

NEWMARK

Midwest Manufacturing Momentum

How Advanced Manufacturing Is Reshaping Industrial Demand

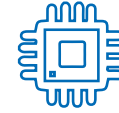
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Foreword

This report draws on Newmark’s Manufacturing Momentum research series, which has tracked the resurgence of advanced manufacturing across North America since 2020 and now counts more than 500 major projects, 772 billion dollars in capital investment, over 400,000 new jobs and at least 350 million square feet of new manufacturing space. Using the same four-sector framework and analytical approach, this edition looks at how Midwestern states fit into that cycle and what the current wave of investment means for industrial real estate stakeholders in the region.

The Midwest brings deep industrial labor pools, connected logistics networks and competitive operating fundamentals to the advanced manufacturing story, although its role differs by state and by metro. This report measures the region’s share of national investment, breaks out sector-level trends and maps where occupiers and investors should concentrate as the Midwest shifts from a pass-through logistics corridor into a more fully integrated manufacturing ecosystem.

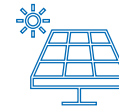
Defining “Advanced Manufacturing”



HIGH-TECH / DIGITALIZATION
Think: Semiconductors



AUTOMOTIVE / TRANSPORTATION
Think: Electric Vehicles



ENERGY
Think: Solar Panels



BIOMANUFACTURING
Think: Pharmaceuticals

Defining “Midwest”

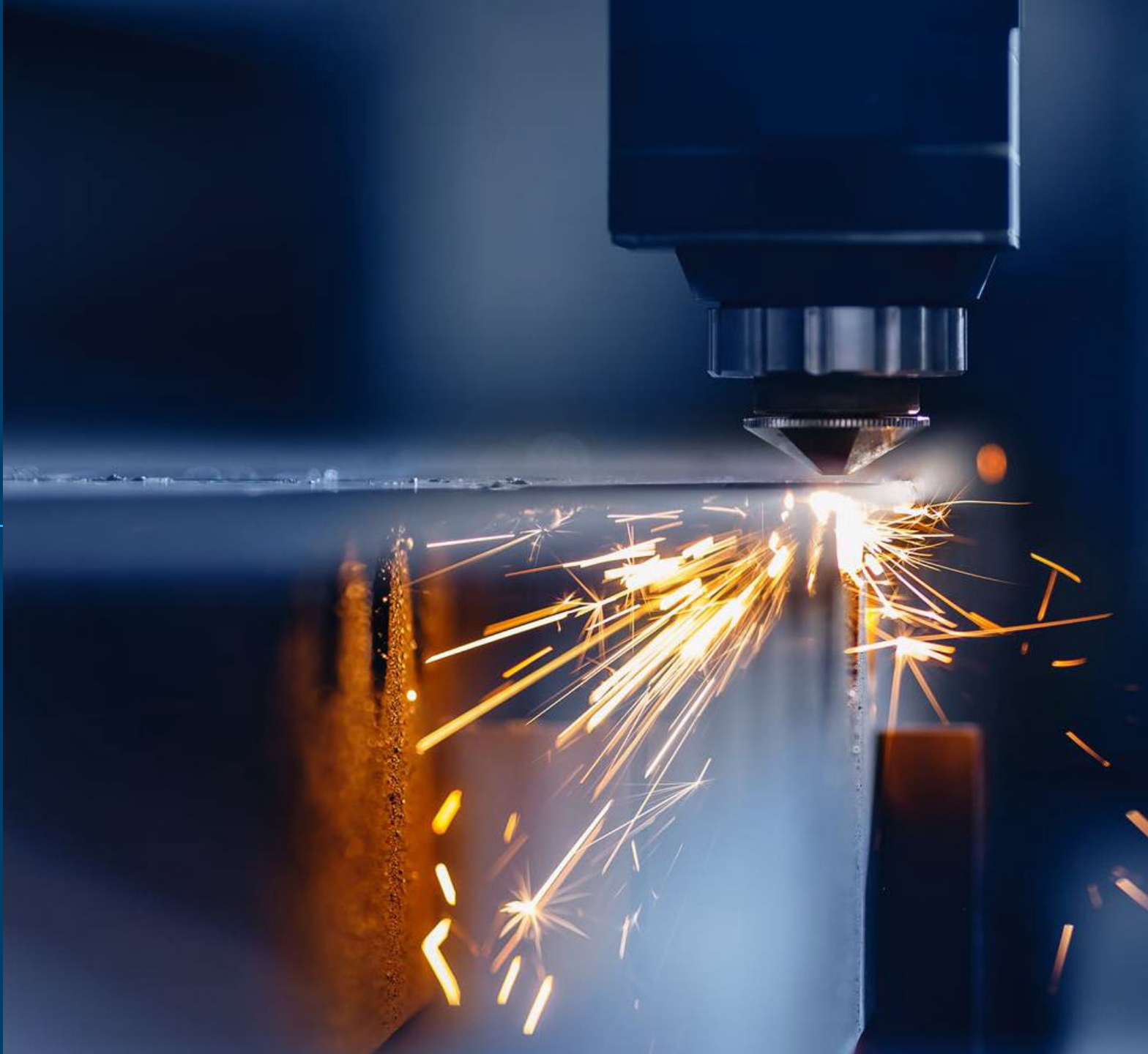
When this report cites regional totals or compares regions, “Midwest” follows the national Manufacturing Momentum methodology, which defines the region as 12 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. State-level analysis and market commentary concentrate on eight core states that represent the Midwest’s most established industrial markets with mature infrastructure and deep labor pools: Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Ohio and Wisconsin.

Table of Contents

| | |
|----------------------------------|----|
| Advanced Manufacturing Landscape | 4 |
| Key Sectors | 9 |
| Midwest Market Dynamics | 13 |
| Conclusions and Implications | 17 |

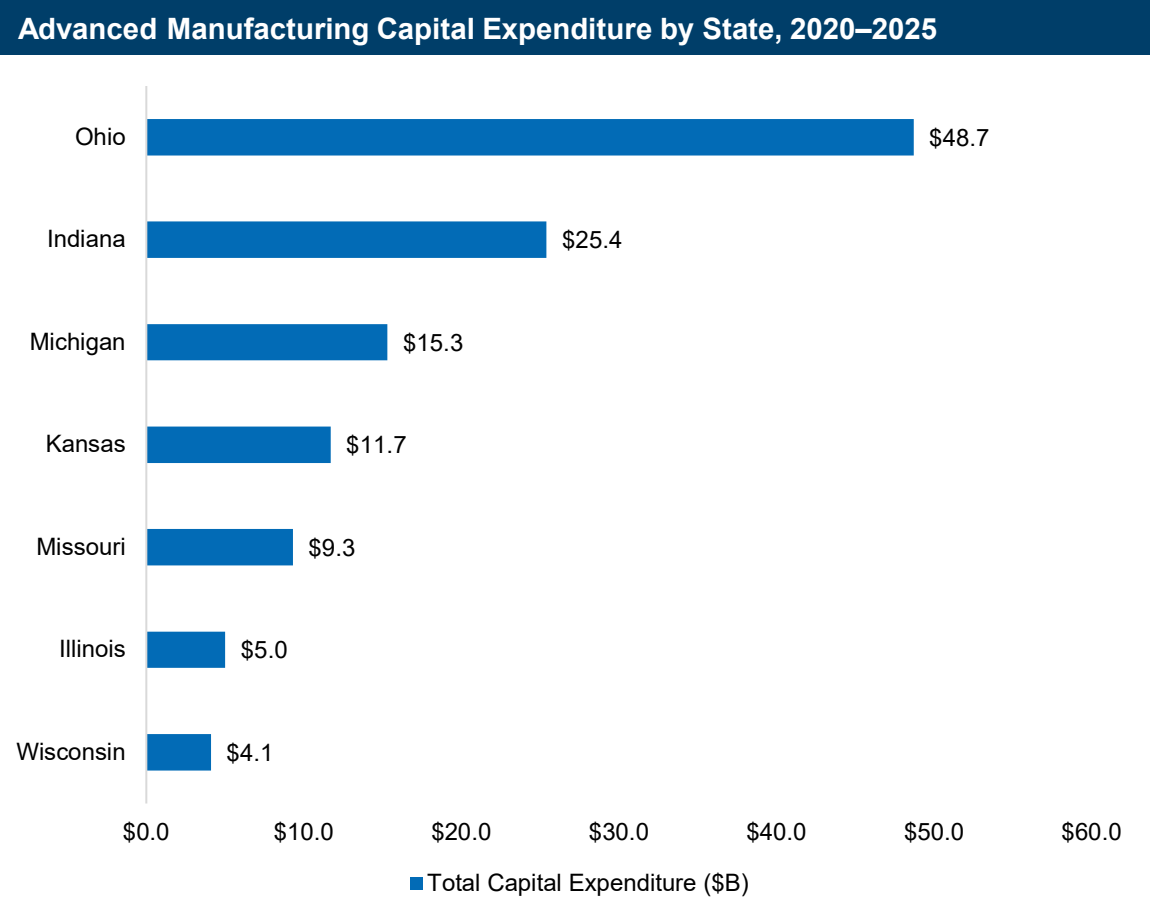
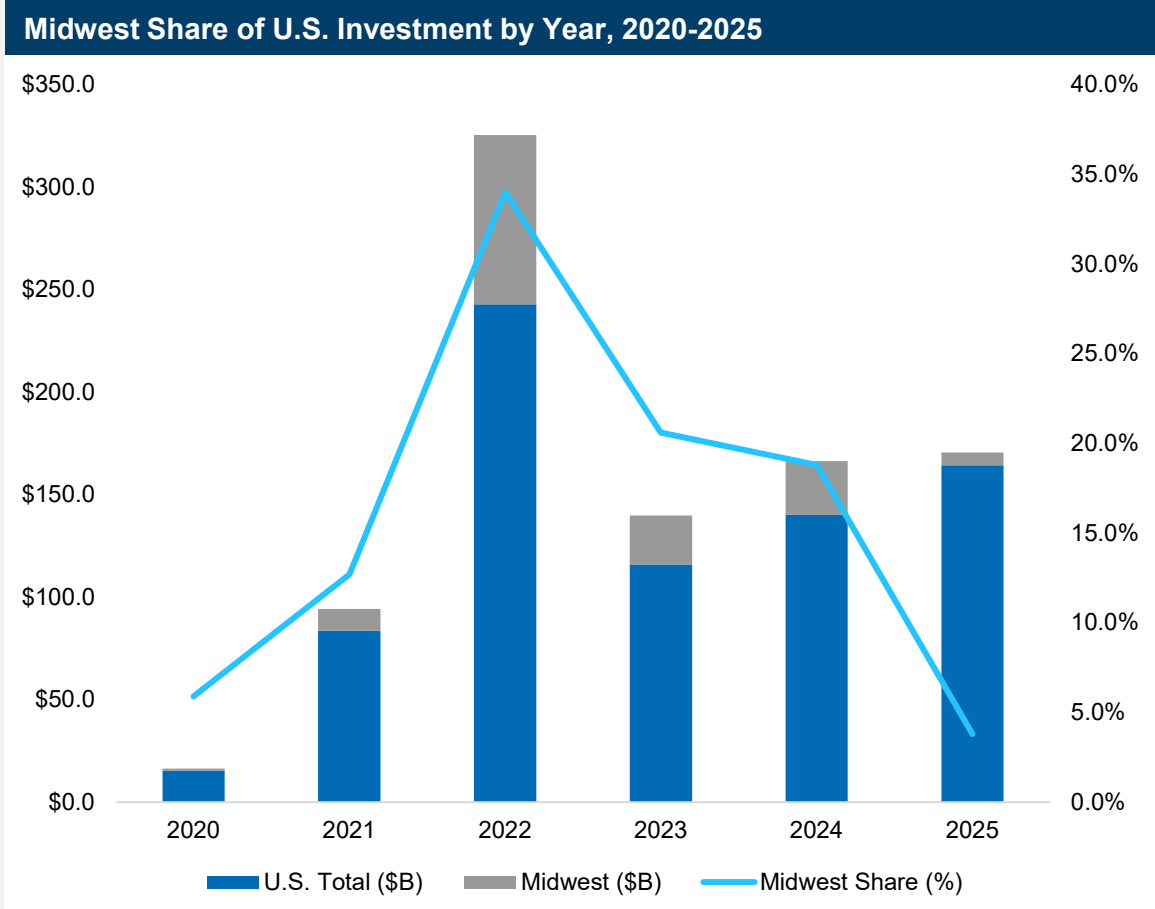
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Advanced Manufacturing Landscape



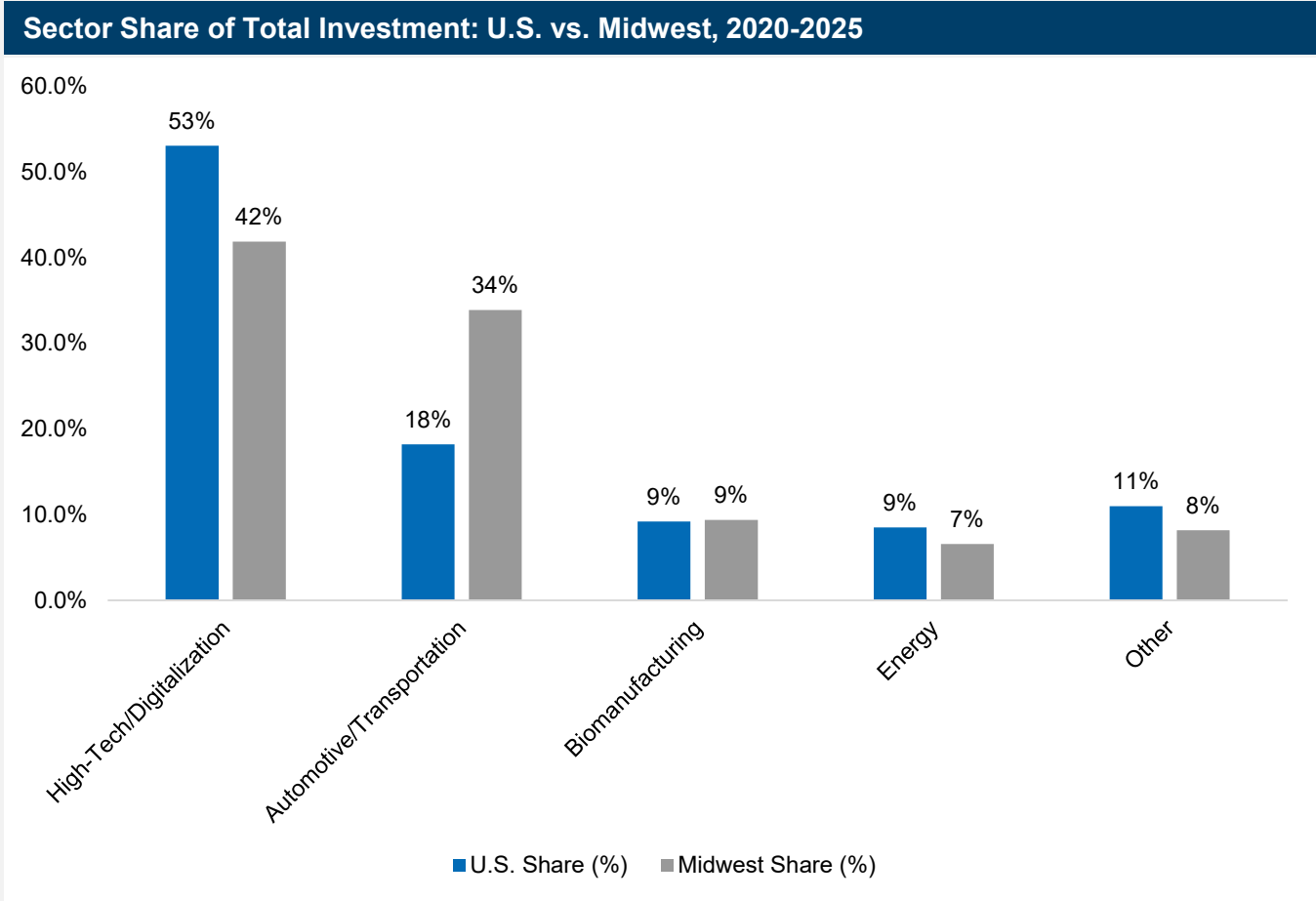
Midwest in the National Context

Since 2020, advanced manufacturing investment tracked in the U.S. has totaled \$772 billion across more than 500 projects. Of that, the Midwest accounts for \$153 billion in capital expenditure, or 19.8% of the U.S. total. The region’s share peaked in 2022 at 34.0%, driven by Ohio’s \$20 billion Intel chip complex and major automotive and battery investments across Indiana and Michigan. The share has since moderated as investment in 2025 shifted toward the Sunbelt.



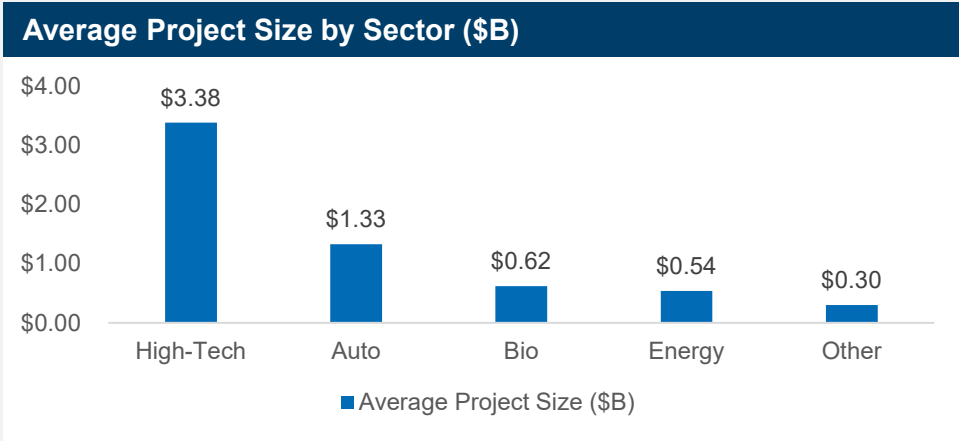
Midwest Sector Mix and Trends

The Midwest’s sector mix mirrors its core industrial strengths. Automotive projects account for 33.9% of regional investment compared with 18.2% nationally, led by Ohio’s EV battery plants, Indiana’s supplier base and Michigan’s manufacturing ecosystem. High-tech still ranks first by total spend at \$64.2 billion, but represents a smaller share than the U.S. average, which highlights the region’s tilt toward automotive. Project size also varies by type, with the average high-tech deal costing 2.5 times more than automotive.



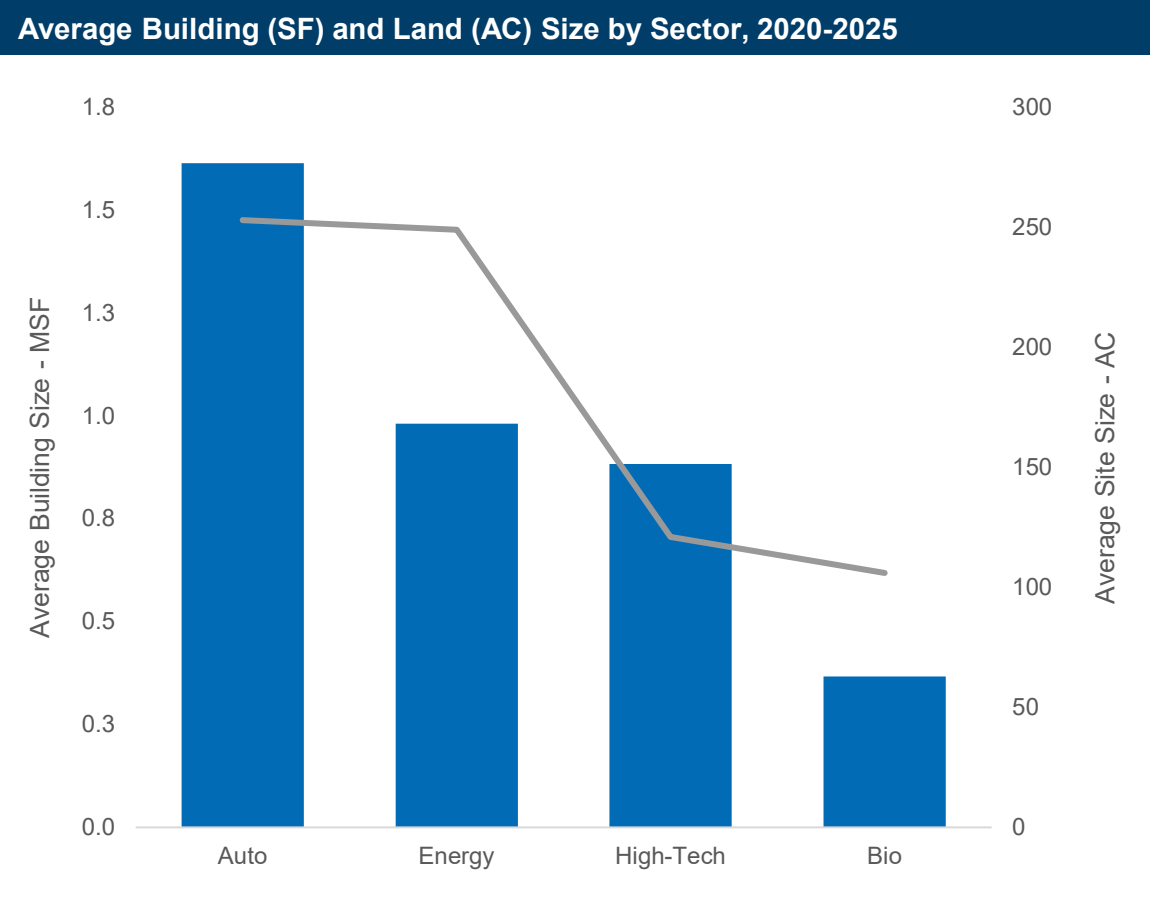
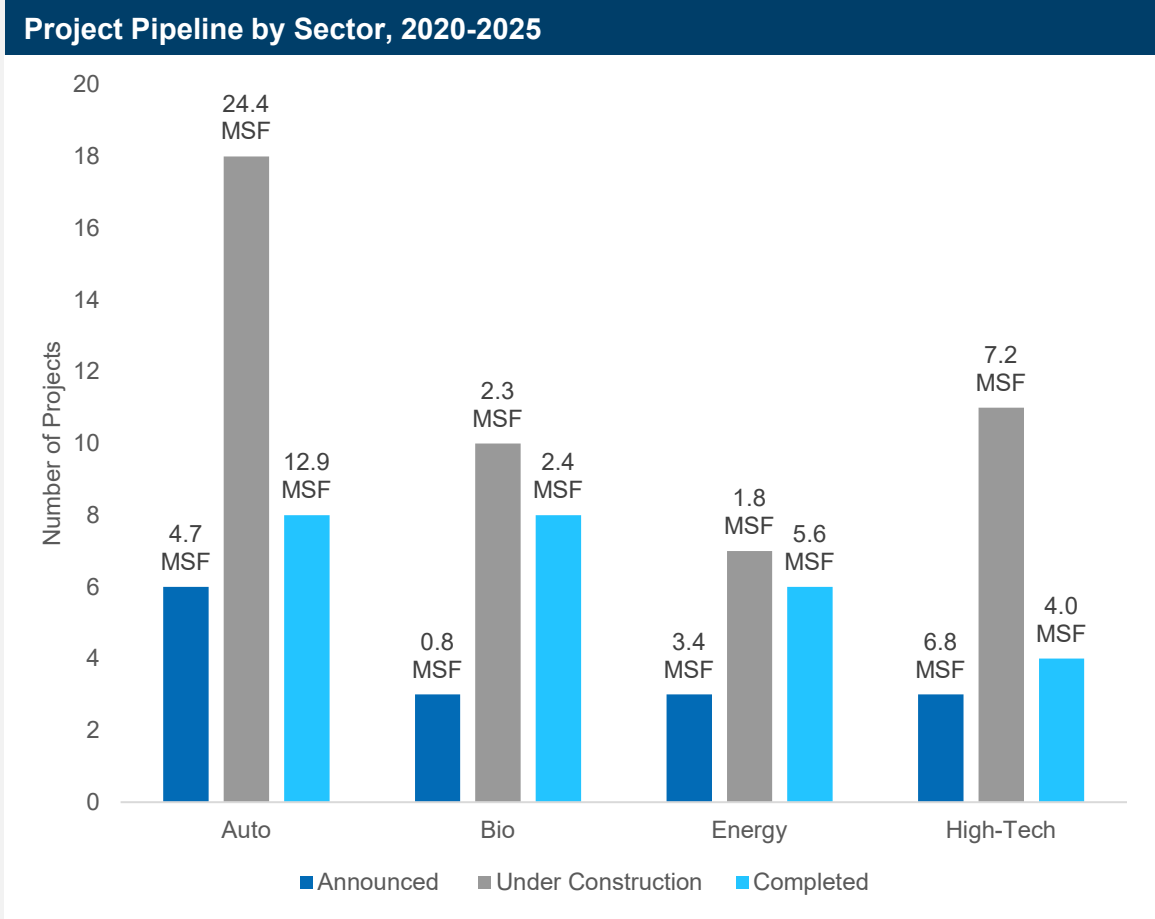
Midwest Investment by Sector, 2020–2025

| Sector | Capex (\$B) | % of Midwest | Project Count |
|---------------------------|-------------|--------------|---------------|
| High-Tech/Digitalization | \$64.19 | 41.9% | 19 |
| Automotive/Transportation | \$51.98 | 33.9% | 39 |
| Biomanufacturing | \$14.33 | 9.4% | 23 |
| Other | \$12.53 | 8.2% | 42 |
| Energy | \$10.18 | 6.6% | 19 |



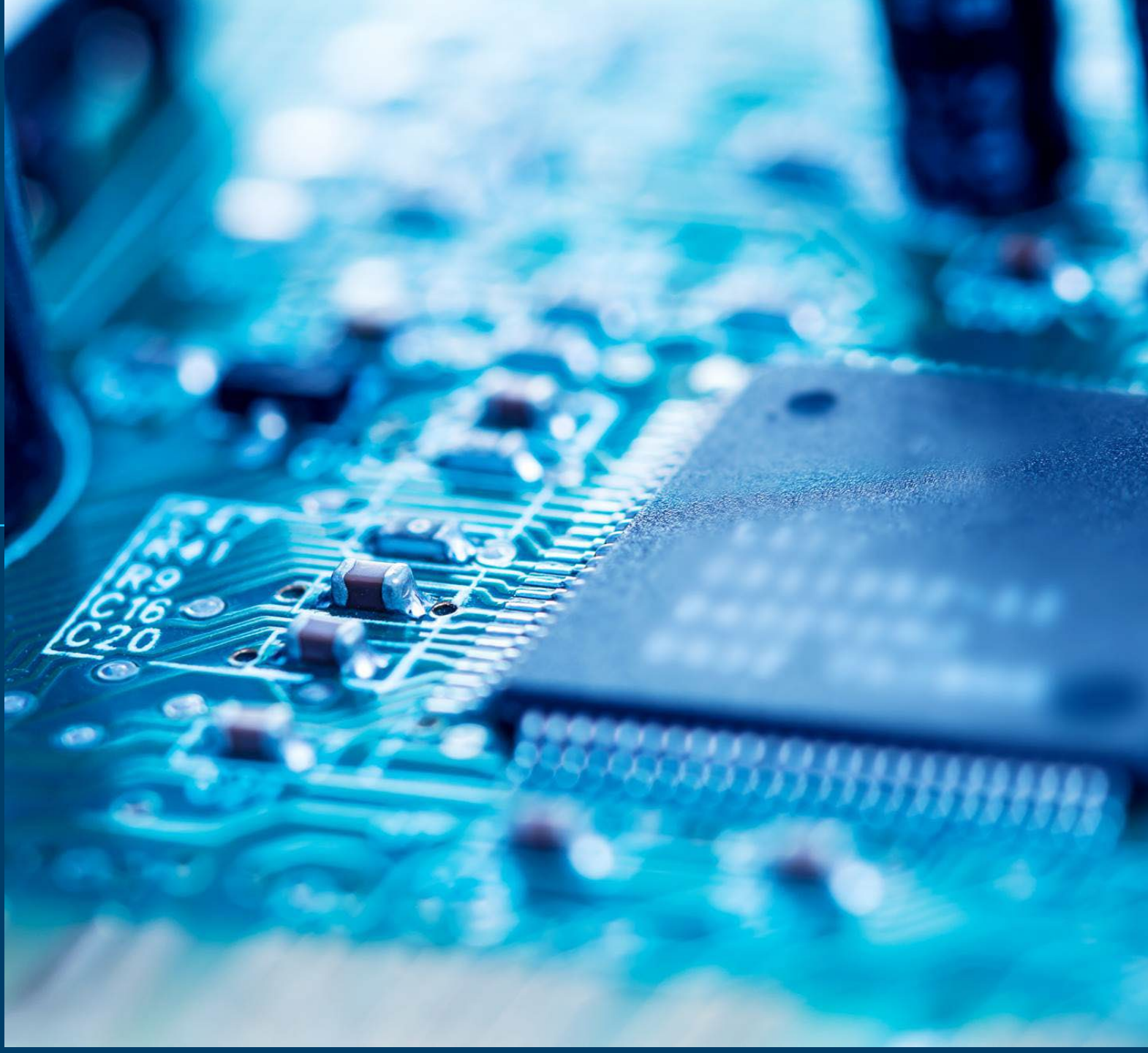
Development Pipeline: Project Status and Scale

Of the Midwest's 120-project pipeline, 82% are under construction or completed. Automotive projects dominate the building scale with the average facility totaling 1.6 million square feet and the average site size of 253 acres. The high-tech and biomanufacturing projects can be developed on smaller footprints but often require specialized building specs like sterile or climate-controlled environments.



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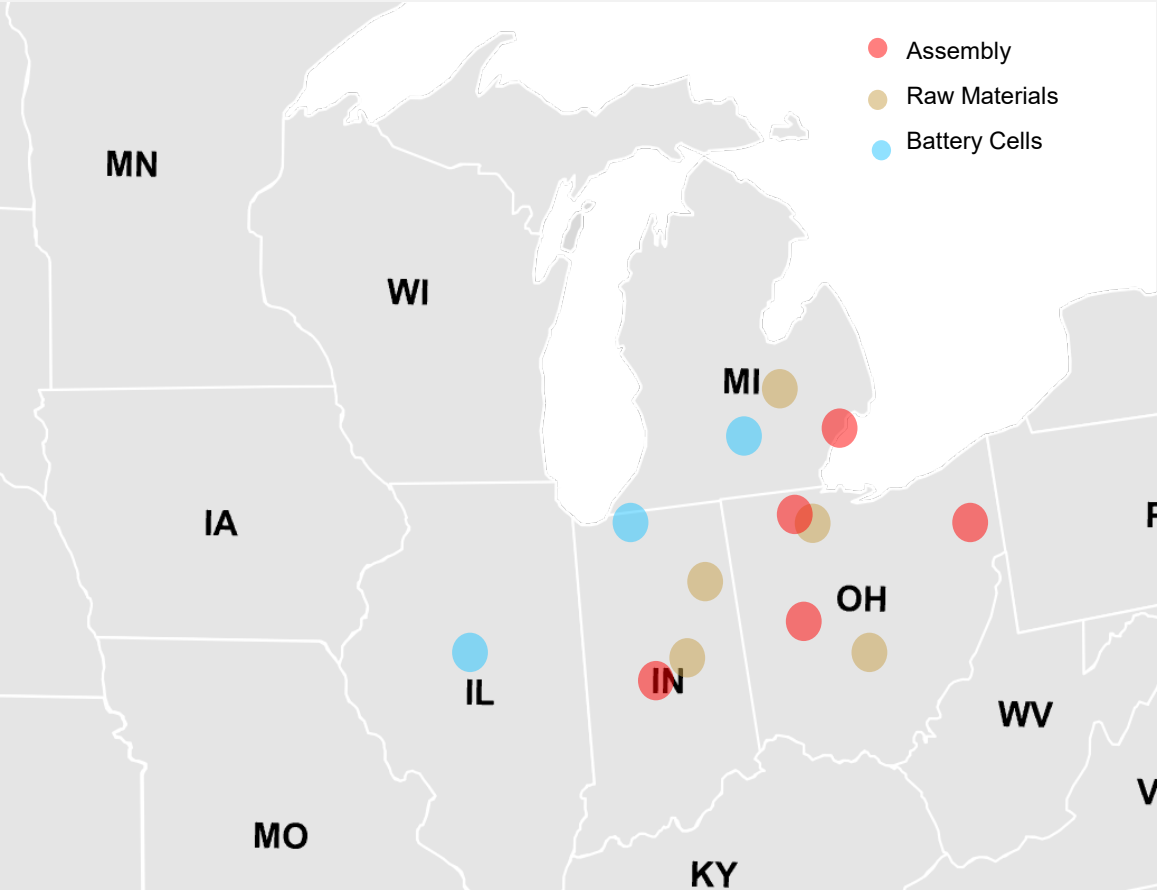
Key Sectors



Automotive Dominance: The Midwest EV Supply Chain

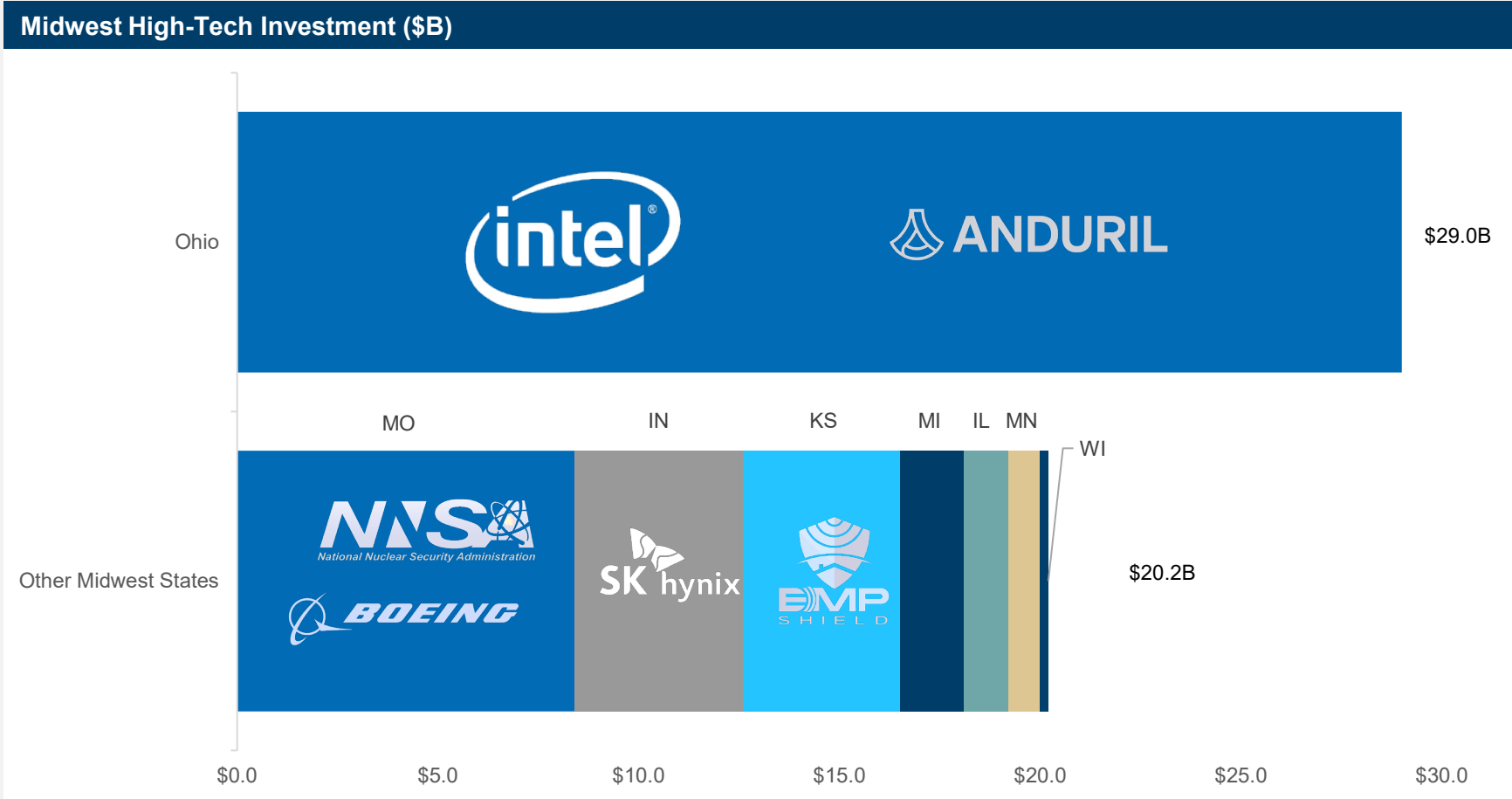
The OH-IN-MI corridor has emerged as the country’s dominant EV supply chain hub, capturing 37% of all U.S. automotive capital investment. Unlike fragmented coastal clusters, this tri-state region delivers complete vertical integration within a 300-mile radius: raw materials processing, battery cell production, pack assembly, and final vehicle manufacturing. Over 80% of EV supply chain assets are within a same-day trucking distance, giving the Midwest a competitive advantage.

| Facility | Location | Type | Status |
|------------------------------|------------------|----------------|--------------------|
| Lordstown Assembly | Lordstown, OH | Final Assembly | Operational |
| Rivian | Normal, IL | Battery Cells | Operational |
| Fort Wayne Metals | Fort Wayne, IN | Components | Operational |
| Anderson Supplier Park | Anderson, IN | Components | Operational |
| GM Factory Zero | Detroit, MI | Pack Assembly | Operational |
| Ultium Cells | Warren, OH | Battery Cells | Operational |
| Ford Toledo Assembly Complex | Toledo, OH | Final Assembly | Operational |
| Honda EV Hub | Marysville, OH | Final Assembly | Operational |
| Livent Lithium Processing | Toledo, OH | Pack Assembly | Operational |
| Stellantis | Indianapolis, IN | Pack Assembly | Operational |
| GM / Samsung SDI JV | New Carlisle, IN | Battery Cells | Under Construction |
| Ultium Cells | Lansing, MI | Battery Cells | Under Construction |
| GM Cathode Materials | Columbus, OH | Raw Materials | Under Construction |
| Graphite One | Flint, MI | Raw Materials | Proposed |



High-Tech Investment: Intel and Beyond

Ohio captures 59% of Midwest high-tech investment, driven almost entirely by Intel's \$28.0 billion semiconductor complex outside of Columbus. The facility, which will produce chips for AI and computing, is the largest private-sector project in state history. Beyond Ohio, there is broad technological diversification across the region. The remaining \$20.2 billion spans defense manufacturing (Missouri's \$6.4B NNSA facility), advanced chip packaging (Indiana's SK Hynix), and quantum computing (Illinois' PsiQuantum).



19,867
New high-tech manufacturing jobs
across 18 Midwest projects

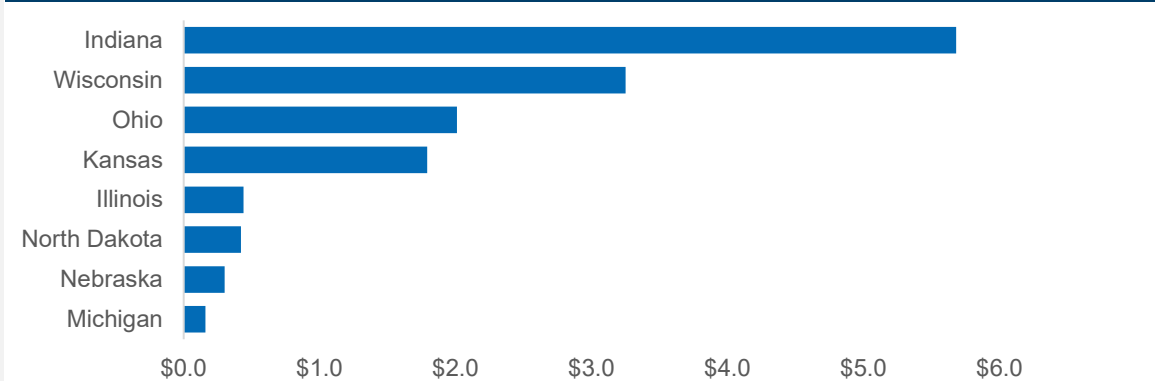
\$97,245
Average wage for high-tech positions

\$11.9B
In combined federal and state
economic incentives

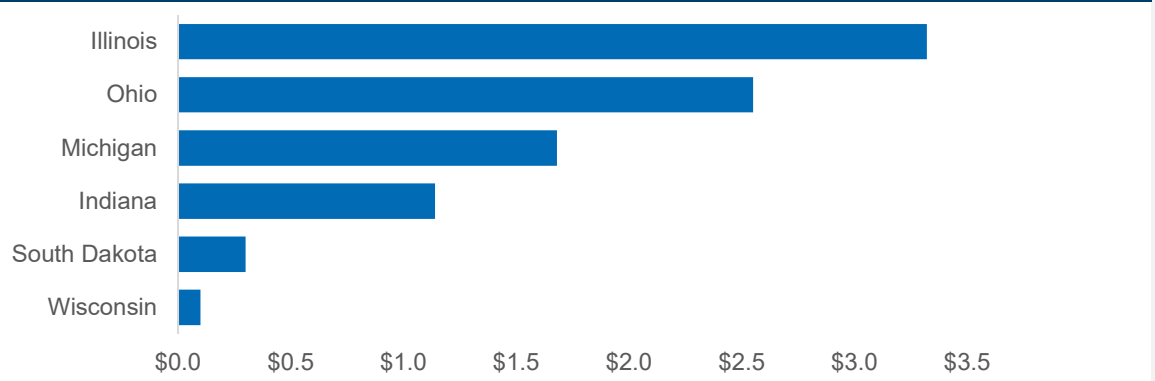
Bio and Energy Expansion: Emerging Hubs

Three states account for 60% of Midwest biomanufacturing and energy investment, each with distinct sector strengths. Indiana is home to 40% of regional bio investment, driven by Eli Lilly's \$7.5 billion expansion and the state's established life sciences base. Illinois leads energy with 37% of sector capital, anchored by Gotion's \$2.0 billion battery gigafactory and strong logistics positioning. Wisconsin has seen investment across both sectors, reflecting the state's competitive business climate.



Biomanufacturing Investment by State, 2020-2025






Energy Investment by State, 2020-2025



Top 3 Biomanufacturing Projects

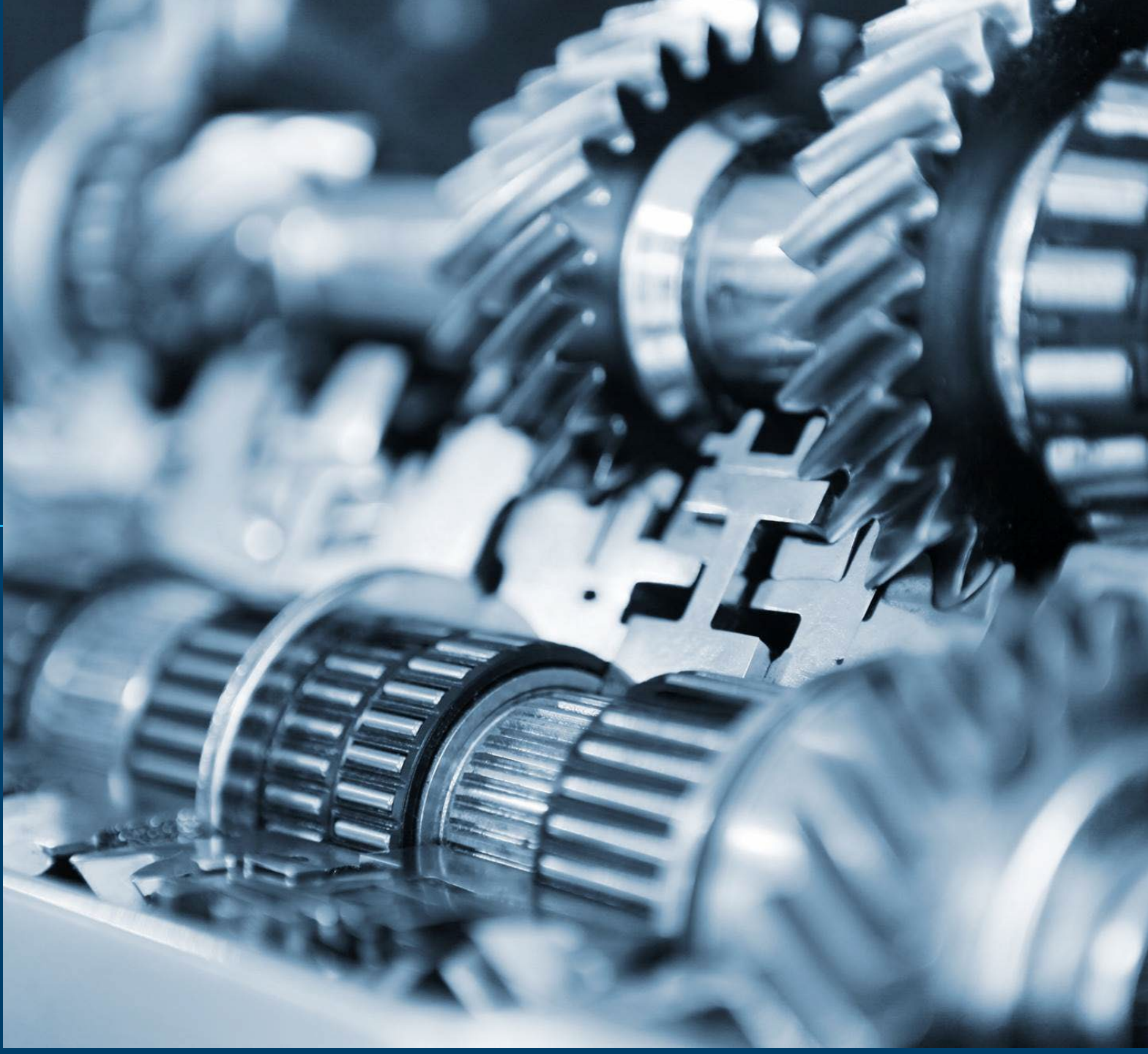
| | |
|---|---|
|  | Eli Lilly Lebanon, IN \$4.5B • 400 jobs • Biologics manufacturing campus |
|  | Eli Lilly Kenosha County, WI \$3.0B • 750 jobs • Production capacity expansion |
| | Amgen New Albany, OH \$900M • 350 jobs • Pharmaceutical manufacturing |

Top 3 Energy Projects

| | |
|---|--|
|  | Gotion High-Tech Manteno, IL \$2.0B • 2,600 jobs • EV battery gigafactory (2.6M SF) |
|  | LG Energy Solution Holland, MI \$1.4B • 1,700 jobs • Battery manufacturing |
|  | Avina Clean Hydrogen East St. Louis, IL \$820M • 157 jobs • Green hydrogen production |

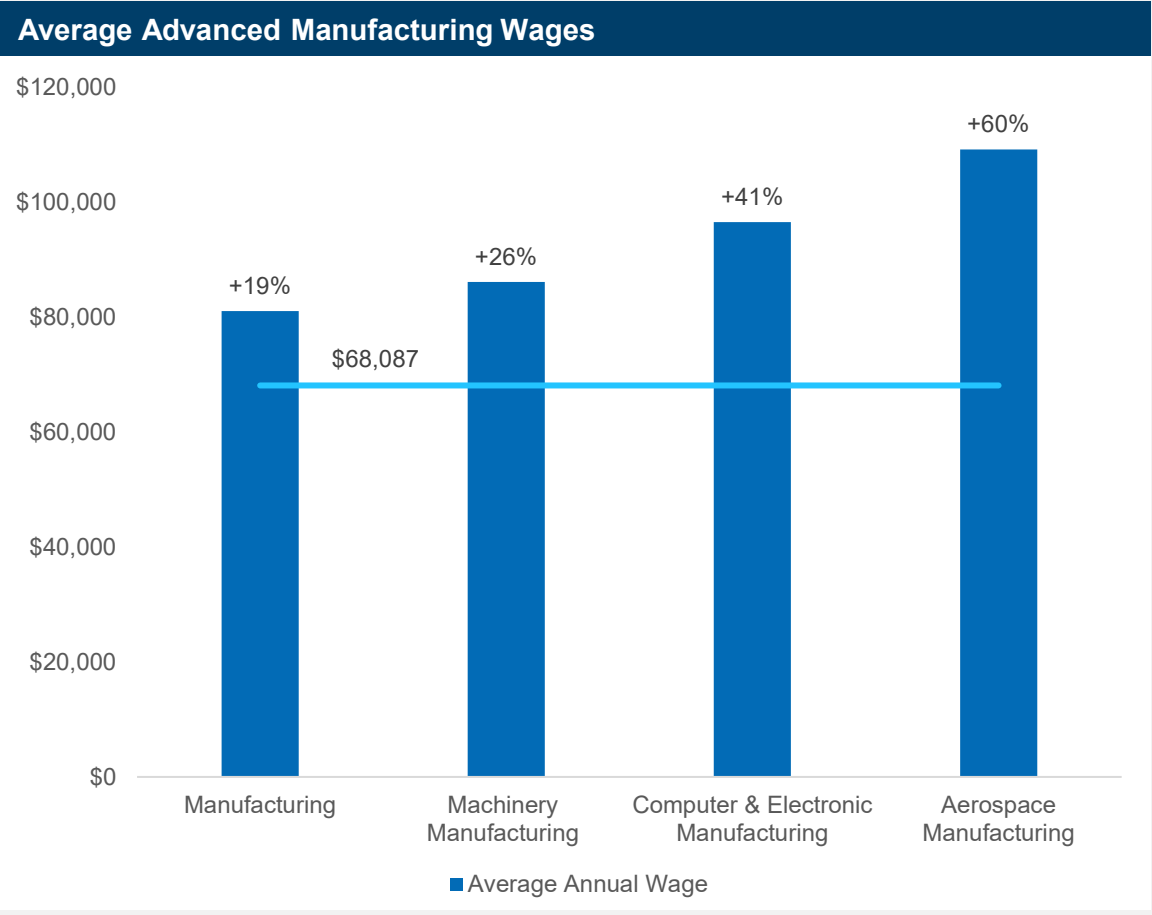
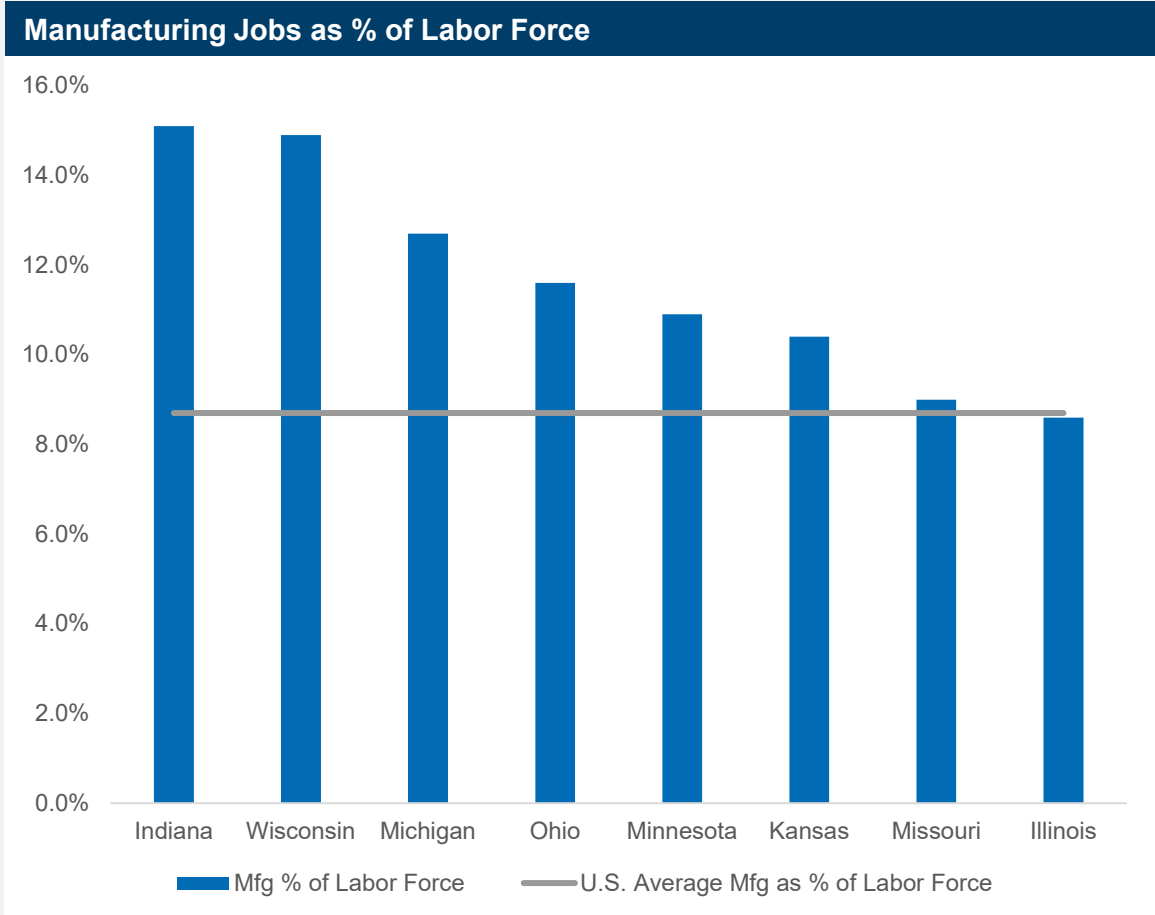
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Midwest Market Dynamics

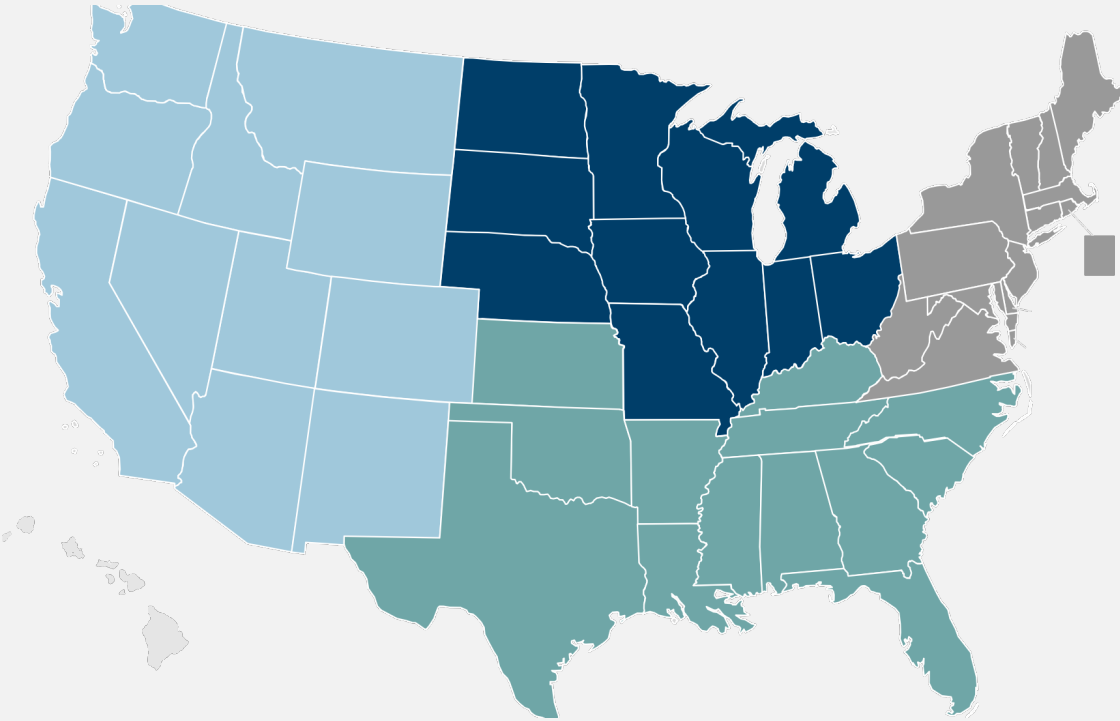


Manufacturing Jobs Drive Midwest Workforce

The Midwest employs 4.1 million manufacturing workers, a share of 11.4% of its labor force compared to just 8.7% nationally. Seven out of eight states maintain manufacturing intensity above the national average, a result of the region's sustained commitment to production. Midwest manufacturing workers earn a 60% wage premium over the regional average annual salary, with jobs in aerospace manufacturing reaching six figures.



The Midwest Competitive Advantage



| | Midwest | South | West | Northeast |
|---|-----------|-----------|-----------|-----------|
| Industrial Inventory (BSF) | 4.4 | 6.0 | 4.5 | 3.1 |
| Avg. Asking Industrial Rent (NNN/PSF) | \$6.61 | \$9.25 | \$14.27 | \$12.70 |
| Avg. Industrial Land Cost (\$/AC) | \$132,289 | \$139,072 | \$196,996 | \$384,579 |
| Avg. Industrial Electricity Cost (\$/kWh) | \$0.11 | \$0.11 | \$0.12 | \$0.18 |
| Manufacturing Workforce | 4.1M | 3.8M | 2.3M | 2.3M |
| Unemployment Rate | 3.6% | 3.4% | 4.3% | 4.1% |
| Avg. State Incentive Package Size* (\$M) | \$128 | \$99 | \$91 | \$62 |
| Interstate Highway Miles | 13,029 | 14,010 | 10,687 | 7,954 |
| Class I Rail (# of Carriers) | 6 | 3 | 2 | 4 |
| 1-Day Ground Shipping Reach (population) | 125M | 110M | 75M | 95M |

*excludes mega-projects >\$1B

Midwest Incentive Programs Drive Manufacturing Growth

| Economic Incentives by State | | | |
|------------------------------|--|--|---|
| State | Advanced Manufacturing Incentive Programs | | |
| Ohio | JobsOhio Job Creation Tax Credits | Infrastructure & Site Readiness Grants | STEM Relocation Incentives |
| Illinois | REV Illinois (EV/Battery/Renewables) | EDGE Tax Credits (Payroll-Based) | Sales Tax Exemptions on Equipment |
| Indiana | EDGE Tax Credits (Job Creation) | R&D Tax Credit (15%) | Sales Tax Exemptions on R&D |
| Michigan | Battery & Manufacturing Challenge (\$125M) | Critical Industry Program | Renaissance Zone Tax Abatements |
| Wisconsin | WEDC Business Development Tax Credits | Advanced Manufacturing & Automation Grants | Training & Workforce Development Funding |
| Missouri | Missouri Works (Tax Credits) | BUILD Program (\$15M+ Projects) | R&D Tax Credit (15-20%) |
| Kansas | PEAK (95% Payroll Withholding Retention) | HPIP (10% Investment Credit + Sales Tax Exemption) | Kansas Industrial Training (KIT) |
| Minnesota | Job Creation Fund (Up to \$2M) | Minnesota Investment Fund (Low-Interest Loans) | Greater Minnesota Job Expansion (Sales Tax Refunds) |



States layer tax credits, grants, and workforce support to drive competitiveness. Performance-based programs require job creation and capital investment thresholds.



Incentives are tailored to priority sectors like EV or battery manufacturing to build competitive advantages in specific industries.



State programs stack with federal incentives (CHIPS Act, IRA credits, DOE grants), creating packages that can offset 15-30% of total project costs.

04

Conclusions & Implications



Conclusions & Implications



Key Takeaways

- **The Midwest Is Experiencing a Manufacturing Resurgence.** Since 2020, the region has attracted 153 billion dollars in advanced manufacturing investment, equal to 19.8% of the U.S. total across 120 major projects.
- **Sector Mix Reflects Regional Strengths.** Automotive projects represent 33.9% of Midwest investment compared with 18.2% nationally, reflecting the region's mature manufacturing base and supplier networks.
- **The Midwest Offers Distinct Competitive Advantages.** It is the most cost-effective region in the country and boasts the largest manufacturing labor pool. Its central location offers access to 125 million people within one-day ground shipping reach and Class I rail access to all six major carriers. These fundamentals, combined with generous state-level incentive packages, position the region competitively for continued manufacturing investment..



Potential Challenges

- **Power Constraints.** Manufacturing facilities and data centers are now competing for limited grid capacity across key industrial markets.
- **Skilled Labor Shortages.** More than 400,000 new manufacturing jobs have been pledged across the U.S. since 2020, and the Midwest in particular needs workers skilled in robotics, mechatronics and process engineering.
- **Critical Minerals Access.** The U.S. remains fully import-reliant on essential minerals like gallium and graphite, with over 80% reliance on rare earth elements needed for semiconductors, EV batteries, and defense systems.
- **Financial Viability.** Higher interest rates, tariff uncertainty, debt pressures, and inability to secure funding can still threaten project completion even when market fundamentals are strong.



Opportunities

- **Increased Tenant Demand.** The multiplier effect is driving strong demand for logistics and manufacturing space to support major facilities within regional supply chains.
- **Infrastructure Investment.** Direct spending on clean energy infrastructure projects, particularly those that can sustainably power sites and attract heavy-power users like manufacturers, is set to increase in the coming years.
- **Rise of Build-to-Suit Development.** Advanced manufacturing projects need highly specialized space. New facilities equipped with the latest technology and power capabilities will need to be built as the sector grows.



Future Outlook

- **Industrial Market Expansion.** The advanced manufacturing projects announced from 2020 to 2025 could conservatively increase the size of U.S. manufacturing inventory by 6% over the next decade, with the actual impact even larger when smaller projects and multiplier effects are factored in.
- **Nearshoring and Regionalization.** Regional production is shifting demand toward Midwest intermodal hubs such as Chicago, Columbus and Indianapolis as new domestic capacity replaces some imports and pushes freight volumes higher across the Americas.
- **Clean Energy Transition.** As clean energy technologies mature, manufacturing for EVs, batteries, solar, nuclear, and hydrogen will continue driving industrial demand, with the Midwest well-positioned to capture its share of that long-term shift.

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