



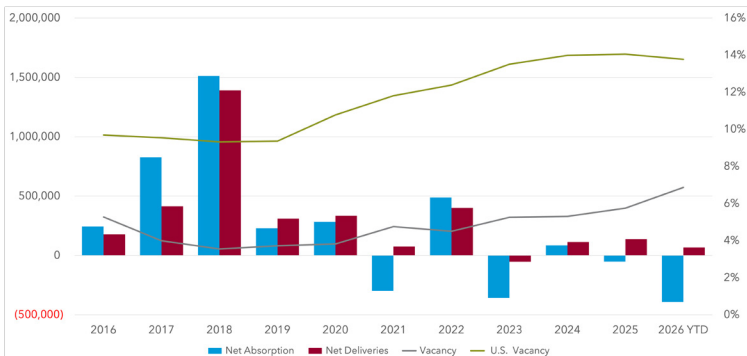
OFFICE MARKET OVERVIEW

CHRIS ETMANCZYK, *Principal*

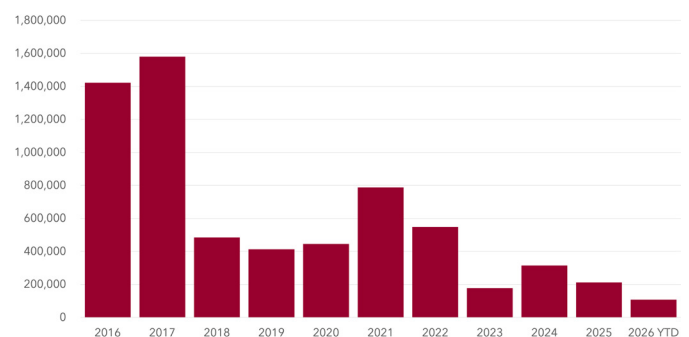
The Madison office market continues to soften, with vacancy rising slightly to 6.8% and net absorption reaching negative 310,182 square feet over the past 12 months. Despite weakening demand, average asking rents and sale prices remained stable. New construction has declined significantly to 108,041 square feet, reflecting a slowdown in development activity. Overall, rising vacancy and negative absorption indicate continued challenges for the office sector, while limited new construction may help stabilize market conditions over time.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	(310,182)	(105,946)	(39,891)	(51,346)	(84,617)
▲ Vacancy Rate	6.8%	6.7%	6.7%	5.8%	5.7%
▲ Avg NNN Asking Rent PSF	\$21.55	\$21.53	\$21.48	\$21.33	\$21.47
◀ ▶ Sale Price PSF	\$123	\$123	\$120	\$115	\$112
◀ ▶ Cap Rate	11.3%	11.3%	11.5%	11.7%	12.0%
▼ Under Construction	108,041	152,041	208,041	212,000	259,133
▼ Inventory	41,018,925	41,019,565	40,963,565	40,951,565	40,865,732

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
501 E. Washington Avenue Madison, WI	18,308 SF	\$6,625,000 \$361.86 PSF	Bear Development LLC WMC Foundation Inc.	Class B
8446 Excelsior Drive Madison, WI	17,878 SF	\$1,900,000 \$106.28 PSF	Mortgage Forward LLC QRL Financial Services	Class B
202 W. Cottage Grove Road Cottage Grove, WI	13,300 SF	\$1,413,266 \$106.26 PSF	WMW Enterprises LLC Daniel Kessenich	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
8401 Greenway Boulevard Middleton, WI	24,183 SF	RFA Asset Management	Cyclomedia Technology	Computer, Date Processing
525 Junction Road Madison, WI	23,380 SF	RFA Asset Management	FAC Services	Business Services
2758 Dairy Drive Madison, WI	12,000 SF	CSI Construction Services	Milestone Democratic School	School

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