

MARKETBEAT CLEVELAND



Industrial Q2 2020

YoY
Chg

12-Mo.
Forecast

4.0%

Vacancy Rate



-1.2M

YTD Net Absorption, SF



\$3.92

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

YoY
Chg

12-Mo.
Forecast

901K

Cleveland
Employment



18.6%

Cleveland
Unemployment Rate



13.0%

U.S.
Unemployment Rate



Source: BLS

ECONOMY: Market growth continues

After declining sharply in March and April, the Northeast Ohio economy expanded sharply as some firms resumed business operations. Most industry segments reported a rebound in activity during the early phases of reopening, although many suggested that the pace of improvement slowed as the reopening progressed. Businesses generally expect activity to pick up further in the coming months, however some question the sustainability of the pace of recovery amid a spike in new COVID cases across the country along with weak new orders and declining backlogs in some key industries. More than 40 percent of companies cut capital spending plans since last quarter, while less than 10 percent planned to spend more. Companies indicated they were going to bring back idled workers slowly and are unlikely to rehire all of them in the near future.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

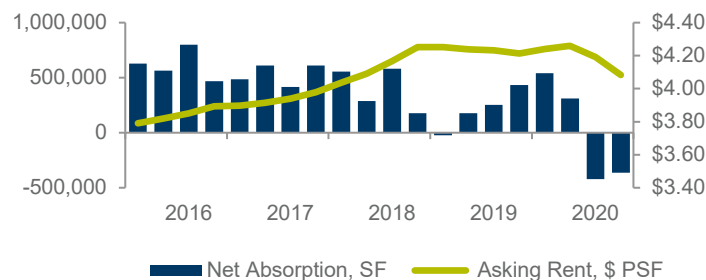
MARKET OVERVIEW: Vacancy Rate holds steady and New Construction Starts see slight uptick

The market vacancy rate held steady at 4.0% and is projected to decrease in the third quarter 2020 based upon the projected pipeline of activity. Direct net absorption recovered slightly from the significant negative absorption in the first quarter 2020. The market saw a positive 44,043 square feet (sf) of direct net absorption for the second quarter.

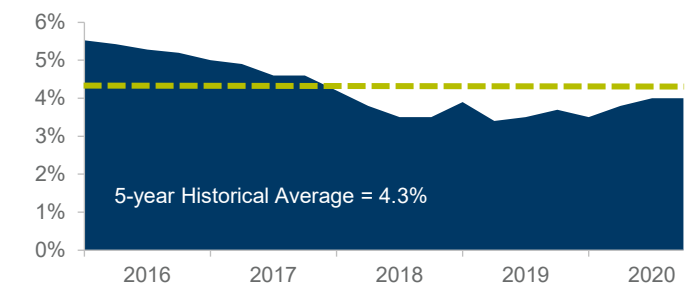
Construction completions in the second quarter 2020 totaled 849,383 sf bringing the total for 2020 to 1.4 msf. This was lead by the completion of an Amazon Distribution Center in Akron (695,383 sf). Bendix Commercial Vehicle Systems broke ground on their long anticipated new \$55 million, 200,000 sf headquarters. Geis Construction is the builder. CEIA USA, a manufacturer of metal detectors and security equipment broke ground on a new 225,000 sf facility to be located in the Hudson Crossings Business Park. This facility is being developed by Premier Development.

There were 52 user sales totaling 1.3 msf in the second quarter 2020. The most notable user sales 33625 Pin Oak Parkway, a 124,647-sf building located in Avon that was purchased by All-Pro Freight for \$3.97 million or \$32 per square foot (psf).

NET ABSORPTION / ASKING RENT



OVERALL VACANCY RATE



MARKETBEAT CLEVELAND



Industrial Q2 2020

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	1,564	51,274,063	91,665	214,987	2.7%	-115,329	-115,778	0	0	\$3.80
East	1,072	45,549,858	72,041	314,103	3.5%	-49,821	-49,821	290,000	205,400	\$3.70
Lake County	1,473	42,152,344	329,586	104,824	3.6%	-168,482	-195,482	0	50,000	\$4.73
South	661	29,645,306	357,973	119,516	3.3%	-106,247	-126,647	0	0	\$5.10
Southeast	1,622	82,670,843	1,177,352	1,012,326	6.6%	-812,828	-634,043	130,000	150,000	\$3.95
Southwest	1,217	54,580,192	485,394	186,651	5.5%	43,065	43,065	541,645	10,000	\$3.60
West	1,272	50,515,579	372,807	353,473	4.2%	297,637	295,330	199,000	0	\$4.31
Akron	2,059	70,293,013	89,510	324,898	3.3%	556,539	461,539	341,150	927,570	\$4.18
Medina County	638	22,610,081	131,346	16,457	1.2%	-51,905	-102,738	0	74,000	\$3.22
Portage County	438	11,995,632	79,204	86,061	4.0%	-133,782	-133,782	0	0	\$4.00
Stark County	1,321	48,915,377	209,864	163,605	2.8%	-625,146	-625,146	94,800	10,000	\$3.14
CLEVELAND TOTALS	13,337	510,202,288	1,130,388	2,885,901	4.0%	-1,166,299	-1,183,503	1,596,595	1,426,970	\$3.92

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

	TOTAL BUILDINGS	INVENTORY (SF)	YTD LEASING 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 *
Industrial including W/D and MF	12,331	481,744,175	2,836,679	4.0%	-1,322,940	-1,313,144	1,596,595	1,398,470	\$3.72
Office Service / Flex	995	28,458,113	560,063	4.2%	156,641	129,641	0	18,500	\$9.45

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
43500 Victory Parkway	Southeast	Amazon	434,000	New
10615 Madison Avenue	West	Amazon	168,750	New
10069 Wellman Road	Southeast	Bulten AB	150,000	New

George J. Pofok, SIOR, CCIM
 Senior Vice President
 +1 216 525 1469
gpofok@crescorealestate.com

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
33625 Pin Oak Parkway	West	Elyria Industrial / All-Pro Freight	124,647	\$3.9M / \$32
4521 Willow Parkway	South	Premier Development / Pennsylvania Steel	59,088	\$1.9M / \$32
10375 State Route 43	Portage	Corporate ImageWorks / Natural Essentials	31,237	\$1.45M / \$46

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com