

YoY Chg 12-Mo. Forecast

5.4%

Vacancy Rate



-93K

Net Absorption, SF



\$21.31

Asking Rent, PSF



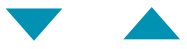
(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

371.4k

Madison Employment



3.6%

Madison Unemployment Rate



6.0%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics
2021Q1 data are based on latest available data

ECONOMY

Mounting evidence indicates that the economic recovery from COVID-19 began in May or June, reflected in the Q3 and Q4 2020 data. With the recent release of the vaccine, and good economic data being released, the recovery is firmly underway. Access the most recent research on CRE and the state of the economy [here](#).

Wisconsin's unemployment rate remained the same month-over-month at 3.8% in February 2021. Locally, Metro Madison's unemployment rate fairs slightly better, at 3.6%, however, 240 basis points (bps) below the national average.

According to data from the U.S. Bureau of Economic Analysis, Wisconsin's economy saw a 4.5% drop in real gross domestic product decrease, a rate that ranks Wisconsin 37th in the country. The decline is the largest single-year drop in the state's GDP in data going back to 1963.

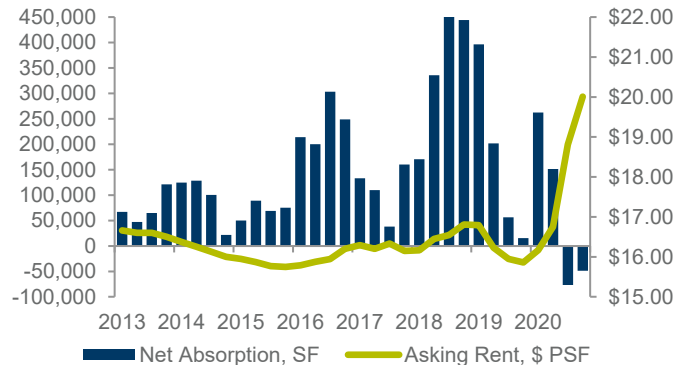
MARKET OVERVIEW

The Metro Madison office market consists of approximately 34.1 million square feet (msf) of inventory spread across nine (9) submarkets. In Q1 2021, the market reported negative absorption of only 93,001 square feet (sf). Renewal activity rose as tenants delayed relocation until they can better predict their long-term space needs. Renewal activity represented 49% of all leasing activity in Q1, with over 80,600 sf of space renewed among five transactions.

As the State Capitol of Wisconsin and the home of UW-Madison, public administration and education-related jobs have historically comprised the base of the local economy. Combined, the State of Wisconsin and the University of Wisconsin employ more than 64,000 people throughout the region. However, recent economic growth has been tied to an array of industries such as bio-technology, information and health technology, agribusiness/food, and precision manufacturing.

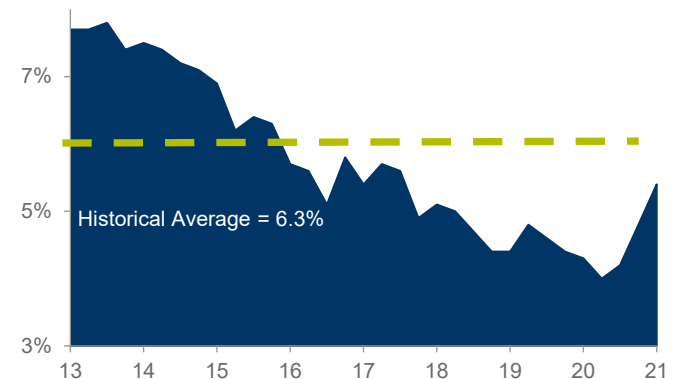
OVERALL NET ABSORPTION / OVERALL ASKING RENT

Overall Net Absorption / Overall Asking Rent
4-QTR TRAILING AVERAGE



OVERALL VACANCY

Overall Vacancy



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central Campus	7,702,171	70,348	322,556	5.1%	-7,691	-7,691	15,461	92,000	\$28.00	\$25.76
CBD	7,702,171	70,348	322,556	5.1%	-7,691	-7,691	15,461	92,000	\$28.00	\$25.76
Near West Madison	4,570,595	0	96,657	2.1%	-12,430	-12,430	12,486	0	\$15.29	N/A
Northeast Madison	6,488,590	2,531	359,317	5.6%	90,374	90,374	2,565	75,676	\$14.46	\$18.00
Northwest Madison	5,216,141	86,175	368,735	8.7%	-111,125	-111,125	99,434	0	\$22.60	\$18.50
Southeast Madison	2,044,446	0	109,770	5.4%	-26,047	-26,047	4,620	84,574	\$21.73	\$22.02
Southwest Madison	2,224,785	16,717	165,754	8.2%	-24,270	-24,270	0	0	\$14.34	\$19.62
South Central Madison	2,594,788	900	199,356	7.7%	-20,684	-20,684	16,136	0	\$16.41	\$16.83
Outlying Dane West	2,062,216	0	15,285	0.7%	26,500	26,500	0	0	\$12.00	N/A
Outlying Dane East	1,262,635	0	14,468	1.1%	-7,628	-7,628	2,000	0	\$12.00	N/A
Madison Outlying	26,464,196	106,323	1,329,342	5.4%	-85,310	-85,310	137,241	160,250	\$19.46	\$18.50
MADISON TOTALS	34,166,367	176,671	1,651,898	5.4%	-93,001	-93,001	152,702	252,250	\$21.31	\$26.09

*Rental rates reflect full service asking

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT
Class A	9,714,673	91,976	554,379	6.7%	-60,303	-60,303	116,970	126,572	\$26.09
Class B	21,380,364	84,695	880,312	4.5%	-25,511	-25,511	32,942	131,164	\$19.98
Class C	3,071,330	0	217,207	5.5%	-7,187	-7,187	2,790	0	\$13.21

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