

**COMMERCIAL
REAL ESTATE
MARKET REPORT**

Q3 2025
MADISON



MOODY'S

FOR IMMEDIATE RELEASE OCTOBER 2025

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COMMERCIAL REAL ESTATE MARKET REPORT | Q3 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 2.7% compared to 2.4% in August 2024. The unemployment rate for the US was at 4.3% in August 2025 increasing 10 basis points from last year. State of Wisconsin unemployment was 3.1% for this quarter. Madison MSA saw an decrease in job growth but office specific jobs information, financial and professional services increased by 200 jobs during the same period.

Madison Overview

- Madison office market had overall vacancy rate of 15.9% with (49,100) sf negative absorption bringing the YTD to (67,700) sf negative absorption. The vacancy rate for multi-tenant only properties was 15.1% with 31,800 sf positive absorption bringing the YTD to 56,800 sf positive absorption.
- Madison Central had the largest gain of 28,000 sf positive absorption led by Rahabpath leasing 22,000 sf. Madison East posted the largest loss of (66,800) sf negative absorption led by Gainwell Technologies downsizing 60,900 sf.
- Madison Southwest market still has the lowest vacancy rate of 8.4% while Madison West market ended Q3 2025 with the highest vacancy rate of 22.4%.
- The Madison office market recorded 53 lease transactions totaling 193,800 sf. Seven properties sold with 124,600 sf for \$23.5 million this quarter.
- Currently there is one property under construction totaling 12,000 sf while one property has been delivered year to date with 90,000 sf.

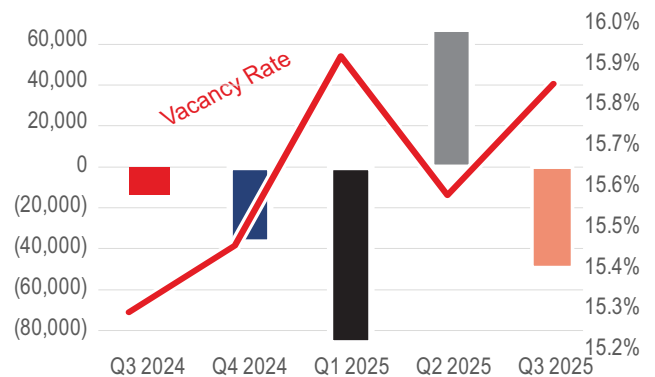
Employment
393,224

Area Unemployment
2.7

U.S. Unemployment
4.3

Office-Using Jobs
98,100

Absorption and Vacancy Rate



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	1,532,423	1,209,854	36,290	(3,934)	17.7%
B	201	7,645,518	1,215,402	1,137,097	(61,145)	(45,361)	14.9%
C	137	3,008,189	476,466	423,667	(24,284)	(18,488)	14.1%
Grand Total	396	17,476,330	3,224,291	2,770,618	(49,139)	(67,783)	15.9%

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	255,196	220,304	(898)	(3,740)	10.8%
	B	42	1,901,288	243,817	239,964	30,942	17,836	12.6%
	C	30	796,405	182,321	173,125	(2,000)	(4,482)	21.7%
	Subtotal	88	4,729,458	681,334	633,393	28,044	9,614	13.4%
Madison East	A	2	168,921	13,200	5,123	21,552	6,563	3.0%
	B	17	701,471	206,783	156,255	(88,660)	(99,565)	22.3%
	C	6	133,686	10,653	8,587	233	(2,652)	6.4%
	Subtotal	25	1,004,078	230,636	169,965	(66,875)	(95,654)	16.9%
Madison North	A	7	624,167	189,766	138,501	2,206	5,520	22.2%
	B	16	470,047	56,591	59,463	17,239	31,478	12.7%
	C	14	342,877	68,085	66,332	(22,060)	(16,894)	19.3%
	Subtotal	37	1,437,091	314,442	264,296	(2,615)	20,104	18.4%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	13	558,245	165,900	165,900	4,679	20,230	29.7%
	C	12	251,359	40,150	9,833	0	5,672	3.9%
	Subtotal	26	922,032	206,050	175,733	4,679	25,902	19.1%
Madison Southwest	A	9	996,556	64,132	57,696	24,405	34,903	5.8%
	B	59	2,073,307	217,552	209,346	(5,333)	4,716	10.1%
	C	54	1,042,046	85,422	78,734	(1,086)	(1,002)	7.6%
	Subtotal	122	4,111,909	367,106	345,776	17,986	38,617	8.4%
Madison West	A	23	2,888,786	1,010,129	788,230	(10,975)	(47,180)	27.3%
	B	54	1,941,160	324,759	306,169	(20,012)	(20,056)	15.8%
	C	21	441,816	89,835	87,056	629	870	19.7%
	Subtotal	98	5,271,762	1,424,723	1,181,455	(30,358)	(66,366)	22.4%
Grand Total	396	17,476,330	3,224,291	2,770,618	(49,139)	(67,783)	15.9%	

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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 2.7% compared to 2.4% in August 2024. The unemployment rate for the US was at 4.3% in August 2025 increasing 10 basis points from last year. State of Wisconsin unemployment was 3.1% for this quarter. Madison MSA saw an decrease in job growth and industrial specific jobs in manufacturing decreased by 1,100 jobs during the same period.

Madison Overview

- Madison industrial market posted 209,600 sf of positive absorption bringing YTD to 1.0 msf of positive absorption and a 3.6% vacancy rate. Multi-tenant only properties had (15,500) sf of negative absorption bringing YTD to 279,000 sf positive absorption and a 9.9% vacancy rate.
- Madison East market saw the most gain with 91,400 sf positive absorption led by EK Machine purchasing 139,500 sf. Outlying Dane County posted the largest loss of (20,000) sf negative absorption led by Marquis Star Holding vacating 20,000 sf.
- Madison market saw 24 lease transactions totaling over 198,700 sf. Twenty one properties sold totaling 475,400 sf for \$37.6 million.
- Currently there are 9 projects under construction totaling over 4.1 msf while 8 properties were delivered YTD totaling 575,200 sf in the Madison market.

Employment
393,224

Area Unemployment
2.7

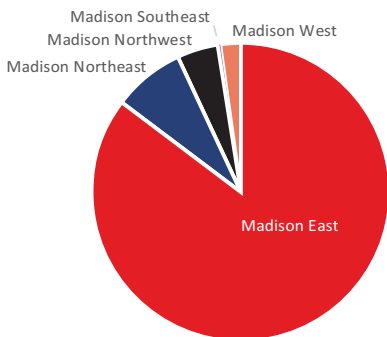
U.S. Unemployment
4.3

Industrial-Using Jobs
37,000

Industrial Summary

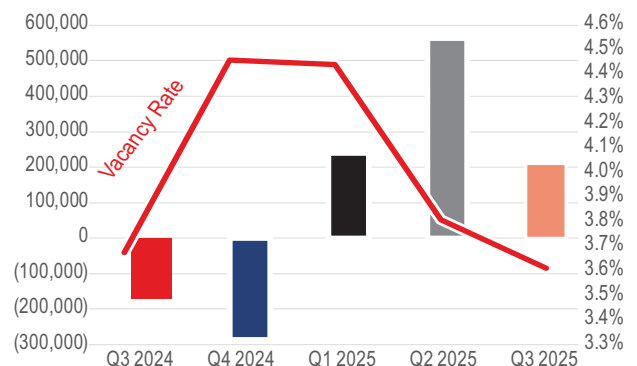
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	147	6,201,429	232,394	202,215	3,507	95,727	3.3%
Manufacturing	242	21,854,644	867,576	597,643	139,500	96,000	2.7%
Warehouse Distribution	115	15,039,135	1,193,929	1,199,295	(4,392)	467,867	8.0%
Warehouse Office	695	19,668,524	459,094	266,951	71,039	351,893	1.4%
Grand Total	1,199	62,763,732	2,752,993	2,266,104	209,654	1,011,487	3.6%

Industrial New Developments



MARKET	BLDG SIZE (SF)
Madison East	3,509,146
Madison Northeast	315,000
Madison Northwest	182,000
Madison Southeast	18,410
Madison West	81,764
Grand Total	4,106,320

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	33.7%	
	Warehouse Distribution	1	250,000	228,695	228,695	0	91.5%	
	Warehouse Office	31	1,089,961	30,077	19,686	0	1.8%	
	Subtotal	48	2,384,990	610,889	600,498	0	25.2%	
Madison East	Flex/R&D	50	1,390,756	89,835	65,494	(13,500)	4.7%	
	Manufacturing	49	3,386,989	103,960	43,500	139,500	1.3%	
	Warehouse Distribution	17	2,543,665	206,689	206,689	(37,122)	8.1%	
	Warehouse Office	146	3,884,458	93,723	56,079	2,539	1.4%	
Subtotal	262	11,205,868	494,207	371,762	91,417	244,598	3.3%	
Madison Northeast	Flex/R&D	28	960,938	4,550	3,350	10,844	0.3%	
	Manufacturing	51	4,499,425	204,276	179,526	0	4.0%	
	Warehouse Distribution	54	7,179,324	532,583	271,956	0	3.8%	
	Warehouse Office	118	3,540,117	96,550	54,050	57,200	1.5%	
Subtotal	251	16,179,804	837,959	508,882	68,044	308,809	3.1%	
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	34	1,093,132			0	0.0%	
Subtotal	59	3,615,509			0	0	0.0%	
Madison Southeast	Flex/R&D	22	971,985	15,263	15,549	0	1.6%	
	Manufacturing	39	2,837,582	22,500	22,500	0	0.8%	
	Warehouse Distribution	13	1,149,697			52,730	0.0%	
	Warehouse Office	171	4,392,144	100,870	73,126	2,900	8,506	1.7%
Subtotal	245	9,351,408	138,633	111,175	55,630	67,887	1.2%	
Madison Southwest	Flex/R&D	28	1,943,446	63,706	53,398	6,163	68,605	2.7%
	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	114,953	50,932	8,400	72,182	2.3%
Subtotal	140	8,399,815	178,659	104,330	14,563	235,787	1.2%	
Madison West	Flex/R&D	13	717,095	59,040	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	0	17,476	0.5%
Subtotal	118	6,074,310	105,100	384,296	0	20,556	6.3%	
Outlying Dane County	Manufacturing	34	3,342,710	184,723		0	0	0.0%
	Warehouse Distribution	8	1,156,948	185,161	185,161	(20,000)	(20,000)	16.0%
	Warehouse Office	34	1,052,370	17,662		0	117,000	0.0%
	Subtotal	76	5,552,028	387,546	185,161	(20,000)	97,000	3.3%
Grand Total	1,199	62,763,732	2,752,993	2,266,104	209,654	1,011,487	3.6%	

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 2.7% compared to 2.4% in August 2024. The unemployment rate for the US was at 4.3% in August 2025 increasing 10 basis points from last year. State of Wisconsin unemployment was 3.1% for this quarter. Madison MSA saw an decrease in job growth but retail specific jobs of leisure and hospitality increased by 2,200 jobs during the same period.

Employment
393,224

Area Unemployment
2.7

U.S. Unemployment
4.3

Retail-Using Jobs
43,300

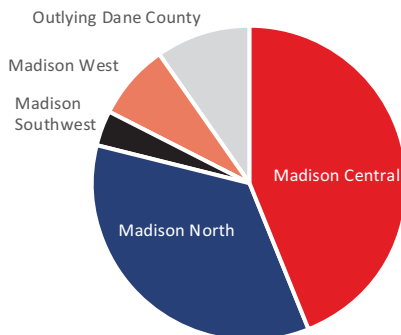
Madison Overview

- Madison retail market showed 127,500 sf positive absorption bringing YTD to (19,100) sf negative absorption and a vacancy rate of 5.8% for both multi and single tenant properties. Multi-tenant only properties recorded 122,600 sf positive absorption bringing YTD to 60,900 positive absorption while ending with a 8.0% vacancy rate this quarter.
- Madison West topped all markets and realized positive absorption of 30,600 sf led by Market Hall Food Hall leasing 14,800 sf. All the Madison markets posted positive absorption this quarter.
- For Madison primary markets Madison Southeast achieved the lowest rate at 2.1% vacancy rate while Madison East was the highest with 9.6% vacancy rate.
- The Madison retail market saw 31 lease transactions totaling 76,000 sf. Seventeen properties totaling 101,700 sf sold for \$21.4 million.
- Currently there are 10 projects under construction totaling 129,100 sf. Seven properties were delivered year-to-date in Madison totaling 51,500 sf.

Retail Summary

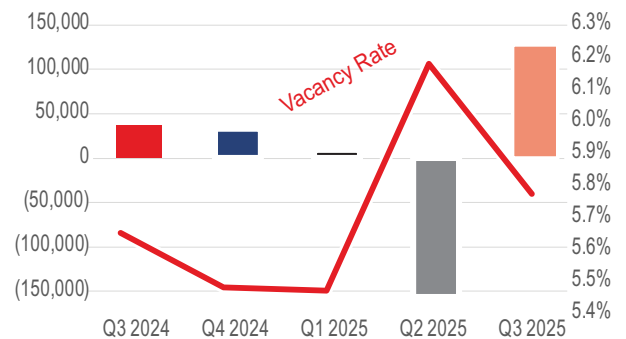
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	96,894	111,237	13,724	(34,550)	17.7%
Freestanding/Big Box	237	9,216,475	284,517	257,404	(4,800)	(78,649)	2.8%
Mixed Use	134	1,866,046	116,611	125,832	73,212	97,530	6.7%
Neighborhood Center	72	3,464,618	239,948	214,647	24,061	(7,448)	6.2%
Regional Center	3	1,883,319	287,436	287,436	600	508	15.3%
Restaurant	97	684,357	42,011	31,514	9,761	(1,432)	4.6%
Strip Center	275	3,483,379	270,858	197,395	11,013	4,900	5.7%
Grand Total	824	21,225,481	1,338,275	1,225,465	127,571	(19,141)	5.8%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	56,855
Madison North	45,246
Madison Southwest	4,791
Madison West	10,000
Outlying Dane County	12,289
Grand Total	129,181

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	0	(8,719)	2.8%
	Mixed Use	60	802,427	66,223	66,488	20,010	17,683	8.3%
	Neighborhood Center	4	250,675	18,505	16,705	0	17,118	6.7%
	Restaurant	13	104,366			0	0	0.0%
	Strip Center	20	259,918	7,438	9,438	0	(2,000)	3.6%
	Subtotal	117	1,729,098	100,885	101,350	20,010	24,082	5.9%
Madison East	Community Center	2	168,796	45,634	45,634	0	(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	0	4,000	3.2%
	Neighborhood Center	15	715,008	36,586	26,520	25,015	22,515	3.7%
	Regional Center	1	787,809	152,816	152,816	0	(3,531)	19.4%
	Restaurant	16	125,170	11,714	11,714	61	(5,632)	9.4%
Strip Center	50	746,358	85,724	61,497	(2,663)	(9,891)	8.2%	
Subtotal	142	5,017,742	532,303	481,529	22,413	(26,470)	9.6%	
Madison North	Freestanding/Big Box	45	1,996,874			0	0	0.0%
	Mixed Use	16	179,110	10,397	14,536	3,547	16,421	8.1%
	Neighborhood Center	10	505,255	32,229	28,127	(951)	(5,542)	5.6%
	Restaurant	11	67,607	5,500	5,500	9,700	4,200	8.1%
	Strip Center	47	528,014	44,914	26,038	2,180	3,235	4.9%
	Subtotal	129	3,276,860	93,040	74,201	14,476	18,314	2.3%
Madison Southeast	Freestanding/Big Box	14	457,889			0	0	0.0%
	Mixed Use	7	241,481	6,024	7,283	28,593	34,168	3.0%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	5	39,884			0	0	0.0%
	Strip Center	7	87,927	11,989	11,989	(1,360)	(1,360)	13.6%
	Subtotal	35	903,852	18,013	19,272	27,233	32,808	2.1%
Madison Southwest	Community Center	1	135,107	7,525	7,525	0	0	5.6%
	Freestanding/Big Box	57	2,180,797	22,320	22,320	(4,800)	(22,320)	1.0%
	Mixed Use	19	197,321	14,459	18,103	3,167	3,167	9.2%
	Neighborhood Center	25	1,123,595	124,984	131,857	(3)	(43,279)	11.7%
	Regional Center	1	411,508	99,885	99,885	600	(787)	24.3%
	Restaurant	20	131,044	14,300	14,300	0	0	10.9%
Strip Center	84	1,059,063	56,678	30,028	13,826	24,112	2.8%	
Subtotal	207	5,238,435	340,151	324,018	12,790	(39,107)	6.2%	
Madison West	Community Center	3	323,384	43,735	58,078	13,724	(619)	18.0%
	Freestanding/Big Box	36	1,472,720	35,523	22,385	0	(22,385)	1.5%
	Mixed Use	16	230,885	12,409	12,409	17,895	22,091	5.4%
	Neighborhood Center	14	662,217	27,644	11,438	0	1,740	1.7%
	Regional Center	1	684,002	34,735	34,735	0	4,826	5.1%
	Restaurant	21	152,088	10,497		0	0	0.0%
Strip Center	48	557,076	36,590	35,604	(970)	(970)	6.4%	
Subtotal	139	4,082,372	201,133	174,649	30,649	4,683	4.3%	
Outlying Dane County	Freestanding/Big Box	16	465,274	25,225	25,225	0	(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	0	(8,226)	9.3%
	Subtotal	55	977,122	52,750	50,446	0	(33,451)	5.2%
Grand Total	824	21,225,481	1,338,275	1,225,465	127,571	(19,141)	5.8%	