

## INDIANAPOLIS

Retail Q2 2023



CUSHMAN &amp; WAKEFIELD

\$70,900

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  
Q2 2023

2.1%

GDP Growth

YoY  
Chg12-Mo.  
Forecast

7.8%

Consumer Spending  
Growth

1.3%

Retail Sales Growth



Source: BEA, Census Bureau

## ECONOMIC OVERVIEW: Job Growth Slows Through the First Half of 2023

Nonfarm payroll employment continued to increase in the second quarter of 2023, with the U.S. economy adding 209,000 jobs in the month of June. Retail trade employment decreased by 11,000 in June while leisure and hospitality employment rose by 21,000. However, job growth has slowed from 2022's pace. Through the first six months of 2023, monthly job growth has averaged 270,000, below the 399,000 monthly average recorded during the first half of 2022. The Federal Reserve raised the target federal funds rate once in the second quarter, at its May meeting, to the 5.00-5.25% range. The Federal Reserve held the federal funds rate constant at its June meeting, forgoing a rate increase for the first time since February 2022. The Federal Reserve's projections show an additional 50 basis points (bps) of rate hikes are expected during the second half of 2023. The Indianapolis unemployment rate remained unchanged quarter-over-quarter (QOQ) and year-over-year (YOY) at 2.7%, though employment in the region rose by 3.5% over the last year and is expected to increase over the next 12 months.

## TRENDS

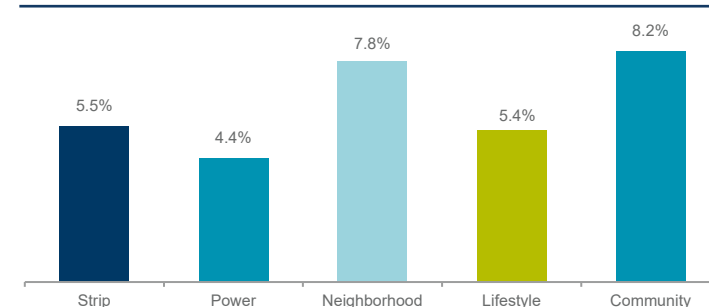
The Indianapolis retail market posted its second straight quarter of occupancy losses in the second quarter of 2023, totaling negative 102,000 square feet (sf). Occupancy losses were most pronounced in the Lafayette Square trade area, which recorded negative 126,000 sf of overall net absorption. However, the Carmel and Castleton trade areas were two bright spots in the market during the second quarter, with occupancy gains of 132,000 sf and 58,000 sf, respectively. Year-to-date (YTD) overall net absorption has totaled negative 171,000 sf, though only 11 of the 25 trade areas posted YTD occupancy losses. The overall vacancy rate for the market rose 10 bps QOQ to 5.4%, but still declined 10 bps on a YOY basis. Eight trade areas posted quarterly vacancy declines and four trade areas currently have sub-2% vacancy rates as available space remains tight in key trade areas. Average asking rental rates rose on both a quarterly and yearly basis, increasing 1.8% QOQ and 7.3% YOY, to \$15.42 per square foot triple net.

The U.S. retail commercial real estate (CRE) market continued its strong performance in the second quarter, with occupied square footage hitting an all-time high. The U.S. shopping center vacancy rate stands at 5.4%, a decline of 60 bps YOY. However, conditions in the retail CRE market are expected to moderate slightly in the upcoming quarters amid decreased consumer spending, retailer bankruptcies, and a difficult financing environment. Overall, the retail CRE market is still expected to perform favorably despite the economic headwinds.

## 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	33,158	1.3%	7,191	4,182	0	\$18.46
Beech Grove	598,959	0	63,345	10.6%	-28,286	-34,131	0	\$10.67
Broad Ripple/Glendale	1,219,902	0	50,041	4.1%	0	0	0	\$29.22
Brownsburg	943,798	0	17,108	1.8%	14,938	10,938	0	\$23.04
Carmel	2,897,058	0	37,543	1.3%	132,490	131,828	4,000	\$24.48
Castleton	3,126,235	0	214,646	6.9%	58,071	-8,524	0	\$16.46
Downtown Indianapolis***	943,763	100,000	40,463	14.9%	-52,351	-52,351	0	\$20.30
Fishers	2,162,015	3,160	26,546	1.4%	37,047	45,059	0	\$14.63
Greenwood	4,353,281	0	173,947	4.0%	-50,247	-79,686	10,973	\$16.15
Irvington	989,429	0	148,318	15.0%	2,064	2,064	0	\$14.08
Keystone	1,982,754	1,200	129,598	6.6%	-17,077	-23,309	0	\$17.58
Lafayette Square	4,835,758	70,723	271,583	7.1%	-126,023	-117,342	0	\$10.79
Michigan Road/Zionsville	3,715,860	2,958	241,238	6.6%	-6,224	837	0	\$17.02
Midtown	423,132	0	11,226	2.7%	-1,926	81	0	\$15.95
Mooresville	452,537	0	17,335	3.8%	0	-9,600	0	\$9.00
Near East/Fountain Square	283,898	0	33,200	11.7%	0	0	0	\$12.90
Near Southwest/Airport	530,254	0	17,740	3.3%	1,250	1,250	0	\$9.00
Noblesville	2,976,929	0	125,119	4.2%	-2,260	-12,758	0	\$17.21
Nora	304,923	0	49,080	16.1%	-207	-207	0	\$21.00
Pendleton Pike/Lawrence	2,546,026	1,650	93,237	3.7%	11,347	20,132	0	\$15.09
Plainfield	1,302,494	0	95,940	7.4%	-48,810	-49,021	0	\$15.26
Southport/Edgewood	3,962,817	0	305,670	7.7%	-46,341	-20,994	0	\$13.82
Washington Square	2,272,472	2,494	86,163	3.9%	14,078	23,061	0	\$9.81
Westfield	362,245	0	11,050	3.1%	-4,050	-2,850	0	\$19.15
Whitestown	435,446	0	19,950	4.6%	3,200	0	0	\$26.00
<b>TRADE AREA TOTALS</b>	<b>46,247,349</b>	<b>182,185</b>	<b>2,313,244</b>	<b>5.4%</b>	<b>-102,126</b>	<b>-171,341</b>	<b>14,973</b>	<b>\$15.42</b>

\*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 Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
8627 River Crossing Blvd- The Shops at River Crossing	Keystone	Restoration Hardware Outlet	21,4042	New Lease
8627 River Crossing Blvd- The Shops at River Crossing	Keystone	DSW	18,000	New Lease
2640 Lake Circle Dr- Willow Lake East	Michigan Road/Zionsville	Snipes USA	10,660	New Lease

## KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
550 Fry Rd- Greenwood Plus	Greenwood	Washington Prime Group/The Russ Group	155,319	\$17,250,000/\$11.06
5151 E 86 <sup>th</sup> St- Clearwater Springs Shopping Center	Keystone	PK Partners/North American Properties	131,992	\$28,650,000/\$217.06



This map illustrates the spatial distribution of various types of centers across the Indianapolis metropolitan area. The legend identifies four categories:

- Super-Regional Center**: Represented by a red square.
- Regional Center**: Represented by a yellow circle.
- Community Center**: Represented by a blue triangle.
- Emerging Market**: Represented by an orange star.

The map shows several Super-Regional Centers (red squares) such as Noblesville, Fishers, Westfield, Michigan Road Zionsville, Avon, Plainfield, Greenwood Park Mall, and Greenwood. Regional Centers (yellow circles) are located in areas like Brownsburg, Zionsville, Carmel, Fishers, Glendale, Speedway, Lafayette Square, Circle Center, Fountain Square, Irvington, Washington Square, Southport, County Line & I-65, and Whiteland. Community Centers (blue triangles) are found in locations like Traders Point, Broad Ripple, Midtown, Beech Grove, Emerson & Thompson, and Southern Plaza. Emerging Markets (orange stars) are identified at Anson, Westfield, Fishers, Greenwood Park Mall, and Greenwood. The map also displays major highways (Interstates 65, 70, 74, 85, 90, 465, 40, 36, 38, 32, 37, 31, 267, 254, 136, 144, 185, 42, 13), local roads, and surrounding counties including Boone, Hamilton, Hendricks, Marion, Morgan, Johnson, Shelby, and Hancock.

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