MARKETBEAT

INDIANAPOLIS

Retail Q1 2020

U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection included the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation and leisure activities almost all ground to a halt while customers self-quarantined and practiced social distancing. The result was the most massive layoffs in U.S. history. In the week ending March 21, 3.28 million people applied for unemployment insurance—by far the largest number of applications in history, shattering the record 695,000 set in October 1982.

RECORD SETTING LAYOFFS

Initial unemployment claims are a highly reliable leading indicator of trend in labor markets and therefore the economy at large. There is little doubt given the size of the increase, along with other high frequency data trends which are similarly bleak, that the U.S. economy has entered a recession. Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will likely see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2.

TWO FACTORS LIKELY TO SHAPE THE RECOVERY

Because the trigger of the downturn is a global health crisis, it is very difficult to say with confidence how long the recession will last or how the recovery will unfold. That said, most forecasters expect the recovery to be strong for two reasons.
First, since the decline was caused by the shuttering of whole sectors and regions of the economy, as those industries and localities come back online and people begin going to restaurants and travelling again, suppressed spending will bounce back. Even if some output will be lost forever, the economy will surge.

The speed with which the stimulus package was put together is among the most important aspects of the action.

Second, probably the main reason for the expectation of a strong economic rebound is the aggressive stimulus that is being provided by both the Federal Reserve and the U.S. Congress and the Trump Administration. The Fed has lowered interest rates to near zero, initiated programs to support virtually every part of the financial system and told the world that they will do whatever it takes to support the U.S. economy.

The approximately $2.2 trillion in fiscal stimulus is by far the largest stimulus package in history and is designed to support the economy in numerous ways. It will provide loans to the small businesses that are getting hurt the most. In addition, it will put approximately $1,200 in the hands of most taxpayers, particularly those in low- and middle-income brackets, which should also lead to stronger spending growth. There are many other aspects of this stimulus package, such as support for the airlines and other targeted aid for the industries hit hardest. What is among the most important aspects of this fiscal action has been the speed with which this package was put together. The stimulus began to have an impact on the economy within a month from when the recession began.

Though there are still many unknowns, the general expectation is for the U.S. to have a short, sharp recession followed by a strong recovery. We will continue to monitor developments very carefully and provide updates to our analysis as they take shape.

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay
Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors.**
Click to Replay

COVID-19: A Wholly Unprecedented Policy Response
On March 27, 2020, an enormous $2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. Click for Summary

Lessons From Landlords In China’s Post Covid-19 Recovery Phase
With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. Click for Article

2020 Asia Pacific Office Outlook
In this report, you will find detailed but succinct analysis of the trends in each of the region’s key Grade A office markets over the next two years that we hope will help refine your organization’s CRE strategy.
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MARKET STATISTICS

TRADE AREAS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Avon	4,309,948	3,410	185,851	4.4%	12,662	12,662	0	$10.10
Beech Grove	2,289,008	0	159,697	7.0%	(89,202)	(89,202)	0	$10.41
Broad Ripple/Glendale	2,903,904	0	79,080	2.7%	55,281	55,281	0	$16.75
Brownsburg	1,984,532	65,218	74,918	7.1%	15,030	15,030	7,453	$16.10
Carmel	6,722,818	0	257,251	3.8%	(7,350)	(7,350)	172,075	$19.62
Castleton	6,525,427	6,892	261,700	4.1%	(50,506)	(50,506)	0	$16.52
Downtown Indianapolis	3,590,145	0	264,352	7.4%	35	35	199,000	$20.31
Fishers	4,865,867	54,793	193,428	5.1%	(44,928)	(44,928)	20,000	$11.99
Greenwood	8,990,023	51,217	347,352	4.4%	1,584	1,584	11,550	$15.30
Irvington	2,965,111	0	153,173	5.2%	(15,524)	(15,524)	0	$12.49
Keystone	5,001,667	0	144,011	2.9%	66,160	66,160	0	$19.20
Lafayette Square	11,719,363	3,900	671,881	5.8%	26,148	26,148	1,779	$11.01
Michigan Road/Zionsville	5,545,649	10,805	243,369	4.6%	(16,792)	(16,792)	19,009	$16.11
Midtown	3,445,124	0	49,692	1.4%	(7,414)	(7,414)	0	$10.78
Mooresville	991,257	0	79,163	8.0%	(61,643)	(61,643)	0	$16.36
Near East/Fountain Square	1,802,577	0	95,898	5.3%	(10,642)	(10,642)	0	$16.99
Near Southwest/Airport	2,156,777	2,100	117,760	5.6%	(6,198)	(6,198)	0	$7.40
Noblesville	4,510,329	0	165,001	3.7%	(20,979)	(20,979)	165,909	$14.95
Nora	592,293	0	20,350	3.4%	(16,953)	(16,953)	0	$21.00
Pendleton Pike/Lawrence	5,326,129	0	236,944	4.4%	52,115	52,115	31,200	$9.05
Plainfield	4,112,433	0	64,285	1.6%	(9,541)	(9,541)	126,556	$17.00
Southport/Edgewood	7,632,174	0	314,437	4.1%	(16,884)	(16,884)	10,438	$15.71
Washington Square	5,321,188	0	642,127	12.1%	(134,235)	(134,235)	0	$9.64
Westfield	828,949	0	47,096	5.7%	(1,241)	(1,241)	3,235	$14.60
Whitestown	916,237	0	14,816	1.6%	(5,913)	(5,913)	0	$28.00
TRADE AREA TOTALS	**105,048,929**	**198,335**	**4,883,632**	**4.8%**	**(286,930)**	**(286,930)**	**768,204**	**$13.49**

Source: CoStar and Cushman & Wakefield Research. Rental rates reflect triple net asking rents $psf per year.

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6965 W 38th St – The Village at Eagle Creek	Lafayette Square	Vasa Fitness	59,706	New Lease
855 Massachusetts Ave – Bottleworks	Downtown Indianapolis	PINS Mechanical	20,000	New Lease
4850 E Southport Rd – Southport Commons I	Southport/Edgewood	Boot Barn	13,500	New Lease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
2350 Broad Ripple Ave. – Former Marsh Supermarket	Broad Ripple/Glendale	2350 Broad Ripple Ave LLC/Traders Point Christian Church	57,000	$7,600,000/$30.69
6845 Bluff Rd – Shoppes at Buck Creek	Southport/Edgewood	KBF Buck Creek LLC/TPC International LLC	14,372	$3,275,000/$227,87
11036 N Michigan Rd – Shoppes at Bennett Farms	Michigan Road/Zionsville	JDF Development/WFC Properties	9,521	$4,050,000/$425.38

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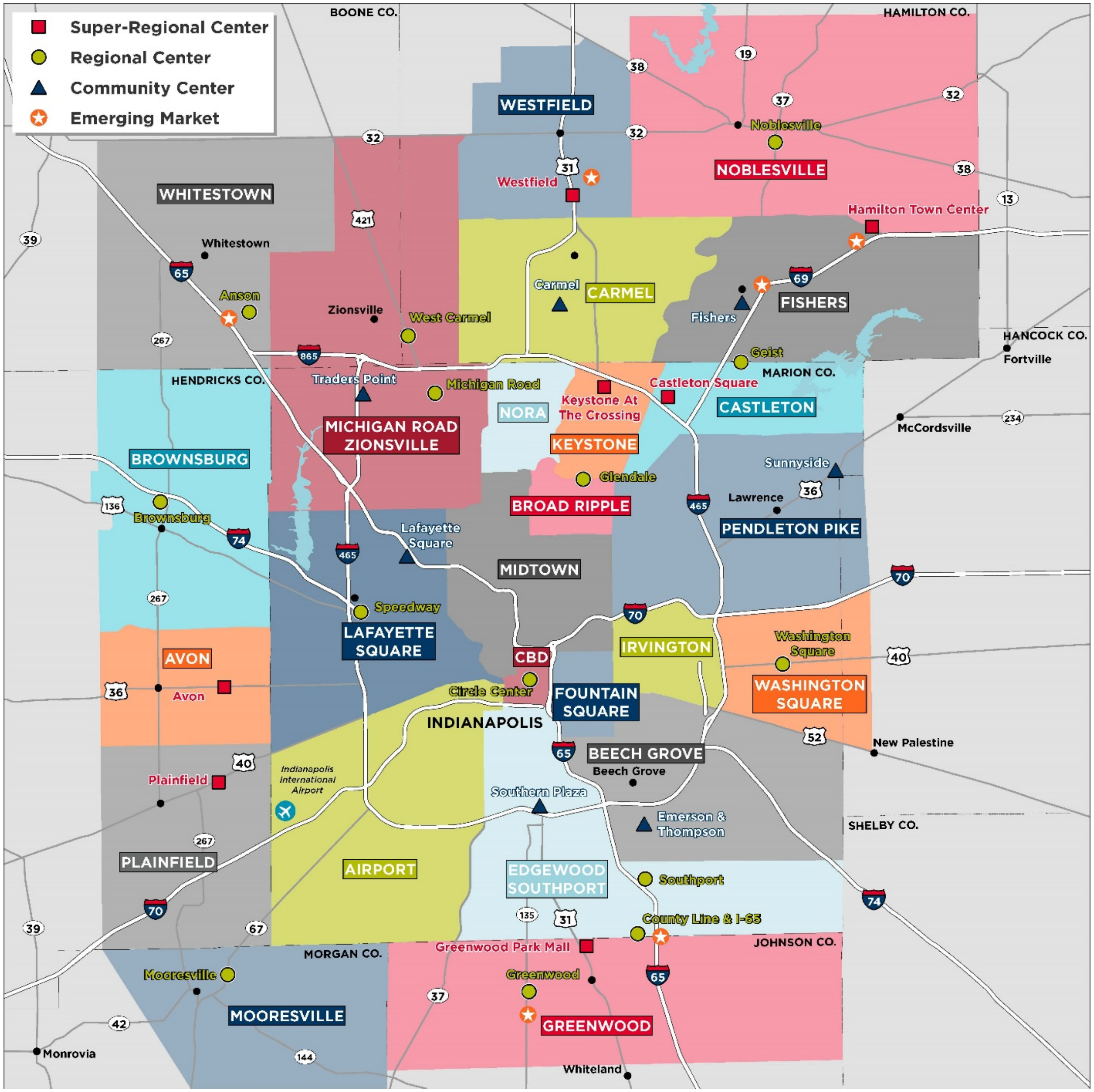
RETAIL SUBMARKETS



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