



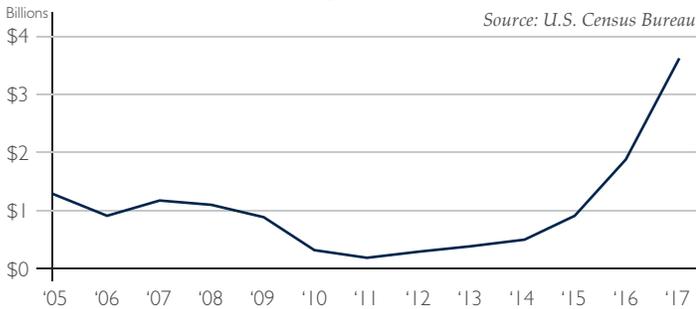
FEATURED LISTING:
213 W. WASHINGTON ST., SOUTH BEND, IN
 • First Floor Retail Suites Available in the newly renovated Liberty Tower building
 • 2 Suites Available – Each 4,000 to 4,500 SF
 • Landlord to provide vanilla box or equivalent allowances
 • FOR LEASE: \$25.00 PSF NNN
 • Contact: John O'Brien | 574.237.6005
 Jena Mae Smoroske | 574.210.9899

SOUTH BEND RETAIL REPORT

MARKET UPDATE

The retail market is currently in a transition phase. According to Fung Global Retail and Technology, more than 7,000 store closings were announced in 2017. Declining sales and customer traffic, as well as the growth in the e-commerce industry has led to the closings of many stores nationwide. With many big-box spaces becoming vacant, it is creating opportunities for unique retail concepts to enter new markets, as well as spaces being repurposed for another use, such as self-storage units. According to IBISWorld, the self-storage industry has seen a 7.7% annual growth since 2012 and is now a \$38 billion industry. The South Bend retail market is experiencing similar trends to the national retail landscape.

Self-storage construction spending by year



Toys-R-Us and Babies-R-Us in the University Park Trade Area (UPTA) in Mishawaka are the latest big-box stores to close its doors, adding to the growing list of vacant big-box space in the UPTA submarket. In total, the UPTA submarket has 5 vacant big-box spaces totaling more than 193,000 square feet, with more to come. The Sear's location at the University Park Mall is expected to be the next space to go, as the store was set to go to auction in May 2018, however the auction dissolved, leaving the store's operations in uncertainty. If/when the store closes, it would bring an additional 212,021 square feet of vacant space to the market.

Vacant Big-Box Stores in the University Park Trade Area

Store	Square Feet
The Crossings Mall	51,427
Toys-R-Us	46,789
HHGregg – Indian Ridge Plaza	42,280
Fun FX – Wilshire Plaza	28,392
Babies-R-Us	24,779

Although these larger vacant retail spaces are going dark and becoming harder to lease to other retailers, they are creating new opportunities for redevelopment projects and unique concepts to enter the market. For example, the former 120,000-square-foot Steve & Barry's store off Hickory Road in Mishawaka was converted into a self-storage facility back in 2016, and Mega Blast, a laser tag and arcade company, occupied roughly 25,000 square feet in a former grocery store off Western Avenue in South Bend. A positive sign for the vacant retail space in the University Park Trade Area is that it's located within the second largest retail trade area in the state, having some of the highest traffic counts in the state, drawing people in from various parts of Indiana and Michigan.



112 W. JEFFERSON BLVD., SOUTH BEND, IN 46601 | 574.237.6000

MARKET UPDATE CONTINUED

The growth in multi-family and single-family housing developments is helping the retail market in Downtown South Bend. The cocktail bar, Spirited, moved into 2,600 square feet in the Jefferson Centre building, Woochi Japanese Fusion and Bar is in the process of moving into a larger 13,000-square-foot space at 119 N. Michigan Street, and only 4,300 square feet remain available for lease at the Hibberd Building redevelopment. Nearly 50% of the ground floor space at the Hibberd Building redevelopment is already pre-leased, with the building expected to be completed in Q3 2018. Although no retail tenants have been announcement for the Ivy at Berlin development at the South Bend Cubs stadium, we expect the 10,000 square feet of retail space to attract national and local retailers, mostly due to its location and atmosphere of the growing ballpark.

	Q2 '18	Q2 '17	12 Mo. Forecast
Inventory	16.6 million	16.5 million	+
Availability Rate	7.34%	5.70%	=

Forecast:

- With new product coming online, whether by new development or vacant big-box space, we anticipate it to take several quarters for these spaces to become absorbed.
- Due to availability, we expect retail activity in the coming months to be focused on the absorption of smaller Class B spaces throughout the market.

NOTABLE TRANSACTIONS

LEASES

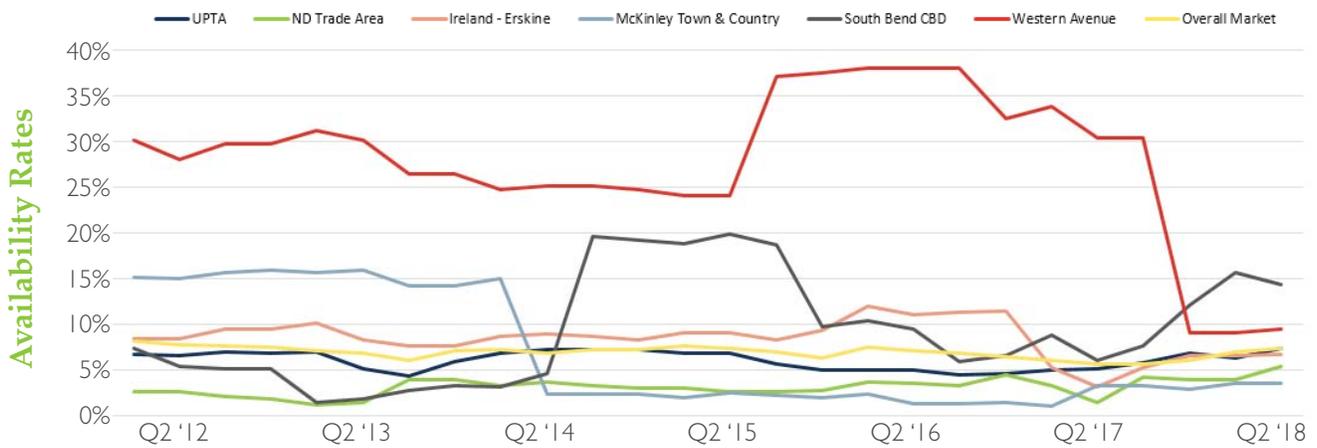
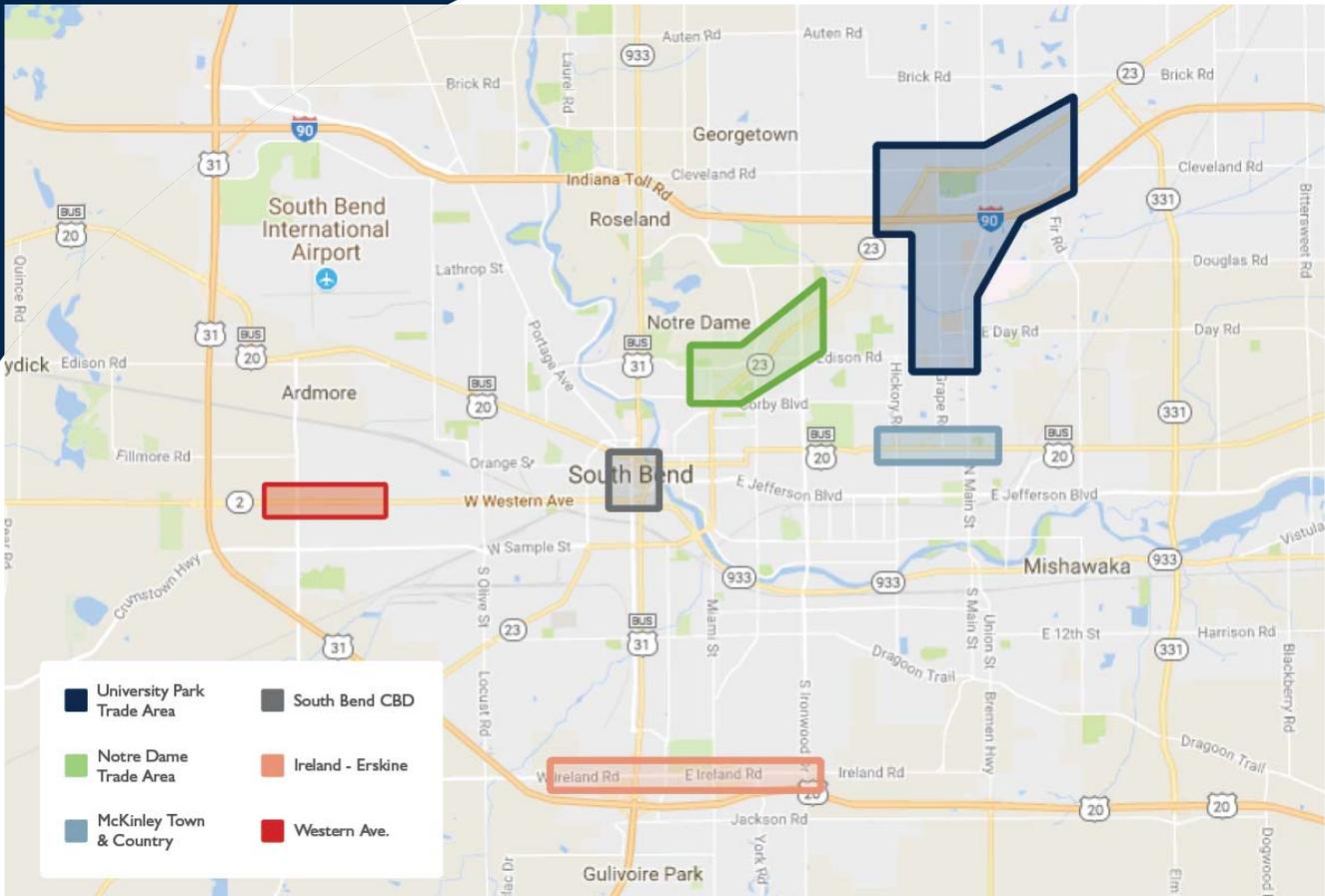
Property/Address	SF	Tenant	Type
The Campus Shoppes; 1801 South Bend Ave., South Bend	2,000	Healthy U	New
Time Square Shopping Center; 309 W. University Dr., Mishawaka	1,500	Girls & Glitter, LLC	New

SALES

Property/Address	SF	Buyer	Sale Price
Martin's Portage; 1302 Elwood Ave., South Bend	78,937	Donaldson Exchange, LLC	\$950,000
McClellan Building; 115-117 Lincolnway West, Mishawaka	11,500	Arkos Design	\$212,500

PROJECTS UPDATE

Project/Address	Retail SF	Status	Completion
Mill at Ironworks Plaza; 120 W. Front St., Mishawaka	16,000	Under Construction	2019
Shoppes on Grape; 5327 Grape Rd., Mishawaka	10,000	Complete	Q2 '18
The Ivy at Berlin Place; 501 W. South St., South Bend	10,000	Under Construction	Q3 '18
Hibberd Building; 321 S. Main St., South Bend	8,713	Under Redevelopment	Q3 '18
United Federal Credit Union; NEC Ireland & Lafayette, South Bend	6,500	Complete	Q2 '18
Ninja Golf; IN 23 & Bittersweet, Granger	3,200	Under Construction	Q3 '18



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.