



2020 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY

PREPARED WITH THE ASSISTANCE OF

Steven Zacher, SIOR, CCIM; Alfred Zacher; Joy Neuenschwander, CPM; Brian Bean; Fletcher Moppert; John Adams, CCIM; Dan Reese; Evan Rubin; Zach Meyer; Dave Kaverman; Dan Gabbard

WATCH THIS YEAR'S MARKET SURVEY VIDEO

<https://youtu.be/-d9xhf2YV2Q>

FOR MORE INFORMATION PLEASE CONTACT

The Zacher Company

444 East Main Street, Suite 203
Fort Wayne, Indiana 46802-1910
(260) 422-8474
www.zacherco.com
info@zacherco.com

Published 2/6/2020

2019 REVIEW

- Positive absorption of 1.4M SF, primarily from local companies expanding
- The vacancy rate remains very low at 4.32%
- Sale prices and lease rates increased
- Several companies announced or commenced closings
- 4 of the 6 spec buildings recently constructed remain vacant
- Unlike previous years, there were fewer new users from out of the market
- Despite construction costs increasing significantly, 2.5M SF was built

2020 FORECAST

- We expect most of the recently constructed spec buildings to be occupied
- We anticipate a reduction in new construction
- More buildings will come on the market, due to plant closings and consolidations
- Lease rates and sale prices will stabilize
- The low unemployment rate and small labor pool will limit industrial expansion in Northeast Indiana
- Trade tensions will recede

MARKET INDICATORS (000)	2019	2020	12 MONTH FORECAST
Total Inventory	109,085 SF	110,947 SF	▲
Vacancy	4,374 SF = 4.01%	4,796 SF = 4.32%	▲
New Construction	2,474 SF	2,509 SF	▼
Absorption	3,059 SF	1,440 SF	▼

*All statistics are as of January 1st of each year

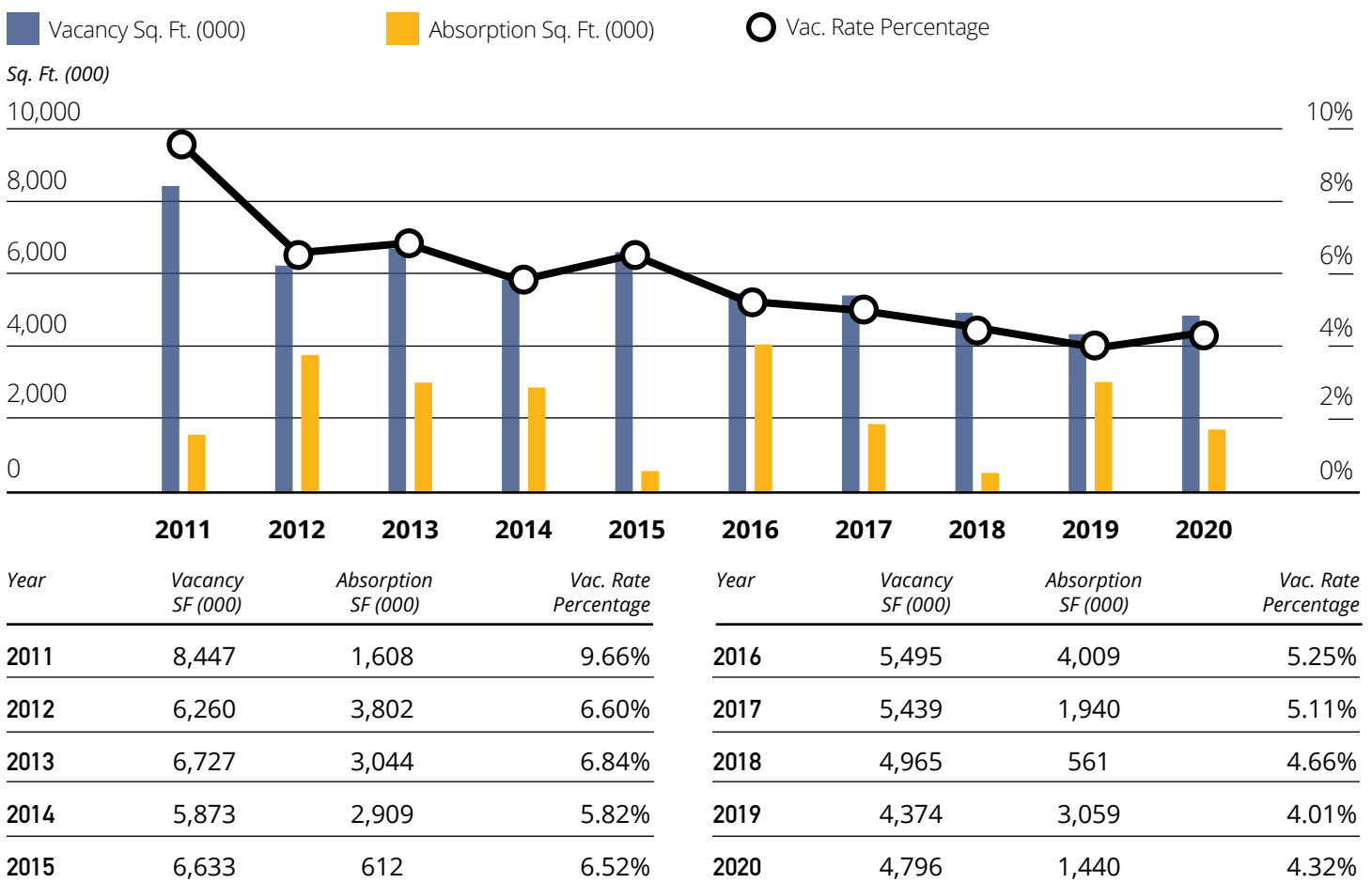
2020 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY

TOTAL MARKET INVENTORY STATISTICS (SF)

Total Inventory – 1/1/2019	109,084,758
Vacant Space – 1/1/2019	4,373,676
Occupied Space – 1/1/2019	104,711,082
Constructed in 2019	2,508,586
Adjustments *	-646,645
Total Inventory – 1/1/2020	110,946,699
Vacant Space – 1/1/2020	4,795,902
Vacancy Rate – 1/1/2020	4.32%
Occupied Space – 1/1/2020	106,150,797
Absorption – 2019	1,439,715

* Removed inventory based on a .25% obsolescence factor; removed and reclassified out of industrial inventory: 56,700 SF from inventory – Circle Logistics, 1950 W. Cook Road and 201,883 SF - Perfection Bakery, 350 Pearl Street; removed 110,000 SF that was demolished at the Tokheim property on Wabash Avenue

MARKET VACANCY AND ABSORPTION, 2011-2020



2020 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY

NOTABLE TRANSACTIONS, 2019

<i>Buyer/Tenant - Location</i>	<i>City</i>	<i>Sq. Ft.</i>	<i>Type</i>
Bendix Commercial Vehicle Systems - Riverford Drive	Huntington	409,280	Sale
Autoliv - Rail Connect Drive	Columbia City	252,000	New Const & Lease
Perfection Bakeries, Inc. - Pearl Street	Fort Wayne	201,183	Sale
Spec Building - Lancaster Street	Bluffton	200,000	Expansion
North American Cold Storage - Roemer Drive	Woodburn	197,724	Expansion
Celadon Realty LLC - E. 600 S.	Warren	161,890	Sale
Spec Building - Avionics Drive	Fort Wayne	150,000	New Const
Peg Perego - Independence Drive	Fort Wayne	125,260	Sale
Indiana Michigan Power - Indianapolis Road	Fort Wayne	115,621	Investment Sale
SCP Distributors - Meyer Road	Fort Wayne	115,200	Lease Renewal
Best Warehousing - Airport Perimeter Road	Fort Wayne	103,000	Lease
F.C.C. - Parr Road	Berne	92,000	Expansion
Commercial Warehouse & Cartage, Inc. - Nelson Road	Fort Wayne	90,000	Lease Renewal
Alconex Magnet Wire - Ferguson Road	Fort Wayne	82,400	Sale
Spec Building - Yeager Lane	Fort Wayne	76,551	New Const
Dekko Group, Inc. - Innovation Blvd.	Fort Wayne	72,000	Lease
Agracel, Inc. - Roth Road	Grabill	60,300	Investment Sale
ElringKlinger - Persistence Drive	Fort Wayne	60,000	Expansion
Spec Building - Concept Court	Fort Wayne	60,000	New Const
Golfo di Napoli Dairy - S. Warren Road	Warren	60,000	New Const
Miller Poultry - W. 350 N.	Orland	60,000	Expansion
Circle Logistics - W. Cook Road	Fort Wayne	56,700	Sale
Indiana Box - Riverfork Drive	Huntington	55,000	Expansion
AAM-American Axle - Innovation Blvd.	Fort Wayne	49,000	Expansion
McLaughlin Furnace Group - Progress Way	Avilla	47,000	Expansion
Cardinal IG - McSwain Drive	Fremont	40,000	Expansion
Matilda Jane Clothing - Edgerton Road	New Haven	40,000	Lease
Novae Corp - Novae Parkway	Markle	40,000	Expansion
Carter Lumber - W. Park Drive	Huntington	39,000	Sale

2020 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY

NOTABLE TRANSACTIONS, 2019

<i>Buyer/Tenant - Location</i>	<i>City</i>	<i>Sq. Ft.</i>	<i>Type</i>
Mach Medical - E. Park 30 Drive	Columbia City	36,000	Under Const.
All-Terrain Conversions - E. Markle Road	Markle	35,000	Expansion
Bolt Custom Trucks - Transportation Drive	South Whitley	33,600	Lease
Lear Corporation - Progress Court	Columbia City	32,640	Lease
Sanco Industries, Inc. - Osage Street	Fort Wayne	32,000	Lease
Spec Building - 2033 Kelsey Court	Fort Wayne	30,000	Under Const.
Ferguson Enterprises, LLC - Concept Court	Fort Wayne	29,600	Lease
Mossberg Industries - N. 2nd Street	Garrett	29,000	Expansion
Connor Corporation - Congressional Parkway	Fort Wayne	25,000	Lease
All-State Legal - Expressport	Fort Wayne	24,000	Lease Renewal
Robertson Heating Supply - Cannongate Drive	Fort Wayne	23,000	Lease
Jackson Construction - E. 600 S.	Warren	24,000	Lease
LA Kammerer Inc. - E. Kammerer Road	Kendallville	21,139	Expansion
Denali - Innovation Blvd.	Fort Wayne	20,000	Lease
Sabert Corporation - Ardmore Ave.	Fort Wayne	8.32 Acres	Proposed Expansion

HIGHLIGHTED CONTIGUOUS VACANICES OVER 100,000 SF

<i>Building</i>	<i>Location</i>	<i>Total Area</i>	<i>Vacant SF</i>	<i>% Vacant</i>
Coupled Products	2651 S. 600 E., Columbia City	243,360	243,360	100.00%
Spec Building	1805 W. Lancaster St., Bluffton	400,000	200,000	50.00%
Remington Seed	3906 W. 100 N., Bluffton	180,000	180,000	100.00%
Spec Building	8611 Avionics Dr., Fort Wayne	150,000	150,000	100.00%
Air Cargo	12602 Global Dr., Fort Wayne	266,000	142,900	53.72%
Signature Building	6900 Nelson Rd., Fort Wayne	141,588	141,588	100.00%
Patton	15012 Edgerton Rd., New Haven	284,920	120,000	42.12%
Home Depot	4230 Lake Ave., Fort Wayne	116,000	116,000	100.00%
Summit Park	7310 Innovation Blvd., Fort Wayne	300,000	108,800	36.27%
Spec Building	13688 W. Lafayette Ctr. Rd., Roanoke	100,000	100,000	100.00%

2020 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY

MARKET PRICING

	Vacant Building Sales Price (\$/SF)	New Construction** (\$/SF)	Existing Building Triple Net Lease Rates* (\$/SF)	Spec/New Construction Triple Net Lease Rates* (\$/SF)	Vacancy Indicators
More than 250,000 SF	\$14.00 - \$17.00	\$48 - \$57	\$2.70 - \$3.20	\$4.50 - \$5.50	Extreme Under Supply
100,000 – 250,000 SF	\$19.00 - \$23.00	\$52 - \$62	\$3.05 - \$3.30	\$4.75 - \$5.75	Balanced Market
60,000 – 99,999 SF	\$21.00 - \$26.00	\$54 - \$64	\$3.20 - \$3.60	\$5.50 - \$6.50	Under Supply
40,000 – 59,999 SF	\$23.00 - \$29.00	\$58 - \$68	\$3.30 - \$3.85	\$6.00 - \$7.00	Extreme Under Supply
20,000 – 39,999 SF	\$25.00 - \$31.00	\$63 - \$73	\$3.60 - \$4.10	\$6.25 - \$7.25	Under Supply
5,000 – 19,999	\$30.00 - \$40.00	\$65 - \$76	\$4.10 - \$4.60	\$6.50 - \$7.60	Under Supply
Less than 5,000 SF	\$34.00 - \$44.00	\$68 - \$80	\$4.85 - \$5.85	\$7.00 - \$8.00	Under Supply
High Tech/R & D	\$36.00 - \$50.00	\$80 - \$100	\$5.85 - \$6.85	\$8.50 - \$10.50	Under Supply

* In our market, triple net means the tenant is responsible for all operating costs such as real estate taxes, building insurance, interior and exterior maintenance and repairs. The landlord is responsible for roof and structure.

** The construction cost does not include land acquisition cost.

Note: Pricing excludes investment sales.

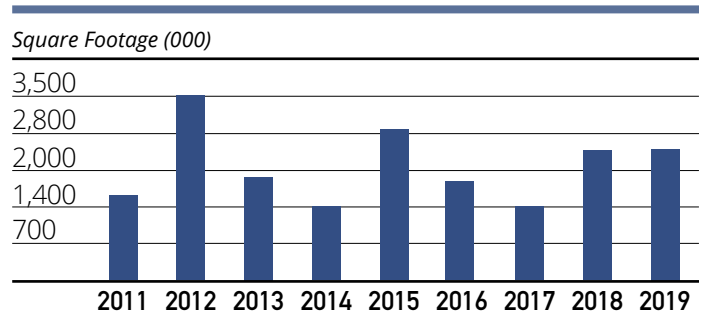
IMPROVED SITES

	Site Prices (\$/SF)
Less than 2 acres	\$1.10 to \$1.60
2 to 5 acres	\$1.00 to \$1.50
5 to 10 acres	\$0.80 to \$1.20
More than 10 acres	\$0.70 to \$1.10

UNIMPROVED SITES

	Site Prices (\$/SF)
Less than 10 acres	\$0.30 to \$0.40
10 to 100 acres	\$0.23 to \$0.28
More than 100 acres	\$0.10 to \$0.14

NEW CONSTRUCTION BY YEAR



Year	Sq. Ft.	Year	Sq. Ft.	Year	Sq. Ft.
2011	1,614,412	2014	1,407,663	2017	1,402,313
2012	3,511,197	2015	2,871,949	2018	2,473,539
2013	1,964,935	2016	1,883,646	2019	2,508,586

2020 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY



METHODOLOGY

The Zacher Company market survey reports are a compilation of data from many sources. The data is reviewed annually and adjusted due to circumstances in the market, such as new construction and demolition. The vacancy square footage is compiled from a combination of online data from multiple major listing services, brokers' listing information from their websites and their mailings, and industry knowledge. Several brokers in our office are involved in the creation of this report to provide the most accurate information possible. We cannot be responsible, however, for errors, omissions, prior sale, lease or withdrawal from the market.

1. The Northeast Indiana industrial real estate market is defined as the counties of Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wabash, Wells and Whitley. Wabash County was added in 2011. The County Economic Development Organizations for each of the ten counties provided assistance preparing this report.
2. This survey includes space projected to be vacant in the first quarter of 2020. It does not include announced industrial expansions or contractions that are anticipated or projected to be occupied or vacated after the first quarter of 2020. The survey includes new space where above-ground construction has commenced.
3. The total inventory is adjusted downward by 0.25% for buildings that are deemed to have become functionally obsolete or demolished.
4. The total industrial inventory in Allen County on 1/1/20 is estimated to be 48,836,178 sq. ft. The total industrial inventory in the other nine counties in Northeast Indiana on 1/1/20 is estimated to be 62,110,522 sq. ft.

COPYRIGHT © 2020 The Zacher Company. All rights reserved. No part of this publication may be copied, reproduced, redistributed, or retransmitted in any form or by any means, mechanical, electronic, or otherwise, including photocopying, recording, or by any information storage and retrieval system, without the prior written consent of The Zacher Company. Trademarks, service marks, and trade names included in this publication are the property of their respective owners.