

INDIANAPOLIS

Retail Q4 2022



CUSHMAN & WAKEFIELD

\$71,200

Median HH Income

YoY
Chg12-Mo.
Forecast

1.0%

Population Growth



2.7%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS
Q4 2022

0.4%

GDP Growth

YoY
Chg12-Mo.
Forecast

8.5%

Consumer Spending
Growth

8.4%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Employment Grows Throughout 2022

In the fourth quarter, the United States economy continued to register job gains, with total nonfarm payroll employment rising by 223,000 in the month of December. In total, nonfarm payroll employment increased by 4.5 million during 2022, an average monthly gain of 375,000. Leisure and hospitality employment increased by 67,000 in December and recorded an average monthly gain of 79,000 in 2022, less than half of 2021's monthly average of 196,000. Retail trade employment yielded modest growth of 9,000 in December and recorded monthly average job growth of 16,000 in 2022. The Federal Reserve raised the target federal funds rate seven times in 2022, from a range of 0.25-0.50% in March to 4.25-4.50% in December. This marks the highest federal funds rate in 15 years as the Federal Reserve works to lower decades-high inflation. The Indianapolis MSA continued to see positive employment momentum, with nonfarm employment rising 2.4% year-over-year (YOY). Employment is also forecasted to grow over the next 12 months as unemployment in the Indianapolis MSA continues to track below the U.S. unemployment rate.

TRENDS

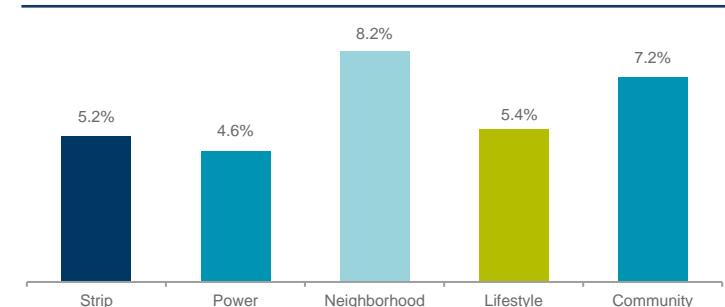
The Indianapolis retail market recorded strong demand activity in 2022, posting 422,000 square feet (sf) of overall net absorption during the year. However, the fourth quarter was the lightest quarter for demand, with only 2,500 sf of overall net absorption. The Lafayette Square submarket powered demand in the fourth quarter and throughout 2022, registering 115,000 sf of occupancy gains in the fourth quarter and 174,000 sf of occupancy gains in 2022. The overall vacancy rate remained stable quarter-over-quarter (QOQ) at 5.2% but declined 100 basis points (bps) YOY. The Lafayette Square submarket posted the largest QOQ vacancy decrease, declining 240 bps to 4.7%. The vacancy rate in the Pendleton Pike/Lawrence submarket also dropped significantly QOQ, decreasing 200 bps to 4.4%. Average asking rental rates in the Indianapolis market posted both quarterly and yearly gains, increasing 1.6% QOQ and 8.4% YOY to \$15.21 per square foot triple net.

Despite numerous economic headwinds, the retail commercial real estate (CRE) market performed favorably throughout 2022. Most markets posted positive occupancy gains in the fourth quarter and the U.S. vacancy rate for shopping centers is 5.7%, the lowest it has been since 2007, the start of Cushman & Wakefield's data. Store openings exceeded store closings by almost 2,500 in 2022 and in-store foot traffic surpassed 2019 levels during the last two weeks of December as retail fundamentals remained relatively positive. Looking ahead, 2023 will present challenges but retail CRE markets are expected to weather these disruptions.

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	2,636,206	0	37,340	1.4%	-472	3,585	0	\$18.44
Beech Grove	598,959	0	29,214	4.9%	-22,214	-5,249	0	\$12.67
Broad Ripple/Glendale	1,219,902	0	50,041	4.1%	1,544	56,800	0	\$28.22
Brownsburg	943,798	0	28,046	3.0%	-7,948	531	0	\$22.03
Carmel	2,816,119	0	169,371	6.0%	39,016	4,632	4,000	\$22.63
Castleton	3,179,430	0	266,122	8.4%	-986	10,751	0	\$15.47
Downtown Indianapolis***	943,763	50,000	38,112	9.3%	0	5,500	0	\$20.30
Fishers	2,166,436	0	74,765	3.5%	2,513	23,928	0	\$14.83
Greenwood	4,335,059	0	94,261	2.2%	28,893	136,430	0	\$18.00
Irvington	989,429	0	150,382	15.2%	-106,685	-88,914	0	\$12.68
Keystone	2,010,621	1,200	106,289	5.3%	18,687	30,348	0	\$18.34
Lafayette Square	4,809,614	0	224,964	4.7%	115,168	174,538	0	\$10.47
Michigan Road/Zionsville	3,715,784	0	245,033	6.6%	-8,401	-20,765	0	\$16.22
Midtown	423,132	0	11,307	2.7%	-5,200	-10,107	0	\$13.95
Mooresville	454,278	0	7,735	1.7%	4,350	1,200	0	\$11.00
Near East/Fountain Square	283,898	0	33,200	11.7%	2,628	2,428	0	\$14.90
Near Southwest/Airport	530,254	0	18,990	3.6%	150	57,961	0	\$9.10
Noblesville	2,975,655	0	112,361	3.8%	-56,144	-31,383	0	\$16.63
Nora	331,923	0	48,873	14.7%	3,500	0	0	\$21.00
Pendleton Pike/Lawrence	2,593,079	0	113,379	4.4%	52,037	66,538	0	\$14.34
Plainfield	1,303,864	1,600	45,319	3.6%	8,097	17,546	0	\$15.30
Southport/Edgewood	3,797,020	0	284,676	7.5%	-39,664	-32,376	0	\$14.55
Washington Square	2,273,299	2,494	109,224	4.9%	-26,417	38,474	0	\$10.56
Westfield	373,478	0	8,200	2.2%	0	772	0	\$18.34
Whitestown	435,446	0	19,950	4.6%	0	-19,950	0	\$26.00
TRADE AREA TOTALS	46,140,446	55,294	2,327,154	5.2%	2,452	422,218	4,000	\$15.21

*Inventory includes Community Center, Lifestyle Center, Neighborhood Center, Power Center and Strip Center retail property subtypes.

**Rental rates reflect triple net asking rents \$psf per year.

*** Downtown Indianapolis Submarket inclusive of Circle Center Mall

Source: CoStar and Cushman & Wakefield Research.

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10437 E. Washington St- Washington Market	Washington Square	Emporium 40E	23,538	Expansion
6366 E. 82nd St- Castleton Plaza	Castleton	Ragnarok Axe Throwing	10,320	New Lease
13610 N. Meridian St- Meridian Village	Carmel	Dollar Tree	9,000	New Lease

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4202 S. East St- Southern Plaza	Southport/Edgewood	Tri-Land Properties/First National Realty Partners	268,000	Unknown
8840 Michigan Rd- The Shoppes at Fortune Park	Michigan Road/Zionsville	Urbahns Property Group/Loretta La Barbara; John R Lanza; Todd Holley; James Marc	22,968	\$7,700,000/\$335.25

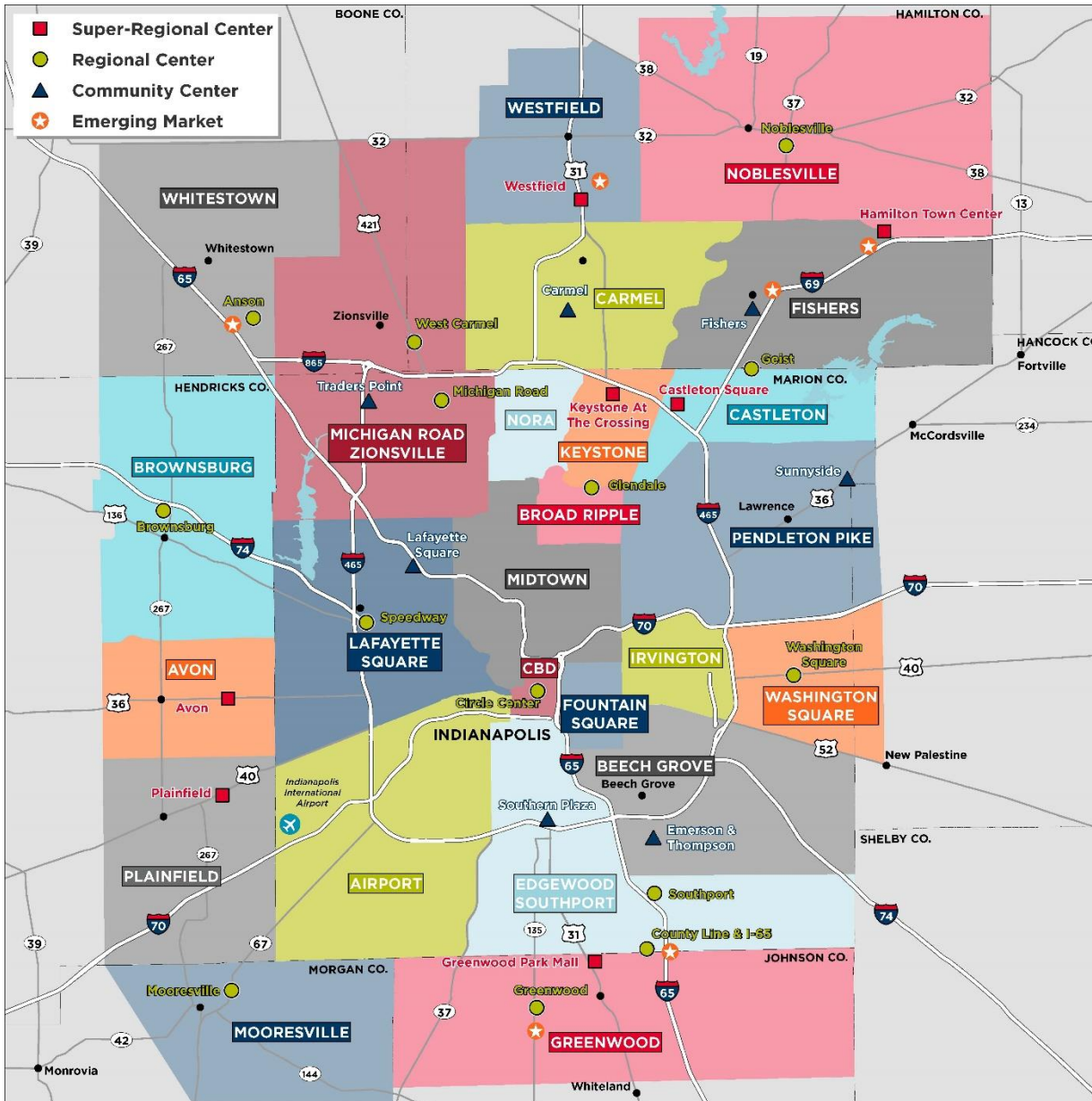
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RETAIL SUBMARKETS



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