

VIEW FROM ABOVE

Hybrid work is here to stay. If you want your teams to connect, be creative and lead your teams.

Your guidance will **promote culture and employee productivity.**

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

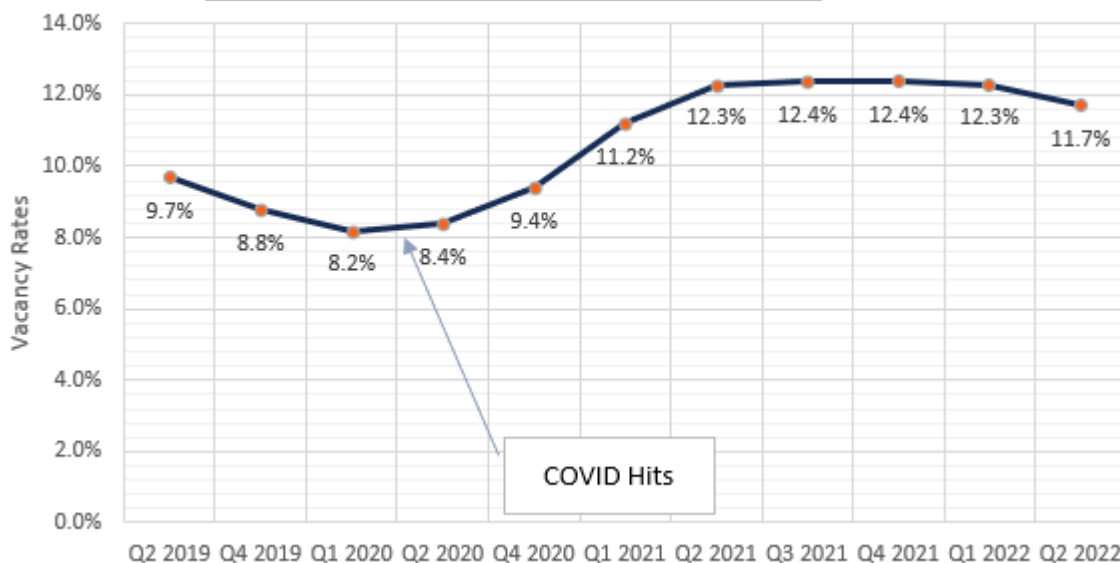
SCANNING THE HORIZON

- **Vacancy 11.7%.** Stable yet still in flux.
- **2.5% Unemployment.** A tight labor market continues to keep unemployment low.*
- Market is stable, yet large **tenants are still finding ways to shed space.**
- Do not expect the office market to recover **until 2024.**

TIPS FROM THE CAST

- **Hybrid work** – holding firm, various national surveys continue to show **more than 60% of workers** want a remote option in some form.^
- **Remodeling costs remain high,** plan ahead.
- **Reach out to your architect/design professional.** Workplace design has been reimaged to support the new norm.

Office Vacancy (2019 to 2022)



MARKET RECAP

- Inventory 18 MM SF
- Absorption (98,000 SF)
- Vacancy 11.7%
- Under Construction 619,400 SF

WHAT THIS MEANS FOR YOU...

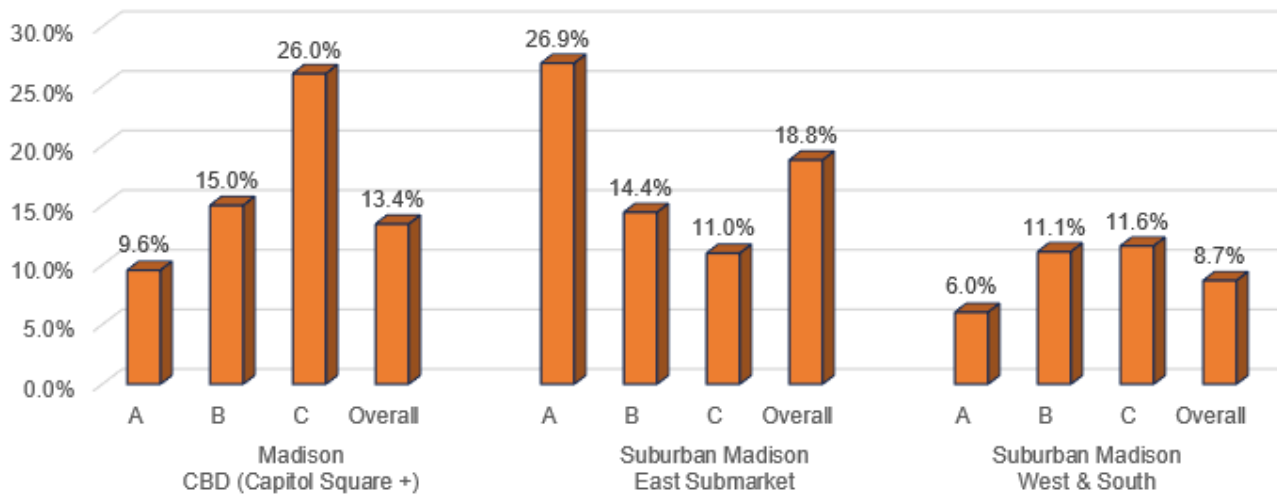
70 Million US workers say they can do their work from home. The biggest reason: **the commute.** Workers want flexibility but they also want to connect to the office and their organization.



MARKET OVERVIEW BY PRODUCT TYPE

Submarket	Building Class	Vacancy Rate	Total Vacant (SF)	Total Square Feet
Madison CBD (Capitol Square +)	A	9.6%	222,594	2,330,517
	B	15.0%	373,132	2,489,179
	C	26.0%	106,155	407,521
	Overall	13.4%	701,881	5,227,217
Suburban Madison East Submarket	A	26.9%	311,595	1,157,250
	B	14.4%	195,265	1,354,767
	C	11.0%	48,615	442,774
	Overall	18.8%	555,475	2,954,791
Suburban Madison West & South	A	6.0%	286,784	4,758,920
	B	11.1%	444,500	4,003,017
	C	11.6%	119,327	1,030,080
	Overall	8.7%	850,611	9,792,017
Grand Total		11.7%	2,107,967	17,974,025

2022 2nd Quarter Office Vacancy



REAL ESTATE TERMS

- **Shadow Vacancy** – market vacancy not reported in which tenants are not occupying space.
- **Lease Amortization** – the way in which a landlord finances improvements into your lease cost.
- **Load Factor** – the proportional amount of space a tenant pays (i.e. bathrooms/common hallways).

SOURCES

Office data provided by REDi, www.redicitylist.com/carw
 * Bureau of Labor Statistics
 ^ Gallup research



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