

NORTHEAST MARKET

2ND HALF 2019

MARKET OVERVIEW

Fort Wayne is the second largest city in Indiana with a population of 264,483 and is located in Allen County. The northeast region includes nine counties: LaGrange, Steuben, Noble, DeKalb, Whitley, Huntington, Wells, and Adams. Target industries that drive the economy are diverse - specialty insurance, medical devices and technology, manufacturing, design and creative services, agriculture, and logistics.

Major employers include: Parkview Health Systems, Steel Dynamics, General Motors, Lincoln Financial Group, BF Goodrich, Frontier Communications, Vera Bradley, Sweetwater Sound, Raytheon, and Nestle. Medical companies in Northeast Indiana generate 17 billion in revenue and account for one-third of the worldwide orthopedic market.

HIGHLIGHTS

INVESTMENT AND ECONOMIC DEVELOPMENT CONTINUES UNABATED IN FORT WAYNE. THE CITY HAS COMPLETED A NUMBER OF PROJECTS IN 2019 WITH MORE ON THE WAY IN 2020 AND BEYOND.

Due to the city's economic development incentives and a variety of projects aimed at creating quality of life and employment opportunities, Fort Wayne is growing again. The city and Allen County have been gaining population for the last two years, reversing five straight years of negative net migration. Fort Wayne will continue to attract new residents as it moves forward with ambitious redevelopment plans for several areas of downtown. Some projects were completed this year and new ones have already been announced. The Riverfront Development plan moves into phase II and Electric Works is still moving forward. Fort Wayne and the northeast region will continue positive momentum into 2020.

The \$20 million Promenade Park opened this summer to rave reviews. The riverfront park has been hosting festivals and events all summer long and is just Phase I of the city's three-phase Riverfront Development plan. Indianapolis based developer Barrett & Stokely was selected by the city for Phase II, a \$70 million development east of the park that will include 225 apartments, a 900 space parking garage, and another 60,000 square-feet of office, retail, and flex space. Construction may begin by the end of the year or early 2020 and project completion is expected in the first half of 2021. Barrett & Stokely are also developing another downtown project just two blocks east, The Lofts at Headwaters Park. The \$67.5 million project will bring 232 apartments, 12,000 square-feet of retail space, and a parking garage with 650 spaces to the market. Construction is slated for early 2020 and is expected to take 2 years to complete.

Another project near Promenade Park is nearing completion after 3 years of construction and restoration. Retail tenants will open in April at The Landing, a \$32 million project on Columbia Street. Columbia is the oldest street in Fort Wayne dating back to the early 1800s. The Fort Wayne Downtown Development Trust was formed in 2011 to acquire under utilized properties. They began acquiring buildings on Columbia in 2013. This is their first major project completed so far. The Landing includes 68 apartments and 56,800 square-feet of retail space. Residents started moving in earlier this year, but historic Columbia Street just reopened in October, after being converted to pedestrian traffic only.

Electric Works, the \$440 million redevelopment of the former General Electric campus is still moving forward. The project now has over 250,000 square-feet pre-leased. Cleanup is also nearly complete and RTM Ventures, the developer on the project, hopes to start construction in the first half of 2020. However, efforts to get full financing for the project are still underway. The city has extended RTM's deadline through April. The project has a total of over 700,000 square-feet that will include residential, office, retail, educational, community, and entrepreneurial components.

ALLEN COUNTY

2019 Total Population	378,517
2024 Total Population	391,630
2019-2024 Pop Growth	0.68%
2019 Median Age	36.9
2019 Households	147,309
2024 Households	152,604
2019 Median HH Income	\$54,897
2019 Average HH Income	\$71,885

Source: Esri

NINE COUNTY REGION

2019 Total Population	683,339
2024 Total Population	702,667
2019-2024 Pop Growth	0.56%
2019 Median Age	37.7
2019 Households	259,931
2024 Households	267,587
2019 Median HH Income	\$54,647
2019 Average HH Income	\$70,656

Source: Esri

UNEMPLOYMENT RATE SEPT '19

Allen County	2.7%
9 County Region	2.5%
Indiana	2.8%
United States	3.3%

Source: Hoosiers by the Numbers

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INDUSTRIAL OVERVIEW

MANUFACTURING DEMAND REMAINS STRONG IN THE NORTHEAST REGION, WITH SEVERAL COMPANIES EXPANDING OPERATIONS AND NEW ONES MOVING IN.

The northeast region is still attracting new investments in the industrial sector. Allen County had four spec buildings under construction in 2019, totaling 386,551 square-feet. The largest, 8611 Avionics Drive, will be completed by the end of 2019. The project is a public-private partnership with Great Lakes Capital, The Hagerman Group, and the city of Fort Wayne. The building is 150,000 square-feet, but is expandable to 240,000 square-feet and is located on a 20.36 acre site near the airport. Another 98,000 square-foot spec building recently completed construction in neighboring Whitley County as well. The vacancy rate climbed slightly from 1.3% in Q2 to 3% in Q3 as some of the spec buildings were completed.

A manufacturing accelerator has opened in Fort Wayne to assist entrepreneurs with turning their ideas into reality. The Workbench will provide training and access to tools to help people build prototypes and manufacture their products. They hope to create more opportunities for manufacturing start-ups in the region.

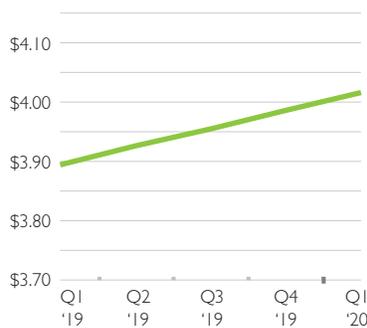
A few companies announced closures or layoffs in the region this year. Penske Logistics closed its facility in Fort Wayne, which employed 80 workers. The company cited the loss of a local contract as reason for the closure. Nestle cut 40 workers at an ice cream plant in Fort Wayne due to a company-wide restructuring of their frozen distribution network that effected multiple facilities.

There were a number of announced expansions and new companies to the region as well, which offset the few closings.

- Guardian Machine Protection, an industrial machinery maintenance company, announced a plan to add up to 170 new jobs, including mechanical engineering technicians. The company was founded in Fort Wayne in 2011.
- Micropulse is investing \$6.8 million in a 15,000 square-foot expansion of their current facility near Columbia City in Whitley County. The medical device company employs 360 and plans to add 25 more jobs in 2020.
- Auto Truck Group, which currently employs 76 workers is building a new facility in Roanoke in Allen County. The company will invest more than \$6 million and create up to 50 jobs by the end of 2022.
- Also expanding in Roanoke, Universal Dedicated, a logistics company, plans to add 130 workers by the end of 2020 with a \$25 million expansion. The company currently employs 225 in Allen County.
- Brightmark Energy is building a \$260 million, 112,000 square-foot facility in Ashley in Stueben County. The company is based in San Francisco and recycles plastics into fuel. The Ashley facility will be the first of its kind to take mixed-waste, single-use plastics and convert them into usable products at commercial scale. (1) The facility will open in late 2020 and plans to employ 136 workers when at full capacity. The company chose Indiana based on local and state support for the project and has been in the works since 2015.

1. https://www.kpcnews.com/heraldrepublican/article_5c91e6e7-540e-51fa-841c-39db1ca8a9bf.html

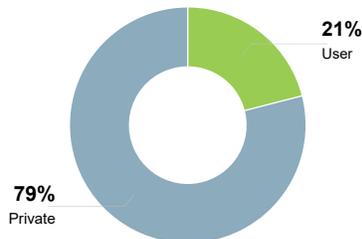
MARKET RENT PER SF*



VACANCY RATE*



SALES BY BUYER TYPE*



*Source: CoStar

FORECAST

- Vacancy is expected to rise slightly through Q4 and into 2020, to around 3.5% as spec buildings complete construction.
- Tariff uncertainty will continue to restrain manufacturing investment in 2020.
- Rents are expected to rise slightly throughout 2020 as available space will remain tight. Current rents are around \$3.95 per square-foot.

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OFFICE OVERVIEW

OFFICE DEMAND FOR THE REGION REMAINS LOW, BUT DOWNTOWN FORT WAYNE CONTINUES TO ATTRACT INVESTMENT AND TENANTS AS IT REDEVELOPS CORE AREAS AND ANNOUNCES NEW PROJECTS.

Fort Wayne had a number of big announcements for downtown this year. The opening of Promenade Park and the excitement it created, along with new project announcements keeps attracting tenants to the CBD. Some are new to the market and some are moving to downtown from current suburban locations. New mixed-use projects will also add some new office space over the next few years. The north side submarket is also attractive to office users, with available land and space to build new facilities.

Some notable announcements this year:

- Ruoff Home Mortgage has announced it plans to build a new \$43 million HQ in downtown Fort Wayne. Ruoff, currently headquartered on the west side of Fort Wayne, will construct a nine-story, 100,000 square-foot, building at the corner of Ewing and Jefferson Boulevard, adjacent to Parkview Field baseball stadium on the southwest side of downtown. The project will include a parking garage as well as some street level retail. The company employs approximately 700 workers in 5 states.
- Earlier in 2019 Shindigz, opened its new corporate HQ in downtown Fort Wayne. The company plans to double its corporate staff in the next 10 years and purchased a 5-story building at Wayne and Harrison Streets. The company currently employs around 50 workers.
- An IT company, TriCore Logic, is investing \$200,000 to expand its office downtown at the Anthony Wayne Building at Berry and Clinton Street. The company was founded in 2010 and plans to add 8 people in the next 4 years.
- A mortgage company, opened a new facility in Fort Wayne on the northeast side near Stellhorn and Maysville Roads. 3Rivers Credit Union built a new \$5 million, 16,500 square-foot mortgage center and branch. The company employs around 50 employees that moved from a previous location off Lima Road.
- Also on the northside, Near North Title Group opened their first location in Fort Wayne at 10020 Auburn Park Drive. The company is headquartered in Chicago.
- Accutemp, a commercial cooking equipment company has announced an expansion to a much needed area of Allen County. The company plans to invest \$4.5 million to expand their current facilities in New Haven. The 38,500 square-foot building will include 16,000 square-feet of office with the additional space for future growth. They currently employ 60 people.

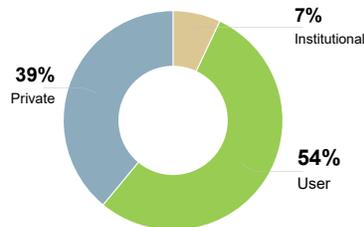
MARKET RENT PER SF*



VACANCY RATE*



SALES BY BUYER TYPE*



*Source: CoStar

FORECAST

- In Allen County, Vacancy for newer office properties will remain low. According to Reis, the vacancy rate for properties built after 2009 is around 1.1%. Vacancies for older properties is around 24%.
- The vacancy rate has remained steady throughout 2019, however a slight increase is expected in 2020.
- The average office rent for the northeast region is around \$15.00 per square-foot. It's expected to rise slightly throughout 2020.

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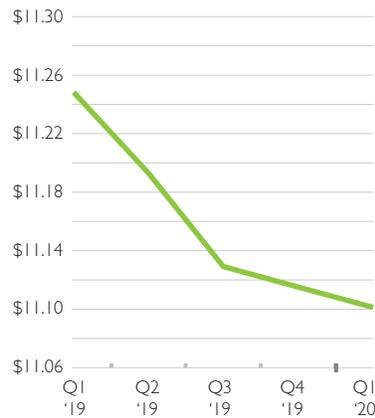
RETAIL OVERVIEW

MORE RETAILERS WILL LIKELY CLOSE BEFORE THE END OF THE YEAR AND MORE ARE EXPECTED INTO 2020, THOUGH FORT WAYNE HAS SEEN SEVERAL NEW RETAILERS ENTER THE MARKET AND NEW PROJECTS ANNOUNCED.

Nationally, retail is struggling as companies grapple with e-commerce, competition, and changing consumer attitudes and spending patterns. The northeast region and Allen County is no exception, with a number of store closings this year. However, many of those were the same stores closing nationwide. Fort Wayne has had a number of new retail / restaurant announcements, with many being first time entrants into the market. Redevelopments, renovations, and new construction are also occurring.

- The owners of Jefferson Pointe, RED Development, are undertaking a renovation of the lifestyle center that opened in 2001. The multi-million-dollar upgrade will include a new main street, lighting and signage upgrades, decor, and landscaping.
- Sears at Glenbrook Square has already been razed and its redevelopment is underway. Seritage Growth Properties, plans to add 212,300 square-feet. Seritage is a spin-off of Sears Holdings and is selling or redeveloping former Sears locations. Shoppes at Glenbrook Square is one of only three properties they own in Indiana. The new development will be connected to the mall. Home Goods and Dave and Buster's have been announced as tenants. Both will open by the end of 2020. Last year a BJ's Brewhouse and Chick Fil-A opened on outlots in front of the former Sears.
- Another project has received a zoning change after antiquated covenants were finally overturned. Peter Franklin Jewelers can now go forward with plans for a new 38,000 square-foot strip center on Jefferson Boulevard, just southwest of Jefferson Pointe. The zoning and covenant change may now open up the area to more development.
- Several restaurants that are new to the market have opened or announced openings in Fort Wayne this year. They include: Portillo's, opening December 5th near Glenbrook Square, Wing*Stop, and CoreLife Eatery, have opened in a strip mall also near Glenbrook, and will be joined by Mission BBQ, Giordano's, is opening on the north side on Diebold Road near Parkview Medical, Jack's Donuts is opening on Jefferson Blvd. later this year, Joella's Hot Chicken is opening soon in a former Bob Evans location at Jefferson Pointe, and Storming Crab opened on Coliseum in another former Bob Evans.
- The vacant Tilted Kilt location at Jefferson Pointe has been retrofitted into a multi-tenant building. The Tilted Kilt had been vacant since 2017. The redevelopment added 8,150 square-feet of space with 3,950 square-feet already leased to Xfinity. Xfinity opened as the first tenant in November.
- Other notable announcements / openings include: Dairy Queen opened on the northside at Dupont Road, Aldi is under construction on an outlot in front of Lowe's on Illinois Road, and Sportsman's Warehouse opened their first Indiana location next to the same Lowe's in July.

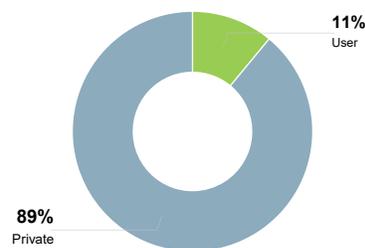
MARKET RENT PER SF*



VACANCY RATE*



SALES BY BUYER TYPE*



*Source: CoStar

FORECAST

- Retail vacancies are expected to rise through the end of the year and level off into early 2020.
- New uses for vacant big boxes, will start to chip away at the vacancy rates.
- Store closings and retail bankruptcies will continue into 2020 as retailers adjust to market and consumer trends.

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8611 AVIONICS DR., FORT WAYNE, IN

- 150,000 SF Industrial spec building (300' deep x 500' long)
- Property is approved for a graduated 10 year tax abatement
- Future ability to expand to 240,000 SF (300' deep x 800' long)



4101-4109 W. JEFFERSON BLVD., FORT WAYNE, IN

- ADA accessible
- Professional office tenants
- Exterior signage available
- Located directly across from Jefferson Pointe & Apple Glen Shopping Center



5129-5215 ILLINOIS RD., FORT WAYNE, IN

- Located in an upscale strip center 1/2 mile west of Jefferson Pointe Mall
- Traffic count: 30,400 VPD
- Join Grueninger Travel, Mattress Firm, Adler J. Salon, Rise 'N Roll, 800 Degree Pizza, & Firehouse Subs

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