

INDIANAPOLIS

Retail Q1 2023



CUSHMAN & WAKEFIELD

\$71,400

Median HH Income

YoY
Chg12-Mo.
Forecast

0.9%

Population Growth



2.7%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS
Q1 2023

1.9%

GDP Growth

YoY
Chg12-Mo.
Forecast

9.4%

Consumer Spending
Growth

5.3%

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Job Gains Continue, Unemployment Rate Shows Minimal Change

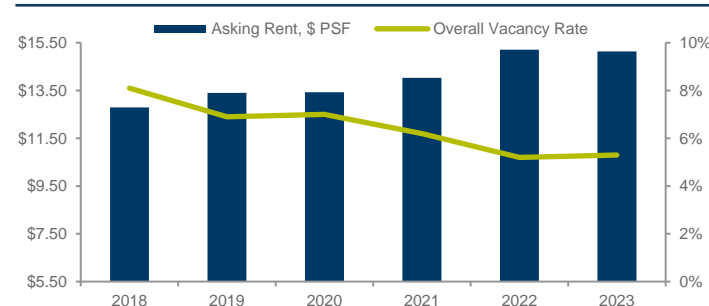
The United States economy continued to add jobs in the first quarter of 2023, with total nonfarm payroll employment increasing by an average of 345,000 during the first three months of the year. Nonfarm payroll employment climbed by 236,000 in March, the lightest month of job gains since the start of the year. Retail trade employment decreased by 15,000 in March, while leisure and hospitality employment rose by 72,000 during the month. The Federal Reserve raised the target federal funds rate twice in the first quarter, at its February and March meetings, to the 4.75-5.00% range. Despite turmoil in the banking system, the Federal Reserve has indicated it is still committed to getting inflation back to its targeted 2.0% range, though only one hike to the federal funds rate is expected in the remainder of 2023. The U.S. unemployment rate was 3.5% in March and has remained relatively unchanged since 2022. The Indianapolis unemployment rate stayed stable quarter-over-quarter (QOQ) at 2.7% but has increased by 50 basis points (bps) year-over-year (YOY). However, employment in the Indianapolis edged higher by 3.2% YOY and is expected to continue to rise over the next 12 months.

TRENDS

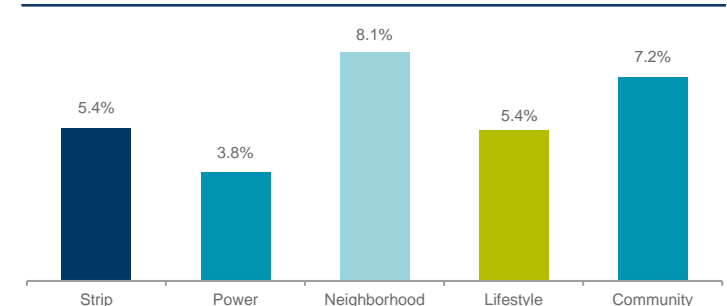
The Indianapolis retail market recorded its first quarter of occupancy losses in two years, with overall net absorption totaling negative 69,000 square feet (sf) in the first quarter of 2023. Occupancy losses were most acute in the Castleton and Greenwood trade areas, which posted negative 67,000 sf and negative 29,000 sf of overall net absorption, respectively. However, eight trade areas still tallied positive demand activity in the first quarter, led by Southport/Edgewood, with 25,000 sf of occupancy gains. Because of these market occupancy losses, the overall vacancy rate inched up 10 bps QOQ to 5.3%. Despite this, the overall vacancy rate remains 50 bps lower on a YOY basis due to strong demand activity throughout 2022. Similar to vacancy, average asking rental rates in the Indianapolis market also posted a quarterly decrease but a yearly increase, dropping 0.5% QOQ and rising 7.5% YOY to \$15.14 per square foot triple net.

Despite fears of a recession, elevated inflation and interest rate levels, and broader economic uncertainty, vacancy in the overall U.S. retail commercial real estate (CRE) market remained steady in the first quarter at 5.6%. This is the lowest vacancy level since at least 2007, the beginning of Cushman & Wakefield's data. However, demand is likely to decline throughout 2023 because of the challenging economic conditions and a pullback from post-pandemic spending. Vacancy will likely level out or rise slightly by the end of 2023, but retail CRE is expected to stay resilient in the upcoming years.

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	2,625,364	0	40,349	1.5%	-3,009	-3,009	0	\$17.44
Beech Grove	598,959	0	35,059	5.9%	-5,845	-5,845	0	\$11.67
Broad Ripple/Glendale	1,219,902	0	50,041	4.1%	0	0	0	\$28.22
Brownsburg	943,798	0	32,046	3.4%	-4,000	-4,000	0	\$22.04
Carmel	2,886,260	0	170,033	5.9%	-662	-662	4,000	\$23.43
Castleton	3,186,235	0	332,717	10.4%	-66,595	-66,595	0	\$16.28
Downtown Indianapolis***	943,763	50,000	38,112	9.3%	0	0	0	\$20.30
Fishers	2,162,015	5,018	61,735	3.1%	8,012	8,012	0	\$15.67
Greenwood	4,350,932	0	123,700	2.8%	-29,439	-29,439	0	\$17.00
Irvington	989,429	0	150,382	15.2%	0	0	0	\$13.68
Keystone	1,982,754	1,200	112,521	5.7%	-6,232	-6,232	0	\$17.30
Lafayette Square	4,809,592	7,548	208,735	4.5%	8,681	8,681	0	\$10.61
Michigan Road/Zionsville	3,715,784	2,958	235,014	6.4%	7,061	7,061	0	\$16.00
Midtown	423,132	0	9,300	2.2%	2,007	2,007	0	\$14.95
Mooreville	452,537	0	17,335	3.8%	-9,600	-9,600	0	\$10.00
Near East/Fountain Square	283,898	0	33,200	11.7%	0	0	0	\$13.90
Near Southwest/Airport	530,254	0	18,990	3.6%	0	0	0	\$8.10
Noblesville	2,976,929	0	122,859	4.1%	-10,498	-10,498	0	\$17.00
Nora	304,923	0	48,873	16.0%	0	0	0	\$21.00
Pendleton Pike/Lawrence	2,547,263	1,650	104,584	4.2%	8,785	8,785	0	\$15.28
Plainfield	1,302,494	0	47,130	3.6%	-211	-211	0	\$15.94
Southport/Edgewood	3,951,377	0	259,329	6.6%	25,347	25,347	0	\$14.59
Washington Square	2,273,299	2,494	100,241	4.5%	8,983	8,983	0	\$9.58
Westfield	362,245	0	7,000	1.9%	1,200	1,200	0	\$19.15
Whitestown	435,446	0	23,150	5.3%	-3,200	-3,200	0	\$26.00
TRADE AREA TOTALS	46,258,254	70,868	2,382,435	5.3%	-69,215	-69,215	4,000	\$15.14

*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 Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1960 E. Greyhound Pass- Village Park Plaza	Carmel	Academy Sports + Outdoors	76,000	New Lease
9401-9525 N Meridian St- Meridian North Shopping Center	Nora	Infitness Club	44,000	New Lease
8752 Michigan Rd- Michigan Road Shoppes	Michigan Road/Zionsville	Crunch	40,000	New Lease

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1130 W 86 th St	Nora	James Family Partnership/US Liquor Real Estate Group	20,780	\$4,149,700/\$199.70
2917-2931 S Kentucky Ave	Airport	Southwest Shoppes LLC/Westside Shoppes LLC	17,442	\$600,000/\$34.40

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