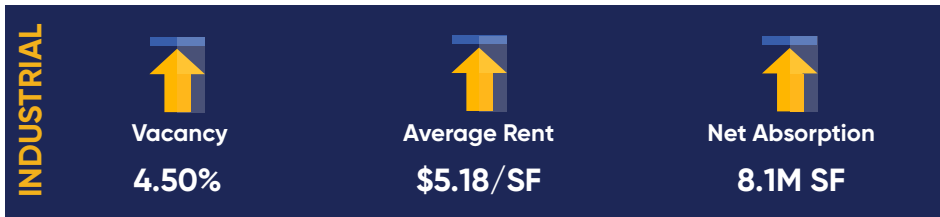


Market Report

The end of the third quarter in the Indianapolis office market saw vacancy increase to 19.5% as users continue to reshuffle and rethink their space needs. Direct quarterly net absorption was at negative 280,000 square feet; firms continue to put sublease space on the market which added to total negative absorption.



The Indianapolis industrial market continues to be hot as vacancy rates maintain and rental rates, as well as, net absorption continue to increase. Indiana consistently ranks in the top 10 states for conducting business operations. Notably, the hoosier state also ranks fifth* for logistics and infrastructure, and recently took CNBC's top honors for infrastructure,** a survey that reviewed volume of goods transported, freight capacity, road conditions, broadband, and a host of other factors.



Q3 Rental and Vacancy Rates


Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$24.16	Office Market Class A 21.20%	▼ 0.41%
\$19.54	Office Market Class B 18.63%	▼ 1.02%
\$5.10	Industrial Market Warehousing & Dist 4.50%	▲ 5.29%
\$5.60	Industrial Market Manufacturing 0.90%	▲ 1.08%

Q3 Recent Transactions

Office	Size	Submarket	Type
1 Forvis	47,810 SF	Downtown	New Lease
2 Gregory & Appel, Inc.	41,609 SF	Downtown	New Lease
3 Frost Brown Todd	37,762 SF	Downtown	New Lease
4 USGSA	21,449 SF	Downtown	Renewal
5 FCCI	16,045 SF	Carmel	New Lease

Industrial	Size	Submarket	Type
1 C.H. Robinson	1,200,420 SF	Southwest	Renewal
2 Draco Logistics	753,000 SF	East	New Lease
3 Henry Schein	565,560 SF	Northwest	New Lease
4 Exel, Inc.	543,780 SF	South	New Lease
5 Schwarz	500,406 SF	Southwest	New Lease

Occupier's Perspective

 **Demand for hybrid** work arrangements are forcing organizations to continue to evaluate their space requirements. As needed, companies are shifting to hybrid work schedules to retain and attract top talent.

 **Amenities are top-priority** in general, tenants often request superior on-site and local amenities when relocating. Amenities such as interactive video screens, on-site tech support centers, catering, fitness centers, multiple food and beverage offerings, coffee shops, business centers, and wellness rooms are becoming standard features to bring employees back to the office

Market Trends



Industrial rental rates increased in Q3 marking the 6th consecutive quarter-over-quarter increase.

CBD remained stable with vacancy and rates maintaining with last quarter levels as well as absorption with modest positive gains.

Many Indianapolis companies are settling on either a fully-remote or hybrid work model. The likelihood of a recession continues to increase, which will weaken demand for office space as companies look for ways to cut expenses.

Indianapolis unemployment rate continues to remain below 3% and well below the national average.

*13th Annual Top States for Doing Business 2022 Site Consultants Survey

** CNBC Top States for Business Report 2022