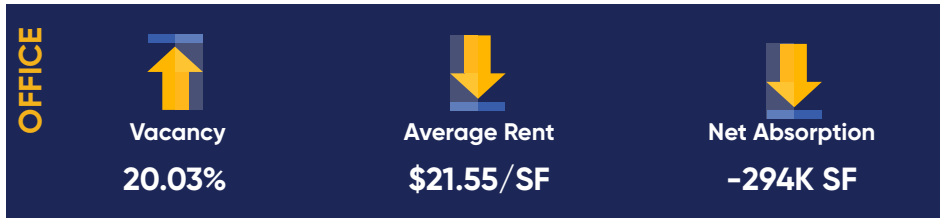


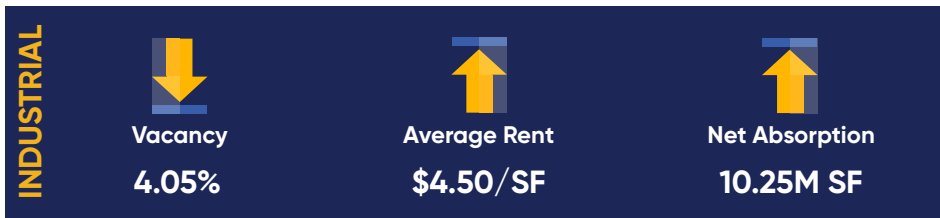
Market Report



In Q3 2021 the Indianapolis office market's recovery slowed, with negative net absorption, rising vacancy rates, and falling rents from their previous improvements. This was the result of large tenant moveouts throughout the market, particularly in the Northeast submarket. Recovery will be slow for office space as companies continue WFH policies and "right-sizing" their office footprint or implementing a hybrid work schedule.



The Indianapolis industrial market continued to see increases in new construction activity, growth in occupancy, sustained low vacancy, and steady average asking lease rates despite less than ideal economic conditions. Net absorption, again outpaced deliveries year-to-date 2021. Positive net absorption in Q3 2021 represents a 44-quarter trend in the Indianapolis industrial market. Recent trends in industrial leasing point to even stronger demand in coming quarters, with 17.5 million square feet leased this year as of early October.



Q3 Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$23.94	Office Market Class A 21.23%	▼ 0.37%
\$18.85	Office Market Class B 19.87%	▼ 2.58%
\$4.47	Industrial Market Warehousing & Dist 4.28%	▲ 8.23%
\$5.05	Industrial Market Manufacturing 1.30%	▼ 2.13%

Q3 Recent Transactions

Office	Size	Submarket	Type
1 Hensley Legal Group	34,433 SF	Fishers	Sublease
2 US General Svc. Admin.	24,850 SF	Downtown	New Lease
3 Zylo Inc.	24,269 SF	Downtown	New Lease
4 CHA Consulting	23,828 SF	Downtown	New Lease
5 Crew Carwash	22,423 SF	Fishers	New Lease

Industrial	Size	Submarket	Type
1 Stryker	646,000 SF	Southwest	New Lease
2 Frito Lay	505,440 SF	Northwest	New Lease
3 XPO Logistics	364,000 SF	Northwest	Renewal
4 ThyssenKrupp	328,403 SF	Southwest	New Lease
5 Langham Logistics	306,000 SF	Northwest	Renewal

Occupier's Perspective

Class A Office vacancy is approaching 56% of the total Indianapolis office market vacancy. Many companies will continue to implement work-from-home policies and shedding office space to "right size", stunting a rapid recovery.

Despite office occupancy losses across the market and a rise in overall vacancy, leasing velocity increased in the third quarter and the square footage of new leases signed nearly doubled from the first half of 2021.

Asking rates for the industrial market once again have increased for the third consecutive quarter.

Market Trends



YTD Industrial Leasing activity is tracking 4.0 msf higher than the first three quarters of 2020 and should finish 2021 strong as under construction projects near completion and e-commerce tenants continue to enter the Indianapolis market.

Industrial - Absorption and construction levels currently taking place in Indianapolis outpace several primary industrial markets.

The amount of vacant sublease space in the market declined from the second quarter of 2021 but is still more than double the amount of vacant sublease space that was listed before the pandemic