

# Indianapolis



## Quick Stats

**268 MSF**

Total Market Inventory

**4.5%**

Vacancy rate

**2.89 MSF**

Net Absorption

**6.4 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 big question regarding the market is how long will it's strength continue to absorb these large blocks of space, as the cost of construction continues to rise and the labor supply challenges continue in 2019 for all submarkets.

With a low direct vacancy rate near 4.5%, which includes the new speculative space deliveries, deal velocity remains strong and rental rates are continuing to rise as well.

Noteworthy third quarter 2019 lease activity has been strong. Completed new projects include the RADIAL'S 690,000 sf lease in

Brownsburg, PUMA's new 635,000 sf lease in Whitestown and Pepsico's new 200,000 sf commitment in Indianapolis. All of these projects provide Net New Jobs to each of the communities that welcomed these new companies to their towns.

During the third quarter of 2019, positive absorption of approximately 2.89 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 635,000 sf speculative building from Exeter Property Group in Whitestown, the two Ambrose Property Group buildings at Plainfield Logistics Center Buildings 4 and 5 for 526,000 sf of midsize buildings, and Duke Realty's 495,000 sf speculative bulk building in AllPoints Midwest in Plainfield. A new Master Planned Park called Whiteland Exchange Park will be developed by Jones Development and their first speculative building of 437,000 sf will be delivered 12/1/2019 to the south submarket of Whiteland, Indiana.

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 holding the line below the national average, at 3.3%, the deal velocity still remains strong. 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
Puma	5510 Exploration Drive	635,000	New	Whitestown
Belkin International, Inc.	558 Airtech Parkway	542,630	Renewal	Plainfield
Life Sciences Logistics	1105 E Northfield Drive	526,200	Renewal	Brownsburg
Sataria Acquisitions	Airtech Parkway	202,500	Renewal	Plainfield
Pepsico	South Post Road	200,000	New	Indianapolis
Beckman Coulter	555 W 76th Street	190,175	Renewal	Indianapolis
TF Logistics	4255 S 500 East	184,140	New	Whitestown
Emerson Climate Technologies	6579 W 350 North	130,200	Renewal	Greenfield
Keihin IPT Manufacturing	Mount Comfort Road	113,800	New	Greenfield
Fitzmark, Inc.	7555 Woodland Drive	89,704	New	Indianapolis

Given the strong leasing volume and deal velocity thru Q3 2019 several large speculative construction projects are being developed and constructed with completions scheduled for 2019.

## Speculative Projects

Developer	Address	Square Feet	Delivery Date	Location
CT Realty, LLC	Albert S White Drive - Building 1	1,016,244	Q4 2019	Whitestown
Duke Realty Corporation	1705 Midwest Drive - Building 10	495,888	Q4 2019	Plainfield
Strategic Capital Partners	65 Commerce Park / 5102 E 500 South	440,056	Q4 2019	Whitestown
Browning Investments   Cabot Properties	Velocity 70 Trade Center - Building 4	439,000	Q3 2019	Mount Comfort
Jones Development Company	Whiteland Exchange Building #1	436,000	Q4 2019	Whiteland
Strategic Capital Partners	65 Commerce Park / Midsize Building	279,430	Q4 2019	Whitestown
Molto Properties	World Connect - Building 31	246,426	Q4 2019	Ameriplax
Becknell Industrial	Southtech Logistics Park - Building 3	143,000	Q4 2019	Greenwood



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