

Q1 2019 RESEARCH REPORT

Indianapolis Industrial

REGIONAL SUMMARY

The 1st quarter of 2019 began to a fast start recording over 450,000 square feet in newly delivered product in the Indianapolis Industrial market. Absorption remains positive with 1,355,187 SF. The vacancy rate decreased slightly for the fourth consecutive quarter from 5.01% to 4.93%. Construction continues to be active in the Indianapolis market with over 9.1 million SF underway along with several of projects expected to be complete by mid-2019. Notable deliveries this quarter include 262,758 SF Gateway V building in the Southwest submarket and 193,800 SF Airport Business Center building also in the Southwest submarket.

ECONOMIC ENVIRONMENT

The Indianapolis Industrial market is continuing to grow at a rapid pace with developers delivering new speculative projects along with distribution centers in the Northwest and Southwest submarkets. Indiana's unemployment rate stands at 3.6% and remains lower than the national average of 3.8%. Indiana's unemployment rate has now been below the national rate for more than five years. The current unemployment rate is lower than its neighboring states: Illinois (4.3%), Kentucky (4.1%), Michigan (4.0%), and Ohio (4.6%).



MARKET INDICATORS

Indianapolis Industrial Market

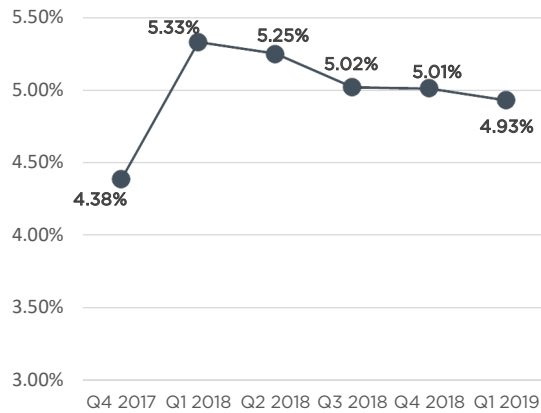
Relative to prior period	Q1 2019	Y-O-Y
VACANCY	↓	↑
NET ABSORPTION	+	+
CONSTRUCTION	↑	↑
RENTAL RATES	↑	↑

SUMMARY STATISTICS

	Q1 2019	Q4 2018	Q1 2018
Vacancy Rate	4.93%	5.01%	4.38%
Absorption	1,355,187	1,822,284	956,017
New Supply	456,558	3,066,203	2,470,233
Under Construction	9,119,682	8,313,570	6,612,154

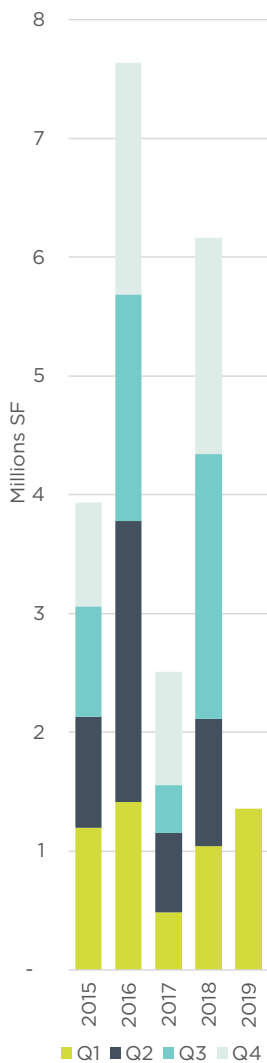
VACANCY RATES

Q1 Y-O-Y Comparison



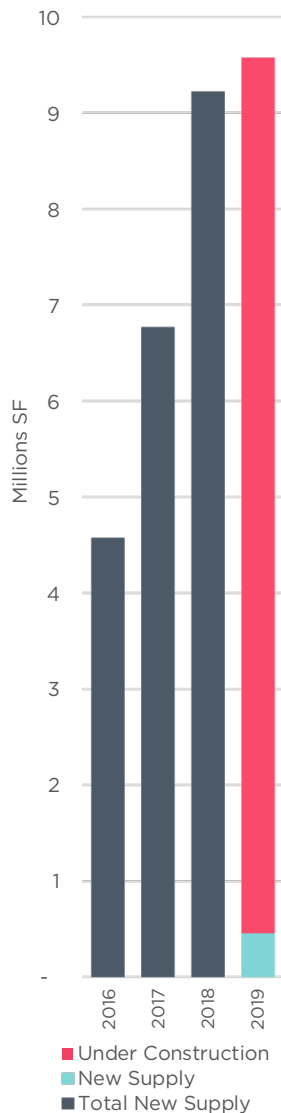
CUMULATIVE NET ABSORPTION

Q1 Y-O-Y Comparison



YEARLY CONSTRUCTION & NEW SUPPLY

Q1 Y-O-Y Comparison



NET ABSORPTION

- + Bulk space led the way with 914,117 SF of positive net absorption leading all property types.
- + Q1 2019 Industrial market recorded over 1 million square feet in positive absorption for the 5th straight quarter.

VACANCY

- + Vacancy decreased 8 basis points during Q1, from 5.01% to 4.93%.
- + The vacancy rate has decreased for four consecutive quarters.

ACTIVITY

- + The Northwest and Southwest submarkets are responsible for over 1/2 of the total construction with 5.1 million SF.
- + Over 456,000 SF was completed in Q1, along with over 9.1 million SF currently undergoing construction in the Indianapolis market.

OUTLOOK

- + Many projects are expected to be delivered in late-2019, signifying a healthy industrial market.

NOTABLE TRANSACTIONS

Q1 2019 Indianapolis Industrial

COMPANY	SF	TYPE	SUB-MARKET	ADDRESS
VM Innovations	495,977	New	S	831 N Graham Rd
Geodis Logistics	406,058	Renewal	SW	281 Airtech Parkway
Hoosier Freight & Warehouse	276,240	Renewal	E	3333 N Franklin Rd
Pitney Bowes	260,000	Renewal	NW	5100 S Indianapolis Rd
Carrier Corporation	234,000	New	S	800 Commercy Pky W Dr
Ingram Micro	201,007	Renewal	SW	2675 Reeves Rd
Opus Packaging Group	169,540	New	NW	5759 S Indianapolis Rd
DXL Warehousing Inc	144,000	New	NW	5021 W 81st St
Spartan Logistics	124,620	New	S	642 Chaney Ave

INDIANAPOLIS INDUSTRIAL SUBMARKET MAP



INDIANAPOLIS INDUSTRIAL MARKET

Q1 2019

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	956,986	-	956,986	3.10%	3.33%	59,382	59,382	-	-	-	1,315,430
FLEX	51	1,750,129	45,210	6,160	51,370	2.94%	4.01%	(45,210)	(45,210)	-	-	-	76,286
CBD Total	603	32,650,524	1,002,196	6,160	1,008,356	3.09%	3.37%	14,172	14,172	-	-	-	1,391,716
EAST													
WH/DIST	523	39,036,427	1,175,529	319,610	1,495,139	3.83%	4.85%	289,818	289,818	-	-	1,210,488	2,022,223
FLEX	58	3,144,122	275,396	-	275,396	8.76%	9.08%	9,643	9,643	-	-	-	384,611
East Total	581	42,180,549	1,450,925	319,610	1,770,535	4.20%	5.17%	299,461	299,461	-	-	1,210,488	2,406,834
NORTH													
WH/DIST	197	8,375,037	445,241	113,160	558,401	6.67%	7.03%	87,200	87,200	-	-	980,000	357,158
FLEX	65	1,832,795	87,655	22,622	110,277	6.02%	3.46%	(18,663)	(18,663)	-	-	-	89,266
North Total	262	10,207,832	532,896	135,782	668,678	6.55%	6.39%	68,537	68,537	-	-	980,000	446,424
NORTHEAST													
WH/DIST	481	30,469,494	1,833,166	22,613	1,855,779	6.09%	5.61%	(176,951)	(176,951)	-	-	250,000	2,099,527
FLEX	154	4,861,153	431,795	5,151	436,946	8.99%	9.53%	23,129	23,129	-	-	-	356,946
Northeast Total	635	35,330,647	2,264,961	27,764	2,292,725	6.49%	6.15%	(153,822)	(153,822)	-	-	250,000	2,456,473
NORTHWEST													
WH/DIST	424	51,498,870	3,011,581	223,675	3,235,256	6.28%	7.04%	132,324	132,324	-	-	2,575,359	4,472,277
FLEX	82	4,478,455	410,832	11,400	422,232	9.43%	9.65%	320	320	-	-	-	446,080
Northwest Total	506	55,977,325	3,422,413	235,075	3,657,488	6.53%	7.25%	132,644	132,644	-	-	2,575,359	4,918,357
SOUTH													
WH/DIST	146	16,759,408	1,418,371	235,000	1,653,371	9.87%	6.52%	761,726	761,726	-	-	615,440	306,276
FLEX	38	1,050,386	32,954	-	32,954	3.14%	3.42%	7,210	7,210	-	-	-	82,360
South Total	184	17,809,794	1,451,325	235,000	1,686,325	9.47%	6.34%	768,936	768,936	-	-	615,440	388,636
SOUTHEAST													
WH/DIST	295	18,006,694	782,263	44,000	826,263	4.59%	4.98%	13,600	13,600	-	-	-	425,364
FLEX	45	1,139,038	32,954	-	32,954	2.89%	3.88%	9,153	9,153	-	-	-	53,206
Southeast Total	340	19,145,732	815,217	44,000	859,217	4.49%	4.91%	22,753	22,753	-	-	-	478,570
SOUTHWEST													
WH/DIST	738	80,448,900	2,489,433	77,500	2,566,933	3.19%	3.20%	321,077	321,077	456,558	456,558	2,538,395	4,176,756
FLEX	65	2,097,505	239,671	14,610	254,281	12.12%	13.95%	10,769	10,769	-	-	-	149,554
Southwest Total	803	82,546,405	2,729,104	92,110	2,821,214	3.42%	3.47%	331,846	331,846	456,558	456,558	2,538,395	4,326,310
WEST													
WH/DIST	159	13,773,814	517,375	-	517,375	3.76%	3.13%	(132,000)	(132,000)	-	-	950,000	423,012
FLEX	22	676,221	13,980	-	13,980	2.07%	2.46%	2,660	2,660	-	-	-	41,640
West Total	181	14,450,035	531,355	-	531,355	3.68%	3.10%	(129,340)	(129,340)	-	-	950,000	464,652
MARKET TOTAL													
WH/DIST	3,515	289,269,039	13,799,706	1,035,558	14,477,654	4.72%	4.79%	1,356,176	1,356,176	456,558	456,558	9,119,682	15,598,023
FLEX	580	21,029,804	1,686,902	59,943	1,746,845	7.75%	8.10%	(989)	(989)	-	-	-	1,679,949
MARKET TOTAL	4,095	310,298,843	15,486,608	1,095,501	16,224,499	4.93%	5.01%	1,355,187	1,355,187	456,558	456,558	9,119,682	17,277,972

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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