

Strong Leasing Velocity Makes for Healthier Indianapolis Office Market

Fundamentals Improve Across All Classes of Space, Reports Cassidy Turley Q3 Market Update

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INDIANAPOLIS – Cassidy Turley, a leading commercial real estate services provider in the U.S., announced today that stronger leasing velocity and improved fundamentals in all classes of office space indicate a much healthier property market. All classes of space posted occupancy gains for the third quarter and the year.

“It was another very strong quarter for the Indianapolis office market, and I was particularly pleased to see that growth is now permeating all classes of space as tenant expansions and new leasing continue to accelerate,” said Jason Tolliver, Regional Vice President in Cassidy Turley’s Indianapolis office. “It is also very encouraging to see that job openings in important office sectors are rising, suggesting the strong employment trends that have propelled the Indianapolis recovery will continue to strengthen.”

Q3 2014 Office Highlights:

- **Quick Summary:** The office market absorbed 94,487 square feet in the third quarter of 2014 with net occupancy gains for the year at 238,918 square feet. Notable leasing activity for the year has surpassed 1.6 million square feet with over 400,000 square feet occurring during the third quarter.
- **Growth Areas:** Growth for the year has been most pronounced in the Midtown and Northeast submarkets. However, seven of the 10 submarkets witnessed occupancy gains in the quarter and all saw improved underlying fundamentals.
- **Vacancy Rates:** Vacancy rates overall fell slightly and are currently tracking just under the historical average at 18.5%. The Midtown submarket’s vacancy rate was 5.1%, followed by the East submarket tracking at 6.1%. Class C space maintained the highest vacancy rate at 17.2%, although all classes of space saw quarterly improvement.
- **Outlook:** Hiring in key office-using sectors will translate into vacancy declines of 50–80 basis points. Net occupancy gains will occur in all classes of space for the first time since before the recession, and net absorption for the year will surpass the 200,000 square foot mark for the third consecutive year. Asking rents will realize annualized gains of 1.4% in 2014 with further improvement expected in 2015.