RESOURCE

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FALL 2017

INDIANAPOLIS **RETAIL REPORT**

RETAIL SALES AND JOBS CONTINUE TO GROW

REGIONAL SUMMARY

The Indianapolis retail market has shown signs of progress in the Summer after a slow start to the year by absorbing over 300,000 square feet. Among the submarkets, the West submarket led the way with the largest net absorption of 310,138 SF, followed by the East submarket with positive 88,398 SF. Increased competition between grocery stores and big box retailers has led to the downfall of stores such as Marsh, Sears and JCPenney. Although, more than half of the Marsh sites were purchased by Kroger and Ohio-based Fresh Encounter. The vacancy rate has increased from 5.1% since the beginning of the year to 5.9% mid-year. Recently, Money magazine ranked four Indiana cities in the “Best Places to Live” in the United States, Fishers being ranked 1st.

ECONOMIC ENVIRONMENT

Indiana’s year-over-year employment rate decreased to 3.5% in August, down from 4.4% last year. With regard to retail, shopping center employment in Indiana has increased by over 5,000 jobs over the past year, currently standing at 271,380 jobs, according to the International Council of Shopping Centers (ICSC). In addition, the National Retail Federation reports that despite numerous store closings and e-commerce growth, data shows a net increase in store openings of over 4,000 in 2017. Big box users are struggling to compete with e-commerce nationwide. Landlord’s with vacant big box spaces are searching for untraditional uses, such as entertainment, self-storage, or opting to redevelop.

NET ABSORPTION

+ Super regional malls, led retail types with a net absorption of 213,527 SF.
+ This Fall’s net absorption of 325,161 SF, is the highest since Fall 2016 (825,000 SF).

VACANCY

+ The overall vacancy rate stands at 5.9%. The lowest submarket vacancy rate was the downtown (CBD) at 2.95%.
+ The vacancy rate did increase slightly from 5.1% in to 5.9% mid-year due to delivery of new product during the mid-year.

MARKET INDICATORS INDIANAPOLIS RETAIL MARKET

Relative to prior period	Fall 2017	Y-O-Y
VACANCY	↑	↓
NET ABSORPTION	+	+
CONSTRUCTION	↓	↑
RENTAL RATES	↑	↑

SUMMARY STATISTICS

	Fall 2017	Summer 2017	Fall 2016
Vacancy Rate	5.90%	5.10%	5.40%
Absorption	325,161	-173,360	494,857
New Supply	224,558	186,191	388,640
Under Construction	625,778	1,090,419	732,251

Average Rents
Per Square Foot Per Year

Average Rental Rate	$15.41	$14.56	$14.21
QUARTERLY CHANGE	5.8%		
ANNUAL CHANGE	8.4%		

NOTABLE LEASE & SALE TRANSACTIONS

COMPANY/BUYER	SF	TYPE	SUBMARKET	ADDRESS
Portillo's	9,000	New	Fishers	9201 E. 116th St.
IKEA	289,000	New	Fishers	11400 IKEA Way
Fresh Encounter		New	IN & OH	15 former Marsh locations
Kroger		New	IN	11 former Marsh locations
Top Golf	65,000	New	Fishers	9200 E. 116th St.
RealtyLink LLC	275,000	New	NW	Marketplace at Anson, Whitestown
City of Carmel	2-acre	New	Carmel/Meridian	Mohawk Landing Shopping Center
Cunningham Restaurant Group	6,000	New	Carmel/Meridian	350 Westfield Rd, Noblesville
Family Dollar	1.2 acres	New	East	3003 N. Mitthoeffer Rd
Planet Fitness	16,860	New	Carmel/Meridian	2192 E. 116th St.
Escape Room	7,463	New	CBD	200 S. Meridian St.
PetPeople	4,400	New	South	1675 W. Smith Valley Rd, Greenwood
Metro Diner	4,228	New	NW	86th St. & Township Line Rd.

ACTIVITY

+ Fishers has strengthened the Indiana retail market with the new additions of IKEA, Top Golf and Chicago-based Portillo's to be open this Fall.
+ The Shoppes at Whitestown, a 275,000 SF retail center, is currently being developed and plans to be open by end of 2018.

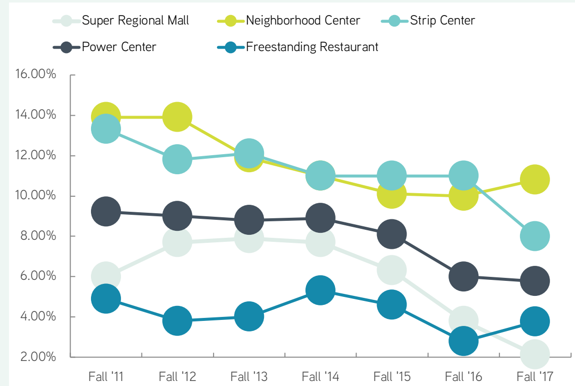
OUTLOOK

+ Indiana's declining unemployment rate means more spending power to consumers which will likely translate to a robust holiday shopping season.
+ Both employment and shopping center sales in Indiana are on the rise. Look for decreasing vacancy rates as shopping centers continue to adapt to the changing dynamics between big box retail and e-commerce.

PRODUCT TYPE VACANCY

Indianapolis Retail Market

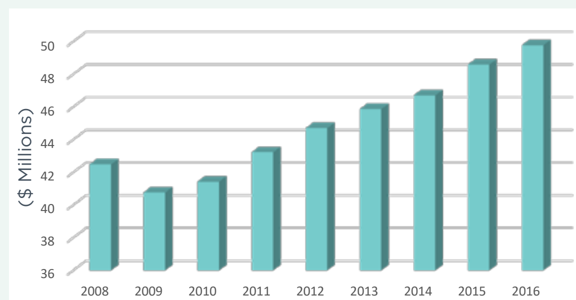
Fall Y-O-Y Comparison



SHOPPING CENTER SALES

Indianapolis Retail Market

Fall Y-O-Y Comparison



RETAIL DEMOGRAPHICS BY SUBMARKET

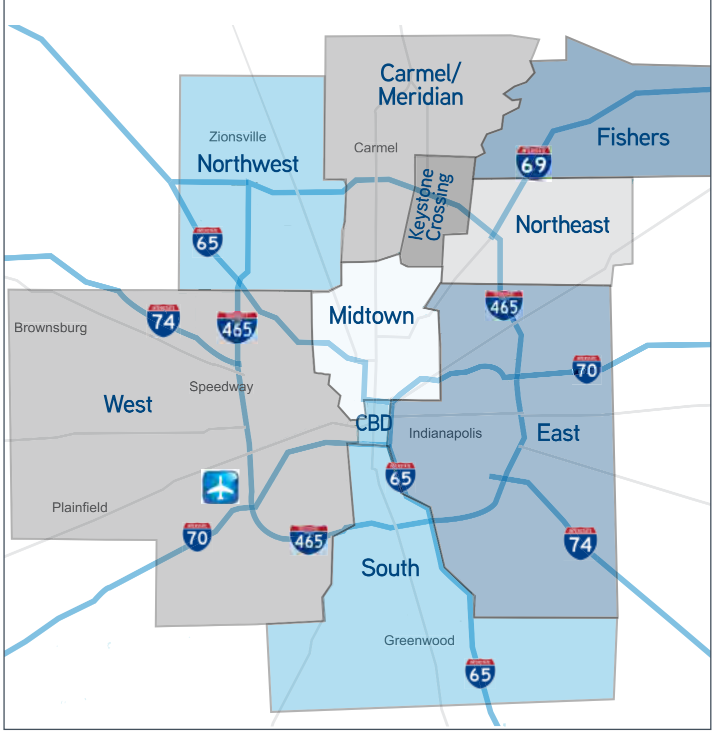
Submarket	Submarket Size in Square Miles	Population (2017)	Population Per Square Mile	Number of HH Per Square Mile (2017)	Projected Annual Population Growth	Median HH Income	Median Disposable HH Income	Avg. Annual HH Retail Expenditure (2017)
Downtown	2.91	13,078	4,494.16	2,309.62	1.99%	$50,626	$41,288	$24,013
Midtown/Uptown	33.58	117,635	3,503.13	1,529.39	0.72%	$41,271	$35,197	$23,885
Northeast	38.78	83,103	2,142.93	889.71	0.62%	$71,143	$55,314	$32,637
East	125.93	314,245	2,495.39	911.75	0.80%	$41,448	$35,156	$23,236
Fishers	53.22	107,520	2,020.29	713.08	2.71%	$95,393	$69,909	$35,665
West	157.30	335,679	2,134.01	799.65	0.96%	$49,545	$40,527	$26,584
South	221.25	230,619	1,042.35	315.75	0.89%	$53,215	$43,724	$24,184
Carmel/Meridian	60.69	111,879	1,843.45	709.67	1.94%	$98,559	$72,920	$35,322
Keystone Crossing	13.09	19,108	1,459.74	708.48	1.30%	$68,119	$53,682	$30,419
Northwest	70.45	112,984	1,603.75	614.05	1.58%	$65,581	$52,812	$34,539
Total Retail Market	777.20	1,445,850	1,860.33	679.42	1.35%	$57,649	$46,118	$27,603

RETAIL MARKET STATISTICS // INDIANAPOLIS MARKET

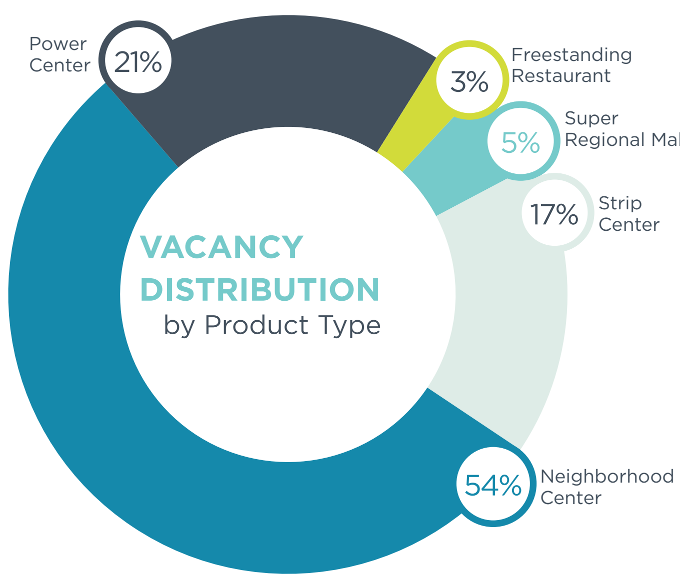
				NET ABSORPTION		CONSTRUCTION		
SUBMARKET	TOTAL INVENTORY SF	TOTAL VACANT SF	VACANCY RATE	CURRENT PERIOD	YTD	COMPLETIONS	CURRENT	AVG ASKING RENT $/PSF
Carmel/Meridian	6,910,770	475,760	6.88%	(148,455)	(153,440)	0	35,273	$17.01
East	14,503,007	1,281,351	8.84%	88,398	54,505	0	126,264	$16.88
Fishers	5,451,260	309,631	5.68%	2,419	(102,930)	37,876	419,159	$19.04
CBD	2,865,961	84,557	2.95%	37,941	23,345	7,350	0	$19.51
Keystone Crossing	4,111,798	215,560	5.24%	(1,243)	(124,533)	0	15,000	$17.94
Midtown	5,077,849	242,470	4.78%	44,392	(5,154)	16,000	13,331	$15.05
Northeast	7,490,791	615,292	8.21%	35,230	(170,465)	0	7,230	$16.83
Northwest	5,139,880	275,726	5.36%	(18,447)	(124,864)	0	9,521	$15.00
South	13,033,129	458,311	3.52%	(25,212)	48,464	11,847	0	$13.54
West	19,781,367	1,017,728	5.14%	310,138	240,007	151,485	0	$11.03
Market Total	84,365,812	4,976,386	5.90%	325,161	(315,065)	224,558	625,778	$15.41
PRODUCT TYPE								
Super Regional Malls	6,563,735	140,183	2.14%	213,527	241,793	0	0	$19.23
Neighborhood Centers	13,277,241	1,432,515	10.79%	76,223	(175,260)	0	9,100	$11.71
Power Centers	9,246,146	533,761	5.77%	(87,157)	(100,542)	0	0	$16.60
Strip Centers	5,662,038	451,663	7.98%	(19,180)	(68,807)	0	0	$13.48
Freestanding Restaurants/ Fast Food	2,126,697	80,055	3.76%	299	35,381	7,350	15,000	$14.57

Indianapolis Market Dataset: RESOURCE Commercial Real Estate Data Standards dictate the criteria for inclusion in the retail dataset. All single and multi-tenanted retail buildings, not owned or fully leased by government agencies, 5,000 SF and above are tracked. Local data derived from CoStar.

INDIANAPOLIS RETAIL SUBMARKET MAP



RETAIL VACANCY INDIANAPOLIS MARKET



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