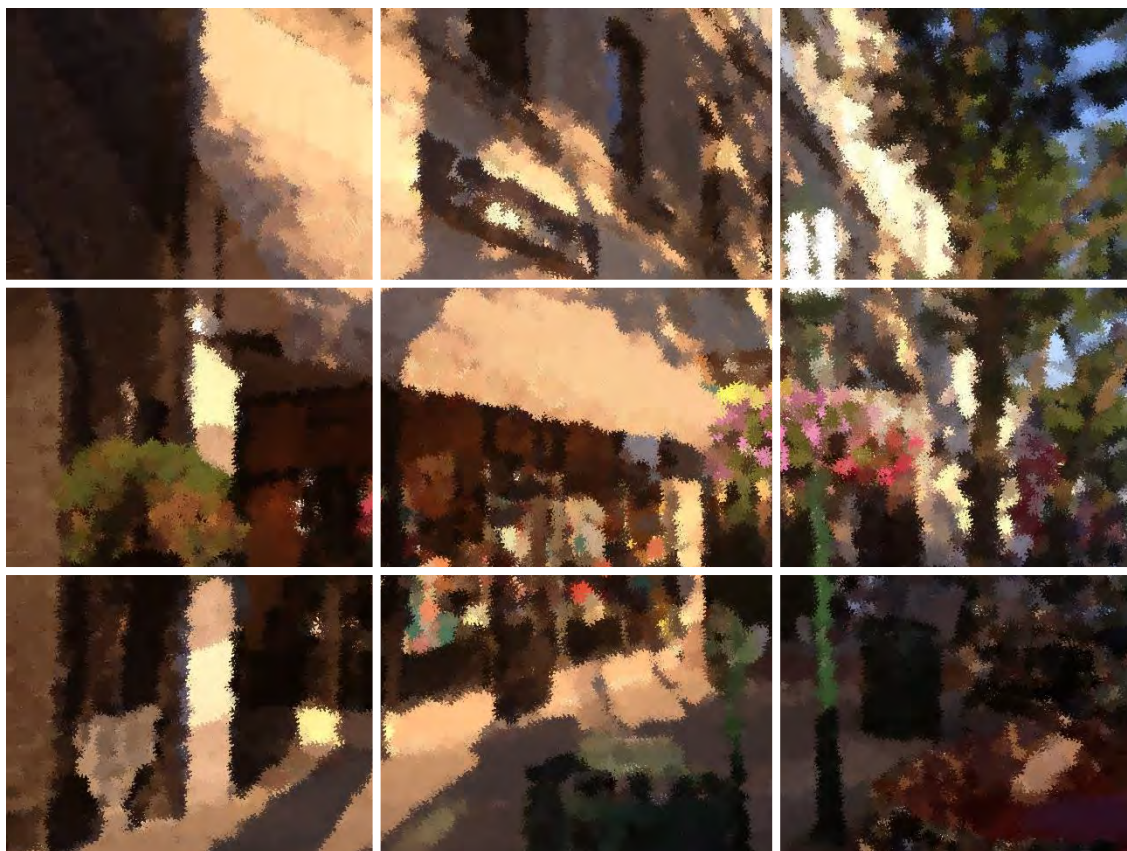


West Side Corridors
Retail, Office and Industrial Market Analysis
South Bend, Indiana



Prepared for:
The City of South Bend

Prepared by:
Gibbs Planning Group

1 April 2014

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West Side Corridors, South Bend, Indiana
RETAIL, OFFICE AND INDUSTRIAL MARKET STUDY
 Gibbs Planning Group, Inc.
 01 April 2014



The West Side Corridors study area can presently support additional retail and office development.

Executive Summary

This study finds that the West Side Corridors study area has an existing demand for 62,000 square feet (sf) of additional retail development, 5,000 sf of additional office development and no demonstrated demand for additional industrial space.

The retail demand could be absorbed by existing businesses in the study area or with the opening of 20-25 new restaurants and retailers producing up to \$18.0 million in new retail sales. By 2019, this demand could increase to capture approximately \$20.1 million in consumer expenditure.

Class B office demand will grow to support 52,000 sf of new office development by 2019. By 2024, due to job growth and the obsolescence of existing space, the West Side Corridors could support an additional 58,700 sf of office, totaling 110,700 sf over the ten-year period.

While there is presently no demand for new industrial space in the study area and none expected by 2019, 12,000 sf of new space will be viable by 2024, solely because of industrial building inventory becoming functionally obsolete over the next 10 years

Please find below a summary of the statistically supportable retail in 2014, 2019 & 2024:

Uses	2014	2019	2024
Retail	62,000 sf	62,000 sf	62,000 sf
Office	5,000 sf	52,000 sf	110,700 sf
Industrial	N/A	N/A	12,000 sf

West Side Corridors, South Bend, Indiana
RETAIL MARKET STUDY

Gibbs Planning Group, Inc.
01 April 2014

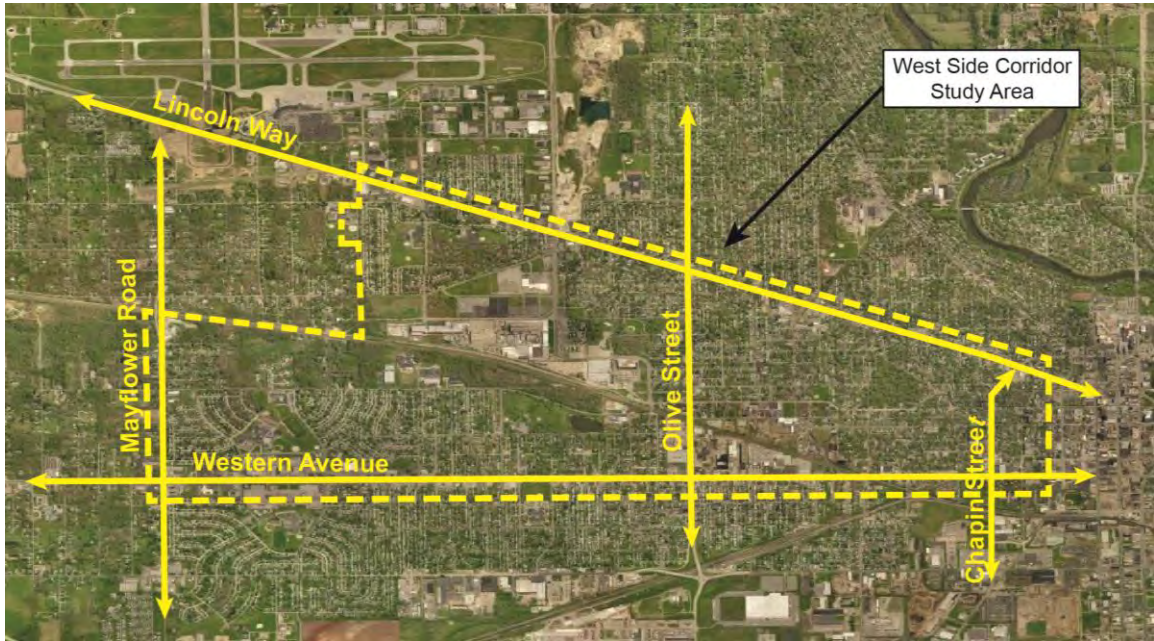


Figure 1: The West Side Corridors study area can presently support an additional 62,000 sf of retail and restaurant development.

Executive Summary

This study finds that West Side Corridors study area has an existing demand for 62,000 square feet (sf) of additional retail development producing up to \$18.0 million in sales. By 2018, due to household income growth and economic development within the study area, this demand will likely generate up to \$20.1 million in gross sales. This new retail would be absorbed by existing businesses or with the opening of new retailers and restaurants including: 3-4 full-service and limited-service restaurants, a retailer carrying department store merchandise, a pharmacy, a furniture and home furnishings store, 1-2 specialty food services and several other retail offerings. Please find below a summary of the statistically supportable retail in 2013 & 2018:

- 13,700 sf Full-Service and Limited-Service Restaurants
- 12,400 sf Department Store Merchandise
- 7,200 sf Pharmacy
- 7,100 sf Special Food Services
- 3,900 sf Miscellaneous Store Retailers
- 3,700 sf Apparel and Shoe Store(s)
- 3,300 sf Furniture and Home Furnishings Store
- 2,300 sf Sporting Goods & Hobby Store
- 2,200 sf Specialty Food Stores
- 1,400 sf Hardware and Lawn & Garden Supply Store
- 1,400 sf Electronics Store
- 1,200 sf Bar, Brewery or Pub
- 1,200 sf Book & Music Store
- 1,000 sf Gift Store
- 62,000 sf Total Supportable Retail**

Trade Area Boundaries

This study estimates that the West Side Corridors study area has an approximate two to six-mile primary trade area, limited by Interstate-80 to the north, Downtown South Bend/Main Street to the east, and the more rural areas to the west and south, which could account for approximately 60 to 70 percent of the new retail's households (shown below in blue). The remainder of retail sales captured by new and existing retailers in the study area will likely be drawn from consumers living within the city of South Bend.

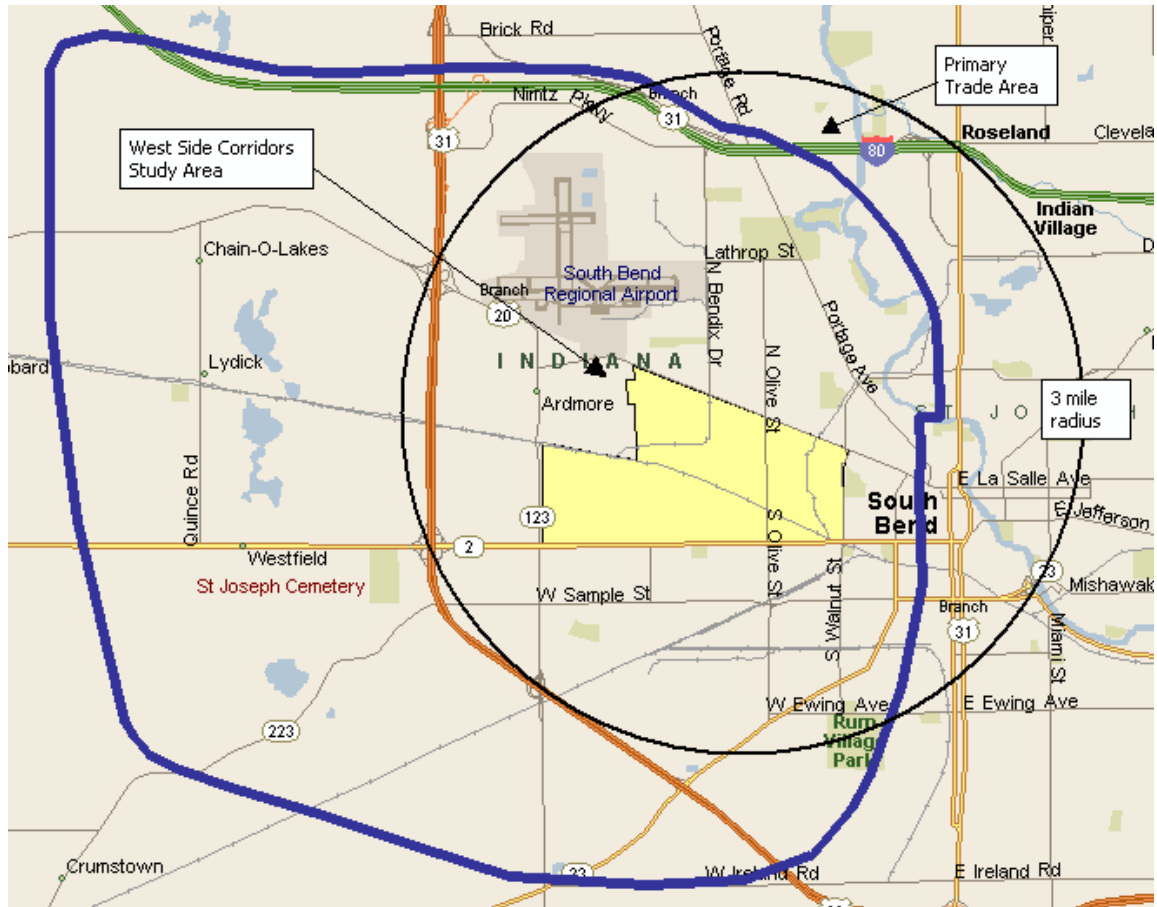


Figure 2: The West Side Corridors study area has an approximate two to six-mile Primary Trade Area (shown in blue).

Due to its geographical location, the West Side Corridors study area is surrounded by four main regional routes: Interstate-80, St. Joseph Valley Parkway, Western Avenue (SR-2) and Main Street, all of which carry at least 20,000 cars per day. Locally, Western Avenue, Colfax Avenue/Orange Street and Lincoln Way are the primary east-west routes, while Mayflower Road, Bendix Drive, Olive Street and Chapin Street carry motorists north and south. Centrally located within these regional routes, and well-served by local roads, nearly every resident and daytime employee of the primary trade area and the City of South Bend can reach the study site within a 15-minute drive time. This advantageous location and access to over 55,000 primary trade area residents create the captive effect necessary for new retailers to enter the market or existing retailers to expand their local presence.

Existing concentrations of retail within the study area include the Belleville Center anchored by Kroger, Western Avenue Plaza anchored by Martin's Super Market and several stand-alone

retailers located on primary local routes. Regional shopping destinations include: Erskine Village, a 500,000 sf shopping center featuring Target, Famous Footwear, Old Navy, Dress Barn and several other retailers; and University Park Mall, an 820,000 sf enclosed shopping mall anchored by Macy's, JC Penny, Barnes and Noble and Sears. Additionally, Meijer, Target and Walmart each have locations within five miles of the study area.

Trade Area Demographics

The West Side Corridors primary trade area includes 55,100 people and is expected to decrease to 54,900 by 2018, at an annual rate of -0.08 percent. Current 2013 households include 20,100 declining to 20,000 by 2018, at an annual rate of -0.08 percent. The primary trade area's 2013 average household income is \$45,000 and is estimated to increase to \$51,400 by 2018. Median household income in the trade area in 2013 is \$34,300 and estimated to increase to \$38,900 by 2018. Moreover, 14.7 percent of the households earn above \$75,000 per year. The average household size of 2.65 persons in 2013 is expected to remain the same by 2018; the 2013 median age is 33.8 years old.

Figure 3: Demographic Characteristics

Demographic Characteristic	Primary Trade Area	South Bend, IN
2013 Population	55,100	100,300
2013 Households	20,100	39,400
2018 Population	54,900	99,800
2013-2018 Annual Growth Rate	-0.08%	-0.11%
2013 Average Household Income	\$45,000	\$45,000
2018 Average Household Income	\$51,400	\$51,800
2013 Median Household Income	\$34,300	\$32,800
2018 Median Household Income	\$38,900	\$37,000
% Households w. incomes \$75,000 or higher	14.7%	14.3%
% Bachelor's Degree	9.6%	12.3%
% Graduate or Professional Degree	5.3%	8.8%
Average Household Size	2.65	2.48
Median Age	33.8	33.8

Figure 3: Key demographic characteristics of the West Side Corridors Primary Trade Area and South Bend, Indiana.

The demographic characteristics and trends of the primary trade area closely resemble those found in South Bend, Indiana. The City of South Bend includes 100,300 people and 39,400 households. The former is projected to decrease at an annual rate of -0.11 percent, and the latter projected to decline at an annual rate of -0.12 percent to 2018, when South Bend's projected population will be 99,800 with 39,100 households. Average household income in 2013 for South Bend is \$45,000, estimated to grow to \$51,800 by 2018; median household income in 2013 is \$32,800, estimated to grow to \$37,000. More than 14 percent of the total trade area's population earned more than \$75,000 annually in 2013. Average household size is 2.48 persons, projected to hold steady through 2018; the 2013 median age is 33.8 years old.

Figure 4: 2013 & 2018 Supportable Retail Table

Retail Category	2013			2018		
	Supportable Retail SF	Estimated Sales/SF	Estimator Retail Sales	Supportable Retail SF	Estimated Sales/SF	Estimator Retail Sales
Retailers						
Apparel Stores	2,621	\$295	\$773,207	2,621	\$330	\$864,943
Book & Music Stores	1,194	\$250	\$298,397	1,194	\$282	\$336,592
Department Store Merchandise	12,357	\$275	\$3,398,143	12,357	\$308	\$3,805,920
Electronics Stores	1,402	\$320	\$448,764	1,402	\$360	\$504,859
Florists	101	\$230	\$23,310	101	\$258	\$26,148
Furniture Stores	1,657	\$218	\$361,278	1,657	\$245	\$406,024
General Merchandise Stores	189	\$310	\$58,619	189	\$345	\$65,237
Gift Stores	1,055	\$275	\$290,222	1,055	\$310	\$327,160
Hardware	366	\$215	\$78,717	366	\$240	\$87,870
Home Furnishings Stores	1,642	\$215	\$353,051	1,642	\$245	\$402,314
Jewelry Stores	572	\$315	\$180,104	572	\$355	\$202,974
Lawn & Garden Supply Stores	1,294	\$240	\$310,472	1,294	\$268	\$346,693
Miscellaneous Store Retailers	2,719	\$255	\$693,397	2,719	\$286	\$777,692
Pharmacy	7,239	\$333	\$2,410,642	7,239	\$375	\$2,714,687
Shoe Stores	1,049	\$288	\$302,101	1,049	\$234	\$245,457
Specialty Food Stores	2,240	\$305	\$683,136	2,240	\$340	\$761,529
Sporting Goods & Hobby Stores	2,345	\$260	\$609,639	2,345	\$292	\$684,671
Retailer Totals	40,042	\$271	\$11,273,200	40,042	\$298	\$12,560,772
Restaurants						
Bars, Breweries & Pubs	1,223	\$300	\$366,861	1,223	\$338	\$413,330
Full-Service Restaurants	7,395	\$330	\$2,440,323	7,395	\$370	\$2,736,120
Limited-Service Eating Places	6,313	\$305	\$1,925,476	6,313	\$340	\$2,146,432
Special Food Services	7,075	\$290	\$2,051,893	7,075	\$325	\$2,299,535
Restaurant Totals	22,006	\$306	\$6,784,554	22,006	\$343	\$7,595,418
Retail & Restaurant Totals	62,049	\$277	\$18,057,753	62,049	\$293	\$20,156,190

Figure 4: The West Side Corridors Primary Trade Area has demand for over 62,000 sf of new retail and restaurants.

Assumptions

The projections of this study are based on the following assumptions:

- No other major retail centers are planned or proposed at this time and, as such, no other retail is assumed in our sales forecasts.
- No other major retail will be developed within the trade area of the subject site.
- The region's economy will stabilize at normal or above normal ranges of employment, inflation, retail demand and growth.
- The new retail development will be planned, designed, built, leased and managed as a walkable town center, to the best shopping center industry practices of the American Planning Association, Congress for the New Urbanism, International Council of Shopping Centers and The Urban Land Institute.
- Parking for the area is assumed adequate for the proposed uses, with easy access to the retailers in the development.

-
- Visibility of the shopping center or retail is assumed to meet industry standards, with signage as required to assure good visibility of the retailers.

Limits of Study

The findings of this study represent GPG's best estimates for the amounts and types of retail tenants that should be supportable in the West Side Corridors (South Bend, Indiana) trade area by 2018. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. It should be noted that the findings of this study are based upon generally accepted market research and business standards. It is possible that the West Side Corridors study site's surrounding area could support lower or higher quantities of retailers and restaurants yielding lower or higher sales revenues than indicated by this study, depending on numerous factors including respective business practices and the management and design of the study area.

This study is based on estimates, assumptions, and other information developed by GPG as an independent third party research effort with general knowledge of the retail industry, and consultations with the client and its representatives. This report is based on information that was current as of April 1, 2014, and GPG has not undertaken any update of its research effort since such date.

This report may contain prospective financial information, estimates, or opinions that represent GPG's view of reasonable expectations at a particular time. Such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our market analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved.

This study ***should not*** be the sole basis for designing, financing, planning, and programming any business, real estate development, or public planning policy. This study is intended only for the use of the client and is void for other site locations, developers, or organizations.

-End of Study -

West Side Corridors, South Bend, Indiana
OFFICE MARKET STUDY
Gibbs Planning Group, Inc.
01 April 2014



Figure 1: The West Side Corridors study area is located immediately west of Downtown South Bend, and approximately two miles southwest of the heart of the Notre Dame campus.

Executive Summary

This office market study finds that the West Side Corridors (Western Avenue/Lincoln Way West) study area can support an additional 5,000 square feet (sf) of new office development by the end of 2014 and up to 47,000 sf of additional office development by 2019. This report also finds that 58,700 sf of further space will be supportable by 2024, with 110,700 sf total over the next ten years. Gibbs Planning Group, Inc. (GPG) predicates these projections on a stabilized vacancy factor of 9.0 percent, a market average of 213 sf per general office employee and an annualized employment growth range of 0.25 percent to 0.50 percent. This new class B type office space will primarily serve the needs of local medical, legal, sales and financial services providers.

Class A office space needs for regional or national companies will primarily be met at alternative sites in the marketplace, with superior access to the industrial and commercial centers in both the Downtown South Bend and Mishawaka submarkets.

Employment

Demand for additional office space in this Greater South Bend submarket is driven in part by employment growth. This area currently has an estimated 35,800 employees, of which approximately 9,700 are office workers. Employment in this office submarket is projected to climb to 36,400 by 2019, with 10,400 office workers. By 2024, the submarket is expected to support 37,400 jobs, including 11,100 requiring offices.

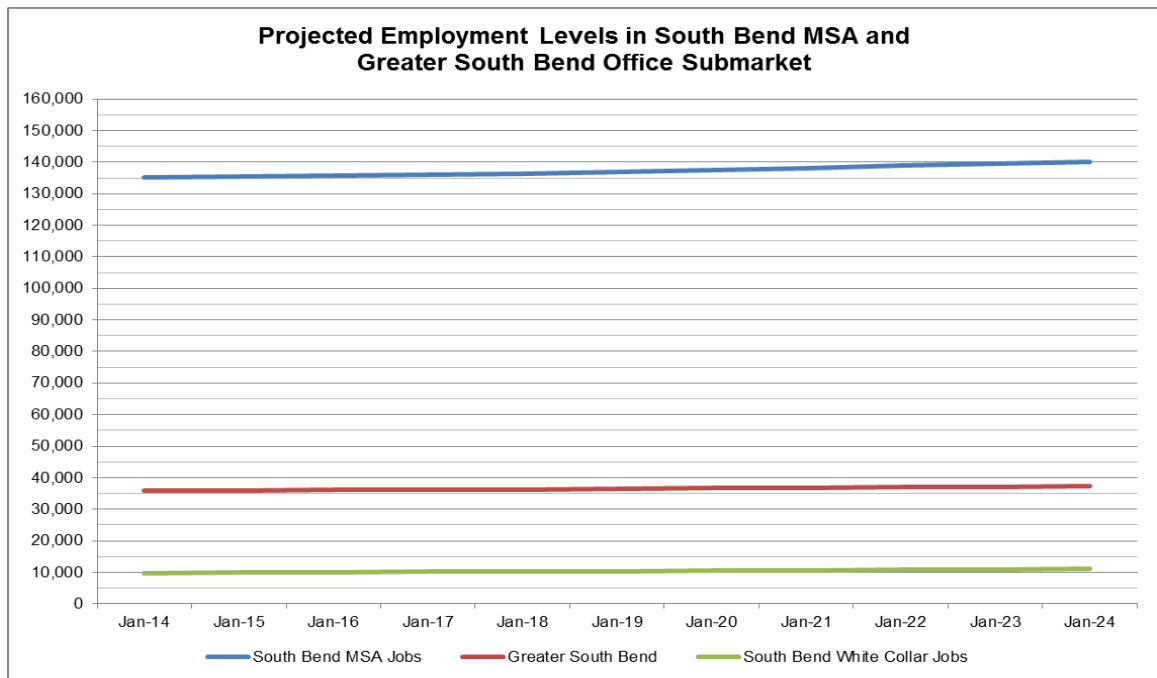


Figure 2: Employment is projected to grow by between 0.25 and 0.50 percent annually over the next 10 years.

Greater South Bend Office Sub Market

Demand for office space has two main components: the need for office space for local services such as dental, medical, legal and financial services; and the need for office space for non-local services, such as management for regional and national companies. Office space demand driven by public sector employment is statistically limited because of the tendency of governmental entities to meet their work place needs on civic campuses. Satellite government offices, like those required by Department of Motor Vehicles, are typically located in convenient retail locations.

The Greater South Bend office submarket contains over 2.280 million sf of space in 276 buildings. This market has 103,000 sf of class A space, 942,300 sf of class B space and almost 1,240,000 sf of class C space. The Downtown South Bend secondary grouping has 3,291,000 sf, comprised of 553,000 sf of class A space, 1,191,000 sf of class B space and 1,547,000 sf of class C office space spread over 131 total buildings.

The combined office vacancy rate in the Greater South Bend area at the end of the 4th quarter of 2013 was 8.5 percent, with a negative 2013 absorption of 5,700 sf. There are currently no projects under construction. The last new office space delivered to the submarket, a 14,050 sf building, came on line in the 1st quarter of 2012,

The quoted rental rate has seen a decline over the last three quarters, dropping to a level of \$11.15 from a recent high of of \$14.32 per sf in first quarter of 2013.

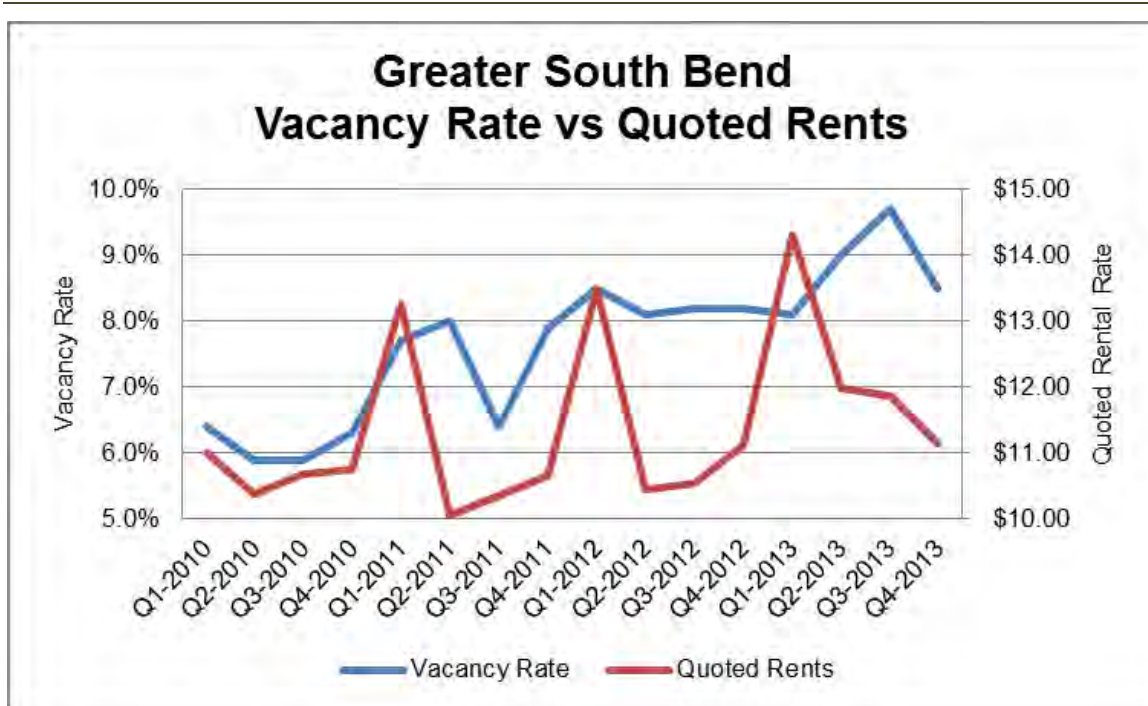


Figure 3: Quoted Rental Rates have continued to decline in the Greater South Bend office submarket place.

The second major factor in the demand for new office space is the annual functional obsolescence and retasking of class C buildings, which currently contain over 1.244 million sf of office space in the Greater South Bend trade area. An annual functional obsolescence rate ranging from 0.75 percent to 1.00 percent, representing an average building useful life of between 100 and 130 years, is used to estimate the amount of class C space that is removed from the market place. The report estimates approximately 143,000 sf of class C office space being removed from the whole submarket.

West Side Corridors Study Area Office Space Demand

Demand for office space has two main components: the need for office space for local services such as dental, medical, legal and financial services; and the need for office space for non-local services, such as management for regional and national companies. Office space demand driven by public sector employment is statistically limited because of the tendency of governmental entities to meet their work place needs on civic campuses. Satellite government offices, like those required by Department of Motor Vehicles, are typically located in convenient retail locations.

Estimating office space gap (need or oversupply) is based on inventorying the existing office square footage in a submarket, less the current vacancy rate, quantifying and disaggregating the base employment by category, determining the number of employees who require office space by employment category, and then estimating the market office space per square foot per employee. This statistic is multiplied by the estimated job growth, a derivative of the additional need for local services and businesses that is generated by population or income increases. Therefore, the demand for office space has an indirect link to the population growth. The new demand created indirectly by population and income growth is then adjusted by a market-specific Stabilized Vacancy Factor and compared to the office space supply. Former office space inventory plus the

amount of new space delivered into the market, less that which is functional obsolete or demolished, is the new office space supply.

For purposes of this study, the existing inventory in the Greater South Bend office submarket is 2.285 million sf. GPG estimates that through 2019, 76,300 sf (3.3 percent) of the Class C office space will become functionally obsolete. The Stabilized Vacancy Factor for the office submarket is 9.0 percent. Based on the “*WorkPlace & Employment Summary: Greater South Bend Submarket*” table found in the appendix of this report, the total number of 2013 employees in this office submarket is 35,800, of which 9,700 are dedicated office employees. The 2013 office space required per dedicated office worker is 213 sf per worker. The 2019 Total Office Space Market Demand for this office submarket is 2,220,000 sf, based on an annualized employment growth rate of 0.50 percent. Adjusting for the stabilized vacancy factor generates a total demand of 2,464,000 sf. **GPG finds that by 2019, an additional 52,000 sf of local services office space is supportable in the West Side Corridors Study Area.**

The West Side Corridors study area is the prime office location in the Greater South Bend submarket, and is estimated to capture over 20 percent of the surplus office space demand potential.

Office Space Demand	2014	2019	2024
Gross Office Space Demand (Greater South Bend submarket)	2,091,000 sf	2,220,000 sf	2,380,000 sf
Gap Potential (Demand less Supply) (Greater South Bend submarket)	22,500 sf	231,200 sf	470,000 sf
Captured Demand (Western/Lincoln Way study area)	5,000 sf	47,000 sf	53,700 sf
Aggregated Captured Demand (Western/Lincoln Way study area)	5,000 sf	52,000 sf	110,700 sf

Figure 4: Office space demand for Greater South Bend submarket and West Side Corridors study area.

The projection for office space demand is a primary derivative of job creation. Using the statistics produced by the Indiana University Kelley School of Business, GPG forecasts a 2024 annualized employment growth rate of between 0.25 and 0.5 percent. The 10-year annualized forecast is more conservative than the State’s short-term job prediction of a 1.50 percent annual job gain for the South Bend/Mishawaka metropolitan statistical area.

Based on projected job growth and a stabilized vacancy factor of 9.0 percent, GPG finds that 2,380,000 sf of primarily office space will be supportable in the study area by 2024. This level of estimated demand in 2024 will support an additional (more than 2013) 110,700 sf of office space in the West Side Corridors study area.

Limits of Study

The findings of this summary represent GPG’s best estimates of demand at the study site. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and is believed to be reliable. This study is based on estimates, assumptions and other information developed by GPG’s independent research effort,

general knowledge of the commercial real estate industry, market data from commercial real estate listing services, and consultations with the client and its representatives.

No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or in any other data source used in preparing or presenting this study. This report is based on information that was current as of April 1, 2014 and GPG has not undertaken any update of its research effort since such date.

This report may contain prospective financial information, estimates, or opinions that represent GPG's view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a precise level of income or profit will be achieved, that particular events will occur, or that a specific price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved.

Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved. This study *should not* be the sole basis for programming, planning, purchasing, financing, or development of any commercial project. This study is for the use of the client for general market analysis purposes only and is void for other site locations or developers.

For the purposes of this study, GPG has assumed the following:

- The region's economy will stabilize at normal or above normal ranges of population, household formation and employment growth, while price and cost inflation remain at historic levels.
- Employment distribution is to remain constant, without a spike or decline in employment by NAICS category.
- Projected lease and vacancy rates, as well as product absorption models based on our proprietary econometric model of the relationship between changes in employment and population. The most current data has been gathered from STDB, US Census Bureau, ESRI, COSTAR Group, Inc., LOOPNET, and local brokerage services.

-- END OF SUMMARY --

WorkPlace & Employment Summary

Greater South Bend Office Submarket, South Bend, Indiana	Prepared by Gibbs Planning Group																																																																																																																																																																								
Total Businesses:	4,144																																																																																																																																																																								
Total Employees:	35,814																																																																																																																																																																								
Total Residential Population:	98,570																																																																																																																																																																								
Employee/Residential Population Ratio:	0.36																																																																																																																																																																								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">BUSINESSES</th> <th colspan="2" style="text-align: center;">EMPLOYEES</th> </tr> <tr> <th></th> <th style="text-align: center;">Number</th> <th style="text-align: center;">Percent</th> <th style="text-align: center;">Number</th> <th style="text-align: center;">Percent</th> </tr> </thead> <tbody> <tr> <td>Agriculture & Mining</td> <td style="text-align: center;">143</td> <td style="text-align: center;">3.5%</td> <td style="text-align: center;">496</td> <td style="text-align: center;">1.4%</td> </tr> <tr> <td>Construction</td> <td style="text-align: center;">378</td> <td style="text-align: center;">9.1%</td> <td style="text-align: center;">2,198</td> <td style="text-align: center;">6.1%</td> </tr> <tr> <td>Manufacturing</td> <td style="text-align: center;">197</td> <td style="text-align: center;">4.8%</td> <td style="text-align: center;">7,381</td> <td style="text-align: center;">20.6%</td> </tr> <tr> <td>Transportation</td> <td style="text-align: center;">153</td> <td style="text-align: center;">3.7%</td> <td style="text-align: center;">1,667</td> <td style="text-align: center;">4.7%</td> </tr> <tr> <td>Communication</td> <td style="text-align: center;">32</td> <td style="text-align: center;">0.8%</td> <td style="text-align: center;">210</td> <td style="text-align: center;">0.6%</td> </tr> <tr> <td>Electric, Gas, Water, Sanitary Services</td> <td style="text-align: center;">14</td> <td style="text-align: center;">0.3%</td> <td style="text-align: center;">262</td> <td style="text-align: center;">0.7%</td> </tr> <tr> <td>Wholesale Trade</td> <td style="text-align: center;">225</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">2,170</td> <td style="text-align: center;">6.1%</td> </tr> <tr> <td>Retail Trade Summary</td> <td style="text-align: center;">670</td> <td style="text-align: center;">16.2%</td> <td style="text-align: center;">7,239</td> <td style="text-align: center;">20.2%</td> </tr> <tr> <td> Home Improvement</td> <td style="text-align: center;">45</td> <td style="text-align: center;">1.1%</td> <td style="text-align: center;">404</td> <td style="text-align: center;">1.1%</td> </tr> <tr> <td> General Merchandise Stores</td> <td style="text-align: center;">19</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">1,585</td> <td style="text-align: center;">4.4%</td> </tr> <tr> <td> Food Stores</td> <td style="text-align: center;">62</td> <td style="text-align: center;">1.5%</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">2.8%</td> </tr> <tr> <td> Auto Dealers, Gas Stations, Auto Aftermarket</td> <td style="text-align: center;">75</td> <td style="text-align: center;">1.8%</td> <td style="text-align: center;">641</td> <td style="text-align: center;">1.8%</td> </tr> <tr> <td> Apparel & Accessory Stores</td> <td 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THE CoSTAR OFFICE REPORT

YEAR - END 2013

South Bend/Mishawaka Office Market



SOUTH BEND/MISHAWAKA OFFICE MARKET



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METHODOLOGY

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Office Report have been converted to a Full Service equivalent rental rate.

**For information on subscribing to CoStar's other products and services, please contact us at
1-877-7COSTAR, or visit our web site at www.costar.com**

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CoStar Group, Inc.

1331 L ST NW • Washington, DC 20005 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

SOUTH BEND/MISHAWAKA OFFICE MARKET



TERMS & DEFINITIONS

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Released Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

SOUTH BEND/MISHAWAKA OFFICE MARKET



OVERVIEW

SOUTH BEND/MISHAWAKA'S VACANCY DECREASES TO 8.9% Net Absorption Positive 48,458 SF in the Quarter

The South Bend/Mishawaka Office market ended the fourth quarter 2013 with a vacancy rate of 8.9%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 48,458 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 2,700 square feet. Rental rates ended the fourth quarter at \$14.41, an increase over the previous quarter. There was 5,900 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall South Bend/Mishawaka office market was positive 48,458 square feet in the fourth quarter 2013. That compares to negative (87,139) square feet in the third quarter 2013, negative (19,477) square feet in the second quarter 2013, and negative (7,330) square feet in the first quarter 2013.

Tenants moving into large blocks of space in 2013 include: UK Stars moving into 8,000 square feet at 1701 N Ironwood Dr; the Center for Hospice moving into 5,724 square feet at 4220 Edison Lakes Pky; and Afadent Dental Care moving into 5,560 square feet at 112 Ironworks Ave.

The Class-A office market recorded net absorption of negative (5,100) square feet in the fourth quarter 2013, compared to negative (7,986) square feet in the third quarter 2013, positive 3,975 in the second quarter 2013, and positive 5,532 in the first quarter 2013.

The Class-B office market recorded net absorption of positive 24,194 square feet in the fourth quarter 2013, compared to negative (66,254) square feet in the third quarter 2013, negative

(26,908) in the second quarter 2013, and negative (6,562) in the first quarter 2013.

The Class-C office market recorded net absorption of positive 29,364 square feet in the fourth quarter 2013 compared to negative (12,899) square feet in the third quarter 2013, positive 3,456 in the second quarter 2013, and negative (6,300) in the first quarter 2013.

Net absorption for South Bend/Mishawaka's central business district was negative (2,026) square feet in the fourth quarter 2013. That compares to negative (27,978) square feet in the third quarter 2013, negative (14,115) in the second quarter 2013, and negative (12,777) in the first quarter 2013.

Net absorption for the suburban markets was positive 50,484 square feet in the fourth quarter 2013. That compares to negative (59,161) square feet in third quarter 2013, negative (5,362) in the second quarter 2013, and positive 5,447 in the first quarter 2013.

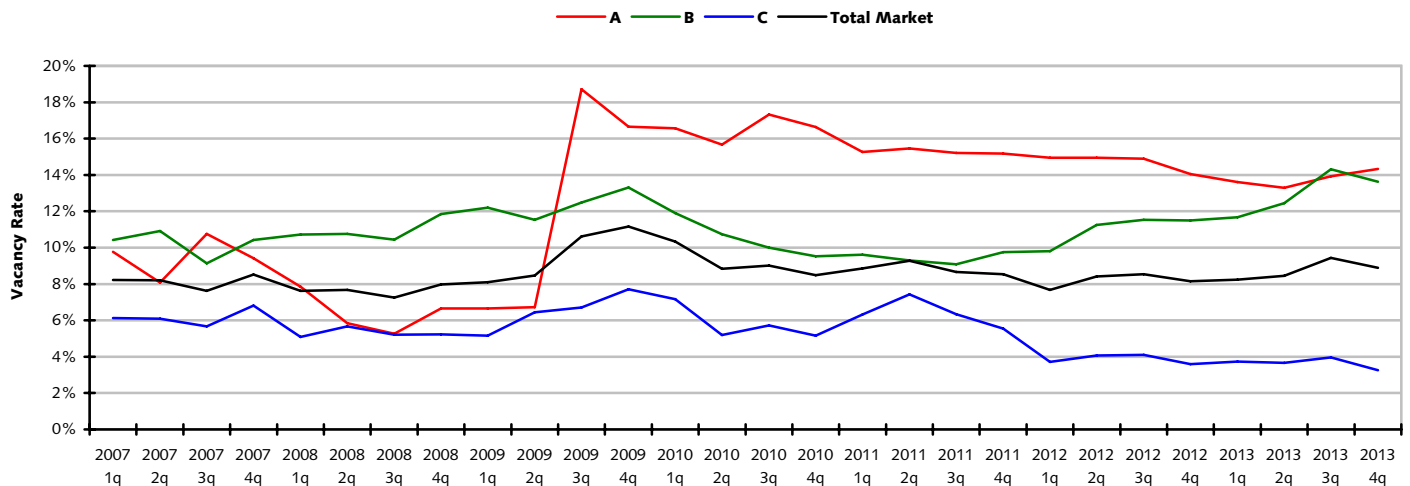
Vacancy

The office vacancy rate in the South Bend/Mishawaka market area decreased to 8.9% at the end of the fourth quarter 2013. The vacancy rate was 9.4% at the end of the third quarter 2013, 8.5% at the end of the second quarter 2013, and 8.2% at the end of the first quarter 2013.

Class-A projects reported a vacancy rate of 14.3% at the end of the fourth quarter 2013, 13.9% at the end of the third quarter 2013, 13.3% at the end of the second quarter 2013, and 13.6% at the end of the first quarter 2013.

Class-B projects reported a vacancy rate of 13.6% at the end of the fourth quarter 2013, 14.3% at the end of the third quarter

VACANCY RATES BY CLASS 2007-2013



Source: CoStar Property®



SOUTH BEND/MISHAWAKA OFFICE MARKET

OVERVIEW

2013, 12.4% at the end of the second quarter 2013, and 11.7% at the end of the first quarter 2013.

Class-C projects reported a vacancy rate of 3.3% at the end of the fourth quarter 2013, 4.0% at the end of third quarter 2013, 3.7% at the end of the second quarter 2013, and 3.7% at the end of the first quarter 2013.

The overall vacancy rate in South Bend/Mishawaka’s central business district at the end of the fourth quarter 2013 increased to 8.1%. The vacancy rate was 8.0% at the end of the third quarter 2013, 7.4% at the end of the second quarter 2013, and 7.1% at the end of the first quarter 2013.

The vacancy rate in the suburban markets decreased to 9.7% in the fourth quarter 2013. The vacancy rate was 10.8% at the end of the third quarter 2013, 9.5% at the end of the second quarter 2013, and 9.4% at the end of the first quarter 2013.

Largest Lease Signings

The largest lease signings occurring in 2013 included: the 5,900-square-foot lease signed by Harrington Orthodontics at 3410 Douglas Rd in the Mishawaka market; and the 5,724-square-foot deal signed by the Center For Hospice at 4220 Edison Lakes Pky in the Mishawaka market.

Sublease Vacancy

The amount of vacant sublease space in the South Bend/Mishawaka market increased to 2,700 square feet by the end of the fourth quarter 2013, from 1,558 square feet at the end of the third quarter 2013. There was 1,558 square feet vacant at the end of the second quarter 2013 and 2,258 square feet at the end of the first quarter 2013.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$14.41 per square foot per year at the end of the fourth quarter 2013 in the South Bend/Mishawaka market

area. This represented a 1.8% increase in quoted rental rates from the end of the third quarter 2013, when rents were reported at \$14.16 per square foot.

The average quoted rate within the Class-A sector was \$19.54 at the end of the fourth quarter 2013, while Class-B rates stood at \$14.90, and Class-C rates at \$9.91. At the end of the third quarter 2013, Class-A rates were \$19.42 per square foot, Class-B rates were \$14.17, and Class-C rates were \$10.20.

The average quoted asking rental rate in South Bend/Mishawaka’s CBD was \$13.28 at the end of the fourth quarter 2013, and \$15.08 in the suburban markets. In the third quarter 2013, quoted rates were \$13.06 in the CBD and \$15.05 in the suburbs.

Deliveries and Construction

During 2013 no new space was completed in the South Bend/Mishawaka market area.

There were 5,900 square feet of office space under construction at the end of the fourth quarter 2013.

The only project under construction at the end of fourth quarter 2013 was 3410 Douglas Rd, a 5,900-square-foot building.

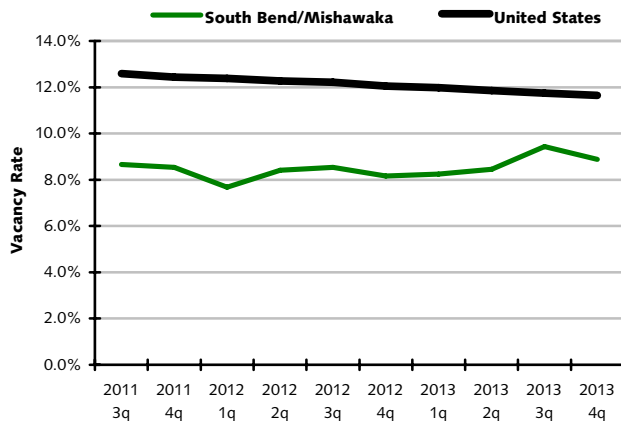
Inventory

Total office inventory in the South Bend/Mishawaka market area amounted to 8,980,140 square feet in 758 buildings as of the end of the fourth quarter 2013. The Class-A office sector consisted of 1,253,972 square feet in 15 projects. There were 198 Class-B buildings totaling 3,533,504 square feet, and the Class-C sector consisted of 4,192,664 square feet in 545 buildings. Within the Office market there were 15 owner-occupied buildings accounting for 205,881 square feet of office space.

Reports compiled by: Baxter Burnworth, CoStar Research Manager.

U.S. VACANCY COMPARISON

Past 10 Quarters



Source: CoStar Property*

SOUTH BEND/MISHAWAKA OFFICE MARKET



MARKETS

CoStar SUBMARKETS

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

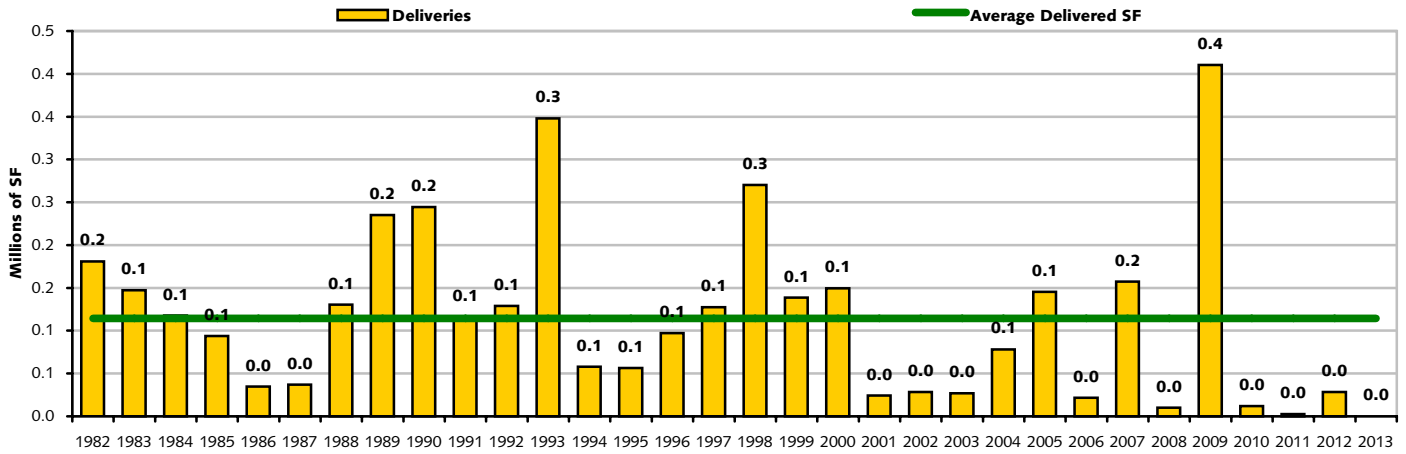
Submarket Clusters
Cass County
Downtown South Bend
Elkhart County
Greater South Bend
Mishawaka



SOUTH BEND/MISHAWAKA OFFICE MARKET

INVENTORY & DEVELOPMENT

HISTORICAL DELIVERIES 1982 - 2013



Source: CoStar Property® * Future deliveries based on current under construction buildings.

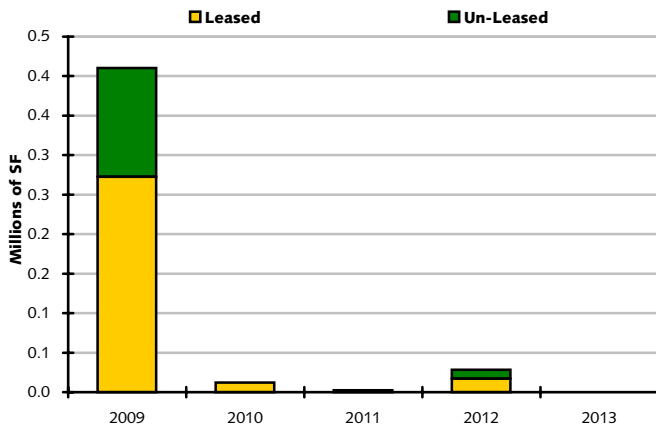
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Mishawaka	1	5,900	5,900	100.0%	10,492	5,900
Cass County	0	0	0	0.0%	4,202	0
Downtown South Bend	0	0	0	0.0%	25,121	0
Greater South Bend	0	0	0	0.0%	8,279	0
Elkhart County	0	0	0	0.0%	10,311	0
Totals	1	5,900	5,900	100.0%	11,847	5,900

Source: CoStar Property®

RECENT DELIVERIES

Leased & Un-Leased SF in Deliveries Since 2009



Source: CoStar Property®

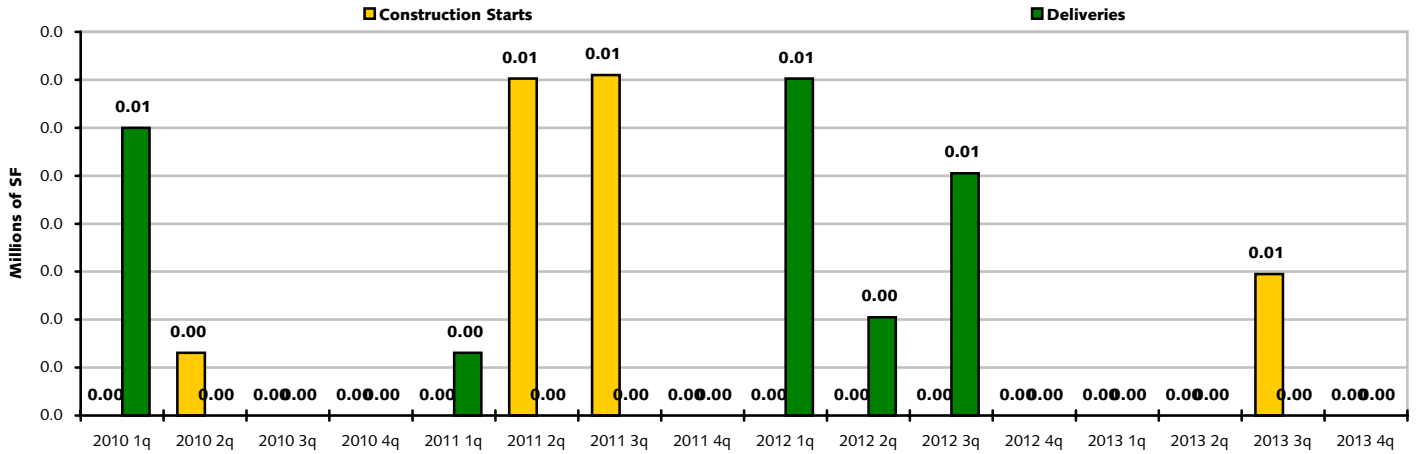
SOUTH BEND/MISHAWAKA OFFICE MARKET



INVENTORY & DEVELOPMENT

HISTORICAL CONSTRUCTION STARTS & DELIVERIES

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

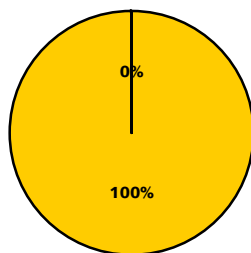
Source: CoStar Property®

RECENT DEVELOPMENT BY TENANCY

Based on RBA Developed for Single & Multi Tenant Use

No 2013 Deliveries

Currently Under Construction



■ Multi ■ Single

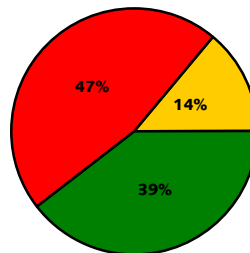
Source: CoStar Property®

EXISTING INVENTORY COMPARISON

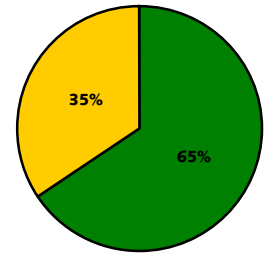
Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C



■ Multi ■ Single

Source: CoStar Property®



SOUTH BEND/MISHAWAKA OFFICE MARKET

INVENTORY & DEVELOPMENT

SELECT TOP UNDER CONSTRUCTION PROPERTIES

Based on Project Square Footage

1. **3410 Douglas Rd**

Submarket: **Mishawaka**
RBA: **5,900**
Floors: **1**
Class: **B**
Preleased: **100%**
Quoted Rate: **N/A**
Grnd Brk Date: **Third Quarter 2013**
Deliv Date: **First Quarter 2014**
Leasing Co: **Newmark Grubb Cressy & Everett**
Developer: **N/A**
Architect: **N/A**

SOUTH BEND/MISHAWAKA OFFICE MARKET



FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	0	0	0	0	0.0%	0	0	0	\$0.00
Downtown South Bend	6	553,170	5,986	8,686	1.6%	(8,686)	0	0	\$18.43
Elkhart County	3	182,634	22,750	22,750	12.5%	75	0	0	\$14.50
Greater South Bend	2	102,796	12,757	12,757	12.4%	0	0	0	\$24.00
Mishawaka	4	415,372	135,493	135,493	32.6%	5,032	0	0	\$19.98
Totals	15	1,253,972	176,986	179,686	14.3%	(3,579)	0	0	\$19.54

Source: CoStar Property®

CLASS B MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	7	23,040	0	0	0.0%	0	0	0	\$0.00
Downtown South Bend	35	1,190,765	225,439	225,439	18.9%	(44,655)	0	0	\$17.15
Elkhart County	18	350,301	43,900	43,900	12.5%	5,132	0	0	\$11.81
Greater South Bend	62	942,324	132,620	132,620	14.1%	(21,785)	0	0	\$12.42
Mishawaka	76	1,027,074	79,762	79,762	7.8%	(14,222)	0	5,900	\$17.53
Totals	198	3,533,504	481,721	481,721	13.6%	(75,530)	0	5,900	\$14.90

Source: CoStar Property®

CLASS C MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	34	149,241	10,060	10,060	6.7%	3,874	0	0	\$8.01
Downtown South Bend	90	1,546,894	35,650	35,650	2.3%	(4,598)	0	0	\$10.75
Elkhart County	92	632,224	23,216	23,216	3.7%	(4,164)	0	0	\$7.30
Greater South Bend	212	1,239,923	48,293	48,293	3.9%	16,037	0	0	\$8.82
Mishawaka	117	624,382	19,553	19,553	3.1%	2,472	0	0	\$11.54
Totals	545	4,192,664	136,772	136,772	3.3%	13,621	0	0	\$9.91

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	41	172,281	10,060	10,060	5.8%	3,874	0	0	\$8.01
Downtown South Bend	131	3,290,829	267,075	269,775	8.2%	(57,939)	0	0	\$14.32
Elkhart County	113	1,165,159	89,866	89,866	7.7%	1,043	0	0	\$11.37
Greater South Bend	276	2,285,043	193,670	193,670	8.5%	(5,748)	0	0	\$11.15
Mishawaka	197	2,066,828	234,808	234,808	11.4%	(6,718)	0	5,900	\$17.88
Totals	758	8,980,140	795,479	798,179	8.9%	(65,488)	0	5,900	\$14.41

Source: CoStar Property®

SOUTH BEND/MISHAWAKA OFFICE MARKET

FIGURES AT A GLANCE

CLASS A MARKET STATISTICS

Year-End 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 4q	15	1,253,972	176,986	179,686	14.3%	(5,100)	0	0	0	0	\$19.54
2013 3q	15	1,253,972	174,586	174,586	13.9%	(7,986)	0	0	0	0	\$19.42
2013 2q	15	1,253,972	166,600	166,600	13.3%	3,975	0	0	0	0	\$18.92
2013 1q	15	1,253,972	170,575	170,575	13.6%	5,532	0	0	0	0	\$19.55
2012 4q	15	1,253,972	176,107	176,107	14.0%	10,698	0	0	0	0	\$19.94
2012 3q	15	1,253,972	186,805	186,805	14.9%	668	0	0	0	0	\$19.43
2012 2q	15	1,253,972	187,473	187,473	15.0%	0	0	0	0	0	\$18.65
2012 1q	15	1,253,972	187,473	187,473	15.0%	2,762	0	0	0	0	\$19.39
2011 4q	15	1,253,972	190,235	190,235	15.2%	559	0	0	0	0	\$19.69
2011 3q	15	1,253,972	190,794	190,794	15.2%	3,137	0	0	0	0	\$19.33
2011 2q	15	1,253,972	193,931	193,931	15.5%	(2,551)	0	0	0	0	\$17.44
2011 1q	15	1,253,972	191,380	191,380	15.3%	17,213	0	0	0	0	\$18.96
2010	15	1,253,972	208,593	208,593	16.6%	156	0	0	0	0	\$19.09
2009	15	1,253,972	208,749	208,749	16.6%	113,247	2	255,573	0	0	\$19.43
2008	13	998,399	66,423	66,423	6.7%	27,670	0	0	2	255,573	\$18.02
2007	13	998,399	94,093	94,093	9.4%	83,314	1	88,500	0	0	\$15.44

Source: CoStar Property®

CLASS B MARKET STATISTICS

Year-End 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 4q	198	3,533,504	481,721	481,721	13.6%	24,194	0	0	1	5,900	\$14.90
2013 3q	198	3,533,504	504,357	505,915	14.3%	(66,254)	0	0	1	5,900	\$14.17
2013 2q	198	3,533,504	438,103	439,661	12.4%	(26,908)	0	0	0	0	\$13.95
2013 1q	198	3,533,504	411,195	412,753	11.7%	(6,562)	0	0	0	0	\$14.80
2012 4q	198	3,533,504	404,633	406,191	11.5%	(3,252)	0	0	0	0	\$14.50
2012 3q	199	3,538,752	406,629	408,187	11.5%	(1,362)	1	10,103	0	0	\$13.76
2012 2q	198	3,528,649	395,164	396,722	11.2%	(47,217)	1	4,100	1	10,103	\$13.59
2012 1q	197	3,524,549	345,405	345,405	9.8%	10,877	1	14,050	2	14,203	\$14.58
2011 4q	196	3,510,499	336,870	342,232	9.7%	(23,523)	0	0	3	28,253	\$15.14
2011 3q	196	3,510,499	316,847	318,709	9.1%	7,332	0	0	3	28,253	\$14.30
2011 2q	196	3,510,499	324,179	326,041	9.3%	11,211	0	0	1	14,050	\$14.25
2011 1q	196	3,510,499	335,390	337,252	9.6%	(368)	1	2,610	0	0	\$14.53
2010	195	3,507,889	332,412	334,274	9.5%	142,916	1	12,003	1	2,610	\$14.62
2009	194	3,495,886	463,325	465,187	13.3%	85,079	3	154,635	1	12,003	\$13.35
2008	191	3,341,251	394,090	395,631	11.8%	(38,256)	3	10,148	2	108,337	\$12.67
2007	188	3,331,103	345,365	347,227	10.4%	37	2	68,675	2	8,652	\$12.93

Source: CoStar Property®

TOTAL OFFICE MARKET STATISTICS

Year-End 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 4q	758	8,980,140	795,479	798,179	8.9%	48,458	0	0	1	5,900	\$14.41
2013 3q	758	8,980,140	845,079	846,637	9.4%	(87,139)	0	0	1	5,900	\$14.16
2013 2q	758	8,980,140	757,940	759,498	8.5%	(19,477)	0	0	0	0	\$13.18
2013 1q	758	8,980,140	737,763	740,021	8.2%	(7,330)	0	0	0	0	\$14.98
2012 4q	758	8,980,140	729,233	732,691	8.2%	29,164	0	0	0	0	\$14.07
2012 3q	759	8,985,388	765,545	767,103	8.5%	(2,239)	1	10,103	0	0	\$13.68
2012 2q	758	8,975,285	753,203	754,761	8.4%	(61,843)	1	4,100	1	10,103	\$12.70
2012 1q	757	8,971,185	688,818	688,818	7.7%	90,159	1	14,050	2	14,203	\$15.27
2011 4q	756	8,957,135	759,565	764,927	8.5%	10,304	0	0	3	28,253	\$14.62
2011 3q	756	8,957,135	773,369	775,231	8.7%	56,038	0	0	3	28,253	\$14.13
2011 2q	756	8,957,135	829,407	831,269	9.3%	(37,443)	0	0	1	14,050	\$12.83
2011 1q	756	8,957,135	791,964	793,826	8.9%	(31,913)	1	2,610	0	0	\$15.09
2010	755	8,954,525	757,441	759,303	8.5%	250,273	1	12,003	1	2,610	\$14.84
2009	754	8,942,522	978,309	997,573	11.2%	93,709	5	410,208	1	12,003	\$15.69
2008	749	8,532,314	679,533	681,074	8.0%	55,866	3	10,148	4	363,910	\$14.46
2007	746	8,522,166	724,930	726,792	8.5%	54,514	3	157,175	2	8,652	\$13.22

Source: CoStar Property®

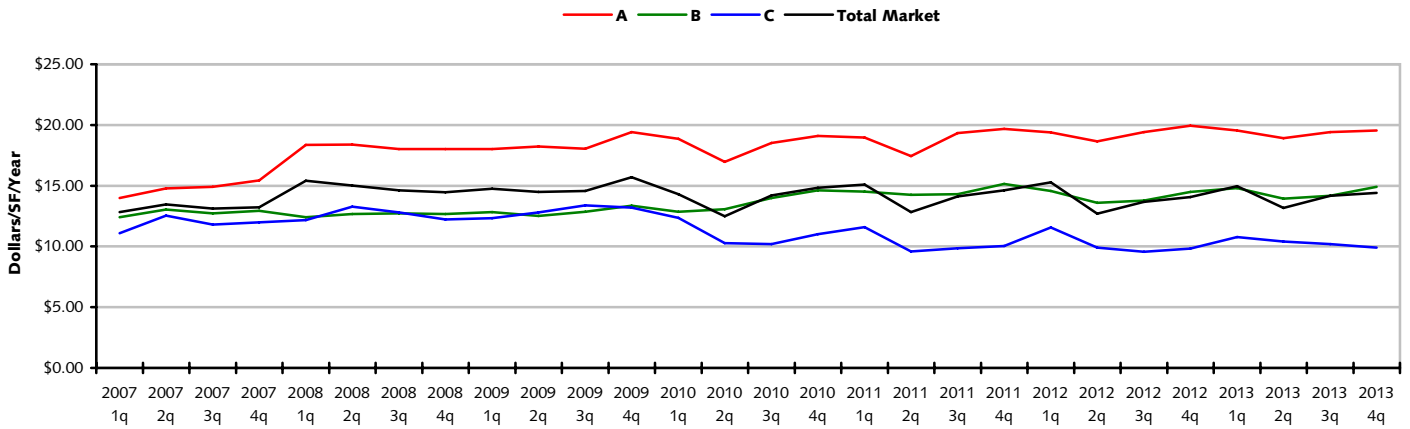
SOUTH BEND/MISHAWAKA OFFICE MARKET



LEASING ACTIVITY

HISTORICAL RENTAL RATES

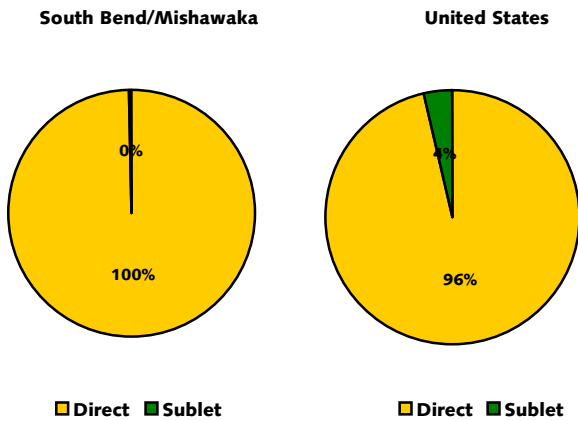
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

VACANCY BY AVAILABLE SPACE TYPE

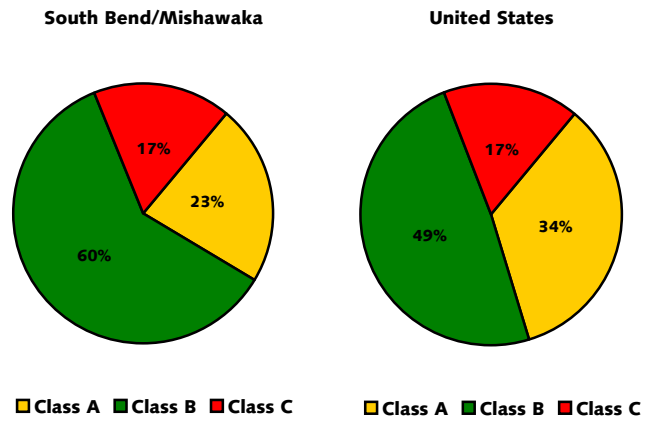
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

VACANCY BY CLASS

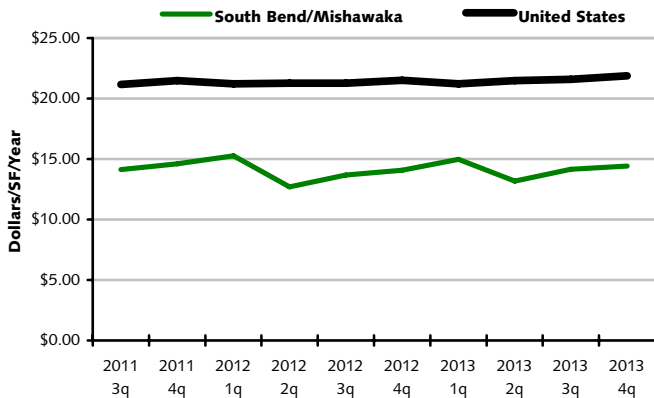
Percent of All Vacant Space by Class



Source: CoStar Property®

U.S. RENTAL RATE COMPARISON

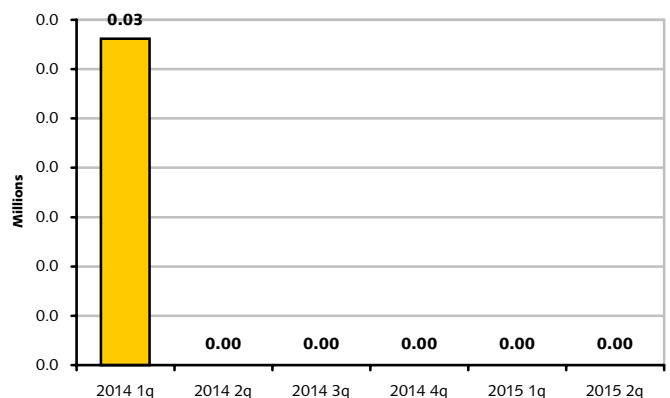
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

FUTURE SPACE AVAILABLE

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces Source: CoStar Property®

SOUTH BEND/MISHAWAKA OFFICE MARKET

LEASING ACTIVITY

SELECT TOP OFFICE LEASES Based on Leased Square Footage For Deals Signed in 2013

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 4220 Edison Lakes Pky	Mishawaka	7,750	4th	N/A	N/A	Newmark Grubb Cressy & Everett
2 515 Park Place Cir	Mishawaka	7,418	3rd	N/A	N/A	Bradley Company
3 Three Edison Lakes	Mishawaka	6,063	3rd	N/A	N/A	Bradley Company
4 3410 Douglas Rd	Mishawaka	5,900	4th	Harrington Orthodontics	N/A	Research in Progress
5 4220 Edison Lakes Pky	Mishawaka	5,724	4th	Center For Hospice	N/A	Newmark Grubb Cressy & Everett
6 Three Edison Lakes	Mishawaka	3,963	3rd	N/A	N/A	Bradley Company
7 221 Red Coach Dr	Mishawaka	3,758	2nd	N/A	N/A	Newmark Grubb Cressy & Everett
8 3555 Park Pl W	Mishawaka	3,000	3rd	N/A	N/A	Bradley Company
9 202 Lincolnway E	Mishawaka	2,462	2nd	N/A	N/A	Prudential One Realty
10 Wayne Place	Downtown South Bend	2,350	3rd	N/A	N/A	Bradley Company
11 Wayne Place	Downtown South Bend	2,350	3rd	N/A	N/A	Bradley Company
12 One Michiana Square	Downtown South Bend	2,339	3rd	N/A	N/A	Bradley Company
13 1921 Miami St	Greater South Bend	1,800	3rd	N/A	N/A	B&B Better Builders
14 1602 E Day Rd	Mishawaka	1,706	3rd	N/A	N/A	Buyer Brokerage, Inc
15 527 Park Place Cir	Mishawaka	1,694	4th	N/A	N/A	Bradley Company
16 One Michiana Square	Downtown South Bend	1,612	3rd	N/A	N/A	Bradley Company
17 1843 Commerce Dr	Greater South Bend	1,600	1st	N/A	N/A	Bradley Company
18 2420 Viridian Dr	Greater South Bend	1,558	3rd	N/A	N/A	Bradley Company
19 Dental Arts Building	Greater South Bend	1,500	3rd	N/A	N/A	Bradley Company
20 904 E Jefferson Blvd	Greater South Bend	1,399	2nd	N/A	N/A	Newmark Grubb Cressy & Everett
21 431 E Colfax Ave	Downtown South Bend	1,361	3rd	N/A	N/A	Bradley Company
22 2515 Bendix Dr	Greater South Bend	1,327	3rd	N/A	N/A	Bradley Company
23 516 Prairie St	Downtown Elkhart	1,200	4th	N/A	N/A	Coldwell Banker Roth Wehrly Graber
24 15479 US Highway 12	Cass County	1,000	1st	N/A	N/A	Union Insurance
25 Key Bank Tower	Downtown South Bend	929	3rd	N/A	N/A	Bradley Company

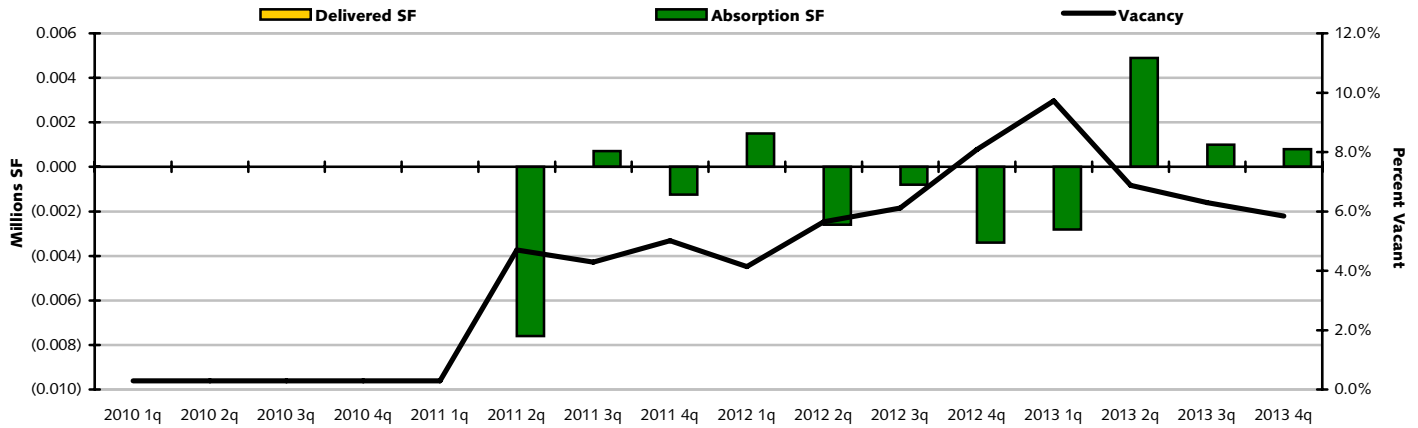
SOUTH BEND/MISHAWAKA OFFICE MARKET



CASS COUNTY MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

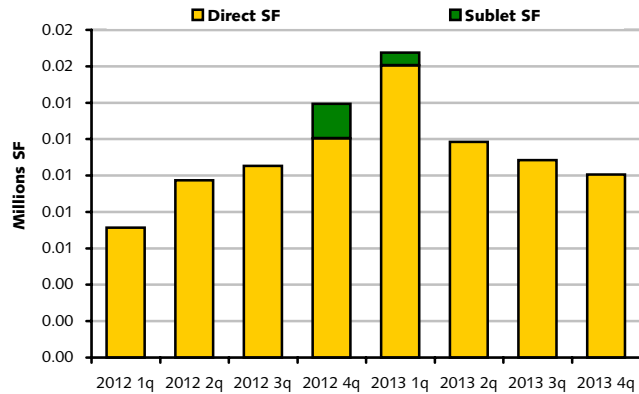
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

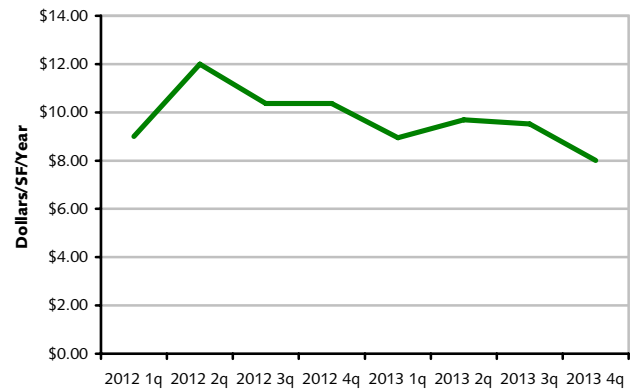
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	41	172,281	10,060	5.8%	792	0	0	0	0	\$8.01
2013 3q	41	172,281	10,852	6.3%	1,000	0	0	0	0	\$9.51
2013 2q	41	172,281	11,852	6.9%	4,900	0	0	0	0	\$9.69
2013 1q	41	172,281	16,752	9.7%	(2,818)	0	0	0	0	\$8.95
2012 4q	41	172,281	13,934	8.1%	(3,400)	0	0	0	0	\$10.37
2012 3q	41	172,281	10,534	6.1%	(800)	0	0	0	0	\$10.37
2012 2q	41	172,281	9,734	5.7%	(2,600)	0	0	0	0	\$12.00
2012 1q	41	172,281	7,134	4.1%	1,500	0	0	0	0	\$9.00
2011 4q	41	172,281	8,634	5.0%	(1,240)	0	0	0	0	\$9.00
2011 3q	41	172,281	7,394	4.3%	708	0	0	0	0	\$9.00
2011 2q	41	172,281	8,102	4.7%	(7,602)	0	0	0	0	\$0.00
2011 1q	41	172,281	500	0.3%	0	0	0	0	0	\$0.00
2010 4q	41	172,281	500	0.3%	0	0	0	0	0	\$0.00
2010 3q	41	172,281	500	0.3%	0	0	0	0	0	\$0.00
2010 2q	41	172,281	500	0.3%	0	0	0	0	0	\$0.00
2010 1q	41	172,281	500	0.3%	0	0	0	0	0	\$0.00

Source: CoStar Property®

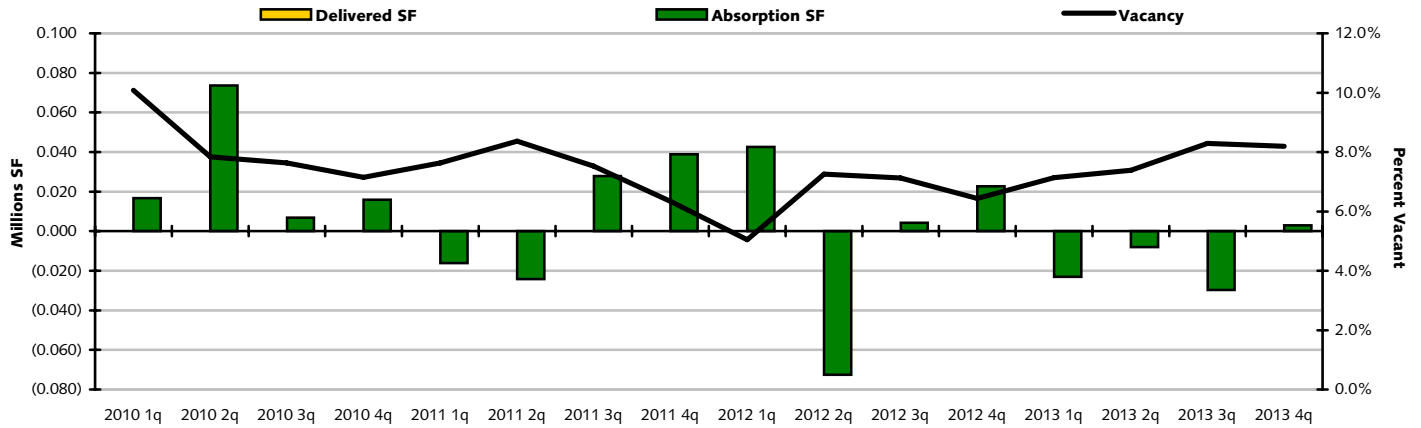


SOUTH BEND/MISHAWAKA OFFICE MARKET

DOWNTOWN SOUTH BEND MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

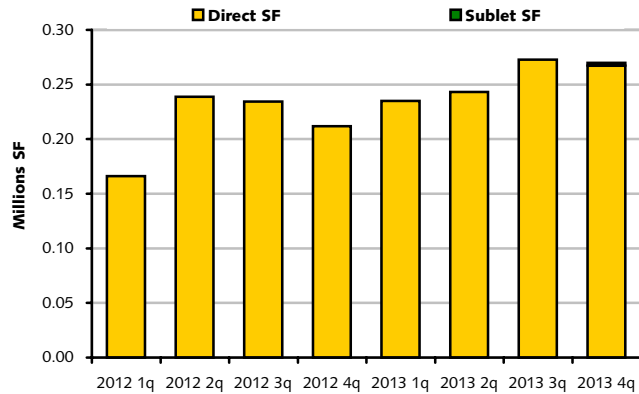
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

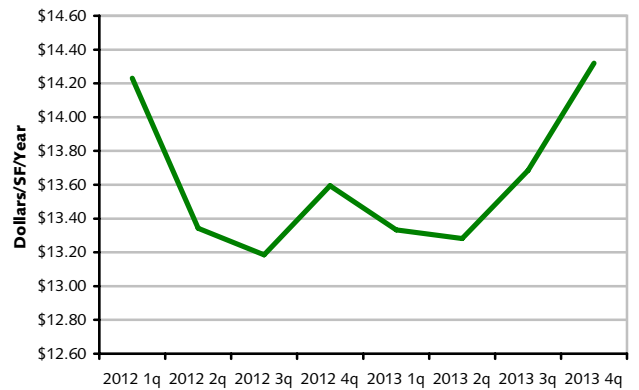
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	131	3,290,829	269,775	8.2%	2,942	0	0	0	0	\$14.32
2013 3q	131	3,290,829	272,717	8.3%	(29,684)	0	0	0	0	\$13.69
2013 2q	131	3,290,829	243,033	7.4%	(8,100)	0	0	0	0	\$13.28
2013 1q	131	3,290,829	234,933	7.1%	(23,097)	0	0	0	0	\$13.33
2012 4q	131	3,290,829	211,836	6.4%	22,673	0	0	0	0	\$13.59
2012 3q	131	3,290,829	234,509	7.1%	4,257	0	0	0	0	\$13.19
2012 2q	131	3,290,829	238,766	7.3%	(72,637)	0	0	0	0	\$13.34
2012 1q	131	3,290,829	166,129	5.0%	42,668	0	0	0	0	\$14.23
2011 4q	131	3,290,829	208,797	6.3%	38,872	0	0	0	0	\$15.04
2011 3q	131	3,290,829	247,669	7.5%	27,832	0	0	0	0	\$14.01
2011 2q	131	3,290,829	275,501	8.4%	(24,203)	0	0	0	0	\$13.50
2011 1q	131	3,290,829	251,298	7.6%	(16,114)	0	0	0	0	\$13.81
2010 4q	131	3,290,829	235,184	7.1%	15,908	0	0	0	0	\$14.94
2010 3q	131	3,290,829	251,092	7.6%	6,924	0	0	0	0	\$13.68
2010 2q	131	3,290,829	258,016	7.8%	73,643	0	0	0	0	\$13.99
2010 1q	131	3,290,829	331,659	10.1%	16,680	0	0	0	0	\$14.07

Source: CoStar Property®

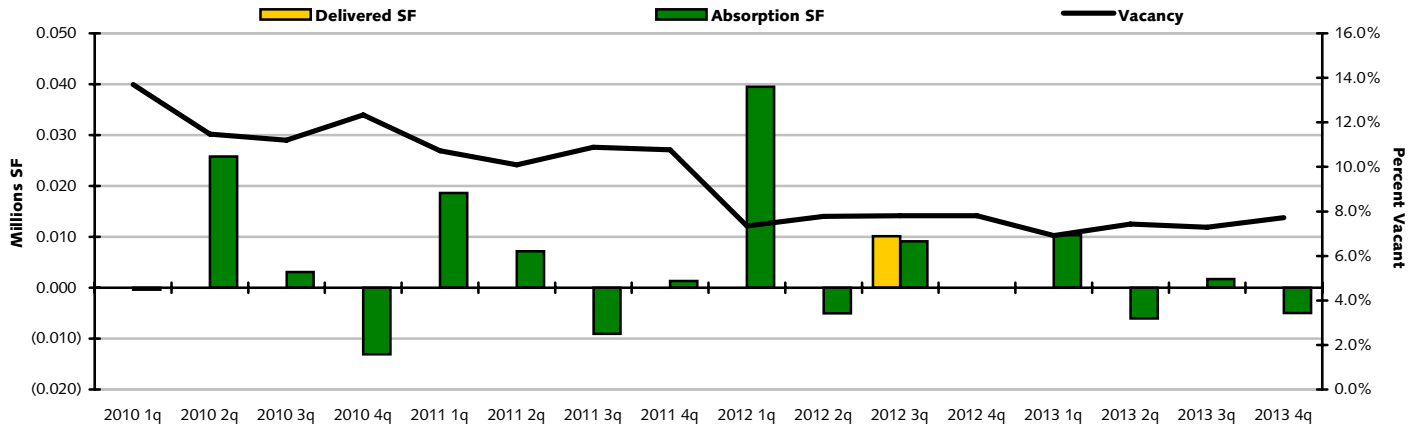
SOUTH BEND/MISHAWAKA OFFICE MARKET



ELKHART COUNTY MARKET

MARKET HIGHLIGHTS - CLASS "A, B & C"

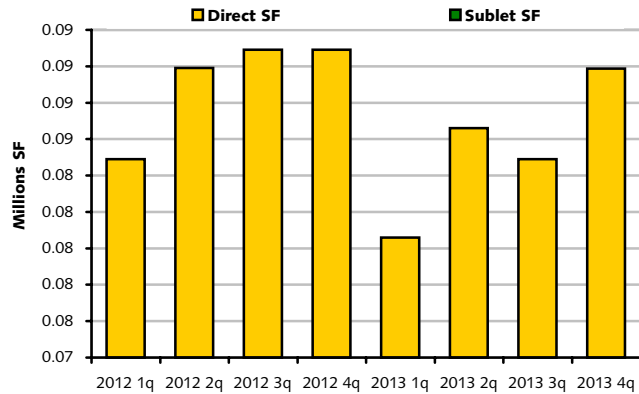
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

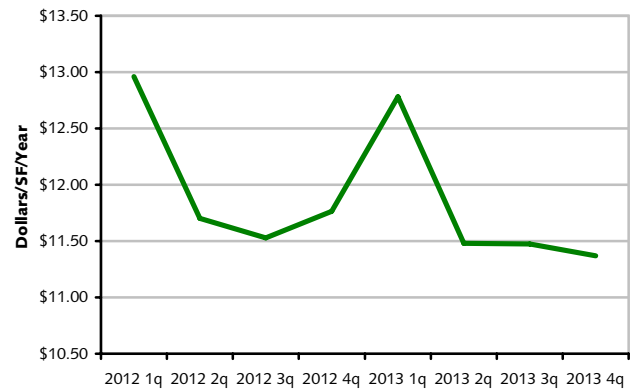
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	113	1,165,159	89,866	7.7%	(4,968)	0	0	0	0	\$11.37
2013 3q	113	1,165,159	84,898	7.3%	1,706	0	0	0	0	\$11.48
2013 2q	113	1,165,159	86,604	7.4%	(6,015)	0	0	0	0	\$11.48
2013 1q	113	1,165,159	80,589	6.9%	10,320	0	0	0	0	\$12.78
2012 4q	113	1,165,159	90,909	7.8%	0	0	0	0	0	\$11.76
2012 3q	113	1,165,159	90,909	7.8%	9,103	1	10,103	0	0	\$11.53
2012 2q	112	1,155,056	89,909	7.8%	(5,018)	0	0	1	10,103	\$11.70
2012 1q	112	1,155,056	84,891	7.3%	39,508	0	0	1	10,103	\$12.96
2011 4q	112	1,155,056	124,399	10.8%	1,300	0	0	1	10,103	\$12.31
2011 3q	112	1,155,056	125,699	10.9%	(9,085)	0	0	1	10,103	\$12.11
2011 2q	112	1,155,056	116,614	10.1%	7,178	0	0	0	0	\$11.92
2011 1q	112	1,155,056	123,792	10.7%	18,633	0	0	0	0	\$12.72
2010 4q	112	1,155,056	142,425	12.3%	(13,065)	0	0	0	0	\$11.76
2010 3q	112	1,155,056	129,360	11.2%	3,100	0	0	0	0	\$12.05
2010 2q	112	1,155,056	132,460	11.5%	25,761	0	0	0	0	\$11.77
2010 1q	112	1,155,056	158,221	13.7%	(356)	0	0	0	0	\$10.56

Source: CoStar Property®

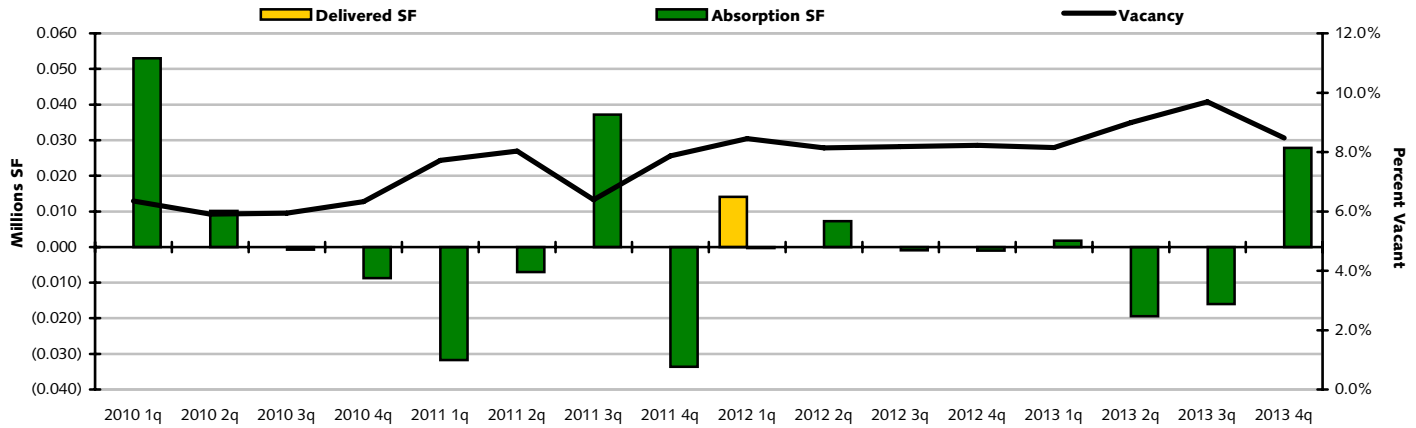


SOUTH BEND/MISHAWAKA OFFICE MARKET

GREATER SOUTH BEND MARKET

MARKET HIGHLIGHTS – CLASS "A, B & C"

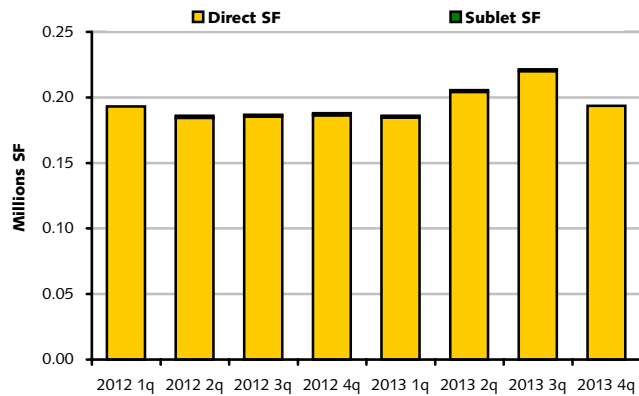
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

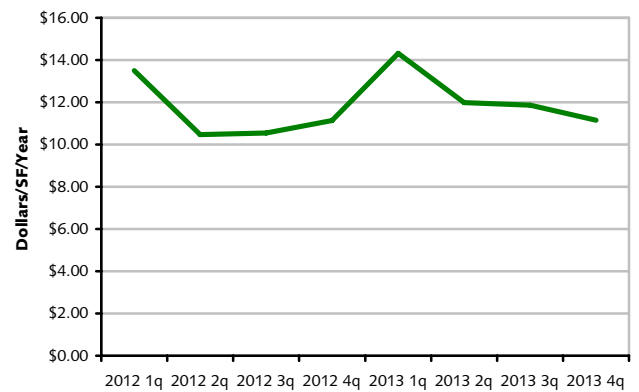
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

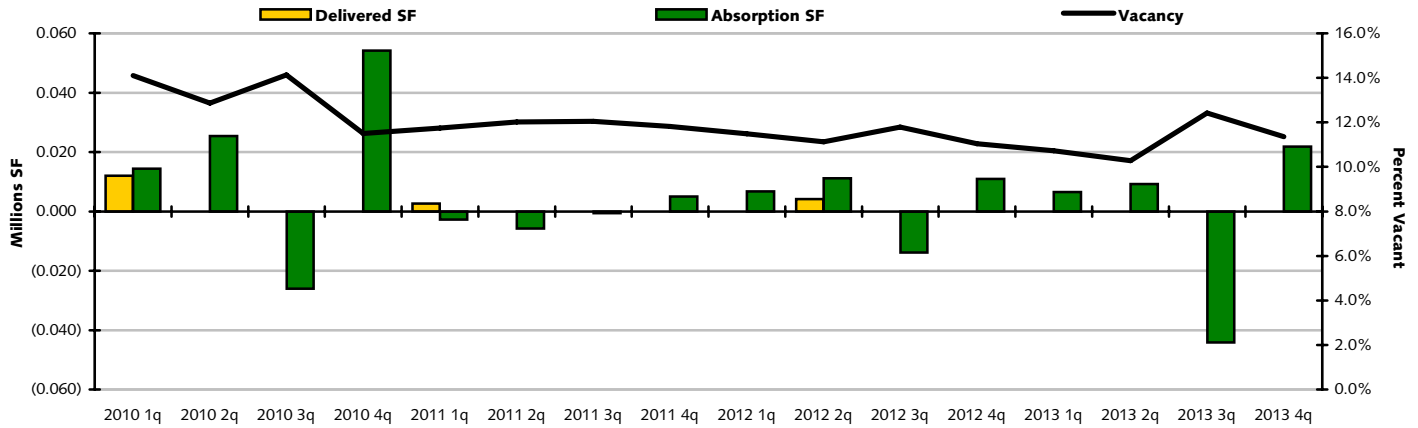
Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	276	2,285,043	193,670	8.5%	27,874	0	0	0	0	\$11.15
2013 3q	276	2,285,043	221,544	9.7%	(15,977)	0	0	0	0	\$11.86
2013 2q	276	2,285,043	205,567	9.0%	(19,434)	0	0	0	0	\$11.98
2013 1q	276	2,285,043	186,133	8.1%	1,789	0	0	0	0	\$14.32
2012 4q	276	2,285,043	187,922	8.2%	(1,042)	0	0	0	0	\$11.13
2012 3q	276	2,285,043	186,880	8.2%	(950)	0	0	0	0	\$10.55
2012 2q	276	2,285,043	185,930	8.1%	7,238	0	0	0	0	\$10.46
2012 1q	276	2,285,043	193,168	8.5%	(268)	1	14,050	0	0	\$13.49
2011 4q	275	2,270,993	178,850	7.9%	(33,599)	0	0	1	14,050	\$10.67
2011 3q	275	2,270,993	145,251	6.4%	37,168	0	0	1	14,050	\$10.36
2011 2q	275	2,270,993	182,419	8.0%	(7,068)	0	0	1	14,050	\$10.06
2011 1q	275	2,270,993	175,351	7.7%	(31,736)	0	0	0	0	\$13.27
2010 4q	275	2,270,993	143,615	6.3%	(8,735)	0	0	0	0	\$10.76
2010 3q	275	2,270,993	134,880	5.9%	(709)	0	0	0	0	\$10.68
2010 2q	275	2,270,993	134,171	5.9%	10,165	0	0	0	0	\$10.38
2010 1q	275	2,270,993	144,336	6.4%	52,999	0	0	0	0	\$11.00

Source: CoStar Property®

SOUTH BEND/MISHAWAKA OFFICE MARKET

MISHAWAKA MARKET MARKET HIGHLIGHTS - CLASS "A, B & C"

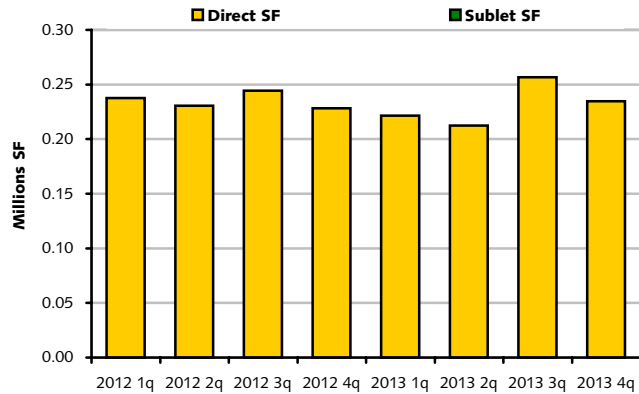
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, All Classes



Source: CoStar Property®

VACANT SPACE

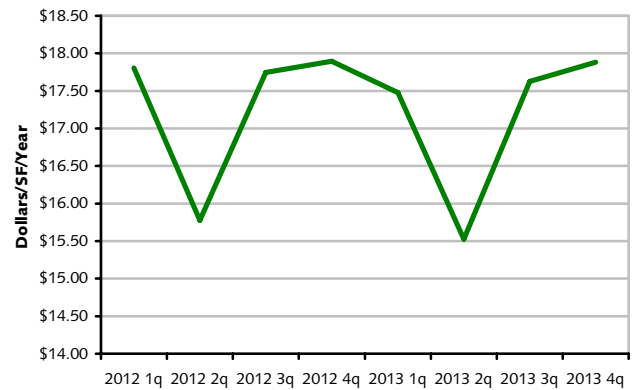
Historical Analysis, All Classes



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	197	2,066,828	234,808	11.4%	21,818	0	0	1	5,900	\$17.88
2013 3q	197	2,066,828	256,626	12.4%	(44,184)	0	0	1	5,900	\$17.63
2013 2q	197	2,066,828	212,442	10.3%	9,172	0	0	0	0	\$15.53
2013 1q	197	2,066,828	221,614	10.7%	6,476	0	0	0	0	\$17.48
2012 4q	197	2,066,828	228,090	11.0%	10,933	0	0	0	0	\$17.89
2012 3q	198	2,072,076	244,271	11.8%	(13,849)	0	0	0	0	\$17.75
2012 2q	198	2,072,076	230,422	11.1%	11,174	1	4,100	0	0	\$15.78
2012 1q	197	2,067,976	237,496	11.5%	6,751	0	0	1	4,100	\$17.81
2011 4q	197	2,067,976	244,247	11.8%	4,971	0	0	1	4,100	\$18.40
2011 3q	197	2,067,976	249,218	12.1%	(585)	0	0	1	4,100	\$17.90
2011 2q	197	2,067,976	248,633	12.0%	(5,748)	0	0	0	0	\$16.13
2011 1q	197	2,067,976	242,885	11.7%	(2,696)	1	2,610	0	0	\$17.92
2010 4q	196	2,065,366	237,579	11.5%	54,208	0	0	1	2,610	\$18.78
2010 3q	196	2,065,366	291,787	14.1%	(26,031)	0	0	1	2,610	\$17.35
2010 2q	196	2,065,366	265,756	12.9%	25,420	0	0	1	2,610	\$13.27
2010 1q	196	2,065,366	291,176	14.1%	14,361	1	12,003	0	0	\$16.96

Source: CoStar Property®

West Side Corridors, South Bend, Indiana
INDUSTRIAL MARKET STUDY
Gibbs Planning Group, Inc.
01 April 2014



Figure 1: The West Side Corridors study area is located immediately west of Downtown South Bend, and approximately two miles southwest of the heart of the Notre Dame campus.

Executive Summary

This industrial space market study finds that the West Side Corridors (Western Avenue/Lincoln Way West) study area cannot currently support any additional space in 2014, nor is growth supportable through 2019. However, 12,000 square feet (sf) of new space will be viable by 2024, solely because of industrial building inventory becoming functionally obsolete over the next 10 years. Gibbs Planning Group, Inc. (GPG) bases these projections on a stabilized vacancy factor of 8.25 percent, which is significantly lower than the current 10.4 percent level at a negative industrial labor annual growth rate of 0.03 percent, and a market average of 1,437 sf per general industrial sector employee. This new space should be flex space, and will primarily serve the needs of distribution, research & development, and sales-service providers. The key factors in the lack of significant demand over the next five years are: (1) a decline in industrial sector employment, and (2) absorption of existing vacant space, to get down to the stabilized vacancy rate of 8.25 percent from today's level of 10.4 percent.

Warehouse space needs for the study area will be met by the existing 17.8 million sf of warehouse space in the Greater South Bend industrial space submarket.

Employment

Demand for additional industrial space is driven in part by employment growth. This area currently has an estimated 35,800 employees, of which approximately 11,700 are industrial space workers. As is true in the "Midwestern Rust Belt" in general, and specifically in the South Bend/Mishawaka Metro Statistical Area, employment in manufacturing and other industrial uses is projected by the Kelly School of Business (Indiana University) to contract by 0.03 percent annually throughout

2034. GPG estimates the 2019 Greater South Bend submarket will employ about 11,650 industrial space workers, and will grow to approximately 11,600 in 2024.

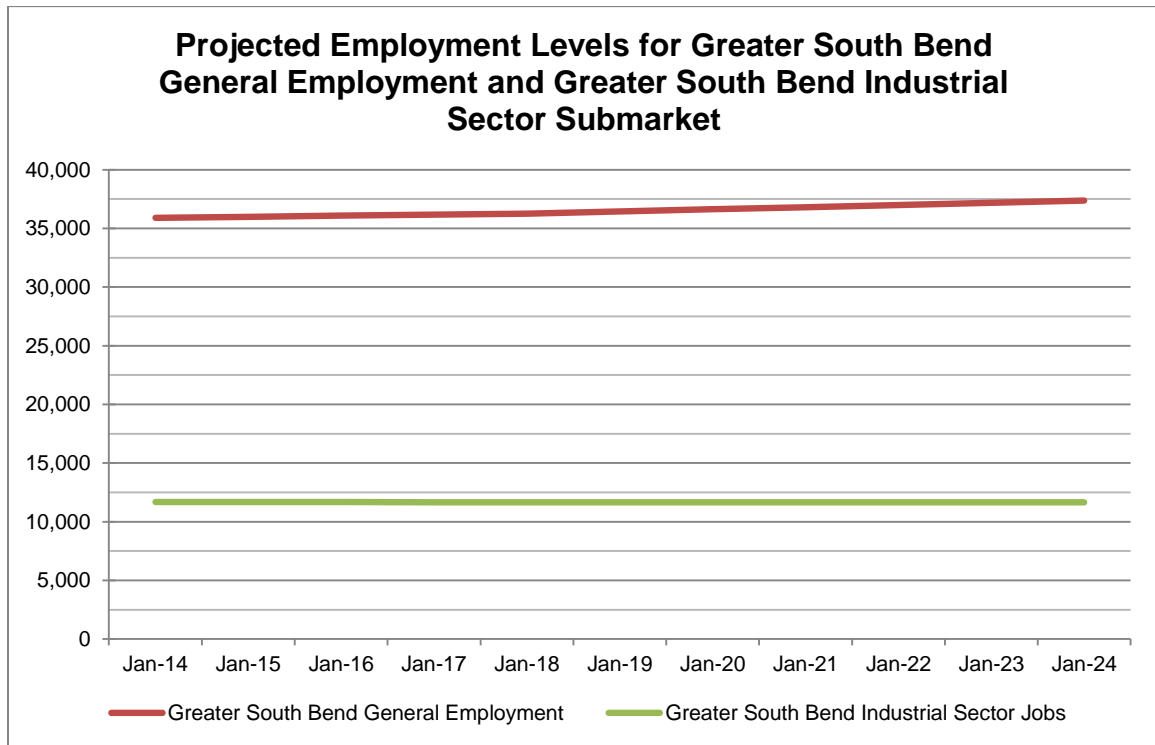


Figure 2: Industrial Employment is projected to decline by roughly 0.03 percent annually over the next 10 years.

Greater South Bend Industrial Space Sub Market

Users of industrial space have two main needs. The most common type of building is the open warehouse for local & regional businesses, such as wholesalers of retail goods, manufacturers, and service companies for part and equipment storage. The second type of industrial space is the flex space building. These versatile structures are designed to accommodate the mixed needs of office, distribution, research and/or warehousing. Flex buildings are generally one to two stories, with ceiling heights of 16 feet and overhead doors.

Demand for industrial space is driven by two major factors: employment and functional obsolescence. Functional obsolescence covers a broad range of circumstances for removal of space from the market place, including: conversion to other purposes which have a higher and better value like retail or residential uses, market place requirements such as higher ceiling needs, or the environmental restriction against previously used construction materials, and the need of a very specific parcel of land for a use to which a building cannot be converted, such as a property located on a railway spur. **GPG finds that all of the additional space which is projected to be needed in the industrial space market by 2024 at the subject site comes from demand created by removal of space because of functional obsolescence, at an annualized rate of 0.25 percent.**

This report estimates that approximately 512,000 sf of obsolete industrial space will be removed from, or retasked, in this submarket over the next 10 years.

The Greater South Bend industrial submarket is comprised of over 18.7 million sf of space in 396 buildings. This area has 847,000 sf of flex space contained in 41 buildings and almost 17.9 million sf of warehouse space in 355 structures. The South Bend/Mishawaka MSA encompasses 838 locations with 31.8 million sf of industrial space.

The combined industrial vacancy rate in the Greater South Bend area at the end of the 4th quarter of 2013 peaked after rising six straight quarters to 10.4 percent. It has suffered through five consecutive quarters of negative absorption, including losing 243,500 sf of tenants in 2013. There are currently no projects under construction; however, two new buildings came on line in 2013, adding over 187,000 sf of new industrial space to the marketplace.

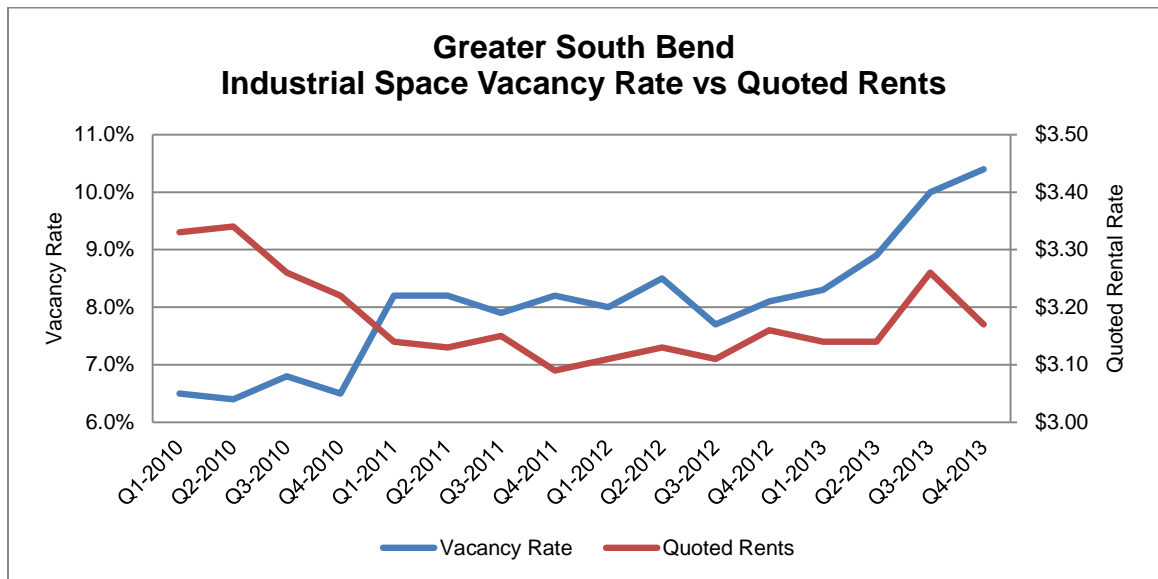


Figure 3: Quoted Industrial Property Rental Rates are just off the bottom asking rates from recent history in the Greater South Bend industrial submarket place.

After a brief spike in the third quarter of 2013, the quoted industrial space rental rate is at \$3.17/sf, just below the four-year average of \$3.18/sf. There was an estimated 1.9 million sf of vacant inventory in the submarket at the end of 2013.

West Side Corridors Study Area Industrial Space Demand

The estimate of the industrial space gap (need or over supply) is based on inventorying existing industrial space square footage in a submarket, less the current vacancy rate, quantifying and disaggregating the base employment by category, determining the number of employees who require industrial space by employment category, and then estimating the industrial space need per sf per employee. This statistic is multiplied by the estimated job growth, which is a derivative of the additional need for local services and businesses driven by population or income increases. Therefore, the demand for industrial space has an indirect link to the population growth (residential dwelling unit and retail space demand has a direct link to population growth). The new demand is then adjusted by a market-specific Stabilized Vacancy Factor, which in the case of the Greater South Bend industrial market is over 2.0 percent lower than current vacancy levels, and compared to the industrial space supply. Past industrial space inventory plus the amount of new

space delivered into the market, less that which is functional obsolete or demolished, is the projected industrial space supply.

For purposes of this study, the existing inventory in the Greater South Bend industrial submarket is 18.7 million sf. GPG estimates that through 2019, 281,000 sf (1.5 percent) of the industrial space will become functionally obsolete. The Stabilized Vacancy Factor for the industrial submarket is 8.25 percent. Based on the “*WorkPlace & Employment Summary: Greater South Bend Submarket*” table found in the appendix of this report, the total number of 2013 employees in this industrial submarket is 35,800, of which 11,700 are industrial space employees. The 2013 industrial space required per worker is 1,437 sf per worker. The 2019 total industrial space market demand for this submarket is 16.8 million sf, based on an annualized employment growth rate of -0.03 percent. Adjusting for the stabilized vacancy factor generates a total demand of 18.3 million sf. **GPG finds that by 2019, there will be 187,000 sf oversupply of industrial space yielding a 9.0 percent vacancy rate, 0.75 percent above the stabilized vacancy factor in the West Side Corridors study area.**

The West Side Corridors study area is the dominant warehouse location in the Greater South Bend submarket, and contains over 17.8 million sf of the 29.2 million sf found in the South Bend/Mishawaka MSA. Its location, vehicular access and tenant mix generates a capture rate of 33 percent of the surplus industrial space demand potential in the submarket.

Office Space Demand	2014	2019	2024
Gross Industrial Space Demand (Greater South Bend submarket)	18,290,000 sf	18,260,000 sf	18,200,000 sf
Gap Potential (Demand less Supply) (Greater South Bend submarket)	(387,000) sf	(180,000) sf	36,000 sf
Captured Demand (Western/Lincoln Way study area)	0 sf	0 sf	12,000 sf
Aggregated Captured Demand (Western/Lincoln Way study area)	0 sf	0 sf	12,000 sf

Figure 4: Industrial space demand for the Greater South Bend submarket and West Side Corridors study area.

Based on projected job growth and a stabilized vacancy factor of 8.25 percent, GPG finds that 12,000 sf of flex space will be supportable in the study area by 2024.

Limits of Study

The findings of this summary represent GPG’s best estimates of demand at the study site. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and is believed to be reliable. This study is based on estimates, assumptions and other information developed by GPG’s independent research effort, general knowledge of the commercial real estate industry, market data from commercial real estate listing services, and consultations with the client and its representatives.

No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or in any other data source used in preparing or presenting this study. This report is based on information that was current as of April 1, 2014 and GPG has not undertaken any update of its research effort since such date.

This report may contain prospective financial information, estimates, or opinions that represent GPG's view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a precise level of income or profit will be achieved, that particular events will occur, or that a specific price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved.

Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved. This study *should not* be the sole basis for programming, planning, purchasing, financing, or development of any commercial project. This study is for the use of the client for general market analysis purposes only and is void for other site locations or developers.

For the purposes of this study, GPG has assumed the following:

- The region's economy will stabilize at normal or above normal ranges of population, household formation and employment growth, while price and cost inflation remain at historic levels.
- Employment distribution is to remain constant, without a spike or decline in employment by NAICS category.
- Projected lease and vacancy rates, as well as product absorption models based on our proprietary econometric model of the relationship between changes in employment and population. The most current data has been gathered from STDB, US Census Bureau, ESRI, COSTAR Group, Inc., LOOPNET, and local brokerage services.

-- END OF REPORT --

WorkPlace & Employment Summary

**Greater South Bend Industrial Submarket,
South Bend, Indiana**

Prepared by Gibbs Planning Group

Total Businesses:	4,144
Total Employees:	35,814
Total Residential Population:	98,570
Employee/Residential Population Ratio:	0.36

	BUSINESSES		EMPLOYEES	
	Number	Percent	Number	Percent
Agriculture & Mining	143	3.5%	496	1.4%
Construction	378	9.1%	2,198	6.1%
Manufacturing	197	4.8%	7,381	20.6%
Transportation	153	3.7%	1,667	4.7%
Communication	32	0.8%	210	0.6%
Electric, Gas, Water, Sanitary Services	14	0.3%	262	0.7%
Wholesale Trade	225	5.4%	2,170	6.1%
Retail Trade Summary	670	16.2%	7,239	20.2%
Home Improvement	45	1.1%	404	1.1%
General Merchandise Stores	19	0.5%	1,585	4.4%
Food Stores	62	1.5%	1,000	2.8%
Auto Dealers, Gas Stations, Auto Aftermarket	75	1.8%	641	1.8%
Apparel & Accessory Stores	32	0.8%	199	0.6%
Furniture & Home Furnishings	47	1.1%	235	0.7%
Eating & Drinking Places	169	4.1%	2,164	6.0%
Miscellaneous Retail	222	5.4%	1,011	2.8%
Finance, Insurance, Real Estate Summary	304	7.3%	1,236	3.5%
Banks, Savings & Lending Institutions	42	1.0%	309	0.9%
Securities Brokers	12	0.3%	27	0.1%
Insurance Carriers & Agents	67	1.6%	213	0.6%
Real Estate, Holding, Other Investment Offices	182	4.4%	686	1.9%
Services Summary	1,985	47.9%	10,923	30.5%
Hotels & Lodging	25	0.6%	337	0.9%
Automotive Services	112	2.7%	812	2.3%
Motion Pictures & Amusements	103	2.5%	369	1.0%
Health Services	113	2.7%	1,139	3.2%
Legal Services	17	0.4%	36	0.1%
Education Institutions & Libraries	61	1.5%	1,936	5.4%
Other Services	1,554	37.5%	6,294	17.6%
Government	43	1.0%	2,033	5.7%
Totals	4,144		35,815	

THE CoSTAR INDUSTRIAL REPORT

YEAR - END 2013

South Bend/Mishawaka Industrial Market



SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



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METHODOLOGY

The CoStar Industrial Report calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

**For information on subscribing to CoStar's other products and services, please contact us at
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CoStar Group, Inc.

1331 L ST NW • Washington, DC 20005 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

TERMS & DEFINITIONS

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



OVERVIEW

SOUTH BEND/MISHAWAKA'S VACANCY INCREASES TO 7.5% Net Absorption Negative (114,475) SF in the Quarter

The South Bend/Mishawaka Industrial market ended the fourth quarter 2013 with a vacancy rate of 7.5%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (114,475) square feet in the fourth quarter. Vacant sublease space remained unchanged in the quarter, ending at 2,400 square feet. Rental rates ended the fourth quarter at \$3.12, a decrease over the previous quarter. There were no properties under construction at the end of the quarter.

Absorption

Net absorption for the overall South Bend/Mishawaka Industrial market was negative (114,475) square feet in the fourth quarter 2013. That compares to negative (53,042) square feet in the third quarter 2013, positive 514,794 square feet in the second quarter 2013, and positive 37,545 square feet in the first quarter 2013.

Tenants moving into large blocks of space in 2013 include: B & B Organics moving into 13,680 square feet at 949 E 12th St, Michiana Auto Supply moving into 4,200 square feet at 244 Olive St, and Endeavor Machined Products moving into 3,000 square feet at 850 S Marietta St.

The Flex building market recorded net absorption of positive 10,324 square feet in the fourth quarter 2013, compared to negative (1,780) square feet in the third quarter 2013, negative (7,095) in the second quarter 2013, and positive 18,225 in the first quarter 2013.

The Warehouse building market recorded net absorption of negative (124,799) square feet in the fourth quarter 2013 compared to negative (51,262) square feet in the third quarter 2013, positive 521,889 in the second quarter 2013, and positive 19,320

in the first quarter 2013.

Vacancy

The Industrial vacancy rate in the South Bend/Mishawaka market area increased to 7.5% at the end of the fourth quarter 2013. The vacancy rate was 7.2% at the end of the third quarter 2013, 6.4% at the end of the second quarter 2013, and 8.2% at the end of the first quarter 2013.

Flex projects reported a vacancy rate of 5.7% at the end of the fourth quarter 2013, 6.1% at the end of the third quarter 2013, 6.1% at the end of the second quarter 2013, and 5.8% at the end of the first quarter 2013.

Warehouse projects reported a vacancy rate of 7.7% at the end of the fourth quarter 2013, 7.3% at the end of third quarter 2013, 6.6% at the end of the second quarter 2013, and 8.4% at the end of the first quarter 2013.

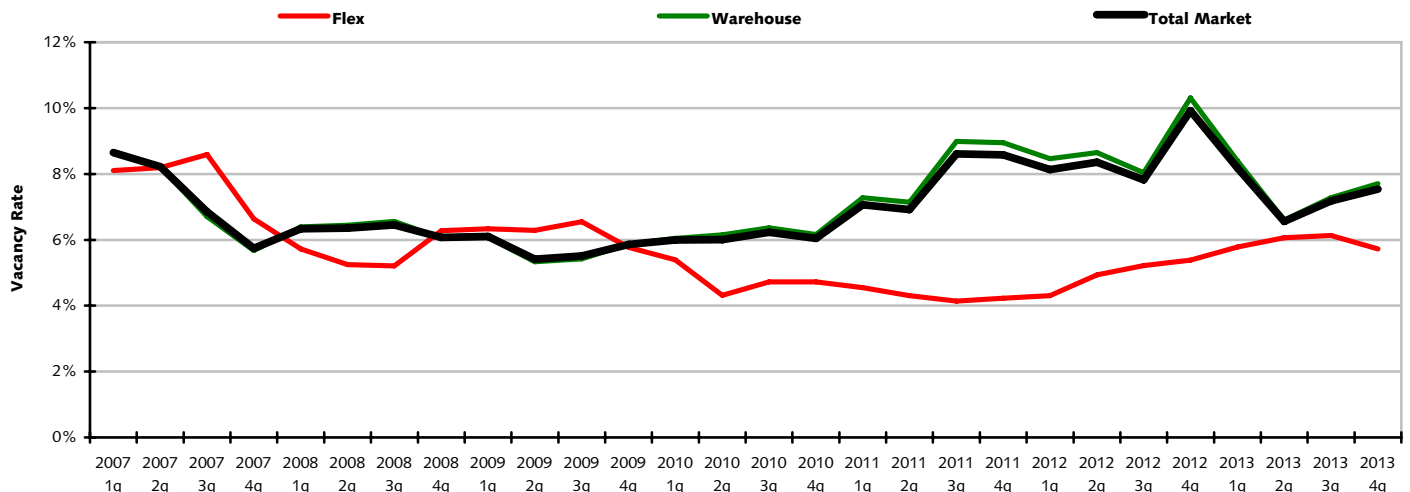
Largest Lease Signings

The largest lease signings occurring in 2013 included: the 13,680-square-foot lease signed by B & B Organics at 949 E 12th St in the Mishawaka market; the 7,658-square-foot deal signed by Accel EMS Inc at 1309 E McKinley Ave in the Mishawaka market; and the 4,858-square-foot lease signed by Kukla at 1600 W 6th St in the Mishawaka market.

Sublease Vacancy

The amount of vacant sublease space in the South Bend/Mishawaka market stayed the same at 2,400 square feet by the end of the fourth quarter 2013, from 2,400 square feet at the end of the third quarter 2013. There was 45,617 square feet vacant at the end of the second quarter 2013 and 40,817 square feet at

VACANCY RATES BY BUILDING TYPE 2007-2013



Source: CoStar Property®

the end of the first quarter 2013.

South Bend/Mishawaka's Flex projects reported vacant sublease space of 2,400 square feet at the end of fourth quarter 2013, from the 2,400 square feet reported at the end of the third quarter 2013. There were 4,800 square feet of sublease space vacant at the end of the second quarter 2013, and no vacant sublease space at the end of the first quarter 2013.

Warehouse projects reported no vacant sublease space during the third and fourth quarter 2013. There was 40,817 square feet at the end of the first and second quarter 2013.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$3.12 per square foot per year at the end of the fourth quarter 2013 in the South Bend/Mishawaka market area. This represented a 3.1% decrease in quoted rental rates from the end of the third quarter 2013, when rents were reported at \$3.22 per square foot.

The average quoted rate within the Flex sector was \$5.39 per square foot at the end of the fourth quarter 2013, while Warehouse rates stood at \$3.01. At the end of the third quarter 2013, Flex rates were \$5.24 per square foot, and Warehouse rates were \$3.11.

Deliveries and Construction

During the fourth quarter 2013, no new space was completed in the South Bend/Mishawaka market area. This compares to one building totaling 157,359 square feet that were completed in the third quarter 2013, nothing completed in the second quarter 2013, and 30,000 square feet in one building completed in the first quarter 2013.

There was no Industrial space under construction at the end of the fourth quarter 2013.

Some of the notable 2013 deliveries include: The Superior, a 157,359-square-foot facility that delivered in third quarter 2013, and 3303 William Richardson Dr, a 30,000-square-foot building that delivered in first quarter 2013.

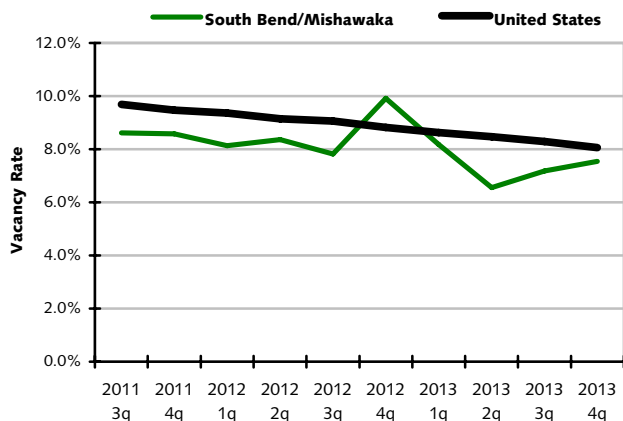
Inventory

Total Industrial inventory in the South Bend/Mishawaka market area amounted to 31,810,655 square feet in 838 buildings as of the end of the fourth quarter 2013. The Flex sector consisted of 2,557,912 square feet in 81 projects. The Warehouse sector consisted of 29,252,743 square feet in 757 buildings. Within the Industrial market there were 22 owner-occupied buildings accounting for 2,914,015 square feet of Industrial space.

Reports compiled by: Baxter Burnworth, CoStar Research Manager.

U.S. VACANCY COMPARISON

Past 10 Quarters



Source: CoStar Property*

SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



MARKETS

CoStar SUBMARKETS

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

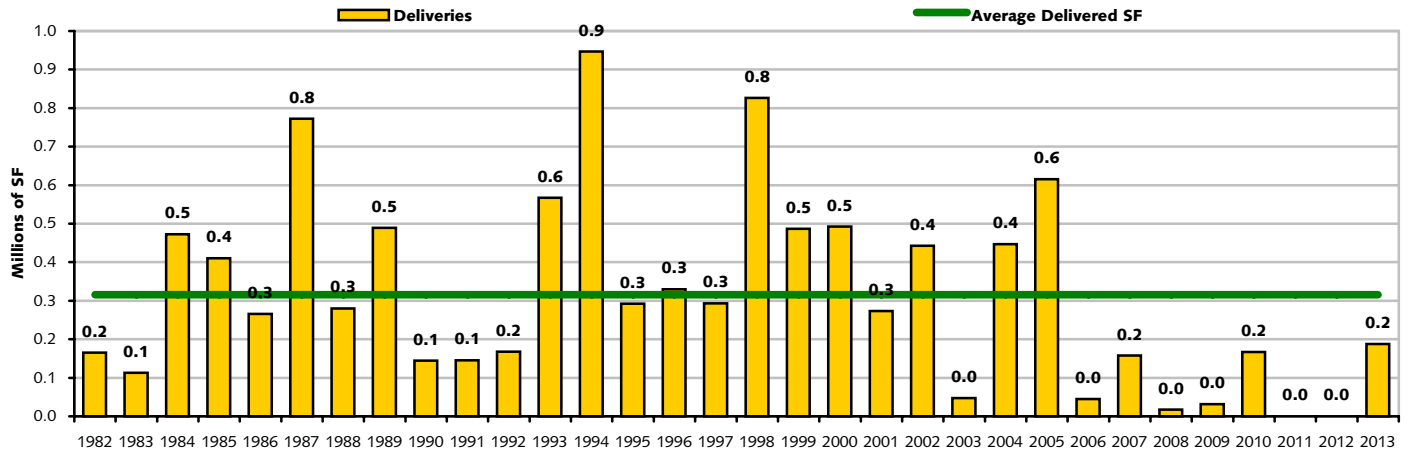
Submarket Clusters
Cass County
Downtown South Bend
Elkhart County
Greater South Bend
Mishawaka



SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET

INVENTORY & DEVELOPMENT

HISTORICAL DELIVERIES 1982 - 2013



Source: CoStar Property® * Future deliveries based on current under construction buildings.

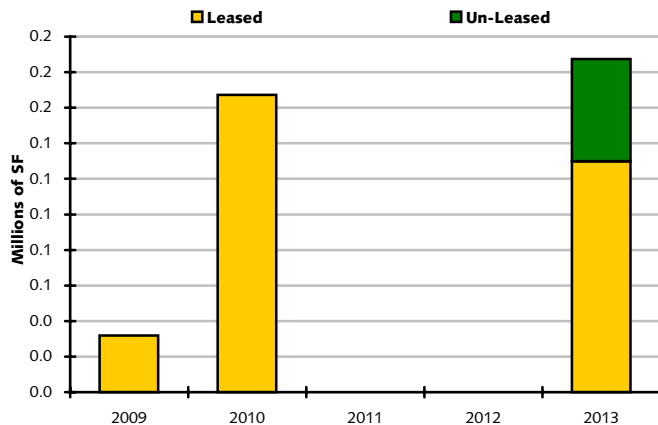
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Cass County	0	0	0	0.0%	41,794	0
Elkhart County	0	0	0	0.0%	18,713	0
Downtown South Bend	0	0	0	0.0%	52,295	0
Greater South Bend	0	0	0	0.0%	47,272	0
Mishawaka	0	0	0	0.0%	23,518	0
Totals	0	0	0	0.0%	37,960	0

Source: CoStar Property®

RECENT DELIVERIES

Leased & Un-Leased SF in Deliveries Since 2009



Source: CoStar Property®

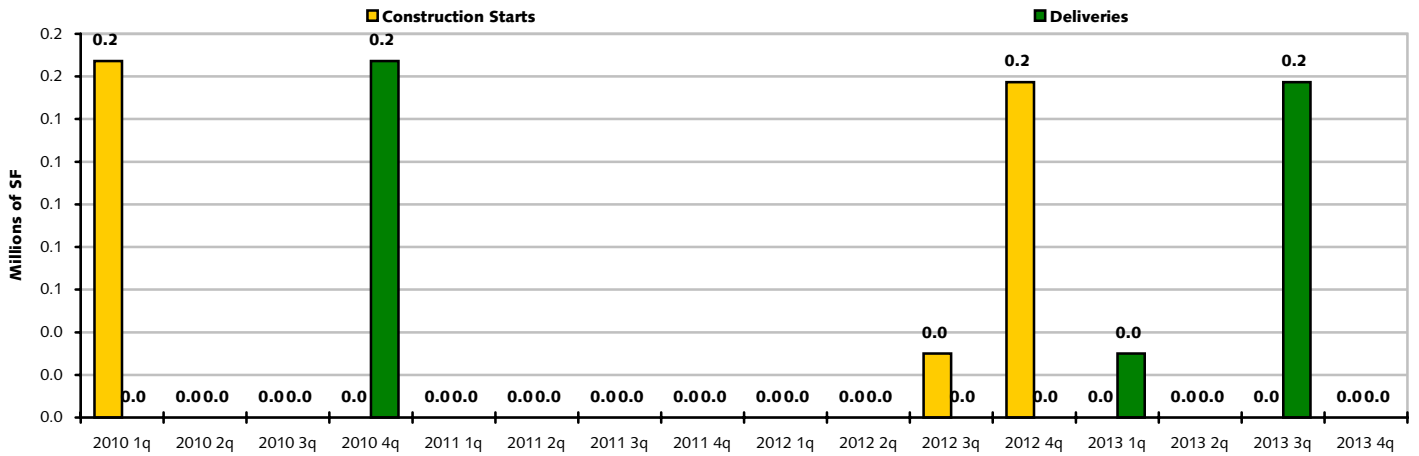
SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



INVENTORY & DEVELOPMENT

HISTORICAL CONSTRUCTION STARTS & DELIVERIES

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	1	30,000	24,300	81.0%	\$6.25	0	30,000
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	1	157,359	105,431	67.0%	\$3.95	0	157,359
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

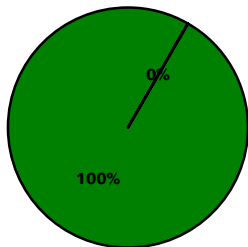
Source: CoStar Property®

RECENT DEVELOPMENT BY TENANCY

Based on RBA Developed for Single & Multi-Tenant Use

2013 Deliveries

No Properties Under Construction



■ Multi ■ Single

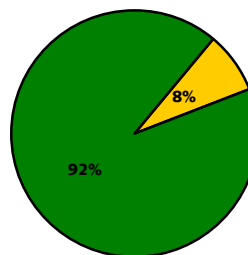
Source: CoStar Property®

EXISTING INVENTORY COMPARISON

Based on Total RBA

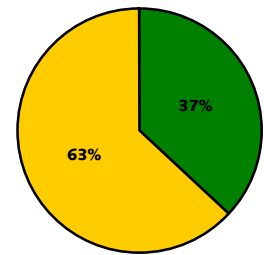
By Building Type

By Tenancy Type



■ Flex ■ Warehouse

Source: CoStar Property®



■ Multi ■ Single

SELECT YEAR-TO-DATE DELIVERIES

Based on Project Square Footage

- | | |
|--|---|
| <p>1. The Superior</p> <p>Submarket: Greater South Bend Industrial Market</p> <p>RBA: 157,359</p> <p>Occupied: 67%</p> <p>Quoted Rate: \$3.95</p> <p>Grnd Brk Date: Fourth Quarter 2012</p> <p>Deliv Date: Third Quarter 2013</p> <p>Leasing Co: Newmark Grubb Cressy & Everett</p> <p>Developer: N/A</p> | <p>2. 3303 William Richardson Dr</p> <p>Submarket: Greater South Bend Industrial Market</p> <p>RBA: 30,000</p> <p>Occupied: 81%</p> <p>Quoted Rate: \$6.25</p> <p>Grnd Brk Date: Third Quarter 2012</p> <p>Deliv Date: First Quarter 2013</p> <p>Leasing Co: Bradley Company</p> <p>Developer: N/A</p> |
|--|---|

SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



FIGURES AT A GLANCE

FLEX MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	1	8,902	0	0	0.0%	0	0	0	\$0.00
Downtown South Bend	9	337,363	19,158	19,158	5.7%	1,317	0	0	\$4.15
Elkhart County	3	171,819	0	0	0.0%	0	0	0	\$16.67
Greater South Bend	41	847,407	87,409	89,809	10.6%	36,657	30,000	0	\$5.09
Mishawaka	27	1,192,421	37,500	37,500	3.1%	(18,300)	0	0	\$6.33
Totals	81	2,557,912	144,067	146,467	5.7%	19,674	30,000	0	\$5.39

Source: CoStar Property®

WAREHOUSE MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	67	2,833,098	68,032	68,032	2.4%	620,283	0	0	\$2.37
Downtown South Bend	45	2,486,581	230,240	230,240	9.3%	525	0	0	\$3.67
Elkhart County	18	221,158	0	0	0.0%	32,626	0	0	\$3.66
Greater South Bend	355	17,872,391	1,847,782	1,847,782	10.3%	(280,146)	157,359	0	\$3.08
Mishawaka	272	5,839,515	106,948	106,948	1.8%	(8,140)	0	0	\$3.52
Totals	757	29,252,743	2,253,002	2,253,002	7.7%	365,148	157,359	0	\$3.01

Source: CoStar Property®

TOTAL INDUSTRIAL MARKET STATISTICS

Year-End 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Cass County	68	2,842,000	68,032	68,032	2.4%	620,283	0	0	\$2.37
Downtown South Bend	54	2,823,944	249,398	249,398	8.8%	1,842	0	0	\$3.70
Elkhart County	21	392,977	0	0	0.0%	32,626	0	0	\$3.76
Greater South Bend	396	18,719,798	1,935,191	1,937,591	10.4%	(243,489)	187,359	0	\$3.17
Mishawaka	299	7,031,936	144,448	144,448	2.1%	(26,440)	0	0	\$3.84
Totals	838	31,810,655	2,397,069	2,399,469	7.5%	384,822	187,359	0	\$3.12

Source: CoStar Property®

SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET

FIGURES AT A GLANCE

FLEX MARKET STATISTICS

Year-End 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 4q	81	2,557,912	144,067	146,467	5.7%	10,324	0	0	0	0	\$5.39
2013 3q	81	2,557,912	154,391	156,791	6.1%	(1,780)	0	0	0	0	\$5.24
2013 2q	81	2,557,912	150,211	155,011	6.1%	(7,095)	0	0	0	0	\$5.21
2013 1q	81	2,557,912	147,916	147,916	5.8%	18,225	1	30,000	0	0	\$5.16
2012 4q	80	2,527,912	136,141	136,141	5.4%	(4,195)	0	0	1	30,000	\$5.73
2012 3q	80	2,527,912	131,946	131,946	5.2%	(7,200)	0	0	1	30,000	\$5.67
2012 2q	80	2,527,912	124,746	124,746	4.9%	(15,940)	0	0	0	0	\$5.32
2012 1q	80	2,527,912	108,806	108,806	4.3%	(2,000)	0	0	0	0	\$5.38
2011 4q	80	2,527,912	106,806	106,806	4.2%	(2,150)	0	0	0	0	\$5.49
2011 3q	80	2,527,912	104,656	104,656	4.1%	4,269	0	0	0	0	\$5.65
2011 2q	80	2,527,912	99,156	108,925	4.3%	6,096	0	0	0	0	\$5.72
2011 1q	80	2,527,912	105,252	115,021	4.6%	4,450	0	0	0	0	\$5.67
2010	80	2,527,912	109,702	119,471	4.7%	26,418	0	0	0	0	\$5.84
2009	80	2,527,912	145,889	145,889	5.8%	12,741	0	0	0	0	\$6.28
2008	80	2,527,912	158,630	158,630	6.3%	9,081	0	0	0	0	\$5.62
2007	80	2,527,912	167,711	167,711	6.6%	37,150	0	0	0	0	\$5.95

Source: CoStar Property®

WAREHOUSE MARKET STATISTICS

Year-End 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 4q	757	29,252,743	2,253,002	2,253,002	7.7%	(124,799)	0	0	0	0	\$3.01
2013 3q	757	29,252,743	2,128,203	2,128,203	7.3%	(51,262)	1	157,359	0	0	\$3.11
2013 2q	756	29,095,384	1,878,765	1,919,582	6.6%	521,889	0	0	1	157,359	\$2.79
2013 1q	756	29,095,384	2,400,654	2,441,471	8.4%	19,320	0	0	1	157,359	\$2.79
2012 4q	757	29,695,384	3,019,974	3,060,791	10.3%	(673,716)	0	0	1	157,359	\$2.85
2012 3q	757	29,695,384	2,346,258	2,387,075	8.0%	181,806	0	0	0	0	\$2.82
2012 2q	757	29,695,384	2,528,064	2,568,881	8.7%	(56,795)	0	0	0	0	\$2.83
2012 1q	757	29,695,384	2,471,269	2,512,086	8.5%	146,762	0	0	0	0	\$2.82
2011 4q	757	29,695,384	2,618,031	2,658,848	9.0%	11,217	0	0	0	0	\$2.80
2011 3q	757	29,695,384	2,629,248	2,670,065	9.0%	(548,285)	0	0	0	0	\$2.84
2011 2q	757	29,695,384	2,121,780	2,121,780	7.1%	38,249	0	0	0	0	\$2.82
2011 1q	757	29,695,384	2,160,029	2,160,029	7.3%	(331,117)	0	0	0	0	\$2.82
2010	757	29,695,384	1,828,912	1,828,912	6.2%	70,907	1	167,308	0	0	\$2.80
2009	756	29,528,076	1,732,511	1,732,511	5.9%	84,603	1	31,819	0	0	\$3.14
2008	755	29,496,257	1,785,295	1,785,295	6.1%	(95,869)	1	17,800	1	31,819	\$3.76
2007	754	29,478,457	1,671,626	1,671,626	5.7%	890,075	1	157,500	0	0	\$3.54

Source: CoStar Property®

TOTAL INDUSTRIAL MARKET STATISTICS

Year-End 2013

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2013 4q	838	31,810,655	2,397,069	2,399,469	7.5%	(114,475)	0	0	0	0	\$3.12
2013 3q	838	31,810,655	2,282,594	2,284,994	7.2%	(53,042)	1	157,359	0	0	\$3.22
2013 2q	837	31,653,296	2,028,976	2,074,593	6.6%	514,794	0	0	1	157,359	\$2.89
2013 1q	837	31,653,296	2,548,570	2,589,387	8.2%	37,545	1	30,000	1	157,359	\$2.88
2012 4q	837	32,223,296	3,156,115	3,196,932	9.9%	(677,911)	0	0	2	187,359	\$2.95
2012 3q	837	32,223,296	2,478,204	2,519,021	7.8%	174,606	0	0	1	30,000	\$2.93
2012 2q	837	32,223,296	2,652,810	2,693,627	8.4%	(72,735)	0	0	0	0	\$2.93
2012 1q	837	32,223,296	2,580,075	2,620,892	8.1%	144,762	0	0	0	0	\$2.91
2011 4q	837	32,223,296	2,724,837	2,765,654	8.6%	9,067	0	0	0	0	\$2.89
2011 3q	837	32,223,296	2,733,904	2,774,721	8.6%	(544,016)	0	0	0	0	\$2.94
2011 2q	837	32,223,296	2,220,936	2,230,705	6.9%	44,345	0	0	0	0	\$2.92
2011 1q	837	32,223,296	2,265,281	2,275,050	7.1%	(326,667)	0	0	0	0	\$2.90
2010	837	32,223,296	1,938,614	1,948,383	6.0%	97,325	1	167,308	0	0	\$2.89
2009	836	32,055,988	1,878,400	1,878,400	5.9%	97,344	1	31,819	0	0	\$3.24
2008	835	32,024,169	1,943,925	1,943,925	6.1%	(86,788)	1	17,800	1	31,819	\$3.90
2007	834	32,006,369	1,839,337	1,839,337	5.7%	927,225	1	157,500	0	0	\$3.75

Source: CoStar Property®

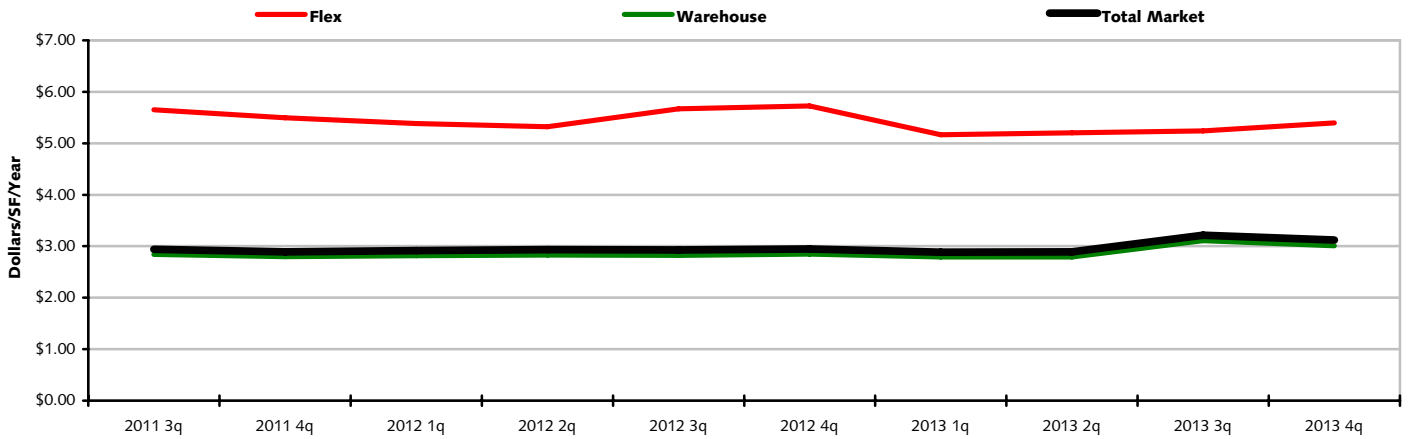
SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



LEASING ACTIVITY

HISTORICAL RENTAL RATES

Based on Quoted Rental Rates



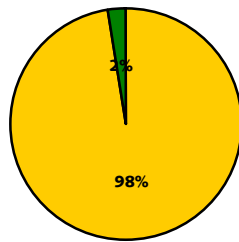
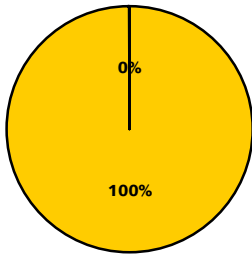
Source: CoStar Property®

VACANCY BY AVAILABLE SPACE TYPE

Percent of All Vacant Space in Direct vs. Sublet

South Bend/Mishawaka

United States



Direct Sublet

Direct Sublet

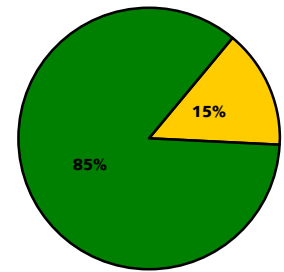
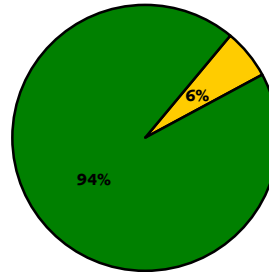
Source: CoStar Property®

VACANCY BY BUILDING TYPE

Percent of All Vacant Space by Building Type

South Bend/Mishawaka

United States



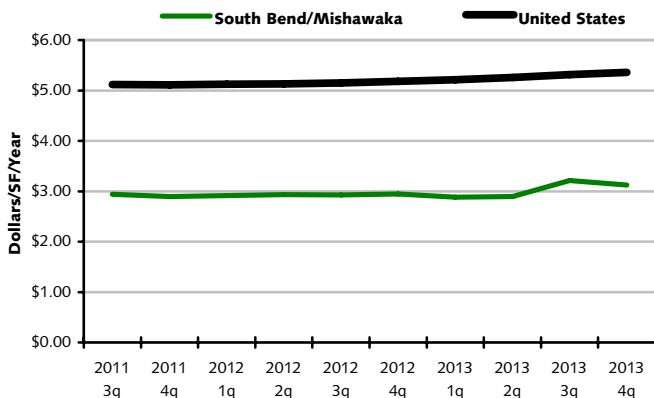
Flex Warehouse

Flex Warehouse

Source: CoStar Property®

U.S. RENTAL RATE COMPARISON

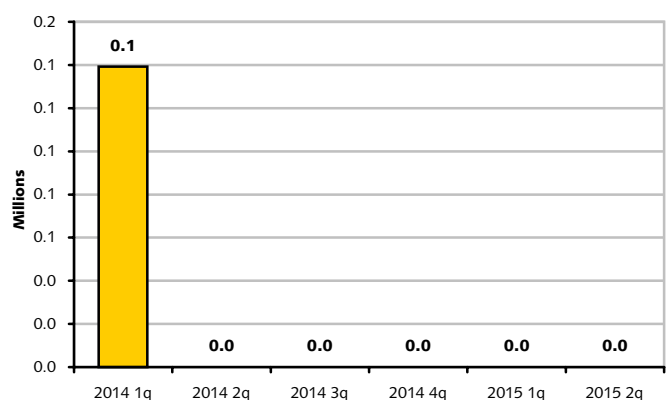
Based on Average Quoted Rental Rates



Source: CoStar Property®

FUTURE SPACE AVAILABLE

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET

LEASING ACTIVITY

SELECT TOP INDUSTRIAL LEASES Based on Leased Square Footage For Deals Signed in 2013

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 1827 North Bendix Drive	Greater South Bend	52,758	1st	N/A	N/A	Newmark Grubb Cressy & Everett
2 949 E 12th St	Mishawaka	13,680	2nd	B & B Organics	N/A	Newmark Grubb Cressy & Everett
3 1309 E Mckinley Ave	Mishawaka	7,658	1st	Accel EMS Inc	N/A	Newmark Grubb Cressy & Everett
4 1201 Industrial Dr	Mishawaka	7,626	4th	N/A	N/A	Newmark Grubb Cressy & Everett
5 2720 Foundation Dr	Greater South Bend	7,558	2nd	N/A	N/A	Alpha Realty
6 3225 Sugar Maple Ln	Greater South Bend	6,000	4th	N/A	N/A	Bradley Company
7 1600 W 6th St	Mishawaka	4,858	2nd	Kukla	N/A	Prudential One Realty
8 Cleveland Centre	Greater South Bend	4,724	4th	N/A	N/A	Bradley Company
9 South Olive Center	Greater South Bend	4,161	2nd	Hunt's Beauty Supply	N/A	Al VanOverberghe
10 1335 Lincoln Way E	Mishawaka	3,658	1st	N/A	N/A	At Home Realty Group
11 2301 N Bendix Dr	Greater South Bend	3,658	1st	N/A	N/A	Bradley Company
12 The Space Place	Cass County	2,000	1st	N/A	N/A	N/A
13 2020 W 6th St	Mishawaka	1,584	1st	N/A	N/A	Rich Palicki
14 2020 W 6th St	Mishawaka	1,584	1st	N/A	N/A	Rich Palicki
15 South Olive Center	Greater South Bend	1,350	1st	New Image Beauty and Barber	Direct Deal	Al VanOverberghe

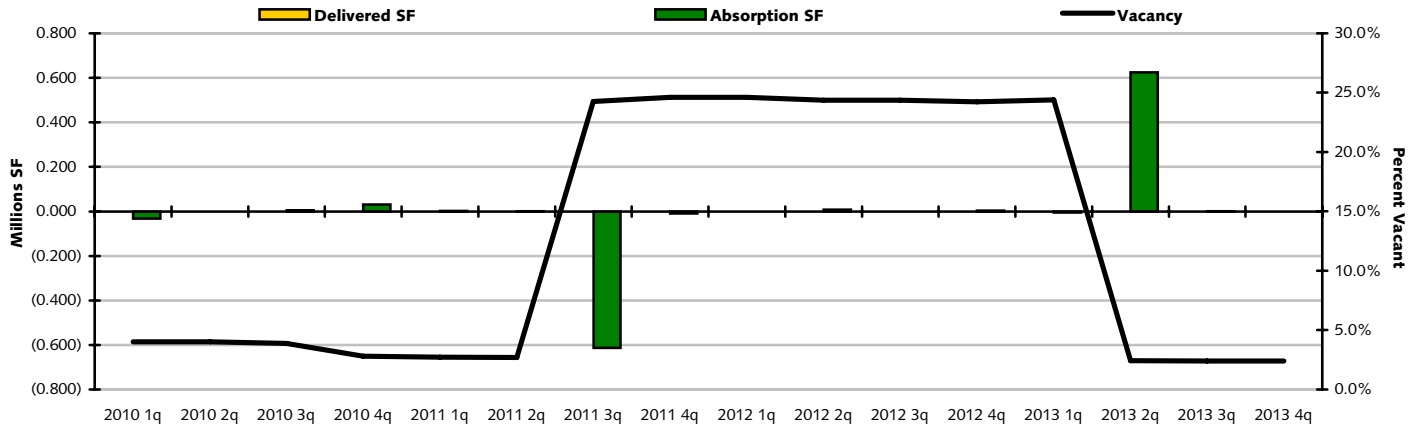
SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



CASS COUNTY MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

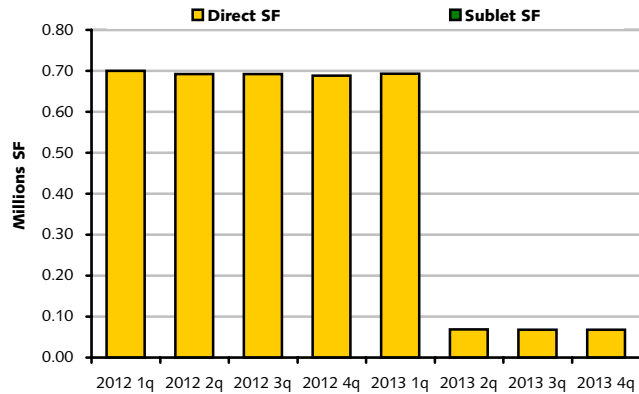
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

VACANT SPACE

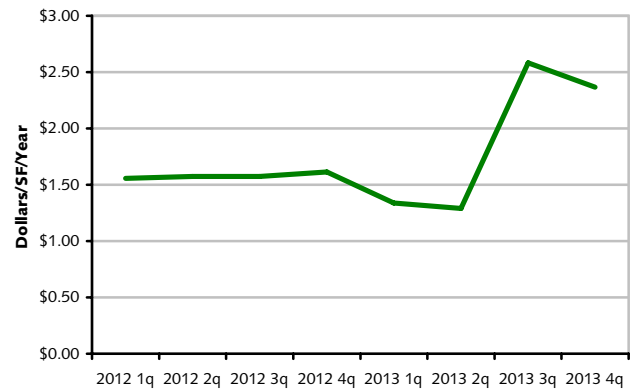
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	68	2,842,000	68,032	2.4%	0	0	0	0	0	\$2.37
2013 3q	68	2,842,000	68,032	2.4%	576	0	0	0	0	\$2.58
2013 2q	68	2,842,000	68,608	2.4%	624,457	0	0	0	0	\$1.29
2013 1q	68	2,842,000	693,065	24.4%	(4,750)	0	0	0	0	\$1.34
2012 4q	68	2,842,000	688,315	24.2%	4,200	0	0	0	0	\$1.61
2012 3q	68	2,842,000	692,515	24.4%	0	0	0	0	0	\$1.57
2012 2q	68	2,842,000	692,515	24.4%	7,218	0	0	0	0	\$1.57
2012 1q	68	2,842,000	699,733	24.6%	(283)	0	0	0	0	\$1.56
2011 4q	68	2,842,000	699,450	24.6%	(9,842)	0	0	0	0	\$1.64
2011 3q	68	2,842,000	689,608	24.3%	(612,732)	0	0	0	0	\$1.61
2011 2q	68	2,842,000	76,876	2.7%	783	0	0	0	0	\$1.59
2011 1q	68	2,842,000	77,659	2.7%	2,100	0	0	0	0	\$1.59
2010 4q	68	2,842,000	79,759	2.8%	30,200	0	0	0	0	\$1.59
2010 3q	68	2,842,000	109,959	3.9%	4,500	0	0	0	0	\$1.58
2010 2q	68	2,842,000	114,459	4.0%	(200)	0	0	0	0	\$1.74
2010 1q	68	2,842,000	114,259	4.0%	(32,876)	0	0	0	0	\$1.74

Source: CoStar Property®

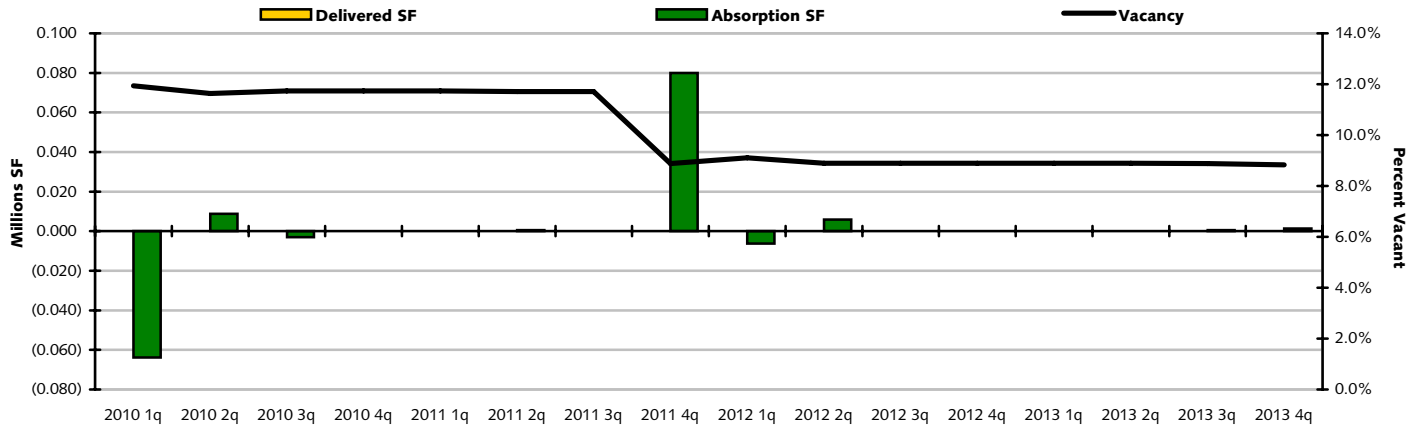


SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET

DOWNTOWN SOUTH BEND MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

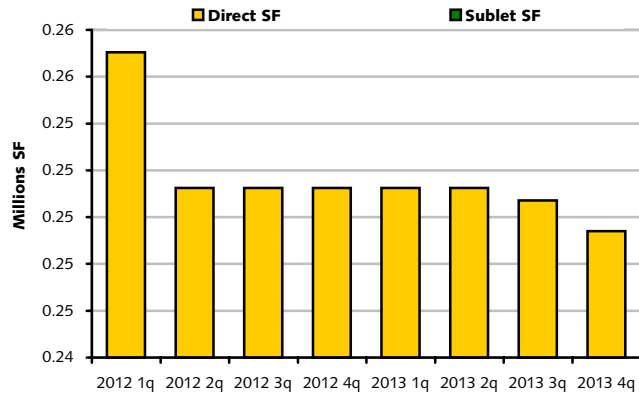
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

VACANT SPACE

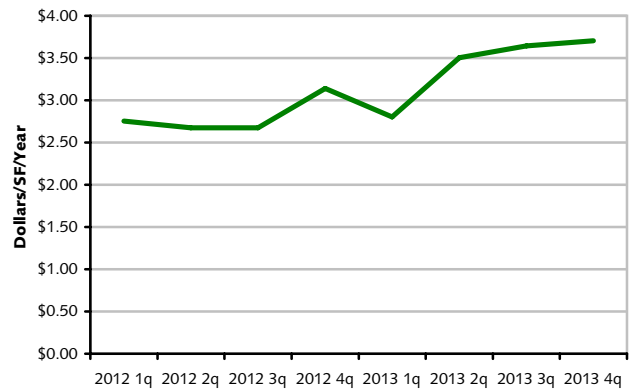
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	54	2,823,944	249,398	8.8%	1,317	0	0	0	0	\$3.70
2013 3q	54	2,823,944	250,715	8.9%	525	0	0	0	0	\$3.65
2013 2q	54	2,823,944	251,240	8.9%	0	0	0	0	0	\$3.50
2013 1q	54	2,823,944	251,240	8.9%	0	0	0	0	0	\$2.80
2012 4q	54	2,823,944	251,240	8.9%	0	0	0	0	0	\$3.14
2012 3q	54	2,823,944	251,240	8.9%	0	0	0	0	0	\$2.67
2012 2q	54	2,823,944	251,240	8.9%	5,800	0	0	0	0	\$2.67
2012 1q	54	2,823,944	257,040	9.1%	(6,280)	0	0	0	0	\$2.75
2011 4q	54	2,823,944	250,760	8.9%	80,000	0	0	0	0	\$2.74
2011 3q	54	2,823,944	330,760	11.7%	0	0	0	0	0	\$2.75
2011 2q	54	2,823,944	330,760	11.7%	600	0	0	0	0	\$2.66
2011 1q	54	2,823,944	331,360	11.7%	0	0	0	0	0	\$2.45
2010 4q	54	2,823,944	331,360	11.7%	0	0	0	0	0	\$2.45
2010 3q	54	2,823,944	331,360	11.7%	(2,961)	0	0	0	0	\$2.45
2010 2q	54	2,823,944	328,399	11.6%	8,761	0	0	0	0	\$2.28
2010 1q	54	2,823,944	337,160	11.9%	(63,770)	0	0	0	0	\$1.99

Source: CoStar Property®

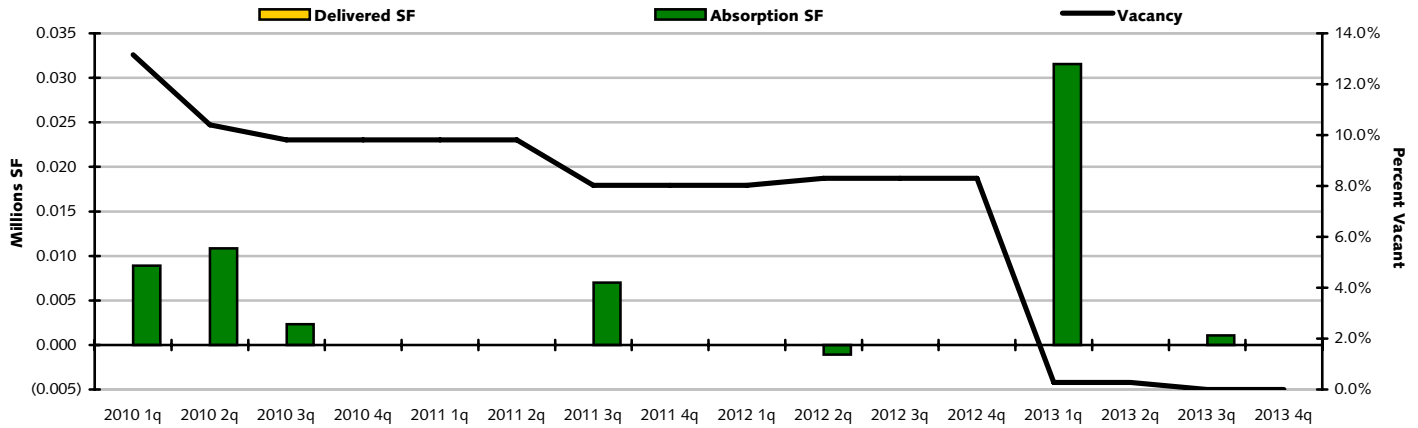
SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET



ELKHART COUNTY MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

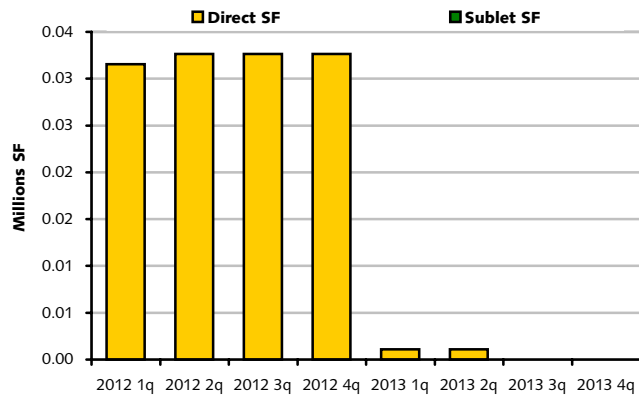
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

VACANT SPACE

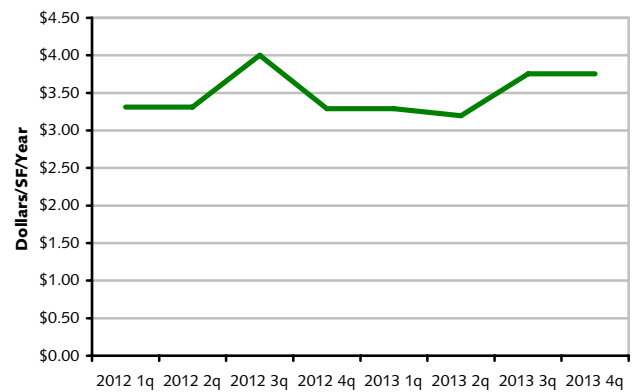
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	21	392,977	0	0.0%	0	0	0	0	0	\$3.76
2013 3q	21	392,977	0	0.0%	1,090	0	0	0	0	\$3.76
2013 2q	21	392,977	1,090	0.3%	0	0	0	0	0	\$3.20
2013 1q	21	392,977	1,090	0.3%	31,536	0	0	0	0	\$3.29
2012 4q	21	392,977	32,626	8.3%	0	0	0	0	0	\$3.29
2012 3q	21	392,977	32,626	8.3%	0	0	0	0	0	\$4.00
2012 2q	21	392,977	32,626	8.3%	(1,090)	0	0	0	0	\$3.31
2012 1q	21	392,977	31,536	8.0%	0	0	0	0	0	\$3.31
2011 4q	21	392,977	31,536	8.0%	0	0	0	0	0	\$3.31
2011 3q	21	392,977	31,536	8.0%	7,000	0	0	0	0	\$3.01
2011 2q	21	392,977	38,536	9.8%	0	0	0	0	0	\$3.01
2011 1q	21	392,977	38,536	9.8%	0	0	0	0	0	\$2.58
2010 4q	21	392,977	38,536	9.8%	0	0	0	0	0	\$2.57
2010 3q	21	392,977	38,536	9.8%	2,335	0	0	0	0	\$2.57
2010 2q	21	392,977	40,871	10.4%	10,854	0	0	0	0	\$3.01
2010 1q	21	392,977	51,725	13.2%	8,920	0	0	0	0	\$3.01

Source: CoStar Property®

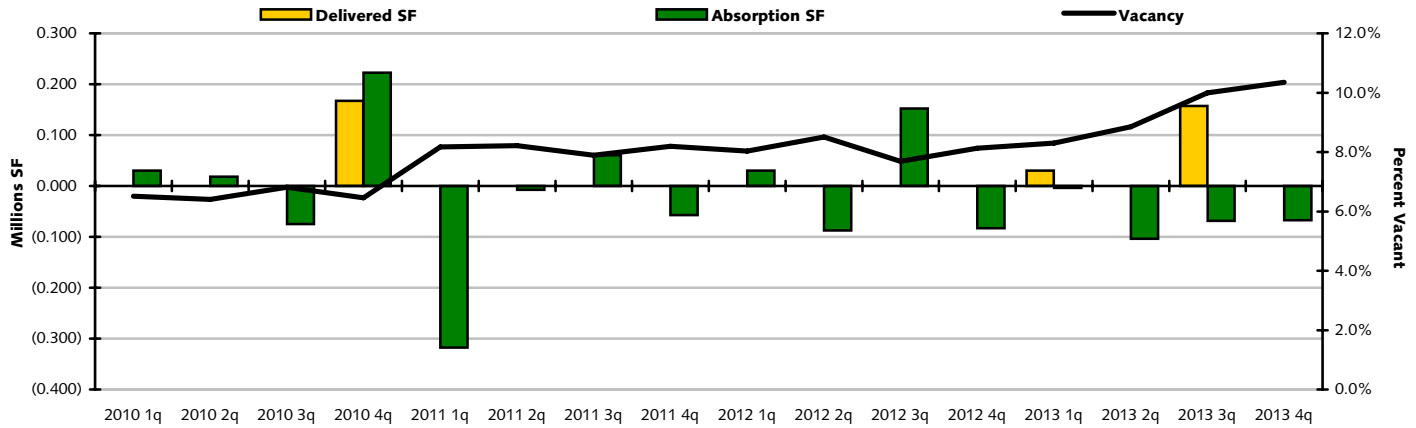


SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET

GREATER SOUTH BEND MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

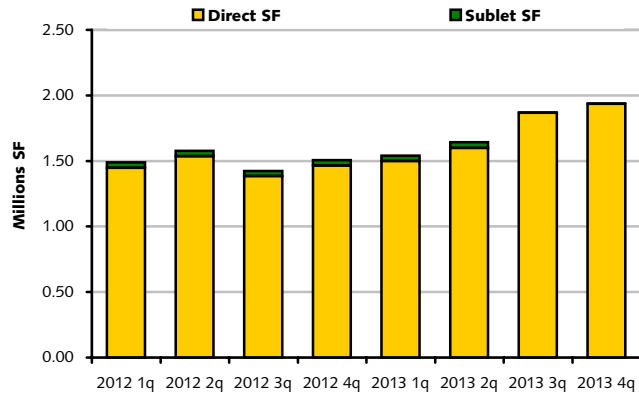
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

VACANT SPACE

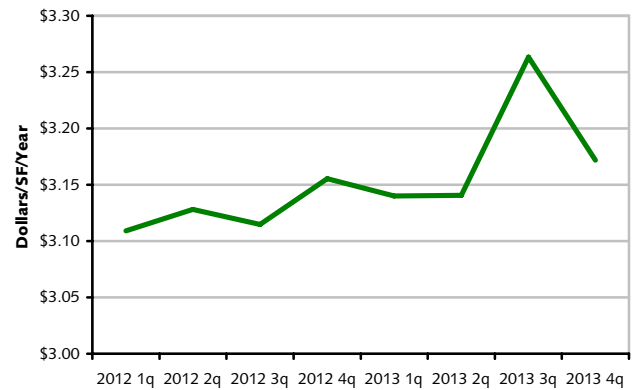
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

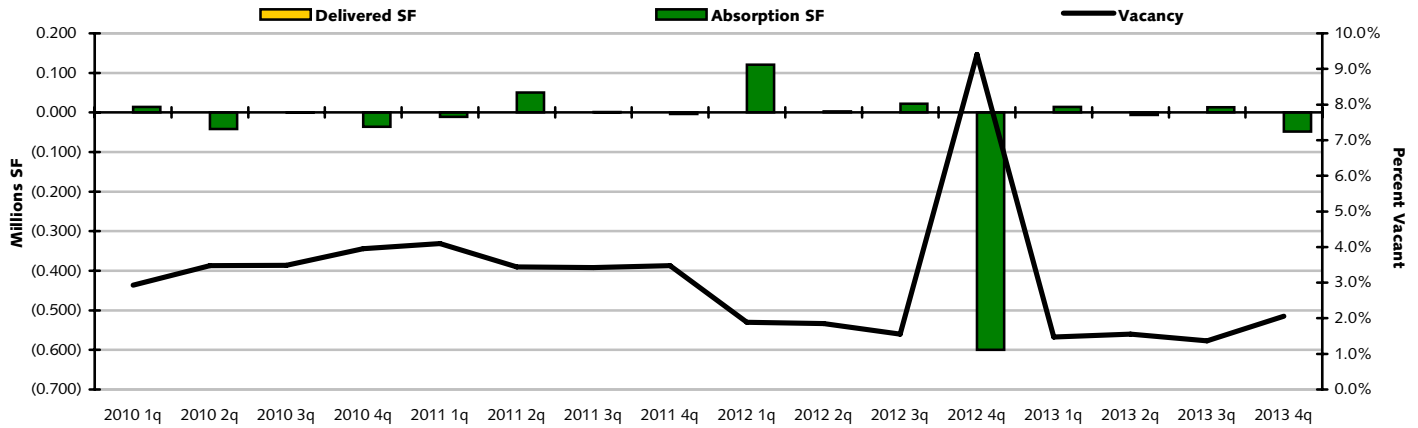
Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	396	18,719,798	1,937,591	10.4%	(67,486)	0	0	0	0	\$3.17
2013 3q	396	18,719,798	1,870,105	10.0%	(68,705)	1	157,359	0	0	\$3.26
2013 2q	395	18,562,439	1,644,041	8.9%	(103,773)	0	0	1	157,359	\$3.14
2013 1q	395	18,562,439	1,540,268	8.3%	(3,525)	1	30,000	1	157,359	\$3.14
2012 4q	394	18,532,439	1,506,743	8.1%	(82,711)	0	0	2	187,359	\$3.16
2012 3q	394	18,532,439	1,424,032	7.7%	152,258	0	0	1	30,000	\$3.11
2012 2q	394	18,532,439	1,576,290	8.5%	(87,663)	0	0	0	0	\$3.13
2012 1q	394	18,532,439	1,488,627	8.0%	30,225	0	0	0	0	\$3.11
2011 4q	394	18,532,439	1,518,852	8.2%	(57,012)	0	0	0	0	\$3.09
2011 3q	394	18,532,439	1,461,840	7.9%	60,364	0	0	0	0	\$3.15
2011 2q	394	18,532,439	1,522,204	8.2%	(7,719)	0	0	0	0	\$3.13
2011 1q	394	18,532,439	1,514,485	8.2%	(317,725)	0	0	0	0	\$3.14
2010 4q	394	18,532,439	1,196,760	6.5%	222,440	1	167,308	0	0	\$3.22
2010 3q	393	18,365,131	1,251,892	6.8%	(74,800)	0	0	1	167,308	\$3.26
2010 2q	393	18,365,131	1,177,092	6.4%	18,146	0	0	1	167,308	\$3.34
2010 1q	393	18,365,131	1,195,238	6.5%	30,188	0	0	1	167,308	\$3.33

Source: CoStar Property®

SOUTH BEND/MISHAWAKA INDUSTRIAL MARKET

MISHAWAKA MARKET MARKET HIGHLIGHTS - FLEX & WAREHOUSE

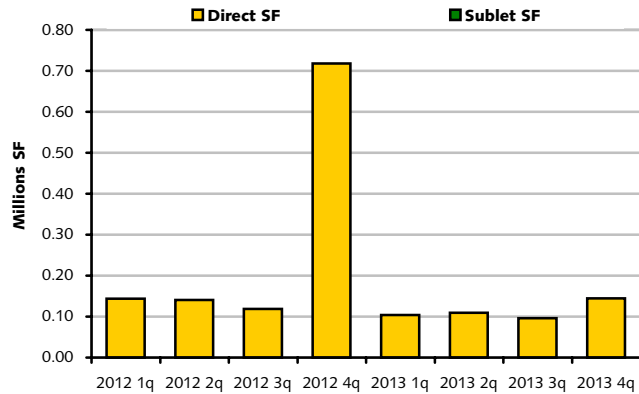
DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

VACANT SPACE

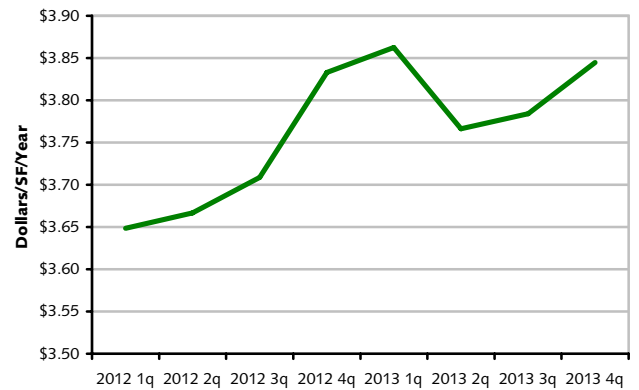
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

QUOTED RENTAL RATES

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2013 4q	299	7,031,936	144,448	2.1%	(48,306)	0	0	0	0	\$3.84
2013 3q	299	7,031,936	96,142	1.4%	13,472	0	0	0	0	\$3.78
2013 2q	299	7,031,936	109,614	1.6%	(5,890)	0	0	0	0	\$3.77
2013 1q	299	7,031,936	103,724	1.5%	14,284	0	0	0	0	\$3.86
2012 4q	300	7,631,936	718,008	9.4%	(599,400)	0	0	0	0	\$3.83
2012 3q	300	7,631,936	118,608	1.6%	22,348	0	0	0	0	\$3.71
2012 2q	300	7,631,936	140,956	1.8%	3,000	0	0	0	0	\$3.67
2012 1q	300	7,631,936	143,956	1.9%	121,100	0	0	0	0	\$3.65
2011 4q	300	7,631,936	265,056	3.5%	(4,079)	0	0	0	0	\$3.72
2011 3q	300	7,631,936	260,977	3.4%	1,352	0	0	0	0	\$3.73
2011 2q	300	7,631,936	262,329	3.4%	50,681	0	0	0	0	\$3.82
2011 1q	300	7,631,936	313,010	4.1%	(11,042)	0	0	0	0	\$3.71
2010 4q	300	7,631,936	301,968	4.0%	(36,132)	0	0	0	0	\$3.74
2010 3q	300	7,631,936	265,836	3.5%	(210)	0	0	0	0	\$3.72
2010 2q	300	7,631,936	265,626	3.5%	(42,000)	0	0	0	0	\$3.69
2010 1q	300	7,631,936	223,626	2.9%	13,930	0	0	0	0	\$3.86

Source: CoStar Property®