

Industrial Q4 2020

YoY Chg 12-Mo. Forecast

3.7%
Vacancy Rate



14K
YTD Net Absorption, SF



\$4.15
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

986K
Cleveland Employment



6.9%
Cleveland Unemployment Rate



6.7%
U.S. Unemployment Rate



Source: BLS

ECONOMY: Demand solid for manufacturers

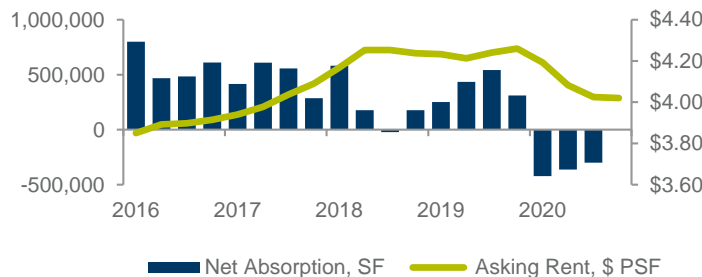
The Northeast Ohio economy expanded only slightly in recent weeks as it lost some momentum amid rising COVID-19 cases. Businesses reported that the growing pandemic was adversely affecting both the demand for and supply of goods and services. Household demand softened as retailers, restaurants, and hotels reported weaker sales in late November and December, in large part because of rising COVID-19 cases. By contrast, demand was solid for manufacturers, freight haulers, and professional and business services firms, although some in these industries suggested that labor constraints made it difficult for production to keep up with demand. A large share of businesses indicated that they wanted to increase staffing levels during the cycle but hiring remained difficult. Because of continuing uncertainty, firms generally limited capital spending.

MARKET OVERVIEW: Investment sales hit record levels in 2020

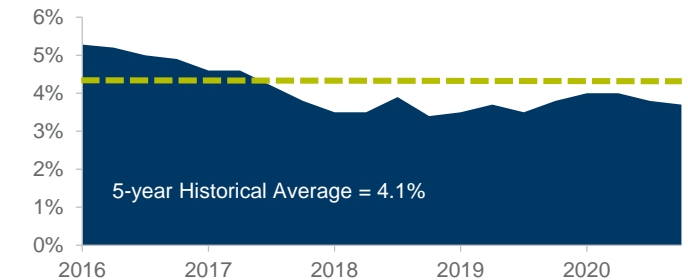
Investment sales achieved record levels in 2020 with over 11.1 million square feet (msf) being sold. The fourth quarter of 2020 alone saw thirty-five properties totaling 5.9 msf with a total value of \$287 million change hands. Over the last 14 years, the Northeast Ohio market has averaged 4.4 msf annually. The velocity in Q4 2020 alone was more than all but one of those years annual total. Notable investment transactions included a 10 building, 2.3 msf, \$94 million portfolio of Class B and C properties primarily in the Akron and Stark County submarkets acquired by Plymouth Industrial REIT from Raith Capital Partners. Raith originally acquired the portfolio in 2017. Investcorp International acquired a 434,000-sf building from Westminster Capital located in Glenwillow that was leased by Amazon for \$50 million or \$115 per square foot (psf). KraftMaid Cabinetry, Inc. entered into a sale/leaseback arrangement with Angelo, Gordon & Co. an investment banking firm. The \$72 million sale involved three buildings in Geauga County totaling 1.5 msf.

The market vacancy rate continued to decrease and ended Q4 2020 at 3.7%. This is slightly below the 3.8% in Q4 2019 but slightly above the 3.4% all-time historic low level in the 4Q18. Leasing activity also hit record levels in 2020 with 427 new lease / renewals totaling 8.6 msf which was slightly above the previous high seen in 2019. Construction completions in 2020 saw 22 build-to-suit (BTS) projects totaling 2.3 msf and 10 speculative (spec) projects totaling 936,089 sf. Fourth quarter completions included a NAI Pleasant Valley Spec building (116,150-sf) in Akron, a Harsax Management Spec building (150,000-sf) in Middleburg Hts. and CEIA USA (225,000-sf) in Hudson. Notable projects under construction include a new 739,000-sf Best Buy DC in Richfield, a 297,000-sf addition for Buyers Products Co. in Mentor and a 100% pre-leased spec building developed by The Dickman Co. out of Milwaukee, WI. LaserShip, Inc. and Forward Air, Inc. will be the tenants occupying the Dickman building.

NET ABSORPTION / ASKING RENT



OVERALL VACANCY RATE



MARKETBEAT CLEVELAND



Industrial Q4 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	51,195,969	214,877	562,146	4.3%	-385,063	-388,512	0	0	\$3.54
East	1,076	45,831,980	352,040	463,769	3.4%	134,452	161,521	290,000	205,400	\$4.13
Lake County	1,479	42,586,060	540,903	312,759	2.9%	28,549	-13,541	297,500	80,000	\$4.66
South	664	29,834,221	816,860	217,774	3.0%	56,060	22,454	0	55,500	\$5.55
Southeast	1,623	82,768,105	2,652,071	1,657,410	5.2%	-176,844	1,891	484,000	365,235	\$3.98
Southwest	1,222	54,650,684	1,701,702	616,542	5.6%	46,809	43,019	587,407	411,754	\$4.87
West	1,283	50,662,183	929,867	581,046	2.6%	195,628	195,628	399,000	0	\$4.31
Akron	2,060	70,738,937	542,659	617,673	2.9%	1,177,952	1,081,832	750,000	1,595,720	\$4.39
Medina County	639	22,603,308	185,654	425,280	2.1%	-307,968	-298,048	0	74,000	\$3.70
Portage County	440	12,089,562	100,264	381,586	4.9%	-180,174	-222,793	0	32,020	\$3.69
Stark County	1,330	49,867,093	627,314	1,067,145	2.2%	-569,373	-569,373	41,000	358,900	\$3.32
CLEVELAND TOTALS	13,358	512,836,226	8,664,211	6,903,130	3.7%	20,028	14,078	2,848,907	3,178,529	\$4.15

*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	12,373	484,275,401	7,506,882	3.6%	-102,304	-66,258	2,848,907	3,166,379	\$3.93
Office Service / Flex	1,010	28,560,825	1,157,329	4.3%	122,332	80,336	0	12,150	\$9.28

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6200 Riverside Drive	Southwest	GOJO Industries	700,000	New
1366 Commerce Drive	Akron	GOJO Industries	216,000	New
110 Liberty Court	West	Symrise, Inc.	155,195	Renewal

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KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
10 building portfolio (Summit/Stark)	Akron / Stark County	Raith Capital Partners – Plymouth Industrial	2,378,116	\$94M / \$40
43500 Victory Parkway	Southeast	Westminster Capital, LLC / InvestCorp International, Inc.	434,000	\$50M / \$115
1793 Enterprise Parkway	Southeast	Spiegelberg Manufacturing, Inc. / Russell Equipment Company, Inc.	300,900	\$9.85M / \$33

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