

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.3% Vacancy Rate	▼	▲
364K YTD Net Absorption, SF	▲	▲
\$21.92 Asking Rent, PSF (Overall, All Property Classes)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Indianapolis Employment	▼	▲
3.0% Indianapolis Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

ECONOMY: FED RAISES RATES AS TREASURY YIELDS CLIMB

The Federal Reserve raised the federal funds rate by 25 basis points (bps) in September to a target range of 3.75%-4.00%, its first increase since 2023, citing persistent inflation. The 10-Year Treasury yield climbed above 5.0%, its highest level in nearly two decades, raising borrowing costs for commercial real estate. The unemployment rate in the Indianapolis MSA fell to 3.0%, down 30 bps year-over-year (YOY) and well below the national average of 4.2%.

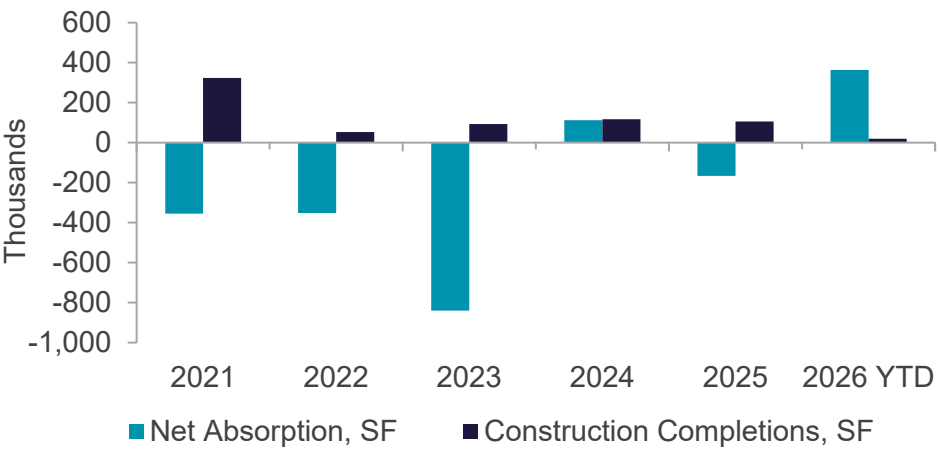
DEMAND: NEW LEASING CLIMBS 54.0% QOQ

Tenant demand strengthened in Q3 2026, driven by new leasing, which totaled 467,000 square feet (sf), up 54.0% quarter-over-quarter (QOQ) and 46.0% YOY. Year-to-date (YTD) new leasing reached 1.1 million square feet (msf), up 12.3% YOY. Class A space accounted for 69.8% of the quarter's new leasing volume. The Keystone submarket led all submarkets with 129,000 sf of new leasing, followed closely by the Northwest at 128,000 sf, and four of the 10 submarkets recorded more than 30,000 sf. The three largest transactions occurred in the Midtown, North/Carmel and Northwest submarkets, collectively totaling 126,000 sf. Sublease leasing volume totaled 56,000 sf, up 4.5% QOQ and 110.6% YOY.

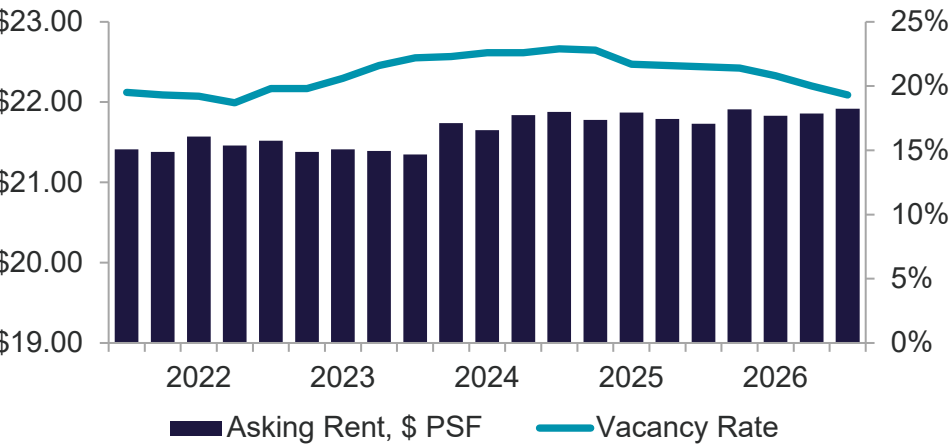
Overall net absorption totaled 2,400 sf in Q3 2026, keeping absorption positive in every quarter of 2026 and bringing the YTD total to 364,000 sf, up 1,038.3% YOY. The Fishers submarket led occupancy gains with 160,000 sf of net absorption, driven by JD Sports' purchase and partial occupancy of The Link. Class B and Class C properties posted net absorption of 78,000 sf and 14,000 sf, respectively, offsetting negative 89,000 sf in Class A space. Available sublease space totaled 371,000 sf, up 1.2% QOQ but down 27.5% YOY.

The overall vacancy rate declined 10 bps QOQ and 120 bps YOY to 19.3%. Vacancy fell YOY in eight of the 10 submarkets, led by Fishers, where it dropped 610 bps QOQ and 500 bps YOY to 6.6%. By class, Class B vacancy fell 80 bps QOQ to 19.4%, aided by the removal of two Class B buildings from inventory, while Class C declined 30 bps QOQ to 6.6%. Class A vacancy rose 50 bps QOQ to 21.5% but remained down 130 bps YOY.

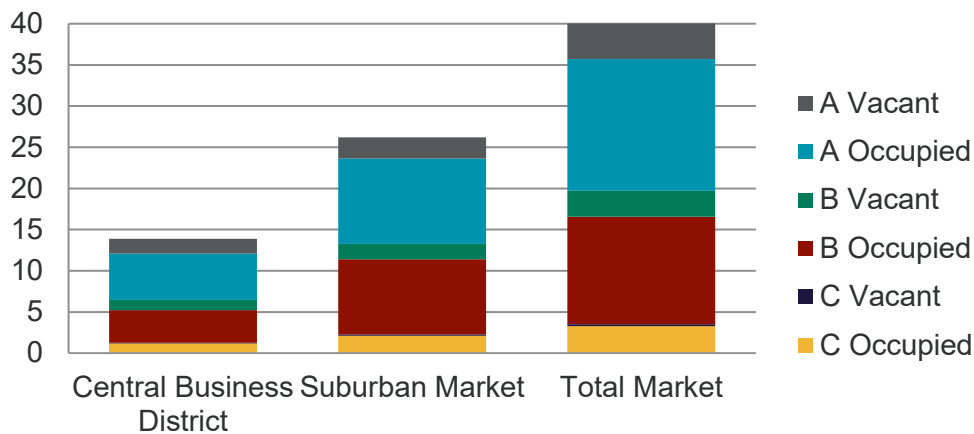
SPACE DEMAND / DELIVERIES



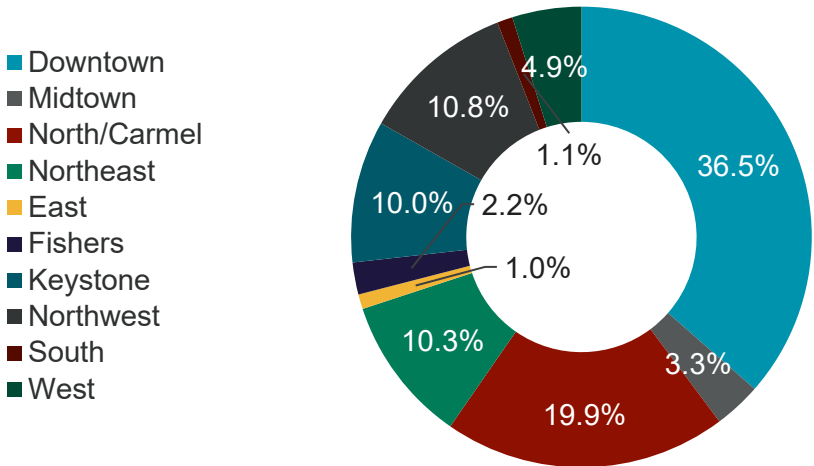
OVERALL VACANCY & ASKING RENT



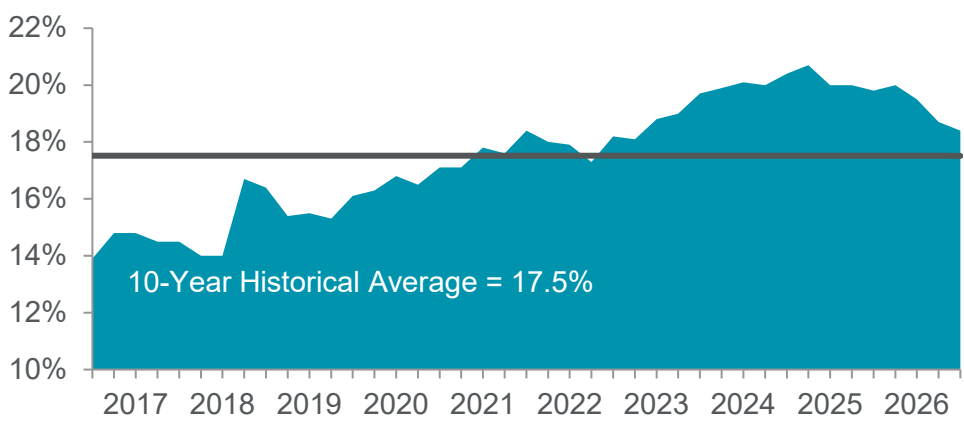
LEASING DEMAND BY CLASS OF SPACE (MSF)



VACANT SPACE BY SUBMARKET



DIRECT VACANCY RATE VS. 10-YEAR AVERAGE



PRICING: CLASS A RENTS RISE 1.4% YOY

Overall average gross asking rents measured \$21.92 per square foot (psf) in Q3 2026, down \$0.08 psf QOQ but up \$0.10 psf YOY, holding within the narrow range the market has maintained over the past several years. Class A rents led the market, increasing \$0.06 psf QOQ and \$0.34 psf YOY to \$24.31 psf, while Class C rents increased \$0.08 psf QOQ and \$0.24 psf YOY to \$18.67 psf. Class B rents declined \$0.43 psf QOQ to \$19.08 psf, down just \$0.01 psf YOY. On a submarket basis, asking rents increased QOQ in the Midtown and North/Carmel submarkets, rising \$0.30 psf and \$0.17 psf, respectively, while the remaining eight submarkets recorded declines. The largest decrease occurred in Fishers, where rents fell \$2.33 psf QOQ to \$20.89 psf. The Keystone submarket recorded the highest asking rents in the market for the 19th consecutive quarter at \$24.87 psf, though its advantage over the Downtown submarket narrowed to \$0.63 psf from \$1.06 psf one year ago.

SUPPLY: PIPELINE HOLDS AT 97,000 SF

No construction projects were completed in Q3 2026, leaving the 20,000-sf Justus build-to-suit (BTS) project in Noblesville as the only delivery this year. The under-construction pipeline held at 97,000 sf, unchanged QOQ and down 76.7% YOY from 417,000 sf. The pipeline consists of two speculative projects: a 70,000-sf building in the Fishers submarket and a 27,000-sf building in the Keystone submarket. No new projects broke ground during the quarter. Office inventory declined by 205,000 sf QOQ as two Class B buildings were removed: 55 Monument Circle in the Downtown submarket, which is being converted to a hotel, and 6100 W. 96th St. in the Northwest submarket, following a user sale. Going forward, new development is expected to favor BTS and heavily preleased projects.

SALE ACTIVITY: SALES VOLUME MORE THAN DOUBLES YOY

Office sales volume totaled 452,000 sf across four transactions in Q3 2026, up 108.8% YOY from 217,000 sf, bringing the YTD volume to 1.1 msf. Activity was driven by JD Sports' \$13.2 million purchase of The Link, a 356,000-sf Class A building in the Fishers submarket, which accounted for 78.7% of the quarter's volume. Investment sales accounted for the remaining three transactions, two of which were in the Downtown submarket, including the \$1.8 million sale of 222 E. Ohio St. to Kerolos Construction, which is slated for redevelopment.

OUTLOOK

- Class A vacant space totaled 4.4 msf in Q3 2026, up from 4.3 msf QOQ but down from 4.6 msf one year ago and its 4.7 msf peak in Q1 2025. With only 97,000 sf under construction and older buildings leaving inventory, limited new supply should support further vacancy declines.
- Class A accounted for 69.8% of new leasing in Q3 2026 and 66.9% YTD, compared with 29.7% for Class B YTD. As tenants continue to favor higher-quality space, Class A properties are expected to capture the majority of future leasing demand.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown	12,061,385	90,759	2,735,633	23.4%	-1,805	-20,749	108,474	0	\$24.24	\$25.68
Midtown	1,827,188	0	257,416	14.1%	-7,590	41,634	103,300	0	\$16.70	N/A
East	570,252	0	80,433	14.1%	1,992	4,316	4,932	0	\$17.97	N/A
Fishers	2,638,148	61,339	113,081	6.6%	159,822	160,019	25,857	70,159	\$20.89	\$21.00
Keystone	4,106,696	31,996	741,458	18.8%	-3,045	11,868	224,890	27,000	\$24.87	\$26.21
North/Carmel	8,424,650	153,359	1,386,487	18.3%	-111,811	-35,642	223,260	0	\$22.79	\$25.04
Northeast	3,287,555	0	798,708	24.3%	27,356	79,123	88,875	0	\$18.41	\$19.84
Northwest	3,889,945	9,721	830,828	21.6%	-55,063	83,766	263,880	0	\$18.32	\$20.29
South	1,392,040	2,985	81,959	6.1%	-1,909	-3,168	2,332	0	\$18.61	\$19.98
West	1,907,030	20,825	355,327	19.7%	-5,551	42,814	45,337	0	\$16.33	\$17.87
Class A	20,383,125	179,165	4,197,127	21.5%	-89,043	213,164	729,870	97,159	\$24.31	
Class B	16,206,186	182,933	2,962,672	19.4%	77,905	131,275	324,329	0	\$19.08	
Class C	3,515,578	8,886	221,531	6.6%	13,534	19,542	36,938	0	\$18.67	
TOTAL	40,104,889	370,984	7,381,330	19.3%	2,396	363,981	1,091,137	97,159	\$21.92	\$24.31

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

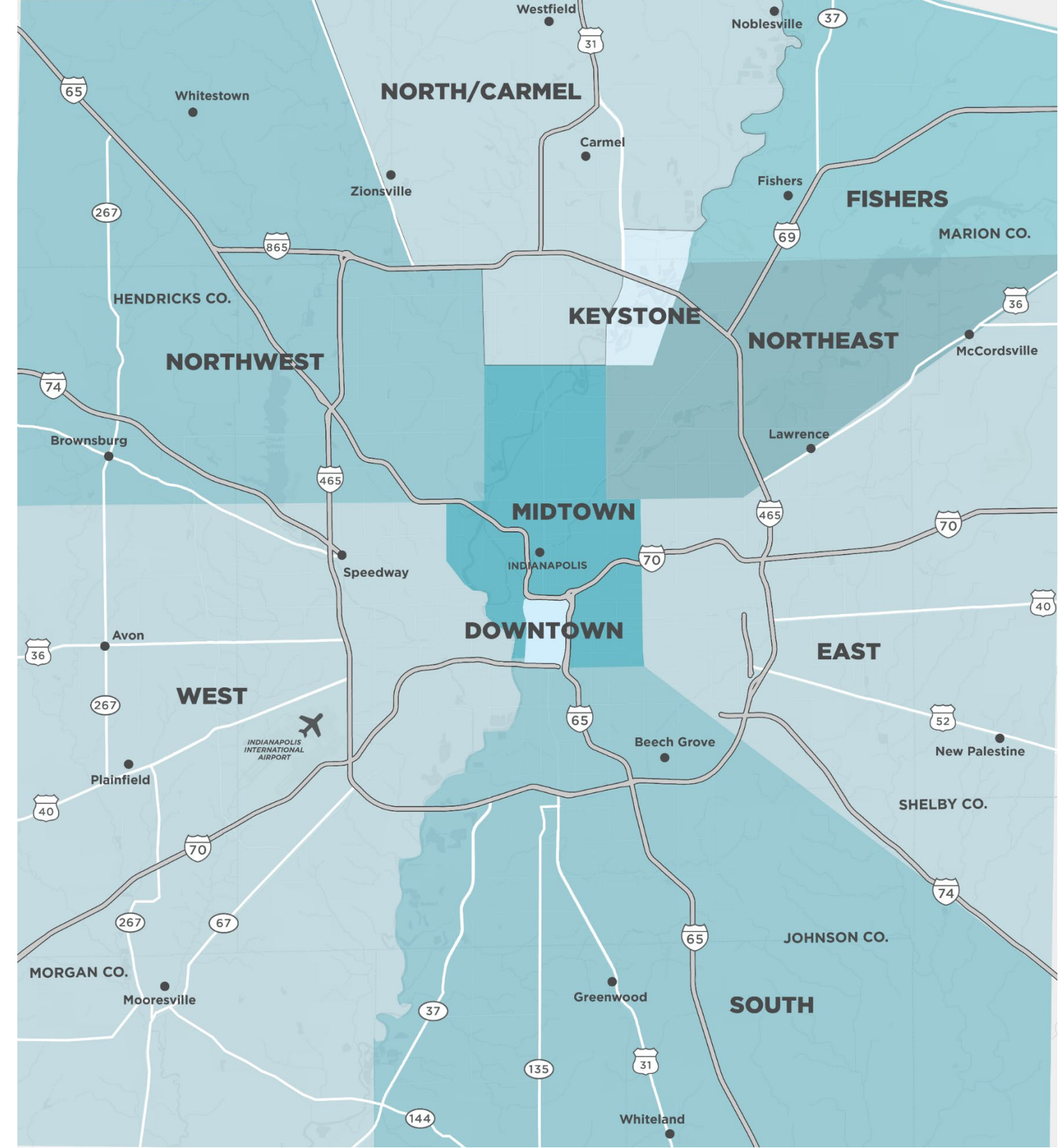
PROPERTY	SUBMARKET	TENANT	SF	TYPE
2955 N Meridian St	Midtown	Health and Hospital Corp of Marion County	53,713	New
13085 Hamilton Crossing Blvd	North/Carmel	Koola Logistics	38,322	New
571 Monon Blvd	North/Carmel	MJ Insurance	37,964	Renewal*
7702 Woodland Dr	Northwest	IU Health	33,975	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
11100 USA Pky – The Link	Fishers	M & J Wilkow JD Sports	355,921	\$13.2M \$37
222 E Ohio St	Downtown	Flaherty & Collins, Inc Kerolos Construction	61,248	\$1.8M \$29

OFFICE SUBMARKETS



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