



FEATURED LISTING:

- 5327 GRAPE RD., MISHAWAKA, IN
- 2,065 - 7,060 SF Available
- Located at the SW corner of Grape Rd. and Douglas Rd. in the heart of the University Park Trade Area
- 1.33 Acres with parking for 54
- FOR LEASE: \$35.00 PSF NNN
- Contact: Jena Mae Smoroske | 574.210.9899

SOUTH BEND RETAIL REPORT

MARKET UPDATE

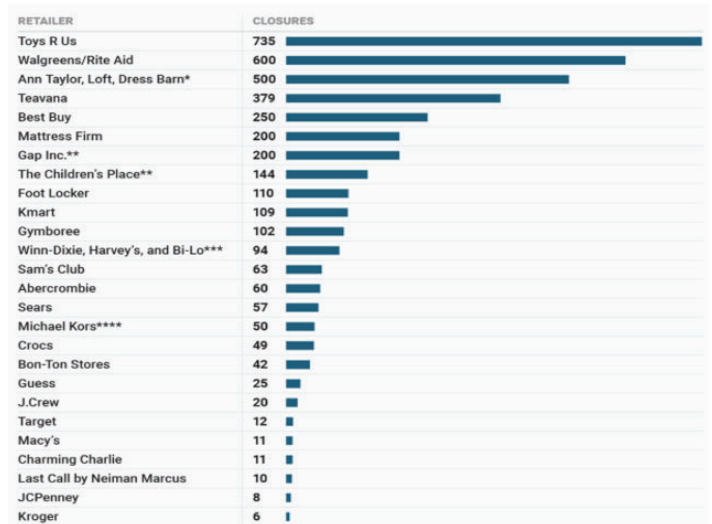
The Thomson Reuters consumer confidence index reached a high point in the last month of Q3 2018. The upward trend in consumer confidence is also reflected in the latest earnings guidance numbers, as retailers have been providing less negative earnings pre-announcements compared to a year ago. As a result, the Thomson Reuters Retail and Restaurant Q3 earnings index is expected to rise 12.1% nationwide. As the consumer confidence increases, we can expect increased spending in the retail sector.

The retail market in South Bend is currently in a transition phase. There's an emergence in retailers focusing on the customer's experience, as well as a rise in unique service retailers occupying vacant spaces, such as personalized boutique shops, fitness centers, dance studios, theme restaurants, etc. Additionally, older, non-traditional spaces are being revitalized into new retail spaces. For example, the former Carnegie Library was turned into a new restaurant, Jesus Latin Grill & Tequila Bar, which opened in July 2018. Additionally, City Wide Liquors is moving from downtown South Bend into the East Bank neighborhood, as it will occupy space in the J.C. Lauber building, which was previously a sheet metal shop.

The construction progress of several new mixed-use developments in different downtown markets is bringing new retail space to the market. Pre-leasing for the 10,000 square feet of retail space has begun on the Ivy at Berlin development near the South Bend Cubs ballpark. Additionally, the retail portion of the Hibberd Building redevelopment was completed in Q3 2018. The space was 35.6% pre-leased at time of completion, and only 6,496 square feet remains available for lease.

As of Q3 2018, nine big-box locations (spaces greater than 20,000 square feet) remain vacant in the South Bend / Mishawaka retail market. In Q3 2018, several vacant big-box spaces saw

Retail Stores Closing in 2018



*Parent company, Ascena Retail Group, which also owns Catherine's, Lane Bryant, and Maurices, said that up to 667 stores could be closed through 2019. About 160 stores have already been closed.
 **Closures to be carried out through 2020.
 ***Parent company is Southeastern Grocers.
 ****Closures to be completed in fiscal year 2018.

Source: Business Insider

Market Indicators

	Q3 '17	Q3 '18	12 Mo. Forecast
Inventory	16.6 million	16.7 million	+
Availability Rate	5.64%	7.37%	=

MARKET UPDATE CONTINUED

positive activity. The former HHGregg store was purchased by an out-of-state investor, and two other big-box spaces are being temporarily occupied by Halloween stores. The former HHGregg location at Indian Ridge Plaza is now home to the retail chain Gabe's. Gabe's offers a wide range of items from clothing to houseware and pet products. According to Real Capital Analytics, the 42,280-square-foot store was sold for \$5,382,000 at an 8.6% cap rate. The positive outlook on the expected growth of spending in the retail sector could lead to additional activity at the remaining big-box spaces available in the market.

Forecast:

- As the retail landscape changes, expect it to take several quarters for the vacant big-box spaces to become absorbed in the market.
- Expect users to absorb the newly constructed retail space in Downtown South Bend in the coming months as these projects inch closer to completion, therefore decreasing the availability rate.
- New retail developments expected for the south side of South Bend as Menards is expected to build a new store at the former Kmart site.

NOTABLE TRANSACTIONS

LEASES

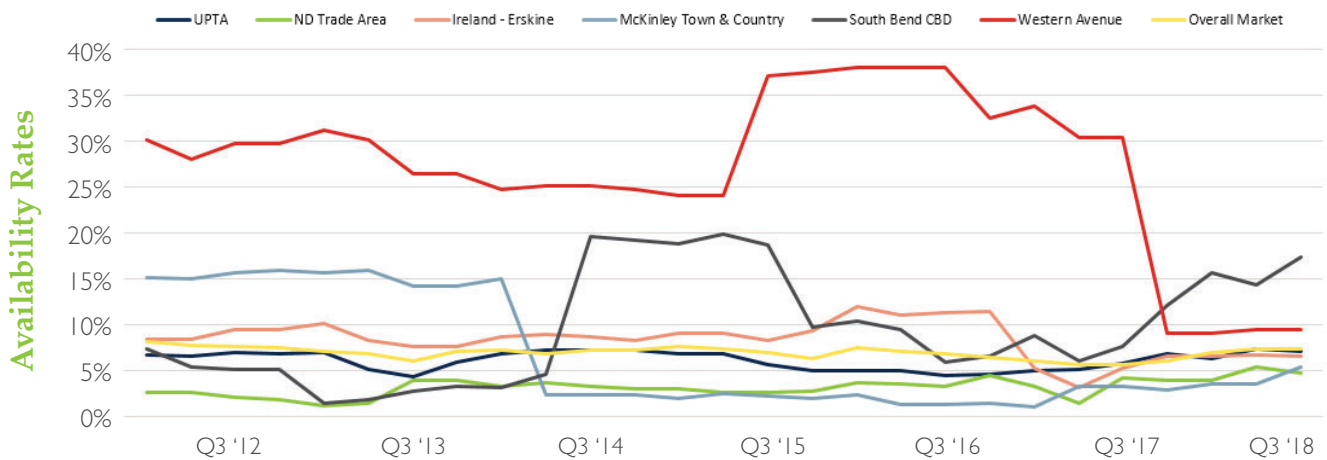
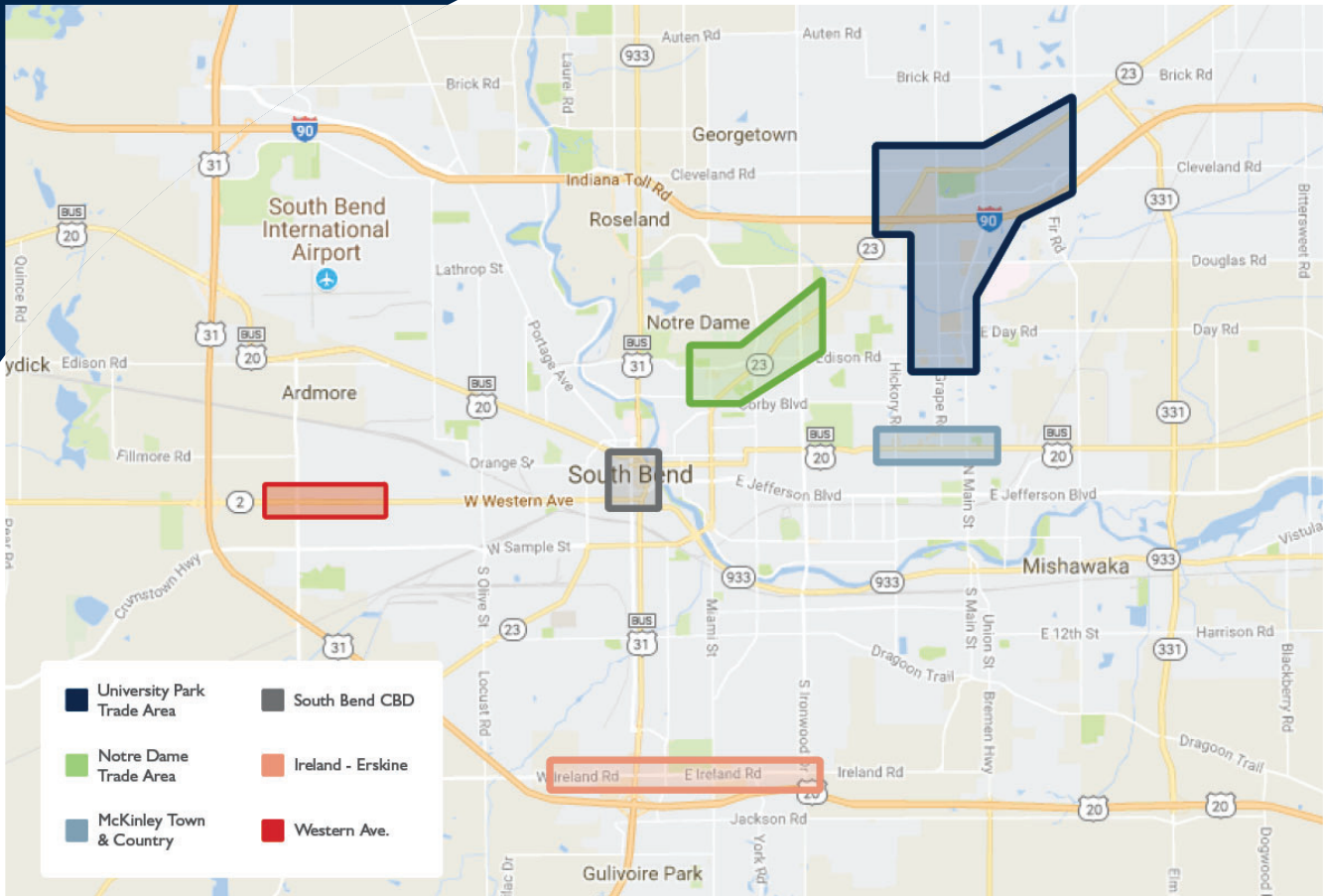
Property/Address	SF	Tenant	Type
Fitstop Granger 13160 SR-23, Granger	17,100	Eastlake Athletic Club	New
4110-4170 Grape Rd., Mishawaka	8,670	CSL Plasma, Inc	New
Heritage Square Shopping Center 7321 Heritage Square Drive, Granger	5,906	AR Couture	New

SALES

Property/Address	SF	Buyer	Sale Price
Former HH Gregg, 5802 Grape Rd., Mishawaka	42,280	Agree Realty Corp.	\$5,400,000

PROJECTS UPDATE

Project/Address	Retail SF	Status	Completion
Mill at Ironworks Plaza, 120 W. Front St., Mishawaka	16,000	Under Construction	Q1 2019
The Ivy at Berlin Place, 501 W. South St., South Bend	10,000	Under Construction	Q4 2018
Hibberd Building, 321 S. Main St., South Bend	8,713	Complete	Q3 2018
Ninja Golf, IN 23 & Bittersweet, Granger	3,200	Complete	Q3 2018



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.