

Market Trends Analysis 2007

John M. Thistlethwaite Interests, LLC



Being Led by Government Developments.....



Fort Wayne, Indiana
Real Estate Marketplace
13th Annual Report

CRE

THE COUNSELORS OF REAL ESTATE

It's like having one foot in hot water and one foot in cold water and saying that "I'm comfortable!"

The Fort Wayne, Indiana real estate market-place in 2007 is showing signs of both hot and cold conditions. Growth in value is anticipated at only 2-3% annually, but at least that's a positive growth. Capitalization rates are averaging about 7-10%.



The health care providers are the ones buying the bricks and mortar; and the rest of the sectors are representing the little bit left-over. The multi-family housing sector will most likely be the leader for investor confidence over the next year or so. The participants in the house foreclosure frenzy are flocking into multi-family housing. But it may not last long.... as President Bush and the FHA are rushing to the rescue!

The most important trend revealed during the past year rests with local government wanting to be the deliverer rather than the supporter. This is occurring at the time when the populace wants to be satisfied in every instance...and the wealthy are worried about terrorism. What a contrast.

Major Employers Fort Wayne, Indiana Area 1997-2006						
	1997	2001	2002	2003	2005	2007
Parkview Health Systems	3,231	2,750	2,994	3,648	4,254	5,039
Lutheran Health Network				2,899	2,889	4,872
Fort Wayne Community Schools	3,858	3,492	3,488	3,445	3,445	4,161
General Motors Truck Group	2,949	3,050	3,050	3,050	2,847	2,981
Allen County Government						1,964
ITT Aerospace/Optical Division	2,053	2,004	1,443	1,432	1,634	1,910
City of Fort Wayne	1,655	1,960	1,633	1,671	1,671	1,905
IU/PU Fort Wayne					1,506	
Scotts Food Stores, Inc.						1,500
Shambaugh & Son, Inc.				1,580	1,580	1,500
GTE/Verizon	2,446	2,417	2,383	2,214	1,459	1,459
Lincoln Financial Group	3,480	2,811	2,813	2108	1,980	1,491
General Electric	1,800	1,250	1,300	1,290	845	N/R
NAVL/Allied Worldwide/Sirva	1,182	1,394	1,570	1,500	N/R	
Dana Corporation Spicer/Axle Division	2,500	2,516	2,326	937	677	N/R

But, the roses are blooming in our city parks and traffic flow is better than almost any other city. The housing surge of the last 10 years has backed off; and real estate taxes are becoming more of a burden than ever before.



So, what's going on? What's going on is this: We are moving so fast with change in the real property ownership, management, use, reuse and expected returns to the owner that we don't know what to buy or build next. So, those with the ability to do so, just "try it" and wait to see if the marketplace responds. Capturing the competitor's revenues are easiest. For the past several years there has been no unsatisfied demand for retail or office space, in fact we have seen an abundance of space added to the marketplace.

Hotel data from the Indiana Hotel & Lodging Association for February, 2007 indicates annualized occupancy of only 32.01%. The Elkhart-Goshen and Evansville areas were the only two markets with lower occupancy. The Average Occupied Room Rate was reported at an amazingly low \$31.13. These averages are being dragged down by several lower-rate motels. But, four new transient accommodations facilities are being built, anyway.

While still an attractive investment, the transient accommodations facilities are quickly absorbing any increase in rooms demand.



Now, local government is adding to the pot with their efforts to change the way we use the downtown area. Renaissance Pointe's purpose is to build housing in the aged neighborhoods. Local government efforts have even turned a darkened regional mall into a Wal-Mart and Menards center.

On the following pages of this Market Trends reporting to you, we illustrate the quantitative aspects of the real estate marketplace in Fort Wayne and Allen County, Indiana.

The Fort Wayne, Indiana marketplace still feels pain in several aspects. The area is still recovering from the shift from manufacturing jobs to service and healthcare occupations. The 1997 manufacturing employment was about 12,000 jobs higher than 2006 and now, that gap has narrowed to about a 5,000 jobs difference in 2007. At about the same time the 2002-2003-2004 rush to own replacement housing by many caught up with them financially, and many are now in foreclosure.

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate house mortgage was 6.66 percent in June; the rate was 6.68 percent in June 2007. My Gosh. It should not be interest rates keeping prospective house buyers from acting; but Indiana is a leading state in home loan foreclosures. Allen County housing inventory (listing amount) remained at about \$375 million until 2007 when it jumped upwards to the current \$465 million.

House selling activity was consistent in May, June and July, 2007. The median house sale was \$146,000 in 2006.

Indiana is bucking the nationwide trend by being among only six states that saw an increase in existing home sales in the Quarter Year ending June, 2007. So, we are still at it; but not as extensive as before, and the multi-family housing occupancy is increasing as a result.



Several changes in the way we do things in the commercial, industrial and residential sectors of the real property marketplace have required that most of us continue to learn new habits. It isn't easy.

For example, "written commitments" are being required to be made to the planning agencies, and seem to slur the definition of zone districts.

A purchaser may intend to use a property zoned CM2 for a CM2 use; but due to a written commitment the property may be restricted only to CM1 uses. Look out for those commitments before purchasing property.

Multi-family demand is most likely the shining star in the next few years. The cost of a single family house purchase, together with costs of upkeep and taxation will cause a shift towards the "someone else do it" attitude.



Now, here's the boring stuff for most readers: Commercial Real Estate Derivatives. The National Council of Real Estate Investment Fiduciaries (NCREIF) has provided a property index since 1982, but it is now joined by newer vehicles licensed for the trading of real estate derivatives in both the over-the-counter (private) and exchange (public) markets.

Commercial real estate has finally found a home on Wall Street. Now institutions can quickly and efficiently manage market risk. Some so state.

COMMERCIAL REAL ESTATE DERIVATIVES
Cash-Settled Swaps, Forwards and Options

We all continue to watch the credit crunch and wonder what's to blame and what will happen next. In the tenant-in-common world, it's the 1031 Exchangers who will feel much of the squeeze. As sellers lose their ability to unload relinquished properties, they cannot get financing to buy--a quagmire for exchangers, explained Mike Franklin, executive vice president of FORT Properties Inc. (not Fort Wayne based).

It's not just the current credit crunch that's to blame. "The 1031 Exchange volume, even prior to the financial market challenge, was down about 40 to 50 percent," he explained.

"There's really a big backlog of CMBS-funded loans that haven't sold. The traders can't price the risk on the property; the lenders say, "oh my, the traders can't sell so I'm not going to lend, because it will contribute to the backlog." Franklin estimates it will be years' end until "everything's back to a healthy situation. You have all that backlog that's got to be sold."

Let's talk about the good stuff: Sweetwater Sound, Inc.'s new \$30 million campus, Petroleum Trader's tripling of their size, expansion of the main facility of the Allen County library to 367,000 sq. ft., the 72 acre corporate campus being built by Vera Bradley Designs, Edy's Ice Cream's \$30 million expansion, SDI expansion and the Bio-Energy plant in Bluffton. 2006 expansion and development in northeast Indiana neared the \$1 billion mark for the first time ever. Industrial closings, however, cost 2,100 jobs and downsizing took another 900 persons.



It's easy to see that one foot is in "progressive hot water" and the other one is in "cold and receding" conditions. So, are we comfortable?

I would say, for the most part, yes. Government dependence is growing at fast levels, but compared to other markets, we are in a good position for continued and steady growth, but not a fast recovery as evidenced by our increased vacancy rates, however.

Our neighbors in Indianapolis and South Bend are graced with aggressive growth, both CBD and Suburban, and at a much faster rate than the northeast Indiana marketplace.

Employment	Feb. 1997	Jan. 2001	June 2005*	June 2006	2007
Fort Wayne MSA (persons)	260,630	263,280	213,820	225,414	
Allen County	167,840	173,940	181,040	179,272	
# Mftg. Employees- Allen County	40,972	39,926	32,268	28,589	35,542
# Mftg. Establishments- Allen County	624	644	697	686	758

Current Unemployed= 5.0%

*Sources: Indiana Department of Labor & Harris Industrial Directory
* New Approach to City-Level Unemployment Estimates by
Indiana Department of Workforce Development*

Population	Jan. 1997	Jan. 2001	Jan. 2003	Jan. 2004	Jan. 2005	Jan. 2006
Fort Wayne CSA (persons)	477,000	483,400	506,700	511,500	562,300	565,000
Allen County	311,902	315,700	335,000	339,000	342,000	344,100
City of Fort Wayne	187,000	212,900	220,486	221,470	220,468	254,062
Allen County Households	118,800	121,500	130,600	132,800	133,400	134,800

Retail Sales (\$billion)						
Fort Wayne MSA	\$4.336	\$4.666	\$6.318	\$6.265	\$6.986	\$7.365
Allen County	\$3.089	\$3.266	\$4.342	\$4.328	\$4.532	\$4.715
City of Fort Wayne	\$2.558	\$3.060	\$3.300	\$3.315	\$3.440	\$3.583

Effective Buying Income (\$billion)						
Fort Wayne MSA	\$7.587	\$8.353	\$9.084	\$9.166	\$9.792	\$10.158
Allen County	\$5.199	\$5.716	\$6.344	\$6.289	\$6.218	\$6.466
City of Fort Wayne	\$2.765	\$3.419	\$3.436	\$3.285	\$3.187	\$3.264

Source: Sales and Marketing Management

Note: Sorry to say, but Sales and Marketing Management has ceased publishing estimates of population, retail sales, EBI in their annual Survey of Buying Power and market analysts sorely miss not having a 2007 survey. Let's hope the Nielsen folks get back to it for 2007-2008.

Our new Regional Public Safety Academy is a 132,000 sq. ft. facility providing police, fire, emergency medical service and homeland security training/education for Midwest professionals and students.



The Brookings Institution’s Metro Economy Series ranks the Fort Wayne Metro Area as the 7th most-dependent on manufacturing jobs in the Great Lakes area---with 17.2% of total jobs in manufacturing employment.

How about health-related activities? The facilities are expanding about as fast as we can find bricks and roofing material. But what else is expanding any faster than hospitals, nursing homes, care and housing for the elderly? Nothing I can identify. So, what effect does this have on local real estate trends? Plenty. Over the next five years, Parkview North Hospital plans 1.2 million sq. ft. of health care/ hospital space, starting with the \$20 million expansion to 75,000 sq. ft. of obstetrics, labor delivery and neonatal intensive-care areas.



Development Land Prices-Fort Wayne Area

	Low	High
In Office Park	\$ 108,000 per acre	\$240,000 per acre
In Industrial Park	\$ 55,000	\$ 76,000
Office/Industrial-Non Park	\$100,000	\$200,000
Residential	\$ 6,000	\$ 30,000
Retail	\$100,000	\$800,000

**Office Rental Rates
Fort Wayne Area 1996-2007**

		<u>Downtown Office Space</u>			<u>Suburban Office Space</u>		
		New	Class A	Class B	New	Class A	Class B
1996	Low	\$18.00	14.00	10.00	No est	12.00	10.00
	High	\$18.00	18.00	14.00	No est	15.00	12.00
	Eff. avg.	\$17.50	16.00	12.00	No est	13.00	11.00
1997	Low	No est.	14.00	10.00	No est	12.00	10.00
	High	No est.	18.00	14.00	No est	15.00	12.00
	Eff. avg.	No est.	16.00	12.00	No est	13.50	11.00
1998	Low	No est.	16.00	10.00	No est.	13.00	10.50
	High	No est.	20.00	13.50	No est.	16.50	13.75
	Eff. avg.	No est.	17.00	12.50	No est.	14.50	12.00
2000	Low	No est.	15.50	10.50	No est.	11.50	10.00
	High	No est.	20.00	15.00	No est.	17.50	13.50
	Eff. avg.	No est.	17.50	12.50	No est.	13.50	12.00
2001	Low	No est.	14.50	11.00	No est.	15.50	11.50
	High	No est.	18.50	13.75	No est.	18.25	14.00
2002	Low	No est.	13.50	9.50	15.00	15.00	11.50
	High	No est.	16.50	13.50	17.00	18.00	13.50
2003	Low	No est.	14.00	10.00	15.00	15.00	12.00
	High	No est.	17.00	14.00	17.00	18.00	14.00
	Eff. avg.	No est.	No est.	12.00	17.00	16.00	12.00
2004	Low	No est.	15.00	12.00	No. Est.	14.50	10.00
	High	No est.	18.50	13.50	No. Est.	17.95	13.00
	Eff. avg.	No est.	15.00	12.00	No. Est.	16.00	12.00
2005	Low	No est.	12.00	11.00	No. Est.	14.50	12.00
	High	No est.	18.00	12.50	No. Est.	18.00	16.00
	Eff. avg.	No est.	12.50	11.50	No. Est.	14.00	12.10
2006	Low	No est.	12.00	11.00	No. Est.	14.00	11.00
	High	No est.	16.00	12.50	No. Est.	17.00	14.00
	Eff. avg.	No est.	12.50	11.50	No. Est.	14.00	12.10

Source: NAI Global/NAI Harding Dahm & Company

Estimates of per square foot charge per year on gross basis.

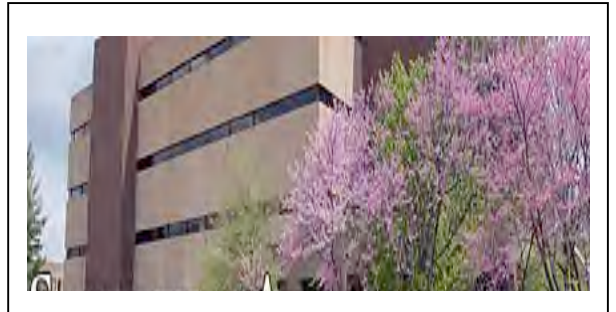
Two of the top three largest area employers include Parkview Health Systems and Lutheran Health Network, an Fort Wayne Community Schools.

The City of Fort Wayne has engaged private sector builders in Renaissance Pointe, a near downtown neighborhood revival project comprising a 36 block area bounded by Hanna Street, Creighton Avenue, South Anthony Boulevard and Pontiac Street. Additionally, 100 existing homes are planned for renovation. Total investment of \$70 million.



Now, this is the type of “push” that fits into my description of proper government incentives. Give ‘em some help where help normally won’t go. Let’s hope the 400 houses are affordable and accepted.

IPFW has begun a \$100 million building program starting with a \$28 million music facility with a 1,600 seat auditorium, \$12 million medical education building and a \$40 million student services complex. A co-operation agreement with IPFW, Ivy Tech and the now under-construction Holiday Inn Hotel has allowed this commercial development to be placed on leased government land. A good example of innovation, but it took 10 years to accomplish.



With a healthy national economy the commercial sectors grow locally. And while remaining relatively strong, our national economy is facing greater challenges with volatile energy prices, slowing housing market, consumer spending shifts, geopolitical risks, natural disaster recovery costs, inflation and increasing interest rates.

Some believe higher interest rates will lead to something tagged “negative leverage”—that is where the capitalization rate is lower than the loan constant.

**Office Vacancy Rate Estimates
Fort Wayne Area**

	<u>Downtown</u>			<u>Suburban</u>		
	<u>New</u>	<u>Class A</u>	<u>Class B</u>	<u>New</u>	<u>Class A</u>	<u>Class B</u>
1992	15%	5%	12%	25%	15%	15%
1993	15%	5%	15%	25%	15%	15%
1994	No est.	28%	16%	No est.	51%	19%
1995	0%	8%	18%	No est.	12%	13%
1996	0%	5%	25%	No est.	8.6%	12%
1997	No est.	5%	11%	No est.	8.0%	12%
1998	No est.	3%	24%	No est.	4.0%	10%
1999	No est.	7%	15%	No est.	5.0%	8%
2000	No est.	17%	20%	No est.	12%	12%
2001	No est.	6.5%	14.3%	No est.	2.2%	13.5%
2002	No est.	12.0%	18.0%	55.00%	10.0%	15.0%
2003	No est.	12.00%	18.00%	55.00%	10.0%	15.0%
2004	No est.	18.0%	22.0%	No est.	18.0%	22.0%
2005	No est.	20.0%	25.0%	No est.	15.0%	12.0%
2006	No est.	30.0%	25.0%	No est.	20.0%	18.0%

Source: NAI Global/NAI Harding Dahm & Company

**Vacancy Rate Estimates
Retail Space Vacancy Estimates
Fort Wayne Area**

	<u>North Quadrant</u>						<u>South Quadrant</u>					
	1998	2002	2003	2004	2005	2006	1998	2002	2003	2004	2005	2006
A Space	10%	15%	15%	15%	15%	15%	20%	35%	30%	30%	25%	25%
B Space	10%	15%	20%	20%	20%	25%	10%	35%	30%	30%	30%	30%

	<u>East Quadrant</u>						<u>West Quadrant</u>					
	1998*	2002	2003	2004	2005	2006	1998*	2002*	2003	2004	2005	2006
A Space	5%	15%	10%	15%	10%	15%	15%	10%	5%	10%	10%	10%
B Space	10%	20%	20%	25%	20%	25%	20%	15%	10%	15%	15%	15%

Sources: Estimates shown by John M. Thistlethwaite Interests, LLC.
Interwest Consulting Group, Inc. 2003 Inventory of Major Retailers used by John M. Thistlethwaite Interests, LLC in 2003-6 estimates.

**Vacancy Rate Estimates
Retail Space-Entire Market Area
Fort Wayne Area**

	1997	1998	2001	2003	2004	2005	2006	2007
A Space	10%	12%	15%	8%+	8%	4-8%	10%	15%
B Space	20%	20%	25%	8%+	10%	4-8%	20%	25%

Source: Estimates shown by John M. Thistlethwaite Interests, LLC.
and Interwest Consulting Group, Inc.

+ Not reflective of sub-lease market supply use

**Retail Space Rental Rates
Fort Wayne Area 2007**

<u>Estimated Vacancy</u>						<u>Low</u>	<u>2006 High</u>	<u>Eff Avg.</u>	
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>				
11%	8%	8%	8%	6.0%	8%	Neighborhood Service Center	\$6.00	\$22.00	\$16.00
2.7%	3.5%	3.5%	5%	5.0%	8%	Regional Malls	\$28.00	\$48.00	\$38.00
7%	5.5%	35.5%	4%	3.0%	7%	Community Power Center	\$5.00	\$15.00	\$9.00

Source: NAI Harding Dahm & Company 2006 Real Estate Planning Guide



**Industrial Rental Rates
Fort Wayne Area
1998-2006**

		<u>Bulk Warehouse</u>	<u>Manufacturing</u>	<u>Hi-Tech/R & D</u>
1998	Low	\$1.75	\$2.25	\$4.00
	High	\$3.75	\$4.25	\$6.00
	Eff.Avg.	\$3.00	\$3.50	\$4.75
2000	Low	\$1.50	\$2.25	\$6.00
	High	\$3.90	\$4.50	\$8.00
	Eff.Avg.	\$2.75	\$3.85	\$7.00
2004	Low	\$2.25	\$1.20	\$3.00
	High	\$6.00	\$5.50	\$6.80
	Eff.Avg.	\$4.25	\$6.80	\$5.00
2005	Low	n/a	\$2.20	n/a
	High	n/a	\$5.50	n/a
	Eff.Avg.	n/a	\$3.50	n/a
2006	Low	n/a	\$2.20	n/a
	High	n/a	\$5.50	n/a
	Eff.Avg.	n/a	\$3.50	n/a

**Northeast Indiana
Industrial Development and Retention Trends
by Number of New Developments, Existing Employers
Expanding, Cost of Development and Number of Jobs
1993-2006**

<u>Year</u>	<u># Projects</u>	<u>New/Expansions</u>	<u>\$ Invested</u>	<u>#New Jobs</u>
1993	91	24/67	\$180,000,000	3,000 persons
1994	109	24/85	\$914,000,000	4,600
1995	126	30/96	\$624,000,000	3,460
1996	119	18/101	\$559,000,000	2,574
1997	111	22/89	\$365,000,000	3,523
1998	113	19/94	\$504,000,000	2,589
1999	133	33/100	\$423,000,000	3,509
2000	163	43/120	\$298,000,000	2,343
2001	112	24/88	\$181,000,000	1,851
2002	145	25/120	\$294,000,000	2,014
2003	106	34/72	\$272,505,721	1,962
2004	151	44/107	\$323,988,377	3,428
2005	162	38/124	\$700,969,873	4,691
2006	159	39/120	\$1,013,072,049	3,855

Source: Northeast Indiana Development

**Industrial Space Inventory
and Vacancy Estimates
2006 and 2007**

	<u>2006</u>	<u>2007</u>
Estimate of total industrial space	37,022,581 sq. ft.	37,881,618 sq. ft.
Estimate of Vacant Space	3,960,968 sq. ft.	3,158,864
Vacancy Rate	10.7%	8.34%

Source: The Zacher Company



**Industrial Vacancy Rate Estimates
Fort Wayne Area 1992-2007**

	<u>Bulk Warehouse</u>	<u>Manufacturing</u>	<u>R&D</u>
1992	17%	9%	10%
1993	No est.	No est.	No est.
1994	No est.	No est.	No est.
1995	10%	6%	10%
1996	10%	5%	5%
1997	4%	4%	10%
1998	10%	10%	10%
2000	15%	8.0%	No est.
2001	22%	16.0%	No est.
2002	10%	8%	No est.
2004	10.7%	Re: SIOR estimate for entire market	
2004	8%	8%	6% Re: NAI
2005	n/a	5%	n/a Re: NAI
2006 (June)		10.7%	Re: Zacher Co.
2007 (June)		8.34%	Re: Zacher Co.

**Multifamily Residential Occupancy Estimates
Allocated by Units and Occupancy Percentage-
Conventional Market
Fort Wayne Market Area**

	<u>ALL UNITS</u>		<u>CONVENTIONAL</u>		<u>SUBSIDIZED UNITS</u>	
	<u>Total Units</u>	<u>%Occupancy Reported</u>	<u>Total Units</u>	<u>%Occupancy Reported</u>	<u>Total Units</u>	<u>% Occupancy Reported</u>
March 1991	9,160	90.53%				
February 1992	5,765	83.9%				
July 1993	14,013	93.13%				
February 1994	15,693	94.65%				
July 1995	15,416	94.10%				
July 1996	15,254	93.80%				
July 1997	16,343	94.25%				
Sept 1998	20,038	97.70%				
December 1999	17,077			88.73%		94.98%
December 2000	18,776	89.31%	15,484	88.03%	3,292	95.41%
March 2003	16,899	89.44%	14,175	88.04%	2,724	96.81%
June 2004	16,971	88.78%	14,513	87.98%	2,458	93.57%
March 2005	18,338	87.47%	15,591	86.43%	2,747	93.45%
March 2007	18,183	91.76%	15,194	91.41%	2,989	95.16%

Source: Apartment Association of Fort Wayne and Northeastern Indiana



**House Sales Activity
as Reported by Multiple Listing Service
of Fort Wayne, Inc. 1995-2007**

	#Properties		Year End
	<u>Sold</u>	<u>Volume</u>	<u>Inventory</u>
1995	4,642	\$425,523,389	\$201,036,882
1996	4,912	\$474,700,406	\$201,874,779
1997	5,556	\$554,880,670	\$306,134,077
1998	6,022	\$620,209,180	\$324,622,239
1999	5,938	\$642,440,844	\$339,209,115
2000	5,834	\$626,912,553	\$400,303,826
2001	5,933	\$646,278,489	\$472,807,089
2002	5,880	\$666,757,510	\$334,446,632 (Allen Co.=\$257,773,678)
2003	6,354	\$726,325,135	
2004	7,684	\$853,807,354	\$432,853,624 (Allen Co.=\$313,606,628)
2005	7,547	\$892,054,200	\$711,521,650 (Allen Co.=\$372,668,209)
2006	7,712	\$897,904,167	\$544,488,541 (Allen Co.=\$375,815,476)

6 Month Year-to-Date Comparisons for 2006 & 2007

2006 (6 mos.)	3,689	\$418,367,623	\$660,385,830 (Allen Co.=\$290,943,868)
2007 (6 mos.)	3,510	\$456,880,287	\$678,689,764 (Allen Co.=\$465,353,750) +59%

Source: Multiple Listing Service of Fort Wayne, Inc.

**Residential Subdivision Development
Listed by Number of Developments, Number
of Lots and Number of Acres Platted Allen County, Indiana
1998-2006**

<u>Year</u>	<u># Developments</u>	<u># Lots</u>	<u># Acres</u>
1998	44	1,608	797
1999	46	1,675	921
2000	40	1,572	793
2001	36	1,196	692
2002	34	1,472	770
2003	30	1,973	819
2004	35	1,690	700
2005	34	1,313	634
2006	26	1,218	526

6 Month Year-to-Date Comparisons for 2006 & 2007

2006 (6 mos.)	17	806	359
2007 (6 mos.)	10	243	112 Lots:Down 70%

Source: Allen County Department Planning Services



Building Permits Listed By Category Allen County and City of Fort Wayne 1998-2007

Allen County	Single Family Residential		Commercial	
	# Permits	Estimated Cost	# Permits	Estimated Cost
1998	1,732	\$274,206,059	64	\$45,923,030
1999	1,817	\$302,796,145	59	\$57,125,848
2003	1,623	\$298,121,205	46	\$56,390,913
2004	1,476	\$286,344,952	43	\$50,989,804
2005	1,452	\$282,681,366	35	\$61,453,854
2006	911	\$182,416,246	33	\$61,219,520
2007 (6 mos)	414	\$ 80,180,434	9	\$13,575,000
City of Fort Wayne				
1998	188	\$20,656,079	50	\$27,290,188
1999	159	\$18,679,009	57	\$55,049,104
2003	295	\$41,176,040	69	\$46,693,404
2004	292	\$39,292,456	65	\$84,675,201
2005	299	\$44,338,103	72	\$60,407,728
2006	225	\$34,309,669	62	\$65,601,595
2007 (6 mos)	74	\$11,669,927	27	\$65,601,595

Note: 2007 Addition Improvement Permits (6 mos.) totaled an additional \$33,815,500 for Allen County and \$11,522,300 for the City of Fort Wayne.


Source: Homebuilders Association of Fort Wayne

For lenders, the rising cost of debt financing presents a more challenging quest and the strains of an aggressive market causes the job of putting capital to difficult.

Some local, unsupported advice: Don't jump into selling property using the §1031 Exchange provisions without hiring a reputable, qualified intermediary---and don't get caught paying 30%-35% higher prices just to "get it done in time". You folks are causing appraisers to have problems in correctly identifying real and appropriate capitalization rates!

So, we have many mixed signals again this year, 2007, in the Fort Wayne, Indiana area. Office market opportunities have been the focus for a few years now, but the shift may be to multi-family/condo housing --- or even trying to save the single family housing market, the one sector that seems to fuel the measured aspects of our economy. Reportedly, only fifty-four percent of Allen County residents lived in the same house 5 years ago. And, of those who lived in different places, only 69% lived in Allen County.

Having this “catch your breath” time may not be such a bad occurrence. Let’s just be grateful for a somewhat steady, predictable and less than volatile pace in the Fort Wayne, Indiana real estate marketplace.



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