

MARKETBEAT INDUSTRIAL SNAPSHOT



CLEVELAND, OH

A Cushman & Wakefield Alliance Research Publication

Q4 2011



ECONOMIC OVERVIEW

As reported in the Fourth District Beige Book published by the Federal Reserve, the economy grew at a slow pace during the past six weeks. Manufacturers reported that new orders and production were stable. Single-family home construction improved slightly, while nonresidential builders saw a drop-off in inquiries and weak backlogs. November retail and motor vehicle sales were little changed from the prior month. Activity in shale gas drilling and production expanded. Freight transport volume slowed along seasonal trends. The demand for credit by businesses and households was characterized as either steady or increasing slightly.

Labor market reports indicated that hiring remains at a low level, while recruiting high-skilled workers was difficult. Staffing-firm representatives saw growth in the number of new job openings, with vacancies concentrated in healthcare and energy. Wage pressures were largely contained. Other than a boost in steel prices, upward pressure on raw material has abated.

MARKET OVERVIEW

The Greater Cleveland industrial market ended the fourth quarter 2011 with a significant increase in the overall vacancy rate, adjusting to 9.6% as compared to 9.2% for the third quarter and 9.4% at the end of the fourth quarter 2010. Overall net absorption for the fourth quarter was a positive 322,012 square feet. The average direct triple net asking rental rate in the fourth quarter increased slightly to \$3.78 psf. Total sales activity for the fourth quarter 2011 was 3.91 million square feet (msf). Fifty-three owner/user sales transferred in the fourth quarter totaling 2.3 msf with a total consideration of \$44.0 million (\$19.31 psf). Notable sales included 7333 Corporate Drive, Mentor, a 158,319-sf sale between JCDC, Ltd. and HBC Real Estate; 720 E. Highland Road, Macedonia, a 146,250-sf sale between 700 Highland Road, LLC and Robert Schneider Trustee; and 1400-1440 Fairchild Avenue, Kent, a 148,550-sf sale between Mac Trailer and Fontaine Trailer. Investment sales for the fourth quarter were extremely active with nine investor sales transferring totaling 1.6 msf with a total consideration of \$32.9 million. The most notable sales were 9780 Mopar Drive, Streetsboro, a 368,086 sf Best Buy Distribution Center, which sold for \$19.6 million to Monmouth Real Estate Investment Corp. and 9600 E. Valley View Road, a 323,400 sf former Graco Products which sold for \$4 million to Insite Realty.

2011 saw fifteen new construction completions totaling 992,735 sf with seven projects currently under construction totaling 596,000 sf. They include Anderson-Dubose for 151,000 sf and OverDrive for 95,000 sf.

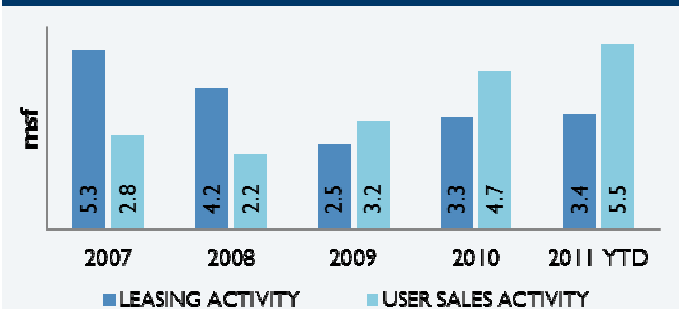
OUTLOOK

Activity on the sales side will have the most traction heading into the first quarter 2012 with the manufacturing sector leading the way. The oil and gas industry will be the primary force behind this activity. The marcellus and utica shale has already lead to some significant investment in the eastern portions of Ohio. This activity will continue to head west. Quality product is becoming a premium as prices will continue to increase slowly. Although the demand exists for new construction, activity will remain slow because of the cost.

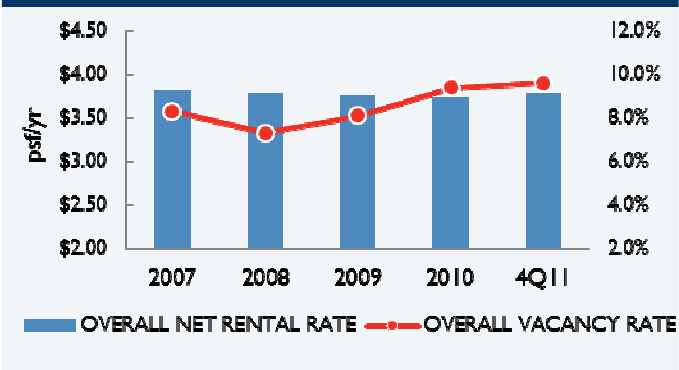
STATS ON THE GO

	4Q10	4Q11	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.4%	9.6%	0.2pp	▼
Direct Asking Rents (psf/yr)	\$3.74	\$3.78	1.1%	◀▶
YTD Leasing Activity (sf)	3,265,928	3,372,254	3.3%	◀▶

OVERALL OCCUPIER ACTIVITY



OVERALL RENTAL VS. VACANCY RATES



CLEVELAND, OH

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE
Akron	66,690,228	10.4%	278,661	936,544	90,000	0	(832,376)	(494,668)	\$3.58
Downtown	27,922,803	10.0%	132,778	242,039	75,000	20,000	281,217	281,217	\$3.15
East	9,643,227	8.3%	75,252	364,271	0	0	(90,997)	(51,787)	\$6.65
Medina County	20,524,529	6.5%	192,004	112,760	0	98,000	274,865	274,865	\$4.53
Northeast	68,078,838	9.2%	314,045	1,057,722	0	115,000	(56,343)	(56,343)	\$2.95
Southeast	95,392,897	10.7%	1,487,652	924,461	286,000	540,750	1,873,495	1,903,758	\$3.89
South	36,370,552	5.6%	169,243	685,920	145,000	0	52,393	32,915	\$4.97
Southwest	50,120,078	9.1%	207,869	614,914	0	30,000	(911,614)	(911,614)	\$4.40
West	50,652,306	11.4%	514,750	537,016	0	188,985	406,159	397,079	\$2.99
TOTALS	425,395,458	9.6%	3,372,254	5,475,647	596,000	992,735	1,037,178	1,375,422	\$3.78

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT 2011 LEASE TRANSACTIONS	SUBMARKET	TENANT/BUYER	PROPERTY TYPE	SQUARE FEET
18901 Snow Road	Southwest	North Coast Logistics	Warehouse	211,200
5700 Lee Road South	Southeast	Graphic Packaging, Inc.	Warehouse	165,000
23371 Aurora Road	Southeast	Enerco / Mr. Heater	Warehouse	123,085
23371 Aurora Road	Southeast	American Tire	Warehouse	117,104
SIGNIFICANT 2011 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE	SQUARE FEET
9780 Mopar Drive	Southeast	Monmouth Real Estate Investment	\$19,600,000	368,086
2000 E. Aurora Road	Southeast	DiGeronimo / Scanell	\$10,200,000	2,264,021
600 Mondial Parkway	Southeast	Automated Packaging Systems	\$5,225,762	173,315
9600 E. Valley View Road	Southeast	Insite Realty	\$4,000,000	323,400
SIGNIFICANT 2011 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
9780 Mopar Drive	Southeast	Best Buy	3Q11	368,086
12501 Elmwood Avenue	West	American Tank & Fabricating	4Q11	150,000
Tyler Boulevard	Northeast	Parker Hannifin	3Q11	115,000
17825 Great Lakes Parkway	Southeast	Great Lakes Cheese Company	1Q11	100,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
Tod Avenue	Southeast	Anderson-Dubose	2Q12	151,000
Midwest Avenue	South	OverDrive	3Q12	95,000
Massillon Road	Akron	Rochling Automotive	1Q12	90,000
2621 West 25 th Street	Downtown	Nestle	3Q12	75,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS