



Q4 2022

COMMERCIAL REAL ESTATE MARKET REPORT MADISON



MOODY'S
ANALYTICS | Catylist

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The market reports are produced in collaboration of CARW and REDICOMPS under the direction of an advisory panel of CARW members commercial real estate professionals. The Commercial Association of REALTORS® Wisconsin (CARW) works to advance the interests of individual practitioners and the industry through education, professional development, public affairs & advocacy, professional standards & ethics and business networking.

OFFICE

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 10 basis points to 2.0% compared to 1.9 in November 2021. The unemployment rate for the US was at 3.6% in November 2022 down from 4.2% last year. State of Wisconsin unemployment was 3.3% for this quarter. Madison MSA saw a decrease in job growth but office specific jobs information, financial and professional services increased by 3100 jobs during the same period. industrial specific jobs in manufacturing stayed unchanged during the same period.


Employment
389,455


Area Unemployment
2.0%


U.S. Unemployment
3.6%


Office Jobs
96,500

Madison Overview

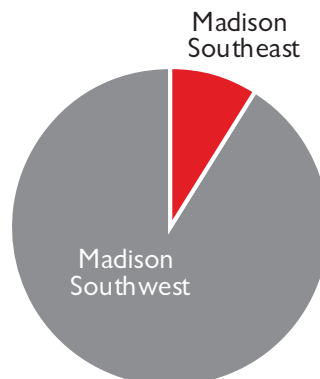
- Madison office market posted positive absorption of 76,300 sf for multi and single tenant properties bringing the YTD to 281,700 sf positive absorption and a vacancy rate of 12.0%. Multi-tenant properties had 186,300 sf positive absorption bringing the YTD to 392,200 sf positive absorption and a vacancy rate of 12.0%.
- Madison Southwest had the most positive absorption with 125,000 sf led by the new delivery of SWIB with 100,000 sf. Madison Southeast posted the largest loss of (110,000) sf negative absorption led by WEA vacating 85,000 sf.
- Madison Southwest market still has the lowest vacancy rate of 7.3% while Madison Southeast market ended Q4 2022 with the highest vacancy rate of 33.6%.
- The Madison office market recorded 54 transactions totaling 140,500 sf. Ten properties sold with 176,000 sf for \$22.5 million this quarter.
- Currently there are 2 properties under construction totaling 89,000 sf in the Madison market. Five properties were delivered YTD totaling 501,800 sf.

MADISON OFFICE SUMMARY

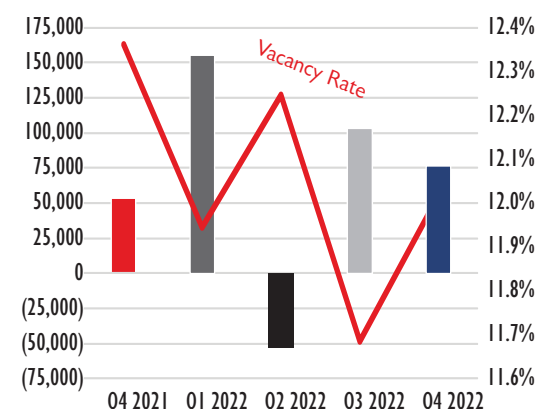
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	80	8,250,466	1,516,642	761,634	131,352	200,181	9.2%
B	225	8,130,440	1,600,755	1,170,311	(49,625)	63,425	14.4%
C	93	1,835,779	228,274	257,222	(5,355)	18,141	14.0%
Grand Total	398	18,216,685	3,345,671	2,189,167	76,372	281,747	12.0%

OFFICE NEW DEVELOPMENTS

MARKET	BLDG SIZE (SF)
Madison North	8,000
Madison Southeast	81,000
Grand Total	89,000



ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

MADISON OFFICE MARKET STATS

	Building Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Madison Central	A	20	2,308,282	297,888	208,877	0	66,467	9.0%
	B	51	2,533,030	443,969	367,736	2,084	18,259	14.5%
	C	24	551,496	120,441	118,441	1,467	10,039	21.5%
	Subtotal	95	5,392,808	862,298	695,054	3,551	94,765	12.9%
Madison East	A	4	295,489	33,372	19,435	12,718	32,147	6.6%
	B	16	625,084	258,691	159,004	40,887	(7,724)	25.4%
	C	4	78,995	705	705	260	1,495	0.9%
	Subtotal	24	999,568	292,768	179,144	53,865	25,918	17.9%
Madison North	A	9	756,761	210,336	171,578	5,825	19,235	22.7%
	B	21	630,140	62,300	61,919	3,676	49,760	9.8%
	C	10	230,477	6,223	32,233	0	6,362	14.0%
	Subtotal	40	1,617,378	278,859	265,730	9,501	75,357	16.4%
Madison Southeast	A	2	161,898	121,130	9,130	0	17,620	5.6%
	B	17	603,164	313,933	265,193	(110,000)	(110,180)	44.0%
	C	6	128,022	23,288	25,841	0	(2,168)	20.2%
	Subtotal	25	893,084	458,351	300,164	(110,000)	(94,728)	33.6%
Madison Southwest	A	13	1,274,721	105,776	63,872	130,000	118,217	5.0%
	B	65	2,121,185	229,484	171,270	(1,470)	71,317	8.1%
	C	39	655,879	51,877	61,284	(2,548)	3,696	9.3%
	Subtotal	117	4,051,785	387,137	296,426	125,982	193,230	7.3%
Madison West	A	32	3,453,315	748,140	288,742	(17,191)	(53,505)	8.4%
	B	55	1,617,837	292,378	145,189	15,198	41,993	9.0%
	C	10	190,910	25,740	18,718	(4,534)	(1,283)	9.8%
	Subtotal	97	5,262,062	1,066,258	452,649	(6,527)	(12,795)	8.6%
Grand Total		398	18,216,685	3,345,671	2,189,167	76,372	281,747	12.0%

Madison Advisory Board

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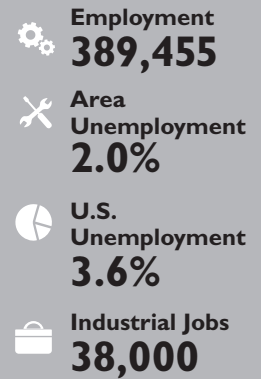
INDUSTRIAL

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 10 basis points to 2.0% compared to 1.9 in November 2021. The unemployment rate for the US was at 3.6% in November 2022 down from 4.2% last year. State of Wisconsin unemployment was 3.3% for this quarter. Madison MSA saw a decrease in job growth while industrial specific jobs in manufacturing stayed unchanged during the same period.

Madison Overview

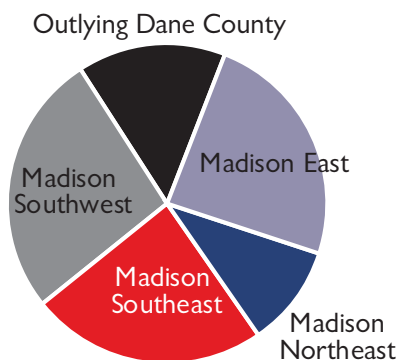
- Madison industrial market posted 1.7 msf negative absorption increasing the YTD to 2.0 msf positive absorption and a vacancy rate of 1.8% for both multi and single tenant properties. Multi-tenant properties posted 411,000 sf positive absorption bringing the YTD to 222,000 sf positive absorption and a vacancy rate of 5.8%.
- Madison Northwest market posted the most gained with 540,000 sf positive absorption due to Aprilaire/Research Products occupying 270,000 sf and the new delivery of 200,000 sf for Octopi Brewing. Madison Central was the only market with negative absorption of (1,000) sf.
- Madison market saw 24 lease transactions totaling over 1.0 msf. Twelve properties sold totaling 320,000 sf for \$16 million.
- Currently there are 11 projects under construction totaling over 1.0 msf while 24 properties were delivered year to date totaling 2.0 msf in the Madison market.



INDUSTRIAL SUMMARY

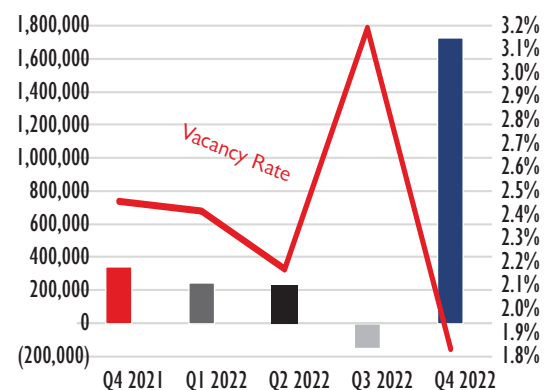
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	141	5,515,588	193,921	143,205	(16,827)	195,596	2.6%
Manufacturing	241	21,590,855	473,130	291,130	174,644	293,164	1.3%
Warehouse Distribution	103	12,646,786	459,073	338,593	1,270,844	1,173,420	2.7%
Warehouse Office	689	19,353,379	447,627	310,810	294,540	381,901	1.6%
Grand Total	1,174	59,106,608	1,573,751	1,083,738	1,723,201	2,044,081	1.8%

INDUSTRIAL NEW DEVELOPMENTS



MARKET	BLDG SIZE (SF)
Madison East	257,498
Madison Northeast	109,750
Madison Southeast	254,984
Madison Southwest	285,000
Outlying Dane County	158,000
Grand Total	1,065,232

ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

MADISON INDUSTRIAL MARKET STATS

	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Madison Central	Manufacturing	17	1,295,029	35,210	35,210	0	0	2.7%
	Warehouse Office	31	1,089,953	77,685	34,989	(1,000)	2,692	3.2%
	Subtotal	48	2,384,982	112,895	70,199	(1,000)	2,692	2.9%
Madison East	Flex/R&D	49	1,368,256	45,596	29,270	266	144,032	2.1%
	Manufacturing	49	3,503,260	10,356	10,356	174,644	184,644	0.3%
	Warehouse Distribution	14	1,907,398			0	40,000	0.0%
	Warehouse Office	144	3,809,624	82,075	25,100	0	22,198	0.7%
	Subtotal	256	10,588,538	138,027	64,726	174,910	390,874	0.6%
Madison Northeast	Flex/R&D	27	913,922	48,708	39,925	(2,813)	38,639	4.4%
	Manufacturing	50	4,432,294	245,564	245,564	0	38,520	5.5%
	Warehouse Distribution	48	6,347,293	78,480	72,600	453,385	866,349	1.1%
	Warehouse Office	113	3,404,793	105,000	105,000	0	27,000	3.1%
	Subtotal	238	15,098,302	477,752	463,089	450,572	970,508	3.1%
Madison Northwest	Flex/R&D	6	217,209			0	0	0.0%
	Manufacturing	15	1,828,980	182,000		0	0	0.0%
	Warehouse Distribution	5	476,188			270,689	270,689	0.0%
	Warehouse Office	33	1,032,633			270,000	270,000	0.0%
	Subtotal	59	3,555,010	182,000		540,689	540,689	0.0%
Madison Southeast	Flex/R&D	19	815,685	27,560	14,846	0	(2,520)	1.8%
	Manufacturing	39	2,612,132			0	0	0.0%
	Warehouse Distribution	12	1,009,173			246,540	246,540	0.0%
	Warehouse Office	172	4,434,732	95,542	80,596	(860)	(5,286)	1.8%
	Subtotal	242	8,871,722	123,102	95,442	245,680	238,734	1.1%
Madison Southwest	Flex/R&D	25	1,427,125	19,444	31,319	(14,280)	(14,280)	2.2%
	Manufacturing	23	3,130,262			0	70,000	0.0%
	Warehouse Distribution	8	801,678	95,000		15,835	15,835	0.0%
	Warehouse Office	81	2,485,256	81,025	64,825	0	50,107	2.6%
	Subtotal	137	7,844,321	195,469	96,144	1,555	121,662	1.2%
Madison West	Flex/R&D	15	773,391	52,613	27,845	0	29,725	3.6%
	Manufacturing	14	1,512,543			0	0	0.0%
	Warehouse Distribution	9	1,394,315	285,593	265,993	284,395	(265,993)	19.1%
	Warehouse Office	85	2,408,109	6,300	300	0	15,190	0.0%
	Subtotal	123	6,088,358	344,506	294,138	284,395	(221,078)	4.8%
Outlying Dane Count	Manufacturing	34	3,276,355			0	0	0.0%
	Warehouse Distribution	7	710,741			0	0	0.0%
	Warehouse Office	30	688,279			26,400	0	0.0%
	Subtotal	71	4,675,375			26,400	0	0.0%
	Grand Total	1,174	59,106,608	1,573,751	1,083,738	1,723,201	2,044,081	1.8%

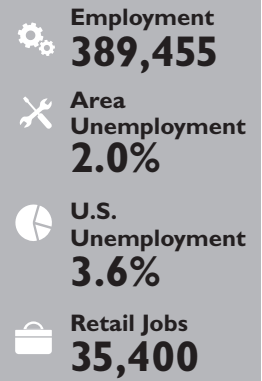
RETAIL

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 10 basis points to 2.0% compared to 1.9 in November 2021. The unemployment rate for the US was at 3.6% in November 2022 down from 4.2% last year. State of Wisconsin unemployment was 3.3% for this quarter. Madison MSA saw a decrease in job growth but retail specific jobs of leisure and hospitality increased by 3,400 jobs during the same period.

Madison Overview

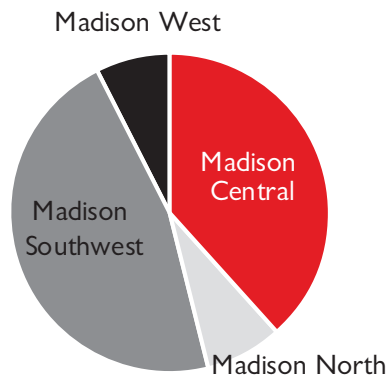
- Madison retail market posted positive absorption of 103,000 sf for multi and single tenant properties bringing the YTD to 457,000 sf positive absorption and a vacancy rate of 6.2%. Multi-tenant properties had 109,000 sf positive absorption bringing the YTD to 305,300 sf positive absorption and a vacancy rate of 8.9%.
- Madison West market posted the most positive absorption with 98,000 sf due to new delivery for Von Maur with 82,000 sf. Madison Central topped all markets with negative absorption of (6,800) sf.
- Madison Southeast again was the lowest at 0.6% vacancy rate and Madison Central was the highest with 10.7% vacancy rate.
- The Madison retail market leased 22 lease transactions totaling 53,000 sf. Twenty properties totaling 299,000 sf sold for \$67 million.
- Currently there are 7 projects under construction totaling 107,700 sf. Fourteen properties have been delivered year to date in Madison totaling 362,000 sf.



RETAIL SUMMARY

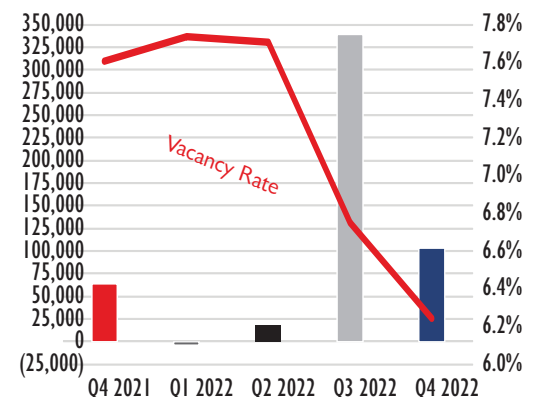
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	601,201	68,363	68,363	0	8,192	11.4%
Freestanding/Big Box	230	9,403,587	313,644	258,926	0	150,933	2.8%
Mixed Use	125	1,697,487	148,434	162,419	22,126	39,038	9.6%
Neighborhood Center	70	3,279,066	290,756	252,929	(13,145)	142,604	7.7%
Regional Center	3	1,883,319	324,917	324,917	89,372	82,314	17.3%
Restaurant	89	603,818	22,853	19,769	(5,989)	623	3.3%
Strip Center	259	3,423,074	246,699	216,876	10,841	33,219	6.3%
Grand Total	782	20,891,552	1,415,666	1,304,199	103,205	456,923	6.2%

RETAIL NEW DEVELOPMENTS



MARKET	BLDG SIZE (SF)
Madison Central	41,455
Madison North	8,500
Madison Southwest	50,000
Madison West	7,800
Grand Total	107,755

ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed or space is vacated from quarter to quarter expressed in square feet. For new construction the new lease will be captured when the construction has been completed.

MADISON RETAIL MARKET STATS

	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Madison Central	Freestanding/Big Box	20	410,061	68,014	68,014	0	0	16.6%
	Mixed Use	60	755,022	90,705	88,888	(574)	4,608	11.8%
	Neighborhood Center	4	185,402	16,845	16,845	(7,200)	12,700	9.1%
	Restaurant	15	114,386			0	0	0.0%
	Strip Center	17	232,766	3,853	7,673	940	(2,353)	3.3%
	Subtotal	116	1,697,637	179,417	181,420	(6,834)	14,955	10.7%
Madison East	Community Center	3	255,112	28,903	28,903	0	0	11.3%
	Freestanding/Big Box	49	2,478,518	178,755	178,755	0	2,040	7.2%
	Mixed Use	9	154,085	5,300	7,195	4,000	15,752	4.7%
	Neighborhood Center	14	628,692	36,303	35,103	0	(2,835)	5.6%
	Regional Center	1	787,809	201,679	201,679	1,670	(1,398)	25.6%
	Restaurant	14	102,942			8,280	8,280	0.0%
Madison North	Strip Center	48	718,308	40,656	36,628	(5,111)	(7,756)	5.1%
	Subtotal	138	5,125,466	491,596	488,263	8,839	14,083	9.5%
Madison South	Freestanding/Big Box	42	1,952,631			0	0	0.0%
	Mixed Use	14	161,982	16,750	26,058	0	2,162	16.1%
	Neighborhood Center	10	505,255	33,396	41,405	(2,138)	(18,950)	8.2%
	Restaurant	10	57,007	5,200		0	0	0.0%
	Strip Center	45	537,925	48,481	31,553	10,963	21,918	5.9%
	Subtotal	121	3,214,800	103,827	99,016	8,825	5,130	3.1%
Madison Southeast	Freestanding/Big Box	12	416,768			0	0	0.0%
	Mixed Use	6	210,266	3,936	3,936	0	0	1.9%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	4	29,921			0	0	0.0%
	Strip Center	5	72,411		1,200	1,050	2,410	1.7%
	Subtotal	29	806,037	3,936	5,136	1,050	2,410	0.6%
Madison Southwest	Community Center	1	135,107			0	0	0.0%
	Freestanding/Big Box	55	2,114,975	60,574	5,856	0	155,194	0.3%
	Mixed Use	14	137,135	7,927	7,927	18,700	20,375	5.8%
	Neighborhood Center	24	1,079,396	143,685	102,400	(3,807)	26,328	9.5%
	Regional Center	1	411,508	64,320	64,320	(5,642)	(2,162)	15.6%
	Restaurant	19	113,347	5,269	5,269	(5,269)	(6,457)	4.6%
Madison West	Strip Center	81	1,088,228	75,151	61,985	(9,526)	(6,243)	5.7%
	Subtotal	195	5,079,696	356,926	247,757	(5,544)	187,035	4.9%
Outlying Dane County	Community Center	2	210,982	39,460	39,460	0	8,192	18.7%
	Freestanding/Big Box	38	1,604,308	6,301	6,301	0	(6,301)	0.4%
	Mixed Use	15	207,567	21,396	25,995	0	(4,039)	12.5%
	Neighborhood Center	14	672,453	60,527	57,176	0	125,361	8.5%
	Regional Center	1	684,002	58,918	58,918	93,344	85,874	8.6%
	Restaurant	16	122,017	9,000	14,500	(9,000)	(1,200)	11.9%
Outlying Dane County	Strip Center	45	539,298	73,778	70,947	13,880	19,398	13.2%
	Subtotal	131	4,040,627	269,380	273,297	98,224	227,285	6.8%
Outlying Dane County	Freestanding/Big Box	14	426,326			0	0	0.0%
	Mixed Use	7	71,430	2,420	2,420	0	180	3.4%
	Neighborhood Center	2	131,197			0	0	0.0%
	Restaurant	11	64,198	3,384		0	0	0.0%
	Strip Center	18	234,138	4,780	6,890	(1,355)	5,845	2.9%
	Subtotal	52	927,289	10,584	9,310	(1,355)	6,025	1.0%
Grand Total		782	20,891,552	1,415,666	1,304,199	103,205	456,923	6.2%