

ELKHART MARKET

2ND QUARTER 2019

MARKET OVERVIEW

Elkhart is located 20 miles east of South Bend, 110 miles east of Chicago, and 150 miles north of Indianapolis. Elkhart's access to major interstates, highways and rails lines make it easy to move goods and products to large metropolitan markets.

The Elkhart County economy is driven by the manufacturing of recreational vehicles, often referred to as the "RV Capital of the World". Elkhart's RV industry began in 1936 and today the area is filled with RV manufacturers, dealers, service centers, and sellers of RV-related products. Elkhart County produces over 80% of all RVs built in the U.S. RV manufacturers, suppliers and vendors create a \$9.5 billion impact on Indiana's economy.

Tourism also has a huge impact on Elkhart with 22.5 million in visitor spending in 2018, according to the Elkhart County Convention and Visitors Bureau. Tourism is fueled by the RV industry and the Amish and Mennonite communities. Indiana has the third largest population of Amish in the United States with Elkhart and neighboring LaGrange County home to the largest community in Indiana. There are many Amish attractions across Elkhart County including markets, The Heritage Trail, and other small communities that welcome tourists.

QUARTERLY HIGHLIGHTS

A STRONG ECONOMY IN ELKHART CONTINUES TO ATTRACT MORE INVESTMENT AND SPUR ECONOMIC GROWTH

An economic study by The Walton Foundation has ranked Elkhart-Goshen the 4th best economy in the country. Metropolitans were ranked by metrics such as, job growth, income gains, and total jobs. Approximately one-third of the Elkhart-Goshen metro area's gross product is directly tied to the RV industry. "This extensive local supply chain, along with other manufacturing operations, results in manufacturing representing 49.8% of employment in Elkhart versus 8.5% for the nation — resulting in a higher dependence on manufacturing than any other metropolitan area in the nation," the study points out. "The downside is that it makes Elkhart's economy among the most cyclical in the nation. The good news, at 2.6%, Elkhart's unemployment rate is among the lowest in the nation." In concluding its examination of the Elkhart-Goshen metro area, the study points out that a major advantage of the metro area is its ongoing focus on adding diversity to its economy and its entrepreneurial mix, particularly when it comes to the desire to support and nurture entrepreneurship by providing the tools and services needed for them to be successful. (1)

Specifically relating to the RV industry, it appears that tariffs have had an impact on Elkhart County's economy, as the number of RVs shipped to dealers has dropped 22% through the first five months of this year compared to the same period a year ago. Levon Johnson of the Greater Elkhart Chamber of Commerce points out that the previous two years saw record-high shipments, and some of those units are still lingering on the lots. Additionally, according to a report from Reuters, 75% of the suppliers at Renegade RV in Bristol have demanded tariff-related price increases and that the company has reduced its workforce by about 10 employees since May. (2)

Several new healthcare facilities are opening in Elkhart. Hellenic Senior Living opened a facility in Elkhart in June. The facility at 2528 Bypass Road will employ 45 and serves lower income seniors. Heart City Dental moved into a new location at 2100 Superior Street. The state-of-the-art facility doubles their previous capacity. Hubbard Hill Living Wisdom Community opened a dementia care facility and The Lighthouse Autism Center will open later this summer.

Great Lakes Capital broke ground in June on the \$40 million River Point West project. The new neighborhood center will include a Martin's Supermarket and more than 150 apartments.

1. https://www.goshennews.com/news/local_news/elkhart-goshen-economy-rated-fourth-in-nation/article_9449be1f-717b-5792-8713-56f6e00df9de.html

2. <https://www.wndu.com/content/news/Elkhart-Co-unemployment-rate-33rd-lowest-in-the-state-513108201.html>

ELKHART COUNTY

2018 Total Population	207,332
2023 Total Population	213,177
2018-2023 Pop Growth	0.56%
Median Age	34.9
2018 Households	73,521
2023 Households	75,526
2018 Median HH Income	\$51,603
2018 Average HH Income	\$67,373

Source: Esri

UNEMPLOYMENT RATE MAY '19

Elkhart County	2.6%
Indiana	2.9%
United States	3.4%

Source: Hoosiers by the Numbers

HOUSING MARKET MAY '19

Median Home Value	\$164,800
Y-O-Y Increase	6.4%
Median Listing Price	\$159,900

Source: Zillow

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INDUSTRIAL OVERVIEW

EXPANSIONS, ACQUISITIONS, AND INVESTMENTS - ELKHART BUSINESSES CONTINUE TO GROW AND EXPAND

The Elkhart industrial market contains about 74 million square-foot of inventory. Although Elkhart is near Chicago and some major transportation corridors, the logistics market here is mostly supported by and serves the local economy. Nonetheless, Elkhart is currently witnessing an up-tick in construction, and over 300,000 square-feet completed in 2018. Fortunately for landlords, the bulk of new completions have been in the form of build-to-suit construction, keeping vacancies in check. The vacancy rate fell from 2.0% in Q1 to 1.6% in Q2. Market rents remain steady at \$3.38 per square-foot. - CoStar

Elkhart based Thor Industries made Forbes list of 500 businesses with the most revenue for the first time. Thor now has revenue of over \$7.2 billion with profits increasing by 58% annually.

Formula Trailers, located in Bristol has purchased assets and intellectual rights for Impact Trailers. Impact Trailers was founded in 2017 in Elkhart and ceased manufacturing operations in April 2019. Formula currently produces both steel and aluminum cargo trailers, car haulers and snowmobile trailers and began production in July 2018. Due to rapid growth, Formula brought on Impact Trailers founders and assets to bolster sales of Formula/Impact and bring its products to the Formula offering. (1)

Elkhart-based Travel Management Company has been acquired by membership-based private aviation company Wheels Up. TMC is the largest wholesale-focused light jet operator in the country. Wheels Up says the acquisition was made due to increasing demand from Wheels Up members for more high quality, light jets. TMC will operate as an independent subsidiary and will continue the same service to their existing partners. TMC will also continue to operate from its current Elkhart location. (2)

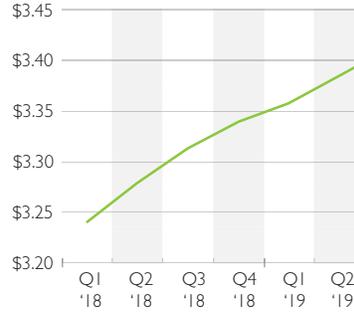
Elkhart-based LCI Industries has announced its subsidiary, LCI Italy s.r.l. has acquired a manufacturer of window blind systems located in Siena, Italy. The acquisition of Lavet will help LCI to expand its product portfolio. (3)

Ohio-based Next Sparc LLC has acquired a majority interest Way Interglobal Network LLC, an RV product manufacturer and supplier based in Elkhart. Way Interglobal develops, manufactures products including refrigerators, fireplaces, and entertainment systems for RVs. (4)

Elkhart-based Lippert Components Inc. announced plans to add a UK based marine equipment supplier to its portfolio. The initial cash offer of more than \$42 million to acquire Lewmar Marine Ltd., remains subject to approval by Lewmar shareholders and the Scottish Court. (5)

1. <https://rv-pro.com/news/formula-trailers-buys-assets-impact-trailers>
2. <http://www.insideindianabusiness.com/story/40583223/elkart-travel-company-acquired>
3. <http://www.insideindianabusiness.com/story/40731292/lci-acquires-italian-company>
4. <http://www.insideindianabusiness.com/story/40646839/elkhart-rv-product-supplier-acquired>
5. <http://www.insideindianabusiness.com/story/40637496/lippert-to-acquire-uk-company>

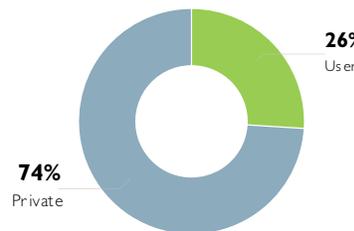
MARKET RENT PER SF*



VACANCY RATE*



SALES BY BUYER TYPE*



*Source: CoStar

FORECAST

- Vacancy rates are forecast to remain in the 1-2% range through the end of the year.
- Market rents will remain steady and are expected to continue to rise over the next several quarters.
- Given the recently reported financial strength of major employers located in Elkhart, expectations are that the county will maintain economic stability, despite discussions of a slow down in the RV Industry.

MAJOR EMPLOYERS	
Thor Industries, Inc.	13,622
Forest River, Inc.	10,000
Lippert Components, Inc.	5,500
Beacon Health System	2,600
Patrick Industries	2,900
Elkhart Comm. Schools	1,800
IU Health Goshen	1,517
Goshen Comm. Schools	1,442
Supreme Industries	1,200

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318 S. ELKHART, AVE., ELKHART, IN

- Now under construction - 195 unit luxury mixed-use development located in Downtown Elkhart
- Approximately 7,000 SF of retail space available with suites ranging from 1,200-7,000 SF



2200 BYPASS RD., ELKHART, IN

- Rare opportunity to purchase or lease a former new/used car dealership, including service and body shop facilities (Gurley Leep Honda)
- ±36,029 SF total building area (3 buildings)



2100 INDUSTRIAL PKWY., ELKHART, IN

- 122,472 SF building situated on 7.48 acres
- 5,200 SF of recently renovated office/showroom space
- 5 miles to I-80/90 Toll Road



72104 COUNTY ROAD 23, NEW PARIS, IN

- The property is in an excellent location right off of US 6 and State Rd 15 in New Paris, Indiana, and has frontage on US 6 and County Road 23
- 6 Docks and 2 O/H Doors in space



421 S. SECOND ST., ELKHART, IN

- Historic Elkhart Truth Building in Downtown Elkhart
- Mixed Use office/retail/warehouse building located on 2nd Street
- Suites ranging from 3,000 to 30,000 square feet



300 NIBCO PKWY., ELKHART, IN

- Access NIBCO Parkway from Elkhart Avenue and Jackson Blvd.
- Flexible floor plan includes open cubicle area, private conference room, kitchenette area



232-246 WATERFALL DR, ELKHART, IN

- 23,180 SF situated on 3.49 acres
- Located on the Elkhart River in Downtown Elkhart
- Within walking distance to restaurants, county and city buildings, banking institutions, IUSB - Elkhart public library, etc.



WINDSOR CT., ELKHART, IN

- 900-2,500 SF available
- Accessibility and visibility via SR 19 N., I-80/90 Toll Rd.
- Heavily landscaped setting with front door parking

BROKERAGE



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