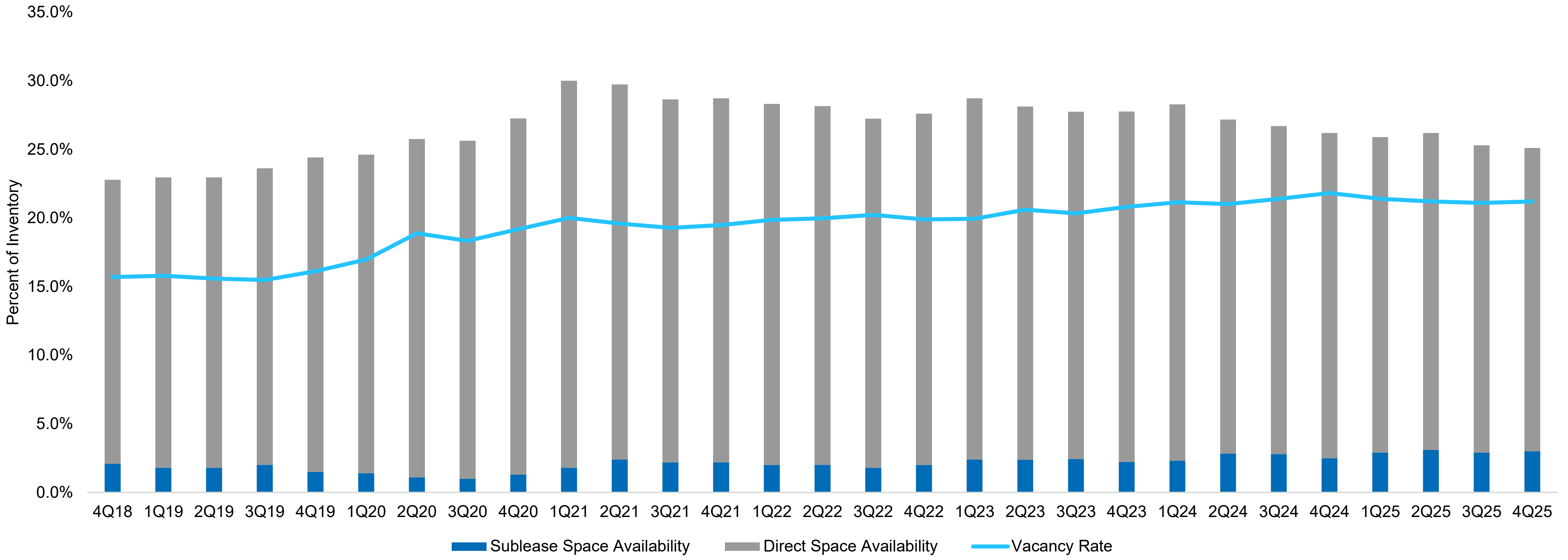


Source: Newmark Research, CoStar

Availability Trends Point to Gradual Stabilization

In 4Q25, Milwaukee's office availability rate edged down 20 basis points to 25.1%, marking its lowest level since 3Q19 and signaling a modest improvement in overall market balance. The decline reflects a combination of limited new supply, continued office-to-residential conversion activity, and selective leasing concentrated in higher quality assets. While availability remains elevated relative to pre-pandemic norms, the recent trend suggests gradual stabilization.

Available Space (SF) and Vacancy Rate (%)

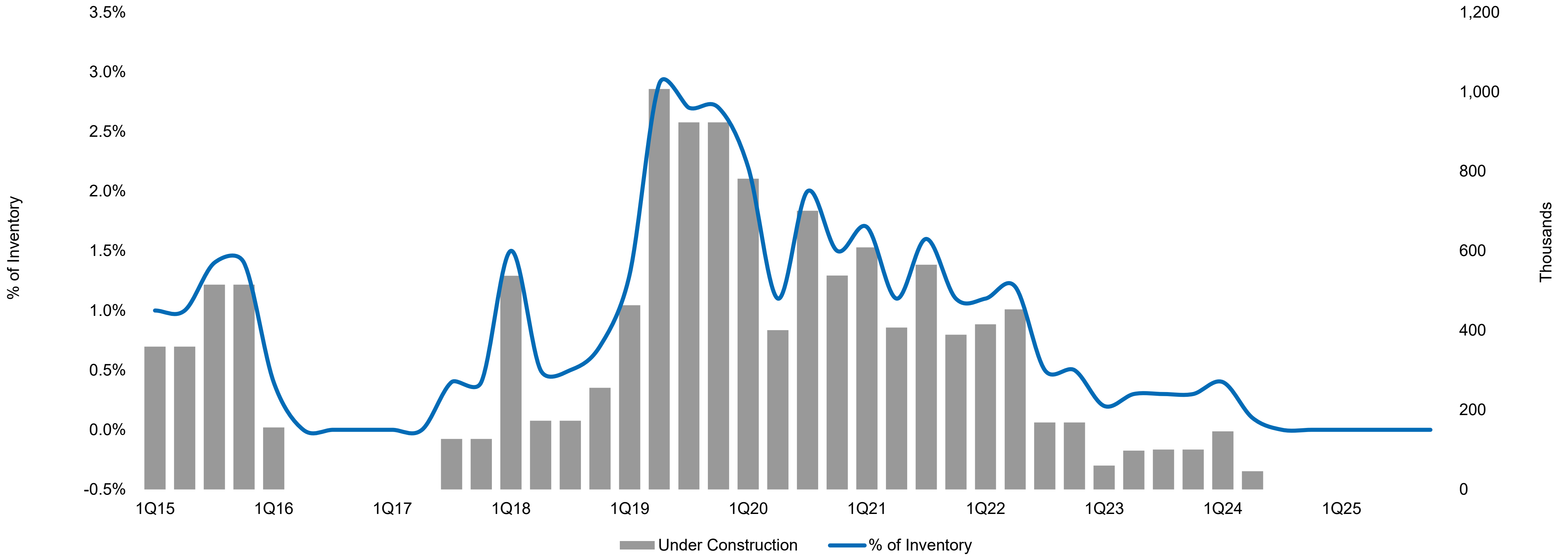


Source: Newmark Research

Construction Pauses While Conversions Reshape Inventory

The construction pipeline has remained dormant for six straight quarters, allowing supply and demand to gradually realign. At the same time, several office-to-residential conversions are actively reshaping the market's inventory. These projects signal a shift in the Milwaukee office market, as adaptive reuse aims to reduce excess office supply while supporting downtown population growth and economic resilience. The conversions of underperforming assets are expected to play a meaningful role in long-term market stabilization.

Office Under Construction and % of Inventory

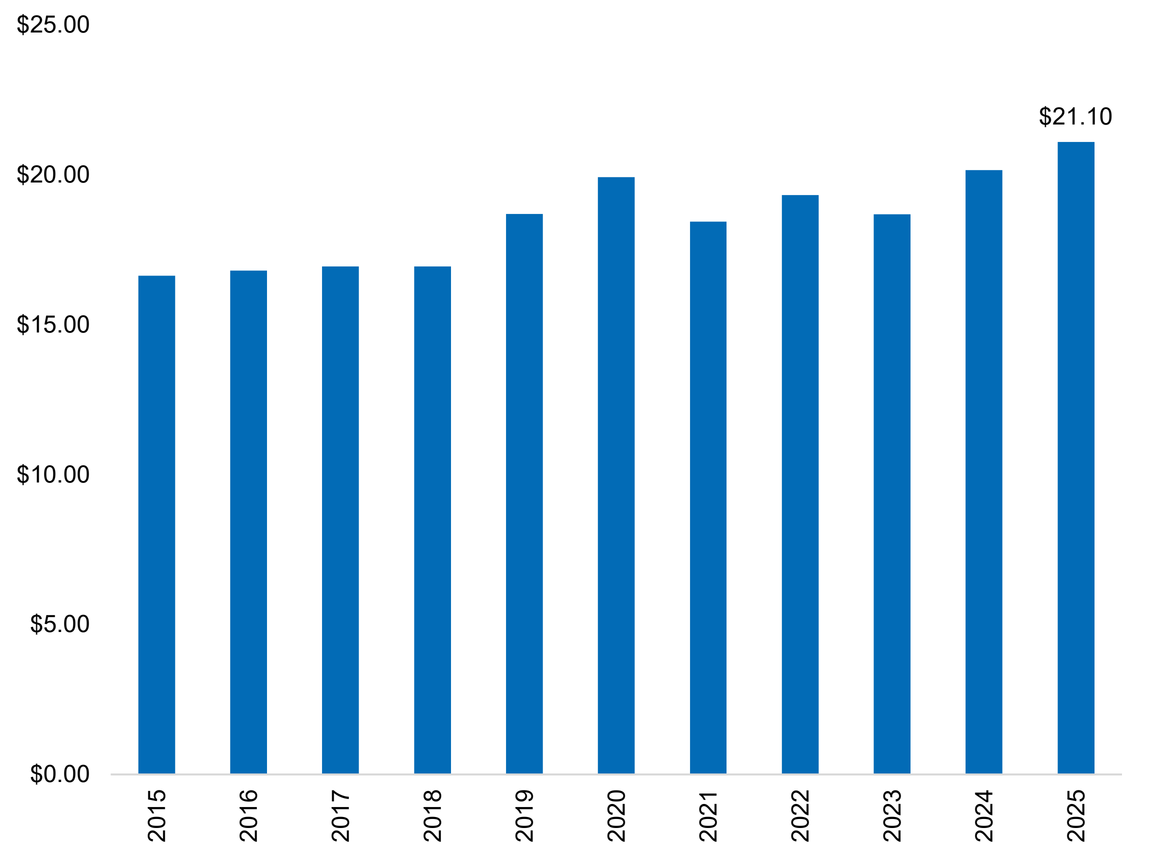


Source: Newmark Research, CoStar

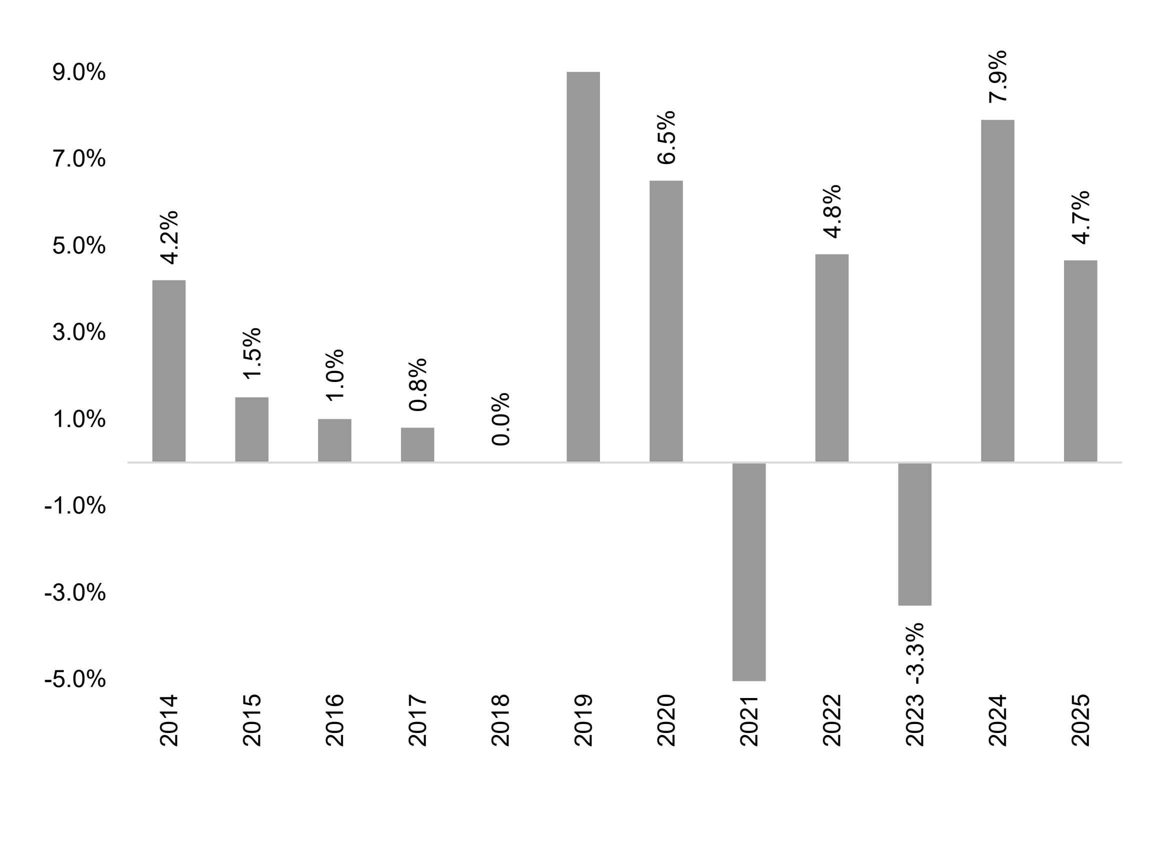
Class A Pricing Outpaces Broader Market

Overall asking rents averaged $21.10 per square foot in 4Q25, reflecting 4.7% year-over-year growth. Class A rents increased to $28.78, underscoring tenant preference for well-located, amenitized buildings and a widening spread between premium and commodity office product. Looking ahead, landlords are expected to rely more heavily on concessions, flexible lease terms, and tenant improvement packages to remain competitive, which may limit effective rent growth even if face rates remain firm.

Office Average Direct Asking Rent, $/SF, FS



Year-over-Year Average Direct Asking Rent Growth Rate



Source: Newmark Research, CoStar

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Notable Fourth Quarter Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Ideal Partners	501 W Northshore Dr	North Shore	New	48,384
HNTB	250 E Wisconsin	Downtown East	Renewal	46,041
DEA	4725 W Electric Ave	West Allis	Renewal	30,631
ASQ	648 N Plankinton Ave	Downtown West	Renewal	24,767
American Society of Gene & Cell Therapy	20700 Swenson Dr	Brookfield	New	21,592

Source: Newmark Research

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Supplemental Tables

Historical Statistical Overview

Submarket Statistics – Suburban

	Number of Buildings	Total Inventory (SF)	Total Available (SF)	Total Availability Rate	Total Vacant (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)
2020 4Q	603	35,826,306	9,268,616	25.9 %	6,808,158	19.0 %	(124,663)	(235,328)
2021 1Q	603	35,658,308	9,789,746	27.5 %	6,854,577	19.2 %	(252,968)	(252,968)
2021 2Q	604	35,889,743	9,546,462	26.6 %	6,753,472	18.8 %	271,076	18,108
2021 3Q	604	35,693,784	9,372,954	26.3 %	6,818,773	19.1 %	(52,161)	(34,053)
2021 4Q	605	35,869,784	9,447,031	26.3 %	6,927,737	19.3 %	(44,601)	(78,654)
2022 1Q	605	35,925,037	9,547,627	26.6 %	7,160,367	19.9 %	(119,073)	(119,073)
2022 2Q	606	35,967,317	9,524,175	26.5 %	7,233,852	20.1 %	(77,918)	(196,991)
2022 3Q	608	36,271,625	9,344,361	25.8 %	7,394,447	20.4 %	(28,552)	(225,543)
2022 4Q	608	36,271,625	9,400,351	25.9 %	7,273,118	20.1 %	121,329	(104,214)
2023 1Q	609	36,520,609	9,743,561	26.7 %	7,350,001	20.1 %	(28,763)	(28,763)
2023 2Q	615	36,519,463	10,292,316	28.2 %	7,487,544	20.5 %	(138,689)	(167,452)
2023 3Q	614	36,218,903	9,968,759	27.5 %	7,276,669	20.1 %	(24,061)	(191,513)
2023 4Q	615	36,041,279	9,935,125	27.6 %	7,374,489	20.5 %	(147,856)	(339,469)
2024 1Q	616	36,213,105	10,238,761	28.3 %	7,614,004	21.0 %	(126,881)	(126,881)
2024 2Q	618	36,313,393	9,867,622	27.2 %	7,588,066	20.9 %	126,226	(655)
2024 3Q	619	36,359,216	9,737,484	26.8 %	7,728,043	21.3 %	(94,154)	(94,809)
2024 4Q	619	36,323,454	9,556,326	26.3 %	7,783,748	21.4 %	(55,705)	(150,514)
2025 1Q	617	36,197,830	9,397,849	26.0 %	7,615,809	21.0 %	42,315	42,315
2025 2Q	617	36,197,830	9,494,535	26.2 %	7,680,332	21.2 %	(64,523)	(22,208)
2025 3Q	615	36,103,214	9,121,063	25.3 %	7,633,818	21.1 %	(16,820)	(39,028)
2025 4Q	615	36,103,214	9,064,061	25.1%	7,666,586	21.2 %	(32,768)	(71,796)

Source: Newmark Research

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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.