

Indianapolis

Office | Q4 2023 Market Report

Quarterly Snapshot

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Average Rent
\$22.56/SF
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Vacancy
21.0%
- ↓

Net Absorption
247,988 SF

Occupier's Perspective

Businesses may need to rethink their office space needs in line with evolving work models.

Landlords and investors adapt to the changing landscape to remain competitive and relevant. The market's response to these dynamics will shape the future of office spaces and could herald a new era in commercial real estate.

As traditional office demand wanes, landlords may consider repurposing vacant areas for alternative uses such as co-working spaces, data centers, or logistics hubs, depending on location and market demand.

The Indianapolis office market concluded the year facing a rise in vacancy rates. The trend of companies optimizing their space to increase efficiency has contributed to the growing availability of vacant offices throughout the market. Landlords are hopeful that the coming year will mark a turning point, easing the ongoing expansion of unoccupied space that has adversely affected all classes of office assets.

The migration of tenants towards high-quality spaces persists, with premium offerings experiencing an uptick in demand. This trend spans across all submarkets, which have generally faced challenges, except for a specific area that remains a highlight of the city with its new developments and vibrant atmosphere. Landlords citywide are tasked with devising innovative leasing strategies to retain existing tenants or entice new ones. The concurrent rise in office rental rates and vacancy rates underscores the ongoing transformation within the commercial real estate sector, influenced by changing work patterns, economic considerations, and sector-specific demands.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
CNO Financial Group	125,000 SF	Carmel	Renewal	Office
Von Lehrman & Co	20,693	Carmel	Renewal	Office
GSA	18,071	CBD	Renewal	Office

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
5.1%	▲	\$20.69	Midtown
5.1%	▲	\$21.13	Greenwood
10.4%	▲	\$22.84	CBD
16.9%	▼	\$23.31	Keystone Crossing
22.4%	▲	\$23.48	Meridian Corridor
12.2%	▲	\$24.18	Fishers/Geist
7.4%	▼	\$24.90	Carmel
13.5%	▲	\$50.00	West End