

# MARKETBEAT CLEVELAND

Office Q1 2022



YoY Chg      12-Mo. Forecast

**6.8%**

Vacancy Rate



**153K**

Net Absorption, SF



**\$19.14**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

YoY Chg      12-Mo. Forecast

**1M**

Cleveland Employment



**5.3%**

Cleveland Unemployment Rate



**3.6%**

U.S. Unemployment Rate



Source: BLS

## ECONOMY:

According to the U.S. Bureau of Labor and Statistics, Cleveland's economic conditions have improved. Along with the U.S. unemployment rate, Cleveland has also seen a slight decrease. We are seeing a steady job growth and it is predicted to continually improve.

## Fundamentals:

Cleveland's eastern submarket continues to perform strongly and ranked #1 in Q1 2022 as far as its 1.5% vacancy rate. For the absorption rate, the eastern market gained a staggering 63,315 square feet (sf) of space.

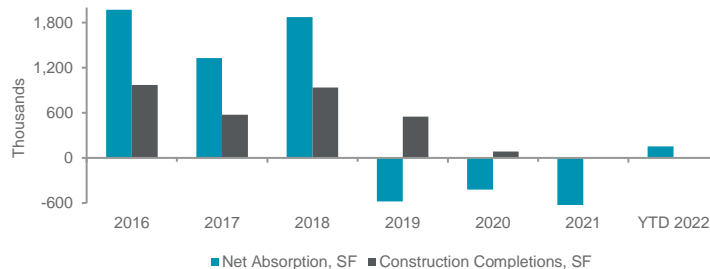
## CBD: Office Market Vacancies Recovering as Obsolete Space is Removed from Market

Even considering Cleveland's weak economic indicators, the market continues to slowly recover on the heels of the pandemic. As obsolete office space is converted into apartments, we are beginning to see office vacancies decrease in the Central Business District (CBD), which has led to healthy office lease activity.

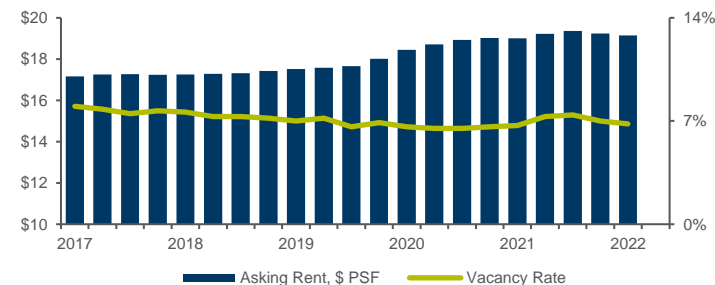
## CHANGE IN OWNERSHIP: Notable Deal Inked

A notable example of vacancies declining because of redevelopment, this quarter saw a significant sale at 45 Erievue Plaza in the CBD for \$21,250,000 (\$43/per square feet (psf)). After sitting largely vacant for the past two years, the 16-story building is slated to convert to a "live-work" apartment complex, featuring 368 units, a gym, and an outdoor pool. The lower floors will include some retail and office opportunities.

## 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                     | 30,774,432         | 90,034             | 2,719,339          | 9.1%                 | (72,720)                               | (72,720)                        | 176,795                   | 1,003,000        | \$20.85                                | \$22.03                            |
| Akron                   | 27,513,470         | 366,080            | 1,613,383          | 7.2%                 | 147,718                                | 147,718                         | 39,527                    | 171,234          | \$18.86                                | \$21.45                            |
| Chagrin, East & Lander  | 14,752,488         | 9,725              | 784,041            | 5.4%                 | 115,236                                | 115,236                         | 58,418                    | 50,000           | \$22.25                                | \$22.03                            |
| Stark County            | 13,459,718         | 36,276             | 752,563            | 5.9%                 | (2,226)                                | (2,226)                         | 39,706                    | -                | \$15.12                                | \$17.41                            |
| Rockside & South        | 9,661,580          | 39,053             | 1,164,359          | 12.5%                | (86,854)                               | (86,854)                        | 94,208                    | 725,000          | \$19.55                                | \$22.40                            |
| West                    | 9,939,625          | 11,837             | 542,508            | 5.6%                 | 30,014                                 | 30,014                          | 12,527                    | -                | \$19.24                                | \$20.29                            |
| Southwest               | 9,719,467          | 912                | 673,007            | 6.9%                 | 106,997                                | 106,997                         | 17,215                    | 34,697           | \$18.12                                | \$21.50                            |
| Northeast & Lake County | 9,497,845          | 4,600              | 391,067            | 4.2%                 | 19,205                                 | 19,205                          | 30,009                    | 15,000           | \$16.18                                | -                                  |
| Midtown                 | 7,704,073          | 0                  | 196,095            | 2.5%                 | 25,602                                 | 25,602                          | 16,298                    | 99,000           | \$19.22                                | \$25.36                            |
| Lorain County           | 6,668,638          | 4,488              | 374,090            | 5.7%                 | (187,308)                              | (187,308)                       | 4,748                     | 70,940           | \$18.23                                | \$22.52                            |
| Fairlawn & Montrose     | 4,228,319          | 0                  | 313,559            | 7.4%                 | (5,069)                                | (5,069)                         | 7,469                     | 32,727           | \$20.98                                | \$22.62                            |
| Portage & Geauga        | 4,377,302          | 1,000              | 157,459            | 3.6%                 | 3,129                                  | 3,129                           | 2,372                     | 100,000          | \$8.86                                 | -                                  |
| Southeast               | 3,689,543          | 8,600              | 221,168            | 6.2%                 | 8,723                                  | 8,723                           | 15,240                    | 600,000          | \$19.50                                | \$21.39                            |
| Medina                  | 3,456,010          | 0                  | 124,276            | 3.6%                 | 50,187                                 | 50,187                          | 2,937                     | 40,970           | \$13.22                                | \$12.00                            |
| <b>CLEVELAND TOTALS</b> | <b>155,442,510</b> | <b>572,605</b>     | <b>10,026,914</b>  | <b>6.8%</b>          | <b>152,634</b>                         | <b>152,634</b>                  | <b>517,469</b>            | <b>3,004,468</b> | <b>\$19.14</b>                         | <b>\$21.45</b>                     |

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2022

| PROPERTY                        | SUBMARKET              | TENANT                   | SF     | TYPE   |
|---------------------------------|------------------------|--------------------------|--------|--------|
| 200 Public Square               | CBD                    | Reminger                 | 58,568 | Direct |
| 1 American Boulevard, Suite 300 | West                   | Palmer Holland           | 27,300 | Direct |
| 22700 Shore Center Drive        | Northeast              | Oakmont Education, LLC   | 20,907 | Direct |
| 5875 Landerbrook Drive          | Chagrin, East & Lander | ORG Portfolio Management | 17,772 | Direct |

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2022

| PROPERTY                         | SUBMARKET              | SELLER / BUYER   | SF      | PRICE / \$ PSF  |
|----------------------------------|------------------------|--|---------|-----------------|
| 45 Erieview Plaza                | CBD                    | SOMERA ROAD-45 EAST 9 <sup>TH</sup> STREET LLC/<br>TWIN GL XX, LLC | 496,040 | \$21.2M / \$43  |
| 2429 Martin Luther King Jr Drive | East                   | KB CLEVELAND DIALYSIS DST/<br>MASSMUTUAL ASSET FINANCE LLC         | 31,365  | \$14M / \$446   |
| 3601 Green Road                  | Chagrin, East & Lander | THE FAIRWAYS/<br>THE FAIRWAYS BUILDING, LLC                        | 34,363  | \$2.7M / \$80   |
| 180 E Main Street                | Portage & Geauga       | GENGHIS PROPERTIES LLC/<br>ACORN AT KENT LLC                       | 15,500  | \$2.04M / \$132 |

## Nathan Kelly

President &amp; Managing Director

+1 216 525 1483/nkelly@crescorealestate.com

## cushmanwakefield.com

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