

	YoY Chg	12-Mo. Forecast
6.6% Vacancy Rate	▲	▲
-405K Net Absorption, SF	▼	▼
\$19.02 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
986K Cleveland Employment	▼	▲
6.9% Cleveland Unemployment Rate	▲	▼
6.7% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: Office Market Continues to Reel from COVID-19 Impact

It won't come as a shock to learn that the office market in Northeastern Ohio continued to suffer through Q4 2020, as landlords, tenants, and developers look desperately towards a hopeful spring 2021 and a reprieve from the COVID-19 pandemic. Even with the widespread adoption of vaccinations on the horizon, there were very few positive signs of life coming from suburban or CBD markets. Closing out the year, across northeast Ohio the net absorption data shows a loss of more than 535,000 sf. Hardest hit were the east, south, and southwest office markets, which account for a total of almost 400,000 sf of lost occupancy. The CBD market continued to have an eye-popping amount of sublease space vacant, at more than 250,000 sf. Across both suburban and CBD markets, conditions for office landlords continued to deteriorate, resulting in a heavily tenant-friendly market. Incentives for tenants, shorter lease terms, and lower rental rates have been the result. However, good news may be coming soon in the form of a federal stimulus package to stimulate the economy and the proliferation of vaccinations should provide a boost to the northeast Ohio office market and the regional economy.

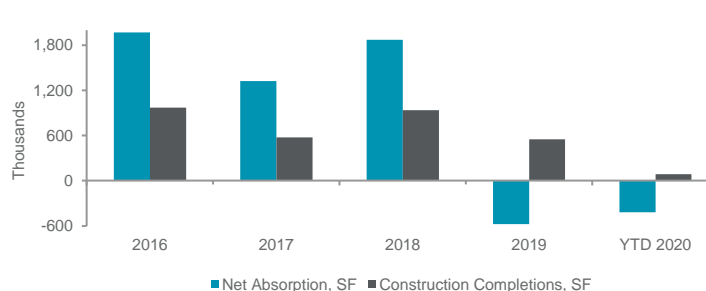
CBD UPDATE: Headquarter Relocation

The most significant Q4 transaction involved Diebold Nixdorf (NYSE: DBN), which sold its world headquarters property in North Canton for \$7,400,000. The 240,000 square foot facility now is in the hands of Industrial Commercial Properties (ICP), who are planning a redevelopment of the site, which is located across from the Akron-Canton airport. Favoring a location with closer proximity to Cleveland and in need of a more efficient and cost-effective location, Diebold Nixdorf leased 70,000 sf at 50 Executive Parkway in Hudson, Ohio. The facility, long vacant, is owned by ICP and is currently under construction to house the new Diebold Nixdorf headquarters.

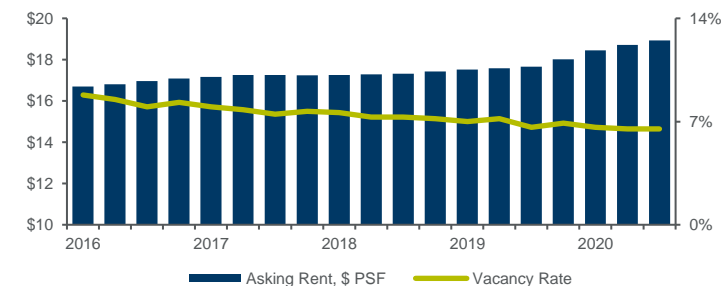
CHANGE IN OWNERSHIP: Deals Inked

Despite the slow market, there were a handful of notable lease transactions in the final quarter of 2020. In the east submarket, CVS Caremark leased 38,999 sf at 29100 Aurora Road in Solon for their back-office location. In the south submarket, Viasat Inc relocated to 5990 West Creek Road in Independence, taking more than 31,000 sf. In Downtown Cleveland, 1300 E 9th Street (The AECOM Building) continued its impressive 2020 by finalizing leases with the Orion Business Center for 8,700 sf joining Weston Hurd and Perspectus Architecture as new 2020 tenants at the AECOM Building. Finally, in the Akron/Fairlawn market, Viaquest scooped up more than 20,000 sf at 260 Springside Drive in Akron. Look for an increase in lease transactions in Q1 and Q2 of 2021, as many tenants currently trading water or in month-to-month leases will likely make more definitive decisions as the economy rebounds in a post-COVID-19 world.

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	30,515,976	242,063	2,065,292	6.8%	61,832	156,954	407,673	0	\$21.42	\$23.69
Akron	26,931,155	65,023	1,560,887	5.8%	-23,921	-177,771	306,537	0	\$18.73	\$22.35
Chagrin, East & Lander	14,793,616	11,101	915,614	6.2%	-153,630	-66,558	352,361	0	\$21.95	\$23.41
Stark County	13,202,412	32,048	945,402	7.2%	-130,951	-133,412	126,964	100,000	\$16.52	\$17.40
Rockside & South	9,580,517	6,909	934,646	9.8%	-141,587	-186,033	181,721	0	\$18.54	\$22.54
West	9,770,293	26,404	582,968	6.0%	-42,342	-9,940	116,288	234,000	\$17.52	\$24.83
Southwest	9,229,355	6,390	628,354	6.8%	-84,071	-141,147	155,094	0	\$15.36	\$21.50
Northeast & Lake County	9,324,903	4,600	562,722	6.0%	50,844	72,291	78,395	0	\$14.73	-
Midtown	7,754,128	9,130	263,392	3.4%	12,464	19,369	44,999	0	\$18.70	\$24.64
Lorain County	6,152,012	4,488	204,652	3.3%	-2,722	-14,193	48,663	32,500	\$17.87	\$22.52
Fairlawn & Montrose	4,263,887	16,000	393,409	9.2%	-9,620	-58,644	68,801	0	\$18.47	\$22.20
Portage & Geauga	4,270,445	0	201,290	4.7%	5,853	-28,011	40,248	0	\$16.04	-
Southeast	3,365,682	3,400	218,044	6.5%	49,168	-27,572	53,270	130,000	\$18.30	\$21.04
Medina	3,330,271	650	161,617	4.9%	2,796	59,482	35,004	0	\$13.93	\$12.00
CLEVELAND TOTALS	152,484,652	428,206	9,638,289	6.9%	-405,887	-535,185	2,058,778	496,500	\$19.02	\$22.63

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
29100 Aurora Road	Southeast	CVS Caremark	38,999	New Lease
5990 W. Creek Road, Suite 250	Rockside & South	Viasat, Inc	31,341	New Lease
260 Springside Drive	Fairlawn & Montrose	ViaQuest, Inc	20,543	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5995 Mayfair Road	Akron	Diebold Nixdorf Inc/ ICP LLC	240,918	\$7.4M / \$31
2824 Woodlawn Avenue	Akron	McAfee Tool & Die/ Pegasus Holdings Ltd	46,132	\$3.1M / \$67
24441-24481 Detroit Road	West	First Federal of Lakewood/ RL Westlake, LLC	37,018	\$3.0M / \$80
50 Executive Parkway	Akron	Stumpy Basin Partners LLC/ Diebold Nixdorf Inc	70,000	\$2.7M / \$38
734 Alpha Drive	Northeast	FourPenn Partners LLC/ Metropolitan Veterinary Associations	38,350	\$2.0M / \$52

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