

2017 FORT WAYNE, INDIANA RETAIL MARKET SURVEY



REVIEW

Nationally, retailers are closing stores at a record pace as they feel the fallout from decades of overbuilding and the rise of online shopping. This will presumably impact the Fort Wayne area in the near future. Until the stores are vacated, however, the announced closings are not reflected in these 2017 survey statistics.

The overall market vacancy rate in June 2017 is 12.9% which is a 1.2% decrease from June 2016 and the lowest since we began tracking market statistics in 2009. Every quadrant except the northeast saw an increase in occupancy. Today there are ten vacant retail big boxes (20,000 sq. ft. or greater) totaling 547,643 sq. ft. This is 18% less than the total in June of 2016.

In the southwest quadrant, Great Escape opened a 35,000 sq. ft. store at Park West and Gerber Collision converted a 14,000 sq. ft. building. Umi and Mitchell's Sports Bar & Grill opened restaurants at Jefferson Crossing. Family Christian Book Store, rue21, Tilted Kilt and Gymboree are closing in the Jefferson Pointe/Orchard Crossing Centers.

In the northeast quadrant, Kroger announced their intention to build a MarketPlace store at Dupont Road and Tonkel Road. A new Tractor Supply is under construction at Chapel Ridge next to Meijer. A new Aldi opened in Joann Plaza and BJ's Brew House opened a new restaurant on a Glenbrook Square outlot. Goodwill Industries, 3Rivers Credit Union, and Kid to Kid opened new stores. Store closings in the northeast quadrant include two MC Sports, HH Gregg and Office Depot. Marshalls relocated to a smaller store.

In the northwest quadrant, multiple Tim Hortons and a Belle Tire opened on Lima Road.

There were no notable retail openings downtown; however, several are under construction or planned in the next 12 months.

The southeast quadrant had no notable retail transactions.

FORECAST

Lease rates are increasing for the most attractive locations such as near Glenbrook Square and Jefferson Pointe. The Dupont Road corridor between I-69 and Tonkel Road continues to be an area of speculation for retail development.

We expect the impact of store closings to put downward pressure on rent, especially for larger spaces in secondary locations. Interest in retail space downtown will continue to accelerate, enhanced by new and proposed residential developments.

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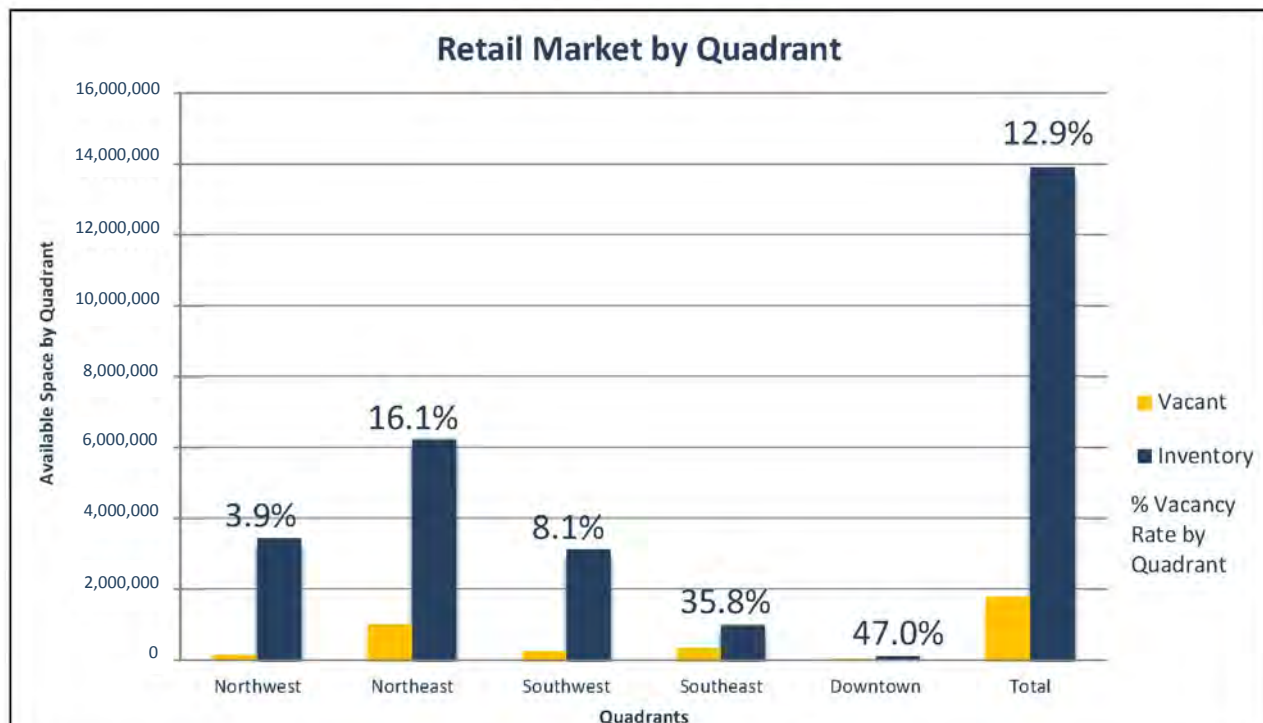
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PUBLISHED 5/25/2017

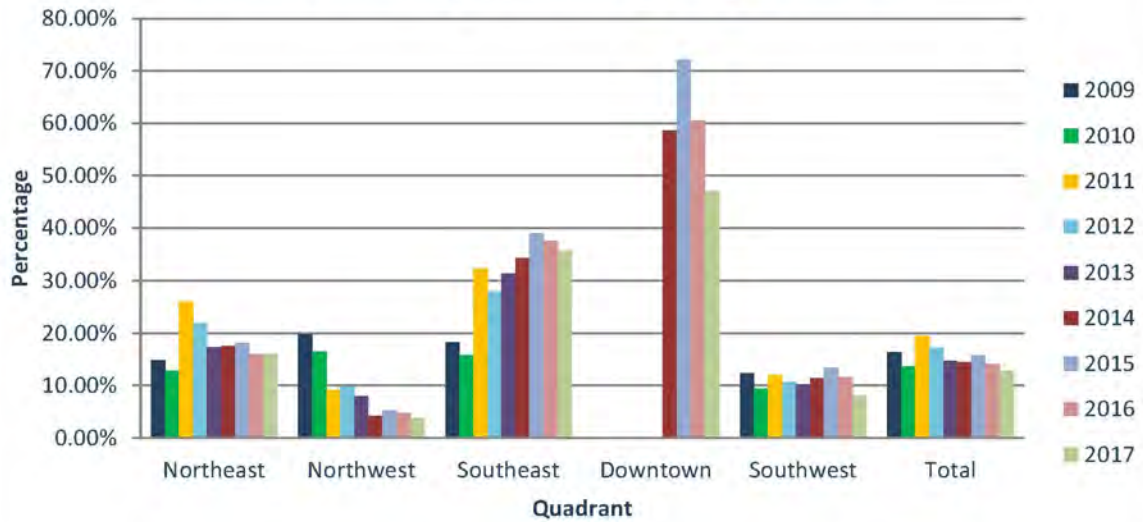


Inventory (SF)	Total Market (SF)
Total Inventory – 6/21/2016	14,017,794
Constructed – 06/21/2016 – 5/18/2017	18,700
Adjustments*	-116,000
Total Inventory – 5/18/2017	13,920,494
Vacant Space – 5/18/2017	1,797,982
Vacancy Rate – 5/18/2017	12.9%
Net Absorption – 06/21/2016	-83,000
*Northeast – The Home Depot on Coliseum Blvd. was converted to industrial space	

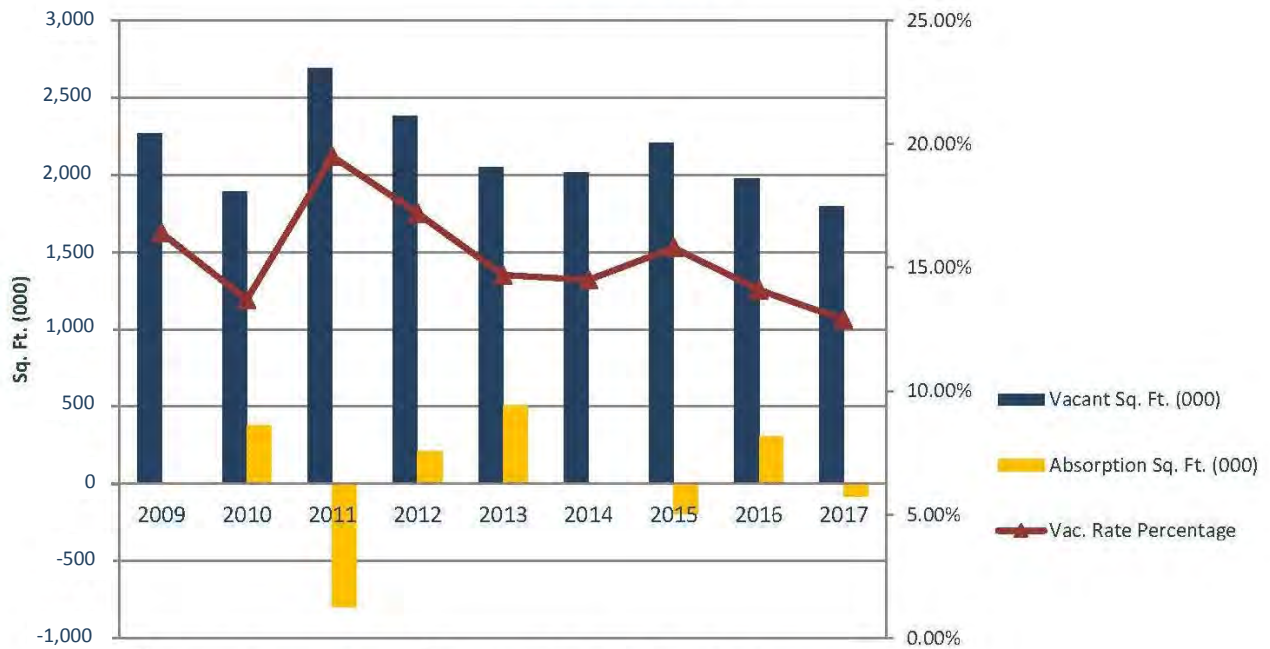


Fort Wayne, IN Quadrant	2017 Retail Total Sq. Ft.	2017 Retail Vacant Sq. Ft.	2017 Retail Vacancy	2016 Retail Vacant Sq. Ft.	2016 Retail Vacancy	Change 2016-2017
Northwest	3,447,291	135,102	3.9%	163,802	4.8%	-0.90%
Northeast	6,238,887	1,006,951	16.1%	1,014,960	16.0%	+0.10%
Southwest	3,147,443	255,799	8.1%	367,474	11.70%	-3.60%
Southeast	986,407	352,940	35.8%	370,857	37.60%	-1.80%
Downtown	100,466	47,190	47.0%	60,749	60.50%	-13.50%
Total	13,920,494	1,797,982	12.9%	1,977,842	14.10%	-1.20%

Retail Vacancy Percentage by Quadrant



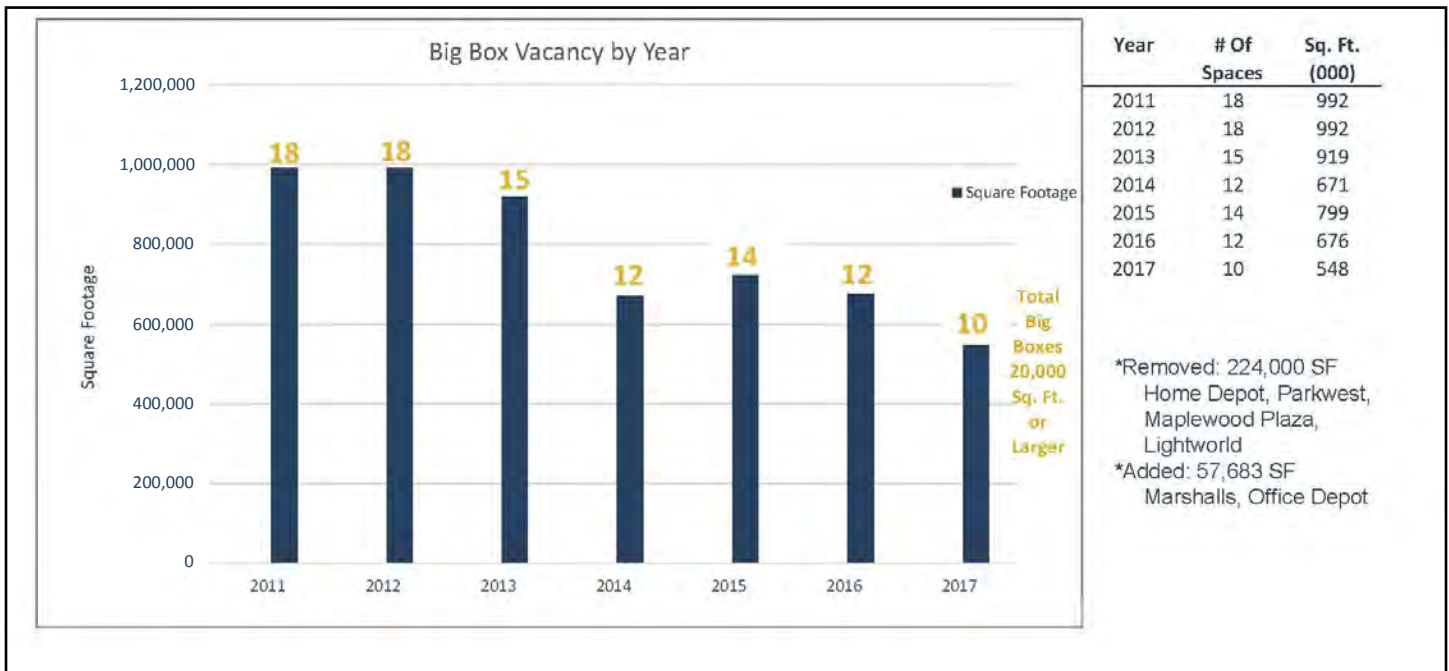
Market Vacancy & Absorption 2009-2017



Year	Vacant Sq. Ft. (000)	Absorption Sq. Ft. (000)	Vac. Rate Percentage
2009	2271	n/a	16.40%
2010	1895	376	13.70%
2011	2692	-797	19.50%
2012	2383	209	17.20%
2013	2051	505	14.70%
2014	2015	-5	14.50%
2015	2210	-195	15.80%
2016	1978	304	14.10%
2017	1798	-83	12.90%

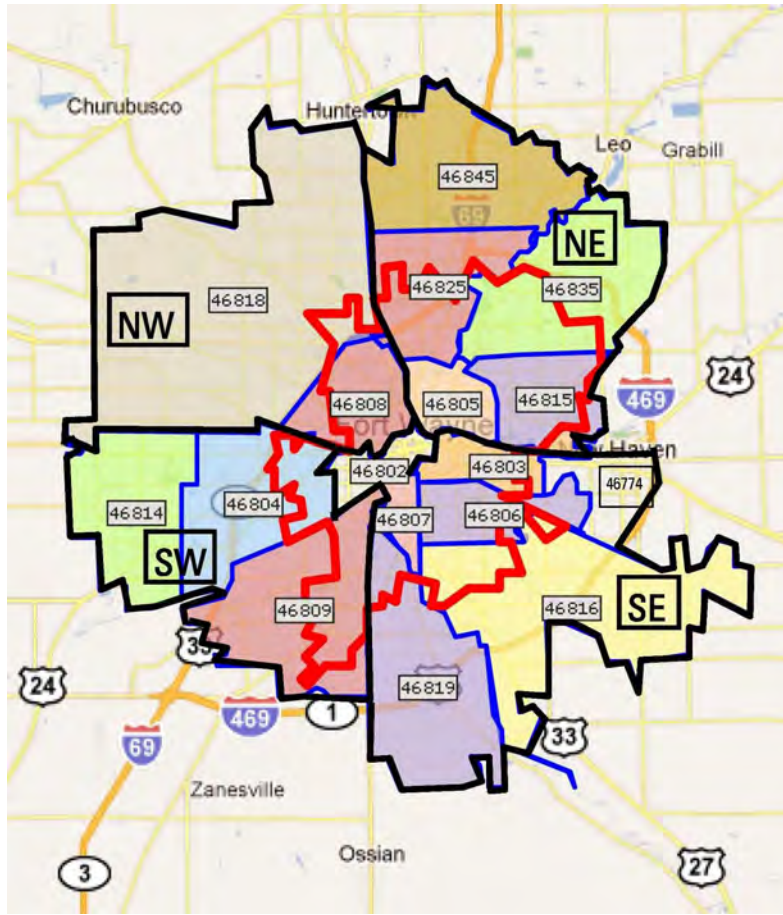
Market Pricing			
Type of Center	Size (Sq. Ft.)	# Available Spaces	Rental Rate Range (NNN)
Strip/Convenience <30,000 Sq. Ft.	1,000-2,500	86	\$6.00 - \$35.00
	2,500-5,000	12	\$4.00 - \$26.00
	5,000-20,000	29	\$4.00 - \$16.00
	20,000+	0	0
Neighborhood Center Avg. 71,000 Sq. Ft.	1,000-2,500	37	\$6.00 - \$16.00
	2,500-5,000	26	\$5.00 - \$15.00
	5,000-20,000	25	\$4.00 - \$14.00
	20,000+	3	\$3.00 - \$8.00
Community Center Avg. 197,000 Sq. Ft.	1,000-2,500	28	\$6.00 - \$22.00
	2,500-5,000	17	\$5.50 - \$20.00
	5,000-20,000	21	\$4.50 - \$18.00
	20,000+	3	\$4.00 - \$10.00
Regional Mall Enclosed	1,000-2,500	12	Withheld
	2,500-5,000	8	Withheld
	5,000-20,000	2	Withheld
	20,000+	0	Withheld
Life Style Center Outside	1,000-2,500	4	Withheld
	2,500-5,000	2	Withheld
	5,000-20,000	2	Withheld
	20,000+	0	Withheld
Stand Alone		45	\$5.00 + \$30.00
Downtown	1,000-2,500	16	\$10.00 - \$25.00
Urban Development	2,500-5,000	33	\$8.00 - \$20.00
	5,000-20,000	3	\$5.00 - \$15.00
	20,000+		N/A

*In our market, triple net means the tenant is responsible for all operating costs such as real estate taxes, building insurance, interior and exterior maintenance and repairs. The landlord is responsible for roof and structure.



Notable Transactions – June 2016 - May 2017

Tenant	Type	Location	Quadrant	Sq. Ft.
The Great Escape	Indoor/Outdoor	Parkwest	SW	35,000
Gerber Collision & Glass	Automotive	Illinois Rd.	SW	14,400
Belle Tire	Automotive	Lima Rd.	NW	10,000
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Goodwill Industries	Second Hand	East State Plaza	NE	9,965
Umi	Restaurant	Jefferson Crossing	SW	9,924
Rosati's Pizza	Restaurant	Jefferson Pointe	SW	7,978
Mitchell's Sports Bar	Restaurant	Jefferson Crossing	SW	7,610
BJ's Brewhouse	Restaurant	Glenbrook Mall Outlot	NE	7,500
Kid to Kid	Second Hand	Glenbrook Commons	NE	5,908
3Rivers FCU	Credit Union	E. State Blvd.	NE	5,291
The Ball Hive	Entertainment	Lima Rd.	NW	5,043
BurgerFi	Restaurant	Lima Rd.	NE	4,400
The Yummi Bunni	Ice Cream	Main St.	DT	3,144
Domino's Pizza	Restaurant	E. Dupont Rd.	NE	1,800
Master's Hand BBQ	Restaurant	Jefferson Pointe	SW	1,391
Tim Hortons	Restaurant	Union Chapel	NE	1,200
Tim Hortons	Restaurant	Lima Rd.	NW	1,200
Starbucks	Restaurant	W. Jefferson Blvd.	SW	1,200
Cricket Wireless	Phone Store	Lima Rd.	NW	1,000
Aldi	Grocery	Jo-Ann Plaza	NE	relocated
Teds Market	Beer Hall	Coldwater Rd.	NE	converted
Park Place on Main	Restaurant	First Source Center	DT	rebranded
Shoppes at Ice Way	Strip Center	Lima Rd.	NW	under const.
Shigs In Pit	Restaurant	Maplecrest Rd.	NE	under const.
Tractor Supply	Farm Store	Meijer Dr.	NE	under const.
Ruth's Chris Steak House	Restaurant	Wayne St.	DT	under const.
Family Christian	Book Store	Coldwater Crossing	NE	closing
Family Christian	Book Store	Jefferson Pointe	SW	closing
rue21	Clothing Store	Orchard Crossing	SW	closing
Gymboree	Clothing Store	Jefferson Pointe	SW	closing
HH Gregg	Appliance Store	Parnell Ave.	NE	closing
MC Sports	Sports Apparel	Maysville Pointe	NE	closing
MC Sports	Sports Apparel	Glenbrook Mall	NE	closing
Office Depot	Office Supplies	Chapel Ridge	NE	closed
Mattress Firm	Mattress Store	Chapel Ridge	NE	closed
Walgreens	Drug Store	Lima Rd. at Cook Rd.	NW	closed
Walgreens	Drug Store	Southgate Plaza	SE	closed
Tilted Kilt Pub	Restaurant	Jefferson Pointe	SW	closed



Market Survey Areas	
NW Area Includes Zip Codes:	46808, 46818
NE Area Includes Zip Codes:	46805, 46815, 46825, 46835, 46845
SW Area Includes Zip Codes:	46804, 46809, 46814
SE Area Includes Zip Codes:	46774, 46803, 46806, 46807, 46816, 46819
Downtown Area Includes Zip Codes:	46802

Methodology:

The Zacher Company retail market survey report is a compilation of data from many sources. The total amount of square footage in the marketplace area was originally gleaned from reports prepared by LoopNet, ICREX and CoStar. It is reviewed annually and adjusted due to circumstances in the market, such as new construction, re-positioning of existing buildings to another type of use and demolition. It includes retail buildings only and does not include flex space or space that was formerly retail and converted to an alternative use. The vacancy square footage is compiled from a combination of online data from multiple major listing services, brokers' information from their websites and their mailings and industry knowledge. New construction is added to the inventory upon delivery of the space, during the reporting period. Retail spaces are added to available inventory at the time the store is vacant. Available space also includes retail spaces available for sub-lease. The brokers in our office are involved in the creation of this report to provide the most accurate information possible. We cannot be responsible, however, for errors, omissions, prior sale or lease or withdrawal from the market.