



## 2023 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

### 2023 ZACHER COMPANY INDUSTRIAL REVIEW AND FORECAST FOR NORTHEAST INDIANA.

Industrial real estate in Northeast Indiana experienced significant growth again in 2022, as evidenced by very low vacancy, high positive absorption and substantial new construction. This continues a five-year trend of strong industrial growth.

The industrial market statistics for the calendar year 2022 reflect a positive absorption of approximately 2.7 million square feet. By comparison, absorption in 2021 was 1.9 million square feet. As of January 1, 2023, the vacancy rate was 2.91%, a historically low rate, which is a decrease from 3.85% a year ago. There was over 2.2 million

square feet of new industrial space constructed in 2022. This is the fifth consecutive year of more than 2 million square feet of new industrial space.

Both sale prices and lease rates increased over the past 12 months and cap rates increased due to the impact of rising interest rates. However, as an investment, industrial properties remain attractive.

Notable industrial real estate sale and lease transactions for users in 2022 include:

- Sortera Alloys leased 200,000 SF in Markle
- Echo Lab expansion and extension of 200,000 square feet in Huntington
- Do Good Foods leased 150,000 square feet on Aviation Drive in Fort Wayne
- PepsiCo leased 140,000 square feet on Gulfstream Drive in Fort Wayne
- Smith Brothers leased 76,551 square feet on Yeager Lane in Fort Wayne

Notable industrial real estate transactions in Fort Wayne for investors include Amazon's Smith Road distribution center, Trinity Health on Bluffton Road, the sale of the Do It Best facility on Nelson Road and the sale of PepsiCo's Wells Street property to the City of Fort Wayne.

Notable projects still under construction include:

- Bio Nutrients, 335,423 square feet in Wabash
- Teijin, 160,000 square feet in Huntington

Entering 2023, encouraging factors for northeast Indiana include:

- Very low availability of existing buildings
- A strong entrepreneurial ecosystem
- Community supported spec building incentives

Challenges for 2023 include:

- The potential for a recession of undetermined scope
- High inflation
- Rising interest rates
- Lack of available labor
- A shortage of industrially-zoned land

Accordingly our forecast is as follows:

- We expect that the ten currently available spec buildings will be sold or leased and more will be constructed
- Tempered industrial demand will lead to less absorption than last year
- The rate of construction will be lower than during the previous five years
- Lease rates and sale prices will continue to increase
- Demand for labor will continue to exceed supply
- Cap rates will continue to increase but industrial properties will still be a favored asset class

Overall growth will continue, however, the exceptionally robust industrial market as evidenced during the previous five years is unlikely to sustain at the same level.

You can find more information in our full industrial report which is on our website at [www.zacherco.com](http://www.zacherco.com).