

Indianapolis



Quick Stats

293msf

Total market inventory

5.6%

Vacancy rate

6.4msfTotal market net absorption
January 2021 through June
2021**6.8msf**

Construction pipeline

\$4.05psf

Average triple net asking rate

The Indianapolis Industrial Market continues to reflect a very vibrant level of 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 has been the constant demand drivers for the market's continued strength. 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 materials has been increasing at an enormously high rate and the limited availability of steel components and other key building components will continue to affect all development timing, price modeling and delivery of these assets. These price concerns will be a constant for the balance of 2021 and likely carry over into 2022. The Covid-19 Pandemic and its affects regarding labor availability will also be a concern for the balance of 2021 for new companies reviewing our marketplace. These potential hurdles have not negatively affected the deal velocity in through

mid-year 2021 so we will look to see if transactions slow down for the second half of 2021 and stay focused on these challenges.

With a low direct vacancy rate near 5.6%, which includes the new speculative space deliveries, deal velocity remains strong and rental rates are continuing to increase with year-over-year comparisons.

Noteworthy Second Quarter 2021 lease activity has been very strong and robust. Completed new projects include the 846,720 SF new lease by Amplify Snack Foods in Whitestown/HUB I-65 Park in the Northwest Submarket, Henry Schein's new lease of 672,000 in Park 130 in Whitestown in the Northwest Submarket and Amazon's 517,000 SF new lease in Plainfield/Avon Southwest Submarket. All of these projects provide net new jobs to each of the communities that welcomed these new companies to their towns and each of these organizations have provided significant capital spending of their own to customize these new leased locations and provided long-term lease commitments to these municipalities.

During the Second Quarter of 2021, positive absorption of approximately 4.2.MSF

was fueled by a litany of significant transactions that continue the trend of large spaces being leased even with labor challenges and increased lease costs being experienced in Central Indiana. Significant new construction starts to the market included 979,000 SF in Whiteland Exchange in the South Submarket, the 954,000 SF of Core5/GDI building in Franklin and

805,000 SF in the East Submarket of Greenfield with the CT Realty project.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. The asking rates are hovering in the \$4.00 - \$4.10 PSF, triple net range. With local unemployment rates holding the line below the national average, at 4.1%, the deal velocity still remains

strong. Given Central Indiana's market stability and the consistent market fundamentals, our industrial 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 balance of 2021.

Top leases

Tenant	Address	Location	SF	Lease type	
1	Amplify Snack Foods	4250 SR267 - Bldg 2	Whiteland	846,720	New
2	Henry Schein Company	6055 Commerce Drive - P130	Whiteland	672,000	New
3	Shein Clothing Corp.	5400 E 500 S - Bldg 4	Whiteland	632,788	New
4	Amazon	Smith Rd / Stafford Rd	Plainfield	517,000	New
5	Decker Brands	Westpoint Blvd - Bldg 2	Clayton	507,600	New
6	Progressive Logistics	4498 W 300 N - Bldg 2	Greenfield	505,872	New
7	Frito Lay	Perry Rd - Exeter Bldg 3	Whiteland	505,728	New
8	CH Robinson	4241 Plainfield Rd - Bldg 9	Plainfield	501,398	New

Given the strong leasing volume and deal velocity thru Q2 2021, several large speculative construction projects are being developed and constructed with completions scheduled for late 2021 and Q1 2022.

Speculative Projects

Developer	Address	Location	SF	Delivery Date	
1	Core 5 Industrial Partners	Hendricks Gateway Park - Bldg 3	Monrovia	1,070,160	Aug 2021
2	Jones Development	Whiteland Exchange - Bldg 5	Whiteland	979,000	Dec 2021
3	GDI Construction	Franklin Business Park	Franklin	954,370	Mar 2022
4	CT Realty	I-70 Logistics Park	Greenfield	805,000	Jan 2022
5	Ambrose Property Group	Plainfield Logistics Park	Plainfield	474,000	Feb 2022

Get more market information

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