

SOUTH CENTRAL WISCONSIN'S ECONOMIC ENGINE CONTINUES TO SET THE PACE



William Mears
Principal,
Managing Broker,
Coldwell Banker
Commercial McGuire
Mears & Associates

What a difference a decade makes. While some may characterize the evolution of the development and investment climate of the Janesville-Beloit, Wisconsin metropolitan statistical area (MSA) with a population of 160,120 as an extreme makeover, others will note the area has been south central Wisconsin's best kept secret.

Case in point: the numbers speak for themselves, and local real estate and economic development officials are bullish on this location's growth trajectory.

For starters, the area's logistical friendly environment, its value-add real estate and workforce assets and its seasoned development team provide the right ingredients to facilitate development opportunities.

Since 2010, the Janesville-Beloit MSA has added more than 12 million square feet of commercial and industrial space. Recognized brands such as Amazon, Kerry Foods, Fairbanks Morse Defense, SHINE Medical Technologies and Prent Corp. represent a sampling of the area's business community. These companies and their 3,500+ counterparts drive the area's annual GDP figure, which is nearly \$7 billion.

Industrial and warehousing demands from end-users seeking to leverage critical supply chain inputs are continually impacting the county's real estate market.

As a result, industrial vacancy rates are hovering around 2 percent, and that's why investors have delivered six speculative buildings totaling about 1 million square feet to the market. This same investor cohort is planning on delivering more than 620,000 square feet of speculative space in 2021 to meet the needs of food processors, metal fabricators, med-tech, logistics and plastics manufacturers throughout the Janesville-Beloit MSA.

Staffing these new and existing businesses requires access to a steady supply of talent, and institutions of higher learning like Blackhawk Technical College and the University of Wisconsin-Whitewater at Rock County are offering customized workforce training and upskilling opportunities.

Although quarterly unemployment rates are moving closer toward their pre-pandemic levels of 3.5 percent, the area's proximity to the Wisconsin-Illinois border continues to facilitate a

healthy dose of daily cross-commuters.

Impact on other asset types

Appealing quality of life standards, coupled with an influx of technology jobs, is driving investments into the area's multifamily and single-family housing markets. As a result, more than 700 units will have been delivered throughout Beloit and Janesville between 2019 and 2022.

Affordability is a significant residential selling point, with the county's year-to-date median sale home price at \$185,000 — 50 percent cheaper than what home buyers are spending on comparable properties in Madison, Wisconsin's capital, which is 30 minutes northwest of the Janesville-Beloit MSA.

Increased wages, combined with a lower cost of living, translates into real buying power, which is why the county's sales and use tax collections consistently establish new quarterly and/or year-end records.

The new \$34 million minor league baseball stadium in downtown Beloit, scheduled to open in mid-summer 2021, and the resumption of pre-pandemic activities are expected to drive collections beyond previous year-end totals. Once the proposed \$400 million Ho-Chunk Nation casino and resort materializes in Beloit, which insiders project could be as early as 2023 or 2024, collections will experience yet another push upward.

The resiliency and strength of the local economy, particularly during the last 14 months, has been remarkable. During my nearly 25 years in commercial real estate in this area, I've never seen this type of concentrated



Pictured is an Amazon distribution center within Gateway Business Park in Beloit, about 75 miles southwest of Milwaukee.

transaction volume and velocity.

The commitment to collaboration between the public and private sectors, particularly following the aftermath of the Great Recession, has paid dividends for the Janesville-Beloit MSA. This strategic engagement and cooperation have been key factors guiding the area's economic compass. That's why nearly 200 projects, representing a combined capital investment totaling about \$2.6 billion, have advanced throughout the county during the last dozen years.

The forecast for the next two years is projected to mirror these trends, as well, with up to 500,000 square feet of

build-to-suit space anticipated to enter the market by the second quarter of 2022.

"The economic development pipeline remains strong and well positioned to compete for new investments that need to service businesses, as well as consumers, within the extended Chicagoland-Milwaukee corridor," says James Otterstein, economic development manager for the Janesville-Beloit MSA.

Indeed, the numbers do speak for themselves: that's why local officials are bullish on the current, as well as the future, economic trajectory of the Janesville-Beloit MSA.

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