

February 3, 2023

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Zacher: Industrial vacancy at record low

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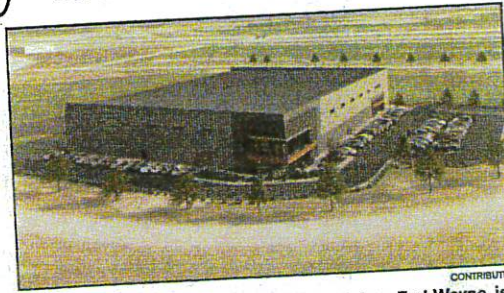
The region continued a five-year trend of strong industrial growth last year, according to the 2023 Northeast Indiana Industrial Market Report by The Zacher Company.

Total inventory rose from 115,681 square feet to 117,347 square feet and the vacancy rate fell from 3.85% to a record low of 2.91%, according to the report.



Zacher

The region had 10 speculative buildings larger than 25,000 square feet constructed or that are under construction for a total of 957,500 square feet. Among them are 852 Weston Ave. in Kendallville (75,000 square feet) and 859 Adams St., Bluffton (200,000 square feet).
 "You've still got very few existing buildings available, very low vacancy — under 3%," Steve Zacher of The Zacher Company said of spec buildings' appeal. "(This) has prompted developers to put up spec buildings. ... And then these spec buildings are getting filled by and large."



CONTRIBUTED

HardHell Industries' project at 4455 Airway Ave., Fort Wayne, is one of 10 large spec buildings constructed last year in North-east Indiana.

The spec building constructed at 5224 East Asher Drive, Markle, which now houses Sortera Alloys, is an example where a spec was built and then found a company interested in occupying it.

Some of the noteworthy transactions are actually in the same neighborhood, Zacher said:

Do Good Foods leased space on Aviation Drive, while PepsiCo leased 140,000 square feet on Gulfstream Drive and Smith Brothers leased 76,551 square feet on Yeager Lane, all in Fort Wayne.

"The industrial market statistics for the calendar year 2022 reflect a positive absorption

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ZACHER: Despite possible recession, more spec buildings expected

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of approximately 2.7 million square feet," according to the report. "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."

Notable sale and lease transactions include the following investment sales:
 Amazon — Smith Road, Fort Wayne,

645,052 square feet. The fulfillment center opened in December 2021.

Trinity Health — Bluffton Road, Fort Wayne, 400,000 square feet

Eaton/Phoenix Investors — Brandon St., Auburn, 345,000 square feet

Courier/Phoenix Investors — Marion Drive, Kendallville, 284,510 square feet

Do It Best — Nelson Road, Fort Wayne, 246,172 square feet. The company has moved its headquarters

from here to Electric Works near downtown.

PepsiCo — Wells St., Fort Wayne, 144,283 square feet. The city of Fort Wayne has bought the property for further development.

Notable construction projects include the Amazon building at US 30/Flaugh Road that's 630,000 square feet and Bio Nutrients on Manchester Avenue in Wabash that will be 335,423 square feet

when its completed.

With the possibility of a recession this year, Zacher's forecast calls for tempered industrial demand, but the company expects that more spec buildings will be constructed.

"Construction will be lower than during the previous 5 years," the report predicts, though lease rates and sale prices are expected to continue to rise.