



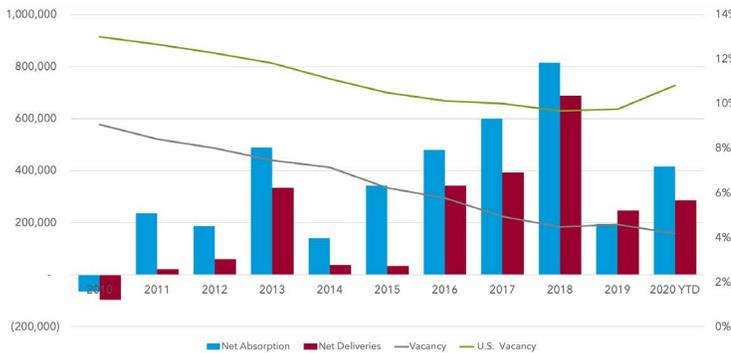
OFFICE MARKET OVERVIEW

CAMP PERRET, Associate

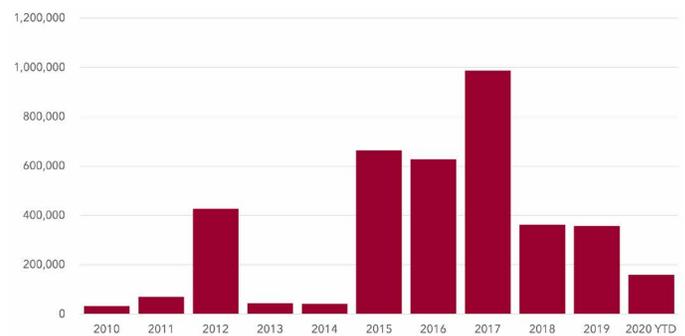
Madison's office market remains stable due to tight vacancies, affordable rental rates and few speculative construction projects. Vacancy compression has been strong over the past decade and absorption continues to outpace new supply in the market. The current market vacancy rate of 4.2% is well below the national average of 10.8%. New supply is limited with fewer projects breaking ground this year, most of which have typically been build-to-suit. Because of this, future supply side shocks are unlikely in the market and vacancies are projected to continue dropping in the long term. Rental rates have remained relatively flat with a dip in early 2020. Rates have already begun to rebound.

| MARKET INDICATORS | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| ▼ Net Absorption | 569,002 SF | 620,465 SF | 304,398 SF | 195,029 SF | 276,777 SF |
| ◀▶ Vacancy Rate | 4.1% | 4.1% | 4.4% | 4.6% | 4.8% |
| ▼ Avg NNN Asking Rate | \$22.65 PSF | \$22.69 PSF | \$22.51 PSF | \$22.21 PSF | \$22.27 PSF |
| ▲ Under Construction | 159,282 SF | 84,810 SF | 115,978 SF | 357,978 SF | 416,178 SF |
| ◀▶ Inventory | 35,541,753 SF | 35,541,753 SF | 35,496,909 SF | 35,254,909 SF | 35,196,709 SF |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---|----------|--------------------------------|---|----------------|
| 421-425 S. Yellowstone Dr. Madison, WI | 8,425 SF | \$1,850,000.00 \$219.58 PSF | Beloit Real Estate Investments Boardwalk Investments | Class B |
| 208 S Main St. Lodi, WI | 6,652 SF | \$350,000.00 \$52.62 PSF | Undisclosed Undisclosed | Class B |
| 520 Business Park Cir. Stoughton, WI | 2,470 SF | \$269,900 \$109.27 PSF | Brothers Investments LLC CWC ENTS LLC | Class C |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--------------------------------------|-----------|------------------------------|-----------------------------------|-----------------|
| 8383 Greenway Blvd. Middleton, WI | 23,099 SF | Artis RE Investment Trust | Veyo | Transportation |
| 5117 W. Terrace Dr. | 14,954 SF | Joseph Haim | Medical Transportation Mgmt. Inc. | Transportation |
| 2758 Dairy Dr. Madison, WI | 12,000 SF | CSI Construction Services | Undisclosed | Undisclosed |

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property and Lee Proprietary Data. ©

© Copyright 2020 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com