



A message from our President:



Stuart M. Schaefer
President/Principal

Dear Friends and Colleagues:

We appreciate your interest in the 2022 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. This report includes 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 were available for occupancy as of the end of 2022. This year's report does not include multi-family buildings, automobile dealerships, hospitality facilities, free standing financial institution branch offices, fast-food restaurants, government owned buildings, self-storage facilities or hospitals. Our goal with this report is to provide you with 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. A special thanks to the people who assisted with our research and provided the data necessary for this comprehensive summary. We have done our best to verify all information contained in the report trust and that the information we were provided is accurate.

Commercial real estate fared well in 2022 despite continued construction cost inflation and rising interest rates. Given its regional strength and recent signs of growth, we believe the Eau Claire region will continue to prosper and the commercial real estate market will continue to perform well, primarily as a result of the regions' growth.

Please contact us if there is anything we can do for you or if you have questions.

Sincerely,

Stuart M. Schaefer
President/Principal

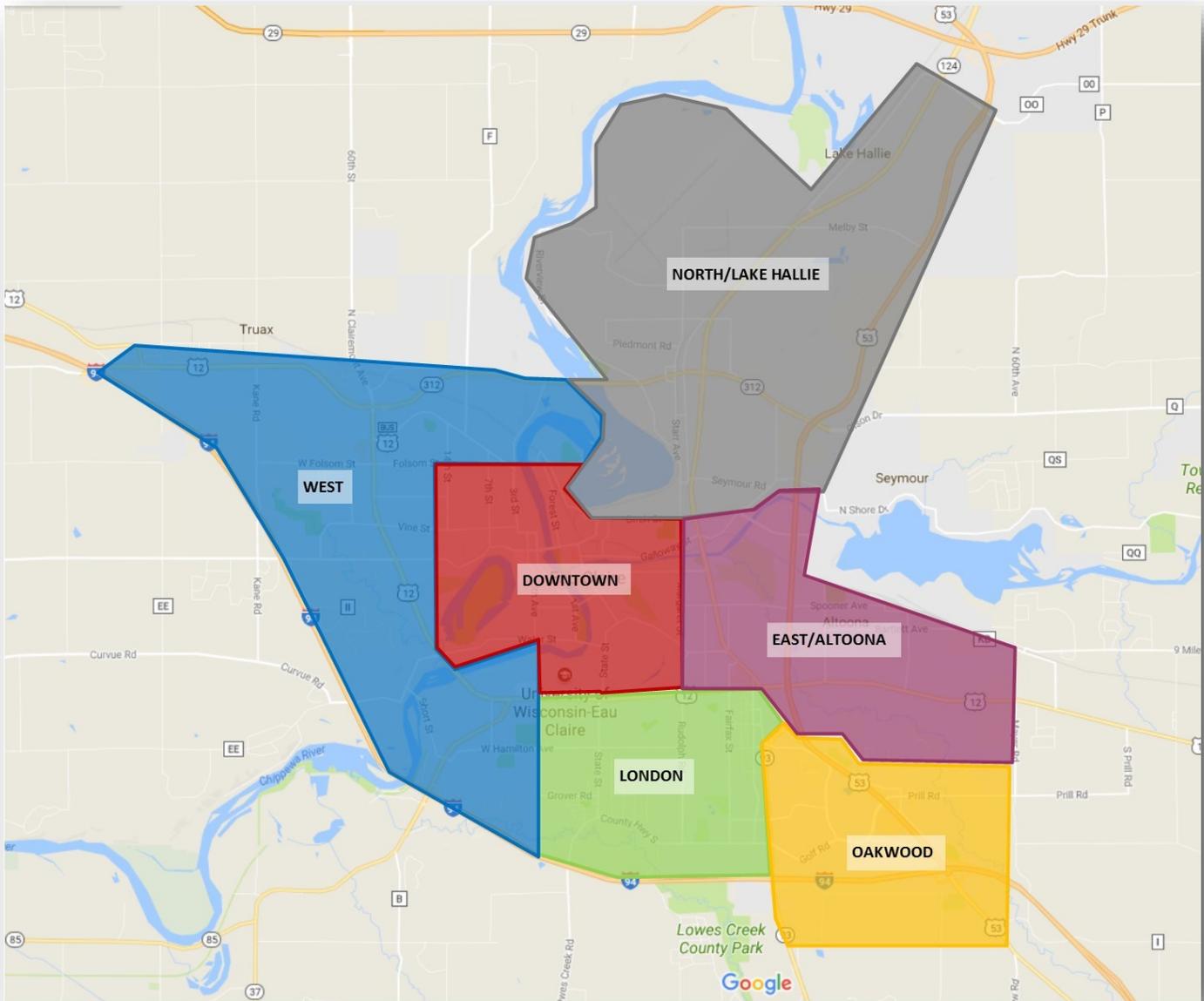
COMMONWEAL DEVELOPMENT CORPORATION

About Commonweal:

With over 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 many land development, retail and office projects throughout the Midwest. To learn more about Commonweal and our project history, please visit 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 trade areas as shown on the map:

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



Retail Analysis

2021 Rate - 10.63%

Trade Area	SF Adjustment*	Total SF	Vacant	% Vacant
East Side/ Altoona	29,444	667,866	109,034	16.33%
West Side	(235)	774,120	172,094	22.23%
North Side/ Lake Hallie	64	655,096	9,201	1.40%
Oakwood Hills	18	2,724,835	203,251	7.46%
London Road	3,500	1,104,426	38,347	3.47%
Downtown	0	501,881	94,519	18.83%

VACANCY



ABSORPTION



TOTAL SF



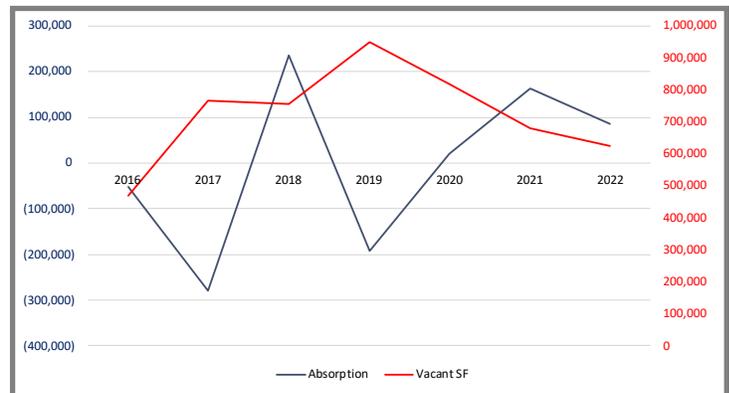
2022 Total	32,791	6,428,224	626,446	9.75%
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*Adjustments include square footage that is new, removed or reclassified.

TOTAL SF VS. VACANCY RATE
SQUARE FEET IN MILLIONS & VACANCY (%)



VACANT SF VS. ABSORBED SF
SQUARE FEET IN THOUSANDS





Office Analysis 2021 Rate - 6.07%

Trade Area	SF Adjustment*	Total SF	Vacant	% Vacant
East Side/ Altoona	31,000	935,973	84,562	9.03%
West Side	154	1,007,271	28,702	2.85%
North Side/ Lake Hallie	0	128,853	20,467	15.88%
Oakwood Hills	(9,698)	649,570	7,885	1.21%
London Road	0	213,173	8,560	4.02%
Downtown	0	768,152	45,900	5.98%

VACANCY



ABSORPTION



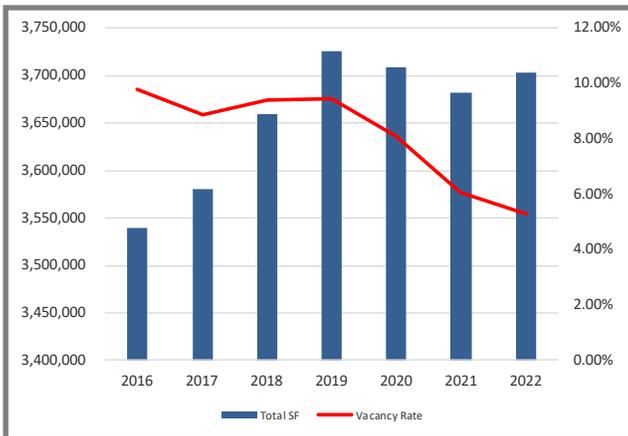
TOTAL SF



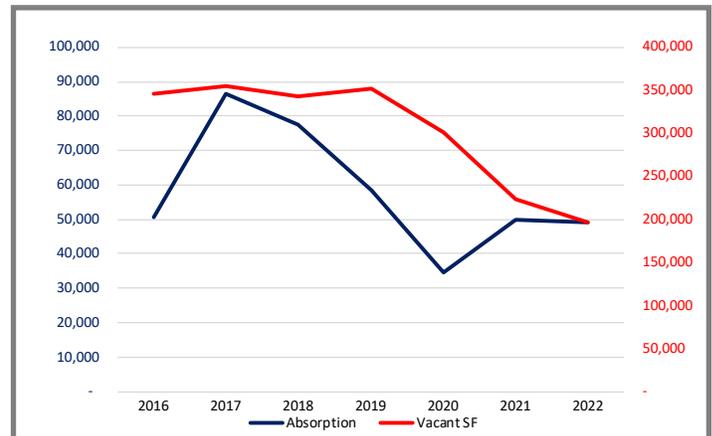
2022 Total	21,456	3,702,992	196,076	5.30%
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*Adjustments include square footage that is new, removed or reclassified.

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	1,052,316	36,713	3.49%
West Side	5,479,035	27,542	0.50%
North Side/Lake Hallie	3,875,107	20,560	0.53%
Downtown	1,817,101	26,526	1.46%
Total	12,223,559	111,341	0.91%

*Industrial Parks are included in above totals

Industrial Parks

Gateway Northwest	1,563,415	15,000	0.96%
Gateway West	1,716,036	5,310	0.31%
SkyPark	703,598	0	0.00%
Chippewa Valley Industrial Park	2,784,523	12,000	0.43%
Banbury Place	843,700	0	0.00%
Total	7,611,272	32,310	0.42%

Based on Colliers Q2 Industrial Report, total U.S. industrial vacancy was at 3.7%, down .7% from the previous year. At the end of Q2 2022, net absorption for the year was 231.8 million square feet for the entire U.S.

For more information on the U.S. industrial real estate market, click on the link below:

[Q2 2022 U.S. Industrial Market Outlook](#)

In Eau Claire, industrial vacancy decreased from last year, and it remains the strongest sector in the market. The local vacancy rate is well below the National and Midwest averages at 0.91%. Local industrial parks continue to fill and with the potential expansion of those areas along with the continued demand for industrial space, we believe the industrial sector to be the strongest sector in 2023.



The Year in Summary:

The commercial real estate market in Eau Claire continued its trend of positive absorption and a reduction in vacancy rates across all sectors, which is a great sign for the area.

2022 had minimal retail construction compared to the large growth we saw in 2021. Several smaller projects including two retail centers in River Prairie, one with a Starbucks and a new Kwik Trip along Hwy 12 in Altoona were completed during the year. This new construction combined with positive absorption of around 85,000 SF resulted in the retail vacancy rates' decline for the second year in a row. These numbers still include big boxes like Mega East and Shopko remaining empty. All in all the retail vacancy rate decreased to 9.75% in 2022 from 10.67% in 2021.

The River Prairie Wellness Center was the only noteworthy office project to open in 2022. The increase in square footage along with a continuation of strong leasing activity brought the office vacancy rate down to 5.30%, from 6.07 % in 2021. There was just under 50,000 SF of positive absorption of office space, which was slightly below last year's figures.

Industrial space continued to be the strongest sector in 2022, with some new building, expansion and leasing activity throughout the market. The vacancy rate for industrial dropped from 1.14% to 0.91%, which has been the trend over the past few years, not only in our area, but across the country.

Looking Forward:

Looking ahead to 2023, we expect the commercial real estate market in this area to remain strong with a number of proposed retail projects expected to break ground this year including Costco, Chick-fil-A and a small retail center on London Road. New restaurants/retailers like Jersey Mike's, A&W, 7 Brew and Crumbl Cookie will be entering the market as well. In the grocery sector, Menomonie Market is under construction on their new facility in downtown Eau Claire. The combination of that activity and likely conversions of two of the last empty "big boxes" should continue to drive the retail vacancy rates down. If the Oakwood Mall can find a use or user for the Sears space the market may not have any empty "big boxes" by the end of the year, compared to 8 just 4 years ago.

Despite predictions to the contrary, the office market has done well and spurred the construction of at least one Class A office building and a couple of medical office buildings planned for the Oakwood Hills area in 2023. There are also plans for some significant office renovation work to occur providing the flight to quality office users are seeking. Although we don't track financial institutions, Nicolet National Bank, fka. Charter Bank, will add to their footprint with a location in Lake Hallie.

The industrial sector continued its unparalleled market strength and that should not change going forward. There are a few industrial projects currently proposed and the expectation is that we will see more as we move into 2023.

Moving north to Chippewa Falls, a market just outside our study area, we expect to see some significant retail growth with the planned construction of a Festival Foods grocery store, Kwik Trip and Culver's near the Toycen Ford dealership. Expect to hear additional announcements regarding other commercial activity in that area as construction of the grocery store continues.

2021 and 2022 saw the addition of a number of convenience stores, but 2023 looks to be quiet on that front. In hospitality, there was no growth in 2022, but we expect to see some additional rooms added with the Springhill Suites Hotel planned near the Sonnentag Complex when it opens in 2024. Multi-family development continues to explode with new projects sprouting up across the region.

The increased demand for housing in our market is a clear indicator of population growth. We believe the region is growing because of the efforts made over the last 2 decades to improve the quality of life in the Chippewa Valley. Exciting projects like the new Children's Museum and Menomonie Market will continue to add to the vibrancy of downtown Eau Claire. The Costco and Chick Fil A will bolster Eau Claire's position as a regional trade hub which will provide continued stability to the Eau Claire commercial real estate market.