

FIGURES | INDIANAPOLIS INDUSTRIAL | Q2 2023

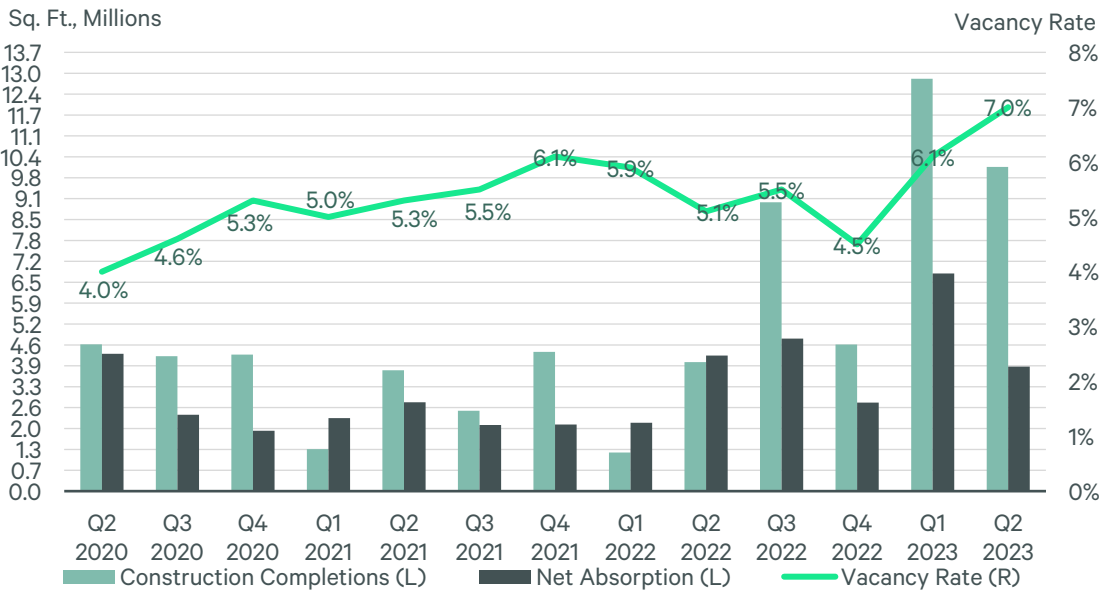
After historic number of deliveries vacancy exceeds 7% for the first time since 2015



Note: Arrows indicate change from previous quarter.

- Absorption slowed this quarter to 3.8 MSF. The majority of which (2,229,000) is attributed to Wal-Mart occupying their new distribution facility in McCordsville, IN.
- Vacancy increased by an additional 100 bps this quarter breaching 7% for the first time since 2015. Vacancy continues to be driven by the historic amount of speculative modern bulk product that has delivered vacant over the past two quarters. Just over 10 MSF delivered in Q2 alone.
- The average asking lease rate reached an all time high of \$6.31 SF NNN primarily driven by new speculative product with higher asking rates than existing aging Warehouse stock.
- Leasing activity remained active in the second quarter with several notable deals executed. Conversely, capital markets activity continues to remain muted as the federal reserve eyes two more rate hikes before the end of 2023.

FIGURE 1: Indianapolis Construction Completions, Net Absorption, and Vacancy Rates

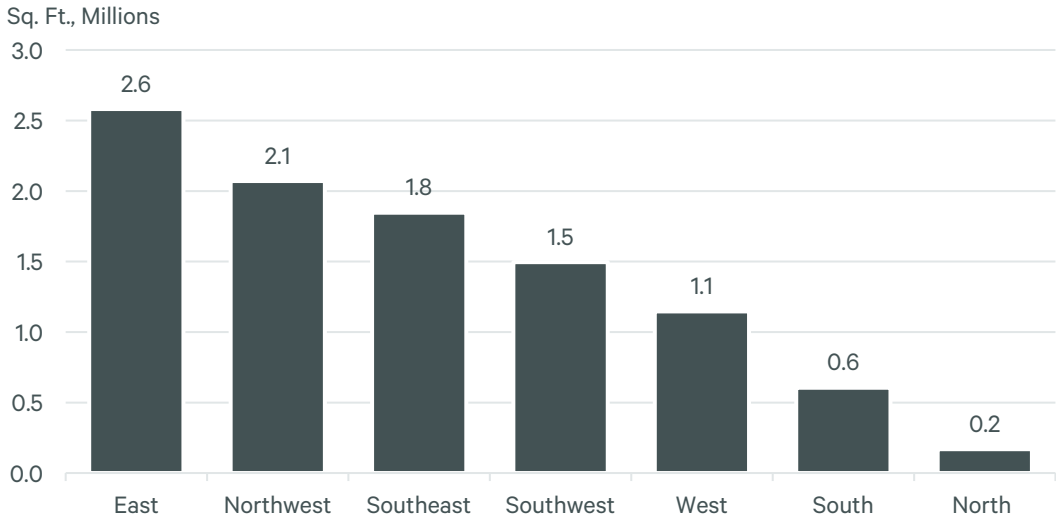


Source: CBRE Research, Q2 2023

Construction

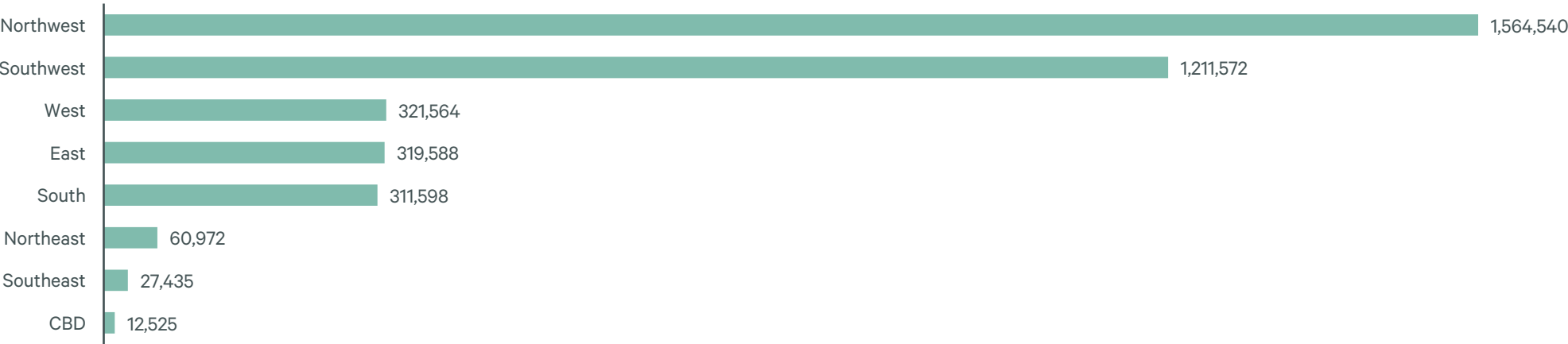
Just over 10 MSF of new product delivered in the first quarter of as the under-construction pipeline continues to contract in 2023. Currently, there are 23 Industrial projects under construction in Indianapolis totaling just over 9 MSF. Speculative product in the Indianapolis market continues to deliver vacant. This has in turn drove the vacancy rate to the highest levels since 2015 at 7%. Conversely, new product delivery has driven asking rates to a historic high of \$6.31.

FIGURE 2: Under Construction by Submarket



Source: CBRE Research, Q2 2023

FIGURE 3: Leasing Transactions by Submarket (Sq. Ft.)



Source: CBRE Research, Q2 2023

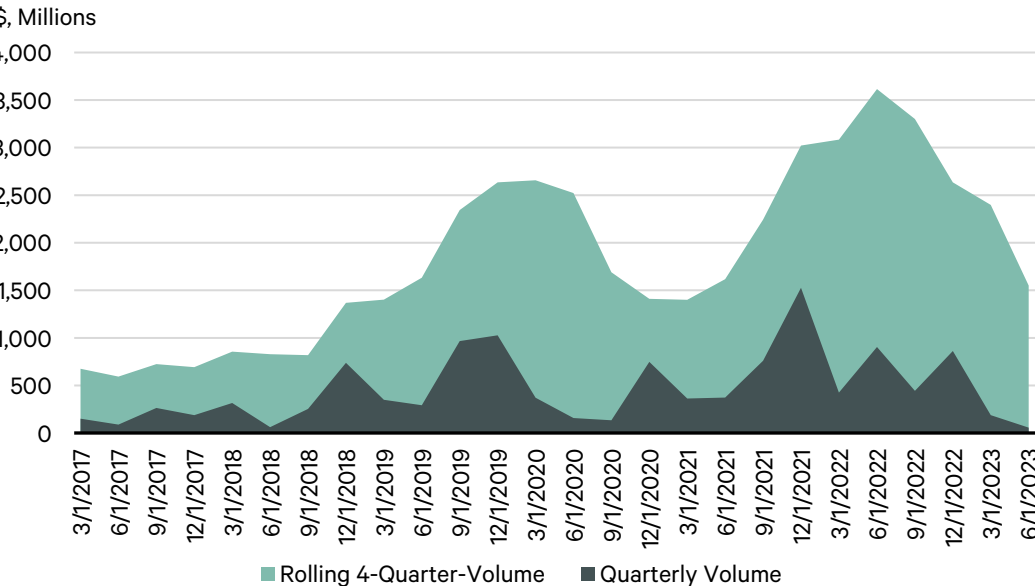
Source: CBRE Research, Q2 2023

Leasing and Sales Activity

The Indianapolis market absorbed 6.4 MSF. in Q1 2023. The Southwest and South submarkets had the most transaction activity with a combined 2.9 MSF of new leasing activity. Among the most notable deals that occurred in the first quarter were Geodis signing a Renewal at Sunbeam Four totaling 1,000,000 SF, Subaru of America executing a Renewal at 945 Monument Dr for 962,000 SF and Rockwell Automation signed a Renewal at AllPoints 8A for 369,000 SF

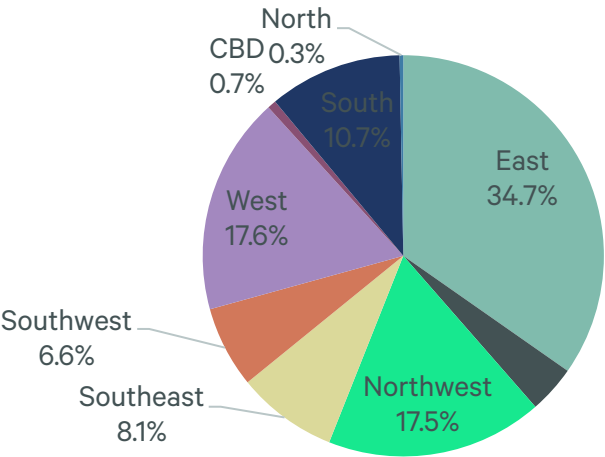
Capital markets activity continues to remain muted as the federal reserve ramps up its campaign against inflation. The Federal Reserve is expected to enact at least two more increases the Federal Funds Rate before the end of 2023 which will continue to put downward pressure on investment sales.

Figure 5: Investment Sale Volume



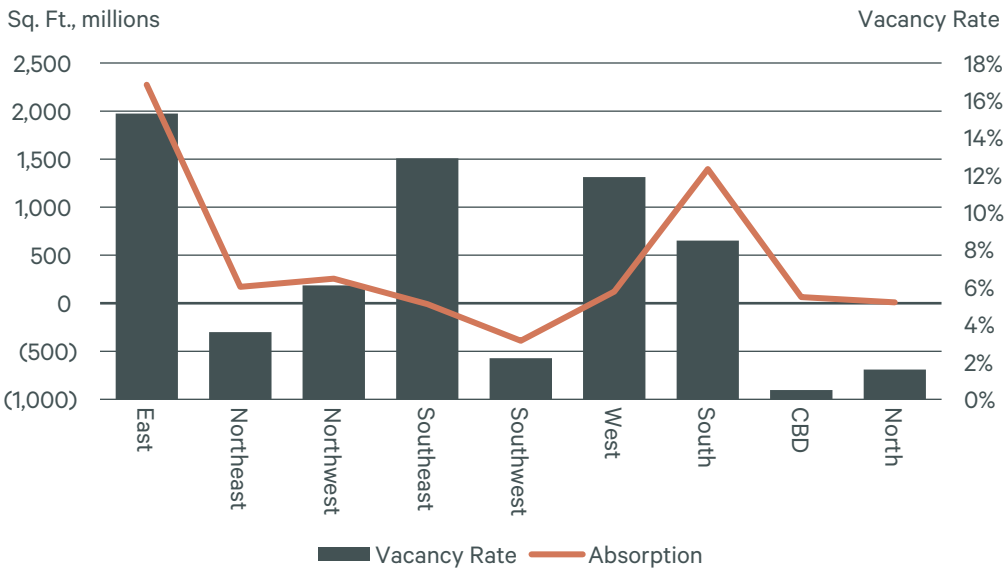
Source: Real Capital Analytics, Q2 2023

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



Source: CBRE Research, Q2 2023

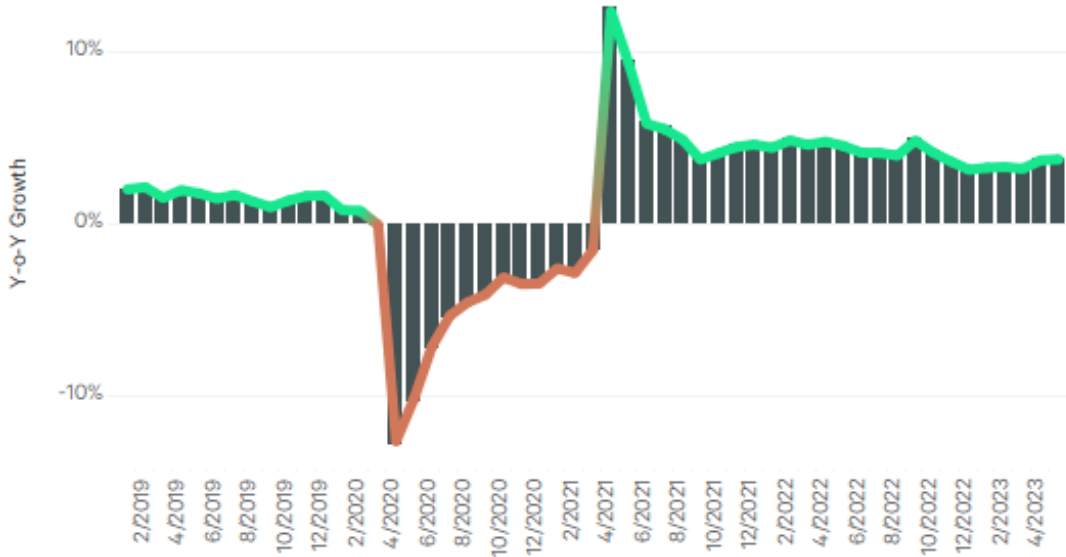
Figure 6: Net Absorption by Submarket (Sq. Ft.) and Vacancy Rate by Submarket



Source: CBRE Research, Q2 2023

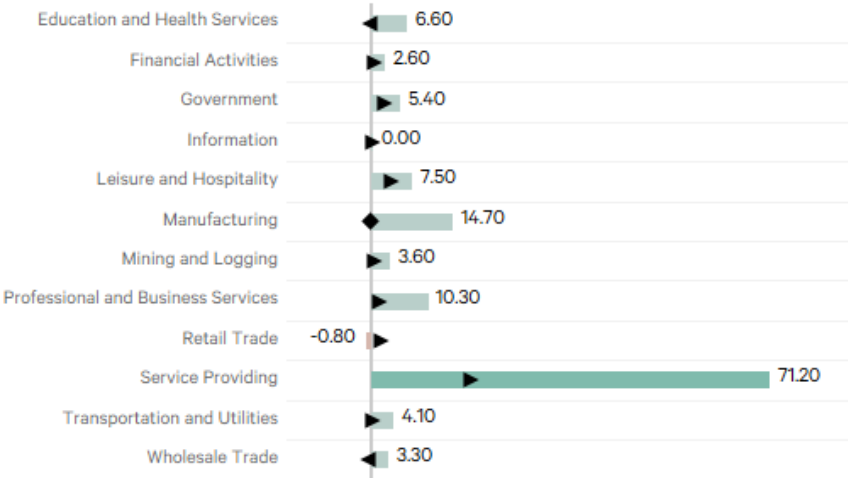
Economic Outlook

Job Growth - Year over Year Trend



Employment Change by Sector - Yearly & Monthly

Bars indicate yearly trend, arrows indicate monthly trend



3.2%

Unemployment Rate



287.5k

Office Using Jobs



1.1M

Labor Force



406.2k

Industrial Using Jobs

Source: US BLS May 2023

FIGURE 7: Market Statistics

Market	Net Rentable Area (SF)	Vacancy Rate (%)	Q1 2023 Net Absorption	Under Construction	Average Lease Rate
East	50,516,253	15.2%	2,273,492	2,582,011	\$6.09
Northeast	26,112,494	3.6%	170,361	0	\$9.44
Northwest	69,698,313	6.1%	256,242	1,846,724	\$6.37
Southeast	15,404,139	12.9%	(9,171)	1,146,288	\$4.97
Southwest	75,206,338	2.1%	(389,828)	605,344	\$6.16
West	36,157,506	11.9%	121,960	1,496,526	\$6.32
South	30,867,008	8.5%	1,396,546	2,071,588	\$6.39
CBD	33,827,962	0.5%	65,174	0	\$4.45
North	4,381,179	1.6%	(10,258)	169,544	\$12.92
Total	347,171,192	7.0%	6,347,223	9,918,025	\$6.08

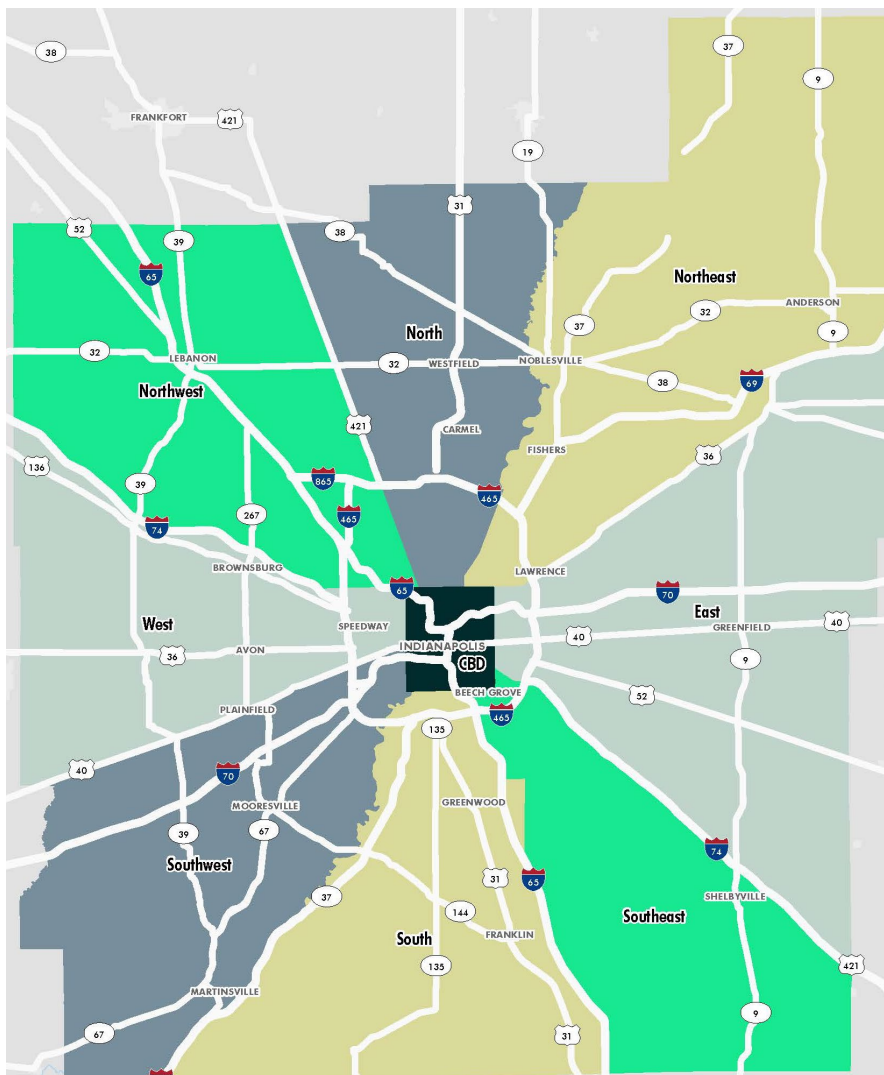
Source: CBRE Research, Q2 2023

FIGURE 8: Key Lease Transactions

Transaction Type	Size (SF)	Tenant	Address	Submarket
Renewal	1,002,469	GEODIS	Sunbeam Four	Southwest
Renewal	962,500	Subaru of America	8677 Logo Athletic Ct	Northwest
Renewal	369,499	Rockwell Automation	Mohr Logistics Park 5	Northwest
New Lease	282,564	Ryder Logistics	Southpoint One	West
New Lease	276,240	APC Postal Logistics	65 Commerce Park 3	East

Source: CBRE Research, Q2 2023

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.

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