

VIEW FROM ABOVE

Functional Obsolescence -

Madison Office Market **shrunk by 2%**.
Functionally obsolete office space is converted to other uses

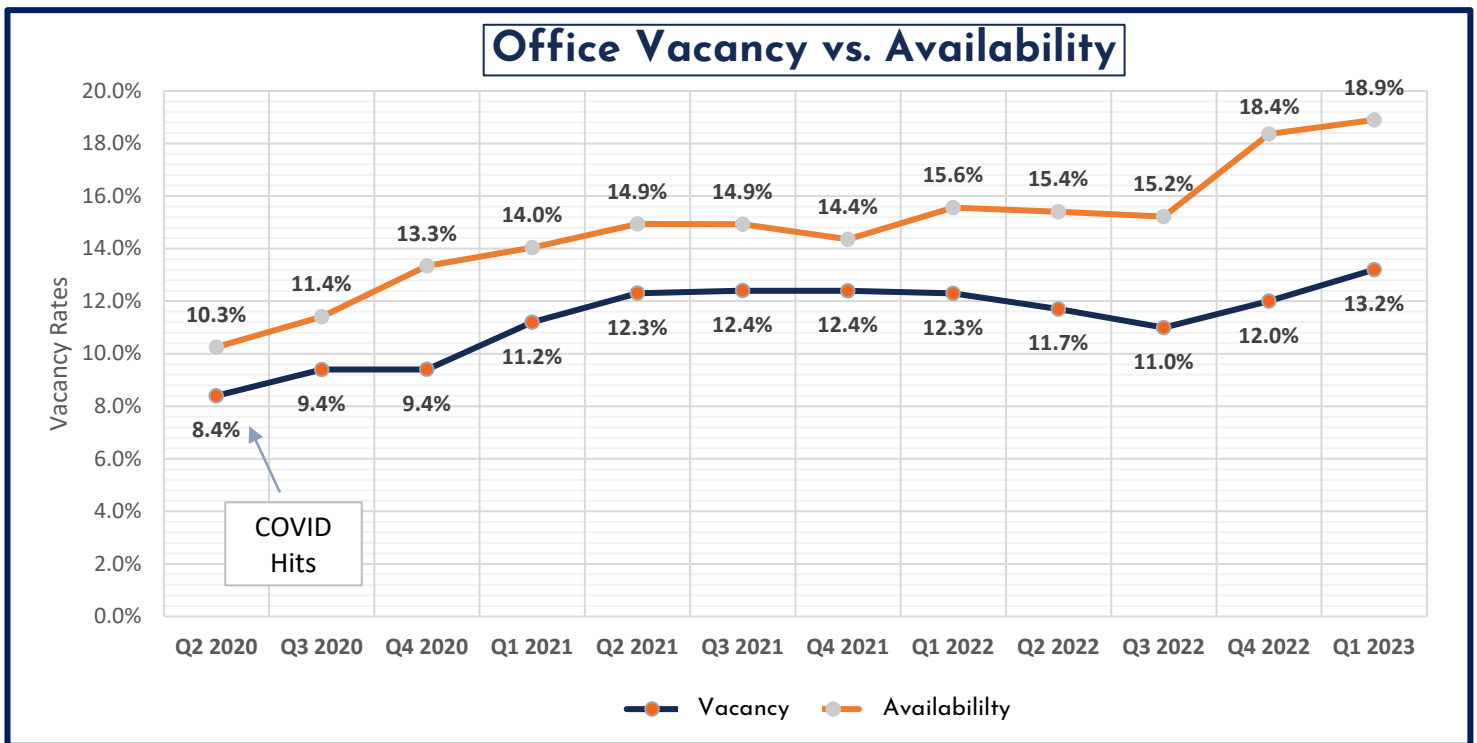
	THIS QUARTER	NEXT QUARTER
Vacancy	▲	▲
Rents	▬	▼
New Construction	▲	▬
Net Absorption	▼	▼

SCANNING THE HORIZON

- **Vacancy 13.2%, Availability 18.9%** - Both are rising
- **1.9% Unemployment[^]** - Lowest rate in the U.S.
- **Flight to Quality** - Class A buildings fare better with continued softening

TIPS FROM THE CAST

- **Amenities and collaboration space** are important for attracting a hybrid team
- **Office location is key** when employees collaborate or meet clients in person
- **With high construction costs and expensive capital**, consider subleasing already built-out office space



MARKET RECAP

- Inventory 17.8 MM SF
- Absorption -149,252 SF
- Vacancy 13.2%
- Under Construction 136,000 SF

WHAT THIS MEANS FOR YOU...

- **1.4B SF of U.S. Office** - obsolete by 2030.* This represents 6% of the U.S. office market or 1.05MM SF in Madison

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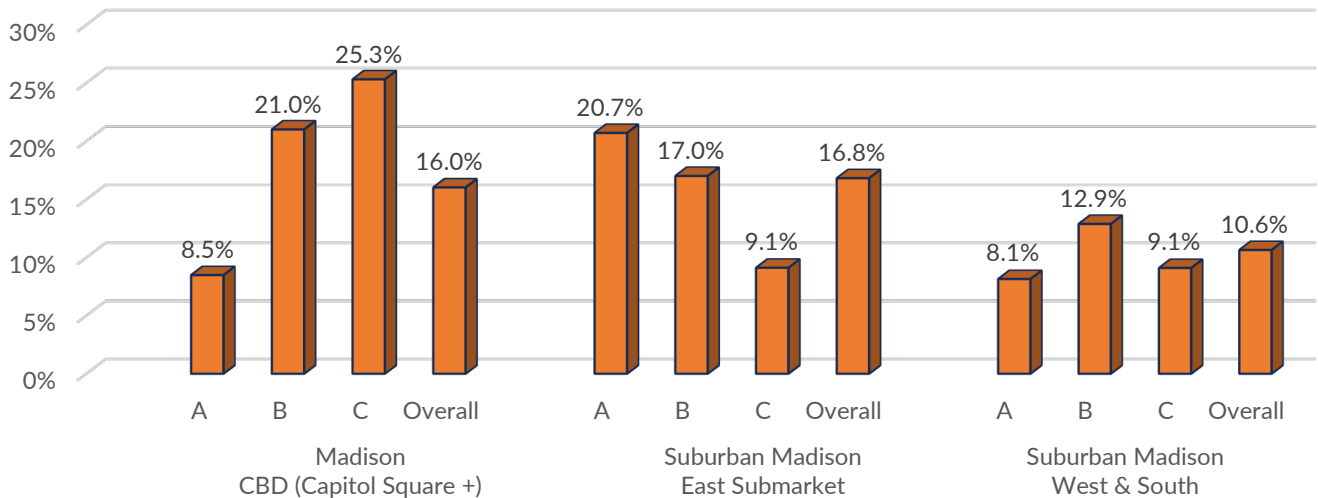
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MARKET OVERVIEW BY PRODUCT TYPE

Submarket	Building Class	Vacancy Rate	Total Vacant (SF)	Total Square Feet
Madison CBD (Capitol Square +)	A	8.5%	172,400	2,031,765
	B	21.0%	476,992	2,270,490
	C	25.3%	109,366	432,078
	Overall	16.0%	758,758	4,734,333
Suburban Madison East Submarket	A	20.7%	164,223	793,088
	B	17.0%	324,129	1,905,143
	C	9.1%	40,849	448,090
	Overall	16.8%	529,201	3,146,321
Suburban Madison West & South	A	8.1%	319,242	3,918,362
	B	12.9%	652,906	5,067,432
	C	9.1%	91,698	1,007,762
	Overall	10.6%	1,063,846	9,993,556
Grand Total		13.2%	2,351,805	17,874,210

2023 1st Quarter Office Vacancy



CLIENT SHOUT OUTS

- **Tosoh Bioscience**, formerly Semba Bio, relocated and expanded, leasing over 17,500 SF
- **ActionCOACH Wisconsin** extended and reduced its footprint to support their hybrid team
- **CapTel (Caption Telephone)** continued downsizing, leasing 9,889 SF in Orlando - an 80% reduction in SF

SOURCES

Office data provided by REDi, www.redicatylist.com/carw

*Bureau of Labor Statistics

*Cushman & Wakefield

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