



# INDIANAPOLIS | INDUSTRIAL MARKET REPORT

## Q2 2018

### Indianapolis Industrial continues to show solid deal velocity



#### Regional Summary

The Indianapolis Industrial Market continues to show solid demand for large distribution space and continues to see 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 companies considering Central Indiana as a place to do business. 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 cost more to be built and balancing the increasing lower availability of need labor and skilled labor to construct these assets and be employees for new businesses.

With a low direct vacancy rate near 4.8%, which includes the new speculative space deliveries, deal velocity remains strong and rental rates are continuing to rise as well.

Noteworthy Q2 2018 transactions bode well for the future health of the Indy Industrial Market. Completed new projects include the 440,314 sf Arcbest Corporation lease in Whitestown, IN , Clorox's new 357,000 sf lease in Plainfield and Quaker Nutrition Bars lease of 240,00 sf in

Mount Comfort in the East Submarket.

Q2 2018 positive absorption of 1.8 msf was fueled by a litany of significant transactions that continue the trend of large spaces being leased even with labor challenges being experience in all submarket area. Significant deliveries to the market included the 630,000 sf Speculative Building from Molto Properties in Ameriplex, the 912,000 sf Speculative Building from IDI in Ameriplex, while Exeter Property Group also delivered its first Speculative building of 440,000 sf Building in Whitestown, IN, in Q2 2018 and have fully leased the asset.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. They are hovering in the \$3.80 - \$3.95 psf, triple net range. With local unemployment rates holding the line below the national average, at 3.0%, along with a healthy 1.9% year-over-year employment growth increase, the Indianapolis Industrial Market is the beneficiary of these strong indicators. Due to this stability, Indianapolis remains a magnet for national distribution and manufacturing companies to reside here and capital investment opportunities continue to flow in for brand new core asset development projects demanding compressed cap rates.

Given the strong leasing volume and deal velocity thru mid-year, several large speculative construction projects are being constructed with completion scheduled for the end of 2018:

### *SPECULATIVE PROJECT DELIVERIES IN 2018*

LOCATION	SQUARE FEET	DEVELOPER	DELIVERY DATE
Franklin	933,825	Sunbeam Development	Q4 2018
Whitestown	635,440	Exeter Property Group	Q4 2018
Whitestown	526,433	Strategic Capital Partners	Q4 2018
Greenwood	496,070	OPUS Development Group	Q4 2018
Whitestown	410,424	GDI Construction	Q4 2018
Mount Comfort	368,000	Shear Development Corporation	Q3 2018
Greenwood	241,800	Shear Development Corporation	Q4 2018
Indianapolis	159,424	Prologis	Q4 2018
Greenwood	143,000	Becknell Industrial	Q4 2018
Plainfield	143,000	Pure Development	Q4 2018

### *NOTABLE LEASE TRANSACTIONS*

TENANT	ADDRESS	SQUARE FEET	LEASE TYPE
adidas	8677 Logo Athletic Court - <i>Indianapolis</i>	536,804	Renewal
Kuehne + Nagel (Rockwell)	4255 S 500 E - <i>Whitestown</i>	369,499	New
Arcbest Corporation	3522 Perry Boulevard - <i>Whitestown</i>	440,314	New
General Cable Industries	317 S Enterprise Boulevard - <i>Lebanon</i>	305,597	Renewal
Clorox	2155 Stafford Road - <i>Plainfield</i>	357,000	Renewal
IDS	5425 Exploration Drive - <i>Indianapolis</i>	280,163	New
XPO Logistics	1380 Perry Road - <i>Plainfield</i>	260,400	Renewal
Quaker Nutrition Bars	W County Road 300 N - <i>Greenfield</i>	240,000	New
Mastin & Cain Properties	2900 N Shadeland Avenue - <i>Indianapolis</i>	173,040	New
Niagra Bottling	2516 Airwest Boulevard - <i>Plainfield</i>	120,430	Renewal