

FIGURES | MILWAUKEE OFFICE | Q1 2026

Strong Leasing and User Sale Activity Offset by Large Sublease Expirations in Q1

▲ 18.8%

Vacancy Rate

▼ (49,000)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▲ \$22.13

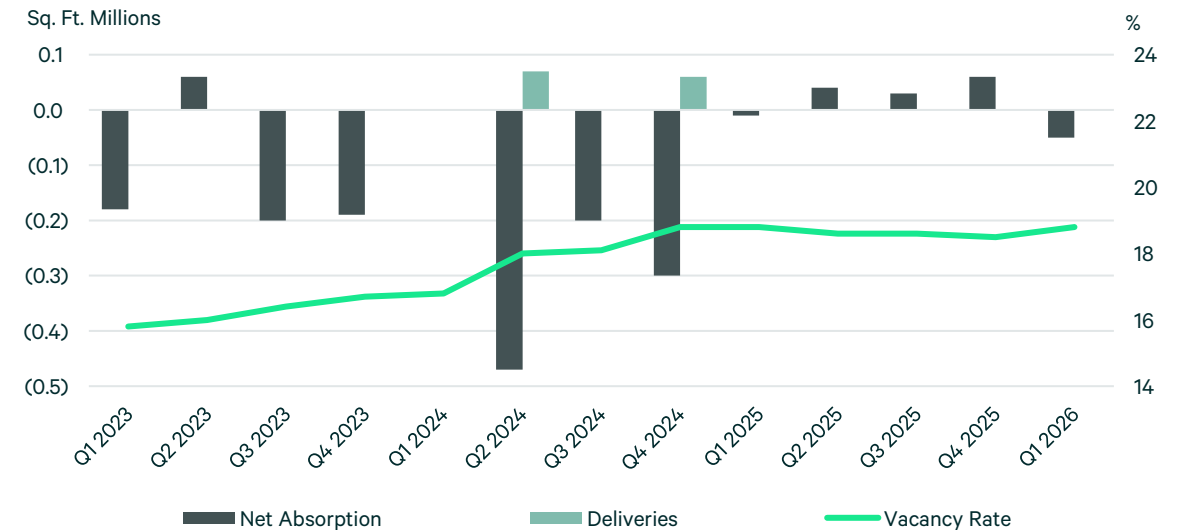
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- The Milwaukee office market recorded (49,000) sq. ft. in Q1, marking the first negative quarter in a year. Absorption at Class A was positive 34,000, offset by (84,000) sq. ft. of vacancies in all other classes.
- Market vacancy was 18.8%, an increase of 10 bps from the previous quarter. While the vacancy rate was impacted by two large sublease expirations, the availability rate decreased by 110 bps, down to 20.2% this quarter.
- The average FSG direct lease rate was \$22.13 across the full market, demonstrating a 2.9% increase year-over-year. Class A rates rose to \$25.49 with Class B reported at \$19.91
- In Q1, Milwaukee had 152,000 sq. ft. of total leasing activity, a 71% increase from the previous quarter and a 97% increase year-over-year. The average lease area increased by 35% from the previous year, a signal that tenant footprints are stabilizing.
- The quarterly office sales volume was \$43.4 million in Q1. The largest transaction in Q1 was a user-sale to Walbec Group for a new headquarters at 1425 Discovery Pkwy in Wauwatosa.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Net Absorption

The metro office market recorded (49,000) sq. ft. of net absorption in Q1 2026, as 34,000 sq. ft. of Class A occupancy gains were more than offset by (83,000) sq. ft. in all other classes.

Positive net absorption for Q1 2026 was led by the Mayfair / Wauwatosa submarket with 86,000 sq. ft. for the quarter, most notably driven by the user-sale at 1425 Discovery Pkwy to Walbec Group and occupancy by Milwaukee Career College at the Forum in Wauwatosa.

Negative net absorption was concentrated primarily in the Milwaukee Southeast submarket with (116,000) sq. ft. this quarter. The sublease expiration at 6744 S Howell Ave in Oak Creek contributed (120,000) sq. ft. for the market total, with the space now listed available for direct vacancy.

Office Sales Activity

In Milwaukee, office sales volume totaled over \$43.4 million in Q1, a decrease of 27% from the previous quarter and down 50% year-over-year. Suburban sales volume growth slowed more modestly in Q1, declining by 35% year-over-year, compared to downtown sales volume decreased 92%.

The top sale this quarter was a user sale to Walbec Group, a Pewaukee-based infrastructure construction company, at 1425 Discovery Pkwy in Wauwatosa. With this sale, Walbec Group has announced plans to move their corporate headquarters to the new property. CBRE provided representation for the buyer in the sale.

Investment sales continue to be the bulk volume of transactions, contributing to 65% of total sales volume in Q1. There was a notable uptick in owner-user sales this quarter, however. Comparatively, investment sales were down 69% with owner-user volume increasing 266% from the previous year.

Figure 2: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 3: Downtown vs. Suburban Office Sales Volume



Source: CBRE Research, Q1 2026

Vacancy and Availability Rates

In Q1, the Milwaukee market vacancy rate increased by 10 bps from the previous quarter up to 18.8%. Despite the modest gain in vacancy, the market availability rate decreased by 110 bps down to 20.2%. This is in large part due to two substantial sublease listings expiring in Q1 2026 that are now contributing to the market’s direct vacancy.

In Q1 2026, core submarkets such as Downtown East and Milwaukee Southeast exhibit elevated Class A vacancy. Downtown East Class A posts an overall vacancy rate of 22.5%, while Milwaukee Southeast Class A is much higher at 49.5%, including 39.9% direct and 9.6% sublease. By contrast, the metro’s most in-demand Class A locations have markedly lower vacancy, with Downtown West recording just 1.9% direct vacancy and Waukesha South at 5.8%, highlighting a clear bifurcation between well-leased nodes and more challenged Class A corridors.

Asking Rent

In Q1 2026, the overall average direct asking lease rate stands at \$22.13 per sq. ft., up 2.9% year-over-year. Class A rates rose to \$25.49 per sq. ft., a 0.6% above Q1 2025 while Class B averages \$19.91 per sq. ft., 2.6% higher than a year ago.

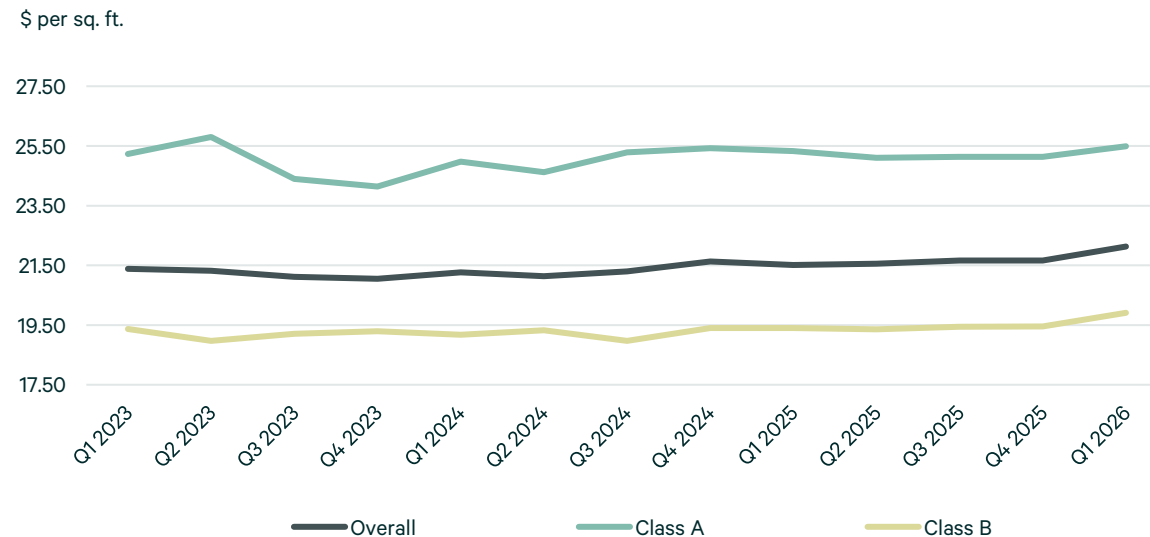
Overall, the Downtown East submarket commands the highest average asking rate at \$26.97 per sq. ft., increasing to \$29.93 per sq. ft. for Class A space alone. Milwaukee Southeast records the highest Class A rate in the market at \$31.50 per sq. ft. At the value end, Waukesha South averages \$13.02 per sq. ft. across available classes, with Milwaukee Central also relatively affordable at \$15.13 per sq. ft.

Figure 4: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 5: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

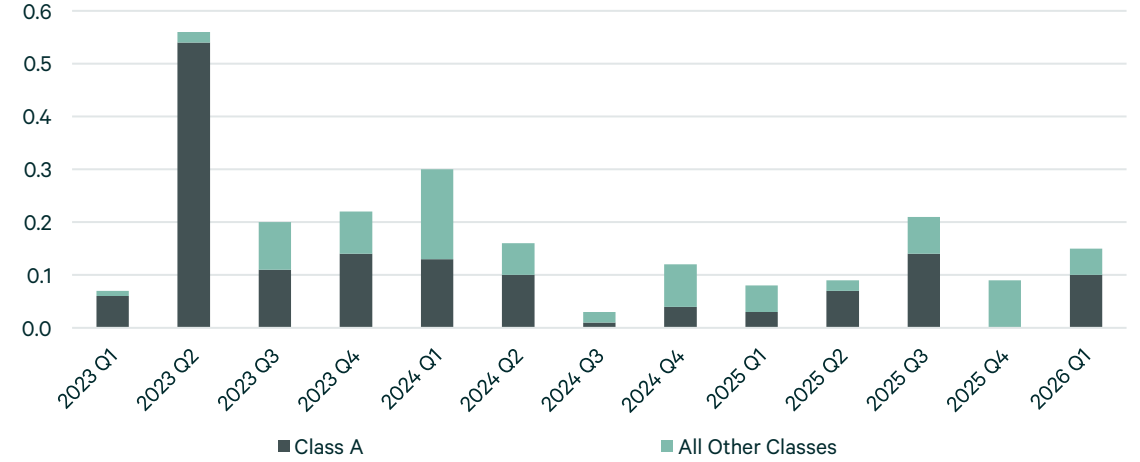
Leasing Activity

Leasing activity totaled 152,000 sq. ft. in Q1 2026 and 545,000 sq. ft. cumulative over the past four quarters. The quarterly total increased 71% from Q4 2025 97% from Q1 2025. Class A buildings represented 66% of the market activity for deals larger than 10,000 sq. ft. leased.

Brookfield posted the highest leasing volume in Q1 2026 at 44,000 sq. ft., followed by Downtown West at 39,000 sq. ft. Other submarkets with positive leasing activity included Downtown East with 25,000 sq. ft., West Allis with 22,000 sq. ft., and the Mayfair / Wauwatosa and Waukesha-Pewaukee submarkets, each at 11,000 sq. ft.

Inclusive of all sizes, the average area leased this quarter was 4,440 sq. ft. with an average term length of 43 months. The average lease size represents a 35% increase year-over-year as tenants are increasingly choosing to maintain or expand their current footprints.

Figure 6: Leasing Activity Trend – 10,000 sq. ft. and up
Sq. Ft. Millions



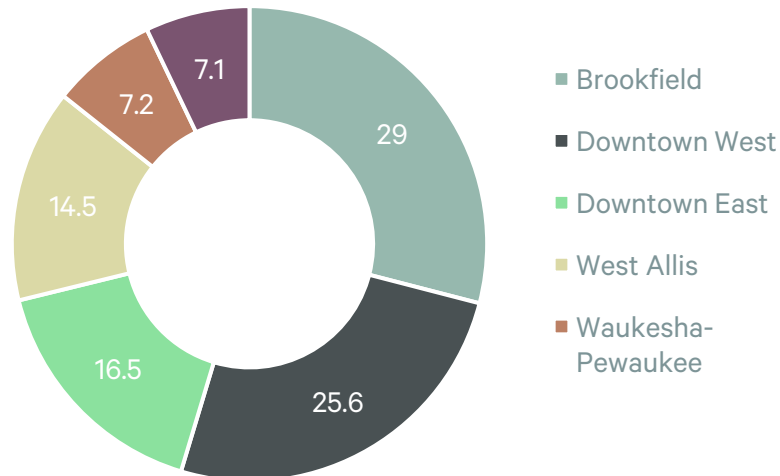
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Pentair Residential Filtration	44,000	Renewal	13845 Bishops Dr	Brookfield
Apple Leisure Group	29,000	New Lease	1515-1575 N Rivercenter Dr	Downtown West
Wisconsin School of Professional Psychology	22,000	New Lease	6737 W Washington St	West Allis
National Investment Services	13,000	New Lease	790 N Water St	Downtown East
Confidential Tenant	12,000	Renewal	526 E Wisconsin Ave	Downtown East
Merrill	11,000	Renewal	24400 Riverwood Dr	Waukesha-Pewaukee
MassMutual Financial Group	11,000	Renewal	10401 W Innovation Dr	Mayfair / Wauwatosa
Bucks Health & Wellness	10,000	New Lease	235 W Galena St	Downtown West

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	9.12	25.4	28.5	23.2	5.4	22.36	35,000	35,000	-	-
Prime	0.46	32.0	31.7	26.9	4.8	31.50	-	-	-	-
Other Class A	8.66	25.1	28.3	23.0	5.4	21.80	35,000	35,000	-	-
Class B	17.68	16.7	17.0	16.9	0.1	17.45	(81,000)	(81,000)	-	-
Class C	1.65	2.9	2.9	2.9	-	11.59	7,000	7,000	-	-
Total	28.44	18.7	19.9	18.1	1.8	19.37	(39,000)	(39,000)	-	-

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	5.57	21.5	27.9	22.8	5.0	29.68	(1,000)	(1,000)	-	-
Prime	2.58	11.1	13.3	10.5	2.9	35.20	(6,000)	(6,000)	-	-
Other Class A	2.98	30.6	40.5	33.5	6.9	28.19	4,000	4,000	-	-
Class B	9.54	18.6	19.3	19.3	0.0	23.33	(9,000)	(9,000)	-	-
Class C	0.56	-	1.4	1.4	-	20.00	-	-	-	-
Total	15.67	19.0	21.7	19.9	1.8	25.92	(10,000)	(10,000)	-	-

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	14.68	24.0	28.3	23.0	5.2	25.49	34,000	34,000	-	-
Prime	3.04	14.2	16.1	12.9	3.1	34.21	(6,000)	(6,000)	-	-
Other Class A	11.64	26.5	31.4	25.7	5.8	24.26	40,000	40,000	-	-
Class B	27.22	17.4	17.8	17.7	0.1	19.91	(90,000)	(90,000)	-	-
Class C	2.21	2.2	2.5	2.5	-	13.46	7,000	7,000	-	-
Total	44.11	18.8	20.5	18.7	1.8	22.13	(49,000)	(49,000)	-	-

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Brookfield	6.32	21.4	23.3	22.8	0.6	20.28	15,000	15,000	-	-
Downtown East	8.95	20.3	24.7	22.2	2.4	27.65	1,000	1,000	-	-
Downtown West	3.99	21.3	19.9	18.3	1.6	23.40	26,000	26,000	-	-
Mayfair / Wauwatosa	4.24	25.2	28.8	18.9	9.9	20.70	104,000	104,000	-	-
Milwaukee Central	0.79	4.7	3.9	3.9	-	15.53	-	-	-	-
Milwaukee North Shore	2.41	18.2	19.2	19.2	-	17.32	(43,000)	(43,000)	-	-
Milwaukee Northwest	2.03	31.9	24.8	24.8	0.1	20.01	(4,000)	(4,000)	-	-
Milwaukee Southeast	1.17	27.2	27.2	25.2	2.0	25.69	(116,000)	(116,000)	-	-
Milwaukee Southwest	0.85	6.8	10.4	10.3	0.1	18.14	-	-	-	-
North Suburban	2.04	9.4	11.1	11.1	-	13.55	8,000	8,000	-	-
South Suburban	1.79	5.1	5.4	5.4	-	15.95	2,000	2,000	-	-
Third Ward / Walker's Point	2.73	11.4	14.7	14.6	0.2	21.78	(38,000)	(38,000)	-	-
Waukesha North	1.61	9.2	10.4	10.4	-	15.74	(4,000)	(4,000)	-	-
Waukesha South	0.56	8.2	9.7	9.7	-	13.97	1,000	1,000	-	-
Waukesha-Pewaukee	2.75	11.7	14.5	14.2	0.3	20.99	(3,000)	(3,000)	-	-
West Allis	1.89	32.1	32.4	31.4	1.0	17.50	1,000	1,000	-	-
Total	44.11	18.8	20.5	18.7	1.8	22.13	(49,000)	(49,000)	-	-

Source: CBRE Research, Q1 2026

National Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets.

Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.



Milwaukee Employment Update

▲ 3.1%
Unemployment Rate

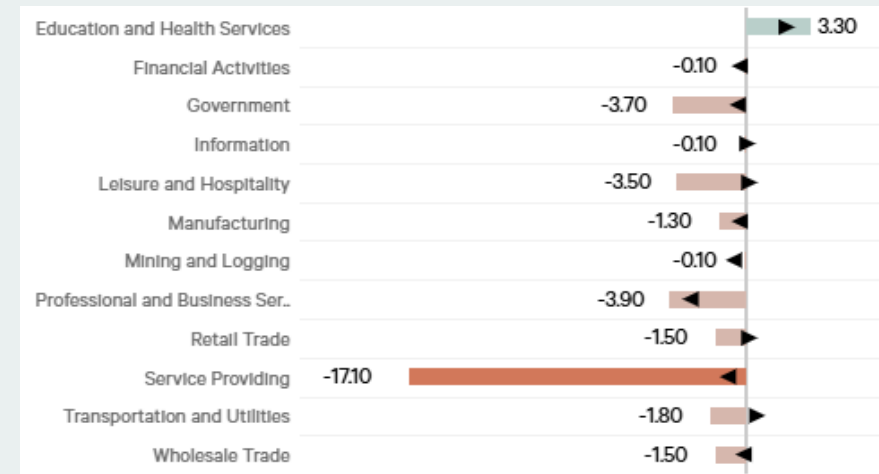
▼ 0.8M
Labor Force

▼ 176.9k
Office Using Jobs

▲ 296.4k
Industrial Using Jobs

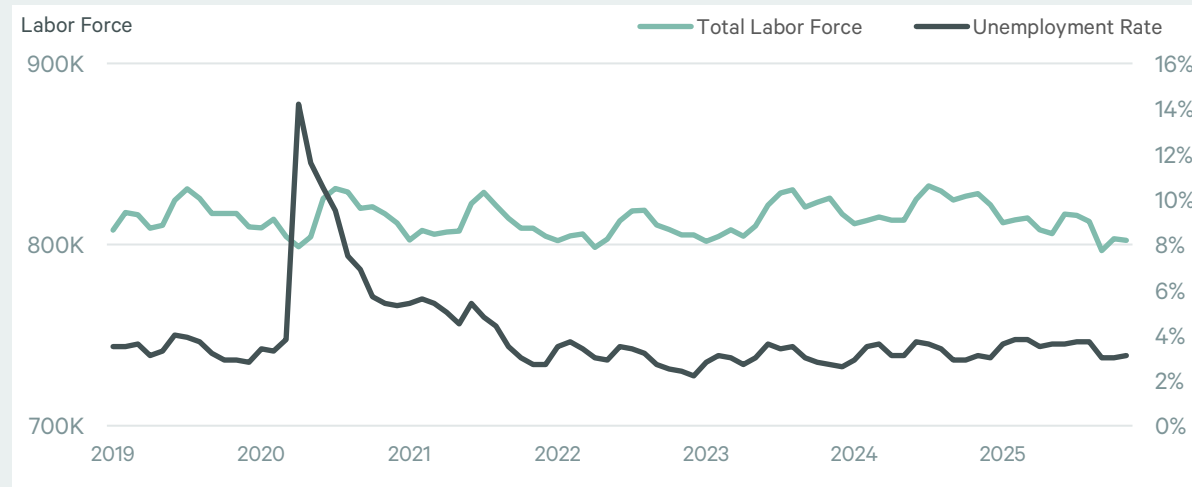
▲ 112.6k
Retail Using Jobs

Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



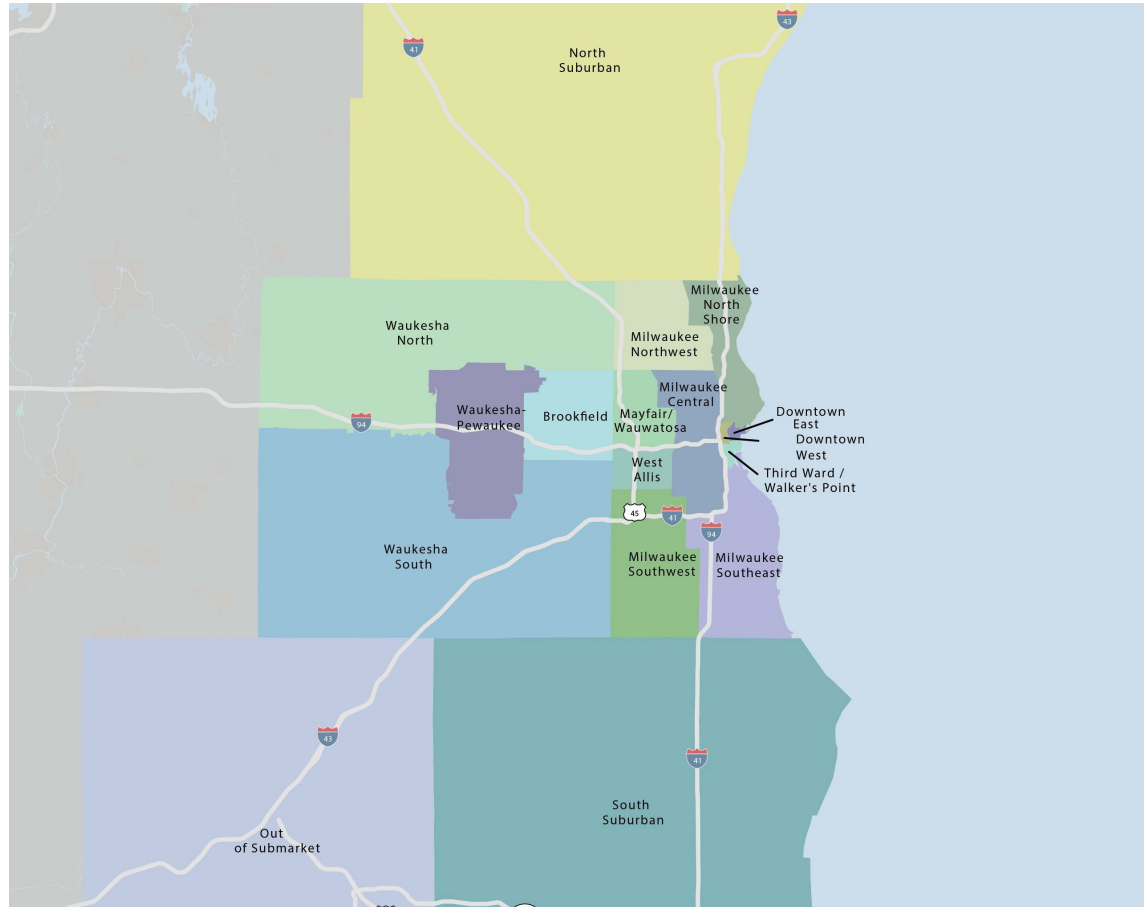
Source: US BLS, December 2025

Milwaukee Unemployment Rate and Labor Force Trends



Source: US BLS, December 2025

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.

Survey Criteria

Includes all Milwaukee buildings 10,000 sq. ft. and greater in size in Milwaukee counties. Buildings which have begun construction as evidenced by site excavation or foundation work

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