

FIGURES | MILWAUKEE INDUSTRIAL | Q1 2026

Demand for New Construction Continues to Drive Market Activity

▶ 4.8%

Vacancy Rate

▲ 1.1M

SF Net Absorption

▲ 1.1M

SF Construction Delivered

▼ 1.7M

SF Under Construction

▲ \$5.75

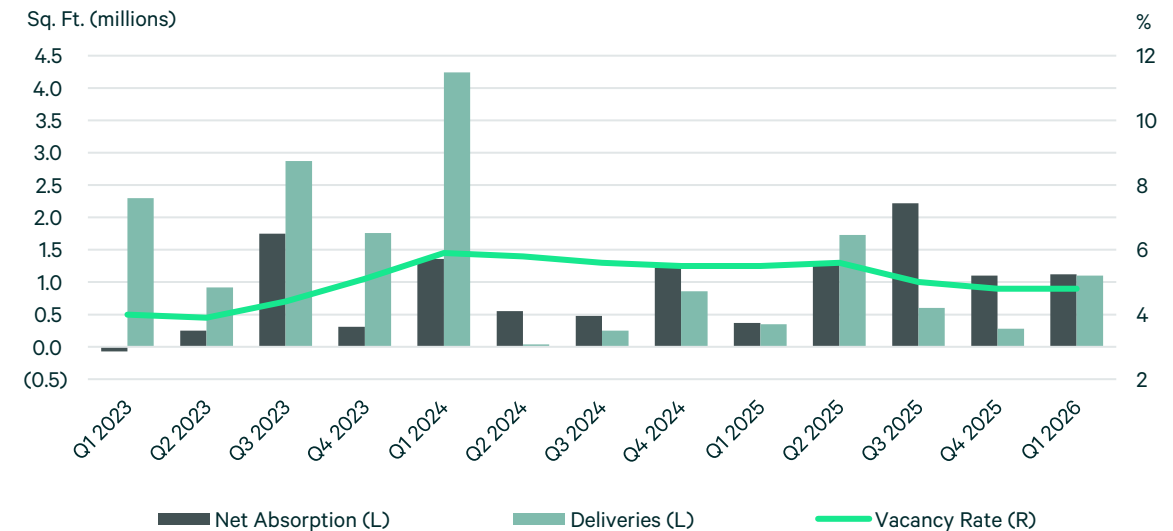
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- In the Milwaukee Industrial market, there was 1.1 million sq. ft. of positive net absorption in Q1, an increase of 1.8% from the previous quarter, extending the market's recent run of positive demand.
- The market vacancy rate maintained at 4.8% in Q1, consistent with the previous quarter and the lowest vacancy reported since Q3 2023.
- The construction pipeline delivered 1 million sq. ft. of new construction in Q1, with an additional 1.7 million sq. ft. of developments underway. There were three early season projects started in Q1, totaling 570,000 sq. ft. combined.
- Leasing activity in the market totaled 2 million sq. ft. transacted this quarter. Leasing at new construction (built since 2022) represented 41% of the quarterly volume with the two largest lease deals in Q1.
- Investment sales volume totaled \$128 million in Q1 2026, an increase of 13% from the previous year and a signal of the market's sustained growth in sales volume.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption was positive 1.1 million sq. ft. in Q1 2026. On a quarter-over-quarter basis, absorption rose 1.8% from Q4 2025, extending the market’s recent run of positive demand.

Net absorption for Q1 2026 was concentrated primarily in the Kenosha submarket with 450,000 sq. ft. for the quarter, and the Milwaukee South submarket with 410,000 sq. ft. Ozaukee and Washington submarkets had the lowest performance this quarter, with (241,000) sq. ft. and (174,000) sq. ft. respectively.

Manufacturing properties represented the largest absorption group in Q1 with 585,000 sq. ft. absorbed, followed by Distribution/Logistics with 469,000 sq. ft. R&D/Flex buildings were the only property group that experienced negative absorption posting (27,000) sq. ft. in Q1.

Demand for new construction continued to drive activity in the market. Buildings built since 2022 contributed 782,000 sq. ft. towards positive absorption in Q1.

Construction Activity

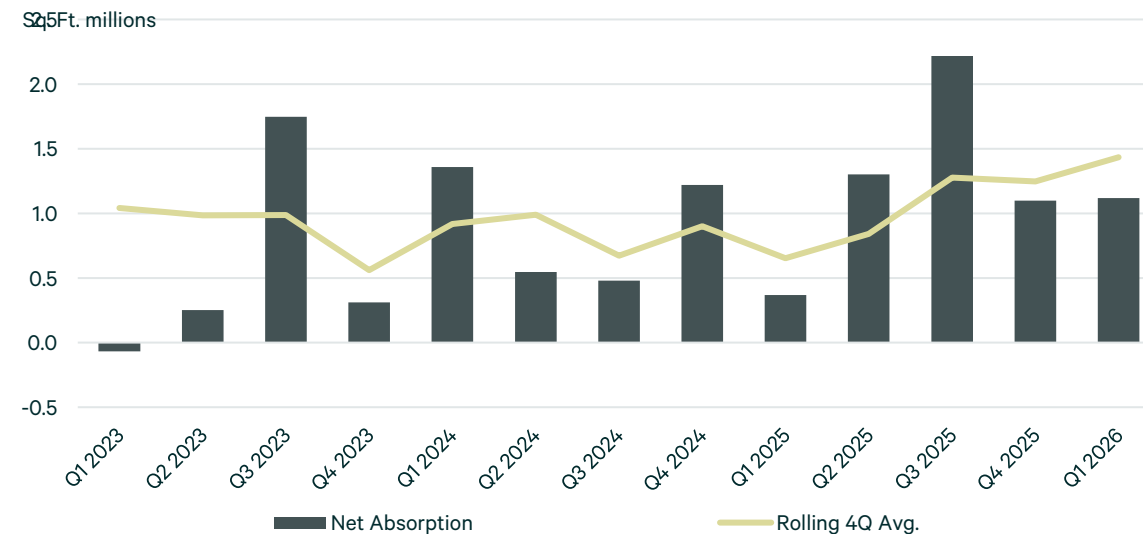
In the Milwaukee industrial market, Q1 2026 recorded 1.1 million sq. ft. of construction deliveries and 1.7 million sq. ft. underway. Under construction volume declined 26% quarter-over-quarter and 50.8% year-over-year, while deliveries rose 260% from Q4 2025 and 188% versus Q1 2025.

In Q1, Milwaukee recorded 10 projects underway totaling 2.7 million sq. ft. Speculative developments represent 77% of the current pipeline, with the largest projects including the South Cargo Logistics Hub in Milwaukee and Capstone 41-3 in Germantown, both fully available.

There were three starts early in the season this quarter, introducing an additional 570,000 sq. ft. to the pipeline. Q1 starts included Zilber 4 at Caledonia Corporate Park, Sussex Class A Industrial, and a new HQ site for PS Seasonings & Pro Smoker in West Bend.

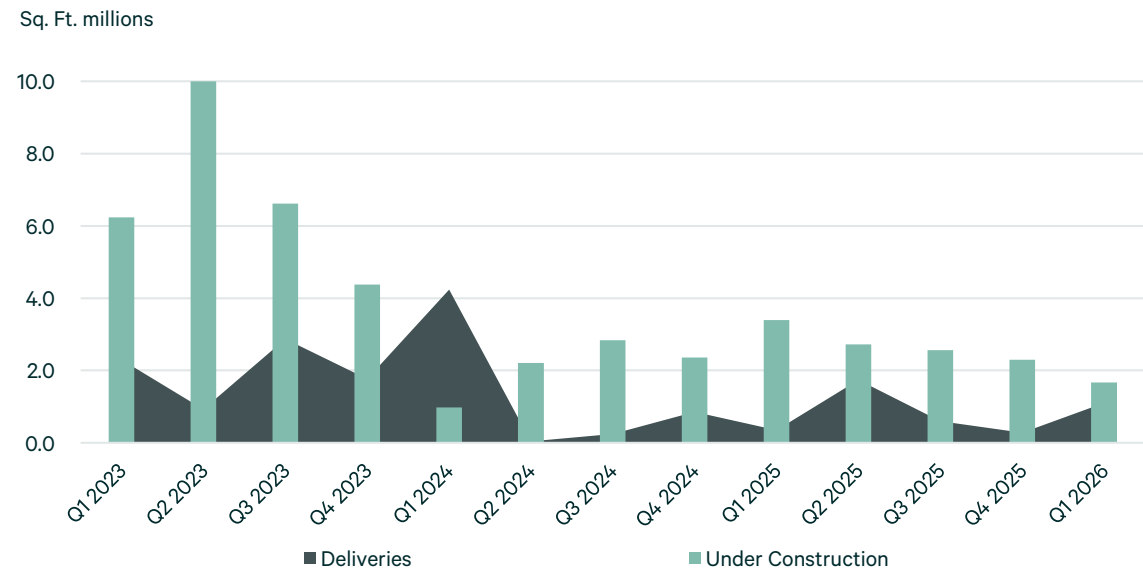
Speculative projects provided 79% of the delivery volume in Q1. Speculative deliveries included two sites in Oconomowoc, Pabst Farms & the Corridor, Zilber 2 at Caledonia Corporate Park, and 10000 Ridgeview Dr, with Jackson’s Food occupying on delivery. Build-to-Suit deliveries this quarter included expansions for a pharmaceutical company in Pleasant Prairie, HTT in Sheboygan, and a new facility for KDV Label in Waukesha.

Figure 2: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 3: Construction Activity



Source: CBRE Research, Q1 2026

Availability and Vacancy Rates

The market availability rate finished Q1 2026 at 5.2%, down from 5.9% in Q4 2025. Availability declined year-over-year, falling from 6.8% in Q1 2025 to 5.2% in Q1 2026. Over the last three years, availability edged down from 5.4% in Q1 2023 to 5.2% in Q1 2026.

The Sheboygan submarket recorded the lowest availability rate in the metro at 0%, with no space currently available. Waukesha Northeast posted the next-lowest rate at 0.3%, while Milwaukee West had the highest availability at 14.7%.

Sublease space decreased in Q1 2026, with an availability rate of 0.3% compared to 0.5% in Q4 2025. In total, there was 1.0 million sq. ft. of sublease space on the market in Q1 2026.

The Milwaukee Industrial market reported a vacancy rate of 4.8% in Q1, remaining consistent with the previous quarter and the lowest reported quarter of vacancy since Q3 2023.

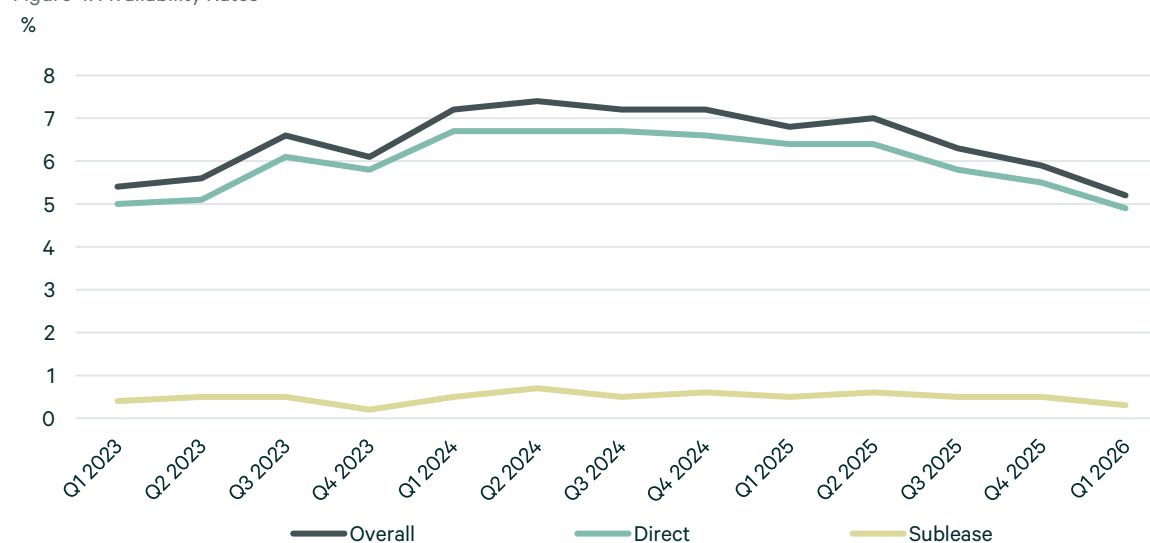
Asking Rent

Asking lease rates averaged \$5.75 per sq. ft. in Q1 2026. This was up 0.9% year-over-year and represents a 16.6% increase over the past three years.

Milwaukee West posted the highest average asking lease rate in Q1 2026 at \$8.79 per sq. ft., followed by both the Milwaukee South Central and Waukesha Northwest submarkets at \$7.00 per sq. ft. Racine, Waukesha Southwest, Milwaukee Northwest, Kenosha, Walworth, and Milwaukee North Central all presented asking rates lower than the market average in Q1.

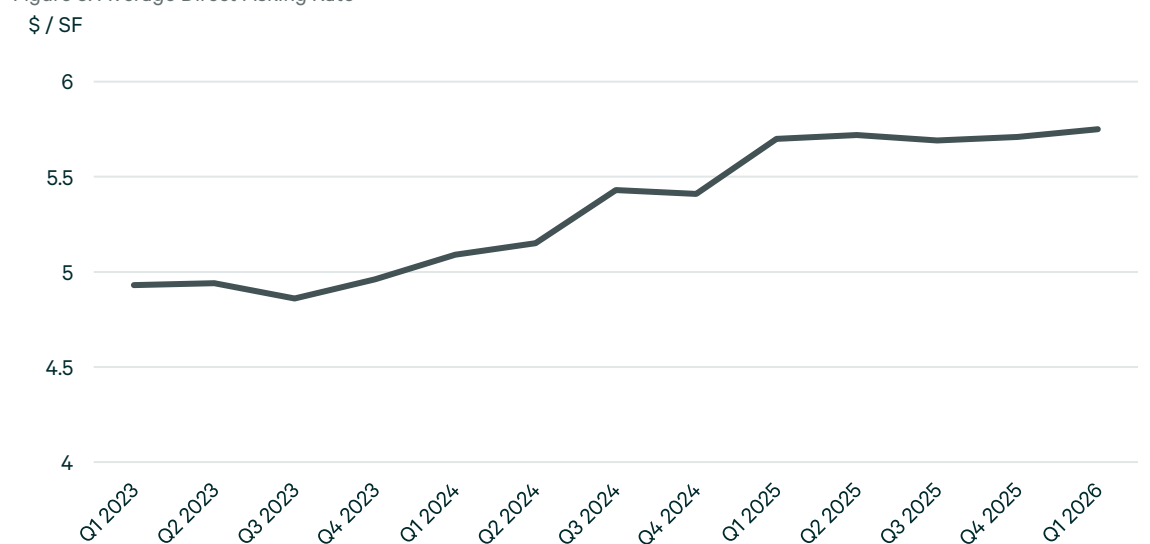
Asking rates held relatively consistent across product types, with Distribution/Logistics reporting \$5.83, R&D/Flex with \$5.79, and Manufacturing with \$5.01, at the quarter close.

Figure 4: Availability Rates



Source: CBRE Research, Q1 2026

Figure 5: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Leasing Activity

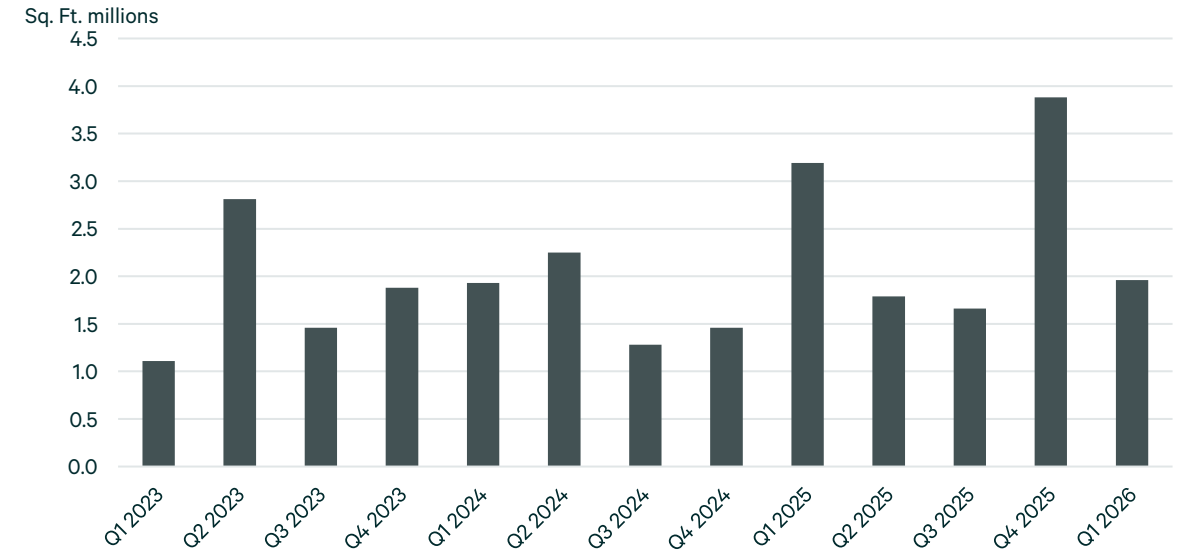
At the close of Q1 2026, leased area totaled 2.0 million sq. ft., a 4.4% decline from the market’s three-year quarterly average. Leasing over the past four quarters reached 9.3 million sq. ft.

Kenosha and Washington post the highest leased areas at 702,000 sq. ft. and 455,000 sq. ft., respectively, capturing the bulk of current demand. Positive but smaller-scale leasing is recorded across Racine with 184,000 sq. ft., and Milwaukee West with 182,000 sq. ft. leased in Q1

Leasing on modern construction (built since 2022) represented 41% of the Q1 leasing volume. Most notably, the leases for ID Logistics Warehousing in Washington and G10 Fulfillment in Kenosha represent the largest deals both in-market broadly and at new construction this quarter.

In Q1 the average area leased was 89,000 sq. ft. with an average term length of 60 months.

Figure 6: Leasing Activity Trend



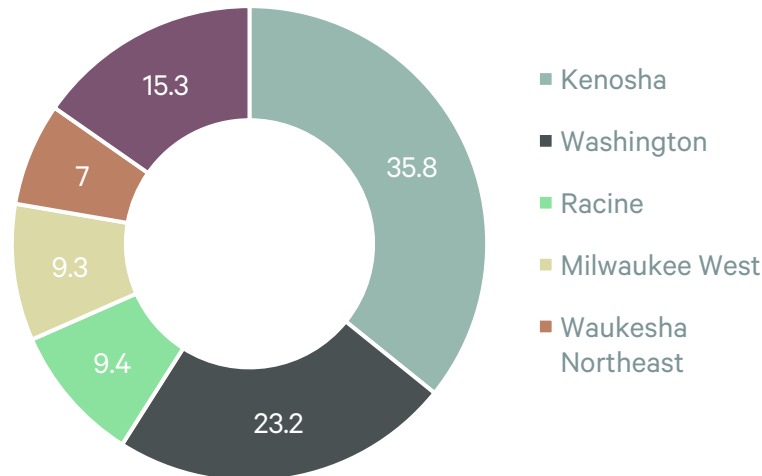
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
ID Logistics Warehousing	375,000	New Lease	N104W12667 Donges Bay Rd	Washington
G10 Fulfillment	315,000	New Lease	94 Logistic Park Building 7	Kenosha
Global Power Components	182,000	Renewal	6600 W Washington St	Milwaukee West
SMT	146,000	Renewal	10100 Jelly Belly Ln	Kenosha
AMS Industries	132,000	New Lease	1445 International Dr	Racine
Undisclosed	122,000	New Lease	5830 N Ridgewood Dr	Waukesha Northeast
RustOleum	102,000	Renewal	10100 Jelly Belly Ln	Kenosha
Snap-On	100,000	Renewal	9501 80th Ave	Kenosha

Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

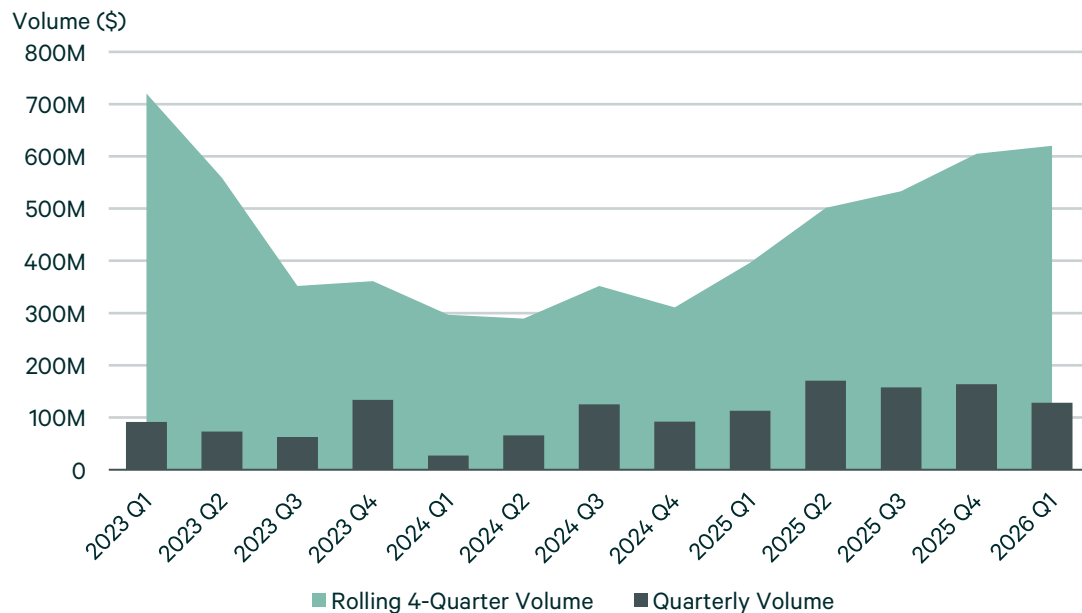
Industrial Sales

Investment sales volume totaled \$128 million in Q1 2026, an increase of 13% from the previous year. The rolling four-quarter total volume was nearly \$620 million at quarter close, an increase of 56% year-over-year and a signal of the sustained growth in sales volume.

Manufacturing buildings led the quarterly sales activity, representing 58% of total transaction volume. Owner-User sales made up 86% of the sales volume in Q1, including the largest sale of the quarter to Rockwell Automation, the existing tenant at 6400 W Enterprise Dr.

The average price per sq. ft. was \$80.32, a 7% increase over the three-year average pricing.

FIGURE 10: Sales Volume Trend



Source: CoStar, RCA, CBRE Research, Q1 2026

FIGURE 11: Key Sale Transactions

Address	City	Buyer	Sale Price	Size (Sq. Ft.)	Price Per Sq. Ft.
6400 W Enterprise Dr	Mequon	Rockwell Automation	62,500,000	559,121	\$111.78
11907 Meridian Dr	Mount Pleasant	Shenzhen Kedali Industry Co, Ltd (KDL)	25,000,000	247,105	\$101.17
9900 S Ridgeview Dr 9905 S Ridgeview Dr	Oak Creek	PPC Flexible Packaging	10,000,000	131,700	\$75.93
9630-9644 S 54th St	Franklin	Tiger Bio Sciences	8,850,000	80,150	\$110.42
2025 E Birchwood	Cudahy	Birchwood Snow & Landscape Contractors	3,675,000	48,180	\$76.28
2340 Richfield Pkwy	Richfield	Alligator Holdings LLC	3,000,000	27,596	\$108.71

Source: CoStar, RCA, CBRE Research, Q1 2026

*Part of a larger national portfolio acquisition

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Under Construction (MSF)	Deliveries (MSF)
Under 100,000 sq. ft.	96.10	1.6	2.0	1.9	0.1	5.62	0.18	0.18	0.14	0.08
100,000-199,999 sq. ft.	66.74	2.8	4.4	4.1	0.3	5.35	(0.02)	(0.02)	0.22	0.37
200,000-299,999 sq. ft.	33.79	6.9	8.5	7.4	1.0	6.08	0.20	0.20	0.98	0.23
300,000-499,999 sq. ft.	45.16	6.9	6.9	6.3	0.6	5.60	0.76	0.76	0.34	0.42
500,000-749,999 sq. ft.	28.47	9.4	6.8	6.5	0.4	5.25	-	-	-	-
750,000 sq. ft.	39.99	8.4	8.4	8.4	-	6.47	-	-	-	-
Total	310.24	4.8	5.2	4.9	0.3	5.75	1.12	1.12	1.67	1.10

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Under Construction (MSF)	Deliveries (MSF)
Distribution/Logistics	120.33	8.5	8.6	8.0	0.6	5.83	0.47	0.47	1.04	0.23
Manufacturing - General	144.97	2.7	3.2	3.1	0.2	5.01	0.58	0.58	0.49	0.65
R&D/Flex	32.27	1.0	1.7	1.7	-	5.79	(0.03)	(0.03)	-	-
Other Industrial	12.68	3.6	3.9	3.9	-	9.73	0.09	0.09	0.14	0.22
Total	310.24	4.8	5.2	4.9	0.3	5.75	1.12	1.12	1.67	1.10

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 NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Under Construction (MSF)	Deliveries (MSF)
Kenosha	50.86	9.3	9.6	9.2	0.4	5.36	0.45	0.45	0.24	0.06
Milwaukee Downtown	9.99	7.4	7.4	6.4	1.0	6.64	(0.02)	(0.02)	-	-
Milwaukee North Central	10.48	3.8	8.5	8.5	-	3.68	0.01	0.01	-	-
Milwaukee North Shore	5.49	7.5	9.4	9.4	-	6.58	(0.12)	(0.12)	-	-
Milwaukee Northwest	21.05	3.6	4.0	3.6	0.4	5.37	0.11	0.11	-	-
Milwaukee South	32.83	2.8	2.7	2.7	-	6.27	0.41	0.41	0.34	0.42
Milwaukee South Central	11.89	7.0	7.0	5.0	1.9	7.00	0.15	0.15	-	-
Milwaukee West	12.11	14.0	14.7	14.4	0.3	8.79	0.06	0.06	0.05	-
Ozaukee	10.73	6.7	6.9	6.9	-	6.12	(0.24)	(0.24)	-	-
Racine	30.94	7.2	8.1	7.0	1.2	5.61	0.09	0.09	0.25	0.14
Sheboygan	17.47	-	-	-	-	-	0.05	0.05	-	0.05
Walworth	10.14	-	1.0	1.0	-	4.11	-	-	-	-
Washington	21.90	3.8	3.3	3.3	-	6.29	(0.17)	(0.17)	0.49	-
Waukesha Northeast	17.63	-	0.3	0.3	-	6.35	-	-	0.10	-
Waukesha Northwest	18.86	1.4	1.4	1.4	-	7.00	0.09	0.09	0.12	0.08
Waukesha Southeast	14.22	0.3	0.4	0.4	-	6.87	0.14	0.14	0.09	-
Waukesha Southwest	13.67	2.4	2.4	2.4	-	5.50	0.12	0.12	-	0.34
Total	310.24	4.8	5.2	4.9	0.3	5.75	1.12	1.12	1.67	1.10

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

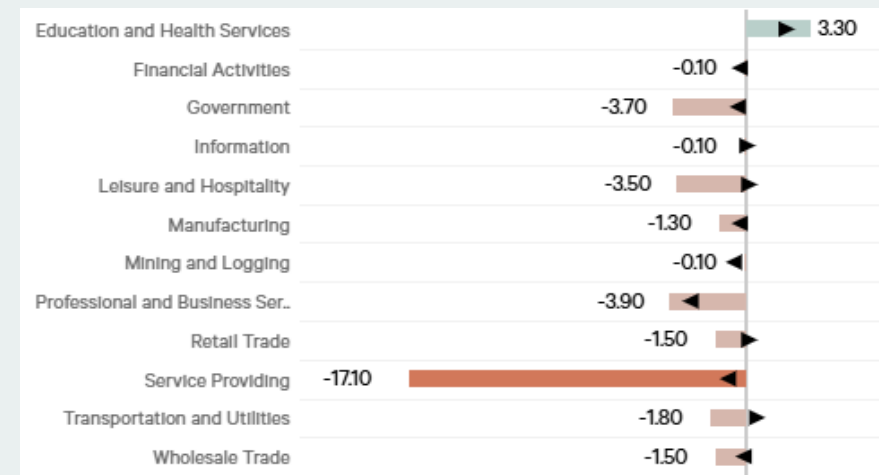
▼ 0.8M
Labor Force

▼ 176.9k
Office Using Jobs

▲ 296.4k
Industrial Using Jobs

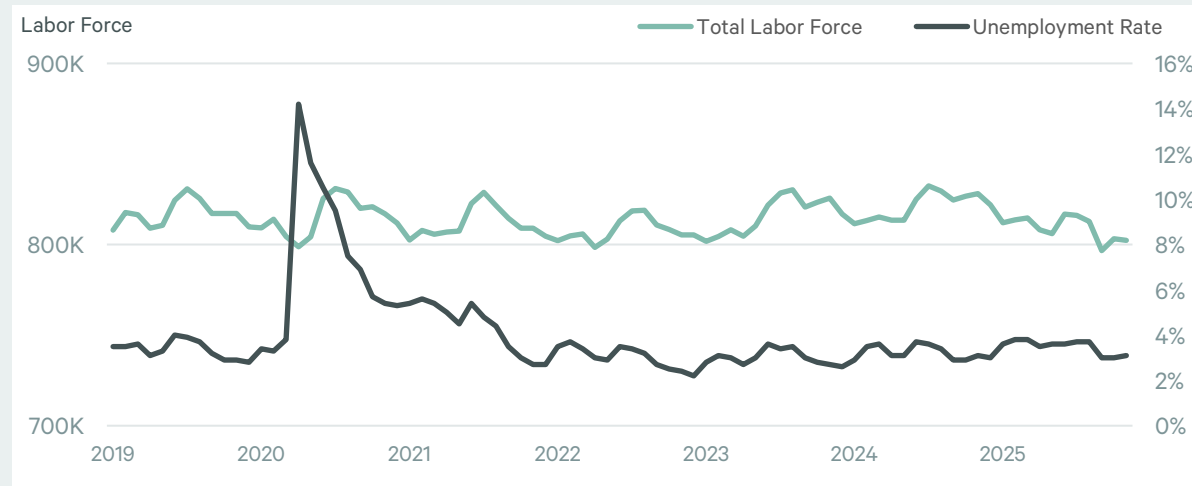
▲ 112.6k
Retail Using Jobs

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. 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.

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