

	YoY Chg	12-Mo. Forecast
6.5% Vacancy Rate	▼	▲
310K YTD Net Absorption, SF	▲	▼
\$18.71 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
901K Cleveland Employment	▼	▲
18.6% Cleveland Unemployment Rate	▲	▼
13.0% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: COVID-19 Impact reverberates through the office market

The COVID-19 pandemic has impacted nearly every aspect of life in the U.S., but it has yet to show up in significantly meaningful ways for the commercial office industry. Listing rates have not displayed any significant decreases, and completions look much as they did at this point in 2019. However, office-using employment has fallen substantially, the planned portion of the new-supply pipeline has started to shrink and transaction volume has decreased dramatically across all U.S. cities. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

CBD UPDATE: Waiting For the Other Shoe to Drop

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 all made recent headlines in the early stages of 2020, but as downtown landlords and developers deal with COVID-19, the market for new construction came to a screeching halt. Many downtown occupiers have elected to shift operations away from the office and broadened work-from-home policies for employees. Companies approaching lease expirations have trended towards short term renewals rather than relocate, resulting in less transactions and movement amongst office occupiers. One notable exception is Weston Hurd's relocation from the Tower at Erieview to the AECOM building at 1300 E 9th Street, absorbing almost 30,000 square feet (sf). Expect more companies, looking for savings and efficiency, to reduce their office footprint by relocating or by offering their space for sublease. As more sublease opportunities come to the market, expect asking prices to drop and landlords to offer more incentives to attract tenants.

CHANGE IN OWNERSHIP: The East Suburb Was Active In Q2

Although market activity was down significantly through Q2, there were several sales in the east submarket that were newsworthy. One noteworthy sale was 29225 Chagrin Boulevard, a 33,000-square-foot office property sold for \$4.8 million (\$145/sf), which is a new high-water mark for office product on the easterly end of Chagrin Boulevard. Also in the East submarket, 24075 Commerce Park, the former Jewish Family Service Association of Cleveland property, sold to Retina Associates of Cleveland for \$1.5 million (\$77/sf). The 19,440-square-foot building will become the headquarters of the well-known eye surgery group, who vacated 15,000 sf at Enterprise Place.

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	30,554,379	175,598	2,604,564	8.6%	51,461	104,494	230,070	0	\$21.37	\$23.90
Akron	26,877,530	20,466	1,480,704	5.9%	-41,837	-227,015	80,769	45,000	\$18.51	\$22.27
Chagrin, East & Lander	14,679,274	8,286	620,559	4.3%	-21,534	-48,297	162,586	0	\$21.96	\$24.45
Stark County	12,716,836	7,048	876,758	6.9%	-38,577	11,214	17,525	100,000	\$16.29	\$19.16
Rockside & South	9,655,289	5,133	762,879	8.0%	53,792	15,749	100,936	0	\$17.95	\$21.03
West	9,144,790	29,867	513,096	5.6%	-4,258	52,486	62,588	234,000	\$17.58	\$25.01
Southwest	9,072,693	3,250	488,628	5.4%	60,413	70,125	104,162	12,150	\$15.80	\$21.14
Northeast & Lake County	9,213,057	0	683,195	7.4%	7,344	-17,471	14,751	0	\$15.22	-
Midtown	7,669,138	9,280	276,360	3.7%	20,230	6,251	32,335	0	\$18.40	\$27.36
Lorain County	6,094,694	0	189,782	3.1%	4,208	255,820	17,318	32,500	\$17.30	\$22.52
Fairlawn & Montrose	4,206,570	0	388,351	9.2%	-31,049	-30,141	22,750	0	\$18.07	\$21.77
Portage & Geauga	4,254,397	0	194,048	4.6%	-494	-20,629	12,562	0	\$15.34	\$15.78
Southeast	3,375,620	26,372	230,414	7.6%	-59,095	-80,414	34,387	130,000	\$18.07	\$22.36
Medina	3,259,310	0	178,350	5.5%	-45,033	15,893	17,251	0	\$13.71	\$12.00
CLEVELAND TOTALS	150,773,577	285,300	9,487,688	6.5%	-44,429	108,065	909,990	553,650	\$18.71	\$22.74

*Rental rates reflect full service asking

**Absorption and Leasing Activity entries are not reflective of U.S. Overview tables

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
650 W Resource Drive	South	AmeriGas Propane	33,826	New Lease
1300 E 9 th Street, Suite 1400	CBD	West Hurd LLP	29,766	New Lease
1100 Superior Avenue, Suite 800	CBD	Informa Media, Inc	27,087	New Lease
2816 E 116 th Street	East	The MetroHealth System	25,070	New Lease
9100 South Hills Boulevard	South	Spectrum Reach, LLC	12,939	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
23700 Commerce Park	Chagrin, East & Lander	Beck MM Holdings LLC/ 23700 Commerce Park Holdings LLC	51,000	\$3.7M / \$73
25700 Science Park Drive	Chagrin, East & Lander	Landmark Centre Ltd/ RL Landmark, LLC	46,578	\$3.8M / \$82
29225 Chagrin Boulevard	Chagrin, East & Lander	Metro Officeplex LP/ Rock On Cleveland Opportunity Fund	33,000	\$4.8M / \$145
24075 Commerce Park	Chagrin, East & Lander	Jewish Family Service Association of Cleveland/ Harvard Investments, LLC	20,114	\$1.5M / \$75
2020 Center Street	West	Stanley Zona LTD/Promiseone Properties LLC	15,452	\$1.4M / \$91

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