



Mid-America  
Competitiveness  
Conference

MIDWEST  
**INDUSTRIAL  
REAL ESTATE  
UPDATE**

*Past, Present &  
Future Outlook*



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*Vice Chair*  
Certified Supply  
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# AGENDA

Mid-America  
Competitiveness  
Conference

*A recap of recent years & a look ahead*

1

## A QUICK LOOK BACK

What happened during 2021  
and 2022 in the Midwest  
Industrial Real Estate Market.

2

## SO FAR THIS YEAR

How the 2023 Midwest  
Industrial Real Estate  
Market is performing.

3

## WHAT'S AHEAD

Current Industrial Real  
Estate Trends in Today's  
Ever-Changing Market.

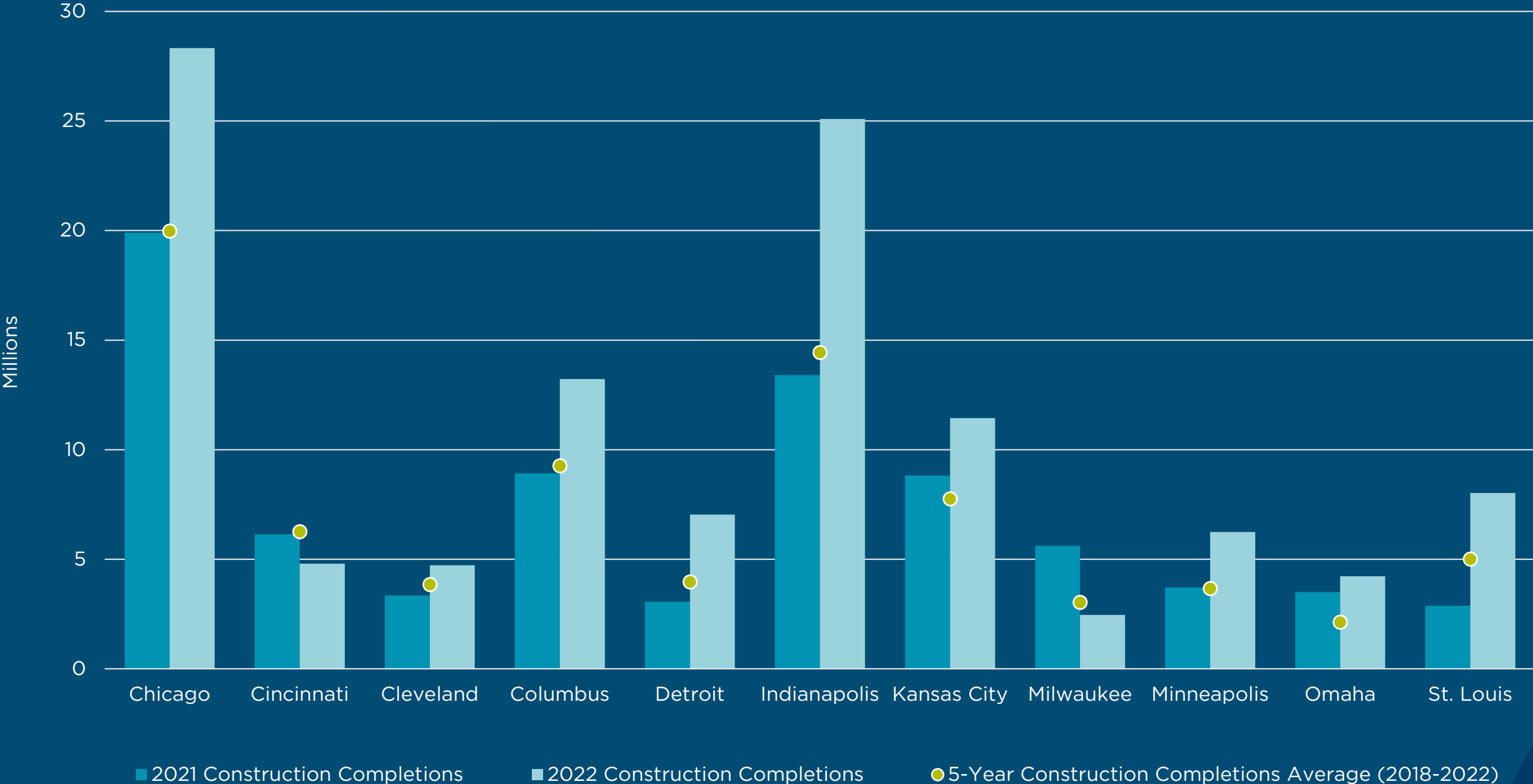
# 1

## A QUICK LOOK BACK

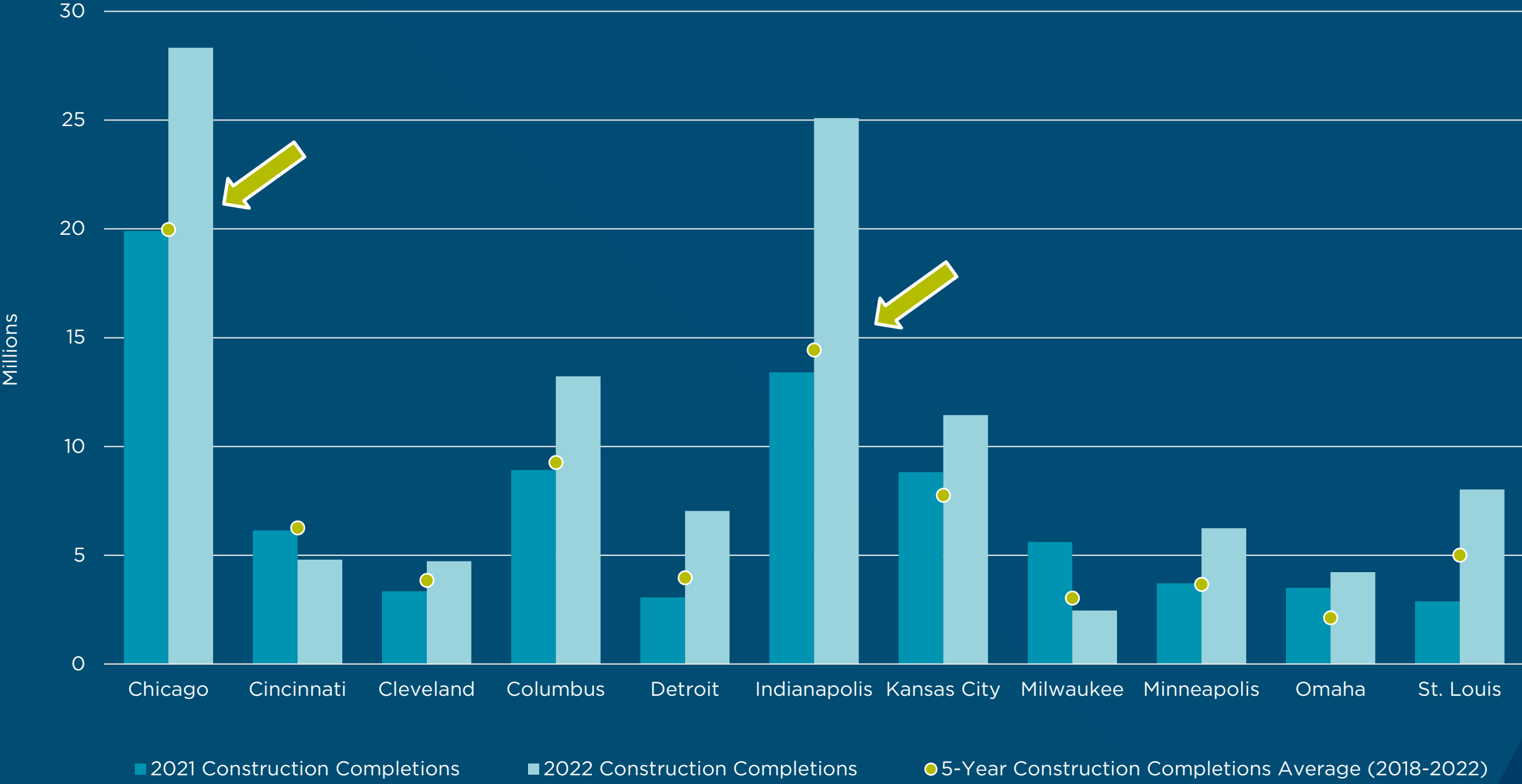
What happened during the 2021  
and 2022 in the Midwest Industrial  
Real Estate Market.

*Construction, Absorption and Vacancy*

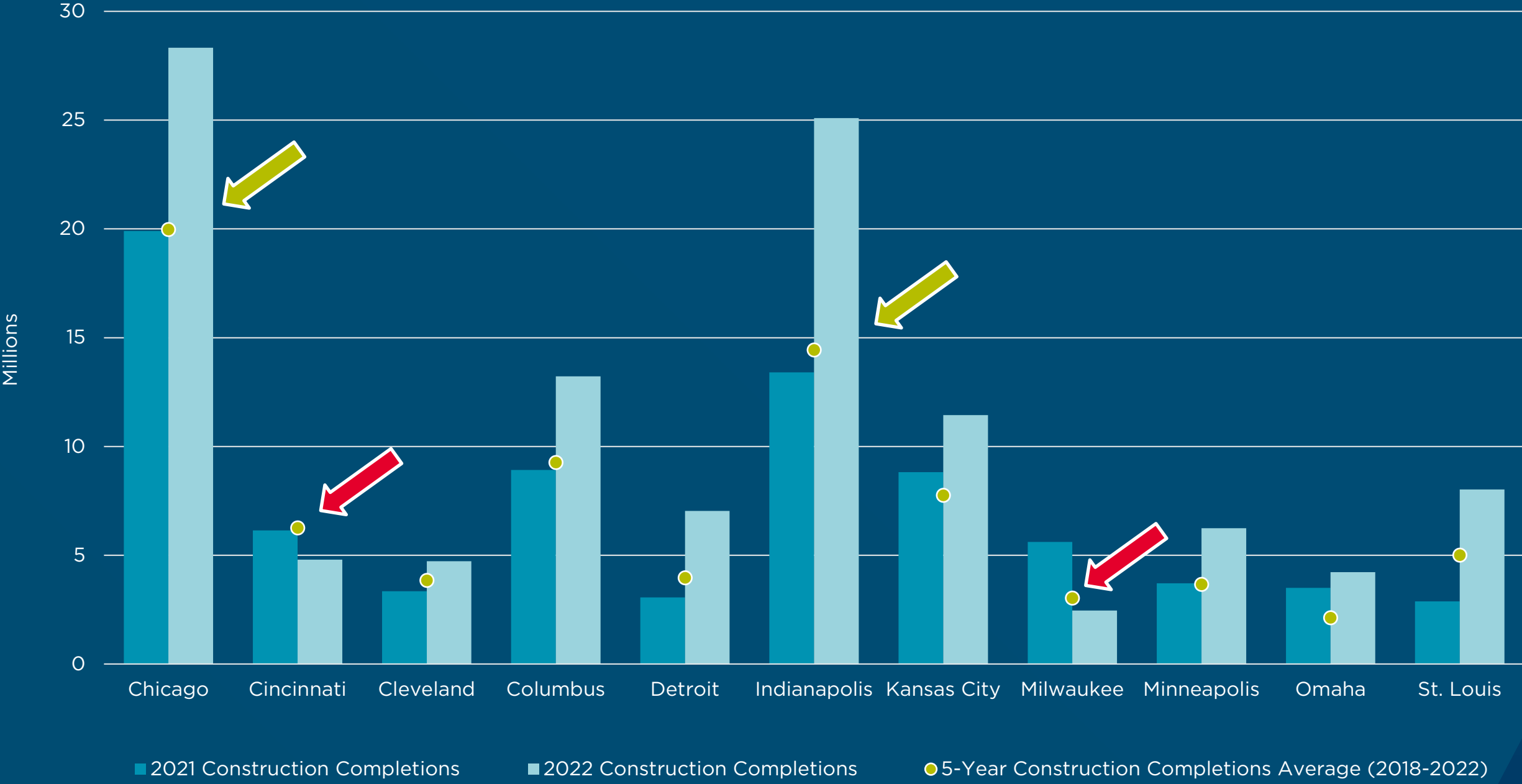
# Construction Completions 2021 & 2022



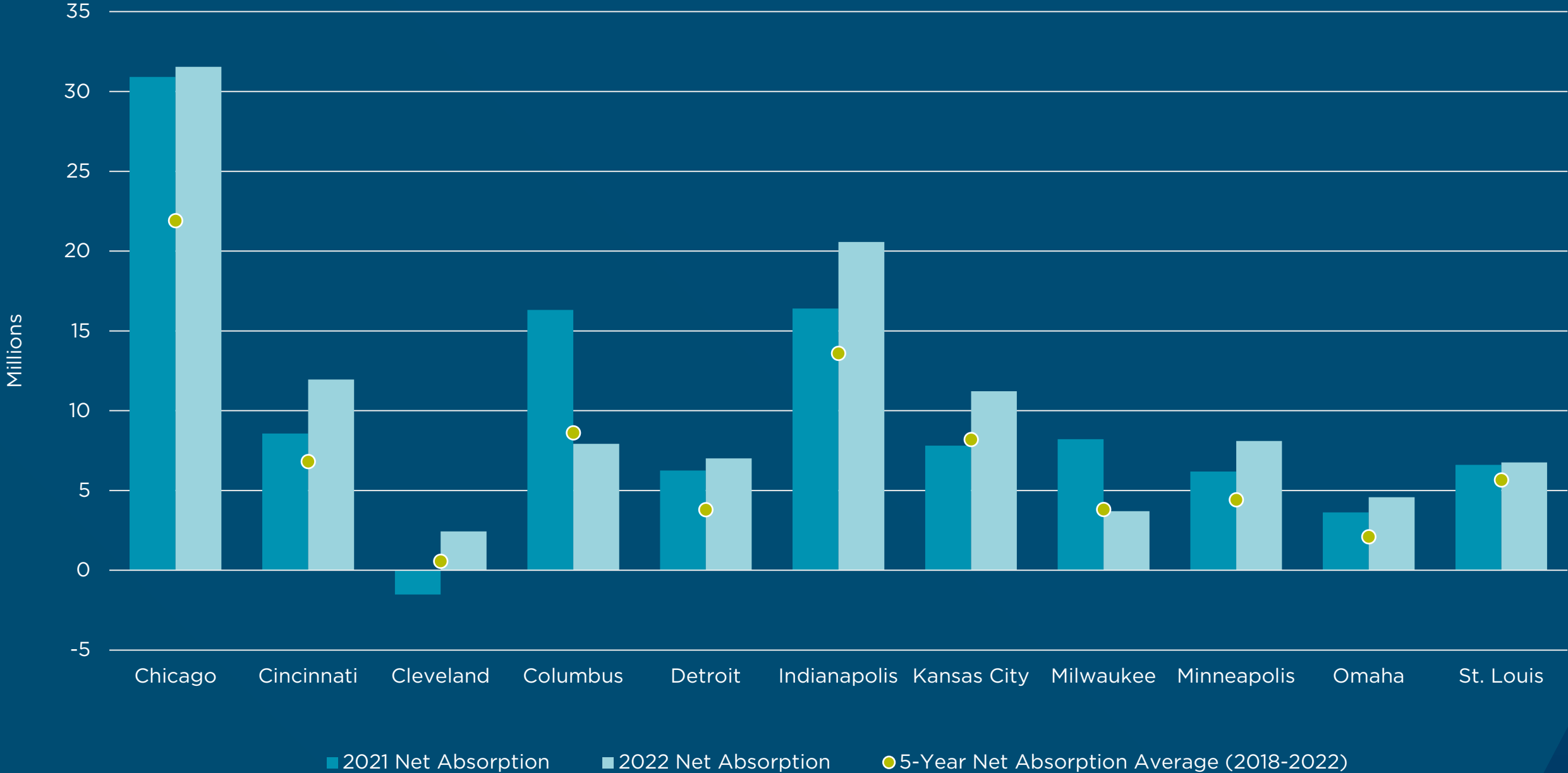
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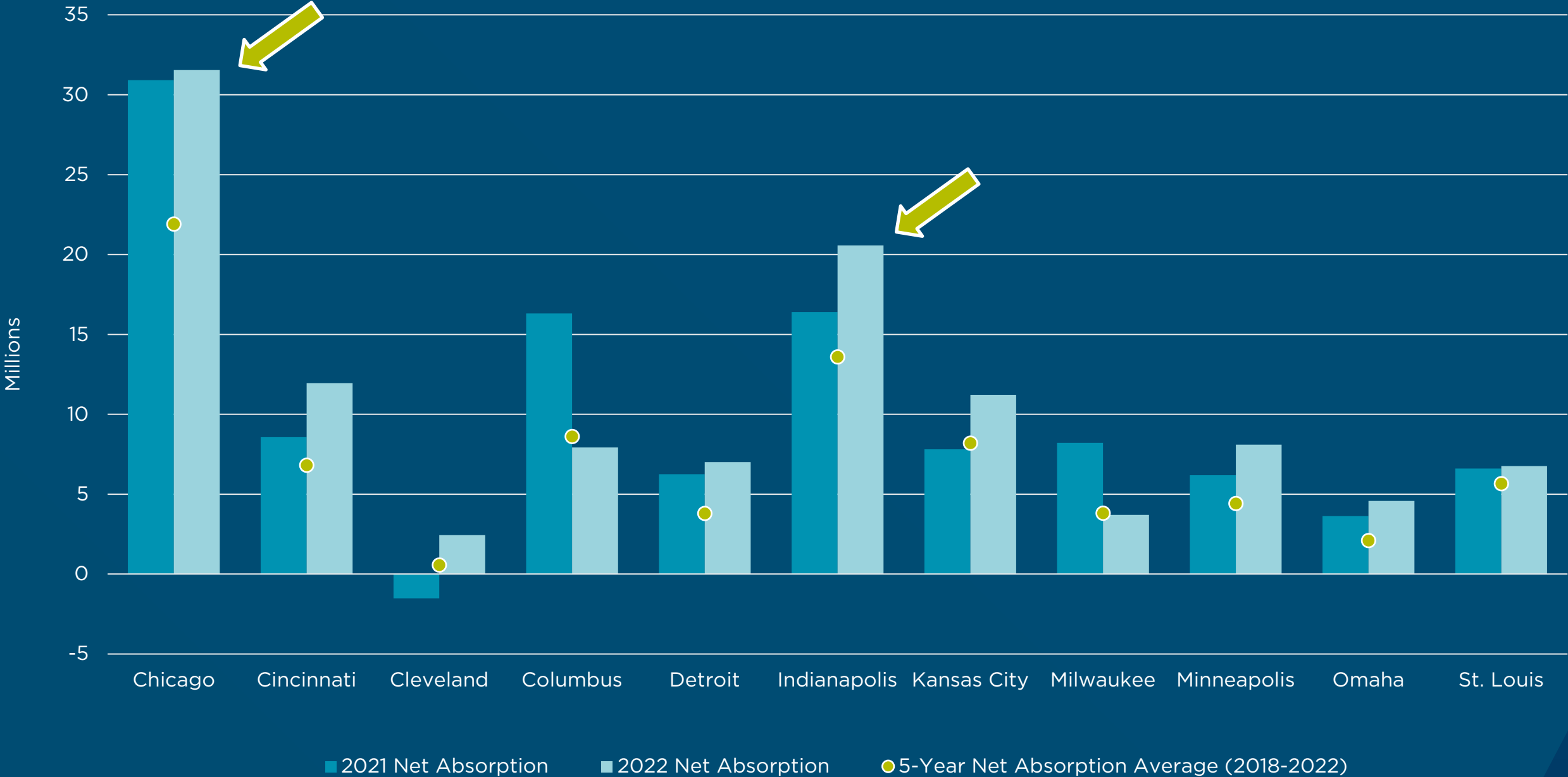
# Construction Completions 2021 & 2022



# Net Absorption 2021 & 2022

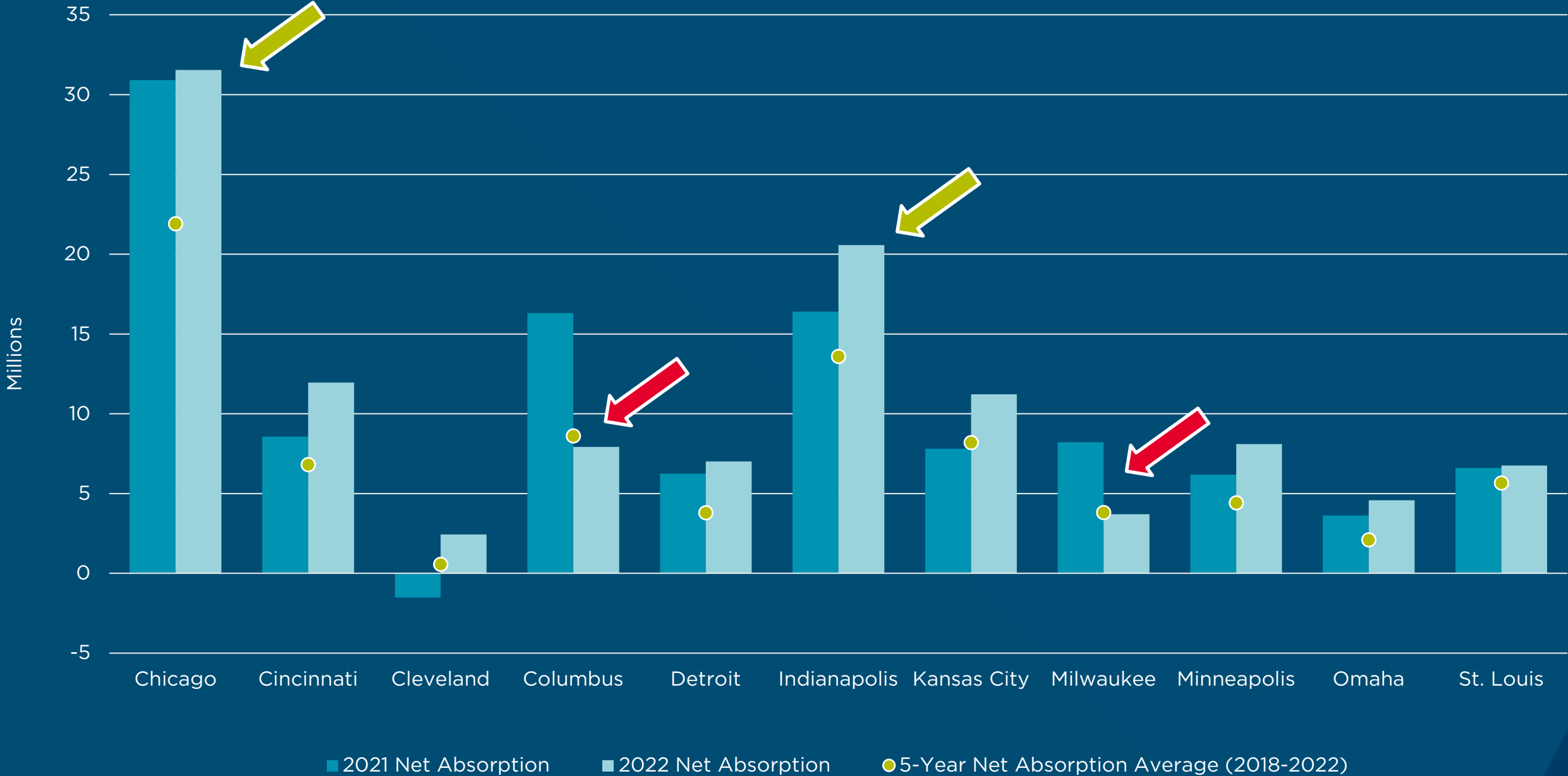


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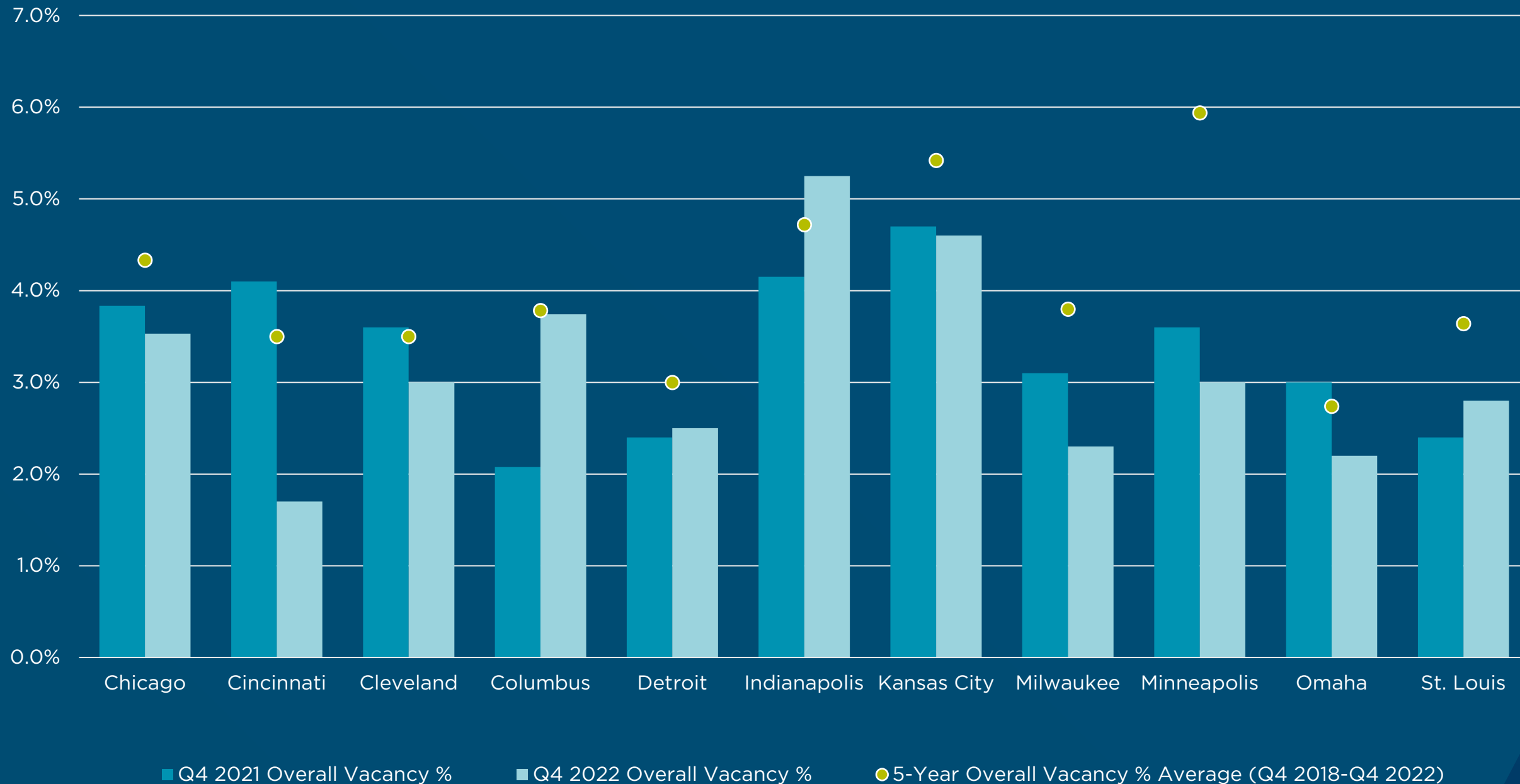




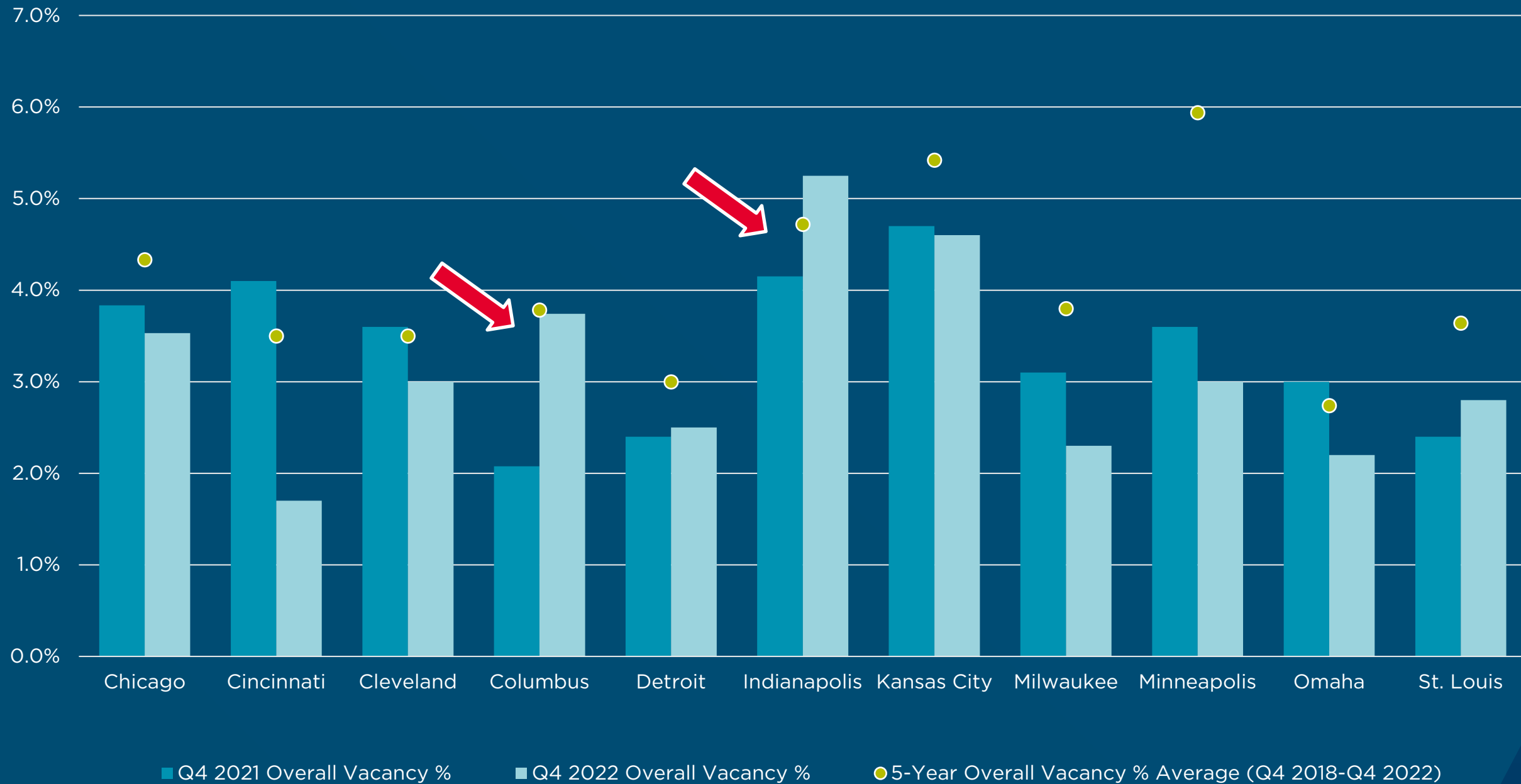
# Net Absorption 2021 & 2022



# Overall Vacancy Q4 2021 & Q4 2022



# Overall Vacancy Q4 2021 & Q4 2022



# Key Takeaways from 2021 and 2022



## Record-breaking activity

Especially Chicago & Indianapolis



## Construction activity and costs began to surge



## Ecommerce played a major role



## We were riding a wave...

We all knew it couldn't continue forever

# 2

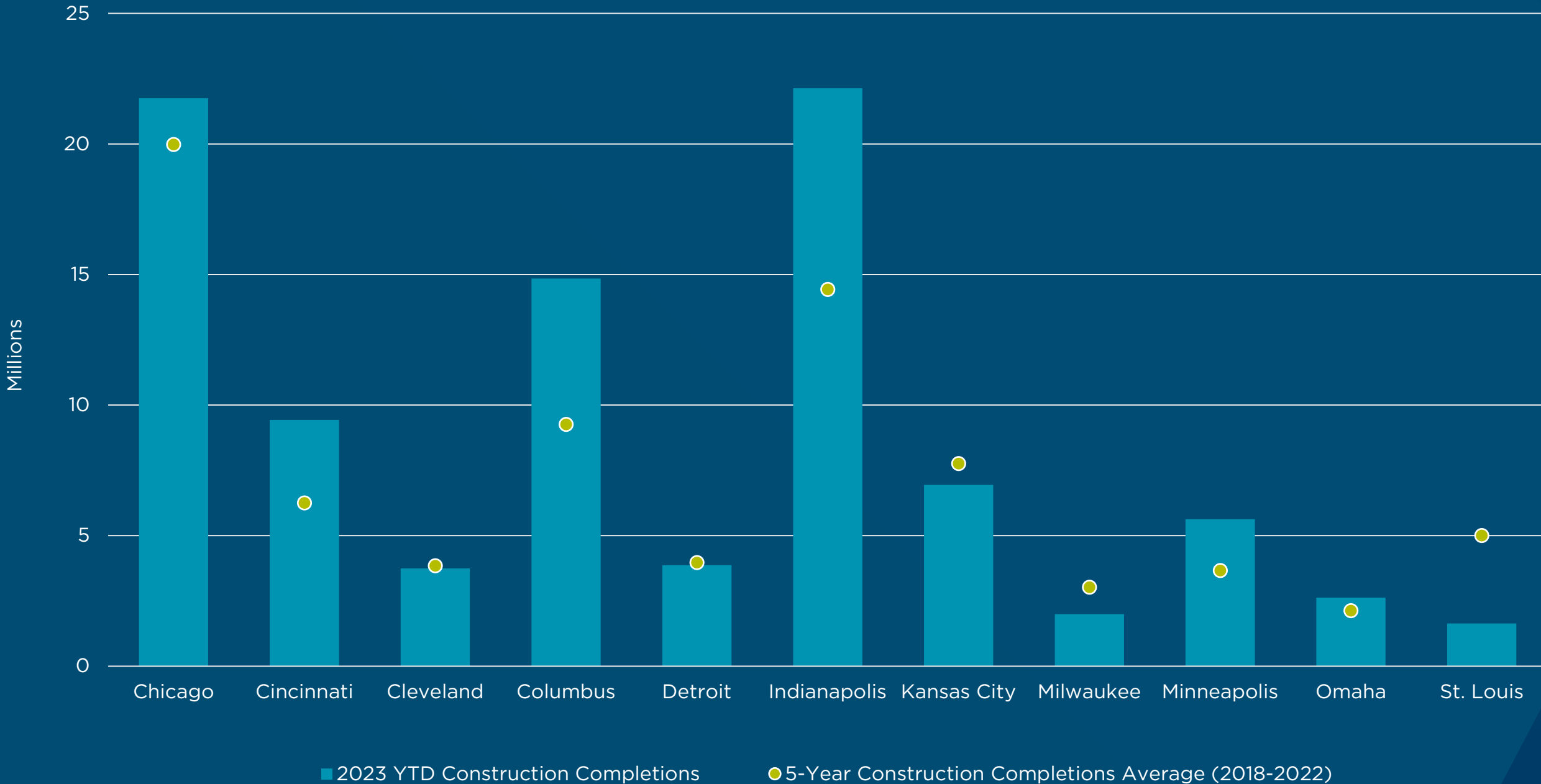
## SO FAR THIS YEAR

How the 2023 Midwest  
Industrial Real Estate  
Market is unfolding.

*Construction, Absorption and Vacancy*



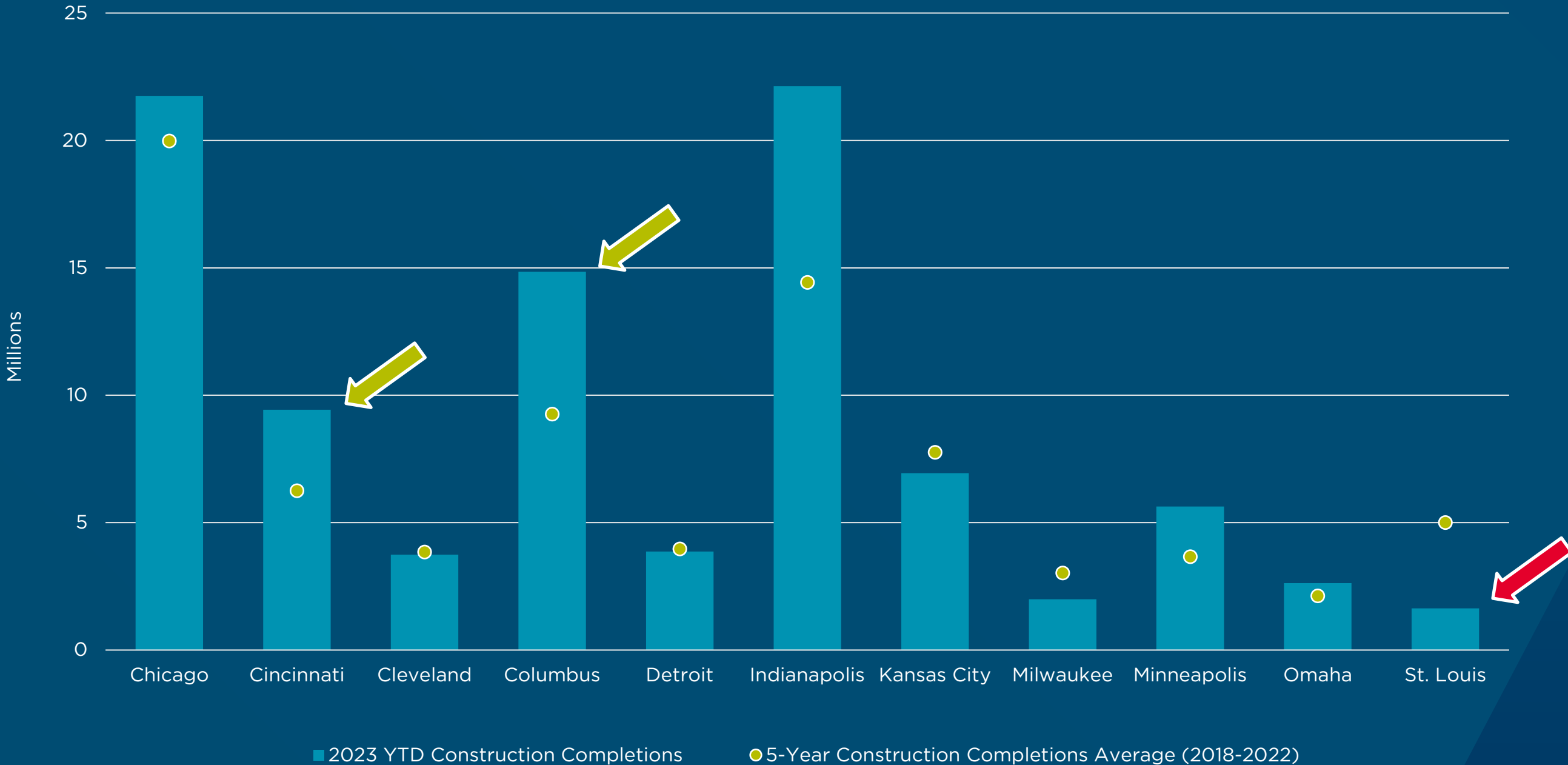
# Construction Completions 2023 YTD



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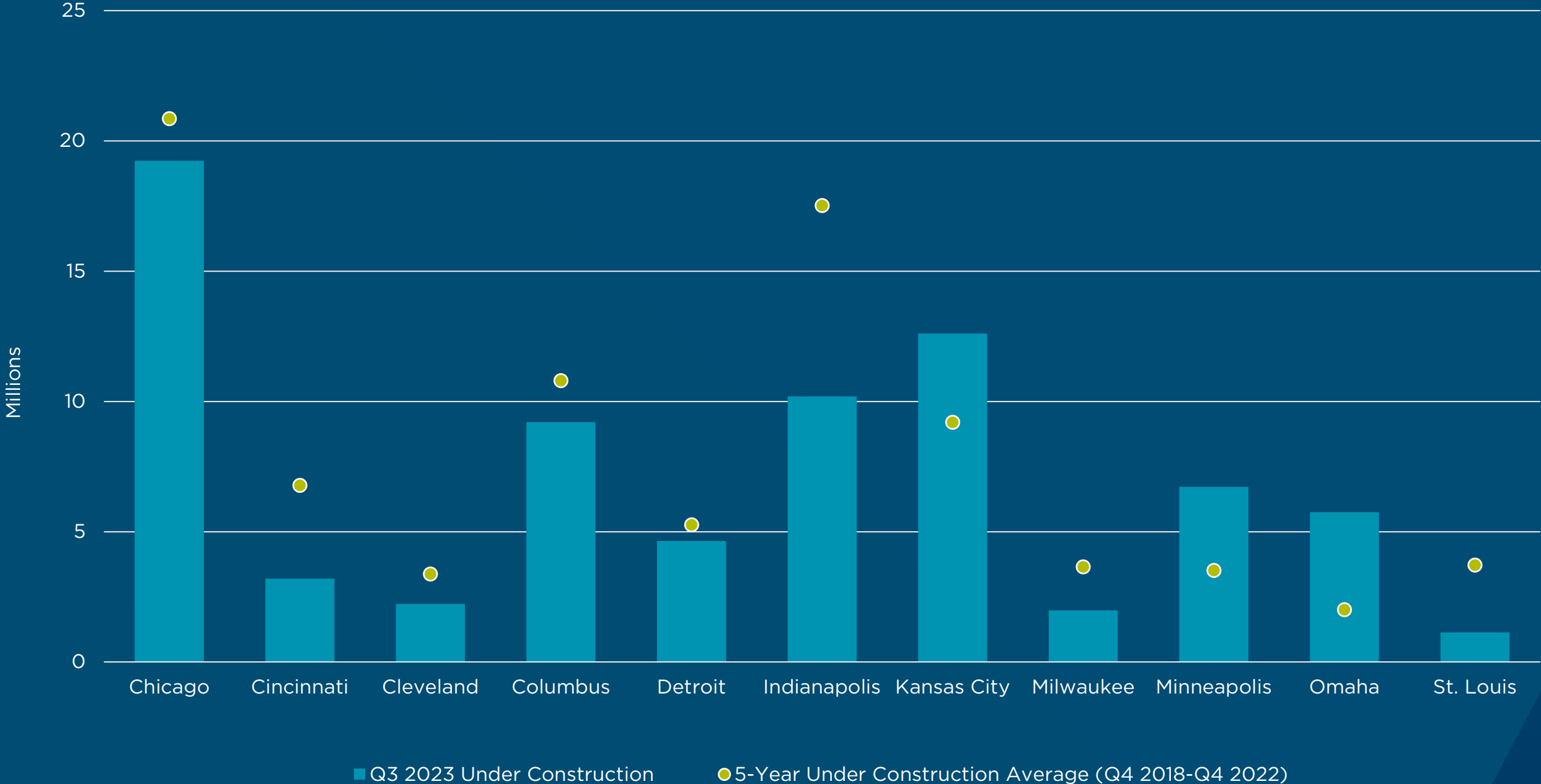


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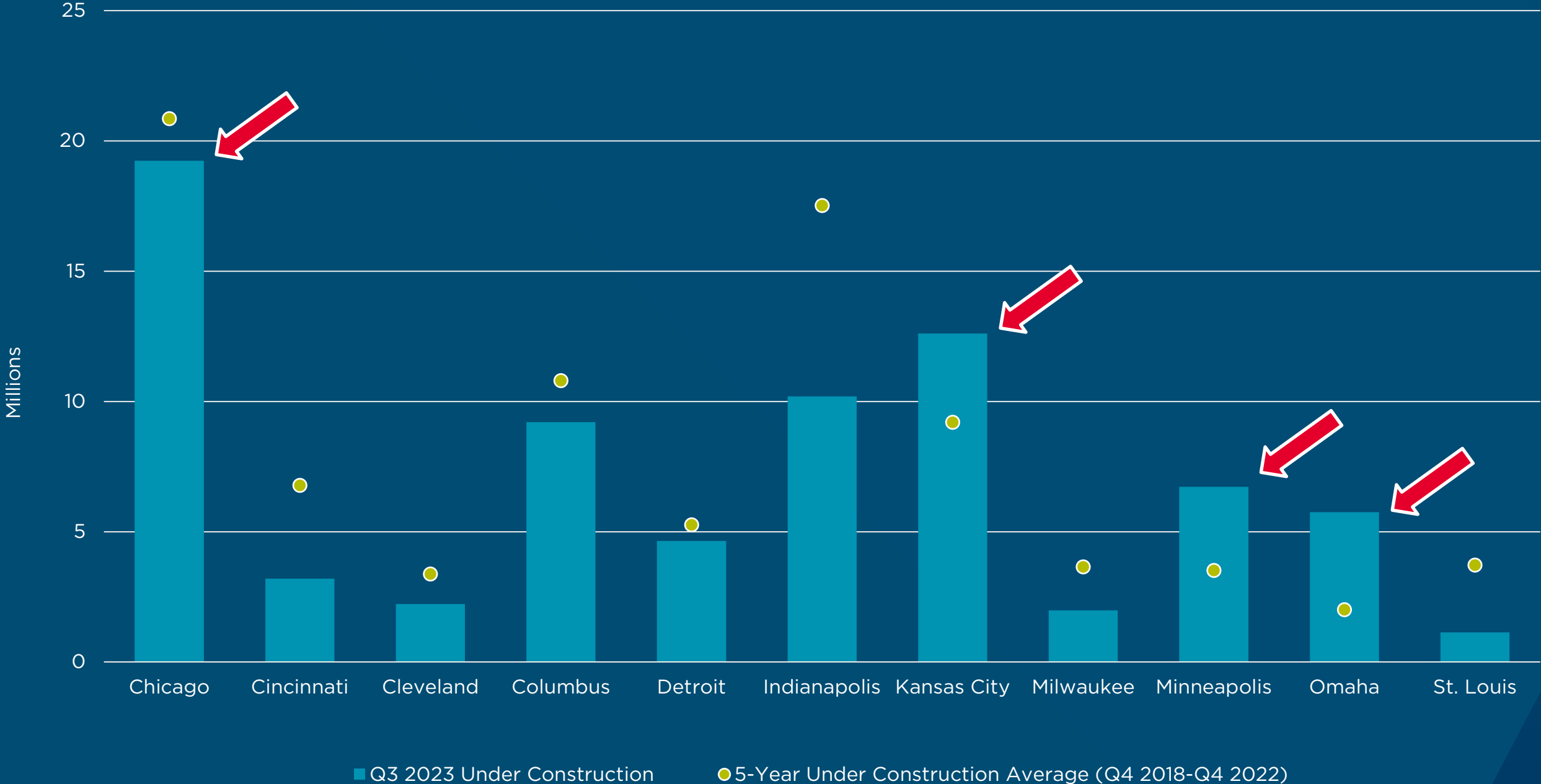




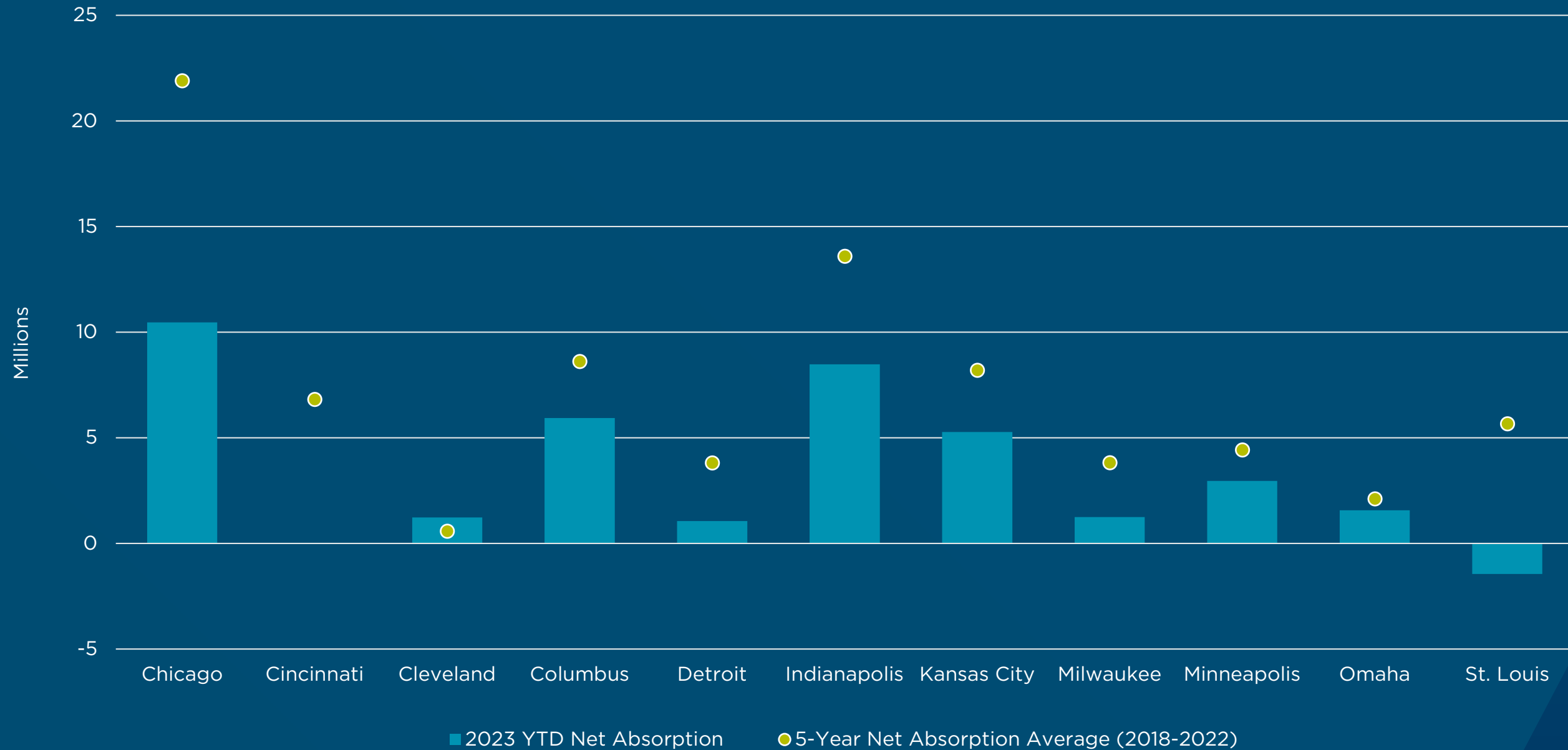
# Under Construction Q3 2023



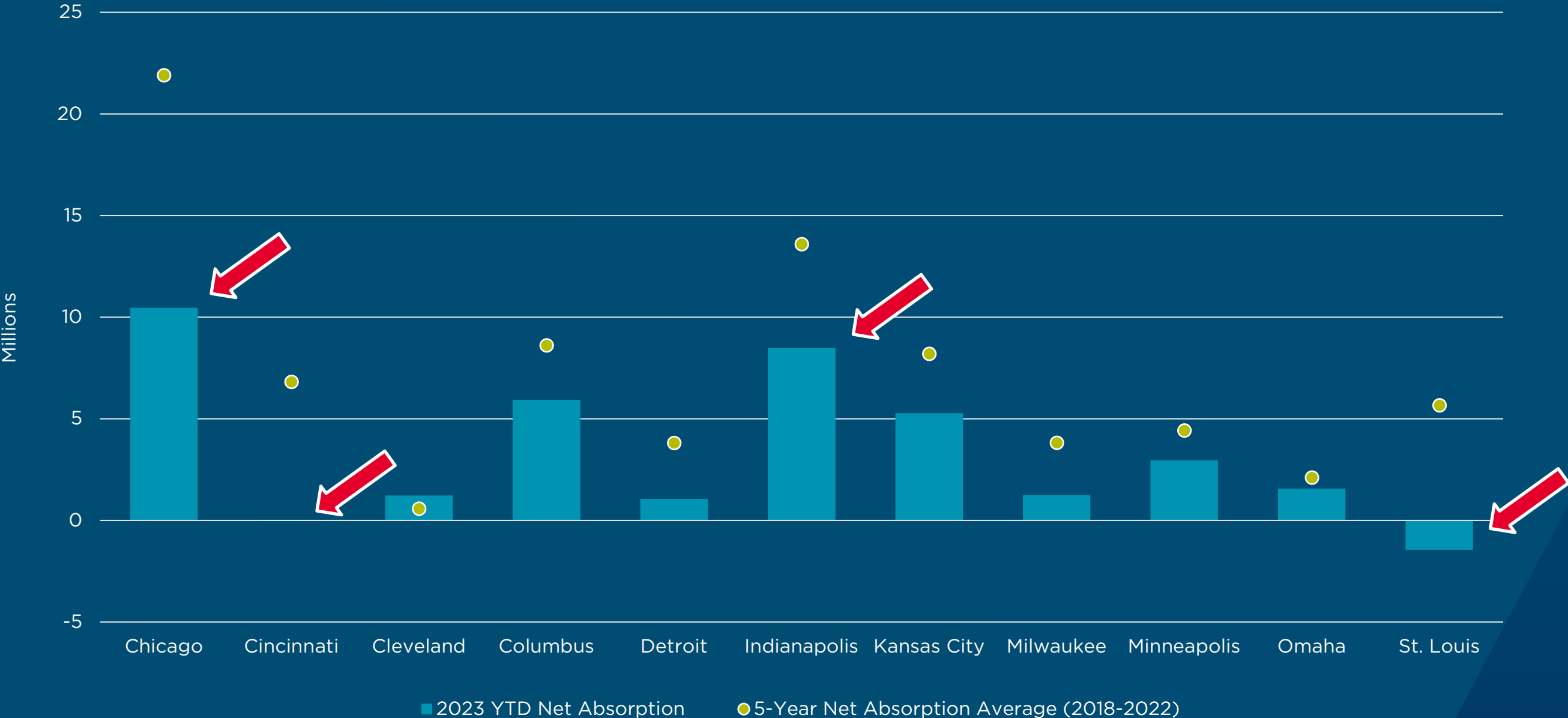
# Under Construction Q3 2023



# Net Absorption YTD 2023



# Net Absorption YTD 2023



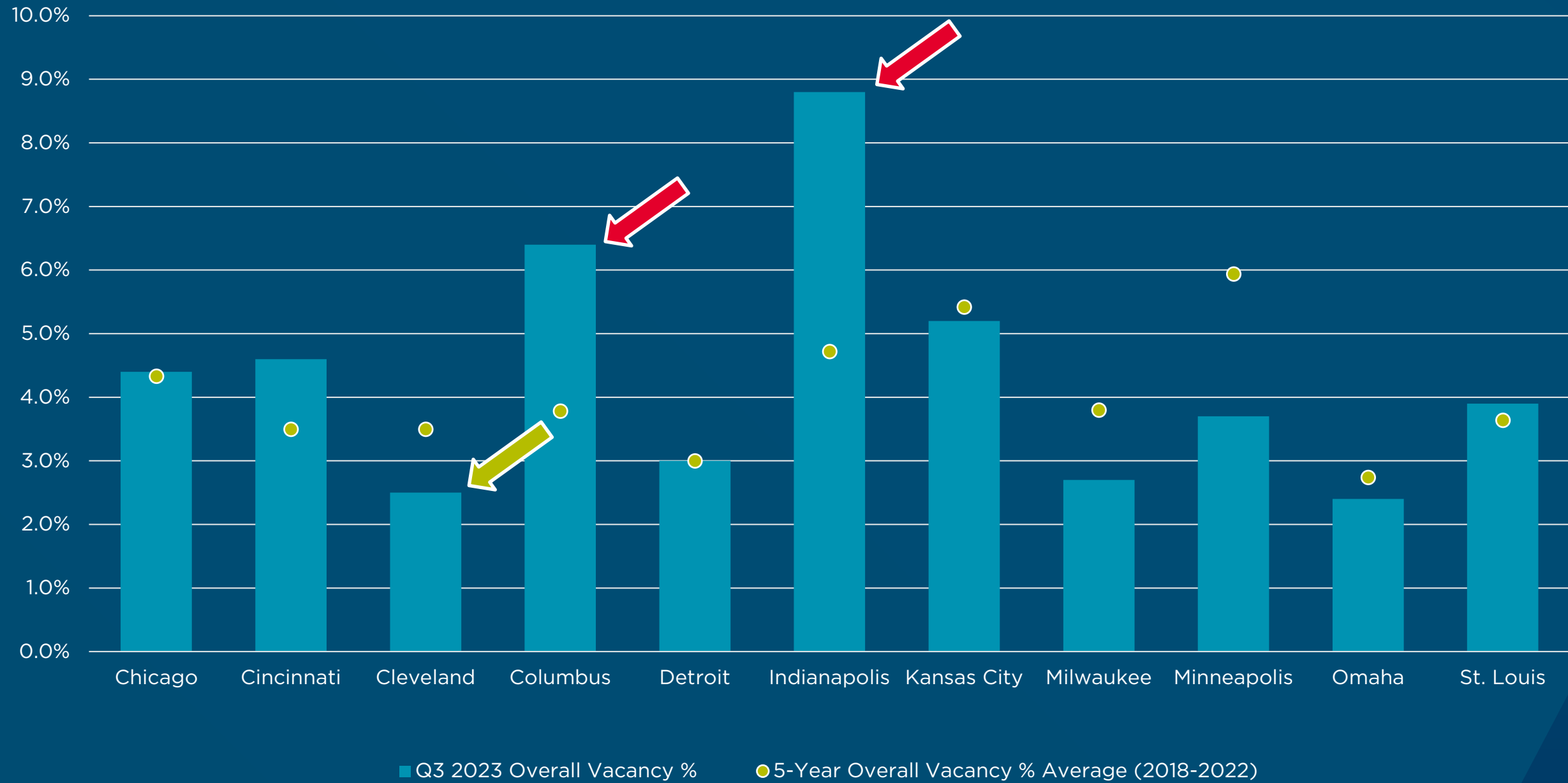
# Overall Vacancy (%) Q3 2023



# Overall Vacancy (%) Q3 2023



# Overall Vacancy (%) Q3 2023



# Key Takeaways for 2023



**Market is softening**  
Normalizing in many ways



**Overall deal sizes  
are getting smaller**



**This year's interest  
rate hikes have  
created capital market  
volatility**



**Speculative  
construction has  
slowed dramatically**



**Rent growth is  
slowing significantly**



**Overall vacancy rates  
will rise further**  
Until supply & demand  
are back in sync



**No major market  
crash looming**  
Not entirely a tenant's market yet



# 3

## WHAT'S AHEAD

Current Industrial Real  
Estate Trends in Today's  
Ever-Changing Market.

# Current Industrial Trends In Today's Market

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1

Where are the deals coming from?

2

What are tenants and users saying?

3

What are landlords and developers saying?

4

Strengths of the Midwest Industrial Market

# Where Are The Deals Coming From?

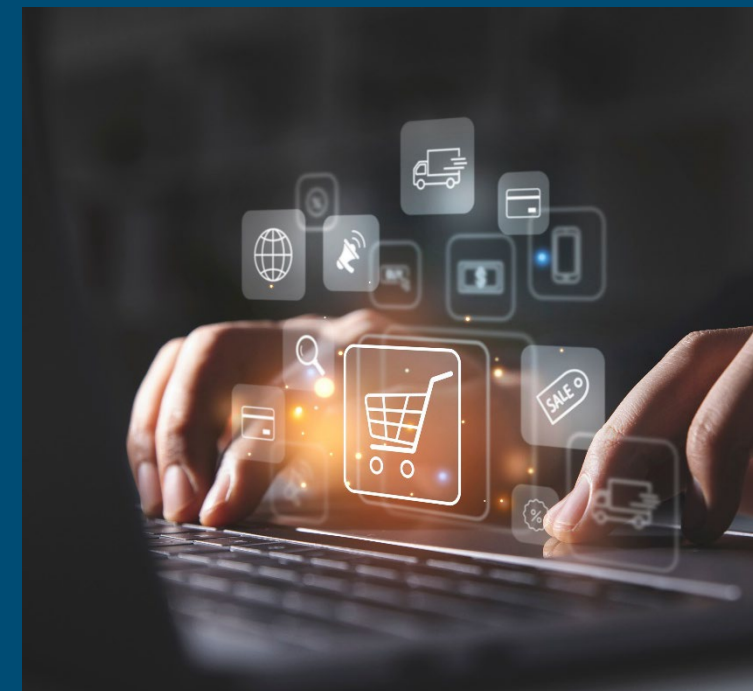
1



3PLs



Manufacturing



eCommerce

# Where Are The Deals Coming From?

## 1. Third Party Logistics Providers (3PLs)

- The crazier the market, the more valuable they are
- Labor flexibility, cost efficiencies, scalability
- AI integration is growing in this sector

**GXO**  
Logistics at full potential

**GEODIS**

**CEVA**  
LOGISTICS

**DHL**

**NFI**

**PENSKE**

**Ryder**  
Ever better.™

**C.H. ROBINSON**

# Where Are The Deals Coming From?

1

## 2. Manufacturing – 30% of tracked deals

- On-shoring / Near-Shoring
- Automotive
- Pharma/Medical
- Microchip Production
- Electric Vehicle / Battery Production

# Where Are The Deals Coming From?

1

## 3. eCommerce

- Amazon seems to be waking up again
- Walmart making significant investments
- Foreign players are emerging
- Better leveraging Artificial Intelligence

amazon.com

Alibaba.com

JD.COM



SHEIN

FedEx

Walmart



# What Tenants & Users Are Saying

2

- Labor force availability (still #1)
- Rental rate sticker shock (new & renewals)...construction pricing
- More manufacturing = more electrical requirements
- EV compatibility / green energy requests (solar)

# What Landlords & Developers Are Saying

3

- Where are the deals?
- Pushing back on Tenant Improvement costs
- Tax Abatement uncertainty
- Utility timelines and access
- Construction cost uncertainty
- Green energy initiatives





# Strengths of the Midwest Industrial Market

4



## Crossroads of America

Vast interstate system connects the Midwest to North American and global markets



## Home to Major Logistics Hubs

#2 largest FedEx air hub in Indianapolis

#1 largest UPS air hub in Louisville

DHL and Prime Air US hubs in Cincinnati



## Low Cost of Doing Business

Business Friendliness

Investments in Infrastructure

Strong Labor Pool

# SUMMARY

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# Q & A

# THANK YOU



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