



INDIANAPOLIS | INDUSTRIAL MARKET REPORT

Q1 2018

Indianapolis Industrial continues to show solid deal velocity

Total Market Inventory



251,178,063 SF

Vacancy Rate



13,471,437 SF (5.1%)

Net Absorption



1,200,647 SF

Construction Pipeline



5,231,827 SF

Average Asking Rate



\$3.87 PSF (NNN)

Arrows indicate year-over-year change

Regional Summary

The Indianapolis Industrial Market continues to support the solid demand for large distribution space and the market continues to produce solid net absorption numbers. The market is skillfully navigating a high wire balancing act of strategic development projects and continued interest of large consumer goods and E-commerce based companies securing Build to Suit lease options for their supply chain solutions. The big question regarding the market is how long will it's strength continue to absorb these large blocks of space, as the new construction of Investment Grade buildings continue to be built for future projects and development costs continuing to rise.

With a low direct vacancy rate near 5.1%, which includes the additional speculative development space that was completed in Q1 2018 of approximately 1.9 MSF. The low vacancy levels have not negatively affected deal velocity or interest.

Noteworthy Q1 2018 transactions bode well for the future health of the Indy Industrial Market which include the 708,230 SF building for Hewlett-Packard | Ryder Logistics in Plainfield, the 448,305 SF Building leased by Ingram Micro in Plainfield, and the 202,000 SF lease project for NTN Bearing in Whitestown, IN.

Q1 2018 positive absorption of 1.2 MSF was fueled by a number of large distribution leases in Plainfield, Whitestown, Lebanon and Greenwood submarkets. Significant deliveries to the market included the 912,522 SF IDI World Connect 4 Building in Ameriplex, Molto Properties World Connect 3 Building of 620,935SF and the 143,000 SF Speculative Building from Becknell Industrial in Whitestown.

The vibrancy of the market is evident with the continued rise in Net Lease Rates. They are hovering in the \$3.75-4.00 PSF range. With local unemployment rates nearing 2.9% and holding the line below the State of Indiana average being at 3.2%. The ability to find good labor and retain that labor will be a theme going into the balance of 2018 for the Central Indiana market. Due to this stability and logistical advantages of Central Indiana, Indianapolis remains a magnet for national distribution and manufacturing companies to reside here and employ their capital investment into our communities. Capital Market opportunities have slowed from 2017 levels but interest remains strong with the brand new core assets being built.

Given the strong leasing volume and deal velocity thru Q1 2018, several large speculative construction projects are being constructed with completion in the next six (6) to nine (9) months:

SPECULATIVE PROJECT DELIVERIES IN 2018

LOCATION	SQUARE FEET	DEVELOPER	DELIVERY DATE
Plainfield	702,000	Clarion Partners	Q4 - 2018
Greenwood	496,072	OPUS	Q2 - 2018
Whitestown	440,000	Exeter Property Group	Q2 - 2018
Whitestown	410,424	GDI Development	Q2 - 2018
Plainfield	382,000	Strategic Capital Partners	Q2 - 2018
Mount Comfort	368,000	Shear Development Corporation	Q2 - 2018
Whitestown	281,400	Becknell Industrial	Q2 - 2018
Greenwood	186,000	Shear Development Corporation	Q2 - 2018
Plainfield	143,000	Pure Development	Q4 - 2018
Greenwood	143,000	Becknell Industrial	Q4 - 2018

NOTABLE LEASE TRANSACTIONS

TENANT	ADDRESS	SQUARE FEET	LEASE TYPE
Hewlett-Packard Ryder Logistics	1301-1397 Smith Road, Avon	708,230	New
Neovia Logistics Services	850 N. Graham Road, Greenwood	456,000	Renewal
Ingram Micro	5288 Performance Way, Whitestown	448,305	New
Winfield Solutions	600 S. Perry Road, Plainfield	300,000	New
Adelta Logis, Inc	3747 Plainfield Road, Plainfield	266,760	Expansion
KYB America, Inc	850 N. Graham Road, Greenwood	212,248	Renewal
NTN Bearing	5288 Performance Way, Whitestown	202,952	New
Geodis	3870 S. Ronald Reagan Parkway, Plainfield	196,933	Expansion
Royal Interpack Midwest	4566 Anson Boulevard, Whitestown	130,841	New
Heartland Sweeteners	4620 W. 84th Street, Indianapolis	88,000	New