

FIGURES | INDIANAPOLIS OFFICE | Q4 2025

Northern Suburbs Drive Indianapolis Market Recovery

▼ 19.3%

Vacancy Rate

▲ 88,102

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 83,556

SF Under Construction

▼ \$22.11

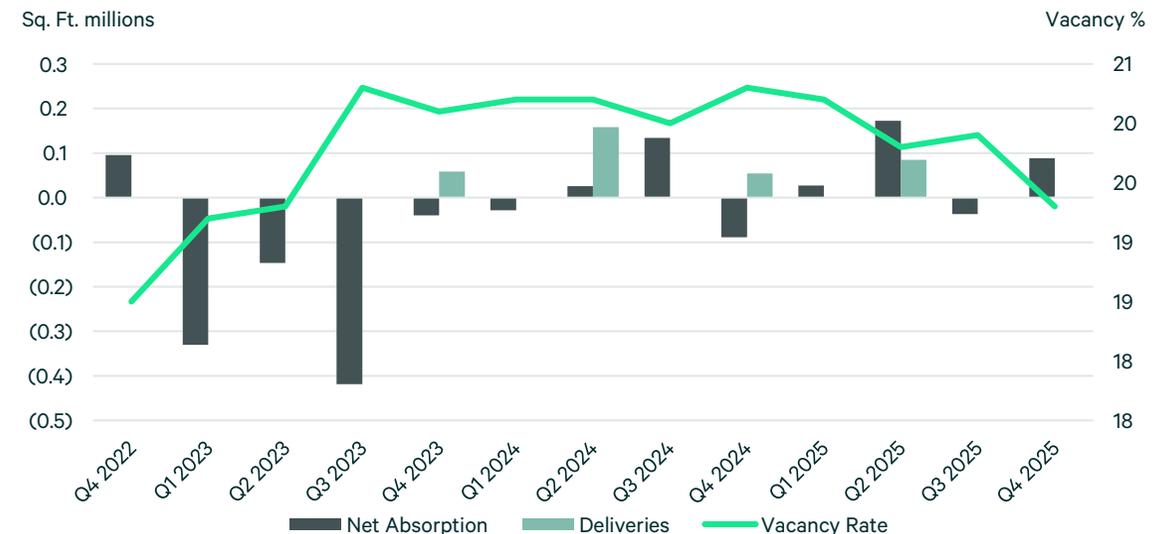
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- Indianapolis' vacancy rate declined by 60 bps to 19.3% in Q4 2025.
- Overall absorption turned positive at 88,102 SF from Q3 2025's dip of (37,091) sq. ft. In particular, the suburban submarkets' absorption increase of 243,631 sq. ft. made up for downtown's decline of (155,529) during Q4 2025.
- All property classes across all submarkets saw lease rate declines this quarter, when compared with Q3 2025. Property classes B and C asking rates fell \$0.05 to \$19.59 gross. Class A properties saw a slight decline, also dropping \$0.05 to \$24.44.
- Keystone saw the most leases signed this quarter of any submarket – nine. The largest was for a new lease for DuCharme, McMillen & Associates for 90,378 sq. ft. They will not occupy the space until Q3 2026.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

Vacancy

In Q4 2025 the overall office vacancy rate stood at 19.3%, with Class A space at 20.1%, and Class B space at 20.7%. Over the past 3 years, vacancy rates have risen significantly: the overall rate increased by 80 bps. Class A rose 10 bps, and Class B rose 260 bps.

Park 100 had the greatest vacancy rate at 27%, followed by Castleton at 25.3%.

The East/Southeast submarket had the lowest vacancy rate at 4%, but it is also among the smallest submarkets at only 593,149 sq. ft.

FIGURE 2: Vacancy Rates by Class



Source: CBRE Research, Q4 2025

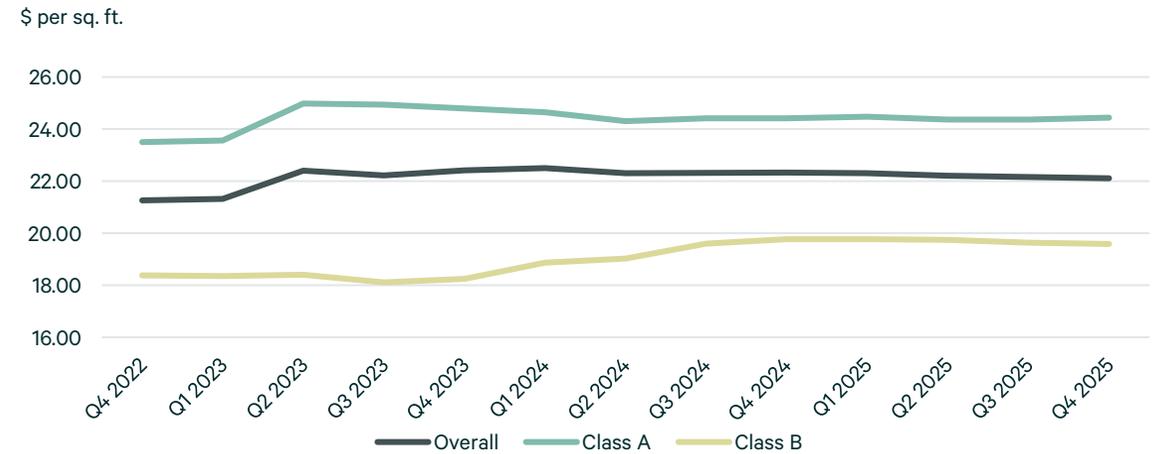
Asking Rent

The overall asking rate of \$22.11, is down slightly from the last quarter when it was \$22.16.

Keystone had the highest asking rate at \$24.51, which rose \$0.37 from Q3 2025. Carmel's rate, which was second highest for the quarter, rose by \$1.17 to \$24.25.

The lowest asking rate was in the South submarket, which had a rate of \$15.80. Second lowest was the East/Southeast at \$16.27. It fell \$0.12 from Q3 2025.

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

Net Absorption

Q4 2025 net absorption was positive 88,102 sq. ft..

Class A net absorption was negative 62,145 sq. ft in Q4 2025. The highest Class A positive net absorption was in Carmel, at 141,658 sq. ft. Two Penn on Parkway provided 55,192 sq. ft. of positive absorption when South College and GSA moved in.

Class B net absorption was positive 128,232 sq. ft in Q4 2025, an increase from the negative (37,091) sq. ft. in the previous quarter. Downtown had the greatest positive net absorption at 66,242 sq. ft.. The largest new tenant was HQ.com, which took over 41,187 sq. ft. at the Barrister Building.

For the last year net absorption totaled positive 250,485 sq. ft. with Class A comprising 83% of the total.

Construction Activity

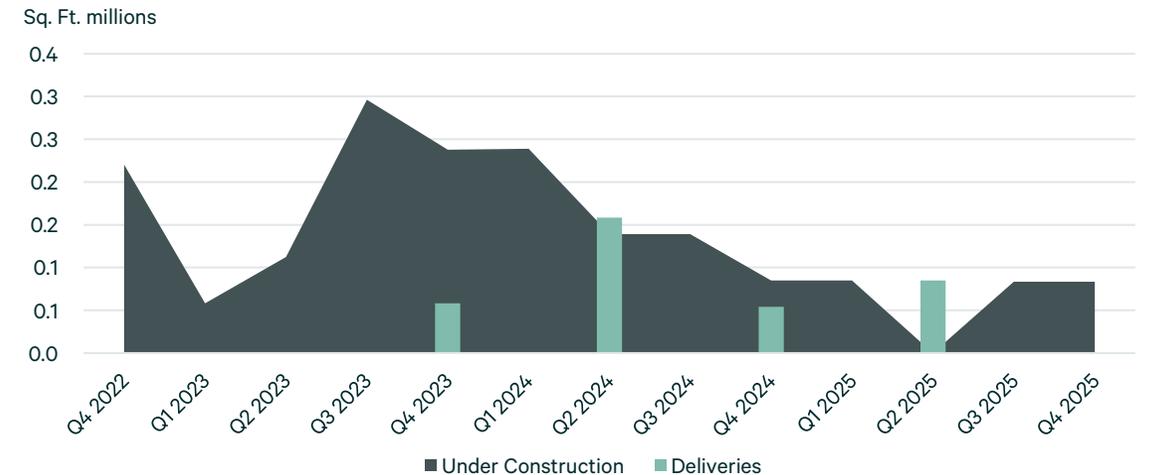
In Q4 2025 only one building project, The Union at Fishers District, was underway, totaling 83,556 SF. It is in the Fishers/Geist submarket.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q4 2025

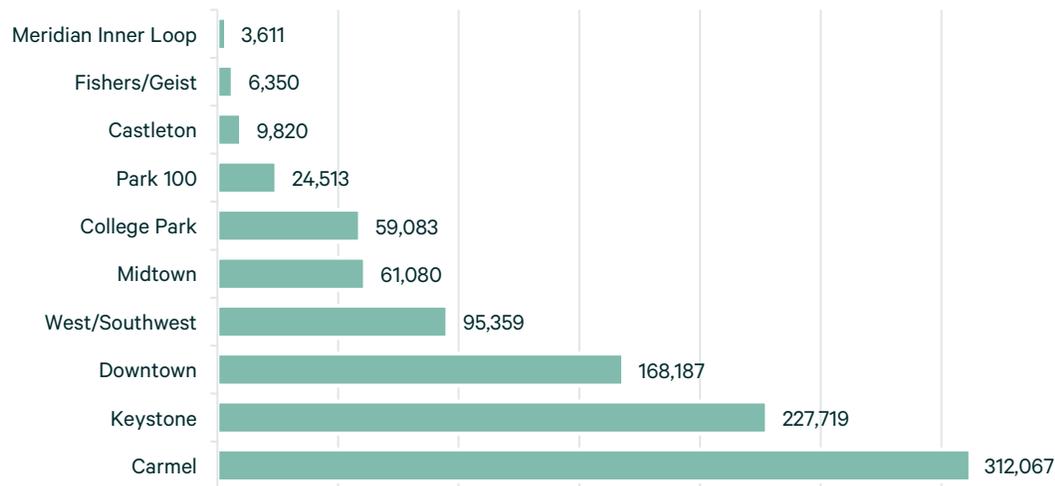
Leasing Activity

The flight to quality was very apparent in Q4 2025, as Class A leasing activity in Indianapolis totaled 723,488 sq. ft.

Two of the four largest Class A leases were in the Carmel submarket. A confidential client signed a new lease for the entire Parkwood One West building – 187,555 sq. ft. The second largest Carmel lease was a renewal by Selective Insurance Group for 27,713 sq. ft. at Nine Parkwood Crossing.

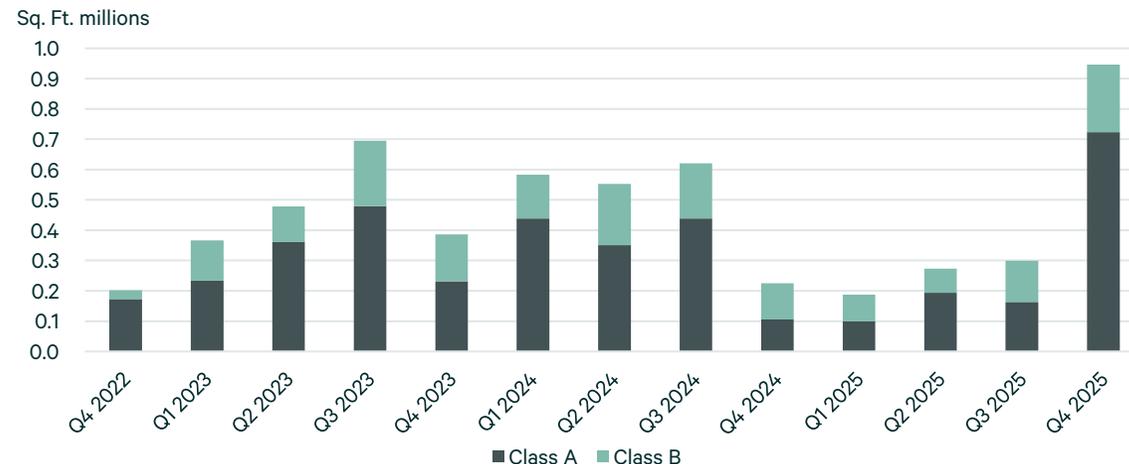
The Keystone submarket was second, following closely with 138,070 sq. ft of the top Class A leases.. The largest new tenants were DuCharme, McMillen & Associates who signed for 90,378 sq. ft. at 92 East.; Obra Capital for 26,144 sq. ft. at Lakefront 14; and TWG Cadillac Formula 1 Team for 21,548 sq. ft. at Lake Pointe IV.

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



Source: CBRE Research, Q4 2025

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



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	187,555	New Lease	250 W 96th St	Carmel
DuCharme, McMillen & Associates	90,378	New Lease	9200 Keystone Xing	Keystone
IQVIA	29,096	Renewal	5225 Exploration Dr	West/Southwest
Selective Insurance Group	27,713	Renewal	900 E 96th St	Carmel
United Optum Real Estate	27,516	New Lease	101-115 W Washington St	Downtown
Obra Capital	26,144	New Lease	9225 Priority Way West Dr	Keystone
Clean Earth	25,604	New Lease	2601 Stout Heritage Pkwy	West/Southwest
Direct Connect Logistics	24,663	New Lease	433 N Capitol Ave	Downtown
Azenta Life Sciences	24,218	New Lease	2601 Stout Heritage Pkwy	West/Southwest
TWG Cadillac Formula 1 Team	21,548	New Lease	8520 Allison Pointe Blvd	Keystone

Source: CBRE Research, Q4 2025

Market Statistics by Index

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
SUBURBAN										
Class A	12,039,300	20.4	22.1	20.2	1.9	24.16	168,022	305,798	0	83,556
Class B	9,697,429	20.3	23.8	21.2	2.6	18.50	61,990	35,607	0	0
Class C	3,052,604	9.1	10.5	10.2	0.3	16.73	13,619	41,478	0	0
Total	24,789,333	19.0	21.3	19.4	2.0	21.38	243,631	382,883	0	83,556

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
DOWNTOWN										
Class A	7,585,371	19.7	24.4	21.4	3.0	24.87	(230,167)	(97,882)	0	0
Class B	4,601,827	21.5	22.7	22.6	0.1	21.46	66,242	(44,109)	0	0
Class C	496,674	9.3	9.5	9.5	0.0	17.53	8,396	9,593	0	0
Total	12,683,872	20.0	23.2	21.4	1.8	23.36	(155,529)	(132,398)	0	0

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
METRO										
Class A	19,624,671	20.1	23.0	20.7	2.3	24.44	(62,145)	207,916	0	83,556
Class B	14,299,256	20.7	23.4	21.7	1.8	19.59	128,232	(8,502)	0	0
Class C	3,549,278	9.1	10.3	10.1	0.3	16.85	22,015	51,071	0	0
Total	37,473,205	19.3	22.0	20.1	1.9	22.11	88,102	250,485	0	83,556

Market Statistics by Submarket

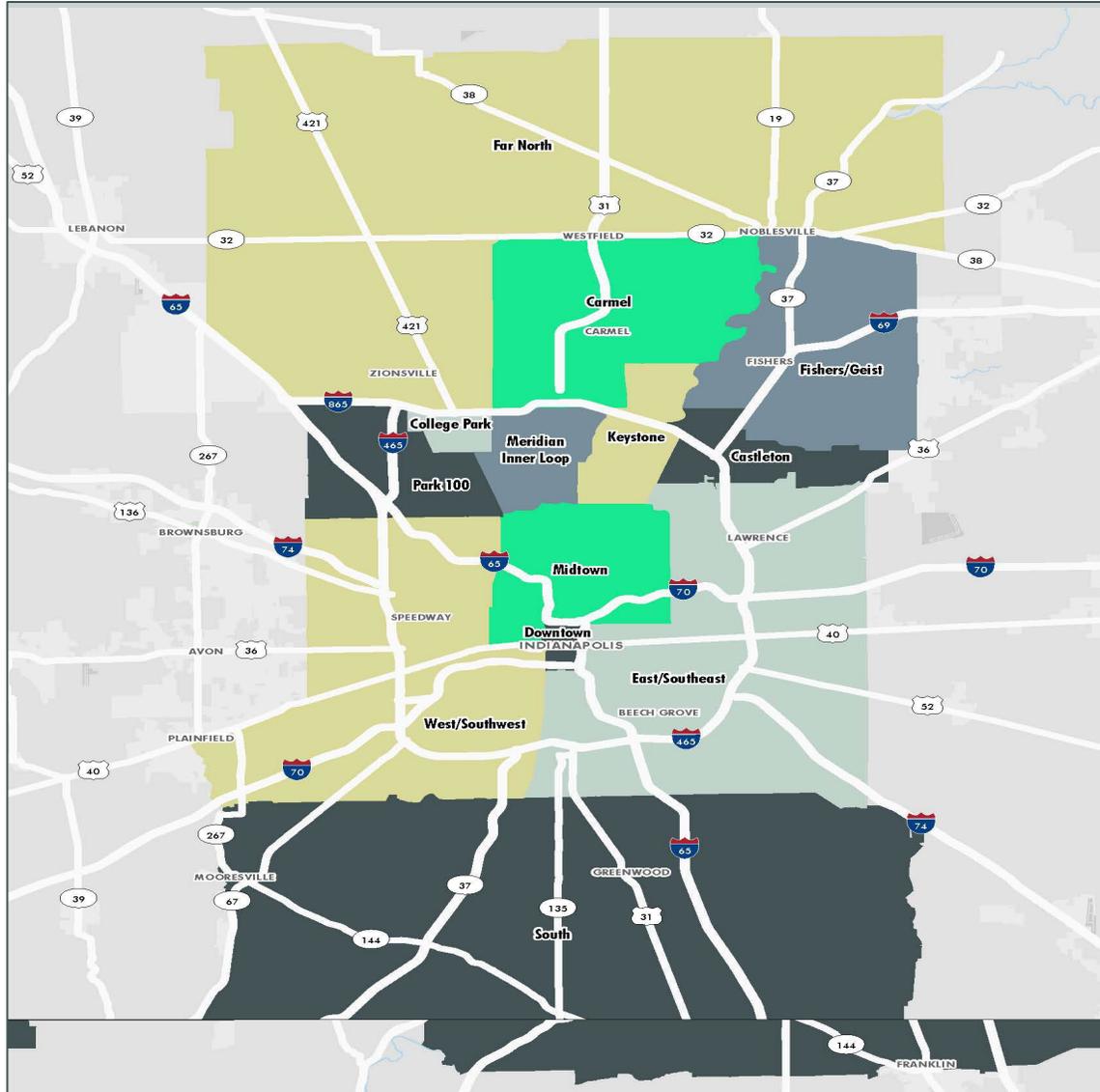
	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Carmel	6,893,591	16.7	19.5	16.8	2.7	24.25	141,658	282,602	0	0
Castleton	2,336,510	25.3	25.6	25.6	0.0	18.4	(8,838)	(23,031)	0	0
College Park	1,671,884	20.3	21.5	20.8	0.7	18.5	(38,977)	(58,014)	0	0
Downtown	12,683,872	20.0	23.2	21.4	1.8	23.36	(155,529)	(132,398)	0	0
East/Southeast	593,149	4.0	5.1	5.1	0.0	16.27	13,880	1,880	0	0
Far North	55,000	0.0	0.0	0.0	0.0		0	0	0	0
Fishers/Geist	2,362,327	15.2	15.7	12.3	3.4	23.33	8,518	19,243	0	83,556
Keystone	4,624,990	19.9	20.1	18.7	1.4	24.51	49,479	80,290	0	0
Meridian Inner Loop	746,126	12.9	13.6	13.6	0.0	19.89	(7,209)	(14,830)	0	0
Midtown	1,151,001	16.4	21.7	21.1	0.7	17.77	(15,652)	(11,951)	0	0
Park 100	2,347,887	27.0	35.0	31.8	3.3	19.62	35,777	51,181	0	0
South	460,189	4.8	6.8	6.8	0.0	15.8	1,220	16,367	0	0
West/Southwest	1,546,679	24.4	29.0	25.5	3.5	16.47	63,775	39,146	0	0
Total	37,473,205	19.3	22.0	20.1	1.9	22.11	88,102	250,485	0	83,556

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.

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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