Phase I

Citizens Energy Group ARI Strategy

Define the Market –

Economic, Workforce & Real Estate Analysis

June 29th, 2017

AECOM

RUNDELL ERNSTBERGER ASSOCIATES

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Definitions

The text of the report contains a range of terms and acronyms related to the analysis. Acronyms are spelled out in their first use, while more technical / niche terms are defined here:

Pleasant Run Crossing: Site under study, former Citizens Coking Plant

Compound Annual Growth Rate (CAGR): The representative annual growth rate, accounting for compounding (geometric progression), that equates the overall growth over a period to a constant annual growth percentage. All uses of "growth rate" in the report are in reference to CAGRs unless otherwise stated.

Metropolitan Statistical Area (MSA): An area of relatively high population density with close economic ties as defined by the Office of Management & Budget and used by the US Census. In the case of Indianapolis, the 10 counties surrounding along with Marion County (including Brown and Putnam), however for the purposes of this study, the MSA or Metro excludes Brown and Putnam Counties.

Great Lakes Megaregion: 7 State region surrounding the Great Lakes of high economic and population density as defined by America 2050. See Map at beginning of **Chapter 2**.

NAICS: North American Industry Classification System. Numbered codes used to define industry clusters by type of economic activity. Progress from 2-digit broad sector categories (Manufacturing, Construction, Utilities) to detailed 5 and 6 digit sub-sectors. In this report, industry cluster analysis is conducted at 3 and 4 digits of detail.

HHI (Herfindahl-Hirschman Index): Measure of industry concentration or competition. Scores range form 0 (perfect competition) to 10,000 (monopoly) Anything below 100 is highly competitive, while anything below 1,500 remains unconcentrated.

Triple Net Rent (NNN Rent): A lease where the tenant pays all real estate taxes, building insurance, and maintenance costs on the property in addition to the rent agreed with the building owner. Triple net rents allow better comparison of rents net of costs. Unless otherwise stated, average rents reported in this report are triple net for consistency.

Net Absorption: Total space committed in new leases within a market minus leases expired / exited during a period. Measures demand.

Deliveries: New buildings completed (opened) in a given period.

Class A (4/5 Star): Largest and highest quality buildings with high-credit tenants. Definitions vary by sector. For commercial buildings, the size of floorplates, quality of access, location, and types of tenants all influence the ranking. CoStar, a real estate data provider, utilizes a 5-star system, with 4 and 5 Star buildings considered as Class A for this analysis. This should represent a small subset of the overall market.

Class B (3 Star): Buildings that are of good quality with good tenants that are still investment grade, but fail to meet the certain standards or specifications used to define Class A. Includes both higher quality older buildings and some new construction. Larger portion of market than Class A, but still limited to investment grade buildings. Approximate CoStar category for the purpose of this study is 3 Stars.

Class C (1/2 Star): All other buildings that fail to meet Class A or B standards are considered Class C. Primarily made up of older and/or obsolete buildings with very limited new construction.

RBA: Rentable Built Area. The square footage of a building available for rent, differing from Gross Built Area which is total area constructed.

Flex Space / Buildings: A sub-set of industrial buildings that generally includes a warehouse / industrial space integrated with commercial space in the form of offices or a showroom. Usually smaller than large modern industrial buildings with flexibility in terms of the split between industrial and commercial space. Considered as part of the Industrial market but can absorb commercial space demand depending on the types of companies in the market.

FAR: Floor Area Ratio. Gross Built Area (sf) divided by Land Area (sf)

Chapter 1
Executive Summary

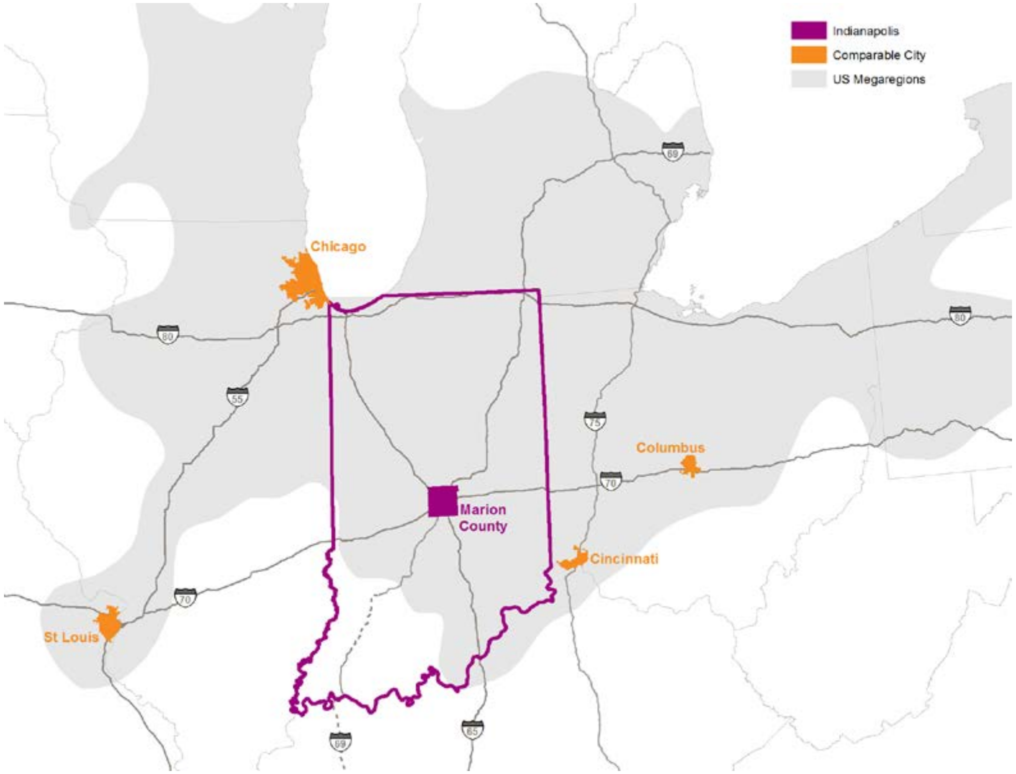
Executive Summary

Opportunities

The analysis reinforces several core points:

Opportunities - Regional

- The Great Lakes Megaregion is seeing healthy growth in major manufacturing sectors, including automotive and aerospace, trends that are consistent with the State of Indiana.
- The Indianapolis Metropolitan Statistical Area (MSA) is achieving **economic and population growth driven by demand for logistics & distribution, a revitalized downtown, and advanced manufacturing clusters** such as pharmaceuticals, chemicals, automotive, aerospace, and food.
- The Indianapolis MSA is positioned to continue its upward trajectory through continued attraction, retention and expansion of businesses across sectors: **manufacturing, distribution, professional services, and healthcare**. When compared against peer cities such as Cincinnati, St Louis, and Columbus as well as the broader Great Lakes Megaregion, **Indianapolis stands out across the Midwest as a top-performing market with competitive advantages** that will continue to create growth opportunities for residents and businesses.
- The ARI Strategy effort is unfolding in a broader national economic context where industries such as retail are going through significant change, due to the impact of internet retail as well as broader competitive forces.



Manufacturing is growing

Indianapolis is outperforming the region

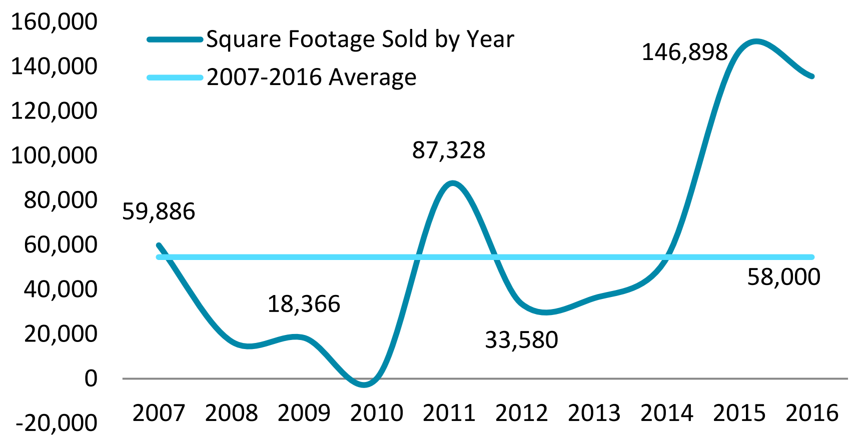
Executive Summary

Opportunities

Opportunities – City and Pleasant Run Crossing Site

- The **resurgence of downtown, as well as neighborhoods such as Irvington and Fountain Square has triggered developer interest in sites across the Neighborhood Boundary** defined by the ARI Strategy study (hereafter the "Neighborhood"). Looking back at the pace of acquisitions since 2007, commercial building transactions has more than tripled from 1.5 per year between 2007 and 2010, to over 7 per year since 2010. Transaction values remain modest (<$6 per sf), pointing to tempered speculative interest and an ability to renovate and command premium rents, which for retail in areas such as Fountain Square appear to be in a $12 to $18/sf range (Triple Net Rent or NNN).
- **Constrained job and income growth on the East Side is linked to a lack of shovel-ready development land across Marion County.** According to the State of Indiana, there are roughly 1,100 acres of land for industrial development remaining in the County. Of this total, about 800 acres remains in two locations (Ameriplex and Indianapolis International Airport). Within the 465 loop, the Pleasant Run Crossing site is one of the largest contiguous parcel remaining, along with the GM stamping, Navistar, Ford/Visteon, and Carrier Bryant; none of these sites are "shovel ready"
- Marion County has added roughly 1 million sf of new industrial space per year since 2013, which would correspond with absorption of 90-100 acres of land per year. At this rate, the remaining 1,100 acres of land identified for industrial development in Marion County will be developed within about 10 years. While sites such as Ameriplex do have additional land for development, infrastructure and utilities would need to be extended into these areas.

Neighborhood Non-Residential Building Transactions



Source: CoStar, AECOM

Nearby neighborhoods on the East Side are rapidly transitioning to growth

Increased transactions signals optimism

Lack of shovel-ready sites constrains industrial growth in Marion County

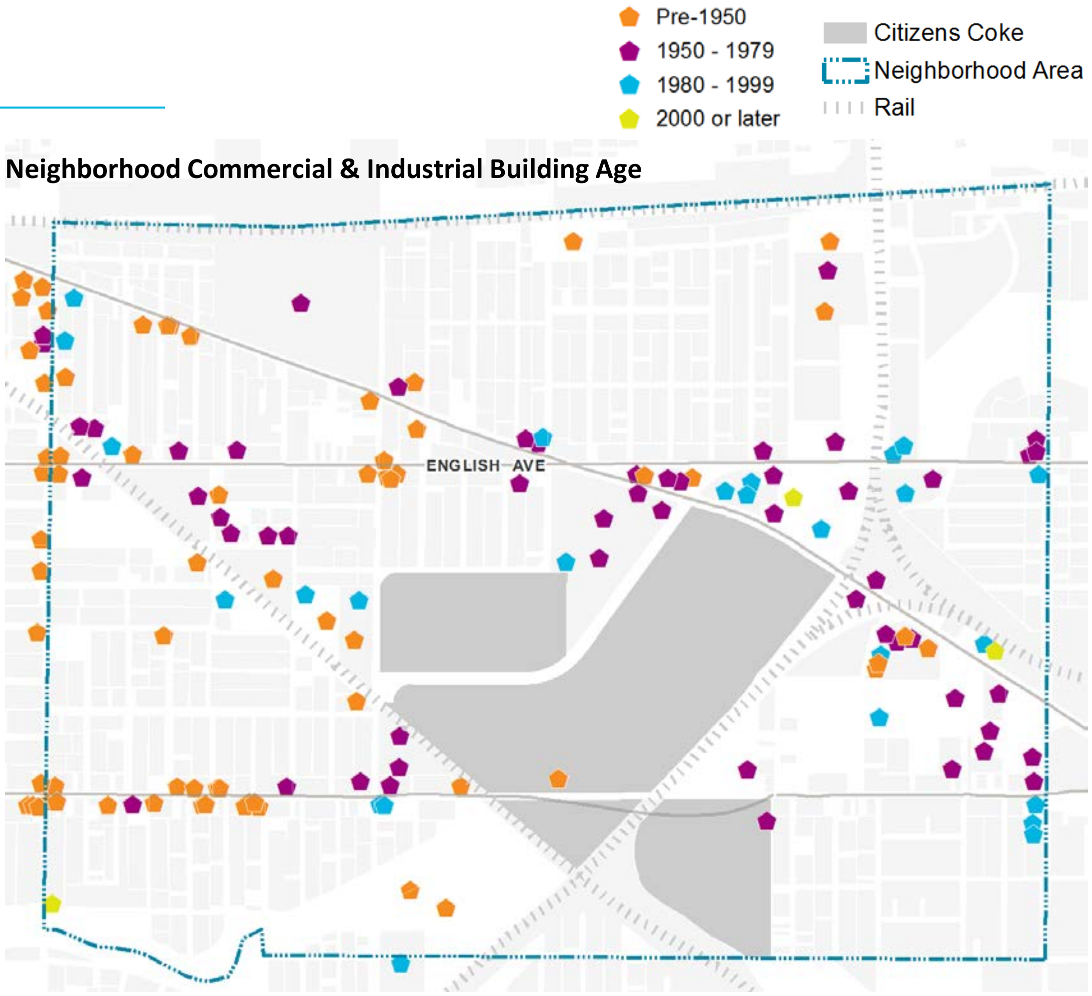
Executive Summary

Opportunities (Continued)

City and Pleasant Run Crossing

- Aging and obsolete industrial / commercial stock is an added challenge. Out of a total inventory of 3.1 million square feet (sf) of commercial and industrial space in the immediate neighborhood surrounding Pleasant Run Crossing, while 88% is occupied and 7.9% is vacant, more than 3% of inventory, representing >110,000 sf is under-utilized or abandoned. In general, these buildings are smaller (<5,000 sf) and older (built before 1940). **With average ages around 1950, even many of the occupied buildings are facing obsolescence over the next 10 to 20 years.**
- The neighborhood conditions survey identified a surprising level of occupancy despite issues with obsolete buildings. Based on a comparison of modern retail space per capita across Marion County, the Retail Core Area (2 mile radius around Pleasant Run Crossing Site) has only 5 square feet per capita, which is unusually low compared to Marion County at 36 square feet per capita. Even when considering all retail space, including Class C properties, the Retail Core Area is still more than 30% below the retail per capita metrics for the overall County. This indicates opportunities for retail.

Neighborhood Commercial & Industrial Building Age



Neighborhood retail stock is facing obsolescence and poised for redevelopment opportunities

Executive Summary

Opportunities (Continued)

City and Pleasant Run Crossing

- While stakeholder interviews noted modern large-scale manufacturing and distribution are poorly suited to fringe urban sites that lack direct interstate access, analysis shows that across Indiana the **Pleasant Run Crossing site is one of only 100 industrial sites larger than 100 acres that fall within 2 miles of an interstate interchange**. Across Indiana, there are more than 500 available industrial sites located greater than 2 miles from an interstate.
- Looking across 989 industrial development sites in Indiana representing 96,000 acres, the site has the second largest available population within 2 miles, roughly 56,000 residents and potential workers.
- Across all industrial sites in Indiana, the average number of workers per available site is about 8,000 people with **less than 10% having greater than 20,000 residents within 2 miles.**

Industrial Sites Available for Investment in Indiana

All Sites	Sites	Total Acreage	Average Acres
Indiana	989	95,098	96
Indy MSA	266	18,001	68
Marion County	20	1,109	55
Shovel Ready	**Sites**	**Total Acreage**	**Average Acres**
Indiana	97	10,918	113
Indy MSA	17	2,156	127
Marion County	0	0	

Source: Indiana Economic Development Corporation

Pleasant Run Crossing is competitive with many Industrial Development Sites identified in Indiana with:

a large nearby workforce,

nearby interstate interchange,

direct rail linkages,

and proximity to a major population center

Primary challenges are addressing local infrastructure access concerns and making the site shovel ready for investment

Executive Summary

Target Industry Clusters

Established & Emerging Industry Clusters

Research identified initial economic development opportunities where the State of Indiana and / or Central Indiana are strong:

- Motorsports, Automotive & Aerospace Manufacturing
- Distribution / Logistics and E Commerce
- Pharmaceuticals and medical devices
- Food processing (including organics, vertical farming)
- Insurance
- Data centers, software, cybersecurity, and IT
- Apparel manufacturing

Further detailed research of industry opportunities more applicable to Marion County and the Pleasant Run Crossing site:

- Manufacturing – Food, basic chemicals, hardware, metalworking, pharmaceuticals, and electrical equipment
- Logistics, trucking, warehousing and storage
- Technology – Data centers, data processing, and hosting services
- Health Care – doctors offices, diagnostic labs, hospital / outpatient care, senior centers

The analysis points to opportunity for local-oriented manufacturing activities such as food processing for the Pleasant Run Crossing site. The East Side already supports a growing cluster of food-related industries, with an available workforce who can serve downtown and broader Indy while also having a positive impact on the neighborhood and community.

Assuming the Justice Center takes up a large portion of the site, smaller outparcels could serve smaller manufacturers or processing industries as well as last-mile distributors.

Executive Summary

Workforce Development

Workforce Development & Potential Training

While the Pleasant Run Crossing site is clearly well-positioned to see redevelopment (linked with an available workforce), research suggests that residents will need access to additional job training services. Initial interviews with Ivy Tech and Employ Indy pointed to support for training programs targeting the Neighborhood Boundary as a satellite campus or training center.

At the end of the day, the clear intent of programs such as the Workforce Investment Opportunity Act (WIOA) is to make more deliberate decisions about training programs and dollars to ensure that jobs are created in sectors where growing companies need them. For the Pleasant Run Crossing site, while the concept of a training center is appropriate in concept, execution will link with the extent to which anticipated uses for the Pleasant Run Crossing site align with broader workforce priorities identified by local and state workforce agencies.

Integrated with any redevelopment of Pleasant Running Crossing should be a workforce development and training

Aligning training with expected future use and Neighborhood strengths

Executive Summary

Real Estate Recommendations

Arriving at recommended real estate programs will be dependent on additional inputs outside those analyzed within this Define the Market component of the ARI Strategy:

- Whether the Justice Center will locate at the site, taking up a large portion of the land available as well as creating demand for additional retail or office uses.
- The health of the residential market in the Neighborhood and nearby neighborhoods and the extent that additional residential is supportable, which affects the scale of supportable retail.

It is clear that the Justice center lies in the critical path for all future development; factors include:

- There is a significant difference in employment density for office use (about 175-250 jobs /acre) versus industrial (30-50 jobs/acre) use. **It is unlikely any alternative to the Justice Center could create such a sizeable employment impact.**
- Employees and visitors to the Justice Center would support a more substantial and diverse retail program compared with alternatives targeted solely at serving the neighborhood.
- While “9-5” office positions can be adequately served by transit, shift work for industrial activities makes transit service more complex.

The Justice Center would be reasonably expected to drive commercial demand for both small offices and retail space in the vicinity. Without the Justice Center, while there may be a set of manufacturing and wholesale activities, the site would need to be placed in a shovel-ready status to attract future investment.

With Justice Center	Potential Space Requirement
Large Format Manufacturing or Distribution	None
Local-Oriented Processing & Production	2 to 4 facilities on 5 to 10 acre sites with some access improvements aligned with Justice Center requirements
Commercial (Retail, Services, Offices)	Up to 200,000 square feet aligning with near term Justice Center and Neighborhood demand and longer term growth along Prospect Street
Residential	To Be Determined

Without Justice Center	Potential Space Requirement
Larger Format Manufacturing or Distribution	2 to 3 facilities on 15 to 30 acre sites with direct rail linkages and significant access improvements to handle truck traffic to interstates
Local-Oriented Processing & Production	None or integrated into larger format sites
Commercial (Retail, Services, Offices)	Up to 100,000 square feet serving the neighborhood and core area, preparing for potential long term growth along Prospect Street.
Residential	To Be Determined

Executive Summary

Real Estate Recommendations

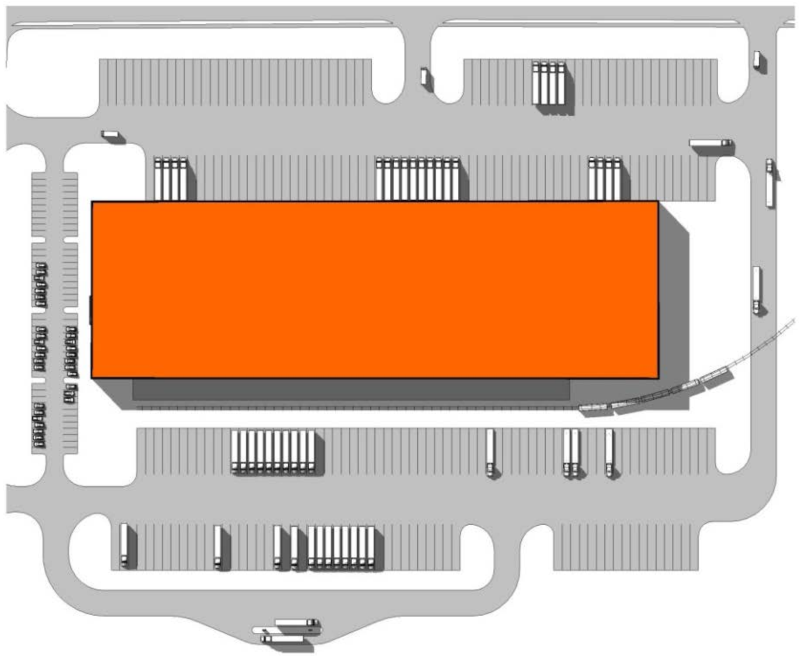
Large Format Manufacturing or Distribution / Warehousing:
Large modern industrial buildings in the 100,000 to 500,000 sf range. This scale of use would likely only be practical in the event that the larger Pleasant Run Crossing Site is available.

Primary factors for attracting end users would relate to the direct rail linkage, large nearby workforce, and adjacency to downtown Indianapolis. Improvements along Keystone Ave or nearby to improve truck movements efficiently to the interstate would be critical.

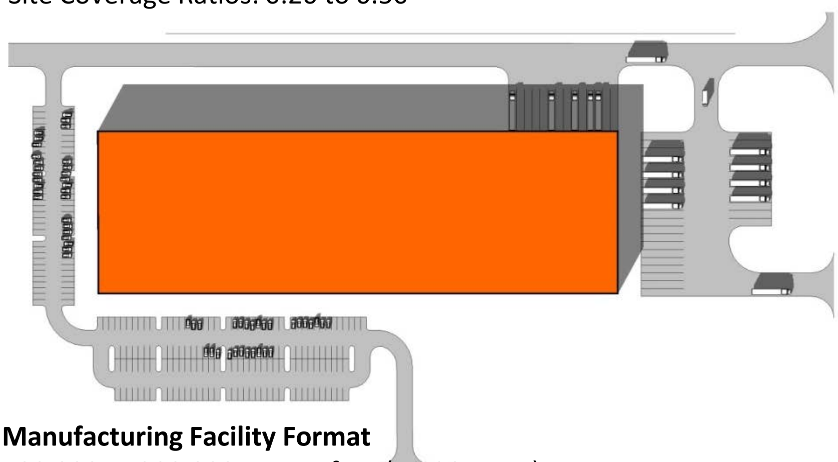
Target industries would fall into the manufacturing sectors highlighted as **Food Production & Manufacturing; Hardware, Fabricated Metals & Electrical Equipment; or Pharmaceuticals & Chemicals**.

Distribution and warehousing operations would likely be leveraging the rail connection. Please reference page 40 for a table of top rail freight volumes by 3-digit NAICS codes (estimated based on the freight products themselves).

Potential strategies for attraction would start with making the site shovel ready and securing funding for access improvements (and typical tax incentives). Target users would likely be firms seeking to have a positive impact on Indianapolis and align their investment with CSR standards related to community development.



Large-scale Distribution / Warehousing Format
250,000 to 500,000 square feet (15-30 acres)
Site Coverage Ratios: 0.20 to 0.50



Manufacturing Facility Format
100,000 to 200,000 square feet (10-20 acres)
Site Coverage Ratios: 0.25 to 0.30

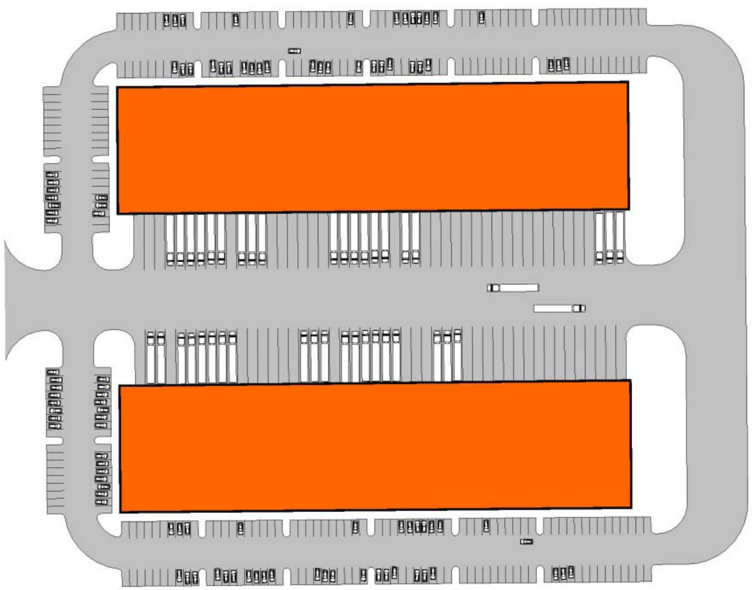
Executive Summary

Real Estate Recommendations

Local-Oriented Processing & Production:
Smaller modern industrial or flex buildings ranging from 30,000 to 120,000 sf. The primary distinction between these suggested targets and the larger format concepts above is the expectation that with only outparcels available at Pleasant Run Crossing, these businesses would be operating on a smaller scale with a more local focus, taking full advantage of the easy access to the city.

Food processing / specialty food production and wholesale food distribution are two categories strongly linked with these concepts. These are growing categories within Indianapolis and require a substantial workforce, access to commodity products and distribution efficiency throughout greater Indianapolis. With food or beverage related production there is also an opportunity for flex space to create a local community face of the business that would benefit the community through offering their products (either in retail format or incorporated into a restaurant), hosting events and potentially providing training.

Other industry cluster targets could also fill these proposed spaces, such as fabricated metalwork (which has over 380 establishments in the metro area) although these types of industries are unlikely to have as much potential for positive community impact.



Flex Facility Format (two shown)
30,000 to 150,000 square feet (5 to 10 acres)
20% to 30% commercial space as share of overall space built
Site Coverage Ratios: 0.25 to 0.60

Executive Summary

Real Estate Recommendations

Commercial Use:
Commercial use has been defined broadly to incorporate retail space, general services, and possibly specialty offices. Based on our survey of the neighborhood, there is an immediate need for more basic food options and consumer services. There is also likely a great deal of existing retail in buildings that may be completely obsolete over the next 5 to 10 years that could be better integrated into a walkable community center at Pleasant Run Crossing.

Another service highlighted by the industry analysis as well as interviews were medical services such as senior care, clinics, and diagnostic labs. There is a senior apartment being developed adjacent and a sizeable retired population nearby.

Without the Justice Center, initial scale is likely only 10-20,000 sf, however, there is still an opportunity for longer term redevelopment of Prospect Street with related commercial uses. This is dependent on recent progress in the development of Fountain Square to transition to supporting new construction.

With the Justice Center a much larger ecosystem of restaurants, cafes, and justice center-related service providers (legal services, bail bondsmen, print shops, etc) is supportable.

Connections to Livability Principles

The Partnership for Sustainable Communities effort, an interagency partnership between US Department of Transportation, Housing and Urban Development, and the Environmental Protection Agency, has advanced six livability principles:

- Provide more transportation choices
- Promote equitable, affordable housing
- Enhance economic competitive ness
- Support existing communities
- Coordinate and leverage federal policies and Investment
- Value communities and neighborhoods

At a policy level, these goals all have bearing on the future trajectory of the Pleasant Run Crossing site. For example, strategies that support enhanced and reliable transportation choices for residents and employees will be critical in boosting the immediate neighborhood's competitive position. As well, opportunities to enhance and leverage existing and unique neighborhood and community amenities need to be explored. More broadly, the Livability Principles reinforce the important role of federal agencies in coordinating policies to remove barriers to collaboration and maximize the value of scarce federal resources.

https://www.sustainablecommunities.gov/mission/livability-principles

Executive Summary

Areas of Further Study

- The recent merger announcement between Angie's List and IAC/HomeAdvisor is concern for Indianapolis and the East Site. Published reports suggest that IAC will be expecting to achieve $50 million to $70 million in annual operating cost savings by the end of 2018.
- Recent struggles at Marsh Supermarkets store are noted, given the potential closure of an existing Marsh grocery location proximate to the Pleasant Run Crossing site. The closure of all Marsh Supermarkets and bankruptcy proceedings would have an outsized impact on Indianapolis both in terms of employment as well as the potential vacant retail stock for any stores not acquired by competitors.
- Although most economic analysis identified the neighborhoods along and north of Washington Street as more affluent versus Twin Aires and those to the south, bank deposit data from FDIC seems to indicate greater savings per capita to the south. This discrepancy deserves further analysis, as it suggests that economic conditions across the East Side are improving, lending support to retail opportunity.
- Existing demographic and housing data may be over-stating concern about the occupancy status and value of housing in proximity to the Pleasant Run Crossing site, which will influence opportunities to support new housing or apartment stock. Further study of Indianapolis Land Bank data may be needed to discern subtle shifts in the local market.
- While interviews pointed to varying levels of concern about access and connectivity across the Pleasant Run Crossing neighborhood, covering both how people get to work as well as how industrial sites connect with interstates, there are existing industrial companies around Pleasant Run Crossing that manage to remain "going concerns" connecting with their customers and end markets. Further clarification of access and transit connectivity are needed, as well as assessment of how existing truck routes connect with the Pleasant Run Crossing site.
- The State of Indiana passed legislation (House Bill 1002) funding a major statewide road infrastructure program (linked to growth in fuel taxes). Local implications associated with passage of this bill need to be understood.
- There clearly needs to be a larger vision for the East Side of Indianapolis, looking at an area that includes Pleasant Run Crossing as well as the CSX Hawthorne Yard, and the now closed Navistar and Ford Plants to the east, all along and generally north of Prospect Street. It is clear that these assets, representing more than 800 acres of land, are under-utilized, and that their repositioning can provide critical support to a larger residential area across the Christian Park and Irvington neighborhoods.

Chapter 2
Metrics

Overview of the key economic metrics in the Indy Metro Area including population & demographic trends, income, and business climate

Define the Market – Metrics

Key Findings & Site Implications

Key Findings

- The Great Lakes Megaregion has outperformed the nation in the last 5 years, growing economic output (2% per year) and adding over 230,000 manufacturing jobs, although population growth lags other regions (0.2% per year)
- Indianapolis MSA is one of the highest performing markets in the Great Lakes with economic output per capita and population growth both above 2%
- Population growth is concentrated outside of Marion County in the MSA, but is improving compared to historical rates signaling growth of the consumer base and potential new housing demand.
- Housing permit issuance in Marion County has rebounded from a low of 605 in 2012 to 1,846 in 2015 but still below pre-Recession levels (5,000 to 6,000). New permits represent a positive trend but are still about 50% below what is necessary to maintain the current housing stock. A strong shift towards more multifamily in the downtown area is also occurring
- The East Side of Indy has household incomes $17,000 below the Indy MSA average ($37,000 vs $54,000) while Marion County is $14,000 below the MSA average. Although income growth in Marion County remains below inflation it has returned to positive income growth since 2010.
- The emphasis on manufacturing and industry in Indianapolis can be linked with the downturn suffered during the Recession. However with the resurgence of manufacturing, Indianapolis is well positioned to benefit.
- Over 60% of manufacturing employment in the MSA remains in Marion County while most new investment is concentrated in the outer counties. This gap is concentrating recent growth in the outer suburbs and limiting the recovery of neighborhoods on the fringe of the downtown.
- Many of the cities largest private employers remain manufacturers especially those with operations within Marion County.
- Marion County continues to secure new private investment and expansions of existing firms with manufacturing playing an outsized role especially in terms of committed capital
- Part of Indianapolis' attraction for manufacturing investment is low operating expenses related to labor, utilities, and taxes as well as favorable incentive structures.

Implications for Pleasant Run Crossing

Indianapolis is a high performing metro area in the Great Lakes region and rapidly recovering across all metrics considered, but that recovery has been concentrated outside of Marion County in part because limited new development has been possible within the County (excluding the downtown core) to replace obsolete industrial facilities which account for an outsized share of County employment.

The Pleasant Run Crossing site represents a significant land area within the county with access to rail that can take advantage of a growing workforce and consumer base.

The key constraint not addressed in this Metrics section is the competitive positioning of the East Side of Marion County versus other parts of Marion County or the Metro Area in terms of workforce and real estate conditions. This is investigated in later sections.

Define the Market – Metrics

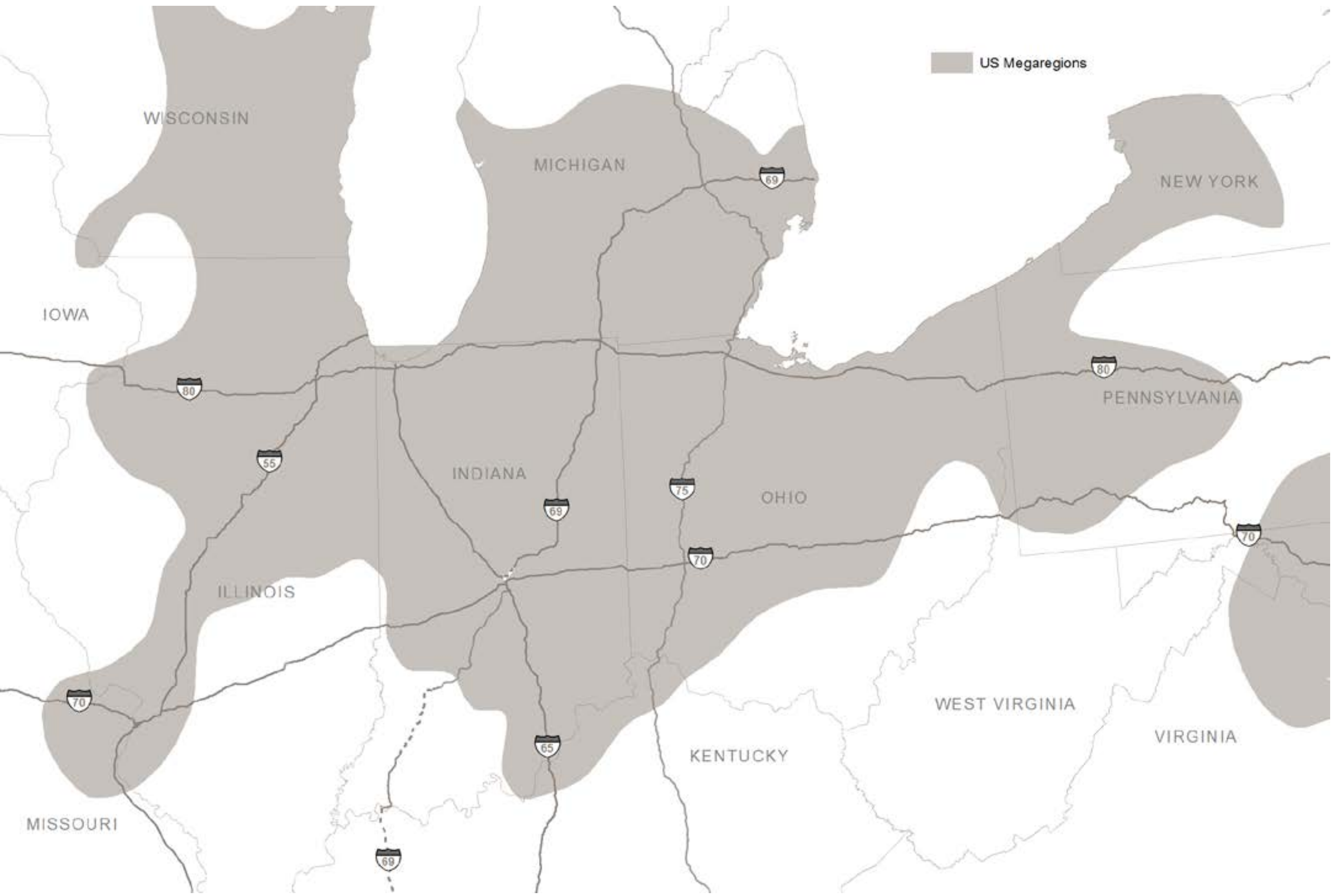
The US economy and population can be aggregated into 11 Megaregions that account for about 70% of the population and 80% of US private economic output

Recovery & Growth

- Since 2010, population growth has been concentrated in southern and western regions (**Texas Triangle, Florida, Front Range, and Cascadia**)
- At 0.2% per year, the **Great Lakes** has the slowest population growth of any megaregion. Adding only half a million people since 2010.
- Notably, the two slowest growing regions (population) are the largest and densest in the **Great Lakes** and the **Northeast**.
- However, in terms of Private GDP per capita growth, the **Great Lakes** is the second fastest at 1.8% per year.
- **Great Lakes** is only surpassed in GDP per capita growth by **Northern California** and the **Texas Triangle**

Define the Market – Metrics

The Great Lakes Megaregion has outperformed the nation in the last 5 years, growing economic output and adding over 230,000 manufacturing jobs, although population growth lags other regions

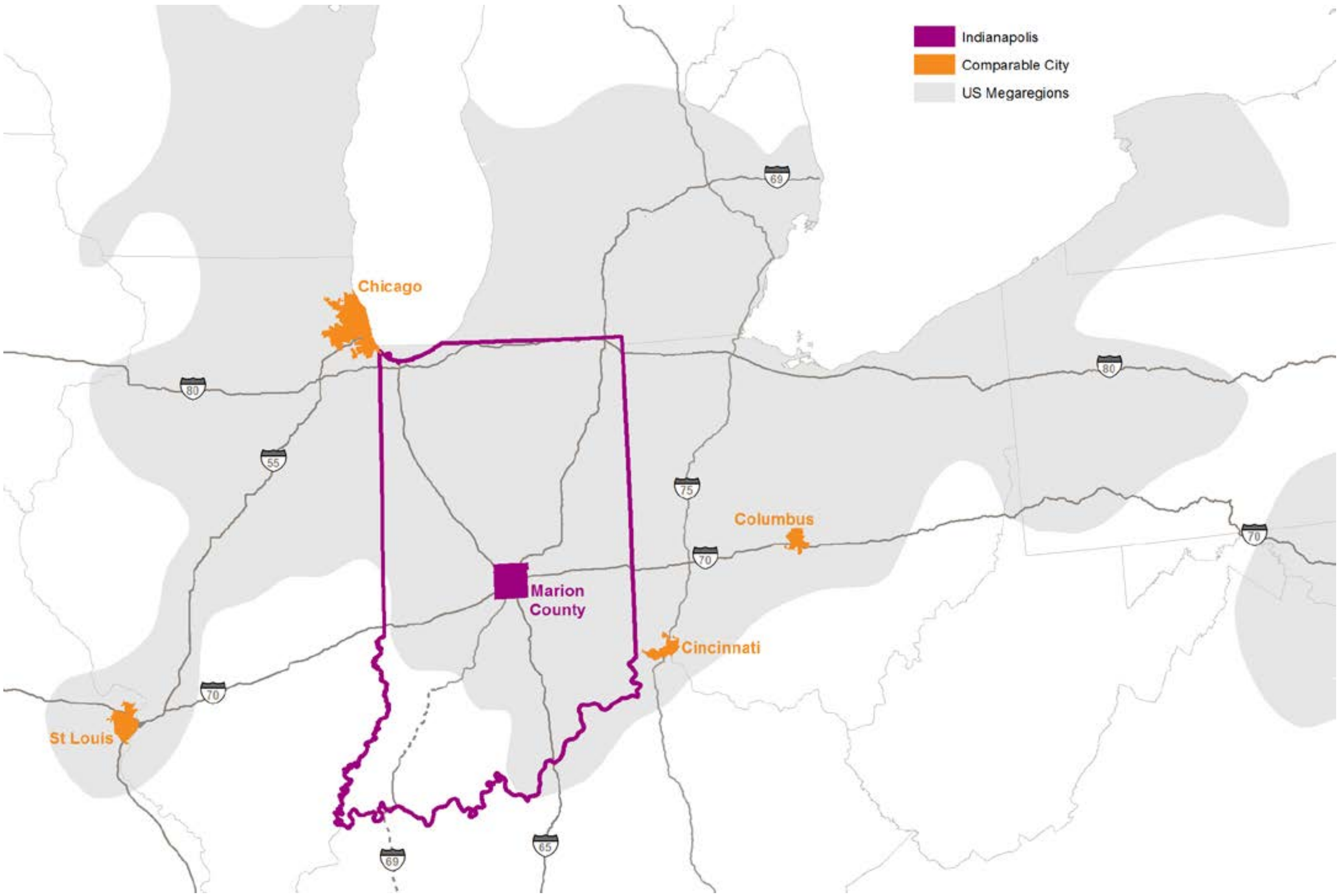


Recovery & Growth

- Private GDP per capita growth has been healthy at 1.8% per year.
- Manufacturing growth has been a driving force in this success with the **Great Lakes** adding 230,000 manufacturing jobs since 2010 (a 10% increase)
- The primary constraint for the region is the lack of population growth, driven primarily by emigration to the south and west with a lack of new migrants joining the workforce from elsewhere in the nation (or internationally).
- Without population growth in the region, economic expansion is constrained.
- The only region achieving high GDP per capita growth and population growth is the **Texas Triangle Megaregion**. This combination has created numerous positive trends in the economy of that area.

Define the Market – Metrics

Within the Great Lakes, Indianapolis has outperformed many comparable cities and the overall megaregion achieving healthy economic growth along with population growth



Recovery & Growth

- Indiana has passed a measure to fund transport improvements across the state. This funding could influence plans for the site
- Indianapolis MSA has achieved private GDP per capita growth above the megaregion average (2.1% per year) while also having one of the fastest growing populations within the megaregion (2.1% per year)
- A valuable driver to the metro growth over the last 5 years are manufacturing, growing at 2.6% per year, and transportation & warehousing, at 3.4% per year.
- Indianapolis' combination of growing incomes combined with a growing consumer base and workforce can lead to a sustained recovery
- However, this recovery to date has been largely concentrated outside of Marion County in the broader Metro Area. In the following slides, this gap will be highlighted.

Define the Market – Metrics

To appreciate the economic trends for Indianapolis, comparable cities in the region provide benchmarks of Indy's relative performance

Indianapolis, Indiana

City (Marion County)

- Population = 926,335
- Square Miles = 403
- Household Income = $41,987
- Unemployment Rate = 5.0%

MSA (9 county)

- Population = 1,934,002
- Square miles = 3,541
- GMP = $134 Billion
- Household Income = $52,842
- Unemployment Rate = 4.5%

Columbus, Ohio

City

- Population = 824,663
- Square miles = 223
- Household Income = $45,659
- Unemployment Rate = 4.1%

MSA

- Population = 2,021,632
- Square miles = 3,169
- GMP = $124 Billion
- Household Income = $55,878
- Unemployment Rate = 4.1%

St. Louis, Missouri

City

- Population = 317,850
- Square miles = 66
- Household Income = $35,599
- Unemployment Rate = 6.1%

MSA

- Population = 2,812,313
- Square miles = 8,458
- GMP = $155 Billion
- Household Income = $55,066
- Unemployment Rate = 5.1%

Cincinnati, Ohio

City

- Population = 297,397
- Square miles = 80
- Household Income = $ 33,604
- Unemployment Rate = 5.0%

MSA

- Population = 1,988,152
- Square miles = 4,808
- GMP = $127 Billion
- Household Income = $55,501
- Unemployment Rate = 4.5%

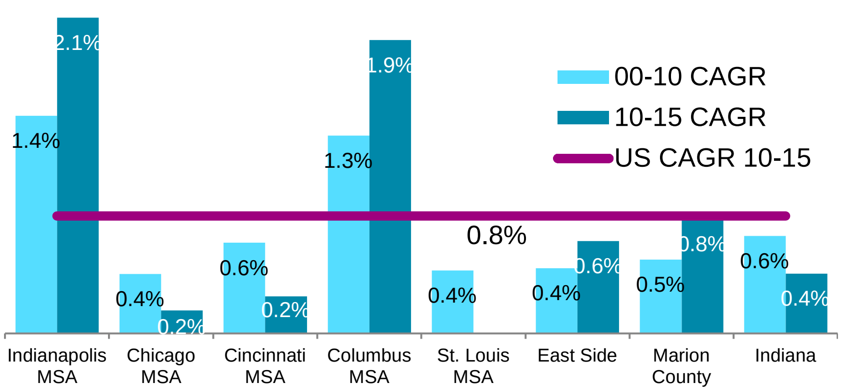
Define the Market – Metrics

Population growth is concentrated outside of Marion County in the MSA, but is improving compared to historical rates signaling growth of the consumer base and potential new housing demand.

Population Growth

- Prior to the Recession, the Indianapolis MSA grew by 1.4% annually, higher than all other comparable metro areas, and has maintained the highest population growth (2.1%) during the years following the Recession.
- While Marion County has not grown as fast as the Indianapolis MSA, the county's post-Recession growth is on par with the national average.
- The growth in population on the East Side has lagged far behind the broader MSA as well as Marion County.
- Per the University of Indiana and US Census, Indianapolis MSA is expected to continue its strong population growth trend, while Marion County will lag behind.

Annual Population Growth Rate (CAGR %)



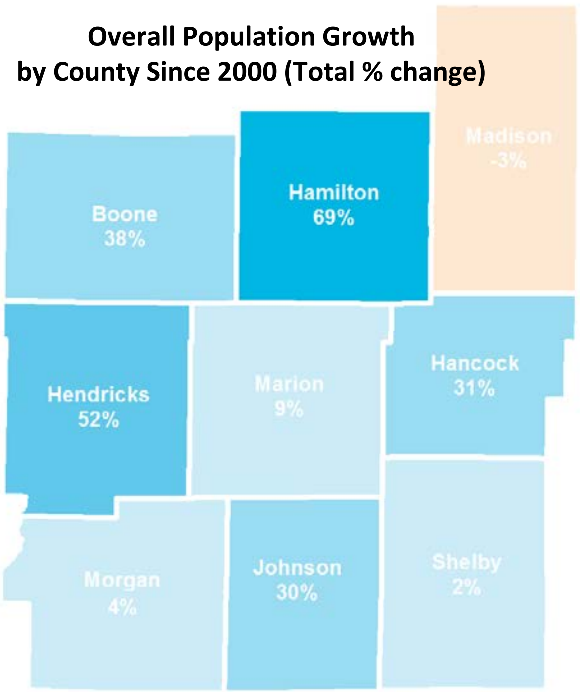
Source: US Census, ESRI

Population Growth Projection

Market Area	2015	2020	2025	15-25 CAGR
United States	320,896,618	334,503,000	347,335,000	0.8%
Indiana	6,612,768	6,852,121	7,011,039	0.6%
Indianapolis MSA	1,950,674	2,102,926	2,200,616	1.2%
Marion County	938,058	951,780	973,789	0.4%

Source: University of Indiana, US Census

Overall Population Growth by County Since 2000 (Total % change)



Define the Market – Metrics

Marion County lags other cities in terms of education limiting its suitability for certain industries, at an average age of only 34 (4 years below US average), the county offers an attractive labor force.

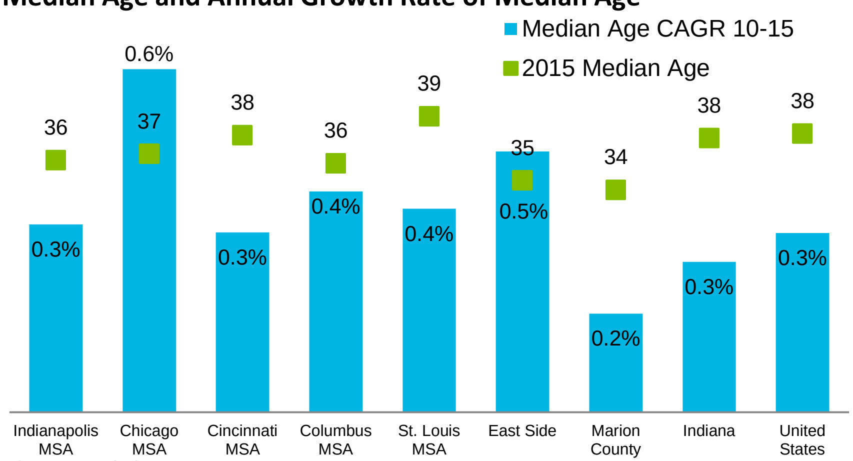
Average Household Size

- While Marion County has seen relatively fast growth of household size over the last 15 years to catch up with the Indy MSA (2.52 people per household in the County; 2.58 MSA), this remains below the US average (2.65) and slightly below all comparable cities except St Louis (2.49)

Median Age

- Among all observed geographies, Marion County and its East Side have youngest population with a median age of 34 and 35 respectively. While both are growing, they remain below the national average of 38 years, potentially signifying a larger available workforce that aligns well with potential continued growth in manufacturing and other industries.

Median Age and Annual Growth Rate of Median Age



Source: US Census

Tertiary Education Enrollment

- Current tertiary enrollment in bachelors and graduate programs is roughly comparable across all markets for the Indy MSA as well as Marion County.
- This gap between current enrollment and the adult educational attainment highlights the challenge of Brain Drain within Indiana and Indianapolis in particular where high skilled graduates are not remaining in the city or state.

Educational Attainment

- While the Indy MSA is in line with comparable city MSAs (40% vs 37 to 41%), Marion County and the East Side have a higher share of the population with only a high school diploma or less (44% and 49% respectively).
- This correlates with the lower household income and emphasizes the need for improved training / education to drive any potential income growth in the area.

See Appendix A for additional charts and data regarding these topics

Define the Market – Metrics

Housing permit issuance in Marion County has rebounded but still lags behind the level required to maintain the current housing stock. A strong shift towards more multifamily is also occurring

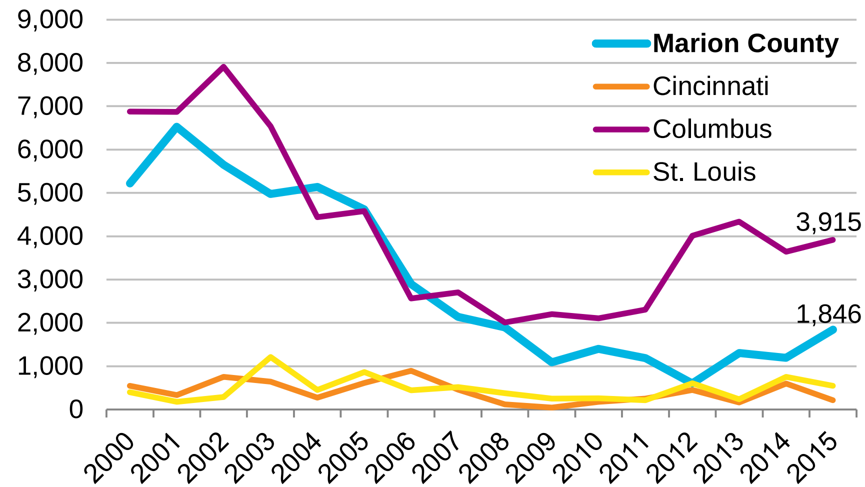
Housing Permit Issuance

- The number of housing permits issued in Marion County has been on decline since 2001 but fell more sharply after 2007. Notably in the last 3 years, housing permits issued as started to recover.
- Whereas Cincinnati and St Louis are less than half the population of Marion County, Columbus is of a similar size at about 800,000 people. So new housing construction lags far behind, but is potentially recovering.
- Marion County has only achieved a replacement rate of 1.32 permits per 1,000 population over the last 5 years with 2015 peaking at 1.97. This still falls below the recommended target of 3 needed to maintain current housing stock.

Share of Multi-Family Permits

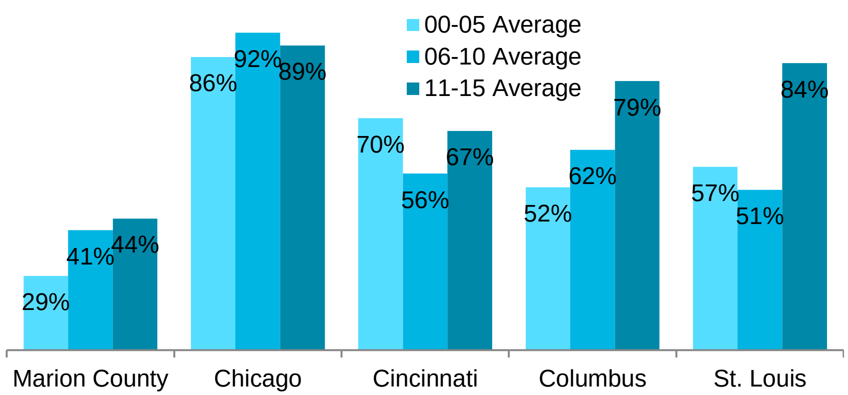
- A consistent trend across the comparable cities has been growth of multi-family permits as a share of totals. This growth is aligned with the return of downtown urban residential development.
- While Marion County's 5-year average has grown from 29% ('01-'05) multifamily to 44% ('11-'15); the county has been slower to adopt this trend compared with cities like Columbus and St Louis. Chicago and Cincinnati have relatively consistent higher shares of multifamily housing.
- Despite averaging 44% over the last 5 years, multifamily permits reached 56% in 2015. If this growth continues it could signify a resurgence of urban housing development with the potential to transition to more urban walkable neighborhood characteristics.
- This rapid increase in multifamily permits is primarily in Indy's downtown core.

Annual Housing Permits Issued



Source: SOCDS

5-Year Average Share of Multi-Family Permits (% of total permits)



Source: SOCDS

Define the Market – Metrics

Although below inflation, Marion County has seen income growth since 2010. The East Side of Indy has household incomes $17,000 below the Indy MSA average ($37,000 vs $54,000).

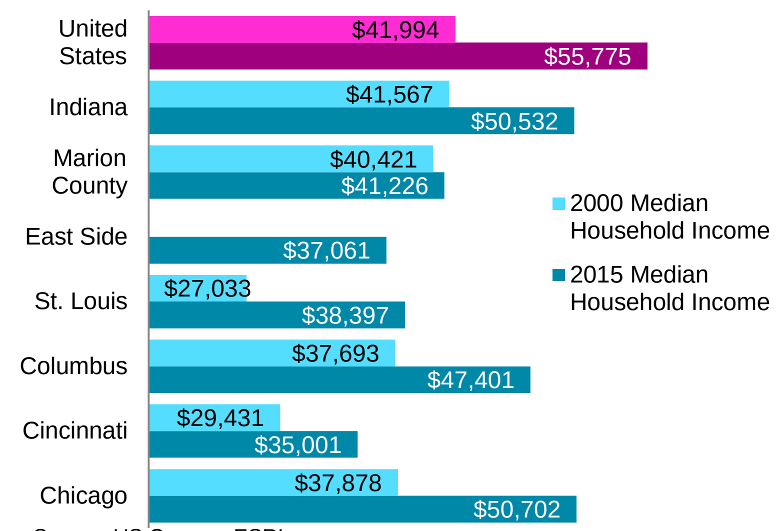
2015 Median Household Income

- As of 2015, the East Side of Marion County has a median household income of approximately $37,000, almost $20,000 less than the national average and $17,000 less than the Indy MSA
- Among the observed metro areas, the Indianapolis MSA has a slightly lower median household income ($54,000) compared to Columbus ($58,000) and Cincinnati ($57,000).
- Consistent with income growth trends, most of the wealth in the Indianapolis area appears to stem from the suburban areas outside of Marion County.
- FDIC deposits per capita is available in **Appendix A** on Page 96 as an alternative measure of wealth by zip code.

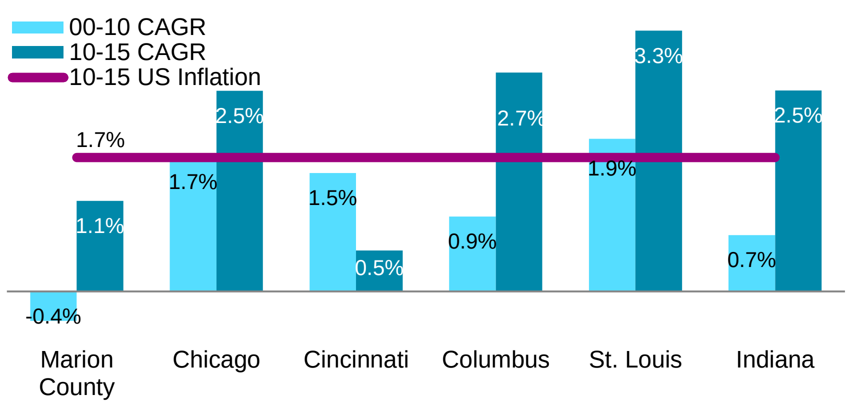
Household Income Growth

- During the years leading up to the Recession, Marion County experienced a - 0.4% average annual decline in median household income making it the only city among observed geographies to experience a decrease in median household income during that time.
- Since the 2010, median household income in Marion County has grown by 1.1% annually. While below US average inflation and other comparable cities this is a significant improvement.
- The Indianapolis MSA outperforms Marion County having growth at 2.1% per year since 2010 and is in line with other comparable cities.
- **Structural economic challenges related to the industry mix have limited Marion County's growth potential compared with the broader MSA and these need to be understood and addressed before improvements can occur.**

Median Household Income ($) & Annual Growth Rates (CAGR %)



Source: US Census, ESRI

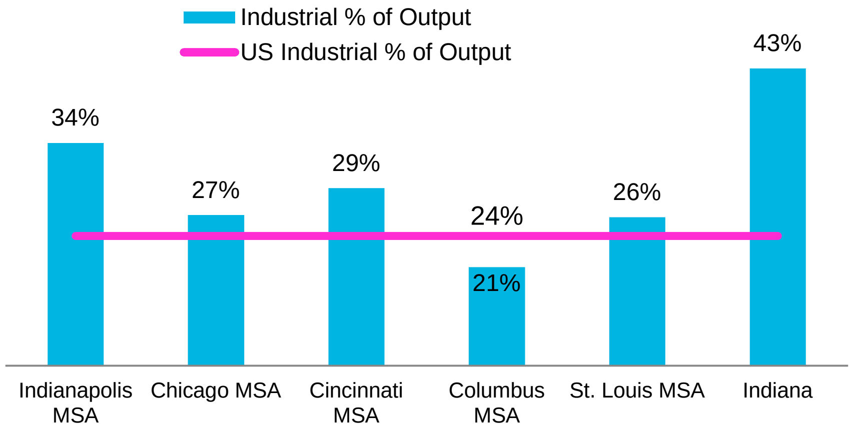


Source: US Census

Define the Market – Metrics

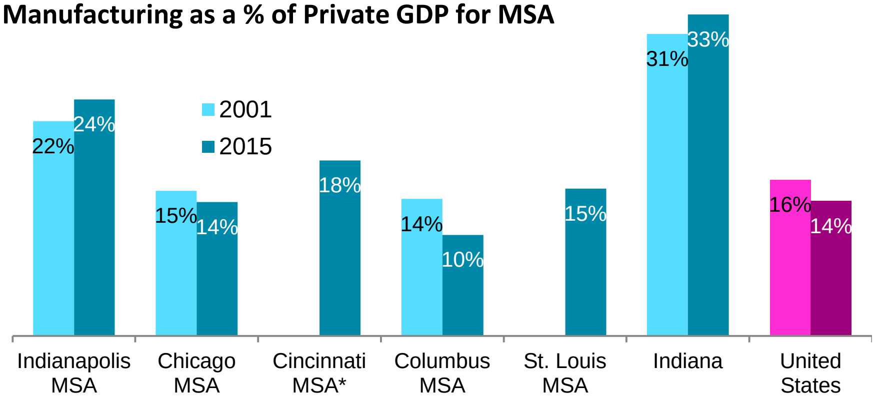
Indy's emphasis on manufacturing and logistics played a role in its downturn during the Recession, especially Marion County, but are also positive features as these sectors continue to recover

Manufacturing + Wholesale Trade + Transport & Warehousing as % of Private Industry GDP (2015)



Source: BEA

Manufacturing as a % of Private GDP for MSA



* 2014
Source: BEA

Industrial Share of Private Industry Economic Output

- Not surprisingly Indiana far surpasses industrial share of the US with Indianapolis outstripping all comparable cities in the Great Lakes Megaregion.
- For Indianapolis, Manufacturing makes up 70% of this figure whereas the comp cities are close to evenly split between manufacturing and wholesale trade + transport & warehousing
- Equally important, **Marion County accounts for over 60% of manufacturing employment** in the MSA whereas even Columbus with a similar scale comparison, has only 35% of its manufacturing employment within the core city/county

Manufacturing Growth

- Indianapolis is one of the only comparable MSAs where manufacturing has grown as a share of the total economic output, countering a national trend.
- Despite this growth, overall manufacturing employment is still lower than 2001 (detailed in Workforce section) as productivity improvements through automation and a shift to larger scale facilities reduced labor requirements. Importantly, over the past 5 years, manufacturing employment growth has returned, just not to the scale that it once was.
- The Recession triggered many closures of outdated industrial facilities in Marion County while most new construction occurred in the outer Metro Area. These two factors can explain some of the structural economic challenges faced for the site and Marion County in general.
- Investment in larger suburban sites is largely driven by land availability, access to the interstates, and lower development costs.

Define the Market – Metrics

Marion County continues to secure new private investment and expansions of existing firms with manufacturing playing an outsized role especially in terms of committed capital.

Marion County Investment Attraction, Expansion & Retention

Projects (2013-Present)	Retention	Expansion	Attraction	Committed Investment (2013-Present)	Retention	Expansion	Attraction
Total Projects	**1**	**81**	**9**	**Total Funding**	**$584,539,675**	**$434,239,609**	**$41,779,752**
Construction		2		Construction		$7,126,000	$0
Manufacturing	**1**	**11**	**4**	**Manufacturing**	**$584,539,675**	**$123,228,843**	**$17,493,000**
Wholesale Trade		6		Wholesale Trade		$34,918,533	$0
Retail Trade		1	1	Retail Trade		$21,777,200	$20,041,667
Transportation and Warehousing		3	1	Transportation and Warehousing		$16,027,342	$670,085
Information		13	1	Information		$64,629,781	$97,500
Finance and Insurance		2	1	Finance and Insurance		$16,812,500	$257,500
Prof, Scientific, and Tech. Services		40	1	Prof, Scientific, and Tech. Services		$130,309,405	$3,220,000
Admin, Support, and Waste Management		3		Admin, Support, and Waste Management		$10,320,925	

Source: Indiana Economic Development Corporation

Encouraging New Investment

- The tracking of expansions of existing firms and attraction of new investments over the past 4 years highlights the importance of the manufacturing sector for the county
- Manufacturing represents about 17% of the projects secured and over 50% of the funding committed. Even excluding the one retention, manufacturing expansions and attractions still make up about 28% of the total funds committed.
- Modern manufacturing is influenced by incentives and their availability becomes a fundamental part of the conversation regarding potential uses on any development site.
- Please see page 94 & 95 in **Appendix A** for more detail on incentive programs used to attract investment.

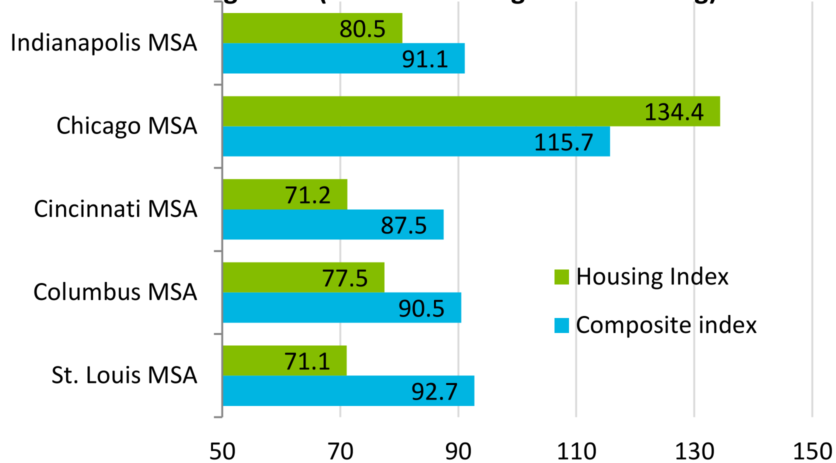
Define the Market – Metrics

While roughly comparable with the other regional cities, Indianapolis is among the most inexpensive metro areas in the US with prices 9% lower than national averages

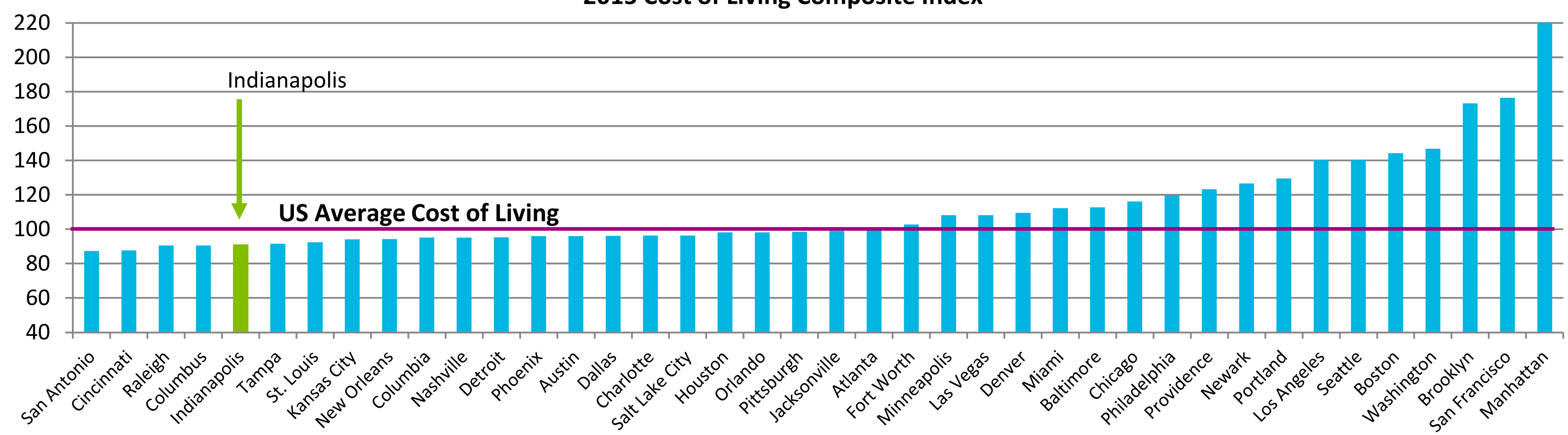
Cost of Living Comparison

- According to the Council for Community and Economic Research, Indianapolis has a cost of living composite score of 91, where 100 represents the US average cost of living.
- Across all factors (Housing, Grocery, Utilities, Transport, Healthcare, & Misc Goods), Indianapolis achieves scores below the US average.
- Comparable cities in the region have similar scores, 8-12% below the US average, which explains part of the attraction for new companies looking for lower cost locations.
- When observing the top 40 metro areas in the US, Indianapolis has the fifth lowest cost of living index score, 30-40% lower than most major coastal cities.

2015 Cost of Living Index (100 = US Average Cost of Living)



2015 Cost of Living Composite Index



Source: Council for Community and Economic Research

Chapter 3

Established & Emerging Clusters

Identifying sectors of opportunity for the future reuse through analysis of local industrial clusters and broader end market trends

Define the Market – Clusters

Key Findings & Site Implications

Research identified initial economic development opportunities where the State of Indiana and / or Central Indiana are strong:

- Motorsports, Automotive & Aerospace Manufacturing
- Distribution / Logistics and E Commerce
- Pharmaceuticals and medical devices
- Food processing (including organics, vertical farming)
- Insurance
- Data centers, software, cybersecurity, and IT
- Apparel manufacturing

Further detailed research of industry opportunities more applicable to Marion County and the Pleasant Run Crossing site:

- Manufacturing – Food, basic chemicals, hardware, metalworking, pharmaceuticals, and electrical equipment
- Logistics, trucking, warehousing and storage
- Technology – Data centers, data processing, and hosting services
- Health Care – doctors offices, diagnostic labs, hospital / outpatient care, senior centers

The analysis points to opportunity for local-oriented manufacturing activities such as food processing for the Pleasant Run Crossing site. The East Side already supports a growing cluster of food-related industries, with an available workforce who can serve downtown and broader Indy while also having a positive impact on the neighborhood and community.

The full list of target industry clusters identified is shown on page 99 of **Appendix B.**

Define the Market – Clusters

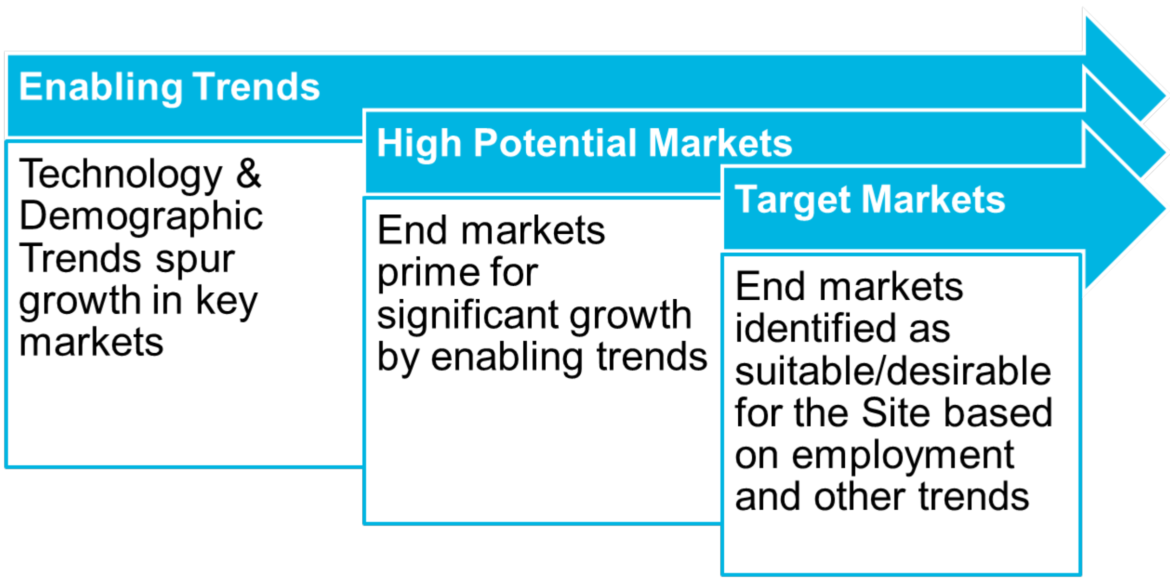
Technological and demographic trends are enabling growth in certain end markets. Understanding their growth potential and alignment with the project site allows targets to be identified

End Markets

AECOM identified two local and fourteen global end markets with the ability to support growth in a variety of industry sectors. These markets were identified through a literature review of leading industry reports on high growth markets, cutting-edge technology, and demographic and economic trends.

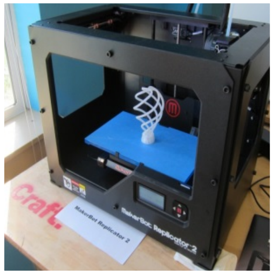
Once identified, a ten year (2017 to 2026) market potential for each end market was estimated. The market potentials are driven by market enablers – technological advances, demographic, and economic trends.

These market enablers are driving growth in a variety of markets throughout industry supply chains. These technologies interplay with one another, fostering innovation, lowering costs, and creating new products. For example, 3D printing can use advanced materials such as powdered metals/composites to build prototypes cheaper and faster; warehouse inventory data can be collected using advanced sensors and stored and analyzed in the cloud using big data analytic tools and improving logistics. End markets with several opportunities for these types of technological synergies have a particularly strong growth potential over the next ten years. Market enablers are detailed on the next several pages.



Define the Market – Clusters

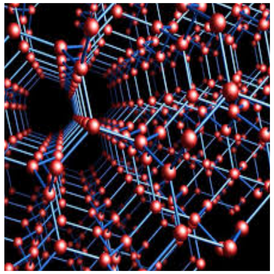
Key trends are occurring in terms of technological breakthroughs, demographic shifts, and fixed asset conditions that will directly influence the growth of emerging industrial clusters



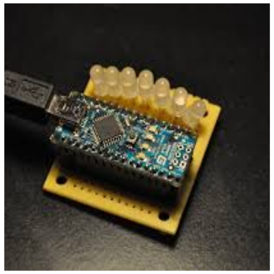
3D Printing
- Streamlines R&D and prototyping
- Lowers fixed costs of production
- Enhances customization

Big Data Analytics
- Uses algorithms and software
- Improves analysis of large quantities of data
- Creates actionable insights from sensor-collected data

Advanced Materials
- Examples: powdered metals, composites, nanomaterials, and carbon fiber
- Reduce production cost and time
- Improve product qualities such as weight, strength, and durability



Cloud Software & Applications
- Enables growth through fluid & flexible IT
- Eliminates need for up-front investments and physical hardware
- Enables smart device communication
- Reduces size & cost of consumer products

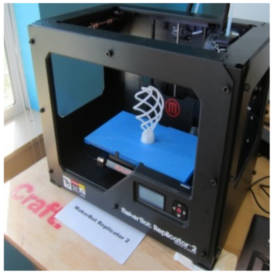


Advanced Sensors
- Components that gather data and communicate it over a network
- Gather large variety of physical data, including touch, movement, temperature, and sound
- Improve processes and quality

Internet of Things
- Creates a network of objects that can communicate
- Improves tracking of materials & products
- Allows efficient collection, communication, analysis, & optimization information

Define the Market – Clusters

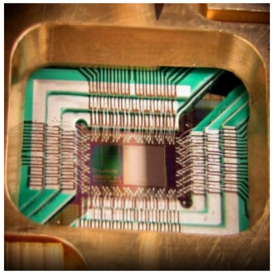
Understanding these trends and attempting to forecast the end market potential provides a frame of reference for the analysis of industry clusters within Indianapolis



Logistics
- Easy and affordable access to logistics is a competitive advantage in a variety of end markets

Aging Population
- Growing demand for health care and related services/products
- Changing housing demands as Baby Boomers downsize

Semiconductors
- Smaller, more powerful semiconductors reduce product costs
- Improve product designs & operation
- Allow expansion of sensor technologies



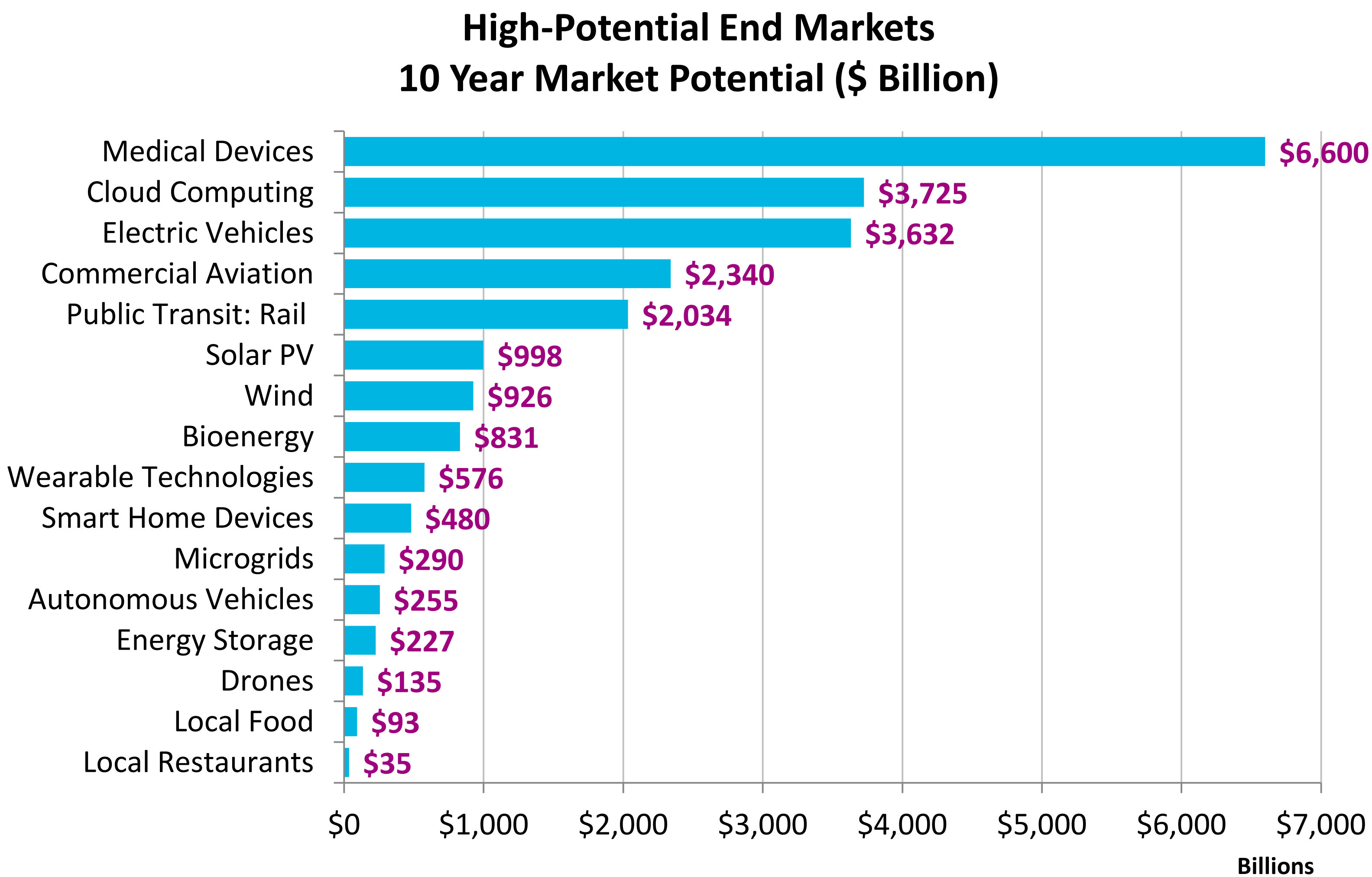
Urbanization
- 2.5 Billion more people will live in Cities by 2050
- Increases demand for real estate, infrastructure, and community services

Software
- Improves computing power
- Streamlines business approaches

Aging Infrastructure
- Significant investment is needed to maintain, restore, and replace infrastructure and support future demand
- Creates opportunities for emerging technologies to improve infrastructure construction, provision, and operation

Define the Market – Clusters

By forecasting the 10 year market potential, the scale of the opportunity for each can be quantified to understand how it aligns with the established and emerging industry clusters for Indianapolis



Define the Market – Clusters

Through a stakeholder consultation process, economic development priorities were identified with particular emphasis on Life Sciences, Food Processing, and Information Technology

Economic Development – Clusters

Econmic development priorities generally differ at state, regional and local levels, however Indiana appears to have relative consistency at all levels for key industry priorities. The City of Indianapolis, however, has some unique targets that go beyond the focus of the State.

The State of Indiana has a range of economic development priorities, in particular:

- Motorsports automotive & aerospace manufacturing
- Distribution / logistics and e-commerce

Notably, Central Indiana and Indianapolis have relatively consistent targets based on published information and interviews with economic development agencies:

- Pharmaceuticals and medical devices
- Food processing (including organics, vertical farming)
- Insurance
- Data centers, software, cybersecurity, and information technology
- Apparel manufacturing

Interviews reinforced a practical challenge across Marion County with limited "ready-to-go" site availability for industrial and distribution activity.

Areas such as Ameriplex do have vacant land remaining (with plans to expand "ready to go" sites, and there are a significant number of brownfield sites across the City that await redevelopment. These properties include sites such as RCA, Ford, and Navistar. The City of Indianapolis and the Indy Chamber have formed a working group to evaluate brownfield sites that can be redeveloped.

Due to the nature of taxation in Indiana, the City of Indianapolis benefits when workers live and work in Marion County. Currently the City sees a daily influx of workers who live downtown, but work in the suburbs.

Define the Market – Clusters

Multiple approaches to evaluating and ranking potential industry clusters allow for selection of target industries against multiple distinct criteria depending on the redevelopment progresses

Objectives
The specific characteristics of the Project Site make it suitable for a variety of industries. In the interest of the long-term development and success of the Site, industries with strong employment trends, linked to growing local and global markets, and leveraging regional strengths can be targeted. By reviewing employment, wage, and freight tonnage data at local and regional levels, an initial 31 target industries have been identified for further analysis. These 31 industries represent specific local and regional strengths in the following industry clusters:

- Food
- Health Care
- Technology
- Retail
- Logistics
- Business Services
- Manufacturing

Under different planning scenarios, specific industries may be more desirable to target than others. Subsequent phases of analysis will further explore the suitability of and opportunities for these industries.

Site Conditions
The current state of the site and feedback from stakeholders were incorporated into the cluster analysis approach to consider:

- Opportunities to leverage a direct rail link
- Constraints around access and higher truck volumes
- Potentially more locally-oriented industries that will utilize the easy access to downtown

Methodology
To determine which industries to target for the project site, several factors were analyzed. Specifically, wage and employment tends are key indicators of an industry's potential in a given market:

1. Marion County employment and wage trends for 2010 and 2015 were analyzed.
2. The top ten highest ranking industries in terms of employment size, employment growth, and employment concentration and average wage, wage growth, and wage concentration were selected for further analysis.
3. These were compared to top freight-related industries in the metro area and to employment trends at the state and regional level.

Define the Market – Clusters

Target Industry Selection Process

Employment, technological and demographic trends combined with the Economic Development Priorities of Indianapolis highlight which industries align with the project site and should be targeted.

Based on the analysis of employment, wage, and freight data, the 312 4-Digit NAICS industries were filtered to 61 top rated industries. To further refine the analysis these 61 industries were reviewed for their potential suitability to the site and compared across metrics. The result is an initial targeted 29 industries. Note that these 29 industries should be evaluated in more detail to filter down once additional information on the site is available and the redevelopment planning has commenced.

Please see **Appendix B** for additional summaries of data analyzed to develop the recommended 29 high potential clusters.

Define the Market – Clusters
Target Industry Selection Process

Regional Clusters

Understanding Regional employment trends highlights the larger context in which the Site is situated. It allows one to understand inherent strengths and determine how the Site may be able to build off these strengths to capture a larger share of the Regional employment growth.

Great Lakes Megaregion has a strong concentration of manufacturing employment.

While the largest employment sectors in the Great Lakes Megaregion are service-based, the Region's manufacturing sectors constitute a higher proportion of total employment than typical in the United States.

Indiana mimics the employment trends of the Great Lakes Megaregion.

Four of the five largest employment sectors in Indiana are again service-based sectors. Similar to the Region, Indiana has a strong concentration of manufacturing employment. Indiana's employment location quotients are even greater than those of the Region overall. Indian's share of Private GDP from Manufacturing is twice the national average and growing (33% vs 14% in the US).

Local Clusters

Understanding local employment trends provides a snapshot of what other areas have been able to capture from the larger regional market. It can also highlight specific strengths unique to Indianapolis that the site should leverage in determining target industries.

Indianapolis MSA employment data highlights an additional strength in logistics.

While service industries and manufacturing are still strengths in the metro area similar to the State and Megaregion, the Indianapolis MSA shows an additional strength and concentration in logistics related sectors.

Marion County employment data suggests a strength in logistics and health care.

Mimicking the metro area trends, Marion County shows a concentration of logistics related sectors. In addition, health care related sectors are among the top employment sectors in the county. Also notably, unlike many urban areas, regional manufacturing concentrations remains within the urban area.

Define the Market – Clusters

Top Local Clusters by Employment Factors(Marion County)

Analysis of the largest, most concentrated, and fastest growing industries in Marion County confirms strengths in health care, logistics, technology, manufacturing, food, retail, and business services.

NAICS	Industry	Employment (2015)	Employment LQ (2015)	Change in Employment (2010-2015)	Employment Compound Annual Growth (2010-2015)	Employment LQ Compound Annual Growth (2010-2015)	Tier
3254	Pharmaceutical and medicine manufacturing	13,318	11.38	13,318	N/A	N/A	1
4841	General freight trucking	11,102	2.68	2,178	4.5%	2.1%	1
5182	Data processing, hosting and related services	1,963	1.58	1,247	22.3%	18.0%	2
5611	Office administrative services	2,055	1.04	1,183	18.7%	15.8%	2
3251	Basic chemical manufacturing	790	1.27	366	13.3%	12.3%	2
5323	General rental centers	386	2.36	146	10.0%	10.9%	2
3118	Bakeries and tortilla manufacturing	1,763	1.43	699	10.6%	9.7%	2
7223	Special food services	3,774	1.40	1,446	10.1%	6.5%	2
5415	Computer systems design and related services	10,245	1.29	3,732	9.5%	4.0%	2
6211	Offices of physicians	15,164	1.44	3,409	5.2%	3.9%	2
5613	Employment services	25,811	1.76	5,749	5.2%	0.3%	2
5617	Services to buildings and dwellings	8,408	1.01	1,327	3.5%	1.0%	3
3353	Electrical equipment manufacturing	87	0.15	41	13.6%	13.4%	3
5231	Securities and commodity contracts brokerage	2,375	1.27	865	9.5%	10.5%	3
3335	Metalworking machinery manufacturing	551	0.72	232	11.6%	8.4%	3
5621	Waste collection	843	1.24	349	11.3%	8.4%	3
4541	Electronic shopping and mail-order houses	2,122	1.50	968	13.0%	6.2%	3
4542	Vending machine operators	505	3.21	87	3.9%	4.7%	3
4931	Warehousing and storage	5,239	1.52	1,734	8.4%	3.2%	3
4921	Couriers and express delivery services	10,109	4.42	846	1.8%	-0.6%	3
4543	Direct selling establishments	331	0.59	119	9.3%	9.8%	4
6233	Community care facilities for the elderly	2,324	0.64	887	10.1%	6.8%	4
5416	Management and technical consulting services	5,278	0.99	1,366	6.2%	1.9%	4
7225	Restaurants	37,657	0.90	5,072	2.9%	0.0%	4
2382	Building equipment contractors	8,729	1.09	628	1.5%	-1.4%	4
8141	Private households	424	0.36	-136	-5.4%	11.4%	5
6221	General medical and surgical hospitals	29,513	1.57	-134	-0.1%	-0.4%	5
5241	Insurance carriers	10,556	2.15	-939	-1.7%	-1.3%	5
3231	Printing and related support activities	4,342	2.32	-880	-3.6%	-1.6%	5
3325	Hardware manufacturing	1,182	11.53	-88	-1.4%	-1.9%	5
6241	Individual and family services	5,267	0.60	1,820	8.8%	-1.9%	5
3112	Grain and oilseed milling	853	3.41	-111	-2.4%	-2.4%	5
6215	Medical and diagnostic laboratories	2,648	2.44	-50	-0.4%	-2.6%	5
7112	Spectator sports	2,285	3.95	-231	-1.9%	-3.0%	5

Define the Market – Clusters

Top Local Clusters by Freight & Concentration (Marion County)

With constrained land availability and connectivity issues, a primary site asset is the direct rail connection particularly for smaller firms in less concentrated industries

Scorecard- All Freight Flows Into, From, and Within Indianapolis by Rail (Organized by NAICS Code)

NAICS Code	Sector	Total Ktons	Total $ Value	HH Index (2007)	% Rail Freight	% Commodity's Freight by Rail	Establishment Count (MSA)	Kton Rank	$ Value Rank
332	Fabricated metal product manufacturing	1,209.54	$1,321	9.0	12.4%	9.1%	384	1	1
311	Food manufacturing	3,622.69	$1,382	102.1	37.2%	11.7%	99	2	4
326	Plastics and rubber products manufacturing	457.38	$925	31.3	4.7%	15.7%	78	3	2
325	Chemical manufacturing	1,120.56	$1,167	114.0	11.5%	14.6%	76	4	5
331	Primary metal manufacturing	1,458.55	$1,111	180.6	15.0%	13.7%	26	5	6
321	Wood product manufacturing	249.42	$162	38.3	2.6%	5.7%	55	6	9
327	Nonmetallic mineral product manufacturing	426.61	$117	89.6	4.4%	1.4%	93	7	13
323	Printing and related support activities	235.33	$203	77.9	2.4%	10.4%	196	8	10
333	Machinery manufacturing	144.57	$1,309	72.7	1.5%	6.2%	187	9	3
324	Petroleum and coal products manufacturing	962.45	$776	734.7	9.9%	2.4%	9	10	17
322	Paper manufacturing	236.56	$99	227.8	2.4%	4.9%	36	11	19
336	Transportation equipment manufacturing	288.64	$1,662	365.0	3.0%	6.4%	105	12	7
315	Apparel manufacturing	15.49	$190	44.0	0.2%	2.7%	18	13	8
337	Furniture and related product manufacturing	15.84	$66	61.5	0.2%	2.3%	77	14	16
335	Electrical equipment and appliance mfg.	24.42	$224	105.3	0.3%	2.2%	36	15	11
334	Computer and electronic product manufacturing	24.42	$224	136.6	0.3%	2.2%	76	16	12
313	Textile mills	15.49	$190	160.2	0.2%	2.7%	8	17	14
316	Leather and allied product manufacturing	15.49	$190	174.8	0.2%	2.7%	1	18	15
339	Miscellaneous manufacturing	1.96	$11	52.4	0.0%	0.0%	175	19	20
314	Textile product mills	15.49	$190	418.6	0.2%	2.7%	49	20	18
312	Beverage and tobacco product manufacturing	14.95	$25	555.4	0.2%	1.4%	42	21	21

AECOM has linked freight rail volumes and values approximately to 3-digit NAICS codes. Combined with the HH Index (A measure of industry concentration with 0 being perfect competition and 10,000 being a pure monopoly) and Count of Establishments to develop an alternative criteria for identifying target industry clusters.

Define the Market – Clusters
Target Industry Clusters

NAICS	Industry
Food	
3112	Grain and oilseed milling
3118	Bakeries and tortilla manufacturing
7223	Special food services
7225	Restaurants
Technology	
5182	Data processing, hosting and related services
5415	Computer systems design and related services
Health Care	
3254	Pharmaceutical and medicine manufacturing
6211	Offices of physicians
6215	Medical and diagnostic laboratories
6221	General medical and surgical hospitals
6233	Community care facilities for the elderly
6241	Individual and family services
Retail	
4541	Electronic shopping and mail-order houses
4542	Vending machine operators

Food: The Food Cluster is divided between Food Manufacturing and Food Service related industries. On the manufacturing side, the Site is attractive due to its proximity to a large workforce, efficient distribution to the main population and commercial clusters of Indianapolis as well as the potential to utilize freight rail for commodities. On the service side, there is a potential for the expansion of existing retail corridors into our Site as well as an opportunity to address the food insecurity of the neighborhood (raised during stakeholder interviews).

Technology: The targeted technology industries are integral to many of the high potential end markets discussed earlier. Building capacity in these industries will allow Marion County to capture a larger share of these high-growth markets. The county has already seen significant growth in these industries with the establishment of data centers and the attraction of major technology companies like Salesforce.

Health Care: The growth of the health care industry, specifically those related to Ambulatory Care (NAICS: 621) has been growing throughout the United States, in part due to the aging population. This trend is mirrored in Marion County, offering an opportunity to capture growth in this evolving market. Elderly care, family services, and other medical services could also align with broader goals for the neighborhood.

Retail: NAICS 454 represents "non-store retail", capturing the significant growth of online shopping. As the retail industry continues to adjust to this changing consumer behavior, there is an opportunity for the Site to leverage an opportunity as a "last-mile" distribution center.

Likely space format for each target cluster is listed **in Appendix B** on page 101.

Define the Market – Clusters
Target Industry Clusters

Business Services: The majority of these industries relate to office uses with some being constrained by the current site context and lack of office space on in neighborhood or surrounding area. Specific industries within this group may become increasingly attractive in a scenario where the Justice Center locates on the Site. Specifically, Employment Services, which relates to job placement and has seen strong growth in the County, would compliment the Justice Center, increasing its attractiveness as a target industry.

Manufacturing: The targeted manufacturing industries represent the metro area's strength. The site can leverage this strength to attract a share of the employment in these industries. Additionally, Electrical Equipment Manufacturing is a key component of several of the high potential end markets. It is desirable to target parts of these value streams to capture the high-projected growth of these end markets.

Logistics: The Site's location combined with the geographically centered location of Marion County, provides opportunity to attract firms in the logistics space if road access could be improved. Due to larger global trends, such as the increase in online shopping, these industries are expected to continue to see growth with continuing pressure to address distribution and logistics services within growing urban centers.

Likely space format for each target cluster is listed **in Appendix B** on page 101.

NAICS	Industry
Business Services	
5231	Securities and commodity contracts brokerage
5323	General rental centers
5416	Management and technical consulting services
5611	Office administrative services
5613	Employment services
5617	Services to buildings and dwellings
5621	Waste collection
Manufacturing	
3251	Basic chemical manufacturing
3325	Hardware manufacturing
3328	Coating, engraving, and heat treating metals
3335	Metalworking machinery manufacturing
3353	Electrical equipment manufacturing
Logistics	
4841	General freight trucking
4921	Couriers and express delivery services
4931	Warehousing and storage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Chapter 4

Workforce

Evaluation of the labor force available and the workforce trends that will influence Indianapolis' economic outlook

Define the Market – Workforce

Key Findings & Site Implications

Key Findings

- With states such as Indiana rapidly approaching "full employment" as evidenced by unemployment rates below 4%, there are growing needs for short-term training in higher skill manufacturing areas. Interviews pointed to a shortage of people with sewing skills as one example.
- Data from 2015 pointed to an East Side unemployment rate of 8.4%, which is above trends for Central Indiana and the State of Indiana. While Marion County as a whole struggled to recover from the Recession, the East Side was particularly burdened due to its legacy and emphasis on the traditional manufacturing sectors that have shrunk and/or relocated and the lack of new employment opportunities.
- In addition to a recent uptick in labor force participation, Marion County has also seen employment grow by 2.2% annually compared to the average annual population growth of 0.7%; an indication that demand for jobs outweighs the supply for candidates.
- While manufacturing employment has declined since 2000, productivity grew rapidly, allowing manufacturing output to grow. Marion County saw average annual manufacturing wages grow from $59,000 in 2000 to $86,000 in 2015. This wage growth was accompanied by a significant shift in required skill sets.
- The Pleasant Run Crossing site is the second largest industrial site in Indiana in terms of population within a 2-mile radius. The site has approximately 56,000 people within 2 miles, significantly larger than the industrial site state-wide average of approximately 8,000 people. The implication being that the Pleasant Run Crossing site has a larger potential pool of labor compared to a majority of sites throughout the State.
- Over the next ten years, Indiana will need to fill an estimated 1 million jobs, with a potential for about 700,000 of those jobs due to retirements, particularly in manufacturing. Astride these issues, the Indiana workforce will also be contending with impacts due to automation (on manufacturing), and the emergence of driverless and battery powered vehicles (Electric Vehicle's require less maintenance). As well, ongoing changes in the retail landscape due to internet retail and amazon will place further pressure on workforce.

Implications for Pleasant Run Crossing Site

While the Pleasant Run Crossing site is clearly well-positioned to see redevelopment (linked with an available workforce), research suggests that residents will need access to additional job training services. Initial interviews with Ivy Tech and Employ Indy pointed to support for training programs targeting the Neighborhood Boundary as a satellite campus or training center.

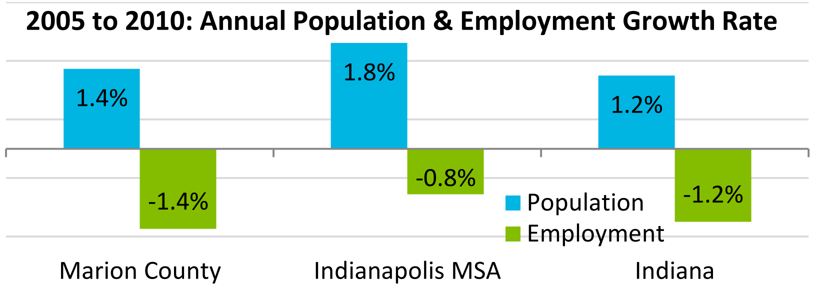
At the end of the day, the clear intent of programs such as WIOA is to make more deliberate decisions about training programs and dollars to ensure that jobs are created in sectors where growing companies need them. For the Pleasant Run Crossing site, while the concept of a training center is appropriate in concept, execution will link with the extent to which anticipated uses for Pleasant Run Crossing align with broader workforce priorities identified by local and state workforce agencies.

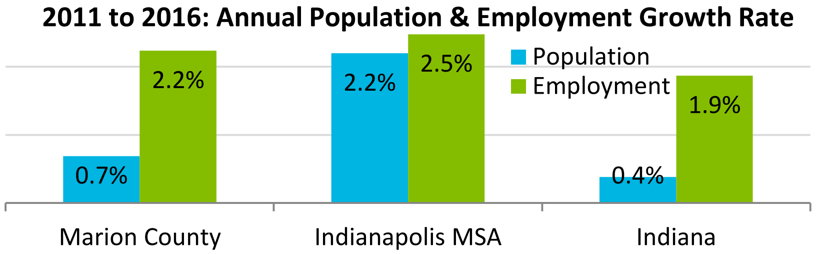
Define the Market – Workforce

Through the recent uptick in labor force participation, Indy has seen employment growth dramatically outpace population growth since the Recession, especially within Marion County

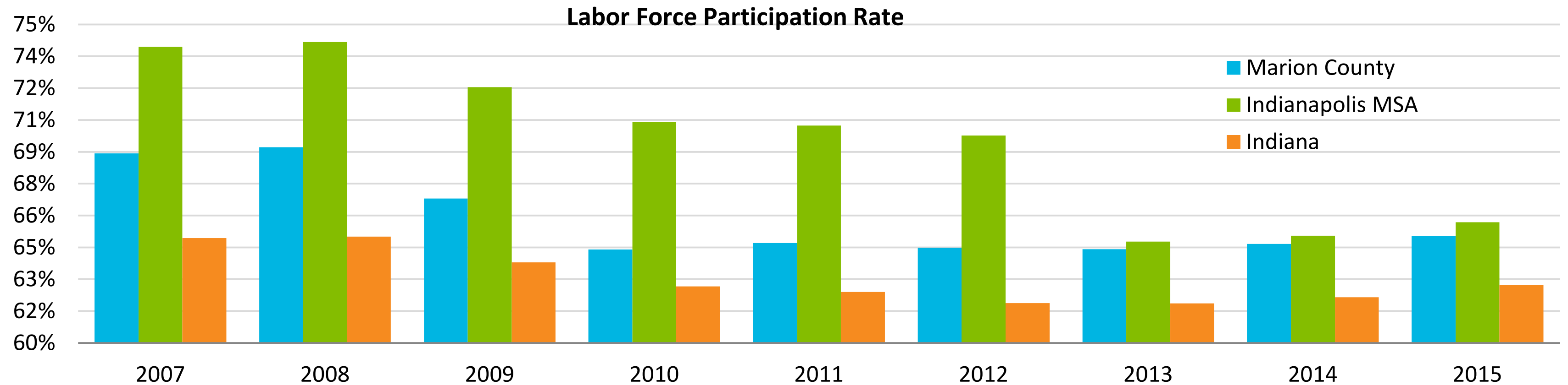
Labor Force Overview

- Through 2010, all three market areas saw an average annual decrease in employment ranging from -.8% to -1.4%, while the population in each market continued to grow.
- Since the Recession, employment growth at the County, metro, and State level has outpaced population, particularly in Marion County where employment has grown by 2.2% annually compared the population growth rate of 0.7%.
- In 2007, Approximately 69% of Marion County's eligible population was a member of the labor force. Three years later, the labor force participation rate fell to 64% as a result of the Recession.
- While Marion County has seen a slight increase in labor force participation rate in recent years, the labor force percentage of total eligible population has not grown at the same rate as the MSA and State levels.





Source: BLS, US Census



Source: BLS, US Census

Define the Market – Workforce

There are approximately 56,000 living within a 2-mile radius of the site; the implication being that it is well positioned with a larger supply of labor compared to a majority of other Industrial sites

Economic Development Industrial Sites

- Based on data from the Indiana Economic Development Corporation and ESRI, the Pleasant Run Crossing site is the second largest industrial site in Indiana in terms of surrounding population within a 2-mile radius with approximately 56,000 people. The population within the 2-mile radius of the Pleasant Run Crossing site dramatically outweighs the industrial site and shovel-ready site statewide averages.
- Only 1.4% of all sites are surrounded by a population of over 40,000 people, while 9% of all sites have more than 20,000 people within a 2-mile radius.
- Among shovel-ready sites, the largest catchment has a surrounding population of approximately 25,000 people, while 90% of all shovel-ready sites have less then 10,000 people within a 2-mile radius.

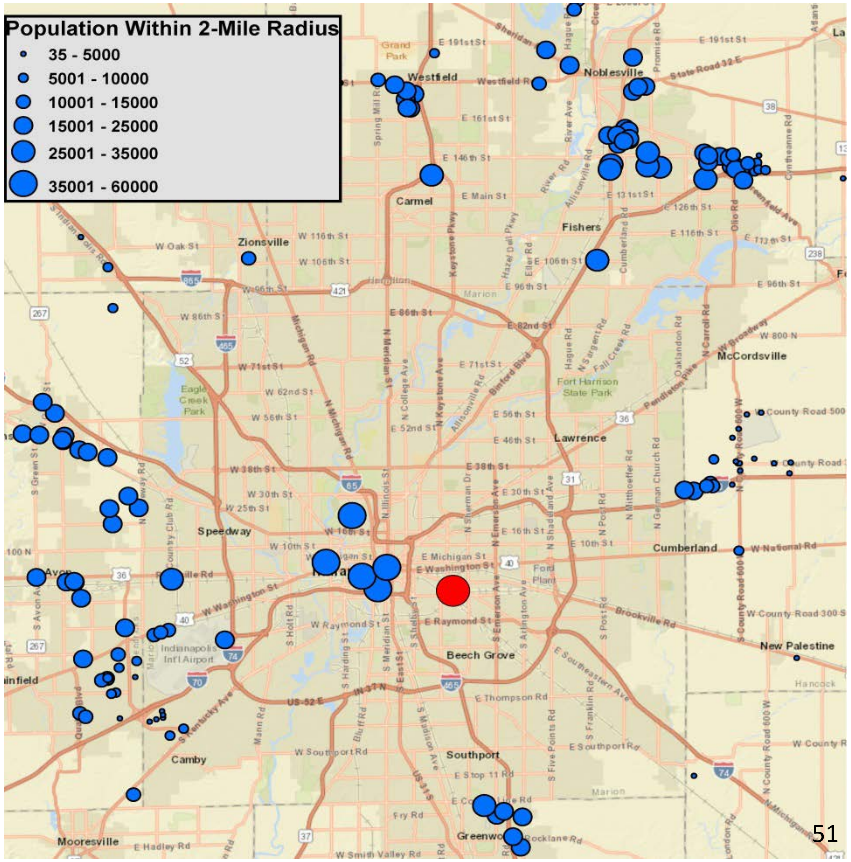
Skills Gaps

- According to a study conducted by Employ Indy (a workforce development group), 65% of companies in Indianapolis believe there is a moderate gap between the computer skills necessary for positions and skills that candidates typically have.
- The same study claims that 20% of companies rated the quality of graduates serving Central Indiana as fair or poor.

2015 Average Population Surrounding Industrial Sites

Economic Dev. Sites	2-Mile Radius Population
Pleasant Run Crossing Site	56,354
Industrial Average	8,091
Shovel-Ready Average	4,035

Source: IEDC, ESRI



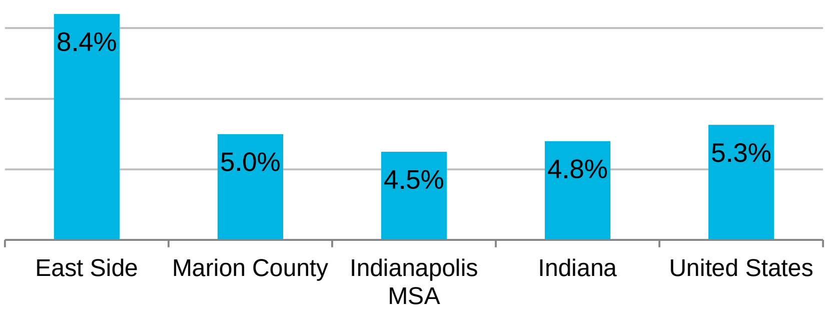
Define the Market – Workforce

Marion County struggled to recover from the unemployment caused during the Great Recession while the East Side of Indy remains stubbornly high at 8.4%

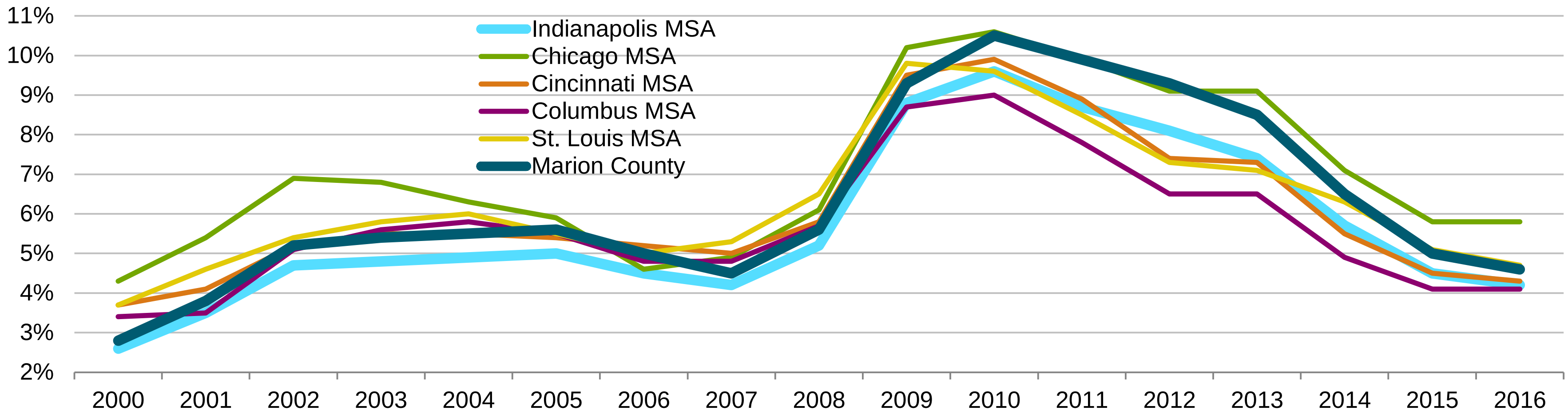
Unemployment

- Reliance on industrial sectors that were shrinking or relocating exacerbated the impact of the Great Recession for Marion County as unemployment remained high through 2013.
- As of 2016, it has improved to be in line with comp cities.
- The East Side has struggled to recover **(8.4% in 2015, per ESRI)** due to its legacy and emphasis on the traditional manufacturing sectors that have shrunk and/or relocated and a lack of new employment opportunities.
- The high unemployment identified on the East Side was validated in stakeholder interviews. Workforce development experts highlighted that the site's zip code (46203) is one of their 5 target zip codes for skills training and job matching with the highest unemployment rates in Indianapolis

Unemployment Rate (2015)



Source: BLS, ESRI (East Side)

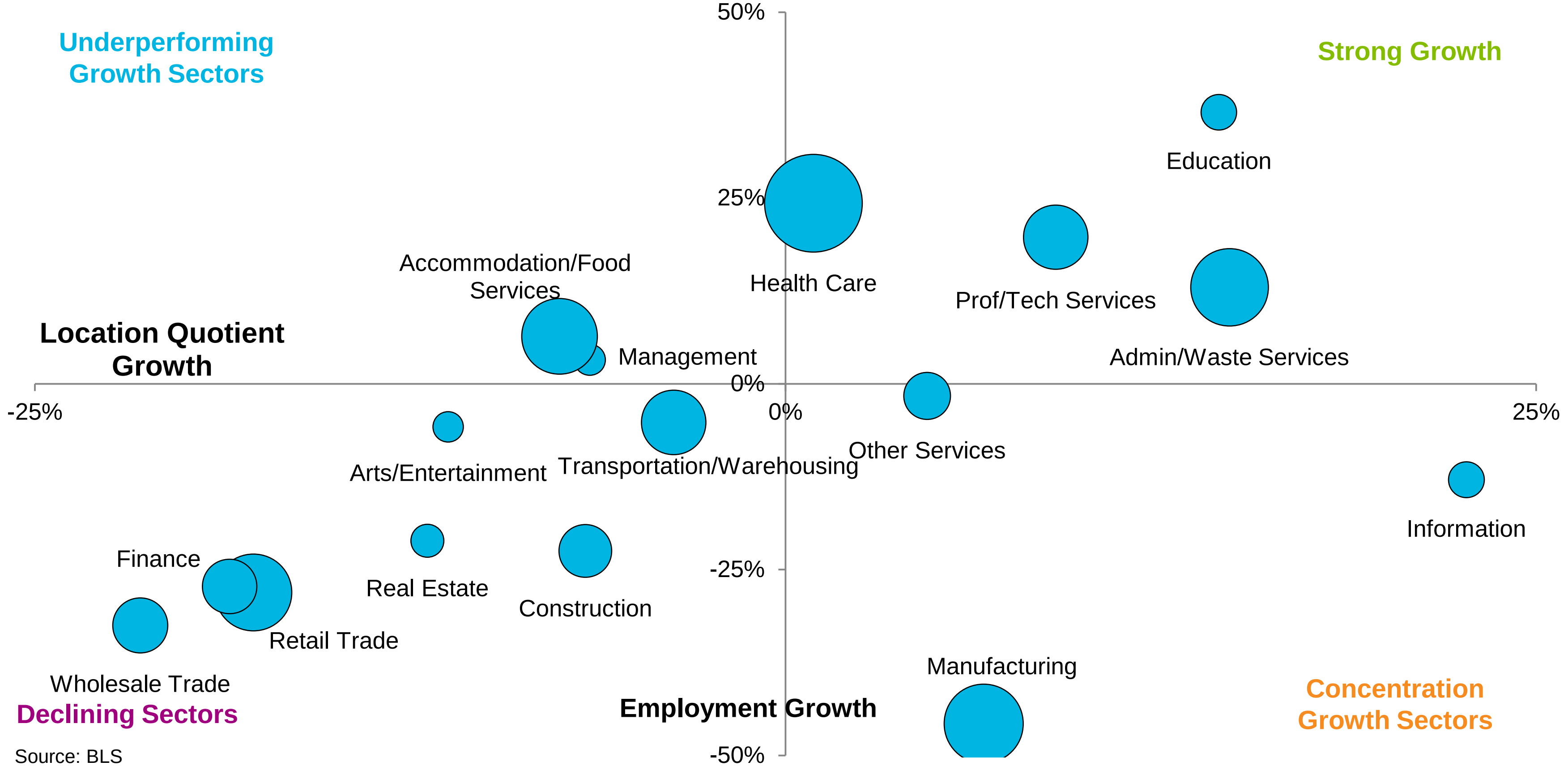


Source: BLS

Define the Market – Workforce

Manufacturing employment has declined dramatically despite growing output through productivity gains. While job growth is concentrated in Professional & Admin Services, Education, and Healthcare

Percentage Change in Location Quotient and Total Employment from 2000 to 2015 by Sector (Marion County)



Source: BLS

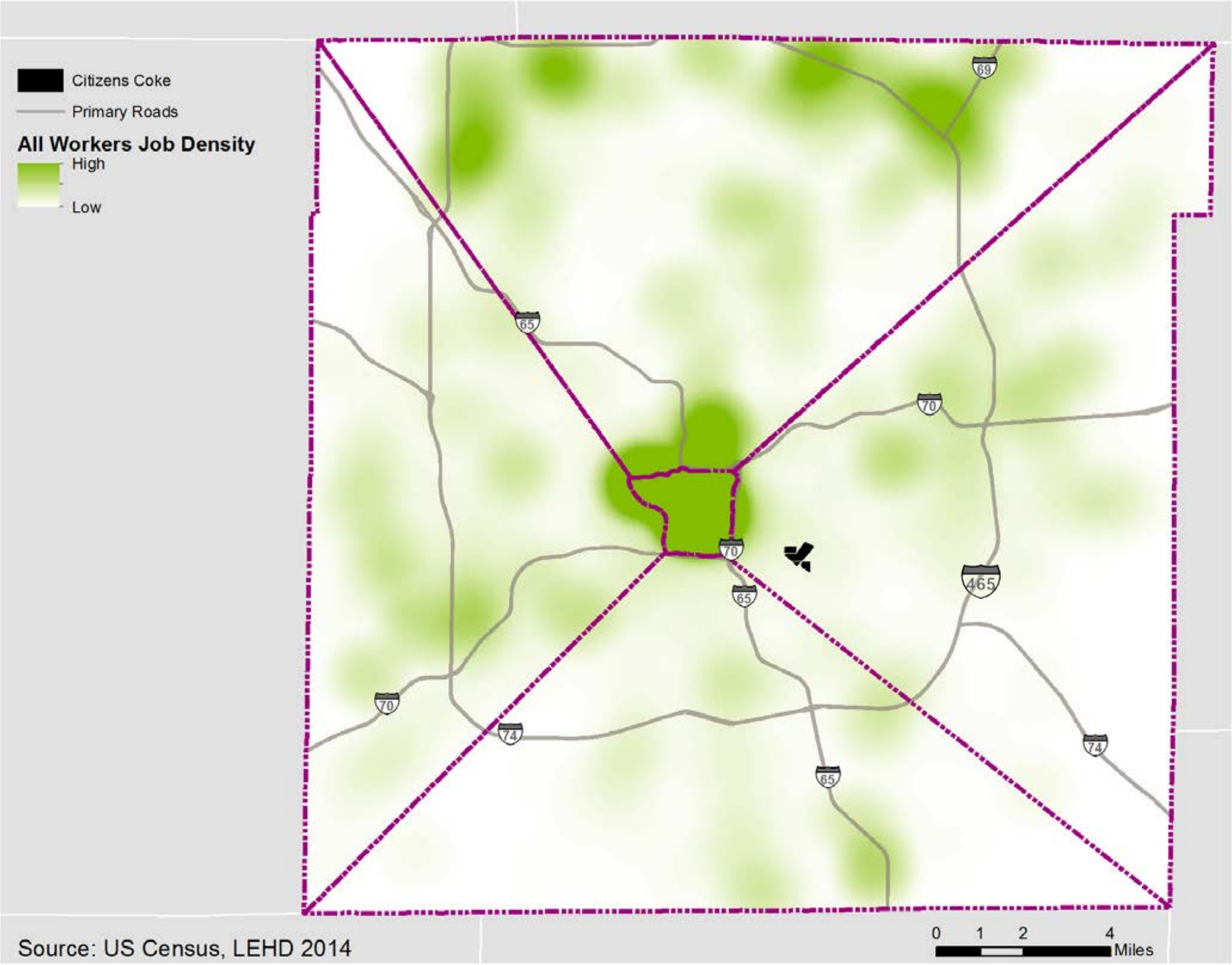
- While manufacturing employment declined, productivity grew rapidly to allow manufacturing output to grow. Marion County saw average annual manufacturing wages grow from $59,000 in 2000 to $86,000 in 2015. This wage growth was accompanied by a significant shift in required skill sets. Over the past 5 years, the return of manufacturing employment growth is a positive trend but is unlikely to reach previous levels.

Define the Market – Workforce

Jobs are clustered downtown and to the north along the interstates, but the downtown core has already begun moving east with employment clusters moving across I-70 (in particular Angie's List)

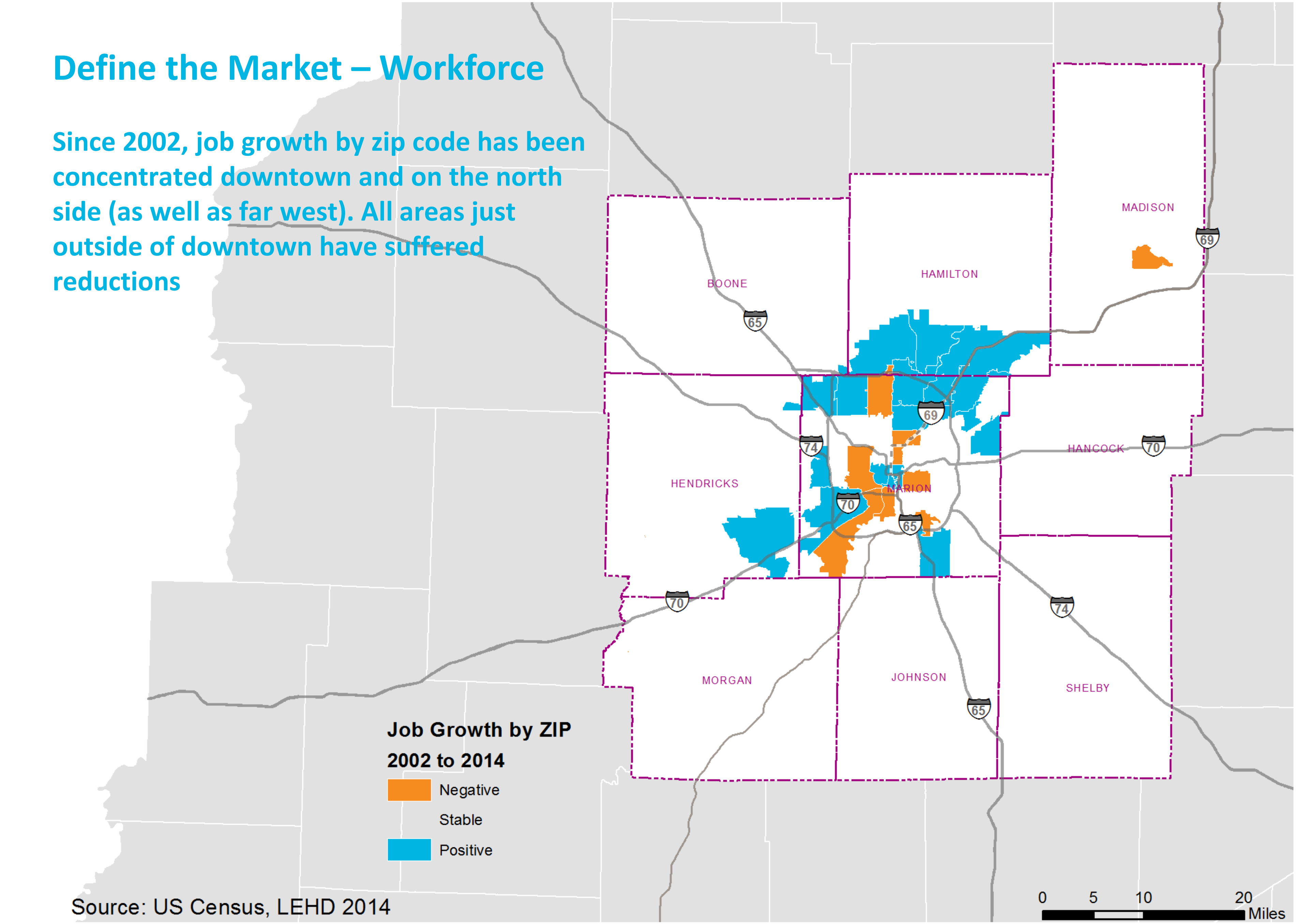
Employment Density

- Beyond the downtown core, higher density job clusters are located primarily on the northern edge of the county and generally along the major interstate corridors.
- Notably, major office occupiers such as Angie's List have located offices to the east of I-70.
- Based on census data, the cluster of employment just to east of I-70 includes roughly 4,000 jobs
- There is less than a mile between the project site and these offices. And having already broken through the physical and psychological barrier of the interstate, further expansion could be possible.



Define the Market – Workforce

Since 2002, job growth by zip code has been concentrated downtown and on the north side (as well as far west). All areas just outside of downtown have suffered reductions



Source: US Census, LEHD 2014

Define the Market – Workforce

Workforce requirements are changing nationally. Beyond shifts from manufacturing into services, traditional vocational roles are becoming more complicated requiring more advanced training

Workforce Development Introduction

Any conversation about workforce development builds from acknowledgement of important realities about the workforce system as it exists today. First, workforce development influences and supports workers in two very different situations:

- Workers who lost their job thru a plant closing or due to trade policy and simply need to be retrained.
- Workers with disabilities, low educational attainment, lack of transportation, language constraints, difficulty passing a drug test, low income, youth, etc. For these workers, workforce training expands into a broader set of social services.

Our national experience reinforces to specific challenges related to manufacturing and the skilled trades which come into play regarding the Pleasant Run Crossing site:

- With states such as Indiana rapidly approaching "full employment" as evidenced by unemployment rates below 4%, there are growing needs for short-term training in higher skill manufacturing areas. Interviews pointed to a shortage of people with sewing skills to support the Indianapolis area apparel manufacturing industry.
- There is an emerging need to replace retiring skilled workers, many of whom are in manufacturing. Across Indiana, there will be a need to replace more than 700,000 jobs due to retirement within 10 years.

In 2017, the National Academies Press published a report titled, "Building America's Skilled Technical Workforce" which confirmed a number of significant challenges with the US Workforce System. Insights include:

- Workforce development responsibilities are spread across many groups ("educators; students; workers; employers; the federal, state, and local governments; labor organizations; and civic associations").
- While many countries have adopted formal mechanisms to formalize coordination and cooperation, the US system remains guided by, "complex and similarly uncoordinated set of policies associated with achieving similarly divergent goals related to economic development, education, employment, health and human services, and veterans' affairs".
- For skilled trades and manufacturing positions, while many occupations require advanced technical knowledge, many do not require a bachelor's degree for entry.

AECOM experience with workforce development also reinforces additional challenges:

- Particularly in advanced manufacturing sectors, automation is changing job growth opportunities. Organizations such as McKinsey & Company have concluded that future workers will need to engage with machines and technology more consistently in the future and acquire new skills along the way.
- The workforce system has multiple entry points, making it more difficult for an individual within in the system to see the full picture.

Define the Market – Workforce

The federal WIOA will influence the workforce training initiatives considered as Indiana attempts to combat the brain drain as well as address skill gaps through vocational and technical training

In 2014, the Federal Government passed new workforce development legislation, called the Workforce Innovation and Opportunity Act (WIOA). While the program has not yet been fully implemented, the following policy implications are clear:

- Make the workforce system more demand driven (i.e. create pipelines of workers in sectors where companies need them), with more active coordination across agencies.
- Identify industry clusters for the workforce system to prioritize.
- Begin training earlier, blending vocational and on-the-job training, and involve employers as partners in training.
- Improve workforce data to confirm pipelines and the value of skills acquired in programs, providing better direction to future employees.

At a broader level, there also is interest in apprenticeship programs that provide high school students with additional pathways to a career, beyond a traditional four-year college degree.

Central Indiana Context

Interviews reinforced long-standing challenges related to workforce development in Indiana. Local concerns focus on:

- A significant percentage of the manufacturing workforce is 50 years of age or older and nearing retirement.
- Numerous workforce development experts have highlighted that Indiana faces a "brain drain". The city of Indianapolis and the state of Indiana only retain a small share of in-state college students in science, engineering, and IT after graduation. The majority of college graduates from Universities have left the state within 5 years of graduating. In high demand degrees such as Computer Science, Engineering, and Finance, the percentage to leave the state within 5 years surpasses 80%.

Current initiatives to change this trend include improved job matching for recent graduates with employers in Indianapolis and encouraging a more diverse set of businesses to set up operations (and hiring) in Indianapolis. Companies like Salesforce establishing regional headquarters in Indy to take advantage of the talent pipeline available is one example.

The ability to attract and retain high skill businesses relies on Indianapolis' low cost of living, efficient logistics network, access to its highly educated workforce, and attractive tax and incentive structures.

With a continued emphasis on manufacturing and distribution, there is a broader workforce development goal that is distinctly different from combatting the brain drain. Workforce development efforts must ensure that technical and vocational training provided in the community matches to skills required in modern manufacturing and processing roles

While the region is known for logistics, interviewees suggested that many suburban warehouse locations are starting to find a more constrained workforce due to their locations. With data suggesting that local unemployment rates are well below US averages, workforce availability is a key variable.

Define the Market – Workforce

DWD will be working with Ivy Tech to develop additional training programs needed to fill the 1 million jobs needed in Indiana in the next 10 years (700,000 of these due to looming retirements)

Context (continued)

Technical or vocational programs in Indianapolis are targeting: Nursing & Health Science, Auto Tech, Construction Tech, Industrial Maintenance Tech, Lab Tech.

In Indiana, the path forward for WIOA was clarified by the passage of Senate bill 301 in 2016. This legislation requires Ivy Tech to work with the Indiana Department of Workforce Development (DWD) as well as local workforce development boards to develop data driven projections for workforce needs broken down into sectors that align with state economic development priorities. These sectors include:

- Manufacturing
- Construction
- Agriculture
- Health Care
- Public and Social Services
- Information Technology
- Logistics

The law also requires that an inventory of all career and technical education courses available to high school students in each workforce region be created, and to identify gaps between the career and technical courses and certifications offered and workforce needs by region.

Unlike other states that have multiple workforce intermediaries, Ivy Tech is the single statewide community college and the primary workforce intermediary in Indiana.

Outlook

Over the next ten years, Indiana will need to fill 1 million jobs, with a potential for about 700,000 of those jobs due to retirements, particularly in manufacturing.

Astride these issues, the workforce will also be contending with impacts due to:

- automation (on manufacturing),
- driverless and battery powered vehicles (EV's require less maintenance); and
- lastly, the retail landscape is changing due to companies such as Amazon.

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Chapter 5
Real Estate

An analysis of real estate market trends in the study area and their impact on any redevelopment plans. In particular, the market for retail and industrial & flex space.

Chapter 5-A
Real Estate – Industrial & Flex

Define the Market – Real Estate
Industrial Market Analysis

Key Findings & Site Implications

Key Findings

- In comparison with regional cities, Indy's industrial market fared well through the Recession and has returned to growth adding record levels of new supply in recent years and maintaining vacancy rates below comparable markets
- While the metro area has seen robust growth, especially in distribution and logistics facilities, the Industrial Core Area around the Pleasant Run Crossing site has had no new deliveries and negative net absorption
- Industrial rents are likely to remain flat at $3-$4 per sf (psf) for industrial use due to the plentiful available land and price sensitive end users (especially distribution). Smaller Class C industrial facilities and Flex spaces can achieve higher rents, but the East Side average Flex rents remain 30-40% below broader averages ($6 psf versus $9.3 psf)
- Over 80% of deliveries are outside Marion County, with almost none on the East Side in the last 15 years. The primary constraint is land availability and the rapidly growing size of industrial buildings.
- Despite an uptick in vacancy due to major plant closures in 2013, net absorption has reached an all time high in 2016 (9.2 million sf) and vacancy across the metro area remains at only 5%.
- Older industrial space in Marion County has struggled to maintain occupancy compared to more recent developments. 70% of vacant space is in buildings built before 1980.
- In the Industrial Core Area, 89% of the industrial space was built before 1980. Only 200,000 sf of new industrial space has been delivered since 2000.
- Proposed and under construction industrial & flex space is highly concentrated outside of Marion County (over 80%) with even less space planned for the East Side, continuing the trends of the past 15 years.
- Indiana Economic Development Corporation's list of available industrial sites for investment show that part of the issue is clearly a lack of shovel ready sites. Over 25% of all sites in Indiana are within the Indy MSA (266 sites), but less than 10% of those are in Marion County (20). And most importantly, none of the sites in Marion County are shovel ready

Implications for Pleasant Run Crossing Site

Without modern industrial properties for occupiers, it is unrealistic to expect improved market performance in our Industrial Core Area.

Industrial occupiers do not makes these decisions in a vacuum and have chosen not to locate in fringe urban locations in recent years. Part of this is a cost and access issue, but there is also a clear lack of shovel-ready land. A first step in addressing this gap is to identify and prepare shovel-ready sites for development.

There is clear market demand for industrial related properties and constraints on available workforce. This site would be unique with nearby interstate access, a direct rail link, and significant nearby workforce available.

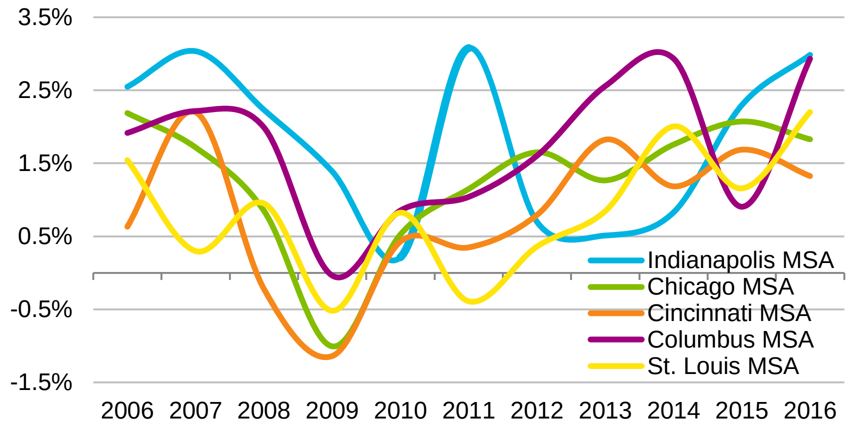
With the right incentives and access improvements, smaller manufacturers or last-mile distribution / wholesale business could be attracted.

Define the Market – Real Estate
Industrial Market Analysis – Comparable Cities

In comparison with regional cities, Indy's industrial market fared well through the Recession and has returned to growth adding record levels of new supply in recent years and maintaining low vacancies

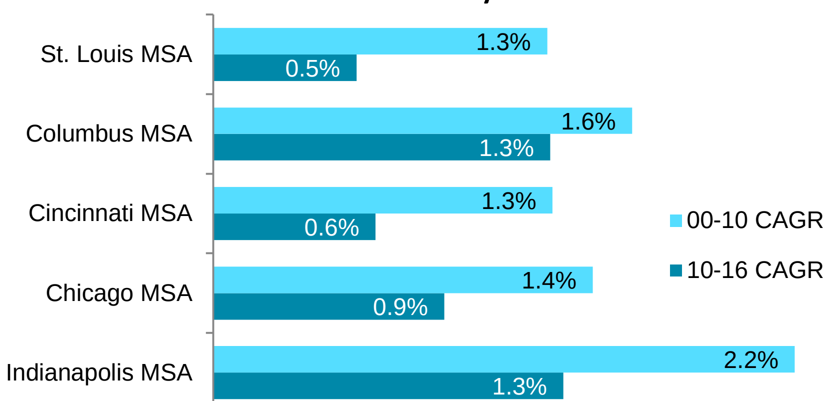
- While post-Recession inventory growth is slow across all real estate types and MSAs, Indianapolis has added industrial/flex space at the fastest rate, growing at 1.3% (or over 4 million sf) per year since 2010.
- The Indy metro area has seen above average demand for industrial space compared to Chicago, Cincinnati, and St. Louis. Notably, Indianapolis never went negative in terms of net absorption post-Recession as a metro area. Demand has reached a new high in 2016 with 9.2 million sf in net absorption.
- Indy's resilience through the Recession correlates to the metro area's industrial output & employment growth, especially since 2010. Growing vacancies in 2014-2015 align with an uptick in net absorption signaling a healthy development market with transitional vacancies.
- Rents remain flat since 2000 with rental growth below all comparable cities. Comparison of rents available on page 115 in **Appendix D**

Annual Net Absorption as a Percentage of Total Inventory



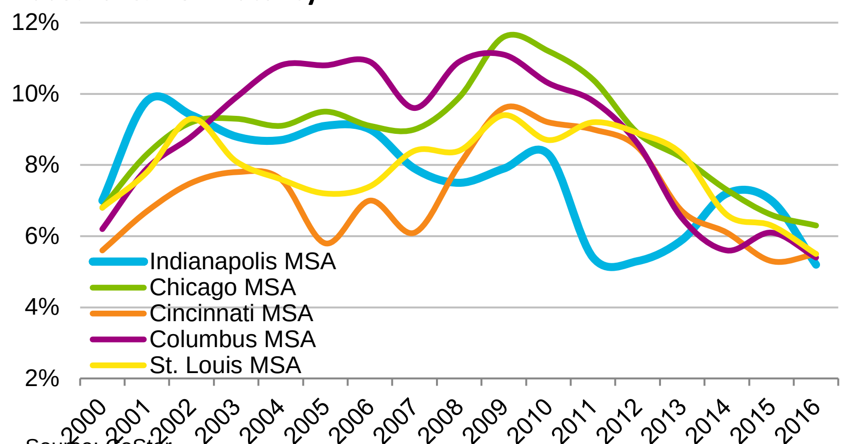
Source: CoStar

Industrial & Flex Annual Total Inventory Annual Growth Rate



Source: CoStar

Industrial & Flex Vacancy



Source: CoStar

Define the Market – Real Estate
Industrial Market Analysis

While the metro area has seen robust growth, especially in distribution and logistics facilities, the Industrial Core Area around the site has had no new deliveries and negative net absorption

- The Indy metro area has grown rapidly over the past 5 years with over 20 million sf of industrial space delivered and absorbed.
- The majority of new supply is distribution facilities in the outer counties where shovel ready land is cheap and plentiful. Rents have also remained flat. Only 4 million sf of this new space was delivered in Marion County. More data available in **Appendix D** (page 112-113)

2016 Industrial & Flex Space

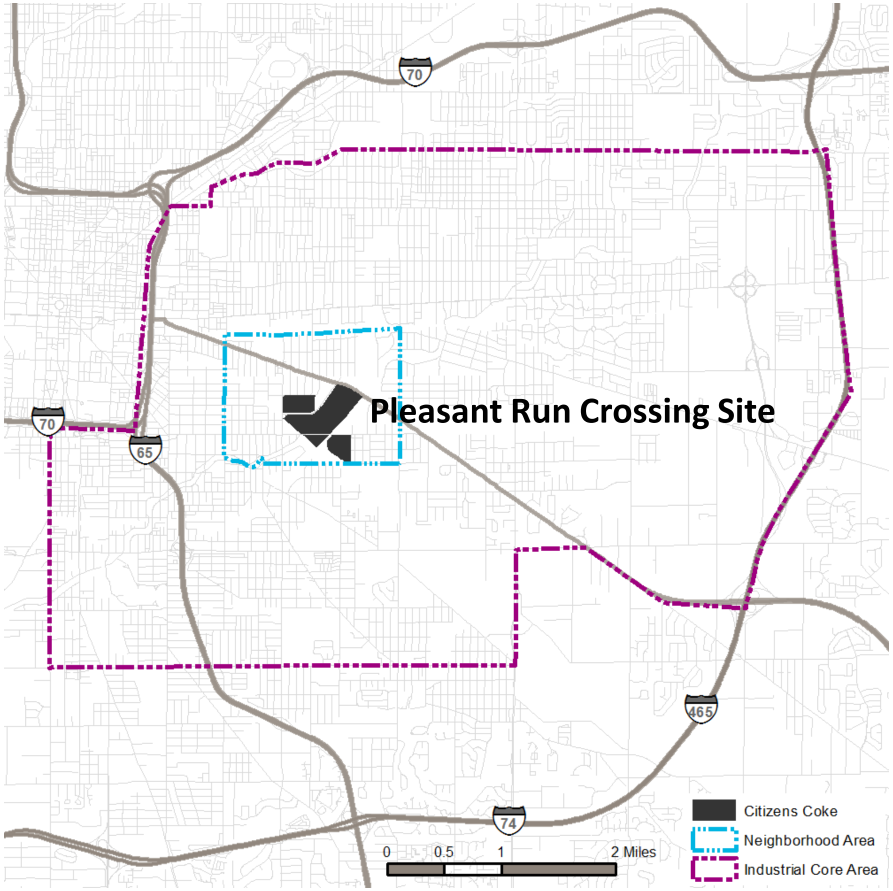
Market Area	Inventory SF	Vacancy %	Net Absorption 2012-2016	Deliveries 2012-2016
Indianapolis MSA	**308,942,252**	**5.2**	**22,182,740**	**22,760,118**
Distribution	58,399,991	5	11,812,176	11,370,807
Warehousing	134,100,916	5.3	6,849,845	7,849,029
Manufacturing	73,965,418	6.1	1,063,195	2,441,607
Flex	23,519,988	6.1	912,078	27,251

- AECOM has also evaluated an Industrial Core Trade Area represented to the right between I-70 and I-465. This captures the traditional employment sources for our neighborhood residents and the older industrial corridor located within this area just east of downtown.
- The health of this area is markedly different from the broader MSA

2016 Industrial & Flex Space

Market Area	Inventory SF	Vacancy %	Total Net Absorption 2012-2016	Total Deliveries 2012-2016
Industrial Core Area	**19,501,311**	**13.4**	**-1,440,393**	**0**
Distribution	1,420,574	0	19,200	0
Warehousing	8,520,835	3.7	407,514	0
Manufacturing	7,185,606	30.7	-1,864,491	0
Flex	415,094	0	31,700	0

Industrial Core Trade Area



Define the Market – Real Estate

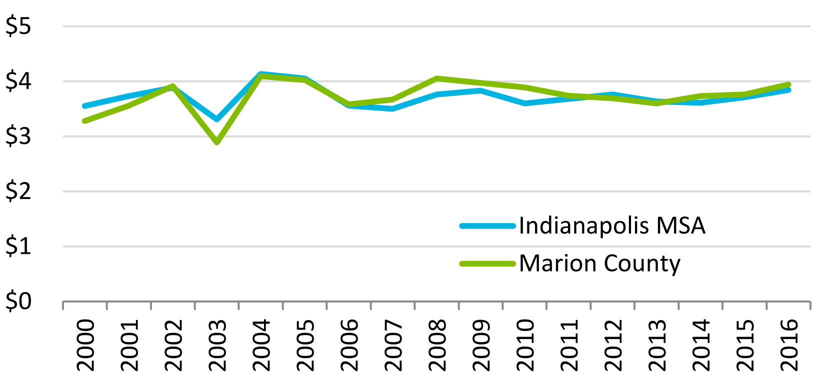
Industrial Market Analysis

Industrial rents are likely to remain flat at $3-$4 psf for industrial use due to the plentiful available land and price sensitive end users (especially distribution).

Industrial & Flex Rental Trends

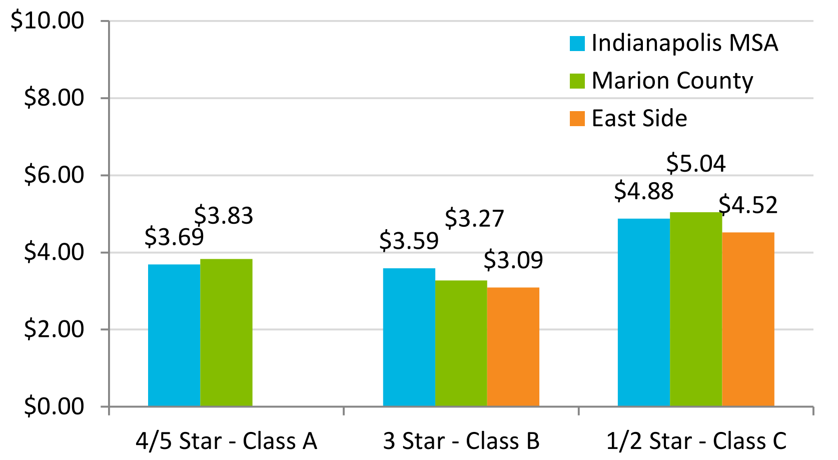
- Industrial Rents for Class A & B manufacturing or distribution facilities have remained relatively flat over the past 15 years with no limits to available land, especially in the outer counties and relatively flat development costs. This is not surprising considering the focus on distribution and the price sensitivity of this industry.
- Class C rents are slightly higher than Class A & B, but this is driven by facility size. The average Class A building is over 300,000 sf, Class B is roughly 120,000 sf while Class C buildings average only 20,000 sf. (Page 115 in **Appendix D** provides a full breakdown of average sizes)
- Based on stakeholder interviews, for end users with price sensitivity and a regional or national focus, rents will likely need to stay at current levels. And direct access to interstates will remain critical.
- However, there may be opportunities to attract more locally focused end users with larger work force requirements to sites closer to the city.

Industrial & Flex Average Rents ($ per sf, 2000 to 2016)

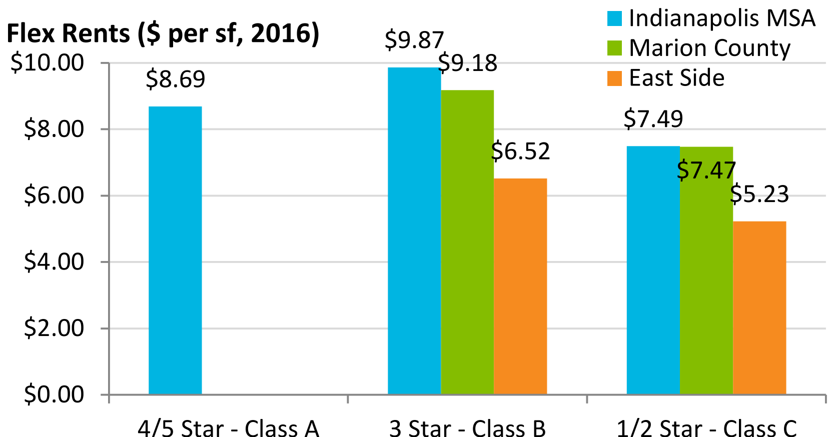


Source: CoStar

Industrial Rents ($ per sf, 2016)



Flex Rents ($ per sf, 2016)



Source: CoStar

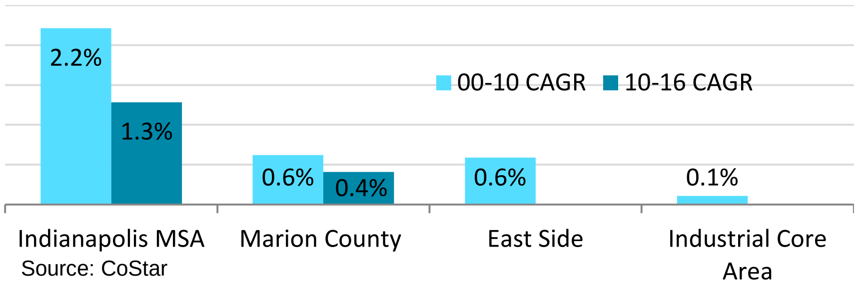
Define the Market – Real Estate
Industrial Market Analysis

Over 80% of deliveries are outside Marion County, with almost none on the East Side in the last 15 years. The primary constraint is land availability and the rapidly growing size of industrial buildings.

Industrial & Flex Supply Growth Trends

- Across the metro area, inventory growth has not surpassed the growth achieved prior to the Recession, but the outer counties in the Metro Area continue to grow far faster than Marion County.
- Rapid growth of typical building sizes (to over 300,000 sqft) limits the available sites in more developed areas, especially Marion County
- Over 63% of manufacturing and transport related employees still work in Marion County while over 80% of new facilities delivered are outside Marion County in the outer eight counties. This is creating a mismatch between industrial growth and the available workforce.
- Stakeholders commented that new facilities in more remote locations are struggling to secure the necessary workforce. There may be opportunities to attract users to sites that have an available nearby workforce.

Annual Inventory Growth Rate

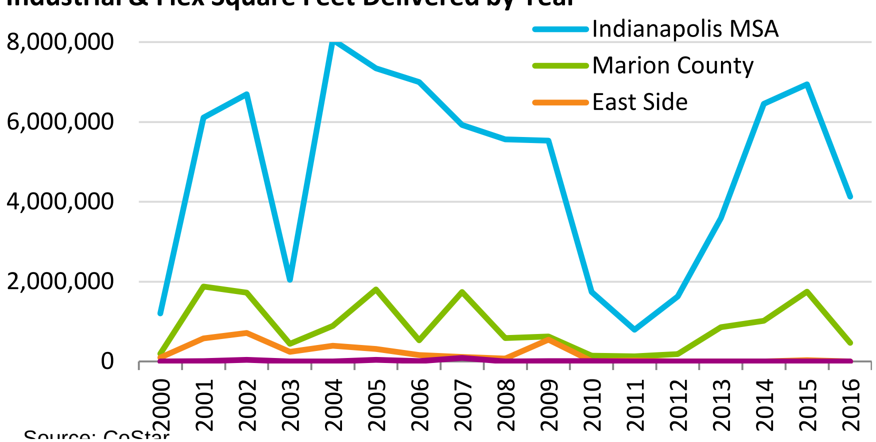


Source: CoStar

Square Feet of Industrial Space Delivered

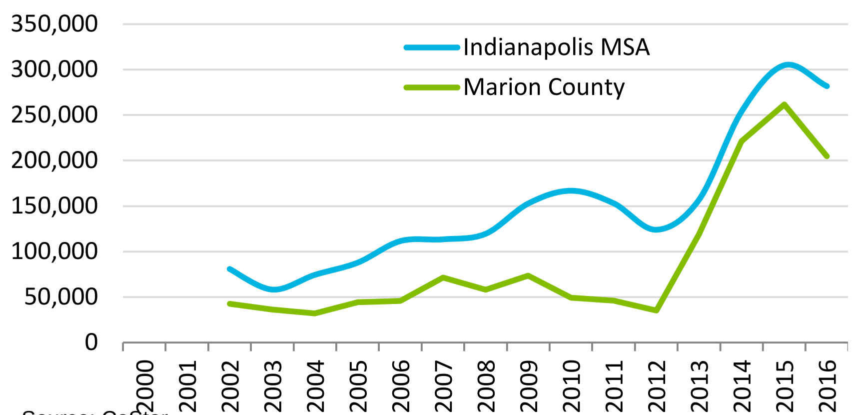
Year	Indianapolis MSA	Outer Counties	Marion County	Non-Marion % of Total
2000-2016	**80,790,101**	65,817,439	14,972,662	**81.4%**

Industrial & Flex Square Feet Delivered by Year



Source: CoStar

Average Size (sf) of New Industrial & Flex Buildings Delivered



Source: CoStar

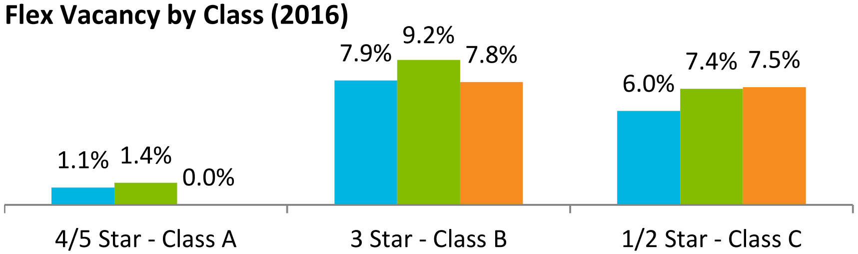
Define the Market – Real Estate
Industrial Market Analysis

Despite an uptick in vacancy due to major plant closures in 2013, net absorption has reached an all time high in 2016 (9.2 million) and vacancy across the metro area remains at only 5%

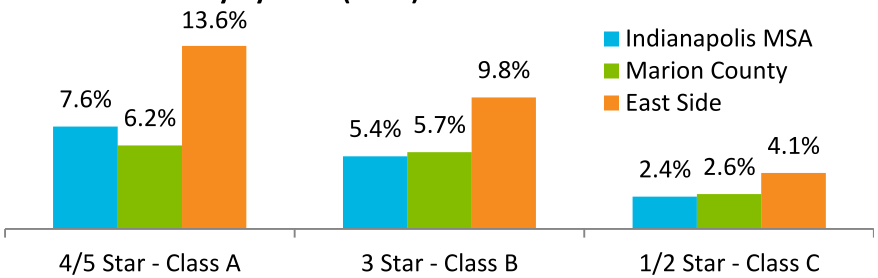
Industrial & Flex Vacancy and Demand Trends

- Demand for space remained positive straight through the recession with net absorption hitting a new peak in 2016 at 9.2 million sf
- Marion County and in particular the East Side was greatly affected by major plant closures such as Navistar causing vacancy to rise above 9% on the East Side in 2013 (7% for Marion County).
- Recovery has occurred slowly for Marion County, but vacancies have fallen to 5%. While a large portion of the vacancy of Class A space in the broader MSA is related to transitional vacancy on spec development, Marion County vacancy appears to follow a different trend.

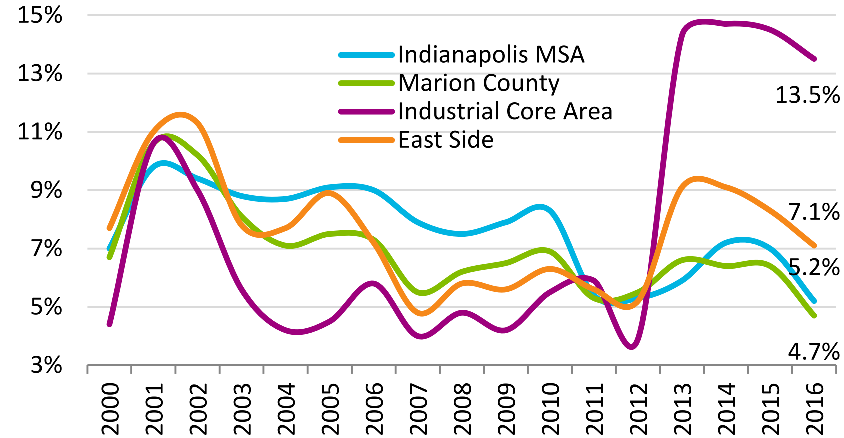
Flex Vacancy by Class (2016)



Industrial Vacancy by Class (2016)

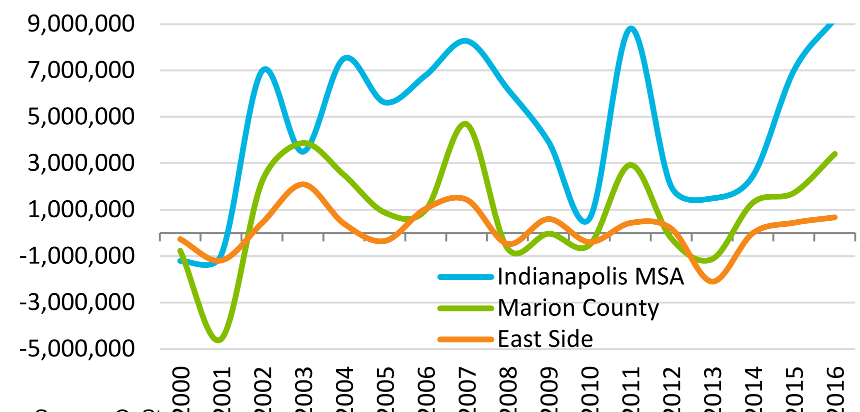


Industrial & Flex Vacancy by Year and Market Area



Source: CoStar

Industrial & Flex Net Absorption by Year and Market Area



Source: CoStar

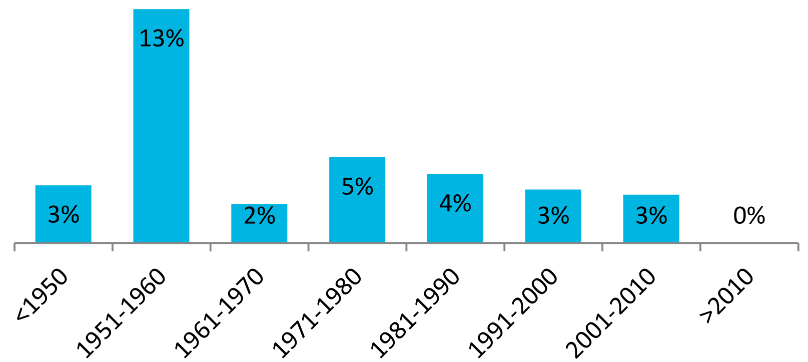
Define the Market – Real Estate
Industrial Market Analysis

Older industrial space in Marion County has struggled to maintain occupancy compared to more recent developments. 70% of vacant space is in buildings built before 1980.

Marion County Vacancy By Decade

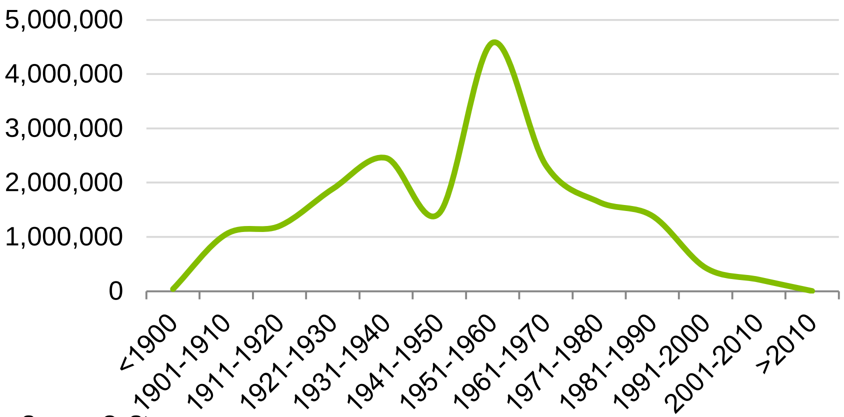
- Developments particularly from the 1950's through the 1980's have suffered from obsolescence as well as dramatic changes in the city, workforce, and facility requirements.
- Older buildings from before 1950 look relatively better, but this is largely due to the fact that far fewer still exist and those that do have generally been renovated in recent years.
- A significant share of the vacancy challenges faced in the broader market can be linked with older properties with limited useful lives.
- 70% of the 7.6 million square feet in vacant industrial space in Marion County is properties that were built before 1980.
- This take away becomes especially relevant in our evaluation of our Industrial Core Area where 89% of the industrial space was built before 1980. Only 200,000 sf of new industrial space has been delivered since 2000.
- The 4.6 million square feet delivered between 1951 and 1960 in the Industrial Core Area is currently 40% vacant.
- Without modern industrial properties for occupiers, it is unrealistic to expect improved market performance in our Industrial Core Area
- Industrial occupiers do not makes these decisions in a vacuum and have chosen not to locate in fringe urban locations in recent years. Part of this is a cost and access issue, but there is also a clear lack of shovel-ready land.

Industrial & Flex Vacancy Rate by Decade Built



Source: CoStar

Industrial Core Area Industrial & Flex RBA (sf) by Decade Built



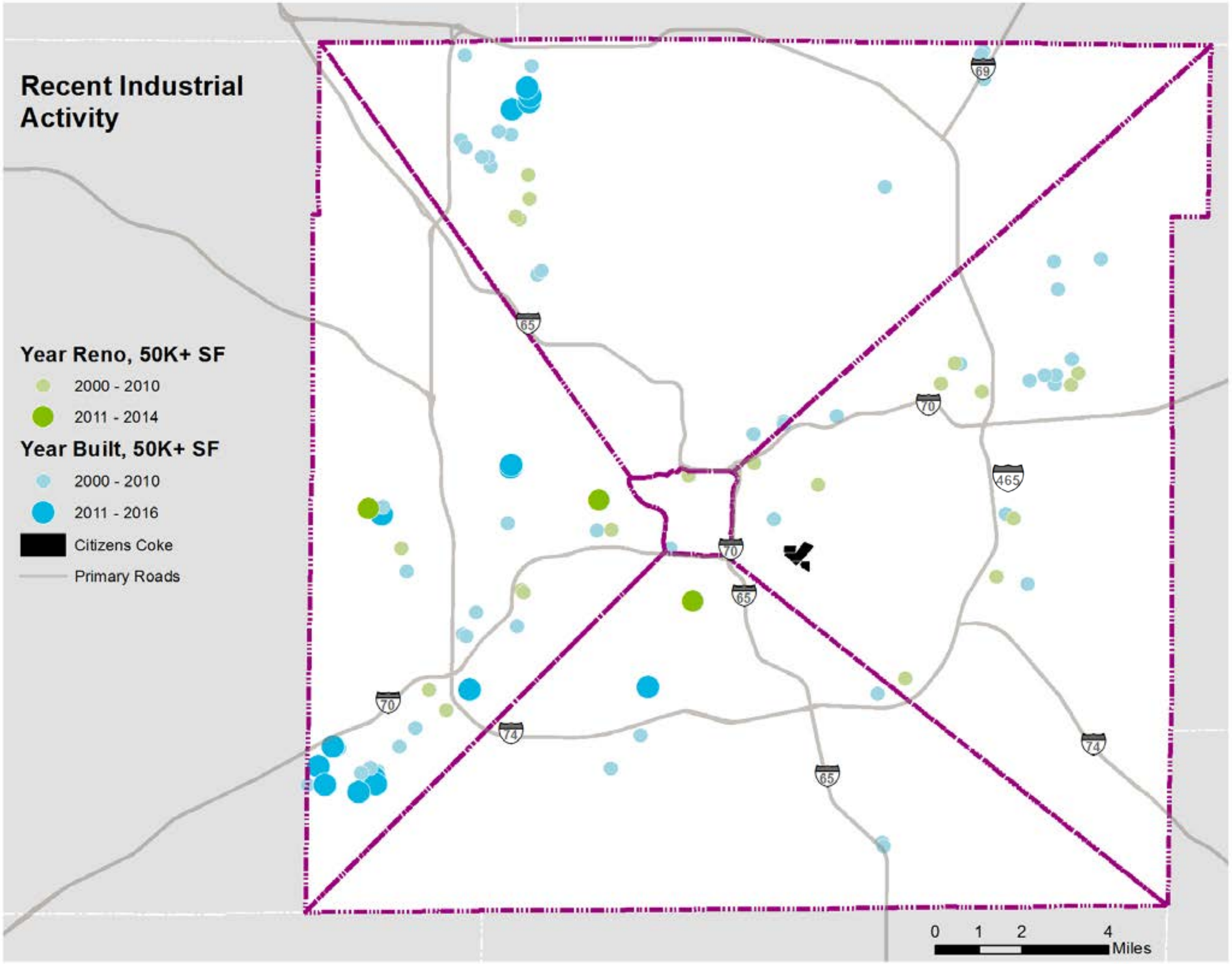
Source: CoStar

Define the Market – Real Estate
Industrial Market Analysis

Industrial deliveries in Marion County are heavily concentrated in the major clusters in the northwest and southwest. Renovations are more spread out but still concentrated in major clusters

New Deliveries & Renovations

- Since 2011 all large new deliveries of industrial property remain to the southwest and northwest in Marion County. Some earlier renovations and new deliveries occurred on the East Side but these were concentrated in the established clusters along I-465 and I-70, further east.
- Most renovations of old facilities have followed the concentrations of new development.
- The lack of any shovel ready industrial sites in Marion County will continue to constrain new deliveries, especially with so many easier opportunities for investment in the greater metro area.



Define the Market – Real Estate
Industrial Market Analysis

Proposed and under construction industrial & flex space is highly concentrated outside of Marion County (over 80%) with even less space planned for the East Side.

Industrial Development Outlook Driven by Available Land

- Over 80% of under construction and proposed industrial & flex development remains outside Marion County in the outer counties of the metro area.
- Combined with more industrial facilities in Marion County facing obsolescence, the trend of employment opportunities shifting out of Marion County will continue to pose challenges for job seekers as well as for the new facilities seeking staff in more remote locations.
- The East Side has no industrial space under construction and accounts for just 10% of Marion County's proposed new supply.
- Another key distinction in these figures is that most proposed suburban sites could move forward quickly once a tenant is secured whereas many sites in Marion County will require remediation or infrastructure improvements before breaking ground. These extra steps will likely delay the timeframe in which proposed developments can move forward.
- Indiana Economic Development Corporation's list of available industrial sites for investment show that part of the issue is clearly a lack of shovel ready sites. Over ¼ of all sites in Indiana are within the Indy MSA, but less than 10% of those are in Marion County. And most importantly, none of the sites in Marion County are shovel ready
- Similar to previous development cycles, the growth occurring in the MSA is not following into the East Side. A first step in addressing this gap is to identify and prepare shovel-ready sites for development.

Proposed and Under Construction RBA (square feet)

Market Area	Industrial & Flex	
	Total Proposed SF	Total Under Construction SF
Indianapolis MSA	34,682,114	5,049,525
Marion County	6,173,267	783,676
East Side	625,000	0

Source: CoStar

Industrial Sites Available for Investment in Indiana

All Sites	**Sites**	**Total Acreage**	**Average Acres**
Indiana	989	95,098	96
Indy MSA	266	18,001	68
Marion County	20	1,109	55
Shovel Ready	**Sites**	**Total Acreage**	**Average Acres**
Indiana	97	10,918	113
Indy MSA	17	2,156	127
Marion County	0	0	

Source: Indiana Economic Development Corporation

Chapter 5-B
Real Estate – Retail & Office Analysis

Define the Market – Real Estate
Retail & Office Market Analysis

Key Findings & Site Implications

AECOM has focused our commercial market analysis on the retail sector based on the very limited purpose built office space currently existing or planned on the East Side of Marion County. Limited benchmarks are available beyond the broader county and metro level data. Street front commercial uses are captured in the analysis of the retail sector. Additional information on the Indy Office Market is available on page 123 and 124 of **Appendix D**.

Key Findings

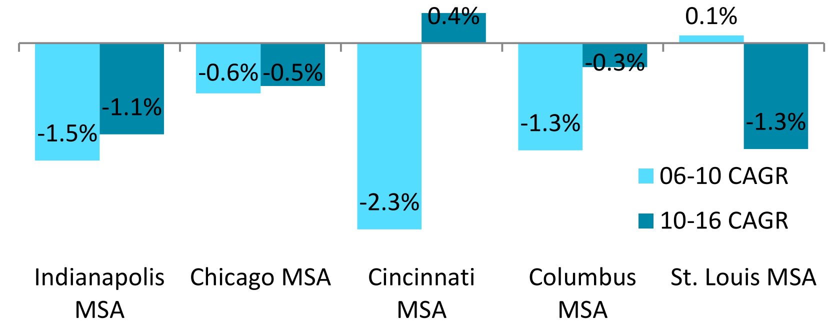
- Nationally, growing store closings are at odds with healthy retail sales growth as spending patterns shift and certain retail categories move online. Additional information on National Trends in Retail is available in **Appendix D** on page 119.
- Net absorption continues to surpass deliveries in Indianapolis MSA, outperforming comparable cities and driving down vacancy, but negative rental pressure remains.
- Office rental rates have returned to growth across comparable cities, but vacancies remain high and Indy's net absorption and new deliveries remain below comparable cities
- While the metro area has seen robust growth, especially in distribution and logistics facilities, the Industrial Core Area around the Pleasant Run Crossing site has had no new deliveries and negative net absorption
- Market-wide retail rents continue to fall despite prime locations stabilizing. Near to the Pleasant Run Crossing Site, retail rental growth has been spurred by gentrification and limited new supply.
- Vacancy rates within Marion County and particularly on the East Side are well above the metro averages. These vacancies are then concentrated into particular sub-markets
- Retail growth is subdued, especially in Marion County and on the East Side, but positive trends exist in our Retail Core Area with almost 120,000 sf of net absorption in the last 3 years
- New construction and renovations are concentrated downtown and on the fringe of the County in more affluent areas where more retail already exists. Renovations follow the new construction.
- Proposed and under construction space is highly concentrated outside of Marion County with even less space planned for the East Side.
- Despite lower incomes, the Retail Core Area appears to have a healthy absolute income due to the density of housing with $600 to $700 million in household income within the 2 mile radius.
- Retail space per Capita in the Core Area around the site is below County and MSA levels, especially when considering the age of the existing stock.
- Three retail corridors surrounding the site have not seen many deliveries or renovations in recent years, but the buildings are typically occupied with growing rents and an improving tenant mix especially on Prospect Street
- The tenant mix of all three corridors is heavily gas station and auto oriented, with Prospect Street showing the most consumer-oriented amenity mix.

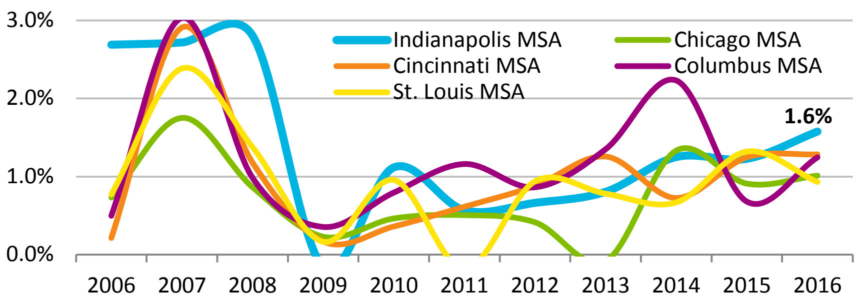
Define the Market – Real Estate

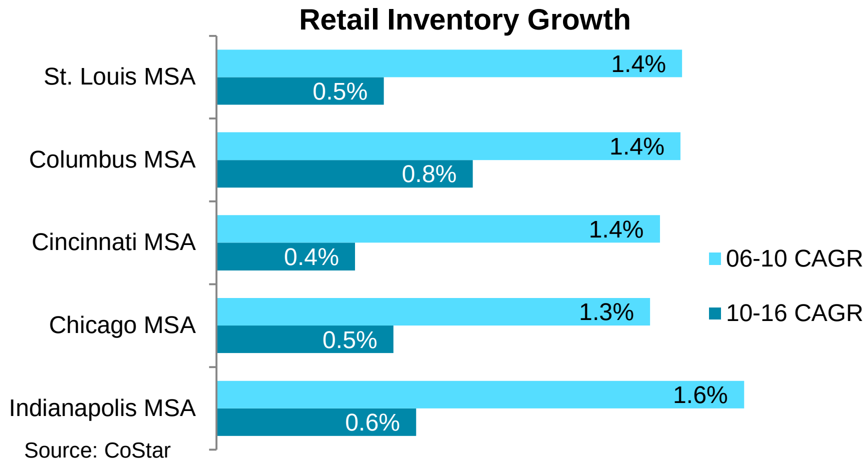
Retail & Office Market Analysis – Retail Comparable Cities

Net absorption continues to surpass deliveries in Indianapolis MSA, outperforming comparable cities and driving down vacancy, but negative rental pressure remains.

- Average retail rent in Indianapolis has declined by $1.61 since 2006, nearly double the average decrease in rents among comparable MSA's. Broker reports have shown a minor uptick in asking retail rents in the last 3 years, however some of this appears to be survivorship bias as the healthier retail clusters recover and poor performers fail.
- Retail vacancy in Indianapolis has declined consistently, reaching 4.8% in 2016, the lowest among comparable cities. Inventory growth has slowed compared to pre-Recession levels allowing healthy net absorption to drive down vacancy in existing spaces.
- These positive demand trends may mask more varied performance in different neighborhoods and a widening gap between high-performing prime retail centers and non-prime spaces that are struggling.







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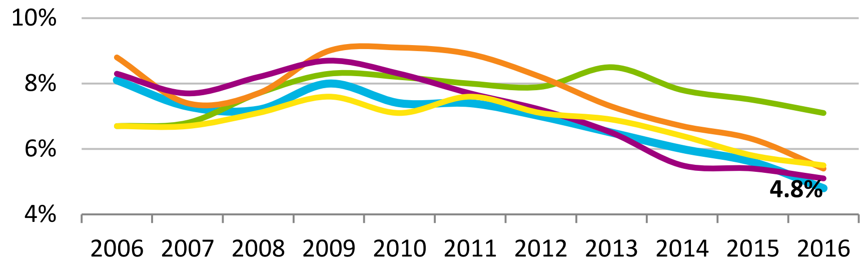


Source: CoStar

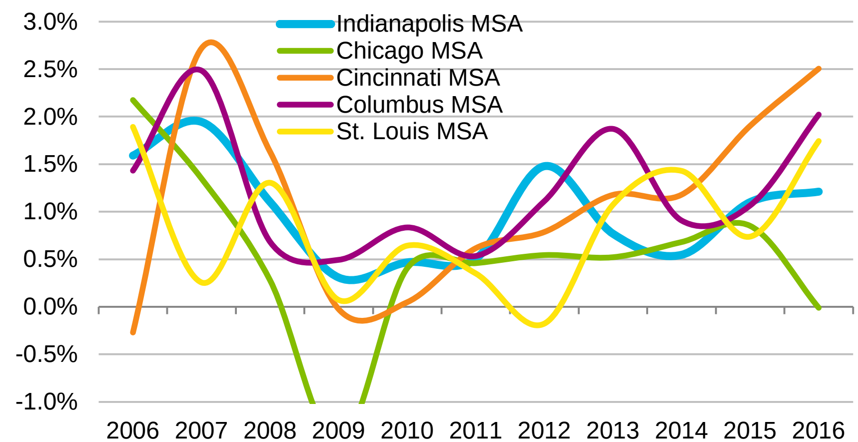
Define the Market – Real Estate

Retail & Office Market Analysis – Office Comparable Cities

Office rental rates have returned to growth across comparable cities, but vacancies remain high and Indy's net absorption and new deliveries remain below comparable cities

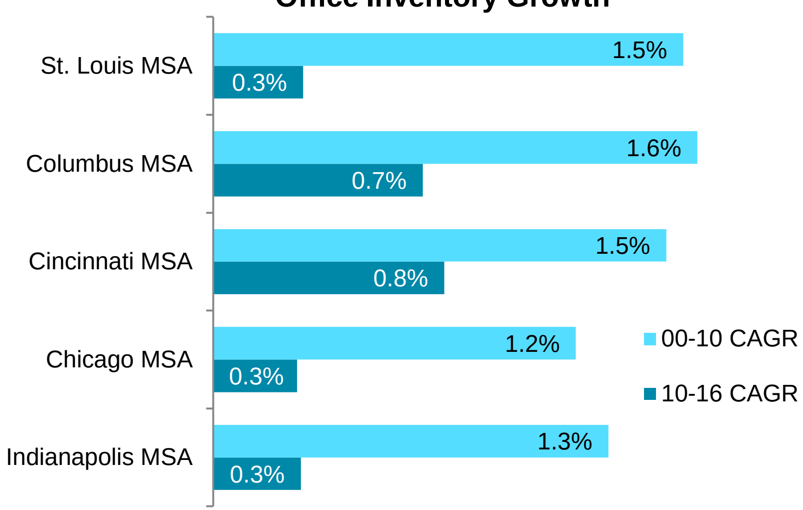
- Limited new supply has been introduced in Indianapolis since the Recession while net absorption remains below pre-Recession levels. Average annual supply growth remains at about 25% of pre-Recession levels. Columbus and Cincinnati alternatively are seeing rapid growth in net absorption and accelerating supply growth.
- Vacancies have stayed high and are trending upward
- Dedicated office space is not the emphasis of the study as its unlikely a suitable use for Pleasant Run Crossing (excluding purpose-built office space linked with a potential Justice Center project)

Office Net Absorption As % of Inventory



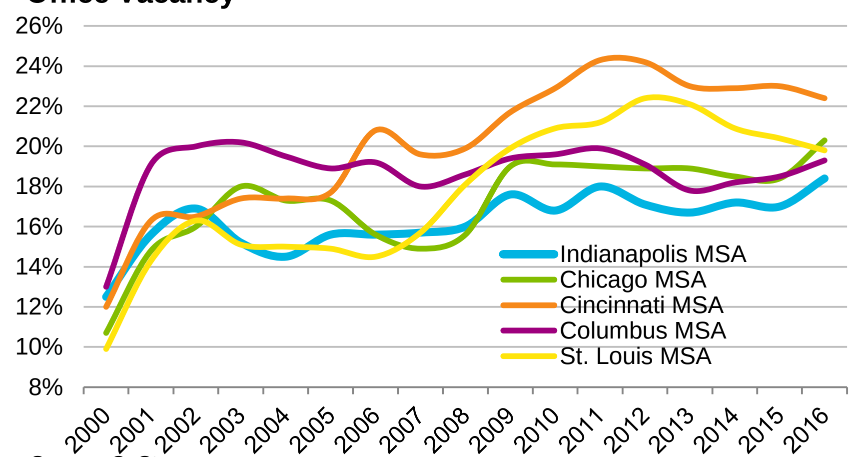
Source: CoStar

Office Inventory Growth



Source: CoStar

Office Vacancy



Source: CoStar

Define the Market – Real Estate
Retail & Office Market Analysis

While the Metro has seen robust growth, especially distribution and logistics facilities, the Industrial Core Area around Pleasant Run Crossing has had no new deliveries and negative net absorption

- The overall MSA retail market has improved over the past 5 years with falling vacancies and robust net absorption. However this positive masks more negative trends.
- Rents remain flat or falling in most categories and store continue, impacting lower quality shopping centers most of all. Additional data on the retail market is available on page 117 of **Appendix D**

2016 Indianapolis MSA Retail Market

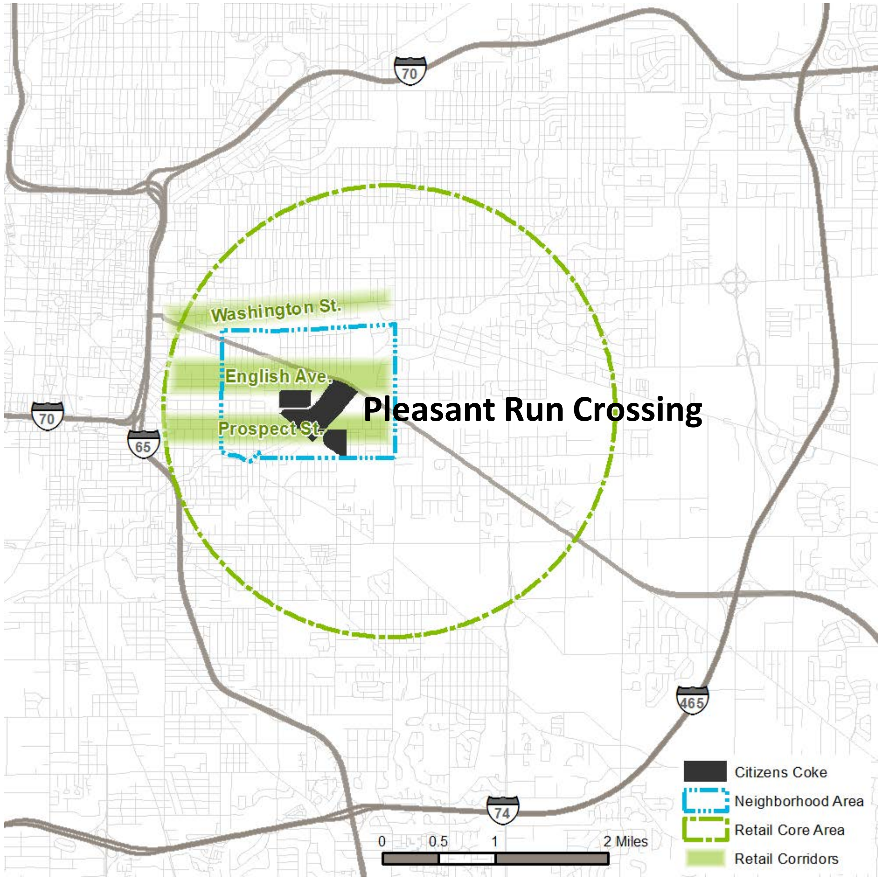
Market Area	Inventory SF	Vacancy %	Net Absorption 2012-2016	Deliveries 2012-2016
Indianapolis MSA	**121,245,672**	**4.8**	**6,806,351**	**3,733,582**
4/5 Star - Class A	17,117,422	3.2	1,961,203	1,638,618
3 Star - Class B	57,253,118	5.4	3,407,249	1,730,685
1/2 Star - Class C	46,957,096	4.6	1,451,208	369,701

- AECOM has considered a 2 mile radius to define a core retail trade area relevant to the neighborhood, avoiding crossing over I-70. Additionally, 3 primary retail corridors running from Shelby Street to Sherman Street are identified as potential future growth corridors: Washington Street, English Ave, and Prospect Street
- This area appears healthy even after identifying additional vacancies and abandoned buildings, but the data masks an aging and obsolete retail stock.

2016 Retail Core Area Market

Market Area	Inventory SF	Vacancy %	Total Net Absorption 2012-2016	Total Deliveries 2012-2016
Retail Core Area	**2,362,527**	**5.8%**	**53,820**	**19,520**
4/5 Star - Class A	-	-	-	-
3 Star - Class B	290,342	11.9%	-2,950	19,520
1/2 Star - Class C	2,072,185	6.5%	56,770	-

Retail Core Trade Area



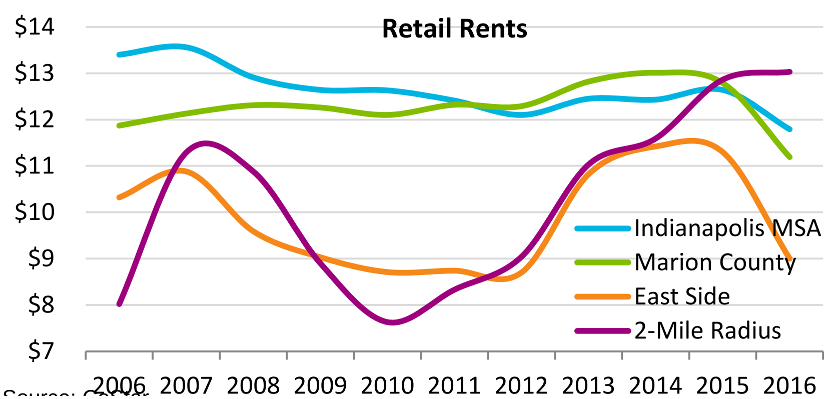
Define the Market – Real Estate
Retail & Office Market Analysis

Market-wide retail rents continue to fall despite prime locations stabilizing. Near to Pleasant Run Crossing, retail rental growth has been spurred by gentrification and limited new supply.

Retail & Office Rental Trends

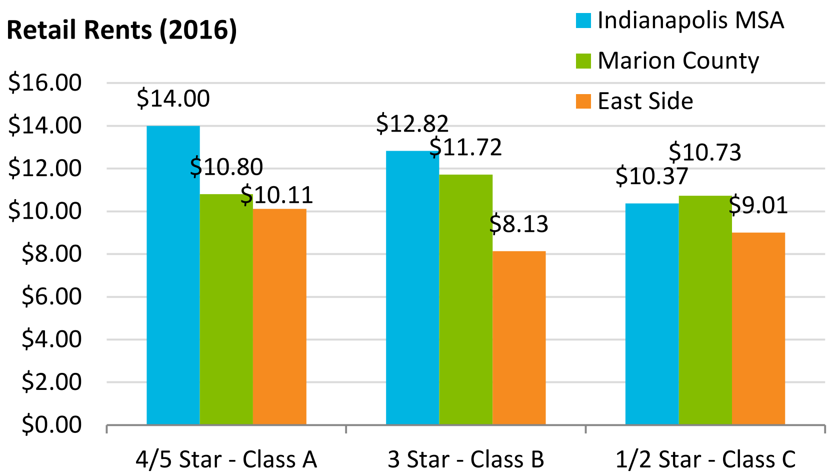
- Part of the overall decline in retail rents stems from the national shift in consumer spending from traditional shopping malls and retail centers to online shopping, effectively decreasing the demand for physical retail space.
- East Side office and retail rents have remained between 70-85% of average Marion County rents, consistently, since 2000.
- Notably, some of the highest performing retail markets are in the northern suburbs, with broker-reported peak average rents of $18-$20 per sf. While reported downtown rents average only $16 per sf.
- The rise in rents shown below for the Retail Core Area (2-Mile Radius) since 2010 is mostly related to the rapid growth and gentrification of East Side neighborhoods nearby to downtown like Fountain Square. The upcycling of historic buildings for F&B, entertainment, and amenity retail with almost no new supply has created substantial upward pressure.

Average Asking Retail Rents (2006 – 2016)



Source: CoStar

Retail Rents (2016)



Office Rents (2016)

Source: CoStar

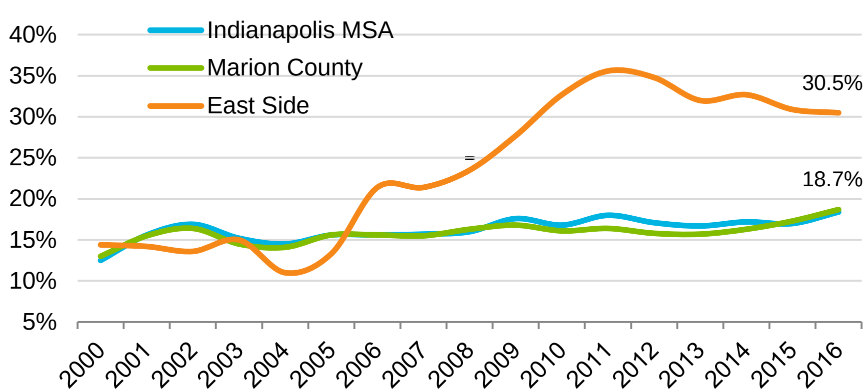
Define the Market – Real Estate
Retail & Office Market Analysis

Vacancy rates within Marion County and particularly on the East Side are well above the metro averages. These vacancies are then concentrated into particular sub-markets

Retail & Office Vacancy and Demand Trends

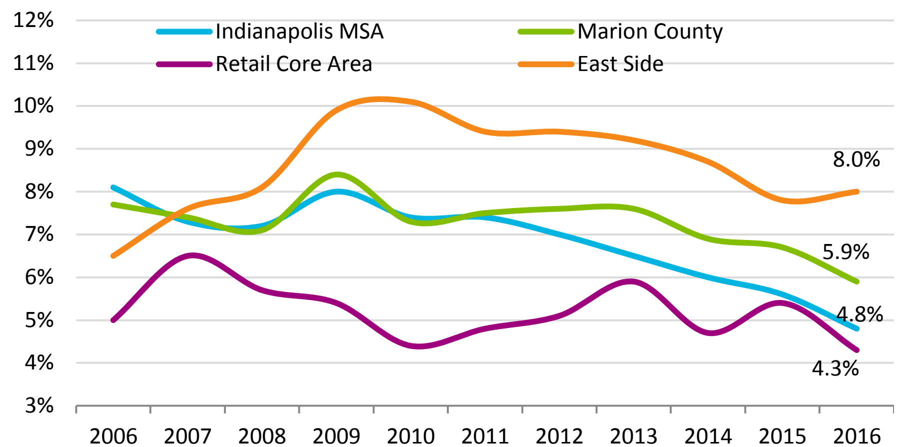
- Vacancy for both retail and office rose through the Recession, but retail vacancy has been trending downward since 2012 in the overall market. East Side vacancy has remained the highest for both markets although the East Side office market is limited with only 700,000 sf of inventory.
- Vacancy rates appear driven more by the locations assessed than the class of property overall as Marion County and in particular the East Side underperform across class.
- The retail core area is not likely accurate as the lower vacancy post recession could relate to older vacant buildings simply taken off the market or abandoned. Later in this report, AECOM does a full inventory of the Neighborhood and retail corridors and identifies additional vacancy.

Office Vacancy by Year and Market Area

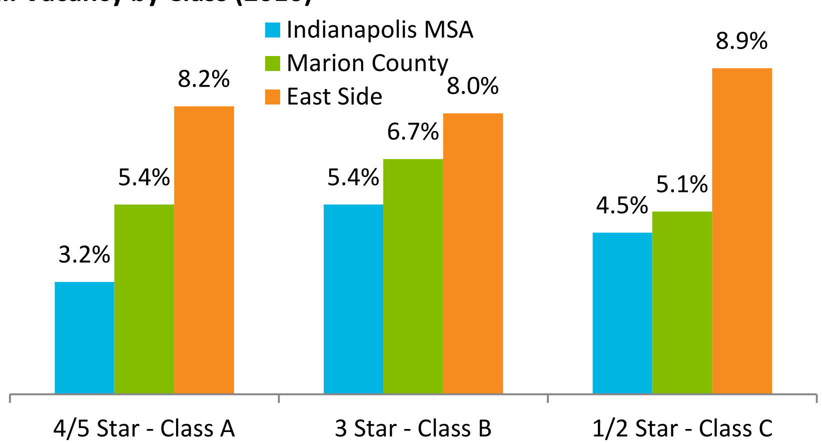


Source: CoStar

Retail Vacancy by Year and Market Area



Retail Vacancy by Class (2016)



Source: CoStar

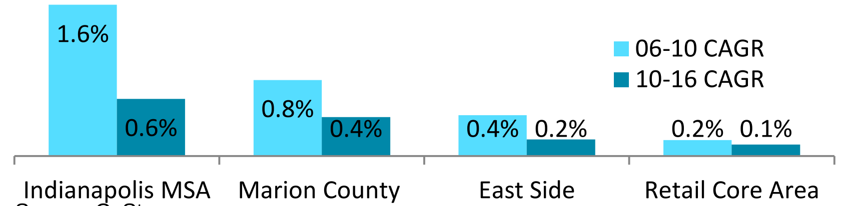
Define the Market – Real Estate
Retail & Office Market Analysis

Retail growth is subdued, especially in Marion County and on the East Side, but positive trends exist in our Retail Core Area with almost 120,000 sf of net absorption in the last 3 years

Retail Growth Trends

- Supply growth still lags behind pre-recession levels. Based on the broader trends in retail (highlighted in our National Trends Review in the Appendix), it is unclear whether long-term growth in retail supply is supportable on a market-wide basis.
- While net absorption has picked up at the county and Metro levels, rents do not appear to be recovering in the aggregate. Specific projects and high-performing centers are reversing this trend, but far more shopping complexes are not recovering. Therefore an important question is whether our location is competitive enough to support an expanded retail program.
- Our Retail Core Area has seen a marked change in the past 3 to 4 years with 120,000 sf of retail space taken up since 2014. This is concentrated closer to I-70 but is validated through stakeholder interviews.

Average Retail Inventory Growth Per Year

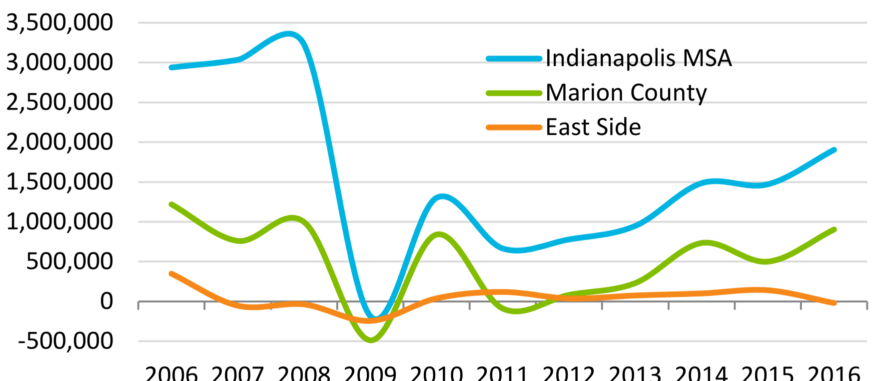


Source: CoStar

Retail Net Absorption

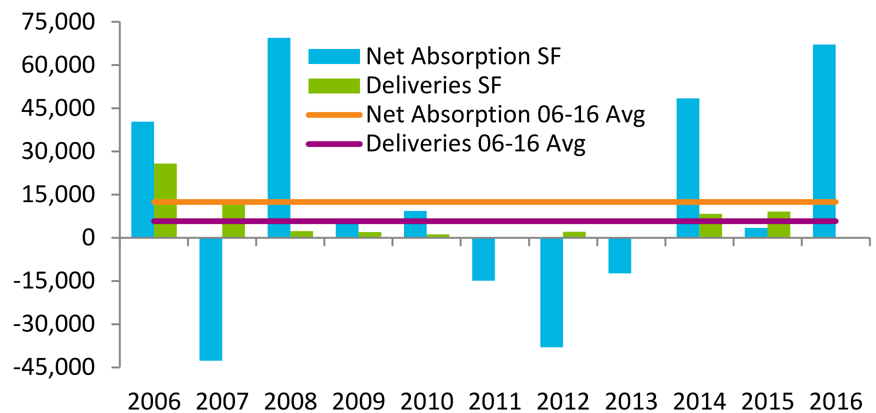
Year	Indianapolis MSA	Marion County	East Side	Retail Core Area
2012	778,450	82,084	37,561	-38,013
2013	948,656	230,723	74,944	-12,301
2014	1,485,095	733,975	100,758	48,451
2015	1,471,028	499,992	140,785	3,403
2016	1,904,374	903,827	-19,702	67,175

Annual Retail Net Absorption by Market Area



Source: CoStar

Annual Retail Net Absorption and Deliveries in Retail Core Area



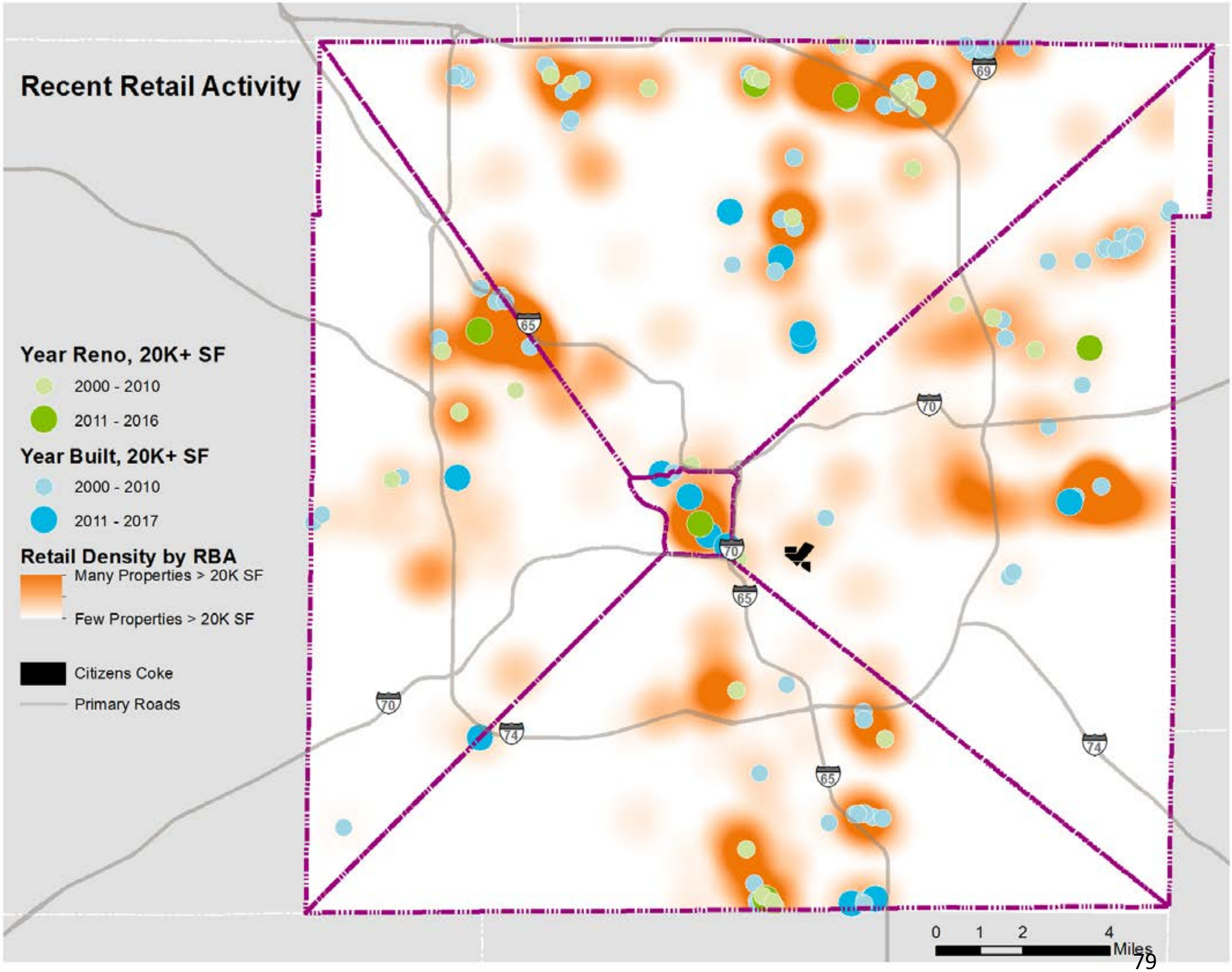
Source: CoStar

Define the Market – Real Estate
Retail & Office Market Analysis

New construction and renovations are concentrated downtown and on the fringe of the County in more affluent areas where more retail already exists. Renovations follow the new construction

Recent Retail Activity

- The downtown core and the northern portion of Marion County have seen the most new construction and renovations in recent years.
- New retail space to the south or east is primarily focused past I-465 on the edge of the county.
- Major renovations and new construction tend to follow in the established retail clusters that already exist (shown in orange)



Define the Market – Real Estate
Retail & Office Market Analysis

Proposed and under construction space is highly concentrated outside of Marion County with even less space planned for the East Side.

Proposed and Under Construction Real Estate

Market Area	Office		Retail	
	Proposed SF	Under Construction SF	Proposed SF	Under Construction SF
Indianapolis MSA	1,754,635	583,061	3,497,487	1,015,083
Marion County	417,540	55,061	917,455	152,403
East Side	11,900	0	242,505	6,000

Source: CoStar

Proposed and Under Construction Space

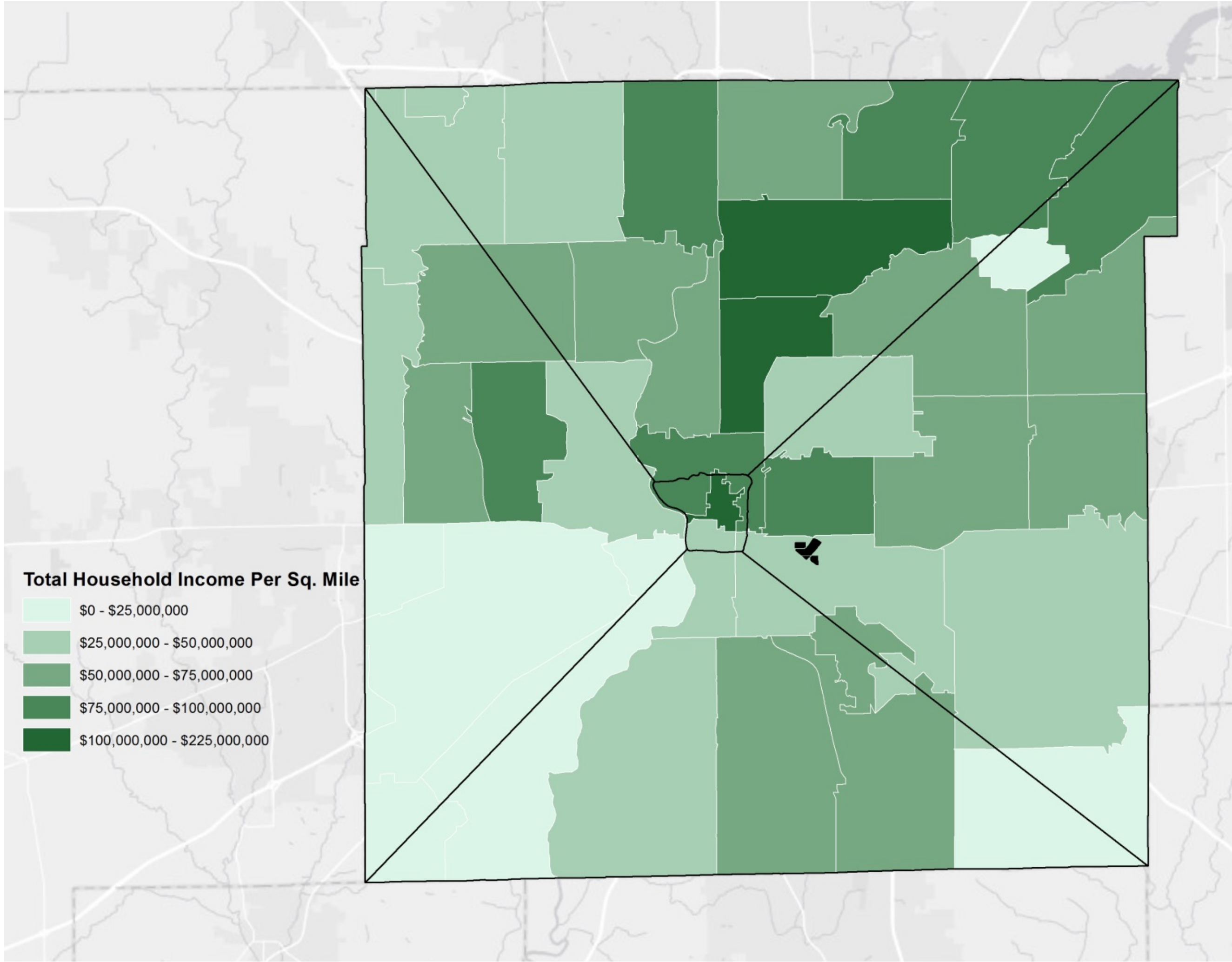
- Most of the office and retail space planned and under construction remains outside of Marion County. Based on the amount under construction deliveries are unlikely to overtake current net absorption trends. However those positive trends in net absorption are likely to be impacted by the closure of Marsh Supermarket. It is unclear yet how those closures will impact the overall market.
- A larger share of proposed retail space is planned for the East Side, but still very little of this is actually under construction.

Define the Market – Real Estate
Retail & Office Market Analysis

Despite lower incomes, the Retail Core Area appears to have a healthy absolute income due to the density of housing with $600 to $700 million in household income within the 2 mile radius.

Income Density in Nearby ZIP Codes

- While the area around the Neighborhood is generally considered a lower income area, the higher density of residents can have an impact on the overall spending power within the area.
- Household Income per square mile is below the highest values on the North Side, but the zip code just north of the site reaches $75 million in household income per square mile while the site's zip code is at $39 million. This compares with Marion County's overall average of $53 million per square mile
- Based on the figures above, the 2 mile radius Retail Core Area has roughly $600 to $700 million in household income
- AECOM has also reviewed Bank Deposits by Zip code per the FDIC. While not perfect, the data points to higher savings in the Site's zip code compared with the zip code to the North ($5,500 vs $2,800 per capita). Although both are below the highest values at the northern edge of the county (>$100,000, See Appendix A)



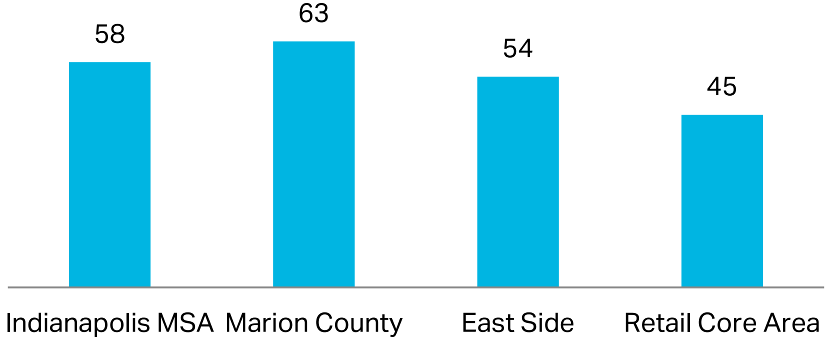
Define the Market – Real Estate
Retail & Office Market Analysis

Retail space per Capita in the Core Area around the site is below County and MSA levels, especially when considering the age of the existing stock.

Retail per Capita Comparison & Building Ages

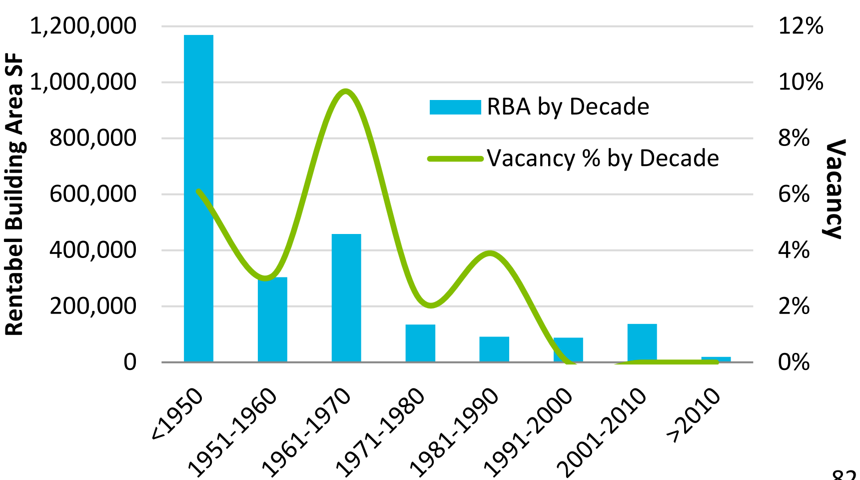
- Occupied retail space in the retail core area is about 30% below the county average at only 45 sf per person. This is still in line the national averages for urban areas (~50 sf per person as a rule of thumb)
- However, over 90% of the retail space in the core area is considered Class C and was built before 1970 (versus only 40% for the overall Marion County)
- Alternatively, considering only modern retail per capita (retail space built in the last 40 years and in good repair), Marion County has 36 square feet while the East Side only has 5 square feet per person. Similarly, an outsized portion of the retail in the Core Area is automotive, gas station, or contractors as opposed to consumer amenities or services.
- There will be a need for new retail space within the Retail Core Area to replace the obsolete space that continues to fall further into disrepair.
- From looking at the decade built, much of vacancy is concentrated in older buildings that are potentially obsolete. Very little has been built after 1970, but most of this is well occupied.

Occupied Retail Space Per Capita (2015)



Source: CoStar, ESRI

Retail Space (RBA sf) & Vacancy by Decade, Retail Core Area



Source: CoStar

Define the Market – Real Estate

Retail & Office Market Analysis – Retail Corridors

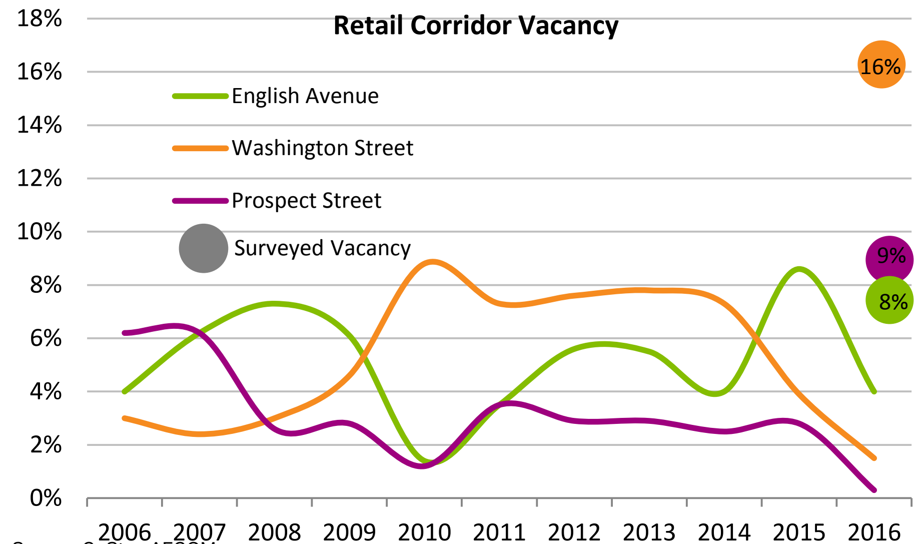
Three retail corridors surrounding the site have not seen many deliveries or renovations in recent years, but the buildings are typically occupied with positives trends especially on Prospect Street

Retail Corridors Vacancy

- Vacancy rates reported are significantly below actual after conducting a survey of all properties within the three corridors. Many obsolete buildings are owned and not for lease, but also having no active end user.
- However, overall, most space is still occupied and in use across all three corridors with vacancy rates in line with the East Side average for English and Prospect.
- Prospect Street's vacancy is unique among the corridors as most of it is in Fountain Square and represents healthy turnover of space with new higher value tenants transacting.

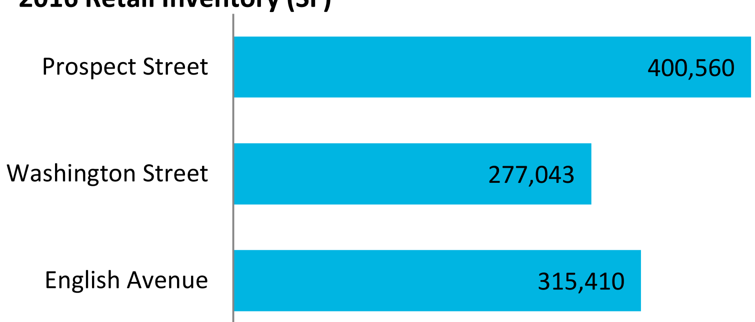
2016 Average Retail Rents

- A lack of data points makes annual rents inconsistent, however 5 year averages show a clear trend with Prospect Street showing the greatest improvement, again concentrated closer to I-70 at Fountain Square



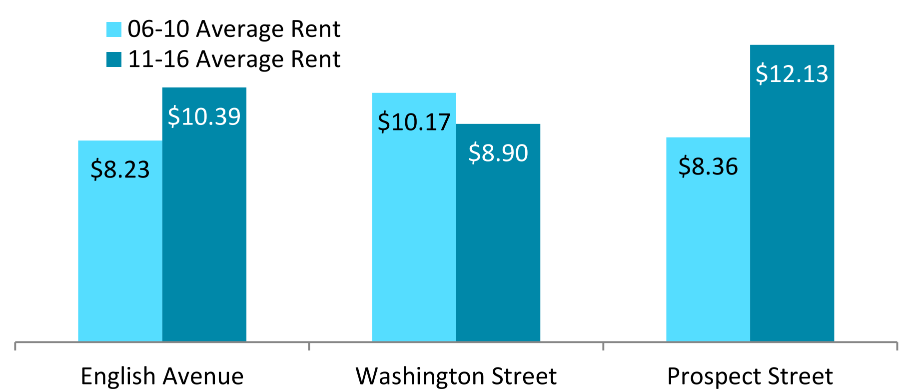
Source: CoStar, AECOM

2016 Retail Inventory (SF)



Source: CoStar

Average Retail Rents



Source: CoStar

Define the Market – Real Estate
Retail & Office Market Analysis – Retail Corridors

The tenant mix of all three corridors is heavily gas station and auto oriented, with Prospect Street showing the most consumer-oriented amenity mix.

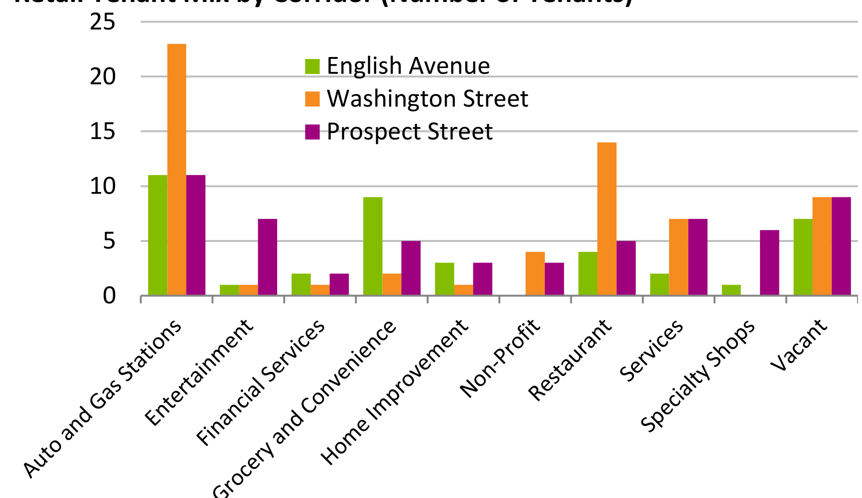
Retail Corridor Tenant Mix

- The tenant mix of all three corridors is overweight to auto, freight, and gas station tenants, especially Washington Street and especially near to the Neighborhood Boundary. Only Prospect Street offer significant entertainment and consumer-facing specialty shops
- Washington Street has a number of small restaurants but located further from the site, closer to I-70

Retail Corridor Square Footage Sold by Year

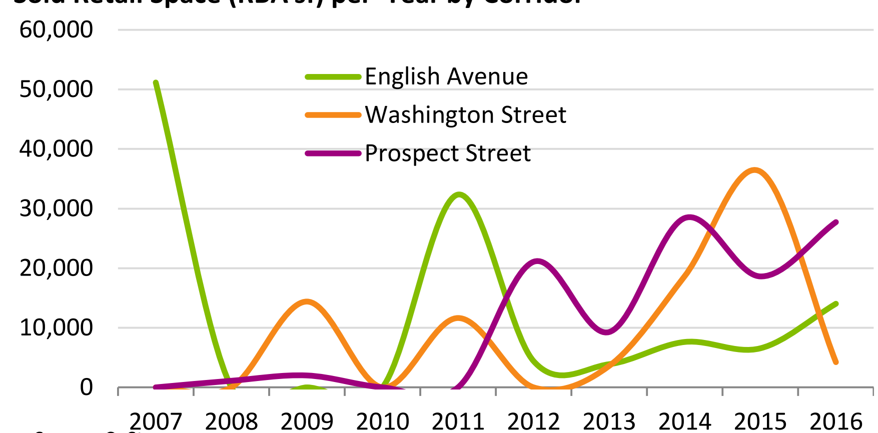
- Transaction volumes have remained limited along English Avenue while both Prospect Street and Washington Street have seen a growing number of building changing hands.
- Prospect Street appears to offer the most stable activity, again concentrated in the Fountain Square neighborhood.
- Almost all transaction volume on Prospect Street is from after 2011 with 105,000 sqft changing hands. Washington Street has seen 75,000 sqft transact since 2011.
- Based on a review of transacted values, most of these appear to be foreclosure sales or similar with transaction values below $10 per sf.
- The low values imply that buyers may be speculative, but new asset owners should be more willing to invest in refurbishment concepts.

Retail Tenant Mix by Corridor (Number of Tenants)



Source: CoStar

Sold Retail Space (RBA sf) per Year by Corridor



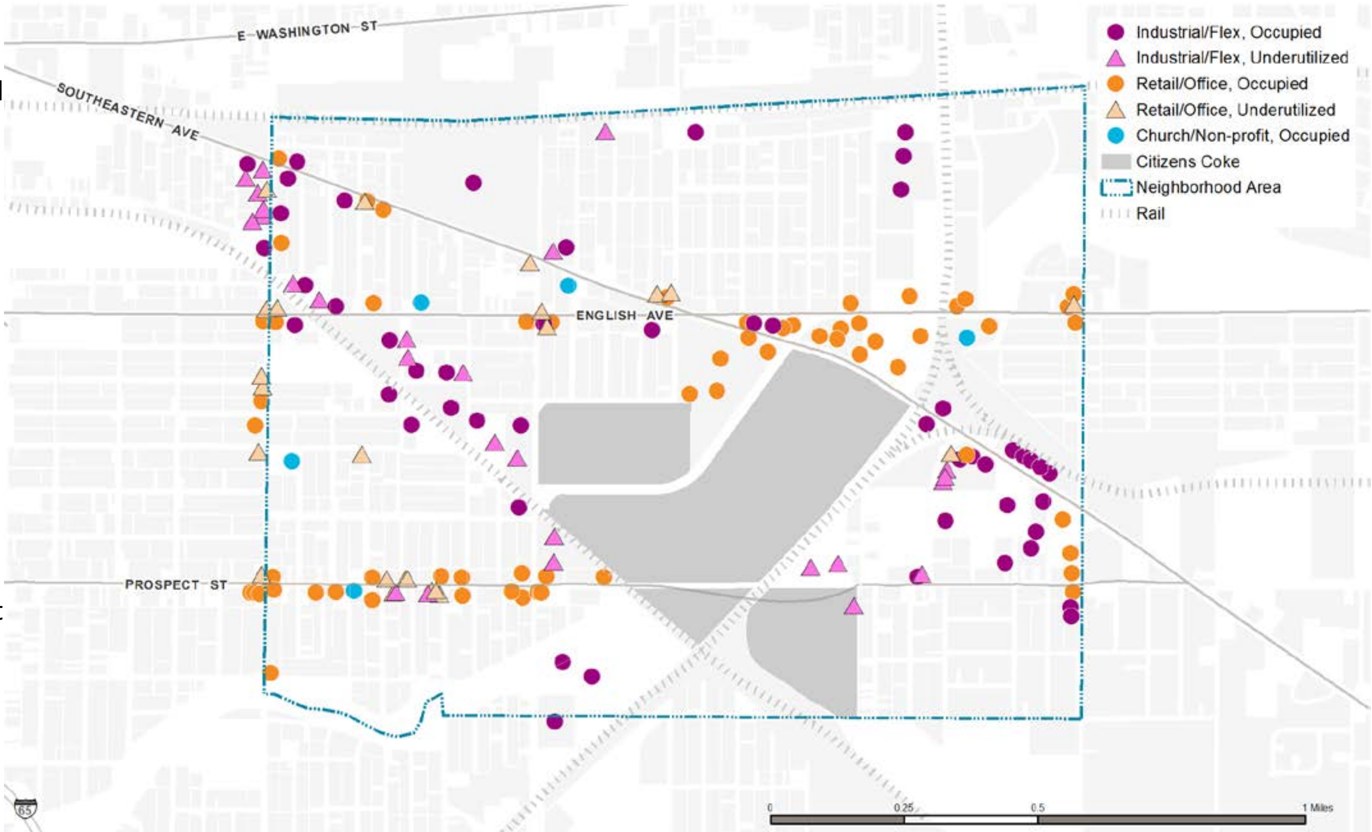
Source: CoStar

Chapter 5-C
Real Estate – Neighborhood Assessment

Define the Market – Real Estate
Neighborhood Assessment

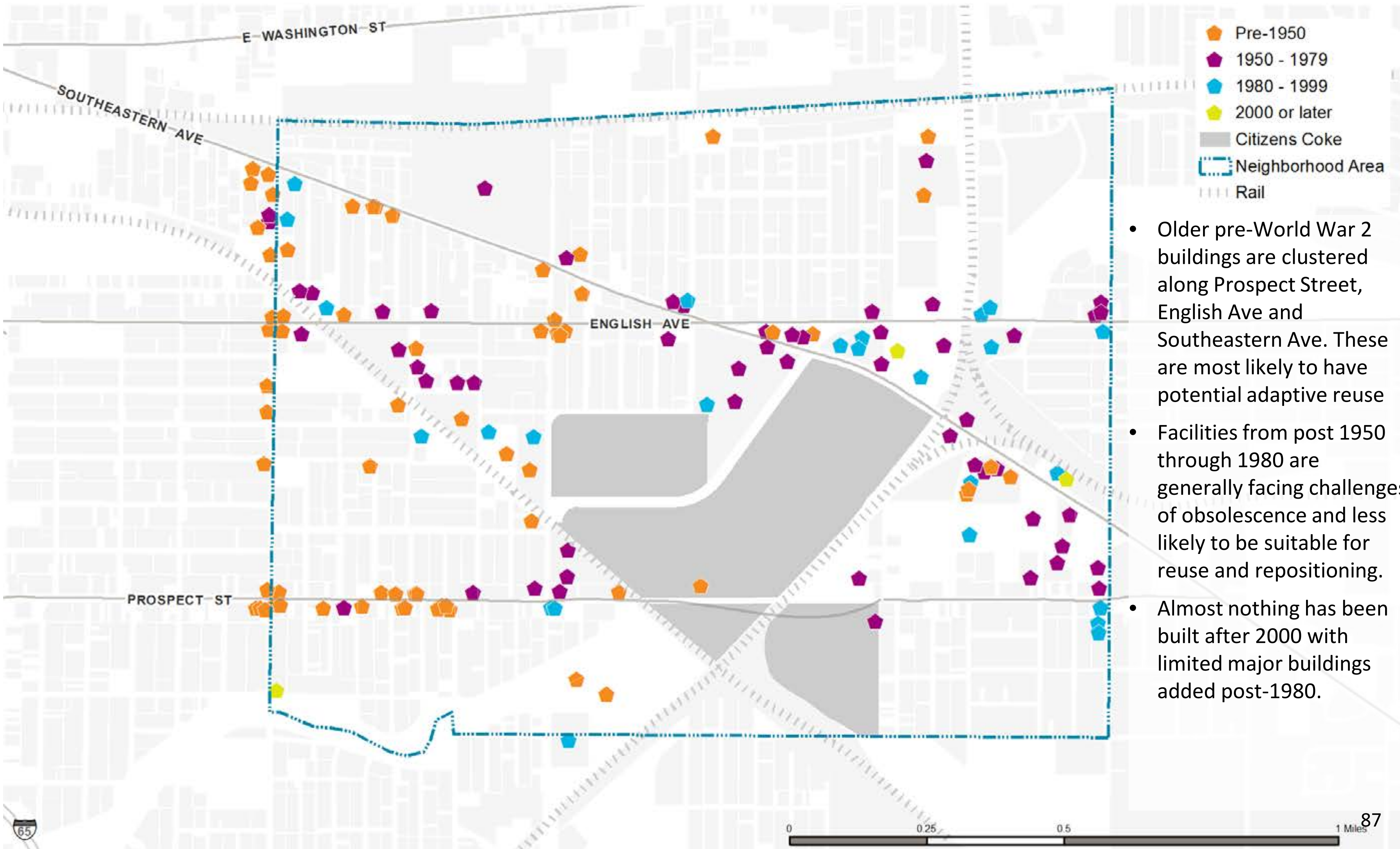
In addition to our analysis of various trade areas, a full inventory of commercial property within the Neighborhood Boundary has been taken to assess the conditions.

- As of 2016, the neighborhood boundary has approximately 3.2 million square feet of commercial property across 167 buildings. 2.5 million of that space is industrial while 600,000 is retail
- A full survey identified additional abandoned and vacant space not listed on CoStar, retail vacancy is estimated at 14%. These are concentrated along Southeastern Ave and along roads that are not major thoroughfares.
- Similarly, industrial vacancy is roughly 11%. Industrial vacancies are concentrated in buildings along the freight rail corridor that lack access to a major road.
- Both estimates include buildings that may continue to have some use (or are not advertised as available) but clearly remain underutilized or in disrepair.
- Of the 3.2 million square feet of commercial property in the neighborhood, 360,000 square feet is vacant, abandoned, or underutilized.



Define the Market – Real Estate
Neighborhood Assessment

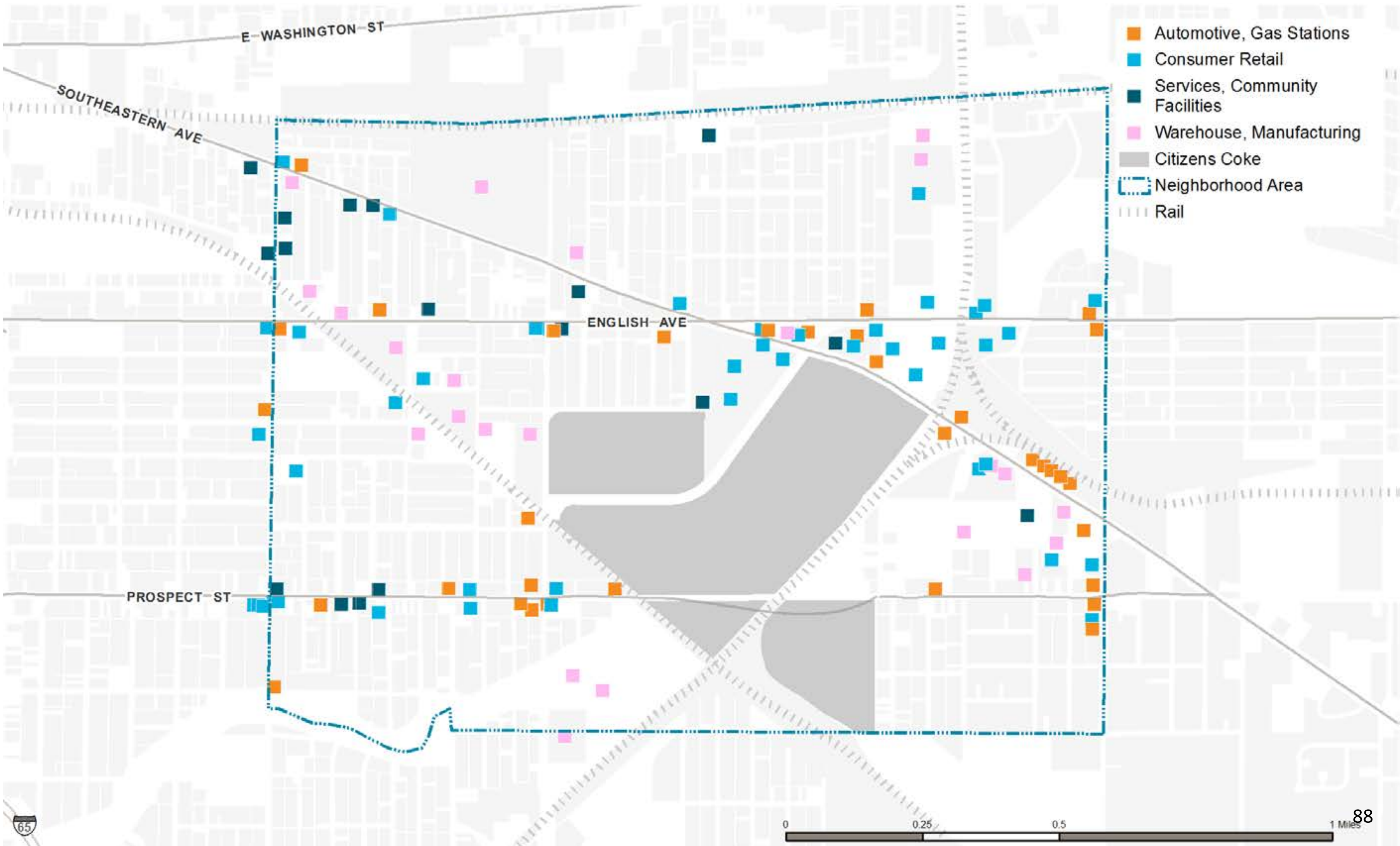
Pre-war buildings are concentrated on the western side of the neighborhood while most commercial buildings around the site are from the 1950 to 1980 era which has the highest vacancy rates.



- Older pre-World War 2 buildings are clustered along Prospect Street, English Ave and Southeastern Ave. These are most likely to have potential adaptive reuse
- Facilities from post 1950 through 1980 are generally facing challenges of obsolescence and less likely to be suitable for reuse and repositioning.
- Almost nothing has been built after 2000 with limited major buildings added post-1980.

Define the Market – Real Estate
Neighborhood Assessment

Industrial uses are distributed along the rail lines while consumer retail is clustered just north of our site around Twin Aire Plaza as well as on the western edge of the boundary on Prospect Street.



Define the Market – Real Estate
Neighborhood Assessment

In addition to our core trade area analysis a full inventory of commercial property within the Neighborhood Boundary has been taken to assess the conditions.

Abandoned & Underutilized Properties

- Although reported vacancy was relatively low, additional vacant or abandoned properties were identified. In some cases these building may still have some use (storage) but are clearly underutilized
- Across the board, the average age of properties in the neighborhood is very old with very few buildings delivered in the last 30 or even 40 years.

When comparing the properties some clear trends emerge:

- The vacant or abandoned retail and office stock is much older and has higher FAR / coverage ratios (meaning they likely lack parking) than the occupied space.
- Industrial vacancies do not have a similar difference in age or FARs, but are about a quarter of the size of the average occupied buildings indicating that the smaller facilities may be harder to repurpose for modern use.
- Transacted retail buildings have been larger than the neighborhood average

Property Status	Total Rentable Building Area (SF)	Average Rentable Building Area (SF)	Average Land Area (acres)	Average FAR	Average Year Built
Occupied	2,802,763	23,752	1.9	0.29	1955
Vacant	250,104	7,579	0.6	0.31	1939
Underutilized/Abandoned	113,397	7,087	0.6	0.27	1930
Neighborhood Average	3,166,264	19,037	1.5	0.29	1949
Transacted Buildings	599,604	11,313	1.0	0.25	1954

Source: CoStar

Retail and Office	Total Rentable Building Area (SF)	Average Rentable Building Area (SF)	Average Land Area (acres)	Average FAR	Average Year Built
Occupied	490,288	7,782	1.1	0.16	1954
Vacant	38,696	2,764	0.2	0.32	1925
Underutilized/Abandoned	40,314	4,479	0.2	0.64	1914
Neighborhood Average	569,298	6,620	0.9	0.18	1944
Transacted Buildings	167,093	7,595	0.7	0.25	1950

Source: CoStar

Industrial and Flex	Total Rentable Building Area (SF)	Average Rentable Building Area (SF)	Average Land Area (acres)	Average FAR	Average Year Built
Occupied	2,251,680	45,034	2.9	0.35	1956
Vacant	211,408	11,127	0.8	0.31	1952
Underutilized/Abandoned	73,083	10,440	1.2	0.21	1948
Neighborhood Average	2,536,171	33,371	2.3	0.34	1954
Transacted Buildings	418,411	14,427	1.3	0.25	1960

Source: CoStar, AECOM

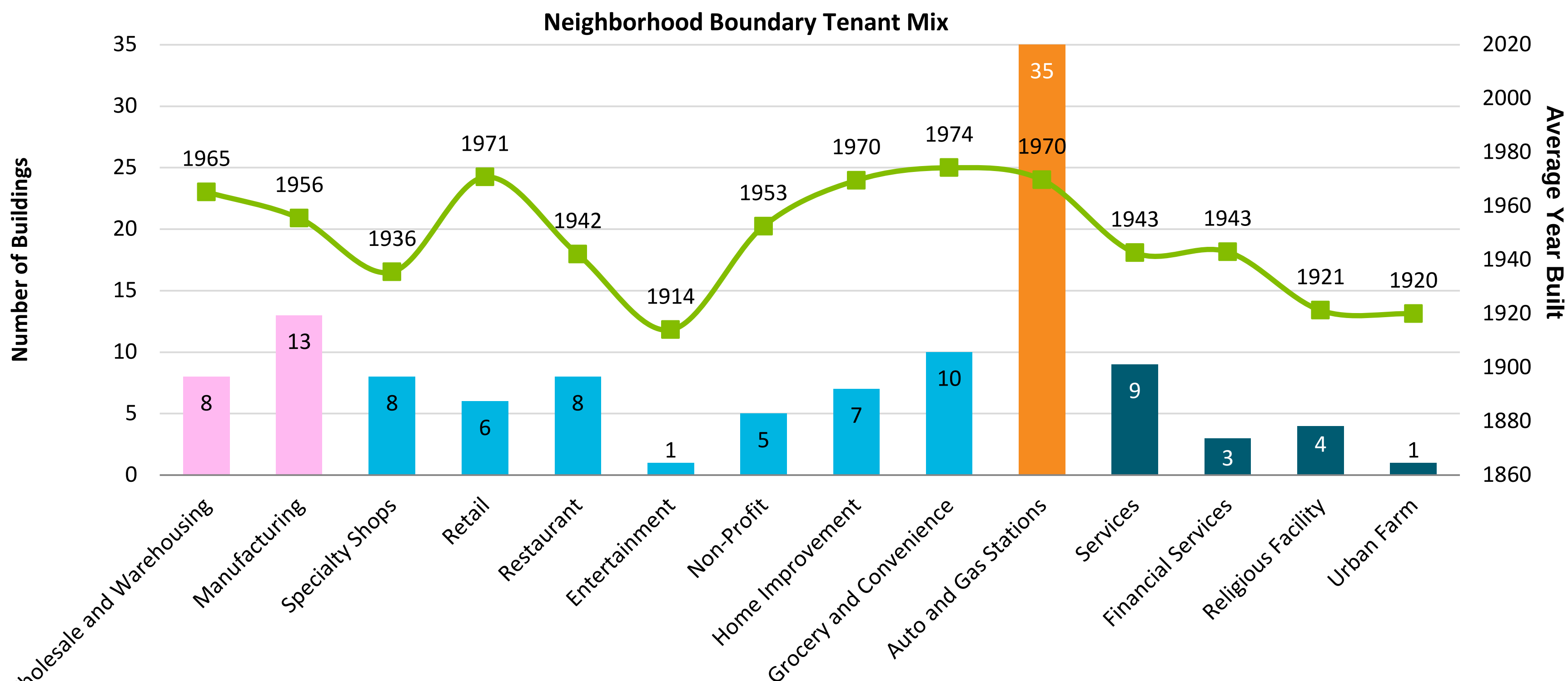
*Note – The remaining 60,795 square feet is primarily made up of specialty properties such as religious facilities.

Define the Market – Real Estate
Neighborhood Assessment

In addition to our core trade area analysis a full inventory of commercial property within the Neighborhood Boundary has been taken to assess the conditions.

Inventory & Vacancies

- Commercial property tenants have been categorized into 4 categories
  - Warehouses & Manufacturing
  - Retail: Consumer-facing Retail Amenities & Services; Auto, Gas Stations, & Freight; Other Community Facilities
- Gas stations and automotive make up a huge portion of the overall tenants at roughly 40% of retail tenants.
- Buildings are old across the board with no segment averaging less than 30 years old.



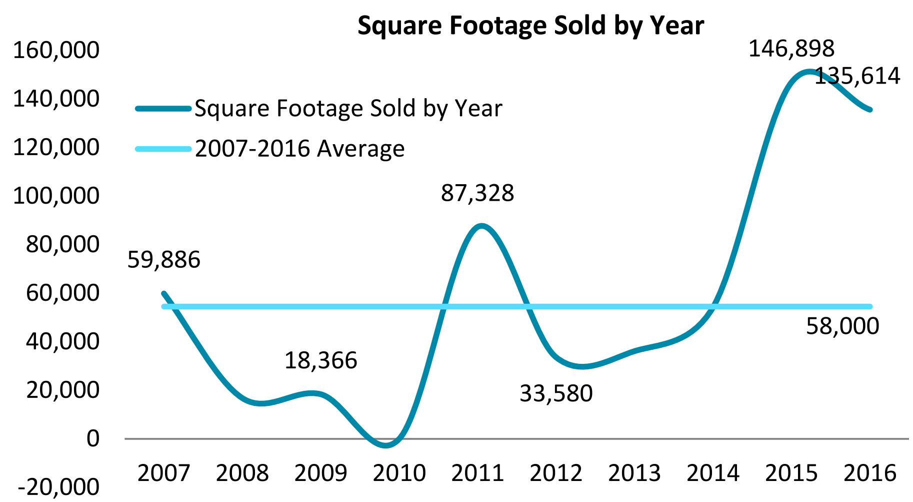
Source: CoStar, AECOM

Define the Market – Real Estate
Neighborhood Assessment

Despite an obsolete stock and no new deliveries, transaction volumes show some changes in market dynamics within the neighborhood boundary

Transaction Volumes & Values

- Within the Neighborhood boundary, approximately 18% of all commercial property has transacted since 2007 and 13% since 2012.
- A clear uptick has occurred from 2011 onward. This could signify some speculation that the neighborhood could improve with the closure of the coking plant.
- Even if many of these transactions are related to properties moving through receivership, the fact that there are buyers is still a positive sign.
- Low average values per square foot (around $6 to $8 per sqft) across all recent years probably means that no clear end use has been identified and investment is primarily speculative. Despite averaging more than 5 transacted buildings per year, the average transaction volume is just under $1 million per year or roughly $200k per building.
- The only transaction outside this range was the sale of the Kroger in 2011 for $17 million.



Source: CoStar, AECOM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Chapter 5

Conditions & Trend Analysis

Analysis of Neighborhood needs and barriers to business attraction. Opportunities for enhancing the redevelopment of Pleasant Run Crossing site

Define the Market – Conditions
Strengths

In the following SWOT analysis, AECOM assesses the Strengths, Weaknesses, Opportunities, and Threats of the neighborhood and the site. Strengths are fundamentals of the neighborhood that are current positive factors:

- The neighborhood is just two miles from downtown Indianapolis
- As well as the site and neighborhood are less than two miles from the interchange for I-70 and I-65
- Unlike most neighborhoods near the city center, the Pleasant Run Crossing Site provides a large piece of vacant land for redevelopment. Very limited vacant land for large-scale development exist with Marion County.
- From a workforce perspective, the neighborhood provides one of the largest potential workforces available for an industrial development site in Indiana.
- Having the Kroger's within Twin Aire Plaza is a major strength of the neighborhood with many larger neighborhoods completely lacking a supermarket (especially in light of recent closures)
- Pleasant Run trail although broken up within the Neighborhood area, has the potential to add a connecting walkable green element
- Despite obsolete commercial buildings, most remain occupied signaling continued demand for various amenities and services.
- Multiple rail lines / providers run through the neighborhood allowing direct rail links for future industrial or distribution users

Catalysts and Specific Projects

Many positive projects were identified through research and stakeholder interviews that highlight the renewed strength of neighborhoods on the East Side:

- Cultural Trail was highlighted as the key driver for the Fountain Square boom bringing people across the interstate from downtown.
- Angie's List, (which has recently been acquired), spurred more interest in the East Side after their decision to locate their office east of I-70
- The Neidhammer Building by the Englewood CDC has been a success adding a coffee shop, event space, and a brewery along Washington Street.
- Another project driven by the Englewood CDC is Farm 360, a hydroponic garden just north of the site.
- Lincoln Square Retail Center in Irvington was renovated and re-tenanted in recent years creating a more vibrant community amenity for Irvington.
- Florence Fay School Senior Apartments will add senior housing adjacent to the site by repurposing a closed schoolhouse. Senior community service programs will also based out of the location thanks to additional built-space available.

Define the Market – Conditions
Weaknesses

Weaknesses are again fundamental factors that relate to the conditions of the neighborhood which must be overcome for redevelopment and growth to occur.

- The two zip codes covering the site and Neighborhood Boundary (46201 and 46203) suffered from some of the highest food insecurity in Marion County. These were also two of the five target zip codes for addressing high unemployment.
- Unemployment rates remain stubbornly high in the zip codes around the Neighborhood while very few job opportunities are being added nearby
- Skills and education levels within the neighborhood do not align with the recent downtown employment growth. Workforce training initiatives will be required.
- While historical employment was driven by manufacturing, these were often highly specialized roles with limited transferrable skills to modern manufacturing. Many of the relevant new jobs would be in suburban distribution clusters and it is unclear how suitable the existing bus routes are for transporting residents.
- The average age of commercial buildings in the Neighborhood is over 70 years old with very few built within the last 30 years.
- Vacant and abandoned buildings are closer to 90 years old on average and have higher coverage ratios, meaning they offer limited parking. Without space for parking many of these buildings are unlikely to be re-tenanted.

Transport Connectivity

- Clear issues include the poor road connectivity in the neighborhood, in particular issues around Southeastern, Keystone and English Ave. However, Keystone Ave becomes 4 lanes just south of the neighborhood area creating a potential quick improvement for accessing the interstate to the south.
- The neighborhood has a range of legacy issues:
    - Multiple rail lines crossing the neighborhood (most not at grade),
    - The Pleasant Run Crossing site running against the grain of the street network,
    - Problematic intersections, especially with Southeastern
    - The lack of through streets such as English Ave create problems for redevelopment and increasing traffic flow

Define the Market – Conditions
Opportunities

Opportunities are not fundamental aspects of the current neighborhood, but factors outside our control or developing trends that could create positive outcomes for the neighborhood and site redevelopment.

- Many stakeholders interviewed have a growing level of optimism for the East Side of Indy and our subject neighborhood in particular. Almost all interviewees knowledgeable about the area highlighted that they are more optimistic now than they were 3 or 4 years ago. However, it is clear that to date, recovery and redevelopment is not yet occurring in all neighborhoods.
- Those neighborhoods successfully recovering on the East Side are mostly higher income with stabilized housing stock and more employment linked with service sector employment growth downtown. Therefore a clear opportunity is for the neighborhood to stabilize the housing stock to allow reinvestment.
- Successful redevelopment of the Pleasant Run Crossing site and an anchor tenant such as the Justice Center is the primary opportunity for Twin Aire to create additional employment, support retail spending, and stabilize the housing stock.
- Fountain Square is a clear success story partly due to retail growth and apparent growing residential demand. Additional improvements occurred in Englewood, Irvington, Cottage Home and Holy Cross often driven or encouraged by active community involvement in the redevelopment process.
- Growth has been concentrated along the edge of I-70 in neighborhoods such as Fountain Square. But due to the natural constraints of the interstates to the west, south, and north, continued development is expected to move east along primary corridors, especially Prospect Street. This is a clear opportunity for the Neighborhood to support and capture this natural growth and development trend.
- Pleasant Run Crossing site provides an opportunity to significantly improve and modernize the neighborhood. Portions of the site could provide a perfect balance of access to the city, direct rail service, and nearby workforce. However this subset of manufacturers may be a very small niche.
- Food processing, distribution or related industries are clear opportunities for the site and neighborhood. Whereby a firm could be attracted to serve the city from this location (if connectivity is improved) while also supporting the neighborhood in terms of providing access to healthier food, industry-related training, and addressing the food insecurity that currently exists.

Define the Market – Conditions
Threats

Threats, similar to opportunities, are not fundamental aspects of the existing neighborhood conditions. Instead these are potential trends or changes that could negatively impact success:

- Both in terms of achieving employment density and increased commercial demand, the Justice Center is unlikely to be matched by other redevelopment options. Therefore redevelopment plans will differ significantly if the project does not occur or is scaled back.
- While some stakeholders suggested there could be demand for affordably priced market housing in the neighborhood, others wondered whether the existing stock had stabilized and whether any new housing could be added in the face of the current vacancy. An inability to stabilize the housing stock in the neighborhood represents a clear threat to any growth.
- Prior to any successful commercial development, residential stabilization / growth is needed. Examples nearby include St Clair Place adding 100+ new homes, affordable apartments, and renovations of existing stock over the past few years. Only now is there new interest in retail or restaurant investment. Therefore residential solutions may be an important first step to any commercial development.
- The neighborhood remains highly reliant on the Krogers at Twin Aire Plaza. Loss of this store is a significant threat. Risks include struggles for Krogers similar to Marsh or Krogers adding a new location (such as one of Marsh's closed supermarket) making this one redundant.
- Renewed growth of manufacturing employment has occurred over the last 5-7 years. A new downturn in manufacturing growth or shift to other regions could limit the viability of the site
- Reduced staffing requirements for production, processing and distribution industries may negate the strength of the site and neighborhood in terms of its large available workforce
- Higher density redevelopment of the downtown area and active nearby neighborhoods could absorb new residential demand leaving limited growth potential for the Neighborhood's existing housing stock.
- New residential growth may not align with the existing housing stock in terms of housing sizes, format, and quality. Resolving this misalignment may require new construction, but it is unclear if the current market conditions can support these costs.
- The neighborhood has been constrained by the lack of any gateway or welcoming image with the Citizens plant historically acting as a stigma for the area. That stigma remains a threat if repositioning / rebranding is not successful.
- Aligning neighborhood workforce capabilities with target tenants for the project site may require significant investment in training and outreach. It may also take longer than


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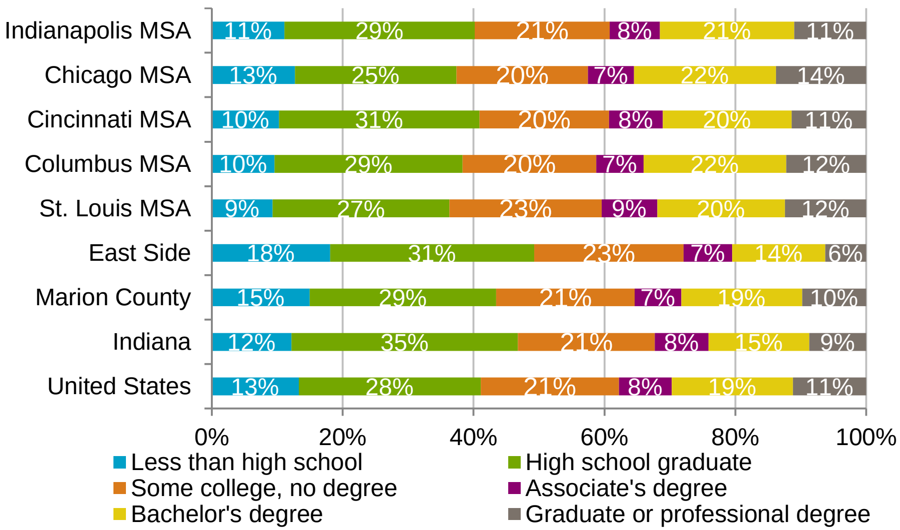
Appendix A
Metrics – Data, Maps, and Additional Info

Appendix A
Metrics

Additional Data, Charts & Info

Educational Attainment

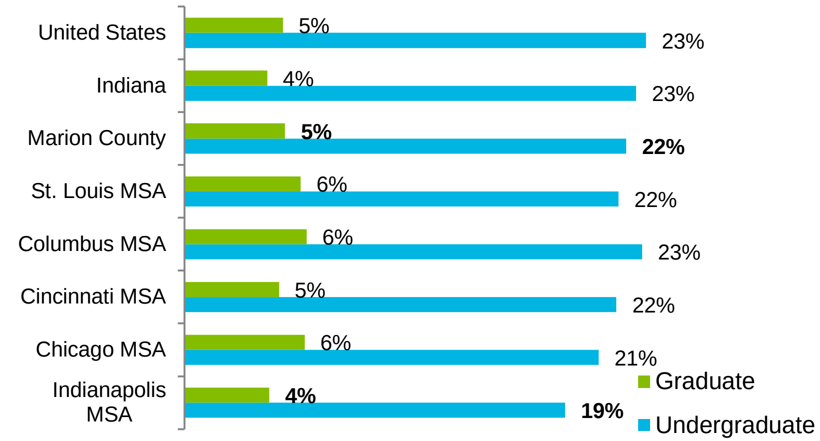


Source: US Census

Household Size	2000	2005	2010	2015	00-15 CAGR
Indianapolis MSA	**2.50**	**2.47**	**2.58**	**2.58**	**0.2%**
Chicago MSA	2.72	2.76	2.70	2.72	0.0%
Cincinnati MSA	2.52	2.51	2.57	2.54	0.1%
Columbus MSA	2.45	2.49	2.53	2.55	0.3%
St. Louis MSA	2.52	2.51	2.48	2.49	-0.1%
East Side	**2.54**	**n/a**	**2.58**	**2.59**	**0.1%**
Marion County	**2.39**	**2.34**	**2.42**	**2.52**	**0.4%**
Indiana	2.53	2.49	2.52	2.56	0.1%
United States	2.59	2.60	2.58	2.65	0.2%

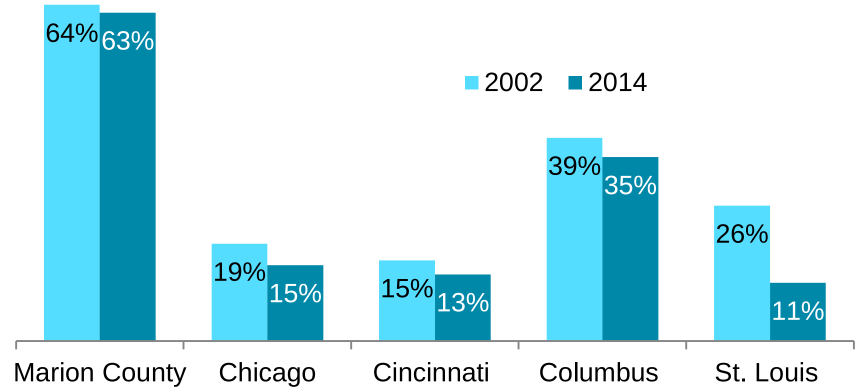
Source: US Census, ESRI

Current Enrollment



Source: US Census

City Manufacturing Employment as a Share of Overall MSA Manufacturing Employment



Source: US

Appendix A
Metrics

Multiple real property-oriented incentive schemes exist in Indiana that provide a competitive offering when courting new businesses or negotiating expansion plans.

Incentives Overview

In general, economic development incentives at the local / municipal level in Indiana tend to be focused on property (i.e. real and personal property tax abatements), while state level incentives tend to be tied to jobs (tax credits tied to creation of jobs). The primary state-level tool is the "Economic Development for a Growing Economy" (EDGE) Payroll Tax Credit, which supports job creation and capital investment. The tax credit is a percentage of the increased tax withholding that is otherwise generated from new jobs creation. The State of Indiana also provides access to workforce training grants, in addition to tax credits. Within in the array of tax credit programs offered at the state level, there are niche programs targeted to:

- Venture capital
- Research and development / patents
- Headquarters relocation

The state also offers an industrial development grant fund that provides assistance to local units of government regarding provision of infrastructure.

For local units of government, real and personal property tax abatement is the primary economic development tool, particularly for manufacturing and distribution activities. Real and personal property tax abatements are generally tied to qualifying new investment, jobs, wages and economic impact of project. In Indiana, there are specific abatement programs tied to Vacant Buildings (abatement for reuse of a vacant building) and Enterprise IT Equipment (exemption for IT investments >$10 million).

Local units of government can also pursue tax increment financing (TIF) to support funding for infrastructure and other improvements within specific defined geographies where conditions related to environmental contamination, the presence of obsolete, deteriorated, or substandard buildings, or other factors that impair value. TIF is not a new tax; rather, it is the allocation of growth in taxable value and taxes paid above a base year value. Once captured, TIF revenue can be allocated to fund debt service payments or pay for infrastructure improvements. Indiana does allow a share of TIF proceeds to be used to fund workforce development programs as well. TIF districts in Indiana can run for 25-30 years, based on when debts are incurred. Importantly, as industrial development projects tend to benefit from property tax abatements, these projects are less attractive for TIF.

Appendix A
Metrics

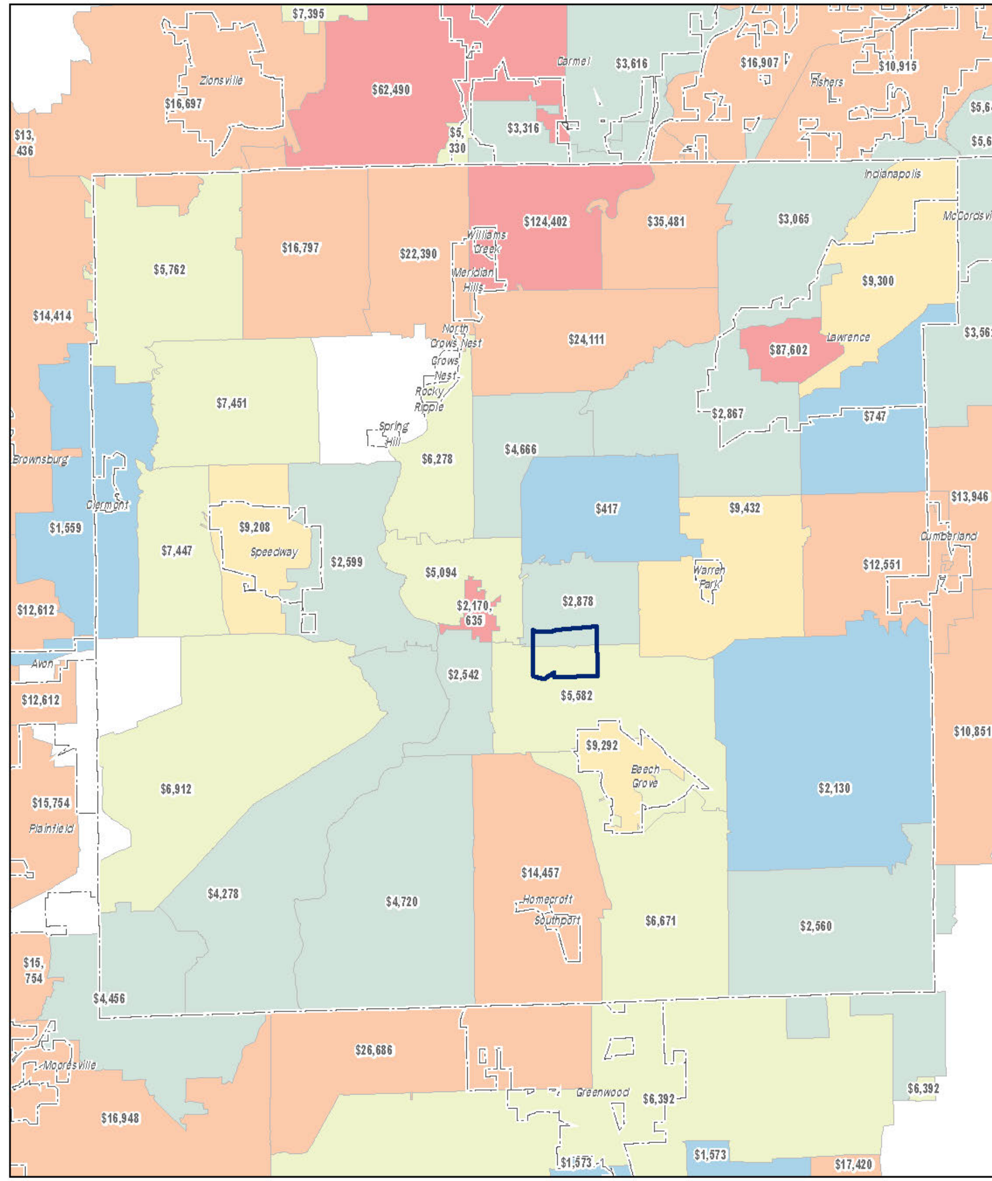
Multiple real property-oriented incentive schemes exist in Indiana that provide a competitive offering when courting new businesses or negotiating expansion plans.

Incentives Programs

1. Community Revitalization Enhancement District Tax Credit:
    a. Provides an incentive for investment in community revitalization enhancement districts. The credit equals 25% of the qualified investment made by the taxpayer during the taxable year.
2. Economic Development for a Growing Economy (EDGE)- Payroll Tax Credit:
    a. Provides incentive for business to support job creation, capital investment, and living standard improvements. The tax credit is a percentage of the increased tax withholding that is generated from new jobs creation.
3. Headquarters Relocation Tax Credit:
    a. Provides a tax credit to corporations that relocated their headquarters to Indiana.
4. Hoosier Business Investment Tax Credit (HBI):
    a. Provides a refundable corporate tax credit for investment in capital improvement projects.
5. Industrial Development Grant Fund:
    a. Provides assistance to municipalities and other entities to help with infrastructure projects for approved project sites. Milestones are set and IDGF reimburses a portion of capital expenses as those milestones are reached.
6. Industrial Recovery Tax Credit:
    a. Partners with local governments to provide an incentive for companies to invest in older buildings and industrial sites.
7. Patent Income Tax Exemption:
    a. Utility and plant patents are exempt from taxation up to $5 million per taxable year.
8. Research and Development Incentives:
    a. Research and development entities may deduct qualified research expenses from their state income tax liability and be refunded sales taxes paid on research equipment purchases.
9. Skills Enhancement Fund (SEF)- Workforce Training Grant:
    a. This gran reimburses a portion of training costs that support capital improvements.
10. Venture Capital Investment Tax Credit (VCI):
    a. Provides incentive for individuals and corporations to invest in early stage companies by providing a credit against investors’ income tax liability.

Appendix A
Metrics

FDIC Per Capita Branch Deposits



2015 Per Capita Branch Deposits

- Less than $2,500
- $2,501 - $5,000
- $5,001 - $7,5001
- $7,501 - $10,000
- $10,001 - $50,000
- $50,001 - $4,429,169.70

PER CAPITA BRANCH DEPOSITS BY ZIP CODE (FDIC)

FIGURE 1

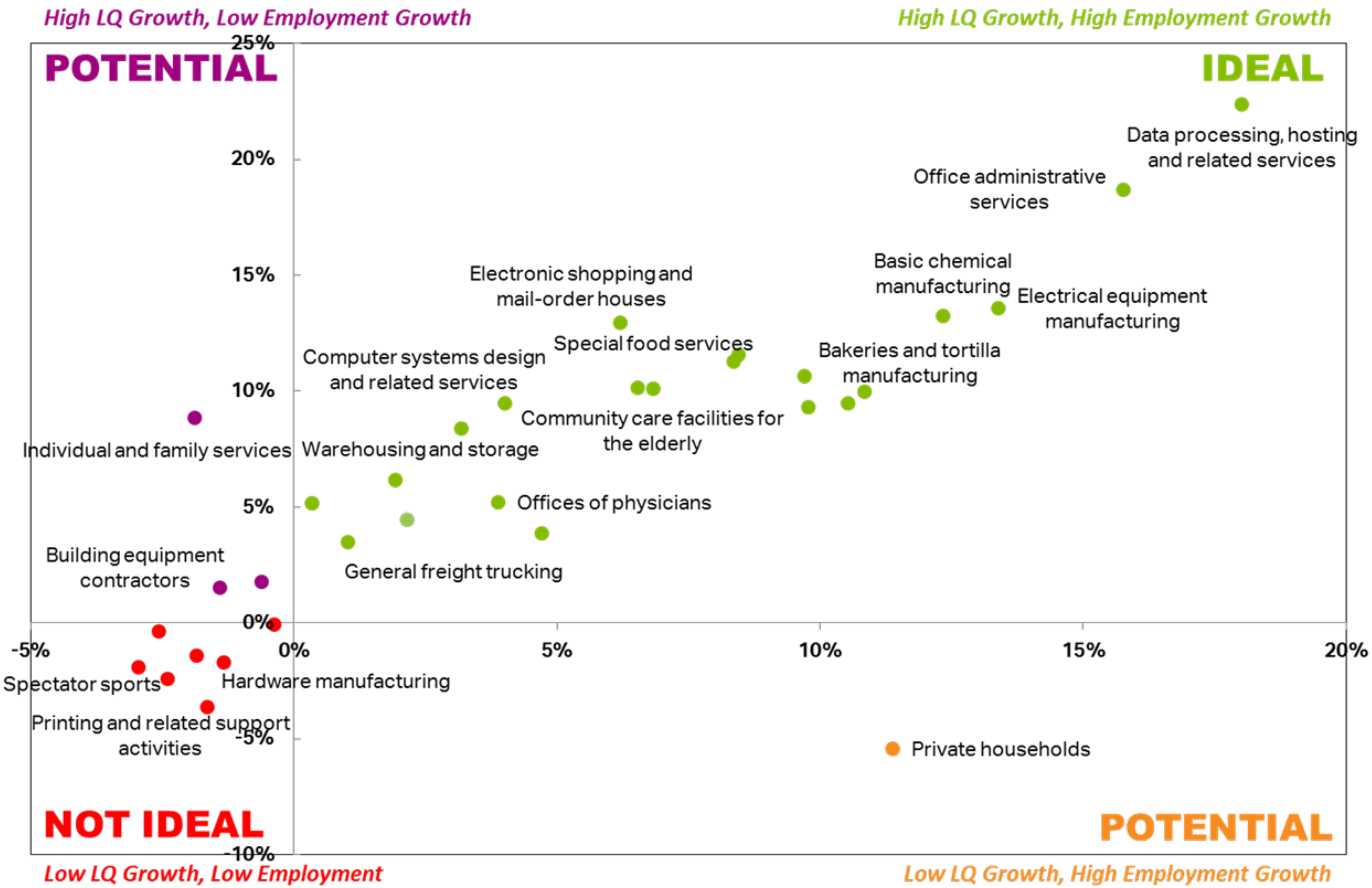
CITIZENS ARI STRATEGY RFP

AECOM

Appendix B
Clusters – Data, Maps, and Additional Info

Appendix B
Clusters – Visualizing Potential Cluster Growth Trends

Industries, such as data processing, hosting, and related services, that show strong employment and location quotient growth creating an opportunity to capture a share of an already growing market.



Sample of Industries, 2010 to 2015 Compound Annual Growth Rates (4-Digit NAICS Code)

Appendix B

Clusters – Target Industries

The industries listed below have potential for strong growth in Marion County, creating opportunities for attraction to the site and growth of employment in the Region.

NAICS	Industry
	Food
3112	Grain and oilseed milling
3118	Bakeries and tortilla manufacturing
7223	Special food services
7225	Restaurants
	Technology
5182	Data processing, hosting and related services
5415	Computer systems design and related services
	Health Care
3254	Pharmaceutical and medicine manufacturing
6211	Offices of physicians
6215	Medical and diagnostic laboratories
6221	General medical and surgical hospitals
6233	Community care facilities for the elderly
6241	Individual and family services
	Retail
4541	Electronic shopping and mail-order houses
4542	Vending machine operators

NAICS	Industry
	Business Services
5231	Securities and commodity contracts brokerage
5323	General rental centers
5416	Management and technical consulting services
5611	Office administrative services
5613	Employment services
5617	Services to buildings and dwellings
5621	Waste collection
	Manufacturing
3251	Basic chemical manufacturing
3325	Hardware manufacturing
3328	Coating, engraving, and heat treating metals
3335	Metalworking machinery manufacturing
3353	Electrical equipment manufacturing
	Logistics
4841	General freight trucking
4921	Couriers and express delivery services
4931	Warehousing and storage

Appendix B
Clusters – Average Wage & Wage Growth of Considered Industries

An analysis of the wage trends of the identified target industries highlights that health care and technology related employment have the highest average wages while food service and other service related industries have the lowest. Balancing wage levels within the Site can provide employment to a diverse range of people with different education and training levels.

NAICS	Industry	Average Wage	Average Wage Compound Annual Growth (2010-2015)
3254	Pharmaceutical and medicine manufacturing	$150,874	#DIV/0!
6211	Offices of physicians	$109,891	5.1%
5231	Securities and commodity contracts brokerage	$99,282	0.6%
5415	Computer systems design and related services	$88,364	3.0%
3112	Grain and oilseed milling	$79,374	2.9%
6215	Medical and diagnostic laboratories	$74,427	4.8%
3353	Electrical equipment manufacturing	$74,186	10.7%
5611	Office administrative services	$69,932	5.6%
5416	Management and technical consulting services	$68,948	1.4%
3251	Basic chemical manufacturing	$68,787	-6.0%
5182	Data processing, hosting and related services	$66,246	0.5%
3325	Hardware manufacturing	$61,908	3.3%
5621	Waste collection	$58,975	0.2%
6221	General medical and surgical hospitals	$55,070	2.6%
4841	General freight trucking	$48,853	2.8%
5323	General rental centers	$44,978	-0.5%
3328	Coating, engraving, and heat treating metals	$44,619	2.2%
4542	Vending machine operators	$43,546	2.6%
3335	Metalworking machinery manufacturing	$43,437	-0.5%
4541	Electronic shopping and mail-order houses	$39,797	0.6%
3118	Bakeries and tortilla manufacturing	$39,082	2.4%
4921	Couriers and express delivery services	$38,102	2.9%
4931	Warehousing and storage	$36,289	0.5%
6233	Community care facilities for the elderly	$26,379	2.6%
6241	Individual and family services	$25,209	-0.4%
5613	Employment services	$25,042	0.3%
5617	Services to buildings and dwellings	$23,792	2.0%
7223	Special food services	$21,581	5.7%
7225	Restaurants	$16,666	2.0%

Appendix B

Clusters – Target Industry Real Estate Use Category

Actual uses depend on purpose of site for the industry and selected companies, but the following summary is a first pass at categorizing the primary land use requirements for each industry.

NAICS	Industry	Industry Cluster	Building Use
3112	Grain and oilseed milling	Food	Industrial/Flex
3118	Bakeries and tortilla manufacturing	Food	Industrial/Flex
3251	Basic chemical manufacturing	Manufacturing	Industrial/Flex
3254	Pharmaceutical and medicine manufacturing	Health Care	Industrial/Flex
3325	Hardware manufacturing	Manufacturing	Industrial/Flex
3328	Coating, engraving, and heat treating metals	Manufacturing	Industrial/Flex
3335	Metalworking machinery manufacturing	Manufacturing	Industrial/Flex
3353	Electrical equipment manufacturing	Manufacturing	Industrial/Flex
4541	Electronic shopping and mail-order houses	Retail	Industrial/Flex
4542	Vending machine operators	Retail	Industrial/Flex
4841	General freight trucking	Logistics	Industrial/Flex
4921	Couriers and express delivery services	Logistics	Industrial/Flex
4931	Warehousing and storage	Logistics	Industrial/Flex
6211	Offices of physicians	Health Care	Medical Office
6215	Medical and diagnostic laboratories	Health Care	Medical Office
6221	General medical and surgical hospitals	Health Care	Medical Office
6233	Community care facilities for the elderly	Health Care	Medical Office
5182	Data processing, hosting and related services	Technology	Office
5231	Securities and commodity contracts brokerage	Business Services	Office
5323	General rental centers	Business Services	Office
5415	Computer systems design and related services	Technology	Office
5416	Management and technical consulting services	Business Services	Office
5611	Office administrative services	Business Services	Office
5613	Employment services	Business Services	Office
5617	Services to buildings and dwellings	Business Services	Office
5621	Waste collection	Business Services	Office
6241	Individual and family services	Health Care	Office
7223	Special food services	Food	Retail
7225	Restaurants	Food	Retail

Appendix C
Workforce – Data, Maps, and Additional Info

Appendix C
Workforce – Business Climate

Business Climate

- In 2015 , the State of Indiana was ranked #1 in the US in terms of "lowest cost of doing business", according to CNBC
- Indiana has the 5th lowest property tax ranking in the U.S. and the 8th best overall tax climate. There are no taxes on inventory, franchises and many other business services in Indiana. Indiana is only one of nine states with a AAA bond rating.
- Indianapolis is approximately one and a half days drive to 75% of US and Canadian populations.
- The 2nd largest FedEx hub in the world is located in Indianapolis.
- The State of Indiana passed legislation (House Bill 1002) funding a major statewide road infrastructure program (linked to growth in fuel taxes). Also, unlike many states, state government in Indiana has tended to maintain a higher degree of fiscal responsibility, putting the state in a better position to fund projects.

Energy Costs

- According to the US Energy Information Administration, the State of Indiana maintains cheaper energy costs compared to the US average, with the exception of coal price and industrial electricity.
- Indiana follows the national trend of utilizing natural gas in combination with renewable energy sources; As of 2017, the price of natural gas per cubic foot is significantly lower than national averages.

Indiana Tax Structure	
Personal Income Tax	
Current Rate	3.3%
Effective 2017	3.23%
Local Option Tax	
Resident	1.0-2.7%
Non-Resident	.25-.50%
Indiana Corporate Adjusted Gross Income Tax	
Current Rate	6.5%
Indiana Sales and Use Tax	
Current Rate	7.0%

Source: Indiana Dept. of Revenue, Indiana Economic Development Corporation, Tax Foundation

Energy Costs

Energy Source	Indiana	US Average
	Petroleum	
Domestic Crude	*$48.82/Barrel*	*$49.41/Barrel*
	Natural Gas	
City Gate	*$3.89/Thousand Cu Ft.*	*$4.10/Thousand Cu Ft.*
Residential	*$8.59/Thousand Cu Ft.*	*$10.05/Thousand Cu Ft.*
	Coal	
Average Sales Price	*$46.12/Short Ton*	*$31.83/Short Ton*
	Electricity	
Residential	*11.78 Cents/kWh*	*12.82 Cents/kWh*
Commercial	*10.38 Cents/kWh*	*10.48 Cents/kWh*
Industrial	*7.42 Cents/kWh*	*6.63 Cents/kWh*

Source: US Energy Information Administration

Appendix C
Workforce – Major Employers

Major Employers

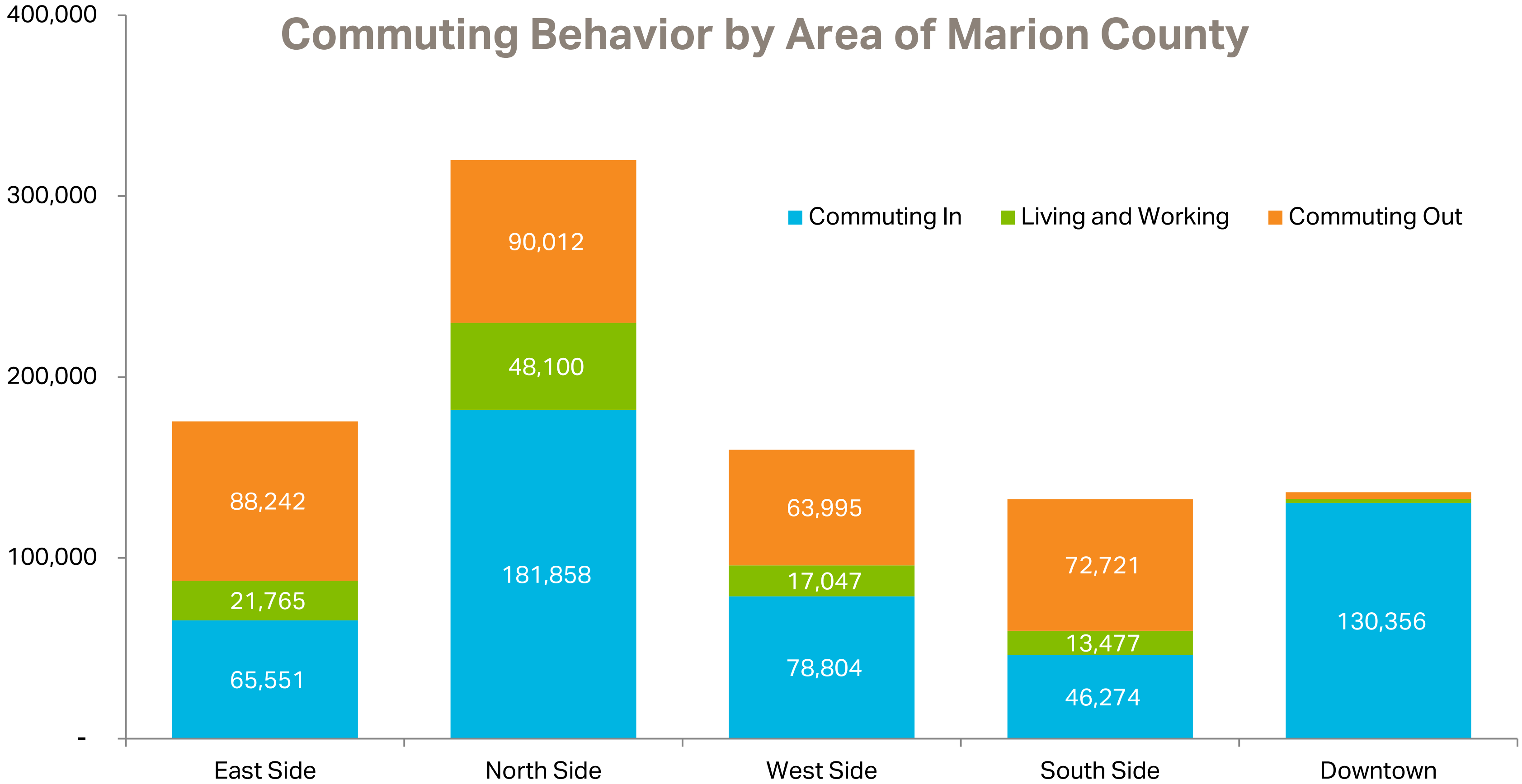
- Similar to most major cities in the US, Health Care, Education and Government make up a significant portion of the largest employers
- The largest private employers include typical firms related to telecom & financial services as well as chain retailers (Wal-Mart, Marsh, Kroger, Meijer, AT&T, Chase, PNC Financial)
- The only one of these service firms headquartered in Indianapolis is Marsh Supermarkets which recently filed for bankruptcy protection and plans to close all their stores
- Notable in the list are the large manufacturing companies that not only have their primary offices within Marion County, but also a significant portion of their manufacturing and research facilities (Eli Lilly, Rolls-Royce, Allison Transmission)
- Distribution and logistics focused firms (FedEx, UPS, Amazon) all have a major presence in the region, but any new distribution facilities are concentrated by the Airport (West Side of Marion County) or in the outer counties, primarily to the north.
- Not listed are key technology firms such as Angie's List and Salesforce

Entity (Private Companies Bolded)	Regional Employees	County	Industry
St. Vincent Health	17,398	Regional	Hospitals and Health Care
IU Health	11,810	Regional	Hospitals and Health Care
Eli Lilly and Company	10,565	Marion	Pharmaceuticals
Community Health	10,402	Regional	Hospitals and Health Care
Wal-Mart	8,830	Regional	Retail Department Stores
Marsh Supermarkets	8,000	Regional	Retail Grocers
IUPUI	7,365	Marion	Colleges and Universities
City of Indianapolis/Marion County	7,058	Marion	Government
Kroger	6,700	Regional	Retail Grocers
FedEx Express	6,600	Marion	Package and Freight Shipping
Roche Diagnostics	4,600	Marion/Hamilton	Medical Instrument Manufacturing
Rolls-Royce	4,300	Marion	Aircraft Engine Manufacturing
Anthem	4,200	Marion	Health Insurance
Franciscan St. Francis Health	4,100	Regional	Hospitals and Health Care
AT&T	4,000	Marion	Telecommunications
Amazon	4,000	Regional	Order Fulfillment
Defense Finance & Accounting Service	3,865	Marion	US Department of Defense
Eskenazi Health	3,688	Marion	Hospitals and Health Care
Archdiocese of Indianapolis	3,650	Regional	Catholic Organizations
Meijer	3,365	Regional	Retail Department Stores
United Parcel Service	3,194	Regional	Package and Freight Shipping
Goodwill Industries of Central Indiana	2,933	Regional	Education
PNC Financial Services	2,566	Regional	Banking and Financial Services
Allison Transmission	2,500	Marion	Commercial Transmission Manufacturing
Chase	2,396	Regional	Banking and Financial Services

Source: Indianpolis Business Journal

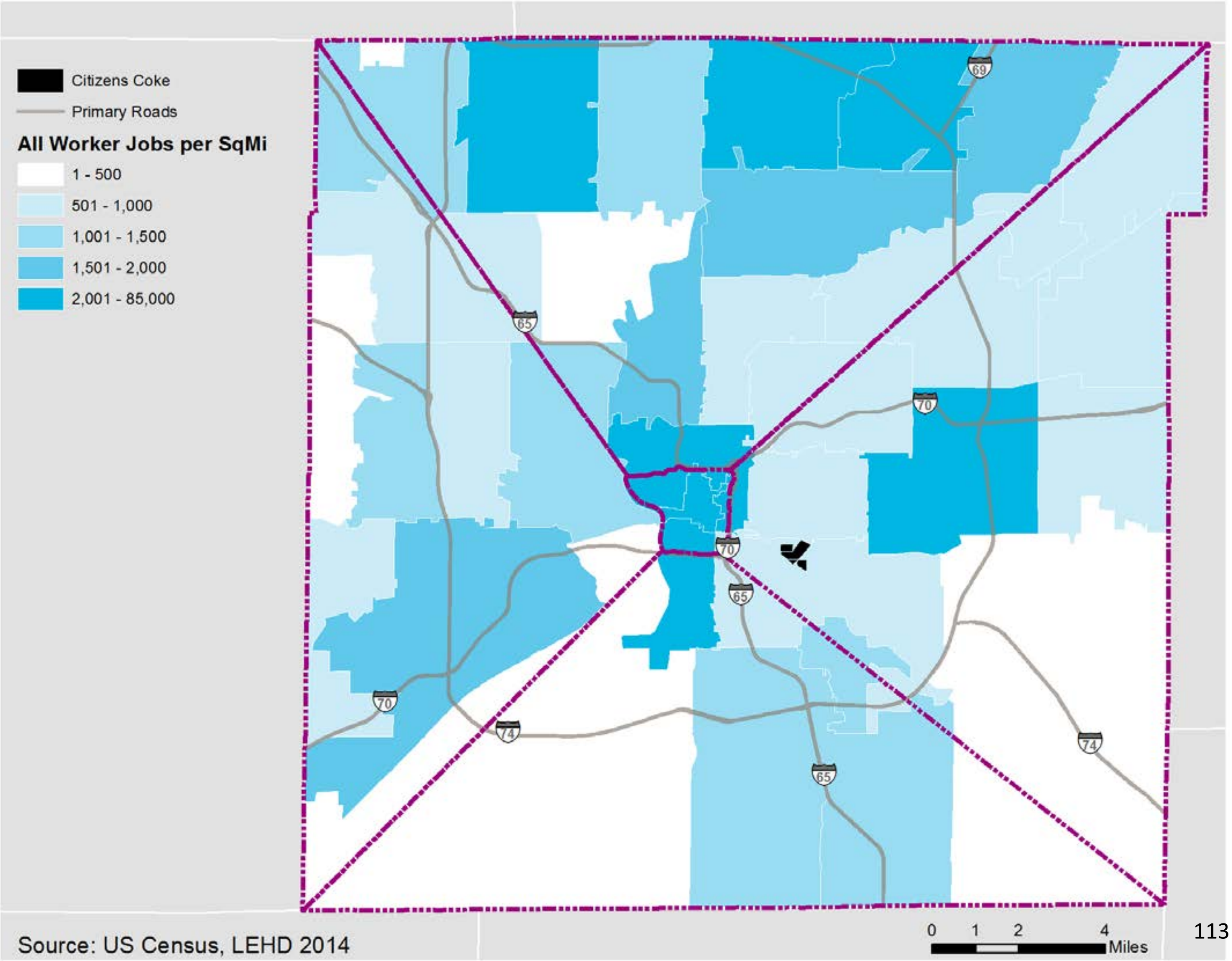
Appendix C
Workforce – Commuting Patterns

The East Side and South Sides are the only parts of Marion County with a majority commuting out of the quadrant as opposed to living and working there or commuting in for work.



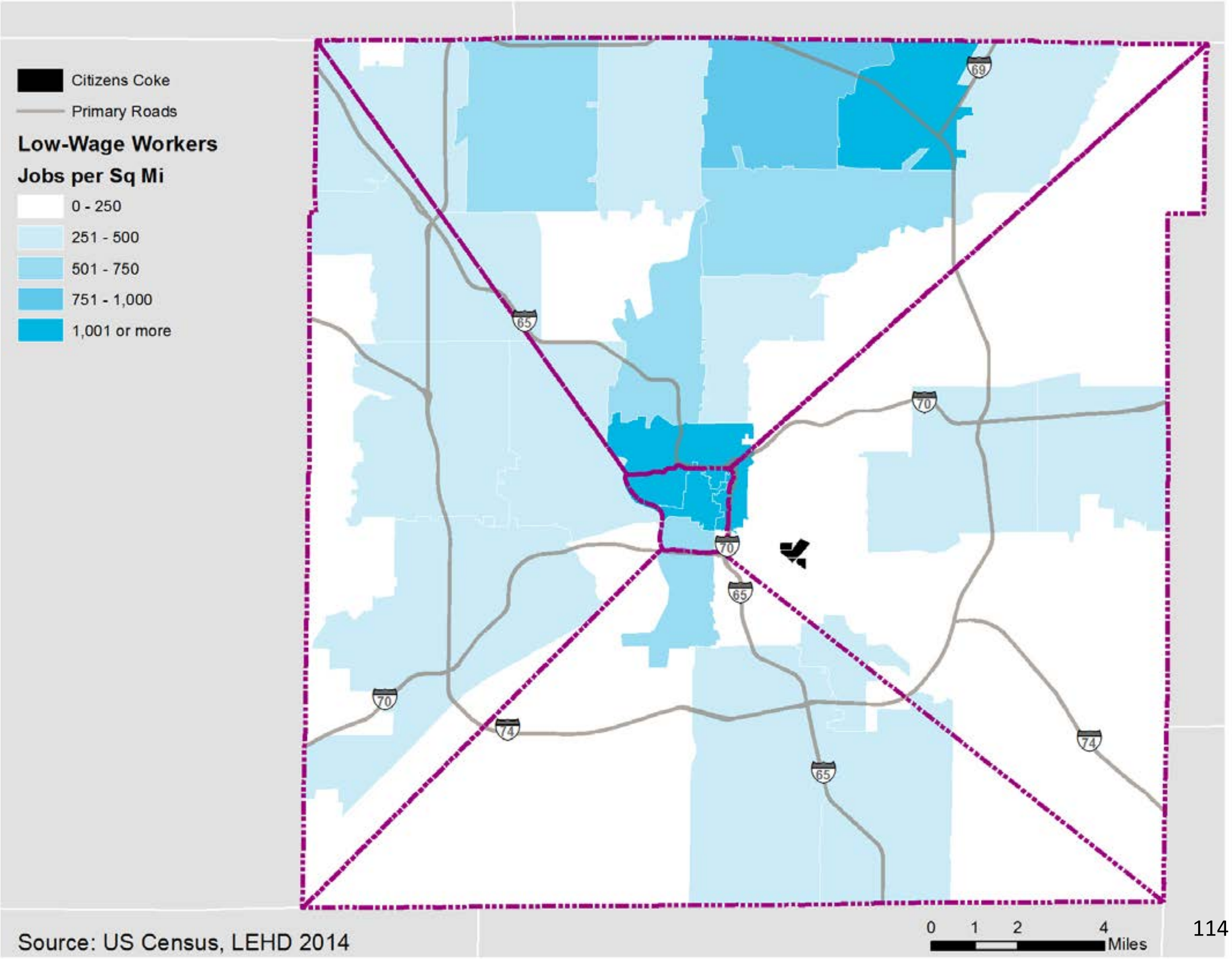
Source: ESRI

Appendix C
Workforce
The site is right in-between two of the highest density clusters of employment



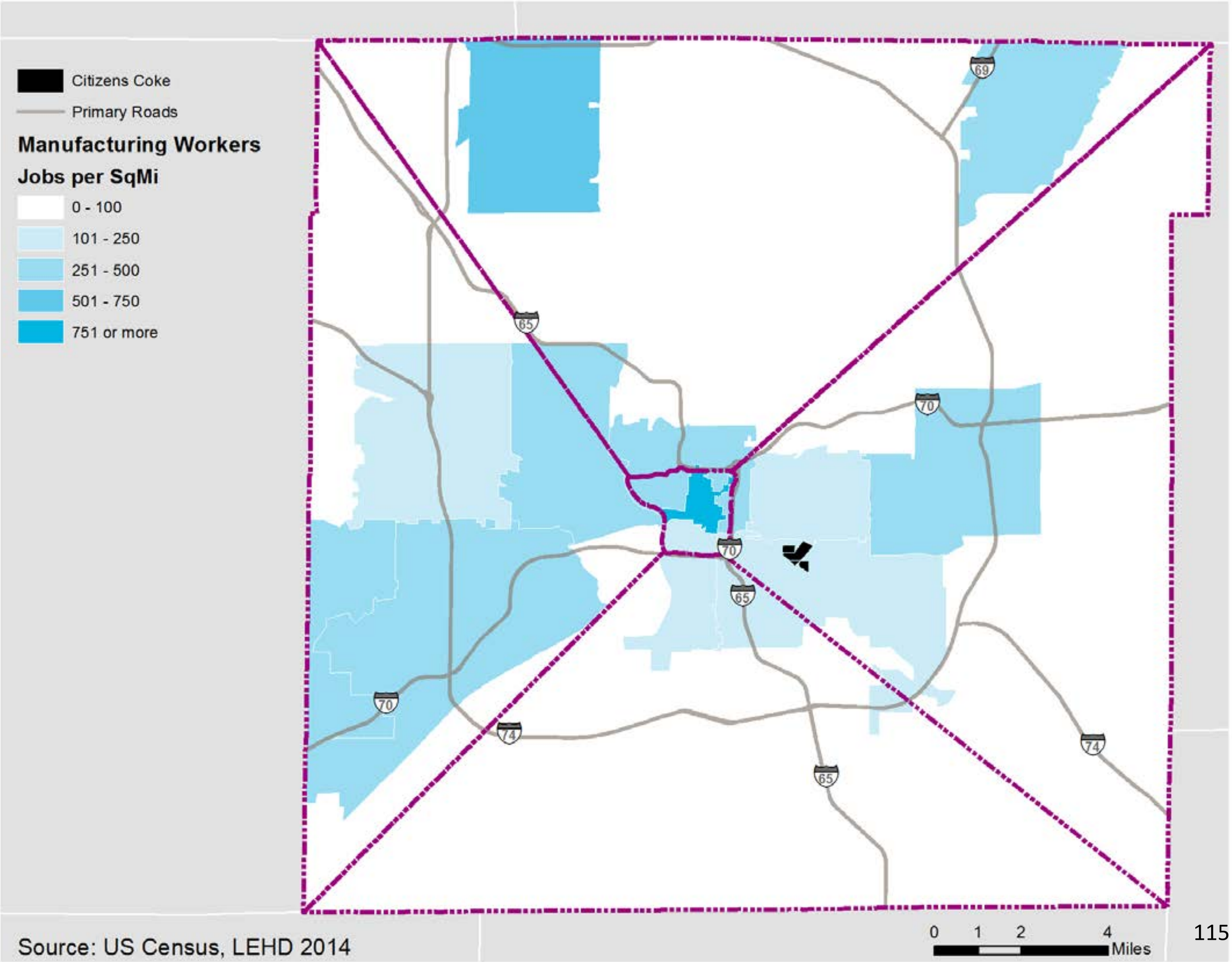
Appendix C
Workforce

The concentration of low wage workers in the downtown is related to the retail and hospitality industries.



Appendix C
Workforce

Manufacturing employment remains concentrated within the areas surrounding the site



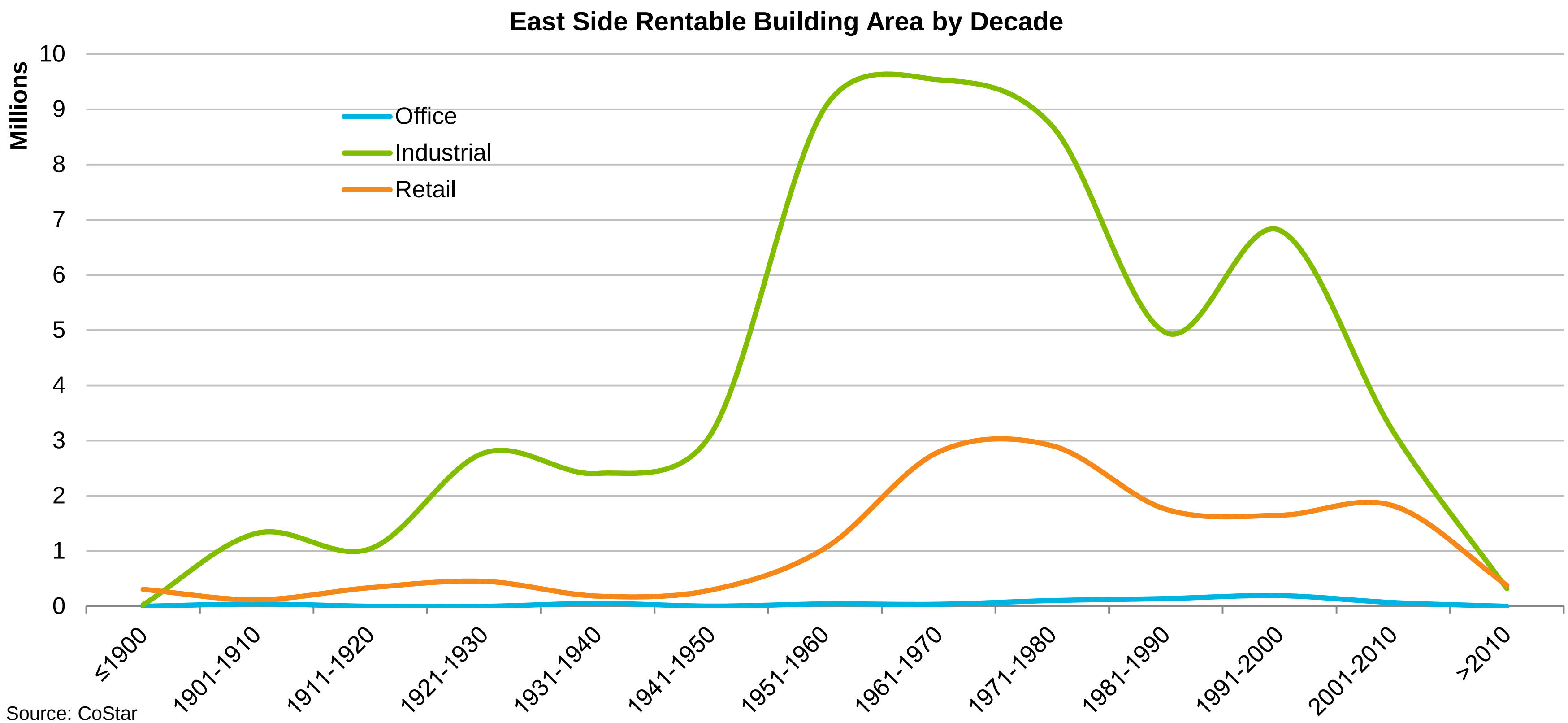
Appendix D

Real Estate – Data, Maps, and Additional Info

Appendix D

Real Estate – East Side

From 1950 to 1980, the East Side market experienced a massive influx of industrial space as well as retail with much of it now obsolete; little new space has been built in recent years to replace it



Source: CoStar

East Side Rentable Building Area By Decade

- With almost no recent development, the overall stock of the East Side remains largely obsolete.
- From 1951 to 1960, the East Side added about 9 million square feet of industrial space with 26% currently vacant, while the 23 million square feet added between 1960 and 1990 has approximately 5% vacancy.

Appendix D
Real Estate – East Side

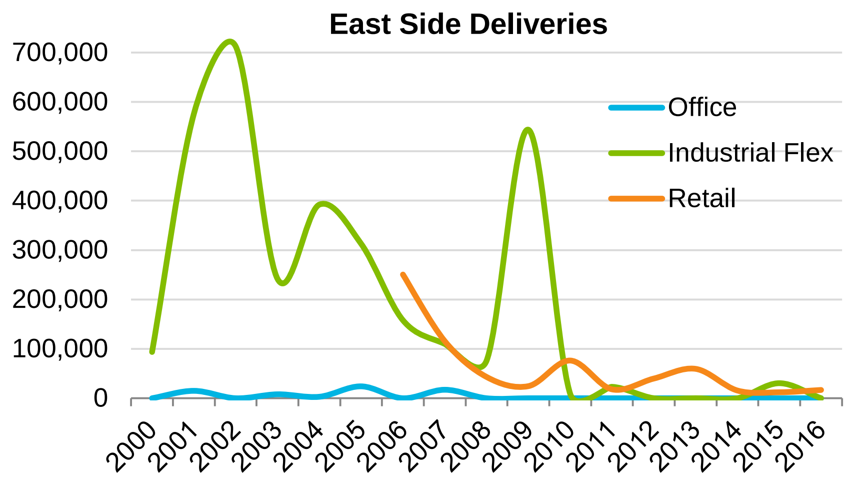
Since 2000, almost no new space has been delivered on the East Side. Without new inventory and modern developments to allow tenants to move, poor market performance is exacerbated

East Side Deliveries

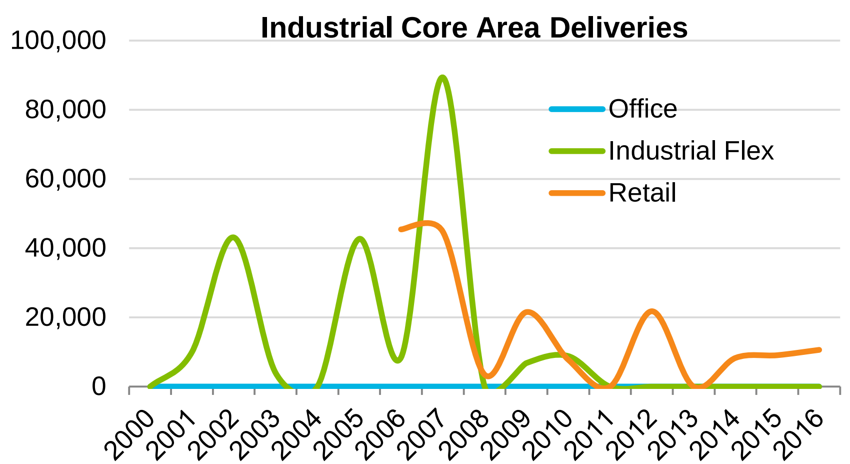
- From 2000 to 2009, the East Side market added an approximate average of 322,000 square feet of industrial space; Since then, the East Side has seen one year (2015) with 30,000 square feet of delivered space and no new space in most years.
- Post-Recession office and retail deliveries have also suffered as both have delivered (on average) less than half of their Pre-Recession average annual deliveries. Although office has never been a major focus of the East Side while retail deliveries peaked in the 1960s and 1970s

Industrial Core Trade Area Deliveries

- Using the Industrial Core Area as a proxy for the area of the East Side within I-465 allows for comparison across uses. Within the Retail Analysis sub-section, the Retail Core Trade Area is also analyzed.
- No office space and very limited retail space has been delivered in the last 17 years.
- Out of all industrial deliveries since 2000, only 7% has been delivered since the Recession in 2008, and there have been no industrial deliveries since 2010.



Source: CoStar



Source: CoStar

Appendix D
Real Estate – Industrial & Flex

Industrial Market Summary

The following table summarizes the key data related to the current state of Indianapolis' industrial market and our relevant trade areas.

2016 Industrial Space

Market Area	Inventory Bldgs	Inventory SF	Vacant SF	Vacant Percent %	Net Absorption SF	Total Net Absorption 2012-2016	Leasing Activity Deals	Leasing Activity SF	Deliveries SF	Total Deliveries 2012-2016
Indianapolis MSA	**6,353**	**308,942,252**	**16,172,500**	**5.2**	**9,221,842**	**22,182,740**	**484**	**9,101,931**	**4,132,014**	**22,760,118**
Distribution	299	58,399,991	2,904,176	5	2,996,634	11,812,176	22	1,438,695	2,300,042	11,370,807
Warehousing	3,304	134,100,916	7,067,748	5.3	4,086,876	6,849,845	192	5,437,728	238,060	7,849,029
Manufacturing	701	73,965,418	4,511,391	6.1	1,207,228	1,063,195	64	1,139,368	1,199,800	2,441,607
Flex	993	23,519,988	1,440,244	6.1	356,723	912,078	180	846,138	18,500	27,251
Marion County	**3,578**	**160,352,450**	**7,081,386**	**4.4**	**3,152,751**	**4,596,105**	**228**	**4,531,624**	**467,600**	**4,283,936**
Distribution	165	17,384,150	316,679	1.8	675,227	1,120,032	11	407,747	406,000	1,196,054
Warehousing	2,122	74,325,999	4,857,710	6.5	-373,966	1,422,429	58	1,681,311	160,492	3,144,989
Manufacturing	549	53,362,852	3,380,358	6.3	472,248	-191,615	80	1,247,384	0	77,888
Flex	110	4,639,074	395,578	8.5	69,058	22,361	38	236,049	0	0
East Side	**1,384**	**54,910,153**	**3,890,705**	**7.1**	**673,765**	**-791,356**	**113**	**1,779,230**	**0**	**30,448**
Distribution	36	4,003,219	60,044	1.5	46,648	-14,338	4	16,883	0	0
Warehousing	802	26,763,692	908,981	3.4	370,758	663,650	65	1,189,920	0	30,448
Manufacturing	183	17,865,616	2,721,335	15.2	134,239	-1,508,310	23	419,606	0	0
Flex	120	1,773,681	60,980	3.4	36,825	18,331	8	97,902	0	0
Industrial Core Area	**609**	**19,501,311**	**2,622,598**	**13.4**	**197,957**	**-1,440,393**	**40**	**398,248**	**0**	**0**
Distribution	13	1,420,574	0	0	48,088	19,200	2	10,800	0	0
Warehousing	323	8,520,835	316,101	3.7	266,558	407,514	34	313,341	0	0
Manufacturing	90	7,185,606	2,204,930	30.7	-175,680	-1,864,491	2	75,000	0	0
Flex	58	415,094	0	0	23,400	31,700	0	0	0	0
Neighborhood	**72**	**2,458,290**	**241,410**	**9.8**	**77,423**	**60,206**	**1**	**8,000**	**0**	**0**
Distribution	2	768,000	0	0	0	0	0	0	0	0
Warehousing	36	1,242,787	9,050	0.7	61,267	15,800	1	8,000	0	0
Manufacturing	9	155,913	2,194	1.4	26,306	48,306	0	0	0	0
Flex	4	10,037	0	0	0	0	0	0	0	0

Source: CoStar

Appendix D
Real Estate – Industrial & Flex Classes

Industrial Market Summary

The following table summarizes the key data related to the current state of Indianapolis' industrial market and our relevant trade areas.

Industrial Space

Market Area	Building Class	Inventory Bldgs	Inventory SF	Vacant SF	Vacant Percent %	Net Absorption SF	Net Absorption 5 Yr. Total	Deliveries SF	Deliveries 5 Yr. Total	NNN Rent Overall
Indianapolis MSA	**Total**	**5,373**	**286,755,397**	**15,166,066**	**5.3%**	**9,082,904**	**21,490,047**	**4,441,114**	**23,063,667**	**$3.84**
	4/5 Star - Class A	261	103,517,887	7,840,620	7.6%	5,901,440	17,337,671	3,402,754	21,143,334	$3.69
	3 Star - Class B	873	98,731,964	5,296,711	5.4%	1,914,101	1,366,321	823,700	1,478,214	$3.59
	1/2 Star - Class C	4,239	84,505,546	2,028,735	2.4%	1,267,363	2,786,055	214,660	442,119	$4.88
Marion County	**Total**	**3,577**	**160,390,487**	**7,322,796**	**4.6%**	**3,152,251**	**4,595,605**	**467,600**	**4,283,936**	**$3.75**
	4/5 Star - Class A	84	24,849,137	1,541,831	6.2%	1,538,229	2,815,418	446,000	3,768,303	$3.83
	3 Star - Class B	612	74,206,670	4,196,029	5.7%	863,779	238,593	-	406,292	$3.27
	1/2 Star - Class C	2,881	61,334,680	1,584,936	2.6%	750,243	1,541,594	21,600	109,341	$5.04
East Side	**Total**	**1,236**	**51,299,145**	**3,955,105**	**7.7%**	**629,119**	**-797,623**	**0**	**30,448**	**$4.26**
	4/5 Star - Class A	13	3,017,091	409,776	13.6%	-190,688	-214,776	-	-	$9.50
	3 Star - Class B	210	27,481,610	2,683,196	9.8%	428,329	-1,286,771	-	-	$3.09
	1/2 Star - Class C	1,013	20,800,444	862,133	4.1%	391,478	703,924	-	30,448	$4.52
Neighborhood Boundary	**Total**	**74**	**2,813,928**	**241,410**	**8.6%**	**102,106**	**90,440**	**0**	**0**	**$3.57**
	4/5 Star - Class A	1	116,112	0	0.0%	-	-	-	-	-
	3 Star - Class B	3	883,000	0	0.0%	-	15,800	-	-	-
	1/2 Star - Class C	70	1,814,816	241,410	13.3%	102,106	74,640	-	-	$3.57

Source: CoStar, AECOM

Appendix D
Real Estate – Industrial & Flex Classes

Industrial Market Summary

The following table summarizes the key data related to the current state of Indianapolis' industrial market and our relevant trade areas.

Flex Space

Market Area	Building Class	Inventory Bldgs	Inventory SF	Vacant SF	Vacant Percent %	Net Absorption SF	Net Absorption 5 Yr. Total	Deliveries SF	Deliveries 5 Yr. Total	NNN Rent Overall
Indianapolis MSA	**Total**	**993**	**23,519,988**	**1,483,325**	**6.3%**	**356,723**	**912,078**	**18,500**	**27,251**	**$8.62**
	4/5 Star - Class A	21	2,273,483	24,858	1.1%	54,306	214,102	-	-	$8.69
	3 Star - Class B	311	9,966,321	785,957	7.9%	55,398	331,987	18,500	27,251	$9.87
	1/2 Star - Class C	661	11,280,184	672,510	6.0%	247,019	365,989	-	-	$7.49
Marion County	**Total**	**642**	**16,402,747**	**1,262,093**	**7.7%**	**253,768**	**485,545**	**-**	**-**	**$9.70**
	4/5 Star - Class A	9	1,221,039	17,122	1.4%	19,522	90,928	-	-	-
	3 Star - Class B	184	6,775,479	624,614	9.2%	8,242	160,294	-	-	$9.18
	1/2 Star - Class C	449	8,406,229	620,357	7.4%	226,004	234,323	-	-	$7.47
East Side	**Total**	**159**	**3,920,776**	**242,591**	**6.2%**	**46,146**	**-5,033**	**-**	**-**	**$8.16**
	4/5 Star - Class A	2	705,191	0	0.0%	10,000	6,006	-	-	-
	3 Star - Class B	22	718,827	55,796	7.8%	8,402	-37,891	-	-	$6.52
	1/2 Star - Class C	135	2,496,758	186,795	7.5%	27,744	26,852	-	-	$5.23
Neighborhood Boundary	**Total**	**6**	**69,121**	**43,081**	**62.3%**	**-10,150**	**-3,900**	**-**	**-**	**-**
	4/5 Star - Class A	-	-	-	-	-	-	-	-	-
	3 Star - Class B	-	-	-	-	-	-	-	-	-
	1/2 Star - Class C	6	69,121	43,081	62.3%	-10,150	-3,900	-	-	-

Source: CoStar, AECOM

Appendix D
Real Estate – Industrial

Industrial Average Building Size

Market Area	Building Class	Average Building Size
Indianapolis MSA	4/5 Star - Class A	396,620
	3 Star - Class B	113,095
	1/2 Star - Class C	19,935
Marion County	4/5 Star - Class A	295,823
	3 Star - Class B	121,253
	1/2 Star - Class C	21,289
East Side	4/5 Star - Class A	232,084
	3 Star - Class B	130,865
	1/2 Star - Class C	20,534

Flex Average Building Size

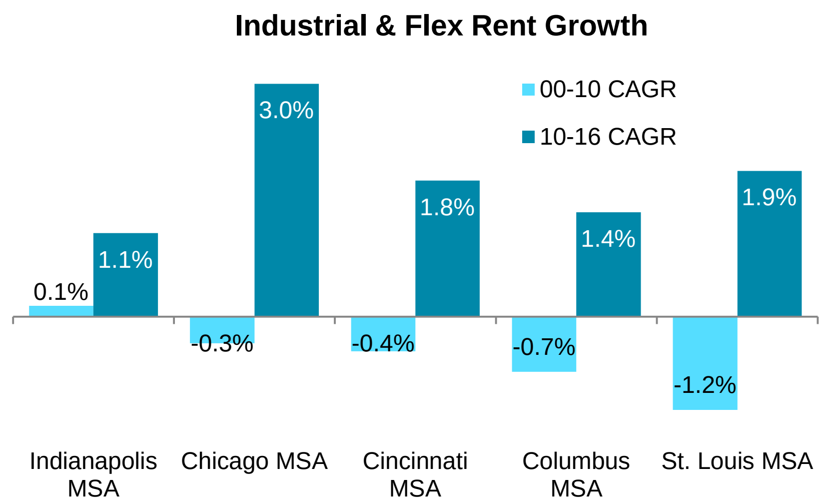
Market Area	Building Class	Average Building Size
Indianapolis MSA	4/5 Star - Class A	108,261
	3 Star - Class B	32,046
	1/2 Star - Class C	17,065
Marion County	4/5 Star - Class A	135,671
	3 Star - Class B	36,823
	1/2 Star - Class C	18,722
East Side	4/5 Star - Class A	352,596
	3 Star - Class B	32,674
	1/2 Star - Class C	18,495

Industrial & Flex Categories

Marion County 2016 Industrial & Flex Sub-Sectors

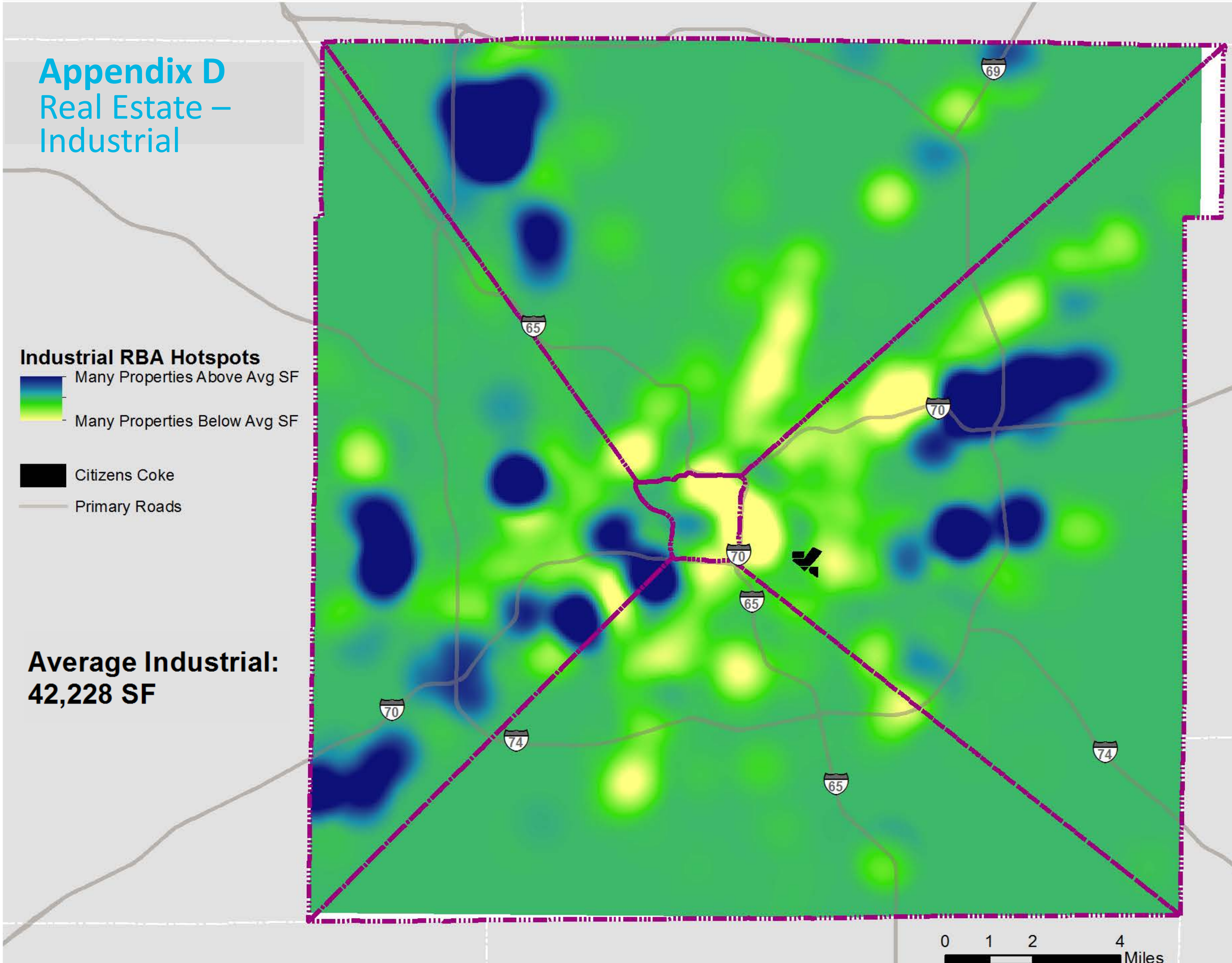
Industrial & Flex Sector	Rentable Building Area	Vacancy Rate
Distribution	**17,384,150**	**4%**
Distribution	14,956,223	4%
Truck Terminal	2,098,889	0%
Light Distribution	329,038	18%
Warehouse	**81,699,590**	**4%**
Warehouse	80,972,119	4%
Refrigeration/ Cold Storage	727,471	18%
Manufacturing	**53,269,758**	**6%**
Manufacturing	49,894,269	7%
Food Processing	1,133,321	0%
Light Manufacturing	2,242,168	2%
Flex	**6,795,603**	**4%**
R&D	1,596,182	12%
Service	4,490,303	0%
Showroom	660,368	10%
Telecom Hotel/Data Hosting	48,750	0%

Source: CoStar



Source: CoStar

Appendix D
Real Estate – Industrial



Average Industrial: 42,228 SF

Appendix D
Real Estate – Retail

Retail Market Summary

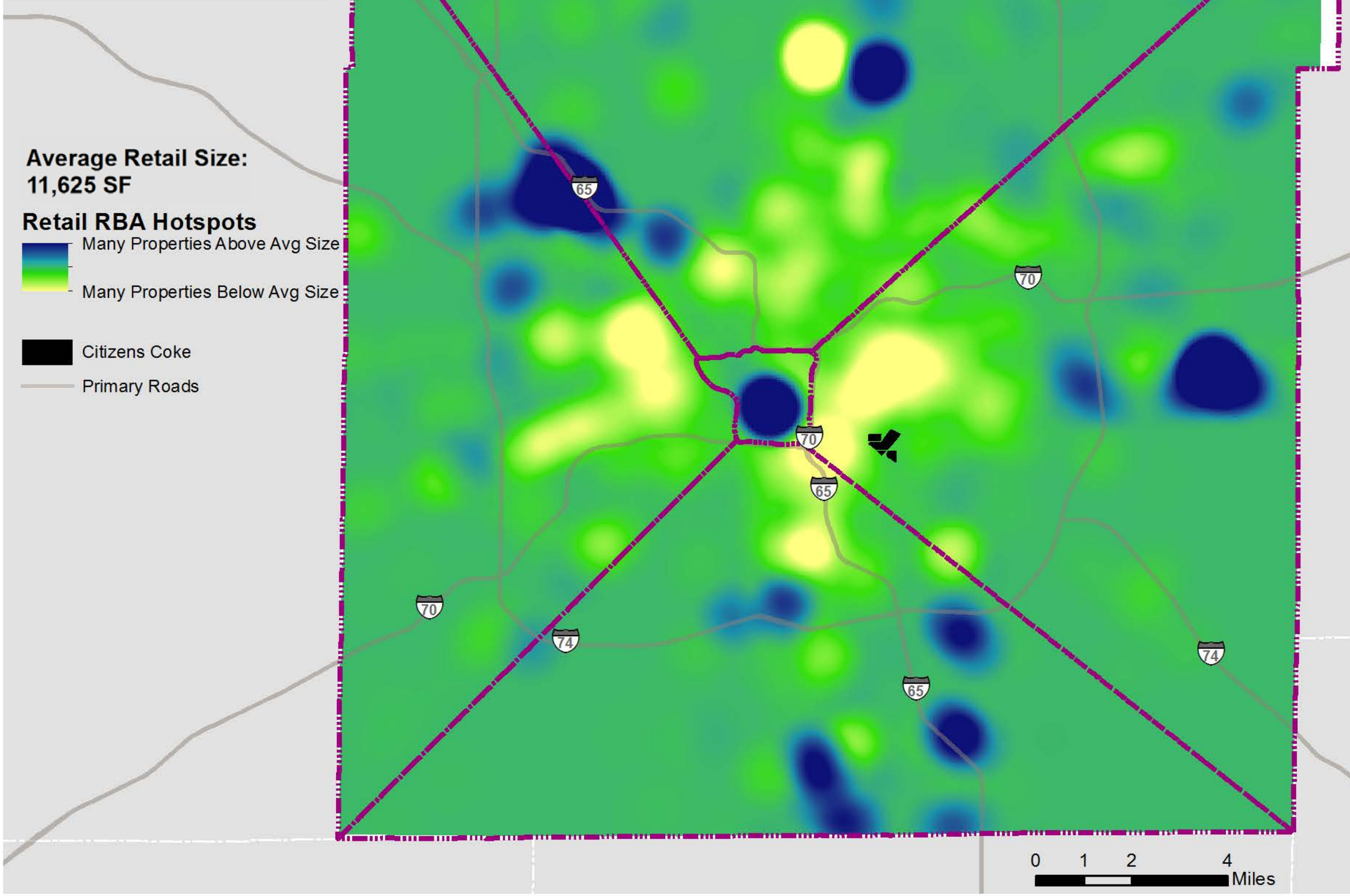
The following table summarizes the key data related to the current state of Indianapolis' retail market and our relevant trade areas based on building class.

Retail Space

Market Area	Building Class	Inventory Bldgs	Inventory SF	Vacant SF	Vacant Percent %	Net Absorption SF	Net Absorption 5 Yr. Total	Deliveries SF	Deliveries 5 Yr. Total	NNN Rent Overall
Indianapolis MSA	**Total**	**10,058**	**121,327,636**	**5,790,976**	**4.8%**	**2,115,025**	**6,819,660**	**1,008,140**	**3,739,004**	**$11.79**
	4/5 Star - Class A	236	17,117,422	553,062	3.2%	509,015	1,961,203	375,326	1,638,618	$14.00
	3 Star - Class B	2,340	57,253,118	3,108,476	5.4%	1,211,422	3,407,249	597,194	1,730,685	$12.82
	1/2 Star - Class C	7,482	46,957,096	2,129,438	4.5%	394,588	1,451,208	35,620	369,701	$10.37
Marion County	**Total**	**5,524**	**64,314,141**	**3,807,466**	**5.9%**	**939,089**	**2,494,343**	**418,507**	**1,497,928**	**$11.19**
	4/5 Star - Class A	75	5,749,234	310,341	5.4%	191,733	689,850	207,922	698,559	$10.80
	3 Star - Class B	987	32,443,311	2,169,727	6.7%	560,066	1,388,028	192,265	749,419	$11.72
	1/2 Star - Class C	4,462	26,121,596	1,327,398	5.1%	187,290	416,465	18,320	49,950	$10.73
East Side	**Total**	**1,620**	**15,377,552**	**1,304,990**	**8.5%**	**-13,894**	**338,739**	**22,187**	**149,307**	**$9.00**
	4/5 Star - Class A	13	761,617	62,530	8.2%	6,791	24,514	5,422	5,422	$10.11
	3 Star - Class B	223	6,681,350	537,258	8.0%	42,935	221,103	16,765	130,355	$8.13
	1/2 Star - Class C	1,384	7,934,585	705,202	8.9%	-63,620	93,122	0	13,530	$9.01
Core Retail Area	**Total**	**470**	**2,362,527**	**137,248**	**5.8%**	**61,735**	**53,820**	**0**	**19,520**	**$13.03**
	4/5 Star - Class A	-	-	-	-	-	-	-	-	-
	3 Star - Class B	26	290,342	34,604	11.9%	9,100	-2,950	-	19,520	$12.32
	1/2 Star - Class C	444	2,072,185	102,644	5.0%	52,635	56,770	-	-	$13.45
Neighborhood Boundary	**Total**	**76**	**547,861**	**67,585**	**12.3%**	**14,550**	**11,760**	**0**	**9,100**	**$14.33**
	4/5 Star - Class A	-	-	-	-	-	-	-	-	-
	3 Star - Class B	4	19,392	0	0.0%	9,100	9,510	-	9,100	-
	1/2 Star - Class C	72	528,469	67,585	12.8%	5,450	2,250	-	-	$14.33

Source: CoStar, AECOM

Appendix D
Real Estate – Retail



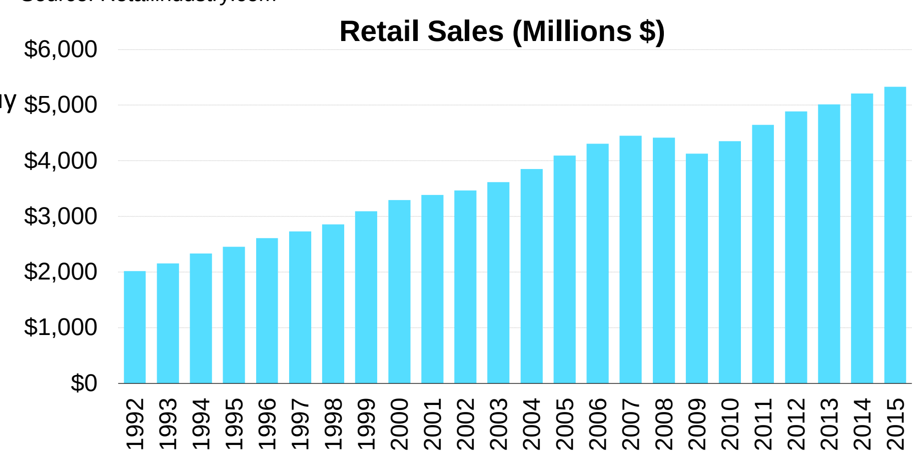
Appendix D
Real Estate – Retail National Trends

Retail spending reductions impact store closures, but even with spending recovering, store closures continue to present a challenge to the industry

National Retail Trends

- AECOM examined retail spending from 1992 through 2015 to provide clarity regarding significant changes that have unfolded in national retail markets.
- Retail spending has recovered from the recession, increasing over 26% from $4.1 trillion in 2009 to $5.3 trillion in 2015. Per U.S. household, this equates to an average spending increase of $7,531 or 21%. From 1992 to 2015, retail sales per household more than doubled from $21,105 to $42,782.
- The impact of tighter credit markets, decreased consumer spending and over-construction led to a wave of bankruptcies among American retailers after 2009. While chains such as Levitz, Sharper Image, Circuit City and Linen 'n Things filed for bankruptcy protection, other chains like Office Depot, Lowe's and J.C. Penny were forced to downsize operations.
- During the recession, spending patterns shifted throughout the country. Wal-Mart, dollar stores and other discount retail stores captured market share from more upscale competitors. Auto repair stores thrived as consumers invested in their vehicles rather than buy new ones. Full-service restaurants experienced declining sales; however, fast food and limited-service restaurants sales slightly increased. Grocery store sales also remained competitive as more people chose to eat at home rather than out at restaurants.

Source: Retailindustry.com



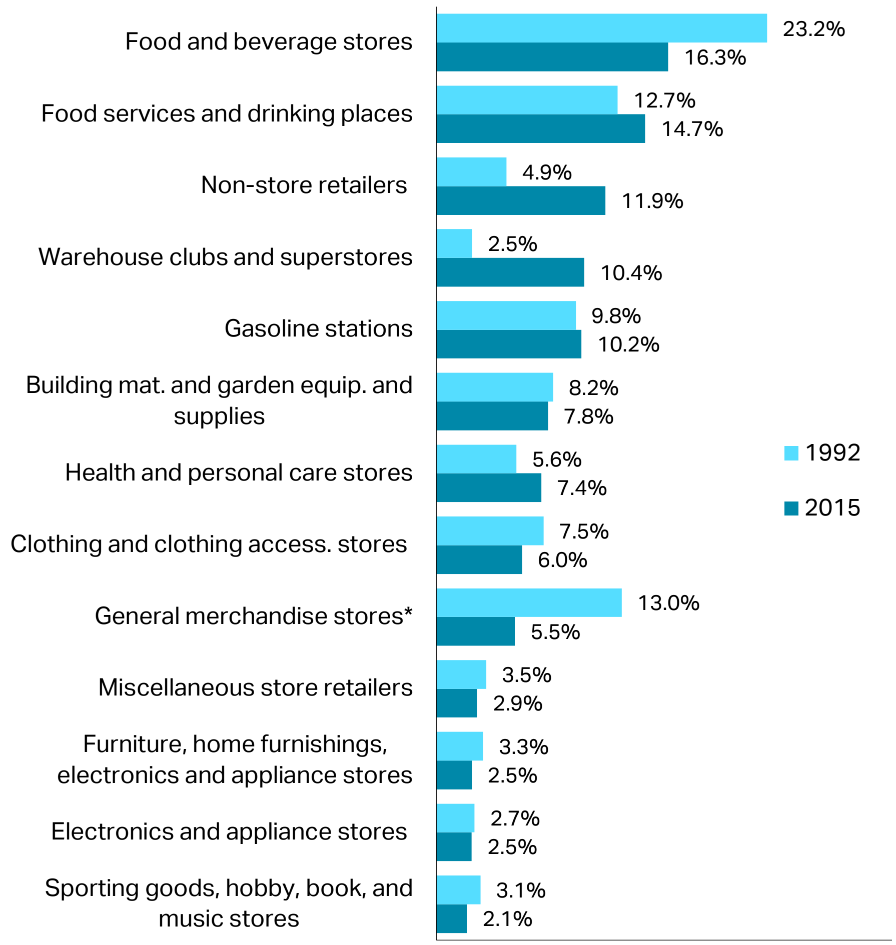
Source: US Census

Appendix D

Real Estate – Retail National Trends

Non-store Retailers (including e-commerce as well as catalogues, door-to-door, etc), warehouse clubs, and Food Service have grown dramatically as a share of retail spending over the past 23 years

- As consumers have regained confidence and retail markets have regained strength, spending patterns have been influenced by other factors. Key trends relating to shifting retail market spending were identified:
- Where American's are spending their money is changing. Non-store retailers – infomercial, catalog, door-to-door, internet retailers, etc. – and warehouse clubs and superstores are capturing larger shares of total retail spending while food and beverage stores and general merchandise stores are losing shares. The following chart displays the distribution of retail dollars by category between 1992 and 2015.
- The expansion of warehouse clubs and superstores has fueled the decline in sales at food and beverage stores, general merchandise stores, and department stores. Warehouse clubs and superstores have expanded locations as well as offerings, adding grocery and other products to their inventory. In 1992, 2.8% of general retail dollars were spent at stores such as Costco, Sam's Club, Wal-Mart and Target. In 2015, this share increased to 11.6%.
- The rapid growth of e-commerce has allowed non-store retailers such as Amazon to capture substantially more retail market spending from traditional retailers. However, it is important to note that non-store retail is not synonymous with e-commerce: Only 54% of retail sales from non-store retailers are e-commerce based.
- From 1992 to 2015, gasoline sales increased at a 4.5% annual rate. Gasoline prices play a major role in determining the growth of gasoline retail sales. Gasoline sales spiked from $373 billion in 2009 to $552 billion in 2013, a 47.8% increase. However, recent dramatic decreases in gasoline prices have led to an uncharacteristic 21.7% decrease in gasoline sales from 2013. Future factors contributing to lower gas prices are more fuel efficient vehicles.



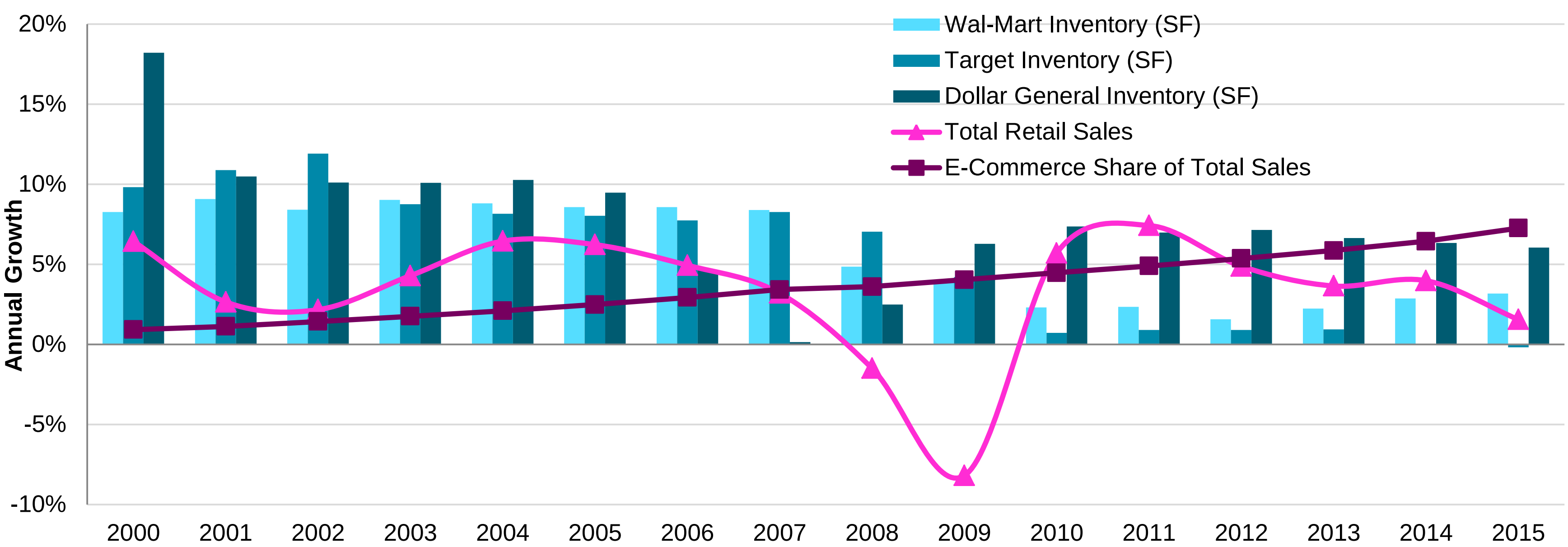
* General merchandise stores not including

Appendix D

Real Estate – Retail National Trends

In 16 years, E-Commerce has grown from 0.2% to over 6.4% of non-food service retail sales, while major retailers have dramatically slowed their expansions (excluding Dollar stores)

- Since 1998, e-commerce sales have exploded from $5 billion to $300 billion in 2014. This represents a nearly 30% annualized increase in e-commerce sales, compared to under 4% for retail sales overall.
- As of 2014, e-commerce sales represented 6.4% of all non-food service retail sales, up from 0.2% in 1998. Post-recession, the share of total retail sales from e-commerce has grown on average 10% a year.
- The change in consumer behavior and general increase in e-commerce spending have led traditional department stores such as Wal-Mart, Kohl's, Best Buy and Target to boost their online presence and reduce traditional big-box establishments. This reallocation of a brand's retail sales from brick-and-mortar stress to online platforms is of little concern to retail chains, but has a significant importance for municipalities relying on retail sales taxes in the community.
- Since 2000, major retailers such as Target, Wal-Mart, Dollar General, Gap, Macy's and Kohl's have experienced significant fluctuations in retail inventory square footage. During the first half of the 15 year period, major retailers in the US added retail space at a much higher rate than national retail sales. After the Recession, the same retailers began to decrease the amount of delivered retail square footage each year, and in some cases, began closing stores.

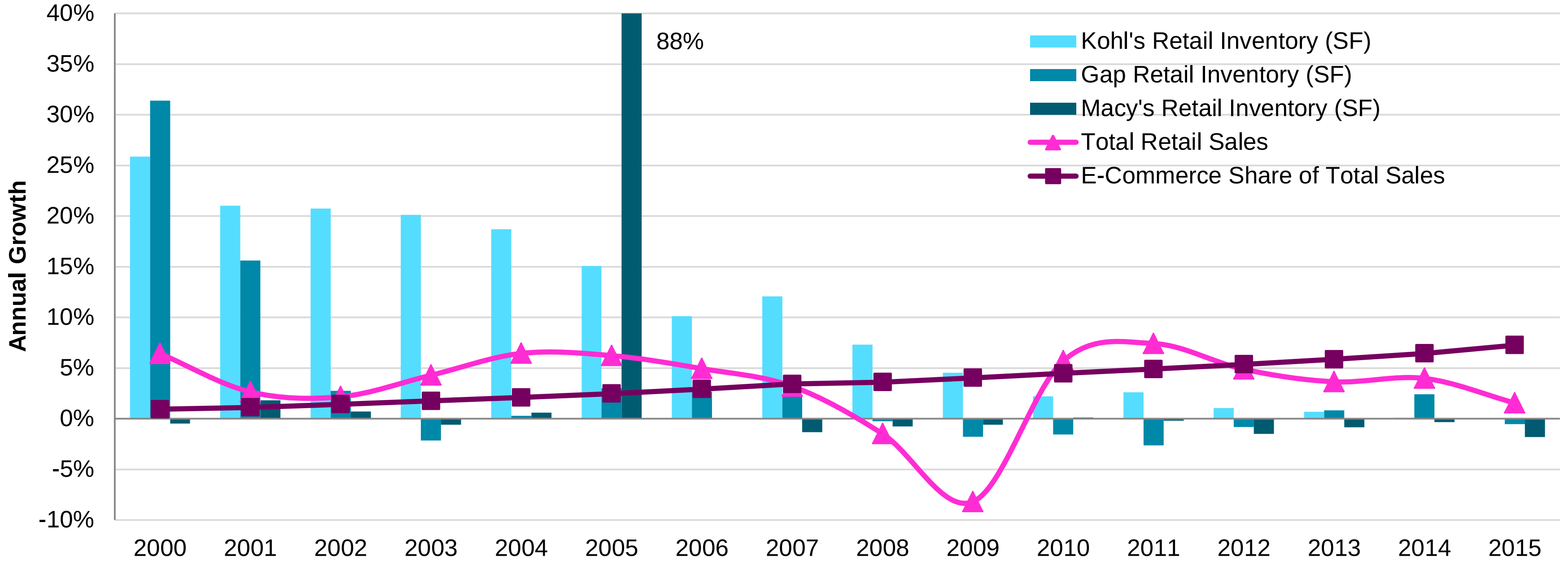


Appendix D

Real Estate – Retail National Trends

With the emergence of e-commerce, brick and mortar apparel and general merchandise are faced with several challenges moving forward

- During the years prior to the Recession, major retailers added square footage at a much faster rate than retail sales, effectively outpacing demand and creating a market determined capacity that limits the amount of retail square footage retailers can currently deliver.
- Since 2000, the share of e-commerce sales has rapidly increased, decreasing the demand for in-store shopping.
- Due to the effects of the Recession, major retailers have been unable to return to the levels of retail inventory growth found in years prior to 2008.
- The significant increase in retail inventory during the years leading up to the Recession has set a self-imposed capacity , resulting in store closings and a decrease in annual retail space deliveries since 2008.
- In addition to lower deliveries and store closings, apparel retailers are particularly affected by the increase in national e-commerce sales, as a large portion of online sales stem from apparel and accessories, further decreasing the demand for in-store sales.



Appendix D
Real Estate – Office

Office Market Summary

The following table summarizes the key data related to the current state of Indianapolis' office market and our relevant trade areas based on building class.

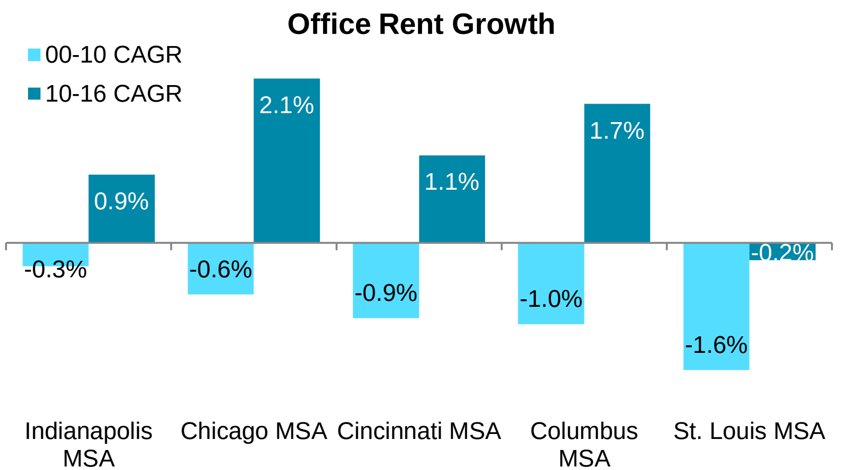
Office Space

Market Area	Building Class	Inventory Bldgs	Inventory SF	Vacant SF	Vacant Percent %	Net Absorption SF	Net Absorption 5 Yr. Total	Deliveries SF	Deliveries 5 Yr. Total	Office Base Rent Overall
Indianapolis MSA	**Total**	**717**	**36,184,493**	**6,518,567**	**18.0%**	**-371,481**	**139,316**	**209,770**	**468,584**	**$17.71**
	4/5 Star - Class A	66	13,760,573	2,128,911	15.5%	27,162	93,737	203,170	203,170	$20.46
	3 Star - Class B	258	13,755,635	2,524,028	18.3%	-81,244	89,959	6,600	265,414	$17.70
	1/2 Star - Class C	393	8,668,285	1,865,628	21.5%	-317,399	-44,380	-	-	$14.39
Marion County	**Total**	**438**	**26,023,116**	**4,808,396**	**18.5%**	**-238,980**	**-458,038**	**116,770**	**116,770**	**$17.71**
	4/5 Star - Class A	47	11,356,502	1,786,785	15.7%	-16,695	1,430	110,170	110,170	$20.41
	3 Star - Class B	132	8,232,155	1,538,184	18.7%	88,476	-258,371	6,600	6,600	$17.45
	1/2 Star - Class C	259	6,434,459	1,483,427	23.1%	-310,761	-201,097	-	-	$14.62
East Side	**Total**	**37**	**705,825**	**231,419**	**32.8%**	**2,206**	**32,591**	**0**	**0**	**$12.59**
	4/5 Star - Class A	-	-	-	-	-	-	-	-	-
	3 Star - Class B	7	289,372	88,839	30.7%	6,071	33,273	-	-	$14.60
	1/2 Star - Class C	30	416,453	142,580	34.2%	-3,865	-682	-	-	$11.38

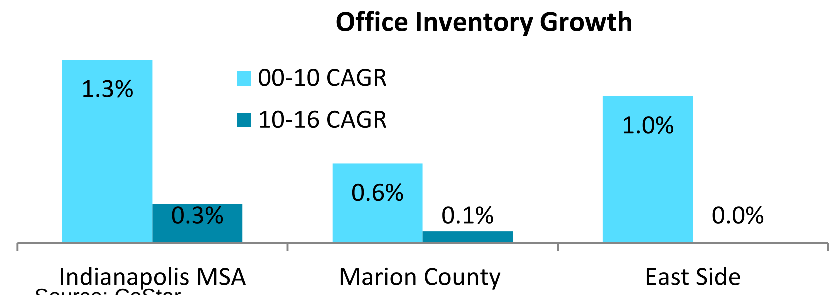
Source: CoStar, AECOM

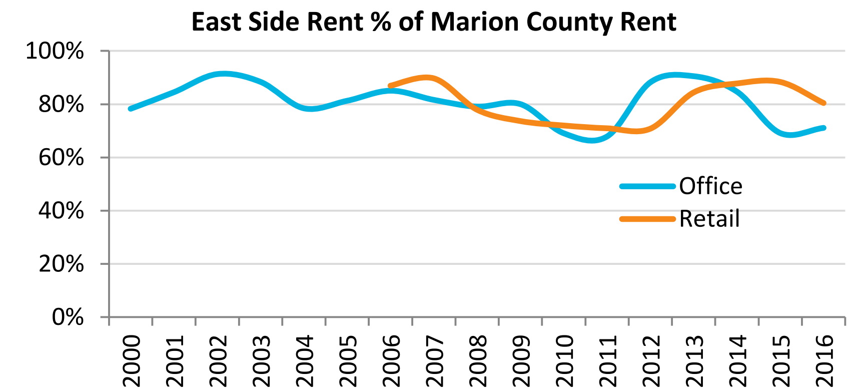
Appendix D
Real Estate – Office

Market Performance Summary & Outlook

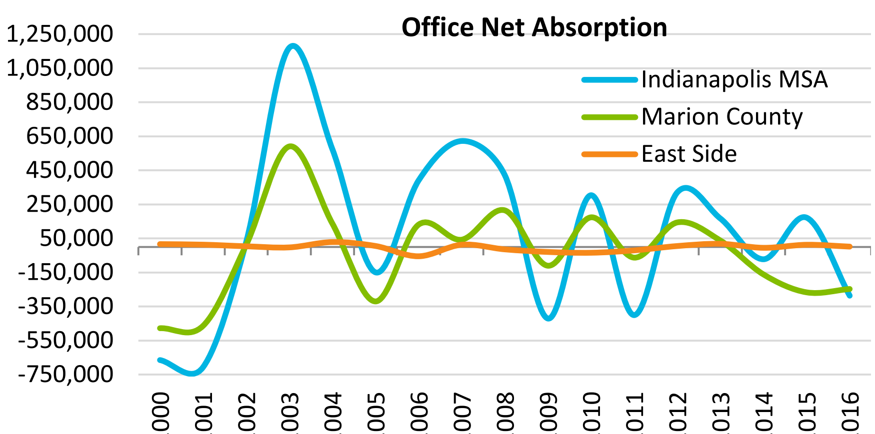


Source: CoStar





Source: CoStar



Source: CoStar

Office Net Absorption

Year	Indianapolis MSA	Marion County	East Side
2012	320,610	144,306	5,569
2013	167,314	37,837	18,720
2014	-72,125	-161,327	-4,848
2015	172,353	-266,535	13,044
2016	-286,256	-246,860	2,107

Source: CoStar