

Zacher Company 2026 Industrial Narrative

Zacher Company Industrial Review and Forecast for Northeast Indiana

This report encompasses an overview of the industrial market for the previous 12 months and highlights notable industrial real estate transactions in Northeast Indiana. It also provides The Zacher Company's forecast for the upcoming year.

The industrial market statistics for the 2026 report, which is a review of industrial activities from January 2025 to January 2026, reflect a positive absorption of 1,185,000 square feet which is an increase from the previous year. The vacancy rate during this period decreased from 5.39% to 4.75%. Currently 115.9 million square feet of industrial space in Northeast Indiana is occupied.

The story of the 2025 Northeast Indiana industrial market was a historically low amount of new construction activity which was roughly one third of what was built during the prior year. However, that pause proved to be a healthy market response due to the plethora of vacant spec buildings available a year ago. This allowed absorption to strengthen dramatically from the previous two years, as eight of the 13 vacant spec buildings were sold or leased in 2025, totaling 762,500 square feet.

The larger spec building transactions over the last year included: Palmer-Donavin leasing 200,000 square feet on South Adams Street in Bluffton, Logistics Insight leasing 200,000 square feet on East Asher Drive in Markle, Seojin Global leasing 150,000 square feet on Hitzfield Court in Roanoke, the Herbruck's Poultry Ranch purchase of 75,000 square feet on Weston Avenue in Kendallville and Lunar Distribution leasing 52,000 square feet on Airway Avenue in Fort Wayne. In addition to the five vacant spec buildings remaining from the previous year, there were three new spec buildings added to the market inventory in 2025.

Other notable industrial real estate sales and lease transactions by users in 2025 include:

- Commercial Warehouse & Cartage and Essex Group on Meyer Road in Fort Wayne
- Therma-Tru on Brandon Street in Auburn
- Hoover the Mover on Nelson Road in Fort Wayne
- Riverside Manufacturing and Votaw Electric on Innovation Boulevard in Fort Wayne
- Tau Wire USA on Wayne Trace in Fort Wayne
- Steel Dynamics, Inc. in Butler

Notable projects, either under construction or proposed at the beginning of 2026, include:

- Hanjung USA in Huntington
- Cedar East spec buildings in New Haven
- Service Steel Framing in Garrett
- Graber Post Buildings in Ashley
- Alconex on Chalfant Road in Fort Wayne

Vacancy remains low, and several active users continue to struggle to find quality space. Buyers are becoming less price sensitive when seeking in-demand properties, pushing sale prices for second-generation buildings in some instances to \$70 per square foot or higher. However, lease rates did not increase at the same pace as sale prices, as more transaction activity involved owner-occupants.

Location and functional needs continued to strongly affect the market. Properties in the Fort Wayne metro area and other sites with easy interstate access along with deeper labor pools commanded premium pricing, while rural submarkets traded at widening discounts. Outdoor storage for trailer parking and materials became a high priority for users in 2025. Shovel-ready industrial land remained in short supply for owner-users. Speculators and local developers preferred to hold out for higher prices or build-to-suit opportunities.

Despite waning demand for electrical vehicles, Korean battery-component suppliers remained active in the market with a shift towards data center end users. Ohio and Michigan remained highly competitive versus Northeast Indiana, offering more aggressive incentive packages. Investor appetite for industrial assets stayed strong, yet a relative shortage of listings limited transaction volumes as many owners chose not to bring properties to market.

Here is our overall forecast for the industrial market in 2026: There will be an increase in new construction, driven by favorable incentives of newly enacted federal tax law that lessens the impact of steadily climbing development costs. This will include a return of speculative construction in Fort Wayne/Allen County targeting users of 100,000+ square feet. At least half of the eight currently vacant spec buildings are expected to be absorbed during the year, though the vacancy impact will be minimal, as seven of the buildings are 40,000 square feet or less. International companies will remain active in the market due to the relative impact of tariffs. Other potential catalysts include proposed highway improvements along US Route 30, which could unlock additional industrial development land. Owners will become more receptive to purchase offers as lease rates remain flat and sale prices push higher. Interest rates are expected to decrease, extending a positive environment for investors.

In summary, 2025's restrained new construction activity recalibrated the supply and set the stage for a selective, needs-driven rebound in 2026; one that will favor larger, well-located properties and projects that can meet practical operational demands. The industrial sector remains Northeast Indiana's strongest asset class and will continue to drive our economy.