

## Industrial Q3 2021

YoY Chg      12-Mo. Forecast

**3.4%**

Vacancy Rate



**-2.3M**

YTD Net Absorption, SF



**\$4.42**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2021

YoY Chg      12-Mo. Forecast

**951K**

Cleveland Employment



**5.3%**

Cleveland Unemployment Rate



**5.2%**

U.S. Unemployment Rate



Source: BLS

### ECONOMY: Supply chain disruptions to blame for higher product costs.

Economic activity grew solidly, albeit at a somewhat slower pace than in the previous reporting period. Customer demand was solid for firms across a broad range of industries. That said, supply constraints limited many firms' ability to keep up with growing demand. This challenge was particularly acute for homebuilders, manufacturers, and auto dealers, many of which reported shortages and delays in receiving key items. Staff levels increased modestly, despite reports of strong customer demand. Labor shortages remained intense, and many firms raised wages for new hires and current employees. Reports of rising nonlabor costs and prices were widespread. Firms generally attributed the higher prices to the persistence of supply chain disruptions and worker shortages. Firms were generally upbeat that customer demand will remain strong during the rest of the year, but they were less optimistic that labor shortages and supply chain disruptions would abate enough to alleviate some of the upward pressure on wages and input costs.

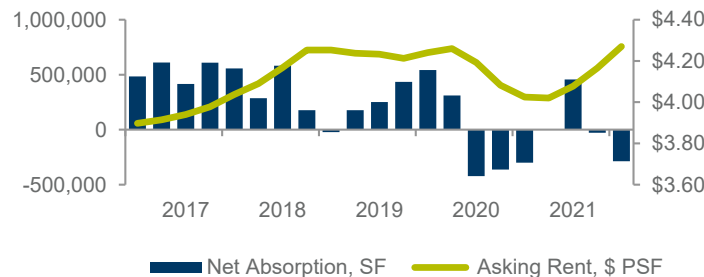
### MARKET OVERVIEW: Demand for industrial space remains strong.

The pandemic accelerated a structural shift in consumer behavior and has driven rapid growth in e-commerce. With consumers increasingly shopping online, retailers and logistics providers are seeking to bolster their distribution networks and is driving record-level leasing activity in Cleveland.

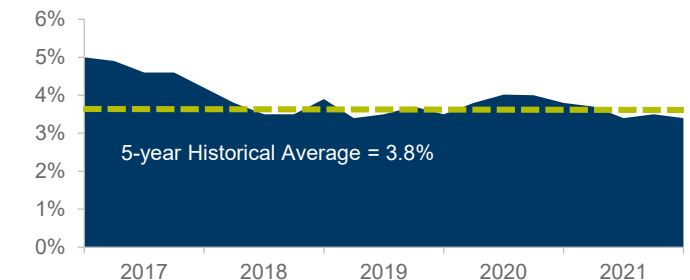
The Cleveland industrial market continues to see a large negative absorption number due to several new construction projects delivered in Q3 2021, as well as a couple redevelopment projects. New construction projects include 434,000 square feet (sf) now available at Gateway Commerce in Streetsboro, and 279,000 sf at Cornerstone business park in Twinsburg. The redevelopment of the former City View retail center into an industrial park now known at Highland Center in Garfield Heights has added 251,000 sf of industrial space. It is projected that the net absorption number will turn sharply in the other direction as this building leases and the demolition of the 1.7 msf former Ford Motor Company's facility is completed later this year.

Looking ahead, leasing activity will support modest levels of demand through the end of the year. A limited development pipeline will place slight downward pressure on vacancies, which expect to hover in the 3.5% range through the forecast period.

### NET ABSORPTION / ASKING RENT



### OVERALL VACANCY RATE



## Industrial Q3 2021

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	1,574	51,212,506	527,436	709,596	6.2%	-447,994	-447,994	0	0	\$3.63
East	1,084	46,060,508	369,203	74,797	2.4%	364,677	364,677	273,576	290,000	\$4.18
Lake County	1,488	43,114,490	208,757	229,098	3.2%	-26,520	-50,230	0	227,500	\$4.79
South	669	30,288,097	883,678	236,263	5.7%	-324,964	-385,509	385,000	0	\$5.28
Southeast	1,630	83,862,121	1,452,721	820,137	5.9%	-386,793	-1,276,109	1,155,850	484,000	\$4.07
Southwest	1,228	54,844,482	1,024,234	238,506	7.4%	-1,109,938	-1,307,721	766,907	286,000	\$5.00
West	1,295	51,223,771	732,708	452,600	3.0%	1,107,265	1,086,851	150,000	288,500	\$3.90
Akron	2070	71,077,546	995,248	581,212	3.1%	-498,085	-488,978	800,000	55,000	\$4.83
Medina County	642	23,097,237	161,310	442,694	2.3%	-223,187	-223,187	0	0	\$4.41
Portage County	442	12,065,653	96,608	293,686	5.5%	-60,831	-60,831	65,000	0	\$5.31
Stark County	1,346	50,207,057	315,732	787,867	2.5%	442,932	442,932	890,000	41,000	\$3.43
<b>CLEVELAND TOTALS</b>	<b>13,468</b>	<b>517,053,468</b>	<b>6,767,635</b>	<b>4,866,456</b>	<b>3.4%</b>	<b>-1,163,438</b>	<b>-2,346,099</b>	<b>4,486,339</b>	<b>1,672,000</b>	<b>\$4.42</b>

	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	12,428	488,218,133	5,296,386	3.3%	-914,717	-2,072,378	4,486,339	1,672,000	\$4.18
Office Service / Flex	1,040	28,835,335	1,471,249	4.8%	-248,721	-273,721	0	0	\$8.29

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

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8796 Independence Pkwy	Southeast	Frito-Lay	109,186	Warehouse
5301 Grant Ave, Cleveland	Downtown	Volunteers of America	75,944	Warehouse
34929 Curtis Blvd, Eastlake	East	Marine Products International	51,520	Warehouse

## KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
4445 Allen Rd Stow, OH	Akron	Kent Machine Company / Realife Real Estate Group	116,028	\$37.49
945 Lafayette Rd Medina, OH	Medina	Chick Master Incubator / MEDHIX LLC	94,916	\$33.71
13700 Broadway Ave Garfield, OH	Southeast	Tomlinson Industries / Wirebids LLC	84,175	\$18.12
870 Canterbury Rd Westlake, OH	West	Pipe Line Dev Co / Mazzella Lifting Technologies	50,000	\$65.50

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