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NWI office vacancy rate increases

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Northwest Indiana's office vacancy rate increased slightly last year as the market stabilized.

Merrillville-based Commercial In-Sites released its annual Class A office market report, which found office vacancy rose from 13% in 2023 to 17% last year in Northwest Indiana.

"2024 was somewhat of a stabilization period in commercial real estate with COVID-19 concerns having passed and supply chains rebalanced," Commercial In-Sites Principal David A. Lasser

said. "Elevated mortgage interest rates, and high new construction costs are limiting new construction. Many companies and employees are working through finding balance blending working from home and offices."

The reported tracked 26 office buildings with 1.3 million square feet. Non new buildings were added to the report.

"Northwest Indiana's office market occupancy remained mostly unchanged over the past year," Lasser said. "We are reporting that 11 of these 26, or 42% of the properties, are at 100% occupancy

or reporting zero space vacant."

The office vacancy rate in the Chicago metro area is 17%. The vacancy rate is only 10% in Northwest Indiana if one excludes 8585 Broadway. The 190,000-square-foot office tower just south of U.S. 30 in Merrillville is the largest office building in Northwest Indiana and has had a high vacancy rate since Chase moved out. It was built by Gainer Bank in 1977 and many tenants gravitate toward newer Class A office space.

"In the three newest construction developments — Oxbow Landing in Hammond, Cardinal

Campus in Highland, and Maple Leaf Crossings in Munster — only 10,540 SF remain available," Lasser said, "Average asking full service gross rents surveyed increased by 40 cents per square foot to \$25.90 per square foot."

Demand is steady and the market should continue to tighten unless new inventory starts to get developed, Lasser said.

"Based on current active leasing prospects and no additional new multi-story office buildings ready for delivery in 2025, we expect to see vacancy rates reduce in 2025," he said.