

**COMMERCIAL
REAL ESTATE
MARKET REPORT**

Q4 2025
MADISON



MOODY'S

FOR IMMEDIATE RELEASE JANUARY 2026

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COMMERCIAL REAL ESTATE MARKET REPORT | Q4 2025

Office

Economic Overview

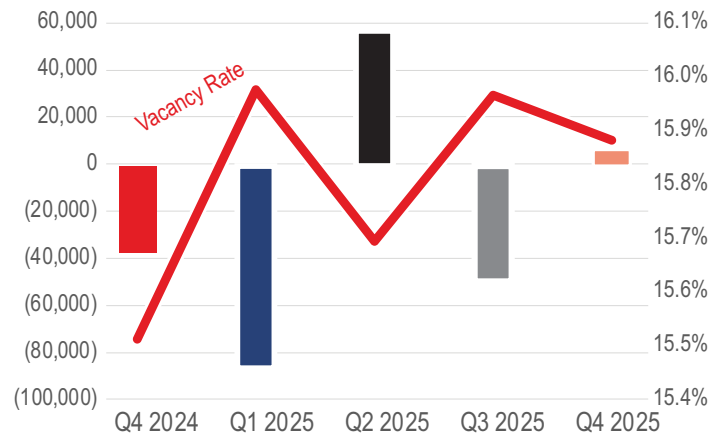
Historically, according to the U.S. Bureau of Labor Statistics (BLS), the Madison metropolitan statistical area (MSA) has experienced relatively stable unemployment and modest job growth trends. At the time of this publication, current BLS employment and unemployment data were unavailable. **As a result, updated unemployment rates and job growth figures for the Madison MSA, the State of Wisconsin, and the United States are not reported for this quarter.**

Madison Overview

- Madison office market had overall vacancy rate of 15.9% with 7,000 sf positive absorption bringing the YTD to (70,700) sf negative absorption. The vacancy rate for multi-tenant only properties was 15.3% with (13,000) sf negative absorption bringing the YTD to 33,800 sf positive absorption.
- Madison North had the largest gain of 11,200 sf positive absorption led by Dane County purchase of a 20,000 sf property. Madison Southwest posted the largest loss of (11,300) sf negative absorption led by McClone Insurance and Koliath CPA vacating 13,900 sf.
- The Madison office market recorded 49 lease transactions totaling 205,400 sf. Sixteen properties sold with 440,300 sf for \$65.7 million this quarter.
- Currently there are 2 properties under construction totaling 52,000 sf while one property has been delivered year to date with 90,000 sf.



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	1,420,721	1,198,428	21,993	18,059	17.6%
B	200	7,609,867	1,185,524	1,143,754	(16,987)	(72,380)	15.0%
C	137	3,008,189	456,609	427,696	2,064	(16,424)	14.2%
Grand Total	395	17,440,679	3,062,854	2,769,878	7,070	(70,745)	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	221,722	219,278	1,026	(2,714)	10.8%
	B	41	1,856,966	263,050	235,430	(5,796)	2,008	12.7%
	C	30	796,405	185,000	173,125	0	(4,482)	21.7%
	Subtotal	87	4,685,136	669,772	627,833	(4,770)	(5,188)	13.4%
Madison East	A	2	168,921	13,200	5,123	0	6,563	3.0%
	B	17	701,471	199,071	152,963	3,292	(96,273)	21.8%
	C	6	133,686	10,653	8,587	0	(2,652)	6.4%
	Subtotal	25	1,004,078	222,924	166,673	3,292	(92,362)	16.6%
Madison North	A	7	624,167	157,923	136,931	1,570	7,090	21.9%
	B	16	470,047	50,688	78,317	(18,854)	12,624	16.7%
	C	14	342,877	39,516	37,763	28,569	11,675	11.0%
	Subtotal	37	1,437,091	248,127	253,011	11,285	31,389	17.6%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	13	558,245	160,873	165,900	0	20,230	29.7%
	C	12	251,359	34,173	9,833	0	5,672	3.9%
	Subtotal	26	922,032	195,046	175,733	0	25,902	19.1%
Madison Southwest	A	9	996,556	48,743	57,559	137	35,040	5.8%
	B	59	2,094,646	245,375	200,698	8,648	13,364	9.6%
	C	54	1,042,046	82,997	98,832	(20,098)	(21,100)	9.5%
	Subtotal	122	4,133,248	377,115	357,089	(11,313)	27,304	8.6%
Madison West	A	23	2,888,786	979,133	779,537	19,260	(27,920)	27.0%
	B	54	1,928,492	266,467	310,446	(4,277)	(24,333)	16.1%
	C	21	441,816	104,270	99,556	(6,407)	(5,537)	22.5%
	Subtotal	98	5,259,094	1,349,870	1,189,539	8,576	(57,790)	22.6%
Grand Total		395	17,440,679	3,062,854	2,769,878	7,070	(70,745)	15.9%

Madison Advisory Board

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Industrial

Economic Overview

Historically, according to the U.S. Bureau of Labor Statistics (BLS), the Madison metropolitan statistical area (MSA) has experienced relatively stable unemployment and modest job growth trends. At the time of this publication, current BLS employment and unemployment data were unavailable. **As a result, updated unemployment rates and job growth figures for the Madison MSA, the State of Wisconsin, and the United States are not reported for this quarter.**

Madison Overview

- Madison industrial market posted 320,600 sf of positive absorption bringing YTD to 1.5 msf of positive absorption and a 3.6% vacancy rate. Multi-tenant only properties had 32,600 sf of positive absorption bringing YTD to 311,600 sf positive absorption and a 9.7% vacancy rate.
- Madison Northeast market saw the most gain with 296,200 sf positive absorption led by new delivery of 280,000 sf for Kwik Trip. Madison Southwest was the only market to post negative absorption with (59,500) sf negative absorption led by Liberty Parts Team vacating 55,600 sf.
- Madison market saw 20 lease transactions totaling over 202,400 sf. Eighteen properties sold totaling 355,800 sf for \$32.3 million.
- Currently there are 6 projects under construction totaling over 3.7 msf while 12 properties were delivered YTD totaling 1.0 msf in the Madison market.

 Employment

 Area Unemployment

 Data not available
U.S. Unemployment

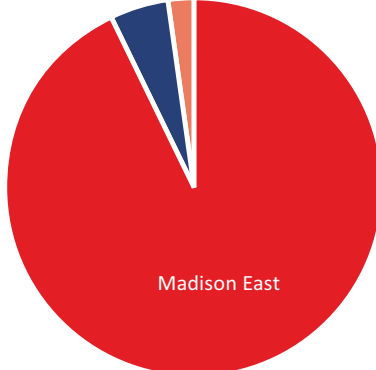
 Industrial-Using Jobs

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	148	6,219,839	227,726	171,540	39,085	134,812	2.8%
Manufacturing	243	21,918,144	908,093	597,643	0	96,000	2.7%
Warehouse Distribution	117	15,482,725	1,481,073	1,155,919	323,376	954,833	7.5%
Warehouse Office	696	19,703,524	454,946	343,739	(41,788)	310,105	1.7%
Grand Total	1,204	63,324,232	3,071,838	2,268,841	320,673	1,495,750	3.6%

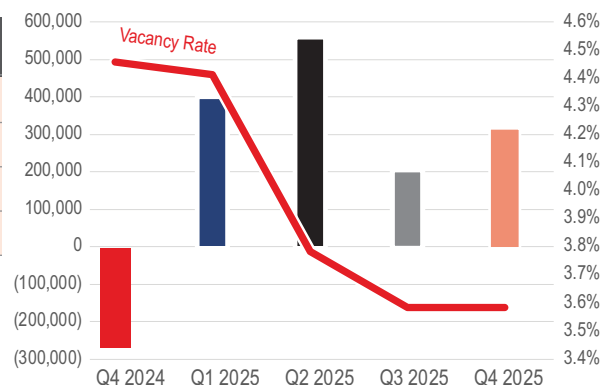
Industrial New Developments

Madison Northwest Madison West



MARKET	BLDG SIZE (SF)
Madison East	3,509,146
Madison Northwest	182,000
Madison West	81,764
Grand Total	3,772,910

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	19,686	19,686	36,850	1.8%
	Subtotal	48	2,384,990	600,498	600,498	36,850	25.2%
Madison East	Flex/R&D	50	1,390,756	92,171	61,473	(8,704)	4.4%
	Manufacturing	50	3,450,489	144,477	43,500	96,000	1.3%
	Warehouse Distribution	17	2,543,665	141,471	141,471	216,812	5.6%
	Warehouse Office	146	3,884,458	143,832	80,841	(15,033)	2.1%
	Subtotal	263	11,269,368	521,951	327,285	289,075	2.9%
Madison Northeast	Flex/R&D	28	960,938	1,250	3,350	29,386	0.3%
	Manufacturing	51	4,499,425	204,276	179,526	0	4.0%
	Warehouse Distribution	56	7,622,914	552,423	291,796	613,023	3.8%
	Warehouse Office	119	3,575,117	76,962	52,962	126,238	1.5%
	Subtotal	254	16,658,394	834,911	527,634	768,647	3.2%
Madison Northwest	Flex/R&D	6	217,209	3,980	0	0	0.0%
	Manufacturing	15	1,828,980	0	0	0	0.0%
	Warehouse Distribution	4	476,188	0	0	0	0.0%
	Warehouse Office	34	1,093,132	0	0	0	0.0%
	Subtotal	59	3,615,509	3,980	0	0	0.0%
Madison Southeast	Flex/R&D	23	990,395	20,513	15,063	26,277	1.5%
	Manufacturing	39	2,837,582	22,500	22,500	0	0.8%
	Warehouse Distribution	13	1,149,697	0	0	52,000	0.0%
	Warehouse Office	171	4,392,144	72,882	70,626	11,006	1.6%
	Subtotal	246	9,369,818	115,895	108,189	89,283	1.2%
Madison Southwest	Flex/R&D	28	1,943,446	59,278	47,280	(3,882)	2.4%
	Manufacturing	24	3,401,386	0	0	0	0.0%
	Warehouse Distribution	8	816,498	0	0	95,000	0.0%
	Warehouse Office	80	2,238,485	118,663	106,546	(55,614)	4.8%
	Subtotal	140	8,399,815	177,941	153,826	176,291	1.8%
Madison West	Flex/R&D	13	717,095	50,534	44,374	20,050	6.2%
	Manufacturing	14	1,512,543	0	0	0	0.0%
	Warehouse Distribution	10	1,466,815	373,323	308,796	(2,002)	21.1%
	Warehouse Office	81	2,377,857	5,259	13,078	17,476	0.5%
	Subtotal	118	6,074,310	429,116	366,248	38,604	6.0%
Outlying Dane County	Manufacturing	34	3,342,710	184,723	0	0	0.0%
	Warehouse Distribution	8	1,156,948	185,161	0	(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	97,000	3.3%
	Grand Total	1,204	63,324,232	3,071,838	2,268,841	1,495,750	3.6%

Retail

Economic Overview

Historically, according to the U.S. Bureau of Labor Statistics (BLS), the Madison metropolitan statistical area (MSA) has experienced relatively stable unemployment and modest job growth trends. At the time of this publication, current BLS employment and unemployment data were unavailable. **As a result, updated unemployment rates and job growth figures for the Madison MSA, the State of Wisconsin, and the United States are not reported for this quarter.**

Madison Overview

- Madison retail market showed 27,800 sf positive absorption bringing YTD to 7,900 sf positive absorption and a vacancy rate of 5.7% for both multi and single tenant properties. Multi-tenant only properties recorded 16,100 sf positive absorption bringing YTD to 76,300 positive absorption while ending with a 7.9% vacancy rate this quarter.
- Madison Southwest topped all markets and realized positive absorption of 18,900 sf led by Two Step Holdings purchasing a 14,300 sf property. The Madison West was the only market to post negative absorption of (8,600) sf led by Dollar Tree vacating 9,300 sf.
- The Madison retail market saw 29 lease transactions totaling 89,000 sf. Twenty one properties totaling 320,500 sf sold for \$57.9 million.
- Currently there are 14 projects under construction totaling 163,400 sf. Eight properties were delivered year-to-date in Madison totaling 54,800 sf.

Employment



Area Unemployment



U.S. Unemployment



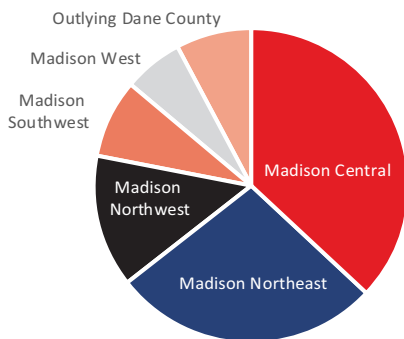
Retail-Using Jobs

Data not available

Retail Summary

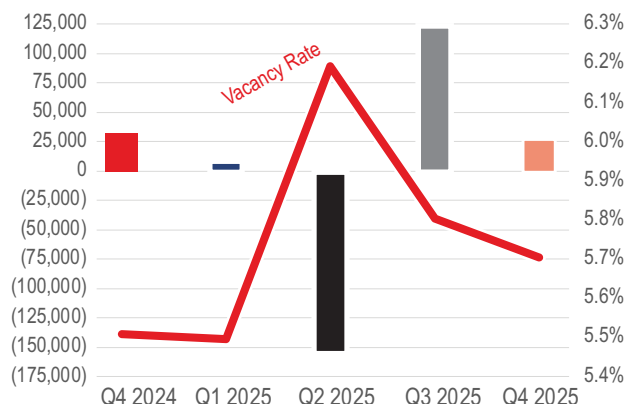
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	96,894	111,237	0	(34,550)	17.7%
Freestanding/Big Box	236	9,130,659	270,478	253,590	3,814	(74,835)	2.8%
Mixed Use	136	1,888,218	95,449	120,586	14,170	112,449	6.4%
Neighborhood Center	72	3,464,618	229,755	225,113	(10,466)	(17,914)	6.5%
Regional Center	3	1,883,319	273,750	273,750	13,686	14,194	14.5%
Restaurant	98	691,822	17,214	23,639	7,875	6,443	3.4%
Strip Center	278	3,515,841	207,212	201,414	(1,227)	2,148	5.7%
Grand Total	829	21,201,764	1,190,752	1,209,329	27,852	7,935	5.7%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	60,577
Madison Northeast	45,043
Madison Northwest	22,000
Madison Southwest	13,524
Madison West	10,000
Outlying Dane County	12,289
Grand Total	163,433

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	4,905	4,905	3,814	(4,905)	1.6%
	Mixed Use	60	809,545	53,931	68,390	1,993	21,626	8.4%
	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	7,098	7,098	2,340	340	2.7%
	Subtotal	117	1,736,216	84,439	97,098	8,147	34,179	5.6%
Madison East	Community Center	2	168,796	45,634	45,634	0	(33,931)	27.0%
	Freestanding/Big Box	48	2,325,813	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	34,739	29,579	(3,059)	19,456	4.1%
	Regional Center	1	787,809	144,772	144,772	8,044	4,513	18.4%
	Restaurant	16	125,170	11,714	11,714	0	(5,632)	9.4%
	Strip Center	51	751,754	82,047	65,372	(4,800)	(16,216)	8.7%
Subtotal	142	5,017,742	518,735	480,419	185	(27,810)	9.6%	
Madison North	Freestanding/Big Box	44	1,909,249			0	0	0.0%
	Mixed Use	16	179,110	8,385	5,985	9,752	24,972	3.3%
	Neighborhood Center	10	505,255	28,671	26,199	1,928	(3,614)	5.2%
	Restaurant	11	67,607	5,500	5,500	0	4,200	8.1%
	Strip Center	48	535,400	47,789	29,038	(3,000)	235	5.4%
	Subtotal	129	3,196,621	90,345	66,722	8,680	25,793	2.1%
Madison Southeast	Freestanding/Big Box	14	457,889	15,000		0	0	0.0%
	Mixed Use	7	241,481	6,024	7,283	0	34,168	3.0%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	6	46,094			0	0	0.0%
	Strip Center	7	87,927	11,989	11,989	0	(1,360)	13.6%
	Subtotal	36	910,062	33,013	19,272	0	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	0	(22,320)	1.0%
	Mixed Use	19	194,537	7,625	18,103	0	3,167	9.3%
	Neighborhood Center	25	1,123,595	116,862	131,857	0	(43,279)	11.7%
	Regional Center	1	411,508	95,281	95,281	4,604	3,817	23.2%
	Restaurant	20	131,044			14,300	14,300	0.0%
	Strip Center	84	1,059,063	24,525	30,028	0	24,112	2.8%
	Subtotal	207	5,235,651	274,138	305,114	18,904	(20,203)	5.8%
Madison West	Community Center	3	323,384	43,735	58,078	0	(619)	18.0%
	Freestanding/Big Box	37	1,479,925	35,523	22,385	0	(22,385)	1.5%
	Mixed Use	17	243,553	10,571	14,418	1,819	23,910	5.9%
	Neighborhood Center	14	662,217	30,978	20,773	(9,335)	(7,595)	3.1%
	Regional Center	1	684,002	33,697	33,697	1,038	5,864	4.9%
	Restaurant	22	158,513		6,425	(6,425)	(6,425)	4.1%
	Strip Center	49	576,756	29,140	35,088	4,233	3,263	6.1%
	Subtotal	143	4,128,350	183,644	190,864	(8,670)	(3,987)	4.6%
Outlying Dane County	Freestanding/Big Box	16	465,274		25,225	0	(25,225)	5.4%
	Mixed Use	8	76,600	1,814	1,814	606	606	2.4%
	Neighborhood Center	2	131,197			0	0	0.0%
	Restaurant	10	59,028			0	0	0.0%
	Strip Center	19	245,023	4,624	22,801	0	(8,226)	9.3%
	Subtotal	55	977,122	6,438	49,840	606	(32,845)	5.1%
Grand Total		829	21,201,764	1,190,752	1,209,329	27,852	7,935	5.7%