

INDIANAPOLIS

Retail Q4 2023



CUSHMAN & WAKEFIELD

\$80,000

Median HH Income

YoY
Chg12-Mo.
Forecast

1.0%

Population Growth



3.3%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS
Q4 2023YoY
Chg12-Mo.
Forecast

2.6%

GDP Growth

6.7%

Consumer Spending
Growth

3.8%

Retail Sales Growth



Source: BEA, Census Bureau

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

The U.S. economy ended the year by adding 216,000 jobs in December, surpassing estimates as the unemployment rate also held steady at 3.7%. Leisure and hospitality employment rose by 40,000 and retail trade employment increased by 17,000 during the month. Throughout the entirety of 2023, monthly job growth averaged 225,000 and employment grew by 2.7 million. The Federal Reserve held the target federal funds rate constant in the 5.25-5.50% range in the fourth quarter and has not raised rates since its July meeting. The Federal Reserve's determinations on rate increases or decreases in 2024 will be largely contingent on whether inflation reaches their 2.0% target. Employment in the Indianapolis MSA continued to grow in the fourth quarter, rising 2.6% year-over-year (YOY). Employment levels are forecasted to continue to increase over the next year as well. However, the Indianapolis unemployment rate increased 40 basis points (bps) quarter-over-quarter (QOQ) and YOY to 3.3%. Unemployment in the region is expected to rise over the next 12 months as tightness in the labor market subsides slightly.

TRENDS

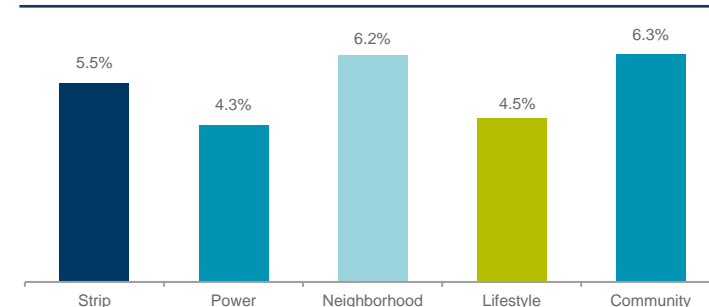
The Indianapolis retail market posted significant occupancy gains in the fourth quarter, with 490,000 square feet (sf) of overall net absorption recorded during the quarter. This offset occupancy losses from the prior three quarters and annual overall net absorption equaled 256,000 sf in 2023. Overall net absorption for the year was strongest in the Michigan Road/Zionsville and Carmel trade areas, equaling 163,000 sf and 127,000 sf, respectively. The overall vacancy rate declined on both a quarterly and yearly basis, lowering by 100 bps QOQ and 70 bps YOY, to 4.5%. The Avon, Carmel, Fishers, and Mooresville trade areas all posted sub-2% vacancy rates and 15 of the 25 trade areas recorded overall vacancy rates below the market average. Average asking rental rates dipped in the fourth quarter, declining by 2.8% QOQ to \$15.12 per square foot (psf) triple net (NNN). Asking rental rates were highest in the Broad Ripple/Glendale trade area at \$29.60 psf NNN.

Retail commercial real estate (CRE) performed solidly throughout 2023, with the vacancy rate for shopping centers falling to a new low of 5.3% and net absorption equaling 6.1 million square feet in the fourth quarter. Net absorption was up 71.0% QOQ as the retail CRE market ended the year on a strong note. Retail sales growth was still a healthy 3.8% in the fourth quarter in the face of numerous economic headwinds, though more of this growth can be attributed to the purchases of essentials instead of discretionary items. The two-year period of 2022-2023 was the first two-year stretch since 2013-2014 with net store openings as retailers have been expanding their footprints to match robust consumer demand.

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	2,644,034	0	29,957	1.1%	3,200	7,383	0	\$18.86
Beech Grove	594,250	0	28,759	4.8%	31,641	455	0	\$9.87
Broad Ripple/Glendale	1,212,314	0	46,389	3.8%	10,310	3,652	0	\$29.60
Brownsburg	858,851	0	18,908	2.2%	1,600	9,138	0	\$25.04
Carmel	2,934,035	0	46,032	1.6%	21,626	127,339	0	\$23.58
Castleton	3,239,598	0	167,709	5.2%	97,069	41,500	0	\$16.36
Downtown Indianapolis***	943,763	100,000	35,709	14.4%	2,403	-47,597	0	\$20.30
Fishers	2,164,113	3,160	36,253	1.8%	-3,900	35,352	0	\$12.71
Greenwood	4,367,937	0	187,317	4.3%	30,489	-82,083	0	\$15.87
Irvington	1,034,566	0	47,313	4.6%	96,163	103,069	0	\$13.86
Keystone	1,972,117	2,800	74,069	3.9%	37,492	30,620	0	\$15.58
Lafayette Square	4,822,395	70,723	347,101	8.7%	669	-194,183	0	\$12.46
Michigan Road/Zionsville	3,691,032	3,000	88,500	2.5%	145,267	163,473	0	\$18.12
Midtown	423,132	0	16,626	3.9%	-5,400	-5,319	0	\$17.00
Mooreville	452,537	0	7,735	1.7%	0	0	0	\$8.00
Near East/Fountain Square	283,898	0	32,000	11.3%	0	1,200	0	\$13.50
Near Southwest/Airport	529,677	0	14,240	2.7%	3,500	4,750	0	\$10.00
Noblesville	2,978,447	0	119,874	4.0%	14,169	-7,513	0	\$17.21
Nora	307,230	0	19,150	6.2%	-19,150	29,723	0	\$21.00
Pendleton Pike/Lawrence	2,639,346	1,650	107,780	4.1%	6,707	5,589	0	\$14.59
Plainfield	1,304,611	0	91,697	7.0%	8,146	-44,778	0	\$15.01
Southport/Edgewood	3,945,027	0	264,293	6.7%	7,874	20,383	0	\$12.92
Washington Square	2,274,559	2,494	45,860	2.1%	4,788	63,364	0	\$9.83
Westfield	373,820	0	14,180	3.8%	-4,880	-5,980	0	\$19.15
Whitestown	435,446	0	23,538	5.4%	0	-3,588	0	\$26.00
TRADE AREA TOTALS	46,426,735	183,827	1,910,989	4.5%	489,783	255,949	0	\$15.12

*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 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4650 Southport Rd- Southport Commons	Southport/Edgewood	Urban Style Furniture	23,500	New Lease
7115 Michigan Rd- Westlane Shopping Center	Michigan Road/Zionsville	Home Center	16,948	New Lease
6935 Lake Plaza Dr- Avalon Crossing	Castleton	Dollar Tree Stores	10,462	New Lease

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3620-3700 S East St- Felbram Plaza North	Southport/Edgewood	Felbram Holdings LLC/Felbram Plaza North LLC	167,458	N/A
1700 E 86 th St- Northview Mall	Keystone	Northview Mall Partners LLC/NVM Partners LLC	48,028	\$5,500,000/\$114.52

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