

**COMMERCIAL
REAL ESTATE
MARKET REPORT**

Q2 2025
MADISON



MOODY'S

FOR IMMEDIATE RELEASE JULY 2025

For more information, please contact:

Tracy Johnson, CARW 414-698-7474 | Chris Allen, REDIComps 952-456-1669

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COMMERCIAL REAL ESTATE MARKET REPORT | Q2 2025

Office

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 2.8% compared to 2.4% in May 2024. The unemployment rate for the US was at 4.2% in May 2025 increasing 20 basis points from last year. State of Wisconsin unemployment was 3.3% for this quarter. Madison MSA saw an decrease in job growth but office specific jobs information, financial and professional services increased by 500 jobs during the same period.

Madison Overview

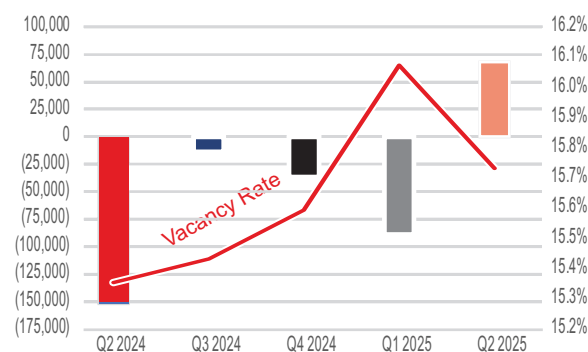
- Madison office market had overall vacancy rate of 15.7% with 67,600 sf positive absorption bringing the YTD to (20,900) sf negative absorption. The vacancy rate for multi-tenant only properties was 15.5% with 67,600 sf positive absorption bringing the YTD to 22,600 sf positive absorption.
- Madison West had the largest gain of 28,800 sf positive absorption led by Electronic Arts leasing 14,700 sf. Madison East posting the largest loss of (10,100) sf negative absorption led by Entegral Holdings vacating 20,500 sf.
- Madison Southwest market still has the lowest vacancy rate of 9.5% while Madison West market ended Q2 2025 with the highest vacancy rate of 21.8%.
- The Madison office market recorded 41 lease transactions totaling 148,800 sf. Five properties sold with 143,000 sf for \$11.6 million this quarter.
- Currently there are two properties under construction totaling 102,000 sf.



Madison Office Summary

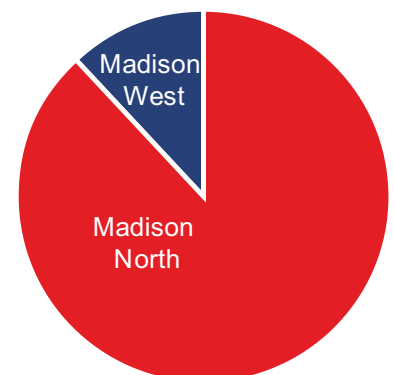
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	58	6,822,623	1,453,357	1,249,935	34,054	(44,015)	18.3%
B	200	7,634,696	1,280,537	1,098,438	36,572	17,250	14.4%
C	137	3,008,153	465,837	399,383	(2,945)	5,796	13.3%
Grand Total	395	17,465,472	3,199,731	2,747,756	67,681	(20,969)	15.7%

Absorption and Vacancy Rate



Office New Developments

MARKET	BLDG SIZE (SF)
Madison North	90,000
Madison West	12,000
Grand Total	102,000



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	254,676	219,406	11,433	(2,842)	10.8%
	B	42	1,901,288	250,091	270,906	9,023	(13,106)	14.2%
	C	30	796,405	180,321	171,125	(2,482)	(2,482)	21.5%
	Subtotal	88	4,729,458	685,088	661,437	17,974	(18,430)	14.0%
Madison East	A	2	168,921	5,123	26,675	(14,989)	(14,989)	15.8%
	B	17	701,471	207,623	67,595	4,271	(10,905)	9.6%
	C	6	133,686	10,839	8,820	532	(2,885)	6.6%
	Subtotal	25	1,004,078	223,585	103,090	(10,186)	(28,779)	10.3%
Madison North	A	7	624,167	191,756	140,707	5,520	3,314	22.5%
	B	16	470,047	79,043	78,103	14,626	15,790	16.6%
	C	14	342,841	66,640	44,272	0	5,166	12.9%
	Subtotal	37	1,437,055	337,439	263,082	20,146	24,270	18.3%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	13	558,245	163,508	170,664	(3,146)	15,466	30.6%
	C	12	251,359	40,150	9,833	(1,694)	5,672	3.9%
	Subtotal	26	922,032	203,658	180,497	(4,840)	21,138	19.6%
Madison Southwest	A	9	996,556	82,321	85,892	13,803	6,707	8.6%
	B	58	2,062,485	234,185	225,013	2,818	10,049	10.9%
	C	54	1,042,046	80,202	77,648	(916)	84	7.5%
	Subtotal	121	4,101,087	396,708	388,553	15,705	16,840	9.5%
Madison West	A	23	2,888,786	919,481	777,255	18,287	(36,205)	26.9%
	B	54	1,941,160	346,087	286,157	8,980	(44)	14.7%
	C	21	441,816	87,685	87,685	1,615	241	19.8%
	Subtotal	98	5,271,762	1,353,253	1,151,097	28,882	(36,008)	21.8%
Grand Total		395	17,465,472	3,199,731	2,747,756	67,681	(20,969)	15.7%

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 40 basis points to 2.8% compared to 2.4% in May 2024. The unemployment rate for the US was at 4.2% in May 2025 increasing 20 basis points from last year. State of Wisconsin unemployment was 3.3% for this quarter. Madison MSA saw an decrease in job growth and industrial specific jobs in manufacturing decreased by 400 jobs during the same period.

Madison Overview

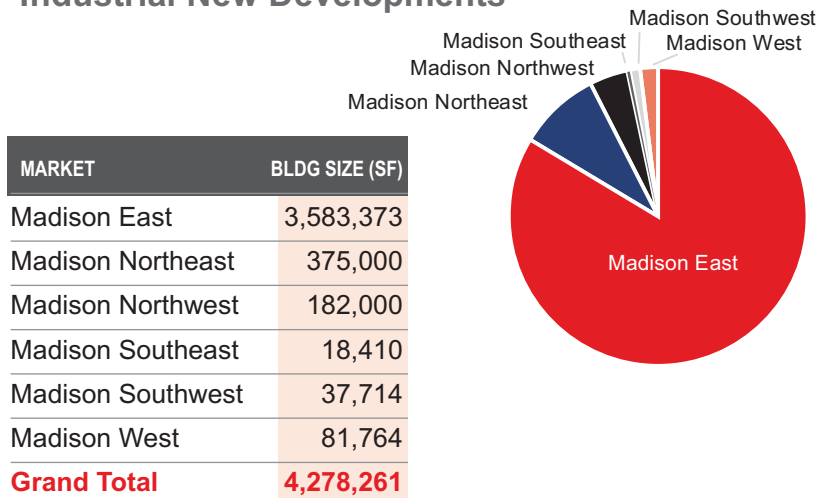
- Madison industrial market posted 470,700 sf of positive absorption bringing YTD to 677,500 sf of positive absorption and a 3.6% vacancy rate. Multi-tenant only properties had 53,300 sf of positive absorption bringing YTD to 203,000 sf positive absorption and a 8.7% vacancy rate.
- Madison Northeast market saw the most gain with 234,600 sf positive absorption led by Porter Pipe and Supply leasing 182,000 sf. Madison Central posted the largest loss of (54,600) sf negative absorption led by Sub-Zero vacating 91,500 sf.
- Madison market saw 25 lease transactions totaling over 352,700 sf. Twenty-six properties sold totaling 631,800 sf for \$64.6 million.
- Currently there are 11 projects under construction totaling over 4.2 msf while 5 properties were delivered YTD totaling 385,300 sf in the Madison market.



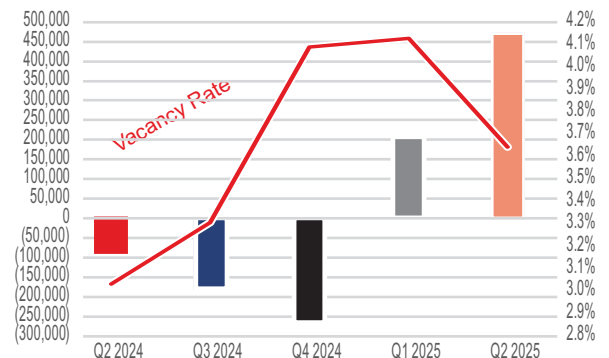
Industrial Summary

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	280,432	177,739	4,443	92,220	2.9%
Manufacturing	242	21,852,684	946,616	737,143	(43,500)	(43,500)	3.4%
Warehouse Distribution	115	15,039,135	945,234	1,057,738	286,459	380,729	7.0%
Warehouse Office	695	19,634,407	580,383	310,772	223,306	248,072	1.6%
Grand Total	1,198	62,699,672	2,752,665	2,283,392	470,708	677,521	3.6%

Industrial New Developments



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	16	1,045,029	352,117	352,117	0	0	33.7%
	Warehouse Distribution	1	250,000		91,530	(91,530)	(91,530)	36.6%
	Warehouse Office	31	1,089,961	19,686	19,686	36,850	36,850	1.8%
	Subtotal	48	2,384,990	371,803	463,333	(54,680)	(54,680)	19.4%
Madison East	Flex/R&D	50	1,390,756	107,045	51,994	2,500	775	3.7%
	Manufacturing	49	3,385,029	183,000	183,000	(43,500)	(43,500)	5.4%
	Warehouse Distribution	17	2,543,665	206,689	169,567	188,716	188,716	6.7%
	Warehouse Office	146	3,884,458	93,177	58,618	(6,544)	7,190	1.5%
	Subtotal	262	11,203,908	589,911	463,179	141,172	153,181	4.1%
Madison Northeast	Flex/R&D	28	960,938	15,394	14,194	1,540	18,542	1.5%
	Manufacturing	51	4,499,425	204,276	179,526	0	0	4.0%
	Warehouse Distribution	54	7,179,324	532,583	271,956	189,273	189,273	3.8%
	Warehouse Office	117	3,480,117	75,250	51,250	43,800	32,950	1.5%
	Subtotal	250	16,119,804	827,503	516,926	234,613	240,765	3.2%
Madison Northwest	Flex/R&D	6	217,209			0	0	0.0%
	Manufacturing	15	1,828,980			0	0	0.0%
	Warehouse Distribution	4	476,188			0	0	0.0%
	Warehouse Office	35	1,119,015			0	0	0.0%
	Subtotal	60	3,641,392			0	0	0.0%
Madison Southeast	Flex/R&D	22	971,985	24,267	15,549	1,981	7,381	1.6%
	Manufacturing	39	2,837,582	22,500	22,500	0	0	0.8%
	Warehouse Distribution	13	1,149,697		52,730	0	(730)	4.6%
	Warehouse Office	171	4,392,144	103,770	76,026	24,500	5,606	1.7%
	Subtotal	245	9,351,408	150,537	166,805	26,481	12,257	1.8%
Madison Southwest	Flex/R&D	27	1,915,463	54,636	31,578	(1,578)	62,442	1.6%
	Manufacturing	24	3,401,386			0	0	0.0%
	Warehouse Distribution	8	816,498			0	95,000	0.0%
	Warehouse Office	80	2,238,485	265,579	92,114	0	31,000	4.1%
	Subtotal	139	8,371,832	320,215	123,692	(1,578)	188,442	1.5%
Madison West	Flex/R&D	13	717,095	79,090	64,424	0	3,080	9.0%
	Manufacturing	14	1,512,543			0	0	0.0%
	Warehouse Distribution	10	1,466,815	40,801	306,794	0	0	20.9%
	Warehouse Office	81	2,377,857	5,259	13,078	7,700	17,476	0.5%
	Subtotal	118	6,074,310	125,150	384,296	7,700	20,556	6.3%
Outlying Dane County	Manufacturing	34	3,342,710	184,723		0	0	0.0%
	Warehouse Distribution	8	1,156,948	165,161	165,161	0	0	14.3%
	Warehouse Office	34	1,052,370	17,662		117,000	117,000	0.0%
	Subtotal	76	5,552,028	367,546	165,161	117,000	117,000	3.0%
Grand Total		1,198	62,699,672	2,752,665	2,283,392	470,708	677,521	3.6%

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 2.8% compared to 2.4% in May 2024. The unemployment rate for the US was at 4.2% in May 2025 increasing 20 basis points from last year. State of Wisconsin unemployment was 3.3% for this quarter. Madison MSA saw an decrease in job growth but retail specific jobs of leisure and hospitality increased by 600 jobs during the same period.

Madison Overview

- Madison retail market showed (162,000) sf negative absorption bringing YTD to (152,300) sf negative absorption and a vacancy rate of 6.3% for both multi and single tenant properties. Multi-tenant only properties recorded (80,700) sf negative absorption bringing YTD to (67,200) negative absorption while ending with a 8.9% vacancy rate this quarter.
- Madison Central realized positive absorption of 6,700 sf led by Red Shed leasing 3,100 sf. Madison Southwest market posting the largest loss of (52,500) sf led by JoAnn Fabrics vacating 35,000 sf.
- For Madison primary markets Madison North achieved the lowest rate at 2.5% vacancy rate while Madison East was the highest with 10.0% vacancy rate.
- The Madison retail market saw 32 lease transactions totaling 117,100 sf. Twenty two properties totaling 194,300 sf sold for \$37.3 million.
- Currently there are 8 projects under construction totaling 105,100 sf. Four properties were delivered year-to-date in Madison totaling 19,500 sf.

Employment

390,666



Area Unemployment

2.8



U.S. Unemployment

4.2



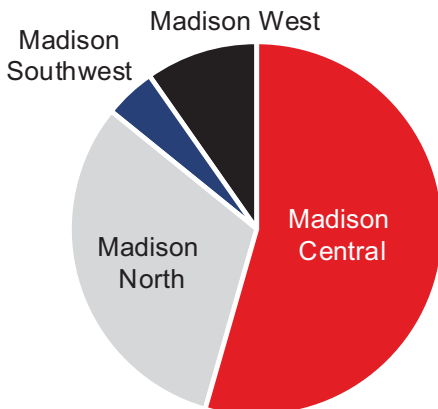
Retail-Using Jobs

40,500

Retail Summary

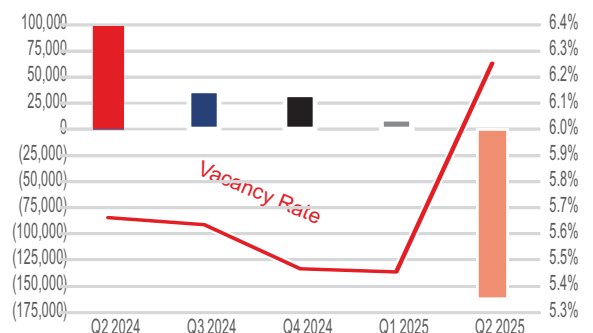
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	96,894	124,961	(34,343)	(48,274)	19.9%
Freestanding/Big Box	238	9,220,997	266,579	252,604	(70,035)	(73,849)	2.7%
Mixed Use	134	1,852,018	122,400	174,241	11,382	26,318	9.4%
Neighborhood Center	72	3,464,618	242,389	246,302	(40,414)	(39,103)	7.1%
Regional Center	3	1,883,319	288,036	288,036	695	(92)	15.3%
Restaurant	96	674,657	42,072	31,575	(11,193)	(11,193)	4.7%
Strip Center	275	3,483,379	281,212	208,408	(18,076)	(6,113)	6.0%
Grand Total	824	21,206,275	1,339,582	1,326,127	(161,984)	(152,306)	6.3%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	57,445
Madison North	32,946
Madison Southwest	4,791
Madison West	10,000
Grand Total	105,182

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	20	311,712	8,719	8,719	(4,905)	(8,719)	2.8%
	Mixed Use	60	789,857	52,210	65,207	1,012	(327)	8.3%
	Neighborhood Center	4	250,675	18,705	18,705	10,618	15,118	7.5%
	Restaurant	13	104,366			0	0	0.0%
	Strip Center	20	259,918	9,438	9,438	0	(2,000)	3.6%
	Subtotal	117	1,716,528	89,072	102,069	6,725	4,072	5.9%
Madison East	Community Center	2	168,796	45,634	45,634	(20,000)	(33,931)	27.0%
	Freestanding/Big Box	49	2,331,209	192,730	178,755	0	0	7.7%
	Mixed Use	9	143,392	7,099	4,593	4,000	4,000	3.2%
	Neighborhood Center	15	715,008	31,680	51,535	(3,000)	(2,500)	7.2%
	Regional Center	1	787,809	152,816	152,816	(3,531)	(3,531)	19.4%
	Restaurant	16	125,170	11,775	11,775	(5,693)	(5,693)	9.4%
	Strip Center	50	746,358	83,061	58,834	(11,583)	(7,228)	7.9%
Subtotal	142	5,017,742	524,795	503,942	(39,807)	(48,883)	10.0%	
Madison North	Freestanding/Big Box	45	1,996,874			0	0	0.0%
	Mixed Use	16	177,652	16,340	14,571	6,370	12,874	8.2%
	Neighborhood Center	10	505,255	36,872	32,770	(11,453)	(10,185)	6.5%
	Restaurant	10	57,907	5,500	5,500	(5,500)	(5,500)	9.5%
	Strip Center	47	528,014	44,914	28,218	(5,878)	1,055	5.3%
	Subtotal	128	3,265,702	103,626	81,059	(16,461)	(1,756)	2.5%
Madison Southeast	Freestanding/Big Box	15	462,411			0	0	0.0%
	Mixed Use	7	241,481	10,017	35,876	0	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	36	908,374	22,006	46,505	0	5,575	5.1%
Madison Southwest	Community Center	1	135,107	7,525	7,525	0	0	5.6%
	Freestanding/Big Box	57	2,180,797	17,520	17,520	(17,520)	(17,520)	0.8%
	Mixed Use	19	197,321	21,270	21,270	0	0	10.8%
	Neighborhood Center	25	1,123,595	124,981	131,854	(36,350)	(43,276)	11.7%
	Regional Center	1	411,508	100,485	100,485	(600)	(1,387)	24.4%
	Restaurant	20	131,044	14,300	14,300	0	0	10.9%
	Strip Center	84	1,059,063	65,782	43,854	1,885	10,286	4.1%
	Subtotal	207	5,238,435	351,863	336,808	(52,585)	(51,897)	6.4%
Madison West	Community Center	3	323,384	43,735	71,802	(14,343)	(14,343)	22.2%
	Freestanding/Big Box	36	1,472,720	22,385	22,385	(22,385)	(22,385)	1.5%
	Mixed Use	16	230,885	15,464	30,304	0	4,196	13.1%
	Neighborhood Center	14	662,217	30,151	11,438	(229)	1,740	1.7%
	Regional Center	1	684,002	34,735	34,735	4,826	4,826	5.1%
	Restaurant	21	152,088	10,497		0	0	0.0%
	Strip Center	48	557,076	38,503	34,634	0	0	6.2%
	Subtotal	139	4,082,372	195,470	205,298	(32,131)	(25,966)	5.0%
Outlying Dane County	Freestanding/Big Box	16	465,274	25,225	25,225	(25,225)	(25,225)	5.4%
	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	27,525	22,801	(2,500)	(8,226)	9.3%
	Subtotal	55	977,122	52,750	50,446	(27,725)	(33,451)	5.2%
Grand Total		824	21,206,275	1,339,582	1,326,127	(161,984)	(152,306)	6.3%