

Indianapolis Vacancy Contracts at Record Pace

▼ 8.2%
Vacancy Rate

▲ 6.2M
SF Net Absorption

▲ 823,625
SF Construction Delivered

▲ 2.7M
SF Under Construction

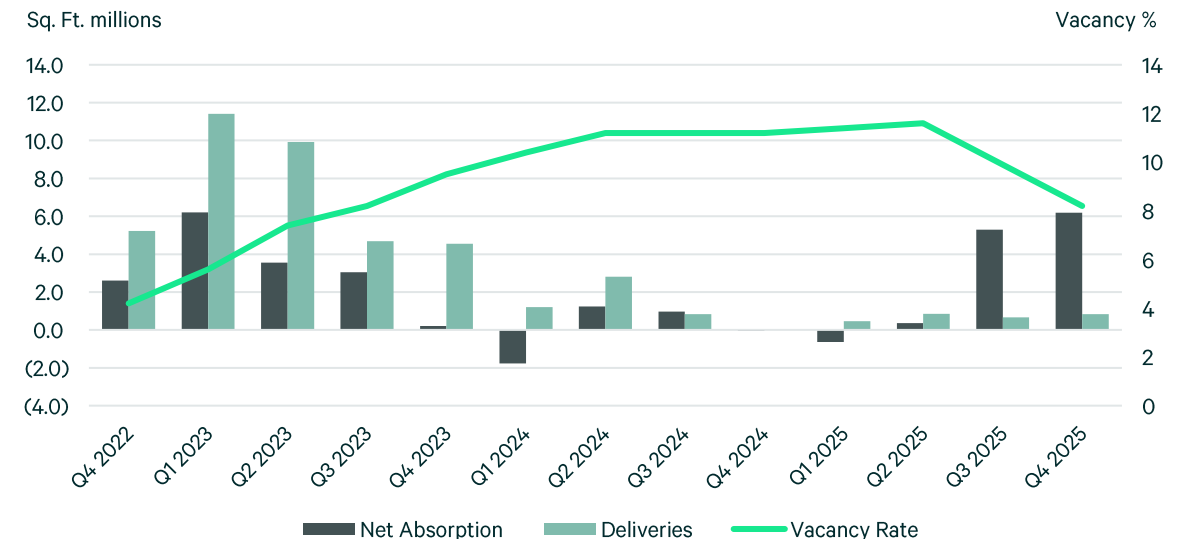
▲ \$6.24
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

SUMMARY

- Indianapolis industrial vacancy continues to contract at record pace as tenants rush to secure space and only smaller spec spaces are being built.
- Vacancy experienced significant contraction, decreasing to 8.2%, down from 11.5% in Q1 2025. RUSH Logistics, Faith Technologies and Hyster-Yale Materials Handling were among those signing new leases.
- Of the 2.7 million sq. ft. construction underway, 75% of the space is pre-leased. The largest pre-leased space is the 1.5 million sq. ft. building for HarperCollins in the West submarket. Construction should finish by year-end 2026.
- The Southeast and East submarkets have the highest vacancy rates at 19.2% and 16.4%, respectively due to tenants' desire to be in the western submarkets. The largest move-out is Landsberg Orora, which vacated its 100,000 sq. ft. BTS in Mt Comfort in the East submarket. The Northeast and North have the lowest, below 4%.
- Asking rates rose \$0.21 from \$6.03 in Q3 2025 as demand has increased.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

Availability Rate

The East submarket saw the biggest change as availability dropped from 23.6% to 15.7% from the beginning of the year, driven largely by Amazon acquiring and occupying Greenfield Farms 3 in Mt Comfort.

While most submarkets saw their availability rates drop, tenants avoided the Southeast, preferring other submarkets, particularly the western ones, nearer to Indianapolis International Airport and the FedEx hub. As a result, the submarket’s availability remained unchanged in the 21% range.

Available sublease space stood at 1.0% in Q4 2025, a decrease of 10 bps quarter-over-quarter and a decrease of 40 bps year-over-year. Some of the contraction was due to subleases being withdrawn. Belkin Intl removed 158,000 sq. ft. from the market in Q4 2025 after subleasing 107,859 sq. ft. to GAO Logistics in the previous quarter. Some subleases were withdrawn due to the lease nearing its end. Others were due to increased business and the renewed need for space.

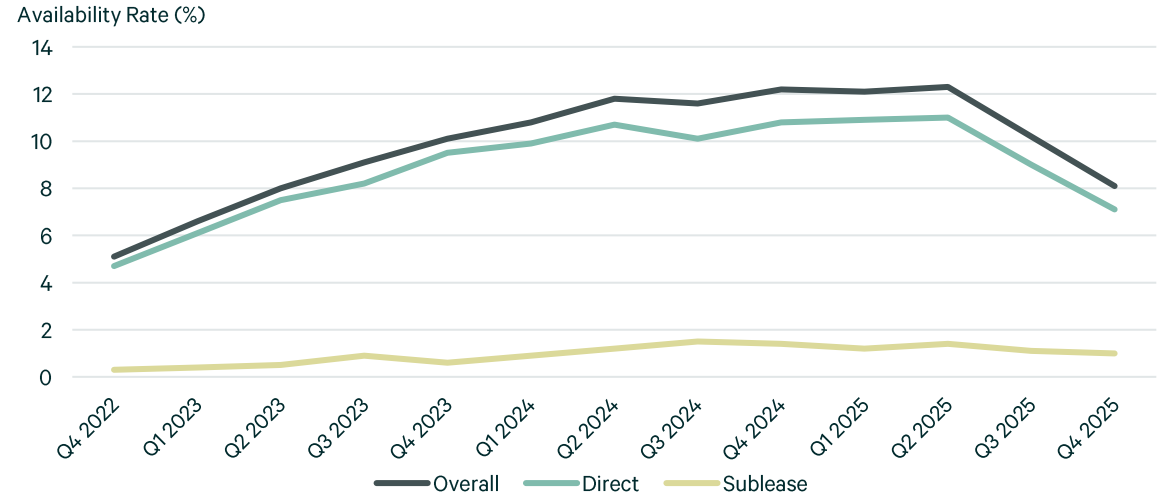
Asking Rent

Average asking rent rose to \$6.24 per sq. ft. year net at the close of Q4 2025, up 2.3% (\$0.14) quarter-over-quarter, and up 3.8%, (\$0.23) year-over-year. Over the last 3-years quarterly average asking rent was up 16.6% (\$0.89).

The Northeast submarket had the highest asking rent, \$8.71, which rose from \$7.39 in Q3 2025. The Northwest submarket had the second highest asking rent for Q4 2025 at \$8.32. It was up \$0.76 cents from the previous quarter.

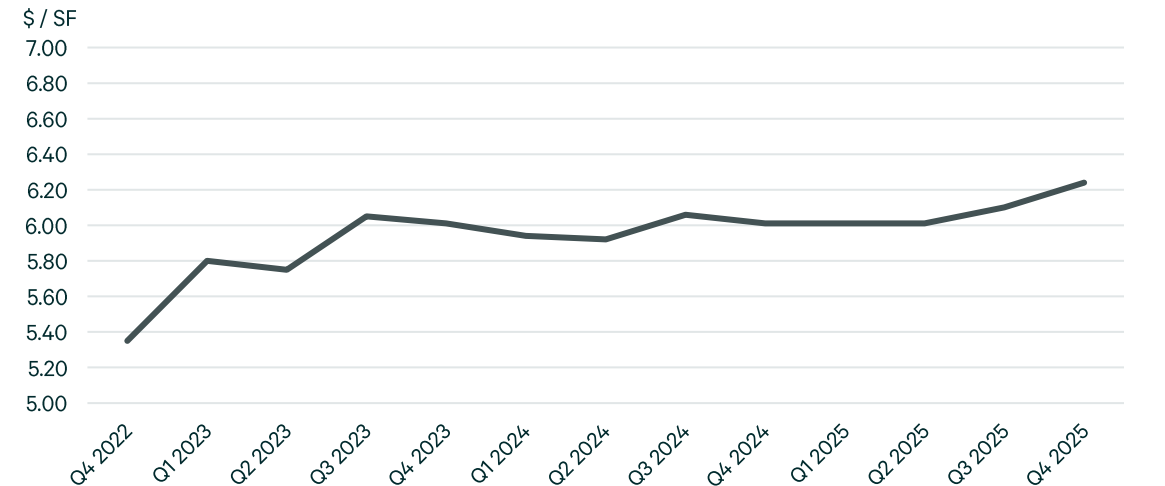
Asking rent for the distribution/logistics sector dropped slightly to \$5.87 from \$5.94 in Q3 2025.

FIGURE 2: Availability Rates



Source: CBRE Research, Q4 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



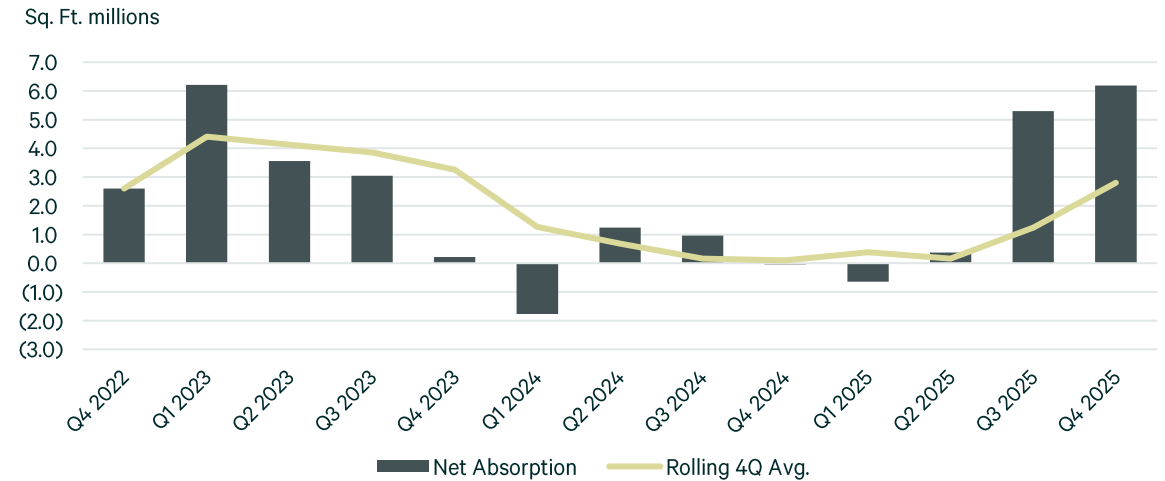
Source: CBRE Research, Q4 2025

Net Absorption

This quarter, two of the four biggest transactions involved building purchases. Amazon bought and occupied the 1,053,360 SF Greenfield Farms 3, in the East submarket, and D&H Distributing bought and occupied the 602,21 SF I-65 Park South Logistics Center 1 in the South submarket.

After a slow start to the year, Indianapolis' total absorption for the year is 11.4 MSF.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

Construction Activity

In Q4 2025 there were 11 projects underway, totaling 2.7 million sq. ft. Most were less than 300,000 SF each. The largest is the HarperCollins building, at 1.5 million sq. ft. All are expected to be finished in 2026.

Wolter Industrial Park 808, a 31,500 SF building in the East submarket is the only spec building completed this quarter.

Indianapolis' construction level has fallen dramatically from almost 30 MSF under construction in Q4 2022. However, with availability tightening, developers are planning more new construction in the spring of 2026. In particular, Northfield Drive Commercial Phase II Building 2 at 238,260 SF is expected to have walls going up around March. Estimated completion is in Q3 2026. Park 65 Building 1 in the Northwest and McCordsville Commercial Park 1 are planned for construction in Q2 2026.

FIGURE 5: Construction Activity



Source: CBRE Research, Q4 2025

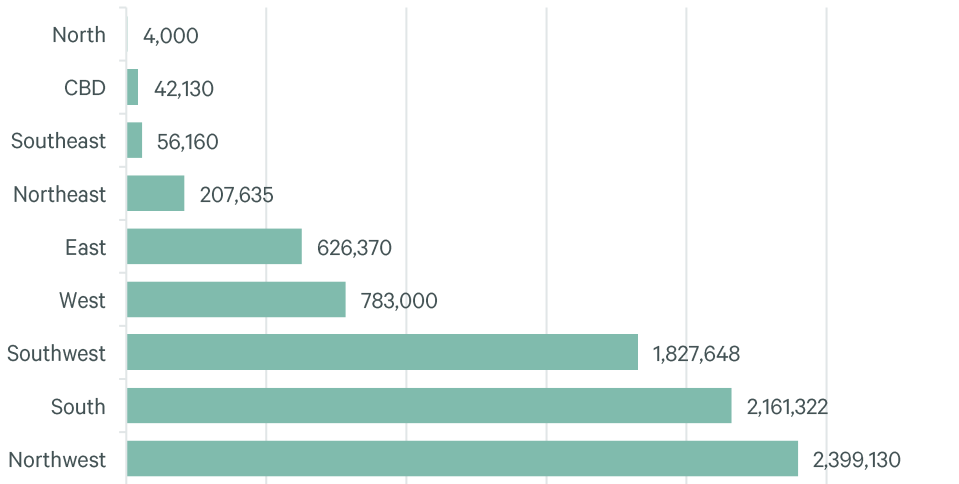
Leasing Activity

Q4 2025 leasing activity in the Indianapolis industrial market totaled more than 8.1 MSF. 61% of the leases were renewals, heavily concentrated in the Southwest submarket. The rest of the Q4 leases were new deals. Most of the new deals were concentrated in the Northwest submarket. The largest two were Faith Technologies leasing 672,944 SF at I-65 Logistics Center at Park 130 and a confidential tenant.

The largest new deals were Hyster-Yale leasing 712,800 SF at Reagan Logistics Park Building B and Faith Technologies.

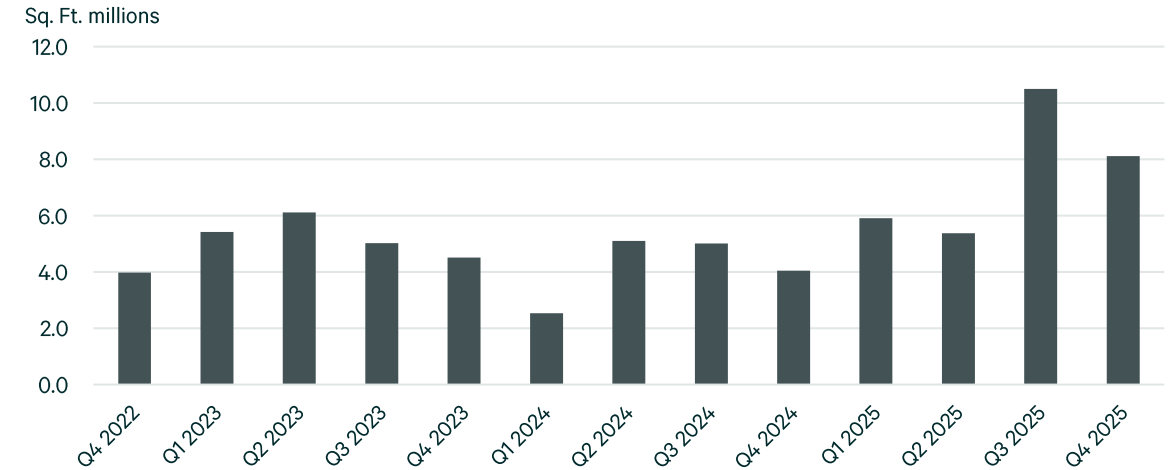
The largest renewals were Hanzo Logistics at 450 Airtech Parkway and RUSH Logistics at Southpoint Two in Greenwood.

FIGURE 7: Leasing Activity by Submarket – Leases 0 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – Leases 0 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Hanzo Logistics	720,000	Renewal	450 Airtech Pkwy	Southwest
Hyster-Yale Materials Handling	712,800	New Lease	10144 Veterans Dr	West
Faith Technologies	672,944	New Lease	6055 Commerce Dr	Northwest
Confidential Tenant	617,316	New Lease	822 Gateway Dr	South
RUSH Logistics	584,820	New Lease	1175 Collins Rd	South
RUSH Logistics	511,680	Renewal	764 N Graham Rd	South
Confidential Tenant	501,120	Renewal	5300 Performance Way	Northwest
Confidential Tenant	497,860	Renewal	4080 Perry Blvd	Northwest
ResMed Corp.	446,500	New Lease	1415 Collins Rd	South
Cummins Engine Co.	414,424	New Lease	1100 Whitaker Rd	Southwest

Source: CBRE Research, Q4 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	52,100,923	3.8	4.5	3.9	0.6	8.86	227,952	(176,450)	69,000	323,755
100,000-199,999 sq. ft.	48,377,485	6.0	7.8	7.0	0.7	8.19	472,612	180,744	0	0
200,000-299,999 sq. ft.	33,593,499	9.7	8.7	8.0	0.7	7.09	(157,423)	899,131	248,321	799,680
300,000-499,999 sq. ft.	56,237,708	9.0	6.7	6.5	0.2	5.81	235,812	162,452	0	0
500,000-749,999 sq. ft.	69,608,882	6.3	6.5	6.3	0.2	5.65	4,359,116	7,860,552	506,304	0
750,000 sq. ft.	87,634,383	12.4	12.5	9.8	2.8	5.32	1,053,060	2,282,523	0	1,572,032
Total	347,552,880	8.2	8.1	7.1	1.0	6.24	6,191,129	11,208,952	823,625	2,695,467

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	280,119,878	9.6	9.5	8.3	1.2	6.18	6,135,738	10,814,101	792,125	2,552,513
Manufacturing	51,890,183	1.6	1.5	1.4	0.1	4.88	83,743	(113,986)	0	80,954
R&D / Flex	15,116,287	4.3	5.4	5.1	0.3	10.10	(28,352)	(130,057)	31,500	32,000
Other Industrial	426,532	0.0	7.6	7.6	0.0	0.00	0	638,894	0	30,000
Total	347,552,880	8.2	8.1	7.1	1.0	6.24	6,191,129	11,208,952	823,625	2,695,467

Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	118,369,628	17.1	16.3	13.9	2.4	5.84	5,358,995	10,214,393	754,625	544,680
All Other Buildings	229,183,252	3.6	3.9	3.6	0.3	7.10	832,134	994,559	69,000	2,150,787
Total	347,552,880	8.2	8.1	7.1	1.0	6.24	6,191,129	11,208,952	823,625	2,695,467

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
CBD	27,274,666	4.1	4.2	4.0	0.2	7.57	(1,599)	(497,246)	0	0
East	57,185,624	16.4	15.7	15.6	0.1	5.68	1,964,194	2,632,327	537,804	368,796
North	3,898,771	3.5	5.4	4.9	0.5	9.08	4,706	(20,002)	0	112,954
Northeast	24,616,046	3.3	3.5	3.1	0.4	8.71	248,955	9,687	0	325,341
Northwest	73,947,486	3.9	3.3	3.1	0.2	8.32	1,459,943	4,296,071	248,321	286,344
South	29,045,907	10.6	9.4	9.1	0.3	6.78	1,406,048	1,318,063	0	0
Southeast	15,704,294	19.2	21.1	16.2	4.9	4.89	57,360	877,251	0	0
Southwest	76,800,454	6.5	7.4	5.9	1.4	6.21	39,441	(769,060)	0	30,000
West	39,079,632	7.8	7.5	4.5	3.0	6.52	1,012,081	3,361,861	37,500	1,572,032
Total	347,552,880	8.2	8.1	7.1	1.0	6.24	6,191,129	11,208,952	823,625	2,695,467

Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

