

Market Report

The Greater Indianapolis Office Market still has many workplaces not operating at full capacity even as vaccines began being rolled out on a wide scale, a steady return to the traditional office place is slowly beginning to take place. Still, the mix of remote work and commuting to a physical office is the driving concept of future officespace. This hesitancy has led to a drop in the total of new leases to start the year, and negative net absorption continues to trend.



A year has passed since the onset of the COVID-19 pandemic in the United States. The demand for e-commerce, third-party logistics providers and big-box industrial real estate in general had been growing steadily over the years, but the pandemic provided a boost to that dynamic. The Indianapolis industrial market was poised to capitalize on the changing economy. Developers continue to expand the boundaries of the traditional industrial footprint by purchasing land.



Q2 Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$24.03	Office Market Class A 20.85%	▼ 3.90%
\$19.35	Office Market Class B 18.53%	▼ 0.37%
\$4.13	Industrial Market Warehousing & Dist 6.30%	▼ 1.56%
\$5.16	Industrial Market Manufacturing 1.30%	▼ 18.7%

Q2 Recent Transactions

Office	Size	Submarket	Type
1 Indpls Public Trans. Co.	61,000 SF	East	Purchase
2 Quantigen LLC	46,589 SF	Fishers	New Lease
3 Kinetic Advantage LLC	34,310 SF	North/Carmel	New Lease
4 South College of IN LLC	32,447 SF	North/Carmel	New Lease
5 Phoenix Financial Services	31,759 SF	Fishers	New Lease

Industrial	Size	Submarket	Type
1 Amplify Snack Brands	846,720 SF	Northwest	New Lease
2 Henry Schein, Inc	672,944 SF	Northwest	New Lease
3 EC Best Service, Inc	632,788 SF	Northwest	New Lease
4 CH Robinson Worldwide	501,398 SF	Southwest	New Lease
5 Progressiv Logistics	505,872 SF	East	New Lease

Occupier's Perspective

Much of this year's leasing activity has centered on below market subleases. Some of the "choice" sublease space has been re-let clearing the way for landlords to compete for new leases. Available sublease space is near all time highs, but the supply of new subleases space is decelerating.

While not all businesses are back in the office, most have formalized a strategy that entails a portion of their workforce working from home.

Q2 2021 office market showed signs of improvement in the 2nd quarter after months of struggling due to the pandemic. Indianapolis's office market appears to be rebounding after stalling out as companies worked from home and reexamined their physical work environment needs.

Market Trends



Metal & Metal Product prices continue to rise for the 3rd consecutive quarter. Q2-2021 price index is up **240%** over same period last year.

A majority of NAR (National Association of Realtors) commercial member respondents reported an increase in sales of land and industrial properties and a decline in sales of other types of commercial real estate.