



Milwaukee & Metropolitan Area Office Market Report • Second Quarter 2009



BAYSHORE TOWN CENTER

OVERVIEW

As the US economic downturn prolongs the greater Milwaukee area has shown increasing vulnerability. In the 2nd quarter job losses continued to take a toll on Milwaukee's economy as both Harley Davidson and Briggs & Stratton announced significant layoffs. While the aforementioned job cuts did not immediately affect the Milwaukee office market it is indicative of the underlying market trend – more and more local firms continue to put expansion plans on hold, downsize or sublease as a cost savings measure.

Led by the West Submarket with negative absorption of 60,731 square feet, total absorption for the second quarter 2009 was negative 72,678 square feet, bringing the market-wide vacancy rate to 18.04%. Since the 1st quarter of 2008 the Milwaukee office market has had only one quarter of positive absorption (3rd quarter 2008). Over that same time period there has been negative absorption of 392,804 square feet.

Despite the upward trend in market-wide vacancy rate there is some positive news. The Downtown Submarket saw vacancy decrease forty-six basis points from 20.11% to 19.65%. Further, in what amounted to the only significant positive absorption in the quarter, we saw continued expansion by educational users in the 2nd quarter. Specifically, Bryant & Stratton not only expanded their downtown presence by an additional 10,000 square feet, but also opened a new 40,000 square foot campus at Bayshore Town Center.

Continuing a trend dating back to at least 2007, Class "B" vacancy rose in the first quarter from 21.60% to 22.67%. While Class "B" vacancies continue to increase, Class "A" vacancy has steadily decreased and is now down to 12.39% market-wide.

As more tenants seek to downsize and decrease their overhead, look for negative absorption to continue into the third quarter. Until confidence grows in the economy firms will continue to scale back or remain complacent in their current space.

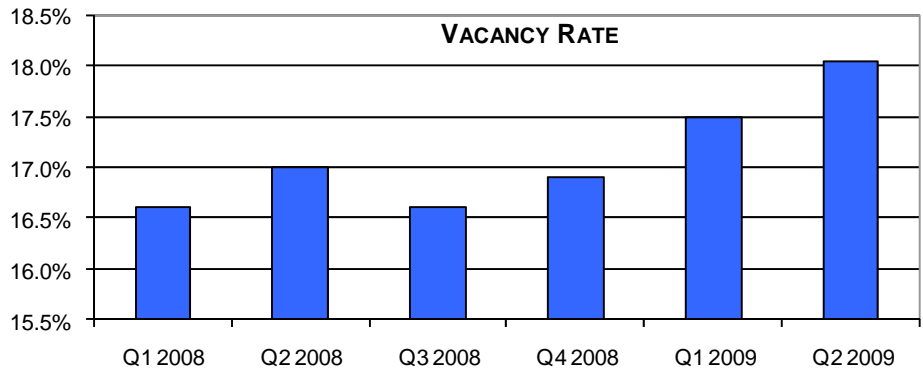
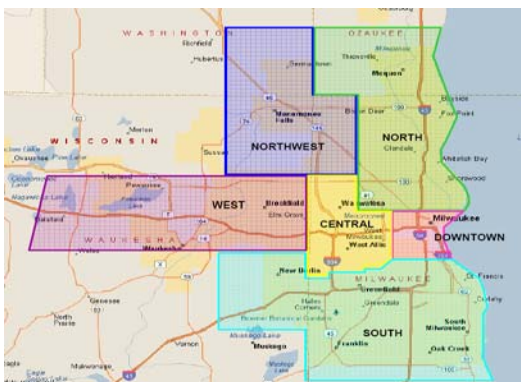
Inland Companies' quarterly market update for the Milwaukee and metropolitan area is an all-inclusive report intended to supply you with a precise, objective representation of the local commercial real estate environment. We have utilized our resources, knowledge, and supporting data to compile this comprehensive report of the local market. The office market statistics have been extracted from our internal database, with up-to-date information supplied by our brokerage and management staff. We are also a member of the Milwaukee Office Data Advisory Board which tracks and scrubs data from Xceligent on a quarterly basis. Our absorption statistics are calculated comparing occupancy to occupancy and account for occupied square footage associated with new construction.



Milwaukee & Metropolitan Area Office Market Report • Second Quarter 2009



SUBMARKET	NUMBER BUILDINGS	TOTAL BLDG SF	DIRECT VACANT SF	DIRECT VACANT %	SUBLEASE AVAIL SF	SUBLEASE	QUARTERLY ABSORPTION	ABSORPTION YTD
Downtown	100	12,477,627	2,451,384	19.65%	113,646	0.91%	-17,031	-43,238
Class A	19	5,525,051	673,760	12.19%	98,716	1.79%	15,794	-2,918
Class B	71	6,321,716	1,696,728	26.84%	14,930	0.24%	-16,315	-28,975
Class C	10	630,860	80,896	12.82%	0	0.00%	-16,510	-11,345
Central	65	4,633,481	868,711	18.75%	30,938	0.67%	-15,365	-96,154
Class A	12	1,188,908	232,326	19.54%	11,035	0.93%	-1,221	-3,732
Class B	48	3,275,019	634,885	19.39%	19,903	0.61%	-20,353	-93,622
Class C	5	169,554	1,500	0.88%	0	0.00%	6,209	1,200
West	131	6,492,189	916,509	14.12%	100,133	1.54%	-60,731	-76,354
Class A	45	2,682,890	202,099	7.53%	45,583	1.70%	-8,187	9,143
Class B	79	3,596,712	695,621	19.34%	54,550	1.52%	-56,748	-88,149
Class C	7	212,587	18,789	8.84%	0	0.0%	4,204	2,652
Northwest	18	1,392,790	218,463	15.69%	14,597	1.05%	14,673	8,790
Class A	11	1,114,351	194,765	17.48%	14,597	1.31%	13,612	13,195
Class B	7	278,439	23,698	8.51%	0	0.0%	1,061	-4,405
North	87	2,734,089	532,784	19.49%	13,538	0.50%	-2,527	-22,064
Class A	23	872,132	96,466	11.06%	4,861	0.56%	42,901	33,562
Class B	62	1,843,100	430,459	23.36%	8,677	0.47%	-44,552	-54,750
Class C	2	18,857	5,859	31.07%	0	0.00%	-876	-876
South	23	696,968	141,295	20.27%	0	0.0%	8,303	12,055
Class A	7	178,687	33,525	18.76%	1,000	0.0%	3,208	9,494
Class B	16	518,281	107,770	20.79%	0	0.0%	5,095	2,561
Overall	424	28,427,144	5,129,146	18.04%	273,852	0.96%	-72,678	-216,965
Class A	117	11,562,019	1,432,941	12.39%	175,792	1.52%	66,107	58,744
Class B	283	15,833,267	3,589,161	22.67%	98,060	0.62%	-131,812	-267,340
Class C	24	1,031,858	107,044	10.37%	0	0.00%	-6,973	-8,369



Inland Companies • 1243 N. 10th Street, Suite 300, Milwaukee, WI 53205 • 414.276.9500 Direct • 414.276.9501 Fax • www.inlandcompanies.com

REAL ESTATE BROKERAGE • INVESTMENT SALES • PROPERTY MANAGEMENT • CONSTRUCTION SERVICES • REAL ESTATE DEVELOPMENT • FACILITIES MAINTENANCE