

Industrial Q3 2020

	YoY Chg	12-Mo. Forecast
3.8% Vacancy Rate	▲	▬
-1.2M YTD Net Absorption, SF	▼	▲
\$4.00 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
957K Cleveland Employment	▼	▲
10.9% Cleveland Unemployment Rate	▲	▼
8.8% U.S. Unemployment Rate	▲	▲

Source: BLS

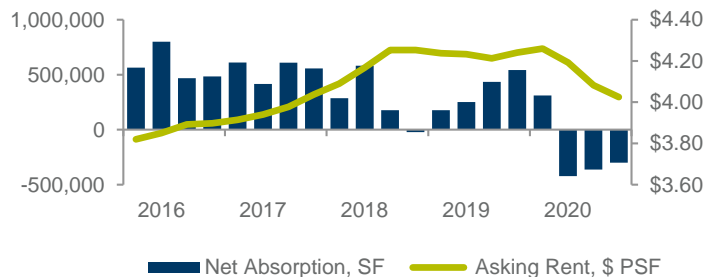
ECONOMY: Market growth continues

The Cleveland area economy grew modestly and at a pace similar to that of the previous quarter. However, sales and activity generally remained below pre-pandemic levels across most sectors. Staff levels change very little in all sectors, even as business activity continued to increase. Consequently, wages were mostly steady. Input cost pressures increased somewhat as prices for construction materials, metals, and materials used in pandemic-related medical equipment rose. Selling prices rose moderately as some of those costs were passed through to customers. Moreover, strong demand and low inventories helped to push up prices for vehicles and homes. Looking ahead, businesses expect moderate improvement in customer demand, although expectations have been scaled back since last quarter because of the uncertainty of the coronavirus's path. Businesses expect to add staff slowly in the months ahead, and the majority believe that by next spring, their staff levels would still be below pre-pandemic levels.

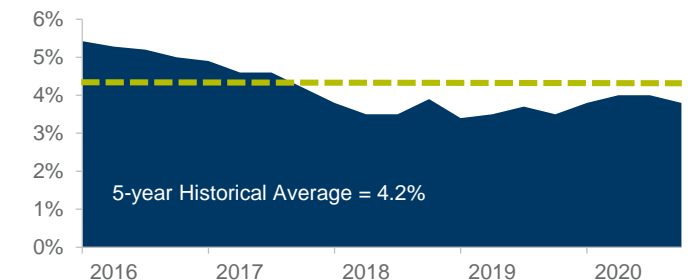
MARKET OVERVIEW: Vacancy Rate decreases and Investment Sales remain strong

The Cleveland market tracks 13,358 building totaling 511 million square feet (msf) covering a territory from Cleveland down thru Akron – Canton. The market vacancy rate dipped slightly to 3.8% and is projected to hold steady or slightly decrease in the fourth quarter 2020 based upon the projected pipeline of activity. Leasing activity saw 94 new lease / renewals in the Q3 2020 totaling 1.6 msf. Construction completions in the third quarter 2020 totaled 445,139 sf bringing the total for 2020 to 1.9 msf. This was led by the completion of an Amazon last mile facility in Bedford Hts. (145,235-sf) and Scannell Spec building (179,604-sf) in Strongsville that was 40% pre-leased to Wayfair. 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, Premier Development is the builder. Westminster Capital out of Chicago also broke ground on a 434,000-sf speculative building in Streetsboro. Westminster has partnered with Geis Construction on this project. There were 55 user sales totaling 1.4 msf and 25 investment sales totaling 2.2 MSF in the third quarter 2020. The most notable user sales included 11792 Alameda Drive, a 243,188-sf building located in Strongsville that was purchased by Pipeline Development Company (PLIDCO) for \$8 million or \$33 per square foot (psf); 6250 Camp Industrial Road, a 163,561-sf building located in Solon that was purchased by Wrap-Tite, Inc. for \$3.95 million or \$24 psf. On the investment side, a large 11 building 1.1 msf portfolio of Class A and B properties primarily in the Southeast and Southwest changed hands. Weston, Inc. acquired three assets around the Cleveland Airport totaling 281,000 sf for \$18.9 million.

NET ABSORPTION / ASKING RENT



OVERALL VACANCY RATE



MARKETBEAT CLEVELAND



Industrial Q3 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	1,567	51,301,893	131,177	308,509	2.8%	-263,223	-263,672	0	0	\$3.78
East	1,074	45,579,442	98,845	348,753	3.4%	-20,858	6,211	290,000	205,400	\$3.72
Lake County	1,477	42,542,546	423,188	198,564	3.2%	-98,634	-125,634	327,500	50,000	\$4.74
South	663	29,809,810	569,315	146,924	3.5%	-71,444	-100,050	45,000	10,500	\$5.33
Southeast	1,621	82,511,490	1,671,815	1,296,930	6.1%	-830,123	-714,778	504,000	295,235	\$3.98
Southwest	1,218	54,626,532	675,097	457,899	5.7%	-56,208	-56,208	671,191	204,604	\$3.87
West	1,279	50,634,863	611,837	483,973	3.3%	384,422	382,115	599,000	0	\$4.31
Akron	2,058	70,185,413	205,600	465,859	3.0%	401,994	306,994	428,150	927,570	\$4.19
Medina County	637	22,580,407	146,026	177,258	1.3%	-104,247	-104,247	0	74,000	\$3.60
Portage County	439	12,089,562	96,264	164,574	1.9%	126,251	126,251	0	0	\$3.82
Stark County	1,325	49,549,036	399,413	225,265	2.9%	-640,786	-640,786	0	104,800	\$3.18
CLEVELAND TOTALS	13,358	511,410,994	5,028,577	4,274,508	3.8%	-1,172,856	-1,183,804	2,864,841	1,872,109	\$4.00

*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	12,354	482,835,398	4,156,485	3.8%	-1,286,117	-1,261,859	2,852,691	1,853,609	\$3.80
Office Service / Flex	1,004	28,249,533	872,092	4.4%	113,261	78,055	12,150	18,500	\$9.07

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8601 Independence Parkway	Southeast	Lowe's	180,000	New
745 Leo Bullocks Parkway	West	GEON	107,200	New
1261 Highland Road	Southeast	Cosmax	100,410	New

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KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
21000 – 21500 Aerospace Parkway	Southwest	Aerospace Drive - Lichtig / Weston, Inc.	185,000	\$12.6M / \$68
11792 Alameda Drive	Southwest	The Hampshire Companies / The Pipeline Development Co.	243,188	\$8.0M / \$33
6250 Camp Industrial Road	Southeast	SSP Realty Co. / Wrap-Tite	163,561	\$3.95M / \$24

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