

2017 NORTHEAST INDIANA INDUSTRIAL MARKET SURVEY



2016 REVIEW

2016 was a strong year for industrial real estate in Northeast Indiana; however, sale and leasing activity was constrained by a lack of good-quality available industrial space. It was the seventh consecutive rebound year since the 2008/2009 recession. 1.94 million sq. ft. of net absorption occurred in 2016. This is very strong, but was reduced from a record setting level of over 4 million sq. ft. in 2015.

The vacancy rate at the beginning of 2017 was 5.11%, representing 5,438,963 sq. ft. of vacant space. This is a slight decrease from 5.25%, or 5,494,987 sq. ft. at the beginning of 2016.

Significant new construction projects in 2016 included: 791,000 sq. ft. North Pointe Development distribution center across from the GM plant on Lafayette Center Road; 250,000 sq. ft. Walmart Dairy at Pleasant Center and Bluffton Rd.; and 400,000 sq. ft. Trinity Healthcare/XPO Logistics build-to-suit distribution center on Bluffton Rd. Significant lease transactions in 2016 included: 125,000 sq. ft. Multimatic lease on Adams Center Rd.; 99,579 sq. ft. Shambaugh & Son lease on Investment Dr.; and 70,000 sq. ft. Autoliv lease in the Rail Connect spec building in Columbia City.

Construction was started on a 100,000 sq. ft. spec building by Hagerman Construction on Airport Expressway. The 60,000 sq. ft. spec building on Persistence Dr. (pictured above) and half of the 200,000 sq. ft. spec building in Bluffton remain available. The Transpoint Intermodal container transfer facility is under construction in Fort Wayne at Adams Center Rd. and Paulding Rd. The rail-to-truck and truck-to-rail intermodal ramp is expected to generate additional distribution activity in the region.

2017 FORECAST

The impact of a new president may have a mixed effect. It may have a positive impact due to the prospect of less regulation, lower corporate tax rates and infrastructure stimulus. Trade policy, immigration reform and the uncertainty that comes with a new administration may have a negative impact.

Several years of strong absorption and the recent success of spec building projects bodes well for the prospect of more speculative construction and build-to-suit development in 2017. Low gasoline prices, strong auto sales and relatively low interest rates are the main drivers of growth for industrial real estate in northeast Indiana. Therefore, we expect a strong 2017. Our enthusiasm is tempered due to the lack of quality space, the shortage of qualified labor, the duration of the current recovery, and the recent increase in interest rates. We expect sale prices and lease rates to continue to increase in 2017, but will remain significantly less than the comparable rates for new construction.

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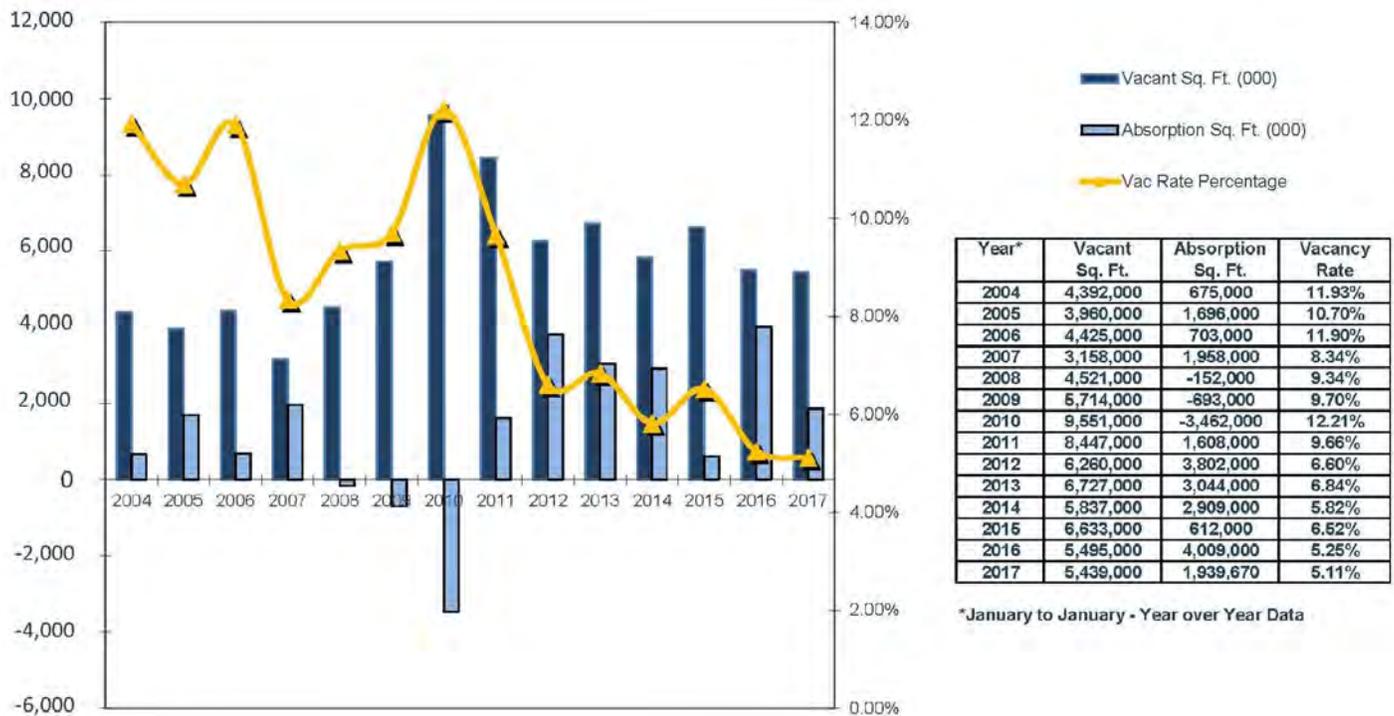
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PUBLISHED 2/9/2017



Inventory (SF)	Total Market (SF)
Total Inventory – 1/1/2016	104,639,912
Vacant Space – 1/1/2016	5,494,987
Occupied Space – 1/1/2016	99,144,925
Constructed in 2016	1,883,646
Total Inventory – 1/1/2017	106,523,558
Vacant Space – 1/1/2017	5,438,963
Vacancy Rate – 1/1/2017	5.11%
Occupied Space – 1/1/2017	101,084,595
Net Absorption – 2016	1,939,670

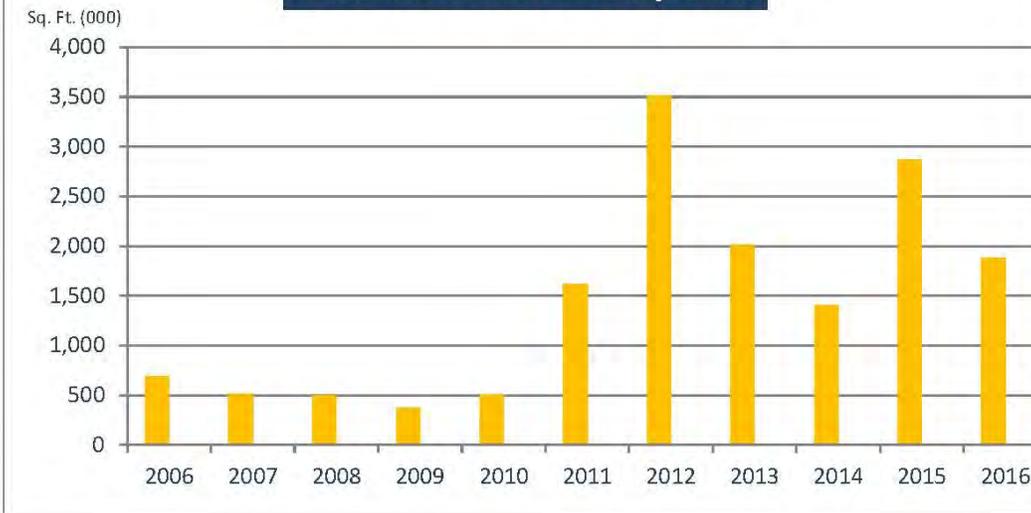
Vacancy and Absorption



Notable Transactions - 2016

Project Name	City	Sq. Ft.	Type
International Park – West Coliseum Blvd.	Fort Wayne	1,466,895	Sale
North Pointe Development – Lafayette Center Rd.	Fort Wayne	791,000	New Construction
Trinity Health XPO Logistics – 12301 Bluffton Rd.	Fort Wayne	400,000	New Construction
Lippert Components – Ryan Rd.	Fort Wayne	300,000	New Construction
Walmart Dairy – 2322 West Pleasant Center Rd.	Fort Wayne	250,000	New Construction
Ecolab, Inc. – 84 Commercial Rd.	Huntington	131,786	Lease
Multimatic Indiana Inc. – 2808 Adams Center Rd.	Fort Wayne	125,477	Lease
Hagerman Spec Building – Airport Expressway	Fort Wayne	100,000	New Construction
Shambaugh & Son LP – 5210 Investment Dr.	Fort Wayne	99,579	Lease
Best Warehousing & Transportation – 2801 West State Blvd.	Fort Wayne	98,000	Lease
Bosch – 5120 Investment Dr.	Fort Wayne	91,500	Lease
Commercial Warehousing and Cartage, Inc. – 6916 Nelson Rd.	Fort Wayne	90,000	Lease
Tradition Logistics, LLC – 300 Growth Pkwy.	Angola	73,000	Lease
Autoliv – 5925 CR 600 East	Columbia City	70,000	Lease
Alliance Game Distributors – 3102 Brooklyn Ave.	Fort Wayne	69,329	Sub-Lease
Fort Wayne Metals – 4202 Piper Dr.	Fort Wayne	64,300	Sale
North American Tool – 84 Commercial Rd.	Huntington	57,750	Lease
Crown Lift Trucks – Avionics Dr.	Fort Wayne	54,476	New Construction
Shalee Oils, LLC – 400 Bob Barry Dr.	Hartford City	51,200	Sale
Clemens Kids Industrial Property, LLC – 5727 Industrial Rd.	Fort Wayne	49,464	Sale
Devine Property Management – 200 Sixth St.	Fort Wayne	42,320	Sale
WM Fort Wayne Properties, LLC – 7710 Freedom Way	Fort Wayne	41,278	Sale
Premier Truck – 9138 Bluffton Rd.	Fort Wayne	38,000	Expansion
Rosema Construction – 8333 Clinton Park Dr.	Fort Wayne	36,144	Sale
Trinity Stone – 1221 North Coliseum Blvd.	Fort Wayne	34,788	Sale
DeKalb Molded Plastics Co. – 2722 County Road 75	Butler	32,400	Lease
Central Indiana Hardware – 5322 Keystone Dr.	Fort Wayne	30,000	Lease
Shuttleworth, Inc. – 100 Commerce Dr.	Huntington	28,368	Lease
DNM, Inc. – 9999 E. Baseline Rd.	Avilla	27,500	Sale
Ground Effects – 13204 Aboite Rd.	Fort Wayne	27,000	Expansion
Show Realty – 3330 Congressional Pkwy.	Fort Wayne	25,000	Lease
On The Rox, LLC – 6032 Highview Dr.	Fort Wayne	24,000	Lease
ATJ Real Estate Holdings – 1400 N. Detroit St.	Lagrange	21,885	Sale
Dymer Co. II LLC – 6320 Highveiw Dr.	Fort Wayne	20,042	Lease
Koch Air – 5002 Speedway Dr.	Fort Wayne	19,223	Sale
Antibus Scales & Systems, Inc. – 1919 Research Dr.	Fort Wayne	18,400	Sale
Rethceif Packaging – 420 Industrial Pkwy.	Ossian	18,250	Expansion
Indiana Materials Processing – 5750 Rail Connect Dr.	Columbia City	16,100	Expansion
Transport Intermodel – Adams Center Rd.	Fort Wayne	N/A	New Construction

New Construction by Year



Year	Sq. Ft.
2006	690,900
2007	511,363
2008	499,856
2009	374,700
2010	503,293
2011	1,614,412
2012	3,511,197
2013	1,964,935
2014	1,407,663
2015	2,871,949
2016	1,883,646

Market Pricing

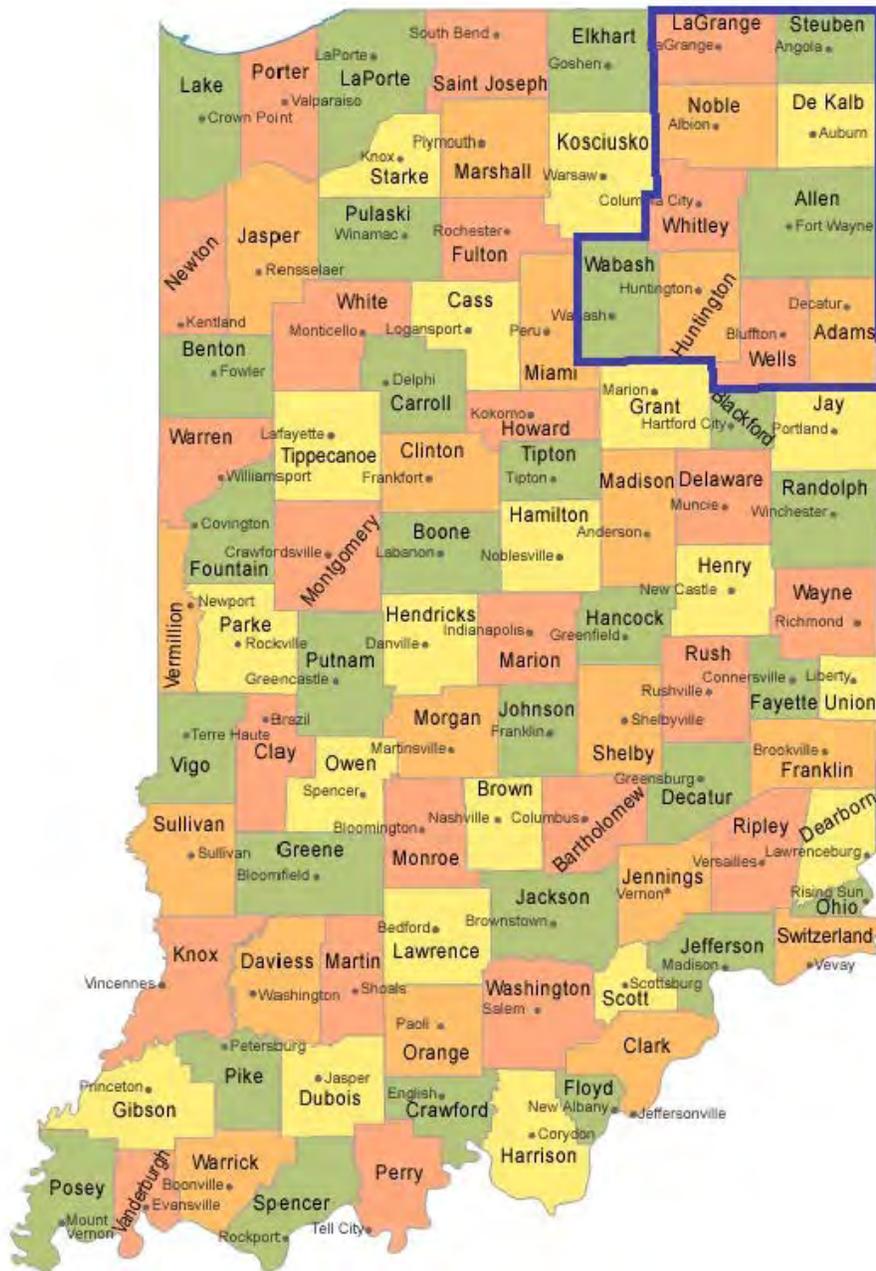
	Existing Building Sales Price (\$/SF)	Existing Building Triple Net Lease Rates* (\$/SF)	Spec/New Construction Triple Net Lease Rates* (\$/SF)	New Construction** (\$/SF)	Vacancy Indicators
More than 250,000 SF	\$11.00 - \$14.00	\$2.40 - \$2.85	\$3.50 - \$4.50	\$34 - \$43	Under Supply
100,000 – 250,000 SF	\$12.00 - \$16.00	\$2.70 - \$2.95	\$3.75 - \$4.75	\$38 - \$48	Under Supply
60,000 – 99,999 SF	\$14.00 - \$19.00	\$2.75 - \$3.15	\$4.50 - \$5.50	\$40 - \$50	Extreme Under Supply
40,000 – 59,999 SF	\$16.00 - \$21.00	\$2.80 - \$3.30	\$5.00 - \$6.00	\$44 - \$54	Moderate Under Supply
20,000 – 39,999 SF	\$22.00 - \$26.00	\$3.20 - \$3.60	\$5.25 - \$6.25	\$47 - \$58	Under Supply
5,000 – 19,999	\$27.00 - \$33.00	\$3.65 - \$4.15	\$5.50 - \$6.50	\$50 - \$61	Balanced Market
Less than 5,000 SF	\$30.00 - \$38.00	\$4.50 - \$5.50	\$6.00 - \$7.00	\$54 - \$67	Balanced Market
High Tech/R & D	\$24.00 - \$32.00	\$5.00 - \$6.00	\$7.00 - \$9.00	\$65 - \$85	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.

Triple Net Expense	Warehouses and Factories (\$ SF)	Flex Space
Real Estate Taxes	\$0.30 - \$0.60	\$0.90 - \$1.20
Insurance (Fire and Liability)	\$0.07 - \$0.15	\$0.11 - \$0.19
Structural and Roof Maintenance	\$0.07 - \$0.15	\$0.11 - \$0.19
Common Area Maintenance	\$0.10 - \$0.20	\$0.15 - \$0.25

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



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 2017. It does not include announced industrial expansions or contractions that are anticipated or projected to be occupied after the first quarter of 2017. The survey includes space that has been ground-broken and above-ground construction has commenced.
3. The total industrial inventory in Allen County on 1/1/17 is estimated to be 46,922,431 sq. ft. The total industrial inventory in the other nine counties in Northeast Indiana on 1/1/17 is estimated to be 59,601,127 sq. ft.