

YoY Chg 12-Mo. Forecast

**5.7%**  
Vacancy Rate



**215K**  
Net Absorption, SF



**\$18.69**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2022

YoY Chg 12-Mo. Forecast

**390.9k**  
Madison Employment



**2.2%**  
Madison Unemployment Rate



**3.6%**  
U.S. Unemployment Rate



Source: Bureau of Labor Statistics  
Q2 2022 data is the average of April and May employment figures. June data was not available at time of publication.

## ECONOMY

Wisconsin's unemployment rate decreased 10 basis points (bps) quarter-over-quarter to 2.8% in the second quarter of 2022 as the state's economy continues to recover from the pandemic. Locally, Metro Madison's unemployment rate is slightly better than the state, at 2.2% and 140 bps below the national average.

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 biotechnology, information and health technology, agribusiness/food, and precision manufacturing.

## MARKET OVERVIEW

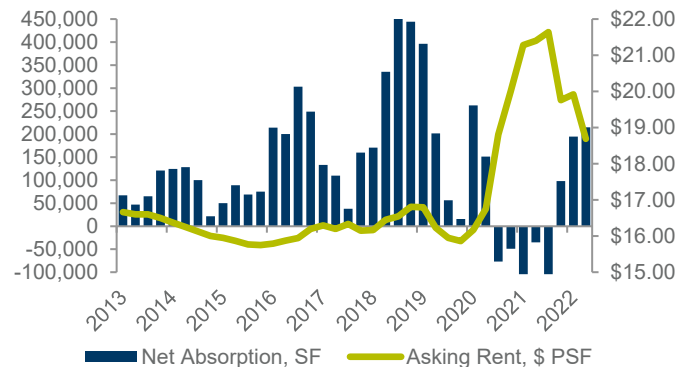
The Metro Madison office market consists of approximately 35.6 million square feet (msf) of inventory spread across nine (9) submarkets. In the second quarter of 2022, the market reported positive absorption of 214,842 square feet (sf), the third consecutive quarter of positive net absorption. Of the seven submarkets closest in proximity to the City of Madison, five submarkets experienced positive absorption in Q2 as the market continues to recover from the effects of the pandemic. The two submarkets consisting of rural Dane County had slight negative net absorption in Q2. In Q2, there were 67 lease transactions, with about 215,000 sf leased. Of those transactions, 99% were new leases and 87% were in properties outside of the central business district submarket.

## OUTLOOK

As tenants continue to come back to the office and sign longer term deals, we're seeing a flight to higher quality buildings with any increase in rate compensated by a decrease in the amount of space needed. Landlords continue to focus their concessions on offering higher TI's at the expense of free rent or added amenities to get deals done.

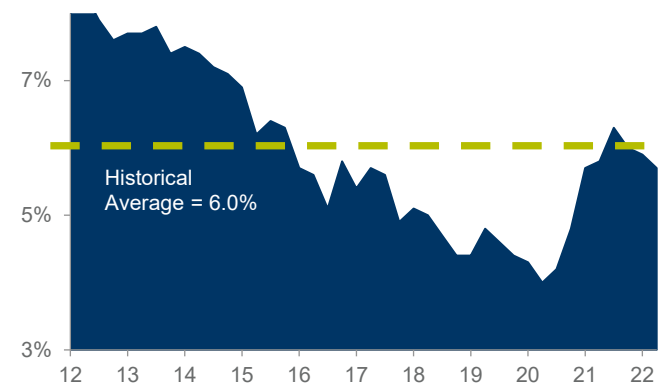
## OVERALL NET ABSORPTION / OVERALL ASKING RENT

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	7,925,614	35,784	404,406	5.6%	24,378	79,615	62,478	76,000	\$26.94	\$31.70
<b>CBD</b>	<b>7,925,614</b>	<b>35,784</b>	<b>404,406</b>	<b>5.6%</b>	<b>24,378</b>	<b>79,615</b>	<b>62,478</b>	<b>76,000</b>	<b>\$26.94</b>	<b>\$31.70</b>
Near West Madison	5,545,360	7,731	71,817	1.4%	164,479	171,686	28,979	342,800	\$16.29	N/A
Northeast Madison	6,486,250	4,839	603,940	9.4%	18,300	62,635	39,431	15,000	\$19.25	N/A
Northwest Madison	5,379,417	27,910	379,909	7.6%	-10,465	67,057	187,358	0	\$18.85	N/A
Southeast Madison	2,123,657	4,900	105,325	5.2%	39,109	42,155	30,662	0	\$11.67	N/A
Southwest Madison	2,234,816	21,014	181,192	9.0%	-22,536	-29,554	44,351	6,000	\$14.68	N/A
South Central Madison	2,595,858	0	158,763	6.1%	2,033	10,413	39,875	0	\$19.17	N/A
Outlying Dane West	2,026,158	0	15,418	0.8%	0	6,100	2,776	0	N/A	N/A
Outlying Dane East	1,345,155	0	7,672	0.6%	-456	-456	1,119	0	\$15.00	N/A
<b>Madison Outlying</b>	<b>27,736,671</b>	<b>66,394</b>	<b>1,524,036</b>	<b>5.7%</b>	<b>190,464</b>	<b>330,036</b>	<b>374,551</b>	<b>363,800</b>	<b>\$15.44</b>	<b>N/A</b>
<b>MADISON TOTALS</b>	<b>35,662,285</b>	<b>102,178</b>	<b>1,930,442</b>	<b>5.7%</b>	<b>214,842</b>	<b>409,651</b>	<b>437,029</b>	<b>439,800</b>	<b>\$18.69</b>	<b>\$31.70</b>

\*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	10,567,504	46,640	764,033	7.7%	6,613	98,505	221,851	238,800	\$31.70
Class B	22,057,440	51,630	878,228	4.2%	201,860	310,314	209,149	21,000	\$15.81
Class C	3,037,341	3,908	288,181	9.6%	6,369	832	6,029	0	\$9.42

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