

MARKET FUNDAMENTALS

	YOY Chg	Outlook
9.1% Vacancy Rate	▲	▬
-144K YTD Net Absorption, SF	▲	▲
\$22.87 Asking Rent, PSF (Overall, All Property Classes)	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
429.7K Madison Employment	▼	▲
2.7% Madison Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics
Footnote: 2026Q3 data are based on latest available data. U.S. unemployment rate reflects September 2026

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 20 basis points (bps) year-over-year (YOY) to 2.7%, while overall employment in the region decreased by 0.4% YOY.

MARKET OVERVIEW

Madison's office market softened modestly during the third quarter, with overall vacancy increasing 30 bps quarter-over-quarter to 9.1%. Net absorption totaled negative 42,179 square feet (sf), with occupancy losses across four of the seven tracked submarkets. Northwest/Middleton led occupancy gains with 73,076 sf of positive absorption and a 150 bp QOQ decline in vacancy to 16.8%.

Year-to-date leasing activity totaled 346,453 sf, with Northwest/Middleton accounting for approximately 31% of market volume. Notable third-quarter commitments included Cyclomedia Technology's 24,183-sf lease at 8401 Greenway Boulevard and FAC Services, LLC's 23,380-sf lease at 525 Junction Road. An additional 12,000-sf lease at 2758 Dairy Drive contributed to activity in the Southeast submarket. These transactions reflect continued demand for mid-sized office space, though leasing activity has yet to produce sustained market-wide occupancy gains.

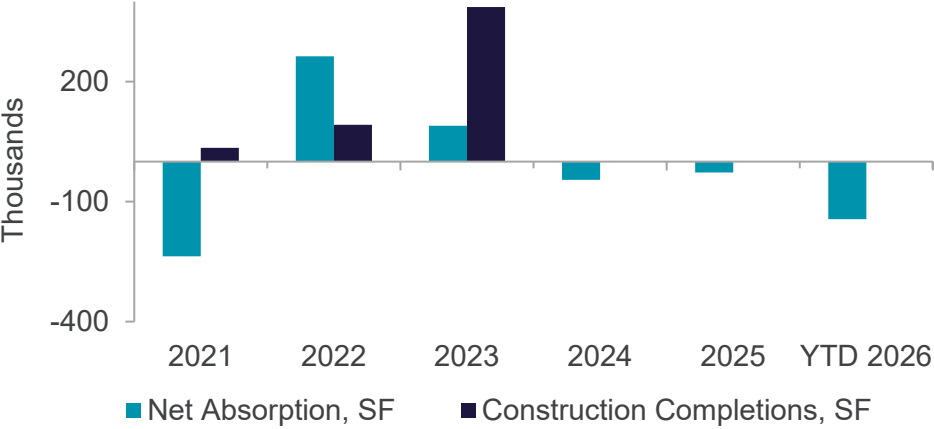
Overall asking rents averaged \$22.87 per square foot (psf), down from \$23.82 psf in the prior quarter, while Class A asking rents averaged \$24.01 psf. The CBD maintained its pricing premium, with Class A asking rents averaging \$31.40 psf.

OUTLOOK

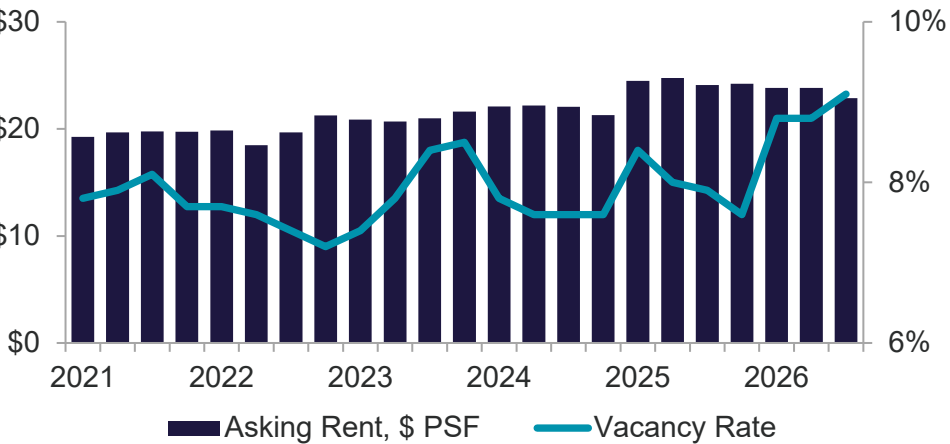
Madison's office market is expected to remain uneven through year-end, with recent leasing commitments providing pockets of momentum while negative absorption weighs on recovery. Northwest/Middleton's occupancy gains are encouraging, though elevated vacancy rate suggests that further improvement will take time. The CBD remains comparatively stable, while performance across suburban submarkets will depend on tenant retention and converting leasing activity into occupied space.

With no office construction underway in the tracked inventory, near-term vacancy trends will largely reflect changes in existing tenant occupancy. Limited new supply should help contain additional vacancy pressure, but a sustained recovery will require more consistent demand across submarkets.

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	6,023,320	605,379	513,921	8.5%	5,326	4,174	94,701	0	\$25.19	\$31.40
CBD TOTALS	6,023,320	605,379	513,921	8.5%	5,326	4,174	94,701	0	\$25.19	\$31.40
Near West Madison	3,660,343	273,276	203,283	5.6%	-15,746	-59,376	15,628	0	\$22.24	N/A
Northeast	2,851,949	457,577	161,589	5.7%	-47,166	18,218	35,839	0	\$20.11	\$21.40
Northwest / Middleton	4,498,520	1,338,022	754,788	16.8%	73,076	-85,856	108,397	0	\$23.72	\$25.00
South Central	1,794,648	87,999	38,331	2.1%	6,924	15,432	40,216	0	\$22.58	\$25.63
Southeast	1,332,405	187,178	149,128	11.2%	-34,993	-52,591	25,896	0	\$22.50	\$25.21
Southwest	1,307,155	204,109	135,663	10.4%	-29,600	16,311	25,776	0	\$17.75	\$22.63
NON-CBD TOTALS	15,445,020	2,548,161	1,442,782	9.3%	-47,505	-147,862	251,752	0	\$22.40	\$23.49
MADISON TOTALS	21,468,340	3,153,540	1,956,703	9.1%	-42,179	-143,688	346,453	0	\$22.87	\$24.01

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8401 Greenway Boulevard, Middleton	Northwest	Cyclomedia Technology	24,183	New
525 Junction Road, Madison	Northwest	FAC Services, LLC	23,380	New
2758 Dairy Drive, Madison	Southeast	Unnamed	12,000	New

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
501 E Washington Avenue, Madison	Central Campus	Wash Franklin, LLC / WMC Foundation Inc.	18,308	\$6.625M / \$362
4506 Regent Street, Madison	Near West	4506 Regent LLC / Elpis Properties LLC	11,616	\$940k / \$81

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