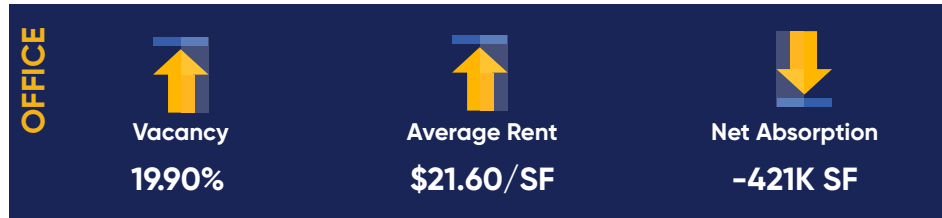
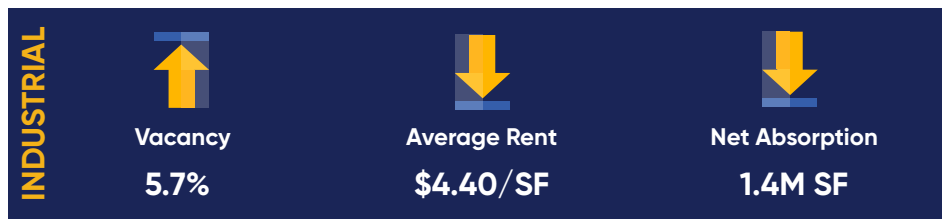


Market Report

The COVID-19 vaccine is now available to all Americans over 16 and with over half the U.S. adult population receiving at least one COVID-19 vaccine shot, the U.S. economy is starting to see positive signs of improvement heading into the summer. Flexible office space solutions are increasingly becoming a key driver for companies' short- and long-term strategies to return their workforce to the office place. Even as companies begin to implement their plans to re-occupy office space it's expected rental rates will continue to drop, and concession packages will increase until the market experiences a turnaround in overall activity.



Demand for industrial space has only increased since the pandemic started and consumers rely increasingly on e-commerce. Industrial vacancies are low and rent growth is high, despite the fact that Indianapolis has built a record amount of new business in industrial. New construction will continue in Q2, but it remains to be seen how the current materials shortage and increased construction costs will impact developers plans



Q1 Rental and Vacancy Rates

| Direct Asking Rent (\$/SF) | Total Vacancy Rate | QoQ \$ Change |
|----------------------------|--|---------------|
| \$23.88 | Office Market Class A 21.70% | ▲ 0.12% |
| \$19.16 | Office Market Class B 18.60% | ▲ 0.31% |
| \$15.01 | Office Market Class C 12.45% | ▲ 0.53% |
| \$4.13 | Industrial Market Warehousing & Dist 6.40% | ▼ 33.9% |
| \$5.16 | Industrial Market Manufacturing 1.6% | ▲ 10.7% |

Q1 Recent Transactions

| Office | Size | Submarket | Type |
|------------------------------|-----------|-----------|-----------|
| 1 Greenlight Guru | 20,868 SF | Downtown | New Lease |
| 2 iA Rx | 12,272 SF | Keystone | New Lease |
| 3 Bradley & Associates, P.C. | 12,070 SF | Downtown | Renewal |
| 4 Centria Healthcare | 12,000 SF | Park 100 | New Lease |

| Industrial | Size | Submarket | Type |
|------------------|--------------|-----------|-----------|
| 1 Walmart | 1,016,424 SF | Northwest | New Lease |
| 2 Mars Petcare | 911,552 SF | Southwest | New Lease |
| 3 Amazon | 515,417 SF | Southwest | New Lease |
| 4 Deckers Brands | 507,600 SF | East | New Lease |

Occupier's Perspective

While activity has picked up, the heavy focus has been on subleases. Landlords marketing direct space have not come off their face rates but are feeling the pressure of downsizing companies as leases expire.

Construction pricing has skyrocketed making relocations costly. Best to plan far in the future when evaluating a relocation or renovation of interiors.

It is important to reevaluate your company's headcount to decide how many should work from home vs. those that need to be at the office. One bright spot of the pandemic is that many companies have not seen a marked drop off in productivity for certain functions and can do with less square footage.

Market Trends



Commercial real estate prices continue to firm up, but the value of commercial real estate is still broadly down by 6% compared to one year ago.

A majority of NAR (National Association of Realtors) commercial members who responded to the 2021 Q1 commercial survey - 70% - reported that companies are leasing or moving into office with small square footage due to working from home.