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Research
Indianapolis
Office | January 2024

Five things to know…2023 Office Sales Recap

By the numbers

$173.1M
Sales volume

1,502,278
Total volume (s.f.)

20
Count of sales

24
Count of properties

$115.25
Average price (p.s.f.)

8.96%
Average cap rate

1 Activity remains consistent, but at lower volumes

- 20 office sales closed for the second year in a row.
- Meanwhile, volume of sales (in terms of both square footage and dollar amount) are trending down since 2021.

2 Owner-user sales return

- Seven user sales closed in 2023 following none in 2022 and only three in 2021.
- Sales occurred exclusively in the north suburbs, the majority taking place in Keystone.
- First Merchants Bank, Rehab Medical, D.R. Horton and Lucas Oil are examples.

3 Class B leads the way

- Class B accounted for over half (53%) of all sales transacted.
- Ten were acquisitions while four were owner-users as both seek out value-add opportunities.
- Two-thirds of these sales took place in the CBD and North Meridian submarkets (5 apiece).

4 Online auctions prove viable?

- One office property (One Concourse) sold via auction in 2022. That doubled to two this year (Broad Ripple Tower and Two Woodfield).
- While still a very small percentage, auction sales are on the rise nationally YoY according to online CRE auction company Ten-X.

5 Looking ahead to 2024…

- One significant theme to monitor will be buildings facing loan maturity challenges and the impact it could have on the market.
- Several high-profile assets are expected to be brought to market for sale in 2024.
- These properties are located both in the CBD and suburbs.

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