

**COMMERCIAL
REAL ESTATE
MARKET REPORT**

Q2 2026
MADISON



MOODY'S

FOR IMMEDIATE RELEASE JULY 2026

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COMMERCIAL REAL ESTATE MARKET REPORT | Q2 2026

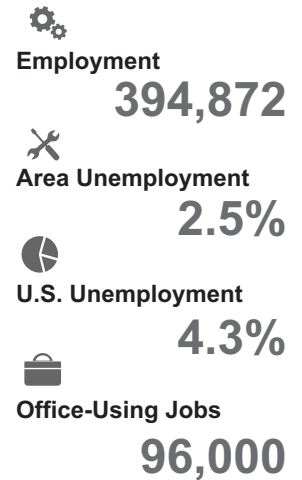
Office

Economic Overview

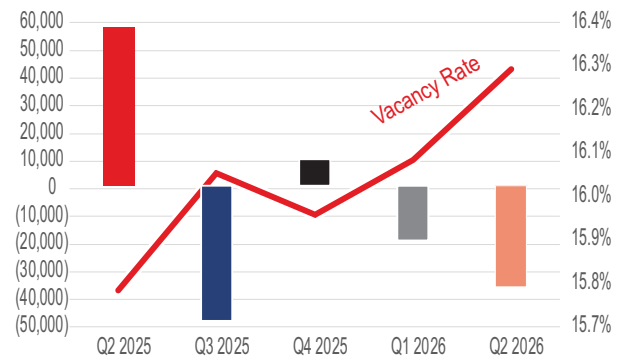
According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 10 basis points to 2.5% compared to 2.6% in May 2025. The unemployment rate for the US was at 4.3% in May 2026 increasing 10 basis points from last year. State of Wisconsin unemployment was 3.4% for this quarter. Madison MSA saw an increase in job growth and office specific jobs increased by 400 jobs during the same period.

Madison Overview

- Madison office market had overall vacancy rate of 16.3% with (36,500) sf negative absorption bringing the YTD to (56,300) sf negative absorption. The vacancy rate for multi-tenant only properties was 15.0% with 49,800 sf positive absorption bringing the YTD to 30,000 sf positive absorption.
- Madison North market had the largest gain of 42,000 sf positive absorption led by QBE leasing 30,000 sf. Madison West posted the largest loss of (82,800) sf negative absorption led by UW Health vacating 86,400 sf.
- The Madison office market recorded 48 lease transactions totaling 114,800 sf. Fifteen properties sold with 420,000 sf for \$75.8 million this quarter.
- Currently is one property under construction totaling 40,000 sf and one property has been delivered year to date with 12,000 sf.



Absorption and Vacancy Rate



Madison Office Summary

Bldg Class	# of Bldgs	Inventory	Total Avail sf	Total Vacant sf	Total Absorption (sf)	YTD Absorption (sf)	Vacancy Rate
A	58	6,822,623	1,365,478	1,273,774	(48,674)	(75,374)	18.7%
B	200	7,624,712	1,214,594	1,117,324	33,778	42,720	14.7%
C	136	2,994,557	543,214	450,877	(21,652)	(23,682)	15.1%
Grand Total	394	17,441,892	3,123,286	2,841,975	(36,548)	(56,336)	16.3%

NOTE: Net absorption is based on occupancy and the net change in when a new lease is occupied 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

Property Type		# 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	243,065	215,443	470	3,807	10.6%
	B	41	1,856,966	254,347	212,295	11,111	23,500	11.4%
	C	30	796,405	185,674	176,728	0	(203)	22.2%
	Subtotal	87	4,685,136	683,086	604,466	11,581	27,104	12.9%
Madison East	A	2	168,921	19,467	7,882	1,901	(2,759)	4.7%
	B	17	701,471	171,991	148,179	7,353	9,273	21.1%
	C	6	133,686	11,158	6,018	2,569	2,569	4.5%
	Subtotal	25	1,004,078	202,616	162,079	11,823	9,083	16.1%
Madison North	A	7	624,167	167,318	81,199	36,484	55,732	13.0%
	B	16	470,047	38,459	77,314	5,309	(5,877)	16.4%
	C	14	342,877	91,763	38,064	249	(301)	11.1%
	Subtotal	37	1,437,091	297,540	196,577	42,042	49,554	13.7%
Madison Southeast	A	1	112,428			0	0	0.0%
	B	13	558,245	167,877	167,877	0	(1,977)	30.1%
	C	12	251,359	54,808	30,468	(21,982)	(20,635)	12.1%
	Subtotal	26	922,032	222,685	198,345	(21,982)	(22,612)	21.5%
Madison Southwest	A	9	996,556	47,542	56,358	0	1,201	5.7%
	B	59	2,094,646	225,598	186,236	(3,769)	9,829	8.9%
	C	53	1,028,414	89,818	89,606	6,621	5,325	8.7%
	Subtotal	121	4,119,616	362,958	332,200	2,852	16,355	8.1%
Madison West	A	23	2,888,786	888,086	912,892	(87,529)	(133,355)	31.6%
	B	54	1,943,337	356,322	325,423	13,774	7,972	16.7%
	C	21	441,816	109,993	109,993	(9,109)	(10,437)	24.9%
	Subtotal	98	5,273,939	1,354,401	1,348,308	(82,864)	(135,820)	25.6%
Grand Total		394	17,441,892	3,123,286	2,841,975	(36,548)	(56,336)	16.3%

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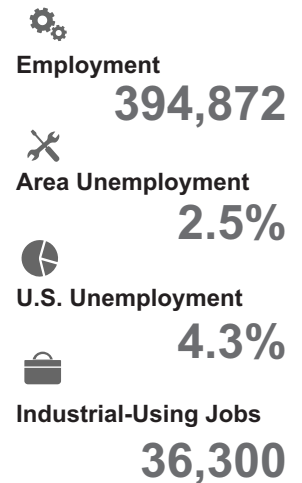
Industrial

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 10 basis points to 2.5% compared to 2.6% in May 2025. The unemployment rate for the US was at 4.3% in May 2026 increasing 10 basis points from last year. State of Wisconsin unemployment was 3.4% for this quarter. Madison MSA saw an increase in job growth but industrial specific jobs in manufacturing decreased by 900 jobs during the same period.

Madison Overview

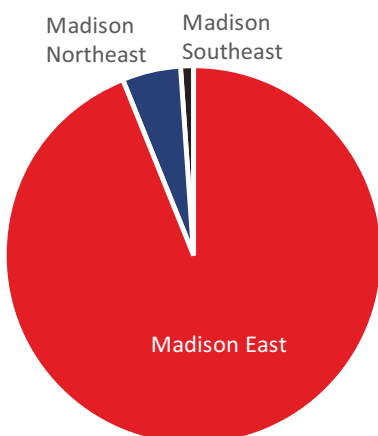
- Madison industrial market posted 323,600 sf of positive absorption bringing the YTD to 391,700 sf positive absorption. This resulted in the vacancy rate of 3.3% for Q2 2026. Multi-tenant only properties had 97,200 sf of positive absorption bringing the YTD to 182,100 sf positive absorption. This brought the vacancy rate to 9.3% for Q2 2026.
- Madison Northeast market saw the most gain with 176,700 sf positive absorption led by Renewaure purchasing a 179,500 sf property. Madison Southwest posted the most negative absorption with (29,200) sf negative absorption led by County Materials vacating 33,000 sf.
- Madison market saw 19 lease transactions totaling over 173,600 sf. Twenty one properties sold totaling 601,000 sf for \$52.5 million.
- Currently there are 7 projects under construction totaling over 3.7 msf. Two properties have been delivered YTD with 87,500 sf.



Industrial Summary

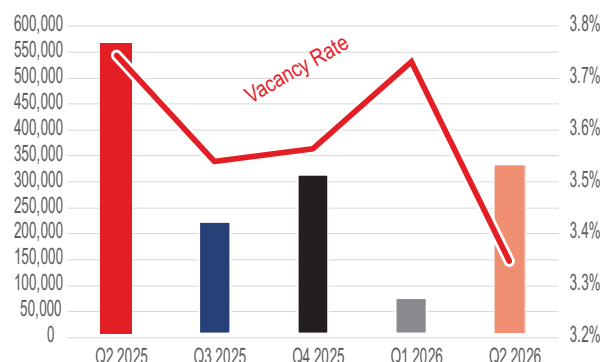
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	149	6,301,603	239,818	161,817	100,582	81,237	2.6%
Manufacturing	242	21,934,000	701,662	448,501	149,142	149,142	2.0%
Warehouse Distribution	118	15,662,925	1,456,248	1,137,895	34,000	172,044	7.3%
Warehouse Office	699	19,743,135	430,648	382,781	39,964	(10,636)	1.9%
Grand Total	1,208	63,641,663	2,828,376	2,130,994	323,688	391,787	3.3%

Industrial New Developments



MARKET	BLDG SIZE (SF)
Madison East	3,503,346
Madison Northeast	195,000
Madison Southeast	31,144
Grand Total	3,729,490

Absorption and Vacancy Rate



NOTE: Net absorption is based on occupancy and the net change in when a new lease is occupied 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	16	1,045,029	352,117	352,117	0	0	33.7%
	Warehouse Distribution	1	250,000	228,695	228,695	0	0	91.5%
	Warehouse Office	31	1,089,961	11,500	11,500	8,186	8,186	1.1%
	Subtotal	48	2,384,990	592,312	592,312	8,186	8,186	24.8%
Madison East	Flex/R&D	50	1,390,756	80,314	41,963	19,617	14,510	3.0%
	Manufacturing	49	3,424,000	68,017	43,500	0	0	1.3%
	Warehouse Distribution	17	2,541,865	89,034	89,034	0	52,437	3.5%
	Warehouse Office	148	3,906,646	145,445	102,679	4,762	(21,838)	2.6%
	Subtotal	264	11,263,267	382,810	277,176	24,379	45,109	2.5%
Madison Northeast	Flex/R&D	28	960,938	34,504	11,176	0	(7,826)	1.2%
	Manufacturing	52	4,556,866	16,864	16,864	162,662	162,662	0.4%
	Warehouse Distribution	56	7,622,914	518,816	258,189	0	33,607	3.4%
	Warehouse Office	119	3,575,655	77,412	84,662	14,100	(9,900)	2.4%
	Subtotal	255	16,716,373	647,596	370,891	176,762	178,543	2.2%
Madison Northwest	Flex/R&D	6	217,209	4,500	4,500	(4,500)	(4,500)	2.1%
	Manufacturing	15	1,838,603	43,921		0	0	0.0%
	Warehouse Distribution	5	658,188	130,000	130,000	0	52,000	19.8%
	Warehouse Office	34	1,093,132			0	0	0.0%
	Subtotal	60	3,807,132	178,421	134,500	(4,500)	47,500	3.5%
Madison Southeast	Flex/R&D	23	990,395	13,233	13,233	0	(3,420)	1.3%
	Manufacturing	39	2,837,582	36,020	36,020	(13,520)	(13,520)	1.3%
	Warehouse Distribution	13	1,149,697			0	0	0.0%
	Warehouse Office	171	4,392,144	29,332	31,332	33,900	33,900	0.7%
	Subtotal	246	9,369,818	78,585	80,585	20,380	16,960	0.9%
Madison Southwest	Flex/R&D	28	1,943,446	62,893	46,571	3,701	709	2.4%
	Manufacturing	23	3,376,667			0	0	0.0%
	Warehouse Distribution	8	816,498			0	0	0.0%
	Warehouse Office	80	2,243,370	147,300	139,530	(32,984)	(32,984)	6.2%
	Subtotal	139	8,379,981	210,193	186,101	(29,283)	(32,275)	2.2%
Madison West	Flex/R&D	14	798,859	44,374	44,374	81,764	81,764	5.6%
	Manufacturing	14	1,512,543			0	0	0.0%
	Warehouse Distribution	10	1,466,815	332,522	308,796	0	0	21.1%
	Warehouse Office	82	2,389,857	19,659	13,078	12,000	12,000	0.5%
	Subtotal	120	6,168,074	396,555	366,248	93,764	93,764	5.9%
Outlying Dane County	Manufacturing	34	3,342,710	184,723		0	0	0.0%
	Warehouse Distribution	8	1,156,948	157,181	123,181	34,000	34,000	10.6%
	Warehouse Office	34	1,052,370			0	0	0.0%
	Subtotal	76	5,552,028	341,904	123,181	34,000	34,000	2.2%
Grand Total		1,208	63,641,663	2,828,376	2,130,994	323,688	391,787	3.3%

Retail

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Madison metropolitan statistical area (MSA) decreased 10 basis points to 2.5% compared to 2.6% in May 2025. The unemployment rate for the US was at 4.3% in May 2026 increasing 10 basis points from last year. State of Wisconsin unemployment was 3.4% for this quarter. Madison MSA saw an increase in job growth but retail specific jobs decreased by 800 jobs during the same period.

Madison Overview

- Madison retail market ended Q2 2026 with 5.6% vacancy rate. The market posted 88,300 sf positive absorption bringing the YTD to 151,600 sf positive absorption for both multi and single tenant properties. Multi-tenant only properties ended Q2 2026 with 7.8% vacancy rate. The market posted 8,433 sf positive absorption bringing the YTD to 22,000 sf positive absorption.
- Madison North topped all markets and realized positive absorption of 34,000 sf led by the new delivery of Aldi with 22,000 sf. No markets posted negative absorption this quarter.
- The Madison retail market saw 24 lease transactions totaling 145,200 sf. Twenty eight properties totaling 238,600 sf sold for \$50.8 million.
- Currently there are 15 projects under construction totaling 79,300 sf. Six properties were delivered YTD in Madison totaling 99,600 sf.

Employment

394,872



Area Unemployment

2.5%



U.S. Unemployment

4.3%



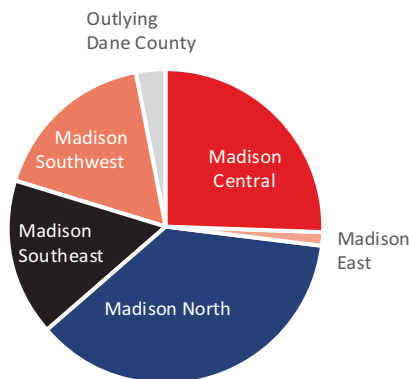
Retail-Using Jobs

39,300

Retail Summary

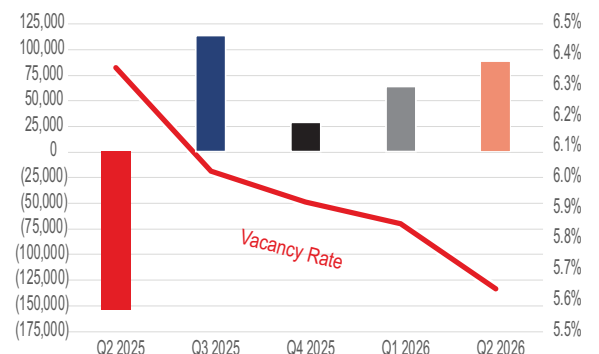
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	6	627,287	61,428	96,618	(6,655)	12,276	15.4%
Freestanding/Big Box	248	9,588,400	261,719	329,071	61,657	111,457	3.4%
Mixed Use	137	1,890,553	96,259	106,382	21,127	28,214	5.6%
Neighborhood Center	62	3,065,798	235,757	173,245	1,700	(14,813)	5.7%
Regional Center	3	1,883,319	282,065	282,065	(7,115)	(8,315)	15.0%
Restaurant	101	715,585	15,997	11,925	18,214	18,214	1.7%
Strip Center	281	3,569,413	245,944	203,769	(624)	4,638	5.7%
Grand Total	838	21,340,355	1,199,169	1,203,075	88,304	151,671	5.6%

Retail New Developments



MARKET	BLDG SIZE (SF)
Madison Central	20,313
Madison East	1,128
Madison North	29,048
Madison Southeast	12,900
Madison Southwest	13,524
Outlying Dane County	2,396
Grand Total	79,309

Absorption and Vacancy Rate



NOTE: Net absorption is based on occupancy and the net change in when a new lease is occupied 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	23	373,060	6,905	6,905	0	45,000	1.9%
	Mixed Use	59	791,341	49,915	46,814	11,387	21,576	5.9%
	Neighborhood Center	4	250,675	18,505	16,705	0	0	6.7%
	Restaurant	13	104,366			0	0	0.0%
	Strip Center	19	257,918	4,138	4,138	0	960	1.6%
	Subtotal	118	1,777,360	79,463	74,562	11,387	67,536	4.2%
Madison East	Community Center	2	168,796	53,903	26,703	0	18,931	15.8%
	Freestanding/Big Box	49	2,380,512	216,204	206,650	(13,920)	(13,920)	8.7%
	Mixed Use	9	143,392	3,293	4,593	0	0	3.2%
	Neighborhood Center	13	645,594	33,645	34,485	0	(4,906)	5.3%
	Regional Center	1	787,809	133,077	133,077	11,695	11,695	16.9%
	Restaurant	17	139,297			11,714	11,714	0.0%
	Strip Center	52	766,469	64,925	65,153	(2,475)	219	8.5%
	Subtotal	143	5,031,869	505,047	470,661	7,014	23,733	9.4%
Madison North	Freestanding/Big Box	45	1,927,303			28,249	28,249	0.0%
	Mixed Use	16	179,110	6,581	8,081	0	(2,096)	4.5%
	Neighborhood Center	10	505,255	50,012	28,671	(2,472)	(2,472)	5.7%
	Restaurant	12	74,107	5,500	5,500	6,500	6,500	7.4%
	Strip Center	48	535,400	62,753	30,325	1,682	(2,187)	5.7%
	Subtotal	131	3,221,175	124,846	72,577	33,959	27,994	2.3%
Madison Southeast	Freestanding/Big Box	14	457,889	15,000		0	0	0.0%
	Mixed Use	7	241,481	11,934	13,193	0	(1,900)	5.5%
	Neighborhood Center	2	76,671			0	0	0.0%
	Restaurant	6	46,094			0	0	0.0%
	Strip Center	8	103,355	4,099	11,989	0	0	11.6%
	Subtotal	37	925,490	31,033	25,182	0	(1,900)	2.7%
Madison Southwest	Community Center	1	135,107	7,525	7,525	0	0	5.6%
	Freestanding/Big Box	60	2,372,724	17,520	84,201	31,033	35,833	3.5%
	Mixed Use	20	205,076	5,868	13,493	4,610	4,610	6.6%
	Neighborhood Center	21	925,902	54,307	61,492	0	3,684	6.6%
	Regional Center	1	411,508	104,834	104,834	(8,353)	(9,553)	25.5%
	Restaurant	21	134,180			0	0	0.0%
	Strip Center	84	1,065,873	38,587	31,396	(5,875)	(1,368)	2.9%
	Subtotal	208	5,250,370	228,641	302,941	21,415	33,206	5.8%
Madison West	Community Center	3	323,384		62,390	(6,655)	(6,655)	19.3%
	Freestanding/Big Box	41	1,611,638	6,090	6,090	16,295	16,295	0.4%
	Mixed Use	18	253,553	17,748	19,288	5,130	5,130	7.6%
	Neighborhood Center	10	530,504	79,288	31,892	4,172	(11,119)	6.0%
	Regional Center	1	684,002	44,154	44,154	(10,457)	(10,457)	6.5%
	Restaurant	22	158,513	10,497	6,425	0	0	4.1%
	Strip Center	50	585,482	36,407	34,726	6,044	362	5.9%
	Subtotal	145	4,147,076	194,184	204,965	14,529	(6,444)	4.9%
Outlying Dane County	Freestanding/Big Box	16	465,274		25,225	0	0	5.4%
	Mixed Use	8	76,600	920	920	0	894	1.2%
	Neighborhood Center	2	131,197			0	0	0.0%
	Restaurant	10	59,028			0	0	0.0%
	Strip Center	20	254,916	35,035	26,042	0	6,652	10.2%
	Subtotal	56	987,015	35,955	52,187	0	7,546	5.3%
Grand Total		838	21,340,355	1,199,169	1,203,075	88,304	151,671	5.6%