



2020

- EAU CLAIRE AREA -

# COMMERCIAL REAL ESTATE MARKET REPORT



presented by:



# COMMONWEAL

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# 2020 Commercial Real Estate Market Report

Eau Claire Area

## A message from our President:



Stuart M. Schaefer  
President/Principal

Dear Friends and Colleagues:

We appreciate your interest in the 2020 Eau Claire Area Commercial Real Estate Market Report, summarizing the current state of the commercial real estate market for the greater Eau Claire, WI area. We have included the cities of Eau Claire and Altoona as well as the Town of Washington and the Village of Lake Hallie. The report focuses on retail, general office and industrial properties which are available for occupancy as of the end of 2020. This year's report does not include multi-family buildings, automobile dealerships, hospitality facilities, free standing financial institution branch offices, government owned buildings, self-storage facilities or hospitals. We hope this report provides you useful insight into the Eau Claire commercial real estate market.

Every year we rely on public records, interviews with government officials, property managers, real estate brokers and property owners along with internal records and visual observations to create this report. We would like to thank the many people who provided the data necessary and trust that the information we received is accurate.

Despite COVID-19, the Eau Claire area commercial real estate market saw a decline in the vacancy rate in both the retail and office sector. It was a slow year for new construction projects in the market, although there were a few projects completed in the area.

Although 2020 had it's challenges, we believe the Eau Claire commercial real estate will continue to show strong signs of growth as we move into the latter part of 2021 and beyond. With a number of projects proposed or already under construction heading into this year, we think 2021 will be a great year for the Eau Claire commercial real estate market.

Please contact us if you have questions or comments.

Sincerely,

COMMONWEAL DEVELOPMENT CORPORATION

Stuart M. Schaefer  
President/Principal

## About Commonweal:

With 40 years of trusted real estate service and development success, you can count on Commonweal to navigate through the process of commercial development, brokerage or property management on your behalf.

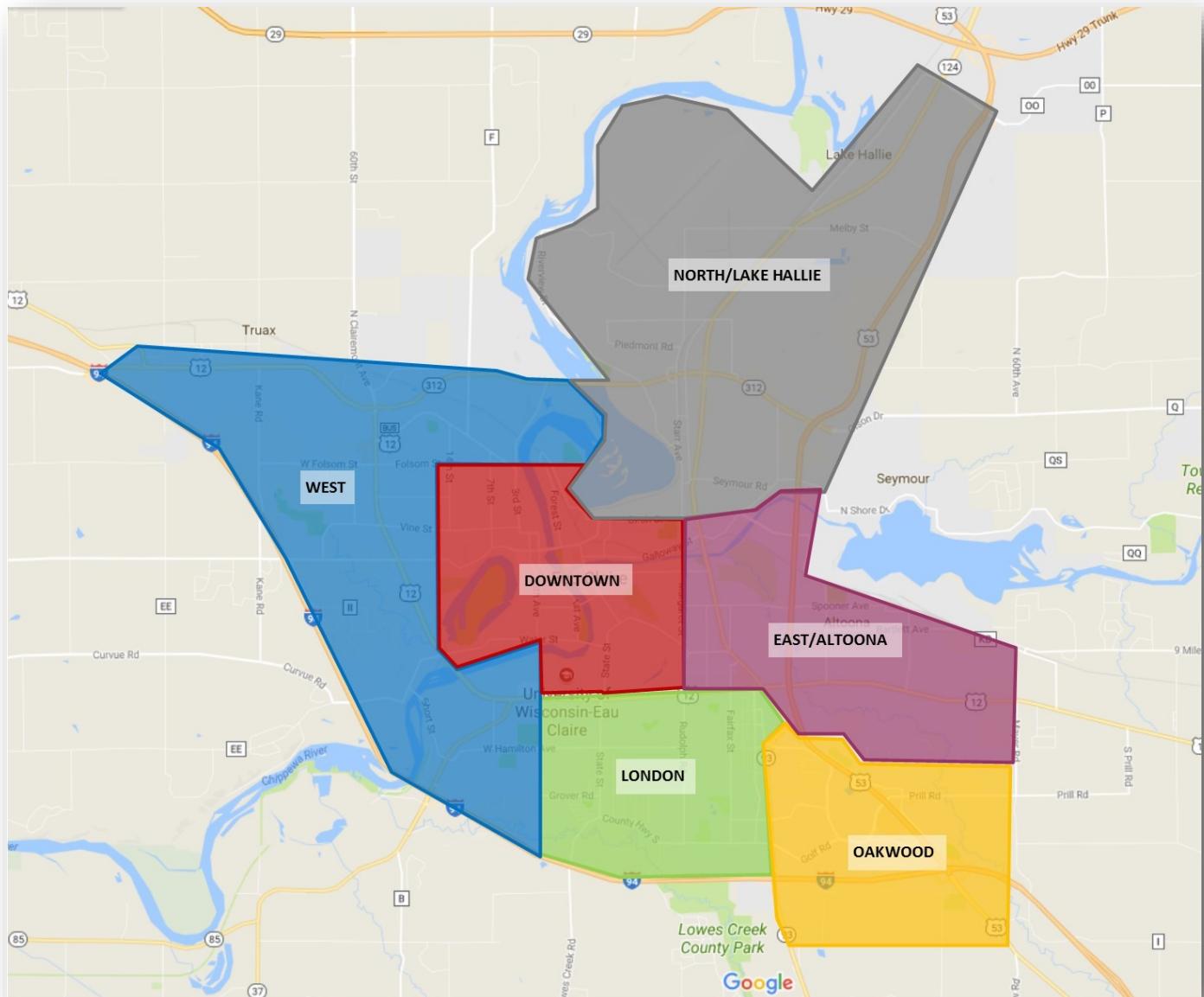
Our full-service capabilities allow us to assist you with all of your commercial real estate needs, covering everything from feasibility analysis, site acquisition, development services, brokerage and property management.

We have an impressive track record of successfully completing dozens of land development, retail and office projects throughout the Midwest. To learn more about Commonweal and our project history, please visit [www.commonwealdc.com](http://www.commonwealdc.com).



# 2020 Commercial Real Estate Market Report

Eau Claire Area



Sector lines are approximate | Map - [Googlemaps.com](https://www.googlemaps.com)

For the purpose of this report, we have divided the Eau Claire area into six sectors as shown on the map:

- East Side/Altoona
- North Side/Lake Hallie
- West Side
- Downtown
- Oakwood Hills
- London Road



# 2020 Commercial Real Estate Market Report

Eau Claire Area

## Retail Analysis

2019 Rate - 14.65%

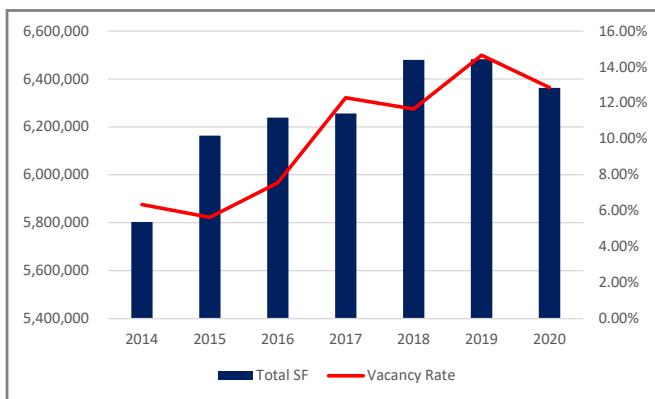
VACANCY

Trade Area	SF Adjustment*	Total SF	Vacant	% Vacant	
East Side/ Altoona	0	638,422	94,944	14.87%	
West Side	(3,942)	761,630	192,534	25.28%	ABSORPTION
North Side/ Lake Hallie	0	743,790	116,328	15.64%	
Oakwood Hills	0	2,710,385	200,278	7.39%	
London Road	(107,763)	1,003,693	144,272	14.37%	
Downtown	0	512,621	69,432	13.55%	
<b>2020 Total</b>	<b>(111,705)</b>	<b>6,370,441</b>	<b>817,788</b>	<b>12.84%</b>	

\*Adjustments include square footage that is new, removed or reclassified.

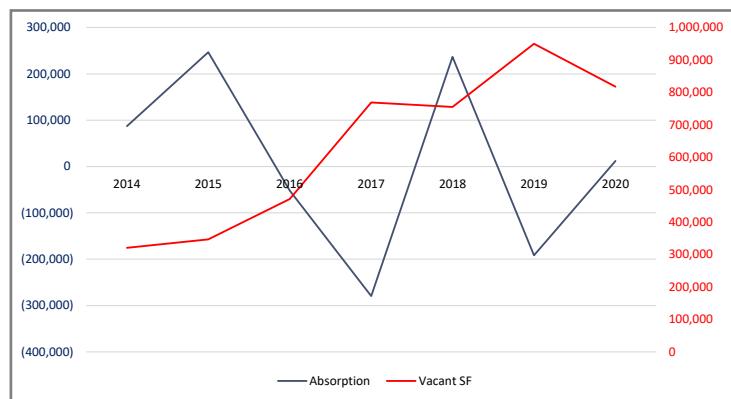
## TOTAL SF VS. VACANCY RATE

SQUARE FEET IN MILLIONS & VACANCY (%)



## VACANT SF VS. ABSORBED SF

SQUARE FEET IN THOUSANDS





# 2020 Commercial Real Estate Market Report

Eau Claire Area

## Office Analysis

2019 Rate - 9.43%

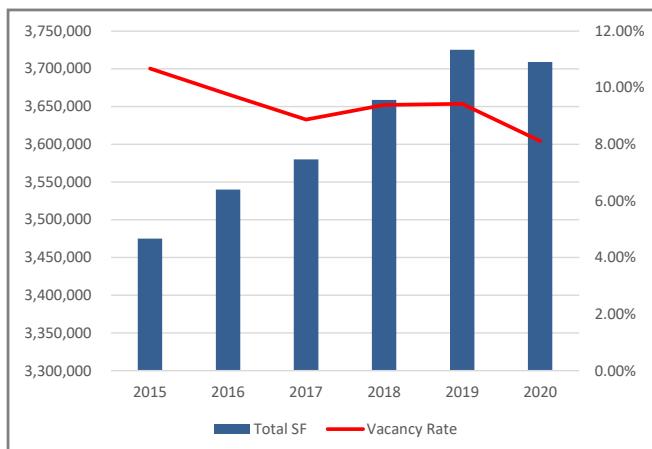
VACANCY

Trade Area	SF Adjustment*	Total SF	Vacant	% Vacant	
East Side/ Altoona	8,964	890,287	79,657	8.95%	
West Side	(9,032)	1,000,569	105,864	10.58%	
North Side/ Lake Hallie	0	128,853	17,475	13.56%	
Oakwood Hills	(6,285)	658,768	23,995	3.64%	
London Road	(1,301)	215,708	9,211	4.27%	
Downtown	(8,565)	814,755	64,571	7.93%	
<b>2020 Total</b>	<b>(16,219)</b>	<b>3,708,940</b>	<b>300,773</b>	<b>8.11%</b>	

\*Adjustments include square footage that is new, removed or reclassified.

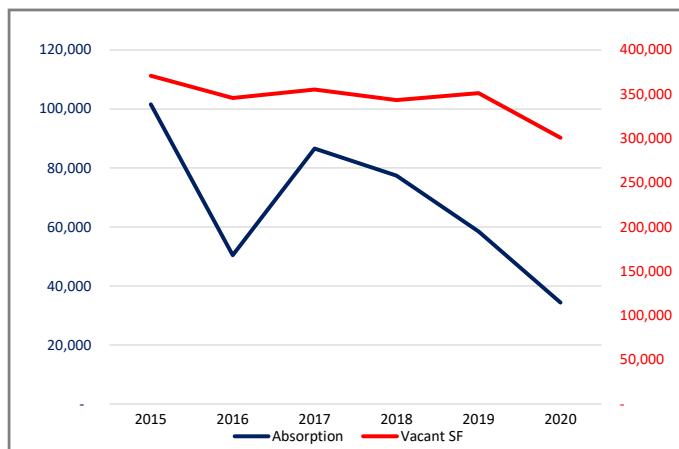
### VACANT SF VS. ABSORBED SF

SQUARE FEET IN THOUSANDS



### TOTAL SF VS. VACANCY RATE

SQUARE FEET IN MILLIONS & VACANCY (%)





## Industrial Analysis\*

Trade Area	Total SF	Vacant	% Vacant
East Side/Altoona	483,794	31,079	6.42%
West Side	5,349,923	302,683	5.66%
North Side/Lake Hallie	3,885,505	21,310	0.55%
Downtown	1,901,273	43,726	2.30%
<b>Total</b>	<b>11,620,495</b>	<b>398,798</b>	<b>3.43%</b>

\*Industrial Parks are included in above totals

## Industrial Parks

Gateway Northwest	1,468,415	116,918	7.96%
Gateway West	1,716,036	54,270	3.16%
SkyPark	669,486	128,793	19.24%
Chippewa Valley Industrial Park	2,784,523	6,750	0.24%
Banbury Place	843,700	4,425	0.52%
<b>Total</b>	<b>7,482,160</b>	<b>311,156</b>	<b>4.16%</b>

Based on Colliers Q3 Industrial Market Outlook, total U.S. industrial vacancy is at 5.6%, up 0.6% from the previous year. At the end of Q3 2020, net absorption for the year was 164.2 million square feet for the entire U.S. For more information on the U.S. industrial real estate market, click on the link below:

[Q3 2020 U.S. Industrial Market Outlook](#)

In Eau Claire, industrial vacancy is up from last year, in main part due to Phillips-Medisize's impending exit from the Eau Claire market, but still well below the National and Midwest average at 3.43%. With plenty of available land and the continued expectation of growth for e-commerce, Eau Claire's industrial sector should continue to trend upward in 2021 and beyond.



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Eau Claire Area

## The Year in Summary:

Despite the global pandemic of 2020, the commercial real estate market in Eau Claire fared reasonably well seeing decreases in vacancy rates for both the retail and office sector.

In the office sector, there were a few new additions to the market including two new dental offices, one for Martin Dental in Altoona and the other for Oak Park Dental in Eau Claire. Although there was some new construction in the market, total office square footage in the market actually decreased with some property reclassification and removal. The decrease in square footage coupled with some leasing activity brought the vacancy rate down to 8.11%, from 9.43 % in 2019. Absorption of office space was positive at around 34,000 SF, slightly less than last year, but still positive.

2020 saw a major decrease in total retail square footage with the removal of the former K-Mart and Hancock Fabrics buildings. The only new retail construction project completed and occupied in 2020 was located in Trillium south of Eau Claire. That combined with positive absorption of 20,000 SF, helped to reduce the vacancy rate for the first time in several years. A few notable moves in 2020 include HOM Furniture's move to the Oakwood Mall and Once Upon a Child backfilling a long vacant space at White Oak Commons. Another interesting retail move was Kwik Trip's opening at the 222 Water Street building, which continues their growth in the Eau Claire market with their first gas-free store outside of Madison. Although big boxes like the former Sears and Shopko remain vacant, the vacancy rate decreased in 2020 to 12.84% from 14.65% in 2019.

Industrial space remained consistent in 2020, with some new activity in Gateway Northwest Business Park and a below national average vacancy rate at 3.43%. The increase in the vacancy rate can be mostly attributed to Phillips-Medisize's impending exit from the Eau Claire market. As has been the case in the past few years, industrial still continues to be the most stable sector across the country and this region. We don't expect that to change much going forward into 2021.

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## Looking Forward:

As things progress with a COVID vaccine, we expect the commercial real estate market to heat up going into the second half of 2021. A number of projects are already under construction or have been announced for 2021, including the new Hy-Vee location on Clairemont Ave as well as two new office projects in River Prairie, one for River Prairie Wealth Partners and a medical facility. Office leasing activity has been strong during the latter part of 2020 and early in 2021, so the expectation is that will continue as businesses look at their office needs going into the future.

Although we don't track branch financial institutions or fast-food restaurants, there looks to be some activity in both sectors for 2021 with Royal Credit Union announcing new locations in River Prairie as well as downtown. Associated Bank is expected to start work on their new London Road location and will have a new neighbor in Panda Express, which is opening its first location in the market.

Kwik Trip continues to grow its presence in Eau Claire with three planned locations, one of which is currently under construction in the Putnam Heights neighborhood and we expect the other two, one on Melby St and the other in front of Wal-Mart, to begin construction in 2021.

For the first time in a couple years, there are no hotels planned or under construction. Multi-family continues to grow in this area with a number of new projects under construction or planned in the market. In the industrial sector, we expect more growth in not only Eau Claire, but the region. Dimension x Design is planning a new facility in Sky Park and we believe other projects will be added as we move into the second half of 2021.

Although 2020 was a tough year for many regions, industries and businesses, the commercial real estate market in Eau Claire didn't seem to feel the effects of the pandemic. The lack of any larger projects and new space being delivered in 2020 was a result of less general activity in preceding years, but 2021 looks as if it will be quite different.