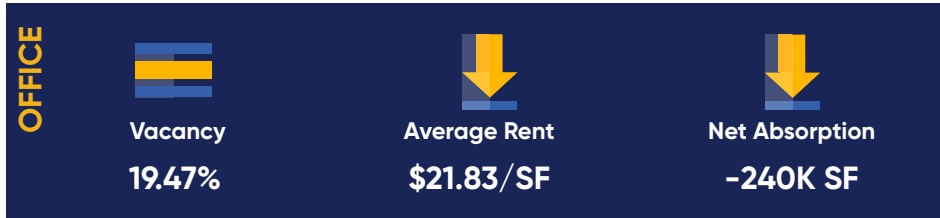


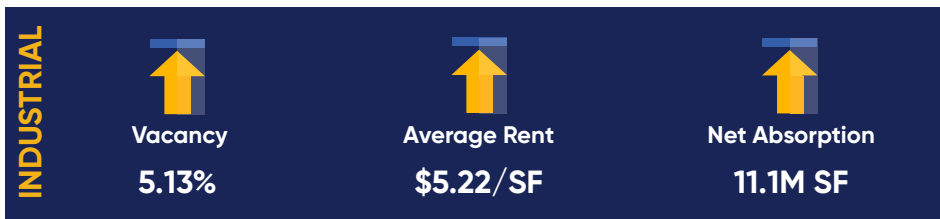
Market Report



Although the story remains unchanged in the office market, worth noting is the value of office space in Indianapolis compared to other markets. The national average for office rents is 60-75% higher in all categories. Vacancy is holding around 19.5%, with rents seeing minor fluctuations even as sublease availability continues to grow.



The Indianapolis industrial market continues to trend toward unprecedented growth. High tenant demand, positive net absorption and rising rates indicate the market isn't slowing down in the immediate future. The market is projected to exceed 300 MSF by end of 2023, which 25% of which will have been delivered since 2020. There was a slight increase in vacancy due solely to new speculative deliveries. Vacancy still remains well below the 10 year average.



Q4 Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$24.30	Office Market Class A	▲ 0.58%
\$18.92	Office Market Class B	▼ 3.17%
\$5.21	Industrial Market Warehousing & Dist	▲ 2.15%
\$6.41	Industrial Market Manufacturing	▲ 14.5%

Q4 Notable Transactions

Office	Size	Submarket	Type
1 American Structurepoint	98,447 SF	Keystone	Exp/Renewal
2 Old National Bank	45,077 SF	North/Carmel	Exp/Renewal
3 Johnson Controls	40,441 SF	Castleton	New Lease
4 Total Quality Logistics	30,929 SF	Northwest	Exp/Renewal
5 Kimley-Horn & Associates	29,737 SF	North/Carmel	New Lease

Industrial	Size	Submarket	Type
1 Deckers Brands	1,015,902 SF	Southwest	New Lease
2 Geodis	1,002,469 SF	Southwest	New Lease
3 Custom Goods LLC	954,370 SF	South	New Lease
4 NFI Industries	827,180 SF	South	New Lease
5 ITS Logistics	679,108 SF	Northwest	New Lease

Occupier's Perspective

↓ **Moving into 2023**, the continued downsizing of many tenants combined with a general slowing in anticipated demand is going to lead to a lingering, slow recovery.

↑ **Strong tenant demand** for Indianapolis industrial products led to a 4th consecutive year of record-high new leasing activity. Indianapolis ranks as a top ten market nationwide for growth, absorption and overall construction.

When considering a renewal, relocation or downsizing, it is important to talk strategy at least 12 months in advance. Designing the right space for a hybrid WFH model, estimating growth, and factoring in long lead times of permitting, construction and supply chain delays, can be mitigated with proper planning.

Market Trends



There has been a flight to quality in the office market, with class A being in higher demand. Companies are competing for labor in a tight market using building amenities to attract the best talent as they give back larger blocks in older, less functional buildings. This trend will continue throughout 2023.

Industrial rental rates increased in Q4 marking the 7th consecutive quarter-over-quarter increase. Manufacturing saw the largest QOQ rent increase at 14.5%.

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

Indianapolis MSA unemployment rate continues to drop with a Q4 average under 2.5% and well below the national average.