

NAI MLG Commercial

Commercial Real Estate Services Worldwide.

2012 Office Market Milwaukee

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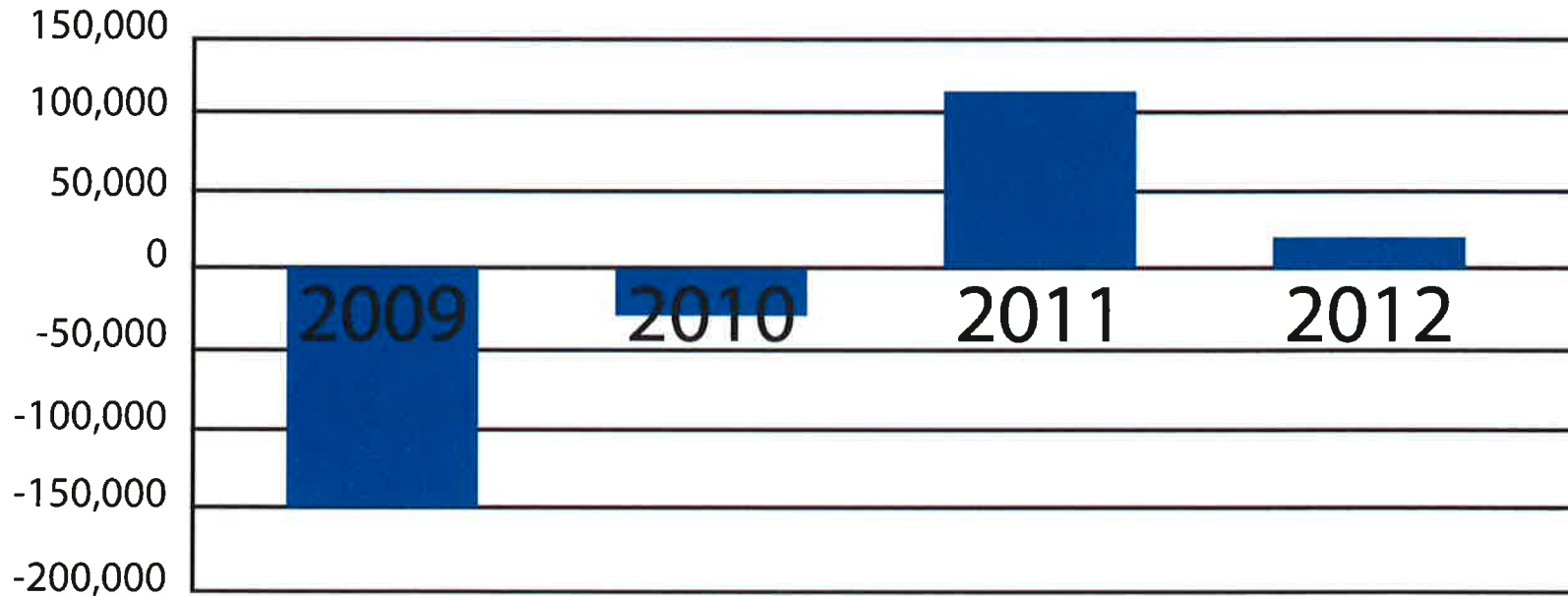
North Suburban Office Market

- Total Space: 4,218,371 Square Feet
- Occupied Space: 3,406,216 Square Feet
- Vacant Space: 725,372 Square Feet
- Vacancy Rate: 17.20%
- Absorption: 14,727 Square Feet

North Suburban Office Market

	2008	2009	2010	2011	2012
Total Space:	4,418,909	4,317,719	4,277,346	3,996,533	4,218,371
Occupied Space:	3,648,948	3,394,959	3,320,444	3,246,282	3,406,216
Vacant Space:	769,961	922,760	956,902	750,251	725,372
Vacancy Rate:	17.42%	21.37%	22.37%	18.77%	17.20%

North Suburban Office Market Historical Absorption



North Suburban Office Market

Major Lease Transactions

- Kohl's Corporation – Temporary Expansion Solution
2011 - Leased 80,000 SF at 7800 N. 113th St.
2012 - Leased 80,000 SF at Liberty II
- Wells Fargo Home Mortgage
Renewed their 230,000 SF lease at 11200 W Parkland Avenue.

North Suburban Office Market

Major Sale Transactions

- Liberty Property Trust sold 49 properties totaling 2.5 million SF for ~\$195 million (~\$78/SF).
- Somerset Properties acquired 34 of the 49 properties totaling ~1.9 million SF for ~\$146 million (~\$77/SF).
- Somerset also purchased 11925 W Lake Park Drive later this year from the Westminster Funds.

Total SF: 532,787

North Suburban Office Market

2013 Trends

- **Rental rates will remain flat**
- **Short-term leases - 1-5 years**
- **Potential slight positive absorption in 2013**
- **Vacancy rate will remain the same**

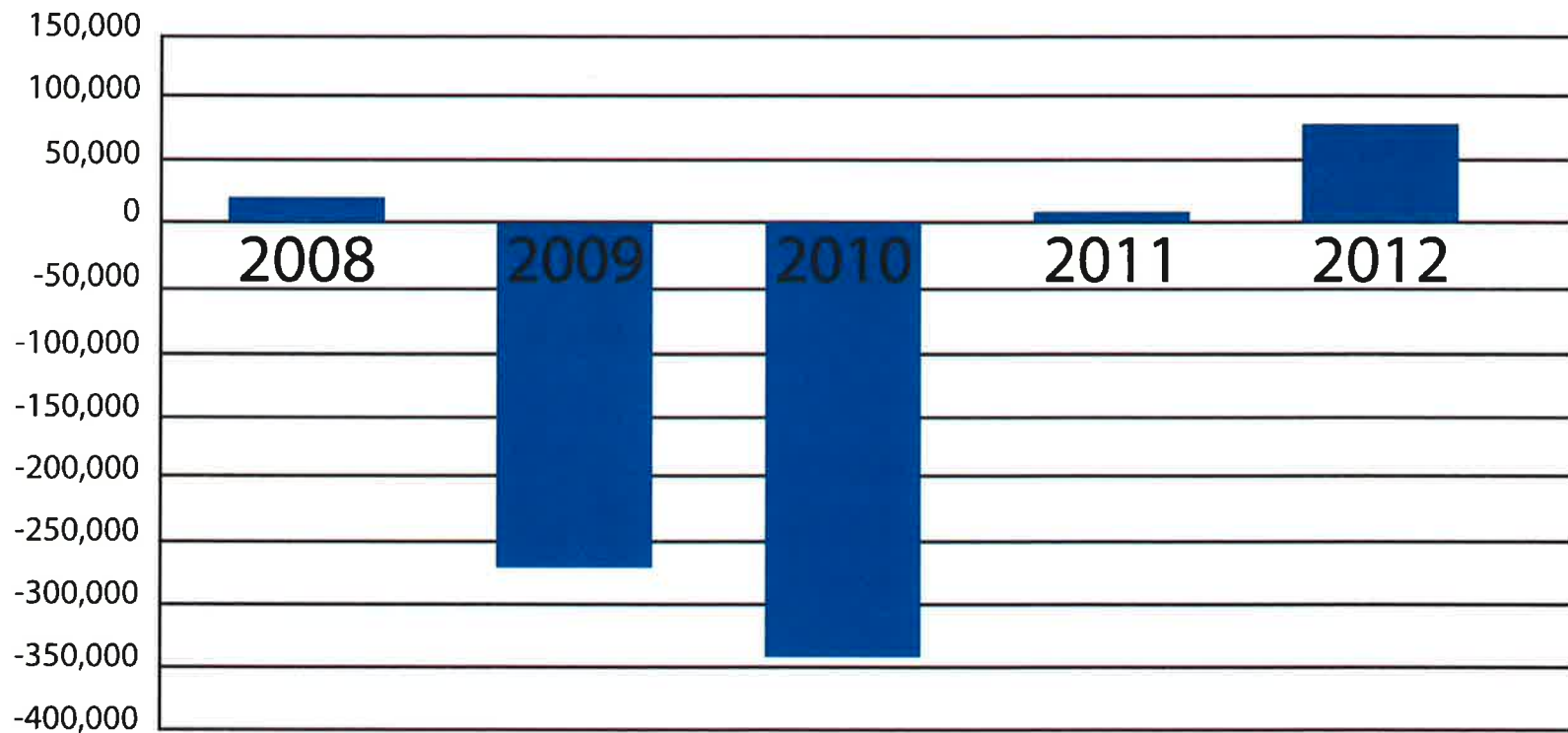
West Suburban Office Market

- Total Space: 7,471,763 Square Feet
- Occupied Space: 5,987,618 Square Feet
- Vacant Space: 1,484,145 Square Feet
- Vacancy Rate: 19.86%
- Absorption: 82,084 Square Feet

West Suburban Office Market

	2008	2009	2010	2011	2012
Total Space:	5,927,538	7,252,043	7,321,768	7,320,354	7,471,763
Occupied Space:	5,058,415	6,126,690	5,838,155	5,833,589	5,987,618
Vacant Space:	869,123	1,125,353	1,483,613	1,486,765	1,484,145
Vacancy Rate:	14.66%	15.52%	20.26%	20.31%	19.86%

West Suburban Office Market



West Suburban Office Market

Major Lease Transactions

- **Connecture**
Leased 32,160 SF at Brookfield Lakes Corporate Center XVII
- **Willis of Wisconsin**
Leased 26,096 SF at Executive Center VI

West Suburban Office Market

Major Sale Transactions

- Westminster Funds sold 7 office buildings for \$17.5 million (\$53/SF), 4 of which were in the West submarket.
- Liberty Property Trust sold 34 buildings for ~\$146 million. 3 of these properties were in the West submarket
- 400 and 440 S Executive Drive 235,000 SF were purchased by Decade Properties for \$6.05 million (\$26/SF).

West Suburban Office Market

2013 Trends

- **Flat to slightly increased rental rates & limited concessions**
- **Tenants will continue to prefer to remodel and renew**
- **Limited positive absorption**

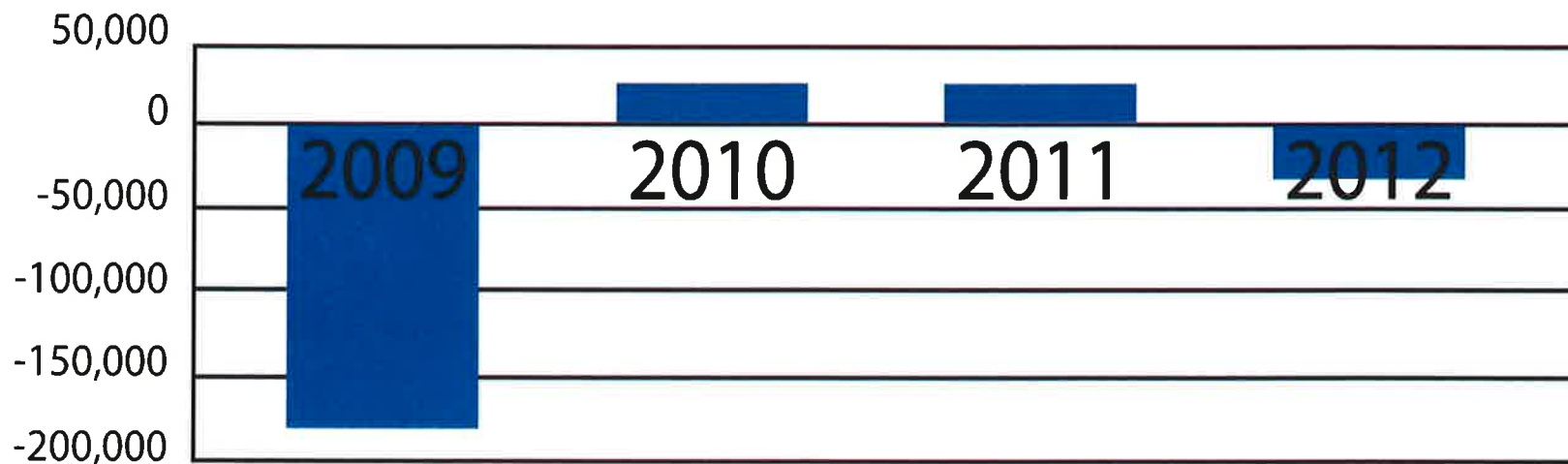
South Suburban Office Market

- Total Universe: 2,100,722 Square Feet
- Occupied Space: 1,907,284 Square Feet
- Vacant Space: 193,438 Square Feet
- Vacancy Rate: 9.21%
- Absorption: (36,802) Square Feet

South Suburban Office Market

	2008	2009	2010	2011	2012
Total Space:	1,747,829	1,841,125	1,831,327	1,831,227	2,100,722
Occupied Space:	1,526,474	1,535,705	1,591,290	1,616,880	1,907,284
Vacant Space:	221,355	306,551	240,037	214,347	193,438
Vacancy Rate:	12.66%	16.64%	13.10%	11.71%	9.21%

South Suburban Office Market Historical Absorption



South Suburban Office Market

Major Lease Transactions

- No major/significant leases in 2012

Major Sale Transactions

- 500 Wisconsin Ave., Racine 40,700 SF sold for \$790,000
(\$19.41/SF)

South Suburban Office Market

2013 Trends

- Rents will remain stable
- No new supply
- Flat absorption with slow deal velocity

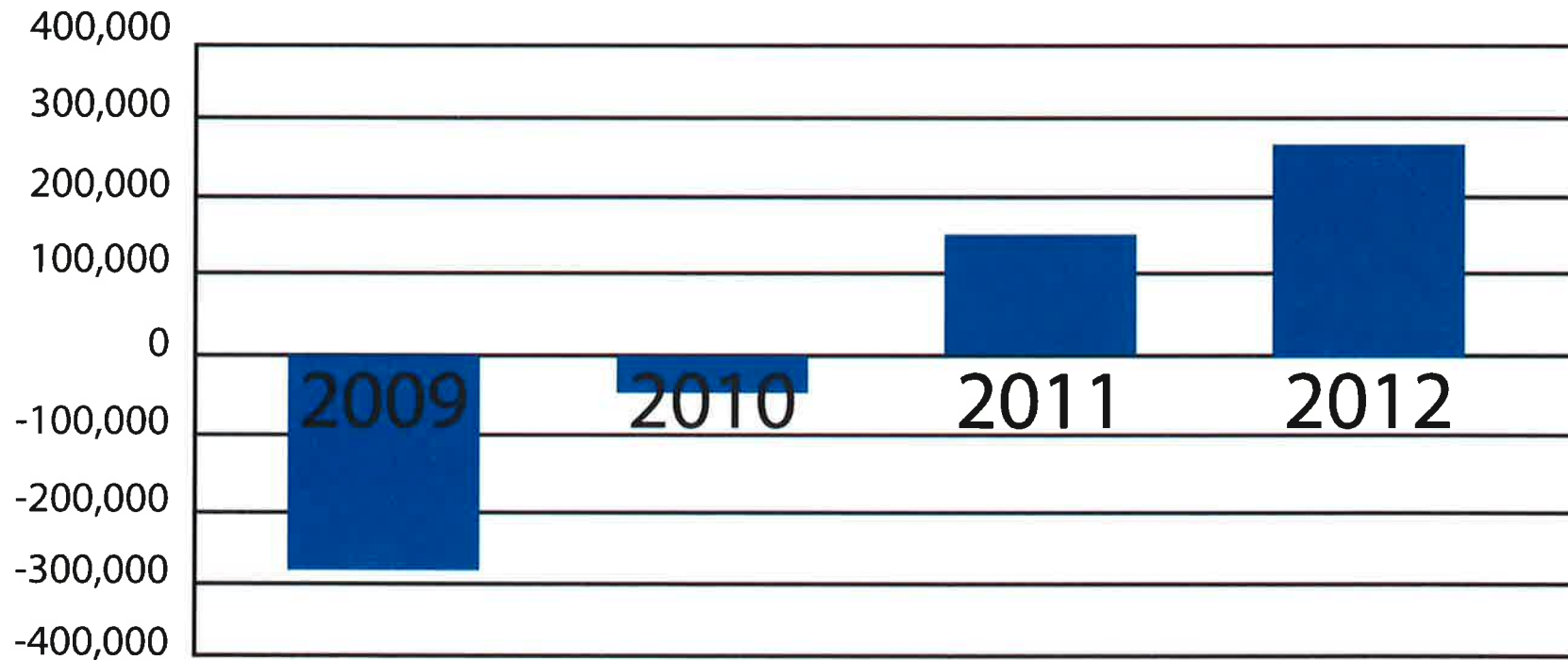
Downtown/Central Office Market

- Total Space: 16,670,720 Square Feet
- Occupied Space: 13,222,554 Square Feet
- Vacant Space: 3,448,166 Square Feet
- Vacancy Rate: 20.68%
- Absorption: 275,425 Square Feet

Downtown/Central Office Market

	2008	2009	2010	2011	2012
Total Space:	14,948,519	15,470,375	15,381,197	16,490,064	16,670,780
Occupied Space:	12,046,551	12,145,958	11,991,053	13,102,913	13,222,554
Vacant Space:	2,901,968	3,324,417	3,390,144	3,387,151	3,448,166
Vacancy Rate:	19.41%	21.49%	22.04%	20.54%	20.68%

Downtown/Central Office Market



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Downtown/Central Office Market

Major Lease Transactions

- Baker Tilly
Leased 60,000 SF at the US Bank Tower
- Wheaton Franciscan
Leased 45,000 SF at Renaissance Faire
- Marshall/Swift/Boeckh
Leased 38,000 SF at 10001 Innovation Dr

Downtown/Central Office Market

Major Sale Transactions

- 727 Van Buren - 153,720 SF sold for \$1,625,000 (\$10.57/SF)
- 700 W. Michigan - 57,000 SF sold for \$535,500 (\$9.28/SF)
- Iron Block Building - 40,670 SF sold for \$700,000 (\$17.21/SF)

Downtown/Central Office Market

2013 Trends

- **Class A rents continue slow climb, but Class B rents will remain stable with continued reduction of concessions**
- **Renewals and Expansions continue**
- **Positive absorption due to lack of new supply, but more absorption needed**
- **Mostly small deals under 10,000sf and some larger deals over 50,000sf**