



MARKET FUNDAMENTALS

	YOY Chg	Outlook
1.9% Vacancy Rate	▲	▬
594K YTD Net Absorption, SF	▼	▲
\$6.23 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

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 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 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 industrial market tightened further in Q32026, recording 167,455 square feet (sf) of positive net absorption and lowering the overall vacancy rate 10 basis points (bps) quarter-over-quarter to 1.9%. Year-to-date, absorption reached 594,338 sf, reflecting continued occupancy growth in a market where vacancy has remained below 3.0% since mid-2020.

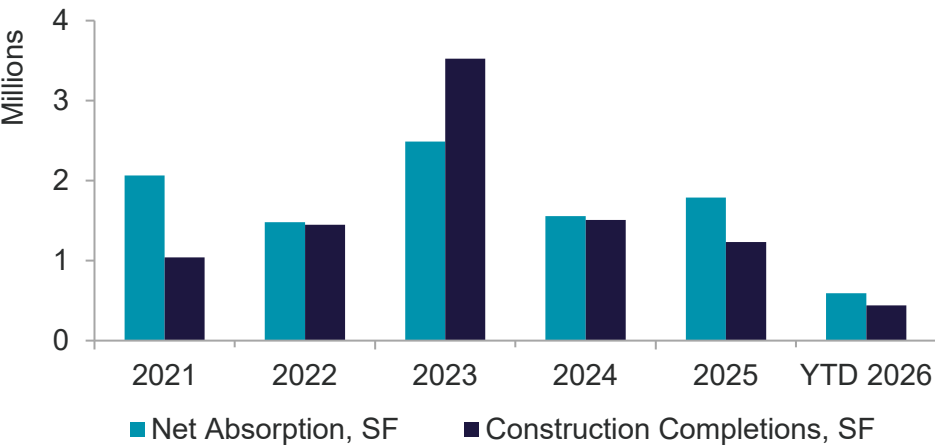
Dane County East remained the primary drive of demand, posting 205,565 sf of positive net absorption as vacancy declined to 1.2% from 1.6% in Q2. Activity was anchored by two transactions in DeForest, where Oakhouse Bakery leased the entire 138,012-sf Likewise building at 4410 Daentl Road, while North American Mechanical expanded by 40,000 sf at 4940 Cake Parkway, bringing its total footprint at the property to 92,000 sf. Together, these transactions generated over 175,000 sf of Class A absorption, demonstrating continued tenant demand for new industrial product.

Conditions varied across the broader market. Dane County West recorded a modest 2,709 sf of negative absorption, while Rock County posted 35,401 sf of occupancy losses and ended the quarter at 2.6% vacancy. These results partially offset gains in Dane County East, though vacant space remained limited across the region.

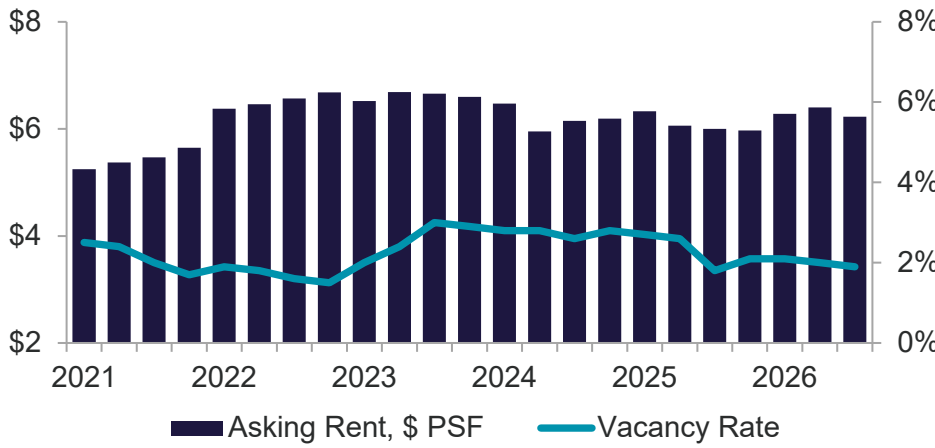
Approximately 4.3 million square feet (msf) remains under construction across the market, although build-to-suit and committed projects account for nearly 95% of the pipeline. Amazon's 3.42-msf fulfillment center in Cottage Grove represents the largest share and is schedule for completion by the end of the year. Speculative construction totals 232,000 sf, comprised of Dickman's 182,000-sf DeForest V facility and McAllen's 50,000-sf building at McAllen 120. Both projects are anticipated to deliver in Q2 2027, providing additional Class A options in the supply-constrained Dane County East submarket.

The next wave of speculative development is taking shape, reflecting developer confidence in the market's longer-term demand. Egan Gardner Development's 145,600 sf Tradesman II facility is schedule to break ground in October, with delivery targeted for Q12027, adding new industrial space in the supply-constrained Dane County East submarket.

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	35,459,671	422,712	1.2%	205,565	592,098	4,113,876	120,746	\$4.74	\$10.65	\$7.26
Dane County West	24,410,131	466,385	1.9%	-2,709	71,405	0	81,764	\$7.00	\$9.64	\$6.33
DANE COUNTY TOTAL	59,869,802	889,097	1.5%	202,856	663,503	4,113,876	202,510	\$4.98	\$9.91	\$7.04
Rock County	30,388,699	785,496	2.6%	-35,401	-69,165	198,000	237,838	\$4.16	N/A	\$4.99
MADISON TOTALS	90,258,501	1,674,593	1.9%	167,455	594,338	4,311,876	440,348	\$4.72	\$9.91	\$5.89

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	29,735,739	78,253	0.3%	-17,365	176,909	0	91,764	\$4.72
Office Service / Flex	10,746,799	407,118	3.8%	2,399	191,114	20,000	56,765	\$9.91
Warehouse - Distribution	49,775,963	1,189,222	2.4%	182,421	226,315	4,291,876	291,819	\$5.89

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

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4410 Daentl Road, DeForest	Dane County East	Oakhouse Bakery	138,012	New
4940 Cake Parkway, DeForest	Dane County East	North American Mechanical (Expansion)	40,000	New
2041 S Stoughton Road, Madison	Dane County East	ResourceOne	18,750	New

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
215 Federal Avenue, Belleville	Dane County West	NLF Belleville WI LLC / Federal Industries LLC	100,069	\$6.64M / \$66
618 S Wuthering Hills Drive, Janesville	Rock County	Kaiser LLC / Enterprise Drive, LLC	90,000	\$6.75M / \$75

KEY CONSTRUCTION COMPLETIONS 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
110 Momentum Drive, Janesville	Rock County	-	237,838	Zilber
8402 Excelsior Drive, Madison	Dane County West	Fujifilm	81,764	Fujifilm
2318 Advance Road, Madison	Dane Couty East	-	27,773	Oakleaf Properties

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