

Indianapolis

Office market snapshot | Q4 2023

Indianapolis' office market in Q4 faced declining demand as it has for most of 2023. Despite expectations for continued softened demand, limited development activity helped keep vacancy rates slightly below the national average. Certain suburban areas like the Carmel submarket continued to perform well.

-50 bps

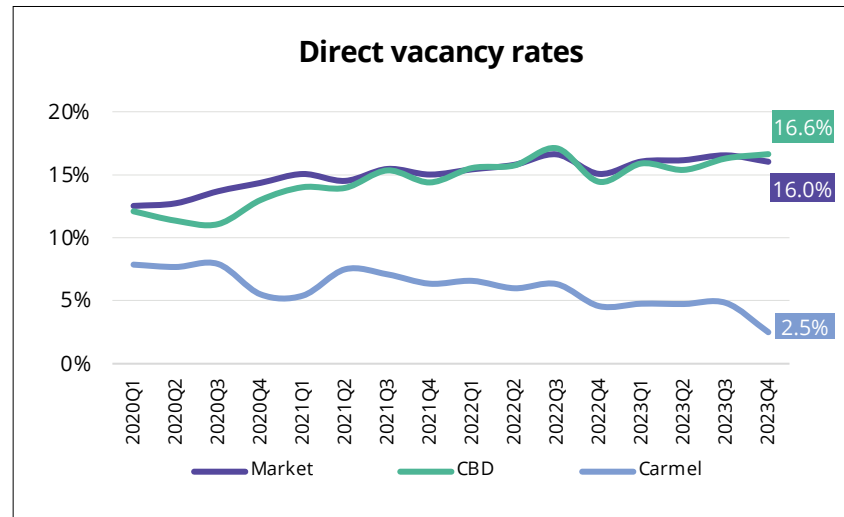
Decrease in the market-wide vacancy rate since last quarter. Vacancy rates have remained relatively stable since mid-year 2022.

1.68 msf

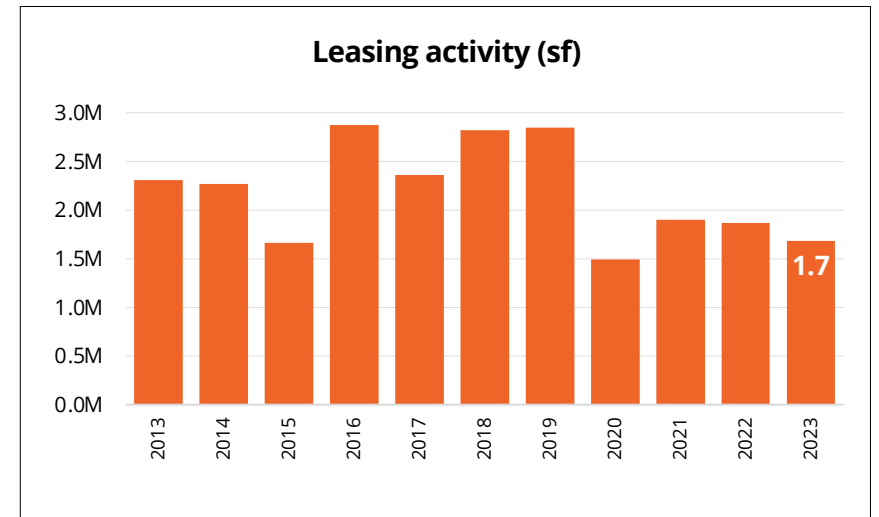
Total market leasing activity in 2023. This is a 9.7% decrease from 2022 totals.

820 ksf

Sublet availability across the market. This amount has decreased for two straight quarters.



Vacancies in the CBD have risen in tandem with overall market rates. Alternatively, the Carmel submarket has not only dropped since 2020 but currently sits at less than 5%.



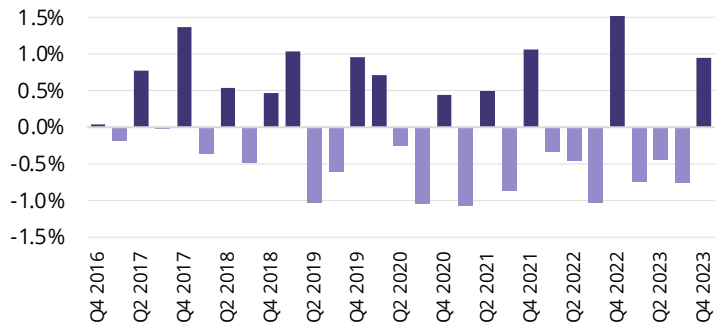
After a quick rise from 2020 lows, market leasing activity has decreased slightly year-over-year since 2021. However, 2023 annual leasing volume is significantly down (-37%) from pre-pandemic averages.

Source: AVANT by Avison Young, Costar

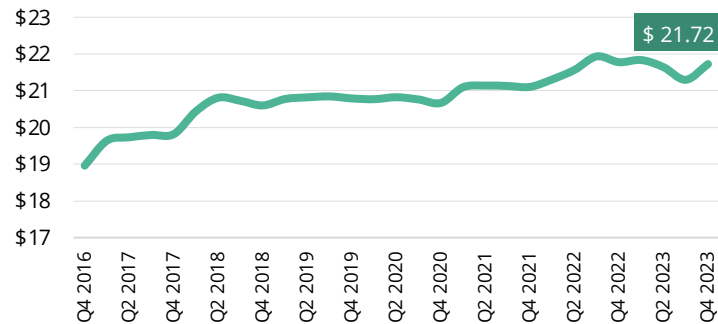
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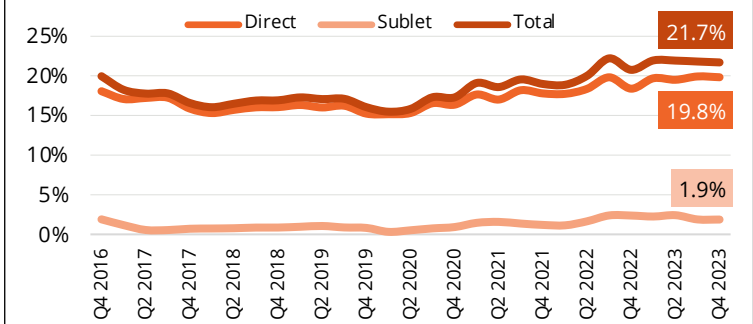
Net absorption as a % of inventory



Direct asking rents (psf/FS)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
VonLehman CPA	5975 N Castle Creek Pky	17,885	New	Direct
American Health Network	10995 Allisonville Rd	10,048	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Indiana University	719 Indiana Ave	\$7,200,000	\$342.86	Indiana Avenue Properties
Michael R. Jordan	755 W Carmel Dr	\$9,000,000	\$218.27	Kirby Real Estate

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
CBD	13,675,582		218,500	20.6%	1.9%	22.5%	-0.1%	-2.5%	-17,692	\$ 24.51
Meridian Corridor	6,911,909			21.3%	3.8%	25.2%	4.2%	+0.3%	290,760	\$ 22.23
Keystone at the Crossing	5,730,828			21.4%	1.2%	22.6%	0.9%	-0.9%	53,234	\$ 22.28
Northwest	4,077,467			28.3%	2.0%	30.2%	0.8%	+0.1%	32,916	\$ 19.17
I-69 Corridor	3,043,547		60,000	19.0%	1.6%	20.6%	-1.7%	-8.5%	-50,918	\$ 23.35
Midtown	2,119,232			12.6%	1.8%	14.4%	-1.5%	+0.9%	-32,440	\$ 17.14
South/Southeast	1,972,679	127,512		4.5%	0.0%	4.5%	2.7%	+4.6%	52,703	\$ 20.04
Castleton	1,759,625		25,763	23.0%	0.0%	23.0%	1.9%	+1.5%	33,126	\$ 19.34
Southwest/Airport	1,368,530			21.7%	1.4%	23.1%	2.2%	-3.4%	29,452	\$ 15.62
Carmel	1,293,220	30,553	73,000	3.9%	2.9%	6.8%	2.3%	+1.8%	30,051	\$ 31.68
Northeast	766,788			18.1%	0.0%	18.1%	-1.6%	+5.4%	-12,361	\$ 11.89
West	721,393			18.1%	0.0%	18.1%	0.5%	+5.4%	3,279	\$ 16.64
Market total	43,440,800	158,065	377,263	19.8%	1.9%	21.7%	+0.9%	+0.9%	-1.0%	\$ 21.72

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