RESOURCE

Q2 2018 RESEARCH REPORT

Indianapolis Industrial

REGIONAL SUMMARY

The 2nd quarter of 2018 has marked another exceptional quarter in the Indianapolis Industrial market with over 2.1 million SF in newly delivered product along with many projects breaking ground. The streak of positive absorption continues with 1,072,358 SF absorbed this quarter. The vacancy rate decreased slightly this quarter from last quarter's 5.33% to 5.25%. Construction remains active in the Indianapolis market with over 5.2 million SF underway along with several projects expected to be complete by late-2018. Notable deliveries this quarter include the 360,000 SF Ken's Foods building in the Northwest submarket and 372,000 SF Metro Air 6 building in Plainfield.

ECONOMIC ENVIRONMENT

The Indianapolis Industrial market is growing rapidly with developers delivering new speculative projects in cities such as Plainfield and Whitestown. 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 3.8%. Our 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 (4.3%), Kentucky (4.1%), Michigan (4.6%) and Ohio (4.3%).

MARKET INDICATORS

Indianapolis Industrial Market

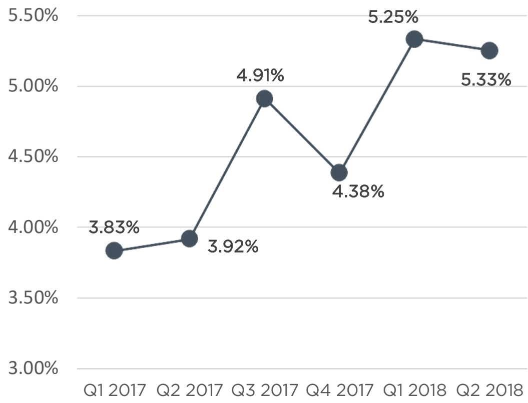
Relative to prior period	Q2 2018	Y-O-Y
VACANCY	↓	↑
NET ABSORPTION	+	+
CONSTRUCTION	↓	↑
RENTAL RATES	↑	↑

SUMMARY STATISTICS

	Q2 2018	Q1 2018	Q2 2017
Vacancy Rate	5.25%	5.33%	3.92%
Absorption	1,072,358	1,039,062	669,496
New Supply	2,167,388	1,225,500	939,550
Under Construction	5,266,208	5,998,796	7,867,905

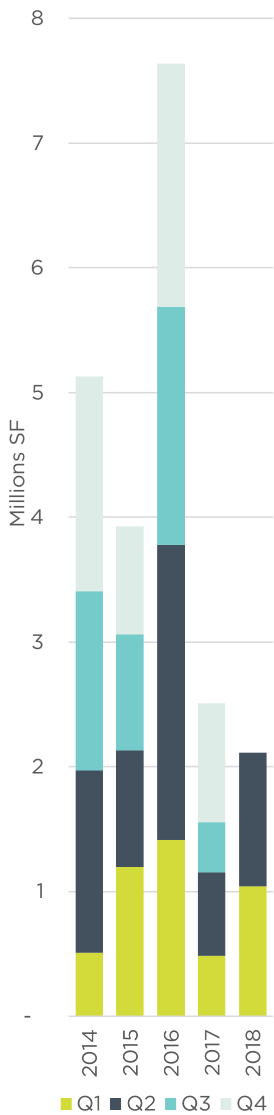
VACANCY RATES

Q2 Y-O-Y Comparison



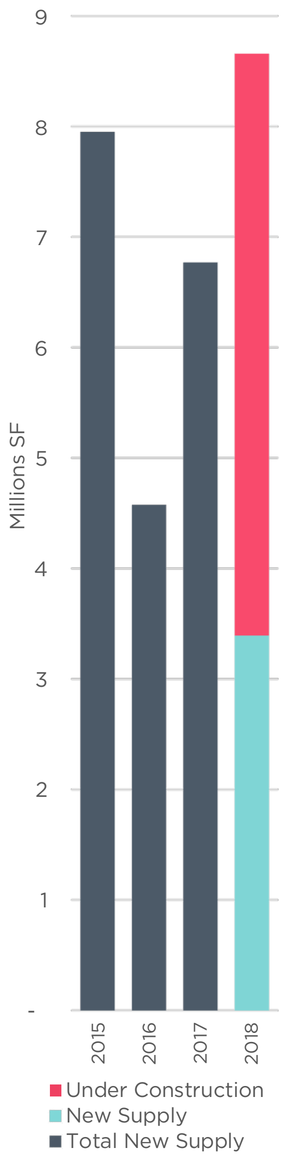
CUMULATIVE NET ABSORPTION

Q2 Y-O-Y Comparison



YEARLY CONSTRUCTION & NEW SUPPLY

Q2 Y-O-Y Comparison



NET ABSORPTION

- Through two quarters, 2018's YTD absorption total is closely approaching 2017's YTD total.
- Bulk space led the way with 1,419,960 SF of positive net absorption leading all property types.

VACANCY

- Continued new supply and absorption have provided a consistent ebb and flow of the overall vacancy rate for several years.

ACTIVITY

- The Northwest, South and Southwest submarkets are responsible for over 80% of the construction with over 4.1 million SF.

OUTLOOK

- Several projects are expected to be delivered in late-2018, signifying a healthy industrial market.

NOTABLE **TRANSACTIONS**

Q2 2018 Indianapolis Industrial

COMPANY	SF	TYPE	SUB-MARKET	ADDRESS
Geodis Logistics	545,010	New	SW	1801 Innovation Blvd
adidas	536,804	Renewal	East	8677 Logo Athletic Ct
Undisclosed	440,314	New	NW	3522 Perry Blvd
LaCrosse Footwear	380,000	Renewal	NW	5352 Performance Way
Rockwell Automation	369,499	New	NW	4255 S 500 E
Clorox	357,000	New	SW	2155 Stafford Rd
General Cable Industries, Inc	305,597	Renewal	NW	317 S Enterprise Blvd
Intergrated Distribution Services	280,163	New	SW	5425 Exploration Dr
BTS - HP/Ryder Logistics	708,230	BTS	SW	1301-1397 Smith Rd
BTS - Kens Foods	360,000	BTS	NW	901 Edwards Dr
Speculative	382,654	BTS	SW	701 Columbia Rd

INDIANAPOLIS INDUSTRIAL SUBMARKET MAP

INDIANAPOLIS INDUSTRIAL MARKET
Q2 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
DOWNTOWN													
WH/DIST	552	30,900,395	1,162,634	-	1,162,634	3.76%	3.33%	(146,811)	(161,357)	-	-	-	838,170
FLEX	51	1,750,129	19,106	8,500	27,606	1.58%	2.62%	20,060	21,860	-	-	-	30,236
CBD Total	603	32,650,524	1,181,740	8,500	1,190,240	3.65%	3.30%	(126,751)	(139,497)	-	-	-	868,406
EAST													
WH/DIST	522	39,379,427	1,369,764	489,685	1,859,449	4.72%	4.71%	299,615	602,696	-	-	368,000	2,092,356
FLEX	58	3,144,122	271,391	8,150	279,541	8.89%	10.22%	4,062	(33,759)	-	-	-	568,909
East Total	580	42,523,549	1,641,155	497,835	2,138,990	5.03%	5.12%	303,677	568,937	-	-	368,000	2,661,265
NORTH													
WH/DIST	195	8,211,883	457,285	117,000	574,285	6.99%	7.38%	1,000	(30,140)	-	-	163,154	381,122
FLEX	65	1,832,795	118,336	7,952	126,288	6.89%	3.87%	(53,380)	(51,380)	-	-	-	98,284
North Total	260	10,044,678	575,621	124,952	700,573	6.97%	6.74%	(52,380)	(81,520)	-	-	163,154	479,406
NORTHEAST													
WH/DIST	480	30,169,494	2,292,011	22,613	2,314,624	7.67%	7.94%	(247,861)	(104,079)	-	100,000	550,000	2,047,114
FLEX	154	4,861,153	554,310	-	554,310	11.40%	11.37%	(15,533)	(29,553)	-	-	-	404,352
Northeast Total	634	35,030,647	2,761,521	22,613	2,868,934	8.19%	8.41%	(263,394)	(133,632)	-	100,000	550,000	2,451,466
NORTHWEST													
WH/DIST	420	49,892,246	3,822,697	-	3,822,697	7.66%	8.36%	221,823	1,249,022	1,508,230	1,508,230	1,605,424	4,386,233
FLEX	82	4,478,455	270,486	9,540	321,369	7.18%	7.70%	88,713	154,062	-	-	-	428,732
Northwest Total	502	54,370,701	4,093,183	9,540	4,144,066	7.62%	8.30%	310,536	1,403,084	1,508,230	1,508,230	1,605,424	4,814,965
SOUTH													
WH/DIST	142	14,826,711	667,599	-	667,599	4.50%	5.10%	38,543	35,042	186,000	418,500	1,184,872	824,489
FLEX	38	1,050,386	44,902	3,000	47,902	4.56%	3.64%	(16,752)	(23,800)	-	-	-	46,977
South Total	180	15,877,097	712,501	3,000	715,501	4.51%	5.00%	21,791	11,242	186,000	418,500	1,184,872	871,466
SOUTHEAST													
WH/DIST	295	18,006,694	861,438	10,000	871,438	4.84%	2.75%	(21,012)	(2,364)	-	-	-	523,104
FLEX	45	1,139,038	27,016	-	40,016	3.51%	4.65%	13,000	4,600	-	-	-	53,016
Southeast Total	340	19,145,732	888,454	10,000	911,454	4.76%	2.86%	(8,012)	2,236	-	-	-	576,120
SOUTHWEST													
WH/DIST	733	79,190,500	1,047,407	23,650	2,608,759	3.29%	3.67%	919,021	803,612	473,158	1,366,158	1,394,758	5,322,959
FLEX	65	2,097,505	351,058	3,000	354,058	16.88%	13.63%	(21,835)	24,486	-	-	-	179,904
Southwest Total	798	81,288,005	1,398,465	26,650	2,962,817	3.64%	3.93%	897,186	828,098	473,158	1,366,158	1,394,758	5,502,863
WEST													
WH/DIST	159	13,773,814	512,780	15,000	389,207	2.83%	2.75%	(10,295)	123,805	-	-	-	388,713
FLEX	22	676,221	10,079	-	14,200	2.10%	2.10%	-	-	-	-	-	7,900
West Total	181	14,450,035	522,859	15,000	403,407	2.79%	2.72%	(10,295)	123,805	-	-	-	396,613
MARKET TOTAL													
WH/DIST	3,498	284,351,164	13,799,706	677,948	14,477,654	5.02%	5.11%	1,054,023	2,516,237	2,167,388	3,392,888	5,266,208	16,804,260
FLEX	580	21,029,804	1,686,902	40,142	1,727,044	8.39%	8.21%	18,335	66,516	-	-	-	1,818,310
MARKET TOTAL	4,078	305,380,968	15,486,608	718,090	16,204,698	5.25%	5.33%	1,072,358	2,582,753	2,167,388	3,392,888	5,266,208	18,622,570

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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