



MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.7% Vacancy Rate	▼	▼
471K YTD Net Absorption, SF	▼	▼
\$6.33 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
429.5K Madison Employment	▼	▲
2.3% Madison Unemployment Rate	▲	▲
4.1% United States Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY

Madison has an economy historically based on government and education, with the rapidly growing region experiencing significant growth in biotechnology, information and health technology, agribusiness/food, and precision manufacturing. Metro Madison's unemployment rate rose 30 bps year-over-year (YOY) to 2.3%, while overall employment declined by 0.1%.

MARKET OVERVIEW

In Q1 2025, Madison's industrial market saw 471,024 square feet (sf) of net absorption, reducing vacancy by 10 bps quarter-over-quarter (QOQ) to 2.7%, with Dane County at just 1.7%. Leasing activity rebounded in Q1, totaling 695,701 sf—a positive sign after two consecutive quarters below 200,000 sf. Class A leasing activity in Q1 reached 338,725 sf, already accounting for 69% of the total activity recorded in 2024. Notable leases included Keefe Group (56,355 sf at 6002 Femrite Dr, Madison) and NOVO Health Services (100,370 sf at 400 Innovation Dr, Janesville).

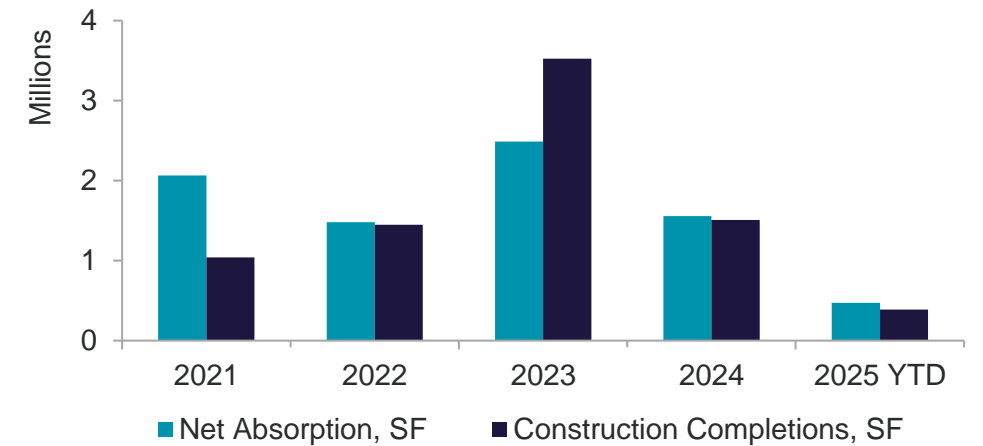
Q1 saw the delivery of 320,012 sf of much-needed speculative construction in the Dane County East submarket, with 57% pre-leased. Due to financing challenges and limited improved land, no new speculative projects are currently under construction. However, existing inventory remains strong, supported by active leasing and investor demand. Likewise Partners' 5525 Tradesmen Dr project in Madison delivered in 2023, leased up, and recently sold, all within 18 months.

Overall market asking rents ended Q1 at \$6.33 triple net (NNN) per square foot (psf), reflecting a slight 2.2% YOY decline. Class A properties continue to command high rental rates, with an average executed rate of \$8.30 NNN over the past year.

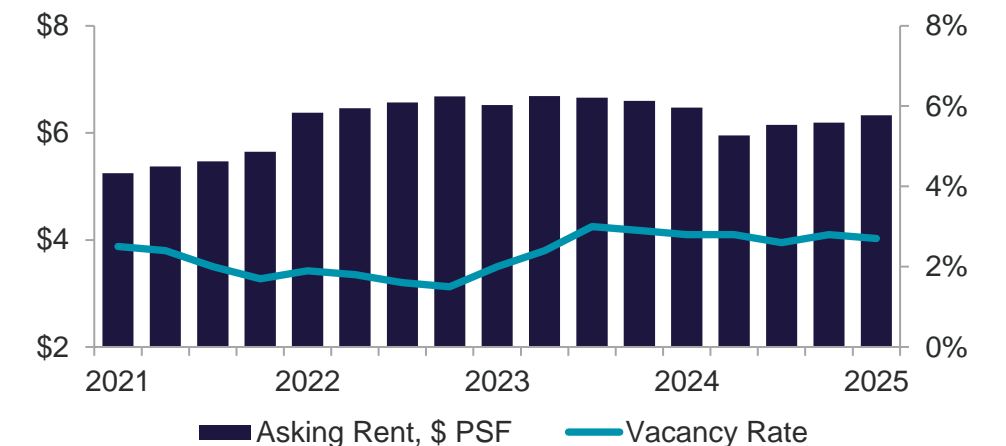
OUTLOOK

In the first quarter of 2025, market activity picked up, although deals are taking longer to close. Service industry users—such as electric, HVAC, and suppliers—are seeing notable growth, driven by Madison's continued economic expansion. However, uncertainty persists due to high financing costs, limited available space for growth, and the looming threat of a recession. Despite these challenges, vacancy rates are expected to stay low, with tight supply pushing rents higher.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL AVAILABLE (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* (MF)	OVERALL WEIGHTED AVG NET RENT* (OS)	OVERALL WEIGHTED AVG NET RENT* (W/D)
Dane County East	34,772,177	1,803,571	2.3%	258,499	258,499	3,817,873	320,012	\$4.75	\$8.32	\$7.34
Dane County West	24,013,314	771,410	0.9%	39,220	39,220	257,000	26,400	N/A	\$8.32	\$7.99
DANE COUNTY TOTAL	58,785,491	2,574,981	1.7%	297,719	297,719	4,074,873	346,412	\$4.75	\$8.32	\$7.43
Rock County	30,038,256	1,686,558	4.5%	173,305	173,305	124,250	40,000	\$4.87	N/A	\$6.66
MADISON TOTALS	88,823,747	4,261,539	2.7%	471,024	471,024	4,199,123	386,412	\$4.77	\$8.32	\$7.17

CLASSES	INVENTORY (SF)	OVERALL AVAILABLE (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*
Manufacturing	29,190,428	954,809	0.9%	40,000	40,000	257,000	40,000	\$4.77
Office Service / Flex	10,623,302	720,536	2.7%	12,083	12,083	25,000	26,400	\$8.32
Warehouse - Distribution	49,010,017	2,586,194	3.7%	418,941	418,941	3,917,123	320,012	\$7.17

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

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2417 Badger Rd, Madison	Dane County West	Accuray	101,350	New
400 Innovation Dr, Janesville	Rock County	NOVO Health Services	100,370	New
1809 Adel St, Janesville	Rock County	Cotta	66,770	New
1809 Adel St, Janesville	Rock County	Gilman	59,944	New
3204 Ohmeda Dr, Madison	Dane County East	Keefe Group	56,355	New

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
1405 Gateway Blvd, Beloit	Rock County	Zilber Property Group / Colins Trust	350,000	\$26.5M / \$76
805 Uniek Dr, Waunakee	Dane County West	JZ Capital / 805 Uniek, LLC	249,950	\$14.0M / \$56
3821 Anderson Rd, Madison	Dane County East	Investors Associated / Weiland Family Partnership, LLC	52,480	\$3.7M / \$70

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
E Yahara Rd & N Stevenson St, DeForest	Dane County East	Porter Pipe & Supply	182,000	Dickman Real Estate
4410 Daentl Rd, DeForest	Dane County East	N/A	138,012	Likewise Partners

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