

Indianapolis

Industrial market snapshot | Q1 2024

Overall vacancy increased 20 basis points compared to the previous quarter, reaching 9.6% at the end of Q1 2024. Leasing activity peaked in Q3 2022 and has gradually declined over the last six quarters as demand continues to soften. Construction activity has slowed following record-breaking deliveries in 2021 and 2022, providing a much-needed pause and allowing the market to fill large vacancies. Despite the slowdown in activity, Indianapolis remains a desirable location for distribution and logistics operations due to its proximity to major transportation routes, including interstates and railroads.

9.6%

Vacancy reached 9.6% at the end of Q1 2024. The East and West submarkets have the highest vacancy rates, nearly double the market average.

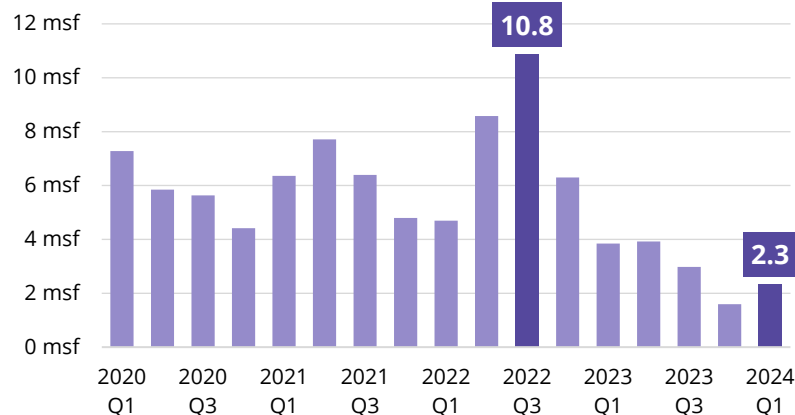
0.3%

Net absorption remained positive, as a percentage of total inventory registered 0.3%, representing 874,897 sf.

33%

The Southwest submarket remains the most active relating to development with 2.4 msf currently under construction which accounts for 33% of the market's pipeline.

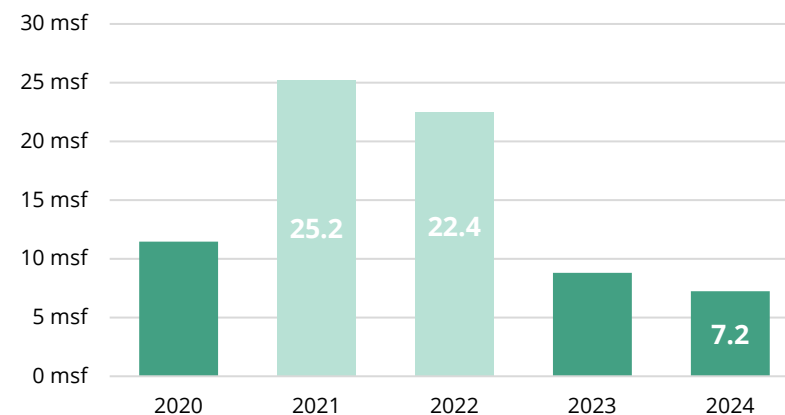
Leasing activity continues to soften



Leasing activity peaked at 10.8 msf in Q3 2022 and has subsequently declined steadily. Only 2.3 msf of space was leased during Q1 2024, down 24% from the quarterly average leasing volume in 2023 of 3 msf.

Source: AVANT by Avison Young, CoStar

Development pipeline shrinking

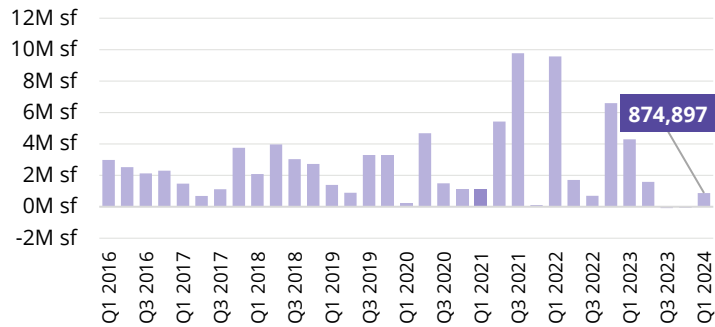


Construction activity has decreased 71% from the all-time high of 25.2 msf in 2021, down to 7.2 msf currently under development. Indianapolis experienced substantial growth in inventory in 2021 and 2022, particularly in big box inventory in the 500,000 sf+ size category, accounting for half of deliveries during this time.

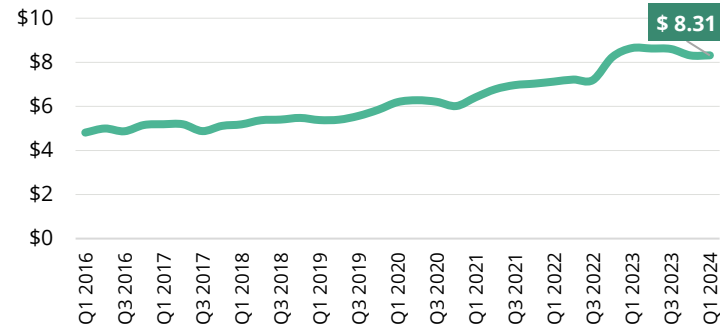
Indianapolis

Industrial market snapshot | Q1 2024

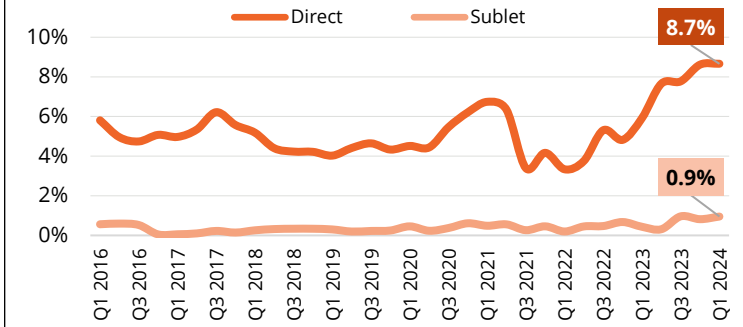
Net absorption



Direct asking rents (psf/NNN)



Vacancy



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Aurora Parts & Accessories	500-520 S Enterprise Blvd	306,397	Direct	Renewal
Undisclosed	445 Airtech Pky	296,896	Direct	Sublease
GEODIS	281 Airtech Pky	270,802	Direct	Renewal

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Francis Beidler	5828 Commerce Dr	\$24,522,122	\$68.71	Geoffrey Lord
Founders Properties	5335 W 74 th St	\$18,800,000	\$61.44	AEW Capital
JASPER Engines & Transmissions	1908 Stout Field West Dr	\$9,000,000	\$73.60	The O'Donnell Group

Indianapolis

Industrial market snapshot | Q1 2024

Get in touch

Jeremy Krotz
Central Regional Manager
jeremy.krotz@avisonyoung.com

Kathleen Cavanaugh
Market Intelligence Analyst
kathleen.cavanaugh@avisonyoung.com

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption % of inventory (QTD)	Net absorption (YTD)
Southwest	100,007,140	1,569,269	2,431,740	5.2%	1.2%	6.4%	0.3%	285,482
East	55,075,669		1,057,868	18.9%	1.0%	19.9%	-0.9%	-480,122
Northwest	54,193,950		800,000	3.2%	0.3%	3.5%	0.5%	244,710
CBD	26,343,111		100,000	2.0%	0.3%	2.3%	0.3%	69,036
South	25,037,192		948,144	13.5%	1.8%	15.4%	0.3%	64,998
Southeast	24,793,189		1,119,696	11.7%	1.3%	13.0%	0.7%	171,844
West	18,484,989		576,637	17.9%	0.0%	17.9%	0.5%	91,800
Northeast	16,899,637			3.4%	1.7%	5.1%	1.8%	306,058
North	10,816,011		196,400	6.8%	0.7%	7.5%	1.1%	121,091
Market total	331,650,888	1,569,269	7,230,485	8.7%	0.9%	9.6%	0.3%	874,897

Indianapolis

Industrial market snapshot | Q1 2024

Get in touch

Jeremy Krotz

Market Intelligence

Central Region Manager

jeremy.krotz@avisonyoung.com

Kathleen Cavanaugh

Market Intelligence

Analyst

Kathleen.cavanaugh@avisonyoung.com

