

FIGURES | INDIANAPOLIS INDUSTRIAL | Q2 2026

Vacancy Approaches Historic Low as Supply Continues to Contract

▼ 5.9%
Vacancy Rate

▼ 3.1M
SF Net Absorption

▼ 32,000
SF Construction Delivered

▲ 6.6M
SF Under Construction

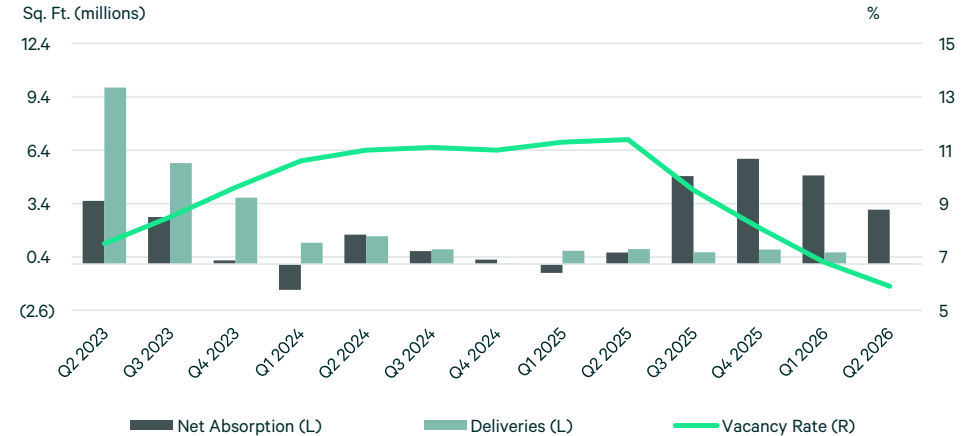
▲ \$6.43
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- Vacancy rate fell to lows not seen since 2022.
- Fewer spaces in existing buildings limited tenant choices and drove up base rents.
- Q2's 3.1M sq. ft. absorption, although lower than the previous three quarters, has totaled an impressive 19M sq. ft. of occupancy in 12 months.
- Strong demand for space has allowed owners to demand higher prices for their space. The direct lease rate rose \$0.10 from \$6.33 to \$6.43 (1.6%) during the quarter.
- Developers addressed the low vacant space issue with 12 speculative buildings under construction around the metro area and more planned to start in Q3 2026.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions)



Source: CBRE Research, Q2 2026

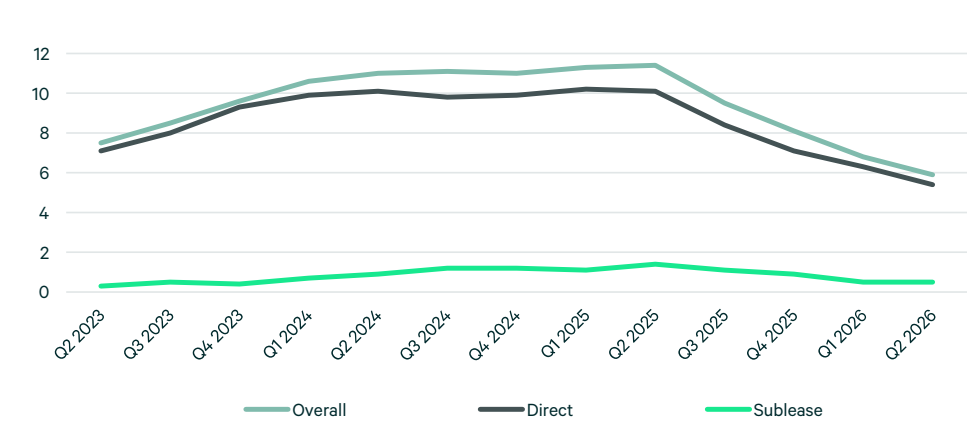
Vacancy Rate

The overall direct lease vacancy rate fell more than 400 basis points (bps) since Q2 2025 to 5.9%.

Vacancies were spread unevenly across the submarkets. One year ago, the Northwest submarket hovered near 4.5%—effectively considered fully leased—before dropping to the current 2% as demand remained unchanged.

The East had a greater decline in the same period, falling from more than 18% to 11% this quarter, despite the continued absorption of space, the East still has the highest vacancy rate.

Figure 2: Vacancy Rate %



Source: CBRE Research, Q2 2026

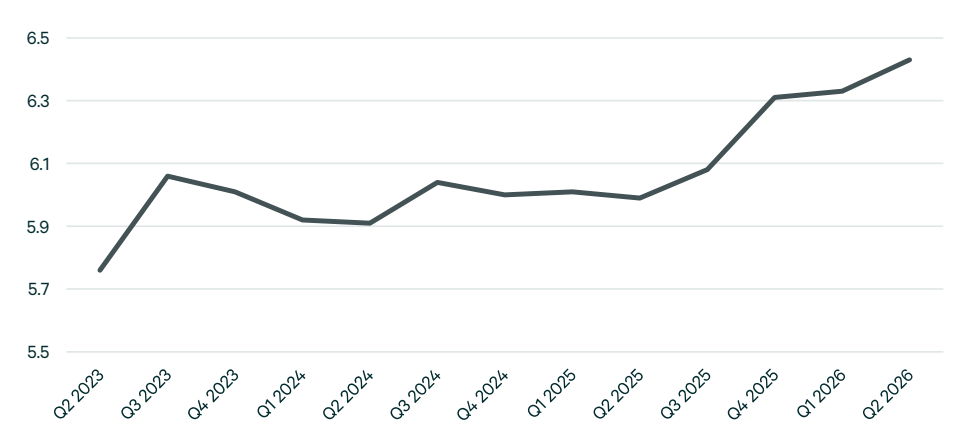
Asking Rent

Asking rents have climbed \$0.64 per sq. ft. (11%) in three years to \$6.43 as construction came to a virtual halt and vacant spaces rapidly filled.

Park 100 with its smaller spaces and the Northeast with its newer flex buildings command the highest average direct asking rents at \$10.09 and \$9.37 per sq. ft. respectively. Park 100's rate is up 3.3% from \$9.77 in Q1.

Flex space, regardless of its location, was in high demand. It has the highest average asking rate, \$11.64, of any industrial subtype, up \$1.53 per sq. ft. or 15% from Q3 2025.

Figure 3: Average Direct Asking Rate \$ / SF



Source: CBRE Research, Q2 2026

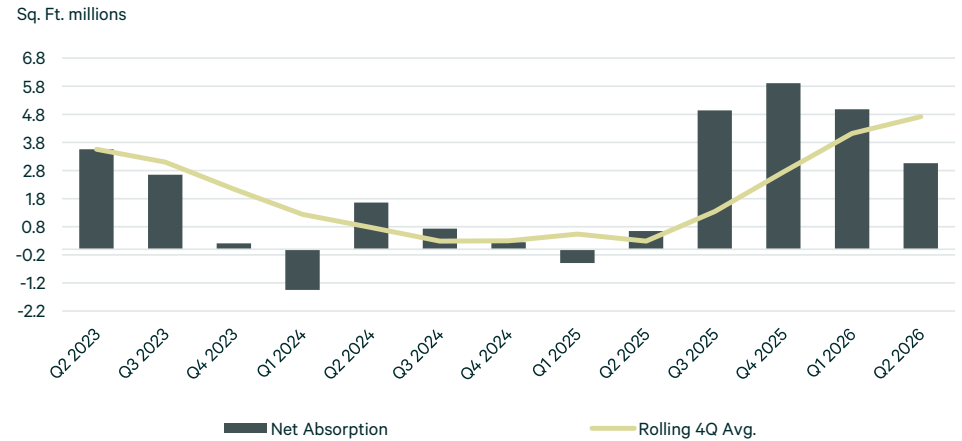
Net Absorption

Two of the largest occupiers signed and occupied in Q2. Fed Ex Supply Chain leased and occupied 532,000 sq. ft. at 9347 E Pendleton Pike in the East submarket. LSC Communication, also known as Lakeside Books, became the largest new occupier in the Southwest submarket by expanding into 313,000 sq. ft. at its existing location in Avon Logistics Park Building 1.

Despite the Northwest's low vacancy, it recorded a 24,000 sq. ft. dip in absorption even though ResMed, Allen Distribution and LSC Communications all occupied more than 1M sq. ft. of modern bulk space.

The Northeast and CBD submarkets also recorded slight absorption losses of 33,000 sq. ft. and 37,000 sq. ft. respectively.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

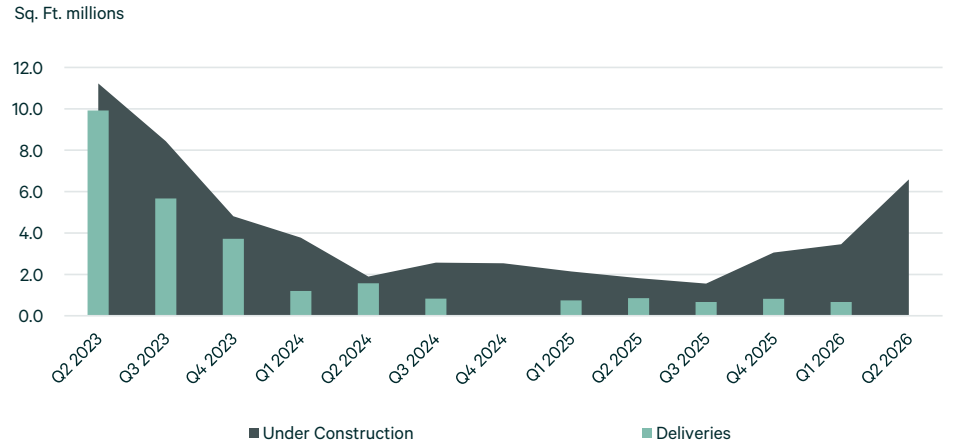
Construction Activity

One 32,000 sq. ft. distribution building in Franklin delivered this quarter. Innovative 3D Manufacturing immediately occupied it.

Almost 3 million sq. ft. of construction began in Q2, most of it being modern bulk. All of it was speculative. The largest was I-65 Park South Logistics Center Building 2, in the South submarket. When complete it will be 1.2 million sq. ft. Construction also started on Park 130 Building 8, for 670,000 sq. ft., in the Northwest submarket. The third and fourth largest buildings that began construction were Thunderbird Commerce Center Building 2, 239,000 sq. ft. in the East, and Northfield Drive Commercial Phase II Building 2, 238,000 sq. ft., in the Northwest. Developers started work on five smaller buildings as well.

Of the 6.6 million sq. ft. being constructed, developers were on track to complete 568,000 sq. ft. of speculative space in Q3 2026. The remaining 6 million sq. ft. was scheduled to deliver in Q4 or later in 2027.

Figure 5: Construction Activity



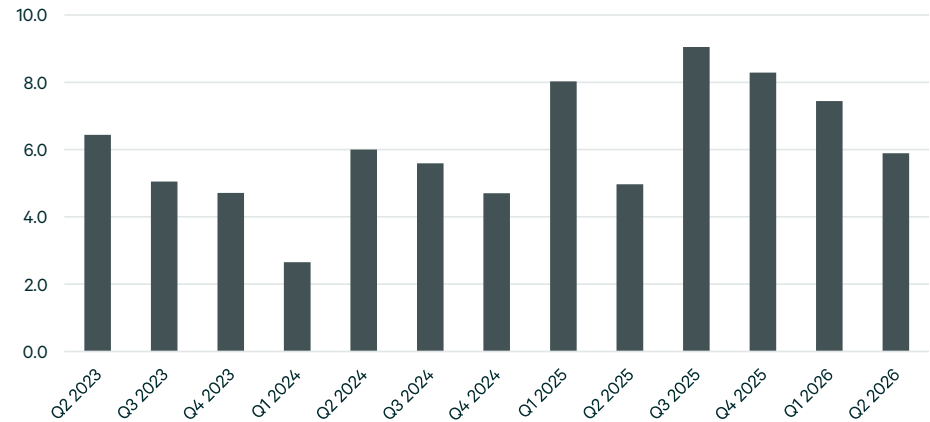
Source: CBRE Research, Q2 2026

Leasing Activity

Prime Beverage Group and Amazon signed the largest leases this quarter. Prime Beverage Group leased 946,000 sq. ft. at Velocity 74 Building 1. Amazon leased 585,000 sq. ft. at Greenwood Park at 65 South. Both buildings are in the South submarket.

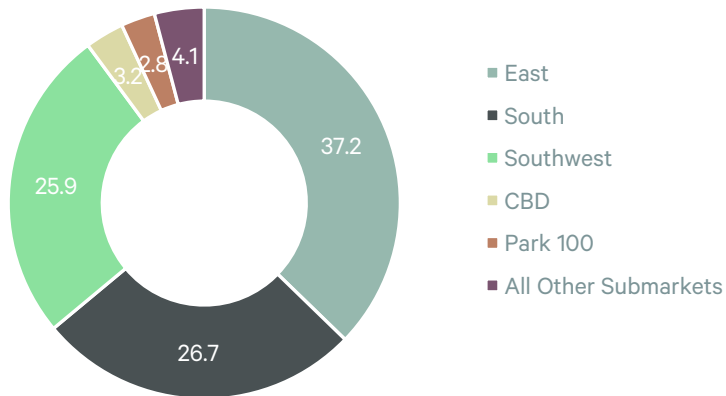
FedEx Supply Chain, Tri-Starr Management (also known as Legacy Logistics), and Hoosier Freight rounded out the top five leases, all of which were in the East submarket. FedEx Supply leased 532,000 sq. ft. at 9347 E Pendleton Pike. Tri-Starr Management leased 431,000 sq. ft. at Air 70 Logistics Park Building 1. Hoosier Freight took an additional 378,000 sq. ft. suite at Greenfield Distribution Center.

Figure 6: Leasing Activity Trend
Sq. Ft. millions



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Prime Beverage Group	946,000	New Lease	9201 N Frontage Rd	South
Amazon.com	585,000	New Lease	1175 Collins Rd	South
FedEx Supply Chain	532,000	New Lease	9347 E Pendleton Pike	East
Tri-Starr Management Services	431,000	New Lease	4212 Owens Park Ct	East
Hoosier Freight and Warehousing	378,000	New Lease	6887 N 350 W	East
LSC Communications Book	314,000	New Lease	8598 E County Road 100 S	Southwest
Breg	295,000	New Lease	E County Road 100 S	Southwest
Kelly Box and Packaging	236,000	Renewal	3035 N Shadeland Ave	East

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	279.03M	6.8	7.7	7.1	0.7	6.23	2.80M	7.99M	32,000	6.03M
Manufacturing - General	51.97M	1.5	2.0	1.5	0.5	5.89	174,000	131,000	-	81,000
R&D/Flex	15.00M	4.4	6.0	5.4	0.6	11.64	80,000	(51,000)	-	125,000
Other Industrial	622,000	5.5	5.2	5.2	-	-	-	(34,000)	-	350,000
Total	346.62M	5.9	6.8	6.2	0.6	6.43	3.06M	8.04M	32,000	6.58M

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	18.39M	3.7	4.9	4.6	0.3	10.15	119,000	41,000	32,000	45,000
50K-99,999 SF	34.28M	4.1	4.9	4.3	0.6	8.82	(128,000)	(156,000)	-	322,000
100K-249,999 SF	64.55M	6.1	7.6	6.4	1.2	7.92	673,000	932,000	-	1.07M
250K-499,999 SF	72.66M	4.0	6.0	5.2	0.8	6.27	1.62M	3.53M	-	1.21M
500K-749,999 SF	69.11M	5.5	7.1	6.8	0.3	5.91	150,000	427,000	-	1.17M
750,000 SF +	87.63M	8.8	7.8	7.3	0.5	5.19	622,000	3.27M	-	2.77M
Total	346.62M	5.9	6.8	6.2	0.6	6.43	3.06M	8.04M	32,000	6.58M

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	126.91M	10.6	11.3	10.2	1.1	5.96	2.83M	6.91M	-	3.79M
Institutional	123.39M	10.7	11.3	10.3	1.0	5.88	2.83M	6.75M	-	-
Other Class A	3.52M	5.4	9.4	7.4	1.9	11.00	4,000	153,000	-	3.79M
All Other Industrial	219.71M	3.2	4.2	3.8	0.4	7.18	227,000	1.13M	32,000	2.79M
Total	346.62M	5.9	6.8	6.2	0.6	6.43	3.06M	8.04M	32,000	6.58M

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	26.47M	4.0	4.3	4.3	0.1	6.99	(37,000)	(42,000)	-	-
East	58.40M	11.0	11.4	11.1	0.3	5.72	1.49M	3.35M	-	400,000
Northeast	27.69M	3.6	4.5	3.3	1.3	9.37	(33,000)	259,000	-	583,000
Northwest	53.41M	2.3	3.6	3.0	0.6	6.76	(24,000)	1.12M	-	3.80M
Park 100	28.37M	2.9	5.3	4.7	0.5	10.09	48,000	13,000	-	-
South	44.68M	9.1	10.2	8.8	1.3	5.88	564,000	1.18M	32,000	1.80M
Southwest	107.60M	5.5	6.1	5.5	0.6	6.27	1.06M	2.16M	-	-
Total	346.62M	5.9	6.8	6.2	0.6	6.43	3.06M	8.04M	32,000	6.58M

Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue. The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

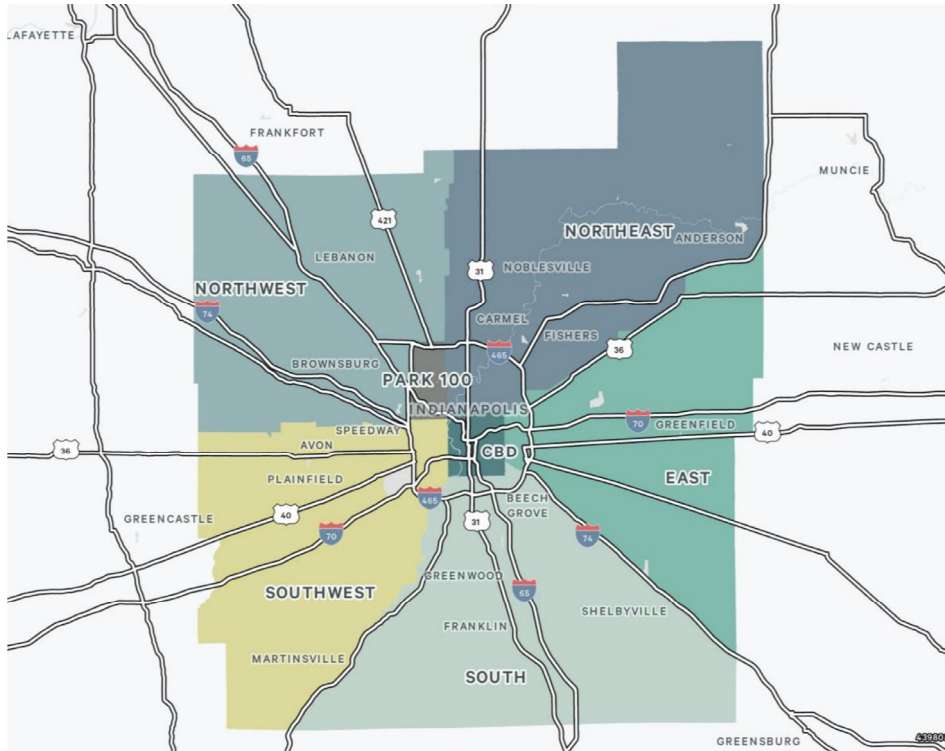
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Market Area Overview



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. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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