Southeastern Wisconsin 2010 Industrial Market Report

3rd Quarter Statistics & Market Report

THE DICKMAN COMPANY, INC.
REAL ESTATE

CORFAC International

626 E. Wisconsin Avenue, Suite 1020
Milwaukee, Wisconsin 53202
Phone: (414) 271-6100
Fax: (414) 271-5125
Info@dickmanrealestate.com
www.dickmanrealestate.com




Current Market Trends

The industrial real estate market remained stable during the 3rd Quarter of 2010. The vacancy rate decreased to 9.1% in Quarter 3 from 9.2% in Quarter 2. While leasing and sales volume continues to be low, the market trends have shown a continuous trend of stability over the past 12 months, with the vacancy rate hovering above 9% over this period of time.

We expect this trend to continue during the 4th Quarter and early 2011 as most industrial firms take advantage of pricing opportunities for the lease and sale of industrial property. As existing product continues to be absorbed and barring any macro-economic circumstances that could adversely affect the Southeastern Wisconsin marketplace, we anticipate lease rates and sale prices to gradually begin to increase over an extended period of time, and the possibility for some new construction in 2011.

The Dickman Company, Inc. will release its comprehensive 2010 Year-in-Review Report and Forecast in January 2011.

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 for Kenosha County decreased to 11.0% during the 3rd Quarter 2010 from 11.2%.

Milwaukee: The vacancy rate for Milwaukee County increased to 12.2% during the 3rd Quarter from 12%, resulting from negative absorption in the marketplace of 135,238 Sq. Ft.

Ozaukee: The vacancy rate for Ozaukee County remained relatively stable with a modest decrease to 10.9% during the 3rd Quarter 2010 from 11%.

Sheboygan: The vacancy rate for Sheboygan County remained unchanged at 4.2%.

Racine: The vacancy rate for Racine County remained unchanged at 7%.

Walworth: The vacancy rate for Walworth County decreased to 7.4% during the 3rd Quarter 2010 from 8.6%. The decrease can be attributed to the new occupancy of three buildings totaling 102,457 Sq. Ft.

Washington: The vacancy rate for Washington County decreased to 7.3% during the 3rd Quarter 2010 from 7.9%. The decrease can be attributed to the purchase of a 105,000 Sq. Ft. building in West Bend (Buyer was represented by The Dickman Company). However, overall net absorption for the Quarter was positive 85,565 Sq. Ft.

Waukesha: The vacancy rate for Waukesha County increased to 6.6% during the 3d Quarter 2010 from 6.3%.

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Market Statistics

County/Submarket		Inventory (SF)	Total Vacant (SF)	Vacancy Q2 2010 (%)	Vacancy Q3 2010 (%)
Milwaukee	Downtown	12,512,048	1,700,125	13.6%	13.6%
	North Central	10,260,628	1,186,763	10.9%	11.6%
	North Shore	7,187,611	1,105,240	15.4%	15.4%
	Northwest	18,995,583	1,911,230	10.3%	10.1%
	South	23,971,862	3,126,973	13.1%	13.0%
	South Central	9,538,979	914,865	9.6%	9.6%
	West	13,253,532	1,693,885	11.8%	12.8%
Milwaukee Total		**95,720,243**	**11,639,081**	**12.0%**	**12.2%**
Waukesha	Northeast	21,255,195	1,479,647	6.9%	7.0%
	Northwest	17,903,572	1,399,737	7.4%	7.8%
	Southeast	15,020,801	984,135	6.6%	6.6%
	Southwest	15,075,801	704,432	5.2%	4.7%
Waukesha Total		**69,255,369**	**4,567,951**	**6.3%**	**6.6%**
Ozaukee		**12,869,610**	**1,397,837**	**11.0%**	**10.9%**
Racine		**28,077,446**	**1,951,680**	**7.0%**	**7.0%**
Sheboygan		**12,366,145**	**524,814**	**4.2%**	**4.2%**
Kenosha		**20,891,958**	**2,289,640**	**11.2%**	**11.0%**
Walworth		**8,608,582**	**634,855**	**8.6%**	**7.4%**
Washington		**19,316,661**	**1,417,229**	**7.9%**	**7.3%**
Grand Total		**267,106,014**	**24,423,087**	**9.2%**	**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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