MARKETBEAT

INDIANAPOLIS

Retail Q3 2023

	YoY Chg	12-Mo. Forecast
$73,000 Median HH Income	▲	▲
1.0% Population Growth	▲	▲
2.9% Unemployment Rate	—	▲

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

U.S. ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
2.4% GDP Growth	▲	▲
7.4% Consumer Spending Growth	▼	▲
2.7% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW: Indianapolis Unemployment Continues to Track Below U.S. Average

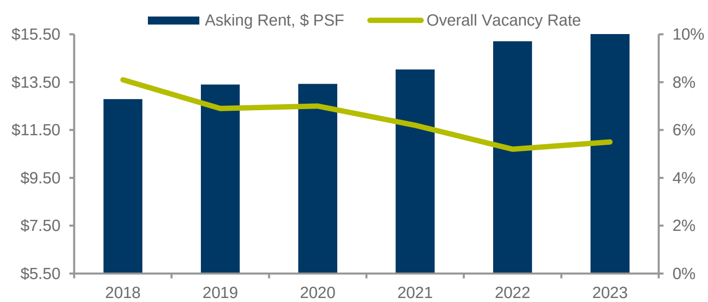
The U.S. economy added 336,000 jobs during the month of September, surpassing the average monthly job growth of 267,000 over the past 12 months. Leisure and hospitality employment increased by 96,000 while retail trade employment rose by 19,700. The Federal Reserve raised the target federal funds rate once in the third quarter, at its July meeting, to the 5.25-5.50% range. However, rates were held constant at its September meeting, though projections indicate one additional rate hike is possible in the remainder of 2023. The Indianapolis unemployment rate increased slightly quarter-over-quarter (QOQ) but remained stable year-over-year (YOY) at 2.9%, still tracking well-below the U.S. unemployment rate of 3.7%. Though unemployment in the region is expected to rise over the next 12 months, Indianapolis employment growth equaled 2.5% YOY and employment should continue to grow over the upcoming year as well.

TRENDS

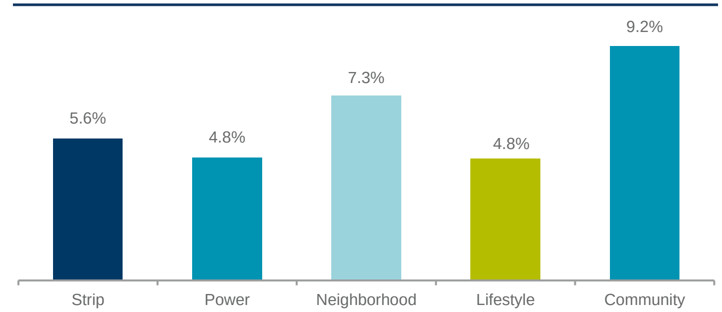
Occupancy losses persisted in the Indianapolis retail market in the third quarter, with negative 50,000 square feet (sf) of overall net absorption posted during the quarter. The Lafayette Square submarket recorded the most occupancy losses in the third quarter, totaling nearly 81,000 sf, and also logged the most occupancy losses year-to-date (YTD), equaling 198,000 sf. Though overall net absorption in the Carmel submarket was negative 30,000 sf in the third quarter, YTD occupancy increased by 102,000 sf, leading all submarkets. The overall vacancy rate in the Indianapolis retail market rose on both a quarterly and yearly basis, increasing 10 basis points (bps) QOQ and 30 bps YOY, to 5.5%. Four submarkets—Avon, Fishers, Mooresville, and Nora— all boasted sub-2.0% vacancy rates and an additional five submarkets posted sub-3.0% vacancy rates as space availability remained tight in key submarkets. Average asking rental rates continued their upward climb, rising 0.9% QOQ and 2.8% YOY, to $15.56 per square foot triple net.

The U.S. retail commercial real estate (CRE) market sustained its historic performance in the third quarter, with shopping center vacancy declining to a new low of 5.4%, a drop of 5 bps QOQ and 40 bps YOY, falling 80 bps below the pre-pandemic vacancy rate. However, conditions in the retail landscape will likely soften in the upcoming quarters as the result of several consumer headwinds. Retail CRE market is still poised for solid long-term growth as strong fundamentals remain in the sector as e-commerce and in-person retail have been shown to work in tandem with one another.

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	2,625,364	0	33,157	1.3%	1	4,183	0	$18.86
Beech Grove	598,959	0	60,400	10.1%	2,945	-31,186	0	$9.86
Broad Ripple/Glendale	1,212,314	0	56,699	4.7%	-6,658	-6,658	0	$30.22
Brownsburg	940,597	0	20,508	2.2%	-3,400	7,538	0	$24.04
Carmel	2,897,058	0	67,658	2.3%	-30,115	101,713	4,000	$24.58
Castleton	3,126,456	0	251,745	8.1%	-37,099	-45,623	0	$16.34
Downtown Indianapolis***	943,763	100,000	38,112	14.6%	2,351	-50,000	0	$20.30
Fishers	2,164,346	3,160	32,353	1.6%	-5,807	39,252	0	$13.70
Greenwood	4,353,851	0	206,833	4.8%	-32,886	-112,572	10,973	$15.95
Irvington	1,034,566	0	143,476	13.9%	4,842	6,906	0	$13.86
Keystone	1,989,340	2,800	111,561	5.7%	16,437	-6,872	0	$16.58
Lafayette Square	4,836,644	70,723	352,337	8.7%	-80,754	-198,096	0	$11.49
Michigan Road/Zionsville	3,715,860	2,958	233,809	6.4%	7,429	8,266	0	$17.53
Midtown	423,132	0	11,226	2.7%	0	81	0	$16.55
Mooresville	452,537	0	7,735	1.7%	9,600	0	0	$8.00
Near East/Fountain Square	283,898	0	32,000	11.3%	1,200	1,200	0	$12.50
Near Southwest/Airport	529,677	0	17,740	3.3%	0	1,250	0	$10.00
Noblesville	2,978,447	0	134,043	4.5%	-8,924	-21,682	0	$17.21
Nora	307,364	0	0	0.0%	49,080	48,873	0	N/A
Pendleton Pike/Lawrence	2,641,146	1,650	114,487	4.4%	-21,250	-1,118	0	$14.44
Plainfield	1,304,611	0	99,843	7.7%	-3,903	-52,924	0	$15.01
Southport/Edgewood	3,965,911	0	256,419	6.5%	49,251	28,257	0	$13.38
Washington Square	2,295,780	2,494	50,648	2.3%	35,515	58,576	0	$9.71
Westfield	362,245	0	9,300	2.6%	1,750	-1,100	0	$19.15
Whitestown	435,446	0	19,950	4.6%	0	-19,950	0	$26.00
TRADE AREA TOTALS	**46,419,312**	**183,785**	**2,362,039**	**5.5%**	**-50,395**	**-241,686**	**14,973**	**$15.56**

**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 Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10695 US Highway 36- Raceway Plaza	Avon	Bob's Discount Furniture	30,059	New Lease
2007 Greyhound Pass- Village Park Plaza	Carmel	Pure Hockey	6,898	New Lease
1313 W 86th St- Greenbriar Shopping Center	Nora	Centier Bank	4,838	New Lease

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
3335 Kentucky Ave- Marwood Plaza	Near Southwest/Airport	Citivest Commercial Investments/Core Equity Partners	107,080	N/A
5417-5435 E 38th St	Pendleton Pike/Lawrence	GMA Properties LLC/JDII LLC	12,400	$1,375,000/$110.89

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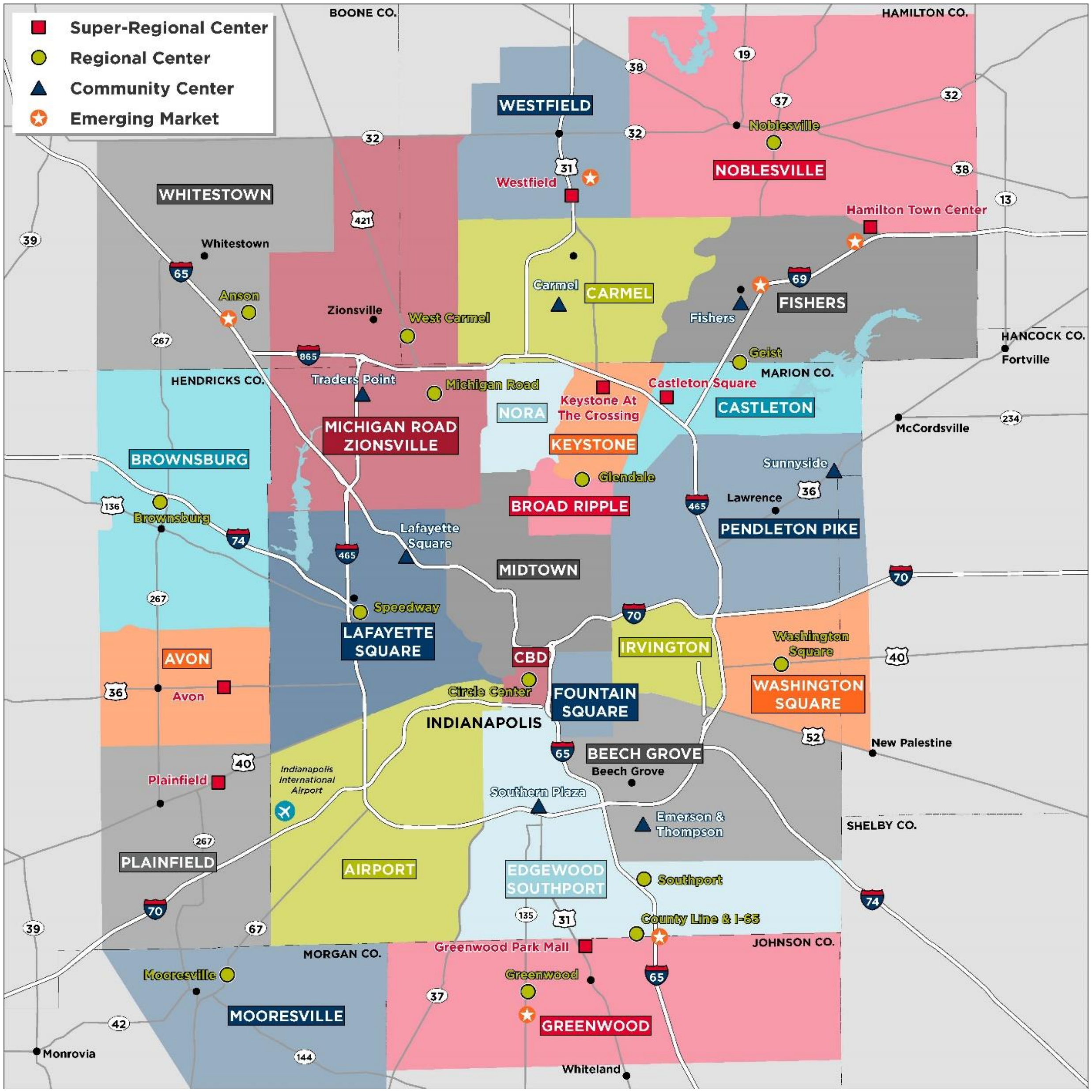
RETAIL SUBMARKETS



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