Q2 2017 Research Report

INDIANAPOLIS INDUSTRIAL

RESOURCE COMMERCIAL REAL ESTATE

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Indianapolis Industrial Market Continues to Grow

Market Indicators Indianapolis Industrial Market

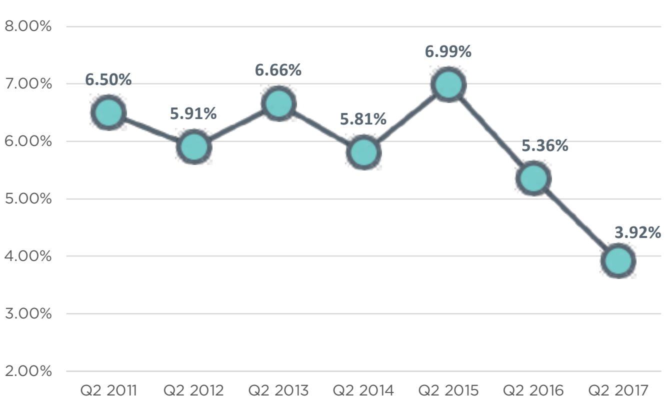
Relative to prior period	Q2 2017	Y-O-Y
VACANCY	↑	↑
NET ABSORPTION	+	−
CONSTRUCTION	↑	↑
RENTAL RATES	↑	↑

Summary Statistics

	Q2 2017	Q1 2017	Q4 2016
Vacancy Rate	3.92%	3.83%	5.36%
Absorption	669,496	481,800	2,369,465
New Supply	939,550	1,756,200	1,569,738
Under Construction	8,118,985	6,100,649	2,350,939

Vacancy Rates

Indianapolis Industrial Market // 2nd Qtr Y-O-Y Comparison



REGIONAL SUMMARY

The 2nd quarter of 2017 has yet again reached new heights with the largest construction activity in the Industrial market to date totaling over 8 million SF. Despite the climbing construction activity, less than 1 million SF was completed in Q2 2017, nearly half of last quarters new supply. The quarter also recorded a positive net absorption of 669,496 SF. The vacancy rate increased slightly from last quarter from 3.83% to 3.92%. Notable completions include a 171,600 SF building in Plainfield Business Center and NK Hurst's 67,500 SF building in the Northwest submarket. Most of the construction is currently underway in the Southwest and Northwest submarkets with many projects expected to completed by the end of the year.

ECONOMIC ENVIRONMENT

A study performed by Ball State University Center for Business and Economic Research showed that the manufacturing and logistics sectors in Indiana have grown 41% since 1997, outpacing the other Midwest states. Indiana's unemployment rate stands at 3.0% and remains lower than the national average of 4.4%. After dropping .09 percent in Q2, Indiana's unemployment is at a nearly two decades low. Indiana's total labor force stands at more than 3.33 million. The current unemployment rate is lower than its bordering states: Illinois (4.7%), Kentucky (5.1%), Michigan (3.8%) and Ohio (5.0%).

NOTABLE LEASE & SALE TRANSACTIONS

COMPANY	SF	TYPE	SUB-MARKET	ADDRESS
LSC Communications US LLC	799,344	Renewal	SW	700-716 Airtech Parkway
Best Choice Products	702,000	New	SW	3375 Plainfield Rd.
Ryder Integrated Logistics	412,000	New	S	760 Commerce Pky E Dr.
Geodis Logistics	400,092	New	SW	3870 S Ronald Reagan Parkway
Henkle Corporation	355,780	New	SE	7445 Company
Green Meadows Airtech Parkway LLC	293,423	Sale	SW	390 Airtech Pkwy
Time Factory Publishing	257,030	Sublease	NW	4055 S 500 E
Wesco Distribution, Inc.	212,500	New	E	2588 Jannetides Blvd
MD Logistics	173,430	Renewal	SW	2150 Stanley Rd.
FST Logistics	140,800	New	NW	5645 W 82nd St.
Federal-Mogul Powertrain LLC	89,563	Lease	Carmel/ Meridian	5435 Dylan Dr.
Mansfield-King	81,502	Renewal	E	254 S Kitley Ave
Cummins Crosspoint LLC	73,120	Lease	SW	4557 W. Bradbury Ave
Auxillary Operations	70,400	Renewal	SW	923 Whitaker Rd

NET ABSORPTION

- The net absorption has remained positive for the 17th straight quarter with 669,496 SF.
- The South and Southwest submarkets account for over half of the total net absorption with more than 500,000 SF.

VACANCY

- Vacancy increased 9 basis points from 3.83% in Q1 to 3.92% in Q2 2017.
- The vacancy rate has increased two straight quarters.

ACTIVITY

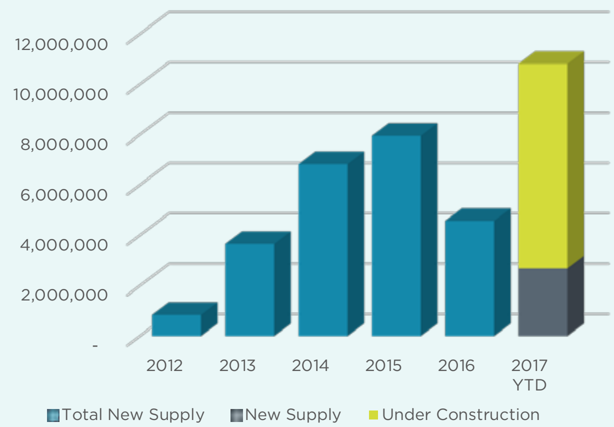
- With over 8 million SF under construction, Q2 2017 has the most construction since Q2 2014.
- The Southwest submarket is responsible for over half of the total construction with 5.3 million SF.
- Nearly 1 million SF was completed in Q2 along with several projects to be completed by the end of the year.

OUTLOOK

- Multiple projects are expected to be delivered in late 2017, signifying a healthy industrial market.

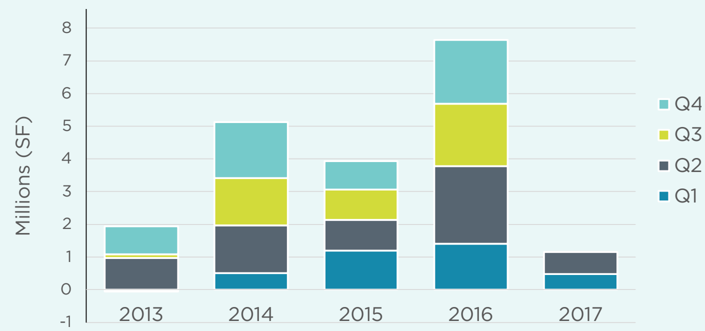
Yearly Construction and New Supply

Indianapolis Industrial Market // 2nd Qtr Y-O-Y Comparison



Cumulative Net Absorption

Indianapolis Industrial Market // 2nd Qtr Y-O-Y Comparison



INDIANAPOLIS INDUSTRIAL SUBMARKET MAP

INDIANAPOLIS INDUSTRIAL MARKET // Q2 2017

Type	Bldgs	Total Inventory SF	Direct Vacant SF	Sublet Vacant SF	Total Vac SF	Vac Rate Current Qtr	Vac Rate Prev Qtr	Net Absorption Current Qtr SF	YTD Net Absorption SF	Completions Current Qtr SF	Completions YTD SF	Under Const. SF	Direct Available SF
DOWNTOWN													
WH/DIST	552	30,900,395	1,068,112	-	1,068,112	3.46%	3.29%	(51,894)	(7,074)	-	-	-	802,820
FLEX	51	1,750,129	91,507	8,500	100,007	5.71%	6.79%	18,862	27,243	-	-	-	121,157
CBD Total	603	32,650,524	1,159,619	8,500	1,168,119	3.58%	3.48%	(33,032)	20,169	-	-	-	923,977
EAST													
WH/DIST	522	39,379,427	1,468,428	369,566	1,837,994	4.67%	5.20%	243,345	(320,879)	-	100,000	73,000	3,931,878
FLEX	58	3,144,122	155,619	-	155,619	4.95%	5.22%	8,628	(24,353)	-	-	-	315,136
East Total	580	42,523,549	1,624,047	369,566	1,993,613	4.69%	5.20%	251,973	(345,232)	-	100,000	73,000	4,247,014
NORTH													
WH/DIST	195	8,211,883	334,378	-	334,378	4.07%	4.05%	(1,951)	(3,351)	-	52,400	-	460,298
FLEX	65	1,832,795	67,244	-	67,244	3.67%	2.50%	(21,363)	(537)	-	-	-	97,005
North Total	260	10,044,678	401,622	-	401,622	4.00%	3.77%	(23,314)	(3,888)	-	52,400	-	557,303
NORTHEAST													
WH/DIST	477	30,080,548	1,243,691	22,613	1,266,304	4.21%	5.05%	65,170	336,157	70,000	70,000	188,946	3,412,298
FLEX	154	4,861,153	577,460	66,920	644,380	13.26%	11.15%	(56,742)	(99,387)	-	-	-	452,510
Northeast Total	631	34,941,701	1,821,151	89,533	1,910,684	5.47%	5.90%	8,428	236,770	70,000	70,000	188,946	3,864,808
NORTHWEST													
WH/DIST	415	48,011,186	279,341	221,796	501,137	1.04%	1.75%	62,362	98,225	697,950	1,406,254	1,752,210	4,859,434
FLEX	82	4,478,455	277,289	4,426	281,715	6.29%	6.20%	(4,261)	65,329	-	-	-	675,208
Northwest Total	497	52,489,641	556,630	226,222	782,852	1.49%	2.13%	58,101	163,554	697,950	1,406,254	1,752,210	5,534,642
SOUTH													
WH/DIST	139	14,224,711	8,443	-	8,443	0.06%	1.37%	186,006	161,581	-	-	726,072	932,293
FLEX	38	1,050,386	12,982	-	12,982	1.24%	3.44%	23,182	12,000	-	-	-	43,232
South Total	177	15,275,097	21,425	-	21,425	0.14%	1.51%	209,188	173,581	-	-	726,072	975,525
SOUTHEAST													
WH/DIST	295	18,006,694	498,439	5,000	503,439	2.80%	4.39%	287,880	39,706	-	-	-	2,277,135
FLEX	45	1,139,038	21,272	-	21,272	1.87%	5.69%	43,526	(4,024)	-	-	-	47,016
Southeast Total	340	19,145,732	519,711	5,000	524,711	2.74%	4.47%	331,406	35,682	-	-	-	2,324,151
SOUTHWEST													
WH/DIST	723	75,334,935	3,753,327	411,000	4,164,327	5.53%	3.43%	(312,492)	644,622	171,600	1,067,096	5,378,757	5,660,719
FLEX	65	2,097,505	234,792	14,641	249,433	11.89%	11.07%	34,159	85,586	-	-	-	231,909
Southwest Total	788	77,432,440	3,988,119	425,641	4,413,760	5.70%	3.63%	(278,333)	730,208	171,600	1,067,096	5,378,757	5,892,628
WEST													
WH/DIST	159	13,773,814	486,856	-	486,856	3.53%	4.72%	145,079	126,652	-	-	-	491,783
FLEX	22	676,221	5,230	-	5,230	0.77%	-1.27%	-	13,800	-	-	-	9,249
West Total	181	14,450,035	492,086	-	492,086	3.41%	4.44%	145,079	140,452	-	-	-	501,032
MARKET TOTAL													
WH/DIST	3,477	277,923,593	9,141,015	1,029,975	10,170,990	3.66%	3.59%	623,505	1,075,639	939,550	2,695,750	8,118,985	22,828,658
FLEX	580	21,029,804	1,443,395	94,487	1,537,882	7.31%	7.00%	45,991	75,657	-	-	-	1,992,422
Market Total	4,057	298,953,397	10,584,410	1,124,462	11,708,872	3.92%	3.83%	669,496	1,151,296	939,550	2,695,750	8,118,985	24,821,080

Indianapolis Market Dataset

RESOURCE Commercial Real Estate's criteria for inclusion in the industrial market data set: All flex, warehouse, and distribution space, excluding heavy manufacturing space, 10,000 square feet and above are tracked.

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