

MARKETBEAT MADISON

Industrial Q2 2022

YoY Chg 12-Mo. Forecast

3.2%
Vacancy Rate



529k
YTD Net Absorption, SF



\$5.72
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022

YoY Chg 12-Mo. Forecast

390.9k
Madison
Employment



2.2%
Madison
Unemployment Rate



3.6%
U.S.
Unemployment Rate



Source: Bureau of Labor Statistics
Q2 2022 data is based on the latest available data.

ECONOMY

Wisconsin's unemployment rate decreased 10 basis points (bps) quarter-over-quarter to 2.8% in the second quarter of 2022 as the state's economy continues to recover from the pandemic. Locally, Metro Madison's unemployment rate is slightly better than the state, at 2.2% and 140 bps below the national average.

As the State Capitol of Wisconsin and the home of UW-Madison, public administration and education-related jobs have historically comprised the base of the local economy. However, recent economic growth has been tied to an array of industries such as biotechnology, information and health technology, agribusiness/food, and precision manufacturing.

MARKET OVERVIEW

The Metro Madison industrial market consists nearly 127 million square feet (msf) of inventory spread across eight (8) distinct counties. During the second quarter of 2022, the market has experienced 161,952 square feet (sf) negative absorption. Dane County saw the largest amount of negative absorption of any submarket, driven by Mattel, Inc. (American Girl) vacating their former Middleton facility after selling to SARA Investment Real Estate. Rock County saw the largest positive absorption of any submarket driven by high amounts of construction SF delivered this past quarter. Q2 2022 leasing activity totaled over 1,289,626 sf across 32 transactions, with 72% of leased SF being in Dane County. Overall vacancy decreased 45 bps year-over-year (YOY) to 3.2%.

Construction activity remains strong, with nearly 2.3 msf currently under construction, of which 1.1 msf is speculative. An additional 2.3 msf of proposed projects is in the pipeline, all subject to uncertainty given economic vulnerability, elevated construction costs and raw material lead times.

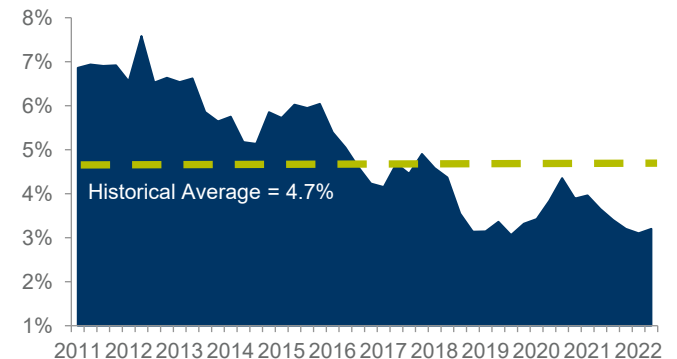
OUTLOOK

The Madison Industrial Market continues to remain strong even as a record number of new construction projects are being delivered to the market. Tenant demand remains strong even as they are faced with interest rates and construction costs driving up overall rents. Among the challenges, the second half of 2022 will see the strong fundamentals of low vacancy and robust tenant demand drive absorption.

OVERALL NET ABSORPTION / OVERALL ASKING RENT



OVERALL VACANCY



MARKETBEAT MADISON



CUSHMAN &
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BOERKE

Industrial Q2 2022

MARKET STATISTICS

SUBMARKET	TOTAL BUILDINGS	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Columbia Co.	92	5,996,818	184,985	3.1%	130,800	128,500	0	0	\$3.52
Dane Co.	1,166	55,610,444	2,477,141	4.5%	-347,104	-41,571	1,292,685	298,420	\$6.61
Dodge Co.	181	16,354,841	544,418	3.3%	16,757	-30,359	0	0	\$2.83
Green Co.	40	1,538,020	0	0.0%	0	0	0	0	N/A
Iowa Co.	21	1,659,420	0	0.0%	0	0	0	0	N/A
Jefferson Co.	200	13,612,540	115,749	0.9%	17,750	112,079	65,000	0	\$7.32
Rock Co.	282	28,292,834	214,512	0.8%	23,345	394,865	950,000	202,000	\$4.04
Sauk Co.	53	3,980,035	471,000	11.8%	-3,500	-34,500	0	0	\$4.25
METRO MADISON TOTALS	2,035	127,044,952	4,007,805	3.2%	-161,952	529,014	2,307,685	500,420	\$5.72

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
400 W Venture Drive, Janesville	Rock County	Phelps Pet	179,220	New
555 Beichl Avenue, Beaver Dam	Dodge County	Mittera Wisconsin	172,000	Renewal
4800 Voges Road, Madison	Dane County	Ferguson	152,800	New

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE/\$ PSF
8400 Fairway Place, 2235 Eagle Drive & Excess Land, Middleton	Dane County	SARA Investment Real Estate / American Girl Brands LLC	391,182	\$24.9M / \$64
1300 Sauk Ave, Baraboo	Sauk County	TLH / W.P. Carey, Inc.	613,000	\$18.7M / \$30
2819 County Hwy F, Blue Mounds	Dane County	Fundamental Income / Dairyfood USA, Inc.	99,162	\$12.2M / \$123
1009 S 12 th Street, Watertown	Jefferson County	Sheveland Properties LLC II / Wangard Partners	152,000	\$10.9M / \$72

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KEY CONSTRUCTION PROJECTS UNDERWAY

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
4800 Voges Road, Madison	Dane County	Douglas Stewart / Ferguson	202,800	Ruedebusch Development
2925 Innovation Way & 2955 Innovation Way, Sun Prairie	Dane County	Trachte Building Systems / Laird Plastics	184,125 & 106,823	Interstate Partners
6002 Femrite Drive, Madison	Dane County	N/A	169,770	HSA Commercial Real Estate
6305 Ronald Reagan Avenue, Madison	Dane County	N/A	122,038	Greywolf Properties

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