

**COMMERCIAL
REAL ESTATE
MARKET REPORT**

**Q4 2024
MADISON**



MOODY'S

FOR IMMEDIATE RELEASE JANUARY 2024

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COMMERCIAL REAL ESTATE MARKET REPORT | Q4 2024

Office

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) remained the same at 2.1% compared to November 2023. The unemployment rate for the US was at 4.2% in November 2024 increasing 50 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 2,500 jobs during the same period.

Madison Overview

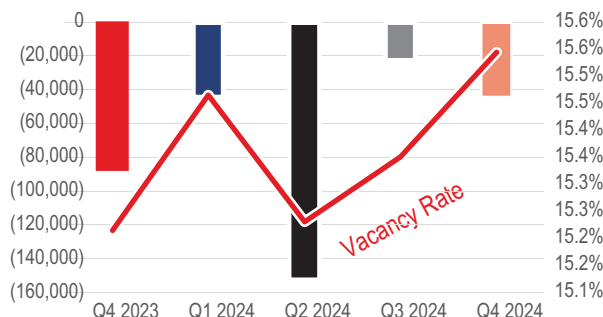
- Madison office market had overall vacancy rate of 15.5% with (43,800) sf negative absorption bringing the YTD to (262,000) sf negative absorption. The vacancy rate for multi-tenant only properties was 15.6% with (43,800) sf negative absorption bringing the YTD to (312,000) sf negative absorption.
- All markets experienced negative absorption with Madison Central posting the largest loss of (24,400) sf negative absorption led by Synergos Counseling and Wellness vacating 8,000 sf on a sublease.
- Madison Southwest market still has the lowest vacancy rate of 9.8% while Madison Southeast market ended Q4 2024 with the highest vacancy rate of 22.5%.
- The Madison office market recorded 60 lease transactions totaling 160,000 sf. Seven properties sold with 117,000 sf for \$11.8 million this quarter.
- Currently there are two properties under construction totaling 143,000 sf while five properties were delivered this year with 570,000 sf in the Madison market.

- Employment**
407,656
- Area Unemployment**
2.1
- U.S. Unemployment**
4.2
- Office-Using Jobs**
95,500

Madison Office Summary

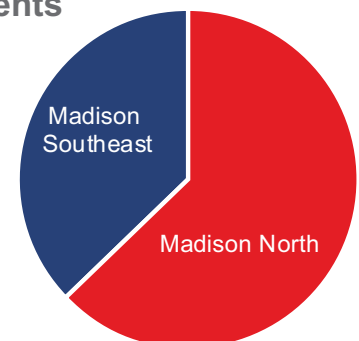
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	58	6,822,623	1,366,117	1,213,459	(14,052)	(254,393)	17.8%
B	199	7,729,789	1,236,838	1,111,475	(29,002)	28,442	14.4%
C	142	3,104,837	440,038	419,644	(752)	(36,049)	13.5%
Grand Total	399	17,657,249	3,042,993	2,744,578	(43,806)	(262,000)	15.5%

Absorption and Vacancy Rate



Office New Developments

MARKET	BLDG SIZE (SF)
Madison North	90,000
Madison Southeast	53,000
Grand Total	143,000



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	192,084	224,103	(19,549)	(5,903)	11.0%
	B	42	2,026,940	232,856	236,907	(12,390)	(39,141)	11.7%
	C	35	887,081	179,052	174,341	7,458	3,841	19.7%
	Subtotal	93	4,945,786	603,992	635,351	(24,481)	(41,203)	12.8%
Madison East	A	2	168,921	11,686	11,686	0	395	6.9%
	B	16	670,912	165,246	83,473	(8,895)	7,555	12.4%
	C	6	133,686	7,725	5,935	559	(1,216)	4.4%
	Subtotal	24	973,519	184,657	101,094	(8,336)	6,734	10.4%
Madison North	A	7	624,167	142,501	144,021	556	2,326	23.1%
	B	16	470,047	56,175	93,893	1,266	2,699	20.0%
	C	14	342,841	53,383	49,438	(4,087)	(13,818)	14.4%
	Subtotal	37	1,437,055	252,059	287,352	(2,265)	(8,793)	20.0%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	13	558,245	186,130	186,130	2,345	52,182	33.3%
	C	12	251,359	21,482	21,482	(5,977)	(4,827)	8.5%
	Subtotal	26	922,032	207,612	207,612	(3,632)	47,355	22.5%
Madison Southwest	A	9	996,556	99,646	92,599	(288)	(45,708)	9.3%
	B	58	2,062,485	226,788	228,317	(5,148)	404	11.1%
	C	54	1,048,054	89,270	80,522	1,203	11,006	7.7%
	Subtotal	121	4,107,095	415,704	401,438	(4,233)	(34,298)	9.8%
Madison West	A	23	2,888,786	920,200	741,050	5,229	(205,503)	25.7%
	B	54	1,941,160	369,643	282,755	(6,180)	4,743	14.6%
	C	21	441,816	89,126	87,926	92	(31,035)	19.9%
	Subtotal	98	5,271,762	1,378,969	1,111,731	(859)	(231,795)	21.1%
Grand Total	399	17,657,249	3,042,993	2,744,578	(43,806)	(262,000)	15.5%	

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) remained the same at 2.1% compared to November 2023. The unemployment rate for the US was at 4.2% in November 2024 increasing 50 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 700 jobs during the same period.

Madison Overview

- Madison industrial market posted (293,400) sf of negative absorption bringing YTD to (115,700) sf negative absorption and a 4.1% vacancy rate. Multi-tenant only properties had 48,000 sf of positive absorption bringing YTD to 85,300 sf positive absorption and a 9.9% vacancy rate.
- Madison Northwest market saw the most gain with 34,800 sf positive absorption led by new delivery of 34,500 sf for Newcomer Supply. Madison Central posted the largest loss of (351,100) sf negative absorption led by Sheridan Group vacating 352,100 sf.
- Madison market saw 12 lease transactions totaling over 120,100 sf. Fifteen properties sold totaling 318,700 sf for \$18.9 million.
- Currently there are 14 projects under construction totaling over 4.4 msf while 10 properties were delivered YTD totaling 910,000 sf in the Madison market.

Employment
407,656

Area Unemployment
2.1

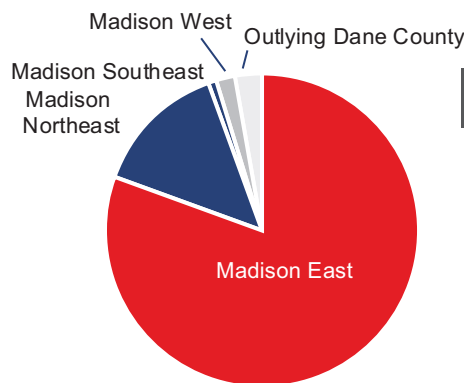
U.S. Unemployment
4.2

Industrial-Using Jobs
39,900

Industrial Summary

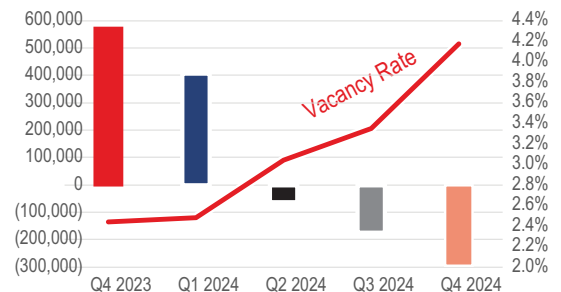
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	147	6,173,446	232,582	259,959	34,802	8,297	4.2%
Manufacturing	244	22,171,437	1,072,796	796,543	(374,617)	(382,867)	3.6%
Warehouse Distribution	113	14,513,331	1,445,245	1,166,330	0	28,533	8.0%
Warehouse Office	690	19,322,803	703,756	357,046	46,333	230,323	1.8%
Grand Total	1,194	62,181,017	3,454,379	2,579,878	(293,482)	(115,714)	4.1%

Industrial New Developments



MARKET	BLDG SIZE (SF)
Madison East	3,547,173
Madison Northeast	613,000
Madison Southeast	39,800
Madison West	81,764
Outlying Dane County	117,000
Grand Total	4,398,737

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	443,647	352,117	(352,117)	27.2%
	Warehouse Office	31	1,089,961	56,536	56,536	1,000	5.2%
	Subtotal	48	2,384,990	500,183	408,653	(351,117)	17.1%
Madison East	Flex/R&D	50	1,390,756	59,651	52,769	9,366	3.8%
	Manufacturing	50	3,453,782	242,400	242,400	0	7.0%
	Warehouse Distribution	17	2,452,066	263,044	272,483	0	11.1%
Madison Northeast	Warehouse Office	145	3,849,235	77,008	48,008	5,975	1.2%
	Subtotal	262	11,145,839	642,103	615,660	15,341	5.5%
	Flex/R&D	28	960,938	10,948	32,736	(2,948)	3.4%
Madison Northwest	Manufacturing	51	4,499,425	179,526	179,526	0	4.0%
	Warehouse Distribution	53	6,995,849	563,246	274,892	0	3.9%
	Warehouse Office	114	3,400,189	104,700	22,200	8,400	0.7%
Madison Southeast	Subtotal	246	15,856,401	858,420	509,354	5,452	3.2%
	Flex/R&D	6	217,209			0	0.0%
	Manufacturing	15	1,828,980			0	0.0%
Madison Southwest	Warehouse Distribution	4	476,188			0	0.0%
	Warehouse Office	34	1,087,001			34,500	0.0%
	Subtotal	59	3,609,378			34,500	0.0%
Madison West	Flex/R&D	22	971,985	55,193	22,930	28,384	2.4%
	Manufacturing	39	2,837,582	22,500	22,500	(22,500)	0.8%
	Warehouse Distribution	13	1,148,967	52,000	52,000	0	4.5%
Outlying Dane County	Warehouse Office	172	4,429,277	101,392	69,132	0	1.6%
	Subtotal	246	9,387,811	231,085	166,562	5,884	1.8%
	Flex/R&D	28	1,915,463	20,000	84,020	0	4.4%
Outlying Dane County	Manufacturing	24	3,401,386			0	0.0%
	Warehouse Distribution	8	816,498	95,000	95,000	0	11.6%
	Warehouse Office	80	2,238,485	303,669	123,114	15,600	5.5%
Outlying Dane County	Subtotal	140	8,371,832	418,669	302,134	15,600	3.6%
	Flex/R&D	13	717,095	86,790	67,504	0	9.4%
	Manufacturing	14	1,512,543			0	0.0%
Outlying Dane County	Warehouse Distribution	10	1,466,815	306,794	306,794	0	20.9%
	Warehouse Office	81	2,293,285	50,289	38,056	(19,142)	1.7%
	Subtotal	118	5,989,738	443,873	412,354	(19,142)	6.9%
Outlying Dane County	Manufacturing	34	3,342,710	184,723		0	0.0%
	Warehouse Distribution	8	1,156,948	165,161	165,161	0	14.3%
	Warehouse Office	33	935,370	10,162		0	0.0%
Outlying Dane County	Subtotal	75	5,435,028	360,046	165,161	0	3.0%
	Grand Subtotal	1,194	62,181,017	3,454,379	2,579,878	(293,482)	(115,714)

Retail

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) remained the same at 2.1% compared to November 2023. The unemployment rate for the US was at 4.2% in November 2024 increasing 50 basis points from last year. State of Wisconsin unemployment was 2.9% for this quarter. Madison MSA saw an increase in job growth but retail specific jobs of leisure and hospitality decreased by 1,200 jobs during the same period.

Madison Overview

- Madison retail market showed 32,800 sf positive absorption bringing YTD to 183,500 sf positive absorption and a vacancy rate of 5.4% for both multi and single tenant properties. Multi-tenant only properties recorded 24,200 sf positive absorption bringing YTD to 133,600 positive absorption while ending with a 8.1% vacancy rate this quarter.
- All markets realized positive absorption with Madison West market posting the most positive absorption with 17,100 sf led by Mongolian Hot Pot leasing 5,800 sf.
- For Madison primary markets Madison North achieved the lowest rate at 2.2% vacancy rate while Madison East was the highest with 8.9% vacancy rate.
- The Madison retail market saw 21 lease transactions totaling 98,000 sf. Seventeen properties totaling 162,400 sf sold for \$24 million.
- Currently there are 6 projects under construction totaling 71,400 sf. Ten properties have been delivered this year in Madison totaling 87,100 sf.

Employment
407,656

Area Unemployment
2.1

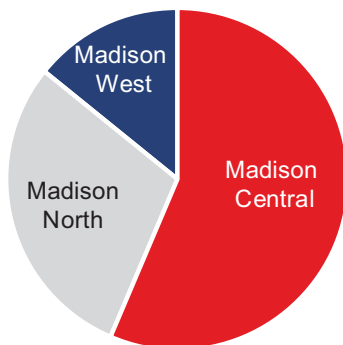
U.S. Unemployment
4.2

Retail-Using Jobs
36,600

Retail Summary

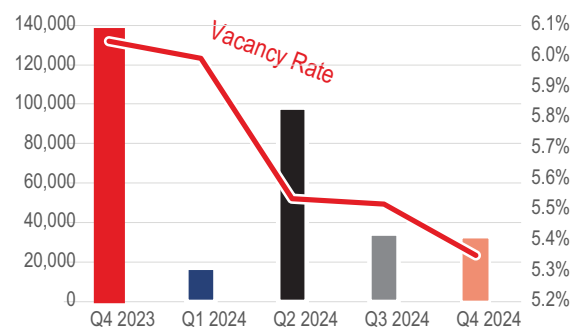
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	54,573	76,765	17,200	17,200	12.2%
Freestanding/Big Box	237	9,358,070	200,569	178,755	8,616	45,241	1.9%
Mixed Use	135	1,865,579	145,632	168,749	15,076	88,788	9.0%
Neighborhood Center	72	3,464,618	270,583	201,399	(1,604)	27,851	5.8%
Regional Center	3	1,883,319	294,026	294,026	(9,555)	(12,093)	15.6%
Restaurant	97	679,657	14,300	14,300	0	4,700	2.1%
Strip Center	273	3,465,672	274,904	208,125	3,079	11,857	6.0%
Grand Total	823	21,344,202	1,254,587	1,142,119	32,812	183,544	5.4%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	40,322
Madison North	21,070
Madison West	10,000
Grand Total	71,392

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	3,814		0	0.0%	
	Mixed Use	61	803,877	66,343	64,880	2,223	52,945	8.1%
	Neighborhood Center	4	250,675	28,023	28,023	0	(1,500)	11.2%
	Restaurant	13	104,366			0	0	0.0%
	Strip Center	20	259,918	10,618	7,438	1,482	386	2.9%
	Subtotal	117	1,725,643	108,798	100,341	3,705	51,831	5.8%
Madison East	Community Center	2	168,796	11,703	11,703	17,200	17,200	6.9%
	Freestanding/Big Box	50	2,492,369	178,755	178,755	2,760	2,760	7.2%
	Mixed Use	9	143,392	5,093	8,593	0	0	6.0%
	Neighborhood Center	15	715,008	50,535	49,035	0	6,448	6.9%
	Regional Center	1	787,809	155,367	155,367	(7,007)	(6,703)	19.7%
	Restaurant	16	125,170			0	0	0.0%
Madison North	Strip Center	50	746,358	74,256	57,006	(5,305)	(9,656)	7.6%
	Subtotal	143	5,178,902	475,709	460,459	7,648	10,049	8.9%
	Freestanding/Big Box	45	1,996,874			0	0	0.0%
	Mixed Use	15	171,282	23,317	21,075	(419)	2,510	12.3%
	Neighborhood Center	10	505,255	22,585	22,585	(1,604)	6,338	4.5%
	Restaurant	11	62,907			0	0	0.0%
Madison Southeast	Strip Center	47	527,859	25,740	29,273	4,256	4,710	5.5%
	Subtotal	128	3,264,177	71,642	72,933	2,233	13,558	2.2%
	Freestanding/Big Box	13	431,176			0	0	0.0%
	Mixed Use	8	247,392	16,851	16,851	0	7,533	6.8%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	5	39,884			0	10,000	0.0%
Madison Southwest	Strip Center	7	87,927	11,989	10,629	0	0	12.1%
	Subtotal	35	883,050	28,840	27,480	0	17,533	3.1%
	Community Center	1	135,107	7,525	7,525	0	0	5.6%
	Freestanding/Big Box	57	2,180,797			5,856	42,481	0.0%
	Mixed Use	19	197,321	21,270	21,270	1,197	12,236	10.8%
	Neighborhood Center	25	1,123,595	98,555	88,578	0	(1,022)	7.9%
Madison West	Regional Center	1	411,508	99,098	99,098	(4,261)	(9,136)	24.1%
	Restaurant	20	131,044	14,300	14,300	0	(14,300)	10.9%
	Strip Center	83	1,052,396	96,623	54,140	(665)	12,771	5.1%
	Subtotal	206	5,231,768	337,371	284,911	2,127	43,030	5.4%
	Community Center	3	323,384	35,345	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	12,758	33,660	12,075	13,564	14.6%
	Neighborhood Center	14	662,217	27,564	13,178	0	17,587	2.0%
	Regional Center	1	684,002	39,561	39,561	1,713	3,746	5.8%
	Restaurant	21	152,088			0	9,000	0.0%
	Strip Center	48	557,076	38,503	38,264	3,311	12,214	6.9%
	Subtotal	140	4,094,425	153,731	182,200	17,099	56,111	4.4%
Grand Total	Freestanding/Big Box	16	465,274	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	54	966,237	78,496	13,795	0	(8,568)	1.4%
Grand Total	823	21,344,202	1,254,587	1,142,119	32,812	183,544	5.4%	