



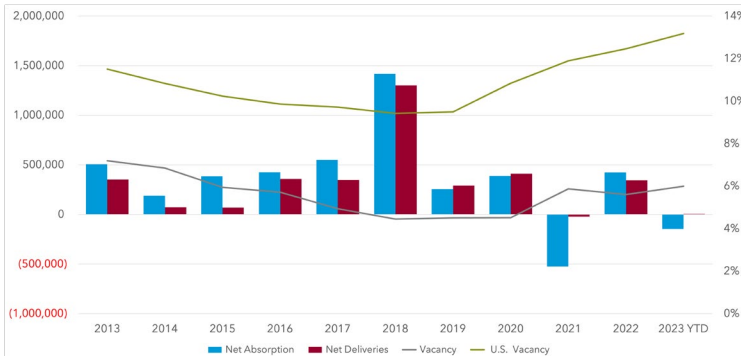
OFFICE MARKET OVERVIEW

CAMP PERRET, Vice President

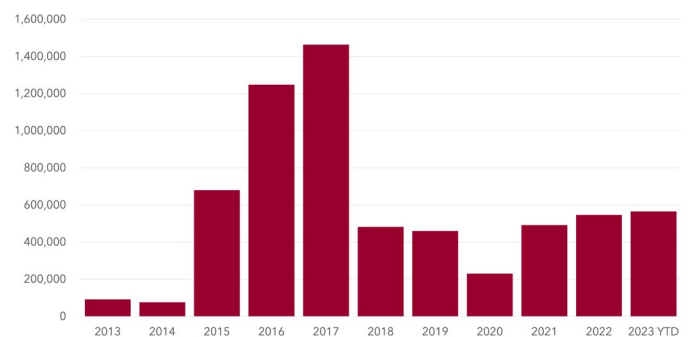
The Madison office market weakened slightly during Q2. The vacancy rate ticked up and there was negative absorption despite a robust market economy. Construction and deliveries are mainly for owner-occupied and build-to-suit developments. Employers continue to look to lease smaller office spaces due to remote work options. Sales have lagged as interest rates have risen. Madison still outperforms the nation in the office sector due to one of the lowest unemployment rates in the country with solid employers such as the State of Wisconsin and the University of Wisconsin, along with many healthcare and biotech firms.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(73,972)	174,677	424,637	477,950	464,989
▲ Vacancy Rate	5.8%	5.7%	5.6%	5.7%	5.5%
▲ Avg NNN Asking Rate PSF	\$23.09	\$23.04	\$22.85	\$22.66	\$22.45
▼ SF Under Construction	565,800	571,800	546,800	527,487	441,792
▲ Inventory SF	38,271,667	38,265,667	38,265,667	38,234,980	38,225,675

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5303 Fen Oak Madison, WI	33,495 SF	\$2,970,000 \$88.67 PSF	Intn'l Brotherhood of Electrical Workers Hastings East Development LLC	Class B
1802 Pankratz Street Madison, WI	25,041 SF	\$2,600,000 \$103.83 PSF	Isthmus Montessori Academy, Inc. Central States Group	Class B
2945 Triverton Pike Drive Madison, WI	17,004 SF	\$2,650,000 \$155.85 PSF	Becks Enterprises of Dane Cnty LLC Madison Partners XX LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4602 Biltmore Lane Madison, WI	10,850 SF	St. John Properties, Inc.	Undisclosed	Undisclosed
34 Schroeder Court Madison, WI	9,971 SF	Alliant Energy Corporation	Undisclosed	Undisclosed
8401 Greenway Boulevard Middleton, WI	7,786 SF	Artis REIT	Knothe and Bruce Architect Services	Services

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