

Indianapolis

Office | Q2 2025 Market Report

Quarterly Snapshot

↑ Average Rent
\$23.32/SF

↓ Vacancy
20.68%

↑ Net Absorption YTD
6,823 SF

Occupier's Perspective

In Q2 2025, Indianapolis office vacancy rates showed signs of stabilizing, but the market's "flight-to-quality" trend meant tenants seeking Class A space faced more competition as demand concentrated in newer, high-amenity buildings. With sublease availability declining, occupiers had fewer secondary options and increasingly turned back toward direct leases in key submarkets like North/Carmel.

For occupiers, Q2 2025 in Indianapolis offered a cautiously optimistic environment—marked by a subtle stabilization across vacancy, rental costs, and availability of quality space. Direct availability dipped modestly from Q1 levels (from 7.43 MSF to 7.33 MSF), and overall vacancy edged down to 20.68%. Tenants keen on class-A space are increasingly drawn to newer, thoughtfully designed environments: Class A accounted for 71% of new leasing activity in the year-to-date, despite representing just about half of inventory, reflecting a growing "flight-to-quality" trend. Sublease availability also declined, further diminishing secondary options and nudging demand back toward direct leasing opportunities.

All in all, tenants found themselves navigating a market where leasing options were tightening in key submarkets like North/Carmel—aligned with downward rent trends—while still having access to attractive, high-quality new space under moderate pricing pressure.

Recent Transactions

Tenant	Size (SF)	Submarket	Type
Ice Miller LLP	86,500	Downtown	New Lease
Edward Rose & Sons	24,117	North/Carmel	Renewal
Christopher Burke Engineering	19,628	Downtown	New Lease
Quarles & Brady, LLP	19,442	Downtown	Renewal
MassMutual	19,024	Keystone	New Lease

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
26.80%	▲	\$16.37	West
15.77%	▲	\$17.71	Midtown
9.20%	▼	\$17.73	Greenwood (South)
9.40%	▼	\$17.81	East
22.73%	▼	\$18.88	Northwest
13.70%	▼	\$23.59	Carmel
22.63%	▼	\$23.87	CBD
13.13%	▼	\$24.05	Fishers/Geist
20.07%	▲	\$24.95	Keystone