

# MARKETBEAT CLEVELAND

Office Q2 2024



YoY Chg 12-Mo. Forecast

**10.9%**  
Vacancy Rate

**-41K**  
YTD Net Absorption, SF

**\$19.49**  
Asking Rent, PSF

(Overall, All Property Classes)  
Note: Stats above are not reflective of U.S. Office MarketBeat Tables

## ECONOMIC INDICATORS Q2 2024

YoY Chg 12-Mo. Forecast

**1.1M**  
Cleveland Employment

**4.0%**  
Cleveland Unemployment Rate

**4.1%**  
U.S. Unemployment Rate

Source: BLS

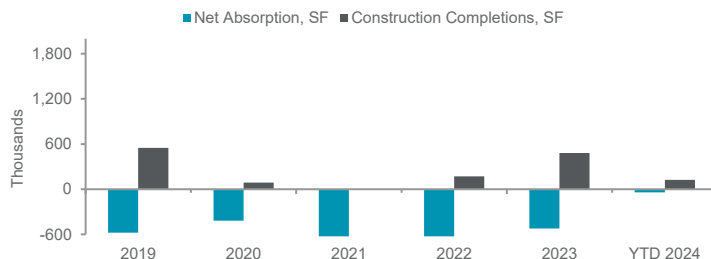
## ECONOMY: Positive Absorption in Q2, Asking Rental Rates to Remain Stable

The Cleveland office market showed some positive signs in Q2 2024. The overall average asking rental rate was \$19.49 per square foot (psf), with the Central Business District (CBD) at \$20.35 psf. There was a minor decrease of \$0.11 in average asking rates from the prior quarter. While there was a small decrease in average asking rental rates, the outlook on rental rates seems to be stable, especially in suburban markets where there is still demand for high-quality office space. The CBD vacancy rate was 12.0%, and the overall market vacancy rate was 10.9%. The market experienced positive net absorption of 150,983 square feet (sf), indicating positive leasing activity. Although year-to-date net absorption is -41,275 sf, the positive trend in Q2 suggests an improving outlook for the rest of the year.

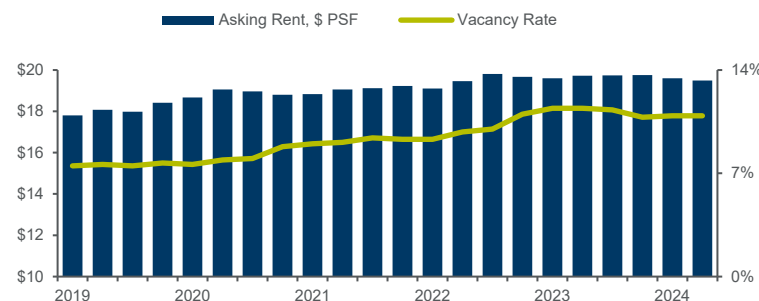
## MARKET ACTIVITY: Increased Sales Activity, 200 Public Square Sells at Steep Discount

Leasing activity in Q2 totaled 313,300 sf, a slight increase compared to Q1. Leasing activity averaged 346,657 sf per quarter in 2023, and we expect to be in line with this average by the end of 2024. The West submarket saw the highest leasing activity across all submarkets for the quarter with 65,288 sf. Sales volume increased significantly in the second quarter, totaling \$94.8 million across 85 transactions, nearly double that of Q1. The average sale price per square foot was \$52, and the average property size across all transactions was 22,500 sf. A notable sale in the CBD during the quarter was 200 Public Square, purchased by Namdar Realty Group for \$54 million. The parking garage was sold separately for \$31.25 million. This was a steep discount from its prior price tag of \$187 million in 2018, which included both the office tower and the garage. A notable sublease signed in the Akron submarket was at 1200 E Market Street, Old Republic National Title Insurance Company will occupy 21,744 sf. The Akron submarket had another key new lease signed at 4020 Kinross Lakes Parkway, Wanzl North America will be occupying 9,973 sf. These transactions show signs of positivity in a tough office market. Q2 saw an unchanged office under construction number of 1,800,091 sf due to minimal new projects coming online. As mentioned in Q1, high construction costs and the ability to buy some office properties at a discount have led to limited new projects.

## 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	24,666,197	247,924	2,717,713	12.0%	-12,144	-104,511	84,778	1,003,000	\$20.35	\$21.21
Akron	13,393,270	178,448	949,836	8.4%	85,655	176,817	88,190	-	\$19.38	\$19.77
Chagrin, East & Lander	8,295,096	67,335	911,441	11.8%	24,770	-38,991	71,020	23,846	\$21.74	\$23.50
Stark County	6,377,580	6,024	664,642	10.5%	30,661	2,541	29,071	-	\$15.81	\$23.61
Rockside & South	6,906,569	89,291	1,330,341	20.6%	62,040	14,443	93,621	600,000	\$19.81	\$22.96
West	6,130,696	31,138	481,602	8.4%	44,418	63,007	77,628	-	\$18.05	\$19.42
Southwest	5,084,168	16,627	715,510	14.4%	-23,333	-52,349	28,107	17,600	\$15.18	\$33.19
Northeast & Lake County	3,952,000	8,327	360,793	9.3%	-90,133	-148,663	42,669	-	\$17.41	\$30.89
Midtown	4,105,610	-	243,080	5.9%	12,296	14,437	8,656	-	\$21.64	\$24.86
Lorain County	2,462,181	-	63,239	2.6%	16,763	17,398	2,000	-	\$23.06	-
Fairlawn & Montrose	3,068,820	45,372	284,716	10.8%	9,512	4,271	30,206	-	\$20.17	\$21.66
Portage & Geauga	2,083,796	-	105,575	5.1%	4,149	10,074	6,968	135,645	\$16.38	-
Southeast	1,893,379	53,690	159,876	11.3%	-20,334	-10,148	34,878	-	\$18.48	\$19.13
Medina	1,516,774	-	38,493	2.5%	6,663	10,399	19,637	20,000	\$19.73	-
<b>CLEVELAND TOTALS</b>	<b>89,936,136</b>	<b>744,176</b>	<b>9,026,857</b>	<b>10.9%</b>	<b>150,983</b>	<b>-41,275</b>	<b>617,429</b>	<b>1,800,091</b>	<b>\$19.49</b>	<b>\$21.47</b>

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

Note: Revisions to stats after U.S. Office MarketBeat release

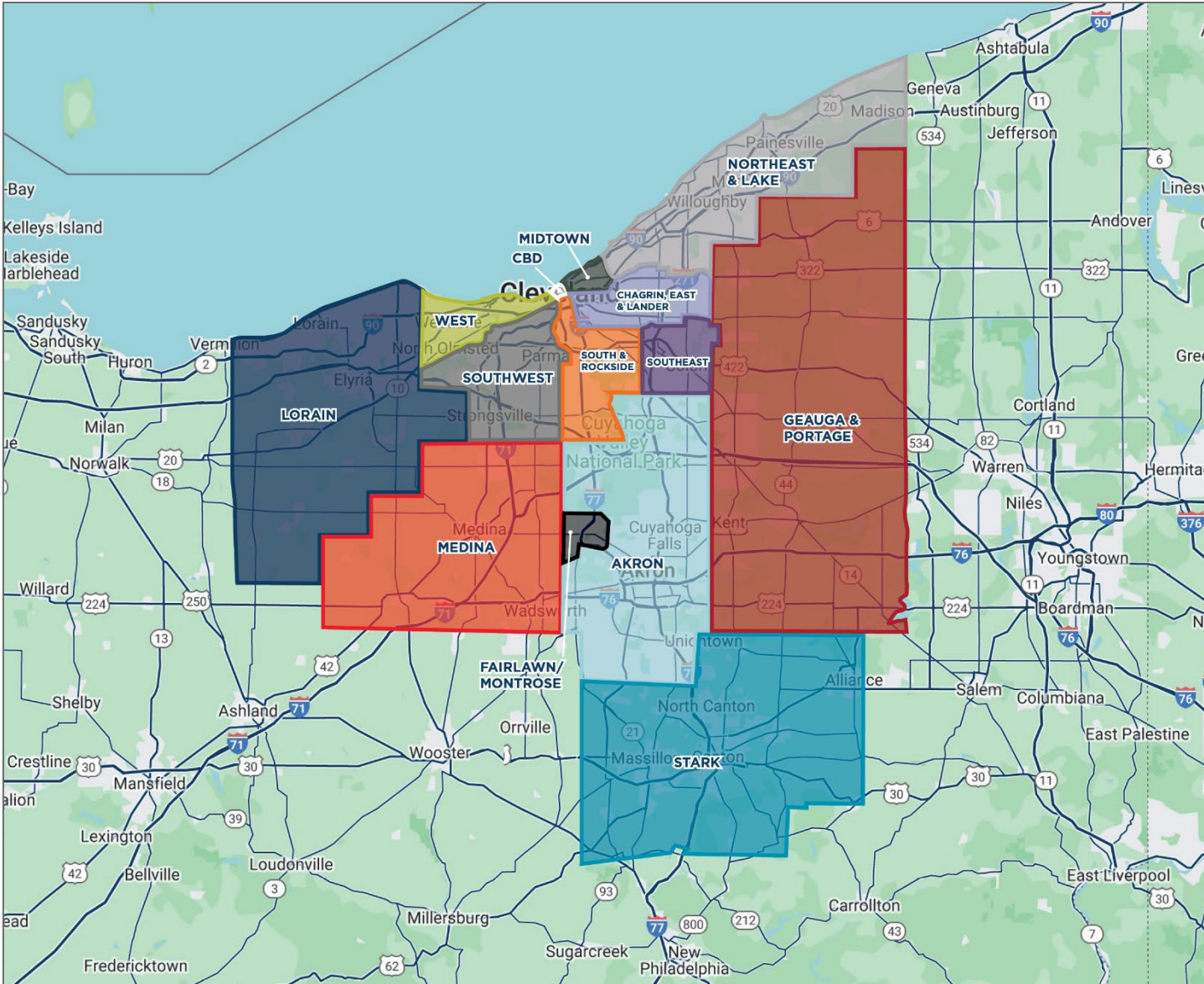
**KEY LEASE TRANSACTIONS Q2 2024**

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
1200 E. Market Street	Akron	Old Republic National Title	21,744	Sublease
1422 Euclid Avenue	CBD	DLR Group	12,187	New
1001 Lakeside Avenue	CBD	Dinsmore & Shohl LLP	11,898	Renewal
4020 Kinross Lakes Parkway	Akron	Wanzl North America	9,973	New

**KEY SALES TRANSACTIONS Q2 2024**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
23825 Commerce Park Road	East	23825 Commerce Park, LLC / Primrose School Franchising Company, LLC	18,210	\$2.3M / \$126.30 PSF
200 Public Square	CBD	DRA Advisors / Namdar Realty Group	1,287,001	\$54M / \$41.96 PSF
747 Alpha Drive North and South	Lake County	Progressive Insurance / Park Place Technologies	275,121	\$14.85M / \$49.96 PSF
1100 Graham Road	Akron	R.J. 93 Properties LLC / Caring For Kids Inc.	27,144	\$1.6M / \$58.94 PSF

## OFFICE SUBMARKETS



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