

# Meridian MarketWatch

THIRD QUARTER  
2004

INDUSTRIAL  
MARKET REPORT

A QUARTERLY REVIEW OF INDUSTRIAL MARKET ACTIVITY

Indianapolis, Indiana

In spite of the pending Presidential election and the distractions of summer vacationing/back-to-school for the third quarter of 2004, the Indianapolis industrial market continued to tighten up with a healthy pace of deal making.

Arguably, the highlight is the acquisition of Keystone Property Trust by ProLogis. With this portfolio grab, ProLogis increased its Indianapolis presence from approximately 4.5 million square feet to more than 9 million square feet. Even more significant is the type of product it involved. ProLogis instantly established themselves as a major player in the premiere distribution market, Plainfield. In partnership with Browning Investments, this should increase the level of success already experienced by Browning with

their Airtech Park. On that note, another large lease was executed prior to the end of September by Airtech Park with PepsiCo and Logisco for 800,000 square feet of distribution space in Airtech II to service the nearby Gatorade plant.

Additional highlights of the marketplace include OHL Logistics leasing the remaining 120,000 square feet of OPUS North's Airwest V. Plainfield welcomed another new business, Griot's Garage. The first of its kind in Plainfield, their national distribution center is a true medium-sized office/warehouse headquarters with state-of-the-art features second to none in Plainfield.

Another significant success for the real

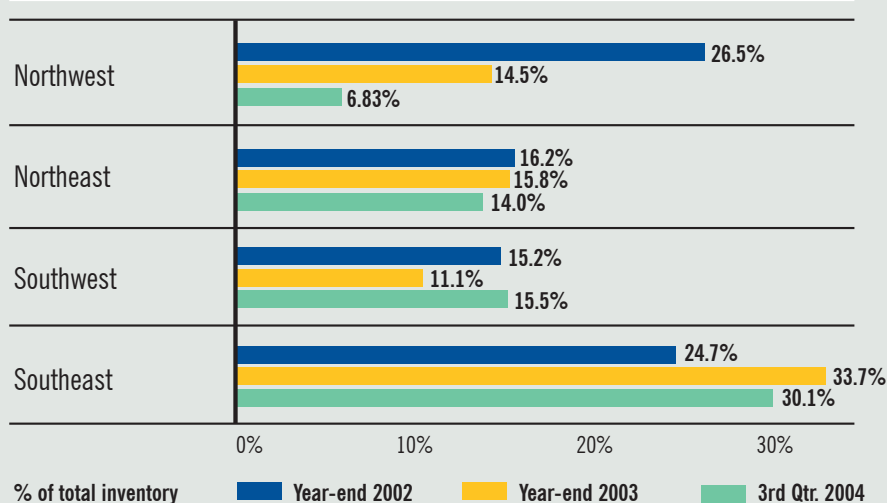
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## HOT TOPICS

INDIANAPOLIS - INDUSTRIAL

- Duke Realty retains Hat World Corp. in Park 100. Hat World, currently situated in 90,000 sq. ft. at 8142 Woodland Drive, has signed a 10-year lease with Duke to relocate and expand into 195,000 sq. ft. in Park 100.
- PepsiCo completed two 400,000 sq. ft. leases with ProLogis/Browning at Airtech III in Plainfield.
- Opus North has plans to complete Airwest Building VI by the end of October. The building is 424,000 sq. ft., expandable to 825,000 sq. ft.
- Meridian Real Estate represented Ozburn-Hessey Logistics for 120,500 sq. ft. at the Opus North Building V in Plainfield.
- Sierra Gateway Park, the master-planned 600,000 sq. ft. industrial/office Park at the new Six Points Interchange and Ronald Reagan Parkway, has broken ground. The first 104,000 sq. ft. building will be completed and ready for occupancy by December 2004.

### INDIANAPOLIS INDUSTRIAL VACANCY

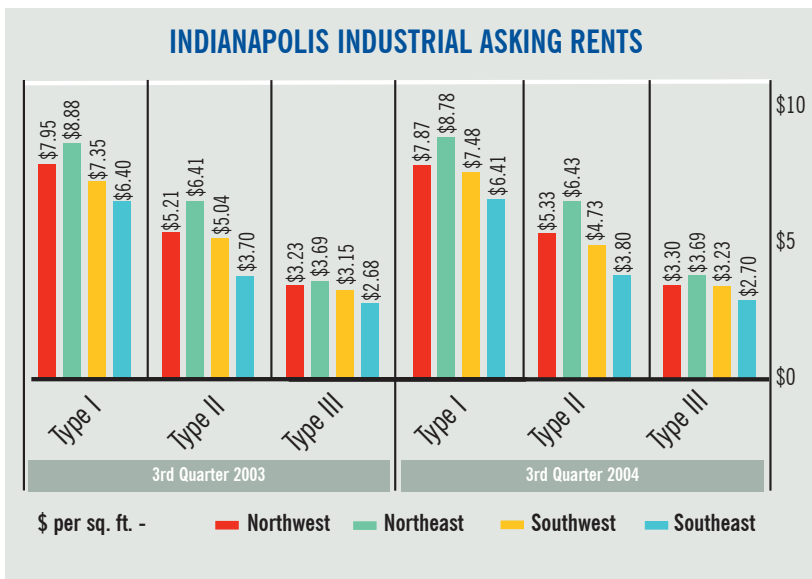




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estate market was the expansion of Hat World's headquarters. They remain a growing success story as a business in the Indianapolis area and signed a lease for 195,000 square feet with Duke Realty in Park 100.

Statistically, the indications for the health of the industrial real estate market are the same as those shared by demonstrated business growth. Year-to-date absorption has outpaced the total for 2003 by more than 10%. While total occupancy decreased by 1% from midyear, that was due in large part by delivery of new speculative development not only in Type III (bulk distribution) but in mid-size Type II and flex product deliveries as well (total inventory increase of nearly 800,000 square feet.) The outlook for year-end fourth quarter is just as good, with more than a dozen transactions in the 100,000 to 500,000 square foot range scheduled to close before year-end.



### INDIANAPOLIS INDUSTRIAL SUMMARIES - THIRD QUARTER 2004

	Total Inventory	No. of Buildings	Vacancy Rate	Available Space	YTD New Deliveries	YTD Absorption
Northwest	21,437,333 sq. ft.	158	6.83 %	1,466,922 sq. ft.	90,000 sq. ft.	1,743,557 sq. ft.
Northeast	5,216,723 sq. ft.	90	13.97 %	728,620 sq. ft.	36,294 sq. ft.	81,418 sq. ft.
Southwest	19,076,094 sq. ft.	80	15.49 %	2,970,013 sq. ft.	2,513,474 sq. ft.	1,393,030 sq. ft.
Southeast	11,809,958 sq. ft.	83	30.98 %	3,658,865 sq. ft.	778,390 sq. ft.	876,403 sq. ft.
Whole Market	57,540,108 sq. ft.	411	15.33 %	8,824,420 sq. ft.	3,418,158 sq. ft.	4,094,408 sq. ft.

#### SURVEY PARAMETERS

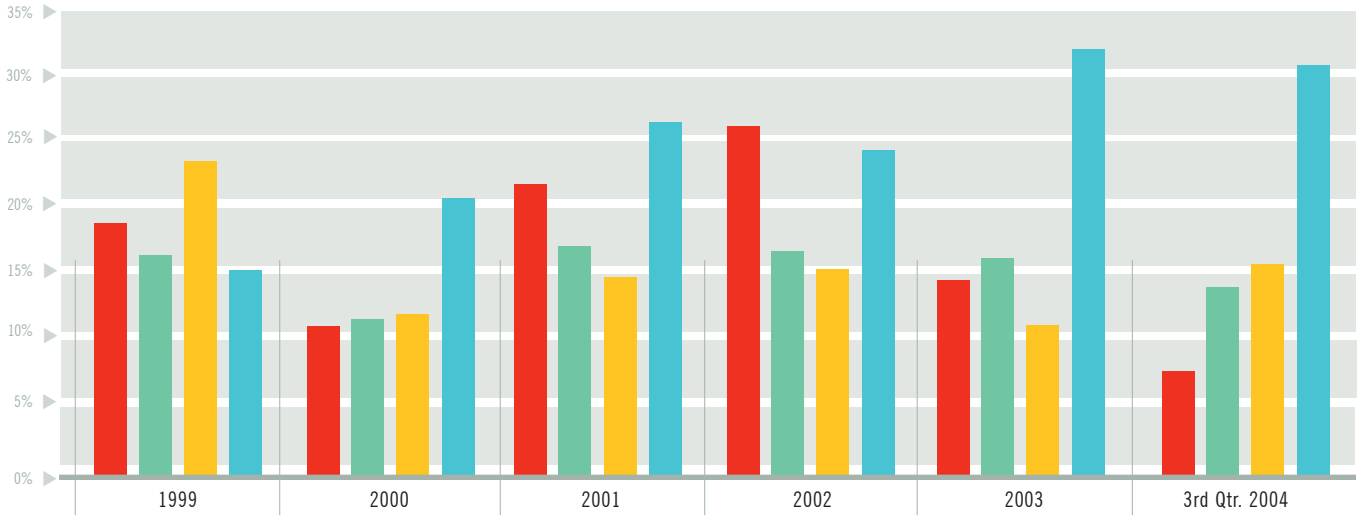
Property surveyed is 10,000 square feet and above, Class A & B, not owner occupied.

**Type I:** Service Center / Office Warehouse - demised between 1,800 and 20,000 square feet; clear height less than 18 feet; 50% to 80% tenant finish.

**Type II:** Medium Distribution / Manufacturing property - demised between 7,500 and 50,000 square feet; clear height less than 24 feet; 15% to 50% tenant finish.

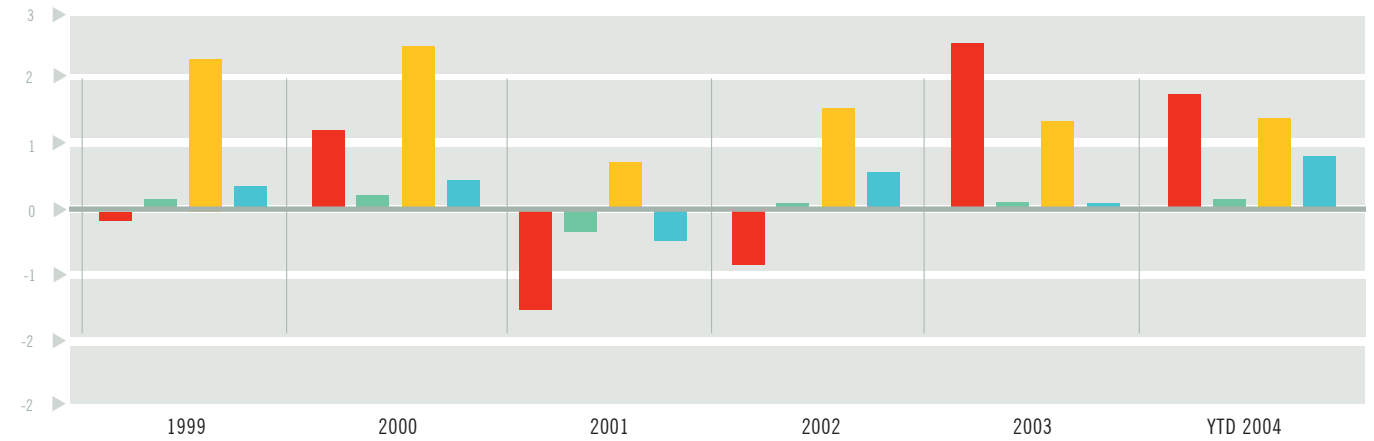
**Type III:** Bulk Distribution property - demised from 50,000 square feet and up; clear height is 24 feet and higher; finish is less than 15% (typically 5%).

### VACANCY RATES



### NET ABSORPTION

(million sq. ft.)



### NEW CONSTRUCTION

(million sq. ft.)

