

# Indianapolis



## Quick Stats

**264 MSF**

Total Market Inventory

**4.4%**

Vacancy rate

**2.48 MSF**

Net Absorption

**6.4 MSF**

Construction Pipeline

**\$3.87 PSF**

Average triple net asking rate

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 cost of construction continues to rise and the labor supply challenges continue in 2019 for all submarkets.

With a low direct vacancy rate near 4.4%, which includes the new speculative space deliveries, deal velocity remains strong and rental rates are continuing to rise as well.

Noteworthy second quarter of 2019 transactions bode well for the future health of the Indianapolis Industrial Market. Completed new projects include the RADIAL'S 690,000 sf lease in Brownsburg, PUMA's new 635,000 sf lease in Whitestown and Knauff Fiberglass's new 511,000 sf lease

in Greenwood in the South submarket. All of these projects provide net new jobs to each of the communities that welcomed these new companies to their towns.

During the second quarter of 2019, positive absorption of 2.5 msf was fueled by a litany of significant transactions that continue the trend of large spaces being leased even with Central Indiana's labor challenges. Significant deliveries to the market included the 635,000 sf speculative building from Exeter Property Group in Whitestown, the two Ambrose Property Group buildings at Plainfield Logistics Center Buildings 4 and 5 for 526,000 sf of midsize buildings, the 262,000 sf building with HSA at 845 Airtech Parkway and Duke Realty's 149,000 sf midsize building at AllPoints Anson in Whitestown as the northwest submarket continues to expand quickly. A new Master Planned Park called Whiteland Exchange will be developed by Jones Development Company and when fully completed, it will add close to 2.5 msf to the south submarket. Johnson County continues to be a viable industrial submarket over the past four years.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. The asking rates are hovering in the \$3.80 - \$3.95 psf, triple net range. With local unemployment rates holding the line below the national average, at 3.3%, 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 and the market fundamentals

being so strong, Indianapolis remains a magnet for national distribution and manufacturing companies choosing Central Indiana to do business. Capital Investment opportunities continue to flow in for brand new core asset development projects demanding compressed cap rates. The capital market activities continue to be robust in Central Indiana and the compression of cap rates is likely to persist throughout 2019.

## Top Leases

Tenant	Address	Square Feet	Lease Type	Location
Puma	5510 Exploration Drive	635,000	New	Whitestown
Knauff Insulation   Mastin & Cain	764 N Graham Road	511,680	New	Greenwood
US Corrugated	640 S. State Road 39	476,200	New	Lebanon
Undisclosed	6161 Decatur Blvd	382,664	New	Indianapolis
Maxxis International	Park 130 - Indianapolis Road	356,000	New	Whitestown
Hoosier Freight & Warehousing	3333 N Franklin Road	278,338	New	Indianapolis
RR Donnelley	381 Airtech Parkway	271,602	Renewal	Plainfield
FedEx	650 Commerce Parkway	235,000	Sublease	Greenwood
Federal Express	5425 Exploration Drive	201,000	New	Indianapolis

Given the strong leasing volume and deal velocity thru Q2 2019 several large speculative construction projects are being developed and constructed with completions scheduled for 2019.

## Speculative Projects

Developer	Address	Square Feet	Delivery Date	Location
CT Realty, LLC	Albert S White Drive - Building 1	1,016,244	Q3 2019	Whitestown
Strategic Capital Partners	65 Commerce Park / 5102 E 500 South	440,056	Q4 2019	Whitestown
Browning Investments   Cabot Properties	Velocity 70 Trade Center - Building 4	439,000	Q3 2019	Mount Comfort
Jones Development Company	Whiteland Exchange Building #1	436,000	Q4 2019	Whiteland
Molto Properties	World Connect - Building 31	246,426	Q3 2019	Ameriplex
Jones Development Company	Whiteland Exchange Building #2	169,000	Q4 2019	Whiteland
Becknell Industrial	Southtech Logistics Park - Building 4	151,800	Q4 2019	Greenwood
Becknell Industrial	Southtech Logistics Park - Building 3	143,000	Q3 2019	Greenwood
Becknell Industrial	Whitestown Park	101,000	Q3 2019	Whitestown



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