



Ryan Kelly

Indianapolis office vacancy jumps 20%, stalls in suburbs

By Tom Spalding

The rising trend of emptying office space in suburban Indianapolis finally stalled during the third quarter, but it was a different story in the city as the exit of Safeco Insurance from Downtown jumped the commercial business district rate up to 20 percent.

The metro overall vacancy rate was at 23 percent, a drop of 0.4 of a percentage point. Companies such as ITT, Clarian Health Partners, University of Phoenix and MedTech College leased space in suburban submarkets, Summit Realty Group said in a report Thursday.

But the Downtown Indianapolis rate rose 4 percent as Safeco exited 330,000 square feet -- moving its insurance operations to the Far Northside -- and Regions Bank downsized its operations in One Indiana Square, adding another 39,000 square feet of available Downtown space. Also noted in the report: The amount of vacant Indianapolis office space has grown since the third quarter of 2008.

In a separate report, Summit said the availability of industrial space in the Indianapolis metro area increased slightly in the last three months. A new 423,000-square-foot industrial park in Hancock County was part of the 1.2 million square feet made available in the third quarter, Summit Realty Group reported. Axxess 70 is located in Mount Comfort and sits north of I-70. The overall vacancy rate for industrial space in the Indianapolis metro market rose half of a percentage point, to 10.5 percent, from the second quarter to the third quarter of this year. No new construction of industrial space is scheduled through the end of the year, the report said.

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“The Indianapolis industrial market is holding steady and continues to outperform other markets in the region,” said Ryan C. Kelly, director, industrial advisory services.