



STAR Financial Bank, Main Street

2021 FORT WAYNE, INDIANA OFFICE MARKET REPORT

PREPARED WITH THE ASSISTANCE OF

Steven Zacher, SIOR, CCIM; Alfred Zacher; Joy Neuenschwander, CPM; Brian Bean; Fletcher Moppert; John Adams, CCIM; Dan Reese; Evan Rubin; Zach Meyer; Dave Kaverman; Judy Zacher, MD; Jeff Zenger

WATCH THIS YEAR'S MARKET REPORT VIDEO

<https://youtu.be/Wb2j0hjk3oo>

READ THIS YEAR'S MARKET REPORT NARRATIVE

<https://bit.ly/2Ycx5kv>

FOR MORE INFORMATION PLEASE CONTACT

The Zacher Company
444 East Main Street, Suite 203
Fort Wayne, Indiana 46802-1910
(260) 422-8474
www.zacherco.com
info@zacherco.com

Published 9/30/2021

2021 REVIEW

- Eighteen months into the pandemic, the future of the office market remains uncertain due to user reluctance to make long-term commitments
- Market fundamentals remain strong, boasting a 9.21% vacancy rate and a positive absorption of 247,000 SF
- Despite national and global uncertainty, the Fort Wayne office market has been relatively insulated from the downward trends in larger markets
- STAR Financial Bank announced the relocation of their headquarters to the Ashberry Project on Main Street, which is currently under construction
- Approximately 63,000 SF of space for sublease became available, which is only 4% of vacant office space
- For several years the majority of new construction has come from the healthcare industry

2022 FORECAST

- New opportunities will become available at Electric Works and Riverfront at Promenade Park
- New buildings will command rents that have never been seen in the Fort Wayne market
- Downtown development, low vacancy and positive absorption will continue to reflect the strength and resilience of the Fort Wayne office market
- Comfort levels with re-establishing in-person work environments will continue to increase
- Second-generation space rents will remain stable or slightly decrease and there will be an increase in landlord incentives to attract and retain tenants
- Record levels of new office construction, space give-backs, subleases and uncertainty will lead to an increase in vacancy

MARKET INDICATORS (000)	2020 REPORT	2020 REVIEW	2021 REPORT	2021 FORECAST
Total Inventory	13,206 SF	▲	13,349 SF	▲
Vacancy SF	1,334 SF	▼	1,230 SF	▲
Vacancy %	10.12%	▼	9.21%	▲
New Construction	161 SF	▲	101 SF	▲
Absorption	66 SF	▲	247 SF	▼
Average Rent*	\$18.63	=	\$18.63	▼

*Class A rental rates full-service \$PSF/yr.

2021 FORT WAYNE, INDIANA OFFICE MARKET REPORT

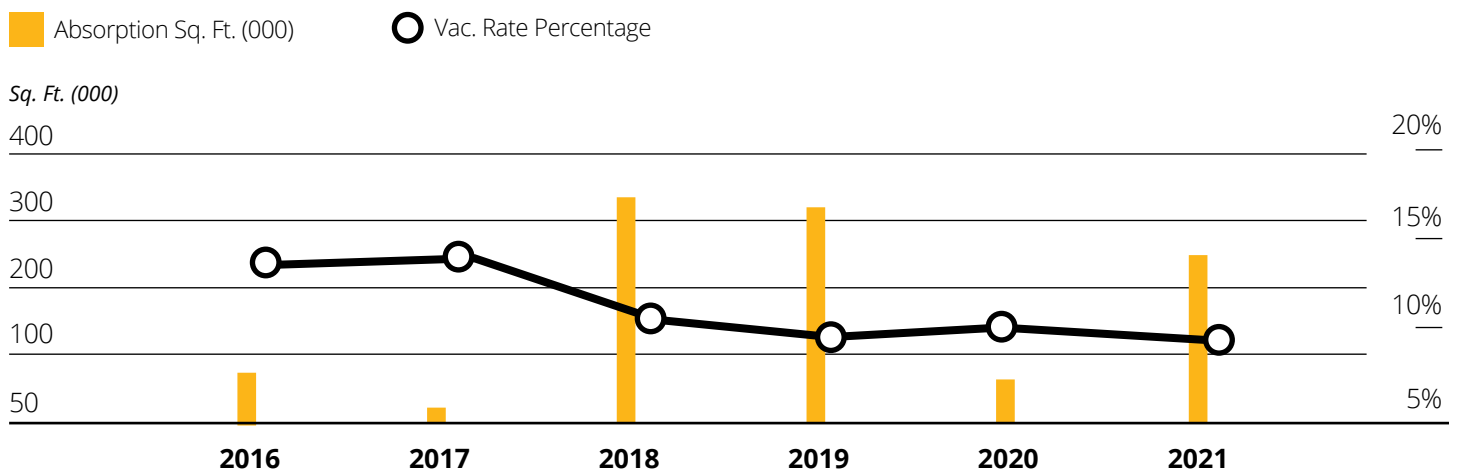
TOTAL MARKET INVENTORY (SF)

Total Inventory – 10/01/2020	13,205,914
Vacant Space – 10/01/2020	1,333,654
Occupied Space – 10/01/2020	11,872,260
Constructed – 9/30/2021 (1)	101,210
Adjustments – 9/30/2021 (2)	42,000
Total Inventory – 9/30/2021	13,349,124
Vacant Space – 9/30/2021	1,229,890
Vacancy Rate – 9/30/2021	9.21%
Occupied Space – 9/30/2021	12,119,234
Net Absorption – 2021	246,974

(1) Constructed: Crossroads Wellness Center, 12812 Coldwater Road, 6,320 SF; 3 Multi-tenant office buildings on Till Road, 24,952 SF; Multi-tenant office building, 1685 Carroll Road, 6,349 SF; Multi-tenant office building, 12948 Coldwater Road, 5,026; IU Health, 4105 Dickie Road, 39,063 SF; Parkview Physicians Group, 8202 Glencairn Drive, 19,500 SF

(2) Adjustments: 4201 Parnell Ave., converted to office , 42,000 SF

MARKET VACANCY AND ABSORPTION, 2016-2021



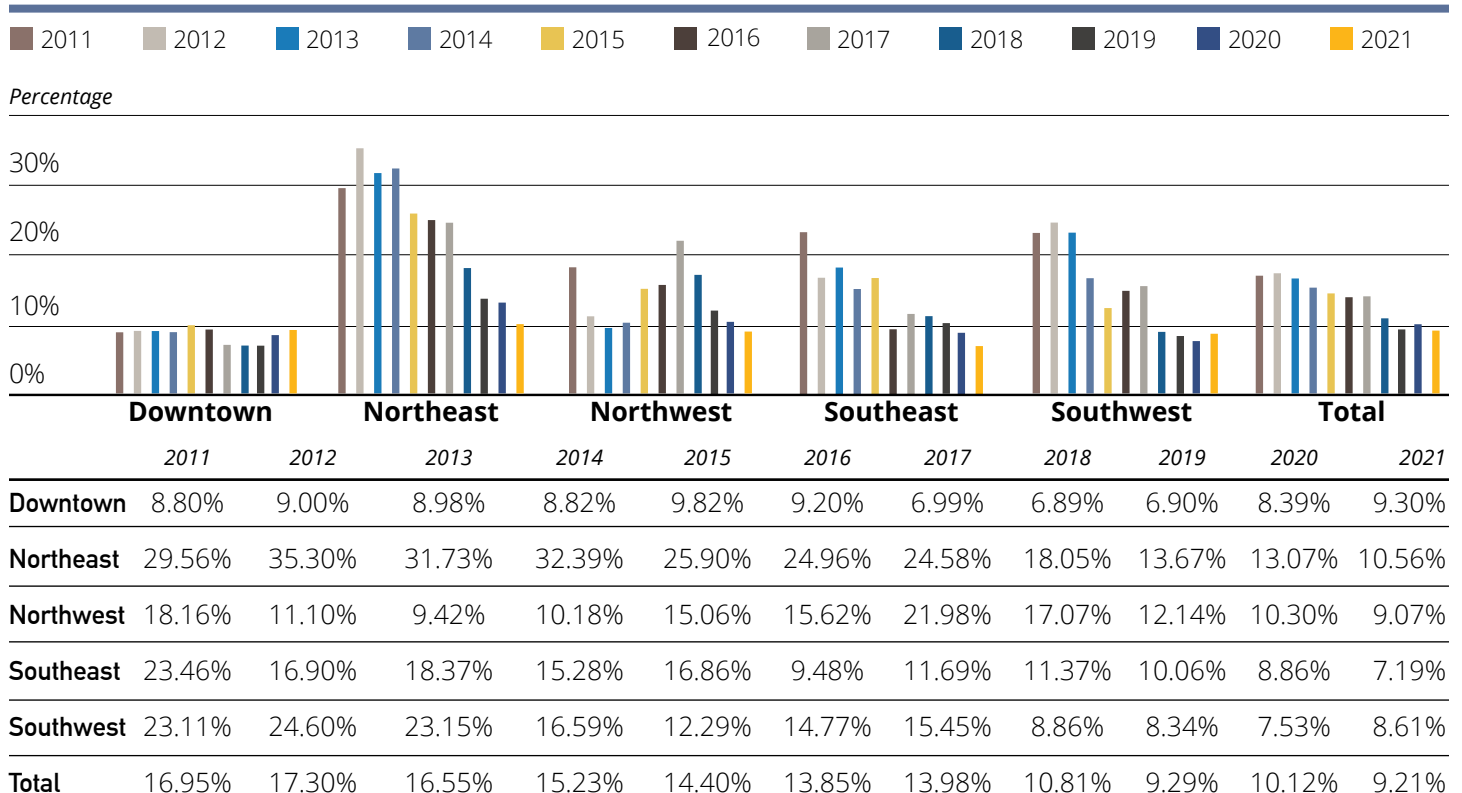
Year	Absorption SF	Vac. Rate Percentage	Year	Absorption SF	Vac. Rate Percentage
2016	77,809	13.85%	2019	320,729	9.29%
2017	22,547	13.98%	2020	65,735	10.12%
2018	335,442	10.81%	2021	246,974	9.21%

2021 FORT WAYNE, INDIANA OFFICE MARKET REPORT

2021 INVENTORY TOTALS

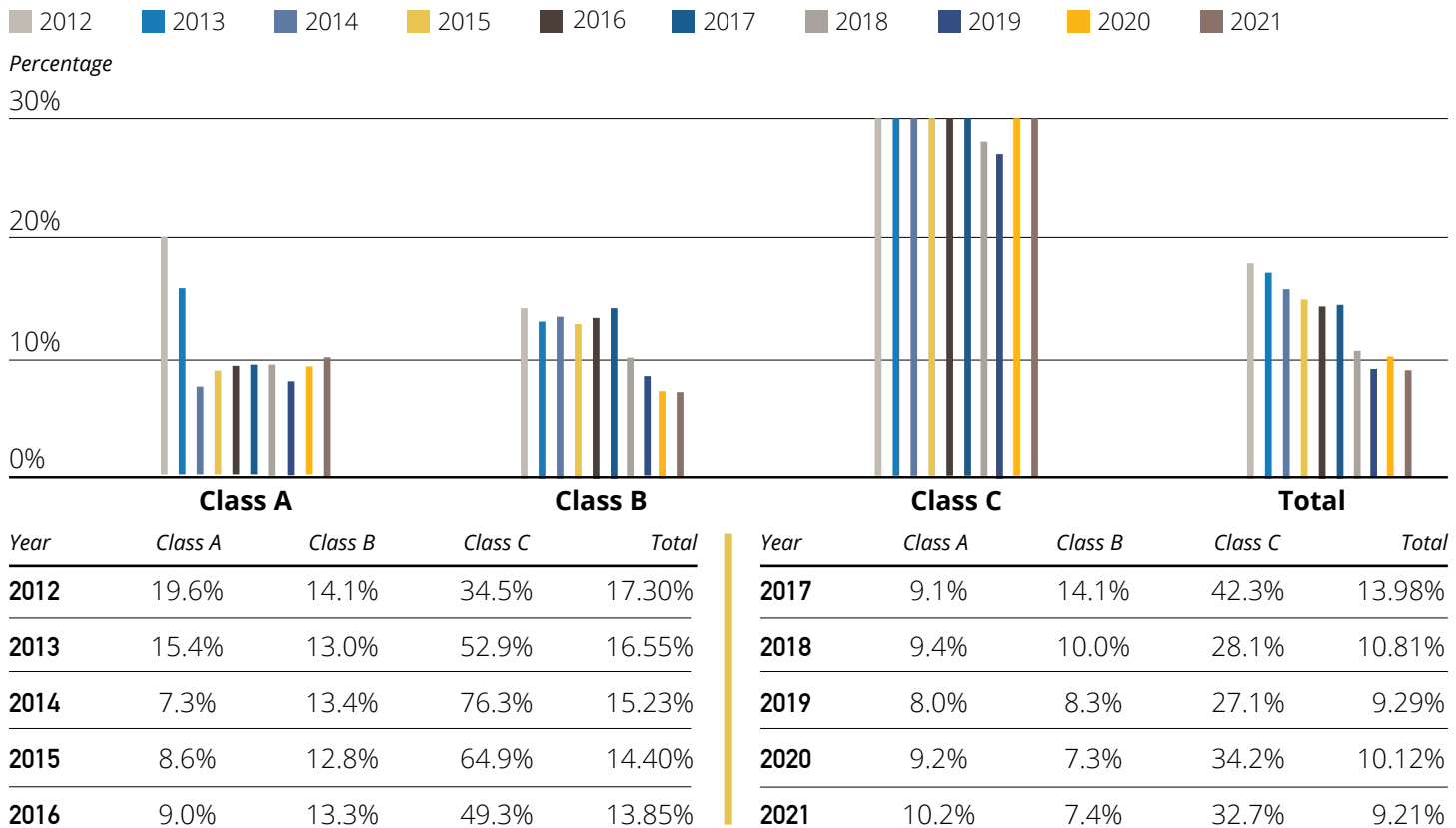
	2021 Office Total Sq. Ft. for Lease	2021 Office Total Sq. Ft. for Sale	2021 Office Total Sq. Ft. for Sale and Lease	2021 Office Total Sq. Footage	Percentage of Total Market	2021 Office Vacancy Rates
<i>By Class</i>						
Class A	470,045	-	470,045	4,630,343	34%	10.15%
Class B	592,702	13,553	606,255	8,329,540	62%	7.35%
Class C	110,318	43,272	153,590	469,669	3%	32.70%
Total	1,173,065	56,825	1,229,890	13,429,552	100%	9.21%
<i>By Quadrant</i>						
Downtown	507,335	-	507,335	5,455,385	41%	9.30%
Northeast	230,461	34,700	265,161	2,609,875	19%	10.56%
Northwest	153,167	-	153,167	1,688,278	13%	9.07%
Southeast	66,590	4,847	71,437	993,167	7%	7.19%
Southwest	215,512	17,278	232,790	2,682,847	20%	8.61%
Total	1,173,065	56,825	1,229,890	13,429,552	100%	9.21%

OFFICE VACANCY RATES BY QUADRANT



2021 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

BUILDINGS WITH VACANCIES OVER 30,000 SQ. FT.

Building	Location	Total Area	Vacant SF	% Vacant
5001 US 30 W.	5001 US 30 W.	280,526	91,783	32.72%
Abridge Pointe	1300 S. Clinton St.	202,952	114,985	56.66%
I&M Power Center	111 E. Wayne St.	270,000	75,194	27.85%
PNC	110 W. Berry St.	234,211	74,827	31.95%
Mag Way Corp. Center	1700 Magnavox Way	347,486	71,648	20.62%
Indiana Office Center	111 E. Wayne St.	137,829	41,172	29.87%
Lincoln Tower	116 E. Berry St.	130,157	37,228	28.60%
Executive Center at the Woods	3400 E. Coliseum Blvd.	60,422	32,860	54.38%

2021 FORT WAYNE, INDIANA OFFICE MARKET REPORT

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	\$27.00 to \$31.00 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 \$65.00 to \$120.00 per space per month. Suburban rates include free surface parking.

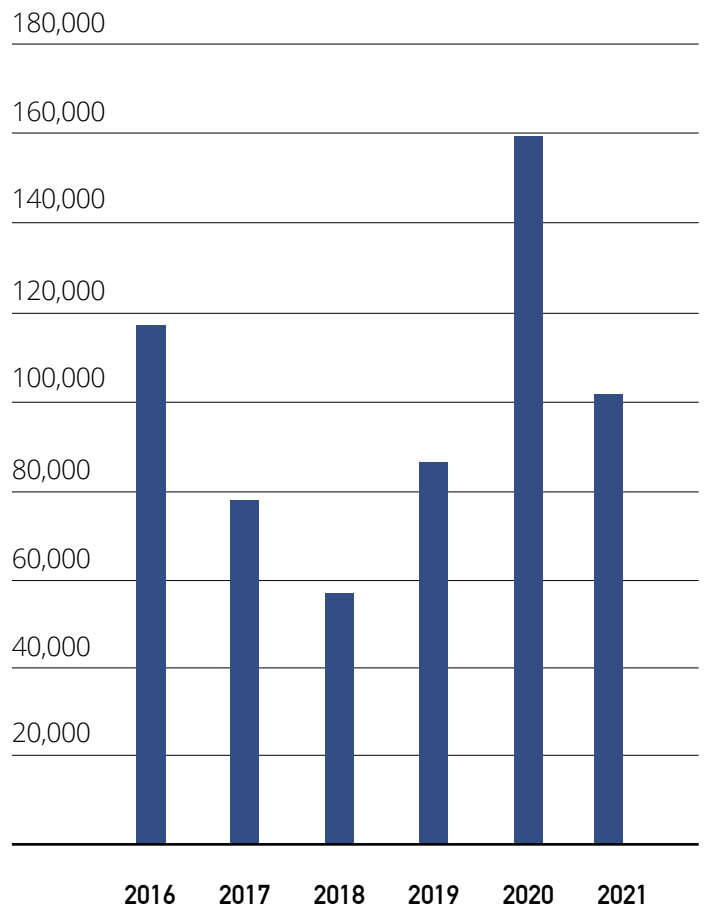
AVERAGE TRENDING FULL SERVICE LEASE RATES

- Class A downtown
- Class B downtown
- Class C downtown
- Class A suburban
- Class B suburban
- Class C suburban



NEW CONSTRUCTION

Square Footage



<i>Year</i>	<i>Sq. Ft.</i>	<i>Year</i>	<i>Sq. Ft.</i>
2016	117,876	2019	86,542
2017	77,536	2020	160,591
2018	57,000	2021	101,210

2021 FORT WAYNE, INDIANA OFFICE MARKET REPORT



Riverfront at Promenade Park

NOTABLE ACTIVITY, OCTOBER 1, 2020 – OCTOBER 1, 2021

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Electric Works	Under Construction	1030 Swinney Ave.	DT	478,509
Ruoff Mortgage	Proposed	6411 Bass Rd.	SW	275,000
Spec Building	Proposed	1919 W. Cook Rd.	NW	200,000
Parkview Southwest	Proposed	Illinois Rd. & Glencairn Dr.	SW	112,000
FWO/Optimum Performance Sports	New Construction	10102 Dupont Circle Dr.	NE	99,928
Maple Heights Behavioral Health	Under Construction	3955 W. Washington Center Rd.	NW	82,000
STAR Financial Bank	Under Construction	212 W. Main St.	DT	70,000
Parts Town LLC	Lease	5001 US Hwy. 30 W.	NW	44,795
IU Health Surgey Center	New Construction	4105 Dickie Rd.	SW	39,063
Riverfront at Promenade Park	Under Construction	124 W. Superior St.	DT	30,000
Fort Financial CU Headquarters	Under Construction	8815 Lima Rd.	NW	27,000
Lutheran Health	Under Construction	12404 Lima Crossing Dr.	NE	22,815
American Specialty Ins. & Risk Services	Lease Renewal	7609 W. Jefferson Blvd.	SW	19,552
OI Capital Corporation	Sale	5503 Coventry Lane	SW	18,000

2021 FORT WAYNE, INDIANA OFFICE MARKET REPORT

NOTABLE ACTIVITY, OCTOBER 1, 2020 – OCTOBER 1, 2021

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
CBZ Investments, LLC	Investment Sale	1001 Chestnut Hills Parkway	SW	17,362
Heartland Hospice Services, LLC	Lease	2720 Dupont Commerce Court	NE	15,951
Allen County Retinal Surgeons	Under Construction	7621 W. Jefferson Blvd.	SW	15,654
Ruoff Mortgage	Lease	1030 Swinney Ave.	DT	15,000
Medical Surgery Center	Under Construction	11277 Twin Creeks Dr.	NE	14,451
R.G.S Real Estate, LLC	Sale	420 W. Wayne St.	DT	14,130
Lofts at Headwaters Park	Proposed	Clinton St. & Superior St.	DT	12,000
Partners in Autism	Purchase	4031 N. Clinton St.	NE	11,400
Neighborhood Health Clinics	Lease	111 E. Ludwig Rd	NE	10,338
Bulldog Properties, LLC	Sale	6509 Mutual Dr.	NE	8,719
Prism Properties, LLC	Investment Sale	5750 Coventry Lane	SW	8,080
Priority Life Care	Sublease	1102 Chestnut Hills Parkway	SW	7,257
Fort Wayne Dermatology	Lease	11635 Coldwater Rd.	NW	5,786
KPC Media	Lease	6418 Lima Rd.	NW	5,256
Doxa Insurance Holdings LLC	Lease	6920 Pointe Inverness Way	SW	4,463
Gibson Insurance	Lease	202 W. Berry St.	DT	4,364



Electric Works

2021 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

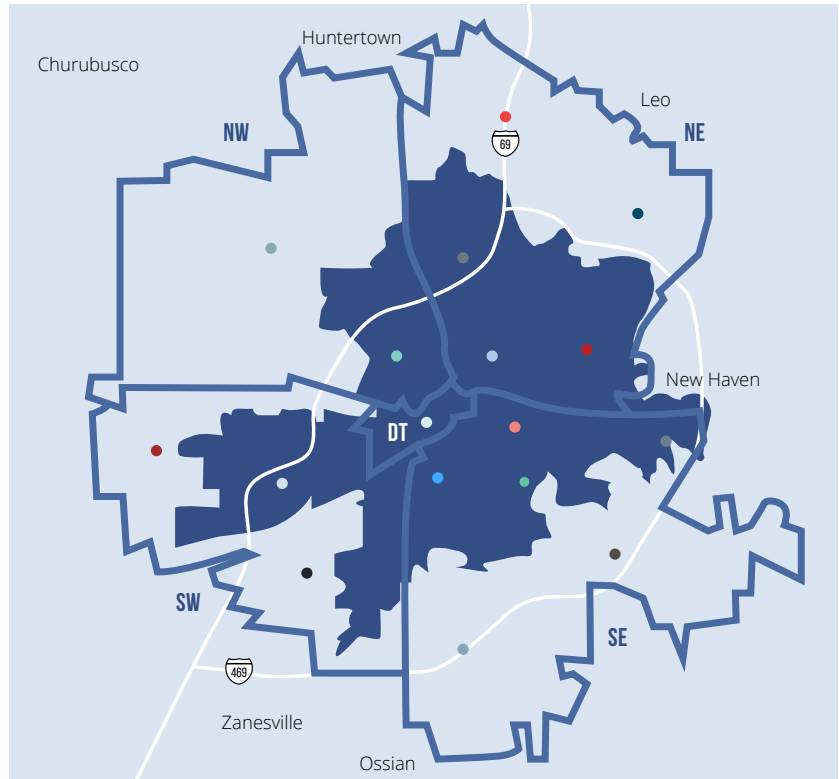
46774, 46803, 46806, 46807, 46816, 46819

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 2021. It does not include announced office expansions, contractions or construction anticipated after January 1, 2022. 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 leased 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.

COPYRIGHT © 2021 The Zacher Company. All rights reserved. No part of this publication may be copied, reproduced, redistributed, or retransmitted in any form or by any means, mechanical, electronic, or otherwise, including photocopying, recording, or by any information storage and retrieval system, without the prior written consent of The Zacher Company. Trademarks, service marks, and trade names included in this publication are the property of their respective owners.