

Indianapolis

Industrial | Q2 2025 Market Report

Quarterly Snapshot

↓ Average Rent
\$5.95/SF

↓ Vacancy
10.53%

↑ YTD Net Absorption
1,211,425 SF

Occupier's Perspective

Average asking rents remain stable.

With vacancy around 10.5%, occupiers have inventory to choose from, but rising leasing momentum means that high-quality, newly delivered space is moving quickly.

Indianapolis' Q2 2025 positive net absorption signals that demand is rebounding, meaning occupiers may face tightening options in the best-located industrial spaces as the year progresses.

Indianapolis' industrial market showed signs of stabilization in Q2 2025. Overall vacancy landed at 10.53% with 1.2 MSF of quarterly net absorption and \$5.95/SF overall net asking rents, reinforcing that supply pressure is easing.

For occupiers, this backdrop means more choice—especially in modern bulk product—without sharp rent inflation; leverage remains decent for securing TI packages and concessions, though the modest pickup in absorption suggests the best-located big-box options won't sit long.

For investors, flattening rents and still-elevated (but edging down) vacancy argue for selectivity and asset-by-asset underwriting; the shrinking construction pipeline and improving quarterly take-up point to firmer fundamentals later in 2025, with submarket spreads (East higher vacancy vs. CBD/North lower) creating yield opportunities for value-add leasing strategies.

Recent Transactions

Tenant	Size (SF)	Submarket	Type
Amazon	947,333	Southwest	Renewal
Epson American	750,820	Southwest	Renewal
LSC Communications	695,102	Southwest	New Lease
Caterpillar Inc	568,960	Northwest	New Lease
Freudenberg Group	533,520	Northwest	New Lease

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
20.77%	▼	\$5.66	East
6.97%	◀▶	\$5.68	Southwest
15.20%	▼	\$5.88	South
16.00%	▼	\$5.93	Southeast
9.50%	▼	\$6.54	West
8.23%	▲	\$6.59	Northwest
5.57%	▲	\$7.09	Northeast
3.50%	▲	\$7.47	CBD
4.70%	▼	\$11.22	North