

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate for the Milwaukee metropolitan statistical area (MSA) decreased 110 basis points from 4.2% in May 2016 to 3.1% in May 2017. Unemployment rate for the US was reported at 4.3% in May 2017, up from 3.1% for the state of Wisconsin. The Milwaukee MSA job creation totaled 3,900 over the past year. The Milwaukee market gained over 1,100 manufacturing jobs over the past year.

Market Overview

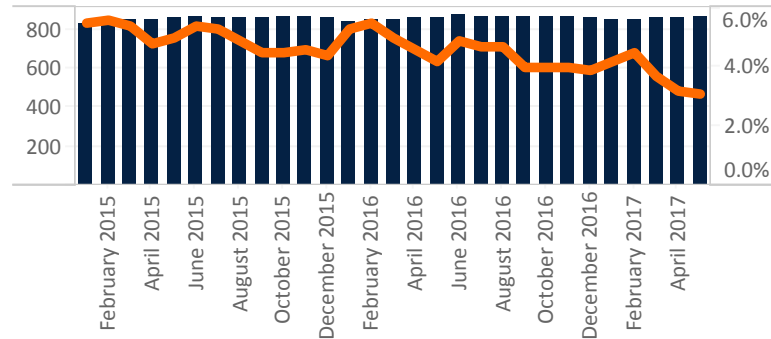
The Milwaukee industrial market recorded 1,500,041 square feet (sf) of positive absorption during 2Q 2017. Absorption was up from 799,943 sf recorded during 2Q 2016. The total vacancy rate has increased from 4.1% in 2Q 2016 to 4.3% at the close of 2Q 2017. Direct vacancy rate increased 10 basis points from last quarter to 4.3%. Weighted average rent growth continued to improve during 2Q 2017 especially in light industrial properties in all Waukesha submarkets and Racine. Weighted average asking rents increased 2.0% to \$4.53 per sf NNN from 2Q 2016.

Market Highlights

The Milwaukee industrial market added more than 1.8 msf of new industrial space during 2Q 2017, with the largest completion being Uline's 880,000 sf facility in Kenosha County. Of the total completed this quarter, over 400,000 sf of new speculative space was added, accounting for the slight increase in the vacancy rate from last quarter. The largest lease transaction in terms of square footage was Madden Communications, leasing 301,174 sf at First Park 94 Building B in Somers. Besides recent completions and leases, the industrial market remains healthy with over 900,000 sf still under construction. The market remains optimistic as plenty of opportunity remains for tenants looking to expand in Southeastern Wisconsin.

Milwaukee Employment

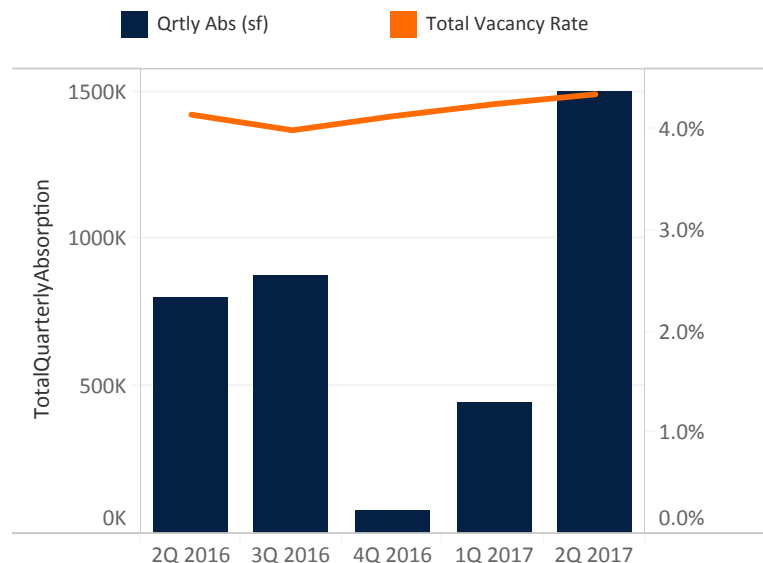
Source: BLS



Market Recap

| | |
|------------------------------------|-------------|
| Inventory (sf) | 279,903,164 |
| # of Bldgs | 4,362 |
| Qrtly Abs (sf) | 1,500,941 |
| Total Avail Rate | 7.2% |
| Total Vacancy Rate | 4.3% |
| U/C Inventory (sf) | 918,161 |
| Delivered (sf) | 1,845,678 |
| Weighted Average Asking Rate (NNN) | \$4.53 |

Absorption and Vacancy Rate



Overview by Specific Use (Total)

| Specific Use | Inventory (sf) | Avail (sf) | Vacant (sf) | Vacancy Rate | Qrtly Abs (sf) | YTD Net Abs (sf) |
|--------------|----------------|------------|-------------|--------------|----------------|------------------|
| Flex | 45,352,034 | 3,328,529 | 2,039,646 | 4.5% | 80,311 | 163,759 |
| Lt Ind | 123,023,205 | 6,777,219 | 3,438,915 | 2.8% | 29,619 | 228,878 |
| Mfg | 36,256,124 | 2,159,261 | 1,485,016 | 4.1% | -172,141 | -160,296 |
| Whse/Dist | 75,271,801 | 7,772,086 | 5,195,617 | 6.9% | 1,563,152 | 1,799,020 |
| Overall | 279,903,164 | 20,037,095 | 12,159,194 | 4.3% | 1,500,941 | 2,031,361 |

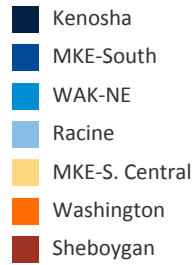
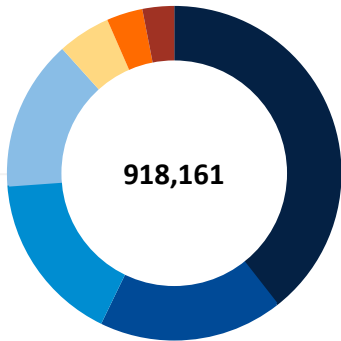
Overview by Market (Total)

| Market Name | Specific Use | Inventory (sf) | Avail (sf) | Vacant (sf) | Vacancy Rate | Qrtly Abs (sf) | YTD Net Abs (sf) |
|----------------|--------------|----------------|------------|-------------|--------------|----------------|------------------|
| Kenosha | Flex | 2,195,824 | 237,694 | 50,429 | 2.3% | 20,324 | 2,257 |
| | Lt Ind | 8,443,371 | 601,442 | 29,324 | 0.3% | 79,500 | 75,500 |
| | Mfg | 3,092,167 | 173,165 | 173,165 | 5.6% | 0 | 0 |
| | Whse/Dist | 14,951,205 | 1,052,487 | 951,028 | 6.4% | 1,181,174 | 1,529,748 |
| | Subtotal | 28,682,567 | 2,064,788 | 1,203,946 | 4.2% | 1,280,998 | 1,607,505 |
| MKE-DT | Flex | 304,465 | 31,926 | 31,926 | 10.5% | -22,000 | -22,000 |
| | Lt Ind | 6,515,732 | 214,703 | 130,234 | 2.0% | 14,156 | 59,759 |
| | Mfg | 2,463,475 | 229,332 | 229,332 | 9.3% | 0 | 0 |
| | Whse/Dist | 2,848,155 | 400,940 | 238,700 | 8.4% | 66,000 | 60,560 |
| | Subtotal | 12,131,827 | 876,901 | 630,192 | 5.2% | 58,156 | 98,319 |
| MKE-N. Central | Flex | 704,967 | 53,160 | 53,160 | 7.5% | 9,478 | 9,478 |
| | Lt Ind | 4,528,001 | 337,626 | 215,597 | 4.8% | 0 | -49,283 |
| | Mfg | 1,540,475 | 331,047 | 331,047 | 21.5% | 0 | 0 |
| | Whse/Dist | 2,845,700 | 766,270 | 655,534 | 23.0% | 101,742 | 80,962 |
| | Subtotal | 9,619,143 | 1,488,103 | 1,255,338 | 13.1% | 111,220 | 41,157 |
| MKE-N.Shore | Flex | 1,011,216 | 63,448 | 3,172 | 0.3% | -3,172 | -3,172 |
| | Lt Ind | 4,029,204 | 135,547 | 43,219 | 1.1% | -38,419 | -33,175 |
| | Mfg | 447,519 | 367,994 | 213,194 | 47.6% | 0 | -69,155 |
| | Whse/Dist | 2,577,676 | 306,234 | 292,234 | 11.3% | -23,760 | -22,760 |
| | Subtotal | 8,065,615 | 873,223 | 551,819 | 6.8% | -65,351 | -128,262 |
| MKE-NW | Flex | 3,033,787 | 253,165 | 195,307 | 6.4% | -12,311 | -12,311 |
| | Lt Ind | 8,757,849 | 361,421 | 85,207 | 1.0% | 5,241 | 157,065 |
| | Mfg | 349,262 | 0 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 6,310,997 | 677,829 | 302,438 | 4.8% | 21,552 | -93,480 |
| | Subtotal | 18,451,895 | 1,292,415 | 582,952 | 3.2% | 14,482 | 51,274 |
| MKE-S. Central | Flex | 1,071,100 | 46,000 | 46,000 | 4.3% | 83,640 | 83,640 |
| | Lt Ind | 3,523,616 | 411,643 | 152,119 | 4.3% | 17,640 | -12,479 |
| | Mfg | 3,043,547 | 0 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 2,884,234 | 640,044 | 566,374 | 19.6% | 165,174 | 149,174 |
| | Subtotal | 10,522,497 | 1,097,687 | 764,493 | 7.3% | 266,454 | 220,335 |
| MKE-South | Flex | 5,168,712 | 353,887 | 219,645 | 4.2% | 12,506 | 35,364 |
| | Subtotal | 30,331,865 | 2,438,207 | 1,245,477 | 4.1% | -227,986 | -79,048 |
| Overall | | 279,903,164 | 20,037,095 | 12,159,194 | 4.3% | 1,500,941 | 2,031,361 |

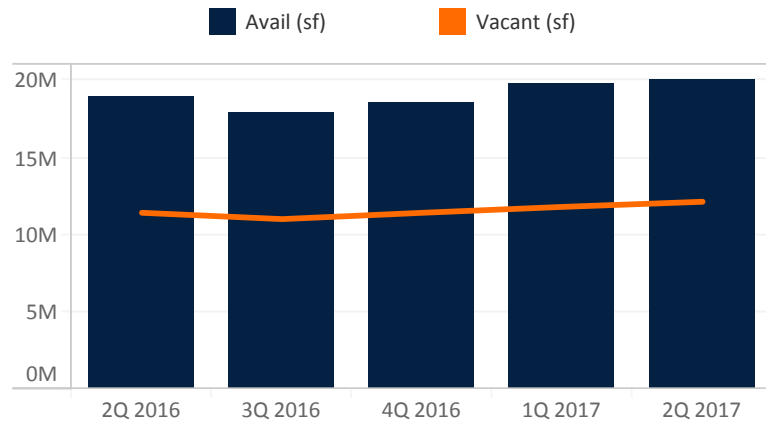
Overview by Market (Total) Cont'd

| Market Name | Specific Use | Inventory (sf) | Avail (sf) | Vacant (sf) | Vacancy Rate | Qrtly Abs (sf) | YTD Net Abs (sf) |
|----------------|-----------------|--------------------|-------------------|-------------------|--------------|------------------|------------------|
| MKE-South | Lt Ind | 11,378,664 | 579,640 | 285,392 | 2.5% | 14,171 | 140,251 |
| | Mfg | 3,273,909 | 593,803 | 443,803 | 13.6% | -195,016 | -195,016 |
| | Whse/Dist | 10,510,580 | 910,877 | 296,637 | 2.8% | -59,647 | -59,647 |
| | Subtotal | 30,331,865 | 2,438,207 | 1,245,477 | 4.1% | -227,986 | -79,048 |
| MKE-West | Flex | 711,052 | 10,500 | 10,500 | 1.5% | 0 | -6,014 |
| | Lt Ind | 3,000,781 | 44,535 | 44,535 | 1.5% | -496 | -20,700 |
| | Mfg | 1,155,220 | 14,475 | 14,475 | 1.3% | 0 | 0 |
| | Whse/Dist | 804,988 | 458,000 | 0 | 0.0% | 0 | 0 |
| | Subtotal | 5,672,041 | 527,510 | 69,510 | 1.2% | -496 | -26,714 |
| Ozaukee | Flex | 2,565,992 | 485,099 | 476,441 | 18.6% | 32,760 | 40,160 |
| | Lt Ind | 4,970,582 | 531,362 | 479,553 | 9.6% | 0 | -57,712 |
| | Mfg | 3,102,621 | 5,127 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 1,268,762 | 0 | 0 | 0.0% | 0 | 0 |
| | Subtotal | 11,907,957 | 1,021,588 | 955,994 | 8.0% | 32,760 | -17,552 |
| Racine | Flex | 1,589,537 | 197,220 | 136,058 | 8.6% | -2,029 | 123,873 |
| | Lt Ind | 18,001,431 | 937,826 | 527,049 | 2.9% | -118,100 | -141,316 |
| | Mfg | 4,240,144 | 288,800 | 80,000 | 1.9% | 0 | 0 |
| | Whse/Dist | 5,283,886 | 706,090 | 706,090 | 13.4% | 1,295 | -10,005 |
| | Subtotal | 29,114,998 | 2,129,936 | 1,449,197 | 5.0% | -118,834 | -27,448 |
| Sheboygan | Flex | 2,656,199 | 59,800 | 59,800 | 2.3% | 0 | 4,000 |
| | Lt Ind | 5,326,384 | 348,464 | 348,464 | 6.5% | 0 | 0 |
| | Mfg | 4,286,648 | 0 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 2,478,006 | 28,000 | 0 | 0.0% | 0 | 0 |
| | Subtotal | 14,747,237 | 436,264 | 408,264 | 2.8% | 0 | 4,000 |
| WAK-NE | Flex | 8,322,531 | 637,772 | 386,419 | 4.6% | -90,580 | -125,668 |
| | Lt Ind | 7,534,217 | 287,260 | 177,672 | 2.4% | -35,394 | -82,694 |
| | Mfg | 1,697,393 | 0 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 4,139,934 | 248,921 | 182,971 | 4.4% | -35,290 | -85,151 |
| | Subtotal | 21,694,075 | 1,173,953 | 747,062 | 3.4% | -161,264 | -293,513 |
| WAK-NW | Flex | 2,421,461 | 98,101 | 58,909 | 2.4% | -5,625 | -625 |
| | Lt Ind | 8,961,882 | 502,631 | 174,138 | 1.9% | 101,876 | 104,776 |
| | Mfg | 969,424 | 0 | 0 | 0.0% | 0 | 81,000 |
| | Whse/Dist | 6,423,311 | 396,670 | 140,601 | 2.2% | 8,912 | -42,788 |
| | Subtotal | 18,776,078 | 997,402 | 373,648 | 2.0% | 105,163 | 142,363 |
| WAK-SE | Flex | 2,294,455 | 126,868 | 116,168 | 5.1% | 33,008 | 35,613 |
| | Lt Ind | 9,657,695 | 447,531 | 187,657 | 1.9% | 31,199 | -18,159 |
| | Mfg | 230,524 | 0 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 3,373,735 | 98,626 | 64,566 | 1.9% | 0 | -23,614 |
| | Subtotal | 15,556,409 | 673,025 | 368,391 | 2.4% | 64,207 | -6,160 |
| WAK-SW | Flex | 3,757,892 | 139,362 | 61,182 | 1.6% | 8,621 | -18,382 |
| | Lt Ind | 5,752,686 | 324,204 | 308,604 | 5.4% | -12,770 | 18,630 |
| | Mfg | 3,276,550 | 36,462 | 0 | 0.0% | 22,875 | 22,875 |
| | Whse/Dist | 3,395,044 | 336,126 | 282,744 | 8.3% | 0 | 158,389 |
| | Subtotal | 16,182,172 | 836,154 | 652,530 | 4.0% | 18,726 | 181,512 |
| Walworth | Flex | 857,633 | 0 | 0 | 0.0% | 0 | 0 |
| | Lt Ind | 6,002,876 | 329,244 | 160,886 | 2.7% | 0 | 23,400 |
| | Mfg | 326,322 | 70,000 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 1,516,680 | 115,700 | 75,700 | 5.0% | 136,000 | 136,000 |
| | Subtotal | 8,703,511 | 514,944 | 236,586 | 2.7% | 136,000 | 159,400 |
| Washington | Flex | 6,685,211 | 534,527 | 134,530 | 2.0% | 15,691 | 17,546 |
| | Lt Ind | 6,638,234 | 382,140 | 89,265 | 1.3% | -28,985 | 65,015 |
| | Mfg | 2,760,924 | 49,056 | 0 | 0.0% | 0 | 0 |
| | Whse/Dist | 3,658,908 | 629,272 | 440,000 | 12.0% | 0 | 21,632 |
| | Subtotal | 19,743,277 | 1,594,995 | 663,795 | 3.4% | -13,294 | 104,193 |
| Overall | | 279,903,164 | 20,037,095 | 12,159,194 | 4.3% | 1,500,941 | 2,031,361 |

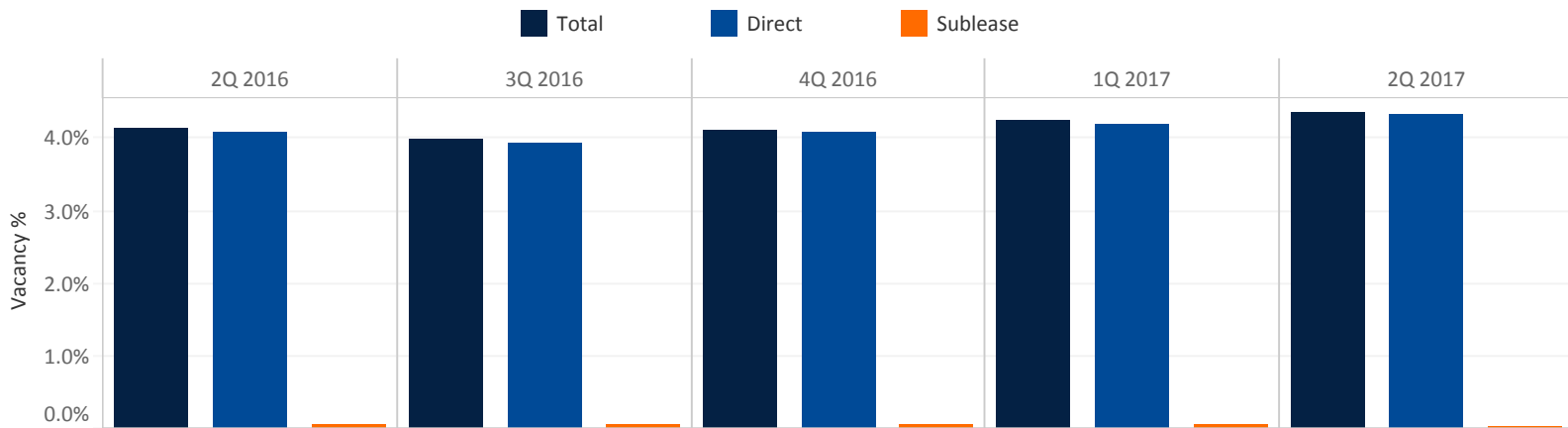
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

| Specific Use | Inventory (sf) | Avail (sf) | Vacant (sf) | Vacancy Rate | Qtrly Abs (sf) | YTD Net Abs (sf) |
|--------------|----------------|------------|-------------|--------------|----------------|------------------|
| Flex | 45,352,034 | 3,090,625 | 1,994,167 | 4.4% | 43,811 | 118,892 |
| Lt Ind | 123,023,205 | 6,627,154 | 3,430,815 | 2.8% | 24,815 | 236,978 |
| Mfg | 36,256,124 | 2,159,261 | 1,485,016 | 4.1% | -195,016 | -183,171 |
| Whse/Dist | 75,271,801 | 7,645,925 | 5,174,204 | 6.9% | 1,584,565 | 1,820,433 |
| Overall | 279,903,164 | 19,522,965 | 12,084,202 | 4.3% | 1,458,175 | 1,993,132 |

Overview by Specific Use (Sublease)

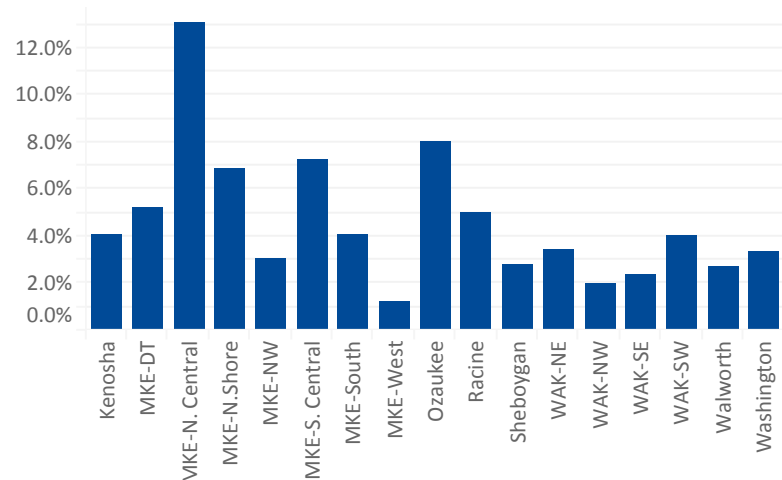
| Specific Use | Inventory (sf) | Avail (sf) | Vacant (sf) | Vacancy Rate | Qtrly Abs (sf) | YTD Net Abs (sf) |
|--------------|----------------|------------|-------------|--------------|----------------|------------------|
| Flex | 45,352,034 | 237,904 | 45,479 | 0.1% | 36,500 | 44,867 |
| Lt Ind | 123,023,205 | 150,065 | 8,100 | 0.0% | 4,804 | -8,100 |
| Mfg | 36,256,124 | 0 | 0 | 0.0% | 22,875 | 22,875 |
| Whse/Dist | 75,271,801 | 126,161 | 21,413 | 0.0% | -21,413 | -21,413 |
| Overall | 279,903,164 | 514,130 | 74,992 | 0.0% | 42,766 | 38,229 |

Direct Vacancy Rates

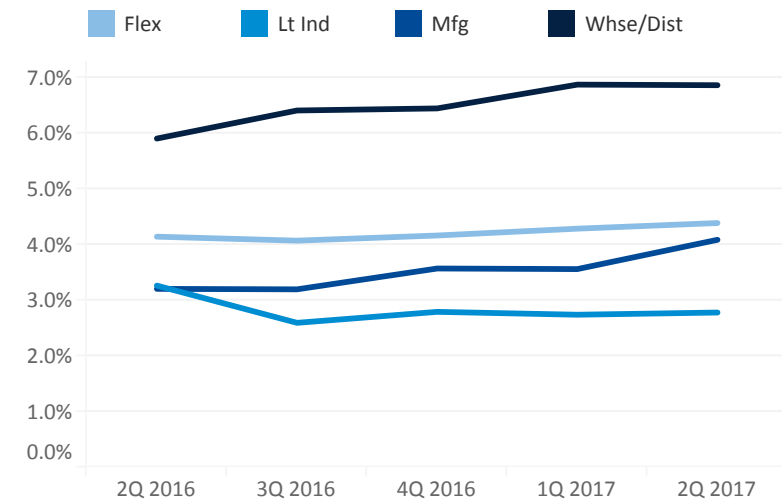
By Market and Specific Use

| Market Name | Specific Use | Quarter Year | | | | |
|----------------|--------------|--------------|---------|---------|---------|---------|
| | | 2Q 2016 | 3Q 2016 | 4Q 2016 | 1Q 2017 | 2Q 2017 |
| Kenosha | Flex | 0.5% | 0.5% | 0.3% | 1.2% | 0.2% |
| | Lt Ind | 7.7% | 0.5% | 0.3% | 0.3% | 0.3% |
| | Mfg | 5.6% | 5.6% | 5.6% | 5.6% | 5.6% |
| | Whse/Dist | 3.0% | 3.0% | 3.0% | 4.8% | 6.4% |
| MKE-DT | Flex | 3.3% | 3.3% | 3.3% | 3.3% | 10.5% |
| | Lt Ind | 6.2% | 3.5% | 3.4% | 2.2% | 2.0% |
| | Mfg | 10.0% | 11.9% | 11.9% | 9.3% | 9.3% |
| | Whse/Dist | 10.3% | 9.5% | 8.2% | 8.7% | 8.4% |
| MKE-N. Central | Flex | 11.6% | 10.5% | 8.9% | 8.9% | 7.5% |
| | Lt Ind | 3.2% | 1.7% | 3.7% | 4.8% | 4.8% |
| | Mfg | 21.5% | 21.5% | 21.5% | 21.5% | 21.5% |
| | Whse/Dist | 23.2% | 22.3% | 25.9% | 26.6% | 23.0% |
| MKE-N.Shore | Flex | 0.0% | 0.0% | 0.0% | 0.0% | 0.3% |
| | Lt Ind | 0.2% | 0.2% | 0.2% | 0.1% | 1.1% |
| | Mfg | 32.2% | 32.2% | 32.2% | 47.6% | 47.6% |
| | Whse/Dist | 7.1% | 7.1% | 10.5% | 10.4% | 11.3% |
| MKE-NW | Flex | 6.6% | 6.3% | 6.0% | 6.0% | 6.4% |
| | Lt Ind | 1.0% | 1.2% | 2.7% | 1.0% | 1.0% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 5.0% | 3.4% | 3.3% | 5.1% | 4.5% |
| MKE-S. Central | Flex | 3.6% | 4.6% | 4.7% | 4.7% | 4.3% |
| | Lt Ind | 4.4% | 4.4% | 4.2% | 5.0% | 4.3% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 21.2% | 24.7% | 24.7% | 25.4% | 19.6% |
| MKE-South | Flex | 4.3% | 5.0% | 5.0% | 4.5% | 4.2% |
| | Lt Ind | 4.4% | 3.3% | 3.7% | 2.6% | 2.5% |
| | Mfg | 4.1% | 4.1% | 7.7% | 7.7% | 13.6% |
| | Whse/Dist | 1.2% | 1.0% | 1.0% | 1.0% | 2.8% |
| MKE-West | Flex | 0.6% | 0.6% | 0.6% | 1.3% | 1.5% |
| | Lt Ind | 0.6% | 1.0% | 0.8% | 1.5% | 1.5% |
| | Mfg | 1.3% | 1.3% | 1.3% | 1.3% | 1.3% |
| | Whse/Dist | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Ozaukee | Flex | 19.0% | 19.2% | 19.1% | 18.8% | 18.6% |
| | Lt Ind | 7.9% | 8.3% | 8.3% | 9.6% | 9.6% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Racine | Flex | 9.0% | 9.2% | 9.2% | 8.4% | 8.6% |
| | Lt Ind | 1.6% | 2.3% | 2.1% | 2.3% | 2.9% |
| | Mfg | 1.4% | 1.4% | 1.9% | 1.9% | 1.9% |
| | Whse/Dist | 11.3% | 15.5% | 13.2% | 13.4% | 13.4% |
| Sheboygan | Flex | 2.2% | 2.2% | 2.4% | 2.3% | 2.3% |
| | Lt Ind | 5.8% | 5.8% | 6.5% | 6.5% | 6.5% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| WAK-NE | Flex | 2.8% | 2.6% | 3.0% | 3.6% | 4.6% |
| | Lt Ind | 1.9% | 1.7% | 1.3% | 1.9% | 2.4% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 2.2% | 2.3% | 2.4% | 3.6% | 4.4% |
| WAK-NW | Flex | 2.9% | 2.6% | 2.2% | 2.2% | 2.4% |
| | Lt Ind | 2.8% | 3.5% | 3.1% | 3.1% | 1.9% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 2.0% | 2.4% | 1.6% | 2.3% | 2.2% |
| WAK-SE | Flex | 4.9% | 3.9% | 5.6% | 5.7% | 5.1% |
| | Lt Ind | 0.6% | 0.2% | 0.9% | 2.1% | 1.9% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 1.3% | 1.3% | 1.3% | 1.9% | 1.9% |
| WAK-SW | Flex | 1.4% | 1.0% | 1.1% | 1.8% | 1.6% |
| | Lt Ind | 5.7% | 5.7% | 5.7% | 5.1% | 5.4% |
| | Mfg | 1.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 7.6% | 13.2% | 13.0% | 8.3% | 8.3% |
| Walworth | Flex | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Lt Ind | 2.5% | 3.1% | 3.1% | 2.7% | 2.7% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 10.9% | 10.3% | 14.0% | 14.0% | 5.0% |
| Washington | Flex | 2.5% | 2.4% | 2.3% | 2.2% | 2.0% |
| | Lt Ind | 1.7% | 0.7% | 0.9% | 0.9% | 1.3% |
| | Mfg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Whse/Dist | 12.6% | 12.6% | 12.6% | 12.0% | 12.0% |
| Overall | | 4.1% | 3.9% | 4.1% | 4.2% | 4.3% |

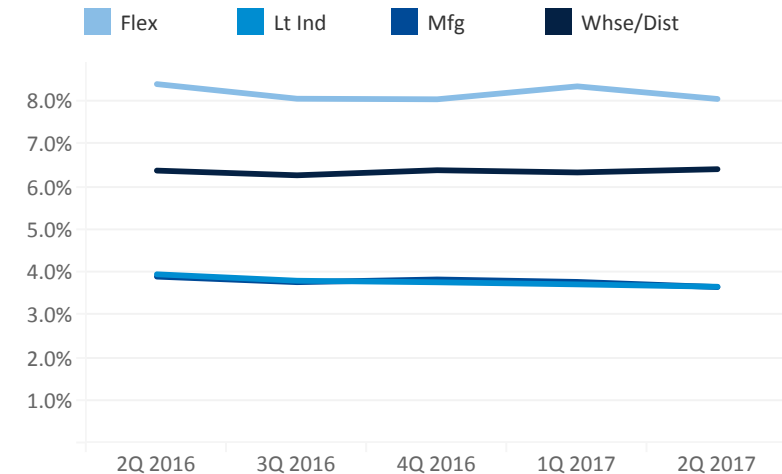
By Market



Milwaukee By Specific Use



National by Specific Use

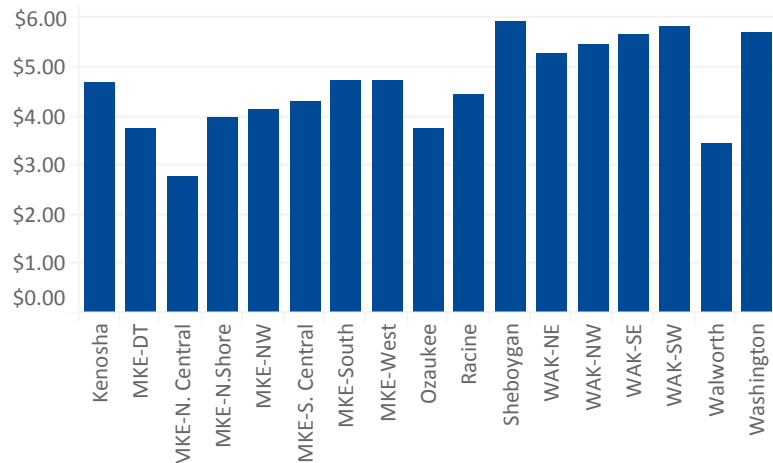


Direct Weighted Average Asking Rates (NNN)

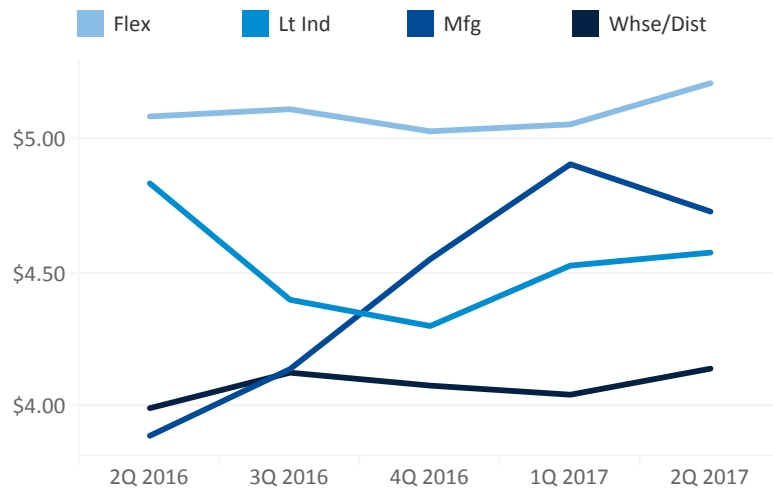
By Market and Specific Use

| Market Name | Specific Use | Quarter Year | | | | |
|----------------|--------------|--------------|---------|---------|---------|---------|
| | | 2Q 2016 | 3Q 2016 | 4Q 2016 | 1Q 2017 | 2Q 2017 |
| Kenosha | Flex | \$8.75 | \$6.97 | \$6.78 | \$6.78 | \$8.75 |
| | Lt Ind | \$3.98 | \$4.08 | \$4.08 | \$4.19 | \$4.20 |
| | Mfg | \$5.25 | \$5.25 | \$5.25 | \$5.25 | \$5.25 |
| | Whse/Dist | \$4.64 | \$4.64 | \$4.64 | \$4.75 | \$4.91 |
| MKE-DT | Flex | - | - | - | - | \$16.50 |
| | Lt Ind | \$8.56 | \$3.22 | \$3.00 | \$3.00 | \$3.00 |
| | Mfg | \$2.75 | \$2.75 | - | - | - |
| | Whse/Dist | \$2.46 | \$2.48 | \$2.29 | \$2.84 | \$2.84 |
| MKE-N. Central | Flex | \$6.75 | \$6.75 | \$6.75 | \$6.75 | \$6.75 |
| | Lt Ind | \$3.26 | \$3.57 | \$4.04 | \$4.97 | \$5.14 |
| | Mfg | \$2.75 | \$2.75 | \$2.75 | \$3.00 | \$3.00 |
| | Whse/Dist | \$1.60 | \$1.61 | \$2.10 | \$2.32 | \$1.98 |
| MKE-N.Shore | Flex | \$6.21 | \$6.25 | \$6.25 | \$6.25 | \$4.90 |
| | Lt Ind | \$6.67 | \$4.72 | \$4.65 | \$4.19 | \$5.72 |
| | Mfg | \$4.29 | \$4.50 | \$4.50 | \$4.50 | \$4.29 |
| | Whse/Dist | \$3.45 | \$3.45 | \$3.11 | \$3.11 | \$3.11 |
| MKE-NW | Flex | \$3.44 | \$4.33 | \$3.51 | \$4.74 | \$4.64 |
| | Lt Ind | \$3.32 | \$3.60 | \$3.69 | \$3.74 | \$3.60 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$4.12 | \$4.17 | \$4.26 | \$4.27 | \$4.23 |
| MKE-S. Central | Flex | \$5.70 | \$5.14 | \$4.85 | \$3.22 | \$3.22 |
| | Lt Ind | \$3.30 | \$3.42 | \$3.56 | \$3.58 | \$3.57 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$4.67 | \$4.74 | \$4.74 | \$4.53 | \$5.27 |
| MKE-South | Flex | \$4.64 | \$4.56 | \$5.15 | \$5.07 | \$5.30 |
| | Lt Ind | \$4.14 | \$4.16 | \$4.10 | \$3.99 | \$3.62 |
| | Mfg | \$4.48 | \$5.93 | \$5.65 | \$6.07 | \$5.71 |
| | Whse/Dist | \$4.00 | \$4.58 | \$4.70 | \$4.90 | \$4.30 |
| MKE-West | Flex | \$8.50 | \$8.50 | - | - | - |
| | Lt Ind | \$5.69 | \$5.59 | \$5.00 | \$4.42 | \$4.65 |
| | Mfg | \$3.50 | \$3.50 | \$3.50 | \$3.50 | - |
| | Whse/Dist | \$4.75 | \$4.75 | \$4.75 | \$4.75 | \$4.75 |
| Ozaukee | Flex | \$4.04 | \$3.80 | \$2.91 | \$2.91 | \$3.03 |
| | Lt Ind | \$4.68 | \$4.78 | \$5.78 | \$6.12 | \$6.12 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | - | - | - | - | - |
| Racine | Flex | \$5.39 | \$5.38 | \$5.27 | \$5.27 | \$5.16 |
| | Lt Ind | \$4.61 | \$4.93 | \$3.87 | \$4.26 | \$3.87 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$4.33 | \$4.45 | \$4.59 | \$4.44 | \$4.69 |
| Sheboygan | Flex | \$4.50 | \$4.50 | \$5.95 | \$5.95 | \$5.95 |
| | Lt Ind | - | - | - | - | - |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | - | - | - | - | - |
| WAK-NE | Flex | \$5.48 | \$5.54 | \$5.47 | \$5.33 | \$5.71 |
| | Lt Ind | \$5.08 | \$4.83 | \$4.73 | \$4.92 | \$5.65 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$4.42 | \$4.65 | \$4.31 | \$4.25 | \$4.29 |
| WAK-NW | Flex | \$5.66 | \$5.61 | \$6.36 | \$6.57 | \$6.15 |
| | Lt Ind | \$4.82 | \$5.27 | \$4.96 | \$5.10 | \$5.61 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$4.67 | \$5.05 | \$5.14 | \$5.05 | \$5.22 |
| WAK-SE | Flex | \$5.72 | \$5.73 | \$5.72 | \$5.08 | \$4.87 |
| | Lt Ind | \$4.61 | \$5.41 | \$5.43 | \$6.34 | \$6.26 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$4.92 | \$4.92 | \$4.92 | \$4.92 | \$4.92 |
| WAK-SW | Flex | \$6.69 | \$6.42 | \$6.67 | \$6.75 | \$6.92 |
| | Lt Ind | \$5.59 | \$5.54 | \$5.73 | \$5.76 | \$5.67 |
| | Mfg | \$4.62 | \$5.00 | \$5.00 | \$5.00 | \$5.00 |
| | Whse/Dist | \$6.07 | \$5.25 | \$5.05 | \$4.83 | \$4.69 |
| Walworth | Flex | - | - | - | - | - |
| | Lt Ind | \$4.30 | \$3.49 | \$3.57 | \$3.27 | \$3.30 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$3.69 | \$3.73 | \$3.73 | \$3.65 | \$4.00 |
| Washington | Flex | \$5.62 | \$5.83 | \$5.70 | \$5.75 | \$5.76 |
| | Lt Ind | \$5.51 | \$5.57 | \$5.91 | \$5.63 | \$5.40 |
| | Mfg | - | - | - | - | - |
| | Whse/Dist | \$6.36 | \$6.45 | \$6.36 | \$6.25 | \$6.34 |
| Overall | | \$4.43 | \$4.39 | \$4.37 | \$4.46 | \$4.53 |

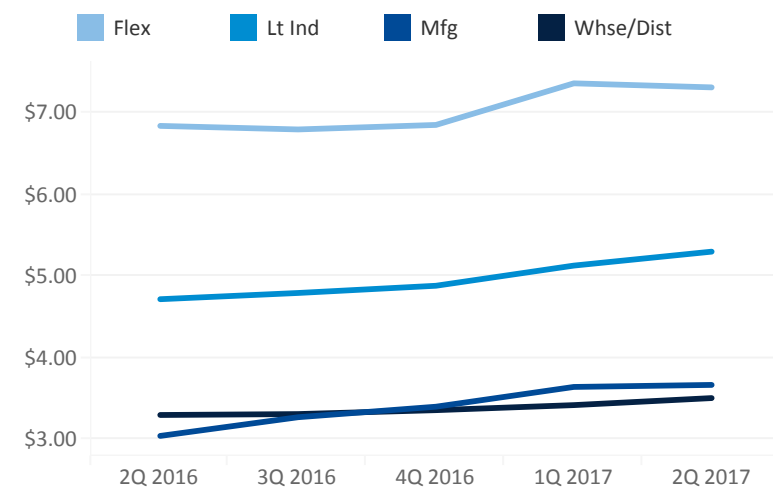
By Market



Milwaukee by Specific Use

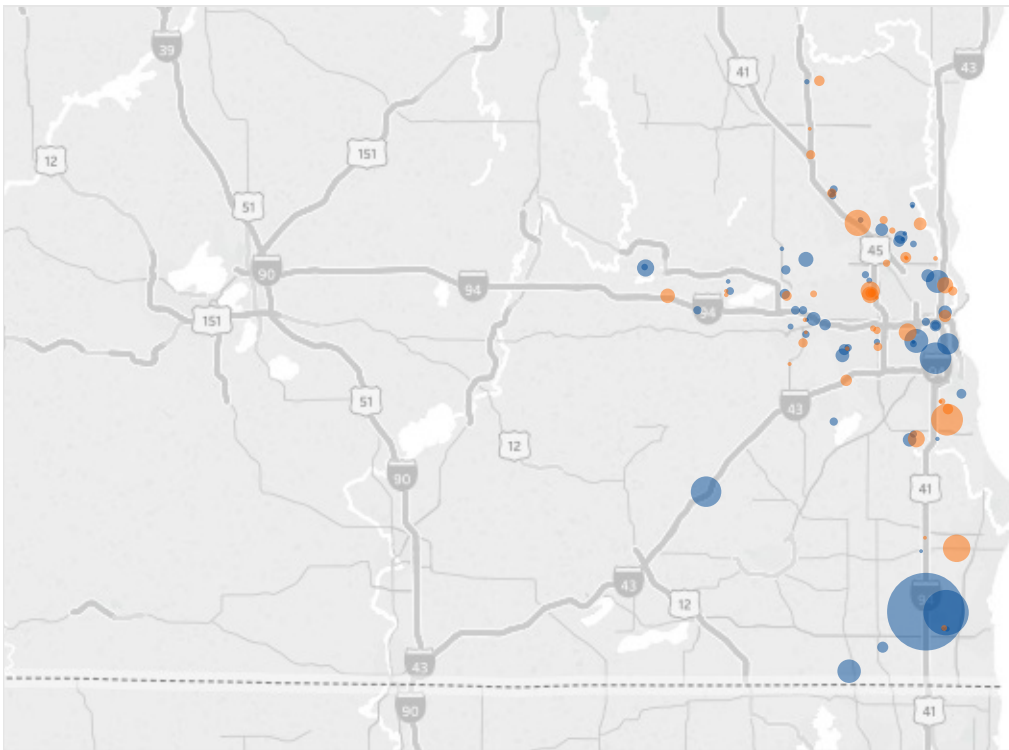


National by Specific Use



Absorption Map

● Negative
 ● Positive



Largest Positives (Total)

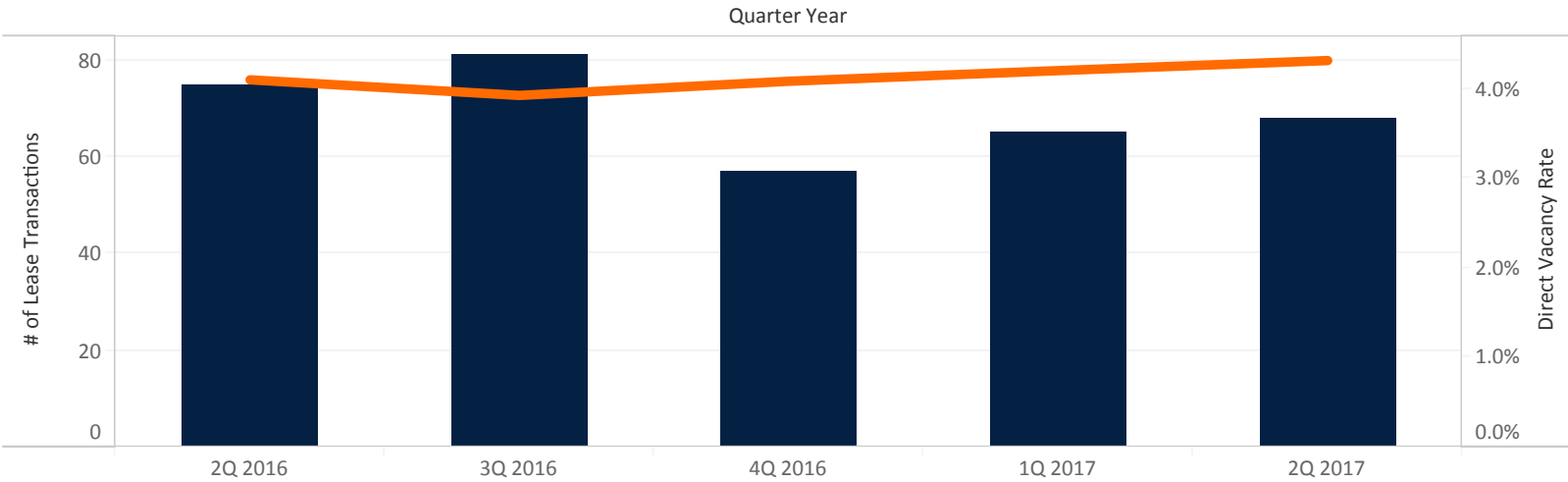
| PropertyName | Significant Transactions | Market Name | Specific Use | |
|----------------------------|---|----------------|--------------|---------|
| Uline Midwest Distribution | Construction completed (Uline) | Kenosha | Whse/Dist | 880,000 |
| First Park 94 Bldg B | Madden Communications | Kenosha | Whse/Dist | 301,174 |
| 3201-3257 S 20th St | Linder Logistics | MKE-S. Central | Whse/Dist | 145,700 |
| 2061 Young St | User sale (Wisconsin Oven Corp) | Walworth | Whse/Dist | 136,000 |
| Burnham Business Center | Confidential Tenants | MKE-S. Central | Flex | 83,640 |
| Vonco Products | Construction completed (Vonco Products) | Kenosha | Lt Ind | 80,500 |
| 1700 W Cornell St | User sale (Share Corporation) | MKE-N. Central | Whse/Dist | 77,589 |
| Restaurant Depot | Construction completed (Restaurant Depot) | MKE-DT | Whse/Dist | 66,000 |

Largest Negatives (Total)

| PropertyName | Significant Transactions | Market Name | Specific Use | |
|---------------------------|---|-------------|--------------|----------|
| 135-137 W Forest Hill Ave | Master Lock | MKE-South | Mfg | -148,405 |
| 2620 90th St | American Metal Technologies/Federal Heath | Racine | Lt Ind | -110,000 |
| N90 W1470 Commerce Dr | M&M Quality Solutions | WAK-NE | Flex | -100,380 |
| 3595 N 127th St | Gerhard's | WAK-NE | Whse/Dist | -54,040 |
| 6600 Washington St | Product Services & Manufacturing | MKE-South | Mfg | -46,611 |
| 4659 W Basswood Dr | Kraft Music | MKE-South | Whse/Dist | -42,000 |
| 12745 W Townsend St | Hein Electric Company | WAK-NE | Lt Ind | -40,427 |
| 4080 N Port Washington Rd | Bentley WP | MKE-N.Shore | Lt Ind | -38,419 |

Leasing Activity Trends

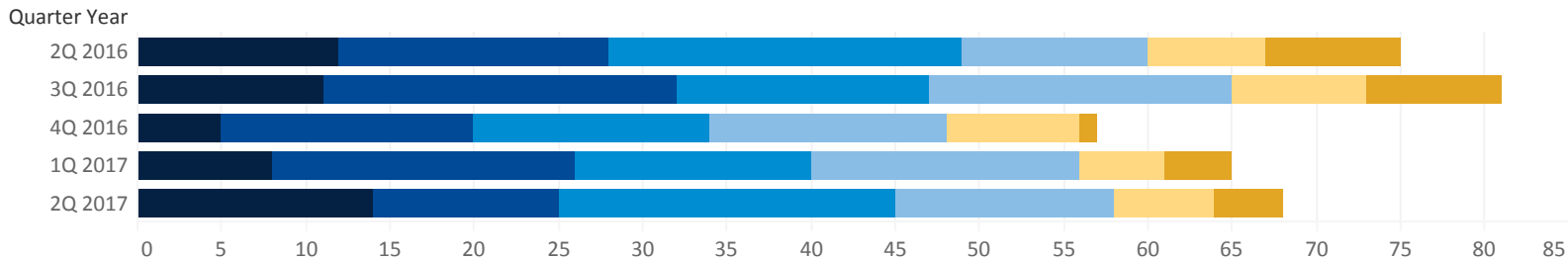
Direct Vacancy Rate Lease Transactions



Leasing Activity (# of New Deals)

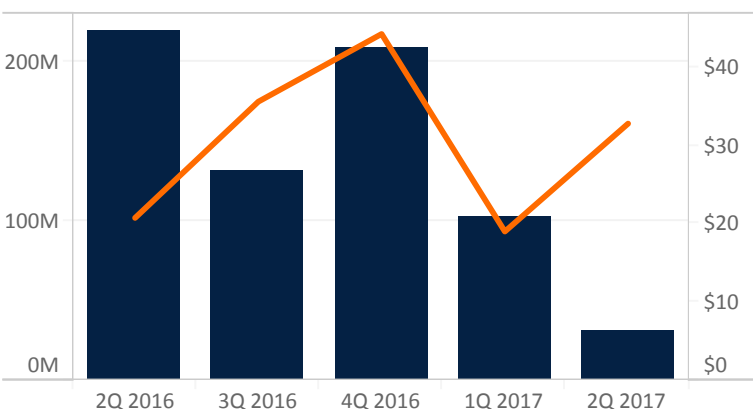
Size Range (sf)

<2.5K 2.5K - 5K 5K - 10K 10K - 25K 25K - 50K >50K SF



Sales Volume vs. Price/SF

Aggregate Sales Volume Avg Price/sf



Top Sales

| Property | Sale Date | Buyer | Sale Price |
|------------------------------|------------|-----------------------------------|-------------|
| Land and Lakes Bldg A | 04/17/2017 | Towne Investments | \$8,585,000 |
| West Allis Commercial Center | 06/22/2017 | Joshua Jeffers | \$4,000,000 |
| 2091 Highway W | 04/14/2017 | William Hanney | \$2,517,500 |
| 16675 W Glendale Dr | 06/23/2017 | Temperature Equipment Corporation | \$1,900,000 |
| 1700 W Cornell St | 04/21/2017 | Share Corporation | \$1,745,000 |

Terminology

| Term | Definition |
|-------------------------------|---|
| Direct Vacant (sf) | The total of the vacant square footage in a building that is being marketed by an agent representing the landlord. |
| Inventory | The total square feet (sf) of all existing single and multi tenant industrial properties greater than 10,000 sf. |
| Net Absorption | The net change in physically occupied space from quarter to quarter, expressed in square feet. |
| Sublease (sf) | Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied. |
| Total Available (sf) | All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move. |
| Total Vacant (sf) | The total of all of the vacant square footage within a building, including both direct and sublease space. |
| Weighted Average Asking Rents | The weighted average of all asking rents expressed as a NNN rental rate and weighted on total available square feet. |
| Xceligent Partner | Commercial Association of Realtors Wisconsin (CARW) |

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

Advisory Board Members

| | | | |
|----------------------------------|-----------------|---------------------------|----------------------|
| CBRE | Scott Furmanski | Judson & Associates | Matt Judson |
| | Trent Poole | NAI MLG Commercial | Mitchell Starczynski |
| Colliers International Wisconsin | Jim Larkin | PARADIGM Real Estate, LLC | Brian Parrish |
| Founders 3 Real Estate Services | Paul McBride | The Barry Company | Kevin Barry |
| JLL | Tony Haning | The Boerke Company | Nick Unger |
| | | The Dickman Company | Zach Hansen |

Research Advisory Board Members

| | | | |
|------------------------|-------------------|--------------------|---------------|
| CBRE | Christian Hunter | JLL | Kyle Koller |
| | Ryan Rasmussen | NAI MLG Commercial | Nathan Winkel |
| Colliers International | David Fischer | The Boerke Company | Gard Pecor |
| | Margaret Bruckner | | Katie Gremban |

Xceligent Team

| | | | |
|----------------|--------------------------|-------------------------|----------------|
| Brian Reece | Regional VP of Analytics | breece@xceligent.com | (919) 971-3461 |
| Greg Hayden | Regional VP of Sales | ghayden@xceligent.com | (816) 303-2833 |
| James Bertolli | Sales Executive | jbortolli@xceligent.com | (949) 306-8767 |
| Josh Parrish | Director of Analytics | jparrish@xceligent.com | (414) 416-7092 |

