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2021 FORT WAYNE, INDIANA RETAIL MARKET REPORT

THE FOLLOWING IS THE 2021 FORT WAYNE INDIANA RETAIL MARKET REPORT REVIEW AND FORECAST.

This report is a review of retail activity from May 2020 to May 2021. We are releasing our report on May 13, 2021, in the midst of the reopening of the economy,

over a year after the start of the Coronavirus Pandemic.

The retail market statistics for the 2021 report, which is a review of retail activities from May 2020 to May 2021, reflect a positive absorption of 138,000 sq. ft. Additionally, the vacancy rate during this period decreased from 13.1% to 12.4%. This reverses a two-year trend of negative absorption and increasing vacancy. In addition, it is counter to what we forecast a year ago. These unexpected positive results illustrate that Fort Wayne was more resilient and less negatively impacted by COVID as compared to other markets nationally. In addition, the positive effects of government bailouts, such as PPP loans, and stimulus checks, softened the impact of COVID, and restaurant and retail closures were fewer than anticipated.

The owner of Glenbrook Square, Brookfield Property Partners, has defaulted on its loan, and has

elected to walk away from the property. The CMBS note holders are expected to eventually assume control.

There are thirteen vacant big box stores, totaling 513,000 sq. ft., of which Carson's at Glenbrook Square is the largest. Four vacant car dealerships are on the market, due to the relocation of Kelley Automotive to their new campus next to Menards at the northeast corner of I-69 and Illinois Rd., exit 305. Kelley Automotive Group completed construction on new automotive dealerships for BMW, Volvo, Land Rover and Jaguar. Notable store and restaurant closings during the year include Stein Mart at the Village at Time Corners, the TGI Fridays at Glenbrook Square, and Ruby Tuesday on Coliseum Blvd. Construction was paused on the Shoppes at Glenbrook, located adjacent to Glenbrook Square, which is proposed to include Home Goods, Five Below and Dave & Buster's. The Babies R Us on Coldwater Rd. was sold to the Midwest Shooting Center; the MVP bowling lanes on Lake Ave. was sold and redeveloped; Trader Joe's opened at Jefferson Pointe; and Hobby Lobby leased the former Gordmans at Orchard Crossing.

Several new downtown developments have been completed, are under construction or are proposed. The Landing saw the openings of Utopian Coffee, Mercado Restaurant and The Landing Brewing Company. The Bradley, a boutique hotel on Main Street is scheduled to open in August, and will include Arbor restaurant on the first floor, Birdie's, a rooftop bar & restaurant, Kilwins, a fudge and ice cream shop, and an optical shop called See Me on Main as ground floor retail. Construction is underway at Electric Works. It will include a food hall that will be called Union Street Market with 21 permanent food vendors. Other retail tenants at Electric Works will be a Joseph Decuis restaurant concept and Conjure Coffee. The grand opening is anticipated in the third or fourth quarter of 2022. Construction has started on Riverfront at Promenade Park, a mixed-use residential, retail and office development, located on the northeast corner of Superior and Harrison streets. Another proposed mixed-use residential, retail and office development, called The Lofts at Headwaters Park, will be situated on the northeast corner of Superior & Clinton streets.

Looking forward to the next 12 months, we have a few predictions;

- The post-COVID economy will have a positive impact on Fort Wayne's retail market.
- The consumer's appetite for e-commerce retail shopping gained strength and we'll see that trend accelerate in the years to come.
- As consumers continue to increase their online shopping habits and retailers struggle to adapt, there will be increased pressure on landlords to structure more competitive lease rates and lease terms.
- Labor shortages will continue to limit brick and mortar retail growth.
- Restaurants and retailers will continue to adapt to the post-COVID economy by using carry out, curbside and delivery services.
- Despite the financial challenges facing the owner of Glenbrook Square, this area remains the dominant in-person retail shopping experience for northeast Indiana.
- Overall, it is likely to be a very unpredictable year. However, the combination of attractive government incentives and the public's desire to return to pre-COVID shopping and dining patterns should have positive ramifications for the retail market in Fort Wayne.

You can find more information and our full retail market report on our website at www.zacherco.com.