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Indianapolis, Indiana: Industrial Survey

Market Data

Inventory (sf)	Central City	Suburban
Total	18,897,000	187,064,000
Vacant	1,406,000	18,154,000
Vacancy Rates	7.44%	9.70%
Under Construction	-	3,622,000
Net Absorption	76,000	2,835,000

Site Prices ($/sf) Improved Sites	Central City	Suburban
Less than 2 acres	$2.50-3.25	$1.50-2.50
2 to 5 acres	$2.50-3.25	$1.50-2.50
5 to 10 acres	$2.10-2.50	$1.00-2.00
More than 10 acres	-	$1.00-1.75
Unimproved sites		
Less than 10 acres	$0.75-1.25	$0.75-1.50
10 to 100 acres	-	$0.75-1.00
More than 100 acres	-	$0.50-1.00

Prime Source of Financing: Commercial Banks

Mortgage Money Supply: Ample

Current Trends

Composition of Absorption		
Warehouse/Distr.		93%
Manufacturing		7%
High Tech/R&D		-
Composition of Inventory		
Warehouse/Distr.		64%
Manufacturing		34%
High Tech/R&D		2%
Rate of Construction		
Warehouse/Distr.	Down	11-15%
Manufacturing	Down	100%
High Tech/R&D	Down	50%
Dollar Volume - Sales		
Warehouse/Distr.	Up	11-15%
Manufacturing	Down	1-5%
High Tech/R&D	Same	
Dollar Volume - Leases		
Warehouse/Distr.	Up	11-15%
Manufacturing	Same	
High Tech/R&D	Same	

Outlook

Sales Prices		
Warehouse/Distr.	Up	1-5%
Manufacturing	Down	11-15%
High Tech/R&D	Same	
Lease Rates		
Warehouse/Distr.	Same	
Manufacturing	Down	6-10%
High Tech/R&D	Same	
Site Prices	Up	1-5%
Absorption		
Warehouse/Distr.	Up	6-10%
Manufacturing	Down	6-10%
High Tech/R&D	Same	
Construction		
Warehouse/Distr.	Up	1-5%
Manufacturing	Same	
High Tech/R&D	Same	
Dollar Volume - Sales	Up	6-10%
Dollar Volume - Lease	Up	6-10%

	Sales Prices ($/sf)		**Gross Lease Rates ($/sf)**		**Construction**	**Vacancy**
	Central City	Suburban	Central City	Suburban	**($/sf)**	**Indicators**
Less than 5,000 sf	$65.75	$61.00	$3.25	$6.75	$55.00-58.00	Moderate Oversupply
5,000 - 19,999 sf	$45.50	$59.00	$4.50	$5.50	$50.00	Balanced Market
20,000 - 39,999 sf	$46.75	$44.00	$3.50	$4.25	$48.00	
40,000 - 59,999 sf	$27.00	$26.75	$2.75	$3.50	$45.00	
60,000 - 99,999 sf	$13.75	$21.25	$2.00	$3.50	$39.00	
100,000 - 250,000 sf	$13.50	$21.00	$2.00	$3.25	$27.00	Moderate Oversupply
More than 250,000 sf	$3.50	$14.75	$1.75	$3.00	$24.00	Balanced Market
High Tech / R&D	$49.75	$55.50	$11.25	$9.00	$90.00	Moderate Oversupply

	Warehouse and Factories		**Research and Development**	
	Central City	Suburban	Central City	Suburban
Real Estate Taxes	$0.70	$0.70	$1.25	$1.25
Insurance (Fire and Liability)	$0.20	$0.20	$0.35	$0.35
Structural and Roof Maintenance	$0.15	$0.15	$0.20	$0.20
Common Area Maintenance	$0.30	$0.30	$0.35	$0.35

2003 Review

The 2003 forecast was accurate: the reduction in vacancy from 10.9 percent to the current 9.5 percent was driven by the absorption of bulk space. During the third quarter alone, 2.4 million sq.ft. of bulk space was absorbed; rates also remained stable despite the rate drop in all other building types.

2004 Forecast

Indianapolis anticipates continued construction of modern bulk space, which has a 10-year tax abatement and other incentives. Rates will remain stable in this product type. The "tenant market" will continue in 2004 due to unsteady demand, but may swing back to landlords if the economy continues at its current pace.

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