



## Industrial Market Report

# Appleton/Fox Cities Area

PREPARED BY

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12 Mo Deliveries in SF

**766K**

12 Mo Net Absorption in SF

**370K**

Vacancy Rate

**3.2%**

12 Mo Asking Rent Growth

**3.6%**

Vacancy in the Appleton industrial market is 3.2% and has increased 1.1% over the past 12 months, while the national average increased by 1.9%.

During this period, 760,000 SF has been delivered, and 370,000 SF has been absorbed. Total availability, which includes sublease space, is 4.8% of all inventory.

In the Appleton/Fox Cities market, logistics space is the largest subtype with 16.4 million SF in this category, followed by 11.2 million SF of specialized space and 7.7 million SF of flex space. The combined total of 35.4 million SF places Appleton as a typically sized industrial market.

Rents are around \$6.60/SF, which is a 3.6% increase from where they were a year ago. In the past three years, rents have increased a cumulative 17.7%. Furthermore, this is a structurally inexpensive market, with average rents far below the national average of \$11.90/SF.

About 270,000 SF is under construction, representing a minor 0.8% expansion of inventory. There have been 26 sales in the past year. Sales have averaged \$42/SF, and the estimated value for the market as a whole is \$43/SF.

The most frequent of these transactions have been those of logistics space, with 14 sales. This tracks with the overall mix in the market, as the subtype is the largest in Appleton.

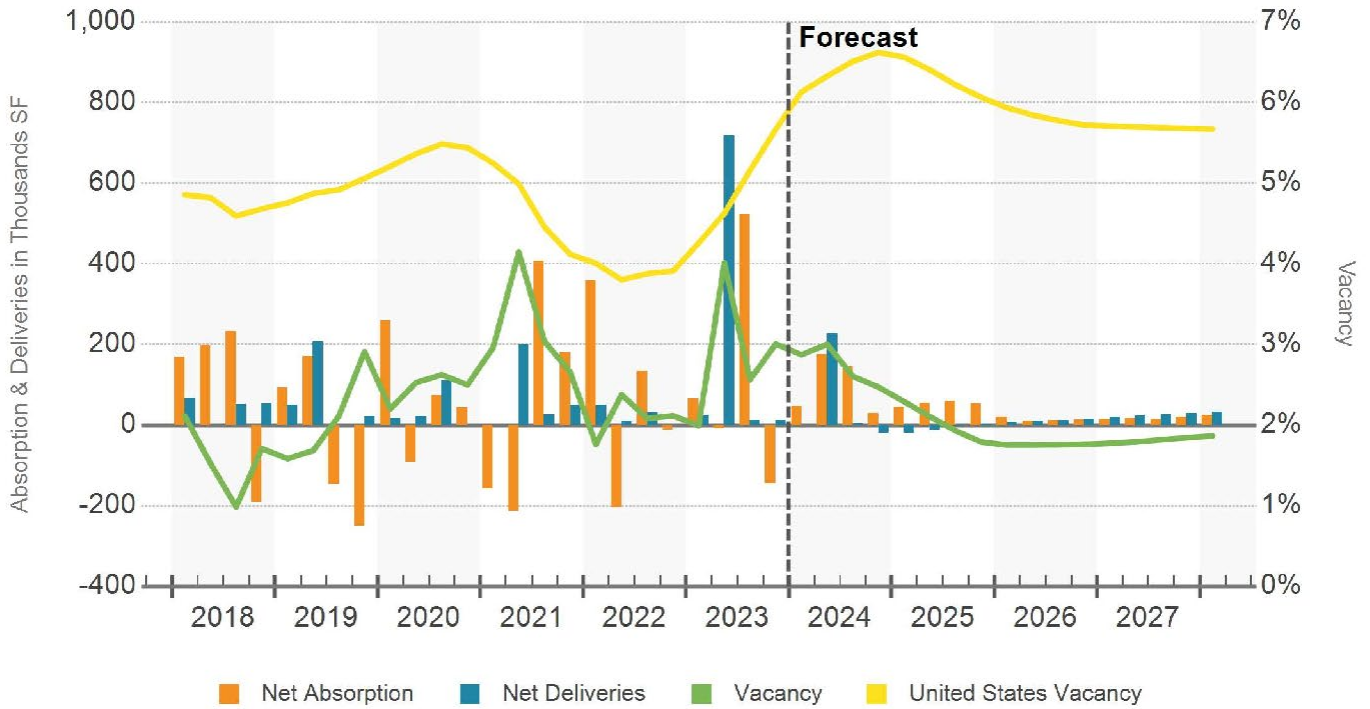
Over the past three years, there have been 109 sales, which have traded for approximately \$158 million. During this time, the market cap rate for Appleton has increased to 11.5%, higher than its trailing three-year average of 10.1%.

Employment and population are both experiencing modest growth. In the past year, the number of jobs has increased 0.4%, and the population has grown 0.7%.

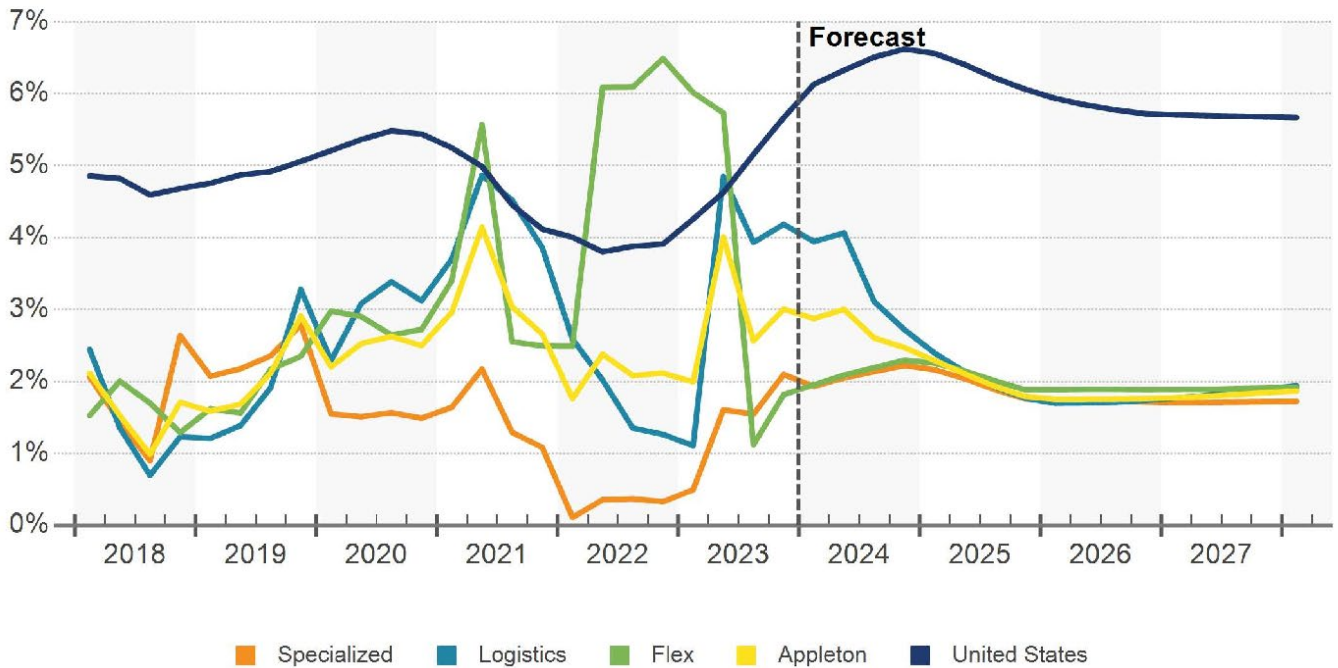
### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	16,447,762	4.6%	\$6.15	7.7%	(75,800)	0	259,361
Specialized Industrial	11,230,079	1.9%	\$6.12	1.9%	22,000	0	0
Flex	7,686,433	1.8%	\$8.15	2.6%	0	0	12,000
<b>Market</b>	<b>35,364,274</b>	<b>3.2%</b>	<b>\$6.57</b>	<b>4.8%</b>	<b>(53,800)</b>	<b>0</b>	<b>271,361</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.1%	4.9%	2.0%	9.8%	2011 Q1	1.0%	2018 Q3
Net Absorption SF	370K	247,185	190,095	1,258,629	2013 Q4	(870,434)	2010 Q4
Deliveries SF	766K	250,500	191,248	773,795	2023 Q2	0	2014 Q4
Asking Rent Growth	3.6%	2.5%	3.3%	7.2%	2022 Q4	-2.5%	2010 Q3
Sales Volume	\$20.8M	\$26.5M	N/A	\$105.2M	2022 Q1	\$1.5M	2009 Q4

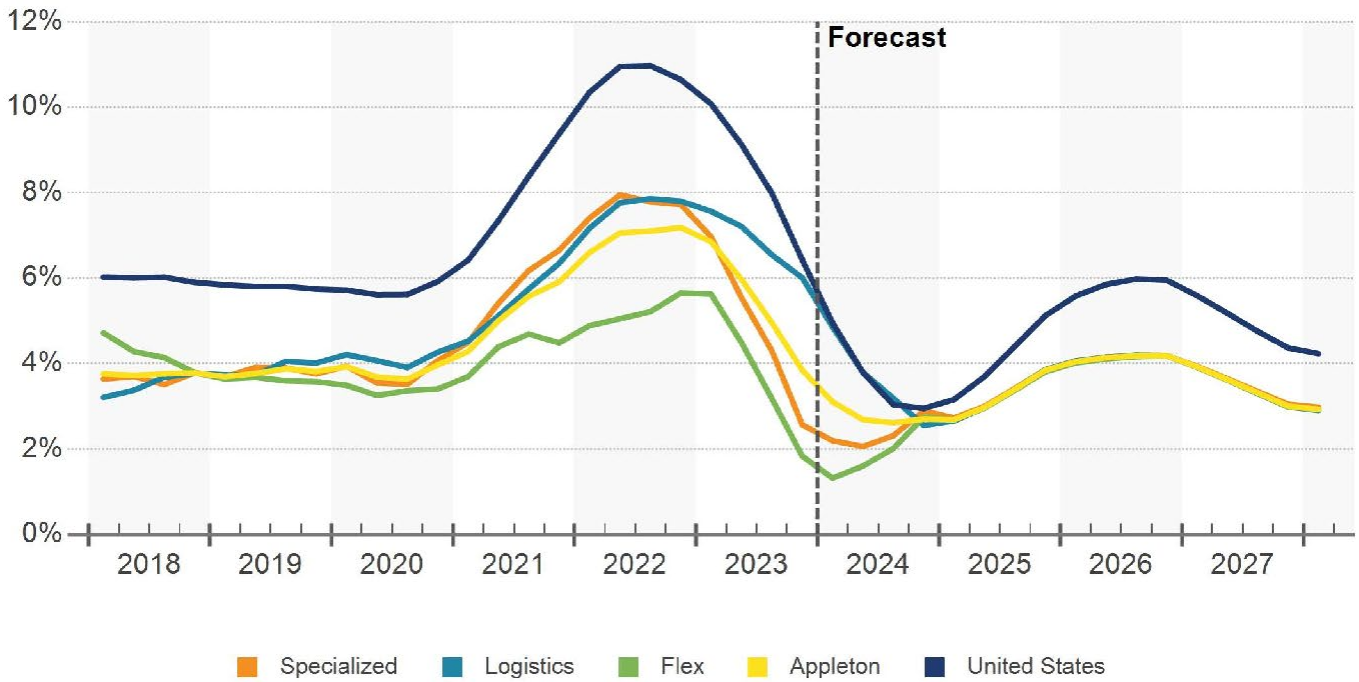
## NET ABSORPTION, NET DELIVERIES & VACANCY



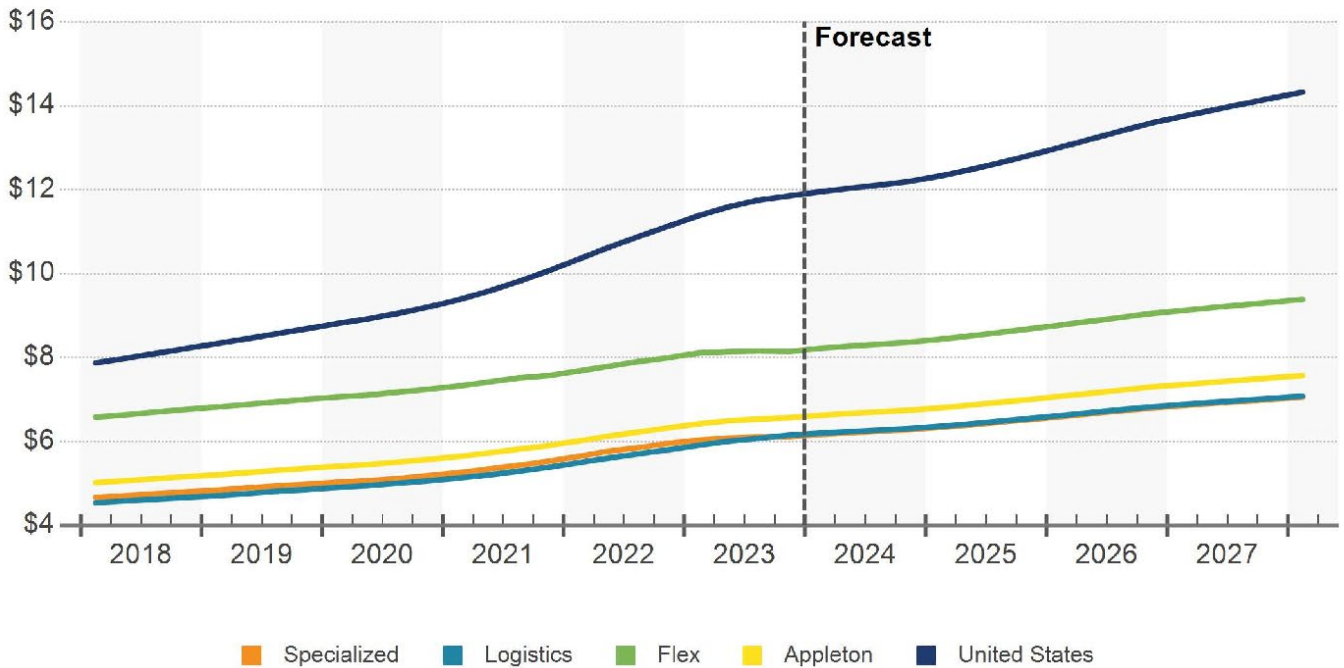
## VACANCY RATE



## MARKET ASKING RENT GROWTH (YOY)



## MARKET ASKING RENT PER SQUARE FEET



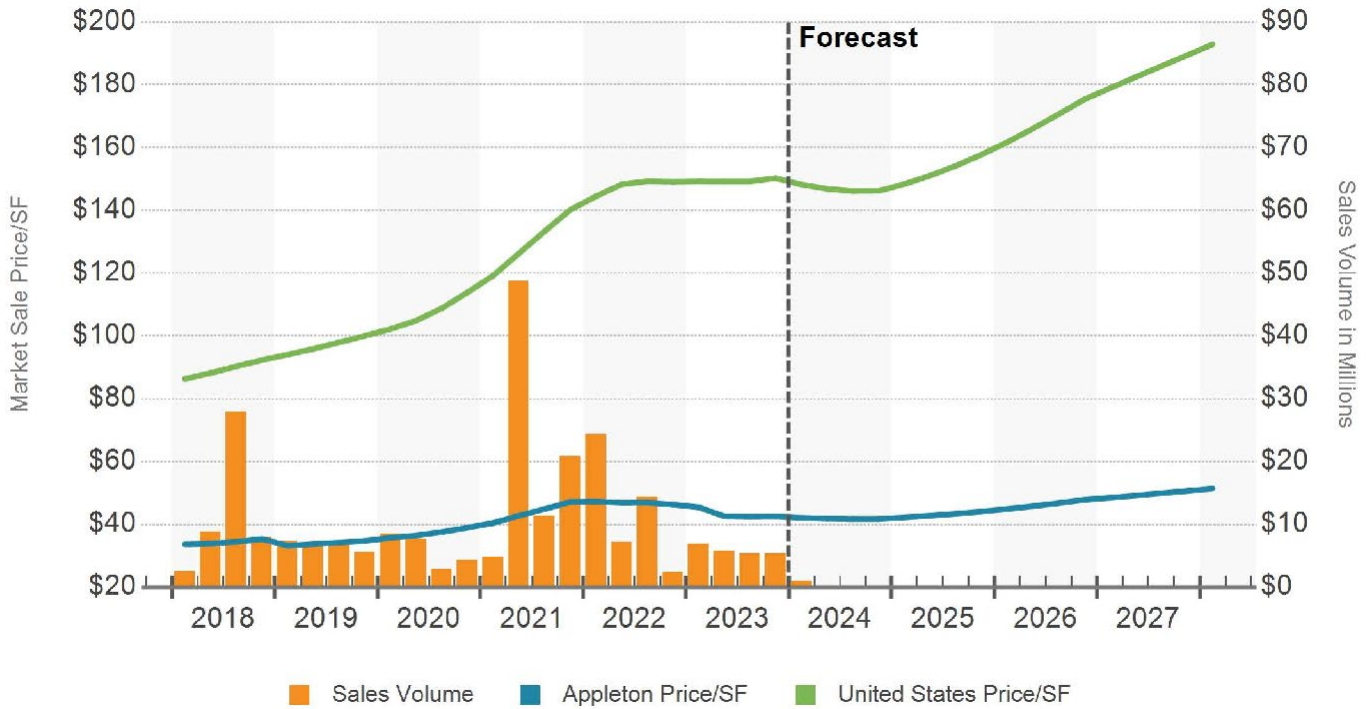
There have been 26 sales in the past year. Sales have averaged \$42/SF, and the estimated value for the market as a whole is \$43/SF.

The most frequent of these transactions have been those of logistics space, with 14 sales. This tracks with the

overall mix in the market, as the subtype is the largest in the area.

Over the past three years, there have been 109 sales, which have traded for approximately \$158 million. During this time, the market cap rate for Appleton has increased to 11.5%, higher than its trailing three-year average of 10.1%.

### SALES VOLUME & MARKET SALE PRICE PER SF



Appleton is a modest-sized metro with a 2020 population of around 243,000, a nearly 8% increase from 2010 levels. Located along the Fox River, the area's economy has largely been driven by the paper industry for much of its history. However, the paper industry has been contracting throughout Wisconsin in recent years.

According to the Wisconsin Department of Workforce Development, there were about 51,000 pulp and paper jobs in the state in the late 1990s. That number had shrunk to 30,262 by 2018. Still, the Fox Valley has one of the highest concentrations of paper manufacturing facilities in the world and is a major contributor to the region's heavy concentration of manufacturing employment which accounts for nearly 20% of total employment.

Fortunately, the area is diversifying. Several insurance companies are headquartered in the Fox Valley and financial institutions are growing as well. Additionally, one of the top employers in the area, ThedaCare, the primary medical provider across the Fox Cities region, is renovating and expanding its existing centers, bringing more jobs to the area. Other major employers based in the Appleton area include Thrivent Financial, Miller Electric, West Corp, and Appvion.

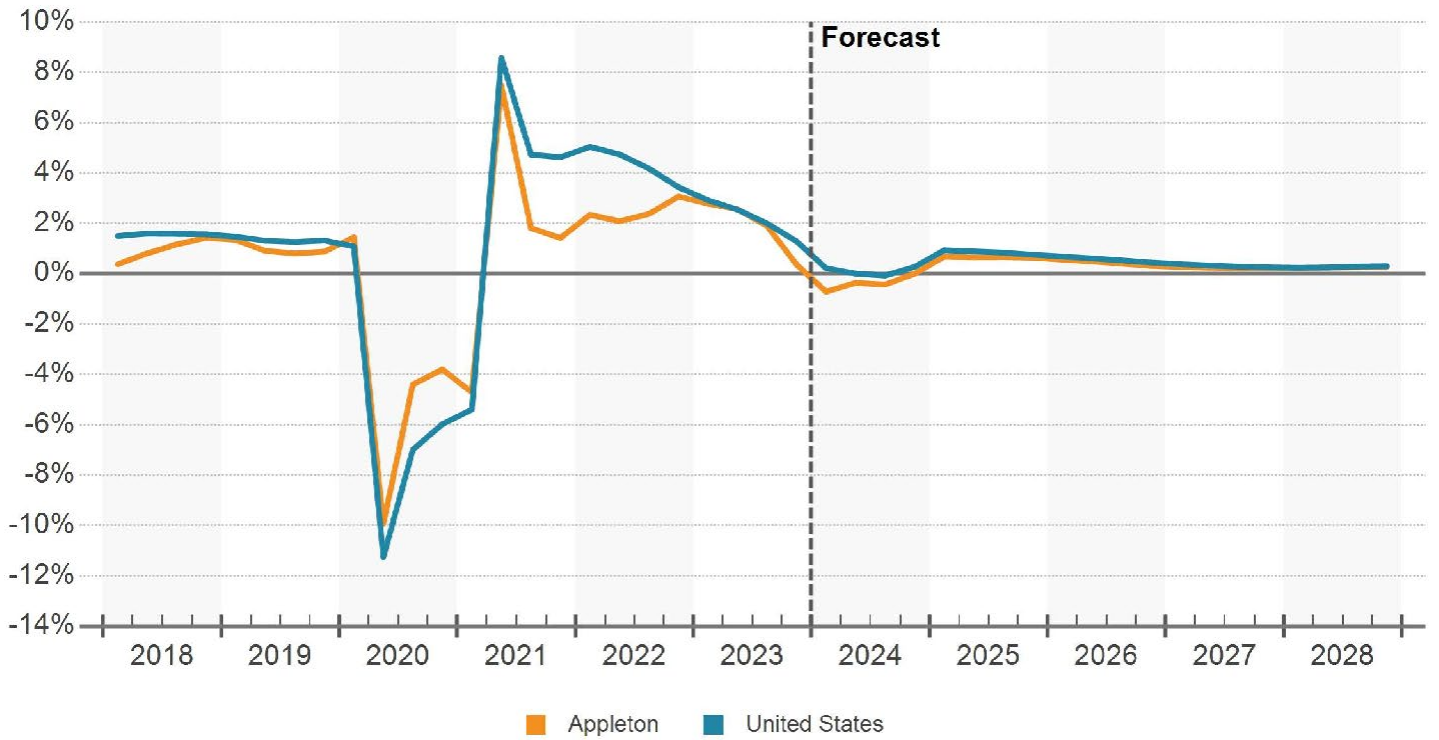
According to the latest metro-level data from the U.S. Bureau of Labor Statistics, Appleton's seasonally adjusted unemployment rate rose slightly to 2.7% in September. Despite the recent increase, unemployment rates are trending at 20 year lows and reflect a larger and more diversified employment pool that has grown 4.9% over the past three years.

### APPLETON EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	26	2.4	0.78%	-0.20%	1.14%	0.69%	0.23%	0.11%
Trade, Transportation and Utilities	24	1.0	-0.17%	0.01%	0.70%	1.04%	-0.13%	0.16%
Retail Trade	14	1.1	-0.21%	0.29%	0.27%	0.22%	-0.32%	0.12%
Financial Activities	7	0.9	0.01%	0.41%	-0.29%	1.44%	0.07%	0.17%
Government	12	0.6	-0.37%	1.31%	0.22%	0.36%	0.48%	0.42%
Natural Resources, Mining and Construction	10	1.5	1.50%	1.20%	4.22%	2.31%	0.84%	0.30%
Education and Health Services	16	0.8	-0.13%	2.75%	0.72%	1.86%	0.47%	0.68%
Professional and Business Services	14	0.7	-0.95%	0.57%	0.81%	1.99%	0.22%	0.53%
Information	1	0.6	-3.11%	-2.61%	-0.92%	1.09%	0.50%	0.35%
Leisure and Hospitality	11	0.8	-0.34%	2.66%	-0.31%	1.47%	0.26%	0.83%
Other Services	7	1.4	2.28%	1.42%	0.39%	0.62%	1.09%	0.29%
<b>Total Employment</b>	<b>129</b>	<b>1.0</b>	<b>0.15%</b>	<b>1.07%</b>	<b>0.80%</b>	<b>1.29%</b>	<b>0.31%</b>	<b>0.42%</b>

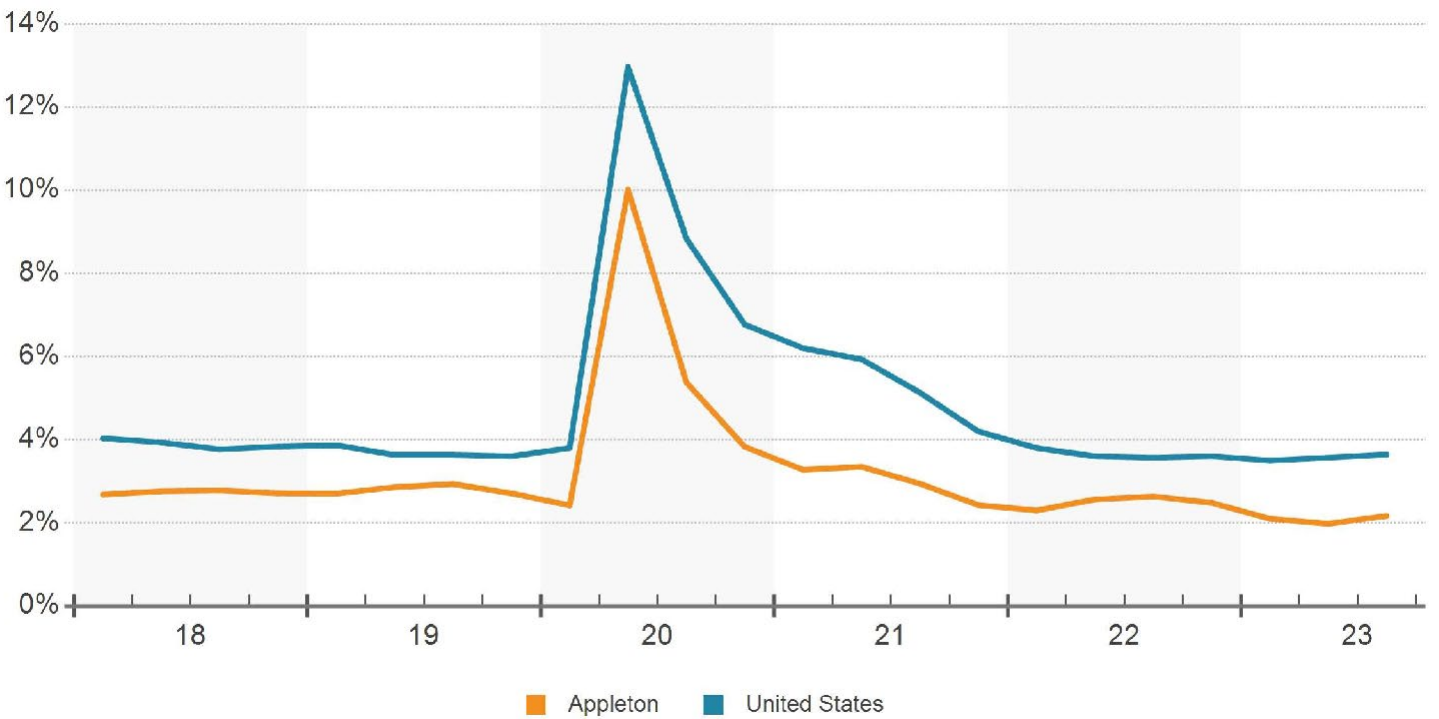
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

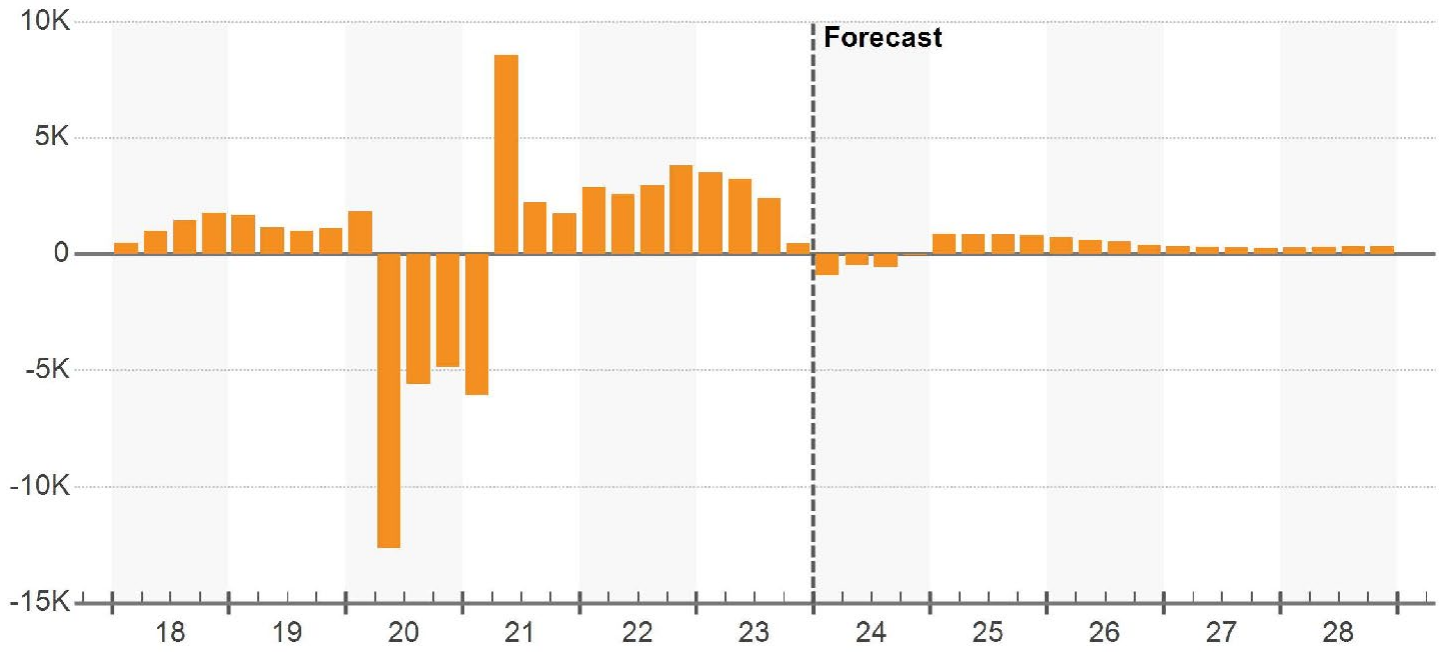


Source: Oxford Economics

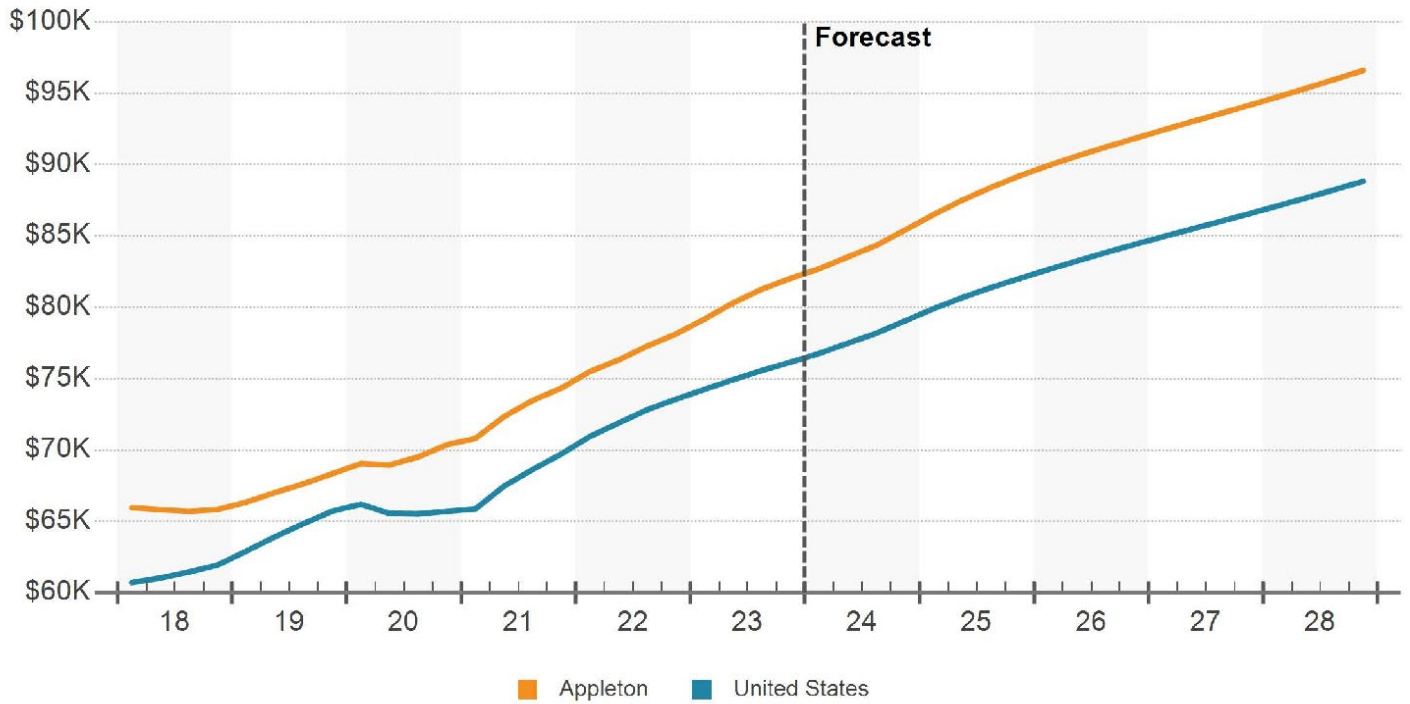
## UNEMPLOYMENT RATE (%)



## NET EMPLOYMENT CHANGE (YOY)

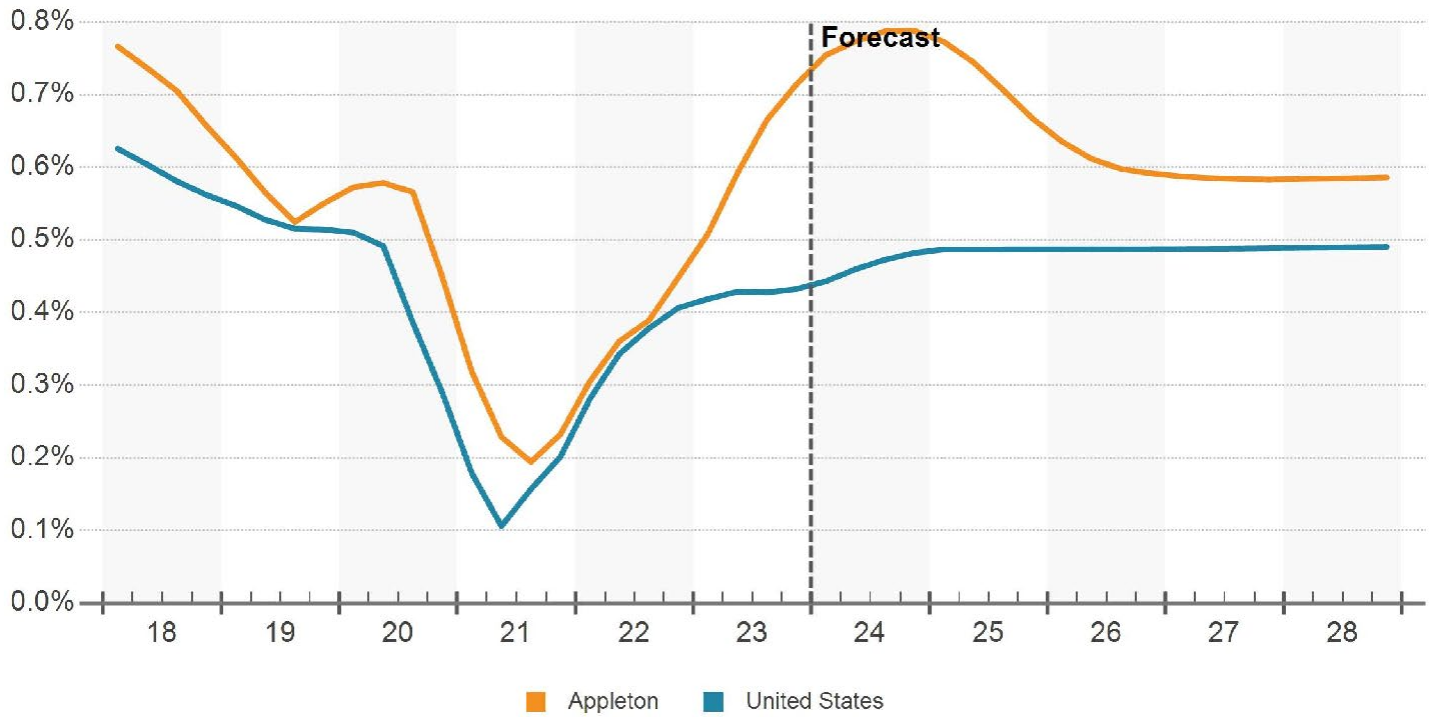


## MEDIAN HOUSEHOLD INCOME

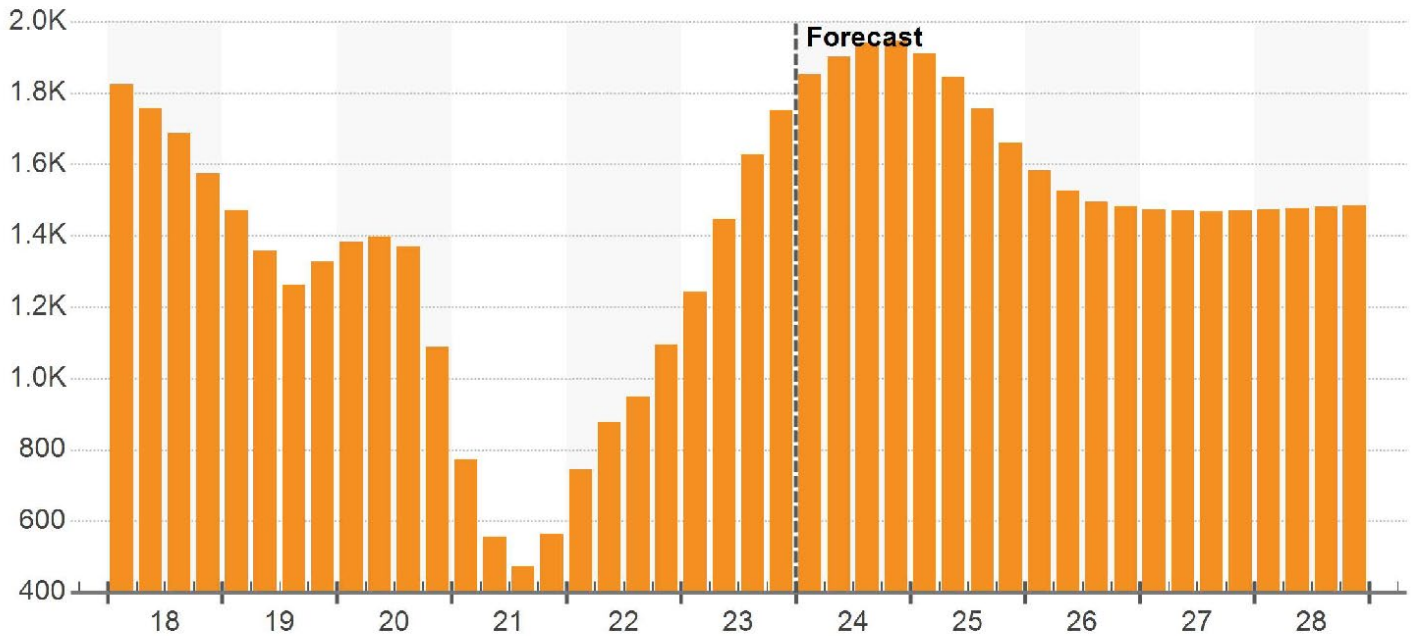




## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)



## DEMOGRAPHIC TRENDS

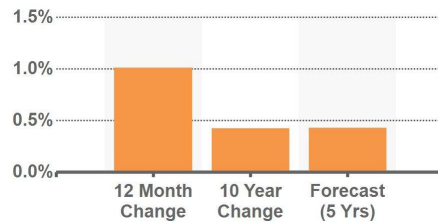
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	247,050	335,181,531	0.7%	0.4%	0.6%	0.5%	0.6%	0.5%
Households	101,308	130,870,758	0.9%	0.6%	1.1%	0.9%	0.7%	0.6%
Median Household Income	\$82,153	\$76,267	4.9%	3.5%	3.5%	3.8%	3.3%	3.1%
Labor Force	133,295	167,600,031	1.0%	1.6%	0.4%	0.8%	0.4%	0.2%
Unemployment	2.2%	3.6%	-0.2%	0.1%	-0.3%	-0.3%	-	-

Source: Oxford Economics

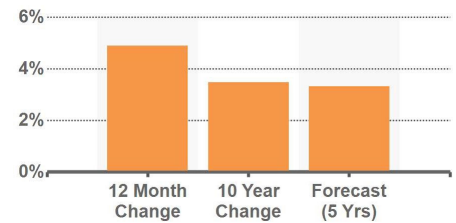
### POPULATION GROWTH



### LABOR FORCE GROWTH



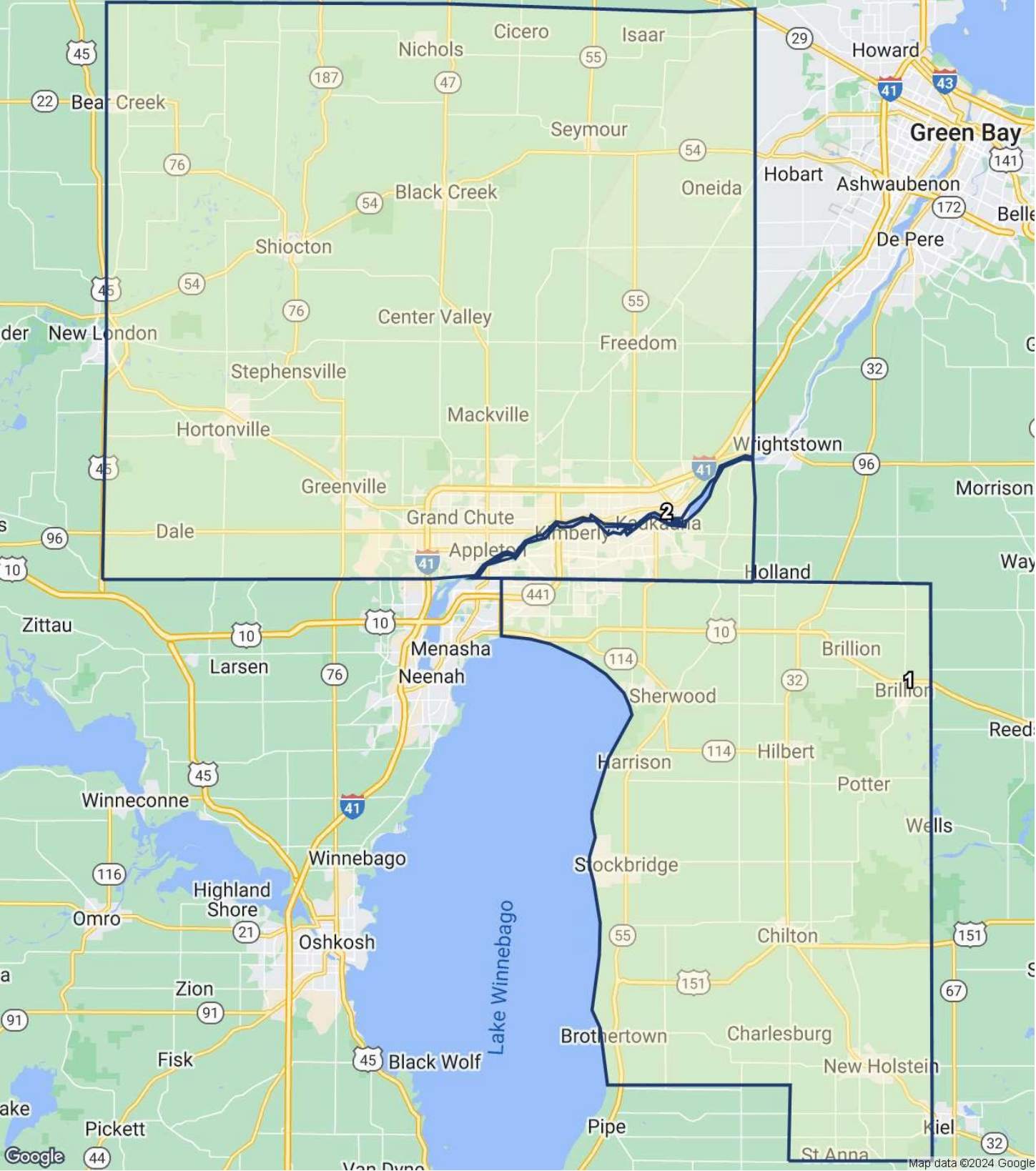
### INCOME GROWTH



Source: Oxford Economics

# Submarkets

## APPLETON SUBMARKETS



### SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Calumet County	65	3,935	11.1%	2	4	281	7.1%	2	1	12	0.3%	2
2	Outagamie County	810	31,428	88.9%	1	4	481	1.5%	1	2	259	0.8%	1

### SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Calumet County	\$6.02	2	3.0%	2	1.9%	2
2	Outagamie County	\$6.64	1	3.7%	1	2.1%	1

### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			SF	% of Inv	Rank
		SF	Percent	Rank			
1	Calumet County	331,484	8.4%	2	3,170	0.1%	2
2	Outagamie County	785,692	2.5%	1	365,388	1.2%	1