

# Indianapolis, Indiana

Tenant's Guide ■ North American Markets ■ Second Quarter 2010

## Overview

The Indianapolis office and industrial markets are continuing to see cautious activity from tenants and property owners. Any tenant with a lease expiring within the next two years has the opportunity to take advantage of market conditions to either reduce current rent or gain needed improvements or other concessions from the landlord. The underlying financial markets behind the commercial real estate sector continue to be effectively frozen, resulting in few sale transactions of leased properties, no new development, and very tight improvement budgets from landlords. Tenants are finding it more attractive in many instances to renew in their current locations rather than move to spaces needing extensive renovations.

## Market Trends

- There are vastly more renewals than relocations.
- There are very few new tenants in the market.
- Development of spec office and warehouse space has stopped.

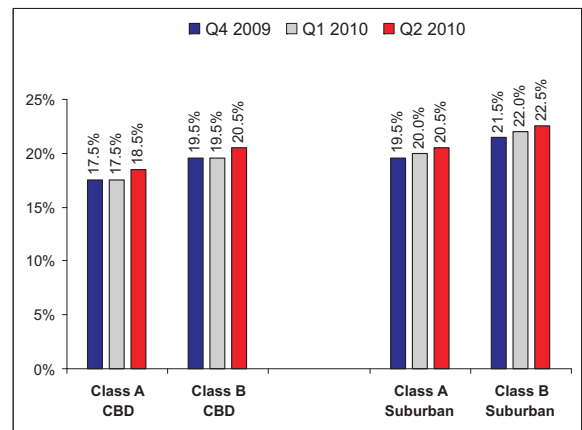
## Tenant's Perspective

Due to the lack of new development occurring in the office market, significant opportunities exist for the savvy tenant in new or second generation space. Current deal making emphasizes the lease rate with annual increases, so opportunities for up front incentives including free rent periods and above standard improvement allowances are available. With an increasingly competitive roster of property owners in the market it has become more important than ever to shop around to find the most aggressive deals at any point in time.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Johnson & Johnson	1,100,000	Industrial	Build-to-suit
Case New Holland	842,000	Industrial	Renewal
Nice-Pak Products	813,000	Industrial	Lease
OHL	507,000	Industrial	Lease
Georgetown Comm. Park	149,000	Industrial	Sale
IN Dept. Env. Mgmt	53,000	Office	Lease
Community Hospital	42,000	Office	Lease
Choices, Inc.	22,000	Office	Renewal
Backhaul Direct	16,000	Office	Lease
Suburban Health Org.	14,000	Office	Renewal

## Vacancy Rate



## Average Rental Rates

CBD	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$21.00	\$21.00	\$21.00
Class B Office	\$16.00	\$16.00	\$16.00

Suburban	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$21.00	\$21.00	\$21.00
Class B Office	\$16.00	\$16.00	\$16.00
R&D	\$14.00	\$14.00	\$14.00

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