

MARKETBEAT CLEVELAND



Office Q2 2021

	YoY Chg	12-Mo. Forecast
7.3% Vacancy Rate	▲	▼
-678K Net Absorption, SF	▼	▼
\$19.22 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
946K Cleveland Employment	▲	▲
4.8% Cleveland Unemployment Rate	▼	▼
5.9% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Improved Economic Conditions on the Way as Many Return to the Office

As more and more office occupiers return to work in physical offices, the northeast Ohio office market has been uneventful as new demand remains low and another quarter of negative absorption has increased the market's vacancy rate. Despite the overall negative absorption, six submarkets in Northeast Ohio had positive net absorption in Q2 which signifies confidence in the office market. It is still unclear if the worst is behind us for COVID-19 and its effects on the office market, but many experts remain optimistic that we will again reach pre-pandemic numbers of occupancy rates, asking rates, and leasing activity. The rising costs of construction materials and labor shortages continue to impact new office construction and will likely be minimal for the foreseeable future.

CBD UPDATE: Redevelopment Common Theme in the CBD

There has been news of several redevelopment projects in the CBD area including 55 Public Square which K&D Real Estate Services purchased last quarter from Optima International for \$14MM (\$31/psf). K&D have already begun repairs on the property and were awarded five million in competitive state tax credits this quarter. The plan to redevelop the property will consolidate office tenants to the upper floors of the 22-story tower and will turn the second floor through the 15th floors into apartments.

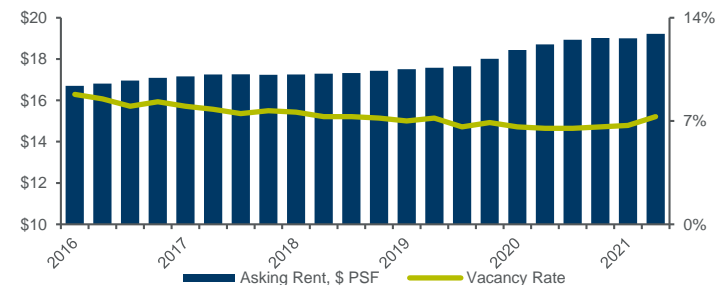
CHANGE IN OWNERSHIP: Deals Inked

The largest transfer of property in Q2 took place again in the Cleveland suburbs, which has been a consistent trend this year as office users continue to favor the suburbs. The most significant of these transfers was in Mayfield Heights where Realife Real Estate Group purchased Eastpoint I & II located at 6085 & 6095 Parkland Boulevard for \$16.5MM (\$97/psf). Realife Real Estate Group continues to invest in the northeast Ohio market with a growing portfolio of high-quality assets. Additionally, the strength in the northeast Ohio residential real estate market was evident with McDowell Home Real Estate services purchasing 470 Portage Lakes Drive and Keller Williams Chervenik Real Estate purchasing 300 N Cleveland Massillon Road.

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	30,639,060	170,344	2,196,382	7.2%	-231,915	-292,274	156,393	0	\$21.12	\$23.12
Akron	27,198,492	286,607	1,974,189	7.3%	-452,199	-402,780	77,680	43,000	\$18.81	\$21.12
Chagrin, East & Lander	15,128,199	26,901	1,198,739	7.9%	-174,297	-308,054	133,517	0	\$22.29	\$23.92
Stark County	13,320,970	33,233	1,055,817	7.9%	-2,497	-72,222	56,227	100,000	\$15.83	\$17.40
Rockside & South	9,596,809	22,964	992,771	10.3%	53,968	-114,078	182,734	0	\$19.16	\$22.41
West	9,842,706	28,904	596,318	6.1%	-38,045	6,984	102,580	50,000	\$17.09	\$17.41
Southwest	9,516,188	10,990	746,548	7.8%	42,031	-74,453	41,051	0	\$15.89	\$14.23
Northeast & Lake County	9,459,716	4,600	356,744	3.8%	137,083	229,302	20,272	0	\$14.80	-
Midtown	7,716,715	9,130	212,652	2.8%	18,478	34,259	28,247	0	\$19.02	\$24.36
Lorain County	6,254,245	4,488	200,797	3.2%	11,549	6,198	52,244	32,500	\$18.21	\$22.52
Fairlawn & Montrose	4,244,252	19,007	425,909	10.0%	3,351	-39,912	40,241	20,000	\$20.62	\$22.55
Portage & Geauga	4,268,575	0	166,699	3.9%	-3,785	30,995	16,013	0	\$16.78	-
Southeast	3,409,989	3,400	308,629	9.1%	-39,812	-95,849	12,877	130,000	\$19.98	\$20.98
Medina	3,372,730	0	167,944	5.0%	-2,050	-15,138	41,438	0	\$14.80	\$12.00
CLEVELAND TOTALS	153,968,646	620,568	10,600,138	7.3%	-678,140	-1,107,022	961,154	375,500	\$19.22	\$21.80

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
600 W Resource Drive	Southeast	Haughland Learning	22,651	New Lease
5005 Rockside Road	Rockside & South	Fedeli Group	20,287	New Lease
6200 Oak Tree Boulevard	Rockside & South	Aerotek	19,910	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
6085-6095 Parkland Boulevard	Chagrin, East & Lander	Founders Properties LLC/ Realife Real Estate Group	170,705	\$16.5M / \$97
3743-3755 Boettler Oaks Drive	Akron	Warmus Builders, Inc/ First Pacific Properties	67,200	\$4.9M / \$72
470 Portage Lakes Drive	Akron	D & M Investment Corporation/ McDowell Home Real Estate Services	34,542	\$1.4M / \$41
31105 Bainbridge Road	Southeast	Saltz, Shamis & Goldfarb Inc/ Transition Investments LLC	26,700	\$1.3M / \$50
300 N Cleveland Massillon Road	Fairlawn/Montrose	Finton Equipment Inc/ KWCR Akron LLC	22,056	\$750K / \$34

ANTONIO SIBBIO

Sales Associate

+1 216 525 1490/asibbio@crescorealestate.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2021 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.