

2024 INDUSTRIAL MARKET REPORT

NORTHEAST INDIANA

PUBLISHED 2/1/2024

2024 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

While historically strong, the momentum of the industrial market in Northeast Indiana has slowed relative to the preceding five years, as evidenced by barely positive net absorption and an increase in vacant space. The overall forecast for 2024 projects that industrial demand will continue to be challenged, due to an uncertain economic outlook.

2023 REVIEW

- Modestly positive absorption of 414,000 SF, primarily from manufacturing expansions
- Vacancy rate increased to 3.83% from 2.91%
- 2,000,000 SF of new industrial space was constructed in 2023, the sixth consecutive year of at least 2,000,000 SF
- Google will develop a \$3 - \$4 billion, twelve building data center on approximately 900 acres on the southeast side of Fort Wayne
- The EV battery supplier SH America purchased a 150,000 SF spec building on Hitzfield Court across from the GM Plant
- There are currently eleven vacant or proposed industrial spec buildings ranging in size from 20,000 SF to 200,000 SF
- Lease rates increased but the rate of increase was slower than in previous years
- The scarcity of industrial buildings available for purchase, and high cost to construct new alternatives, resulted in historically high sale prices for existing buildings
- Ohio and Michigan have become more competitive in attracting new industrial projects, which resulted in the loss of several opportunities for Northeast Indiana

2024 FORECAST

- Industrial demand will continue to be challenged, due to an uncertain economic outlook
- Less spec building construction will occur, until the current available spec buildings are sold or leased
- Total construction will be lower as compared to the previous six years
- There will be increased demand for smaller industrial spaces of 20,000 SF or less
- The investment market will improve due to multiple anticipated interest rate cuts, and industrial properties will remain a favored asset class
- Sale prices will continue to increase, however, lease rates will be level or will slightly decrease
- The consumer adoption of electric vehicles has slowed which will have both a negative impact on the EV supplier base and a positive impact on the established internal combustion engine suppliers

MARKET INDICATORS (000)	2023 REPORT	2023 REVIEW	2024 REPORT	2024 FORECAST
Total Inventory	117,347 SF	↑	118,899 SF	↑
Vacancy SQ	3,418 SF	↑	4,555 SF	↓
Vacancy %	2.91%	↑	3.83%	↓
New Construction	2,236 SF	↓	1,999 SF	↓
Absorption	2,697 SF	↓	414 SF	↑
Average Rent *	\$5.75/PSF	↑	\$5.95/PSF	■

**Spec/New Construction with a minimal level of buildout, NNN - 100,000 - 200,000 SF All statistics are as of January 1st of each year*

2024 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

TOTAL MARKET INVENTORY STATISTICS (SF)

Total Inventory – 1/1/2023	117,347,302
Vacant Space – 1/1/2023	3,417,942
Occupied Space – 1/1/2023	113,929,360
Constructed in 2023	1,999,075
Adjustments *	446,993
Total Inventory – 1/1/2024	118,889,384
Vacant Space – 1/1/2024	4,555,300
Vacancy Rate – 1/1/2024	3.83%
Occupied Space – 1/1/2024	114,344,084
Absorption – 2023	414,724

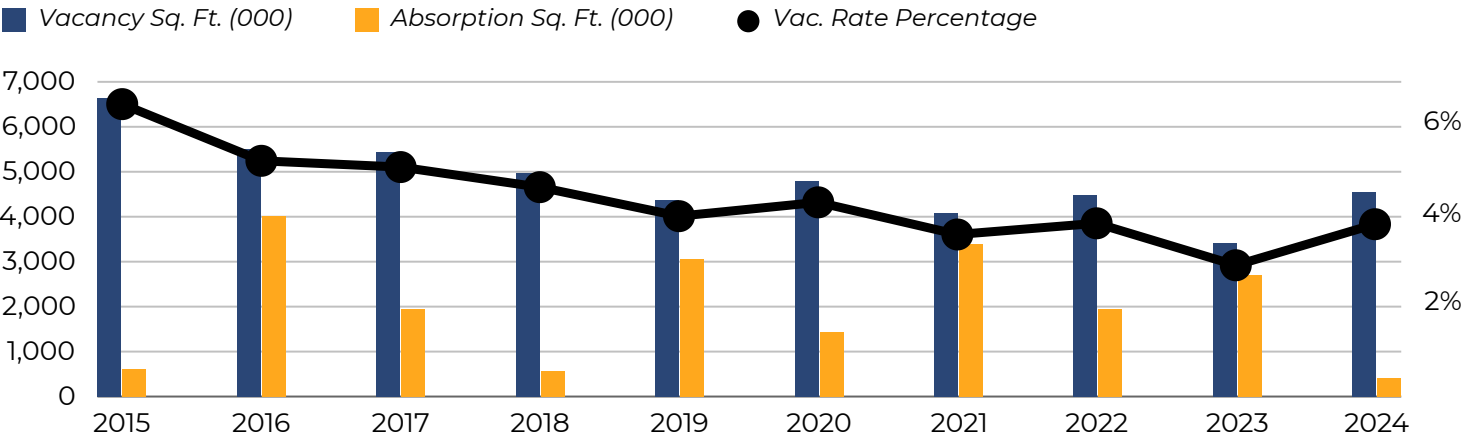
**Reduced inventory by a .25% obsolescence factor; 127,000 SF – Pepsi, 1207 North Harrison Street; 22,000 SF - Schaab Metals, 1216 North Harrison Street were removed from inventory*



Hardhell Spec Building, 4455 Airway Avenue, Fort Wayne

2024 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

MARKET VACANCY AND ABSORPTION, 2015-2024

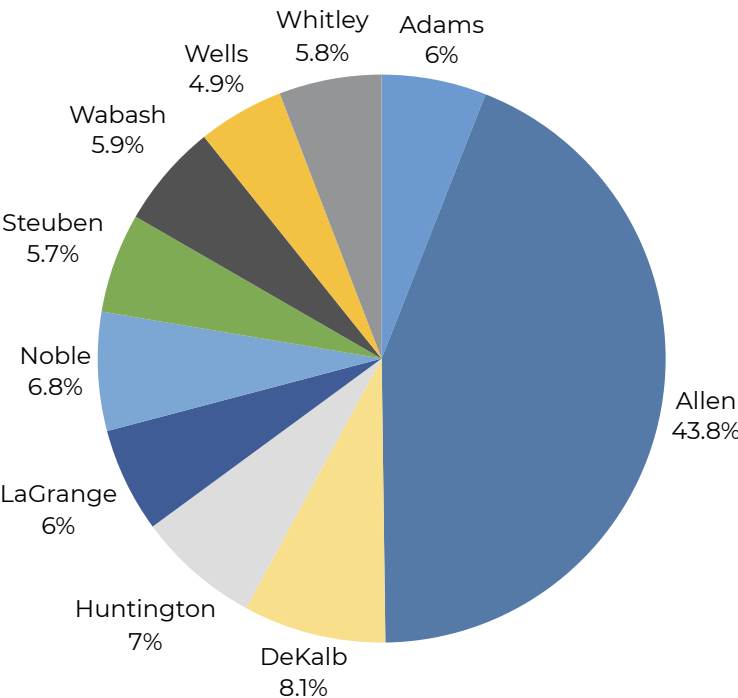


Year	Vacancy SF (000)	Absorption SF (000)	Vac. Rate Percentage
2015	6,633,000	612,000	6.52%
2016	5,495,000	4,009,000	5.25%
2017	5,439,000	1,939,670	5.11%
2018	4,965,000	561,348	4.66%
2019	4,373,676	3,059,173	4.01%

Year	Vacancy SF (000)	Absorption SF (000)	Vac. Rate Percentage
2020	4,795,902	4,795,902	4.32%
2021	4,082,687	4,082,687	3.60%
2022	4,448,510	1,946,619	3.85%
2023	3,417,942	2,697,011	2.91%
2024	4,555,300	414,724	3.83%

COUNTY PERCENTAGES

Adams	7,093,421	5.966%
Allen	52,106,014	43.824%
DeKalb	9,667,844	8.131%
Huntington	8,330,912	7.007%
LaGrange	7,091,021	5.964%
Noble	8,032,586	6.756%
Steuben	6,754,607	5.681%
Wabash	7,047,632	5.927%
Wells	5,828,384	4.902%
Whitley	6,946,962	5.843%
	118,899,384	100%



2024 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

AVERAGE MARKET PRICING

	Vacant Building Sales Price Mid-Range* (\$/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	\$18 - \$23	\$63 - \$73	\$3.10 - \$3.60	\$5.00 - \$6.00	Extreme Under Supply
100,000 – 250,000 SF	\$26 - \$32	\$67 - \$77	\$3.75 - \$4.00	\$5.50 - \$6.50	Balanced
60,000 – 99,999 SF	\$30 - \$37	\$74 - \$84	\$3.80 - \$4.25	\$5.75 - \$6.75	Under Supply
40,000 – 59,999 SF	\$36 - \$44	\$80 - \$90	\$3.90 - \$4.40	\$6.50 - \$7.50	Balanced
20,000 – 39,999 SF	\$38 - \$46	\$82 - \$93	\$4.25 - \$4.75	\$6.75 - \$7.75	Balanced
5,000 – 19,999 SF	\$47 - \$59	\$87 - \$99	\$5.00 - \$5.50	\$7.10 - \$8.10	Balanced
Less than 5,000 SF	\$50 - \$62	\$89 - \$101	\$5.50 - \$6.50	\$7.40 - \$8.40	Under Supply
High Tech/R&D	\$52 - \$65	\$103 - \$123	\$6.25 - \$7.25	\$9.00 - \$11.00	Under Supply

*Class B buildings typically built more than 25 years ago

**The construction cost does not include land acquisition cost and extraordinary site improvement costs

*** 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. The landlord is responsible for roof and structure

Note: Pricing excludes investment sales

IMPROVED INDUSTRIAL SITES

	Site Prices (\$/SF)
Less than 2 acres	\$1.90 to \$2.20
2 to 10 acres	\$1.55 to \$1.95
10 to 25 acres	\$1.15 to \$1.55
More then 25 acres	\$0.90 to \$1.25

UNIMPROVED INDUSTRIAL SITES

	Site Prices (\$/SF)
Less than 10 acres	\$0.90 to \$1.15
10 to 100 acres	\$0.70 to \$0.80
More than 100 acres	\$0.40 to \$0.50

2024 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

NOTABLE SALE AND LEASE TRANSACTIONS, 2023

<i>Buyer/Tenant - Location</i>	<i>City</i>	<i>Acres/Sq. Ft.</i>	<i>Type</i>
Google Data Center - Adams Center Rd./E. Tillman Rd.	Fort Wayne	900 Acres	Sale
SH America, Inc. - Hitzfield Ct.	Roanoke	150,000	Sale
DeKalb Molded Plastics - Commerce St.	Butler	147,140	Sale
Peyton's Northern - 300 W. 100 S.	Bluffton	135,075	Lease
DeKalb Metal Finishing - S. Grandstaff Dr.	Auburn	133,718	Sale
Owens Corning - Mill St.	Wabash	102,382	Closing
307 S. Tillotson St.	Fremont	100,540	Lease
Inteva Products - Lancaster St.	Bluffton	100,000	Lease Expansion
Bolt Custom Trucks - Nelson Rd.	Fort Wayne	98,400	Lease
Graber Roofing & Gutters - N. Coliseum Blvd.	Fort Wayne	89,080	Sale
S & T Investment Group, LLC - 505 Strauss Provimi Rd.	North Manchester	87,210	Sale
Mobex Global - Progress Dr.	Albion	59,200	Sale
Plastic Network - Progress Dr.	Albion	59,200	Lease
American Way, LLC - Reynolds St.	Fort Wayne	55,091	Sale
TRIN - HL Thompson Jr. Dr.	Ashley	54,720	Closing
American Electric Power Company - S. Coliseum Blvd.	Fort Wayne	38,894	Lease
Red Bull Distribution Company, Inc. - Rose Ave.	New Haven	33,909	Lease
Peninsula Warehouse Services LLC - Clubview Dr.	Fort Wayne	33,609	Sale



DeKalb Metal Finishing, 1201 South Grandstaff Drive, Auburn

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NOTABLE SALE AND LEASE TRANSACTIONS, 2023

<i>Buyer/Tenant - Location</i>	<i>City</i>	<i>Acres/Sq. Ft.</i>	<i>Type</i>
Roembke Family Properties, LLC - Industrial Pkwy.	Ossian	30,000	Sale
Unique Delivery Services - Investment Dr.	Fort Wayne	29,184	Lease
Cash Depot, Inc. - Indiana Ave.	Auburn	24,424	Lease
Cross Border Partners, Inc. - N. Coliseum Blvd.	Fort Wayne	23,088	Lease
Automatic Supply - Congressional Pkwy.	Fort Wayne	22,500	Lease
Fort Wayne Metals - Avionics Dr.	Fort Wayne	21,630	Lease
Sort Pro Services Holdings Inc. - Lancaster St.	Bluffton	20,000	Lease
Veridos - Corrinado Ct.	Fort Wayne	19,030	Sale
Bollhoff Rivnut Inc. - Marion Dr.	Kendallville	18,847	Sale
Genesis Athetlix - Boulder Ave.	Fort Wayne	18,000	Lease
BW Fusion - Engle Rd.	Fort Wayne	16,936	Lease
Lennox Industries, Inc. - Camino Ct.	Fort Wayne	15,000	Lease
Direct Line Communications, Inc. - Kroemer Rd.	Fort Wayne	13,468	Lease
Ryan Fireprotection, Inc. - Independence Dr.	Fort Wayne	13,246	Sale
L&M Ventures FW, LLC - Lakeview Dr.	Fort Wayne	12,892	Sale
Clear Sky Commercial - Earth Dr.	Fort Wayne	12,060	Sale
Rivian - 1707 Directors Row	Fort Wayne	12,000	Lease
Swihart Properties, LLC - S. Anthony Blvd.	Fort Wayne	10,859	Sale
Aunt Millie's - Cross Creek Blvd.	Fort Wayne	10,300	Lease
Fusion Chemical - Flaxmill Rd.	Huntington	10,000	Lease

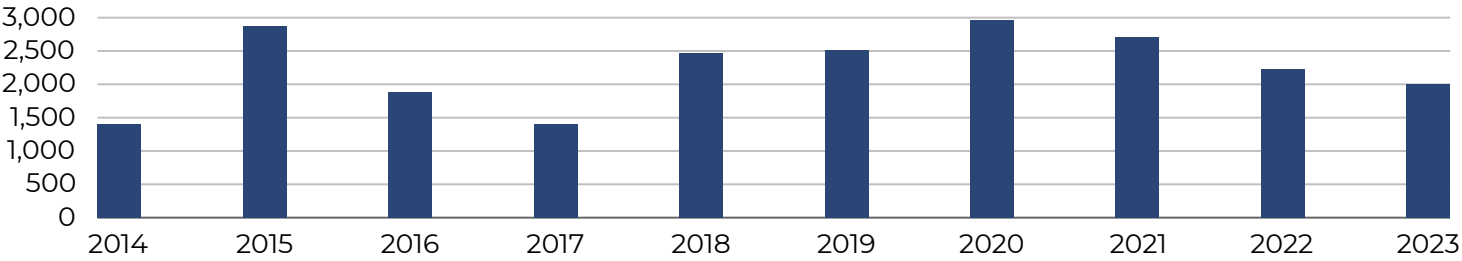


Spec Building, 5224 East Asher Drive, Markle

2024 NORTHEAST INDIANA INDUSTRIAL MARKET REPORT

NEW CONSTRUCTION BY YEAR

Square Footage (000)



Year	Sq. Ft.	Year	Sq. Ft.
2014	1,407,663	2019	2,508,586
2015	2,871,949	2020	2,965,511
2016	1,883,646	2021	2,707,519
2017	1,402,313	2022	2,235,765
2018	2,473,539	2023	1,999,075



Spec Building, 1820 Baker Drive, Ossian

NOTABLE CONSTRUCTION TRANSACTIONS, 2023

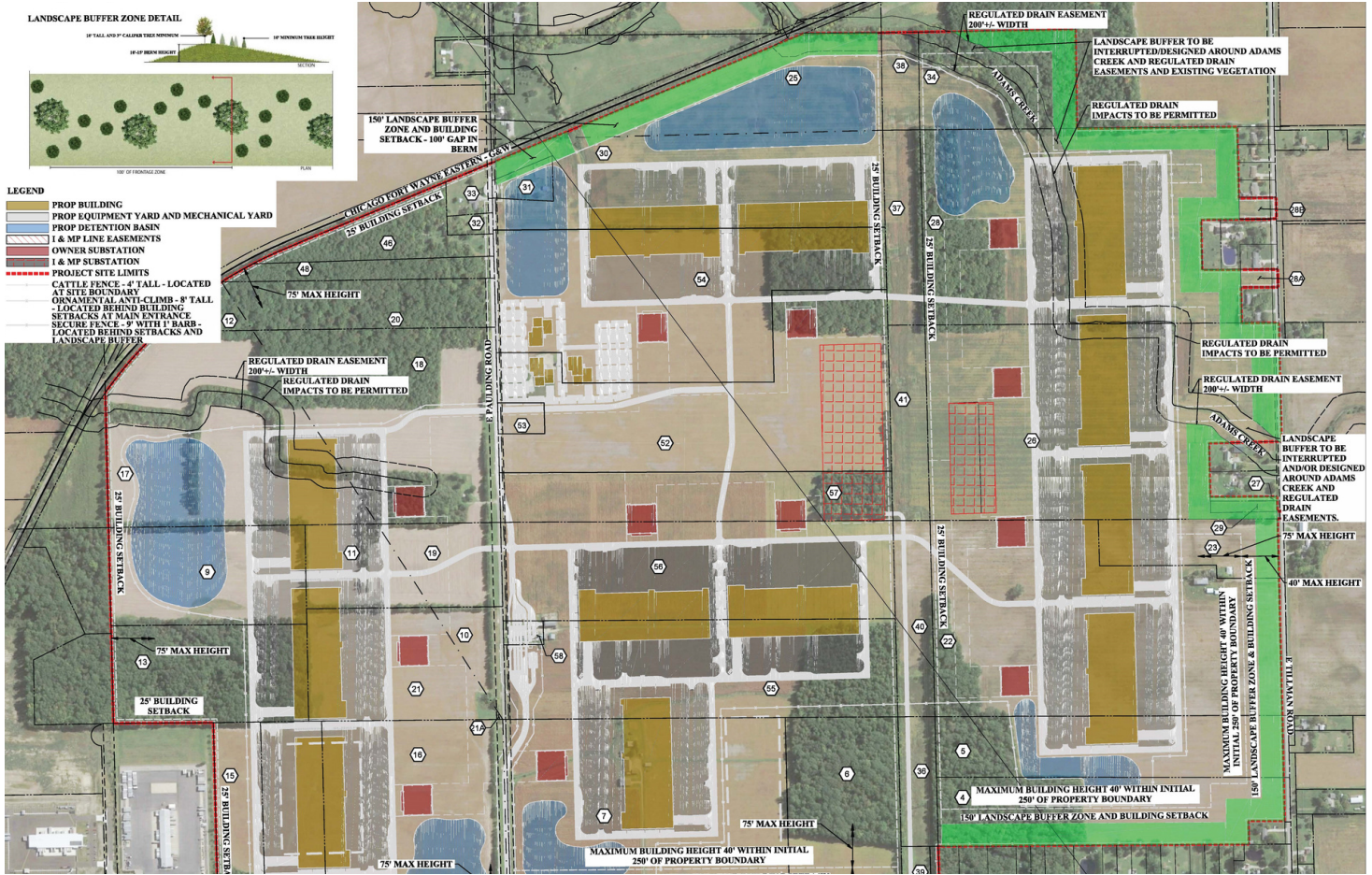
Buyer/Tenant - Location	City	Sq. Ft.	Type
The Ford Meter Box Company, Inc. (Foundry)	Wabash	300,000	Under Construction
Red Gold - Williams St.	Geneva	225,734	Constructed
B&P Cold Storage, Inc. Roemer Dr.	Woodburn	195,000	Proposed
Teijin AutomotiveTechnologies - Progress Dr.	Huntington	165,000	Constructed
Cardinal IG Fremont - McSwain Dr.	Fremont	150,000	Expansion
Novae - Sure/Trac Trailers - Novae Pkwy	Markle	148,000	Constructed

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NOTABLE CONSTRUCTION TRANSACTIONS, 2023

<i>Buyer/Tenant - Location</i>	<i>City</i>	<i>Sq. Ft.</i>	<i>Type</i>
Kipster Farm	North Manchester	142,039	Constructed
Hendrickson - Progress Dr.	Kendallville	133,027	Expansion
L3Harris - Cook Rd.	Fort Wayne	113,100	Under Construction
Van's Home Center Spec	Auburn	100,000	Constructed
Faztek Industrial Solutions - Bluffton Rd.	Fort Wayne	60,000	Constructed
Zurcher Tire Inc. - Hillegas Rd.	Fort Wayne	57,200	Constructed
Dreyer's Grand Ice Cream - Wells St.	Fort Wayne	54,942	Expansion
Revive Materials	Wabash	45,000	Under Construction
Spec - Congressional Pkwy.	Fort Wayne	40,500	Constructed
Keystone Industrial Park	Fort Wayne	40,000	Proposed
CME - Hatfield Rd.	Fort Wayne	38,000	Under Construction
Wayne Metals, LLC	Markle	38,000	Expansion
North American Cold Storage - Roemer Dr.	Woodburn	36,800	Expansion
Ossian Spec II - Baker Dr.	Ossian	30,000	Under Construction
Rogers Spec Building	Columbia City	30,000	Under Construction
Spec - Conservation Way	Fort Wayne	30,000	Proposed
Buchan Sawmill & Logging, Inc. - S. Ryan Rd.	New Haven	28,600	Constructed
Ramco - Roemer Dr.	Woodburn	26,400	Expansion
Keystone Industrial Park	Fort Wayne	24,000	Proposed
O'Neal Excavating & Construction Inc. - Lima Rd.	Fort Wayne	21,060	Expansion
Spec - Arden Dr.	Fort Wayne	20,000	Proposed
Micropulse Inc. - IN-14	Columbia City	20,000	Expansion
CFC Distributors, LLC/Granit Quality Parts	Roann	20,000	Constructed
Campbel Road Sawmill - Campbell Rd.	Spencerville	17,850	Constructed
Fort Wayne Metals - McArthur Dr.	Fort Wayne	15,797	Expansion
Perma-Column, LLC	Ossian	14,000	Expansion
Custom Engineering & Fabrication, Inc. - S. Coliseum Blvd.	Fort Wayne	10,440	Expansion
Alliance Winding Equipment, Inc. - Vanguard Dr.	Fort Wayne	10,425	Expansion
BurCraft Fabrics - N. Clinton St.	Fort Wayne	10,000	Constructed
Nelson Industrial	Bluffton	7,500	Constructed

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Google Data Center, Adams Center Road/E. Tillman Road, Fort Wayne

HIGHLIGHTED CONTIGUOUS VACANCIES OVER 100,000 SF

Building	Location	Total Area	Vacant SF	% Vacant
Eaton	201 Brandon St., Auburn	345,000	345,000	100%
Do It Best	6502 Nelson Rd., Fort Wayne	403,140	305,000	76%
Spec Building	Adams St., Bluffton	200,000	200,000	100%
Phelps Dodge	4400 New Haven Ave., Fort Wayne	200,000	200,000	100%
Spec Building	Asher Dr., Markle	200,000	200,000	100%
Tokheim	1600 Wabash Ave., Fort Wayne	185,973	185,973	100%
GTE	3301 Wayne Trace, Fort Wayne	163,000	163,000	100%
Spec Building	Hitzfield Ct., Roanoke	150,000	150,000	100%
Spec Building	8645 Aviation Dr., Fort Wayne	150,000	150,000	100%
Courier	2500 Marion Dr., Kendallville	248,510	129,537	52%

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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 emailings, and industry knowledge. The 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 2024. It does not include announced industrial expansions or contractions that are anticipated or projected to be occupied or vacated after the first quarter of 2024. 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 1/1/24 is estimated to be 52,106,014 sq. ft. The total industrial inventory in the other nine counties in Northeast Indiana on 1/1/24 is estimated to be 66,793,370 sq. ft.

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<https://shorturl.at/xCW15>

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Published 2/1/2024