



MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.1% Vacancy Rate	▼	▼
1.8M YTD Net Absorption, SF	▲	▲
\$5.97 Asking Rent, PSF (Overall, Net Asking Rent)	▼	▲

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 has an economy historically based on government and education, with the rapidly growing region experiencing 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

In Q4 2025, Madison's industrial market recorded 214,987 square feet (sf) of net absorption, bringing the annual total to 1.8 million square feet (msf), a 15% increase YOY. Vacancy has remained below 3% since mid-2020, ending 2025 at 2.1%, which continues to create challenges for expanding tenants amid persistent headwinds in new construction delivery.

Rock County posted strong leasing activity in 2025, with 165,171 sf leased in Q4, and seven leases over 50,000 sf signed throughout the year. Notably, Impact Confections leased 125,171 sf at 1809 Adel Street in Janesville. This food and beverage deal, along with recent activity from renewable energy and general manufacturing firms, underscores the submarket's diverse tenant mix.

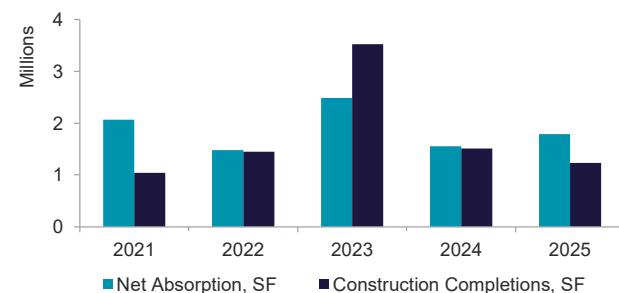
Metro Madison saw 504,500 sf of construction deliveries in Q4, bringing the 2025 total to 1.2 msf, an 18% decrease YOY. However, unlike 2024, which had no large speculative completions, 2025 delivered three projects exceeding 100,000 sf each, signaling progress in addressing Class A supply constraints.

The market asking rent closed Q4 at \$5.97 per square foot (psf) NNN, down 3.4% YOY. Class A executed rents have averaged greater than \$9.00 psf in the past year, while Class B executed rents are between \$5.00-\$7.00 psf.

OUTLOOK

Tenant activity continues to improve as Madison's industrial market moves through Q4, with both the volume and size of deals beginning to pick up. While transaction timelines remain longer than they were a few years ago, overall user engagement is strengthening. Sale opportunities remain limited, and competition for available properties has intensified as owner-user demand persists. Land constraints are becoming more pronounced, with suitable sites increasingly difficult to find and develop, an issue heightened by the rise of data center development interest. Even so, market fundamentals remain stable, and the recent uptick in inquiries suggests a gradual return to more consistent deal flow as we head toward 2026.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	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* (MF)	OVERALL WEIGHTED AVG NET RENT* (OS)	OVERALL WEIGHTED AVG NET RENT* (W/D)
Dane County East	35,375,564	860,890	2.4%	464,900	807,127	3,598,319	923,912	\$5.02	\$9.36	\$6.69
Dane County West	24,187,108	510,420	2.1%	-334,452	-146,279	140,000	143,400	N/A	\$8.23	\$8.24
DANE COUNTY TOTAL	59,562,672	1,371,310	2.3%	130,448	660,848	3,738,319	1,067,312	\$5.02	\$8.68	\$7.06
Rock County	30,162,585	514,724	1.7%	84,539	1,128,541	543,838	164,250	\$4.95	\$4.95	\$5.69
MADISON TOTALS	89,725,257	1,886,034	2.1%	214,987	1,789,389	4,282,157	1,231,562	\$5.02	\$8.13	\$6.28

CLASSES	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*
Manufacturing	29,450,704	245,162	0.8%	10,700	220,630	150,000	200,400	\$5.02
Office Service / Flex	10,638,352	466,695	4.4%	-264,213	-156,285	56,765	61,400	\$8.13
Warehouse - Distribution	49,636,201	1,174,177	2.4%	468,500	1,725,044	4,075,392	969,762	\$6.28

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

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1809 Adel St, Janesville	Rock County	Impact Confections	125,171	New
3204 Ohmeda Dr, Madison	Dane County East	Amazon	65,254	New
1824 Haynes Dr, Sun Prairie	Dane County East	Helm Group	54,337	New
1855 S Jackson St, Janesville	Rock County	Border States Electric	40,000	New Expansion
5969 Haase Rd, DeForest	Dane County East	A&M Business Interior Services	18,500	New

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$PSF
1725 E Delavan Dr, Janesville	Rock County	Phoenix Investors / Monterey Mills	315,926	\$7.4M / \$23
1824 Haynes Dr, Sun Prairie	Dane County East	Zilber Property Group / Blue Cow Investments, LLC	79,087	\$7.0M / \$89

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
650 Stevenson Rd, DeForest	Dane County East	Porter Pipe & Supply	182,000	Dickman Real Estate
4940 Cake Pkwy, DeForest	Dane County East	N/A	182,000	Dickman Real Estate
4410 Daentl Rd, DeForest	Dane County East	N/A	138,012	Likewise Partners

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