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# the Zacher company

## 2019 FORT WAYNE, INDIANA OFFICE MARKET SURVEY

### PREPARED WITH THE ASSISTANCE OF

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### 2019 REVIEW

- Positive net absorption of 320,729 SF
- Market vacancy reduction to 9.29% from 10.81%
- Market vacancy lower than national average of 12.2% (source: CBRE) and lower than most Midwest cities
- NE & NW vacancy had most significant reduction
- Downtown & SW have the lowest vacancy
- Continued downtown relocations: Shindigz, Pizza Hut Corporate Office, Bradley Company, Rural Sourcing
- Public spaces, such as Promenade Park, help promote a live, work and play lifestyle

### 2020 FORECAST

- Class A rents will increase Downtown; Class B and Suburban rents will be stable
- Downtown will continue to be a popular destination for office users
- Downtown mixed-use redevelopment will continue
- Ruoff Mortgage is expected to break ground on their 97,000 SF downtown Corporate Office
- An unannounced corporate space consolidation will result in a large office becoming available
- Electric Works will continue to generate excitement
- Flat to negative absorption over the next two years

### MARKET INDICATORS

	2019 REVIEW	2020 FORECAST
Total vacancy	▼ 9.29%	▲
Net absorption - 12 months	▲ 320,729 s.f.	▼
New construction - 12 months	▲ 86,542	▲
Average asking rent - Class A*	▲ \$19.63	▲

\* Rental rates reflect full-service asking \$PSF/year

# 2019 FORT WAYNE, INDIANA OFFICE MARKET SURVEY

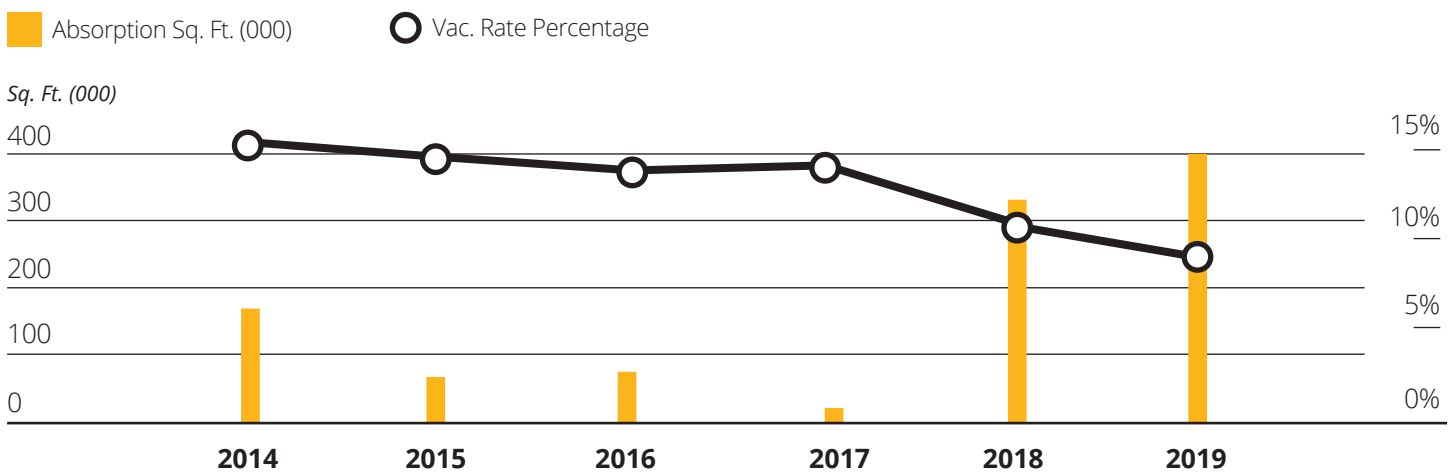
## TOTAL MARKET INVENTORY (SF)

Total Inventory – 10/04/2018	12,878,551
Vacant Space – 10/04/2018	1,392,755
Occupied Space – 10/04/2018	11,485,796
Constructed – 10/03/2019 (1)	86,542
Adjustments (2)	49,946
Total Inventory – 10/03/2019	13,015,039
Vacant Space – 10/03/2019	1,208,514
Vacancy Rate – 10/03/2019	9.29%
Occupied Space – 10/03/2019	11,806,525
Net Absorption – 2019	320,729

**(1) Constructed:** Indiana Physical Therapy, 10088 N. Clinton St. 5,506 SF ; 3 Rivers FCU, 1112 Stellhorn Crossing Pkwy, 16,448 SF; Crossroads, 1825 Beacon St. 13,610 SF; 2626 Saint Joe Center Road, 12,964 SF; 12962 Coldwater Rd. 3,655 SF; 12938 Coldwater Rd., 6,500 SF; 11055 Twin Creeks Cv. 4,380 SF; Divine Home Health, 5215 North Bend Dr., 7,479 SF; Fort Wayne Endodontics, Illinois Rd., 3,200 SF; Parrish Orthodontics, Jefferson Blvd., 5,000 SF; AWS, Jefferson Blvd., 7,800 SF

**(2) Adjustments:** Viocera/Circle Logistics; 1950 W. Cook Road - convert to office 56,700 SF; Cali Spa; 4809 Illinois Road converted to retail 15,238 SF, Howard Bailey Financial; 5916 Covington Road converted to office 8,484 SF

## MARKET VACANCY AND ABSORPTION, 2014-2019



Year	Absorption SF (000)	Vac. Rate Percentage	Year	Absorption SF (000)	Vac. Rate Percentage
2014	172	15.20%	2017	23	13.98%
2015	70	14.40%	2018	335	10.81%
2016	78	13.85%	2019	321	9.29%

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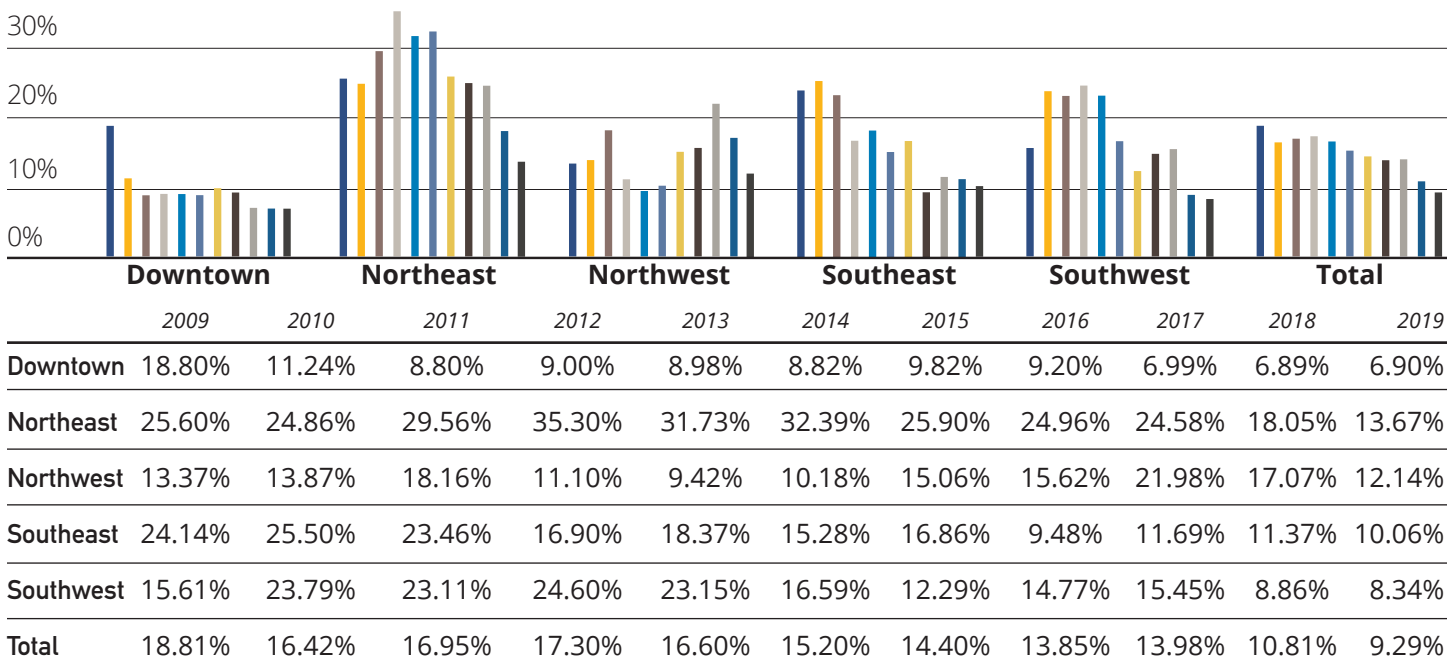
## 2019 INVENTORY TOTALS

	2019 Office Total Sq. Ft. for Lease	2019 Office Total Sq. Ft. for Sale	2019 Office Total Sq. Ft. for Sale and Lease	2019 Office Total Inventory	2019 Office Vacancy Rates
<i>By Class</i>					
Class A	364,980	-	364,980	4,542,343	8.04%
Class B	581,553	63,170	644,723	7,739,311	8.33%
Class C	165,962	32,849	198,811	733,385	27.11%
<b>Total</b>	<b>1,112,495</b>	<b>96,019</b>	<b>1,208,514</b>	<b>13,015,039</b>	<b>9.29%</b>
<i>By Quadrant</i>					
Downtown	362,889	14,800	377,689	5,470,385	6.90%
Northeast	286,275	30,823	317,098	2,320,202	13.67%
Northwest	194,510	-	194,510	1,602,189	12.14%
Southeast	88,310	11,600	99,910	993,167	10.06%
Southwest	180,511	38,796	219,307	2,629,096	8.34%
<b>Total</b>	<b>1,112,495</b>	<b>96,019</b>	<b>1,208,514</b>	<b>13,015,039</b>	<b>9.29%</b>

## OFFICE VACANCY RATES BY QUADRANT

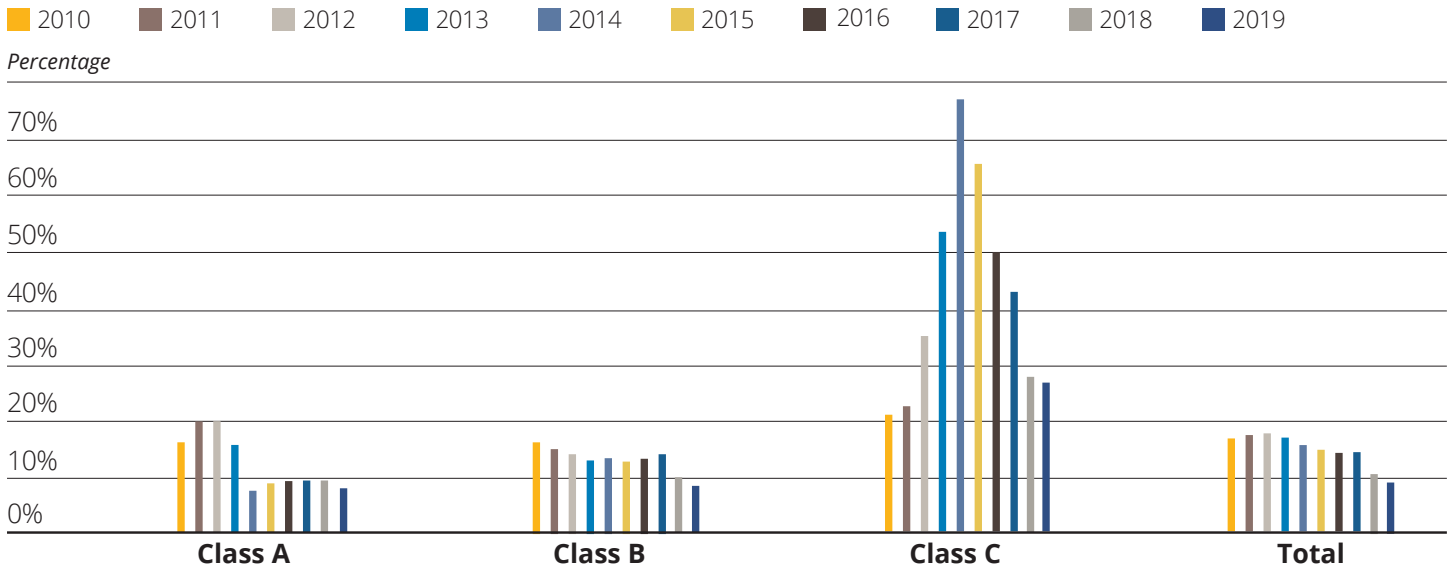


Percentage



# 2019 FORT WAYNE, INDIANA OFFICE MARKET SURVEY

## OFFICE VACANCY RATES BY CLASS



Year	Class A	Class B	Class C	Total	Year	Class A	Class B	Class C	Total
2010	15.9%	16.2%	20.6%	16.42%	2015	8.6%	12.8%	64.9%	14.40%
2011	19.7%	15.0%	22.1%	16.95%	2016	9.0%	13.3%	49.3%	13.85%
2012	19.6%	14.1%	34.5%	17.30%	2017	9.1%	14.1%	42.3%	13.98%
2013	15.4%	13.0%	52.9%	16.60%	2018	9.4%	10.0%	28.1%	10.81%
2014	7.3%	13.4%	76.3%	15.20%	2019	8.0%	8.3%	27.1%	9.29%

**Class A:** Most prestigious buildings, competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

**Class B:** Buildings competing for a wide range of users, with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price.

**Class C:** Buildings competing for tenants requiring functional space at rents below the average for the area.

Source: BOMA International

## CONTIGUOUS VACANCIES OVER 30,000 SQ. FT.

Building	Location	Total Area	Vacant SF	% Vacant
SIRVA	5001 U.S. Hwy. 30 W.	280,526	150,000	53.47%
Mag Way Corp. Center	1700 Magnavox Way	347,486	63,250	18.20%
Wells Fargo/Flagstar	111 E. Wayne St.	124,048	93,426	75.31%
202 Metro	202 W. Berry St.	95,108	56,924	59.85%
Rudisill Plaza	201 E. Rudisill Ave.	141,167	32,000	22.67%
I&M Power Center	110 E. Wayne St.	270,000	55,796	20.67%

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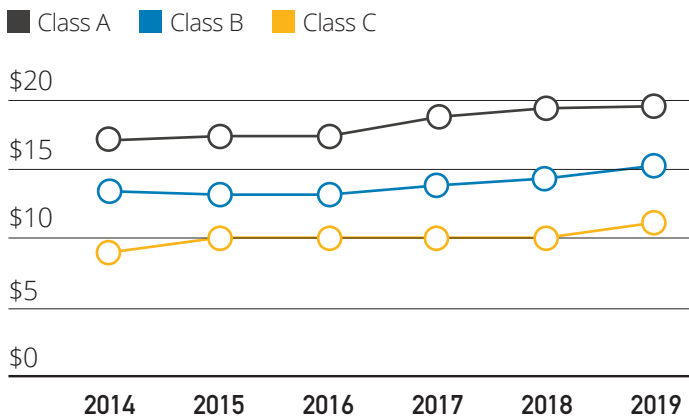
Proposed Barrett and Stokley Mixed-Use Development at the Northeast Corner of Superior Street and Harrison Street

## AVERAGE FULL SERVICE LEASE RATES

	Downtown	Suburban
<b>Class A</b>	\$19.00 - \$23.00	\$16.50 - \$20.00
<b>Class B</b>	\$14.00 - \$17.00	\$13.00 - \$17.00
<b>Class C</b>	\$10.00 - \$13.00	\$9.00 - \$12.00
<b>New Construction Built to Suit</b>	\$23.00 - \$28.00 Full Service	

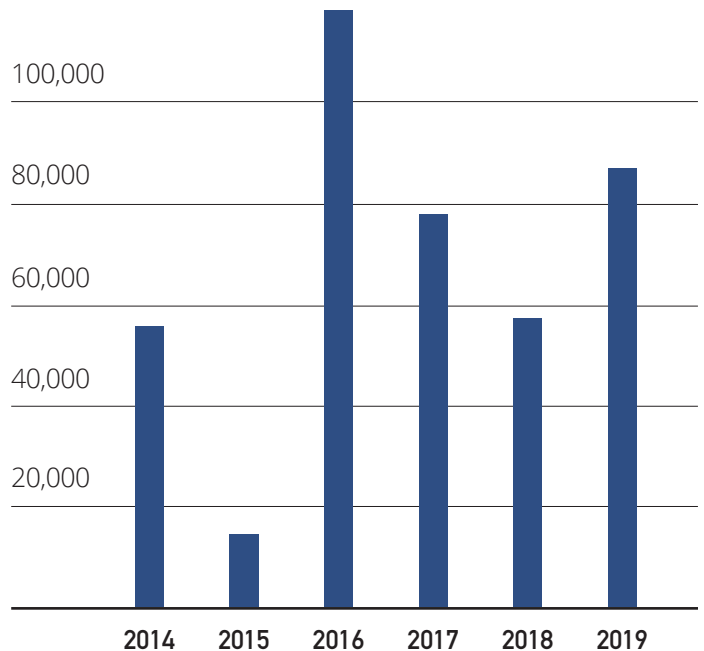
These lease rates assume a five-year term, tenant with average quality credit, and a tenant improvement allowance of \$20.00 to \$30.00 per sq. ft. (for Class A buildings) with 1.5% annual rent increases. Parking is typically not included in Downtown office leases. Downtown parking ranges from \$50.00 to \$120.00 per space per month. Suburban rates include free surface parking.

## TRENDING LEASE RATES



## NEW CONSTRUCTION

Square Footage



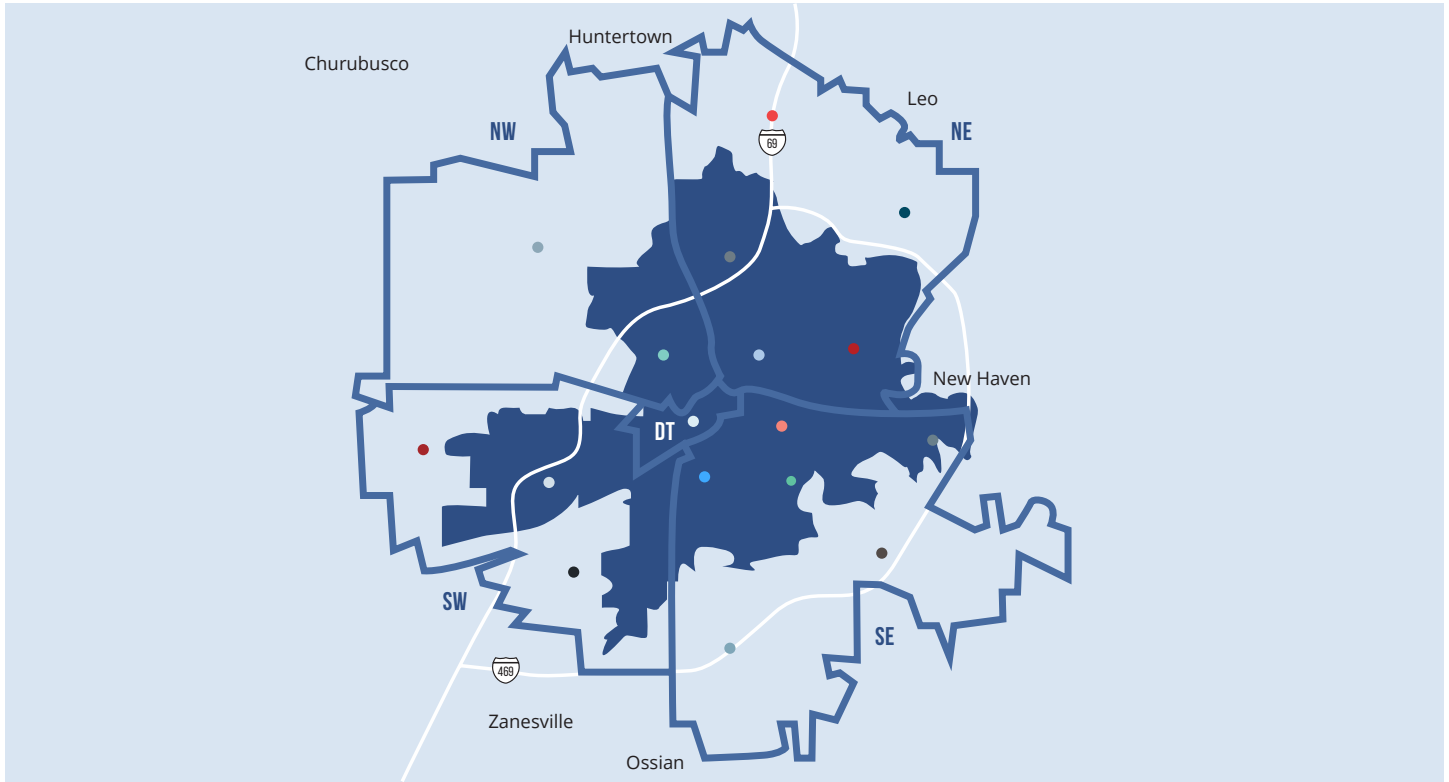
Year	Sq. Ft.	Year	Sq. Ft.
2014	55,582	2017	77,536
2015	14,239	2018	57,000
2016	117,876	2019	86,542

## 2019 FORT WAYNE, INDIANA OFFICE MARKET SURVEY

### NOTABLE ACTIVITY, OCTOBER 2018 – OCTOBER 2019

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Ruoff Home Mortgage	Proposed	Jefferson Blvd. & Ewing St.	DT	97,000
Regal Beloit	Investment Sale	1946 West Cook Rd.	NW	82,841
SAZ Properties	Purchase	9921 Dupont Commerce Ct.	NE	64,742
Circle Logistics, Inc.	Purchase	1950 West Cook Rd.	NW	56,700
Purdue Fort Wayne	Purchase	3000 E. Coliseum Blvd.	NE	51,320
Iron & Steel Real Estate	Purchase	6714 Point Inverness Way	SW	50,000
Barrett and Stokley	Proposed	Superior St. & Harrison St.	DT	30,000
Great Lakes Capital	Purchase	127 W. Wayne St.	DT	28,000
IU Health	Under Construction	Stellhorn/Lahmeyer Roads	NE	25,000
IABAI Holdings LLC	Purchase	2270 Lake Ave.	NE	24,000
Surgical Investment LLC	Purchase	1721 Magnavox Way	SW	14,714
Rural Sourcing	Lease	127 W. Wayne St.	DT	14,000
Hand In Hand Physical Therapy	Under Const.	2626 Saint Joe Center Road	NE	12,964
Broadridge Financial	Lease Renewal	115 E. Berry St.	DT	12,305
Holy Family Birthing Center	Purchase	9835 Auburn Rd.	NE	10,925
IU Health	Lease	10215 Auburn Park Dr.	NE	10,000
Pizza Hut Office	Lease	202 Metro Center	DT	9,563
Bojrab Kaufmann CPA	Purchase	1020 E. Dupont Rd.	NE	7,769
Quimby Properties, LLC	Purchase	808 Ley Rd.	NE	7,626
Parkview Physicans Group	Lease	1025 W. Rudisill	SE	7,000
Northeastern Group	Purchase	6112 Constitution Dr.	SW	6,500
Cardinal Property Associates	Purchase	7231 Engle Rd.	SW	5,890
Fletcher Van Gilder	Purchase	436 E. Wayne St.	DT	5,212
Richard Magley CPA, LLC	Purchase	5525 Oak Valley Place	NE	4,456

# 2019 FORT WAYNE, INDIANA OFFICE MARKET SURVEY



## 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 office market survey report is a compilation of data derived from a variety of sources, including its own proprietary database and historical data from third party sources. The data 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 office buildings only and does not include offices attached to industrial properties or flex space. The vacancy square footage is compiled from a combination of online data from multiple major listing services, brokers' listing information from their websites and their mailings and industry knowledge. The survey includes space projected to be occupied or vacant in the fourth quarter 2019. It does not include announced office expansions, contractions or construction anticipated after January 1, 2020. New construction is added to the inventory upon delivery of the space, during the reporting period. Available space also includes office 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. However, all information contained in this report is subject to revisions based on additional data received.

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