



2022 FORT WAYNE, INDIANA OFFICE MARKET REPORT

PREPARED WITH THE ASSISTANCE OF

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2022 REVIEW

- Office fundamentals were extremely strong as evidenced by 976,000 SF of construction and 629,000 SF of positive absorption
- The vacancy increase to 10.95% from 9.21% was primarily due to additional space becoming available both at Electric Works and at the Frontier building on West Jefferson Boulevard
- Office space that was vacated during the year was quickly absorbed by other users such as Ruoff Mortgage, Metal X and Doxa Insurance
- Electric Works opened with an impressive 70% of its available space pre-leased to tenants which included Do It Best, New Millennium Steel division of SDI, Parkview Health, Medical Informatics, CARR Workplaces and FWCS Amp Lab
- In the post-pandemic environment, companies continued the trend of a mix of hybrid and in-office workforces, which are company and job specific
- In order to attract and retain talent, companies have migrated to high quality new mixed-use developments and have paid the requisite premium rents

2023 FORECAST

- The hybrid work environment, a mix of both in-office and remote locations, is a reality in the foreseeable future; however, employers' acceptance of remote work is declining
- Companies will pay higher rental rates for more efficient space
- Increasing construction and operating costs will lead to longer lease terms and higher rents
- There will be less new construction and lower absorption
- The amount of vacant space will increase
- Second generation space rents will remain stable and there will be an increase in landlord incentives to attract and retain tenants

MARKET INDICATORS (000)	2021 REPORT	12-MONTH REVIEW	2022 REPORT	12-MONTH FORECAST
Total Inventory	13,429 SF	▲	14,316 SF	■
Vacancy SF	1,230 SF	▲	1,568 SF	▲
Vacancy %	9.21%	▲	10.95%	▲
New Construction	101 SF	▲	976 SF	▼
Absorption	247 SF	▲	629 SF	▼
Average Rent*	\$18.63	▲	\$22.47	▲

* Existing and new construction Class A rental rates full-service \$PSF/yr.

2022 FORT WAYNE, INDIANA OFFICE MARKET REPORT

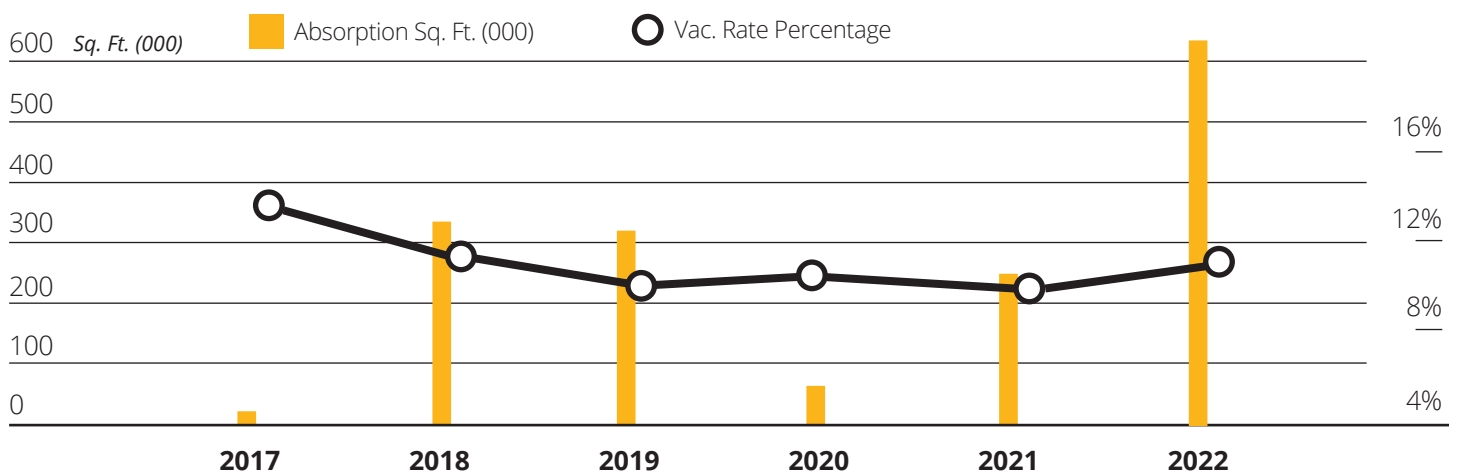
TOTAL MARKET INVENTORY (SF)

Total Inventory – 9/30/2021	13,429,124
Vacant Space – 9/30/2021	1,229,890
Occupied Space – 9/30/2021	12,199,234
Constructed – 9/29/2022 (1)	975,696
Adjustments – 9/29/2022 (2)	-9,009
Total Inventory – 9/29/2022	14,315,811
Vacant Space – 9/29/2022	1,567,549
Vacancy Rate – 9/29/2022	10.95%
Occupied Space – 9/29/2022	12,748,262
Net Absorption – 2022	629,028

(1) Constructed: Constructed: Electric Works, 1030 Swinney Ave., 582,833 SF; Parkview Southwest, Illinois Rd. & Glencarin Dr., 102,866 SF; STAR Financial, Main St., 70,000 SF; IU Health, 10101 Ernst Rd., 55,410 SF; Riverfront at Promenade Park, 124 W. Superior St., 30,000 SF; Fort Financial CU Headquarters, 8815 Lima Rd., 27,000 SF; Lutheran Health, 6515 Stellhorn Rd., 25,400 SF; Lutheran Health, 12404 Lima Crossing Dr., 22,815 SF; Allen County Retinal Surgeons, 7621 W. Jefferson Blvd., 15,654 SF; Ophthalmology Consultants, 11277 Twin Creeks Dr., 14,451 SF; Sienna Office Park, 9610 Lima Rd., 7,133 SF; Golden Real Estate, 7840 Southtown Crossing, 6,000 SF; Dental Office, 9606 Coldwater Rd., 5,290 SF; Allen Veterinary, 7212 Mill Run Rd., 4,619 SF; Parish Orthodontics, 12026 Lima Crossing Dr., 4,225 SF; Steppin Up PT, Auburn Rd., 2,000 SF

(2) Adjustments: 435 Brackenridge St., converted to office, 13,840 SF; Main St. and Pearl St. demolished, 22,849 SF

MARKET VACANCY AND ABSORPTION, 2017-2022



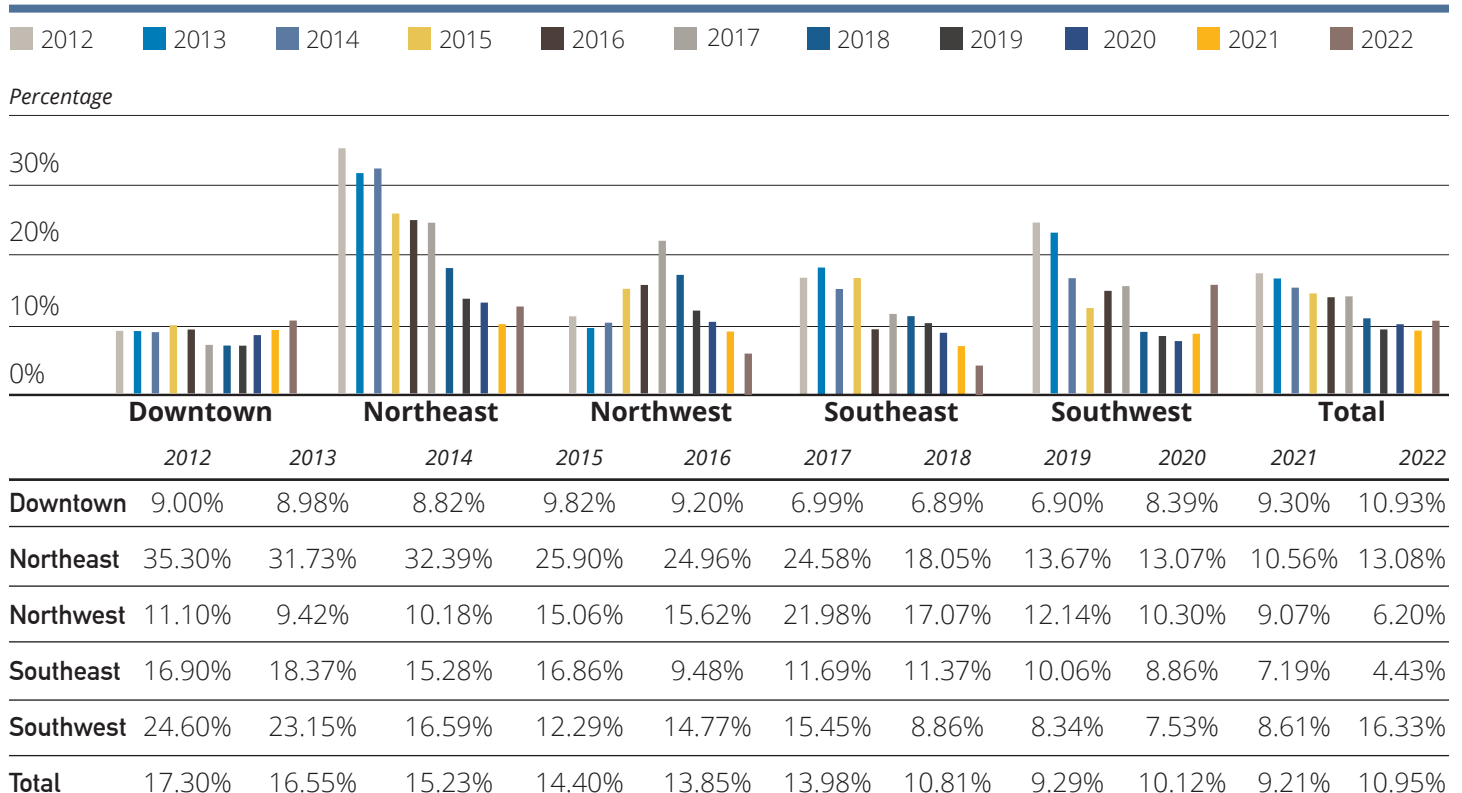
Year	Absorption SF	Vac. Rate Percentage	Year	Absorption SF	Vac. Rate Percentage
2017	22,547	13.98%	2020	65,735	10.12%
2018	335,442	10.81%	2021	246,974	9.21%
2019	320,729	9.29%	2022	629,000	10.95%

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2022 INVENTORY TOTALS

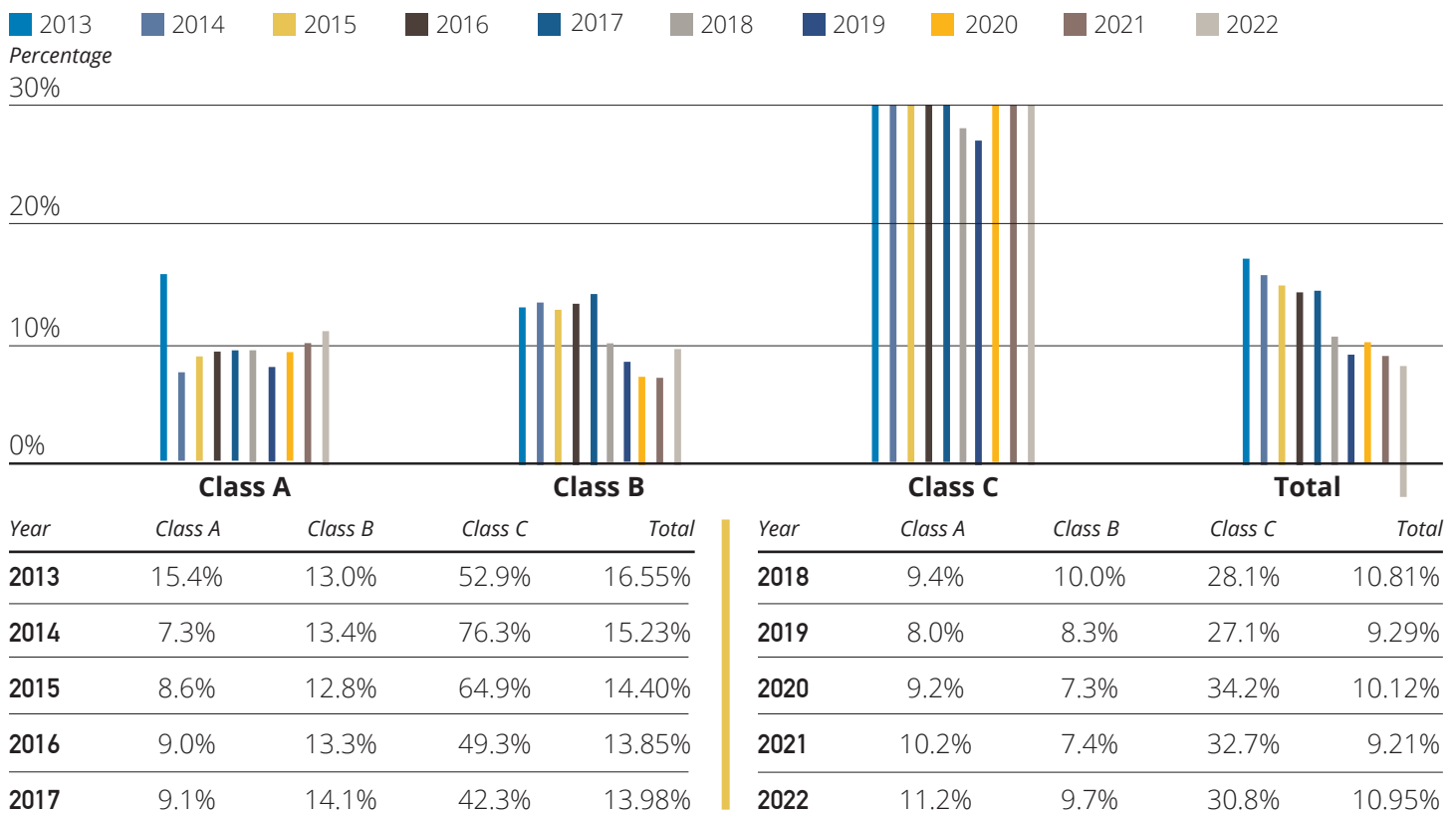
	2022 Office Total Sq. Ft. for Lease	2022 Office Total Sq. Ft. for Sale	2022 Office Total Sq. Ft. for Sale and Lease	2022 Office Total Sq. Footage	Percentage of Total Market	2022 Office Vacancy Rates
<i>By Class</i>						
Class A	618,109	-	618,109	5,503,742	38%	11.23%
Class B	810,536	1,512	812,048	8,365,249	58%	9.71%
Class C	92,826	44,566	137,392	446,820	3%	30.75%
Total	1,521,471	46,078	1,567,549	14,315,811	100%	10.95%
<i>By Quadrant</i>						
Downtown	655,068	6,136	661,204	6,048,781	42%	10.93%
Northeast	208,332	23,192	231,524	1,769,592	12%	13.08%
Northwest	163,387	-	163,387	2,636,875	18%	6.20%
Southeast	44,238	-	44,238	999,167	7%	4.43%
Southwest	450,446	16,750	467,196	2,861,396	20%	16.33%
Total	1,521,471	46,078	1,567,549	14,315,811	100%	10.95%

OFFICE VACANCY RATES BY QUADRANT



2022 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.

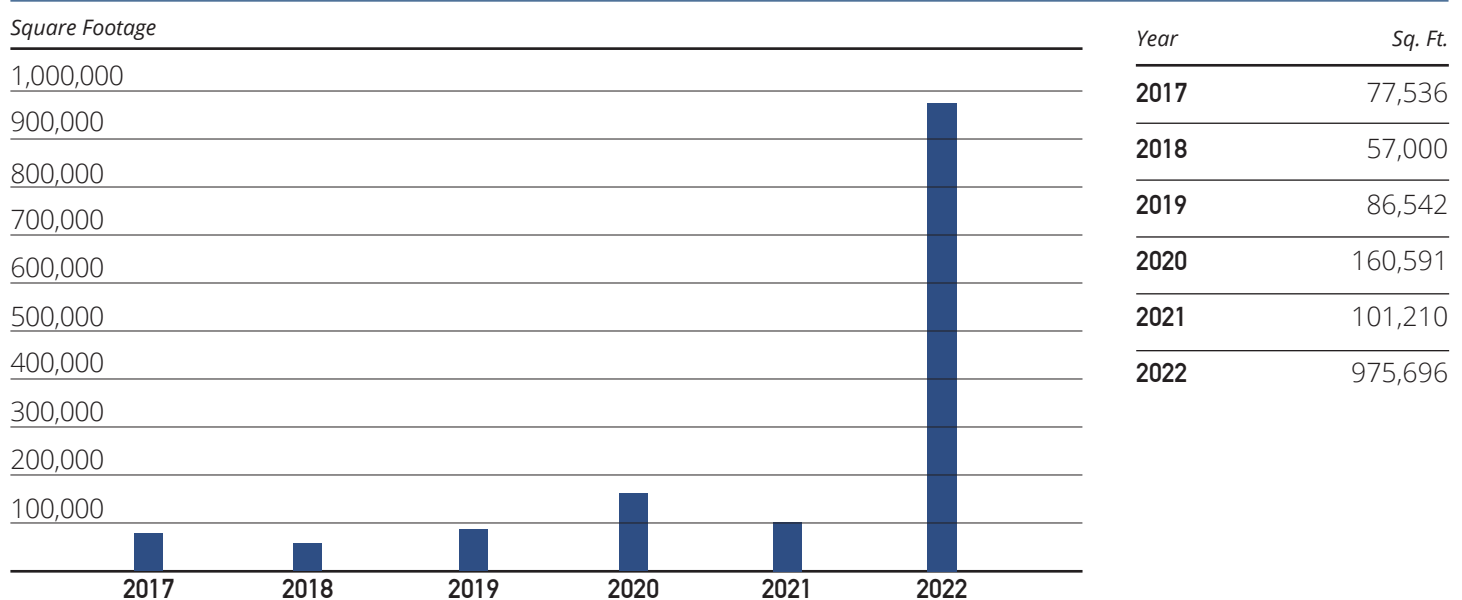
Building	Location	Total Area	Vacant SF	% Vacant
Frontier	8001 W. Jefferson Blvd.	240,652	240,652	100.00%
Electric Works	1030 Sweeney Ave.	582,833	206,379	35%
SIRVA	5001 US 30	280,526	136,603	48.70%
Abridge Pointe	1300 S. Clinton St.	202,952	103,534	51.01%
I&M Power Center	110 E. Wayne St.	270,000	76,695	28.41%
PNC	110 W. Berry St.	234,211	46,535	19.87%
Mag Way Corp. Center	1700 Magnavox Way	347,486	52,697	15.17%
STAR Financial	Bluffton Rd.	47,406	47,406	100%
Lincoln Tower	116 E. Berry St.	130,157	43,996	33.80%

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NEW CONSTRUCTION, OCTOBER 2021 – SEPTEMBER 2022

<i>Buyer/Tenant</i>	<i>Location</i>	<i>Sq. Ft.</i>
Electric Works	1030 Swinney Ave.	582,833
Parkview Southwest	Illinois Rd. & Glencarin Dr.	102,866
STAR Financial	Main St. 7	70,000
IU Health	10101 Ernst Rd.	55,410
Riverfront at Promenade Park	124 W. Superior St.	30,000
Fort Financial CU Headquarters	8815 Lima Rd.	27,000
Lutheran Health	6515 Stellhorn Rd.	25,400
Lutheran Health	12404 Lima Crossing Dr.	22,815
Allen County Retinal Surgeons	7621 W. Jefferson Blvd.	16,654
Ophthalmology Consultants	11277 Twin Creeks Dr.	14,451
Sienna Office Park	9610 Lima Rd.	7,133
Golden Real Estate	7840 Southtown Crossing	6,000
Dental Office	9606 Coldwater Rd.	5,290
Allen Veterinary	7212 Mill Run Rd.	4,619
Parish Orthodontics	12026 Lima Crossing Dr.	4,225
Steppin Up PT	Auburn Rd.	2,000
TOTAL		975,696

NEW CONSTRUCTION



2022 FORT WAYNE, INDIANA OFFICE MARKET REPORT

AVERAGE FULL SERVICE LEASE RATES AND OPERATING COSTS

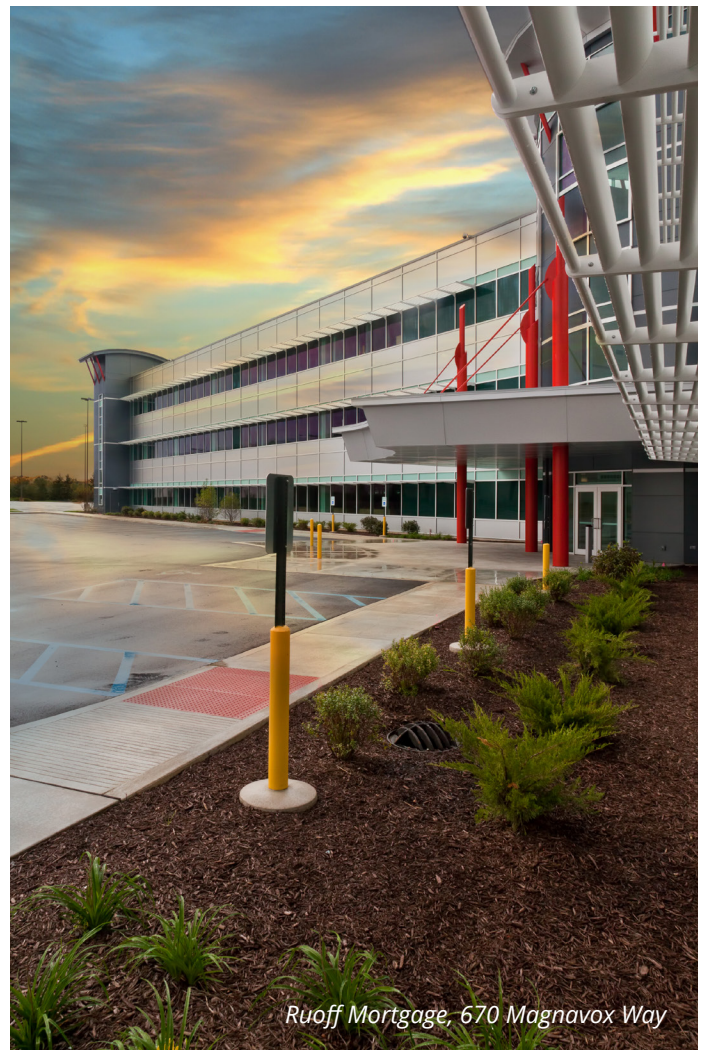
	<i>Downtown</i>	<i>Suburban</i>	<i>Operating Costs</i>
Class A	\$18.00 - \$22.00	\$17.50 - \$19.50	\$7.50 - \$10.00
Class B	\$14.50 - \$17.50	\$13.50 - \$17.50	\$6.50 - \$9.00
Class C	\$11.00 - \$14.00	\$10.00 - \$13.00	\$6.00 - \$8.00

Class A New Const./BTS	\$27.00 - \$33.00 Full Service	\$50.00 psf TI allowance	Operating Costs of \$9.00 - \$11.00
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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. or \$50.00 per sq. ft. for new construction/Build to Suit, with 3.0% 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



Ruoff Mortgage, 670 Magnavox Way

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NOTABLE ACTIVITY, OCTOBER 2021 – SEPTEMBER 2022

Buyer/Tenant	Activity	Location	Quadrant	Sq. Ft.
Electric Works	Substantially Completed	1030 Swinney Ave.	DT	582,833
St. Joseph Hospital	Demolished	700 Broadway Ave.	DT	380,000
Frontier	Vacated	8001 W. Jefferson Blvd.	SW	240,652
Spec Building	Proposed	1919 W. Cook Rd.	NW	200,000
Lutheran Downtown Hospital	Constructed	702 Van Buren Ave.	DT	194,000
Trine University	Proposed	Union Chapel Rd.	NE	120,000
Ruoff Mortgage	Lease	1670 Magnavox Way	SW	80,302
PBK Investments	Investment Sale	Waterstone - 9602 Coldwater Rd.	NE	50,286
SDI – New Millennium Steel	Lease	Electric Works	DT	49,254
Midwest Enterprises, LLC	Investment Sale	3030 Lake Ave.	NE	44,172
Keystone Realty Ltd.	Investment Sale	Shindigz - 919 S. Harrison St.	DT	33,000
Partners 1st Federal CU	Sale	1315 Directors Row	NW	30,000
Swiss Re	Lease	Riverfront at Promenade Park –124 W. Superior St.	DT	24,772
Shelton Financial Group	Sale	7635 W. Jefferson Blvd.	SW	19,826

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NOTABLE ACTIVITY, OCTOBER 2021 – SEPTEMBER 2022

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Circle Logistics	Sale	118 E. Ludwig Rd.	NE	19,600
Triple Crown/Transworks	Vacated	2720 Dupont Commerce Ct.	NE	18,027
MetalX, LLC	Lease	9910 Dupont Circle Dr.	NE	17,718
FORVIS, LLP formerly BKD	Lease	111 E. Wayne St.	DT	17,458
MKM architecture + design	Sale	435 E. Brackenridge St.	DT	13,840
Fort Wayne Community Schools	Lease	1300 S. Clinton St.	DT	11,451
Wayne Holdings, LLC	Sale	119 W. Wayne St.	DT	11,368
Spec Building	Proposed	9307 Illinois Rd.	SW	11,108
Doxa Insurance Holdings, LLC	Lease	110 E. Wayne St.	DT	11,000
6605 E. State Properties, LLC	Investment Sale	6605 E. State Blvd.	NE	9,536
Fort Wayne Autism	Lease	5750 Falls Dr.	SW	8,348
Transitions Care	Lease	2877 E. Dupont Rd.	NE	7,661
United Way of Allen County	Lease	347 W. Berry St.	DT	6,620
Heart to Heart Hospice	Lease	5640 Coventry Ln.	SW	5,400
Prudential Insurance	Vacated	2420 N. Coliseum Blvd.	NE	4,726
Summit Reinsurance Services	Lease	6920 Pointe Inverness Way	SW	4,463



STAR Financial, Main Street
Photo courtesy of GFW, Inc.

2022 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

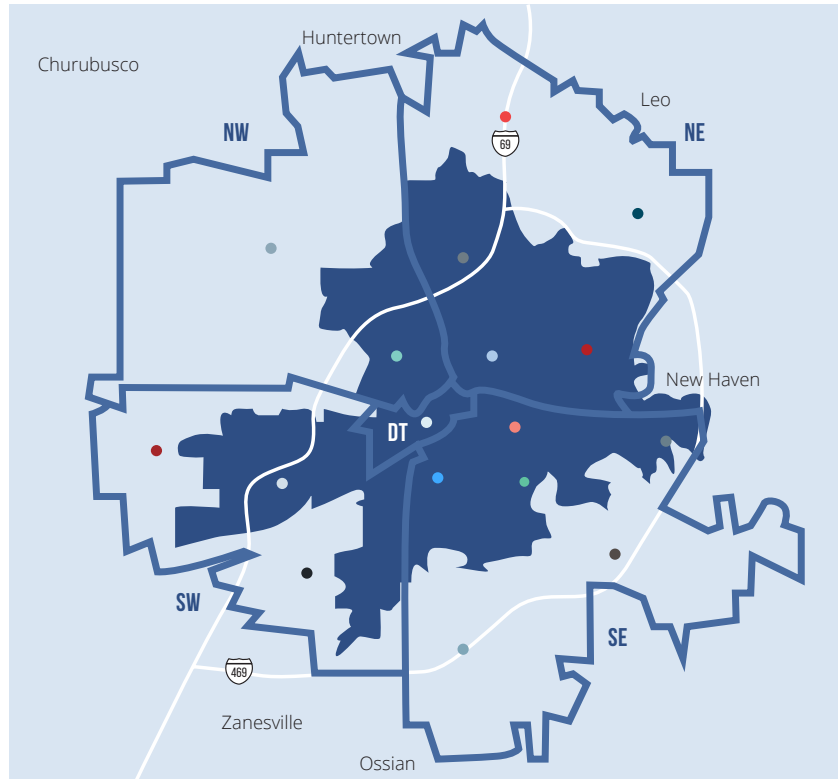
46774, 46803, 46806, 46807, 46816, 46819

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 2022. It does not include announced office expansions, contractions or construction anticipated after January 1, 2023. New construction is added to inventory when above-ground construction has commenced, 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.)

Lease Rates: Average of actual lease rates from lease comparables.

Average Rent: 2022 is a combination of new construction and existing buildings. Prior reports only encompassed existing buildings.

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