



**FEATURED LISTING:**  
**2750 FOUNDATION DRIVE, SOUTH BEND, IN**  
 • 20,300 SF Industrial Building on 2.84 acres  
 • Located in a prime Industrial hub of NW South Bend  
 • **FOR SALE: \$612,000**  
 • Contact: Jeremy McClements | 574.522.7100

# SOUTH BEND INDUSTRIAL REPORT

## MARKET UPDATE

The South Bend industrial market is expected to benefit from substantial infrastructure investments that are underway at a state level. For example, Gov. Eric Holcomb’s \$1 billion initiative called “Next Level Connections,” was unanimously approved by the Indiana Finance Authority in September. It is expected that 95% of the program’s \$1 billion investment will be made to counties near the Indiana Toll Road, such as St. Joseph County. Land that is located within close proximity to the Indiana Toll Road is one of the main areas of focus for industrial growth in the region. The Indiana Toll Road runs just north of the developing Indiana Enterprise Center Industrial Park in the New Carlisle area. The purchase of 90 acres of land for \$1 million was approved in September by the St. Joseph County commissioners, which is part of the county’s long-term vision for developing more than 20,000 acres into an industrial park.

The development of the Indiana Enterprise Center Industrial Park is counting on attracting large industrial users to the site. In June 2018, the first development for the site became fully operational. The joint venture of Ares EIF and Japan-based Toyota Tsusho Corp., constructed a \$700 million natural gas-fired power plant that has the capacity to generate enough electricity for 500,000 households. Phase Two of the development could create a combined investment of more than \$1 billion. Additionally, county officials stated that four companies are expected to announce “large-scale” projects in the coming months for the new industrial park. If these projects come to fruition, it would be a huge win for the region. Previously the industrial park missed out on an opportunity for a new Toyota-Mazda auto assembly plant back in 2017 that would have brought 4,000 jobs and \$1.6 billion in investments with it. Toyota officials stated its main concerns to secure the new plant was that it would pull workers from other plants in Indiana. Indiana’s low unemployment rate was also a factor as it is adding to the challenge of finding the talent needed to run the plant.

Industrial availability is continuing to experience leveled activity due to space getting absorbed and new space coming online. The strength of speculative building’s being quickly absorbed continues. ThyssenKrupp signed on to lease 60% of the new 210,420-square-foot

South Bend Distribution Center II. The buildings modern specifications contributed to ThyssenKrupp locating in the facility, and the remaining space is expected to be absorbed in the coming months. New to the market is the Archway Portfolio, which brings two buildings totaling more than 241,000 square feet to the market. Back in July 2017, the five-property portfolio was purchased by Plymouth Industrial REIT for \$26 million. Since then, Archway has consolidated operations, and now two of the buildings are available.

## MARKET INDICATORS

	Q3 '17	Q3 '18	12 Mo. Forecast
Inventory	37.6 M	38.2 M	+
Availability Rate	7.3%	6.7%	=
Avg. Asking Rate (\$/SF)	\$3.23	\$3.37	+

## AVAILABILITY & ASKING RATE



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

**MARKET UPDATE CONTINUED**

**Forecast:**

- Expect the industrial inventory to grow in the next 12-18 months, however, don't expect the availability rate to fluctuate as many of these projects are being built to user specifications.
- Expect demand will continue to outpace supply, which will continue the upward pressure on asking and actual rental rates.
- If the "large-scale" industrial users that are expected to be announced in the coming months for the Indiana Enterprise Center industrial park could lead to additional industrial activity for the region, which should result in additional new construction and increased consideration of inventory in surrounding regional markets.

**NOTABLE TRANSACTIONS**

**LEASES**

Property/Address	SF	Tenant	Type
SBDC II, 5545 Chet Waggoner Ct., South Bend	126,000	ThyssenKrupp Materials NA Inc	New
1827 N. Bendix Drive, Ste. 3, South Bend	75,520	Better World Books	Renewal
5102 Dylan Drive, South Bend	73,614	Global Parts Network	Renewal

**SALES**

Property/Address	SF	Buyer	Sale Price
3107 Kenmore St., South Bend	36,828	Hoosier Spring Co.	\$1,325,000
3600 W. McGill St., South Bend	28,861	Elkridge LLC	\$1,145,000

**PROJECTS UPDATE**

Project/Address	SF	Status	Completion
NFI, Dylan Drive, South Bend	232,200	Planned	Q3 2019
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	N/A
AmeriPlex Center 2 6850 Enterprise Dr., South Bend	54,000	Planned	N/A
Imagineering Enterprises 3722 Foundation Ct., South Bend	50,000 – addition	Under Construction	Q2 2019
Shambaugh & Son 5870 Carbonmill Dr., South Bend	13,500	Under Construction	Q1 2019
12664 Heather Park Dr., Granger	6,000	Completed	Q3 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.