

## INDIANAPOLIS | INDUSTRIAL MARKET REPORT

Q3 2017

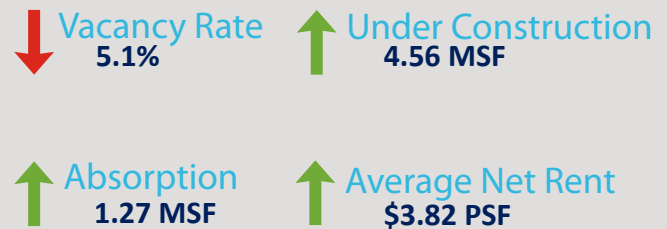
# Indianapolis Industrial Market Shifts into Top Gear

### Regional Summary

The Indianapolis Industrial Market continues to outperform. Having 7.0 Million Square Feet of new construction underway, along with positive absorption of 2.3 Million Square Feet, the market is skillfully navigating a high wire balancing act. The big question is how long the market will have the ability to absorb large blocks of space, while delivering substantial new supply of inventory.

With a stingy vacancy rate of 5.1%, lack of existing inventory continues to present a challenge for companies seeking to enter the market or expand into a larger space. Ergo, the push to purchase existing buildings or BTS, especially while lending rates remain lean.

Noteworthy Q3 2017 transactions bode well for the future health of the Indy Industrial Market as evidenced by Adidas in Mount Comfort, expanding to a new 432,000 SF footprint, the Brooks Running Company commitment to lease 400,140 SF at AllPoint at Anson in Whitestown, and Hewlett Packard/Ryder Logistics securing a new 461,000 SF BTS Lease in AllPoints Midwest in the Plainfield submarket. The Investment Market continues to reflect good momentum with assets being acquired with good velocity. Plymouth Industrial REIT purchased 2 buildings, Q3 2017 positive absorption of 1.27 MSF was fueled by a litany of significant transactions and we also had several large deliveries of new product in the market as evidenced by GreenParke II, 3375 Plainfield



*Arrows indicate year-over-year change*

Road, Plainfield (Best Choice Products, 702,000 SF); All Points Anson Building 15, Whitestown (Daimler Trucks North America., 283,500 SF) and Chaney Avenue, Greenwood (Wurth Service Supply, 230,340 SF) and Becknell Industrial's 357,000 SF Speculative Building at 2155 Stafford Road in Plainfield, IN.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. They are hovering in the \$3.75 - 4.00 PSF range. With local unemployment rates holding the line below the national average, at 3.2%, along with a healthy 1.9% Year over Year employment growth increase, the Indianapolis Industrial Market is the beneficiary and remains robust. Due to this overall market stability, Indianapolis remains a magnet for national distribution and manufacturing companies to consider being part of this growing marketplace.

Given the strong leasing volume and deal velocity in the market the 3<sup>rd</sup> Quarter of 2017, several large speculative construction projects are being developed with completion to occur in the next six (6) to nine (9) months:

## SNAPSHOT OF SPECULATIVE PROJECTS 2017

| Location    | Square Feet | Company                    | Delivery Date |
|-------------|-------------|----------------------------|---------------|
| Ameriplex   | 912,000     | IDI Gazeley                | Q4 2017       |
| Ameriplex   | 630,000     | Molto Properties           | Q1 2018       |
| Greenwood   | 516,680     | VanTrust Real Estate       | Q1 2018       |
| Greenwood   | 496,072     | OPUS                       | Q2 2018       |
| Whitestown  | 440,000     | Exeter Property Group      | Q1 2018       |
| Plainfield  | 382,000     | Strategic Capital Partners | Q2 2018       |
| Mt. Comfort | 368,000     | Shear Development Corp.    | Q2 2018       |

## NOTABLE SALE TRANSACTIONS

| Buyer                         | Address                               | Square Feet |
|-------------------------------|---------------------------------------|-------------|
| Plymouth Industrial REIT      | 3035   3169 N Shadeland, Indianapolis | 707,952     |
| Red Tail Acquisitions         | 250-258 S Kitley Ave, Indianapolis    | 365,654     |
| Transwestern Investment Group | 6030-6032 Gateway Dr, Plainfield      | 274,530     |
| Transwestern Investment Group | 5345 Decatur Blvd, Indianapolis       | 193,440     |

## NOTABLE LEASE TRANSACTIONS

| Tenant                                   | Address                       | Square Feet | Lease Type          |
|--|-------------------------------|-------------|---------------------|
| XPO Logistics                            | 135 S Mt. Zion Rd, Lebanon    | 1,100,000   | New                 |
| Camping World                            | 300 Purity Drive, Lebanon     | 707,952     | New                 |
| Hewlett-Packard   Ryder Logistics        | 1301-1397 Smith Rd, Avon      | 461,000     | Built-to-Suit       |
| adidas                                   | 6887 W 350 N, Greenfield      | 432,000     | Renewal   Expansion |
| Brooks Running Shoes                     | 4255 S 500 E, Whitestown      | 400,140     | Built-to-Suit       |
| CEVA Logistics                           | 2151 Airwest Blvd, Plainfield | 333,397     | Renewal             |
| Electronic Recyclers International (ERI) | 3100 Reeves Rd, Plainfield    | 315,000     | New                 |



135 N. Pennsylvania Street | Suite 1250  
 Indianapolis, IN 46204  
 317.210.8801

avisonyoung.com