



2015 MARKET OVERVIEW

INDIANAPOLIS & THE CBD

CBRE

INDIANAPOLIS...THE CROSSROADS OF AMERICA

Years of planning combined with significant public and private investment have transformed the Indianapolis MSA into the thriving heart of the Central Midwest, reflecting the commitment by both sectors to Indianapolis' success and its widespread recognition as a rising star. Expansion and attraction projects added more than 13,246 jobs and over \$1.5B in capital investment to the Indianapolis region in 2014, leading to an even stronger business climate.

Reflective of the efforts and investment, Indianapolis MSA now boasts the 5th highest rate of job growth in the Midwest with 62,400 jobs created from December 2012 to December 2014. The MSA is the 4th ranked city in the nation for high tech job growth and is home to 50 company headquarters including four *Fortune 500* Companies. The workforce in the MSA is the 3rd most highly educated in the Midwest. Both the Indianapolis MSA and CBD have the 2nd highest household growth rate in the Midwest.

The CBD boasts a Walk Score of 96, higher than all other Midwest cities but Chicago and Milwaukee. Residents of the CBD enjoy a complete and walkable collection of distinguished athletic, cultural and educational offerings that rival many much larger gateway cities.

TOP REASONS TO INVEST IN INDIANAPOLIS

- **Prime, centralized location**—within a one-day drive to 50% of the nation's population
- **Low cost of doing business**—5th lowest property taxes and 10th best overall tax climate in the U.S.
- **Strong corporate base with large, successful companies**—numerous Fortune 500, Fortune 1000, and regional, national and international corporations headquartered in the city
- **Superior transportation infrastructure**—the “Crossroads of America” is served by seven highways and 14 interstates, more than any other city in the nation
- **Exceptional higher educational institutions provide a highly skilled workforce**—21 colleges and universities within 70 miles of the city
- **Nationally-recognized, \$44B life sciences sector**—since 2006, average wages increased by 33% and annual payroll increased to \$4B
- **Excellent culture and quality of life**—the city draws attention for being vibrant and progressive as well as culturally rich and hospitable

Indianapolis ranked 3rd most cost-effective city in the nation for business
—KMPG

INDIANAPOLIS CONSISTENTLY RANKS AMONG THE TOP CITIES IN THE U.S.

Ranked **9th** among major metropolitan areas for **Economic Development**
—*Site Selection*

Indiana was ranked as the **Best Place to do Business** in the Midwest and **6th best nationwide**
—*Chief Executive Magazine*

#7 Greatest City to **Start a Business**
—*Kiplinger*

#8 Best City to Start a **New Career**
—*TIME Magazine*

INDIANAPOLIS “AT A GLANCE”

	MSA	CBD
2015 Population	1,987,044	15,750
2020 Population (Estimated)	2,075,994	16,998
Household Growth (2010-2015)	5.05%	10.44%
2015 Employment	978,800	134,026
2019 Employment (Estimated)	1,031,300	N/A
Job Growth (year-over-year)	19,100	N/A
Unemployment Rate (Dec. 2014)	5.4%	N/A
Fortune 500 Companies	1	3

A HAVEN FOR NOTABLE EMPLOYERS

Indianapolis named one of the **most cost competitive markets** for corporate headquarter facilities in the U.S.
 —The Boyd Company, Inc.

INDIANAPOLIS MSA TOP EMPLOYERS

COMPANY	# EMPLOYEES	INDUSTRY
 St. Vincent Health	17,398	Hospitals & Healthcare
 Indiana University Health	11,810	Hospitals & Healthcare
 Community Health Network	10,402	Hospitals & Healthcare
 Eli Lilly and Company	10,144	Pharmaceutical Manufacturing
 Indianapolis International Airport	10,000	Transportation
 Walmart	8,830	Retailer
 Marsh Supermarkets	8,000	Retail Grocer
 Kroger	7,840	Retail Grocer
 Indiana University-Purdue University Indianapolis	7,365	Education
 City of Indianapolis	7,058	City/County Government
 FedEx	6,000	Package & Freight Shipping
 Roche Diagnostics	4,600	Surgical & Medical Mfg.
 Rolls-Royce	4,300	Aircraft Engine Research & Mfg.
 Anthem	4,200	Health Benefits & Insurance
 Franciscan St. Francis Health	4,100	Hospitals & Healthcare

Indianapolis has more than **50** companies with headquarter locations including **four Fortune 500** companies

MAJOR CORPORATE HEADQUARTERS IN INDIANAPOLIS

Anthem Insurance	Fortune 500 (#38)
Eli Lilly and Company	Fortune 500 (#129)
Calumet Specialty Products Partners	Fortune 500 (#467)
Simon Property Group	Fortune 500 (#479)
Rolls-Royce North America	4,600 Employees
CNO Financial Group	1,500 Employees
OneAmerica	1,353 Employees
Republic Airways	1,300 Employees
Angie's List	1,300 Employees
State Farm Insurance	575 Employees

EMPLOYMENT HIGHLIGHTS

Indianapolis reported a **5.4%** unemployment rate, compared to **5.9%** for the State of Indiana (Dec.'14)
 —U.S. Bureau of Labor Statistics

62,400 jobs created from Dec. 2012 to Dec. 2014
 —U.S. Bureau of Labor Statistics

16 companies promise Indiana expansions bringing **2,100+ jobs** by 2023
 —Indianapolis Business Journal

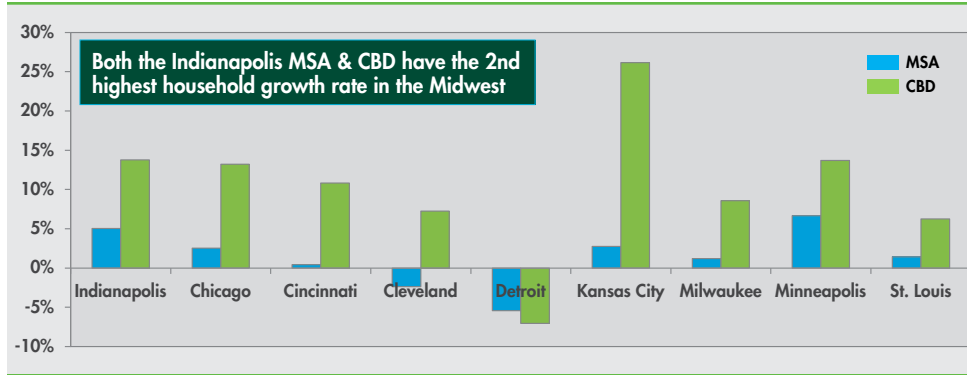
Eli Lilly and Company is one of the **12th largest** pharmaceutical companies in the world

Indianapolis MSA ranked **#51 out of 200** Best Performing Cities based on job, wage and technology performance
 —Milken Institute

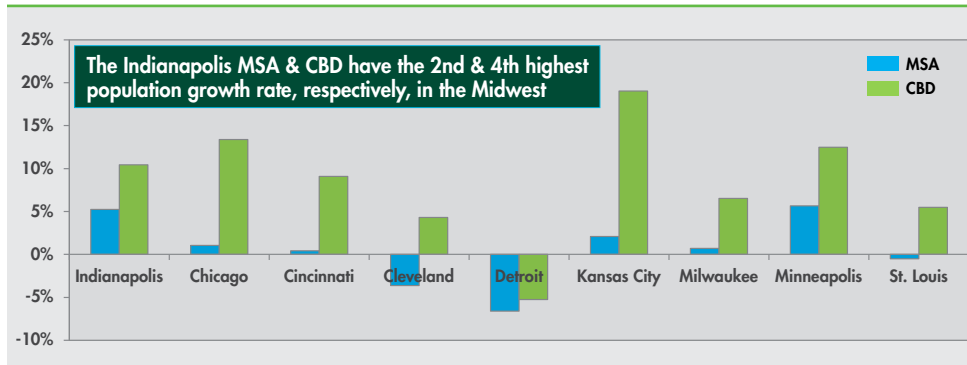
#4 City in the nation for **high tech industry job growth**
 —Forbes

HIGHLY EDUCATED, HIGH GROWTH CITY


MIDWEST HOUSEHOLD GROWTH



MIDWEST POPULATION GROWTH



HIGHER EDUCATION

 Indianapolis is home to several colleges and universities and continues to benefit from statewide initiatives to reinvest in education with a goal to keep top talent in Indiana. The city draws on its close relationships with some of the top universities in the nation. More than 83,000 students attend higher-education institutions in the Indianapolis MSA while approximately 59,000 of those students attend institutions within the CBD.

The population within a three-mile radius of the CBD increased in young, educated adults by 83% from 2000 to 2009 — CEOs for Cities

MIDWEST HIGHER EDUCATION GROWTH

	MSA	CBD
Minneapolis	52.8%	56.3%
Chicago	39.7%	83.2%
Indianapolis	38.4%	47.5%
Cincinnati	38.4%	47.1%
Kansas City	38.2%	52.9%
St. Louis	36.3%	50.8%
Milwaukee	29.7%	57.5%
Cleveland	21.3%	31.9%
Detroit	19.3%	37.2%

Percentage of population with an Associate's Degree or higher

Indianapolis is One of the Best New Boomtowns in the U.S. —Forbes



PUBLIC/PRIVATE INVESTMENTS DRIVE DEVELOPMENT

Indianapolis ranks **9th** among major metropolitan areas for economic development projects
—Site Selection Magazine

MSA COMPLETED & PIPELINE DEVELOPMENTS

Indianapolis International Airport	Complete	\$1B
FedEx Cargo Hub Expansion	Complete	\$214M
Carmel City Center/Carmel Arts & Design District	Ongoing	\$400M
Carmel Arts & Design District	Complete	\$425M

AWARD-WINNING AIRPORT & LOGISTICS HUB

The \$1B Indianapolis International Airport ranked #1 in North America — *The Airports Council* with the best customer service practices across more than 20 countries — *J.D. Power & Associates*



INDIANAPOLIS INTERNATIONAL AIRPORT IS ALSO HOME TO THE 2ND LARGEST FEDEX HUB IN THE U.S.

RECENTLY COMPLETED CBD DEVELOPMENTS

Sidney & Lois Eskenazi Hospital	\$754M
Lucas Oil Stadium (Super Bowl XLVI host)	\$720M
Riley Hospital at IU Health	\$475M
JW Marriott (2nd largest in the world)	\$425M
Indiana Convention Center Expansion (17th largest in the U.S.)	\$275M
City Way (mixed-use development)	\$155M
IU Health Neuroscience Center	\$108M
Indianapolis Cultural Trail	\$63M
Downtown Transit Center	\$20M

TOTAL CBD DEVELOPMENTS COMPLETED: NEARLY \$3B

CBD DEVELOPMENT PIPELINE

Downtown has amassed an impressive development pipeline that will fuel the resident, worker and consumer base through the current decade and beyond. Several projects worth over \$450M are planned or currently under construction, including the following projects:

Market Square Tower (mixed-use development)	\$160M
Indy Eleven's 18,500-seat Soccer Stadium	\$82M
21c Boutique Hotel & Museum	\$55M
The Stamp (state-of-the-art 15,000-seat concert venue)	\$40M
Indiana University-Purdue University Science & Engineering Lab (will encourage life sciences and technology careers)	\$37M
Circa (mixed-use development)	\$31M
Cummins Inc. Future Distribution Headquarters (<i>Fortune</i> 500)	\$30M

TOTAL DEVELOPMENTS IN THE PIPELINE: OVER \$450M

21C HOTEL & MUSEUM
Northwest corner of Alabama Street & Ohio Street



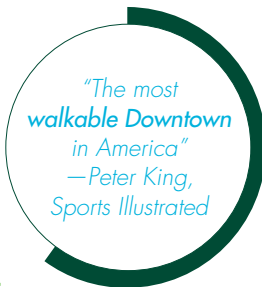
CUMMINS INC.
FUTURE DISTRIBUTION HQ
One city block bordered by Market, Alabama, Washington & New Jersey Streets

CBD...LIVE.WORK.PLAY

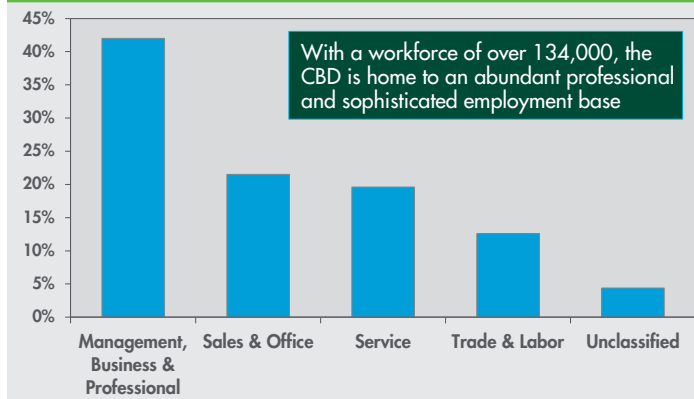
Growth in the Indianapolis MSA radiates from the city's vibrant and expanding urban core, which is ranked as the nation's best downtown by livability.com. This epicenter continues to grow exponentially with more than \$3B in recently completed projects and well over \$450M in projects in the pipeline. **More than \$9B has been invested in CBD projects since 1990.**

Many regional, national and international corporations are headquartered in the CBD, anchored by three Fortune 500 and three Fortune 1000 companies. The CBD is driven in large part by a highly educated workforce committed to further establishing Indianapolis' preeminence in the bio/life sciences and medical communities. Employment abounds within the Indianapolis CBD with more than 134,000 jobs.

The CBD offers a fast-paced and "connected" lifestyle with walkable employment, entertainment destinations and amenities that attract people to live, work, play and spend money in the city. Sophistication abounds with five cultural and historic districts in the CBD and first-rate performances in numerous theaters, world-class museums and various parks and public spaces.



CBD SECTOR EMPLOYMENT



THE CBD IS ANCHORED BY:

- **Eli Lilly and Company**—one of the 12 largest pharmaceutical companies in the world with 10,144 employees in the CBD
- **Four Higher Education Institutions**—approximately 59,000 students attend Harrison College, IUPUI, IU School of Medicine and Ivy Tech Community College
- **IUPUI**—nationally-ranked "Top 10 Up & Coming University" according to *U.S. News & World Report*, with more than 30,000 students and nearly 7,500 employees
- **IU Medical School**—2nd largest medical school in the U.S.
- **IU Health**—ranked among the Best Hospitals in the U.S. for 5 consecutive years—*U.S. News & World Report*

PRIMARY CBD TRADE AREA

134,026 WORKERS	15,750 RESIDENTS
1,000,000 ANNUAL CONVENTION ATTENDEES	59,000 HIGHER EDUCATION STUDENTS

MAJOR RECENT CBD TENANT RELOCATIONS

NEARLY 500,000 SF LEASED BY THESE MAJOR EMPLOYERS

CBD...LIVE.WORK.PLAY

SHOPPING, DINING & ENTERTAINMENT

520 Shops, Restaurants & Nightclubs	7 Hardware/Home Improvement Stores
22 Performing Arts Venues	6 Gas Stations
20 Art Galleries/Museums	6 Drug Stores
10 Health Clubs	3 Grocery Stores
350+ Acres of Parks, Waterways, Trails & Green Spaces	

THE INDIANAPOLIS CBD IS A "WALKERS PARADISE" WITH A WALK SCORE OF 96—THE 3RD HIGHEST IN THE MIDWEST

2014 WAS A RECORD YEAR FOR TOURISM

Visit Indy, an organization that promotes the city of Indianapolis, booked 880,552 convention hotel room-nights in 2014, the most since the organization's founding in 1923. More than 26 million visitors provide \$4.4B in total economic impact annually, produce \$1.1B in tax receipts and generate 75,000 full-time equivalent jobs in Central Indiana. The majority of this impact is felt in the very compact and entirely walkable CBD, which is home to the Indiana Convention Center, 7,200 hotel rooms and well over one million square feet of meeting space.

"If there were a competition among cities for the title of overachiever of the decade, the winner would be Indianapolis"
—Meetings & Conventions Magazine

THE INDIANA CONVENTION CENTER IS THE 17TH LARGEST IN THE U.S.



TOURISM & CONVENTION HIGHLIGHTS

\$4.4B tourism and hospitality investments yield widespread success:

More than 35 hotels in the CBD with 7,200 hotel rooms, of which 4,700 are connected via skywalks—more than any other city in the U.S.

More than 250 new businesses have opened since 2007 with an average of 50 new businesses opening annually to serve visitors and residents alike.

Top 10 grossing restaurants average \$6.4M annually.

**#1 CONVENTION CITY IN THE U.S.
—USA TODAY**

59%

of Downtown businesses reported increased sales from the previous year
—Downtown Indy



MULTIFAMILY MOMENTUM

THE BAR CONTINUES TO RISE

Typically, markets with robust development momentum are experiencing rapid demand shifts. Such is the case with the Indianapolis CBD; however, from 2004 to 2014 only 1,918 conventional multifamily apartment units were completed in the CBD. During that time, CBD demand was growing, but there were few desirable options to choose from. With stable CBD occupancies (95%, Spring 2015) and rent growth (8.4% from 2013 to 2014), today's levels of new supply are struggling to satisfy the combination of both pent-up demand and new demand to live in the CBD.¹

Nearly 16,000 people live within the CBD, and demand is at an all-time high, driving new housing development. Mixed-use developments in the pipeline are attracting young, professional residents, adding to the CBD's energy and vibrancy. Strong demand has led to record-low vacancy rates and record-high and increasing rental rates.

\$750M IN INSTITUTIONALLY-OWNED DEVELOPMENTS AND ACQUISITIONS IN INDIANAPOLIS BETWEEN 2010 AND 2014

INSTITUTIONAL EQUITY SOURCES INVESTED IN INDIANAPOLIS

CBD	SUBURBAN
Alex Brown Realty	Associated Estates Realty Trust
Baupost	Blackstone
Eagle Realty (Western & Southern Life)	Eagle Realty (Western & Southern Life)
Heitman	Independence Realty Trust
Lubert-Adler Partners	Inland
	Thackeray Partners
	Wang Xiang

Note: Above sources are a representative sampling of sources with exposure in the Indianapolis market.

CBD MULTIFAMILY STATS (Built in 2000 or later)¹

Properties	16	Unit Style	# of Units	% of Mix	Avg. SF	Avg. Rent	Avg. Rent/SF	
Total Units	3,024	0/1	202	6.8%	520	\$1,067	\$2.05	
Avg. Occupancy	95%	1/1	1,509	50.5%	718	\$1,329	\$1.85	
Avg. Year Built	2007	1/1.5	27	0.9%	828	\$1,429	\$1.73	
Avg. Square Feet	903	1/2	11	0.4%	964	\$1,775	\$1.84	
Avg. Rent	\$1,568	2/1	9	0.3%	802	\$1,723	\$2.15	
Avg. Rent/SF	\$1.74	2/1.5	16	0.5%	735	\$1,059	\$1.33	
Rent Growth	8.4% from 2013 to 2014	2/2	941	31.5%	1,132	\$1,908	\$1.57	
Properties Included:	9 on Canal	The Avenue	2/2.5	32	1.1%	1,327	\$2,036	\$1.51
	Artistry	The Axis at Block 400	2/3	2	0.1%	1,257	\$2,800	\$1.73
	Circa	The Block	3/2	38	1.3%	1,453	\$2,352	\$1.54
	Cosmopolitan on the Canal	The Maxwell	3/3	58	1.9%	1,398	\$2,682	\$1.85
	Harding Street Lofts	The Mozzo	4/4	143	4.8%	1,467	\$2,779	\$1.89
	Hinge Flats	The Residences at CityWay	Totals	2,988	100%	903	\$1,640	\$1.74
	Janus Lofts	The Tyler						
Janus Lofts	The Waverley							
Mentor & Muse								

¹. Includes all conventional CBD properties built in 2000 or later. Occupancy statistics only reflect stabilized properties.

MULTIFAMILY MOMENTUM

SELECT CBD INSTITUTIONALLY-OWNED ASSETS

Artistry
312 Units



Circa
265 Units



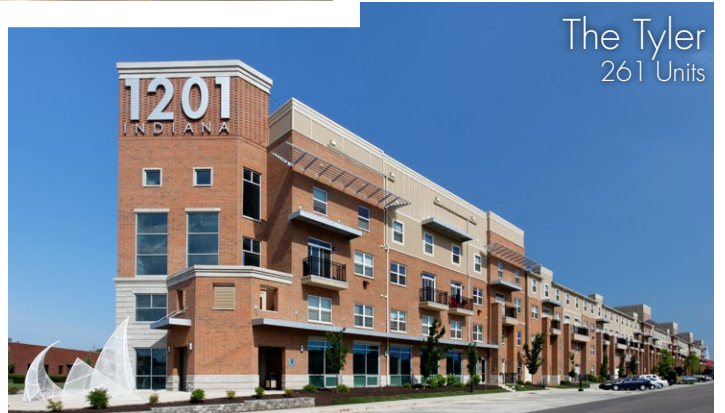
The Avenue
142 Units



Cosmopolitan
on the Canal
218 Units



The Tyler
261 Units



WORLD CLASS SPORTS

LUCAS OIL STADIUM

Home of the NFL Indianapolis Colts
Super Bowl XLVI Host

Indianapolis as
Super Bowl XLVI Host:
Best collective effort
by any city hosting
any sporting event I've
attended
—Mike Tirico,
ESPN

*"Lucas Oil Stadium
named the best
sports stadium in
the nation."*

—Stadiumjourney.com

BANKERS LIFE FIELDHOUSE

Home of the NBA Indiana Pacers
and WNBA Indiana Fever

*"Bankers Life Fieldhouse earned the
top spot of all NBA venues—again."*

—Ultimate Sports Road Trip

VICTORY FIELD

Home of the AAA Baseball
Indianapolis Indians

*"Best minor league ballpark in
America."—Baseball America &
Sports Illustrated*

INDIANAPOLIS MOTOR SPEEDWAY

Home of the Indy 500, NASCAR
Brickyard 400, MotoGP & Grand Prix

*More than 430,000 annual attendees
at all races combined, with the Indy
500 being the largest single-day
sporting event in the world.*



"AMATEUR SPORTS CAPITAL OF THE WORLD"

The USA's
12th-largest city
is a **Slam Dunk**
for Sports Buffs
—USA Today

BANKERS LIFE FIELDHOUSE

LUCAS OIL STADIUM

WORLD CLASS EVENTS DRIVE VISITORS & SPENDING:

NCAA Championships

NFL Combine

Big Ten Football Championship

Indy 500

Indy Eleven Professional Soccer

PGA Tour (BMW Championship)

NASCAR Brickyard 400

MotoGP

Red Bull Indianapolis GP

Circle City Classic

CENTRAL MIDWEST MULTIFAMILY

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