



**FEATURED LISTING:**  
**LEIGHTON PLAZA, SOUTH BEND**  
 • 1,319 to 7,000 SF Available  
 • Premium Class A Office Space  
 • Proximal to St. Joseph County Courthouse, City County & Federal Building  
 • Attached, underground parking garage  
 • **FOR LEASE: \$21.50/SF MG**  
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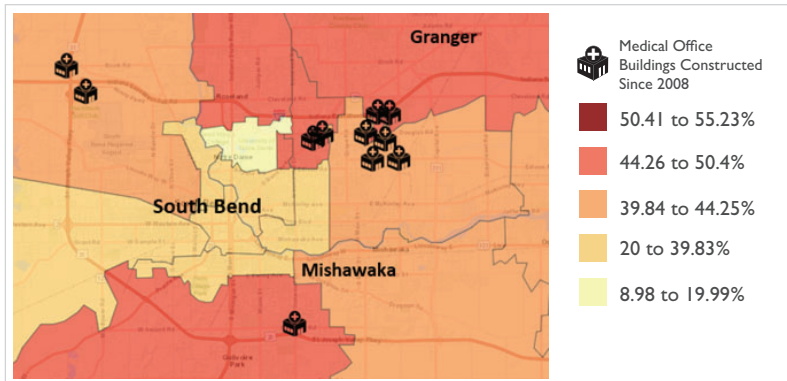
# SOUTH BEND OFFICE REPORT

## MARKET UPDATE

According to an article from the Society of Human Resource Management (SHRM) the aging of the U.S. workforce has been called the “silver tsunami.” Ten thousand Baby Boomers turn 65 every day—a trend that began in 2011 and will continue until 2030. This is expected to largely impact the medical office sector of the commercial real estate industry. As for the rest of the office sector, tenant preferences are evolving due to millennials, which is increasing coworking concepts and technology-driven office locations. The coworking sector is developing as one of the primary growth drivers within the office market. A study done by NAIOP and Deskmag shows that the amount of coworking spaces has grown by 240% in the past 3 years, and users of those spaces has grown by 400%. The South Bend office market is experiencing similar medical office and open workspace trends.

Since 2008, 11 new medical office developments have been constructed in the South Bend market. The map below provides a visual perspective on where these new developments are located. As you can see, these developments are taking place in the area where almost 50%+ population is 45+ years in age. As access to medical care becomes increasingly important, expect additional developments to take place in areas of the aging population demographic.

## POPULATION: PERCENTAGE OF MALE AND FEMALE 45+ BY ZIP CODE



## MARKET INDICATORS

	Q3 '17	Q3 '18	12 Mo. Forecast
Inventory	6.5 M	6.7 M	+
Availability Rate – Overall Market	14.6%	16.0%	=
Availability Rate – Downtown South Bend	15.5%	15.3%	=
Availability Rate – Edison Lakes Corp. Park	11.8%	14.1%	=

In Q3 2018, two significant healthcare projects were announced for the market. South Bend-based developer, Great Lakes Capital, announced plans to construct a new 40-bed hospital dedicated towards patients who are going through a rehabilitation from stroke, brain injury, amputation and a range of medical conditions. The Vibra Rehabilitation Center will be constructed on a 4.5-acre parcel of land on the southeast corner of Main Street and Edison Lakes Parkway in Mishawaka. The other healthcare project announced for the area is Beacon Health System planning a hospital near its new Beacon Health & Fitness facility off Capital Avenue. The new \$25.8 million, 32,800-square-foot facility will focus on outpatient care and is expected to be completed by summer 2019. Anticipate these two projects to attract new medical office developments near their new facilities.

In an effort to adapt to the changing millennial workplace environment, several floors of the Jefferson Centre building in Downtown South Bend recently underwent a gutting process, allowing for future tenants to visualize an open workplace concept. Since changing ownership in 2017, the building has undergone millions of dollars' worth of renovation work in hopes of reinvigorating the 98,000-square-foot office building. Thus far, the investment

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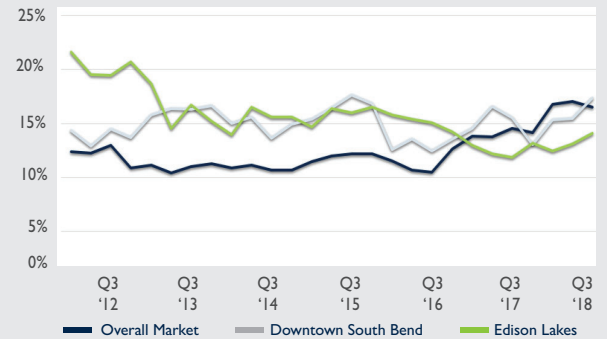
**MARKET UPDATE CONTINUED**

has generated an improved tenant mix, as well as upgraded several tired office spaces to Class A status. Anticipate these improvements to increase the occupancy level in the building in 2019.

**Forecast:**

- Expect the availability rate in Downtown South Bend to remain at its current level due to the low velocity of the large vacancies in the market.
- Smaller office spaces are expected to continue to get absorbed before larger spaces due to the types of tenants looking for space in the market.
- Demand for premium medical office and healthcare developments is expected to remain strong in the market.

**AVAILABILITY RATES**



**NOTABLE TRANSACTIONS**

**LEASES**

PROPERTY/ADDRESS	SF	BUYER/TENANT	TYPE
Two Edison Lakes 4101 Edison Lakes Pky., Mishawaka	10,211	Wells Fargo Advisors, LLC	Renewal
3006 S. Michigan St., South Bend	8,200	Neighbor Care of Indiana, Inc.	Renewal

**SALE**

PROPERTY/ADDRESS	SF	BUYER/TENANT	SALE PRICE
Colfax Place Building 220 W. Colfax Ave., South Bend	28,674	Colfax Place Offices, LLC	\$1,080,000

**PROJECTS UPDATE**

PROJECT	OFFICE SIZE (SF)	STATUS	COMPLETION
Bald Mountain LLC SWC Main & Jefferson, South Bend	38,000	Planned	N/A
SWC Main & Jefferson, South Bend NEC IN-933 & Douglas Rd., South Bend	N/A	Planned	N/A

**BROKERAGE**



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**Methodology**

In addition to primary research efforts, Bradley Company also utilizes third party reports in assembling the data included herein. Total marketplace square footage is estimated from a compilation of available sources and updated on a recurring basis. Availability rates are calculated based on properties which are publicly advertised at the time of data collection.