

Q4 2019 RESEARCH REPORT

Indianapolis Industrial

REGIONAL SUMMARY

The 4th quarter of 2019 saw 11.5 million SF of construction activity. Absorption dropped slightly to 2,472,769 SF this quarter. The vacancy rate increased from 4.25% to 4.40%. Construction remains active in the Indianapolis market with greater than 3 million SF of newly built product. The predominant delivery of the 4th quarter was the 1,016,244 SF Crossroads Logistics Center.

ECONOMIC ENVIRONMENT

The Indianapolis Industrial market is continuing to grow a rapid pace with developers delivering new speculative projects along with distribution centers in the Northwest and Southwest submarkets. Indiana's unemployment rate dropped further to 3.2% and remains lower than the national average of 3.5%. The current unemployment rate is lower than its bordering states: Illinois (3.8%), Kentucky (4.3%), Michigan (4.0%), and Ohio (4.2%). Indianapolis' unemployment stands lower than the state average at 2.9% (U.S. Bureau of Labor Statistics).



MARKET INDICATORS

Indianapolis Industrial Market

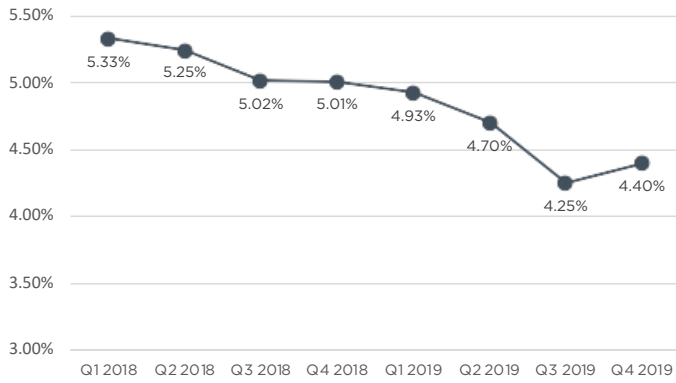
Relative to prior period	Q4 2019	Y-O-Y
VACANCY	↑	↓
NET ABSORPTION	-	+
CONSTRUCTION	↑	↑
RENTAL RATES	↑	↑

SUMMARY STATISTICS

	Q4 2019	Q3 2019	Q2 2019
Vacancy Rate	4.40%	4.25%	4.70%
Absorption	2,472,769	2,893,720	2,340,709
New Supply	3,080,345	3,743,237	1,513,792
Under Construction	11,515,936	10,179,919	9,751,587

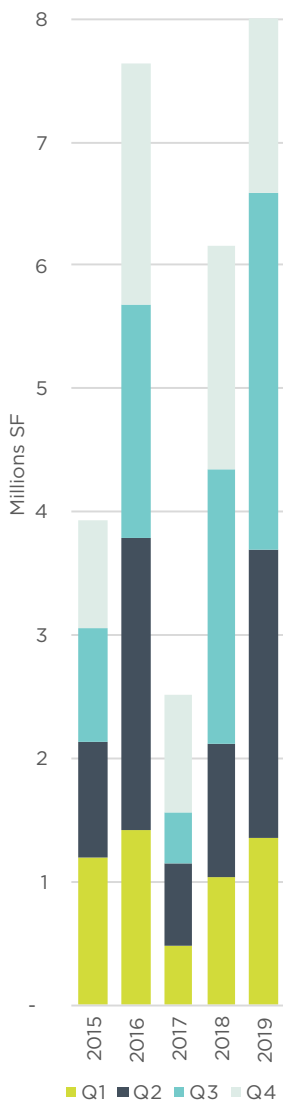
VACANCY RATES

Q4 Y-O-Y Comparison



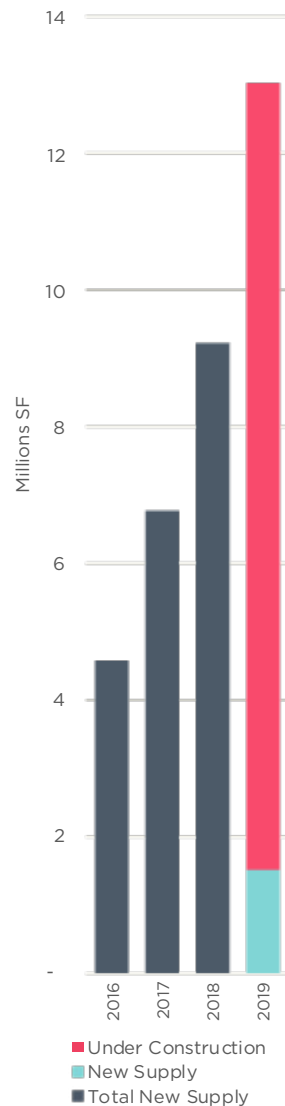
CUMULATIVE NET ABSORPTION

Q4 Y-O-Y Comparison



YEARLY CONSTRUCTION & NEW SUPPLY

Q4 Y-O-Y Comparison



NET ABSORPTION

- + The South and Northwest submarkets account for half of the total net absorption with more than 1.77 million SF.
- + Q4 2019 Industrial market recorded over 2.47 million SF in positive absorption for the 8th straight quarter.

VACANCY

- + Vacancy increased 15 basis points during Q4, from 4.25% to 4.40%.
- + The vacancy rate has risen slightly for the first time in six quarters.

ACTIVITY

- + The Northwest, East and West submarkets are responsible for most of the activity in quarter 4.

OUTLOOK

- + Several projects, totaling 4.5 million SF are under construction, signifying a healthy industrial market.

NOTABLE TRANSACTIONS

Q4 2019 Indianapolis Industrial

COMPANY	SF	TYPE	SUB-MARKET	ADDRESS
CBRE Global Investors	1,950,054	Invest. Sale	Southwest/ Northwest	AllPoints Midwest 8, AllPoints Anson 7A & 7B
Energizer	933,825	New Lease	South	180 Bartram Parkway
Home Depot	501,120	New Lease	Northwest	5300 Performance Way
Snyders-Lance Inc.	495,888	New Lease	Southwest	AllPoints Midwest 10A
Lowe's	440,056	New Lease	Northwest	65 Commerce Building 3
Life Science Logistics	279,430	New Lease	Northwest	65 Commerce Building 2

INDIANAPOLIS INDUSTRIAL SUBMARKET MAP



INDIANAPOLIS INDUSTRIAL MARKET

Q4 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
DOWNTOWN												
WH/DIST	550	28,073,244	366,811	-	366,811	1.31%	1.36%	14,904	397,737	-	-	-
FLEX	50	1,750,129	16,475	-	16,475	0.94%	3.01%	36,255	(10,315)	-	-	-
CBD Total	600	29,823,373	383,286	-	383,286	1.29%	1.46%	51,159	387,422	-	-	-
EAST												
WH/DIST	535	42,536,557	1,745,777	152,349	1,898,126	4.46%	2.57%	110,212	394,724	941,374	1,041,374	1,568,586
FLEX	57	3,044,018	212,310	-	212,310	6.97%	8.02%	31,688	45,131	-	-	-
East Total	592	45,580,575	1,958,087	152,349	2,110,436	4.63%	2.94%	141,900	439,855	941,374	1,041,374	1,568,586
NORTH												
WH/DIST	197	7,844,351	246,719	54,300	301,019	3.84%	4.03%	15,347	69,828	-	99,704	67,430
FLEX	66	1,881,925	143,706	12,088	155,794	8.28%	8.54%	673	(70,028)	-	-	-
North Total	263	9,726,276	390,425	66,388	456,813	4.70%	4.89%	16,020	(200)	-	99,704	67,430
NORTHEAST												
WH/DIST	504	31,143,059	1,156,302	-	1,156,302	3.71%	3.08%	(197,551)	(665,180)	-	250,000	-
FLEX	153	4,648,181	320,114	-	320,114	6.89%	6.04%	(26,426)	(756)	-	-	-
Northeast Total	657	35,791,240	1,476,416	-	1,476,416	4.13%	3.48%	(223,977)	(665,936)	-	250,000	-
NORTHWEST												
WH/DIST	435	52,573,879	3,537,909	157,898	3,695,807	7.03%	7.48%	1,256,155	2,085,876	1,102,616	2,663,998	4,116,717
FLEX	80	4,298,350	207,246	9,939	217,185	5.05%	4.59%	(11,576)	87,926	-	-	-
Northwest Total	515	56,872,229	3,745,155	167,837	3,912,992	6.88%	7.25%	1,244,579	2,173,802	1,102,616	2,663,998	4,116,717
SOUTH												
WH/DIST	155	17,566,002	1,199,275	148,000	1,347,275	7.67%	10.71%	533,430	2,272,133	-	857,547	1,802,160
FLEX	40	1,500,613	18,863	-	18,863	1.26%	1.28%	(5,454)	27,687	-	24,000	-
South Total	195	19,066,615	1,218,138	148,000	1,366,138	7.17%	10.17%	527,976	2,299,820	-	881,547	1,802,160
SOUTHEAST												
WH/DIST	304	18,328,326	406,141	38,400	444,541	2.43%	2.48%	9,565	(289,022)	-	-	50,000
FLEX	46	1,246,392	61,200	-	61,200	4.91%	1.43%	(14,950)	11,850	30,000	30,000	-
Southeast Total	350	19,574,718	467,341	38,400	505,741	2.58%	2.42%	(5,385)	(277,172)	30,000	30,000	50,000
SOUTHWEST												
WH/DIST	756	83,958,130	3,421,570	124,800	3,546,370	4.22%	3.87%	9,063	2,132,540	315,653	2,606,685	3,911,043
FLEX	68	2,423,984	125,497	41,727	167,224	6.90%	8.73%	15,932	(71,314)	-	-	-
Southwest Total	824	86,382,114	3,547,067	166,527	3,713,594	4.30%	3.99%	24,995	2,061,226	315,653	2,606,685	3,911,043
WEST												
WH/DIST	169	14,633,188	73,992	-	73,992	0.51%	0.57%	695,502	829,605	690,702	755,702	-
FLEX	26	956,889	-	-	-	0.00%	0.00%	-	16,240	-	-	-
West Total	195	15,590,077	73,992	-	73,992	0.47%	0.54%	695,502	845,845	690,702	755,702	-
MARKET TOTAL												
WH/DIST	3,605	296,656,736	12,154,496	675,747	12,830,243	4.32%	4.16%	2,446,627	7,228,241	3,050,345	8,275,010	11,515,936
FLEX	586	21,754,062	1,105,411	63,754	1,169,165	5.37%	5.36%	26,142	36,421	30,000	54,000	-
MARKET TOTAL	4,191	318,410,798	13,259,907	739,501	13,999,408	4.40%	4.25%	2,472,769	7,264,662	3,080,345	8,329,010	11,515,936

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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