

# COMMERCIAL REAL ESTATE MARKET REPORT | Q1 2024

## Madison Office Overview

### Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 40 basis points to 2.3% compared to 1.9% in February 2023. The unemployment rate for the US was at 3.9% in February 2024 increasing 30 basis points from last year. State of Wisconsin unemployment was 3.0% for this quarter. Madison MSA saw an increase in job growth and office specific jobs information, financial and professional services increased by 1,900 jobs during the same period.

### Madison Overview

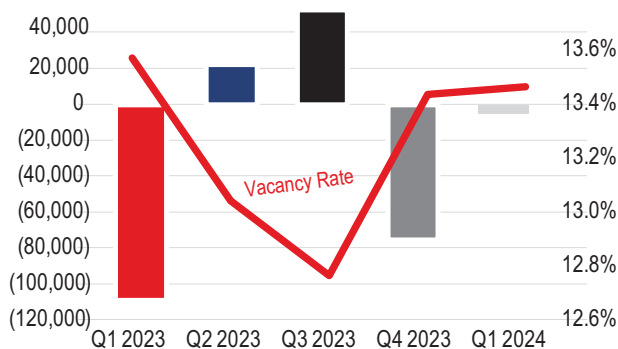
- Madison office market had overall vacancy rate of 13.5% with (4,800) sf negative absorption bringing the YTD to (4,800) sf negative absorption. The vacancy rate for multi-tenant only properties was 14.3% with (4,800) sf negative absorption bringing the YTD to (48,000) sf negative absorption.
- Madison Southwest had the most positive absorption with 8,100 sf led by Corneille Law leasing 8,800 sf. Madison Southeast posted the largest loss of (9,800) sf negative absorption led by Emmi Roth vacating 6,800 sf on a sublease.
- Madison Southwest market still has the lowest vacancy rate of 6.7% while Madison Southeast market ended Q1 2024 with the highest vacancy rate of 27.0%.
- The Madison office market recorded 49 lease transactions totaling 132,000 sf. Eight properties sold with 72,000 sf for \$23.4 million this quarter.
- Currently there is one property under construction totaling 470,000 sf while three properties were delivered this year with 63,000 sf in the Madison market.

**Employment**  
**398,677**
  
**Area Unemployment**  
**2.3**
  
**U.S. Unemployment**  
**3.9**
  
**Office-Using Jobs**  
**96,800**

### Madison Office Summary

Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	58	6,822,623	1,392,466	725,456	(2,580)	(2,580)	10.6%
B	196	7,938,872	1,392,028	1,297,348	(6,108)	(6,108)	16.3%
C	140	3,078,709	420,677	377,202	3,852	3,852	12.3%
<b>Grand Total</b>	<b>394</b>	<b>17,840,204</b>	<b>3,205,171</b>	<b>2,400,006</b>	<b>(4,836)</b>	<b>(4,836)</b>	<b>13.5%</b>

### Absorption and Vacancy Rate



NOTE: Net absorption is based on occupancy and the net change in when a new lease is occupied 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

Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Madison Central	A	16	2,031,765	214,867	209,918	(286)	10.3%
	B	43	2,351,940	252,115	444,557	(3,720)	18.9%
	C	34	883,409	176,852	175,288	2,894	19.8%
	<b>Subtotal</b>	<b>93</b>	<b>5,267,114</b>	<b>643,834</b>	<b>829,763</b>	<b>(1,112)</b>	<b>15.8%</b>
Madison East	A	2	168,921	11,686	8,604	3,477	5.1%
	B	15	631,458	172,649	87,363	3,665	13.8%
	C	6	133,686	6,509	4,719	0	3.5%
	<b>Subtotal</b>	<b>23</b>	<b>934,065</b>	<b>190,844</b>	<b>100,686</b>	<b>7,142</b>	<b>10.8%</b>
Madison North	A	7	624,167	211,022	140,847	0	22.6%
	B	16	470,047	69,054	96,230	1,499	20.5%
	C	14	342,841	44,807	37,989	(1,500)	11.1%
	<b>Subtotal</b>	<b>37</b>	<b>1,437,055</b>	<b>324,883</b>	<b>275,066</b>	<b>(1)</b>	<b>19.1%</b>
Madison Southeast	A	1	112,428			0	0.0%
	B	13	595,828	224,474	239,527	(7,215)	40.2%
	C	12	251,359	19,311	19,311	(2,656)	7.7%
	<b>Subtotal</b>	<b>26</b>	<b>959,615</b>	<b>243,785</b>	<b>258,838</b>	<b>(9,871)</b>	<b>27.0%</b>
Madison Southwest	A	9	996,556	81,717	46,891	0	4.7%
	B	56	1,997,000	257,808	133,419	8,417	6.7%
	C	53	1,025,598	93,777	88,357	(239)	8.6%
	<b>Subtotal</b>	<b>118</b>	<b>4,019,154</b>	<b>433,302</b>	<b>268,667</b>	<b>8,178</b>	<b>6.7%</b>
Madison West	A	23	2,888,786	873,174	319,196	(5,771)	11.0%
	B	53	1,892,599	415,928	296,252	(8,754)	15.7%
	C	21	441,816	79,421	51,538	5,353	11.7%
	<b>Subtotal</b>	<b>97</b>	<b>5,223,201</b>	<b>1,368,523</b>	<b>666,986</b>	<b>(9,172)</b>	<b>12.8%</b>
<b>Grand Total</b>	<b>394</b>	<b>17,840,204</b>	<b>3,205,171</b>	<b>2,400,006</b>	<b>(4,836)</b>	<b>(4,836)</b>	<b>13.5%</b>

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# Madison Industrial Overview

## Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 40 basis points to 2.3% compared to 1.9% in February 2023. The unemployment rate for the US was at 3.9% in February 2024 increasing 30 basis points from last year. State of Wisconsin unemployment was 3.0% for this quarter. Madison MSA saw an increase in job growth and industrial specific jobs in manufacturing increasing by 900 jobs during the same period.

## Madison Overview

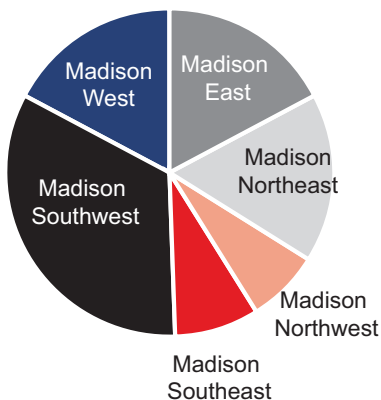
- Madison industrial market posted 406,500 sf of positive absorption bringing YTD to 406,500 sf positive absorption and a 2.4% vacancy rate. Multi-tenant only properties had 324,800 sf of positive absorption bringing YTD to 324,800 sf positive absorption and a 7.2% vacancy rate.
- Madison Northeast market saw the most gained with 224,600 sf positive absorption led by Big Joe Lifts leasing 118,000 sf. All markets posted positive absorption during Q1 2024.
- Madison market saw 22 lease transactions totaling over 250,000 sf. Ten properties sold totaling 622,000 sf for \$53.4 million.
- Currently there are 9 projects under construction totaling over 478,800 sf while 3 properties were delivered YTD totaling 375,900 sf in the Madison market.



## Industrial Summary

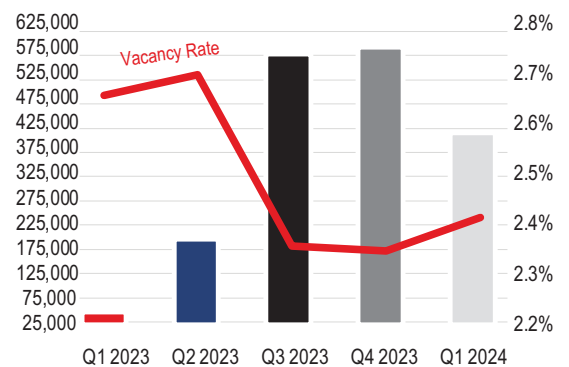
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	146	6,114,486	237,307	216,578	13,742	13,742	3.5%
Manufacturing	242	21,723,762	679,486	232,954	21,000	21,000	1.1%
Warehouse Distribution	109	14,127,876	885,474	652,130	193,460	193,460	4.6%
Warehouse Office	687	19,066,635	532,960	370,965	178,354	178,354	1.9%
<b>Grand Total</b>	<b>1,184</b>	<b>61,032,759</b>	<b>2,335,227</b>	<b>1,472,627</b>	<b>406,556</b>	<b>406,556</b>	<b>2.4%</b>

## Industrial New Developments



MARKET	BLDG SIZE (SF)
Madison East	82,800
Madison Northeast	80,000
Madison Northwest	34,500
Madison Southeast	39,800
Madison Southwest	160,000
Madison West	81,764
<b>Grand Total</b>	<b>478,864</b>

## Absorption and Vacancy Rate



NOTE: Net absorption is based on occupancy and the net change in when a new lease is occupied 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		0	0	0.0%
	Warehouse Office	31	1,089,961	74,882	32,186	10,391	3.0%
	<b>Subtotal</b>	<b>48</b>	<b>2,384,990</b>	<b>74,882</b>	<b>32,186</b>	<b>10,391</b>	<b>1.3%</b>
Madison East	Flex/R&D	50	1,390,756	104,861	49,670	6,826	3.6%
	Manufacturing	50	3,453,782	242,678	34,178	0	1.0%
	Warehouse Distribution	16	2,382,204	393,883	272,483	0	11.4%
Madison Northeast	Warehouse Office	145	3,845,599	50,325	50,325	(2,650)	1.3%
	<b>Subtotal</b>	<b>261</b>	<b>11,072,341</b>	<b>791,747</b>	<b>406,656</b>	<b>4,176</b>	<b>3.7%</b>
	Flex/R&D	28	960,938	33,432	36,410	5,733	3.8%
Madison Northwest	Manufacturing	51	4,497,794	179,526	179,526	21,000	4.0%
	Warehouse Distribution	51	6,710,836	238,191	116,153	25,120	1.7%
	Warehouse Office	114	3,400,189	75,250	50,600	172,795	1.5%
Madison Southeast	<b>Subtotal</b>	<b>244</b>	<b>15,569,757</b>	<b>526,399</b>	<b>382,689</b>	<b>224,648</b>	<b>2.5%</b>
	Flex/R&D	6	217,209	1,300		4,033	0.0%
	Manufacturing	15	1,828,980	238,032		0	0.0%
Madison Southwest	Warehouse Distribution	4	476,188			0	0.0%
	Warehouse Office	33	1,052,501			0	0.0%
	<b>Subtotal</b>	<b>58</b>	<b>3,574,878</b>	<b>239,332</b>		<b>4,033</b>	<b>0.0%</b>
Madison West	Flex/R&D	21	935,304	9,233	9,233	0	1.0%
	Manufacturing	39	2,642,582	19,250	19,250	0	0.7%
	Warehouse Distribution	13	1,140,707		105,094	26,440	9.2%
Outlying Dane County	Warehouse Office	172	4,428,977	116,116	93,716	(11,400)	2.1%
	<b>Subtotal</b>	<b>245</b>	<b>9,147,570</b>	<b>144,599</b>	<b>227,293</b>	<b>15,040</b>	<b>2.5%</b>
	Flex/R&D	29	1,921,958	21,595	85,615	(2,850)	4.5%
Outlying Dane County	Manufacturing	23	3,241,386			0	0.0%
	Warehouse Distribution	7	801,678	95,000		0	0.0%
	Warehouse Office	79	2,230,735	190,508	131,514	9,218	5.9%
Outlying Dane County	<b>Subtotal</b>	<b>138</b>	<b>8,195,757</b>	<b>307,103</b>	<b>217,129</b>	<b>6,368</b>	<b>2.6%</b>
	Flex/R&D	12	688,321	66,886	35,650	0	5.2%
	Manufacturing	14	1,512,543			0	0.0%
Outlying Dane County	Warehouse Distribution	10	1,459,315			0	0.0%
	Warehouse Office	81	2,301,429	18,379	5,124	0	0.2%
	<b>Subtotal</b>	<b>117</b>	<b>5,961,608</b>	<b>85,265</b>	<b>40,774</b>	<b>0</b>	<b>0.7%</b>
Outlying Dane County	Manufacturing	33	3,251,666			0	0.0%
	Warehouse Distribution	8	1,156,948	158,400	158,400	141,900	13.7%
	Warehouse Office	32	717,244	7,500	7,500	0	1.0%
Outlying Dane County	<b>Subtotal</b>	<b>73</b>	<b>5,125,858</b>	<b>165,900</b>	<b>165,900</b>	<b>141,900</b>	<b>3.2%</b>
	<b>Grand Total</b>	<b>1,184</b>	<b>61,032,759</b>	<b>2,335,227</b>	<b>1,472,627</b>	<b>406,556</b>	<b>406,556</b>

# Retail

## Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 40 basis points to 2.3% compared to 1.9% in February 2023. The unemployment rate for the US was at 3.9% in February 2024 increasing 30 basis points from last year. State of Wisconsin unemployment was 3.0% for this quarter. Madison MSA saw an increase in job growth but retail specific jobs of leisure and hospitality decreased by 100 jobs during the same period.

**Employment**  
**398,677**

**Area Unemployment**  
**2.3**

**U.S. Unemployment**  
**3.9**

**Retail-Using Jobs**  
**35,800**

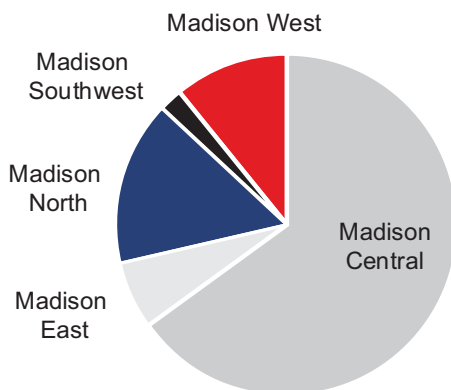
## Madison Overview

- Madison retail market showed 24,500 sf positive absorption bringing YTD to 24,500 sf positive absorption and a vacancy rate of 5.8% for both multi and single tenant properties. Multi-tenant only properties also recorded 24,500 sf positive absorption bringing YTD to 24,500 positive absorption while ending with a 8.6% vacancy rate this quarter.
- Madison Central market posted the most positive absorption with 17,000 sf led by Baked Wings leasing 5,000 sf. Madison West posted the most negative absorption of (4,600) sf led by American Risk Management Resource vacating 5,100 sf.
- For Madison primary markets Madison North achieved the lowest rate at 1.9% vacancy rate while Madison East was the highest with 9.0% vacancy rate.
- The Madison retail market saw 24 lease transactions totaling 73,000 sf. Twenty two properties totaling 298,200 sf sold for \$57.4 million.
- Currently there are 8 projects under construction totaling 93,400 sf. Three properties have been delivered this year in Madison totaling 12,400 sf.

## Retail Summary

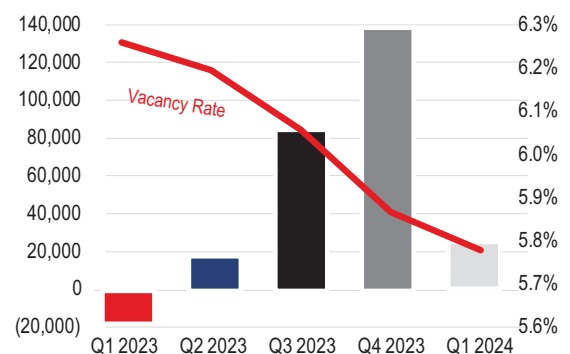
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mixed Use	132	1,812,009	184,297	209,405	9,787	9,787	11.6%
Neighborhood Center	72	3,464,618	250,811	219,814	13,051	13,051	6.3%
Regional Center	3	1,883,319	284,036	284,036	(2,103)	(2,103)	15.1%
Restaurant	96	658,871	14,200	9,000	0	0	1.4%
Strip Center	270	3,438,886	285,496	194,262	3,788	3,788	5.6%
<b>Grand Total</b>	<b>816</b>	<b>21,221,984</b>	<b>1,304,795</b>	<b>1,226,953</b>	<b>24,523</b>	<b>24,523</b>	<b>5.8%</b>

## Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	60,947
Madison East	6,000
Madison North	14,300
Madison Southwest	2,200
Madison West	10,000
<b>Grand Total</b>	<b>93,447</b>

## Absorption and Vacancy Rate



NOTE: Net absorption is based on occupancy and the net change in when a new lease is occupied 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	19	306,807			0	0.0%	
	Mixed Use	59	750,712	56,932	79,424	14,172	10.6%	
	Neighborhood Center	4	250,675	23,523	23,523	3,000	9.4%	
	Restaurant	15	114,386			0	0.0%	
	Strip Center	20	259,918	7,824	7,824	0	3.0%	
	<b>Subtotal</b>	<b>117</b>	<b>1,682,498</b>	<b>88,279</b>	<b>110,771</b>	<b>17,172</b>	<b>17,172</b>	<b>6.6%</b>
Madison East	Community Center	2	168,796	28,903	28,903	0	17.1%	
	Freestanding/Big Box	50	2,492,369	181,515	181,515	0	7.3%	
	Mixed Use	10	159,772	8,593	8,593	0	5.4%	
	Neighborhood Center	15	715,008	21,700	57,098	0	8.0%	
	Regional Center	1	787,809	148,664	148,664	0	18.9%	
	Restaurant	15	111,912			0	0.0%	
Madison North	Strip Center	51	750,916	60,550	41,750	902	5.6%	
	<b>Subtotal</b>	<b>144</b>	<b>5,186,582</b>	<b>449,925</b>	<b>466,523</b>	<b>902</b>	<b>9.0%</b>	
	Madison Southeast	Freestanding/Big Box	44	1,988,874			0	0.0%
		Mixed Use	14	161,982	17,977	14,285	0	8.8%
		Neighborhood Center	10	505,255	20,362	24,099	4,824	4.8%
		Restaurant	11	62,907	5,200		0	0.0%
Strip Center		46	519,087	34,782	22,889	2,322	4.4%	
<b>Subtotal</b>		<b>125</b>	<b>3,238,105</b>	<b>78,321</b>	<b>61,273</b>	<b>7,146</b>	<b>7,146</b>	<b>1.9%</b>
Madison Southwest	Freestanding/Big Box	12	416,768			0	0.0%	
	Mixed Use	8	247,392	18,995	18,995	3,051	7.7%	
	Neighborhood Center	2	76,671			0	0.0%	
	Restaurant	4	29,921			0	0.0%	
	Strip Center	6	83,040	10,629	10,629	0	12.8%	
	<b>Subtotal</b>	<b>32</b>	<b>853,792</b>	<b>29,624</b>	<b>29,624</b>	<b>3,051</b>	<b>3,051</b>	<b>3.5%</b>
Madison West	Community Center	1	135,107			0	0.0%	
	Freestanding/Big Box	58	2,188,654		42,481	0	1.9%	
	Mixed Use	18	188,814	23,698	30,006	0	15.9%	
	Neighborhood Center	25	1,123,595	104,530	87,680	1,876	7.8%	
	Regional Center	1	411,508	93,337	93,337	(3,375)	22.7%	
	Restaurant	20	127,830			0	0.0%	
Outlying Dane County	Strip Center	81	1,034,711	102,133	58,907	(458)	5.7%	
	<b>Subtotal</b>	<b>204</b>	<b>5,210,219</b>	<b>323,698</b>	<b>312,411</b>	<b>(1,957)</b>	<b>(1,957)</b>	<b>6.0%</b>
	Outlying Dane County	Community Center	3	323,384	57,537	57,537	0	17.8%
		Freestanding/Big Box	39	1,506,656			0	0.0%
		Mixed Use	16	231,907	55,682	55,682	(7,436)	24.0%
		Neighborhood Center	14	662,217	79,496	27,414	3,351	4.1%
Regional Center		1	684,002	42,035	42,035	1,272	6.1%	
Restaurant		20	147,717	9,000	9,000	0	6.1%	
Outlying Dane County	Strip Center	48	557,076	54,903	52,263	(1,785)	9.4%	
	<b>Subtotal</b>	<b>141</b>	<b>4,112,959</b>	<b>298,653</b>	<b>243,931</b>	<b>(4,598)</b>	<b>(4,598)</b>	<b>5.9%</b>
	Outlying Dane County	Freestanding/Big Box	15	436,866	18,000		0	0.0%
		Mixed Use	7	71,430	2,420	2,420	0	3.4%
		Neighborhood Center	2	131,197	1,200		0	0.0%
		Restaurant	11	64,198			0	0.0%
Strip Center		18	234,138	14,675		2,807	0.0%	
<b>Subtotal</b>		<b>53</b>	<b>937,829</b>	<b>36,295</b>	<b>2,420</b>	<b>2,807</b>	<b>2,807</b>	<b>0.3%</b>
<b>Grand Total</b>	<b>816</b>	<b>21,221,984</b>	<b>1,304,795</b>	<b>1,226,953</b>	<b>24,523</b>	<b>24,523</b>	<b>5.8%</b>	