

INDIANAPOLIS INDUSTRIAL REPORT

3RD QUARTER MARKET UPDATE

The Indianapolis industrial market continues to expand on its growth, with modern-bulk warehouse space continuing to lead the way in demand and new construction. Of the 10 million square feet of industrial space under construction as of Q3 2018, 47% of it is tailored towards warehouse/distribution users. The growth in e-commerce continues to support demand for new modern-bulk warehouse space. According to the Census Bureau of the Department of Commerce, U.S. retail e-commerce sales for Q2 2018 increased 3.9% from Q1 2018, and 15.2% from Q2 2017.

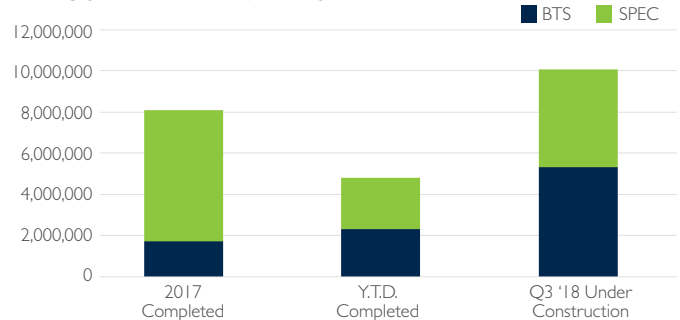
In Q3 2018, both Walmart and Amazon announced plans to construct new e-commerce facilities, totaling more than 1.7 million square feet. Walmart's new \$80 million facility will mirror its existing 1.2 million-square-foot fulfillment center in Plainfield, and Amazon's proposed facility in Greenwood will be known as a Receiver Center. According to Ryan Wilson, Amazon's economic development manager, the facility will "serve as a distribution center for distribution centers." Amazon's proposed Receiver Center facility is reflective of the changing demand in industrial warehouse space. Companies are increasingly seeking "last mile" warehouse space as they look to significantly shorten their package delivery times to the end consumer.

Another noticeable investment made in Central Indiana in Q3 was Merrillville-based MonoSol breaking ground on a new

150,000-square-foot manufacturing facility in Lebanon. The \$72 million high-tech manufacturing facility will produce water-soluble films that are used in Tide Pods. This investment is a big win for the community, as it is expected to create around 90 high-paying jobs, which could have a trickle effect on the growth of the surrounding community.

51% of the new industrial space constructed year-to-date has been built on a speculative basis, and 47% of the industrial space under construction at the end of Q3 2018 is also being built on spec. This is significantly less than the 79% of new industrial space that was built on spec in 2017. Rising construction costs and the growing volatility of government regulations may be factoring in to the rising risk of developers on building just on purely speculative basis, therefore, the region may not see as much new construction being built on spec compared to previous years.

INDUSTRIAL DELIVERIES



MARKET UPDATE CONTINUED

Looking towards the end of 2018 and into 2019, we expect the Central Indiana industrial market to continue to prosper. The growth in e-commerce will continue to create opportunities for new development, and those companies, like Walmart who spent \$4.5 billion in fiscal year 2018 (7% increase from the previous fiscal year) on e-commerce, technology, supply chain and related items, will continue to reap the benefits. Two things to keep an eye on is how rising construction costs will impact the market, and the growing concern of not having enough skilled workers to fill new investments made into the region. Anticipate more initiatives to be put in place for these reasons, as the region

looks to properly prepare itself so that it doesn't miss out on any future opportunities.

Forecast:

- We expect new developments and continued growth amongst communities located along interstate highways, like Greenwood, Franklin, Whitestown, due to available land and available labor force.
- Rising construction costs and the growing volatility of government regulations may begin to impact the amount of new construction being built in the region.

3RD QUARTER NOTABLE LEASE TRANSACTIONS

Property/Address	SF	Buyer/Tenant	Type
Brennan Portfolio	544,170	Grey Street Properties	Investment Sale
100 Purity Dr., Lebanon	478,744	STAG	Sale-Leaseback
Northeast Business Center 8730-8920 Corporation Dr., Indianapolis	396,310	Sealy & Co.	Investment Sale
MetroAir 6; 701 Columbia Rd., Plainfield	382,654	Alan Ritchey, Inc.	New
Building 1101	379,332	GEODIS Logistics, LLC	Renewal
AllPoints at Anson 8A / 4255-4259 S. 500 E., Whitestown	369,499	Kuehne + Nagel	New
221 S. Franklin Rd., Indianapolis	256,000	Spartan Logistics	Renewal
700 S. Council Dr., Lebanon	222,756	RMS	New
333 S. Franklin Rd., Indianapolis	181,379	TLC	Sublease

3RD QUARTER NOTABLE CONSTRUCTION PROJECTS

Project / Address	Industrial SF	Status	Expected Completion
Walmart / AllPoints Industrial Park, Plainfield	1,150,168	Under Construction	2020
Becknell / NWC SR 267 & CR 550 S.	1,000,009 / 3 Bldgs	Planned	N/A
SMC Corporation / 10100 SM Blvd., Noblesville	1,000,000	Under Construction	2020
Franklin Tech Park / 180 Bartram Pkwy., Franklin	993,825	Under Construction	Q1 2019
UPS / Bradford Rd., Plainfield	893,000	Under Construction	Q2 2019
GreenParke at Airwest II / 3124 Plainfield Rd., Plainfield	702,000	Under Construction	Q4 2018
Eaglepoint Bldg 6, 600 N. Northfield Dr., Brownsburg	690,980	Under Construction	Q3 2019
3632 Perry Blvd., Whitestown	635,440	Under Construction	Q4 2018
Amazon / Allen & Graham Rd., Greenwood	615,440	Planned	N/A

CREATING REAL VALUE

Founded in 1978, Bradley Company is a diversified real estate firm providing commercial brokerage services, commercial and multi-housing management, real estate tax consulting, maintenance services, project and facilities management, research services, corporate services and strategic planning. Bradley Company is the largest full service commercial real estate solutions provider in Indiana and West Michigan.



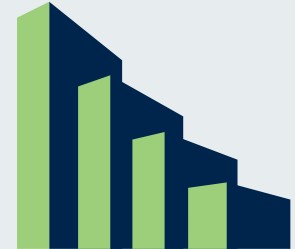
BROKERAGE

Over 50 brokers in 8 offices



REAL ESTATE TAX CONSULTING

Over \$1 million saved in tax liabilities since 2011

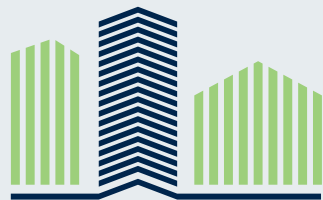


CORPORATE SERVICES

Strategic partner serving corporate clients in all classes of property

MULTI-HOUSING

Nearly 3,000 Conventional, Affordable, Senior, Student and Special Needs units under management



COMMERCIAL MANAGEMENT

8± million commercial square feet managed

CAPITAL MARKETS

Over \$1.5 billion in experience



250+

EMPLOYEES

40

YEARS IN BUSINESS

\$202M+

VALUE OF BROKERAGE TRANSACTIONS IN 2017

BROKERAGE



Janice Paine
Investments
317.588.1340
jpaine@bradleyco.com



W. Shawn Conway, CCIM
Office/Medical
317.590.3382
sconway@bradleyco.com



David A. Ellis, CCIM
Retail/Site Selection
317.414.1368
dellis@bradleyco.com



Jon Hardy
Advisor
317.588.1341
jmhardy@bradleyco.com



Steven Heatherly
Office
317.352.6650
sheatherly@bradleyco.com



Brad King
Advisor
317.490.8275
bking@bradleyco.com



Kelly Martin
Industrial
317.588.1341
ksmartin@bradleyco.com



Adam Stephenson
Industrial
317.908.6479
astephenson@bradleyco.com

Disclaimer

©2018 Bradley Company, LLC and affiliates ("Company"). Use of any third party name or mark is for informational purposes only and does not indicate sponsorship or endorsement by such party. The information presented above has been obtained from sources believed reliable. Not all information has been independently verified, and Company makes no guarantee, warranty or representation about its accuracy.