

Madison Office Market

Uncertainty Impacts The Market

2020 was a challenging year for the office market, as the pandemic led to a slowdown in leasing activity and buying activity.

Current Quarter Trends

The fourth quarter of 2020 had negative absorption of 69,078 square feet a contraction of 0.4%. For the year the market had negative absorption of 113,635 square feet a contraction of 0.57%. The overall vacancy rate rose 80 basis points to 10.4% from the prior quarter of 9.6%. The vacancy rate is significantly higher than where it was a year ago when it was at 8.7%. The average asking gross rate rose slightly for the quarter to \$19.90/SF from \$19.71/SF.

Current Conditions

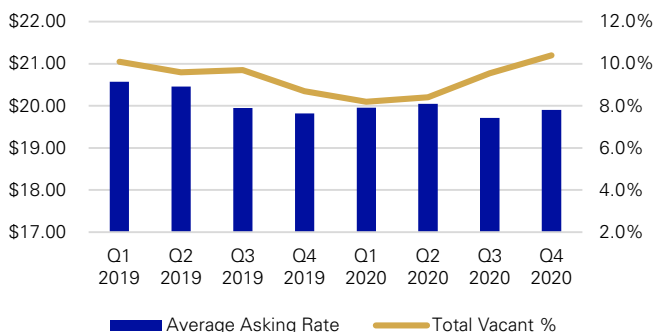
- Quarterly net absorption of negative 69,078 square-feet
- Year end net absorption of negative 113,635 square-feet
- Overall availability rate of 13.4%
- Overall vacancy rate of 10.4%
- 217,000 square-feet under construction
- 41,000 square-feet delivered this past quarter

Market Summary

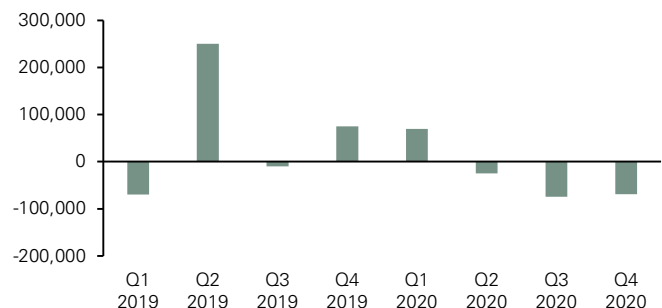
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	17.4M	17.3M	17.2M	↑
Availability Rate	13.4%	11.9%	11.8%	↑
Vacancy Rate	10.4%	9.6%	9.4%	↑
Quarterly Net Absorption (SF)	(69,078)	(74,153)	69,797	↓

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



RESEARCH Q4 2020

Submarket Statistics						
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)
Madison						
Downtown	5,455,392		14.43%	11.9%	(24,560)	(9,745)
Class A	2,238,517		10.68%	7.8%	(5,695)	3,329
Class B&C	3,216,875		17.04%	14.8%	(18,865)	(13,074)
East	1,045,436		20.22%	16.5%	12,881	(16,988)
Class A	295,489		20.88%	21.5%	0	(38,740)
Class B&C	749,947		19.96%	14.5%	12,881	21,752
North	1,349,211	217,000	29.65%	12.5%	5,691	(3,511)
Class A	585,797	217,000	35.99%	5.0%	0	1,515
Class B&C	763,414		24.79%	18.2%	5,691	(5,026)
Southeast	615,615		13.08%	9.7%	(827)	48,910
Class A	161,898		16.52%	16.5%	0	6,750
Class B&C	453,717		11.85%	7.3%	(827)	42,160
Southwest	3,925,038		9.40%	8.8%	(1,499)	1,403
Class A	1,285,032		3.29%	3.3%	0	11,191
Class B&C	2,640,006		12.37%	11.4%	(1,499)	(9,788)
West	5,050,189		9.79%	8.2%	(60,764)	(133,704)
Class A	3,311,990		8.38%	6.9%	(46,435)	(87,217)
Class B&C	1,738,199		12.48%	10.6%	(14,329)	(46,487)
Metro Total	17,440,881	217,000	13.43%	10.4%	(69,078)	(113,635)

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