

Indianapolis



Quick Stats

280msf

Total market inventory

5.2%

Vacancy rate

1.83msf

Net absorption

9.3msf

Construction pipeline

\$3.90psf

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 and demand very consistent.

With a low direct vacancy rate near 5.2%, which includes the new speculative space deliveries, deal velocity remains strong and rental rates are continuing to stabilize and show some increase year-over-year.

Noteworthy Third Quarter 2020 lease activity has been strong. Completed new projects include the Atkins Nutritional 862,235 SF new lease in Greenfield/Mt Comfort East Submarket, the 152,280 SF Milwaukee Tool Corporation lease in Greenwood and the 145,000 SF new lease in Whitestown with WMI Veterinary Supply with Becknell's new Business Park on CR-267 Park. All of these projects provide net new jobs to each of the communities that welcomed these new companies to their towns and added significant capital spending to customize these new leased locations.

During the Third Quarter of 2020, positive absorption of approximately 1.826 MSF 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. Significant new deliveries to the market included the CORE5 Logistics 672,000 SF Building in Whitestown's Park 130, the DRG Realty 338,000 SF speculative building in Plainfield, and the 505,000 SF Building 3 from Exeter Property Group in Whitestown in the northwest submarket.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. The

asking rates are hovering in the \$3.85 - \$3.95 PSF triple net range. With local unemployment rates holding its own during the Covid-19 crisis, the deal velocity still remains strong. Given Central Indiana's market stability and

the consistent market fundamentals, our market remains a magnet for National and Regional 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 well into 2021 even with the back drop of Covid-19 concerns in the short term.

Top leases

Tenant	Address	Location	SF	Lease type
1 Atkins Nutritional	W 300 N / 700 W	Mt Comfort	862,235	New
2 Case New Holland	400 S Enterprise Blvd	Lebanon	842,000	Renewal
3 Nice Pak Products	381 Airtech Pkwy	Plainfield	541,452	Renewal
4 Geodis Logistics	2450 Stanley Rd	Plainfield	450,000	Renewal
5 International Paper Company	4350 Sam Jones Exwy	Indianapolis	262,640	Renewal / Expansion
6 DXL, LLC	7520 Georgetown Rd	Indianapolis	243,030	New
7 Photon Automation	501 W New Rd	Greenfield	221,423	New
8 LifeScience Logistics	3860 S 599 E	Whitestown	189,114	New
9 Milwaukee Tool Company	2198 Southtech Dr	Greenwood	152,280	New
10 Ship Calm	8377 Camby Rd	Plainfield	148,720	New

Given the strong leasing volume and deal velocity thru Q3 2020 several large speculative construction projects are being developed and constructed with completions scheduled by Q4 2020 as shown below:

Speculative Projects

Developer	Address	Location	SF	Delivery Date
1 Scannell Properties	Greenwood Park at 65 South	Greenwood	955,000	Dec 2020
2 Sunbeam Development	I-70 West Commerce Park	Clayton	700,449	Nov 2020
3 Core 5 Industrial Partners	Park 130 Business Park	Whitestown	672,227	Nov 2020
4 Sunbeam Development	N 500 E / Jim Black Rd	Franklin	519,376	Dec 2020
5 Ambrose Property Group	Westpoint Business Park	Clayton	507,000	Dec 2020

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