



**FEATURED LISTING:**  
MAYFLOWER RD. & CLEVELAND RD.,  
SOUTH BEND, IN  
• 47.04 AC  
• FOR SALE: \$75,000 - \$925,000  
• Contact: Matt Wetzel | 574.970.9006



# SOUTH BEND INDUSTRIAL REPORT

## 2<sup>ND</sup> QUARTER MARKET UPDATE

Fueled by the continued growth of e-commerce and a solid economy, the U.S. industrial sector continues to perform well. E-commerce sales grew 16.4% in Q1 2018 compared to the same time last year, which continues to drive the demand for warehouse and distribution space. Net absorption is slowing, mainly due to the limited amount of space available. The same is being seen in the South Bend industrial market, where space coming to the market is being absorbed within months of being vacant.

Over the past year, the availability rate for the South Bend industrial market have remained stagnant, around 7%. The lack of quality inventory and available space within the market continues to drive demand. Quality space that becomes vacant is absorbed within months. For example, St. Joseph Paper and Packaging moved into CTDI's former location at 2740 Viridian Drive just a few months after CTDI moved into its new 315,000-square-foot building off Dylan Drive. In addition, activity at the new SBDC II speculative building continues to pick up. In Q2 2018, only 84,000 square feet is being marketed out of the 210,000-square-foot building. No tenant has been announced, but due to the space being in high demand, we expect the remaining 84,000 square feet to become absorbed by the end of 2018.

Additional activity in the market included Tri-Pac Inc. moving into 3333 Kenmore in South Bend, with plans of investing \$1 million into the facility for renovations and modifications. The move came with \$84,000 in tax savings and will create at least 20 jobs in the next 7 years. Also, Ohio-based Capital Tire relocated its operations from Elkhart into a new location off Meghan Beeler Court in South Bend. The move was predicated on location, being closer to retailer purchasers.

Looking towards the rest of 2018, we expect the availability rate to fluctuate, mainly due to Koontz Wagner filing for bankruptcy and closing its doors. The closure will open up around 250,000 square feet of space scattered throughout the market. Despite that much space coming to the market, we expect most of the space to become absorbed quickly, likely by existing companies expanding or outside companies relocating into the market.

In addition, the abundance of industrial land available near the AmeriPlex at I-80/90, as well as in New Carlisle could attract additional growth, either in the way of speculative development or build-to-suit opportunities.

### Forecast:

- Expect growing manufacturers to absorb available space in the market, leading to the availability rate declining towards the end of 2018.
- Increased demand for more modern buildings could lead to new developments at available land sites, such as AmeriPlex at I-80/90 and the new industrial park in New Carlisle.

## MARKET INDICATORS

	Q2 '18	Q2 '17	12 Mo. Forecast
Inventory	38.0 M	37.6M	+
Availability Rate	6.8%	6.2%	=
Avg. Asking Rate (\$/SF)	\$3.34	\$3.47	=

## AVAILABILITY & ASKING RATE



112 W. JEFFERSON BLVD., SOUTH BEND, IN 46601 | 574.237.6000

## 2<sup>ND</sup> QUARTER NOTABLE TRANSACTIONS

### LEASES

Property/Address	SF	Tenant	Type
4167 Meghan Beeler Dr., South Bend	27,800	Capital Tire	New
4135 Meghan Beeler Dr., South Bend	20,000	Byram Healthcare Centers, Inc.	New
3702 W. Sample St., South Bend	18,909	E.V.S. Ltd.	Expansion
3725 Cleveland Rd., South Bend	12,500	American Olean Midwest, LLC	Renewal

### SALES

Property/Address	SF	Buyer	Sale Price
228 E. Bronson St., South Bend	27,000	JPTC Real Estate	\$460,000
2740 Viridian Dr., South Bend	60,740	2740 Viridian, LLC	\$2.2 million
*4312 – 4318 Technology Dr., South Bend	14,400	Technology Drive SB BKT, LLC	\$783,000

*\*Investment Sale*

### PROJECTS UPDATE

Project/Address	SF	Status	Completion
South Bend Distribution Center II 5545 Chet Waggoner Dr., South Bend	210,420	Under Construction	Q3 2018
900 Franklin St., South Bend	60,000 (3 buildings)	Planned	2021
Abtrex Industries 59640 Market St., South Bend	9,000	Planned	Q4 2018
Smith Ready Mix 31140 Edison Rd., New Carlisle	N/A	Under Construction	Q3 2018

## PROVIDED BY

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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.