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Proposed Do It Best Corp. Headquarters at Electric Works

2020 FORT WAYNE, INDIANA OFFICE MARKET REPORT

PREPARED WITH THE ASSISTANCE OF

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WATCH THIS YEAR'S MARKET REPORT VIDEO

https://youtu.be/NY_UfRTZ6U0

READ THIS YEAR'S MARKET REPORT NARRATIVE

<https://bit.ly/3cNgdUq>

FOR MORE INFORMATION PLEASE CONTACT

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2020 REVIEW

- COVID-19 has had an impact on the usage of office space with the long-term effects still undetermined
- Multiple companies vacated offices putting sublease space on the market
- During the last twelve months, market vacancy rose from 9.29% to 10.12%
- There was a modest amount of positive absorption; 65,735 SF, as compared to a more robust absorption of 320,729 SF a year ago
- Do It Best Corporation announced their intent to relocate their corporate headquarters to Electric Works
- The Electric Works Development agreements have yet to be finalized
- United Technologies Electronic Controls, Raytheon (now BAE) and Group Dekko all leased new office space
- Five proposed downtown mixed-use developments are in various stages of pre-construction

2021 FORECAST

- COVID-19 has led to market uncertainty
- Pre-COVID-19 strength and stability of the Fort Wayne office market will position it for resilience in an economic downturn, and will bolster it for a timely recovery
- Some companies will vacate space while other companies will occupy more space to accommodate social distancing, leading to a net increase in available space
- Construction of the Ashberry project will begin during the next several months, with the timing of the four other proposed downtown projects still undetermined
- Market rents will be stable to slightly decreasing; there will be an increase in landlord concessions in order to attract and retain high quality tenants
- Downtown Fort Wayne will continue to be a popular destination for office users

MARKET INDICATORS

	2020 REVIEW	2021 FORECAST
Vacancy rate	▲ 10.12%	▲
Net absorption - 12 months	▼ 65,735 SF	►
New construction - 12 months	▲ 160,591 SF	▲
Average asking rent - Class A*	▼ \$18.63	►

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

2020 FORT WAYNE, INDIANA OFFICE MARKET REPORT

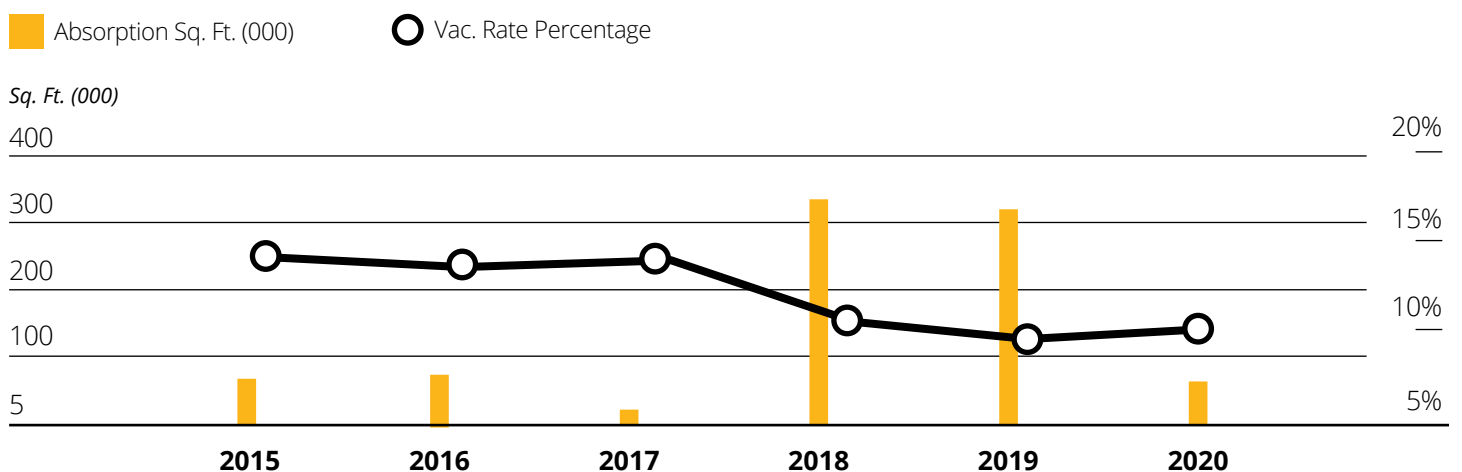
TOTAL MARKET INVENTORY (SF)

Total Inventory – 10/03/2019	13,015,039
Vacant Space – 10/03/2019	1,208,514
Occupied Space – 10/03/2019	11,806,525
Constructed – 10/01/2020 (1)	160,591
Adjustments (2)	30,284
Total Inventory – 10/01/2020	13,205,914
Vacant Space – 10/01/2020	1,333,654
Vacancy Rate – 10/01/2020	10.12%
Occupied Space – 10/01/2020	11,872,260
Net Absorption – 2020	65,735

(1) Constructed: Brotherhood Mutual, 6400 Brotherhood Way, 88,000 SF; IU Health, 7411 Hope Dr., 24,612 SF; multi-tenant office building, 1028 W. Cook Rd., 8,000 SF; Siena Park, 9000 Lima Rd., 7,133 SF; Hyde Park, 9512 Lima Rd., 6,956 SF; 1721 Magnavox Way, 6,688 SF; Finderson Law, 744 E. Till Rd., 5,820 SF; Endodontics Associates, 9970 Dupont Circle Dr. E., 5,382 SF; Steppin Up Physical Therapy, 7005 Oriole Circle, 5,000 SF; Indiana Physical Therapy, 8420 Illinois Rd., 3,000 SF

(2) Adjustments: 7310 Innovation Blvd., converted to office, 72,000 SF; 3217 Lake Ave., to be demolished, 26,716 SF; Odd Fellows building, demolished, 15,000 SF

MARKET VACANCY AND ABSORPTION, 2015-2020



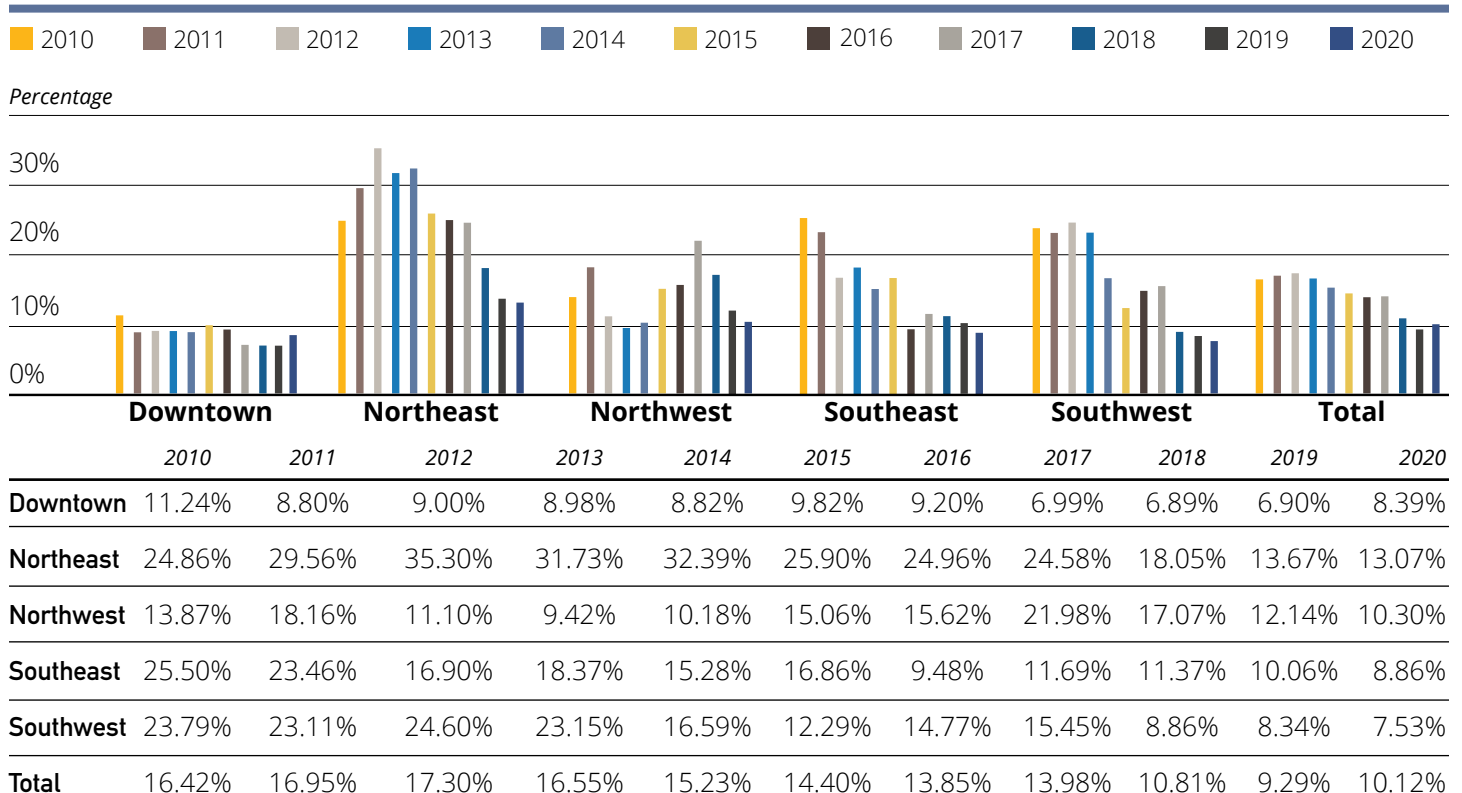
Year	Absorption SF	Vac. Rate Percentage	Year	Absorption SF	Vac. Rate Percentage
2015	69,949	14.40%	2018	335,442	10.81%
2016	77,809	13.85%	2019	320,729	9.29%
2017	22,547	13.98%	2020	65,735	10.12%

2020 FORT WAYNE, INDIANA OFFICE MARKET REPORT

2020 INVENTORY TOTALS

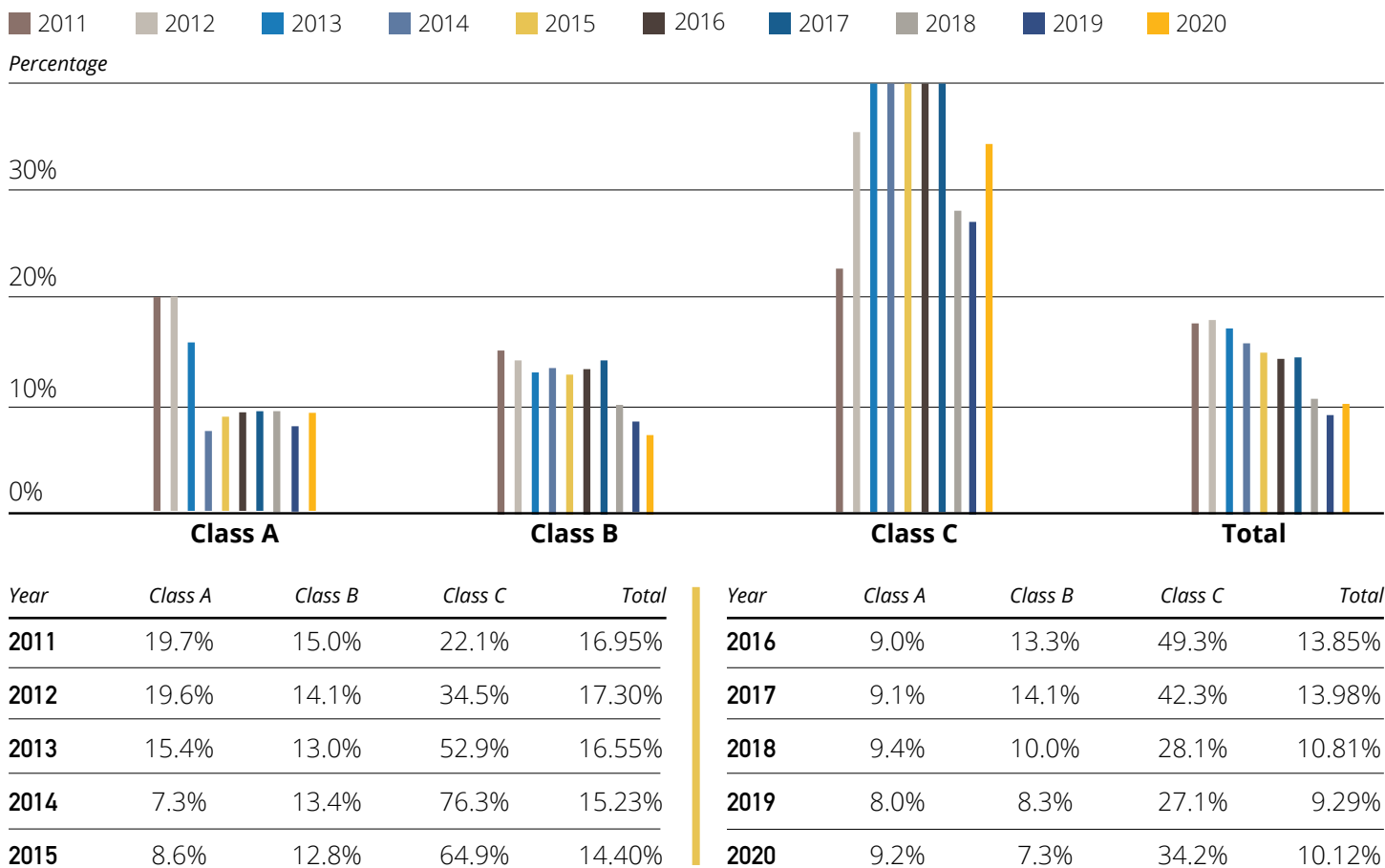
	2020 Office Total Sq. Ft. for Lease	2020 Office Total Sq. Ft. for Sale	2020 Office Total Sq. Ft. for Sale and Lease	2020 Office Total Inventory	Percentage of Total Market	2020 Office Vacancy Rates
<i>By Class</i>						
Class A	427,145	-	427,145	4,630,343	35%	9.18%
Class B	525,359	48,572	573,931	7,883,902	60%	7.28%
Class C	207,550	29,020	236,570	691,669	5%	34.20%
Total	1,275,662	77,592	1,333,654	13,205,914	100%	10.12%
<i>By Quadrant</i>						
Downtown	445,889	13,000	458,889	5,455,385	41%	8.39%
Northeast	271,081	45,866	316,947	2,425,300	18%	13.07%
Northwest	171,695	2,160	173,855	1,688,278	13%	10.30%
Southeast	88,040	-	88,040	993,167	8%	8.86%
Southwest	182,548	16,566	199,114	2,643,784	20%	7.53%
Total	1,275,662	77,592	1,333,654	13,205,914	100%	10.12%

OFFICE VACANCY RATES BY QUADRANT



2020 FORT WAYNE, INDIANA OFFICE MARKET REPORT

OFFICE VACANCY RATES BY CLASS



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
5001 U.S. 30 Office Building	5001 U.S. Hwy. 30 W.	280,526	150,000	53.47%
Abridge Pointe	1300 S. Clinton St.	202,952	114,985	56.66%
I&M Power Center	111 E. Wayne St.	270,000	59,029	21.86%
Mag Way Corp. Center	1700 Magnavox Way	347,486	52,699	15.17%
Rudisill Plaza	201 E. Rudisill Blvd.	141,167	32,000	22.67%

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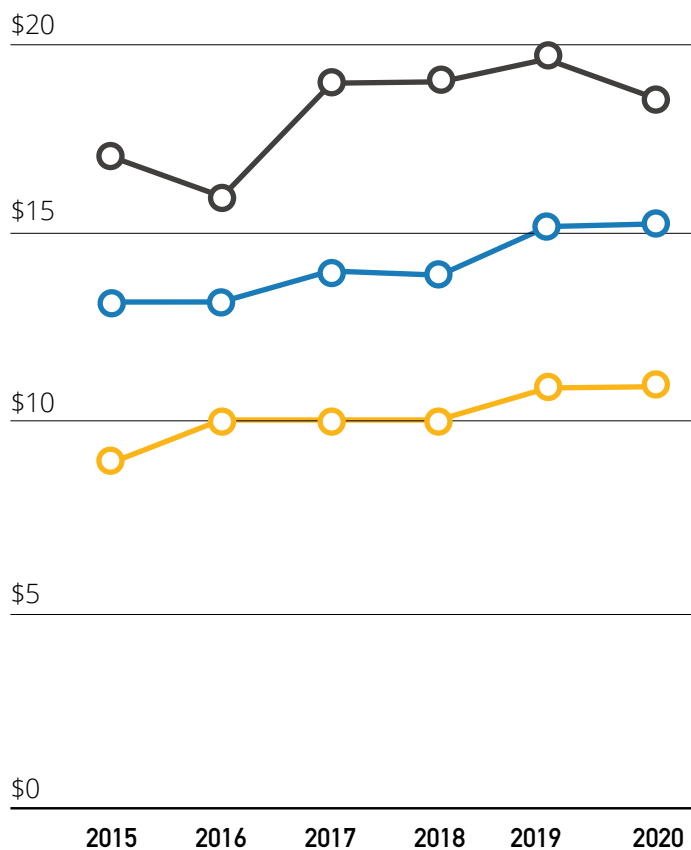
AVERAGE FULL SERVICE LEASE RATES AND OPERATING COSTS

	<i>Downtown</i>	<i>Suburban</i>	<i>Operating Costs</i>
Class A	\$18.00 - \$22.00	\$15.50 - \$19.00	\$7.00 - \$9.00
Class B	\$14.00 - \$17.00	\$13.00 - \$17.00	\$6.00 - \$8.00
Class C	\$10.00 - \$13.00	\$9.00 - \$12.00	\$5.00 - \$7.00
New Construction Build to Suit	\$24.00 - \$28.00 Full Service		

The Class A lease rates assume a five to ten year term, tenant with above-average quality credit, and a tenant improvement allowance of \$30.00 per sq. ft. with 2.0% annual rent increases. Parking is typically not included in Downtown office leases. Downtown parking ranges from \$50.00 to \$100.00 per space per month. Suburban rates include free surface parking.

AVERAGE TRENDING FULL SERVICE LEASE RATES

■ Class A ■ Class B ■ Class C

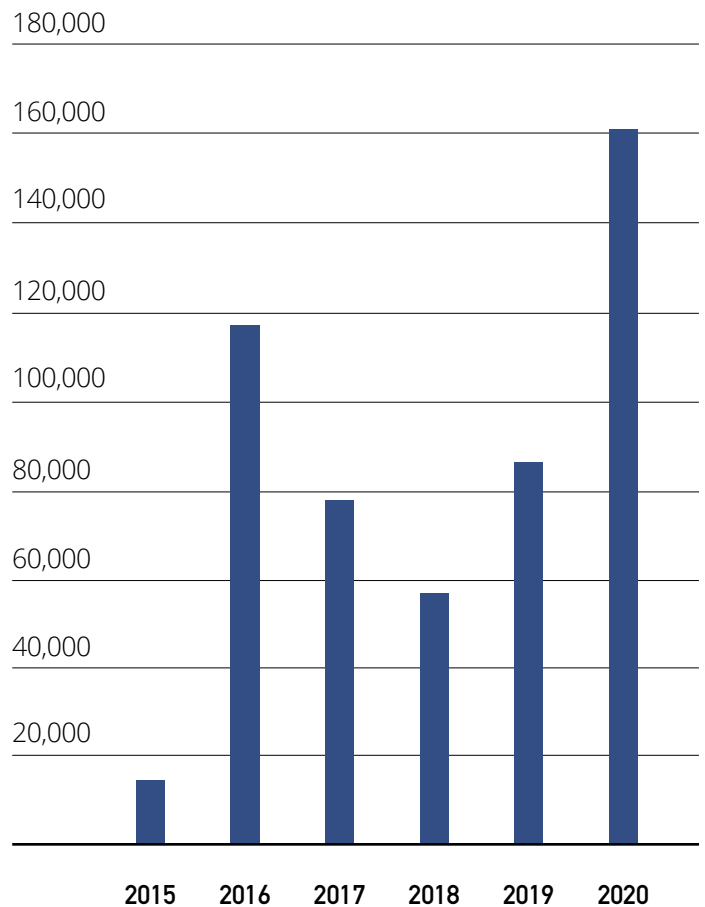


Year	Class A	Class B	Class C
2015	\$17.38	\$13.25	\$8.88
2016	\$16.00	\$13.25	\$10.25
2017	\$19.00	\$14.00	\$10.25

Year	Class A	Class B	Class C
2018	\$19.00	\$14.00	\$10.25
2019	\$19.63	\$15.25	\$11.00
2020	\$18.63	\$15.25	\$11.00

NEW CONSTRUCTION

Square Footage



Year	Sq. Ft.
2015	14,239
2016	117,876
2017	77,536

Year	Sq. Ft.
2018	57,000
2019	86,542
2020	160,591

2020 FORT WAYNE, INDIANA OFFICE MARKET REPORT

NOTABLE ACTIVITY, OCTOBER 1, 2019 – OCTOBER 1, 2020

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Electric Works	Proposed	1030 Swinney Ave.	DT	478,509
Do It Best Corp.	Leased	1030 Swinney Ave.	DT	159,983
Ruoff Home Mortgage	Proposed	Jefferson Blvd. & Ewing St.	DT	110,000
Brotherhood Mutual	Expansion	6400 Brotherhood Way	NE	88,000
Group Dekko, Inc.	Lease	7310 Innovation Blvd.	NW	72,000
Riverfront at Promenade Park	Proposed	124 W. Superior St.	DT	60,000
UTEC	Lease	111 E. Wayne St.	DT	53,246
Raytheon/BAE Systems	Lease	5001 US Hwy. 30 W.	NW	43,948
IU Health Ambulatory Surgery Center	Under Construction	Aboite Center Rd. & Dicke Rd.	SW	40,000
ParkCenter, Inc.	Purchase	2700 S. Lafayette St.	SE	33,683
FWCS STEAM School	Leased	1030 Swinney Ave.	DT	25,000
Coventry Professional Office Building, LLC	Investment Purchase	5640 Coventry Lane	SW	28,620
Ashberry	Proposed	212 W. Main St.	DT	28,564
IU Health	New Construction	SEC Stellhorn Rd. & Lahmeyer Rd.	NE	24,612
Sweet Real Estate, LLC	Purchase	7100 W. Jefferson Blvd.	SW	23,370
505 E Washington, LLC	Investment Purchase	505 E. Washington Blvd.	DT	22,458
Parkview	New Construction	8202 Glencarin Blvd.	SW	19,500
Clinton Street Partners	Investment Purchase	701 S. Clinton St.	DT	18,478
Cooper Standard	Vacated	9910 Dupont Circle Dr. E.	NE	17,718
LJK Diversification, LLC	Purchase	1320 Medical Park Dr.	NE	12,306
Broadridge Financial	Vacated	116 E. Berry St.	DT	12,305
Lofts at Headwaters Park	Proposed	Clinton St. & Superior St.	DT	12,000
Annie's Publishing, LLC	Lease	111 E. Wayne St.	DT	8,101
Office Building	New Construction	1028 W. Cook Rd.	NE	8,000
Parrish Orthodontics	New Construction	5215 North Bend Dr.	SW	7,746
AWS Foundation	New Construction	5323 W. Jefferson Blvd.	SW	7,644
Siena Office Building	New Construction	9000 Lima Rd.	NW	7,133
Hyde Park Office Building	New Construction	9512 Lima Rd.	NW	6,956
Gladioux Trading & Marketing	Lease	1835 S. Calhoun St.	DT	6,800

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NOTABLE ACTIVITY, OCTOBER 1, 2019 – OCTOBER 1, 2020

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Surgery Center	New Construction	1721 Magnavox Way	SW	6,688
Finderson Law	New Construction	744 E. Till Rd.	NE	5,820
One Resource Wealth Management Group, Inc.	Lease	1001 Chestnut Hills Pkwy.	SW	5,652
Techficient	Lease	202 Metro Center	DT	5,600
Endodontics Associates	New Construction	9970 Dupont Circle Dr. E.	NE	5,382
Steppin Up Physical Therapy	New Construction	7005 Oriole Circle	SW	5,000
Trademark Title	Purchase	6526 W. Jefferson Blvd.	SW	4,937
Premier Thermal	Vacated	6920 Pointe Inverness Way	SW	4,463
Professional Emergency Physicians	Purchase	608 Union Chapel Rd.	NE	4,296
MDB Tech, LLC	Lease	829 Lawrence Dr.	SW	3,132
Indiana Physical Therapy	New Construction	8420 Illinois Rd.	SW	3,000
JourneyGuide	Lease	202 Metro Center	DT	3,000



Sweet Real Estate, 7100 W. Jefferson Blvd.

2020 FORT WAYNE, INDIANA OFFICE MARKET REPORT

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

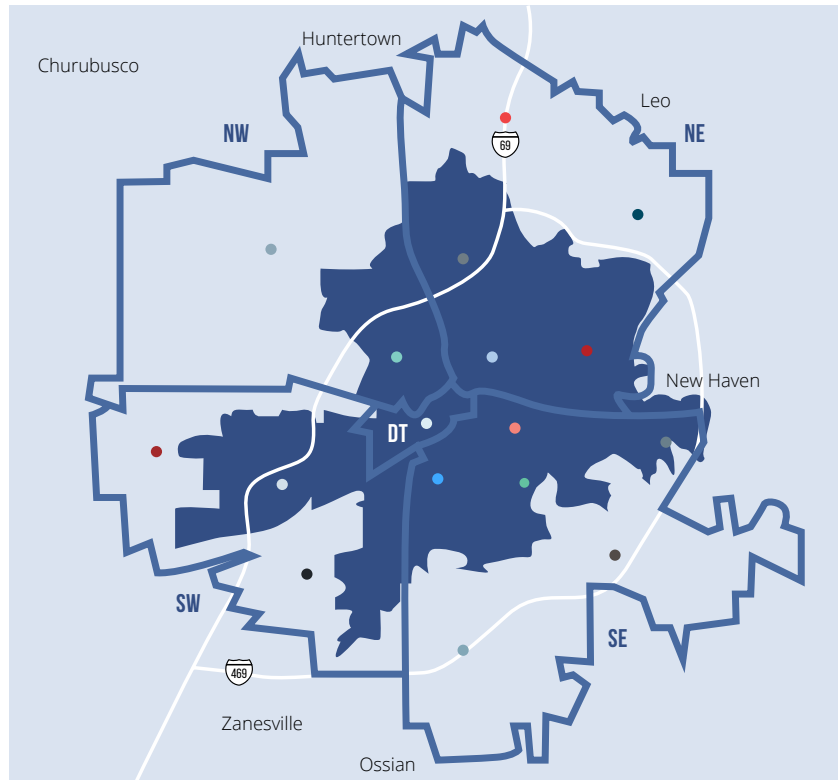
46774, 46803, 46806, 46807, 46816, 46819

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 e-mailings and industry knowledge. The survey includes space projected to be occupied or vacant in the fourth quarter 2020. It does not include announced office expansions, contractions or construction anticipated after January 1, 2021. 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.



EXPLANATION OF TERMS

Total Inventory: The total amount of office space that can be rented by a third party or occupied by an owner/user.

Vacancy Rate: The amount of unoccupied space (new, relet and sublet) expressed as a percentage of total inventory.

Net Absorption: The net change in occupied space between two points in time. (Total occupied space in the present year minus total occupied space from the previous year.)

Class A Lease Rates: Actual lease rates from lease comparables.

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