

# Indianapolis

## Unprecedented growth the hallmark of 2022

- Quarterly net absorption topped 4 million s.f. for the 7th consecutive quarter and annual absorption fell just shy of 20 million s.f.
- Overall asking rents continue to climb, up \$0.50 quarter-over-quarter and \$1.00 year-over-year.
- 24.5 million s.f. delivered in 2022. This nearly matches the previous two years combined and beats the previous mark by 10 million s.f.
- Despite record-shattering deliveries, vacancy remains well below historical averages, but availability exceeds 11% for the first time.

2022 was a year like no other for the Indianapolis industrial market. 24.5 million s.f. of new product delivered this year. This new inventory helped the market achieve almost 20 million s.f. of positive net absorption. In addition, average asking rents now exceed \$5.50 per square foot and availability tops 11%. The yearly deliveries, occupancy growth, rental and availability rates posted to close out 2022 all established new records for Indianapolis.

Supply exceeded demand for only the second time in the last five years in 2022. With most of this construction being speculative in nature, overall vacancy rose by 1.2 percentage points since Q3. However, vacancy remains well below the 20-year historical average of 7.1%. More than 22 million s.f. remains under construction and has availability above 11% for the first time. Further, overall industrial availability exceeds 10% at year-end for the second year in a row. This has only happened two other times since 2000.

Demand remains high for these new modern distribution centers. Over 40% of construction projects delivered this year did so preleased. Additionally, nearly 30% of the product still under construction already has preleasing in place. Further, asking rents among the current pipeline are coming in at a 5% premium.

### Outlook

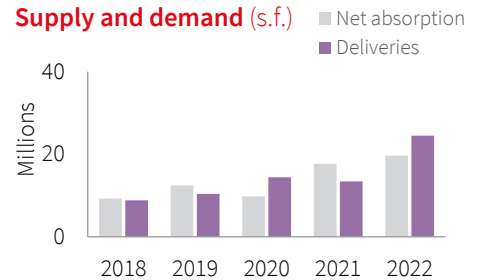
By this time next year, Indianapolis will have industrial inventory greater than 310 million s.f. Almost 25% of this inventory will have delivered since 2020. This helps establish Indianapolis as one of the preeminent locations for companies seeking warehouse space, not only today but for years to come.

### Fundamentals

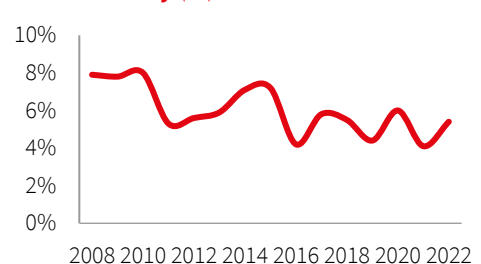
Forecast

YTD net absorption	19,632,438 s.f. ►
Under construction	22,115,092 s.f. ►
Total vacancy	5.4% ▲
Sublease vacancy	821,982 s.f. ►
Direct asking rent	\$5.51 p.s.f. ▲
Sublease asking rent	\$6.27 p.s.f. ►
Concessions	Stable ►

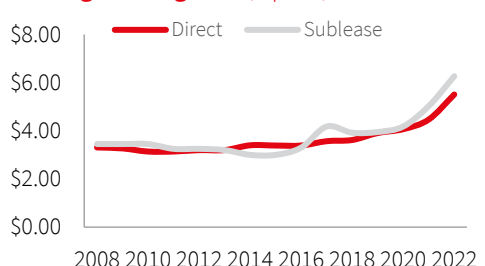
### Supply and demand (s.f.)



### Total vacancy (%)



### Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (%) of stock	Total vacancy (%)	availability (%)	Total total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Indianapolis total										
Warehouse & Distribution	243,607,258	4,829,779	19,025,355	7.8%	6.3%	12.7%	\$5.53	8,255,457	23,788,804	21,649,836
Manufacturing	42,830,395	-163,719	607,083	1.4%	1.1%	1.1%	\$6.42	0	687,512	465,256
Special Purpose	2,791,719	0	0	0.0%	0.0%	0.4%	\$8.00	0	0	0
Overall Total	289,229,372	4,666,060	19,632,438	6.8%	5.4%	11.0%	\$5.54	8,255,457	24,476,316	22,115,092
Boone County										
Warehouse & Distribution	33,812,651	-68,039	515,511	1.5%	9.3%	16.7%	\$5.59	702,000	2,503,822	5,597,022
Manufacturing	1,021,560	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	95,256
Special Purpose	34,966	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	34,869,177	-68,039	515,511	1.5%	9.0%	16.1%	\$5.59	702,000	2,503,822	5,692,278
Hamilton County										
Warehouse & Distribution	10,121,672	19,957	397,946	3.9%	3.7%	6.4%	\$7.02	35,974	469,111	363,693
Manufacturing	2,537,735	0	76,855	3.0%	0.0%	0.0%	\$0.00	0	76,855	370,000
Special Purpose	79,104	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	12,738,511	19,957	474,801	3.7%	2.9%	4.9%	\$7.02	35,974	545,966	733,693
Hancock County										
Warehouse & Distribution	17,768,509	850,694	2,921,409	16.4%	28.3%	40.8%	\$5.18	3,645,483	6,729,596	6,581,332
Manufacturing	3,643,574	0	350,116	9.6%	0.0%	0.0%	\$0.00	0	350,116	0
Special Purpose	210,645	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	21,622,728	850,694	3,271,525	15.1%	23.3%	35.2%	\$5.18	3,645,483	7,079,712	6,581,332
Hendricks County										
Warehouse & Distribution	63,473,839	1,772,004	7,302,976	11.5%	4.5%	11.0%	\$5.34	1,397,195	6,509,701	4,446,531
Manufacturing	697,844	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Special Purpose	224,058	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	64,395,741	1,772,004	7,302,976	11.3%	4.4%	10.8%	\$5.34	1,397,195	6,509,701	4,446,531
Johnson County										
Warehouse & Distribution	24,869,637	982,420	6,246,774	25.1%	7.5%	18.0%	\$5.85	1,617,409	5,482,278	3,523,274
Manufacturing	4,906,396	0	158,840	3.2%	0.0%	0.0%	\$0.00	0	158,840	0
Special Purpose	246,079	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	30,022,112	982,420	6,405,614	21.3%	6.2%	15.3%	\$5.85	1,617,409	5,641,118	3,523,274
Marion County total										
Warehouse & Distribution	93,560,950	1,272,743	1,640,739	1.8%	2.2%	4.3%	\$6.14	857,396	2,094,296	1,137,984
Manufacturing	30,023,286	-163,719	21,272	0.1%	1.5%	1.6%	\$6.42	0	101,701	0
Special Purpose	1,996,867	0	0	0.0%	0.0%	0.6%	\$8.00	0	0	0
Overall Total	125,581,103	1,109,024	1,662,011	1.3%	2.0%	3.6%	\$6.17	857,396	2,195,997	1,137,984
CBD Ind										
Warehouse & Distribution	13,176,645	74,638	109,947	0.8%	0.5%	0.7%	\$8.43	102,500	102,500	0
Manufacturing	9,827,842	-105,645	-69,115	-0.7%	3.6%	4.0%	\$6.42	0	0	0
Special Purpose	313,344	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	23,317,831	-31,007	40,832	0.2%	1.8%	2.1%	\$6.50	102,500	102,500	0
Northwest Ind										
Warehouse & Distribution	23,462,758	17,755	392,817	1.7%	0.7%	1.6%	\$7.21	0	178,218	0
Manufacturing	3,066,088	-58,074	-58,074	-1.9%	1.9%	1.9%	\$0.00	0	0	0
Special Purpose	107,000	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	26,635,846	-40,319	334,743	1.3%	0.9%	1.7%	\$7.21	0	178,218	0
West/Southwest Ind										
Warehouse & Distribution	25,840,719	439,962	265,170	1.0%	0.3%	2.3%	\$7.24	0	142,100	124,560
Manufacturing	10,207,205	0	108,461	1.1%	0.0%	0.0%	\$0.00	0	61,701	0
Special Purpose	1,285,329	0	0	0.0%	0.0%	1.0%	\$8.00	0	0	0
Overall Total	37,333,253	439,962	373,631	1.0%	0.2%	1.6%	\$7.26	0	203,801	124,560
East										
Warehouse & Distribution	22,438,052	806,513	684,009	3.0%	5.2%	9.0%	\$5.35	754,896	1,540,896	700,320
Manufacturing	3,316,506	0	0	0.0%	1.3%	1.3%	\$0.00	0	0	0
Special Purpose	83,673	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	25,838,231	806,513	684,009	2.6%	4.7%	8.0%	\$5.35	754,896	1,540,896	700,320
North/Northeast										
Warehouse & Distribution	4,199,397	-6,600	188,930	4.5%	1.1%	8.0%	\$8.00	0	0	313,104
Manufacturing	2,533,238	0	40,000	1.6%	0.0%	0.0%	\$0.00	0	40,000	0
Overall Total	6,732,635	-6,600	228,930	3.4%	0.7%	5.1%	\$8.00	0	40,000	313,104
South/Southeast										
Warehouse & Distribution	4,443,379	-59,525	-134	0.0%	11.0%	11.7%	\$5.93	0	130,582	0
Manufacturing	1,072,407	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Special Purpose	207,521	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	5,723,307	-59,525	-134	0.0%	8.5%	9.1%	\$5.93	0	130,582	0