

**Inventory**  
17.7M SF

**Vacancy Rate**  
9.14%

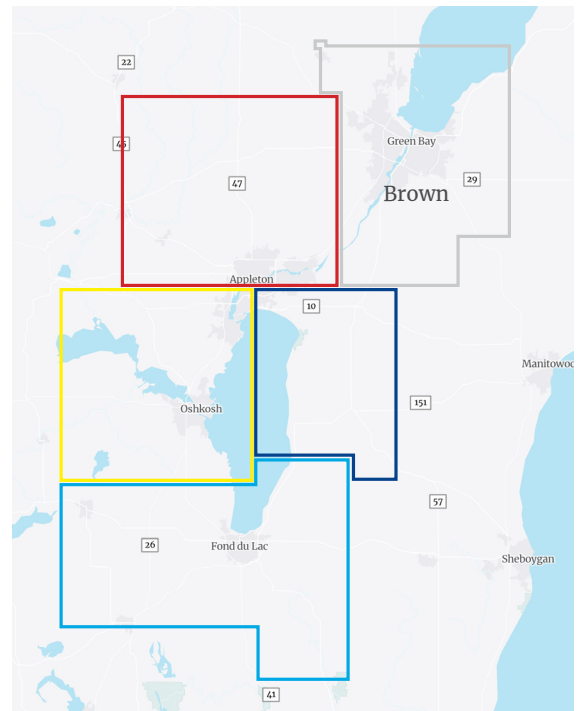
**Availability Rate**  
10.26%

**Under Construction**  
0 SF

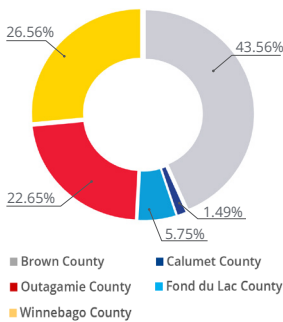
## Market Overview: Office

Submarket	Total Inventory	Vacancy Rate (%)	Availability Rate (%)
Brown County	7,708,202	10.15%	10.02%
Calumet County	262,892	0.00%	0.00%
Fond du Lac County	1,017,493	7.20%	12.56%
Outagamie County	4,008,103	8.94%	11.71%
Winnebago County	4,699,440	8.59%	9.50%
<b>Fox Valley Total</b>	<b>17,696,130</b>	<b>9.14%</b>	<b>10.26%</b>

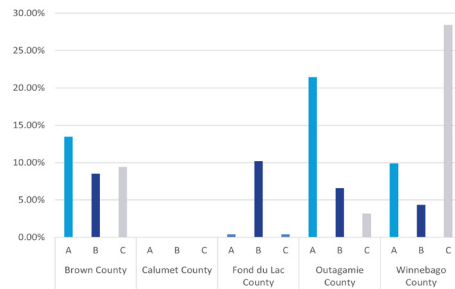
## Office Submarkets



## Inventory by County



## Vacancy by Class



## Vacancy & Availability

Since the pandemic, vacancy rates in the office sector have consistently been rising at an alarming rate. However, office vacancy rates in the Fox Valley have been trending downwards as opposed to the rest of the United States. Ending the second quarter with a 9.14 percent vacancy rate, the Fox Valley region is finally below 10.00 percent. In comparison, the United States as a whole has a vacancy rate of 13.11 percent. The onset and aftermath of the pandemic pushed most office users to take on a fully remote or hybrid work environment and downsize their operations. Since then, office users have started transitioning back into an in-person work environment with an emphasis on the quality of space and collaboration among their employees. Due to the high construction costs and interest rates nationwide, landlords are more inclined to invest in upgrading existing spaces rather than developing brand-new Class A properties.

The highest levels of vacancy can be found in Brown County at 10.15 percent. This is primarily due to the makeup of class A office buildings in Brown County. At 14.40 percent, Fox Valley's Class A office space is significantly higher than Class B (6.66 percent) and Class C (11.78 percent) spaces. These higher vacancy rates in Class A spaces can be attributed to macroeconomic factors such as elevated interest rates and construction costs. Tenants are downsizing and minimizing expenses in anticipation of potentially prolonged high-interest rates driven by inflation. Another explanation for the rising vacancy rates in Class A office space can be attributed to its makeup of the market. Class A office space accounts for 21.00 percent of the overall rentable building area in Fox Valley. Lower supply can be more susceptible to short-term market fluctuations as a result of larger tenants downsizing and vacating space.

On the other hand, Calumet County is experiencing the lowest levels of vacancy in the Fox Valley, with a 0.00 percent vacancy rate. However, it only represents a small portion of the overall office market at 1.49 percent. A more reliable indicator of the region's overall vacancy rates can be observed in class B space, which accounts for 62.31 percent of the office inventory. Class B office space sits at a 6.66 percent vacancy rate with a 9.86 percent availability rate.

## Proposed Developments

Address	County / Submarket	Leasing Company	Type	RBA (SF)	Spec / BTS	Expected Completion
W6250 Aerotech Dr	Outagamie County	NAI Pfefferle	Multi-Tenant	80,000 SF	BTS	March 2024
1274 N Koeller St	Winnebago County	Prime Space Development	Multi-Tenant	21,516 SF	BTS	September 2024
S Quest Dr & E Plank Rd	Calumet County	NAI Pfefferle	Multi-Tenant	20,000 SF	BTS	Undisclosed

Since the onset of the pandemic, there has been significant decline in the construction of new office buildings. The uncertainties surrounding the office market, along with increasing interest rates and construction costs, have considerably diminished the confidence of developers. Despite the Fox Valley and Green Bay region outperforming the market from a vacancy standpoint, there is still a lingering concern about the possibility of a recession. One noteworthy proposed development is at W6250 Aerotech Drive, featuring 80,000 square feet of rentable space. If this space remains unleased, it has the potential to affect absorption in Q1 2024, assuming it receives approval.

## Notable Transactions

Address	County	Buyer	Seller	RBA (SF)	Sale Price	Price/SF	Sale Date	Sale Type
139 S Washington St	Brown County	Integra.biz	GDC American Blvd	35,000 SF	\$2.6M	\$74.29/SF	Apr-23	Investment
421 Lawrence Dr	Brown County	Creekside Christian	Howard Frankenthal	32,500 SF	\$2.5M	\$76.92/SF	May-23	Owner User
711 Eisenhower Dr	Outagamie County	Clark Capital Holdings	Associated Bank	14,625 SF	\$1.6M	\$109.40/SF	May-23	Investment

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