

FIGURES | INDIANAPOLIS OFFICE | Q3 2026

Occupancy Rebounds Upward with Second Quarter of Solid Gains

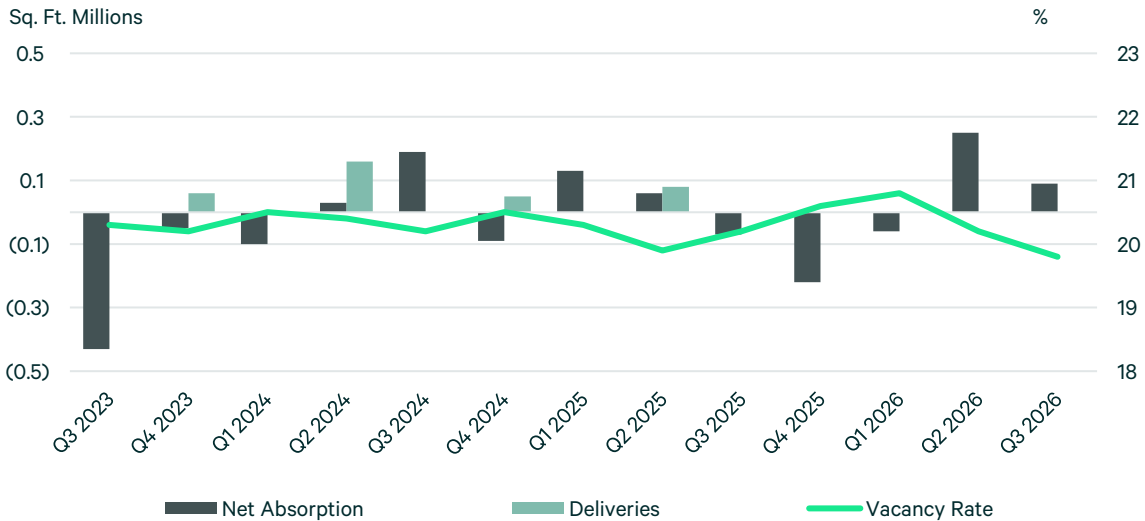


Note: Arrows indicate change from previous quarter.

Market Overview

- Demand for office space continues to grow, especially in the desirable Carmel and Keystone submarkets, pushing the overall vacancy rates down 40 basis points (bps) from 20.2% in Q2 2026 to 19.8% for Q3 2026. The decline is part of a downward trajectory that started after Q1 2026, when the vacancy rate hit its highest level in three years at 20.8%.
- Absorption fell 63% from Q2's 250,000 sq. ft. to 91,300 sq. ft. but remained in positive territory for the second straight quarter, after losing 60,000 sq. ft. in Q1 2026 and 220,000 sq. ft. in Q4 2025.
- No new construction delivered this quarter, but 68,000 sq. ft. remained under construction in the Fishers/Geist submarket.
- The average direct asking rate remained fairly stable, rising by only \$0.03 from Q2 to \$22.40 per sq. ft, but still \$0.01 lower than Q1.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy

Tenants continue to gravitate to Class A office space, which dropped below Class B vacancies for the second quarter.

Class A vacancies were at 19.1%, or 3.86 million sq. ft. Class B recorded 2.65 million sq. ft. vacant, for a vacancy rate of 23.9%. Class C, with 363,000 sq. ft. vacant, had the lowest rate of 10.2%.

Generally, Class A vacancies were 240 bps higher in the urban area, with a 20.6% vacancy rate compared with 18.2% in the suburban markets.

Submarkets with the highest vacancy rates were Castleton at 25.5%, West/Southwest at 22.9% and Downtown at 22.8%. The three submarkets with the lowest vacancy rates also had the fewest total rentable areas: Far North (82,000 total sq. ft.) at 4.1%, South (429,000 sq. ft.) at 6% and East/Southeast (636,000 sq. ft.) at 9.4%.

Asking Rent

Tiny fluctuations in Class B and Class C rates weren't enough to substantially change 2026's average asking rate. Q3's \$22.40 per sq. ft. average rate was only \$0.01 lower than Q1's \$22.41, but \$0.03 higher Q2's average of \$22.37.

Class A and Class B average asking rates stayed the most stable this year. Class A's rate moved \$0.10, or a 0.4% increase, from Q1's \$24.85 per sq. ft. to Q3's \$24.95. Class B's average fell \$0.10 from \$19.47 per sq. ft. in Q1 2026 to \$19.37 for a 0.5% decline. By contrast, Class C's average rose \$0.41, or 2.4%, to \$17.22 per sq. ft. from Q1's \$16.81 per sq. ft.

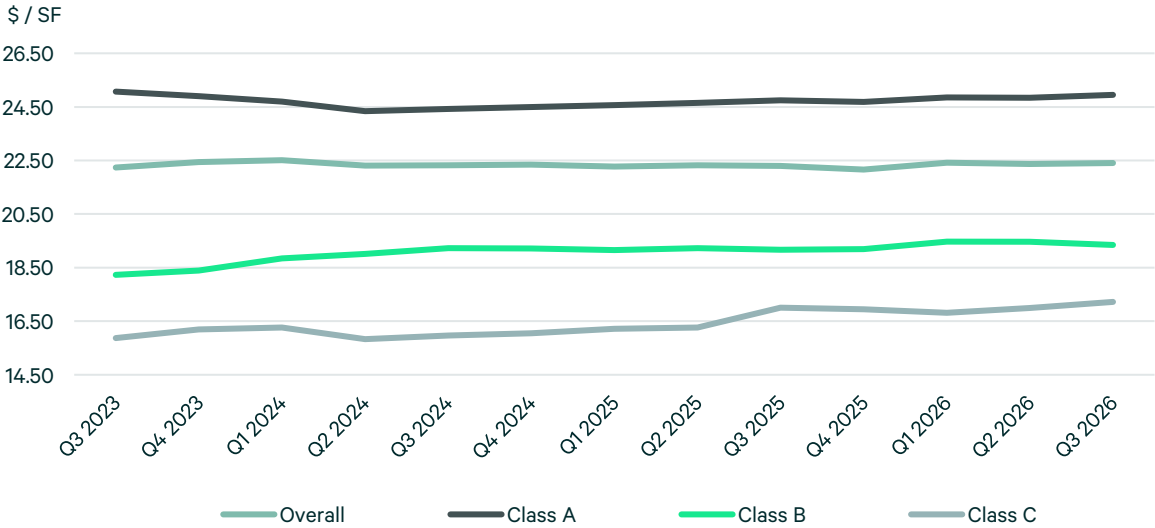
Keystone had the highest overall asking rate, \$24.72 per sq. ft., and the highest Class A asking rate, \$25.51 per sq. ft. Next highest overall average rate was Carmel at \$24.06 per sq. ft. The second highest Class A average rate was Downtown, which logged \$25.37 per sq. ft.

Figure 2: Vacancy Rates by Class



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Figure 3: Average Direct Asking Rate by Class



CBRE Research

Net Absorption

For the first time since Q1 2025, all three classes recorded occupancy gains. Class B had the greatest absorption, at 51,300 sq. ft. Class A and Class C were each tied at 20,000 sq. ft. Despite all three classes gaining in occupancy, the results were lower than Q2, when Class A tenants drove occupancy much higher, to 250,000 sq. ft. The Q2 breakdown was 240,000 for Class A absorption, 20,000 for Class B and (10,000) for Class C.

Urban and suburban submarkets had virtually equal gains at 45,000 sq. ft. and 46,000 sq. ft. respectively.

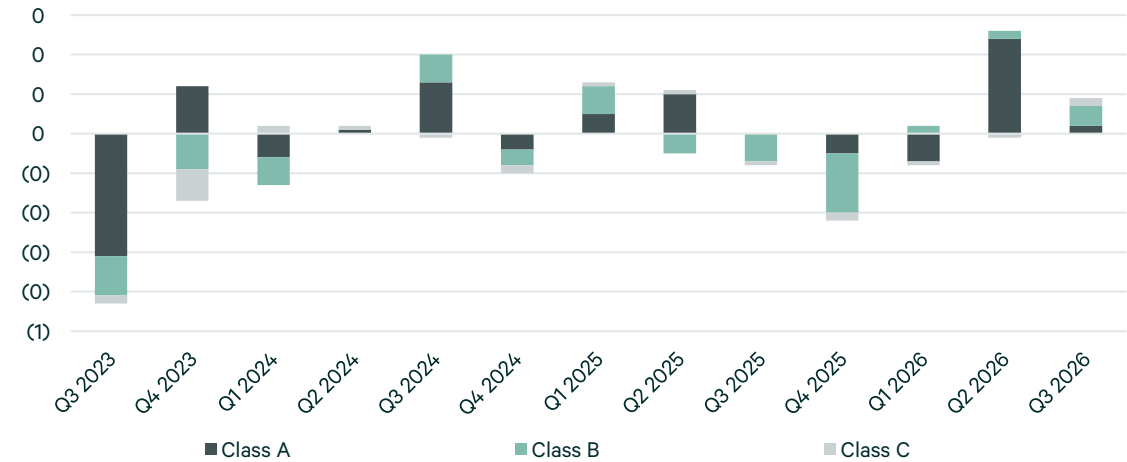
Downtown’s 46,000 sq. ft. was the highest of all submarkets. Keystone and Park 100 had the second and third highest absorption rates at 38,000 sq. ft. and 37,000 sq. ft. respectively. Occupancy fell by (61,000) sq. ft. in Carmel, one of only three submarkets with losses. College Park saw absorption drop by (6,000) sq. ft. The East/Southeast’s rate fell by (4,000) sq. ft.

Construction Activity

Two buildings remained under construction in Q3. The largest was The Union at Fishers, in the Fishers/Geist submarket, at 48,012 sq. ft. Delivery is expected Q1 2027. The building is 17% pre-leased. The much smaller 5550 W 106th St project, in the Far North, is 70% pre-leased. Completion is expected in Q4 2026.

Figure 4: Net Absorption Trend

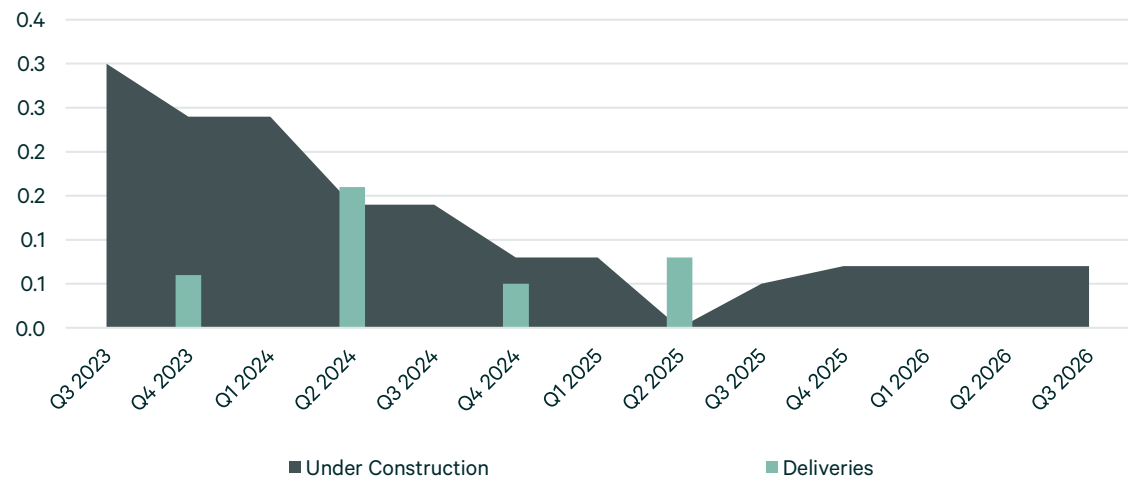
Sq. Ft. (millions)



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Figure 5: Construction Activity

Sq. Ft. Millions



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Investment Sale Activity

Indianapolis office investment sales volume declined in Q3 2026 compared with both Q2 2026 and Q3 2025. Quarterly volume totaled \$13.65 million, down 53% quarter-over-quarter from \$28.98 million in Q2 2026 and down 68.6% year-over-year from \$42.17 million in Q3 2025.

Buyer composition in Q3 2026 was entirely private, and top sales were spread across multiple submarkets. The largest transaction was Northwest Tech A at 6100 W 96th Str in Park 100, acquired for \$8.80 million. The second-largest sale was 1089 Third Ave SW in Carmel, a 17,120 sq. ft. asset acquired for \$3.20 million, and the third-largest was 733 S West St in Downtown, a 19,566 sq. ft. property for \$1.60 million.

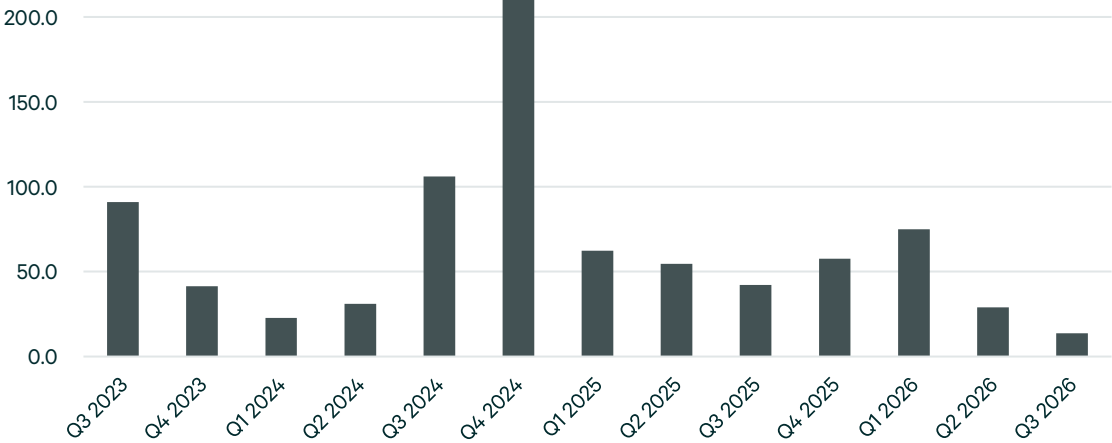
Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
6100 W 96th St	Park 100	6100 W 96th Holdings LLC	\$8.8M	121,033	\$73.07
1089 Third Ave SW	Carmel	Ralph Balber	\$3.2M	17,120	\$186.92
733 S West St	Downtown	GAV & G LLC	\$1.6M	19,566	\$81.88

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Figure 9: Quarterly Sales Volume

\$ (millions)



MSCI Real Capital Analytics

Figure 11: Buyer Composition

%



MSCI Real Capital Analytics

Leasing Activity

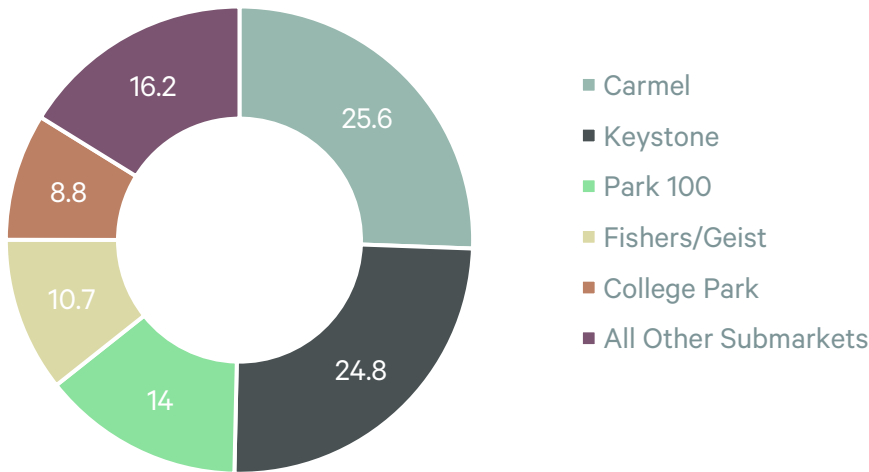
Q3 leasing activity was the second highest in three years. Q3’s total of 630,000 sq. ft. of new and renewal leasing is 34% lower than Q4 2025’s high point of 950,000 sq. ft. Leases signed so far this year totaled 773,000 sq. ft.

The largest lease was 54,000 sq. ft. for The Health and Hospital Corporation of Marion Co, in the Midtown submarket.

Five of the top eight leases were concentrated in the three most popular submarkets. MJ Insurance and Raymond James renewed their leases, totaling 61,000 sq. ft, in Carmel. Indesign signed a new lease and Sanctuary Wealth Group and E-gineering renewed their leases for a combined 82,000 in Keystone.

Although Park 100 only had one of the eight top leases, IU Health at 34,000 sq. ft., it saw the third highest total leasing activity at 14%, behind Carmel at 25.6% and Keystone at 24.8%.

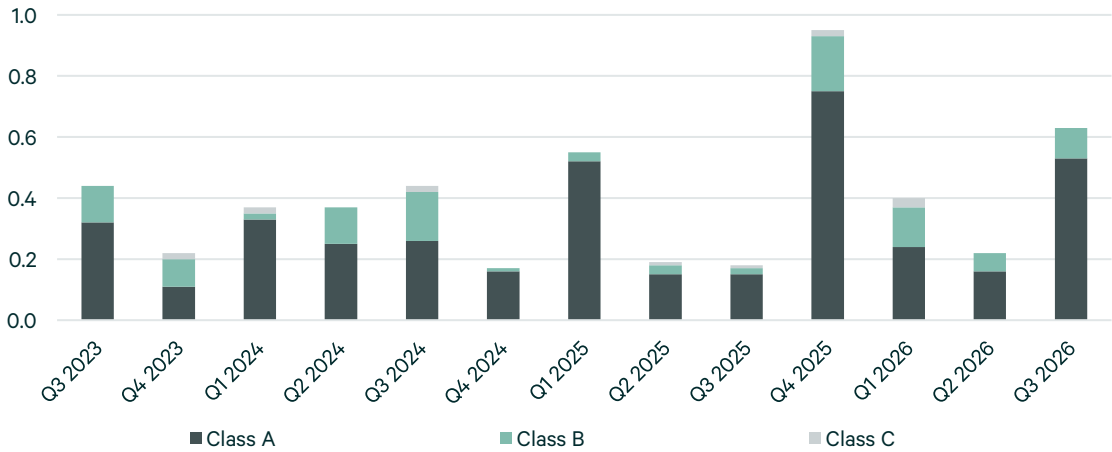
Figure 7: Leasing by Submarket (% of Total Activity)



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Figure 6: Leasing Activity Trend

Sq. Ft. (millions)



CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
The Health and Hospital Corporation of Marion Co	54,000	New Lease	2955 N Meridian St	Midtown
MJ Insurance	38,000	Renewal	571 Monon Blvd	Carmel
IU Health	34,000	New Lease	7702 Woodland Dr	Park 100
Sanctuary Wealth Group	30,000	Renewal	3815 River Crossing Pkwy	Keystone
Indesign	30,000	New Lease	9365 Counselors Row	Keystone
Flaherty and Collins	25,000	Renewal	1 Indiana Sq	Downtown
Raymond James	23,000	Renewal	11611 N Meridian St	Carmel
E-gineering	22,000	Renewal	8415 Allison Pt Blvd	Keystone

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 12: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	20.23M	19.1	21.7	20.2	1.5	24.95	20,000	186,000	-	48,000
Class B	11.81M	23.9	26.2	23.9	2.3	19.35	52,000	93,000	-	20,000
Class C	3.63M	10.2	11.6	10.8	0.9	17.22	20,000	1,000	-	-
Total	35.67M	19.8	22.2	20.5	1.7	22.40	91,000	281,000	-	68,000

Source: CBRE Research, Q3 2026

Market Statistics

Figure 13: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	12.34M	18.2	19.7	18.3	1.4	24.63	(9,000)	388,000	-	48,000
Class B	8.54M	21.5	24.3	21.2	3.1	18.22	35,000	(31,000)	-	20,000
Class C	3.22M	10.6	12.2	11.2	1.0	17.29	20,000	(15,000)	-	-
Total	24.10M	18.4	20.3	18.4	1.9	21.46	45,000	342,000	-	68,000

Source: CBRE Research, Q3 2026

Figure 14: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	7.89M	20.6	24.8	23.1	1.7	25.37	29,000	(202,000)	-	-
Class B	3.27M	30.1	31.4	30.9	0.4	21.42	17,000	124,000	-	-
Class C	413,000	7.2	7.5	7.5	-	16.15	-	16,000	-	-
Total	11.57M	22.8	26.0	24.7	1.3	23.89	46,000	(61,000)	-	-

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Carmel	6.91M	18.1	21.4	18.4	3.0	24.06	24.78	(61,000)	10,000	-	-
Castleton	2.29M	25.5	26.3	26.3	-	18.41	22.01	9,000	13,000	-	-
College Park	1.52M	21.7	25.4	23.3	2.1	18.62	20.50	(6,000)	10,000	-	-
Downtown	11.57M	22.8	26.0	24.7	1.3	23.89	25.37	46,000	(61,000)	-	-
East/Southeast	636,000	9.4	10.9	8.9	2.0	17.26	-	(4,000)	(36,000)	-	-
Far North	82,000	4.1	6.6	6.6	-	14.00	-	-	3,000	-	20,000
Fishers/Geist	2.26M	13.1	17.0	16.1	1.0	23.26	24.99	3,000	60,000	-	48,000
Keystone	4.53M	18.9	19.6	18.7	0.9	24.72	25.51	38,000	143,000	-	-
Meridian Inner Loop	793,000	14.2	17.3	17.0	0.3	19.37	-	8,000	(16,000)	-	-
Midtown	1.23M	18.1	19.4	18.1	1.3	16.93	-	20,000	26,000	-	-
Park 100	1.85M	17.3	15.5	9.2	6.3	18.84	21.22	37,000	110,000	-	-
South	429,000	6.0	7.7	6.0	1.7	21.55	19.73	-	(4,000)	-	-
West/Southwest	1.56M	22.9	24.9	24.3	0.6	16.33	20.51	2,000	25,000	-	-
Total	35.67M	19.8	22.2	20.5	1.7	22.40	24.95	91,000	281,000	-	68,000

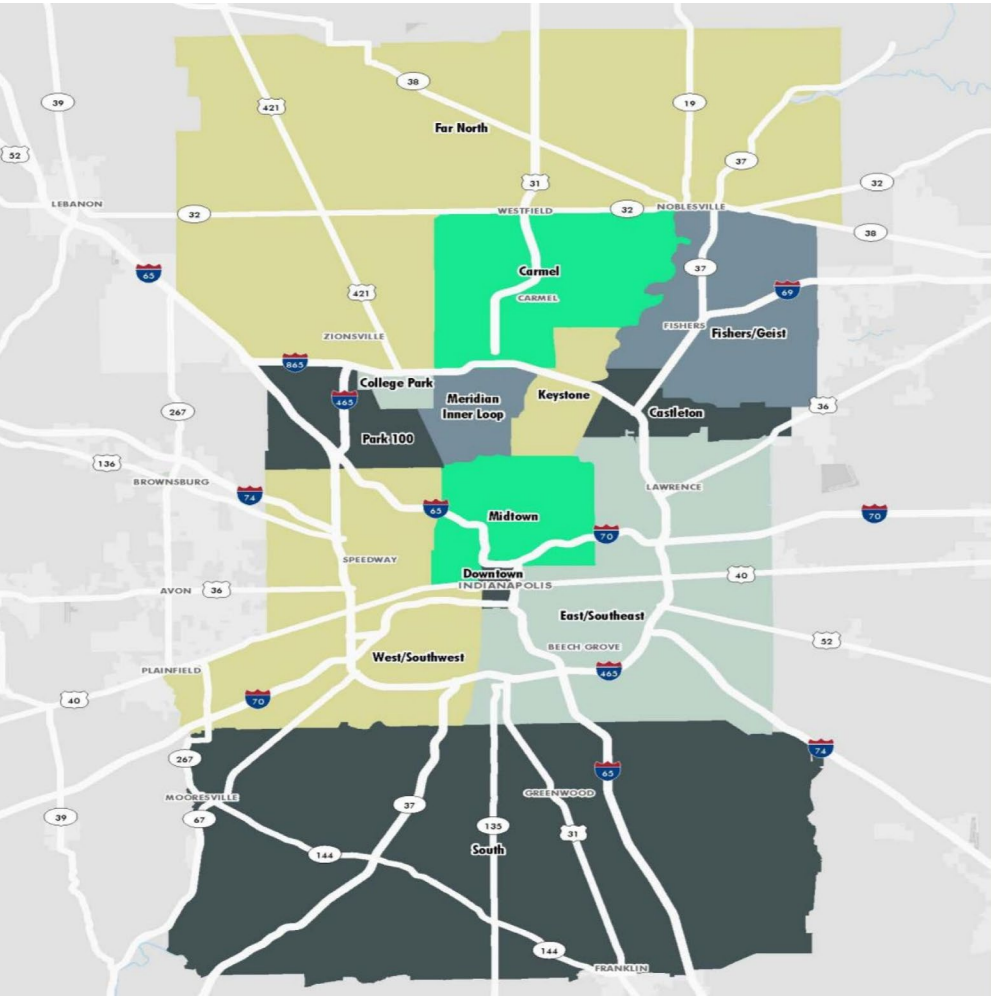
Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

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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