

COMMERCIAL REAL ESTATE MARKET REPORT | Q3 2024

Office

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 90 basis points to 2.1% compared to 3.0% in August 2023. The unemployment rate for the US was at 4.1% in September 2024 increasing 30 basis points from last year. State of Wisconsin unemployment was 2.9% for this quarter. Madison MSA saw an increase in job growth but office specific jobs information, financial and professional services decreased by 1,700 jobs during the same period.

Madison Overview

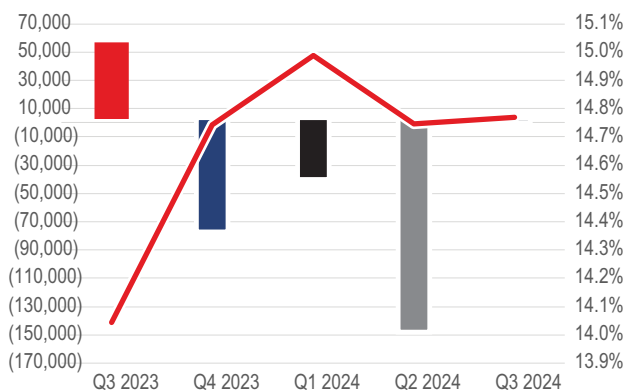
- Madison office market had overall vacancy rate of 14.8% with (4,200) sf negative absorption bringing the YTD to (200,000) sf negative absorption. The vacancy rate for multi-tenant only properties was 14.8% with (54,200) sf negative absorption bringing the YTD to (250,000) sf negative absorption.
- Madison Southeast had the most positive absorption with 58,800 sf led by Promega Corp purchase of 50,000 sf property. Madison West posted the largest loss of (57,600) sf negative absorption led by Humana vacating 41,300 sf.
- Madison Southwest market still has the lowest vacancy rate of 7.9% while Madison West market ended Q3 2024 with the highest vacancy rate of 21.1%.
- The Madison office market recorded 64 lease transactions totaling 194,500 sf. Six properties sold with 29,600 sf for \$5.8 million this quarter.
- Currently there are 3 properties under construction totaling 504,600 sf while two properties were delivered this year with 55,000 sf in the Madison market.

- Employment**
402,929
- Area Unemployment**
2.1
- U.S. Unemployment**
4.1
- Office-Using Jobs**
97,000

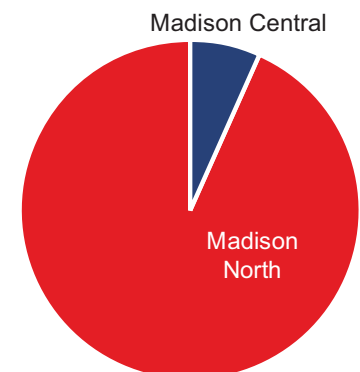
Madison Office Summary

Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	58	6,822,623	1,388,660	1,182,125	(36,843)	(223,059)	17.3%
B	197	7,645,034	1,236,444	1,003,134	77,272	48,969	13.1%
C	140	3,078,709	430,137	406,209	(44,702)	(26,024)	13.2%
Grand Total	395	17,546,366	3,055,241	2,591,468	(4,273)	(200,114)	14.8%

Absorption and Vacancy Rate



MARKET	BLDG SIZE (SF)
Madison Central	34,660
Madison North	470,000
Grand Total	504,660



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	186,619	197,015	10,293	21,185	9.7%
	B	42	2,026,940	226,483	217,588	(6,054)	(26,751)	10.7%
	C	34	883,409	190,689	181,799	(5,710)	(3,617)	20.6%
	Subtotal	92	4,942,114	603,791	596,402	(1,471)	(9,183)	12.1%
Madison East	A	2	168,921	11,686	8,604	0	3,477	5.1%
	B	15	631,458	168,285	74,578	10,801	16,450	11.8%
	C	6	133,686	8,284	6,494	(737)	(1,775)	4.9%
	Subtotal	23	934,065	188,255	89,676	10,064	18,152	9.6%
Madison North	A	7	624,167	147,891	144,577	38,590	1,770	23.2%
	B	16	470,047	64,759	95,159	1,524	1,433	20.2%
	C	14	342,841	57,281	45,351	(12,574)	(9,731)	13.2%
	Subtotal	37	1,437,055	269,931	285,087	27,540	(6,528)	19.8%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	14	608,245	188,475	182,475	55,069	49,837	30.0%
	C	12	251,359	15,505	15,505	3,806	1,150	6.2%
	Subtotal	27	972,032	203,980	197,980	58,875	50,987	20.4%
Madison Southwest	A	9	996,556	99,358	92,311	(45,420)	(45,420)	9.3%
	B	57	2,015,745	228,146	156,759	(2,959)	(2,923)	7.8%
	C	53	1,025,598	69,160	69,042	6,725	19,076	6.7%
	Subtotal	119	4,037,899	396,664	318,112	(41,654)	(29,267)	7.9%
Madison West	A	23	2,888,786	943,106	739,618	(40,306)	(204,071)	25.6%
	B	53	1,892,599	360,296	276,575	18,891	10,923	14.6%
	C	21	441,816	89,218	88,018	(36,212)	(31,127)	19.9%
	Subtotal	97	5,223,201	1,392,620	1,104,211	(57,627)	(224,275)	21.1%
Grand Total	395	17,546,366	3,055,241	2,591,468	(4,273)	(200,114)	14.8%	

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) decreased 90 basis points to 2.1% compared to 3.0% in August 2023. The unemployment rate for the US was at 4.1% in September 2024 increasing 30 basis points from last year. State of Wisconsin unemployment was 2.9% for this quarter. Madison MSA saw an increase in job growth and industrial specific jobs in manufacturing increasing by 1,200 jobs during the same period.

Madison Overview

- Madison industrial market posted (171,000) sf of negative absorption bringing YTD to 196,500 sf positive absorption and a 3.2% vacancy rate. Multi-tenant only properties had (84,700) sf of negative absorption bringing YTD to 45,700 sf positive absorption and a 9.0% vacancy rate.
- Madison Southeast market saw the most gain with 60,800 sf positive absorption led by Goodwill Industries leasing 65,500 sf. Madison Southwest posted the largest loss of (102,200) sf negative absorption led by O'Mara Moving vacating 95,000 sf.
- Madison market saw 19 lease transactions totaling over 184,400 sf. Seventeen properties sold totaling 356,000 sf for \$27.3 million.
- Currently there are 15 projects under construction totaling over 4.5 msf while 6 properties were delivered YTD totaling 680,900 sf in the Madison market.

Employment
402,929

Area Unemployment
2.1

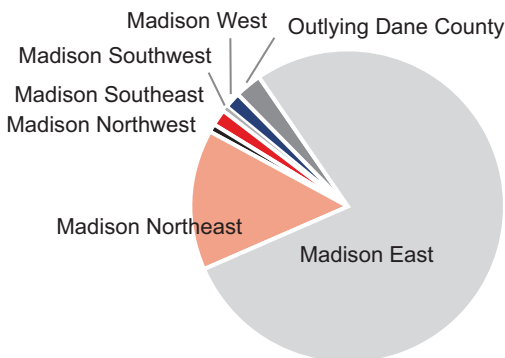
U.S. Unemployment
4.1

Industrial-Using Jobs
40,600

Industrial Summary

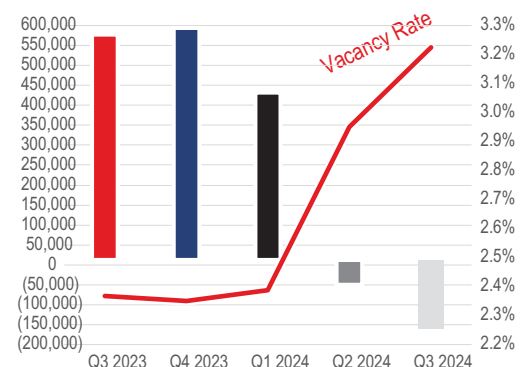
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	144	6,087,991	185,224	209,306	(4,855)	2,269	3.4%
Manufacturing	244	22,169,806	981,744	422,204	0	(8,250)	1.9%
Warehouse Distribution	112	14,308,318	1,309,911	969,557	(97,946)	28,533	6.8%
Warehouse Office	689	19,306,566	651,805	387,353	(68,318)	173,916	2.0%
Grand Total	1,189	61,872,681	3,128,684	1,988,420	(171,119)	196,468	3.2%

Industrial New Developments



MARKET	BLDG SIZE (SF)
Madison East	3,541,373
Madison Northeast	656,012
Madison Northwest	34,500
Madison Southeast	76,800
Madison Southwest	20,000
Madison West	81,764
Outlying Dane County	117,000
Grand Total	4,527,449

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	352,117		0	0.0%	
	Warehouse Office	31	1,089,961	57,536	57,536	(36,850)	(14,959)	5.3%
	Subtotal	48	2,384,990	409,653	57,536	(36,850)	(14,959)	2.4%
Madison East	Flex/R&D	50	1,390,756	99,563	62,135	11,375	(5,639)	4.5%
	Manufacturing	50	3,453,782	242,678	242,678	0	(208,500)	7.0%
	Warehouse Distribution	17	2,452,066	272,483	272,483	0	65,000	11.1%
Madison Northeast	Warehouse Office	145	3,849,024	53,983	53,983	(3,658)	(6,308)	1.4%
	Subtotal	262	11,145,628	668,707	631,279	7,717	(155,447)	5.7%
	Flex/R&D	28	960,938	13,012	29,788	(14,000)	12,355	3.1%
Madison Northwest	Manufacturing	51	4,497,794	179,526	179,526	0	21,000	4.0%
	Warehouse Distribution	52	6,790,836	425,234	136,880	(27,727)	84,393	2.0%
	Warehouse Office	114	3,400,189	78,400	30,600	0	192,795	0.9%
Madison Southeast	Subtotal	245	15,649,757	696,172	376,794	(41,727)	310,543	2.4%
	Flex/R&D	6	217,209			0	4,033	0.0%
	Manufacturing	15	1,828,980			0	0	0.0%
Madison Southwest	Warehouse Distribution	4	476,188			0	0	0.0%
	Warehouse Office	33	1,052,501			0	0	0.0%
	Subtotal	58	3,574,878			0	4,033	0.0%
Madison West	Flex/R&D	21	935,304	14,633	14,633	(5,400)	(5,400)	1.6%
	Manufacturing	39	2,837,582	22,700		0	19,250	0.0%
	Warehouse Distribution	13	1,148,967	52,000		65,582	131,534	0.0%
Outlying Dane County	Warehouse Office	172	4,428,977	86,232	68,832	664	13,484	1.6%
	Subtotal	245	9,350,830	175,565	83,465	60,846	158,868	0.9%
	Flex/R&D	27	1,895,463		64,020	0	0	3.4%
Outlying Dane County	Manufacturing	24	3,401,386			0	160,000	0.0%
	Warehouse Distribution	8	816,498	95,000	95,000	(95,000)	(95,000)	11.6%
	Warehouse Office	80	2,238,485	307,269	138,714	(7,200)	10,418	6.2%
Outlying Dane County	Subtotal	139	8,351,832	402,269	297,734	(102,200)	75,418	3.6%
	Flex/R&D	12	688,321	58,016	38,730	3,170	(3,080)	5.6%
	Manufacturing	14	1,512,543			0	0	0.0%
Outlying Dane County	Warehouse Distribution	10	1,466,815	306,794	306,794	(40,801)	(299,294)	20.9%
	Warehouse Office	81	2,312,059	58,223	37,688	(28,774)	(29,014)	1.6%
	Subtotal	117	5,979,738	423,033	383,212	(66,405)	(331,388)	6.4%
Outlying Dane County	Flex/R&D	34	3,342,710	184,723		0	0	0.0%
	Warehouse Distribution	8	1,156,948	158,400	158,400	0	141,900	13.7%
	Warehouse Office	33	935,370	10,162		7,500	7,500	0.0%
Outlying Dane County	Subtotal	75	5,435,028	353,285	158,400	7,500	149,400	2.9%
	Grand Total	1,189	61,872,681	3,128,684	1,988,420	(171,119)	196,468	3.2%

Retail

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 90 basis points to 2.1% compared to 3.0% in August 2023. The unemployment rate for the US was at 4.1% in September 2024 increasing 30 basis points from last year. State of Wisconsin unemployment was 2.9% for this quarter. Madison MSA saw an increase in job growth and retail specific jobs of leisure and hospitality increased by 100 jobs during the same period.

Madison Overview

- Madison retail market showed 34,700 sf positive absorption bringing YTD to 155,800 sf positive absorption and a vacancy rate of 5.4% for both multi and single tenant properties. Multi-tenant only properties recorded 39,000 sf positive absorption bringing YTD to 114,500 positive absorption while ending with a 8.1% vacancy rate this quarter.
- Madison Central market posted the most positive absorption with 30,600 sf led by Harmonic Hospitality Group leasing 23,200 sf. Madison East was the highest negative absorption of (10,200) sf.
- For Madison primary markets Madison North achieved the lowest rate at 2.0% vacancy rate while Madison East was the highest with 9.0% vacancy rate.
- The Madison retail market saw 29 lease transactions totaling 83,000 sf. Eighteen properties totaling 141,800 sf sold for \$20.1 million.
- Currently there are 6 projects under construction totaling 74,300 sf. Nine properties have been delivered this year in Madison totaling 61,100 sf.

Employment
402,929

Area Unemployment
2.1

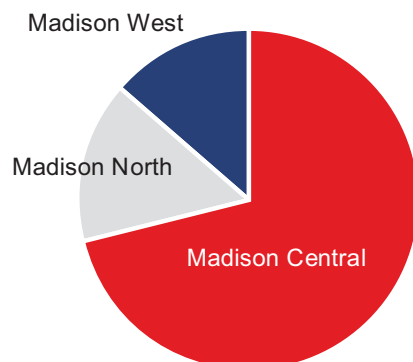
U.S. Unemployment
4.1

Retail-Using Jobs
41,100

Retail Summary

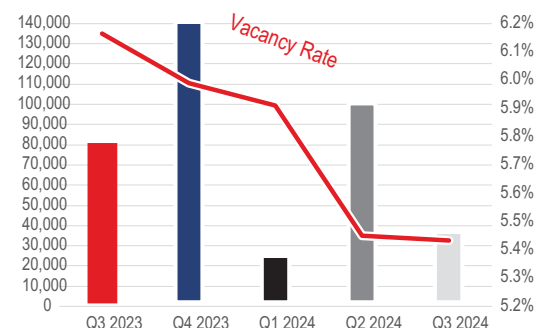
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	93,965	93,965	0	0	15.0%
Freestanding/Big Box	235	9,315,254	159,515	187,371	0	36,625	2.0%
Mixed Use	135	1,865,579	134,860	178,732	50,311	78,805	9.6%
Neighborhood Center	72	3,464,618	270,255	199,795	6,791	29,455	5.8%
Regional Center	3	1,883,319	284,471	284,471	(7,932)	(2,538)	15.1%
Restaurant	97	670,071	19,500	14,300	(4,300)	4,700	2.1%
Strip Center	272	3,456,571	248,369	197,734	(10,119)	8,778	5.7%
Grand Total	820	21,282,699	1,210,935	1,156,368	34,751	155,825	5.4%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	52,982
Madison North	11,370
Madison West	10,000
Grand Total	74,352

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	61	803,877	49,746	62,010	36,606	7.7%	
	Neighborhood Center	4	250,675	28,023	28,023	(4,500)	11.2%	
	Restaurant	14	108,038			0	0.0%	
	Strip Center	20	259,918	12,100	8,920	(1,482)	3.4%	
	Subtotal	118	1,729,315	89,869	98,953	30,624	53,219	5.7%
Madison East	Community Center	2	168,796	28,903	28,903	0	17.1%	
	Freestanding/Big Box	50	2,492,369	141,515	181,515	0	7.3%	
	Mixed Use	9	143,392	7,293	8,593	0	6.0%	
	Neighborhood Center	15	715,008	48,355	49,035	0	6.9%	
	Regional Center	1	787,809	148,360	148,360	0	18.8%	
	Restaurant	15	111,912			0	0.0%	
Madison North	Strip Center	51	750,916	64,053	47,003	(10,248)	6.3%	
	Subtotal	143	5,170,202	438,479	463,409	(10,248)	2,401	9.0%
	Freestanding/Big Box	45	1,996,874			0	0.0%	
	Mixed Use	15	171,282	24,348	20,656	875	2,929	12.1%
	Neighborhood Center	10	505,255	20,981	20,981	2,138	7,942	4.2%
	Restaurant	11	62,907	5,200		0	0	0.0%
Madison Southeast	Strip Center	46	519,087	26,234	24,757	(4,676)	454	4.8%
	Subtotal	127	3,255,405	76,763	66,394	(1,663)	11,325	2.0%
	Freestanding/Big Box	12	416,768			0	0	0.0%
	Mixed Use	8	247,392	8,676	16,851	4,482	7,533	6.8%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	5	39,884			10,000	10,000	0.0%
Madison Southwest	Strip Center	6	83,040	11,989	10,629	0	0	12.8%
	Subtotal	33	863,755	20,665	27,480	14,482	17,533	3.2%
	Community Center	1	135,107	7,525	7,525	0	0	5.6%
	Freestanding/Big Box	57	2,180,797		5,856	0	36,625	0.3%
	Mixed Use	19	197,321	22,467	22,467	1,231	11,039	11.4%
	Neighborhood Center	25	1,123,595	98,555	88,578	3,200	(1,022)	7.9%
Madison West	Regional Center	1	411,508	94,837	94,837	(3,900)	(4,875)	23.0%
	Restaurant	20	131,044	14,300	14,300	(14,300)	(14,300)	10.9%
	Strip Center	83	1,052,396	71,186	53,475	6,032	13,436	5.1%
	Subtotal	206	5,231,768	308,870	287,038	(7,737)	40,903	5.5%
	Community Center	3	323,384	57,537	57,537	0	0	17.8%
	Freestanding/Big Box	37	1,484,773			0	0	0.0%
Outlying Dane County	Mixed Use	16	230,885	22,330	45,735	7,117	1,489	19.8%
	Neighborhood Center	14	662,217	31,020	13,178	5,953	17,587	2.0%
	Regional Center	1	684,002	41,274	41,274	(4,032)	2,033	6.0%
	Restaurant	21	152,088			0	9,000	0.0%
	Strip Center	48	557,076	45,632	41,575	255	8,903	7.5%
	Subtotal	140	4,094,425	197,793	199,299	9,293	39,012	4.9%
Grand Total	Freestanding/Big Box	15	436,866	18,000		0	0	0.0%
	Mixed Use	7	71,430		2,420	0	0	3.4%
	Neighborhood Center	2	131,197	43,321		0	0	0.0%
	Restaurant	11	64,198			0	0	0.0%
	Strip Center	18	234,138	17,175	11,375	0	(8,568)	4.9%
	Subtotal	53	937,829	78,496	13,795	0	(8,568)	1.5%
Grand Total	820	21,282,699	1,210,935	1,156,368	34,751	155,825	5.4%	