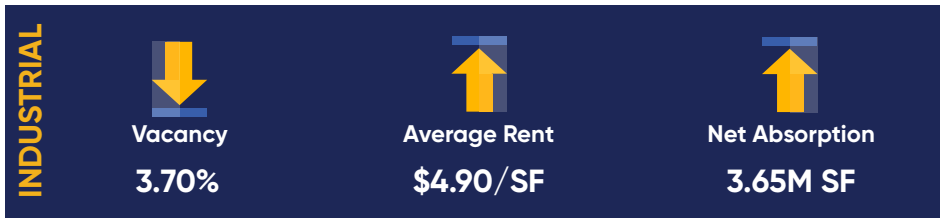


Market Report

In Q1, recovery continues for the Indianapolis office market, even with a slight drop in occupancy, the market appears to have plateaued. The pipeline has returned to prepandemic levels with nearly 400,000 s.f. under construction/renovation in the CBD, Midtown and North Meridian/Carmel submarkets; the outlook is promising. Direct asking rental rates saw an increase, with Class A spaces leading the rate growth. Tenants continue to evaluate space needs as landlords look to create more adaptable space for this changing market.



Indianapolis industrial market continues to post historic positive metrics in Q1 2022. Demand continues to outpace supply which is driving vacancy below 4%, a record for the Indianapolis industrial market. Under construction projects are nearly 170% above Q1-21 levels and outpacing national averages. Other economic indicators are improving as the quarter saw pre-pandemic travel activity and posted another increase in job growth.



Q1 Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$24.11	Office Market Class A 21.17%	▲ 0.20%
\$19.03	Office Market Class B 20.0%	▲ 1.43%
\$4.66	Industrial Market Warehousing & Dist 4.60%	▼ 7.72%
\$5.45	Industrial Market Manufacturing 1.05%	▲ 2.25%

Q1 Recent Transactions

Office	Size	Submarket	Type
1 Nextgear Capital	105,241 SF	Carmel	Renewal
2 Lids	79,304 SF	Northwest	Exp/Renewal
3 Spot Freight	42,455 SF	Downtown	New Lease
4 Ogletree Deakins	27,166 SF	Downtown	New Lease
5 Stifel	18,027 SF	Carmel	Exp/Renewal

Industrial	Size	Submarket	Type
1 NFI Industries	827,180 SF	South	New Lease
2 CEVA Logistics US, Inc.	700,449 SF	Southwest	New Lease
3 Yusen Logistics	554,228 SF	East	New Lease
4 Wabtec Corporation	264,993 SF	Southwest	New Lease
5 ITS Logistics	247,030 SF	Northwest	New Lease

Occupier's Perspective

- South & SW Industrial submarkets** both saw significant occupancy gains with leasing activity pacing ahead of deliveries.
- All industrial product types** saw YOY direct vacancy declines with vacancies sitting at all time lows across the board with total vacancy below 4%.
- Office sublease activity** saw a decline in Q1, but early Q2 data shows that many spaces are being evaluated for sublease. This is an area to watch for Q2 and beyond.
- Class A and new office** builds are continuing to see increase in asking rental rates and lower vacancy rates.

Market Trends



Industrial rental rates continued to increase in Q1, marking the highest levels on record for the Indianapolis market, yet are still **49% lower** than the national average.

New industrial construction projects are at historic levels with Indianapolis market pacing triple the national average. Indianapolis is emerging as a top warehousing and logistics hub in the U.S.

TSA check-ins reached 91.3% of the February 2020 levels, their highest since March 2020.

Restaurant reservations grew to 85.4% of their pre-pandemic levels during Q1.