

Zacher Co.'s Northeast Indiana industrial report sees slowed growth

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Zacher Co.'s Northeast Indiana Industrial Market Report found that for the second consecutive year the demand for industrial space slowed relative to the preceding 5 years, with 13 spec buildings not being sold or leased in 2024.

The absorption of 362,318 square feet was barely positive and came primarily from manufacturing expansions, according to the report, which was released this week.

"I think what's driving that, it's mostly just the general economy, and I think the biggest driver of that is just the big rise in interest rates and what impact that has on all of the industrial drivers in our economy," Steve Zacher, president and managing broker for The Zacher Company.

The vacancy rate increased to 5.39% from 3.83% compared to the previous year, with 2,675,799 square feet of new industrial space being constructed in 2024, the seventh consecutive year of at least 2 million square feet being built.

Currently, the 10 counties included in the report have 13 vacant or under construction industrial spec buildings ranging in size from 20,000 square feet to 200,000 square feet.

One item of note, is that UNFI, which was acquired by Supervalu in 2018, is shuttering three buildings totaling 875,000 square feet as it shifts service to more modern distribution centers in its network.

During the COVID-19 pandemic, the region had a shortage of spec buildings. "Then a bunch of folks went out and built the buildings and then the demand didn't quite meet expectations," Zacher said. "That's why none of them were sold or leased last year."

The Zacher Company expects several of the existing spec buildings will be leased or sold in 2025 but no additional spec buildings will be built.

Second-generation buildings became available, which provided a competitive threat to the new spec buildings, according to the report.

The report noted there was more interest in purchasing buildings rather than leasing, with sale prices steady, driven by owner/user demand. Lease rates were stable to slightly rising.

Meanwhile, construction costs continued to increase.

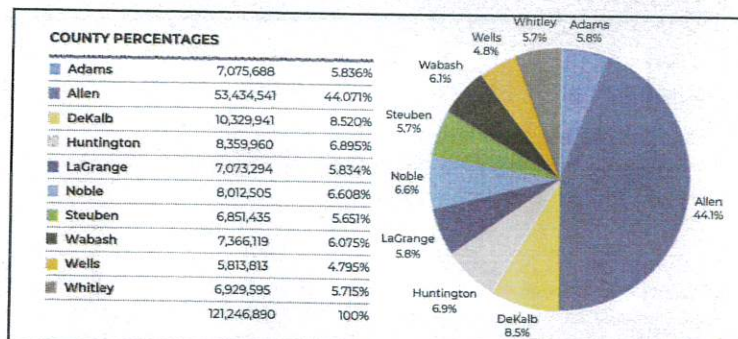
The Northeast Indiana industrial real estate market is defined as the counties of Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wabash, Wells and Whitley.

Looking to 2025, with the presidential election decided, the Zacher Company expects to see a mixed impact of proposed policies, such as tariffs, less regulation and income taxes.

Higher, historically normal interest rates will likely be around for the foreseeable future.

The vacancy rates is expected to remain steady or slightly decrease.

Zacher pointed out that Ohio is expected to remain more aggressive than



More than 44% of industrial space examined in the Zacher Co.'s Northeast Indiana Industrial Market Report is in Allen County.

Indiana with respect to incentives that will put our market at a competitive disadvantage.

Notable industrial real estate sales and lease transactions in Fort Wayne by users in 2024 include:

- Fort Wayne Metals, 120,040 square feet on American Way in Fort Wayne
- CPI Card Group, 80,000 square feet on Lima Road in Fort Wayne
- Bolt Custom Truck, 98,400 square feet on Nelson Road, Fort Wayne
- Riverside Manufacturing, 61,800 square feet on Innovation Boulevard

Notable construction projects are:

- Walmart Distribution Center, IN-8, Auburn, 630,000 square feet under construction

- Google Data Center, Adams Center

Road, Fort Wayne, 361,000 square feet, under construction

- Ford Meter Box Foundry on Manchester Avenue in Wabash, 300,000 square feet, constructed
- North American Cold Storage on Roemer Drive in Woodburn, 200,000 square feet, under construction

The Zacher Company expects total construction in 2025 will be lower as compared to the previous seven years.

There will continue to be strong demand for smaller industrial spaces of 20,000 square feet or less, while sale prices will continue to increase; however, lease rates will remain stable or will slightly decrease, according to the report.

See the full report attached to this story at FWBusiness.com.

Existing Industrial Space Per County

Source - Zacher Company 2025 Industrial Market Report

County	Square Footage	% of Regional Total
Adams	7,075,688.00	5.84%
Allen	53,434,541.00	44.07%
DeKalb	10,329,941.00	8.52%
Huntington	8,359,960.00	6.90%
LaGrange	7,073,294.00	5.83%
Noble	8,012,506.00	6.61%
Steuben	6,851,436.00	5.65%
Wabash	7,366,119.00	6.08%
Wells	5,813,813.00	4.80%
Whitley	6,929,595.00	5.72%
Total	121,246,890.00	100%

Ranking of Industrial Space by County

County	Square Footage	% of Regional Total
Allen	53,434,541.00	44.07%
DeKalb	10,329,941.00	8.52%
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Note - Kosciusko County, while a member of the NEI Regional Partnership, is not included in the Zacher Report.