

MARKET FUNDAMENTALS

	YOY Chg	Outlook
21.7% Vacancy Rate	▲	▼
-20K YTD Net Absorption, SF	▼	▲
\$21.56 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Indianapolis Employment	▲	▲
3.5% Indianapolis Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY: CONTINUED ECONOMIC UNCERTAINTY CAUSES CAUTION

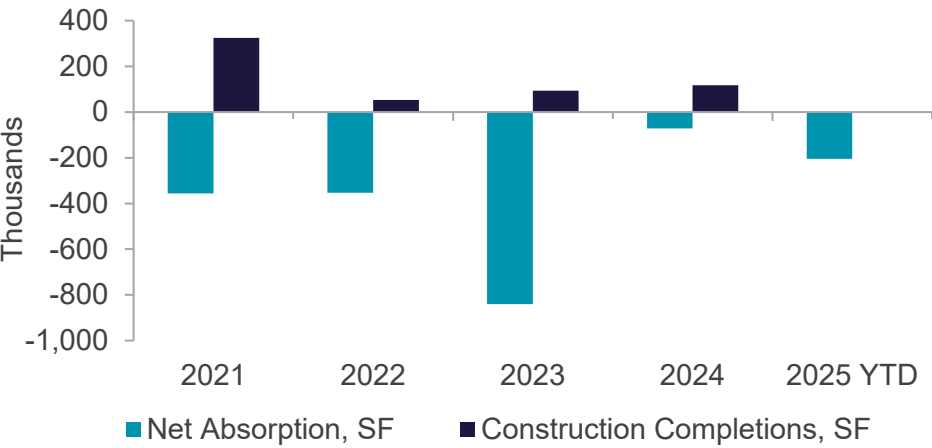
The US economy demonstrated resilience in Q2, with steady job growth and a decline in inflation. Deal activity in select sectors has begun to increase throughout the year. Interest rates remained steady, which limited investor activity and new development. The Federal Reserve has plans to make rate cuts later in the year, but how many cuts they make is still up for debate. Higher debt costs and lingering uncertainty have led many investors to remain on the sidelines for the time being. The unemployment rate in Indianapolis decreased to 3.5%, down 30 basis points year-over-year (YOY). This placed Indianapolis well below the national average of 4.2%.

DEMAND: INCREASED ACTIVITY IN CBD

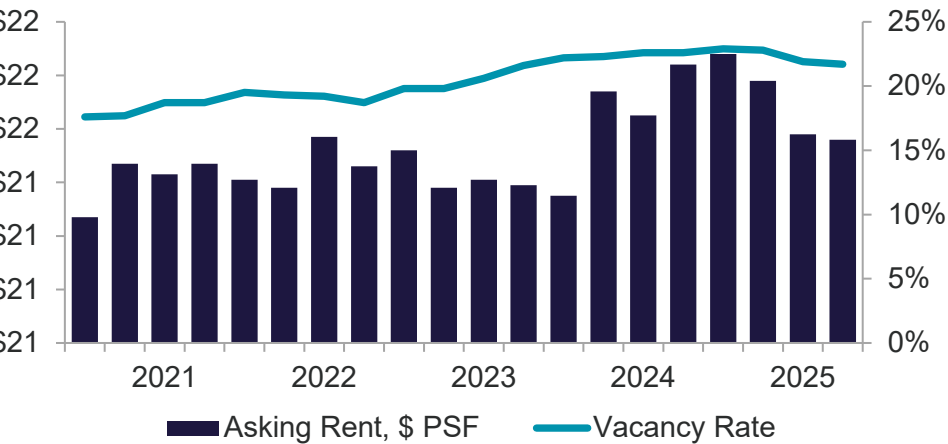
Overall net absorption stabilized after a challenging first quarter, recorded at negative 20,000 square feet (sf), down from 51,000 sf recorded this time last year. Occupancy gains were highest in the North/Carmel submarket, logging 92,000 sf of overall net absorption. The largest move-ins were OneCause, Nelson Global Products, and Konica Minolta. Occupancy losses were most evident in the Northwest and Northeast submarkets, which recorded negative 46,000 and negative 45,000 sf of overall net absorption, respectively. Direct net absorption, which does not include occupancy changes from sublease space, rebounded from last quarter posting 3,000 sf of positive net absorption. The amount of available sublease space fell 10.7% YOY, down to 918,000 sf. New leasing activity totaled 316,000 sf in Q2, bringing the year-to-date (YTD) total to 560,000 sf— a slower start compared to 2024, which marked the highest annual leasing volume since 2021. For the third consecutive quarter, the North/Carmel submarket led in new leasing activity, totaling 124,000 sf. Three of the largest new leases signed during the quarter were located in the Downtown submarket, including deals by Ice Miller, Christopher Burke Engineering, and Quarles & Brady, LLP.

The overall vacancy rate increased 40 bps YOY to 21.7%. Class A vacancy remained unchanged, while class B vacancy rate increased by 10 bps quarter-over-quarter (QOQ) to 22.4%. Class C vacancy decreased 10 bps QOQ to 8.3%. Vacancy rates decreased on a quarterly basis in two submarkets, Downtown and North/Carmel with vacancy declining the most strikingly in the North/Carmel submarket, down 110 bps to 19.1%.

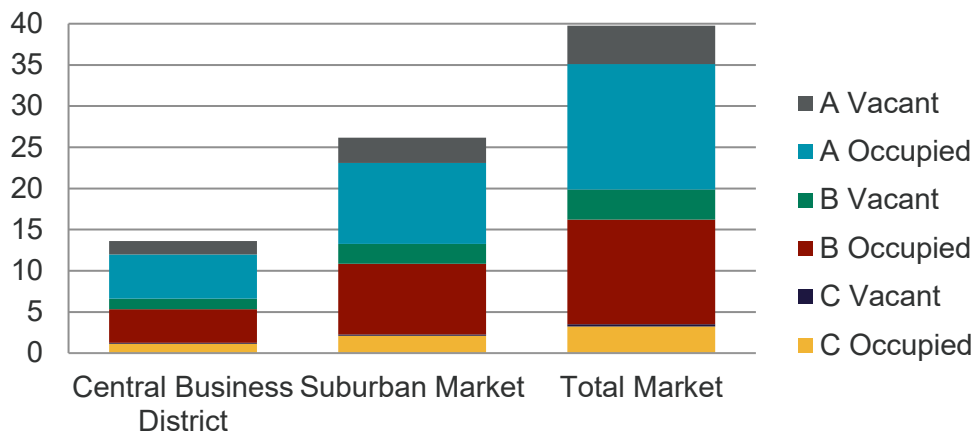
SPACE DEMAND / DELIVERIES



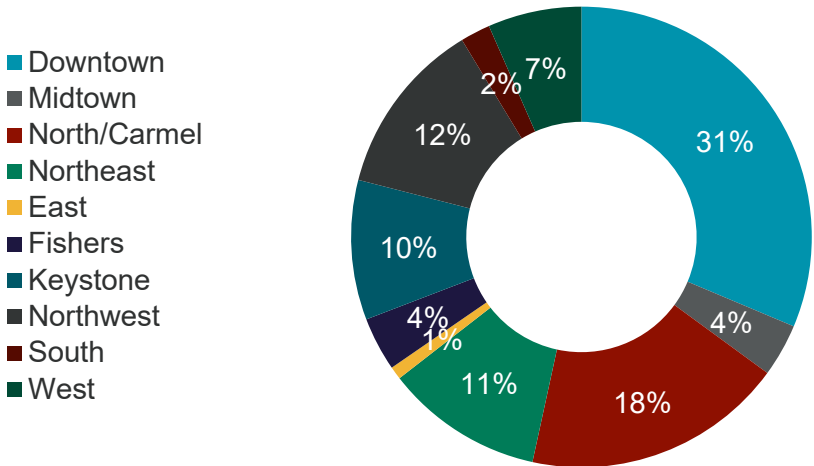
OVERALL VACANCY & ASKING RENT



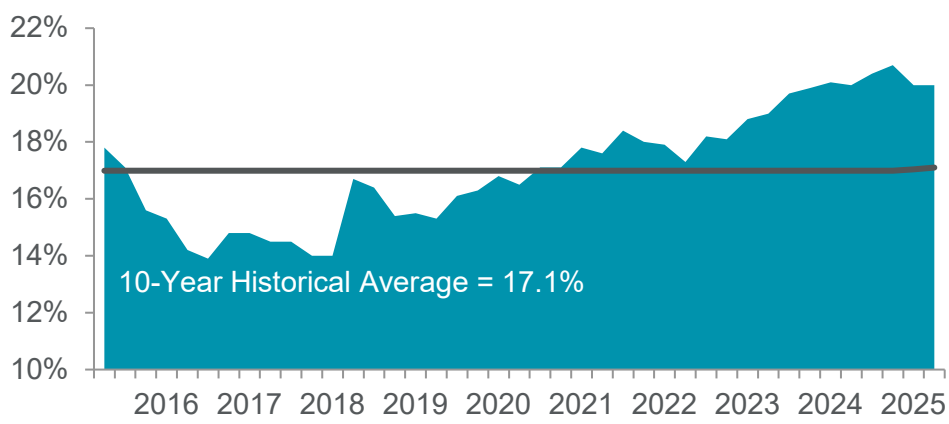
LEASING DEMAND BY CLASS OF SPACE (MSF)



VACANT SPACE BY SUBMARKET



DIRECT VACANCY RATE VS. 10-YEAR AVERAGE



PRICING: CLASS A RENTS DECLINE

Overall average gross asking rents decreased by 0.2% QOQ and are down 1.3% YOY, to \$21.56 per square foot (psf). Asking rents decreased in three of the ten submarkets. Downtown, North/Carmel, and Northeast all registered YOY dips, with the North/Carmel submarket reporting the largest decrease of 3.4%, down to \$23.89 psf. Of the seven submarkets that recorded asking rate increases, the West submarket reported the largest gain of 3.9% YOY, up to \$15.95. The Keystone submarket recorded a YOY increase of 2.1% and maintained the highest asking rent in the market for the 14th-consecutive quarter. Class A asking rental rates registered a 2.7% decrease YOY. Class B and C recorded asking rate increases of 1.3% and 1.4%, respectively. Class B asking rates in the East submarket recorded the largest YOY growth of all classes and submarkets, up 7.2% to \$18.21.

SUPPLY: PRELEASING STILL A PRIORITY

There have been no construction projects completed in the Indianapolis office market in 2025. Currently, the under-construction pipeline includes nearly 417,000 sf across five buildings. The two speculative developments are located in the Downtown and Fishers submarkets. The downtown development in the Bottleworks District is fully preleased, while the newest project to break ground — The Union at Fishers — remains entirely available for lease. All three build-to-suit (BTS) developments, totaling 260,000 sf, are located in the North/Carmel submarket and are being built for Justus Companies, Merchants bank, and Republic Airways. Four of the five projects are scheduled to be completed before the end of the year. Moving forward, expect the pipeline to continue being dominated by BTS and heavily preleased buildings, as developers prefer having tenants in place before starting construction.

SALE ACTIVITY: INVESTORS FUEL Q2 SALES

The second quarter recorded an uptick in sales activity, with nearly 607,000 sf of space sold, bringing the YTD total to 964,000 sf, a 261.3% increase YOY. The largest sale of the quarter was The Atrium at 10330 N Meridian St. in the North/Carmel submarket. The 245,000-sf class B building sold to an investor for \$12 million. The second largest sale of the quarter was at 120 Monument Cir. The 214,000-sf class A office building sold for \$6 million. Six of the 10 sales this year have been investment sales. User sales YTD averaged 29,000 sf at \$155 per sf, while investor sales averaged 141,000 sf at \$34 per sf.

OUTLOOK

- Class A inventory only represents 50.1% of all space in the market but accounted for 71.0% of all new leasing activity so far in 2025, up 27.5% YOY. Tenants flight-to-quality has increased dramatically over the last 12 months. Expect this trend to continue as tenants search for newer and uniquely designed spaces that engage and maintain workers.
- Average asking rental rates peaked in Q3 2024 at \$21.90, now they are down 1.6%, to \$21.56. The last time rates were this low was Q3 2023. They are projected to remain this way for the foreseeable future as landlords strive to land high-quality tenants for their buildings.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown	11,783,897	131,409	2,567,076	22.9%	20,841	-100,505	103,943	86,656	\$23.73	\$25.02
Midtown	1,816,443	0	319,393	17.6%	-11,002	-17,658	2,177	0	\$16.24	N/A
East	550,597	0	78,009	14.2%	-1,900	19,373	850	0	\$17.33	N/A
Fishers	2,638,148	67,069	258,268	12.3%	145	53,631	12,470	70,000	\$22.99	\$22.50
Keystone	4,106,696	81,540	763,049	20.6%	-27,395	-3,137	84,357	0	\$25.22	\$26.00
North/Carmel	8,272,810	148,132	1,432,921	19.1%	92,138	-6,096	215,376	260,000	\$23.89	\$25.01
Northeast	3,287,555	52,872	901,128	29.0%	-45,283	-126,004	43,363	0	\$18.80	\$20.19
Northwest	3,990,599	114,133	947,982	26.6%	-45,774	-23,873	60,714	0	\$18.45	\$19.67
South	1,392,040	0	180,814	13.0%	-145	1,893	15,414	0	\$18.47	\$22.29
West	1,907,030	94,258	471,902	29.7%	-2,001	-2,147	21,668	0	\$15.95	\$17.11
Class A	19,890,737	364,287	4,297,324	23.4%	-10,213	-118,542	397,609	414,656	\$23.67	
Class B	16,339,500	316,240	3,340,492	22.4%	-12,850	-118,954	129,100	0	\$19.05	
Class C	3,515,578	8,886	282,726	8.3%	2,687	32,973	33,623	0	\$17.88	
TOTAL	39,745,815	689,413	7,920,542	21.7%	-20,376	-204,523	560,332	414,656**	\$21.56	\$23.67

*Rental rates reflect full service asking **Not reflective of U.S. Office MarketBeat Tables

KEY LEASE TRANSACTIONS Q2 2025

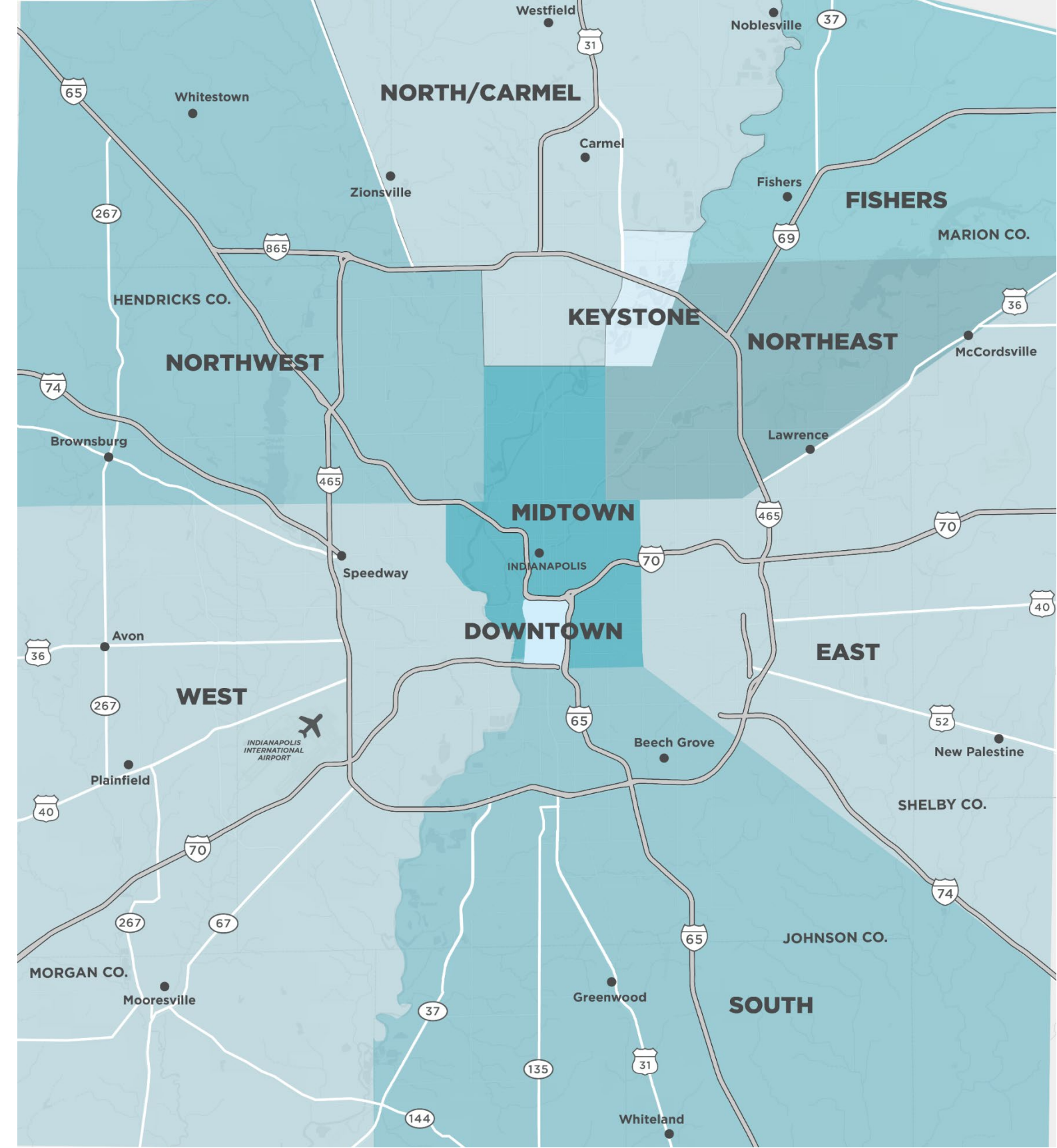
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Bottleworks Building 2	Downtown	Ice Miller LLP	86,500	New Lease
11611 N Meridian St	North/Carmel	Edward Rose & Sons	24,117	Renewal*
111 Monument Cir	Downtown	Christopher Burke Engineering	19,628	New Lease
135 N Pennsylvania St	Downtown	Quarles & Brady, LLP	19,442	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
10330 N Meridian St	North/Carmel	Artifex Partners LLC Ethan Fernhaber	245,000	\$12.0M \$49
120 Monument Cir	Downtown	FSP Monument Circle LLC Keystone Realty Group, LLC	213,609	\$6.0M \$28

OFFICE SUBMARKETS



BRADY ALLARD
Senior Research Analyst
Tel: +1 317 352 5845
Brady.allard@cushwake.com

CUSHMAN & WAKEFIELD
One American Square, Suite 1800
Indianapolis, IN 46282 | USA
Tel: +1 317 634 6363

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.