

	YoY Chg	12-Mo. Forecast
2.9% Vacancy Rate	▼	▬
219K YTD Overall Net Absorption	▼	▬
\$5.27 Asking Rent, PSF	▲	▲

Direct, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
1.1M Cleveland Employment	▲	▲
4.3% Cleveland Unemployment Rate	▼	▲
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: Hiring has Slowed, Business Spending Mostly Flat

Since the fourth quarter 2022, the region has experienced generally flat aggregate economic activity, though conditions vary by industry segment. Consumer spending remained soft and business spending was mostly flat. Concerns about developments in the banking industry reportedly had limited impact on business activity, though a small share of businesses reported a modest decrease in credit availability. However, many businesses indicated that these developments had increased uncertainty. Hiring slowed as company demand for additional workers eased and as a larger share of companies sought to reduce headcount. Labor availability appeared to increase, particularly for those seeking to fill lower-wage positions. Wage and other nonlabor input cost pressures continued to trend lower, while price pressures eased from those of last year.

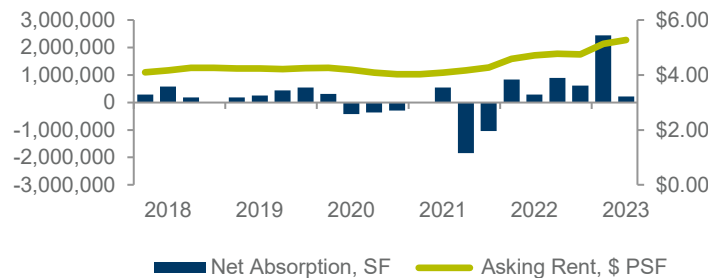
MARKET ACTIVITY: Record Low Vacancy Rates, Large Blocks Of Space Diminishing

For the first time in Northeast Ohio history, the vacancy rate has dipped below 3.0% ending Q1 at 2.9%. Vacancy rates are expected to hover just under 3.0% for the foreseeable future due to a combination of high industrial demand, a lack of speculative construction along with a lack of space available for lease and/or for sale. Leasing activity has continued to maintain its strong pace with 124 deals completed totaling 2.9 million square feet (msf). This included seven deals over 100,000 SF totaling 1.0 msf and 100 deals under 20,000 SF totaling 737,455 square feet (sf) with an average deal size of 7,375 sf. Notable leases included Victory Packaging making the move from 1000 Keystone Parkway to the Forward Innovation Center located at 18300 Snow Road leasing 221,000 sf on a long-term deal and Faber-Castell signing a deal for 143,000 SF to relocate it's US headquarters from Valley View to 9000 Rio Nero Drive in Independence. User sales activity was off to a slow start due to the lack of available product with only 55 sales totaling 900,667 sf during Q1. This was an average deal size of 16,376 sf and represents the lowest square footage transferred since 4Q19. Investor activity was moderate with 18 deals totaling 1.2 msf with a sale-leaseback between Associated Materials and Spirit Realty LP of two facilities in Akron and Cuyahoga Falls accounting for 676,600 sf of the total.

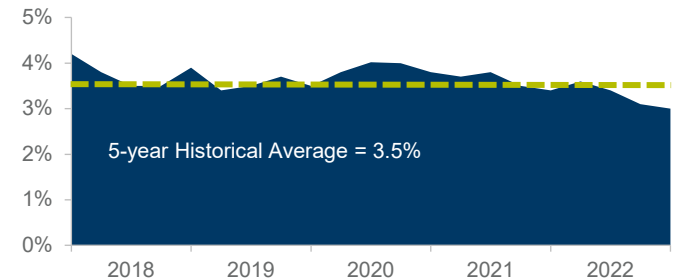
NEW INDUSTRIAL CONSTRUCTION: Strong Start To The Year

Six new buildings delivered, totaling 885,010 sf in Q1, with another 4.2 msf under development. Key completions included a 254,000-sf speculative build by Fogg in Stow, their sixth project at the Seasons Road exit, and the 131,410-sf build-to-suit for Ashley Furniture on Lena Drive in Aurora. There has been a sharp increase in the size of the new builds in Northeast Ohio over the last decade. From 2007-2018, the average new building size was approximately 83,000 sf versus the 141,000 sf average size from 2019-2023. With the shifting changes in distribution and logistics this is expected to continue.

NET ABSORPTION / DIRECTASKING 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	1,576	51,128,566	11,325	111,000	2.5%	41,003	41,003	156,775	0	\$4.66
East	1,091	45,011,000	146,742	38,842	3.1%	-1,082	-1,082	0	0	\$5.51
Lake County	1,495	44,772,379	12,639	12,000	2.4%	-187,567	-187,567	222,380	0	\$5.35
South	667	30,715,614	262,439	52,400	3.0%	42,098	42,098	300,000	0	\$5.83
Southeast	1,639	84,823,327	867,862	214,515	5.6%	-6,182	208,688	1,251,300	131,410	\$5.74
Southwest	1,242	54,556,724	569,249	91,433	2.2%	258,626	193,626	75,000	5,000	\$5.64
West	1,313	50,696,270	169,135	88,787	2.2%	-132,074	-129,074	187,000	0	\$5.91
Akron	2,093	73,976,216	504,285	214,307	3.5%	-4,209	-17,059	169,538	484,000	\$5.29
Medina County	645	23,240,184	24,075	279,023	2.3%	-6,626	-6,626	170,000	0	\$4.98
Portage County	447	12,409,832	24,470	31,300	1.0%	-45,300	-45,300	1,373,686	0	\$5.35
Stark County	1,373	51,988,886	142,304	38,479	0.9%	120,371	120,371	250,000	264,600	\$4.58
CLEVELAND TOTALS	13,581	523,547,998	2,734,525	900,667	2.9%	93,658	219,078	4,155,679	885,010	\$5.27

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

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
18300 Snow Road	Southwest	Victory Packaging	221,000	Warehouse
5402-5480 Naiman Parkway	Southeast	Enerco / Mr.Heater	175,167	Warehouse
3801 Harmont Avenue	Stark County	M@C Discount	98,400	Warehouse
6474 Lorain Boulevard	West	HyperSport Industries, LLC	50,246	Warehouse

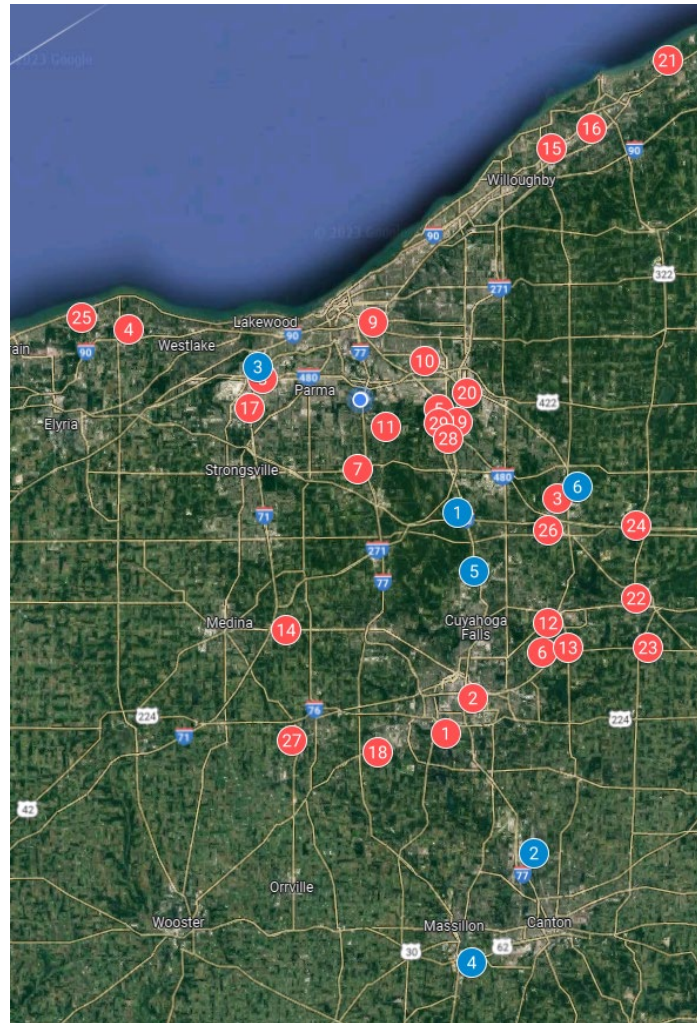
KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3773 State Road	Akron	Spirit Realty LP / Associated Materials LLC	647,000	\$55.96M / \$86.50 PSF
14600-14601 Industrial Parkway	Southwest	SCMI Ohio Property LLC / Wire Products Company, Inc.	124,508	\$4.39M / \$35.23 PSF
31387-31393 Industrial Parkway	Southwest	Spotlight Property Group LLC / Century Equities, Inc.	102,311	\$4.85M / \$47.40 PSF
10147 Brecksville Road	South	Thinair LLC / Premier Brecksville LLC	46,762	\$2.47M / \$52.93 PSF

KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
4847 Gray Lane	Akron	Speculative	254,474	Ray Fogg
51 East Hines Hill Road	Akron	Arhaus	230,000	Premier Development
334 Maple Street	Stark County	Diebold Nixdorf	180,000	Scannell Properties
335 Lena Drive	Portage County	Ashley Furniture	131,410	Geis Companies

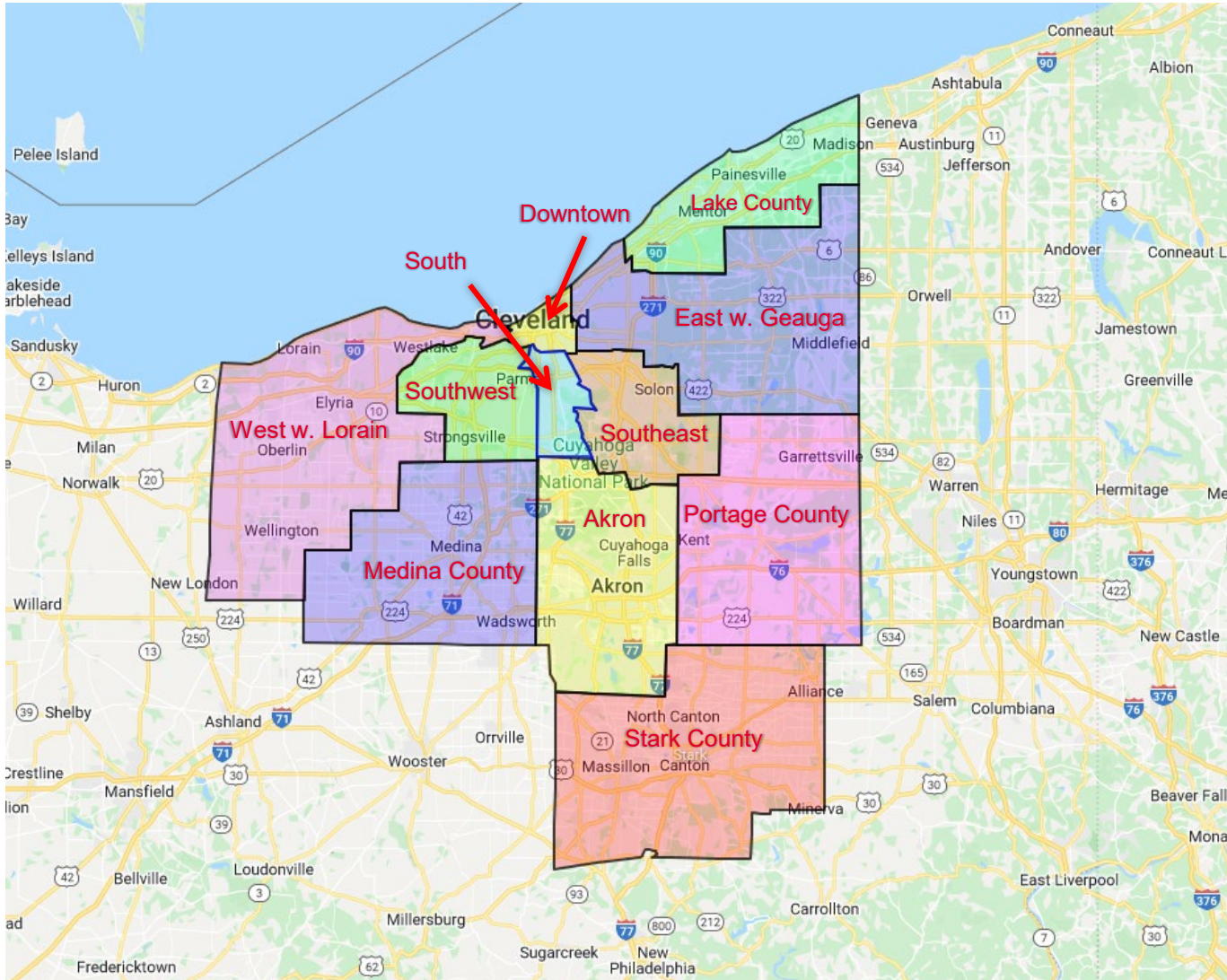
2023 INDUSTRIAL CONSTRUCTION OUTLOOK



COMPLETED		12	Renewable Lubricants Kent, Ohio 44240
1	Arhaus 51 East Hines Hill Road, Boston Heights, Ohio 44236	13	Apollo Heating & Cooling Kent, Ohio 44240
2	Diebold Nixdorf 334 Orchard Avenue, Canton, Ohio 44720	14	Nelsen Corporation 5151 Portside Drive, Medina, Ohio 44256
3	Perfecta Express 4539 Industrial Parkway, Cleveland, Ohio 44135	15	Rise Mentor 7840 Tyler Boulevard, Mentor, Ohio 44060
4	NAI Spring - Speculative 3410 Millennium Boulevard SE Massillon, Ohio 44646	16	Premier Development – Speculative 9525 Hamilton Drive, Mentor, Ohio 44060
5	Fogg - Speculative 4847 Gray Lane, Stow, Ohio 44224	17	Serpentini Collision Center 6679 Engle Road, Middleburg Heights, Ohio 44130
6	Ashley Furniture 335 Lena Drive, Aurora, Ohio 44202	18	Speculative Craned Building 5221 S Cleveland Massillon Road, Norton, Ohio 44203
UNDER CONSTRUCTION		19	Interstate-McBee 7400 Oak Leaf Road, Oakwood Village, Ohio 44146
1	Gardner Pie Co. 191 Logan Parkway, Akron, Ohio 44319	20	Kroger Foods 23163 Alexander Road, Oakwood Village, Ohio 44146
2	Fleet Fast 582 S. Arlington Street, Akron, OH 44306	21	Mastertech Diamond Products 3545 Lane Road Ext, Perry, Ohio 44081
3	K&M Tire Francis D. Kenneth Drive, Aurora, Ohio 44202	22	LG Chem 6800 North Chestnut Street, Ravenna, Ohio 44266
4	O.E. Meyer Co. Avon Commerce Parkway, Avon, Ohio 44011	23	Singleton Reels 4612 Lynn Road, Rootstown, Ohio 44266
5	Electrical Co. 200 Hemisphere Way, Bedford, Ohio 44146	24	Geis – Speculative 9575 State Route 44, Shalersville, Ohio 44255
6	Kenda Tire Maple Crest Parkway, Brimfield, Ohio 44240	25	Berkshire Refrigerated 620 Abbe Road N, Sheffield Village, Ohio 44054
7	Ohio CAT 3993 E Royalton Road, Broadview Heights, Ohio 44147	26	Aurora Plastics 9280 Jefferson Street, Streetsboro, Ohio 44241
8	Old Dominion Freight Line 15225 Industrial Parkway, Cleveland, Ohio 44135	27	ECS Tuning 1000 Seville Road, Wadsworth, Ohio 44281
9	Orlando Baking Co. 2777 East 75 th Street, Cleveland, Ohio 44104	28	Weston – Speculative 7845 Northfield Road, Walton Hills, Ohio 44146
10	Tremco 17316 Miles Avenue, Cleveland, OH 44128	29	NPK Construction Equipment 7550 Independence Drive, Walton Hills, Ohio 44146
11	DiGeronimo Companies - Speculative 9000 Rio Nero Drive, Independence, Ohio 44131		

= Speculative Buildings

INDUSTRIAL SUBMARKETS



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