

# MARKETBEAT CLEVELAND



Office Q4 2019

YoY Chg 12-Mo. Forecast

**6.9%**  
Vacancy Rate

**-348K**  
Net Absorption, SF

**\$18.01**  
Asking Rent, PSF

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2019

YoY Chg 12-Mo. Forecast

**1.1M**  
Cleveland Employment

**4.2%**  
Cleveland Unemployment Rate

**3.6%**  
U.S. Unemployment Rate

Source: BLS

## ECONOMY: Modest Growth Across Economic Sectors

Overall economic activity in the fourth quarter 2019 increased modestly, with the most significant growth coming from professional and business services. Wages increased slightly this quarter across professional services. At the same time, low, stable interest rates have continued to lead to more commercial construction projects. However a flat office market and high cost of construction partially has somewhat limited further expansion in the office market across the east and west suburbs as well as downtown.

## CBD UPDATE: Big News Coming in 2020

Several blockbuster office developments in downtown Cleveland remained in the balance as 2019 drew to a close. The commencement of construction of the NuCLEus project, the re-development of the Centennial at 925 Euclid Avenue, and the final landing place of Sherwin Williams' new global headquarters will make the headlines in 2020 – just to name a few. However, as 2019 wrapped up, the office market remained generally stable if not stagnant. Even in a relatively flat market, there were still some major relocations and dispositions. Most notably in the CBD, Gallagher Sharp relocated from the Bulkley Building in Playhouse Square to 1215 Superior, taking 45,449 square feet (sf). Post Office Plaza continues to attract tenants, landing Exacta Land Surveyors (19,000 sf) in the fourth quarter 2019.

## CHANGE IN OWNERSHIP: Suburbs Lead the Charge for High-Profile Sales

The largest sale transaction of the fourth quarter 2019 was in the active east side suburbs, as the Rockwell Automation headquarters site at 1 Allen Bradley Drive was sold to Elmtree Funds out of Missouri for a record price \$61.1 million or \$132 per square foot (psf) in the largest investment sale of 2019. Another notable investment sale in the last quarter of the year was the transfer of Metro Center (6500 Rockside Road) from long-term holders TransCon Builders to Realife Real Estate group. The building fetched just under \$5.5 million (\$98 psf) and was 90.0% occupied at time of sale. In the southern suburb of Hudson, 300 Executive Parkway traded hands, as TKT Property Holdings purchased the 100%-leased office asset for almost \$3.5 million (\$73psf).

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	31,490,955	124,968	3,016,642	9.6%	-121,407	-539,206	386,388	0	\$20.08	\$23.27
Akron	27,064,052	6,105	1,296,388	4.8%	98,405	115,408	263,737	45,000	\$17.17	\$20.95
Chagrin, East & Lander	14,191,908	5,505	669,781	4.7%	11,844	39,800	214,080	0	\$20.93	\$25.41
Stark County	12,521,460	7,048	724,806	5.8%	-36,648	-100,530	68,206	100,000	\$15.36	\$17.84
Rockside & South	9,776,240	10,924	1,051,143	10.8%	-328,838	-373,479	280,341	0	\$18.75	\$20.75
West	9,127,856	7,876	552,980	6.1%	-53,977	52,932	117,175	294,000	\$16.39	\$21.61
Southwest	8,811,046	1,641	570,616	6.5%	-12,576	192,006	95,575	0	\$15.95	\$21.26
Northeast & Lake County	9,116,727	4,237	678,329	7.4%	43,185	18,564	95,269	0	\$16.24	-
Midtown	7,674,316	25,337	274,837	3.6%	26,056	26,735	89,856	0	\$17.25	\$27.36
Lorain County	5,900,261	0	442,179	7.5%	26,903	16,271	46,692	32,500	\$17.21	\$22.52
Fairlawn & Montrose	4,204,521	0	386,431	9.1%	10,489	7,262	74,318	0	\$17.87	\$22.83
Portage & Geauga	4,251,066	1,375	177,523	4.2%	-20,898	-47,716	23,486	0	\$16.56	\$15.78
Southeast	3,870,332	3,209	253,094	6.5%	1,796	-21,805	172,542	0	\$16.83	\$18.31
Medina	3,213,451	0	155,972	5.0%	7,859	36,315	58,938	27,929	\$14.55	-
<b>CLEVELAND TOTALS</b>	<b>151,214,191</b>	<b>198,225</b>	<b>10,250,721</b>	<b>6.9%</b>	<b>-347,807</b>	<b>-577,443</b>	<b>1,986,603</b>	<b>499,429</b>	<b>\$18.01</b>	<b>\$21.50</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1215 Superior Avenue	CBD	Gallagher Sharp LLP	45,449	New Lease
530 S Main Street	Akron	Old Republic Title Company	36,539	Renewal*
31500 Bainbridge Road	Southeast	Swagelok Company	31,200	Renewal*
6161 Oak Tree Boulevard, Ste 400	Rockside & South	Koinonia Homes, Inc.	23,813	Renewal*
26301 Curtis Wright	Northeast & Lake County	Enesco Properties	22,515	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
1 Allen Bradley Drive	East	Mohr Mayfield LLC/Elmtree Funds	460,000	\$61.1M / \$133
4400 Renaissance Parkway	Southeast	Parkway Business Plaza LP/5422 E 96 <sup>th</sup> St LLC	79,000	\$2.35M / \$30
6500 Rockside Road	Rockside & South	TransCon Builders/Realife Real Estate Group	55,799	\$5.4M / \$98
300 Executive Parkway	Akron	Boston Mills Partners, LLC/Etactics	46,766	\$3.4M / \$74
1702 Joseph Lloyd Parkway	Southeast	Marous Headquarters/JKS Real Estate Holdings	45,121	\$2.4M / \$54

## DAVID LEB

Senior Sales Associate

+1 216 525 1488 / [dleb@crescorealestate.com](mailto:dleb@crescorealestate.com)[cushmanwakefield.com](http://cushmanwakefield.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.