

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.3% Vacancy Rate	▲	▬
-29.7K YTD Net Absorption, SF	▲	▼
\$19.02 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.09M Cleveland Employment	▲	▼
4.0% Cleveland Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

MID YEAR MARKET OUTLOOK

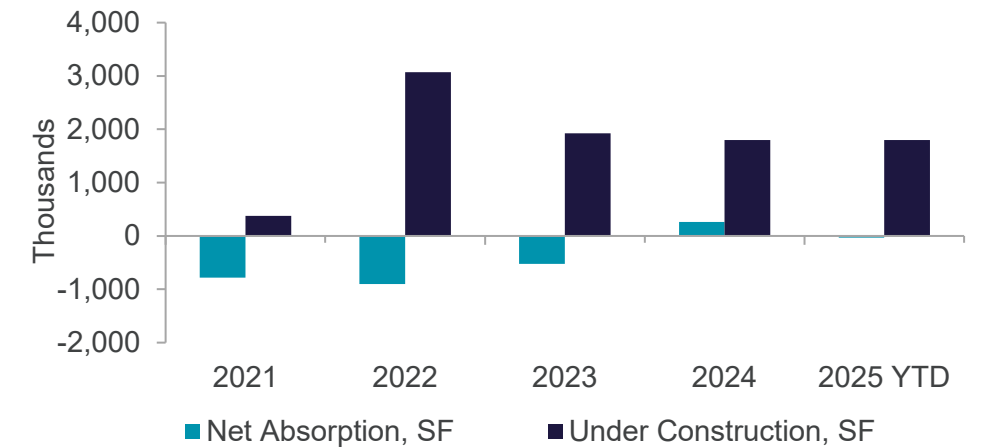
Cleveland's office market started the year at a relative high with both positive net absorption and a sub 11% vacancy rate in Q1, but this was short lived as the momentum did not carry over into Q2. The market showed a 50 basis point rise in vacancy to 11.3% which brought along a quarter of -253,158 square feet (sf) of net absorption, bringing the year-to-date total into the negatives at -29,775 sf. Additionally, the average asking rate declined by \$0.28, continuing a downward trend seen in four of the last five quarters since Q4 2023. This should not be anything to worry about though, because the market is closely mirroring what it was in Q2 2024, with a higher vacancy rate than the previous quarter and a negative net absorption. The good thing about this is that it is only halfway through the year in which leasing activity has already almost eclipsed one million square feet (msf) suggesting that this recent decline may only be temporary and spell a rebound in both Q3 and Q4, projecting a strong end of 2025.

LEASING ACTIVITY OUTPERFORMS YEAR OVER YEAR

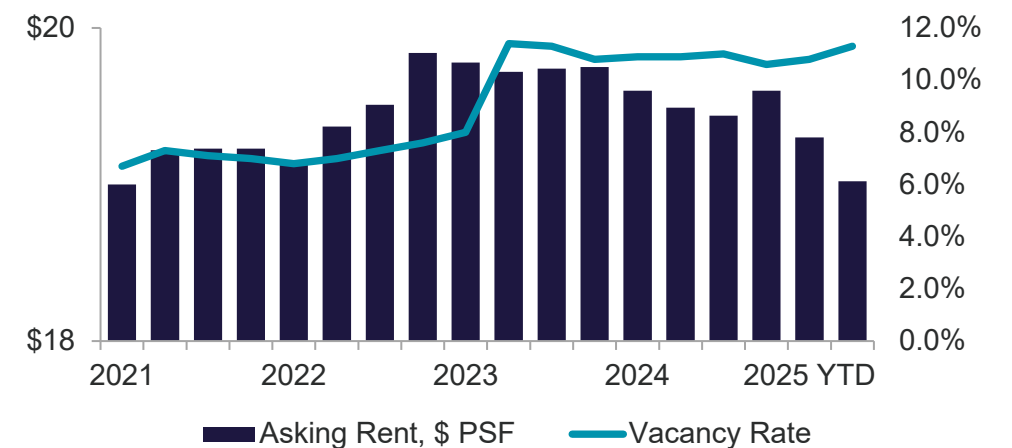
The Cleveland office market is nearing one msf leased in just the 2nd quarter of 2025, whereas this feat was barely eclipsed in the 3rd quarter of the previous year. This substantial amount of square footage leased was proctored in by 16 deals over 10,000 square feet (sf) in Q2 along with another 12 over 7,500 sf, making up just under half of the total square feet leased while only making up 10% of the deals for the quarter. The largest of those deals being a deal that saw Babcock & Wilcox's sublease 18,735 sf at 1200 E Market Street in Akron to Environmental Design Group. The second largest lease for the quarter was Bowen Architects renewing for 16,069 sf at 2019 Center Street, followed by KPMG leasing up 15,656 sf at 1500 W 3rd Street.

Although the leasing numbers were up, the sales side did not hold the same standards, that being only 80 deals were completed for 869,154 sf, almost half of what was produced last quarter even though more sales overall were completed in Q2. The most notable of the sales for Q2 was Progressive Insurance selling the 104,000 sf building at 6055 Parkland Boulevard to Time Equities Inc. for \$3.5 Million marking the move to consolidate into one headquarters in Mayfield underway.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	23,046,290	2,650,854	265,555	12.7%	-13,116	41,251	77,529	1,003,000	\$20.02	\$20.61
Akron	13,419,019	1,110,901	162,660	9.5%	-116,482	-89,748	183,503	-	\$18.90	\$21.07
Chagrin, East & Lander	8,562,661	1,004,482	8,932	11.8%	12,474	47,988	114,850	23,846	\$22.09	\$24.78
Rockside & South	6,895,913	1,414,814	101,451	22.0%	-133,454	-5,741	140,984	600,000	\$18.94	\$23.26
West	7,127,625	505,982	31,944	7.5%	-16,806	-99,307	106,918	-	\$17.27	\$19.23
Stark County	6,856,434	940,983	3,920	13.8%	29,431	-97,105	86,312	-	\$11.81	\$11.37
Southwest	5,155,519	585,278	13,076	11.6%	44,687	125,538	64,393	17,600	\$14.84	\$21.50
Midtown	4,685,062	331,520	22,990	7.6%	-14,369	130,924	3,466	-	\$22.37	\$26.70
Northeast & Lake County	4,524,931	347,922	5,652	7.8%	-36,949	-55,126	22,905	-	\$19.00	\$20.73
Fairlawn & Montrose	2,965,770	338,751	45,372	13.0%	-2,794	-8,544	6,259	-	\$20.14	\$21.41
Portage & Geauga	2,055,972	90,041	-	4.4%	12,312	-4,077	15,473	135,645	\$13.68	-
Lorain County	2,036,066	81,323	-	4.0%	-2,092	-1,285	9,982	-	\$19.54	-
Medina County	1,719,374	54,445	-	3.2%	-21,639	-25,648	24,123	20,000	\$22.53	-
Southeast	1,719,718	168,987	-	9.8%	5,639	11,105	42,800	-	\$20.94	\$20.93
CLEVELAND TOTALS	90,770,354	9,626,283	661,552	11.3%	-253,158	-29,775	899,497	1,800,091	\$19.02	\$21.43

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

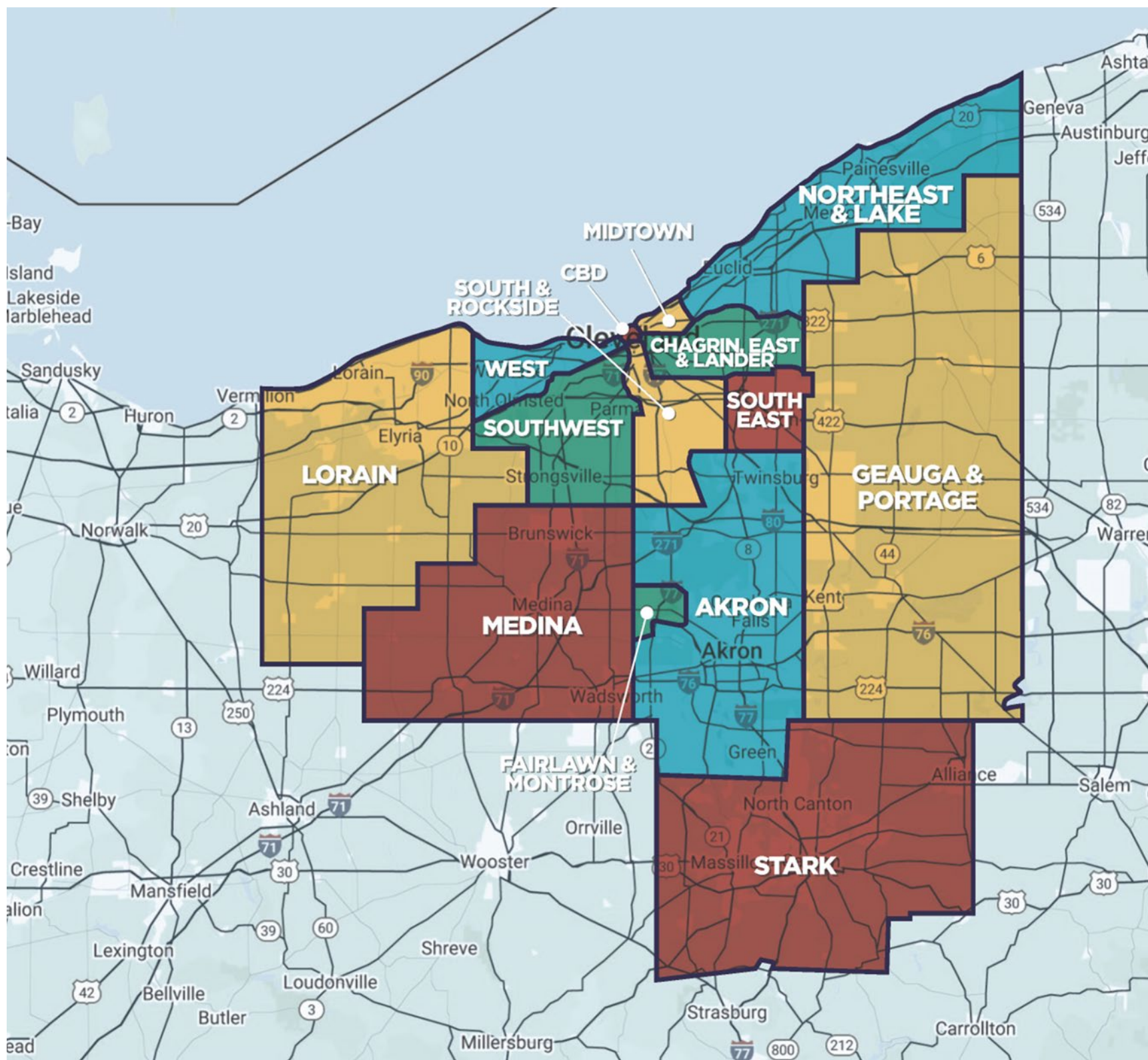
PROPERTY	SUBMARKET	TENANT	SF	TYPE
1200 E Market Street	Akron	Environmental Design Group	18,735	Sublease
2019 Center Street	West	Bowen Architects	16,069	Renewal*
1500 W 3 rd Street	CBD	KPMG	15,656	New
5806 Broadway Avenue	Chagrin, East & Lander	Regent High School	14,600	Renewal*
3466 Saint Rocco Court	West	Neighborhood Healthcare, Inc.	14,506	New

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
6055 Parkland Boulevard	Chagrin, East & Lander	Progressive Insurance / Time Equities	104,000	\$3.5M / \$33.65
274 White Pond Drive	Akron	Sikich / The Blick Center	35,047	\$6.8M / \$194.03
4518-4522 Fulton Drive NW	Stark County	Farmers National Bank	32,160	\$3.9M / \$121.46
8150 Sterling Court	Northeast	CT Consultants	29,910	\$6.33M / \$211.75
24300 Chagrin Boulevard	Chagrin, East & Lander	Gary Kutsikovich / Marylena Neides	25,282	\$2.1M / \$83.06

OFFICE SUBMARKETS



GEORGE POFOK, JR.
Research Analyst
 Tel: +1 216 232 4103
gpofokjr@crescorealestate.com

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