

YoY Chg 12-Mo. Forecast

3.4%
Vacancy Rate

280K
Net Absorption, SF

\$4.74
Asking Rent, PSF

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

1.05M
Cleveland Employment

5.3%
Cleveland Unemployment Rate

3.6%
U.S. Unemployment Rate

Source: BLS

ECONOMY: Mixed results due to rising interest rates, material costs and the war in Ukraine

Business activity in the region continued to increase at a modest pace in recent weeks. Demand has seen mixed results as some businesses are seeing an increase as concerns over the latest COVID wave has slowed and other are seeing a slow down due to rising prices. Lenders reported that the higher interest rates pulled forward demand for new mortgage originations while refinance activity has slowed. Labor constraints and supply disruptions still hamper companies ability to meet the demand for goods. While the war in Ukraine has not yet had a material impact on current demand for goods and services, it has caused another layer of complexity to supply chain challenges and created uncertainty for demand in the future. Energy, metals and agricultural commodities will be most impacted.

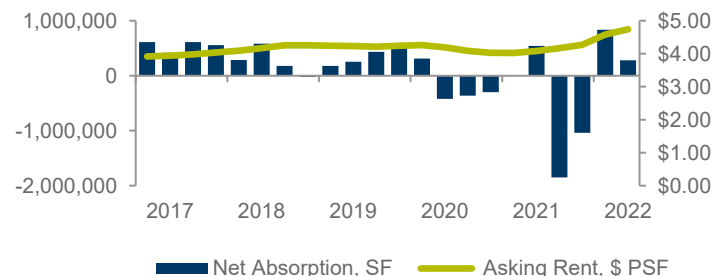
MARKET ACTIVITY: Lease Rates and Activity Uptick

The direct weighted triple net (NNN) asking rental rate increased 12% year-over-year (YOY) from \$4.24 per square foot (psf) to \$4.74 psf. Leasing activity saw 91 new lease deals and 25 renewals totaling 3.5 million square feet (msf) representing a 13.5% increase over the same time period. The first quarter 2022 saw 58 user sales totaling 1.6 msf and 20 investor sales totaling 1.9 msf which is consistent with the same period 2021. The most notable investment sale was 5520 Chevrolet Blvd., a 525,000-sf building located in Parma that was leased to the US Postal Service and Hearn Industrial and sold for \$34 million (\$65 psf). The largest user sale was the acquisition of an 127,224-sf building located at 9797 Sweet Valley Dr. in Valley View by R.L. Lipton for \$10.5 million (\$83 psf).

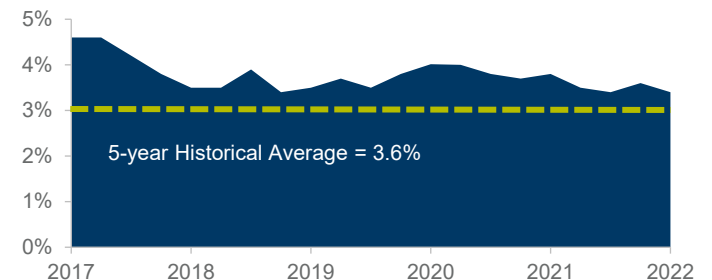
NEW INDUSTRIAL CONSTRUCTION: 2022 Deliveries to set recent historic mark

There are currently 26 projects either completed or under construction totaling 6.1 msf with more in the pipeline. In Northeast Ohio, 2022 is expected to set a record for new industrial construction completions. Over half of the projects are in excess 200,000 sf. Seven of the projects are speculative buildings totaling a combined 1.7 msf. The average size is 243,395 sf, which is an increase over the typical 100,000 to 150,000 sf seen in the past. When the speculative construction boom started in 2016, rental rates were averaging \$5.50 psf NNN. Today, the going rate is \$6.75 psf NNN – about a 22% increase. The most active developers in the market have been Scannell Properties, Westminster Capital, Ray Fogg Corporate Properties, Stonemont Financial, Geis Companies, Premier Development, Geis Companies and Independence Construction, a DiGeronimo Company. A couple notable projects under construction include: LG Chem constructing a 207,750-sf compounding and technical center in Ravenna, Interstate McBee constructing a 210,00-sf corporate headquarters and warehouse building in Oakwood Village and CSA America Testing & Certification constructing a new 40,000-sf consumer products certification testing laboratory in Independence.

NET ABSORPTION / ASKING RENT



OVERALL VACANCY RATE



MARKET STATISTICS

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	1,573	50,909,194	274,254	55,340	4.9%	-136,534	7,066	50,000	0	\$3.53
East	1,088	46,146,791	42,372	19,869	2.3%	-64,237	-83,618	198,000	0	\$4.27
Lake County	1,491	43,314,665	300,638	117,672	3.1%	233,282	272,082	0	0	\$4.75
South	670	30,920,747	574,123	127,224	3.7%	232,380	233,538	345,000	0	\$6.34
Southeast	1,627	83,665,450	638,836	239,769	6.8%	-251,669	-358,004	918,100	61,750	\$4.11
Southwest	1,235	53,880,676	495,135	158,719	2.7%	45,121	75,121	932,018	0	\$5.31
West	1,299	51,148,199	118,871	302,808	1.9%	31,801	31,801	130,000	0	\$4.25
Akron	2,081	71,398,630	904,706	348,857	2.6%	-30,071	-30,071	50,000	0	\$5.63
Medina County	639	23,062,970	86,505	66,358	1.2%	53,329	53,329	300,000	0	\$4.49
Portage County	444	12,011,883	0	0	3.0%	-3,905	38,714	0	65,000	\$8.76
Stark County	1,357	50,568,550	17,040	140,066	1.3%	40,015	40,015	2,140,000	0	\$4.54
CLEVELAND TOTALS	13,504	517,027,755	3,452,480	1,576,682	3.4%	149,512	279,973	5,518,118	126,750	\$4.74

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

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5585 Canal Road	South	Amazon	300,000	Warehouse
150 Loomis Parkway	Portage County	Lighter Than Air	267,741	Warehouse
1204 Massillon Road	Akron	Boston Group	224,856	Warehouse
2000 Brittain Road	Akron	Driverge Vehicle	150,000	Warehouse
38585 Jet Center Place	Lake County	Lincoln Electric	130,000	Warehouse
1214 Marquette Street	Downtown	Sandvik Group	127,050	Warehouse

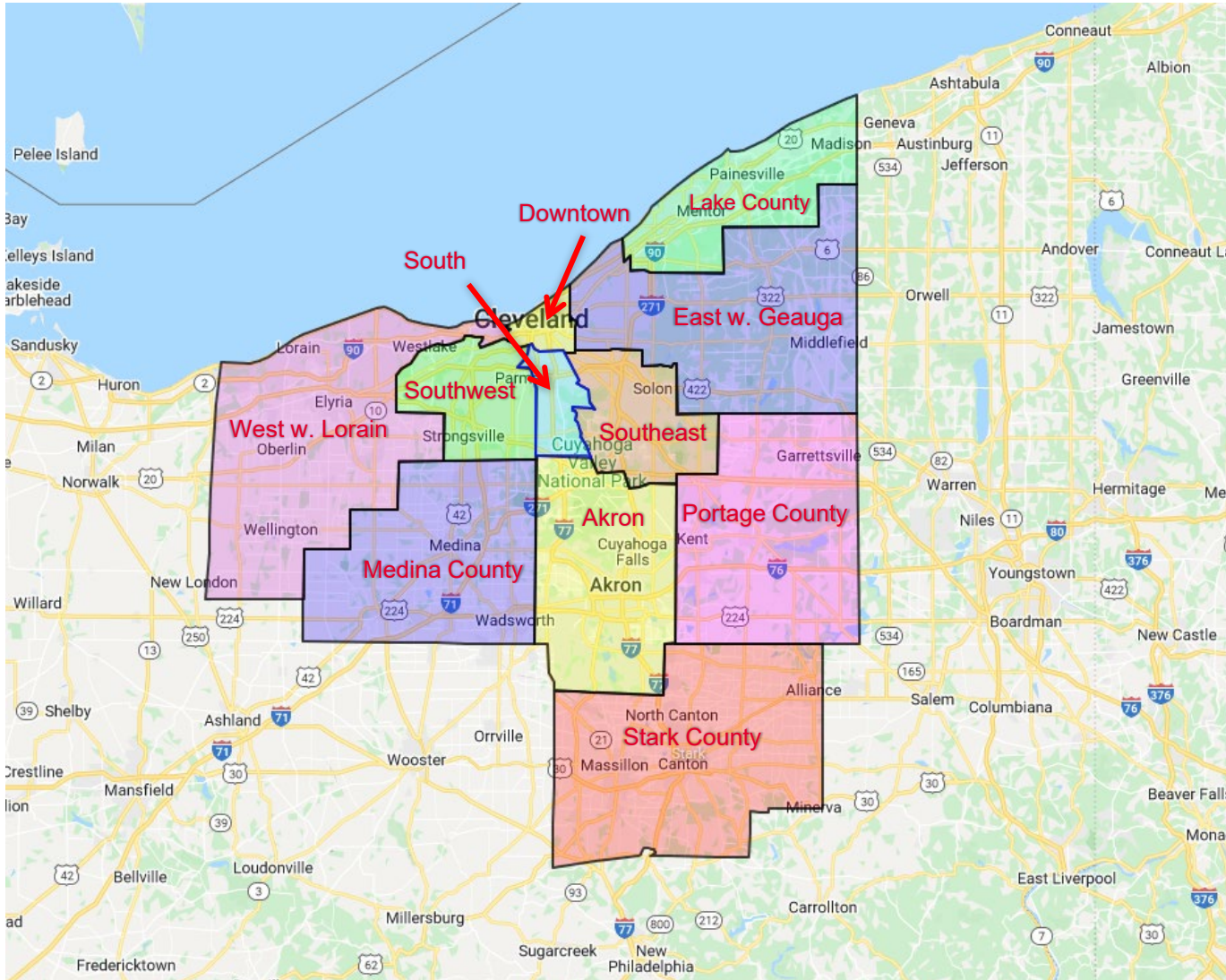
KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5520 Chevrolet Boulevard	Southwest	ICP, LLC / American Postal Infrastructure	525,000	\$34M / \$65
9797 Sweet Valley Drive	South	Sweet Valley Co. / R.L. Lipton	127,224	\$10.5M / \$83
4753 Allen Drive	Akron	Centimark / DHL	102,000	\$8.46M / \$83
26400 Richmond Road	Southeast	Jorgensen Steel / Jade Steel Group & ICP, LLC	180,501	\$5.41M / \$30

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
9450 Rosemont Drive	Southeast	The Simplay 3 Company	61,750	Premier Development Partners
257 International Drive	Portage County	Hamrick Packaging Solutions	65,000	Campbell Construction

INDUSTRIAL SUBMARKETS



George J. Pofok, CCIM, SIOR

Principal

Tel: +1 216 525 1469

gpofok@crescorealestate.com

Cole Sorenson

Associate

Tel: +1 216 525 1470

csorenson@crescorealestate.com

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