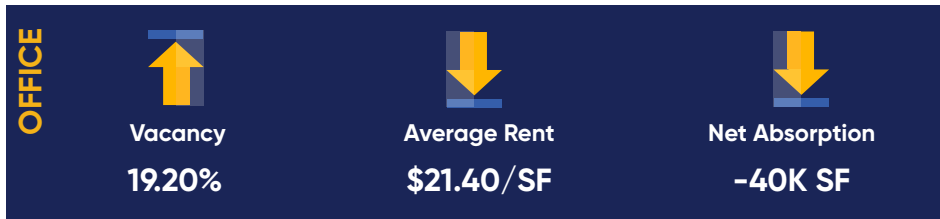
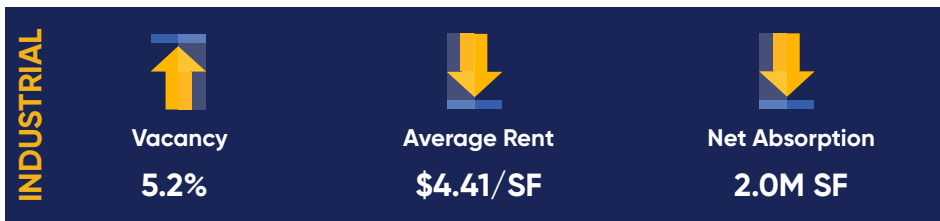


Market Report

This quarter, the Greater Indianapolis office market began to realize the negative impact of the pandemic as many occupiers were forced to reevaluate their office footprint. As a result, leasing has slowed while putting upward pressure on vacancy rates. The market has held steady with regards to downward pressure on rental rates, thus far, but the headwinds from shallow leasing and growing vacancy rates are sure to test the wherewithal of landlords.



The Greater Indianapolis industrial market continues to thrive amid a global pandemic. Although vacancy is up slightly and average rent is down, demand remains strong. Completed construction is pacing above last year's record-breaking total with three months to spare and 2020 leasing through three quarters has already surpassed all of 2019.



Q3 Rental and Vacancy Rates


Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$23.70	Office Market Class A 20.73%	▲ 2.6%
\$18.88	Office Market Class B 16.97%	▲ 8.6%
\$14.96	Office Market Class C 15.35%	▼ 10.3%
\$4.41	Industrial Market Warehousing & Dist 5.53%	▼ 4.9%
\$3.31	Industrial Market Manufacturing 1.2%	▼ 30.3%


Q3 Recent Transactions

Office	Size	Submarket	Type
1 Aptiv	88,200 SF	North/Carmel	New Lease
2 USIC	47,060 SF	Keystone	Renewal/Exp
3 HNTB	40,947 SF	Downtown	Renewal/Exp
4 Elements Financial	31,651 SF	Downtown	Renewal

Industrial	Size	Submarket	Type
1 Quest Nutrition	862,235 SF	East	BTS
2 Case New Holland	842,000 SF	Northwest	Renewal
3 Nice-Pak Products	541,452 SF	Southwest	Renewal
4 Mission Foods	510,965 SF	Southwest	New Lease

Occupier's Perspective

 Subleasing space may be a great option for your company. Generally speaking, the term is shorter than a direct deal, the rates are competitive and oftentimes furniture or other perks may be included. Additionally, the space is 'move-in' ready.

 Indianapolis office market is expected to remain soft due to slow demand and a structurally oversupplied market with high vacancy. Landlord competition began to show in the third quarter as asking rates decreased across the board in office inventory. Landlords have begun to compete more aggressively as the market softens, dropping the building asking rates and are offering larger concession packages.

Market Trends



According to a recent survey by Digital.com, 70% of employees working from home want to go back to their workplace.

Even though rent growth in Indianapolis has outpaced the national average for the past five years it took until 2018 to rise above pre-recession levels. In the face of the pandemic, we expect rent gains to slow and potentially fall negative for a time being due to the many businesses looking to downsize.

While the office vacancy rate in Indianapolis has risen with the increase of sublease space offered to the market, it still lies at a relatively low 8% YTD. Vacancy in this sector is expected to rise through 2021.