



FEATURED LISTING:
 72104 COUNTY ROAD 23, NEW PARIS, IN
 • 105,000 SF of warehouse/manufacturing
 • Located off the corner of US 6 & County Road 23
 • **FOR LEASE: \$3.50/SF NNN**
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ELKHART INDUSTRIAL REPORT

MARKET UPDATE

Shipments for Recreational Vehicles has grown nine straight years and are expected to total more than 505,900 units for 2018. In 2019, shipments are projected to range between 485,900 and 510,600 units. Despite RV shipments dropping 29% in September compared to the same time last year, players in the RV industry are still optimistic. Kevin Broom, a spokesman for the RV Industry Association, indicated that Septembers decrease in RV shipments were likely due to several factors outside of consumer interest. One example is that the annual Elkhart RV Open House, which is arguably one of the largest selling shows for the industry, had been pushed back a week to September 24th. This effect should be reflected in the October RV shipment numbers.

Another sign of optimism for the RV industry is Thor Industries latest acquisition. In September 2018, Thor entered into an agreement to purchase Germany-based Erwin Hymer Group that is valued at around \$2.45 billion. The acquisition is expected to close by the end of 2018, which will help propel Thor Industries as the world's largest RV manufacturer. According to Thor's representatives, the acquisition allows Thor to establish a global sales and production footprint for the company.

Thor hasn't been the only RV manufacturer that's been growing. East to West and North to South is currently constructing two 100,000-square-foot manufacturing buildings, with expectations of adding 325 new jobs. In addition, Universal Trailers sold its Cargo Group Division to American Cargo Group in July for an undisclosed amount, which included five manufacturing facilities, two of which were in Bristol, IN and Elkhart, IN.

To help maintain growth through economic stability and the cyclical ups and downs of the RV industry, multiple RV manufacturers are diversifying its assets through acquisitions in the marine and boat industry. In July 2018, Polaris Industries completed its acquisition, valued at \$805 million, of the largest

MARKET INDICATORS

	Q3 '17	Q3 '18	12 Month Forecast
Inventory	87,519,900	88,971,900	+
Availability Rate	1.60%	2.40%	=
Avg. Asking Rate - \$/SF (>5,000 SF)	\$3.16	\$3.49	+

AVAILABILITY & RENTAL RATES



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MARKET UPDATE CONTINUED

manufacturer of pontoon boats in the country, Boat Holdings. Earlier in 2018, Elkhart-based Patrick Industries acquired Indiana Marine Products for \$18.5 million, as well as RV and marine housing accessory manufacturer Dehco Inc., and three additional marine companies through its acquisition of Leisure Product Enterprises that was valued at \$73 million.

The available inventory of industrial space in the Elkhart area is declining, which is causing transactional activity to slow down as well. Quality space that is being delivered to the market is getting quickly absorbed. For example, the latest speculative building to be constructed in the market, a 227,000-square-foot building at 5400 Beck Drive, was fully leased before the building finished construction. The positive absorption of spec space has led to another 167,000-square-foot spec building planned for Beck Drive.

Forecast:

- If RV Shipments start to level off, we still expect the Elkhart industrial market to be remain healthy. This will allow the RV industry to become stabilized after previously producing at historical levels, as well as provide a much-needed relief to the straining labor issue.
- Expect the availability rate to slightly increase in Q4 2018 as companies shut down operations. However, we expect to see an inverse effect on the availability rate in the beginning months of 2019 as these spaces are expected to be absorbed quickly.

3RD QUARTER NOTABLE TRANSACTIONS

LEASES

Property/Address	SF	Type	Tenant
5400 Beck Dr., Elkhart	227,000	New	ABF Freight
4911 Green Ct., Elkhart	56,300	New	Global Building Products

SALE

Property/Address	SF	Sale Price	Buyer
603 Industrial Pkwy., Elkhart	150,980	\$2,500,000	Clark Logistics Group
1503 McNaughton Ave., Elkhart	123,803	\$1,650,000	American Cargo Group
1220 Anderson St., Elkhart	64,830	\$705,000	Fifer Holdings LLC

NOTABLE CONSTRUCTION PROJECTS

Project	Industrial (SF)	Status	Completion
Elkhart County SPEC, 5400 Beck Dr., Elkhart	227,000	Completed	Q3 2018
Winnebago Expansion, 201 14 th St., Middlebury	200,000	Under Construction	Q4 2018
Forest River, C.R. 6 & John Weaver Pkwy., Elkhart	200,000	Under Construction	Q4 2018
Beck Drive Spec Building, Elkhart	167,000	Planned	Q3 2019
Lippert Manufacturing Plant, 3152 Skyview Rd., Goshen	107,000	Under Construction	2019
1802 Conant St., Elkhart	20,000	Under Construction - Expansion	Q4 2018

BROKERAGE

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Methodology
In addition to primary research efforts, Bradley Company also utilizes third party reports in assembling the data included herein. Total marketplace square footage is estimated from a compilation of available sources and updated on a recurring basis. Availability rates are calculated based on properties which are publicly advertised at the time of data collection.