

https://www.nwitimes.com/business/lake-newsletter/office-vacancy-rate-rises-in-northwest-indiana-as-new-buildings/article_e7f13d85-f99f-5247-bfb1-318003108a6f.html

EDITOR'S PICK TOP STORY URGENT

Office vacancy rate rises in Northwest Indiana as new buildings go up

Joseph S. Pete joseph.pete@nwi.com, 219-933-3316 5 hrs ago

TRY 1 MONTH FOR 99¢



The 2929 Carlson Drive building in Hammond's Oxbow Landing is shown. The 37,200-square-foot, three-story office building was the first new speculative one to be built in Northwest Indiana in a decade. A market report found that vacancy crept up to 19 percent in the Northwest Indiana market last year,

John J. Watkins, The Times

Office vacancy across Northwest Indiana rose to 19 percent last year, up from 14 percent the previous year.

Merrillville-based Commercial In-Sites' annual Northwest Indiana Office Market Survey found that the Region has 26 multi-story class A office buildings that comprise 1.36 million square feet of space, including the new Cardinal Campus on Main Street in Highland and the second phase of the 2929 Carlson project at Oxbow Landing in Hammond.

The commercial real estate firm found nine of the office buildings had 100 percent occupancy, down from 12 properties the previous year, while one stood at 99 percent occupancy at the time of the 2018 market survey.

Only about 35 percent of the Region's multi-tenant office buildings are now full-up. The office vacancy rate in Northwest Indiana is higher than the 14 percent vacancy rate in the greater suburban Chicago office market, according to CoStar.

But the spike in vacancy last year is largely a result of new or rehabbed inventory that landlords are looking to fill, according to Commercial In-Sites.

"Thirty-six percent, or 91,916 square feet, of the total market available space resides in 8585 Broadway, which over a three-year period 2016 to 2018 has spent between \$4 million to \$5 million on renovation, and is once again attracting quality tenants," Commercial In-Sites President David Lasser wrote in the report. "Twenty-five percent or, 66,512 square feet, of the total market available space is available space in three new-construction buildings."

Office vacancy in Porter County dropped to 2 percent last year, down from 5 percent, as it had no new construction. Lake County, where several new office buildings have been going up, saw its vacancy rate increase to 23 percent in 2018, up from 16 percent the previous year. Commercial In-Sites expects it's only a matter of time before new tenants move in to take up the added space.

"Based on current active leasing prospects and no other additional new multi-story office buildings ready for delivery in 2019, we expect to see vacancy rates reduce this year," Lasser wrote. "While the market continues to have a normal pace of local tenants either renewing their leases, expanding or contracting in place, and some relocating within the market, we expect to see more and more new tenants entering the Northwest Indiana market, some relocating from Illinois and other states, as Northwest Indiana is increasingly recognized as a true Chicago suburban sub-market."

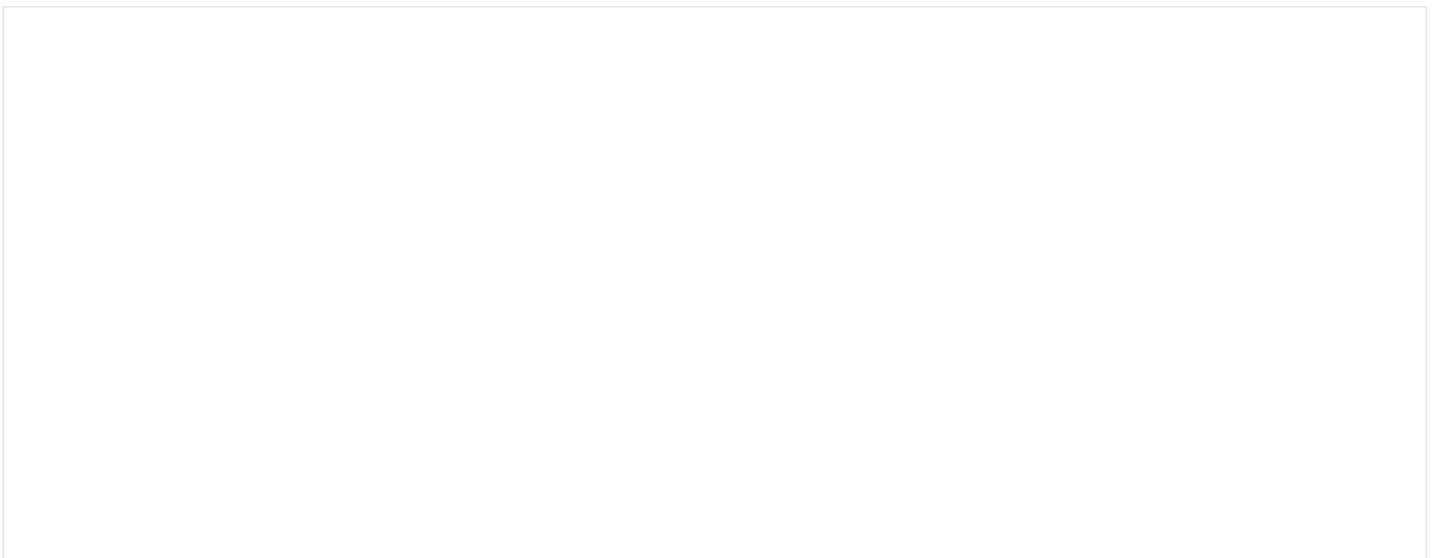
Expansion of the South Shore railroad "could play a significant role in increasing office space demand," Lasser wrote.

Office rents have been rising across the Region, increasing \$0.65 per square foot last year to \$23.71 per square foot, the survey found.



📷 +2

Region retail continues to adapt to internet age





📷 +4

Malls' futures marked down: Carson's liquidation, proposed outlet shops compound problems throughout Region, U.S.