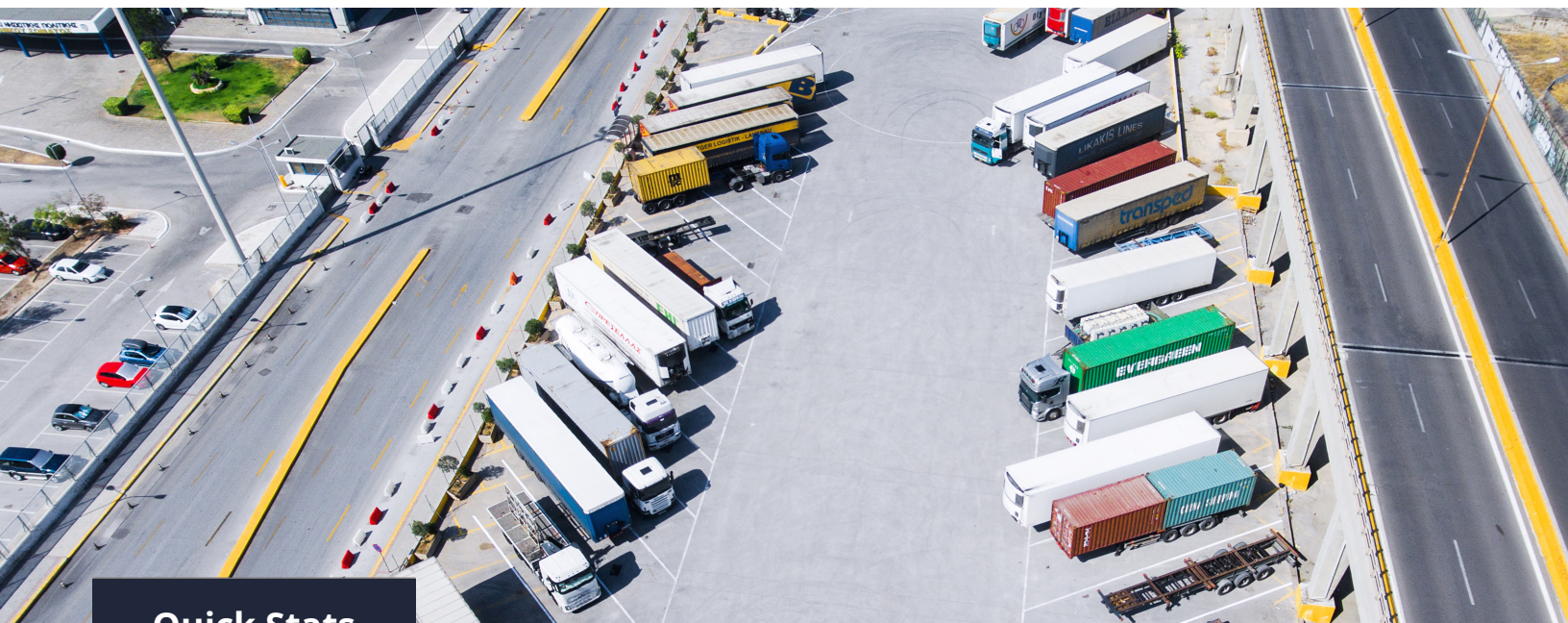


Indianapolis



Quick Stats

280msf

Total market inventory

5.5%

Vacancy rate

10.2msf

Total market net absorption
January 2020 through
December 2020

11.8msf

Construction pipeline

\$3.98psf

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 has been the constant demand drivers for the market 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 continues to rise and the labor supply challenges continued in 2020 for all submarkets and these elements of the market will continue in 2021. As the Covid-19 Pandemic began in March 2020, the impact of this "New Normal" was considered to be a detriment to the market and would result in a slow-down of the market momentum but the deal velocity and new lease transaction closings have remained resilient and demand remained consistent as the sector had another solid quarter and full year of results.

With a low direct vacancy rate near 5.5%, which includes the new speculative space deliveries, deal velocity remains strong and

rental rates are continuing to stabilized and show some increase year-over-year.

Noteworthy Fourth Quarter 2020 lease activity has been strong. Completed new projects include the 1 MSF new lease by XPO Logistics in Monrovia in Southwest Submarket, Amazon's 539,000 SF new lease in Greenfield/Mt Comfort East Submarket, and Yusen Logistics new lease of 439,000 SF in Velocity Park in Greenfield in the East Submarket. 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 and secured long-term lease commitments.

During the Fourth Quarter of 2020, positive absorption of approximately 3.36 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 Sunbeam Development's 700,000 SF Building in Clayton in the southwest submarket, Sunbeam Development's 507,000 SF in Franklin in the south submarket and the 505,000 SF Building #2 from Ambrose Property Group in Clayton in the I-70/Southwest submarket.

The vibrancy of the market is evident with the continuing rise in Net Lease Rates. The asking rates are hovering in the \$3.95 - \$4.10 PSF, triple net range. With local unemployment rates holding the line below the national average, at 4.3%, 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 2021. As the State begins the Covid-19 vaccine deployment in Q1 2021, it is believed that economic improvement will escalate and it will bode well for the real estate environment's continued strength in the new year.

Top leases

Tenant	Address	Location	SF	Lease type
1 XPO Logistics	2121 Gateway Pt	Monrovia	1,070,160	New
2 Amazon Fulfillment Services	7114 W 200 N	Mt Comfort	539,943	New
3 Hoosier Freight & Warehouse	6887 W 350 N	Mt Comfort	377,781	New
4 IFCO Systems	3678 N 700 W	Mt Comfort	281,888	New
5 Norwex	4683 Albert S White Dr	Whitestown	268,044	New
6 Schutt Sports	9400 Bradford Rd	Plainfield	200,199	New
7 AMCOR Rigid Packaging	76 Bob Glidden Blvd	Whiteland	168,480	New
8 Tradewinds Holding Company	4255 S 500 E	Whitestown	154,665	New
9 Home Goods	4850 S Indianapolis Rd	Whitestown	152,000	Sublease

Given the strong leasing volume and deal velocity thru Q4 2020, several large speculative construction projects are being developed and constructed with completions scheduled by 2021 Deliveries.

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	767,000	Dec 2021
3 Strategic Capital Partners	65 Commerce Park	Whitestown	632,788	Mar 2021
4 Ambrose Property Group	Westpoint Business Park	Clayton	507,600	Feb 2021
5 Ambrose Property Group	Mt Comfort Logistics Center Bldg 2	Mt Comfort	505,872	Feb 2021

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