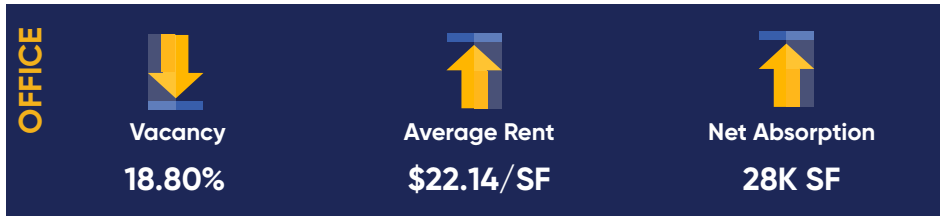


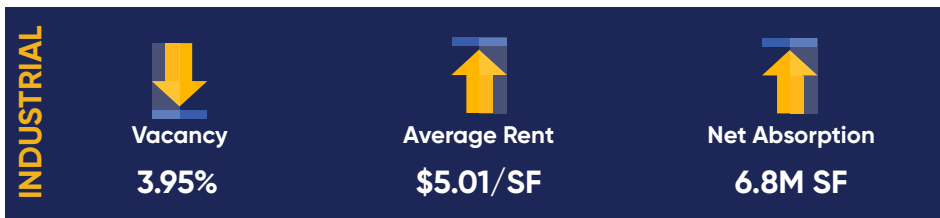
Market Report



The Federal Reserve is doing what it must to decrease demand to stabilize pricing by increasing interest rates. A tighter monetary policy should do the trick, but a “soft landing” is tricky to navigate. If all the goes right, maybe this “recession” can be averted, but most pundits feel this to be unlikely. What this means for the office market is a continued wait-and-see approach for many businesses as tenants are re-assessing their footprints and their location.



The industrial market continues to be hot as vacancy rates decrease and rental rates and net absorption increase. Multiple factors, including a surge in goods consumption and just in time delivery expectations factor into this demand, coupled with Indianapolis’ large supply of logistics space, overall affordability and our location at the “Crossroads of America”.



Q2 Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ \$ Change
\$24.26	Office Market Class A	19.55% ▲ 0.62%
\$19.34	Office Market Class B	18.73% ▲ 1.63%
\$4.83	Industrial Market Warehousing & Dist	4.05% ▲ 3.65%
\$5.54	Industrial Market Manufacturing	1.00% ▲ 1.65%

Q2 Recent Transactions

Office	Size	Submarket	Type
1 Indiana State Health Dept	161,477 SF	Downtown	Exp/Renewal
2 Backhaul Direct	95,041 SF	Fishers	Exp/Renewal
3 Hoosier Logistics	52,474 SF	Downtown	New Lease
4 Johnson Controls	40,441 SF	Northeast	New Lease
5 Morgan Stanley	37,138 SF	Carmel	Renewal

Industrial	Size	Submarket	Type
1 Confidential	1,200,896 SF	East	New Lease
2 Geodis	1,002,468 SF	Southwest	New Lease
3 Custom Goods	954,370 SF	Southeast	New Lease
4 Broadrange Logistics	808,505 SF	South	New Lease
5 LSC Communications	799,344 SF	Southwest	Renewal

Occupier's Perspective

- South & NW Industrial submarkets** continue to see huge direct vacancy declines with the SW industrial market seeing the most leasing activity YTD.
- Industrial demand** continues to outpace supply even with a steady flow of new product and construction completions.
- Office sublease availability** is increasing once again which will very likely increase the office vacancy rate once these leases expire.
- Class A and new office** builds are continuing to see increase in asking rental rates and lower vacancy rates.

Market Trends



Industrial rental rates increased in Q2 marking the 5th consecutive quarter-over-quarter increase.

Class A Office rents continue to rise everywhere except the CBD. In contrast, Class B continues to see declines in rates, pushing many developers to reassess and redevelop these spaces.

TSA check-ins continue to pace at 90% +/- of pre-pandemic levels.

Indianapolis unemployment rate dropped again to 2.1%. Well below the national average of 3.6%.