

Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
3.8% Vacancy Rate	▼	▼
541K YTD Net Absorption, SF	▼	▲
\$4.24 Asking Rent, PSF	—	—

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.0M Cleveland Employment	▼	▲
6.2% Cleveland Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS

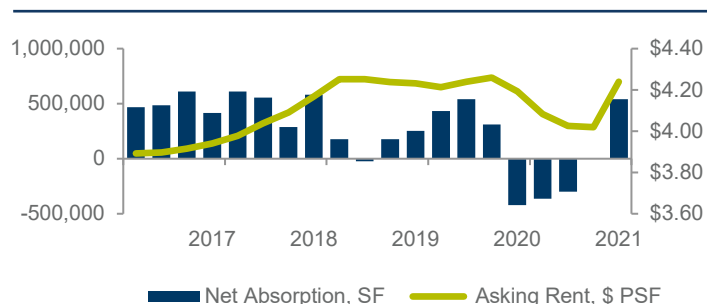
ECONOMY: Improved outlook leads to more capital spending

The pace of business activity accelerated in recent weeks, and the pickup appeared widespread across Northeast Ohio and by industry segments. Businesses are suggesting that additional government stimulus and progress in the fight against the COVID-19 pandemic were the key factors supporting the recent improvement in current conditions. Those same factors were cited as leading to a decidedly more optimistic outlook for demand moving forward. The improved outlook likely contributed to an increase in capital spending plans as some firms appeared more willing to move forward with projects that had been delayed as a result of uncertainty surrounding the pandemic and its effect on demand. More companies also appeared ready to increase staffing, although their plans to do so were often constrained by a lack of qualified applicants for open positions. These labor constraints contributed to supply chain disruptions such as shortages of key inputs and freight and shipping delays.

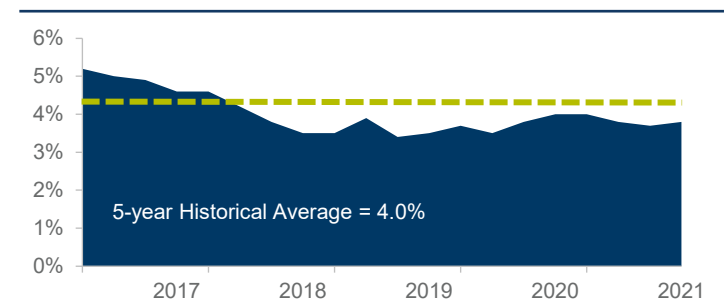
MARKET OVERVIEW: Leasing activity continued at a rapid pace

Investment sales in Q1 2021 saw 20 transactions totaling 2.3 million square feet (msf). Northeast Ohio, like most markets, continues to see cap rate compression. Scannell Properties sold a 145,200-sf building leased to Amazon in the Southeast submarket for \$46.8 million (\$322 per square foot (psf) representing a low 5% cap rate. Grey Fox Capital and Babcock & Wilcox entered into a sale/leaseback arrangement on a 117,090-sf manufacturing building in Copley for \$4.0 million (\$34 psf). User sale activity remained steady in the first quarter of 2021 in spite of the lack of inventory. As a result of limited new for sale options, the market is experiencing shorter marketing times, multiple bid situations and an increase in off-market transactions. Great Lakes Cold Storage sold a 210,000-sf freezer / cooler complex in Solon to Lineage Logistics for \$26 million (\$124 psf) and Discount Fence Supply acquired a 74,510-sf building from Russell Equipment Company in Twinsburg for \$4.2 million (\$56 psf). The market vacancy rate increased slightly from 3.7% at the end of Q4 2020 to 3.8% at the end of Q1 2021. This is primarily attributed to a former mall (Akron) and power center (Garfield Hts.) being acquired Industrial Commercial Properties for redevelopment into new business parks along with a 483,855 sf Royal Appliance sublease in Solon and a 368,000 sf Best Buy warehouse in Streetsboro becoming available. Leasing activity in Q1 2021 continued at a rapid pace with 97 new leases totaling 2.4 msf and 28 renewals totaling 637,069 sf. Notable new leases include Athersys Inc. leasing a 213,687 sf for 10 years at a Ray Fogg spec project on Seasons Road in Stow and Woodpeckers, a manufacturer of precision woodworking tools, leased 79,203 sf in Strongsville in a Scannell Properties speculative building on Foltz Parkway. There are currently 24 projects under construction of which five are speculative projects totaling 752,576 sf and nineteen build-to-suit projects totaling 2.45 msf. Projects under construction include a new 739,000-sf Best Buy DC in Richfield, a 113,000-sf addition for Tremco Sealants in Cleveland, a new 198,000-sf facility for the Greater Cleveland Food Bank and 150,000-sf Phase II of Sapphire Corporate Center in Middleburg Hts.

NET ABSORPTION / ASKING RENT



OVERALL VACANCY RATE



MARKETBEAT CLEVELAND



Industrial Q1 2021

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASE ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD DIRECT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT WEIGHTED AVERAGE NET RENTAL RATE *
Downtown	1,568	51,194,218	39,625	413,367	4.4%	-72,318	-72,318	0	0	\$3.22
East	1,077	46,006,072	111,664	68,312	3.8%	-36,518	-36,518	365,576	0	\$4.25
Lake County	1,482	43,147,841	33,023	85,494	2.7%	184,394	160,684	297,500	0	\$4.71
South	667	30,209,116	375,581	10,000	4.4%	-79,595	-117,965	40,000	0	\$5.38
Southeast	1,628	83,049,598	541,516	438,983	5.6%	56,238	-470,412	545,750	0	\$4.07
Southwest	1,222	54,741,931	571,173	14,080	5.7%	-69,943	-69,943	737,407	0	\$4.99
West	1,286	50,772,341	500,002	169,201	2.2%	766,185	766,185	423,000	15,000	\$4.41
Akron	2,063	70,830,441	645,991	127,948	3.0%	-108,167	-129,667	755,000	0	\$4.44
Medina County	639	22,639,276	73,944	36,015	2.0%	16,381	16,381	0	0	\$3.98
Portage County	441	12,011,811	4,530	38,353	4.1%	-21,550	-21,550	0	0	\$3.66
Stark County	1,339	50,188,070	144,530	207,080	2.0%	516,854	516,854	41,000	0	\$3.34
CLEVELAND TOTALS	13,412	514,790,715	3,041,579	1,608,833	3.8%	1,151,961	541,731	3,205,233	15,000	\$4.24

	TOTAL BUILDINGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	OVERALL VACANCY RATE	YTD DIRECT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	DIRECT WEIGHTED AVERAGE NET RENTAL RATE *
Industrial including W/D and MF	12,392	486,101,435	2,743,787	3.7%	1,162,655	577,425	2,848,907	3,166,379	\$3.98
Office Service / Flex	1,020	28,689,280	297,792	4.4%	-10,694	-35,694	0	12,150	\$8.12

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4930 Scarlet Lane	Akron	Athersys, Inc.	213,687	New
5953 Baumhart Road	West	Trademark Global	213,000	New (Expansion)
Seasons Road	Akron	Veritiv Corp.	200,000	New
6551 Grant Avenue	South	Quala, a Cleaner Company	125,445	Renewal (Expansion)

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
24800 Miles Road (Amazon)	Southeast	Scannell Properties / Mirae Asset Global	145,200	\$46.8M / \$322
6531 Cochran Road	Southeast	Great Lakes Cold Storage / Lineage Logistics	210,000	\$26M / \$124
801 Canterbury Road	West	Industrial Realty Group / Roger Miles Trust	62,504	\$5.7M / \$91
8500 Hadden Road	Southeast	Russell Equipment Co. / Discount Fence Supply	74,510	\$4.2M / \$56

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