INDUSTRIAL MARKET **REPORT**

HALFTIME / Q2 2026

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SUPPLY & DEMAND CHANGES

National Trends

- The industrial market has moved past its cyclical peak. National vacancy fell to 6.9% at midyear as demand began outpacing new supply for the first time in this cycle.
- The rate cuts many expected in 2026 have not materialized. The Fed has held rates steady all year and has signaled a possible hike, not a cut. Buyers and investors should underwrite deals at today's debt costs, not tomorrow's hoped-for rates.
- Net absorption topped 59 million SF in Q2, exceeding the 53 million SF of new deliveries. Demand is absorbing the wave of supply built over the past few years.
- Construction has begun rebounding off its bottom, up 18% year-over-year.
- National rent growth has moderated to under 1% year-over-year as landlords compete against newer inventory.

Regional (Midwest / Indiana) Trends

- The Midwest continues to benefit from its central location, strong manufacturing base, and lower operating costs.
- Indiana remains a key logistics and production hub with access to major interstate corridors.
- Continued investment in advanced manufacturing, automotive supply chains, and distribution — plus a new wave of data center development entering the region.
- Investors remain drawn to Midwest markets for their smaller supply pipelines, stable fundamentals, and relatively economical pricing.
- Proposed US 30 improvements are expected to make that corridor increasingly attractive for industrial users and developers.

Local (Fort Wayne / Northeast Indiana) Trends:

- Market fundamentals continue to be driven by manufacturing, logistics, and regional distribution users.
- Vacancy ticked up to 4.2% in the first half of 2026. There has been a steady increase in supply of leasable space and a steady decrease in demand from tenants.
- Buyer demand remains strongest for functional small- to mid-size buildings (5,000–25,000 SF). Buyers are ready and eager for this type of product with sales at record prices.
- Buildings with 1+ acres of outdoor storage continue to command the highest demand and pricing, with no foreseeable increase in supply.
- The construction pipeline is very low at the moment with few active spec developments.
- Market rents have largely stabilized.

WHAT SHOULD YOU DO? HERE IS WHAT I WOULD DO.

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If I Were an Owner/User Buyer...

- I would not wait for interest rate cuts. That is no longer a viable strategy. Current market projections do not indicate any significant rate decreases in the foreseeable future.
- Good properties are moving fast. We are seeing bidding wars because properties are trading at record high sale prices and record low time on market. If the right property comes along, I would have my financing already approved and move quickly on an offer.

If I Were a Seller...

- If I owned a quality property in a desirable location, I would push the market and price it aggressively. Strong demand, limited inventory, and competitive buyer activity are allowing many well-positioned properties to achieve record sale prices.
- Seller have been pushing the market at record high prices (some sales over $100 psf!) compared to compare sales from a few years ago.

If I Were a Landlord...

- I would do everything in my power to negotiate a longer term lease with my existing tenants. Lease rates are stabilizing and there is considerably more supply than demand on the leasing side. I wouldn't want to be caught with holding costs or turnover costs if it could be avoided.
- I would be prepared to negotiate concessions with quality tenants to attract them into signing a lease.

If I Were a Tenant...

- I would negotiate heavily with my existing landlord if the space meets my business needs.
- I wouldn't be afraid to look at several different options and see what Landlord is willing to give the best deal.

If I Were an Investor...

- I would focus on currently occupied properties to help mitigate risk. The leasing market just isn't strong at the moment unless it is a small bay flex space.
- I would be very cautions pursuing vacant deals unless they are sold at a discount or a very high quality building (newer build year, less than 20,000 sqft, 16'+ clear height, plenty of parking and storage, close to highways, etc.).

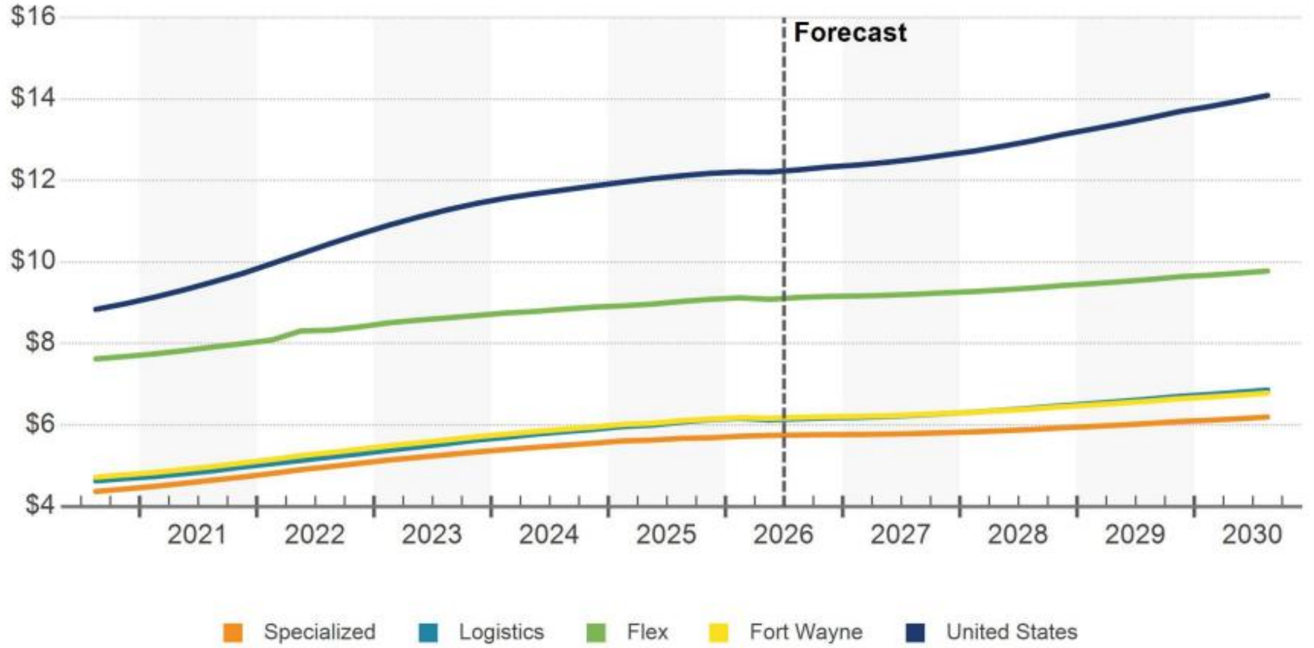
If I Were a Developer...

- I would focus on small-bay / flex space near the highway systems (I-69, US 30, I-469).
- If I had extra money to spend I would buy Industrial zoned ground near the highway systems as there is continuing to be less available industrial zoned ground.
- I would leverage the tax incentives to increase the overall returns of new development projects.

LEASE CHARTS

Q2 2026

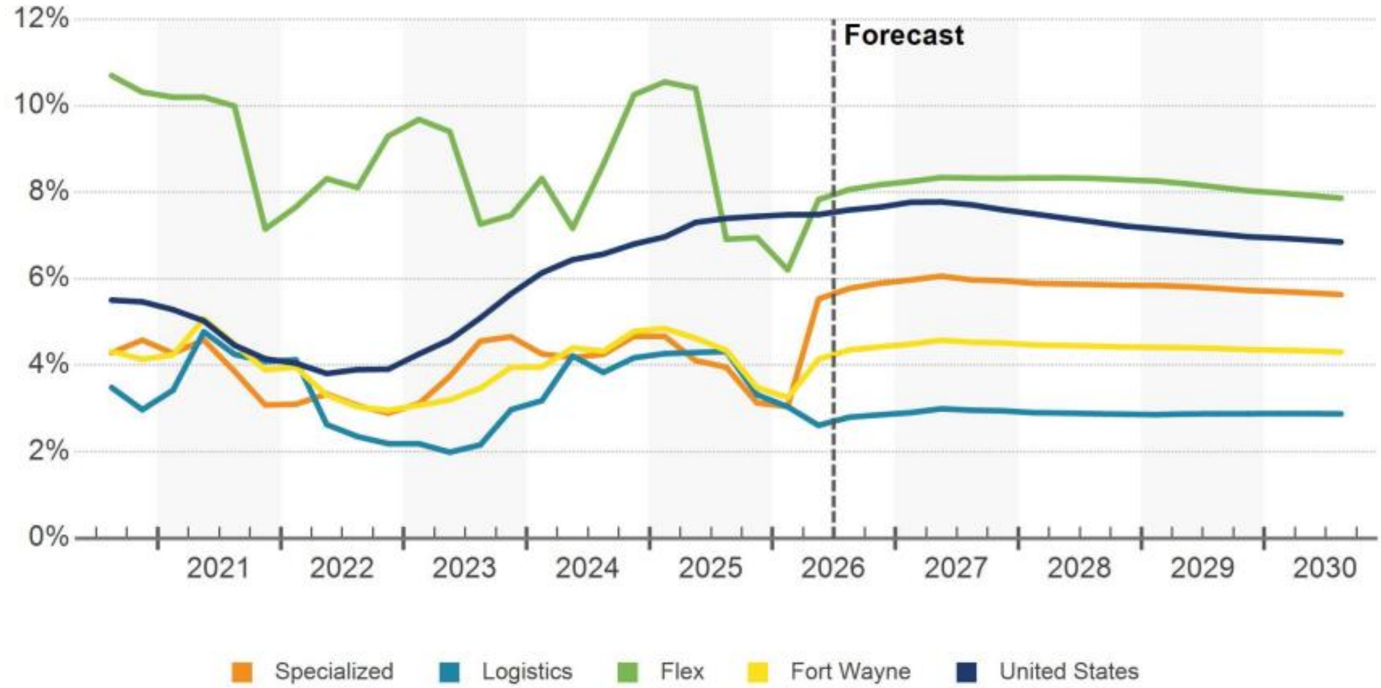
MARKET ASKING RENT PER SQUARE FEET



Rent rates have mostly stabilized in the US and Fort Wayne. Fort Wayne vacancy rates have increase over the past 2 quarters compared to the US average.

Source: Costar

VACANCY RATE



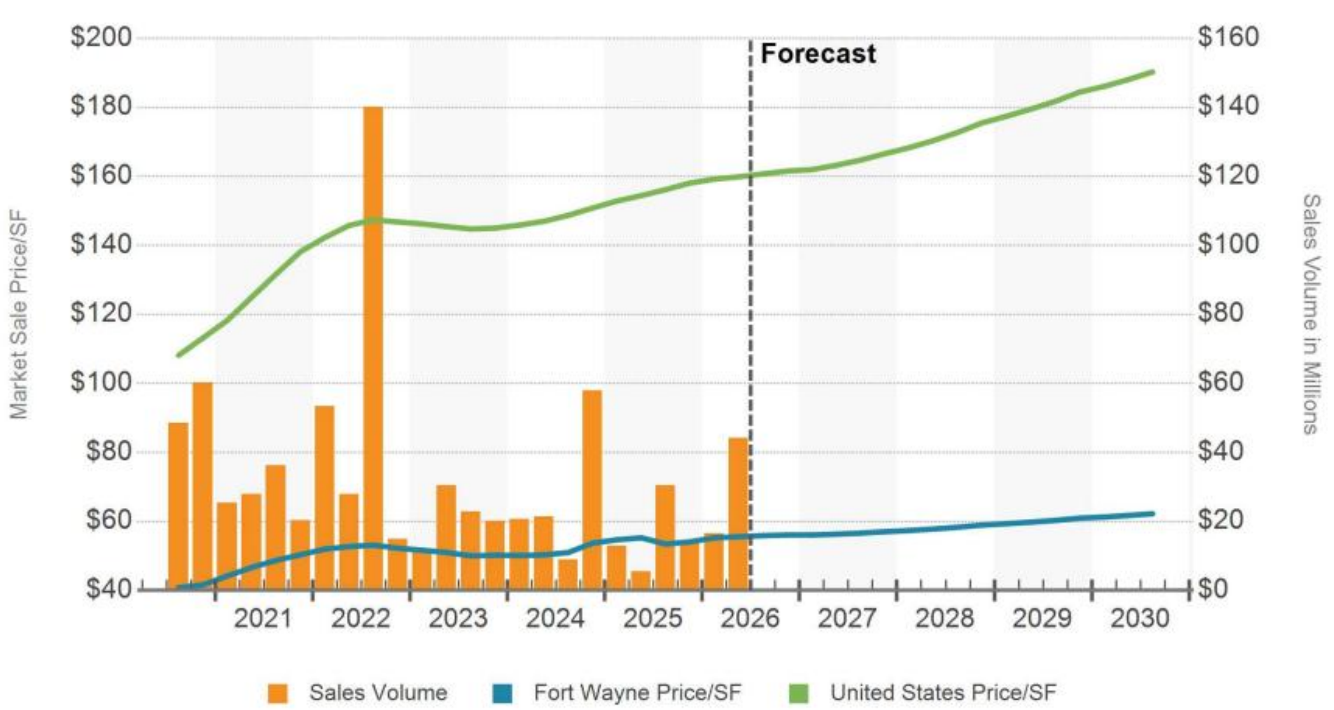
SALE CHARTS

Q2 2026

Pricing has seen a steady increase over the past 4 years for industrial properties and we have seen an increase of all commercial properties over the past 2 years. This trend is likely to continue.

Sources: Costar and Greenstreet

SALES VOLUME & MARKET SALE PRICE PER SF



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