

INDIANAPOLIS

Retail Q2 2022



CUSHMAN & WAKEFIELD

\$63,300

Median HH Income

YoY
Chg12-Mo.
Forecast

1.0%

Population Growth



2.1%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS
Q2 2022

2.5%

GDP Growth

YoY
Chg12-Mo.
Forecast

9.8%

Consumer Spending
Growth

8.7%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Labor Market Shows Gains but Faces Headwinds from Inflation

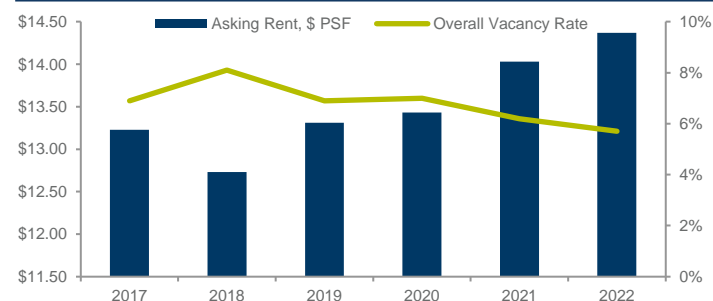
The labor market continued to post job gains in the second quarter, with nonfarm payroll employment increasing by 372,000 in the month of June. Monthly job gains in the second quarter averaged 383,000 as the labor market continued to recover the employment lost during the pandemic. However, nonfarm employment is still down 524,000 jobs from February 2020 levels. The retail trade sector added 15,400 jobs during June and the leisure and hospitality sector added 67,000 jobs in June, with 41,000 of the job gains in food services and drinking places. Despite the labor market gains, the economy is facing headwinds from rising inflation, with the Consumer Price Index increasing 8.6% over the past year. The Federal Reserve raised the federal funds rate by 0.75 percentage points in June and is expected to raise rates again at its July meeting in attempt to tamp down on inflation. Unemployment in the Indianapolis MSA continued to tick down and currently stands at 2.1%, a 180 basis points (bps) decline year-over-year (YOY). Employment in Indianapolis increased 3.6% YOY and is expected to increase further over the next 12 months.

TRENDS

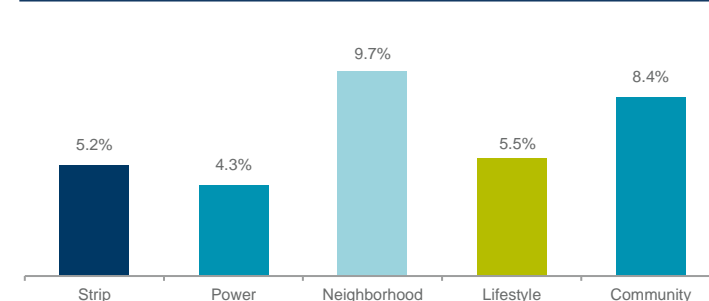
The Indianapolis retail market continued to show positive momentum in the second quarter, posting over 36,000 square feet (sf) of positive overall net absorption. Year-to-date (YTD) overall net absorption has totaled 219,000 sf, with the largest YTD occupancy gains in the Castleton (62,000 sf) and Broad Ripple/Glendale (61,000 sf) submarkets. The overall vacancy rate declined 30 bps quarter-over-quarter (QOQ) to 5.5%, with the amount of vacant space available for sublease decreasing by 64,000 sf QOQ as well. Vacancy declines were largest in the Washington Square and Castleton submarkets, with overall vacancy rates dropping 370 bps and 210 bps in those submarkets, respectively. Average asking rental rates in the Indianapolis market also showed positive gains in the second quarter, rising to \$14.37 per square foot triple net, an increase of 2.1% QOQ.

Though the U.S. economy faces challenges from rising consumer prices, the retail commercial real estate (CRE) market has continued to perform favorably. Through the halfway point of the year, store openings have greatly outpaced store closures as foot traffic is returning to stores. Consumers are increasingly returning to service-oriented retail as the pandemic subsides, though consumers will continue to demand some of the conveniences that the pandemic introduced such as contactless pickup. Looking ahead to the second half of 2022, the economic outlook remains uncertain but the retail CRE market is not expected to be disrupted.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE





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	2,600,056	0	36,664	1.4%	3,127	4,261	0	\$16.78
Beech Grove	596,761	5,400	8,400	2.3%	8,665	10,165	0	\$12.79
Broad Ripple/Glendale	1,219,902	0	46,315	3.8%	-2,916	60,526	0	\$28.06
Brownsburg	943,798	0	40,560	4.3%	3,200	-11,983	0	\$22.53
Carmel	2,779,615	0	198,303	7.1%	-40,355	-43,761	4,000	\$20.70
Castleton	3,178,982	0	214,672	6.8%	67,873	62,201	0	\$17.14
Downtown Indianapolis***	943,763	50,000	38,112	9.3%	0	5,500	0	\$20.30
Fishers	2,165,576	0	91,643	4.2%	7,955	7,050	0	\$15.01
Greenwood	4,340,664	0	201,044	4.6%	-43,472	29,647	0	\$17.46
Irvington	742,625	0	55,797	7.5%	2,829	5,671	0	\$10.70
Keystone	2,008,028	1,200	130,524	6.6%	-1,764	6,113	0	\$19.34
Lafayette Square	5,284,952	71,115	304,537	7.1%	-8,215	23,850	0	\$10.56
Michigan Road/Zionsville	3,675,469	0	212,761	5.8%	-8,597	-6,119	0	\$16.36
Midtown	423,132	0	7,317	1.7%	-2,610	-6,117	0	\$12.00
Mooresville	454,278	0	13,635	3.0%	-1,100	-4,700	0	\$13.00
Near East/Fountain Square	283,898	0	34,628	12.2%	0	1,000	0	\$16.80
Near Southwest/Airport	530,254	0	61,224	11.5%	2,300	15,727	0	\$10.08
Noblesville	2,975,655	0	62,552	2.1%	17,176	18,426	0	\$18.63
Nora	331,923	0	52,373	15.8%	-3,500	-3,500	0	\$21.00
Pendleton Pike/Lawrence	2,590,409	0	146,013	5.6%	15,766	33,904	7,200	\$12.31
Plainfield	1,301,792	1,600	57,253	4.5%	7,919	5,612	0	\$15.52
Southport/Edgewood	3,788,451	0	258,683	6.8%	12,797	-6,383	0	\$14.92
Washington Square	2,279,624	0	140,199	6.2%	-2,800	9,993	0	\$11.81
Westfield	373,478	0	7,000	1.9%	1,972	1,972	0	\$16.29
Whitestown	436,211	0	0	0.0%	0	0	0	\$26.00
TRADE AREA TOTALS	46,249,296	129,315	2,420,209	5.5%	36,250	219,055	11,200	\$14.37

*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 Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4850 E. Southport Rd- Southport Commons	Southport/Edgewood	Kohl's	86,584	Renewal
6965 W. 38th St	Lafayette Square	VASA Fitness	81,065	New Lease
2110 E. County Line Rd- The Shoppes at County Line	Southport/Edgewood	Total Wine and More	25,868	New Lease

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
9520 E. 126 th St- Parkside Shoppes	Fishers	Mann Properties/Baceline Investments LLC	18,387	\$3,300,000/\$179.47
1930-1992 E. Stop 13 Rd- Yates Center	Southport/Edgewood	Joseph Ocala/JPG Real Estate, Inc.	14,850	\$2,772,000/\$186.67

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