

VIEW FROM ABOVE

Slight uptick in transaction activity did not improve the market but may be a sign the ship is turning?

Fingers crossed.

THIS QUARTER NEXT QUARTER

Vacancy	—	—
Rents	—	—
New Construction	—	—
Net Absorption	—	—

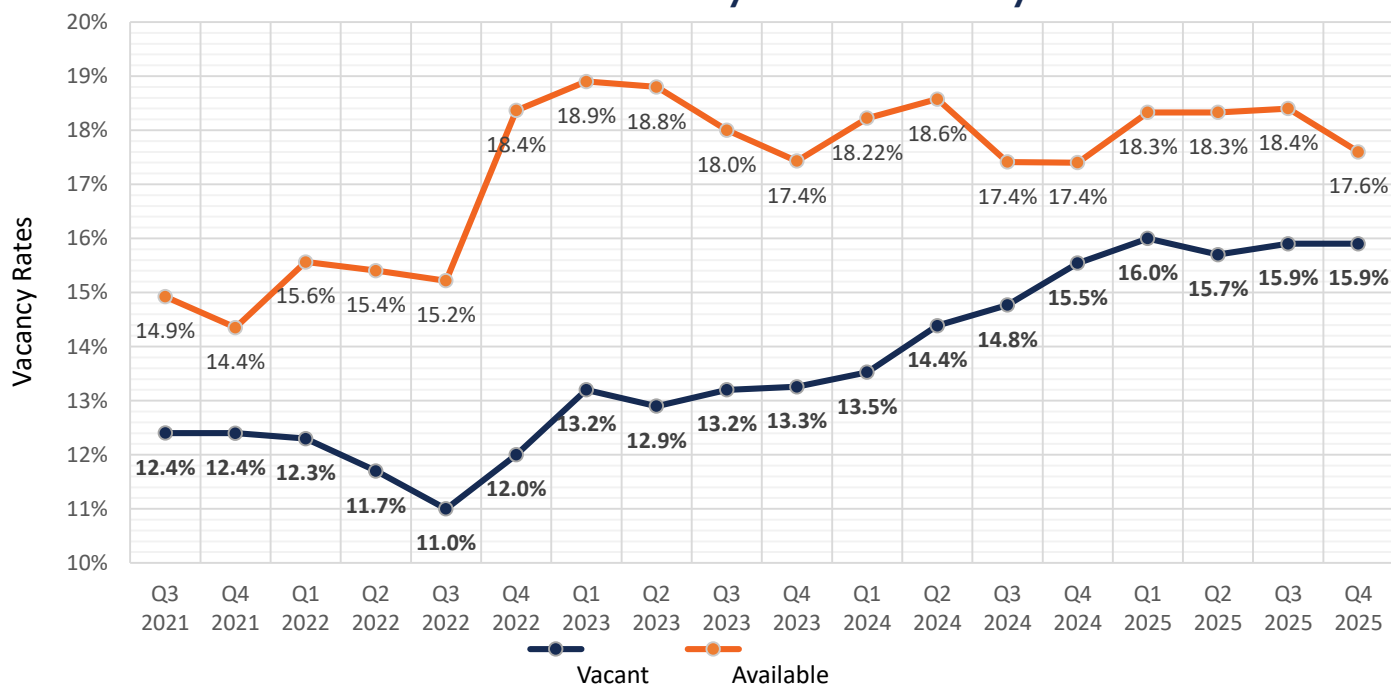
SCANNING THE HORIZON

- **Vacancy 15.9%, Availability 17.6%** - Vacancy has flatlined and availability is slowly decreasing
- **2.2% Dane County unemployment*** - steadily decreasing and remains low compared to 4.4% nationally.
- 7 new transactions **greater than 5,000 SF**, a hopeful sign

TIPS FROM THE CAST

- **Testing the market** still remains the best way to lower operational rent costs
- Do you know your **Rent to Revenue ratio** and how it compares to industry peers?

Office Vacancy vs. Availability



MARKET RECAP

- Inventory 17.4 MM SF
- YTD Absorption -70,745 SF
- Vacancy 15.9%
- Under Construction 52,000 SF

WHAT THIS MEANS FOR YOU...

Tenants are picking up **more Tenant improvement** costs on both existing and new relocations

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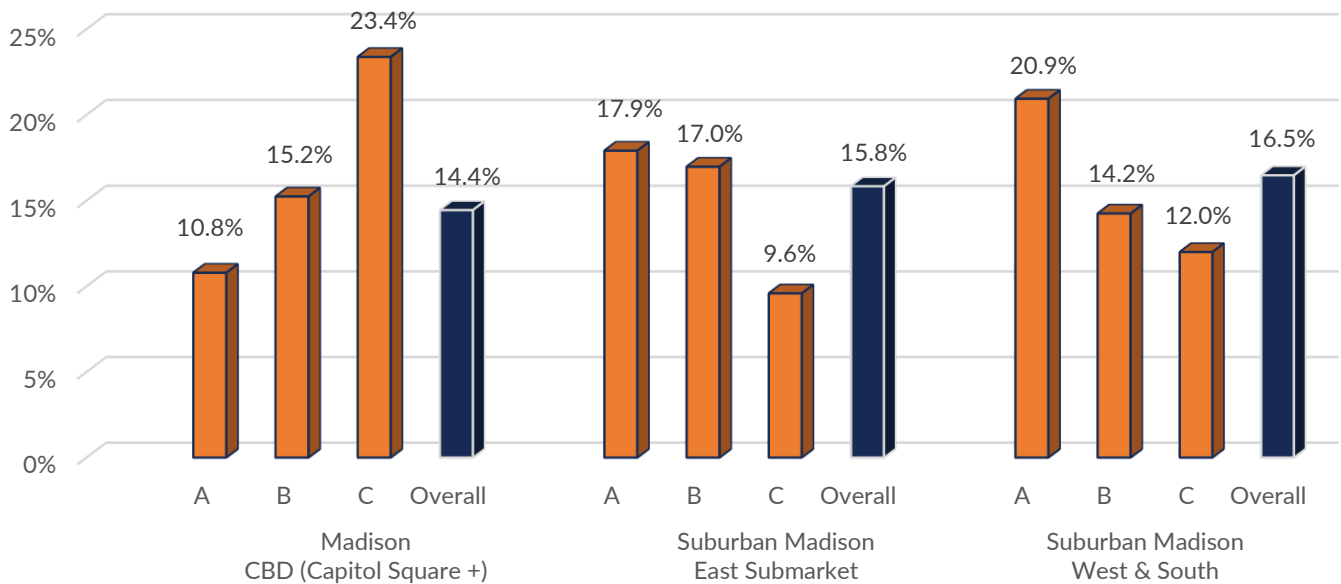
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MARKET OVERVIEW BY PRODUCT TYPE

Submarket	Building Class	Vacancy Rate	Availability Rate	Total Vacant (SF)	Total Available (sf)	Total Square Feet
Madison CBD (Capitol Square +)	A	10.8%	10.9%	219,278	221,722	2,031,765
	B	15.2%	18.3%	216,445	259,250	1,420,417
	C	23.4%	25.1%	165,118	176,993	706,251
	Overall	14.4%	15.8%	600,841	657,965	4,158,433
Suburban Madison East Submarket	A	17.9%	21.6%	142,054	171,123	793,088
	B	17.0%	17.2%	283,220	286,514	1,668,472
	C	9.6%	10.3%	54,357	58,176	566,717
	Overall	15.8%	17.0%	479,631	515,813	3,028,277
Suburban Madison West & South	A	20.9%	25.7%	837,096	1,027,876	3,997,770
	B	14.2%	14.2%	644,089	639,760	4,520,978
	C	12.0%	12.8%	208,221	221,440	1,735,221
	Overall	16.5%	18.4%	1,689,406	1,889,076	10,253,969
Grand Total		15.9%	17.6%	2,769,878	3,062,854	17,440,679

2025 4th Quarter Office Vacancy



Real Estate Terms

- **Landlord Delivery** - Building and suite improvement landlords provide prior to any allowance.
- **Build-out Cost** - Total cost of improvements to a tenant space.
- **Tenant Improvements Allowance** - Total cost of improvements to a tenant space.

SOURCES

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

*Bureau of Labor Statistics

*McKinsey Global Institute.

*JLL, Fortune 100 Companies

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