

VIEW FROM ABOVE

Office space **continues to be shed**. QBE and UW gave back over 250k SF of additional space back to the market.

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

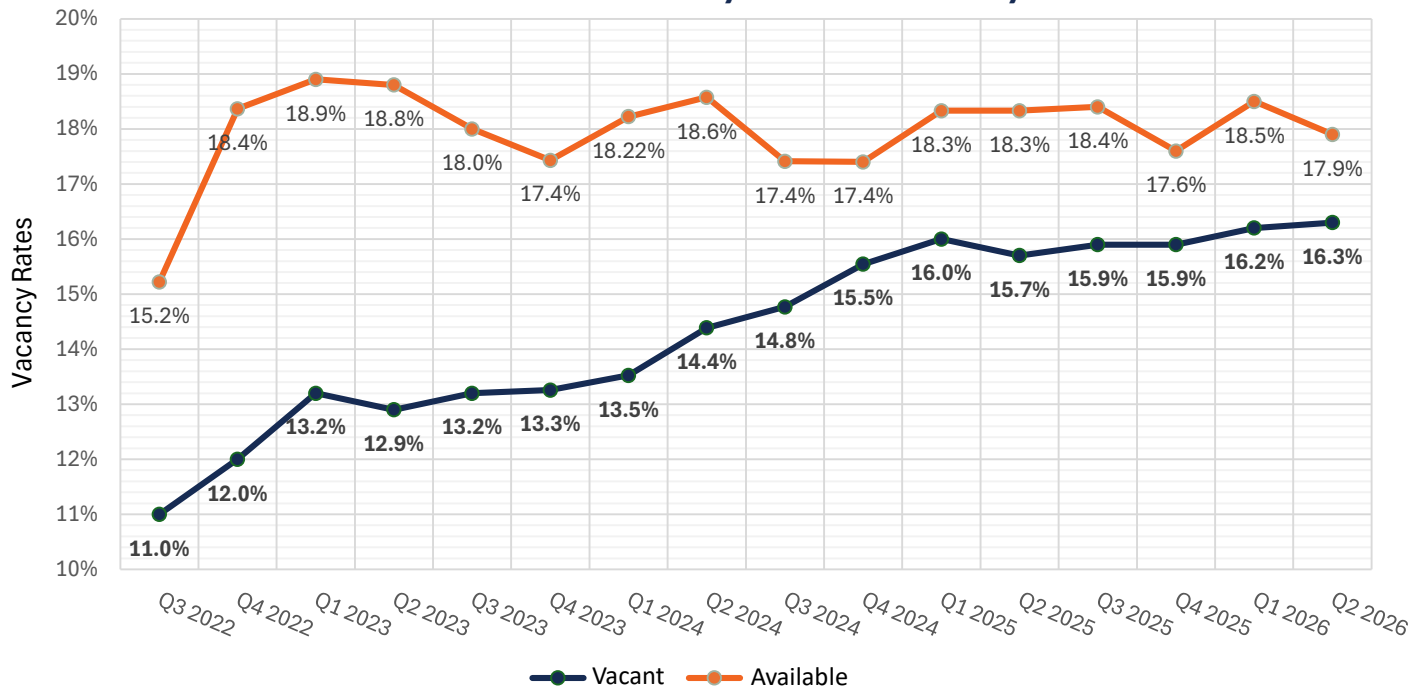
SCANNING THE HORIZON

- **Vacancy 16.3%, Availability 17.9%** - Availability has decreased with vacancy on a steady rise
- **2.5% Dane County unemployment*** - decreasing and remaining low compared to 4.5% nationally
- Uptick in new leases, **with twenty-seven (27) transactions**. 3 larger than 10,000sf and the rest less than 6,000 sf.

TIPS FROM THE CAST

- Office attendance has stabilized at 30-40% less than pre-pandemic levels.
- Purposeful collaborative spaces and community are a must have for when employees are in-person.

Office Vacancy vs. Availability



MARKET RECAP

- Inventory 17.4 MM SF
- YTD Absorption **(56,336 SF)**
- Vacancy 16.3%
- Under Construction 40,000 SF

WHAT THIS MEANS FOR YOU...

22% of all U.S. workers still work from home, only a percentage point less than in 2024, (the peak of remote work)

Return to Office mandates are having a minimal effect on overall space utilization.

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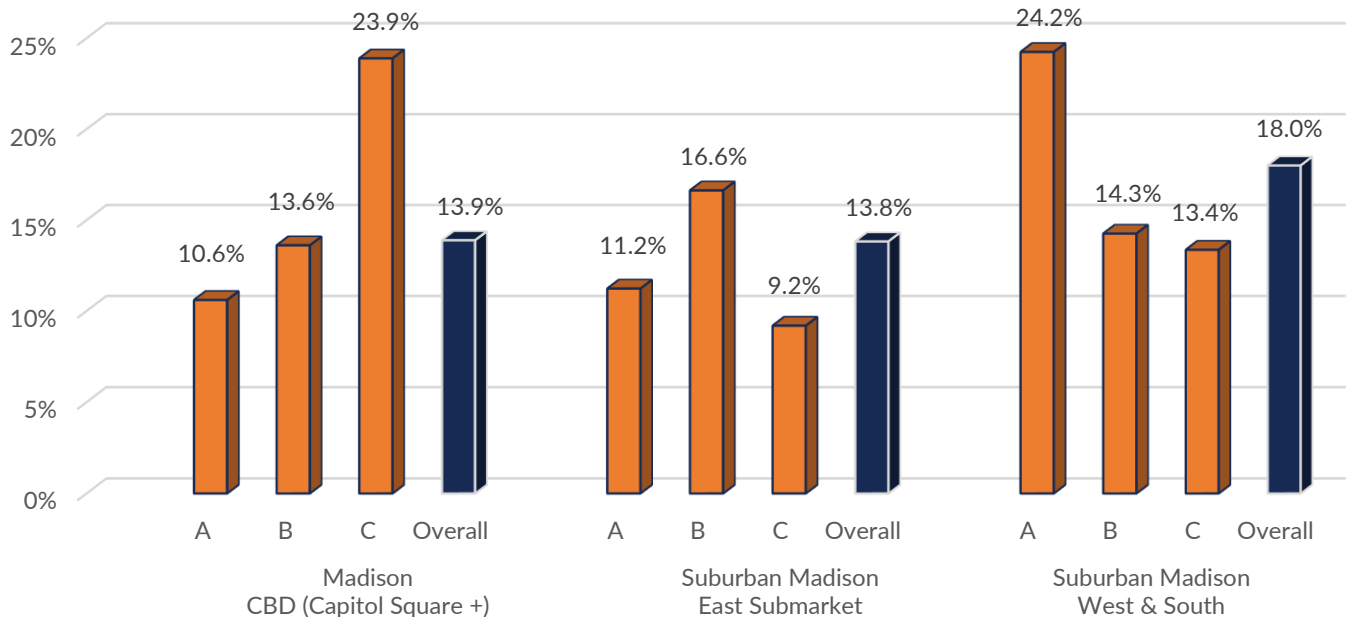
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MARKET OVERVIEW BY PRODUCT TYPE

Submarket	Building Class	Vacancy Rate	Availability Rate	Total Vacant (SF)	Total Available (sf)	Total Square Feet
Madison CBD (Capitol Square +)	A	10.6%	12.0%	215,443	243,065	2,031,765
	B	13.6%	17.3%	193,310	245,679	1,420,417
	C	23.9%	25.2%	168,721	177,667	706,251
	Overall	13.9%	16.0%	577,474	666,411	4,158,433
Suburban Madison East Submarket	A	11.2%	23.6%	89,081	186,785	793,088
	B	16.6%	15.1%	277,433	252,073	1,668,472
	C	9.2%	19.6%	52,089	110,928	566,717
	Overall	13.8%	18.2%	418,603	549,786	3,028,277
Suburban Madison West & South	A	24.2%	23.4%	969,250	935,628	3,997,770
	B	14.3%	15.8%	646,581	716,842	4,535,823
	C	13.4%	14.8%	230,067	254,619	1,721,589
	Overall	18.0%	18.6%	1,845,898	1,907,089	10,255,182
Grand Total		16.3%	17.9%	2,841,975	3,123,286	17,441,892

2026 2nd Quarter Office Vacancy



Client Shout Outs

- **Shadow Vacancy** - when a space looks occupied on paper, even if it's not being utilized by the tenant
- **Office Utilization Rate** - divide the number of employees in a space by the total capacity of that space
- **Hybrid Workforce** - New office market norm, a group of employees who work both remotely and in-person

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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