



## 2023 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/mEYokq885os>

### READ THIS YEAR'S MARKET REPORT NARRATIVE

<https://shorturl.at/uFKS3>

### FOR MORE INFORMATION PLEASE CONTACT

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*Downtown Fort Wayne skyline  
Photo courtesy of Greater Fort Wayne Inc.*

### 2023 REVIEW

- Office fundamentals weakened considerably compared to 2022 as evidenced by negative absorption of 56,000 SF
- The vacancy rate trend in the past three years has steadily increased from 9.21% in 2021 to 10.95% in 2022 to 12.3% in 2023
- There was minimal new office construction
- Noteworthy new leases were CRST, L3 Harris expansion and three subleases at the Indiana Michigan Power Center
- Do It Best Corp., New Millennium Steel and Swiss Re occupied their new Downtown office spaces, and Star Financial will occupy their new headquarters in the 4th quarter of 2023
- The healthcare sector was once again the most active in the market
- Tenant improvement dollars didn't go as far as in previous years due to increased construction costs
- Fort Wayne office vacancy is below the national average

### 2024 FORECAST

- Corporate consolidations and downsizing of office space will continue as pre-pandemic leases expire and smaller office footprints are sought
- Sublease space will be occupied below market rates putting additional pressure on landlords to generate revenue
- There will be less construction, lower absorption, and the amount of vacant space will increase due to declining demand
- Construction costs will stabilize
- Landlords that do not offer competitive tenant improvement allowances and amenities will continue to have more vacancies than those that do
- Effective lease rates will decline due to less new leasing activity and more subleasing
- Cap rates will increase and office properties will be a less desirable asset class for investment

MARKET INDICATORS (000)	2022 REPORT	12-MONTH REVIEW	2023 REPORT	12-MONTH FORECAST
Total Inventory	14,316 SF	▲	14,472 SF	▲
Vacancy SF	1,568 SF	▲	1,781 SF	▲
Vacancy %	10.95%	▲	12.30%	▲
New Construction	976 SF	▼	157 SF	▼
Absorption	629 SF	▼	(56) SF	▼
Average Rent*	\$22.47	▼	\$21.76	▼

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

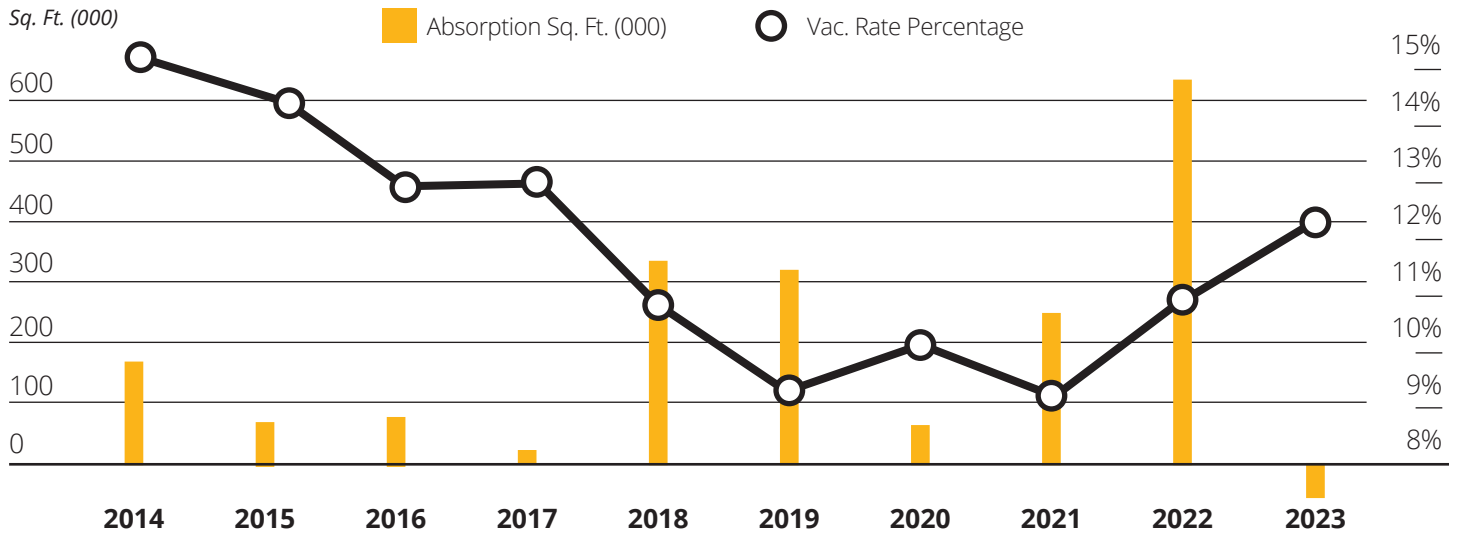
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## TOTAL MARKET INVENTORY (SF)

Total Inventory – 9/29/2022	14,315,811
Vacant Space – 9/29/2022	1,567,549
Occupied Space – 9/29/2022	12,748,262
Constructed – 9/28/2023 (1)	156,531
Adjustments – 9/28/2023	0
Total Inventory – 9/28/2023	14,472,342
Vacant Space – 9/28/2023	1,780,571
Vacancy Rate – 9/28/2023	12.30%
Occupied Space – 9/28/2023	12,691,771
Net Absorption – 2023	(56,491)

**(1) Constructed:** Trine University, 12817 Parkview Plaza Dr., 120,000 SF; Timberlake Park, 9307 Illinois Rd., 11,800 SF; Wallen Hills Office Park, 9031 Coldwater Rd., 7,900 SF; Summit Dental Group, 12068 Lima Crossing Dr., 5,900 SF; Specialty Tutoring, 10002 Dawson's Creek Blvd., 4,062 SF; WellNow Urgent Care, 7789 Southtown Crossing, 3,502 SF; Parkwood Office Plaza, 11020 Diebold Rd., 3,367 SF

## MARKET VACANCY AND ABSORPTION, 2014-2023



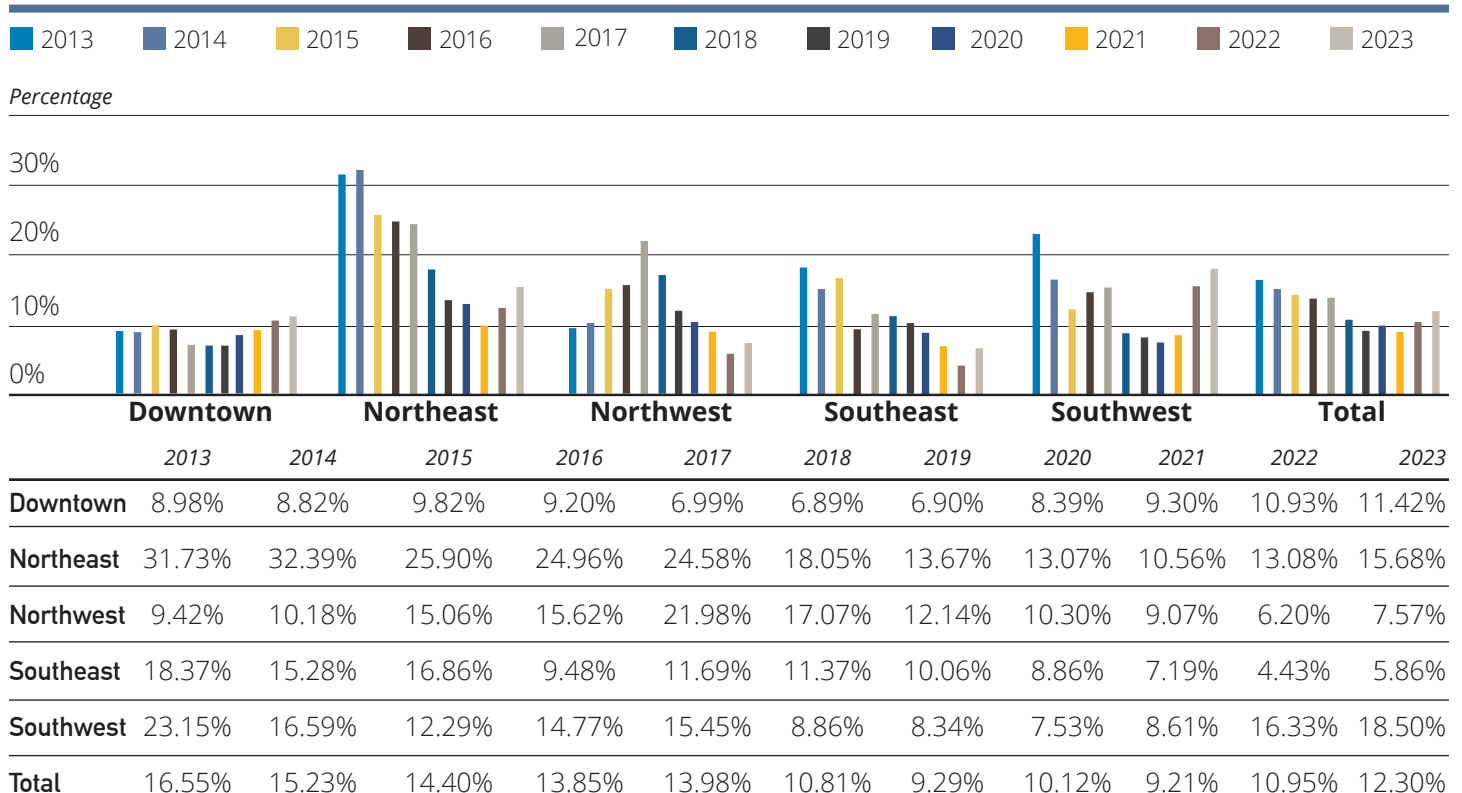
Year	Absorption SF	Vac. Rate Percentage	Year	Absorption SF	Vac. Rate Percentage
2014	172,000	15.20%	2019	320,729	9.29%
2015	70,000	14.40%	2020	65,735	10.12%
2016	78,000	13.85%	2021	246,974	9.21%
2017	23,000	13.98%	2022	629,000	10.95%
2018	335,442	10.81%	2023	-56,491	12.30%

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## 2023 INVENTORY TOTALS

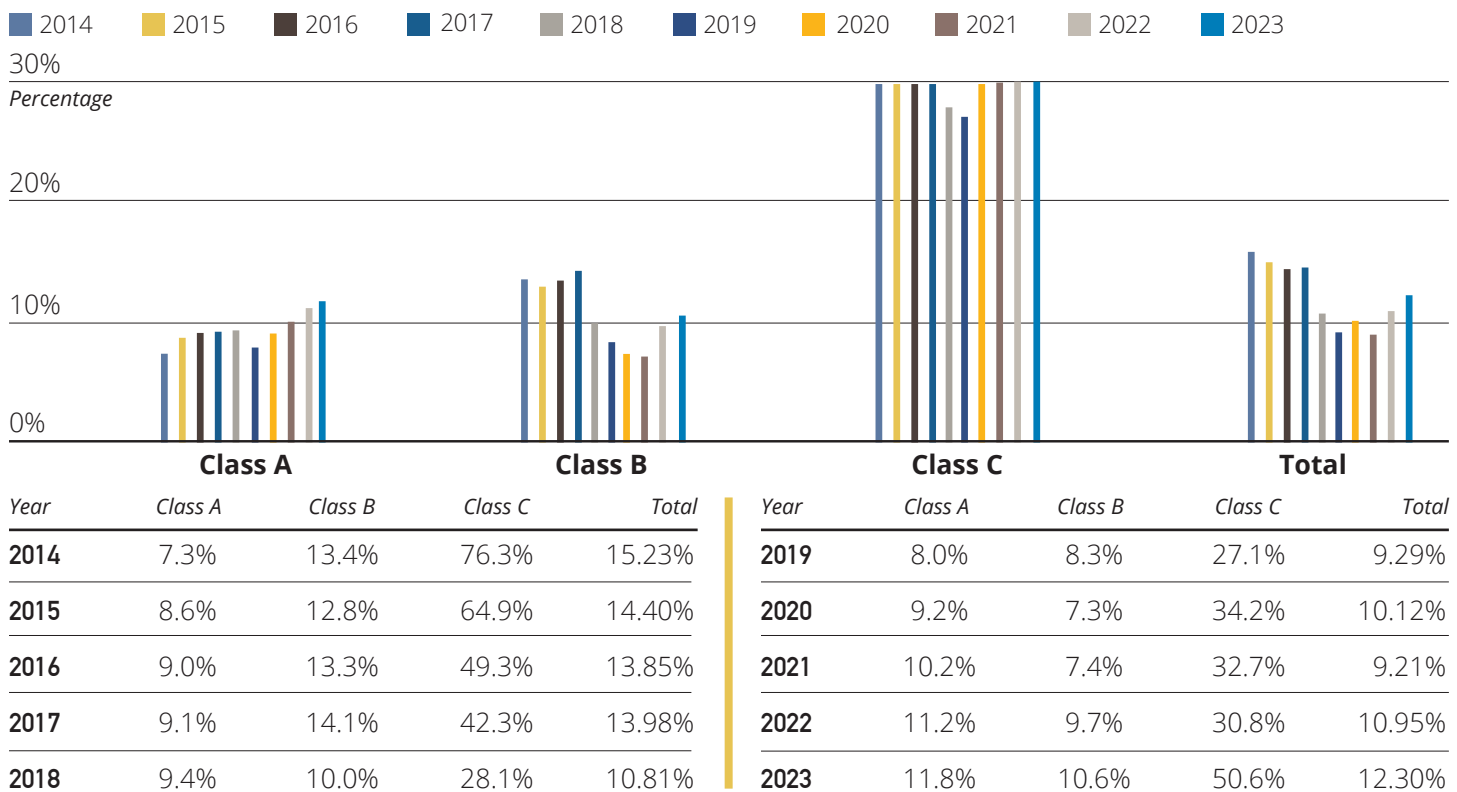
	2023 Office Total Sq. Ft. for Lease	2023 Office Total Sq. Ft. for Sale	2023 Office Total Sq. Ft. for Sale and Lease	2023 Office Total Sq. Footage	Percentage of Total Market	2023 Office Vacancy Rates
<i>By Class</i>						
Class A	642,417	-	642,417	5,445,184	38%	11.80%
Class B	905,900	6,132	912,032	8,580,338	59%	10.63%
Class C	150,938	75,184	226,122	446,820	3%	50.61%
<b>Totals</b>	<b>1,699,255</b>	<b>81,316</b>	<b>1,780,571</b>	<b>14,472,342</b>	<b>100%</b>	<b>12.30%</b>
<i>By Quadrant</i>						
Downtown	683,396	7,677	691,073	6,048,781	42%	11.42%
Northeast	272,752	26,831	299,583	1,910,821	13%	15.68%
Northwest	199,492	-	199,492	2,636,875	18%	7.57%
Southeast	28,687	30,058	58,745	1,002,669	7%	5.86%
Southwest	514,928	16,750	531,678	2,873,196	20%	18.50%
<b>Totals</b>	<b>1,699,255</b>	<b>81,316</b>	<b>1,780,571</b>	<b>14,472,342</b>	<b>100%</b>	<b>12.30%</b>

## OFFICE VACANCY RATES BY QUADRANT



# 2023 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 Swinney Ave.	582,833	206,379	35.41%
US 30 Corporate Office Center	5001 U.S. Hwy. 30 W.	280,526	187,103	66.70%
Mag Way Corporate Center	1700 Magnavox Way	347,486	106,546	30.66%
Abridge Pointe	1300 S. Clinton St.	202,952	101,822	50.17%
I&M Power Center	111 E. Wayne St.	270,000	54,695	20.26%
PNC	110 W. Berry St.	234,211	39,864	17.02%
Executive Center at the Woods	3500 E. Coliseum Blvd.	60,422	36,959	61.17%
Lincoln Tower	116 E. Berry St.	130,157	32,882	25.26%
Executive Center at the Woods	3400 E. Coliseum Blvd.	60,422	32,397	53.62%
Aptera	113 W. Berry St.	31,500	31,500	100.00%
S. Anthony Medical Building	5717 S. Anthony Blvd.	30,058	30,058	100.00%



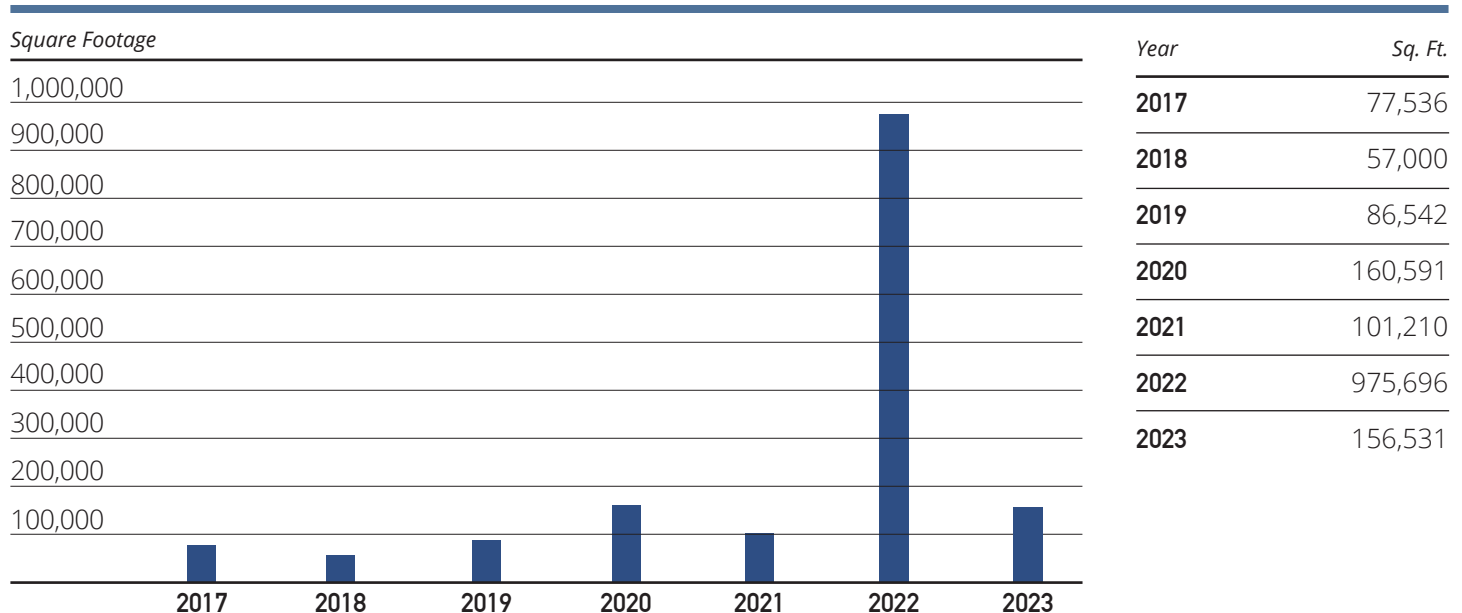
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## NEW CONSTRUCTION, OCTOBER 2022 – SEPTEMBER 2023

<i>Buyer/Tenant</i>	<i>Location</i>	<i>Sq. Ft.</i>
Trine University	12817 Parkview Plaza Dr.	120,000
Timberlake Park	9307 Illinois Rd.	11,800
Wallen Hills Office Park	9031 Coldwater Rd.	7,900
Summit Dental Group	12068 Lima Crossing Dr.	5,900
Specialty Tutoring	10002 Dawson's Creek Blvd.	4,062
WellNow Urgent Care	7789 Southtown Crossing	3,502
Parkwood Office Plaza	11020 Diebold Rd.	3,367



## NEW CONSTRUCTION



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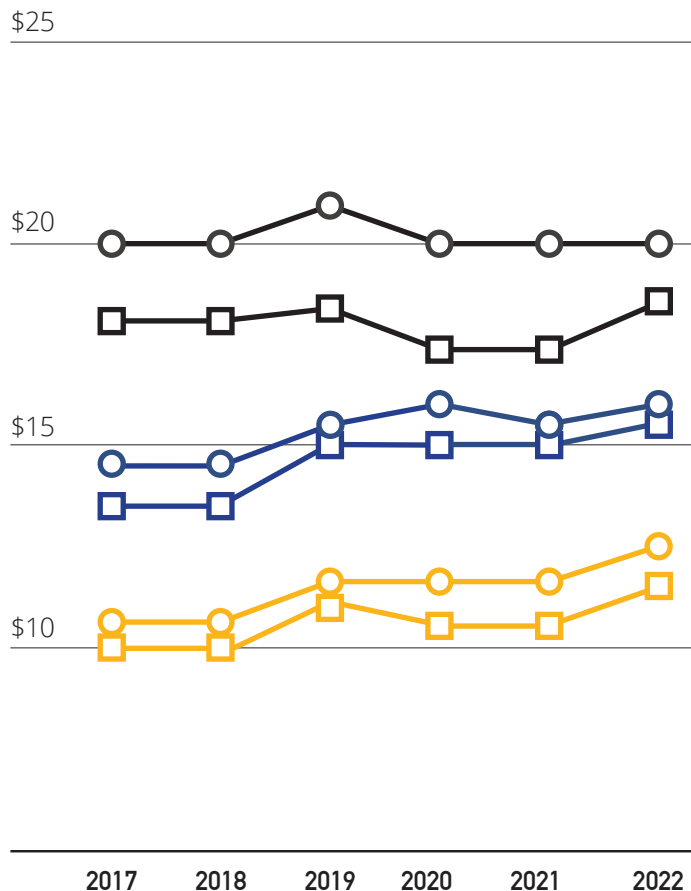
## AVERAGE FULL SERVICE LEASE RATES AND OPERATING COSTS

	Downtown	Suburban	Operating Costs
<b>Class A</b>	\$17.00 - \$21.00	\$17.50 - \$19.50	\$7.50 - \$10.00
<b>Class B</b>	\$14.50 - \$17.00	\$13.50 - \$17.00	\$6.50 - \$9.00
<b>Class C</b>	\$11.00 - \$14.00	\$10.00 - \$13.00	\$6.00 - \$8.00
<b>Class A New Const./BTS</b>	\$27.00 - \$33.00 Full Service    \$60.00 psf TI allowance    Operating Costs of \$9.00 - \$11.00		

The Class A lease rates assume a seven to ten year term, tenant with above-average quality credit, and a tenant improvement allowance of \$40.00 per sq. ft. or \$60.00 per sq. ft. for 2nd generation space, 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



STAR Financial Bank, Main Street, Fort Wayne

Photo courtesy of Greater Fort Wayne Inc.



# 2023 FORT WAYNE, INDIANA OFFICE MARKET REPORT



## NOTABLE ACTIVITY, OCTOBER 2022 – SEPTEMBER 2023

Buyer/Tenant	Activity	Location	Quadrant	Sq. Ft.
Spec Building	Proposed	1919 W. Cook Rd.	NW	200,000
Trine University	Under Construction	12817 Parkview Plaza Dr.	NE	120,000
Otis R. Bowen Center	Sale	201 E. Rudisill Blvd.	SE	141,867
Regal Rexnord	Renewal	1946 W. Cook Rd.	DT	82,821
Water Stone	Investment Sale	9602 Coldwater Rd.	NE	50,286
CRST	Lease	7310 Innovation Blvd.	NW	47,000
Tippmann Realty Partners	Proposed	8923 N. Clinton St.	NE	38,400
L3 Harris	Expansion	1919 W. Cook Rd.	NW	37,500
Area III Properties	Sale	8101 W. Jefferson Blvd.	SW	26,623
Zakwan Family, Inc.	Investment Sale	2420 N. Coliseum Blvd.	NE	20,883
7617 Group, LLC	Sale	7617 W. Jefferson Blvd.	SW	12,388
Timberlake Park	Constructed	9307 Illinois Rd.	SW	11,108
DOXA Insurance Holdings LLC	Sublease	111 E. Wayne St.	DT	11,107
Bradford-Scott Data Corp.	Sublease	110 E. Wayne St.	DT	11,000
IDEMIA	Sublease	110 E. Wayne St.	DT	11,000
D.R. Horton Builders	Sale	8181 W. Jefferson Blvd.	SW	10,722

# 2023 FORT WAYNE, INDIANA OFFICE MARKET REPORT

## NOTABLE ACTIVITY, OCTOBER 2021 – SEPTEMBER 2022

<i>Buyer/Tenant</i>	<i>Activity</i>	<i>Location</i>	<i>Quadrant</i>	<i>Sq. Ft.</i>
Partners In Property	Sale	1330 Medical Park Dr.	NE	9,934
Parkview Health System	Sublease	Ash Skyline Plaza	DT	8,000
Priority Life Care	Lease	1102 Chestnut Hills Pkwy.	SW	7,257
United Way of Allen County	Lease	347 W Berry St.	DT	6,620
Cook Behavioral Health Clinic	Lease	347 W. Berry St.	DT	6,620
Cardan Properties	Sale	1625 Magnavox Way	SW	6,360
Grateful Care ABA	Lease	1002 Woodland Plaza Run	NE	6,245
Davinci Dental Spa	Sale	7205 Engle Rd.	SW	6,134
Stoney Creek Condos	Sale	201-217 E. Washington Ctr. Rd.	NE	5,510
Bulldog Property	Sale	6601 Mutual Dr.	NE	5,798
Golden Steps ABA Autism	Lease	7561 W. Jefferson Blvd.	SW	5,635
Spherion Staffing	Lease	201 W. Wayne St.	DT	5,050
Corsica Technologies	Lease	9921 Dupont Circle Dr. W.	NE	4,835
Summit Dental Group	Under Construction	12068 Lima Crossing Dr.	NE	4,200
Community State Bank	Proposed	11255 Twin Creeks Dr.	NE	3,200
Parkview Health System	Sale	NEC Lima Rd. and Gump Rd.	NE	31.7 Acres





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## 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

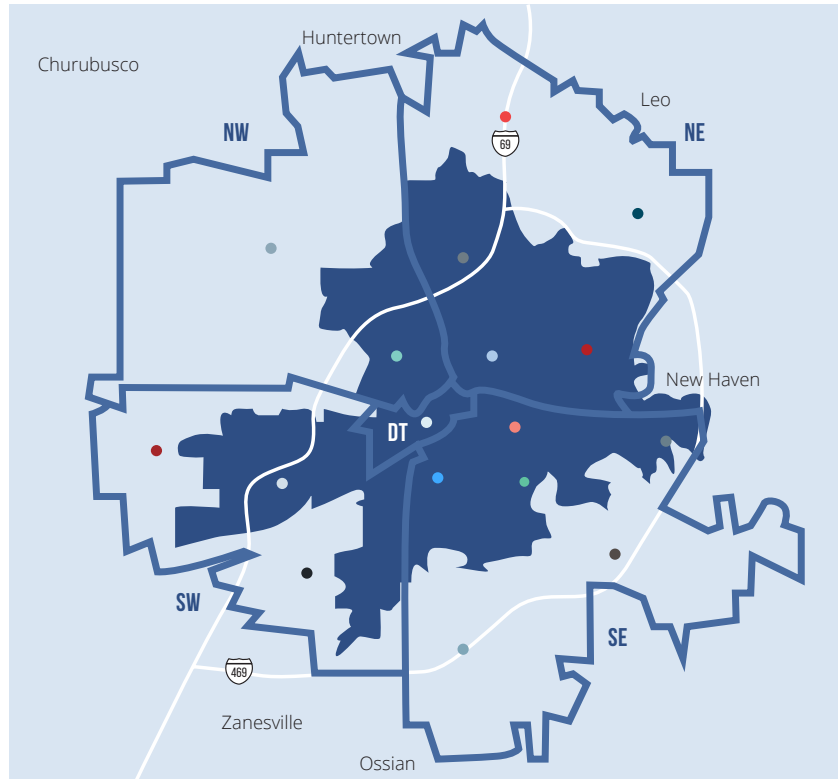
● 46774, ● 46803, ● 46806, ● 46807, ● 46816, ● 46819

### 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 2023. It does not include announced office expansions, contractions or construction anticipated after January 1, 2024. 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:** A combination of new construction and existing buildings. Reports prior to 2022 only encompassed existing buildings.

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