

MARKETBEAT CLEVELAND

Office Q1 2022



	YoY Chg	12-Mo. Forecast
6.8% Vacancy Rate	▲	▼
153K Net Absorption, SF	▼	▼
\$19.14 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
1M Cleveland Employment	▲	▲
5.3% Cleveland Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY:

According to the U.S. Bureau of Labor and Statistics, Cleveland's economic conditions have improved. Along with the U.S. unemployment rate, Cleveland has also seen a slight decrease. We are seeing steady job growth and it is predicted to continually improve.

FUNDAMENTALS:

Cleveland's eastern submarket continues to perform strongly and ranked #1 in Q1 2022 as far as its 1.5% vacancy rate. For the absorption rate, the eastern market gained a staggering 63,315 square feet (sf) of space.

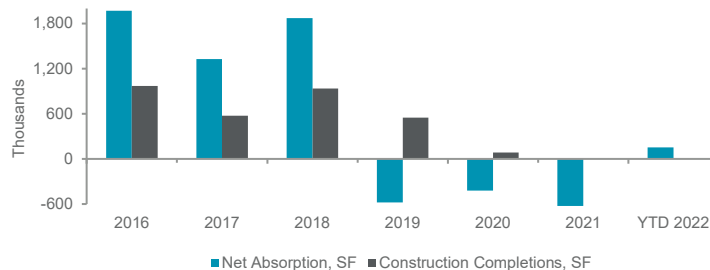
CBD: Office Market Vacancies Recovering as Obsolete Space is Removed from Market

Even considering Cleveland's weak economic indicators, the market continues to slowly recover on the heels of the pandemic. As obsolete office space is converted into apartments, we are beginning to see office vacancies decrease in the Central Business District (CBD), which has led to healthy office lease activity.

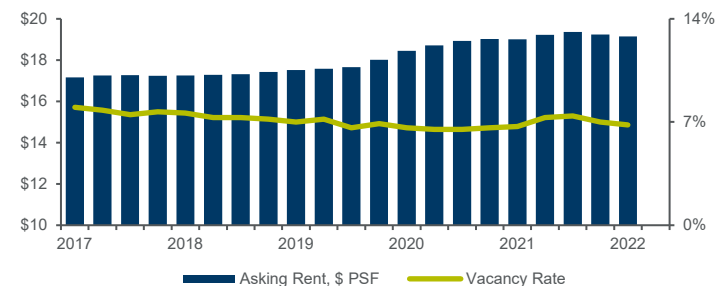
CHANGE IN OWNERSHIP: Notable Deal Inked

A notable example of vacancies declining because of redevelopment, this quarter saw a significant sale at 45 Erieview Plaza in the CBD for \$21,250,000 (\$43/per square feet (psf)). After sitting largely vacant for the past two years, the 16-story building is slated to convert to a "live-work" apartment complex, featuring 368 units, a gym, and an outdoor pool. The lower floors will include some retail and office opportunities.

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	30,774,432	90,034	2,719,339	9.1%	(72,720)	(72,720)	176,795	1,003,000	\$20.85	\$22.03
Akron	27,513,470	366,080	1,613,383	7.2%	147,718	147,718	39,527	171,234	\$18.86	\$21.45
Chagrin, East & Lander	14,752,488	9,725	784,041	5.4%	115,236	115,236	58,418	50,000	\$22.25	\$22.03
Stark County	13,459,718	36,276	752,563	5.9%	(2,226)	(2,226)	39,706	-	\$15.12	\$17.41
Rockside & South	9,661,580	39,053	1,164,359	12.5%	(86,854)	(86,854)	94,208	725,000	\$19.55	\$22.40
West	9,939,625	11,837	542,508	5.6%	30,014	30,014	12,527	-	\$19.24	\$20.29
Southwest	9,719,467	912	673,007	6.9%	106,997	106,997	17,215	34,697	\$18.12	\$21.50
Northeast & Lake County	9,497,845	4,600	391,067	4.2%	19,205	19,205	30,009	15,000	\$16.18	-
Midtown	7,704,073	0	196,095	2.5%	25,602	25,602	16,298	99,000	\$19.22	\$25.36
Lorain County	6,668,638	4,488	374,090	5.7%	(187,308)	(187,308)	4,748	70,940	\$18.23	\$22.52
Fairlawn & Montrose	4,228,319	0	313,559	7.4%	(5,069)	(5,069)	7,469	32,727	\$20.98	\$22.62
Portage & Geauga	4,377,302	1,000	157,459	3.6%	3,129	3,129	2,372	100,000	\$8.86	-
Southeast	3,689,543	8,600	221,168	6.2%	8,723	8,723	15,240	600,000	\$19.50	\$21.39
Medina	3,456,010	0	124,276	3.6%	50,187	50,187	2,937	40,970	\$13.22	\$12.00
CLEVELAND TOTALS	155,442,510	572,605	10,026,914	6.8%	152,634	152,634	517,469	3,004,468	\$19.14	\$21.45

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
200 Public Square	CBD	Reminger	58,568	Direct
1 American Boulevard, Suite 300	West	Palmer Holland	27,300	Direct
22700 Shore Center Drive	Northeast	Oakmont Education, LLC	20,907	Direct
5875 Landerbrook Drive	Chagrin, East & Lander	ORG Portfolio Management	17,772	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
45 Erieview Plaza	CBD	SOMERA ROAD-45 EAST 9 TH STREET LLC/ TWIN GL XX, LLC	496,040	\$21.2M / \$43
2429 Martin Luther King Jr Drive	East	KB CLEVELAND DIALYSIS DST/ MASSMUTUAL ASSET FINANCE LLC	31,365	\$14M / \$446
3601 Green Road	Chagrin, East & Lander	THE FAIRWAYS/ THE FAIRWAYS BUILDING, LLC	34,363	\$2.7M / \$80
180 E Main Street	Portage & Geauga	GENGHIS PROPERTIES LLC/ ACORN AT KENT LLC	15,500	\$2.04M / \$132

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