

MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|--|---------|---------|
| 7.6% Vacancy Rate | ▬ | ▾ |
| -27K YTD Net Absorption, SF | ▲ | ▲ |
| \$24.22 Asking Rent, PSF <i>(Overall, All Property Classes)</i> | ▲ | ▬ |

ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|--|---------|---------|
| 428.6K Madison Employment | ▾ | ▲ |
| 2.5% Madison Unemployment Rate | ▲ | ▲ |
| 4.6% United States Unemployment Rate | ▲ | ▲ |

Source: BLS, Moody's Analytics
Footnote: 2025Q3 data are based on latest available data

ECONOMY

Madison, Wisconsin's State Capitol and home to the University of Wisconsin-Madison, has an economy historically based on government and education. The rapidly growing Dane County region has seen significant growth in biotechnology, information and health technology, agribusiness/food, and precision manufacturing. Metro Madison's unemployment rate increased by 10 basis points (bps) year-over-year (YOY) to 2.5%, while overall employment in the region declined by 0.3% YOY.

MARKET OVERVIEW

The Madison office market's overall vacancy rate remained flat YOY at 7.6%, remaining within the stabilized 7-9% range since early 2021. In Q4 2025, the market experienced positive absorption of 53,789 square feet (sf), bringing 2025 totals to negative 27,263 sf, the second consecutive year of overall negative absorption.

The Northwest / Middleton submarket experienced the largest levels of positive absorption in 2025 at 57,438 sf, followed by the Northeast submarket at 55,662 sf. These submarkets have the region's most prominent office parks outside of the CBD, and are benefiting from a gradual space demand increase from tenants. Executed leasing activity in 2025 totaled 532,362 sf, which is a decrease of 38% from 2024. The slowdown in leasing activity is occurring throughout the market, with the CBD seeing a 36% decrease YOY and Non-CBD submarkets experiencing a 38% YOY decrease.

The overall market asking rate has recorded a 14% YOY increase to \$24.22 per square foot (psf), and Class A asking rental rates have increased 2% YOY to \$26.15 psf. Rental rates remain the highest for Class A properties on the Capitol Square, ranging from \$30-35 psf.

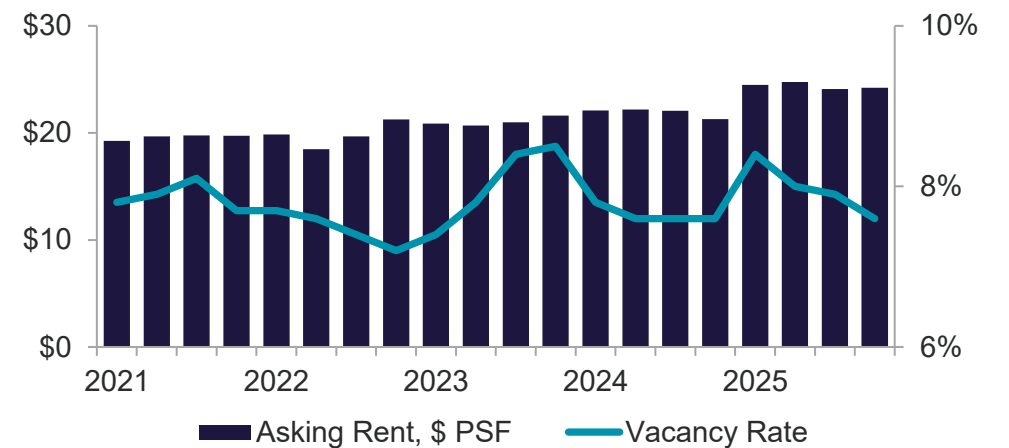
OUTLOOK

Market conditions remain subdued, but tenant engagement is slowly improving as more groups re-enter the market after a period of inactivity. Demand is still uneven, particularly among older Class B and C buildings, but interest in well-located, quality space is helping steady overall sentiment. While a full rebound will take time, the gradual pickup in inquiries suggests the market is beginning to stabilize and may be positioned for modest improvement in the coming cycle.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL AVAILABLE (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|-----------------------|-------------------|------------------------|--------------------|----------------------|---|---------------------------------|---------------------------|------------------|--|------------------------------------|
| Madison Isthmus / CBD | 6,082,980 | 845,464 | 509,969 | 8.4% | 13,275 | -37,398 | 98,519 | 0 | \$26.23 | \$31.69 |
| CBD TOTALS | 6,082,980 | 845,464 | 509,969 | 8.4% | 13,275 | -37,398 | 98,519 | 0 | \$26.23 | \$31.69 |
| Near West Madison | 3,510,748 | 170,993 | 139,499 | 4.0% | -3,018 | -92,404 | 52,075 | 0 | \$25.33 | \$34.51 |
| Northeast | 2,747,440 | 244,947 | 93,412 | 3.4% | 28,528 | 55,662 | 146,058 | 0 | \$20.01 | \$20.51 |
| Northwest / Middleton | 4,665,496 | 1,154,130 | 588,209 | 12.6% | 24,276 | 57,438 | 121,757 | 0 | \$25.54 | \$28.45 |
| South Central | 1,800,945 | 90,766 | 53,763 | 3.0% | 10,864 | 31,885 | 59,261 | 0 | \$22.62 | \$25.50 |
| Southeast | 1,368,709 | 161,490 | 125,454 | 9.2% | -29,682 | -22,201 | 13,026 | 0 | \$22.91 | \$25.30 |
| Southwest | 1,303,237 | 191,640 | 130,690 | 10.0% | 9,546 | -20,245 | 41,666 | 0 | \$20.62 | \$23.44 |
| NON-CBD TOTALS | 15,396,575 | 2,013,966 | 1,131,027 | 7.3% | 40,514 | 10,135 | 433,843 | 0 | \$23.86 | \$25.71 |
| MADISON TOTALS | 21,479,555 | 2,859,430 | 1,640,996 | 7.6% | 53,789 | -27,263 | 532,362 | 0 | \$24.22 | \$26.15 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2025

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|--------------------------------|-----------------------|----------------------|--------|------|
| 10 Terrace Ct, Madison | Northeast | QBE | 30,395 | New |
| 5400 King James Way, Fitchburg | Southwest | Unnamed | 14,495 | New |
| 634 W Main St, Madison | Madison Isthmus / CBD | Landmark Development | 8,126 | New |
| 8383 Greenway Blvd, Middleton | Northwest / Middleton | St. Croix Hospice | 3,104 | New |
| 122 W Washington Ave, Madison | Madison Isthmus / CBD | Suite 202, Inc. | 2,573 | New |

KEY SALES TRANSACTIONS Q4 2025

| PROPERTY | SUBMARKET | BUYER / SELLER | SF | PRICE / \$ PSF |
|--------------------------|-----------------------|---|--------|----------------|
| 301 S Blount St, Madison | Madison Isthmus / CBD | Colonial Property Management / The Rifken Group | 41,970 | \$3.4M / \$80 |

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