Cassidy Turley
Commercial Real Estate Services

Retail Market Snapshot

Indianapolis, Indiana
Third Quarter 2012

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Indianapolis • Third Quarter • 2012

Market Tracker
*Arrows indicate Qtr. trend

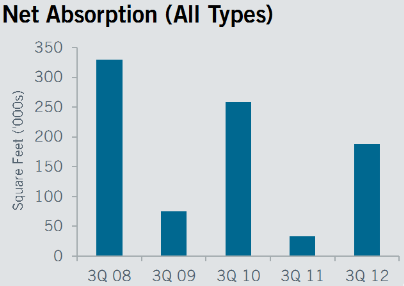
Vacancy (All Types)	Net Absorption (Qtr.)	Net Absorption (YTD)
▼ 7.4%	▲ 187,936	▲ 157,610

INDIANAPOLIS RETAIL

	3Q12	3Q11
Vacancy		
All Retail Types	7.4%	7.7%
Neighborhood Centers	11.8%	12.1%
Community Centers	10.8%	11.5%
Power Centers	6.7%	6.7%
Strip Centers	11.1%	12.9%
Malls	7.5%	7.5%
Net Absorption (Qtr.)		
All Retail Types	187,936	33,203
Neighborhood Centers	8,785	-76,183
Community Centers	70,384	90,770
Power Centers	838	54,899
Strip Centers	22,010	1,021
Malls	435	-159,043

Vacancy Rate (All Types)

Net Absorption (All Types)



Overview

The Indianapolis retail market improved slightly during the third quarter of 2012 by registering 187,936 SF of quarterly net absorption for all retail types. This occupancy growth reversed the losses experienced in the second quarter and helped year-to-date net absorption climb to 157,610 SF. Within the Indianapolis retail market product type variations in quarterly net absorption included malls (+435 SF), power centers (+838 SF), neighborhood centers (+8,785 SF), strip centers (+22,010 SF) and community centers (+70,384 SF). Correspondingly, the total retail vacancy rate declined to 7.4% in the quarter, thereby matching the rate in effect at the beginning of the year but remaining 30 bps below the rate in effect a year earlier. Among Cassidy Turley tracked retail product types, vacancy rates ranged from neighborhood centers (11.8%), strip centers (11.1%), community centers (10.8%), malls (7.5%), to power centers (6.7%).

Average quoted asking rental rates for all retail types declined from the previous quarter, ending the third quarter of 2012 at $11.66 PSF. That compares to $11.99 PSF in the second quarter of 2012 and $12.31 PSF at the end of the third quarter of 2011. Currently, the asking rate for all retail types represents a 481 bps decline over the average asking rate in effect during the balance of 2011. Average asking rates among product types for the third quarter ranged from power centers ($17.46), strip centers ($14.11), community centers ($11.31), neighborhood centers ($11.09), to malls ($10.86).

Promisingly the details of the September retail sales report showed broad strength, with sales outside autos, gasoline and building materials—a closely followed barometer of consumer spending—climbing well above expectations at 0.9%. Although far from robust, the most recent sales numbers do indicate resilience on the part of consumers which bodes well for fourth quarter retail demand and is particularly good news for retailers heading into year-end holiday sales season.

Forecast

- Our retail forecast continues to call for a modest increase in overall retail and restaurant sales, particularly the fast casual segment. Expect growth at both ends of the spectrum, with value and discount retailers as well as luxury brand retailers posting marginally higher sales volume. Improving balance sheets have translated into increased retailer activity in the market and this expected to continue.
- Retailers will continue to examine their portfolios and shift capital to more profitable stores and locations. A- and B-quality properties in established communities with adequate commuter exposure will see increased occupancy but at net effective rents frequently less than levels seen prior to the recession.
- On the development front, expect more mixed-use developments constructed in dense market areas and limited demand for select multi-tenant or speculative development in primary locations, with more widespread development at least 24 to 36 months away.

2012 Estimated Monthly Sales for Retail and Food Services, by Kind of Business

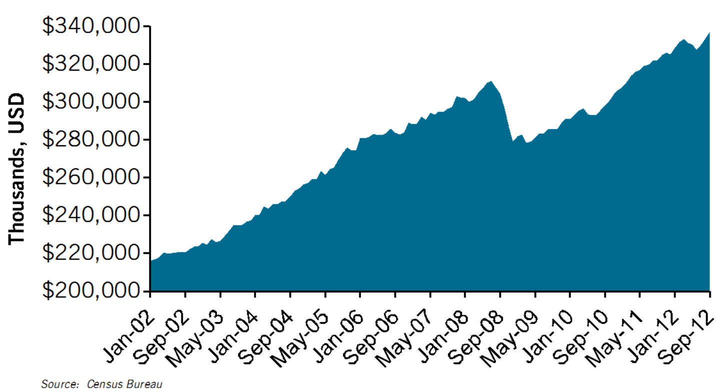
Indianapolis Area • Third Quarter • 2012 • Total sales estimates are shown in millions of dollars

TYPE OF RETAIL	Not Adjusted				Adjusted	
	9 Month Total		2012		2012	
	2012	% Chg. 2011	Sept. (a)	Aug. (p)	Sept. (a)	Aug. (p)
Total Retail Sales	3,599,536	5.6	390,766	422,637	412,939	408,250
Retail Sales, Excluding Autos	2,926,180	5.0	319,997	341,846	337,398	333,676
Motor Vehicle & Parts Dealers	673,356	8.1	70,769	80,791	75,541	74,574
Furniture & Home Furnishings	70,015	8.8	7,942	8,558	8,112	8,081
Electronics & Appliances	69,526	0.1	7,765	8,098	8,536	8,170
Building Material & Garden Equipment	221,733	5.8	23,146	25,244	24,632	24,353
Food & Beverage	470,601	3.6	51,933	54,068	53,411	52,783
Grocery	423,313	3.3	46,595	48,536	47,839	47,352
Health & Personal Care	204,750	1.5	21,819	23,089	23,040	22,951
Gasoline Stations	412,852	3.9	46,563	49,482	46,030	46,030
Clothing	166,619	6.1	18,456	20,643	20,147	20,017
Sporting, Hobby, Books & Music	63,585	6.6	7,168	8,699	7,493	7,493
General Merchandise	452,301	1.5	48,036	52,057	52,469	52,469
Miscellaneous Retailers	89,288	7.3	10,014	10,685	10,267	10,274
Nonstore Retailers	308,215	11.5	33,842	35,678	37,760	37,093
Food Services & Drinking Places	396,695	7.7	43,313	45,545	44,152	43,962

(*): Estimates are concurrently adjusted for seasonal variation and for holiday and trading day differences, but not for price changes.
(a): Advance estimate; (p): Preliminary estimate Source: U.S. Census Bureau

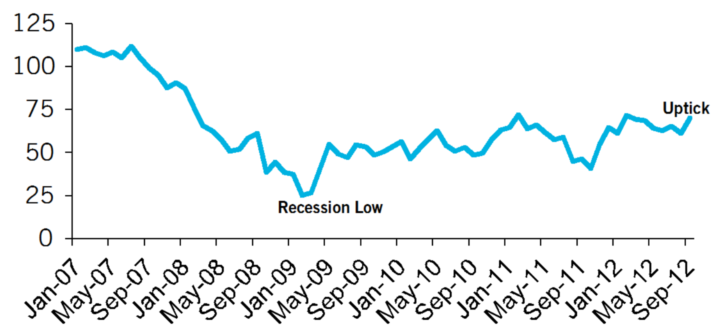
Retail Sales and Food Services, Excluding Auto & Gas

Source: Census Bureau



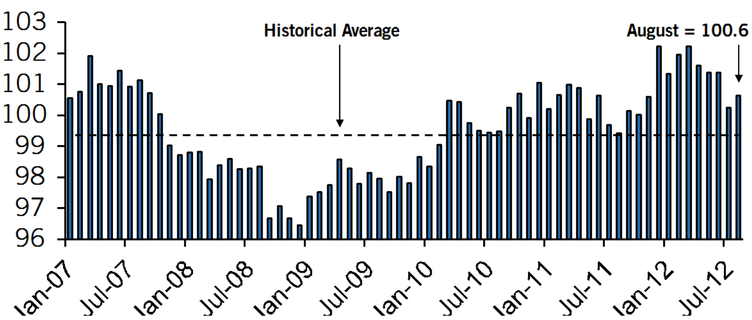
Consumer Confidence Index

Source: The Conference Board



Restaurant Performance Index

Source: National Restaurant Association



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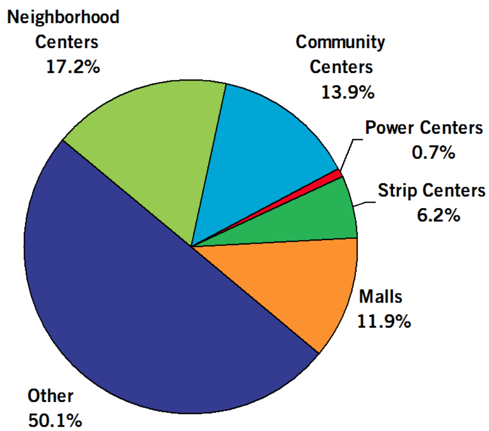
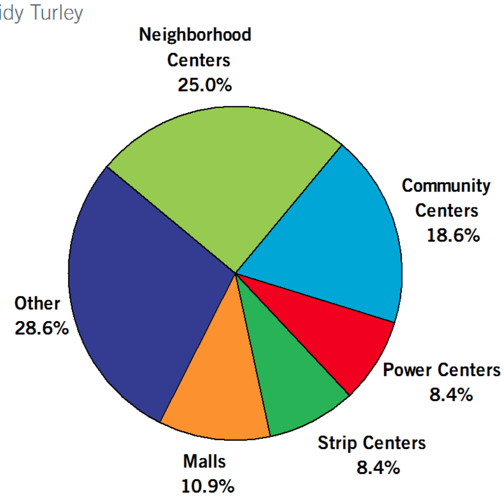
Tracked Inventory by Retail Type

Source: Cassidy Turley



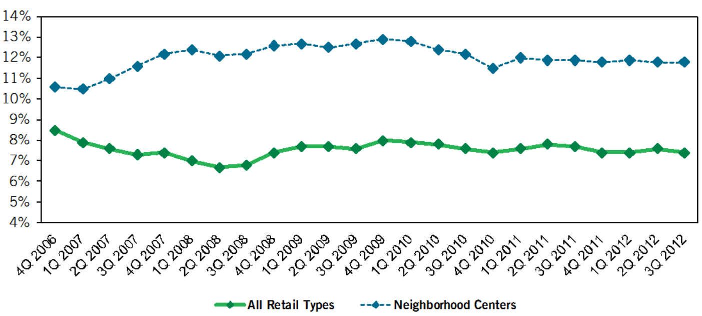
Distribution of Vacant Space by Retail Type

Source: Cassidy Turley



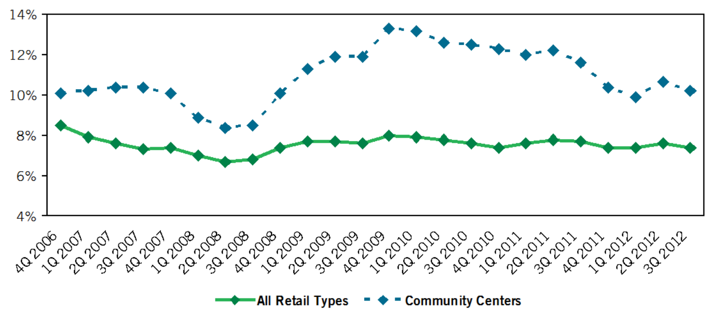
Neighborhood Centers Historical Vacancy

Source: Cassidy Turley



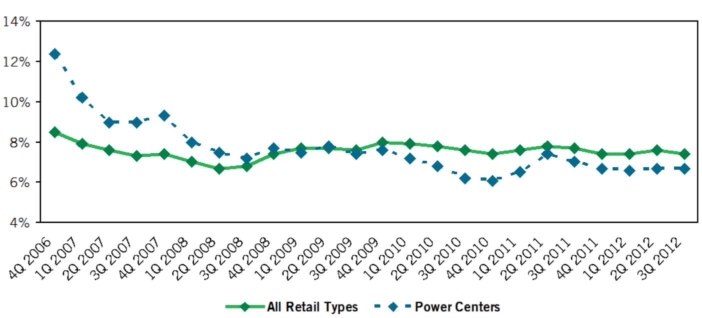
Community Centers Historical Vacancy

Source: Cassidy Turley



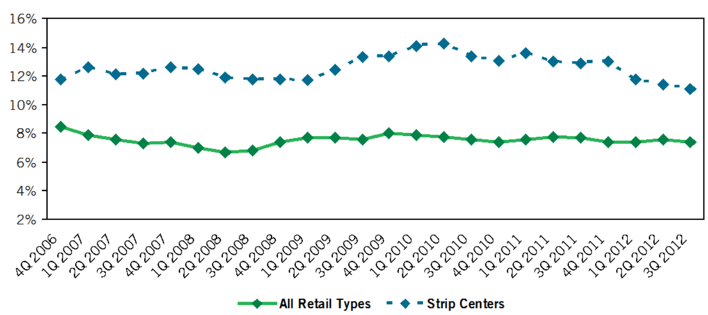
Power Centers Historical Vacancy

Source: Cassidy Turley



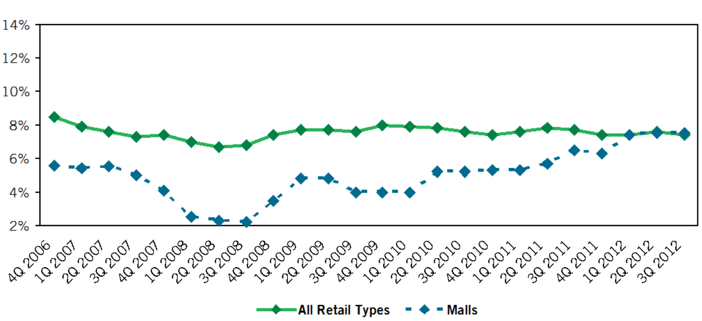
Strip Centers Historical Vacancy

Source: Cassidy Turley



Malls Historical Vacancy

Source: Cassidy Turley



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Integrated, Tailored Solutions

- Cassidy Turley provides clients with a full suite of comprehensive real estate solutions, including investor services, occupier services, specialty services and industry-specific services.
- By partnering with Cassidy Turley, clients gain a true business advocate.
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About Cassidy Turley

Cassidy Turley is a leading commercial real estate services provider with more than 3,700 professionals in more than 60 offices nationwide. The company represents a wide range of clients—from small businesses to Fortune 500 companies, from local non-profits to major institutions. The firm completed transactions valued at $22 billion in 2011, manages 455 million square feet on behalf of institutional, corporate and private clients and supports more than 28,000 domestic corporate services locations. Cassidy Turley serves owners, investors and tenants with a full spectrum of integrated commercial real estate services—including capital markets, tenant representation, corporate services, project leasing, property management, project and development services, and research and consulting. Cassidy Turley enhances its global service delivery outside North America through a partnership with GVA, giving clients access to commercial real estate professionals in 65 international markets. Please visit www.cassidyturley.com for more information about Cassidy Turley.

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