

Southeastern Wisconsin 2010 Industrial Market Report



2nd Quarter Statistics & Market Report

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Current Market Trends

We saw the market remain relatively stable in the 2nd quarter of 2010. The vacancy rate increased to 9.1% in Quarter 2 from 9.0% in Quarter 1. Leasing and sales volume, while low at a macro-level, has continued at a steady rate over the past 6 months as businesses take advantage of rare pricing opportunities on the marketplace.

We expect this trend to continue throughout 2010 as most industrial firms take advantage of attractive leasing opportunities, have difficulties financing a purchase, or cannot predict their long-term real estate requirements.

Our comprehensive year-end 2009 report, it is available for download at http://www.dickmanrealestate.com/market/archive_2009.php.

Breakdown by County

The Dickman report incorporates the eight county area of Southeastern Wisconsin. The following observations highlight some more specific trends within each county submarket:

Kenosha: The vacancy rate increased to 11.0% during the 2nd Quarter 2010 from 10.2%. This Quarter we added the new U-line Distribution Center to the base square footage, totaling 1,100,000 Sq. Ft. The positive absorption was offset by five new vacancies in Kenosha County totaling 628,800 Sq. Ft.

Milwaukee: The overall vacancy rate for Milwaukee County experienced no change this Quarter and remains at 12.0%, despite positive and negative fluctuations within its various submarkets.

Ozaukee: The vacancy rate remained relatively stable with a modest increase to 9.8% during the 2nd Quarter 2010 from 9.7%.

Sheboygan: The vacancy rate increased to 5.4% during the 2nd Quarter 2010 from 3.5%. The county experienced a sizeable increase in vacancy over the Quarter. We tracked five buildings that became available totaling 477,092 Sq. Ft.

Racine: The vacancy rate decreased to 6.8% during the 2nd Quarter 2010 from 7.7%. The decrease can be attributed to the new occupancy of three buildings totaling 275,894 Sq. Ft.

Walworth: The vacancy rate decreased to 8.1% during the 2nd Quarter 2010 from 8.2%.

Washington: The vacancy rate increased to 8.2% during the 2nd Quarter 2010 from 7.8%. The increase can be attributed to two buildings being vacated totaling 56,094 Sq. Ft.

Waukesha: The vacancy rate for Waukesha County experienced no change this Quarter and remains at 6.3%.



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Market Statistics

County/Submarket		Inventory (SF)	Total Vacant (SF)	Vacancy Q1 2010 (%)	Vacancy Q2 2010 (%)
Milwaukee	Downtown	12,512,048	1,706,125	13.3%	13.6%
	North Central	10,145,628	1,066,739	10.7%	10.5%
	North Shore	7,129,632	1,107,593	15.7%	15.5%
	Northwest	18,862,504	1,994,248	10.1%	10.6%
	South	23,962,415	3,063,822	13.0%	12.8%
	South Central	9,615,262	1,018,469	11.2%	10.6%
	West	13,288,981	1,508,527	11.0%	11.4%
Milwaukee Total		95,516,470	11,465,523	12.0%	12.0%
Waukesha	Northeast	21,124,427	1,292,973	7.3%	6.1%
	Northwest	17,940,549	1,371,147	6.4%	7.6%
	Southeast	15,020,801	994,839	6.4%	6.6%
	Southwest	15,049,781	709,745	4.7%	4.7%
Waukesha Total		69,135,558	4,368,704	6.3%	6.3%
Ozaukee		14,441,135	1,416,988	9.7%	9.8%
Racine		28,047,339	1,911,102	7.7%	6.8%
Sheboygan		12,507,700	676,280	3.5%	5.4%
Kenosha		20,831,958	2,290,235	10.2%	11.0%
Walworth		8,813,988	714,647	8.2%	8.1%
Washington		19,232,737	1,590,453	7.8%	8.2%
Grand Total		268,617,885	24,433,932	9.0%	9.1%

Source: Xceligent

Terminology

Inventory - The total square feet of all single and multi-tenant industrial properties above 10,000 square feet.

Vacant SF - Space that is available and not currently occupied.

Vacancy Rate - Percentage of space in the market that is not currently occupied (Vacant square feet divided by inventory).



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