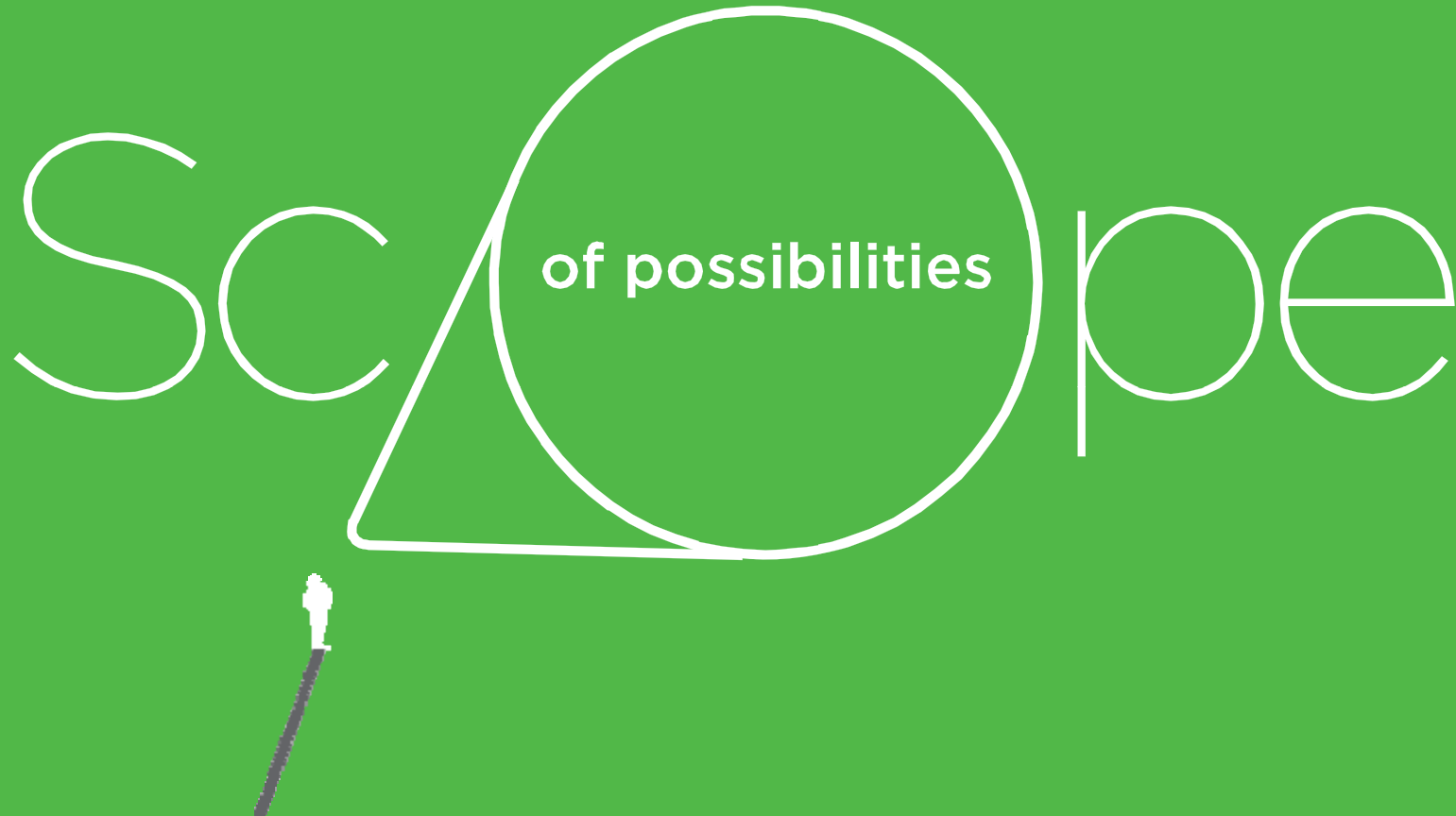


CASSIDY TURLEY PRESENTS  
THE STATE OF REAL ESTATE 2011



Examining the Market with an Eye on the Future

Cassidy  
Turley

# Office Marketplace



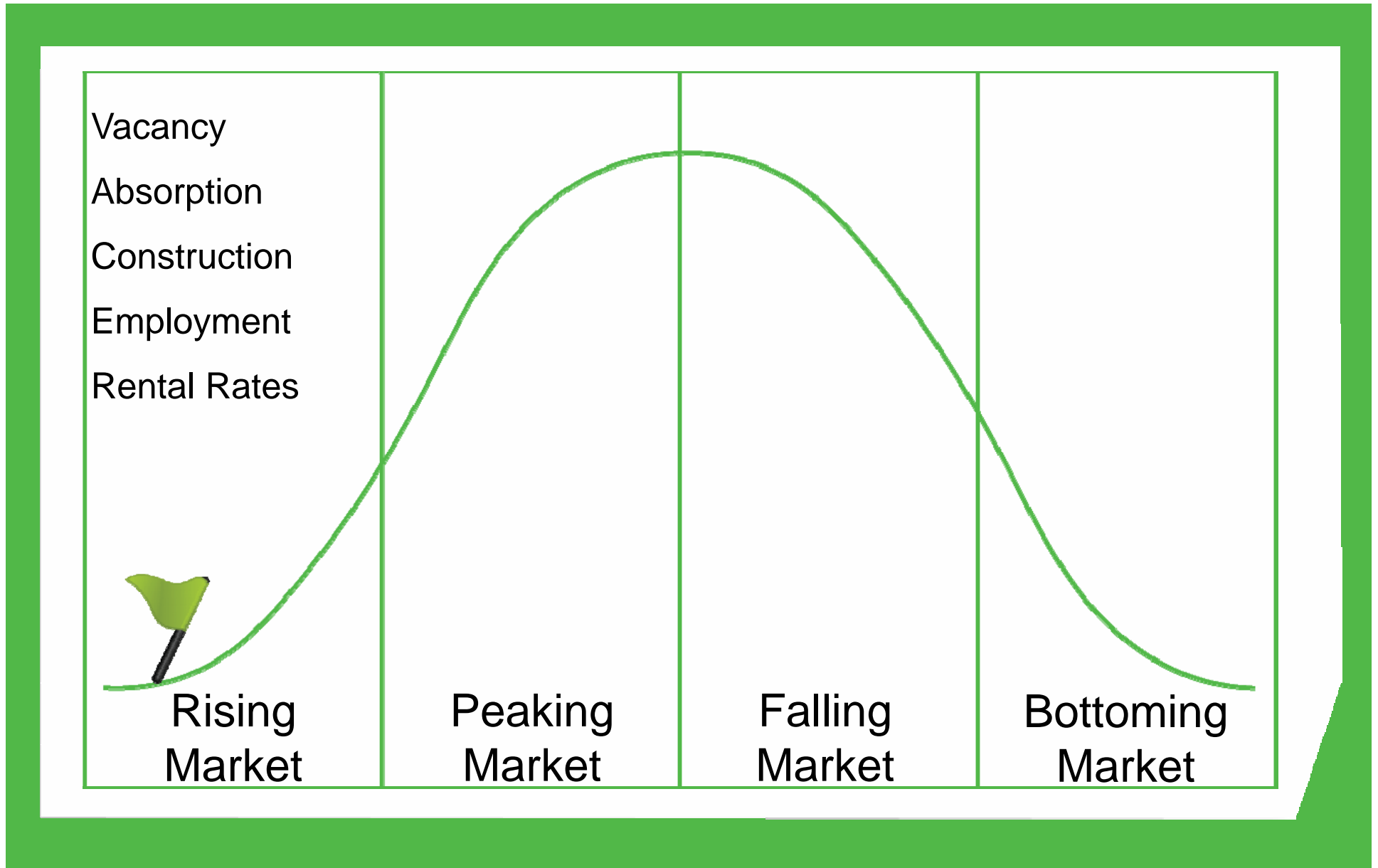
Mary Beth Kohart,  
**SIOR, CCIM**

Principal, Vice President  
Office Services

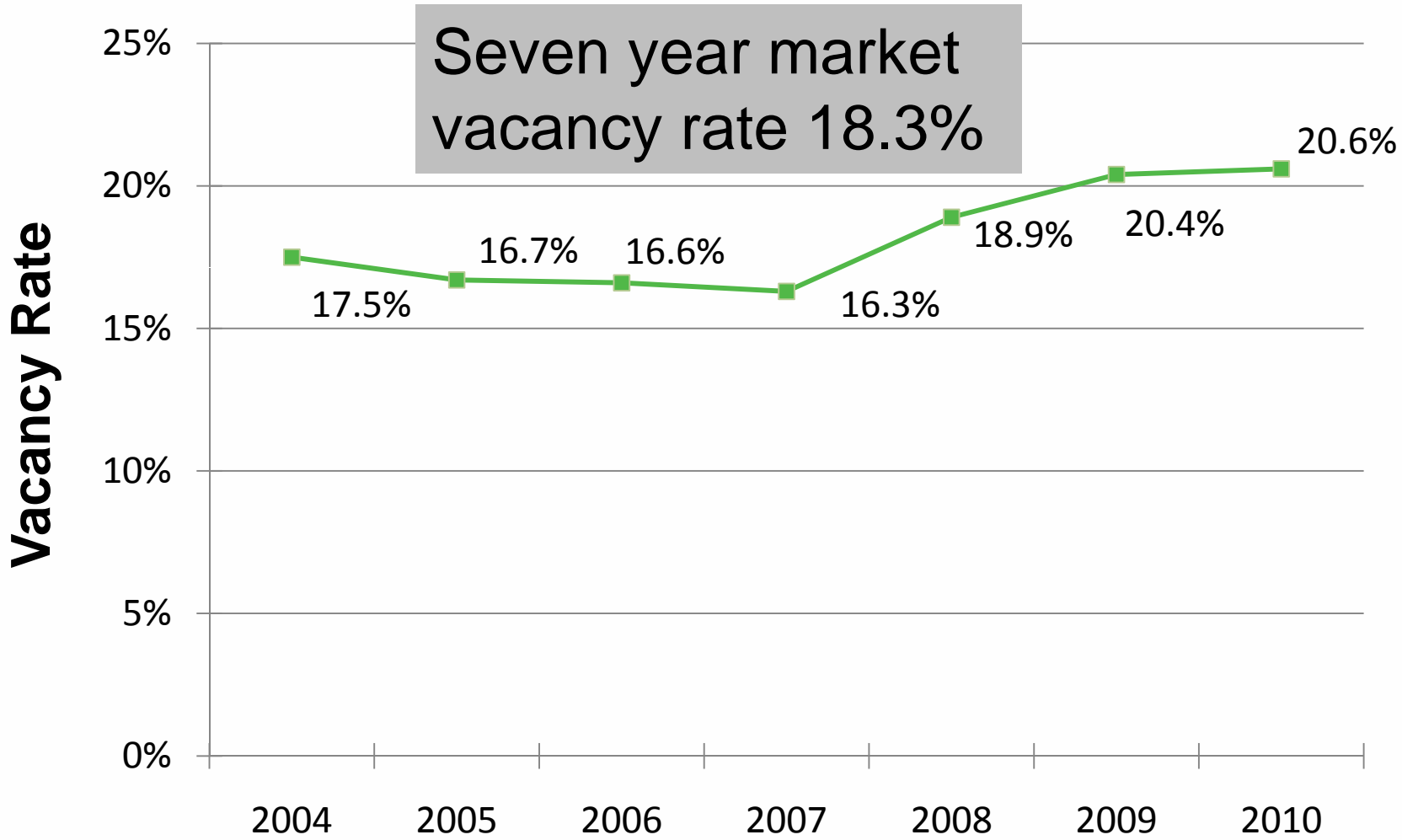
Examining the Market with an Eye on the Future

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Turley

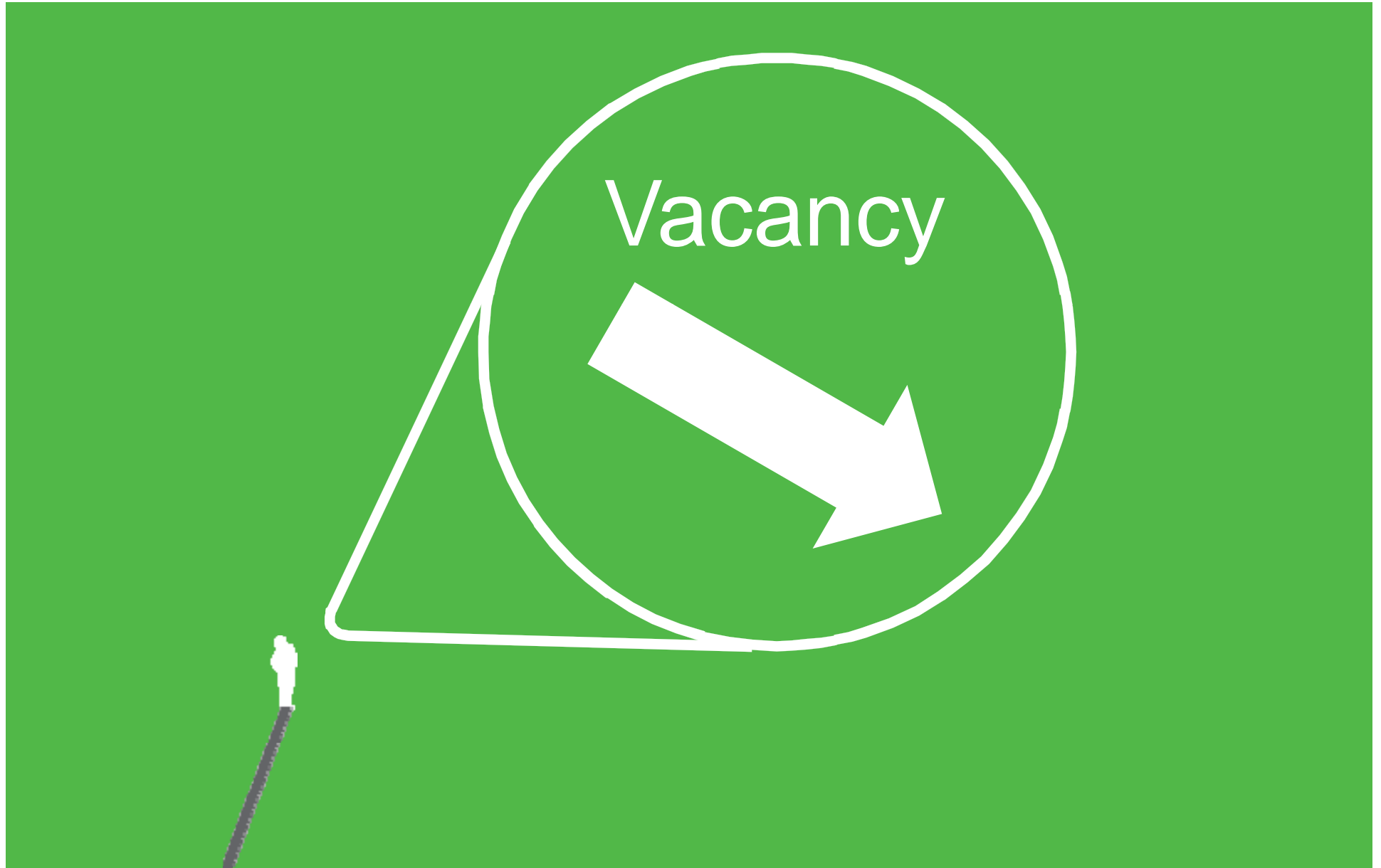
# Office Real Estate Cycle



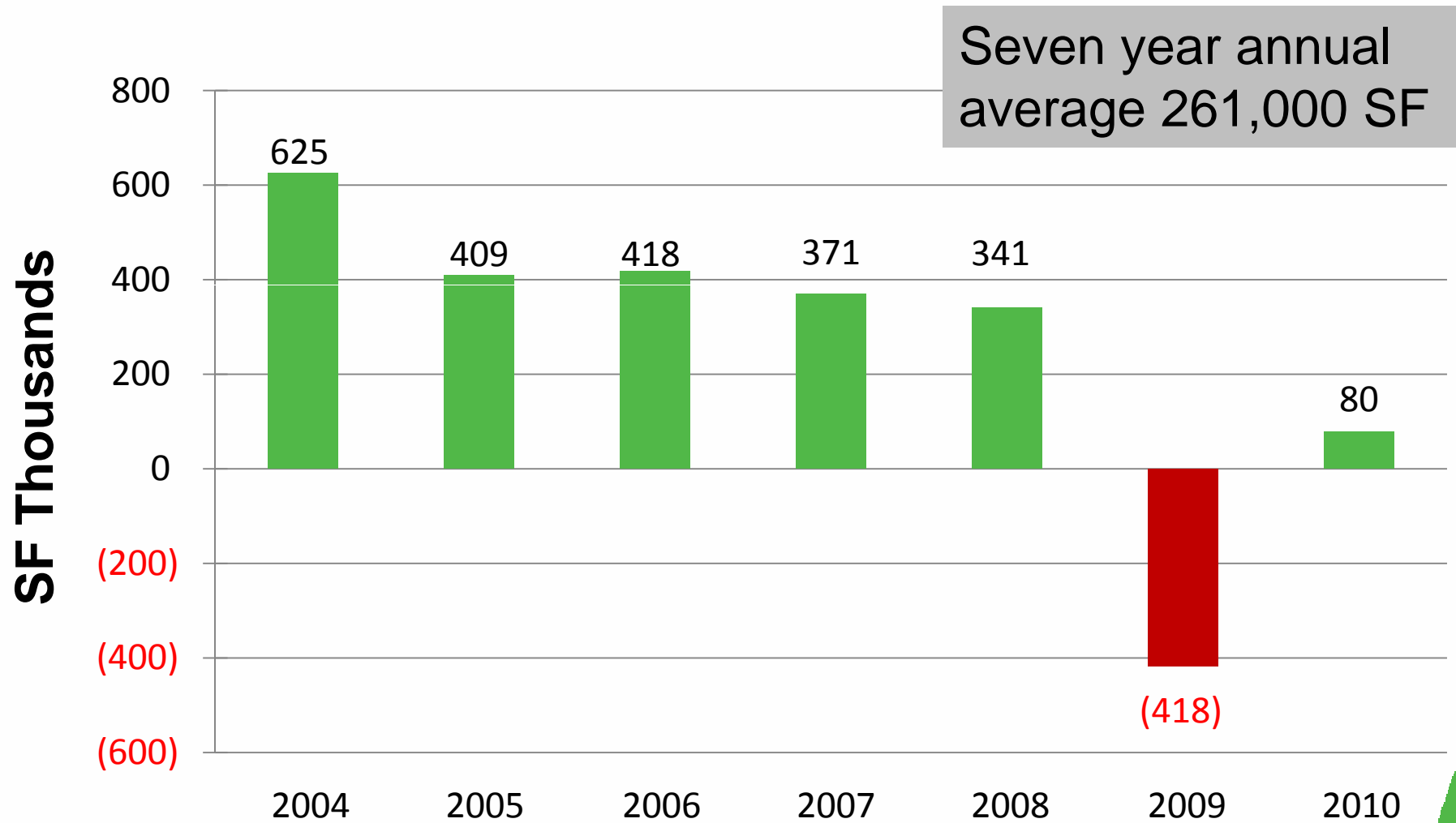
# Office Vacancy



# Examining the Market with an Eye on the Future



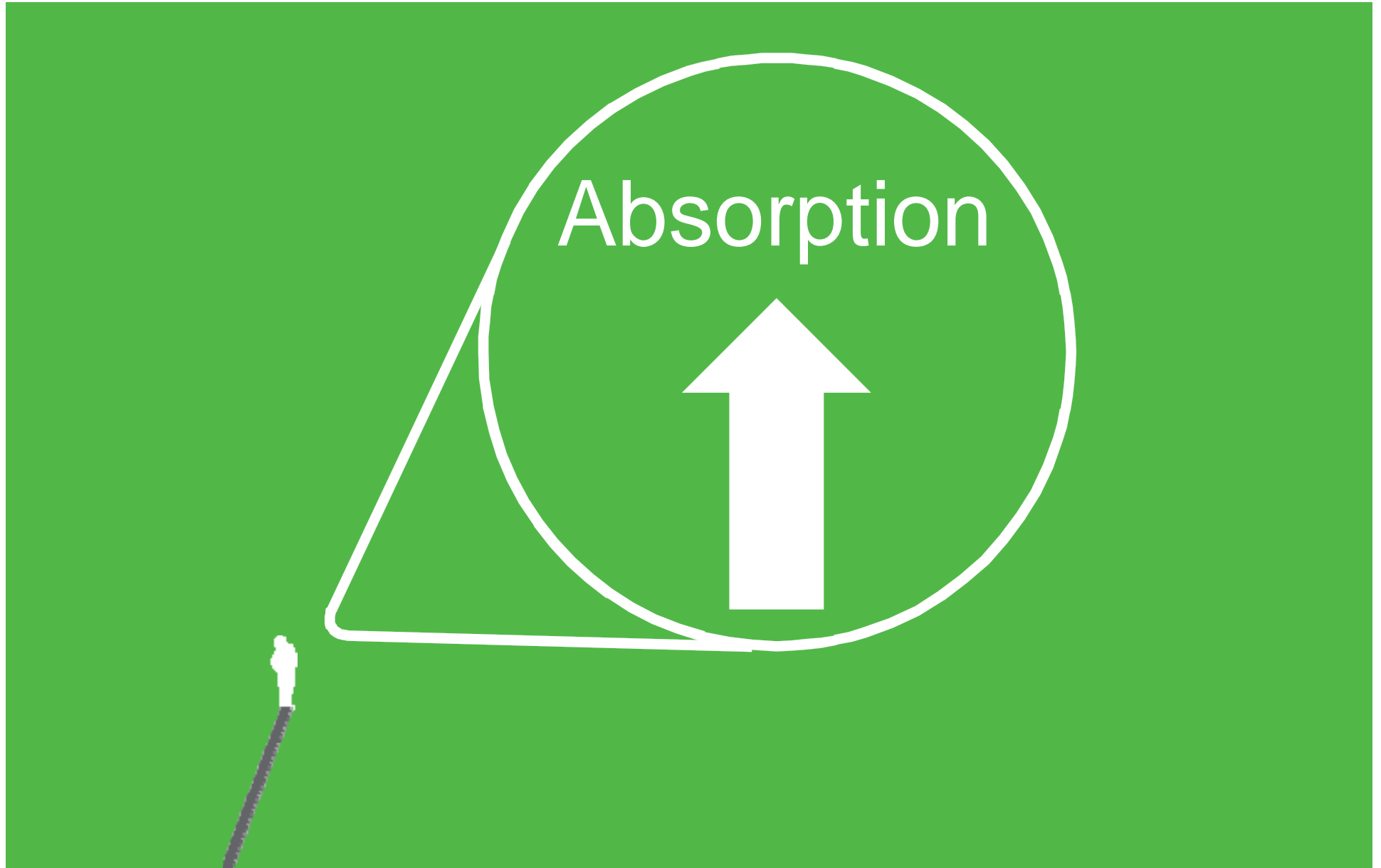
# Absorption Rebounding



# Major Leases - Downtown

<b>Company</b>	<b>Location</b>	<b>SF</b>
U.S. General Services Administration	M&I Plaza	74,762
Fifth Third Bank	Capital Center North Tower	71,500
Harrison College	500 North Meridian	34,000
Centene Corporation	Landmark Center	30,429
Hoosier Lottery	The Buick Building	30,000
Lumina Foundation	30 South Meridian Street	27,500
Exact Target	Century Building	23,000
PricewaterhouseCoopers	PNC Center	22,000
Northwestern Mutual Life	Chase Center Tower	18,341
Thomas Catering	Chase Center Tower	18,000
Inventive	Farm Bureau Headquarters	18,000

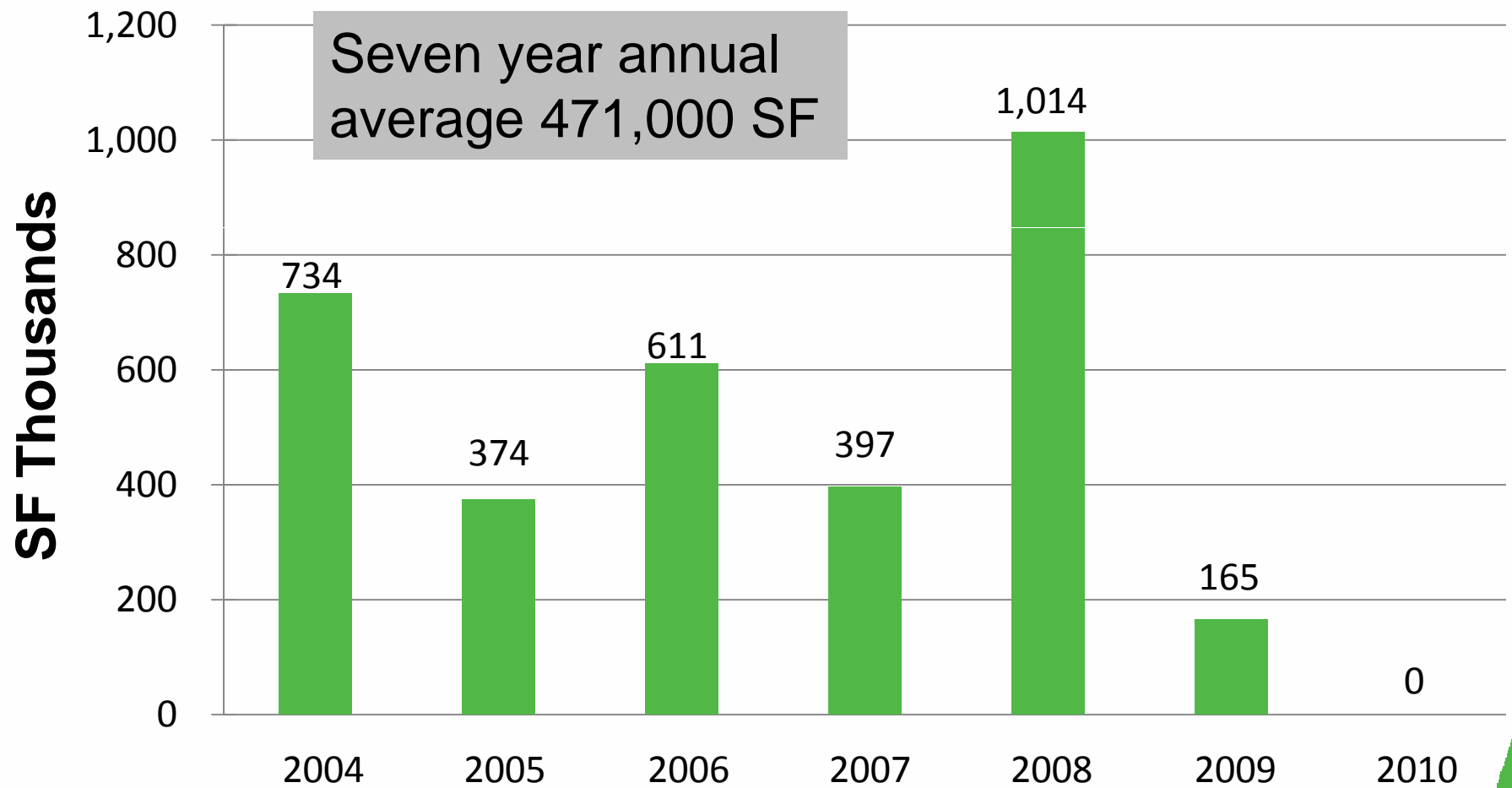
# Examining the Market with an Eye on the Future



# Office Construction



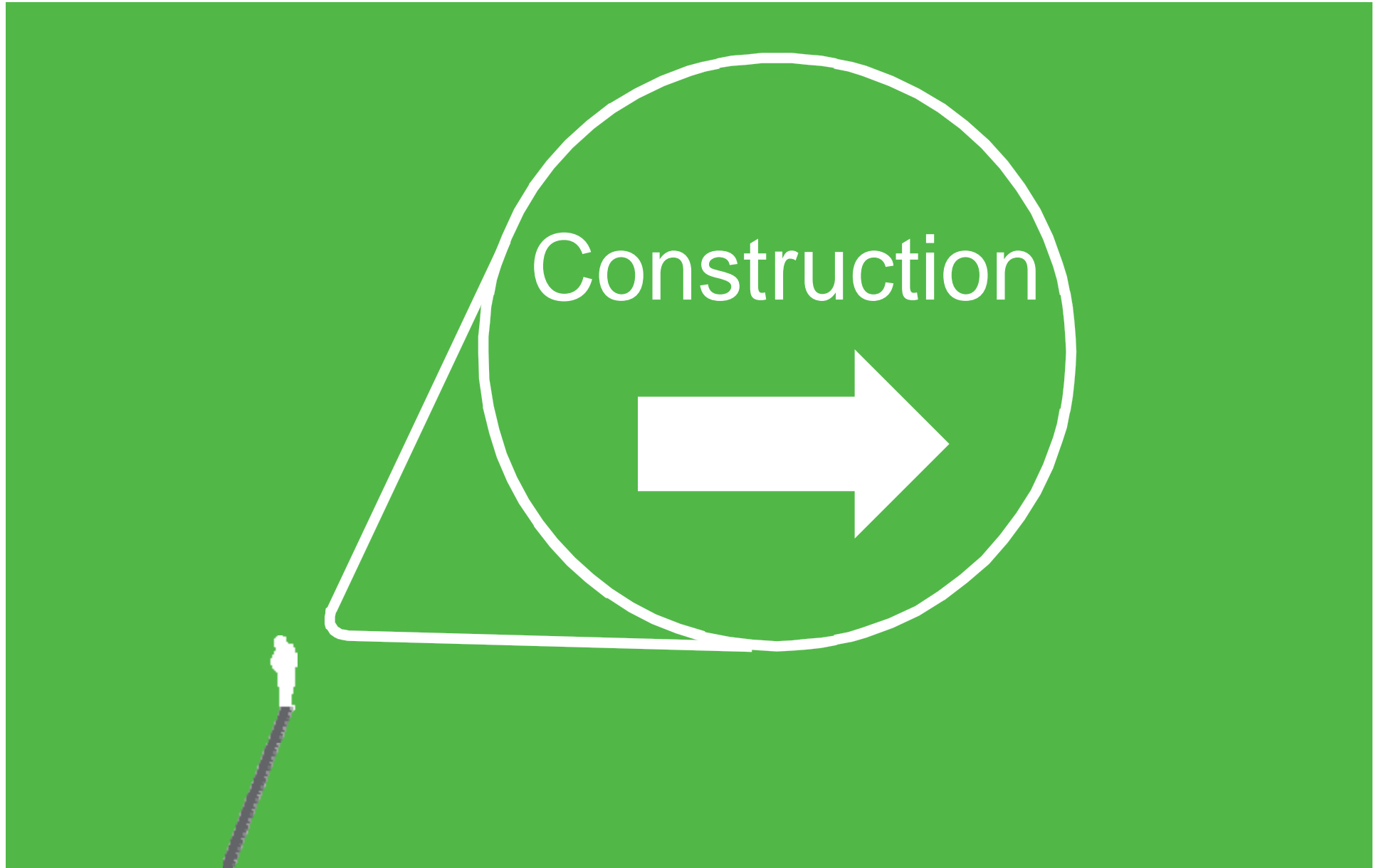
# Office Construction



# Other Developments

<b>Company</b>	<b>Type</b>	<b>Price</b>
Wishard Hospital Project	Healthcare	\$754,000,000
Methodist Hospital Bed Tower	Healthcare	\$500,000,000
St. Francis Expansion	Healthcare	\$225,000,000
Clarian Saxony (MOB)	Healthcare	\$200,000,000
Clarian's Tower at Riley Hospital	Healthcare	\$200,000,000
Convention Center Expansion	Public / Cultural Space	\$275,000,000
Carmel Performing Arts Center	Public / Cultural Space	\$118,000,000
Cultural Trail	Public / Cultural Space	\$62,500,000
Super Bowl Host Committee Initiatives	Public / Cultural Space	\$60,000,000
Georgia Street Project	Public / Cultural Space	\$12,500,000

# Examining the Market with an Eye on the Future



# Indiana Employment Picture

## Bureau of Labor Statistics

- ▶ Top 11 metro areas for job growth

## Indiana Dept of Workforce Development

- ▶ Private sector job growth tops among Midwestern states and twice the national rate

**46,200 new private sector  
jobs created in 2010**

# Job Creation

## Indiana Economic Development Corporation

- ▶ 200+ companies to create more than 23,000 new jobs – highest of any year

## Develop Indy

- ▶ Secured over 8,700 new job commitments in 2010 – best year in last decade

# Jobs Needed to Reduce Vacancy

## Problem

- ▶ 6.6 million SF of vacant office space
- ▶ Need to fill 744,000 SF to reach 18.3% vacancy
- ▶ Assume each office worker needs 250 SF
- ▶  $8,700 \text{ commitments} \times 30\% \text{ office users} = 2,610$  office jobs

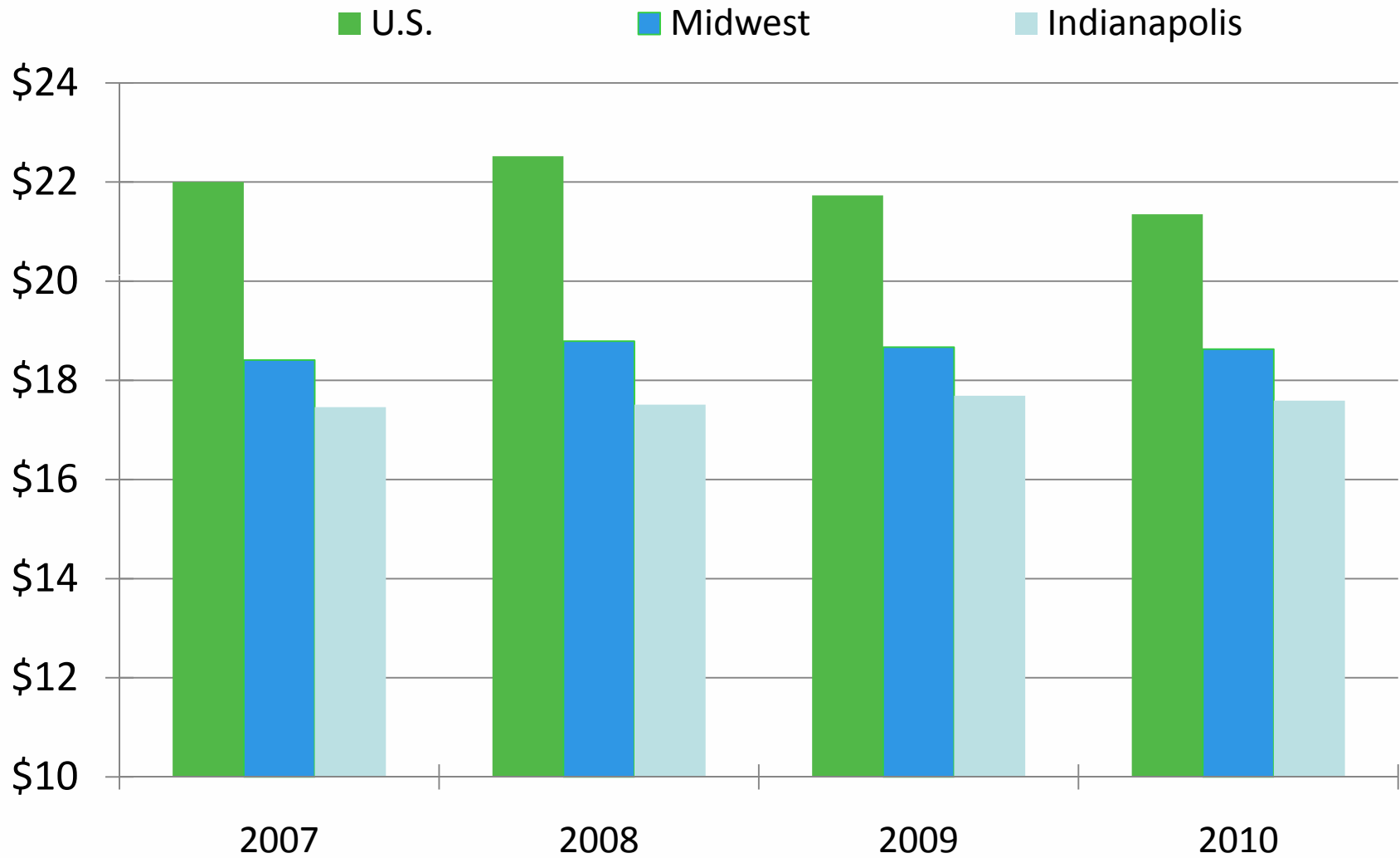
## Solution

- ▶ Add 3,000 jobs to region to fill space

# Examining the Market with an Eye on the Future



# Office Rental Rates



# Focus on Creditworthiness

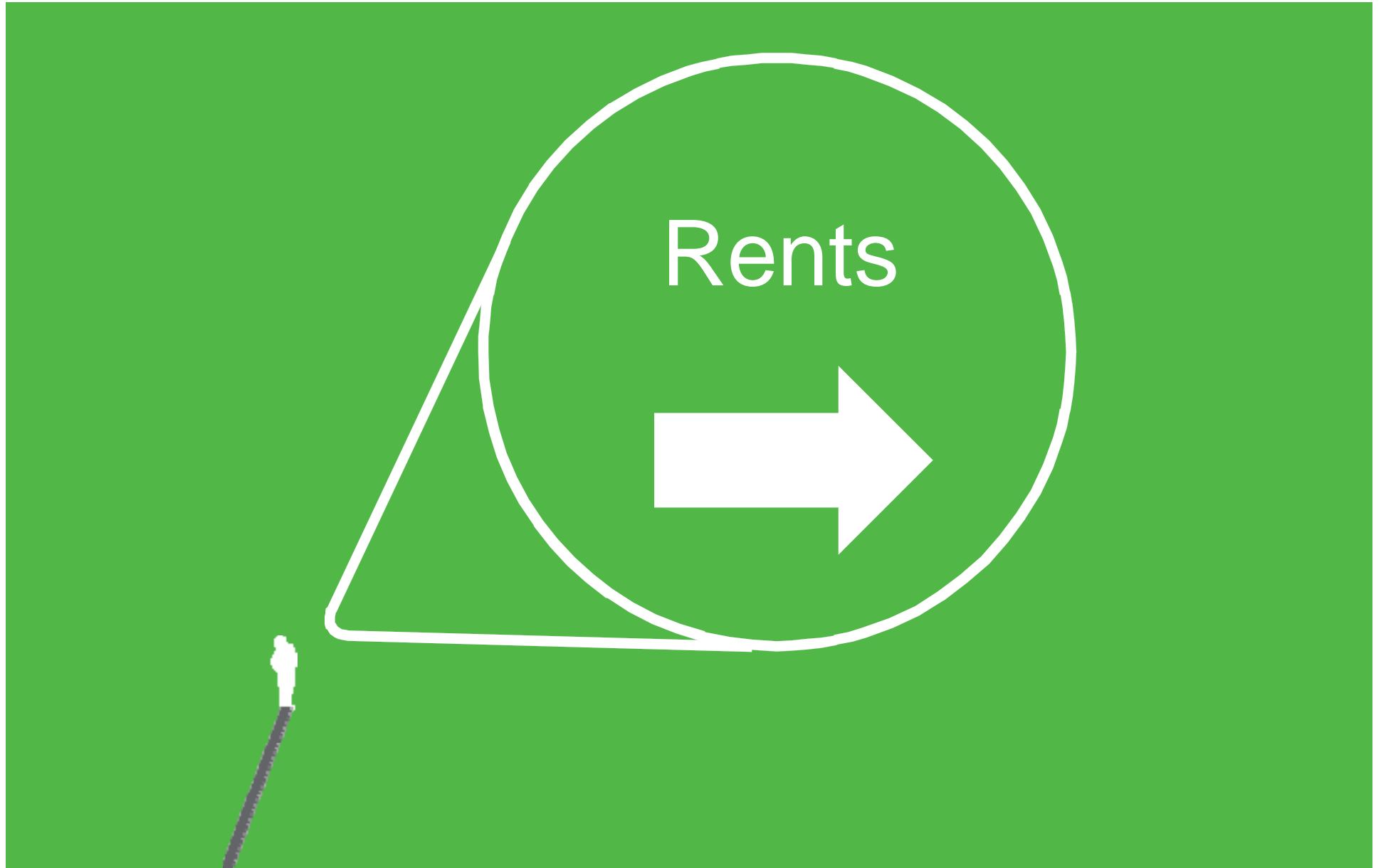
## Landlords

- ▶ Increased guarantees are being required
- ▶ Pressure to keep deal costs low

## Tenants

- ▶ Asking for landlords to illustrate ability to fund deals
- ▶ Demonstrate long-term viability

# Examining the Market with an Eye on the Future



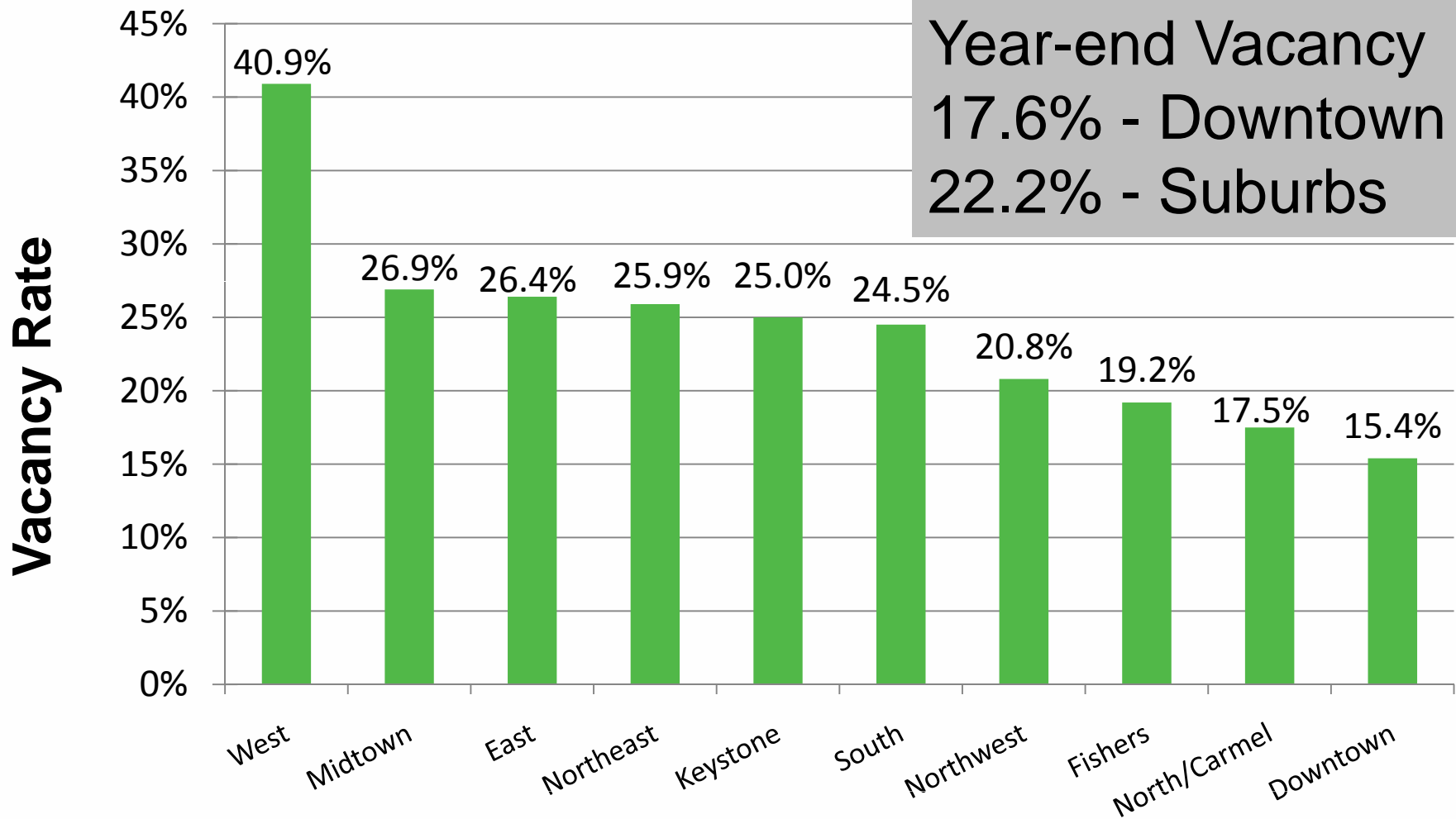
# U.S. Economy



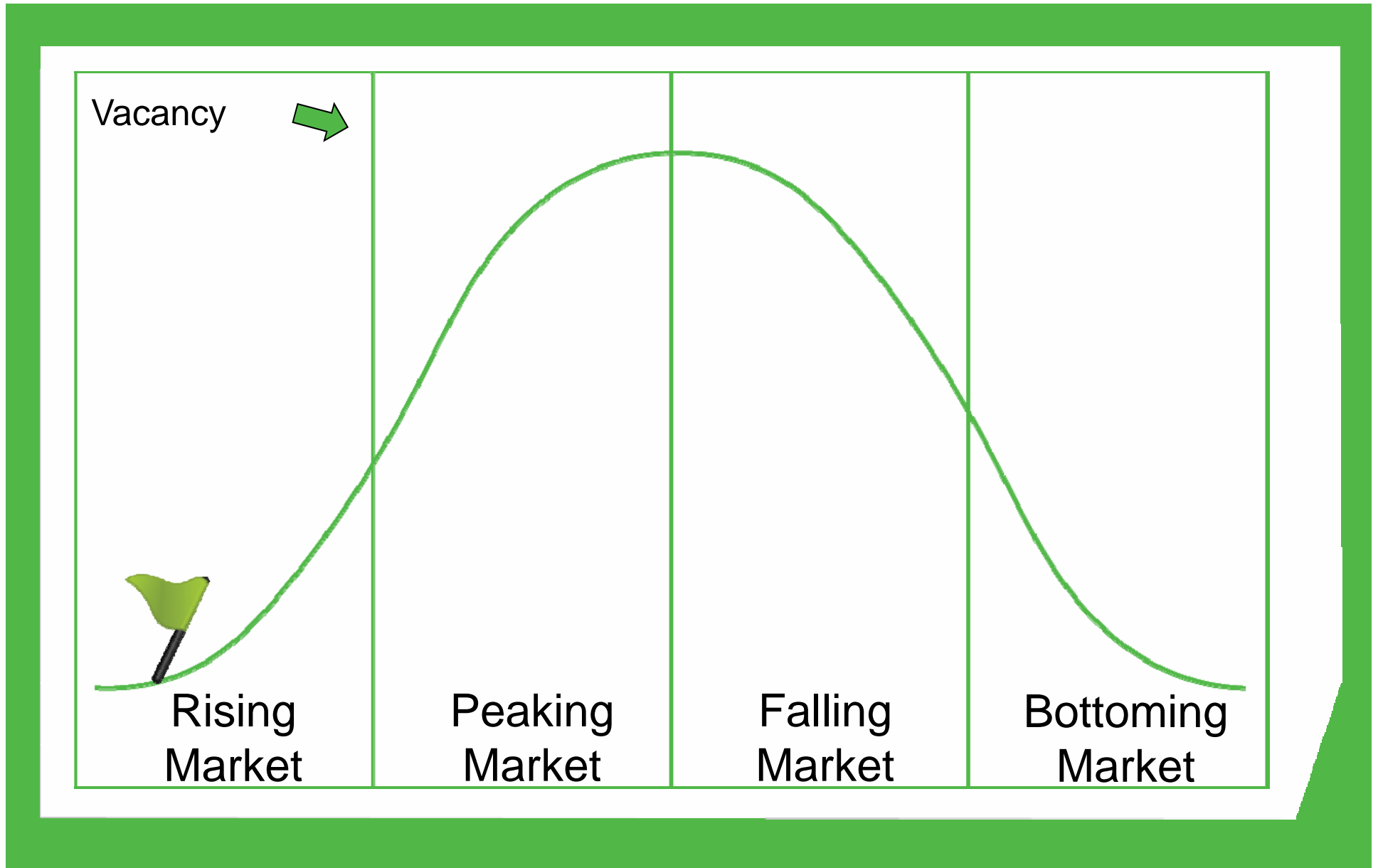
# Examining the Market with an Eye on the Future

- ▶ Transaction velocity will increase
- ▶ As employee productivity wanes, job creation will increase
- ▶ Increased absorption and decreased vacancy
- ▶ Rents and deal costs remain under pressure
- ▶ Limited office development

# 4Q Submarket Vacancy Rates

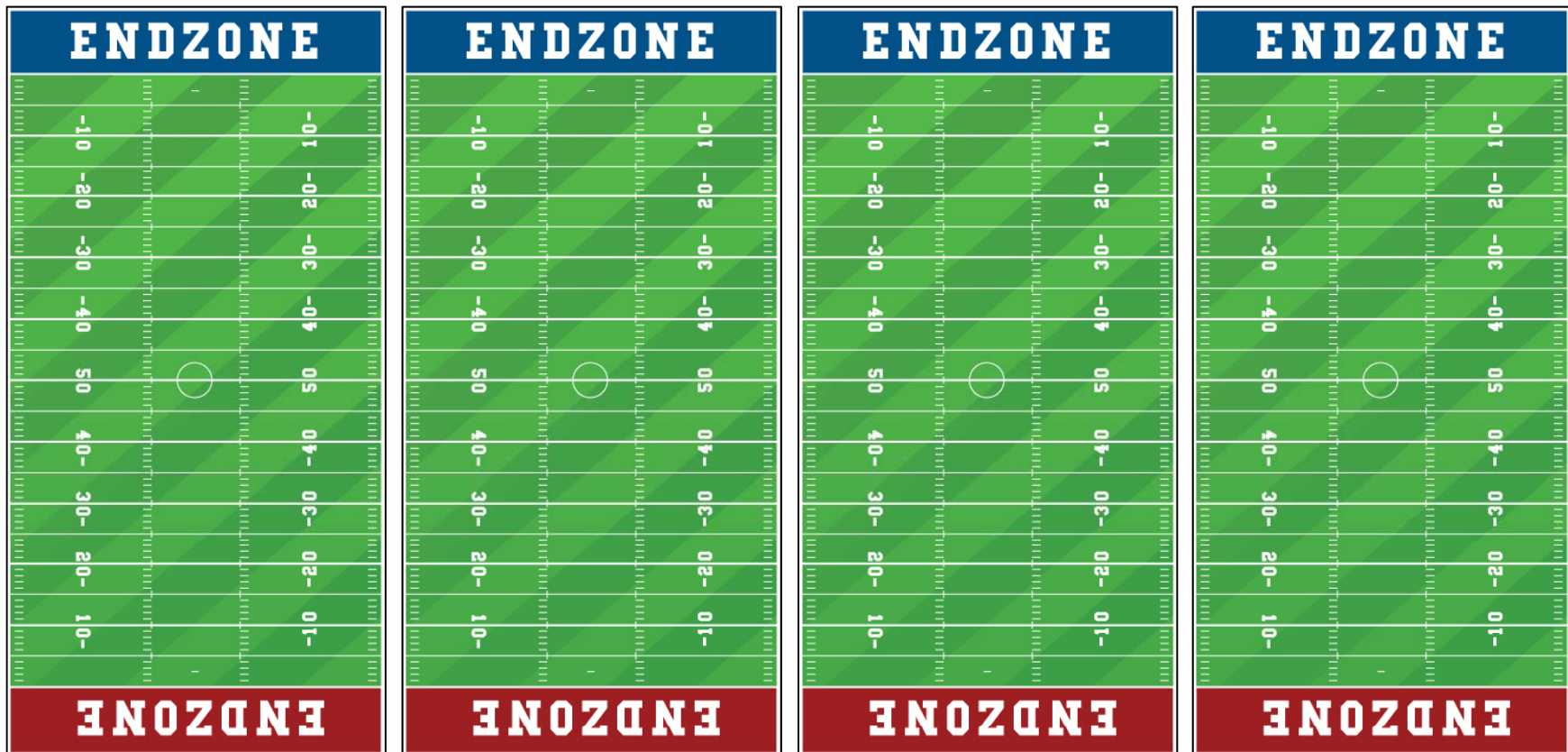


# Office Real Estate Cycle



# Absorption

4Q 2010 experienced 230,000 SF of absorption



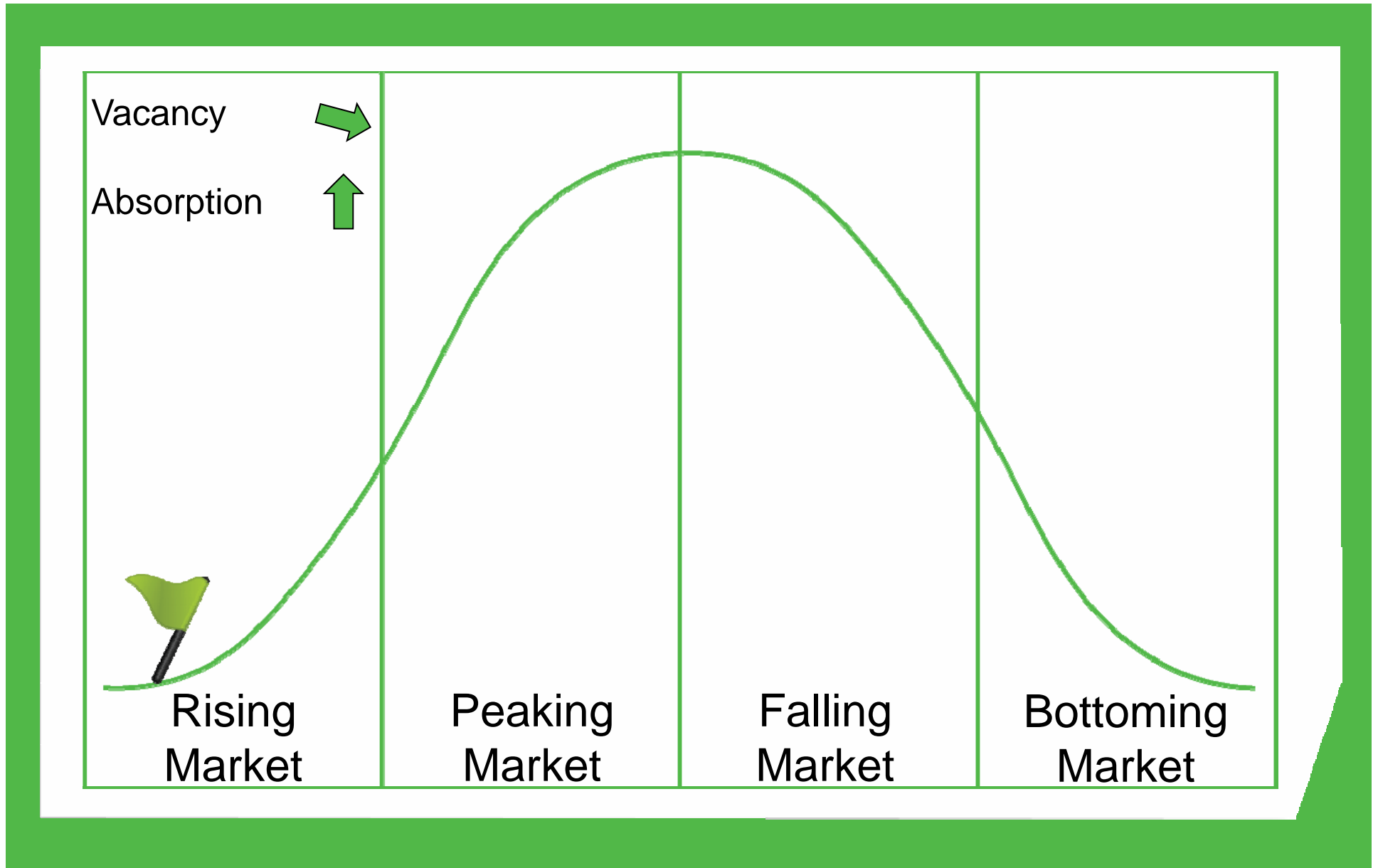
# Absorption Comparison



# Major Leases - Suburbs

<b>Company</b>	<b>Location</b>	<b>SF</b>
Ascension Health	Fortune Park VI	92,000
Indiana Family and Social Services Administration	Western Select	86,000
Nframe	701 Congressional Blvd.	58,000
Indiana Department of Environmental Management	Western Select	53,000
Rolls-Royce Corporation	2601 Metropolis Parkway	49,595
Roche	Exit Five	45,000
ITT Educational	1289 City Center Drive	45,000
DeVry University	9100 Keystone Crossing	42,000
Community Hospitals of Indiana	Rama Drive	42,000
Orchard Software Corporation	701 Congressional Blvd.	40,000
Merrill Lynch	Five Parkwood	39,148

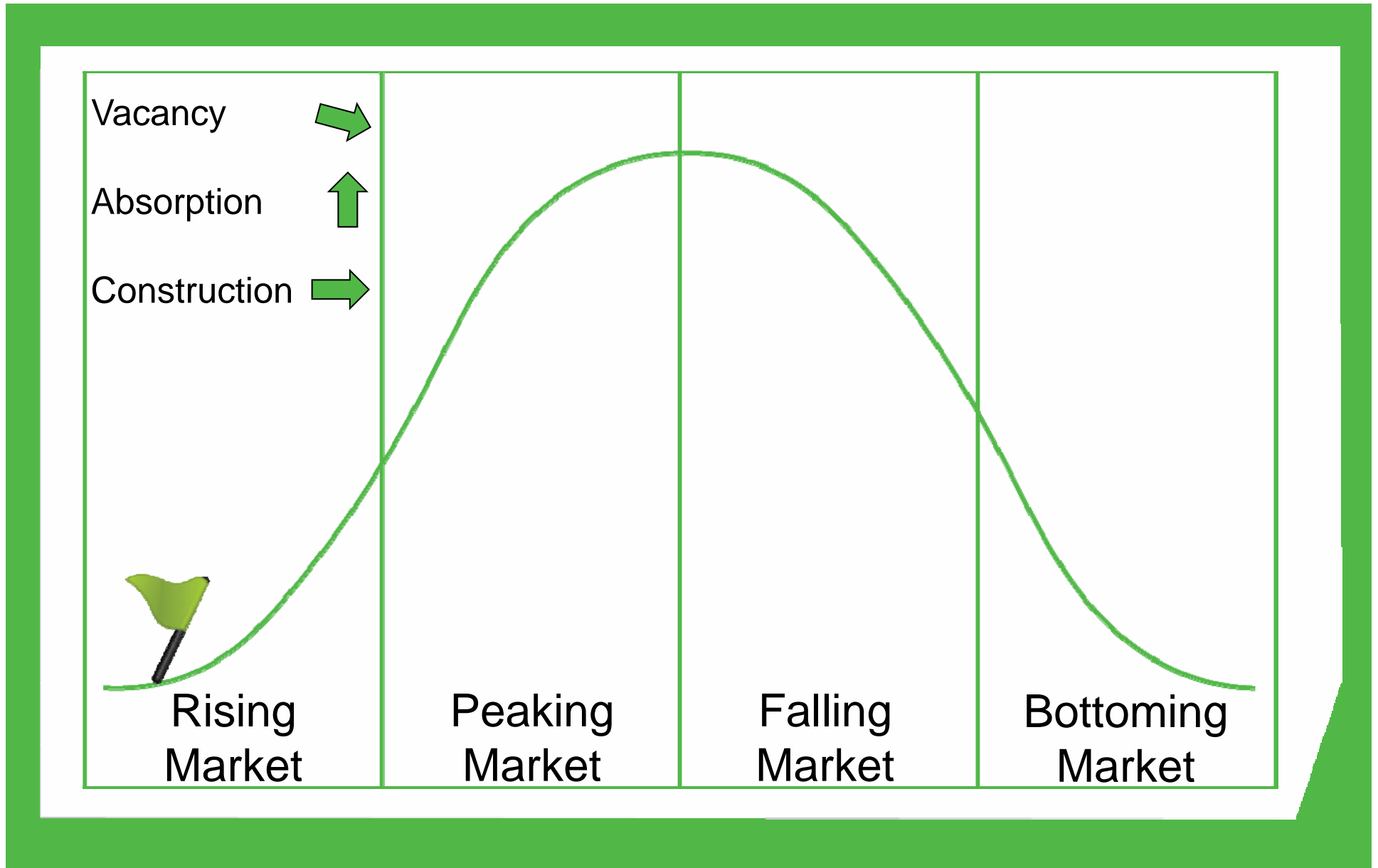
# Office Real Estate Cycle



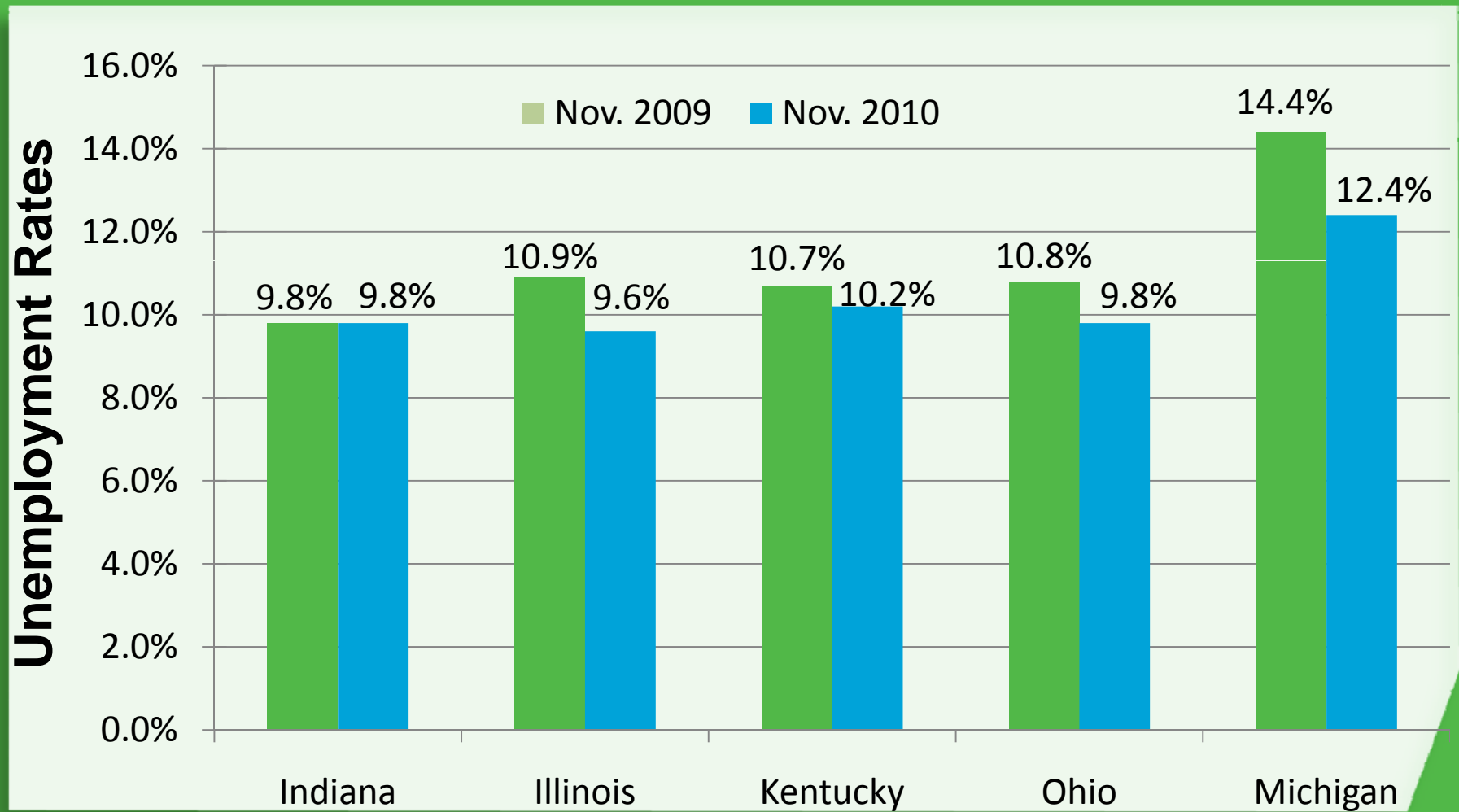
# Other Developments

<b>Company</b>	<b>Type</b>	<b>Price</b>
I-69/I-465 Widening Project	Infrastructure	\$567,000,000
Water and Sewer Privatization	Infrastructure	\$450,000,000
Marian University's College of Osteopathic Medicine	Education	\$105,000,000
Ivy Tech Expansion	Education	\$39,500,000
Birch Bayh Federal Building & U.S. Courthouse Renovation	Government	\$62,200,000
Minton-Capehart Federal Building Renovation	Government	\$43,100,000
Carmel Downtown Development	Mixed Use	\$200,000,000
North of South	Mixed Use	\$155,000,000
Cosmopolitan on the Canal	Mixed Use	\$37,200,000
The Residences at 451 East Market	Mixed Use	\$30,000,000
Lugar Tower Renovation	Mixed Use	\$14,378,000

# Office Real Estate Cycle



# Unemployment in Competing States

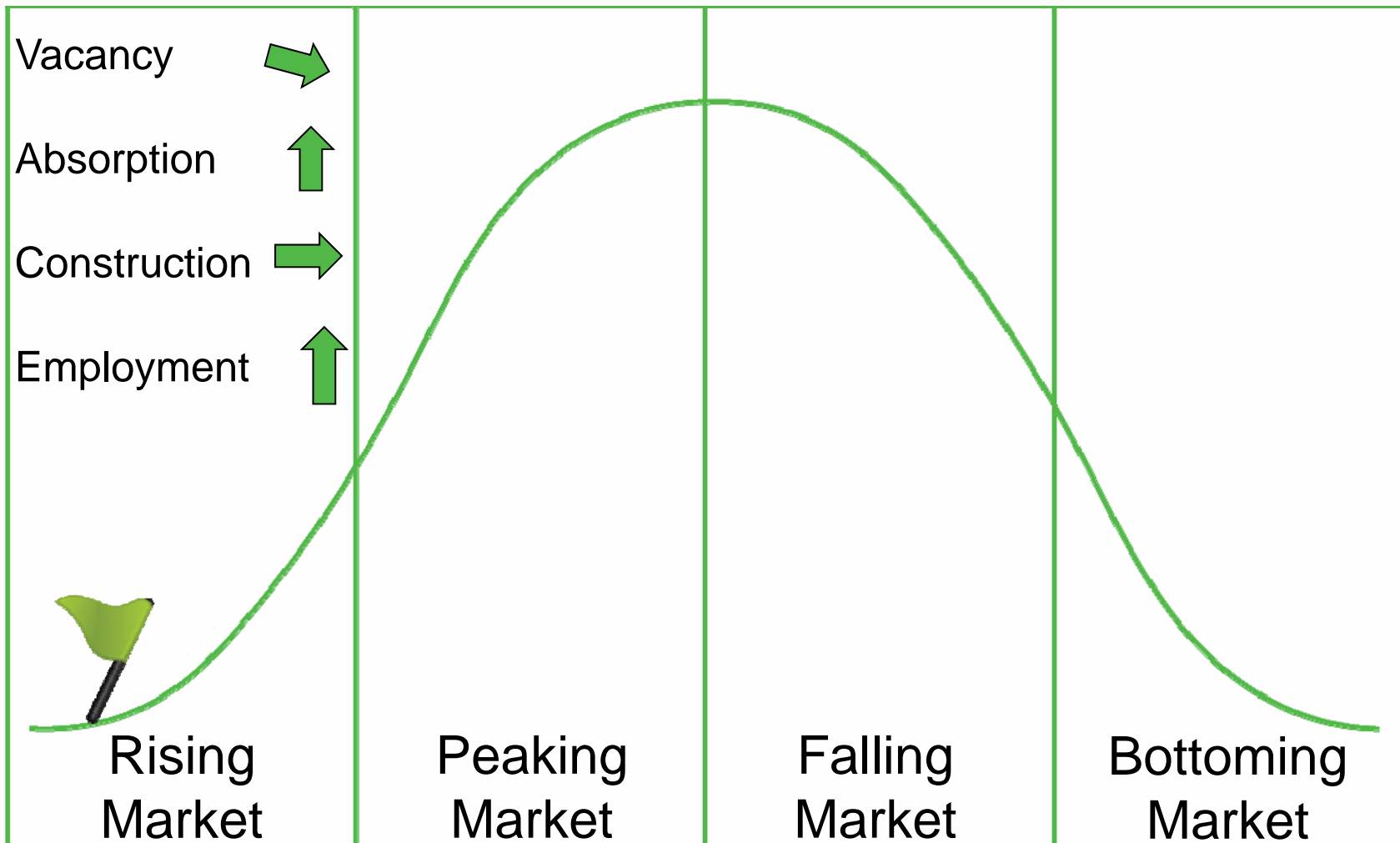


# Office Job Announcements

<b>Company</b>	<b>Jobs</b>
Arcadia Healthcare	1,176
Dow AgroSciences	577
Ascension Health	500
Exact Target	500
U.S. Marine IT Unit	240
AIT Laboratories	160

Source: Develop Indy

# Office Real Estate Cycle



# Rental Rates



Loan Application

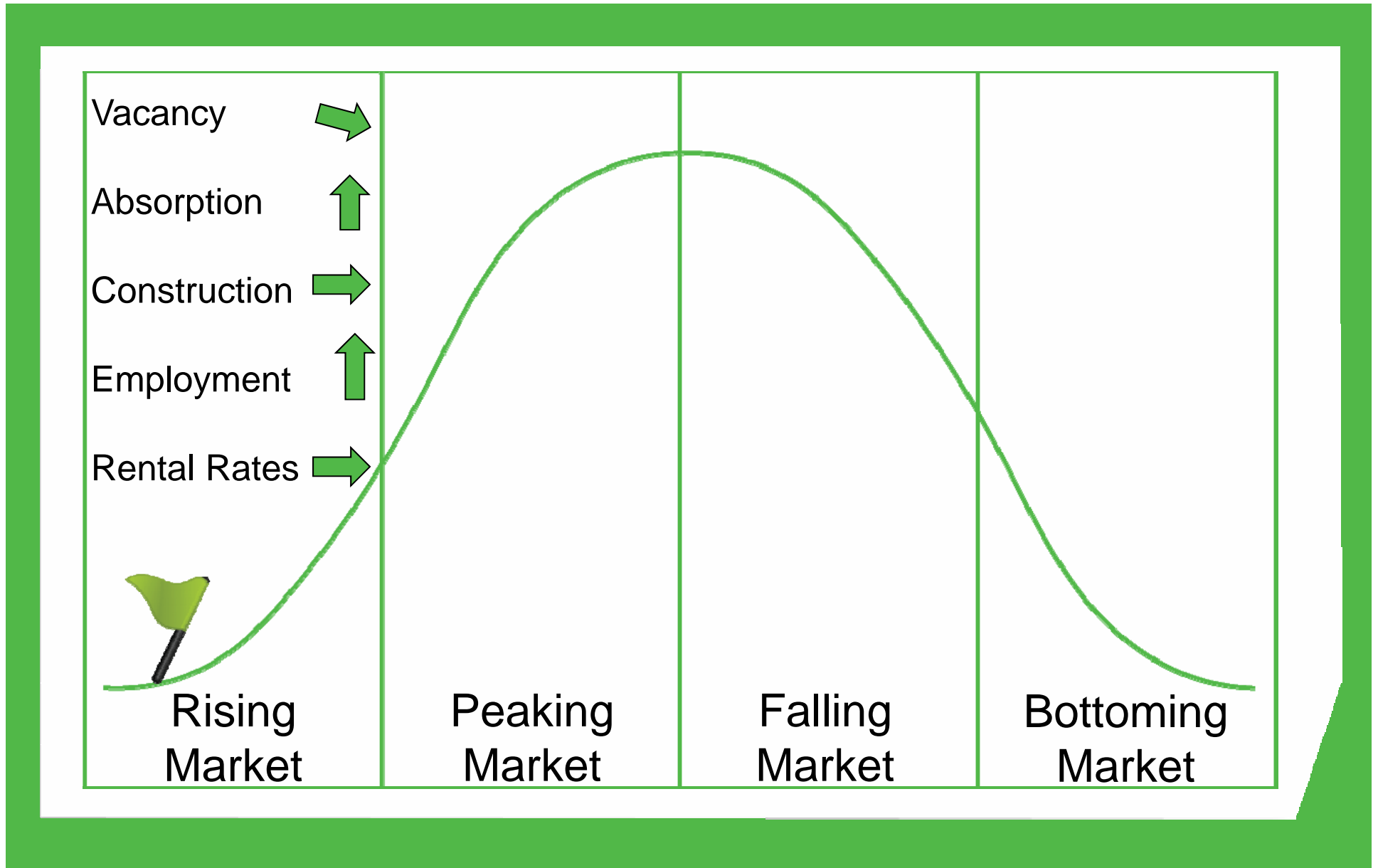
- (b) Seller Disclosure
- (c) Evaluations & Inspections
- (d) Loan Denial Deadline
- (e) Appraisal Deadline
- (f) Settlement Deadline

**25. OFFER AND TIME FOR ACCEPTANCE**  
Seller does not accept this offer by: 5:00 PM on the day of offer lapse; and the Brokerage shall return the offer to the Seller.

\_\_\_\_\_ (Buyer's Signature) (Official Signature)  
The later of the above O

\_\_\_\_\_ (Buyers' Names) (PLEASE PRINT) (Notice)

# Office Real Estate Cycle



# Office Real Estate Cycle

