



Q1 2023

COMMERCIAL REAL ESTATE MARKET REPORT MADISON



MOODY'S
ANALYTICS | Catylist

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OFFICE

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 60 basis points to 1.9% compared to 2.5% in February 2022. The unemployment rate for the US was at 3.6% in February 2023 down from 3.8% last year. State of Wisconsin unemployment was 2.7% for this quarter. Madison MSA saw an increase in job growth and office specific jobs information, financial and professional services increased by 1,900 jobs during the same period.



Madison Overview

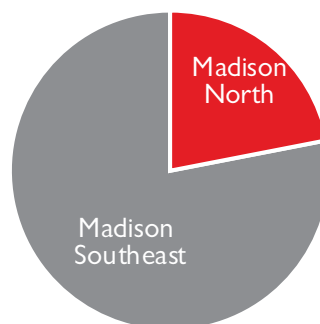
- Madison office market posted a vacancy rate of 13.2% with (106,000) sf negative absorption. The vacancy rate for multi-tenant only properties was 13.0% with (32,600) sf negative absorption.
- Madison East had the most positive absorption with 7,700 sf led by IMEG leasing 7,300 sf. Madison Central posted the largest loss of (96,000) sf negative absorption led by SWIB vacating 73,000 sf when they moved into their new property with 130,000 sf last quarter.
- Madison Southwest market still has the lowest vacancy rate of 7.4% while Madison Southeast market ended Q1 2023 with the highest vacancy rate of 33.3%.
- The Madison office market recorded 54 transactions totaling 225,000 sf. Six properties sold with 42,800 sf for \$4,037,000 this quarter.
- Currently there are 3 properties under construction totaling 136,000 sf in the Madison market.

MADISON OFFICE SUMMARY

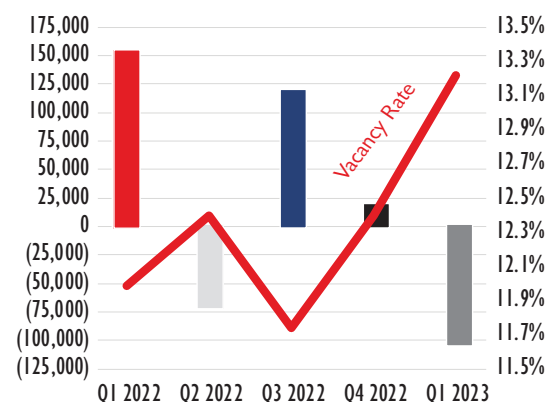
Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	57	6,743,215	1,241,728	662,665	12,183	12,183	9.8%
B	242	9,243,065	1,899,515	1,454,248	(122,783)	(122,783)	15.7%
C	95	1,887,930	246,711	245,194	4,601	4,601	13.0%
Grand Total	394	17,874,210	3,387,954	2,362,107	(105,999)	(105,999)	13.2%

OFFICE NEW DEVELOPMENTS

MARKET	BLDG SIZE (SF)
Madison North	30,000
Madison Southeast	106,000
Grand Total	136,000



ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed 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

	Building Class	# 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	223,812	179,200	6,752	6,752	8.8%
	B	54	2,762,595	518,422	509,921	(102,365)	(102,365)	18.5%
	C	24	551,496	124,953	119,045	(604)	(604)	21.6%
	Subtotal	94	5,345,856	867,187	808,166	(96,217)	(96,217)	15.1%
Madison East	A	2	168,921	17,751	8,181	9,198	9,198	4.8%
	B	18	751,652	291,387	213,320	(1,510)	(1,510)	28.4%
	C	5	98,195	627	627	78	78	0.6%
	Subtotal	25	1,018,768	309,765	222,128	7,766	7,766	21.8%
Madison North	A	7	624,167	194,800	156,042	0	0	25.0%
	B	22	661,386	83,508	74,928	(7,906)	(7,906)	11.3%
	C	10	230,477	30,543	30,543	1,690	1,690	13.3%
	Subtotal	39	1,516,030	308,851	261,513	(6,216)	(6,216)	17.2%
Madison Southeast	A	1	112,428	112,000		0	0	0.0%
	B	18	652,634	319,489	274,323	0	0	42.0%
	C	6	128,022	23,288	23,288	0	0	18.2%
	Subtotal	25	893,084	454,777	297,611	0	0	33.3%
Madison Southwest	A	8	857,964	38,965	55,111	1,783	1,783	6.4%
	B	67	2,305,245	290,692	177,190	(5,409)	(5,409)	7.7%
	C	39	655,879	41,194	50,244	6,166	6,166	7.7%
	Subtotal	114	3,819,088	370,851	282,545	2,540	2,540	7.4%
Madison West	A	23	2,947,970	654,400	264,131	(5,550)	(5,550)	9.0%
	B	63	2,109,553	396,017	204,566	(5,593)	(5,593)	9.7%
	C	11	223,861	26,106	21,447	(2,729)	(2,729)	9.6%
	Subtotal	97	5,281,384	1,076,523	490,144	(13,872)	(13,872)	9.3%
Grand Total		394	17,874,210	3,387,954	2,362,107	(105,999)	(105,999)	13.2%

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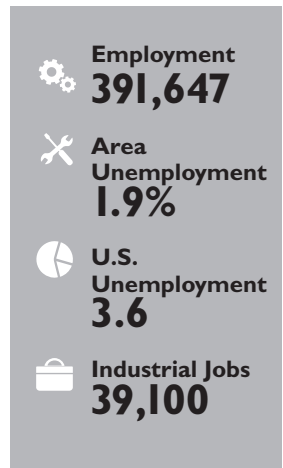
INDUSTRIAL

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 60 basis points to 1.9% compared to 2.5% in February 2022. The unemployment rate for the US was at 3.6% in February 2023 down from 3.8% last year. State of Wisconsin unemployment was 2.7% for this quarter. Madison MSA saw an increase in job growth and industrial specific jobs in manufacturing increasing by 1,000 jobs during the same period.

Madison Overview

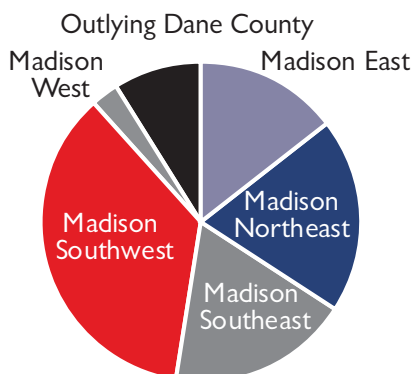
- Madison industrial market posted 35,400 sf of positive absorption with a 2.2% vacancy rate. Multi-tenant only properties had 31,800 sf of positive absorption creating a 6.1% vacancy rate.
- Madison Northeast market posted the most gained with 28,000 sf positive absorption led by Basco leasing 27,700 sf. Madison West showed the largest loss with negative absorption of (20,000) sf.
- Madison market saw 23 lease transactions totaling over 525,000 sf. Eight properties sold totaling 389,000 sf for \$20.6 million.
- Currently there are 14 projects under construction totaling over 1.5 msf while 3 properties were delivered year to date totaling 104,000 sf in the Madison market.



INDUSTRIAL SUMMARY

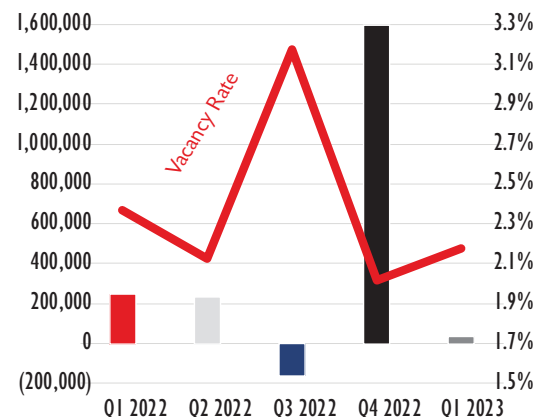
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	144	5,929,685	267,772	159,146	6,714	6,714	2.7%
Manufacturing	239	21,468,574	462,774	280,774	10,356	10,356	1.3%
Warehouse Distribution	101	12,646,786	124,153	411,304	27,727	27,727	3.3%
Warehouse Office	688	19,305,430	608,443	439,581	(9,377)	(9,377)	2.3%
Grand Total	1,172	59,350,475	1,463,142	1,290,805	35,420	35,420	2.2%

INDUSTRIAL NEW DEVELOPMENTS



MARKET	BLDG SIZE (SF)
Madison East	224,823
Madison Northeast	299,450
Madison Southeast	281,603
Madison Southwest	551,000
Madison West	43,298
Outlying Dane County	134,000
Grand Total	1,534,174

ABSORPTION AND VACANCY RATE



NOTE: Net absorption is based on the net change in when a lease is signed 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	35,210	35,210	0	0	2.7%
	Warehouse Office	31	1,089,953	77,685	34,989	0	0	3.2%
	Subtotal	48	2,384,982	112,895	70,199	0	0	2.9%
Madison East	Flex/R&D	49	1,368,256	63,212	28,286	(816)	(816)	2.1%
	Manufacturing	48	3,380,979			10,356	10,356	0.0%
	Warehouse Distribution	14	1,907,398			0	0	0.0%
	Warehouse Office	145	3,845,599	40,175	72,375	7,900	7,900	1.9%
	Subtotal	256	10,502,232	103,387	100,661	17,440	17,440	1.0%
Madison Northeast	Flex/R&D	28	960,938	96,815	29,240	10,685	10,685	3.0%
	Manufacturing	50	4,432,294	245,564	245,564	0	0	5.5%
	Warehouse Distribution	48	6,347,293	29,153	145,311	27,727	27,727	2.3%
	Warehouse Office	113	3,423,196	196,389	163,800	(10,000)	(10,000)	4.8%
	Subtotal	239	15,163,721	567,921	583,915	28,412	28,412	3.9%
Madison Northwest	Flex/R&D	6	217,209			0	0	0.0%
	Manufacturing	15	1,828,980	182,000		0	0	0.0%
	Warehouse Distribution	4	476,188			0	0	0.0%
	Warehouse Office	33	1,032,633			0	0	0.0%
	Subtotal	58	3,555,010	182,000		0	0	0.0%
Madison Southeast	Flex/R&D	20	842,304	31,761	26,721	14,744	14,744	3.2%
	Manufacturing	39	2,612,132			0	0	0.0%
	Warehouse Distribution	12	1,009,173			0	0	0.0%
	Warehouse Office	171	4,399,602	165,148	117,185	(21,170)	(21,170)	2.7%
	Subtotal	242	8,863,211	196,909	143,906	(6,426)	(6,426)	1.6%
Madison Southwest	Flex/R&D	27	1,800,012	35,616	27,004	2,151	2,151	1.5%
	Manufacturing	22	3,130,262			0	0	0.0%
	Warehouse Distribution	7	801,678	95,000		0	0	0.0%
	Warehouse Office	80	2,418,059	122,746	50,932	13,893	13,893	2.1%
	Subtotal	136	8,150,011	253,362	77,936	16,044	16,044	1.0%
Madison West	Flex/R&D	14	740,966	40,368	47,895	(20,050)	(20,050)	6.5%
	Manufacturing	14	1,512,543			0	0	0.0%
	Warehouse Distribution	9	1,394,315		265,993	0	0	19.1%
	Warehouse Office	85	2,408,109	6,300	300	0	0	0.0%
	Subtotal	122	6,055,933	46,668	314,188	(20,050)	(20,050)	5.2%
Outlying Dane County	Manufacturing	34	3,276,355			0	0	0.0%
	Warehouse Distribution	7	710,741			0	0	0.0%
	Warehouse Office	30	688,279			0	0	0.0%
	Subtotal	71	4,675,375			0	0	0.0%
Grand Total		1,172	59,350,475	1,463,142	1,290,805	35,420	35,420	2.2%

RETAIL

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 60 basis points to 1.9% compared to 2.5% in February 2022. The unemployment rate for the US was at 3.6% in February 2023 down from 3.8% last year. State of Wisconsin unemployment was 2.7% for this quarter. Madison MSA saw an increase in job growth and retail specific jobs of leisure and hospitality increased by 1,300 jobs during the same period.

Madison Overview

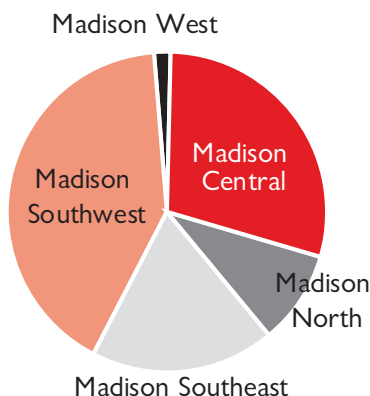
- Madison retail market showed a (16,700) sf negative absorption for both multi and single tenant properties. The negative absorption caused the vacancy rate to increased to 6.2%. Multi-tenant only properties recorded (28,800) sf negative absorption this quarter, ending with a 9.1% vacancy rate.
- Madison Central market posted the most positive absorption with 40,000 sf led by Michaels leasing 15,000 sf. Madison Southwest saw the highest negative absorption of (62,900) sf led by AMC vacating 36,000 sf.
- Madison Southeast achieved the lowest rate again at 1.1% vacancy rate while Madison East was the highest with 9.9% vacancy rate.
- The Madison retail market saw 22 lease transactions totaling 77,500 sf. Twenty three properties totaling 319,600 sf sold for \$53 million.
- Currently there are 10 projects under construction totaling 132,700 sf. Four properties have been delivered year to date in Madison totaling 21,900 sf.



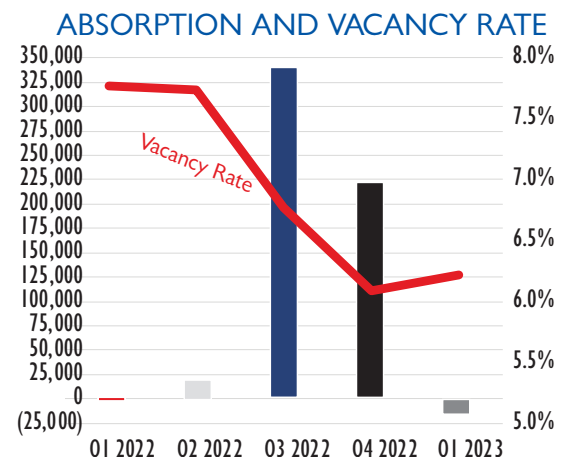
RETAIL SUMMARY

Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	7	713,603	68,363	68,363	0	0	9.6%
Freestanding/Big Box	229	9,195,463	277,296	222,578	0	0	2.4%
Mixed Use	124	1,699,926	148,331	137,320	6,934	6,934	8.1%
Neighborhood Center	71	3,370,505	303,890	285,470	13,023	13,023	8.5%
Regional Center	3	1,883,319	370,249	370,249	(45,332)	(45,332)	19.7%
Restaurant	90	616,021	19,469	14,269	12,165	12,165	2.3%
Strip Center	262	3,439,057	264,020	202,601	(3,489)	(3,489)	5.9%
Grand Total	786	20,917,894	1,451,618	1,300,850	(16,699)	(16,699)	6.2%

RETAIL NEW DEVELOPMENTS



MARKET	BLDG SIZE (SF)
Madison Central	39,038
Madison North	12,542
Madison Southeast	24,600
Madison Southwest	54,434
Madison West	2,121
Grand Total	132,735



NOTE: Net absorption is based on the net change in when a lease is signed 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	18	294,436	16,666	16,666	0	0	5.7%
	Mixed Use	58	743,274	89,944	86,936	(62)	(62)	11.7%
	Neighborhood Center	5	283,333	28,993	28,993	39,200	39,200	10.2%
	Restaurant	15	114,386			0	0	0.0%
	Strip Center	20	259,918	7,163	4,853	1,000	1,000	1.9%
	Subtotal	116	1,695,347	142,766	137,448	40,138	40,138	8.1%
Madison East	Community Center	3	255,112	28,903	28,903	0	0	11.3%
	Freestanding/Big Box	50	2,492,369	178,755	178,755	0	0	7.2%
	Mixed Use	9	154,085	5,300	5,300	0	0	3.4%
	Neighborhood Center	14	628,692	36,303	61,233	(26,130)	(26,130)	9.7%
	Regional Center	1	787,809	201,679	201,679	0	0	25.6%
	Restaurant	15	111,912			0	0	0.0%
Madison North	Strip Center	48	718,308	39,611	35,583	1,045	1,045	5.0%
	Subtotal	140	5,148,287	490,551	511,453	(25,085)	(25,085)	9.9%
Madison South	Freestanding/Big Box	43	1,958,683			0	0	0.0%
	Mixed Use	14	161,982	15,076	11,384	1,674	1,674	7.0%
	Neighborhood Center	10	505,255	29,972	28,206	7,415	7,415	5.6%
	Restaurant	9	52,440	5,200		4,365	4,365	0.0%
	Strip Center	46	546,425	49,572	34,085	5,968	5,968	6.2%
	Subtotal	122	3,224,785	99,820	73,675	19,422	19,422	2.3%
Madison Southeast	Freestanding/Big Box	12	416,768			0	0	0.0%
	Mixed Use	6	210,359	8,829	8,829	0	0	4.2%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	4	29,921			0	0	0.0%
	Strip Center	5	72,411			0	0	0.0%
	Subtotal	29	806,130	8,829	8,829	0	0	1.1%
Madison Southwest	Community Center	1	135,107			0	0	0.0%
	Freestanding/Big Box	55	2,114,975	75,574	20,856	0	0	1.0%
	Mixed Use	15	151,229	5,627	5,627	2,300	2,300	3.7%
	Neighborhood Center	24	1,072,904	146,407	109,862	(7,462)	(7,462)	10.2%
	Regional Center	1	411,508	109,652	109,652	(45,332)	(45,332)	26.6%
	Restaurant	19	113,347	5,269	5,269	0	0	4.6%
Madison West	Strip Center	79	1,063,055	84,389	58,854	(12,457)	(12,457)	5.5%
	Subtotal	194	5,062,125	426,918	310,120	(62,951)	(62,951)	6.1%
Outlying Dane County	Community Center	3	323,384	39,460	39,460	0	0	12.2%
	Freestanding/Big Box	37	1,491,906	6,301	6,301	0	0	0.4%
	Mixed Use	15	207,567	21,135	16,824	3,022	3,022	8.1%
	Neighborhood Center	14	672,453	62,215	57,176	0	0	8.5%
	Regional Center	1	684,002	58,918	58,918	0	0	8.6%
	Restaurant	17	129,817	9,000	9,000	7,800	7,800	6.9%
Outlying Dane County	Strip Center	46	544,802	79,460	65,401	0	0	12.0%
	Subtotal	133	4,053,931	276,489	253,080	10,822	10,822	6.2%
Outlying Dane County	Freestanding/Big Box	14	426,326			0	0	0.0%
	Mixed Use	7	71,430	2,420	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	18	234,138	3,825	3,825	955	955	1.6%
	Subtotal	52	927,289	6,245	6,245	955	955	0.7%
Grand Total		786	20,917,894	1,451,618	1,300,850	(16,699)	(16,699)	6.2%