



NORTH INDIANAPOLIS METRO OFFICE REPORT

MARKET OVERVIEW

First Quarter 2010



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ECONOMY

Inflation Rate:	2.0%	↓
Unemployment		
US:	9.7%	↑
Indiana:	9.9%	↔
Marion County:	10.1%	↑
Hamilton County:	7.3%	↔

The economy is improving, however slowly. Pent up demand is driving the recovery and cautious confidence is returning. The experience of the "Great Recession" has taught decision-makers a hard lesson in being more conservative in managing capital and liabilities.

LEASING

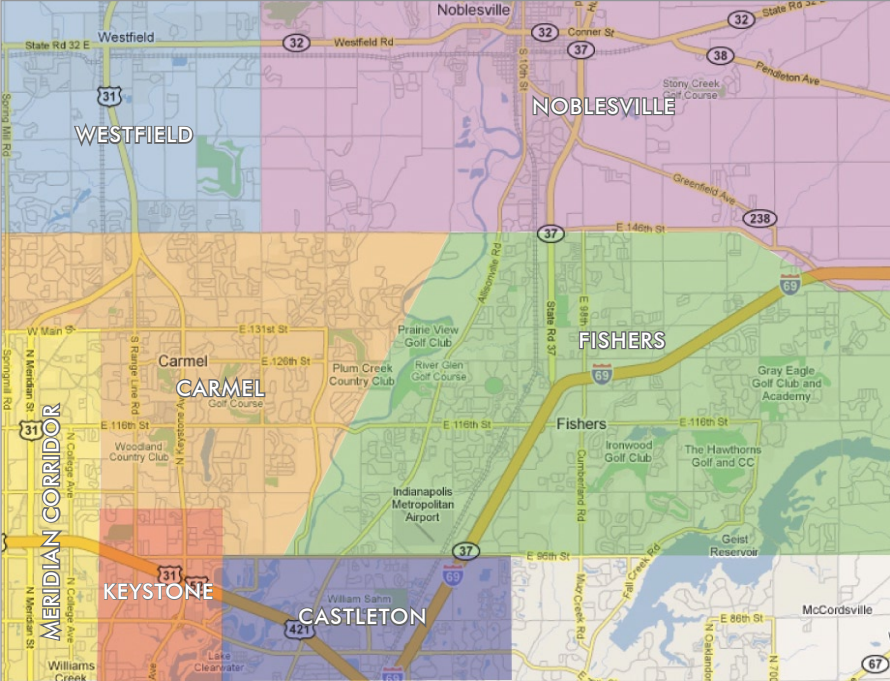
Vacancy		
US:	16.8%	↑
Indianapolis Metro:	22.2%	↑

Leasing activity is paralleling the slow recovery in the economy. The worst of the downturn is behind us. Overall demand for lease office space continues to be weak, the worst segment being first generation shell space. Due to increased caution, decision makers are tending toward modifying already built out space. Many tenants are opting to renew their leases, trading additional term for reduced rental rates. The Keystone market has been one of the more active markets, with the owners of Keystone at the Crossing office park lowering their rental rates. Market-wide, rental rates have been generally flat for the past 20 years. Landlord margins are being squeezed with increased costs and having to be more competitive for deals. Successful landlords are being more aggressive and creative in managing their operating costs.

Healthcare office space continues to be a growth area, although with more medical practices selling their businesses to the major hospitals, more of the real estate is now being controlled by these hospitals. The new national healthcare legislation likely will continue the growth of healthcare office space, because of the greater patient demand.

SALES

The great train wreck predicted for commercial real estate still hasn't happened. There are many properties with negative cash flow, but lenders have been quietly working with owners/borrowers to arrive at a satisfactory outcome for both sides and avoid the lengthy and costly process of foreclosure. Many lenders are opting to sell their debt positions on properties at a discount in order to get the loan problem quickly behind them. Now is a good time for buyers, although prices on quality properties in good locations have not dropped substantially. In order to optimize the situation buyers need to know the market and be able to move quickly with funding in place.



Submarket	#Bldgs	Total SF	Vacancy %	Absorption	Ask Rates
Meridian Corridor	73	6,047,886	17.6 ↓	32,635	\$19.10
Keystone	60	4,303,312	16.8 ↓	40,379	\$18.41
Castleton	54	2,419,109	22.5 ↓	79,612	\$17.68
Fishers	56	2,176,099	28.3 ↔	1,436	\$18.12
Carmel	37	1,194,492	23.9 ↑	(7,783)	\$18.35
Noblesville	19	508,128	36.2 ↑	(8,900)	\$19.75

Significant Lease Transactions

Building	Submarket	Tenant	SF
11595 N. Meridian	Meridian Corridor	Sure Point Lending	19,455
550 Congressional Blvd.	Meridian Corridor	Quinlan Marketing Inc.	11,477
11580 Overlook Dr.	Fishers	Methodist Occ. Health	8,383

Significant Sale Transactions

Building	Buyer	Seller	SF
None at this time.			