

OFFICE OVERVIEW

Madison, WI Q2 2020

VIEW FROM ABOVE

As you consider the future of your office, it may be time to reconsider your footprint. Even a minor “work from home” increase can significantly increase your bottom line. Reach out to us to discuss your long-term strategy.

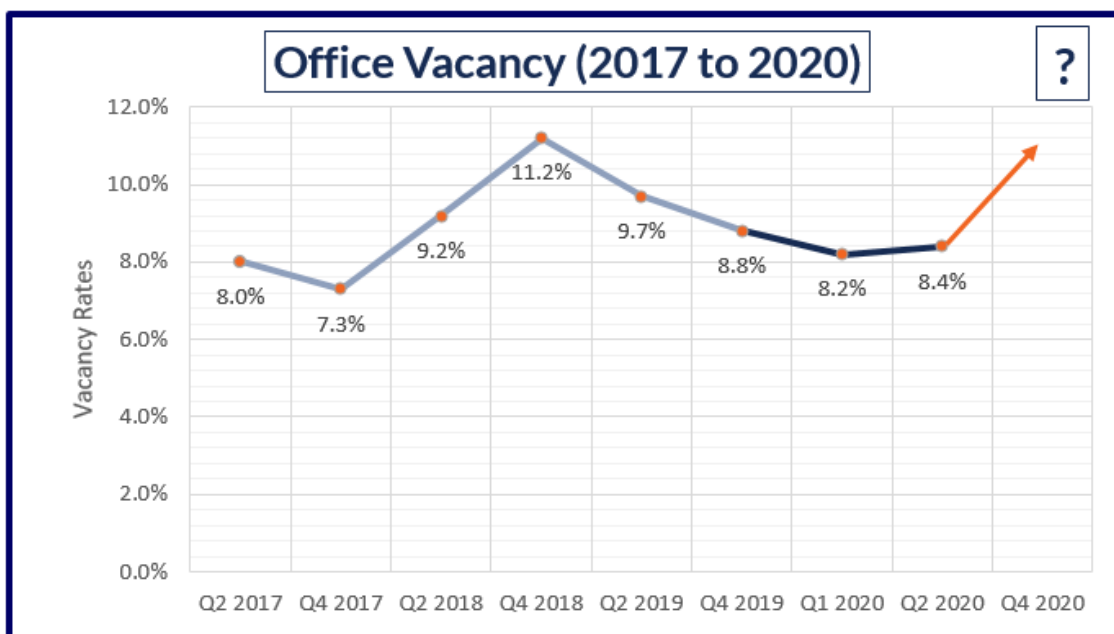
	THIS QUARTER	NEXT QUARTER
Vacancy	▲	▲
Rents	—	▼
New Construction	▼	▼
Net Absorption	▼	▼

SCANNING THE HORIZON

- Market Leasing Volume dropped over 63% nationwide (since January 1st)^
- Unemployment recovered by a third to 7.4% from a high of 11.1% in Madison (MSA)*
- Vacancy rose slightly to 8.4%
- ~30% of employees surveyed want to “work from home” a majority of the week@

TIPS FROM THE CAST

- Expect significant vacancy increase in the coming 3 to 6 quarters including
 - Sublease opportunities with shadow vacancy becoming permanent
 - Market rent correction
 - Landlords will begin to offer rent concessions
- Opportunities for Tenants to upgrade - Flight to quality.



MARKET RECAP

- Inventory 17.4 MM SF
- Absorption -22,709 SF
- Vacancy 8.4%
- Under Construction 146,000 SF

SOURCES

Office data provided by REDi, www.redicitylist.com/carw
 ^JLL Q2 Office Outlook
 *Bureau of Labor Statistics
 @ Gensler/Marcuz & Milichap

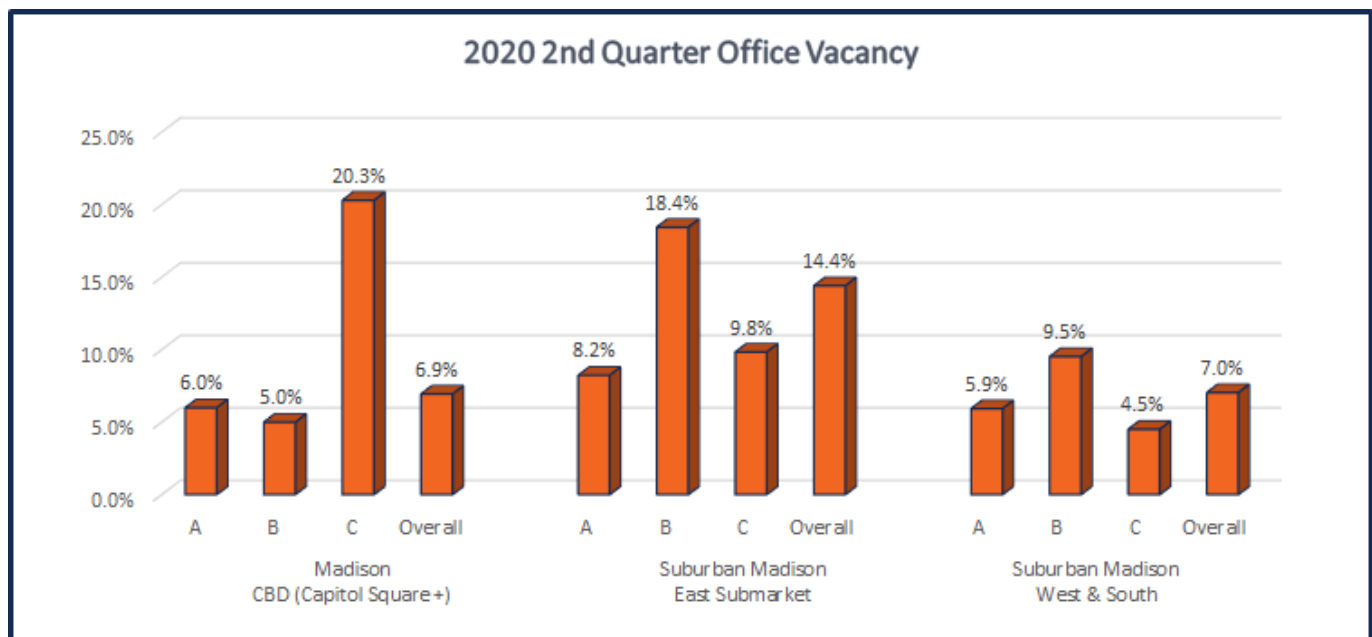


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MARKET OVERVIEW BY PRODUCT TYPE

Submarket	Building Class	Vacancy Rate	Total Vacant (SF)	Total Square Feet
Madison CBD (Capitol Square +)	A	6.0%	127,025	2,119,837
	B	5.0%	95,216	1,907,521
	C	20.3%	86,912	428,167
	Overall	6.9%	309,153	4,455,525
Suburban Madison East Submarket	A	8.2%	72,551	881,286
	B	18.4%	361,368	1,959,874
	C	9.8%	53,044	539,478
	Overall	14.4%	486,963	3,380,638
Suburban Madison West & South	A	5.9%	302,188	5,099,535
	B	9.5%	324,708	3,411,676
	C	4.5%	49,976	1,110,337
	Overall	7.0%	676,872	9,621,548
Grand Total		8.4%	1,472,988	17,457,711



REAL ESTATE TERMS

- **Absorption** - The net change in leased square footage in a given period (Positive: market growth/Negative: market contraction)
- **Shadow Vacancy** - Vacancy currently lease but not occupied by a tenant
- **Flight to Quality** - a reaction of tenants in a down market when tenants can lease better quality space at a less expensive price.

WHAT THIS MEANS FOR YOU...

We believe the market will continue to change dramatically, as will your respective workplace. Now, more than ever, your Real Estate Strategy matters.

Reach out today to make sure your real estate aligns with your business strategy.



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