

FIGURES | MILWAUKEE INDUSTRIAL | Q2 2025

Kenosha continues to dominate industrial leasing and BTS deliveries in Q2

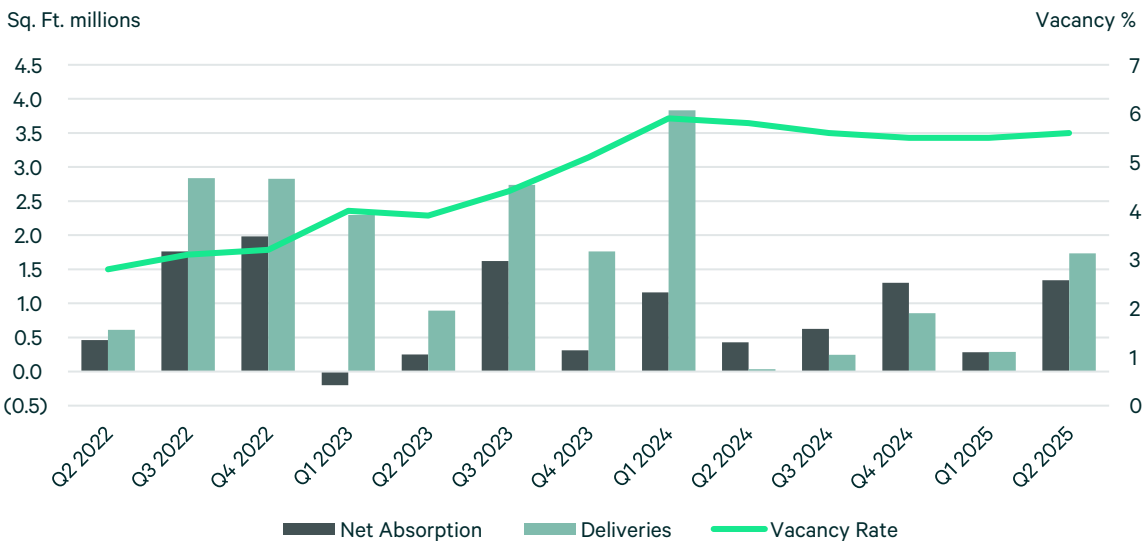


Note: Arrows indicate change from previous quarter.

SUMMARY

- In Q2 2025, Milwaukee's industrial market vacancy increased by 10 basis points (bps) from 5.5% in Q1 2024 to 5.6%.
- The market saw 1,341,331 sq. ft. of positive absorption, increasing from the previous quarter's 562,591 sq. ft. Major move-ins this quarter include WestRock and Schutz Container Systems in Kenosha. Major move-outs include Guy & O'Neill (317,400) sq. ft. in Fredonia and Ta Chen International (205,732) sq. ft. in Pleasant Prairie.
- Square footage under-construction dropped to 2,089,135 sq. ft., down from 3,295,829 sq. ft. in the previous quarter. Additionally, the quarterly construction delivered area was 1,734,601 sq. ft., a significant increase from 289,892 sq. ft. in Q1 2025, and the most sq. ft. delivered since Q1 2024.
- Investment sales volume increased in Q2 2025, totaling \$117.5 million, up from \$84.2 million in Q1 2025. The largest investment sale was of Golden Pet Manufacturing's building at W206N12880 Gateway Ct. in Richfield. The Class A building sold to Gladstone Commercial Corporation for \$62.7 million

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

Availability Rate

In Q2 2025, the overall availability rate in Milwaukee Industrial stood at 6.9%, showing a slight increase from 6.8% in Q1 2025. However, the rate is down 50 bps from last year Q2 2024, when availability hit 7.4%.

Large leases signed in 2025 contributed to the significant decline in availability rates since 2024 as space was taken off the market. Those tenants included Uline, Commercial Plastics, Kronen and American Pasteurization Company, among others.

Availability rates in Kenosha and Racine remain elevated due to recent large speculative (spec) deliveries that remain vacant. Additionally, other tenants that gave up large spaces this quarter include CNH, subleasing and vacating 167,367 sq. ft. in Sturtevant, along with Ta Chen International vacating a 205,732 sq. ft. space in Pleasant Prairie.

Milwaukee West’s availability rate also remains high at 16.7% due to companies vacating older industrial facilities in 2024. A former department store warehouse currently has 790,000 sq. ft of vacant available space listed in this submarket.

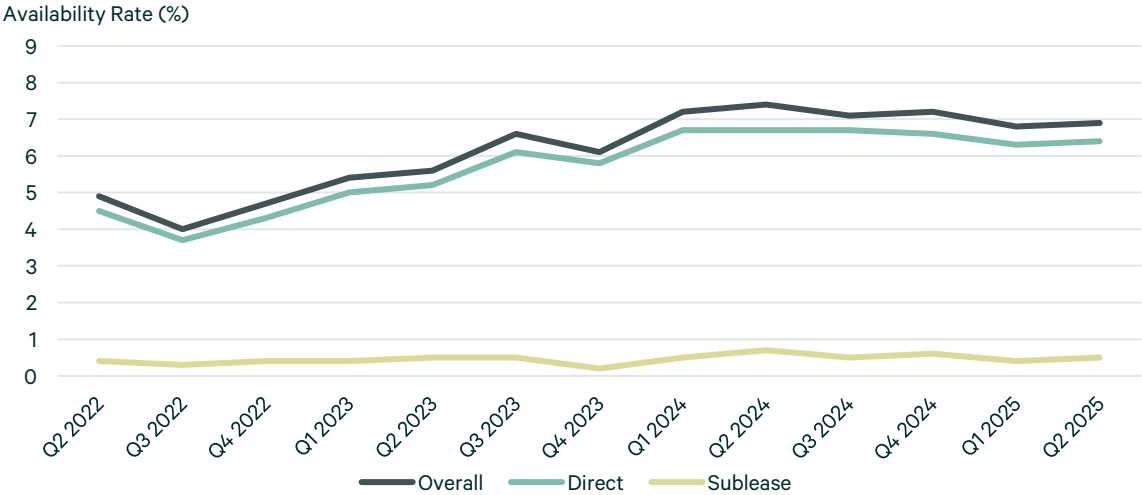
Asking Rent

In Q2 2025, the average asking lease rate in Milwaukee Industrial was \$5.72 per sq. ft., showing a slight increase from \$5.70 per sq. ft. in Q1 2025.

The submarkets with the highest average asking lease rates at Q2 2025 were Milwaukee West at \$8.40 per sq. ft. and Waukesha Southeast at \$6.87 per sq. ft., while the lowest was Milwaukee North Central at \$3.82 per sq. ft.

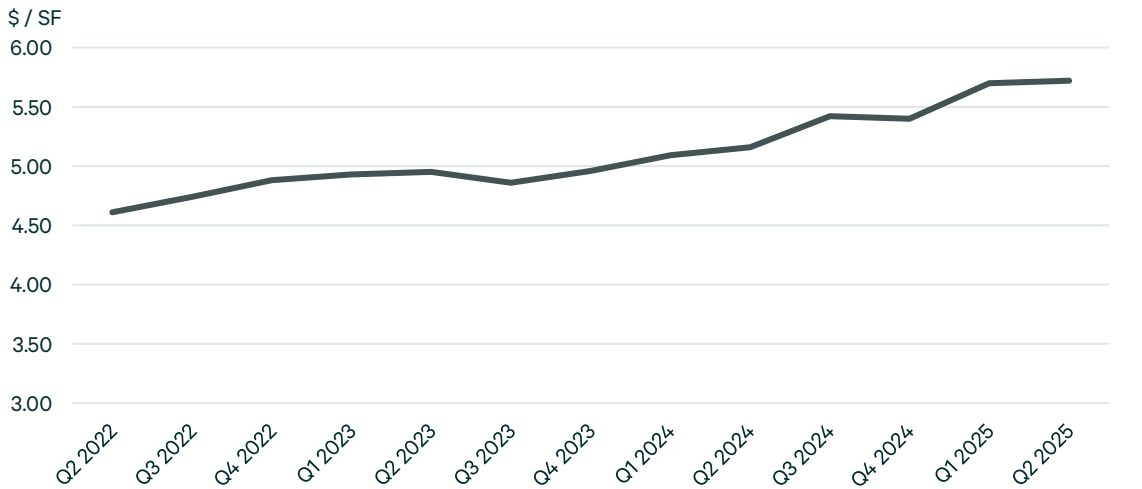
Quarter-over-quarter, Milwaukee West saw an increase in asking rates from \$8.18 to \$8.40 from Q1 2025. Waukesha Southeast showed a slight decrease from \$7.19 to \$6.87.

FIGURE 2: Availability Rates



Source: CBRE Research, Q2 2025

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



Source: CBRE Research, Q2 2025

Net Absorption

In Q2 2025, Milwaukee Industrial experienced a net absorption of 1,341,331 sq. ft. a significant increase from the 562,591 sq. ft. absorbed in Q1 2025. A large amount of the positive absorption in Q2 2025 was attributed to user and BTS deliveries.

The top two submarkets with the highest net absorption in Q2 2025 were Kenosha with 851,014sq. ft. and Racine with 230,393 sq. ft. Major move-ins in these submarkets included Westrock, moving into a 593,565 sq. ft built-to-suit at the LogistiCenter in Pleasant Prairie. In the Racine submarket, Central Storage & Warehouse moved into the expansion of their Caledonia facility at 12725 4-mile Rd.

Major move-outs in Q2 2025 included CNH, vacating a 167,367 sq. ft. space, now for sublease in Sturtevant, Ta Chen International vacating 205.732 sq. ft. in Pleasant Prairie, and Guy & O'Neil vacating 317,400 sq. ft. in Fredonia.

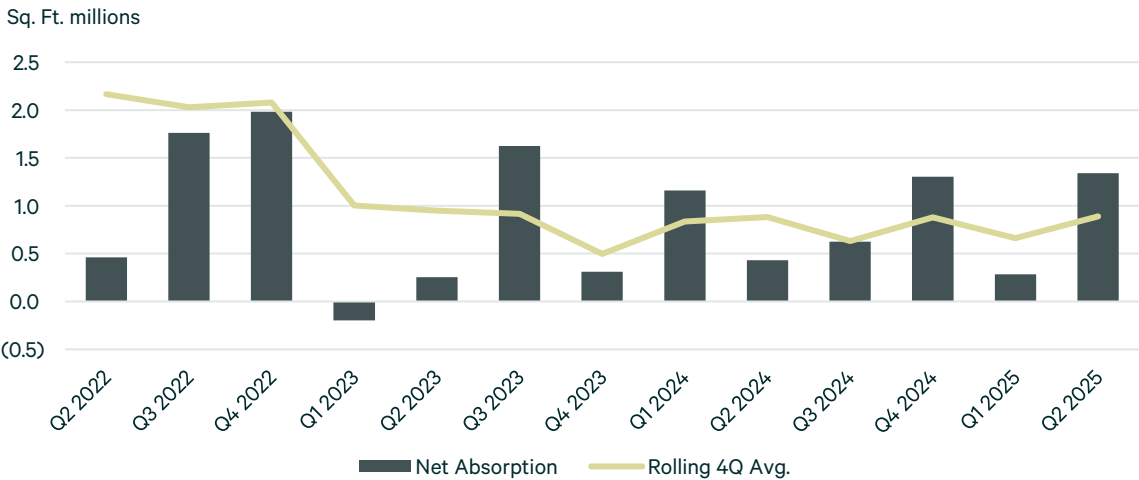
Construction Activity

In Q2 2025, Milwaukee recorded 16 projects under construction, totaling 2.1 million sq. ft. There was a decrease in under construction area due to 8 projects delivering. There are currently 11 user projects under construction totaling 1.1 million sq. ft. and 5 speculative (spec) projects totaling 1,042,483 sq. ft. under construction.

The largest project under construction is the South Cargo Logistics Hub, a 337,000 sq. ft. spec building in the Milwaukee South submarket. Marketed by brokers from CBRE Milwaukee and Chicago, the air cargo facility will be equipped to handle a wide variety of goods, including cold storage, pharmaceuticals, food, and plant products.

Construction deliveries in Q2 2025 totaled 1,734,601 sq. ft., a significant increase from 289,892 sq. ft. in Q1 2025. All 8 buildings that delivered this quarter were either user or BTS projects. In addition to Westrock’s BTS in Kenosha, Saputo also completed an expansion of their Caledonia facility totaling 310,000 sq. ft. Schutz Container Systems Inc also completed its 371,000 sq. ft. facility in Kenosha.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q2 2025

Leasing Activity

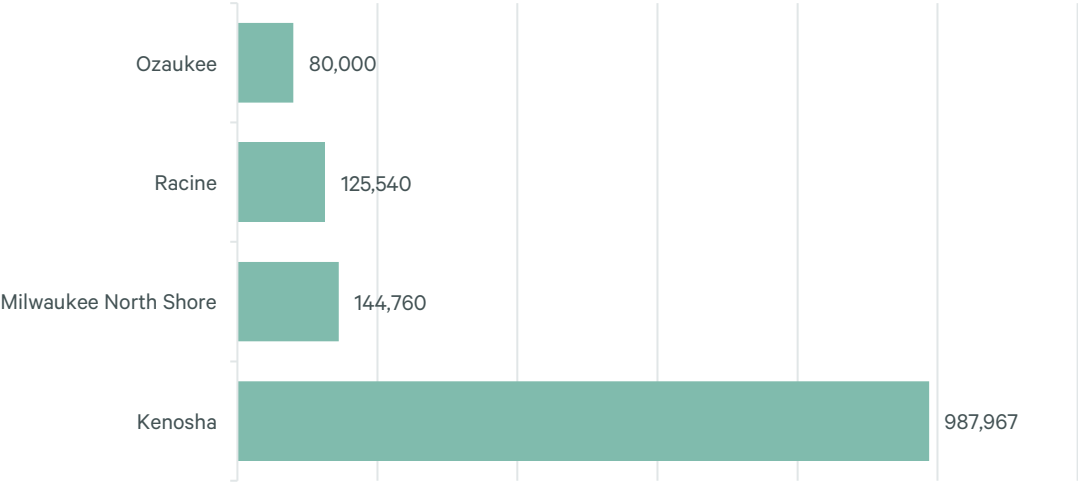
Leasing activity in Q2 2025 for leases 50,000 sq. ft. and larger totaled 1.3 million sq. ft., decreasing from 3.0 million sq. ft. leased in Q1 2025.

The Kenosha submarket led the leasing activity with notable transactions, including SiteOne’s new 417,384 sq. ft. lease signed at 11559 80th Ave, ID Logistics* new 279,872 sq. ft. lease at 6222 77th Ave, and PurposeBuilt Brand’s* 209,053 sq. ft. renewal at 8403-8419 38th St.

Other large leases signed this quarter include Pitney Bowes*, renewing 144,760 sq. ft. in Brown Deer, and Hultafors Group North America* renewing 80,000 sq. ft. in Mequon. Racine also saw significant leasing activity, with Aldridge signing a 125,540 sq. ft. lease at 11201 Enterprise Dr in Racine.

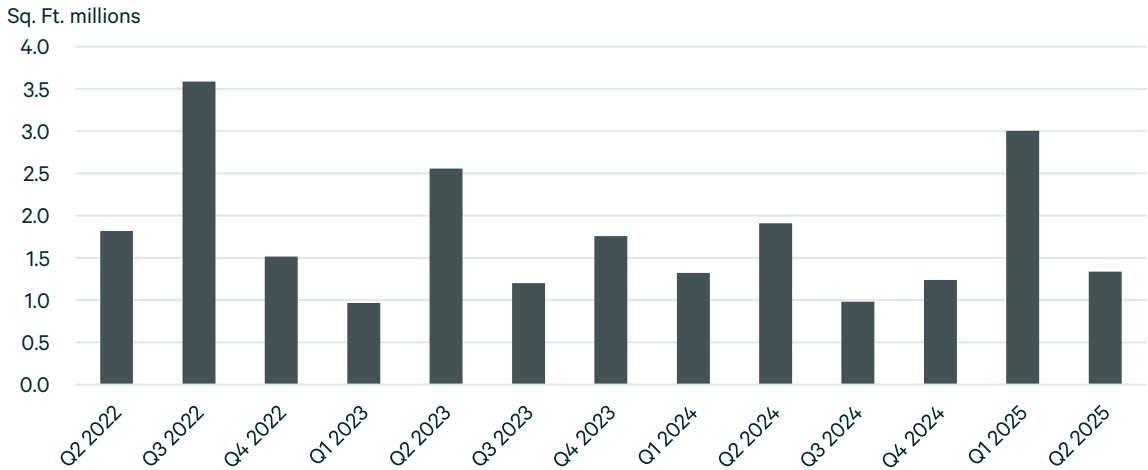
Q2 2025 highlighted a robust leasing environment for leases 100,000 sq. ft. and greater as well. Total sq. ft. leased for all leases over 100,000 sq. ft. was 1.2 million sq. ft. for Q2 2025, declining slightly from 2.5 million sq. ft. in Q1 2025. Last quarter’s 100,000 sq. ft.+ leasing volume was the most Milwaukee metro had seen since Q3 2022.

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



Source: CBRE Research, Q2 2025 *CBRE represented transaction.

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



Source: CBRE Research, Q2 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
SiteOne	417,384	New Lease	11559 80th Ave	Kenosha
ID Logistics*	279,872	New Lease	6222 77th Ave	Kenosha
PurposeBuilt Brands*	209,053	Renewal	8403-8419 38th St	Kenosha
Pitney Bowes*	144,760	Renewal	9053-9061 N Deerbrook Trl	Milwaukee North Shore
Aldridge	125,540	New Lease	11201 Enterprise Dr	Racine
Commercial Plastics Co.	81,658	New Lease	3801-3919 128th Ave	Kenosha
Hultafors Group North America*	80,000	Renewal	6333 W Donges Bay Rd	Ozaukee
Undisclosed	48,498	New Lease	9875 Stern St	Milwaukee South
DHL Express (USA)*	39,233	Renewal	305 E Mahn Ct	Milwaukee South
Rely Enterprises	39,000	New Lease	Manhardt Drive	Waukesha Northeast

Source: CBRE Research, Q2 2025

Investment Sales

Investment sales volume increased in Q2 2025, totaling \$117.5 million, up from \$84.2 million in Q1 2025.

The largest investment sale of the quarter was the Golden Pet Manufacturing building sale at W206N12880 Gateway Ct in Richfield. Briohn Building Corporation sold the property to Gladstone Commercial Corporation for \$62.7 million at a 6.9% cap rate.

Cap rates for core Class A (Core and Core Plus) in the Milwaukee Metro in Q2 2025 remained at 6.25%-6.75%, unchanged from Q1 2025 . The quarter percent increase from Q4 2024 to Q1 2025 was 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.

Flight to quality, a term frequently coined for office markets, also exists in the industrial investment market. Investors are drawn towards healthier, lower-vacancy markets such as Waukesha County, but are met with high barriers to entry.

Construction costs remain high in Q2 2025, causing existing user-owned buildings to trade at a premium, and are gaining in popularity. 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.

FIGURE 9: Top Investment Sales Q2 2025

Address	City	Buyer	Sale Price	Size (SF)	Price Per SF
W206N12880 Gateway Ct	Richfield	Gladstone Commercial Corporation	\$62,700,000	3030,991	\$206.26
1117 E Rawson Ave (5 Property Sale)	South Milwaukee	MHI Portfolio LLC	\$19,100,000	535,363	\$35.68
W165N5830 Ridgewood Dr	Menomonee Falls	Wangard Partners	\$17,000,000	300,121	\$56.64
N94W14355 Garwin-Mace Dr	Menomonee Falls	Borgman Capital	\$5,300,000	72,553	\$73.05
7900 N 86 th St	Milwaukee	Luther Group	\$4,820,000	65,025	\$74.05

FIGURE 10: Historic Investment Sales Volume

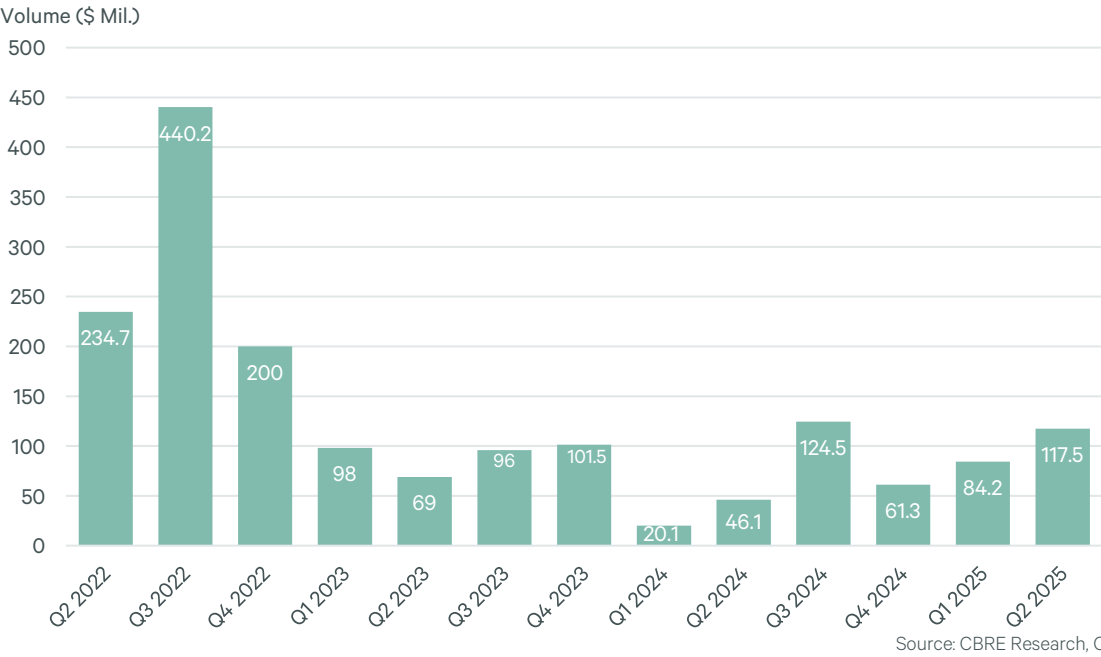


FIGURE 11: Top Investment Sales YTD 2025

Address	City	Buyer	Sale Price	Size (SF)	Price Per SF
W206N12880 Gateway Ct	Richfield	Gladstone Commercial Corporation	\$62,700,000	3030,991	\$206.26
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
1117 E Rawson Ave (5 Property Sale)	South Milwaukee	MHI Portfolio LLC	\$19,100,000	535,363	\$35.68
W165N5830 Ridgewood Dr	Menomonee Falls	Wangard Partners	\$17,000,000	300,121	\$56.64
13315 Globe Dr	Mt. Pleasant	North Haven Net REIT	\$15,000,000	155,844	\$96.25

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.	96,136,799	1.7	2.1	1.9	0.3	5.55	71,726	(244)	120,000	360,989
100,000-199,999 sq. ft.	65,365,654	2.7	4.9	4.5	0.4	5.50	455,917	239,496	340,036	490,895
200,000-299,999 sq. ft.	33,341,465	9.6	11.8	10.5	1.2	6.24	(26,110)	672,978	0	900,251
300,000-499,999 sq. ft.	44,134,932	9.0	13.2	12.2	1.1	5.42	246,233	118,417	681,000	337,000
500,000-749,999 sq. ft.	28,464,999	11.1	9.7	9.4	0.4	5.28	593,565	593,403	593,565	0
750,000 sq. ft.	39,987,779	8.4	8.4	8.4	0.0	6.47	0	0	0	0
Total	307,431,628	5.6	6.9	6.4	0.5	5.72	1,341,331	1,624,050	1,734,601	2,089,135

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	119,207,446	10.1	12.1	11.3	0.9	5.75	404,772	676,201	943,036	1,415,603
Manufacturing	144,036,301	2.8	3.8	3.6	0.2	5.30	965,321	1,029,335	791,565	673,532
R&D / Flex	32,219,383	1.2	1.4	1.4	0.0	4.98	(15,901)	(17,363)	0	0
Other Industrial	11,968,498	4.7	6.2	4.7	1.5	7.81	(12,861)	(64,123)	0	0
Total	307,431,628	5.6	6.9	6.4	0.5	5.72	1,341,331	1,624,050	1,734,601	2,089,135

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	50,793,535	11.7	14.3	13.4	1.0	5.47	810,543	851,014	964,565	400,107
Milwaukee Downtown	10,080,223	7.1	7.1	6.2	1.0	6.63	0	(91,100)	0	0
Milwaukee North Central	10,475,121	2.5	7.7	7.7	0.0	3.82	96,854	114,520	0	0
Milwaukee North Shore	5,442,078	1.2	5.8	5.8	0.0	5.97	0	(5,054)	0	0
Milwaukee Northwest	21,023,229	4.2	4.8	4.0	0.7	5.15	(59,528)	(141,795)	0	0
Milwaukee South	32,522,335	3.5	3.9	3.6	0.4	6.03	168,953	274,831	50,000	437,000
Milwaukee South Central	11,883,641	12.0	13.1	10.4	2.7	6.72	2,500	15,177	0	202,213
Milwaukee West	12,109,642	16.0	16.7	16.4	0.3	8.4	50,000	(23,078)	0	50,000
Ozaukee	10,731,545	5.1	5.4	5.4	0.0	5.32	(316,750)	(383,929)	0	0
Racine	30,859,441	8.8	11.2	10.6	0.6	5.56	230,393	124,121	419,636	0
Sheboygan	17,397,449	0.0	0.0	0.0	0.0	-	0	278,352	0	50,000
Walworth	10,137,737	0.4	0.9	0.9	0.0	3.89	0	9,715	0	0
Washington	21,123,727	4.9	5.5	5.5	0.0	6.38	70,000	52,578	70,000	233,450
Waukesha Northeast	17,417,902	0.1	0.1	0.1	0.0	6.35	128,000	187,970	128,000	142,459
Waukesha Northwest	18,391,296	1.0	3.0	2.8	0.2	6.59	0	(449)	0	289,106
Waukesha Southeast	13,719,481	0.5	0.8	0.7	0.2	6.87	80,089	147,953	0	58,000
Waukesha Southwest	13,323,246	0.8	1.1	0.8	0.3	6.0	80,277	213,224	102,400	226,800
Total	307,431,628	5.6	6.9	6.4	0.5	5.72	1,341,331	1,624,050	1,734,601	2,089,135

Economic Overview

Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

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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