MARKETBEAT

INDIANAPOLIS

Retail Q3 2021

	YoY Chg	12-Mo. Forecast
$64,800 Median HH Income	—	▲
0.9% Population Growth	—	▲
3.8% Unemployment Rate	▼	▼

Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S.ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
5.6% GDP Growth	▲	▲
11.0% Consumer Spending Growth	▲	▲
14.1% Retail Sales Growth	▲	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Delta Variant Dampens Consumer Confidence by Employment Still Increases

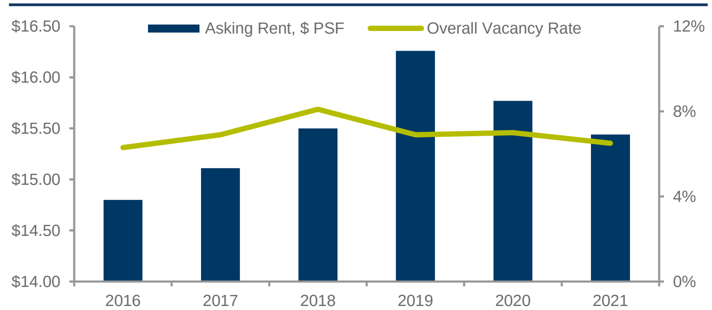
The economic recovery from the COVID-19 pandemic was hampered by the emergence of the delta variant in the third quarter. The spread of the delta variant impacted consumer confidence and spending throughout the summer months, which lowered many preliminary economic outlooks on third quarter GDP growth. The labor market recovery also remained uneven, with nonfarm payroll employment increasing by only 194,000 in the September jobs report. This is significantly lower than the average monthly job growth of 561,000 seen so far in 2021. The retail trade industry added 50,000 jobs in September but employment in the industry is still down 202,000 jobs from February 2020. Employment in the Indianapolis MSA showed positive gains in the third quarter, with the unemployment rate declining 360 basis points (bps) year-over-year (YOY) to 3.8%. This is significantly lower than the national unemployment of 5.2%, highlighting the tight labor market that exists in the region. Nonfarm employment has increased to nearly 1.1 million workers and the current outlook suggests that employment will continue to increase in both Indianapolis and across the United States as labor market fundamentals rebound.

TRENDS

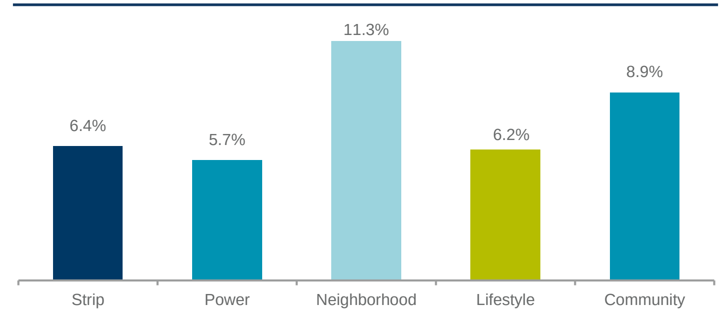
Despite the spread of the delta variant in the third quarter, there was still a strong demand for retail real estate, with positive overall net absorption of 11,000 square feet (sf) seen in the Indianapolis retail market. Year-to-date (YTD) overall net absorption currently stands at 190,000 sf, highlighting a strong demand for space in the market. The Lafayette Square trade area has been the best performing trade area in the market throughout 2021, with 128,000 sf of overall net absorption in the third quarter and 187,000 sf of overall net absorption YTD. The overall vacancy rate stayed stable quarter-over-quarter at 6.5% and has decreased 20 bps YOY.

Consumers are expected to continue to spend at healthy levels, especially as impacts from the delta variant subside. Increased consumer spending should push the demand for retail space upwards in the Indianapolis market and lead to the continued absorption of retail space. Though consumers are increasingly utilizing e-commerce retail options, with retailers adopting the omnichannel strategy of both e-commerce and brick-and-mortar stores, retail stores will still be an important component of the evolving retail landscape going forward. Expect the Indianapolis retail market to continue to have positive momentum through the end of 2021 and into the coming years.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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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	2,583,089	3,410	55,200	2.3%	-3,074	469	0	$15.80
Beech Grove	596,881	5,400	19,865	4.2%	5,005	-1,480	0	$12.91
Broad Ripple/Glendale	1,224,452	0	269,096	22.0%	-177,104	-225,164	0	$25.86
Brownsburg	935,247	0	29,777	3.2%	1,200	(17,922)	0	$22.53
Carmel	2,869,569	0	132,466	4.6%	38,138	72,751	0	$17.75
Castleton	3,176,338	60,000	164,954	7.1%	-16,852	-11,248	0	$17.99
Downtown Indianapolis***	775,702	50,000	46,234	12.4%	0	17,181	0	$20.30
Fishers	2,157,087	0	101,140	4.7%	-1,835	22,911	0	$15.00
Greenwood	4,319,318	46,536	200,151	5.7%	4,371	70,162	0	$15.91
Irvington	742,625	0	61,468	8.3%	2,670	9,270	0	$10.70
Keystone	2,047,036	1,200	151,950	7.5%	17,273	35,245	0	$17.70
Lafayette Square	5,308,252	0	366,653	6.9%	127,586	186,694	0	$9.41
Michigan Road/Zionsville	3,671,918	5,333	134,845	3.8%	31,711	57,957	0	$14.79
Midtown	405,714	0	3,500	0.9%	-2,900	700	0	$9.00
Mooresville	464,458	0	10,755	2.3%	0	3,377	0	$13.00
Near East/Fountain Square	283,898	0	35,628	12.5%	0	200	0	$17.67
Near Southwest/Airport	530,254	0	65,672	12.4%	2,100	-11,560	0	$9.28
Noblesville	2,964,398	0	68,978	2.3%	6,201	6,390	0	$21.93
Nora	331,923	0	48,873	14.7%	-38,898	-39,385	0	$21.00
Pendleton Pike/Lawrence	2,701,215	2,165	165,259	6.2%	15,786	31,597	7,200	$12.37
Plainfield	1,293,682	0	65,237	5.0%	5,848	-1,360	0	$15.67
Southport/Edgewood	3,758,904	0	283,505	7.5%	-25,697	-41,218	0	$13.89
Washington Square	2,518,620	0	357,174	14.2%	18,486	22,739	0	$12.88
Westfield	372,272	0	8,772	2.4%	(544)	-3,172	0	$17.30
Whitestown	436,211	0	0	0.0%	1,543	4,961	0	$26.00
TRADE AREA TOTALS	**46,469,063**	**174,044**	**2,847,152**	**6.5%**	**11,014**	**190,097**	**7,200**	**$14.45**

**Inventory includes Community Center, Lifestyle Center, Neighborhood Center, Power Center and Strip Center retail property subtypes.*
***Source: CoStar and Cushman & Wakefield Research. Rental rates reflect triple net asking rents $psf per year.*
**** Downtown Indianapolis Submarket inclusive of Circle Center Mall*

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
8800 U.S. 31- Greenwood Shopping Center	Southport/Edgewood	Sportsman's Warehouse	31,530	New Lease
6018 Crawfordsville Rd- Speedway Super Center	Lafayette Square	Harbor Freight Tools	14,178	New Lease
6378 E. 82nd St- Castleton Plaza	Castleton	Las Americas Entertainment	13,440	New Lease

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
2629 E 65th St- Glenlake Plaza	Keystone	Kroger Inc/Slate Grocery REIT	102,184	$8,500,000/$83.18
3545 W 86th St- Pyramid Place Shops	Michigan Road/Zionsville	Ziff Properties/Cloverleaf Group Inc	52,402	Unknown

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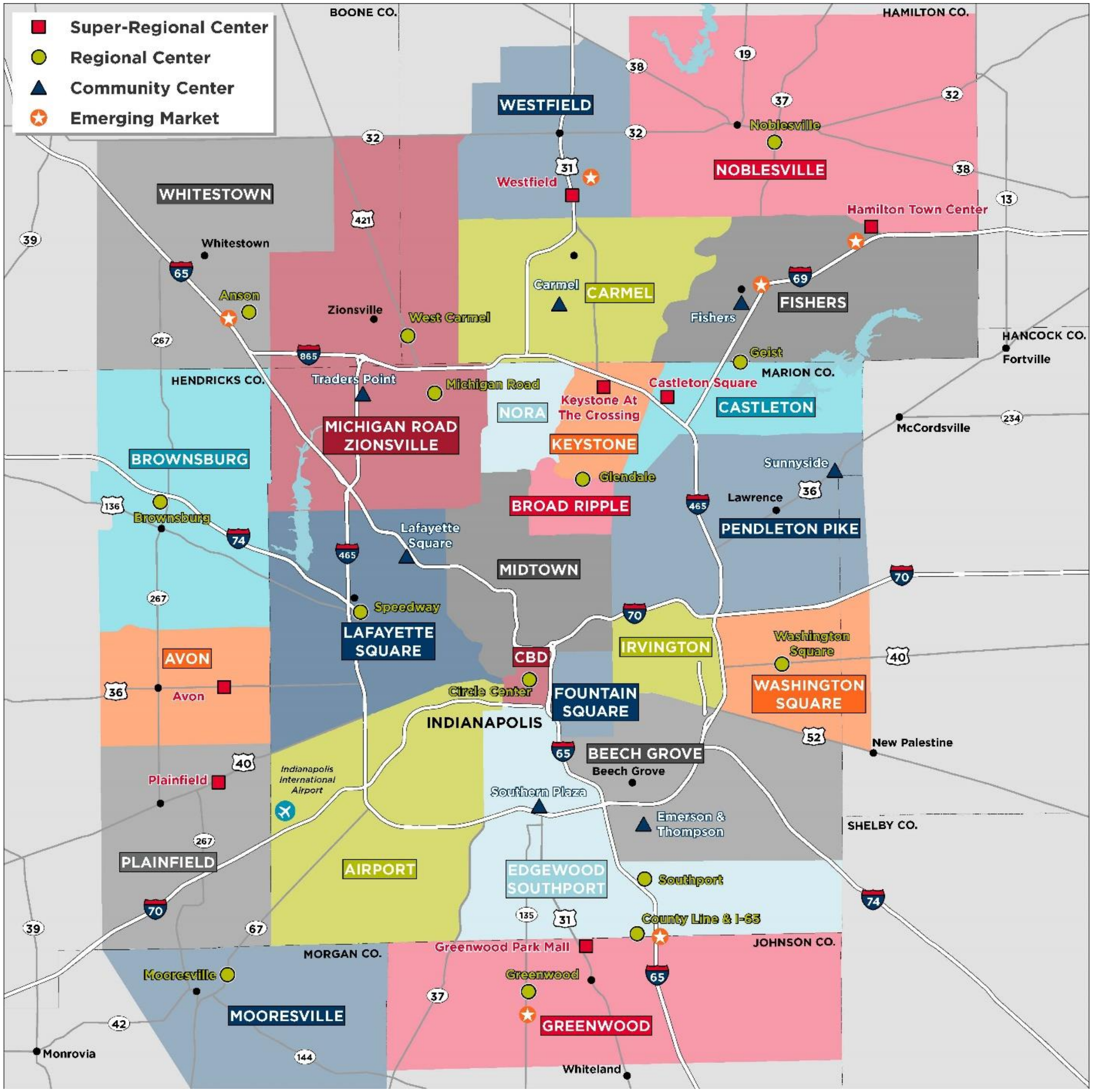
RETAIL SUBMARKETS



MAGGIE TILLOTSON
Senior Research Analyst
Tel: +1 317 352 6368
maggie.tillotson@cushwake.com

CUSHMAN & WAKEFIELD
One American Square, Suite 1800
Indianapolis, IN 46282 | USA
Tel: +1 317 634 6363

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