

CBRE

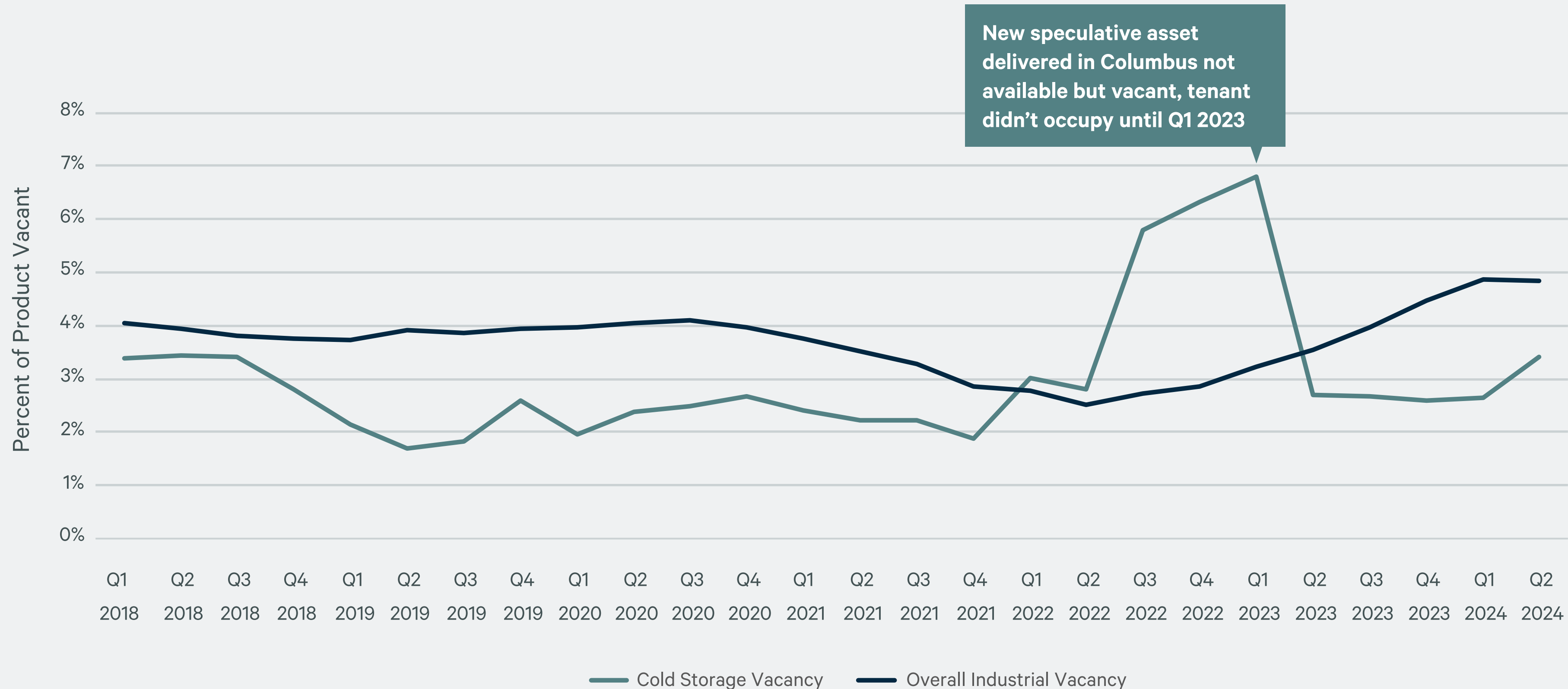
Midwest Cold Storage

MARCH 2025



Executive Summary

Cold storage product across the Midwest is largely inefficient and aging after many decades of underinvestment. Even so, vacancy has historically trended below 4%, as the facilities are mission critical to the success of industries from grocery to pharmaceuticals and remain requirements of their real estate footprints. As new spec product continues to absorb quickly, and state-of-the-art spec and built-to-suit projects alike command significantly higher rents, we expect to see renewed investor and developer interest in the sector across the Midwest.



What is Cold Storage?

Cold storage is a specialized warehousing and logistics solution that maintains precise temperature-controlled environments for storing perishable goods to ensure product safety and compliance with regulatory standards throughout the supply chain.

There are four main types of categories for temperature-controlled warehouses:

Deep Freeze
under -13°C

Frozen
 -13°F to -0.4°F

Chilled
 32°F to 45°F

Ambient
 60°F to 77°F

The range in temperatures of cold storage facilities is to maintain the shelf-life of perishable goods, or to maintain the safety of many types of pharmaceutical products.



~\$90 billion

U.S. cold chain logistics estimated market size



Cold chain logistics market segments



Cold Storage

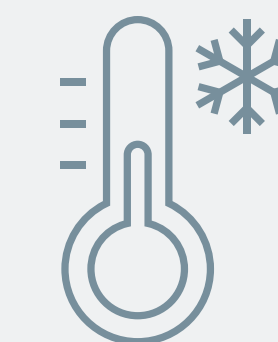
- The greatest demand for cold storage space are frozen pallets, making up close to 80% of total capacity (i.e. pallets) in the U.S.
- Cold storage space in the U.S. tends to be concentrated in regions with significant agricultural production, population density and industrial activity.



Cold Transport

- Cold chain product transportation includes refrigerated/insulated trucks, railcars, refrigerated cargo ships, reefers and air cargo.
- Revenue from cold transport makes up approximately 40% of the total cold chain market, with importance growing for last-mile delivery of fresh products.

Cold chain technologies during transport:



- Dry Ice
- Gel packs
- Eutectic plates
- Liquid nitrogen
- Thermal blankets
- Insulated packaging

Aging Midwest Cold Storage Product

CBRE estimates the total amount of cold storage space in the Midwest at 39.5 million sq. ft. The cold storage market increased by 16.8% from Q1 2020 while the overall Midwest Industrial market grew 10.7% in the same period.

Much of the existing cold storage product in the Midwest is outdated and inefficient space, with 56% built prior to 1990. In many cases these facilities become obsolete when the current tenant vacates due to required renovations that are cost prohibitive.

Cold storage product concentrates around major metros, leveraging highway connectivity to reach large populations quickly

Midwest Cold Storage: Market Characteristics

	Industrial Cold Storage Footprint (Millions Sq. Ft)	Industrial Cold Storage Vacant Product	Average Building Age
Chicago	14.9	2.8%	1984
Cincinnati	1.8	16.8%	1980
Cleveland	1.6	2.0%	1975
Columbus	0.4	0.0%	1985
Detroit	1.9	0.8%	1970
Indianapolis	6.4	6.1%	1987
Kansas City	2.0	0.0%	1973
Louisville	0.6	0.0%	1985
Milwaukee	2.5	0.0%	1972
Minneapolis/St Paul	2.4	0.0%	1976
Omaha	1.4	0.0%	1989
Pittsburgh	0.8	24.7%	1977
St Louis	2.5	3.4%	1988

Cincinnati vacancy due to recent move out, no longer available in Q1 2025. Pittsburgh Vacancy attributed to recent move out and small Cold Storage footprint of 800,000 SF.

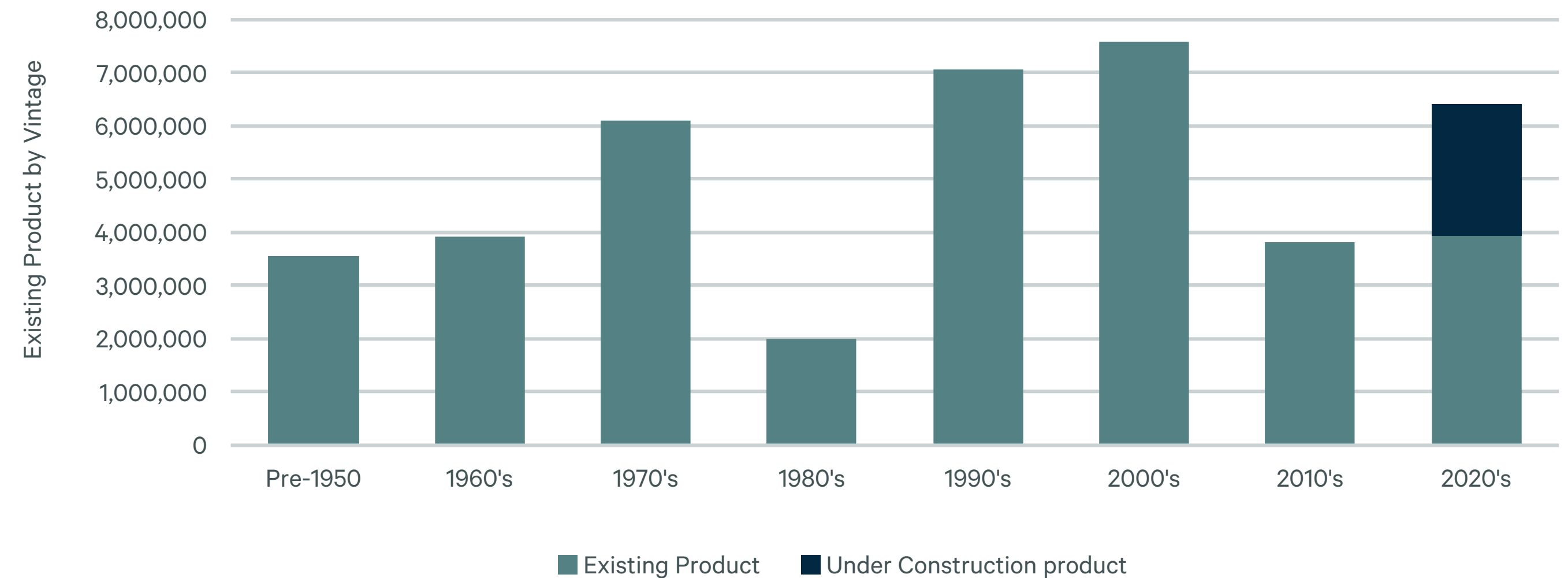
Source: CBRE Research, Q4 2024.

Connecting Cold Storage Supply to Growing Demand

Approximately 1.5 million sq. ft. of cold storage product was delivered since the start of 2023; speculative development represented 11% and built-to-suit represented 89%.

Demand for cold storage continues to rise in a variety of sectors including e-commerce, grocery and pharmaceutical. While well performing, these sectors are still relatively niche with a more narrow tenant pool than traditional industrial product, making it a challenge to bring cold storage product to market on a speculative basis.

Midwest Cold Storage Inventory by Decade Built





Development Considerations



Rack vs. Column Supported

Cold storage facilities are complicated and developers must weigh which building type is most appropriate for their project.



High Costs

Refrigerated warehouse construction is typically double to triple the cost of a dry warehouse, averaging \$240 to \$350 per sq. ft. nationally.



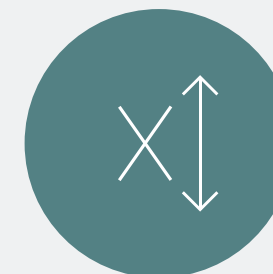
Longer Timeline

Cold storage construction is more time-consuming than a traditional dry warehouse, typically taking up to five months longer to build.



Power Supply

Cold storage requires significant amounts of power, which is increasingly difficult to acquire with the data center development boom.



Clear Height

Standard clear heights range from 40 to 60 feet (some are as high as 100 feet), compared with 34-36 feet for a dry warehouse.

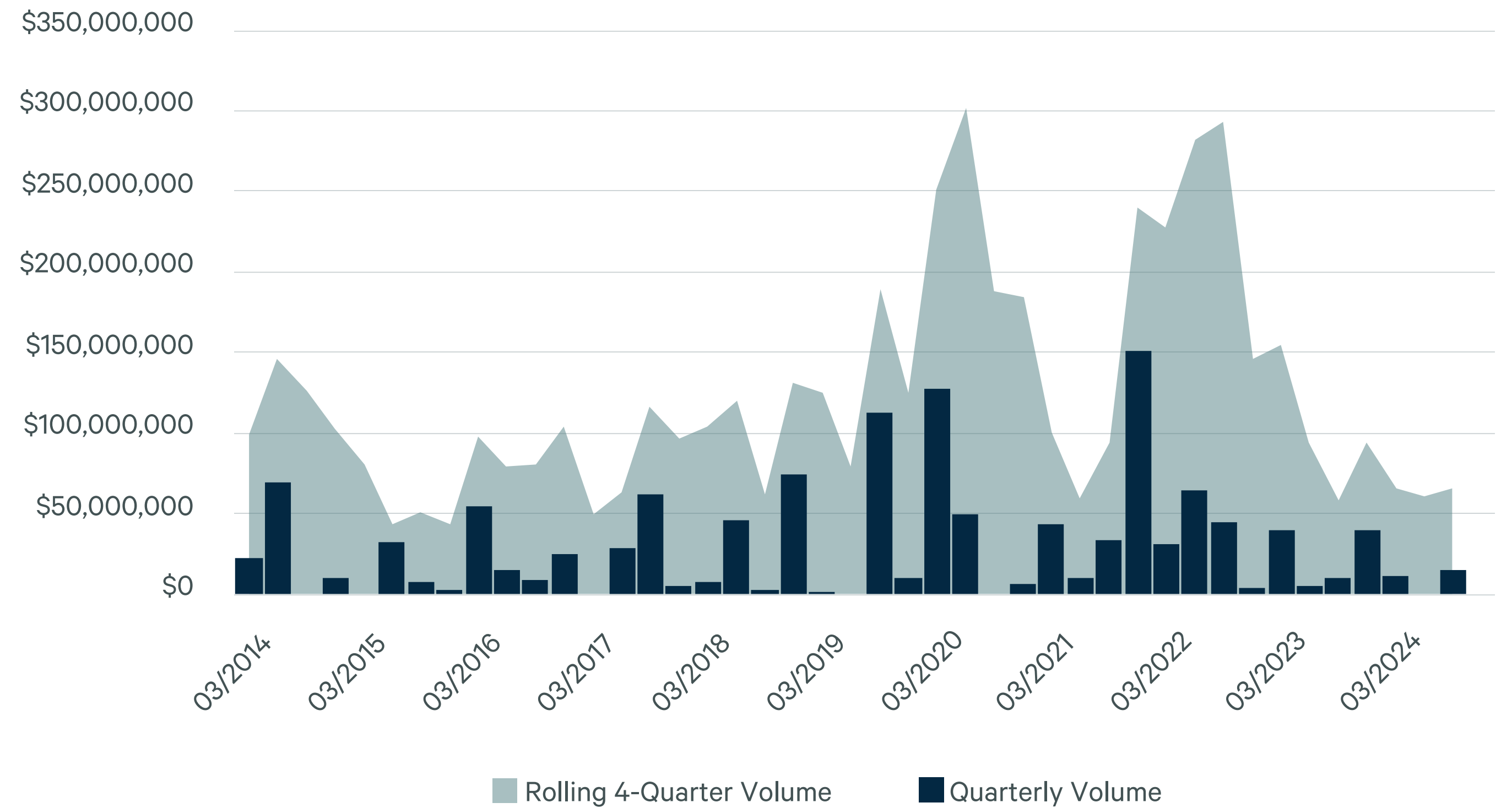


Temperature Control

Buildings require industrial refrigeration systems, fire protection, under-floor heating and enhanced dock leveler systems.

Midwest Cold Storage Investment Activity

Investment in cold storage product boomed in the post-pandemic environment, reaching a decade high of \$150 million of volume in the first quarter of 2022. Investment activity has since slowed, due to ongoing capital constraints. As the cost of capital improves in the coming quarters, interest in cold storage product in the Midwest and development starts are expected to trend up.



Notable New Developments



Chill Development

Address: 258815 W 143rd St,
Plainfield, IL 60544

NRA: 1,830,000

Year Delivered: 2025

Description: Chill Development is constructing a 389,000 SF cold storage facility in Plainfield. This facility could employ as many as 100 workers upon completion.



Whiteland 65 Logistics Center

Address: 319 Warrior Trl,
Whiteland, IN 46184

NRA: 1,131,167

Year Delivered: 2022

Description: Langham Logistics latest warehouse has 500,000 SF of space and has been designed to maintain storage environments by temperature zone and it features an environmentally-friendly design.



904 Edwards Dr

Address: 904 Edwards Dr,
Lebanon, IN 46052

NRA: 480,000

Year Delivered: 2023

Description: NewCold opened a new \$300 million facility that will create 100 new jobs for the Indianapolis market.



Lineage Cold Storage

Address: 23001 W 167th St,
Olathe, KS 66062

NRA: 407,900

Year Delivered: 2021

Description: Lineage opened a new automated, distribution center for Smithfield Foods in early 2022. Designed specifically to fit the needs of Smithfield, the \$110M facility created approximately 127 new jobs.



Performance Food Group BTS

Address: 5321 Hern Dr,
Saint Louis, MO 63134

NRA: 352,279

Year Delivered: 2025

Description: Performance Food Group is building a \$120 million facility in North St. Louis County. This 352,000 SF facility will employ 100 workers at peak capacity. The investment will add to PFG's existing St. Louis footprint.



Mount Comfort Logistics Center 3

Address: 4086 W 300 N Hwy,
Greenfield, IN 46140

NRA: 320,000

Year Delivered: 2023

Description: Progressive Logistics built a 320,000 SF Cold Storage building in Mount Comfort Logistics Center. The new facility will employ 50 workers by the end of 2024.

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