

**COMMERCIAL
REAL ESTATE
MARKET REPORT**

**Q1 2025
MADISON**



MOODY'S

FOR IMMEDIATE RELEASE APRIL 2025

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COMMERCIAL REAL ESTATE MARKET REPORT | Q1 2025

Office

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 30 basis points to 2.8% compared to 2.5% in February 2024. The unemployment rate for the US was at 4.1% in February 2025 increasing 20 basis points from last year. State of Wisconsin unemployment was 3.2% for this quarter. Madison MSA saw an decrease in job growth but office specific jobs information, financial and professional services increased by 600 jobs during the same period.

Madison Overview

- Madison office market had overall vacancy rate of 16.0% with (87,400) sf negative absorption bringing the YTD to (87,400) sf negative absorption. The vacancy rate for multi-tenant only properties was 15.8% with (43,800) sf negative absorption bringing the YTD to (43,800) sf negative absorption.
- Madison Southeast had the largest gain of 26,000 sf positive absorption led by Dane County Human Services leasing 11,700 sf. Madison West posting the largest loss of (64,900) sf negative absorption led by TDS downsizing 29,000 sf.
- Madison Southwest market still has the lowest vacancy rate of 9.8% while Madison West market ended Q1 2025 with the highest vacancy rate of 22.4%.

The Madison office market recorded 56 lease transactions totaling 210,000 sf. Four properties sold with 29,000 sf for \$5.0 million this quarter.

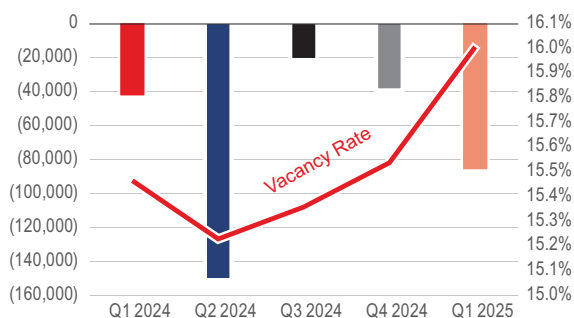
- Currently there are two properties under construction totaling 143,000 sf.



Madison Office Summary

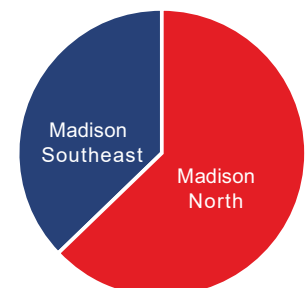
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	58	6,822,623	1,386,171	1,291,528	(78,069)	(78,069)	18.9%
B	200	7,760,348	1,380,026	1,132,959	(18,126)	(18,126)	14.6%
C	141	3,095,157	474,258	404,926	8,741	8,741	13.1%
Grand Total	399	17,678,128	3,240,455	2,829,413	(87,454)	(87,454)	16.0%

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	233,153	238,378	(14,275)	(14,275)	11.7%
	B	42	2,026,940	307,585	259,036	(22,129)	(22,129)	12.8%
	C	34	883,409	175,393	174,341	0	0	19.7%
	Subtotal	92	4,942,114	716,131	671,755	(36,404)	(36,404)	13.6%
Madison East	A	2	168,921	11,686	11,686	0	0	6.9%
	B	17	701,471	206,850	97,453	(13,980)	(13,980)	13.9%
	C	6	133,686	10,987	9,352	(3,417)	(3,417)	7.0%
	Subtotal	25	1,004,078	229,523	118,491	(17,397)	(17,397)	11.8%
Madison North	A	7	624,167	140,156	146,227	(2,206)	(2,206)	23.4%
	B	16	470,047	80,932	92,729	1,164	1,164	19.7%
	C	14	342,841	66,640	44,272	5,166	5,166	12.9%
	Subtotal	37	1,437,055	287,728	283,228	4,124	4,124	19.7%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	13	558,245	174,307	167,518	18,612	18,612	30.0%
	C	12	251,359	38,456	8,139	7,366	7,366	3.2%
	Subtotal	26	922,032	212,763	175,657	25,978	25,978	19.1%
Madison Southwest	A	9	996,556	86,698	99,695	(7,096)	(7,096)	10.0%
	B	58	2,062,485	230,655	221,086	7,231	7,231	10.7%
	C	54	1,042,046	93,482	79,522	1,000	1,000	7.6%
	Subtotal	121	4,101,087	410,835	400,303	1,135	1,135	9.8%
Madison West	A	23	2,888,786	914,478	795,542	(54,492)	(54,492)	27.5%
	B	54	1,941,160	379,697	295,137	(9,024)	(9,024)	15.2%
	C	21	441,816	89,300	89,300	(1,374)	(1,374)	20.2%
	Subtotal	98	5,271,762	1,383,475	1,179,979	(64,890)	(64,890)	22.4%
Grand Total		399	17,678,128	3,240,455	2,829,413	(87,454)	(87,454)	16.0%

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 30 basis points to 2.8% compared to 2.5% in February 2024. The unemployment rate for the US was at 4.1% in February 2025 increasing 20 basis points from last year. State of Wisconsin unemployment was 3.2% for this quarter. Madison MSA saw an decrease in job growth and industrial specific jobs in manufacturing decreased by 700 jobs during the same period.

Madison Overview

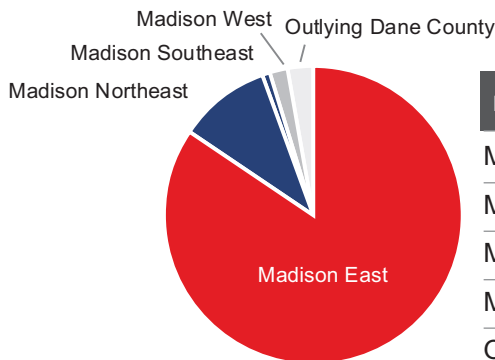
- Madison industrial market posted 206,800 sf of positive absorption bringing YTD to 206,800 sf of positive absorption and a 4.1% vacancy rate. Multi-tenant only properties had 149,700 sf of positive absorption bringing YTD to 149,700 sf positive absorption and a 9.0% vacancy rate.
- Madison Southwest market saw the most gain with 190,000 sf positive absorption led by Accuray leasing 101,300 sf. Madison Southeast posted the largest loss of (14,200) sf negative absorption led by Yodelay Yogurt vacating 20,000 sf.
- Madison market saw 23 lease transactions totaling over 306,800 sf. Eleven properties sold totaling 510,300 sf for \$44.5 million.
- Currently there are 12 projects under construction totaling over 4.2 msf while 3 properties were delivered YTD totaling 212,300 sf in the Madison market.



Industrial Summary

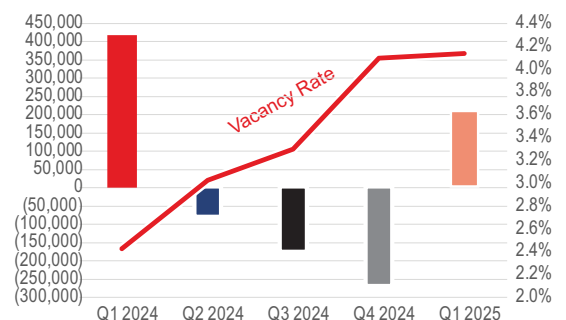
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	146	6,173,446	244,132	182,182	87,777	87,777	3.0%
Manufacturing	244	22,188,484	1,055,696	779,443	0	0	3.5%
Warehouse Distribution	113	14,703,335	1,096,532	1,254,060	94,270	94,270	8.5%
Warehouse Office	693	19,461,407	695,053	368,580	24,766	24,766	1.9%
Grand Total	1,196	62,526,672	3,091,413	2,584,265	206,813	206,813	4.1%

Industrial New Developments



MARKET	BLDG SIZE (SF)
Madison East	3,583,373
Madison Northeast	431,000
Madison Southeast	27,300
Madison West	81,764
Outlying Dane County	117,000
Grand Total	4,240,437

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	0	27.2%
	Warehouse Office	31	1,089,961	56,536	56,536	0	5.2%
	Subtotal	48	2,384,990	500,183	408,653	0	17.1%
	Flex/R&D	50	1,390,756	68,535	54,494	(1,725)	3.9%
Madison East	Manufacturing	50	3,470,829	225,300	225,300	0	6.5%
	Warehouse Distribution	16	2,457,865	251,489	272,483	0	11.1%
	Warehouse Office	146	3,884,458	116,163	52,074	13,734	1.3%
	Subtotal	262	11,203,908	661,487	604,351	12,009	5.4%
Madison Northeast	Flex/R&D	28	960,938	12,094	15,734	17,002	1.6%
	Manufacturing	51	4,499,425	179,526	179,526	0	4.0%
	Warehouse Distribution	54	7,179,324	485,519	456,892	0	6.4%
	Warehouse Office	116	3,424,117	69,550	39,050	(10,850)	1.1%
	Subtotal	249	16,063,804	746,689	691,202	6,152	4.3%
Madison Northwest	Flex/R&D	6	217,209			0	0.0%
	Manufacturing	15	1,828,980			0	0.0%
	Warehouse Distribution	4	476,188			0	0.0%
	Warehouse Office	35	1,119,015			0	0.0%
	Subtotal	60	3,641,392			0	0.0%
Madison Southeast	Flex/R&D	22	971,985	49,793	17,530	5,400	1.8%
	Manufacturing	39	2,837,582	22,500	22,500	0	0.8%
	Warehouse Distribution	13	1,149,697	52,730	52,730	(730)	4.6%
	Warehouse Office	171	4,392,144	126,002	100,526	(18,894)	2.3%
	Subtotal	245	9,351,408	251,025	193,286	(14,224)	2.1%
Madison Southwest	Flex/R&D	27	1,915,463	30,000	30,000	64,020	1.6%
	Manufacturing	24	3,401,386			0	0.0%
	Warehouse Distribution	8	816,498			95,000	0.0%
	Warehouse Office	80	2,238,485	283,407	92,114	31,000	4.1%
	Subtotal	139	8,371,832	313,407	122,114	190,020	1.5%
Madison West	Flex/R&D	13	717,095	83,710	64,424	3,080	9.0%
	Manufacturing	14	1,512,543			0	0.0%
	Warehouse Distribution	10	1,466,815	306,794	306,794	0	20.9%
	Warehouse Office	81	2,377,857	33,233	28,280	9,776	1.2%
	Subtotal	118	6,074,310	423,737	399,498	12,856	6.6%
Outlying Dane County	Manufacturing	34	3,342,710	184,723		0	0.0%
	Warehouse Distribution	8	1,156,948		165,161	0	14.3%
	Warehouse Office	33	935,370	10,162		0	0.0%
	Subtotal	75	5,435,028	194,885	165,161	0	3.0%
Grand Total		1,196	62,526,672	3,091,413	2,584,265	206,813	4.1%

Retail

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) increased 30 basis points to 2.8% compared to 2.5% in February 2024. The unemployment rate for the US was at 4.1% in February 2025 increasing 20 basis points from last year. State of Wisconsin unemployment was 3.2% for this quarter. Madison MSA saw an decrease in job growth and retail specific jobs of leisure and hospitality decreased by 2,200 jobs during the same period.

Madison Overview

- Madison retail market showed 23,700 sf positive absorption bringing YTD to 23,700 sf positive absorption and a vacancy rate of 5.4% for both multi and single tenant properties. Multi-tenant only properties recorded 27,500 sf positive absorption bringing YTD to 27,500 positive absorption while ending with a 8.1% vacancy rate this quarter.
- Madison West realized positive absorption of 20,100 sf led by Market Hall Food Hall leasing 14,000 sf. Madison East market posting the largest loss of (9,000) sf led by Party City vacating 14,000 sf.
- For Madison primary markets Madison North achieved the lowest rate at 1.8% vacancy rate while Madison East was the highest with 9.3% vacancy rate.
- The Madison retail market saw 21 lease transactions totaling 92,700 sf. Sixteen properties totaling 232,600 sf sold for \$32.2 million.
- Currently there are 7 projects under construction totaling 83,400 sf. One property was delivered this quarter in Madison totaling 6,300 sf.

Employment

396,656



Area Unemployment

2.8



U.S. Unemployment

4.1



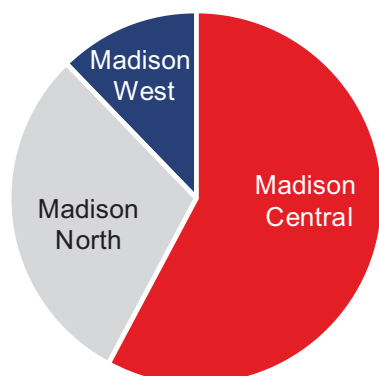
Retail-Using Jobs

34,900

Retail Summary

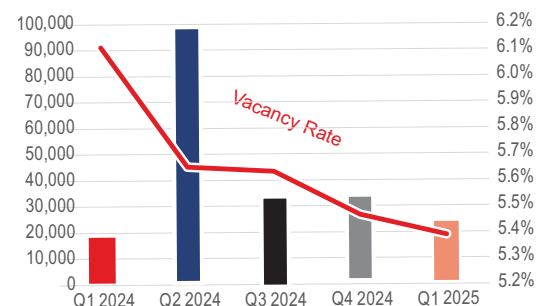
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	96,894	90,618	(13,931)	(13,931)	14.4%
Freestanding/Big Box	237	9,216,905	230,359	182,569	(3,814)	(3,814)	2.0%
Mixed Use	134	1,859,668	133,191	164,413	28,936	28,936	8.8%
Neighborhood Center	72	3,464,618	281,021	200,088	1,311	1,311	5.8%
Regional Center	3	1,883,319	294,813	294,813	(787)	(787)	15.7%
Restaurant	97	679,657	14,300	14,300	0	0	2.1%
Strip Center	276	3,492,932	262,891	196,962	11,963	11,963	5.6%
Grand Total	825	21,224,386	1,313,469	1,143,763	23,678	23,678	5.4%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	48,408
Madison Northeast	25,070
Madison West	10,000
Grand Total	83,478

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	3,814	(3,814)	(3,814)	1.2%
	Mixed Use	61	803,877	59,774	66,219	(1,339)	(1,339)	8.2%
	Neighborhood Center	4	250,675	23,523	23,523	4,500	4,500	9.4%
	Restaurant	13	104,366			0	0	0.0%
	Strip Center	20	259,918	9,438	9,438	(2,000)	(2,000)	3.6%
	Subtotal	117	1,725,643	96,549	102,994	(2,653)	(2,653)	6.0%
Madison East	Community Center	2	168,796	45,634	25,634	(13,931)	(13,931)	15.2%
	Freestanding/Big Box	49	2,331,209	192,730	178,755	0	0	7.7%
	Mixed Use	9	143,392	8,899	8,593	0	0	6.0%
	Neighborhood Center	15	715,008	57,535	48,535	500	500	6.8%
	Regional Center	1	787,809	155,367	155,367	0	0	19.7%
	Restaurant	16	125,170			0	0	0.0%
Madison North	Strip Center	50	746,358	67,653	50,251	4,355	4,355	6.7%
	Subtotal	142	5,017,742	527,818	467,135	(9,076)	(9,076)	9.3%
Madison Southeast	Freestanding/Big Box	45	1,996,874			0	0	0.0%
	Mixed Use	15	171,282	14,571	14,571	6,504	6,504	8.5%
	Neighborhood Center	10	505,255	20,117	21,317	1,268	1,268	4.2%
	Restaurant	11	62,907			0	0	0.0%
	Strip Center	47	527,859	25,140	22,340	6,933	6,933	4.2%
	Subtotal	128	3,264,177	59,828	58,228	14,705	14,705	1.8%
Madison Southwest	Freestanding/Big Box	14	451,171			0	0	0.0%
	Mixed Use	7	241,481	11,276	35,876	5,575	5,575	14.9%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	5	39,884			0	0	0.0%
	Strip Center	7	87,927	11,989	10,629	0	0	12.1%
	Subtotal	35	897,134	23,265	46,505	5,575	5,575	5.2%
Madison West	Community Center	1	135,107	7,525	7,525	0	0	5.6%
	Freestanding/Big Box	57	2,180,797	17,520		0	0	0.0%
	Mixed Use	19	197,321	21,270	21,270	0	0	10.8%
	Neighborhood Center	25	1,123,595	140,481	95,504	(6,926)	(6,926)	8.5%
	Regional Center	1	411,508	99,885	99,885	(787)	(787)	24.3%
	Restaurant	20	131,044	14,300	14,300	0	0	10.9%
Outlying Dane County	Strip Center	85	1,068,771	79,483	45,739	8,401	8,401	4.3%
	Subtotal	208	5,248,143	380,464	284,223	688	688	5.4%
Outlying Dane County	Community Center	3	323,384	43,735	57,459	0	0	17.8%
	Freestanding/Big Box	37	1,484,773	16,295		0	0	0.0%
	Mixed Use	16	230,885	17,401	15,464	18,196	18,196	6.7%
	Neighborhood Center	14	662,217	39,365	11,209	1,969	1,969	1.7%
	Regional Center	1	684,002	39,561	39,561	0	0	5.8%
	Restaurant	21	152,088			0	0	0.0%
Outlying Dane County	Strip Center	48	557,076	38,503	38,264	0	0	6.9%
	Subtotal	140	4,094,425	194,860	161,957	20,165	20,165	4.0%
Outlying Dane County	Freestanding/Big Box	16	465,274			0	0	0.0%
	Mixed Use	7	71,430		2,420	0	0	3.4%
	Neighborhood Center	2	131,197			0	0	0.0%
	Restaurant	11	64,198			0	0	0.0%
	Strip Center	19	245,023	30,685	20,301	(5,726)	(5,726)	8.3%
	Subtotal	55	977,122	30,685	22,721	(5,726)	(5,726)	2.3%
Grand Total		825	21,224,386	1,313,469	1,143,763	23,678	23,678	5.4%