

# Q1 2018 RESEARCH REPORT

## Indianapolis Industrial

### REGIONAL SUMMARY

The 1st quarter of 2018 got off to a great start by absorbing over 1 million square feet and the completion of new buildings in the Indianapolis Industrial market. The 1st quarter delivered over 1.2 million SF in new product. The vacancy rate increased this quarter nearly rising a full point from last quarter's 4.38% to 5.33%. Construction remains active in the Indianapolis market with almost 6 million SF underway along with several projects expected to be complete by mid-2018. Notable deliveries this quarter include the 100,000 SF BorgWarner building in the Northeast submarket and Scannell's 232,500 SF building in Greenwood.

### ECONOMIC ENVIRONMENT

The Indianapolis Industrial market is surging ahead with the addition of distribution facilities of ecommerce vendors. Retail sales have overall tripled over the year and given the central location of Indianapolis, companies are choosing central Indiana as a destination. Indiana's unemployment rate stands at 3.2% and remains lower than the national average of 4.1%. Indiana's unemployment rate has now been below the national rate for more than four years. The current unemployment rate is lower than its neighboring states: Illinois (4.7%), Kentucky (4.1%), Michigan (4.8%), and Ohio (4.5%).



### MARKET INDICATORS

#### Indianapolis Industrial Market

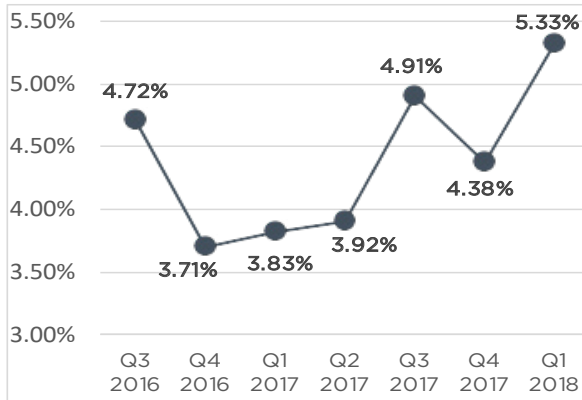
Relative to prior period	Q1 2018	Y-O-Y
VACANCY	↑	↑
NET ABSORPTION	+	+
CONSTRUCTION	↓	↑
RENTAL RATES	↑	↑

### SUMMARY STATISTICS

	Q1 2018	Q4 2017	Q1 2017
Vacancy Rate	5.33%	4.38%	3.83%
Absorption	1,039,062	956,017	484,800
New Supply	1,225,500	2,470,233	1,756,200
Under Construction	5,998,796	6,612,154	6,100,649

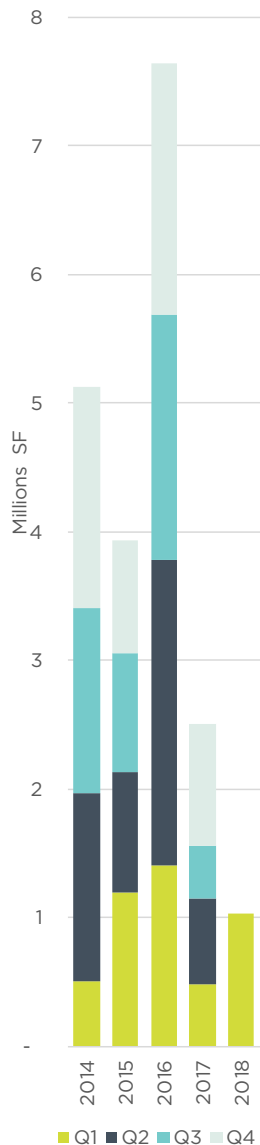
## VACANCY RATES

Q1 Y-O-Y Comparison



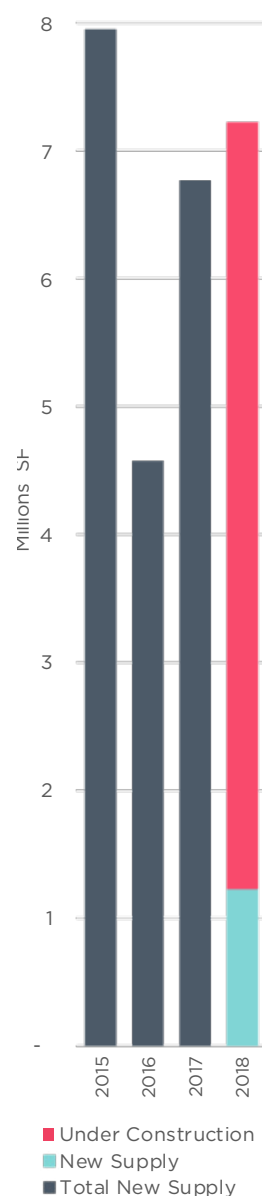
## CUMULATIVE NET ABSORPTION

Q1 Y-O-Y Comparison



## YEARLY CONSTRUCTION & NEW SUPPLY

Q1 Y-O-Y Comparison



## NET ABSORPTION

- + Q1 2018 net absorption is 1,039,062 SF, the most since Q4 2016.
- + Bulk space led the way with 939,309 SF of positive net absorption leading all property types.

## VACANCY

- + Vacancy increased 95 basis points during Q1, from 4.38% to 5.33%.
- + Continued new supply and absorption have provided a consistent ebb and flow of the overall vacancy rate for several years.

## ACTIVITY

- + The Northwest submarket is responsible for just under a half of the total construction with 2.3 million SF.
- + Construction is still steady with over 5.9 million SF of product currently undergoing construction.

## OUTLOOK

- + Multiple projects are expected to be delivered in mid-2018, signifying a healthy industrial market.

## NOTABLE TRANSACTIONS

Q1 2018 Indianapolis Industrial

COMPANY	SF	TYPE	SUB-MARKET	ADDRESS
Neovia Logistics Services	456,000	Renewal	NE	850 Graham Rd
Ingram Micro	448,305	New	SW	2301 Reeves Rd
XPO Logistics	260,400	Renewal	SW	1380 Perry Rd
Mastin & Cain Properties	173,040	New	East	2900 N Shadeland Ave
Niagra Bottling	120,430	New	SW	Airwest Bldg 5
Amcorg Rigid Plastics	107,880	New	South	Chaney Ave, Greenwood

## INDIANAPOLIS INDUSTRIAL SUBMARKET MAP



# INDIANAPOLIS INDUSTRIAL MARKET

## Q1 2018

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
<b>DOWNTOWN</b>													
WH/DIST	552	30,900,395	1,030,369	-	1,030,369	3.33%	3.29%	(14,546)	(14,546)	-	-	-	1,037,199
FLEX	51	1,750,129	37,366	8,500	45,866	2.62%	2.72%	1,800	1,800	-	-	-	60,756
<b>CBD Total</b>	<b>603</b>	<b>32,650,524</b>	<b>1,067,735</b>	<b>8,500</b>	<b>1,076,235</b>	<b>3.30%</b>	<b>3.26%</b>	<b>(12,746)</b>	<b>(12,746)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,097,955</b>
<b>EAST</b>													
WH/DIST	522	39,379,427	1,366,298	489,685	1,855,983	4.71%	5.48%	303,081	303,081	-	-	-	2,086,658
FLEX	58	3,144,122	313,274	8,150	321,424	10.22%	9.02%	(37,821)	(37,821)	-	-	-	577,771
<b>East Total</b>	<b>580</b>	<b>42,523,549</b>	<b>1,679,572</b>	<b>497,835</b>	<b>2,177,407</b>	<b>5.12%</b>	<b>5.74%</b>	<b>265,260</b>	<b>265,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,664,429</b>
<b>NORTH</b>													
WH/DIST	195	8,211,883	489,425	117,000	606,425	7.38%	7.01%	(31,140)	(31,140)	-	-	133,154	481,122
FLEX	65	1,832,795	62,956	7,952	70,908	3.87%	3.54%	2,000	2,000	-	-	-	122,451
<b>North Total</b>	<b>260</b>	<b>10,044,678</b>	<b>552,381</b>	<b>124,952</b>	<b>677,333</b>	<b>6.74%</b>	<b>6.37%</b>	<b>(29,140)</b>	<b>(29,140)</b>	<b>-</b>	<b>-</b>	<b>133,154</b>	<b>603,573</b>
<b>NORTHEAST</b>													
WH/DIST	480	30,269,494	2,371,701	22,613	2,394,314	7.94%	6.85%	(327,551)	(327,551)	100,000	100,000	550,000	2,168,538
FLEX	154	4,861,153	552,797	-	552,797	11.37%	12.51%	(14,020)	(14,020)	-	-	-	387,794
<b>Northeast Total</b>	<b>634</b>	<b>35,130,647</b>	<b>2,839,698</b>	<b>22,613</b>	<b>2,947,111</b>	<b>8.41%</b>	<b>7.64%</b>	<b>(341,571)</b>	<b>(341,571)</b>	<b>100,000</b>	<b>100,000</b>	<b>550,000</b>	<b>2,556,332</b>
<b>NORTHWEST</b>													
WH/DIST	418	48,384,016	4,044,520	-	4,044,520	8.36%	2.62%	1,027,199	1,027,199	-	-	2,318,654	4,208,369
FLEX	82	4,478,455	293,850	9,540	344,733	7.70%	9.40%	65,349	65,349	-	-	-	470,024
<b>Northwest Total</b>	<b>500</b>	<b>52,862,471</b>	<b>4,338,370</b>	<b>9,540</b>	<b>4,389,253</b>	<b>8.30%</b>	<b>3.19%</b>	<b>1,092,548</b>	<b>1,092,548</b>	<b>-</b>	<b>-</b>	<b>2,318,654</b>	<b>4,678,393</b>
<b>SOUTH</b>													
WH/DIST	141	14,687,211	749,009	-	749,009	5.10%	4.73%	(3,501)	(3,501)	232,500	232,500	1,129,072	749,009
FLEX	38	1,050,386	35,198	3,000	38,198	3.64%	2.68%	(7,048)	(7,048)	-	-	-	46,977
<b>South Total</b>	<b>179</b>	<b>15,737,597</b>	<b>784,207</b>	<b>3,000</b>	<b>787,207</b>	<b>5.00%</b>	<b>4.59%</b>	<b>(10,549)</b>	<b>(10,549)</b>	<b>232,500</b>	<b>232,500</b>	<b>1,129,072</b>	<b>795,986</b>
<b>SOUTHEAST</b>													
WH/DIST	295	18,006,694	484,426	10,000	494,426	2.75%	2.92%	18,648	18,648	-	-	-	523,104
FLEX	45	1,139,038	8,422	-	53,016	4.65%	1.60%	(8,400)	(8,400)	-	-	-	53,016
<b>Southeast Total</b>	<b>340</b>	<b>19,145,732</b>	<b>492,848</b>	<b>10,000</b>	<b>547,442</b>	<b>2.86%</b>	<b>2.84%</b>	<b>10,248</b>	<b>10,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>576,120</b>
<b>SOUTHWEST</b>													
WH/DIST	731	79,610,342	2,081,837	23,650	2,923,696	3.67%	3.57%	(115,409)	(115,409)	893,000	893,000	1,867,916	5,251,959
FLEX	65	2,097,505	282,902	3,000	285,902	13.63%	15.84%	46,321	46,321	-	-	-	179,904
<b>Southwest Total</b>	<b>796</b>	<b>81,707,847</b>	<b>2,364,739</b>	<b>26,650</b>	<b>3,209,598</b>	<b>3.93%</b>	<b>3.89%</b>	<b>(69,088)</b>	<b>(69,088)</b>	<b>893,000</b>	<b>893,000</b>	<b>1,867,916</b>	<b>5,431,863</b>
<b>WEST</b>													
WH/DIST	159	13,773,814	368,385	15,000	378,912	2.75%	2.68%	134,100	134,100	-	-	-	388,713
FLEX	22	676,221	10,079	-	14,200	2.10%	1.15%	-	-	-	-	-	19,700
<b>West Total</b>	<b>181</b>	<b>14,450,035</b>	<b>378,464</b>	<b>15,000</b>	<b>393,112</b>	<b>2.72%</b>	<b>2.61%</b>	<b>134,100</b>	<b>134,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,413</b>
<b>MARKET TOTAL</b>													
WH/DIST	3,493	283,223,276	13,799,706	677,948	14,477,654	5.11%	4.07%	990,881	990,881	1,225,500	1,225,500	5,998,796	16,894,671
FLEX	580	21,029,804	1,686,902	40,142	1,727,044	8.21%	8.61%	48,181	48,181	-	-	-	1,918,393
<b>MARKET TOTAL</b>	<b>4,073</b>	<b>304,253,080</b>	<b>15,486,608</b>	<b>718,090</b>	<b>16,204,698</b>	<b>5.33%</b>	<b>4.38%</b>	<b>1,039,062</b>	<b>1,039,062</b>	<b>1,225,500</b>	<b>1,225,500</b>	<b>5,998,796</b>	<b>18,813,064</b>

### 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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