



2022 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

THIS IS THE 2022 ZACHER COMPANY INDUSTRIAL REVIEW AND FORECAST FOR NORTHEAST INDIANA.

We are releasing our report on February 3rd, 2022. This report encompasses information regarding 2021 industrial market statistics and highlights of notable industrial real estate transactions. It also provides our 2022 forecast for the northeast Indiana industrial market.

Industrial real estate in northeast Indiana experienced significant growth in 2021, although at a lower level than in 2020. This positive impact was a direct result of attractive investment opportunities and expanding demand for locally sourced products and services.

The industrial market statistics for the 2022 report reflect a positive absorption of approximately 1,947,000 sq. ft. By comparison, absorption in 2020 was 3,400,000 sq. ft.

Industries that expanded include:

- Internet retailers - primarily Amazon
- The RV industry - Forest River and Dexter Axle
- Furniture manufactures – Sauder Manufacturing, Smith Bros, Valhalla Foam & Home Design Inc.
- Recreational users – Core Outdoors & Master Spas

As of January 1, 2022, the vacancy rate is 3.85%, which is similar to the 3.6% vacancy rate a year ago. Historically these vacancy rates are very low. Both sale prices and lease rates increased over the past twelve months. Despite an increase in construction costs, over 2.7 million sq. ft. of new industrial space was built during the year.

The most notable industrial real estate transactions for users in 2021 include:

- Ambrose Property Group purchased 150 acres on US 30 at Flaugh Road in Fort Wayne on behalf of Amazon for construction of a four story, 630,000 sq. ft. fulfillment center
- Home Design Inc. purchased 236,000 sq. ft. in Silver Lake
- Wellformed leased 200,000 sq. ft. at International Park in Fort Wayne
- Lunar Distribution leased 146,500 sq. ft. in a new spec building in New Haven
- Valhalla Foam leased 132,400 sq. ft. in Fort Wayne

- Busche Real Estate purchased 137,000 SF in Albion
- Forest River purchased 122,000 sq. ft. in Ligonier
- Core Outdoors leased 116,000 sq. ft. in Fort Wayne
- Sauder Manufacturing leased 100,000 sq. ft. in a new spec building in New Haven
- Dexter Axle purchased 89,000 sq. ft. in Albion
- Smith Bros. leased 77,000 sq. ft. on Yeager Lane in Fort Wayne
- Legacy Homes purchased 61,000 sq. ft. in Kendallville
- Master Spas leased and purchased buildings on Research Drive and Investment Drive in Fort Wayne

Other construction projects, aside from Amazon, include:

- Two 200,000 sq. ft. spec buildings in Markle and Bluffton
- Alro Steel constructing 160,000 sq. ft. on Pleasant Center Road in Fort Wayne
- Two 150,000 sq. ft. spec buildings under construction on Hitzfield Court in Fort Wayne
- 150,000 sq. ft. spec building constructed on Aviation Drive in Fort Wayne
- EcoLab expansion of 68,000 sq. ft. at 84 Commercial Road in Huntington
- Sanko Gosei Technologies 50,000 sq. ft. expansion in New Haven

The Zacher Company forecast for the 2022 industrial real estate market encompasses the following predictions:

- There will continue to be a strong demand for industrial space; lease and sale prices will continue to increase
- Additional spec buildings will be constructed at the same pace as 2021
- Due to plant closings and consolidations, a small number of buildings will become available in the industrial market
- We expect the vacancy rate to increase, but not significantly and not enough to decrease sale prices or lease rates
- Absorption will increase because less inventory will be added and vacant existing buildings will be occupied
- New construction will slow as compared to the previous four years
- The low unemployment rate and small labor pool will continue to limit industrial expansion in northeast Indiana but again not enough to negatively impact market fundamentals
- We expect that all of the spec buildings that are currently under construction, or have recently been completed, will be leased or sold, and additional spec development will commence. The buildings currently available or under construction include:
 - 150,000 sq. ft. on Aviation Drive in Fort Wayne
 - 200,000 sq. ft. on Adams Street in Bluffton
 - 200,000 sq. ft. in Markle
 - Two 150,000 sq. ft. buildings on Hitzfield Court near the GM Plant in Fort Wayne
 - 75,000 sq. Ft on Western Avenue in Kendallville
- There will be continued interest in industrial land development
- As an investment, industrial properties will continue to be attractive
- Overall, we expect industrial sales, leasing and new construction to remain strong

Although reduced from 2020 levels, the industrial real estate market in northeast Indiana was strong in 2021 as evidenced by low vacancy, high positive absorption and strong new construction numbers. We believe that this trend will continue in 2022.

You can find more information in our full industrial report, which is on our website. Thank you for your time today, and we look forward to seeing you in our next market video update, which will be the retail report in May.