



MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.2% Vacancy Rate	▼	▲
11.9M YTD Net Absorption, SF	▲	▲
\$6.60 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

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

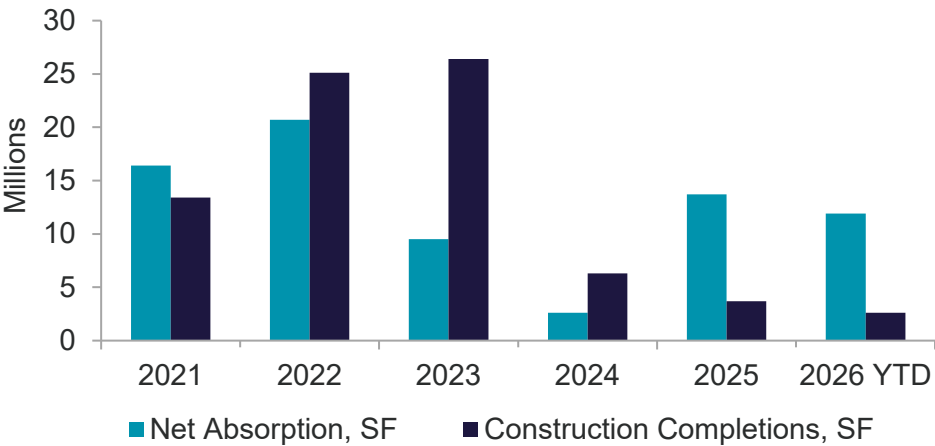
The Federal Reserve raised the federal funds rate by 25 basis points (bps) in September to a target range of 3.75%-4.00%, its first increase since 2023, citing persistent inflation. The 10-Year Treasury yield climbed above 5.0%, its highest level in nearly two decades, raising borrowing costs for commercial 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: ABSORPTION OVER 3.0 MSF FOR FIFTH STRAIGHT QUARTER

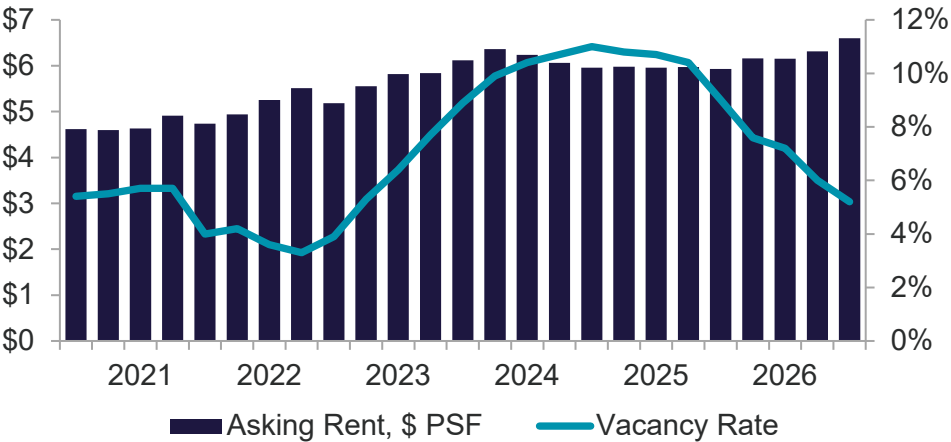
Large-block users continued to power the Indianapolis industrial market in Q3 2026. The market recorded 3.8 million square feet (msf) of overall net absorption, its fifth consecutive quarter above 3.0 msf, pushing the year-to-date (YTD) total to 11.9 msf, up 48.1% YOY. New leasing volume held steady at 4.9 msf across 60 leases with the mix tilted heavily toward big-box leases. The 13 deals over 100,000 square feet (sf) accounted for 83.5% of all new leasing, led by Keller Logistics Group's 806,000-sf commitment in the East submarket. The Southwest captured the largest share of new leasing at 45.6%, while the East led net absorption at 1.8 msf. Warehouse/distribution users accounted for 96.5% of activity, and YTD leasing of 14.0 msf is ahead of last year's 12.7 msf.

Sustained demand continued to tighten the market. Overall vacancy fell 80 bps quarter-over-quarter (QOQ) to 5.2%, its lowest level since Q3 2022, and the market absorbed 13.5 msf of vacant space over the past year. Vacancy in the East submarket declined 290 bps QOQ to 7.1%, while the South, though still the market's highest at 9.4%, has compressed 780 bps YOY. The tightening is broad-based rather than confined to the market's strongest submarkets. The West, Northeast and Northwest submarkets remain the tightest, ranging from 3.1% to 3.5%. Much of the progress has come from big-box product, with Modern Bulk's share of vacant space decreasing from 73.9% to 63.7% over the past year. Sublease space also shrank, down to 1.4 msf from 2.7 msf a year ago.

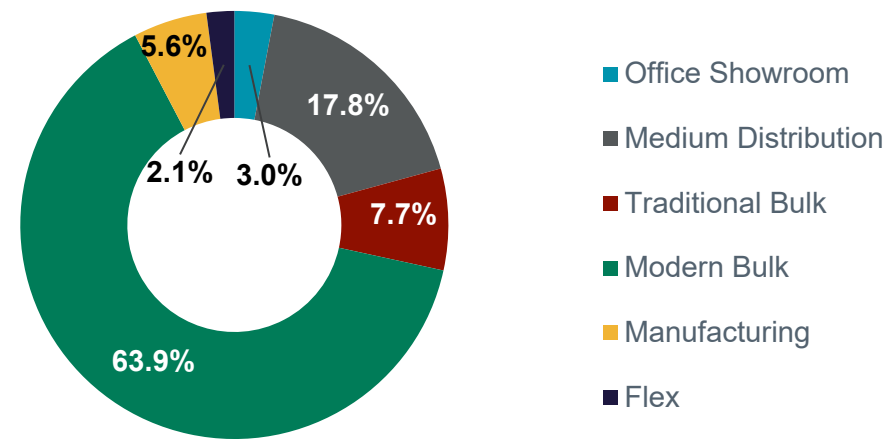
SPACE DEMAND / DELIVERIES YTD



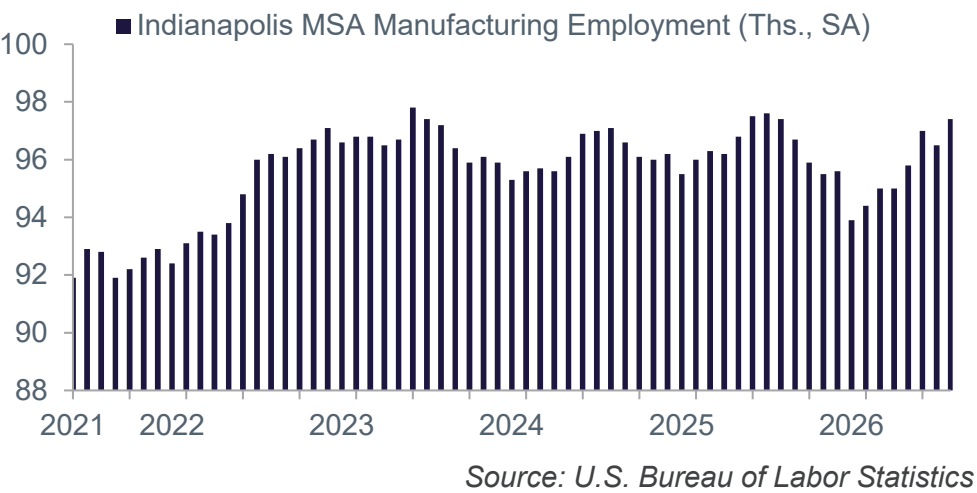
OVERALL VACANCY & ASKING RENT



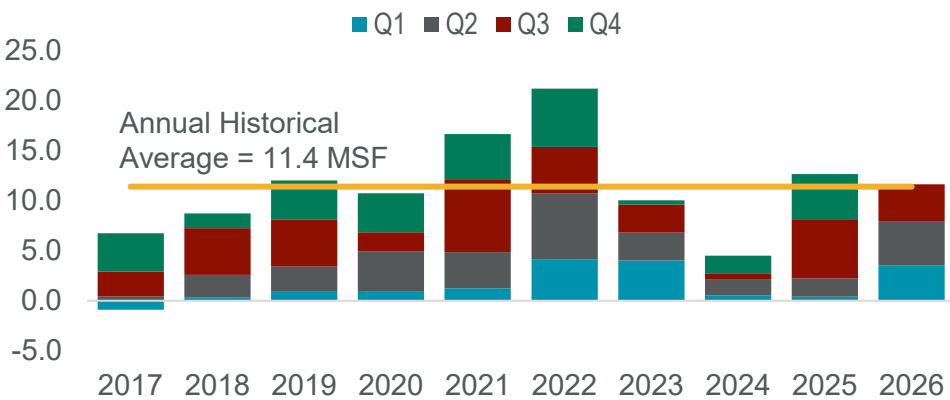
VACANT SPACE BY PRODUCT TYPE
PERCENTAGE OF TOTAL VACANT SPACE



MANUFACTURING EMPLOYMENT
INDIANAPOLIS-CARMEL MSA



HISTORICAL DIRECT NET ABSORPTION



SUPPLY: DEVELOPMENT PIPELINE CLIMBS TO 8.9 MSF

Construction completions totaled 1.3 msf across seven projects in Q3 2026, bringing the YTD total to 2.6 msf. Build-to-suit (BTS) projects accounted for four of the quarter's deliveries, led by the 400,000-sf Bastian Solutions facility in the Northeast submarket, along with the 77,000-sf BTS expansion for INCOG BioPharma in the same submarket. The remaining three buildings were speculative deliveries totaling 568,000 sf, led by two projects in the Northwest submarket: 65 Commerce Park Building 7 (286,000 sf) and Park 65 Building 1 (202,000 sf). The third building totaled 80,000 sf. All three speculative buildings delivered fully vacant. Medium Distribution and Manufacturing properties led new supply, with the balance consisting of Modern Bulk and Transport product.

The construction pipeline expanded for the fourth consecutive quarter, increasing 38.0% QOQ from 6.5 msf to 8.9 msf, more than triple the 2.5 msf underway one year ago. The market currently has 24 projects underway, consisting of nine BTS projects and 15 speculative projects. BTS development totaled 4.1 msf, or 46.0% of the pipeline, while speculative construction totaled 4.8 msf (54.0%), up 800.5% from 0.5 msf one year ago. Developers broke ground on 2.0 msf of new projects in Q3 2026, compared with no new starts in Q3 2025. Eight of the nine submarkets have projects underway, with Downtown the only exception. The Southwest, West, Northwest and South submarkets account for 8.0 msf, or 89.1% of the total pipeline. The largest projects underway include HarperCollins' 1.6 msf BTS facility in Brownsburg and the 1.2 msf speculative building at I-65 Park South Logistics Center in Whiteland. Speculative development is concentrated in the South and Southwest submarkets, which account for 64.1% of speculative space under construction, and 75.4% of it is Modern Bulk product. Only 12.2% of that speculative space is preleased. Overall, Modern Bulk represents 78.2% of all construction.

PRICING: RENTS POST LARGEST QUARTERLY GAIN SINCE 2022

Average overall net asking rents increased \$0.29 per square foot (psf) QOQ to \$6.60 psf, the largest quarterly gain since Q4 2022, and up 10.2% YOY from \$5.99 psf. Rent growth was broad-based, with seven of the market's nine submarkets recording increases. The North and West submarkets posted the strongest gains, with asking rents rising \$1.38 psf and \$0.71 psf, respectively. The Northeast was the only submarket to record a decline, falling \$0.43 psf. Part of the market-wide increase in asking rents reflected a shift in the mix of available space, as lower-priced Modern Bulk space continued to be leased, leaving a higher-priced pool of remaining availability. At the property-type level, Transport and Traditional Bulk led rent growth, rising \$6.14 psf and \$0.23 psf, respectively. Asking rents increased across six of the seven product types, with Office Showroom the only exception.

OUTLOOK

- Indianapolis has absorbed 17.4 msf over the past four quarters, and YTD absorption has already reached 87.9% of the 13.6 msf recorded in all of 2025. With 13 leases over 100,000 sf signed this quarter, large-block demand should keep absorption positive in the near term, though higher borrowing costs may slow decision-making for some occupiers.
- Vacancy has fallen to 5.2%, its lowest level since Q3 2022, while the construction pipeline has more than tripled over the past year to 8.9 msf. With 87.8% of speculative space under construction still available, and this quarter's speculative deliveries arriving vacant, vacancy is expected to rise modestly as new projects deliver. Higher interest rates may also temper the pace of new speculative starts.

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CURRENT QTR CONSTR COMPLETIONS (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*
Downtown	132	6,687,238	0	367,199	5.5%	0	127,555	0	0	0	\$7.50
East	541	64,892,086	39,245	4,576,403	7.1%	1,767,477	2,767,658	351,546	0	0	\$6.28
North	129	5,947,128	30,000	186,427	3.6%	-19,213	16,060	102,500	80,000	112,000	\$12.25
Northeast	324	21,291,078	209,860	489,279	3.3%	823,199	1,410,630	284,100	730,550	1,098,582	\$9.27
Northwest	558	79,805,461	248,233	2,550,246	3.5%	395,947	1,570,174	1,827,472	487,844	857,384	\$7.78
South	182	35,656,657	410,000	2,941,106	9.4%	-275,397	1,390,048	1,798,623	0	152,000	\$5.68
Southeast	263	18,972,477	125,664	1,348,369	7.8%	128,215	626,867	238,868	44,000	337,461	\$6.74
Southwest	593	104,323,582	306,583	4,103,646	4.2%	863,025	4,373,227	2,231,700	0	79,000	\$6.29
West	159	20,644,011	5,000	641,209	3.1%	95,518	-364,915	2,097,732	0	0	\$8.14
PROPERTY TYPE											
Office Showroom	484	14,572,128	40,855	513,734	3.8%	-69,355	-51,137	131,500	0	0	\$10.34
Medium Distribution	1,087	72,429,545	523,169	2,761,804	4.5%	405,613	1,388,581	1,268,196	612,050	792,241	\$7.70
Traditional Bulk	139	34,980,780	98,400	1,320,506	4.1%	-115,052	109,893	0	0	0	\$8.94
Modern Bulk	303	170,708,134	589,980	11,238,032	6.9%	3,138,604	9,341,237	6,988,125	286,344	907,725	\$5.66
Manufacturing	536	53,386,766	10,000	1,022,666	1.9%	400,560	934,193	544,720	400,000	737,336	\$5.68
Flex	248	8,540,856	112,181	274,764	4.5%	-25,599	136,137	0	0	155,125	\$9.93
Transport	84	3,601,509	0	72,378	2.0%	44,000	58,400	0	44,000	44,000	\$19.89
INDIANAPOLIS TOTALS	2,881	358,219,718	1,374,585	17,203,884	5.2%	3,778,771	11,917,304	8,932,541	1,342,394	2,636,427	\$6.60

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2026

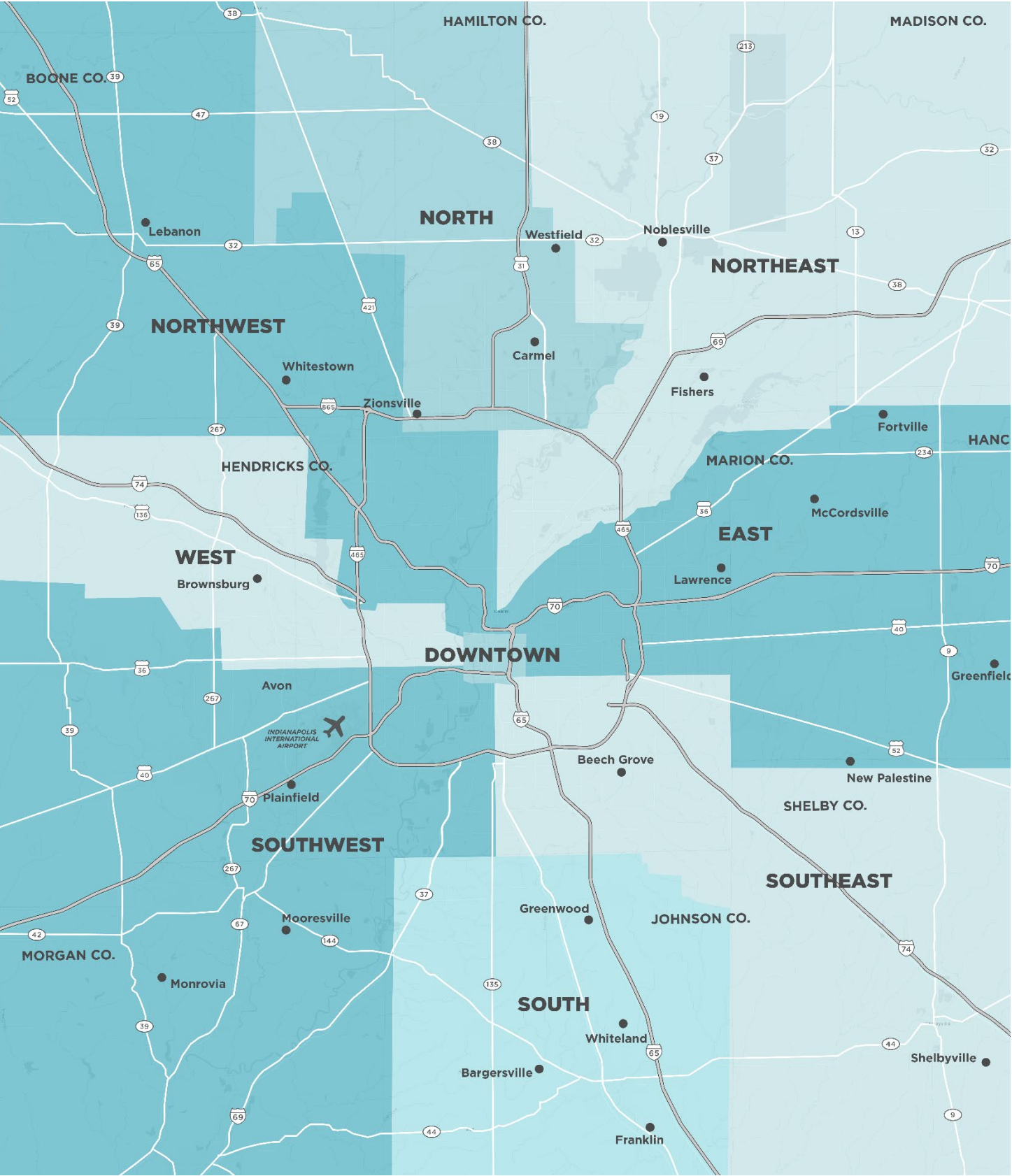
PROPERTY	SUBMARKET	TENANT	SF	TYPE
3003 Reeves Rd	Southwest	FullBeauty Brands, Inc	741,221	Renewal*
8677 Impact Ct	East	Adidas Group	599,152	Renewal*
Boston Scientific BTS	Southwest	Boston Scientific	587,343	New
807 S Perry Rd	Southwest	Ryder Integrated Logistics	402,932	New

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q3 2026

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER/DEVELOPER
Bastian Solutions BTS	Northeast	BTS	400,000	Bastian Solutions Peterson Group
65 Commerce Park Building 7	Northwest	SPEC	286,344	SCP SCP
Park 65 Building 1	Northwest	SPEC	201,500	Browning Browning

INDUSTRIAL SUBMARKETS



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