

Indianapolis



Quick Stats

276 MSF

Total Market Inventory

4.5%

Vacancy rate

1.18MSF

Net Absorption

12.6 MSF

Construction Pipeline

\$3.98 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 the balance of new product being constructed at all-time high levels and balancing market demand for State-of-the-Art distribution and manufacturing space in Central Indiana. Continued interests from the large consumer goods and e-commerce based companies considering Central Indiana as a place to do business are the driving forces for the demand. The big question regarding the market is how long will its strength continue to absorb these large blocks of space, as the cost of construction continues to rise and the labor supply challenges continue in 2020 for all submarkets. As the COVID-19 Pandemic began in March 2020, the impact of this “New Normal” was considered to be a slowing down of the market momentum but the deal velocity and new lease transaction closings have remained resilient.

With a low direct vacancy rate near 4.5%, which includes the new speculative space deliveries,

deal velocity remains strong and rental rates are continuing to rise as well.

Noteworthy Second - Quarter 2020 lease activity has been strong. Completed new projects include the Cooper Tire’s commitment to a new 997,656 sf Distribution Center in Whiteland, Geodis Logistics completing a Renewal/Expansion for 740,218 sf in Clayton and Mission Food’s new lease of 510,965 sf in Plainfield. All of these projects provide net new jobs to each of the communities that welcomed these new companies to their towns and added capital spending to customize these newly leased locations.

During the second quarter of 2020, net positive absorption of approximately 1.18 msf was completed and the mid – year net absorption square footage is close to 5 msf. This positive second quarter was fueled by a litany of significant transactions that continue the trend of large spaces being leased even with labor challenges being experienced in Central Indiana with respect to COVID-19 and related impacts. Significant new deliveries to the market included GRANITE REIT’s 510,965

sf building in Plainfield, Jones Development's 169,028 sf midsize building located in Whiteland and Lord Realty's completion of 319,000 sf in Park 130 Business Park in Whitestown, Indiana.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. The asking rates are hovering in the \$3.98 psf triple net range. With local unemployment rates holding its own during the COVID-19 crisis and related challenges, the industrial deal velocity

still remains strong. Given Central Indiana's market stability and the consistent market fundamentals, our market remains a magnet for national distribution and manufacturing companies. The Capital Market activities continue to be robust in Central Indiana and the compression of Cap Rates is likely to persist throughout the second half of 2020 and likely carry over into 2021 even with the back drop of COVID-19 concerns in the short term.

Top Leases

Tenant	Address	Square Feet	Lease Type	Location
Cooper Tires	Whiteland Rd / Graham Rd	997,656	Direct	Whiteland
Geodis Logistics	1801 Innovation Blvd	740,218	Ren/Exp	Clayton
Mission Foods	1201 Allpoints Ct	510,965	Direct	Plainfield
Coke Bottling Group	Fishback Creek Building 3 Site	400,000	Development	Whitestown
Bulldog Liquidators	5045 W 79 th Street, Ste 100 - Park 100	251,541	Direct	Indianapolis
XPO Logistics	700 Council Dr	226,756	Direct	Lebanon
Frito Lay	6040 Commerce Dr	152,000	Direct	Whitestown
XPO Logistics	5325 Seerley Rd	132,000	Direct	Indianapolis
Mygrant Glass Company	845 Airtech Parkway	69,005	Direct	Plainfield

Given the strong leasing volume and deal velocity thru Q2 2020 several large speculative construction projects are being developed and constructed with completions scheduled by the end of 2020 as shown below: .

Speculative Projects

Developer	Address	Square Feet	Delivery Date	Location
Core 5 Industrial Partners	Hendricks Gateway Park	1,070,160	Q3 2020	Monrovia
Jones Development Company	Whiteland Exchange - Building 5	978,000	Q3 2021	Whiteland
Scannell Properties	Greenwood Park at 65 South	944,000	Q3 2020	Greenwood
Sunbeam Development	1724 Innovation Drive - I-70 West Commerce Park	700,449	Q3 2020	Clayton
Core 5 Industrial Partners	6055 Commerce Drive - Park 130 Business Park	672,227	Q3 2020	Whitestown
Lauth Property Group	N CR 350 N / 700 W - 70 Connect Business Park	281,888	Q3 2020	Greenfield/Mt Comfort
Ambrose Property Group	SR 267 / I-70 - Plainfield Logistics Park	189,280	Q3 2020	Plainfield
Becknell Industrial	Southtech Logistics Park - Building 4	152,280	Q3 2020	Greenwood



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