Market Trends Analysis 2015

John M. Thistlethwaite Interests, LLC

The Need For Private Investment In the Urban Core

Fort Wayne, Indiana
Real Estate Marketplace
21st Annual Reporting

CRE™ THE COUNSELORS OF REAL ESTATE®

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Greetings in 2015:

So, where is all of the "sustainability" that was promised in all of the forecasts within the past 4 or 5 years? Federal, state and local governments have tried to be the leading force for the "recovery" but we have not seen much progress. Some call it being "stuck" or "stagnant," and I agree.

We are told the U.S. economy added more than one million jobs over the past three months (best since 1997) but the level of entrepreneur interests just doesn't seem to be present to me. Apartment occupancy levels and construction of new units in the Fort Wayne, Indiana, marketplace are strong; but the new house market continues to stall. The optimism on the development front appears stronger than that realized; and I have concerns about our "being in a continued recovery".

Office space vacancies continue to halt new development, but the industrial marketplace vacancy is surveyed to be only 6.2% vacant. We are "holding on" for the remainder of the 2015 year with hopes of rising interest rates, but rising capitalization rates will come along with this rise.

Private investments are the best force for revitalization in the downtown area with the private ownership and development of The Harrison office, retail and apartment structure, the Anthony Wayne Condominiums, Ash Skyline Plaza, and now the Indiana & Michigan Power Center renovations---ten entire floors. Local government has a contributory role, but shouldn't lead the action. Like many downtowns, we don't seem to be able to attract the urban resident with working salaries---which is needed. Number 5 of the following list of *The Top Ten Issues Affecting Real Estate*, is Urbanization: An increasing desire to reside in "live-work-play" and "walkable" communities for all age groups. The past few years have also seen a rise in corporate relocations to cities from the suburbs as a strategy to attract younger, urban professionals.

The trend that works is letting the private money flow into projects rather than local government trying to lead the way. Additional CBD apartments need to be rent-restriction-free; and not require low-income income tenants to be only market for the units; and market rent properties need a chance to be proposed. Delmo Development's $27 million dollar, 167 unit Cityscape Flats multi-family development located just west of Parkview Field appears to fit this description. New construction will require higher rents ($800 to $1,400/mo.) than revitalized living units in the $500-750 per month range, however, and should both should be encouraged. Making downtown a "walkable" environment rather than a high traffic thoroughfare would be a great first step in reaching sustainability in Fort Wayne's urban core.

The real estate sectors are performing adequately, in that we have gathered the following vacancies from surveys from The Zacher Company and Tikijian Associates:

Office Vacancy	**15.2%**	**The Zacher Co.**
Only 8.8% Vacancy in Downtown Area		
Northeast Quadrant is 32.4%		
Industrial Vacancy	**6.52%**	**The Zacher Co.**
5th Consecutive Rebound Year		
Retail Vacancy	**15.8%**	**The Zacher Co.**
Multi-family Vacancy	**6.8%**	**Tikijian Associates**

The Counselors of Real Estate organization is known for thought leadership, extraordinary professional reach (more than 50 real estate specialties are represented by its member experts) and objective identification of the issues and trends most likely to impact real estate now and in the future.

The CRE 2015-16 Top Ten issues Affecting Real Estate

1. Demographic Shifts: Two key groups – large numbers of retiring "Baby Boomers" (born between 1946 –1964), and the next large population wave, the Millennials (born between 1980 – 2000) -- will have the greatest impact on real estate through the lifestyles they choose in coming years. This casts a spotlight on housing in all its forms: for seniors, the homes in which they choose to age-in-place, downsized homes, senior communities or assisted living; for Millennials, the decision to buy or postpone buying, and location most often being driven by amenities, such as urban walkable communities. The real estate and service sectors targeting each group are adapting, too – medical facilities, retail, office and entertainment venues, to name a few; as well as infrastructure and distribution. Overall, demographic shifts will drive decisions across virtually all real estate sectors this year and for the foreseeable future.

2. Excess Capital Supply: Funds continue to flow from outside the U.S. to purchase U.S. real estate. The supply is driven by economies that have high savings rates, a shortage of mature financial markets and few safe assets. The investment rate is approaching record highs, presenting the potential for pressure on investments in the future. While investment in major cities continues, some non-gateway and edge cities are also experiencing higher levels of investment. Multifamily continues to be very attractive, but investment is not limited to commercial property -- residential investment is on the rise, as another form of the secure, transparent asset class that makes U.S. real estate particularly attractive to investors across the globe.

3. Rising Interest Rates: Interest rates have been at near-historic lows – and the general view is that they will stay that way, for a while longer. But savvy investors and homebuyers alike are preparing for rising rates. When it happens, it will devalue future cash flows, thereby devaluing assets. An interest rate rise could spur short-term commercial development and slow home sales. Rising rates will cause higher mortgage payments, thereby decreasing homebuyers' choices. But if Millennials jump in and buy before interest rates rise too far, it could create a second wind for the residential market.

4. Global Instability and Currency Devaluation: The U.S. dollar remains strong – but the global economy is being affected by currency devaluation in many other countries. Investment from non-U.S. sources helps fuel the U.S. real estate market, but event risk should be considered -- "hot spots" of conflict are continually in the news, as is cyber security -- and the global economy is psychologically linked. Investors and consumers alike should take such factors into consideration as they make real estate decisions.

5. Urbanization: Urban population growth is a global phenomenon. An increasing desire to reside in "live-work-play" and "walkable" communities is not limited to young professionals; older generations are also drawn to such locations, which affects housing choice for all age groups. Shopping malls must adapt; many have skewed to one of two successful models – luxury or discount offerings. Urban vertical shopping configurations are gaining traction.

Some suburbs are feeling residential pressure, with home resale not easy when younger families don't want the kinds of homes that are in plentiful supply from a past generation of suburbanites. The past few years have also seen a rise in corporate relocations to cities from the suburbs as a strategy to attract younger, urban professionals.

6. Energy: Oil price drops this year due to increases in non-U.S. oil production have negatively impacted large and small U.S. producers. Workforce reductions, and the associated decrease in residents' buying power -- while primarily occurring among workers in oil exploration and production – impacts the greater community, from retail to housing to professional services. Last year's "boom towns" are now the opposite; the length of this duration is unclear. As a result, alternative energy forms are becoming more attractive. Investors are rethinking their energy investment plans, but the high demand for energy in Japan may change the dynamics.

7. The Gap Between Rich and Poor: because income inequality is widening worldwide, this issue deserves a close look relative to real estate. On the commercial side, it drives new opportunities to serve diverse markets with discounted retail offerings, while at the same time, contributing to a rise in luxury retailers. There are also development opportunities in high-density multi-family and affordable housing, and in "placemaking" -- which can transform a vacant lot or an undesirable neighborhood into an appealing urban "destination" to serve diverse populations. Yet the gap has arguably impacted purchasing power, diminishing housing choices and home ownership -- and contributing to the delay in new household formation among Millennials and certain immigrant groups. The shift from home ownership to renting, and a decline in local small business ownership, contributes to fewer jobs and a lack of investment in communities, increasing the potential for the social unrest, we are seeing in cities and towns throughout the world.

8. Infrastructure: The condition and development of U.S. infrastructure lags behind that of a number of other countries. Aging roads, bridges, and power/gas/water lines no longer satisfy the needs of a highly connected populace, let alone businesses and world economies. Communities and cities do not have the available capital to invest in infrastructure. Public/private partnerships may be the answer. However, in the short term, adaptive reuse is often constrained. This impacts existing buildings and entire neighborhoods, where energy or water infrastructure cannot be readily improved. Development, too, can be limited because existing streets and bridges cannot accommodate increased traffic flow if denser housing or mixed-use development are built. The situation is further complicated by citizens unwilling to live in locations where the distance is too great to travel to work or shopping on crowded roads in disrepair.

9. Real Estate Technology and Crowdfunding: Real estate is one of the most dynamic sectors for technology innovation, positioning the real estate industry for disruption. While venture capital has poured into real estate technology startups, crowdfunding could increase opportunity for smaller investors as well. Diverse audiences, including investors and lenders benefit from new technology, as it speeds information gathering and expedites transactions. Technology has also dramatically changed the way real estate professionals do business.

10. The Changing Retail Model: The retail sector faces continued challenges. Merchandise offerings are subject to the preferences of demographic groups in transition. The sector is skewered by decreasing consumer purchasing power, often hampered by aging infrastructure, subject to steep declines in spending if an adverse event (think terrorist attack or cyber security breach) occurs. And yesterday's best location may be today's or tomorrow's worst as urbanization draws more households into cities. On the bright side, despite steady increases in online shopping, there is still a role for physical presence, where shoppers can browse and try products. Retailers that incorporate e-commerce elements, including fast delivery options, are well positioned, at least in the short term. There is continued pressure on existing properties to keep occupancy strong and adapt logistics. Store sizes -- particularly within live/work/play, walkable, and transit oriented developments -- are shrinking, but many of the attractive amenities of such "urban" shopping districts are now being incorporated into suburban shopping areas.

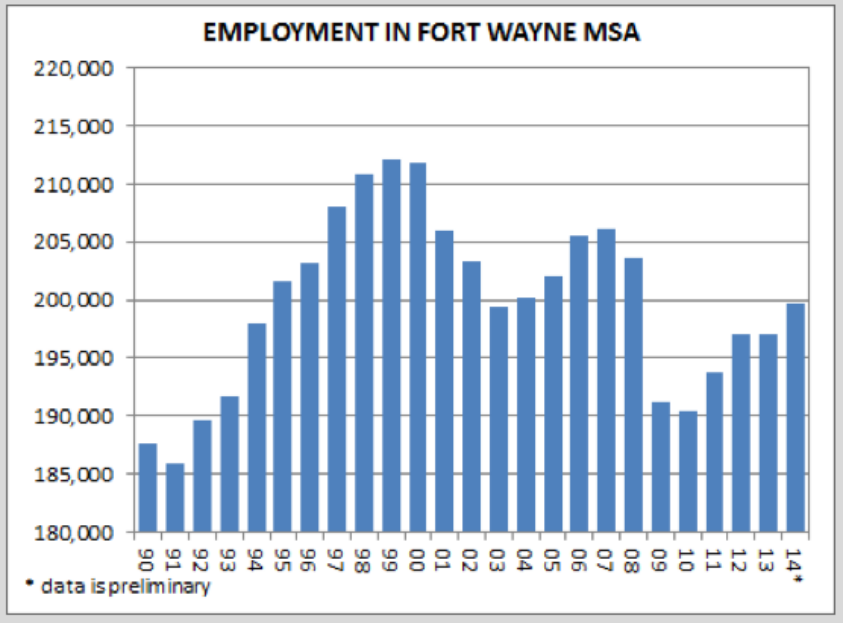
About the CRE 2015-16 Top Ten Issues Affecting Real Estate List

The list was developed by The Counselors of Real Estate's External Affairs Committee, considering independent research, qualitative interactive feedback from members via polling at the association's spring conference and a member wide email survey conducted in spring, 2015.

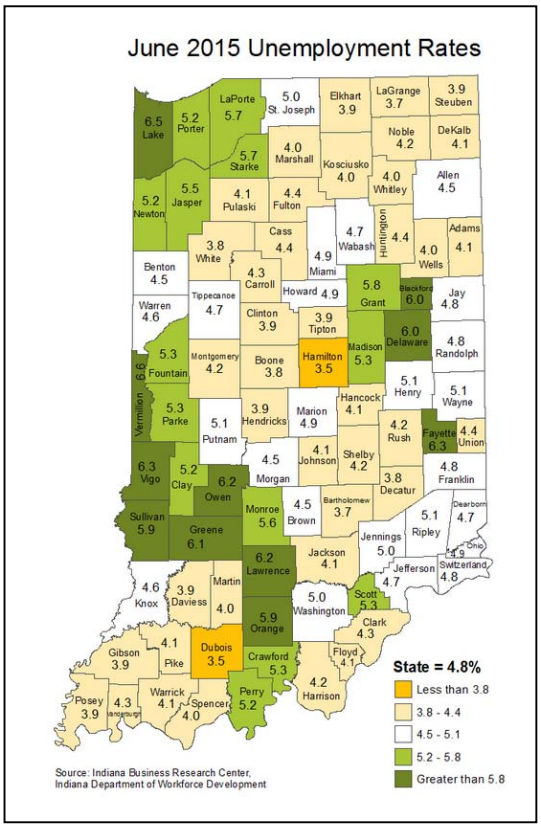
Allen County Top 25 Employers

List maintained by Community Research Institute, IPFW. www.ipfw.edu/cri

RANK	TOTAL FTE	Company Name	ReportYr	NAICS
1	4,710	Parkview Health Systems	2011	6221
2	4,301	Lutheran Health Network	2011	6221
3	4,230	Fort Wayne Community Schools	2013	6111
4	3,909	General Motors	2013	3361
5	1,970	Lincoln Financial Group	2012	5241
6	1,814	City of Fort Wayne	2014	9211
7	1,605	Allen County Government	2010	9211
8	1,580	BFGoodrich	2011	3262
9	1,255	IPFW	2011	6113
10	1,150	Frontier Communications Corp.	2013	5171
11	1,150	BAE Systems Platform Solutions	2013	3345
12	950	Raytheon Systems Co	2012	5417
13	888	Exelis Inc.	2014	3342
14	825	Steel Dynamics	2011	3312
15	800	Sweetwater Sound	2014	5122
16	784	Norfolk Southern Corp	2011	4821
17	742	Northwest Allen County Schools	2014	6111
18	683	Benchmark Human Services	2014	6241
19	630	Vera Bradley	2015	3169
20	542	Edy's Grand Ice Cream	2014	3115
21	528	Shambaugh & Son, Inc	2013	2362
22	508	Fort Wayne Metals Research Products Corp	2014	3326
23	500	Parker Hannifin Corporation	2009	3334
24	496	Ivy Tech Community College	2010	6115
25	468	Dana Corp.	2013	3363

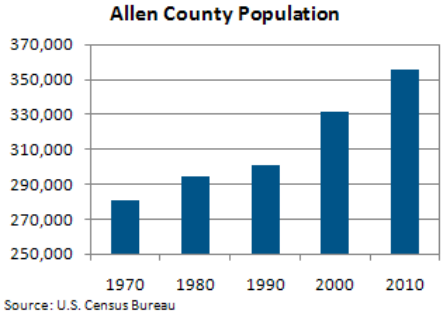


Current unemployment in Allen County, Indiana is 4.5% as compared to 7.2% of the 2015 April workforce.

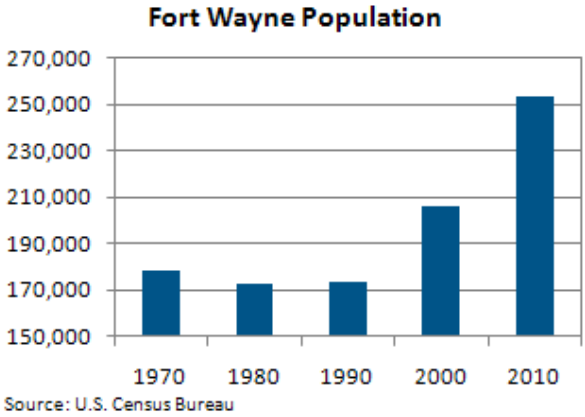


Allen County Population	
1970	280,455
1980	294,335
1990	300,836
2000	331,849
2010	355,329
Source: U.S. Census Bureau	

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	



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.

2015 HIGHLIGHTS

• Ash Skyline Plaza/Skyline Terrace Construction

Ash Brokerage will expand its national headquarters with a new corporate office in downtown with 95,000 square feet of office space. This project includes a parking garage and 21,600 square feet of first-floor retail space. More than 200 employees will be part of Ash's move to downtown. No announcement for the long-awaited residential component of the project has been made.

• Downtown Riverfront Development Proposal

Riverfront Fort Wayne is an initiative that envisions a revitalized downtown riverfront area as a regional destination offering opportunities to experience nature, recreation, shopping, dining and entertainment. The City of Fort Wayne has issued a request for proposals to create schematic drawings, designs and construction documents for the Riverfront Fort Wayne promenade.

• Hunden Strategic Partners Arena Study for the Urban Core

The City of Fort Wayne engaged the Hunden Strategic Partners team, which includes Sink Combs Dethlefs (SCD), to conduct a market, financial and impact analysis related to the development of a mid-sized arena to be located in downtown Fort Wayne. They found there is a gap between the large capacity at the Coliseum and the small capacity at the Embassy Theater. There are many events that are simply too large or not the right type of event for the Embassy, but are too small to break even or work well in the very large Coliseum, they find.

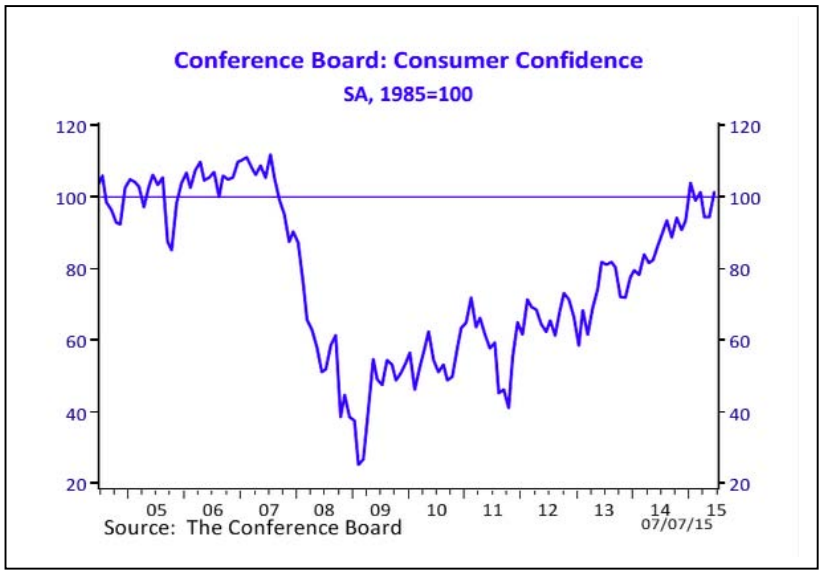
"The key deficit now is in the destination package and appeal of downtown Fort Wayne. The key items that are missing are nodes of restaurant and entertainment activity, more high quality hotel choices and an overall vibe of "things to do" downtown. The development of Parkview Field and related projects has helped, and the new Ash tower will also help. However, more restaurants, a potential event or entertainment center and retail/general downtown activity (from residents, workers, visitors) will help", finds Huden Strategic Partners..

Consumer Confidence (June 2015)

Lawrence Yun, PhD., Chief Economist and Senior Vice President of the National Association of Realtors on July 10, 2015

"A good-paying job today but an anxiety about a job cut tomorrow does not inspire confidence", he states. "Good thing that the job market has consistently been improving. No surprise then that more Americans are expressing a greater confidence about the U.S. economy. Confidence is particularly important for a major purchase like buying a home or a car since it is a longer term commitment and longer term financial obligation".

In June the consumer confidence index rose to 101.4 from 94 readings in the two prior months. The above 100 reading signifies a majority of Americans expressing positive views. This is only the 3rd month where the reading topped above 100 since early 2007. More jobs are helping of course.



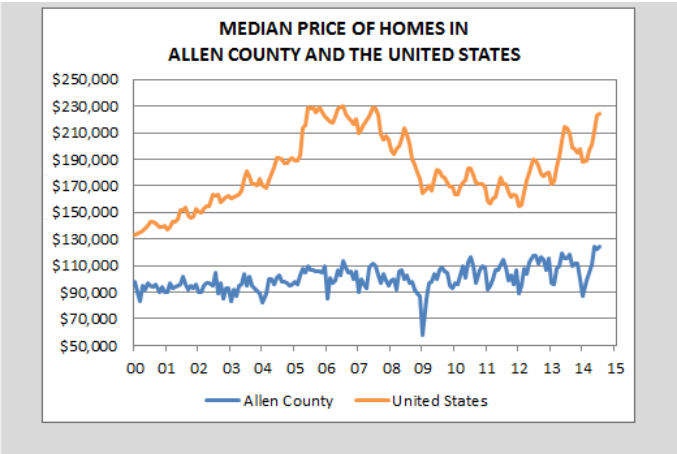
Residential Subdivision Development
Listed by Number of Developments, Number of Lots and Number of Acres Platted Allen County, Indiana
1998-2015

Year	# Developments	# Lots	# Acres
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	298	150
2012	10	344	166
2013	20	551	277
2014	23	789	351

January to June
6 Month Year-to-Date Comparisons for 2006 to 2012

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
2013 (6 mos.)	6	148	58
2014 (6 mos.)	3	123	51
2015 (6 mos.)	7	145	64

Source: Allen County Department of Planning Services



Allen County House Sales Activity
as Reported by Upstate Alliance of Realtors Multiple Listing Service, Inc. 2002-2014

	#Properties Sold	Median Sale Price	Total Dollar Volume	Average Days On The Market	Year End Inventory
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**	**Months Supply**	**$283,216,290**
2011	**4,045**	**$103,900**	**$493,552,420**	**5.6**	**$255,889,566**
2012	**4,492**	**$110,000**	**$494,120,000**	**4.4**	**$195,500,000**
2013	**5,041**	**$111,000**	**$559,551,000**	**4.5**	**$196,581,000**
2014	**5,080**	**$115,000**	**$584,200,000**	**4.5**	**$255,920,920**

January to June
6 Month Year-to-Date Comparisons for 2005-2014

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	**Months Supply**	$372,795,000
2012	2,148	$107,500	$207,801,553	6.5	$327,021,118
2013	2,418	$109,900	$265,738,200	4.9	$217,717,500
2014	2,379	$110,000	$261,690,000	4.8	$230,102,600
2015	1,933 5 months	$115,000	$222,295,000	3.5	$180,550,000

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

Trends in Housing 2015:

Initial year of real recovery for house sales was 2013 according to most. But, not so as new house construction in Allen County dropped to 681 permits in 2014 from 724 in 2013. When compared to 1,751 permits in 2005 and 1,976 permits in 1999 we are still at the bottom of the recovery. New lot development in 2014 of 789 barely covered the demand for new housing. Existing house sales year-to-date (thru May) for Allen County totaled 1,933 properties with a Median Sale Price of $115,000, which is +7%. New listings for single family houses in May 2015 compared to May 2014 was -11%.

Retail Space Vacancy Rate Estimates
Fort Wayne Area

2015 Overall Market Vacancy: 15.8%
2015 Total Sq.Ft. in Marketplace Surveyed: 13,947,208

North/West Quadrant

CBRE			Zacher Co.				
2008	2009	2010	2011	2012	2013	2014	2015
17.3%	16.8%	16.5%	9.2%	9.70%	7.9%	4.2%	5.3%

South/East Quadrant

CBRE			Zacher Co.				
2008	2009	2010	2011	2012	2013	2014	2015
15.3%	24.1%	15.8%	32.31%	28.0%	31.4%	34.4%	39.0%

North/East Quadrant

CBRE			Zacher Co.				
2008	2009	2010	2011	2012	2013	2014	2015
12.5%	15.1%	12.9%	26.0%	22.0%	17.4%	17.6%	18.2%

South/West Quadrant

CBRE			Zacher Co.				
2008	2009	2010	2011	2012	2013	2014	2015
10.5%	13.9%	9.4%	12.0%	10.7%	10.2%	11.4%	13.4%

Sources: 2010 by CBRE Sturges and 2011-2015 by The Zacher Co.

Trends in Retail Properties 2015:

Vacant "big box" stores totaled 14 as compared to 12 in 2014. An overall marketplace retail vacancy rate of 15.8% deters new construction of retail properties, but some moving around has occurred. Most activity for new retail space is located near Parkview Regional Medical Center at Dupont and Diebold Roads. A continuing downward pressure on rental rates causes newer retail properties to experience lower operating income.

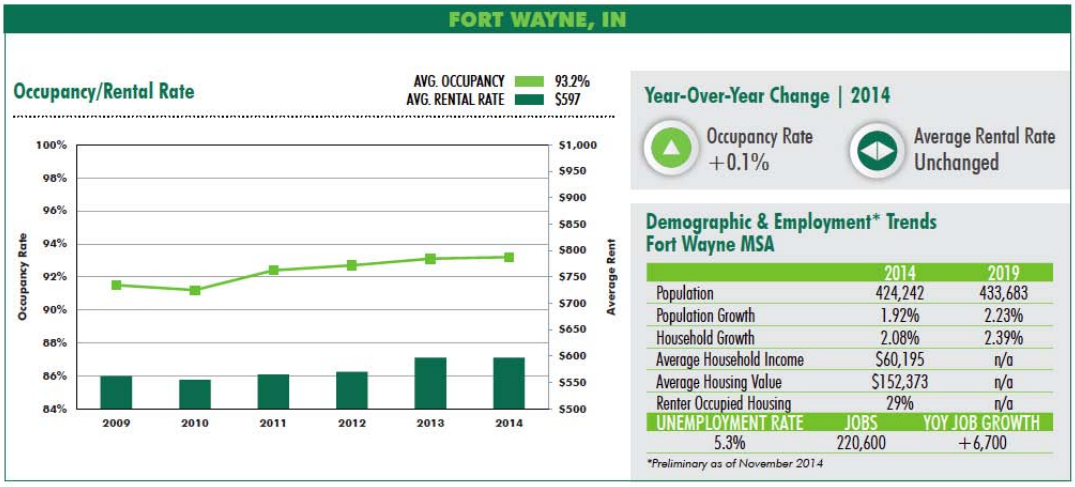
Multifamily Residential Occupancy Estimates
Allocated by Units and Occupancy Percentage
Fort Wayne Market Area

	ALL UNITS		CONVENTIONAL		SUBSIDIZED UNITS	
	Total Units	%Occupancy Reported	Total Units	%Occupancy Reported	Total Units	% Occupancy Reported
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%
March 2007	18,183	91.76%	15,194	91.41%	2,989	95.16%
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)*
2013	*17,086*	*93.7%*	*(end of 2012)*
2014	*17,408*	*93.2%*	*(end of 2013)*

Source: Tikijian Associates- Multihousing Investment Advisors



Market-place is 93.2% Full!

Trends in Multifamily Properties 2015:

Newest apartment community will be downtown with the Cityscape Flats. With 167 apartments, this $27 million housing project is to be located near Parkview Field baseball stadium. That's $161,000 per unit. New Jersey based Zimmerman/Volk Associates suggests the demand for downtown housing is 1,500 units over next 5 to 7 years.

Northeast Indiana Industrial Space Inventory and Vacancy Estimates 2009-2010-2011-2012-2014

	2010	2011	2012	2013	2014
Total Space Inventoried sq.ft. in Regional Industrial Survey	**78,212,693**	**87,418,951**	**93,215,356**	**94,829,768**	**98,340,965**
Estimate of Vacant Space sq.ft.	**9,551,298**	**8,446,767**	**6,259,648**	**6,726,541**	**5,837,314**
Vacancy Rate	**12.21%**	**9.66%**	**6.6%**	**6.84%**	**5.82%**

Net absorption in 2014 was 2,909,062 sq. ft. The total vacant area was 5,837,000 sq. ft. 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

Trends in Industrial Properties 2015:

The industrial sale prices are increasing and the vacant space is measured to be 5.82% of the total 98,340,965 sq. ft. by The Zacher Co. and my description of this is "about as good as it gets."

The pent-up demand has been unleashed, it appears. The build-leaseback market should become more active in comparison to prior years.

Northeast Indiana Industrial Development and Retention Trends by Number of New Projects, Expanded Projects Monetary Investment and Influence on Jobs 1993-2014

Year	# Projects	New/Expansions	$ Invested	#New Jobs	Jobs Lost Due To Plant Closing/Downsizing
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
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
2012	130	10/117	$524,000,000	3,000	548
2013	130	11/119	$506,000,000	3,204	496
2014	107	9/98	$535,800,000	3,577	191

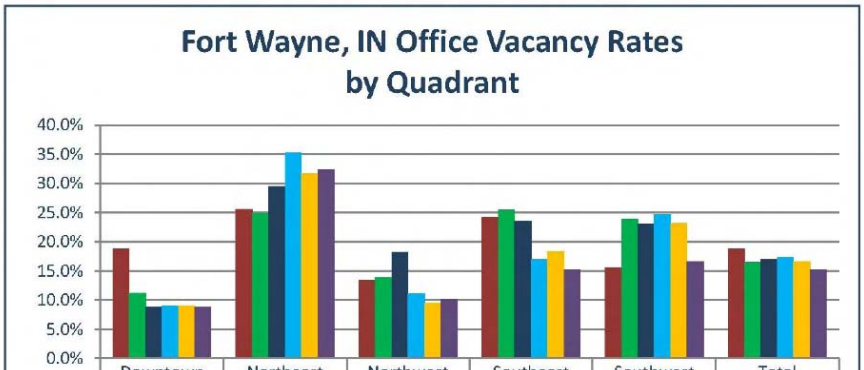
Source: Community Research Institute, Northeast Regional Partnership

$11.8 million Expansion of Group Delphi Building in Stonebridge Business Park

Office Space In Fort Wayne, Indiana

2014 Inventory Totals					
	2014 Office Total Sq. Ft. for Lease	2014 Office Total Sq. Ft. for Sale	2014 Office Total Sq. Ft. for Sale and Lease	2014 Office Total Square Footage	2014 Office Vacancy Rates
By Class					
Class A	324,477	0	324,477	4,459,603	7.3%
Class B	940,813	91,365	1,032,178	7,685,322	13.4%
Class C	471,575	144,929	616,504	808,283	76.3%
Totals	1,736,865	236,294	1,973,159	12,953,208	15.2%
By Quadrant					
Downtown	435,043	50,040	485,083	5,502,241	8.8%
Northeast	665,664	77,522	743,186	2,294,512	32.4%
Northwest	79,216	74,625	153,841	1,511,557	10.2%
Southeast	141,857	16,792	158,649	1,038,105	15.3%
Southwest	415,085	17,315	432,400	2,606,793	16.6%
Totals	1,736,865	236,294	1,973,159	12,953,208	15.2%

the Zacher company CORFAC International



	Downtown	Northeast	Northwest	Southeast	Southwest	Total
2009	18.8%	25.6%	13.4%	24.1%	15.6%	18.8%
2010	11.2%	24.9%	13.9%	25.5%	23.8%	16.4%
2011	8.8%	29.6%	18.2%	23.5%	23.1%	17.0%
2012	9.0%	35.3%	11.1%	16.9%	24.6%	17.3%
2013	9.0%	31.7%	9.4%	18.4%	23.2%	16.6%
2014	8.8%	32.4%	10.2%	15.3%	16.6%	15.2%

Trends in Office Properties 2015:

Little change from 2014. Suburban office space continues to experience 15% to 30% vacancy rates; but no new construction. Most visionaries expect a re-use and re-sizing of offices with a dramatic influence on the characteristics of office space occupancy.

Building Permits Listed By Category
Allen County and City of Fort Wayne
1998-2015

	Single Family Residential		Commercial	
Allen County	# 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**
2011	**500**	**$100,107,641**	**12**	**$ 80,726,297**
2012	**597**	**$136,559,449**	**14**	**$ 46,968,516**
2013	**724**	**$165,325,337**	**17**	**$ 14,041,698**
2014	**681**	**$166,288,444**	**20**	**$ 29,758,808**
2011 (8 mos)	363	$ 71,683,850	11	$80,626,297
2012 (4 mos)	164	$ 37,242,249	2	$ 739,710
2013 (4 mos)	210	$ 44,814,211	5	$ 890,000
2014 (5 mos)	244	$ 59,158,546	6	$ 17,195,000
2015 (3 mos)	143	$ 34,434,520	6	$ 5,959,000
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	**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**
2011	**180**	**$26,199,522**	**30**	**$ 57,306,155**
2012	**92**	**$19,189,425**	**40**	**$ 83,237,976**
2013	**106**	**$22,361,285**	**41**	**$ 74,905,508**
2014	**65**	**$14,142,607**	**31**	**$ 72,638,602**
2012 (4 mos.)	26	$ 6,046,250	8	$ 21,847,496
2013 (4 mos.)	31	$ 6,449,576	9	$ 6,682,837
2014 (5 mos.)	19	$ 4,239,323	11	$ 12,412,405
2015 (3 mos)	18	$ 4,138,456	4	$ 1,974,772

* 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

A New Term: Placemaking

It Describes is a multi-faceted approach to the planning, design and management of public spaces. Placemaking capitalizes on a local community's assets, inspiration, and potential, with the intention of creating public spaces that promote people's health, happiness, and well being.

Think about it. In the years prior, the term "placemaking" wasn't even in common use by developers, designers and planners. Nor were terms such as form-based code, new urbanism, smart growth, transect, charrette, visual preference survey, traditional neighborhood development, transit-oriented development, sprawl repair/suburban retrofit, return on infrastructure investment analysis, tactical urbanism, WalkScore, complete streets, context sensitive thoroughfare design, LEED-ND, light imprint infrastructure, WalkUP, the original green, lean urbanism, the high cost of free parking, etc. says Better Cities magazine.

Will All of This Change Property Values?

You bet it will. Marketability is a driving force in any value consideration. Real estate is given a value only based on what a seller is willing to settle for and a buyer is willing to part with. Millenials are willing to pay for urbanism.

Concluding Remarks:

It seems nearly every city of any size is identifying the "millennial" as the age category which will shape the city's living and spending trends. Millennials are defined as the persons reaching young adulthood in the year 2000---following Generation X. They are not taking to corporate life; and 1/3 of the total 2013 population was a "millennial" person.

Goldman Sachs states: "One of the largest generations in history is about to move into its prime spending years. Millennials are poised to reshape the economy; their unique experiences will change the ways we buy and sell, forcing companies to examine how they do business for decades to come"

It will be an interesting change when the marketplaces find under-served housing and retail demands by this age category.

Local and statewide economic conditions are good and serve as the generator of demand for most of the local real estate offerings in the Fort Wayne marketplace. The continuing survey results by The Zacher Co., Upstate Alliance of Realtors, Home Builders Association and Tikijian Associates contribute reliability to these market observations; and we are appreciative of these accurate annual efforts.

John M. Thistlethwaite Interests, LLC

Market Studies and Valuations Performed in More Than 300 Cities and 37 States Nationwide

John M. Thistlethwaite, CRE, FRICS, GAA, SRS, SRI, CES, CEI
President
3401 Lake Avenue • Fort Wayne, IN • 46805
Telephone (260) 426.7134 Email: john@thistlethwaite.com
Web Site: www.thistlethwaite.com