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## **Strong 2005 finish for the Southeast Industrial Market**

By: Greg Burk, Vice President

The Southeast Wisconsin industrial market finished strong in the second half of 2005 and most industry observers agree that 2006 will likely be the strongest year we've seen in five years. While industrial leasing has just begun to show steady increases in activity, industrial sales remain strong, as most manufacturing businesses prefer to own their properties.

The Southeast Wisconsin industrial market consists of approximately 225,000,000 total square feet with approximately 17,800,000 square feet available and a current vacancy rate of 7.9%. New construction, including larger multi-tenant speculative buildings, is gaining momentum throughout Southeastern Wisconsin with most speculative development occurring around the airport and south, the Miller Park Way corridor, the West I-94 corridor, and the west side of Sussex. These buildings are typically 50,000 to 150,000 square feet and include high demand amenities - high clear height, heavy power, abundance of dock doors and flexibility in floor plan layout. Industrial land is currently being sold in the range of \$70,000 to \$120,000 per acre, depending on the submarket and improvements to the land.

Generally we remain cautiously optimistic about continued momentum in the local industrial market. Energy price spikes, industrial output, rising interest rates and cost of construction can all impact the level of demand for industrial real estate in the coming quarters. On a national level, Milwaukee has remained in the "Top 10" for lowest industrial market vacancy rates over recent years. As a comparison, other cities in the "Top 10" include Chicago at 9.3%, Detroit at 12.3% and Dallas at 11.2%.

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