RESOURCE

Q3 2018 RESEARCH REPORT

Indianapolis Industrial

REGIONAL SUMMARY

The 3rd quarter of 2018 has marked another exceptional quarter in the Indianapolis Industrial market with over 2.7 million SF in newly delivered product along with several buildings breaking ground. The streak of positive absorption continues with 2,228,455 SF absorbed this quarter. The vacancy rate decreased for the second quarter in a row from last quarter's 5.25% to 5.02%. Construction remains robust in the Indianapolis market with almost 6 million SF underway along with many projects expected to be complete by early-2019. Notable deliveries this quarter include the 496,072 SF speculative Greenpoint Logistics Center in the South submarket and 400,000 SF Brooks Running building in the Northwest submarket.

ECONOMIC ENVIRONMENT

The Indianapolis Industrial market is continuing to grow at a fast pace with developers delivering new speculative projects along with distribution centers in the Northwest and Southwest submarkets. Incentive friendly local governments and state tax are a primary reason companies are choosing central Indiana as a destination. Indiana's unemployment rate stands at 3.5% and remains lower than the national average of 3.7%. 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 (4.1%), Kentucky (4.5%), Michigan (4.0%) and Ohio (4.6%).

MARKET INDICATORS

Indianapolis Industrial Market

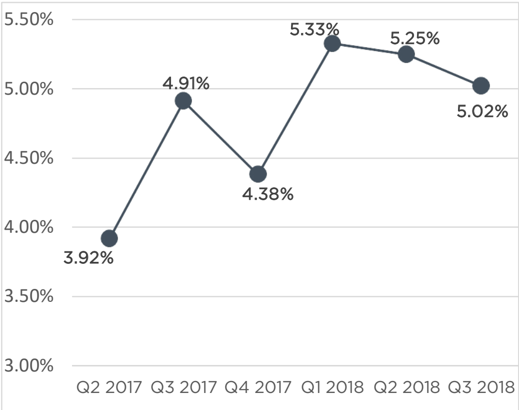
Relative to prior period	Q3 2018	Y-O-Y
VACANCY	↓	↑
NET ABSORPTION	+	+
CONSTRUCTION	↑	↑
RENTAL RATES	↑	↑

SUMMARY STATISTICS

	Q3 2018	Q2 2018	Q3 2017
Vacancy Rate	5.02%	5.25%	4.91%
Absorption	2,228,455	1,072,358	403,689
New Supply	2,765,272	2,167,388	1,603,950
Under Construction	5,673,972	5,266,208	6,190,955

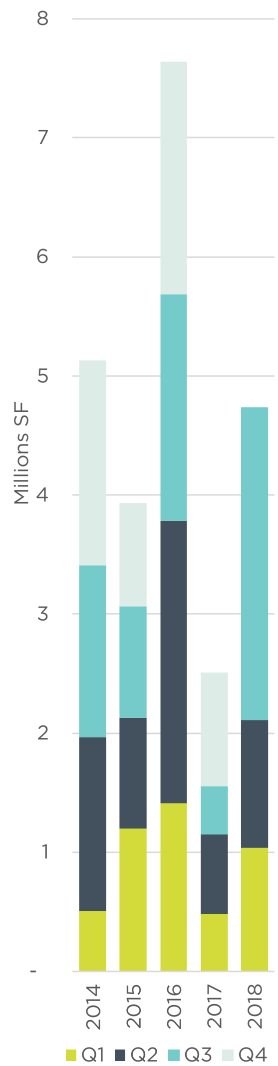
VACANCY RATES

Q3 Y-O-Y Comparison



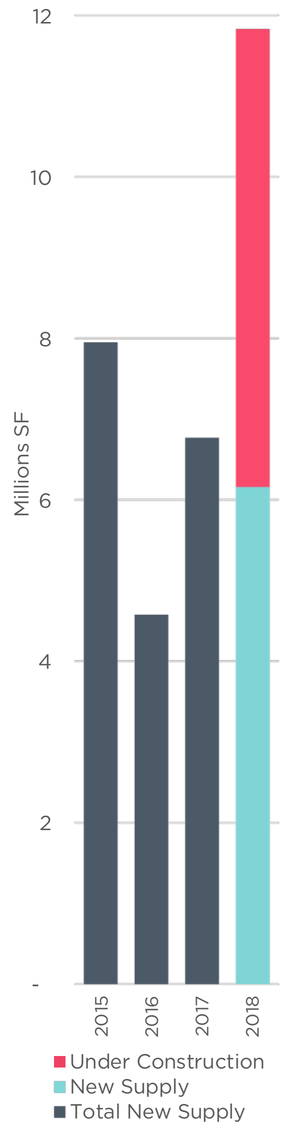
CUMULATIVE NET ABSORPTION

Q3 Y-O-Y Comparison



YEARLY CONSTRUCTION & NEW SUPPLY

Q3 Y-O-Y Comparison



NET ABSORPTION

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

VACANCY

- Vacancy decreased 23 basis points during Q2, from 5.25% to 5.02%.
- Continued new supply and absorption have provided a consistent ebb and flow of the overall vacancy rate for several years.

ACTIVITY

- The Northwest and Southwest submarkets are responsible for over 65% of the construction with over 4.1 million SF.
- Greater than 5.6 million SF of product is currently undergoing construction in the Indianapolis market.

OUTLOOK

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

NOTABLE **TRANSACTIONS**

Q3 2018 Indianapolis Industrial

COMPANY	SF	TYPE	SUB-MARKET	ADDRESS
Geodis Logistics	414,424	Renewal	SW	1100 Whitaker Rd
Alan Ritchey Inc	382,654	New	SW	701 Columbia Rd
Geodis Logistics	379,332	Renewal	SW	1101 Whitaker Rd
Pioneer/Spartan Logistics	256,000	Renewal	East	221 S Franklin Rd
FedEx	177,600	Renewal	West	225 Transfer Dr
Foxconn	159,023	New	SW	2201 Reeves Rd
MailSouth	129,600	Renewal	SW	7750 W Morris St
Butler-McDonald	128,000	Renewal	NW	5951 W 80th St
Fastenal	89,719	New	NW	5102 W 76th St

INDIANAPOLIS INDUSTRIAL SUBMARKET MAP

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INDIANAPOLIS INDUSTRIAL MARKET
Q3 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	1,006,237	-	1,006,237	3.26%	3.76%	9,586	(151,771)	-	-	-	761,273
FLEX	51	1,750,129	26,926	-	26,926	1.54%	1.58%	12,240	34,100	-	-	-	42,031
CBD Total	603	32,650,524	1,033,163	-	1,033,163	3.16%	3.65%	21,826	(117,671)	-	-	-	803,304
EAST													
WH/DIST	523	39,747,427	1,375,896	265,931	1,641,827	4.13%	4.72%	293,483	896,179	368,000	368,000	-	1,701,952
FLEX	58	3,144,122	305,897	-	305,897	9.73%	8.89%	(30,444)	(64,203)	-	-	-	463,522
East Total	581	42,891,549	1,681,793	265,931	1,947,724	4.54%	5.03%	263,039	831,976	368,000	368,000	-	2,165,474
NORTH													
WH/DIST	196	8,241,883	464,152	117,000	581,152	7.05%	6.99%	(5,867)	(36,007)	30,000	30,000	133,154	279,484
FLEX	65	1,832,795	38,082	31,503	69,585	3.80%	6.89%	26,874	(24,506)	-	-	-	110,592
North Total	261	10,074,678	502,234	148,503	650,737	6.46%	6.97%	21,007	(60,513)	30,000	30,000	133,154	390,076
NORTHEAST													
WH/DIST	481	30,469,494	1,635,861	22,613	1,658,474	5.44%	7.67%	358,289	254,210	300,000	400,000	250,000	1,958,441
FLEX	154	4,861,153	541,850	11,360	553,210	11.38%	11.40%	(3,073)	(32,626)	-	-	-	318,434
Northeast Total	635	35,330,647	2,142,911	33,973	2,211,684	6.26%	8.19%	355,216	221,584	300,000	400,000	250,000	2,276,875
NORTHWEST													
WH/DIST	422	50,443,446	3,822,697	231,925	4,054,622	8.04%	7.84%	815,986	2,065,008	551,200	2,059,430	1,454,547	4,249,740
FLEX	82	4,478,455	403,093	6,000	450,436	10.06%	7.18%	(43,894)	154,062	-	-	-	459,080
Northwest Total	504	54,921,901	4,225,790	237,925	4,505,058	8.20%	7.79%	772,092	2,219,070	551,200	2,059,430	1,454,547	4,708,820
SOUTH													
WH/DIST	144	15,583,783	667,599	140,104	807,703	5.18%	4.56%	1,290	36,332	943,072	1,361,572	1,175,625	1,037,523
FLEX	38	1,050,386	25,950	9,000	34,950	3.33%	4.56%	2,200	(21,600)	-	-	-	72,914
South Total	182	16,634,169	693,549	149,104	842,653	5.07%	4.56%	3,490	14,732	943,072	1,361,572	1,175,625	1,110,437
SOUTHEAST													
WH/DIST	295	18,006,694	861,438	44,000	905,438	5.03%	4.84%	189,520	187,156	-	-	-	353,814
FLEX	45	1,139,038	27,016	-	40,016	3.51%	3.51%	(26,830)	(22,230)	-	-	-	51,756
Southeast Total	340	19,145,732	888,454	44,000	945,454	4.94%	4.76%	162,690	164,926	-	-	-	405,570
SOUTHWEST													
WH/DIST	735	79,290,342	1,521,386	126,000	2,636,669	3.33%	3.31%	445,042	1,248,654	573,000	1,939,158	2,660,646	4,119,633
FLEX	65	2,097,505	257,583	3,000	260,583	12.42%	16.88%	71,640	96,126	-	-	-	146,554
Southwest Total	800	81,387,847	1,778,969	129,000	2,897,252	3.56%	3.67%	516,682	1,344,780	573,000	1,939,158	2,660,646	4,266,187
WEST													
WH/DIST	159	13,773,814	403,300	15,000	389,207	2.83%	2.83%	99,185	222,990	-	-	-	388,713
FLEX	22	676,221	3,149	-	12,600	1.86%	2.10%	13,228	13,228	-	-	-	127,400
West Total	181	14,450,035	400,151	15,000	401,807	2.78%	2.79%	112,413	236,218	-	-	-	516,113
MARKET TOTAL													
WH/DIST	3,507	286,457,278	13,799,706	962,573	14,477,654	4.78%	5.02%	2,206,514	4,722,751	2,765,272	6,158,160	5,673,972	14,850,573
FLEX	580	21,029,804	1,686,902	60,863	1,747,765	8.34%	8.39%	21,941	132,351	-	-	-	1,792,283
MARKET TOTAL	4,087	307,487,082	15,486,608	1,023,436	16,225,419	5.02%	5.25%	2,228,455	4,855,102	2,765,272	6,158,160	5,673,972	16,642,856

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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