

SCANNING THE HORIZON

Current and Future Trends of the
Commercial Real Estate Market

Presentation to FEI Madison

November 14, 2022

BROADWING
advisors 

ATMOSPHERE
COMMERCIAL INTERIORS

Agenda

INTRODUCTIONS

MARKET OVERVIEW

CONSTRUCTION COSTS

TRENDS

Client overview

Case study

Furniture trends and solutions

Q&A SESSION



Global Report - Statistics



A photograph of a modern outdoor office lounge area. In the foreground, two women are sitting on a grey modular sofa, talking. In the background, several other people are sitting at long tables on a wooden deck, some working on laptops. The area is surrounded by greenery and a building.

Steelcase

The New Era of Hybrid Work

Global Report

It's Time to Give People What They Want

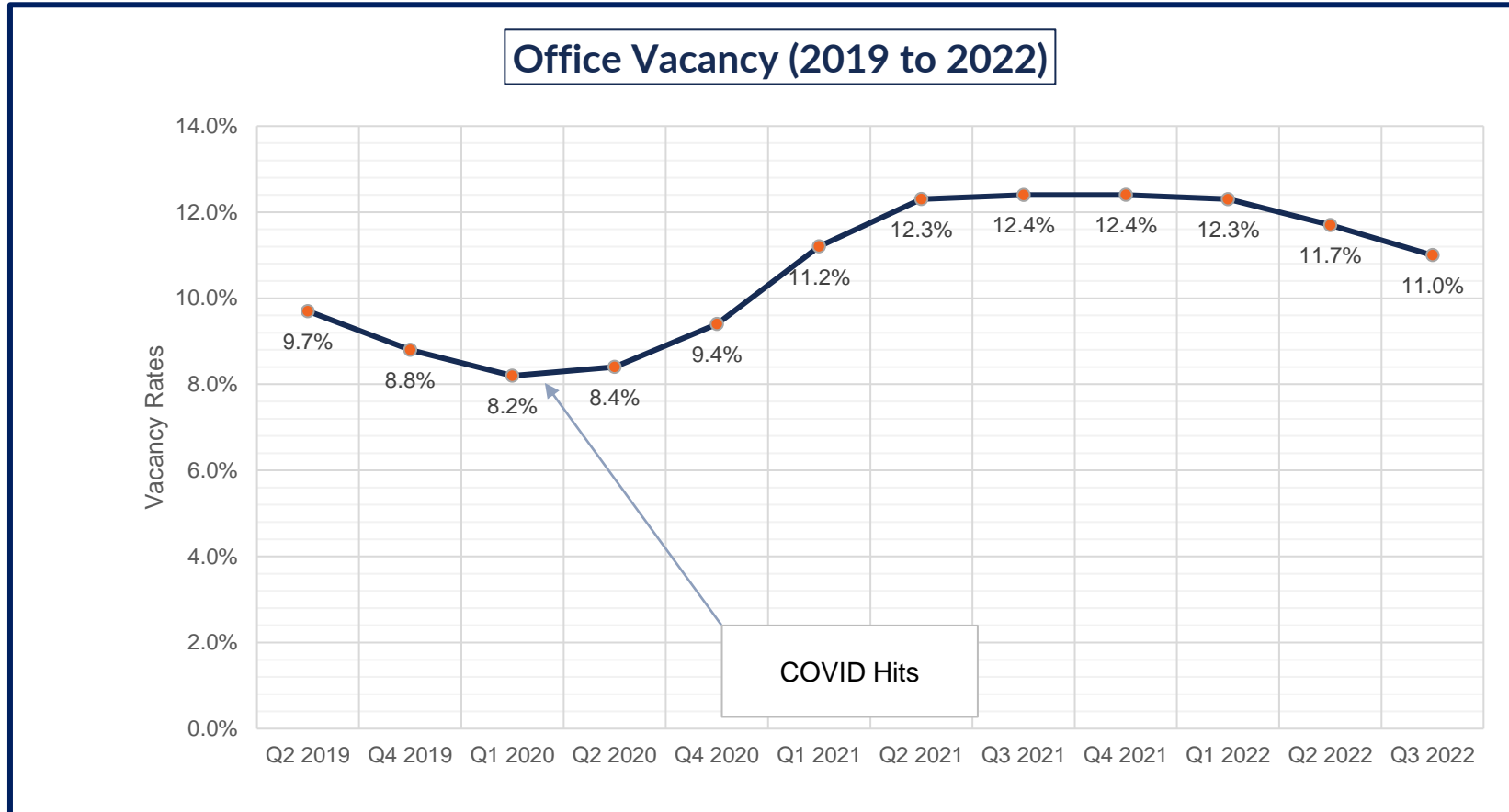


MARKET OVERVIEW

MADISON



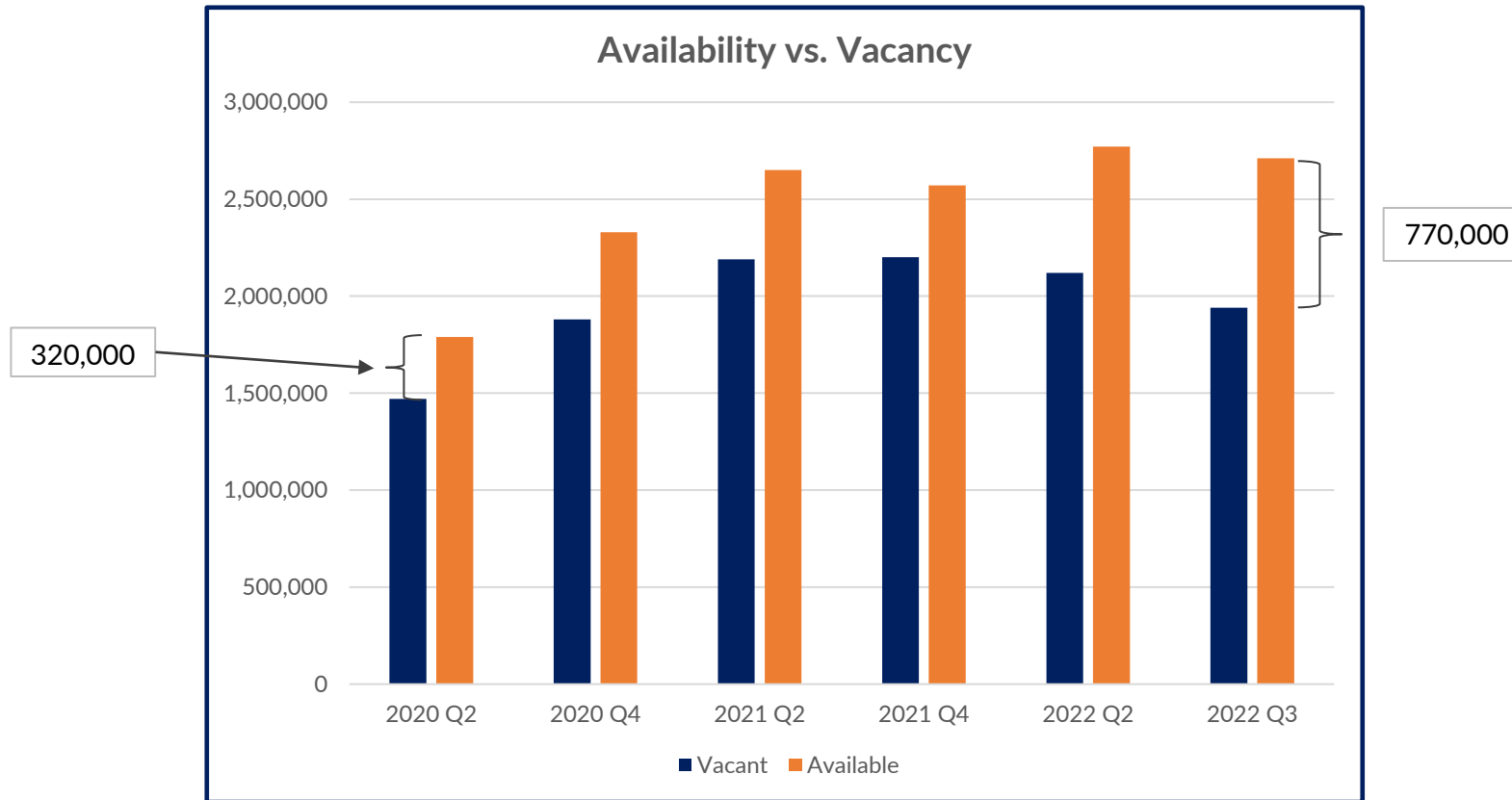
OFFICE



*Office data provided by REDI Catalyst



OFFICE



Rising availability indicates market is softening

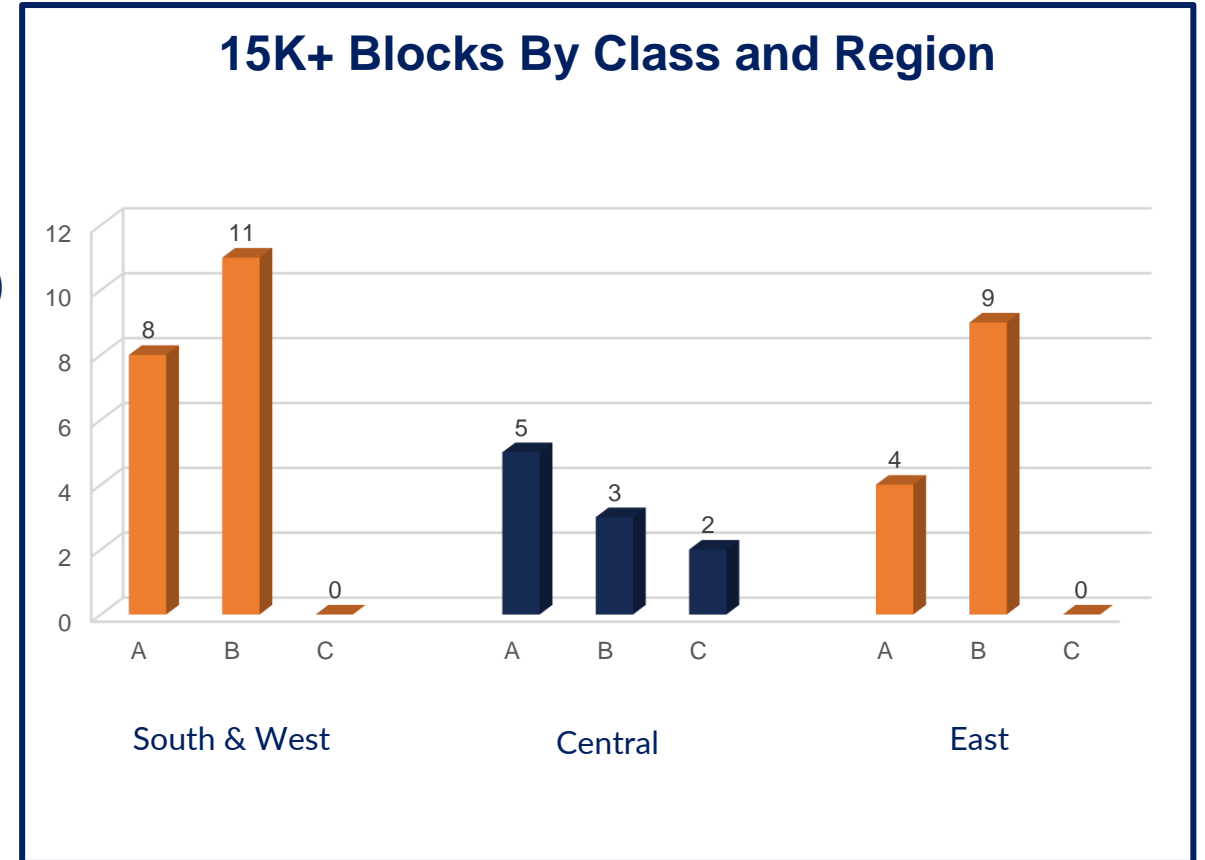
Shadow Vacancy

**data provided by REDI Catylist*



OFFICE TRENDS

- Transaction Volume
 - Small tenant activity has picked up
 - Large Tenant availability (42 spaces, average 47,223 SF)
- Transactional volume has dropped over 50% - 60%
- Over 500,000 negative absorption since early 2020
- Sublease opportunities are growing
- Nationally 2/3 of all companies have downsized



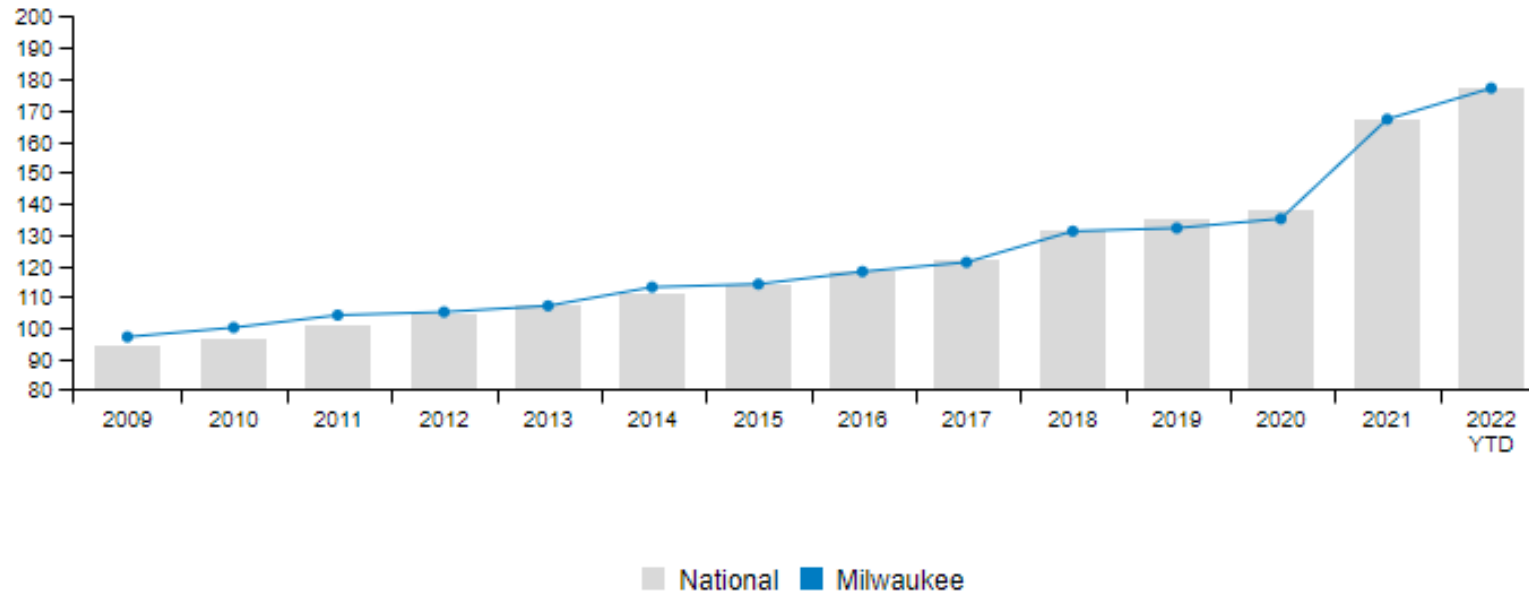
CONSTRUCTION COSTS



CONSTRUCTION COSTS

CONSTRUCTION COST INDEX

(JANUARY 2009 = 100)



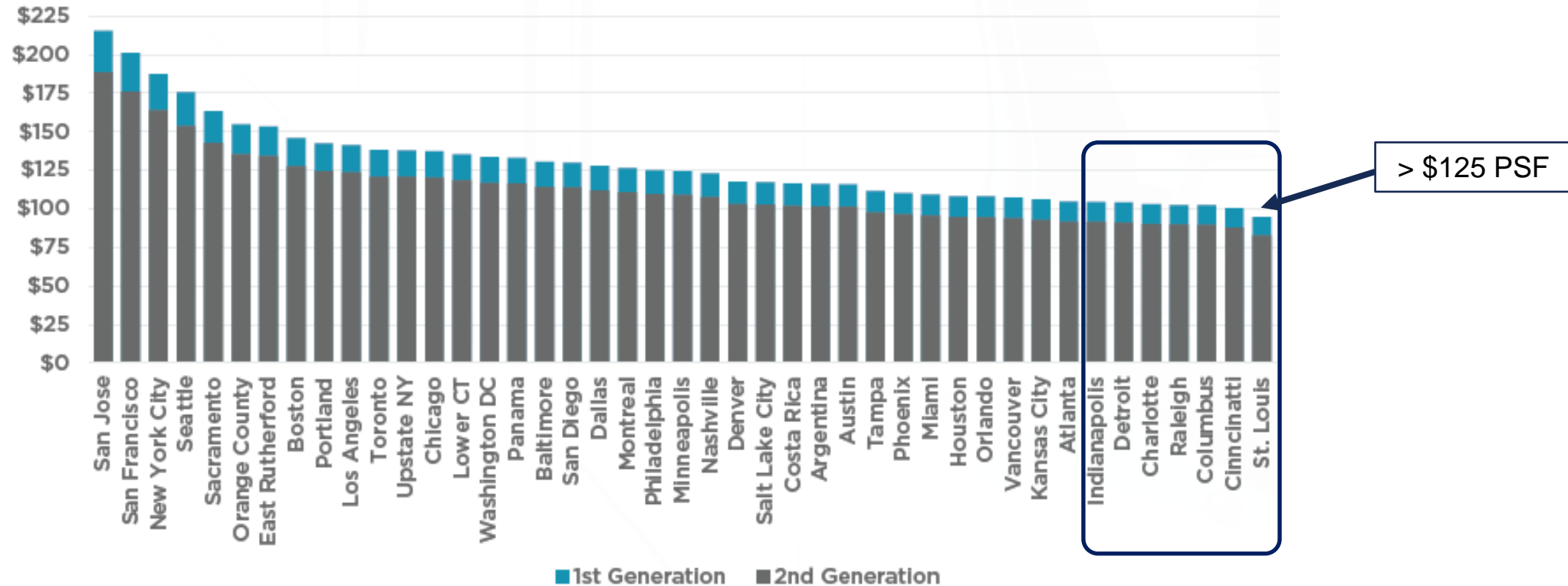
*Mortenson Construction



CONSTRUCTION COSTS - Tenant Improvements

TENANT IMPROVEMENT COSTS

First & Second Generation by Market



*Cushman and Wakefield Project & Development Services

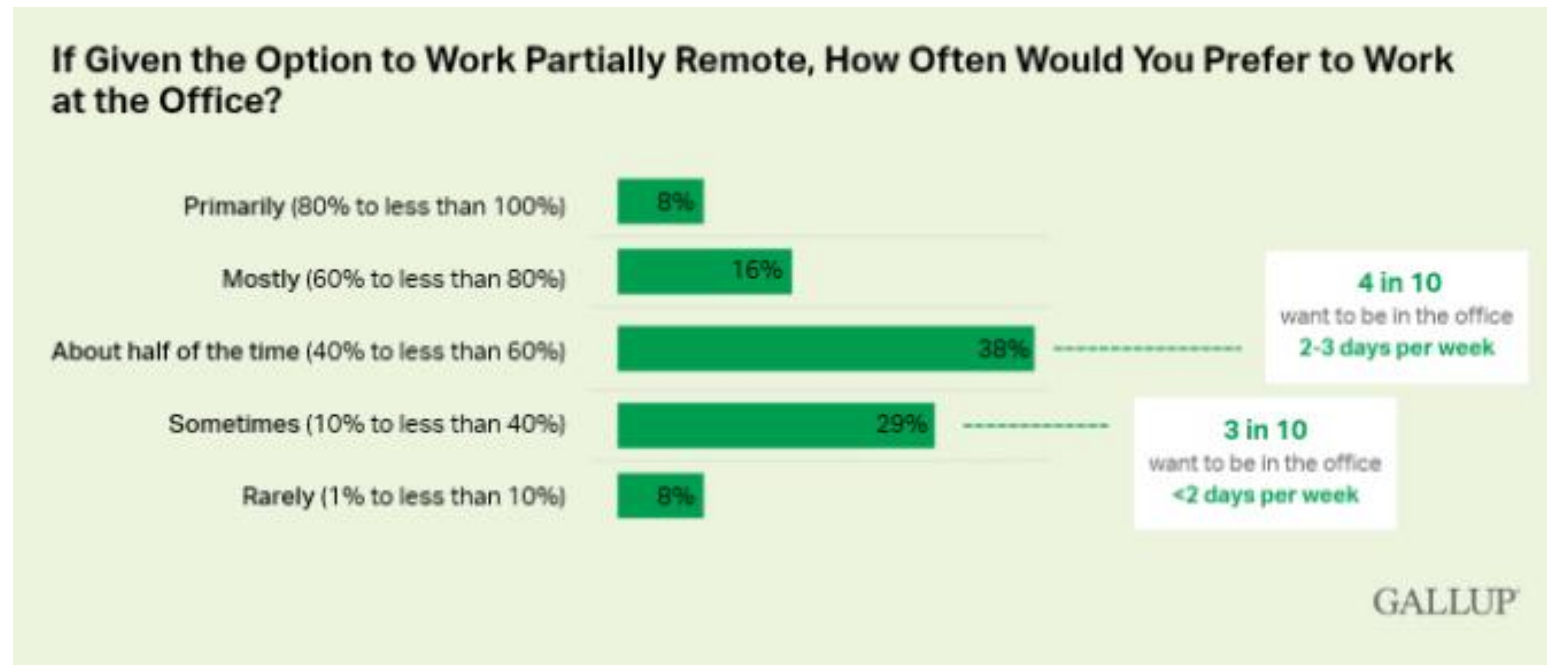




CASE STUDIES and TRENDS

SCANNING THE HORIZON

- Hybrid is here to stay
- Generally 65-70% want significant remote work
- Employee engagement dropping but not across the board – Hybrid is doing the best!



BROADWING - Client Case Study

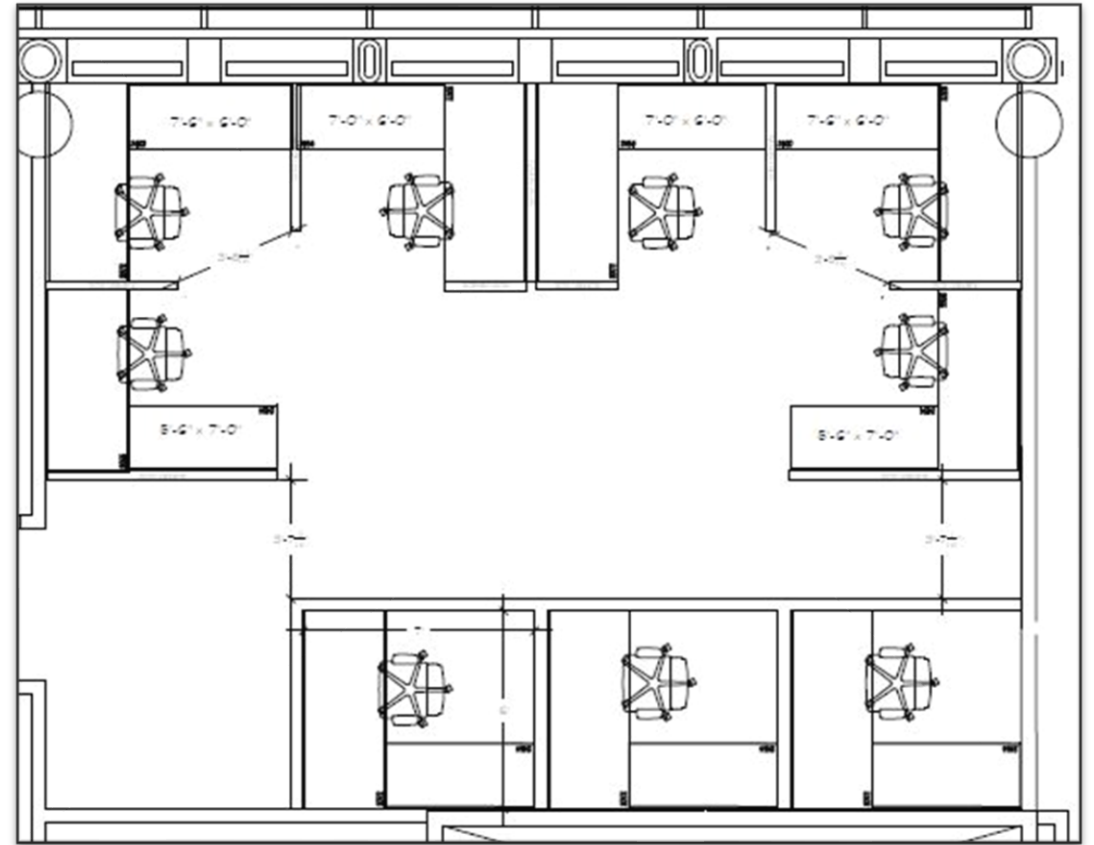
Financial Advisor - 3,100 SF

Pre-Covid:

- 11 employees
- 13 workspaces

Today:

- 16 employees
- 19 workspaces



BROADWING - Client Case Study

EXACT SCIENCES

Current Office Space:

- 360,000 SF
- 65,000 SF available for sublease
- 18% of portfolio



WORKPLACE TRENDS



THE WORKPLACE AS WE KNEW IT

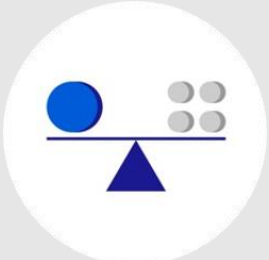


Typical Floor Plan 2018

- Benching – Workstation configuration
- Window access for some
- Interior/exterior private offices
- Defined specific social areas
- Training spaces
- Meeting spaces



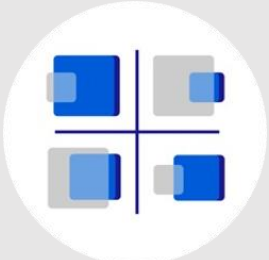
NEIGHBORHOODS: the workplace looks different



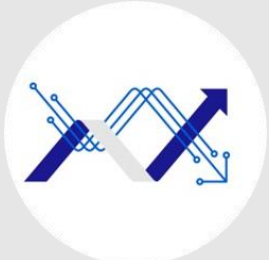
Me + We



Fixed-to-Fluid



Open + Enclosed



Braiding Digital + Physical Experiences



MOVING FORWARD

“

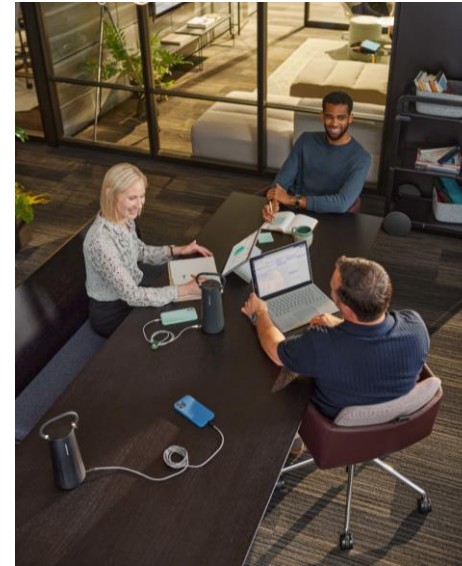
To get the desired business outcomes, you have to create a space that people can thrive and feel comfortable in – virtually or in-person.

”



LESSONS LEARNED

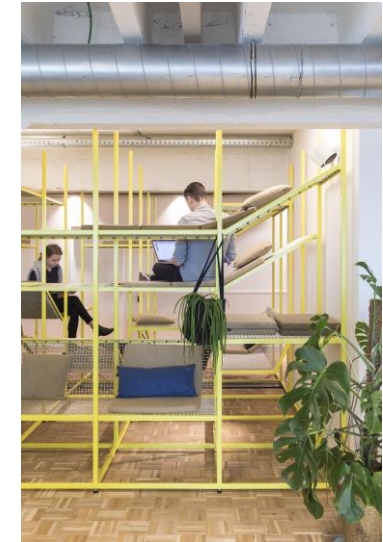
1. Treating talent as transactional
2. Changing policy, not just place
3. Missing the point – people want control + belonging
4. Forgetting about focus
5. The boss bias



CULTIVATE COMMUNITY



- **Role of the Office**
- **Workspace vs. Remote**
- **Privacy**



FINANCIAL EXAMPLE



Financial Case study - 100 employee company

	<i>Pre-Covid</i>	
	<i>% of workers</i>	<i># of worker</i>
5 days a week	95%	95.0
4 days a week		
3 days a week		
1-2 days per week		
Full remote	5%	5.0
	100%	100

	<i>Future / Post Covid</i>	
	<i>% of workers</i>	<i># of worker</i>
	12%	12
	9%	9
	34%	34
	34%	34
	11%	11
	100%	100

27.0% - Savings

	<i>% occupied</i>	<i># work spaces</i>
5 days a week	100%	95.0
4 days a week		
3 days a week		
1-2 days per week		
Full remote	10%	0.5
		96

	<i>% occupied</i>	<i># work spaces</i>
	100%	12.0
	100%	9.0
	80%	27.2
	60%	20.4
	10%	1.1
		70

\$141,900 – Annual savings

\$709,500 – 5 year

SF per person	200
Square Feet	19,100
Market Rent	\$27.50
Annual Cost	\$525,250

	200
	13,940
	\$27.50
	\$383,350



THANK YOU!

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