

FIGURES | INDIANAPOLIS OFFICE | Q1 2026

# Indianapolis asking rates rise despite vacancy increases

▲ 20.2%

Vacancy Rate

▼ (94,058)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 48,012

SF Under Construction

▲ \$22.32

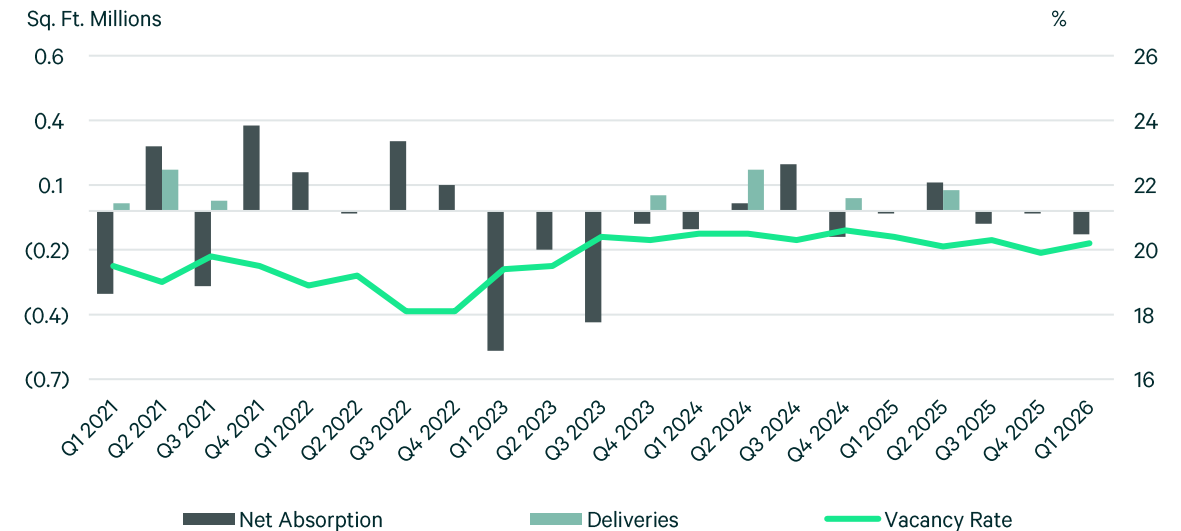
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

## Market Overview

- Indianapolis' office market sputtered this quarter as vacancy rose less than 1 percent and absorption fell into negative inventory.
- Class A space had the highest vacancy rate at 21.1%, compared with Classes B at 20.4% and C at 9.7%.
- Office space conversions continued this quarter. In Downtown, the Capital Center South's net rentable area decreased by 87,000 sq. ft. as renovations began to make the top seven floors hotel suites.
- Office rates eked out an average \$0.21 increase per square foot.
- Only a few submarkets saw asking rate increases, impacting the overall rate. The South's asking rate rose the most – \$1.70 per sq. ft. Keystone was second with a \$0.71 per sq. ft. hike.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Vacancy

While Indianapolis' overall vacancy level had risen to 20.2% for this quarter, the vacancies weren't spread evenly across the submarkets. Fishers/Geist submarket saw occupancies rise, pushing the vacancy rate to 13.9%. This was 200 bps (bps) lower than the previous quarter. On average Fishers/Geist has the newest office buildings on the market.

Other submarkets with fewer vacancies included Park 100, South and West/Southwest. Unlike Fishers/Geist, all three have older buildings and lower asking rates.

All other submarkets had higher vacancy percentages.

Classes A and B comprise 90% of total Indianapolis office space. The Downtown submarket, which has 11.8 million sq. ft. of office space, has 1.7 million sq. ft. of vacancies for Class A and 1 million for Class B.

The story was different, however, for the prime Class A space, which accounts for almost 2 million sq. ft. Demand for these buildings, which feature amenities like gyms and gathering spaces, remained strong. Vacancies were at 9.1%.

## Asking Rent

Select submarkets drove a slight rise in asking rates from \$22.11 in Q4 2025 to \$22.32 in Q1. Downtown, Keystone, Meridian Inner Loop, South and West/Southwest submarkets all saw asking rate increases, averaging a 3.5% rise .

Keystone has the highest average asking rate, \$25.22 per sq. ft., up from \$24.51 in Q4 2025. This is despite having a Class A availability rate at almost 25%. The Meridian Inner Loop's average rate rose \$0.51 to \$20.40.

Midtown's asking rate and availability rate averages went in opposite directions: Midtown's asking rate fell \$0.24 to \$17.53 even though its availability rate declined 6% from last quarter.

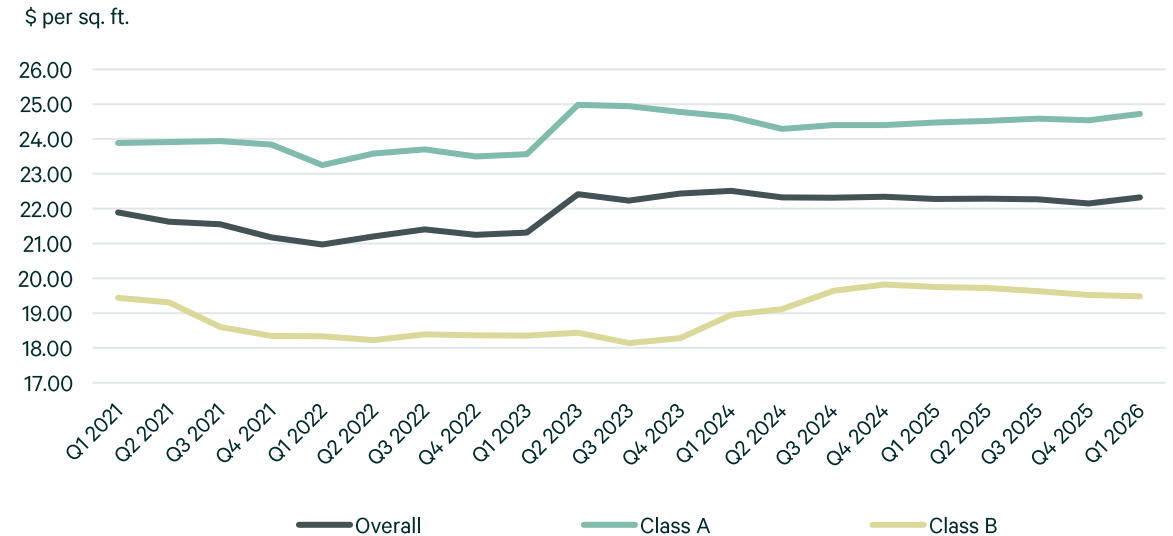
Carmel's average fell the most, by \$0.24 to \$17.53, as availabilities and vacancies ticked up.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

## Net Absorption

Net absorption in Q1 2026 dropped to a negative 94,000 sq. ft. Class A space recording negative 123,000 sq. ft. occupied. Mitigating the Class A negative absorption was a 29,000 sq. ft. absorption gain, offset by the other classes of office space.

Downtown had the greatest occupancy loss for the quarter as office conversions to hotel and residential spaces and tenants move-outs reduced absorption by 261,000 sq. ft. The largest single tenant to leave was IU Health, which vacated 142,000 sq. ft. in the Landmark Center, 1099 N. Meridian.

Positive net absorption for Q1 2026 was concentrated primarily in Park 100 with 68,000 sq. ft. for the quarter, and the Midtown submarket with 39,000 sq. ft. Renewal by Anderson was Park 100's largest new occupier at 41,326 sq. ft. Indiana Department of Health's occupancy of 31,231 sq. ft. was Midtown's largest absorption. Both leases were in Class B properties.

## Construction Activity

The Union at Fishers District is the only building currently under construction. Once complete in Q3 2026, it will feature 67,612 sq. ft. of Class A office space in the Fishers/Geist submarket.

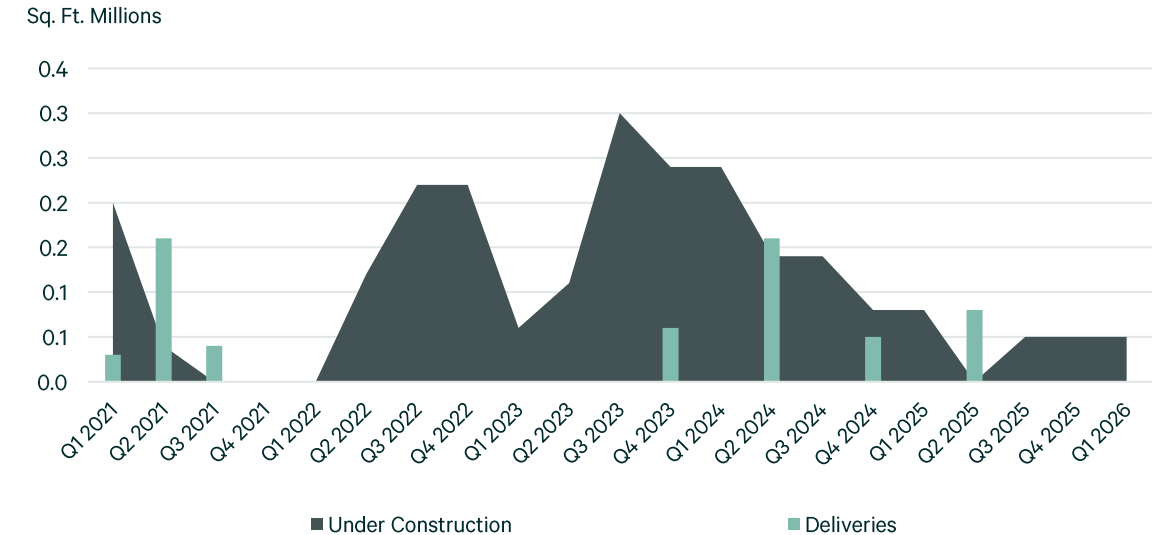
No new office space delivered this quarter.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

## Leasing Activity

Three of the largest leases signed this quarter were renewals in the Downtown and Midtown submarkets. Of those, two involved governmental entities: the Department of Child Services at 32,000 sq. ft. and the Indianapolis Metropolitan Police Department at 27,000 sq. ft. Both offices are Class B.

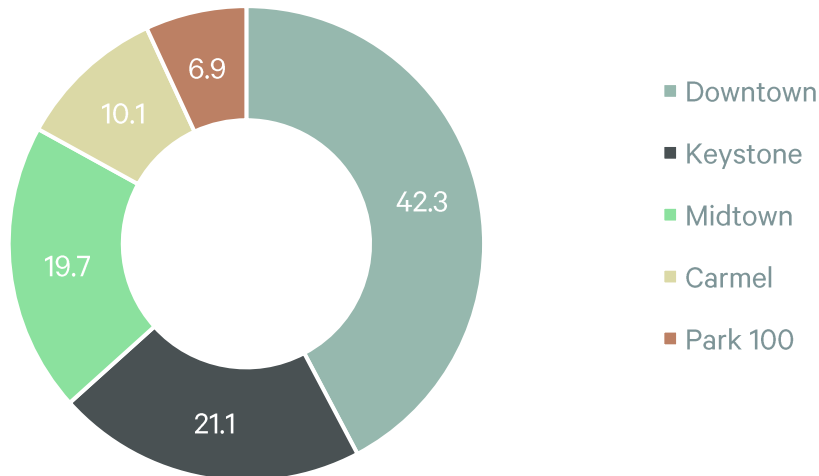
Eleven new leases signed for Keystone was the highest number for any submarket. A confidential tenant is taking the largest space, 22,000 sq. ft.

Downtown had seven new Class A leases, two of which are among the largest leases for the quarter: Deloitte and Kimley-Horn and Associates. Carmel followed with six Class A leases, the largest being United Optum Real Estate.

The trend towards offering short-term leases remains a growth business in Indianapolis office space. Regus signed one of the largest new leases this quarter, at 20,000 sq. ft., using a portion of a downtown tower as co-working space.

Despite these positive moves, leasing activity declined by 630,000 sq. ft. quarter over quarter.

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Department of Child Services	32,000	Renewal	500 N Meridian St	Downtown
United Optum Real Estate	28,000	New Lease	500 E 96th St	Carmel
Indianapolis Metropolitan Police Department	27,000	Renewal	4134 4150 N Keystone Ave	Midtown
Confidential Tenant	22,000	New Lease	9450-9500 Priority Way West Dr	Keystone
Deloitte	20,000	Renewal	111 Monument Cir	Downtown
Backhaul Direct	19,000	New Lease	6510 Telecom Dr	Park 100
Kimley-Horn and Associates	19,000	New Lease	300 N Meridian St	Downtown
Regus	19,000	New Lease	22 E Washington St	Downtown

Source: CBRE Research, Q1 2026

## Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	11.74	19.8	22.8	21.3	1.5	24.38	139,000	139,000	-	48,000
Prime	0.82	2.6	3.8	3.8	-	34.75	-	-	-	-
Other Class A	10.93	21.1	24.2	22.6	1.6	24.24	139,000	139,000	-	48,000
Class B	9.72	20.4	24.6	21.8	2.9	18.56	33,000	33,000	-	-
Class C	3.12	9.7	9.7	9.4	0.3	16.85	(5,000)	(5,000)	-	-
<b>Total</b>	<b>24.58</b>	<b>18.8</b>	<b>21.8</b>	<b>20.0</b>	<b>1.9</b>	<b>21.56</b>	<b>167,000</b>	<b>167,000</b>	<b>-</b>	<b>48,000</b>

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	7.53	22.6	24.6	22.4	2.2	25.25	(262,000)	(262,000)	-	-
Prime	1.09	14.0	17.8	12.1	5.7	29.00	(20,000)	(20,000)	-	-
Other Class A	6.44	24.0	25.8	24.1	1.6	24.91	(242,000)	(242,000)	-	-
Class B	3.76	25.9	26.5	26.1	0.4	21.28	7,000	7,000	-	-
Class C	0.52	10.0	6.0	6.0	-	16.01	(6,000)	(6,000)	-	-
<b>Total</b>	<b>11.80</b>	<b>23.1</b>	<b>24.4</b>	<b>22.9</b>	<b>1.5</b>	<b>23.69</b>	<b>(261,000)</b>	<b>(261,000)</b>	<b>-</b>	<b>-</b>

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	19.27	20.9	23.5	21.7	1.8	24.72	(123,000)	(123,000)	-	48,000
Prime	1.91	9.1	11.8	8.6	3.2	30.11	(20,000)	(20,000)	-	-
Other Class A	17.36	22.2	24.8	23.2	1.6	24.49	(103,000)	(103,000)	-	48,000
Class B	13.50	22.1	25.3	23.1	2.2	19.48	40,000	40,000	-	-
Class C	3.64	9.7	9.2	8.9	0.3	16.79	(11,000)	(11,000)	-	-
<b>Total</b>	<b>36.41</b>	<b>20.2</b>	<b>22.7</b>	<b>20.9</b>	<b>1.8</b>	<b>22.32</b>	<b>(94,000)</b>	<b>(94,000)</b>	<b>-</b>	<b>48,000</b>

Source: CBRE Research, Q1 2026

## Market Statistics by Submarket

Figure 12

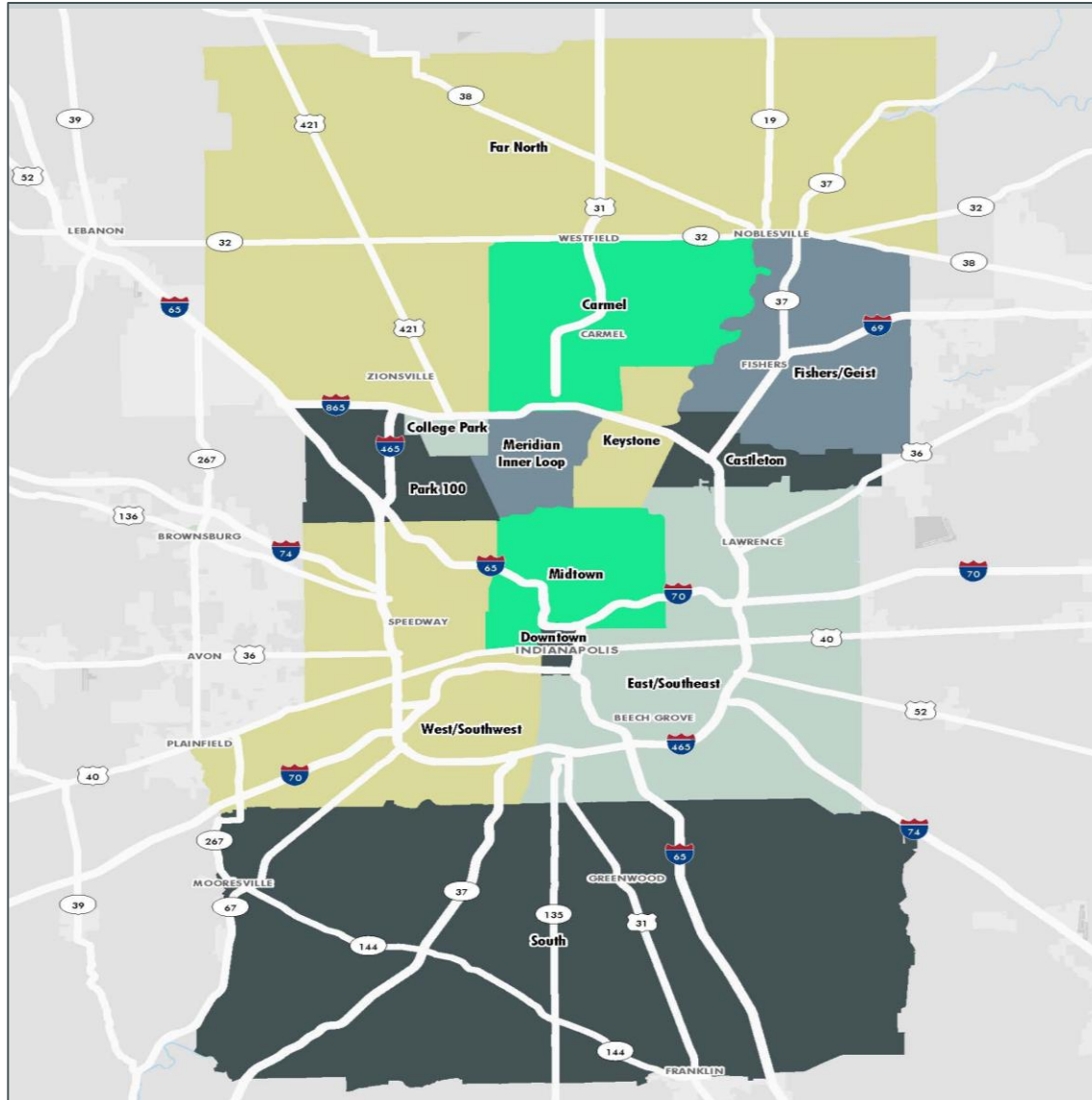
Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Carmel	6.78	18.6	21.9	18.8	3.1	23.94	(34,000)	(34,000)	-	-
Castleton	2.34	25.9	25.9	25.9	-	18.31	(8,000)	(8,000)	-	-
College Park	1.67	20.8	23.2	22.3	0.9	18.54	(8,000)	(8,000)	-	-
Downtown	11.80	23.1	24.4	22.9	1.5	23.69	(261,000)	(261,000)	-	-
East/Southeast	0.59	5.1	6.0	6.0	-	16.26	(7,000)	(7,000)	-	-
Far North	0.11	1.6	7.6	7.6	-	15.13	4,000	4,000	-	-
Fishers/Geist	2.29	13.9	15.8	12.7	3.1	23.28	39,000	39,000	-	48,000
Keystone	4.64	20.5	22.2	21.3	0.8	25.22	40,000	40,000	-	-
Meridian Inner Loop	0.77	13.0	15.4	15.4	-	20.40	11,000	11,000	-	-
Midtown	1.17	16.9	20.3	20.3	-	17.53	39,000	39,000	-	-
Park 100	2.21	19.3	30.8	25.9	4.9	19.49	68,000	68,000	-	-
South	0.46	4.2	6.2	6.2	-	17.50	3,000	3,000	-	-
West/Southwest	1.56	23.3	25.3	24.3	1.0	16.73	20,000	20,000	-	-
<b>Total</b>	<b>36.41</b>	<b>20.2</b>	<b>22.7</b>	<b>20.9</b>	<b>1.8</b>	<b>22.32</b>	<b>(94,000)</b>	<b>(94,000)</b>	<b>-</b>	<b>48,000</b>

Source: CBRE Research, Q1 2026

## Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America's aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

## Market Area Overview



### Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

### Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size. Buildings which have begun construction as evidenced by site excavation or foundation work.

### Contacts

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