

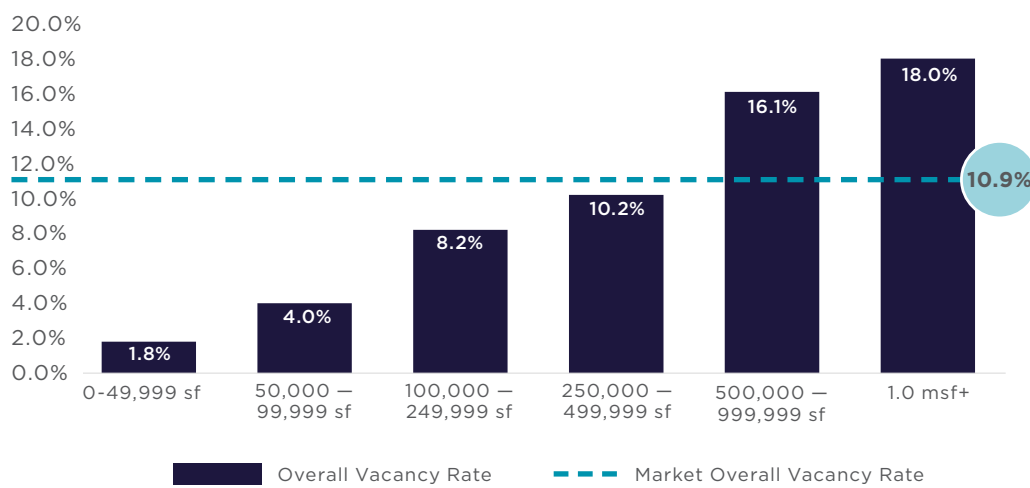
BENEATH THE SURFACE

////// Decoding Indianapolis' Industrial Vacancy ////

The overall vacancy rate in the Indianapolis market has continued to tick upwards the past several quarters from a recent low of 3.3% in Q2 2022 and equaled 10.9% in Q2 2024. However, this elevated vacancy rate is not an entirely accurate representation of market conditions, as vacancy is concentrated in the big-box inventory—buildings 500,000 square feet (sf) and greater.

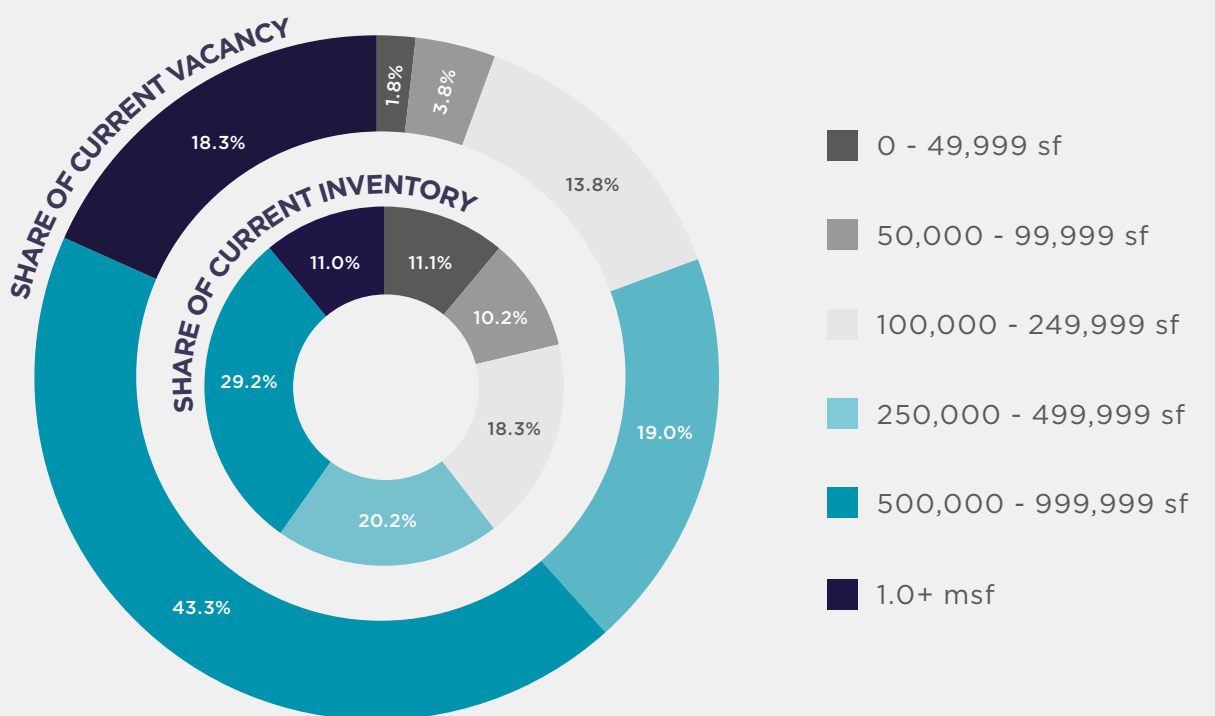
This study digs into the overall vacancy rates for different subsets of the Indianapolis industrial market—including building size and property type—to decode the market's overall vacancy rate.

VACANCY BY BUILDING SIZE

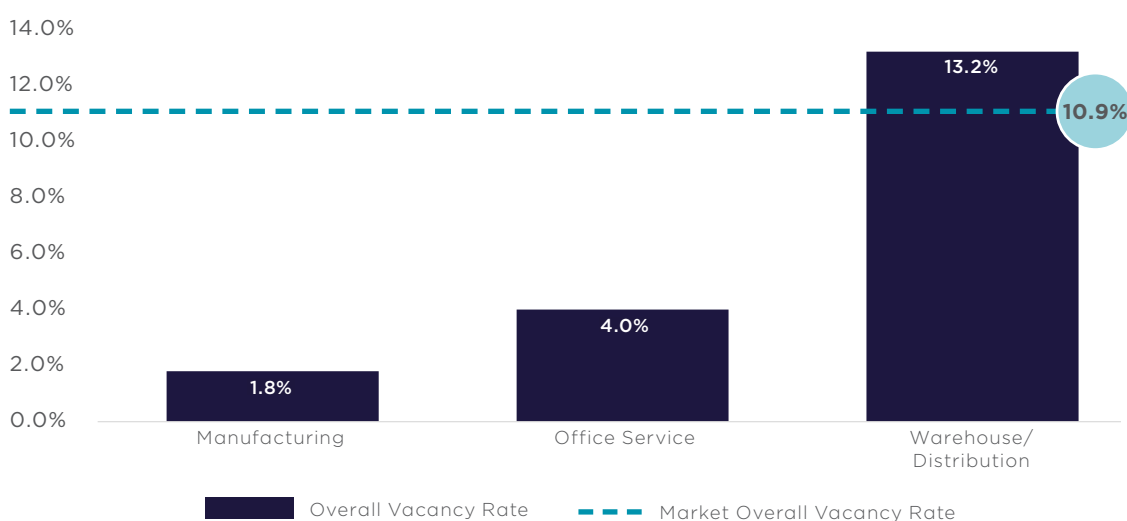


Overall vacancy rates are substantially higher for the larger, big-box buildings in the market. Buildings under 50,000 sf have a vacancy rate of just 1.8% while buildings 1.0 million square feet (msf) and greater have a vacancy rate of 18.0%. Buildings under 500,000 sf have a vacancy rate well-below the market average of 10.9%.

Buildings in the 500,000-999,999 sf size range make up the largest share of current vacancy, 43.3%. However, the subset of the market only comprises 29.2% of the market's inventory.

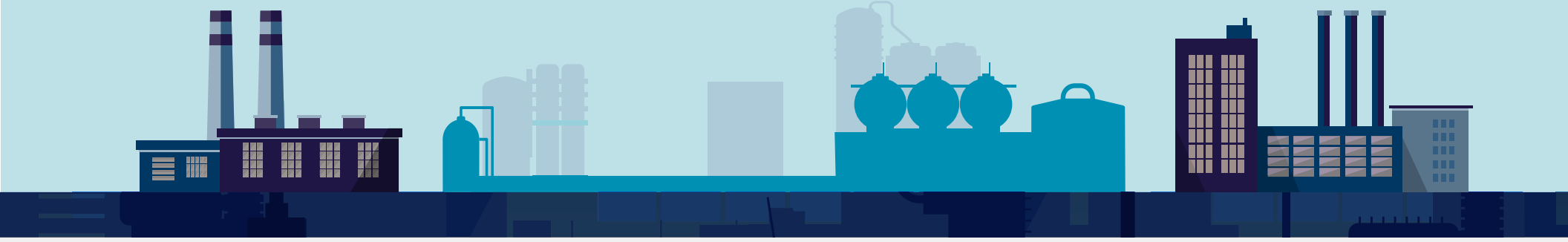


VACANCY BY BUILDING TYPE

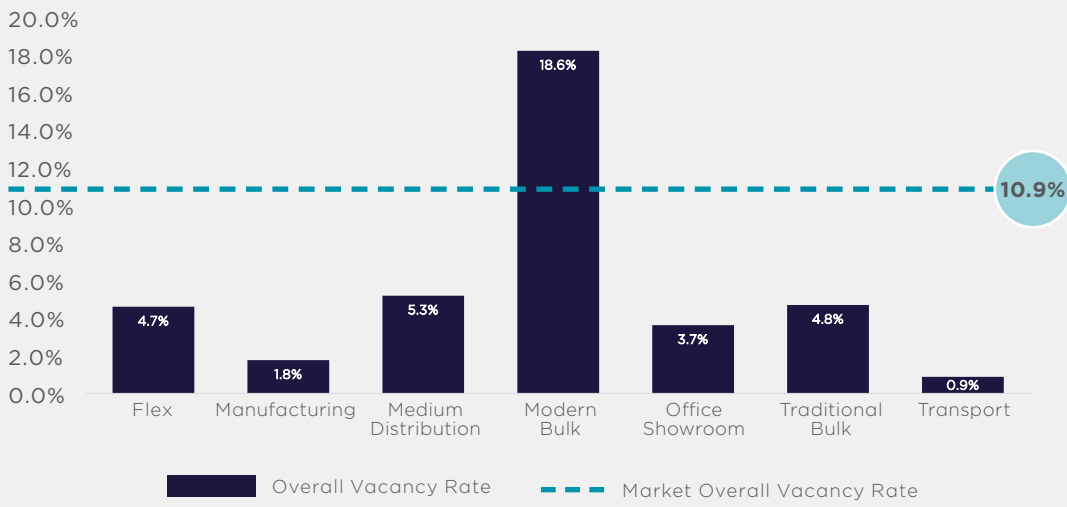


Vacancy is concentrated in warehouse/distribution properties, which boast a vacancy rate of 13.2%.

Meanwhile, manufacturing properties have a vacancy rate of just 1.8%, as there has been limited new construction over the past several years and many of the larger manufacturing properties are owner-occupied.



VACANCY BY SECONDARY PROPERTY TYPE



The modern bulk* secondary type has an overall vacancy of 18.6%, 770 basis points (bps) above the market average. This vacancy is mainly from speculative construction completed in the last several years that has yet to be leased. All other secondary property types have vacancy rates significantly below the market average as the Indianapolis market's current higher-than-average vacancy rate is driven by modern bulk space.

*Secondary property types are determined for each building based on the individual characteristics of the property. Modern bulk buildings are generally constructed since 1995 for large-scale distributors. Tenants typically are over 100,000 sf, with sizes varying. Common features include 28' clear ceiling heights or higher; multiple dock height doors with levelers and seals; office space of 1% to 5%; and, often, rail service.



INTERACTIVE MAP

Click on the **submarket name** for more information.

