

"He that is good for making excuses is seldom good for anything else." - Benjamin Franklin

Indianapolis Second Quarter 2010 Statistics

- ▲ Vacancy in the Indianapolis multi-tenant office market increased to 21.8% for the second quarter (1.2% change). The Suburbs had a 2.0% increase while the CBD experienced a slight decrease..
- ▼ The overall YTD absorption is negative 276,000 SF, most of which is attributed to the Suburbs. For the quarter, the Central Business District and Midtown Submarkets each experienced occupancy growth of 34,000 SF and 5,000 SF respectively for the quarter (.3%).
- ▼ The weighted average asking rate for Class A is \$18.82/SF for Central Business District buildings (\$1.15 decrease) and \$19.16/SF for Suburban buildings (\$.21 decrease).
- ◀ The square footage of new construction delivered during the second quarter 2010 remained flat as there were no new multi-tenant office buildings brought online during the quarter.



For a copy of the
2nd QTR Office Report, visit
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Accounting Changes That May Impact Your Leased Space

A new accounting standard was recently proposed by the International Accounting Standards Board (IASB) and U.S. Financial Accounting Standards Board (FASB) that could require all companies to list their property leases directly on their balance sheets. This is a major shift in how companies currently account for lease agreements in their financial statements. The proposed changes may impact how owners and tenants choose to structure their leases, how businesses choose to own or lease space, and how public and private companies account for leases on their balance sheets.

Who will be most impacted?

Large commercial banks, Fortune 500 companies and large retailers. Many of these companies have thousands of leases around the globe, therefore shifting their leases from "off balance sheet" to liabilities may prompt a change in real estate decision making.

Is there anything I need to do now?

Not yet, but start to prepare. There are several operating and financial considerations to evaluate including:

- What the pro forma financial effect is today of the proposed rule changes on your lease portfolio.
- The impact on the various borrowing agreements, employment plans, shareholder agreements and other agreements that use financial ratios and results, and assess whether those agreements should be amended to account for the effects of the rule changes.

The FASB is expected to issue its final rules in late 2011, with an effective date in 2012. Cassidy Turley will continue to monitor developments related to the proposed changes and provide updates as new information is released. In the meantime, please do not hesitate to contact me at 317-639-0487 or via e-mail at MaryBeth.Kohart@cassidyurley.com if you have any questions or concerns.

For a full copy of the Lease Accounting Changes article, visit <http://www.marybethkohart.com>

A Message from the Editor

Several trends from the previous quarter continued through June. Overall vacancy increased but it is interesting to note CBD/Midtown saw positive absorption and a reduction in vacancy for the quarter. Landlords continued to offer a variety of rent variations in order to keep cash flow intact and downsizing continued across all classes of space.

On a personal note, a few short months ago I completed my 10th Indy 500 Festival Mini-Marathon - the largest half-marathon in the U.S. It gave me a great sense of personal achievement and satisfaction. To me, the end of the race was more than crossing the finish line...it was about finally achieving the goal I set for myself more than 10 years ago.

A few things that I learned along the way... First, preparation is key - prepare yourself not only for success, but for bumps in the road, too. Second, don't ever give up on pursuing your dreams - it's never too early or too late to start doing something that you love. And third, life is a series of challenges - face them head-on and always be sure to celebrate your achievements.

All the best,



Mary Beth and nephew Luke at start of mini-Marathon