

# 2018 Commercial Real Estate Market Report

Eau Claire Area



Photo courtesy of Market & Johnson

**COMMONWEAL**  
[www.commonwealdc.com](http://www.commonwealdc.com)



Photo courtesy of Market & Johnson



BROKERAGE

DEVELOPMENT

PROPERTY MANAGEMENT

## A message from our President:



Stuart M. Schaefer  
President

Dear Friends and Colleagues:

We appreciate your interest in the 2018 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 2018. 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.

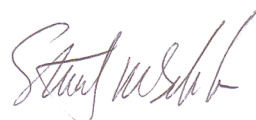
For the first time in four years, the Eau Claire area commercial real estate market saw some significant retail and office construction projects completed. These significant projects were accompanied by the lease up of several large vacancies but offset by additional retail closings.

Despite challenges, we believe the Eau Claire commercial real estate market has a bright future given the solid characteristics that have driven steady development over the past decade. Along with new initiatives to improve the quality of life for residents, Eau Claire should continue to stimulate growth in 2019.

Please contact us if you have questions or comments.

Sincerely,

COMMONWEAL DEVELOPMENT CORPORATION



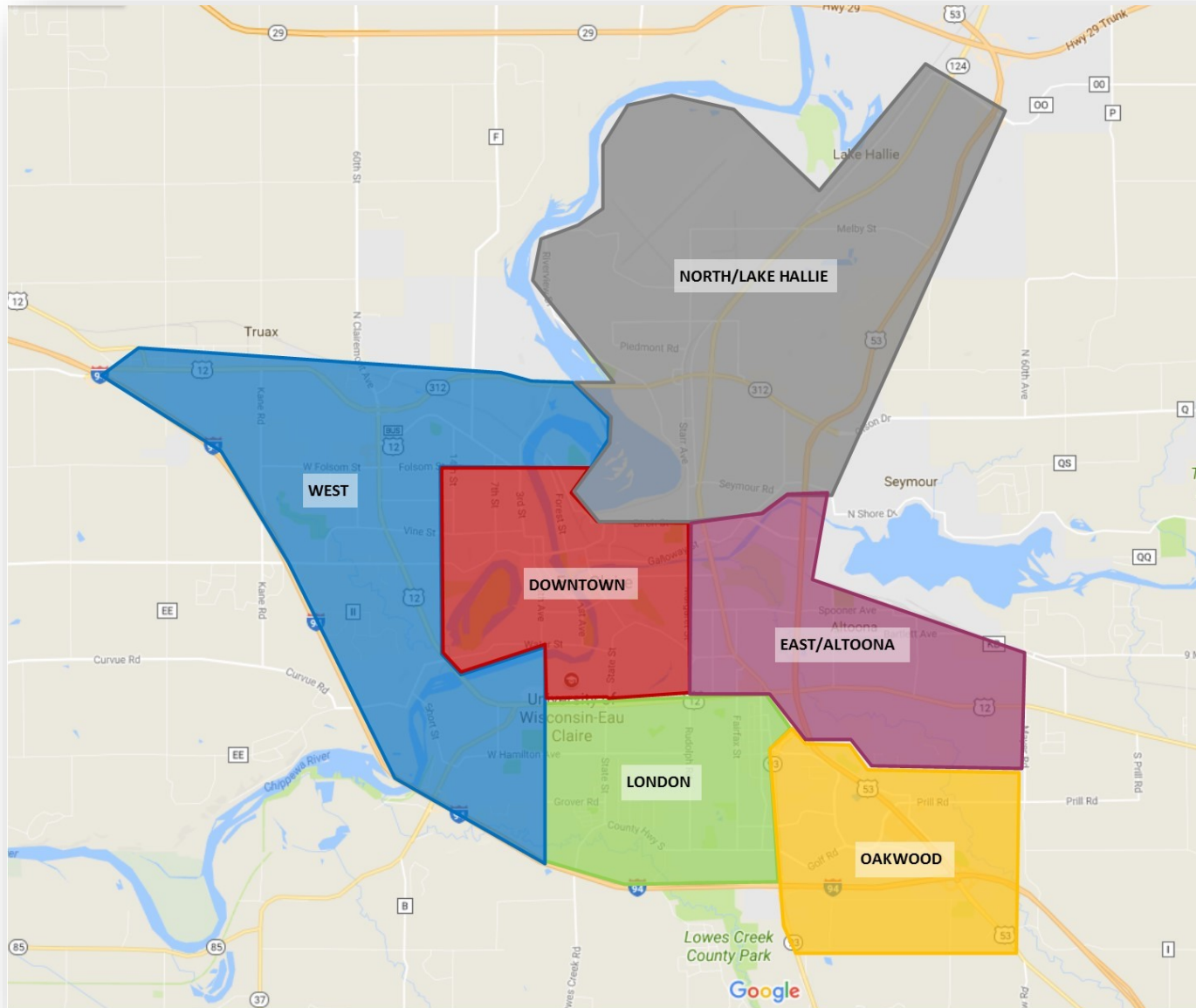
Stuart M. Schaefer

## About Commonweal Development:

With over 35 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).



Sector lines are approximate | Map - 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

## Retail Analysis

2017 Rate - 12.29%

Trade Area	SF Adjustment*	Total SF	Vacant	% Vacant
East Side/ Altoona	1,169	638,422	81,005	12.69%
West Side	(8,460)	765,302	56,754	7.42%
North Side/ Lake Hallie	0	743,790	10,405	1.40%
Oakwood Hills	233,488	2,710,385	289,532	10.68%
London Road	5,024	1,111,456	235,176	21.16%
Downtown	(8,162)	509,994	82,364	16.15%

**2018 Total**

**223,059**

**6,479,349**

**755,236**

**11.66%**

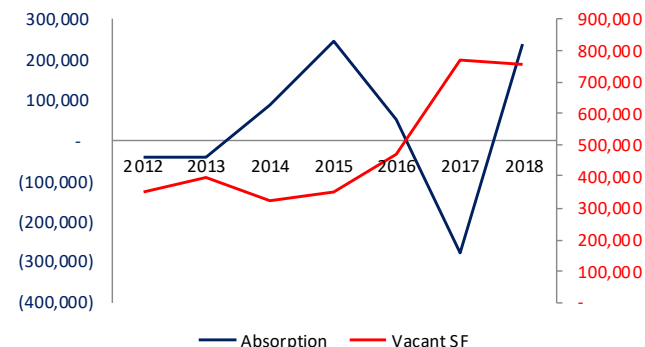
\*Adjustments include square footage that is new, removed or reclassified



Photo courtesy of Market & Johnson

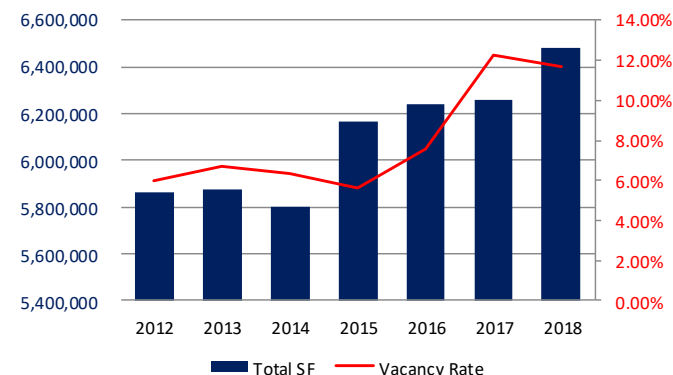
## VACANT SF VS. ABSORBED SF

SQUARE FEET IN THOUSANDS



## TOTAL SQUARE FEET VS. VACANCY RATE

SQUARE FEET IN MILLIONS & VACANCY (%)



VACANCY



ABSORPTION



TOTAL SF



## Office Analysis

2017 Rate - 8.87%

Trade Area	SF Adjustment*	Total SF	Vacant	% Vacant
East Side/ Altoona	10,874	822,469	98,690	12.00%
West Side	9,948	1,001,997	59,908	5.98%
North Side/ Lake Hallie	35,605	128,853	16,648	12.92%
Oakwood Hills	54,780	665,053	55,175	8.30%
London Road	2,265	217,009	10,351	4.77%
Downtown	(48,191)	823,320	102,674	12.47%

<b>2018 Total</b>	<b>65,281</b>	<b>3,658,701</b>	<b>343,446</b>	<b>9.39%</b>
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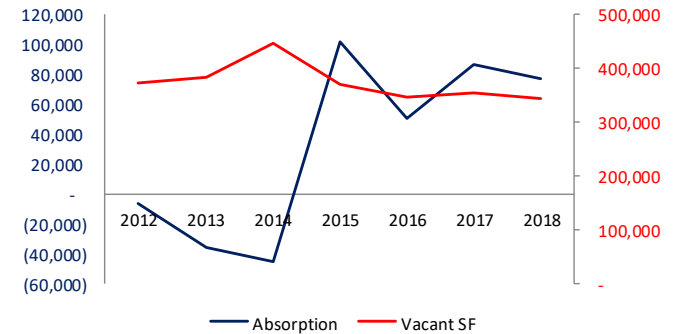
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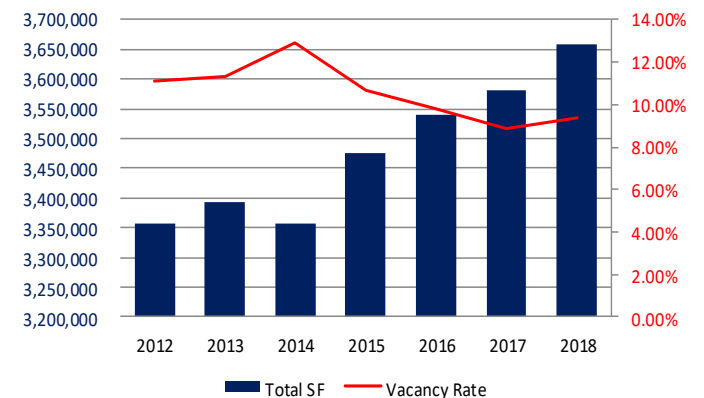
## VACANT SF VS. ABSORPTION

SQUARE FEET IN THOUSANDS



## TOTAL SQUARE FEET VS. VACANCY RATE

SQUARE FEET IN MILLIONS & VACANCY (%)



VACANCY



ABSORPTION



TOTAL SF



## Industrial Analysis\*

Trade Area	Total SF	Vacant	% Vacant
East Side/Altoona	484,890	32,175	6.64%
West Side	4,952,263	105,658	2.13%
North Side/Lake Hallie	3,847,005	38,116	0.99%
Downtown	1,952,390	74,522	3.82%
<b>Total</b>	<b>11,236,548</b>	<b>250,471</b>	<b>2.23%</b>

\*Industrial Parks are included in above totals

## Industrial Parks

Gateway Northwest	1,093,755	49,457	4.52%
Gateway West	1,693,036	64,068	3.78%
SkyPark	669,486	0	0.00%
Chippewa Valley Industrial Park	2,784,523	41,806	1.51%
Banbury Place	877,094	5,735	0.65%
<b>Total</b>	<b>7,117,894</b>	<b>139,712</b>	<b>1.96%</b>

Based on Colliers Q3 Industrial Market Outlook, total U.S. Industrial vacancy is at 4.9%, down .3% from the previous year. At the end of Q3 2018, net absorption for the year was 203.6 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 2018 U.S. Industrial Market Outlook](#)

In Eau Claire, industrial vacancy is up slightly from last year, but still well below the national average at 2.23%. With some large projects underway and expected to open in 2019, Eau Claire's industrial sector is finally seeing some much needed growth and expansion.

### SPECIAL THANKS TO:



## The Year in Summary:

By many accounts, 2018 was a good year for the Eau Claire commercial real estate market. There were several large projects completed and some existing retail vacancies put into service that more than offset a couple of additional retail closures. Oakwood Hills and River Prairie continue to be the most active areas in the market.

**Fleet Farm**

**WIPFLI**  
CPAs and Consultants

**HOBBY LOBBY**

**HomeGoods**

**GANDER OUTDOORS**

On the office front, a 51,000 SF multi-tenant office building was completed in Oakwood Hills with Wipfli taking two-thirds of the space and M3 Insurance recently moving in. River Prairie saw the completion and occupancy of a mixed-use building with the ZA-51 restaurant and some second-floor office space. Other office activity included an office building for Drylock Technologies, an addition to the EO Johnson facility, a new office for Lien & Peterson Architects and a small medical office facility on Clairemont Avenue. Given the new construction, reclassifications and leasing activity of existing office space net absorption was close to 90,000 SF, yet the overall vacancy rate for the Eau Claire area office sector increased from 8.87% to 9.39% during 2018.

Noteworthy activity in the retail sector included the construction of the 220,000 SF Fleet Farm store on Eau Claire's south side, the largest commercial building constructed in the City of Eau Claire since the 1990's. In addition, major retail leases included Hobby Lobby at the Oakwood Mall, HomeGoods at the Oak Pointe Plaza and Gander Outdoors at the intersection of Hwy 53 and I -94, suggesting that not all brick and mortar retailers are retreating. Several other smaller projects were also completed during 2018, including a mixed-use building on Keystone Crossing, a strip center in River Prairie, a free-standing mattress store on Commonwealth Avenue and a spa on Mall Drive. Those retail openings were offset by the shuttering of the Younkers and Sears stores at the Oakwood Mall. With the construction and leasing activity, absorption in the retail sector was positive for the first time in three years at over 200,000 SF, reducing the retail vacancy rate from 12.29% to 11.66%.

Industrial space in Eau Claire had low activity during 2018, with the most noteworthy being the expansion at Market & Johnson's headquarters. Overall, industrial vacancy remains low and it is considered by national experts to be the most stable sector.

## Looking Forward:

2019 will be an interesting year to see if there's potential for the positive momentum to continue and office and retail vacancy rates to be reduced through the leasing of vacant space and the redevelopment of obsolete retail buildings. There are no major retail or office buildings currently under construction, so we can't predict, with certainty, additional activity the way we could last year. It looks as if there are several office and retail projects that may get under way during 2019, but won't be completed until 2020.

The opening of the Pablo Center at the Confluence should have an impact on downtown Eau Claire with several projects poised to commence, but nothing was started as of the end of 2018. A medical facility and branch bank are under way on the south side of River Prairie Drive in Altoona, along with Hoeft Builders new office on the east side of Hwy 53, which may generate additional activity in that area.

In the industrial sector, there are several large projects under construction in the Gateway Industrial Park on Eau Claire's west side that will add space to the strongest market category for the first time in several years. The multi-family sector continues to be active in our market with the addition of a high number of smaller projects (4-plexes and 8-plexes), but no larger buildings completed or underway other than the redevelopment of the Syverson Home in downtown Eau Claire. Candlewood Suites, an extended-stay hotel, was completed in Oakwood Hills continuing a trend of hotel construction that has added hundreds of new hotel rooms over the past 5 years. Given the positive activity in all sectors and interest from out of market investors, we remain optimistic that 2019 will be another good year for the Eau Claire commercial real estate market.