

Market Trends Analysis 2012

John M. Thistlethwaite Interests, LLC

The Harrison is an upscale residential and business complex in the final phase of construction in the downtown business district and adjacent to Parkview Field



Quality Living Downtown

Anthony Wayne Building Condominiums brings condominium living to downtown Fort Wayne

Fort Wayne, Indiana
Real Estate Marketplace
18th Annual Reporting

Greetings in 2012:

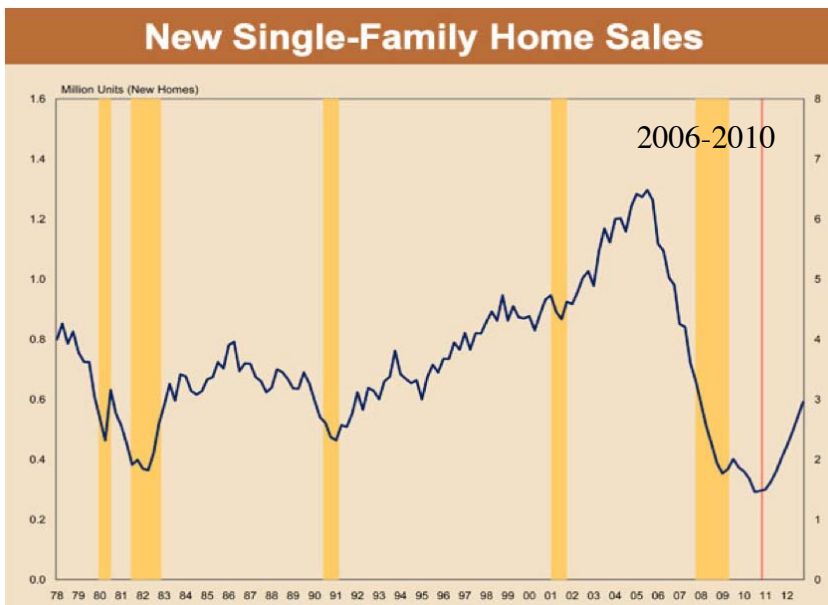
Just try to pick an accurate “description” of the real property sectors and the direction of values, levels of demand, future expectations of occupancy and financial feasibility. Not easy.

It’s not so easy on a nation-wide basis either, but considerably more predictable and accurate on the local level. A continuing loss of jobs due to business shutdowns and re-positioning is a factor shaping the confidence of the local homebuyers and consumers.

Following the 2012 presidential election, the direction of governmental interference is now known, but the amount of change forthcoming may not be seen immediately.

So, uncertainty remains with us all for a while yet. And, uncertainty is the plight on economic recovery. The data contained in the next few pages may give you a good insight to the trends in the Fort Wayne, Indiana, marketplace.

Most economists to whom I pay attention are predicting “several years” of the present economy conditions in its “reset”. The so-called “Zero Years” of 2007-08-09 gave our real estate markets a jolt that will remain with us for a while.



Both new and re-sale volumes in the single family housing sector remained at dismal levels in 2011 and the first 4 months of 2012.

Only 680 permits for new house construction were issued in 2011 for Allen County; and 291 permits were issued through April of this year ---compared to 1,751 new house permits in 2006. With all things considered, Indiana and especially Northeast Indiana, show several areas of continued growth and jobs creations despite all of the news of recessions and economic downturns. The local labor force has grown by 7,600 over the past 3 years; and our local wages continue to be below state levels. However, local job “growth” is 2x the level of the statewide growth.

The June 2012 unemployment rate reported for Fort Wayne is 7.5% and 11,000 non-agricultural workers joined the workforce—an increase of 5.5% in the base.

Metro Area	Labor Force (thousands)				Average Annual Rate of Change		
	2000	2010	2020	2030	2000-10	2010-20	2020-30
Fort Wayne	207.0	209.2	217.7	218.3	0.1%	0.4%	0.0%

UPDATED OPENINGS AND EXPANSIONS 2012-2013

Sweetwater Sound, Inc. announced its decision to expand once again in Fort Wayne-Allen County. The company will add 110,000 square feet to its current facility and 315 full-time positions to its existing workforce of 413 persons over the next four years.

Logistics Insight Corporation (LINC) is expanding operations at the Fort Wayne International Airport (FWA) Air Cargo Hub, enabling the company to invest more than \$1 million in assets and create jobs for the community. LINC currently occupies 105,890 square feet of the cargo sort facility at FWA. Under the new lease agreement approved this week, LINC will lease an additional 59,480 square feet, for a total of 165,370 square feet of operations space.

Scot Industries Inc., a manufacturer of steel tube and bar products, is building a production facility in Auburn, IN and investing \$34.7 million and creating up to 65 jobs by 2014, state officials said. The 250,000-square-foot plant is located at the southwest corner of Interstate 69 and County Road 48. Another welcomed major employer to DeKalb County is MetalX, a Rifkin family recycling facility expecting to employ 250 persons; and a great show of confidence in the local workforce.

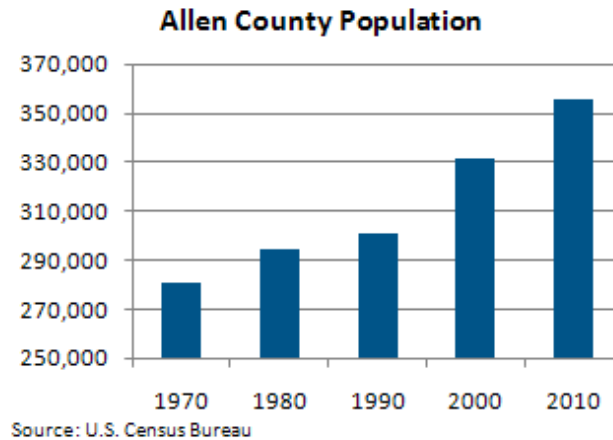
On our cover we show the building photo of The Harrison and a photo of the renovation of the Anthony Wayne Building into residential and commercial condominiums. These two downtown properties will give a big boost to the downtown activities.

The \$536+ million Parkview Regional Medical Center has opened and already stirred up multi-family rental units and office buildings in the immediate area.

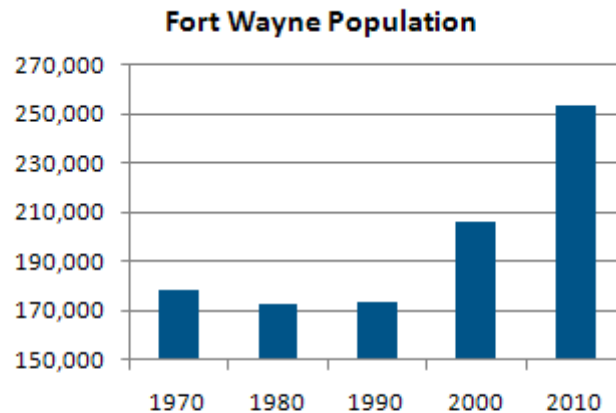
**Overall, local apartments are fully occupied. (92+%)
But single family house foreclosures continue at a record pace. Evidence of “living and spending beyond our means” has now been proven. The “Zero Years” (that being 2002-2009) contributed most of the over-spending years.**

Allen County Population	
1970	280,455
1980	294,335
1990	300,836
2000	331,849
2010	355,329
Source: U.S. Census Bureau	

Population Growth, 2000-2010	
Allen County	7.1%
Indiana	6.6%
Source: U.S. Census Bureau	



Fort Wayne Population	
1970	178,269
1980	172,391
1990	173,072
2000	205,727
2010	253,691
Source: U.S. Census Bureau	



Source: U.S. Census Bureau

The City of Fort Wayne has implemented an extensive annexation program over the past twenty years. In 1990, the City contained 65 square miles. This expanded to 107.6 square miles by 2006. In 2005 and 2006 respectively, the U.S. Bureau of the Census recertified the City's 2000 population count from 205,727 to an ultimate total of 250,086 based upon annexations which became effective after the 2000 decennial census.

Leading Employers in Allen County			
Company	City	Product/Services	Employment in FTE
Parkview Health Systems	Fort Wayne	Hospitals	4,710
Lutheran Health Network	Fort Wayne	Hospitals	4,301
Fort Wayne Community Schools	Fort Wayne	Elementary and Secondary Schools	4,159
General Motors	Roanoke	Motor Vehicle Manufacturing	3,610
Lincoln Financial Group	Fort Wayne	Insurance Carriers	2,007
City of Fort Wayne	Fort Wayne	Government	2,003
Allen County Government	Fort Wayne	Government	1,605
BFGoodrich	Woodburn	Rubber Tire Manufacturing	1,580
Frontier Communications Corp.	Fort Wayne	Wired Telecommunications Carriers	1,523
IPFW	Fort Wayne	University	1,255
ITT Exelis	Fort Wayne	Wireless Networking Systems & Satellite Imaging Systems	1,203
BAE Systems Platform Solutions	Fort Wayne	Aircraft Electronics	1,015
Raytheon Systems Co.	Fort Wayne	Mission Solutions for Aerospace Industry	950
Northwest Allen County Schools	Fort Wayne	Elementary and Secondary Schools	840
Vera Bradley	Fort Wayne, New	Handbags, Luggage, and Accessories	840

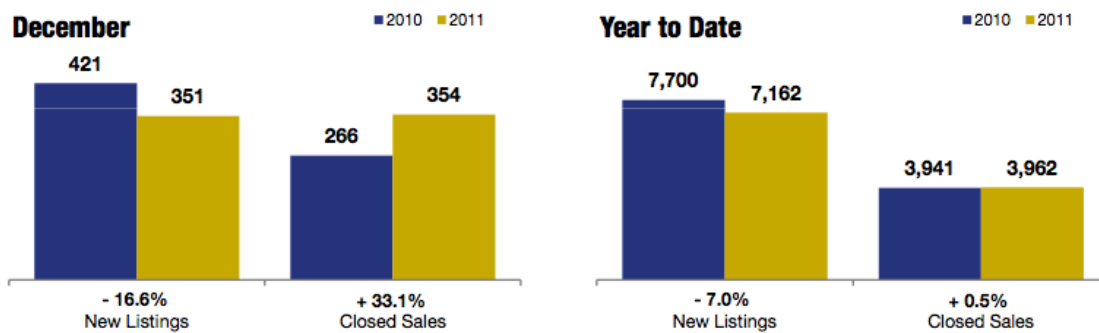
The Local Market is Closing Restaurants and Opening Fitness Centers—

Retail real property continues to be in abundant supply compared to new tenants & users in the local marketplace.

Lower rents in both retail and suburban office space are a contributing factor for lower market values. The CBRE|Sturges “2011 Retail Occupancy Survey” reports overall vacancies remained unchanged at 15.53% (15.58% in 2009). Quality A space vacancy is reported at 12.32% and Quality B space vacancy is reported at 22.77%

The local housing sector is improving as reported in August, 2012 with an increase in “Year to Date Closed Sales” of 12.7% ---as compared to 2011 and a decrease of 15.9% in the value of the Inventory of houses for sale. Not as dramatic for the entire 2011 twelve month period when Year to Date Closed Sales were reported at +0.5% and the Inventory of houses for sale was -7.2% less than at the beginning of 2011.

Allen County New Listings and Closed Sales are illustrated below:



UPSTATE ALLIANCE OF REALTORS®
SERVING REAL ESTATE PROFESSIONALS IN UPSTATE INDIANA.

**Allen County House Sales Activity
as Reported by Upstate Alliance of Realtors
Multiple Listing Service, Inc. 2002-2012**

	<u>#Properties Sold</u>	<u>Median Sale Price</u>	<u>Total Dollar Volume</u>	<u>Average Days On The Market</u>	<u>Year End Inventory</u>
2002	4,626	\$ 97,000	\$534,353,178	43	\$257,773,678
2003	5,184	\$ 97,000	\$558,365,996	83	\$288,073,254
2005	5,525	\$105,000	\$673,338,465	88	\$372,668,209
2006	5,616	\$102,500	\$670,805,959	97	\$375,815,476
2007	5,001	\$103,000	\$594,302,822	98	\$342,267,406
2008	4,439	\$ 97,000	\$494,059,050	112	\$347,287,000
2009	4,555	\$ 98,000	\$513,282,433	109	\$309,078,002
2010	4,192	\$104,000	\$504,138,660	77	\$283,216,290
2011	4,045	\$103,900	\$493,552,420	83	\$255,889,566

**January to June
6 Month Year-to-Date Comparisons for 2005, 2006, 2007, 2008, 2009 & 2010**

2005	2,670	\$104,900	\$316,718,244	93	
2006	2,773	\$ 98,900	\$319,856,625	98	
2007	2,569	\$102,000	\$298,923,764	104	
2008	2,190	\$100,000	\$249,936,116	115	
2009	1,949	\$100,000	\$215,381,721	118	
2010	2,381	\$103,000	\$279,217,336	108	
2011	1,875	\$103,500	\$225,325,148	84	\$372,795,000
2012	1,674 (5 mos)	\$103,503	\$207,801,553	85	\$327,021,118

Source: The Upstate Alliance of REALTORS® Multiple Listing Service Inc.

Trends in Housing 2012-2013:

Most indicate hope that the housing market has “hit bottom” but only after the housing crisis cost the nation \$13 trillion in taxpayer bailouts, lawsuits and mortgage-backed securities litigation; and \$2 trillion in losses in short sales and bank-owned housing.

Allen County is “holding its own” when measuring a turn-around in this crisis, but Spring 2013 will be the more accurate sign of improvement.

Residential Subdivision Development Listed by Number of Developments, Number of Lots and Number of Acres Platted Allen County, Indiana 1998-2012

<u>Year</u>	<u># Developments</u>	<u># Lots</u>	<u># Acres</u>
1998	44	1,608	797
1999	46	1,675	921
2005	34	1,313	634
2006	26	1,218	526
2007	17	443	314
2008	3	132	58
2009	4	101	30
2010	9	323	145
2011	9	265	121

January to June 6 Month Year-to-Date Comparisons for 2006 , 2007 & 2008

2006 (6 mos.)	17	806	359
2007 (6 mos.)	10	243	112
2008 (6 mos.)	4	158	72
2009 (7 mos.)	1	23	6
2010 (8 mos.)	5	175	109
2011 (9 mos.)	9	265	121
2012 (6 mos.)	4	140	85

Source: Allen County Department of Planning Services

Should the job market improve and in the event the economy and consumer confidence is restored, the local home-building marketplace will wake up to a 2013 acute shortage of building lots for homebuilders.



Retail Space Vacancy Rate Estimates Fort Wayne Area

2012 Overall Market Vacancy: 19.49%
2012 Total Sq.Ft. in Marketplace Surveyed: 13,814,258

North/West Quadrant

	<u>2003</u>	<u>2006</u>	<u>2008</u>	<u>CBRE</u>		<u>Zacher Co.</u>	
				<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
All Space*			17.3%	16.8%	16.5%	9.2%	9.70%
A Space	15%	15%					
B Space	20%	25%					

South/East Quadrant

	<u>2003</u>	<u>2006</u>	<u>2008</u>	<u>CBRE</u>		<u>Zacher Co.</u>	
				<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
All Space*			15.3%	24.1%	15.8%	32.31%	28.0%
A Space	30%	25%					
B Space	30%	30%					

North/East Quadrant

	<u>2003</u>	<u>2006</u>	<u>2008</u>	<u>CBRE</u>		<u>Zacher Co.</u>	
				<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
All Space*			12.5%	15.1%	12.9%	26.0%	22.0%
A Space	10%	15%					
B Space	20%	25%					

South/West Quadrant

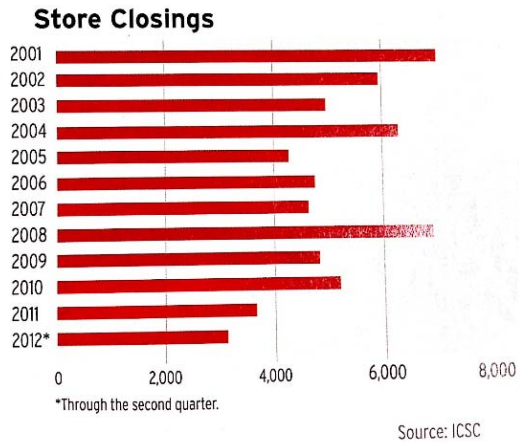
	<u>2002*</u>	<u>2006</u>	<u>2008</u>	<u>CBRE</u>		<u>Zacher Co.</u>	
				<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
All Space*			10.5%	13.9%	9.4%	12.0%	10.7%
A Space	10%	10%					
B Space	15%	15%					

Sources: The Zacher Company Prior quadrant names have been adjusted to match The Zacher Company estimates. Prior Estimates shown by John M. Thistlethwaite Interests, LLC. and Interwest Consulting Group, Inc. 2003 Inventory of Major Retailers used by John M. Thistlethwaite Interests, LLC in 2003-6 estimates. 2009 & 2010 by CBRE Sturges and 2011 & 2012 by The Zacher Co.

Retail Space Rental Rates—by Retail Center Type Fort Wayne Area 2001-2012

<u>Estimated Vacancy</u>						<u>2012 Rates</u>		
						<u>Low</u>	<u>High</u>	<u>Eff Avg.</u>
<u>2001</u>	<u>2002</u>	<u>2005</u>	<u>2007</u>	<u>2009</u>	<u>2012</u>			
11%	8%	6.0%	18%	18%	22.0%	Downtown	\$ 7.00	\$12.00 \$ 9.50
2.7%	3.5%	5.0%	10%	10%	14.0%	Neighborhood Center	\$ 5.00	\$18.00 \$11.50
7%	5.5%	3.0%	13.7%	13.7%	15.0%	Regional Malls	\$10.00	\$35.00 \$22.00
						Community Center	\$ 6.00	\$22.00 \$14.00

Source: NAI Harding Dahm & Company 2012 Real Estate Planning Guide

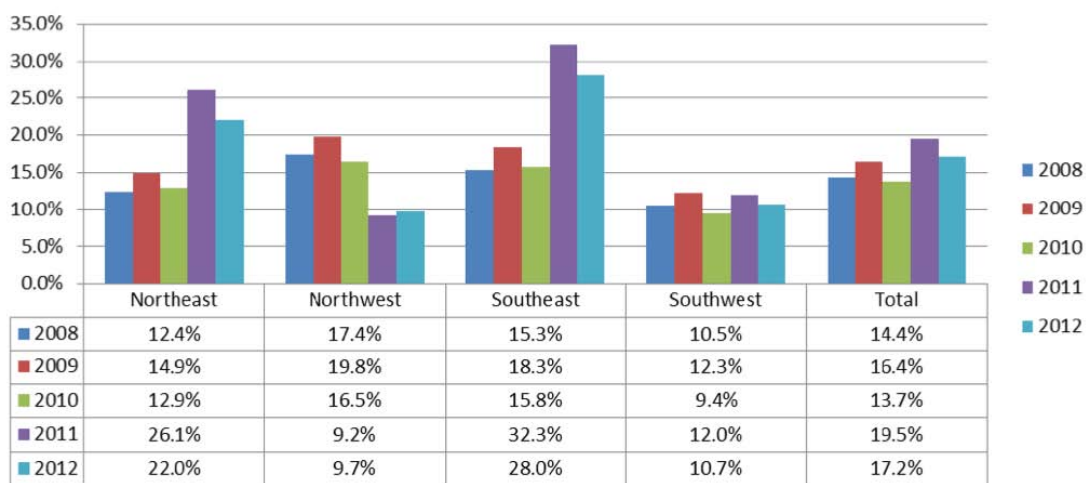


Trends in Retail Properties 2012:

Closing of retail stores has “slowed” nationwide according to the ICSC but the local marketplace continues to experience lowering lease rates by the aggressive landlords due to strong competition for Class B centers.

Strong retail centers in the past continue to be strong retail centers presently. Several restaurant properties have closed. New leasing activity includes fitness centers and personal services.

Fort Wayne, IN Retail Vacancies by Quadrant



The year ahead is likely to be more of the same – unimpressive growth with modest progress in the labor market. But there are some definite positives and also some potential negatives. Here are the



The shining real property sector is multi-family housing and its “near full” occupancy levels. Such is expected to continue for several years.

Multifamily Residential Occupancy Estimates Allocated by Units and Occupancy Percentage 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%
June 2008	13,667	94.86%				
December 2008	15,189	91.12%	13,739	90.63%	1,450	95.79%
April 2009	13,700	91.97%	12,604	91.64%	1,096	95.89%
June 2009	14,315	89.13%	13,097	88.41%	1,218	96.88%
April 2010	15,011	94.12%	13,807	90.32%	1,204	97.84%

Source: Apartment Association of Fort Wayne and Northeastern Indiana

2011 17,479 91.2% (end of 2010)

2012 17,336 92.4% (end of 2011)

Source: Tikijian Associates- Multihousing Investment Advisors

Trends in Multi-family Residential Properties 2011:

Rents and occupancy continue at high levels. Demand continues to be credited to the record amounts of single family house foreclosures. Multi-family properties continue to lead the list of “most desired” of all of the real property investments.

Capitalization Rates remain the quest for many. The following listing by Realty Rates has been provided---but only in the event you are certain the Estimated Net Operating Income truly reflects of the actual operations of the property. Then use the generalized rates below to convert the income into value:

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2012*																		
CURRENT & HISTORICAL CAP RATE INDICES																		
Method-Weighted* Property Category Indices																		
Year	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MHRV Park		Office		Retail		Restaurant	
	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg
2012	8.32	-28	12.06	5	8.88	-33	9.12	-36	10.61	-19	9.09	-39	9.49	5	9.18	-10	11.76	6
2nd Qtr.	8.25	-16	12.05	-1	8.88	0	9.06	-12	10.61	0	9.07	-5	9.45	-8	9.15	-6	11.78	3
1st Qtr.	8.40		12.06		8.88		9.18		10.61		9.11		9.53		9.21		11.75	
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12

Industrial Vacancy Rate Estimates Fort Wayne Area 1992-2012

	Bulk Warehouse	Manufacturing	R&D
1992	17%	9%	10%
1995	10%	6%	10%
1996	10%	5%	5%
1997	4%	4%	10%
1998	10%	10%	10%
2002	10%	8%	No est.
2004	8%	8%	6%
2005	No est.	5%	No est.
2008	13.0%	13.0%	No est.
2009	13.0%	13.0%	No est.
2010	15.0%	15.0%	50.0%
2011	15.0%	15.0%	25.0%
2012	10.0%	10.0%	10.0%

Source: NAI Harding Dahm & Company 2012 Real Estate Planning Guide



Industrial Rental Rates Fort Wayne Area 1998-2012

		<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
2007	Low	\$1.75	\$2.00	\$5.90
	High	\$5.90	\$5.90	\$8.00
	Eff.Avg.	\$2.00	\$3.95	\$6.95
2010	Low	\$2.00	\$2.75	\$4.00
	High	\$3.00	\$5.00	\$7.00
	Eff.Avg.	\$2.50	\$3.88	\$5.50
2011	Low	\$2.00	\$2.75	\$4.00
	High	\$3.00	\$5.00	\$7.00
	Eff.Avg.	\$2.50	\$3.88	\$5.50
2012	Low	\$1.00	\$2.75	\$3.50
	High	\$3.00	\$4.75	\$5.50
	Eff.Avg.	\$2.00	\$3.63	\$4.50

Source: NAI Harding Dahm & Company 2012 Real Estate Planning Guide

Northeast Indiana Industrial Space Inventory and Vacancy Estimates 2009-2010-2011-2012

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Space Inventoried sq.ft. in Regional Industrial Survey	58,892,837	78,212,693	87,418,951	93,215,356
Estimate of Vacant Space sq.ft.	5,713,783	9,551,298	8,446,767	6,259,648
Vacancy Rate	9.7%	12.21%	9.66%	6.6%

Net absorption in 2012 was a substantial increase from 2011 and was 3,801,531 sq. ft. as compared to 2011 total of 1,607,824 sq. ft. which was a significant turnaround from the reported negative absorption of 3,462,815 sq. ft. experienced in 2010.

Source: The Zacher Company

**Northeast Indiana Industrial Development and Retention
Trends by Number of New Projects, Expanded Projects
Monetary Investment and Influence on Jobs
1993-2011**

<u>Year</u>	<u># Projects</u>	<u>New/Expansions</u>	<u>\$ Invested</u>	<u>#New Jobs</u>	<u>Jobs Lost Due To Plant Closing/Downsizing</u>
1993	91	24/67	\$180,000,000	3,000	634
1994	109	24/85	\$914,000,000	4,600	1,147
1995	126	30/96	\$624,000,000	3,460	1,398
1998	113	19/94	\$504,000,000	2,589	3,198
1999	133	33/100	\$423,000,000	3,509	954
2000	163	43/120	\$298,000,000	2,343	2,967
2001	112	24/88	\$181,000,000	1,851	3,966
2002	145	25/120	\$294,000,000	2,014	2,700
2003	106	34/72	\$272,505,721	1,962	2,811
2004	151	44/107	\$323,988,377	3,428	1,238
2005	162	38/124	\$700,969,873	4,691	2,129
2006	159	39/120	\$1,013,072,049	3,855	2,860
2007	158	46/112	\$750,885,225	2,625	1,721
2008	145	37/108	\$250,015,984	2,853	4,368
2009	154	54/100	\$207,563,981	4,089	3,042

Source: Northeast Indiana Development/Lincoln Schrock

2010	126	126	\$320,800,000	4,533	1,413
2011	157	18/139	\$870,000,000	4,747	933

Source: Community Research Institute, Northeast Regional Partnership

Trends in Industrial Properties 2012:

The industrial sector of the real estate marketplace continues to show the most “improvement”. Rising sale prices and rents support higher values. The recent passage of the “right to work” legislation should be a positive force for increased demand for industrial space. Smaller and newer properties continue to be accepted more by users.

Office Vacancy Rate Estimates Fort Wayne Area 1992-2012

	<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%
1996	0%	5%	25%	No est.	8.6%	12%
1997	No est.	5%	11%	No est.	8.0%	12%
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%
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%
2007	No est.	33.0%	27.0%	No est.	24.0%	27.0%
2009	No est.	33.0%	27.0%	50.0%	28.0%	21.0%
2010	No est.	26.0%	27.0%	75.0%	25.0%	23.0%
2011	No. est.	15.0%	18.0%	No est.	18.8%	19.0%
2012	No. est.	15.0%	15.0%	75.0%	20.0%	15.0%

Source: NAI Global/NAI Harding Dahm & Company

OFFICE BUILDINGS WITH VACANCIES INVENTORY-2012

<u>Area Sector</u>	<u>Total Office sq. Ft.</u>	<u>Available</u>	<u>Vacancy Rate</u>	<u>Rental Range</u>
<i>Downtown</i>	<i>22=1,519,529</i>	<i>279,182</i>	<i>18.3%</i>	<i>\$8-\$15</i>
<i>Northeast</i>	<i>38=828,172</i>	<i>275,444</i>	<i>27.2%</i>	<i>\$6-\$19.50</i>
<i>Northwest</i>	<i>50=560,620</i>	<i>286,846</i>	<i>41.79%</i>	<i>\$6-\$14.75</i>
<i>Southeast</i>	<i>7=218,812</i>	<i>121,066</i>	<i>51.1%</i>	<i>\$4.75-\$19.28</i>
<i>Southwest</i>	<i>37=1,775,492</i>	<i>578,890</i>	<i>32.6%</i>	<i>\$8.50-\$19.00</i>
TOTALS	154=5,008,587	1,589,819	31.74%	\$6-\$19.50

Zacher Co. Survey

<u>2009</u>	<u>2010</u>	<u>2012</u>
<u>Estimates</u>	<u>Estimates</u>	<u>Estimates</u>
<i>18.8%</i>	<i>9.62%</i>	<i>11.07%</i>
<i>25.6%</i>	<i>19.65%</i>	<i>35.33%</i>
<i>13.37%</i>	<i>12.28%</i>	<i>11.13%</i>
<i>24.14%</i>	<i>41.42%</i>	<i>15.85%</i>
<i>15.61%</i>	<i>22.68%</i>	<i>29.86%</i>
	<i>16.42%</i>	<i>19.57%</i>

Summary: 154 buildings reported vacancy in the survey by the Fort Wayne-Alen County Economic Development Alliance in their Business Information Guide 2011—as compared to 121 buildings reporting vacancies in 2010. Available sq.ft. space reported vacant increased by 60,979 sq. ft. between the 2010 and 2011 surveys.

Total office space in 2012 survey totaled 2,465,813 sq.ft.

Office Rental Rates Fort Wayne Area 1996-2012

		<u>Downtown Office Space</u>			<u>Suburban Office Space</u>		
		New	Class A	Class B	New	Class A	Class B
1996	Low	\$17.00	\$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
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
2009	Low	No est.	11.00	6.00	No. Est.	13.00	8.75
	High	No est.	16.00	10.00	No. Est.	16.00	14.00
	Eff. avg.	No est.	13.50	9.00	No. Est.	14.50	12.00
2011	Low	No est.	11.00	5.00	16.50	14.50	9.00
	High	No est.	16.00	10.00	19.50	18.50	12.00
	Eff. avg.	No est.	13.50	7.50	18.00	16.50	10.50
2012	Low	No est.	15.00	8.00	13.00	15.00	8.00
	High	No est.	16.00	12.00	17.50	19.00	10.50
	Eff. avg.	No est.	14.00	10.00	15.25	17.00	9.25

Estimates of per square foot charge per year on gross basis.
Source: NAI Global/NAI Harding Dahm & Company

City-wide office vacancies are reported at the continuing high level of 19%-20% according to the NAI Harding Dahm Market Research report and The Zacher Co. 2012 office survey. In 2008 the vacancy level was estimated at 20%. Southwest Fort Wayne is the area with the highest vacancy percentage

Trends in Office Properties 2012:

Medical office space is the only growing use in 2012. Non-medical users find falling rates and continued 20% vacancy. Uncertainty continues in these challenging times for owners of Class C space. Franklin Electric is relocating its corporate office to the Fort Wayne International Airport area. Rent concessions and paying for upgraded tenant improvements are still offered by owners. The future of “typical office space users” is uncertain with “less and less time in the office”.

Building Permits Listed By Category Allen County and City of Fort Wayne 1998-2011

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	700	\$147,066,895	29	\$ 51,932,708
2008	485	\$ 96,135,116	30	\$ 34,428,483
2009	371	\$ 70,274,012*	15	\$758,567,818
2010	584	\$110,206,011	20	\$ 16,059,660
2008 (6 mos)	289	\$ 59,037,307	15	\$27,321,251
2009 (6 mos)	227	\$ 41,357,062	6	\$375,499,818
2010 (6 mos)	313	\$ 57,829,167	14	\$15,408,237
2011 (6 mos)	267	\$ 53,936,456	5	\$31,458,672
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	167	\$26,858,549	52	\$ 68,584,951
2008	136	\$19,255,464	62	\$118,374,046
2009	92	\$14,291,629*	28	\$ 29,748,727
2010	78	\$12,132,505	32	\$ 24,692,336
2008 (6 mos)	87	\$12,022,799	29	\$46,771,001
2009 (6 mos)	60	\$ 9,259,090	12	\$ 6,629,976
2010 (6mo)	43	\$ 7,260,319	13	\$ 13,151,590
2011 (6mo)	34	\$ 6,003,925	8	\$ 6,247,496

* 2009 understated by building department
actual permits for city and county totaled
679 with \$123,042,260 in dollar volume

Source: Homebuilders Association of Fort Wayne

Farmland prices per acre increased 14-18% around the state of Indiana. Cash rents are up 12.8 to 15.2% and sale prices of \$7,700 per acre are reported for top quality land. Purdue University reports the average price of farmland to be \$6,359 per acre. The increases have yet to stop for farmland.

The newly enacted Indiana Energy Conservation Code has broad reaching requirements for the exterior building envelope, water heating, HVAC, power distribution and interior and exterior lighting systems of all commercial buildings. Complying with this building code will be a challenge for many building owners.

In all, local owners of office, industrial, apartments, and retail buildings are “holding their own” positions and not reversing as found in many communities. The local area is fortunate to be absent of former “high-reaching demands” and considerable risk positions.



Disclaimer:

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John M. Thistlethwaite Interests, LLC
John M. Thistlethwaite, CRE, FRICS, GAA, SRS, SRI, CES, CEI
President

Indiana Certified General Appraiser, Ohio General Appraiser
IDEM Licensed and EPA Certified Lead Risk Assessor
Fellow of Royal Institution of Charter Surveyors

3401 Lake Avenue • Fort Wayne, IN • 46805
Telephone (260) 426.7134 Email: john@thistlethwaite.com
Web Site: www.thistlethwaite.com

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