



FEATURED LISTING:
9152 KENT AVE., INDIANAPOLIS, IN

- 517-18,089 SF available for lease
- Located within the Fort Benjamin Harrison Historic District.
- FOR LEASE: \$17.50 PSF GROSS
- Contact: Steven Heatherly | 317.352.6650

INDIANAPOLIS OFFICE REPORT

MARKET UPDATE

According to Real Capital Analytics Q3 2018 U.S. Capital Trends Office Report, single asset sales in the CBD office market were up 52% YOY in Q3'18, the first time in six quarters where single asset deal volume trended positive.

In Q3 2018, the majority of office activity in the Indianapolis area was focused on the downtown market, which was highlighted by several high-profile transactions. The former Stock Yards Bank Building was purchased by hotel owner and operator Everwood Hospitality Partners, St-Louis-based Integris Ventures and New-York-based Starlight Equity Partners purchased 50 South Meridian for \$3.1 million, and Indianapolis-based "venture studio" High Alpha Studio LLC announced it will move its office from the 14th floor of Circle Tower on Monument Circle to the new Bottleworks District on Mass Ave in the summer of 2020.

The former Stock Yards Bank office building is set to become a new Aloft hotel. Everwood Hospitality Partners purchased the building for \$5 million and is planning to invest an additional \$15 million to transform the 54,923-square-foot office building into a 128-room hotel. As the purchase was two years in the making, tenants had already relocated out of the building, leaving the building vacant upon purchase.

Amenity offerings continue to play an important role in attracting companies to certain buildings within the market. Earlier this year, the new owners of Parkwood Crossing opened a \$6 million, 14,000-square-foot amenity-center that features a tenant lounge, gourmet café, fitness center, and other amenities. The same owners purchased the Precedent Office Park in late 2017, and recently announced the park is getting a new name "Lakefront at Keystone," as well as a \$6 million investment that includes at least four new tenant-amenity developments. These types of investments aren't just focused on the suburban office parks. 50 South Meridian was acquired in August by out-of-state investors, who plan to implement value-add renovations that will consist of remediating deferred maintenance, renovating common areas, and creating a new contemporary brand.

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According to the Indianapolis Business Journal, as of September 2018, approximately 2,800 new hotel rooms are slated to come online in downtown Indianapolis over the next five years.

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Two other significant large-scale projects, Bottleworks and Waterside, are generating momentum. The Bottleworks District gained a significant tenant to anchor one of its new buildings as leading venture studio, High Alpha Studio, announced plans in September that it will relocate its headquarters to the new \$300 million, 12-acre urban mixed-use development underway at the former Coca-Cola Bottling Plant. On the other side of downtown, across the White River, developer Ambrose Property Group announced its total investment in the GM Stamping Plant redevelopment will total \$1.4 billion, which is up from the company's original projection of \$550 million when it agreed to acquire the industrial site in May 2017. Waterside is a 15 to 20-year project that will consist of 1,350 housing units, 620 hotel rooms, 2.8 million square feet of office space, and 100,000 square feet of retail. With Indianapolis amongst the top 20 list for Amazon's new HQ2, the Waterside site is set up to be in the running.



Waterside Rendering, Ambrose Property Group

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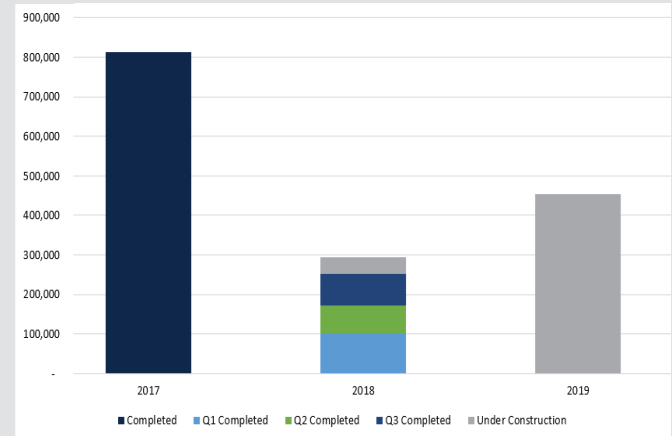
(MARKET UPDATE CONTINUED)

One thing to point out regarding these large-scale developments is the concern over these two sites competing against each other. Although these projects are in various stages of construction, they both are looking to attract high-profile tenants either from the existing area or from out-of-state. These two projects are huge wins for the Indianapolis and Central Indiana region, however, only time will tell if the market has the ability to absorb both projects.

Forecast:

- Expect investors to continue to look at value-add opportunities across the market, especially in downtown Indianapolis, in hopes of capitalizing on the growing and vibrant communities.
- Anticipate increased movement across the market as tenants look to relocate to newer developments with more amenities, as well as tenants moving out of these developments due to increased rental rates.
- Vacancy rates are expected to slightly increase in 2019, especially in downtown Indianapolis where large users are set to vacate their spaces in the coming months.

NEW CONSTRUCTION - INDIANAPOLIS AND SURROUNDING AREA



3RD QUARTER NOTABLE TRANSACTIONS

Property/Address	SF	Tenant	Type
500 & 550 N. Meridian St., Indianapolis	334,500	Naya USA Investment	Investment Sale
One Indiana Square, Indianapolis	95,839	Taft Stettinius & Hollister LLP	Renewal/Expansion
8711 N. River Crossing, Indianapolis	73,000	Duke Realty	Relocation
Former Stock Yards Bank Building / 130 E. Market St., Indianapolis	54,947	Everwood Hospitality Partners	Sale
Meridian Center / 50 S. Meridian St., Indianapolis	50,000	Integrus Ventures & Starlight Equity Partners	Investment Sale
Bottleworks District, Indianapolis	41,470	High Alpha	Relocation

NOTABLE CONSTRUCTION PROJECTS

Property/Address	Office SF	Status	Expected Completion
KAR Auction Services HQ / NEC Illinois & 111th St., Carmel	253,500	Under Construction	Q4 2019
Merchants Bank / Midtown West, Carmel	127,000	Under Construction	Q4 2019
Knowledge Services HQ / USA Parkway, Fishers	80,000	Planned	Q4 2019
MJ Insurance / 571 Monon Blvd., Carmel	80,000	Completed	Q3 2018
Duke Realty HQ / 8711 N. River Crossing, Indianapolis	73,000	Under Construction	Q4 2019
BW Development / Nickel Plate District, Fishers	45,000	Planned	N/A
CEDIA HQ / SEC 106th & Kincaid Ave., Fishers	40,780	Under Construction	Q4 2018
S.C. Bodner / Penwood Professional Park	37,000	Planned	N/A

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YEARS IN BUSINESS

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VALUE OF BROKERAGE TRANSACTIONS IN 2017

BROKERAGE



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