

# OFFICE OVERVIEW

Madison, WI Q4 2020

## VIEW FROM ABOVE

Expect vacancy to rise for at least the next 6-8 quarters as "work from home" models are calibrated.

2020 office market gave back 158,000 SF (negative absorption)

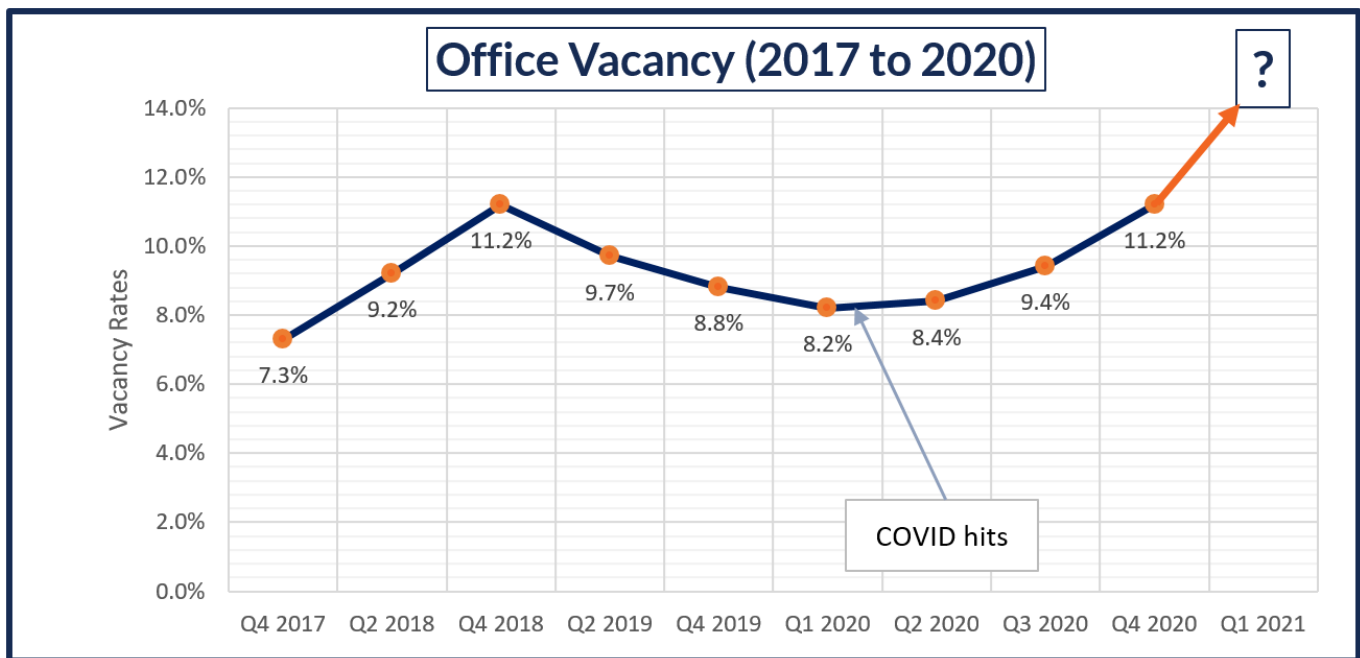
	THIS QUARTER	NEXT QUARTER
Vacancy	▲	▲
Rents	—	▼
New Construction	▼	▼
Net Absorption	▼	▼

## SCANNING THE HORIZON

- **Vacancy reaches 11.2%.** The vacancy snowball has started, when will it hit bottom?
- **3.6% Unemployment.** Down from 5.1% last quarter, area unemployment trending ahead of national averages.\*
- 13 Subleases available (5 new in Q4). Averaging 14,990 SF.
- **31.5% of US renewals signed in 2020 were for less than a year.** Historic average 19% ^

## TIPS FROM THE CAST

- Market Equilibrium has been breached. **Tenants should start to expect concessions.**
- Employees are demanding flexibility. Even minor to moderate increases in "work from home" should see **10% - 25% savings in real estate costs.**
- If you can extend your lease in the short term, we strongly recommend it.
- **Test the market if you have an option to renew, it will be worth it.**



## MARKET RECAP

- Inventory 17.6 MM SF
- Absorption -82,881 SF
- Vacancy 11.2%
- Under Construction 170,800 SF

## WHAT THIS MEANS FOR YOU...

Don't wait until employees come back, survey them now to determine your future "work from home" mix.

These agile workers will impact your real estate strategy.

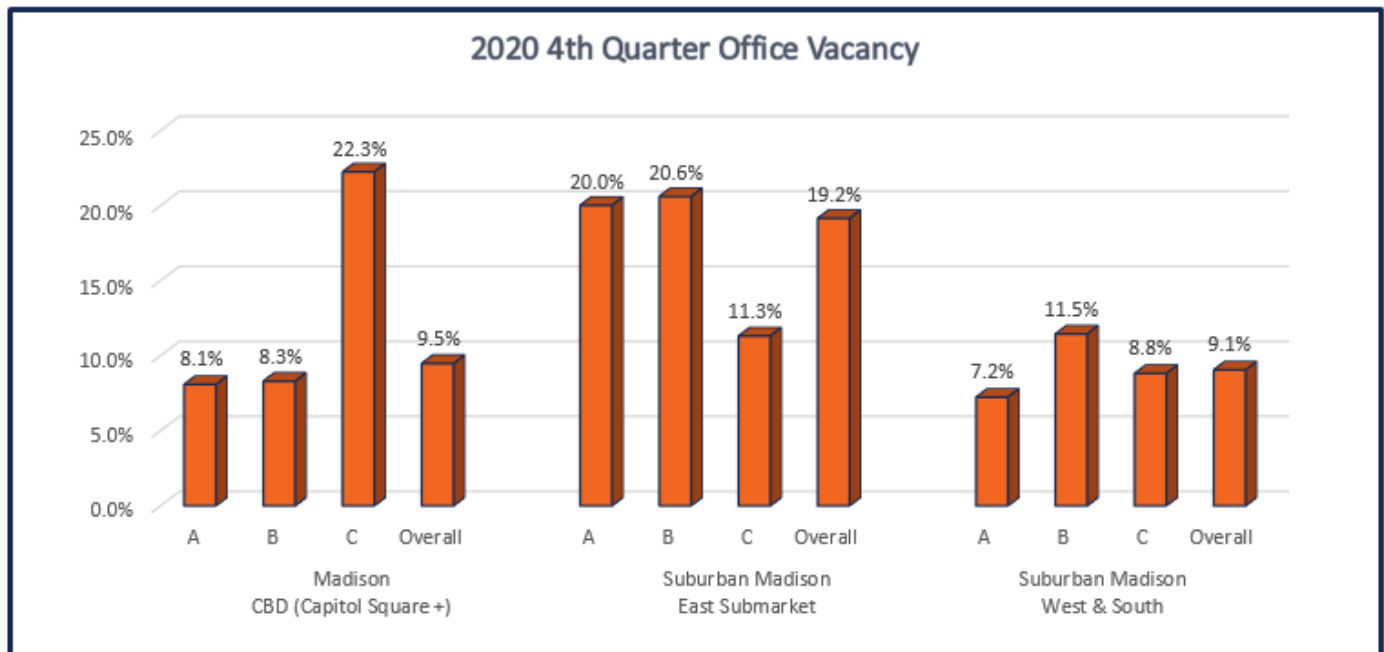


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## MARKET OVERVIEW BY PRODUCT TYPE

Submarket	Building Class	Vacancy Rate	Total Vacant (SF)	Total Square Feet
Madison CBD (Capitol Square +)	A	8.1%	181,101	2,238,517
	B	8.3%	156,475	1,883,420
	C	22.3%	93,516	420,167
	Overall	9.5%	431,092	4,542,104
Suburban Madison East Submarket	A	20.0%	207,496	1,036,286
	B	20.6%	401,036	1,945,694
	C	11.3%	53,556	472,955
	Overall	19.2%	662,088	3,454,935
Suburban Madison West & South	A	7.2%	344,650	4,758,920
	B	11.5%	427,293	3,729,485
	C	8.8%	96,473	1,092,637
	Overall	9.1%	868,416	9,581,042
<b>Grand Total</b>		<b>11.2%</b>	<b>1,961,596</b>	<b>17,578,081</b>



## CLIENT SHOUT OUTS

- **PPD** continues to expand with a new facility in Middleton. PPD's clinical research presence in the Madison area impacts our world.
- **CapTel (Captioned Telephone)** extended its customer support centers in Milwaukee and Orlando, FL. CapTel continues to help the hearing impaired communicate.
- **Commonwealth Companies** expanded and extended its lease in Middleton. This multi-family developer continues to provide housing solutions in Wisconsin and nationwide.

## SOURCES

Office data provided by REDI, [www.redicatylist.com/carw](http://www.redicatylist.com/carw)  
 \* Bureau of Labor Statistics  
 ^ Cushman & Wakefield



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