

FIGURES | MILWAUKEE INDUSTRIAL | Q1 2025

Kenosha dominates industrial leasing activity in Q1



Note: Arrows indicate change from previous quarter.

SUMMARY

In Q1 2025, Milwaukee's industrial market vacancy remained at 5.5%, unchanged from Q4 2024.

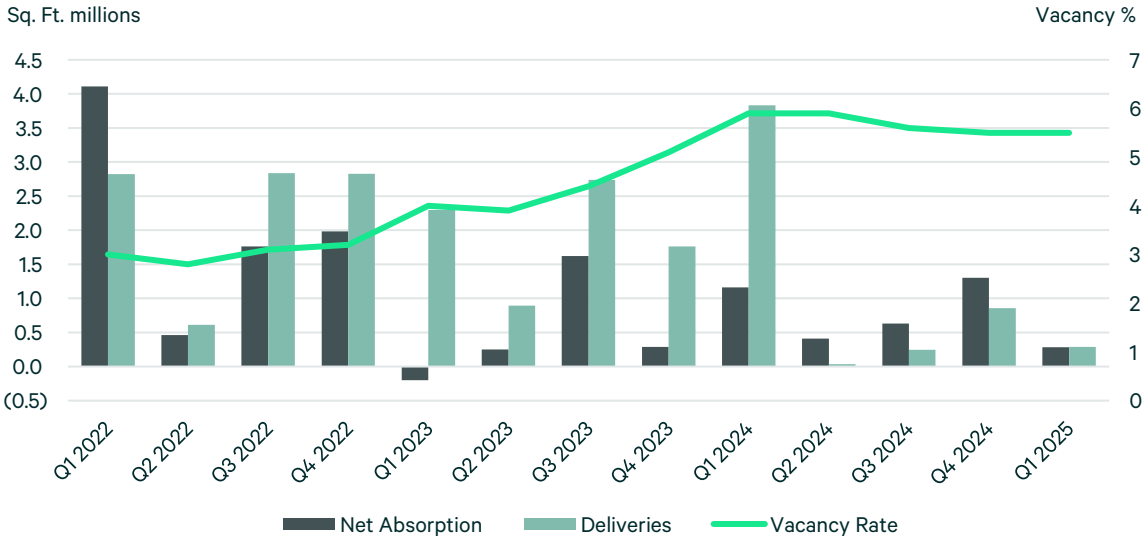
The market saw 282,719 sq. ft. of positive absorption, dropping from the previous quarter's 1.3 million sq. ft. Major move-ins this quarter include SACO AEI Polymers in Sheboygan and MGS in Richfield. Major move-outs include Triton Trailers in Hartford and Twin Disc in Racine.

Under construction square footage rose to 3.2 million sq. ft., up from 2.3 million sq. ft. in the previous quarter. Additionally, the quarterly construction area delivered was 289,892 sq. ft., a decrease from 855,968 sq. ft. in Q4 2024.

Investment sales volume increased in Q1 2025, totaling \$84.2 million, up from \$61.3 million in Q4 2024. The largest sale was a portfolio of four buildings in New Berlin and Franklin, totaling 402,967 sq. ft. that James Campbell Co. sold to Zilber Group for \$33.8 million.

**CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.*

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

Availability Rate

In Q1 2025, the overall availability rate for Milwaukee industrial stood at 6.7%, showing a slight improvement from 7.2% in Q4 2024.

Four major leases over 100,000 sq. ft. were signed in Q1 2025 that contributed to a decline in availability rates as space was taken off the market. Those tenants included Uline, Krones, ABB and Delzer Printing.

Availability rates in Kenosha and Racine remain elevated due to recent large speculative (spec) deliveries that remain available. Kenosha’s availability rate for Q1 2025 was 13.7%, while Racine’s was 10.5%.

Availability remains high in certain submarkets like Milwaukee West (17.1%) and Racine due to companies previously vacating older industrial facilities in 2024. In Q1 2025, Twin Disk vacated a 182,000 sq. ft. manufacturing building built in 1938 in Racine.

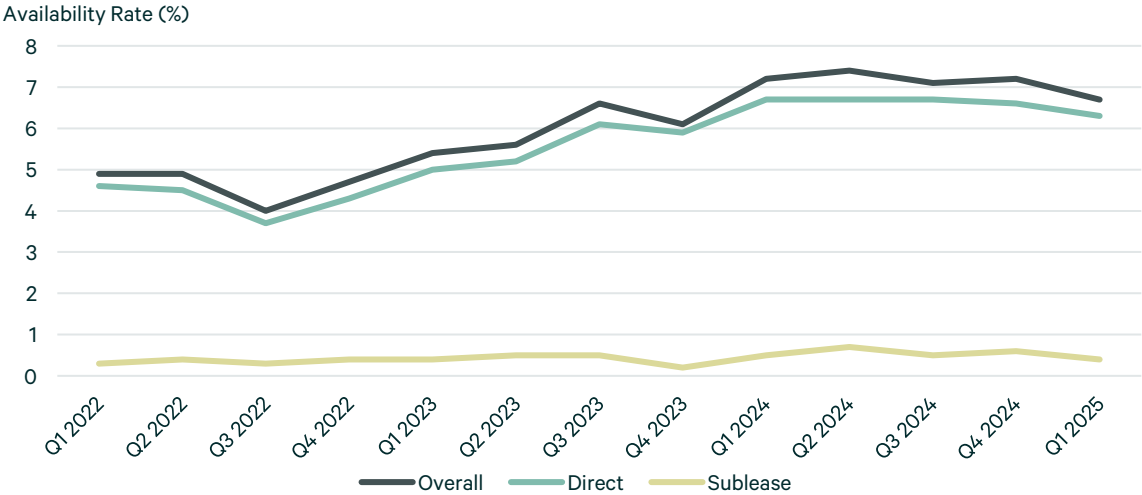
Asking Rent

In Q1 2025, the average asking lease rate in Milwaukee Industrial was \$5.70 per sq. ft., showing a slight increase from \$5.40 per sq. ft. in Q4 2024.

The submarket with the highest average lease rate was Waukesha Southeast at \$7.19 per sq. ft., while the lowest was Milwaukee North Central at \$3.59 per sq. ft. A factor contributing to Waukesha Southeast holding the highest asking rents is a lack of available inventory. The submarket showed 1.2% total vacancy and 1.5% availability in Q1 2025.

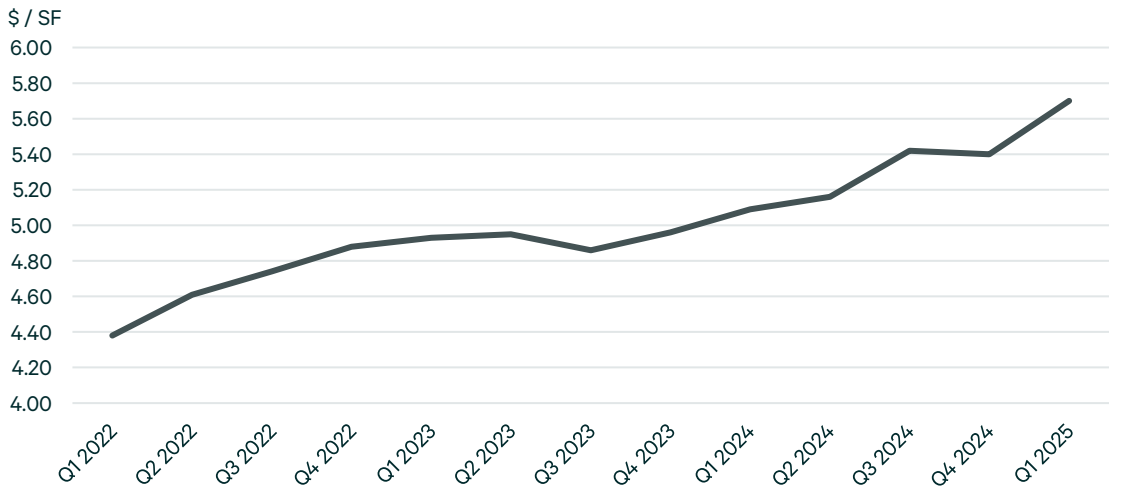
Conversely, average asking rents in Q1 2025 for Kenosha and Racine are lower due to a current oversupply of space. Total vacancy in Kenosha was 11.6% in Q1 2025, and the average asking rate was \$5.43.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q1 2025

Net Absorption

In Q1 2025, Milwaukee Industrial experienced 282,719 sq. ft. of positive net absorption, a significant decrease from the 1.3 million sq. ft. absorbed in Q4 2024.

The top submarket with the highest net absorption in Q1 2025 was Sheboygan with 278,352 sq. ft. Major move-ins in Q1 included SACO AEI Polymers in Sheboygan and MGS in Germantown. Major move-outs included Triton Trailers in Hartford, Twin Disc in Racine, and Boelter in Milwaukee.

Fewer user and build-to-suit (BTS) deliveries in Q1 2025 contributed to a drop in positive absorption in Q1 2025. In Q4 2024, Carmex Labs and Drexel Building supply added 572,000 sq. ft. of positive absorption, while in Q1 2025, only two user-built properties delivered, adding 89,000 sq. ft. of positive absorption. Of the three leases Uline signed this quarter that were 500,000 sq. ft. and larger, two were renewals and one was a new lease. The company plans to occupy the space in Q3 2025.

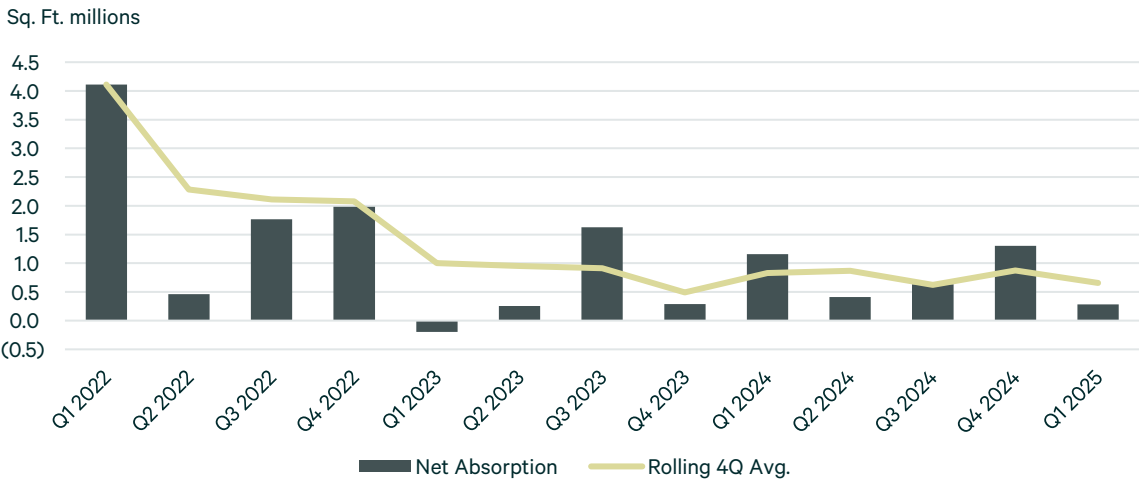
Construction Activity

In Q1 2025, Milwaukee recorded 19 projects under construction totaling 3.2 million sq. ft., up from 2.3 million sq. ft. in Q4 2025. There are currently 16 user or BTS projects under construction totaling 2.6 million sq. ft. and three speculative (spec) projects totaling 577,895 sq. ft. under construction.

The largest project under construction is the BTS 593,565 sq. ft. LogistiCenter – Building 1 at 8000 95th St, Pleasant Prairie, WI. Atlanta-based manufacturer WestRock will move into this space upon completion. The largest spec project under construction is the South Cargo Logistics Hub that will total 337,000 sq. ft. when completed in the Milwaukee South submarket.

Construction deliveries in Q1 2025 totaled 289,892 sq. ft., a decrease from 855,968 sq. ft. in Q4 2024. There were two spec deliveries totaling 200,392 sq. ft., including XII Sussex Highlands in Sussex, and Mitchell Airport Spec Industrial in Cudahy. Two user-built projects delivered, totaling 89,500 sq. ft., including Nemak’s addition in Sheboygan and Kettle Moraine Metal Products in West Bend.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q1 2025

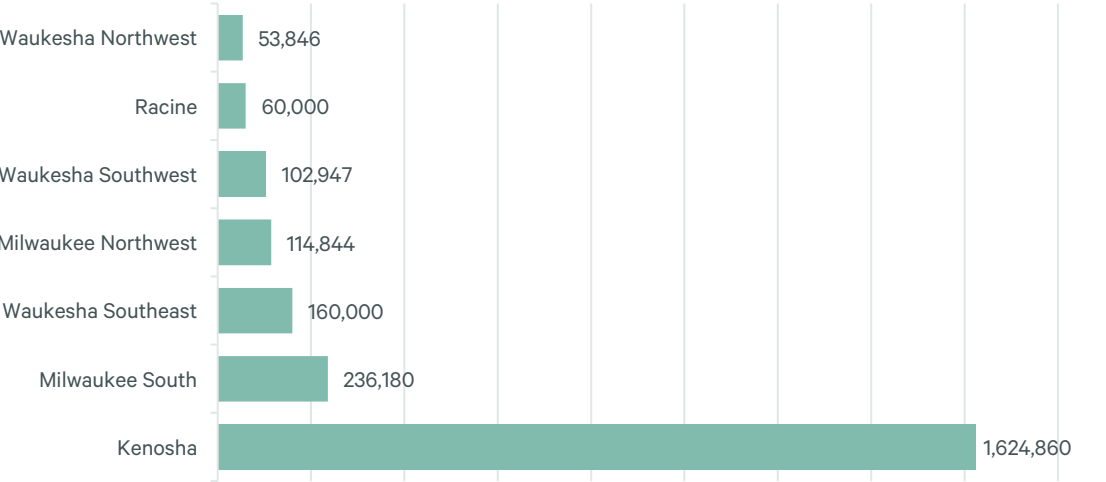
Leasing Activity

Leasing activity over 50,000 sq. ft in Q1 2025 increased with a total of 2.4 million sq. ft, compared to 1.2 million sq. ft. in Q4 2024.

The Kenosha submarket led the leasing activity with notable transactions, including Uline's renewal of 602,000 sq. ft. at 11400 88th Ave, renewal of 520,860 sq. ft. at 8495 116th St, and a new lease of 502,000 sq. ft. at 11290 80th Ave. The 602,000 sq. ft. Uline lease was the largest lease signed in the Milwaukee market since WestRock signed its BTS in Q2 2024.

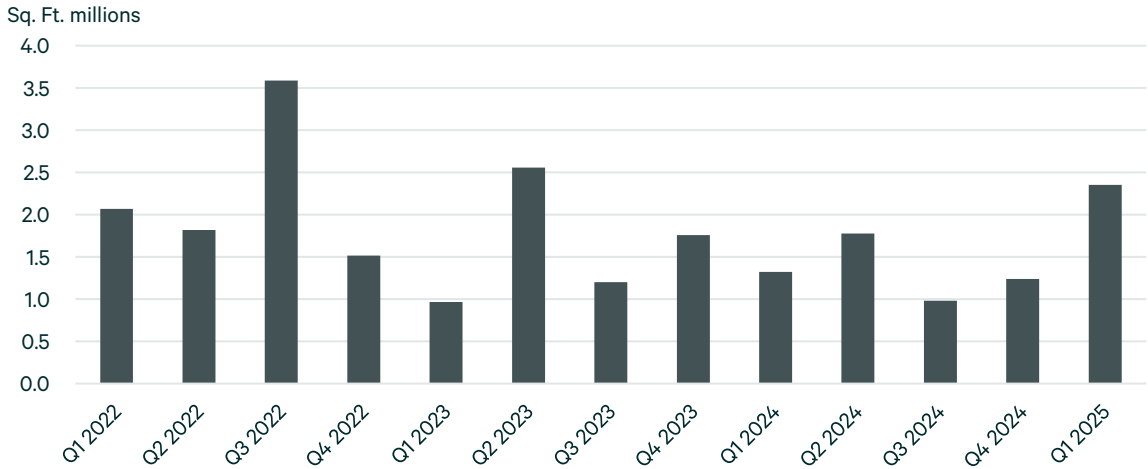
Other large new leases signed this quarter include Krones, leasing 236,180 sq. ft. in Franklin, ABB's 160,000 sq. ft. sale-leaseback of its facility in New Berlin, and Delzer Printing leasing 102,947 sq. ft. in Waukesha.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 7: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Uline	602,000	Renewal	11400 88th Ave	Kenosha
Uline	520,860	Renewal	8495 116th St	Kenosha
Uline	502,000	New Lease	11290 80th Ave	Kenosha
KRONES	236,180	New Lease	3617 W Oakwood Rd	Milwaukee South
ABB	160,000	New Lease	16250 W Glendale Dr	Waukesha Southeast
Buske Lines	114,844	Renewal	7515 N 81st St	Milwaukee Northwest
Delzer Printing	102,947	New Lease	1718 Pearl St	Waukesha Southwest
Logoplaste Racine	60,000	Renewal	1221 Grandview Pkwy	Racine
Dynamic Ratings	53,846	New Lease	N53 W25314 Highlands Court	Waukesha Northwest

Source: CBRE Research, Q1 2025

Investment Sales

Investment sales volume increased in Q1 2025, totaling \$84.2 million, up from \$61.3 million in Q4 2024.

The largest investment sale of the quarter was the James Campbell Co. portfolio in Franklin and New Berlin totaling 402,967 sq. ft. James Campbell Co. sold four buildings in New Berlin and Franklin to Zilber Group for \$33.8 million.

Cap rates for core Class A (Core and Core Plus) in the Milwaukee Metro increased to 6.25%-6.75%, from 6.25%-6.50% in Q4 2024 . The increase can be attributed to deal factors such as yield, submarket trends, tenant credit and buyer risk profile. Currently there is a larger spread of what is considered a Class A industrial building.

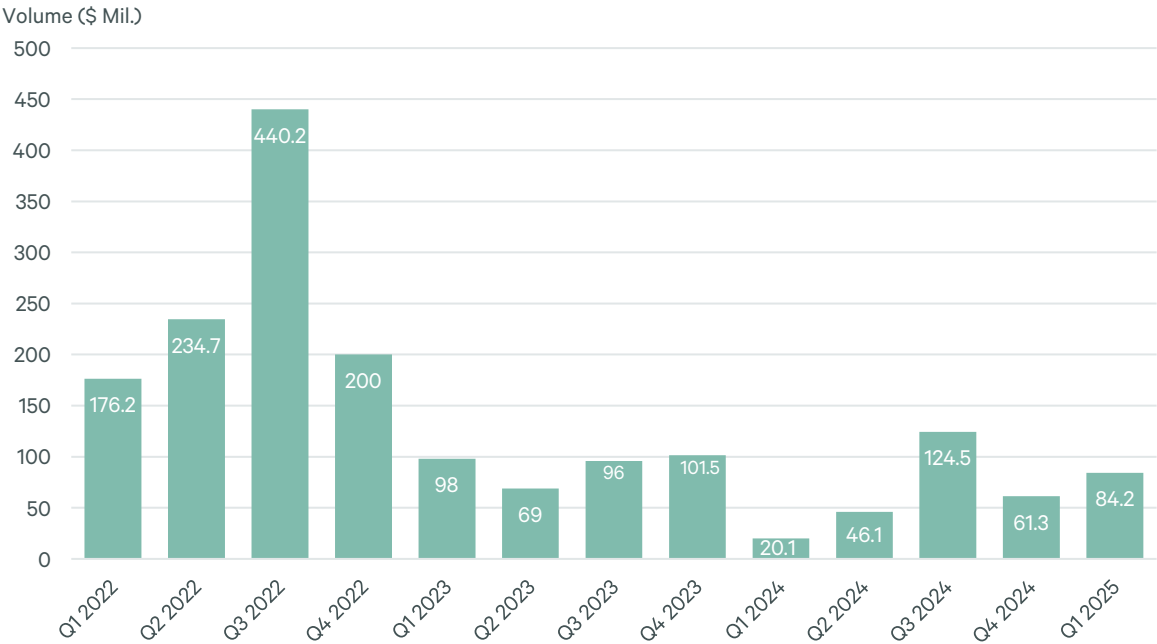
Construction costs have remained high in Q1 2025, causing existing user-owned buildings to trade at a premium. Whereas in past years, income-producing industrial properties were valued more, costs to build comparable user-owned properties are currently higher per sq. ft. than purchasing most existing buildings. Additionally, though interest rates fell in 2024, bringing optimism to the industry, it has not guaranteed a significant, immediate change.

FIGURE 8: Top Investment Sales Q1 2025

Address	City	Buyer	Sale Price	Size (SF)	Price Per SF
5333-5349 S Emmer Dr 5400-5420 S Westridge Dr 9705 S Oakwood Park Dr 9630-9644 S 54th St	New Berlin Franklin	Zilber Group	\$33,800,000	402,967	\$83.88
13315 Globe Dr	Mt. Pleasant	North Haven Net REIT	\$15,000,000	155,844	\$96.25
16250 W Glendale Dr	New Berlin	NB Industrial LLC	\$10,850,000	186,055	\$58.32
4800 W Mitchell St	Milwaukee	Phoenix Investors	\$9,000,000	780,268	\$11.53
3280 S Clement Ave	Milwaukee	Phoenix Investors	\$8,400,000	1,057,616	\$7.94

Source: CBRE Research, Q1 2025

FIGURE 9: Historic Investment Sales



Source: CBRE Research, Q1 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	95,994,246	1.7	2.4	2.0	0.3	5.50	(71,970)	(71,970)	150,900	367,670
100,000-199,999 sq. ft.	65,220,618	2.9	4.9	4.3	0.5	5.42	(216,421)	(216,421)	138,992	802,931
200,000-299,999 sq. ft.	33,341,465	9.5	12.5	11.6	0.9	6.12	699,088	699,088	0	435,663
300,000-499,999 sq. ft.	43,136,532	8.2	11.6	10.9	0.7	5.42	(127,816)	(127,816)	0	1,018,000
500,000-749,999 sq. ft.	27,871,434	11.4	9.6	9.6	0.0	5.28	(162)	(162)	0	593,565
750,000 sq. ft.	39,987,779	8.4	8.4	8.4	0.0	6.47	0	0	0	0
Total	305,552,074	5.5	6.7	6.3	0.4	5.70	282,719	282,719	289,892	3,217,829

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	118,119,457	9.8	11.6	11.0	0.6	5.70	271,429	271,429	240,392	1,844,051
Manufacturing	143,244,736	3.0	4.0	3.7	0.3	5.35	64,014	64,014	49,500	1,373,778
R&D / Flex	32,219,383	1.1	1.3	1.3	0.0	5.01	(1,462)	(1,462)	0	0
Other Industrial	11,968,498	4.6	6.3	4.9	1.5	7.78	(51,262)	(51,262)	0	0
Total	305,552,074	5.5	6.7	6.3	0.4	5.70	282,719	282,719	289,892	3,217,829

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Kenosha	49,828,970	11.6	13.7	13.1	0.6	5.43	40,471	40,471	0	1,063,565
Milwaukee Downtown	10,080,223	7.1	7.3	6.3	1.0	6.56	(91,100)	(91,100)	0	0
Milwaukee North Central	10,475,121	3.5	8.6	8.6	0.0	3.59	17,666	17,666	0	0
Milwaukee North Shore	5,442,078	1.2	5.8	5.8	0.0	5.97	(5,054)	(5,054)	0	0
Milwaukee Northwest	21,023,229	3.9	4.8	4.2	0.6	5.18	(82,267)	(82,267)	0	0
Milwaukee South	32,472,335	3.8	4.5	4.1	0.4	5.82	105,878	105,878	61,400	747,000
Milwaukee South Central	11,883,641	12.0	13.2	10.5	2.7	6.73	12,677	12,677	0	202,213
Milwaukee West	12,109,642	16.4	17.1	16.8	0.3	8.18	(73,078)	(73,078)	0	50,000
Ozaukee	10,609,145	2.2	2.6	2.6	0.0	5.9	(67,179)	(67,179)	0	0
Racine	30,439,805	8.3	10.5	10.1	0.4	5.55	(106,272)	(106,272)	0	109,636
Sheboygan	17,397,449	0.0	0.3	0.3	0.0	4.5	278,352	278,352	49,500	50,000
Walworth	10,137,737	0.4	0.9	0.9	0.0	3.89	9,715	9,715	0	0
Washington	21,053,727	4.9	5.8	5.8	0.0	6.38	(17,422)	(17,422)	40,000	303,450
Waukesha Northeast	17,267,349	0.1	0.2	0.2	0.0	6.72	59,970	59,970	0	242,459
Waukesha Northwest	18,391,296	1.0	3.0	2.8	0.2	6.59	(449)	(449)	138,992	289,106
Waukesha Southeast	13,719,481	1.2	1.5	0.7	0.8	7.19	67,864	67,864	0	58,000
Waukesha Southwest	13,220,846	0.6	1.0	0.6	0.3	6.22	132,947	132,947	0	102,400
Total	305,552,074	5.5	6.7	6.3	0.4	5.7	282,719	282,719	289,892	3,217,829

Economic Overview

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a 'wait-and-see' approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 30,000 sq. ft. and greater in size in Milwaukee counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

**CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.*

Contacts

Madeline Strehlow

Senior Field Research Analyst
+1 414 274 1680
madeline.strehlow@cbre.com

Marissa Oberlander

Research Director
+1 312 540 4686
marissa.oberlander@cbre.com

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