

KEY TAKEAWAYS

- Vacancy rates have increased to 8.7% as tenant demand slows and new big-box properties remain unleased.
- Net absorption and rent growth have both slowed, with rents rising 4.9%, but at a decelerating pace.
- Private investors now account for 47% of industrial property sales, as annual sales volume declines to \$724 million.



VACANCY RATE

8.5%



MARKET ASKING RENT GROWTH

4.7%



MARKET CAP RATE

8.6%

IMPACT OF MARKET CONDITIONS ON INDUSTRIAL REAL ESTATE IN INDIANAPOLIS

The Indianapolis industrial real estate market continued to face headwinds in the third quarter of 2024. Vacancy rates rose to 8.7% as tenant demand moderated, and newly delivered big-box properties struggled to find occupants. Net absorption slowed to 3.9 million SF, well below historical trends, while rent growth softened to 4.9%. Despite these challenges, construction activity has decelerated, which may help stabilize vacancy rates by late 2024. Shifting investment trends also saw private investors dominate 47% of sales volume, as total sales dipped to \$724 million. However, with fewer new projects starting, there is cautious optimism for market stabilization heading into 2025, provided economic adjustments continue as expected. Strategic planning remains crucial for navigating these changing market dynamics.

MARKET INDICATORS

6,165,047

SQ FT UNDER
CONSTRUCTION

10.4%

AVAILABILITY
RATE

\$7.71

MARKET ASKING
RATE

ANNUAL TRENDS

12 MONTH

HISTORIC AVERAGE

Vacancy Change



0.4%



7.2%

Net Absorption
SF

5,400,000 sf

6,121,113 sf

Deliveries SF

7,800,000 sf

8,037,831 sf

Market Asking
Rent Growth

4.7%

2.5%

Sales Volume

\$705M

\$610.4M

Overall Asking
Lease (NNN)

\$7.60

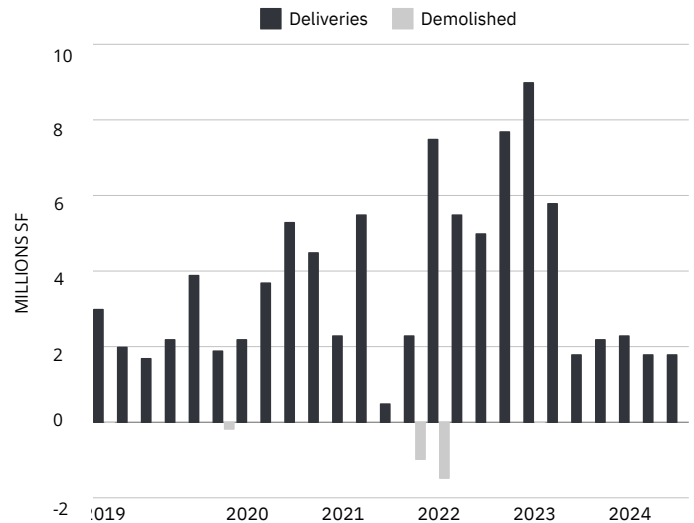
\$5.96

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent
Logistics	303,657,217	10.7%	\$7.02
Specialized	90,383,676	2.2%	\$8.16
Industrial Flex	29,379,232	4.6%	\$11.95
Market	423,420,125	8.5%	\$7.60

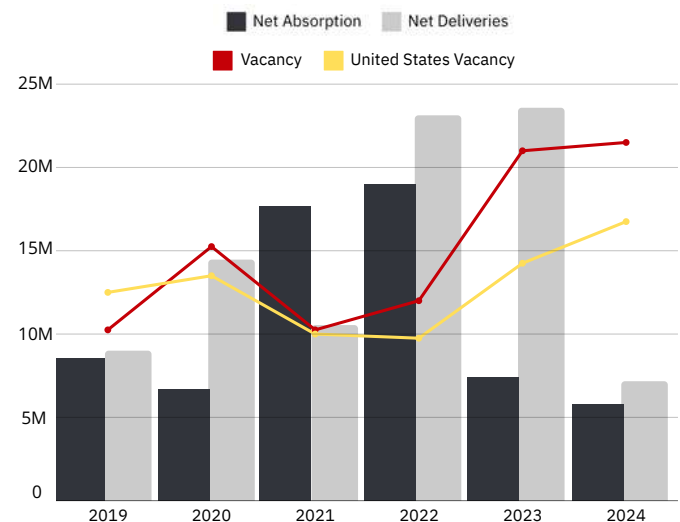
CONSTRUCTION

Over the past three years, Indianapolis has delivered 54.5 million SF of industrial space, with a concentration in key logistics hubs. The majority of new construction, around 70%, has focused on big-box properties over 500,000 SF, leaving 37.9% of the newly delivered space still available for lease. Significant recent developments include Walmart's 2.2 million SF fulfillment center and the AllPoints Midwest Building 3, a 1.1 million SF distribution center completed in February 2024. Currently, 7 million SF of industrial space is under construction, with West Hendricks County leading activity at 1.9 million SF. However, concerns over oversupply persist, particularly in the large-scale industrial segment, which accounts for 50% of ongoing projects. Notably, the largest property under construction is a 1.1 million SF facility in Franklin, set for completion in August 2024.



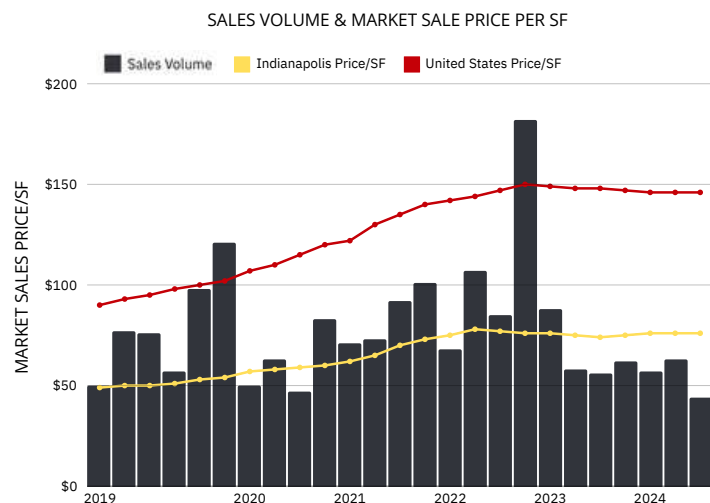
LEASE ACTIVITY

Industrial leasing activity in Indianapolis remained subdued through early fall 2024, with approximately 9.2 million SF leased for the year, well below the five-year average of 23.6 million SF. Logistics properties continued to dominate leasing activity, with the largest recorded lease in April 2024 by Cummings for just over 1 million SF in Whiteland. Net absorption totaled 3.9 million SF over the past 12 months, far below the historical average of 11.5 million SF. Oversupply remains a concern in the 500,000-SF and up segment, with availability rates rising to 16.3%. However, long-term demand for logistics space remains promising, thanks to Indianapolis's strategic location, providing access to 49% of the U.S. population within a day's drive.



SALES ACTIVITY

Industrial property sales activity in Indianapolis has slowed in 2024, with an annual sales volume of \$724 million, falling below the historical average of \$1.2 billion per year. Logistics properties accounted for \$540 million of this total, with private investors dominating 47% of sales volume over the past year. Notable transactions include the \$56.6 million purchase of Building 9 at 4241 Plainfield Rd by Ares Industrial Real Estate Income Trust, and Brookfield Properties' acquisition of a fully occupied Amazon warehouse for \$41.2 million. Pricing has remained steady, increasing slightly to \$73/SF, while cap rates have risen to 8.5%. Recent sales reflect the continued interest in logistics properties, though the overall market remains softer compared to prior years.



TOP INDUSTRIAL LEASES

PAST 12 MONTHS

Building Name and Address	Submarket	Tenant	SF	Qtr
5635 N Graham Rd	Johnson County	Cummins	1,057,350	Q2 24
10015 Archer Dr	West Hendricks Cty	-	826,771	Q3 23
909 Whitaker Rd *	Plainfield	Smart Warehousing	381,493	Q4 23
County Line Rd & S Arlington Ave	Franklin Township	Alfa Laval	324,000	Q3 24
904 Edwards Dr	Far Boone County	NewCold Logistics	300,000	Q2 24
4210 W 67th St	Madison County	Corteva Agriscience	300,000	Q3 24
445 Airtech Pky	Plainfield	-	296,896	Q1 24
7221 W 350 N	Hancock County	Allegion	249,634	Q1 24
7600 Rockville Rd	W Rockville/Cnty Clb	-	249,480	Q4 23
9600 E 400 N	West Hendricks Cty	-	237,828	Q3 24
9524-9532 Station Blvd	Plainfield	Marathon	233,618	Q2 23
800 Commerce Parkway West Dr	Johnson County	-	211,500	Q3 24
N County Road 1000 E & I-74	West Hendricks Cty	-	204,206	Q4 23
5425 Exploration Dr	Airport	-	201,656	Q3 24
11947-11955 Cumberland Rd	Fishers/Noblesville	-	184,855	Q1 24
6441 S CR 475 E	Far Boone County	-	183,033	Q1 24
225 Transfer Dr	W Rockville/Cnty Clb	-	177,600	Q1 24
20220 Fenside Crossing	Carmel	-	169,544	Q1 24
2151-2155 Airwest Blvd	Plainfield	-	163,000	Q2 24
4995 Perry Worth Rd	Far Boone County	Langham Logistics, Inc.	161,602	Q4 23
2516 Logistics	West Hendricks Cty	-	157,824	Q2 24
5789 N Graham Rd	Johnson County	Sojo Industries	151,950	Q1 24
800 Commerce Parkway West Dr	Johnson County	-	141,000	Q1 24
6825 W CR 400 N	Hancock County	-	136,574	Q1 24
6675 W 265 N	Hancock County	-	136,298	Q3 24
3876 N 700 W	Hancock County	NVB Playgrounds	133,948	Q2 24
5879 N Graham Rd	Johnson County	DHL	130,200	Q1 24
7750-7754 W Morris St	Airport	Applied Composites	129,600	Q2 24
5345 W 81st St	Park 100	-	128,380	Q3 24
6350 Commerce Dr	Far Boone County	-	125,185	Q3 24
N County Road 1000 E & I-74	West Hendricks Cty	-	102,296	Q2 24
1201 Perry Rd	Plainfield	IT Asset Solution, LLC	100,000	Q2 24
6353 Commerce Dr	Far Boone County	-	96,716	Q4 23
6840 E 96th St	Fishers/Noblesville	-	95,400	Q2 24
11500 E 146th St	Fishers/Noblesville	Kittle's Furniture	94,415	Q1 24
11500 E 146th St	Fishers/Noblesville	-	93,678	Q3 24
311-317 S Enterprise Blvd *	Far Boone County	The PCA Group	89,875	Q2 24
2530 S Tibbs Ave	Stout Field	Estes Express Lines	88,430	Q4 23
5301 East 500 South	Far Boone County	-	88,000	Q2 24
9250 Bradford Rd	Plainfield	Us Water Systems Inc	87,759	Q2 24

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RECENT SIGNIFICANT SALES

PROPERTY						SALE		
Property Name - Address		Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1	Building 9 4241 Plainfield Rd	2020	754,520	0%	4/8/2024	\$56,650,000	\$75	-
2	AllPoints Midwest Buildi... 1110 Smith Rd	2022	609,040	0%	10/24/2023	\$45,750,000	\$75	-
3	Bldg 800 800 Perry Rd	1996	923,980	0%	7/11/2024	\$41,231,246	\$45	-
4	Building 3 6040 Commerce Dr	2020	319,336	0%	12/14/2023	\$28,400,000	\$89	5.6%
5	7221 W 350 N	2023	249,634	0%	11/23/2023	\$28,075,000	\$112	-
6	Bldg 2 5828 Commerce Dr	2019	356,900	0%	1/10/2024	\$24,522,122	\$69	5.6%
7	Building 8 4132 Plainfield Rd	2020	223,480	0%	4/8/2024	\$21,850,000	\$98	-
8	Gateway IV 3051 Midfield Ct	2017	151,200	0%	4/30/2024	\$21,450,000	\$142	-
9	Gateway III 1025 Columbia Rd	2014	220,000	0%	4/30/2024	\$21,450,000	\$98	-
10	2530 S Tibbs Ave	1967	88,430	0%	2/1/2024	\$20,746,741	\$235	-
11	430 Airtech Pky	2021	172,973	0%	4/18/2024	\$19,715,000	\$114	-
12	Building 210 4001 W Minnesota St	1967	190,819	27.0%	12/5/2023	\$19,475,000	\$102	6.2%
13	Langham Logistics 5335 W 74th St	2000	306,000	0%	1/2/2024	\$18,800,000	\$61	-
14	4321 Albert S White Dr	2023	146,640	100%	6/27/2024	\$18,000,000	\$123	-
15	Building 450 4921 E 450 S	2022	163,654	0%	6/27/2024	\$15,950,000	\$97	-
16	Air System Components... 843 Indianapolis Ave	1930	135,000	0%	7/31/2024	\$15,871,508	\$118	-
17	8421 Bearing Dr	2015	124,200	0%	12/4/2023	\$11,824,116	\$95	-
18	3333 Mesilla Ct	1980	125,194	0%	10/5/2023	\$10,650,000	\$85	-
19	Boise Cascade Office 5345 W 81st St	1986	128,380	100%	8/26/2024	\$10,375,000	\$81	-
20	Post Road Commerce C... 1230 S Post Rd	2023	115,500	0%	2/21/2024	\$10,000,000	\$87	-

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SUBMARKET INVENTORY

		Inventory			Under Construction				
Rank	Submarket	Bldgs	SF	% Market	Rank	Bldgs	SF (000)	Rank	12 Mo Net Absorp SF
1	Far Boone County	248	41.3M	9.8	2	7	1.7M	1	3M
2	Hancock County	210	29.7M	7.0	4	1	450K	4	1.5M
3	West Hendricks Cty	227	21.9M	5.2	6	4	1.2M	3	989K
4	Plainfield	245	53.4M	13.6	1	2	268K	6	796K
5	Johnson County	461	38M	9.0	3	4	1.6M	2	397K
6	W Rockville/Cnty Clb	99	3.9M	0.9	27	0	-	-	370K
7	Carmel	241	6.4M	1.5	19	1	32K	11	280K
8	Madison County	249	11.4M	2.7	13	1	10K	14	208K
9	Stout Field	427	19.3M	4.6	8	0	-	-	208K
10	Willard Park	288	7.3M	1.7	17	0	-	-	108K
11	Fishers/Noblesville	363	15.9M	3.8	10	6	250K	7	97.5K
12	Speedway	155	6.9M	1.6	18	0	-	-	88.3K
13	Shelby County	149	9M	2.1	14	0	-	-	67.4K
14	White River Pkwy	248	11.8M	2.8	12	0	-	-	64.1K
15	Keystone Crossing	67	2M	0.5	31	0	-	-	57.8K
16	Morgan County	152	4.4M	1.0	26	1	20K	13	52K
17	Southport	116	2.3M	0.6	30	0	-	-	48.1K
18	Franklin Township	137	4.8M	1.1	25	1	325K	5	29.1K
19	Brookside Center	297	8.1M	1.9	16	0	-	-	26.8K
20	Fall Creek Parkway	100	1.4M	0.3	32	0	-	-	2.1K
21	Brown County	8	144K	0	33	0	-	-	1.6K
22	Bluff Road	167	3.7M	0.9	28	0	-	-	(10K)
23	Putnam County	35	2.5M	0.6	29	0	-	-	(10K)
24	Old Meridian	225	5.9M	1.4	20	1	10K	14	(35.2K)
25	Circle District	172	4.9M	1.1	24	0	-	-	(40.6K)
26	Castleton	148	5.5M	1.3	21	1	41K	10	(46.7K)
27	Eagle Creek	169	8.5M	2.0	15	0	-	-	(63.5K)
28	Park 100	434	27.7M	6.6	5	4	121K	8	(130K)
29	Warren Park	385	21M	5.0	7	1	25K	12	(203K)
30	Garfield Park	196	5.2M	1.2	22	0	-	-	(348K)
31	Airport	190	18M	4.3	9	0	-	-	(363K)
32	Fort Ben	191	4.9M	1.2	23	0	-	-	(514K)
33	Washington Square	210	15M	3.6	11	1	68K	9	(531K)

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