

MARKETBEAT CLEVELAND

Office Q1 2024



YoY Chg 12-Mo. Forecast

10.9%

Vacancy Rate



58K

YTD Net Absorption, SF



\$19.60

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

1.1M

Cleveland Employment



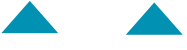
3.8%

Cleveland Unemployment Rate



3.8%

U.S. Unemployment Rate



Source: BLS

ECONOMY: Positive Net Absorption in Q1, Lower Overall Average Asking Rates

The overall average asking rental rate across all Cleveland office submarkets in Q1 was \$19.60 per square foot (psf), with the Central Business District (CBD) rates at \$19.99 psf. There was a notable decrease in overall average asking rates of \$0.15 as well as CBD asking rates, which dropped \$0.28 in comparison to Q4 2023. In Q1 2024, the CBD vacancy rate was at 12.6%, while the non-CBD rate stood at 10.3%. The overall office vacancy rate, currently at 10.9% across all submarkets, is likely to continue trending upward. Cleveland's office market experienced positive net absorption of 57,742 square feet (sf) in Q1 of 2024.

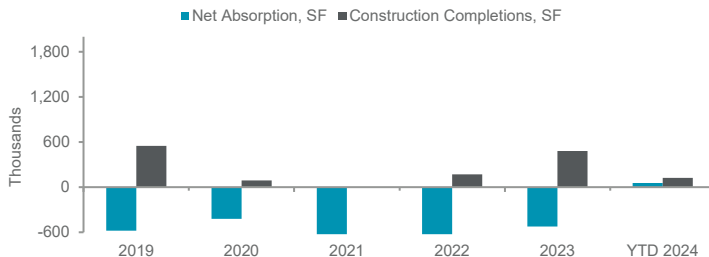
MARKET ACTIVITY: Modest Leasing Activity, Minimal New Construction Projects

In Q1, leasing activity reached 302,263 sf, which is 15% lower than Q4 2024. Leasing activity averaged 346,657 sf per quarter in 2023. Throughout 2024, leasing activity is expected to remain relatively consistent with these numbers. The Rockside & South Corridor saw the highest leasing activity across all submarkets for the quarter with 67,230 sf. The first quarter of 2024 saw over \$42 million in sales volume across 59 transactions at an average price of \$46 psf.

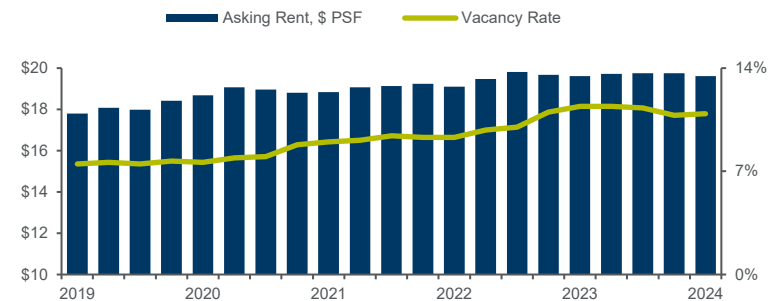
A notable long-term lease signed in the Midtown submarket was at 3711 Chester Avenue, CHN Housing Partners, who aims to preserve and expand the supply of critically needed affordable housing in the community will occupy 44,581 sf. Another key lease signing for the quarter was in the Northeast Submarket at 8160 Norton Parkway, The Cleveland Clinic Foundation will be moving into the remaining 10,443 sf in the Class A speculative new construction project in Mentor.

Currently, the Cleveland office market has 1,800,091 sf under construction. Minimal new construction projects seem to be coming online due to high construction costs and the ability for owner-users to buy existing office buildings at a discounted price post-COVID.

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	24,638,190	220,670	2,875,775	12.6%	-92,367	-92,367	23,328	1,003,000	\$19.99	\$20.46
Akron	13,596,936	256,260	959,519	8.9%	91,162	91,162	42,598	-	\$19.46	\$24.86
Chagrin, East & Lander	8,289,638	11,827	1,019,701	12.4%	-63,761	-63,761	32,573	23,846	\$22.53	\$23.61
Stark County	6,203,757	21,538	522,366	8.8%	-28,120	-28,120	8,201	-	\$16.73	\$20.78
Rockside & South	6,940,387	89,291	1,346,182	20.7%	-47,597	-47,597	67,230	600,000	\$19.66	\$23.04
West	6,124,644	16,569	599,133	10.1%	2	268,589	12,340	-	\$17.96	\$19.28
Southwest	5,097,816	9,407	583,052	11.6%	-29,016	-29,016	20,380	17,600	\$15.28	\$33.19
Northeast & Lake County	3,952,769	8,327	274,988	7.2%	-58,530	-58,530	27,507	-	\$18.06	\$34.77
Midtown	4,105,610	-	251,283	6.1%	2,141	2,141	4,676	-	\$21.01	\$24.86
Lorain County	2,493,924	-	78,676	3.2%	635	635	2,000	-	\$23.17	-
Fairlawn & Montrose	3,041,978	49,162	276,138	10.7%	-5,241	-5,241	17,355	-	\$20.19	\$21.88
Portage & Geauga	2,076,435	-	117,614	5.7%	5,925	5,925	980	135,645	\$17.37	-
Southeast	1,893,379	8,338	169,787	9.4%	10,186	10,186	26,833	-	\$18.11	\$21.30
Medina	1,500,494	-	37,289	2.5%	3,736	3,736	16,262	20,000	\$17.90	-
CLEVELAND TOTALS	89,955,957	691,389	9,111,503	10.9%	57,742	57,742	302,263	1,800,091	\$19.60	\$21.32

*Rental rates reflect full service asking *Statistics are based on 10,000 SF+ Multi-Tenant Office Buildings

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
6095 Parkland Boulevard	Chagrin, East, & Lander	Austin Building and Design Inc.	33,594	Renewal/Expansion
13201 Granger Road	Southeast	Beech Brook	14,054	New
600 Superior Avenue	CBD	RBC Capital Markets, LLC	12,187	Renewal
6000 Lombardo Center	Rockside & South	Yardi Systems Inc.	12,036	New

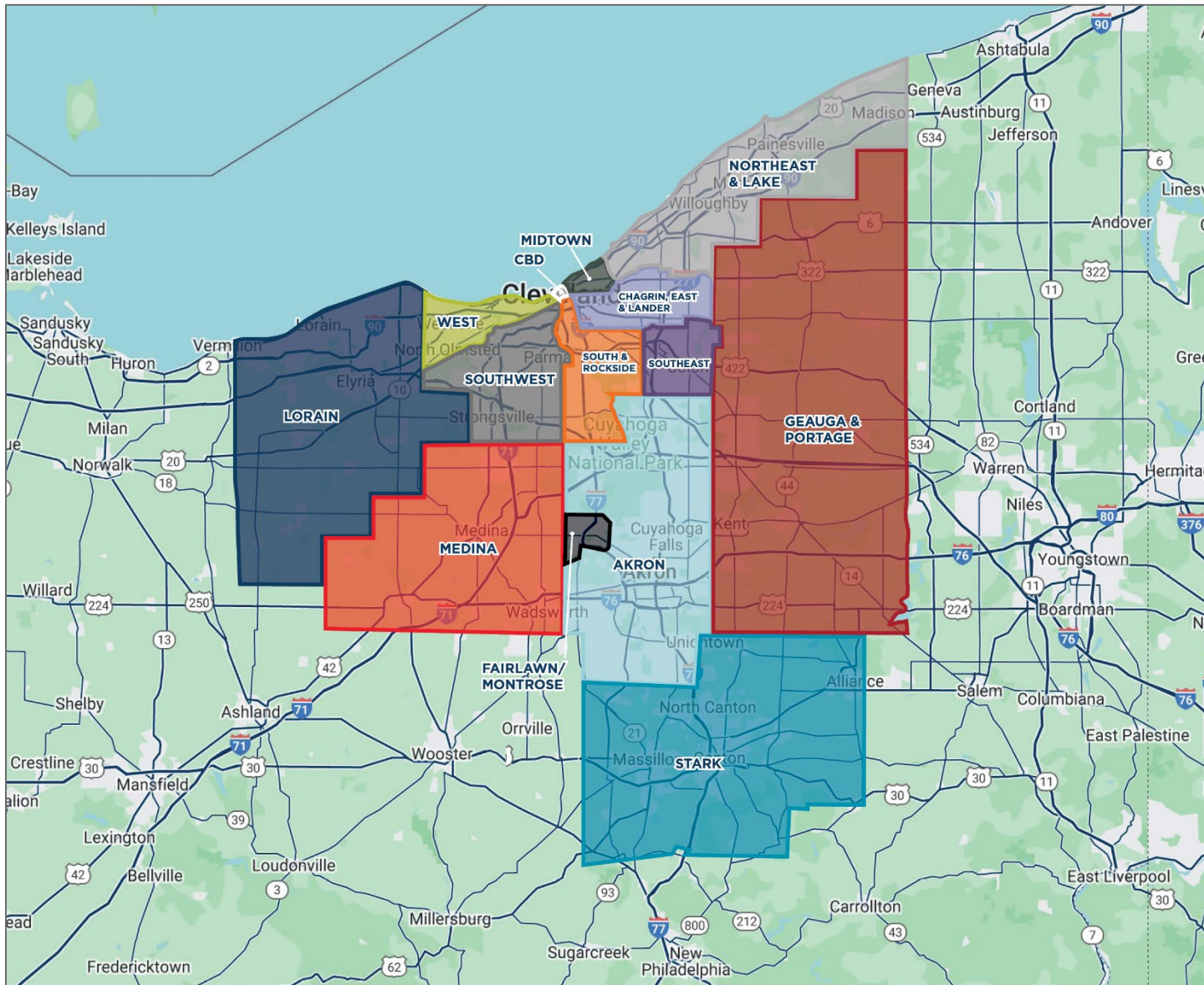
KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
6200 Oak Tree Boulevard	Rockside & South	JDI Oak Tree Holdings LLC / Oak Tree Executive Center LLC	224,943	\$15.51M / \$68.96 PSF
5778 Darrow Road	Akron	Germax Properties LLC / Wang Family Trust	16,352	\$3.03M / \$184.99 PSF
6150 Park Square Drive	Lorain	Bennington Investments LLC / 6150 Park Square LLC	14,500	\$1.34M / \$92.41 PSF
3628 Walnut Hills Road	Chagrin, East, & Lander	Walnut Colony LLC / Elevate Foot and Ankle	10,000	\$1.01M / \$101.00 PSF

CLEVELAND

Office Q1 2024

OFFICE SUBMARKETS



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