

**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>24.7%</b> Vacancy Rate	▲	▲
<b>-470K</b> YE Net Absorption, SF	▼	▲
<b>\$22.32</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>854.3K</b> Milwaukee Employment	▼	▲
<b>3.2%</b> Milwaukee Unemployment Rate	▼	▲
<b>4.2%</b> United States Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

**ECONOMY**

Home to six Fortune 500 companies, Metro Milwaukee is known for its historically strong manufacturing and financial services industries, along with a bustling downtown area emerging as a vibrant economic center. Meanwhile, the city's growing water technology and energy sectors position Milwaukee as a regional hub of innovation. Metro Milwaukee's unemployment rate decreased 50 basis points (bps) year-over-year (YOY) to 3.2%, and overall employment decreased 0.6% YOY.

**MARKET OVERVIEW**

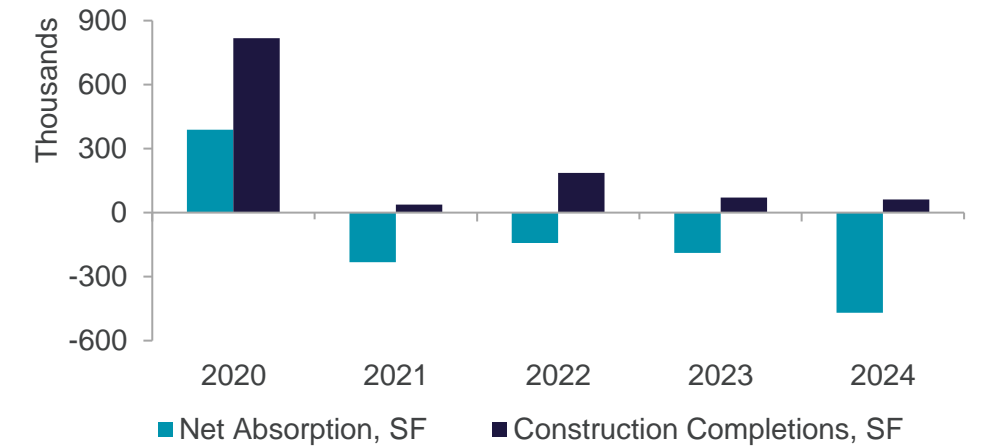
Metro Milwaukee's office market reported its fourth consecutive quarter of negative absorption to end 2024, totaling -220,554 square feet (sf) in Q4 2024. The market's vacancy rate increased by 180 bps YOY to 24.7%, driven by -189,570 sf of negative absorption in Class B & C assets throughout the market in Q4. These properties experienced a staggering -445,389 sf of total negative absorption in 2024.

The Central Business District (CBD) experienced -163,723 sf of negative absorption in Q4, with notable movement including Deloitte vacating their former space at Cathedral Place (moved to US Bank Center earlier in 2024). Non-CBD submarkets saw -56,831 sf of negative absorption in Q4, bringing the annual total to -270,246 sf.

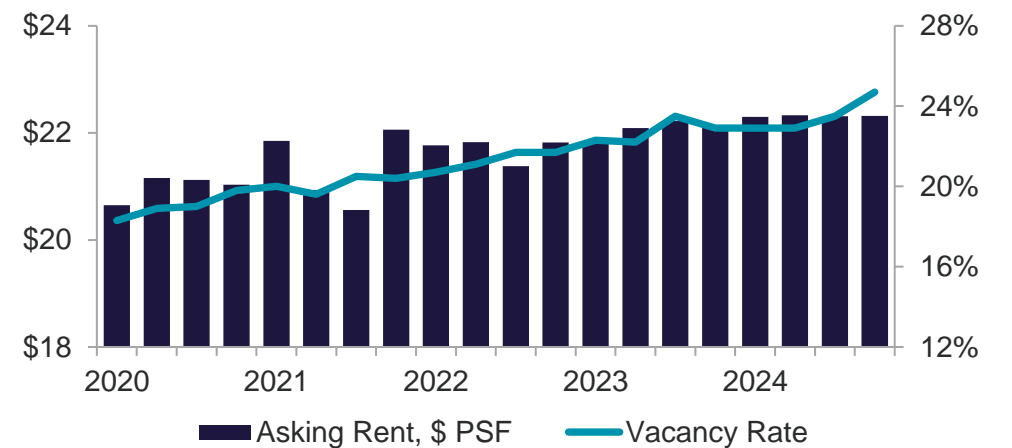
The top three submarkets for overall leasing activity (new and renewals) in 2024 were Brookfield (277,443 sf), Downtown East (237,547 sf), and Third Ward / Walker's Point (204,456 sf). These submarkets have a high concentration of in-demand Class A properties or external amenities that are important or appealing to tenants.

The market's overall asking rental rate slightly increased by 0.9% YOY to \$22.32 per square foot (psf), maintaining a stable gross rate in the range of \$21-\$23 psf since late 2021. The Class A asking rate increased by 6.3% YOY to \$26.54 psf, with Class A rates rising comparatively YOY across submarkets (4.8% in the CBD and 5.1% in Non-CBD).

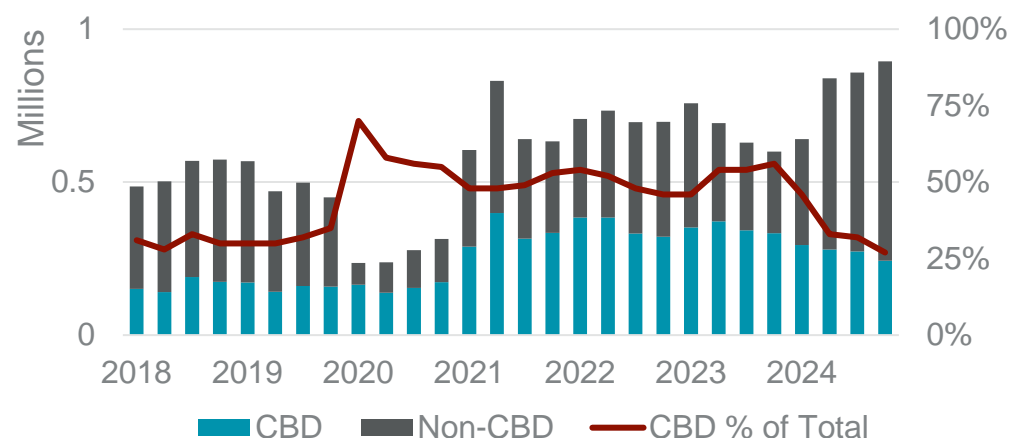
**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



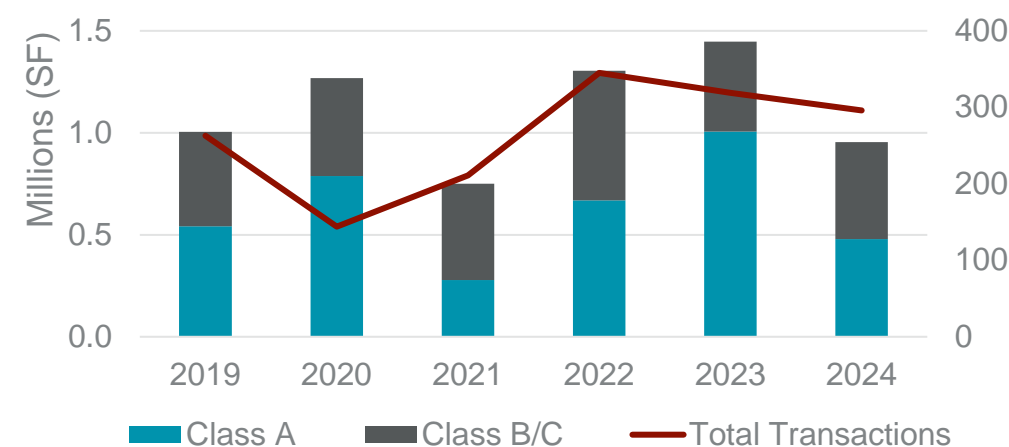
AVAILABLE SUBLEASE SPACE (SF)



SUBLEASE AVAILABILITY RISING IN NON-CBD SUBMARKETS

The availability of sublease space has been a key indicator of market performance and trends. Historically, pre-pandemic, CBD properties accounted for roughly 30% of the total sublease space. This figure increased significantly during the pandemic as hybrid work became a viable alternative, and smaller users forewent space altogether. Recently, however, non-CBD submarkets have been accounting for more of the overall sublease space. In Q4 2024, the CBD accounted for 27% of available sublease space. This shift is due to higher quality CBD properties leasing back up and users realizing they may need their space in the future. Non-CBD submarkets have added 385,522 sf of available sublease space YOY, while the CBD has seen a reduction of 90,465 sf.

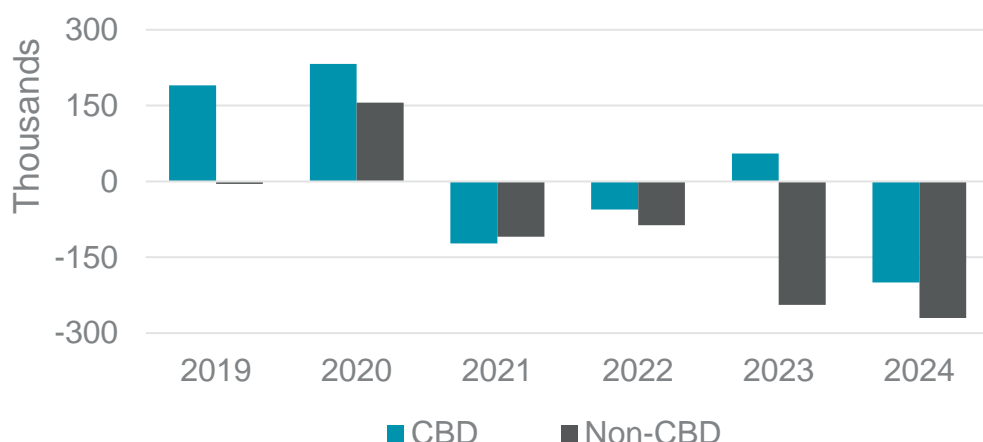
NEW LEASING ACTIVITY BY ASSET CLASS (SF)



LEASING ACTIVITY: MORE AND LESS

The market experienced its second lowest year for total new leasing activity in the past six years. However, the number of transactions remains elevated compared to pre-pandemic levels. This trend reflects an overall downsizing among tenants, with more leases being signed but for less square footage. On average, leases signed in 2024 have 11% less square footage than pre-pandemic levels. Specifically, new leases have 18% less square footage, and renewals have 14% less. This reduction suggests that companies are optimizing their office footprints in response to the adoption of hybrid work models and a greater focus on cost efficiency, which could influence future leasing strategies and space utilization trends.

ANNUAL NET ABSORPTION (SF)



SIGNIFICANT SPACE SHEDDING CONTINUES

Milwaukee's office market has faced four consecutive years (2021-2024) of negative absorption, with significant space shedding in Class B & C assets. Non-CBD submarkets have particularly struggled due to a flight-to-quality trend, driving tenants to Class A properties in the CBD. Over the past four years, non-CBD submarkets have seen -710,387 sf of negative absorption, compared to -322,289 sf in the CBD. While Class A properties in the CBD have experienced a positive absorption of 28,572 sf, their amenities have not benefited Class B & C assets, which have faced -350,861 sf of negative absorption. In non-CBD submarkets, building class has not made a significant difference, with Class A properties shedding -264,402 sf and Class B & C properties shedding -445,985 sf.

OUTLOOK

- Demand for office space is growing for multiple reasons. Along with a gradual return-to-office movement throughout the market, tenants who previously did not have office space are now realizing the need for it moving forward. For example, industrial users have leased office space in desirable submarkets as a strategy to attract talent to their organizations.
- Class A properties, especially those with full amenity packages and desirable features such as large lobbies and abundant natural light, will continue to be highly sought after by tenants in the market. However, due to the lack of new construction deliveries, Class B buildings could begin to compete with Class A properties, particularly those that offer adequate building amenities and a variety of size options.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL AVAILABLE (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YE OVERALL NET ABSORPTION (SF)	YE LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown East	7,721,293	2,310,762	1,874,440	24.3%	-130,553	-98,032	237,547	0	\$27.17	\$29.61
Downtown West	3,860,772	1,059,472	839,607	21.7%	-33,170	-101,491	128,777	0	\$22.50	\$22.71
<b>CBD TOTALS</b>	<b>11,582,065</b>	<b>3,370,234</b>	<b>2,714,047</b>	<b>23.4%</b>	<b>-163,723</b>	<b>-199,523</b>	<b>366,324</b>	<b>0</b>	<b>\$25.58</b>	<b>\$27.65</b>
Brookfield	4,428,234	1,444,950	1,267,354	28.6%	13,996	-8,723	277,443	0	\$20.25	\$23.61
Mayfair / Wauwatosa	3,760,673	1,345,017	876,047	23.3%	4,630	-112,140	96,699	0	\$22.08	\$26.64
North Shore	1,902,105	677,970	580,092	30.5%	12,032	-27,924	42,731	0	\$17.11	\$23.84
Northwest	1,800,511	617,044	436,644	24.3%	-4,409	-594	27,985	0	\$15.07	\$21.06
Ozaukee	608,436	121,559	106,946	17.6%	-5,890	-11,720	39,616	0	\$17.84	\$18.54
Southeast	263,076	61,191	36,564	13.9%	0	-444	15,819	0	\$11.95	N/A
Southwest	247,765	86,829	62,053	25.0%	-1,855	-4,695	12,219	0	\$14.99	\$15.47
Third Ward / Walker's Point	2,223,346	582,451	432,887	19.5%	-34,932	3,470	204,456	0	\$27.25	\$33.08
Waukesha / Pewaukee	2,544,604	1,023,093	758,175	29.8%	-42,594	-79,457	145,061	0	\$20.70	\$23.80
West Allis	1,640,365	606,747	381,156	23.2%	2,191	-28,019	167,286	0	\$17.38	N/A
<b>NON-CBD TOTALS</b>	<b>19,419,115</b>	<b>6,566,851</b>	<b>4,937,918</b>	<b>25.4%</b>	<b>-56,831</b>	<b>-270,246</b>	<b>1,029,315</b>	<b>0</b>	<b>\$20.11</b>	<b>\$24.58</b>
<b>MILWAUKEE TOTALS</b>	<b>31,001,180</b>	<b>9,937,085</b>	<b>7,651,965</b>	<b>24.7%</b>	<b>-220,554</b>	<b>-469,769</b>	<b>1,395,639</b>	<b>0</b>	<b>\$22.32</b>	<b>\$26.54</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
411 East Wisconsin Center - 411 E Wisconsin Ave, Milwaukee	Downtown East	Gruber Law	24,189	New
Timbers at The Tannery - 700 W Virginia St, Milwaukee	Third Ward / Walker's Point	Rising Medical Solutions	14,000	Renewal
12075 N Corporate Pkwy, Mequon	Ozaukee	Baird	13,480	New
833 East - 833 E Michigan St, Milwaukee	Downtown East	RBC Capital Markets	10,335	New
Schlitz Park Bottlehouse B - 101 W Pleasant St, Milwaukee	Downtown West	Gilbane Building Company	9,780	Renewal & Expansion

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
11925 W Lake Park Dr, Milwaukee	Northwest	W.D. Schorsch, LLC / Westridge Builders	36,037	\$2.6M / \$71

**DAN PALEC**  
Director of Research  
Tel: +1 414 436 3712  
[dpalec@boerke.com](mailto:dpalec@boerke.com)

*Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance*

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.