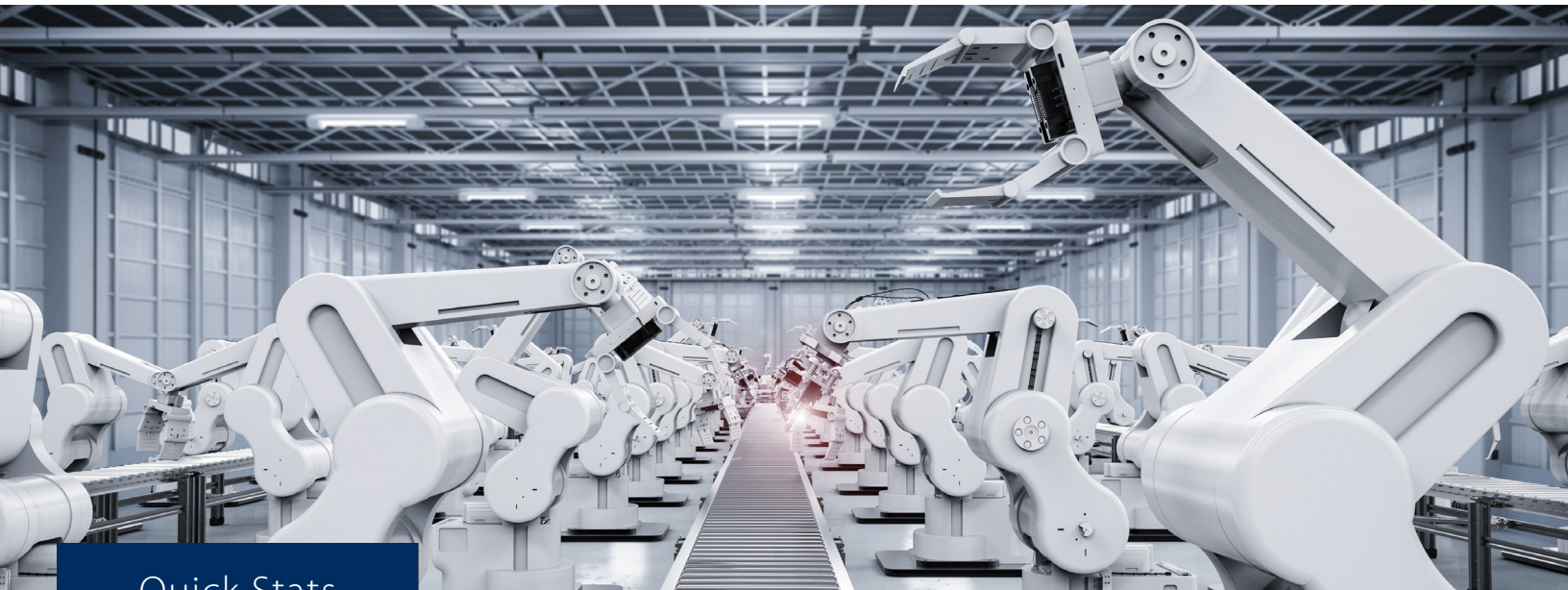


Indianapolis



Quick Stats

272 MSF

Total Market Inventory

4.2%

Vacancy rate

3.67 MSF

Net Absorption

10.8 MSF

Construction Pipeline

\$3.88 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 three big questions regarding the market is how long its strength will continue to absorb these large blocks of space, how much more will the cost of construction continues to rise and how will the labor supply challenges continue going into 2020 for all submarkets.

With a low direct vacancy rate near 4.2%, which includes the new speculative space deliveries, deal velocity remains strong and rental rates are continuing to stay consistent and looks to rise in the short-term. .

Noteworthy fourth quarter 2019 lease activity has been strong. Completed new projects include the Energizer Battery lease for

933,865 sf in Franklin, Home Depot's 501,120 sf lease in Whitestown and Snyder-Lance's 495,888 sf lease in Plainfield. All of these new projects provide Net New Jobs to each of the communities that welcomed these new companies to their towns.

During the fourth quarter of 2019, positive absorption of approximately 3.67 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 deliveries to the market included the 1,016,244 sf speculative building from CT Realty in Whitestown, the 550,000 sf Build-to-Suit building in Lebanon for S.S. Smith, the 439,153 sf speculative building from Cabot Properties/ Browning in Mount Comfort and the 437,328 sf speculative building from Jones Development at Whiteland Exchange in Whiteland, IN. The overall market's net absorption was close to 10.86 msf, which reflects a historically high amount of absorption for Central Indiana. Encouraging user demand levels today into 2020 appears to be a good carry-over into the new year.

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 dropping to the 2.9% unemployment rate, the deal velocity remains strong even with the current labor story. 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 2019 and carryover to 2020 with the delivery of many bulk distribution buildings scheduled by June of 2020.

Top Leases

Tenant	Address	Square Feet	Lease Type	Location
Energizer Batteries / Geodis	180 Bartram Parkway - Franklin Tech Park	933,542	New	Franklin
Snyders / Lance	1705 Midwest Drive	495,888	New	Plainfield
Lowe's Supply Chain	5510 Exploration Drive	440,056	New	Whitestown
Life Sciences Logistics	4993 Anson Boulevard - 65 Commerce Park	279,430	New	Whitestown
Amazon Pill Pack	3620 Plainfield Road	253,760	New	Plainfield
Forward Air	5610 Stanley Road	106,428	New	Indianapolis
Echo Engineering	4545 W 71 st Street - Park 100	86,192	New	Indianapolis
Discountfilters.com	2001 Southtech Boulevard - SouthTech Business Park	78,078	New	Greenwood
DHL Supply Chain	2461 Reeves Road	71,500	New	Plainfield

Given the strong leasing volume and deal velocity thru Q4 2019 several large speculative construction projects are being developed and constructed with completions scheduled by mid-year 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
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
GRANITE REIT	Allpoints Midwest Building 2 - 1201 Allpoints Court	510,695	Q2 2020	Plainfield
Ambrose Property Group	SR 267 / I-70 - Plainfield Logistics Park	189,280	Q3 2020	Plainfield
Jones Development Company	Whiteland Exchange Building 2	169,028	Q2 2020	Whiteland
Becknell Industrial	Southtech Logistics Park - Building 4	152,280	Q3 2020	Greenwood



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