

Indianapolis

Industrial market snapshot | Q4 2023

The Indianapolis industrial market has experienced significant construction activity in recent years, resulting in a surplus of new inventory. Between Q1 2022 to Q4 2023, a total of 40.5 msf has been delivered. This surge in new product, coupled with a decrease in demand, has pushed vacancy up to 8.8% at the end of 2023, underscoring the imbalance of supply and demand within the market. The 64% decrease in construction activity throughout 2023 can aid a market self-correction, equalizing the imbalance between supply and demand.

8.8%

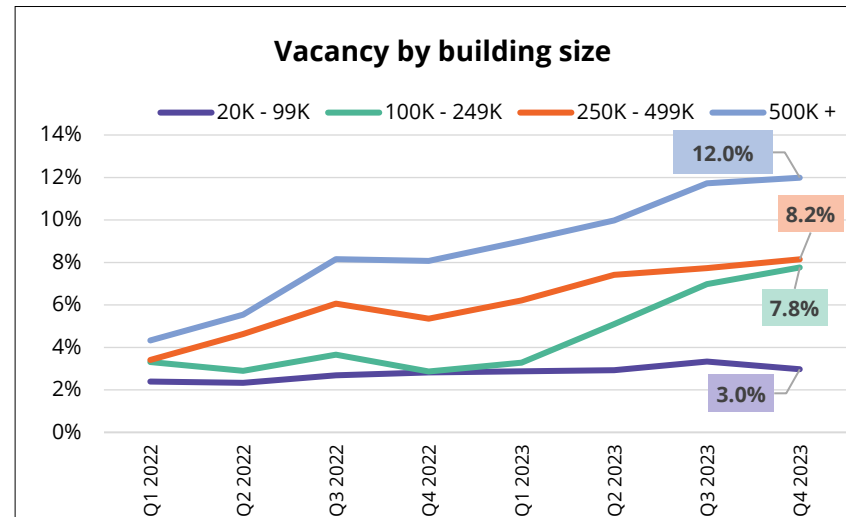
Overall vacancy increased 40 basis points from the prior quarter, recorded at 8.8% at the end of Q4 2023.

-64%

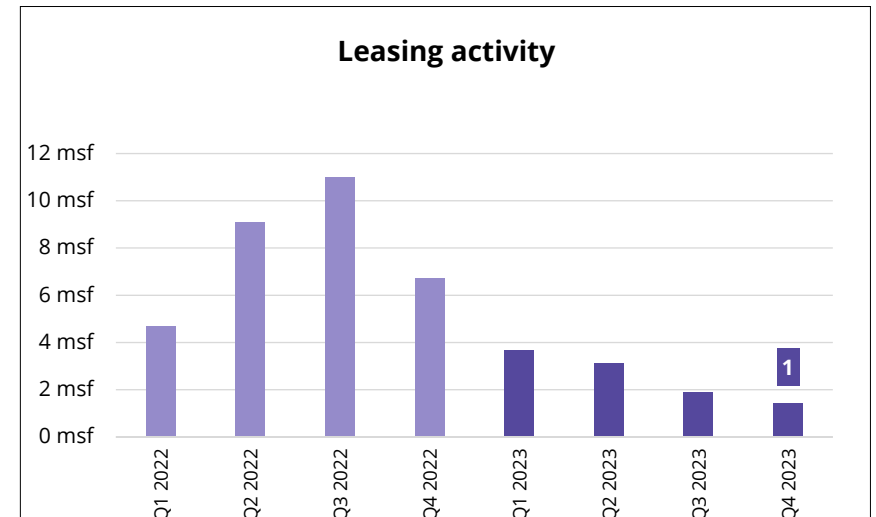
Construction activity decreased 64% from Q4 2022 to Q4 2023, with 8 msf currently being developed.

7.1msf

Net absorption decreased to 7.1 msf at the end of 2023, aligning to 2017 to 2020 historical averages of 7.8 msf.



Vacancy is on the rise in big box inventory over 500,000 sf, recorded at 11.9% at the end of 2023. This stark increase can largely be attributed to the construction boom over the last few years which has flooded the market with new inventory.



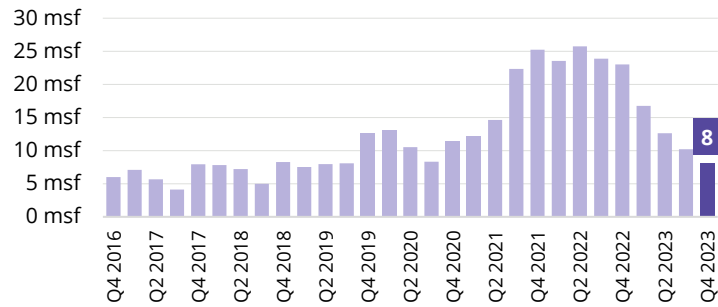
Leasing activity has slowed drastically during 2023 — only 10 msf was leased during the last four quarters. This represents a 67% decline from leasing activity in 2022, highlighting the significant decrease in demand within the market.

Source: AVANT by Avison Young, CoStar

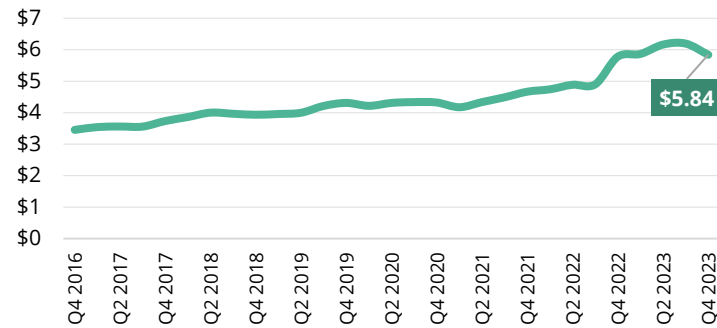
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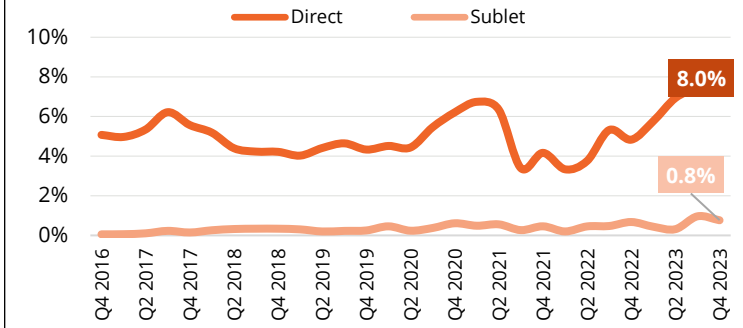
Under Development



Direct asking rents (psf/NNN)



Vacancy



Recent leasing activity

Tenant name	Address	Size (sf)	Transaction type	Lease type
Flutes	8250-8558 Zionsville Rd, Indianapolis, IN	272,834	Direct	Renewal
Liquidity Services	10255 Archer Dr, Brownsburg, IN	204,206	Direct	New
DHL	East 500 North, Whiteland, IN	130,200	Direct	New

Recent sales activity

Buyer name	Address	Sale price	Sale price psf	Seller name
Mid-America Management	1110 Smith Rd, Plainfield, IN	\$45,750,000	\$75	Browning Investments
Libitzky Property Companies	6040 Commerce Dr, Whitestown, IN	\$28,400,000	\$89	Geoffrey Lord
ACRE Capital	4001 W Minnesota St, Indianapolis, IN	\$19,475,000	\$102	Midwest Properties

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Submarket name	Existing inventory (sf)	Deliveries YTD (sf)	Under development (sf)	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption QTD (sf)	Net absorption YTD (sf)	Annual direct NNN asking rent psf
Southwest	98,437,871	124,560	2,023,987	4.5%	0.6%	5.1%	-289,357	586,804	\$ 5.46
East	54,777,795	5,878,670	1,057,868	15.8%	0.7%	16.5%	1,270,822	2,943,012	\$ 5.41
Northwest	53,949,318	2,461,704	1,479,108	3.5%	0.2%	3.7%	237,483	1,489,960	\$ 6.85
CBD	26,328,461		100,000	1.5%	0.3%	1.8%	-172,537	-97,032	\$ 3.59
South	25,037,192	3,295,513	948,144	11.6%	1.9%	13.6%	-201,968	805,200	\$ 7.73
Southeast	24,158,104	2,528,476	1,704,516	11.8%	1.6%	13.4%	240,150	936,258	\$ 5.17
West	18,484,989	3,264,374	576,637	18.0%	0.4%	18.4%	113,940	44,700	\$ 6.16
Northeast	16,852,897	314,000		5.2%	1.7%	7.0%	-127,659	-452,776	\$ 5.95
North	10,816,011	963,044	196,400	7.7%	0.9%	8.6%	-48,230	935,774	\$ 8.16
Market total	328,842,638	18,830,341	8,086,660	8.0%	0.8%	8.8%	1,022,644	7,191,900	\$ 5.84