

FIGURES | INDIANAPOLIS INDUSTRIAL | Q4 2024

Indianapolis Industrial Vacancy Experiences Record Highs

▲ 141,474

SF Net Absorption

▲ 11.1%

Vacancy Rate

▲ \$6.03

NNN / Lease Rate

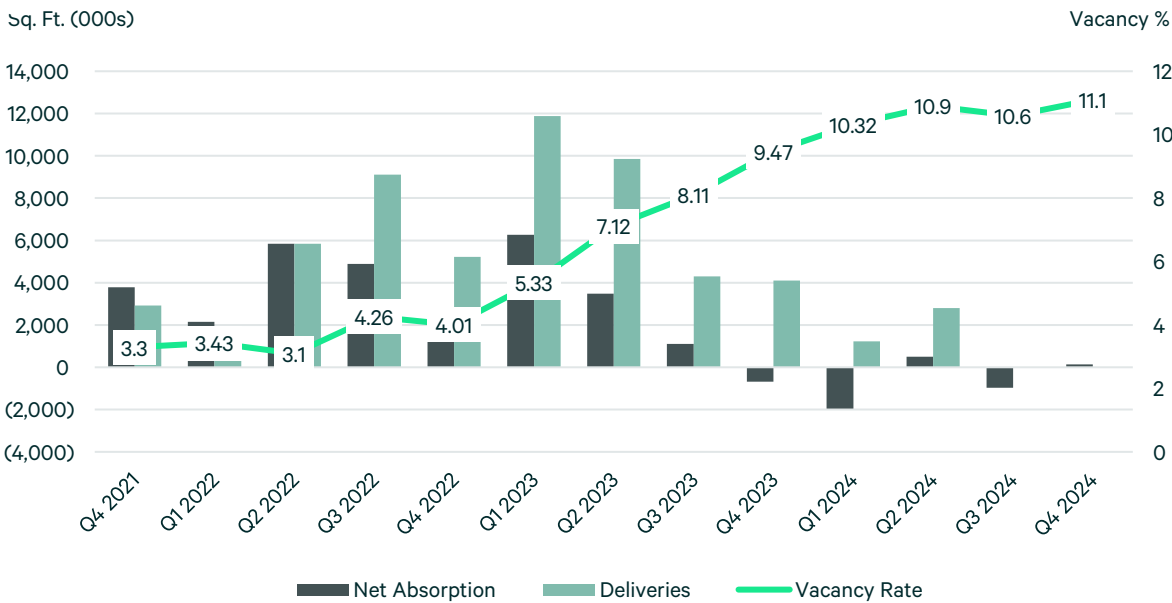
► 2.4 MSF

SF Under Construction

Note: Arrows indicate change from previous quarter.

- This quarter brought a total of 141,474 SF in positive net absorption, a significant improvement from the near negative million SF loss in Q3. YTD finished at nearly -2,280,781 SF of negative net absorption, primarily attributed to large move outs in Q1 2024 and Q3 2024.
- Vacancy increased 50 bps to 11.1% in Q4 2024. A large portion of this increase in vacancy can be attributed to a new sublease at 215 Stafford (357,000 SF) and a large move out of 402,650 SF at 807 Perry Rd.
- Average asking rates showcased continued rent growth even despite historic vacancy. Q4 2024 grew by \$0.09 PSF to \$6.03 PSF/annum.
- Overall leasing activity dipped slightly this quarter to 3.6 MSF, a decrease of 26.53% from the third quarter. Total 2024 leasing velocity was 15.4 MSF in leasing activity, a decrease of 13.97% from 2023.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2024

Construction

Currently, there are six Industrial projects under construction in Indianapolis totaling 2.4 MSF. Of those projects, only 35% (858,687 SF) is Speculative in nature, with the majority of product, 65% (1,593,266 SF) being Built to Suit for tenants.

Construction remains near historic lows in Indianapolis after a several year bull run delivering 30+ MSF to the market. Much of the speculative product that was delivered in the past 36 months continues to remain vacant, causing developers to remain cautious in bringing any new product to the market.

Throughout Q1 2025 and Q2 2025 we will see a majority of the current under construction stock delivering. Most of the space under construction, totaling 1.5 MSF, is within the West submarket.

FIGURE 2: Historic Construction Deliveries (MSF)

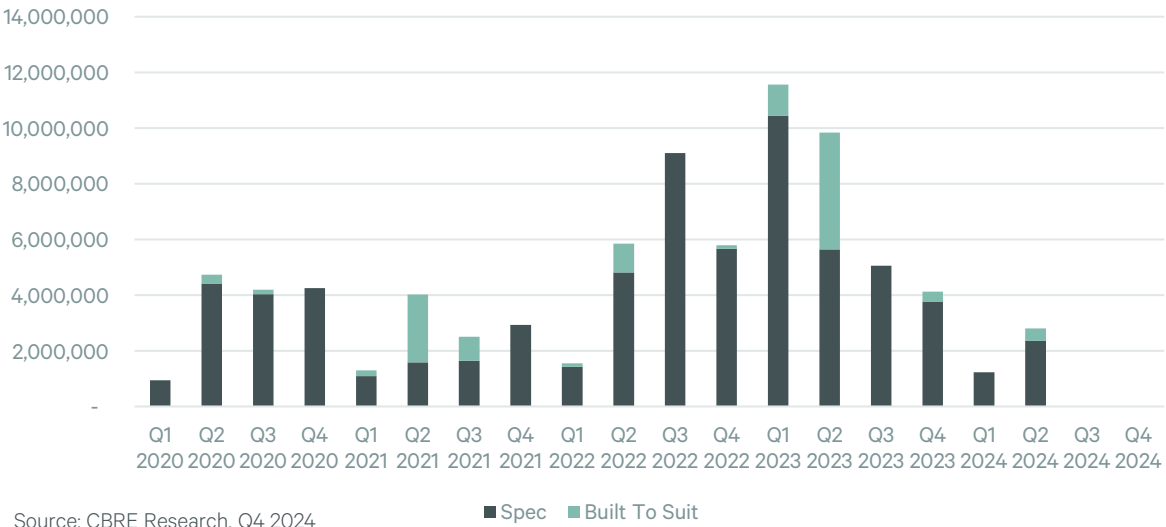
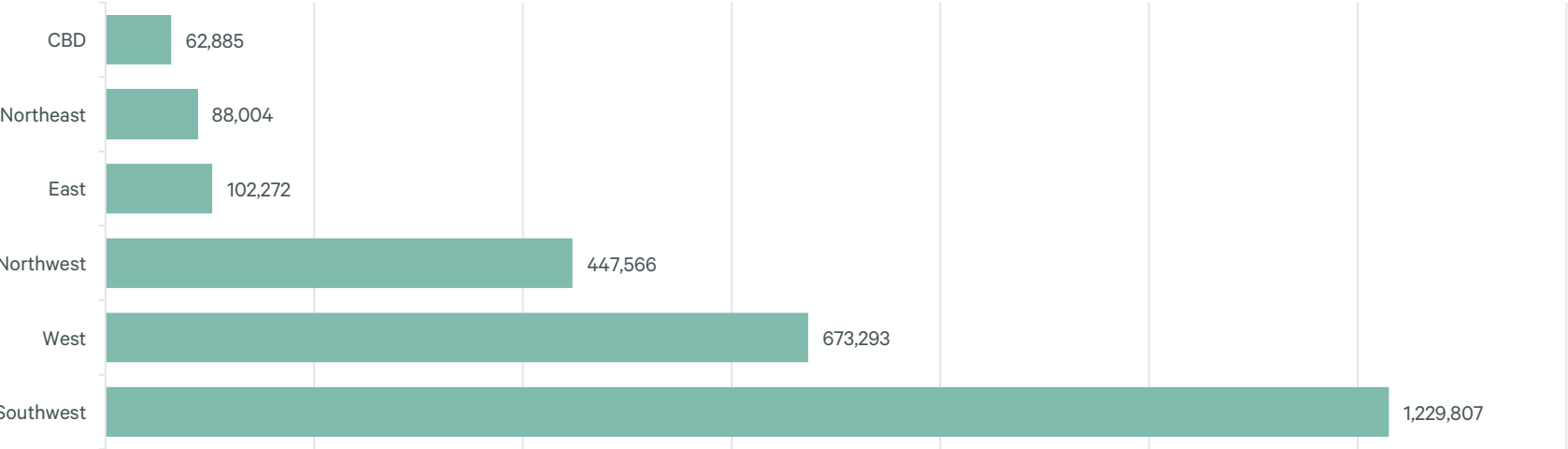


FIGURE 3: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



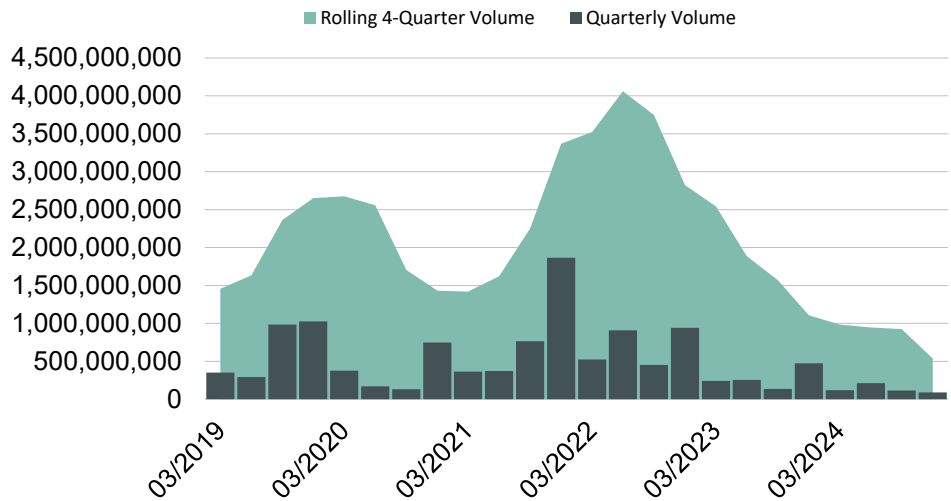
Leasing and Sales Activity

While the previous quarter posted (969,731) SF of negative absorption, this quarter saw an increase in absorption to 141,474 SF, primarily due to a handful of larger spaces particularly in the Southwest submarket becoming occupied.

Some of the largest deals executed this quarter include, GEODIS Logistics securing a renewal of 602,073 SF at 1716 Innovation Blvd, CEVA Contract Logistics also completed a renewal of 533,520 SF at 1451 Allpoints Ct, and RUSH Logistics followed with a new lease of 511,680 SF at 764 N Graham Rd.

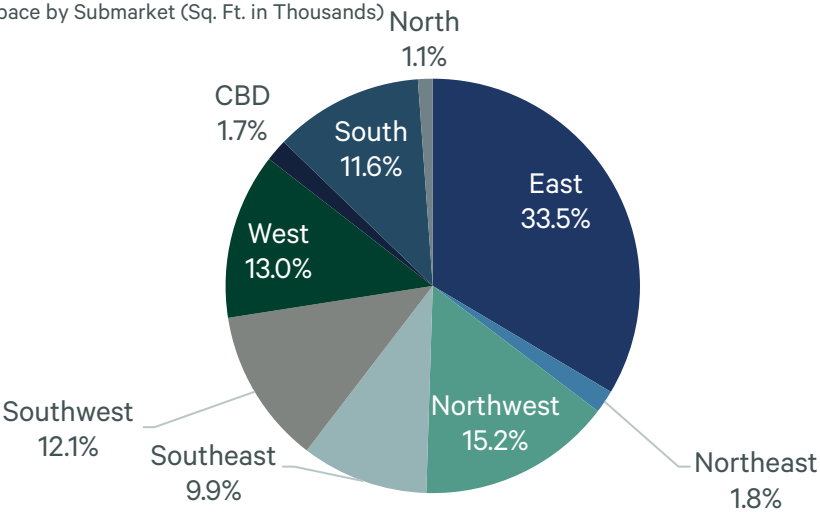
Leasing activity continued to favor small users in the fourth quarter with 82.93% of leased space being under 200,000 SF. Sales volume recorded its weakest quarter in nine years with only \$87 MSF transacting. This shows a 24.35% decrease from Q3 2024 which posted at \$115 million.

FIGURE 5: Investment Sale Volume



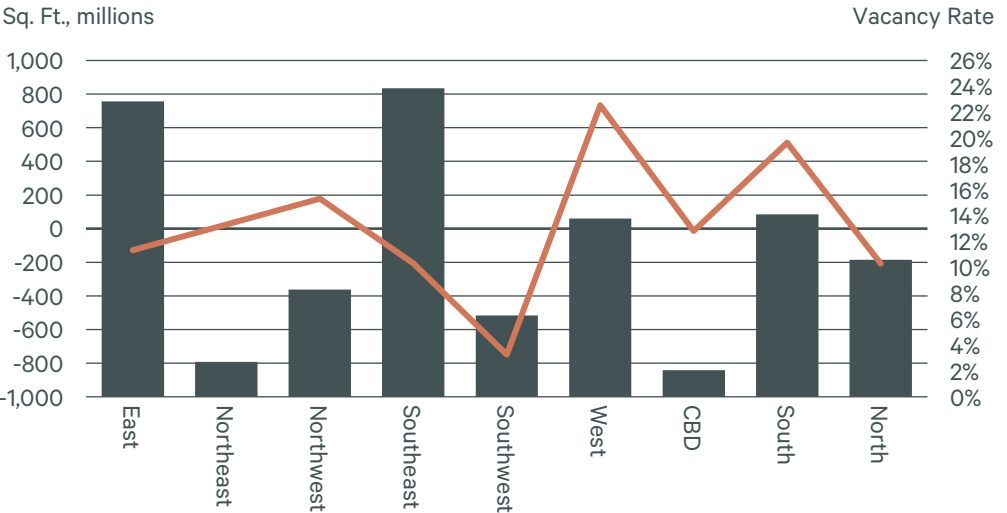
Source: Real Capital Analytics

FIGURE 4: Vacant Space by Submarket (Sq. Ft. in Thousands)



Source: CBRE Research, Q4 2024

FIGURE 6: Net Absorption by Submarket (Sq. Ft.) and Vacancy Rate by Submarket



Source: CBRE Research, Q4 2024

FIGURE 8: Market Statistics

Market	Net Rentable Area (SF)	Vacancy Rate (%)	Q4 2024 Net Absorption	Average Asking Rate	SF Under Construction
East	58,523,734	22.8%	(128,848)	\$5.85	846,594
Northeast	26,455,053	2.7%	24,318	\$8.10	0
Northwest	72,861,245	8.3%	177,568	\$6.10	0
Southeast	16,550,427	23.8%	(205,750)	\$5.92	0
Southwest	76,934,734	6.3%	(749,389)	\$4.92	0
West	37,506,208	13.8%	733,825	\$6.24	1,573,359
CBD	33,302,871	2.1%	(14,138)	\$5.24	0
South	32,837,498	14.1%	511,680	\$6.20	0
North	4,321,451	10.6%	(207,792)	\$17.49	32,000
Total	359,293,221	11.1%	141,474	\$6.03	2,451,953

Source: CBRE Research, Q4 2024

FIGURE 9: Key Lease Transactions

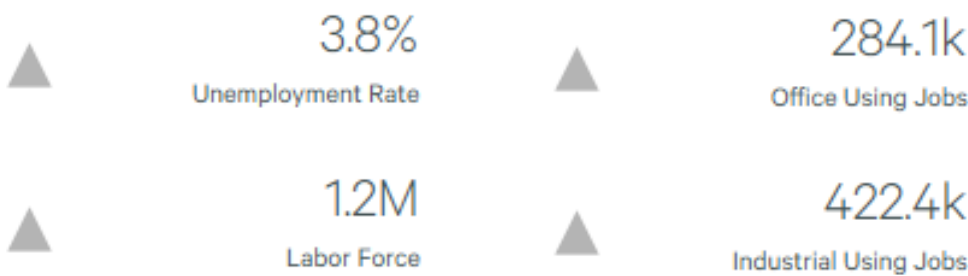
Transaction Type	Size (SF)	Tenant	Address	Submarket
Renewal	602,073	GEODIS Logistics	1716 Innovation Blvd	Southwest
Renewal	533,520	CEVA Contract Logistics	1451 Allpoints Ct	West
New Lease	511,680	RUSH Logistics	764 N Graham Rd	South
Renewal	280,957	Ford Motor Co.	2675 Reeves Rd	Southwest
Expansion	271,602	Nice-Pak	381 Airtech Pkwy	Southwest

Source: CBRE Research, Q4 2024

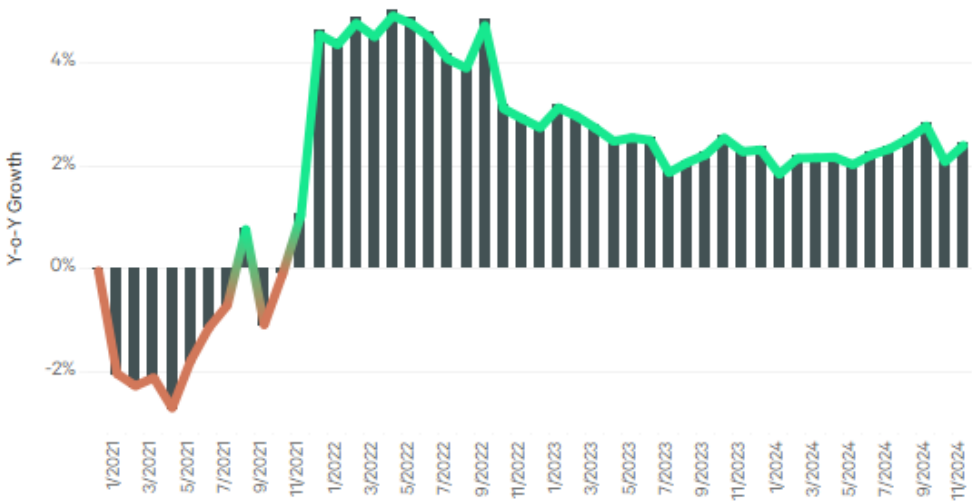
Economic Outlook

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

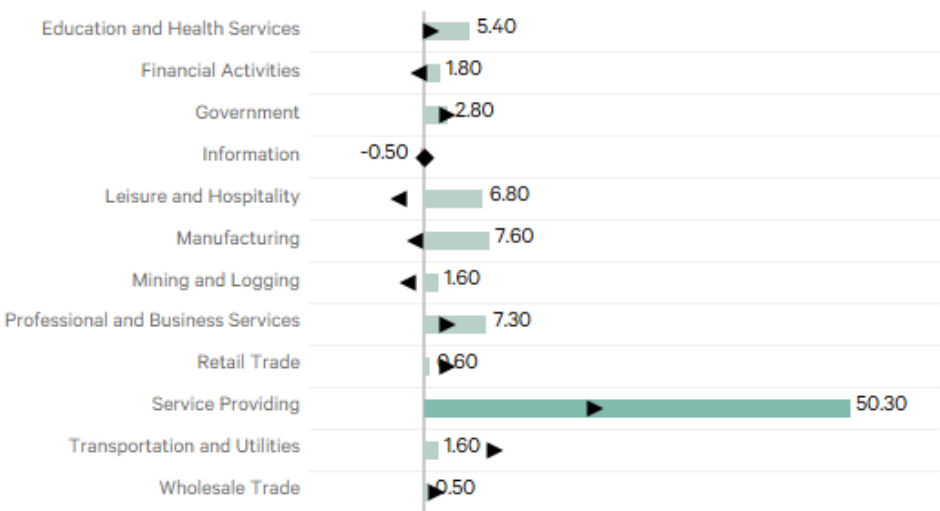


Job Growth - Year over Year Trend



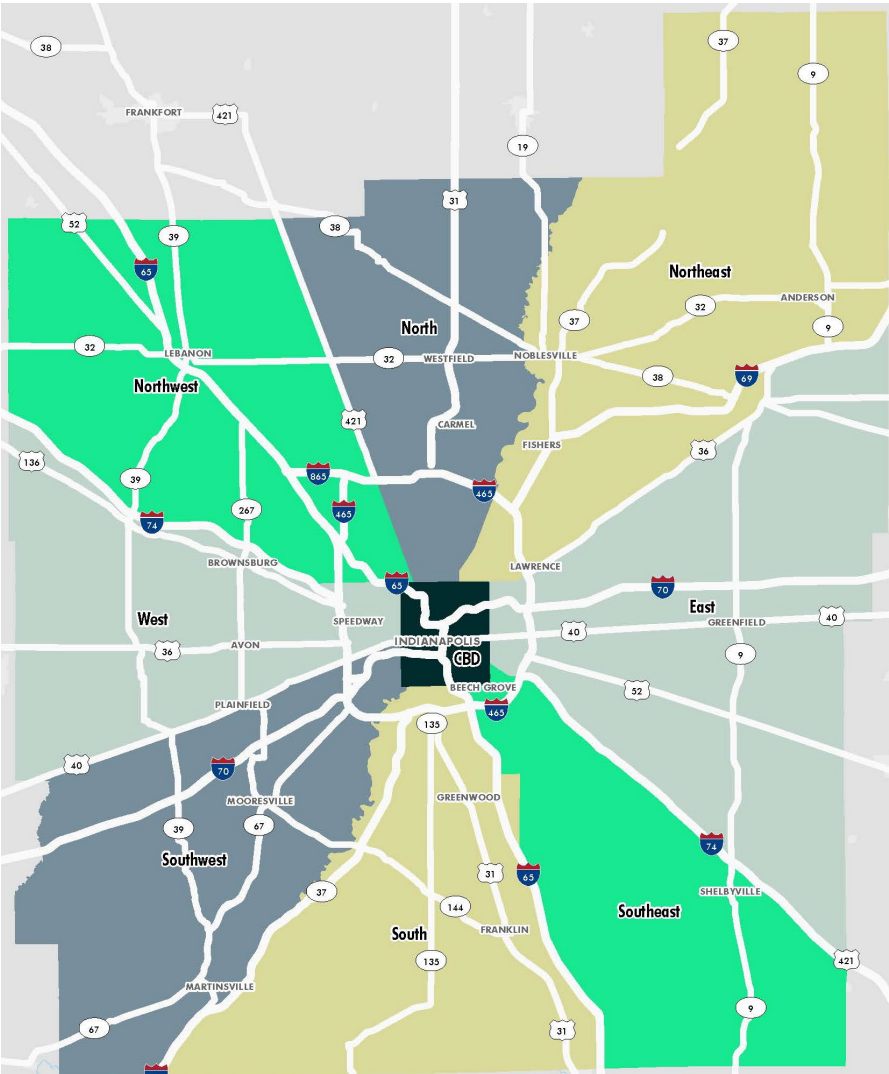
Employment Change by Sector - Yearly & Monthly

Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS November 2024

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size.. Buildings which have begun construction as evidenced by site excavation or foundation work.

Statistical Revisions

Historical Industrial statistical data was revised based upon previously unavailable market intelligence.

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