

2019 FORT WAYNE, INDIANA RETAIL MARKET SURVEY

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REVIEW

The overall retail vacancy rate in the twelve months from May 2018 to May 2019 increased from 11.1% to 12.0% with a negative absorption of 166,000 sq. ft. The vacancy increase and negative absorption were a direct result of the closing of four big box retailers in the northeast quadrant (Sears, Carson's, Toys R Us and Babies R Us) totaling 420,000 sq. ft., and not a reflection of the overall retail market conditions, which remain strong.

Today there are 11 vacant retail big boxes (20,000 sq. ft. or larger) totaling 623,464 sq. ft., which is 251,355 sq. ft. more than the total in May 2018. Nine out of the eleven vacancies are in the northeast quadrant.



Indiana Tech, 1411 E. Washington Blvd

The southeast quadrant saw an impressive drop in vacancy from 29.9% to 15.0%. Notable activities include the conversion of the former Kmart on S. Anthony Boulevard to Excess Space self-storage (76,000 sq. ft.) and Planet Fitness (20,000 sq. ft.). A new 46,000 sq. ft. mixed-use development consisting of student housing and first floor retail at Indiana Tech is under construction (pictured above).

In the northeast quadrant, the vacancy rate is 17.6%, which is an increase from 12.5%. ConsortiumCRE is proposing to redevelop the former Sears Department Store into multi-tenant retail with their first announced tenant being Portillo's Restaurant. Chick-fil-A and P.F. Chang's both opened new restaurants at Glenbrook Square. Allegiant Air is redeveloping the former Marsh at the southwest corner of Maplecrest Rd. and Rothman Rd. into a 66,000 sq. ft. family entertainment center. Dollar Tree moved into the former MC Sports at Maysville Pointe.

In the northwest quadrant, the vacancy rate decreased from 3.9% to 3.1%. The northwest quadrant has by far the lowest vacancy. A noteworthy transaction is the conversion of the former Tire Barn into Dunkin Donuts and an IU Health Urgent Care facility. Dollar General constructed a new building on Washington Center Rd. and O'Reilly's on Lima Rd.

In the southwest quadrant, the current vacancy rate is 8.7%, which is a small decrease from 8.9%. Sportsman's Warehouse leased the 24,000 sq. ft. Staples on Illinois Rd. There are four closed restaurants adjacent to or inside Jefferson Pointe Lifestyle Center: Tilted Kilt, Bob Evans, Rosati's and Burger King. The Tilted Kilt is in the process of being redeveloped into multi-tenant retail. Kelly Automotive Group has begun construction on two (BMW and Volvo) of seven new automobile dealerships at the northeast corner of I-69 and Illinois Rd., exit 305. International Business College announced their intention to close at the Village of Coventry and the Coventry Theater was demolished to build apartments.

Downtown, the vacancy rate of 25% is essentially unchanged from 24.8%. Today, there is approximately 400,000 sq. ft. of retail space downtown, which represents less than 3% of the total market, but is expected to continue to grow. The Landing project, developed by the Model Group, will open in the summer of 2019 with apartments, offices and restaurants, including the recently announced bar & grill concept by The Cunningham Restaurant Group. RTM Ventures LLC is developing 83,000 sq. ft. of shops and restaurants, including a Joseph Decuis concept, at the Electric Works Project with construction projected to start Fall 2019. Several developers are currently in the process of considering a residential/retail river front development at the NE corner of Superior and Harrison Streets. Barrett and Stokely Inc. is proposing a mixed-use development at the NE corner of Superior and Clinton Streets, adjacent to Club Soda.

Fort Wayne is experiencing a significant amount of new hotel construction. Hampton Inn and Suites is completing a 136-room hotel downtown at 223 W. Jefferson Blvd. across from The Grand Wayne Convention Center. Construction of the Fox on Main at Main and Harrison Streets is scheduled to begin in the summer of 2019 with completion in the fall of 2020. According to Visit Fort Wayne, there are 10 hotels and approximately 1,265 rooms either under construction or being proposed. A table of these hotels can be found on the following page.



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FORECAST

Downtown continues to experience a retail revival as described in the Review, in part due to the increase in the number of residential units and their need for retail amenities. While store closings will continue, we believe that the wave of closings has reached a peak and will decelerate.

Glenbrook remains the dominant retail magnet for Northeast Indiana, as evidenced by the redevelopments occurring in the surrounding neighborhood. Nationally, shopping centers are transitioning some space from traditional retail to experiential based attractions. Examples are the redevelopment of the former Sears and the Allegiant Air purchase of the former Marsh at Maplecrest and Rothman Roads.

The traditional big box retailers are altering their strategies to compete against internet retailers. For example, Walmart and Kroger are offering online ordering with same day delivery and Kohl's is collaborating with Amazon for returns.

As we have stated for the past few years, lease rates are increasing for the most attractive locations, such as downtown, near Glenbrook Square and Jefferson Pointe, as well as the Dupont Road corridor between Lima and Tonkel Roads.

The commencement of construction and opening date for the proposed new Meijer at the SE corner of Dupont Rd. and Diebold Rd. is still undetermined. Discount retailers will continue to absorb second-generation retail spaces. Overall, we expect the retail market in Fort Wayne to remain healthy for the next 12 months.



Northwest corner of Harrison and Main Streets

NEW HOTEL CONSTRUCTION SUMMARY

NAME	ADDRESS	ROOMS	QUADRANT	OPENING DATE
Hampton Inn	223 W. Jefferson Blvd.	136	DT	7/18/2019
Fox on Main	Corner Main St. & Harrison St.	125	DT	Fall 2020
Holiday Inn Express	10040 Diebold Rd.	96	NE	Fall 2019
Springhill Suites	4145 New Vision Dr.	95	NE	Fall 2019
Hilton Garden Inn/ Home2 Suites	10650 Diebold Rd.	172	NE	2020
Staybridge Suites & Residence Inn	South side of Dupont Road/ West of the Carmike Theater	261	NE	Summer 2020
Avid Hotel	5950 Cross Creek/Lima Rd.	73	NW	Undetermined
Springhill Suites	7775 W. Jefferson Blvd.	95	SW	2020
Hyatt Place	5950 Ellison Rd.	115	SW	2020
Tru	5345 Distribution Drive	92	NE	Open
Total		1,265		

Source: Visit Fort Wayne

2019 FORT WAYNE, INDIANA RETAIL MARKET SURVEY

INVENTORY (SF)

TOTAL MARKET (SF)

TOTAL INVENTORY – 5/17/2018	14,007,541
VACANT SPACE – 5/17/2018	1,560,765
OCCUPIED SPACE – 5/17/2018	12,446,776
CONSTRUCTED ⁽¹⁾	105,871
ADJUSTMENTS ⁽²⁾	-150,767
TOTAL INVENTORY – 5/09/2019	13,962,645
VACANT SPACE – 5/09/2019	1,681,910
VACANCY RATE – 5/09/2019	12.0%
OCCUPIED SPACE – 5/09/2019	12,280,735
NET ABSORPTION – 5/09/2019	-166,000

[1] New construction in the Northeast consisted of 14,323 sf at Dupont Pointe; 8,000 sf Mocha Lounge strip center, 8,352 sf Mikes Carwash and 3,000 sf Verizon store all on Dupont Road; 5,000 sf Chick-Fil-A at Glenbrook Square; 4,200 sf Speedway Gas Station on Coldwater Road; 2,482 sf Hardees on Maplecrest Road.

New construction in the Northwest consisted of a 8,100 sf Dollar General on Washington Center Road; 12,000 sf O'reilys Auto Parts on Till Road; 4,968 sf Lassus Gas Station on Coliseum Boulevard.

New construction in the Southwest consisted of a 10,909 sf Direct Care building at Getz Road; Tom Steele Automotive addition of 3,700 sf on W. Jefferson Boulevard.

New construction in the Southeast consisted of a 9,100 sf Dollar General and a 3,733 sf Hardees/Subway both on Rudisill Boulevard; 8,004 sf at Indiana Tech on Washington Boulevard

[2] Southwest – 41,000 sf was demolished at Coventry 13 Theatre; 3,927 sf was demolished at 5916 Covington Road.

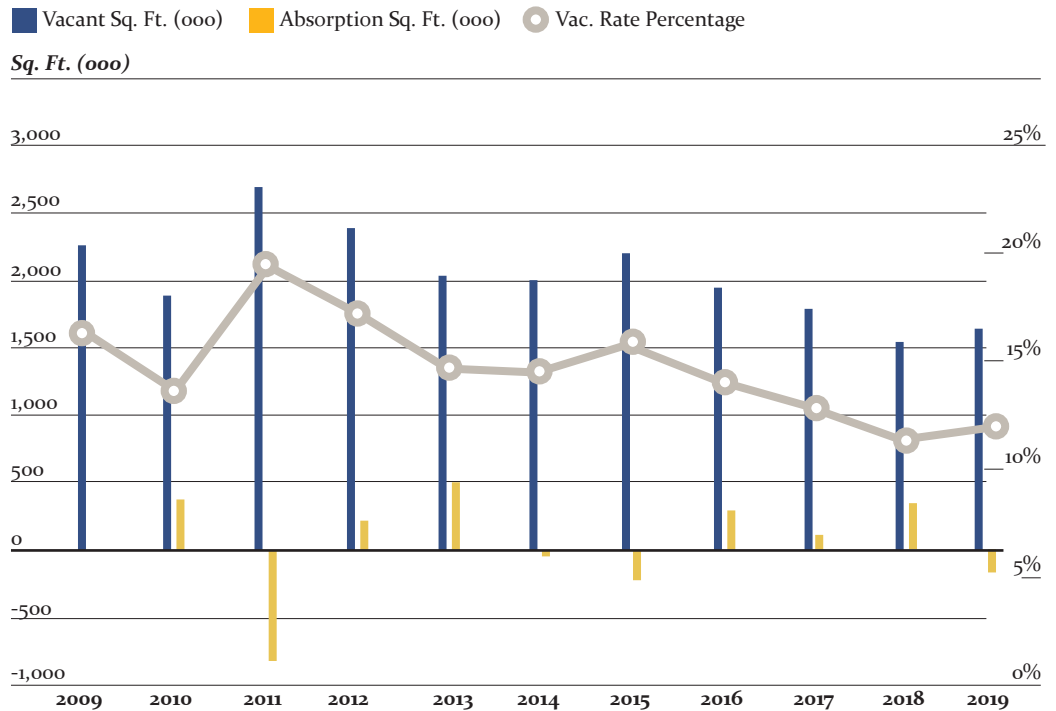
Southeast – 76,340 sf was converted to storage at Excess Storage on South Anthony Boulevard; 24,000 sf was demolished at Quimby Village; 5,500 sf restaurant space was demolished on IN 930



The Landing, Columbia Street

2019 FORT WAYNE, INDIANA RETAIL MARKET SURVEY

MARKET VACANCY AND ABSORPTION, 2009-2019



Year	Vacant Sq. Ft. (ooo)	Absorption Sq. Ft. (ooo)	Vac. Rate Percentage
2009	2,271	n/a	16.40%
2010	1,895	376	13.70%
2011	2,692	-797	19.50%
2012	2,383	209	17.20%
2013	2,051	505	14.70%
2014	2,015	-5	14.50%

Year	Vacant Sq. Ft. (ooo)	Absorption Sq. Ft. (ooo)	Vac. Rate Percentage
2015	2,210	-195	15.80%
2016	1,978	304	14.10%
2017	1,798	83	12.90%
2018	1,561	324	11.10%
2019	1,682	-166	12.00%



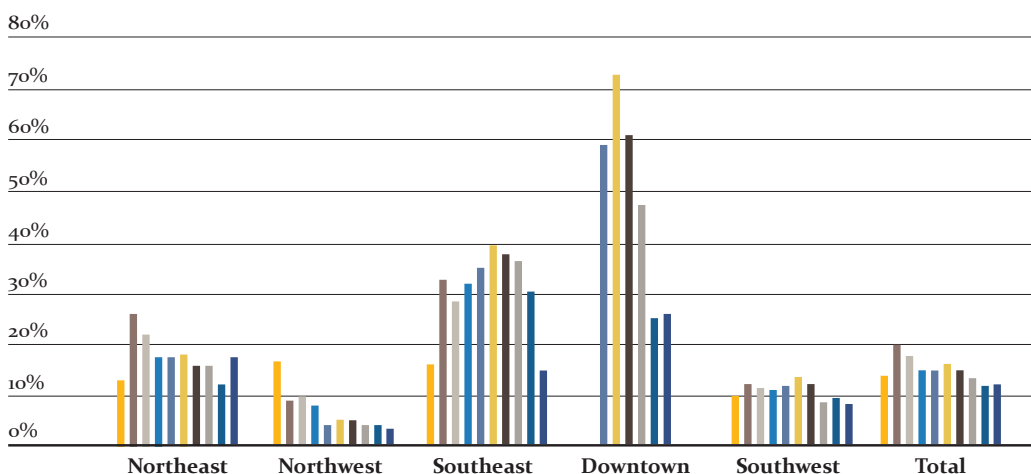
Electric Works, 1030 Swinney Avenue

% Vacancy Rate by Quadrant

Region	Population (Blue Bar)	Percentage of Total (Yellow Bar)
Northwest	~3,000,000	3.1%
Northeast	~5,500,000	17.6%
Southwest	~2,500,000	8.7%
Southeast	~500,000	15%
Downtown	~200,000	25%
Total	~13,500,000	12%

<i>Fort Wayne, IN Quadrant</i>	<i>2019 Retail Total Sq. Ft.</i>	<i>2019 Retail Vacant Sq. Ft.</i>	<i>2019 Retail Vacancy</i>	<i>2018 Retail Vacant Sq. Ft.</i>	<i>2018 Retail Vacancy</i>	<i>Change 2018-2019</i>
NORTHWEST	3,486,359	109,039	3.1%	135,266	3.9%	-20.5%
NORTHEAST	6,074,376	1,069,184	17.6%	752,448	12.5%	+40.8%
SOUTHWEST	3,098,150	268,050	8.7%	278,284	8.9%	-2.2%
SOUTHEAST	901,404	135,021	15.0%	295,081	29.9%	-49.8%
DOWNTOWN	402,356	100,616	25.0%	99,686	24.8%	-0.87%
TOTAL	13,962,645	1,681,910	12.0%	1,560,765	11.1%	+8.11%

Percentage



2019 FORT WAYNE, INDIANA RETAIL MARKET SURVEY

MARKET PRICING BASED ON AVAILABILITY

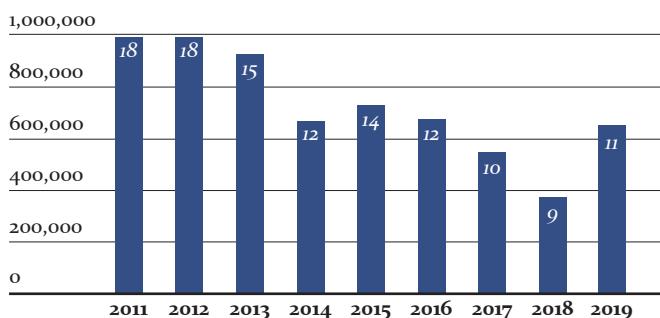
Type of Center	Size (Sq. Ft.)	# Available Spaces	Rental Rate Range Per SF Per Year (NNN)
STRIP/CONVENIENCE <30,000 SQ. FT.	1,000-2,500	40	\$5.00 - \$22.00
	2,500-5,000	14	\$5.00 - \$35.00
	5,000-20,000	13	\$4.50 - \$20.00
	20,000+	0	0
	Build to Suit	-	\$22.00 - \$45.00
NEIGHBORHOOD CENTER, AVG. 71,000 SQ. FT.	1,000-2,500	47	\$5.00 - \$15.00
	2,500-5,000	23	\$6.00 - \$17.00
	5,000-20,000	16	\$4.50 - \$14.00
	20,000+	1	\$4.00 - \$15.00
COMMUNITY CENTER, AVG. 197,000 SQ. FT.	1,000-2,500	16	\$6.00 - \$15.50
	2,500-5,000	12	\$6.00 - \$14.50
	5,000-20,000	10	\$8.00 - \$12.50
	20,000+	3	\$4.00 - \$12.00
REGIONAL MALL, ENCLOSED	1,000-2,500	5	Withheld
	2,500-5,000	1	Withheld
	5,000-20,000	0	Withheld
	20,000+	0	Withheld
LIFE STYLE CENTER, OUTSIDE	1,000-2,500	2	Withheld
	2,500-5,000	1	Withheld
	5,000-20,000	3	Withheld
	20,000+	0	Withheld
STAND ALONE		37	\$7.50 - \$30.00
DOWNTOWN/URBAN DEVELOPMENT	1,000-2,500	3	\$12.00 - \$20.00
	2,500-5,000	4	\$18.00 - \$20.00
	5,000-20,000	4	\$17.00 - \$24.00
	20,000+	0	

In our market, triple net (NNN) means the tenant is responsible for all operating costs such as real estate taxes, building insurance and common area maintenance. The landlord is typically responsible for roof and structure.

2019 FORT WAYNE, INDIANA RETAIL MARKET SURVEY

BIG BOX VACANCY BY YEAR, SPACES OVER 20,000 SQ. FT.

Square Footage



Year	# Of Spaces	Sq. Ft. (ooo)
2011	18	992
2012	18	992
2013	15	919
2014	12	671
2015	14	799
2016	12	676
2017	10	548
2018	9	372
2019	11	623



Sportsman Warehouse, 4408 Illinois Road

VACANT FORMER BIG BOX LOCATIONS

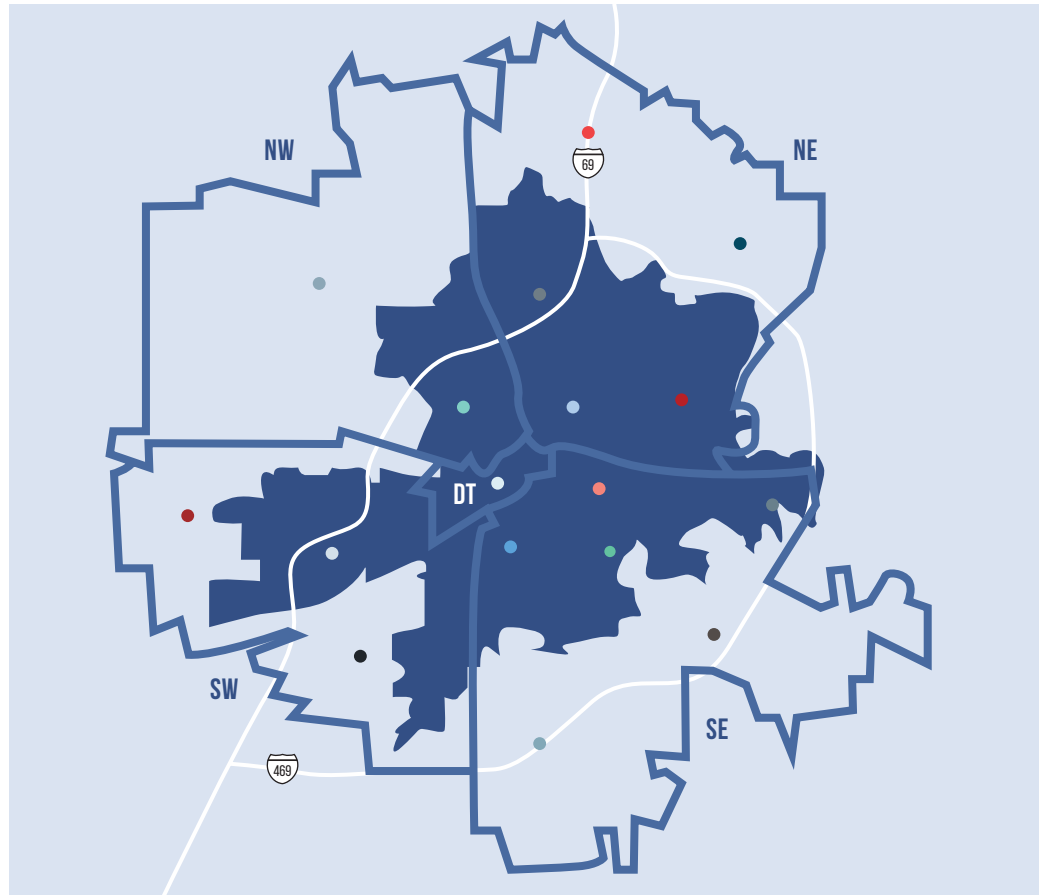
Name	Address	Quadrant	Square Footage
SEARS	Glenbrook Square	NE	221,000
CARSON'S	Glenbrook Square	NE	122,000
TOYS R US	4122 Lima Rd.	NE	45,495
HH GREGG	4201 Parnell Ave.	NE	42,000
CHAPEL RIDGE — MARSHALLS	Maysville Rd.	NE	36,192
BABIES R US	4140 Coldwater Rd.	NE	31,100
WESTWOOD LANES	2400 W. Jefferson Blvd.	NE	30,000
COSMIC BOWL	3810 Lake Ave.	SW	25,740
NORTHCREST SHOPPING CENTER — THEATER	931 Northcrest Shopping Center	NE	24,446
PINE VALLEY SHOPPING CENTER	10200 Coldwater Rd.	NE	24,000
CHAPEL RIDGE — OFFICE DEPOT	Maysville Rd.	NE	21,491
TOTAL			623,464

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NOTABLE ACTIVITY, JUNE 2018 – MAY 2019

<i>Tenant/Development</i>	<i>Type</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Sears/Closed	Department Store	Glenbrook Mall	NE	221,000
Carson's/Closed	Department Store	Glenbrook Mall	NE	122,000
Toy R Us/Closed	Toy Store	Glenbrook Commons	NE	45,495
Babies R Us/Closed	Children's Store	Coldwater Road	NE	31,100
Allegiant Air	Entertainment	Maplecrest Road	NE	66,000
Planet Fitness	Fitness	South Anthony	SE	20,000
Dollar Tree	Dollar Store	Maysville Pointe	NE	15,000
O'Reilly Auto Parts	Automotive	Lima Road	NW	12,000
Direct Care	Healthcare	Getz Road	SW	10,909
Pet Supplies Plus	Pet Store	Covington Plaza	SW	10,500
Dollar General	Dollar Store	W. Washington Center	NW	8,100
Classic Trophy	Showroom	Riviera Plaza	NE	8,000
Cookie Cottage	Restaurant	Washington Center Rd.	NE	6,518
Cunningham Restaurant	Restaurant	The Landing	DT	5,700
Clubroom @ The Clyde	Restaurant	Quimby Village	SE	5,000
Chick-fil-A	Restaurant	Glenbrook Mall	NE	5,000
1802 Pub	Bar/Restaurant	Spy Run	NE	4,337
Fit Body	Fitness	Glenbrook Commons	NE	4,336
Hardee's/Subway	Restaurant	Rudisill Boulevard	SE	3,733
Core Life Eatery	Restaurant	Coliseum Boulevard	NE	3,500
Fit Body	Fitness	14 Square	SW	3,200
Honey Baked Ham	Restaurant	Pine Valley	NE	2,800
Fort Landia	Brewery	Spring Street	NW	2,794
Bistro Nota	Restaurant	South Calhoun	SE	2,751
Hardee's	Restaurant	Maplecrest Road	NE	2,484
Pella	Showroom	Glenbrook Commons	NE	2,456
Edible Arrangements	Restaurant	Time Corners	SW	2,252
IU Urgent Care	Healthcare	Lima Marketplace	NW	2,000
Trubble Brewing	Brewery	Riverfront Promenade	DT	803
Tom Steele Tire	Automotive	Jefferson Boulevard	SW	Relocated
Sears Redevelopment	Big Box	Glenbrook Square	NE	Proposed
Portillo's	Restaurant	Glenbrook Square	NE	Proposed
Shigs In Pit	Restaurant	Illinois Road	SW	Proposed
Sportsman's Warehouse	Sporting Goods	Illinois Road	SW	Proposed
Storming Crab	Restaurant	Coliseum Boulevard	NE	Proposed
Public Service	Credit Union	Jefferson Boulevard	SW	Under Constr.
Indiana Tech	Multi-Tenant Retail	Washington Boulevard	DT	Under Constr.
K-Mart	Big Box	South Town	SE	Converted to Storage
Metro Diner	Restaurant	Coldwater Crossing	NE	Closed
Bandidos	Restaurant	Illinois Road	SW	Closed
Connor's Kitchen	Restaurant	Jefferson Boulevard	DT	Rebranded
Copper Spoon	Restaurant	The Harrison	DT	Rebranded
Fish House	Restaurant	Clinton Street	NE	Rebranded
Coventry 13	Theatre	Village of Coventry	SW	Demolished
Cap N Cork	Strip Center	Chapel Ridge	NE	Under Constr.
Joseph Decuis	Restaruant	Electric Works	DT	Proposed
Mission BBQ	Restaurant	Glenbrook Shoppes	NE	Proposed
International Business College	Education	Village of Coventry	SW	Closing
Dar's	Outdoor Furniture	Clinton Street	NE	Closing
Chick-fil-A	Restaurant	Jefferson Pointe	SW	Remodel
Sherwin Williams	Paint Store	Illinois Road	SW	Under Constr.

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 various industry resources. 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 The Zacher Company's knowledge. New construction is added to the inventory upon delivery of the space, during the reporting period. Retail vacant spaces are added to available inventory at the time the store is vacated. 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.

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